



**Proposed North City Operations Depot (NCOD):
Approval of Borrowing under Section 106 of the Local Government Act, 2001**

The construction of the North City Operations Depot (NCOD) is progressing well and at present it is on track both in terms of programme and budget. Construction is due to finish later this year and then there will be a further period to allow for fit out of furniture, equipment and IT installation/configuration. It is expected that the depot will become operational in Q1 of 2023.

The full project cost, including construction and fit out, is €74.4M. The expenditure to date is circa €32.75M incl. VAT (to end of April).

The May 2020 City Council meeting approved the borrowing of €34M to part finance the full project cost of €74.4M for the North City Operations Depot (NCOD) in Ballymun. The remaining €40M funding is to be achieved by way of disposal of sites. However, disposals cannot meaningfully proceed until services can move into the NCOD thereby vacating existing depots.

In the interim, provision needs to be made to cover the shortfall of €40M cash flow to finance the completion of the NCOD. On this basis, I am recommending that the balance of the required €74m funding (i.e. €40m) be borrowed.

30 year funding is currently available from the HFA at a fixed interest rate of 1.95 %. Borrowing €40m at this rate over 30 years will generate a requirement for an annual loan repayment of approximately €1.8m. This will be charged to various Departments, based on their share of total employment in the NCOD as follows:

Department	Share of NCOD Employment	Annual Charge to Revenue Account
Housing & Community	36%	€0.65m
Envir. & Trans - Waste Management	35%	€0.63m
Envir. & Trans - Other	29%	<u>€0.52m</u>
		€1.80m

The full year cost of borrowing the €74m is €3.8m of which €2.46m is provided in the Budget 2022. The 2022 Budget provides for the drawdown of the €40m loan in Q4 2022. The additional borrowing cost of €1.3m will be provided in Budget 2023. It is intended to repay the loan as proceeds from depot and land disposals come through.

A decision by a local authority to borrow is a reserved function under Section 106 of the Local Government Act, 2001. Any borrowing also requires the sanction of the Minister for Housing, Planning & Local Government.

Recommendation

I recommend that the City Council adopts the following motion:

‘This City Council notes Report No 156/2022 and approves borrowing of €40m to fund the proposed NCOD, subject to the sanction of the Minister for Housing, Local Government & Heritage.’

Owen P. Keegan
Chief Executive
2nd June 2022