

CONFIDENTIAL



Water Authority of the Cayman Islands

Minutes of 270<sup>th</sup> Meeting held on 18<sup>th</sup> of May 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 Ms T Mortimer Mr C Randall Ms R Sharma Mr O Watler

**Call to Order**

The Chairman welcomed members and called the meeting to order at 1:45pm after ascertaining that there was a quorum. He acknowledged apologies from Ms R Sharma, Ms T Mortimer, Mr C Randall, Mr M Jacques and Mr O Watler. The Chairman then proceeded to offer a prayer for guidance and inspiration and subsequently declared the meeting open.

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

The Chairman asked for confirmation of the Minutes of the 269<sup>th</sup> Meeting held on 27<sup>th</sup> April 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**

Mr A Wright noted that he would have a conflict with Donation Requests item a) on the agenda for the Sponsorship Assessment Sub-committee.

### **Matters Arising**

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

The Chairman reported that on 12 May 2016 the contractor JML, and his sub-contractor MEPCO, completed the contract for the external feed water pipework at the Lower Valley RO Plant, when the one faulty butterfly valve was replaced.

All three feed water abstraction wells have now been disinfected, in order to remove the iron reducing bacteria that caused the pre-filters to prematurely clog. New submersible pumps have been installed in the three feed water abstraction wells. The three wells have now been flushed and the process to restart the Lower Valley RO Plant is expected to commence later this week.

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

The Chairman reported that since the last Board meeting two communications were received from US Sewer & Drain, neither one offered anything constructive regarding the issues that had been discussed at the 16 February 2016 meeting. The first one referred to the outstanding duty payments for three vehicles remaining on island. The second one referred to a dispute between US Sewer & Drain and Cayman Imports Ltd, the owner of the warehouse that was rented by US Sewer & Drain.

Due to leave and other commitments, the Water Authority had not yet written to US Sewer & Drain advising them that it considers the contract complete, and thus bringing this project to an end. As decided at the last meeting, this letter will include an invoice for the amount the Water Authority is out of pocket due to expenses incurred for the remedial work near Cost-U-Less. Additionally an executive summary of the project will be prepared, and the Office of the Auditor General (OAG) will be briefed.

The replacement of two adjacent sections of 6-inch sewer pipeline in the Watler' Road area and a severely deteriorated manhole in Slate Drive by US Sewer & Drain's joint venture partner Wharton Smith are complete.

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

The Chairman reported that progress to date on the current phase of this project (up to Faith hospital) was less than anticipated due to further mechanical issues with the trencher. A representative of Caterpillar/Atlantic Supply is on Cayman Brac to try to resolve this, as Vermeer has indicated that

based on the findings to date it appears to be a Caterpillar (engine) issue, not a Vermeer (electrical) control issue. The Secretary noted that it is concerning the number of issues being experienced by the trencher as it has slowed down progress considerably and it is likely the Authority will have to consider a replacement in the near future.

The Chairman noted that the Authority is awaiting, since October 2015, the Cayman Brac Public Works Department's (PWD) proposal for the reinstatement of roads affected by the pipelaying in Cayman Brac. It remains the Authority's understanding that the specialised equipment (i.e., milling machine) necessary for this work has not been received by PWD as yet.

At the Bluff site, additional clearance of the area was required of Scott's Development at an estimated cost of CI\$186,000 bringing the entire area cleared to around 350 feet x 350 feet. High spots were removed and the total area has been filled and compacted with 4" crushed rock and topped off with ¼" crushed rock. Final dimensions of the total cleared area will be verified by Water Authority staff on site using GPS equipment, before final payment will be made.

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

The Chairman advised that in early May 2016 Ocean Conversion (Cayman) Ltd (OCL) took delivery of a Pump Rotating Element from Flow Serve. It is therefore anticipated that the only outstanding item on the North Sound RO Plant upgrade (i.e., the refurbishment of the second high pressure pump) will be completed later this month.

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

The Chairman reported that Island Paving (IPL) completed the reinstatement of the entire Marbel Drive area on 10 April 2016. However the Water Authority is waiting for IPL to return to fill in some low spots.

The majority of heavy equipment temporarily brought in for this project has been re-exported with the remaining piece of equipment expected to leave by the end of this month.

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

The Chairman reported that to date progress on the contract for the construction of a New Water Distribution Pump Station at the Red Gate Water Works has been acceptable. The contractor, Island Builders completed the reinforced concrete foundations, floor slab and walls. It is anticipated that the reinforced roof slab will be poured during the week of 23 May 2016, which is one week later than indicated in their schedule dated 12 February 2016. It is

therefore still anticipated that this contract will be completed before the end of July 2016.

The Chairman reported that the four pumps required for this new pump station were shipped in early May 2016 and they are expected to arrive on island this week. The 460 US gallon composite pressure tank arrived on island two weeks ago.

All other pipework, pump control valves and miscellaneous specialised fittings have been ordered and should all be on island before the contractor Island Builders Co Ltd completes the construction of the Red Gate Water Distribution Pump Station.

**g) 30 June 2016 Audit of Consolidated and Divisional Statements - Update.**

*30 June 2015 Audit of Consolidated Financial Statements*

The Chairman reported 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's proposed responses was made available to members previously. In order to address some of the outstanding points, the Authority's management drafted three policies for the Board's review. It is anticipated that with the Board's approval of the policies and the application as part of the 30 June 2016 Audit that these points will be removed from the 30 June 2016 Management Letter. Copies of the proposed policies were provided to members, a summary follows:

1. *Capitalization Policy of Pipeline Installation* - the Authority proposes to capitalise all upgrades (i.e., increased diameter) to the system and also all sections of pipeline replaced with the same diameter pipeline in excess of 500 feet. Replacements less than 500 feet will be expensed as a repair.
2. *IAS 36 - Impairment of Assets* - objective is to ensure that an entity's assets are not carried at more than their recoverable amount. The Authority was encouraged to implement a policy to ensure that there are no long term impairments of assets. This would simply be a formalisation of the internal policy that is already in place.
3. *IAS 37 - Provision, Contingent Liabilities and Contingent Assets* - Objective is to assess whether future disposal costs are required in accordance with IFRS for assets constructed given the nature and operations of the Authority and the likelihood of demolition of certain assets. This policy is new to the Authority and will require that a professional estimate for asset demolition to be done upon the assets being recorded in the financial records. The Authority proposes to assess the potential future

disposal costs against historical data and should the amount be deemed material (>10% of asset cost) that a provision be made.

The Chairman advised that the Secretary was respectfully seeking the Board's feedback on the proposed policies. Feedback is expected to be received from KPMG as well. Provided that the spirit of the suggestions remains unchanged, that Secretary respectfully asked that the policies be accepted and adopted.

Members reviewed the recommendations and unanimously agreed for the Water Authority to adopt the proposed policies.

*Annual Report 2014/2015*

The Chairman reported that the approved 2014/2015 annual report is expected to be sent to the Ministry during the week of 18 May 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 the planning meeting for the 30 June 2016 audit is expected to be held between the 3 parties (OAG, KPMG and WA) on 19 May 2016.

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

The Chairman advised that no additional request for information was received and the Authority expects that the IAS report will be made available for the 30 June 2016 audit.

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



*Post-retirement Health Benefits (PRHB)*

The Chairman noted that there has been discussion to the obligations that the Authority has in regards to PRHB for staff. The Authority has several staff members that were CIG employees prior to being transferred to the Water Authority and were at that point eligible for PRHB. Taking into consideration this obligation as well as the responsibility to other staff members the Chairman advised that the Authority will discuss this at the audit planning meeting with OAG and KPMG to ascertain whether it would be prudent to commission an actuary engagement to determine the amount of the possible liability. Members acknowledged that the Authority will need to carry out an

actuarial review to determine the extent of the Authority's liability for relevant employees and will need to formalise a policy to address PRHB.

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

The Chairman reported that no further information has been requested by the Lands & Survey Department on this project.

*Request for Proposals from Class A Banks*

The Chairman reported that the proposals received are in the review process, with the intent to provide a recommendation to the Board at the June 2016 meeting.

*Adjustment of Rates 2015*

The Chairman advised that the water rate adjustment mechanism provided for in the Water Authority (Amendment) Regulations 2012 that came into effect on 01 November 2012 has a review date of 15 May of each year. This Automatic Annual Rate Adjustment mechanism is based on inflation indices, the CICPI and USPPPI. At that same meeting Cabinet stipulated that the Automatic Annual Rate Adjustment mechanism be replaced with the Rate Cap Adjustment Mechanism (RCAM) as soon as practically possible.

The Chairman reported that the Authority reviewed the options with regards to the 2016 rate adjustment and calculated that in accordance with the current formula in the Water Authority Regulations, the Water Authority would have been entitled to increase its Base Prices (i.e., sewerage charges, septage charges and water charges) by 0.21%, effective 01 July 2016. A report on the Adjustment of Water Authority Rates was prepared for and provided to the Board. This document details the calculations.

The Chairman advised that in view of several factors, the Authority's management respectfully suggests that the Water Authority Board consider foregoing the rate adjustment calculated in accordance with the current Water Authority Regulations (0.21% increase). Although the date for implementation of RCAM has been delayed due to the focus on the CWC licence negotiations, it is hoped that this will be possible in the first quarter of 2017.

The Secretary respectfully sought members' guidance on the rate adjustment matter. Members discussed the options and subsequently agreed to defer the calculated 0.21% adjustment to rates for 01 July 2016 as the Authority anticipates implementation of RCAM in 2016-2017 fiscal period. Additionally, members requested that the Authority carry out some publicity such as using the newsletter.

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

The Chairman reported that the Water Authority and CWC met on 13 May 2016 to continue licence negotiations; discussion focused on part C of the

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In order to keep the process moving both parties agreed to exchange information via email and CWC will make submissions on the Schedules that will be appended to the licence. The next meeting is scheduled on 24 June 2016. At this meeting, the schedules (provided they are submitted by CWC in a timely basis) and CWC's comments on the clean copy of the draft licence will be reviewed.

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

The Chairman reported that on 02 May 2016, the Chairman, Director and Financial Controller attended a meeting with SAGC's at the request of the Minister of Finance regarding the 2015/2016 financial year performance, 2016/2017 budget and the issue of the Cash Dividend. Regarding the Dividend policy other agencies also expressed concerns about its universal application. Attendees were informed that comments received were being considered and that a final draft would be available prior to going to Cabinet for their approval. During this meeting attendees expressed concerns over the submitted budget documents (Ownership Agreements) for the pending 18-month financial period which had been prepared and approved by the relevant boards, and the ability of the agencies to honour the agreements in light of this proposed change. In response to this meeting and the Board feedback the Authority prepared another letter, a copy of which was provided to members. To date no additional feedback has been received from the Ministry of Finance. The Chairman advised that it appears that the Minister of Finance is trying to be pragmatic and reasonable in his approach and notes that one policy may not fit all SAGCs. The final SAGC Dividend Payment methodology/policy applied would be drafted to ensure flexibility and common-sense in its application. Members noted that the Authority would

need to ensure there was sufficient cash retained to meet operational and unexpected needs.

j) **Miscellaneous Updates.**

a) *In-House Pipelaying Crews* – The Chairman reported that the New Works pipelaying crew was still one man short, as one team member transferred to the Customer Service department. A new labourer has been identified and will start as soon as he has satisfactorily completed his medical. Over the last few weeks this pipelaying crew assisted with the feed water well cleaning at the Lower Valley site and loading 8-inch pipe for shipment to Cayman Brac.

This crew resumed work on the replacement of the third section of 6-inch diameter pipeline in Mahogany Way, between Almond Avenue and Siberia Avenue. It is anticipated that this project will be completed by mid-June 2016.

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 now resume in mid-June 2016, after the Lower Valley RO Plant has been operating reliably for several weeks (to avoid having to interrupt this project again). Unfortunately IPL has again delayed the reinstatement of previous work to 05 July 2016. The Authority has written to IPL to express dissatisfaction with this schedule and have asked for an earlier date to commence the work.

c) *Wastewater Division* – The Chairman reported that during the month of April 2016, the design hydraulic capacity of the plant (2.5 mgd) was not exceeded. The average daily influent was 2.25 mgd (or approximately 90% of design capacity). This daily average influent was 22.2% less than the average influent measurement during the same period last year (2.89 mgd).

d) *Wastewater Treatment Plant – External Painting of Buildings* – The Chairman reported that although this contract was substantially completed by mid-April 2016, and no work has been carried out for the last few weeks, except for clean-up activities. This contract has not yet been finalised as the Authority is still waiting for the submittal by the contractor of additional information on the work done to the metal frames (as these items were part of the Provisional Sum item in the contract and must be substantiated by certified invoices for the materials as well as time sheets for the labour involved).

e) *Gasoline spill at George Town Dock* – The Chairman reported that further to reports at previous Board meetings regarding the legal aspects of the gasoline spill at the George Town Dock, the Authority issued, upon advice of Mourant Ozannes, a new notice to Rubis to remediate the fuel impacted sand from the spill that they hold at their compound. Mourant Ozannes also



wrote Higgs and Johnson a letter to explain the Authority's position that the Authority is reasonable in its requirements.

On 13 May 2016 the Authority was notified by Mourant Ozannes that Higgs and Johnson wanted to pursue their original appeal with a directions hearing on 17 May 2016. Mourant Ozannes was asked to attend the hearing on the Authority's behalf and management agreed to the alternative proposal for the hearing as suggested by Mourant Ozannes.

Overall, the Authority's position was that Rubis, the Port Authority and Tri-Island Aggregate hold responsibility for the spill and the disposal of fuel contaminated sand at the Tri-Island Aggregate site. Rubis is of the view that it has been accused falsely of disposal of the fuel contaminated sand.

Mourant Ozannes also suggested meeting with Rubis to discuss this matter further, this meeting has been tentatively scheduled for 30 May 2016.

- f) *Smith Road Villas - Failing onsite wastewater treatment system* - The Chairman reported that further to previous updates for the Board, the rehabilitation of the failing wastewater treatment system at Smith Road Villas remains ongoing. Entech, the contractor and BCQS, the property manager have not provided the Water Authority with a recent update.
- g) *Fuel spill at Shedden Road* - The Chairman reported that further to the report at the previous Board meeting regarding the fuel spill at the Rubis Shedden Road Service Station and adjacent former site of Jacko's garage; Arcadis completed their initial site investigation and prepared an initial report. Initial findings indicate the presence of a mix of weathered (i.e. aged) gasoline and diesel in the ground. It is not clear yet when this spill took place. Total volume of fuel recovered through 27 April is 790 US gallons.

Following the discovery on 22 April of fuel in the Water Authority's meter vault for Willow House, part of the Cricket Square development, the Authority advised Willow House and the Rubis service station not to use piped water from the Authority for potable purposes until overseas testing by Accutest was completed. Results for the presence of fuel related components in the piped water supply were received on 28 April 2016;

- results for the piped water supply at the backflow preventer for Willow House were below analytical detection limit,
- water in the kitchen at Willow House had a trace of toluene, substantially lower than the World Health Organization Drinking Water Guideline Value (WHODWGV), and
- the water supplied to the Rubis station had various fuel related components, specifically the result for benzene, which was 3 times higher than the WHODWGV was of concern.

All data were shared with Rubis, the Flowers Group, and the Department of Environmental Health. Willow House was advised that the water was within WHODWGV and safe to drink, and the Rubis gas station was advised not to use the water for potable purposes.

A press release was issued on 29 April 2016, advising the public of the fuel spill and that piped water at one property was affected to the effect that it was unsuitable for potable purposes. The press release also advised the public in the vicinity of the spill not to use groundwater for potable purposes. The release was used by the media in the week of 02 May 2016.

On 12 May 2016 a meeting took place with Rubis, the Flowers group, Petroleum Inspectorate, Arcadis, local consultants and McAlpine, the contractor who will build the next phase of Cricket Square on the affected property. Arcadis has proposed to widen the scope of the initial site assessment to get a better understanding of the areas that have been impacted by the fuel spill, this information is also essential to design and implement the remediation.

On 17 May 2016 the service connection for Rubis was removed by the Authority. Part of the polyethylene piping that was used for the service piping from the water main in Shedden Road to the meter for Rubis will be investigated for petroleum impact. The Authority has experience with two previous spills where polyethylene piping was impacted by fuel: fuel related components can permeate through the pipe and affect water quality. The permeation of fuel related components through PVC pipe is less of an issue; this is likely the reason why the water supply to Willow House, which is through PVC piping, is less affected.

*h) Fuel spill at Owen Roberts International Airport* - The Chairman reported that there was no further update available as yet on this matter.

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

*j) Indigent Assistance Fund - Update* - The Chairman reported that the Authority's Finance and Customer Service Department experienced some delay in redrafting the supporting documentation and it should now be ready for Board confirmation at the June 2016 meeting.

*k) FOI updates* - The Chairman reported that no new requests have been received since the last Water Authority Board meeting as shown in the FOI Report dated 17 May 2016 and provided to members.

*l) Compensation Review* - The Chairman reported that a request has been sent to two local and one overseas consultancy firms for proposals to carry out the review.

*m) 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 was planned for earlier this month but due to other commitments could not take place. Mr Gough has requested response in writing on SAGCs feedback.

*n) Public Utilities Commission (PUC)* - The Chairman reported that on 17 May 2016 the Authority received a copy of drafting instructions for "Laws relating to the regulation of the Water and Wastewater sector" from Mr JP

Morgan, Strategic Advisor employed in the Ministry of Planning, Lands, Agriculture, Housing, & Infrastructure (PLAHI). Mr JP Morgan explained in his cover email that this was a work in progress for discussion and that the Authority's advisory responsibility for the grant of concessions was preserved and that the Authority was a supplier of last resort. The email explained that the proposed legislation needs to be read in conjunction with The Office of Competition & Regulation Bill, which was not available yet. The Authority will review the information and provide feedback.

### Current Business

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

The Board has been provided with the management accounts for the period ending 30 April 2016. The first ten months of the financial year show a very strong net income, a full 26.8% higher than prior year, [REDACTED]

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Revenue is below that of last year, consumption is up, however the associated EAF is lower due to the 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 the continuation of lower Water Purchases/Production costs, displaying a decrease of 16.9% or [REDACTED] over prior year. As per expectation, loan interest continues its decrease with settlement of existing debt and no new borrowings.

Administrative expenses are slightly lower than in prior year, coming in at [REDACTED] as compared to budget figures of [REDACTED]. These decreases from budget figures is primarily attributed to the outstanding transactions of Bad Debt, Pension, and lower than expected legal fees.

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 have yet to reflect pending year-end adjustments such as Bad Debt Expense, Pension Liability, audit fees and potential professional fees (in connection with the CWC negotiations, fuel/oil leaks, etc.), which will inevitably lower the reported net income. Another consideration that will inevitably affect the "bottom line" is the potential identification and recording of PSHB, as this number is expected to be significant, especially in the first year.

The Authority, even with the pending year-end expenses 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 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 discussed above. 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]

The Chairman reported that on 25 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 29 November -24 December 2015 in the amount of \$2,753.91. On 18 January 2016 the customer contacted a Customer Service Representative complaining of a high bill. The complaint was investigated by a meter reader on the same day at which time the reading was confirmed and no leaks or movements indicative of a leak were found on the meter.

On 27 January 2016 the customer wrote to the Customer Service Representative further disputing the bill. The customer's email stated that there *"was a serious leak of some kind...which created this shocking anomaly"*. The Customer Service Supervisor responded to the customer the same day. In this email it was recommended that the customer approve a visit by the Authority's Utility Services Auditor to walk through the property with her. This recommendation received no response. Upon a request that the meter be removed and replaced, the customer was informed of the proper procedure for meter testing. The appropriate form was attached to the email; however there was no response to this as well. Although the customer refers to an email exchange on 24 January 2016, there is no record of same.

On 16 March 2016, the Customer Service Supervisor resent his email to the Customer as no response had been received from January 2016. On 25 April 2016 the Authority received an email from the customer requesting that the disputed bill be discounted to an averaged amount based on this account's history. The customer has included a letter from a licensed plumber stating that during a site visit, there were no leaks found in the water system on the property.

While the Customer states that this *"anomaly has to be the result of a malfunction within the meter"*, this cannot be substantiated as the customer chose not to have the meter tested.

The average monthly bill for this customer over a 12 month period in 2015 was \$310.46. As there is no evidence that the meter was over registering the

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registered consumption is correct. As all plumbing downstream of the meter is the customer's responsibility, 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. Further, the customer chose not to have the meter tested. The Authority can offer a payment plan with waiver of late penalties as usual.*

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

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

The Chairman reported that on 27 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 as per the customer's request the service was disconnected and the account closed on 02 February 2016. On 11 February 2016, the service was transferred to the new owner and the service reconnected. The customer's final bill for the period 15 January 2016-11 February 2016 was \$966.22.

The electronic notes by the Meter Reader on the service order states, "*Meter was reconnected but there was still a slow movement on the meter. [REDACTED] was advised on site of possible leak on his side*". On 16 February 2016 the customer emailed the Water Authority inquiring about the final bill and stated that there were doubts that "*a \$900+ bill is correct for [a] house [that] has not been occupied since December 2015*".

The Customer Service Representative dealing with the customer offered a payment agreement however this was refused. The customer was informed that the meter could also not be removed for testing as the property had new owners. After ongoing correspondence between the Customer and Customer Service Representative, the Customer Service Supervisor contacted and advised the customer of all available facts of the disputed bill. The customer was also advised that the bill was payable as all plumbing downstream of the meter is the Customer's responsibility.

In the 27 April 2016 communication, the customer disputes the note that [REDACTED] was notified of a possible leak by the Senior Meter Reader as he "*left island on 30 November 2015 with no access to a Cayman phone from that day*". Additionally, the customer maintains that there was no excessive usage of water by anyone nor was the pool filled, to their knowledge. The customer acknowledged having a leaking toilet in October 2015 which caused a spike in

water usage, however states that since vacating the premises in December 2015, all inside water connections (sinks, toilets, etc.) were turned off.

The Chairman noted that there is a discrepancy regarding who was notified of the possible leak when the account was transferred to the new owner. Although the Senior Meter Reader notes indicate that he notified the customer on site, the customer disputes this saying that they were not on island. Additionally, if the Customer Service Supervisor had been aware that the customer wanted to have the meter tested in February, this could have been arranged as the new owner had taken control of the property for only a few days.

Besides these issues, all consumption and plumbing downstream of the meter is the Customer's responsibility therefore making the bill payable. For reference, the Customer's averaged monthly bill for 2015 was \$170.55. The Secretary respectfully sought the Board's decision on the request from the customer. Members decided to discount the bill by 50% in consideration that the Water Authority did not arrange for the meter to be tested as requested by the customer and also in consideration that the Meter Reader did not confirm the identity of the person he spoke with on the site (erroneously assumed that the person was the complainant).

#### **Any Other Business**

**a) Post-Retirement Healthcare.**

The Chairman advised that the Authority received some information for a post-retirement health plan from Generali however additional information was requested for which the Authority is still awaiting. The Authority expects to be in the position to a comprehensive report with recommendations at the June 2016 Board meeting.

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

The Chairman reported that she was pleased to attend and participate in the above Summit in Abu Dhabi, UAE 18-21 April 2016. The theme for the event was "**Water 2050: The Future is Now**". The Chairman reported that she attended a pre-Summit workshop on "Produced Water - Open Innovation". This workshop, although not relevant to the Cayman situation, was interesting as it brought into focus the challenges and opportunities around the issue of produced water as a by-product in the oil and gas industry. The workshop, conducted in three sessions, focused on **water handling, management, conveyance & disposal, sea water injection for production enhancement**, and the opportunities for **produced water treatment for industrial & agricultural reuse**. There were general and roundtable discussions amongst participants about how to explore the problems currently faced by operators and system designers. There was particular emphasis on defining the problems and needs

of the industry, discussion on best practices and the state of the treatment technology.

With the main theme of the summit being Water 2050 Visions, the opening session centered on questions about the long term future for the water industry. The recognition that there is estimated to be 3 billion more people by 2050 on this planet and that the impact this will have on the environment in the context of climate change is growing relentlessly. The challenges for today indicate that the industry is not well equipped for this inevitable future with regards to financial models, infrastructure or technologies to cope. The speakers in this session were challenged to outline their vision of water in 2050. Six speakers presented their ideas on what they saw as the inevitabilities and how to address these. The keynote speaker, Mr Daniel Franklin, Executive Editor of the Economist spoke about the difficulty with predictions and that in his opinion, long term predictions are easier than short term predictions.

The sessions over the two days were varied with presentations, panel and roundtable discussions on innovations in the water industry, emerging technologies, discussions on the strategies regarding adaptations necessary in the water industry to meet the climate issues. The extremes of floods and droughts with no additional income streams to meet the cost are impacting many countries and there was discussion on how to meet this challenge and how international cooperation might play a role in the solution.

The Chairman reported that as a Global Water Leader she had been invited to make a PowerPoint Presentation during one of the Innovation Strands. These strands provided a format for selected agencies, utilities to present on how a particular project was undertaken within the organisation and the resulting benefits. The Secretary's presentation was on how the Water Authority went about the implementation of the Lab Information System from paper and Excel based procedures.

The Chairman reported that on 21 April, she visited UAE's Masdar Institute of Science and Technology Ghantoot location where there are four pilot energy-efficiency desalination plants. In 2013, Masdar launched a renewable energy desalination pilot programme to research and develop energy-efficient, cost-competitive desalination technologies that are suitable to be powered by renewable energy. The long-term goal is to implement renewable energy-powered desalination plants in the United Arab Emirates and to have a commercial scale facility operating by 2020.

Through a competitive tender, four commercial partners – Abengoa, Suez Environnement, Sidem/Veolia and Trevi Systems – were selected to support the development of the programme. They have each developed and now operate a next-generation pilot seawater desalination plant. The four plants will test a range of innovative approaches in boosting operational efficiency over an

18-month period. The four plants each have water production capacity of 1500 m<sup>3</sup>/day.

After 2016, it is expected that technologies that meet predefined criteria as commercially viable, large-scale seawater desalination plants will be scaled up. The plants will be entirely powered by renewables.

Whilst in the UAE, the Secretary met with several representatives of technology that the Authority will continue to explore, specifically Advanced Metering Infrastructure (AMI) and Smart Grids for Water. The CEO of Smart Earth Technologies, Mr David Duncan demonstrated the smart metering technology available through his company. This company is currently undertaking an AMI project for Provo Water in Turks & Caicos and is planning to visit Cayman later this year to meet with the Authority. The Secretary thanked the Board for supporting her participation.

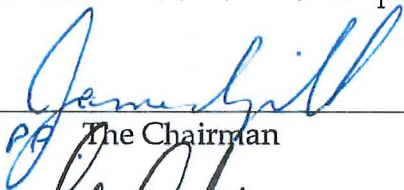
### Donation Requests


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

- a) West End Primary School PTA - Annual Talent Show Cayman Brac.
- b) Lions Club of Grand Cayman - Youth Choir Competition 2016.
- c) National Flag Football Team Sponsorship.

There being no other business the Chairman thanked members and the meeting was adjourned at 2:51pm.

This is a true and accurate account of the proceedings.

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

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