

**Minutes of meeting of Monaghan County Council held in the Hillgrove Hotel, Monaghan on Tuesday 19<sup>th</sup> July, 2011 at 9.30 a.m.**

**Chair:** Cllr S. Coyle, Mayor.

**Present:** Cllrs Bannigan, Carville, Conlon, Connolly, Crowe, Gallagher, Keelan, Maxwell, B. McKenna, S. McKenna, McElvaney, McPhillips, McNally, Murray, O'Brien, O'Hanlon, P. Treanor and S. Treanor.

Mr. D. Fallon, A/County Manager, Mr. A. King, Director, Mr. D. Treanor, Mr. P. Treanor, A/Directors of Service, Mr. J. McNally, A/Head of Finance and Ms. C. Thornton, Meetings Administrator.

**Apology:** Cllr Carthy.

At the outset the Mayor thanked the party whips and the members for agreeing to have a special meeting to discuss a request for funding, from the CEO of Co. Monaghan VEC, for the new Garage Theatre project. The members were circulated with a copy of letter dated 13 July 2011 from Martin O'Brien, CEO requesting a financial contribution of €800,000 towards the new Theatre which is being developed as part of the Monaghan Education Campus to be located on the site of the former Military Barracks. The letter requested funding to be made available, as follows:

€200,000 in 2011 – payment to be made at tender award stage.  
€400,000 in 2012  
€200,000 in 2013

Mr. O'Brien's letter also stated that one place will be reserved on the Board of Management of the new theatre for the County Manager/Member of the Council.

*The Mayor then proposed that the meeting adjourn for 10 minutes to permit the VEC members on the Council and the Mayor meet, in committee, to have a discussion on the matter. This was agreed and the meeting adjourned for a short time.*

*On resumption, Cllr O'Brien proposed that the Council go into committee for the discussion on this matter but that any decision in relation to funding be announced in public session. Cllr Maxwell seconded the proposal.*

Following a brief discussion on Cllr O'Brien's proposal, the Mayor put the proposal to a vote by show of hands which resulted in 9 for 10 against. The Mayor declared the proposal defeated and that the meeting would be held in public session.

Mr. D. Fallon, A/County Manager stated that the Monaghan Education Campus project is extremely welcome and great credit is due to Monaghan VEC, however, the request for funding comes at a most challenging time, a time of limited and diminished resources. There is no provision in the 2011 Budget other than €75,000

voted in the 2010 and 2011 Budgets for the new Garage Theatre. Any funding must be contingent on the financial means and the capacity of Monaghan County Council.

Mr. Fallon then outlined the following:

- The income from commercial rates continues to decline due to the economic climate. The 2011 budget provides for €1.0m of uncollected rates.
- Currently there is a €670,000 deficit in the Council's accounts
- There had been a cut of €343,000 in the roads maintenance budget 2011 – if funding continues at current levels roads will deteriorate significantly. The Area Engineers are finding it difficult to ensure finance is available to pay staff until the end of 2011.
- In addition to the NPPR charge further charges are proposed in 2011 – household charge/water charges. These charges when introduced will cause a corresponding reduction in the Local Government Fund and will put considerable pressure on the County Council.
- Minister Hogan flagged to Manager's recently that rates should be reduced in 2012.
- A number of Water Service Schemes are to commence in 2012 which will place demands on the budget for the next twenty years.

	<b>Cost</b>	<b>MCC Contribution</b>
Carrickmacross Water Supply Scheme	€5.5m	€2.1m
Water Conservation Project	€2.5m	€0.25m
Monaghan Sewerage Scheme (Old Cross Square)	€3.91m	€0.8m
<b>Total</b>	<b>€11.91m</b>	<b>€3.15m*</b>

*\*These schemes will have to be funded by borrowing and will depend on Department approval to borrow. The estimated cost of this borrowing is €192,000 p.a. and will have to be provided in the 2012 Budgets and successive Budgets from revenue. This will further reduce the provision for local roads.*

- Monaghan Town Council has allocated €200,000 to the Theatre, when the contract is signed, and a further €100,000 in 2011, 2012 and 2013.
- An allocation of €800,000 would have to be provided by either an increase in the rates or by a reduction in the roads budget.

Mr. J. McNally, A/Head of Finance stated that he was required to notify the members of both the financial budgetary and Departmental constraints within which the Council now operates. He advised that the Members will have to give serious consideration as to where the money is to be extracted from the existing and future budgets to fund the contribution for the new theatre. There will be little alternative but to cut existing and future contributions to other community organisations such as the GAA (€25K), FAI (€15K) and Iontas (€25K) or curtail expenditure on roads to fund this proposal. Loan funding will not be possible in 2011 as the current €200 million Department allocation has been fully subscribed. The Department will consider loan applications for projects in 2012 on a 'priority basis', ie infrastructural projects such as water and sewerage will take precedence, this could potentially mean that loan funding may not be available until 2013/14. The consent of the Minister of

Finance to engage in secured borrowing is necessary and must be sought in advance. The requirement in law is that a local authority “*shall not mortgage, pledge or encumber its own assets or revenues to secure any present or future indebtedness or any guarantee or indemnity given in respect of such indebtedness without the consent of the Minister for Finance*”. Loan funding of €800,000 would cost the Council approximately one million Euro over a 20 year period at a prudent interest rate of over 2% - approx €50,000 per annum off the Revenue budget for the next 20 years. This assumes that no further contributions would be required to fund the theatre on an ongoing basis. Overdraft funding cannot be used to fund a long term project of this nature – overdraft is designed primarily to accommodate short term cash flow deficits. The Council is required to re-apply on an annual basis to get its overdraft approved by the Department of Finance – given the current restrictions imposed by the EU/IMF there is no guarantee that the Department will approve the overdraft requirement for 2012 when it is applied for in November 2011.

A lengthy debate followed to which all members contributed. The Members all welcomed the project which would be a major boost to the local economy and commended all involved with it to date. They expressed support for allocating the funding required for the new theatre project. Cllr McPhillips, while welcoming the project, expressed concern that if the money could not be found without impacting on the ratepayers of the county then she could not support the provision of funding for the theatre if it meant an increase in the rates or if the basic services of the Council are curtailed or cut.

The following points were made by the members during the debate –

- The decision to borrow is a function reserved to the elected members.
- €800,000 is not a significant amount of money in the overall context of the project – staged payments can be made over 3 years.
- The VEC are contributing over €800,000 in charges and over €60,000 towards road infrastructure.
- It would be a disgrace of €3.3m is returned to government departments if the project were to fall.
- The overall project will give rise to 500 jobs during construction and 200 people will be employed full time when the campus is fully operational.
- The new theatre must be a stand alone project and the Council should not be required to fund the ongoing operational costs in the future.
- That the ‘Per Cent for Arts Scheme’ be examined as a possible source of funding.
- The Council had incurred expenditure of over €1m on design fees for new offices project which had not been proceeded with.
- The Council had seen difficult times in the past and had to fund projects such as new offices, Monaghan Courthouse, Hope Castle and park and the Convent Lands and had been able to meet its obligations as regards funding.
- The Council has a number of assets some of which could be disposed of to make provision for this contribution, eg Machinery Yard, Lough Muckno.
- That the Council would explore the possibility of having a Council Chamber incorporated into the building.
- That the Council ascertain the exact cost of the project.

Cllrs Conlon, McNally and Maxwell stated that there would be no future requirement towards the operational costs of the theatre other than the current annual Arts grant payment.

Cllr McNally stated in addition to the funding being sought from the Council, there is still a shortfall of €1m in funding for the project. Mr. O'Brien proposed to reduce the fittings provision by €1m to allow the contract be signed and afterwards endeavour to secure this amount of funding from other agencies.

The A/County Manager responded to the points made by the Members. While again welcoming this important project he stated that whatever decision is taken by the members would have an impact on all Council services. He further stated that there was buoyancy in the economy when expenditure was incurred in relation to the offices project. The development contributions payable by the VEC relate to the capital account in respect of water and sewerage and public lighting and could not be included in the revenue budget. Given the current economic climate this is not the time to realise assets. The Council must identify where the funding will come from for the new theatre project, if agreed. An overall cost for the project must be obtained prior to any borrowing proposal being submitted to the Department of Finance.

On the proposal of Cllr Coyle, seconded by Cllr Treanor it was agreed that the Council go into committee for a brief period to allow the County Manager give information to the Council in relation to the Machinery Yard site. Following the dispatch of this information, it was agreed, on the proposal of Cllr Coyle, seconded by Cllr P. Treanor to come back into public session.

The Mayor then read a letter from Monaghan Chamber of Commerce outlining its support for the development of a new theatre in Monaghan town and calling on the Council to give serious consideration to the allocation of funding to the theatre project.

*Cllr Coyle proposed, Cllr McNally seconded,*

*That Monaghan County Council sanction a financial contribution of €800,000 towards the new theatre being developed on the Monaghan Education Campus.*

A recorded vote was taken on Cllr Coyle's proposal which resulted as follows:

**For:** Cllrs Bannigan, Carville, Conlon, Connolly, Coyle, Crowe, Gallagher, Keelan, Maxwell, McElvaney, B. McKenna, S. McKenna, McNally, Murray, O'Brien, O'Hanlon, P. Treanor and S. Treanor. **Total 18**

**Against:** Nil.

The Mayor declared the motion carried.

Mr. D. Fallon stated that whilst there was a provision of €75,000 in the capital account for the new theatre, savings of €125,000 would have to be achieved in order to fund the balance of the funding requirement for 2011. He requested the Members to identify where these savings can be sourced.

*Cllr B. McKenna proposed that the Corporate Policy Group would meet as soon as possible to identify where savings can be achieved to fund the balance of the amount required by the VEC in 2011. Cllr P. Treanor seconded the proposal which was agreed by the Council.*

*On the proposal of Cllr O'Hanlon, seconded by Cllr McElvaney it was agreed that the A/County Manager would meet with the CEO of the VEC to ascertain all facts re costings for the proposed new theatre.*

*On the proposal of Cllr O'Brien, seconded by Cllr McElvaney it was agreed that when Monaghan and Cavan VEC's are amalgamated that Monaghan County Council should join with Monaghan VEC to ensure that the headquarters of the new body is located in Monaghan town.*

### **Conferences:**

Cllr Maxwell stated that the Humbert Summer School Conference that had been approved at the July meeting had been cancelled. He proposed that the members approved to attend that conference be now authorised to attend the Parnell Summer School, as detailed below. Cllr McNally seconded the proposal which was agreed by the Council.

<b>Promoting Authority</b>	<b>Subject/Theme</b>	<b>Venue</b>	<b>Dates</b>	<b>Members</b>
<b>Parnell Summer School</b>	<b>Equality then and now.</b>	<b>Avondale House, Rathdrum, Co. Wicklow</b>	<b>14-19 August, 2011</b>	D. Maxwell O. Bannigan A. Murray N. Keelan R. Gallagher P. McNally

The meeting then concluded.