

CONFIDENTIAL



Water Authority of the Cayman Islands

Minutes of 227th Meeting held on 09th of May 2012

Members Present:

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

Call to Order

The Chairman welcomed members and called the meeting to order at 1:33pm after ascertaining that there was a quorum and acknowledging apologies from Mrs P McGaw-Lumsden, Mr W Scott, Mrs I Simms, and the absence of Mr C McLaughlin. The Chairman then opened the meeting with prayer.

Minutes of the 226th Meeting held on 18th of April 2012

The Chairman asked for confirmation of the Minutes of the 226th Meeting held on 18th April 2012.

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

Declaration of Conflicts of Interest

None were declared.

Matters Arising

a) **Divestment of Water Authority Wastewater Assets - Update.**

The Chairman reported that on 24 April 2012 the Business Case accompanied with a letter from the Chairman was sent to the Ministry of District Administration, Works, Lands, & Agriculture (DAWLA). The letter requested that the Ministry re-confirm that the Authority should proceed with the divestment after considering the Business Case. The Chairman reported that on 07 May 2012 the Ministry of DWALA confirmed via email that the Authority is to proceed with the divestment process.

On 07 May 2012 the Authority requested a Central Tenders Committee (CTC) Tender # for the project and award to be made through the CTC. The CTC number was received early 09 May 2012 and was included in the advertisement that will be in the 11 May 2012 Compass. This will allow the Authority to maintain the tight timeline.

The Chairman reported that the Water Authority's management completed the final revisions to the Request For Proposal (RFP) this morning and would present and explain the changes made to the document to the Board. Upon the Board's approval of the RFP, the document and the Business Case will be sent to the CTC for their review and approval. Members agreed to complete the remaining agenda before the Deputy Director, Mr T van Zanten came into the meeting to discuss the changes to the RFP document.

After completing the other items on the Agenda, Mr van Zanten was invited to the meeting to discuss the changes to the RFP. Members were provided with copies of the document showing the changes proposed. Using the LCD projector, the RFP was reviewed page by page and changes explained by Mr van Zanten and/or the Secretary. The Chairman had a prior commitment and had to leave at page 81. He requested that members continue and advised that he had no problem with the changes made. Members accepted all changes and subsequently requested that the Authority seek review by its lawyers prior to placing on the website.

Pending the CTC's approval of the RFP, it is expected that the RFP document will be available for download from the Water Authority's website by 18 May 2012. Other relevant documents will be available on File Transfer Protocol (FTP) site to bidders after each one has signed a non-disclosure agreement due to the confidential nature of some of the information.

b) Public Piped Water Utility Lease Project (PPWULP) - Update.

The Chairman reported that in the Chairman's letter of 23 April 2012 to the Honourable Minister regarding the wastewater assets divestment, the timeline approved by the Board for the PPWULP was reaffirmed.

The Chairman reported that due to staff limitations the revision of the Cabinet Paper prepared and submitted in October 2009 regarding Water Authority Rate Adjustments would not be completed until this week. The Chairman advised that there is still some internal review to take place after which it will be provided to the Board and the Ministry.

The Chairman advised that the Authority plans to meet with KPMG on 10 May 2012 to discuss the alternatives and answer any additional questions that have arisen as they progressed through the Strategic Options Assignment (SOA) engagement. Due to the Financial Controller being on sick leave for two weeks and the billing software Go-Live, the Authority was not able to meet with KPMG last month.

c) Randyke Gardens - Emergency Repair of Wastewater Treatment Systems - Update.

The Chairman reported that the Water Authority's Electrical Engineer experienced some setbacks due to some unexpected findings: the electrical cable to 2 of the 8 treatment units was found to be cut and needed replacement (nearly \$1,000 in material cost alone). Replacement electrical parts have been ordered (e.g., pumps (6), blower (1), control panel (1), cooling fans for blowers (16)), some of which should arrive on island by 18 May 2012.

By 04 May 2012, 3 of the 8 pumping stations were operating. Although the actual wastewater treatment plants are not operational (as the Authority awaits the cooling fans for the blowers), for these 3 buildings untreated wastewater is not being discharged unto the ground anymore.

It is anticipated that 5 of the 8 Randyke Gardens wastewater systems should be operational by the end of next week.

d) New Red Gate Reservoir (2012) - Update.

The Chairman reported that construction of the 1.8 million US gallon capacity bolted steel water storage tank is progressing well. The construction of the

dome roof had been completed and three of the four rings have been installed. It is anticipated that the tank will be ready to be filled and sterilized 18 May 2012.

e) **Miscellaneous Updates.**

a) *In-House Pipelaying Crews* - The Chairman reported that one of the in-house pipelaying crews continued work on the pipeline upgrade in Mangrove Avenue. By 04 May 2012 approximately 1,700 feet of 8-inch pipeline had been installed (of a total of approximately 3,800 feet). The pipeline section between Shamrock Road and Grape Avenue has now been commissioned and all properties have been connected to the new pipeline.

This crew is in the process of installing the temporary service pipelines for the second phase (between Grape Avenue and Orange Drive). Work on the upgrade of the existing 3-inch pipeline to 8-inch will commence immediately after the customers on this section have been connected to this temporary line. On this section some pipe lengths will also have to be moved further into the road as they were erroneously installed in private property.

A few weeks ago the new cutting chain for one of the trenchers arrived on island but unfortunately the manufacturer did not include the sprocket and the sprocket wear plate, and these missing parts have still not arrived. The installation of a 3-inch pipeline off South Sound* will be carried out as soon as the trencher is repaired. Additionally a new sub-division off the Queen's Highway will have to be connected.

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

In the meantime, the second in-house pipelaying crew assists with the work in Randyke Gardens.


b) *Water Supply Division* - The Chairman reported that the pipeline replacement on Apollo Link/East Boulevard (Windsor Park area, off Walker's Road) had been completed (tested, disinfected and commissioned) and all customers are connected to the new pipeline.

Work has commenced on the pipeline upgrade in Glen Eden, off South Church Street. It is anticipated that this work will be completed towards the end of June 2012.

Mr T Hydes joined the meeting at this point.

c) *Redacted under Section 21 (1) (a) (ii) and 21 (1) (b) of The Freedom of Information Law, 2007

*Redacted under Section 21 (1) (a) (ii) and 21 (1) (b) of The Freedom of Information Law, 2007



- d) *Red Gate Administration Building-AC Replacement* - The Chairman reported that the shutdown of the existing system and the installation of the new a/c system for the Administration Building over the long weekend in May (Discovery Day) were on schedule, and arrangements were being made to temporarily relocate affected staff from the Administration building to the Operations Building.
- e) *Cogsdale Billing System* - The Chairman reported that the new customer relationship billing system was working well. For the most part, staff seems to be embracing the new system and its benefits. The month-end bill run was relatively issue free; however the process was quite lengthy due to the implementation of new printing hardware. It is anticipated that this will be resolved for this coming month-end run.

Mobile service orders are working well as the meter readers have quickly grasped the features of the new software. Online account access has been granted to some 330 customers with minimum issues (few issues whereby customers did not understand their password). Payment directly via online waterauthority.ky is also up and running.

The next big task will be disconnections which commences on 09 May 2012. It is expected that all will go well, followed by the next set of meter readings and the 2nd bill run.

As the Authority is now able to obtain various reports via smartlists application, all senior managers are encouraged to utilize these smartlists as they will help us to understand the data in the Cogsdale system (identify any issues quickly) and understand the current business trends.

- f) ***Review of Plumbing Code, Private Sewage Disposal Code and the Building Code*** - The Chairman reported that further to the information provided at the last Board meeting, the Authority continued the review of the codes that the Planning Department/Building Control Unit intend to adopt for the Cayman Islands. The codes that are relevant for the Authority are the 2009 International Plumbing Code, 2009 International Residential Code and the 2009 International Private Sewage Disposal Code. Initially the 2009 International Existing Building Code was also considered, but Planning/BCU determined that this code was not necessary. The Authority has proposed various amendments to the International Plumbing Code and the International Residential Code; both these codes will fall under the jurisdiction of Planning/BCU.

In further discussions about the 2009 International Private Sewage Disposal Code, the joint Planning/BCU/Water Authority review committee determined that it would be a challenge to incorporate the current practice of sharing responsibility for onsite wastewater treatment and disposal between the Water Authority and Planning/BCU. Under the Water Authority Law the Water Authority is responsible for protection of groundwater and the regulation of wastewater treatment and disposal. It is therefore logical to place the responsibility for onsite wastewater treatment and disposal entirely with the Authority, rather than sharing it with Planning/BCU.

This would also facilitate the introduction of the 2009 International Private Sewage Disposal Code, which regulates onsite treatment and disposal. The Water Authority will become the so called "code official" under the 2009 International Private Sewage Disposal Code, meaning that it has the jurisdiction over the use and implementation of this code. The Water Resources Department is working now on the necessary amendments of the 2009 International Private Sewage Disposal Code to make it suitable for the conditions in the Cayman Islands and to incorporate the Authority's practices and policies in respect of onsite wastewater treatment and disposal. Members had no objections to the process and the Authority being the "code official" for the International Private Sewage Disposal Code.

- g) ***For Cayman Investment Alliance - George Town Landfill Closure and new Waste Management Facility in Bodden Town*** - The Chairman reminded members that as reported at last Board meeting, the Authority is a member of the Environmental Advisory Board (EAB) in the review of the For Cayman Investment Alliance (FCIA) proposals for the closure and remediation of the George Town Landfill (GTLF) and the Waste Management Facility in Bodden Town (WMF). The EAB and Dart/Apec are working on reaching agreement on the Terms of Reference (ToR) for the Environmental Impact Assessment (EIA) of the proposed Waste Management Facility in Bodden Town. The EAB has agreed that the three

international consulting firms proposed by DRCL are acceptable to carry out the EIA. DRCL will select one firm from the three they proposed. The public will be provided with an opportunity to review and comment on the draft ToR and on the draft Environmental Report. When this is completed the complete application will go to the Central Planning Authority (CPA).

The EAB has also reviewed the proposed closure and remediation plan for the GTLF and provided a memorandum with high level technical comments on the proposed landfill remediation and closure.

- h) Cayman Water Company Negotiations* - The Chairman reported that further to the update at the last Board meeting on the Cayman Water Company (CWC) Licence negotiations, and CWC's letter of 10 April 2012 to the Honourable Minister of DAWLA in which they blamed the lack of progress in the negotiations on the Authority's divestment process, the Authority prepared a response for Minister. This response was sent to CWC on 23 April 2012, and for the record it reiterated that Government is still waiting on CWC's financial proposal under the RCAM (Rate Cap

*Redacted under Section 17 (a) of The Freedom of Information Law, 2007



In recent communications with the Ministry, the Authority has been informed that Mrs. Suzanne Bothwell will be Government's legal counsel for the CWC negotiations. On 07 May 2012 the Honourable Minister sent a

brief reply to CWC to acknowledge receipt of their letter of 02 May 2012 and to confirm that Government is reviewing the various matters raised in the recent correspondence from CWC.

The Water Authority has suggested and the Ministry has agreed that it seeks legal support from the Authority's lawyer to prepare a draft response for the Honourable Minister on the legal issues.

- i) *FOI updates* - The Chairman reported that two new requests were received as of 08 May 2012 as shown in the Freedom of Information report provided to members.
- j) *Governance Survey - Office of the Auditor General (OAG)* - The Chairman reported that on 03 May 2012 the Authority received a letter requesting the Authority's participation in a Governance Survey. The Authority will complete the survey and provide it to the OAG. A copy of the OAG's letter and the survey were provided to members.
- k) *Bill of Rights Implementation* - The Chairman reported that in 25 April 2012, Ministry of DAWLA requested that the Authority review, applying a risk based assessment, its policies and procedures as well as the Law in conjunction with the Water Authority Law. The Authority will request further guidance from the Ministry.

Current Business

- a) **Request for Bill Adjustment re Customer Account [REDACTED] - [REDACTED]**

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

The Chairman reported that a letter was received from [REDACTED] regarding the above account on 16 April 2012. The complainant would like to have the Board review this case as she is not happy with the outcome of the adjustment to her bill after the meter testing. A copy of the letter, relevant documentation, and the report from Customer Service Department was provided to members.

A review of the account was undertaken and the Authority's findings are that on 21 February 2012 the customer complained of a high water bill. On 23 February 2012 the customer was advised that no leaks or movement were found during the site visit and that the reading was correct. On 23 February 2012 the meter was removed for testing as per the customer's request. The customer was informed of the Authority's meter testing policy and the criteria for making adjustments when she signed the meter testing request form. The customer was informed on 29 March 2012 that the meter testing result showed that the meter had exceeded the accuracy at the medium flow test by 2.2%. As per the Authority's policy the disputed amount was adjusted down by 2.2%.

A payment agreement was offered, however the customer was not happy with the adjustment made as per the policy and requested that the matter go to the Board. The customer was requested to put her complaint in writing so that it could be brought to the Board's attention.

This customer was informed of the bill adjustment policy of the Authority however upon receiving the test results she did not want to make any payment until the matter could be reviewed by the Board. The customer was advised that the only adjustment to the bill possible by the Customer Service Department would have to be within the Authority's policy. The Secretary respectfully sought the Board's decision on the request from the customer.

Members discussed the customer's situation and agreed that the customer should be advised that the Board reviewed the request and decided not to discount or waive the bill as the customer was advised that the Authority's policy with regards to the adjustment of bills when one of the tested ranges of the meter is reading above spec had been applied. A payment plan should be offered with a repayment time manageable by the customer with the offer to waive late fees as usual.

b) Request for Bill Adjustment re Customer Account [REDACTED] - [REDACTED]

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

The Chairman reported that an email was received from [REDACTED], regarding the above account on 20 April 2012. The complainant would like to have the Board review this case as he wishes to have his high water bill discounted. A copy of the email, relevant documentation, and the report from Customer Service Department were provided to members.

A review of the account was undertaken and the Authority's findings are that on 20 March 2012 the customer was listed on the fail audit report as having a higher than normal consumption. On 21 March 2012 a Customer Service Representative called the telephone numbers on file for the account to advise the customer of the higher than normal consumption. The property is gated and locked therefore the meter reader left the door hanger in the meter box.

On 14 April 2012 the customer contacted the Water Authority via email regarding a high water bill. The customer indicated that a leak had been found and repaired. However he was concerned that no attempt had been made to advise him that there was a problem. The customer was advised that the Authority does the fail audit as a courtesy and that none of the contact numbers listed on the account were correct.

The customer inquired about a discount on the bill and was advised that he would have to appeal to the Board. The customer sent his appeal for a discount on the basis that the Water Authority did not do enough to advise

him there was a problem with his meter. The Secretary respectfully sought the Board's decision on the request from the customer.

Members discussed the customer's situation and agreed that the customer should be advised that the Board reviewed the request and decided not to discount or waive the bill as the customer is responsible for all usage downstream of the meter and additionally the customer acknowledged that he had a leak. Furthermore, the customer should be advised to ensure that Authority has current contact information on record. A payment plan should be offered with a repayment time manageable by the customer with the offer to waive late fees as usual.

c) **Request for Bill Adjustment re Customer Account [REDACTED] - [REDACTED]**

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

The Chairman reported that a letter was received from [REDACTED] regarding the above account on 20 April 2012. The complainant would like to have the Board review this case as he is not happy with the outcome of the meter testing. A copy of the letter, relevant documentation, and the report from Customer Service Department has been provided to members.

A review of the account was undertaken and the Authority's findings are that the November 2011 bill of \$545.31 is an actual reading and reflects consumption for the period 11-23 November 2011.

The December 2011 bill of \$1310.01 was an estimated amount due to the meter being submerged. The meter is habitually submerged at this location due to drainage/wash out of their kitchen. The Authority has complained to them on several occasions about this. On 23 December 2011 an actual reading was taken and the customer was billed \$3066.23 for consumption between 23 November and 23 December 2011.

On 08 February 2011 the customer complained of a high water bill. The Meter Reader visited the site and noted slow movements on the meter and the customer was advised. On 09 February 2012 the meter was removed for testing as per the customer's request. The customer was informed on 29 February 2012 that the meter testing result showed that the meter testing result showed that the meter had passed and that the bill was therefore correct.

A payment agreement was offered and accepted on 23 April 2012, however the customer was not happy and requested that the matter to go to the Board. The customer was requested to put his complaint in writing so that it could be brought to the Board's attention. The Secretary respectfully sought the Board's decision on the request from the customer.

Members discussed the customer's situation and agreed that the customer should be advised that the Board reviewed the request and decided not to discount or waive the bill because the meter was tested and was not found to be faulty. A payment plan should be offered with a repayment time manageable by the customer, with the offer to waive late fees as usual.

Donation Requests

The Chairman advised that the amount available for donations is Zero therefore all applications for sponsorship have been advised that the donation funds have been utilised for fiscal period 2011/2012.

There being no other business the Chairman thanked members for their cooperation and adjourned the meeting at 3:14pm.

This is a true and accurate account of the proceedings.

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The Chairman

[Signature]

The Secretary