



# Refinery to create jobs, add tax revenues

Goal of hiring many Detroiters not yet met

By KATHERINE YUNG  
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After a lengthy delay, one of Michigan's biggest construction projects in recent years is expected to hit its peak of activity this fall, employing 1,300 workers in southwest Detroit.

Marathon Petroleum is about halfway through upgrading equipment at its Detroit refinery and expanding the facility, the only one in Michigan. Though the \$2.2-billion project began three years ago, the work is slated to significantly ramp up in September or October.

The expansion will allow Marathon to process more Canadian oil sands, which will increase pollutants from the refinery from 2009 levels.

Marathon has promised to add 60 jobs and 75 contract positions after the project is completed in the second half of 2012. The company has 560 employees, including 160 contract workers, at the Detroit refinery. The expanded refinery also is expected to gener-

ate \$230 million in additional city tax revenues during the next 20 years as well as an estimated \$85 million in local and state taxes from wages and other spending.

Most important, the investment helps ensure that the 81-year-old refinery will remain open well into the future.

"This project takes us from being one of the slower antelopes to at least being in the middle of the pack," said Tracy Case, manager of Marathon's Michigan Refining Division.

But the massive investment is not without controversy. After the expansion, the refinery will be able to significantly increase the amount of heavy crude oil it processes. A key source of this heavy crude is the huge supply of oil sands in Canada. But environmentalists oppose tapping into the oil sands because they say it is the dirtiest source of oil.

Marathon also has not succeeded in hiring large numbers of Detroit residents, something it had agreed to do when



Construction continues on the new coker site at the Marathon Refinery in southwest Detroit. The project is expected to hit its peak in the fall.

it received the Detroit City Council's approval for \$178 million in city tax breaks during a 23-year period.

Marathon, which is based in Findlay, Ohio, is investing billions in its Detroit refinery in order to significantly increase its profits. After the project is finished, the refinery will be able to process 80,000 more barrels of heavy crude oil a day into gasoline, diesel and as-

phalt. This heavy crude oil is less expensive than other forms of oil and provides other financial advantages.

"If Detroit were running today with the kind of differentials we're seeing (between Western Canadian select and Louisiana light sweet crude), its profitability would be extraordinary," Clarence Cazalot, Marathon Oil's CEO, told analysts in February.

The refinery also will be able to produce 120,000 barrels of oil a day, up 13% from the current 106,000. That means more gasoline and other fuels for Michigan.

Case said the Canadian oil sands are a more stable and secure source of oil than imports from the Middle East. But Josh Mogerman, a spokesman for the Natural Resources Defense Council, said extracting this oil requires more energy and water than digging a well, and the refining process releases a lot more sulfur and heavy metals into the air.

Marathon's own data shows that total emissions of carbon monoxide, nitrogen oxides, sulfur dioxide and other pollutants at its Detroit refinery will increase from 1,265 tons in 2009 to 1,500 tons a year after the expansion project is finished. That's an increase of 235 tons a year, or 18.6%. But it is much lower than the 5,507 tons of emissions generated in 1999.

Despite the environmental concerns, the refinery expansion got the go-ahead from city and state officials, desperate

for jobs in a city with far too few of them. Of the \$2.2 billion, about half will be invested at the existing refinery and half in a new site adjacent to the facility that was once occupied by a steel company.

But so far, few of the new jobs have gone to Detroit residents. Of the 45 people hired so far for the 60 permanent jobs, 13, or 29%, live in Detroit. Marathon also had promised that 51% of the construction and other temporary workers hired for the expansion project would be Detroiters. The best it has been able to do so far is 42% in June 2009.

Rhonda Anderson, an environmental justice organizer for the Sierra Club, said many Detroit residents have applied for the jobs at Marathon and been turned down.

Marathon said it has struggled to hire more Detroiters because they account for only about 10% of the membership at the many trade unions that it works with. "We want to hire as many Detroit residents as we can," said Chris Fox, a Marathon spokeswoman.

# Marathon's neighbors want a fresh start



Earnest and Arnette Ford sold their home and are ready to move. Some neighbors say they can't afford to go based on what Marathon is offering. It's fair market value, the company says, and no one has to leave.

## They're desperate to escape fumes, health worries, noise

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The houses are disappearing on Pleasant Street. Turn right on Patricia Street, and only three vacant homes are left. And on nearby Liddesdale Street, piles of dirt and cement stand where many families once lived.

In this southwest Detroit neighborhood with an expanding Marathon Petroleum refinery on one end and a new retention basin for sewage overflow on the other, the residents who have not left are desperate to move, weary of the dirty air, chemical fumes and the constant noise of trucks barreling by on I-75.

"It's a toxic wasteland," said Adrienne Crawford-Hill, who has lived at 12516 Pleasant St. for decades and dreams of moving to Phoenix or North Carolina to escape the dust that constantly accumulates on her window sills and cars. "It's not so pleasant."

She and many of her neighbors who live around the corner on Liebold Street want Marathon to buy them out. But according to some residents who have contacted the company, the money Marathon is willing to pay isn't enough for them to leave the pollution behind and make a fresh start elsewhere.

Marathon says it is offering residents the fair market value for their homes and is not forcing anyone to leave. It wants to create green space around its 81-year-old Detroit refinery, which is in the midst of a \$2.2-billion expansion.

### Pollution and health concerns

The standoff illustrates the complexities and difficulties involved in converting residential areas into other uses, even in a city with an overabundance of living space. The



issue is more pressing than in other parts of Detroit because of the pollution problems affecting the neighborhood, part of the dirtiest ZIP code in Michigan.

So far, Marathon has purchased two homes in the area of Liebold and Pleasant Streets and has outstanding offers on three others. On the other side of the refinery, it has bought two homes and two businesses in the Oakwood Heights neighborhood.

It's not a secret that southwest Detroit is a hotbed for heavy industry, with a city incinerator and factories that produce everything from steel and coal.

Rhonda Anderson, an environmental-justice organizer for the Sierra Club, said Marathon is not the worst polluter, but it is a major contributor to the problem. "No one is trying to stop new jobs, but at the same time, it is killing us," she said.

Crawford-Hill and several other residents say that the air quality in their neighborhood has worsened since the refinery expansion began three years ago. They accuse Marathon



Living on Pleasant Street is "not so pleasant," says Adrienne Crawford-Hill, who has made her home there for decades. "It's a toxic wasteland," she says, in part because of tankers that leave her car constantly covered with dust. She and Marathon are negotiating the sale of her home.



For Regina Smith, the issue is the stink that comes from drains on Liebold Street, the street on which she lives. She and others say Marathon is dumping toxins through the sewer system. Marathon denies it.

thon of dumping toxins into the sewer line that runs by their homes. Marathon denies this.

### What Marathon says

"We stay well within our permitted emissions," said spokeswoman Chris Fox, noting that the refinery has reduced its total emissions since 1999 by 76%.

She said Marathon plans to install a carbon bed system that would remove odors from the wastewater that its refinery generates. Fox also noted that the company has not violated any wastewater-discharge rules.

Since 2008, the Michigan Department of Environmental Quality has issued five violations against the company, four of them within the last year. Three of them involve

odors that "constitute an unreasonable interference with the comfortable enjoyment of life and property."

State Rep. Rashida Tlaib, D-Detroit, said she is concerned that Marathon's purchase agreements contain provisions that would prevent residents from suing the company in the future over health problems caused by pollution from its refinery.

"A lot of residents, when we met with them, had no idea the clause was there," she said.

Fox said the provisions were contained in a couple of previous purchase agreements but are no longer in them.

### Ready to go, if the price is right

For now, many residents are stuck in limbo. Regina Smith said that she did not ac-

cept Marathon's offer to buy her house at 775 Liebold because it was too low.

Like many residents, Smith's mortgage was paid off a long time ago. "We didn't create the situation, so why should we pay for it?" she said.

Her neighbor, Tracie Stewart, also wants to sell if she can find another house downriver.

"With what they are offering, I can't buy the house I need," said Stewart, a stay-at-home mom who has three young children.

A few residents have accepted Marathon's offers, including the Rev. Ernest Ford and his wife, Arnette Ford.

"We thank God that we got delivered out of here," Arnette Ford said. "The area is not livable anymore. We're praying for the others."

The Fords could not reveal

what Marathon had paid them for their house at 779 Patricia St. because of confidentiality agreements they signed with the company. On Monday, they plan to move to Winston-Salem, N.C.

Crawford-Hill said she is negotiating with Marathon over the sale of her home. But in the Oakwood Heights neighborhood, Linda Martin, who lives on Colonial Street, said Marathon's offer for her home was not enough to enable her to make a down payment on another house.

"My husband and I do not want to start house payments again," said the 61-year-old retiree whose car is constantly coated with silver particles. "We can't afford to just walk away from our home."

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