County may fund $13 mil animal shelter with a loan

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Calaveras County may enter into a long-term loan to pay for construction of a new animal shelter.

The Board of Supervisors on Tuesday unanimously approved a recommendation by the county's Debt Advisory Committee to work with the California Infrastructure Economic Development Bank, IBank for short, to bring a financing package back for board consideration and approval.

County Executive Officer Teresa Hitchcock told the board that despite extensive staff research and outreach, no grant sources have been found to support construction of a new shelter.

Looking at alternative financing methods, the county's Debt Advisory Committee last month considered multiple options.

At the top of the list was considering a bond election to finance construction, pursuing a low interest loan for infrastructure projects such as the shelter from the U.S. Department of Agriculture and the IBank option.

Hitchcock outlined the pros and cons of each of these three options.

IBank offers low interest loans through the Infrastructure State Revolving Fund Program. The animal shelter qualifies as an eligible project under the loan guidelines and Calaveras County is an eligible borrower. Hitchcock said the county could spread payments over 20 to 30 years.

According to its website, IBank was created in 1994 to finance public infrastructure and private development that promote a healthy climate for jobs, contribute to a strong economy and improve the quality of life in California communities.

IBank has broad authority to issue tax-exempt and taxable revenue bonds, provide financing to public agencies, provide credit enhancements, acquire or lease facilities, and leverage state and federal funds. IBank's current programs include the Infrastructure State Revolving Fund Loan Program, Expanding Venture Capital Access Program, the Climate Catalyst Revolving Loan fund, Small Business Finance Center and the Bond Financing Program.

While funding the shelter through a bond issue would have minimal impact on the county's General Fund since increases in property taxes would be used to pay for the shelter, the question of whether it would win voter approval was one of the drawbacks to pursuing this course. In addition, it would not be on the ballot until June 2, 2026.

Seeking USDA funding also has drawbacks such as requiring additional environmental review under the National Environmental Policy Act, which could significantly delay the timeline for construction and add to mitigation requirements.

Engineers have estimated construction costs at $13 million with an estimated funding gap of $9.9 million from money the county has already set aside for the project.

In addition, the county has completed construction plans for the full shelter buildout.

The next move will be for the board to pass a resolution supporting the option of using IBank to help finance the project. Then IBank and county staff will work on terms of the loan for final consideration by the board.

"Mind you this is exploring the loan, so far, so it's not a shovel in the ground at this point," District 5 Supervisor Benjamin Stopper cautioned everyone… "but I'm excited too."

The existing animal shelter has been under grand jury scrutiny for nearly two decades.

The jury's 2023 report entitled "Teaching An Old Dog New Tricks," said, "the shelter is understaffed, unsanitary, underfunded, overcrowded, as well as unappealing and in need of replacement."