

CONFIDENTIAL



Water Authority of the Cayman Islands

Minutes of 245th Meeting held on 05th of February 2014

Members Present:

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

Call to Order

The Chairman welcomed members and called the meeting to order at 1:31pm after ascertaining that there was a quorum and acknowledging apologies from Ms T Mortimer, and Mr M Jacques. The Chairman then proceeded to open the meeting with well wishes for the New Year and a special prayer.

Minutes of the 244th Meeting held on 11th December 2013

The Chairman asked for confirmation of the Minutes of the 244th Meeting held on 11th December 2013. Mr A Wright moved the motion to accept the Minutes, Mr J Gill seconded the motion and the motion passed unanimously.

Declaration of Conflicts of Interest

None were declared.

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 December 2013 averaged 2,614.5 cubic metres per day (or approximately 87% of design water production capacity). The water production rate of the LVRO plant during the period 01-6 January 2014 averaged 2,912.7 cubic metres per day (or approximately 97% of design water production capacity).

The Chairman reported that during the period 07-14 January 2014 the LVRO Plant was reduced to one working train, due to issues with the bearing etc. on one of the high pressure feed water pumps, and water production rate averaged 1,234.9 cubic metres per day. The parts arrived late during the week of 27 January 2014 and have been installed. Water production (with one train) resumed on 04 February 2014.

The Chairman reported that on 14 January 2014 one of the high-pressure positive displacement pumps had a catastrophic failure, and cannot be repaired. Consequently, until the LVRO plant is decommissioned (likely to occur around April 2014), this plant will only be able to produce water using one train, or no more than 1,500 cubic metres per day. Members were reminded that the Authority's management had advised that the plant was in need of serious replacements and refurbishments and it is amazing that it was able to operate for as long as it did based on the state it was in when handed over to the Authority by Ocean Conversion Cayman Ltd (OCL).

The Chairman noted that various questions on the tender documents for the Design and Build Contract for the LVRO Plant have been received and responded to. To date, four Tender Addenda have been issued and have been sent to all twelve interested companies. Tender opening was changed from 15 January 2014 to 19 February 2014 in order to allow additional time for companies to prepare their bids in consideration of the Christmas holidays.

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 divisional financial statements were sent to KPMG on 13 January 2014 and are expected to be going through the internal final review and sign off. It is taking longer than expected, however they are progressing, and nothing has come to the Authority's attention that suggests any issues with the statements. The separate Island Statements are currently being drafted and as a review engagement does not provide as high a level of audit assurance there is not, at this time, anything that is expected to hinder their completion.

OAG – RFP for 30 June 2014 Audit (Statutory, Divisional and Island)

The Chairman reported that there were no further discussions concerning the above during the last several weeks; however the Financial Controller sent the Deputy Auditor General an email on 03 February 2014 inquiring as to the status of this project, and will continue to follow-up.

Participation in Entire Public Sector ("EPS") Cash Management Program – Financial Statement Presentation

The Chairman reported that the Authority received the original principle of \$2 million plus interest of \$3,480 on 31 January 2014. The receivable has been cancelled and the cheque deposited to the Water Authority's bank account. This transaction for the 2013/2014 fiscal period is complete.

The Chairman reported that on 17 January 2014 the Director and Financial Controller attended, along with representatives of other Statutory and Government Companies, a meeting with the Minister of Finance and his staff regarding Government's and the Entire Public Sector's preliminary financial results for 2013/2014 thus far (better than forecast). An overview of the Cayman Islands Government's (CIG) 2014/2015 Strategic Policy Statement presented in the Legislative Assembly last year was given and attendees were advised on the process for the 2014/2015 budget preparation. There was some discussion on strengthening debt collection and revaluation of assets. The deadline for the 2014/2015 Ownership (Budget) submissions is 22 February 2014 and the Government expects to be ready for 02 May 2014 as Budget Day. There were no major issues and the meeting ended early.

OAG – Unqualified Statements – Public Service Pensions Board (PSPB)

The Chairman reported that there has been no progress on this item, as should or when the CIG reverts back to the calendar fiscal period the qualification will drop off given the timing of the information.

Annual Report 2011/2012

The Chairman reported that the Authority awaits confirmation on whether the Annual Report has been approved by Cabinet and will make the current sitting of the House.

Annual Report 2012/2013

The Chairman reported that the Authority sent the 2012/2013 Annual Report to both the OAG and KPMG for their final review on 13 January 2014. To date no feedback had been received by either office, the Financial Controller sent follow-up/reminder emails and will continue to follow-up.

KPMG Engagement – Strategic Option Analysis (SOA)

The Chairman reported that the Authority received a draft of the document from KPMG on 13 January 2014 together with the invoice. The plan of action for this project is to make the necessary revisions once the RCAM has been completed and passed into regulations so that that option will be clearly presented in the document.

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

The Chairman reported that on 16 January 2014 the Water Authority's lawyers wrote to CWC's lawyers Conyers Dill & Pearman requesting CWC to file, no later than 31 January 2014, the grounds upon which relief is sought, as the original application did not include any such grounds. This request was supported in a letter by the Attorney General's Office.

If no grounds are served by the deadline, the Water Authority's lawyers will issue an application to strike out CWC's application. To date, confirmation has not been received from the Authority's lawyers on whether grounds were submitted.

OAG – CWC Review Engagement

The Chairman reported that on 20 December 2013 the OAG sent the draft of the RFP to the Authority for their review. The Director, Deputy Director and Financial Controller are in the process of reviewing the documentation and expect to provide comments back to the OAG by the end of the week 07 February 2014.

Cayman Water Company – Annual Base Water Rate Adjustment

The Chairman reported that CWC's retail water rates are adjusted annually in accordance with the 1990 licence as extended. The licence determines that the base water rates are adjusted in January each year as follows: 20% of the rate is adjusted for the annual change in the CICPI (Cayman Islands Consumer Price Index), 35% of the rate is adjusted for the annual change in the USPPPI (United States Producer Consumer Price Index) and 45% of the rate remains unchanged. Base water rates do not cover fluctuations in electricity rates; this is covered separately by the Energy Adjustment Factor (EAF). Under the licence CWC submits the calculations for the base rate adjustments early in January; the Water Authority verifies the calculations and approves the rate adjustment.

The CICPI increased by 2.8% and the USPPPI increased by 0.05% (Sep 2012 – Sep 2013). As a result CWC's retail base rates for 2014 increased by 0.59% over the 2013 rates. In 2014 a single residential customer of CWC will have a monthly bill of \$105.66 plus EAF whereas a Water Authority customer pays \$92.11 per month plus EAF, a difference of approximately 14.7%. This charge is based on the average monthly water consumption of Water Authority's single residential customers; this is 19.1 cubic metres or approximately 5,000 gallons.

Cayman Water Company - Leak Detection

The Chairman reported that CWC has notified the Authority that they will be carrying out a leak detection project with a US subsidiary of Suez. Suez Environment S.A. is a French-based utility multinational which operates largely in the water treatment and waste management sectors. The technology uses helium gas in the piped water system; where leaks are present the helium leaks out with the water and can be detected with special detection equipment. Helium is an inert noble gas and is approved for use in potable water, thus there are no health effects. The Authority will follow up with CWC to get more details.

CWC has offered this technology to the Authority; the Authority would first like to see any results on CWC's system before it considers using the technology within its own system. It has also recommended to CWC that it should inform its customers through a press release that this testing is being conducted.

d) West Bay Beach Sewerage System Pipeline Rehabilitation Project (2013) – Update.

The Chairman reported that on 31 January 2014 the Water Authority received official confirmation that the temporary work permits for four expatriate staff had been approved. The contractor is now making arrangements for them to travel to Grand Cayman and fully commence this project.

The Chairman noted that although some of the work (sewer cleaning and CCTV inspection) started on 06 January 2014, due to the lack of proper staffing and some problems experienced with the equipment, progress to date has been slow. Approximately 11,000 feet of sewers have been cleaned and televised, primarily 8-inch in diameter in the Crystal Harbour area (representing approximately 20% of the total length under the contract).

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

The Chairman reported that pipelaying had progressed better than originally anticipated in Cayman Brac. Work continued up to 20 December 2013, and resumed 06 January 2014. To date, 5,540 feet of pipes have been installed: 172

lengths of 6-inch pipe along Gerrard Smith Avenue (approximately 76% of total length) and 105 lengths of 3-inch pipe (approximately 36% of total length) along Warbler Road, Bertrand Avenue, Bluff Boulevard (all side roads off Gerrard Smith Avenue).

Cayman Brac Steel Frame Building Refurbishment Contract

The Chairman reported that on 24 January 2014 Edgewater Development Ltd successfully completed this contract, except for some minor cosmetic corrections which the contractor will tackle in the next few weeks.

Cayman Brac Emergency Generator Contract

The Chairman reported that on 28 January 2014 the Tender Documents for this contract were sent to six local electrical contractors. Tender submission deadline is 4:00 pm on 07 March 2014.

Cayman Brac Containerised RO Plant Contract

The Chairman reported that on 28 January 2014 the Tender Documents for this contract were sent to fourteen companies. Tender submission deadline is 4:00 pm on 12 March 2014.

f) Red Gate Water Works - Supply and Erection of Bolted Steel Tank for Water Storage 2013 - Update.

The Chairman reported that on 11 December 2013 the Central Tenders Committee (CTC) met and accepted the Board's report and recommendation to award the contract to supply and erect one glass-fused-to-steel bolted-steel storage tank with a storage capacity of no less than 1.85 million US gallons (7,000 cubic metres) at the Red Gate Water Works Site to Florida Aquastore from USA. On 11 December 2013 Florida Aquastore was advised accordingly. The whole of the Works must be completed on or before 04 June 2014.

g) Miscellaneous Updates

a) In-House Pipelaying Crews - The Chairman reported that work will continue shortly on the pipeline upgrade (from 6-inch to 12-inch) in South Sound, between the boat ramp and the intersection with Walker's Road. Approximately 3,000 feet of pipelaying remains outstanding on this project.

All customers on the next pipeline section between the Venetia and San Sebastian developments (a length of approximately 1,400 feet) are in the process of being connected to a temporary pipeline.

b) Water Supply Division - The Chairman reported that by 19 December 2013 Operations had reconnected all customers to the new pipeline Grackle Road, and Cypros Road (off Godfrey Nixon Way).

Operations will soon commence the replacement of approximately 800 feet of pipeline in Oak Mill Street, Windsor Park (between Anthony Drive and Fairfax Way). There should only be minor interruptions of service to connect customers to the temporary line (to be completed by the end of the week of 10 February 2014).

On 10 January 2014 the Authority's new tandem (double) drum walk-behind roller arrived (which replaced the 15 year old BOMAG 90AD flat roller) and for the last few weeks Operations used this machine to carry out hot mix asphalt reinstatement of various relatively small affected areas (e.g., due to leak repairs and water service crossings).

- c) *Wastewater Division* - The Chairman reported that during the months of December 2013 and January 2014 the rains continued, albeit less frequent and heavy. Nevertheless the design hydraulic capacity of the plant (2.5 mgd) was exceeded for 21 days in December 2013 and 30 days in January 2014. The average daily inflow for December 2013 was 2.585 mgd (or 103% of design capacity), and for January 2014 the inflow was 2.902 mgd (or 117% of design capacity). These average daily inflows are more than 34.0% higher than the average inflows during the same months a year earlier.

In early December 2013 the new pump control panel for PS1 was successfully commissioned. The transition from the old panel to the new panel went smooth.

Just after noon on Christmas Eve (24 December 2013) the Authority received a report of a blocked sewer at Jellicoe Quay (Governor's Harbour). Operations Wastewater went to investigate, and tried to free up the blocked sewer to no avail. Later that day the neighbouring property reported that it too was affected by the blockage. Work continued until late in the evening but all efforts were unsuccessful. On Christmas day work continued and after some excavations in the vicinity of the expected blockage, a clean-out (previously buried) was found and the sewer was quickly unblocked, and proper service restored.

It must be noted that the wastewater collection system in Governor's Harbour (Jellicoe Quay, Nelson Quay, Drake Quay and Cook Quay) is NOT a public sewerage system, and was constructed several years before the inception of the Water Authority. As such the Water Authority was not responsible for its maintenance and repairs.

In December 1998, Consolidated Water Company, the company that had been responsible for the wastewater collection services in this area informed the connected landowners that they would cease to provide these services as of 01 December 2000.

Therefore in mid-2001 the Water Authority agreed to carry out maintenance, repairs, clear blockages and attend to emergency call-outs related to the system in so far as the cost of providing the same is deemed reasonable by the Authority. However the Water Authority does not

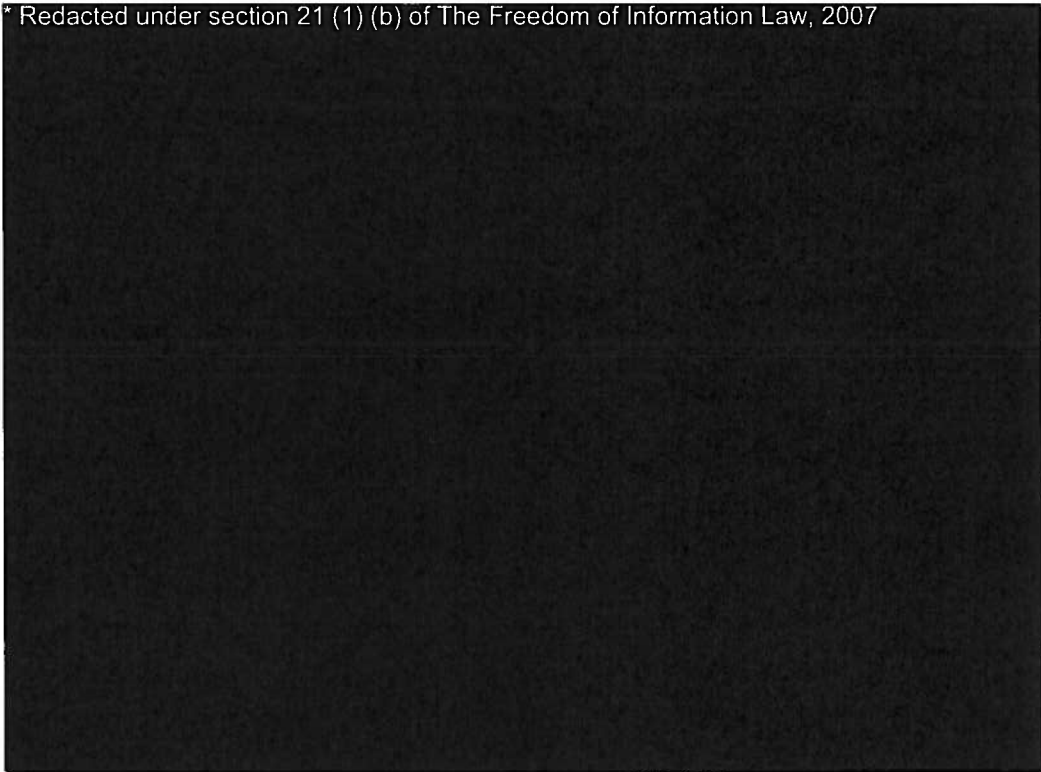
accept any liability for any damage that may be caused by any of the services performed by the Water Authority nor does the Authority guarantee that any works executed will successfully restore the system to a fully functioning state.

During the week of 27 January 2014 in the course of a routine inspection of the various pump/lift station on the public wastewater collection system, a very large inflow into PS6 was encountered. Upon further investigation it was found that the inflow originated at the 8-inch sewer behind the Grand Pavilion. The estimated flow rate was estimated to be in excess of 400 gpm (0.5 mgd). Work to find and repair the broken pipe commenced on the morning of 01 February 2014. The initial excavation was started at the location where the CCTV camera (used to pinpoint the location) became fully submerged, but no damaged pipe was found and excavation proceeded further downstream. No damaged pipe was found. On 02 February 2014, work continued, now starting at the downstream manhole. The pipe was found to be in good condition, so excavation continued upstream of the pipe. Eventually the leak was discovered, and was found to have been caused by two 2-inch Logic conduits, that had been installed using the trenchless technology which had cut straight through the sewer pipe. The conduits were cut and removed and the sewer pipeline was repaired late on Sunday evening, and the area backfilled on Monday. The Water Authority intends to send an invoice to Logic to recover its costs, as this particular crossing had not been discussed with and/or mentioned to the Water Authority's engineer on site.

- d) ***Red Gate Water Works Reservoir Demolition of Existing Fibreglass Tank*** - The Chairman reported that on 02 December 2013 the contractor, Edgewater Development Ltd, started work on the demolition of the existing 1.25 MG fibreglass storage tank. Work had been substantially completed just prior to the Christmas break, with the exception of site cleaning (to remove miscellaneous debris, broken panels, bolts, nuts and washers) which was completed in early January 2014.
- e) ***Steering Committee for Comprehensive Solid Waste Disposal Management System*** - The Chairman reported that in mid-January 2014 the Ministry of Health requested the Authority to serve on the Steering Committee of the Comprehensive Solid Waste Disposal Management System (CSDWMS). The Steering Committee is charged with the open, transparent and competitive procurement process for the proposed Comprehensive Solid Waste Disposal Management System and Waste-to-Energy Facility at the George Town Landfill. The committee is chaired by the Chief Officer of the Ministry of Health, Sports, Youth and Culture. Participants are various Government agencies, Ministry staff, Councillor Alva Suckoo and private sector members. For the time being the Authority is represented by the Director and the Water Resources Engineer, but other staff may participate on the Authority's behalf as the need arises. Cabinet has provided broad

policy direction for the committee. The procurement process will be carried out in accordance with the Framework for Fiscal Responsibility. The third weekly meeting of the committee will take place on 05 February 2014.

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



g) *Onsite Wastewater Management Programme - Nutrients* - The Chairman reported that in the course of 2013 the Water Resources and Quality Control Department commenced the groundwork to review options to reduce nutrients in effluent from onsite wastewater treatment systems. Excessive nutrients in surface waters cause eutrophication resulting in excessive algae growth, which seriously deteriorates the aquatic habitat. The Cayman context of a marine coral reef environment poses a challenge as coral reefs, compared to any other water bodies, have the lowest tolerance of any type of water body for excess nutrients.

The Laboratory has reviewed suitable testing methods with the aim to expand the scope of accreditation for nutrients (phosphorous and nitrogen) in water and wastewater. It is expected that the Laboratory will achieve this in the next few months; this accreditation provides the basis for reliable test results.

In the course of February 2014 the Water Resources and Quality Control Department will commence testing of influent and effluent of 100 onsite systems for nutrients (both septic tanks and aerobic treatment units). This testing programme is estimated to take 12 months. These data will provide baseline information and an indication of the performance of different systems.

The department is actively reviewing different treatment technology options, in January 2014 the Senior Development Control Technologist and the Development Control Technologist visited the University of Florida's Gulf Coast Research and Education Center (GCREC) where the Passive Nitrogen Reduction Strategies Study is being carried out. They toured the testing facility and discussed findings with the lead researcher, Dr Gurpal Toor. This is a valuable resource as it provides up to date information on the nutrient reduction strategies that are researched and implemented in Florida and these can serve as a model for the Cayman Islands. The staff members who visited Florida also visited the Florida Onsite Wastewater Association (FOWA), an industry association working toward the advancement of standards for the manufacturing, installation, operation and maintenance of onsite treatment systems. Meetings were also held with Mrs Roxanne Groover, the executive director and training coordinator. The plan is to invite Mrs Groover to the Cayman Islands to provide a workshop for service providers and to train staff in the Water Resources and Quality Control Department to work and educate the service providers.

The Chairman advised that the overall objective is to review and revisit the current effluent standards of the Water Authority's regulations and to propose appropriate standards; i.e., those protective of Cayman's water resources and are achievable given available technologies and techniques.

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

i)

j) **Laboratory Audit** - The Chairman reported that the internal audit of the Laboratory was conducted by Dr Jennifer Clancy from 10 December through 13 December 2013. This audit is mandatory to meet the requirements of the American Association for Laboratory Accreditation

(A2LA). The audit went well, Dr Clancy identified three, relatively minor deficiencies, which were all resolved by the Laboratory.

On 17 December 2013 the Authority received notification from the A2LA that, following the completion of the A2LA external audit in October 2013 and the Laboratory's satisfactory response to the deficiencies found in the audit, the accreditation of the Laboratory had been extended for 2 years until 30 November 2015. The accreditation is typically extended for 2 year periods, unless there are issues with the Laboratory. The extension of the accreditation is a significant milestone for the Laboratory and shows that the Laboratory staff under the competent management of the Lab Manager, Ms Marcela Martinez Ebanks continues to provide testing in compliance with stringent standards.

- k) *FOI updates* - Two new requests have been received since the last Freedom of Information (FOI) Report dated 09 December 2013 as shown in the FOI Report provided to members.

Current Business

a) **Management Accounts December 2013.**

Given the timing of the Water Authority Board 05 February 2014 meeting, it was not possible to prepare and present 31 January 2014 management accounts, however, The Chairman reported that the Finance Department was able to prepare the 31 December 2013 management accounts for presentation to the Board.

Based on estimates for the first six months of the 2013/2014 financial period, Operating Revenue increased slightly over the same period as last year, showing a modest increase of 1.6%. Revenue was expected to continue on a solid track as it is now the traditional dry season; however it should be noted that Cayman Islands received an unusually heavy rainfall during this "dry season" and hence that would affect the sales in the above noted period. Although the Operating Revenue was within expectation from prior year it is lower than the revised (August 2013) budgeted figures by almost 12%. This is reasonable as the projected revenue figures were based on the required rate adjustment being implemented a month late and the "wetter" than usual "dry" season.

Operating Expenses dropped from the same time as in prior year, showing a decrease of 4.0%, the majority of which was attributable to the decrease in supplies such as the road re-instatement that happened in 2012 (Elgin Avenue, Goring, Harbour Drive). The pending Wastewater CCTV survey project commenced in January 2014 and it is the WA's expectation that this expense

will directly affect operating expenses, with the expenses rising over that of prior years but within budget expectation.

Administrative expenses were slightly higher than last year, showing an increase of 11%, this is primarily due to the administrative cost of the Brac in July-August 2013, whereby GCM staff went to CYB to assist, interview, train, orientate etc., as well as the cost of the 30th Anniversary celebration and legal fees.

The Authority continues to be in a very strong financial position, with sufficient cash reserves to commence the CYB and Wastewater CCTV projects and meet day-to-day operational and administrative expenses.

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

The Chairman reported that the Authority received a letter dated 13 January 2014 from [REDACTED] requesting that consideration be given to adjusting her bill. A copy of the correspondence and the report from Customer Service were provided to members.

A review of the account was undertaken and the Authority's findings are that on 30 January 2012 the account was turned off for non-payment for the outstanding amount of \$504.82. On 12 February 2012 a debt collections letter was mailed to the customer. On 25 February 2013, as the customer did not make any payments after being disconnected in January 2012, another collections letter was mailed to the customer. On 07 October 2013 a letter was sent to the customer indicating that the service would be physically removed and advising that the account balance was now \$670.20.

The customer subsequently sent a letter dated 13 January 2014 to the Board requesting the bill be waived as she has been medical-boarded from the Civil Service, has no job, has two children, and is being assisted by the Department of Children and Family Services with her house mortgage. The customer also noted that no one lives at the location because the house is not habitable.

The bill is payable and is not disputed by the customer. 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 Authority's records show that the bill is valid and payable. However, in consideration of the customer's circumstances, members agreed for the Authority to offer a payment plan with a very low monthly payment (\$20-\$25) with waiver of late penalties as usual.

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

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

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

The Chairman reported that the Authority received an email from [REDACTED] on 22 January 2014 requesting that consideration be given to adjusting his bill to the 'at cost' to the Water Authority for the period in question. A copy of the correspondence and the report from Customer Service were provided to members.

A review of the account was undertaken and the Authority's findings are that on 30 August 2013 the customer's account was flagged for a fail audit check because of higher than normal usage. The fail audit check was done on 06 September 2013 and as there was movement on the meter, the meter reader advised a resident on the location at the time. When the meter was read on 26 September 2013, on 24 October 2013, and on 28 November 2013 there were no indications of movements on the meter.

When the meter was read on 18 December 2013, the account was flagged for a fail audit check because of higher than normal usage. The fail audit check was done on 27 December 2013 and there was movement on the meter. The meter reader advised [REDACTED] on site. The bill for December was \$3,352.15. On 09 January 2014, a payment agreement was set up to address the bill. The customer indicated that he would write to the Board for reduction on the bill and that he would like a longer period for the payment agreement.

The customer indicated that during the period September to November 2013, after receiving high bills that he had called a plumber to assist with identifying why his bills were high. The customer advised in his letter to the Board that the plumber dealt with leaking toilets on two occasions. After the Water Authority advised of a possible leak on 27 December 2013, the customer indicates in his letter to the Board that a leak was found under the house and subsequently repaired. The customer is responsible for all usage down-stream of the meter and the Water Authority assisted with identifying possible leaks through the fail audit check (which is a courtesy service). 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 and additionally the customer acknowledged that there were leaking toilets as well as a leak under the house. Members agreed that an extended period should be offered as part of the payment plan as well as waiver of the late penalties providing the payments are made regularly. Members noted that the Authority did bring the initial discovery of a potential problem to the attention of person in present in the residence at the time. Additionally, with reference to the initial Fail Audit discovery, the Board strongly requested that the Authority's Customer Service

staff make every attempt ensure that communications regarding customers' accounts are made directly to the customer/s and not to rely on 3rd parties to convey information. Staff failing to adhere to this procedure should be dealt with accordingly.

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

[REDACTED]
The Chairman reported that the Authority received an email from [REDACTED] on 24 January 2014 requesting that consideration be given to reducing his bill. A copy of the correspondence and the report from Customer Service were provided to members.

A review of the account was undertaken and the Authority's findings are that on 11 December 2013 the meter was read and flagged for a fail audit check because of higher than normal usage. The fail audit check was done on 23 December 2013 and the meter reader reported that there was no movement seen on the meter. On 07 January 2014 the customer called to query his account and was advised that the fail audit check did not reveal any leak or movement. He was also advised that should there have been movements observed on the meter he would have been notified immediately. The customer sought the services of a plumber who was found that there was a leak due to a fractured water pipe approximately 2 metres from the meter on the customer's side. The customer indicated that in his opinion the meter reader should have seen movement on the meter during the meter reading on the 11 December 2013 and during the fail audit check on the 23 December 2013. He also indicated that his plumber was of the same opinion.

As the meter is the only instrument used by the Authority to measure consumption, it has to rely on the accuracy of the measurements obtained unless meter is proven to be over registering. During meter reading it is not unusual for a meter to be turning due to normal household usage. It is not practical for the meter reader to treat all meter movements as indicative of a leak during the meter reading process due to time constraints. The fail audit check is where higher than normal usage is flagged and rechecked. Customers are responsible for any usage after the meter and the fail audit check is done as a courtesy. The meter was read on two occasions by the Authority and no movement was identified at the time. The meter reader can only record what is identified during the visit. It is the Authority's policy to advise customers of a possible leak when movement is identified by the meter reader. 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

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

responsible for all usage downstream of the meter and additionally the customer acknowledged that he had a leak. The fail audit check is a courtesy service and if no leaks or movements are detected during the check, the Authority does not contact the customer.

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

The Chairman reported that the Authority received a letter from Ms Darlene Seymour-Ebanks on 23 January 2014 requesting that consideration be given to reducing her bill. A copy of the correspondence and the report from Customer Service were provided to members.

A review of the account was undertaken and the Authority's findings are that this matter has been before the Water Authority Board in August 2010 and in April 2013. On 21 January 2014, [REDACTED] met with the Authority's Customer Service Manager and Supervisor to discuss her account balance which now totals \$3,134.13. The Director agreed that the customer could establish a payment plan to address the balance and if the customer maintained her agreement that the accrued penalties of \$765.10 could be voided. The customer agreed to the payment plan offer however due to her financial situation she is again appealing to the Board for assistance in the form of a discount of the bill.

The customer has been advised by two previous Board considerations that the bill is payable. 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 this matter had been reviewed by the Board on two earlier occasions. In light of the customer's personal circumstances, members agreed that the Authority offer an extended payment plan and to waive the late penalties upon the customer signing a payment agreement. The customer will need to maintain the payment agreement otherwise the late penalties will be reinstated. The customer should be advised that if she has a problem making a payment, she should contact the Authority to discuss in advance.

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

The Chairman reported that the Authority received a letter from [REDACTED] on 30 January 2014 requesting that consideration be given to reducing her bill. A copy of the correspondence and the report from Customer Service were provided to members.

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A review of the account was undertaken and the Authority's findings are that the meter was read on 23 December 2013 and flagged for a fail audit check because of higher than normal usage. The fail audit check was done on 27 December 2013 and the meter reader reported that there was no movement seen on the meter. On 06 January 2014 the customer complained of low pressure. During the site visit to investigate the complaint, the meter reader identified a leak about 5 yards from the meter and the valve was turned off. The reading taken will create a January 2014 bill of \$2,654.57. The meter was turned off per the customer's request so that repairs could be made.

The customer subsequently has written the Board requesting consideration for a discount, extended payment agreement or any other type of relief that can be offered in light of the family circumstances as explained in the 30 January 2014 letter.

The customer is responsible for all usage down-stream of the meter and it was clear that there was a leak on the customer's side. 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 and additionally it was clear that the customer had a leak. The fail audit check is a courtesy service and if no leaks or movements are detected during the check, the Authority does not contact the customer. Members agreed that an extended period should be offered as part of the payment plan as well as waiver of the late penalties providing the payments are made regularly.

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

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The Chairman reported that the Authority received a letter from [REDACTED] on 26 November 2013 requesting that consideration be given to reducing his bill. A copy of the correspondence and the report from Customer Service were provided to members.

A review of the account was undertaken and the Authority's findings are that on 20 March 2013 a fail audit check was carried out on this account and the meter reader reported that there was no movement seen on the meter. On 16 April 2013 the customer requested an audit on his property. No movement was detected on the meter during the inspection. During the period April 2013 to August 2013 bills on the customer's account ranged from \$131.18 to \$779.35.

On 11 September 2013, the account was flagged due to high usage. A fail audit check was carried out on 19 September 2013 on this account and the meter reader reported that there was no movement seen on the meter. However the reading on the meter resulted in a bill of \$4,518.92. On 16 October 2013 the customer again requested an audit which was subsequently carried out on 21 October 2013. On this visit the meter was found to have slow movements indicative of a leak. The auditor also advised the customer that the meter could be tested.

The customer wrote the Authority on 25 November 2013 requesting that his high bill be reviewed as well as querying penalty charges. The customer requested an audit check again on 27 November 2013 which was carried out on 29 November 2013. No movements were detected on this visit and the customer was again advised that he could have the meter tested. The customer subsequently wrote to the Board in a letter dated 27 November 2013 requesting that his water bill in the amount of \$4,518.82 be reviewed. In his letter the customer also made mention of a previous incident which went before the Board in April 2009. The relevant information was also provided to members.

Additionally, the customer requested that his meter be tested. He was advised that the letter to the Board would be held until the results of the meter testing came back. The results of the meter testing indicated that the meter was found to be functioning within accuracy limits. The meter was tested and passed, therefore the bill is payable. The Authority has to rely on the amount registered on the meter in order to calculate the bills. However as the customer wished the Board to consider a discount on the bill the request is now before the Board. The Secretary respectfully seeks 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. The fail audit check is a courtesy service and if no leaks or movements are detected during the check, the Authority does not contact the customer. Members agreed that an extended period should be offered as part of the payment plan as well as waiver of the late penalties providing the payments are made regularly.

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

[REDACTED]
The Chairman reported that the Authority received a letter on behalf of [REDACTED] on 22 January 2014 requesting that consideration be given to reducing his bill. [REDACTED] subsequently wrote to the Authority giving his

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

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

[REDACTED] authorisation to act on his behalf in a letter dated 02 February 2014. A copy of the correspondence and the report from Customer Service were provided to members.

A review of the account was undertaken and the Authority's findings are that on 27 November 2013 the account was read and flagged due to high usage. A fail audit check was carried out on 03 December 13 on this account and the meter reader reported that there was movement seen on the meter. The meter reader noted that he immediately advised the store attendants of the leak however he did not record the names. The attendants verified they were aware of the problem.

The Customer Service calls the numbers on file the same day to advise the owner of the leak. The Customer Service staff noted that he identified himself as calling from the Authority and the account location he was calling about. At no time did the male say that the contact number was incorrect. The Customer Service staff did not confirm that he was communicating with the account holder.

On 13 January 2014 the account was disconnected for non-payment. During the reconnection process the meter reader advised that there was movement on the meter and assisted [REDACTED] to locate it. The cause of the leak was a tree root that had broken the connection line between the meter box and the house. On 20 January 2014 [REDACTED] came in to the office to query the bill on the account and was advised of the fail audit notice of leak from 03 December 2013. She confirmed that the phone numbers on the account were not correct and were not connected to the location. The Authority staff explained that a notice had been left with the person who answered the call as they did not at any time say that the location was not correct. The Water Authority was provided with up to date contact details.

On 22 January 2014, [REDACTED] called to advise that she did not have water. During the check the meter reader noted a leak in the check valve which was caused by a tree root. The leak was repaired. A reading taken at the time of the repair is expected to generate approximately \$540.00 for the January 2014 bill.

The customer requests the Board to reduce the charges on her monthly bills for the period August 2013 through January 2014 as in her opinion the problem started from the August 2013 bill. The occupants of the building were made aware of the leak as soon as the Authority discovered movement on the meter. The Authority also called the phone numbers on the account to advise the owner of the leak. [REDACTED] verified that the contact numbers for the account were not correct. The cause of the leak is due to a growing tree root. The terms of agreement state: For Water Service Applicants, the Applicant is solely responsible for all works done downstream of the outlet side of water

meter, and is solely responsible for any water lost through failure and/or damage of those works, regardless of whether the failure and/or damage was the fault of the Applicant or a third party. 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 and additionally it was clear that the customer had a leak. Members agreed that an extended payment period should be offered as well as waiver of the late penalties providing the payments are made regularly. Additionally, the customer should be advised to ensure that Authority has current contact information on record. It is the customer's responsibility to ensure that their contact information is kept up to date. Members noted that the Authority did bring the initial discovery of a potential problem to the attention of persons in present in the building at the time. Additionally, with reference to the initial Fail Audit discovery, the Board strongly requested that the Authority's Customer Service staff make every attempt ensure that communications regarding customers' accounts are made directly to the customer/s and not to rely on 3rd parties to convey information.

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

[REDACTED]
* Redacted under section 23 of The Freedom of Information Law, 2007
The Chairman reported that the Authority received a letter from [REDACTED] [REDACTED] on 03 February 2014 requesting that consideration be given to reducing her bill. A copy of the correspondence and the report from Customer Service were provided to members.

A review of the account was undertaken and the Authority's findings are that on 18 January 2011 a demand letter was mailed to [REDACTED] advising her to pay an outstanding bill of \$382.26 as the meter was turned off on the 29 November 2010. On 25 January 2011 a letter was sent to the customer advising that the meter had been tampered with and that payment of \$600.75 was due immediately. The bill was paid in full and the account reconnected on 03 February 2011.

As part of the Authority's meter replacement programme, the meter was changed out on 20 October 2011. On 08 December 2011 the meter was read during the normal meter reading process. The meter registered a consumption of 1320.10 cubic meters totalling a charge of \$8,298.78 for water used from the 14 November - 08 December 2011. On 26 January 2012 a service order was requested by the customer to check the meter as a result of the high bill. The meter reader noted "Meter has movements - possible leak on the customer's side". A person identified by the meter reader as [REDACTED] was advised of the findings on site. The Water Authority has not determined who Mckie was/is in relation to the account holder. Attempts to advise the account holder by

phone were not successful as the phone number on file was not valid. On 31 January 2012 when the end of month bill was generated, an additional bill of \$642.65 for water used from the 08 December - 12 January, 2012 was added to the account. The account total became \$9,711.96.

The account was turned off on 25 June 2012 by which time the total balance was \$10,970.59. There is no record that this customer requested a payment plan for this balance or that one was offered. The last payment made to the account was for \$50.00 on the 30 January, 2012 when the deposit was applied. The account continued to accumulate late fees for more than the stipulated twelve month period. The total outstanding balance including the late fees is now \$14,136.74. The total penalty applied since the account was disconnected in June 2012 is \$3,325.09. After being approached in January 2014 by a third party on Mrs McLaughlin's behalf, the Director instructed the Customer Service Department to make contact with the customer in order to try to bring this situation to a resolution. On 23 January 2014 a collection letter was hand delivered to the customer. The customer has authorised one of her sons, [REDACTED] to assist on her behalf. She has acknowledged the debt and has committed via her letter to pay \$150.00 per month. She advised that she is unable to afford more as she only has a government grant and help from her son and friends to subsist on.

It is clear and undisputed that the customer had a serious leak on her side of the meter. Nevertheless, the Water Authority did not follow several procedures nor was proactive as it should have been which allowed the debt to increase. 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 and additionally it was clear that the customer had a leak. In light of the customer's personal circumstances, members agreed that the Authority offer a much extended payment plan and to waive the late penalties upon the customer signing a payment agreement. The customer will need to maintain the payment agreement otherwise the late penalties will be reinstated. The customer should be advised that if she has a problem making a payment, she should contact the Authority to discuss in advance. Additionally, the customer should be advised to ensure that the Authority has current contact information on record.

Members agreed that in light of the various customer complaint issues and how they are resolved, a review of relevant procedures in the Customer Service Department should be undertaken by the Authority's management in order to provide clearer performance standards for staff and quicker resolution of customer issues. Some of the procedures include the fail audit

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

check, reporting back to customers on a timely basis, debt collection timelines, etc.

j) 2014/2015 Ownership Agreement.

The Chairman reminded members that the Ownership Agreement for the 2014/2015 fiscal period between the Cabinet of the Cayman Islands Government and the Authority is required to be submitted by the Authority under the Public Management & Finance Law 2001. The purpose of the Ownership Agreement is to ensure that ownership performance expectations for the year are clearly specified and agreed by both parties. The Authority prepared the 2014/2015 Ownership Agreement for review and approval by the Board. Members were provided with the 2014/2015 Ownership Agreement, the income statement showing the 2014/2015 budget numbers and the revised numbers for 2013/2014.

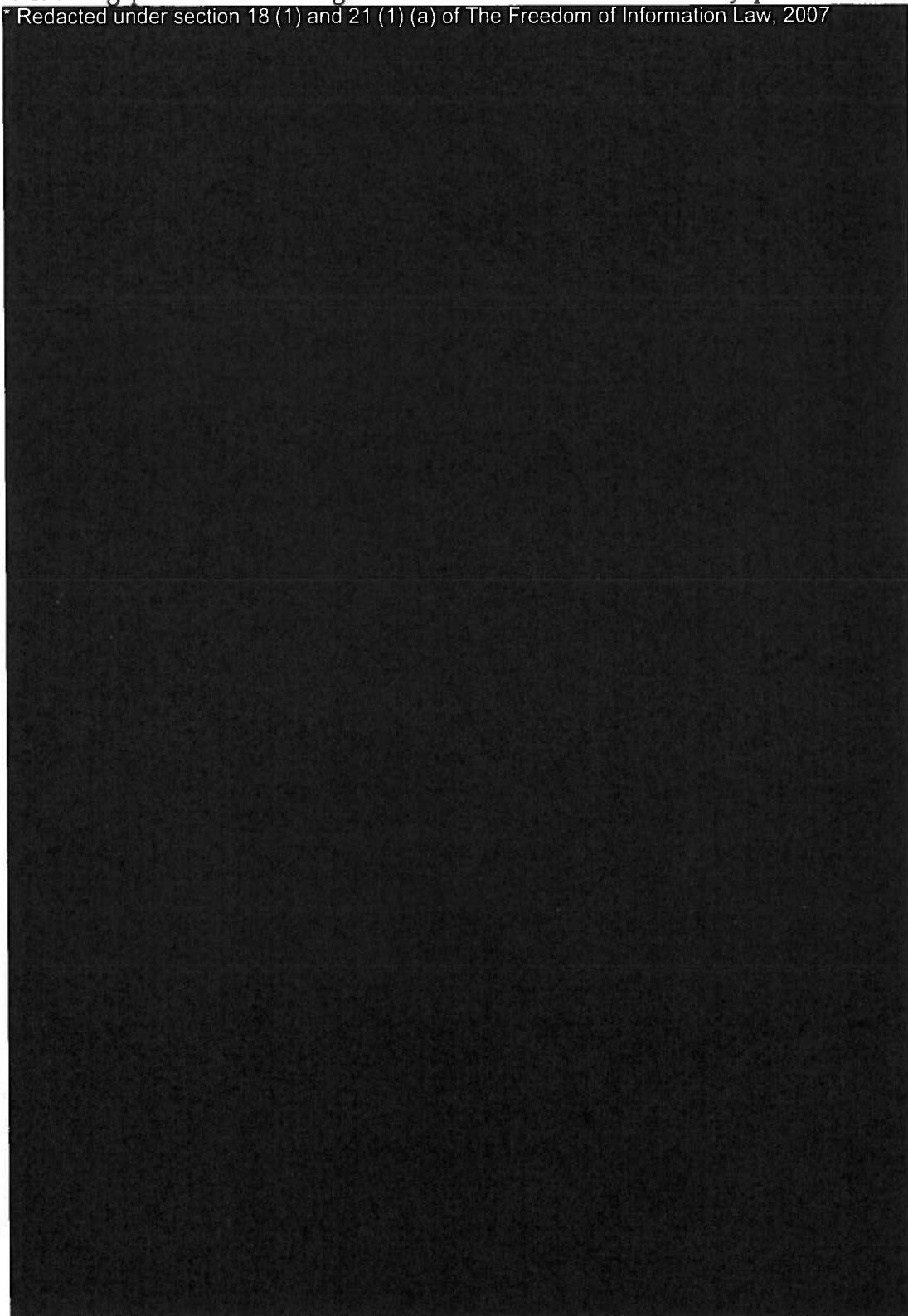
The Chairman reported that the focus of the financial data presented in the 2013/2014 revised statements is the on-going remediation project of the wastewater assets - the contract for the CCTV Survey was awarded after a competitive tendering process in April 2013 and work commenced in January 2014. This project has a direct impact on the net income of the Authority for the remaining part of 2013/2014 as they are remediation in nature and hence will be expensed as it is not classified as a capital project. Other significant expenses in 2013/2014 include the fulfilment of the statutory obligations with Cayman Water Company with regards the pending judicial review (scheduled for early April 2014) and the subsequent negotiations and the associated legal and professional fees.

The Chairman pointed out that another significant item is that the Authority plans to resume daily operating control over the North Sound RO Plant when the contract with OCL expires in April 2014, which is in line with the Authority's goal and objective to strategically regain control over the RO plant assets and operate them in house rather than outsource. The direct costs associated with water production at both the Lower Valley and North Sound locations is included under the heading "Water Purchases and Production" on the Statement of Comprehensive Income.

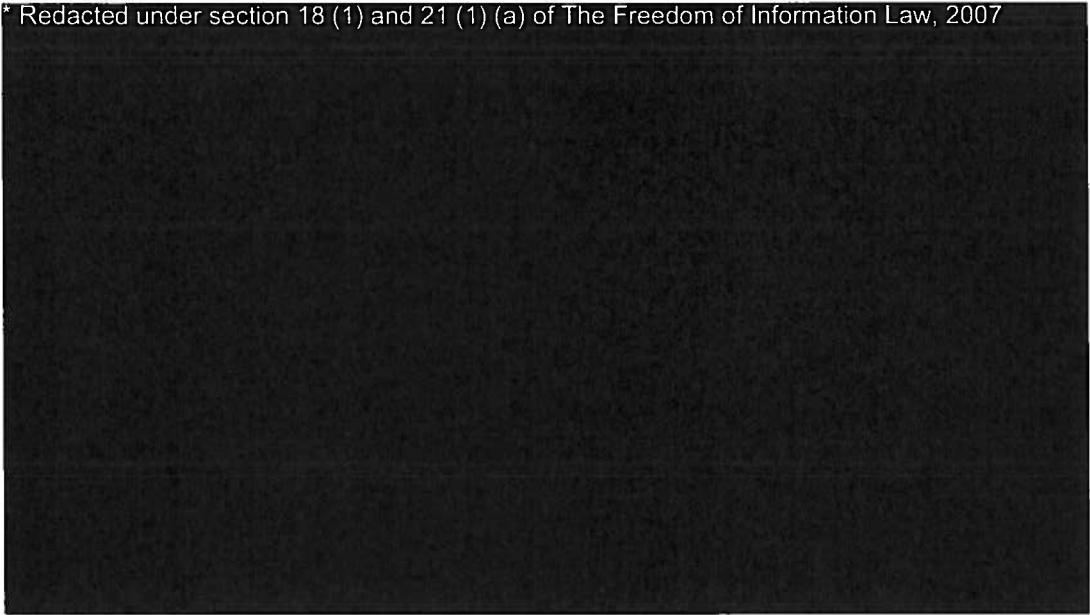
Consistent with the objective to provide piped water to the residents of the Cayman Islands, the Chairman noted that the Authority mobilised the Cayman Brac project in October 2013, moving significant assets (staff, trencher, dump truck, backhoes, inventory etc.) to the sister island and commenced the replacement/upgrades of the piped water supply. This project is on-going and expected to continue well into the future.

In line with the goal to re-establish water production capacity to ensure water distribution system reliability the Authority is in the midst of the competitive tendering process to re-design and re-furbish the Lower Valley plant. Once

* Redacted under section 18 (1) and 21 (1) (a) of The Freedom of Information Law, 2007



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Members discussed various other points in the 2014/2015 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.

The Chairman stated that the Board was respectfully asked to approve the 2014/2015 Ownership Agreement, the revised 2013/2014 Revised Budget and the 2014/2015 Budget Projections as amended. Mr C Randall moved the motion to approve the 2014/2015 Ownership Agreement, the revised 2013/2014 Revised Budget and the 2014/2015 Budget Projections as amended. Mr J Gill seconded the motion and it was passed unanimously. The document will be forwarded to the Ministry for the Honourable Minister's review, approval and signature.

The Chairman and members thanked the Secretary for the documents provided. The Secretary thanked members and noted that she must also give full 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 original 2013/2014 budget showed an amount of \$40k, revised budget to \$45k. With the proposed increase and the commitment to the Pines Retirement Home there is \$20.6k that is available for disbursement during the current fiscal period.

- a) **Ratify Lighthouse School Teachers' Christmas Dinner prizes.**
Members agreed to ratify the donation of two gift certificates worth \$25 each for water provided to the Lighthouse School Teachers' Christmas Dinner as prizes.
- b) **Ratify HSA Faith Hospital Cayman Brac Christmas Tree Lighting Gift Certificates 2012 Re-issue.**
Members agreed to ratify the re-issue of five expired gift certificates for 1000gal each of trucked water in Cayman Brac to be used as prizes at the HSA Faith Hospital Cayman Brac 2014 Christmas Tree Lighting.
- c) **Previously Deferred Sponsorship Request - Trinity Track Club.**
Members decided not to sponsor the Trinity Track Club request.
- d) **Previously Deferred Sponsorship Request - KYSTAR Invitational Track Meet.**
Members agreed to sponsor the KYSTAR Invitational Track Meet in the amount of \$4,500. The motion was moved by Mr H B Ebanks, seconded by Mr J Gill and passed by majority with the abstention of Mr O Watler.
- e) **Cayman Rugby Football Union - Big Game 4 Cayman vs USA South 14 June 2014.**
Members agreed to sponsor the Cayman Rugby Football Union - Big Game 4 Cayman vs USA South to be held on 14 June 2014 in the amount of \$500. The motion was moved by Mr C Randall, seconded by Ms R Sharma and passed unanimously.
- f) **Grasspiece Promotions - Youth Football Tournament featuring Swindon Town FC Youth Academy.**
Members agreed to sponsor the Grasspiece Promotions - Youth Football Tournament featuring Swindon Town FC Youth Academy in the amount of \$2,500 as a Gold Sponsor. The motion was moved by Mr A Wright, seconded by Mr H B Ebanks and passed unanimously.
- g) **Bodden Town Football Club - CFU Championship 2014 participation.**
Members agreed to sponsor the Bodden Town Football Club - CFU Championship 2014 participation in the amount of \$1,000. The motion was moved by Mr A Wright, seconded by Mr H B Ebanks and passed unanimously.
- h) **Dress Down Day Big Brothers & Big Sisters.**
Members agreed to match the Water Authority's staff donation of \$61.50. The total amount will therefore be \$123.00.

Any Other Business

- a) **Late Fees of 1.5% to cease after 12 months of debt collection status.**
The Chairman reported that the Board made a decision at the 121st meeting held in 19 December 2001 that any account being in a debt collection status for

a consecutive period of 12 months should stop being charged late penalties. This policy has not been consistently followed and the Secretary has requested the Customer Service Manager and the Financial Controller to examine the issue and ascertain the best way forward, ideally with an automated process within the Utility Billing Software.

b) The Office of the Auditor General's (OAG) Reports on CIG and SAGCs.

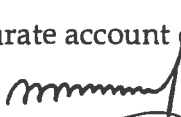
The Chairman reported that the OAG has release a number reports on Governance in the Cayman Island Government (CIG) and Statutory Authorities and Government Owned Companies (SAGCs) and members are encouraged to read them. The documents are online however if any member would like a hard copy the Authority will print. Mr O Watler indicated that he would like a hard copy.

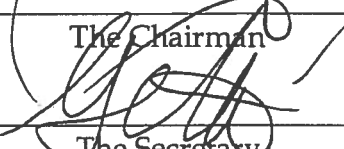
c) The Standards in Public Life Bill.

The Chairman reported that the Standards in Public Life (SiPL) Bill passed in the Legislative Assembly on 31 January 2014 and was on its way to become Law. The final version of the legislation after amendments made in the LA is not yet available however the original Bill is. The Secretary encouraged members to read the new Law when it is available and become familiar with the obligations for personal declarations.

There being no other business the Chairman thanked members and adjourned the meeting at 4:00pm.

This is a true and accurate account of the proceedings.



The Chairman


The Secretary

