

CONFIDENTIAL



Water Authority of the Cayman Islands

Minutes of 243rd Meeting held on 20th of November 2013

Members Present:

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

Call to Order

The Chairman welcomed members to and called the meeting to order at 1:40pm after ascertaining that there was a quorum and acknowledging apologies from Mr H B Ebanks, Ms A Owens, and Ms R Sharma. The Chairman then proceeded to open the meeting with a special prayer.

Minutes of the 242nd Meeting held on 16th of October 2013

The Chairman asked for confirmation of the Minutes of the 242nd Meeting held on 16th October 2013. The following corrections to the Minutes were noted:

Page 7, 7th paragraph, last sentence should read "...during the last week due to problems..."

Page 13, 3rd paragraph, last sentence should read "...Public Service Pension Liability, transfer upgrades to the....."

Mr C Randall moved the motion to accept the Minutes, Mr J Gill seconded the motion and the motion passed unanimously.

Declaration of Conflicts of Interest

The Chairman noted that he was conflicted with Item (b) under the Current Business segment of the agenda and would leave the meeting during discussion on that point as he is well acquainted with the customers requesting the Board's consideration for a discount on their water bill. Mr A Wright and Ms T Mortimer noted that they are affiliated with the Lions Club of Grand Cayman from which there is a request for sponsorship under the Donations item on the agenda. Members agreed it would not be necessary for Mr Wright and Ms Mortimer to 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 October 2013 averaged 1,653 cubic metres per day (or approximately 55% of design water production capacity). Water production was not optimal due to problems with the energy recovery vessels as well as required welding on one of the high-pressure pumps.

The Chairman reported that although the plant is in severe need of major refurbishment, the Authority's operational cost per cubic metre is 9% less than when operated by OCL and this is with the actual energy consumption being 6% more than when operated by OCL. The reason for the higher energy consumption is that the plant is in need of significant refurbishment (particularly the membranes should have been replaced by now).

The Chairman reported that on 15 November 2013 the tender documents for the Design and Build Contract for the LVRO Plant were sent to seven interested companies. This contract will be awarded using an open and competitive tendering process through the Central Tenders Committee. Tender opening is scheduled for 15 January 2014.

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 the Authority met the Public Management & Finance Law deadline and signed off the Consolidated Financial Statements on 30 October 2013. The management letter was sent over by KPMG and responded to by the Authority. A copy of the management letter has been provided to members. Management respectfully sought the Board's approval

of the document. Members approved the document and agreed for it to be sent back to KPMG for issuance.

The Chairman reported that on 15 November 2013 the Financial Controller spoke informally with the Office of the Auditor General (OAG) in an attempt to understand why some entities did not receive a qualified opinion even though they have employees participating in the Defined Benefit Plan with the Public Service Pension Board (PSPB). It was made clear that at some entities, while they are employees who are members of the PSPB's Defined Benefit Plan, the amounts were considered immaterial in the Financial Statements and hence it was not necessary to qualify the statements.

The Financial Controller expressed concern to the OAG that upon first appearance, and by reading the media, that the Authority, through no fault of its own, continues to have qualified statements. In response to this the Authority contacted directly the PSPB and spoke with the Executive Secretary of the Managing Director and it was confirmed that all entities that required IAS19 valuation reports were one year behind. The question was asked whether anything could be done and it was suggested that the Authority contact the Actuary independently and ask the question. The Financial Controller emailed Mr Mani Sundaresan at Glactuary to inquire if the Authority could receive the IAS19 reports on an annual timely basis. Mr Sundaresan responded that information from the PSPB would need to be provided in order to complete the valuation reports on a timelier basis, and requested that the Authority revert back to the PSPB. The Authority will continue to follow-up.

The Chairman reported that work on the divisional financial statements is continuing, the Financial Controller had originally hoped to have these statements ready for the November 2013 Board meeting however with the inclusion of the "islands" aspect it is taking more time than originally expected as it is a first year engagement.

The majority of the audit work has been completed and the main task on hand is the drafting of the Financial Statements. The Authority is working in tandem with KPMG to ensure that momentum on this project continues. At this time, nothing has come to the attention of Management to suggest that these statements could not be prepared for the December 2013 Board meeting.

OAG – RFP for 30 June 2014 Audit

During that same conversation with the OAG, the pending Request for Proposal (RFP) was discussed for the annual audit for 30 June 2014, and the OAG's intention to have all the audits in a competitive bid process. The Authority is supportive of this initiative, and has made it very clear that once that main RFP is prepared that the Authority will need to "tag" on the

divisional and island statements to the engagement. At this time the competitive process has to stay within the OAG for independence and the Authority cannot initiate the proceedings.

Annual Report 2011/2012

The Chairman reported that the Ministry advised on 18 November 2013 that a paper had been drafted to Cabinet for the Water Authority's Annual Report and that the Ministry will submit the 2011/2012 report for the next sitting of the House once approved by Cabinet.

Annual Report 2012/2013

The Chairman reported that the Authority expects to complete the 2012/2013 Annual Report prior to the December 2013 Board meeting.

Budget Process 2014/2015

The Chairman advised that the Authority expects to commence work on the budget during the coming weeks in order to have it ready for Board discussion and presentation in January 2014. The Chairman reported that the Authority's Human Resources (HR) Department had processed the performance awards for 2012/2013.

c) Cayman Water Company (CWC) Negotiations Update.

The Chairman noted that, as previously reported; Cayman Water Company's (CWC) licence expired on 30 September 2013. The Chairman reported that on 29 October 2013 the Ministry advised that it had received confirmation from the Cabinet Office authorising the licence extension until 30 June 2014 and on 06 November 2013 Her Excellency the Governor signed the extension to the CWC Licence. The Chairman reported that in the meantime the Ministry has confirmed that they agree with the Authority that the eleventh extension of CWC's licence would likely not be the final extension as there needs to be sufficient time to let the Judicial Review and subsequent negotiations take its course.

The Chairman advised that the date for the hearing of the Judicial Review for CWC's licence has been set for 01 and 02 April 2014. In early October 2013, CWC requested the inclusion of an expert witness on the RCAM in the Court proceedings. The Authority, in consultation with Maurant, advised CWC's lawyers against this as CWC had ample time when they prepared their affidavit for the judicial review. CWC accepted this position.

The Chairman reported that on 08 November 2013 she received an email from Mr Rick McTaggart, president and CEO of CWC, to introduce a consultant that they engaged to make recommendations to CWC on the draft RCAM licence and asked for a meeting to be arranged with the consultant. The Authority consulted with Maurant on this matter and it was agreed that,

pending the Judicial Review of the matters raised by CWC, it would be premature to enter into such discussions.

The Chairman reported that on 15 November 2013 the Financial Controller spoke with the Auditor General regarding the process of the CWC Licence Review Engagement. He confirmed that it is the intention of his office to prepare the RFP and send it out prior before the end of the calendar year and for the engagement to start in early 2014, being cognizant of the Judicial Review scheduled for 01 and 02 April 2014. Even though this information cannot be used in the Judicial Review process it would be prudent to have it completed prior to resuming negotiations (pending Judicial Review outcome).

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

The Chairman reported that a pre-construction meeting was held with the contractor on 22 October 2013 to discuss the project, administrative issues, etc. On 30 October 2013 the Authority was informed that the necessary equipment (e.g., CCTV truck, jetting (cleaning) equipment, etc.) for the West Bay Beach Sewerage Rehabilitation Project (2013) had arrived on island. Authority staff arranged for these vehicles to clear Customs and transported them to the Grand Cayman Wastewater Treatment Works, as agreed with the contractor.

The Chairman reported that on 15 November 2013 the Authority finally received the necessary paperwork for the temporary work permits for US Sewer & Drain, Inc's expatriate staff. This information was sent to the Immigration Department on 19 November 2013 however they would not accept the applications as these forms had changed in the last two months. The Authority has forwarded the updated forms to the contractor to complete the additional questions.

It is now anticipated that actual work (sewer cleaning and CCTV inspection) will realistically commence in early January 2014.

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

The Chairman reported that all equipment and most materials arrived on Cayman Brac on 25 October 2013. Two containers were installed on concrete supports at the West End Water Works: a 40-foot container to be used as Stores for the Cayman Brac pipeline project; and, a 20-foot container to be used for tire/rims and vehicle related storage for the Cayman Brac operations.

The Chairman reported that on 30 October 2013 confirmation was received that the Planning Development Board had approved the Authority's application to erect a 6-foot high security fence for the (temporary) storage site adjacent to Gerrard Smith Avenue. During the week of 11 November 2013, a Cayman Brac contractor completed the construction of this fence.

The Chairman reported that trenching excavations started on 04 November 2013. To date 960 feet of pipes have been installed: 12 lengths of 6-inch pipe along Gerrard Smith Avenue and 32 lengths of 3-inch pipe along Warbler Road, a side road off Gerrard Smith Avenue. Two 40-foot flat racks with 6-inch pipe arrived on Cayman Brac on Friday 15 November 2013. Pipelaying will now continue along Gerrard Smith Avenue.

The Chairman confirmed that two labourers were employed in Cayman Brac to assist the pipelaying crew. One started on 12 November 2013, the other on 13 November 2013.

Cayman Brac Steel Frame Building Refurbishment Contract

The Chairman reminded members that the steel framed RO building at the Cayman Brac Water Works, which houses the RO plant and the water distribution pumps, was originally constructed in 1990. The profiled metal wall and roof panels have corroded and deteriorated over time and are in need of replacement. Board members on the Brac visit in October 2013 will recall the state of the building.

The Chairman reported that two companies (out of 4 which had expressed an interest) provided a tender for the contract to remove the existing profiled metal wall and roof panels and insulation and replace them with new panels and insulation. On 05 November 2013 this contract was awarded to Edgewater Development Ltd whose tender amount of \$51,132 was the lowest cost of the bids received. It is anticipated that actual work will commence in early January 2014 and that this contract will be completed by the end of January 2014.

f) Policy on Trucked Water Deliveries in Cayman Brac – Update.

The Secretary reported that at the 242nd Water Authority Board Meeting on 16 October 2013 members requested that the proposed delivery fee for trucked water be reviewed further, particularly the effects this fee may have on smaller customers, many of whom are on fixed income. The Authority's management was requested to compare whether utilising a percentage based fee as opposed to a fixed fee would be less constraining to the Authority's customers on fixed income.

The Chairman reported that the Authority's management further reviewed the previously suggested policy and concluded that:

- A flat rate delivery fee to each trucked water delivery will significantly increase the overall cost of the water (the cost of trucked water will double

for an order of 500 US gallons, and even more for smaller orders if, for example, a \$15 delivery charge was imposed).

- A delivery fee that is dependent on the trucked water order is difficult to justify (as the amount of work to deliver water is almost independent of the quantity of water delivered, with the exception of the time required to pump water into the water storage tanks/cisterns), and could be interpreted as a hidden rate increase.
- The Water Authority Regulations already take into account that to deliver water by truck is more expensive than by a pipeline (the rates for trucked water are \$1.50 per cubic metre higher than water sold through the piped water distribution system). It must be noted however that this difference is not sufficient to cover the extra cost.

Taken the above into consideration, the Authority's management recommended that no delivery fee will be added to trucked water deliveries, but that an emergency delivery fee, as agreed at the October 2013 Board meeting, be introduced to offset the extra cost of overtime and reduce the number of 'emergency' deliveries after-hours.

Consequently, The Chairman advised that it was recommended that the Water Authority Board consider the adoption of the following policy regarding trucked water deliveries in Cayman Brac, to be implemented on 01 January 2014:

- The Water Authority will accept orders for any quantity of trucked water that is not less than 300 US gallons, and all deliveries will be charged as per sub-regulation 49 (1).
- Trucked water orders must be made during normal business hours (Monday-Friday 8:00 am – 4:00 pm).
- Trucked water deliveries will be made on a first come-first serve basis: Deliveries will generally be made on the first business day immediately following the day the order has been received. However, at times, deliveries may have to be made on Saturday to remove/reduce any backlog of orders.
- Emergency deliveries will incur an additional surcharge of CI\$25.00 per delivery. An emergency delivery is defined as any delivery that is requested to be made immediately (i.e., which will jump the queue of outstanding trucked water orders) or which must be made outside normal working hours (i.e., evenings, weekends, Public Holidays).
- Water Authority must advise customers of the fee surcharge for 'emergency' deliveries prior to any 'emergency' delivery being made.

Members discussed the options in the policy and agreed to adopt the policy as stated. Members requested that the effective date is 01 January 2014 and that the Authority commence informing the Brac customers of the implementation

of the policy as of 01 December 2013 using flyers posted at the location, posted with bills for trucked water, and delivery by hand to customers when delivering trucked water. Members also agreed that essential Government services (e.g., Faith Hospital and Retirement Home) would be exempted from the emergency delivery fee. However, these entities are to be encouraged to maintain standing orders for deliveries. The motion to accept the policy on trucked water deliveries in Cayman Brac was moved by Mr A Wright, seconded by Mr C Randall and passed unanimously.

g) Miscellaneous Updates

- a) In-House Pipelaying Crews** – The Chairman reported that 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. The pipeline section between the Avenue and the Venetia was completed (installed, tested and disinfected), and commissioned. By the week of 25 November 2013 all customers on this section are expected to be connected to the new pipeline.

Pipelaying along South Sound (toward the intersection with Walker's Road) will be temporarily suspended to ensure that the road surface is left in good condition over the Christmas period and for the upcoming marathon. Pipelaying will resume after New Year, approximately 3,000 feet of pipelaying is still outstanding on this project.

For the next few weeks this crew will start the installation of by-pass pipework at four reservoirs (two each at the Red Gate and North Side Water Works).

- b) Water Supply Division** – The Chairman reported that during the week of 11 November 2013 Operations completed the upgrade (to 6-inch) of nearly 3,000 feet of 3-inch pipe in Victory Avenue (Prospect). Progress was affected significantly by the bad weather.

Operations plans to now commence the replacement of some of the pipelines in Grackle Road, and Cypros Road (off Godfrey Nixon Way).

- c) Wastewater Division** – The Chairman reported that during the month of October 2013 the rains continued and the design hydraulic capacity of the plant (2.5 mgd) was exceeded for 23 days during that month. The average daily inflow for October 2013 was 2.601 mgd (or 104% of design capacity), which was just over 10% more than the average inflow during the same month last year (2.37 mgd).

By 08 November 2103 the new pump control panel for PS1 had been installed by the Water Authority's electrician. The panel designer will be on site during the week of 09 December 2013 to troubleshoot the panel (if necessary) and ensure a smooth transition from the old panel to the new panel.

- d) *Red Gate Water Works Reservoir Replacement* - The Chairman reported that on 18 October 2013 the tender documents for the contract to supply and erect one glass-fused-to-steel bolted-steel storage tank at the Red Gate Water Works Site were sent to six interested companies. This contract will be awarded using an open and competitive tendering process through the Central Tenders Committee. Tender opening is scheduled for 20 November 2013. The Secretary reported that the demolition of the reservoir was awarded to the lowest bidder being Edgewater in the amount of \$25,996.69. Members requested that the HMNP have the opportunity to contact the contractor regarding salvaging of the panels.
- e) *RCAM Proposal* - The Chairman reported that the Authority's management expects to be in the position to present the RCAM Proposal by the end of January/first week of February 2014 provided there are no major disruptions in the day-to-day operations.
- f) *WestStar Issues* - The Chairman reported that the situation continues and the Authority plans to write to WestStar again to express its concerns.
- g) *Turtle Farm Permit Marine Discharge Permit Renewal* - The Chairman reported that the Cayman Turtle Farm's (CTF) marine discharge permit, granted by the Water Authority under the Water Authority Law was renewed effective 29 October 2013. The permit allows the discharge of trade effluent from the Turtle Farm's turtle breeding operations and from Dolphin Discovery into the marine environment. Since the original permit's expiry in October 2010, the Authority allowed CTF to operate under the expired permit. During this period, CTF continued to monitor water quality and flows as required under the expired permit and the Water Authority completed an in-depth review of the monitoring data provided by CTF to establish reliable baseline levels of pollutants in the marine discharge.

In determining the conditions of the new permit, the Authority considered the information and data produced since initial discussions began in 2001 about the need for CTF to reduce the waste discharge in the marine environment. Key elements of the new discharge permit are:

1. The term of the permit is 2 years. The permit requires a continual process of monitoring and identification and implementation of Best Available Control Technology to reduce CTF's pollutant discharge to the sea. The target reduction level is 50% of the baseline level of Total Suspended Solids, as established during the period 2010-2013.
2. The permit includes specific requirements for monitoring and reporting of water quality, water flows through the various features, benthic conditions, turtle stock and feed rates.
3. The permit identifies specific timelines for CTF to establish a Waste Reduction Plan to achieve target pollution reduction levels. Milestones are established in 4 phases of 6 months each during which CTF shall provide and implement detailed proposals for the type and scale of the

technology to be tested. Upon completion of each phase the Water Authority will review the results and direct CTF to propose and implement the next phase.

The Authority will work closely with CTF to monitor compliance of the conditions of the discharge permit and to follow up on the review of the progress of the waste reduction plan.

- h) Sterling Estates - new onsite wastewater treatment system completed -* The Chairman reported that in the past the Board had been advised about the failing onsite wastewater treatment system at Sterling Estates, a 23 unit duplex Strata complex, consisting of 46 two-bedroom homes at Coemer Drive, George Town. This Strata has an extensive history of a non-standard constructed onsite wastewater treatment system originally installed in 2004 with poor performance and frequent overflows of untreated wastewater onto the ground. The Authority made extensive efforts to remedy the situation, and issued various Notices of Violations (NOV) but the system continued to fail and proved beyond repair.

In November 2011 when the system overflowed again, the Authority's NOV required emergency repairs and plans for a complete replacement of the plant with a standard system having third party certification. The Strata decided at their AGM to replace the system. By mid-2012 the Authority found out that the failing system was indeed not used any longer and that all wastewater was diverted into an above ground septic tank, discharging into a fouled well, resulting in wastewater overflows onto the ground. This situation was unacceptable as the septic tank provided insufficient treatment capacity: suitable for 1,300 gallon per day, whereas the Strata produces 8,000 to 10,000 gallon per day. The Strata communicated that this was a temporary solution and that they would repair the old system. The Authority issued another NOV and required that the failing temporary system be replaced. In April 2013, when no progress had been made, the Authority repeated the NOV. In May 2013 a proposal to install a new system (Kee NuDisc 1200) was submitted by AndroGroup on behalf of the Strata. The Authority reviewed and approved the proposal and works commenced. The Chairman reported that on 14 November 2013 the works were completed and the new system became operational. The Authority's inspection determined that the works have been completed satisfactory and a Notice of Resolution was issued to the Strata on 19 November 2013.

- i) Dragon Bay - Production of non-potable water for Irrigation of North Sound Golf Club -* The Chairman reported that the Authority received from the Ministry a letter from Dragon Bay Limited and was asked to comment on their request to be exempted from the provisions of the Water Production and Supply Law (2011) for a licence for a reverse osmosis plant to produce non-potable water for the irrigation of their golf course. Dragon Bay reasons that in 2009, when they signed their main agreement with

Government for their development, Government committed to provide a licence to the developer if the Water Authority was not able or willing to provide non-potable water. Dragon Bay claims that under the provisions of the Water Production and Supply Law (1996 Revision), they were exempt from the requirement of a concession to produce water as it was for self-use. They further reason that under the development agreement with Government signed in 2009, Government would have to issue the licence, and not the Authority as per 2011 legislation.

The Authority will review this request and advise the Ministry accordingly.

- j) **Laboratory Audit** - The Chairman reported that the biennial Laboratory audit conducted by the external auditor of the American Association for Laboratory Accreditation (A2LA) took place on 15-16 October 2013. The auditor found 14 deficiencies. A2LA requires a response within 30 days detailing the corrective action for each deficiency including proof that the corrective action will be implemented within 60 days. The detailed response was submitted in a timely manner, this information will be reviewed by the Accreditation Council, which will determine further course of action. The Water Authority's expectation is that the corrective actions taken will be accepted.

- k) **Geology Education 14 - 17 October 2013** - The Chairman reported that Dr Brian Jones completed a very successful week of geology education in the week of 14 - 17 October 2013. The Authority's 30 year anniversary and Dr. Jones' 30 year relation with the Cayman Islands provided a wonderful opportunity to provide geology education to the Cayman Islands and Dr Jones agreed to donate a week of his very busy schedule for this purpose.

The week started with a one day geology course for high school teachers, attended by 14 teachers. This course was very well received. For the next 4 days Dr Jones visited the high schools offering geology classes to students, the specific subjects were based on input from the teachers, so that the educational material did fit in with the curriculum. All high schools were offered the geology education, the schools that participated were John Gray High School, Clifton Hunter High School, Cayman Prep and High School, St. Ignatius, Triple C, Hope Academy and Montessori by the Sea. A total of 17 geology lessons were presented to over 500 students in total. On 18 October 2013 Dr Jones presented a lecture titled "Geological Evolution of the Cayman Islands" at the UCCI STEM CARIB 2013 conference. The week was very busy and took substantial time, but based on the feedback from teachers and students it was worth the effort.

The Authority agreed to sponsor this visit and expenses were limited to \$2,127.93.

- l) **Water Authority 30th Anniversary Celebrations** - The Chairman reported that the Water Authority continues with the 30th Anniversary celebrations

with the theme "Keeping Cayman on Tap". Some of the activities so far include:

- Staff water tasting to determine flavours of infused water
- Further to the first quarterly advertorial on staff profiles at the end of September 2013, staff were also highlighted in October 2013 month-end newsletter
- October 2013 monthly drawing was done and 30 lucky winners were randomly selected; customers informed via phone with list on website
- Contract signed and cheque delivered to National Gallery; previous donation for sculpture to form part of 30th Anniversary Celebrations

Plans are underway for the next set of events which are customer celebrations in each district and include:

District Locations (each event is from 4-6pm)

1. Cayman Brac – Wednesday, 04 December – WAC Office Parking Lot (office close at 2PM to accommodate event)
2. East End – Tuesday, 10 December – George Dixon Park
3. North Side – Thursday, 12 December – North Side Play Field (Football Field)
4. Bodden Town – Tuesday, 17 December – Coe Wood Beach
5. George Town – Thursday, 19 December – Airport Park

The Chairman reported that at each event, the focus of the function will be on the message for customers to drink tap water and to show appreciation to customers for their patronage, plus there will be:

- Infused water and sparkling water
- Customer Survey and raffle for participants
- Customer Service Desk to demo website and online services; forms onsite for customers to sign up for online access and e-billing
- Giveaways
- Cayfresh- hydroponics farming (will have display and offer old pipe from WAC, 1 per customer based on supply; person will need to sign up)
- Food: more healthy focus with wraps, grilled chicken/jerk chicken, vegetable platter, fruit platter, wraps platter
- T-shirts for the event and giveaway packages will be provided to each staff and Board; staff to receive at staff Christmas Social on 06 December 2014

Board members were encouraged to come out to the events in the districts where possible. The second issue of staff profiles is planned for the next newsletter in January 2014.

- m) **FOI updates** – The Chairman reported that no requests were received since the last Freedom of Information (FOI) Report dated 07 October 2013.
- n) **National Conservation Bill** – The Chairman reported that the draft National Conservation Bill was tabled in the Legislative Assembly by the Hon Minister for Environment and published for public consideration on 15 November 2013. Water Authority staff will review the proposed legislation so that, if necessary, feedback can be given.

Current Business**a) Request Pipeline Extension to [REDACTED]**

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

The Chairman reported that the Authority received a letter dated 28 October 2013 from [REDACTED] requesting the Board's consideration to waive the amount he would have to contribute to have the water main extended to his property.

The Chairman reported that on 27 September 2013 [REDACTED] emailed the Authority asking that service be extended to his property [REDACTED]. On 30 September 2013, [REDACTED] was advised, via email that based on the Authority's policy regarding the extension of water pipelines into private roads his contribution to the costs would be \$5,000. The total length of the pipeline extension from the end of the existing pipe to reach the above property is approximately 200 linear feet. The current cost estimate for this work is \$50.00 per linear foot. [REDACTED] contribution for this pipeline extension would therefore be 100 feet @ \$50.00/ft for a total of \$5,000.

[REDACTED] was advised that he could write to the Water Authority Board explaining his predicament and ask whether the Board is prepared to make an exception to the standard policy.

Members were provided with copies of the relevant documentation. The Secretary respectfully sought the Board's decision on the request from the customer.

Members agreed for the Water Authority to extend the water distribution to accommodate [REDACTED] request to extend the water mains to provide service to [REDACTED] in light of the his (the proprietor's) circumstances and in consideration that the Water Authority would have installed this service during the East End Pipeline Extension project providing the road had been defined. The total distance to [REDACTED] is 200 feet, with the application of the policy the proprietor would have been responsible for payment of \$5,000. The customer should be informed that this decision is not precedent setting.

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

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

The Chairman left the meeting at this point due to a previously declared conflict of interest. The Secretary reported that in a letter received on the 26 October 2013 from the above customer, [REDACTED] wrote to the Authority requesting that consideration be given to adjusting his bill. The complainant had a leak and is not happy with how it was dealt with therefore

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

wished for the Board review his case. A copy of the correspondence and the report from Customer Service was provided to members.

A review of the account was undertaken and the Authority's findings were that on 28 August 2013 the account was flagged on the fail audit report and the meter reading re-checked. At the time of the re-check there was no movement on the meter and thus no leaks were identified.

On 23 September 2013 the account was again flagged on fail audit report and the meter reading re-checked. The meter was found to be moving and the meter reader tried to contact the customer but could not get through so he referred the matter to the customer service representative. The customer service representative left a message on the customer's phone stating there was a possible leak. However, the meter reader did not follow procedure which is to turn the customer valve off or leave a notice. He wrongly assumed it was a strata meter as the meter was off to the side by itself.

The Secretary reported that on 11 October 2013, a neighbour who has account# [REDACTED] complained of possible leak in the area near a Water Authority mainline. The meter reader could not read the meters in the area to identify if the possible leak was on the customer's side due to the amount of water in the area. He therefore referred matter to Operations. The same day Operations attended area and identified that the leak was on [REDACTED] and proceeded to turn the WAC valve to the off position. Based on the emergency report, the customer was not home however they were informed the following morning when they called the after-hours line.

On 14 October 2013 the customer complained of a high bill and requested a check. At the time of the site visit no movement on meter or possible leaks were identified and the customer was informed. Subsequently, the customer received a high bill for the 31 October 2013 run with a usage of 838.9 cubic metres which equated to a \$5,686.68 bill. The billing period was 25 September 2013 to 18 October 2013.

The Secretary noted that leaks downstream of the meter are the customer's responsibility, however where the Authority does identify movement on a meter, the Authority's procedures are clear; efforts should be made to determine if customer at home and using water. If no one is found to be at home the Water Authority valve should be turned to the off position and a notice left for the customer after which the metering supervisor or a customer service representative should be informed so that they can inform the customer. Unfortunately, this procedure was not fully followed so some responsibility does seem to lay with the Authority. The staff member delinquent in following procedures was further trained on the appropriate procedures. This staff member was on loan from another Department and

does not routinely read meters. The Secretary respectfully sought the Board's decision on the request from the customer.

Members agreed that the customer should be advised that they reviewed the request and decided to discount the amount assessed for actual water passing through the meter during the billing period 25 September 2013 to 18 October 2013. The Board noted that the customer is responsible for all usage downstream of the meter however members also noted the Water Authority's failure to follow procedures which is to turn the customer's valve off or leave notice when movement is found on a meter. Members noted that the customer remains responsible for all bills generated prior to 25 September 2013 and after the 18 October 2013 periods. The bill for the period in question should be determined by the average usage over a 6 month period of normal. Members noted that the discount is not precedent setting. Members also requested that the meter reader who made the mistake should receive a letter regarding the incident and advised of the financial impact his negligence cost the Water Authority.

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

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

The Chairman returned the meeting at this point. The Chairman reported that in an email received by the Water Authority on the 18 October 2013, the customer wrote to the Authority requesting that consideration be given to adjusting his bill. A copy of the correspondence 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 03 September 2013 a meter reading was taken to create the August 2013 bill. The reading shows a consumption of 75 cubic metres for the period 17 July to 03 September 2013 (which is 48 days). This reading generates a bill of \$494.89. The reading period is greater than the normal 30 days due to the meter being submerged during the normal reading period around the 22 August 2013. The skip reading was taken on the 03 September 2013 when the meter was accessible.

On 19 September 2013 a complaint of high bill was received from the customer. No leaks or movements were identified during the re-visit of the site and a meter reading of 286.2 was recorded. This further verified that the reading on 03 September 2013 was correct. The customer was advised of the findings on the 23 September 2013. She was not satisfied and requested that an audit be completed even though the reading dates were explained to her. The auditor checked the property and verified that no leak or movement were visible during the visit. The reading was 289.4, further verifying the previous readings.

The customer requested that the matter be further investigated. The customer was advised on 18 October 2013 of her option to test the meter but she declined as her bill for September 2013 was \$77.50.

The Chairman reported that while the customer alleges that the meter reader did not read the meter in June 2013 and July 2013, the Authority's records show that the readings were obtained and accordingly were used to bill for each month in question. As the meter is the instrument used by the Authority to measure consumption therefore the Authority has to rely on the measurements obtained, unless the meter is proven to be over registering. The customer was advised of her option to test the meter but declined as the September 2013 bill was acceptable to her. The customer was not questioning the accuracy of the meter instead questioned if the meter had been read, which it had. The August 2013 bill is for a 48 day period and is valid. The Secretary respectfully sought the Board's decision on the request from the customer.

Members agreed that the customer should be advised that they reviewed the request and decided not to discount or waive the bill as the Authority's records show that the meter was read for the three months in question and additionally, the customer is responsible for all usage downstream of the meter.

d) **Request for Indefinite Forgiveness of Bond Obligations - [REDACTED]**

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

The Chairman reported that in a letter dated 18 October 2013, [REDACTED] requested that the Board forgive [REDACTED] indebtedness to the Water Authority for [REDACTED] because [REDACTED] wishes to remain in the United States and work indefinitely.

The Chairman reported that based on information provided by Finance, the funds spent on behalf of [REDACTED] for her to obtain [REDACTED] BSc in Business Administration in Management Information Systems with Honours from the University of South Florida [REDACTED]

In a letter dated 12 May 2011, the Water Authority agreed to [REDACTED] request to defer [REDACTED] bond for two years so that [REDACTED] could remain in the US to pursue post-graduate qualifications and professional certification. [REDACTED] was expected to return to work with the Water Authority by 31 July 2013. In March 2013, [REDACTED] was granted an extended deferral to complete her Master's Degree in Management Information Systems by December 2013. It was expected that [REDACTED] would return to work off [REDACTED] bond with the Water Authority in January 2014. In accordance with the original [REDACTED] bond agreement, [REDACTED] was bonded to work for the Water Authority at least four years after successfully completing [REDACTED] degree programme.

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

In the past, the Authority has asked persons who have received financial support and assistance to pursue higher education to reimburse the Water Authority for funds expended if they have broken their bond agreements. This was done for [REDACTED], with [REDACTED] after [REDACTED] left the Authority in [REDACTED] and most recently [REDACTED]. [REDACTED] reimbursed the Authority for some of the funds spent when [REDACTED] discontinued [REDACTED] Associates Degree at UCCI. The Secretary respectfully sought the Board's guidance on [REDACTED] request.

Members agreed not to approve Scholarship Recipient [REDACTED] request for Indefinite Forgiveness of Bond Obligations. Members took into consideration that the Authority will now have to hire someone outside the Authority with the required skills by the post that was to be filled by [REDACTED]; the funds assigned to [REDACTED] could have been spent on someone else who may have stayed with the Authority; the Authority has a legal bond with the scholarship recipient and [REDACTED] sponsor; other previous and current Water Authority employees have had to reimburse the Authority if they left the island or for some reason was unable to complete their studies as per their agreement with the Authority. Members requested that the Secretary also sought legal guidance on the Authority's ability to call in the bond and in drafting the response to [REDACTED].

e) Plumbers' Examination Board Status.

The Chairman advised that under the Water Authority Law and Regulations the Authority is charged with the duty to license plumbers. The Authority prepared a short report suggesting that the Board give consideration to

recommending to Government to the transfer of the Plumbers' licencing process to the Planning Department. The function to licence plumbers is carried out by the Plumbers' Examination Board (PEB), consisting of 4 members, appointed by Cabinet. Plumbers are licensed in the categories of master plumber, journeyman plumber or apprentice plumber. The PEB meets quarterly to review candidates to take the journeyman or master plumber exam and to discuss and decide on any other matters related to the licensing of plumbers. Candidates who pass the exam are granted a journeyman or master plumber's licence and can carry out plumbing work in accordance with Plumbing Code as required by the Building Control Unit of the Planning Department.

Plumbing drawing reviews and plumbing inspections for Certificate of Occupancy are carried out by the plumbing inspectors of the Building Control Unit as part of the building control process of the Planning Department. Originally the Authority also carried out plumbing inspections, however in the course of the 1980s this function was taken on by the Planning Department.

The licensing of plumbers by the Authority was a logical choice when the Authority also carried out plumbing inspections. Transfer of plumbers licensing to Planning would streamline both the licensing of plumbers and the plumbing inspections as these closely related functions will again be administered by one agency rather than split between two agencies. This approach will also benefit the public at large as it eliminates duplicate administration by two agencies. Plumbers will benefit as they will deal with one agency for licensing and inspections. The Planning Department will benefit as they have improved oversight over the plumbing trade and the Water Authority will benefit as a function that has limited relation to its other duties will be transferred to an agency where it logically fits with other duties. The Planning Department is in the process of adopting the 2009 International Plumbing Code, in conjunction with other relevant building codes. The Planning Department has also adopted new software to streamline the building control inspection process; this software allows licensed plumbers to submit plumbing inspection requests. Both the new inspection process and the new code provide an up to date opportunity to ensure that plumbing works are carried out by licensed plumbers. The Chairman noted that the Secretary had informally discussed this proposal with the Director of Planning and he is open to considering the transition.

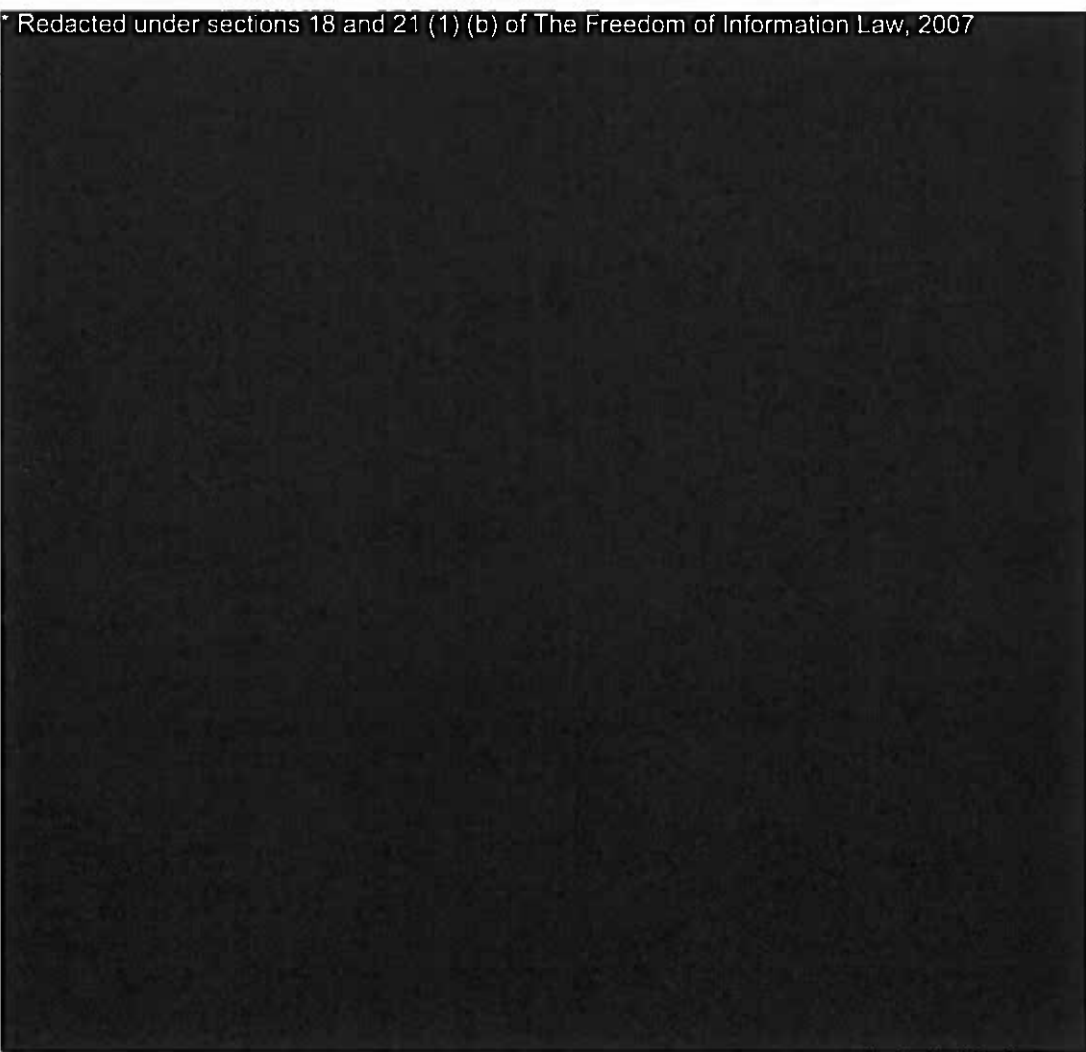
Licensing of electricians and inspections of electrical works is also carried out by the Planning Department; this approach is working well and provides a template for the implementation of both functions by one agency. Now that both the Water Authority and Planning fall under the same ministry, the coordination of the proposed transfer may be less complicated.

The Secretary respectfully requested that the Board consider recommending to the Honourable Minister that the Authority's licensing function of plumbers be transferred to the Planning Department. Members agreed for the Water Authority to write to the Ministry to commence discussion on requesting the Planning Department to take on the responsibility for the Plumbers' Examination Board.

f) Management Accounts October 2013.

The Chairman reported that the Finance Department closed the year end for 30 June 2013 upon completion of the 30 June 2013 Financial Statements, hence opening numbers were available and the Department was able to prepare a comprehensive set of accounts.

* 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

g) Employee Retirement Policy.

The Chairman reported that historically the Authority had not adopted a formal retirement policy or an established normal retirement age for its staff. As of November 2013 the Authority had 10 of 121 employees over the age of 60, or around 8% of its staff complement. The figure goes up to 33% if staff 50 and older is included. Of those older employees, more than half are in job positions that involve heavy manual labour, which may cause a lot of physical stress to their bodies as they get older. It is therefore imperative that the Water Authority institute a retirement policy to deal with older employees in a fair, consistent and appropriate manner whilst meeting the business needs of the organisation. The draft policy was developed to standardise the Authority's response to its employees' retirement, in accordance with relevant laws, and to be flexible where possible due to individual circumstances. Members were provided with a draft policy for consideration. The Secretary respectfully sought members' guidance on the draft policy.

Members accepted the draft Retirement Policy submitted with a minor cosmetic change for clarity and pending confirmation that the Policy has been through a legal review.

Donation Requests

The Chairman advised that taking into consideration the Pines Retirement donation of \$7,200 (\$600/month), \$21.4k is available for disbursement.

a) Ratification - Gift Certificates for DoA's Course on Safe Use and Handling of Pesticide Products.

Members agreed to ratify the donation of four Water Authority gift certificates for water in the amount of \$25 for a total amount of \$100 for Department of Agriculture's Course on Safe Use and Handling of Pesticide Products. The motion was moved by Mr C Randall, seconded by Mr A Wright and passed unanimously.

b) Cayman Airways Flight Club - Clifton Hunter High School Chapter.

Members agreed to sponsor the Cayman Airways Flight Club - Clifton Hunter High School Chapter in the amount of \$500. The motion was moved by Mr A Wright, seconded by Mr O Watler and passed unanimously.

c) NCVO - Annual Radio Telethon.

Members agreed to sponsor the NCVO – Annual Radio Telethon in the amount of \$500. The motion was moved by Ms T Mortimer, seconded by Mr M Jacques and passed unanimously.

d) CI Youth Football Programme – Las Vegas Mayor’s Cup International Showcase.

Members agreed to sponsor the CI Youth Football Programme – Las Vegas Mayor’s Cup International Showcase in the amount of US\$500. The motion was moved Mr M Jacques by, seconded by Ms T Mortimer and passed unanimously.

e) Rotary Central Cayman Islands – 2014 Science Fair.

Members agreed to sponsor the Rotary Central Cayman Islands – 2014 Science Fair in the amount of \$500. The motion was moved by Mr J Gill, seconded by Mr M Jacques and passed unanimously.

f) George Town Primary School – Alumni and Donor Wall of Honour.

Members agreed to sponsor the George Town Primary School – Alumni and Donor Wall of Honour in the amount of \$200. The motion was moved by Mr A Wright, seconded by Ms T Mortimer and passed unanimously.

g) Lions Club of Grand Cayman – Annual Christmas Morning Deliveries.

Members agreed to sponsor the Lions Club of Grand Cayman – Annual Christmas Morning Deliveries in the amount of \$500. The motion was moved by Mr C Randall, seconded by Mr M Jacques and passed unanimously.

h) First Baptist Christian School 2nd Annual South Sound Stride 5K Walk/Run.

Members decided not to sponsor the First Baptist Christian School 2nd Annual South Sound Stride 5K Walk/Run at this time but wished them all the best.

i) Red Bay Church of God (Holiness) – Advertisement for 40th Anniversary Booklet.

Members decided not to sponsor the Red Bay Church of God (Holiness) – Advertisement for 40th Anniversary Booklet as the event occurred in the past but offered congratulations.

j) CI Cricket Association.

Members agreed to sponsor the CI Cricket Association in the amount of \$400 instead of providing rough fill material from trenches. The motion was moved by Mr A Wright, seconded by Mr C Randall and passed unanimously.

k) Cayman Islands Veterinary Medical Association – 28th Biennial Caribbean Veterinary Medical Association Conference 2014.

Members agreed to sponsor a refreshment break for the Cayman Islands Veterinary Medical Association – 28th Biennial Caribbean Veterinary Medical Association Conference 2014 in the amount of \$500. The motion was moved by Mr O Watler, seconded by Mr J Gill and passed unanimously.

- l) **The Church of the Lord Jesus Christ Vision Temple Apostolic.**
Members decided not to sponsor The Church of the Lord Jesus Christ Vision Temple Apostolic at this time but wished them all the best.
- m) **Cayman Broadcasting Ltd Love 103.1FM – Steppin’ Out Revival Crusade.**
Members decided not to sponsor the Cayman Broadcasting Ltd Love 103.1FM – Steppin’ Out Revival Crusade at this time but wished them all the best.

Any Other Business

a) **Staffing Matters.**

The Chairman reported that the Authority’s engineer with desalination expertise, Matthew Thompson resigned effective 13 December 2013. He was

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

American Water Summit, 3-6 November 2013, Washington DC, USA

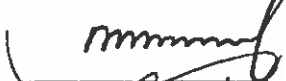
The Chairman reported that she was asked to host a roundtable presentation at the American Water Summit (3-6 November 2013) on the Water Authority’s experience with Public Private Partnerships. A copy of the presentation is available if members would like to have a copy. Additionally, the Secretary advised that she was interviewed for possible inclusion in the Global Water Leaders Magazine.

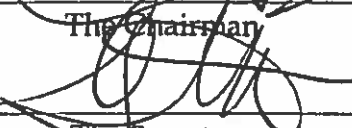
Staff Christmas Social

The Chairman advised that the Authority’s staff Christmas Social will be held on Friday 06 December at 1:00pm. The round robin for approval of the employee to receive the Chairman’s Award will be circulated during the week of 25 November 2013.

There being no other business the Chairman thanked members and the meeting adjourned at 4:20pm.

This is a true and accurate account of the proceedings.



The Chairman


The Secretary