

New airport building breaks ground this week

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Chicago Rockford International Airport is building a home for 747s.

Work is starting this week on a much-anticipated cargo facility that could steal traffic from O'Hare International Airport.

Crews will start laying the foundation for the first building this week, a 70,000-square-foot structure that could handle several large airplanes a day. Ultimately, the project could include 380,000 square feet and bring an estimated \$100 million in annual economic impact to the area.

The project was announced last summer, but construction was delayed several months as the developer lined up financing amid the current credit crunch. It was never a case of second-guessing or cold feet, though, said Paul Ahern, principal at Tandem Development Group.

"Our timing is good," Ahern said. "There's more turmoil in the air cargo industry. There are a lot of big names and big dynamics changing. We're well-positioned for that."

Tandem is a Chicagoland firm with connections to O'Hare cargo operations. Both the developer and airport officials are wooing airlines either at or looking to O'Hare as a foothold into the Midwest.

Airport officials say it could take a cargo airline almost as much time to fly into O'Hare, taxi, unload and get out of the airport as it would take to fly to Rockford, unload and drive to the O'Hare area.

"This economy is going to force people to make moves ... when they save the cost savings at Rockford compared to what they're paying at O'Hare," said Mike Dunn, chairman of the Greater Rockford Airport Authority Board of Commissioners.

Asian airlines are particular targets. Some airport officials were in Shanghai earlier this year talking to Chinese airlines looking for a way to import and export goods through the Midwest.

Ahern said there are also airlines looking to move to Chicago from New York as their international gateway. It's cheaper, he said, to truck goods from Chicago to the East Coast than to fly from Asia over Chicago to New York.

Tandem is paying for the building, about half the cost of the \$15 million to \$20 million first phase. The airport is paying for the ramp area and other infrastructure to handle the planes.

Its share of the project costs could ultimately be recouped from federal funds. In the interim, the airport will issue \$7 million to \$8 million in bonds, Dunn said, but that won't affect its tax rate. The bonds will be paid back at first with general airport revenue.

The project was initially going to build out to 450,000 square feet. It was redesigned for slightly smaller buildings to accommodate more ramp space for 747s and other big planes, Ahern said.

The first building will be complete by the end of the year, in the hopes of having a tenant next year. Then, work on the second phase could start.

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