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Minutes of 295th Meeting held on 30th January 2019

Members Present:

Chairman:

Mr K Gomez

Members:

Mr H B Ebanks

Mr J Gill

Mr C Randall Mrs L Ryan Mr M Rankine Mr A Wright

Secretary:

Dr G Frederick-van Genderen

Apologies:

Ms T Ebanks Ms A Owens

Call to Order

The Chairman wished everyone a Happy New Year and welcomed members back to the Water Authority Board with the appointment effective 31 December 2018. The Chairman noted that the Ministry was working with Cabinet to amend the period of the appointment. The Chairman acknowledged apologies from Ms T Ebanks and Ms A Owens. After ascertaining that there was a quorum, the meeting was declared open and called to order at 1:32pm. The Chairman then asked Ms L Ryan to open the meeting with prayer.

Confirmation of Minutes of the 294th Meeting held on 12th December 2018

The Chairman asked for confirmation of the Minutes of the 294th Meeting held on 12th December 2018. Mr A Wright moved the motion to accept the Minutes as amended,

Mrs L Ryan seconded the motion and the motion passed unanimously by members able to vote.

Declaration of Conflicts of Interest

None.

Matters Arising

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

The Chairman reported that during the month of December 2018, albeit on one RO train only, the plant produced on average 1,171 cubic metres per day, which is approximately 39% of its total design water production capacity.

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

The Chairman reported that further review of the status of the LVRO's on-going issues with pre-treatment and biofouling has indicated that the situation is improving. The pre-filters are now lasting seven times longer than previously in conjunction with dosing the feedwater. The cost of the media filtration equipment will be significant and will have a rather large footprint and adds significant complexity to the system since the process requires frequent backwashing. As it appears that the situation is improving with continuous use, the Authority has decided to place on hold the media filtration pilot project and employ several process improvements to mitigate the problem rather than completely eradicate it. The Chairman reported that the Authority will continue to closely monitor the current procedures being used to reduce the biofouling.

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

The Chairman reported that the Authority continues to work on the West End Road (West) pipeline upgrade and replacement project. In early January pipelaying in Georgiana Drive (East) (130 metres (420 feet) of 80mm (3-inch) pipe) was completed. This week work will commence on the installation of 325 metres (1,060 feet) of 100mm (4-inch) pipe in Georgiana Drive (West). This will complete the upgrade/repair work of the pipeline in West End Road (West).

In February work will commence on the upgrade of the 150mm (6-inch) pipeline, to 200mm (8-inch) in Cross Road, between the West End Water Works and the intersection with West End Road. (HDPE pipes and fittings, to be used as the temporary pipeline during the upgrade, have been ordered and should arrive in Grand Cayman later this week).

Regarding reinstatement of the road surfaces between the West End Road/Cross Road intersection (near CNB) and Leitch Drive, which were affected by the Authority's trenching works, the Chairman reported that the Cayman Brac Public Works Department's (PWD) asphalt plant is now operational but PWD is

currently working on roads on the Bluff. The Authority's request for reinstatement will be dealt with upon completion of the work on the Bluff.

Brac Bluff Water Works

As previously reported, by the revised deadline of 30 November 2018 only two tenders were received for the Exploratory Drilling Contract at the Cayman Brac Bluff site and on Little Cayman was extended. Both tenders were significantly (90-315%) higher than the budgeted amount. The Authority continues to consider its options as this work is critical for the design of the abstraction and disposal wells for the future Reverse Osmosis plant at the Cayman Brac Water Works and Little Cayman Water Works. Preliminary feedback via a third-party indicates that most companies in the USA are very busy and are also reluctant to tie up their equipment for a relatively small effort offshore. The Authority will directly contact well drilling companies in Florida to determine their interest in this work.

c) North Side RO Plant Operating Contract - Update.

The Chairman reported that on 10 January 2019 the tender documents for the seven-year operating agreement of the Water Authority-owned North Side desalination plant were issued to the three companies that had expressed an interest by responding to the notice in the Water Desalination Report on 17 September 2018. No additional responses were received to the advertisement for the seven-year Operating Agreement for this desalination plant in the Caymanian Compass (on 04 January 2019 and 09 January 2019).

A mandatory Pre-Tender Conference, with a tour of the SWRO plant, will be held on 05 February 2019 to provide prospective Tenderers with adequate information to prepare their tender. The tender deadline is noon on 27 February 2019.

d) 31 December 2017 Audit of Consolidated & Divisional Statements - Update

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

The Secretary reported that all of the outstanding divisional and Island financial statements for December 2016 were signed off and are now complete. The Island statements for December 2017 are still pending.

Annual Report 2016/2017

The Secretary reported that the Authority's expectation is that the annual report will be tabled in the Legislative Assembly at the first sitting of this year (2019).

31 December 2018 Audit – Consolidated, Divisional and Island Financial Statements for Water, Wastewater and Statutory

Audit Preparation

The Secretary advised that the Financial Controller confirmed that the Authority is ready for the audit and that KPMG will be on site from 04 February 2019 for approximately 4-6 weeks.

Accounting Reporting Standards - IFRS 9 and 15

The Secretary reported that the Authority's Financial Controller worked and a proposal was received and finalised on 17 January 2019. Work on this engagement has commenced and the Financial Controller is working

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

point it is expected that the new reporting standards will be included in the draft Financial Statements that will be provided to the Office of the Auditor General (OAG) and KPMG on or before 28 February 2019.

Actuarial Reports

The Secretary reported that engagement letters for all the below noted engagements were signed and returned on 18 December 2018 to the Public Service Pension Board (PSPB). Expectation is that work has commenced on the reports and the Authority anticipates that the information will be received by mid-February 2019 to allow inclusion into the draft 31 December 2018 financial information as provided to the OAG, Treasury, KPMG etc.

- 1. PSPB - Defined Benefits Pension Plan - 31 December 2018
- Public Service Pension Board Defined Post-Retirement Health Care 31 December 2018 - CINICO for Defined Benefits Pension Plan Employees
- Public Service Pension Board Defined Post-Retirement Health Care 31 December 2018 - Generali
- Public Service Pension Board Defined Post-Retirement Health Care 31 December 2018 - CINICO for Remaining Employees

Re-valuation of Fixed Assets

The Secretary reported that the Director, Deputy Director and Financial Controller met with Ms Ruth Watson, Acting Chief Valuation Officer at the Lands and Survey Office on 15 January 2019 to understand the nature of the assets and what exactly was included in the valuations. During this meeting it was confirmed that only the buildings and land were valued and that no consideration/provision was given for the contents of the buildings. It was also confirmed during this meeting that another complete valuation of the water and wastewater assets would be needed in order to be able to cross check the amounts with the Authority's internal records. The Financial Controller has relayed this information to the Ministry CFO.

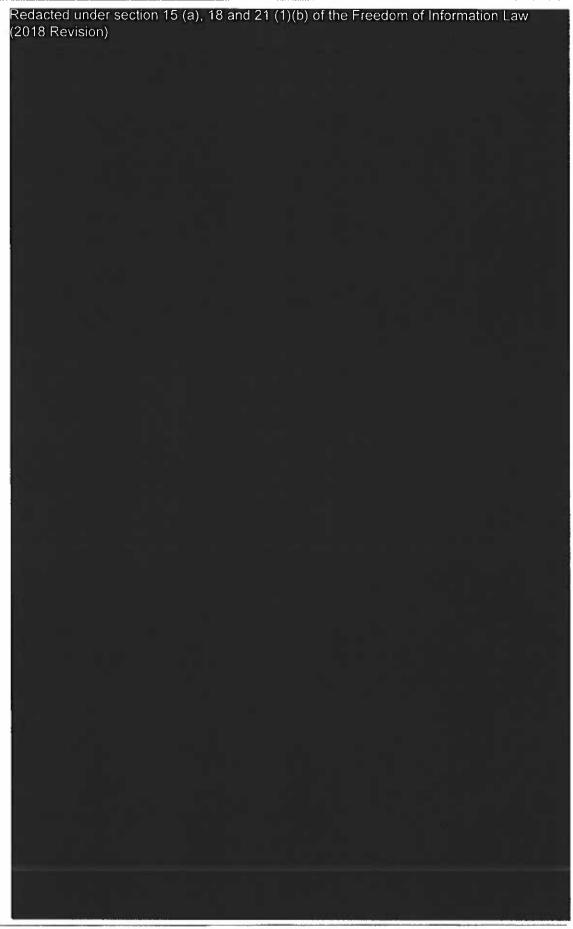
Redacted under section 16 (b) of the Freedom of Information Law (2018 Revision)



e) The Utility Regulation and Competition Office (OfReg) - Update.

OfReg Consultation on Proposed Water Sector (Licence, Fee and Penalty) Regulations
The Secretary reported that there has been no response or feedback from OfReg
on the Authority's input.





Redacted under section 15 (a), 18 and 21 (1)(b) of the Freedom of Information Law (2018 Revision)

- f) Miscellaneous Updates.
 - a) In-House Pipelaying Crews The Chairman reported that the newly installed 1,900 ft section of 300mm (12-inch) pipeline in the Elgin Avenue to Shedden Road Extension was commissioned on 13 December 2018.
 - During the week of 21 January 2019 this crew completed the upgrade of the remaining section of 150mm (6-inch) pipeline in Owen Robert Drive to 300mm (12-inch), between Cayman Airways and Dorcy Drive. This pipeline has been tested, disinfected, flushed and will be commissioned by the end of the week of 28 January 2019.
 - b) Water Supply Division The Chairman reported that last year several leaks occurred on the pipeline in Melmac Avenue. Therefore, a decision was made to replace this pipeline prior to commencing work on Butterfly Circle, off Hirst Road. Work will start as soon as the Vermeer trencher is operational, likely during the week of 04 February 2019 (the control units on this 12-year old machine had to be replaced).
 - c) North Side Water Works The Chairman noted that as reported previously, in anticipation of the construction of two (2) additional water storage tanks at the North Side Water Works, approximately 2.5 acres must be cleared at this site. The Engineering Services Department will continue to contact various companies and individuals directly to have this work carried out.
 - d) Wastewater Division The Chairman reported that during December 2018, the design hydraulic capacity of the wastewater treatment plant (2.5 mgd) was exceeded for eight days. The average daily wastewater inflow from West Bay Road during that period was 2.41 mgd (or approximately 96% of design capacity). This amount was 12.6% higher than the average influent measurement during the same period the previous year (2.14 mgd).
 - The average daily wastewater inflow from West Bay Road during 2018 was 2.41 mgd (or approximately 96% of design capacity). This amount was 10.0% higher than the average influent measurement during 2017 (2.19 mgd).
 - e) FOI updates The Chairman reported that three FOI questions were received since the December 2018 Board meeting and are noted in the FOI Report provided to members.
 - f) Redacted under section 21 (1)(b) of the Freedom of Information Law (2018 Revision)
 - g) Rubis Groundwater remediation projects The Chairman reported that over the years the Board had been provided with information about the various groundwater remediation projects of fuel spills that Rubis was working on. The Water Resources and Quality Control Department worked closely with Rubis

over the last few years to ensure that major fuel spills which have impacted groundwater resources are remediated to the standards of the Authority. The Authority and Rubis developed a good working relation, which resulted in effective remediation of three spills that Rubis inherited from Chevron when it took over its assets and operations in 2012. The status of the three spills were summarised as follows:

a. Jackson Point Fuel Terminal

In the period 1998 – 2001 three significant fuel spills took place at the then Texaco Jackson Point Fuel Terminal. Texaco and later on Chevron conducted remediation of the site over the years applying various technologies and kept the Authority informed. When Rubis took over operations, it committed to continue the remediation of the terminal. AMEC (currently Wood), the international environmental consultant for Chevron conducting the remediation was retained by Rubis and continued its work, consisting of active remediation of the spills at the terminal and collection of environmental data. Rubis has submitted a "no further action" request as the historical spills at the terminal have been remediated to such an extent that they do no longer pose a risk to environmental and public health. The Authority is considering accepting the request.

b. Owen Roberts Airport Fuel Aviation Terminal

The Fuel Aviation Terminal at Owen Roberts Airport was decommissioned in December 2016 - February 2017 to allow expansion of the facilities at Owen Roberts International Airport. In March 2016, while the terminal was still operational, Rubis reported a minor spill to the Authority. Rubis excavated the impacted soil for remediation and consulted with the Authority on an overall site assessment upon decommissioning of the facility. The site assessment was conducted in March 2017 by AMEC (currently Wood), the international environmental consultant who was already involved with the airport terminal when it was operated by Texaco and Chevron. The site assessment determined fuel impacts in the former pipe manifold area at the fuel terminal. The impacted area was excavated and both groundwater and soil were remediated. Wood carried out further environmental monitoring of the site, which confirmed that the site did meet the Authority's remediation criteria. Rubis submitted a "no further action" request in October 2018. In December 2018 the Authority accepted the "no further action" request. As the property on which the spill occurred is owned by the Cayman Islands Airport Authority (CIAA), the Authority proactively communicated with the CIAA on its review of the remediation and acceptance of the "no further action" request.

Members queried the status of tanks stored near the Uncle Clem's Distributors' location behind the airport, the Secretary advised that she would inquire and report back at the next meeting.

c. Shedden Road former Rubis Service Station

In April 2016 the Authority was notified that during geotechnical investigations for the Cricket Square development, fuel was discovered in the

groundwater at the vacant property behind the Rubis Service Station at Shedden Road. Subsequent investigations determined that the fuel originated from historical spills at the Rubis Service Station. The property had been acquired by the Flowers Group for construction of the new office at Cricket Square. To limit impacts on the construction schedule it was essential that the impacted site was remediated as quick as possible. Once it was clear that the spill related to the service station, Rubis took immediate action. Arcadis, an international environmental firm, was the environmental consultant/contractor for this job and they have worked closely with Rubis and the Authority to carry out the remediation. Rubis closed down the service station, demolished it and conducted an aggressive remediation of the site, which consisted of removing a large volume of fuel impacted soil for remediation off site. The impacted groundwater was remediated on site with a specialised wastewater treatment system. A network of monitoring wells was installed to verify the effect of the remediation, and the data collected from the wells indicate that the Authority's goals for the remediation have been met. The Authority is currently considering Rubis "no further action" request.



i) Development Plan Review - The Chairman reported that by the end of 2018 the Central Planning Authority initiated the Development Plan Review. The first component is the National Planning Framework which has been published for public consultation. The two other components are Area Plans for specific areas and the Zoning Map, Regulations and General Plan. The Authority is one of the agencies that will be involved of the technical reviews of the three components of the plan. Members were encouraged to participate in the online survey being carried out by the Planning Department. Four members requested hard copies of the National Planning Framework document.

Current Business

a) Management Accounts December 2018.

The Chairman reported that the draft financial statements for December 2018 had been prepared and copies provided to members. It is important to note that the accounts are still being finalised and hence the final year-end figures are subject to change.

Members were reminded that the Fixed Term Deposits have been separated out from the Cash balance to clearly show the funds that are included in term deposits. The Statement of Comprehensive Income shows that revenue is up from 2017 by 8.2% with the corresponding increase in operating expenses of 6.9%.

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

The year-end financial position of the Authority is strong and consistent with prior years. It is important to note that the Net Income figure will change once all expenses are recognised; the Capital projects are allocated to the correct fixed asset accounts; the Actuary reports are received; and the effects of the new reporting standards are taken into consideration. At this time the impact of the new reporting standards is unknown.

b) Request for Bill Adjustment re Customer Account#

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

The Secretary reported that on 03 January 2019 the Authority received a letter from requesting that consideration be given to adjusting his water bill. A copy of the correspondence and the report from Customer Service were provided to members.

A review of the account was undertaken and the Authority's findings are that during the September 2016 billing cycle, the customer's meter was read on 21 September 2016. The reading was higher than normal triggering a Fail Audit inspection. The inspection was completed on 24 September 2016 with the Senior Meter Reader reporting "no movement no leaks found". Customer Service records

also show that Fail Audit inspections were carried out in May 2016 and July 2016, the report indicated that there were no leaks or movements on either of these occasions.

On 19 December 2016 the customer requested that the meter be removed and sent overseas for accuracy testing. A new meter was installed at the property. The meter test results were received on 28 February 2017. The results showed that "the meter met the test criteria at all flow rates" and was "found to be functioning properly". Based on the meter testing policy the disputed bills were not adjusted and the customer was informed. The customer's meter was subsequently checked three additional times (June 2017, November 2017, and April 2018 due to higher than normal usage. During each of these checks, no leaks or movements were found. The option to have the new meter tested was presented but it was declined by the customer. The customer's account was transferred to a new owner on 01 May 2018.

The customer is frustrated as he moved out in October 2016 but during the period 18 October 2016-17 November 2016 usage of 62.8 cubic metres was recorded. Furthermore, during the following year, although the property was empty, significant water usage was recorded on several occasions. The Water Authority is unable to determine why the high bills occurred as it is impossible to monitor what happens on the customer's side of the meter. The meter readings were reconfirmed, no leaks or movements were observed on the meter during each visit to the property. The meter is relied upon to bill customers for water consumed, and with all tests for accuracy returning positively, the consumption is considered legitimate. All usage and plumbing downstream of the meter are the responsibilities of the customer therefore making the bills payable. All bills have been paid by the customer. The Secretary respectfully sought the Board's decision on the request from the customer. Members decided that the customer should be advised that they reviewed the request and that the bill remained valid and payable. The customer should be reminded of the Authority's policies re usage of water after it passes through a customer's meter.

c) Request for Bill Adjustment re Customer Account#

* Redacted under section 23 of the Freedom of Information Law (2018 Revision) The Secretary reported that on 30 January 2019 the Authority received an email from requesting that consideration be given to adjusting the sewerage bill of the now known as 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 an application was received from the customer to open a sewerage account for their On 07 November 2018 service for the Customer was activated. The customer received a bill for \$517.89 representing sewerage charges for the month of November 2018. On 24

* Redacted under section 23 of the Freedom of Information Law (2018 Revision) December 2018 the Authority was advised that the customer's pump station had only been connected to electricity during the week of 17-21 December 2018. Stated that connection and use of the sewerage system did not begin until 23 December 2018. The customer received a bill for \$517.73 representing sewerage charges for the month of December 2018 and subsequently the customer requested that the Authority consider to waive the bills that were generated while the service was not in use, although activated by Water Authority.

The Secretary noted that Clause 5 of the Service Terms of Agreement which was signed by states: "The Applicant hereby authorizes the Authority to activate this service upon installation". The service was activated when the sewerage line was opened and the elder valve removed on 07 November 2018.

The Secretary noted that, however, members may wish to make an exception to this clause and waive the November 2018 bill and to prorate the December 2018 bill for the period 23-31 December 2018. 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 customer's request and in consideration of the circumstances explained in the customer's communication, decided to waive the bills generated for the two months of November 2018 and December 2018.

Any Other Business

a) 2016/2017 Scholarship Recipient.

The Secretary reported that Ms Kristina Powell joined the Water Authority fulltime on 29 January 2019 as Applications & Network Support Specialist (Designate) in the IT Department. Members requested that Kristina be congratulated on their behalf for successfully completing her Bachelor's Degree in Management Information Systems and graduating in December 2018 from the University of Tampa.

b) High Level Forum for Ministers at CWWA 2018.

The Secretary advised that she attended the 14th High Level Forum (HLF) for Caribbean Ministers 09-10 October 2018 in Montego Bay, Jamaica. This forum was held in conjunction with the Caribbean Water and Wastewater Association (CWWA) with sponsorship from Inter-American Bank (IDB), Caribbean Development Bank (CDB), United Nations Environment Programme (UNEP) and, Pan American Health Organisation (PAHO).

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

* The HLF was established to provide a mechanism for discussion of the critical issues confronting the water sector at the highest political and policy levels.

The Secretary reported that the main focus of the HLF this year was climate resilience in the water sector in the Caribbean. There were several very interesting presentations regarding the status of climate resilient infrastructure in the Caribbean. Significant focus was placed on the recently published Regional Strategic Action Plan for Governance and Building Climate Resilience in the Water Sector in the Caribbean (RSAP). Other presentations and interactive discussions took place on using appropriate tools to build climate resilience in the water sector; implementation of the RSAP; and on how water utilities are mainstreaming climate resilience into their Governance and planning frameworks.

The issues related to water and climate change are many and varied. More intense hurricanes, heavier precipitation, long periods of drought, sea level rise are some of the impacts of climate change which in turn impacts the water sector and other key sectors. Coordination at the national level of the closely interrelated issues of finance, agriculture, tourism, health, water and wastewater is key to any country's progress to becoming climate resilience. The strategy that is developed for water governance and climate resilience must be guided by a level of pragmatism with respect to the resources, human and financial, that exist in the Caribbean region. The Secretary reported that she has not had the opportunity to formally brief the Minister but will endeavour to do so as soon as possible.

The Secretary reported that she attended the Annual General Meeting (AGM) of the Caribbean Water and Wastewater Association (CWWA) the afternoon of 09 October 2018. At this meeting the past year was reviewed and the location of the 2019 CWWA Conference confirmed to be St Kitts & Nevis. The 2020 CWWA Conference will be held in St Lucia and the 2021 Conference is set for Cayman Islands. The Water Authority hosted the pre-cursor to the CWWA in 1991 and the current entity in 2001.

The Secretary reported that she attended the AGM of the Caribbean Water and Sewerage Association Inc (CAWASA) on 10 October 2018 held also in Montego Bay, Jamaica. The Water Authority is a member of this organisation whose main objective is specialised training for member water and wastewater utilities. It is through this organisation that the Authority's operators receive training and certification opportunities. The AGM reviewed the previous year's reports and plans for the coming fiscal period. Presented both at the HLF and discussed at the CAWASA AGM was the AquaRating system for water and sanitation utilities developed in Latin America in conjunction with the International Water Association. AquaRating was launched in 2015 and has currently utilities assessed in 5 continents. The InterAmerican Bank is proposing to sponsor several pilot projects in Caribbean utilities. The Secretary advised that although the Authority had expressed interest, it would be a significant undertaking and with the current workload the Authority will likely have to postpone participation for the near future.

The Secretary thanked the Board for supporting her participation.

c) American Water Summit 2018.

The Secretary reported that she was pleased to attend and participate as a member of the Global Water Leaders Group in the American Water Summit 2018 – *Inspiring Innovation* held 24-26 October 2018 in Philadelphia, Pennsylvania, USA.

The Water Leaders were, along with relevant vendors, invited to a preconference workshop (24 October) on the topic "Accelerating the Digital Utility" with focus on making procurement, return on investment, and objectives work for water. In the discussions it was clear that there is value in bringing together all separate data streams generated by a utility into a single intelligence platform. However, utilities are immensely complex systems with many dimensions about which leaders have to make decisions. While there are benefits to single intelligence platform for a utility, these are very difficult to quantify in terms of ROI. The suggestion is, have a vision but focus on ensuring each individual project is successful on its own terms then find a way to bring it all together under a single intelligence platform if that is the ultimate objective. This was a very useful workshop as the Authority is currently grappling with determining the best ways to digitise various aspects of utility management.

The main summit commenced on 25 October 2018 with opening panel discussion that explored how innovative business models and technologies are redefining how the water sector responds to its pressing challenges. The keynote presentation was by Rich Karlgaard of Forbes. On 26 October 2018, the CEOs Panel with representatives from major engineering and vendor firms, led a discussion on how their companies are helping to shape the future by driving change to address the needs of a rising population, unpredictable weather patterns, and an increasingly data-driven economy. Another very interesting session was on Adaptive Infrastructure: Paths to Preparedness. In this session, a wide range of utilities and private companies discussed collaboration to adopt innovative stormwater management approaches, water reuse and desalination projects, as well as front line cybersecurity initiatives.

Several of the various roundtables and panel discussions centred on leadership, nutrient pollution, smart water systems, cybersecurity in the water sector and how to stay ahead of the hack.

The Secretary thanked the Board for supporting her participation.

Donation Requests

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

- (a) Lighthouse School HSA 6th Annual Autism Awareness Day Walk.
- (b) The Dept. of Counselling Service Honoring Women's Month.
- (c) CIG Wellness Committee CIG Pedometer Challenge 2019.
- (d) Clifton Hunter High School Cayman Airways Flight Club.
- (e) NCU Alumni Chapter Cayman Youth Outreach Initiative Concert.
- (f) CI CARIFTA Track and Field Championships 2019.

There being no other business the Chairman thanked members. The meeting was adjourned at 3:10pm.

This is a true and accurate account of the proceedings.

The Chairman

The Secretary

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