

**CONFIDENTIAL**



**Water Authority of the Cayman Islands**

**Minutes of 234<sup>th</sup> Meeting held on 16<sup>th</sup> of January 2013**

**Members Present:**

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

**Call to Order**

The Chairman welcomed members and called the meeting to order at 1:30pm after ascertaining that there was a quorum and acknowledging apologies from Mr T Hydes, Ms R Sharma and the absence of Mr C McLaughlin. The Chairman then proceeded to open the meeting with prayer. The Chairman wished all members the best for the New Year. He noted that he was pleased that the Water Authority had held up well under pressure for the last couple of years. The Chairman thanked the Board members and staff for doing all their best to meet the demands placed on the Authority.

**Minutes of the 233<sup>rd</sup> Meeting held on 16<sup>th</sup> of December 2012**

The Chairman asked for confirmation of the Minutes of the 233<sup>rd</sup> Meeting held on 16<sup>th</sup> December 2012.

Mr J Banks moved the motion to accept the Minutes, Mrs P McGaw-Lumsden seconded the motion and the motion passed unanimously.

**Declaration of Conflicts of Interest**

Mrs P McGaw-Lumsden advised that she had a conflict with item (c) in the Donation Requests section of the Agenda.

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

The Chairman reported that on 12 January 2013 the agreement with Ocean Conversion (Cayman) Ltd (OCL) for the operation and maintenance of the Lower Valley Reverse Osmosis (RO) Water Production Plant came to an end. On 13 January 2013 the Water Authority took over that responsibility. Mr. Allenger McLaughlin, previously the plant manager with OCL, is now employed by the Water Authority as the Senior Operator responsible for the day to day running of the RO plant. Initially he will be assisted by Mr Bruce Thompson of New Works, but in the very near future the position of a full-time assistant operator for this plant will be advertised in the local newspaper. Additionally Mr Matthew Thompson from the Authority's Engineering Services will provide engineering support. Members noted that they were pleased to see this plant now fully in the Authority's hands.

The Chairman reported that the Engineering Services Department (ESD) will carry out a strategic review of the equipment and operation with a view to the upgrade of equipment and modernisation of the plant; this will be phased over time in order to meet the water production requirements, whilst ensuring that the upgrades are carried out within budget constraints.

**a) 30 June 2012 Audit - Update.**

The Chairman reported that the 30 June 2012 consolidated financial statements audit process had been completed.

***30 June 2012 Divisional Financial Statements for Water, Wastewater and Statutory***

The Chairman reported that the divisional financial statements had been through their comprehensive review with KPMG. The Financial Controller is in the process of the final review of the statements and as there have been no material changes, asks the Chairman, Director and herself to sign the Balance Sheet and send back to KPMG. KPMG will then issue the final statements.

Upon confirmation by Members of the 2013/2014 Ownership Agreement, the Strategic Option Analysis engagement with KPMG can resume as the budget figures as well as the audited divisional financial statements are complete and approved.

*Annual Report 2010/2011*

The Chairman reported that the 2010/2011 annual report was sent over on 09 December 2011. The Authority received signed copies back from the Ministry on 13 January 2012. The Secretary understands from the Ministry that the reports will be tabled at the next sitting of the LA.

*Annual Report 2011/2012*

The Chairman reported that the 2011/2012 annual report was forwarded to the Ministry for the Honourable Premier and Minister's comments and signature if agreed.

b) **Cayman Water Company (CWC) Negotiations Update.**

The Chairman reminded members that the Water Authority had not as yet received a response to its letter to the Honourable Minister dated 11 December 2012, which was prepared in response to CWC's proposal to Government, dated 29 November 2012, for an extension of the existing licence, and amendments to the Water Authority Law (2011 Revision) and Water (Production and Supply) Law, 2011. On 31 December 2012 the Governor signed the latest amendment to Cayman Water Company's Licence. This 9th extension of the Licence extends the Licence until 30 March 2013, without amending any other terms and definitions.

\* Redacted under section 21 (1) (b) of The Freedom of Information Law, 2007



c) **Policy for Pipeline Installations in New-Subdivisions.**

The Chairman reported that this Agenda item was deferred during the December 2012 meeting until this meeting. The Chairman reported that the Authority reviewed the current policy applied for pipeline installations in new-subdivisions and had prepared a detailed report for members' review

and consideration. A copy of the report was provided to members at the December 2012 meeting.

The Chairman reminded members that the Water Authority's (recently revised) policy regarding the extension of water pipelines into private roads does not apply to new developments, such as sub-divisions. In sub-divisions, the developer is responsible and bears the full cost of providing the water infrastructure in his development, to the requirements and specifications of the Water Authority.

The Chairman reported that if any land is sub-divided, the Water Authority requires that the developer install the water infrastructure on that property under the supervision of the Water Authority's Quality Assurance inspector and in strict accordance with the Authority's "Guidelines for constructing potable water mains" as, upon completion, the pipeline becomes the responsibility of the Water Authority to maintain.

The existing policy only refers to the installation of the water mains in new sub-divisions. The Water Authority has not required developers to also install the service connection pipework (i.e., the pipework between the water main and the individual properties).

The Chairman advised that to date the developer has been given the following two choices with respect to the installation of service lines to the individual properties on his sub-division:

- After the sub-division has been completed, the Water Authority will install water service pipelines, when an application has been received, typically when a house lot is being developed. Under this scenario, the developer will have no upfront cost, but the road surface will ultimately have 'scars' wherever the Water Authority has installed water service pipelines.
- As an alternative, the developer may choose to have the water service lines to all lots installed by the Water Authority prior to the road being paved. As the Water Authority will have to make an investment without any immediate returns, the developer is required to reimburse the Water Authority the cost of this work, prior to work being carried out. Although the developer will have some upfront costs, the road surface will remain 'untouched'.

The Chairman reported that historically, nearly all the developers have chosen the second option, as they consider the condition of their subdivision roads much more important than the relatively minimal additional upfront costs. The Planning Department requires that all sub-division roads are paved before parcel numbers are issued, which will prevent any development of the sub-division lots prior to the various conditions being met.

Recently, the Chairman advised, some developers of new sub-divisions made applications for water meters to all house lots on their sub-division, and then, immediately after the water meter (and service pipework) was installed, they asked for these meters to be disconnected in order to eliminate their liability for theft of water. This causes the Water Authority to have to make a significant investment (materials and labour), and also increases the risk of vandalism and theft.

The Chairman noted that in accordance with sub-section 39 (2) of the Water Authority Law the cost of any water service must be paid by the applicant. However as a strict application of this sub-section would mean that applicants for water service to properties situated on the opposite side of a road from the water main would be charged significantly more than applicants situated on the same side of the road, for the last 10+ years all applicants have been charged only the water connection charge (as per sub-regulation 50 (1)), or CI\$ 80.00 for a typical ¾-inch water meter). It was not suggested that this policy be changed.

The Water Authority is not required, by law, to install water service until a building has been substantially completed, and is therefore not required to respond to applications for water service to undeveloped house lots (such as in new sub-divisions).

The Chairman advised that for the last 10+ years Construction Management Engineering Company (CMEC) has been the only contractor that has been allowed to install water service lines, and other contractors have questioned the Authority's rationale. Presently the Authority's resources can easily accommodate requests for new water services in a timely manner and therefore it is no longer necessary to allow third parties to install water service lines.

The Chairman reported that the Authority's management is of the opinion that revision of the policy is necessary to better protect the Water Authority, and to clearly establish the responsibilities of both parties (i.e., the Water Authority and developer). It was therefore recommended that the Water Authority's policy regarding pipeline installations in new sub-divisions is revised to:

The developer is responsible for and bears the full cost of providing the entire water infrastructure in his development, and more specifically:

- The developer shall install the water mains on the entire development under the supervision of the Water Authority's Quality Assurance inspector and in strict accordance with the Authority's "Guidelines for constructing potable water mains". *(note: this is identical to the current policy)*

- All water service lines (i.e., the pipework between the water main and the individual properties) shall be installed by the Water Authority prior to the subdivision roads being paved. The developer shall reimburse the Water Authority the estimated cost of this work, before the Water Authority will carry out the work. (*note: this is a new requirement*)

Additionally:

A water meter will be installed after the owner of any premise has applied in writing on the appropriate form. The applicant for water will only be charged the water connection charge in accordance with sub-regulations 34 (2) and 50 (1) (e.g., CI\$80.00 for a ¾" (20mm) water meter). With the exception of the required deposit, as stipulated by regulation 52 of the Water Authority Regulations, the Water Authority will not charge any additional fees to cover the cost of the water service installation. (*note: this only formalizes what has already been current practice for more than ten years*)

Members discussed the proposed policy change and subsequently unanimously agreed for the policy to be adopted by the Water Authority.

**e) Miscellaneous Updates.**

- a) *In-House Pipelaying Crews*** – The Chairman reported that near the end of the week of 14 January 2013 one of the pipelaying crews, together with some additional staff from the other crew for traffic management, would commence work on the pipeline upgrade (from 6-inch to 12-inch) in South Sound, between the boat ramp and the intersection with Walker's Road. This work comprises the installation of approximately 9,200 feet of 12-inch pipeline, and will be carried out in six phases. The work will be carried out during the day (between 9:00 am and 4:00 pm to avoid interfering with commuters). It is anticipated that this new pipeline will be operational by late May 2013.

The remaining staff of the other pipelaying crew will initially be used to carry out much needed maintenance (cleaning, rust removal and repainting) of the pipe storage rack at the Lower Valley site.

- b) *Water Supply Division*** – The Chairman reported that during the week of 14 January 2013 Operations-Water Supply plan to commence the replacement of the 6-inch pipeline in Denham Thompson Way (off Walker's Road), necessitated by the numerous leaks experienced. The work will be carried out during the day (between 9:00 am and 3:00 pm to avoid interfering with school traffic). It is estimated that this work will be completed by the end of March 2013.
- c) *Wastewater Division*** – The Chairman reported that the Operations-Wastewater Division continued to respond to regular occurring electrical

issues at the wastewater treatment plant (due to breakdown of the insulation of the electrical wires).

The Engineering Services Department (ESD), together with the Operations Department - Wastewater Division, plan to continue the detailed and systematic investigation of the manholes within the wastewater collection system shortly. Approximately 40% of the total number of manholes still requires inspection. It is anticipated that the refurbished CCTV camera will be returned by the manufacturer by the end of January 2013. Therefore the remainder of the shallower manholes will be inspected initially, and, as soon as the CCTV camera is available, the deeper manholes will be inspected.

During the month of December 2012 the amount of rainfall was minimal, and for the second month since April 2012 the design hydraulic capacity of the plant (2.5 mgd) was not exceeded in any day during the month. The average daily inflow during December 2012 was 1.9 mgd (or 76% of design capacity).

- d) ***For Cayman Investment Alliance - George Town Landfill Closure and new Waste Management Facility in Bodden Town*** - The Chairman reported that since the last Board meeting in December 2012 the following has taken place:
- Cardno Entrix, the Environmental Advisory Board, Dart Realty Cayman Ltd and APEC jointly reviewed the public comments on the draft Terms of Reference (TOR) for the Environmental Impact Assessment on 13 December 2012. As a result of this review a response to each of the comments was prepared and a few, minor, changes to the draft TOR were agreed upon. The responses will be included as an appendix in the final TOR. It is expected that the final TOR will be made available to the public shortly. In the meantime DRCL's consultant is carrying out the required studies for the Environmental Impact Assessment of the new Waste Management Facility.
  - As reported before, the Department of Environmental Health is the lead agency to coordinate Government's independent third party review of certain aspects of the Waste Management Facility and the closure of the George Town Landfill. The Authority is not sure whether the contract for this third party review of the landfill proposals had been formally awarded yet.
- e) ***Review of Planned Area Development application for Dr Shetty Hospital*** - The Chairman reported that over the Christmas period the Water Resources and Development Control Department carried out the Planning review of three Planned Area Development (PAD) applications related to the Dr Shetty Hospital that is planned in the Moon Bay (East End) area. The 2011 Planning Regulations provide for Planned Area Development applications for properties exceeding 40 acres where mixed development is

proposed. The 3 PAD applications are all related to Health City (230 acres in total) and provide the master plan for the hospital and related mixed development. The Water Authority provided specific comments for water, wastewater, excavations and the use of groundwater/seawater for cooling. The Authority also asked the developers to provide a Wastewater Management Plan for the development, so that an overall plan for wastewater management is in place that can be implemented as the development is built. In addition the Authority recommended that the developers undertake an infrastructural impact assessment, so that it is clear what the impact of the development will be on infrastructure (water supply, solid waste, airport, traffic, port, aggregate and fill, electricity and telecommunications).

- f) *FOI updates* - No new requests were received since the Freedom of Information report provided to members at the December 2012 meeting.

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

### Current Business

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

The Chairman reported that in a letter dated 10 December 2012, [REDACTED] wrote to the Water Authority regarding high water bills incurred in 2005. A copy of the letter and the report from Customer Service was provided to members.

A review of the account was undertaken and the Authority's findings are that on 17 February 2005, the customer complained to the Authority about a high water bill. Subsequently the Water Authority investigated and [REDACTED] was advised by the Authority's Customer Service that there was a leak in her pipeline. This leak resulted in bills of \$1,153.60 for January 2005 and \$1,707.58 for February 2005.

The customer had several payment agreements but has difficulty paying regularly. The customer requested consideration of the Board in discounting the remaining owed on the account. The Authority informed the customer of the leak as soon as it was discovered. The customer is fully responsible to pay for water registered through the meter. The Secretary respectfully sought the Board's decision on the request from the customer.

Members agreed that the customer should be advised that they had reviewed the request and decided, in light of the customer's personal circumstances, to waive the late penalties upon the customer signing a payment agreement for



no less than \$50 per month. The customer will need to maintain the payment agreement otherwise the late penalties will be reinstated.

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

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

The Chairman reported that in a letter dated 04 January 2013, [REDACTED] wrote to the Water Authority regarding a high water bill incurred in November 2012. A copy of the letter and the report from Customer Service was provided to members.

A review of the account was undertaken and the Authority's findings are that on 26 November 2012, the account was flagged for a high reading. A Fail Audit Check verified no leaks or movements on the meter and confirmed the reading taken was correct. On 12 December 2012 the customer complained to the Authority regarding the high November 2012 bill. No leaks or movements on the meter were identified during the re-check and the customer was advised.

The customer was also advised of other possibilities that could cause the high bill. He noted that he does have a cistern which is currently being used however he does not feel that this is the cause.

The Authority can only make an adjustment to the bill if an error was made on its part or if the meter is found to be faulty. In this regard, the customer was advised to test the meter to eliminate the possibility of a faulty meter. The customer was advised of his option to test the meter as the Authority will only charge according to the reading on the meter. He declined to have the meter tested. The customer signed a payment agreement to pay the balance however he has requested the Board's assistance in this matter. The Secretary respectfully sought the Board's decision on the request from the customer.

Members agreed that the customer should be advised that they had reviewed the request and decided not to discount or waive the bill as the customer is responsible for all usage downstream of the meter. Additionally, the customer decided not to have the meter tested therefore the Authority has no basis upon which to discount the bill.

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

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

The Chairman reported that in a letter dated 8 December 2012 and received 24 December 2012, [REDACTED] wrote to the Water Authority regarding high water bills. A copy of the letter 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 on 04 July 2012 the customer complained of a high water bill. The meter was checked and no leaks or movement on the meter was found during the visit. The customer was advised accordingly. On 16 July 2012 the customer requested that the meter be removed and tested. The meter test results came back in August 2012 and the customer was subsequently informed that the May and June 2012 bills could not be adjusted as results did not indicate that the meter was reading high. The results showed the meter is accurate at low and high flows but reads 20% below accuracy at the transition flow. This would indicate that the meter was under registering during normal usage.

On 16 October 2012, the customer visited the Authority's office and explained that she was not happy as the usage had reduced since the new meter was installed because it caused her to believe the old meter was faulty. The customer then made a payment of \$593.30 towards the bill. In December 2012, after receiving the November 2012 bill, the customer was upset as she did not see the credit for the amount she paid on 16 October 2012. Finance addressed and resolved the error of the un-posted payment. The customer is also unhappy with the October 2012 bill. The remaining amount owed by the customer is \$155.03 which includes the December 2012 bill of \$55.33. The Secretary respectfully sought the Board's decision on the request from the customer.

Members agreed that the customer should be advised that they had reviewed the request and decided not to discount or waive the bill because the meter was tested and was not found to be over registering at any flow level tested. Additionally, the customer is responsible for all usage downstream of the meter. However a written apology should be offered for the late posting of her payment and any late fees associated with that error on the Authority's part should be waived.

**d) Management Accounts October and November 2012.**

The Chairman reported that the Finance Department concentrated on the preparation of the 2013/2014 Ownership Agreement and revision of 2012/2013 budget figures for this meeting.

**e) CIBC - First Caribbean Account Documentation Request.**

The Chairman reported that FCB is in the process of updating their customer files and subsequently requested new documentation from the Authority. The Financial Controller queried the necessity of the paperwork and was told that the updated documentation was a result of new KYC (Know Your Customer) requirements. Management respectfully requested the Board's approval of the documents and agreement for the Chairman and Director to sign accordingly. Members agreed accordingly.

f)

\* Redacted under section 21 (1) (b) of The Freedom of Information Law, 2007



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Ms A Owens expressed her satisfaction that the Authority's budget cycle was now in sync with the Government's required timetable under the PMFL. Members discussed various points in the 2013/2014 budget projections in the Ownership Agreement and expressed satisfaction with the document. There was further general discussion on the document and members indicated their agreement with the proposed financials.

\* Redacted under section 21 (1) (b) of The Freedom of Information Law, 2007



The Chairman and members thanked the Secretary for the presentation and the documents provided. The Secretary thanked members and noted that she must also give much credit to the Financial Controller and her staff as well as the Deputy Director. Members requested that their appreciation be passed on to the Financial Controller and her staff as well as the Deputy Director and Department Heads.

### Donation Requests

The Chairman advised that the remaining amount available for donations with approval of the revised 2012/2013 budget (included in the 2013/2014 ownership agreement documents) is \$30,770 for the fiscal period 2012/2013 based on the amount being revised to \$49k for this fiscal period.

**a) Ratification - Donation of water gift certificates for DEH.**

Members agreed to ratify the donation of four water gift certificates worth \$25 each for the Department of Environmental Health's Staff Christmas Party for a total amount of \$100.

**b) Previously Deferred: The Pines Retirement Home - Sponsor a Room.**

Members agreed to sponsor a room at the Pines Retirement Home in the amount of \$5000. The motion was moved by Mrs P McGaw-Lumsden, seconded by Ms A Owens and passed unanimously.

**c) Previously Deferred: KyStar Athletics - Cayman Invitational Track Event May 2013.**

Mrs P McGaw-Lumsden was excused for the discussion on this item. Members agreed to sponsor the KyStar Athletics Cayman Invitational

Track Event to be held in May 2013 in the amount of \$9000. The motion was moved by Mr J Banks, seconded by Mrs I Simms and passed unanimously.

d) **HM Northward Prison Football Team.**

Members deferred this request until the February 2013 Board meeting.

**Any Other Business**

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



There being no other business the Chairman thanked members for their support and then adjourned the meeting at 2:33pm.

This is a true and accurate account of the proceedings.

\_\_\_\_\_  
The Chairman

  
\_\_\_\_\_  
The Secretary