

**For Immediate Release**

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## **WEST BASIN MWD BREACHES SETTLEMENT AGREEMENT**

**CENTRAL BASIN FORCED TO RETURN TO COURT BY WEST BASIN'S REFUSAL TO PAY ITS PORTION OF EMPLOYEE RETIREMENT BENEFITS**

COMMERCE CA – The Central Basin Municipal Water District Board of Directors filed a lawsuit this week against West Basin Municipal Water District for refusing to pay its entire share of unfunded liability expenses assessed by the California Public Employees Retirement System (CalPERS) for joint employees of the Districts.

West Basin's failure to settle their share of unfunded liability breaches the settlement agreement the two Districts reached in May 2007.

Under the terms of the settlement, the amount each District owed to CalPERS would be based on the actuarial assessments relating to active employees employed by each District immediately following the two agencies' separation on June 30, 2006. Once CalPERS issued its actuarial analysis on November 30, West Basin had 30 days to pay its share of the unfunded liability.

The CalPERS actuarial report showed West Basin was responsible for 72.33% percent of all active employees at the date of the separation, or \$1,096,997 in accrued liabilities. To date, West Basin owes \$354,139 plus interest to settle its share.

"Obviously, West Basin hoped for a different result from the CalPERS analysis," said Central Basin General Manager Art Aguilar. "But their dashed hopes are no basis for avoiding the terms of the agreement. This latest act by West Basin is clearly a bad faith attempt to avoid the painstakingly structured settlement."

The settlement, forged after 13 months of negotiations, resolved the lawsuit West Basin filed against Central Basin on June 30, 2006, just one day before the two agencies officially separated—an action that was prompted by a decision West Basin made in February 2006 to dissolve the Districts' joint management agreement of more than 15 years.

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“Filing a lawsuit is the last thing we wanted to do,” Aguilar continued. “But it comes down to doing what’s right. Paying for more than our share in CalPERS expenses at the cost of our ratepayers is just not fair.”

“Fortunately, because West Basin’s actions are a clear breach of the agreement, our litigation fees will be covered under the terms of the agreement once we win the case.”

The two Districts began operating together in 1990, when they made the decision to combine staff, consolidate their headquarters and operate jointly. The partnership was dissolved in June 2006.

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