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FOR RELEASE

Helix Water District Approves \$8 Million Pay-Down of Pension Liabilities

The Helix Water District Board of Directors approved on February 13, 2019 a one-time, \$5 million payment in 2019 and an additional \$3 million in payments over the next four years to reduce the district's unfunded employee pension liabilities.

The advance funding plan will reduce Helix's unfunded employee pension liabilities by \$20.3 million, providing a net cost savings of \$12.3 million for Helix and its customers.

The annual cost savings for the district will ramp up steadily from \$138,000 this year to almost \$2 million in fiscal year 2042-43, when the district will pay off, or fully fund, its employee pensions five years ahead of schedule.

"Helix's board and staff have been working to find ways to address this challenge, which is impacting cities and government agencies throughout California," said Board President Dan McMillan. "We have to pay down our unfunded pension liability. We have a responsibility to employees, to the fiscal health of the district and to our customers."

In June 2018, 68 percent of Helix pensions were funded. The California Public Employees Retirement System (CalPERS) expects the \$5 million payment to increase the district's funded status in June 2019 to 72 percent.

Board of Directors

Joel A. Scalzitti, President
Kathleen Coates Hedberg, Vice President
Daniel H. McMillan, Division 1
DeAna R. Verbeke, Division 2
Mark Gracyk, Division 3

If the board had not approved the voluntary payments, the district's employee pensions would remain 68 percent funded, annual payments to CalPERS would increase from \$3.5 million this year to as high as \$4.9 million in fiscal year 2030-31, and the district would not pay off its employee pensions until 2048.

Helix has consistently taken steps to reduce its unfunded employee pension liabilities and their impact on water rates and customers. The district pays the California Public Employees Retirement System (CalPERS) in full each year and saves \$50,000 by paying in one lump sum, and district employees pay 100 percent of the optional employee contribution, saving the district and customers \$1 million annually.

In fiscal year 2014-15, Helix's board began making voluntary annual payments of \$500,000 to \$750,000 to reduce the unfunded portion of the district's employee pensions. During the fiscal year 2018-19 budget process, the board directed staff to analyze the impact of a larger payment, and staff explored options with the California Public Employees Retirement System and municipal advisory firm Fieldman and Rolapp.

Funding for the \$5 million payment comes from the \$8 million Helix received from the sale of district property in the El Monte Valley in Lakeside, not from water rates or rate increases, and funding for the four \$750,000 voluntary payments is already included in the district's five-year cost projection.

"Making voluntary payments is a good strategy," said General Manager Carlos Lugo. "We are striking the best balance we can between the district's employees and current and future customers."

Helix Water District provides water treatment and distribution for 275,000 people in the cities of El Cajon, La Mesa and Lemon Grove, the community of Spring Valley and areas of Lakeside -- east of downtown San Diego. Helix also provides treated water to neighboring Padre Dam, Otay and Lakeside water districts.

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