

CONFIDENTIAL



Water Authority of the Cayman Islands

Minutes of 304th Meeting held on 13th November 2019

Members Present:

Chairman:	Mr K Gomez
Members:	Mr J Gill Ms A Owens Mr C Randall Mr M Rankine Mrs L Ryan Mr W Welcome Mr A Wright
Secretary:	Dr G Frederick-van Genderen
Apologies:	Mr H B Ebanks

Call to Order

The Chairman welcomed members to the meeting and after ascertaining that there was a quorum, the meeting was declared open and called to order at 1:30pm. The Chairman noted apologies for Mr H B Ebanks. The Chairman then asked Ms L Ryan to open the meeting with prayer.

Confirmation of Minutes of the 303rd Meeting held on 13th November 2019

The Chairman asked for confirmation of the Minutes of the 303rd Meeting held on 13th November 2019. Mr J Gill moved the motion to accept the Minutes, Mr M Rankine seconded the motion and the motion passed unanimously by members able to vote.

Declaration of Conflicts of Interest

Mr C Randall noted a conflict with one of the items under Donation Requests.

Matters Arising**a) Lower Valley Reverse Osmosis Plant (LVRO) - Update.**

The Chairman reported that during the month of October 2019, running one RO train only, the LV RO Plant produced on average 458 cubic metres per day, which is approximately 15% of its design water production capacity.

The Chairman explained that the low average water production was caused by the failure of a pump motor on the cleaning skid in early October 2019. The plant had to be run intermittently to prevent the membrane differential pressure from exceeding the maximum allowed pressure. The motor was ordered on 04 October 2019 and arrived at the Lower Valley site on 24 October 2019. The new motor was installed and a new mechanical seal installed on 25 October 2019. Membrane cleaning was carried out on 28 October 2019 and the RO plant was back in operation on 29 October 2019. The average water production has now returned back to normal (approximately 1,160 cubic metres per day).

The well rehabilitation works, which is expected to remove the build-up of sediment and limestone in the borehole, and reduce the well draw down, commenced 05 November 2019.

The three submersible feed water well pumps have arrived on island and will be installed following completion of the well rehabilitation project (initially this was anticipated to be completed before Christmas, but due to the work being carried out at the North Side RO Plant this will now be late January 2020).

b) Cayman Brac Infrastructure Upgrade & Expansion Project - Update.

The Chairman noted that the Board had a productive meeting in Cayman Brac in October 2019 and thanked members who were able to come and the Authority for facilitating.

The Chairman reported that the temporary 200mm (8-inch) HDPE pipe along the edge of Cross Road, between the West End Water Works and the intersection with West End Road West (near CNB), a length of approximately 300 metres (1,000 feet), was pressure tested, disinfected and flushed in mid-October 2019, and the few customers along Cross Road were connected to it.

The upgrade of the 150mm (6-inch) PVC pipeline, to 200mm (8-inch), in Cross Road was completed during the week of 04 November 2019. It is anticipated that this new pipeline will be commissioned during the week of 11 November 2019 and the few customers will be connected to it.

The Chairman reported that work will subsequently commence on the upgrade of the remaining section (between the West End Water Works and the intersection with Gerrard Smith Avenue, a length of approximately 50 metres

(150 feet)). It is anticipated that the upgrade work in Cross Road will be completed by Christmas.

As previously reported, the existing product pipeline at the West End Water Works will still need to be upgraded (from 80mm (3-inch) to 100mm (4-inch)). Once completed, all pipeline upgrade work at the West End Water Works will have been finalised and arrangements can be made to pave the entire site. Members suggested that the Authority reconsider using hot mix to pave the entire site as it is expected that the Brac Bluff Water Works may be operational in two years. The Secretary noted that the Authority would review this but it is foreseen that the site will continue to be used to supplement water production and storage as long as the RO plant continues to operate efficiently.

Redacted under section 21 (1)(b) of the Freedom of Information Law (2018 Revision)



Truck Water Accounts

The Chairman reported that the Authority's management is reviewing the current policies as requested at the October 2019 Board meeting and expects to provide an update at the December 2019 meeting.

Extension of Waiver of Connection Fees in Cayman Brac

The Chairman noted that the Secretary was respectfully requesting members' consideration regarding the extension of the waiver for connection fees in the main and side roads in the area up to the West End Primary School, Ashton Reid Drive and further Phases of the Cayman Brac Piped Water Expansion Project up to Watering Point. The current approval expires on 31 December 2019. The total number of active piped water customers is 357.

After discussion, members able to vote agreed to extend the waiver of connection fees in the main and side roads in the area up to the West End Primary School, Aston Reid Drive and further Phases of the Cayman Brac Piped Water Expansion Project up to Watering Place for the two-year period of 01 January 2020 through to 31 December 2021.

c) 31 December 2018 Audit of Consolidated & Divisional Statements - Update

31 December 2017 Audit – Consolidated, Divisional and Island Financial Statements for Water, Wastewater and Statutory

The Secretary advised that the Water Authority is awaiting KPMG to complete their internal and partner review.

Redacted under section 21 (1)(b) of the Freedom of Information Law (2018 Revision)



Annual Report 2018

The Secretary reported that the 2018 Annual Report will be completed soon after the audit has been signed off by the Office of the Auditor General.

31 December 2019 Audit – Consolidated, Divisional and Island Financial Statements for Water, Wastewater and Statutory

The Secretary reported that the official audit kick-off meeting was held on 30 October 2019 with representatives from the OAG, KPMG and the Authority. The agenda and discussion points covered the operations of the Water Authority for the first 10-months of 2019, with the Authority highlighting the work in Cayman Brac and continued work on Grand Cayman. Inevitably the discussion flowed to the challenges that were faced in the 2018 audit with the introduction of IFRS9. The Financial Controller and the Audit Manager will arrange a meeting with the Internal Reporting division of KPMG together with the IT staff at the Water Authority to ascertain the data needed to successfully complete the audit work around receivables with the objective to provide the necessary information to support the calculation in a timely manner. The 2019 engagement letter was signed by all parties on 08 November 2019. The Notice of Interest forms for Board members have been provided, members are respectfully requested to submit the completed forms at the December 2019 meeting.

- *Interim Work*

The Secretary reported that interim work commenced on 21 October 2019 and was officially completed on 08 November 2019. During this time, the Audit Supervisor worked with the Finance Department to conduct control testing and start on the 2019 audit work. It is expected that he will request additional information over the course of the next few months but that he will not be on site.

- *Audit Work*

The Secretary reported that at this point a firm date has not been decided for the auditors to come on site to conduct the main audit, but given past experience the Finance Department expects that they will be on site the majority of March and April, after the 28 February 2020 submission deadline.

- *31 December 2019 Inventory Count*

The Secretary reported that the 2019 inventory count will be conducted on 17 December 2019, commencing at the Lower Valley site. In preparation for this count the Procurement Officer and Stores Clerk, with the help of 4 operations crew members will be conducting comprehensive pre-counts to ensure that all the items on the stock status sheet are accounted for and located where they should be. KPMG and the OAG have confirmed that they will not be attending the count in 2019. As done in prior years the Authority will roll forward the inventory count numbers to 31 December 2019, taking into consideration any transaction that may have occurred in the period 18-31 December 2019.

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Update on Annual Dividend letter – Letter dated 29 January 2019

The Secretary reported that at the Audit kick-off meeting on 30 October 2019 the question was raised whether the letter from the Finance Ministry would be sufficient and cover Section 39.3 of the Public Authorities Law, as it was not specifically referred to in the original letter dated 29 January 2019. Section 39.3 states that:

(3) A public authority shall pay dividends in accordance with the formulae established by the Minister of Finance after consultation with the board in writing, unless otherwise directed by Cabinet.

Members advised, with feedback from the Board Member who represents the Ministry of Finance, that the dividend policy specific to the Water Authority is an appendix to the approved Cabinet policy which itself refers to Section 39.3 of the Public Authorities Law, 2017.

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e) **Miscellaneous Updates.**

- a) ***In-House Pipelaying Crews*** - The Chairman reported that the crew continued work at the pipeline extension along High Rock Drive to the proposed mental health facility. By the end of October 2019, a total of 730 metres (2,400 feet) of 300mm (12-inch) diameter PVC pipe had been installed, or almost 30% of the total project length of approximately 2,380 metres (7,800 ft). Progress was slightly less than anticipated due to the hardness of the rock encountered as well as due to some persistent trencher problems (mainly tracking issues).

The crew's progress at High Rock Drive has also been negatively affected by work that needed to be done to accommodate the National Roads Authority (NRA) road works, and which was not anticipated. These are:

- ***Rex Crighton Boulevard (East-West Arterial Road):*** As reported previously the NRA will add one lane east and west between the Poindexter Roundabout and Tomlinson Roundabout. Therefore, the Water Authority needed to remove two (2) concrete pads along the westbound lane and lower the pipeline in these two areas, as these were installed over shallow 36-inch diameter NRA culverts. The NRA removed the culverts in these areas and the Water Authority lowered approximately 30 metres (100 feet) of 300mm (12-inch) diameter water main to ensure the required 750 mm (30-inches) cover over the pipe. This also included the installation of an in-line valve near the Prospect Primary School to ensure their water supply was not interrupted during these activities.
- ***Red Bay roundabout:*** The NRA will add another lane near this roundabout, which required lowering the existing road verge. The Water Authority lowered approximately 12 metres (40 feet) of 300mm (12-inch) diameter water main that was installed over a shallow NRA culvert to ensure the required 750 mm (30-inches) cover over the pipe. The NRA removed the culvert.

This crew also installed shade cloth on the pipe rack at the North Side Water Works (to protect the stored pipes from direct sunlight). This completes the work on the pipe rack.

- b) ***Water Supply Division*** - The Chairman reported that the upgraded pipeline in Butterfly Circle, off Hirst Road was commissioned and the area cleaned up. The Authority is working with the NRA on an agreement regarding the road reinstatement. Due to the condition of the entire road the Authority has suggested that the NRA reinstate the entire road width, with the Water

Authority paying 50% of the cost, rather than only reinstating the affected area (essentially one lane width).

The project to replace/upgrade the existing pipeline along Palm Dale Avenue and Success Circle (off Crewe Road) is scheduled to commence (with the installation of a temporary water line) in early December 2019.

Data is being collected from the DMA water meters. Unfortunately, Operations is still working to resolve some communication issues with the equipment at the Poindexter Road/Shamrock Road intersection. A different type of antenna will likely be required.

The new operation contract of the North Side Water Production Facility requires that within the first year of the Agreement, the Contractor must replace the Dual Work Exchanger Energy Recovery (DWEER™) system with Energy Recovery Inc. (ERI) isobaric energy recovery devices. The operator, Ocean Conversion (Cayman) Ltd, has started this project and it is anticipated that it will be completed around mid-December 2019.

In order to accommodate this work, which requires the plant to be operated on only one train, some changes had to be made to the water distribution system. The distribution system pressure setpoint at the North Side pump house has now been reduced by approximately 2 psi, and the Red Bay booster station activated. This setup is working, but Operations will continue to monitor the reservoir levels at all sites in case any further system adjustments are needed.

- c) *North Side Water Works* - The Chairman reported that the contractor KP Heavy Equipment Ltd has made good progress on the earthworks contract at the Water Authority's North Side Water Works, off Botanic Road. Crushed material has been brought to the site and spread. Compaction of the spread material is still outstanding. It is anticipated that this contract will be completed later in November 2019. The tender documents for the new reservoirs are expected to be sent out before the end of 2019.
- d) *Wastewater Division* - The Chairman reported that during the month of October 2019, the design hydraulic capacity of the wastewater treatment plant (2.5 mgd) was exceeded on 6 days. The average daily wastewater inflow from West Bay Road during that period was 2.36 mgd (or approximately 95% of design capacity). This amount was 9.2% more than the average influent measurement during the same period the previous year (2.16 mgd).

In mid-October new electrical wires were installed in the new, shallower, electrical conduits at the Wastewater Treatment Plant, between the Control Building and the SBR Cluster, which is expected to eliminate the frequent electrical issues.

Dart has planted three large Kapok trees as well as other landscaping vegetation at the Camana Bay North Roundabout (near the new Foster's supermarket). The Authority has written to Dart and reiterated its concerns regarding access to, and repair and replacement of the two parallel pipelines, which are an integral part of the West Bay Beach Sewerage System, within that roundabout).

Several months ago, the Authority requested whether the NRA has a policy in respect to work by third parties within roundabouts, which are situated in Public

Roads. More specifically, whether the NRA, as custodian/owner of the Public Road, requires these third parties to contact the various utilities prior to any work being carried out to ensure that their utilities are not affected by the proposed work, similar to the requirement for any other work in Public Roads. To date no response has been received.

- e) *FOI updates* - The Chairman reported that no new FOI questions were received since the October 2019 Board meeting.
- f) *Public relation campaign on impacts of dumping fuel and waste oil on Water Authority water infrastructure* - The Secretary reported that the Authority continues to be faced with the consequences of inappropriate dumping and careless spills of fuel and waste oil on its water supply system. At the September 2019 meeting the Board was provided with a report of 6 service connections in a new subdivision being impacted by improperly disposed waste oil or fuel into the stormwater catchment basin. Last week a similar incident happened when waste oil/fuel was discovered in 5 meter boxes of an apartment complex.


In order to protect public health and to ensure that customers are not exposed to fuel related contaminants in the potable water system, the Authority cleans up these spills to the best of its ability and replaces impacted pipes and fittings. This takes substantial cost and resources. The policy is that wherever possible the cost incurred is recovered.

In order to educate the public and to make them aware that those who are responsible may face substantial bills, the Authority is preparing a publicity campaign.

- g) *Laboratory Accreditation renewed until 21 November 2021* - The Secretary reported that on 12 November 2019 the Laboratory was notified by the American Association for Laboratory Accreditation (A2LA) that the accreditation of the Laboratory had been extended until 21 November 2021. This extension has a big silver lining as the new 2017 accreditation standard imposed substantial additional requirements and the accreditation included 6 additional metals: aluminium, boron, copper, iron, lead and zinc, and hydrogen sulphide in air. Board members commended the Laboratory team for reaching this milestone.
- h) *Geology Education Week - cancelled* - The Secretary reported that Geology Education Week, scheduled for 04 - 08 November 2019 did not take place. Dr Brian Jones' personal circumstances made it impossible for him to commit to this week and it was agreed not to organise the week this year. As Dr Jones communicated this at an early stage, the Authority had not yet used substantial resources to prepare the week. It is the intention to plan for Geology Education week in October/November 2020.
- i) Redacted under section 21 (1)(b) of the Freedom of Information Law (2018 Revision)

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- j) Redacted under section 21 (1)(b) and 23 of The Freedom of Information Law (2018 Revision)
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Redacted under section 21 (1)(b) and 23 of The Freedom of Information Law (2018 Revision)

- k) *CIFEC Internship* – The Secretary reported that the Authority received fifty-five internship applications from the Cayman Islands Further Education Centre (CIFEC). Six applicants accepted internship placements. Internship placements are twice a week from October 2019 to April 2020. CIFEC Interns are in the following departments: two in Engineering Services; two in Building & Equipment; one in Customer Service; and one in Information Systems.

Current Business

a) **Management Accounts September 2019.**

Members were provided with copies of the draft 30 September 2019 Management Accounts.

The most significant numbers to note on the 30 September 2019 financial statements is the presentation of an estimate for the Post-Retirement health benefits and defined pension benefit obligation. During presentation of the Redacted under section 21 (1)(b) of the Freedom of Information Law (2018 Revision)

that the Authority did not commit to any one plan, nor is the Authority bound to any service provider but rather is taking the opportunity to increase the funds available for future decisions. Members will note the provision at the bottom of the Income Statement and the adjusted liability figures on the Balance Sheet.

The 2019 contribution to government, in compliance with the letter dated 29 January 2019 from the Ministry of Finance & Economic Development has been Redacted under section 21 (1)(b) of the Freedom of Information Law (2018 Revision)

The robust financial performance of the Authority continues into the third quarter of 2019, with overall operating revenue up by 7.0% and expenses reducing by 1.1%. It is within expectation that the Administrative expenses of the Authority have increased, primarily as a result of new hires and the associated health and pension contributions.

In summary, the Authority continues to show strong sales and has maintained a stable net income in the first 9-months of the 2019 financial period.

Any Other Business

- a) Redacted under section 23 of the Freedom of Information Law (2018 Revision)

- b) **Water Tanks - Cayman Brac.**

The Secretary advised that the Water Authority is in the process of assisting the Ministry of EYSAL in sourcing water tanks. The tanks will be ordered and shipped directly to Cayman Brac and fully paid for by the Ministry.

- c) **Heroes' Square Fountain.**

Mr A Wright briefed Board members on the re-design of Heroes' Square. He explained, specifically that the water fountain and its supporting infrastructure had outlived their useful life and the fountain will be replaced by another water feature that will use less water and require less maintenance. This will be done during the re-design of the Square. He noted that the Water Authority may be approached for support of the water feature early in the new year.

- d) **2019 CWWA Conference & High-Level Ministerial Forum.**

The Secretary advised that as members are aware, she was unable to attend the 2019 Caribbean Water & Wastewater Association Conference in October 2019 in St Kitts due to a family emergency. The Secretary noted that her participation was being funded through the United Nations Environment Programme and she was required due to their protocol to purchase the airline tickets using her personal credit card. As a result, when the travel was cancelled, she was unable to be reimbursed other than to receive credit for the same exact flight plan to be utilised by 29 September 2020. The Secretary respectfully requested members consider to allow her to be reimbursed only in the event she is not required to travel to St Kitts before 29 September 2020. Members had no objection to the request.

- e) Redacted under section 23 of the Freedom of Information Law (2018 Revision)

Redacted under section 23 of the Freedom of Information Law (2018 Revision)

Donation Requests

The Secretary advised that the Sponsorship Assessment Sub-committee will meet after the Board meeting to deal with the following requests for assistance:

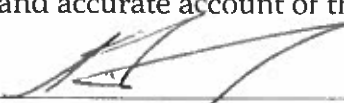
- 1) *Ratify* - Ministry of Education - World Teachers Appreciation Day 2019.
- 2) *Ratify* - The Anglican Church in the Cayman Islands - PIN Programme.
- 3) *Ratify* - CI Crisis Centre - Annual Jungle Bell Walk/Run.
- 4) *Ratify* - NCVO - 40th Telethon Many Hearts for Little Hands.
- 5) *Ratify* - CI Cancer Society - CB & LC Cancer Survivors & Stride Against Cancer 2020.
- 6) Red Bay Church of God (Holiness) - Bus Sponsorship.
- 7) Veterans & Seamans Society - Red Poppies.
- 8) Dream Chasers - "Unir" (means Unite).
- 9) Meals on Wheels - Turkey Trot 2019.
- 10) CIG Computer Services - Christmas Function.
- 11) CIG Border & Control - Christmas Function.
- 12) The Department of Counselling Services - 9th Annual International Men's Day (IMD) Celebration.
- 13) First Baptist Christian School - 6th Annual South Sound Stride 2020.
- 14) Cayman Airways Ltd. - Christmas Function.

Items listed below via Round Robin - Not approved


- 15) John Gray High School - ISSA High School & University Swimming Competition (Juliana Myers).
- 16) Movers for Life - 4th Annual Motivation & Appreciation Awards Ceremony.
- 17) UCCI - Student Honours Convocation 2019.

There being no other business the Chairman thanked members and the meeting was adjourned at 4:14pm.

This is a true and accurate account of the proceedings.



The Chairman



The Secretary