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Chester tests market on water authority sale

By Colin Ainsworth Special to the Times

CHESTER — City government is once again testing the market for a potential buyer of the Chester Water Authority.

Council approved a resolution at its regular meeting Wednesday morning authorizing the issuance of a request for proposal for CWA assets. Per a Feb. 3 stipulation in Delaware County Common Pleas Court between the city and the authority, the resolution states the city will not act on any responses until "a final legal resolution of its rights under the Municipal Authorities Act" is concluded. The RFP will be open until March 9.

The city had previously issued RFPs for a potential buyer in June and August, with each being blocked by injunctions issued by Common Pleas Judges Spiros E. Angelos and James P. Bradley.

"Through the RFP, our government is committed to quickly getting a sense of the market and moving forward to negotiate and close a transaction," Mayor Thaddeus Kirkland stated in a release. Kirkland stated potential bidders must "construct assurances that promote job security" for CWA employees and "demonstrate a willingness to work with CWA union officials."

"The city is determined to figure out the best course of action for the city, its residents, its neighbors and all stakeholders in the CWA, which the city created and has been responsible for since 1939," city Solicitor Kenneth R. Schuster said in a statement provided to the Times.

He noted the CWA's agreement that "the city is within its rights to run a bid process so long as it doesn't close on any eventual transaction before the court rules," per the Feb. 3 stipulation, and called the move "a step towards the city's eventual exit from Act 47."

CWA Solicitor Francis J. Catania countered Schuster's statement by saying the city has exercised no responsibility over the authority and that "they've not put a dollar into the authority." He stated that by his estimation, should the city receive money from a sale, it would not generate enough money to move the city out of Act 47.

The RFP cites the city's Act 47 status and says "key factors in the analysis of proposed bids will be the total amount of consideration at closing on the sale of the assets to the offeror, expected rate increases, timing of next rate increase and means to mitigate or stabilize rates and the total amount of any non-refundable deposits or immediately accessible payments to be made by the offeror to the city."

Catania questioned if the move falls under the bidding process allowed by the stipulation. "It's not a bidding process, it's a negotiating process. They're delegating power to the mayor to conduct an auction," Catania said by phone Wednesday.

"This is something different; we don't know what it is – 'come visit me and we'll talk about money,'" he said, referencing the resolution's statement that "the mayor shall be authorized to pursue such a transaction to the extent he deems appropriate, provided that any transaction be return to council for approval."

Catania stated CWA officials were present at the council meeting and were denied copies of the RFP by an unspecified city official prior to the agenda items public comment period of the meeting. "We sent people there to specifically ask for it; they were denied copies. "(The RFP) was part of the resolution. It was hidden from us," he said.