



# Billings Refinery

March 26, 2015

Dear Council Member:

Please find attached the minutes from our March 10, 2015 CAC meeting. The next CAC meeting will be on **TUESDAY, APRIL 14, 2015** at our usual meeting place – the Phillips 66 Learning Center adjacent to the refinery. Dinner will be from 5:00 to 5:30. The meeting will run from 5:30 to 7:30 and include a Refinery 101 presentation and refinery tour.

Sincerely,

Ann L. Clancy, Ph.D.  
Meeting Facilitator

**Meeting Location:  
Phillips 66 Learning Center  
415 South 24<sup>th</sup> Street**

**PHILLIPS 66 BILLINGS REFINERY  
CITIZENS ADVISORY COUNCIL  
March 10, 2015**

**MEETING MINUTES**

- Present:** Council members: Keith Beartusk, Bob Carr, Travis Harris, Eileen Morris, John Pulasky, Emily Shaffer, Andrew Sullivan, Michelle Zahn  
Phillips 66 management: Colin Franks, Randall Richert,  
Facilitator: Ann Clancy
- Absent:** Paul Dextras, Lance Johnson, Ralph Hanser, Mark Hilbert, Bruce MacIntyre, Shirley McDermott, Gregory Neill, Melissa Patton, Ray Rigdon, Jim Ronquillo, Melanie Schwarz, Mike Yakawich, Stella Ziegler
- Guests:** City College Administration: Rita Kratky, Interim Dean; Florence Garcia, Associate Dean; Francisco Saldivar, Dept. Chair for Transportation & Energy Technology Programs; Vern Gagnon, Principal Investigator, Strengthening Workforce Alignment in Montana's Manufacturing & Energy Industries (SWAMMEI); George Harper, Instructor, Welding/Metal Fabrication; Shayla Fox, Enrollment Services Counselor Recruitment Specialist; Trevor Belknap, New Student Specialist  
City College Process Plant Technology students: Michael Baker, Chad Bernhardt, Jesse Brockschmidt, Cody Dayley, Adam Goodburn, Chris Henrichs, Trevor Krook, Austin Pickering, Victor Pulse, Robert Ross, Cody Shelmerdine, Joseph Wyatt

**AGENDA**

- Welcome/Introductions
- MSU-B & Refinery Status Updates
- Tour of Process Plant Technology Lab
- Next Meeting: April 14, Refinery Tour

**WELCOME/INTRODUCTIONS**

The CAC meeting was hosted by the Process Plant Technology Program and held at City College. Dr. Florence Garcia, Associate Dean of City College addressed the group, recognizing the Process Plant Technology Program students who were present and Andrew Sullivan for his work as instructor for the program and thanking Phillips 66 for its support of the Process Plant Tech Program. Other administrators and staff were present including: Dr. Rita Kratky, Interim Dean; Francisco Salvidar, Dept. Chair, Transportation & Energy Tech Programs; Trevor Belknap, New Student Specialist; Shayla Fox, Enrollment Services Counselor Recruitment Specialist; George Harper, Instructor Welding/Metal Fabrication; and Vern Gagnon, Dept. Chair, Instructor Automotive Technology and Principle Investigator of SWAMMEI.

Colin Franks, HSE manager, and Randall Richert, Consultant Air Environmental, welcomed the students and guests on the behalf of Phillips 66 and thanked City College for hosting the CAC

meeting. Colin announced that refinery manager Ray Rigdon was out of town at an industry group gathering and was unable to attend the meeting. Colin emphasized how education and youth was a major theme for the Citizens Advisory Council the past couple of years and how important it was for youth in Billings to have a job future they can look forward to in their hometown. He acknowledged how well the program at City College aligned with the values and mission of the Phillips 66 refinery and its CAC in the focus on youth and education.

## **CITY COLLEGE & REFINERY STATUS UPDATES**

### **City College Update**

Dr. Rita Kratky, Interim Dean, provided an update of City College/MSU-Billings. While the current budget reductions are painful, part of the process involves strengthening those areas that help drive enrollment. She noted that 86% of the students who graduate find employment in the Billings area and 60% in the state overall. Students in the City College programs, such as the Process Plant Tech program, are considered to be well trained when they graduate. Colin Franks pointed out that when he started his career in the oil industry 27 years ago there were no such degree programs and that the companies had to invest in intensive on-the-job training.

Francisco Saldivar, Dept. Chair for Transportation & Energy Tech Programs, reported that the Process Plant Technology Program is one of the most successful programs at City College with the majority of graduates being hired in a timely manner. The program benefits from there being three refineries in town, community involvement with the program, and the promise of good jobs and wages. Dr. Garcia stressed that City College is focused not only on ensuring program graduates but also on minimizing their loan debt. Dr. Kratky stated that the City College programs not only offer students pathways to advance their degrees but also support local and state-wide industries.

Andy Sullivan, CAC member and Instructor of the Process Plant Tech Program, described the two-year program as consisting of 4-5 semesters. Half of the students present at the meeting were in their second year and the other half was in their first year which started in January. To ensure that the program evolves and develops, City College regularly consults an industrial advisory group.

Trevor Belknap, New Student Specialist, and Shayla Fox, Enrollment Services Counselor Recruitment Specialist, announced that they would provide tours that evening of some of the other degree programs in the building, such as Construction-Carpentry, Automotive-Diesel Technology, and Welding/Metal Fabrication. George Harper, Instructor in Welding/Metal Fabrication, made a request for a speaker from the refinery to do a presentation to his class on the safety process side of working in a refinery. Colin Franks will follow up with that request.

Vern Gagnon introduced himself as the principal investigator for City College for the state-wide SWAMMEI program (Strengthening Workforce Alignment in Montana's Manufacturing & Energy Industries). This project is a consortium of 13 Montana two-year colleges which recently received a nearly \$25 million Department of Labor grant to develop and expand innovative training programs that promote skills development and employment opportunities in eight target occupations with lead institutions designated for most of the areas:

- Welding and Welding Fabrication (Great Falls College MSU)
- Manufacturing (Flathead Valley Community College)
- Machining, Industrial Maintenance and Industrial Electronics
- Oil and Gas (MSUB City College)

- Energy Technician (Missoula College)
- Diesel Technology (Helena College and MSU Northern)
- Entrepreneurship (Flathead Valley Community College)
- Emporium Math (no lead)
- CDL/Heavy Equipment Operators (no lead)

Vern noted that City College is partnering with Phillips 66 on some customized safety training for operators.

## Refinery Update

*Colin Franks reported the following:*

**Operations:** The refinery has been running well over the last month. In terms of the business environment, the drop in crude oil prices has left this region temporarily well positioned as it processes the cheaper Canadian crude oil. As gasoline prices drop it has shrunk the refinery's profit margin. However, due to an explosion at a California refinery and some other similar impacts, the products coming out of this region have become more available and valuable.

**Safety:** There have been no safety incidents.

**Environmental:** There has been only one environmental incident this year which was reported at the February CAC meeting.

**People:** The refinery continues to be distracted by the union contract negotiations. The United Steel Workers represents a significant workforce in the country. As of February 1, many contracts expired and 15 out of 22 refineries went out on strike. After a week of no progress, Shell Oil, the national negotiating partner, and the USW met yesterday and today with more positive results. Local issues with the Phillips 66 refinery were settled January 31. The refinery remains on a 24-hour rolling extension.

In response to the updates, the following comments/questions were made by CAC members and guests:

- *What percentage of students tends to complete their degree programs at City College?* The matriculation rate is 50-60% for City College graduates. There are many students who need to "stop out" during their education for various life events which makes it difficult to track their progress. Efforts are being made to look at why this is happening and what the college can do to address it. The national average for completing a four-year degree is 70%. It takes a "team" to help students get through their degree programs.
- *Why are 15 out of 22 refineries on strike?* Not sure how they choose which ones to go out on strike but none of the Phillips 66 refineries are on strike and four are in negotiations. It might be because the Phillips 66 refineries have resolved all their local issues.
- *What is the main issue keeping the two parties from an agreement?* Wages are always a major issue and this year the mechanical labor wants to gain more control by having the refineries shift from hiring less contractors and more employees.
- *How do they expect refineries to hire only employees?* At turnaround times, the refineries need to hire contractors. Also the economics of the industry require that refineries be able to staff up or down depending on the fluctuations of product supply and demand. The refineries want to retain the right to make that decision.
- *What are the short and long term impacts of the strike on the Process Plant Technology Program?* The training program should not be impacted at all. Whether contractors or employees, these workers need the same set of skills as this work will get done no matter what happens.
- *At the national level, what is the oil storage capacity and what happens if it's exceeded?* Refineries have started to slow down their production levels in response to the drop in oil prices which will back down capacity and soon the cheaper fuels will encourage demand to go up as the country enters the spring and summer driving months. Supply and demand dynamics are very evident in the oil industry.
- *What's the difference between the summer and winter mix in oil standards?* Fuel standards must be met based on the change in seasons. For example, in cold weather there is a need for more volatiles

to start engines. There is a deadline each year when the fuel mixes need to switch over according to EPA regulations— mid-April and mid-September. The EPA can inspect tanks at stations or terminals to ensure they are geared towards season appropriate standards.

- *At a recent Board of Regents session, it was discussed that Montana is an aging state, fifth in the U.S. There appears to be a huge wave of people approaching or at retirement age but without a large enough pool of younger people to replace them. Are you seeing those things in the oil industry?* There is a similar demographic pattern in our industry leading to a crunch around the skill sets needed. There is a current turnover of the aging workforce and those within 10 years of retirement. The next group has less than five years of experience and there appears to be nobody in the middle. When the crude oil prices were high there were a lot of projects being planned in the U.S. and the industry was trying to identify workers and the skill sets that would be needed. It was discovered that some of the craft skills, such as welding and machinists, were not being picked up by the younger generation. Mostly those skills reside with older workers.
- *Did the refinery receive the funding approval to move forward with the vacuum unit improvement project?* Yes, the approval for initial funding came through. The Billings refinery will be undertaking the largest improvement project of all the P66 refineries nationwide. It will be a \$260 million project to be completed over the next three years and will position the Billings refinery very positively for the future. It's a very exciting project to be coming to Billings. The corporate office recognized the capabilities of the Billings refinery and of this region even though it is small in capacity compared to other P66 refineries.

## **PROCESS PLANT TECHNOLOGY LAB TOUR**

The tour of the process plant technology lab involved the participation of first and second-year students who operated pilot plants and shared information with the community members on what they do. There were demonstrations of 10 pilot units showcasing some core technologies like pumping, process control, distillation, and the Delta V units as well as some brand new student work including biodiesel plant improvements, the oil seed press, the biomass pelletizing process, and pipe threading work practices. A summary of students who helped with the event and the unit they operated is listed below.

		Pilot Unit
Victor	Pulse	Centrifugal Pump with Clear Case
Cody	Dayley	Conoco Tanks
Trevor	Krook	Delta V (North Machine)
Austin	Pickering	Delta V (South Machine)
Jesse	Brockschmidt	Large Distillation Unit
Chad	Bernhardt	Glassware Distillation
Robert	Ross	Bio-Diesel
Chris	Henrichs	Oil Seed Press
Cody	Shelmerdine	Bio-Diesel
Adam	Goodburn	Pipe Threading / Flaring
Michael	Baker	Pellet Mill
Joseph	Wyatt	ASMSUB City College Senator

The demonstrations were followed by a tour of some of other programs offered at City College: Construction-Carpentry, Automotive-Diesel Technology, and Welding/Metal Fabrication.

## **NEXT MEETING: APRIL 14**

- Welcome/Introductions
- Refinery 101 Presentation
- Refinery Tour
- Community, Transportation & Refinery Updates