

Chevron's tense relations with Richmond

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Updated 12:13 p.m., Monday, August 13, 2012



Selene Rico holds her son Aythan, 9 months with Roberto Perez, 7 years old, Wednesday Aug. 8, 2012, in Richmond, Calif. They saw the smoke and heard the explosion at the Chevron refinery from their home directly across from the freeway on Monday evening. "I was worried for my child's safety when it happened," said Rico. I was in kindergarden during one of the last explosions and I remember it." Photo: Lacy Atkins, The Chronicle / SF

Growing up in Richmond in the 1960s, [Andres Soto](#) would watch flares from the Chevron refinery light up the night sky. Pretty cool, he remembers thinking.

Some of his friends had parents working at the plant. The refinery was a force in Richmond's civic life, heavily influencing the city's politics, Soto said.

"They basically ran this place as a company town for a hundred years," he said.

Now the once-tight relationship between Richmond and the refinery has grown strained, tense, at times angry.

A fire at the plant Monday spewed a thick plume of black smoke over the city. Furious residents pilloried refinery Manager [Nigel Hearne](#) at a community meeting the following night, some demanding that the refinery shut down.

The anger had been simmering for years, stoked by other fires and explosions at the plant. Many Richmond residents blame the refinery's day-to-day pollution for a host of ills, including the community's asthma rates. Roughly 30 out of every 10,000 children in Richmond require hospitalization for the respiratory illness, according to a 2011 [Kaiser Family Foundation](#) study. The refinery remains the largest source of taxes and jobs in a city that has too few of both. Even many residents who resent having to seek shelter indoors when there's an accident at the plant say they don't want Chevron to leave.

City officials understand the refinery's importance. But they've spent much of the last decade wrestling with Chevron over the plant's taxes. Even as Chevron Corp.'s global profits have soared, hitting \$26.9 billion last year, the company has tried to nickel-and-dime Richmond, they say.

'The big ogre in town'

And Soto? The kid who used to enjoy watching flares now works for an environmental organization that successfully blocked Chevron's last effort to upgrade the refinery and expand its gasoline production.

"They're the big ogre in town," said Soto, the Richmond organizer for Communities for a Better Environment. He considers Chevron a bully and says the refinery must do a better job protecting its neighbors from pollution.

"We're in favor of them cleaning up their act," he said. "We believe that can be done."

Chevron, for its part, has at times accused the city of being hostile to business. A few years ago, company executives dropped hints that the refinery's turbulent relationship with Richmond might end in "divorce," although they stopped short of saying they would close the plant.

Chevron more contrite

Chevron's attitude since last week's fire has been far more contrite. Company officials have apologized for the incident and vowed to do better. And there's no talk of pulling up stakes. "We're committed to Richmond," said refinery spokeswoman [Heather Kulp](#). "We've been here for 110 years, and we'd love to be here for years to come."

Richmond City Councilman [Tom Butt](#) said that even before the fire, Chevron had been making more of an effort to reach out to the city's officials and residents. He hopes that doesn't change in the aftermath of the fire.

"I think they're trying harder," he said. "I don't want to see them retrench and get back in their holes, the way they did in the past," he said.

Chevron's refinery has been processing crude oil on a windy peninsula jutting into San Pablo Bay since 1902, three years before Richmond incorporated as a city. The refinery formed the foundation of the city's industrial economy, which grew with the addition of a Ford Motors plant in 1930 and four shipyards during World War II.

But after cranking out 747 ships for the war effort, the shipyards eventually closed. So did the Ford plant. The Chevron refinery, in contrast, kept growing.

Capable of processing 257,000 barrels of crude per day, the refinery produces about 20 percent of Northern California's gasoline. Together with a technology research center at the refinery site, Chevron employs about 2,700 people, 7 percent of whom live in the city. The company is Richmond's largest employer, followed by the school district, the city government, health plan [Kaiser Permanente](#) and solar company SunPower Corp.

About one-third of Richmond's \$124 million general fund budget comes from taxes and fees on the Richmond facility. And, by Chevron's estimate, the refinery spent more than \$14 million last year on parts and services from businesses located within the city or in western Contra Costa County.

Impact on the economy

"There are some major companies that are here because of them," said [Judith Morgan](#), president of the [Richmond Chamber of Commerce](#). "Then you start looking at restaurants, caterers, contractors they bring in for short jobs - it goes on and on."

Losing the refinery would be a huge blow, she said.

"The reduction in police, fire, public works - it would be devastating to the city," Morgan said. "It would be a different city."

Many Richmond residents, even those critical of Chevron, say the city needs the refinery. The hardscrabble city has too many neighborhoods plagued by poverty and gang violence and too few jobs.

"To people like us, working there is a dream job," said [Margaret Bell](#), 31, a house cleaner visiting the city's unemployment office Friday. "If you walked through this town handing out Chevron jobs, you'd have all of Richmond behind you. Those are good union jobs. Good pay." [John Rodgers](#) agrees. He suffers from asthma and plans to file a claim against Chevron, saying Monday's fire aggravated his respiratory problems. But that doesn't mean he wants the refinery to close.

'People needs jobs'

"The refinery should be responsible if they're hurting people's health," said Rodgers, 59. "But I don't think they should leave. They need to stay. People need jobs. There's not many jobs around here."

But the jobs and tax money come with an environmental price tag.

Chevron released 575,669 pounds of toxic chemicals into the environment in 2010, making it the 10th largest polluter in the state, according to [U.S. Environmental Protection Agency](#).

Chevron says the refinery improved in 2011 when it ranked 11th.

Locally, the Richmond plant emitted 33,416 pounds of the chemical benzene into the air in 2010, or 81.5 percent of all the cancer-causing chemical released in the county, according to the Bay Area [Air Quality Management District](#).

Chevron counters that it has made significant progress in cleaning up the refinery, cutting its toxic chemical emissions more than 50 percent in the last decade. And since the early 1970s, the refinery's emissions of "criteria pollutants" - a category that includes soot, carbon monoxide, sulfur oxides and lead - have dropped 65 percent, according to the company. "Obviously, we're working to move more in that direction," said company spokesman [Justin Higgs](#).

Mistrust runs deep

But mistrust between local environmentalists and the company runs deep. So when Chevron proposed upgrading some of the refinery's aging equipment and expanding the amount of gasoline it could produce, environmentalists mobilized to stop the project.

They feared that the changes would let Chevron's refinery process heavier grades of crude oil, potentially adding to air pollution. Chevron insisted that the upgrades would simply allow the refinery to process larger amounts of the same grades of crude that the facility currently uses. The City Council narrowly approved the proposal in July 2008, and construction began in September. But the following year, a Contra Costa County Superior Court judge halted the project, siding with the environmentalists who had challenged Chevron's environmental impact report in court as too vague and incomplete. About 1,000 workers brought in to work on the project lost their jobs.

Chevron has since submitted to the city scaled-back renovation plans.

City and county officials, meanwhile, have fought a series of battles with the company over the refinery's taxes.

Richmond voters in 2008 approved a ballot measure to impose a new manufacturer's tax on the refinery, but a judge struck it down. The city tried to raise the refinery's utility taxes, but eventually agreed to keep the tax rate the same in return for Chevron paying an additional \$114 million spread over 15 years.

Mediation over taxes

Chevron, for its part, has repeatedly tried to lower the refinery's property tax assessment, at one point winning an \$18 million refund. But an appeals panel this spring decided that both the company and the county had underestimated the refinery's true worth. The two sides are now in mediation.

"We're working to find an amicable solution that works for everyone," Chevron spokesman Higgs said.

Whether Monday's fire will further increase tensions with the city and its people or whether its aftermath will help repair the relationship remains to be seen.

The company has apologized for the fire and its impact on the community and its 103,700 residents. Saying it wants to be a good neighbor, it has set up a process to quickly resolve claims filed by residents who say their health or property was harmed by the fire.

And Chevron representatives have been in constant contact with city leaders throughout the week, updating them on the investigation and asking for suggestions on working with the community, Councilman Butt said.

"I think we would all be better off if we concentrate on the fact that we're going to have a refinery here, so let's see if we can work together to make it safer and healthier," he said.

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