

The below Benicia residents and businesses have written in support of this project —  
Join Us to Learn More!

*\*Partial list*

Ralph Aguiar  
*Benicia Resident*

John Ash  
*Benicia Resident*

Sylvia Fracisco  
*Benicia Resident*

Larry Fullington  
*Benicia Resident*

Dennis Lewis  
*Benicia Resident*

Richard Linn  
*Benicia Resident*

David R. Lockwood  
*Benicia Resident*

Harry Newhall  
*Benicia Resident*

Don Stock  
*Benicia Resident*

Gail Stock  
*Benicia Resident*

Jeff McEuen  
*Iron Workers Local 378*

Dan Broadwater  
*Int'l Brotherhood of  
Electrical Workers Local 180*

Ben Espinoza  
*Cement Masons Local 400*

Melvin L. Breshears  
*Heat and Frost Insulators  
and Allied Workers  
Local Union No. 16*

Tom Cepernich  
*President, Benicia Fabrication  
and Machine Inc.*

Roger Green  
*F & P Engraving*

Eric Hoglund  
2013  
*Chairman of the Board,  
Benicia Chamber of Commerce*

Jim Ponder  
*President,  
Ponder Environmental  
Services*

Tim Rose  
*President, CFM - SF, Inc.*

Randy Scott  
*General Manager, Amports*



# YOU ARE INVITED TO VALERO'S CRUDE BY RAIL INFRASTRUCTURE PROJECT INFORMATIONAL MEETING

**What: Valero's Crude by Rail Infrastructure Project Informational Meeting, hosted by the Valero Community Advisory Panel**

Join us to discuss Valero's proposed Crude by Rail infrastructure project. Valero is committed to informing the community, especially Benicia residents, about the project and discussing the importance of the project to the Refinery and to the City.

Please join Valero engineers and independent experts as they present a project overview and answer your questions.

**Date: Monday, March 24, 2014**

**Time: 6:30 - 7:45 p.m.**

**Where: Ironworkers Union Local 378  
3120 Bayshore Road, Benicia**

**RSVP: By phone at (707) 654-9745**



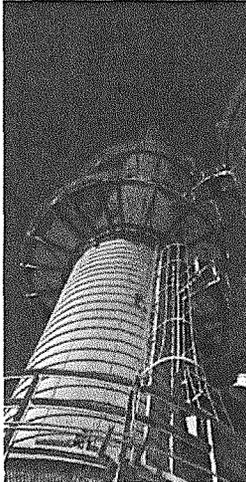
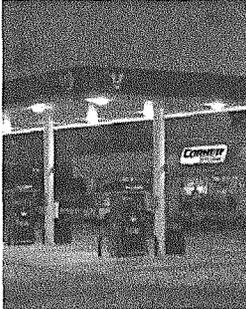
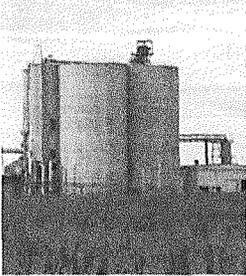
**or via email to [info@beniciaCBR.com](mailto:info@beniciaCBR.com)**



\*Due to limited space, RSVP's are required. Priority reservations will be given to residents of Benicia and representatives for the City.



# Valero's Crude by Rail Infrastructure Project



## Speakers:

- John Hill, Vice President and General Manager, Valero Benicia Refinery
- Donald Cuffel, Environmental Engineering Manager, Valero Benicia Refinery
- Lynn McGuire, P.E., Partner at ERM-West
- Chris Howe, Dir. of Health, Safety, Environment, Valero Benicia Refinery
- Philip Daum, P.E., Senior Managing Consultant at ESI



## What is the crude by rail infrastructure project?

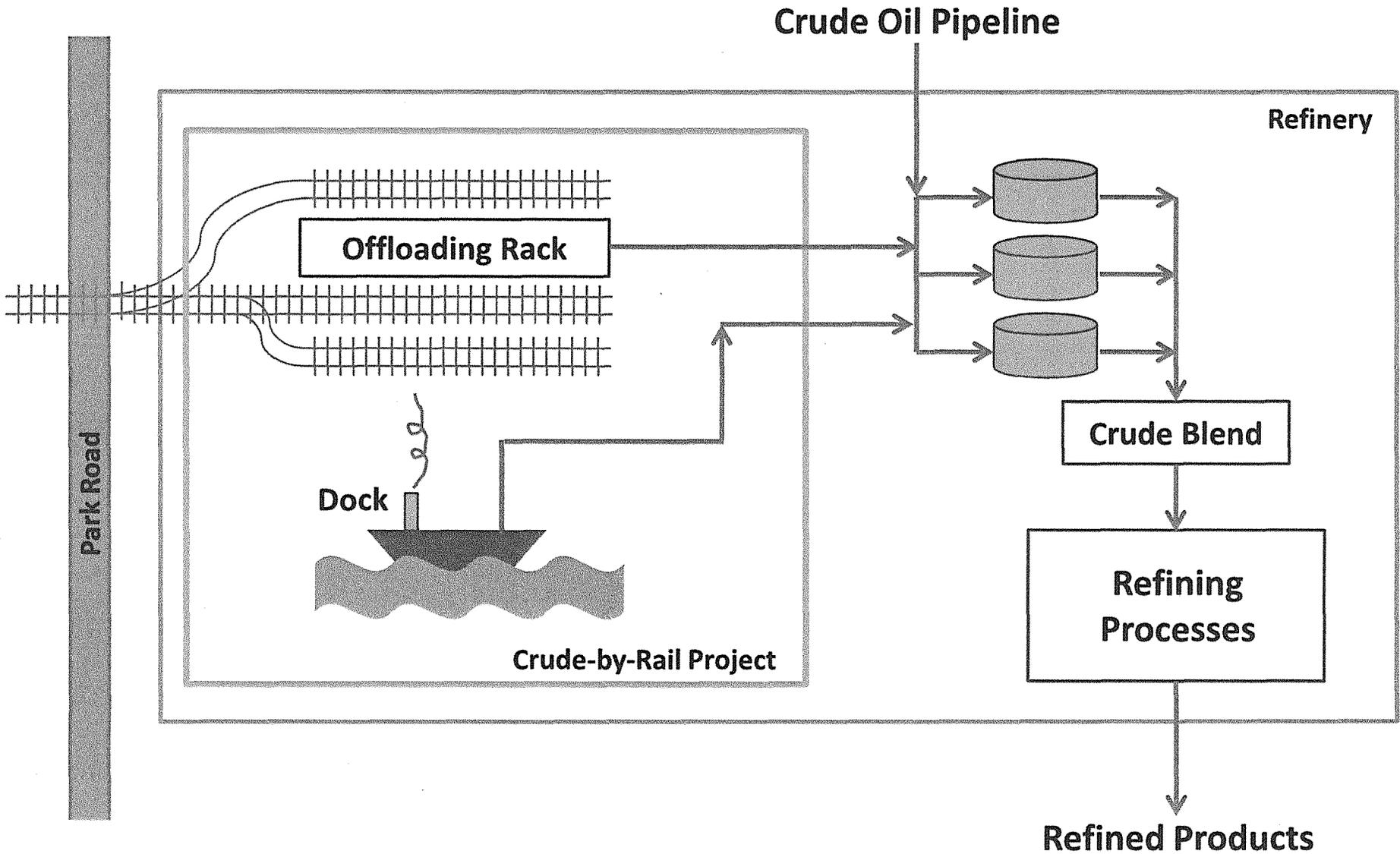
- Logistics project on the existing refinery property
- Currently crude oil reaches the refinery via pipeline or marine vessel
- Offloading tracks on the current property would allow delivery via railcar as well
- It would not increase crude deliveries, just provide flexibility on its delivery



# Project Specifics

- Adds three tracks and one offloading rack on existing refinery property
- Provides flexibility to substitute marine delivery with railcar delivery
- Creates 120 construction jobs and 20 permanent jobs
- Improves flexibility and competitiveness
- Contributes stable long-term local tax revenue

# Infrastructure Project Diagram



# Project Status

- Draft EIR being prepared as required by CEQA
  - City of Benicia is lead agency
  - Analysis and public disclosure of environmental impacts of proposed project and feasible measures to mitigate impacts
  - City oversees process, engages experts to review project
  - 8 months of research, review and analysis
- Public comment period after draft EIR released
- City considers certification of EIR and approval of the project
- BAAQMD issues authority to construct and permit to operate



# CA Environmental Quality Act

- CEQA evaluates the pre-project and post-project condition to determine:
  - If significant impacts result and
  - Whether mitigation is needed



# CA Environmental Quality Act

CEQA evaluates:

- Air quality
- Greenhouse gases
- Hazards
- Transportation/traffic
- Biology
- Aesthetics
- Land Use
- Public Services
- Utilities
- Energy Conservation
- Geology
- Hydrology and water use
- Noise
- Cultural Resources



# Environmental Impacts

- Bay Area leads the state and country with clean air standards
- Reduced Air Emissions in Local Air Basin
  - Rail vs. Marine Delivery
- No changes to refinery operations including:
  - Amount of crude processed
  - Refining processes unchanged
  - Same feedstock profile



# On-going Environmental Benefits

- Maintain compliance with current BAAQMD permit levels
  - No additional emissions
  - No additional particulates
- Flue Gas Scrubber
  - Reduce sulfur dioxide emissions by more than 95%
  - Reduce nitrogen oxide by more than 55%

- Priority to Valero
- A leader in safety
- Cal/OSHA Star VPP Site
  - Only refinery in Bay and one of two in California
  - Only 75 sites out of 1.2 million businesses statewide

- On site fire department
- Emergency Planning
  - Coordination with City
  - Coordination with County
  - Coordination with State



# Rail Safety

- Federal regulation of railroads
- AAR operating practice upgrades
- Emergency response plans in place

Coordinate with local authorities



# How You Can Help

- Learn More:
  - Visit [BeniciaCBR.com](http://BeniciaCBR.com)
  - Take Materials
- Write in Support
  - Email [bkilger@ci.benicia.ca.us](mailto:bkilger@ci.benicia.ca.us) & [amillion@ci.benicia.ca.us](mailto:amillion@ci.benicia.ca.us)
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  - Mail to 250 East L Street, Benicia CA 94510
- Show your support at the Planning Commission meeting

# Questions?



**VALERO**



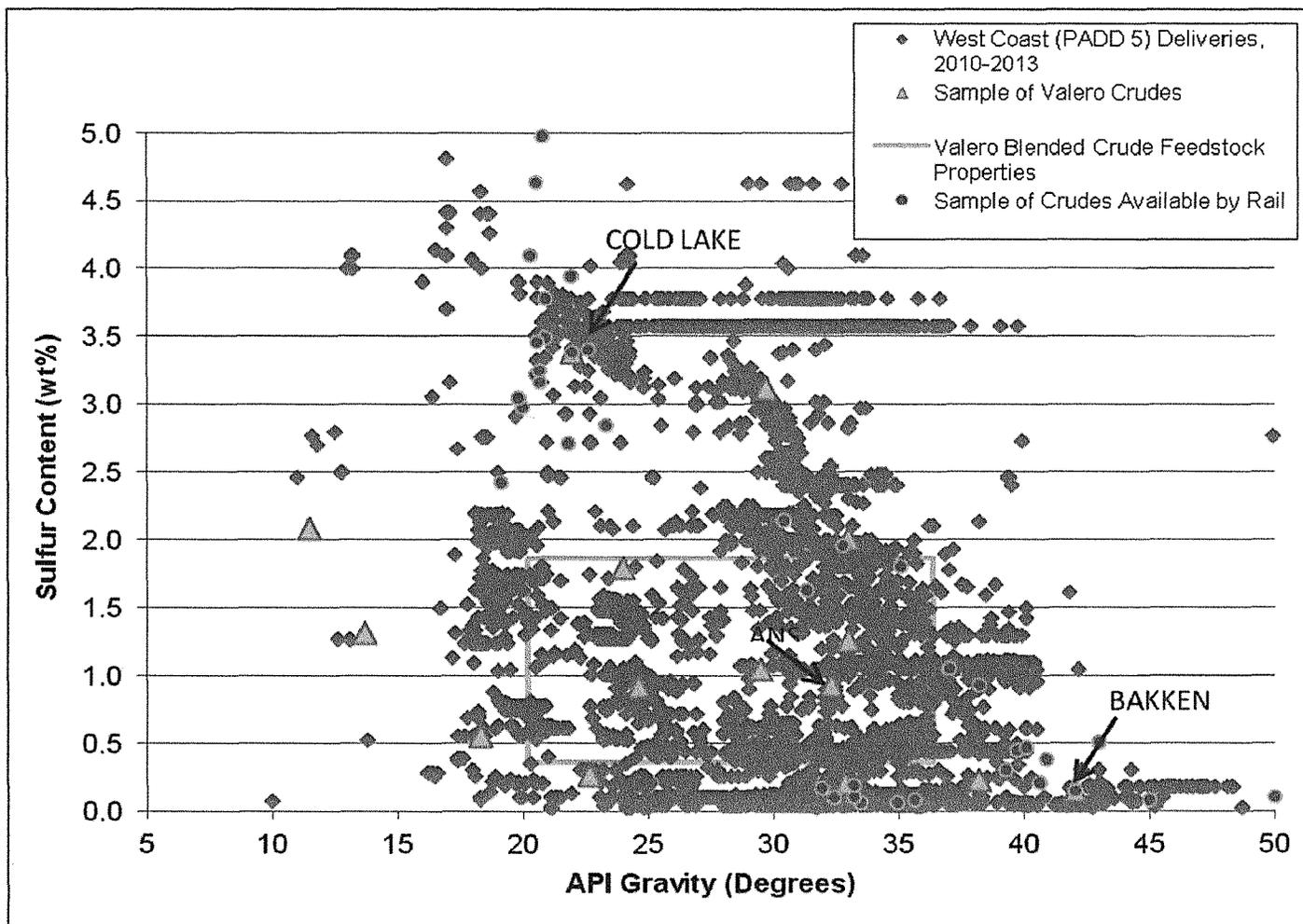
Thank You

Additional questions can be directed to:

[info@beniciacr.com](mailto:info@beniciacr.com)

(707) 654-9745

# Feedstock Profile



**SUPPORTERS\***  
Labor, Small Business  
and Community Leaders  
support Valero's CBR Project  
*\*Partial list*

Benicia Fabrication and  
Machine Inc.

Benicia Plumbing Inc.

Benicia  
Chamber of Commerce

Benicia Industrial Park  
Association (BIPA)

Pierre Bidou  
*Retired Chief of Police,  
City of Benicia*

Leeann Cawley  
*Co-Founder, Benicia  
Plumbing & Benicia  
Chamber of Commerce  
Board Member*

Cement Masons Local 400

CFM-SF, Inc.

F3 & Associates

F&P Engraving

Estey Real Estate

Gates Roofing and Support

Heat and Frost Insulators  
& Allied Workers  
Local Union No. 16

Eric Hoglund  
*2013 Chairman of the Board,  
Benicia  
Chamber of Commerce*

Int'l Brotherhood of Electrical  
Workers Local 180

Iron Workers Local 378

Mag Assets

McKay Apts

Napa-Solano Building &  
Construction Trades Council

Plumbers and Steamfitters  
U.A. Local No. 343

Ponder Environmental  
Services

Ron Dial Photography

SUBA MFG, INC

Schoenstein & Co.

Two Hews Garage



# YOU ARE INVITED TO VALERO'S INFORMATIONAL MEETING ABOUT THE CITY'S DRAFT ENVIRONMENTAL IMPACT REPORT

## What: Valero's Crude by Rail Infrastructure Project Informational Meeting

Join us to discuss Valero's proposed crude by rail project and review the City's recently released Draft Environmental Impact Report (DEIR). Valero remains committed to informing the community about the project, and to promoting public discussion of the DEIR.

Please join Valero engineers and independent experts as they review the City's DEIR and answer your questions.

**Date: Monday, June 30, 2014**

**Time: 5:30 - 6:45 p.m.**

**Where: Ironworkers Union Local 378  
3120 Bayshore Road, Benicia**

**RSVP: By phone at (707) 654-9745**



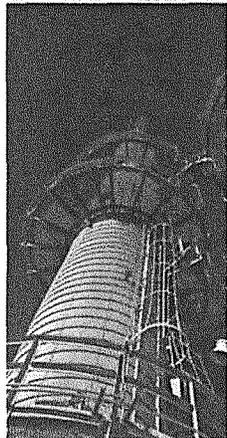
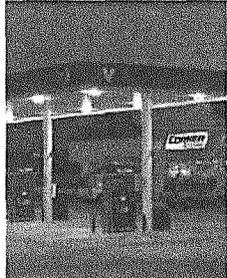
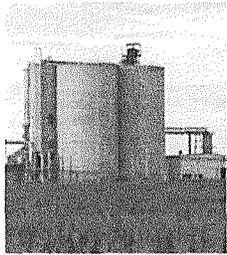
**or via email to [info@beniciaCBR.com](mailto:info@beniciaCBR.com)**



\*Due to limited space, RSVP's are required. Priority reservations will be given to residents of Benicia and representatives for the City.



**VALERO**



# Valero's Crude by Rail Infrastructure Project

**June 30, 2014**  
**Ironworkers Local 378**  
**Benicia, California**

- John Hill, Vice President and General Manager, Valero Benicia Refinery
- Donald Cuffel, Environmental Engineering Manager, Valero Benicia Refinery



# The Valero Benicia Refinery

- Contributes approximately 25% of Benicia's General Fund Revenues
- Employs 450 employees and 250 contractors
- \$3 billion in economic activity since 2006
- \$13.7 million to local charities in last decade
- Produces "10 percent of the clean-burning California Air Resources Board (CARB) gasoline used in California, and 25 percent of the CARB gasoline used in the San Francisco Bay Area."



## What is the crude by rail infrastructure project?

**Logistics project on existing refinery property**

**Provides 3<sup>rd</sup> means of receiving crude: Marine vessel, Pipeline, Rail**

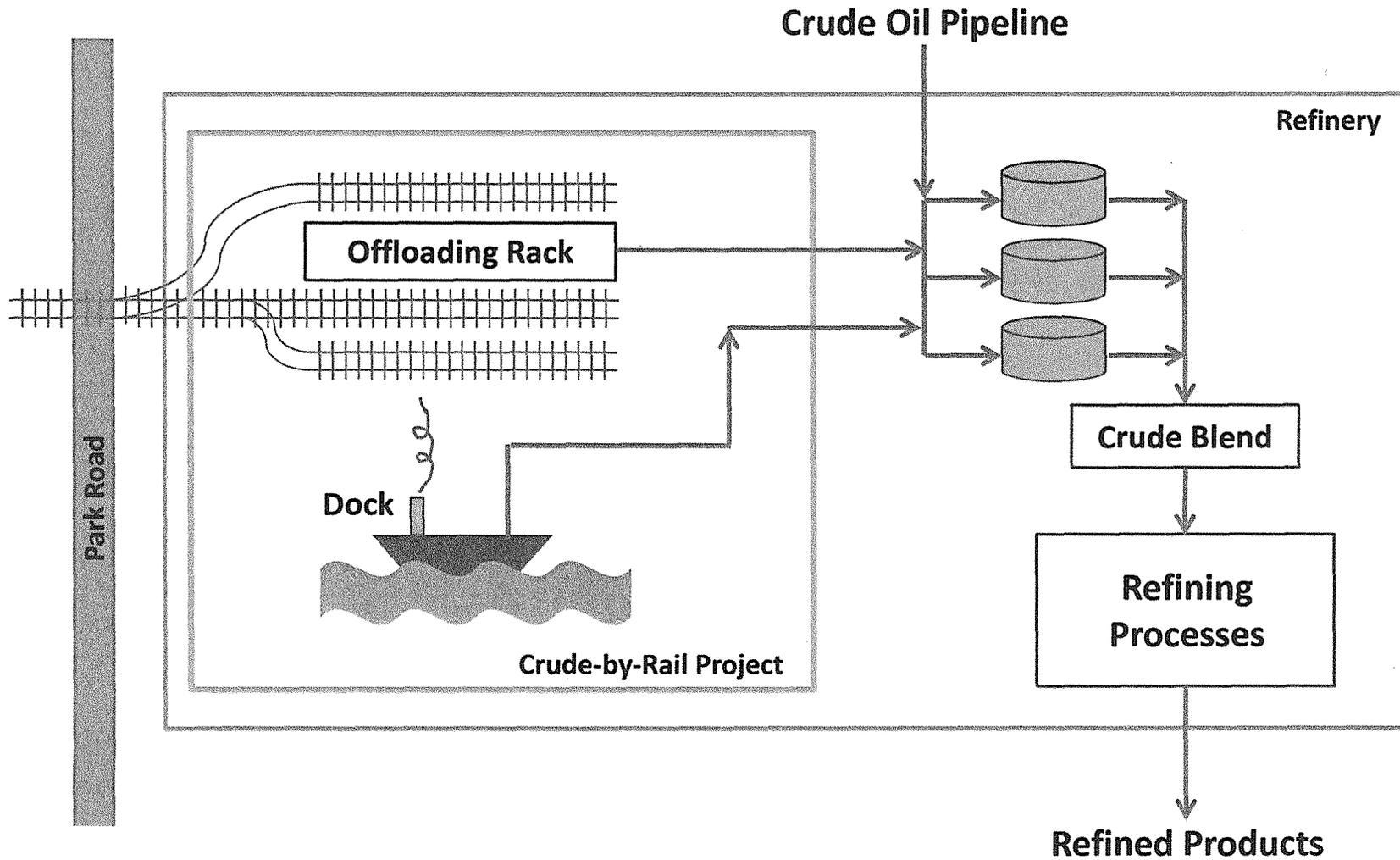
**New Facilities: rail spur, offloading racks and piping to existing tanks**

**The project does not:**

- “...involve any changes to the existing Refinery operations or process equipment, other than the construction and operation of the Project components. “
- “...increase the amount of crude oil that can be processed at the refinery, or the amounts of petroleum products that can be produced.”
- “...propose changes to the emissions limits in the current BAAQMD permits”



# Infrastructure Project Diagram





# Project Status

- Draft EIR released June 17, 2014
  - City of Benicia is lead agency
  - Analysis and public disclosure of environmental impacts of the project and proposed measures to mitigate impacts
  - City oversees process, engages experts to review project
  - 11 months of research, review and analysis
- Planning Commission Presentation July 10, 2014
- Comment period closes August 1, 2014 (45 days after issue)
- City considers certification of EIR and issuance Land Use Permit
- BAAQMD acts on application for authority to construct and permit to operate



# CA Environmental Quality Act

- CEQA evaluates the pre-project and post-project condition to determine:
  - If significant impacts result and
  - Whether mitigation is needed
- City, as lead agency:
  - Hires experts and consultants
  - Oversees analysis and review process
  - May bill applicant for expenses



# Marine vs. Rail Delivery

- Increased energy independence
- Continue producing California clean products
- Fewer miles from source of oil
- “Delivery of crude oil by large line haul tank cars would result in lower overall emissions outside of the State than delivery of crude oil by marine vessel...” (4.6-14)
- Increased NOx emissions from locomotive traffic in uprail communities
- Decreases GHG emissions by 225,825 tons globally (4.6-14)



# Air Quality

California regulations lead the country with clean air standards

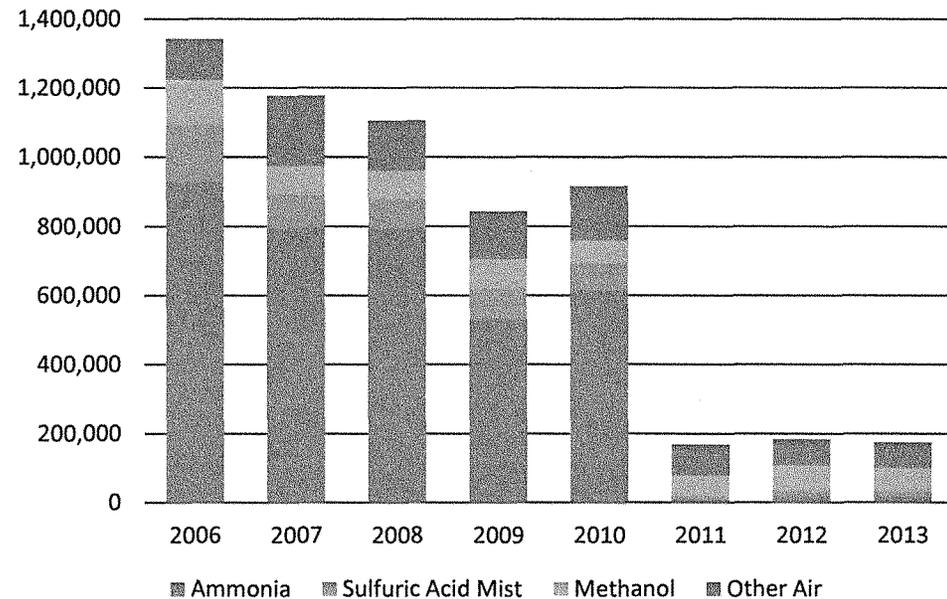
- “long-term operations of the Project would result in a beneficial impact to air quality in the BAAQMD” (4.1-19)
- “The net effect of the Project would be to reduce air emissions within the Bay Area Basin” (4.1-19)
  - No emissions increases from existing, permitted Refinery equipment or processing
  - reduce emissions from ships traveling to and from the Refinery (4.1-11)
  - No conflict with the Bay Area Clean Air Plan (4.1-13)



# On-going Environmental Performance

- Flue Gas Scrubber
  - Reduce sulfur dioxide emissions by more than 95%
  - Reduce nitrogen oxide by more than 55%
- Maintain compliance with current BAAQMD permit levels
  - No additional emissions
  - No additional particulates

TRI Air Emissions



**The project will not jeopardize the emissions reduction benefits already received.**



# Robust Regulatory Structure

## **Over a dozen federal, state and local regulatory bodies**

- US Department of Transportation
  - Federal Railroad Administration
  - Pipeline and Hazardous Materials Safety Administration
- Federal Emergency Planning & Community Right-To-Know Act
- Federal Resources Conservation and Recovery Act
- Federal Oil Pollution Prevention regulations
- US EPA Risk Management Plan
- National Fire Protection Association
- National Transportation Safety Board
- California Office of Spill Prevention and Response
- California Emergency Management Agency (OES, EPA, CHP, Fish & Wildlife, Regional Water Control and local fire departments)
- California Hazardous Materials Business Plan program
- California Accidental Release Programs
- Cal OSHA
- Department of Toxic Substance Control
- Solano County Department of Resource Management, Environmental Health Services Division Enforcement



# Prevention

## **Safety and Accident Prevention is Valero's #1 Priority**

- Federal Railroad Administration (FRA) and Association of American Railroads (AAR) Standards
  - Slower speeds
  - Increased track inspections
  - Better braking systems
  - Maximum speed limits
  - Additional training and planning for emergency response
- UPRR transportation safety standards “exceed mandatory compliance measures.” (4.7 – 15)
- Trains from Roseville to Benicia will be attended at all times



# Prevention

- **Model 1232 Tank cars**
  - Thicker tank shell and heads
  - Higher tensile strength
  - Protective shields at both ends
  - Consolidated top fittings
  - Reclosing pressure relief device
- **Increased State Resources**
  - Seven additional rail inspectors
  - 6.5 cent per barrel fee for crude brought into California by rail
  - 100% of the revenue for increased
    - Prevention, including training for local first responders
    - Emergency response preparedness
    - Cleanup and enforcement measures



# Preparedness/Response

## Regular Training/Preparedness

- On-site Fire Department, training with Benicia FD
- Petro-Chemical Mutual Aid Organization (PMAO)
- UPRR training for local first responders (local and uprail)
- UPRR – 3 emergency response contractors in Northern California
- Unified Command
  - US Coast Guard, OSPR, Fish & Wildlife, US EPA, Solano County Dept. of Environmental Management, Local Police and Fire Departments

Rail delivery has a lower risk of release than marine delivery

- Marine delivery risk- 1 in 37.5 years (without this project)
- Rail delivery risk – 1 in 111 years (\*\*“these risk estimates are probably conservative, meaning they overstate the actual risk”) – 4.7-18



# Transportation and Traffic

- Trains would not be scheduled to arrive or depart on weekdays between:
  - 6:00 AM – 9:00 AM
  - 4:00 PM – 6:00 PM
- Include installation of Park Road monitoring for emergency response
- A Project-related train crossing would not result in queuing extending back to the I-680 mainline (4.11-9)



# How You Can Help

- Learn More:
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  - Take materials
- Write in Support
  - Email [bkilger@ci.benicia.ca.us](mailto:bkilger@ci.benicia.ca.us) & [amillion@ci.benicia.ca.us](mailto:amillion@ci.benicia.ca.us)
  - Fax to (707) 747-1637
  - Mail to 250 East L Street, Benicia CA 94510
- Show your support at the Planning Commission meeting on July 10

Questions?



## **Valero's Crude by Rail Project Informational Meeting – Speaker and Independent Expert Bios**

### **Don Cuffel, Valero Benicia Refinery**

Don serves as the Manager of the Environmental Engineer group at the Valero Benicia Refinery. He brings over 35 years of experience in project engineering, maintenance, turnarounds and capital budgets. He also has nearly two decades of experience working as an environmental engineer.

### **John Hill, Valero Benicia Refinery**

John serves as the Vice President and General Manager of the Valero Benicia Refinery. A California native who was raised in Solano County, he began working at the Benicia Refinery in 1990 as an Operator and Technician for Exxon. He was also a member of the refinery's fire brigade and was certified as an Emergency Medical Technician (EMT).

Prior to working at the Benicia Refinery, John spent nearly eight years employed by the Department of Defense at the Mare Island Naval Shipyard in Vallejo, CA. John has been Vice President and General Manager for Valero since 2005, first heading up the Krotz Springs Refinery in Louisiana, then at the Memphis Refinery, and now in Benicia.

### **Christopher Howe, Valero Benicia Refinery**

Chris serves as the Director of Health, Safety, Environment and Government Affairs at the Valero Benicia Refinery. He has 35 years of experience in the environmental, health, safety and government affairs arenas and a broad background in the energy industry, having worked as a refinery engineer, operations supervisor and manager.

Prior to joining Valero in May 2004, Chris served as General Manager of Operational Excellence for Chevron Corporation. In his 26 years with Chevron, Chris worked in a variety of positions, including Manager of Health, Environmental and Safety Compliance and as a Washington Representative advocating for the company before the U.S. Congress and other federal agencies. He began his career as an engineer in Chevron's El Segundo, CA refinery and later worked as an engineer, maintenance and operating supervisor in the Richmond, CA refinery.

### **Philip J Daum, P.E., Engineering Systems Inc. (ESI)**

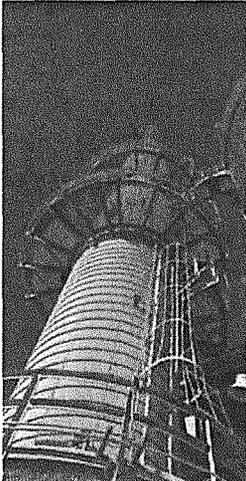
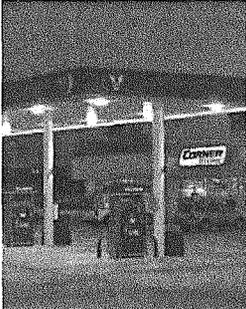
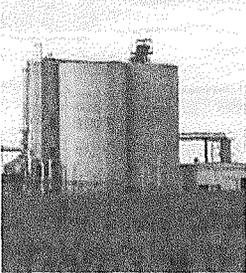
Philip is a Senior Managing Consultant at ESI with over 25 years of industry experience. He specializes in mechanical engineering, research, development and experimental testing. He has conducted complex, multidisciplinary research and failure/accident investigations pertaining to freight and transit railroads, cargo and portable tanks, transportation equipment systems and components, and hazardous materials. His evaluations include the areas of reliability, durability, crashworthiness, security performance and regulatory compliance. His rail accident investigation experience includes Lac Megantic, Quebec, Casselton, North Dakota and Plaster Rock, New Brunswick.

### **Lynn McGuire, P.E., Environmental Resources Management-West (ERM)**

Lynn is a Partner in ERM's Walnut Creek office and currently leads ERM's Western Division Air Quality and Climate Change consulting practice. She has 29 years of professional experience in air quality permitting, air pollution control system design and optimization, environmental compliance strategy, regulatory compliance management, emission quantification, and impact assessment under the California Environmental Quality Act (CEQA). She has applied her environmental expertise to petroleum refineries and terminals, power generation facilities, as well as a variety of manufacturing facilities.



# Valero's Crude by Rail Infrastructure Project



**September 12, 2014**  
**Coldwell Banker Agents**  
**Benicia, California**

- Chris Howe, Dir. of Health, Safety, Environment, Valero Benicia Refinery
- Donald Cuffel, Environmental Engineering Manager, Valero Benicia Refinery



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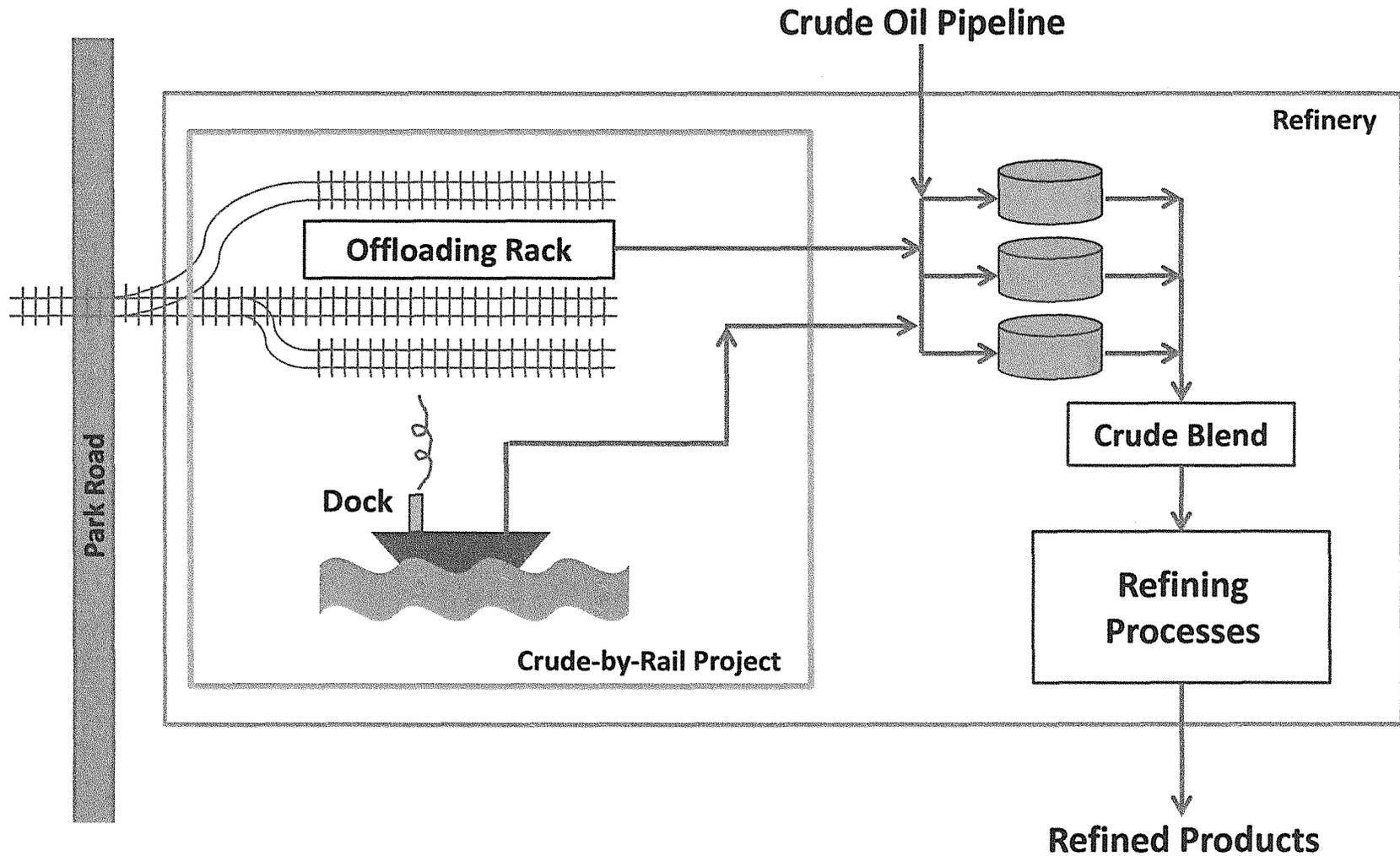
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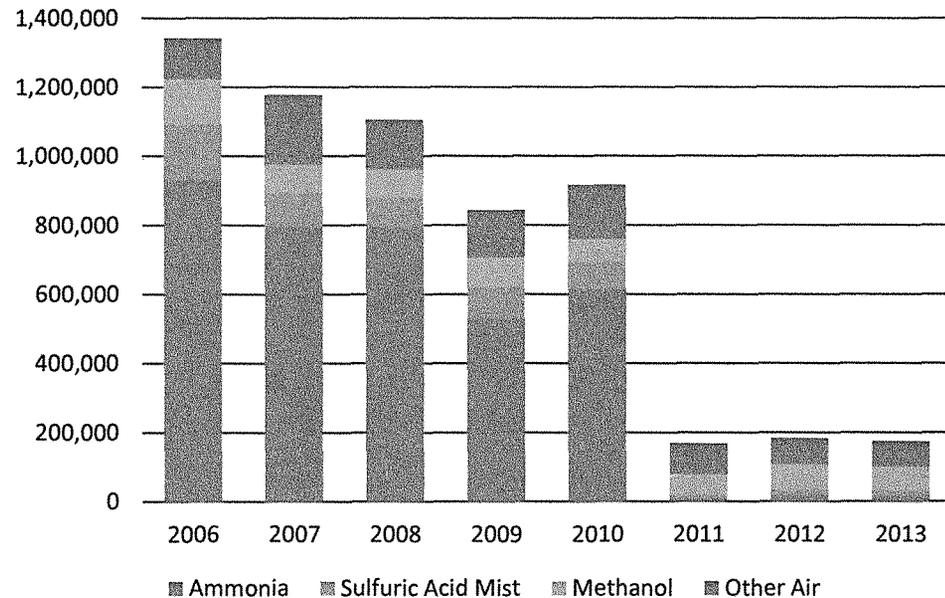
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# How You Can Help

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- Write in Support **(by Monday, September 15, 2014)**
  - Email [bkilger@ci.benicia.ca.us](mailto:bkilger@ci.benicia.ca.us) & [amillion@ci.benicia.ca.us](mailto:amillion@ci.benicia.ca.us)
  - Fax to (707) 747-1637
- Show your support at the next Planning Commission meeting

Questions?



## Andrew Chang & Co, LLC

### **Valero's Economic and Revenue Impacts on the City of Benicia & the San Francisco Bay Area** (Key Findings)

- Valero directly employs over 450 local workers with over 250 additional contractors working on-site, daily. In total, Valero's activities create or support 3,900 jobs in the region, creating \$1.6 billion in additional earnings in the region (2006-2013)
  - Annually, the direct and indirect employee compensation Valero generates in the region is comparable to Solano County's entire Professional, Scientific and Technical industries
- Since 2006, Valero has paid over \$3.0 billion to contractors, over two-thirds to businesses in the region and \$400 million to contractors in Benicia, generating \$4.3 billion in economic activity (2006-2013)
  - This is the equivalent of building the recent Carquinez Bridge upgrade fifteen times over
- Valero owns nearly 900 acres of industrial land in Benicia, housing its refinery and other operations, leading to over \$3 million annually in property taxes paid to the city. Additionally, Valero spends over \$4.0 million on other City taxes (2013), totaling \$7.7 million
  - This represent approximately 25% of Benicia's General Fund in 2013
  - \$7.7 million is enough to fund the Fire Department, the City Council, City Attorney, City Clerk and City Treasurer with a quarter million dollars left over
  - Capital expenditures by Valero during the recession, allowed the City of Benicia to avoid an additional \$2 million in budget cuts to the already strained city
- Valero and its employees have donated \$13.7 million over the last decade to local charities, including children's charities and the local food bank (2004-2013)



**Valero's Economic and  
Revenue Impacts on the  
City of Benicia & the San  
Francisco Bay Area**

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May 2014

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Valero Energy Corporation, through its subsidiaries, is an international manufacturer and marketer of transportation fuels, other petrochemical products and power. Valero subsidiaries employ approximately 10,000 people, and assets include 16 petroleum refineries with a combined throughput capacity of approximately 2.9 million barrels per day, 11 ethanol plants with a combined production capacity of 1.3 billion gallons per year, and a 50 -megawatt wind farm. More than 7,300 outlets carry the Valero, Diamond Shamrock, Shamrock and Beacon brands in the United States and the Caribbean; Valero Energy Inc. in Canada; and Texaco in the United Kingdom and Ireland. Valero is a Fortune 500 company based in San Antonio.

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**Valero's Economic and Revenue Impacts on the City of Benicia & the San Francisco  
Bay Area**  
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**Valero's Economic and Revenue Impacts on the City of Benicia & the San Francisco Bay Area**  
(Key Findings)

- Valero directly employs over 450 local workers with over 250 additional contractors working on-site, daily. In total, Valero's activities create or support 3,900 jobs in the region, creating \$1.6 billion in additional employee compensation in the region (2006-2013)
  - Annually, the direct and indirect employee compensation Valero generates in the region is comparable to Solano County's entire Professional, Scientific and Technical industries
- Since 2006, Valero has paid over \$3.0 billion to contractors, over two-thirds to businesses in the region and \$400 million to contractors in Benicia, generating \$4.3 billion in economic activity (2006 -2013)
  - This is the equivalent of building the recent Carquinez Bridge upgrade fifteen times over
- Valero owns nearly 900 acres of industrial land in Benicia, housing its refinery and other operations, leading to over \$3 million annually in property taxes paid to the city. Additionally, Valero spends over \$4.0 million on other City taxes (2013), totaling \$7.7 million
  - This represent approximately 25% of Benicia's General Fund in 2013
  - \$7.7 million is enough to fund the Fire Department, the City Council, City Attorney, City Clerk and City Treasurer with a quarter million dollars left over
  - Capital expenditures by Valero during the recession, allowed the City of Benicia to avoid an additional \$2 million in budget cuts to the already strained city
- Valero and its employees have donated \$13.7 million over the last decade to local charities, including children's charities and the local food bank (2004 -2013)

### Executive Summary

Valero is Benicia's largest employer, directly employing over 450 and supporting an additional 450 jobs in the City and a total of 3,900 jobs in the region. Valero's economic activity has created \$1.6 billion in direct and indirect regional employee compensation over the last eight years. In addition, Valero has paid over \$3.0 billion to contractors over this same time period. Over two-thirds of this spending went to local businesses in the Bay Area region and \$400 million went directly to contractors located in Benicia. Using RIMS II economic multipliers, we estimate this generated \$4.3 billion in economic activity from 2006 to 2013.

Additionally, Valero is an important source of revenue for the City of Benicia. Valero owns nearly 900 acres of industrial land in Benicia, housing its refinery and other operations. As a result, Valero paid over \$3 million annually in property taxes to the City alone, with millions more directed to other local agencies. Additionally, Valero spends over \$4.0 million on other City taxes, principally the Sales & Use Tax and the Utility Tax. This totaled \$7.7 million in 2013, making up about 1/4 of the City's General Fund.

Valero also provides substantial support to the local non-profit community. Valero and its employees have donated \$13.7 million over the last decade to local charities, including children's charities and the local food bank. Moreover, Valero's employees have donated thousands of man-hours as volunteers and board members for these groups, adding substantially to its impact.

## 1. Background

Valero is the City of Benicia's largest employer. With over 450 employees in skilled, administrative and management roles Valero has been providing quality middle-class manufacturing jobs in the area since it acquired the plant in 2000. The refinery's construction in 1969 helped to revive an economy that was shrinking due to the relocation of U.S. Army operations. Between its hundreds of employees, hundreds of millions of dollars of vendor spending, taxes and charitable contributions, Valero is a critical aspect of the local economy and major source of revenue for the City of Benicia.

The refinery is permitted to process up to 165,000 barrels per day of crude oil, producing gasoline that meets California's high air quality standards, diesel, jet fuel and other fuels, and asphalt. It provides the Bay Area with 25% of its gasoline and 10% of the state's consumption. It has invested billions ensuring it meets the highest standards of environmental protection.

The refinery is positioned on the north shore of the Carquinez Strait, providing access to crude oil feedstock by ship or pipeline. The refinery's primary crude supplies come from the California San Joaquin Valley, Alaska and foreign sources. In order to improve its competitive position, Valero is currently seeking to build a rail offloading rack at the refinery, which would allow it access to additional crude oil from North American sources available by rail.

Andrew Chang & Company has been retained to measure the benefits of Valero's operations in Benicia and the surrounding area. Our assessment includes an economic impact of Valero's operations in Benicia, Solano and Contra Costa Counties and the Greater Nine County Bay Area. We also assess the revenue impact of Valero's operations on the Benicia City budget and the impact of its charitable operations.

### **Benicia's Local Economy**

Benicia's local economy primarily consists of three sectors. It features a small, but dynamic tourism sector, centered around the historic downtown, near the waterfront; a commercial sector that provides much of the personal services and retail needed to support the local population; and a strong manufacturing sector, centered in the industrial development surrounding the Valero refinery.

#### *Tourism*

Benicia has a small, but active tourist industry, in its historic downtown, along the waterfront. The location benefits from numerous ties to California history and a beautiful, panoramic view of the Bay. It has leveraged this as the base of the tourism industry, attracting customers to its restaurants, retail locations, art galleries and personal service providers. While these are typically lower paying sectors, a large portion of the businesses are locally owned and owner-operated, meaning revenue generated tends to stay within the community.

#### *Commercial*

Like most cities, Benicia has developed a commercial sector to provide goods and services needed by its residents. Benicia has four commercial areas in its residential section as well as commercial developments in its historic downtown. These developments include 3,800 employed in professional and business services and 1,600 in retail, some of which are shared with the tourism industry.

Unfortunately, the retail sector is considerably smaller than typical with more than 40% less per capita retail activity, despite the above average earnings of residents. In particular, Benicia has high levels of leakage in general merchandise, restaurants and apparel.

### *Manufacturing*

Setting it apart from many cities, Benicia has a large manufacturing base as well.

Manufacturers in Benicia directly employ over 2,600 people and support its 1,400 wholesale employees and nearly 500 transportation employees. Manufacturing is centered in the industrial park nestled between the I680 and the Bay. This location offers a number of benefits, including access to major highways, railroads and transit by ship.<sup>1</sup>

Benicia is home to a number of large manufacturing employers. Valero is the largest, with over 450 employees. Dunlop, a leading manufacturer of musical instrument accessories, employs 250. Cytosport produces various athletic supplements and employs 220. Bio-Rad Laboratories is an international firm that produces life science and clinical diagnostic tools, employing 210 of its 7,000+ employees in Benicia. In total, the industrial park is home to over 450 businesses and 6,500 jobs.<sup>2</sup>

Beyond the number of firms and jobs in Benicia's manufacturing community, this sector has particular economic value for two reasons. First, manufacturing is among the higher paying industries, with average weekly earnings of over \$58,000, nearly 10% higher than the average private California employer.<sup>3</sup> Manufacturing remains one of the few paths to the middle-class for workers without a college education. Second, manufacturing industries typically serve a customer base that reaches well beyond the local area. They bring revenue in from around the country and around the world, which adds to the local wealth, rather than simply moving it around.

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<sup>1</sup> City of Benicia, Economic Development Department, <http://www.beniciabusiness.com/>

<sup>2</sup> City of Benicia, Economic Development Department, <http://www.beniciabusiness.com/>

<sup>3</sup> Bureau of Labor Statistics, OES Research Estimates by State and Industry, May 2013, [http://www.bls.gov/oes/2012/may/oes\\_research\\_estimates\\_2012.htm](http://www.bls.gov/oes/2012/may/oes_research_estimates_2012.htm)

In addition to its direct employment, manufacturing industries bring thousands of customers into Benicia each day . This provides an important supplemental customer base to the commercial sector.

## 2. Economic Impacts

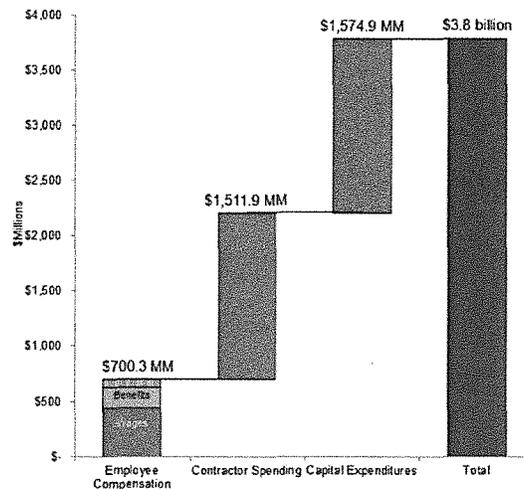
Valero is a large employer, land owner and supplier of energy in the Bay Area. While these direct contributions are substantial, they are only a fraction of the overall economic benefits Valero generates in the region. Directly and indirectly, this includes nearly 4,000 Full Time Equivalent (FTE) jobs, \$1.6 billion in increased employee compensation and \$4.3 billion in economic output in the region.

### Direct Spending

Since 2006, Valero has spent \$3.8 billion to fund its operations, maintenance and capital investments. This is the equivalent of building the recent Carquinez Bridge upgrade fifteen times over. This includes:

- Over \$700 million on compensation and benefits to its employees
- Over \$1.5 billion on contractor spending for maintenance and operations
- Over \$1.5 billion on contractor spending for capital improvements

Figure 2.1  
Valero Spending (2006 – 2013)



Source: Valero Internal Data

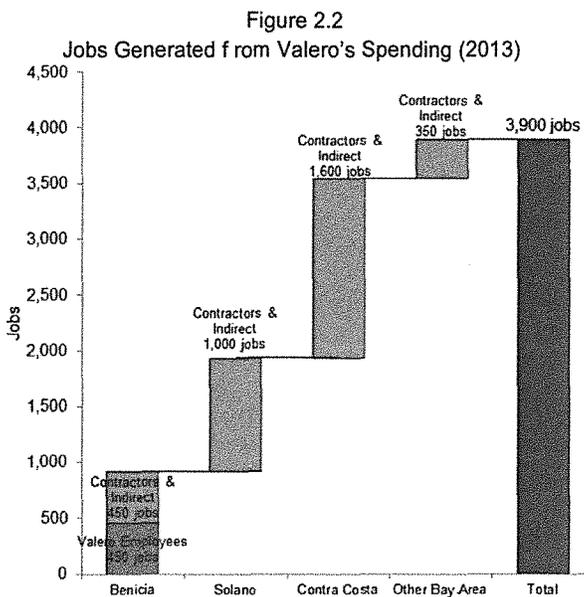
We calculate that Valero's economic activity leads to 3,900 additional full time equivalent jobs in the Bay Area . This is from a combination of new jobs and increased hours for existing workers. This includes employees of Valero, jobs created at contractors based on the additional work done directly for Valero, and jobs created indirectly based on additional economic activity made possible by direct spending.

Approximately 450 of these jobs are Valero employees and an additional 250 are contractors that work on -site in Benicia. At least 900 total jobs are created in Benicia itself, although this may understate the true impact, because standard multipliers don't account for Valero's strong impact as a "magnet", with numerous suppliers locating in the industrial facility surrounding it .

3,000 additional jobs are generated in the Bay Area. Solano County receives the largest share of the jobs generated, with 900 in Benicia and an additional 1,000 in other areas of the

County. Contra Costa also generates a significant number of jobs, totaling 1,600. Finally, the surrounding counties generate an additional 350 jobs.

Finally, we should note that this estimate and each of the other economic impact estimates is conservative, because we assume that all contractor spending with non-local firms is lost to leakage (or otherwise not recirculated in the local economy). This is likely not the case for a number of reasons. Many contractors hire local employees to perform the work for large clients, like Valero. Additionally, any employees brought to Benicia will likely spend while working in the area and, more importantly, will likely cause the contracting firm to spend significantly at local establishments and for local supplies, while they are in the area. Nevertheless, to maintain the conservative nature of our estimates, we have omitted these amounts.



Source: Valero Internal Data and ACC Calculations

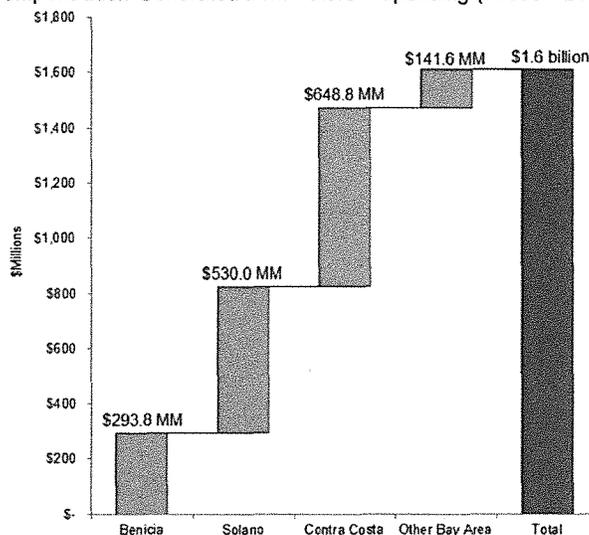
In addition to jobs, the economic activity that is generated from Valero's spending creates substantial additional employee compensation. This can come in the form of compensation from newly created jobs, increased compensation from increased hours, as well as increased salary or wages (or other forms of compensation). This also includes compensation paid directly by Valero to its employees, compensation paid by its contractors, based on business from Valero and indirect compensation, generated from increased economic activity.

The economic activity generated in the Bay Area by Valero's work has directly and indirectly led to an increase of \$1.6 billion in regional employee compensation over the last eight years. This is a large amount. To put it in perspective, annually, Valero generates employee compensation comparable to Solano County's entire Professional, Scientific and Technical industries.

As with the jobs, the compensation is spread around the region. Nearly \$300 million of this compensation is concentrated in Benicia itself. \$530 million is generated in Solano County's surrounding communities. Nearly \$650 million is generated in Contra Costa County and over \$140 million is generated in the rest of the Bay Area.

As with the job estimate, this estimate is conservative, because we assume that all contractor spending with non-local firms is lost to leakage (or otherwise not recirculated in the local economy).

Figure 2.3  
Compensation Generated from Valero's Spending ( 2006 - 2013)



Source: Valero Internal Data and ACC Calculations

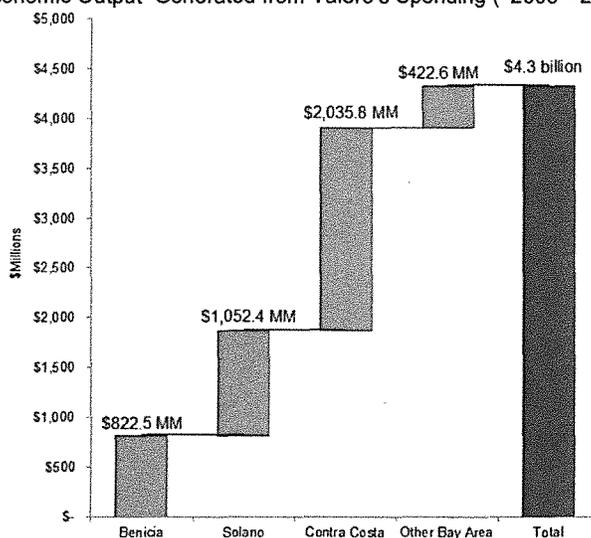
The jobs and employee compensation are a portion of the broader economic activity generated by Valero's spending and investments. In total economic output, this spending generated \$4.3 billion in additional economic activity in the Bay Area. It should be noted that this is not inclusive of the full economic output generated by the refinery's activities. It is only the economic output generated by spending on employees and contractors, but does not include the full value-add from the production of high quality, refined gasoline that meets California's high environmental standards.

Over the \$4.3 billion, over 20% of this economic activity, \$822.5 million was generated in Benicia itself. Additionally, \$530 million was generated in the surrounding Solano County and \$650 million in Contra Costa County, as well as \$140 million in other Bay Area counties.

This is a substantial portion of the local economic activity. In total, Valero generates more economic activity annually than Solano County's entire Information Technology Industry and Transportation Industries combined.

As with the previous estimates, this estimate is conservative, because we assume that all contractor spending with non-local firms is lost to leakage (or otherwise not recirculated in the local economy).

Figure 2.4  
Economic Output Generated from Valero's Spending ( 2006 - 2013)



Source: Valero Internal Data and ACC Calculations

**Case Studies**

*McJunkin Red Man Corporation*

Valero appears to act as a magnet for other firms in related industries. McJunkin Red Man Corporation (MRC) is a Fortune 500 Maintenance, Repair and Operations (MRO) firm with a location in Benicia. Seeking a larger location, MRC relocated their Bay Area location from San Leandro to Benicia, largely because of the benefits of locating near Valero. Branch Manager

Gary Bruce notes that Valero specifically looks to hire local contractors and to work with contractors that subcontract locally.

Because of this, Valero creates a feedback loop within Benicia. McJunkin provides services to Valero and subcontracts with other local vendors, like Benicia Fab, Ryco Metal Products, Bay Valve and Flowserve Corporation, each with locations in Benicia, which creates more jobs and more tax revenue for the City. (Our analysis does not account for this local favoritism in subcontracting, so it may understate the impacts in Benicia.)

MRC employs 47 workers at its Benicia facility. Professions range from engineers to warehouse workers, but every job pays a middle-class wage, with full benefits and profit sharing. Because it sells expensive industrial equipment on-site, McJunkin is also the largest sales tax generator in the city.

#### *Guarantee Electrical*

Another company that is located in Benicia solely due to its relationship with Valero, Guarantee credits Valero's corporate priorities for driving safety improvement and innovation both in Benicia and nationwide. Their Benicia team serves as something of an incubator in the company, developing and implementing new safety strategies, many of which are ultimately adopted company-wide.

Because of Valero's priorities, Guarantee Electrical pushed for and received Cal/OSHA VPP Star status. The Voluntary Protection Program recognizes "employers and workers in the private industry and federal agencies who have implemented effective safety and health management systems and maintain injury and illness rates below national Bureau of Labor Statistics averages for their respective industries."<sup>4</sup> Certification is costly to achieve and maintain. It was a three year process to achieve certification and requires Guarantee to fly out staff every month

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<sup>4</sup> <https://www.osha.gov/dcsp/vpp/index.html>

from its St. Louis Headquarters to maintain and document its safety processes. Valero Benicia has worked with a number of its current and previous contractors to achieve VPP Star status as well.

Safety innovations include doing a safety analysis before starting work each morning. Staff and workers do a walkthrough of each job, identifying any safety issues they could encounter and developing a plan to mitigate them. Another innovation was identifying that the standard leather gloves they had been using did not offer sufficient dexterity, so employees sometimes removed them to complete jobs. They identified new, smaller gloves that provided the same level of protection, but improved functionality. They have since become the standard company-wide. Currently they are working at phasing out box cutters. The safety push has led to markedly superior results. Guarantee Electrical's Benicia office has the company's best in-class safety record. It has achieved a Total Recordable Injury Rate of 0, better than the company's overall rate of 1.17 and well below the industry average of 3.47.

Guarantee Electrical provides Valero with in-house, on-call and project based electrician services. It employs 15 or more union electricians that earn upper middle-class wages, with full benefits.

#### *Sandoval's*

Deanne Sandoval-Ponder and her family have operated Sandoval's on First Street in historic downtown Benicia for 27 years. Serving casual, Mexican-American fare, the small restaurant is a fixture in the community. When asked what sets her food apart in a family of restaurateurs she quickly attributes the difference to "cooking with love." Sandoval's employs 21 locals, ranging from an 80-year old "Ya Ya", who customers come to visit on Tuesdays and Thursdays, to college students, home on break.

Ms. Sandoval -Ponder credits much of her business' success to the support she receives from Valero and its employees. She describes them as her number one source of sales, from lunchtime customers to catering events. Her reputation apparently extends all the way to San Antonio, from which she gets call s from time -to-time to cater events when corporate visitors are in town. "I don't think that Valero could do any more than they do already. I see someone from Valero every day and it 's not just my business. The contractors that they use are in my restaurant and it's not just me, it's all the businesses. I am very grateful that we all get a part of that." She notes that John Hill, the plant's Vice President and General Manager (the top Valero official in Benicia) is a regular. His favorite dish is fajitas without sour cream, although he will opt for the chile verde when it is fresh.

Beyond the jobs and economic activity Sandoval's provides, it is a fixture in the community. Ms. Sandoval -Ponder was named Grand Marshal of the Fourth of July Parade. She has raised money for local charitable causes, like the STAND shelter for battered women and men and the Cancer Walk, and has filled many a dinner table for friends and neighbors in need.

Ms. Sandoval -Ponder reports a bleak assessment of Benicia without Valero, "What would happen to my business if Valero were not around? We would close ."

#### *Best Western Plus Heritage Inns*

Valero's subcontractors often spend weeks or months in Benicia on the job. To bring in the specialized workforce needed for some projects, workers come to Benicia from around the country. While in Benicia, they stay at the local hotels, eat at the local restaurants and shop at the local stores. The Best Western on Second Street in Benicia benefits tremendously from this business model. The 100-unit hotel property was built in 1988 and employs about 30 workers. The franchise is part of a locally owned hotel group .

While they receive business from tourism and other local drivers, Claire McFadden, its former manager who currently consults for the hotel group, notes that over half of the hotel's business is directly related to the refinery and its contractors and 80% of the business is derived from the Industrial Park as a whole (including Valero). Ms. McFadden, who is also the Vice Chair of the City of Benicia's Economic Development Board, says beyond the volume they produce, "It helps us avoid a cyclically driven business model that typically plagues the industry." She also added that the Benicia hotel is the second highest performing in the group, behind only Yosemite.

Ms. McFadden is active in the Benicia Chamber of Commerce and notes that, "I don't think that people in Benicia really understand what they have. They have a full-service city with only 30,000 people. They have police and fire and even have a dispatch center. There are real benefits to having a full service city."

### 3. City of Benicia Revenue Impacts

As the city's second largest private land owner and employer, Benicia supports a substantial portion of the city's budget. We have made very effort to ensure our results are conservative and they likely understate Valero's true contribution to the City's budget. For example, we omit certain revenue streams. Because the necessary data to estimate business license fees is unavailable, we have not included it. In addition, by maintaining a conservative methodology, we likely underestimate the local spending, and thus tax revenue, from contractors and employees that are spending significant time and, likely, money in Benicia. Despite this conservatism, we estimate that Benicia received \$7.7 million in taxes directly from Valero and in additional sales tax generated from indirect economic activity.

The largest portion, \$3.1 million in 2013 is from property taxes. The second largest portion, \$2.8 million is from the utility tax. The third portion is from sales tax, which includes a small portion of indirect revenues due to increased economic activity.

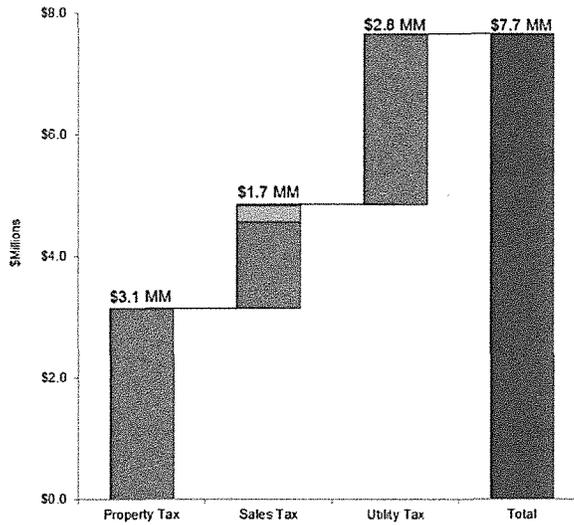
It should be noted, this is a larger amount than was suggested by the City's Economic Development Staff Report.<sup>5</sup> This is to be expected, because we are looking at the situation from a different angle. Since Valero is a manufacturer, the products it produces are primarily sold at other locations, principally local gas stations. Sales taxes are collected at that point, at those locations. In the course of its business, however, Valero does purchase a large number of products that generate sales tax payments. The distinction is that, in any sale that creates a sales tax payment, there are two actors, the customer and the retailer. The Staff Report focuses on which businesses collect the sales tax, while Valero's contribution is primarily from paying the sales tax, ie Valero acts as the customer and other local businesses act as the retailers.

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<sup>5</sup> Agenda Item: Economic Development Board: February 19, 2014, Sales Tax Review – 3<sup>rd</sup> Quarter 2013, Mario Giuliani, February 10, 2014

It should be noted that all estimates are a snapshot in time, based on current policy. We have acquired the current property valuations from the County Assessor to estimate tax revenue. However, there is an outstanding appeal before the Assessor, so the property tax figure may or may not change in the future.

Figure 3.1  
City of Benicia 2013 Tax Revenue from Valero



Source: Valero Internal Data and ACC Calculations  
Sales tax includes taxes directly paid by Valero and taxes generated by indirect economic activity

We calculate that in 2013, Valero, its employees and its taxes paid by its contractors, derived from business generated by Valero, contributed about \$7.7 million to the City of Benicia's General Fund.

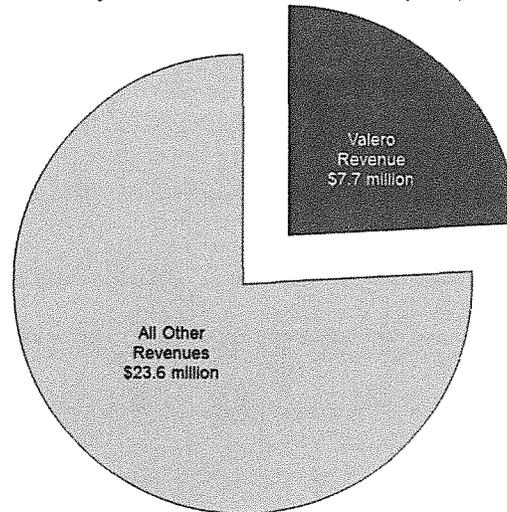
This likely understates the impacts, however, because it does not include revenues from workers coming into town for the workday or contractors working in town for up to several months, while completing jobs, which could increase sales tax and transient occupancy tax revenues substantially. For example, our case study with Best Western Heritage Hotels

suggests that activity related to the refinery generates over \$100,000 in additional revenue. Since this estimate is not based on firm data, however, we have omitted it from the total to maintain the conservative nature of our estimates, which, as detailed in the methodological appendix, is based on public data whenever possible and audited internal data, when necessary.

This conservative estimate accounts for nearly 25% of all General Fund revenue the City generated in 2013. While this portion is roughly average, it varies from year-to-year. Over the last eight years, this has varied from as low as 20% to as high as 31%, depending on broader economic conditions and Valero's capital investments, which will be discussed in more detail below.

In total, revenue directly related to Valero funds a significant portion of the City's budget. \$7.7 million is enough to fund the Fire Department, the City Council, City Attorney, City Clerk and City Treasurer with over \$250k left over.

Figure 3.2  
City of Benicia Revenue Sources (2013)

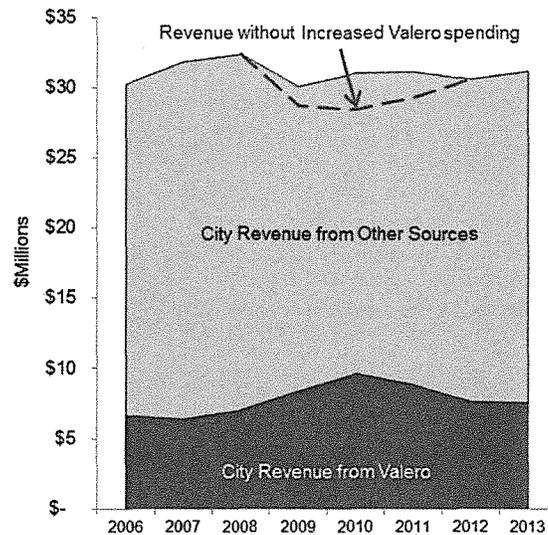


Source: Valero Internal Data and ACC Calculations

While there is some variation from year-to-year, revenue the City of Benicia receives from Valero is relatively stable and predictable from year-to-year. As the Great Recession caused a significant downturn in most local governments' revenue, it also hit Benicia. The City saw its General Fund revenues decrease by 7.1% from 2008 to 2009.

Fortunately, the drop could have been much worse, but was not, due to Valero. During this period, Valero invested heavily in capital infrastructure for its Benicia facility. Without this increase in spending, Benicia's revenue would have decreased by an additional \$2 million per year, over this three-year period, a 12% reduction in total. This presumably would have forced additional cuts to City services.

Figure 3.3  
City of Benicia Revenue (2006 - 2013)



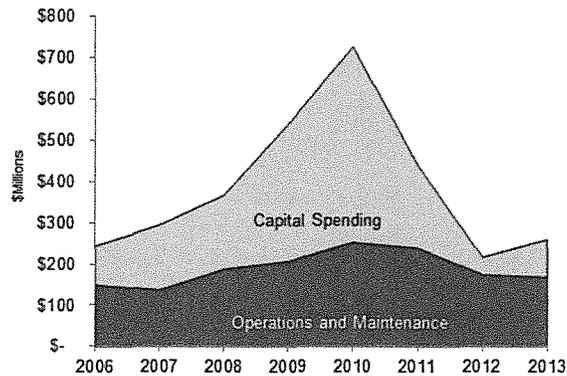
Source: Valero Internal Data and ACC Calculations

### Capital Improvements

Valero's spending on operations and maintenance has proven relatively consistent, though it has generally grown over time, as improvements to the facility require additional work. This has provided an important, reliable source of economic activity and government revenue in the community.

In addition to this ongoing work, Valero consistently has made capital investments to improve the facility to ensure its ongoing economic viability and improve its environmental footprint. Other refineries may not be investing with the same long term vision. Valero has spent nearly \$1.6 billion over the last eight years on capital improvements, most of this on projects to improve environmental performance.

Figure 3.5  
Valero Contractor Spending (2006 - 2013)



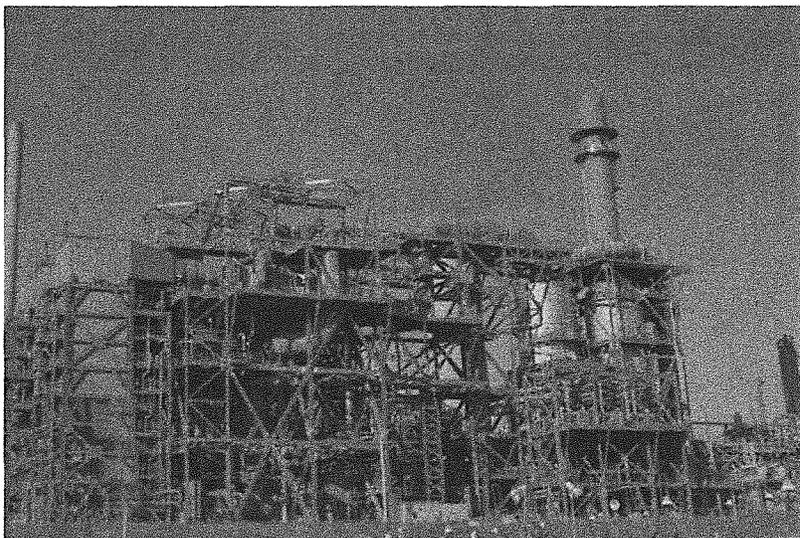
Source: Valero Internal Data and ACC Calculations

#### Flue Gas Scrubber Upgrade

The primary cause of Valero's increased spending during the recession was the continued construction of the Valero Improvement Project (VIP) and the installation of a Flue Gas Scrubber. The state-of-the-art Scrubber is one of the world's largest. The Scrubber does not produce anything. Rather, its purpose is to reduce emissions produced from the refining process. It has proven successful. The installation lowered sulfur dioxide emissions by 95 percent and nitrogen oxide emissions by 55 percent. It is just one of the projects Valero has invested in to help meet California's strict environmental standards. Additional investments include technologies to reduce flare events and the resulting emissions; wastewater discharge; and lower energy consumption.

Moreover, the Scrubber produced an economic stimulus to a region desperately in need of it. Over the course of 2009 and 2010, Valero spent \$750 million building and installing the new Flue Gas Scrubber. During the construction phase, the project employed 1,900 workers daily.

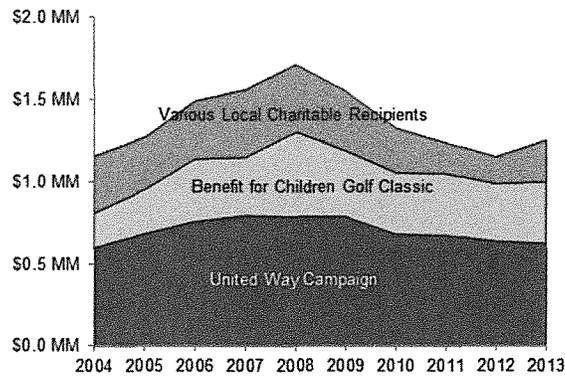
Figure 3.4  
Flue Gas Scrubber



**4. Valero's Charitable Contributions**

Valero and its employees have a strong track record of charitable giving and volunteer activities. Over the last decade, Valero has donated \$13.7 million to local charities. The largest share comes from the United Way Campaign. This campaign averages \$700,000 annually and is funded by employee contributions with a corporate matching donation. An average of \$360,000 annually is generated from the Benefit for Children Golf Classic for charities in the Benicia area. The golf tournament is held each March in Texas and the funds are dispersed to local children's organizations in the communities that Valero is a member. Additionally, Valero gives an average of \$300,000 in other donations to numerous local non -profits.

Figure 4.1  
Valero Charitable Donations (2004 - 2013)



Source: Valero Internal Data

### Investing in the Community

*"I think Valero takes an amazing stake in the community. They are involved in many things. They are present at community events. They're involved in Little League. They're at Parent Teach events. They tutor children. They are an important piece of the community."*

- Lisa Koenen, President, Benicia Education Foundation

Valero has given over \$1 million every year through official donations to charities in and around Benicia. These contributions fund social service programs for the disadvantaged, educational programs, environmental programs, and countless other contributions to the community.

#### *Benicia Education Foundation*

One organization that benefits from Valero's generosity is the Benicia Education Foundation. Founded in 1988, the Foundation seeks to raise private funding to support the local public schools.<sup>6</sup> It generates its \$200,000 annual budget through community donations, an annual 5k/10k run and from corporate donations. Valero has consistently been its largest corporate contributor, and typically supports 10% or more of the organization's budget. In 2013 Valero contributed \$ 45,000.

The Benicia Education Foundation uses their funding to make up for shortfalls in funding the district receives from the state to support local education. They work with the district, teachers and stakeholders in the community to identify the most pressing needs through an annual needs assessment. The Foundation then donates funds directly to the district in order to help meet the needs. In recent years, they have helped to avoid cutbacks, supporting maintenance of school library programs, in particular. As budgets have stabilized, they are taking the opportunity to move forward in new areas, especially technology. Recently the Foundation purchased computer equipment and helped fund installation of Wi-Fi internet access to allow students to learn on modern devices.

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<sup>6</sup> <http://www.beniciaeducationfoundation.org/>

In part because of the Foundation's support, Benicia has the highest performing schools in the county on API scores,<sup>7</sup> despite low funding. As BEF President Lisa Koenen puts it, "I think it's a testament that Benicia's schools are the best in the County, despite the low funding."

#### *Benicia Community Action Council*

The Benicia Community Action Council (BCAC) provides professional guidance, resources, and referrals to those striving for self-sufficiency. This includes delivering hot, nutritious meals to home-bound seniors, helping low income youth take advantage of on-the-job training, providing holiday meals to the community and funding opportunities for low-income youth to attend summer camp.

Valero has funded a number of projects over the years, including capital investments and funding for projects. Proceeds from the Valero Benefit for Children golf tournament fund the opportunity for 50 low-income youth to attend summer camp each year. As Director, Viola Robertson described it, "The kids learn a lot, they are crying because they don't want to come back. It gets them out of a bad environment and shows them a different way of life. It teaches them how to fish, beading, t-shirt design and gives kids and parents a break from each other." Additionally, Valero does an annual backpack drive for kids. Ms. Robertson also noted that they had recently lost a grant and were going to have to cut back operations substantially. Valero was able to come through with a large donation to cover the difference.

#### *Benicia Historical Museum*

The Benicia Historical Museum has been sharing the story of Benicia's place in California history since 1985. Housed at the old Army Arsenal, the buildings themselves are a piece of history. As Executive Director, Elizabeth d'Huart describes it, "The beauty of a small, local museum is it can focus on really interesting, local topics."

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<sup>7</sup> Benicia USD receives an overall score of 8 out of 10 from greatschools.org, Travis Unified received a score of seven, three districts scored 6 and two scored 4.

The organization's budget is currently about \$175 -185,000. While annual funding has varied, Valero's contributions have totaled \$140 ,000 since 2001 through membership, exhibit sponsorship and other grants and donations. Valero sponsored the museum's " Benicia's Industrial Legacy Exhibit". It also helped to fund the museum's recent technology upgrades. New computers and software have allowed them to put over 10 thousand images on the website, including pictures of exhibits and artifacts and scanned photographs.

### **Sweat Equity**

*"If I call them, they'll come. All I have to do is call Andrew and he'll get a crew together. They always seem to be right t here for me."*

- Viola Robertson, Director, Benicia Community Action Council

Valero has a track record of going beyond simply writing checks. As BCAC President, Fred Railsback describes it, " The programs they donate to, they want them to be successful so they jump in when they need to. The put the elbow grease in."

Valero employees have made numerous contributions to the BCAC's activities. No time is this more apparent than around the holidays. Valero supplies numerous volunteers to help with the community Thanksgiving Dinner, serving 500. "Thanksgiving dinner is always a big success because of them ," Director Viola Robertson recounts. She also noted that Valero adopts numerous local families at Christmas. While the gifts given are not officially disclosed and recorded, she noted that the families always remark on their generosity.

Valero employees also give their time to support the BEF and its mission. Valero provides volunteers to the BEF's annual 5k/10k. Most importantly, Valero provides support services to individual schools. Valero's engineers provide math and science tutors to the High School and the Middle School. They operate a twice weekly tutoring program to support the schools' efforts and help local students get ahead. Not surprisingly, Benicia High School, which is among the

highest performing schools in the state<sup>8</sup>, achieves its highest cores in High School Mathematics and Physics.<sup>9</sup>

The Benicia Historical Museum also noted that Valero donated substantial man -hours to helping develop and assemble its exhibit on "Benicia's Industrial Legacy." Beyond providing an interesting and informative look at Benicia's economic history, this exhibit appeared in conjunction with the Benicia Clean Tech Expo, which was designed to educate and connect stakeholders; while helping spur economic growth in the City.

#### **Making Lasting Change**

*"We want to make an impact, but not become the sole source of funding. We try to focus on helping establish healthy, sustainable organizations for the long term." - Chris Howe, Valero*

Valero seeks to focus on making meaningful, sustainable improvements in the community, in addition to funding short -term investments. This can be seen in the organizations it supports, which invest in keeping kids in schools and off the streets and helping get the economically disadvantaged onto a more stable path. It is also shown in investments in community infrastructure, such as spending \$3 million on design and construction of the Benicia Community Center and an additional \$200,000 on the Benicia Scout House, within the Center. It is also apparent in the type of projects they choose to invest in financially and put their extended efforts behind.

The Benicia Education Foundation was founded in 1988, but after more than a decade and a half in existence, its work was notably limited with small budgets and modest investments. In 2005, a motivated board, with significant support from a Valero executive, revitalized the organization. They moved the organization from focusing on limited projects chosen by board

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<sup>8</sup> In 2013, Benicia High School received a 9 out of 10 rating from greatschools.org

<sup>9</sup> 84% scored at or above grade level in Physics, 67% in High School Mathematics, compared to 66% in English, Language Arts and 58% in U.S. History. Students also scored particularly well in Chemistry, at 62%.

members, to one that tackles larger problems, based on the guidance of an annual needs assessment, driven by community stakeholders. Beyond that, they were able to dramatically increase fundraising, drawing from the breadth of the community, including direct donations, business sponsorships and an annual 5k/10k. While Valero maintains its strong support, the revitalization made the BEF less dependent on large corporate donations, while creating larger, more stable budgets, allowing for substantial investments in technology and providing the District a backstop in tough economic times.

The Benicia Community Action Council received a state grant to build a commercial kitchen, to allow them to cost-effectively expand their meal delivery services. After the grant proved inadequate, BCAC was left scrambling to finish the project. While the space was functional at a basic level, it did not meet county regulations, which were necessary to allow them to serve the public. Valero employees stepped in, providing the manpower to finish the job. Valero's workers erected and painted the walls necessary to meet county regulations. Now, every three years, a new crew comes back and re-paints the walls. Because of the contributions of Valero and others, Viola Robertson, BCAC's director is able to say with pride, "trust me, our senior's eat good." The Louisiana native does half of the cooking in the new kitchen herself. She also notes that Valero funded the solar panels on their building, through a settlement with a local community group, an investment that dramatically reduced their ongoing energy costs.

## 5. Economic Impacts of Crude-by-Rail Project

Valero has proposed installing a rail car unloading rack. This would allow the refinery to receive crude from rail sources. This would expand the Benicia refinery's access to North American crude oil from landlocked locations.

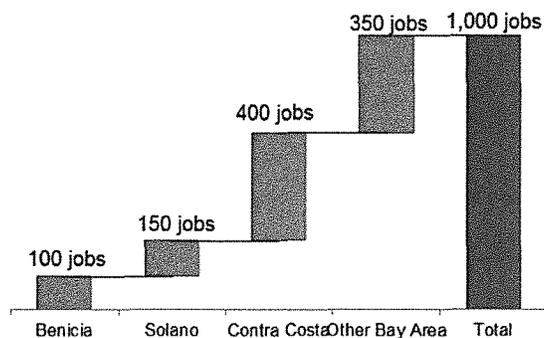
Under the proposed project, Valero would be permitted to receive 70,000 bbl per day of crude oil. This would only impact the source of the crude oil, it would not increase the overall amount of crude oil processed. New crude brought by rail would displace existing sources, transported by ship. Crude -by-rail is currently operating in the region, transporting crude oil to other refineries in the region.

Valero estimates they will spend \$55 million constructing the crude -by-rail facility. This will primarily go to labor and materials, as well as engineering services.

We estimate that construction will directly and indirectly create over 1,000 jobs in 2014. Depending on the sources of materials, this could produce as much as \$2 million in one -time sales tax revenue for the City. In addition, ongoing operations will create 20 permanent jobs, which will generate an additional 30-40 indirect jobs in the region and lead to nearly \$200,000 in additional sales tax annually for the City of Benicia.

We estimate property valuation will increase by approximately \$55 million (to be determined by the County Assessor). This will lead to an additional \$175,000 of property tax revenue for the City of Benicia annually moving forward , totaling about \$350,000 in additional, ongoing revenue for the City.

Figure 5.1  
Jobs Generated by Crude -by-Rail Construction



Source: Valero Internal Data and ACC Calculations

## 6. Conclusion

Our calculations and case study interviews clearly show that Valero is an essential member of Benicia's economy and a valuable source of government revenue. In direct economic terms, Valero and its suppliers create over 900 FTE jobs in Benicia, paying nearly \$300 million in compensation over the last eight years. Additionally, they generate over \$7 million annually in city taxes, supporting one-fourth of the city's budget and an increase due to capital investment helped buttress the city's budget during the recession.

Moreover, it provides a critical anchor for the region's economy. Numerous manufacturing and industrial firms have located in the industrial park because of their proximity to Valero and/or to take advantage of the infrastructure developed for their larger neighbor. Valero and its employees also provide significant, stable sources of revenues for local restaurants, hotels and other service providers. This is a particularly valuable partner to support Benicia's tourism economy, whose economy is limited by the seasons and the weather. Valero creates stable cash flows and off-peak demand to allow these businesses to operate efficiently and maintain employment levels and profitability.

All told, Benicia relies on Valero to support its local economy, employ its citizens, fund the city's budget and support its local non-profits. If the refinery were to cease operations or ownership were to shift to a company that is less focused on investing in the community and its own future, it is very likely Benicia would suffer significantly.

## Appendix 1: Methodology

We developed a theoretical economic model, displayed in Figure A1.1. The model assumes Valero has four primary economic inputs.

First, they directly employ workers. This generates wages and spending on other benefits. We estimate the portion spent on workers within each of the economic regions we consider. We estimated this based on headcount data provided by Valero.<sup>10</sup>

Second, they purchase goods and services. This includes regular, ongoing operations and maintenance as well as spending related to one-time capital investments. We then estimate the amounts that are generated in each region. We estimate this by determining the effective locality of its largest contractors. We did this for the 196 contractors with the largest contract receipts over the eight year period. These contractors represent over 90% of total spending, meaning the weighted distribution is likely very close to the distribution of all 3,997 contractors. In this case, 14% were from Benicia, 18% from Solano County (outside of Benicia), 23% from Contra Costa County, 7% from the other seven Bay Area counties, 10% from the rest of California and 28% from outside the state.<sup>11</sup>

Third, Valero owns land. While the improvements and upkeep of the land that Valero undertakes likely produces ancillary benefits, we choose to focus solely on the property taxes this ownership generates.

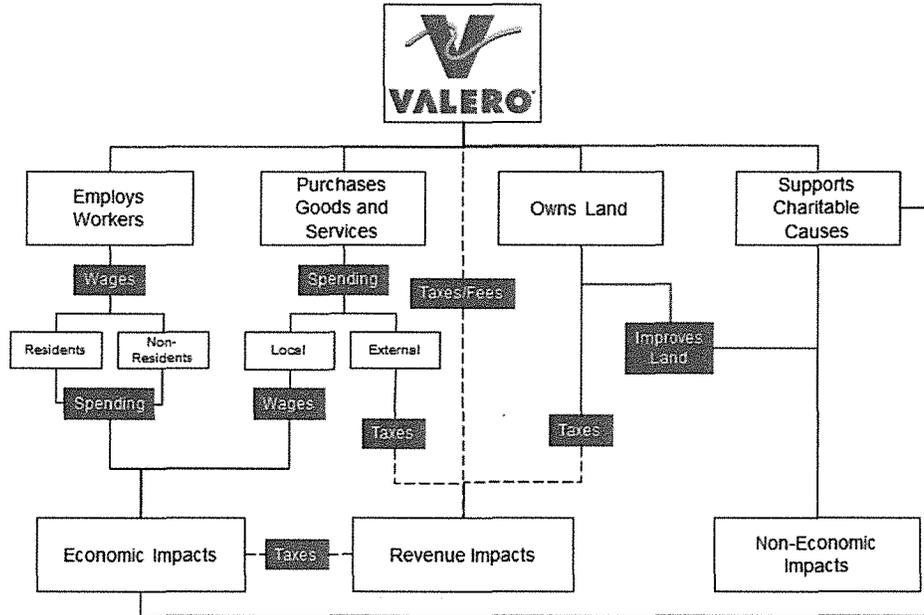
Fourth, Valero contributes to charitable causes. These charities then contribute to the community in fulfilling their mission and also contribute to the economy by employing local workers, buying goods and services and so forth.

We then use economic multipliers (discussed later) to calculate the economic impacts and then estimate tax revenue impacts based on effective tax rates.

<sup>10</sup> Annual employee headcount

<sup>11</sup> Calculated using internal data provided by Valero

Figure A1.1  
Theoretical Economic Model



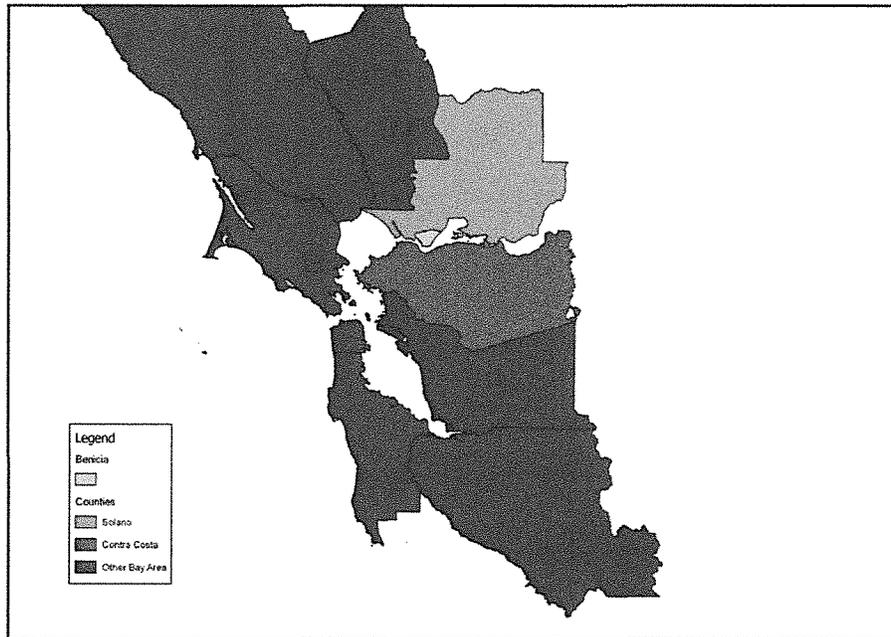
For purposes of this report, we focus on four economic regions. The first and smallest is the City of Benicia. This area is the main focus of our study. Employees are defined as residing in Benicia based on the data on file with Valero. Companies are defined as locating in Benicia based on the locations on their website. Economic and demographic data are based on census definitions.<sup>12</sup> The second and third economic regions are Solano County, excluding Benicia and Contra Costa County, respectively. Employee residents are based on data on file with Valero, companies by their website, economic and demographic data based on Census, California Economic Development Department and Bureau of Economic Analysis definitions. The fourth, largest region, are the seven counties in the nine county Bay Area,<sup>13</sup> excluding Solano and

<sup>12</sup> <http://www.census.gov/>

<sup>13</sup> <http://www.bayareaeconomy.org/about-the-region/>

Contra Costa. This includes Alameda, Marin, Napa, San Francisco, San Mateo, Santa Clara and Sonoma Counties. Figure A1.2 displays these regions.

Figure A1.2  
Economic Regions



Having defined our model and our economic regions, we turned to creating estimates of economic impacts. To achieve this we used Bureau of Economic Analysis RIMS II Input-Output Multipliers.<sup>14</sup>

The input-output analysis was developed as an effective economic framework by Wassily Leontief (1906 -1999), a Soviet economist who immigrated to the United States and joined the faculty at Harvard University in 1931. Leontief adapted input-output analysis to the U.S. economy and by the 1960s economists were widely using them to assess impact of policies and

<sup>14</sup> <https://www.bea.gov/regional/rims/rimsii/>

events on the economy. Leontief received the 1973 Nobel Prize in Economic Sciences for his pioneering efforts in developing this method. Today, input-output models are used regularly as a national and regional economic impact and forecasting tool. Probably its most visible and publicized use includes projecting the economic impacts of sports facilities, military bases and tourism.

Economic multipliers are tied to specific industries and estimate the additional jobs, economic output, and personal earnings generated from an additional dollar spent in a given area. An input-output model divides the national or regional economy into various industrial sectors and tracks how much each industry must purchase from every other industry to produce one unit of output. The model contains feedback loops that force most industries to produce more than the "direct output requirements" would seem to imply. Through a matrix inversion, all of these feedback loops collapse into one step and calculates the extra ("indirect") output requirements they create. The ratio of the total requirements to the direct requirements is called the input-output multiplier.

We obtained appropriate corresponding industry multipliers. We acquired three sets of multipliers, one for Solano County, one combining Solano and Contra Costa Counties and a third for the nine-county Bay Area. Additionally, we estimated a fourth set of multipliers for Benicia. Our final product of calculations is broken down into the total economic output, earnings, and employment impact to each of our economic regions.

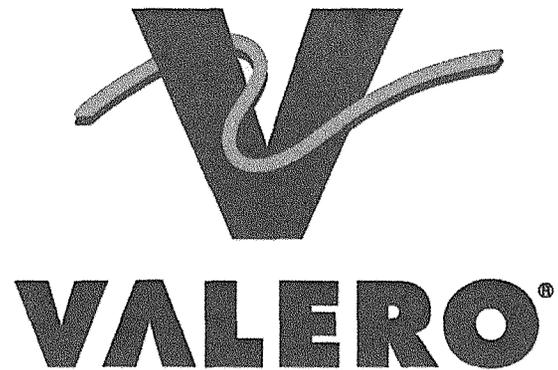
## Appendix 2: Case Study Interviews

Andrew Chang & Company conducted seven interviews on Wednesday April 2, 2014.

Interviews were conducted in Valero's offices at the Benicia Refinery.

Interviewees include:

- Deanne Sandoval -Ponder, Sandoval's
- Viola Robertson & Fred Railsback, Benicia Community Action Council
- Lisa Koenen, Benicia Education Foundation
- Gary Bruce, McJunkin
- Elizabeth d'Huart, Benicia Historical Museum
- Ken Hoehn, Guarantee Electrical
- Claire McFadden, Best Western Heritage Hotels



Valero's Economic and Revenue Impacts on the City of Benicia &  
the San Francisco Bay Area

Prepared by:

Andrew Chang & Company, LLC

May 30 2014

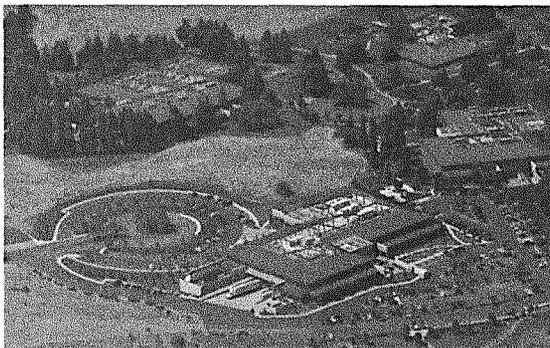
## Our understanding of the situation

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- Valero is the City of Benicia's largest employer. With nearly 500 employees in skilled, administrative and management roles Valero has been providing quality middle class manufacturing jobs in the area since it acquired the plant in 2000. The refinery's construction in 1969 helped to revive an economy that was shrinking due to the relocation of U.S. Army operations. Between its hundreds of employees, hundreds of millions of dollars of vendor spending, taxes and charitable contributions, Valero is a critical aspect of the local economy and source of revenue for the City of Benicia
- The refinery processes up to 180,000 barrels per day, producing gasoline that meets California's high air quality standards, diesel, jet fuel and other fuels, and asphalt. It provides the Bay Area with 25% of its gasoline and 10% of the state's consumption. It has invested billions ensuring it meets the highest standards of environmental protection
- The refinery is positioned on the north shore of the Carquinez Strait, providing access to crude oil feedstock by ship or pipeline. The refinery's primary crude sources come from the San Joaquin Valley, Alaska and foreign sources. In order to improve its competitive position, Valero is seeking to build a rail offloading rack to the refinery, which would allow it access additional crude oil from North American sources available by rail
- Andrew Chang & Company has been retained to measure the economic impacts of Valero's operations in Benicia and the surrounding area and the revenue it generates for the City's budgets

# Benicia's economy is heavily reliant on manufacturing

## Manufacturing



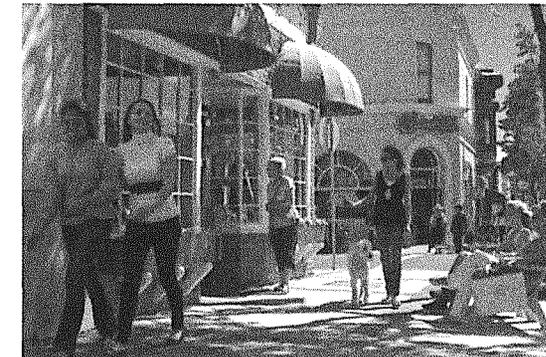
- Manufacturers in Benicia employ over 2,600 people and support its 1,400 wholesale and nearly 500 transportation employees
- Large manufacturing employers include Valero (450+ employees), Dunlop (250), Cytosport (220) and Bio-Rad Laboratories (210)
- Manufacturing is among the higher paying industries, with average weekly earnings of \$58k in California, nearly 10% higher than the average private employer. Manufacturing remains one of the few paths to the middle class for workers without a college education
- In addition to its direct employment, manufacturing industries bring thousands of customers into Benicia each day

## Commercial



- Benicia has four commercial areas in its residential section as well as commercial developments in its historic downtown
- These developments include 3,800 employed in professional and business services and 1,600 in retail, some of which are shared with the tourism industry
- The retail sector is considerably smaller than typical with more than 40% less per capita retail activity, despite above average earnings of residents
- Benicia has high levels of leakage in general merchandise, restaurants and apparel.

## Tourist



- Benicia has a small, but active tourist industry centered around its historic downtown.
- The sector includes specialty retail, services and restaurants.
- Although these are typically lower paying sectors, a large portion of the businesses are locally owned and owner-operated.

## Valero contributes to the local economy in four primary ways

### Employs local workers



### Supports local businesses



### Pays taxes

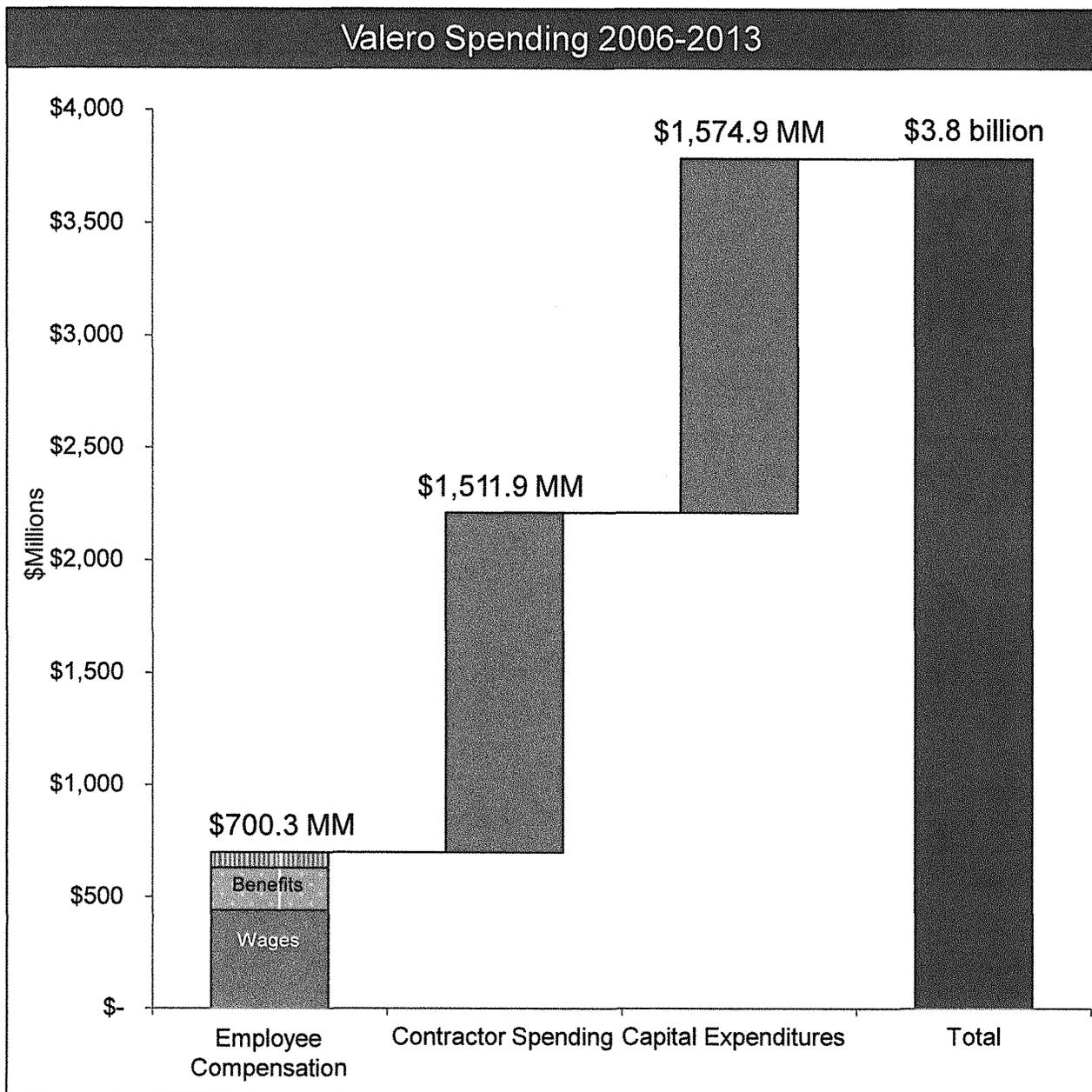


### Supports charitable causes



- Valero directly employs over 450 local workers with over 250 contractors working on-site, daily
- In total, Valero's activities create or support 3,900 jobs in the region, generating \$1.6 billion in employee compensation
- Since 2006, Valero has paid over \$3 billion to contractors, over 2/3 to businesses in the region, generating \$4.3 billion in economic activity
- Approximately \$400 million was paid to local businesses within Benicia
- Valero owns nearly 900 acres of industrial land in Benicia, housing its refinery and other operations, leading to over \$3 million annually in property taxes paid to the city
- Valero spends over \$4 million additionally on other City taxes
- Valero and its employees have donated \$13.7 million over the last decade to local charities, including children's charities and the local food bank

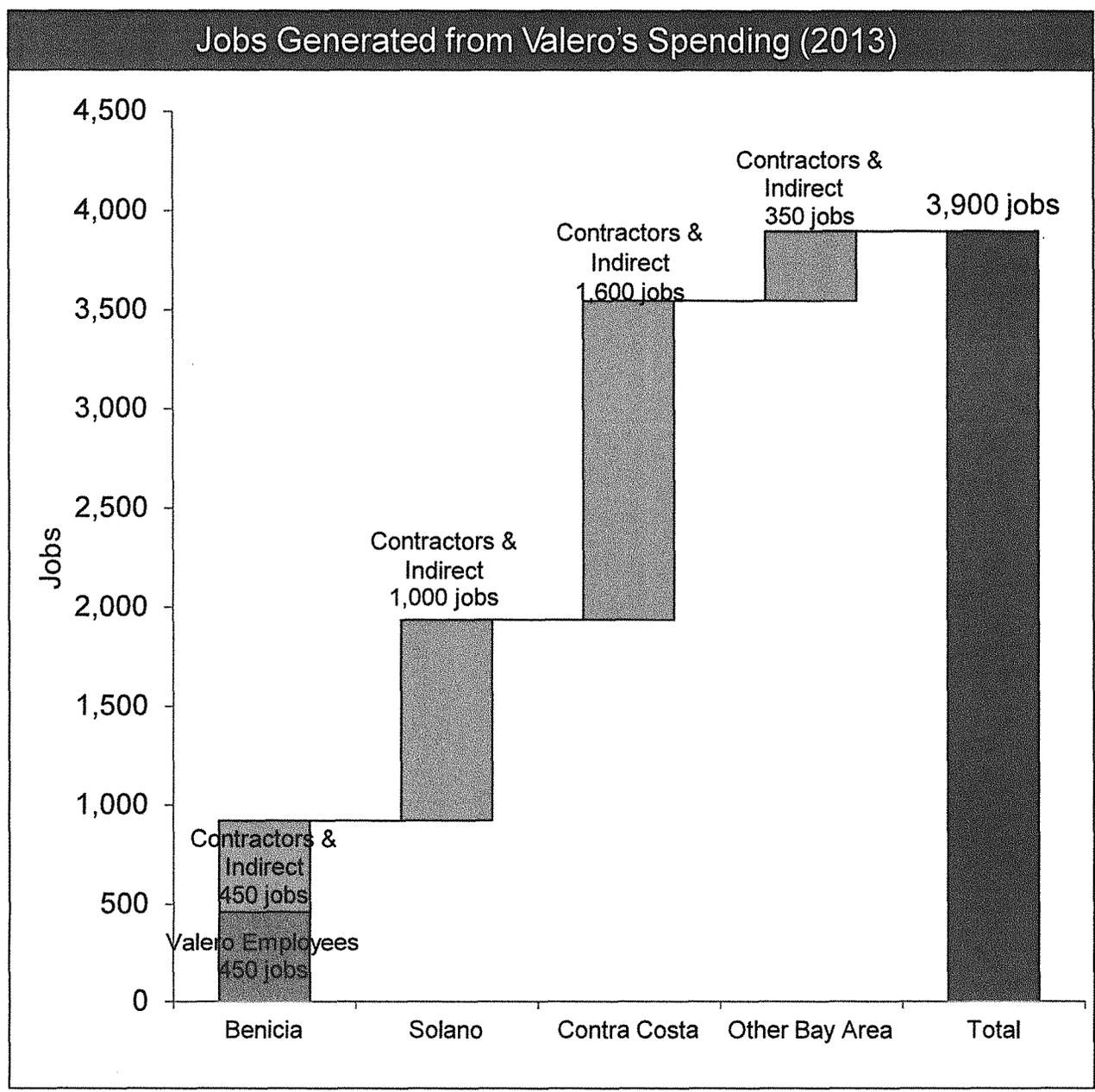
# Valero spent nearly \$3.8 billion on operations, maintenance and capital improvement for its Benicia facility over the last eight years



- ### Key Observations
- Since 2006, Valero has spent \$3.8 billion to fund its operations, maintenance and capital investments
  - This includes:
    - Over \$700 million on compensation and benefits to its employees
    - Over \$1.5 billion on contractor spending for maintenance and operations
    - Over \$1.5 billion on contractor spending for capital improvements
  - This is the equivalent of building the recent Carquinez Bridge upgrade fifteen times over

Source: Valero Internal Data

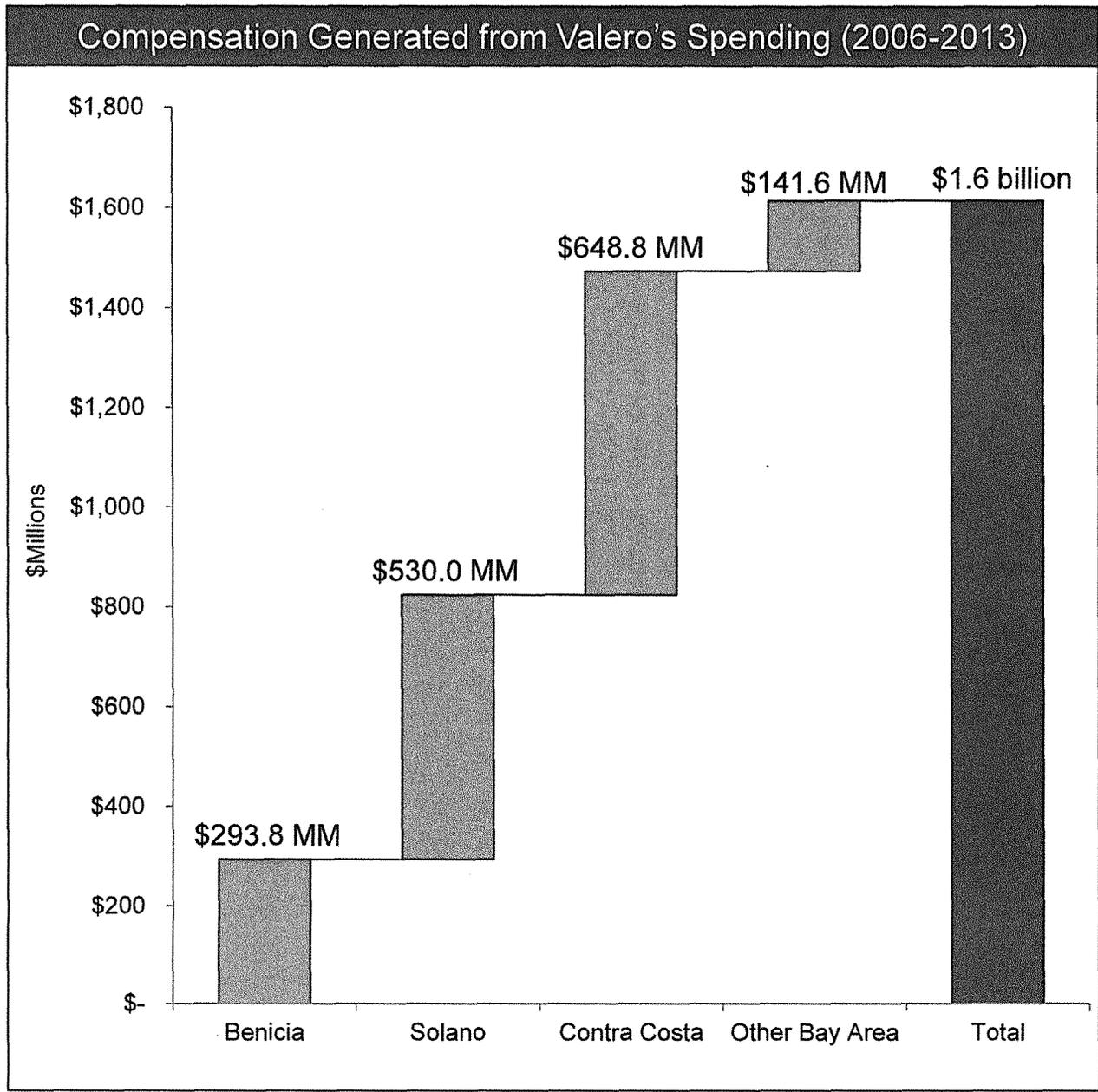
# Valero's operations, maintenance and capital improvements created over 900 jobs in Benicia and an additional 3,000 jobs in the region



- ### Key Observations
- Valero's economic activity leads to 3,900 additional FTE jobs in the Bay Area
  - Approximately 450 of these jobs are Valero employees and an additional 250 are contractors that work on-site
  - At least 900 total jobs are created in Benicia itself, although this may understate the true impact, because standard multipliers don't account for Valero's strong impact as a "magnet", with numerous suppliers locating in the industrial facility surrounding it
  - 3,000 additional jobs are generated in the Bay Area, with the great majority in the surrounding communities of Solano and Contra Costa Counties
  - This estimate is conservative, because we assume that all contractor spending with non-local firms is lost to leakage (or otherwise not recirculated in the local economy)

Source: Valero Internal Data and ACC Calculations

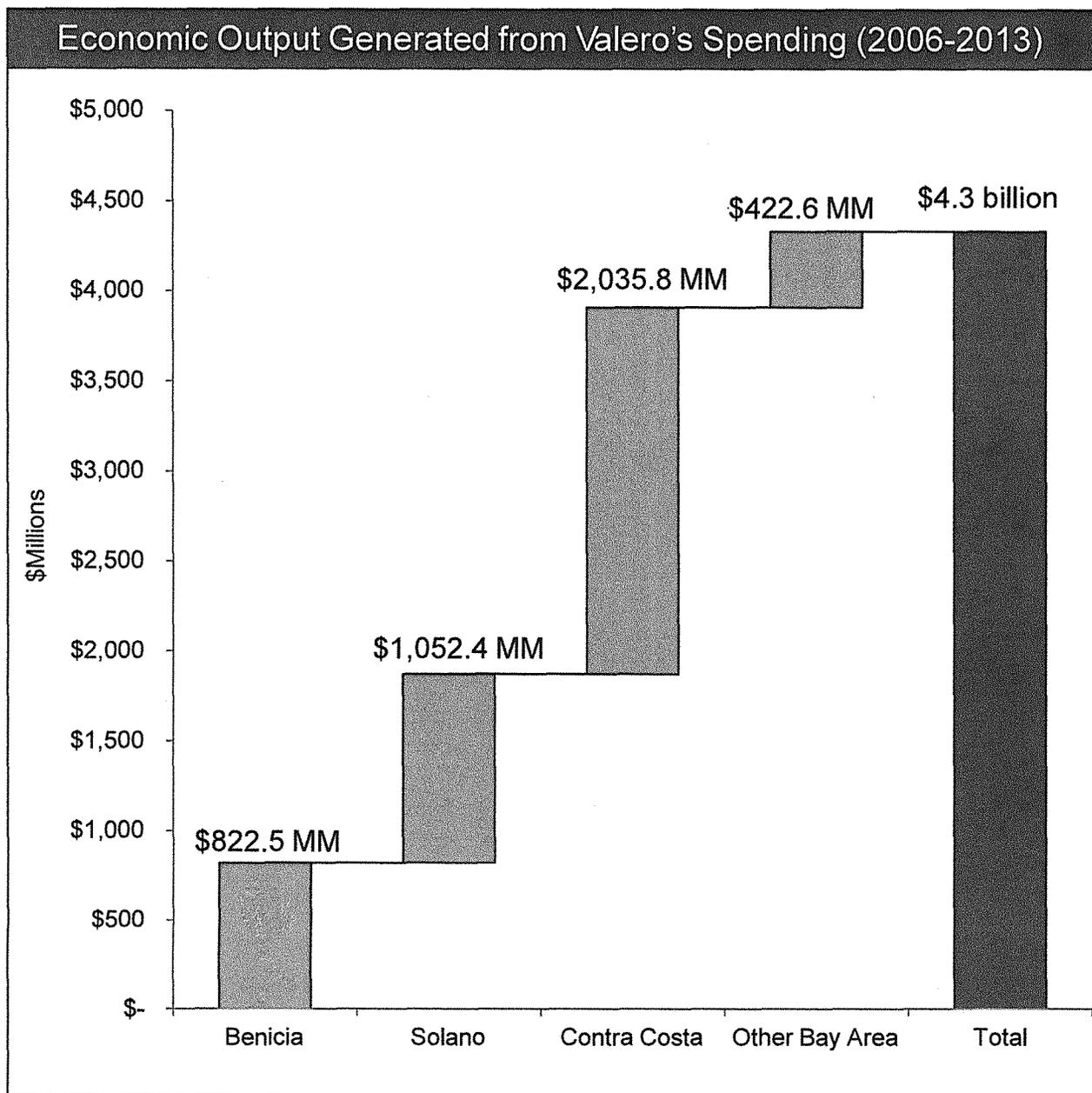
# This spending created over \$1.6 billion of increased employee compensation in Benicia and the surrounding region



- ### Key Observations
- The economic activity generated in the Bay Area by Valero's work has led to an increase of \$1.6 billion in regional employee compensation
  - Nearly \$300 million of this compensation is concentrated in Benicia itself
  - Annually, Valero generates employee compensation comparable to Solano County's entire Professional, Scientific and Technical industries
  - This estimate is conservative, because we assume that all contractor spending with non-local firms is lost to leakage (or otherwise not recirculated in the local economy)

Source: Valero Internal Data and ACC Calculations

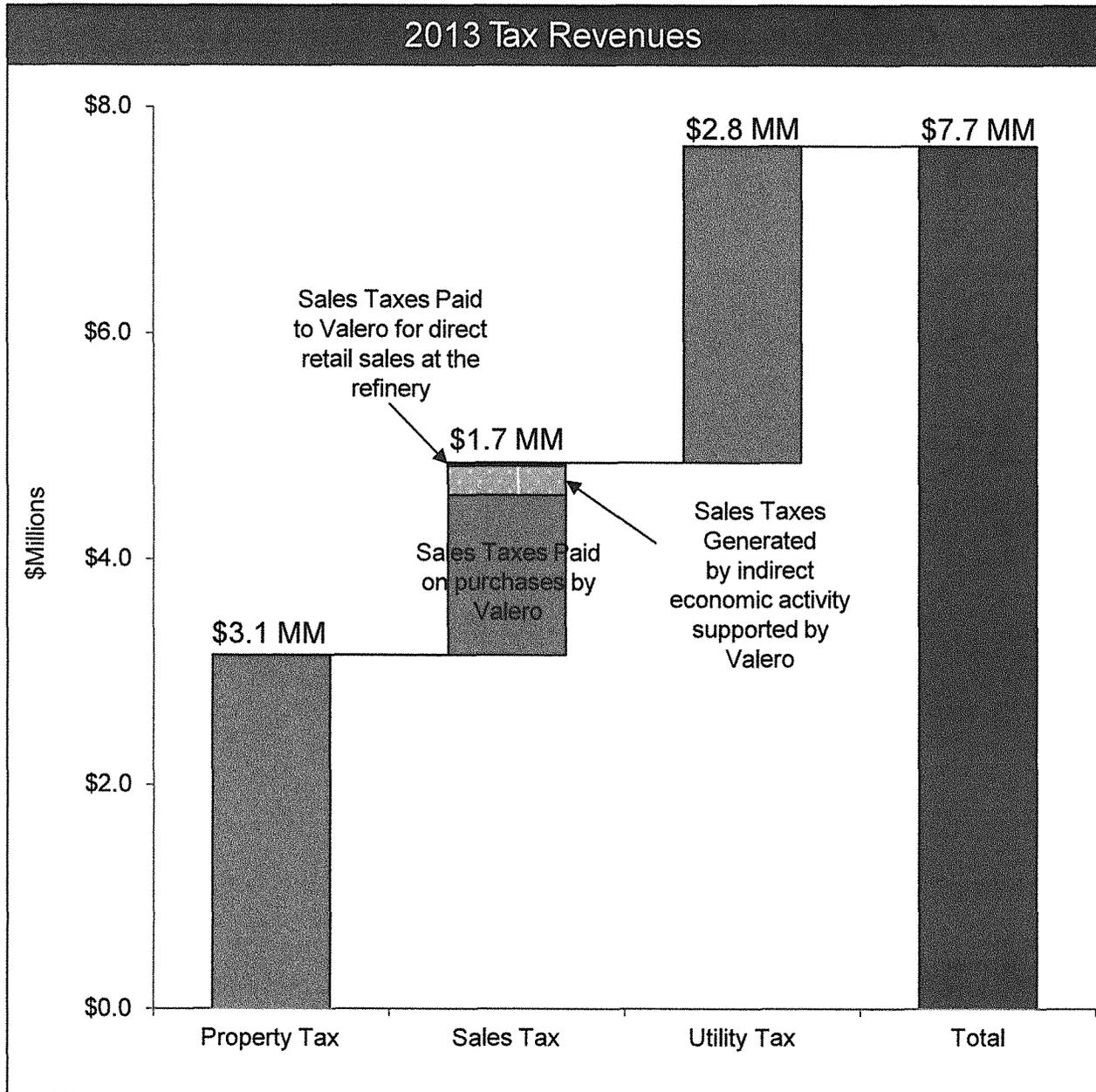
This spending created over \$4.3 billion of economic activity in Benicia and the surrounding region



- ### Key Observations
- Valero's spending and investments have generated \$4.3 billion in additional economic activity in the Bay Area
  - Over 20% of this economic activity, \$822.5 million was generated in Benicia itself
  - Annually, Valero generates more economic activity than Solano County's entire information technology industry and transportation industries combined
  - This estimate is conservative, because we assume that all contractor spending with non-local firms is lost to leakage (or otherwise not recirculated in the local economy)

Source: Valero Internal Data and ACC Calculations

# Direct and indirect economic activity related to Valero contributes \$7.7 million to the City of Benicia's tax revenues

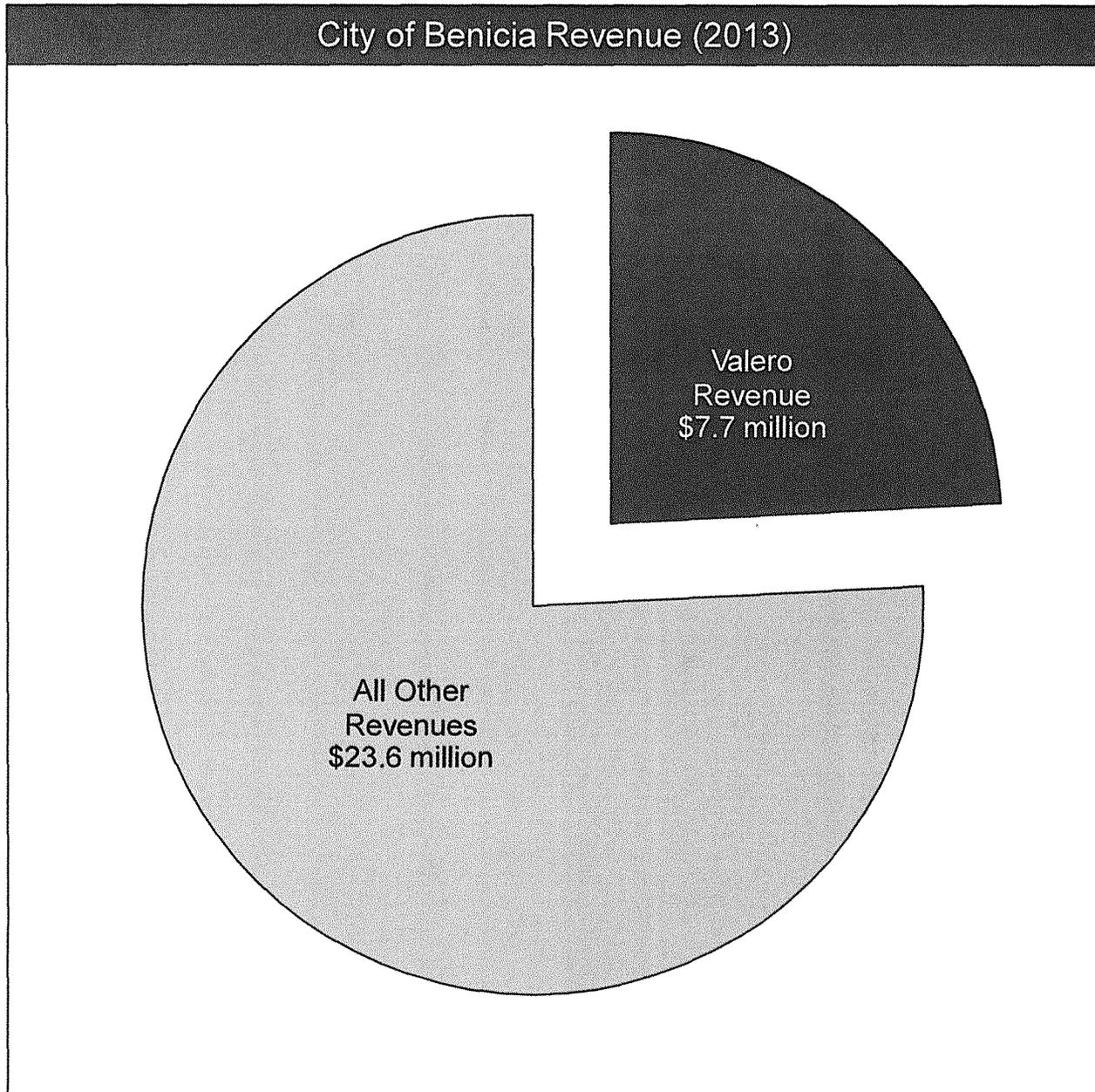


## Key Observations

- We estimate that Benicia received \$7.7 million in taxes directly from Valero and in additional sales tax generated from indirect economic activity
- Valero is responsible for three types of sales & use tax generation. The largest (dark gray) portion, is taxes directly paid for goods purchased by Valero. The second largest (light gray with spots) is from sales tax generated through indirect economic activity. The smallest is from direct retail sales at the refinery, primarily asphalt.
- This estimate is conservative, because we assume that all contractor spending with non-local firms is lost to leakage
- NOTE: These figures are based on current policy and property valuations. The property tax figure may change, based on an appeal before the County Assessor

Source: Valero Internal Data and ACC Calculations

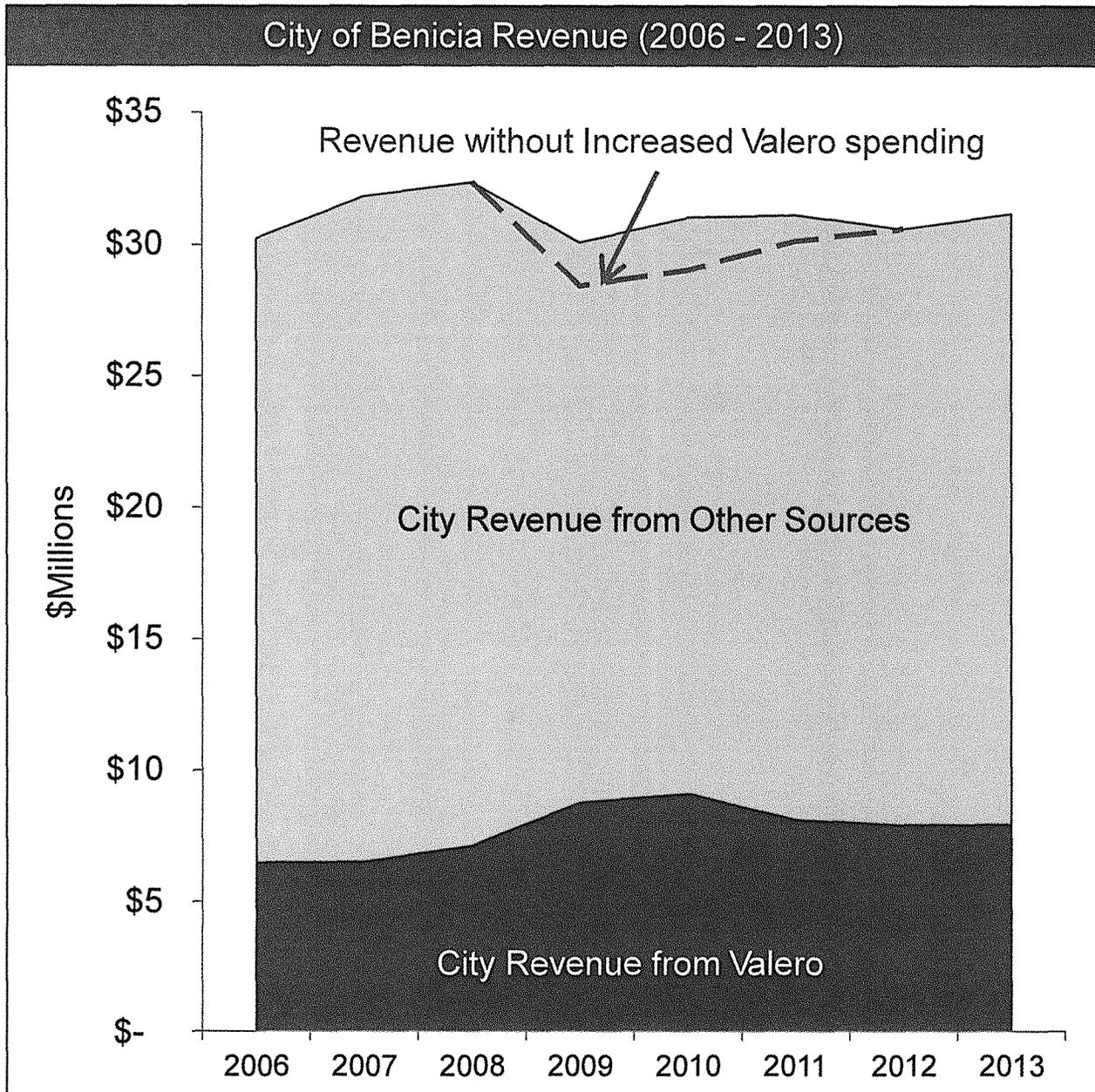
# Revenue from Valero's activities makes up one quarter of the City of Benicia's budget



- ### Key Observations
- Valero, its employees, and taxes generated by its contractors from business generated by Valero contributed about \$7.7 million to the City of Benicia's General Fund in 2013
  - This accounts for 25% of all General Fund revenue the City generated that year
  - Over the last eight years, this has varied from as low as 20% to as high as 29%, depending on broader economic conditions and Valero's capital investments
  - \$7.7 million is enough to fund the Fire Department, the City Council, City Attorney, City Clerk and City Treasurer with a quarter million dollars left over

Source: Valero Internal Data and ACC Calculations

During the recession, when the City's revenue fell, Valero's contributions increased, staving off further cuts



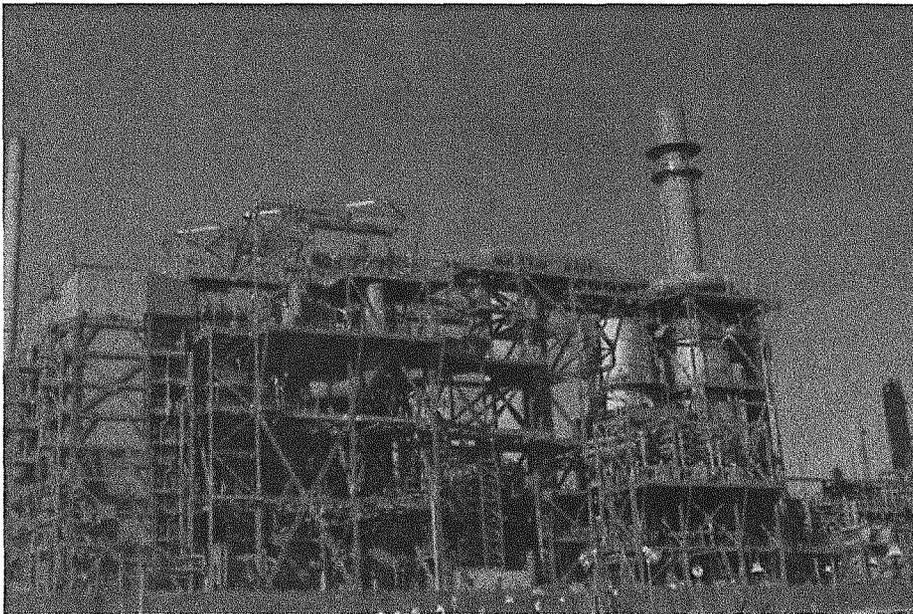
### Key Observations

- As the Great Recession hit most local governments, it also hit Benicia, causing a decrease of 7.1% in General Fund revenues
- The drop could have been much worse. During this period, Valero invested heavily in capital infrastructure for its Benicia facility
- Without this increase in spending, Benicia would have lost about \$2 million per year in revenue over a three year period, resulting in a 12% reduction, which presumably would have forced additional cuts to City services

Source: Valero Internal Data and ACC Calculations

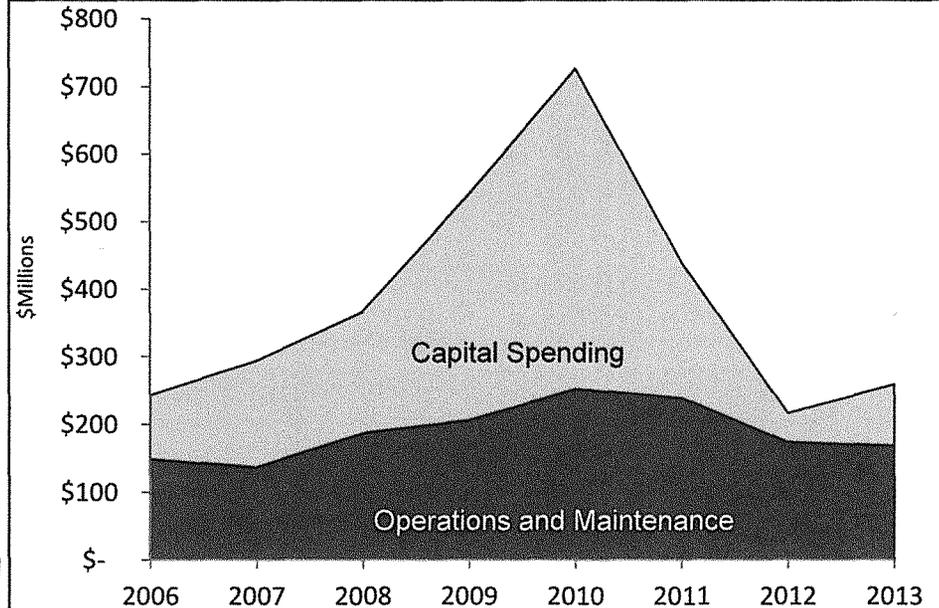
## Capital investment leads to spikes in economic activity

### Valero Scrubber Upgrade



- Over the course of 2009 and 2010, Valero spent \$750 million building and installing a new Flue Gas Scrubber. The project employed 1,900 workers daily
- The state-of-the-art Scrubber is one of the world's largest. The purpose of the Scrubber is to reduce emissions produced from the refining process
- This installation lowered sulfur dioxide emissions by 95 percent and nitrogen oxide emissions by 55 percent
- Valero has invested millions more on technologies to reduce flare events and the resulting emissions, wastewater discharge and energy consumption

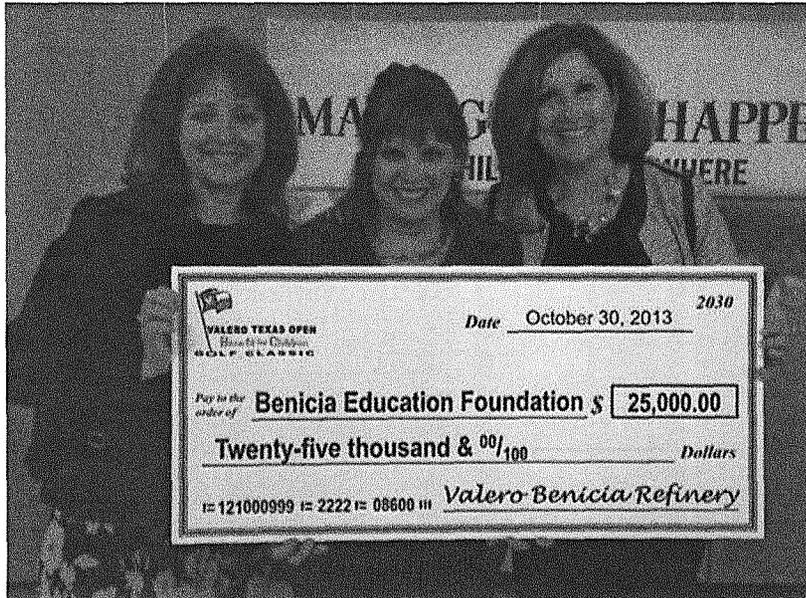
### Valero Contractor Spending (2006 - 2013)



- Spending on operations and maintenance is relatively consistent, though it is generally growing over time, as improvements to the facility require additional work
- In addition to this ongoing work, Valero makes capital investments to improve the facility, ensure its ongoing economic viability and improve its environmental footprint
- Valero has spent nearly \$1.6 billion over the last eight years on capital improvements, most of this on projects to improve environmental performance
- The largest share of this work occurred during the recession, creating badly needed jobs and providing a valuable backstop to the City's budget

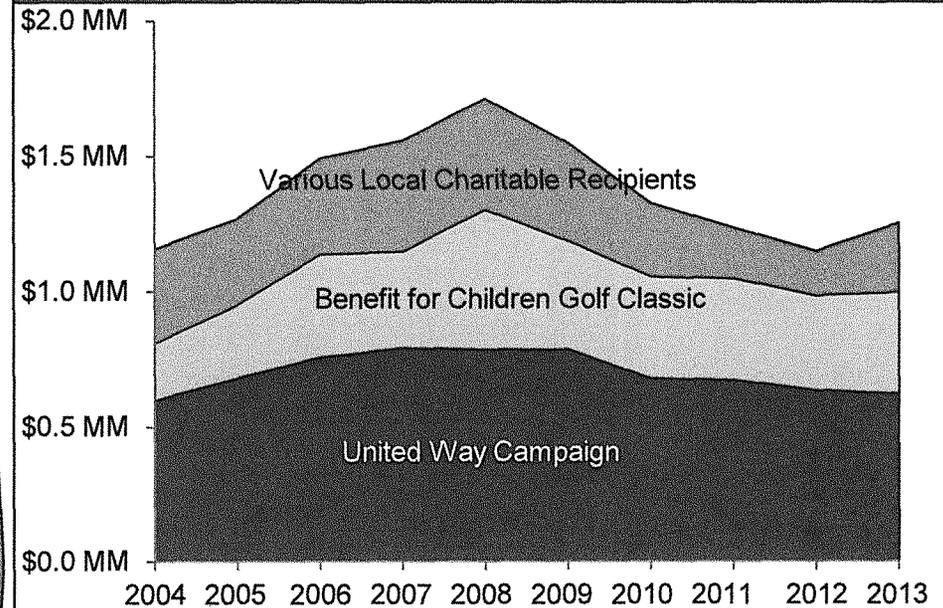
## Valero has donated nearly \$14 million to local charities over the last decade

### Benicia Education Foundation



- The Benicia Education Foundation was established by parents to fill a growing need for private funding of Benicia's public schools to sustain educational excellence
- Valero has been its leading financial supporter, providing about 10% of its annual funding
- Valero also provides volunteers at BEF's large events and Valero engineers provide twice weekly tutoring sessions in math and science at the high school and middle school
- BEF has been on a substantial growth path since 2004 restructuring, led by a Valero executive and then BEF Board Member:  
"It was a moment of faith. They essentially said, we endorse your funding model. We would like to give you the check and let you figure out the greatest need through your relationship with the district." Lisa Koenen, BEF President

### Valero's Charitable Donations (2004 - 2013)



- Over the last decade, Valero has donated \$13.7 million to local charities
- This includes an average of \$700,000 annually to the United Way Campaign, which is funded by employee contributions and a corporate matching donation; \$360,000 from the Benefit for Children Golf Classic, which is held each March and funds local children's organizations; and \$300,000 of other donations to numerous local non-profits

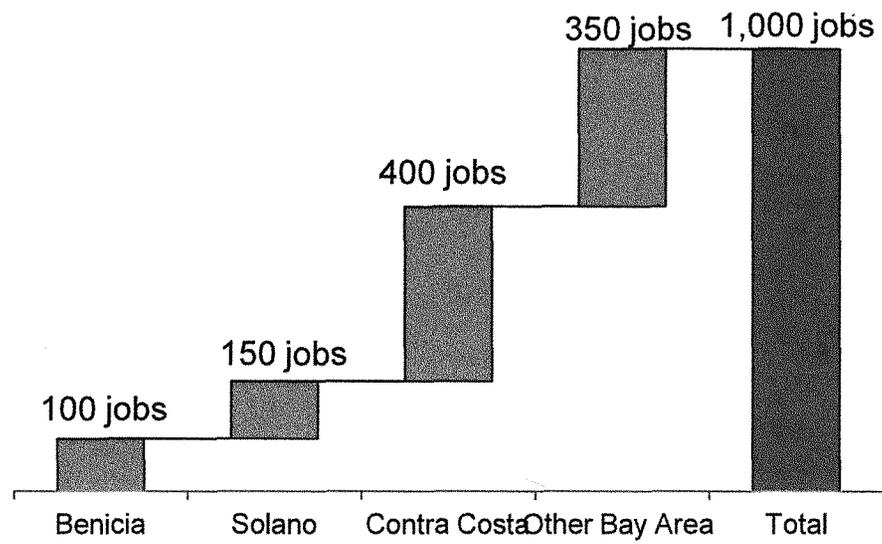
# Crude-by-rail investments will add 1,000 jobs in 2014 and nearly \$200 thousand in additional City Revenue

## Crude-by-rail



- Valero has proposed installing a rail car unloading rack, allowing it to receive crude from rail sources. This would expand the Benicia refinery's access to North American crude oil from landlocked sources
- Valero would be permitted to receive 70,000 bbl per day of crude oil. The project would not increase the overall amount of crude oil processed. New crude brought by rail would displace existing sources, transported by ship
- Crude-by-rail is currently operating in the region, transporting crude oil to other refineries in the region

## Jobs from Crude-by-rail Construction (2014)



- Valero estimates they will spend \$55 million constructing the crude-by-rail facility. This will primarily go to labor and materials, as well as engineering services
- Construction will directly and indirectly create over 1,000 jobs in 2014, creating \$200,000 in additional sales tax revenue over the course of construction
- Ongoing operations will create 20 permanent jobs and indirectly generate an additional 30-40 jobs in the region
- We estimate property valuation will increase by approximately \$55 million (to be determined by the County Assessor). This will lead to an additional \$175,000 of property tax revenue for the City of Benicia annually moving forward. Additionally, the economic activity generated will produce an additional \$20,000 annually in sales tax

Source: Valero Internal Estimates and ACC Calculations

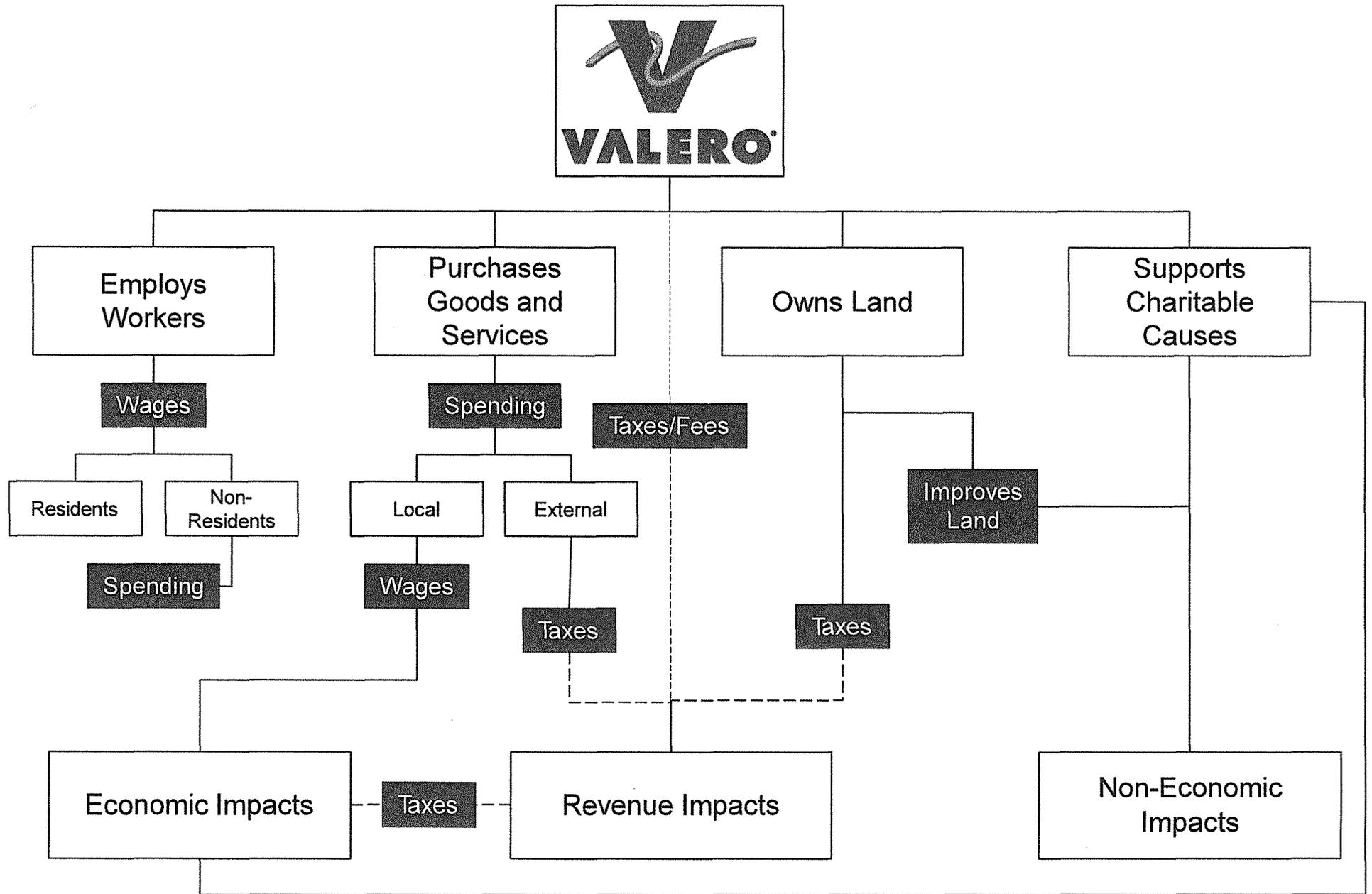
## Conclusion

---

- Valero is an essential member of Benicia's economy and a valuable source of government revenue
- Valero and its suppliers create over 900 FTE jobs in Benicia, paying nearly \$300 million over the last eight years
- They generate \$7.7 million annually in city taxes, supporting 25% of the city's budget and an increase due to capital investment helped buttress the city's budget during the recession
- Benicia relies on Valero to support its local economy, employ its citizens, fund the city's budget and support local non-profits

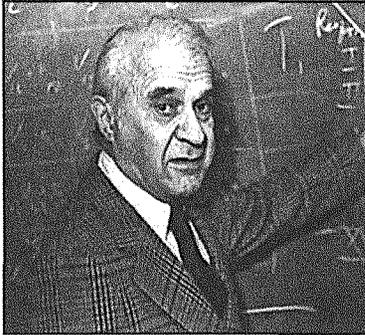
- Overview of Model
- RIMS Multipliers
- Case Studies

# Appendix: Overview of model



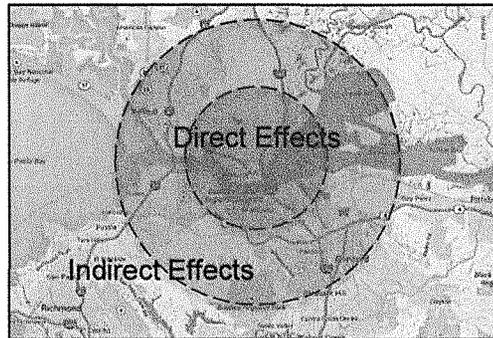
# Appendix: RIMS Multipliers

## History



- The input-output analysis was ostensibly developed as an effective economic framework by Wassily Leontief (1906-1999), a Soviet economist who emigrated to the United States and joined the faculty at Harvard University in 1931
- Leontief adapted input-output analysis to the U.S. economy and by the 1960s economists were widely using them to assess impact of policies and events on the economy
- Leontief received the 1973 Nobel Prize in Economic Sciences for his pioneering efforts in developing this method
- Today, input-output models are used regularly as a national and regional economic impact and forecasting tool. Probably its most visible and publicized use includes projecting the economic impacts of sports facilities, military bases and tourism.

## How Multipliers Work



- Economic multipliers are tied to specific industries and estimate the additional jobs, economic output, and personal earnings generated from an additional dollar spent in a given area
- An input-output model divides the national or regional economy into various industrial sectors and tracks how much each industry must purchase from every other industry to produce one unit of output. The model contains feedback loops that force most industries to produce more than the “direct output requirements” would seem to imply
- Through a matrix inversion, all of these feedback loops collapse into one step and calculates the extra (“indirect”) output requirements they create. The ratio of the total requirements to the direct requirements is called the input-output multiplier

## How We Applied Them



- We obtained appropriate corresponding industry multipliers (e.g. retail trade, ambulatory health care services, construction, warehousing & storage, nursing & residential care facilities and households). We acquired three sets of multipliers, one for Solano County, one combining Solano and Contra Costa Counties and a third for the nine-county Bay Area. Additionally, we estimated a fourth set of multipliers for Benicia
- Our final product of calculations is broken down into the total economic output, earnings, and employment impact to the City of Benicia and surrounding areas
- Our economic output impact measures the change in the total value of all of the goods and services coming from Benicia
- Our earnings impact measures the total dollar change in yearly earnings of all households in Benicia
- Our employment impact measures the total change in the number of jobs in Benicia

## Appendix: Case Studies

### Guarantee Electrical / MRC



- Valero acts as a powerful magnet, causing large national corporations to open operations in Benicia. MRC and Guarantee Electrical are two such examples of this, with national footprints and midwestern corporate headquarters, neither company has other ties to Benicia
- Both companies have chosen to locate in the Benicia industrial park largely due to its proximity to Valero
- Companies like these employ dozens of skilled tradesmen, providing quality, middle class employment opportunities for hard working locals without a college education
- "We look at it as, we're a subsidiary or an arm of Valero." Gary Bruce, MRC

### Sandoval's / Best Western Heritage Hotels



- Valero also supports local service businesses, both directly, purchasing catering and other similar services and indirectly, by bringing hundreds and sometimes thousands of workers into town each day
- "Without Valero, Benicia would be a ghost town." Deanne Sandoval-Ponder, Sandoval's

## Contact Information

---

Andrew Chang & Company, LLC  
1107 9<sup>th</sup> Street, Suite 501  
Sacramento, CA 95814  
Main: 916-538-6091

Join the growing number of Benicia residents and businesses who have written in support of this project.

*\*Partial list*

Ralph Aguiar  
*Benicia Resident*

John Ash  
*Benicia Resident*

Sylvia Francisco  
*Benicia Resident*

Larry Fullington  
*Benicia Resident*

Dennis Lewis  
*Benicia Resident*

Richard Linn  
*Benicia Resident*

David R. Lockwood  
*Benicia Resident*

Harry Newhall  
*Benicia Resident*

Don Stock  
*Benicia Resident*

Gail Stock  
*Benicia Resident*

Jeff McEuen  
*Iron Workers Local 378*

Dan Broadwater  
*Int'l Brotherhood of  
Electrical Workers Local 180*

Ben Espinoza  
*Cement Masons Local 400*

Melvin L. Breshears  
*Heat and Frost Insulators  
and Allied Workers  
Local Union No. 16*

Tom Cepernich  
*President, Benicia Fabrication  
and Machine Inc.*

Roger Green  
*F & P Engraving*

Eric Hoglund  
*2013  
Chairman of the Board,  
Benicia Chamber of Commerce*

Jim Ponder  
*President,  
Ponder Environmental  
Services*

Tim Rose  
*President, CFM - SF, Inc.*

Randy Scott  
*General Manager, Ampports*



Dear Neighbor,

We are writing to let you know about Valero's Crude by Rail infrastructure project. The Valero Benicia Refinery has been an active member of our community since 2000 and provides over 700 quality local jobs. In addition to contributing over 20% of Benicia's total General Fund revenue annually, the Valero Benicia Refinery donates over a million dollars each year to non-profit organizations in our community and the surrounding Bay Area.

Valero's Crude by Rail project will make no changes to refinery process equipment or operations. It simply adds three short rail racks and an off-loading rack on the refinery's property. This improvement is an important economic investment in Valero's regional competitiveness. This project will also allow the refinery to continue investing in our community and providing vital long-term tax revenue for our city services.

Importantly, the project will:

- **Bring jobs to Benicia:** At least 20 permanent jobs will be created and over 120 skilled craftsman jobs will be added during construction.
- **Protect air quality in the region:** Valero remains committed to meet or exceed the existing air quality standards set by the Bay Area Air Quality Management District. This project could reduce marine deliveries of crude oil by more than 80% and reduce associated emissions.
- **Maintain current refinery safety:** The Valero Benicia Refinery is the only refinery in Northern California to earn the Cal/OSHA Voluntary Protection Program Star Site designation for its safety practices and procedures.

Over>>>

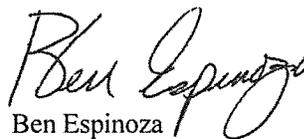
Valero Benicia Refinery • 3400 East Second Street • Benicia, CA 94510

We'd like to invite you to join local stakeholders including residents, community leaders, labor organizations, and business owners in supporting Valero's Crude by Rail infrastructure project. Simply take a moment to fill out the enclosed card and drop it in the mail so we can keep you informed about this important project.

Sincerely,



John Hill  
Vice President & General Manager  
Valero Benicia Refinery



Ben Espinoza  
President, Napa-Solano  
Building & Construction Trades Council

## **PROJECT FACTS**

### **Project Goal**

The primary purpose of this project is to allow the refinery to continue producing fuels for the California market in the most efficient and economically competitive way possible.

### **Safety Matters**

The Valero Benicia Refinery is the only refinery in the Bay Area to have earned the Cal/OSHA VPP Star Site designation for voluntarily implementing a variety of programs that go beyond Cal/OSHA standards. The Valero Benicia Refinery will continue to uphold their commitment to safety with this Crude by Rail project.

### **Helping the Environment**

Complementing crude delivery by pipeline and marine vessel, this Crude by Rail project could reduce marine deliveries by more than 80% — resulting in fewer air emissions within the Bay Area Air Basin.

**Valero Benicia Refinery** • 3400 East Second Street • Benicia, CA 94510

*For more information on Valero's Crude by Rail Infrastructure Project contact Valero via email at [info@beniciaCBR.com](mailto:info@beniciaCBR.com) or by phone at (707) 654-9745.*



- Yes, I support the Valero Crude by Rail Infrastructure Project — Please share my support with City Leaders.
  
- Please keep me informed on the project and let me know about upcoming community meetings.

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NAME

---

JOB TITLE/OCCUPATION

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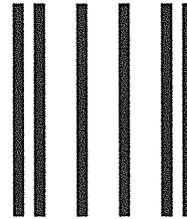
ADDRESS

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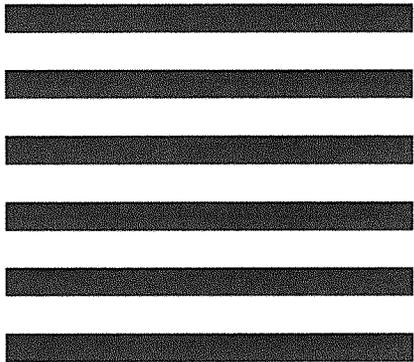
CITY, ZIP

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P.O. BOX 845  
BENICIA CA 94510-9915





We'd like you  
to get involved —  
mail this card  
back today!

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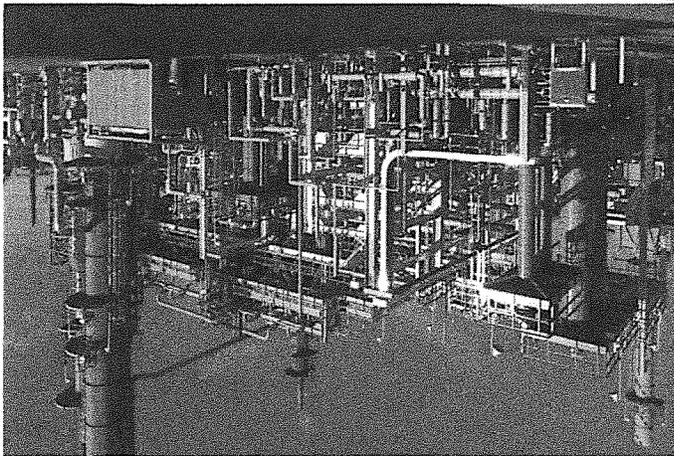
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BENICIA CA 94510-9915



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UNITED STATES



*Show your support today!*



Valero's Crude by Rail  
Infrastructure Project  
will create new jobs,  
generate millions of  
dollars in local tax  
revenues and increase  
access to domestic  
energy supplies.

VALERO  
BENICIA REFINERY



Valero is an important member of the Benicia community. The Refinery accounts for approximately 25% of the City's General Fund revenue and pays over \$7 million in City taxes each year.



"The Valero Benicia Refinery provides thousands of jobs in the region and generates billions in economic activity. Valero's significant contribution to Benicia's General Fund helps keep the City running smoothly."

~Jason Sobelman  
UA Local 343  
Journeyman Pipefitter



"We are excited to see both the City and local businesses investing in these types of infrastructure projects that will ultimately bring more growth and opportunities to our area for families like ours."

~Jeffery & Maria Lord

Valero Benicia Refinery  
P.O. Box 845  
Benicia, CA 94510-9915

**Supporters of  
Valero's proposed  
project include:**

- Iron Workers Local 378
- Int'l Brotherhood of  
Electrical Workers  
Local 180
- Cement Masons Local 400
- Benicia Community  
Small Businesses  
and Residents
- Benicia Chamber of Commerce
- BIPA
- Eric Hoglund  
2013 Chairman of the Board,  
Benicia Chamber of Commerce
- Jim Ponder  
President,  
Ponder Environmental Services
- Pierre Bidou  
Retired Benicia Chief of Police

To learn more please visit [BeniciaCBR.com](http://BeniciaCBR.com). Have Questions? Call or email us today!



(707) 654-9745



[info@beniciacbr.com](mailto:info@beniciacbr.com)

# Project Description:

Valero's Crude by Rail project will make no changes to refinery process equipment or operations. It simply adds three short rail tracks and an offloading rack on the refinery's property. This improvement is an important economic investment in Valero's regional competitiveness that will increase access to domestic energy supplies while bringing jobs and tax revenue to Benicia.

## The City of Benicia's Draft Environmental Impact Report (DEIR) found:

- "Long-term operations of the Project would result in a beneficial impact to air quality in the BAAQMD" (DEIR, 4.1-19)
- Substituting rail delivery for marine delivery reduces the risk of a crude oil release (DEIR, 4.7-18)
- Employee safety standards "exceed mandatory compliance measures" (DEIR, 4.7-15)

 **Send in the attached letter today to comment on the DEIR and support Valero!**



## Economic Impact:

- A recent economic impact report found that the Valero Benicia Refinery:
- Directly employs over **450** local workers and an additional **250** contract workers
  - Generated **\$4.3 billion** in economic activity since 2006
  - Donated **\$13.7 million** to local charities in the past decade

This project will allow the refinery to continue investing in our community and providing vital longterm tax revenue for our city services by:

- Creating at least **20** additional fulltime good paying jobs at the refinery
- Requiring approximately **120** skilled craftsman jobs during construction
- Supporting **3900** jobs in the region through Valero's activities
- Generating millions in additional tax revenues and increased economic activity



## Safety:

The Valero Benicia Refinery is one of the safest refineries in the nation. Cal/OSHA recently recertified the refinery as a Voluntary Protection Program STAR Site for going above and beyond Cal/OSHA safety standards and procedures — a continuous distinction since 2006.



## Community Partner:

Valero's CBR project will ensure the refinery remains a strong and healthy member of the local community — in the last decade Valero and its employees have donated \$13.7 million to local charities.

## To Benicia City Leaders:

I urge you to approve Valero's Crude by Rail Infrastructure Project. It will create new jobs, generate millions of dollars in local tax revenues and increase access to domestic energy supplies while producing clean local energy. Valero's CBR project will ensure the refinery remains a strong and healthy member of the community. In the past decade, Valero and its employees have donated \$13.7 million to local charities and the company has generated 25% of Benicia's tax revenue to help fund local services like police and fire departments.

## Additional comments:

---

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---

---

With thanks,

Signature

Print Name

Job Title

Organization

Street Address

City

State

Zip Code

Phone

Email

Yes, you may list me publicly as **SUPPORTING** the Valero CBR Project.



**VALERO<sup>®</sup>**  
**BENICIA REFINERY**

3400 East Second Street • Benicia, CA 94510



*Important information for Benicia residents...*

# Valero's Crude by Rail Infrastructure Project

Thank you for your support.



## SUPPORTERS\*

The below Benicia residents and businesses have written in support of the Valero CBR project.

Jeff McEuen  
Iron Workers Local 378

Dan Broadwater  
Int'l Brotherhood of  
Electrical Workers Local  
180

Ben Espinoza  
Cement Masons Local 400

Melvin L. Breshears  
Heat and Frost Insulators  
& Allied Workers Local  
Union No. 16

Tom Cepernich  
President, Benicia  
Fabrication and Machine  
Inc.

Roger Green  
F & P Engraving

Eric Hoglund  
2013 Chairman of the  
Board, Benicia Chamber  
of Commerce

Greg Partch  
Plumbers and  
Steamfitters W.A. Local  
No. 343

Jim Ponder  
President, Ponder  
Environmental  
Services

Tim Rose  
President, CFM - SF, Inc.

\*Partial Listing

Dear Elizabeth,

Thank you for your support of the Valero Crude by Rail Infrastructure Project. We appreciate you taking the time to return your support card and look forward to partnering with you throughout the approval process.

Valero's CBR project will ensure the refinery remains a strong and healthy member of the local community. We will keep you informed of the project's status, ways to get involved and current developments. If you have any questions, please do not hesitate to contact us.

## TIMELINE for the CBR Project

- According to the city, the Draft EIR release date is tentatively scheduled for June. We will be requesting support letters - stay tuned.
- Valero will host a community meeting to explain and answer questions regarding the Draft EIR once it is released.

*"With the Valero Benicia Refinery being one of the newest and most advanced refineries in the nation, and having a commendable safety record, they ask to continue doing what the refinery was designed to do, refine crude oil."*

— Eric Hoglund  
2012-2013 Chairman of the Board  
Benicia Chamber of Commerce

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[www.beniciacbr.com](http://www.beniciacbr.com)



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# Valero's Crude by Rail Infrastructure Project

## June Update



VALERO  
By the Numbers

# 450

Local workers  
directly employed

# 250

Contract workers  
employed daily

# \$4.3

 Billion

Generated in  
economic activity

# \$13.7

Million  
Donated to local  
charities in the last  
decade by Valero  
and its employees

\*Numbers based on a  
2014 report by Andrew  
Chang & Company that  
studied Valero's

Dear Elizabeth,

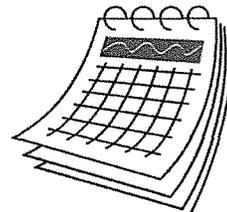
Valero is proud to be a part of the Benicia community. Benicia receives over \$7 million annually from Valero in city taxes each year which is approximately 25% of the General Fund for the City of Benicia (enough to fund the Fire Department, City Council City Attorney and City Clerk with almost \$300,000 left over).

Recently, Cal/OSHA re-certified the Valero refinery as a Voluntary Protection Program STAR Site for Valero's safety practices and procedures - a continuous distinction since 2006.

If you have any questions, please do not hesitate to contact us by email at [info@beniciacbr.com](mailto:info@beniciacbr.com) or by phone at (707) 654-9745.

## Timeline for the CBR Project

- The DEIR is scheduled to be released by the city on June 17th.
- Visit our website at [BeniciaCBR.com](http://BeniciaCBR.com) to show your support for the project now.



## Did you know...

### Valero's Water Conservation Efforts Began in 2000 and Continue Today!

- Valero's water conservation efforts in Benicia began in 2000 when it acquired the refinery. By early 2007, Valero had already reduced raw water use by more than 15% - that's **800,000 gallons per day!**
- In May, Valero proposed a project to the Community Sustainability Commission that will save an additional 38 million gallons of water annually.

economic impact on  
Benicia.

Phone:(707) 654-9745 Email:info@beniciabr.com  
[www.beniciabr.com](http://www.beniciabr.com)



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# Valero's Crude by Rail Infrastructure Project

## Submit Your Support Today on the Recently Released Draft EIR!



### SUPPORTERS\*

Labor, Small Business & Community Leaders support Valero's CBR Project

Benicia Fabrication and Machine Inc.

Benicia Plumbing Inc.

Benicia Chamber of Commerce

Benicia Industrial Park Association (BIPA)

Pierre Bidou, Retired Chief of Police, City of Benicia

Leeann Cawley, Co-Founder, Benicia Plumbing & Benicia Chamber of Commerce Board Member

Cement Masons Local 400

CFM-SF, Inc.

F3 & Associates

F&P Engraving

Estey Real Estate

Gates Roofing and Support

Heat and Frost Insulators & Allied Workers Local Union No. 16

Eric Hogle, 2013 Chairman of the Board, Benicia Chamber of Commerce

Int'l Brotherhood of Electrical Workers Local 180

Iron Workers Local 378

Dear Elizabeth,

Yesterday, the city of Benicia released its Draft Environmental Impact Report (DEIR) for Valero's proposed Crude by Rail Infrastructure Project. This report examines the project and considers a variety of environmental and safety factors under the California Environmental Quality Act (CEQA). Valero will be hosting a community meeting (details below) to discuss the DEIR and answer questions from the public.

Highlights from the DEIR include a **net decrease in Greenhouse Gas emissions** and a determination of "**no significant impact**" for **all local CEQA evaluations including rail safety, noise and traffic**, among others.

Importantly, this project will provide a significant boost to the local and regional economy increasing our energy independence by:

- Creating 20 full-time, good paying jobs and 120 skilled craftsman jobs during construction
- Generating millions in taxes, wages and economic benefits
- Allowing us to reduce our dependence on foreign oil
- Ensuring the City can continue to provide vital services

You can [read the report here](#).

For the next 44 days, the city is accepting comments. Please take 5 minutes and submit your support for the Valero CBR Project today!



Your comments and input on the DEIR matter so please send your input to Benicia City staff.

Via email: Amy Million, [amillion@ci.benicia.ca.us](mailto:amillion@ci.benicia.ca.us)  
Brad Kilger, [bkilger@ci.benicia.ca.us](mailto:bkilger@ci.benicia.ca.us)  
Please cc us, [info@beniciaCBR.com](mailto:info@beniciaCBR.com)

Via mail: City of Benicia  
250 East L Street  
Benicia, CA, 94510

Via fax: (707) 747-8120

Mag Assets

McKay Apts

Napa-Solano Building &  
Construction Trades  
Council

Plumbers and  
Steamfitters W.A. Local  
No. 343

Ponder Environmental  
Services

Ron Dial Photography  
SUBA MFG, INC

Schoenstein & Co.

Two Hews Garage

Vallejo Fire Extinguisher  
Service

\*Partial Listing



**What: Valero's CBR Infrastructure Project  
Informational Meeting**

**Date: Monday, June 30, 2014**

**Time: 6:30 - 7:45 p.m.**

**Where: Ironworkers Union Local 378  
3120 Bayshore Road, Benicia**

**RSVP: Phone: (707) 654-9745  
Email: [info@beniciacbr.com](mailto:info@beniciacbr.com)**

*\*Due to limited space, RSVP's are required. Priority reservations  
given to residents of Benicia.*

**"As an active member of the Napa-Solano Building and Construction  
Trades Council, we understand the benefits of projects like this to our  
working brothers and sisters and their families. Valero's commitment to  
resource their project with union craftworkers is commendable. These  
local construction jobs benefit us all."**

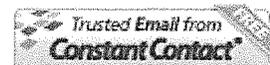
*- Jeff McEuen, Business Manager and Financial Secretary/Treasurer, Iron  
Workers Local 378*

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[www.beniciacbr.com](http://www.beniciacbr.com)**



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# YOU ARE INVITED TO VALERO'S INFORMATIONAL MEETING ABOUT THE CITY'S DRAFT ENVIRONMENTAL IMPACT REPORT

## What: Valero's Crude by Rail Infrastructure Project Informational Meeting

Join us to discuss Valero's proposed crude by rail project and review the City's recently released Draft Environmental Impact Report (DEIR). Valero remains committed to informing the community about the project, and to promoting public discussion of the DEIR.

Please join Valero engineers and independent experts as they review the City's DEIR and answer your questions.

**Date: Monday, June 30, 2014**

**Time: 6:30 - 7:45 p.m.**

**Where: Ironworkers Union Local 378  
3120 Bayshore Road, Benicia**

**RSVP: By phone at (707) 654-9745**   
or via email to [info@beniciacbr.com](mailto:info@beniciacbr.com) 

\*Due to limited space, RSVP's are required. Priority reservations will be given to residents of Benicia and representatives for the City.

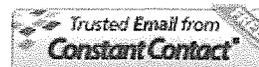
- SUPPORTERS\***  
Labor, Small Business and Community Leaders support Valero's CBR Project  
Paralal Oil
- Benicia Fabrication and Machine Inc.  
Benicia Plumbing Inc.  
Benicia Chamber of Commerce  
Benicia Industrial Park Association (BIPA)  
Parral Bulow  
Benicia City of Benicia  
City of Benicia  
Luzanne Campbell  
Co-Founder, Benicia Plumbing & Design  
Member of Commerce Board Director
- Concrete Masons Local 400  
CFM-NE Inc.  
EJ & Associates  
EJP Engineering  
Ester Real Estate  
Gates Roofing and Siding  
Hart and Frost Insulators & Allied Workers  
Local Union No. 10  
Eric Hargrave  
2011 Chairman of the Board  
Benicia  
Chamber of Commerce
- Int'l Brotherhood of Electrical Workers Local 189  
Iron Workers Local 378  
Map Assess  
McKay App  
Napa-Solano Building & Construction Trades Council  
Plumbers and Steamfitters  
W.A. Local No. 343  
Ponder Environmental Services  
Ron Drai Photographs  
SUBAMPG, INC.  
Schroeder & Co.  
Taco Halls Garage

Phone:(707) 654-9745 Email:info@beniciacbr.com  
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# Valero's Crude by Rail Infrastructure Project

## May Update



### SUPPORTERS\*

The Benicia residents and businesses below have written in support of the Valero CBR project.

Jeff McEuen  
Iron Workers Local 378

Dan Broadwater  
Int'l Brotherhood of  
Electrical Workers Local  
180

Ben Espinoza  
Cement Masons Local 400

Melvin L. Breshears  
Heat and Frost Insulators  
& Allied Workers Local  
Union No. 16

Tom Cepernich  
President, Benicia  
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Roger Green  
F & P Engraving

Eric Hoglund  
2013 Chairman of the  
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of Commerce

Greg Partch  
Plumbers and  
Steamfitters W.A. Local  
No. 343

Jim Ponder  
President, Ponder  
Environmental  
Services

Tim Rose  
President, CFM - SF, Inc.

\*Partial Listing

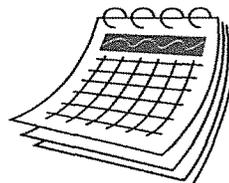
Dear Elizabeth,

May is here, spring is in the air and an update on the Valero CBR project is below. Recently the city announced that the release date for the Draft EIR will be June 10th. As we await the report, we are continuing to build awareness, answer questions, and respond to requests for additional information.

If you have any questions, please do not hesitate to contact us by email at [info@beniciacbr.com](mailto:info@beniciacbr.com) or by phone at (707) 654-9745.

### Timeline for the CBR Project

- You don't have to wait for the DEIR release to get involved - you can visit our website at [BeniciaCBR.com](http://BeniciaCBR.com) to show your support for the project now.
- Valero will host a community meeting to discuss the DEIR and answer questions once it is released - *stay tuned*.



## Did you know...

Valero's Crude by Rail Infrastructure Project would:

- Create over 120 construction jobs and at least 20 permanent jobs
- Ensure stable, long-term tax revenue for city services and facilities
- Reduce air emissions by providing flexibility to reduce crude delivery by ship
- Ensure the refinery remains competitive with nearby facilities
- Make no changes to the refinery's operations, feedstock profile or the volume of crude processed at the refinery

Phone:(707) 654-9745 Email:info@beniciaCBR.com  
[www.beniciacbr.com](http://www.beniciacbr.com)



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Valero Benicia Refinery | 3400 East Second Street | Benicia | CA | 94510

# Valero's Crude by Rail Infrastructure Project

## Thank you for your support.



### SUPPORTERS\*

The below Benicia residents and businesses have written in support of the Valero CBR project.

Jeff McEuen  
Iron Workers Local 378

Dan Broadwater  
Int'l Brotherhood of  
Electrical Workers Local  
180

Ben Espinoza  
Cement Masons Local 400

Melvin L. Breshears  
Heat and Frost Insulators  
& Allied Workers Local  
Union No. 16

Tom Cepernich  
President, Benicia  
Fabrication and Machine  
Inc.

Roger Green  
F & P Engraving

Eric Hoglund  
2013 Chairman of the  
Board, Benicia Chamber  
of Commerce

Greg Partch  
Plumbers and  
Steamfitters W.A. Local  
No. 343

Jim Ponder  
President, Ponder  
Environmental  
Services

Tim Rose  
President, CFM - SF, Inc.

\*Partial Listing

Dear Elizabeth,

Thank you for your support of the Valero Crude by Rail Infrastructure Project. We appreciate you taking the time to return your support card and look forward to partnering with you throughout the approval process.

Valero's CBR project will ensure the refinery remains a strong, healthy member of the local community. We will keep you informed of the project's status, ways to get involved and current developments. If you have any questions, please do not hesitate to contact us.

### TIMELINE for the CBR Project

- According to the city, the Draft EIR release date is tentatively scheduled for June. We will be requesting support letters to stay tuned.
- Valero will host a community meeting to explain and answer questions regarding the Draft EIR once it is released.

*"With the Valero Benicia Refinery being one of the newest and most advanced refineries in the nation, and having a commendable safety record, they ask us to continue doing what the refinery was designed to do, refine crude oil."*

— Eric Hoglund  
2012-2013 Chairman of the Board  
Benicia Chamber of Commerce



**SUPPORTERS\***  
Labor, Small Business  
and Community Leaders  
support Valero's CBR Project  
*\*Partial list*

Benicia Fabrication and  
Machine Inc.

Benicia Plumbing Inc.

Benicia  
Chamber of Commerce

Benicia Industrial Park  
Association (BIPA)

Pierre Bidou  
*Retired Chief of Police,  
City of Benicia*

Leeann Cawley  
*Co-Founder, Benicia  
Plumbing & Benicia  
Chamber of Commerce  
Board Member*

Cement Masons Local 400

CFM-SF, Inc.

F3 & Associates

F&P Engraving

Estey Real Estate

Gates Roofing and Support

Heat and Frost Insulators  
& Allied Workers  
Local Union No. 16

Eric Hoglund  
*2013 Chairman of the Board,  
Benicia  
Chamber of Commerce*

Int'l Brotherhood of Electrical  
Workers Local 180

Iron Workers Local 378

Mag Assets

McKay Apts

Napa-Solano Building &  
Construction Trades Council

Plumbers and Steamfitters  
W.A. Local No. 343

Ponder Environmental  
Services

Ron Dial Photography

SUBA MFG, INC

Schoenstein & Co.

Two Hews Garage



## DRAFT ENVIRONMENTAL IMPACT REPORT

# Valero's Crude by Rail Infrastructure Project

The City of Benicia recently released its Draft Environmental Impact Report (DEIR) on Valero's Crude by Rail Infrastructure Project. This report considers a variety of environmental and safety factors under the California Environmental Quality Act (CEQA) and determined that this project:

- **Reduces air emissions in the Bay Area:** "The net effect of the Project would be to reduce air emissions within the Bay Area Basin" (4.1-19) and "long-term operations of the Project would result in a beneficial impact to air quality in the BAAQMD" (4.1-19)
- **Creates jobs:** This project "would require twenty additional employees or contractors" for operation (DEIR 3-1) and "121 construction workers per day over the (25 week) construction period" (DEIR 3-25) that will generate additional tax revenue and economic activity for Benicia.
- **Promotes energy independence and reduces reliance on foreign oil:** "The Project would allow Valero to access North American crudes that, as of now, are not readily accessible in Benicia." (DEIR, 4.1-17)
- **Does not change refinery operations:** "The Project would not include, nor would it require, any changes to existing Refinery operations or process equipment, other than installation and operation of the Project unloading rack and other Project components." (DEIR, 1-2)
- **Does not increase the amount of crude that can be processed:** "The Project would not increase the amount of crude oil that can be processed at the refinery, or the amounts of petroleum products that can be produced." (DEIR, 3-2)
- **Does not change the type of crude oil the refinery processes:** "The average weight and sulfur content of the crude oil blends processed at the Refinery ... would remain the same." (DEIR, 4.1-17)
- **Does not increase process emissions:** "The Project would not result in any increases in emissions from crude oil processing." (DEIR, 4.1-17)
- **Prioritizes Emergency Prevention, Preparedness and Response:** "Valero has committed that, when the PHMSA regulations call for use of a DOT-111 car, Valero would use 1232 Tank cars rather than legacy DOT-111 cars." (DEIR, 3-20) and UPRR transportation safety standards "exceed mandatory compliance measures." (DEIR, 4.7-15) (DEIR, 4.7-25)
- **Would significantly reduce marine delivery of crude:** "Implementing the proposed Project could reduce marine vessel delivery of crude oil by as much as 25,550,000 barrels in a 365 day year." (DEIR, 3-2) and would reduce associated emissions (4.1-11)

**SUPPORTERS\***  
Labor, Small Business  
and Community Leaders  
support Valero's CBR Project  
*\*Partial list*

Benicia Fabrication and  
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Benicia Plumbing Inc.

Benicia  
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*Retired Chief of Police,  
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Lecann Cawley  
*Co-Founder, Benicia  
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Plumbers and Steamfitters  
W.A. Local No. 343

Ponder Environmental  
Services

Ron Dial Photography

SUBA MFG, INC

Schoenstein & Co.

Two Hews Garage



## Valero's Crude by Rail Infrastructure Project

Valero's Crude by Rail Infrastructure Project will ensure the refinery remains a strong and healthy member of the local community. By investing in the refinery's ability to remain flexible and competitive, the City of Benicia will benefit from the strong tax base and high paying jobs it provides to our community. This project:

- **Reduces air emissions in the Bay Area:** This project will reduce air emissions in the Bay Area Basin and result in a net decrease in local Greenhouse Gas Emissions. Emissions from marine vessels, which currently serve as the primary mode of oil transport to the refinery, would be reduced by up to 82% annually.
- **Contributes a significant tax base to fund city services:** This project will ensure the refinery is able to stay competitive in the market and continue to contribute to the city's General Fund. The Refinery currently provides 25% of the city's General Fund revenue, which funds vital city services like the Fire and Police Departments.
- **Creates jobs:** This project will create at least 20 permanent jobs and 120 skilled craftsman jobs during construction. These jobs will increase economic activity and provide additional tax revenue for Benicia.
- **Promotes energy independence:** This project will provide Valero greater access to North American crude, thereby reducing our reliance on imported oil, including crude from foreign sources such as the Middle East.
- **Prioritizes safety:** Valero has been recognized by the State of California and the industry for its safety programs and performance. This project will not change the refinery's emphasis on safety. Valero has emergency prevention and preparedness plans in place to ensure community safety, including on-site first responders, coordination with local, regional, state and federal agencies and extensive prevention-oriented training programs with employees and first responders. Valero has also committed to using railroad tank cars that meet or exceed all rail safety standards.
- **Does not change the type of crude oil the refinery processes:** This project does not change the type or amount of crude oil processed at the refinery. By making no changes other than the mode of crude oil delivery, refinery operations will continue to comply with all existing environmental and air quality requirements as set by regulatory agencies.

The below Benicia residents and businesses have written in support of this project —  
Join Us to Learn More!

*\*Partial list*

Ralph Aguiar  
*Benicia Resident*

John Ash  
*Benicia Resident*

Sylvia Fracisco  
*Benicia Resident*

Larry Fullington  
*Benicia Resident*

Dennis Lewis  
*Benicia Resident*

Richard Linn  
*Benicia Resident*

David R. Lockwood  
*Benicia Resident*

Harry Newhall  
*Benicia Resident*

Don Stock  
*Benicia Resident*

Gail Stock  
*Benicia Resident*

Jeff McEuen  
*Iron Workers Local 378*

Dan Broadwater  
*Int'l Brotherhood of  
Electrical Workers Local 180*

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*Cement Masons Local 400*

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*President, Benicia Fabrication  
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Roger Green  
*F & P Engraving*

Eric Hoglund  
2013  
*Chairman of the Board,  
Benicia Chamber of Commerce*

Jim Ponder  
*President,  
Ponder Environmental  
Services*

Tim Rose  
*President, CFM - SF, Inc.*

Randy Scott  
*General Manager, Amports*



## MYTHS AND FACTS About Valero's Crude by Rail Infrastructure Project

**MYTH: The Valero Crude by Rail infrastructure project has no economic benefit to the city of Benicia**

**FACT:** Ensuring the economic viability of the city's largest employer and contributor to its tax base is vital to Benicia's long-term prosperity. The crude by rail infrastructure project helps the city and its residents by:

- Providing the refinery needed flexibility to ensure competitiveness
- Creating over 120 construction jobs and at least 20 permanent jobs
- Ensuring stable, long-term tax revenue for city services and facilities

**MYTH: The CEQA review by the city will be inadequate**

**FACT:** As the lead agency, the City has hired an environmental consultant, numerous outside experts in various fields and an experienced California Environmental Quality Act (CEQA) attorney to develop and guide the process. The CEQA review will look at the project and its ripple effects based on current standards and required baseline evaluations to determine if the project will have any significant impact. The City's team has spent over eight months reviewing this project and examining each of its potential impacts.

**MYTH: Air Emissions would increase due to changes in crude type delivered by rail**

**FACT:** Despite efforts by opponents to confuse the issues facing the Planning Commission regarding air quality, these assertions are made on assumptions with no basis in fact. The Valero crude by rail project will not impact air quality. In fact it:

- **Seeks NO changes to the current permits from the Bay Area Air Quality Management District.** The refinery will continue to meet or exceed requirements currently in place, ensuring the local community and larger Bay area will not see air quality diminished as a result of this project.
- **Actually reduces air emissions** by providing flexibility to reduce marine delivery of crude and replace it with more efficient rail delivery.
- Will not change the operations, feedstock profile or volume of crude processed at the refinery.

### **MYTH: Rail delivery of crude poses a health and safety risk**

**FACT:** The operation of railroads in California is extremely safe and the likelihood of a train derailment resulting in a spill of crude oil is very small. It is highly regulated by the federal government.

- Since 2008, liquid hazardous materials spills in California have steadily declined and in 2013, less than 4,000 gallons of material was spilled statewide.
- Valero maintains a full-time on-site emergency response team trained and capable of responding to any hazardous material incident, including one involving railcars.
- Trained to use the Unified Command Structure, the Valero emergency response team is able to coordinate the use of our resources and expertise to respond to emergencies either on-site or off-site with local, state and federal agencies.
- Stringent Federal Railroad Administration (FRA) regulations are in place governing virtually every aspect of rail transport, including track and equipment inspections, allowable operating speeds, and employee certifications.

In February 2014, the U.S Department of Transportation, in conjunction with the Association of American Railroads, approved a **rail safety initiative for moving crude oil** including increased track inspections, lower train speeds, increased track-side technology and emergency response planning capabilities, among other things.

- The railcars used for this project will **meet or exceed all federal safety standards** to ensure safe transportation of crude. The U.S. Department of Transportation is reviewing the current standards and Valero will fully comply with any changes to those standards.

### **MYTH: When refined, crude delivered by rail will result in a higher likelihood of leaks and fires similar to that at another Bay area refinery in 2012**

**FACT:** The Valero Benicia Refinery has many programs in place to manage process safety, including specific programs like Mechanical Integrity, to insure the safe operation of the refinery.

- Valero's commitment to safety is unsurpassed.
- Corrosion of piping and other equipment used to refine crude oil is not a new concern, and Valero's current safety standards exceed basic criteria.
- The Benicia refinery is one of only two refineries in the state and one of only 75 businesses in the state to have received Cal/OSHA's designation as a Voluntary Protection Program (VPP) Star Site.
- Certification under Cal/OSHA VPP means the refinery's programs, like Mechanical Integrity, go beyond minimal standards and provide the best feasible protection at the site.

### **MYTH: The Crude by Rail Project and the Valero Improvement Project (VIP) are related and have the potential to decrease air quality**

**FACT:** The VIP was a long term refinery improvement project that was approved by the Planning Commission and City Council over 10 years ago and has been completed.

Notable among the improvements made with that project is the flue gas scrubber. The flue gas scrubber reduced emissions from the refinery while simultaneously permitting the refinery to process the heavy, more sour crudes that it does today.

**SUPPORTERS\***  
Labor, Small Business  
and Community Leaders  
support Valero's CBR Project  
*\*Partial list*

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Leeann Cawley  
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SUBA MFG, INC

Schoenstein & Co.

Two Hews Garage



## MYTHS AND FACTS About Valero's Crude by Rail Infrastructure Project

**MYTH: The Valero Crude by Rail infrastructure project creates no economic benefit for the city of Benicia**

**FACT:** Ensuring the economic viability of the city's largest employer and contributor to its tax base is vital to Benicia's long-term prosperity and ability to serve local residents. A recent economic impact report found that the Valero Benicia Refinery:

- Directly employs 450 local workers, with an additional 250 contractors on-site daily
- Has generated over \$3 billion in economic activity in the region since 2006
- Has donated thousands of hours and over \$13.7 million to local charities in the past decade

This project would create at least 20 additional full-time, good paying jobs at the refinery and require approximately 120 skilled craftsman jobs during construction, and generate millions in additional tax revenues in Benicia and surrounding areas.

**MYTH: The city's Draft Environmental Impact Report (DEIR) does not adequately review the project under the California Environmental Quality Act (CEQA)**

**FACT:** As the lead agency, the City hired an environmental consultant, numerous outside experts and an experienced California Environmental Quality Act (CEQA) attorney to develop and guide the DEIR process. These experts, with city officials, reviewed the project based on current standards and required baseline evaluations under CEQA. They spent eight months extensively analyzing this project and its potential impacts. The DEIR represents their thorough, unbiased review.

**MYTH: This project will allow the refinery to process new and/or more dangerous types of crude oil**

**FACT:** This infrastructure project would simply add rail spurs and an off-loading rack to existing refinery property. It would not:

- Change the feedstock profile of crudes processed at the Refinery
- "include, nor would it require, any changes to existing Refinery operations or process equipment" (DEIR, 1-2)
- "increase the amount of crude oil that can be processed at the refinery, or the amounts of petroleum products that can be produced" (DEIR, 3-2)

**MYTH: This project will not comply with air quality regulations already in place**

**FACT:** By offsetting some crude transport by ship with delivery by rail, the Draft EIR determined that this project would actually have a net decrease in Greenhouse Gas Emissions and improve air quality in the Bay Area. The Refinery will continue to comply with all existing environmental and air quality requirements.

- "The Project does not propose changes to the emissions limits in the current BAAQMD permits." (DEIR, ES-4)
- "Long-term operations of the Project would result in a beneficial impact to air quality in the BAAQMD" (DEIR, 4.1-19)
- "The net effect of the Project would be to reduce air emissions within the Bay Area Basin" (DEIR, 4.1-19)
- "Increased locomotive emissions would be 'more than offset' by the elimination of air-polluting boat deliveries of up to 25,555,000 barrels of crude per year to the refinery." (*Vallejo Times Herald*, 6/17/14)

### **MYTH: Transporting crude by rail poses a safety risk to the community**

**FACT:** As explained in the Draft EIR, the transport of crude by rail reduces risk of oil release when compared to current marine delivery methods:

- Marine delivery risk (without this project) is 1 in 37.5 years, whereas the rail delivery risk is 1 in 111 years (DEIR- 4.7-18)

Union Pacific Railroad and Valero have adopted additional safety measures to prevent a release of crude oil:

- "Valero has committed that, when the PHMSA regulations call for use of a DOT-111 car, Valero would use 1232 Tank cars rather than legacy DOT-111 cars." (DEIR, 3-20)
- "UPRR invests substantially in efforts to improve hazardous materials transportation safety, funding an array of security and hazardous materials-related initiatives that exceed mandatory compliance measures" ... This includes track and locomotive inspections as well as extensive training and preparedness programs for rail personnel and local first responders." (DEIR, 4.7-15)

### **MYTH: Benicia and surrounding communities are unprepared to address a crude by rail accident**

**FACT:** Rail safety and emergency prevention are critical to the success of this project. Railroad operations are heavily regulated. Valero has received prestigious rail safety awards from major rail company partners. The Valero Benicia refinery is the only refinery in northern California and one of only two in the state to have received a Cal/OSHA Voluntary Protection Program (VPP) Star Site designation for its safety programs and practices that exceed Cal/OSHA standards.

Additionally, the U.S. Department of Transportation and the Association of American Railroads recently agreed to implement eight voluntary added safety measures for carrying crude oil, including increased track inspections, lower train speeds and increased track-side technology to ensure safe transportation of crude oil.

The Valero Benicia Refinery has a number of safety protocols already in place to ensure the transportation of crude oil by rail can be done as safely as possible, including:

- An on-site fire department with trained first responders
- Regular training and exercising of the refinery's response plans
- Inclusion of federal, state and local authorities in response plans and drills
- Emergency response plans that include coordination with local authorities

The Refinery works with the railroad and other local and regional response agencies such as the Office of Emergency Services (OES), the Petro-Chemical Mutual Aid Organization (PMAO), the Office of Spill Prevention and Response (OSPR) and numerous uprail fire departments to ensure comprehensive coordination of the prevention, preparedness and response capabilities the refinery already has in place.

What  
people are  
saying...

Fair wages, money spent by local construction workers, a safe work site and a community partner such as Valero makes it a win-win proposition ... The Oil by Rail project, in my opinion, will support our joint partnership with Valero and offer environmental benefits.

—**Dan Broadwater**  
Business Manager,  
International Brotherhood of  
Electrical Workers Local 180

It will be safer for our environment, bring more jobs to our community, and increase the taxes to the city from Valero. We understand it will also reduce our dependence on foreign crudes. We believe this project is good for our community and us as residents.

—**Don and Gail Stock**  
Benicia Residents

With the Valero Benicia Refinery being one of the newest and most advanced refineries in the nation, and having a commendable safety record, they ask to continue doing what the refinery was designed to do, refine crude oil.

—**Eric Hoglund**  
2012-2013 Chairman  
of the Board, Benicia  
Chamber of Commerce

## Valero's Crude by Rail Infrastructure Improvement Project

Valero's Crude by Rail infrastructure improvement project will ensure the refinery remains a strong and healthy member of the local community, says Vice President and General Manager John Hill.

"By investing in the refinery's ability to remain flexible and competitive, the City of Benicia will benefit from a continued strong tax base, the high paying jobs it provides to our community, and the knowledge that Valero runs a safe and reliable operation," adds Hill.

Valero's Crude by Rail project:

- **Reduces air emissions in the Bay area.** Marine transportation of crude, currently the primary mode of oil transport to the refinery, produces more air pollutants than delivery by rail.
- **Does not change refinery operations.** This project makes no changes to the amount of oil the refinery processes or the way it will be refined.
- **Increases refinery flexibility.** By adding three short rail tracks and an off-loading rack, this project will help to keep Valero competitive with nearby facilities by providing an alternate means of delivery for North American crude oil.
- **Does not affect refinery safety or reliability.** Valero has been recognized by the state and the industry for its safety programs and performance. This project will not change the refinery's emphasis on safety. The refinery will remain a leader in safety and reliability.
- **Meets all requirements of California's Environmental Quality Act (CEQA).** A Draft Environmental Impact Report (DEIR) is being prepared by the City of Benicia to describe the project and examine potential environmental impacts.
- **Does not affect air quality in the region.** Valero remains committed to meet or exceed the existing air quality standards set by the Bay Area Air Quality Management District.
- **Invests in Benicia.** This infrastructure project means additional construction jobs, at least 20 permanent jobs, and long-term tax revenue for Benicia.
- **Does not change the refinery's feedstock profile.** This project will not change the crude oil feedstock profile currently processed at the refinery, ensuring that operations remain consistent with ALL existing environmental and air quality requirements.
- **Does not affect compliance with AB 32.** The refinery's obligations under California's Greenhouse Gas Emissions law (AB 32) will not change as a result of this infrastructure project.

**Fast  
Fact:**

Valero's Crude by Rail project supports the refinery's commitment to environmental responsibility by continuing to meet or exceed all state and federal environmental standards.

**Safety  
First:**

Valero's Benicia Refinery is the only Northern California refinery to earn the Cal/OSHA Voluntary Protection Program STAR Site designation for its safety practices and procedures.

## By the Numbers

A 2014 report by Andrew Chang & Company identifies Valero's economic impact on our community. Findings include that Valero:

- Directly employs over 450 local workers.
- Employs 250 additional contract workers daily.
- Has paid over \$3 billion to contractors since 2006, generating \$4.3 billion in economic activity.
- Employees and the company have donated over \$13.7 million to local charities in the last decade.

## Correcting Myths About Valero's Crude by Rail Project

**MYTH:** The California Environmental Quality Act review by the city will be inadequate.

**FACT:** As the lead agency, the City has hired an environmental consultant, experts in diverse fields and an experienced CEQA attorney to develop a thorough analysis of the project. The CEQA review is a comprehensive study that looks at all aspects of this project.

**MYTH:** Rail delivery of crude poses too great a health and safety risk

**FACT:** Valero will meet or exceed all federal safety standards for railcars to ensure the safety of our community and communities up-rail. Valero maintains a full-time, on-site emergency response team highly skilled and capable of responding to any hazardous material incident, including one involving railcars. Valero drills regularly with local, state and federal agencies using the Unified Command Structure to respond to emergencies both on and off-site. Railroad operation in California is highly regulated; the likelihood of a train derailment resulting in a crude oil spill is very remote. According to Federal Railroad Administration statistics, Union Pacific Railroad, who will transport the railcars, has zero reportable hazmat releases from their operations in California in the past 5 years.

## Water Conservation Efforts Began in 2000

Valero Water Conservation has pledged to continue its prudent use of untreated (raw) water used in its operations and explore ways to reduce further water use.

Valero's water conservation efforts in Benicia began in 2000 when it acquired the refinery. By early 2007, Valero had already reduced raw water use by more than 15%—that's 800,000 gallons per day!

That conservation trend continues today. The successful Valero Improvement Project (VIP) did not increase water use and the Crude by Rail project does not change water usage either.



Valero continues to develop strategies to reduce water use and energy use, and reduce greenhouse gas (GHG) emissions. As an example, the Condensate Recovery Project—Phase 1, completed in May 2013,

is saving more than 23 million gallons of water annually (72 acre feet) and reduced GHG emissions 2,300 tons annually.

In May, Valero proposed a project to the Community Sustainability Commission that will save an additional 38 million gallons of water annually (116 acre feet).

Visit [www.saveourH2O.org](http://www.saveourH2O.org) to learn how you, your family and your business can save water.

**Fast Fact:** Valero pays over \$7 million annually in City taxes each year.

**Safety First:** Cal/OSHA recently recertified the refinery as Voluntary Protection Program STAR Site for Valero's safety practices and procedures—a continuous distinction since 2006.



**Freight Railroads Join U.S. Transportation Secretary Foxx in  
Announcing Industry Crude By Rail Safety Initiative**

**WASHINGTON, D.C., Feb. 21, 2014** – The nation’s major freight railroads today joined U.S. Transportation Secretary Anthony Foxx in announcing a rail operations safety initiative that will institute new voluntary operating practices for moving crude oil by rail. The announcement follows consultations between railroads represented by the Association of American Railroads (AAR) and the U.S. Department of Transportation (DOT), including the leadership of the Federal Railroad Administration (FRA) and the Pipeline and Hazardous Materials Safety Administration (PHMSA).

The announcement today covers steps related to crude by rail operations. Additional issues relating to the safe transport of crude oil, such as tank car standards and proper shipper classification of crude oil, are being addressed separately.

“We share the Administration’s vision for making a safe rail network even safer, and have worked together to swiftly pinpoint new operating practices that enhance the safety of moving crude oil by rail,” said AAR President and CEO Edward R. Hamberger. “Safety is a shared responsibility among all energy-supply-chain stakeholders. We will continue to work with our safety partners – including regulators, our employees, our customers and the communities through which we operate – to find even more ways to reinforce public confidence in the rail industry’s ability to safely meet the increased demand to move crude oil.”

Under the industry’s voluntary efforts, railroads will take the following steps:

**Increased Track Inspections** – Effective March 25, railroads will perform at least one additional internal-rail inspection each year above those required by new FRA regulations on main line routes over which trains moving 20 or more carloads of crude oil travel. Railroads will also conduct at least two high-tech track geometry inspections each year on main line routes over which trains with 20 or more loaded cars of crude oil are moving. Current federal regulations do not require comprehensive track geometry inspections.

**Braking Systems** – No later than April 1, railroads will equip all trains with 20 or more carloads of crude oil with either distributed power or two-way telemetry end-of-train devices. These technologies allow train crews to apply emergency brakes from both ends of the train in order to stop the train faster.

**Use of Rail Traffic Routing Technology** – No later than July 1, railroads will begin using the Rail Corridor Risk Management System (RCRMS) to aid in the determination of the safest and most secure rail routes for trains with 20 or more cars of crude oil. RCRMS is a sophisticated analytical tool, developed in coordination with the federal government, including the U.S. Department of Homeland Security (DHS), PHMSA and FRA. Railroads currently use RCRMS in the routing of security

sensitive materials. This tool takes into account 27 risk factors – including volume of commodity, trip length, population density along the route, local emergency response capability, track quality and signal systems – to assess the safety and security of rail routes.

**Lower Speeds** – No later than July 1, railroads will operate trains with 20 or more tank cars carrying crude oil that include at least one older DOT-111 car no faster than 40 miles-per-hour in the federally designated 46 high-threat-urban areas (HTUA) as established by DHS regulations. In the meantime, railroads will continue to operate trains with 20 or more carloads of hazardous materials, including crude oil, at the industry self-imposed speed limit of 50 miles per hour.

**Community Relations** - Railroads will continue to work with communities through which crude oil trains move to address location-specific concerns that communities may have.

**Increased Trackage Safety Technology** – No later than July 1, railroads will begin installing additional wayside wheel bearing detectors if they are not already in place every 40 miles along tracks with trains carrying 20 or more crude oil cars, as other safety factors allow.

**Increased Emergency Response Training and Tuition Assistance** – Railroads have committed by July 1 to provide \$5 million to develop specialized crude by rail training and tuition assistance program for local first responders. One part of the curriculum will be designed to be provided to local emergency responders in the field, as well as comprehensive training will be designed to be conducted at the Transportation Technology Center, Inc. (TTCI) facility in Pueblo, Colo. The funding will provide program development as well as tuition assistance for an estimated 1500 first responders in 2014.

**Emergency Response Capability Planning** – Railroads will by July 1 develop an inventory of emergency response resources for responding to the release of large amounts of crude oil along routes over which trains with 20 or more cars of crude oil operate. This inventory will include locations for the staging of emergency response equipment and, where appropriate, contacts for the notification of communities. When the inventory is completed, railroads will provide DOT with information on the deployment of the resources and make the information available upon request to appropriate emergency responders.

Railroads will continue to work with the Administration and rail customers to address other key shared safety responsibilities, including federal tank car standards and the proper shipper classification and labeling of oil moving by rail. PHMSA is currently reviewing public comments on increasing federal tank car standards.

To learn more about all railroads do to continuously improve the safety of America's rail system, please visit [www.aar.org](http://www.aar.org).

# # #



THE SECRETARY OF TRANSPORTATION  
WASHINGTON, DC 20590

February 20, 2014

The Honorable Edward R. Hamberger  
President and Chief Executive Officer  
Association of American Railroads  
425 Third Street, SW  
Washington, DC 20024

Dear Mr. Hamberger:

Thank you for joining me and our team at the U.S. Department of Transportation (DOT) last month to discuss safety issues associated with the transportation of crude oil by rail within the United States. DOT and the Association of American Railroads (AAR) both recognize that the United States has experienced a significant growth in the quantity of petroleum crude oil being shipped by rail in recent years. The rapid increase in the production and transportation of crude oil requires additional vigilance for the continued safe movement of this commodity by all stakeholders involved, including both the rail industry and the Federal Government. After all, nothing is more important for all involved than safety.

Over the last month, DOT and AAR have been engaged in productive discussions regarding additional measures that AAR and its member railroads can take to further enhance the safe transportation of crude oil by train. My leadership team informs me that AAR and many of its member railroads (Railroad Subscribers) are willing to make the commitments described below. The purpose of these commitments is to address safety concerns that have been raised regarding the rail transportation of crude oil by increasing track and mechanical inspection frequency beyond that required by current regulations; conducting routing analyses using 27 factors set forth in Federal regulations to assess the safest and most secure routes; establishing speed restrictions;<sup>1</sup> and utilizing braking systems which reduce the kinetic energy (or pile up effect) of trains in the event of derailments.

DOT continues to evaluate all aspects of crude oil transportation. As we work to gather and evaluate data expeditiously, we will continue to be guided by our safety imperative and will engage all stakeholders as additional measures are proposed. Until such time, the commitments below, taken together, will start to further enhance safety immediately.

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<sup>1</sup> As it assesses the need for additional safety enhancements for the transportation of crude oil by rail, DOT, in collaboration and consultation with all its stakeholders, will endeavor to gather data regarding the impacts of additional or different speed restrictions on the railroad network. Such data will assist DOT in evaluating the potential effects of speed limits on safety, throughput of the railroad network, and operations (including those of passenger trains).

Proposed AAR and Railroad Subscribers Commitments

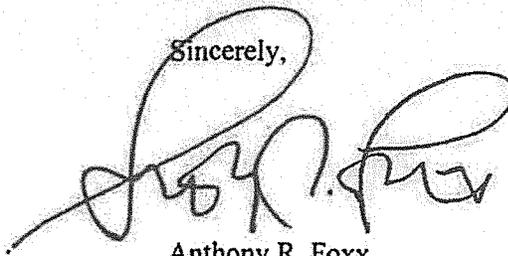
1. By no later than July 1, 2014, Railroad Subscribers will apply any protocols developed by the rail industry to comply with the existing route analysis requirements of 49 C.F.R. § 172.820(c) – (f) and (i) to the movement of trains transporting 20 or more loaded railroad tank cars containing petroleum crude oil (Key Crude Oil Trains).
2. Railroad Subscribers commit to continue to adhere to a speed restriction of 50 mph for any Key Crude Oil Trains. By no later than July 1, 2014, Railroad Subscribers will adhere to a speed restriction of 40 mph for any Key Crude Oil Train with at least one “DOT Specification 111” tank car loaded with crude oil or one non-DOT specification tank car loaded with crude oil while that train travels within the limits of any high-threat urban area as defined by 49 C.F.R. § 1580.3. For purposes of these commitments, “DOT Specification 111” tank cars are those cars that meet DOT Specification 111 standards but do not meet the requirements of AAR Circular CPC-1232 or any new standards adopted by DOT after the date of this letter.
3. By April 1, 2014, Railroad Subscribers will equip all Key Crude Oil Trains operating on main track with either distributed power locomotives or an operative two-way telemetry end of train device as defined by 49 C.F.R. § 232.5.
4. Effective March 25, 2014, a Railroad Subscriber will perform at least one additional internal rail inspection than is required by 49 C.F.R. § 213.237 (c) each calendar year on main line routes it owns or has been assigned responsibility for maintaining under 49 CFR § 213.5 over which Key Crude Oil Trains are operated. A Railroad Subscriber also will conduct at least two track geometry inspections each calendar year on main line routes it owns or is responsible for maintaining under 49 CFR § 213.5 over which Key Crude Oil Trains are operated.
5. By no later than July 1, 2014, a Railroad Subscriber will commence installation and will complete such installations as soon as practicable of wayside defective bearing detectors at least every 40 miles along main line routes it owns or has been assigned responsibility for maintaining under 49 CFR § 213.5 over which Key Crude Oil Trains are operated unless track configuration or other safety considerations dictate otherwise.
6. Effective upon execution of these commitments by AAR and Railroad Subscribers, AAR and Railroad Subscribers will commence the development of an inventory of emergency response resources along routes over which Key Crude Oil Trains operate for responding to the release of large amounts of petroleum crude oil in the event of an incident. This inventory will include locations for the staging of emergency response equipment and, where appropriate, contacts for the notification of communities. Upon completion of the inventory, the Railroad Subscribers will provide DOT with access to information regarding the inventory and will make relevant information from the inventory available to appropriate emergency responders upon request.

7. Railroad Subscribers individually will commit in the aggregate a total of approximately \$5 million to develop and provide a hazardous material transportation training curriculum applicable to petroleum crude oil transport for emergency responders and to fund a portion of the cost of this training through the end of 2014. One part of the curriculum will be for local emergency responders in the field; and more comprehensive training will be conducted at the Transportation Technology Center, Inc., (TTCI) training facility in Pueblo, Colorado. AAR will work with emergency responders in developing, by July 1, 2014, the training program that meets the needs of emergency responders.
8. Railroad Subscribers will continue to work with communities through which Key Crude Oil Trains move to address on a location-specific basis concerns that the communities may raise regarding the transportation of petroleum crude oil through those communities and take such action as the Railroad Subscribers deem appropriate.

If AAR and any of its member railroads are willing to publicly agree to these commitments, I ask that you and such Railroad Subscribers sign the attached acknowledgement, the terms of which shall be incorporated in this letter. Please return a copy of the AAR's executed acknowledgement to me at your earliest convenience. Also, please provide my office with an executed acknowledgement for each subscriber.

DOT appreciates AAR's ongoing commitment to raising the safety bar. For our part, we continue to explore ways to enhance the safe transportation of crude oil and other flammable liquids by rail (*e.g.*, more accurate classification of the hazards posed, speed restrictions, more stringent tank car standards) to ensure the safety of the American people.

Sincerely,

A handwritten signature in black ink, appearing to read 'Anthony R. Foxx', written over a large, stylized loop.

Anthony R. Foxx

ACKNOWLEDGEMENT AND AGREEMENT

Effective on the date set forth below, the Association of American Railroads (AAR) hereby agrees to the "Commitments" as set forth in the attached Letter dated February 20, 2014 from Secretary Anthony R. Foxx to Edward R. Hamberger (Commitments) subject to the following terms.

The AAR's Agreement to such Commitments shall remain in effect until: (1) the Commitments are terminated by the AAR upon 90 days written notice; or (2) a change in an applicable statute or Federal regulation occurs that supersedes or conflicts with any Commitment applicable to the AAR or any Railroad Subscriber as that term is used in the attached Letter, in which case this Agreement will terminate immediately as to the affected Commitment.

The modification of any Commitment shall only be effective upon written acknowledgment and agreement by the AAR.

Nothing in this Acknowledgement and Agreement precludes the AAR from exercising its legal rights, including those in connection with safety regulation matters.

On behalf of the Association of American Railroads

By: Edward R. Hamberger

Title: President & Chief Executive Officer

Date: February 21, 2014

ACKNOWLEDGEMENT AND SUBSCRIPTION

The undersigned railroad hereby, as a Railroad Subscriber (Railroad Subscriber) to the attached Letter dated February 20, 2014 from Secretary Anthony R. Foxx to Edward R. Hamberger, agrees to the "Commitments" of Railroad Subscribers as set forth in the Letter (Commitments) subject to the following terms.

The undersigned's agreement to the Commitments applicable to Railroad Subscribers shall remain in effect until: (1) the Commitments are terminated by the Association of American Railroads (AAR) upon 90 days written notice; or (2) a change in an applicable statute or Federal regulation occurs that supersedes or conflicts with any Commitment, in which case this Acknowledgement and Subscription will terminate immediately as to the affected Commitment.

If the Commitments are modified, such modifications will be applicable to the undersigned only upon written acknowledgement and agreement of the modification by the AAR and such Railroad Subscriber's acknowledgement in writing.

Nothing in this Acknowledgement and Subscription precludes the undersigned Railroad Subscriber from exercising its legal rights, including those in connection with safety regulation matters.

This Acknowledgement and Subscription shall be effective upon the later of the date set forth below or the date of the AAR's written acknowledgement and agreement to the Commitments.

On behalf of \_\_\_\_\_  
Railroad Subscriber

By: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_

# Crude Oil by Rail in California

## Union Pacific in CA

### 2013 Fast Facts

Miles of Track..... 3,267

Capital Investment .. \$326.7 million

Total Carloads..... 3,039,489  
(originated or terminated)

Crude Oil Carloads..... 10,613

First responders ..... Approx. 800  
in California trained  
by Union Pacific



## Moving crude oil through California by rail

In 2013, Union Pacific shipped approximately 163,000 carloads of crude oil on our 23-state network. A small portion of our crude oil business, approximately 1 percent, moves on Union Pacific track in California. On a monthly basis, this amounts to approximately 800-1,000 carloads.

The majority of the crude oil Union Pacific moves through California originates in Canada. We do not currently move any crude oil in California originating from the Bakken region.

Union Pacific moves carloads of crude oil in California primarily on “manifest” trains in which tank cars carrying crude oil are interspersed with other commodities loaded in box cars, hopper cars, etc. We currently move one “unit train” (a train that carries the same product in every car) of crude oil in California from San Luis Obispo County to oil refineries in Southern Los Angeles; this is a regular shipment that has been handled by Union Pacific for many years. We move carloads of crude oil on “manifest” trains using the I-5 corridor and our coast route. In 2013, Union Pacific moved just two carloads of crude oil on the southern corridor running from Los Angeles to Yuma, Ariz.

## Preventing Derailments

Union Pacific works diligently to prevent derailments and other accidents. We spent more than \$21.6 billion in private capital investments from 2007-2013, and will spend a record \$3.9 billion this year, continuing to strengthen our infrastructure. Doing so helps us improve safety for employees, communities and customers.

We decreased derailments 23 percent during the last 10 years, due in large part to our robust derailment prevention and risk reduction process. This process includes, among others, the following measures:

- Developing and using the latest technology such as lasers and ultrasound to identify rail imperfections.
- Forecasting potential failures before they happen by tracking acoustic wheel vibrations.
- Performing a real-time analysis of every rail car moving on our system each time it passes a trackside sensor, equaling 20 million car evaluations per day.
- Conducting rigorous safety training programs on a regular basis to help employees identify and prevent potential derailments.

March 2014



BUILDING AMERICA®



## **Valero CBR Outreach & Communications - Updated 9/15/14**

### **SACOG Meetings**

Transportation Committee  
Land Use & Natural Resources Committee  
Rail Ad Hoc Committee  
Board of Directors  
Informational Meeting for SACOG Staff, Members on 8/13/14

### **Individuals and Agencies**

City of Sacramento  
Jim Holmes, Placer County Supervisor  
Beth Gaines, CA Assemblymember for Roseville, CA  
Ted Gaines, CA Senator  
Susan Rohan, City of Roseville Mayor  
Tony Hesch, City Councilmember for Colfax, CA  
Stan Cleveland, Sutter County Board of Supervisors  
Lois Wolk, CA Senator  
Jim Spering, Solano County Board of Supervisors  
Linda Seifert, Solano County Board of Supervisors  
John Vasquez, Solano County Board of Supervisors  
Colby La Place, Solano County HazMat July 15<sup>th</sup> 1330  
Don Ryan, Emergency Services Manager at the Solano Office of Emergency Services June 9<sup>th</sup> 0900 and July 2<sup>nd</sup> 0900 , July 23<sup>rd</sup> at 1400  
Assistant Chief John Salvate, Cal Office of Emergency Services Region 2 June 9<sup>th</sup> 0900, July 1<sup>st</sup> at 1000 and July 2<sup>nd</sup> 0900  
Chief Zagaris Cal OES, 9/5/14 (conversation)  
John McEldowney, Placer County Office of Emergency Services  
Assistant Chief Niko King, City of Sacramento Fire Department  
Chief Henke, Sacramento Metro Fire Department (by telephone)  
Rick Martinez, West Sacramento Fire  
Chief Marcus Reed, City of Roseville Fire Department  
Deputy Chief Rick Holmes, City of Rocklin Fire Department  
Chief Jim Lydon, City of Benicia Fire Department  
Solano County Fire Chiefs Association:

- Benicia Fire - Chief Jim Lydon
- Dixon Fire - Chief Aaron McAlister June 9<sup>th</sup> 0900 and July 2<sup>nd</sup> 0900
- Fairfield Fire - Chief Tony Velasquez June 9<sup>th</sup> 0900 and July 2<sup>nd</sup> 0900
- Vacaville Fire-Chief Frank Drayton June 9<sup>th</sup> 0900 and July 2<sup>nd</sup> 0900
- Vallejo Fire - Chief Jack McCarthur June 9<sup>th</sup> 0900 and July 2<sup>nd</sup> 0900
- Suisun City Fire - Chief Mike O'Brien
- Vacaville Fire District - Chief Howard Wood
- Cordelia Fire – Chief Jay Huyssoon
- Montezuma Fire – Chief Joe Rosewall
- Rio Vista Fire – Chief Russ Sherman
- Travis AFB Fire – Chief John Speakman

Solano County Disaster Council (25+ members)

Placer/Yolo Office of Emergency Services Fire Chief meeting, 9/11/14 0900

- -Chief Holmes
- Chief Higgins
- Chief Bryla
- Chief Bettencourt
- Chief Gow
- Chief Summers
- Cal OES chief Humphrey

Coldwell Banker Real Estate Agents (40+ agents) 9/12/14

**Valero CBR Outreach & Communications - Updated 9/15/14**

**Public/Community Outreach**

Community Meeting in Benicia – March 24, 2014

Community Meeting in Benicia – June 30, 2014

E-Blast – April 11, 2014

E-Blast – May 14, 2014

E-Blast – May 20, 2014

E-Blast – June 11, 2014

E-Blast – June 18, 2014

E-Blast – June 20, 2014

E-Blast – June 25, 2014

E-Blast – June 27, 2014

E-Blast – July 3, 2014

E-Blast – July 7, 2014

E-Blast – July 9, 2014

E-Blast – July 24, 2014

E-Blast – August 4, 2014

Mail to community members August 2014

Mail to community members March 2014

**Informational Materials**

Website – [www.beniciaCBR.com](http://www.beniciaCBR.com)

Benicia Magazine Insert March 2014

Benicia Magazine Insert June 2014

AAR Press Release re: Crude by Rail Safety Initiative

Crude by Rail in California Fact Sheet – Union Pacific

Safety Initiative from DOT

General Fact Sheet

DEIR Fact Sheet

General Myth v. Fact

DEIR Myth v. Fact



Yes, you may list me/my organization publicly as SUPPORTING the Valero CBR Project.

Please select a category:

- X Organization Small Business/Company Individual Elected Official (or former)

More about you:

- Benicia Resident Union Member (indicate union) Other

Please complete the following information:

Company or Organization Name/Employer

Mel Breshcars

Business Manager

INSULATORS & ALLIED WORKERS

Street Address

Local Union 16
3801 Park Road, Benicia, CA 94510

City

State

Zip

Phone Number

707-748-1616

Fax Number

Email Address

Mel@LOCAL16-US

Signature (Required)

X Please email me updates.

I/We can help in the following ways:

- X Communicate with employees/members
X Write a letter to the editor
X Attend city meetings
X Distribute materials

Please submit your completed form.

Fax: 888-570-5921

Mail: Valero CBR Project
Valero Benicia Refinery
P.O. Box 845
Benicia, CA 94510

Email: info@beniciaCBR.com



Yes, I support the Valero Crude by Rail Infrastructure Project-  
Please share my support with City Leaders.  
(61 Individuals in Support 9/12/2014)

First Name	Last Name	City	Zip	Bates Number CBR BN
Lynne	Forthuber	Benicia	94510	917
Gail	Stock	Benicia	94510	918
Valerie	Schmidt	Benicia	94510	919
Mike	Evans	Benicia	94510	920
Stan	Lawson	Benicia	94510	921
Alan	Thompson	Benicia	94510	922
Maria	Matthews			923
Mark	Plubell	Benicia	94510	924
Mike	Sierras	Benicia	94510	925
Chelesea	Forthuber	Benicia	94510	926
Michael	Petrellose	Benicia	94510	927
Sarah	Harlan	Benicia	94510	928
David	Johnston	Benicia	94510	929
Ian	Dillingham	Benicia	94510	930
Karen	Muehlbauer	Benicia	94510	931
Cara	Bateman	Benicia	94510	932
Cassie	Messina	Benicia	94510	933
Emily	Toffol	Pleasant Hill	94523	934
Eric	Kreutzberg	Roseville	95747	935
Rich	McChesney	Pittsburg	94565	936
Jim	Riley	Fairfield	94533	937
Frank	Crim	Vallejo	94590	938
Adam	Ross	Martinez		939
Keith	LeMoire	Vacaville	95688	940
Jonathan	Hosler	Pittsburg	94565	941
Silvano	Pruigdo	Benicia	94510	942
Donald	Stock	Benicia	94510	943
David A.	Nancarrow	Benicia	94510	944
Samuel H.	Scrutchins	Benicia	94510	945
Julia	Hill	Benicia	94510	946
Alfredo	Middleton	Benicia	94510	947
Nancy Lee	Whitman	Benicia	94510	948
Ella Marie	Kallios	Benicia	94510	949
Herbert	Forthuber	Benicia	94510	950
Rudy	Holthuis	Benicia	94510	951
Eddie	Yarbough	Benicia	94510	952
Jake	Coutlee	Benicia	94510	953
Joshua	Schmidt	Benicia	94510	954
Robert	Yarbrough	Benicia	94510	955
Greg	Imazu	Benicia	94510	956
Joe	Muehlbauer	Benicia	94510	957
Brad	Stock	Benicia	94510	958
Jessica	Dow	Vallejo	94591	959

Yes, I support the Valero Crude by Rail Infrastructure Project-  
Please share my support with City Leaders.  
(61 Individuals in Support 9/12/2014)

<b>First Name</b>	<b>Last Name</b>	<b>City</b>	<b>Zip</b>	<b>Bates Number CBR BN</b>
Robert	Himel	Pittsburg	94565	960
Jim	Jacobs	Fairfield	94533	961
Dave	Hellquist	Vallejo	94590	962
James	DaSilva	Napa	94550	963
Douglas	Boyum	Richmond	94803	964
Howard	Coyle	Sacramento	95811	965
Timothy	Clark	Vallejo	94591	966
Andrew	Hosler	Pittsburg	94565	967
Timothy	Clark	Vallejo	94591	968
Shannon	Walsh-Hill	Benicia	94510	969
Ron	White	Pacheco	94553	970
Chad	Fernandes	Benicia	94510	971
Kenneth	Hill	Benicia	94510	972
Dell Rio	Holbrook	Benicia	94510	973
Justin	Cowgill	Benicia	94510	974
Charlie	Rollins	Benicia	94510	975
Sandy	Rollins	Benicia	94510	975
Robert	Rickman	Benicia	94510	976



Yes, you may list me/my organization publicly as SUPPORTING the Valero CBR Project.

**Please select a category:**

- Organization     Small Business/Company     Individual     Elected Official (or former)

**More about you:**

- Benicia Resident     Union Member (indicate union) \_\_\_\_\_  Other \_\_\_\_\_

**Please complete the following information:**

Benicia Fabrication and Machine Inc.  
Company or Organization Name/Employer

Thomas Cepernich                      President  
Name    Title/Occupation

101 E. Channel Rd.  
Street Address

Benicia                      CA                      94510  
City                                      State                                      Zip

707-745-8111                      707-745-8102  
Phone Number                      Fax Number

tomc@beniciafab.com  
Email Address

Thomas Cepernich  
**Signature (Required)**

Please email me updates.

**/We can help in the following ways:**

- Communicate with employees/members
- Write a letter to the editor
- Attend city meetings
- Distribute materials

**Please submit your completed form.**

**Fax:** 888-570-5921

**Mail:** Valero CBR Project  
Valero Benicia Refinery  
P.O. Box 845  
Benicia, CA 94510

**Email:** [info@beniciaCBR.com](mailto:info@beniciaCBR.com)



Yes, you may list me/my organization publicly as **SUPPORTING** the Valero CBR Project.

Please select a category:

- Organization  Small Business/Company  Individual  Elected Official (or former)

More about you:

- Benicia Resident  Union Member (indicate union) \_\_\_\_\_  Other \_\_\_\_\_

Please complete the following information:

CFM-SF, Inc.
Company or Organization Name/Employer
Tim Rose President & CEO
Name Title/Occupation
815 Arnold Drive #118
Street Address
Martinez CA 94553
City State Zip
925-370-1500 925-370-0848
Phone Number Fax Number
timr@westco.com
Email Address
Signature (Required) [Handwritten Signature]

Please email me updates.

We can help in the following ways:

- Communicate with employees/members
 Write a letter to the editor
 Attend city meetings
 Distribute materials

Please submit your completed form.
Fax: 888-570-5921
Mail: Valero CBR Project
Valero Benicia Refinery
P.O. Box 845
Benicia, CA 94510
Email: info@beniciaCBR.com



Yes, you may list me/my organization publicly as SUPPORTING the Valero CBR Project.

Please select a category:

- Organization  Small Business/Company  Individual  Elected Official (or former)

More about you:

- Benicia Resident  Union Member (indicate union) \_\_\_\_\_  Other \_\_\_\_\_

Please complete the following information:

Ponder Environmental Services, Inc.  
Company or Organization Name/Employer

Jim Ponder President  
Name Title/Occupation

4563 East 2nd St.  
Street Address

Benicia CA 94510  
City State Zip

707 748 7775 707 748 7776  
Phone Number Fax Number

ponder@serviceglobal.net  
Email Address

[Handwritten Signature]  
Signature (Required)

Please email me updates.

I/We can help in the following ways:

- Communicate with employees/members
- Write a letter to the editor
- Attend city meetings
- Distribute materials

Please submit your completed form.  
Fax: 888-570-5921  
Mail: Valero CBR Project  
Valero Benicia Refinery  
P.O. Box 845  
Benicia, CA 94510  
Email: info@beniciaCBR.com



Yes, you may list me/my organization publicly as SUPPORTING the Valero CBR Project.

Please select a category:

- Organization, Small Business/Company, Individual, Elected Official (or former)

More about you:

- Benicia Resident, Union Member (indicate union), Other

Please complete the following information:

Schoenstein & Co. Company or Organization Name/Employer

Jack M. Bethards Name, President Title/Occupation

4001 Industrial Way Street Address

Benicia City, California State, 94510 Zip

(707) 747-5858 Phone Number, (707) 747-4771 Fax Number

jack@schoenstein.com Email Address

Handwritten signature: Jack M. Bethards, Signature (Required)

Please email me updates.

I/We can help in the following ways:

- Communicate with employees/members, Write a letter to the editor, Attend city meetings, Distribute materials

Please submit your completed form. Fax: 888-570-5921 Mail: Valero CBR Project, Valero Benicia Refinery, P.O. Box 845, Benicia, CA 94510 Email: info@beniciaCBR.com



# Add Your Support

We'd like to invite you to join local stakeholders including residents, community leaders, labor organizations, and business owners in supporting Valero's Crude by Rail infrastructure project. Simply take a moment to fill out the form below so we can keep you informed about this important project.

- Yes, I support the Valero Crude by Rail Infrastructure Project -- please share my support with City Leaders.
- Please keep me informed on the project and let me know about upcoming community meetings.

Please select one: \*

- Benicia Resident
- Business or Organization
- Public Official

Name \*

First Last

Business or Organization Name

Title

Address \*

Street Address

Address Line 2

City

Postal / Zip Code

State / Province / Region

Country

Add Your Support

Join the growing number of Benicia residents and businesses who have written in support of this project.

[Add Your Support](#)