



October 16, 2024

Peace River Regional District Regional Board
Peace River Regional District
9505-100 Street, Fort St. John, BC. V1J 4N4

Via email: ashley.murphey@prrd.bc.ca

Re: Request for Support for the LNG Sector Business Development Liaison Program Funding

I am writing on behalf of Community Futures Development Corporation of Peace Liard (CFPL) to respectfully seek your support for our application to the NDIT Healthy Northern Communities Fund for grant funding towards the Business Development Liaison (BDL) Program. The grant submission deadline is October 31st 2024. NDIT will accept support letters after the submission deadline..

The LNG Sector Business Development Liaison Program is a key initiative designed to strengthen small and medium enterprises (SMEs) across Northern British Columbia in preparation for the full-scale operation of the Liquefied Natural Gas (LNG) industry.

The BDL Program aims to address longstanding economic challenges and capitalize on the generational opportunity presented by the LNG sector. In the face of ongoing challenges such as fluctuating commodity prices, environmental pressures, and changing industry dynamics, our SMEs need targeted support to thrive.

This program will create three Business Development Liaison positions over a three-year period, focusing on sustainable business growth, strategic planning, recruitment, and capitalization of equipment within industrial, commercial, and agricultural sectors.

The program will benefit communities across Northeast BC, the Northern Rockies, and First Nations territories by ensuring long-term economic and social sustainability. The project will provide training in project management, procurement, workforce recruitment, and business planning, ensuring that local businesses are well-equipped to meet the needs of the LNG sector and secure their role in the provincial economy for decades to come.

We believe that the successful implementation of this program will result in:

- Robust SME sector growth
- Improved community sustainability
- Reduced reliance on fly-in-fly-out labor

- Long-term economic prosperity for Northern BC and the Province

The total project cost is estimated at \$1,007,348 which will be funded by grants, in kind contributions of staff and administrative support, and through access to other program offerings.

Your support of our application for grant funding will enable us to unlock the full potential of this opportunity and secure long-term benefits for our communities.

We welcome any opportunity to discuss the program further and provide additional details. Please let us know if there are any specific requirements or further documentation needed to support our application.

Thank you for your consideration and for your commitment to regional economic development.

Best Regards



Moira Green
General Manager
Community Futures Peace Liard

Attachment:
Proposal for LNG Sector BDL Program V 1022024

Proposal

North Peace and Northern Rockies 3 year Business Development Liaison program.

Objective

To provide regional support for community economic development leading up to the full operation of the Liquefied Natural Gas (LNG) industry provincially.

The LNG industry is an economic development opportunity for the Province of British Columbia. But it is a generational opportunity for the small business sector in Northern BC.

In the last two decades the communities of the North have been buffeted by commodity pricing impacts on resource extraction, forestry impacts including mill closures, the mountain pine beetle epidemic, soft wood lumber agreements, the politics of annual allowable cuts, environmental impacts such as the Cariboo restoration programs, the impacts of wild fires, drought, and other natural disasters, a global pandemic, and finally the impacts of the Blueberry River Decision and the Blueberry River Implementation Agreement.

The result is that the SME sector needs significant support to ensure that it is robust and efficient in order to realize the benefit of and ensure the success of the LNG opportunity.

By providing a planned, principled, and sustained program of support for development, growth, and management of the SME sector, the community futures network will help to build community and ensure a vibrant industry and a bright future.

Background

After a decade of planning and construction the LNG industry is ready to start production.

The industry is divided into three segments –

Upstream – this is the initial phase of oil and gas production including exploration, drilling and extraction. Upstream activities are the work of small businesses in Northeast British Columbia. This work includes clearing lands and road accesses, road building, well site preparation, well construction, well commissioning, well decommissioning, environmental services, archeological services, maintenance and mechanical services, equipment sales, service and maintenance, medical services, safety services, legal, accounting and

administrative services. And finally, remediation activities that return all sites and accesses to their original condition. Remediation is a sector that is emergent and growing.

In other words, a whole business community is required to support the provision of raw product to the Midstream portion of the industry.

Midstream – this is the gathering and transmission phase of the industry. Wells are connected to processing plants by a system of pipelines. Product is moved to compressor stations through a system of pipelines and processing plants that strip off natural gas liquids. Or in the case of the Horn River Basin (Fort Nelson) the gas can bypass processing and go straight to compression.

This network of gathering and processing consolidates into large pipelines. The line that has been constructed to move gas to the coast is 48 inches in diameter and 900 kilometers long. We have confirmed contracts to provide gas to this plant for the next 40 years.

Pipeline construction and maintenance is also a sector that is dominated by SMEs. Service companies perform tasks such as pipeline inspection and repair, pipeline right of way maintenance, Pigging and other maintenance activities, and ongoing environmental, and anthropological work.

Downstream – the downstream phase is the end user. In the case of consumer products, you are downstream when the gas arrives at your range or your furnace. The downstream phase of LNG is the arrival, cooling, compression and shipping of the liquified product to our customer. This phase of the industry is also dominated by SMEs. These businesses perform plant maintenance, shipyard, and port operations.

Plan

The proposal is to use the model provided by the Regional Business Liaison program to create three Business Development Liaison (BDL) positions for a period of three years that will focus on the industrial service sectors with a secondary focus on agriculture, retail and commercial sector supports. Emphasis will be placed on sustainable business creation and practices, capitalization of equipment, and sustainable recruitment and retention practices.

The plan will be replicable to the midstream and downstream industry phases in the North Central and Northwest regions of the province.

There are two key differences between this BDL plan and our traditional RBL program:

- the redefinition of stakeholders who will be expanded from the traditional commercial and retail effort to focus on industrial service companies, agrifood service companies, and professional services that serve those sectors
- the focus on business development instead of access to supports for businesses affected by external forces such as wildfire.

The plan will include training offerings for:

- RFP, Tender, quote preparation and response
- Procurement management
- Project management
- Human Resource practices
- Recruitment and Retention of skilled labour
- Planning for Technical and technological improvement
- Strategic planning and iterative implementation planning

Community Futures Offices can support the program through sector specific lending programs and business planning strategies.

Training will be provided by third party suppliers procured by Request for Proposal (RFP) and chosen in a transparent procurement process.

BDL Role

The BDL will meet with business owners and operators to build business plans, strategy and strategic implementation planning. The BDL will connect the business to training, coaching and financial resources.

The BDL's role is to help to build or rebuild business to create long term sustainability by providing training, access to resources, low barrier lending, and long-term strategy development.

Competencies

- Post secondary education in business or community economic development or equivalent experience.
- Familiarity with the natural resource sector – specifically the Oil and Gas industry and / or the Agri Food Sector.
- Willingness and ability to travel to rural and remote communities to meet with business owners and operators.
- Experience creating business plans with associated financial projections
- Experience creating strategic plans and iterative implementation plans

- A genuine interest in people.

Primary Communities

The primary communities the project is focused on are:

- Fort Nelson - Northern Rockies Regional Municipality
- Fort Nelson First Nation
- Prophet River First Nation
- Blueberry River First Nation
- Halfway River First Nation
- Doig River First Nation
- City of Fort St. John.
- Areas B and C of the Peace River Regional District
- South Peace Communities inclusive of Chetwynd, Dawson Creek and the PRRD

All of these communities are within Community Futures Peace Liard's defined service area and are composed of a diverse population that includes First Nations, New Canadians, and Caucasian Canadians.

The Northeast produces 9% of British Columbia's GDP with 2% of the population and has higher median incomes than the rest of the province. These incomes are reliant on the natural resource sector.

Reporting and Success Measurements

Reporting for this project will be modeled on the Regional Business Liaison project completed by the Northern Development Initiative Trust and include:

- Dates
- Community
- Sector
- The business or organization name
- The organization type
- Number of Employees
- New jobs added
- Net jobs over time
- Skill level of roles required
 - Skills analysis of requirements
 - Skills analysis of recruits
- Financial information

** payroll

** net earnings

- A description of the services the business requires
- A description of the supports CFPL can offer
- An identification of the business's primary stressor – forestry, commodity pricing, natural disaster etc.
- A description of supports that were utilized
- Direct and indirect economic impacts
- An impact statement from the business.

Any businesses that participate in the CF lending program will provide metrics such as:

- Lending sector
- Use of proceeds
- Success over time
- Risk rated loans by sector
- Overall health of the portfolio

At the end of the project the BDL will do follow-up interviews to determine the success of the supports provided.

** Provided with permission and disclosed with specific documentation

Basic budget

| Proposal for 3 year RBL funding | | | |
|-----------------------------------|-----------------|---------------|-----------------|
| | Detail | Annual 3 RBL | 3 years |
| | | | \$ - |
| RBL 3 Contractors | \$ 76,000.00 | \$ 228,000.00 | \$ 684,000.00 |
| travel allocation | \$ 53,716.00 | \$ 53,716.00 | \$ 161,148.00 |
| Client Training allocation | \$ 21,000.00 | \$ 21,000.00 | \$ 63,000.00 |
| administration | \$ 10,000.00 | \$ 10,000.00 | \$ 30,000.00 |
| Sub | \$ 160,716.00 | \$ 312,716.00 | \$ 938,148.00 |
| GST payable on services | \$ 3,800.00 | \$ 11,400.00 | \$ 34,200.00 |
| equipment | \$ 25,000.00 | \$ 5,000.00 | \$ 35,000.00 |
| | | | \$ 69,200.00 |
| Total Value of project | | | \$ 1,007,348.00 |
| Funder portion | \$ 1,000,000.00 | | |
| Community Futures Peace Liard | \$ 7,348.00 | | |
| Total Funding | \$ 1,007,348.00 | | |

A unique project

The Regional Business Liaison concept was first introduced in response to the 2017 wildfire season in the Central Okanagan Region of British Columbia. Real people who showed up in person helped the business community connect with the resources that were available to recover from the impacts of natural disaster.

Since that time the RBL program has been a key response to natural disaster impacts in the forestry sector, tourism sector, and commercial retail sectors.

This proposal is unique in that the RBL concept is being applied as a business development tool.

This proposal will use an RBL style program to "stand up" a whole sector that has been buffeted by economic, political, and environmental impacts for more than a decade.

British Columbia has entered into 40-year supply agreements for the provision of liquified natural gas to international partners. The pipeline that connects Northeast BC to the coast is 900 kilometers long and 48 inches in diameter. The communities of Northeastern BC are expected to fill that pipeline, every day, for the next 40 years.

The LNG opportunity requires a robust service sector to ensure its success. The province of British Columbia and the rest of Canada will benefit from this opportunity for decades to come.

By ensuring that these SMEs are successful, we support the sustainability of Communities in the North and the prosperity of BC.

Advantages

- Strong SME sector
- Increased efficacy and reduced overall operational cost
- Improved community sustainability
- Reduced fly in fly out labour and associated social issues
- Retention and continuity of Community Futures Contractors and Staff
- CF skill development
- Linkage to other programs for tech and export opportunities
- Predictable funding requirements for partner funders
- Long term social and economic benefit to communities and the province.

Disadvantages

- A significant change to current funding practices
- Requirements for enhanced RBL skill sets
- Requirement to commit funding to the future
- Loss of funding in other areas
- Huge project
- Requirement for supporting resources (advocacy)

Action

- Present plan to CFPL team for development, comment and discussion = COMPLETE
- Present plan to CF partners in LNG sector for comment and discussion – IN PROGRESS
- Present plan to industry partners: BCER, Pipeline Association of Canada, CAPP, Pacifican, NDIT, SPMT and anyone else who may be interested.
- Consider requesting CSR funding from industry (North River Midstream, Shell, Petronas etc.)
- Develop the work plan, Class B budget estimates, define KPIs – CLASS C COMPLETE
- Find funding – IN PROGRESS
- Execute