

RICHMOND COMMUNITY BENEFITS AGREEMENT

This RICHMOND Community Benefits Agreement (the “Agreement”) dated July 15, 2008 is entered into by and between Chevron Products Company, a division of CHEVRON U.S.A. Inc., a Pennsylvania Corporation (“CHEVRON”), and the CITY of Richmond (the “CITY”) as follows.

W I T N E S S E T H:

WHEREAS, CHEVRON desires to work cooperatively with the CITY to fund programs and projects that serve Richmond children and youth, help to reduce violence and crime in the CITY, create educational, employment, and training opportunities for Richmond residents, encourage new and innovative projects or programs that will mitigate climate change and otherwise improve the quality of the environment and assist Richmond residents in having a safe and healthy place to raise families;

WHEREAS, CHEVRON and the CITY desire to establish a process by which to prioritize, evaluate, and fund projects and programs in the areas described above;

WHEREAS, CHEVRON plans to undertake additional improvements and investments at the Richmond Refinery over time that will improve the safety and performance of the facilities;

WHEREAS, both CHEVRON and the CITY recognize that the public interest is served by the efficient processing of land use and other permits that are required for such future improvements;

WHEREAS, CHEVRON currently plans to undertake an Energy and Hydrogen Renewal Project (the “Renewal Project”) at the Richmond Refinery (the “Refinery”) as described in the Final Environmental Impact Report (the “FEIR”) for the Renewal Project (SCH No. 2005072117);

WHEREAS, the FEIR finds that all potential environmental impacts from the Renewal Project are not significant or will be mitigated to insignificance through the adoption of the mitigation measures identified in the FEIR; and

WHEREAS, in addition to the mitigation measures required for the Renewal Project in the FEIR, CHEVRON desires separately to make significant, additional investments in the Richmond community and the CITY desires to encourage such investments.

NOW, THEREFORE, in consideration of the mutual promises and the terms and conditions contained herein, the parties agree as follows:

I. TERM OF AGREEMENT.

This Agreement shall become effective on the first date of construction of the Renewal Project under the Conditional Use Permit (the “Effective Date”) and continue until expiration of the Conditional Use Permit.

II. CHEVRON FUNDING CATEGORIES, AMOUNTS AND TIMING.

The total maximum funding will be \$61,600,000 and allocated as specified below.

Category	Distribution (Thousands of Dollars)										\$61,600	
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018		
Jobs	1,000	1,000	1,000	1,000	1,000	1,000						\$6,000
Public Safety	1,000	1,000	1,000	1,000	1,000	1,000						\$6,000
Violence Prevention	775	775	875	875	875	875						\$5,050
Community Health	1,000	1,000	1,000	1,000	1,000	1,000						\$6,000
Community Benefits	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000		\$10,000
Environmental Benefits	1,000	1,000	1,000	1,000	1,000	1,000						\$6,000
Education	125	125	125	125	125	125						\$750
Fire Protection	100	100										\$200
Bay Trail												\$5,000
Solar/Wind & Alt Energy												\$14,600
Green Housing Project												\$2,000
TOTAL												\$61,600

Selective summary of funding allocation:

- **FOR JOBS AND EDUCATION - \$6,750,000**
- **PUBLIC SAFETY/ VIOLENCE PREVENTION & FIRE PROTECTION - \$11, 250,000**
- **COMMUNITY HEALTH - \$6,000,000**

A. FUNDING STRUCTURE

In accordance with the terms of this Agreement, on the second Tuesday of each January, 2009 through 2014, Chevron will deliver \$4,000,000 to the CITY provided that the following permits have been requested by Chevron and issued by the CITY by that date, or thereafter on such date as they are issued.

In 2009, that all necessary CITY permits for construction and operation of the Hydrogen Replacement and Hydrogen Purity have been issued;

In 2010, that all necessary CITY permits for construction and operation of the Hydrogen Purity and Hydrogen Replacement have been issued;

In 2011, that all necessary CITY permits for construction and operation of the Power Plant Replacement, Hydrogen Purity and Hydrogen Replacement have been issued by the CITY

In 2012, that all necessary CITY permits for the Continuous Catalytic Reformer, Power Plant Replacement, Hydrogen Purity and Hydrogen Replacement have been issued; and

In 2013 and 2014, that all necessary CITY permits for construction and operation of all Renewal Project elements have been issued.

In accordance with the terms of this Agreement, the CITY shall use the funding and support provided by CHEVRON to provide benefits within the CITY in the following categories:

1. The Richmond Jobs and Education Initiative total expenditure plan is for \$6,750,000.

The CITY will support programs that feature a continuum of workforce development services for unemployed residents of Richmond, including job readiness, skills development and job placement, programs that provide job development and intensive training for adults and youth, apprenticeship programs for placement in Building and Trades and other educational job training programs and strategies to reduce long term unemployment and underemployment in Richmond by funding:

- Richmond Build pre apprenticeship construction skills training program, with a funding allocation of \$2,500,000 over six years.
- Industrial Arts training academy that will train high school students and adults in various aspects of Industrial Arts including, Refinery Operator training, Industrial Maintenance Mechanic, Welders, Carpenters, Plumbers, Pipe fitters, Computer-Aided Designers, and inspectors, with a funding allocation of \$2,100,000 over six years.
- Richmond Employment Agency job readiness, skill development, alternative strategies to reduce long term unemployment and job training placement within the city or region, with a funding allocation of \$1,200,000 over six years.
- City Council Year-round Youth Employment Program Grant, with a funding allocation of \$200,000 over two years.
- GED class, test preparation and tutorial, for any Richmond resident eligible for High School to be conducted at Kennedy, Richmond High School and DeAnza High School or at other location as determined by the CITY. The CITY will provide a grant writer for seeking supportive grant funds to match the funding allocation of \$750,000 over six years.

2. The Safe Richmond Initiative total expenditure plan is \$11,250,000.

The CITY will increase the number of Police Officers on the street and improve the ratio of police officers in Richmond to the number of residents towards the goal of 2.0 officers per one thousand residents. In the past two years, the officer ratio was approximately 1.5 officers to one thousand residents. The current General Fund budget approval for 08-09 fiscal years will fund additional positions to reach a 1.7:1,000 ratio. The best practice standard for the average CITY in California is 2.3 officers per one thousand residents. Large urban cities with high crime hot spots often fund at a 3.0 officer ratio to one thousand residents. The Police Department of Richmond will continue the geographic based model and investigations to deploy officers to reduce homicide, violent crime by 50% over the funding period.

- The CITY funding model will utilize Chevron funding over six years, developing and incorporating a transition plan for officer positions, to eventually be folded into the base line of the general fund. The funding allocation is \$6,000,000 over six years.

- The CITY will collaborate and leverage funding, seek match funding opportunities with private philanthropy and other governmental bodies to implement through the Office of Neighborhood Safety a violence prevention strategy for the City of Richmond that will reduce victimization of children, reduce youth related crime, improve opportunity for at risk youth, and enhance quality of life in neighborhoods. The funding allocation of \$5,050,000 shall be distributed as leveraged funding and match funding.
- Richmond Fire Department will utilize the funding for firefighter staffing and training costs. The funding allocation is \$200,000.

3. The Community Health Plan total expenditure is for \$6,000,000.

In recognition of the challenge for low income seniors and low income working families to access health care and treatment programs, the CITY shall provide funding for Brookside Health Clinic to enhance access to health care for eligible low income residents of Richmond. The funding allocation is \$6,000,000 over six years.

B. The Richmond Community Fund total expenditure is for \$10,000,000.

In each year 2009 through 2018, CHEVRON plans to fund non profits and community programs \$1,000,000 per year, in participation with a community advisory council, constituted as described below.

The Richmond Community Fund Advisory Committee (RCFAC) shall consist of three sitting or retired Council Members appointed by the City Council, two members appointed by CHEVRON, and two members of the community jointly chosen by the City Council and CHEVRON appointed members to act as advisors and provide financial and program oversight. The term of each RCFAC member is four years.

C. Bay Trail Support Plan total expenditure plan is for \$5,000,000.

Beginning in the calendar year of the CITY's final approval of the Renewal Project's Conditional Use Permit, CHEVRON will provide the following earmarked support, totaling \$5,000,000 as follows:

- (1) CHEVRON agrees to continue active pursuit with the CITY, CalTrans, and the Association of Bay Area Governments ("ABAG") to identify a Bay Trail alignment from Marine Street at Tewksbury to the north side of Interstate Highway 580 for inclusion in an update of the Refinery's Site Security Plan, which CHEVRON will then submit to the Department of Homeland Security ("DOHS") for approval. Once an alignment is approved, CHEVRON agrees to provide an easement to the Bay Trail Project Owner for construction of the Bay Trail and public access to the approved route. CHEVRON agrees to work with the Bay Trail Project Owner, the CITY, ABAG, CalTrans and others to secure base funding for construction of the Bay Trail. **Estimated value of the easement is \$3,000,000.**
- (2) Following the granting of the easement and construction of the Bay Trail as proposed above, CHEVRON agrees to fund the expected \$2,000,000 (maximum) in added construction cost for security enhancements of the Bay Trail to meet the requirements of the Maritime Transportation Security Act (33 CFR Part 105) as enforced by DOHS. **Estimate value of the cost for security enhancements of the Bay Trail is \$2,000,000.**

D. ALTERNATIVE ENERGY FUNDING.

CHEVRON agrees to provide funding in the amount of **\$14,600,000 for alternative energy (“AE”) projects within the CITY**, while retaining for itself the CO2 offset benefits of any such AE projects. CHEVRON will work to identify and fund these projects in a commercially reasonable time-frame, beginning with the submittal of an AE project plan to the CITY within six months of the final approval of the Renewal Project Conditional Use Permit. The timing of funding of AE projects shall be at CHEVRON’s discretion, but must be entirely completed with five years from the date of the final approval of the Renewal Project. Included in the scope of above:

CHEVRON agrees to install 12 megawatts of renewable capacity (e.g. solar and/or wind energy) on the Refinery’s site for use at the Refinery, or for sale to Pacific Gas & Electric or for sale to the CITY for resale to its residents through a Community Choice Aggregation program. The sale to the CITY will be subject to the CITY's election not fewer than six months prior to facility startup and to agreement by the CITY and Chevron to mutually agreeable terms and conditions of sale.

E. ENVIRONMENTAL BENEFITS.

- (1) CHEVRON shall retrofit certain tanks with domes to reduce non-significant Richmond Renewal Project VOC emissions to zero net increase, at a total cost not to exceed \$5,000,000.

In order to implement this condition, CHEVRON shall select one or more floating roof tanks (other than Tank T-954 and Tank T-3228), and shall equip such additional tank(s) with a dome or a fixed roof vented to a vapor recovery system to reduce VOC emissions from the Renewal Project by at least 12.2 tons per year.

(i) Within six (6) months after approval of this Conditional Use Permit, Chevron shall provide documentation to the Planning and Building Services Department identifying the tank or tanks selected for a dome or fixed roof and including calculations showing that the retrofit will reduce VOC emissions by at least 12.2 tons per year. Chevron shall obtain approval from the Planning and Building Services Department before starting construction pursuant to this condition.

(ii) The floating roof of each tank or tanks selected shall comply with the requirements of BAAQMD Regulation 8, Rule 5, Section 305, and shall be inspected in accordance with Section 402.

(iii) CHEVRON shall ensure that the concentration of organic vapor in the vapor space above the floating roof within the fixed roof shall not exceed 30% of its lower explosive limit (“LEL”). Any stipulation causing a concentration in excess of 30% of LEL shall be immediately corrected or the tank shall be removed from service.

(iv) CHEVRON shall conduct quarterly visual seal inspections and measure the concentration (%LEL) of the vapor space within the dome or fixed roof beneath each viewport with an explosimeter. CHEVRON shall equip each dome or fixed roof with at least three (3) viewpoints

(v) For each additional tank selected pursuant to this condition shall maintain a BAAQMD approved quarterly log of the LEL of each material stored, all concentration measurements (from each view port), and the record of each visual seal inspection. This log shall

be retained on the site at least five (5) years from the date of entry, and shall be made available to the Planning and Building Services Department and the BAAQMD staffs upon request.

(vi) If CHEVRON determines that any additional tank selected pursuant to his condition is in violation of these conditions or applicable BAAQMD rule(s) during the quarterly inspections, CHEVRON shall submit a written report to the BAAQMD and Planning and Building Services Department within one hundred twenty (120) hours of the determination of non-compliance, which report shall indicate the corrective actions taken to achieve compliance.

(2) Within thirty (30) days after the Effective Date, CHEVRON shall initiate discussions with the CITY to implement ground level air quality data monitoring and collection.

CHEVRON's total contribution not to exceed \$1,000,000.

The purpose of such monitoring shall be to assess the impact of Refinery emissions on surrounding neighborhoods. CHEVRON shall submit to the Planning and Building Services Department a workplan for monitoring that includes:

(i) Identification of all potential downwind neighborhoods, considering meteorological data as well as land use, where potential residential exposures to refinery emissions can occur.

(ii) Identification of the compounds or families of compounds that will be monitored. This shall include VOCs, metals, H₂S, PAHs, and PM_{2.5}.

(iii) Identification of the monitoring methodology. At a minimum, this should include installation and data gathering for VOCs and speciated VOCs using long-path Differential Absorption LIDAR (DIAL) or similar methodology. DIAL measurements can be limited to the Refinery perimeter. Monitoring for VOCs and other contaminants shall also include traditional single-point monitors located within the neighborhoods to obtain data representative of neighborhood exposures. At a minimum, the locations selected shall include the following three areas: North Richmond, Point Richmond, and Atchison Village.

(iv) The means of gathering, maintaining, and disseminating quality-assured data to the CITY, the BAAQMD, and the public for a minimum of two (2) years. The monitoring requirements pursuant to this condition will be reassessed after two (2) years of valid data have been collected based on discussions between CHEVRON and the CITY.

(v) The means of quality assurance and quality control that will be used. The CITY and the BAAQMD can audit the data at all times.

CHEVRON shall initiate this monitoring no later than ninety (90) days after approval of the workplan by the CITY.

(3) The first CHEVRON offset of the Renewal Project's potential 898,000 tons per year of greenhouse gas emissions shall be a \$2,000,000 contribution to reduce mobile emission sources in the CITY. The targeted project is the transportation element of Greenprint. In the event Greenprint is still under development, other offsets may be pursued. Notwithstanding, as soon as CHEVRON is notified that Greenprint is prepared for their transportation element, the remaining funding will be made available.

F. OTHER COMMUNITY BENEFITS.

CHEVRON agrees to provide the following community benefits:

- (1) CHEVRON agrees to **invest Renewal Project dollars in the local economy by making purchases** such as materials, office supplies, services (janitorial, security, landscaping) from Richmond-based businesses.
- (2) CHEVRON agrees to **direct use tax on out of state taxable purchased construction related items to Richmond**, consistent with state use tax law. CHEVRON shall use its best efforts, consistent with state law, to source taxable purchases from price competitive construction retail vendors within the CITY of Richmond in order to further source sales to Richmond.
- (3) CHEVRON agrees to file a report with the CITY by October 1 of each year describing the amount of **goods and services purchased from local and Women/Minority-owned businesses and jobs provided for Richmond residents** through the Renewal Project.

III. EXPENDITURE PRIORITIES AND FUNDING PLAN.

With respect to the funding allocations set forth in Section II A, the CITY shall determine a process for approving and distributing funding per section II of the Agreement.

IV. GOVERNANCE AND OVERSIGHT.

A. ANNUAL REPORTS.

- (1) The CITY shall issue an annual report by July 31st, of each year on the progress and impact of the funded efforts (e.g. data on hiring of trained individuals from apprenticeship programs, implementation of AE projects, and programs etc.).
- (2) CHEVRON shall issue an annual report by July 31st of each year on contributions made during the prior calendar year. This report shall include contributions from taxes, franchise fees and community donations, including all contributions made under this Agreement.

B. EFFECT OF LITIGATION.

1. Notwithstanding any other provision of this Agreement, in the event that the CITY's approval of the Renewal Project is challenged in court and a preliminary injunction or stay of the approval is granted, the funding obligations under this Agreement shall be deferred for such period of time until the preliminary injunction or stay is dissolved. In the event that a court sets aside such approval or permit for any reason, this Agreement shall terminate and be null and void and CHEVRON shall have no funding obligations hereunder. If any state or regional agency delays its issuance of permits for project elements, that shall not affect the schedule of payments under Section IIA and payments by CHEVRON will proceed as scheduled.

2. There are no intended third party beneficiaries to this Agreement. With respect to the CHEVRON funding obligations the parties agree that in-kind contributions shall be acceptable for purposes of satisfying such obligations. This Agreement shall be governed, construed, interpreted, enforced and the relations between the parties determined in accordance with the laws of the state of California, without regard to its choice of law rules.

V. LAND USE APPROVALS AND ADMINISTRATION OF LAND USE PERMITS.

The CITY and CHEVRON each recognize that uncertainties and delays in the CITY's permitting processes can adversely affect investment in and implementation of future facilities replacements and upgrades that are desirable at the Refinery, cause missed scheduled turnaround opportunities, and result in escalation of costs due to delays that are detrimental to project economics as well as local economic conditions in Richmond and job opportunities for Richmond residents. In recognition of these concerns, and in consideration of the benefits provided under this Agreement, the CITY agrees and commits to undertake its best efforts to study, propose and consider planning and zoning changes for the Refinery area, consistent with its duties under State and local law, to increase certainty and reduce delay in the permitting process. This will include potential measures in the areas described below.

A. ZUCKER REPORT IMPLEMENTATION.

The CITY shall hire an experienced planner by June 30, 2009, to develop a plan to achieve implementation of the Zucker Report recommendations. The CITY agrees to provide quarterly progress reports on such implementation to the Council of Industries and Chamber of Commerce beginning in the first quarter following final approval of the Renewal Project.

B. SPECIFIC AREA PLAN.

The CITY will study the adoption and propose implementation of a Specific Shoreline Industrial Plan that identifies business and industrial uses permitted as a matter of right and adopts appropriate standards in the zoning districts comprising the Refinery property and adjacent CHEVRON property consistent with the sections below.

C. DESIGN REVIEW.

The CITY shall study the adoption and propose implementation of changes to the design review process and standards for the zoning districts comprising the Refinery and adjacent CHEVRON property to exempt from design review proposed projects that meet certain prescribed standards such as being set back from the fence line more than a pre-determined distance, having a project footprint less than a pre-determined square footage, having a project height less than existing structures, or replacements of existing facilities with substantially similar structures.

D. LAND USE PERMITS.

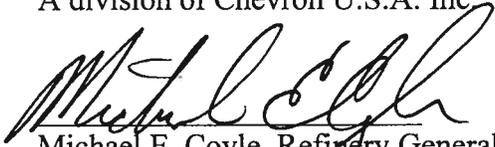
The CITY shall study the adoption and propose implementation of changes to the land use process and standards for the zoning districts comprising the Refinery and adjacent CHEVRON property to provide for treatment of the refinery and other existing uses as permitted uses for projects that meet certain prescribed standards such as being set back from the fence line more than a pre-determined distance, having a project footprint less than a pre-determined square footage, having a project height less than existing structures, or replacements of existing facilities with substantially similar structures.

E. CITY SUPPORT OF FUTURE CHEVRON ALTERNATIVE ENERGY PROJECTS.

A portion of the AE investment detailed above may be executed directly by CHEVRON at the Refinery. In that event, the CITY agrees to expedite permitting of such an AE project.

Agreed and Accepted

Chevron Products Company,
A division of Chevron U.S.A. Inc.



Michael E. Coyle, Refinery General Manager

7/15/2008
Date

City of Richmond

[Name], [Title]

Date