

CONFIDENTIAL



Water Authority of the Cayman Islands

Minutes of 269<sup>th</sup> Meeting held on 27<sup>th</sup> of April 2016

**Members Present:**

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

**Call to Order**

The Chairman welcomed members and called the meeting to order at 1:30pm after ascertaining that there was a quorum. He acknowledged apologies from Ms T Mortimer and that Mr M Jacques may be late, and then proceeded to offer a special prayer and subsequently declared the meeting open.

**Confirmation of Minutes of the 268<sup>th</sup> Meeting held on 16<sup>th</sup> March 2016**

The Chairman asked for confirmation of the Minutes of the 268<sup>th</sup> Meeting held on 16<sup>th</sup> March 2016. Ms A Owens 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 unfortunately the contractor JML, and his sub-contractor MEPCO, did not start the actual pipeline installation until 06 April 2016, as the welding technician did not arrive on island until 03 April 2016 and there were issues locating the correct pipe clamps for the HDPE welding machine. Work was completed on 14 April 2016, except for one butterfly valve which was installed, but is faulty and will be replaced by the contractor.

During the next two weeks the feed water abstraction wells will be treated 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 (expected in early May 2016).

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

The Chairman reported that on 04 April 2016, in response to US Sewer & Drain letter dated 07 March 2016, the Water Authority reiterated its position that it does not consider the contract finished, for various reasons, but the main being:

- 1) The Authority does not agree that the eight remaining lines are NOT suitable candidates for rehabilitation using the CIPP process, and consequently these are still part of the contract.
- 2) The blockage in the 10 inch sewer line (M1001-M1002, behind Cost-U-Less,) is caused by a collapsed liner, and must be remedied. Whilst there may be a disagreement on who is responsible for the liner failure, the blockage needs to be removed.

The Chairman reported that no significant progress had been made on this contract this calendar year, and since the meeting on 16 February 2016, US Sewer & Drain wrote two letters to the Water Authority reiterating their position that they consider the contract completed, but neither letter addressed the issues that had been discussed at the 16 February meeting.


The Chairman noted that as previously explained, the installation of the liner at the pipeline section M1001 to M1002 (near Cost-U-Less) was unsuccessful, and after multiple unsuccessful attempts by the contractor to remedy this, the contractor abandoned this site and left a completely blocked pipeline section. As a result of the blocked line the Authority had to allocate significant internal Water Authority resources to the pipeline to operate a by-pass pump to avoid further blockages, incurring significant personnel and equipment costs. US Sewer & Drain's joint venture partner Wharton-Smith, Inc, was utilised to independently complete the necessary repair. The 10-inch sewer pipeline was

successfully replaced by 25 March 2016. In addition to the M1001 to M1002 repair the contractor will assist the Authority to replace two adjacent sections of 6-inch sewer pipeline in the Watler's Road area and replace a severely deteriorated manhole in Slate Drive. At least one of the two identified 6-inch pipelines is not suitable for CIPP lining as the extent of damaged pipe could not be determined using the CCTV camera because this entire section was fully submerged.

\* 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)



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

The Chairman reported that not much pipelaying progress was made between 16 February 2016 and 04 April 2016 due to mechanical issues with the trencher which were finally resolved on 25 March 2016, after which the crew was on leave during the Easter break.

As of 22 April 2016, approximately 2,100 feet of 200mm pipe had been installed, which represents approximately 15% of the total length of main line to be installed during this phase of the project (up to Faith Hospital). The Authority has not yet received PWD's proposal for the reinstatement of roads affected by

the pipe laying in Cayman Brac. The Authority understands that the specialised equipment (i.e., milling machine) necessary for this work has not been received by PWD as yet.

At the Bluff site, Scott's Development submitted another proposal to clear an additional area of 38,000 square feet, removing the high spots, filling and compacting with 4" crushed rock and topped off with ¼" crushed rock at a cost of CI\$164,689. This proposal was submitted on 23 March 2016 and subsequently accepted. The work covered by this proposal will be completed by end of the week of 02 May 2016. The Secretary noted that based on reports additional clearing further than this will be required.

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

The Chairman advised that there are no further updates.

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

The Chairman reported that the sewer force main replacement contract was completed on 10 March 2016 when the new pipeline was commissioned, nearly two months before the contractual deadline of 09 May 2016. The contractor Wharton-Smith used the remainder of the month to clean up their affected work areas.

The Chairman reported that Island Paving (IPL) completed the reinstatement of the entire Marbel Drive area on 10 April 2016. However IPL will have to return to fill in some low spots. The total cost of using IPL, and requesting them to work two consecutive weekends to carry out the works as soon as possible, was CI\$57,237 (or approximately 33% more than the National Roads Authority's (NRA) cost estimate of CI\$43,010 for the same work). As members will recall it was confirmed at the last meeting that although the NRA quoted for the work, once the request was formalised the Authority was informed that the NRA did not have sufficient resources, hence why the Authority employed IPL.

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

The Chairman reported that preliminary site work started on 15 February 2016. Progress to date has been good, as most of the reinforced concrete foundations (up to floor slab) and pipe ducts have been completed. The electrical sub-contractor has installed the various under-the-slab conduits. The floor slab was complete on 25 April 2016 and work commenced on the block walls.

The Chairman reported that the four pumps required for this new pump station will be shipped within the next few weeks. The design of the pump control panel was complete, and its fabrication will start shortly. It is

anticipated that the pump control panel will arrive on island in late June 2016. Pipework, pump control valves and miscellaneous specialised fittings have been ordered and should all be on island before the contractor Island Builders Co Ltd has completed the construction of the Red Gate Water Distribution Pump Station.

**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*

*Consolidated Financial Statements*

The Chairman reported the Management Letter was sent to KPMG for final issuance. The Authority is in the process of addressing the outstanding issues and will present their proposal to the Board at the May 2016 meeting.

*Annual Report 2014/2015*

The Chairman reported that the approved 2014/2015 annual report will be sent to the Ministry during the week of 27 April 2016 for their approval and to be presented to the Legislative Assembly to become a public document.

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

The Chairman noted that as reported at the April 2016 Board meeting, 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 Chairman explained 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. Members had discussed the options and noted that they understood the necessity for data to support the implementation of RCAM. Members had requested the Secretary to investigate the option of getting a review done for the 6-month period that was not at a lower level of audit assurance (i.e. a review instead of a full audit). The Chairman reported that this was done, however on the advice of the auditors; it would not be possible to consolidate financial information with different levels of assurance.

The Chairman reported that the Authority's management recommended the Authority conduct the two audits for the reasons explained in the March 2016 meeting. 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 two options are:

- 1) Conduct an 18-month audit – similar to the other government agencies, lower cost however an additional year to obtain comparative terms and for relevant RCAM

information to be extracted and could potentially affect the timing of the RCAM implementation.

- 2) Conduct 2 audits (6-month and 12-month) and consolidate for all relevant entities (Consolidated, Divisional and Island (review)).

The Chairman reported that the Financial Controller had been in contact with the OAG and KPMG to confirm the additional cost; however no formal response to date has been received. The OAG indicated that they will support the Authority's request provided that it has Board approval. Based on discussions with the OAG (subject to KPMG confirmation) it is estimated that the 18-month audit will be about 20% higher than a 12-month. In summary (based on internal figures, no formal response from KPMG and therefore subject to modification), the Authority estimates that the:

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



Chairman noted that KPMG is anxious to know the Authority's decision as they are in the midst of organising staffing for the 2016 fall and the 2017 January- March busy season. The Chairman advised that the Secretary was respectfully seeking the Board's decision regarding the audits. Members discussed the options and agreed to move forward with conducting two audits (6-month and 12-month) both of which are to be consolidated for presentation to CIG as recommended.

The Chairman noted that the planning meeting for the 30 June 2016 audit is expected to be held between the 3 parties (OAG, KPMG and Water Authority) in early June.

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

The Chairman advised that information/communication was exchanged between the PSPB and the Authority in early April with the last submission of documentation being provided on 11 April 2016. To date the Authority has not received any additional feedback and anticipates that the information provided was sufficient, allowing the PSPB to provide the information to Mercer. Should any further requests come the Authority will respond accordingly.

*Land Valuation Exercise – Requested by Land & Survey Department*



The Chairman reported that on 05 April 2016 the Authority received a request from Mr Jon Hall at the Lands and Survey Department requesting information on all land owned by the Authority (a "heads up" to this project was received by the Director on 29 March 2016 from the Treasury Department). The objective is that the Accountant General seeks to have all land and property valued within the next 12 weeks (which for all SAGC's is in excess of 600 properties). On 15 April 2016 the Authority provided aerial views of the 6 pieces of property owned (Red Gate, Lower Valley, North Side, East End, Wastewater Treatment Works, and the Bluff in Cayman Brac) together with a brief description of the operations on each piece of land. A copy of the lease agreement with Civil Aviation Authority for the West End property in the Brac was also provided.

The Chairman reported that throughout the communication the Authority confirmed full cooperation and asked that the Financial Controller be the point person and contacted to arrange any required inspection of the properties by the valuers. The Authority understands that the Authority's involvement will be minimal throughout this process.

The Financial Controller spoke with Mr Matthew Tibbetts, Accountant General at the Treasury Department to inquire about the nature of the project and learnt that it is an exercise to address the issue raised by the OAG in regards to property and asset valuation. Should there be any recommendation to the Authority it will be formally presented by the Treasury Department. To date no further questions have been received.

*Request for Proposals from Class A Banks*

The Chairman reported that under the direction of the Board the Authority sought proposals from the Class A banks on the island for corporate retail services. Proposals were received from four banks on 22 April 2016 and are in the process of being evaluated. CNB, a major retail bank in the Cayman Islands did not meet the formal deadline for a response, the proposal being received on 25 April 2016 with an explanation for the delay. The Authority sought the Board's guidance on whether to entertain this offer to which members agreed to consider CNB in the review.

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

The Chairman reported that the Water Authority and CWC met on 08 April and 12 April 2016 to continue licence negotiations on part C of the licence that covers the rate structure. The Water Authority Board Chairman, Mr Hurlston, attended the meeting on 08 April 2016 upon invitation by the Secretary. He stressed that a timely completion of the negotiation and licensing process was essential to all involved and that the Minister had urged both parties to complete negotiations. CWC expressed serious concerns about the proposed unilateral modification clause and the option whereby, if they fail to meet water demand, a concession may be granted for another concession within the



licence area. CWC negotiating team stated that these provisions would be unacceptable to their shareholders and that, if they accepted these conditions, they would likely be fired. The Chairman noted that CWC had concerns from a commercial standpoint and he urged both sides to work on resolving their differences and seek legal counsel to assist with determining acceptable definitional wording. He strongly encouraged both parties to invest the resources required to get this process to completion. If there were major outstanding differences, these would be conveyed to Government for their perusal. It was agreed that both the Water Authority and Cayman Water Company would work to complete the draft licence by September/October 2016 at which stage it would be ready for legal review.

The Water Authority and CWC discussed the rate structure in the remainder of the meetings. Significant differences remain on the positions of both parties on the allowance for working capital and inventory. Both items form part of the rate base on which a rate of return is earned.

The next meeting is scheduled on 13 May 2016. This meeting will be dedicated to cleaning up as much as possible agreed changes and removing comments.

i) **Public Utilities Commission (PUC) – Update.**

The Chairman reported that there are no further updates.

j) **Miscellaneous Updates.**

a) ***In-House Pipelaying Crews*** – The Chairman reported that the New Works pipelaying crew continues work on the replacement of nearly 4,000 feet of 6-inch diameter pipeline in Mahogany Way. The third section, between Almond Avenue and Siberia Avenue, is presently being replaced. It is anticipated that the entire project will be completed by mid-May 2016. This crew is temporarily short-staffed as one team member transferred to the Customer Service Department to be a meter reader. Interviews were recently conducted for a new labourer, and this position will be filled very soon. This crew also assisted with the installation of a new hurricane-wind resistant roller door at the Lower Valley RO plant.

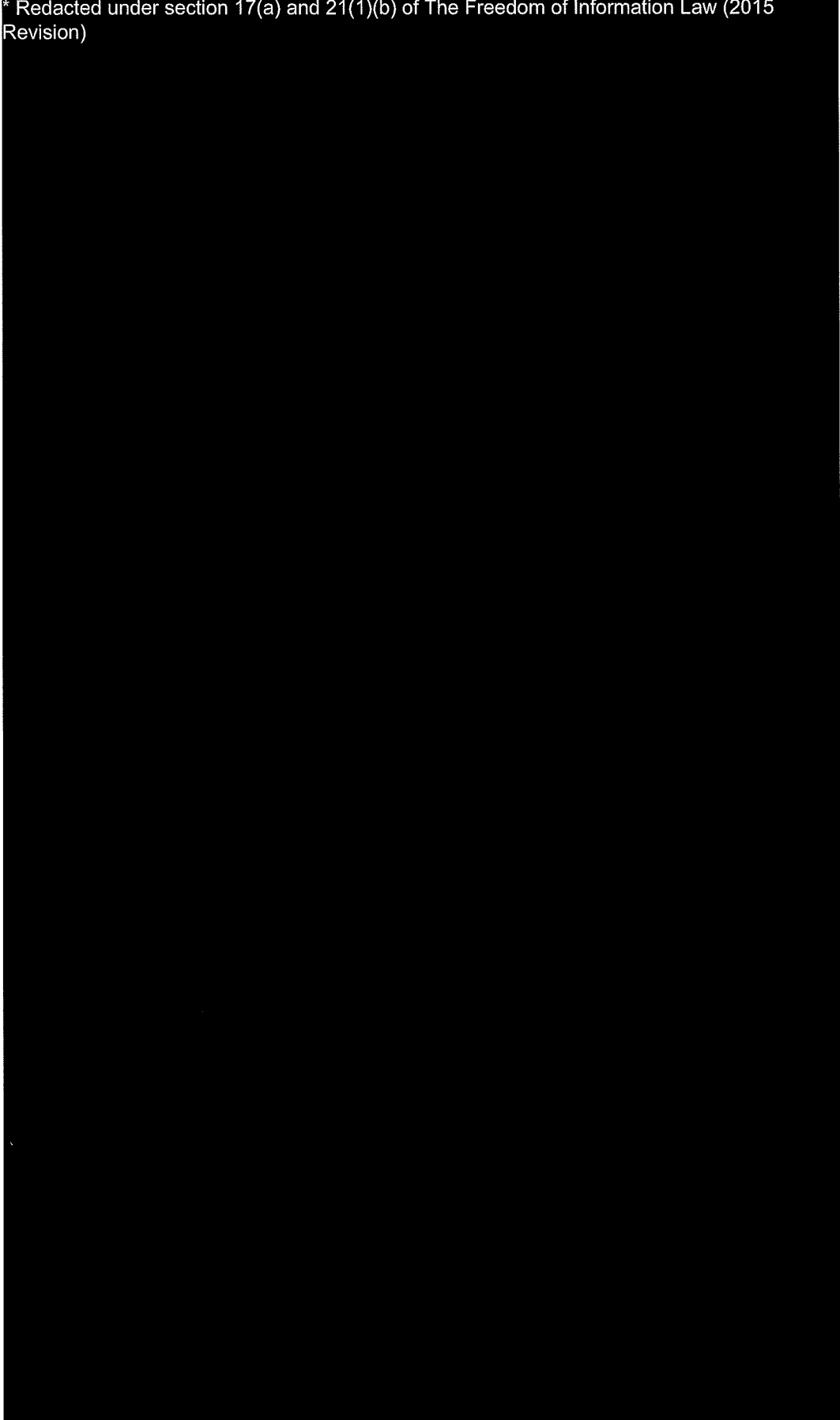
b) ***Water Supply Division*** – The Chairman reported that it is anticipated that work on Phase II of the project to replace the 12-inch water main along Bodden Town Road, which comprises the area between Gun Square Road and Manse Road, will resume in May 2016, after the Lower Valley RO Plant is operational again. On 22 March 2016 the Operations Manager – WS met with representatives of NRA and Island Paving Ltd. (IPL) to agree on the extent of the area that needs to be reinstated. A cost estimate for the reinstatement work was provided by IPL in early April 2016 and accepted by the Authority on 06 April 2016. Unfortunately due to the heavy workload IPL said that they couldn't start this work until 21 June 2016.

- c) **Wastewater Division** - The Chairman reported that during the month of March 2016, the design hydraulic capacity of the plant (2.5 mgd) was exceeded for 4 days. The average daily influent was 2.27 mgd (or approximately 91% of design capacity). This daily average influent was 15.5% less than the average influent measurement during the same period last year (2.69 mgd).
- d) **Wastewater Treatment Plant - External Painting of Buildings** - The Chairman reported that on 22 February 2016 the contract for the external repainting of the various buildings at the Water Authority's Wastewater Treatment Plant was awarded to Paint Pros, who submitted the lowest tender in the amount of CI\$37,586. Progress on this contract has been very good, and this contract was substantially completed by mid-April 2016. It is anticipated that the entire contract will be completed, including clean-up, by the end of April.
- e) **Red Gate Admin Building Parking Lot Expansion** - The Chairman reported that on 18 March 2016 Island Paving completed the seal coating of the entire area of paving installed under this contract. Following the seal-coating the pavement markings were repainted and 16 tyre stops replaced. This contract is now considered complete.
- f) **Gasoline spill at George Town Dock** - The Chairman noted that as reported at the February and March 2016 Board meetings the Water Authority is dealing with the disposal and environmental impact of fuel contaminated sand from the gasoline spill at the George Town dock and issued a Notice under section 56 (2) of the Water Authority Law on 18<sup>th</sup> February 2016 to Thompson Shipping/Tri Island Aggregates, the Port Authority and Rubis. The reason for addressing it to the three parties was that at the time it was not clear which party was responsible for depositing fuel contaminated sand at the Tri-Island Aggregate compound. The Notice required certain actions to remediate the sand and the affected property.

On 26 February the Authority received a response from Rubis's attorneys (Higgs and Johnson) that their client did not acknowledge or accept responsibility or liability for the spill at the George Town Dock, 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 Authority did not withdraw the Notice but responded that the parties involved in the spill have all taken the position that they hold no responsibility or liability. The Authority asked for continued cooperation from the parties involved.

\* Redacted under section 17(a) and 21(1)(b) of The Freedom of Information Law (2015 Revision)

\* Redacted under section 17(a) and 21(1)(b) of The Freedom of Information Law (2015 Revision)



to remove or dispose of any contaminant or remediate any pollution. Despite the Water Authority Law having otherwise similar wording, there are no positive powers to order removal of contaminant or remediation. Whereas Rubis's attorneys have not brought this up, it is an issue that the Authority could be faced with in other spills and this may be an issue for the attention of the Minister to revise the Water Authority Law to expressly provide remedial powers to the Authority. Members agreed that the Authority's management should bring this issue to the Minister's attention.

On 21 April the Authority received notice from Rubis's attorneys that they had received a notice that a directions hearing will be forthcoming and that a representative from the Authority is expected.

- g) ***Smith Road Villas – Failing onsite wastewater treatment system*** - The Chairman reported that the Strata was served a Notice of Violation and Entech is working on the rehabilitation of the wastewater treatment system. Originally the works were supposed to be completed by 07 March 2016, however while Entech commenced the works it was determined that additional parts were needed for the system; due to the lead time to get these parts from the overseas supplier, Entech indicated on 13 April 2016 that the works would be completed by 13 May 2016. As the works progressed further Entech communicated on 21 April that additional parts were needed; the Water Authority has asked whether the completion date would be affected, however Entech has not responded yet. In the meantime the plant is de-sludged every 2 weeks and an effluent filter is in use to limit the discharge of solids in the disposal well.

- h) ***Fuel spill at Shedden Road*** - The Chairman reported that on 15 April 2016 the Water Authority was notified by a consultant working for the Flowers Group that during geotechnical investigations fuel was discovered in the groundwater at the vacant property behind the Rubis Service Station on Shedden Road. Historically the property had a garage (Jacko's) and related businesses. The property is vacant now and the Flowers group will redevelop it as the next phase of the Cricket Square development. The Flowers Group also owns the property on which the Rubis service station is located and the fuel station will be decommissioned and redeveloped by the Flowers Group as part of the Cricket Square development.

The Water Authority carried out a site visit on 15 April 2016 and found that fuel was flowing into the trial pit behind the service station. Two additional pits were excavated on the property, and both filled up with product. The Petroleum Inspectorate was notified and staff came to the site quickly. Since the discovery of the fuel on 15 April 2016, Rubis, contractors for the Flowers Group and Rubis, the Petroleum Inspectorate and the Water Authority have worked closely on the follow up: communications occur on a daily basis and frequent site inspections are carried out. 911, the Fire Service and Department of Environmental Health have also been notified, for the time being they leave it to the Petroleum Inspectorate and the Authority to address the spill on Government's behalf.

Rubis initiated the recovery of fuel on 15 April 2016; a total of 750 US gallons has been recovered based on records up to 25 April 2016. On 17 April 2016 Rubis installed three monitoring wells at the service station. On 18 April 2016 Rubis offered to contract Arcadis, a global environmental consultant, experienced in dealing with petroleum spills. On 19 April 2016 the consultant arrived and conducted further site investigation including the installation of additional wells.

To date the cause, source and footprint of the spill have not been fully determined yet; therefore it is not clear who is liable. Comprehensive testing of the current fuel storage and dispensing system at the service station did not find any signs that the system is compromised and the Petroleum Inspectorate has given conditional approval to continue operations at the station, subject to detailed inventory reconciliation procedures. The service station has been operational at this location for well over 30 years and the adjacent garage and related businesses have also been in operation for many years. Based on the information obtained so far, the contamination may be historical. The Water Authority has provided the various parties involved with its requirements for remediation.

On 22 April 2016 fuel was discovered in the Water Authority's water meter vault in which the meter for Willow House is located, Willow House is the most recent building at the Cricket Square development. As a result of finding the fuel in the meter vault, the Water Authority has sampled the piped water supply to Willow House and the piped water supply to the Rubis service station for fuel related contaminants; these samples were couriered to Accutest laboratories in Florida for expedited analysis, results are expected later this week. The Water Authority has taken the position that as a precaution, the occupants of Willow House should not drink the water supplied by the Water Authority until further notice. The Flowers Group was informed accordingly on 22 April 2016.

In the meantime Water Authority staff is in the process of conducting a groundwater survey in the direct vicinity (500 ft radius) of the spill area to verify whether groundwater is used for potable purposes. So far no property has been identified where groundwater is used for potable purposes. Also the Chief Environmental Health Officer has been notified. The Authority and various other parties involved have dedicated substantial time and resources to this spill.

- i) ***Cayman Grease Management*** – The Chairman reported that the Authority served a Notice of Violation on the owner of the business to address the pollution and to improve operations. The operator cooperated with the Authority and complied with the Authority's requirements in the Notice of Violation.
- j) ***Fuel spill at Owen Roberts International Airport*** – The Chairman reported that samples were sent to the USA for analysis and the results are in the process of being reviewed. The Petroleum Inspectorate is in the process of finalising their report.

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

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

m) *FOI updates* - The Chairman reported that one request had been received since the last Water Authority Board meeting as shown in the FOI Report dated 26 April 2016 and provided to members.

n) *Public Authorities Bill (PAB) Consultation Process* - The Chairman reported that Mr P Gough convened a meeting on 07 April 2016 to discuss the feedback received from the SAGCs on this consultation process. Another meeting is planned for later this month to continue the discussion.

### Current Business

#### a) **Management Accounts March 2016.**

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

The Chairman reported that the Board has been provided with the management accounts for the period ending 31 March 2016. The highlight of this period continues to be the settlement of the FCIB and CIG loan balances, which are clearly reflected on the balance sheet in regards to comparative loan and cash balances.

The nine months of the financial year show a strong net income, 15.4% higher than prior year, coming in at just under [REDACTED] for 2014/2015.

Revenue is below that of last year, but demand is higher, however the associated EAF is lower due to the current fuel prices and fully contributes to the decrease in sales. The decrease in fuel prices also explains the significant decrease in operating expenses, most notable that of Water Purchases/Production, displaying a decrease of 17.4% or [REDACTED] prior year.

Administrative expenses continue to be slightly higher than in prior year, however still well below budget, coming in at [REDACTED] as compared to budget figures of [REDACTED]. This lower than budget figure is primarily attributed to the outstanding transactions of Bad Debt, Pension and lower than expected legal fees. As per expectation loan interest continues its decrease with settlement of existing debt and no new borrowings.

In summary, the Authority continues to show a strong sales and net income stream and is in position to finish this year above that of prior year and budget. The financial records will later reflect pending year-end adjustments such as Bad Debt Expense, Pension Liability, audit fees and potential professional fees (in connection with the CWC negotiations) that will inevitably lower the reported net income.

Even with the pending year-end expenses, the Authority expects to finish this financial year in a strong position. It should be noted that cash reserves for future projects and the ability to continue with the Cayman Brac extension project, complete the next phase of the Wastewater CCTV Project and meet day-to-day operational and administrative expenses will be directly influenced by the pending implementation of the Dividend Calculation as indicated in **item #c below**. Should this calculation be applied as presented the Authority would need to modify the existing budget (Ownership Agreement) approved in January 2016 to reflect this change.

**b) 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 19 April 2016 the Authority received an email 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 the customer was issued a bill for the period 09 February - 12 March 2016 in the amount of \$863.80. The customer states that their tenant moved out prior to this and that the valve at the meter was turned off. During the course of the house being vacant, the Authority did repairs on the main line supplying this property.

The customer claims that when repairs were complete by the Authority, the valve at the meter along the street was turned back on. This caused the water to flow out of open water taps without notice due to the property being vacant. The water usage was only discovered when a representative of the customer to conduct painting work visited the property. The customer states that they are unaware of how long the water had been running without their knowledge.

The customer requested (via follow up telephone conversations) that the bill for March 2016 be discounted and an amount based on their average monthly usage be paid.

The Authority's Operation Manager-WS confirmed that because the building appeared to be vacant (as it still does), it was never connected to the temporary service line during the water mains replacement work being done in Bodden



Town. The property is still connected to the old 300 mm water main on Bodden Town Road. The intention was to connect to the new line when the work reached that point. However, due to operational problems the project was stopped and the remaining old water main was put back in service. Consequently, the property would have been without service for a period of time until 04 March 2016 when the main was put back in service. There is no record of any complaint during that period that the property was without water. The Operations Manager-WS is of the opinion that at some point someone opened the valve at the meter and taps in the building, did not get water and left the taps and meter on. Subsequently, when the water main was put back in service the taps ran until the customer's representative found them.

In summary, the customer should not use the Water Authority's valve to control their water supply but rather have their own valve on the customer's side to turn their service on or off. It cannot be confirmed by the Operations team working in this area during the time frame of the bill that the meter was or was not spinning when the water mains was reactivated as they would have had no reason to check the customer's meter box. Furthermore, all plumbing downstream of the meter is the customer's responsibility 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.

Mr J Gill was excused from the meeting at this point as he had another commitment to attend to.

**c) SAGCs Dividend Payment Policy Proposed.**

The Chairman reported that on 05 April 2016 the Secretary received an email from the Financial Secretary and Chief Officer, Mr Kenneth Jefferson outlining a formula that is scheduled to be adopted by the CIG (upon final approval by Cabinet) and payable by all SAGCs effective 01 July 2016. The Authority, under the signature of the Chairman and Director responded on 13 April 2016. Copies of both communications have been provided to members.

The Chairman reported that the letter from the Authority suggested a modification to the proposed formula based on the fact that the Authority, unlike other SAGC's on the list, has an operational arm that is necessary to maintain the assets and expectation to meet anticipated demand and to continue to provide the high level of service that the people of the Cayman Islands have come to expect. The Board is requested to provide their feedback on the proposal, as adoption of the dividend calculation as presented by the Financial Secretary would require the Authority to prioritise capital projects

and asset maintenance to ensure sufficient cash flows to meet day-to-day operations (which in turn would require new budget documents).

As the Authority is not allowed to borrow funds due to the fiscal constraints imposed on CIG, if the Authority is unable to reserve funds for major infrastructure projects such as Cayman Brac Bluff Water Works, wastewater services expansion, exploration of utilisation of renewable energy, smart metering, etc., development of these projects will be significantly impacted in the future. Under the proposed calculation 50% of available cash would be allocated as a dividend and transferred to core Government at the end of every 3 years. The implementation of this policy would deplete cash reserves and restrict the Authority's ability to envision and implement long terms plans to the betterment of the organisation and the islands as a whole. For example, rather than simultaneously exploring improved metering technology and extension of pipelines the Authority would have to choose only one.

The Authority will supplement their letter dated 13 April 2016 with information and feedback as provided by the Board. Members discussed this item and expressed their satisfaction with the amendments recommended in the letter to the Financial Secretary. The Chairman noted that the Minister of Finance had called for a meeting of all SAGCs on 02 May 2016 during which it is expected more information will be provided.

### **Any Other Business**

#### **a) Post-Retirement Healthcare.**

The Chairman advised that the Authority is still awaiting a proposal for a post-retirement health plan from Generali. Providing the Generali proposal is available, the Authority will provide a comprehensive report with recommendations at the May 2016 Board meeting. The Secretary noted that this issue remains a major concern for the SAGCs and their staff. Additionally, for staff that transferred from CIG employment to SAGCs it is being acknowledged that there is some liability to these agencies for post-retirement health care benefits and this has been determined by legal opinion sought by some SAGCs. Additionally, some SAGCs have already had actuarial reports carried out by Mercer and are being required by the OAG to recognize the liability on their financial statements. The Authority is likely to have a similar issue and this will be discussed with the OAG in the upcoming June 2016 audit planning meeting. Members had previously recognised that the Water Authority has an obligation to provide options for post-retirement healthcare for employees and upon receipt of the Generali proposal recommendations will be made to the Board.

**b) Request for an Exception to the Policy requiring Signatures of all Property Owners to Re-Activate Account re Customer Account #** [REDACTED]

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

The Chairman reported that on 06 April 2016 [REDACTED] advised the Authority that one of the three persons approved at the last Board meeting to be signatory on the reactivated account did not wish to sign as she does not live at the premises. Two of the three persons would however be available. The Secretary sought guidance from the Chairman and it was agreed to proceed to allow the account to be reactivated in light of the family's circumstances. Members expressed their agreement with the action taken.

**c) Report on Global Water Summit 2016.**

The Chairman advised that she will provide a summary at the May 2016 meeting.

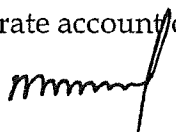
**Donation Requests**

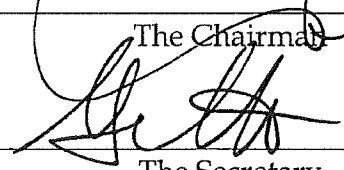
The Chairman advised that the Sponsorship Assessment Sub-committee will meet after the Board meeting to deal with the following requests for assistance:

- a) 2016 Cayman Invitational – Annual Track Event.
- b) Rotary Club Grand Central – 2016 World Affairs Seminar.
- c) Cayman Carnival Batabano – 2016 Junior Batabano.
- d) Cayman Islands Hoopsters – Sponsorship for YBOA Camp in Orlando.
- e) John Gray High School – Track and Field Meet in Florida for Claudina Morgan.
- f) Cayman AIDS Foundation – 4<sup>th</sup> Annual Tea Party.
- g) Mustang Track Club – Baytaf Track and Field Championship.
- h) PAWS Cayman – PAWS on Wheels Cycling Race.

There being no other business the Chairman thanked members and the meeting was adjourned at 3.14pm.

This is a true and accurate account of the proceedings.

  
\_\_\_\_\_  
The Chairman

  
\_\_\_\_\_  
The Secretary