

PIPELINE

NEWS ABOUT CONTRA COSTA COUNTY'S REFINERY INDUSTRY

WINTER SPRING SUMMER FALL 2009

THE REFINERIES GOOD BUSINESS FOR CONTRA COSTA

For the past century, through good economic times and bad, Contra Costa's refineries have been a stable and reliable source of jobs and local government funding, providing work for thousands of Contra Costa citizens and millions of dollars in revenue for local government — a tradition they continue today.

Operated by Shell, Chevron, Tesoro and ConocoPhillips, the county's refineries continue to be a major source of local revenue and good-paying jobs.

In an independent analysis commissioned by the Contra Costa Economic Partnership in 2007, California's former Auditor General, Kurt Sjoberg, concluded that "Contra Costa's four major oil refineries are economic engines generating substantial direct and indirect revenues for the county."

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FUNDING.

The refineries directly employ some 4,500 fulltime workers and 2,400 contract workers, and create indirect employment opportunities for thousands of additional workers at local companies that contract with the refineries to provide goods and services.



In addition, the refineries add about \$12 billion in assessed valuation to the county's property tax rolls, and generate over \$360 million in local economic activity each year, which in turn generates some \$28 million more in indirect business taxes.

In human terms, the impact the refineries have in Contra Costa is

even more important. While many refinery jobs don't require a four-year college degree, they do require workers who are highly skilled. Among them are plant operators, maintenance mechanics, machinists and other expert workers who keep the refineries running safely and

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efficiently. Without their experience and expertise, the refineries couldn't function.

"The employment opportunities we provide aren't dead-end, minimum wage jobs, but an opportunity for a rewarding career," says Shell refinery manager Alicia Izarraraz, "which explains why we have one of the area's most stable workforces."

On average, refinery workers make over \$100,000 a year in salary and benefits — nearly twice the median pay of \$60,000 earned by other county residents. The refinery workforce is

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also increasingly diverse, providing equal economic opportunities for women and minority workers looking for new challenges and better pay.

In addition to the thousands of refinery employees currently living and working in Contra Costa, the

county is also home to thousands of retired refinery workers, living securely thanks to the pensions, life insurance, health coverage and other benefits they earned while working.

"Our workers typically stay with us 15 to 30 years, building careers for themselves and financial security for their families," says ConocoPhillips refinery manager Rand Swenson. "At a time when other industries are wrestling with downsizing and rapid employee turnover, this longevity is remarkable."

But it's not surprising.

"Our employees are able to build a secure future for themselves and their families thanks to the jobs we provide," says Tesoro refinery manager Bill Bodnar, "giving them the opportunity to own a home, travel, educate their children and enjoy their retirement years."

THE REFINERIES
ARE CONTRIBUTING TO
CONTRA COSTA'S ECONOMY
AT MANY LEVELS.

"And while our workers are earning their paychecks," says Bodnar, "they're finding satisfaction in what they do, knowing that they're helping to produce the essential motor fuels that keep the Bay Area and California moving forward."

In addition to the investment the refineries make in their employees, they're also investing in the future with plans to upgrade their facilities, which will create still more job opportunities for local contractors and their workers.

Together, the refineries are planning to spend more than \$2 billion over the next few years to reduce environmental impacts and improve the efficiency and reliability of their facilities, so they're better equipped to meet the Bay Area's ever-growing demand for cleaner-burning fuels. Since these investments generate about three times more money locally in taxes, jobs and purchases as they ripple through the economy, their positive impact on the community will be significant.



Contra Costa refinery workers earn over \$100,000 in salary and benefits on average — nearly twice the median pay for other county residents. Contra Costa is also home to thousands of retired refinery workers.

In addition to the workers needed for these upgrade projects, the refineries also employ a large contractor workforce to help with major refinery maintenance work. Every year, according to the Sjoberg study, the refineries spend an average of \$62 million for work performed by local contractors.

The refineries' contribution to the county will continue far into the coming decades.

"We'll be hiring hundreds of new workers in coming years to succeed our baby-boomer employees who are fast approaching retirement," says Chevron refinery manager Mike Coyle. "To help ensure that enough skilled workers are available locally to fill these positions, we've created our own training programs and are working with local community colleges to develop other programs for students eager to learn a refinery craft."

In many ways, at many levels, the refineries are contributing to Contra Costa's economy — offering younger workers a chance to build a career and giving retiring workers an opportunity to enjoy the rewards of their hard work, while generating revenues that fund essential local services and enrich the county's quality of life.

"We're proud of what we're doing in Contra Costa," says Shell refinery manager Alicia Izarraraz, "knowing it's not just our workers who benefit from our presence here, but everyone in the community." ■

A DECADE OF SAFETY

□ *Industrial Safety Ordinance, Safety Summits, refinery initiatives protecting workers and the community.*

It's been ten years since passage of Contra Costa County's landmark Industrial Safety Ordinance — and it's now a model for the nation.

Working together, labor, the refineries, safety experts and local officials spent years crafting the ISO, which has increased safety standards at the county's refineries and chemical

plants, incorporating periodic safety culture improvements and security vulnerability assessments.

By every measure, the Industrial Safety Ordinance is working.

"PEOPLE LOOK TO CONTRA COSTA AS AN INDICATOR OF WHERE PROCESS SAFETY IS HEADING."

"Contra Costa and Richmond, which adopted the county ordinance in 2002, have yet to record a single refinery or chemical plant accident this year — an unprecedented achievement," reported the *Contra Costa Times* in December. "Since the county ordinance's inception in 1999, there have been no worst-case incidents at the eight facilities it covers."

"Industry experts from around the country have taken note," said the *Times*.

"By reputation, Contra Costa's is known to be among the most proactive programs in the country," Scott Berger, director of the nonprofit Center for Chemical Process Safety, told the *Times*. "Usually, people look to Contra Costa as an indicator of where process safety is heading, in a regulatory sense, in the future."

"We were headed in this direction, but the ISO brought more structure to the process," says Alan Savage, Tesoro's environment, health and safety manager. "Safety is the first thing discussed at every meeting, whether it's operations, maintenance, human resources or planning."

"It's been good for our workers, our industry and our neighbors," says Steve Leshner, public affairs manager at the Shell refinery. "Clearly, safety impacts all of us — which is why it's our number-one priority."

In addition to the ISO, the refineries, in cooperation with the county's Community Awareness and Emergency Response Organization, have been hosting periodic "safety summits" since 2000. The summits bring together refinery managers and safety engineers, labor representatives and

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BY THE NUMBERS

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Kurt Sjobert, California's Former Auditor General

Employ

4,500
local workers

Employ an additional

2,400
contract workers

Pay on average over

\$100,000
in salary and benefits —
nearly twice the median pay
for other county residents

Spend

\$62 million
annually for work performed
by local contractors

Generate

\$360 million
annually in local
economic activity

Planning

\$2 billion
in capital improvements
in the next few years

Add

\$12 billion
in assessed valuation to the
county's property tax rolls

REFINERIES HELP SCORE A “WIN-WIN” FOR LOCAL PARKS

□ Local parks, trails and recreational facilities will get a big boost thanks to last November’s passage of Measure WW by Contra Costa voters.

“Contra Costa’s refineries played a big part in our campaign to pass Measure WW,” says East Bay Regional Park District Director Ted Radke. “We welcomed them as part of our team — and they came through for us. We appreciate what they did to help protect Contra Costa’s beauty and quality of life.”

The refineries were among the campaign’s largest contributors.

“We all live here, so we all have a common interest in preserving what makes this area special,” says Ron Banducci, who works with the Committee for Industrial Safety, a group representing Contra Costa’s refineries operated by Shell, Tesoro,

ConocoPhillips and Chevron, and who is also past board president of the Regional Parks Foundation. “Measure WW helps us do this. We were happy to have played a role in its success.”

Measure WW raises \$500 million to improve the county’s local and regional parks, trails and recreational facilities. In addition, the measure provides funding to restore urban creeks in the county, protect wildlife and save open space, wetlands and the local bay shoreline for future generations. ■



Contra Costa’s refineries were among the largest contributors to Measure WW, which improves local parks and protects open space.

SAFETY

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county officials to discuss safety issues and share information about new programs and techniques that are working to protect workers.

“Safety improvements never end,” says Phil Stern, Health, Safety and Environmental Manager at the ConocoPhillips refinery. “We’re always looking for new and better ways to protect our workers and the people of this community. It’s a full-time commitment on our part.”

“We’re very proud that safety has improved right along with our refining efficiency and environmental advances,” says Mark Robinson, Chevron’s Safety Team Leader at its Richmond refinery. “For us, it’s all interrelated — efficiency, safety and productivity. Each one is crucial, every one is just as important as the other.” ■