

# IN THE NEWS

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## **Richmond OKs \$1 billion Chevron project with \$90 million in community benefits**

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RICHMOND -- Both Chevron and its detractors claimed at least partial victory Wednesday, after city leaders approved the oil giant's long-sought effort to begin a \$1 billion upgrade of its century-old refinery, the largest in Northern California.

Neither the company nor environmentalists who have long tussled with the refinery got everything they had hoped for in the final deal, which could clear the way for construction to begin next year. But in the aftermath of the City Council's 5-0 midnight vote after hours of public debate Tuesday evening, those on both sides seemed to agree that the project would make the refinery safer, benefit the community and strictly cap greenhouse gas emissions while giving Chevron the flexibility to process dirtier crude.



A tanker truck passes the Chevron oil refinery in Richmond in 2010. (Paul Sakuma/AP file)

Though she and Vice Mayor Jovanka Beckles abstained from the final vote, Mayor Gayle McLaughlin lauded the concessions the city and state extracted from Chevron, including a mandate that the project result in no increases in greenhouse emissions by limiting the amount of high-sulfur oil the refinery can process.

A more expansive modernization project by Chevron was halted by a Contra Costa County judge in 2009 after environmentalists sued.

"We moved Chevron significantly from what was presented five years ago, that got denounced by the courts, forcing Chevron to disclose more information with fewer lies and to present a better project," McLaughlin said Wednesday in an email. "We pushed Chevron as it was never pushed before over these years up to the present and got serious concessions out of it."

Councilman Tom Butt, another longtime critic of the refinery, estimated that he spent nearly 100 hours in recent weeks in negotiations with Chevron officials over the deal.

"For me, getting there was as hard and frustrating as any political process I have ever worked on. What we did was neither a sellout nor a triumph, but I am satisfied with the outcome," he wrote on his online forum Wednesday.

Last-minute concessions by the San Ramon-based oil giant appeared to pave the way for approval. Among the changes, which were distributed to the council hours before the meeting, were \$90 million in community investments over the next decade, up from a previous pledge of \$60 million, and an agreement to a six-month inspection by a committee of independent experts before construction begins.

"It became clear we would need to do this," refinery General Manager Kory Judd said of the concessions during the meeting. "We knew the city and the community would hold us to a higher standard, (but) this puts a significant constraint on our operations."

Pressure has mounted in recent weeks in favor of the project. Councilman Jim Rogers said U.S. Rep. George Miller, D-Martinez, called him and his colleagues to express his favorable view of the

refinery modernization.

The council opted to uphold the oil giant's appeal rather than side with the city's Planning Commission, which ruled last month that Chevron's project should include a series of additional conditions. Those included requirements for new piping throughout the refinery, \$8 million per year until 2050 in community investments in green energy programs, and steeper reductions on a range of emissions.

Chevron spokeswoman Nicole Barber said Wednesday the company is "pleased with what we got."

But not all of Chevron's opponents were pleased. Ultimately, the Planning Commission lost its bid to wring more investments out of the company and to require Chevron to reduce all toxic air contaminants, dome all its storage tanks and upgrade all of its tug boats.

Mike Parker, a mayoral candidate and spokesman for the coalition of environmental groups that helped limit the project, said in an email statement, "While this project is far better for the residents of Richmond than the original project because of community pressure, the council lost an important opportunity to actually win a reduction of emissions and a safer refinery."

More than 600 people turned out for Tuesday's meeting at the Richmond Memorial Auditorium.

Jennifer Hernandez, the lead environmental review attorney retained by the city to analyze Chevron's project, said health risks in the community would decrease with the project. "The risks go way down," she said.

But environmental groups disagreed, noting that some categories of contaminants will go up, including arsenic and hydrogen sulfide.

The main project components include replacing a 1960s-era hydrogen plant with more modern technology. A condition, dubbed Alternative 11 and endorsed by state Attorney General Kamala Harris, caps greenhouse emissions at current levels and limits sulfur removal to 750 long tons per day, down from the 900 Chevron initially wanted.

"Acceptance of Alternative 11 was the most substantial concession by far," Barber said.

Several at Tuesday's meeting expressed dissatisfaction that no money was included for Doctors Medical Center in San Pablo, the largest emergency room in the area and the one that treated most of the people who sought medical aid after a massive fire at the refinery in August 2012. The hospital is expected to close or be drastically downsized because of financial troubles.

Beckles, the vice mayor, floated a motion requiring Chevron to give DMC \$27million and supporting the Planning Commission's more stringent emission requirements. But Hernandez said there was no "legal nexus" to require the refinery to fund the hospital because the project would make the facility safer, and the motion failed.

Beckles called the lack of money for the hospital "horrible."

Council approval does not clear the way for construction, however. The company said it will have to return to the court that halted the previous project to get that judgment lifted.

It was unclear Wednesday whether environmental groups would appeal the council's decision.

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