

CONFIDENTIAL



Water Authority of the Cayman Islands

Minutes of 261st Meeting held on 17th of June 2015

Members Present:

Chairman:	Mr J L Hurlston
Members:	Mr J Gill Ms T Mortimer Ms A Owens Mr O Watler Mr A Wright
Secretary:	Dr G Frederick-van Genderen
Apologies:	Mr H B Ebanks Mr M Jacques Mr C Randall Ms R Sharma
Guest:	Mr T van Zanten, <i>Deputy Director, Water Authority</i>

Call to Order

The Chairman welcomed members and called the meeting to order at 1:37pm after ascertaining that there was a quorum. He acknowledged apologies from Mr HB Ebanks, Ms R Sharma, Mr C Randall, and Mr M Jacques and then proceeded to offer a special prayer and subsequently declared the meeting open.

Confirmation of Minutes of the 260th Meeting held on 20th May 2015

The Chairman asked for confirmation of the Minutes of the 260th Meeting held on 20th May 2015. Mr J Gill moved the motion to accept the Minutes as amended, Mr O Watler seconded the motion and the motion passed unanimously.

Declaration of Conflicts of Interest

The Chairman noted that he had a conflict with the donation request for the PIN programme. However, he would not be involved in the decision making as he is not a member of the Board appointed Sponsorship Assessment Sub-committee.

The Secretary noted that she is first cousin to the customer referred to in item (d) under Current Business on the agenda. Members agreed for the Secretary to remain for discussion on this item.

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

The Chairman reported that the LVRO plant had to be completely shut-down on 29 May 2015, as the submersible pump motor to feed water well No 3 failed (burned out). Water production during the period 01 May 2015 – 28 May 2015 had averaged 1,541 cubic metres per day. The Chairman reported that on 19 May 2015 an order was placed for three submersible pumps. The replacement of the existing feed water well pumps was anticipated, and their purchase cost is included in the 2015/2016 Budget. Unfortunately these pumps will not be delivered before mid-November 2015.

The one remaining feed water well is insufficient to run the plant by itself. An urgent order for a replacement submersible motor was therefore placed on 10 June 2015, which should be on-island in early July.

In early June Campbell's Welding and Construction Services completed the construction of the pump room extension. In late May 2015 the Water Authority's Lower Valley staff installed a new air stripper blower/motor.

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

The Chairman reported that a few pipeline sections were lined in the last few weeks. To date, 59 pipeline sections out of 79, totaling approximately 6,568 linear feet (or nearly 75% of the total length of 9,600 linear feet of pipeline) have been lined and accepted. The contractor was advised that before an attempt can be made to line additional pipeline sections; all pipeline sections where the liner installation had been unsuccessful must be rectified.

It is anticipated that it will take at least another 4-6 weeks to complete the remaining work on this contract, and 3 of the 4 current work permits have expired. Although the contractor was advised that the Water Authority would not submit any applications for further extensions of the existing temporary work permits, the contractor did contact the Immigration Department who apparently agreed to accept these applications for 2-month extensions of the expired, already twice extended, temporary permits, without any further requirements for medical or police reports. The contractor also assured the

Immigration department that the project would be completed within that time frame. However in spite of various requests, the Immigration department has not confirmed this agreement and consequently the Water Authority has not submitted these applications, as previously Immigration staff would not accept the applications as staff were not aware of these 'agreements'. The contractor has been advised on several previous occasions to identify replacement staff (with NASSCO certification and experience), so that applications for temporary work permits can be submitted for them.

The Deputy Director was then invited to the meeting to brief the Board as requested on the technical procedures and challenges related to this project. The Deputy Director explained that to address the saline groundwater infiltration, the Authority had taken a multifaceted approach. This project addresses the issue in side roads with clay (and PVC) pipes of 6-inch to 10-inch diameter. He gave an overview of key stages of the project, the methodology being used, and the challenges encountered throughout as well as the successes. The methodology was illustrated with a short diagrammatic video as well as actual video of the above ground process. The Deputy Director then showed 2 sets of videos of the before and after the installation of the cured-in-place pipeliner. Members discussed and asked questions that assisted them in better understanding the project and the current challenges.

The Chairman thanked the Deputy Director for his report and explanations and the Deputy Director left the meeting at this point.

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

The Chairman reported that the installation of the 8-inch diameter main line (along West End East Rd, between Cross Rd and the West End Primary School) was completed on 26 March 2015. The 6,815 feet of 8-inch pipe installed was pressure tested and disinfected with installation of service connections to commence shortly.

The Chairman reported that to date the pipelaying crew had installed pipelines in 5 out of 9 side roads (between Cross Road and West End Primary School), comprising over 3,500 feet of 4-inch pipe. The rate of progress was less than expected due to the amount of rock encountered and the heavy rains since the start of June 2015. It is therefore expected that this phase of the Cayman Brac project will be completed by early September 2015.

Extension of Waiver of Connection Fees in Cayman Brac

The Chairman advised that the Secretary respectfully requests members' consideration regarding the extension of the waiver for connection fees in the main and side roads in the area of the on-going Phase of the Cayman Brac Piped Water Expansion Project (currently up to the West End Primary School). The current approval expires on 30 June 2015. Members agreed to extend the period for the waiver of connection fees in the main and side roads in the area

of the on-going Phase of the Cayman Brac Piped Water Expansion Project (currently up to the West End Primary School and in the next phase up to Faith Hospital) until 31 December 2015.

Containerised RO Plant

The Chairman reported that on 28 May 2015 the containerised RO Plant at the West End Water Works site was anchored to its foundation using 3# ½" stainless steel cables, thus providing protection against hurricane force winds. On 06 June 2015 McLean Construction Ltd completed the construction of the access platform to the containerised RO Plant.

d) North Sound RO Plant (NSRO) – Update.

The Chairman reported that on 08 May 2015 a letter explaining the necessity of extending the operating contract with OCL, together with the Board approved evaluation report, was sent to the Central Tenders Committee (CTC) for their approval, as per the requirements of the Financial Regulations (2013 Revision).

On 08 June 2015, after some correspondence and telecommunication between the Water Authority and the CTC, the CTC confirmed, with reservations, that they endorsed the Board's decision to renew the operating agreement for a further 24 months, including the plant upgrade. The Secretary sought further clarification from CTC on 09 June 2015 and further confirmed the Authority's understanding of the CTC decision via telephone with Mr Lee Ramoon on 16 June 2015. The Water Authority proceeded to advise OCL accordingly.

e) 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

Island Statements – The Chairman reported that KPMG confirmed that they have allocated resources to complete this task in July 2015. This is a review and the information has already been audited, hence the Authority expects little interaction with KPMG during the process. The Financial Controller expects to get these to the Board in August. The Financial Controller recognises that these statements have not been produced on a timely basis and is committed to ensuring that they are completed alongside the consolidated and divisionals for the period ending 30 June 2015.

30 June 2015 Audit of Consolidated and Divisional Financial Statements for Water, Wastewater and Statutory

The Chairman reported that the planning meeting with Office of the Auditor General (OAG), KPMG and the Director, Deputy Director and Financial Controller from the Water Authority will take place on 18 June 2015.

The Authority's inventory stores will be closed 29-30 June 2015 to facilitate the year-end inventory count. KPMG is aware of the timing and will ensure that a member of their team is available. The Public Management & Finance Law

(PMFL) deadline in order to provide the trial balance and draft financial statements to the OAG and KPMG is 31 August 2015. At this time, barring unforeseen circumstances, the Authority sees no problem in meeting this deadline. It is expected that KPMG will commence field work on 31 August 2015 with the expected sign off date being 31 October 2015.

Annual Report 2013/2014

The Secretary confirms that the annual report was approved and signed off (on 08 June 2015) by all relevant parties and the required number of copies would be provided complete with the Financial Statements to the Ministry for tabling in the Legislative Assembly before the end of the week of 15 June 2015.

2015/2016 Budget Process

The Chairman noted that the Secretary will meet on 19 June 2015 with senior members of the Water Authority, inclusive of supervisors and other management to present the Authority's 2015/2016 budget, in order to provide a high level plan for the up and coming fiscal period as well as allow for employees to ask questions, etc. It is expected that this meeting will conclude the 2015/2016 budget planning/submission process.

Review Options to Pay-off Outstanding Debts - The Chairman reported that in preparation for this proposal the Authority explored early repayment with FCIB and was informed that upon maturity of the current LIBOR notes on 15 July 2015 there would be no penalty for early repayment. The Treasury department was not formally notified, however it is the expectation that they would welcome early repayment and OCL will be contacted as well.

* Redacted under section 18(1) and 21(1)(b) of The Freedom of Information Law (2015 Revision)



Should the Authority find itself with excess funds in the future it could be argued that lump sum payments be put on the LIBOR notes as they become due and before they are rolled into new notes.

In summary – until the formal position of OCL is confirmed it is difficult to chart a path forwards. The Board may want to discuss the conceptual framework under which to settle the outstanding debt, so that once full information is available a relevant proposal can be presented; however at this time the Authority's management recommended that no formal decision be made until all repayment options are known. The Chairman also noted that it is recommended that a sufficient (but not excessive) cash balance be maintained in order to ensure the financial independence and flexibility of the Authority.


* Redacted under section 18(1) and 21(1)(b) of The Freedom of Information Law (2015 Revision)



Public Service Pension Board (PSPB) – The Chairman reported that the Authority has not had any formal communication regarding the release of the information that will be sent to Mercer for the annual actuary valuation. The Authority's expectation is that this will take place in early July 2015.

Insurance for 2015/2016

The Chairman reported that the Financial Controller met with BritCay on 10 June 2015 to provide the remaining information, renewal confirmation was received on 15 June 2015. The Secretary is pleased to inform the Board that the Authority's premium on the Wastewater Treatment Plant dropped from 1.80% to 1.45% and all other locations including the special vehicles from 1.95% to 1.55%. * Redacted under section 21(1)(b) of The Freedom of Information Law (2015 Revision) 15%. T



Payment in its entirety will be initiated in early July 2015 to avoid having a "prepaid" on the 30 June 2015 audited financial statements. The comprehensive insurance renewal process for the Authority for the 2015/2016 fiscal period is now complete.

f) Cayman Water Company (CWC) Negotiations Update.

The Chairman advised that the 13th extension of Cayman Water Company's ("CWC") licence to produce and supply potable water to the exclusive franchise area consisting of West Bay Road and the district of West Bay will expire on 30 June 2015.

As the negotiations have not yet been completed, it is therefore necessary to further extend the licence issued under The Water (Production & Supply) Law 2011 in order to allow the negotiations to be finalised. Progress is being made on the Water Authority's RCAM implementation documentation which will be mirrored in the CWC licence however this will not be completed by 30 June 2015.

The Chairman advised that the Secretary was respectfully requesting that the Board consider recommending to Government that Government grants CWC an amendment to their licence to process Seawater to Water for sale and to distribute and sell Water by means of pipes for an additional 6 months, that is, until 31 December 2015 or a date determined by the Honourable Minister of Planning, Lands, Agriculture, Housing, and Infrastructure (PLAHI). This extension is required to ensure that CWC is operating within the stated law.

After discussions the following resolution to approve the amendment to the Licence for an interim extension of CWC licence to produce potable water from seawater was moved by Mr J Gill, seconded by Ms T Mortimer and passed unanimously:

It is hereby resolved that the Water Authority recommends to Government that an Amendment to the Licence dated 11 July 1990 To Produce Potable Water From Seawater be granted to Cayman Water Company Limited (CWC) by the Government under the Water Production (Production and Supply) Law 1979 (1996 Revision) to allow for an extension until 31 December 2015 or a date determined by the Honourable Minister of Planning, Lands, Agriculture, Housing & Infrastructure. The Water Authority further authorises Mr John Lenuel Hurlston CVO MBE JP, Chairman and Mr James Gill, Board Member to sign the Amendment of the Licence on behalf of the Authority.

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* Redacted under section 19(1)(a) of The Freedom of Information Law (2015 Revision)



* Redacted under section 19(1)(a) of The Freedom of Information Law (2015 Revision)



h) **Miscellaneous Updates.**

a) *In-House Pipelaying Crews* - The Chairman reported that the New Works pipelaying crew had completed the installation of the 12-inch diameter pipeline in Red Gate Road, from the Owen Roberts Airport to the Red Gate compound on 22 May 2015. After testing and disinfection was completed; all customers were connected to the new pipeline on 16 June 2015. Approximately one week of work was lost due to exceptionally heavy rains.

b) *Water Supply Division* - The Chairman reported that approximately 1,500ft of the first section (Cemetery to Gun Square) of the BT pipeline replacement project had been installed by Operations WS, despite delays due to heavy rains during the first week in June 2015. It is anticipated that this phase will be completed during the week of 22 June 2015 and all customers connected to the new pipeline by the end of the month.

It was originally planned that phase 2 would immediately follow completion of phase 1. However, due to issues with the Lower Valley RO Plant, the North Side RO Plant must now provide the additional water production for the residents in Lower Valley and Prospect, but this cannot occur due to the flow restriction through the 4" pipeline in Condor Rd (Anton Bodden Road has a 12-inch main). Consequently the RO Plants in George Town (Red Gate and North Sound) have to be operated at maximum to meet the demand. It was decided to end the upgrade works at Gun Square for now so as to return the coastal 12" main to service as quickly as possible, thereby improving flows westward, and building up water storage. It is planned to commence phase 2 in early 2016.

- c) **Red Gate Admin Building Internal Painting** - The Chairman reported that the contractor Paint Pros Ltd commenced the contract for the internal painting of the Authority's Administration and Operations buildings on 11 May 2015. Nearly all work was completed (except for the Board Room and the Lobby in the Administration Building). It is anticipated that this contract will be completed in early July 2015.
- d) **Red Gate Admin Building Parking Lot Expansion** - The Chairman reported that the Water Authority requested the National Roads Authority (NRA) to take one or more cores of the hot mix asphalt supplied by Island Paving and have them independently tested. However, the NRA was unable to assist as they are in the process of moving their laboratory. After further discussion with the contractor, on 27 May 2015 Island Paving agreed to the following remedial work:
- Reheat all damaged areas, and then install and fully compact new asphalt in these areas.
 - Monitor the entire new car park for additional and/or reoccurrences of damage for a period of four months, and repair as indicated earlier.
 - Following the end of the four-month period, and if no re-occurrence of the problem appears, an additional three-month period of observation.
 - Once this period has elapsed, the entire car park will be seal-coated and re-stripped, at which time the one-year warranty period will begin.

On 03 June 2015 the remedial work on the expanded car park was carried out by Island paving.

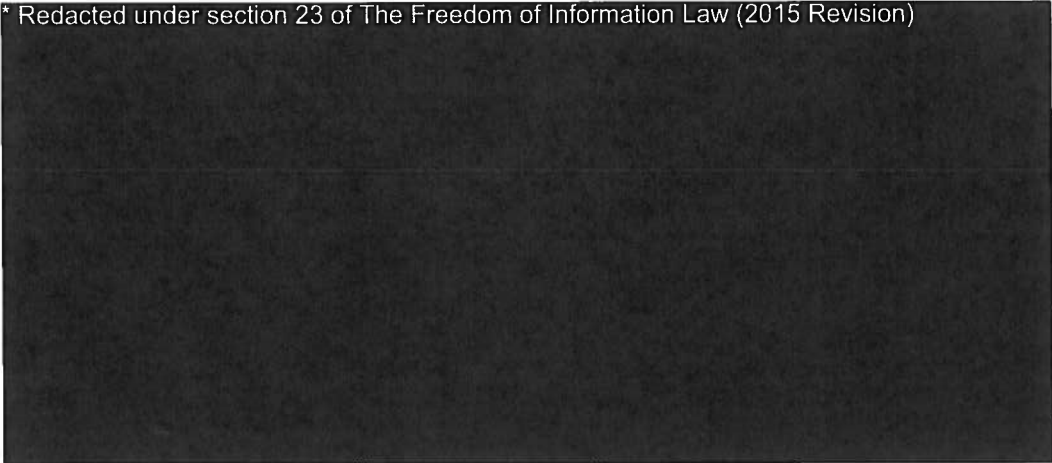
- e) **Wastewater Division** - The Chairman reported that during the month of May 2015 the design hydraulic capacity of the plant (2.5 mgd) was exceeded for 29 days. The average daily influent was 2.82 mgd (or approximately 113% of design capacity). This daily average influent was approximately 11.4% less than the average influent measurement during the same period last year (3.18 mgd).

Campbell's Welding and Construction Services completed the construction of the access platform around the elevated emergency generator by the end of May 2015. During the week 08 June 2015, Watler's Metal Products commenced the installation of the new membrane roofing to the Utility Building. This work should be completed later this week.

The Engineering Services Department is reviewing the returned tenders for the sewer force main replacement contract. A tender evaluation report will be prepared and presented to the Water Authority Board. The cost of this sewer force main replacement project is included in the 2015/2016 Budget, and actual work is not expected to commence until September 2015.

- f) * Redacted under section 23 of The Freedom of Information Law (2015 Revision)
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* Redacted under section 23 of The Freedom of Information Law (2015 Revision)



- g) *Update of Specifications for Effluent Disposal Wells* - The Chairman reported that from the inception of the Water Authority it has provided specifications for the installation of effluent disposal wells. These specifications have always included a requirement that the effluent disposal well is grouted. Grouting of the well achieves a watertight seal between the borehole and the cased portion of the well, so that effluent enters the subsurface in the open section of the well below the casing. By installing a proper grout seal, the treated effluent from onsite septic tanks or onsite wastewater treatment plants is disposed at the required depth below the ground surface so that it does not affect public health, fresh water lenses are protected from contamination and the impact of effluent on the environment is minimised.

The Chairman noted that the Authority is aware that some of the well drilling companies may not follow proper grouting procedures of effluent disposal wells and now that the Water Resources and Quality Control Department is strengthened with an Inspector-Trainer for Onsite Wastewater Treatment, there is an opportunity to improve inspections. In reviewing the drilling and grouting methodology of the 3 drilling companies in Grand Cayman it has been determined that the grouting methods differ substantially between the 3 companies, the Authority is concerned that some of these practices are substandard to achieve a proper grout seal. As a result, discussions have been held with the 3 companies to get a good understanding of the methods and materials that are used to grout effluent disposal wells. This has resulted in the preparation of a more detailed specification for effluent disposal wells. Currently the specification is in draft form; it has been discussed with the well drilling companies, for their feedback so that when the specification is finalised they are prepared for the requirements. The specification will assure that a minimum standard is applied that assures proper grouting of effluent disposal wells. The well drilling companies have requested that when the specification is finalised and introduced, the Authority informs the public accordingly as the new specification may result in a price increase to install effluent disposal wells.

Once the specification is completed, it will also be discussed with Scott Development, the only company that installs effluent disposal wells in the Sister Islands, with the aim that they follow the standard in the Sister Islands.

h) Complaints Commissioner – Wastewater Disposal on Private Property -

The Chairman reported that further to the information provided at the previous Board meeting, the investigator of the Office of the Complaints Commissioner (OCC) met on 21 May 2015 with staff from the Water Authority, Department of Environmental Health (DEH) and the Department of Planning regarding the complaint from [REDACTED] that for the last ten years wastewater was being discharged on her property at [REDACTED].

[REDACTED] Her complaint was that she had reported this issue to these three agencies and that the matter had not been resolved. The wastewater that comes on her property originates from a dwelling spread over 2 properties, north of her property.

In the meeting the roles of the three agencies were reviewed and Water Authority and DEH explained that they had investigated the matter and had sent an Abatement Notice (DEH) and a Notice of Violation (WA), but the matter had not been resolved. Also both departments expressed that they had little help and information from Planning. In 2012, Planning approval was granted for an extension of the structure in question without consulting the Authority or DEH. At the meeting the investigator stated that he would take the matter of Planning approval and Planning's role up with the Planning Department. The investigator stressed that the various agencies involved in substandard housing issues needed to cooperate better as it was in the interest of all Government agencies concerned to resolve these issues.

The investigator asked the Authority and DEH to conduct a joint site visit within 2 weeks to review the status quo and follow up with the aim to resolve the situation, he encouraged to apply the tools as provided in the Water Authority Law and Public Health Law (i.e. follow up with enforcement and prosecution, if the matter is not properly addressed).

The joint WA - DEH site visit was conducted on 29 May 2015 and inspection of plumbing and the wastewater disposal system determined that on one property [REDACTED] the septic system was not functioning; the owner has been served with a Notice of Violation and is required to replace the failing septic system with a proper septic tank and disposal well. On the other property [REDACTED]

[REDACTED] the grey water discharge system was not functioning properly and discharges onto the neighbour's property [REDACTED], the owner has been served with a Notice of Violation and is required to ensure that the grey water is routed to the existing septic tank or to a new septic tank. The deadline for compliance with the NOVs has not been reached. If the matter cannot be resolved the Authority will request the Director of Public Prosecution to prosecute this matter as a violation of the Water Authority Law.

* Redacted under section 23 of The Freedom of Information Law (2015 Revision)

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i) Substandard Housing Complex at [REDACTED]

The Chairman reported that on 25 May 2015 the Authority was notified by the Department of Environmental Health about a substandard housing complex on [REDACTED]

[REDACTED] among the list of violations of the Public Health Law was an inadequate wastewater treatment and disposal system (i.e. overflowing septic tank system). The DEH had served an Abatement Notice on 20 May 2015 and asked the Authority to follow up on the wastewater issues. Water Authority staff followed up with a site visit on the same day that the notification from DEH was received, at the site they found an inadequate septic system that was leaking wastewater onto the ground. The owner was sent a Notice of Violation (NOV) to rectify the wastewater discharge. To date the owner has not responded, and although the NOV was sent to the address on the Land Registry, he may not have received it. The Authority will pursue further means of ensuring that he receives the NOV.

Apart from the wastewater issue, the site visit indicated a number of issues that are commonly found at substandard housing complexes and that are a serious threat to the persons living within the complex; photos are available to members to illustrate the following:

- Electrical power supply from a temporary connection, unsafe electrical ducts, electrical cabling and electrical subpanel;
- Inadequate plumbing;
- Burning pits for garbage, presence of garbage, derelict vehicles and unsanitary conditions;
- Poorly supported water tanks (there is no piped water, water is trucked into elevated tanks);
- Crowding of dwellings;
- Overall inadequate construction standard.

Due to the large scale and serious issues at this complex, the Secretary emailed the Chief Officers of the Ministries of PLAHI and the Medical Officer of Health, Director of MRCU, Director of Planning, Director of DEH and copied the email to the Chairman, the Minister of PLAHI and the Premier (responsible for Ministry of Health) on 03 June 2015. The email, in a similar fashion as previous communications regarding the issues of substandard housing, stressed again that these issues are commonplace and that Government has been ineffective at dealing with the issue of substandard housing. It asked that the collective Ministries address the matter of substandard housing as soon as possible. On 05 June 2015 the Director of Planning confirmed that an electrical inspection had been conducted and that CUC's electrical supply had been cut off. However the Authority learned later on that a generator had been installed and that access to the property had been limited by the closing of the access gate. The Medical Officer of Health responded and suggested that the DCFS (Department of Children and Family Services) should take the lead or the Minister responsible. There has been no response from the Ministries.

If the matter cannot be resolved the Authority will request the Director of Public Prosecution to prosecute this matter as a violation of the Water Authority Law.

- j) **Market Adjustment to Water Authority Salary Scales** - The Chairman reported that subsequent to the directive from Cabinet in June 2014 directing no adjustments be done to salary scales in 2013/2014 or in 2014/2015, the Authority received a letter from the Cabinet Secretary advising that Cabinet had agreed for SAGCs to award a CoLA for 2015/2016 providing that the maximum awarded was not more than 3%; that the award would not reduce the net surplus expected; and, the award would be done without seeking budgetary support from CIG during the 2015/2016 fiscal period. The Chairman reported that the criteria were confirmed to the Cabinet Secretary and the Authority will make a long overdue market adjustment to base salaries by 3% effective 01 July 2015.
- k) **Green Throne - Water Saver** - Further to the report on the Green Throne Water Saver at the last Board meeting, the Authority checked the website on 16 June 2015. At the time of checking the website was not available.
- l) **FOI updates** - No new requests were received since the FOI Report dated 20 May 2015 and provided to members last month.
- m) **Public Utilities Commission** - The Chairman reported that there was no new information on this subject.
- n) Redacted under section 19(1)(a) of The Freedom of Information Law (2015 Revision)

Current Business

a) **Management Accounts - May 2015.**

The Chairman reported that the Finance Department had completed a comprehensive review of the Authority's financial position and provided a detailed set of management accounts for the eleven-month period ending 31 May 2015.

Based on estimates for the first eleven months of the 2014/2015 fiscal period, operating revenue continues to be higher than in prior years (3.7% above prior year) but below budget (4.0%). A strong increase is shown in Cayman Brac, with total sales 22.3% higher than prior year.

Operating expenses for the first eleven months increased by 3.2% over prior year, primarily as a result of increased water purchases and repairs and maintenance, however still below budgeted figures by almost 12%. The explanation remains consistent with prior months and is within expectation as

the water sales have increased and the CCTV survey is still in progress. The decrease in the actual versus budget continues to be influenced by the slow progress of the CCTV survey.

Consistent with prior explanations, loan interest is expected to decrease as there are no new borrowings and to be within budgeted expectations. The loan interest figures will be directly affected should the Board decide to settle some outstanding loans.

Administrative expenses for the first eleven months of 2014/2015 continue to be below budget and prior years, 21.4% and 1.6% respectively. The decrease from prior years is reasonable, and consistent with previous explanations. The Authority expects to be below budgeted figures for 2014/2015 as it conservatively estimated legal and professional fees (pending CWC negotiations), bad debt expense (evaluation to be done year-end) and Past Service Pension Liability (2014/2015 unknown).

In summary, the Authority's estimated net income for the first eleven months of 2014/2015 is stronger than prior years and well above expectation. This explanation is consistent with prior months' explanation and continues to be reasonable as there are significant expenses that are expected to be incurred prior to year-end that will directly affect the bottom line, specifically bad debt expense, past service pension liability, audit fees and pending professional fees. Even with the expected up and coming year-end expenses, the Authority continues to be in a very strong financial position, with sufficient cash reserves to continue the CYB extension project, complete the WW CCTV projects, commence administrative remediation projects and meet day-to-day operational and administrative expenses.

b) Customer Request for Bill Adjustment re [REDACTED]

* Redacted under section 23 of The Freedom of Information Law (2015 Revision)

The Chairman reported that on 11 June 2015 the Authority received a letter from [REDACTED] requesting that consideration be given to reducing their water 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 16 December 2014, the customer reported that no water was coming out of the hydrant in question and that assistance was required. On 22 December 2014 during execution of the service order, the Meter Reader could not locate the Water Authority shut-off valve and therefore the matter was referred to the Operations Department. On 29 December 2014 the Operations Department went on site, located the valve but left it in the closed position.

On 03 February 2015 [REDACTED] informed the Authority that as a result of a check by the Fire Department, it was identified that 3 out of 4 the

hydrants on site were not working and required assistance. The Authority's Customer Service Supervisor replied to [REDACTED] advising that the Metering Supervisor would do a check to ensure that all Water Authority valves were functional and open.

On 17 February 2015 the Metering Supervisor and a Senior Meter Reader visited the property and confirmed that the Water Authority's valve was in the closed position for the hydrant in question; the Water Authority's valve was turned to the open position and it was confirmed that the hydrant had water. No movements indicative of a leak were observed.

On 20 February 2015, the meter was read during monthly meter reading; and no issues of possible leaks were identified. The bill issued for the period 07 January 2015 - 20 February 2015 showed a consumption of 434.4 cubic metres resulting in a bill of \$2,882.36.

On 19 March 2015 [REDACTED] complained that the hydrant was still not receiving water; the Authority replied by email that they needed to have a plumber check the customer side plumbing because the Metering Supervisor had yet again visited the property and confirmed that the Water Authority's valve was on and there had been no change in the reading from the February's billed reading.

Subsequently, a letter dated 15 April 2015 was sent requesting that the matter be presented to the Board for consideration of the high bill as [REDACTED] felt it was the Authority's actions were responsible for the high water bill. However on 22 April 2015, there was an email from another person at [REDACTED] indicating that all repairs had taken place on the customer side plumbing of the hydrant and whether the Authority could review the plumbing to ensure everything was in order. The same day the Metering Supervisor met a representative onsite and noted that both the Authority's valve and customer valve were on but the hydrant valve was off; no movements or leaks were identified. The representative informed the Metering Supervisor that a leak had been repaired which was found between the customer shutoff valve and the fire hydrant valve (pictures were taken of new plumbing installed on customer's side). The [REDACTED] representative requested a letter confirming all was in order however she was informed by the Metering Supervisor that this would need to be obtained from whoever carried out the repairs for them e.g., the plumber.

The Chairman reminded members that the Water Authority can only inform the customer of a possible leak when such indication is identified and as no movement on the meter was identified during either visit by the Authority; there was nothing to advise the customer on. At no point did the Authority's staff turn on the customer valve of the customer and leave it on.

* Redacted under section 23 of The Freedom of Information Law (2015 Revision)

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In regards to the claim in the letter from [REDACTED] that one of the Customer Service Representatives promised a report, the Customer Service Manager spoke with the representative who remembered taking the complaint on this matter from [REDACTED]. The Customer Service Representative confirmed that she remembered the lady asking if she could get a report at the end but she informed her that the Authority does not issue reports for those situations. Additionally, the hydrant is not the Water Authority's equipment, it is the customer's therefore the Water Authority would not make repairs to the hydrant. The only work the Authority did at this service address was to locate the Water Authority's valve (which was covered over) and open the Water Authority's valve.

Furthermore, [REDACTED] confirmed to the Metering Supervisor that there was a leak identified on the customer's side, which [REDACTED] had repaired. This contradicts the information provided in [REDACTED] letter in that there had never been any leak on this equipment and his claim that the Authority did repairs that made the matter worse.

As all plumbing downstream of the meter is the customer's responsibility, the bill is valid and payable. This customer needs to pay the bill in question as the issues were on the customer side. Lastly, the Customer Service Supervisor did genuinely believe the matter had been resolved with the customer confirming that a leak had been repaired and that is the reason the matter was not sent to the Board earlier. 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 bill is valid and payable. All plumbing downstream of the meter is the customer's responsibility. The hydrant is not the Water Authority's equipment and no repairs were made to the hydrant by the Water Authority. Members agreed for the Authority to offer a payment plan with waiver of late penalties as usual.

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

* Redacted under section 23 of The Freedom of Information Law (2015 Revision)

The Chairman reported that on 02 June 2015 the Authority received a complaint from [REDACTED] via the Authority's website requesting that consideration be given to reversing late charges because his payment was made online on the due date and confirmed as credited by his bank to the Water Authority's account the same day. 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 the customer claimed that Butterfield debited his account on 21 April 2015 and

* Redacted under section 23 of The Freedom of Information Law (2015 Revision)

credited the bank account at Butterfield for same date however his Water Authority accounts [REDACTED] were not credited on 21 April 2015. The customer is of the opinion because Water Authority's Finance Department takes a maximum of 3 days to process a payment receipt into the Water Authority's accounting system is not justification to not give same day value of payment. In his opinion, such process is an internal finance function and if backlogged, payments should still be posted for same value date as received in Authority's account at the bank.

The customer expressed that in his opinion it is not the correct practice to charge a penalty to a customer where payment has been received into Authority's bank account on the payment due date and stated that the practice of 3 days processing is unfair.

The Customer Service Manager informed the customer of policy of the 3 days processing for payments made via a 3rd party after first confirming exact wording of reply with Financial Controller. The customer requested that his concern be brought to the Board.

The Chairman advised that the Authority has historically required the processing period of 3 days for payment application where payments were not made directly at Authority between the 18th and 21st of each month. Payments are only credited to the customer's account after confirmation of payment established by way of bank statement. This is usually payment value plus one day but the processing period is officially a maximum of 3 days.

The Chairman noted that this policy is stated on the Authority's website. However, each month there are a few complaints by customers who may miss the deadline. The Secretary recommends that the Financial Controller be requested to review business practice of other local utilities/service providers with regards to the 3-day processing time and prepare a report with justification/recommendations to the Board.

The Secretary respectfully sought the Board's decision on the request from the customer to reverse the charges of \$20.98 and \$1.25 and that the 3-day processing requirement is reviewed.

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Members agreed that the customer should be advised that they reviewed the request and decided not to reverse the charges as these were applied in accordance with the Authority's policy. However, the members agreed to review the policy with regards to the 3-day processing time for payments made via a 3rd party in conjunction with best business practices.

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

The Chairman reported that an email was received on 21 May 2015 from [REDACTED] regarding her concerns and requesting that consideration be given to reducing her water 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 21 January 2015 during the Fail Audit Check process for the January meter reading cycle, the Meter Reader identified a possible leak on the customer's side; there was slow movement on the meter dial. No one was found at the property, therefore the meter reader left a door hangar and contacted a Customer Service Representative to see if the customer could be contacted and informed. The Representative tried to contact the customer at her workplace but as the customer was unavailable a voice mail was left and later an email was sent to the email address obtained from the customer's secretary. The customer acknowledged the email the same day.

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The January 2015 bill reading issued for the period 05 December 2015 - 21 January 2015 showed usage of 121.3 cubic metres with the bill totalling \$794.59. On 10 February 2015, the customer's plumber, [REDACTED], requested assistance as he thought that there was a leak on the Authority's side. On 11 February 2015, a Meter Reader went onsite and indeed identified that at that time there was a leak on Authority's side in the PE elbow which is before the meter; the repair was carried out. The customer was informed on 12 February 2015 that a leak on the Water Authority's side of the meter had been repaired but that this would not have impacted the meter readings as it was before the water entered the meter.

The February 2015 bill reading issued for the period 21 January 2015 - 13 February 2015 showed usage of 21.7 cubic metres with the bill totalling \$134.14.

The customer subsequently requested that the matter be referred to the Board as she does not think that she should pay the January bill as her bill went back to normal after the leak was repaired on the Authority's side of the meter. The customer has since turned off the Water Authority's valve and not used any water as the meter shows zero usage.

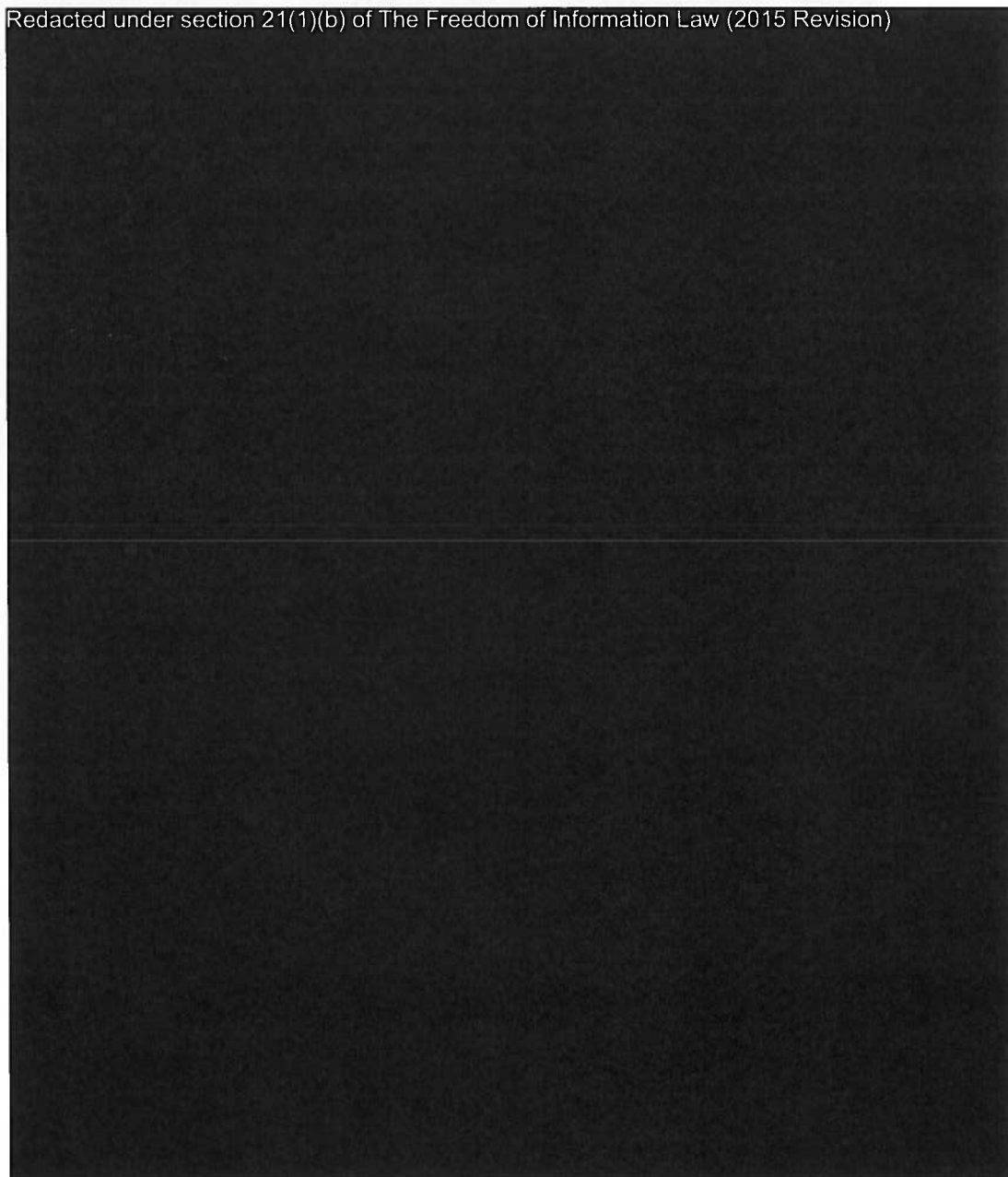
In summary, movement on the meter dial was identified on 21 January 2015 which was indicative of a possible leak on the customer's side and the customer was informed. While on 11 February 2015 there was a leak before the meter, it was made clear to the customer that this leak would not have registered on the meter as it occurred before the meter. The customer was informed of this fact on 12 February 2015 via letter and subsequent emails, however she continues to claim the bill in question is not hers. The bill is valid and the customer needs to pay the bill.

The Secretary respectfully sought the Board's decision on the request from the customer.

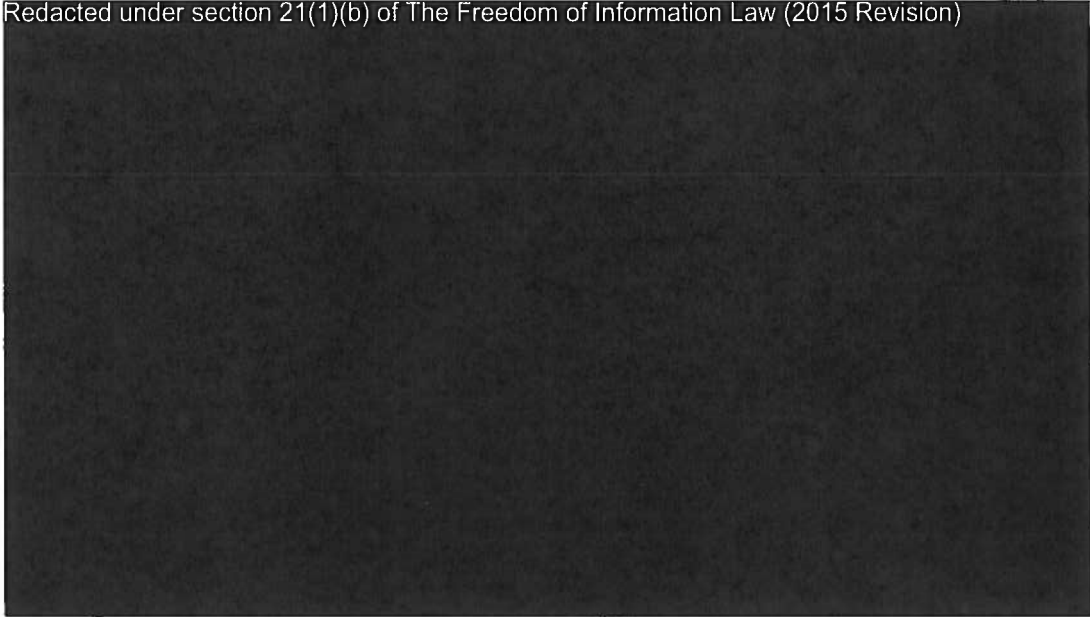
Members agreed that the customer should be advised that they reviewed the request and decided not to discount or waive the bill as the Authority's records show that the bill is valid and payable. All plumbing downstream of the meter is the customer's responsibility. The leak that occurred prior to the meter on the Water Authority's side could not impact the customer's meter readings as it was before the water entered the meter. Members agreed for the Authority to offer a payment plan with waiver of late penalties as usual.

e)


Redacted under section 21(1)(b) of The Freedom of Information Law (2015 Revision)



Redacted under section 21(1)(b) of The Freedom of Information Law (2015 Revision)



Any Other Business

- a) * Redacted under section 23 of The Freedom of Information Law (2015 Revision)
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Donation Requests

The Chairman advised that the Sponsorship Assessment Sub-committee will meet after the Board meeting to deal with the following requests for assistance:

- a) Cayman Islands Flag Football Association - CI National FF Teams Tournament in Atlanta July 2015.
- b) Positive Intervention Now (PIN) St. George's Anglican Church - After School Programme.
- c) West End Primary School PTA Annual Talent Show - Cayman Brac.
- d) Global Hospitality and Business Consultancy Services (GHBC) - Fiona Samuels - Sponsorship for the Security Management International Certification UK.
- e) United World College - Short Summer Programme 2015.

There being no other business the Chairman thanked members and the meeting was adjourned at 3:54pm.

This is a true and accurate account of the proceedings.



The Chairman



The Secretary

