LATEST HEADLINES

Chester Water Authority likens receiver bankruptcy filing to robbers' logic

Solicitor raises questions impacting authority, spreads blame

MEDIANEWS GROUP FILE PHOTO

The Chester Water Authority headquarters in Chester.

By **KATHLEEN E. CAREY** | kcarey@delcotimes.com | delcotimes.com

PUBLISHED: November 12, 2022 at 6:42 a.m. | UPDATED: November 16, 2022 at 1:33 p.m.

CHESTER – The solicitor for the Chester Water Authority has likened the city receiver's bankrputcy filing on behalf of the city of Chester to "bank robbers' logic."

"They hold retirees as hostages and they use bank robbers' logic," Francis Catania, solicitor for the Chester Water Authority said of Receiver Michael T. Doweary, adding that that logic is "I need money. You have money. I'm taking your money."

The attorney repeated his claim that the receiver wants to privatize the CWA.

"He's going to ask the court to take over the Chester Water Authority," Catania said, adding that the burden of paying for Chester's financial woes would then switch from the government to the citizens and ratepayers.

On Thursday, Doweary filed for Chapter 9 bankruptcy in U.S. Bankruptcy Court for the Eastern District of Pennsylvania for the city of Chester so that it may resolve its financial debts and disputes, including a projected $46.5 million deficit next year.

The receiver's office released a statement addressing Catania's claims.

"Our response is that the receiver's position that a monetization must happen — but he is open to it remaining in public hands — remains the same," Vijay Kapoor, Doweary's chief of staff, said. "We look forward to continued discussions with all groups, including the CWA, to reach the goal of addressing Chester's finances."

Digital First Media

Francis Catania

Catania had more comments about the receiver's bankruptcy move.

"The state has a $5 billion surplus," he said. "Why are they not helping the city of Chester out?"

Catania said the state assisted Philadelphia in 1992 when then-Mayor Ed Rendell approached them, with that city in similar financial straits. He said the state agreed and that led to the formation of the Pennsylvania Intergovernmental Cooperation Authority, which still exists to oversee Philadelphia's financial operations.

"No one in Harrisburg is doing that for Chester," Catania said.

Previously, the receiver's office has said that while a large one-time infusion of funds could initially help the city of Chester, in order for it to be financially viable, other actions must be taken.

Catania questioned the $1 million amount listed for Kevin Greenberg of Greenberg Traurig in the list of creditors in the bankruptcy filing. The amount is labeled as "contingent, unliquidated and disputed" and is for professional services.

He said the CWA demands that Doweary reveal publicly the documentation that supports this entry.

There is a public presentation that will be unveiled 1 p.m. Tuesday on the receiver's Facebook page.

Delaware County is also listed as owed $7.5 million from the city for a 2009 lease.

Catania also questioned the protection for the city in light of the $400,000 sent to a scammer during a "phishing" incident in June.

"Why didn't the city have insurance coverage for a cybercrime?" he asked, saying that the receiver is scapegoating the city. "He's failed in that responsibility … Let's see a copy of the internal controls the receiver recommended to prevent this."

He also questioned how the bankruptcy filing will impact the suit the receiver has against the Delaware County Regional Water Control Authority.

In September 2019, DELCORA entered into a $276.5 million asset purchase agreement with Aqua Pennsylvania Wastewater Inc. When Chester sold its assets to DELCORA in 1973, it included a provision that should the authority dissolve, the assets would be returned to the city or the city would receive compensation for them.

In August, the receiver's office sued DELCORA for that compensation in light of the Aqua Pennsylvania asset purchase agreement proceedings.

In the court documents of the August filing, Aqua and DELCORA representatives testified before the Pennsylvania Public Utility Commission that the Chester assets range from $43 million to $84 million.

Catania asked if the receiver plans to move forward with the DELCORA litigation in light of the bankruptcy.

Kathleen E. Carey | Reporter
Kathleen E. Carey has been a reporter for the Delaware County Daily Times since 1998.

kcarey@delcotimes.com

Follow Kathleen E. Carey @dtbusiness