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Lawsuit Over Harrisburg's $360M Debt Debacle Can Proceed.

A Commonwealth Court panel refused Thursday to kill a lawsuit over the $360 million incinerator debt debacle that plunged Harrisburg into state receivership, but it did reduce the number of players involved in that fight.

In a 95-page opinion by Judge Michael H. Wojcik, the court removed Gov. Tom Wolf, the state and the Department of Community and Economic Development as plaintiffs in the suit.

That leaves the city, its state-appointed coordinator Marita Kelley and Capital Area Water, the successor to the Harrisburg Authority, to keep pursuing claims that financial and legal advisors and engineers misled city officials and others down a fiscal rabbit hole on a project that had no hope of paying its debts.

Wojcik's court also removed Foreman & Foreman, the law firm that was solicitor to the Harrisburg Authority, the operator of the problem-plagued incinerator, as a defendant in the case. Wojcik found that firm did not commit any breaches of propriety in its representation of the Authority as that body sought funding and debt guarantees for the failed incinerator project.

Commonwealth Court directed the remaining defendants – RBC Capital Markets Corp.; Obermayer, Rebmann, Maxwell & Hippel, LLP; Buchanan Ingersoll & Rooney, P.C.; Eckert, Seamans, Cherin & Mellot, LLC; Public Financial Management, Inc.; and Buchart Horn, Inc., to answer the plaintiffs' claims that the city is due unspecified financial damages for what they contend was bad and misleading advice given during the failed attempt to finance the incinerator project into becoming something other than an overly-expensive white elephant.

The city and authority plaintiffs contend the defendants, who were part of a working group advising officials on the incinerator project and its financing, should have told city officials and others that there was no hope the incinerator would be able to generate enough income to pay off the enormous debt it was amassing. City officials relied on the working group's assurance that the incinerator debt would be self-liquidating when they agreed to use the city's taxing power to guarantee the borrowing for the project, the suit which was filed in 2018 states.

Wojcik agreed with the defendants that Wolf, the state and DCED lacked legal standing to pursue the suit. He rejected the defendants' arguments that city officials and the other plaintiffs failed to properly argue specifics of their allegations of impropriety, along with contentions that the city missed the statute of limitations deadline for filing suit over matters that occurred in the early to mid 2000s.

The city's ultimate inability to pay for the incinerator debt pushed Harrisburg to the edge of bankruptcy. The situation was so bad that in 2012 then-Gov. Tom Corbett placed the city under state receivership to find a way out of the financial mess.

Harrisburg exited the receivership in 2014 but remained classified as a financially distressed

municipality by the state. It still feels the after-shocks of the debt crisis.

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