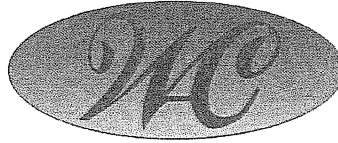


CONFIDENTIAL



Water Authority of the Cayman Islands

Minutes of 211th Meeting held on 19th of January 2011

Members Present:

Chairman:	Mr J L Hurlston
Members:	Mr J Banks Mr T Hydes Mrs P McGaw-Lumsden Ms A Owens Mrs I Simms Ms R Sharma Mr M Smith Mr O Watler
Secretary:	Dr G Frederick-van Genderen
Apologies:	Mr C McLaughlin Mr W Scott

Call to Order

The Chairman welcomed members and called the meeting to order at 1:40pm after ascertaining that there was a quorum. The Chairman opened the meeting with prayer and acknowledged apologies on behalf of Mr C McLaughlin and Mr W Scott.

Minutes of the 209th Meeting held on the 17th of November 2010

The Chairman advised that minutes for the meeting held on 11 August 2010 would be available at the next meeting.

The Chairman asked for confirmation of the Minutes of the 209th Meeting held on 17 November 2010.

Ms A Owens moved the motion to accept the Minutes, Mr J Banks seconded the motion and the motion passed unanimously.

Minutes of the 210th Meeting held on 23rd of December 2010

The Chairman asked for confirmation of the Minutes of the 210th Meeting held on 23 December 2010.

Mr O Watler moved the motion to accept the Minutes, Mr J Banks seconded the motion and the motion passed unanimously.

Declaration of Conflicts of Interest

None were declared.

Matters Arising

a) **Divestment of Water Authority Sewerage – Update on WWTC.**

The Chairman reported that the first meeting of the Government-appointed Wastewater Technical Committee (WWTC) meeting was held on 06 January 2011. To date five meetings had been held. It is anticipated that a report with recommendations will be ready for the Water Authority Board and Central Tenders Committee (CTC) within the next few weeks. The Chairman noted that if the report was completed before the next regular meeting an Extraordinary Meeting would be called.

The Chairman also noted that the relevant Bills, plus the Water Production and Supply Bill, passed the third reading in the Legislative Assembly (LA) last week.

The Chairman informed members that he had requested the Secretary to arrange a meeting with the Honourable Deputy Premier and Minister, Ms Juliana O'Connor-Connolly, the Permanent Secretary, Mr K Gomez. The Chairman indicated that he would ensure that the channels of communication between the Ministry, Board, and Water Authority are kept open.

b) **Miscellaneous Updates.**

a) *In-House Pipelaying Crews* – The Chairman updated members on the work of the in-house pipelaying crews. By the end of November 2010 one crew had completed the installation of approximately 1215 feet of a new 12-inch pipeline along Elgin Avenue. This crew then continued along Shamrock Road, between Red Bay Roundabout and South Sound Road; between the end of November 2010 and the 2010 Christmas break approximately 400 feet of 12-inch pipe was installed. The work is now halfway complete (approximately 1160 feet of a total of 2600 feet has been completed). This work is expected to be completed by early February 2011, as intensive traffic negatively affects progress. Traffic management becomes even more difficult during Northwester storms when taxi and bus traffic increases due to the use of the Spotts dock by cruise ships.

On 23 November 2010 the other crew completed the installation of approximately 1000 feet of 8-inch pipeline to a new development off Anton Bodden Drive, Bodden Town. Prior to the Christmas break this crew commenced the installation of various valves and tees in preparation for the upgrade of various pipelines in the Washington Road area (replacing 2-

inch pipelines with 4-inch pipelines). These pipeline extensions and upgrades are expected to be completed by early February 2011.

- b) *Water Supply Division* - The Chairman reported that the pipeline upgrade on the third section of South Church St. (from Melmac Avenue to Texaco terminal) resumed after the 2010 Christmas break. It is anticipated that all work (i.e., up to Denham Thompson Way) will be completed in March 2011. Most of the work will be done during the day to avoid disturbing residents in the evening. Temporary road reinstatement on the backfilled trench using spray and chip will be installed regularly to prevent wash-out due to heavy rains. Once each section is completed and commissioned, the National Roads Authority (NRA) will carry out the final road reinstatement using hot mix asphalt.
- c) *Red Gate Water Works - Inspection of Reservoir #1* - The Chairman reported that Red Gate Reservoir #1 (1.2 million gallon capacity) was emptied in late December 2010 to allow for a long overdue internal inspection. During the week of 10 January 2011, a specialised contractor came (at no cost to the Water Authority) and carried out testing (adhesion testing, application alternatives etc.) and familiarised themselves with the specific issues and challenges. The testing was successful, as adhesion exceeded the manufacturer's specifications.

Available alternative options were also discussed, such as: leave as is, spot repair, full liner installation, removal of reservoir from service. The contractor indicated they would have a quote ready for review by Water Authority in the week of 25 January 2011.

The Chairman noted that the reservoir will need to be back in service prior to the commencement of the 2011 hurricane season. If the remediation quotes are too high, the Authority will need to proceed with the original intention to decommission and replace the fiberglass tanks with the glass-fused steel tanks similar to the other Water Authority reservoirs on the Red Gate site.

- d) *Red Gate Administration Building* - The Chairman noted that in light of the increasing number of armed robberies in the business community, the Authority arranged for the Royal Cayman Islands Police Service (RCIPS) to make presentations to staff on steps the Authority and staff can take to mitigate such an event, how to handle an event and what to do after.
- e) *Red Gate Water Works Site* - The Chairman reported that the application for planning approval is being finalised. The revised Master Plan for the Red Gate Facility includes a Vehicle Maintenance Building, a File Storage Building and a Pumping Station. It is anticipated that the application will be submitted to the Planning Department during the week of 17 January 2011.

The Secretary explained that the Vehicle Maintenance Facility is required to replace the loss of the facility at the Wastewater Treatment Plant. The

vehicle maintenance facility will initially (as a temporary solution) be set up at the original location at the Red Gate site and the existing Operations workshop will be moved to the building previously used to accommodate the diesel-driven pumps for the Red Gate RO plant. The exterior of this building has already been partially repainted and a new concrete floor poured. The interior of the building will be repainted. One quote for the electrical works was received, and the Authority is awaiting a second quote, before proceeding with the work. All work except the electrical work will be done using in-house resources.

- f) *North Side Water Production Facility* - In terms of number of customers in the North Side/Queens Highway catchment area there are 707 active customers, 84 inactive and 4 new customers pending. Members agreed that it was no longer necessary to provide this data at Board meetings since the waiver for the pipeline extension programme was no longer in place.
- g) *Cayman Brac Site* - The Chairman reported that in late November 2010 some minor equipment modifications were made to the existing RO Plant in order to optimize performance. The Water Authority's Graduate Electrical Engineer is in the process of fine-tuning the reporting/control aspects of the operation.

Security cameras are to be provided in the compound and in the accounts office. The start of this work depends on the security camera installation work at the Red Gate site on Grand Cayman as some of the older equipment will be reused in the Brac.

- h) *East End Seaport Development* - The Chairman reported that the Authority is working with the Department of Environment and other relevant Government agencies (NRA, Planning, and Ministry of Environment) to finalise the Terms of Reference (TOR) for the Environmental Impact Assessment (EIA). The Water Authority has provided the specific requirements for the hydrogeological study that needs to be carried out to predict impacts of the excavation of the port basin on the East End fresh water lens.

The Secretary reports that the consultant is preparing to carry out specific fieldwork for the hydrogeological study. This study will include the installation of test wells to obtain rock samples that are representative for the area of the future port and the East End lens and developing hydrogeological data that are representative for this area. These data will be used to develop a computer model of the lens to predict impacts of the proposed excavation. It should be noted that the EIA includes the requirement to review the options to mitigate negative impact of the proposed project, as such specific mitigation of impacts on the lens need to be reviewed as part of the study.

Under section 34 of the Water Authority Law, the developer is required to obtain a canal permit from the Authority. The study, apart from providing the country at large a prediction of the impacts on the lens, is also specific

to provide the Authority with the relevant information to determine the grant of the canal permit and any specific conditions.

- i) *Laboratory Information Management Software (LIMS)* - The Chairman reported that the Authority's LIMS project is now complete and the system is "live" as of 01 January 2011 and in welcome use by the Laboratory staff.
- j) *Staffing Matters* - The Chairman reported that the Authority recently advertised prior to a work permit renewal for a Civil Engineer and was able to identify two reasonably suitably qualified Caymanians for the position. Accordingly, the current permit holder was advised that the Authority would not be renewing his work permit as a Caymanian had been found to fill the position.

The Executive Officer in Cayman Brac resigned from her position effective 16 December 2010 and left the Brac with her family to live in the USA. The office has been provided with relief staff from Grand Cayman but it is expected the position will be filled with a Cayman Bracker during the week of 25 January 2011. The Authority recently carried out a detailed review of procedures relating to customer service processes, billing, cashiering and have since implemented procedures that improve accountability and monitoring.

- k) *Procedural Improvements in Cayman Brac* - The Chairman reported that several procedural changes were made recently and are in the process of being implemented in the Cayman Brac Operations. The objective is to sync all Water Authority operations with the intention to accumulate the statistical data required for accurate and timely financial reporting, preparation for the 1000 gallon tank programme, and also facilitate the implementation of the new billing system, expected in the third quarter of 2010/2011.

The changes include collecting proper documentation for all trucked water accounts, regularisation of procedures for the collection and handling of payments, implementation of the electronic work order system for deliveries, etc.

- l) *Mr John Masters' Court Case* - Ms R Sharma excused herself from the meeting during discussion on this item as Mr Masters is a colleague. The Chairman reported that the Authority was advised that the complainant (a Senior Crown Counsel in the Attorney General's Office) had written to the Authority's lawyer offering to drop his case providing the Authority reimburse him for the amount he paid in March 2009 less \$100 which he thinks was his average usage. The Authority's lawyer believes that the Authority has a strong case but noted that in Summary Court anything may happen. The Authority requested written opinion and guidance from the Authority's lawyer but the final decision will be made by the Water Authority Board. The Chairman noted that the previous and current Boards proceeded with this matter as it has serious implications for the future whenever a customer has a high water bill and purports to have an

agreement with the Authority. The Secretary explained that in effect, Mr Masters presented an unsigned letter addressed to no one specific at the Water Authority, where he purports that a junior Customer Service staff member agreed on the phone with him that he would only have to pay one-third of the amount billed for the September 2008 bill. He is also aggrieved that after the Summary Court lifted an injunction he had against the Water Authority to prevent his water being turned off due to the unpaid bill, that his water was turned off that evening. The Secretary advised that the Authority had received a response for the Authority's lawyer and proceeded to read the contents of the response for members.

After members carefully considered the Authority's lawyer's guidance and Mr Masters' offer, the Secretary was instructed to proceed as follows:

1. Agree to accept Master's offer for a discontinuance with the following provisos:
 - a) No funds are reimbursed.
 - b) Acknowledgement that there is no agreed basis of facts.
 - c) There is a confidentiality agreement with no further comment by either party.
- m) FOI updates* - Two new requests were received as of 14 January 2011 as of 14 January 2011 as shown in the Freedom of Information report provided to members.

Current Business

a) 30 June 2010 Annual Report.

The Secretary reports that on 14 January 2011 the Authority presented the draft 2009/2010 annual report to the Auditor General's (AG) office for their review and sign off. This is a necessary step as all reports that refer to and include the Authority's financial statements are required to be verified by the AG's office. On 17 January 2011 the Authority received feedback, made the requested changes and received official approval for the report to be presented to the Board for approval and subsequent forwarding to the Ministry. A copy of the 2009/2010 annual report has been provided to members for their review and sign off. Upon approval by the Board the Report will be sent to the Ministry.

b) 2011/2012 Ownership Agreement.

The Chairman reported that the Water Authority, specifically the Finance Department is working diligently to update the internal budget and have the 2011/2012 Ownership Agreement ready for submission by the 11 February 2011 deadline. The Finance Department was optimistic that the document

would be ready for the Board's review at this meeting however it was not yet complete. The Chairman advised that the Water Authority's management is committed to having this document ready for submission well in advance of the prescribed deadline. There was some discussion on the information to be prepared. Ms A Owens indicated that in her opinion the Authority should have the full detailed budget as is usually done in May. The Secretary advised that with the priorities of the WWTC and the Cayman Water Company (CWC) negotiations as well as the upcoming leasing of the water utility operations it was extremely tight on the Authority's human resources. It is the same key management staff that provides the human resources to drive these critical projects and as it is staff is highly stretched. The Secretary noted that expenses were down compared to last year and budgeted and that the Authority was very cautious with spending and cognizant that the Authority's bottom line impacted the entire public sector figures. Members agreed that the Authority could provide a high level 2011/2012 budget to meet the Public Management Finance Law (PMFL) deadline however the totals submitted to Government would have to remain unchanged when the detailed Budget was presented to the Board.

c) Management Accounts December 2010.

The Chairman reported that the Finance Department had prepared the summary financial statements for the period ending 31 December 2010; these statements reflect the 2010/2011 budget figures as approved by the Board in May 2010.

Based on estimates for the first six months of the 2010/2011 financial period Operating Revenue was lower than last year, showing a 2.9% decrease over the same six month period in 2010/2011, and approximately 9.0% below budget figures. The Authority continues to closely monitor sales and associated revenue as revenue continues to be below budget figures. It is the end of wet season and expectation is that revenue will slowly start to increase. The Secretary also noted that meter reading is done during the second week of December therefore revenue collected for December is not representative of an entire month. The revenue is evened out in January when the normal meter reading cycle resumes.

Operating Expenses were lower than last year by 6.1% and from budget by 15.4%. Administrative Expenses were slightly higher than last year by 6.0%, but still 11.2% under budget. This is primarily due to delayed projects, for example, utility billing software upgrade.

Overall earnings for first 6-month period in 2010/2011 were estimated at \$1.2 million which was higher than expectation by \$0.8 million. The Authority continues to be in a strong financial position and will continue to closely monitor operational and administrative expenses in light of the current economic situation and the below budgeted revenue figures.

d) Request for Bill Adjustment re Customer Account [REDACTED]

* Redacted under Section 23 of The Freedom of Information Law, 2007

The Chairman reported that [REDACTED] of customer account [REDACTED] wrote to the Authority on 25 October 2010 requesting the Authority to adjust their September 2010 high water bill as in their opinion the leak was due to the Authority's works. Review of the account was undertaken and it was concluded that the leak was not the fault of the Authority. The customer did not agree with that position and wrote again on 11 December 2010 requesting to have the matter reviewed by the Board, as he is of the view that leak is indeed the fault of the Water Authority. Members have been provided with the customer's letters as well as other supporting documentation.

A review of the facts relating to the account indicate that on 17 September 2010 during the meter reading process movement was noted on the customer's meter. The customer was advised via a door hanger and a follow up telephone call the same day. The bill generated for the billing period in question was in the amount of \$778.94 for 123 cubic metres usage.

The customer, by way of his 25 October 2010 letter, complained that the leak was the Authority's fault because the Authority had carried out a meter relocation previously. Further review of the account showed that this meter relocation occurred in 02 October 2007. The account history also indicated that there was a leak on the customer's side in March 2008.

Members discussed the customer's request plus the information provided and decided that the customer should be held responsible for the bill as there was no evidence that the work carried out by the Authority in 2007 was the cause of the leak identified by the Authority in September 2010.

Members agreed that the customer should be offered a payment plan at \$50 per month and that a waiver of late fees should be offered.

e)

* Redacted under Section 23 of The Freedom of Information Law, 2007



* Redacted under Section 23 of The Freedom of Information Law, 2007



- f) **Cayman Water Company Interim Licence Extension.**
The Chairman reported that Cayman Water Company's Interim Licence Extension expired on 04 January 2011 however the Ministry advised that Cabinet had agreed to another interim extension of the Licence. The Chairman stated that the Authority is awaiting confirmation in writing from the Ministry regarding the length of time and conditions for the extension. Upon receiving this information the Authority will prepare the Licence documents for the round-robin approval of Water Authority Board members. Mr T Hydes confirmed that he would send a memorandum to the Authority later in the afternoon. He also confirmed that the conditions of the extension included that the 2010 base rates should remain in place during the period of the extension.

The Chairman reported that the Cayman Water Company negotiations will resume on 08 February 2011.

Donation Requests

- a) **Big Brothers & Sisters - Corporate Sponsorship.**
Members indicated that they would like to sponsor but requested the Authority to seek further information on the levels of sponsorship the organisation is seeking. The request will then be dealt with at the February meeting.
- b) **CI National Weather Service - Hurricane Conference Session Sponsorship.**
Members agreed to sponsor the Cayman Islands National Weather Service - Hurricane Conference Session in the amount of \$1,000. The motion was moved by Mr T Hydes, seconded by Ms A Owens and passed unanimously.
- c) **Cayman Select U-17 Boys Football Team - Sponsorship Request Naoki Montoya.**
Members agreed to sponsor Naoki Montoya in the amount of US\$500 to assist him in his participation as a member of the Cayman Select U17 Team

competing in Las Vegas, Nevada. The motion was moved by Mrs P McGaw-Lumsden, seconded by Mr T Hydes and passed unanimously.

d) Valencia Football Camp.

The Valencia Football Club submitted additional information on sponsorship levels as was requested at the 209th Meeting in November 2010. Members agreed to sponsor the Valencia Football Camp programme in the amount of US\$5,000 (Silver Level Sponsor). The motion was moved by Mrs P McGaw-Lumsden, seconded by Mr T Hydes and passed unanimously.

e) Junior Achievement - Correction from 210th Meeting.

Members were notified that the Authority's 3-year commitment to the Junior Achievement programme is in the amount of \$1,600 per year. Members were advised that the request from JA dealt with at the 210th Meeting was intended to remind the Authority that the 2nd annual instalment was due. Members noted the amendment.

Any Other Business

Delano Hislop, past Plumber's Examination Board Member passed away.

The Chairman reported that Mr Delano Hislop, who served as member of the Plumber's Examination Board from inception in 1985 until March 2001, passed away on 07 January 2011. He, along with the other Board members, was instrumental in developing the standards for the examination of plumbers so that the quality of work carried out in the Cayman Islands meets a high standard. Mr Delano's was the father-in-law of Shavonnie Hislop, Development Control Technologist of the Authority. The Authority made a donation to the Cayman Hospice Care in name of Mr Hislop.

There being no other business the Chairman adjourned the meeting at 3:23pm.

This is a true and accurate account of the proceedings.



The Chairman



The Secretary