

Richmond Refinery Stakeholder Assessment

**Re-evaluating Engagement and Partnership Between the
Community of Richmond, California and
Chevron's Richmond Refinery**

November 2011

DRAFT

Consensus Building Institute



I. INTRODUCTION and METHODOLOGY

This Richmond Refinery Stakeholder Assessment is an independent synthesis of stakeholder perceptions around Chevron's engagement with the community of Richmond, California. The assessment builds off a similar report conducted three years ago, in late 2008 and early 2009.

The goal of the assessment is to capture accurately the range of stakeholder views around the refinery's relationship with Richmond, and to explore options for improving dialogue, engagement and partnership between the community and Chevron. The report focuses, in particular, on changes in perceptions since the previous assessment.

The Consensus Building Institute (CBI), a not-for-profit organization that helps communities and organizations to address concerns and collaborate, was asked by Chevron to conduct this assessment. CBI also conducted the previous report, and is solely responsible for the content of both reports, including any errors and omissions.¹

The report summarizes the viewpoints expressed in more than 45 confidential interviews with community leaders in October and November 2011 -- the majority conducted in person in Richmond. CBI sought to speak with a wide range of community stakeholders who reflect the diversity of viewpoints in the community, including leaders of local non-profits, neighborhood councils, business interests, environmental groups and the faith community, as well as politicians and members of local government.

A list of the individuals CBI interviewed is included as an annex. Since the report is focused on the views of Chevron's external stakeholders, it did not include interviews with Chevron staff or management.

CBI has sought to design and conduct this assessment to ensure transparency, increase the credibility of its results, and maximize its usefulness as a tool to guide improvement of Chevron-community relations. To this end, CBI is making the report available in draft form for comment.

¹ CBI works nationally and globally to help communities, organizations and governments make better decisions and improve the way they manage conflict. As a non-profit organization, CBI is committed to ensuring its work is transparent and addresses the interests and needs of all involved parties. CBI is not an advocate for any particular outcome or interest and strives to conduct its work in a fair, deliberate, and non-partisan fashion. CBI is bound by the Association for Conflict Resolution's Code of Ethics: "The neutral must maintain impartiality toward all parties. Impartiality means freedom from favoritism or bias either by word or by action, and a commitment to serve all parties as opposed to a single party." More about CBI can be found at www.cbuilding.org. CBI staff David Plumb and Merrick Hoben conducted the interviews and wrote this assessment report.

The assessment is divided in five sections:

- I. Introduction and Methodology
- II. Summary of Previous Assessment
- III. Perceptions of the Relationship in 2011
- IV. Interviewee Suggestions for How to Improve the Relationship
- V. Next Steps

Following stakeholder feedback on these draft findings, CBI will circulate recommendations for potential next steps that Chevron and community counterparts could pursue to strengthen their engagement.

Please note that this assessment is not a legal document, technical report or an exhaustive study; nor is it intended to be an arbiter of fact, data, or history. There may be other important stakeholders in or around Richmond that have different interests, concerns, and viewpoints who were not interviewed. The assessment is limited by the information gathered in the interviews and the interpretation of that information by CBI.

II. SUMMARY OF PREVIOUS ASSESSMENT

CBI's previous assessment – completed in February 2009 and based on more than 30 interviews with Richmond community leaders – serves as a basis of comparison to gauge changes in the community's relationship with Chevron in recent years.

The assessment coincided with a public expression of intent by Chevron to chart a new course in its relationship with the community, and take meaningful steps to be a stronger partner with the community.

Many stakeholders interviewed by CBI at that time noted a perceived deterioration in the relationship between the refinery and the community in recent years. Many stakeholders sensed that the company had “withdrawn” from the community, even as it remained a major philanthropic giver in Richmond. Local organizations that received support from Chevron said they were eager for more partnership and involvement from Chevron, in addition to the funding.

Some stakeholders said they perceived that Chevron's primary engagement with the community was in the political realm. Some stakeholders said Chevron staff didn't connect well on a personal level with the broad range of Richmond residents. Specific issues that emerged in the interviews included health, safety and pollution concerns, and well as frustrations over the amount of taxes the refinery paid.

Stakeholder recommendations for improving the relationship included:

- Greater company engagement with the community, through regular and consistent interaction with the diverse set of Richmond stakeholders
- Increased company participation in community-wide conversations to address critical issues facing Richmond
- More proactive local hiring efforts
- More information about the refinery’s emissions and safety procedures, and more assurance that Chevron is addressing community concerns about the refinery’s impact on the health and safety of Richmond citizens.
- Resolution of local tax disputes

The full 2009 report can be read here: <http://cbuilding.org/richmond>.

III. PERCEPTIONS OF THE RELATIONSHIP IN 2011

The following is a synthesis of themes that emerged in the interviews conducted in October and November 2011 – more than two and a half years since completion of the initial assessment.

Improvement in the quality of engagement

Many stakeholders said they perceived noticeable improvement in the quality of engagement between Chevron and the community since 2008. Stakeholders frequently described the refinery’s community relations staff as empathetic, caring, and committed to Richmond. Many also praised the leadership of the refinery’s outgoing general manager.

Chevron staff have been much more active in the community, engaging with a range of community organizations and building strong personal relationships, many interviewees said. Key staff members have managed to put a “human face” on the refinery and earn credibility by demonstrating genuine interest and commitment towards community goals, several people said.

Some stakeholders disagreed with many of these viewpoints, and stated that Chevron has consistently lacked credibility and honesty in its interactions, as well as actively caused division in the community (see “Concerns persist” section below).

Stakeholder viewpoints...

“Chevron is more genuine and present...it’s remarkably better”

“The tone has changed completely, at least in the non-profit sector.”

“All this stuff they are doing is not impressing us.”

Improvement in engaging non-profits

Many stakeholders highlighted a fundamental shift in how Chevron interacted with community organizations and the non-profit sector. In interviews, people noted several components to this transformation:

- Chevron’s support for community organizations has become more transparent, focused, and predictable around the funding process, many interviewees said.
- Chevron has established strategic priorities for social investments in Richmond, as well as clear guidelines for applying for grants.
- Chevron has also noticeably increased total funding levels for non-profits and other community organizations, many interviewees noted. Equally important, Chevron is seen to be increasingly providing organizations with more value than just money.
- In particular, Chevron is helping to convene important conversations among community organizations, foster greater collaboration and networking among Richmond’s dozens of non-profit groups, and bring other funders to the table, many interviewees said. Stakeholders cited the Town Hall meetings as an example of valuable interaction between non-profits, Chevron and other organizations.

Stakeholder viewpoints...

“Chevron has really begun to make a tremendous difference here and anyone who is paying attention will recognize that.”

“It’s important that Chevron separate the PR from the community building.”

“Chevron is making a great effort to pretend that they care about the community.”

These shifts in Chevron’s approach to non-profits have led many stakeholders to perceive that the company is genuinely interested in playing a major role in helping Richmond address priority challenges in the community, such as education and economic development.

Several stakeholders welcomed a perceived “de-coupling” of Chevron’s support of community organizations from the company’s political advocacy work. Similarly, fewer interviewees in the 2011 assessment consider that Chevron’s engagement with the community is primarily in the political realm.

It should be noted that while many stakeholders viewed the shift in strategic priority funding positively, several expressed frustration that Chevron’s priorities didn’t include the full range of needs in Richmond, and that the application process was onerous.

Investment remains insufficient

To be sure, not all stakeholders share the view that engagement with community groups has improved. And even among interviewees who described these shifts, significant concerns remain.

Many stakeholders believe Chevron's investment in the community remains insufficient - for some, grossly insufficient - given the many needs in Richmond, the magnitude of Chevron's overall corporate profits, and proximity of the company's corporate headquarters in San Ramon. Local tax disputes, described in more detail below, play an important role in shaping this widely held viewpoint. Concerns about the refinery's past - and potentially ongoing - impact on community health also factor into this opinion for several stakeholders.

Stakeholder viewpoints...

"Investment in Richmond feels like a drop in the bucket compared to their corporate profit."

"If these three [Chevron staff members] weren't around, I'd be back walking the picket lines in front of Chevron"

In addition, the improvements described above are often perceived to be the result of a few, respected Chevron employees rather than a change in overall company policy or approach. Several stakeholders expressed concern about the company's overall commitment and vision around these changes, and the continuity of the new approach should these staff members move on to other positions, and as senior management changes at the refinery.

Concerns persist around core issues

For some interviewees, no amount of support for non-profits will address other core issues underlying the community's relationship with Chevron, such as access to jobs, tax disputes, and health, safety and pollution concerns. Discussion of these issues is summarized below.

Local jobs and contracts

Many stakeholders said that Chevron isn't sufficiently committed to local hiring, using local contractors and local union labor. While a number of interviewees praised Chevron for more proactively sharing job notifications through email list-serves with local organizations, many people remain frustrated that an apparent large majority of refinery workers and contractors don't live in Richmond.

Stakeholder viewpoints...

"They are terrible about local hiring. They may give \$100,000 to a training program, but it terms of actually using local labor, you don't see it"

Several stakeholders pointed to the intensive refinery cleaning process going on in late 2011 as a disappointing example of missed opportunities to employ local workers. The shut down and cleaning, known as a "turnaround," involved over a thousand workers, stakeholders said. Very few Richmond-based contractors and workers are involved, they said. For some interviewees, this example is a troubling precedent as Chevron reapplies for permits for its refinery upgrade project that will involve thousands of construction jobs.

Stakeholders described multiple benefits from using more local employees and contractors in helping Chevron integrate into and support the community. Many interviewees remember a time when large numbers of Richmond residents worked at the plant.

Many interviewees perceived that Chevron doesn't press its contractors hard enough to hire locally, and undervalues the potential rewards from having more local hires. Stakeholders expressed different views about whether job seekers today in Richmond have the right skills to work in the refinery. Many stakeholders said capacity gaps could be overcome through job training and other means. Indeed, several stakeholders praised Chevron for the company's support of job training programs in the community. In general, there remains a gap between Chevron's support for job training and actual jobs going to locals on the ground.

Local taxes

Several stakeholders described Chevron's tax disputes with the city and county as continuing to cloud the community's relationship with company. The latest dispute over a property tax refund is an unfortunate and continuing distraction that undermines Chevron's credibility in the community, many interviewees said.

Many stakeholders expressed dismay at the size of the current dispute, which media reports indicate might result in a \$58 million rebate or more. To many interviewees, the size appeared to be shockingly disproportionate to the amount of contributions Chevron provides each year to non-profits, and would be a devastating loss for government revenue.

To be sure, some stakeholders expressed sympathy for Chevron's efforts to pay only the taxes it believes it owes, arguing that no taxpayer should be forced to accept an over-assessment. Other stakeholders said the tax dispute demonstrated Chevron was not fundamentally committed to the community.

Some community leaders, particularly leaders of non-profit organizations that interact with Chevron, said the tax issue is putting pressure them to "take sides" and speak out against the company, creating uncomfortable situations.

Health/Safety/pollution

Like jobs and local tax disputes, concerns over health, safety and pollution emerged as a key issue for several stakeholders in the previous assessment and again in 2011.

Stakeholder viewpoints...

"If the [tax] money is owed to them, fine, give it back. But with the windfall, we'd like to see some come back to Richmond."

"They should drop the property tax issue."

"There's an ongoing dissonance here between [Chevron] trying to improve the community relationship, and its continuing battles with the city over tax dollars."

Several stakeholders said they welcomed the company's new eagerness to conduct refinery tours, as well as provide newsletters and other information about the refinery's environmental and safety management. These steps are helping to "demystify" the refinery and its potential negative impacts.

Still, concerns persist among some stakeholders that Chevron is a polluter in Richmond that has affected people's health over the years, particularly in communities such as North Richmond that are closest to the fence line.

At the same time, several stakeholders said they believed Chevron is highly regulated on these issues today and appears to have better environmental performance than other refineries in the region. Many stakeholders said they just don't know what facts to believe around pollution and health impacts from the refinery.

III. Interviewee Suggestions for How to Improve the Relationship

Continue new engagement approach

Many stakeholders urged Chevron to continue the new style and intensity of engagement seen in recent years, particularly around local non-profits and community groups. Chevron should look for ways to "institutionalize" this approach to engagement, to ensure it continues beyond the potential departure of any single manager or staff member.

Increase level of support

Many stakeholders said Chevron should further increase the size of its social investment, proportionate to the need in Richmond, the company's overall profitability and Richmond's proximity to Chevron's headquarters. Richmond should be a priority for Chevron Corp., they said.

Stakeholder viewpoints...

"I am really encouraged by what Chevron is doing and discouraged by how little it is based on what is possible."

In addition, Chevron should continue to find ways to support community efforts beyond funding, through board memberships, bringing in more funders, convening important conversations and other opportunities, many interviewees said.

Chevron should pay particular attention to communities that may have received the most negative impacts from living near an industrial facility, such as North Richmond and other "fence-line" communities, several stakeholders said.

Several stakeholders suggested focusing on arts, youth recreation and health programs as funding priorities. Other stakeholders encouraged Chevron to continue

analyzing where they can have the greatest impact and “return on investment” in the city.

Articulate a Corporate Commitment that Includes Issues of Local Jobs, Health and Safety

Many stakeholders said they had a clearer vision today about Chevron’s commitments regarding social investment and partnering with non-profits in Richmond. At the same time, many stakeholders were less clear about what Chevron stood for around other important issues such as local jobs and its environmental footprint on the city.

Chevron should articulate a clear commitment around social responsibility in Richmond, and demonstrate how it is making good on that commitment, several stakeholders suggested. The commitment should go beyond supporting community organizations, and include a specific vision on supporting local employment and addressing its environmental footprint.

For some interviewees, this means bridging the gap between Chevron’s national advertising campaign themes and what it means on the ground for Chevron to be a corporate citizen in Richmond.

Many stakeholders said this vision must include steps to increase local employment and contracting.

Several interviewees noted that this broader social commitment will require alignment across various business units at the refinery and at corporate headquarters. For instance, business unit managers will need to be involved to address the challenge of increasing local hires, they said.

Stakeholder viewpoints...

“I just don’t like the way they brag on TV about doing so much, and they just don’t do it here.”

Resolve the Tax Dispute

Many stakeholders said Chevron should make the latest tax dispute go away as quickly as possible, as it threatens positive steps that have been improving the relationship. For a number of interviewees, that means Chevron should abandon its effort to obtain a refund. Other interviewees suggested that Chevron, the county and the city should negotiate an agreement that keeps the city’s finances and services intact.

Other Specific Suggestions

Stakeholders mentioned several other specific suggestions for enhancing engagement.

Many stakeholders said Chevron and Richmond's elected officials needed to find ways to work cooperatively. Perceived discord between the city's largest company and many of its elected officials stymied productive engagement around economic and social development, they said. Still, some interviewees noted that Chevron's working relationship with city staff has significantly improved in recent years.

Chevron should stop donating to political campaigns and halt political lobbying in Richmond, some stakeholders said. On the other hand, some interviewees urged Chevron to be more bold and proactive about countering criticisms and communicating the company's positive impacts on the community.

Some interviewees suggested Chevron provide incentives for existing employees to relocate to Richmond. Also, Chevron could promote "spin-off" companies that could locate in Richmond and service the refinery.

Several stakeholders said the stalled refinery upgrade project could be an important source of local jobs if managed correctly. Chevron should also develop a new "community benefits agreement" around the project that would inject substantial funds into community programs, according to one suggestion.

V. NEXT STEPS

The CBI assessment team seeks feedback on this draft report prior to developing specific suggested next steps. CBI encourages interviewees and other Richmond stakeholders to comment on how well this draft report achieves its objective of capturing the range of views around the community's relationship with the refinery.

To comment on the findings in the draft report, please contact CBI staff David Plumb and Merrick Hoben by phone or email with your input before December 9, 2011.

A final report -- including a CBI recommendations section -- will be circulated in December.

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ANNEX 1 – LIST OF STAKEHOLDERS INTERVIEWED

Rick Alcaarez, Building Trades Labor Council
Irma Anderson, Board of Directors, Doctors Medical Center and former Mayor of Richmond
Diane Aranda, Program Officer, California Endowment
Michael Baer, Richmond Progressive Alliance
Ashley Baker, Youth Resident, North Richmond
Courtland “Corky” Boozé, Richmond City Council member
Rebecca Brown, Non-profit consultant
Robert Bunce, Ed Fund
Andrew Butt, Point Richmond Business Association
Joan Carpenter, District Coordinator, Office of Supervisor John Gioia
Terrance Cheung, Chief of Staff, County Supervisor Gioia
Nancy T. Chin, Berkeley Chess School
Rev. Kenneth Davis, North Richmond Community Activist
Albert Featherstone, Faith Temple COGIC
Jane Fischberg, Executive Director, Rubicon
Joe Fisher, Coronado Neighborhood Council
Fred Franklin, Iron Triangle Resident
Greg Freer, Building Trades Labor Council
Margaret Gee, Deputy Director, Bay Area Local Initiatives Support Corporation
Sandi Genser-Maack, Kiwanis
Don Gilmore, Executive Director, CHDC
Queen Graham, former President, Neighborhood Coordinating Council
Charlene Harris, Executive Director, Healing Circles of Hope
Jerrold Hatchett, Simms Metal
Barrie Hathaway, Executive Director, STRIDE Center
Mary Peace Head, Resident, Park Chester Community, North Richmond
Janie Holland, Santa Fe Neighborhood Council
Lillie Mae Jones, North Richmond Community Activist
Don Lau, Executive Director, West Contra Costa YMCA
Al Lee, Iron Triangle Resident
Bill Lindsay, City Manager, City of Richmond
Eleanor Loynd, May Valley Neighborhood Council
Rafael Madrigal, 23rd Street Merchants Association
Michele McGeoy, Executive Director, Solar Richmond
Les McIntosh, East Bay Municipal Utility District; Lawyer; Member Bd. of Directors
Antonio Medrano, Member, West Contra Costa USD Board of Education
Annie King Meredith, North Richmond Resident
Judy Morgan, President, Richmond Chamber of Commerce
Rev. Dr. Edwina Perez-Santiago, Chairwoman/CEO, Reach Fellowship International
Judy Reed, Executive Director, Salesian Boys and Girls Club
Bea Roberson, Richmond Neighborhood Coordinating Council

Diane Sanchez, East Bay Community Foundation
Tokiwa Smith, Executive Director and Founder, SEM
Sal Vaca, Director, RichmondWORKS
Johnny White, North Richmond Community Leader
Shirley White, Youth Resident, North Richmond
Miriam Wong, Executive Director, The Latina Center
John Zieshenne, MA Hays Co.

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ANNEX 2: INTERVIEW QUESTIONS & DISCUSSION PROTOCOL

- Please describe your organization and the type of interaction you have had with Chevron, if any.

CURRENT ISSUES, CHANGES IN RECENT YEARS

- Please describe your overall impression of Chevron's relationship with the community at present.
 - What issues are most important to you? Why?
 - How have you seen the relationship change in the past few years?
 - Do you think other people in Richmond share your views?
- In a 2009 assessment conducted by CBI, stakeholders named several ideas for improving Chevron's relationship with the community. Though there was a range of views, common themes included:
 - Greater company engagement with the community, through regular and consistent interaction with the diverse set of Richmond stakeholders
 - Company participation in community-wide conversations to address critical issues facing Richmond
 - More proactive local hiring efforts
 - More information about the refinery's emissions and safety procedures, and more assurance that Chevron is addressing community concerns about the refinery's impact on the health and safety of Richmond citizens.
 - Company representatives, including senior management and staff, who connect better with citizens, listen effectively and show they care about Richmond
 - What progress have you seen on these suggestions in the past few years?
 - What is Chevron doing well today? Where could the company further improve?
 - How have community stakeholders reacted to changes by Chevron?

SPECIFIC SUGGESTIONS

- Where would you recommend the community and Chevron place the greatest emphasis going forward?

- Can you suggest any specific, practical steps for community stakeholders and Chevron to undertake to improve outcomes from the city and the company?

OTHER

- Who else should we be asking these questions to?
 - What would be the most convenient way to share the results of our interviews with you and other stakeholders?
 - What else is on your mind that we have not discussed and you would like Chevron and other stakeholders to know?
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