

Receiver Authorizes Chester Bankruptcy Filing

Michael Doweary, Receiver for the City of Chester, made a filing today under Chapter 9 of the United States Bankruptcy Code. Chapter 9 will give the City protection against creditors while it seeks to resolve its debts and other disputes.

“Since my appointment over two-and-a-half years ago, I have worked to avoid this day. However, Chester has a severe structural deficit that cannot be addressed by one-time fixes, has unaffordable retiree benefit liabilities, and cannot reliably provide vital and necessary services to its residents,” Doweary said.

Budget projections show at least a \$46.5 million deficit in 2023, including \$39.8 million for past due pension payments. Chester has only avoided running out of cash because of American Rescue Plan Act funding and \$5 million from the Commonwealth of Pennsylvania’s Department of Community and Economic Development.

“Twenty-seven years of efforts to right Chester’s ship have not worked. For Chester to survive and thrive again, it must take bold and significant steps,” Doweary said.

Act 47, Pennsylvania’s distressed municipality law, gives a receiver the power to file a bankruptcy action and to act on the municipality’s behalf in the proceeding. As part of the filing, the Receiver has requested the appointment of a judicial mediator in an effort to reach a consensus solution to Chester’s financial and operational problems.

“Chester’s financial and operational problems are by far the worst that my team of professionals has ever encountered. The status quo has not worked, is not working, and will not work. The residents of Chester deserve better,” said Doweary.

More information will be provided at a virtual presentation on Tuesday, November 15, 2020, at 1 pm. This presentation can be watched live on the Receiver’s Facebook page which is found at <https://www.facebook.com/ChesterReceivership>. It will also be recorded and available to view on the Receiver’s website at <https://www.chesterreceivership.com>.