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Today's Paper

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NEWS > PENNSYLVANIA



2025 may be a watershed year for bankrupt Chester after 3 decades of 'distress' in Pa.'s oldest town

After three decades in "distressed" status and over \$30 million in state aid, Chester is essentially panning for gold in its water pipes to rescue itself from a historic municipal bankruptcy.



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Sixth Street near Avenue of the States in downtown Chester in December.

Tom Gralish / Staff Photographer

by Anthony R. Wood

Published Dec. 29, 2024, 5:00 a.m. ET

Chester will be preparing for what it hopes will be a prominent role in the nation's 250th birthday party. And the new year looms as one of the most eventful ones in a history that predates even William Penn's landing where the Delaware River meets Chester Creek.

But in 2025, Delaware County's only city will reach a milestone it would prefer not to mark.

Confronting one of the last vestiges of Chester's past, the city's leaders are

Ad removed. [Details](#)

“distressed,” and after finding what they described as “municipal chaos,” state investigators assented three months later.

Three decades and over \$30 million in state aid later, the city essentially is panning for gold in its water pipes to rescue itself from a historic municipal bankruptcy.

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“We are at the brink,” said lifelong Chester resident Adelaide Evans, 45. “If we don’t get it resolved right now, who knows what Chester is going to end up being.”

In a town that hosts a daunting menu of urban issues, the bankruptcy’s outcome ultimately may have impacts around the country, say municipal finance specialists.

“Other cities are watching what happens in Chester,” said Vijay Kapoor, chief of staff for the state receiver who took the city into bankruptcy two years ago.

The city administration and the receiver are looking at water resources that serve hundreds of thousands of customers in Chester and elsewhere, hoping to sell them for potentially hundreds of millions of dollars to a buyer that would keep them in “public hands.”

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Whether the city has the power to sell those assets, now operated by the Chester Water Authority and two other entities, remains knee-deep in litigation. But attorneys involved in the case agree that the Supreme Court may hand down a key decision in 2025.

The importance of those assets, said Kapoor, isn’t just the elephant in the room: It’s the elephant *and* the room.

How Chester got here: A brief summary

An industrial powerhouse during the two world wars, Chester began to see chips and cracks in its economy in the 1950s, and the deterioration accelerated frighteningly in the next two decades.

Its tax base eroded, it hemorrhaged jobs and population, which declined from 66,000 in 1950 to about 40,000 in 1990, in part the result of the exodus of white families lured by newer and growing communities, such as Brookhaven and Wallingford.

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Chester’s fiscal
“distressed” st

"Mandated pensions and daily bills were not paid. ... The press, the public and the courts viewed Chester as an object of ridicule."

Bankruptcy was on the table. [Mayor Stefan Roots, who is just completing his first year in office](#), wishes the state had acted then.

"It was obvious that the city wasn't going to make certain moves on recommendation only," he said in an interview this month. "It's kind of a shame to see that it went so far before the real cavalry has come in."



Chester Mayor Stefan Roots joins other city officials and residents on Dec. 12, 2024, for the unveiling of a historical marker commemorating the 200th anniversary of General Lafayette's 182nd ... [Read more](#)

Tom Gralish / Staff Photographer

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What prompted the decision to take Chester into bankruptcy?

The city eventually went into state receivership in 2020, and receiver Michael Doweary took it into [bankruptcy in November 2022](#). Chester had accumulated a \$48 million pension deficit and missed several years of payments, and a key financial officer lost \$400,000 in a phishing scam.

What's in the water of Chester?

Potentially hundreds of millions of dollars up front, a healthy revenue stream, and rescued pension funds.

There is gold in the water, which is an enormous component of the U.S. economy: The Environmental Protection Agency estimates that, conservatively, [U.S. residents spend \\$100 billion a year on water](#).

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[Aqua Pennsylvania](#) is the state's third largest utility, serving nearly 1.5 million people across 120 counties. It is owned by the state's 500 municipal governments and provides drinking water, wastewater treatment and energy services to its members.

million. Doweary opposed the sale [and has insisted that the assets stay in public hands.](#)

He envisions creating a regional entity by bundling the water authority; the Delaware County Regional Water Quality Control Authority, a wastewater-treatment facility that serves 46 towns in Delaware and Chester Counties; and the Stormwater Authority of Chester.

He said he wants the regional authority to remain public, lest rate hikes should spike as investors seek returns. The water authority vigorously opposes a sale.

In 2016, Scranton waded its way out of distressed status after 30 years by selling its water utilities, but as municipal finance specialist Liz Farmer pointed out in her Long Story Short newsletter, in July the city raised its rates for drinking water by 10.7% and wastewater by 6.4%.

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Representatives of Chester retirees, understandably anxious about the state of pension funds, want the city to reap as much as it can in any sale agreement.

Would a sale save the Chester retirees' pensions?

At the very least, it would make cuts less severe, Kapoor said.

David Skeel, the University of Pennsylvania law professor appointed by President Barack Obama to chair the [oversight board in the mammoth Puerto Rico bankruptcy](#), said that the trend in recent bankruptcies, including Puerto Rico's, has been avoidance of significant pension cuts.

That may have an unintended consequence, he suggested, in that bankruptcies may be less politically damaging, and thus more palatable, for elected officials. "I do think there's a very significant possibility that we'll see an uptick in municipal bankruptcies," he said.

For now, they remain rare. Only about 30 of the more than 35,000 towns in the country have gone the bankruptcy route, and it is not at all clear whether that pension-salvaging trend will continue with Chester.

The question of whether the city has the power to sell the water assets remains a critical element of the legal quagmire.

The receiver holds that in 2012 the GOP-majority state legislature wrested control of the water authority from Chester in a stealth bill passed without

Frank Catania, attorney for the water authority, argues that 80% of the 200,000 people who rely on the authority for drinking water live outside the city. The receiver counters that the infrastructure providing the water from the Octoraro Reservoir belongs to Chester, while not a drop of the revenue has gone into the city treasury.

And what happens if the courts decide against Chester?

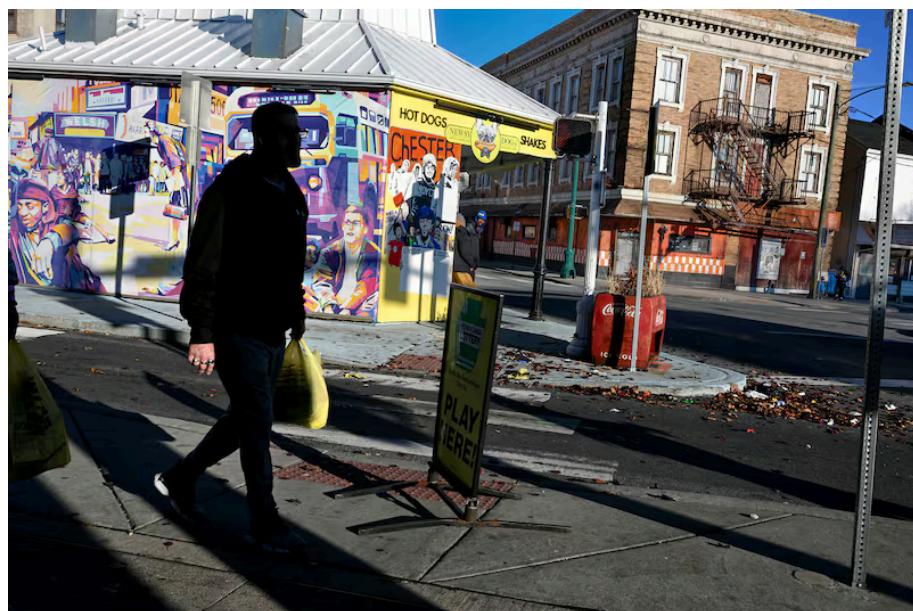
Without the sale — or monetization — “there’s going to be a lot of pressure to make some very severe cuts” to pensions, Kapoor said.

Regardless of the outcome, “what we’re trying to look at is to gradually increase the investments, the tax base, over time,” he said, rather than counting on one-off economy-boosting projects.

The state has spent about \$11.5 million on Chester during the four years of receivership, according to the Department of Community Development.

Kapoor argued that the investment has been more than worth it, as Chester has made progress getting its financial house in order and hiring qualified professionals in key financial positions. The city now is operating with a balanced budget while avoiding service cuts and layoffs.

Chester's economic obstacles



The old newsstand at Seventh Street and Avenue of the States in downtown Chester as the city marks 30 years in "distressed" status. The building is an important site in the history of the 196th ... [Read more](#)
Tom Gralish / Staff Photographer

Penn's Skeel said the city faces tremendous challenges.

“It needs to live and investme

The unemployment rate is near 30%. Chester has vast numbers of properties off-limits to taxation, and by far the highest percent of people living in public housing in the county. It has the second-highest wage tax in the state, behind Philadelphia. Its acres and acres of vacant land are valued at less than \$1 million in total by the state tax board.

Said [Zulene Mayfield](#), founder of Chester Residents Concerned for Quality Living: “It’s a lot of issues if you look at it in totality. You can’t get overwhelmed.”

About 20% of Chester’s revenues are generated by slot machines and a trash-burning incinerator.

The mayor says he isn’t waiting for a court decision

Roots says that of all the things he has on his plate for 2025, his top priorities would include redefining Chester’s image and making the city more welcoming.

He said he already has taken small steps, such as improving the lighting outside City Hall and in the lobby.

“We know people have a very bad opinion of our city,” he said. “We’re poor, we’re sick, we’re crime-ridden, we’re bad government.”

He said Chester needs to become aggressive about marketing its assets — its waterfront; historical attractions; transportation access; and proximity to Philadelphia, which will be at the nexus of the 2026 Semiquincentennial.

He said he wants to blitz social media with positive images of the city, so that when people google *Chester*, “they’re going to see the good stuff.”

Adelaide Evans, who campaigned for Roots, said she hopes that whatever strategy the mayor and the receiver embrace is going to work.

“This is either going to make us or break us,” she said.

Said Mayfield: “As long as people are living and breathing in Chester, there’s hope.”



Anthony R. Wood

When time allows, I write about where we all live — the atmosphere.

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Weirdest stories from the Philly area in 2024

Sixers squeak past Utah Jazz, 114-111, thanks to key free throws from Paul George and Tyrese Maxey

Noah Cates scores in fifth consecutive game as Flyers top the Anaheim Ducks

Eagles vs. Cowboys predictions: Our writers make their picks for Week 17

How America lost control of the bird flu, setting the stage for another pandemic

OPINION



A Norristown nonprofit serves the many needs of Montgomery County's growing Latino community | Philly Gives

If there's a need, ACLAMO tries to meet it, offering food, clothing, and most importantly, a sense of community.

Jane M. Von Bergen, For The Inquirer

ARTS & CULTURE



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So s

The Lesbian Mapping Project documents not-so-historic events.

Zoe Greenberg

PENNSYLVANIA POLITICS



Josh Shapiro is part of a rising group of Democrats who are proudly showing their faith

Josh Shapiro is using his faith to connect with voters as the Democratic Party is often seen as secular.

Aliya Schneider and Fallon Roth

EAGLES/NFL

Former Eagle Eric Allen and Philly native Jahri Evans named Pro Football Hall of Fame finalists

The two are finalists for the second time and join a group of 15 that includes the likes of Eli Manning and Antonio Gates. The Class of 2025 will be announced Feb. 6.

Isabella DiAmore

SMALL

Big changes are coming to retirement plans in 2025. Here's what small businesses should know.

Knowing changes to retirement planning rules will help employers save money, and comply with the law.

Gene Marks, For The Inquirer

PENNSYLVANIA POLITICS

Former Trump staffer drops out of the race to lead the Pa. GOP, showing Dave McCormick's weight in the state party

“It is clear who runs the GOP in PA now — and that’s Dave McCormick,” said one of Ted Christian’s backers, Bucks County venture capitalist Paul Martino.

Gillian McGoldrick

POLITICS

Pictures from City Council approval of new 76ers arena

Philadelphia City Council members voted 12-5 to approve the controversial proposal for a new Center City arena for the Sixers.

Tom Gralish

PENNSYLVANIA NEWS

United Healthcare shooting suspect screams at press as he's taken into court

Suspect Luigi Mangione shouts at the press as he is taken into the Blair County Courthouse on Tuesday, Dec. 10, 2024, in Hollidaysburg, Pa.

Associated Press

VIDEO

Video of suspect in killing of UnitedHealthcare CEO being apprehended in Pa.

Luigi Mangione a Penn grad charged in UnitedHealthcare CEO shooting will have extradition hearing today.

Associated Press

PHILADELPHIA NEWS

Pictures from the 2024 Philadelphia Marathon

Thousands of runners take part in the 31st Annual Philadelphia Marathon Sunday, Nov. 24, 2024.

Tom Gralish

BUSINESS

Supporters get up-close view of the ocean liner that's not leaving Philly quite yet

The move of the SS United States to Alabama has been delayed, but the ship's conservancy went ahead with its chartered cruise luncheon for supporters on Thursday.

Tom Gralish

PENNSYLVANIA POLITICS

Photos of the Kamala Harris Rally and Concert at the Art Museum

Kamala Harris holds a Philly rally and concert at the Philadelphia Museum of Art on Monday, November 4, 2024. On the eve of election day, crowds filled the Benjamin Franklin Parkway and Eakins Oval at an event for Vice President Kamala Harris. The event included speakers and performers, such as DJ Cassidy, Fat Joe, Freeway and Just Blaze, Lady Gaga, DJ Jazzy Jeff, Ricky Martin, The Roots, Jazmine Sullivan and Adam Blackstone, and Oprah Winfrey.

Charles Fox

PENNSYLVANIA POLITICS

Photos of Kamala Harris rally in Allentown

Vice President Kamala Harris stopped at Muhlenberg College in Allentown Monday, Nov. 4, 2024 as she closed out the election in the critical battleground state of Pennsylvania.

Tom Gralish

ELECTIONS

Behind the scenes in a Swing State

Pictures from the periphery of presidential politicking in Pennsylvania

Tom Gralish

NEWS

Michelle Obama and Alicia Keys campaign in Norristown

On Saturday, November 2, 2024, former First Lady Michelle Obama traveled to Norristown, Pennsylvania to rally voters, encouraging them to make a plan to vote for Vice President Harris, Governor Walz and Democrats up and down the ballot. Alicia Keys will be a special guest.

Charles Fox

POLITICS

Turning out the youth vote

Some 500 students from 17 Philadelphia high schools marched around City Hall during a youth get-out-the-vote event Tuesday, Oct. 29, 2024.

Tom Gralish

TRANSPORTATION

SEPTA workers might strike soon. It wouldn't be the first time.

The Transport Workers Union, now in negotiations with SEPTA, has gone out on strike before. So have other SEPTA unions. Here is what happened in previous strikes.

Thomas Fitzgerald

ELECTIONS

Photos of Kamala Harris back in Philly on Sunday

Vice President Kamala Harris spent all day pressing for Black and Latino votes in Philadelphia.

Tom Gralish

POLITICS

Pictures of Donald Trump working the drive-thru at McDonald's

Former President Donald Trump works the drive thru window at a McDonald's in Feasterville, Bucks County on Sunday, Oct. 20, 2024.

Tom Gralish

PENNSYLVANIA POLITICS

Pictures at Republicans for Harris event in Washington Crossing

Vice President Kamala Harris made an appeal to Republicans in purple Bucks County, delivering remarks on Wednesday to a group that included more than 100 Republicans who support her candidacy.

Tom Gralish

NEW JERSEY NEWS

The ride's over for Gillian's Wonderland in Ocean City

People of all ages returned to Ocean City's entertainment landmark Sunday for one last tribute to childhood memories.

Tom Gralish

NEWS

76ers arena bill introduced in City Council

City Councilmember Mark Squilla whose district includes the area of the proposed Sixers Arena and Chinatown introduced legislation to the council needed to authorize the building of the arena. Opponents and supporters were present at the meeting.

NEWS

Pictures of the Polish Parade on the Parkway

The 91st Annual Pulaski Day Parade on Logan Circle and the Ben Franklin Parkway, Sunday Oct. 6, 2024 celebrated the history, culture and pride of the Polish American community in Philadelphia.

Tom Gralish

NEWS

Photos of Wawa opening in Sheetz territory

With the opening of its first store in Dauphin County Thursday, Sept. 19, 2024 Wawa expands into Central Pennsylvania, historically a Sheetz stronghold.

Tom Gralish

PHOTO - NEWS

Chinatown opponents rally in response to Mayor Parker endorsement of Sixers arena

Chinatown leaders call for an all hands on deck action as Mayor Parker endorses a downtown Sixers arena plan Wednesday, Sept. 18, 2024.

Jose F. Moreno

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