

November 10, 2014

City of Riverdale, Iowa
Sonya Paddock, Mayor
City Council Members
Riverdale City Hall
110 Manor Drive
Riverdale, IA 52722

Re: City of Riverdale's proposed creation of a State Street Urban Renewal Area

Dear Mayor Paddock and City Council Members:

This letter is being sent to express the views of the Pleasant Valley Community School District with the City of Riverdale's recently proposed creation of a State Street Urban Renewal Area within the City of Riverdale. Thank you for the opportunity to comment on this proposal.

If our understanding is correct, the City intends to include the entire ALCOA plant property, including other areas of the City, as part of this proposed urban renewal area. The school district is very concerned about this proposal.

ALCOA has the second largest amount of property tax valuations in the Pleasant Valley Community School District. Therefore, ALCOA's property taxes comprise a significant portion of the school district's property tax revenue and overall revenue.

It is our understanding that some city representatives believe that the school district is "held harmless" by tax increment financing (TIF). That belief is not accurate. While the school district will continue to receive property taxes on the base valuations included in the proposed urban renewal area, property taxes on the incremental valuations created in the proposed urban renewal area will be diverted from the school district, county and city to the developers. Because of how the State Foundation formula works for school districts in Iowa (which determines how schools General Funds are funded), property taxpayers in all of the Pleasant Valley Community School District, including those not living in Riverdale, will have to pay more in property taxes than they would otherwise have to pay (a higher property tax levy rate), to make up for the property taxes from the increased valuations in the TIF area being diverted to the developers. In addition, if the City of Riverdale goes down the path of creating residential areas with TIF dollars, the school district will have increased costs of serving the students from those residential areas, but will not be receiving the property tax revenues from those areas. It is very misguided to believe that the school district is not negatively affected by TIF.

As the proposal now stands (including as was amended by your November 6, 2014 letter), the Pleasant Valley Community School District objects to the creation of this urban renewal area.

We would be happy to answer any questions that City officials may have. Please direct any questions to James Spelhaug, Superintendent of Schools or Mike Clingingsmith, Chief Financial Officer at (563) 332-5550 or at their e-mail addresses, which are spelhaugjim@pleasval.k12.ia.us and clingingsmithm@pleasval.k12.ia.us. Thank you for your consideration of the concerns in our letter.

Sincerely,

Pleasant Valley Community School District

James Spelhaug, Superintendent of Schools
Mike Clingingsmith, Chief Financial Officer
Pleasant Valley Community School District Board of Education