



203 E Jefferson  
Prairie City, IA 50228  
Phone: 515-994-2649

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## Memorandum

**TO:** Mayor and City Council of Prairie City  
**FROM:** Jerry Moore, City Administrator  
**DATE:** January 9, 2024  
**SUBJ:** EMS/Fire Building Finance Update

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### Background

At the October 11, 2023, City Council meeting, after hearing from Carrie with PFM on finance options for the possible USDA loan for the EMS/Fire Building project, the City Council took action to allocate \$600,000 speed camera revenue and \$150,000 LOST revenues for the project and directed me to research the loan options with bond counsel. Prior to this meeting, at the December 14, 2022, City Council meeting, the City Council appropriated \$700,000 from speed camera revenues for the project. The City Council also previously approved architectural and engineering design service fees totaling \$229,658. The balance of the \$2,311,465 estimated project cost is approximately \$631,807. With additional legal and other fees, the representatives at Dorsey & Whitney recommend the City borrow approximately \$650,000.

I most recently met with representatives at Dorsey & Whitney on December 14, 2023, to discuss starting the process to establish the legal authority for the City to enter into debt for the project. Before they work with City staff on this process, they recommended that we provide the City Council with the following background information and request responses to the following items:

1. Holding a referendum November 2024 to increase debt beyond \$400,000 (Iowa law maximum dept limit for cities is currently \$400,000, \$520,000 effective 7-1-24).
2. Amend City's urban renewal plan to include the EMS/Fire Building making it part of the urban renewal project.
3. Hold public hearing to apply to amend urban renewal plan - reverse referendum if receive petition from general public, City would be required to hold special election.
4. Apply General Fund Loan Agreement – general fund money is priority for this project above other general governmental purposes.
5. Could enter into \$400,000 loan (\$520,000 effective July 1, 2024) and use other sources to pay the balance. Hold public hearing.

Christie and I met with USDA representatives on December 15, 2023, for a status update on the loan process. They communicated the following:

1. Encouraged City staff to also explore the Rural Economic Development Loan Program (REDLG) through Rural Electrical Cooperatives and to check with local lending for market rates. (I checked with Pella Cooperative Electric and they committed all of their funds for other projects, no funds were available.)
2. Strongly encouraged City not to start the construction bidding process or sign a contract with a contractor until the USDA Loan is approved or the loan will be denied.



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3. Suggested we check on local financing as the USDA program only provides funding after the project is completed. The current USDA Community Facilities Loan rate was 3.75%. (Matt with PFM provided information on rates – see attached and commented that the City's rate will be 1% to 1 1/2% higher since the City doesn't have a G.O. Bond rating. Local financing cost will need to be determined)
4. Need Financial Feasibility Analysis (Reached out to Tarbell & Co and four (4) other accounting firms and none do the work or they are not taking on any new clients. Eide Bailly does this work, setting up meeting. Estimate \$5000)
5. Need Preliminary Architectural Report (MGA can provide for \$10,000)
6. Need Environmental Analysis (MGA doesn't provide. Mid Iowa Planning Alliance – Mid Iowa Planning Association - MIPA can do for \$2000 to \$4500 depending on level of review needed – USDA representative sent and I completed the preliminary environmental review on 1-8-24 to determine extent of the environmental analysis needed)
7. Need to submit balance sheets for last 5 years and FY24 & FY25 budgets.
8. Architect needs to evaluate BABAA requirements (Materials built in America)
9. Architectural Plans and site plan to be reviewed by USDA (MGA will charge on hourly basis for any required drawing changes. Additional charges from MSA likely if changes to site plan are required.)
10. City Council hold public hearing and pass resolution to communicate with general public about City planning to enter into USDA loan agreement.

#### **Additional Cost of USDA Loan:**

\$10,000 (plus potential building plan changes and BABAA evaluation costs - \$2000) - MGA

\$10,000-\$15,000 Additional materials cost

\$19,516 interest (estimate) - Local Bank – Interim Financing plus interest at 5.5% for 1 yr.

\$216,637.50 interest (\$881,637 total debt service - Includes Bonding Attorney and PFM Fees) - USDA Loan Financing \$665,000 – 3.75% for 15 yrs. (See attached document from PFM for details)

\$2000 to \$4500 – Environmental Assessment – MIPA

\$5000 - Financial Feasibility Analysis - Estimate

\$2000 – Potential Site plan change cost - MSA

**Total additional cost USDA Loan \$253,153.5 - \$272,153.5**

#### **Cost of Conventional Loan**

\$328,405 interest (\$993,405 total debt service - Includes Bonding Attorney and PFM Fees) - Local Bank – Financing \$665,000 at 5.5% for 15 yrs. (See attached document from PFM for details)

**Total cost conventional loan \$328,405**

#### **Action**

Based on the evaluation of the information identified in this memo, including discussions with representatives from PFM, and drawing on their expertise in working with USDA and Conventional Loan financing, I recommend that the City Council direct City staff to work with Dorsey & Whitney to establish the legal authority for the City to enter into debt, and to also work with PFM to identify local bank financing for approximately \$520,000 and appropriate \$145,000 Local Option Sales Tax revenue or Speed Camera Revenue to fully fund the EMS/Fire building project.

Accurate Commercial  
9500 University Ave.  
Suite 2112  
West Des Moines IA 50266  
515-333-5160



License:

# Progress Billing

Application: 7 W/NOTE

Period: 12/30/2023

Job Number: 2300021  
Job Location: Prairie City Public Library  
100 Marshall Street  
Prairie City IA 50228

Owner: City of Prairie City  
203 E Jefferson  
Prairie City IA 50228

## Application For Payment On Contract

Original Contract.....	987,000.00
Net Change by Change Orders.....	129,893.86
Contract Sum to Date.....	1,116,893.86
Total Complete to Date.....	1,038,772.72
Total Retained.....	0.00
Total Earned Less Retained.....	1,038,772.72
Less Previous Billings.....	938,528.60
Current Payment Due.....	100,244.12
Balance on Contract.....	78,121.14

## Contractor's Certification of Work

The undersigned contractor certifies that, to the best of the contractor's knowledge, the work on the above named job has been completed in accordance with the plans and specifications to the level of completion indicated on the attached schedule of completion.

Contractor: St. Sumner Date: 12/31/23

### ARCHITECT'S CERTIFICATE FOR PAYMENT:

In accordance with the Contract Documents based on on-site observations and the data comprising the above application, the Owners Representative certifies to the Owner that the best of the Architect's knowledge, information and belief the Work has progressed as indicated, the quality of the Work is in accordance with the Contract Documents, and the Contractor is entitled to payment of the AMOUNT CERTIFIED.

AMOUNT CERTIFIED ..... \$100,244.12

ARCHITECT:

By: Edward L. Apple

Date: 12-30-23

Terms: Invoices are due and payable 21DY from the date of invoice. All overdue amounts will be charged a service charge of 0.00 % per annum. Please make checks payable to: Accurate Commercial

Thank you for your prompt payment.

# PROGRESS BILLING

Application: 7

Period: 12/30/2023

## Schedule of Work Completed

Description of Work	Scheduled	Changes	Contract	Previous	Current Comp.	Stored Mat.	Total Comp.	%	Balance	Retained
1 - General Conditions	181,335.58		181,335.58	162,847.99	13,452.73		176,300.72	97.22	5,034.86	
2 - Site Work	24,620.00		24,620.00	24,620.00			24,620.00	100.00		
3 - Concrete	47,800.00		47,800.00	47,800.00			47,800.00	100.00		
5 - Metal	4,700.00		4,700.00	4,700.00			4,700.00	100.00		
6 - Construction	48,602.57		48,602.57	48,602.57			48,602.57	100.00		
7 - Thermal and Moisture	48,580.00		48,580.00	41,758.67	2,228.40		43,987.07	90.55	4,592.93	
8 - Door and Window	96,081.00		96,081.00	59,579.40			59,579.40	62.01	36,501.60	
9 - Finishes	125,345.31		125,345.31	59,254.42	39,479.62		98,734.04	78.77	26,611.27	
10 - Specialties	9,640.00		9,640.00	540.00	9,100.00		9,640.00	100.00		
13 - Special Construction	65,000.00		65,000.00	65,000.00			65,000.00	100.00		
15 - Mechanical & Plumbing	184,800.00		184,800.00	149,640.00	31,670.00		181,310.00	98.11	3,490.00	
16 - Electrical	112,534.00		112,534.00	112,534.00			112,534.00	100.00		
17 - Overhead and Profit	37,961.54		37,961.54	34,089.46	1,981.60		36,071.06	95.02	1,890.48	
Change Order# 3		-725.00	-725.00	-725.00			-725.00	100.00		
Change Order# 1		88,976.06	88,976.06	88,976.06			88,976.06	100.00		
Change Order# 2		10,972.64	10,972.64	10,972.64			10,972.64	100.00		
Change Order# 4		-1,044.00	-1,044.00	-1,044.00			-1,044.00	100.00		
Change Order# 5		442.00	442.00	442.00			442.00	100.00		
Change Order# 6		2,044.22	2,044.22	2,044.22			2,044.22	100.00		
Change Order# 7		-484.51	-484.51	-484.51			-484.51	100.00		
Change Order# 8		22,885.64	22,885.64	22,885.64			22,885.64	100.00		
Change Order# 9		1,123.20	1,123.20	1,123.20			1,123.20	100.00		
Change Order# 10		1,233.27	1,233.27	1,233.27			1,233.27	100.00		
Change Order# 11		538.01	538.01	538.01			538.01	100.00		
Change Order# 12		1,600.56	1,600.56	1,600.56			1,600.56	100.00		
Change Order# 13		561.60	561.60		561.60		561.60	100.00		
Change Order# 14		939.00	939.00		939.00		939.00	100.00		
Change Order# 15		831.17	831.17		831.17		831.17	100.00		
<b>Totals:</b>	<b>987,000.00</b>	<b>129,893.86</b>	<b>1,116,893.86</b>	<b>938,528.60</b>	<b>100,244.12</b>		<b>1,038,772.72</b>	<b>93.01</b>	<b>78,121.14</b>	

# 545055 - 100 W Jefferson

## Application Details

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Funding Opportunity: 228079-Community Catalyst Building Remediation  
Funding Opportunity Due Date:  
Program Area: Downtown Resource Center  
Status: Editing  
Stage: Pre-Application  
  
Initial Submit Date:  
Initially Submitted By:  
Last Submit Date:  
Last Submitted By:

## Contact Information

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### Primary Contact Information

**First Name\*:** Jerry **Middle Name** Moore  
**First Name** **Last Name**  
**Title:** City Administrator  
**Email\*:** [jerry.moore@prairiecitiyowa.us](mailto:jerry.moore@prairiecitiyowa.us)  
**Address\*:** 203 E Jefferson  
PO Box 607  
  
Prairie City Iowa 50228  
**City** **State/Province** **Postal Code/Zip**  
**Phone\*:** 515-669-1662 Ext.  
**Phone**  
### ### ####  
**Fax:** ### ### ####

### Organization Information

**Name\*:** City of Prairie City  
**Organization Type\*:** City Government  
**DUNS:** ## ### ####  
**Tax Id:** 42-6005132  
**Unique Entity Identifier (UEI):** CKPBMBSV16A7  
**Organization Website:** <https://prairiecitiyowa.us/>  
**Address\*:** 203 E. Jefferson, PO Box 607



Prairie City Iowa 50228-0000  
City State/Province Postal Code/Zip

**Phone\*:**

(515) 994-2649 Ext.  
### ### ###

**Fax:**

### ### ###

## Pre-Application

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**City:** Prairie City

**City Population:** 1700

**Address of Project:** 100-102 E Jefferson Street

[Upload a map of the city with the project address identified on the required uploads form.](#)

**Brief description of the project. Include planned property use when remediation is completed**

**(1,000 characters max.):**

This project consists of the upper story renovation of two historic buildings on the Prairie City town square: 100 and 102 E Jefferson. The first floor has been remodeled to house a new coffee cafe. A floral cooler and design area at the back of the cafe area supports a startup florist. The retail space features local makers and artists. The adjoining space contains a rentable gathering area, which also serves as cafe overflow seating when not rented. Alongside the remodel, city and county matching grants helped to improve the facade and add new business signage. The shared second floor of both buildings will be configured into two 2-bedroom apartments of approximately 1,000 square feet each which would be rented at a comparable market rate.

**Describe what is driving the project locally. Include how remediation specifically fits into a plan for the city and how this remediation will be a catalyst for economic development.**

**(2,500 characters max.):**

First, this project furthers the rehabilitation of a recently vacant property on the square into a revitalized revenue-generating area. The successful integration of rental units on the second floor continues to expand the focus on adding housing options to the community in general and to the downtown area specifically. Second, the cafe and gathering space have not only helped to fill an empty storefront, but also provided a coffee shop and meeting space, both being identified as missing services within the community as highlighted in the 2018-19 Community Survey and Prairie City Strategic Plan. Finally, this project represents a continued focus on revitalization of the downtown area. The city plans to replace and pave all the streets and sidewalks around the square in the next three years to improve accessibility and make the area more pedestrian friendly. The recently completed Red Rock Prairie Bike Trail travels along the south side of the square, bringing visitors to the community but also providing more recreational opportunities for community residents. Garden Square Park, with its newly remodeled bandstand, continues to draw more events that help to highlight and celebrate all the community has to offer. The Economic Development Commission continues to work with building owners to encourage more facade remodels and more available storefronts, as potential retailers continue to seek brick and mortar locations for business expansion. A commitment to downtown revitalization not only creates additional revenue for Prairie City, it supports existing businesses, encourages new businesses like the coffee cafe and invites more visitors and customers into our community and the downtown area.

**Who owns the property?:** Private Owner

**Name of Owner:** Dr. Gregory Ingle

**Length of Ownership (Years):** 45

**Current use of Property:** Mixed Use

**Proposed future use of Property:** Residential

**Financial commitment from owner to insure project success:** \$40,000.00



**Describe the owners cooperation and any other information that shows commitment in making the project a success (2,500 characters max.):**

The buildings are historically significant to Prairie City. After a fire destroyed all the wooden structures on the north side of the square in 1890, two-story brick buildings with shared party walls were constructed across the entire block in 1900 to replace the lost storefronts. The two buildings included in this proposal have housed many businesses over the years including a hardware store, a general store, various retail stores and most recently a doctor office.

The medical practice was acquired by a hospital system, which built a new facility within the community and vacated the space on the square. The owner, working with city and county grants, decided to remodel the newly vacant space and refresh the building's facade to house a coffee cafe, floral shop and gathering room. The grant is to support continued development of the property by adding three upper story residential units, creating revenue for Prairie City and cooperating with existing businesses to attract more customers into the downtown area.

The owner has met with City officials, the Prairie City Economic Development Commission and a preliminary design and construction team to research the processes required. As indicated above, the owner has already taken advantage of some grant funds available through the City and the county, enabling desired businesses to open in the community. Working with previous grant recipients, the owner is prepared to proceed with his project and will be providing additional in-kind investment in way of labor on the project.

**Describe how and why this building was selected (1,000 characters max.):**

After the medical practice relocated, the property owner approached the City about grants and other programs available for remodeling and rehabilitating vacant properties. City and county grants were awarded to assist in remodeling the lower facade of the two storefronts. The Council feels the proposed project continues to support downtown development and starts upper story development on the north side of the square. Because the buildings were built at the same time in a block style, maintenance must not be deferred and deterioration addressed before it has started or it could jeopardize the condition of the conjoined structures. Currently, the square's north side supports two restaurants, a grocery store and an electronics business. We anticipate this project will greatly increase the value of the properties and increase customer traffic for other downtown businesses. In addition, we expect the success of this project will continue to spur further second-floor residential units.

**Describe the impact the Catalyst grant will have on this project (1,000 characters max.):**

The public/private partnership through local grants has already provided increased employment opportunities, while also providing additional sales revenue for the area and new services for residents.

Prairie City and Monroe are some of the fastest-growing communities in Jasper County, with studies showing a rapidly increasing shortage of rental units within the area over the next five years. With the development of second-floor housing, we feel this will spur other property owners to consider this concept and help to provide a greater quantity of the needed units.

The current property value of the two buildings is about \$125,000. We anticipate, once finished, the combined value to exceed \$200,000. The scope of this project was largely spurred by the Catalyst Grant which would provide much of the project funding. The grant is essential to the project moving forward as well as helping to secure further financing and local investors.

## Required Documents (Pre-Application)

Named Attachment	Required Description	File Name	Type	Size	Upload Date
City map with project address identified	City map showing location of proposed project.	<a href="#">Project Location.png</a>	png	2 MB	01/09/2024 09:18 AM
Taxpayer Identification Number & Certification for Fiscal/ Applicant Organization					
<a href="#">Download</a> IRS form					

## Budget

Grant Amount Requested:	\$100,000.00
City's financial contribution:	\$20,000.00



City's in-kind contribution:	\$0.00
Other contributions:	\$170,000.00
Total estimated cost of project:	\$290,000.00
Pre-Application Award Amount (if applicable):	\$0.00 MUST be less than or equal to \$5,000
Recommended Application Amount (if invited to apply):	\$0.00 Internal Use Only

Photos of Building/Site (Pre-Application)

Description	File Name	Type	Size	Upload Date
Historical picture showing north side of square in early 1900s.	<a href="#">Historical North Side of Square.png</a>	png	367 KB	01/09/2024 09:21 AM
South and west facades after opening coffee shop and florist	<a href="#">South and West facades with coffee shop and florist.png</a>	png	2 MB	01/09/2024 09:24 AM
South and west facades prior to remodel for coffee shop and florist	<a href="#">South and West facades prior.png</a>	png	2 MB	01/09/2024 09:23 AM
South facade facing square after opening coffee shop and florist	<a href="#">South Facade with coffee shop and florist.png</a>	png	1 MB	01/09/2024 09:22 AM
South facade facing square prior to remodel for coffee shop and florist	<a href="#">South Facade Prior.png</a>	png	1 MB	01/09/2024 09:22 AM

Miscellaneous Documents (Pre-Application)

Description	File Name	Type	Size	Upload Date
No files attached.				























