

CONFIDENTIAL



Water Authority of the Cayman Islands

Minutes of 268th Meeting held on 16th of March 2016

Members Present:

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

Call to Order

The Chairman welcomed members and called the meeting to order at 1:36pm after ascertaining that there was a quorum. He acknowledged apologies from Ms T Mortimer, Ms R Sharma, Mr C Randall, Mr M Jacques, and Mr O Watler and then proceeded to offer a special prayer and subsequently declared the meeting open.

Confirmation of Minutes of the 267th Meeting held on 03rd February 2016

The Chairman asked for confirmation of the Minutes of the 267th Meeting held on 03rd February 2016. Mr J Gill 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

None were declared.

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

The Chairman reported that last week the materials for the external feedwater pipework at the Lower Valley RO Plant arrived on island. It is expected that the contractor will start the installation of the pipework during the week of 21 March 2016. This work is expected to take approximately two weeks to complete.

Also during the week of 21 March 2016 Water Authority staff will treat the feed water abstraction wells to remove the iron reducing bacteria, which cause the pre-filters to prematurely clog. Thereafter the new submersible feed water well pumps will be installed and the wells will be flushed in anticipation of the restart of the Lower Valley RO Plant (in early April 2016).

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

The Chairman reported that on 16 February 2016 a meeting was held to discuss this project, following a letter from US Sewer & Drain dated 21 January 2016 indicating that they consider the West Bay Beach Sewer Rehabilitation Project completed. Attending this meeting were representatives of the Water Authority, US Sewer & Drain, Wharton-Smith, Inc, and the bonding company.

The Chairman reported that at this meeting, the Water Authority reiterated its position that it does not consider the contract finished, for various reasons, such as:

- The Authority does not agree that the four remaining pipeline sections, that were previously not in dispute, are NOT suitable candidates for rehabilitation.
- There are other pipeline sections that require lining under this contract. The Water Authority considers these still part of the contract:
- Pipeline section M3012 - M3013 (Marbel Drive) must be lined in its entirety.
- The blockage in the 10 inch sewer line (M1001-M1002, behind Cost-U-Less,) is caused by a collapsed liner, and must be remedied.

US Sewer & Drain disagreed with the Authority's position but committed to the following:

- Propose a method to complete the Marbel Drive pipeline section (to be submitted no later than Friday 19 February 2016).
- Repair/removal of the failed liner at Cost-U-Less. (There is a disagreement on who is responsible for the liner failure, but the blockage needs to be removed).
- Re-video one of the re-steamed pipeline sections (M2201-M2155), as the submitted video was unacceptable.

- Provide written confirmation from Customs that it has no outstanding issues regarding the wrecked van and other vehicles (i.e., no Customs duties are outstanding).
- Provide written confirmation that there are no outstanding bills with local vendors, etc.
- Provide information on ASTM expert suggested by Jeremy Bowman to provide an independent review of whether the remaining 8 lines are suitable candidates for lining. (Note: WAC reserves the right to identify its own expert).
- Provide written confirmation from Ferratex, on Ferratex letterhead, that the liner embossed with the Fast Pipe trademark is indeed manufactured by Ferratex.

The Chairman reported that since the meeting US Sewer & Drain wrote two letters (dated 18 February 2016 and 07 March 2016 respectively) to the Water Authority reiterating their position that they consider the contract completed, however neither letter addressed the issues that had been discussed at the meeting.

The Chairman reported that the Water Authority is in the process of preparing a detailed response, stating that it considers the contractor in breach of the Contract as he has effectively abandoned the Works. The most urgent outstanding item is the repair/removal of the failed liner at Cost-U-Less, as this takes a lot of operational effort (monitoring the bypass pumping). This urgently required repair will be carried out by Wharton-Smith, Inc and the costs of this repair will be claimed on the Performance Bond.

Members discussed the situation with this project and requested that the Authority seek redress to fullest extent possible inclusive the relevant costs incurred by the Authority in the claim on the Performance Bond.

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

The Chairman reported that pipelaying on the phase of this project up to Faith hospital commenced on 26 January 2016. Not much progress on the pipelaying was made over the last few weeks due to mechanical issues with the trencher, and the crew concentrated therefore on road reinstatement and the installation of outstanding water service connections and valve box covers. The required replacement hydraulic drive for the trencher was ordered and arrived on island earlier this week. Barring unforeseen circumstances it is anticipated that the trencher will be operational by the end of the week of 16 March 2016.

The Chairman reported that on 04 February 2016 the Deputy Director went to Cayman Brac to discuss the clearing of the Bluff site with Scott's Development Co Ltd. Subsequent to this meeting Scott's Development submitted a proposal to clear an area of 200 feet x 200 feet. High spots will be removed and the total area will be filled and compacted with 4" crushed rock and topped off with ¼"

crushed rock, at a cost of \$170,000. Last Friday, the Water Authority's Brac General Services Manager confirmed that approximately half of the area had been completed. Although ultimately the cleared area will be larger than the initial 200 feet x 200 feet area, it is expected that the entire area required for the proposed water production, storage and pumping facility will have been cleared before the end of this fiscal year (end of June 2016).

The Chairman reported that the Deputy Director also met with the District Commissioner to discuss the reinstatement of roads affected by the pipelaying. PWD are prepared to carry out the road reinstatement. The Authority is awaiting PWD's proposal regarding the scope of work and estimate of costs. At the meeting it was confirmed that PWD are awaiting some specialised equipment (i.e., milling machine) which are not expected to arrive on island until May 2016.

West End Water Works

The Chairman reported that last week McLean Construction Ltd, completed the construction of small (8' x 6') CMU building on a concrete slab (to securely store the mechanics tools and equipment) and two separate reinforced concrete slabs (to accommodate storage sheds to store chemical drums).

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

The Chairman advised that further work to complete the plant upgrade (i.e., the rebuild of the second high-pressure pump) is expected to be completed in late April 2016.

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

The Chairman reported that work on the sewer force main replacement contract started in mid-January 2016. Progress on this project has been very satisfactory and the whole of the Works is complete, except for general clean-up of the site and road reinstatement of Marbel Drive. The new pipeline was made operational on 10 March 2016, or almost 2 months earlier than the contractual deadline of 09 May 2016.

The Chairman reported that on 14 March 2016 the Water Authority requested the NRA to reinstate the entire length of Marbel Drive at its full width, rather than just the road surfaces affected by the Contractor's operations. Whilst this will result in a higher cost to the Authority, this would ensure that the entire Marbel Drive will be left in a more than satisfactory condition (as other portions of Marbel Drive had been negatively affected by US Sewer & Drain during the repair work on a collapsed liner near the intersection with West Bay Road).

However on 15 March 2016, the NRA informed the Water Authority that their work schedule would not allow them to undertake these works, and suggested

that Island Paving Ltd. (IPL) could perform the road repairs. It must be noted that IPL's cost estimate was nearly 30% higher than the cost estimate received from NRA. Members expressed their satisfaction with the performance of this contract.

The Secretary reminded members that there had been some negative press from local heavy equipment operators regarding the temporary importation of heavy equipment, some of which is specialised. The Authority provided the information and justification to the Ministry and the press. The Authority also met with the Department of Vehicle and Drivers Licensing (DVDL) which subsequently requested that the Water Authority complete Heavy Equipment Importation forms. These forms will be submitted and the fee of \$50 for each approval paid. It was noted that the DVDL was unable to provide a copy of the Government policy or relevant legislation that authorised this charge. The Secretary also informed members that the Contractor utilised local labour and dump trucks. It was also noted that the Contractor is responsible for his ways and means and being in control of his own equipment assists in keeping projects on target.

f) Water Distribution Pump Station Project 2016 - Red Gate Water Works - Update.

The Chairman reported that on 03 February 2016, the Central Tenders Committee (CTC) advised that it had accepted the Board's recommendation to award the contract for the Construction of a New Water Distribution Pump Station at the Red Gate Water Works to Island Builders. This project comprises the construction of a single story 1,090 square feet building. The contract was signed on 05 February 2016, and a pre-construction meeting was held on 12 February 2016.

The Chairman reported that preliminary site work started on Monday 15 February 2016. Progress to date has been good, as most of the reinforced concrete foundations (up to floor slab) have been completed. Contractually the whole of the Works must be completed on or before 22 July 2016.

g) 30 June 2015 Audit of Consolidated and Divisional Statements - Update.

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

Island Financial Statements

The Chairman reported that at the January 2016 Board Meeting draft statements were provided to members and approved on the condition that there were no material changes. The Authority received the final statements on 10 March 2016. The Chairman noted that the Authority's Management respectfully requested that the final drafts be signed as the Financial Controller confirmed that there were no material changes from the statements approved at the 266th meeting on 20 January 2016. The signing of this document and

relevant documentation by the Chairman, Director and Financial Controller completes all outstanding areas of the 30 June 2015 audit.

As part of the 30 June 2015 audit, KPMG prepared a Management Letter with the objective to highlight several areas that they felt had possible control deficiencies. A copy of the letter together with management proposed responses have been made available to Board members. Members accepted the proposed management responses and approved that the letter be sent on to KPMG for final issuance.

Annual Report 2014/2015

The Chairman noted that Board members had been provided with a copy of the 2014/2015 annual report. This report was prepared internally and reviewed by both the Office of the Auditor General (OAG) and KPMG. Members approved the draft 2014/2015 Annual Report and authorised the Chairman to sign it upon acceptance by the Honourable Minister.

30 June 2016 Audit – Divisional and Island Financial Statements for Water, Wastewater and Statutory

The Chairman reported that the Water Authority, together with the rest of the Cayman Islands Government (CIG) is in the process of modifying the fiscal year, moving back to the calendar year. In anticipation of this change the Authority would like to conduct a 6-month audit for the period ending 31 December 2016, a 12-month audit ending 31 December 2017 and then request that the two sets of statements be consolidated for submission to the CIG. This request was put forward to the OAG and the feedback received was that we were the only agency considering this option and the question arose on the benefits of conducting two rather than one audit and whether this could be deemed as value for money.

The Chairman explained that management's feedback is that the financial statements are an integral part of the reporting within the organisation, and as such the consolidated, divisional and island statements provide a wealth of information about the Authority and its unique internal operations. The Authority's main objective is to, as quickly as possible, get back to a financial reporting period with comparative figures. Should the audit be conducted on an 18-month term (01 July 2016 – 31 December 2017) then it would not be until 2019 that calendar year comparatives would be available (2018 & 2019). This length of time for comparatives is not ideal from the Authority's perspective, especially as the Authority moves toward introducing the RCAM, a rate adjustment model that relies on annual reporting. Should the Authority report on the 18-month period relevant financial information for the calculation of the return on assets would not be available until 31 December 2019. It would be a difficult task for the new Regulator to accurately extract 12-month information from an 18-month set of statements to get relevant information to evaluate the rate of return. The Authority prides itself on sound financial records and

openly commits to providing accurate, timely and transparent information. Should the financial records of the Authority be audited over an 18-month period the materiality may be higher than in a 12-month period and the records would not be examined with the same level of scrutiny.

In summary, the Chairman noted that the OAG wanted the Board to be aware that the question may arise (from CIG) as whether or not the Authority would be getting value for money by conducting two audits for the 18-month period rather than the mandated one, as generally speaking the cost of an audit is similar regardless of the time period being audited. Management supports a decision to conduct two audits. Two audits allow comparative financial periods being available at 31 December 2018 rather than a year later in 2019, relevant 12-month information for the implementation of the RCAM and a higher level of scrutiny over the financial information as the materiality will be lower. The Chairman reminded members that the final decision is at the discretion of the Board.

Members discussed the options and noted that they understood the necessity for data to support the implementation of RCAM. Members asked the Secretary to investigate the option of getting a review done for the 6-month period that was not at the level of a full audit. The Secretary explained that it was likely that the cost would not be much less than that of a full audit.

The Chairman noted that planning for the 30 June 2016 audit is expected to commence in late April/early May.

Public Service Pension Board (PSPB) – Actuary Audit done by Mercer for the period ending 30 June 2016

The Chairman advised that as requested by the PSPB on 08 January 2016 the Water Authority compiled information to provide confirmation of data to be used in the pending actuary valuation. The information was accumulated by the Human Resources department and is currently being reviewed by the Finance Department. The entire package is expected to be provided to the PSPB by the end of the week of 16 March 2016.

Request for Proposals from Class A Banks

The Chairman reported that under the direction of the Board the Authority is seeking proposals from the Class A banks on the island for corporate retail services. A copy of the RFP was made available to Board members. This document was sent out to all Class A banks on 15 March 2016, with the submittals to be returned by 22 April 2016.

h) Indigent Assistance Fund - Update.

The Chairman reported that the Authority's Finance and Customer Service Department will review the process and have it ready for Board confirmation at the April 2016 meeting.

i) Cayman Water Company (CWC) Negotiations Update.

The Chairman reported that the Water Authority and CWC met on 15 February and 11 March 2016 to continue licence negotiations. Part A of the licence, covering general issues, was discussed during the last several meetings; there remain a number of issues in Part A where the Authority and CWC are not able to reach common ground: unilateral modification of the licence in the public interest, specific provisions for revocation of the licence, arbitration and insurance. For the time being these issues are placed on hold, as it is important to review the other parts of the licence. Part B of the licence, covering technical issues was discussed on 11 March 2016. The next meeting is scheduled for 08 April 2016, at which time financial issues will be discussed.

j) Public Utilities Commission (PUC) - Update.

The Chairman reported that in February 2016, as requested, the Authority provided the Ministry with a high level overview of the current costs associated with the Economic Regulation (ER) currently carried out by the Authority.

k) Miscellaneous Updates.

a) In-House Pipelaying Crews - The Chairman reported that the New Works pipelaying crew continued work on the replacement of nearly 4,000 feet of 6-inch diameter pipeline in Mahogany Way. The second section, between Orange Drive and Almond Avenue has been completed. It is anticipated that the entire project (up to Siberia Avenue) will be completed by the end of April 2016.

b) Water Supply Division - The Chairman reported that on 18 January 2016 Operations WS started work on Phase II of the project to replace the 12-inch water main along Bodden Town Road, which comprises the area between Gun Square Road and Manse Road, a length of approximately 2,200 feet. This phase was expected to take approximately 10 weeks to complete. Unfortunately without the Lower Valley RO Plant and with the main (12-inch) pipeline in Bodden Town out of service during the upgrade, the two water production plants in George Town (i.e., the Red Gate and North Sound RO Plants) had to run at design capacity to meet demand.

When operational modifications did not make any positive impact, the decision was made to put the Bodden Town main back into service to allow the North Side RO plant to contribute more water to the distribution system thus reducing the demand on the Red Gate and North Sound plants. The tie-in was completed on 04 March 2016, and the impact was almost instantaneous (water in storage has increased, which will allow (preventative) maintenance to be carried out on the RO plants in George Town).

Approximately half of the pipeline length of Phase 2 was completed prior to the work interruption. While this project is on hold, there will be no traffic

restrictions affecting Bodden Town Road. It is anticipated that work will resume in late April 2016, after the Lower Valley RO Plant is operational again.

- c) *Wastewater Division* – The Chairman reported that during the month of February 2016, the design hydraulic capacity of the plant (2.5 mgd) was exceeded for 2 days. The average daily influent was 2.33 mgd (or approximately 93% of design capacity). This daily average influent was 5.8% less than the average influent measurement during the same period last year (2.48 mgd).
- d) *Red Gate Admin Building Parking Lot Expansion* – The Chairman reported that on 14 March 2016 Island Paving started to seal coat the entire area of paving installed under this contract. Following the seal-coating the pavement markings will be repainted. The contractor CMEC will also replace 16 tyre stops that prematurely failed (broken or cracked).
- e) *Gasoline spill at George Town Dock* - The Chairman reported that further to the report at the February 2016 Board meeting on the gasoline spill at the George Town dock, Rubis and Tri-Island Aggregate are cooperating with the Authority on the removal of fuel impacted material at the Tri Island Aggregate site and remediation of the impacted area. For the time being the fuel impacted sand was removed from the ground and stored in a secure manner. The contact layer of soil on which the contaminated sand was stored has been removed and is stored securely. The Authority collected soil samples from the impacted area to determine whether there is residual contamination that needs to be addressed further. Results of soil samples are expected by the end of March/early April. Rubis and Tri Island Aggregate are considering their options for the fuel impacted sand and topsoil: composting to reduce the contamination to a level that makes the materials suitable for disposal at the George Town Landfill or to encase the materials in concrete for disposal at the George Town landfill.

On 18 February 2016 the Water Authority wrote the 3 parties involved in the spill at the George Town Dock (Rubis, Thompson Shipping and the Port Authority) requiring them to carry out specific actions to remove and process the contaminated materials and to remediate the affected area at the Tri Island Aggregate site. The notice was issued under section 56 (2) of the Water Authority Law, under which the Authority may serve notice on any person who causes or knowingly permits the discharge of any sewage, trade effluent, or other wastes into ground waters, into or onto the ground to take steps as may be specified in the notice. On 26 February 2016 the Authority received a response from Rubis' attorneys that their client did not acknowledge or accept responsibility or liability for the spill at the George Town Dock, or the remediation of the spill or gasoline contaminated material at Tri Island Aggregate. Therefore they requested that the notice be withdrawn, and indicated that they may appeal the notice. The letter also stated that notwithstanding, Rubis would continue its cooperation in addressing the clean-up and remediation.

To date the Authority has not withdrawn the notice, but has responded that the parties involved in the spill have all taken the position that they hold no responsibility or liability. The Authority has asked for continued cooperation from the parties involved. In the meantime the Petroleum Inspectorate is determining the root cause of the spill and this exercise may also result in determining responsibility.

At the previous Board meeting it was reported that the waste oil storage at Tri Island Aggregate was inadequate and may have resulted in contamination of the ground. Tri Island Aggregate has removed the drums and impacted soil. The waste oil has been brought to the George Town landfill for their oil recycling programme and the soil is held in a secure manner for encasement in concrete or composting. The Authority collected soil samples to determine whether these actions are sufficient. Results of soil samples are expected by the end of March/early April.

- f) *Smith Road Villas - Failing onsite wastewater treatment system* - The Chairman reported that at the February 2016 Board meeting the Board was informed of the failing wastewater treatment system at Smith Road Villas. The strata was served a notice of violation and they continue to work on the rehabilitation of the wastewater treatment system.
- g) *Cayman Grease Management* - The Chairman reported that at the February 2016 Board meeting the Board was informed of the poor storage and handling practices of Cayman Grease Management. The Authority served a notice of violation on the owner of the business to address the pollution and to improve operations. The operator has cooperated with the Authority and complied with most requirements, however some relatively minor issues remain outstanding.
- h) *Fuel spill at Owen Roberts International Airport* - The Chairman reported that on 14 March 2016 the Authority was notified by the Petroleum Inspectorate that an aviation fuel spill had occurred at the Rubis fuel terminal at Owen Roberts Airport. It was caused by a leak of one of the fuel trucks and was discovered on 14 March 2016. Rubis conducted an immediate response and recovered as much fuel as possible. Based on the information available so far it appears that the area where the truck was parked has been impacted. Rubis is cooperating with the Water Authority to remove impacted soil and to remediate the affected area. In the meantime the Petroleum Inspectorate is conducting its review to determine the root cause of the spill.

- i) * Redacted under section 21(1)(b) of The Freedom of Information Law (2015 Revision)
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- j) *FOI updates* - The Chairman reported that one request was received since the last Water Authority Board meeting as shown in the FOI Report dated 15 March 2016 and provided to members.
- k) *Public Authorities Bill (PAB) Consultation Process* - The Chairman reported that Mr P Gough has indicated that meetings will take place shortly on this project.

Current Business

a) **Management Accounts February 2016.**

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

The Chairman noted that members had been provided with the management accounts for the eight months ending 29 February 2016. The highlights for the fiscal period continue to be the settlement of the FCIB Loan in November * and the CIG Loan in February (*).

The net income is slightly (10.0%) higher than prior year, *. The Brac continues to show a strong increase and consistent with the Authority's expectation that the residential and commercial pipeline customers have increased by 26.8% and 23.4% respectively as new customers are connected to the pipeline. Overall sales in Brac are 2.1% higher than in prior year and 8.9% above budget.

Based on estimates for the first eight months of the 2015/2016 fiscal period, operating revenue continues to be higher than in the prior year by 2.7% but below budget by 13.8%. The majority of the variation is due to a decrease in collected EAF as fuel prices continue a downward trend.

Operating expenses for the first eight months have decreased by 6.8% over prior year, primarily as a result of decreased water purchases and a decrease in pumping costs (both as a result of falling fuel prices). The Authority is below budget by 20.5% for operating expenses, which is within expectation as the water sales have not been as high as expected combined with lower than anticipated operating and fuel prices.

Consistent with prior explanations, loan interest is expected to decrease as the FCIB loans were settled and there are no new borrowings. Going forward this expense will be reflective of the interest expense paid to OCL.

Administrative expenses are above prior year (4.8%) but below budget by 26.3%. The change from prior year is reasonable as there was a 3% COLA given to staff which would raise the salary expense, however this is slightly offset by a reduction in the insurance fees and office supplies as the photocopier lease is complete.

In summary, the Authority's estimated net income for the first eight months of 2015/2016 is higher than prior years and well above expectation. This is reasonable as there are significant expenses that are still 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 expenses the Authority continues to be in a very strong financial position, with sufficient cash reserves [REDACTED] to continue the CYB extension project, purchase approved vehicles and equipment, complete the Wastewater CCTV projects, complete the Sewer Force Main Project, complete the Red Gate Pumping Station, commence operational (Painting of exterior buildings) and administrative remediation projects and meet day-to-day operational and administrative expenses.

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

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

The Chairman reported that on 27 January 2016 the Authority received a letter dated 24 January 2016 from [REDACTED] 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.

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

A review of the account was undertaken and the Authority's findings are that the customer was issued a bill for October 2015 for consumption during the period 16 September to 30 October 2015 in the amount of \$800.17. Before the bill was issued to the customer, a Fail Audit inspection was ordered on 27 October 2015 from the Billing unit. This Fail Audit inspection was completed on 30 October 2015 at which time the meter reader noted that there were "no movements found on the meter".

On 13 November 2015 after receiving the water bill for October 2015, the customer met with the Customer Service Supervisor to discuss the bill. At this time the customer requested that the Utility Services Auditor conduct a more detailed inspection of her property to ensure there are no leaks.

The Chairman reported that the audit by the Utility Services Auditor was completed on 27 November 2015. The Utility Services Auditor noted that he did not observe any leaks or movements on meter. He completed all other water checks inside with the helper and called the customer with results.

Since posting of the disputed bill, the customer has made payments totaling \$375.03 towards the disputed bill. This has however left her current bills outstanding. Additionally, the customer chose not to have her meter tested by the third-party facility.

As of 11 March 2016, the customer's account balance stands at \$714.11. The customer's average monthly bill for 2015 (excluding the disputed bill for

October 2015) was \$97.11. The customer's monthly average for 2016 (January and February) is \$100.56.

In summary, all checks done by Water Authority staff did not indicate that there were any leaks at the time of the visits to the customer's property. The bills before and after the disputed bill are normal comparable to the average. Thus, as the customer choose not to have the meter tested, the disputed bill is payable. Furthermore, all plumbing downstream of the meter is the customer's responsibility.

To consideration of the customer's financial difficulties, a Special Payment Arrangement could be offered for a period at the discretion of the Board and the penalties waived. 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. Further, the customer chose not to have the meter tested. Members agreed for the Authority to offer a payment plan with waiver of late penalties as usual.

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

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

The Chairman reported that on 26 January 2016 the Authority received a letter dated 25 January 2016 from [REDACTED] 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 2016 it was noted during the meter reading process that there was a possible leak on the customer's side of the meter. The customer was contacted by the Meter Reader who then requested that he turn off the valve. On 22 January 2016, Water Supply Operations inspected the site and reported that there was a leak on the supply side of the meter, that is, the Water Authority's side of the meter where the water enters the meter. The crew replaced the leaking 32mm bend on the Authority's side of the meter.

Because there was a high reading on 21 January 2016, the Billing unit issued a service order on 23 January 2016 for a Fail Audit inspection. This fail audit was completed and the Meter Reader noted that there was a "possible leak detected". Besides the phone call on 21 January 2016 by the Meter Reader to the customer, a Customer Service Representative called the Customer to notify her of the fail audit findings on 27 January 2016.

On 31 January 2016, the disputed bill in the amount of \$1,088.23 was posted to the customer's account. The customer visited the office on 05 February 2016 and during this visit, she called her plumber. The plumber stated that upon his visit to the property he found that a shower had a leak. In addition to this, the plumber stated that the valve on the customer's side of the meter was leaking. The customer attended the office again on 22 February 2016 and signed a payment agreement for 6 months promising to pay \$154.04 per month to settle the outstanding \$924.23 remaining on the disputed bill. It should be noted that the 2016 payment agreement is in addition to a previous agreement offered by the Board in March 2014. The customer has maintained this arrangement exceptionally well and has a balance of \$1,051.53 with the last instalment due on 10 November 2017.

The customer submitted a letter and request for review by the Board on 26 February 2016. This was also accompanied by a letter from the Customer's plumber who stated once more that there were leaks found on the customer's property in her "shower, leaking ball valve, and a faulty flapper ball".

The customer is asking that the disputed bill be discounted at a rate to be decided upon by the Board. For the record, previous requests from the customer to the Board in 2013 and 2014 for discount of bills were not granted. The total amount owing on the customer's account as a result of higher than normal consumption determined to be water leakage is \$1,975.76.

The disputed bill was the result of water consumption on the customer's property as per the reading on the meter. As per the customer's own admission, and that of her plumber, there were leaks on the customer's property during this time. As all consumption downstream of the meter is the customer's responsibility, the bill is payable.

The Authority suggests that the two current payment agreements should be combined and reissued for a period decided on by the Board. A payment arrangement with \$50.00 instalments for the balance of \$1,975.76 would be approximately 40 instalments. 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 of \$100 per month with waiver of late penalties as usual.

d) Request for Waiver Requirement for of Personal Guarantee re Customer

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

The Chairman reported that on 03 March 2016 the Authority received a letter from attorney Solomon Harris on behalf of their client CF GC Hotel Sub Ltd

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]

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

* [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 \$11,506.12 which is derived from the SFUs of 7160 multiplied by \$1.607/SFU.

The customer is attempting to gain approval from the Board to submit a greater deposit to avoid providing a personal guarantee as is required by policy set for account opening. The customer has offered to submit a deposit that is "6 times the amount of initial deposit in lieu of personal guarantee from * [REDACTED]". * [REDACTED] confirms that "the principal owner for both * [REDACTED] and * [REDACTED] is the same."

At the 266th Board meeting held on 10 December 2015 members made a decision in the same regard for a related entity * [REDACTED] which is also owned by the same party. The decision was to accept a deposit of six (6) times the original deposit in lieu of a personal guarantee from the Director.

If the Board would permit a greater deposit in lieu of a personal guarantee, it is recommended to not be less than six times the original deposit ($\$11,506.12 \times 6 = \$69,036.72$) as to represent approximately six months of usage. 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 a 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. The Board also agreed that the Director be allowed to consider requests in the future within specific criteria to be agreed to by the Board.

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

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

* [REDACTED] The Chairman reported that on 08 March 2016 the Authority received a letter from Mr Conley Moore requesting that consideration be given to reducing his 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 17 February 2016 the customer's meter was read as part of the normal billing cycle. The reading taken was 1049.9 indicating consumption in the amount of 35.1 cubic meters since the last meter reading on 14 January 2016. On 24 February 2016 the customer met with a Customer Service Representative at which time he requested that an off-reading be done because a tree root had broken a pipe on his property.

The off-reading was completed on 25 February 2016 with the reading showing 1103.4 indicating consumption in the amount of 53.5 cubic meters since 17 February 2016. The February 2016 bill was posted to the account in the amount of \$591.16 on 29 February 2016.

A Fail Audit inspection was completed on 02 March 2016 to ensure there were no leaks or movements at the property. The meter reader noted that there were "no leaks found". Subsequently, the customer wrote requesting that the February 2016 bill be discounted by 50% and the remaining 50% be paid in instalments for four months, without interest.

Though, according to the customer, the broken pipe was caused by a root from a tree on the property of a neighbour, all plumbing and consumption downstream of the meter is the responsibility of the customer therefore the bill is payable. The Secretary respectfully sought the Board's decision on the request from the customer.

Members agreed that the customer should be advised that they 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.

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

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

The Chairman reported that on 08 March 2016 the Authority received a letter from [REDACTED] requesting that consideration be given to reducing his water bill. A copy of the correspondence and the report from Customer Service has been provided to members.

A review of the account was undertaken and the Authority's findings are that on 15 January 2016 the customer's meter was read during the normal billing cycle. The reading taken was 605.3 indicating consumption in the amount of 506.5 cubic meters since 14 January 2016. A Fail Audit inspection was completed on 23 January 2016 at which time the meter reader reported that there were "no movement, no leaks found". Subsequently, the bill for January 2016 was generated in the amount of \$3,169.68.

The customer requested and had approved a payment agreement on 24 February 2016 for 12 months. The customer informed Customer Service of his belief that the January 2016 bill was the result of an act of vandalism as someone had trespassed on his property and turned the hose on while allowing the water to flow in to the canal.

Subsequently, the customer wrote requesting that the January 2016 bill be discounted by 50% and the remaining 50% be paid in instalments for twelve months, without interest. While the consumption was, according to the customer, the result of vandalism and trespass by an unknown person, all plumbing and consumption downstream of the meter is the responsibility of the customer. Therefore, the bill is payable. The Secretary respectfully sought the Board's decision on the request from the customer.

Members agreed that the customer should be advised that they 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.

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

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

The Chairman reported that on 14 March 2016 the Authority received an email from [REDACTED] requesting that consideration be given to waiving the late fee on the property's January 2016 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 a late fee penalty of \$209.58 applied to the above referenced account as January 2016 bill of \$13,972.05 was not paid by the due date. The customer has requested the waiver of this penalty as he was off island when the bill was due. He was verbally advised by Customer Service that the late fee is a legitimate charge and the excuse of not paying on time because he was off island is not a persuasive excuse. However, the customer wished that the Board consider his request. 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 late fee penalty as the Authority's records show that the late fee was correctly applied and is therefore payable. The customer's request for forgiveness because he was off island is not a persuasive excuse.

h) **Request for an Exception to the Policy requiring Signatures of all Property Owners to Re-Activate Account re Customer Account** *

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

The Chairman reported that on 14 March 2016 the Authority received a letter from * requesting that consideration be given to provide an exception to the policy of requiring all property owners to provide signatures to open/re-activate an account. 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 account held in the name of customer's husband, * was closed on 26 February 2010. The customer would like to reconnect services at the location however the Land Registry has on a total of seven names; only 3 persons are available to sign the application form. The customer is seeking the Board's approval for service to be reconnected with the signature of three persons only: * and that the meter box be relocated with the relocation fee waived due to the extenuating circumstances of her family. Regarding the remaining four persons on the Land Registry:

- * Redacted under section 23 of The Freedom of Information Law (2015 Revision)
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According to Water Authority policy, all registered property owners are required to sign the Water Authority's account application form for service. Waiver of this policy based on the extenuating circumstances of the registered land owners and need for water by the customer, would be at the Board's discretion. Waiver of the meter relocation fee of \$90.00 would also be at the Board's discretion. 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 in consideration of the extenuating personal circumstances of the family decided to allow the three persons available and capable of signing the application to re-activate the account. Additionally, the three persons will need to sign a letter accepting full responsibility for the account in the event of any default. This waiver of the account signing policy is being offered without prejudice. Members also agreed to waive the \$90 meter relocation fee.

Any Other Business**a) Post-Retirement Healthcare.**

The Chairman advised that the Authority is awaiting a proposal for a post-retirement health plan from Generali. The Authority's research has indicated that most other SAGCs are dealing with similar issues. A comprehensive report with recommendation will be prepared and presented, hopefully in time for the April 2016 Board meeting.

b) Request to change meeting date in April 2016.

Members agreed to change the date of the next Board meeting to 27 April 2016 as the Secretary will be at the Global Water Summit in Abu Dhabi the week of the regularly scheduled meeting.

c) World Water Day.

The Chairman noted that World water Day is 22 March 2016 and the theme is Water & Jobs. The Authority has planned a week long recognition which started yesterday with a session on Radio Cayman's Business Buzz about jobs at the Water Authority and the scholarship. The Corporate Communications Officer will be on the Talk Today on 16 March 2016. Throughout the week there will be promotions on social media and we will have a special water related historic artefact on loan from the Museum displayed in the lobby. There will also be some old photos on display.

Donation Requests

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

- a) Mr Elvis Green – Medical Cancer Treatments.
- b) Creek & Spot Bay Primary School PTA – Fundraiser for Educational Supplies.
- c) Deputy Governor 5K Challenge – Sponsorship.
- d) CI National Museum – Corporate Membership.
- e) Cayman National Trust – Earth Day Dress Down.
- f) Kiwanis Club of Grand Cayman -3rd Annual Breakfast for Dinner.

There being no other business the Chairman thanked members and the meeting was adjourned at 3.08pm.

This is a true and accurate account of the proceedings.



The Chairman



The Secretary