



DOW: 33,597.92, up 1.58 unchanged
S&P: 3,933.92, down 7.34 (-0.2%)
OIL: \$72.01, down \$2.24 (-3.0%)
NATURAL GAS: \$5.72, up 25 cents (4.6%)

BUSINESS

HOUSTONCHRONICLE.COM THURSDAY, DECEMBER 8, 2022 SECTION B

Exxon pay increases beating inflation rate

Oil giant taps record profits for its biggest salary hikes in 15 years

By Kevin Crowley
BLOOMBERG

Exxon Mobil Corp. is awarding U.S. employees above-inflation pay increases just weeks after the Texas oil giant posted its highest quarterly profit, underlining how strong 2022 has been for the fossil-fuel industry while other sectors like technology

and finance cut jobs. Workers will receive an average salary bump of 9 percent, and those who got promoted will see a further 5 percent increase, according to people familiar with the matter who asked not be identified discussing nonpublic information. The current U.S. consumer price index is 7.7 percent.

In aggregate it's Exxon's biggest salary award in 15 years, spokeswoman Amy Von Walter said Wednesday. The company is also giving restricted stock options to 14,000 employees globally, which is more than a fifth of its total workforce and up from 5,000 last year. About a third of employees globally re-

Exxon continues on B6



Bloomberg file photo

Exxon Mobil Corp. is awarding its U.S. workers with an average 9 percent raise. Promoted employees get another 5 percent.



Raquel Natalicchio/Staff photographer

Mayor Sylvester Turner and other civic leaders announce the first round of Open for Business Grant recipients on Tuesday. The Houston small businesses and nonprofits will receive a combined \$5 million ranging from \$10,000 to \$65,000.

Social justice fund issues 219 grants

A total of \$5 million goes to small businesses and nonprofits

By Erica Grieder
STAFF WRITER

Demetrius Walker, owner of Meek's Vegan Pizza in Blodgett Food Hall near Texas Southern University, knows that in many ways he's poised for success.

"Pizza is a big industry. It's the most popular food on planet Earth. Five billion pizzas are sold every year, worldwide," Walker said Tuesday morning. "But there's been a huge void in the vegan pizza market."

Meek's opened in June 2021, in the depths of the COVID-19 pandemic. It was not the worst time to open a pizza restaurant, however. People still had to eat, and they gravitated toward delivery services such as DoorDash and GrubHub. This year, however, has been challenging. Walk-



Walker

er, who has a professional background in economic development and learned to cook thanks to YouTube, Google and books, is aiming to deal with high inflation by making his business operations more efficient.

A grant from the city of Houston in partnership with Wells Fargo will help him do just that. On Tuesday, the Houston Fund for Social Justice and Economic Fund — the Houston Equity Fund — announced the first round of recipients under its Open for Business Grant program at an event at Emancipation Park.

A combined \$5 million will be distributed to 219 small businesses and nonprofits in this first phase of the program, part of a

broader \$20 million in grants which will go out over a three-year period.

Walker, who received a \$15,000 grant, plans to buy a \$6,000 pizza dough baller — Meek's makes its own dough from scratch each day — and, eventually, a machine that prints pizza boxes, which will lower his costs.

Other recipients who attended the event had similarly specific plans. Dana Wells of DW&A, an intellectual capital consulting firm, plans to use her grant to put various programs online as a way of democratizing the career planning process, she said. Eepi Chaad of Arts Connect Houston, a nonprofit focused on arts education, plans to use the funds to support a mapping project to show educators across Houston ISD

Grants continues on B6

Biden calls for fossil-free federal buildings

By Ari Natter
BLOOMBERG

The Biden administration is poised to ban federal buildings from using fossil fuels, adding the government's heft to a growing electrification movement that

has natural gas distributors on the defensive.



Biden

All new federal buildings would be required to be fossil-fuel free by 2030 under an Energy Department proposal announced Wednesday. The plan, which also applies to federal buildings that undergo renovation, would start in 2025 by mandating buildings reduce their on-site emissions associated with energy consumption by 90 percent relative to 2003 levels, the department said.

"Ridding pollution from our buildings and adopting clean electricity are some of the most cost-effective and future-oriented solutions we have to combat climate change," Energy Secretary Jennifer M. Granholm said in a statement.

The requirement comes amid a thriving climate movement to

Fossil free continues on B6

Permitting reform out of must-pass spending bill

By James Osborne
WASHINGTON BUREAU

WASHINGTON — Efforts to speed up federal permitting for large infrastructure projects like pipelines and power lines suffered another setback Tuesday evening after Democrats and Republicans declined to include West Virginia Sen. Joe Manchin's permitting legislation in their year-end defense spending bill.

Top Democrats had been in discussions about including permitting reform in the National Defense Authorization Act, an annual spending bill that funds the U.S. military. But late Tuesday the House and Senate Armed Services Committees released text for the legislation without the provision to speed up a federal permitting process that takes years to complete.

In September, Manchin, the Democratic chairman of the Senate Energy and Natural Resources Committee, had introduced legislation limiting that review process to two years, championing his bill as a means to speed renewable energy development while also increasing the production of fossil fuels on which the country largely still relies.

"Failing to pass bipartisan en-

Permitting continues on B6

Academy sales dropping back to normal levels

By Megan Munce
STAFF WRITER

Academy Sports and Outdoors was a pandemic success story, posting historic profits and sales as it rode the wave of consumers looking to invest in home gyms and outdoor activities.

This year, the Katy-based retailer's performance has slowed while remaining far above pre-pandemic levels. In the company's third quarter, ended Oct. 29, profits declined by more than 18 percent to \$137 million compared with the same quarter a year earlier. Net sales also declined, to \$1.49 billion, down a little more than 6 percent from the third quarter of 2021 but more than 30 percent higher



Jason Fochtman/Staff photographer

Academy Sports & Outdoors posted declining sales and profits, but both remain well above pre-pandemic levels.

compared with the same quarter in 2019.

The third quarter was "challenging," CEO Ken Hicks told investors Wednesday. Hicks

said the decrease in sales was driven by declines in the company's outdoors sector, which last year was bolstered by a surge in demand for ammunition. Sales

of footwear — up more than 5 percent year over year — topped all other divisions during the third quarter. Home fitness-related sales declined by more than 18 percent year over year.

The overall third-quarter declines aren't halting Academy's plans to open 80 to 100 new stores over the course of 2023, he said.

During the third and early fourth quarters, Academy opened seven stores in existing markets, such as the Houston area, and new regions, such as West Virginia, bringing its total count of new stores during the current year to nine. New stores have heavily contributed to Academy's growth over the past three years, helping to raise rev-

Academy continues on B5

U.K. firm's lease deal one of area's biggest

By Marissa Luck
STAFF WRITER

Engineering firm Wood PLC is recommitting to West Houston with one of Houston's largest office deals of the year. The move comes as the company has joined other large corporate office users in shedding other space as much of its staff works in a hybrid or remote schedule.

Wood, a Scotland-based global engineering giant with about 2,200 employees in Houston, recently signed a roughly 226,300 square-foot renewal at 17325 Park Row, where it has been located since 2014, a spokesperson for the company confirmed. Real estate brokerage Cushman & Wakefield arranged the lease at the four-story building near the Energy Corridor.

"Wood is committed to remaining and growing in Houston, as it is a main hub for many of our employees and located within the energy capital of the world," Amy West, senior manager at Wood, said in a statement. "This particular building has many features that align with our evolving workplace needs,

including a café, coffee shop, large meeting rooms and collaborative workspaces. It is also centrally located to our workforce."

The renewal would make the Wood deal the third biggest commercial office lease deal signed this year, behind earlier leases signed by EOG Resources and Apache Corp., according to research from the real estate firm Transwestern.

The renewal comes after the company shed its lease for roughly 145,000 square feet at Ten West Corporate Center II at 17404 Katy Freeway in October. The company occupies space in three other West Houston office buildings, 17420 Katy Freeway; 17320 Katy Freeway and 17900 Park Row.

About half of Wood's regional staff work in a hybrid or remote work schedule now, West said.

In consolidating its office footprint, Wood joins a string of large firms that have made similar moves to commit to long-term leases but ultimately shrink their overall office footprints. Oil and gas firm Apache recently signed the second-biggest office lease in Houston this year, taking about



Courtesy Cushman and Wakefield

Wood PLC has renewed a lease in west Houston at 17325 Park Row, one of the biggest office deals in the metro this year, even as it shrinks its overall office footprint in the wake of hybrid work schedules.

328,000 square feet at Briarlake Plaza. The move from its current headquarters at Post Oak Central will mean it will shrink its overall office footprint by more than half, the Chronicle previously reported.

Earlier this year, Baker Hughes announced plans to relocate its headquarters to roughly 130,000 square feet at 575 Dairy Ashford Road in the Energy Corridor, shedding a net 346,000

square feet of office space from several other locations in the process. Also this year, financial services firm Invesco cut its office space by more than half in a renewal for about 180,000 square feet at Greenway Plaza.

The space reductions are another setback for a Houston office market battling chronically high vacancy, even as the number of office deals in the region picked up considerably com-

pared with the doldrums experienced in 2020 and 2021.

About 8 million square feet worth of office deals were signed in Houston during the first three quarters of this year — about 22 percent higher than the same period in 2021, according to research from Cushman & Wakefield. However, the overall office vacancy rate remained about 26 percent in the third quarter this year, slightly higher than the same time last year, according to the real estate services firm.

Kevin Snodgrass, Trey Strake and Megan Madorsky of Cushman & Wakefield represented Wood in the lease negotiation. Chip Colvill of Cushman & Wakefield and Cameron Colvill, formerly with Cushman & Wakefield and now with Whitebox Real Estate, represented landlord Griffin Realty Trust.

Called Westgate III, the four-story Class A building is part of the 550-acre Park Ten Business Center. Built in 2014, the building's sustainable design earned it a LEED Gold certification from the U.S. Green Building Council.

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New York Times file photo

West Virginia Democratic Sen. Joe Manchin's provision to speed the federal permitting process for large infrastructure projects was stripped from the defense spending bill.

PERMITTING

From page B1

ergy permitting reform that both Republicans and Democrats have called for will have long-term consequences for our energy independence," Manchin said Tuesday evening. "The American people will pay the steepest price for Washington once again failing to put common sense policy ahead of toxic tribal politics."

President Joe Biden had endorsed using the defense spending bill to pass permitting reform, but Manchin's legislation drew pushback from more progressive members of the party and environmental groups, who argued it was a giveaway to fossil fuel industries.

On Tuesday the Congressional Progressive Caucus announced it was formally opposing the inclusion of permitting reform in the defense bill.

"While many within the (caucus) are supportive of accelerating and expanding renewable energy transmission, progressives have raised objections to a specific approach under consid-

eration that entrenches new fossil fuel infrastructure," the group said in a statement.

Republicans also opposed the legislation, saying it did not go far enough in reforming how federal agencies conduct environmental reviews.

The decision is a setback for oil and gas companies that have complained for years about the waits for approval of projects including LNG and oil export terminals and natural gas pipelines.

The industry had been lukewarm on the legislation Manchin introduced in September. Jason Modglin, president of the trade group Texas Alliance of Energy Producers, said Tuesday that the bill could have been, "more aggressive," but his group did not oppose it.

"We were heartened he's still pushing on it," he said Tuesday. "Permitting reform is an opportunity to expand markets for natural gas, whether it's (northeast) states that are constrained or around the world. Those are fantastic opportunities for the state of Texas."

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FOSSIL FREE

From page B1

"electrify everything" that has seen cities from coast-to-coast banning fossil fuels in new buildings that could disrupt natural gas distributors. Montgomery County, Maryland, which has a population of over 1 million people, last week voted to forbid the use of natural gas for heating and cooking in new buildings.

Previous iterations of a mandate, which was attempted without success by the Obama administration, would have completely phased-out the use of fossil fuels in federal buildings. The latest version only applies to onsite consumption such as that used for heating buildings and water.

The proposal was panned by the American Gas Association, which represents utilities such as Dominion Energy Inc. and

DTE Energy Co., saying natural gas was more affordable than electricity.

"Eliminating natural gas in federal buildings is an impractical, unscientific and expensive idea that will have no environmental benefit," the group's president, Karen Harbert, said in a statement.

While natural gas, which releases about half as much greenhouse gas as coal, was previously embraced by environmentalists as a bridge to a zero-emissions future, the fuel is now vilified by many greens. Their concerns focus on the fracking process used to produce it and the leaks of methane — a powerful greenhouse gas.

Buildings are a major source of greenhouse gas emissions in the US, and fossil fuels used in federal buildings account for over 25 percent of all federal emissions, according to the Energy Department, which esti-

mated the new emission reduction requirements could save \$8 million a year. The agency forecasts that the requirements would, over a 30-year period, reduce carbon emissions from federal buildings by 1.86 million metric tons and methane emissions by 22.8 thousand tons — amounts roughly equivalent to the emissions generated by nearly 300,000 homes in one year.

The proposal builds on a broader Biden administration goal of net-zero emissions for all federal buildings by 2045.

In addition to the Energy Department rule, the White House Council on Environmental Quality announced it was setting a new building performance standard that would require federal agencies to reduce electricity usage and electrify appliances and equipment in 30 percent of their building space by 2030.

EXXON

From page B1

ceived promotions this year, she said.

Exxon's pay awards mark a turning point following three tough years for rank-and-file oil and gas workers. Exxon froze salaries, carried out its first mass layoff in decades and suspended its 401(k) match (its traditional pension was unaffected). Exxon subsequently experienced a level of employee attrition above the historical norm. Last year, it gave workers below-inflation pay increases, on average.

But surging oil and gas prices following Russia's invasion of Ukraine, combined with aggressive cost-cutting by Chief Executive Officer Darren Woods, have turned Exxon's fortunes around. Profits in the

second and third quarters were the highest in the company's 152-year history.

Pay at Exxon is highly dependent on where an employee lies within the company's performance evaluation system, with some top performers who got promoted receiving raises of between 15 percent and 25 percent, people familiar with the matter said. The double-digit pay hikes come at a time when many of the largest tech companies are reducing their workforce while Wall Street banks are cutting bonus pools.

"Our company performance reflects the hard work, commitment and perseverance of our employees," Von Walter said. "We take great pride in the exceptional business results our teams delivered despite it being a time of uncertainty and significant change."

Exxon disclosed earlier this

week that it had rewarded top executives with a 10 percent salary boost. U.S. employees also got a one-time cash payment worth 3 percent of their annual compensation in June. Even after a recent drop in crude prices, the stock is still up almost 70 percent this year. Exxon recently re-entered the top 10 biggest companies the S&P 500 Index.

With a darkening economic outlook, it's unlikely that all employees across the economy will be able to command inflation-matching wage increases next year. But oil workers appear to be among the winners. Average hourly earnings in oil and gas extraction for non-supervisory workers were up more than 13 percent in October from a year ago to almost \$42, according to Bureau of Labor Statistics data. The annual increase is the largest since late 2016.

GRANTS

From page B1

what kind of arts programming is available at various campuses.

The recipients were selected from about 2,500 Houston-area applicants whose businesses have 50 or fewer employees, are led by people of color and are committed to the Houston Equity Fund's four pillars of social and racial justice, economic development, youth empowerment and education and community building.

Thomas Jones, president of the Houston Equity Fund, said at the event that the idea arose during a conversation with Mayor Sylvester Turner in August 2020 amid the pandemic and in the aftermath of the killing of George Floyd.

In Wells Fargo, he said, the city found a corporate partner that recognized that for small businesses and nonprofits, capital is a basic need — in most cases, a paramount one.

Gena Jerkins, the fund's executive director, said fund leaders recognize that small businesses are key to social justice efforts, as well as the health of their communities.

"I've had board members say,



Raquel Natalicchio/Staff photographer

The recipients are among about 2,500 applicants whose businesses have 50 or fewer employees, are led by people of color and are committed to the Houston Equity Fund's four pillars.

"This is my way of marching," she said, after leading the crowd in a round of celebratory applause.

The broader \$20 million commitment to the Houston Equity Fund is drawn from Wells Far-

go's \$420 million Open for Business Fund, a national small business recovery effort launched during the pandemic, with a focus on racially and ethnically diverse small-business owners.

Marquel Carl, owner of Carl &

Coleman Global Security, heard about the grant program while working security on the first contract he landed after launching his own business, an event at the Harvest, a church in Greenspoint.

Watching a presentation by fund leaders from the back of the room, he said, it occurred to him: "I'm a small business, too."

The \$20,000 grant his firm received will allow him to provide his 10 employees with bullet-proof vests, which run around \$1,000 each, and non-lethal weapons such as Tasers, which can cost more than many handguns, the sort of equipment they need to do their work safely in neighborhoods many private security companies avoid, and where trust in law enforcement is not high.

Bishop Shelton Bady, founder and legacy pastor of the Harvest, said the Harvest Community Development Corp., a nonprofit focused on community outreach in Greenspoint, would use its \$40,000 grant to buy computers for use in one of its after-school programs. Beyond that, he said, he reckons the grant represents a vote of confidence in the work the nonprofit does and the community it serves.

"After COVID-19, a lot of the wind under our sails was depleted. But now, this infusion of capital motivates us, energizes us. We have a rallying point to say, here's a new beginning," Bady said. "It's a momentum-changer."