

Vallejo Marine Terminal/Orcem Project
Statement of Benefits
November 23, 016

The Revised Operations Alternative (ROA), as presented in the Draft Final Environmental Impact Report, will result in the following listed substantial community benefits, which include economic, legal, social, technological, or other benefits, that both individually and in combination outweigh and render acceptable the potentially significant effects on the environment that cannot be mitigated to a level less than significant.

The applicant team believes that approval of the ROA will lead to a positive balance of the competing goals based on the following listed economic, fiscal, social, planning, land use and other benefits to be obtained, and that these benefits of the ROA outweigh, both individually and in combination, the specific environmental impacts of the project that cannot be sufficiently mitigated.

1. **Economic Benefits:** Substantial evidence is included in the record of these proceedings and in documents relating to the ROA demonstrating the environmental, land use, social, and economic benefits that the City will derive from the implementation of the project. In addition, the ROA creates important local economic benefits, including the following:
 - a) Generation of approximately \$9.09 million in receipts to state and local governments over the first six years of operation through direct, indirect, and induced impacts. Thereafter, the project is expected to generate over \$2 million per year in tax revenue to state and local governments.
 - b) The City of Vallejo is expected to receive approximately 29% of the taxes and fees paid during the initial six years of project operation, representing a cumulative total of \$2.64 million in revenues to the City alone.
 - c) Property tax collected by Solano County is expected to total \$3.26 million over the initial six years of project operation; and thereafter is expected to exceed \$599,000 per year, providing funding for city, school, library and other public services; the City of Vallejo is expected to receive a 5.3% share of these property tax revenues.
 - d) The fiscal benefits from the ROA will grow over time, beginning with over \$886,000 in tax and fee revenues for state and local governments, increasing to approximately \$2.05 million at full project operation. The City's revenue from the Revised Operations Alternative is estimated at over \$151,000 in the first year of operation, growing to over \$533,000 annually after six years of operation.
 - e) The average wage paid for direct employees at the combined project will be approximately \$80,445 per year after six years of project operation. The average wage concurrently paid for indirect jobs created at project suppliers is estimated at

approximately \$64,275 per year, while that paid for induced jobs is estimated at \$50,659 per year.

- f) In total, after six years of operation, the ROA is estimated to contribute \$21.7 million in value added to the local gross domestic product (GDP) based on output (total revenues for the project, suppliers and local businesses impacted by induced spending) of about \$62 million.

2. **Establishment of Vallejo as a Center of International Trade and Commerce:** The VMT and Orcem ROA project will re-purpose the old General Mills site, including an upgrade to its rail infrastructure and waterfront, to open an international shipping terminal. The site's deep water berth, direct connection to the California Northern railroad, and proximity to the interstate highway network provide the opportunity to increase the efficiency of northern California's commercial transportation system, and help establish Vallejo as a center of international trade and commerce.
3. **Employment Benefits of VMT Component:** Establishment of the VMT Terminal as a key site of multi-modal and intermodal transportation and logistics, will enhance Vallejo's role in the regional and international trade economy, and provide a means for locally manufactured products to be transported and distributed, increasing the viability of and the potential for attracting further manufacturing operations to Vallejo. The VMT Terminal component will provide management and skilled labor employment opportunities for local and regional residents in the construction phases, as well as the long-term operations of commercial and industrial uses on the project site.

The VMT component will generate approximately 20 construction jobs for the duration of the estimated 12-month initial construction phase. In addition, once the VMT component is operating at close to full capacity, it will create an additional 97 total permanent direct and indirect union jobs, and induced jobs, including 59 direct full-time jobs plus additional 20 indirect and 18 induced jobs.

4. **Employment Benefits of Orcem Component:** The Orcem component maximizes the potential for the manufacture of ground granulated blast furnace slag (GGBFS), a product that has historically been in short supply in California, helps California meet its AB 32 greenhouse gas regulations, and helps to meet the long term needs of the construction industry for high performance environmentally favorable concrete and sustainable building materials. The Orcem component will reliably provide competitively priced and environmentally friendly cementitious products that are crucial in reducing the environmental impact of concrete production, as sought by the California Department of Transportation (Caltrans) in support of AB 32, and as also called for by designers of both public and private sector construction projects seeking Leadership in Energy and Environmental Design ("LEED") certification. It will do so by providing for an efficient scale of production at a plant which will operate around the clock as a multi-modal receiving, storage, processing, and distribution facility. This facility will provide management and skilled labor employment opportunities for local and regional residents in the construction phases, as well as the long-term operations of Orcem facility.

The Orcem component will create approximately 100 jobs for the duration of the estimated 15-month construction phase. In addition, once the Orcem Project is operating at close to full capacity, it will create an estimated 95 permanent full time direct and indirect union jobs, and induced jobs, including 40 total direct jobs, 31 indirect jobs and 24 induced jobs.

In addition to the initial construction jobs and permanent operations staff, the Orcem Plant will support local employment growth in ancillary and related industries in Vallejo and throughout the region, including truck, rail and marine transportation, and construction. It is estimated that between 60 and 90 additional full-time logistical jobs will be created through the transport of incoming raw materials, primarily by sea, and the distribution of products, primarily by rail and truck. Further, the combined local Orcem and logistical employee purchases for housing, goods, and services will have a positive and sustainable secondary effect on stimulating the local economy. Finally, by providing a local source for an environmentally responsible building product, the Orcem Plant will also support successful public and private building projects locally and throughout California and neighboring states.

5. **Green Business Related Job Investment:** The Orcem component of the ROA will invest nearly \$50 million in private funds on this green business, thereby creating jobs, increasing local tax revenues, and boosting the economy. As noted above, the City of Vallejo is expected to receive a substantial tax and fee revenues from the combined project, helping pay for local services, including police and fire. In addition, the project will generate a combined total of 192 good-paying permanent jobs within six years of operation, generating an estimated \$13.15 million in annual wages paid to these permanent workers. In addition, the project will generate tens of thousands of hours in union construction-related work. The combined project is estimated to contribute \$21.72 million to the local economy during the first six years of operation.
6. **Vallejo General Plan Implementation Benefits:** The City of Vallejo has adopted a General Plan that contains a number of goals and policies designed to guide the City's growth in the future. The Orcem and VMT ROA project, will uniquely serve to implement the following major goals and policies of the City's adopted General Plan:
 - a) Provide for establishment of 192 total permanent direct, indirect and induced good-paying jobs, thereby serving to implement Industrial Development Goal 2: *"To have a higher percentage of residents working in the Vallejo area."*
 - b) Utilize the existing natural separation and buffering between the existing project site and surrounding less intensive uses, while minimizing operational impacts of the combined project, thereby serving to implement Industrial Development Goal 3: *"To insure compatibility between industrial land uses and uses of a lesser intensity."*
 - c) Creatively and efficiently utilize the abandoned site formerly utilized as a grain mill for a modern deep water terminal and mill for the production of GGBFS, in accordance with Industrial Development Goal 4: *"To maximize the potential of industrially zoned lands for the fostering of new and innovative industrial development."*

- d) Revise the operational character and controls in the ROA in order to minimize noise and avoid all potentially significant noise impacts of the combined uses, thereby achieving consistency with the Noise Goal: *“To provide for a more pleasing acoustic environment for the city by controlling noise levels in a manner that is acceptable to the residents, reasonable for commercial and industrial land uses, and practical to enforce.”*
 - e) Revise the operational character and controls in the ROA in order to minimize air borne emissions and avoid all potentially significant air quality impacts of the combined uses, thereby achieving consistency with Air Quality Goal 2: *“To reduce the air quality impact associated with future development in Vallejo.”*
 - f) Design and implement a major employment use which provides 192 total permanent good-wage local jobs, while avoiding substantial demands on Vallejo’s potable water resources and ensuring compliance with all applicable Clean Water Act and local water discharge standards, thereby ensuring consistency with the Water Resources Goal: *“To protect the city’s water resources against pollution and wasteful use so that it will be available for the city’s future needs.”*
 - g) Design and implement a major employment use which provides 192 total permanent good-wage local jobs, while avoiding any significant impacts to fish and wildlife habitats, thereby ensuring consistency with *Fish and Wildlife Resources Goal: To protect valuable fish and wildlife habitats.*
 - h) The VMT and Orcem ROA project will re-purpose the old General Mills site, including an upgrade to its rail infrastructure and waterfront, to open an international shipping terminal and establish a plant for production of GGBFS, strengthening the local employment base and visible identify of the industrial waterfront, thereby implementing Urban Design Goal 1: *“To establish a strong city identity.”*
7. **San Francisco Bay Plan Implementation Benefits:** Consistent with the adopted Vallejo General Plan specific to the South Vallejo Industrial Area, the ROA will uniquely help to implement the regional economic and land use policies embodied in the San Francisco Bay Plan, as administered by BCDC, providing sustainable economic and environmental benefits to the region as a whole. Specifically, this project will:
- a) Accommodate a priority water-related industrial use, thereby serving to implement the Bay Plan major conclusion that: *“Shoreline areas suitable for priority uses—ports, water-related industry, airports, wildlife refuges, and water-related recreation—exist only in limited amount, and should be reserved for these purposes.”*
 - b) Reestablish a deep-water terminal used to facilitate operation of a water-related industrial land use, thereby advancing the following major proposal of the Bay Plan: *“Waterfront land now used by industries that require access to deep water shipping should be continued in this use, and sufficient additional waterfront acreage should be reserved for future water-related industry”.*

- c) Protect and promote use of the subject property for a deep draft shipping terminal, in accordance with the following major finding of the Bay Plan: *“The navigable, deep water sites around the Bay are a unique and limited resource and should be protected for uses requiring deep draft ship terminals, such as water-related industries and ports.”*
- d) Efficiently plan for and accommodate use of the subject site for a water-related industrial use, in support of the following Bay Plan major finding: *“Expansion of water-related industry can be accommodated at existing water-related industries. Because waterfrontage with access to navigable, deep water is scarce in the Bay Area, existing and future water-related industrial sites must be efficiently planned and managed.”*
- e) Preserve use of the former General Mills site in accordance with the following major finding of the Bay Plan: *“Sites designated for both water-related industry and port uses in the Bay Plan should be reserved for those industries and port uses that require navigable, deep water for receiving materials or shipping products by water in order to gain a significant transportation cost advantage.”*
- f) Efficiently reuse and modernize a centrally located, existing deepwater terminal site identified in the San Francisco Bay Plan as a *“Priority Use”* site, thereby: (1) Avoiding *“substantial Bay filling and loss of large natural resource areas”* otherwise resulting from use of an alternative site (consistent with Bay Plan Major Conclusion #3); Developing this portion of the Bay and shoreline to their *“highest potential”*, as called for in the Bay Plan, by accommodating terminal and water-related industrial uses reserved for this purpose in the Bay Plan; and (3) Achieving cooperation between the San Francisco Bay Conservation and Development Commission (BCDC) and local government to cooperatively plan for reuse of this currently *“underutilized water-related industrial priority use area”* by approval and implementation of the ROA (consistent with Bay Plan Water-Related Industry Policy #6).

8. **Vallejo Economic Development Strategic Plan Implementation Benefits:** The City of Vallejo has adopted an Economic Development Strategic Plan (dated September 11, 2012) that identifies challenges to the local economy, and establishes economic development goals, objectives and implementation steps designed to strengthen the local economy. The Orcem and VMT ROA project, will uniquely serve to help implement the following major goals and policies of the City’s Economic Development Strategic Plan:

- a) Stimulate the retention and expansion of existing businesses through the direct import and export of bulk and break-bulk goods utilized or manufactured locally, and through the production of GGBFS as a high-quality and environmentally superior material used in the construction of new buildings, bridges and infrastructure (Goal #1).
- b) Contribute to the diversification and strengthen of the manufacturing-related industrial sector by attracting new business investment, and by directly adding new businesses in Vallejo with substantial new employment as quantified under Community Benefits #3 and #4 above (Goal #2).

- c) Contribute to a highly-skilled local workforce through the training of local workers under the programs articulated in Community Benefit #10 below, and through the direct, indirect and induced creation of new jobs as quantified under Community Benefits #3 and #4 above (Goal#5).
- d) Helping to make Vallejo the Bay Area’s premier site for manufacturing, by: (1) Facilitating growth in international trade and export sales through operation of the VMT Terminal and Orcem Mill, thereby creating new jobs and increasing City sales tax and other municipal revenues; and (2) Attracting substantial new investment from two new businesses (VMT and Orcem) that are both linked to regional manufacturing, and will both provide new high-wage jobs (Goal #7).

9. **Moving Solano Forward Implementation Benefits:** The County of Solano contracted to prepare Moving Solano Forward (MSF), with financial support from the U.S. Department of Defense Office of Economic Adjustment, as a focused study intended to provide strategies to “*further diversify the economic base of Solano County and allow residents and businesses to thrive and prosper.*” The City of Vallejo is acknowledged in the September 2014 Final Report as a Partner in the completion of MSF. MSF states that the county is emerging from “*significant impacts incurred during the Great Recession*”, including a population growth that has been “*slower than in neighboring regions*” over the past decade, and job losses that have been “*more acute*”. MSF outlines a strategy to strengthen economic diversity within the County through a series of initiatives. The Orcem and VMT ROA project, will uniquely serve to help support and implement the Vision and Objectives of MSF as follows:

- a) Improve the diversity and robustness of the county’s economy by creating new industrial sector jobs and supporting expansion of other existing industries in Vallejo and the surrounding county, consistent with the Vision Statement for MSF.
- b) Consistent with the Real Estate Analysis in MSF Memorandum #1, the ROA Project provides for the estimated investment of approximately \$14.8 million in capital by the year 2022 in a project which involves reuse of an existing industrial site located on the Vallejo Waterfront with deep-water access for international trade, along with rail, truck and smaller vessel access to local and regional destinations for both goods and finished products.
- c) Consistent with goal of promoting diversification within the “Advanced Materials” industrial sector targeted for Solano County under MSF (Memorandum #4), the Orcem component of the ROA will provide up to 900,000 metric tons annually of GGBFS as its principal finished product. GGBFS helps to meet the needs of the construction industry for high performance, environmentally favorable concrete and sustainable building materials. Also known as “green cement”, GGBFS is produced from the recycled first stage material used in the production of steel, with an order of magnitude less CO₂e (carbon dioxide equivalent) and other polluting air emissions than the traditional portland cement consumed in California annually.

- d) Consistent with MSF Goal 2, Strategies 2.1 and 2.2, the ROA project provides a substantial investment in new business development, as well as retention and expansion of existing businesses, including important contributions to a highly-skilled local workforce through the training of local workers under the programs articulated in Community Benefit #10 below, and through the direct, indirect and induced creation of new jobs as quantified under Community Benefits #3 and #4 above.

10. Community Grant Program: The ROA project will establish a new \$1 million Community Grant Program to support the Vallejo community in a wide variety of important and much needed areas. The primary focus of the funds will be to support the South Vallejo community, which is in closest proximity to the project site. The funds will be spent to support local non-profits that provide services in the areas of education, youth, job training, and environmental sustainability. The Orcem/VMT Community Grant Program will spend \$160,000 per year for six years, subject to approval of the ROA project by the Vallejo City Council. Orcem/VMT will establish a process for the selection of grant recipients, based on criteria developed with community input.

In advance of the decision to approve the ROA, VMT and Orcem have already committed \$30,000 for the 2016/17 school year to fund an after-school program at the Harbor Park Apartments at 969 Porter Street in South Vallejo to be operated by the Leaven Group. The Leaven Group, based in Fairfield, California, has a proven track record of working in partnership with members of the local community; including businesses, police and fire departments, local government, school administrators and teachers, church groups and concerned neighbors to bring their after-school mentoring and tutoring program to the area as a revitalization tool for the neighborhood.

Additionally, VMT and Orcem have initiated the development of a workforce training and placement program that will initially serve residents in the city's South Vallejo neighborhood. The training and placement process will identify, recruit and ultimately train a minimum fifty (50) individuals per year who have historically been underserved in the development of advanced employment skills that lead directly to full-time living wage employment in the fields of transportation and the union building trades.

As it currently stands there are agencies that provide basic employment skills development, but often times they lack the ability to focus their curriculum on particular skills that employers would need to see in order to make substantial employment offers. And conversely those employers really have no way to reach in to a community and directly recruit those that are underserved. VMT and Orcem intend to fill that historic casework service gap.

VMT and Orcem have already reached out to a number of local training and employment development agencies to understand the currently available services and employment opportunities including Michael's Transportation Service (MTS), Sol-Trans, the California State Employment Development Department's (EDD) Workforce Development Project, the Napa-Solano County Building Trades Council and Carpenters Union Local 180; and VMT/Orcem is continuing to broaden the net with meetings planned with the Solano

County's Community Correctional Partnership (CCP), the Vallejo Unified School District's Vocational Training Program, Fighting Back Partnership.

The VMT and Orcem program will put particular focus on participants who possess a basic level of lifestyle functioning who have been, or currently are in the criminal justice system. VMT and Orcem will work with Vallejo's network of treatment organizations in order to initially recruit potential employees. Treatment facilities such as the House of Acts and Genesis House possess the ability and facilities to identify individuals among their client pool perhaps through their Sober Living Environments (SLE's.) Additionally, others in the community who may not be involved in residential treatment services can also be evaluated by those agencies on an out-patient basis, and any potential deficiencies can effectively be determined and addressed.

In summary, the VMT and Orcem training and placement program will be designed to identify, recruit and ultimately train a minimum of fifty (50) individuals per year, with the composition of training opportunities being based on employment opportunities and individual preference (up to forty (40) individuals per year to acquire a commercial drivers license (CDL) and forty (40) individuals per year to complete the Carpenters Union Pre-Apprentice training program). Currently, Michael's Transportation is placing 100% of their CDL graduates. In the case of the Carpenters Union Pre-Apprentice training program, the Carpenters Union will guarantee a minimum of ten (10) graduates to receive membership as Apprentice Carpenters in the union each year. Once the program is established the possibility to expand the offering to other construction trades (for example electricians, plumbers and HVAC technicians) is envisioned.

All told, a minimum of fifty (50) individuals who have historically been underserved in the development of advanced employment skills and job placement will be provided the opportunity to secure full-time living wage employment in the fields of transportation and the union building trades.