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West Basin Rejects Mediation Settlement Approved and Signed by Central Basin

Hopes for settlement dashed by West Basin's action

Carson, CA – Central Basin Municipal Water District Board of Directors expressed its surprise this week after West Basin Municipal Water District publicly announced they had reached a resolution with Central Basin on the final settlement agreement.

In fact, the West Basin Board of Directors rejected the settlement offer developed in a 12-hour mediation discussion between the Districts on March 21, 2007. The settlement, which was signed by Central Basin representatives and tentatively accepted by West Basin representatives, was not approved by West Basin's Board of Directors on Friday, March 30.

Because West Basin rejected the mediated settlement, the Central Basin Board of Directors is now forced to continue fighting the lawsuit filed by West Basin to protect the interests of its ratepayers and customers. Central Basin is disappointed with having to undertake these efforts, but with looming court deadlines, it is forced to expend its time, energy and money to defend itself against the lawsuit filed last year by West Basin.

The key issues that remain unresolved include confirming the lawful property owner of the office building the two Districts continue to occupy—a property that Central Basin has been the sole deed holder of since the early 1990s—as well as a variety of bookkeeping issues that Central Basin maintains were mishandled through the years by West Basin relating to the building, bond repayment and accounting of employee time.

The mediated settlement agreement would have resolved the lawsuit West Basin filed against the District 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.

“Central Basin patiently and diligently worked with West Basin’s representatives to craft a mediation settlement agreement that was signed by Central Basin,” said Central Basin General Manager, Art Aguilar. “At that point, we thought the West Basin lawsuit had been resolved. Unfortunately, West Basin has backed out of the settlement, forcing us into a lengthy and costly trial.”

“Despite West Basin’s inaccurate public statements, we look forward to continuing to work towards a fair and sound resolution.” Aguilar continued. “It was not our decision to separate, and it has certainly not been our decision to drag out the negotiations. As far as we’re concerned, these issues should have been resolved nine months ago.”

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

Central Basin is a public agency that wholesales imported water to cities, mutual water companies, investor-owned utilities and private companies in southeast Los Angeles County, serving a population of more than 2 million. In addition, Central Basin provides the region with recycled water for municipal, commercial and industrial uses. Formed in 1952, Central Basin is committed to ensuring a safe and reliable water supply for the region.

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