

CONFIDENTIAL



Water Authority of the Cayman Islands

Minutes of 299th Meeting held on 15th May 2019

Members Present:

Chairman:	Mr K Gomez
Members:	Mr H B Ebanks Mr J Gill Mr M Rankine Mr C Randall Mrs L Ryan Mr W Welcome (<i>Ministry's representative</i>)
Secretary:	Dr G Frederick-van Genderen
Apologies:	Ms A Owens Mr A Wright

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 1:35pm. The Chairman noted apologies for Ms A Owens and Mr A Wright. The Chairman welcomed Mr W Welcome, Deputy Chief Officer for the Ministry of Education, Youth, Sports, Lands and Agriculture. The Chairman then asked Ms L Ryan to open the meeting with prayer.

Confirmation of Minutes of the 298th Meeting held on 17th April 2019

The Chairman asked for confirmation of the Minutes of the 298th Meeting held on 17th April 2019. Mr J Gill moved the motion to accept the Minutes as amended, Mr M Rankine seconded the motion and the motion passed unanimously by members able to vote.

Declaration of Conflicts of Interest

None.

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

The Chairman reported that during the month of April 2019, running one RO train only, the plant produced on average 1,262 cubic metres per day, which is approximately 42% of its total design water production capacity. The slightly lower average production was due to interruption of plant operations during the day to provide a safe working environment for the contractor installing new lights inside the plant at the beginning of April.

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

The Chairman reported that the crew continued to experience equipment issues, i.e., no working trencher for the whole of April 2019 (discussions are on-going regarding these issues with the manufacturer Vermeer). The Board expressed concern that the 3 Water Authority Vermeer Trenchers have not been operational for a significant time. Particularly concerning is that the Cayman Brac trencher is very new and should still be under warranty. Members requested that all efforts be made to expedite the necessary repairs urgently and that they look forward to positive updates in that regards at the next meeting. Members are also requested management feedback on the possible purchase of a new trencher to replace the oldest one in due course.

During the month of April 2019, 1,150 metres (3,775 ft) of 200mm (8-inch) pipeline along Dennis Foster Drive (between Faith Hospital and Scarlet Drive) was successfully pressure tested, disinfected and flushed, as was 120 metres (400 ft) of 80mm (s-inch) pipeline along Scarlet Drive. Additionally, the pipeline trenches along Dennis Foster Drive and the side roads off Dennis Foster Drive and West End West Road were temporarily reinstated using cold mix patch compound. The crew also installed new water meters and assisted Cayman Brac Operations with leak repairs.

Seven new services were installed in April 2019, bringing the total for this calendar year to 17. By the end of April 2019 there were 345 pipeline customers on Cayman Brac. Currently there are 16 outstanding service connections at various stages of the process (trenching and service installed awaiting customer piping, out of service area, file awaiting documents, customer does not want to proceed at this time, etc.).

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c) **North Side RO Plant Operating Contract - Update.**

The Chairman reported that the Operating Contract for the Sea Water Reverse Osmosis Plant at the North Side Water Works has been signed and will come into effect on 01 July 2019.

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

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

As previously reported, the Secretary advised that the Island statements for December 2017 will be submitted when the 2018 audit is wrapped up in June 2019 as the priority is the 2018 audit.

Annual Report 2016/2017

The Secretary reported that the Authority has been advised by the Ministry of Education, Youth, Sports, Agriculture and Lands (EYSAL) that the annual report will be tabled in the Legislative Assembly at the next sitting.

31 December 2018 Audit – Consolidated, Divisional and Island Financial Statements for Water, Wastewater and Statutory

30 April 2019 Reporting Deadline

The Secretary reported that unfortunately, the Authority did not meet the 30 April 2019 reporting deadline. As Board members are aware, the new IFRS reporting standards have provided a challenge to extract the relevant data in a format that was usable by the auditors. Management worked closely with the service providers (Cogsdale) to provide the necessary reports for over a month, however all parties underestimated the sheer volume of data that needed to be extracted and disseminated and it was a challenge for Cogsdale to extract the required reports. Once the reports were received (26 April 2019) the Authority's internal IT team was unable to run the reports due to their tremendous size. A runnable version of the reports was received in early May 2019 and reports were provided to Grant Thornton (GT) to analyse the data on the Authority's behalf on 08 May 2019.

The Secretary reported that in discussions with the OAG it was confirmed that it was better for the Authority to forgo the 30 April 2019 reporting deadline and get the necessary information included in the audit rather than be issued a qualified audit report. The Authority agreed with this position and informed the Chairman, OAG, KPMG and the Ministry on 30 April 2019.

Analysis of the reports is ongoing under the direction of the Financial Controller and while it has yet to be confirmed that GT is able to manipulate the required data, the Authority is optimistic that the final 31 December 2018 financial statements will be in a position for the OAG to sign off before the end of May, as that is when the OAG representative responsible for the Authority's audit, Mr Garnet Harrison (Deputy Auditor General) has resigned from his post.

Actuarial Reports

The Secretary advised that the final reports were received on 10 May 2019 and forwarded onto KPMG.

BritCay Pension – Voluntary Reclassification

The Secretary reported that the Financial Controller has advised that the Authority continues to follow-up on the confirmations from BritCay regarding the presentation of the reports that would be provided to affected members of the Water Authority staff.

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

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f) **Miscellaneous Updates.**

- a) ***In-House Pipelaying Crews*** - The Chairman reported that prior to the Easter break the New Works Pipelaying crew continued the maintenance and repair on the pipe rack at the North Side Water Works. Work comprised of removing the accumulated rust from the structural steel members, then treating them with Ospho rust treatment prior to paint application. Additionally, the wind braces will be replaced, new locks and new chain link will be installed and shade cloth added (to protect the stored pipes from direct sunlight).

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issued on 22 February 2019) the New Works Pipelaying crew could not commence the installation of a temporary pipeline along Maclendon Drive until after their Easter break (29 April 2019).

During the month of May 2019, a new 300mm (12-inch) pipeline (approx. 310 metres (1,350 ft long) will be installed along Maclendon Drive, between the intersection with Dorcy Drive (near Airport's Fosters Food Fair) and the intersection with Dorcy Drive (near the Refuel gas station), replacing the existing 100mm (4-inch) pipeline.

- b) ***Water Supply Division*** - The Chairman reported that the maintenance and repairs at Red Gate Reservoir #2 and North Side Reservoir #1 are complete and both reservoirs have been returned to service.

Due to the equipment issues experienced (no working trencher, Water Authority is discussing the situation with the manufacturer Vermeer), the planned (after the Easter break) upgrade of the pipeline in Butterfly Circle, off Hirst Road, had to be postponed. Operations is continuing with new meter installations, connecting subdivisions and carrying out minor road reinstatement and are assisting with locating missing valves).

- c) ***Red Gate RO Plant Building*** - The Chairman reported that the Red Gate RO Building is a steel frame building which was built in 1989. Although some roof repairs were made in 2009 as part of the plant refurbishment, the entire roof needs serious attention. In order to avoid impacting the operation of the Red Gate RO Plant it was decided that the entire roof surface should be replaced rather than carrying out patch repairs, and that all work should be completed before the height of the 2019 Hurricane season.

On 15 March 2019, following a competitive tendering procedure, the contract for the Replacement of the Red Gate RO Building Roof at the Red Gate Water Works was awarded to Campbell Welding & Construction Services Ltd, who submitted

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Although the operation of the Red Gate RO building cannot be interrupted for an extended period, due to safety concerns the Red Gate RO Plant will be shut down during daytime hours and restarted at night while this project is going on.

The contractor started the work on 06 May 2019 and it is expected that the works will be completed by the end of this month.

- d) **Wastewater Division** – The Chairman reported that during April 2019, the design hydraulic capacity of the wastewater treatment plant (2.5 mgd) was exceeded for only one day. The average daily wastewater inflow from West Bay Road during that period was 2.32 mgd (or approximately 93% of design capacity). This amount was 14% less than the average influent measurement during the same period the previous year (2.70 mgd).
- e) **FOI updates** – The Chairman reported that one FOI question was received since the April 2019 Board meeting as shown in the FOI Report provided to members.
- f) **Rubis – Environmental remediation projects** – The Chairman reported that on the morning of 13 May 2019 the Water Authority’s Information Manager received the FOI question as shown in the FOI Report referred to above regarding remediations projects related to Rubis. The Information Manager sent the FOI request to the Water Resources Engineer. As he was working on the closure of the remediation at the Rubis Shedden Road Service Station, he did not provide an immediate response as he preferred to respond when closure details had been worked out. On 14 May 2019 the Caymanian Compass included an article that was based on the January 2019 Board minutes published on the Water Authority website. The report accurately reflected the minutes and stated that the Authority had not immediately responded to the request from the Compass for further information.

For the purpose of keeping the Board informed, it is expected that the details of the closure of the Shedden Road site will be completed in the near future and the Board will receive an update at its next meeting.

- g) **George Town Landfill – Remediation Options** – The Chairman reported that the Government continues to work with Dart on the Integrated Solid Waste Management Project (ISWMS). Parallel with developing the new facility, a Closure/Remediation Plan for the existing George Town Landfill will be developed. The Environmental Advisory Board, of which the Authority is a member, had its first meeting on 14 May 2019 to discuss the initial outline of the Remediation Options prepared by Wood, Government’s environmental consultant for the ISWMS project.
- h) **Cogsdale’s Caribbean Regional User Group Meeting** – The Chairman reported that the Water Authority hosted Cogsdale's Caribbean Regional User Group meeting on 03 May 2019. The event was well attended by Water Authority staff, Cayman Water Company staff and several persons from the Caribbean. It was considered a success and Cogsdale provided staff for one day prior to the meeting to assist the Water Authority with various user issues.

Current Business

- a) 01 January 2020 to 31 December 2020, 01 January 2021 to 31 December 2021 Ownership Agreement.

The Secretary advised that on 01 May 2019 the Water Authority was informed by the Ministry's Chief Financial Officer that all Statutory Authorities and Government Companies (SAGCs) are required to complete and submit each entities' Ownership Agreement by 24 May 2019 for the 2-year fiscal periods of 2020 and 2021. It was challenging to prepare the required documentation and analysis due to the short-time frame between the notification on 01 May and today's Board meeting.

The Chairman reported that the Ownership Agreement for the 2020/2021 fiscal periods between the Cabinet of the Cayman Islands Government and the Authority is required to be submitted by the Authority under the Public Management & Finance Law 2001. The purpose of the Ownership Agreement is to ensure that ownership performance expectations for the year are clearly specified and agreed by both parties. The Authority prepared the 2020/2021 Ownership Agreement for review and approval by the Board. Members were provided with a copy together with the financial statements showing the proposed 2020/2021 budget numbers and the revised numbers for 2019.

The key strategic goals and objectives for the Water Authority (WA) for the 2020 and 2021 financial years were presented and approved by the Board in December 2018. The 10-year Capital Development and Maintenance plan identifies and prioritises the capital assets and financial resources required over the next 10-years. The Chairman noted that the Secretary had prepared a brief overview of the 2019 financial performance and the 2020/2021 budget projections. The Deputy Director, Mr Tom van Zanten and Financial Controller, Ms Lori Bergman joined the meeting at this point.

The Secretary proceeded to make a PowerPoint presentation of the highlights of the budget. The presentation highlighted the main projects in 2020 and 2021 as integral to four strategic goals as below:

- 1) **GCM - Maintain Water Production Capacity, Distribution and Storage to ensure distribution reliability**
 - 2020 - Additional Reservoirs - Construction of 2-million-gallon Water Storage Tank to accommodate expected growth within the distribution system and facilitate regular maintenance on existing tanks.
 - 2020 - Booster and Pumping Stations - Expand capacity of existing booster station and an additional station for the water distribution system. Installation and remediation will increase pressure, operational and flexibility.
 - 2021 - Additional RO Plants - To accommodate expected growth within the distribution system, improve operational reliability and flexibility of distribution system and maintain consistent pressure.
 - 2021 - New Locations, Site clearance - Acquisition of crown land to develop a water storage and re-pumping facility.

2) GCM – Maintain Adequate Infrastructure to Operate Efficiently

- Continuous - Upgrade and maintain existing water services, sample taps and miscellaneous small diameter (<8 inches) extensions throughout the water supply system to ensure integrity of the system.
- 2020 & 2021 - Administration Office Extension, including Lab and Solar Power Canopy - Provide a purpose built facility to accommodate a growing work force, a dedicated Laboratory area, a secure location for internal files storage, water production plant inventory, allowing accessibility and flexibility in retrieval, taking into consideration necessary precautions to protect contents from natural disasters and eliminate offsite storage fees.
- Continuous - District Meter Areas & Advanced Metering Infrastructure (AMI) - Continue work with the pilot study to ascertain the feasibility of installing an AMI in the Cayman Islands. These metering systems enable measurement of detailed time-based information and frequent collection of the data, distributed to various parties, allowing both the customer and the WA to make strategic business decisions.
- 2020 - Vehicle Maintenance Building - A specially constructed building to efficiently service the Authority's growing vehicle and equipment fleet in a safe and efficient environment.

3) CYB – Water Distribution Extension and Water Works Facility

- Continuous - Cayman Brac Extension Project - *Phase III - Install 8-inch pipe along the north coast to Spot Bay.* Extension of piped water in response to fulfilment of Water Authority's Mission and provide convenience of "city water" to residents living on Cayman Brac. Phase III will extend the existing distribution system an additional 28,000 feet, providing piped water to nearly 200 developments (houses, apartment complexes, restaurants, businesses), or to around 400 residents.
- 2020-2021 - Bluff Water Works Infrastructure (BWW) - Potable Water Storage Tank/Pumping Station and Post Treatment Building/Administration Building and Pipe Storage Rack and Stores. New infrastructure to accommodate the installation of two additional water storage tanks, construction of pumping station to treat and distribute water from the BWW, construct administrative headquarters for CYB, storage building to safely store spare pipes and materials.

4) Wastewater – Improve Integrity of existing Collection System and Future Expansions

- 2020 & 2021 - Construction of WWTP - Phase II - to expand current treatment facility to accommodate the growth within the catchment area and to be ready for any future collection system additions.
- 2012 & beyond - Sewerage System Extensions - replace existing privately-owned sewerage systems and install new extensions to connect residents

to the wastewater collection system to ensure proper treatment of wastewater.

The Water Authority will continue to maintain its financial independence through prudent and careful management and will continue to work under the borrowing moratorium to secure internal funds for essential capital projects. The annual rate adjustments have assisted in offsetting the inevitable increase in the cost of doing business (i.e. CUC, Insurance) as well as provide much needed funds for essential capital projects.

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After discussion amongst members, the Chairman advised that the Board was respectfully requested to approve the 2020/2021 Ownership Agreement. Mr H B Ebanks moved the motion to approve the 2020/2021 Ownership Agreement. Mr C Randall seconded the motion and it was passed unanimously by members present and able to vote. The document will be forwarded to the Ministry for the Honourable Minister's review, approval and signature by the 24 May 2019 deadline.

The Chairman thanked the Secretary and her staff for the speed with which the Ownership Agreement was prepared and presented after receiving instructions from the Ministry on 01 May 2019. The Chairman and members decided that the Director, Deputy Director and Financial Controller should receive additional days of leave in recognition of their significant efforts. Members agreed that the Chairman could make the determination of how many days in discussion with the Secretary subsequent to the Board meeting.

b) **Request for Bill Adjustment re Customer Account#** 

 The Secretary reported that on 06 March 2019 the Authority received a letter from  on behalf of his mother  requesting that consideration be given to adjusting her water bill. A copy of the correspondence and the report from Customer Service has been provided to members.

A review of the account was undertaken and the Authority's findings are that the customer received bills with zero balances for the months of May 2018 and June 2018 although water was utilised based on the meter readings. The customer's bill for July 2018 showed a balance albeit it was incorrect. The customer's August 2018 and September 2018 bills also showed zero balances although water was being utilised by the customer. The October 2018 bill showed a balance. On 08 November 2018, the customer reported a leak at her property. The leak was confirmed on 09 November 2018 when a Meter Reader attended the property. Subsequently, the billing errors were identified and the customer was issued with a correct bill. The total account balance for the November 2018 bill was \$3,201.92.

The customer was contacted via email on 05 February 2019 by the customer Relations Supervisor regarding the monthly bills for the period of May 2018 – September 2018. The customer was also reminded on 05 February 2019 that all consumption and plumbing downstream of the meter is the customer's responsibility. There was no response to this email until 06 March 2019. The customer was contacted by the Debt Collection Officer on 20 February 2019 via email to request payment for past due balance to avoid disconnection. There was no response or action to this request. The customer was disconnected for non-payment on 25 February 2019 with an account balance of \$3,152.05.

On 06 March 2019 the customer submitted a letter to the Board disputing the account balance and billing error that occurred on the account. The customer is requesting that the Authority absorb a percentage of the monthly bills for May 2018, June 2018, August 2018, September 2018, and October 2018 due to the misleading monthly bills being printed.

The customer received bills during the disputed period showing that the account was in credit when in actual fact it was accruing a significant balance. A team member from Cogsdale, the Authority's billing software provider, spent a full day with the Authority's Customer Service Manager and IT team to investigate the issues that caused this error. It was determined that the error was caused by a bug/glitch in the system. Cogsdale has been instructed to further investigate and address the matter. They have also committed to creating an exception/report that will alert staff should issues like this occur. No other accounts were identified as having this issue currently nor in the past when the tables (backend) was reviewed by Cogsdale.

Fail Audit inspections were conducted in April 2018, June 2018, and September 2018. The meter readers all noted that there were no leaks or movements present during these visits.

The Customer Service Department noted that while the customer was provided with bills that showed no dollar value for the consumption used during the period of May 2018 to September 2018, now that the error has been found and the bills corrected, the amount is payable and a payment agreement was offered. The customer acknowledges that she had service even while receiving bills with zero balance. The Secretary respectfully sought the Board's decision on the request from the customer. Members agreed that the customer should be advised that they reviewed the request and decided not to discount or waive the bill as the Authority's records show that the bill is valid and payable. The customer had confirmed that the high bill was due to a leak which was repaired when found. All plumbing downstream of the meter is the customer's responsibility. Members understood and empathised with the customer's angst regarding the billing errors that were determined by the software developer to be caused by a bug/glitch in the software. Nevertheless, members noted that throughout the period the customer continued to use water and consequently it was clear to the

customer that usage was not zero. Members agreed that a Special Payment Plan Agreement be offered (for an extended period convenient to the customer) with the usual discounting of late fees (providing payments are made regularly according to the agreement).

Any Other Business

a) **Global Water Summit 2019.**

The Secretary advised that due to focussing on the 2020-2021 estimates, she will report on the conference at the June 2019 Board meeting.

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 - Public Service Pension Board - Cayman Brac Office.
2. CI Meals on Wheels - 7th Annual Orange You Glad Gala.
3. West End Primary School PTA - Annual Talent Show.
4. Dreamchasers - Rooted: A CaymanKIND Ting.
5. CI Chamber of Commerce - 2nd Annual Economic Forum.

There being no other business the Chairman thanked members. The meeting was adjourned at 3:04pm.

This is a true and accurate account of the proceedings.



The Chairman



The Secretary