

**CONFIDENTIAL**



**Water Authority of the Cayman Islands**

**Minutes of 241<sup>st</sup> Meeting held on 18<sup>th</sup> of September 2013**

**Members Present:**

Chairman:	Mr J L Hurlston
Members:	Mr H B Ebanks Mr J Gill Mr M Jacques Ms T Mortimer Mr C Randall Mr A Wright
Secretary:	Dr G Frederick-van Genderen
Apologies:	Ms A Owens Ms R Sharma Mr O Watler

**Call to Order**

The Chairman welcomed members and called the meeting to order at 4:35pm after ascertaining that there was a quorum and acknowledging apologies from Ms A Owens, Ms R Sharma and Mr O Watler. The Chairman then proceeded to open the meeting with prayer.

The Chairman thanked the Secretary and her staff for facilitating the Board members' tour of the Water Authority's operational facilities. Members expressed their thanks as well and stated that they have a better understanding and appreciation for the operations of the Authority. The Chairman also thanked all members that were able to come to Cayman Brac for Mr Paul Connolly's Retirement Dinner on 13 September 2013.

**Minutes of the 240<sup>th</sup> Meeting held on 28<sup>th</sup> of August 2013**

The Chairman asked for confirmation of the Minutes of the 240<sup>th</sup> Meeting held on 28<sup>th</sup> August 2013. The following corrections to the Minutes were noted:

Page 1, in list of Members Present should read "Ms Tannya Mortimer"

Page 14, 6<sup>th</sup> paragraph first line should read "...to approve the revised....."

Mr A Wright moved the motion to accept the Minutes as amended, Mr J Gill seconded the motion and the motion passed unanimously.

**Declaration of Conflicts of Interest**

Ms T Mortimer and Mr A Wright indicated that they are both fellow Lions Club members with Mr Royal Roberts of the Estella Scott-Roberts which is requesting sponsorship under the Donations item on the agenda.

The Chairman noted that he was conflicted with UCCI's request for sponsorship under the Donations item on the agenda and would leave the meeting at that point.

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

The Chairman reported that the water production rate of the LVRO plant during the month of August 2013 averaged 1,705 cubic metres per day (or just over 56% of design water production capacity). The lower production rate during August 2013 was due to problems with the soft starter, limiting the production to one train (out of two) only. This starter was replaced on 19 August 2013 (since then the production rate has averaged 2,707 cubic metres per day (about 90% of the plant's design water production capacity).

The Chairman noted that as previously reported, Water Authority will utilise an open and competitive tendering process through the Central Tenders Committee (CTC) to award the Design and Build Contract for the LVRO Plant. Due to other commitments, the preparation of the tender documents has taken longer than originally anticipated. It is now expected that these documents will be sent to interested companies in October 2013.

**b) 30 June 2013 Audit of Consolidated and Divisional Statements - Update.**

*30 June 2013 Audit of Consolidated and Divisional Financial Statements for Water, Wastewater and Statutory*

The Chairman reported that KPMG started field work at the Authority on 02 September 2013. The first two weeks focused on control testing with the shift moving to the more substantive testing on 16 September 2013. The Chairman noted that management advised that they are not aware of any set-backs to the

regular audit procedure and at this time still expects to meet the 31 October 2013 deadline for completion of the audit.

The Chairman reported that on 10 September 2013 the Deputy Director and Financial Controller met with the audit manager from KPMG with regards to a supplemental engagement for the Authority. This would entail a review engagement on the two islands' water division, specifically Grand Cayman and Cayman Brac. The objective behind pursuing these engagements is to develop a foundation for island specific information that will become useful in future years in developing and implementing the Rate Cap Adjustment Mechanism (RCAM), and as well as better clarification regarding the cost of each island water division. The Chairman explained that the Authority's management is keen to start accumulating this island specific information and reporting on it on an annual basis so as to develop an expectation on financial performance for the water division as a whole as well as specific to each of the islands, this will become especially important to the business operations of the Authority in light of the plan to re-locate a crew to the Brac to do remediation and new works.

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



#### *Annual Report 2011/2012*

The Chairman reported that the 2011/2012 annual report was forwarded to the Ministry on 31 December 2012 for the Honourable Premier and Minister's comments and signature upon agreement. The Authority still awaits confirmation on the status of this report with the new Ministry.

#### **c) Cayman Water Company (CWC) Negotiations Update.**

The Chairman reported that the summons and listing form for the Judicial Review was filed on 27 August 2013 with a Court date of 08 October 2013. The judicial review hearing will be heard at the earliest date convenient to all.

The Chairman reminded members that the Authority's management advised that at the meeting on 19 August 2013 the Honourable Minister Tibbetts agreed that Government would be prepared to a further extension to CWC's licence pending the judicial review proceedings and completion of the negotiations. This extension would likely be for a period up to 9 months (i.e., until 30 June 2014). The Board was therefore respectfully asked to recommend to Government that Government grants CWC an amendment to their licence to process Seawater to Water for sale and to distribute and sell Water by means of pipes during the additional period through consideration of the following resolution:

***Resolution***

*It is hereby resolved that the Water Authority recommends to Government that an Amendment to the Licence dated 11 July 1990 To Produce Potable Water From Seawater be granted to Cayman Water Company Limited (CWC) by the Government under the Water Production (Production and Supply) Law 1979 to allow for an extension until 30 June 2014. The Water Authority further authorises Mr John Lemuel Hurlston CVO MBE JP, Chairman and Mr Otto Watler, Board Member to sign the Amendment of the Licence on behalf of the Authority*

Members considered the request and agreed to approve the above resolution. The resolution was move by Mr J Gill, seconded by Ms T Mortimer and passed unanimously. The Water Authority will advise the Ministry accordingly.

**d) West Bay Beach Sewerage Rehabilitation Project (2013) - Update.**

The Chairman reported that on 30 April 2013 the Water Authority advised US Sewer & Drain, Inc that the contract for the West Bay Beach Sewerage Rehabilitation Project (2013) had been awarded to them. As reported previously, the contractor was unable to obtain the necessary Performance Bond, and entered into discussions with Wharton Smith Inc. (WSI), with the objective for WSI to assist in providing the Performance Bond.

The Chairman reported that on 16 September 2013 the Water Authority received the Performance Bond from the Guignard Company, WSI's bonding company, which met all of the Authority's requirements/concerns. The Chairman reported that on 17 September 2013 the Water Authority signed the contract document, and returned the duly completed document to the contractor. The contractor had confirmed previously that the necessary paperwork for the temporary work permits for the expatriate staff, including full medicals and police clearance certificates, had been completed. The contractor indicated that the company had also completed the information required for the importation of the vehicles (e.g., cleaning truck, TV truck), which will be shipped shortly. The Chairman reported that all are relieved that this project is now underway after a four month delay.

e) **Miscellaneous Updates.**

- a) *In-House Pipelaying Crews* - The Chairman reported that the New Works in-house pipelaying crews were recently reduced by two staff; one left to become a meter reader within the Customer Service Department, another one's Immigration status changed and as a result he had to leave the country. Currently the New Works in-house pipelaying crews comprise only 8 staff members, reduced from 13 just a few years ago, which is insufficient to establish 2 independent pipelaying crews. The deficit will be made up by moving two staff members from Operations-Water Supply.

Work continues on the pipeline upgrade (from 6-inch to 12-inch) in South Sound, between the boat ramp and the intersection with Walker's Road. To date, work up to The Avenue has been completed (nearly 50% of the total length for this project), and customers connected to the new pipeline. Over the last few weeks temporary pipelines have been installed for the next phase (between the Avenue and the Venetia).

On 30 August 2013 the other crew completed all work (test, disinfect, flush and connect new pipes to existing, and clean-up) at Serenity Lane and Rossini Street (off Frank Sound Road). This crew also carried out road reinstatement in Raven Avenue: The contract to reinstate this road was awarded to ARCP, which had apparently gone out of business and this contract was subsequently awarded to Island Paving. Unfortunately the heavy rains eroded the trench and this needed to be attended to immediately.

- b) *Water Supply Division* - The Chairman reported that on 17 July 2013 Operations started the upgrade (to 6-inch) of nearly 3,000 feet of 3-inch pipe in Victory Avenue (Prospect). This work will be carried out in two phases. The first phase was completed on 06 September 2013. It is expected that all customers on this phase will be connected to the new pipeline by 20 September 2013. Progress had been affected significantly by the bad weather, and it is now anticipated that this project will be completed by early October 2013.

- c) *Wastewater Division* - The Chairman reported that during the month of August 2013 significant rainfall was experienced (August 2013 was the wettest one in 30 years!), and the design hydraulic capacity of the plant (2.5 mgd) was exceeded every day during that month. The average daily inflow for August was 3.76 mgd (or 150% of design capacity), and which was nearly 21% more than the average inflow during the same month last year (3.11mgd).

On 06 September 2013 the contract for the construction of a new control panel wall at PS1 was completed by Small Engineering Ltd. It was anticipated that the new pump control panel for PS1 would have arrived on island by late August 2013. Unfortunately due to issues with the original panel fabricator, an alternative fabricator had to be found. The

panel is now being fabricated and should be on island by early October 2013.

- d) *FOI updates* - One new request was received since the last Freedom of Information (FOI) Report dated 28 August 2013.
- e) *WestStar Issues* - The Chairman reports that on 12 September 2012 the Water Authority sent a letter to the CEO and Chairman of WestStar expressing its concern about what appears to be a systematic disregard of the Authority's requirements by WestStar staff. The Authority's guidelines specify a minimum of six feet of horizontal separation (and six inches of vertical separation, with the various utilities crossing at nearly right angles) between its pipelines and any existing or proposed utilities/pipes/ducts. (Although wherever the location of the water mains is known accurately, telecommunications infrastructure is allowed to be installed with only four feet of horizontal separation). This requirement ensures that other infrastructure will not jeopardize or obstruct the construction of new or future maintenance of existing infrastructure.

WestStar's conduit runs are frequently installed less than 2 feet from the Authority's marked pipeline, if they even wait until these services have been marked (which often WestStar does not). Water Authority representatives have tried in vain to resolve these issues.

Consequently, the Water Authority advised WestStar that the Water Authority will not accept any responsibility or liability for any damage (direct or consequential) done to any part of WestStar's underground infrastructure that was installed closer than four feet from the Authority's water main. Board member, Mr C Randall explained that he works for WestStar in Cayman Brac and noted that to avoid any conflict of interest at the meeting he would not enter into discussion on the matter. However, Mr C Randall said that he would speak to the CEO of WestStar to see if a meeting could be arranged between the Water Authority and WestStar to try to resolve the issues.

- f) *City Services - Excavation works in East End* - The Chairman reported that the Water Authority received the Planning application for excavation for road works for City Services on 02 September 2013. The developer proposes to excavate the area north of Seaview Road and south of the Health City development. The works include a partial removal of the coastal ridge to create the road corridors and to provide level area suitable for buildings and related infrastructure along the road. The excavated rock will be used for fill and aggregate for the Health City and City Services developments.

The Authority's concern is that modification of the coastal ridge may increase the risk for flooding of the lower area behind the ridge during hurricanes and the effect this may have on the East End fresh water lens, which is approximately 1 mile north of the coastal ridge. The Authority has not rejected the proposal, however it has asked for further detail to show

the footprint of the quarry and more specifics on the before and after excavation levels, so that if permission is granted there is no ambiguity in the specifics of the excavation works the developer is allowed to undertake.

In the meantime Planning has granted City Services permission to construct the access road to link up with the access road for Health City and these works are now taking place.

- g) *Geology Education 14 - 17 October 2013* - The Chairman reported that the Water Authority has a long and productive working relationship with Dr Brian Jones, geology professor at the Department of Earth and Atmospheric Sciences of the University of Alberta, Canada. Dr Jones and his colleagues have carried out geological studies of the Cayman Islands for 30 years and shared their work with the Authority, Department of the Environment, the National Trust and the private sector. Dr Jones has worked on many specific projects for the Authority.

When the UCCI invited the Authority to sponsor the upcoming STEM (Science, Technology, Engineering and Mathematics) conference in October, the Authority suggested Dr Jones as one of the guest speakers. The UCCI accepted this suggestion and Dr Jones agreed to deliver a lecture titled "*Geological Evolution of the Cayman Islands*". In further discussion with Dr Jones plans were made to dedicate an entire week to geology education. Initially the plan was to target the high schools and the private sector with a professional course for the private sector that would subsidize the cost of bringing Dr Jones for a week to the Cayman Islands. In communicating with the schools it turned out that there was a high level of interest in having a one day geology course for science teachers in addition to class room geology lessons for students. It was therefore decided to focus on the schools and not to organize a course for the private sector. As a result the funding that would be derived from the private sector attending a professional course is not available.

Consequently, the course for teachers and lessons for teachers will be funded via the Authority's training budget. Dr Jones donates his time free of charge; the Authority covers his airfare and per diem. The one day course at the Authority includes lunch and refreshments and the hiring of a tour bus to take the teachers for a fieldtrip in the afternoon. Total costs are estimated in the region of CI\$3,000. Members had no objection to the funds being used from the Training budget and adjusted during the budget revision process in January 2014. The Education Department is very supportive of this programme and the Authority will tie in promotion of the programme with the 30<sup>th</sup> Anniversary celebrations.

- h) *Cayman Brac updates* - The Chairman reported that on 13 September 2013 the Chairman, Director and Deputy Director hosted the Honourable Acting Premier, Mr Moses Kirkconnell, District Commissioner Mr Ernie Scott, and Deputy District Commissioner Mr Mark Tibbetts on a tour of the Water

Authority's operations in Cayman Brac. Joining the tour was Mr Robert Arch, General Services Manager - Cayman Brac. Unfortunately, the Honourable Kurt Tibbetts, Minister of the Planning, Lands, Agriculture, Housing, and Infrastructure (PLAHI) was unable to join the tour but sent his sincere apologies. The group visited the West End Water Works and briefly viewed the Authority's property on the Bluff near the Aston Ruddy Centre which will be the site for the future Cayman Brac Water Works.


After the tour, the group met in the District Administration Building for a presentation on the development of water infrastructure for Cayman Brac and Little Cayman. The information presented was an overview of the historic development of water services in Cayman Brac and options for the way forward. The Water Authority's management will do a similar presentation for the Board at the October 2013 meeting which it is hoped will be held in the Brac. At that time, Board members will also have a tour of the Brac facilities.

In the evening of 13 September 2013, the Authority hosted a special Retirement Dinner for Mr Paul Connolly who recently retired after almost 11 years of service as the Operations Manager in Cayman Brac. Several Board members were able to be present and a nice time was had by all. The Chairman noted that the event was very nice and he was pleased to see the turnout.

- i) *Water Authority 30<sup>th</sup> Anniversary Celebrations* - The Chairman reported that the Water Authority is moving forward with the 30<sup>th</sup> Anniversary celebrations. A press release was sent out on 17 September 2013 to introduce the theme and general gist of the plans.


Regarding the commitment to donate \$50k to the National Gallery (NG), the Authority's Customer Service Manager met with the NG Director and there is progress towards an agreement which should be sorted out by 30 September 2013 and incorporated with the 30<sup>th</sup> anniversary celebrations.

### Current Business


- a)  Redacted under sections 18 and 21 (1) (b) of The Freedom of Information Law, 2007



\* Redacted under sections 18 and 21 (1) (b) of The Freedom of Information Law, 2007



b) \* Redacted under section 21 (1) (b)



**Donation Requests**

The Chairman advised that the amount of funds available for donations in the revised 2013/14 budget is \$40,000. The amount committed at the August 2013 meeting was \$3,150, taking into consideration the pending Pines Retirement home request of \$6,000 (\$500/month), \$36,850 was available for disbursement.

a) **Estella Scott-Roberts Foundation (ESRF) - 2<sup>nd</sup> Annual Fundraiser 'A Night Under the Stars'.**

Ms T Mortimer and Mr A Wright indicated that they were connected through the Lions Club with the Mr Royal Roberts of the ESRF. Members felt it was not necessary for the two members to excuse themselves. Members agreed to sponsor the ESRF by purchasing 10 tickets for a total amount of \$350. The motion was moved by Mr M Jacques, seconded by Mr J Gill and passed unanimously.

b) **Chrissy - Anti-bullying Movie Premier.**

Members agreed to support the attendance of staff by purchasing 10 tickets for a total amount of \$250. The motion was moved by Mr A Wright, seconded by Mr C Randall and passed unanimously.

c) **Meals on Wheels.**

Members agreed to sponsor the Meals on Wheels Programme in the amount of \$1,000. Members also agreed to match donations collected from staff fundraiser/s. The motion was moved by Mr H B Ebanks, seconded by Mr M Jacques and passed unanimously.

d) **UCCI Caribbean Conference 2014.**

The Chairman noted his conflict with this item and excused himself noting that the meeting would adjourn after the vote was taken on this item. Members agreed and proceeded to deal with this item upon the exit of the Chairman. Members approved to sponsor the UCCI Caribbean Conference 2014 as a Silver Sponsor in the amount of \$3,000. The motion was moved by Mr A Wright, seconded by Ms T Mortimer and passed unanimously.

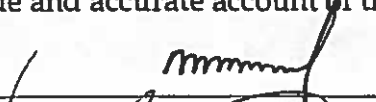

**Any Other Business**

a) **2013/2014 Scholarship Award.**

The Secretary updated members that Alexander Walton was successful in gaining acceptance into the engineering programme at University of the West of England (Bristol) and therefore the scholarship was awarded to him.

There being no other business the Secretary thanked members on behalf of the Chairman thanked members and the meeting adjourned at 5:28pm.

This is a true and accurate account of the proceedings.

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