



City of Philadelphia

City Council
Chief Clerk's Office
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Philadelphia, PA 19107

Legislation Text

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Authorizing the Committees on Environment and Legislative Oversight to hold joint hearings to assess options for the future of the refinery complex owned by Philadelphia Energy Solutions.

WHEREAS, Safety, health, economic opportunity, sustainability, and quality of life are fundamental interests of City government in serving Philadelphia's citizenry; and

WHEREAS, The refinery complex owned by Philadelphia Energy Solutions (PES) has deeply affected those interests throughout its history, which began in 1866 with the Atlantic Refining Company and continued under Gulf Oil, Sunoco, and PES. The 1,400-acre site, which straddles the Schuylkill River in South and Southwest Philadelphia, directly affects the everyday lives of tens of thousands of Philadelphians and indirectly affects millions of people across Greater Philadelphia; and

WHEREAS, In the 19th and early 20th centuries, gasoline was regarded as a waste product and a large amount was leaked into the soil at the refinery site. In 1962, oil saturation in the ground at the refinery caused an explosion during construction on a sewer project, killing several sewer workers. The refinery once again caught fire in 1975, spilling oil onto the ground and killing eight Philadelphia firefighters; and

WHEREAS, According to a 2017 report by the Clean Air Task Force and the NAACP, the refinery was responsible for 72 percent of the toxic air emissions in Philadelphia, including carbon monoxide, formaldehyde, benzene, and particulate matter. Those emissions have been linked to a citywide childhood asthma rate that is more than two times the national average; and

WHEREAS, In recent years, the site's owners and operators have teetered on the brink of insolvency, due to competitive disadvantages and to significant regulatory and tax liabilities, including environmental compliance and enforcement obligations associated with the site's operation as a refinery; and

WHEREAS, Those financial woes led to significant state assistance to stave off bankruptcy. Nevertheless, PES filed for bankruptcy in January 2018. Although it emerged from bankruptcy later that year, it remained financially challenged; and

WHEREAS, In the early morning hours of June 21, 2019, a major explosion erupted at the refinery complex. The blast, which was caused by ignition of vapors from a butane tank, destroyed an alkylation unit used to process gasoline. There were three explosions in total, and fuel pipes running across the complex continued to burn for the next two days. The explosions did not cause any fatalities, due to swift and effective safety measures taken by refinery workers, but they destroyed 57 percent of refinery capacity. On June 26, PES announced it would shut down the refinery complex, citing the prohibitive cost of repairing the equipment damaged in the fire. On July 22, PES declared bankruptcy for a second time; and

WHEREAS, Closure of the facility has vast economic and labor implications for the City and the region. A study conducted by Econsult estimated that the refinery complex, when fully operational, supported 6,300 jobs and had a total economic impact of \$2.1 billion in Philadelphia alone. Moreover, the jobs supported by the

refinery complex, both directly and indirectly, were largely both highly specialized and well compensated. Many of those workers, including a high proportion of union members, became suddenly unemployed and are unlikely to find comparable employment within Philadelphia or the surrounding area; and

WHEREAS, An array questions remain about the future of the site. Among them are what viable, safe uses may exist, given challenges such as severe fire damage and broad environmental remediation obligations; what entities may have interest in the site and the capacity to both acquire and manage it responsibly; how to ensure that site's future use entails family-sustaining jobs; how to promote both the safety and health of Philadelphians, particularly Philadelphians living in communities close to the site, and the financial security of affected workers; and how the City can promote a positive future for the site despite the limitations of the site's private ownership and the owner's ongoing bankruptcy proceedings; and

WHEREAS, Decisions made regarding these issues have the potential to impact Philadelphians for generations to come; now, therefore, be it

RESOLVED, BY THE COUNCIL OF THE CITY OF PHILADELPHIA, That the Committees on Environment and Legislative Oversight are authorized to hold joint hearings to assess options for the future of the refinery complex owned by Philadelphia Energy Solutions.