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County of Delaware v. Delaware County Regional Water Quality Control Authority

Commonwealth Court of Pennsylvania - March 3, 2022 - A.3d - 2022 WL 619580

County filed complaint for writ of mandamus and other relief from execution by regional water quality control authority of contract to sell authority's assets to private buyer.

Authority, buyer, and others intervened and asserted counterclaims, including for injunctive relief.

Following bench trial, the Court of Common Pleas granted injunctive relief and denied mandamus relief based on findings that asset purchase agreement (APA) was valid and enforceable, that Municipality Authorities Act (MAA) did not authorize county to dissolve or obtain authority or its assets so as to interfere with authority's contractual performance, and that county did not assume authority's contractual obligations. County appealed.

The Commonwealth Court held that:

- Ordinance was valid and enforceable under MAA provision allowing municipalities to dissolve authorities and acquire assets, and
- County's alleged inability to perform under terms of contract did not preclude county from dissolving authority and assuming its contractual obligations.

County ordinance directing termination or dissolution of regional water quality control authority and requiring authority to engage in conduct necessary to effectuate transfer of its assets to county and assumption of its liabilities and obligations by county was valid and enforceable under statute allowing municipalities to dissolve authorities' projects, acquire their assets, and assume associated obligations, even if county did not explicitly assume authority's obligations in ordinance; county could not direct transfer of any specific assets until it had verified information about such assets, and ordinance complied with statutory process of adopting ordinance to signify desire to acquire project, then completing assumption of obligations, and finally accepting conveyance of project.

Any inability on county's part to fulfill terms of contract by which regional water quality control authority agreed to sell its assets to private buyer did not impede county from exercising its power under Municipal Authorities Act (MAA) to terminate authority, assume its obligations, and obtain its assets prior to full performance under contract; if authority could simply incur contractual obligations to prevent county from terminating authority, clause in MAA allowing county to assume authority's obligations when terminating authority would be rendered nugatory, and authority had not obtained any continuing debt to be repaid on immediate or continuing basis, rendering county's ability to perform under contract irrelevant to county's power to dissolve authority.