The 2024 Chevron/Richmond Tax Payment Agreement
By David Aleshire, former City Attorney of Richmond, CA

I have been asked to relate the true story of the actual negotiation of the 2024 Chevron/Richmond Tax Payment Agreement, perhaps the most amazing negotiation of my 45-year municipal attorney career.

Richmond and Chevron had negotiated a 2010 Tax sharing agreement valued at over $100M which had expired. On May 21, 2024 Mayor Eduardo Martinez and Councilmember Claudia Jimenez agendized a presentation about a new ballot measure that would create a general tax related to oil refining, which had the potential of raising $60-90M per year. The plan was presented by Kerry Guerin, an attorney from Communities for a Better Environment (CBE), who spoke on behalf of that organization and the Asian Pacific Environmental Network. I worked on the language for placing that measure on the November 2024 ballot, and the Richmond Council unanimously approved it on June 18, 2024. Chevron immediately instituted litigation to challenge the ballot measure, which the city was responding to. There was a window for Council to withdraw the measure from the ballot up to August 14, 2024.

After its adoption by the City Council, Chevron representatives made many approaches to Council and staff seeking to get the City to abandon the measure. As a part of this effort, they finally proposed a new 10-year $300 million agreement ($30M per year) in exchange for Council removing the oil refining tax measure from the ballot. Mayor Martinez was very negative about the offer, and initially refused to meet them. The Mayor then told them to put their 10-year $300M offer in writing, which they did on August 5th, nine days before the ballot measure withdrawal deadline. Upon receipt of the letter, the Mayor spoke with me about his options. After discussion, he asked that I prepare a rejection response. By Friday August 9th I had drafted a polite “no thank you” letter saying we could keep talking during the campaign. That same evening they came back raising the offer to a $400M proposal, which suggested it had been thought through in advance as a fallback.

I talked to the Mayor and asked if he was open to a higher number. We also discussed the limited time and need to document any agreement. We would need a council committee to facilitate the transaction quickly. He appointed himself and Councilmembers Jimenez and Robinson to that committee. On Saturday I had conversations with Councilmembers Jimenez and Robinson and learned they both supported trying to develop an agreement but wanted to continue negotiating to receive the best possible terms. To do that, I knew we would have to go over the heads of the Chevron representatives we had been talking to.

While Chevron's top executive was not available, I spoke directly with Laura Bernard, the highest available executive. I expressed how strong the Council was on going forward with the ballot measure and how limited our time was. We wouldn't get a second chance. We had several conversations, and by Sunday, Chevron came back with $450M. Over the weekend the conversations continued with Martinez, Jimenez, and Robinson. Although we did not have agreement details, we set a meeting for the four of us for Monday at 9:00 a.m.

At the Monday morning meeting, Martinez, Jimenez and Robinson all rejected the Chevron $450M offer. I relayed to Chevron the nature of the discussion and told them the Councilmembers had set a further meeting for 2:00 pm that day. For the Monday afternoon meeting, Chevron raised its offer to $500M but said that's final. The Mayor wanted me to go back for one more push to $600M. Chevron had told me they were at their limit with the $500M, so I looked at him and said what about $50M per year for 5 years and then $60M per year for 5 years or $550M—I think they can be pushed to that. He looked back and said ok, as did Jimenez and Robinson. When I called Chevron back—within an hour they said fine but that has to be last move.

I said we still needed to break the news to the rest of the Council and the public, and we only had 24 hours to iron out the agreement before the August 15th deadline for removing the measure from the November ballot (which was our part of the bargain). I told them they needed to do a first draft, as my hands were full, and their draft needed to be simple and straight-forward as we didn't have much time for negotiation of details.

Tuesday, I received the first draft of the settlement and made some changes to it. We received it back about one hour before the 5 pm August 13, 2024 special closed session meeting of City Council. By then word about our negotiations had leaked, so a lot of public was there, mostly Chevron folks. At the end of closed session I called Chevron back as I knew we'd have no time on Wednesday to go through more drafts of the Agreement. After an hour and a half discussing what Council wanted, Chevron's attorney team left to work on edits. At 9:30 am on Wednesday morning we had an agreement back from them. It was pretty much in its final form as the deadline was upon us. I then had three calls with Jimenez, Martinez, Robinson, and our County Supervisor John Gioia who had been involved in conversations with us and Chevron about some of the major issues still in dispute: mostly centered around termination and suspension of payment questions.

I had many emails from other councilmembers with questions about provisions, some of which I didn't have time to answer. I was questioned why all seven councilmembers couldn't have directly participated in the negotiations with Chevron, but under the Brown Act that would have required calling formal meetings for each conversation, which was impossible under the tight time constraints.

We held a special meeting of the Richmond City Council on Wednesday, August 14, 2024 at noon to approve the $550 million settlement we had negotiated with Chevron and to remove the oil tax measure from the ballot. Ten minutes before the meeting I finally looked at the staff report which got printed up with typos. But anyway, all Councilmembers gave great speeches, the audience was mostly supportive (some wanted the ballot measure to go forward anyway and then fight it out in the courts), and the Supervisor appeared and congratulated the City on a remarkable achievement.

In conclusion, I'd say that Mayor Martinez and Councilmembers Jimenez and Robinson provided great leadership, and the whole Council now has a huge job trying to determine the best way to spend this money to make long-term changes for the benefit of the community. I'd also like to say that this could not have been done without Chevron's remarkable responsiveness and professionalism.

Our firm (Aleshire & Wynder, LLP) also represents the City of Carson who also has a major West Coast refinery, Marathon. They adopted an oil tax measure similar to what Richmond planned to put on the ballot and ended up spending eight years in litigation and accruing millions of dollars in litigation expenses. They just recently entered into a settlement agreement for a $350M deal over 15 years – considerably less than what Richmond negotiated. This reaffirms that the City accomplished a remarkable agreement for a long weekend's worth of legal fees.