

FAQ's Valero Houston Refinery

Why are we doing this?

Valero submitted a petition to the City to consider its request to change the status of its current refinery facility from the corporate limits to the City's ETJ through an industrial district agreement (IDA) and cited the following as justification:

- Competitively Valero needs to shift away from foreign crude oil to US supplies
- Invest more than \$400M to construct a crude topper unit within the Houston Region
 - The company explored Corpus Christi and Louisiana as alternative sites
- Allow the company to compete equally with other refineries situated in the City's ETJ

The City's support was based on:

- The energy sector representing a core competitive advantage and contribution to the city's tax base.
 - To allow the project to go to another city could create precedence for other key players in the energy sector to follow suit.
- The city's current financial position regarding the revenue cap also factored into the decision to support.
- No adverse impact on school districts or any other taxing entity.

What are the benefits to the City?

The crude topper unit would allow the region to benefit from the company's investment while bringing in at minimum 25 professional jobs as well as 280 construction jobs. Valero's current tax obligation to the city is approximately \$2.2M per year. As an entity within the city, taxes would be collected and captured as property tax revenue, which would be subject to City's cap on taxes. As an IDA, the payment will be considered a fee. **The item must be approved by Council before the end of the year in order to remove the property from the tax roll for 2015. To defer it until next year would defer the IDA payment by one year.**

What are the costs to the City?

There is no direct cost to the city, but there is an implied "loss" of revenue of \$2.2M annually if the payment is captured as property taxes for each year where tax collections exceed the revenue cap. Funds received as an Industrial District payment, which will be the same \$2.2M, are not counted against the revenue cap.

What emissions occur from this project?

Emission increases from the project were offset by contemporaneous emission reductions at the plant. The refinery will not exceed its current permit authorizations. Since Valero's 1997 acquisition of the refinery from Basis/Charter Oil, emissions have reduced from 8,631 tons annually in 1998 to 656 tons annually in 2013. This reflects a 92% reduction and the elimination of 7,975 tons per year.

How will Valero be both a good civic and corporate neighbor?

Valero regularly attends and provides status reports at the Manchester Civic Association's monthly meetings. Over the last year Valero's status reports at these meetings have included discussion of the new crude unit. Valero has contributed volunteer hours and financial resources to the BARC Foundation, Barrio Dogs, Urban Harvest (for design of a new community garden), and assistance to HPARD programs taking place at Hartman Park.