

The Shoreline Journal Tid-Bits

Continued from page 8

Program to Develop Local Fuel, Lower Power Rates

A new program will help understand the potential of Nova Scotia's onshore natural gas deposits and help produce natural gas here in the province. The Province is engaging Dalhousie University to oversee the Subsurface Energy Research and Development Investment Program. The university will lead research efforts to better understand the nature and location of the resource and to track and develop guidelines to ensure exploration and development are done responsibly.

The \$30-million program will help kick-start the province's onshore natural gas industry after a decade of inaction and inactivity, bringing jobs and investment to the province. First steps include Dalhousie establishing an oversight committee of people with experience in energy development, including representation from academia, the public, the Department of Energy, First Nations and the energy industry. The university will also lead communication with the public before research starts and manage ongoing stakeholder engagement. The university will set qualification criteria for companies and issue an open call for project proposals. After applications are evaluated, the Province will negotiate agreements with successful proponents to determine the amount of provincial investment. Proponents must secure all applicable permits and approvals before exploration or production begins.

The Province can hold equity in successful drilling ventures or earn a share of profits of production in a number of ways, such as royalties. Nova Scotians will receive economic benefits, and each project will produce a return in both jobs created and new source government revenue.

Any provincial revenue earned will be partially, but disproportionately, reinvested in the surrounding local municipalities based on proximity. Dalhousie will submit a final report to the Province by December 31, 2026, with published research papers to follow; exploratory wells in the program that do not produce natural gas could be assessed for potential geothermal energy and carbon capture and storage research and development.

Nova Scotia has an estimated seven trillion cubic feet of natural gas underground; that is about three times the amount of gas off Sable Island and enough to meet Nova Scotia's needs for 200 years. The Province is also aiming to further develop offshore natural gas; a call for bids is underway for 13 parcels on the Scotian Shelf and slope.

New Grant Program Funds Food Security Initiatives

Millions in funding for food-related initiatives will flow to communities across the province in the coming weeks using \$4 million in proceeds from the sale of U.S. alcohol products. The new Feeding Communities Fund will provide one-time funding to support meal programs, community fridges and pantries, mutual-aid groups and affordable food box or market programs.

The fund will have \$2 million available for identified organizations and the remaining \$2 million will be available to other eligible organizations. Funding is available to non-profit societies, community organizations that are registered with the Registry of Joint Stock Companies, and federally registered charities or not-for-profit corporations. Applications close Thursday, January 29. The funding must be used to purchase food for distribution or meal programs.

Identified organizations include: Colchester County: Colchester Food Network; Neighbours Helping Neighbours - Tatamagouche; Portapique Market Co-operative Ltd.; and The Salvation Army - Truro Community and Family Services. Cumberland County: Amherst Food Assistance Network Association; Maggie's Place - A Resource Centre for Families (Cumberland Collaborative Food Network); Oxford and Area Food Bank Association; Parrsboro and Area Food Bank; The Open Hamper Food Bank Society (also known as Pugwash and Area Food Bank) and The Salvation Army - Amherst and Springhill. Hants County: Caring and Sharing Angel Tree Food Bank Association; Hantsport and Area Community Food Bank; Shumilacke Food Bank Society; Hants North Community Food Bank and Windsor and District Food Bank.

2025 Award for Excellence in Public Administration

Executive Deputy Minister Paul LaFleche, also Deputy Minister of the Department of Municipal Affairs and the Department of Public Works, is the 2025 recipient of the Lieutenant-Governor's Award for Excellence in Public Administration. The medal is awarded annually to a person in public administration who exhibits the highest standard of excellence, dedication and accomplishment. It will be presented in the spring at Government House in Halifax.

"For more than three decades, Paul LaFleche has helped to shape government policy, advance economic and social development and strengthen public institutions across Nova Scotia and Canada," said Lt.-Gov. Mike Savage. "He has shown unwavering commitment to public service that has been defined by both his leadership and measurable and lasting results." Mr. LaFleche began his career as an exploration geoscientist, researcher and academic leader. He joined the public service in 2003 and has worked in several provincial government departments. Throughout his career, he has demonstrated an ability to build consensus across government, foster partnerships and deliver results while managing complex portfolios.

The award is presented annually by the lieutenant-governor of Nova Scotia, who serves as its patron. It is sponsored by consulting firm Davis Pier and is administered by the Institute of Public Administration of Canada (IPAC) Nova Scotia.

continued on page 17

Anticipated Amendment to Operating Agreement

By Dennis James

(The following is the Anticipated Amendment to Operating Agreement presented as information item to council committee on January 15th by Dennis James. The completed proposed agreement will be presented to and discussed by council at its monthly meeting on January 29th).

The decision of Council in December contemplates sustaining the Society but with a new board structure including a citizen advisory committee. In anticipation of this new structure and to address issues that have arisen with the Society, there will be a revised operating agreement presented to Council at its January 29 meeting. The purpose of this Information Item is to advise Council Committee of issues that will be addressed in the proposed new amendments and that require Council direction. Among the topics to be addressed include:

Contracting and Contract Management: There is an obvious issue with the process for approval of contracts and contract management. The fact that so many contracts were signed in violation of the operating agreement, without board approval, without legal review and signed by one person raises serious concerns. The implications of poor contract management have been significant since the Owners have been exposed to the liabilities that were previously rejected, and incorrect representations of authority were made to the provincial government. Neither of these are acceptable outcomes.

While the 2023 amendments to the current operating agreement were not followed, it is important to enhance the agreement and take all appropriate measures to ensure that it is honoured. For example, in a recent meeting with the CAOs, senior staff of the Society advised that they were unaware of the 2023 amendments to the operating agreement and requested copies which were provided.

The result of a lack of due diligence and proper oversight by the Board will increase the risk of liability. At the very least it will result in a contract that has not been fully considered and discussed by the Board. This means that contractual benefits and liabilities obligations cannot be properly assessed to ensure the contract makes sense. Also, it means the Board cannot be satisfied that there is proper contract compliance to ensure that its obligations are fulfilled. Examples of inadequate contract management include:

| Description | Year 1 | Year 2 | Year 3 | Year 4 | Year 5 | Total |
|------------------|-----------|-----------|-----------|-----------|-----------|-------------|
| Salaries/Wages | 408,750 | 386,050 | 287,000 | 187,000 | 143,500 | 1,412,300 |
| Equipment | 95,500 | 36,400 | 36,400 | 36,400 | 18,200 | 222,900 |
| Mktg/Bus Dev | 95,750 | 77,550 | 76,600 | 76,600 | 38,300 | 364,800 |
| Total CEDF costs | \$600,000 | \$500,000 | \$400,000 | \$300,000 | \$200,000 | \$2,000,000 |

The contract measurement metric included:

- 1) Number of events hosted - Minimum 12 per year
- 2) Average event attendance - Minimum 30,000 average per event
- 3) Operational cost recovery - 75% operational cost recovery by year 5
- 4) Economic impact - \$10m annually, using STEAM 2.0 Model.

As this contract was never presented to the Board there was no opportunity for the Board to endorse the performance expectations and the project schedule as realistic or in the best interest of the RECC. There is indication that the Society's financial records system is not in the condition required to properly assess whether the project schedule has been satisfied. It is understood that the \$2 million intended to be used for five years has been exhausted or nearly exhausted in less than two years. This raises concerns about contract compliance.

There will be language in the proposed amending agreement requiring the Board to ensure that it takes appropriate measures to improve contracting and contract management policies and practices including clear lines of authority, two signatures on material contracts and accurate representations of authority to third parties.

Procurement: The existing operating agreement requires that the Society follow the Town and Municipality procurement policies. Those policies meet the Town and Municipality's obligations under the Public Procurement Act. By including the requirement to comply with Town and Municipality practices the expectation was to ensure that the procurement practices of the Society are fair and transparent. In fact, there is concern that the Society's practices do not meet the requirements of public procurement.

The proposed operating agreement will include additional language that requires the Board to ensure that its procurement policies are compliant with the legislation and policies of the Town and Municipality, as well as setting out the process and level of authority for awards of contracts.

Clarifying the role of the Owners involvement in the Society: It appears that there are confusion and contention about Owners' representation in the Society and on the Board. The constating documents provide for Owners on the Board as it has been this Council's (as well as Truro's) direction to be fully engaged as the RECC is an integral asset and has a broad community recreational and social mandate. The objective of the constating documents was to find balance between community participation and Owner involvement. Increasingly there are challenges suggesting the Owners are in conflict perhaps on a belief that the Owners' interests are divisible from the community representatives. Or in the case of disagreement that somehow the community representatives represent the Society, and the Owners do not.

The existing operating agreement does refer to the Municipal Conflict of Interest Act, but amendments will be added to expressly embrace the principle embodied ins. 5 (1) (h): S.5 (1) This Act does not apply to any interest in any matter that a member may have; (h) by reason of having been appointed by the council or local board to a board, committee or other body;



(i.) The lease and operating agreements (previously circulated) with the Farm Loan Board were not presented to the Board so the Board did not have the opportunity to be informed of the obligations and provide the necessary oversight to ensure that it was meetings its obligations and that the agreements were in the RECC's best interest. It appears that the contracts were never reviewed by a lawyer who could have advised on whether they followed the by-laws, operating agreement and alerted the Board to issues of concern that should be negotiated. These agreements are heavily weighted in favour of the Farm Loan Board and warranted discussion even if the Board had the authority to enter them, which it did not.

(ii.) For example, s. 5.16 of the Operating agreement expressly prohibits revenue generated under the agreement from being used for the RECC or any other entity except the NSPE: The Tenant shall receive all Revenues and use such revenues for purpose (sic) of the Leased Premises. Such a clause requires important discussion about how the agreement benefits the Society in its mandate to enhance the RECC. How were the operations of the NSPE going to generate revenue to the benefit of the RECC if they could only be used for the NSPE, and at what cost? The discussion around this aspect of the contract, nor any other, did not take place when they were signed in 2024. Other items of concern would be consistent with the analysis set out by Jennifer Hamilton Upham on the 2022 draft of the contracts, which memo was provided previously.

The Rawhide agreement (previously circulated) is a particularly troublesome example of inadequate contract negotiations. It is a significant multi-year agreement made by the Society directly (contravening the operating agreement) and does not even include a termination clause. It suffered from the lack of board discussion, due diligence and legal review.

(iii.) The funding agreement with Community Culture and Heritage (previously circulated) included the following project schedule and the following performance goals:

S.5 (4) (h), recognizes the connectedness between Council and municipal and other community entities, which is required given the nature of local government. The direction of the Act allows Councillors the ability to be engaged with the boards and other local bodies and still address the matter at the Council table. The inverse also must be the case. If the Owners are to be at the table of the Society, they must be able to represent to the Owners' positions and still be part of the board discussions. Otherwise, the Owners are disadvantaged, and the ability to have engaged community partnership is at risk. In the case of the Society the support of members appointed by Council is required for budgets and contracts such as were signed for the NSPE.

Public Meetings: In April three elected Councillors attempted to attend a meeting of the Society board. The Chair (without a Board vote) took the position that the Society was not required to meet in public and refused these Councillors the right to attend and observe the Board discussions. As the RECC is such an important infrastructure, the Society should be guided by s. 22 of the MGA requiring public meetings subject to convene in-camera for enumerated reasons.

The proposed operating agreement will include language requiring the Society to follow the principles of the MGA for public meetings, including notice and public minutes.

Complaint process: The operating agreement will include requirements for the Board to review its practices and policies around complaints by members and members of the public. As a taxpayer-funded entity people have the right to voice concerns and to have those concerns addressed in a transparent and respectful manner.

Enhanced and collaborative management practices: The proposed operating agreement will include language that will require regular meetings between the senior staff of the Society and the two Owners. This will ensure the best opportunity to ensure that the Society is fully supported, and that there is appropriate management of the Board decision making process so that its members make fully informed decisions and maximize their contributions to the Society.

Budgeting: There will be amendments providing directions on the requirement for balanced budgeting in accordance with the Owners' financial reporting and accounting requirements. The requirement for balanced budgets has been questioned so the amendments will bring clarification.

Submitted by Dennis James, Municipal Solicitor; Authorized by Dan Troke, Manager/Director Chief Administrative Officer

Also see "Committee Appoints 2 Directors; 1 Representative" on page 7.

Deadline for the March issue of

The Shoreline Journal

is February 17