

Iowa Communities of Distinction: An In-depth Study of Postville, Iowa - A Fast-Growing, Culturally Diverse Community *

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* This report includes an analysis and summary of factors identified in a series of in-depth community studies completed for a project called Iowa Communities of Distinction sponsored by the Community Vitality Center. The purpose of this project is to examine local perceptions regarding the factors that contributed to community vitality or the lack thereof during the decade of the 1990s in order to provide lessons learned, best practices and innovative ideas for other community leaders in Iowa and other states. Researchers identified eight non-metro communities ranging in population from 1,100 to 11,000. Two communities of similar size were selected from each regional quadrant of the state. One of the two communities from each quadrant exceeded the state average population growth rate for the decade of the 1990s. The other lost population. An interdisciplinary assessment team conducted on-site interviews with a cross-section of local leaders from local government, economic development, education, and healthcare in each community. A total of 75 community leaders from the eight communities were interviewed for this project. Draft reports were developed from field notes and local interviewees were given an opportunity to review the drafts for their community prior to publication.

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Postville, Iowa: A Fast-Growing, Culturally Diverse Community

Postville is a community of 2,282 residents located in northeast Iowa near the four corners of Allamakee, Clayton, Winneshiek, and Fayette Counties. Most of the city is in Allamakee County; however, the southern sections are in Clayton County. Postville was settled in 1846 by Mr. and Mrs. Joel Post, who started a halfway house for travelers on the Military Trail from the Mississippi River to the army post at Fort Atkinson.

Postville's population grew from 1,477 residents in 1990 to a population of 2,282 in 2000. The net increase of 805 residents represented a growth rate of 54.5 percent for the decade. Postville's growth was phenomenal, given there is no interstate highway or large tourist destination close by. While Postville has a small airport, commercial flights are more than 60 miles away at La Crosse, Waterloo, and Dubuque. For most of the 20th century, Postville's trends were similar to those of other rural Iowa communities. A few key events in the town created a different path of development. Postville has emerged as a fast-growing community with a high level of ethnic, religious, and cultural diversity.

What Changed Postville in the 1990s?

In the mid-1980s, Postville had been looking for a buyer for an old beef processing plant that had been shut down for several years. At the same time, Aaron Rubashkin, who owned a retail kosher meats grocery and small distribution business in Brooklyn, New York, was looking for a high quality source of kosher meats for his customers. In 1987, he purchased the plant, remodeled it, and reopened it in 1989 as AgriProcessors. Strict kosher processing and inspection requirements are followed. Initially, only 50 cattle were slaughtered per day. The business grew as it became successful. Chickens and turkeys were added in 1993. Today, 638 employees process 500 beef and 45,000 chickens per day, five days per week. Also, 5,000 turkeys are processed per week. Some veal and lamb are processed periodically. Major markets include the Midwest, New York, Florida, the West Coast, and some overseas trade. AgriProcessors has become a packaging innovator with kosher and non-kosher products sold under different labels.

Iowa Turkey Products (ITP) is a separate turkey processor located down the street. ITP is a farmer-owned cooperative whose members are turkey growers located primarily in southern Minnesota and northern Iowa. ITP purchased and remodeled an old milk creamery in 1972. Until recently, this plant operated 200 days per year and employed 350 people who processed about 25,000 turkeys a day.

Norplex is a national company that manufactures laminated plastics for components in a wide variety of industries, including computers, automobiles, transportation, telecommunications, military, and aerospace applications. Norplex employs 120 in Postville and generally offers wages that exceed those of the meat and poultry processors.

With the opening and expansion of these plants, Postville's demographics changed significantly in the 1990s and the town now has much greater ethnic diversity than before. The 2000 Census indicates that a third of Postville's residents are foreign-born

and 18 percent are Hispanic or Latino. Another 10 percent are from Eastern Europe, nearly five percent are Asian, and about 200 Hasidic Jews now live in the community.

Leaders say population trends alone do not indicate the full impact of the changes. A cycle of tension and tolerance occurred that is not uncommon for communities with a large meat packing sector. Leaders say Postville lost many long-time residents who didn't like the changes or the cultural differences. Some residents saw an opportunity to sell their homes when housing became tight as more new residents came. Several built new homes in neighboring communities and still commute back to Postville. In the process, local housing was freed up for new residents. So the influx of new residents was greater than the Census population change reported, because out-migration increased too.

Leaders also point out that many of the new residents who came during the first years tended to be young single males. In general these workers were more transitory and often had less long-term interest for staying in the community. Establishing local relationships as well as learning English and local customs become more difficult when new residents stay only for a few months. Eventually, the new residents included more families who demonstrated a greater work ethic. They brought their families and were less interested in moving on. Their permanence provided greater opportunities to establish trusting relationships and communication networks. This not only helped successive new residents to integrate more quickly into the community, but it also provided insights to community leaders, faith-based networks, and community assistance providers to better understand the needs of new residents and to develop ways of defusing tension.

Education

In contrast to the net increase in community population, Postville's school system did not experience a corresponding increase in student enrollment. In fact, Postville's overall enrollment dropped by about 60 students (8-10 percent) over the past decade. Leaders suggest that enrollment is now holding steady with Postville's 2003 certified enrollment at 647. This count includes 54 students who open enroll or tuition out of the district. Postville is unique among rural districts in adopting a desegregation plan. Although challenged in court, the plan was seen as a tool for reducing the net outflow of students and funds from the district. Presently there are 18 students who open enroll in or tuition into the Postville District, which means, excluding students in the home school assistance program, the regular enrollment served is 609 pupils.

Leaders report good support for education. The district employs 90 teachers and support staff, which make it the 4th largest local employer. A Physical Plant and Equipment Levy (PPEL) have been approved by voters for ten years. The school facilities are modern. The elementary and middle schools were built in the 1950s. The original section of the high school was built in 1967 with an addition in the 1980s. Recently, a \$4.5 million project has been initiated to construct a Fine Arts and Civic Center, a new elementary media center, middle school science laboratory, Community Recreation Center and installation of geothermal heating and cooling. The old gym will be remodeled into a community YMCA-type facility. The combination of uses by the school and public

enhanced local appeal. The project is financed with countywide School Infrastructure Local Option (SILO) sales tax approved by all four counties served by the school district.

Additional federal and state funds are used to provide English as a Second Language (ESL) programs. The Postville School District provides two teachers, one for Latino and one for Eastern European students, in their ESL program. A summer school program has been provided as a supplement. The District also provides a Talented and Gifted (TAG) program to challenge students who have academic abilities. Technology has become one focus for the high school. The computer/student ratio is one computer for every two pupils and the district possesses 90 computers with Internet access via T1 lines.

The local Jewish population has organized a separate school guided by Jewish faith-based principles. Through the Home School Assistance program, many Jewish youth use the public school computers, athletic facilities, and some education materials. Local leaders say the Jewish population has generally been supportive of better schools and community assets like the new pool because their families often benefit from and use them too.

In contrast to conventional wisdom, local school leaders also report that in one local study, the Latino and Eastern European students from lower socio-economic status scored 7 points above others. Many of the new resident families that have located here say they want their kids to have opportunities for a good education because it is seen as a path for their children to have opportunities for a better life than their parents.

Finally, local leaders say the Postville School District levy rate for FY04 is \$11.16 per \$1,000 valuation and is lower than most surrounding districts. While some tensions and problems are acknowledged, examples of more tolerance and friendships across cultures and ethnic backgrounds in school and the community are also present. Leaders suggest integration will become “old hat” for the second generation of new residents.” In the future, school leaders are hopeful that more people in the area will judge the local school based on quality of education, facilities, cost, and student performance.

Healthcare

Access to healthcare in Postville underwent significant change during the 1990s. After years of operating in the red, Postville’s city-owned hospital closed in 1989-90 and the community experienced all the related economic impacts. With 63 total employees, the hospital was among the top five largest local employers. Local leaders suggested that the hospital operated on a more efficient basis than many larger hospitals in other states and that the financial failure was due in large part to Iowa’s low Medicare reimbursement rates. Local leaders say, some larger hospitals in other states are reimbursed at three to four times the local rate allowed for the same procedures in Iowa. The local community foundation raised hundreds of thousands in donations to help keep the hospital open, but it still went under. At the time of closure, six physicians were affiliated with the hospital.

Now the community is served by a private clinic owned by two local physicians, one of whom works half-time on staff at the Veterans Memorial Hospital located 14 miles

northeast in Waukon. Local residents have access to four additional hospitals that are within 30 miles of Postville at West Union, Elkader, Decorah and Prairie du Chien, WI. Leaders say that hospital care in the broader region is undergoing restructuring with changes in affiliation for the hospitals, in turn adding to local uncertainty in healthcare.

Concern was expressed about the nature of the meat packing industry and need for emergency services. A lot of employees work in close proximity to sharp knives and accidents are bound to happen. With the plants having evening shifts, the local clinic will often be opened up after-hours for treatment purposes. One of the local doctors speaks Spanish but volunteer translators must be found or hired for Russian and other languages. So there are language and cultural barriers that health care and emergency services providers must overcome. One plant employs a nurse who screens injuries. Plant representatives often make the call for injured employees. Conflicting interests may potentially be an issue in some cases since the packing companies tend to be self-insured. Leaders say that some Eastern Europeans have trouble understanding the U.S. health care and insurance system, as it was all provided at no cost to them in their native countries.

Although there is one local dentist, there are no optometrists or pharmacists. Leaders had been recruiting a pharmacist so that prescription drugs could be purchased locally. Leaders indicated interest in the future of the local ambulance service based in Postville. A grant has been received to examine the feasibility of consolidating the various ambulance services in the region. Currently there is a local charge per call, with the billing done through the area hospitals.

Development Limitations and Concerns

One of the limits for future growth mentioned by several leaders is the community's sewer treatment and lagoon capacity. Both packing plants produce effluent that must be processed. The kosher process also generates volumes of salty water and brine. The treated water flows into the Yellow River to places where the state's Department of Natural Resources encourages fishing, and currently there are restrictions on the amount of effluent. These restrictions place a cap on future growth, until Postville's sewage treatment and/or lagoon capacity can be increased or the processors develop their own treatment capacity. Several ideas, including some from Israel, are being studied.

AgriProcessors indicated some difficulty in finding enough chickens for processing at the local plant and indicated an interest in identifying additional producers for contract production. More recently, AgriProcessors announced plans to develop some additional processing capacity at another plant in Gordon, Nebraska.

Norplex announced plans to add 80 to 100 jobs to its Postville facility during the fall of 2003. However, offsetting this positive news was a December 2003 fire that destroyed the ITP plant, putting the entire payroll of 350 workers temporarily out of work. At the completion of this study, the future plans of ITP in Postville remain uncertain.

Local leaders say some tension from cultural and ethnic diversity continues to exist. However, a member of the Jewish community recently ran for City Council and was elected. Community events like the “Taste of Postville” help to celebrate local ethnic and cultural diversity in ways that celebrate and enhance the 30 cultures represented. Some tourists are also attracted to the community. Building soccer fields and creating a community center for more recreational activities during winter months represent improvements that appeal to diverse segments of the community. A movie theater and more recreational activities also were suggested as additional community needs. Based on the experiences in other communities as recent immigrants pass into a 2nd and 3rd generation, local leaders hope tolerance will continue to grow as succeeding generations become more fully integrated into community life.

Leaders expressed concern about state cuts in aid to local government, property tax rollbacks that arbitrarily reduced local tax revenues, debate over limitations on local capacity to raise revenues, and limits on use tax increment financing (TIF) or tax abatement tools for economic development. The leaders indicated that they did not want to over-use economic development tools such as TIF and they allow a portion of the TIF increment to pass through to the school and county budgets. However, they were adamant against what they considered to be state interference and restrictions on local use of such tools because TIF and abatements were seen as important tools in facilitating development. Several projects were identified which local leaders indicated would not have occurred without such economic development tools.

Development Assets and Strategies for the Future

Postville’s consolidated property tax levy rate is a very competitive \$32.37 per \$1,000 of valuation. This ranks 435th out of Iowa’s 950 cities. The low property tax rates are attributed to a few simple principles outlined by local leaders. Since the early 1990s, the city has been aggressive in annexation. One leader said the incorporated area of the city was nearly doubled so that all potential areas for development were added to the city’s tax base. Thus, all of the major expansions in industry, commercial and residential rehabilitation, and new housing developments have added valuation to the city tax base because they were inside city limits. Another factor was city effort in keeping spending under control. One leader said local wages are not high so the city has set a goal of keeping its property tax levy rate below \$14.00 per \$1,000 in valuation.

Housing is a continuing concern that is being addressed. Initially, the influx of new residents meant that all of the available apartments filled up. The demand for housing initially grew way beyond local capacity. During the early years, there was no occupancy ordinance and some new residents were sleeping in shifts in dorm style housing with wall-to-wall mattresses. This practice has since been discouraged by ordinance. The rise in housing values generated a market in which some long-time residents sold their homes and moved to neighboring towns to build new houses. This opened up some housing for new local residents. Initially, the city rejected developer plans to create a trailer park, but encouraged developers to build apartments and used TIF to finance infrastructure. More recently, the city approved the use of TIF for infrastructure for a Norplex Expansion

Project and to start a new housing development that included both apartment complexes and single-family houses for the low and moderate-income market segments. Apartments were initially favored over single-family housing because they are assessed at 100 percent of value and generate a shorter TIF payback period for the city. The city also designated the whole town to be a tax abatement district. All residents may qualify for property tax abatements as incentives to improve or rehabilitate residences and commercial property. Five-year and ten-year abatement options are allowed. However, residents cannot use both TIF and tax abatements at the same time.

A downtown revitalization and street infrastructure project has been completed. This project was financed with city general obligation bonds. In the past, the city has avoided using debt financing, and for this case the project size was managed so debt service does not cause the city property tax levy to exceed its stated goal for property tax rates.

Local leaders express strong interest in attracting firms that are complementary to the larger local employers as well as firms that can diversify the local economic base. An industrial park has been created at the south edge of town. While there are currently no tenants, the city sees itself as being positioned for future growth and with a solid track record of using incentives in the past. When asked about reasons for locating a business in Iowa, a member of the AgriProcessors management team who came from New York said that Postville is a very secure, clean, and relaxed place where the cost of living is lower and the quality of life is higher. There is more space and room to raise a family; people are generally treated nicely, and there is less congestion. The only shortcoming mentioned was it sometimes took two extra days for trips to New York.

The influx of population has generated an entrepreneurial environment for some segments of the community. New clothing stores, auto repair shops, furniture manufacturing, restaurants, and tourism activities have started up. One private sector leader said that if Iowa wants to grow, policymakers should place emphasis on helping existing rural communities that are successful to grow and they should be encouraged to examine the feasibility of related industry clusters. For example, as AgriProcessors grew, new enterprises in trucking and real estate were generated. In contrast, another leader expressed some disappointment in low participation by new resident groups in entrepreneurship workshops and suggested that extra planning and communication are often needed to overcome timing, cultural, and communication barriers. One leader said the best idea for communities with an influx of new residents from diverse cultural backgrounds is to form advisory networks for communication with the new residents and to organize visits to native lands so local leaders can learn previous cultural practices of new residents and understand ways to help them adjust to life in their new community.

Leaders indicated interest in regionalism and more incentives for regional services when they make economic sense. One leader said a four-county regional jail was discussed for years, but the sheriffs' of the region didn't want to spend the time transporting prisoners. Another said that Postville is uniquely located to serve four counties. Due to its location, Postville is currently a member of two countywide economic development corporations and Postville is also home to the Regional Council of Governments.