

CONFIDENTIAL



Water Authority of the Cayman Islands

Minutes of 288th Meeting held on 16th May 2018

Members Present:

Chairman:	Mr K Gomez
Members:	Mr H B Ebanks Mr J Gill Ms S Mitchell Mr M Rankine Mr C Randall Ms L Ryan Ms R Sharma
Secretary:	Dr G Frederick-van Genderen
Apologies:	Ms T Ebanks Ms A Owens Mr A Wright

Call to Order

The Chairman welcomed members to the meeting and acknowledged apologies from Ms T Ebanks, Ms A Owens, and Mr A Wright. After ascertaining that there was a quorum, the meeting was declared open and called to order at 1:35pm. The Chairman extended deepest sympathy, on behalf of the Water Authority Board, to Ms L Ryan on the passing of her brother Mr Darwin Tibbetts. Ms L Ryan then offered a word of prayer.

Confirmation of Minutes of the 287th Meeting held on 18th April 2018

The Chairman asked for confirmation of the Minutes of the 287th Meeting held on 18th April 2018. Mr C Randall moved the motion to accept the Minutes as amended, Mr M Rankine seconded the motion and the motion passed unanimously.

Declaration of Conflicts of Interest

No declarations were made.

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

The Chairman reported that during the month of April 2018 the plant produced on average 1,428 cubic metres per day, which is approximately 48% of its design water production capacity.

The Chairman reported that within the next few weeks the Engineering Services Department (ESD) will resume work on the tender documents for the provision of a low flow media filtration system for the LVRO plant.

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

The Chairman reported that the Authority's crew continues to install 200mm (8-inch) nominal diameter pipe along Dennis Foster Drive (towards Ashton Reid Drive). Pipelaying on this phase commenced on 14 April 2018 and to date approximately 450 metres (1,500 feet) of pipe had been installed (near to Suncave Close). Mr C Randall noted that the crew was doing well and working in a difficult area however they appeared to be moving fast.

During the week of 22 May 2018 additional pipe will be shipped to Cayman Brac, which includes the 150mm (6-inch) PVC pipe necessary to complete the outstanding short pipeline section in Ryan's Drive.

As the Authority's pipelaying crew concentrated its efforts on the pipeline installation, no new water services have been installed over the last few weeks.

The Chairman reported that on 18 April 2018 the Authority completed the trench from a Flow manhole outside the Aston Ruddy Centre to the radio bunker on behalf of Hazard Management Cayman Islands (HMCI) as previously reported.

c) North Sound & Red Gate RO Plants Operating Contracts - Update.

The Chairman reminded members that the present operating agreements between Ocean Conversion Ltd (OCL) and the Water Authority for the North Sound Reverse Osmosis Plant and the Red Gate Reverse Osmosis Plant will terminate on 01 July 2018.

On 18 April 2018 the tender documents for one new operating contract, for the two SWRO Plants at the Red Gate Water Works (i.e., the North Sound Reverse Osmosis Plant and the Red Gate Reverse Osmosis Plant) were sent to eight interested contractors.

The Chairman reported that on 24 May 2018 a mandatory Pre-Tender Conference will be held at the Water Authority offices, with a mandatory tour of the two SWRO plants. At this conference the Water Authority engineers will be present to discuss the project and clarify any queries arising from the Tender Documents, thus providing the interested companies with adequate information to prepare their tender.

In order to have adequate time to review the returned tenders (which will be opened on 27 June 2018) and to ensure a smooth transition from the current operator to the new plant operator, the Water Authority requested OCL to operate both plants until 01 February 2019. In their letter dated 07 May 2018 OCL agreed to continue to operate both RO Plants under the same terms and conditions of the current agreements, provided the Water Authority pays for the replacement of some of the high-pressure membrane vessels, which are considered a safety hazard. Some time ago one of these vessels ruptured suddenly without prior warning and it is expected that some of the others may follow. OCL proposes to replace these vessels at a cost of US\$ 138,000. A copy of OCL's letter was provided to members. The Engineering Services Department recommends that the high-pressure membrane vessels that are at the end of their useful life be replaced.

Additionally, the Chairman noted that it would be beneficial to be able to advise the interested companies at the mandatory pre-tender conference that the aging high-pressure membrane vessels will be replaced prior to the transition, as this will eliminate another unknown item, and will reduce the amount of work required immediately following the transition to the new operator. Members present and able to vote had no objection to the Authority proceeding with the replacement of some of the high-pressure membranes vessels as proposed in the continuation agreement letter from OCL.

The Authority is proceeding with the request for the Central Tenders Committee's permission to extend the current operating contract with OCL for both SWRO plants by seven (7) months, i.e., from 01 July 2018 until 01 February 2019 as approved by the Board at the April 2018 meeting.

d) Red Gate Water Works - Supply & Erection of Bolted Steel Tank for Water Storage 2017 - Update.

The Chairman reported that it is anticipated that site works, comprising preparing the foundation, and installing formwork and rebar will be started next

week. Florida Aquastore must complete the contract for the supply and erection of a 2.0 MG glass-fused-to-steel bolted tank in August 2018.

e) **31 December 2016 & 31 December 2017 Audit of Consolidated & Divisional Statements, 2018-2019 Ownership Agreement - Update.**

31 December 2017 Audit – Consolidated, Divisional and Island Financial Statements for Water, Wastewater and Statutory

The Secretary reported that the comprehensive audit for the 18-month period had been completed. The financial statements were formally signed off on 30 April 2018. Upon the Board's approval of the management letter and annual report the 18-month audit will be complete. The Authority will then shift focus to the other outstanding statements, the Divisionals and Islands statements for the period ending 31 December 2017. Members present and able to vote accepted the Management Letter prepared by the Office of the Auditor General (OAG) and KPMG and approved the Water Authority's Management Responses in the letter.

Annual Report 2016/2017

Copies of the Annual report were provided to members for their review. The Secretary advises that the report is also before both KPMG and OAG for their review and feedback. Provided that neither OAG nor KPMG come forward with material modifications to the document the Board was requested to approve the Annual Report document for the consolidated 18-month reporting period. Upon Board approval this document, together with the management letter will be forwarded to the OAG. Members present and able to vote accepted and approved the Water Authority's 2016/2017 Annual Report pending any material amendments required by the OAG and/or KPMG.

Great Plains 2016 Upgrade

The Secretary reported that this project continues to be difficult to navigate. The IT Department is working diligently with the software provider Profad, however there continues to be challenges in archiving historical information, most notably payroll data. The Authority attempted to archive the data in 6-month blocks, however this did not resolve the issue and it was reverted back to Profad. The Authority's management is cognizant that this project is holding up many other projects and it has been given a high priority by IT and Finance.

Adjustment of Rates 2018

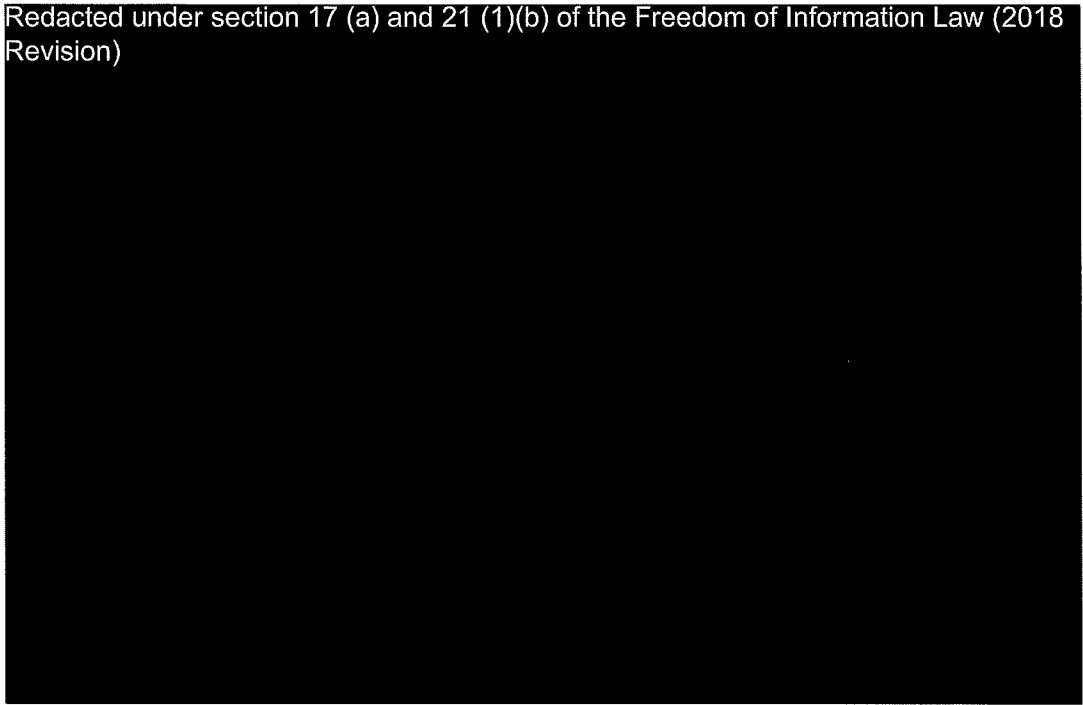
The Secretary advised that the Water Authority had written to the OAG regarding the water rate adjustment mechanism provided for in the Water Authority (Amendment) Regulations 2012 that came into effect on 01 November 2012.

f) **The Utility Regulation and Competition Office (OfReg) – Update.**

The Chairman reported that further to the April 2018 Board meeting, the Authority is preparing its comments to OfReg's consultation to provide


comments on the document "Consultation on Proposed Draft Customer Complaints Appeals Draft Procedure Guidelines".

Redacted under section 17 (a) and 21 (1)(b) of the Freedom of Information Law (2018 Revision)



g)

Redacted under section 17 (a) and 21 (1)(b) of the Freedom of Information Law (2018 Revision)



h) **Miscellaneous Updates.**

- a) *In-House Pipelaying Crews* – The Chairman noted that works carried out by this crew are outlined in comments under Esterley Tibbetts Highway and Linford Pierson Highway below.
- b) *Linford Pierson Highway Widening* – The Chairman reported that on 03 May 2018 the Water Authority's pipelaying crew mobilised to complete the last portion of the Water Authority's work on this phase of the Linford Pierson project, i.e., connecting the existing 150mm (6-inch) pipeline from Agnes Way to the new 300mm (12-inch) water main in Linford Pierson Highway. This work was carried out within the centre portion of the roundabout and was completed late last week.
- c) *Esterley Tibbetts Highway Widening* – The Chairman reported that on 02 May 2018 the Water Authority completed the installation of the remainder (approximately 300 metres (1,000 feet) of 300mm (12-inch) pipe) along Esterley Tibbetts Highway towards the Butterfield Roundabout. Members

were briefed regarding the situation with one of the Authority's customers impacted by these works.

- d) *Water Supply Division* - The Chairman reported that during the week of 07 May 2018 Florida Aquastore completed the inspection of the glass-fused-to-steel water storage tank #1 at the North Side Water Works.
- e) *Wastewater Division* - The Chairman reported that during the month of April 2018, the design hydraulic capacity of the plant (2.5 mgd) was exceeded for twenty-eight days. The average daily wastewater inflow from West Bay Road during that period was 2.70 mgd (or approximately 108% of design capacity). This amount was approximately 29% more than the average influent measurement during the same period the previous year (2.10 mgd). Members discussed the matter of increasing volumes of wastewater due to several significant developments and concerns regarding the timing of the development of the next phase of the wastewater treatment plant. The Secretary noted that the Authority will soon commence review of this matter and also that the Authority has budgeted to carry out the next phase of the pipeline rehabilitation programme.

The relining of the main wastewater pumping station PS1 (located at the intersection of West Bay Road and Marbel Drive) commenced by the contractor Wharton-Smith Inc on 17 April 2018. After the existing liner was removed, the new liner was installed. However, it became apparent soon after the installation was complete (in the wet well only), that the experienced sub-contractor had not installed the liner in accordance with the manufacturer's requirements. Wharton-Smith Inc was advised of the Authority's concerns, and the sub-contractor was removed from the job. Wharton-Smith have identified a manufacturer's representative who will inspect the liner installed to date, recommend corrective measures and provide training for both the contractor's and the Authority's staff on the proper installation of the Ameron® Arrow-Lok liner material. It is anticipated that this will commence on 23 May and at no additional cost to the Water Authority.

- f) *Sewer Force Main Installation* - The Chairman reported that during the week of 07 May 2018 the contractor Wharton-Smith, Inc carried out the final road reinstatement of that portion of Helen Drive affected by the sewer force main installation. The contract for the installation of approximately 245 metres (800 linear feet) of 150mm (6-inch) nominal diameter High Density Polyethylene (HDPE) pipe along Helen Drive from the pump station PS12 at the end of Watler's Drive has been completed.
- g) *Supply of Sewer Cleaning Truck (Vac-Truck)* - The Chairman reported that Vac-Con, the manufacturer confirmed that the combination sewer cleaner truck's assembly is nearing completion (photo available to members) and that it will be transported to the Authority's freight forwarder in Miami soon.
- h) *FOI updates* - The Chairman reported that one new request was received since the 18 April 2018 Board meeting as shown in the FOI Report provided to members.

- i) *Water Authority's 35th Anniversary* - The Chairman advised that the Water Authority continues with its 35th Anniversary activities. On 26 April 2018 the Water Authority hosted a very successful Business After Hours event in conjunction with the Chamber of Commerce. The Water Supply Operations Division will make a presentation on the recently completed reservoir maintenance services at the Lunch & Learn series on 25 May 2018 which is part of the 35th Anniversary celebrations. The Secretary noted that the Authority was still considering options for the flagship sponsorship in recognition of the Authority's 35th Anniversary. Ms S Mitchell excused herself from the meeting at this point to attend to other commitments.
- j) *Environmental Impact Assessment (EIA) – Integrated Solid Waste Management System (ISWMS)* - The Chairman reported that the Authority is represented on the Environmental Advisory Board (EAB), established under the National Conservation Law. Other EAB members are Department of Environment (chair), Planning Department, Department of Environmental Health and the Port Authority. The EAB is tasked with the review of the Environmental Impact Assessment for the Integrated Solid Waste Management System, proposed by Dart in public private partnership with the Cayman Islands Government. During the week of 07 May 2018, the EAB provided its formal comments on the revised draft Terms of Reference for the Environmental Impact Assessment, submitted by Dart's consultants. Once the draft is accepted by the EAB, it will be available for public consultation.
- k) *Midland Acres Objection to Application to the CPA for new Commercial Quarry* - The Chairman reported that Midland Acres has formally objected to an application to the Central Planning Authority (CPA) for a new commercial quarry in the Bodden Town Area. The grounds for objection is that the application does not meet the criteria of the CPA's 2004 Aggregate Policy. The Aggregate Advisory Committee, of which the Authority is a member along with representatives of the Department of Environment, National Roads Authority and the Planning Department did support the application. The CPA has adjourned its decision on this application.
- l) *Procurement Law 2017* - The Chairman reported that the Central Procurement Office has arranged a special presentation for Public Authority Boards. Representing the Water Authority at the presentation on 28 May 2018 will be the Chairman, Mr M Rankine and the Secretary.
- m) *Long Serving Employees Resign/Retire* - The Chairman reported that Mrs Nancy Diaz Powery, Laboratory Technologist, resigned from the Authority, effective 11 May 2018 after 21 years of service. Ms Catherine Crabb, Senior Development Control Technologist, will retire from the Authority effective 31 August 2018 after 18 years of service. Ms Alisha Racz, Executive Secretary, resigned from the Authority effective 25 May 2018 after 11 years of service. Recruitment for the vacancies has commenced.

Current Business

- a) **Management Accounts April 2018.**

The Secretary reported that with the completion of the 18-month financial statements on 30 April 2018 the Authority was able to officially close the 2017 accounting records and produce a full set of financial statements for the Board's review.

The Secretary asked that members note on the Statement of Financial Position the full recognition of all health and pension liabilities, these liabilities are expected to fluctuate on an annual basis, however they will only be evaluated during the course of the audit.

Operating revenue continued to increase from prior year, showing a modest increase of 3% over last year, trucked water in the Brac continued to show lower sales than last year, which has been attributed to the higher than average rainfalls in 2017. Although not a high value the water sales in the Brac for residential customers increased by 15% over the same period in 2017. This indicates that consumption via this delivery method is increasing as more customers move to the piped water supply rather than using trucked water.

Given the increase in operating revenue it is reasonable that the water production and purchases also increased, with operating expenses coming in at 4% above last year with the majority of the increase due to water production and electricity. These costs are expected to increase given the rising fuel rates.

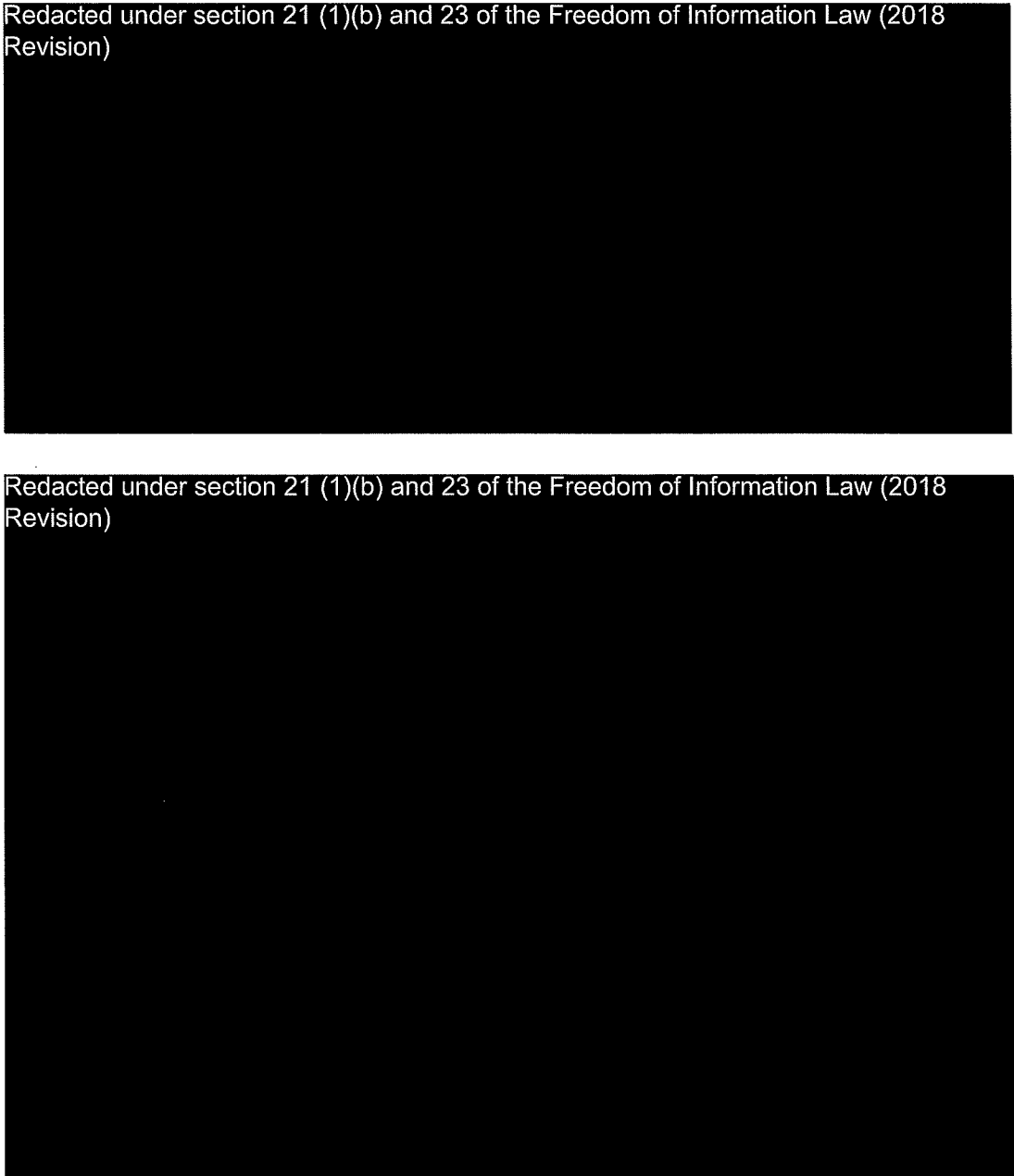
Administrative expenses were within expectation, with increases in staff training and benefits to accurately reflect the addition of 1 scholarship student, the expense to hire a temporary staff to assist in the Finance Department and the timing of the Wellness Center contract. Information technology costs increased as the Authority purchased new switches from Caribbean Solutions Lab for the Administration building. Loan interest continues its expected decline as the Authority pays down all debt.

In summary, the Authority continues to show strong sales and has maintained a stable net income in the first 4-months of the 2018 financial period.

Any Other Business

- a) Redacted under section 21 (1)(b) and 23 of the Freedom of Information Law (2018 Revision)

Redacted under section 21 (1)(b) and 23 of the Freedom of Information Law (2018 Revision)



b) Redacted under section 21 (1)(b) and 23 of the Freedom of Information Law (2018 Revision)

Restaurant.

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) Ratification - Central Scranton Community Committee - Mother's Day Luncheon.
- b) Tower - 4th Cayman Airways U13 Youth Cup.
- c) Mustang Track Club - Baytaf Track & Field Championship in Tampa, FL.
- d) North Cayman Palms Community - Bingo Fundraising Event.

*Redacted under section 23 of The Freedom of Information Law (2018 Revision)

- e) International Girl Youth Development Program - [REDACTED]
- f) Stake Bay Baptist Church Youth - Youth Camp in Florida.
- g) CI Chamber of Commerce - Business Excellence Awards 2018.

There being no other business the Chairman thanked members and the meeting was adjourned at 3:17pm.

This is a true and accurate account of the proceedings.



The Chairman



The Secretary