



COUNTY OF DELAWARE
GOVERNMENT CENTER BUILDING
201 W. FRONT STREET
MEDIA, PENNSYLVANIA 19063

COUNCIL

Brian P. Zidek
Chair

Dr. Monica Taylor
Vice Chair

Kevin M. Madden
Elaine Paul Schaefer
Christine A. Reuther

610-891-4270

www.delcopa.gov

July 16, 2020

Re: Aqua Acquisition of DELCORA's Sewage Treatment System Assets

Dear Local Leaders:

You no doubt have received one or more self-serving communications from the Delaware County Regional Water Quality Control Authority ("DELCORA") or seen one of its rate-payer funded advertisements in the Delaware County Times that seek to justify its Board's decision to sell DELCORA's assets to Aqua pursuant to a **no-bid contract**. DELCORA's ads and letters have muddied the waters about the real impact of this sale. This letter will set the record straight.

- **FACT:** DELCORA's Board signed a no-bid agreement of sale to sell DELCORA's assets to Aqua – a private for-profit company that answers to Wall Street and its investors – not to the taxpayers and rate payers of Delaware County (the "County"). And literally none of the \$276 million purchase price will actually be distributed to the County. Any amounts not required to satisfy DELCORA's own debt obligations will go into a Trust Fund and **be paid back to Aqua!** So Aqua is putting up \$276 million, and most of that money will all be returned to Aqua. The taxpayers get nothing.
- **FACT:** DELCORA was created as a municipal authority by the County, and as such, the County has the right to take over its assets and provide the same services through a County department or to sell the assets and receive the sale proceeds for such assets, for the benefit of the taxpayers of Delaware County. DELCORA has admitted that the County has the right to terminate DELCORA.
- **FACT:** DELCORA's Board did not solicit bids or request proposals from other potential buyers. Rather, DELCORA's Board negotiated solely with Aqua, even though there are several other private utility companies that are in the market for municipal sewer assets in our area and at least one that expressed a strong interest in competing for the sale.
- **FACT:** DELCORA's executives secured high paying jobs for themselves as a condition of the agreement of sale. But nothing in the agreement of sale requires Aqua to upgrade the sewer system in Delaware County to comply with environmental regulations, even though DELCORA's Board argues that they sold the assets so that Aqua would pay for such upgrades.

DELCORA argues that by selling to Aqua they will keep rates low by allowing most of the sale proceeds to go into the Trust Fund to be paid back to Aqua. But if this is true, why didn't DELCORA seek bids

from other potential buyers who may have paid more, and applied such higher sale proceeds to future rate relief over an even longer period of time? In fact, Aqua's own utility valuation expert concluded that the DELCORA system was worth \$408,883,000, a staggering \$132 million more than DELCORA gave the system away for.

DELCORA also argues that by selling to Aqua that Aqua is able to spread future capital costs for environmental upgrades over a larger rate paying base. But if this is true, why didn't DELCORA seek bids from other potential buyers with an even larger base of ratepayers?

After all of the money in the Trust Fund gets paid back to Aqua, Delaware County residents will face a staggering rate increase. Aqua is a for-profit company, and its rates are intended to generate profits for the benefits of its shareholders. A public authority does not need to build corporate profits into its rates.

**PUBLIC ASSETS SHOULD NOT BE GIVEN TO A PRIVATE COMPANY WITHOUT
COMPENSATION PAID DIRECTLY TO THE COUNTY AND RESIDENTS**

DELCORA was built with taxpayer dollars, grants and tax-free municipal bonds. These public assets should not be turned over to a private company where no cash is paid directly to Delaware County or its residents (which is the case in this Aqua deal).

County Council has filed a lawsuit to block this sale by DELCORA, because it is not in the long-term interests of the County and its taxpayers and rate payers. Only Aqua and DELCORA's executives will benefit from this sale.



Brian Zidek,
Chairman, Delaware County Council



Monica Taylor,
Vice Chair, Delaware County Council



Kevin Madden,
Delaware County Council



Christine Reuther,
Delaware County Council