

CONFIDENTIAL



Water Authority of the Cayman Islands

Minutes of 255th Meeting held on 10th of December 2014

Members Present:

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

Call to Order

The Chairman proceeded to welcome members and called the meeting to order at 1:38pm after ascertaining that there was a quorum. The Chairman thanked Mr M Jacques for his service as Acting Chairman at the November meeting and acknowledged apologies from Mr O Watler. The Chairman then proceeded to offer a special prayer and subsequently he declared the meeting open.

Confirmation of Minutes of the 254th Meeting held on 19th November 2014

The Chairman asked for confirmation of the Minutes of the 254th Meeting held on 19th November 2014. The following corrections to the Minutes were noted:

Page 1, first paragraph, line 5 should read "The Acting Chairman acknowledged"
Page 3, seventh paragraph, line 4 should read "...during the week of 24 November 2014."

Page 4, item (d), line 1 should read "The Acting Chairman reported that the consolidated Financial Statements for...."

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

Declaration of Conflicts of Interest

None were declared.

Matters Arising

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

The Chairman reported that Ocean Conversion Cayman Ltd (OCL) had completed the installation of the RO plant equipment, including all wiring (electrical and control). OCL expects that the refurbished Lower Valley RO Plant will produce water by the end of the week of 09 December 2014.

During the period 27 November 2014-09 December 2014, the Water Authority received sixteen (16) additional submittals from OCL, and will review and comment on these submittals later this week. There does not appear to be any contentious items in these last submittals.

The Chairman reported that on 20 November 2014 Industrial Services, Inc from Vermont, USA completed the work on the rehabilitation of the 3 feed water wells at Lower Valley. The Water Authority commenced the testing phase of the wells by pumping from the feed water wells directly into the brine disposal well. This will remove any remaining loose sediment from the rehabilitated wells and will allow a draw-down measurement to be made on each well to determine how successful the acidification project has been, whilst providing a benchmark for future performance. It is anticipated that this performance testing will be completed by the end of the week of 08 December 2014.

b) **West Bay Beach Sewerage System Pipeline Rehabilitation Project (2013) - Update.**

The Chairman reported that by 24 November 2014, 35 pipeline sections, totalling approximately 4,589 linear feet (or nearly 48% of the total length of 9,600 linear feet of pipeline) had been lined. Based on the recent relatively decent rate of progress, and keeping in mind the Christmas period, the Contractor is optimistic that this project will be completed by the end of January 2015.

c) **Cayman Brac Infrastructure Upgrade & Expansion Project - Update.**

The Chairman reported that the Water Authority in-house pipelaying crew resumed work on Cayman Brac on 24 November 2014. During the first week, a

new water service (including road crossing) was installed on Warbler Road, and the pipework at the West End Water Works was tested and flushed in anticipation of the arrival of the containerised RO plant in early January 2015.

Pipelaying on the extension of the Cayman Brac water distribution system commenced on 29 November 2014. As of 09 December 2014, a total of 370 feet of 8-inch pipe had been installed. Pipelaying was temporarily halted because the trencher's ac compressor had to be replaced.

The crossing of the main pipeline near the intersection of Cross Road and West End Road was temporarily reinstated using cold mix asphalt, to ensure the trench would not deteriorate over the Christmas period.

Cayman Brac Containerised RO Plant Contract

The Chairman reported that the container is to be shipped to Cayman Brac in early January 2015.

Cayman Brac Emergency Generator Contract

The Chairman reported that the new dry transformer had not arrived as yet.

Bluff Site for Future Cayman Brac Water Works

The Chairman reported that the General Services Manager, Mr Robert Arch, had taken care of the rubbish left by Scott's Development Co Ltd staff.

d) 30 June 2014 Audit of Consolidated and Divisional Statements - Update.

30 June 2014 Audit of Consolidated and Divisional Financial Statements for Water, Wastewater and Statutory

The Chairman reported that there was miscommunication between the Authority and KPMG regarding the timing of the December 2014 Board meeting. KPMG understood the date to be 17 December 2014, which would have allowed time for the Divisional and Islands statements to be presented to the Board, however with the meeting being held on 10 December 2014 meeting there was not sufficient time for a solid draft of the statements to be presented. KPMG returned to the site and is expected to complete some additional required substantive testing in the next few days. The Authority is confident that all statements will be completed by end of 31 December 2014. The management letter will be presented at the first meeting in 2015.

Annual Report 2013/2014

The Chairman reported that the Authority expected to complete the 2013/2014 Annual Report prior to the first meeting in 2015.

2015/16 Budget Process

The Chairman reported that the Authority's management team plans to commence work on projections for the 2015/2016 budget in late

December/early January with the intention to present it to the Board in February 2015. As done in previous years, the Authority will use the 30 November 2014 numbers as a roll-forward point. The 2015/2016 Budget Project plan, as issued by the CI Government in September 2014 indicated that the deadline for 2015/2016 budget submissions is 13 February 2015, a date which the Authority will work towards and expects to realise.

e) Cayman Water Company (CWC) Negotiations Update.

CWC – Rate Structure Proposal

The Chairman reported there was nothing new to report to date other than the Secretary had been verbally informed by the Honourable Minister of Planning, Lands, Agriculture, Housing, & Infrastructure that CWC had written to him regarding negotiations. The Minister advised that he would forward the letter to the Authority in due course.

OAG – CWC Review Engagement

The Chairman reported there was no further information to report to date.

f) Rate Cap Adjustment Mechanism (RCAM) - Update.

The Chairman reported that there was nothing new to report.

g) Review of Public Services - Phase 5 Rationalisation - Update.

The Chairman reported that there was nothing new to report.

h) Debt Recovery of Scholarship - Update.

The Chairman reported that it appears that the Authority and [REDACTED] lawyers had reached a reasonable agreement. A copy of the deed of settlement was provided to members. Members indicated their satisfaction that a mutually agreeable settlement had been reached. It was expected that the agreement would be signed by all parties shortly.

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

i) Miscellaneous Updates.

a) In-House Pipelaying Crews – The Chairman reported that the New Works pipelaying crew completed the installation of pipework at the Red Gate Water Works that was necessary to connect the new bolted-steel storage tank, and on 24 November 2014 the new reservoir was put into service.

The National Roads Authority (NRA) has not yet commenced work on the widening and straightening of Red Gate Road. The latest update had suggested that work would commence on 03 December 2014, but it now

appears that construction will not start until early 2015. The New Works pipelaying crew will install a 12-inch diameter pipeline between the Water Authority office and Owen Roberts Airport, as soon as NRA has started their work and a clear path has been created for the new pipeline.

Over the last few weeks in November/December 2014 the New Works crew installed new pipelines in Bodden Town (Belford Estates) and Old Man Bay (Sextant Road).

- b) Water Supply Division* - The Chairman reported that over the last few weeks Operations WS connected a few new subdivisions to the water main and continued the hot mix asphalt road reinstatement at various small areas throughout the water distribution system.

In late November a leak was found on the edge of Shamrock Road just north of the near the Lower Valley Water Works Site. In order to avoid any future reoccurrences, Operations WS replaced this damaged pipe and 2 other pipe lengths under the main road.

- c) Red Gate Water Works* - The Chairman reported that on 28 November 2014 two companies were invited to provide a bid for the contract to install a new chain link fence, approximate length 355 feet, inside the existing fenced area of the Red Gate Water Works to facilitate the widening of Red Gate Road by the NRA, whilst ensuring the security of the site, as the existing fence between the main entrance of the Water Works site and the Water Authority Administration building visitor parking lot will be removed as part of the NRA's activities.

On 09 December this contract was awarded to Spartan Fencing whose tender amount of \$9,131.10 was the lowest cost of the two bids received. The contractor has indicated that work will commence on 16 December and will be completed within one week (i.e., well before Christmas).

- d) Wastewater Division* - The Chairman reported that during the month of November 2014 the design hydraulic capacity of the plant (2.5 mgd) was exceeded for 30 days. The average daily influent for November 2014 was 2.80 mgd (or approximately 112% of design capacity). This daily average influent was nearly 2% more than the average influent measurement during the same period last year (2.75 mgd).

In September 2014 Revere Control Systems made an assessment of the computerized control (SCADA) system at the Water Authority's Grand Cayman Wastewater Treatment Works (WWTW) and found that the software was severely out of date and that the hardware (computers, interfaces etc.) should be replaced. A decision was made to contract with Revere Control Systems to upgrade the entire system.

A representative from Revere Control Systems will be on island to provide training to the wastewater treatment operations crew on the new SCADA system for the Water Authority's Grand Cayman Wastewater Treatment Works. This training is expected to take place during the week of 15 December 2014.

On 28 November 2014 a routine inspection of the sewer force main identified a leak on the sewer force main situated within the MRCU dyke road. Upon excavation a 7-inch crack was found on the top of the pipe. The leak was fixed using a repair clamp. Further inspection revealed that the wall thickness at this location was very thin due to internal corrosion. In order to avoid a future catastrophic failure of this very critical pipe, it needs to be replaced as soon as possible, and the cost of this sewer force main replacement will be included in the revised 2014/2015 Budget.

- e) **Laboratory Internal Audit** - The Chairman reported that the Laboratory underwent its mandatory annual internal audit during the period 03-05 December 2014. The American Association for Laboratory Accreditation (A2LA), the entity that accredits the Laboratory, requires the internal audit on an annual basis. Dr Jennifer Clancy, who has conducted the internal audits for many years, did this year's audit again. Her comments on the Laboratory team were very positive. In total 6 deficiencies were found, however these were all fairly minor. The Laboratory will provide its deficiency response to the A2LA within the mandatory period of 30 days.
- f) **Laboratory - Expansion of Scope of Accreditation** - The Chairman reported that one of the Laboratory's objectives for the current fiscal year is to expand the scope of accreditation to include testing of nutrients (nitrogen and phosphorous). On 28 October 2014 the A2LA confirmed that it had revised the Laboratory's scope of accreditation for nutrients. The accreditation is valid until 30 November 2015, at which time the A2LA will conduct an audit. Laboratory staff and especially the manager, Ms Marcela Martinez Ebanks, are to be commended for their hard work and dedication to achieve the expanded accreditation. The process involved the adoption of test procedures, proficiency testing and detailed documentation. The expanded accreditation means that the Laboratory is capable to carry out nutrient testing to the high standard of the A2LA, thus results have a high degree of reliability. This is important for the Authority's work on testing of nutrients in environmental samples, as groundwater and the marine environment are affected by excess nutrients.
- g) **Blossom Estates Ltd (Kimpton Hotel) Geothermal Cooling Project** - The Chairman reported that in the course of 2013, Blossom Estates Ltd applied to the Authority for a groundwater abstraction licence and a discharge permit for the proposed geothermal cooling system for the Kimpton Hotel, developed by Dart at 7-Mile Beach. The system uses groundwater, rather than air, as the cooling medium for the building air-conditioning system. Due to the scope and size of the project the Water Authority required the drilling of a pilot well, a geological and hydrogeological study to optimise the well design and to ensure that there were no undesired impacts. The existing groundwater abstraction and disposal of Cayman Water Company's (CWC) reverse osmosis

plants at the Abel Castillo Water Works were specifically identified as a possible area of concern.

The study determined that there would be no effects on CWC's operation if the abstraction wells were installed relatively shallow and the disposal wells were installed relatively deep. The application procedure included advertising the project to provide the general public with an opportunity to object, no comments were received. Also CWC did not object to the project. On 09 December 2014 the Authority granted the Abstraction Licence and Discharge Permit with specific conditions to monitor the project.

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

- i) *Governance in Urban Sanitation Course* - The Chairman reported that Ms Catherine Crabb, Senior Development Control Technologist and Mr Hendrik van Genderen, Water Resources Engineer are enrolled in the "Governance in Urban Sanitation" course, sponsored by the Caribbean Development Bank and organised by UNITAR (United Nations Institute for Training and Research). The course is web-based and ran from October through December 2014. A significant part of the course is the submission of a case study after the training modules have been completed. Both Water Authority employees submitted their individual case study, which discusses the challenges of substandard housing and sanitation; these reports will be made available in the public domain on the UNITAR website. In the early part of 2015 a regional workshop will be held in Barbados. The course has been useful for the Authority's role in the ad-hoc substandard housing committee.
- j) *FOI updates* - The Chairman reported that the request reported on in November 2014 had been processed as shown in the FOI Report dated 09 December 2014 and provided to members.

Current Business

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

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

The Chairman reported that on 04 December 2014 the Authority received a letter from the [REDACTED] requesting that consideration be given waiving a late penalty fee. 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 02 December 2014, the Accounts Administrator of the [REDACTED] [REDACTED] emailed the Authority acknowledging that there was a penalty charge of \$214.59 on their November 2014 bill; and, that they realised that there is a due date for the bill to be paid. The Accounts Administrator in her email also noted that the [REDACTED] is a Statutory Authority operating under strict budget constraints and asked the Water Authority to forgive the penalty imposed. She also advised that the [REDACTED] would in future endeavour to pay the bill by the due date.

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

The Secretary responded via email and advised that the terms of the agreement are clear regarding the due date and that a payment plan was possible. The [REDACTED] was also advised that if they still wished to request that the penalty be waived, the General Manager could request the Board to do so in writing. Subsequently, [REDACTED] wrote to the Water Authority to make the request for a waiver of the penalty fee.

The Chairman noted that the Authority's Customer Service will only make an adjustment to a bill if an error was made on its part or if the meter is found to be over registering. In this situation, the customer simply paid the bill after the due date of the 21 November 2014. As the charges are in accordance with the Water Authority Regulations, any waiver would have to be at the Board's discretion. The Board's decision on the request from the customer was respectfully sought. Members discussed the customer's request and agreed that the customer should be advised that they reviewed the request and decided not to waive the late penalty as there was no compelling reason to do so. Additionally, the customer should be encouraged to pay by the due date and advised of the various options for bill payment.

Members further discussed the complaints customers have made to them regarding the due date and requested that the 21st day of the month payment demand in the Water Authority Regulations be reviewed by the Authority's Management in conjunction with the practice of other local utilities.

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

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

The Chairman reported that on 24 November 2014 the Authority received a letter from [REDACTED] dated 21 November 2014 requesting that consideration be given utilising a different period for averaging [REDACTED] water bill. A copy of the correspondence and the report from Customer Service was provided to members.

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

A review of the account was undertaken and the Authority's findings are that on 06 October 2014, the meter servicing * [REDACTED] was found to be stuck and had registered zero consumption for the period 27 August-25 September 2014. A new meter was installed on 08 October 2014 and was read during the normal meter reading period on 20 October 2014. The bill generated for this 12-day period was \$4,477.55. A normal reading cycle is 30 days.

On 12 November 2014, the customer was advised via letter that the September 2014 bill was averaged using the previous 6 months consumption resulting in a bill of \$7,621.19. The customer subsequently wrote to the Authority requesting that the bill be re-calculated using figures from their slow season which would correspond to the period during which the meter was stuck. If the 6-month period of June - November 2013 is used, the average would be \$5,678.32.

As the account was averaged using the previous 6-month consumption period in accordance with the Authority's policy and procedure, any adjustment would be at the Board's discretion. The Board's decision on the request from the customer was respectfully sought. Members discussed the situation and unanimously agreed that the customer should be advised that they reviewed the request and decided that the 6-month period of June -November 2013 be utilised in order to arrive at an average (\$5,678.32) to calculate the bill for the period during which the meter was stuck. During this period, the operations of the business are similar due to the seasonal volume experienced at that time.

c)

* Redacted under section 19 (1)(a) and 21 (1)(b) of The Freedom of Information Law, 2007



d) Management Accounts – November 2014.

Given the timing of the December 2014 Board meeting, a comprehensive set of financial statements was not produced, however the Financial Controller was able to confirm that revenue for the first 5 months of the current fiscal period was [redacted] 5.7% higher than the [redacted] in 2013/2014. However the estimated figure for the period is 6.8% lower than the budgeted figure of [redacted]

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

Any Other Business

a) FOI Training.

The Secretary advises that the Freedom of Information Unit of the Cabinet Office is offering FOI training to members of government boards and committees. Members were provided with the relevant information. Members were asked to complete the form and return it to the Secretary indicating which training session they will be able to attend of the three options provided.

b) * Redacted under section 23 of the Freedom of Information Law, 2007


[Redacted]

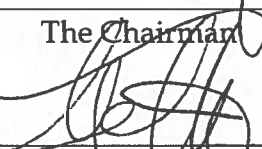
Donation Requests

The Secretary advises that the Sponsorship Assessment Sub-committee will meet after the Board meeting to deal with the requests for assistance.

There being no other business the Chairman thanked members and the meeting was adjourned at 2:38pm.

This is a true and accurate account of the proceedings.



The Chairman


The Secretary