Report of Executive Council on People’s Assembly on the Proposed LNG Project

For consideration at the session of the Huu-ay-aht First Nations People’s Assembly on November 29 & 30, 2014

Prepared By: Executive Director
Date: November 13, 2014
BACKGROUND The Huu-ay-aht First Nations has signed an Opportunity Development Agreement with a Liquefied Natural Gas (LNG) company, Steelhead LNG, which commits us to exploring the possibility of an LNG plant near Sarita Bay. This facility would be used to cool natural gas to a liquid form so that it can be transported overseas.

The proposed Project is divided into four stages. Stage 1 is the Preliminary Assessment and Screening phase where the initial environmental and technical assessments are conducted, as well as extensive community engagement. Stage 2 is the Feasibility phase, which will involve expanded environmental and technical studies. Stage 3 is the Basis of Design phase, which is when the basis for technical and Project development is established. Stage 4, known as FEED, is when designing of the facility takes place, including comprehensive environmental consideration, and it is prepared for engineering and construction. After these stages, the final investment decision would take place in 2018.

The proposed Project is being guided by Huu-ay-aht regulations and can only take place if it meets or exceeds our highest principals of ṭisaaқ (iisaak), ṭuʔałuk (uu-a-thluk) and hišuk čawak (hishuk tsawak).

The proposed Project has the potential to generate immediate jobs, as well as up to 4,000 positions in the construction phase and 300 to 400 jobs if it is successful. It would also offer spin-off opportunities to the Nation.

INFORMATION / UPDATE

1. Location of proposed project
2. People’s Assembly Vote
3. Land use and environmental impacts
4. Jobs and benefits
5. Reference materials
   a. Agreement signed to explore LNG project at Sarita Bay (July 2014)
   b. Map of acquired lands (August 2014)
   c. Tour of Natural Gas Extraction Facility (“Huu-ay-aht delegation tours natural gas facility”; September 2014)
   d. A Citizen’s Guide to the Proposed LNG Project at Sarita Bay (October 2014)
   e. Building our Nation and Bringing our People Home: Employment and Training Opportunities at the Proposed LNG Facility in Sarita Bay (November 2014)
   f. Community Engagement Session summary
      i. September issue
      ii. October issue
      iii. November issue
   g. Community Engagement Session report
      i. August report
      ii. September report
      iii. October report
1. **Location of proposed project**
   The proposed LNG facility would be situated at Sarita Bay, about 25 kms from Bamfield and Anacla, and 70 kms from Port Alberni. The land that was purchased includes four parcels, including Santa Maria Island. The site was selected following a review of dozens of potential sites along the BC coast. The sites were evaluated using a comprehensive criteria related to issues such as land access, shipping access, topography, ownership and other factors. Please see appendix for map of acquired lands.

2. **People’s Assembly Vote**
   A “no” vote means we will abandon the proposed Project entirely. A “yes” vote means Steelhead LNG will invest approximately $20 million for us to carry out the next phase of complex environmental, technical, engineering and traditional-use studies we need to decide if we should build an LNG plant at Sarita Bay. These studies would include ongoing and extensive consultation with Huu-ay-aht citizens and stakeholders.

   A “yes” vote does not mean we will build a facility. It just means we will proceed with studying the feasibility of the proposed Project. There would still be several “decision points” over the next four years at which the Huu-ay-aht government and/or Steelhead LNG could decide to withdraw from the proposed Project.

3. **Land use and environmental impacts**
   The onshore footprint of the proposed facility would be approximately 330 hectares. However, not all of the 330 hectares will be developed or used for the facility, some of this area will also be used as safety exclusion zones, which are like buffers for the facility that include trees and other plants. The land would still belong to Huu-ay-aht if the project were to go ahead. Under the Huu-ay-aht Constitution all Treaty Settlement Land (TSL) is still retained by Huu-ay-aht, and any use of those lands, such as for the Project, are done through land leases.

   While the proposed Project will indeed have some real or potential effects on the immediate environment, those will be firstly identified and studied in-depth, and if the effects can be minimized, reduced or avoided, will continue to be closely monitored throughout the life of the proposed Project. Income generated by the proposed Project could enhance the environment and resources in other ways as well (i.e. reducing logging on our Treaty lands, protecting key areas such as Diana Island or restoring the Sarita and other rivers in our territories as well as overall natural resource enhancement). When the project is done, it will be returned to a state acceptable to Huua-ay-aht or repurposed for new projects, whatever is decided by Huu-ay-aht at that time. Funds from profits will be set aside for this purpose throughout the life of the proposed Project.
4. Jobs and Benefits

If our citizens vote yes to continuing to investigate the proposed Project, meaningful jobs would be available for at least two generations of Huu-ay-aht and revenue generated from the proposed project could improve our quality of life today and for generations to come.

Huu-ay-aht First Nations has committed to creating five new jobs in 2014 and early 2015. These jobs would help to support all the different activities that need to occur in order to continue investigating the proposed Project. One of these positions is for a Huu-ay-aht Employment Strategy Advisor. This person’s job would be to create a long-term strategy for educating and training our citizens, so that we can ensure that Huu-ay-aht citizens are filling the jobs for this proposed Project. Another eight to 10 positions will likely be created to carry out studies, and that could be as high as 15 by the end of 2015.

During construction we would expect up to 4,000 construction jobs, and during operations between 300 and 400 jobs. There are all sorts of different types of jobs that the proposed Project will require including: the trades (gasfitters, electricians, welders), engineers, equipment operators, technicians, security and administrative positions.

The proposed Project would also generate hundreds of jobs and business opportunities in the following sectors: hospitality, first aid, maintenance, accommodation, recreation, tourism, hospitality, transportation, catering and security. This includes local spin-off jobs with restaurants, schools, medical providers, grocery stores, hotels, other service providers, for example.

In addition to jobs, the income generated by this project in the form of consumption taxes, income taxes, property taxes and royalties will greatly exceed the amount that the government could spend in any given year. Much of this income would be put into a legacy fund, where it could sustain the Nation for approximately 250 years, or 10 generations. Project revenues could be used to finance education, infrastructure, health, social service programs, roads and environmental initiatives. In undertaking this project, the Nation would focus not only protection, but enhancement of natural resources throughout the ha’houlthee of our Ha’wiih, most notably enhancement and revival of the Sarita River, the Heart of Huu-ay-aht People.
For ease of reference, this motion may be referred to as:

Motion Regarding Proposed Sarita Bay LNG Project

Motion

Whereas:

a) Huu-ay-aht First Nations have been exploring the possibility of, together with Steelhead LNG Corp., developing a liquefied natural gas (LNG) project on Huu-ay-aht land at Sarita Bay (the “Proposed Project”);

b) Executive Council has reviewed the Proposed Project and believes that proceeding with it would be in the best interests of the Huu-ay-aht provided the following conditions are met:

i) The Proposed Project follows the core values of Iisaak, Hishuk tsawalk and Uu-a-thluk as defined in the 2014 Huu-ay-aht Economic Development Plan through all stages of the Project.

ii) the Proposed Project carries out environmental best management practices and stewardship,

iii) a net gain of cultural heritage values and or traditional use areas through conservation and set aside (i.e. protection of TSL areas),

iv) the acquired lands will be converted into TSL prior to the disposition of a lease or long term interest,

v) the Proposed Project is financially viable and rewarding to the satisfaction of its participants,

vi) the Proposed Project is demonstrably safe,

vii) the Proposed Project, through the Legacy Fund, restores and enhances the Sarita River and the marine and aquatic resources in the surrounding area, including the full return of the Sarita River salmon run.

viii) the Proposed Project meets or exceeds regulatory requirements and achieves BC and Federal Government support through agreements such as the Tax Treatment Agreement and the Environmental Assessment Plan,

ix) the Proposed Project secures project financing on commercially reasonable terms,

x) the Proposed Project establishes an independent reclamation fund to ensure the land will be returned to a state acceptable to Huu ay aht or repurposed for new projects, whatever is decided by Huu-ay-aht at that time. And

xi) the Proposed Project includes everything required for a customer to pick up an LNG cargo. (the “Conditions”);

c) The Ha’wihih Council have considered the matter and are of the view that proceeding with the Proposed Project would be in the best interests of the Huu-ay-aht, provided that the Conditions are met;
d) Executive Council seeks to confirm the support of Huu-ay-aht citizens prior to proceeding with the Proposed Project and, if the Proposed Project does proceed, intends to continue extensive consultation with Huu-ay-aht citizens for the entire development process of the Proposed Project;

e) The Huu-ay-aht have acquired title to four separate parcels of land in the Sarita Bay area (PID: 007-730-667, PID: 007-730-381, PID: 008-427-658, 007-730-250; together, the “Acquired Sarita Lands”);

f) The Acquired Sarita Lands are identified in the Maa-nulth First Nations Final Agreement as potential additions to the Huu-ay-aht's Treaty Lands (as that term is defined in the Huu-ay-aht Land Act);

g) The Huu-ay-aht also have Treaty Lands, which were previously the Numukamis IR 1, in the Sarita Bay area (the “Existing Sarita Lands”; together with the Acquired Sarita Lands the “Sarita Lands”);

h) For the Proposed Project to proceed, the Sarita Lands, or a portion of them, would need to be leased to a Huu-ay-aht public body or Huu-ay-aht business enterprise for uses associated with the Proposed Project for a period not to exceed 35 years (the “Lease”); and

i) Before Executive Council can approve the Lease, People's Assembly approval of the disposition is required under section 27 of the Land Act.

Be it resolved that the People’s Assembly hereby:

1) Supports proceeding with the Proposed Project if the Conditions are met;

2) Approves, in accordance with section 27 of the Land Act, a disposition of the Sarita Lands, or a portion of them, for a period of not more than 35 years, for the purpose of leasing the Sarita Lands, or a portion of them, for the purposes of the Proposed Project.

Appendices attached to Motion:

☐ Written report prepared by ________________________________.

☐ The following documents:

◆

Introduced by: ________________________ Date: November 29, 2014

____________________________________

DATE OF PEOPLE’S ASSEMBLY