

CONFIDENTIAL



Water Authority of the Cayman Islands

Minutes of 265th Meeting held on 10th of December 2015

Members Present:

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

Call to Order

The Chairman welcomed members and called the meeting to order at 1:32pm after ascertaining that there was a quorum. He acknowledged apologies from Ms T Mortimer and Ms R Sharma, and then proceeded to offer a special prayer and subsequently declared the meeting open.

Confirmation of Minutes of the 264th Meeting held on 14th October 2015

The Chairman asked for confirmation of the Minutes of the 264th Meeting held on 14th October 2015. Mr H B Ebanks moved the motion to accept the Minutes as amended, Mr A Wright seconded the motion and the motion passed unanimously.

Declaration of Conflicts of Interest

The Chairman noted that in the past he was a Director of one of the companies whose water account was listed for consideration for write-off. Mr A Wright noted that he is a member of the Lions Club requesting sponsorship.

Matters Arising

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

The Chairman reported that on 23 November 2015 the contract for the installation of the external feedwater pipework at the Lower Valley RO Plant was awarded, after public invitations to bid, to JML International Ltd in the amount of \$51,150.00, This was the only proposal submitted. It was expected that all materials (HDPE pipe and fittings) and (butt-fusion) equipment would be on island before the end of this calendar year, and construction would commence in the first week of January 2016, with completion anticipated before the end of January 2016. However, JML provided their first submittal on 02 December 2015, and unfortunately most of the information provided did not meet the specification or drawings. A revised submittal was submitted on 07 December 2015 which provided more information. The Authority is awaiting another submittal covering some remaining minor items. The contractor indicated that the delivery for the various items is 6-8 weeks from the date of the approved submittal. This will result in the pipework being installed in late February 2016.

The Chairman reported that during the week of 07 December 2015 new underground electrical conduits were installed between the RO building and each of the three feed water wells. It is expected that during the week of 14 December 2015 new electrical cables will be installed.

The three new submersible feed water pumps arrived on island in late November 2015.

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

The Chairman reported that due to delays with police clearance records for two of the three US Sewer & Drain staff members, the temporary work permits were not approved until 30 October 2015. The contractor remobilised on 05 November 2015, and after sorting out various mechanical issues with its equipment, the contractor resumed work. The Contractor's staff left Cayman for the American Thanksgiving period and resumed work on 30 November 2015.

To date only 3 pipeline sections (out of 7 outstanding, undisputed pipeline sections) have been completed.

In view of the above nearly all of the remaining work on this project should be completed by Christmas, and the contract should be finalised in late January 2016. That is, if all works as expected.

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

The Chairman reported that the pipelaying crew returned to Cayman Brac on 23 November 2015. For the remainder of 2015 (up to Christmas) the pipelaying crew will concentrate on completing the outstanding service connections, the installation of valve box covers and the temporary reinstatement of affected roads.

The Chairman noted that the asphalt plant in Cayman Brac is back up and running and currently roads are being paved throughout Cayman Brac. The Water Authority will formally request for a cost estimate to reinstate the roads affected by the trenching operations.

Most of the materials required for the next phase of this project (up to Faith hospital) were shipped to Cayman Brac from Grand Cayman in late October 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 last (currently up to the West End Primary School) and next (up to Faith Hospital) Phases of the Cayman Brac Piped Water Expansion Project. The current approval expires on 31 December 2015. There were 62 new connections made during the last 6-month period. Mr C Randall moved and Mr H B Ebanks seconded the motion to extend the period for the waiver of connection fees in the main and side roads in the areas as requested until 30 June 2016. The motion passed unanimously.

West End Water Works

The Chairman reported that an additional storm water disposal well was constructed as planned on the site in late October 2015. On 22 November 2015 Scott Development Co Ltd installed the larger (10" diameter) diameter feed water well (100 feet total depth) at the West End Water Works site. This second feed water well was completed later the same week and new pipework installed between the feed water well pump and the two feed water wells. The RO Plant is operating much better with the resulting higher feed water pressure.

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

The Chairman reported that OCL had completed most of the work on the capital refurbishments of the North Sound RO Plant. The main outstanding item is the refurbishment of the second high pressure pump rebuild. This will

not be done until March 2016 due to the turnaround time from Flowserve, the pump manufacturer that will rebuild the worn rotating assembly.

During the upgrade water production was interrupted from time to time, thus reducing the overall water production capacity. In spite of these water production interruptions the Water Authority has been able to maintain adequate water storage volume, even with the Lower Valley RO plant temporarily out of service.

The Secretary noted that the Water Authority recently interviewed for the Water Production Engineer position and an offer was made.

e) West Bay Beach Sewerage System (WBBSS) Force Sewer Main Installation Project - Update.

The Chairman reported that the contractor for the sewer force main replacement contract Wharton-Smith, Inc provided the various submittals for materials and these have been approved. All materials and equipment should be on island before the end of the calendar year. Actual construction will commence on 04 January 2016. The whole of the Works must be completed on or before 09 May 2016.

f) 30 June 2015 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 the 2013/2014 island statements were approved and signed off via round robin on 25 November 2015.

Annual Report 2013/2014

The Chairman reported that the complete 2013/2014 annual report was tabled in the Legislative Assembly at the October 2015 sitting.

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

Consolidated Financial Statements

The Chairman reported that the audit of the consolidated statements was smooth; the statements were approved via round robin and signed off on 29 October 2015 easily meeting the PMFL deadline of 31 October 2015. The Authority has received the Management Letter from KPMG and will draft a response for the January meeting.

Divisional Financial Statements

The Chairman reported that the divisional statements for the period ending 30 June 2015 for Water, Wastewater and Statutory divisions and related


documents were approved via round robin and signed off on 25 November 2015.

Island Financial Statements

The Chairman reported that the 30 June 2015 financial statements for the islands (GCM and CYB) are being worked on by KPMG and the Water Authority. Upon their completion they will be sent around for Board approval via Round Robin. All parties involved are optimistic that this will be before the end of the calendar year.

Mr J Gill requested that KPMG be reminded that individuals comprising the Water Authority Board should be referred to as members and not directors.

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



Public Service Pension Board (PSPB)


The Chairman reported that the parties involved (KPMG, PSPB and WA) were able to come to an agreement on the information provided for the Mercer report and were able to get a final report in time to complete the 2015 audit and remove the qualification from the audit report. There were some minor discrepancies in the data provided, however as it was a roll-forward year, no

new data was provided to Mercer and any modifications will be done in the current year as new data is provided. The final report was received on 30 October 2015.

* 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)



g) Cayman Water Company (CWC) Negotiations Update.

The Chairman reported that since the initial meeting to resume licence negotiations with Cayman Water Company on 11 September 2015, the Authority and CWC held several meetings to review and discuss the draft licence. The last meeting was held 09 December 2015. The meetings focussed on the rate structure, in particular the Rate Cap Adjustment Mechanism (RCAM) and performance standards. CWC's team raised various issues with the provisions as proposed by the Authority. The discussions are progressing and some agreement has been reached on the rate structure issues; however there remains a lot of ground and detail to be covered.

Both parties have agreed to focus on the financial and related technical aspects as that proved to be the hardest part in earlier negotiations. The view of both sides is that if the financial aspects can be worked out the legal and contractual aspects can be addressed later on with the involvement of lawyers. However this process is not expected to be completed within the next few weeks. As a result it will be necessary to extend the interim licence for an additional period. The Authority's recommendation is for a 3 or 6 month period. The Chairman requested that the Water Authority prepare a briefing to the Honourable Minister to update him on progress with the CWC negotiations to date.

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 3 months, that is, until 31 March 2016 or a date determined by the Honourable Minister of 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 A Wright, seconded by Ms A Owens 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 March 2016 or a date determined by the Honourable Minister of Planning, Lands, Agriculture, Housing & Infrastructure. The Water Authority further authorises Mr John Lemuel Hurlston CVO MBE JP, Chairman and Mr James Gill, Board Member to sign the Amendment of the Licence on behalf of the Authority.

h) Rate Cap Adjustment Mechanism (RCAM).

The Chairman reported that there was no further update on this matter.

i) Public Utilities Commission (PUC) – Update.

The Chairman advised that on 08 December 2015 a meeting was held at the Government Administration Building by the Ministry of PLAHI for ICTA, ERA and WA Board to provide insight in the process to establish a Public Utilities Commission (PUC), which will be the economic regulator of the water, wastewater, electricity, IT and fuel sector. This matter has also been discussed at previous Board meetings, and the Authority's Chairman and management have been involved in ongoing discussions with the Ministry and its Chief Strategic Advisor about the establishment of the PUC, In the course of these discussions the Authority has received several papers prepared by the Ministry that outline the transition of the Authority's regulatory role of the water and wastewater sector to the PUC.

To clarify its views the Authority prepared a position paper on the transition of its utility regulatory functions to the PUC. Members were provided with a copy of the position paper. The Authority supports the formation of the PUC; however it has some reservations about the transfer of all the Authority's regulatory duties for the water and wastewater sector. This position is based on the Authority's track record and how its role as regulator of the sector has evolved over the last 30 years. The Authority's current regulatory functions are determined in the Water Authority Law, the Water Production and Supply Law and the Wastewater Collection and Treatment Law. The Water Authority has fulfilled a crucial role in the development of the water and wastewater utility sector in the Cayman Islands and since 2011 it has been the full-fledged regulator of the sector. The Authority is of the view that careful consideration needs to be given to the specifics of transferring the Authority's regulatory role to the PUC. The position paper, in summary states:

"The Authority's overall comment is that the PUC appears to assume all utility regulatory functions of the Authority while the Authority's functions as water and wastewater utility and regulator of water resources are preserved. This does not recognise the Authority's role under the Water Authority Law as sole provider of water and wastewater services and its role as primary advisor to Cabinet on all matters relating to water and wastewater. Whereas the Authority fully supports the formation of the PUC as the economic regulator

of the water and wastewater sector, it is of the view that the Authority should retain its role in advising Cabinet on matters relating to water and wastewater."

The Chairman reported that the Ministry was advised of the Board's decision on the request for funding in the amount of \$30,000 as a contribution from the Water Authority to cover the cost of employing Mr J P Morgan (Chief Strategic Advisor) as civil servant for another 4-6 months. The Secretary confirmed that the Water Authority received the Cabinet directive regarding the funding on 10 December 2015 and it will be paid upon being invoiced by PLAHI.

j) Miscellaneous Updates.

a) *In-House Pipelaying Crews* - The Chairman reported that in late October 2015 the new pipeline in the proposed link between Smith Road and Elgin Avenue was commissioned.

On 24 November 2015 the New Works pipelaying crew completed the installation of just over 800 feet of 3-inch pipe in Schoolhouse Lane, Breakers.

In late November 2015 the New Works pipelaying crew resumed work on the replacement of nearly 4,000 feet of 6-inch diameter pipeline in Mahogany Way. It is anticipated that when the crew will break for the Christmas period (21-31 December 2015), approximately one third of the work will have been completed (up to Orange Drive).

b) *Water Supply Division* - The Chairman reported that on 17 November 2015 Operations WS completed the replacement of approximately 1,300 ft of 4-inch pipe in Fairview Road.

During the week of 01 December 2015 Operations WS completed the installation of approximately 200 feet of 6-inch pipe in Owen Roberts Drive (near the Old Cayman Airways Building) to accommodate a new access road to the airport (which is part of the airport project).

Operations WS now continues to patch roads at various locations.

c) *Wastewater Division* - The Chairman reported that during the months of October and November 2015, a period of 61 days, the design hydraulic capacity of the plant (2.5 mgd) was exceeded for 55 days. The average daily influent was 2.70 mgd (or approximately 108% of design capacity). This daily average influent was nearly identical to the average influent measurement during the same period last year (2.71 mgd).

d) *Laboratory Audit* - The Chairman reported that on 25 November 2015 the American Association for Laboratory Accreditation (A2LA) confirmed that the Laboratory had successfully completed the external laboratory audit and that the accreditation had been renewed for 2 years, ending on 30 November 2017. The Authority is very happy with this news, as the requirements to maintain accreditation are of a high standard and the accreditation is an independent approval that the testing carried out by the Water Authority Laboratory is accurate, reliable and meets stringent

criteria. Congratulations to the Laboratory staff and especially to the Laboratory Manager, Marcela Martinez-Ebanks, who ensures that the lab functions so well.

The annual internal Laboratory audit was conducted by Dr Jennifer Clancy on 10-11 November 2015. The annual internal audit is mandatory under the laboratory's accreditation process of the American Association for Laboratory Accreditation (A2LA). Dr Clancy found a limited number of deficiencies to which a response needs to be provided in 30 days. The Laboratory has completed the response.

- e) *Geology Education Week 12 - 16 October 2015* - The Chairman reported that as noted at the last Board meeting, the third annual Geology Education Week took place from 12-16 October 2015. This year was again a great success with a lot of positive feedback from high school teachers and students. The week is organized by Dr Brian Jones and the Authority, and consisted of a one day geology course in Grand Cayman for high school teachers, geology lessons for high school students, a public lecture organized with the National Trust and a one-day geology field trip to Cayman Brac for high school teachers. The geology text book "*Origin of Carbonate Sedimentary Rocks*" prepared by Dr Brian Jones and his colleague Dr Noel James was been presented to the Education Councillor Mr Winston Conolly and to every school that participated in the week. The various activities of the week were well covered in the media.
- f) *FOI updates* - The Chairman reported that two new requests were received as noted in the FOI Report dated 07 December 2015.
- g) *Public Authorities Bill (PAB) Consultation Process* - The Chairman reported that there was no further update on this matter.

Current Business

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

The Chairman reported that with the successful completion of the 30 June 2015 audit the Authority was able to close the 2015 year end and transfer focus to the 2015/2016 fiscal period.

Based on estimates for the first four months of the 2015/2016 fiscal period, operating revenue continues to be higher than in prior year (2.0% above prior year) but below budget (9.3%). A strong increase continues to be shown in Cayman Brac, with an increase of 18.5% above that of last year and 13.1% above budget. The majority of the increase in the Brac continues to be attributable to the increase in trucked water sales.

Operating expenses for the first four months decreased by 4.6% over prior year, primarily as a result of decreased water purchases/production costs

(decreased energy costs and also lower purchases from the North Sound plant), and 18.1% lower than budgeted.

Loan interest will continue to decrease over prior year with the monthly debt resettlement and no new borrowing. It is expected that this figure will continue to drop as loan balances reduce.

Administrative expenses continue to be below budget (31.4%) but slightly higher than prior year (4.2%). The increase from prior year is reasonable as there was a COLA given in July which would adjust salaries and in tandem the pension expense reflected in staff training and benefits.

In summary, the Authority's estimated net income for the first four months of 2015/2016 is stronger than prior year and well above expectation. Even with the expected up and coming expenses the Authority continues to be in a very strong financial position, with sufficient cash reserves to continue to meet debt obligations, to continue the Cayman Brac extension project, complete the Wastewater CCTV projects, continue administrative remediation projects and meet day-to-day operational and administrative expenses.

b) Water Supply Concession - Little Cayman Beach Resort.

The Chairman reported that at the June 2015 meeting the Board advised Cabinet in accordance with the Water (Production and Supply) Law on the application of Little Cayman Beach Resort (LCBR) for a concession to produce and supply water. The Board recommended granting the concession for an initial period of 10 years with the option of renewal in 5 year periods on the condition that the Authority has not established a water distribution system in Little Cayman. The Board further recommended applying a royalty and that LCBR pays the outstanding royalty.

The Authority received communication from the Ministry that Cabinet granted approval for the Authority:

1. to grant a new licence to LCBR;
2. to issue a 10 year concession for production and supply of potable water restricted for use within the development or temporary supply to others as approved by the Authority. The concession is for two periods of 5 years with the opportunity for LCBR to extend the licence if the Authority is unable to supply the development with potable water subsequent to the licence expiration;
3. to temporarily suspend royalty collection and for the Authority to keep Cabinet apprised of this situation, through annual reports of their review of the water access and development issues in Little Cayman so Cabinet may adapt or revise policy accordingly; and
4. to collect outstanding royalties.

The Chairman reported that the Authority has asked the Ministry for clarification on point 3, as it is not clear what the expectations are for reporting on water access and development issues in Little Cayman.

The Authority will do a site visit in Little Cayman to get an understanding of the current operation of the plant and arrangements to supply others outside of LCBR. This will be followed by commencing the drafting of the licence and the concession.

c) **Water Supply Concession – Neil Cruickshank.**

The Chairman reported that the Authority received communication from the Ministry that Cabinet at its meeting on 15 September 2015 had granted approval to instruct the Authority to grant a licence to farmer Mr Neil Cruickshank to produce approximately 100 gallons of non-potable water per day solely for his farming requirements as per section 15(2) of the Water (Production and Supply) Law, 2011 (WPSL). Upon receipt of this communication the Authority determined that per section 15 (2) (a) of the WPSL the production of water in quantities of one hundred gallon or less in any one day is exempt from the requirement of a concession under the WPSL.

When Mr Cruickshank came in to the Authority to discuss the project and to apply for the licence for groundwater abstraction and a permit to dispose of the brine, he informed the Authority that his need will be between 100 and 1,000 gallon per day. He was informed that this volume does not fall under the exemptions in the WPSL, thus per section 4 of the WPSL Cabinet has to consent to a concession and if so granted, the Authority will have to prepare the licence.

The Chairman reported that this matter was before the Board to provide advice to Cabinet in accordance with section 4 (2) of the WPSL. Considerations for Mr Cruickshank's request are that the plant will be located on Block 3D Parcel 140, a property located on the north coast of West Bay at the junction of Birch Tree Hill Road, Conch Point Road and Andresen Road. This is within the franchise area of Cayman Water Company. Under CWC's licence they have the exclusive right for the production and supply of potable water within their franchise area. Mr Cruickshank's intended production is for non-potable use, so he will not infringe on CWC's right. The water will be used on the property for horticulture and agriculture.

The Authority's management recommends that the Board advises Cabinet to grant Mr Cruickshank a concession under the WPSL to produce a maximum of 1,000 US gallon non-potable water per day for agricultural and horticultural use on Block 3D Parcel 140. It is recommended that the concession is granted for an initial period of 10 years with the option of renewal, provided that at the time of renewal the production is not in contravention of the Water (Production and Supply) Law, 2011, or any law in effect at the time that

regulates the production and supply of water. It is further recommended that in light of the scale and purpose of the water production no royalties are applicable to the initial 10 year licence period and that royalties will be re-assessed at the time the concession is renewed.

Members discussed the request and agreed to management's recommendation to advise Government to grant a concession to Mr Neil Cruickshank to allow an RO Plant of up to 1000 US gallons per day capacity for two 5-year periods.

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

The Chairman reported that on 02 December 2015 the Authority received a letter from [REDACTED] requesting that consideration be given to reversing late charges on his water bill. A copy of the correspondence and the report from the Customer Services Department was provided to members.

A review of the account based on the customer's request was undertaken and the Authority's findings are that account [REDACTED] was disconnected on 22 June 2011 upon the customer's request due to a "move out". The balance on the account at that time was \$421.47. The new owners of the property came in the same day and transferred the account in their name.

In April 2012, the Water Authority changed billing software and as no payments had been made since the disconnection request in June 2011, the account balance on 06 April 2012 was \$474.78 which including 8 months of penalties.

Late fee penalties for one year totalled \$75.11. Subsequently, the account accumulated additional late penalties of \$247.60 through to December 2014. Due to non-payment the account balance was transferred to an active account [REDACTED] of the customer on 20 January 2015. Subsequently on 02 December 2015 the customer signed a payment agreement to bring his current account up to date. The customer requested that the Board give consideration to waiving the \$247.60 of penalties that accumulated after one year of the account being closed. The Secretary respectfully sought the Board's decision on the request from the customer.

Members agreed that the customer should be advised that they reviewed the request and decided to waive the late fee penalties (\$247.60) as requested by the customer. This is in consideration that the fees accumulated after one year of the account being deemed inactive and out for collection.

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

- [REDACTED] -

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

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The Chairman reported that on 07 October 2015 the Authority received a letter from * [REDACTED] requesting that consideration be given to allowing his bill to be averaged for the 3 months of bills in dispute. A copy of the correspondence and the report from the Customer Services Department was provided to members.

A review of the account based on the customer's request was undertaken and the Authority's findings are that a bill for \$271.86 was issued for the month of August 2001. On 18 September 2001 the customer was notified of a leak on the customer's side of the meter. A bill of \$688.92 was generated for the month of September 2001. The customer was notified on 11 October 2001 that the meter reading was correct.

The customer requested that the meter be removed for testing. The Authority's records show that the meter was removed and a new meter was installed with a different serial number. The customer's October 2001 bill was \$383.13. On 27 February 2002 the customer requested that the account be disconnected and at this point the account balance was \$1,407.57.

It was not until 30 July 2002 that correspondence was sent to the customer advising that the meter had been tested and was not faulty.

Penalties accrued on the account after one year (25 February 2003) after disconnection was \$261.01. As at 31 July 2005, penalties accrued to \$357.26 for a total account balance of \$1,664.83. After the account migrated to the new billing software in April 2012 an additional \$211.82 accrued on the account bringing the balance to \$1,876.65.

Additionally, the customer makes allegations of a Customer Service Representative telling him in 2001 that Water Authority was going to confiscate his house if he did not pay his bill. This claim cannot be substantiated.

The customer offered to pay the six-month average for the three months in dispute. This average is calculated to be \$106.83 per month; a total of \$328.48. The Chairman noted that members may wish to consider waiving the accumulated penalties beyond one year after the account was disconnected. However the customer was notified of a possible leak on the customer's side. As all plumbing downstream of the meter is the customer's responsibility, the bills in question for August, September, and October 2001 are 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 reviewed the request and decided to waive the late fee penalties incurred one year after the account was closed and out for collection. That is, penalties accumulated after

one year are to be waived. Members also decided not to average the bill for the three months in dispute 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.

f) **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 12 October 2015 the Authority received an email letter from [REDACTED] requesting that consideration be given to allowing her bill to be averaged for the 2 months of bills in dispute. A copy of the correspondence and the report from the Customer Services Department was provided to members.

A review of the account based on the customer's request was undertaken and the Authority's findings are that on 04 August 2015, a fail audit check was conducted on the customer's meter as the reading for July 2015 showed higher than normal consumption. The Meter Reader noted that there was "no leak or movement" identified on the meter. After receiving the July 2015 bill in the amount of \$738.22, the customer states that she called the Customer Service Department sometime during the period of 11-14 August 2015 to request an investigation. The customer is not sure of the exact date the call was made.

The customer subsequently paid the July 2015 bill as she indicated she "may have used the water".

The bill for August 2015 was in the amount of \$516.13 and on 07 September the customer had one of her employees contact the Customer Service Department to inquire about the high August 2015 water bill. She was advised that the fail audit check had been done in August and that there was no problem noted by the meter reader at that time. The customer was advised to call a plumber; the customer indicates that she decided to do this on her own.

On 08 September 2015 the plumber inspected the customer's plumbing and determined that the meter dials were spinning even with the customer's shut-off valve being closed. This indicated that there was a leak between the meter and the customer's shut-off valve. The customer was very upset as she felt that had someone attended to her inquiry when she says the Customer Service Department was contacted during the period 11–14 August 2015, then her August and September bills would not have been so high.

In reviewing this case, the Customer Service Manager reviewed all call records for Customer Service Representatives and no call from the customer can be found during 11-14 August 2015. A search was made for all contact numbers associated with the customer but no results were found. It should be noted however, that calls answered by the Receptionist are not recorded until transferred to a Customer Service Representative.

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

The customer alleges that her leak contributed to her bill for July 2015. However, the Meter Reader did not note any leaks or movement during Fail Audit on 04 August 2015. The customer further asserts that her complaint and request in August 2015 for an investigation was not addressed. The Authority's phone records and notes by Customer Service Representatives do not show any record of contact or complaint being lodged during 11-14 August 2105. Thus, based on the Authority's records, the customer did not request another investigation until 07 September 2015.

Subsequently, the customer requested the Board's consideration to allow her August (\$516.13) and September (\$454.33) bills to be averaged as she believes that the Authority failed to act on her complaint and request for an investigation during sometime in the period 11-14 August 2015. As all plumbing downstream of the meter is the customer's responsibility, the bills in question for August and September 2015 are payable. If the monthly average over a 6-month period is used, the amount to be charged per month would be \$278.98. The Secretary respectfully sought the Board's decision on the request from the customer.

Members agreed (by majority votes, 2 abstentions and 2 no's) that the customer should be advised that they reviewed the request and decided to allow the two months of bills in dispute to be averaged as there was uncertainty that the Water Authority staff had properly registered the customer's request for investigation in August 2015. Consequently, members decided to allow the benefit of doubt in the customer's favour. Members also encouraged the Water Authority to secure the ability to record calls to the Receptionist.

g) 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 30 November 2015 the Authority received an email letter from [REDACTED] requesting that consideration be given to providing relief from a high bill incurred in October 2015 due to a leak. A copy of the correspondence and the report from the Customer Services Department was provided to members.

A review of the account based on the customer's request was undertaken and the Authority's findings are that after the meter was read on 16 October 2015 a fail audit check service order was issued. The fail audit check was completed on 30 October 2015 at which time the Senior Meter Reader noted "*movements found on the meter - valve was turned off due to large reading. The home also looks like no one lives there*".

On 30 October 2015, the Metering Supervisor sent an email notification to the customer via the email on file to notify of the findings. However, due to an

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issue with the email server and permission rights, the email was not delivered to the customer. The amount billed for October 2015 is \$1,929.32.

The customer requested "*assistance with relief*" to discount the bill received as the "*property in question is not occupied as we currently reside off the island*" which is why they would be "*not aware of any issue with a leak*".

The customer indicated a plumber will be requested to investigate the property immediately. As all plumbing downstream of the meter is the customer's responsibility, the bill in question for October 2015 is payable in full however a payment agreement may be offered. 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. Members agreed for the Authority to offer a payment plan with waiver of late penalties as usual.

h) Customer Request for Waiver of Requirement for Personal Guarantee re Customer Account# [REDACTED]

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

The Chairman reported that on 04 December 2015 the Authority received letter from [REDACTED] requesting that the Water Authority waive its policy requirement for a personal guarantee from a Director of the company to establish an account for sewerage services. A copy of the correspondence and the report from the Customer Services Department was provided to members.

A review of the account based on the customer's request was undertaken and the Authority's findings are that the customer [REDACTED] has purchased [REDACTED] and is attempting to complete all requirements to open an account in their name. The deposit for this sewerage account has been calculated to be \$4,152.49 which is derived from the SFUs of 2584 multiplied by \$1.607/SFU.

Through their legal counsel the customer is attempting to gain approval from the Board to submit a greater deposit in lieu of providing a personal guarantee as is required by policy set for account opening. [REDACTED] on behalf of the customer has offered to submit a deposit that is "*at least twice the amount required...in lieu of any further guarantees from [REDACTED]*". [REDACTED] is the sole director of [REDACTED]

The Chairman noted, that for background information, that the policy of having the personal guarantee has been in place from 2002 and is to have some sort of security for payment if the company should fail to pay. Prior to 2002 it was much harder to collect outstanding balances from companies. A

company Director has the legal responsibility to ensure that the company is operated properly including paying debts incurred from the company's funds.

The Chairman reported that the Authority sought guidance from its own legal counsel Mourant, a copy of which was provided to members. The advice is that basically the Authority is within its right to set this requirement for accounts in order protect itself from bad debts. However, it is possible that the Authority's decision to do so may be challenged by judicial review.

The Chairman noted that if members are of the view to allow the waiver of the requirement for a personal guarantee from a company Director, the Authority's management recommends that not less than six times the original deposit (\$24,914.94) is required. This represents approximately six months of usage and reduces the Authority's risk should the company encounter financial difficulties. 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, without prejudice, to allow waiver of the Authority's policy requirement for a personal guarantee from a company Director providing a deposit of no less than six times the original deposit is provided. This would reduce the Authority's risk should the company encounter financial difficulties.

i)

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

j)

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 08 December 2015 the Authority received a letter from [REDACTED] on behalf of [REDACTED] requesting that consideration be given to reversing late charges on the company's water bill from December 1999. A copy of the correspondence and the report from the Customer Services Department was provided to members.

A review of the account based on the customer's request was undertaken and the Authority's findings are that the customer received a bill for account # 20046.01 (20046-521024) in the amount of \$2,835.65.

The customer noted in his letter of 08 December 2015 that his secretary at the time informed him that it was *"an error on the account as there was an air pocket in the water line which caused the bill to increase and she had taken care of the bill"*.

Penalties accrued through 27 February 2009 and at that point totalled \$2,884.34. The original December 1999 bill now totalled \$4,997.38. Total penalties accrued after one year totalled \$458.53 (after one year or the first year?).

Due to the non-payment of the bill, the account balance (\$4,997.38) was transferred to an active account of the customer. This led additional penalty of \$76.55 on that account for total penalties accrued of \$2,960.89.

The customer expressed a willingness to settle the *"cost of the water used"* which totals \$2,036.49 after previous payments and all penalties have been deducted. In consideration that this has been a long outstanding debt, the Authority's management suggested that the Board may wish to consider either of the options below to encourage the customer to settle the account:

Option 1 - Partial Waiver of Penalties

- \$2,502.36 is waived on the account representing penalties accrued after one (1) year of the original bill December 1999 posting. The Customer will have to pay \$2,495.02.

Option 2 - Complete Waiver of Penalties

- \$2,960.89 is waived on the account representing all penalties accrued on the account after the original bill December 1999 posting. The Customer will have to pay \$2,036.49.

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

Members agreed that the customer should be advised that they reviewed the request and decided to accept Option 2 which is a complete waiver of penalties providing the outstanding amount is paid as a lump sum. If the customer is unable to pay the full amount as per Option 2, then members agreed to accept Option 1 (where the late fee penalties accrued after one year of the original December 1999 bill are waived). The customer should be offered a payment plan to pay of the remainder of the bill.

Any Other Business

a) Chairman's Award 2015.

The Chairman noted that the Chairman's Award is given out at each Water Authority's Christmas Party to an employee recommended by the

Authority's senior management team. The award is given to an employee who has demonstrated consistently outstanding performance over the calendar year. This year, the majority of senior managers at the Authority have nominated Mr Herbert Myles, Foreman-Water Supply from the Water Supply Division of the Engineering Services Department, for the prestigious Chairman's Award. The following information was provided to support Mr Myles nomination:

Mr Herbert Myles joined the Water Authority on 09 March 2000 as WS-Connections Foreman. He completed a 2-month on-the-job training period in May 2000 and successfully completed his probation in September of that year. In March 2004 he attended a training seminar for Water Distribution Technicians in Antigua which was sponsored by CBWMP/AVKO. He currently supervises one of the water supply road crews (usually made up of 3 persons including himself).

Mr Myles is very hard working and conscientious. He has been observed as a good foreman, but his qualities and dedication have been amplified this year to the Customer Service Department, as the Authority focused on the removal of services inactive for a year or more and identification of illegal disconnections.

Mr Myles is very detailed with his notes on all of the reporting that comes through to Customer Service. He ensures that the specifics of the situation found in the field are clearly documented so that there are few if ever questions as to what was done in the field.

He understands very well the concept that the Water Authority is one organisation with everyone working with towards the same goal of providing good customer service. To this end, he is prompt in contacting the appropriate Customer Service staff to ensure that they are aware of what was found in the field or to get clarification on any request that may not be clear. All situations taking place for emergency work such as a broken line are reported dependably and timely.

Mr Myles is very diligent in following the processes and procedures implemented between Operations and Customer Service. When on call, he is always concerned about the customer situation and will always try to get a solution to make the customer happy, while ensuring that the solution is within the Authority's policies. The knack for providing great customer service is sometimes a challenge for field staff and for this he must be highly commended.

There are many examples of where a customer has arrived home from overseas, it is late at night and they have no water (and while sometimes due to disconnection for non-payment), no matter the time of night contacted (never a complaint or grumble), Mr Myles will always check the situation out for the customer and tries to get a resolution. It may be said that this is just his job, but senior managers are

of the opinion that he goes the extra mile and helps to ensure the Water Authority has a positive image even when customers are in distressful situations.

Mr Myles and his crew have found the three major illegal disconnections the Authority identified this year. In each of these situations, the customer had bypassed the meter. These findings are significant for the Authority, as it is an indication of the new lengths a customer will go to in order to obtain water illegally.

Mr Myles has been nominated for the Chairman's Award for this year based on his outstanding work and dedication to his job. He is an example that other foremen could emulate.

In view of the above, the Secretary respectfully recommended that members consider approving the nomination of Mr Herbert Myles, Foreman-Water Supply for the prestigious Chairman's Award that will be presented at the Authority's Christmas Social at the Red Gate Main Office on Friday, 11 December 2015. Members unanimously agreed with management's recommendation to recognise Mr Myles with the award of the Chairman's Award for 2015.

b) Report on American Water Summit 2015, CAWASA AGM & Caribbean Global Water Leaders.

The Secretary will provide a summary on this item at the next Board Meeting.

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:

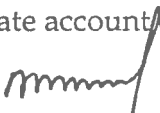
- a) Ratify Ministry of PLAHI's Christmas Luncheon.
- b) Ratify Annual Christmas Reception for all Sister Islands Civil & Public Servants and Pensioners.
- c) Ratify Christmas Staff Social for Ministry of District Administration, Tourism & Transport GCM.
- d) Ratify Health Services Authority Faith Hospital - Annual Christmas Staff Celebration.
- e) Christmas Staff Social for Ministry of District Administration, Tourism & Transport CYB.
- f) Department of Vehicle & Equipment Services - Staff Christmas Luncheon.
- g) Lions Club of Tropical Gardens - The Diabetes Committee Fun Day Event for Kids with Diabetes.

- h) Lions Club of Grand Cayman - Funds for the Needy Drive.
- i) Cayman Brac Braccanal Committee - Annual Parade and Street Dance.
- j) 2016 Mercuryman Triathlon Race - Sponsorship.
- k) Mustang Track Club - Johan Josephs 2016 Olympic Games in Rio Brazil.
- l) 2016 Cayman Invitational - Track Event May 2016.
- m) Taste of Cayman 2016.

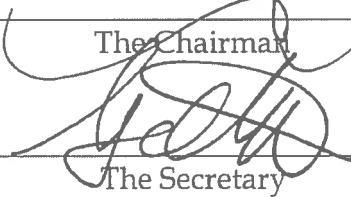
On behalf of the Water Authority Board, management and staff, the Secretary extended deepest sympathy to the Chairman and his family on their recent sad loss. Members also extended their personal condolences to the Chairman and his family.

The Chairman, Members, and the Secretary exchanged well wishes for the season and New Year. The Secretary reminded members of the Authority's staff Christmas Social scheduled for Friday 11 December. Mr A Wright agreed to represent the Chairman at the function. There being no other business the Chairman thanked members and the meeting was adjourned at 3:25pm.

This is a true and accurate account of the proceedings.



The Chairman



The Secretary