

From: [Vilello, Richard](#)
To: [Chianelli, Evelyn](#)
Subject: FW: Chester State of Fiscal Emergency April 2020_EC edit 45
Date: Tuesday, June 9, 2020 9:37:27 AM
Attachments: [Memo for Governor.docx](#)

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From: Weaver, Neil
Sent: Wednesday, April 1, 2020 4:41 PM
To: Vilello, Richard <[REDACTED]>
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<[REDACTED]> Adams Jr., J. Michael (Mike) <[REDACTED]> Wickes, Barry
<[REDACTED]>
Subject: FW: Chester State of Fiscal Emergency April 2020_EC edit

Provided to the Governor.

Zach – please be prepared to talk with policy about this. this is critical.

Barry – for your information.

Thanks all. Ill keep you posted on the reaction and next steps if we need to make any modifications

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COMMONWEALTH OF PENNSYLVANIA
DEPARTMENT OF COMMUNITY & ECONOMIC DEVELOPMENT

TO: Governor Tom Wolf
FROM: Dennis Davin, Secretary
Pennsylvania Department of Community and Economic Development
DATE: April 1, 2020
SUBJECT: Chester's State of Fiscal Emergency

The Department of Community and Economic Development is requesting that the Governor declare a fiscal emergency for the City of Chester.

Chester entered the Act 47 program in 1995, adopted its original Recovery Plan in 1996, with amendments in 2006, 2013, and 2016; Chester's fiscal condition deteriorated from 1996 to 2006 causing them to borrow money to meet payroll and deliver basic services.

The city's fiscal condition remains bleak, with a large structural deficit, large outstanding payables, and legacy costs. The City cannot pay its bills nor provide public infrastructure and services. Further, due to COVID-19, Harrah's Casino closed, resulting in significant revenue loss of approximately \$500,000 per month.

The City's General Fund expenditures continued to increase at a faster rate than revenues. The City failed to pay its minimal municipal obligations and underpaid for its healthcare costs. By the beginning of 2017, the City had accumulated approximately \$28 million of unpaid obligations (essentially a large negative General Fund balance). In addition, the City had defaulted on its 2016 Tax and Revenue Anticipation Note.

In January 2017, DCED issued an emergency \$2 million loan and arranged an advance on gaming host revenues from Harrah's to the City to help with immediate cash flow needs, but Chester faced another cash deficit by the late summer of 2017. By the end of 2017, the City still owed significant unpaid obligations the largest of which was over \$17 million of past due pension MMO obligations, without a clear plan for repayment.

[REDACTED]

Currently, the Delaware County Common Pleas Court stipulated that the City may issue an RFP of which they received four responses. They may not act on any of the responses until "a final legal resolution of its rights under the Municipal Authorities Act" is concluded.

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[REDACTED]

[REDACTED]

[REDACTED]

