

CONFIDENTIAL



Water Authority of the Cayman Islands

Minutes of 306th Meeting held on 15th January 2020

Members Present:

Chairman:	Mr K Gomez
Members:	Mr H B Ebanks Mr J Gill Ms A Owens Mr C Randall Mr M Rankine Mrs L Ryan Mr W Welcome Mr A Wright
Secretary:	Dr G Frederick-van Genderen
Apologies:	

Call to Order

After exchanging Happy New Year greetings, the Chairman welcomed members to the meeting and after ascertaining that there was a quorum, the meeting was declared open and called to order at 1:42pm. The Chairman noted that Mr A Wright expects to join the meeting later. The Chairman then asked Ms L Ryan to open the meeting with prayer. The Chairman advised members that he had recently been appointed as Chairman of the Port Authority Board and that he would remain Chairman of the Water Authority Board.

Confirmation of Minutes of the 305th Meeting held on 11th December 2019

The Chairman asked for confirmation of the Minutes of the 305th Meeting held on 11th December 2019. Mr J Gill moved the motion to accept the Minutes as amended, Mr H

B Ebanks seconded the motion and the motion passed unanimously by members able to vote.

Declaration of Conflicts of Interest

Mr C Randall noted a conflict with one of the items under Donation Requests.

Matters Arising

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

The Chairman reported that during the month of December 2019, running one RO train only, the LV RO Plant produced on average 1,198 cubic metres per day, which is approximately 40% of its design water production capacity.

The remediation of the two remaining feedwater abstraction wells (well #1 and #2) will resume later this month. The three new submersible feed water well pumps will be installed following completion of the well rehabilitation project.

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

The Chairman reported that the new 200mm (8-inch) PVC pipeline in Cross Road, between the West End Water Works and the intersection with Gerrard Smith Avenue, a length of approximately 50 metres (150 feet) was fully commissioned before the Christmas 2019 break.

The existing product pipeline at the West End Water Works will be upgraded (from 80mm (3-inch) to 100mm (4-inch)). It is anticipated that this work will be completed later in January 2020. Once completed, all pipeline upgrade work at the West End Water Works will have been finalised.

Redacted under section 21 (1)(b) of the Freedom of Information Law (2020 Revision)



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c) 31 December 2018 Audit of Consolidated & Divisional Statements - Update

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

The Secretary reported that due to some internal personnel challenges the Divisionals and Island Statements were not submitted to KPMG prior to this meeting however they are being finalised with the intention to have them to KPMG by the end of next week.

31 December 2018 Management Letter

The Secretary reported that the Financial Controller received the 2018 draft management letter in early December 2019 and the response was provided on 14 January 2020. The only observation noted was the Authority's compliance with IFRS 9 reporting standard, which Board members had been kept abreast on throughout the 2018 audit delay. Copies are available for members to review management's response. After taking into consideration the Board feedback the response will be sent back to KPMG. Members had no objections to the Authority's response to the 31 December 2018 Management Letter.

Annual Report 2018

The Secretary reported that the 2018 Annual Report is still in progress and expected to be completed for the Water Authority Board for approval at the February 2020 meeting.

31 December 2019 Audit – Consolidated, Divisional and Island Financial Statements for Water, Wastewater and Statutory

The Secretary advised that KPMG carried out some interim work by being on site periodically and also working remotely on the Authority's engagement.

At this point a firm date has not been decided for the auditors to come on site to conduct the main audit, but given past experience the Finance Department expects that they will be on site the majority of March and April, after the 28 February 2020 submission deadline.

IFRS 9 Reporting

As identified in the 2018 Management Report as well as at previous Board meetings the challenge faced in 2018 was the adoption of the new reporting standard IFRS9, which calculates the Expected Credit Loss (ECL) on the year-end receivable balance. In the 2019 Audit Kick-off meeting it was suggested that KPMG and Water Authority IT teams discuss the availability of the requested data from the CSM program. The Financial Controller has initiated this meeting with KPMG and plans are to meet early next week with the objective to identify where, if any, the data gaps are.

31 December 2019 Actuary Reports

The Secretary reported that the Authority worked with the Public Service Pension Board (PSPB) to secure the engagement letters for the four reports that will be commissioned on the Authority's behalf for the period ending 31 December 2019. As a reminder the reports are: Defined Pension Benefit; Defined Pension Health (CINICO); Health (GENERALI); and, Health (CINICO).

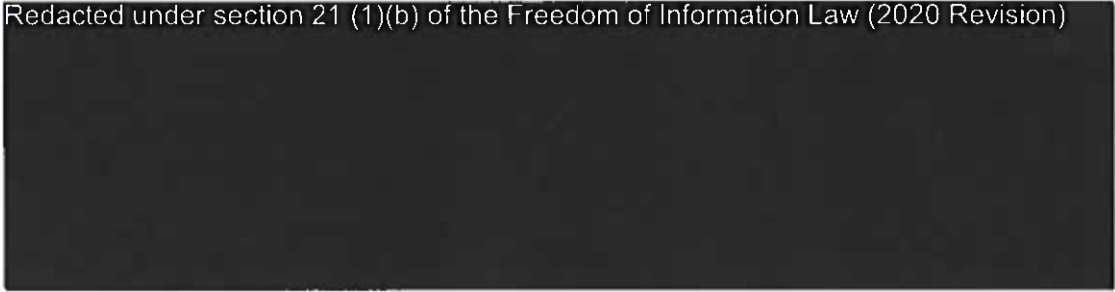
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d) Redacted under section 21 (1)(b) of the Freedom of Information Law (2020 Revision)



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e) **Miscellaneous Updates.**

- a) *In-House Pipelaying Crews* - The Chairman reported that on 06 January 2020 the crew resumed work at the pipeline extension along High Rock Drive to the

proposed mental health facility. To date, a total of 1,036 metres (3,400 feet) of 300mm (12-inch) diameter PVC pipe had been installed, or almost 44% of the total project length of approximately 2,380 metres (7,800 ft). So far this year (2020) the progress has been slow, but steady, due to the hardness of the rock encountered.

- b) **Water Supply Division** – The Chairman reported that Operations completed the connection of Bob Watler’s sub-division (off Poindexter Road) before the Christmas break.

Operations also completed the installation of new check valves at the Red Gate Pump House.

Operations is currently working at the Barry Bodden sub-division off Hirst Road. In late 2019 the electrical sub-contractor damaged the water service pipelines while installing the underground electrical conduits. The damaged service lines were replaced last week. Unfortunately, the recent re-test of the entire water infrastructure on this sub-division failed, indicative of more damage. The Authority will continue to work trying to identify the area(s) where additional damage was done. The developer has been advised that he will be invoiced the cost of this work.

The project to replace approximately 210 metres (700 feet) of 150mm (6-inch) diameter PVC pipe in Spinnaker Road (Red Bay) will commence towards the end of January. It is anticipated that this project will take around 3 weeks to complete.

Data continues to be collected from the DMA water meters despite ongoing communication issues with the DMA at the Poindexter Road/Shamrock Road intersection. An order for a different type of antenna has been placed and as previously reported, should be on island soon.

Just before Christmas Ocean Conversion (Cayman) Ltd. completed all work related to the installation of the Energy Recovery Inc. (ERI) isobaric energy recovery devices at the North Side Water Production Facility (replacing the Dual Work Exchanger Energy Recovery (DWEER™) system). The North Side RO Plant was operating at full capacity on 23 December 2019.

The reservoir maintenance inspection, including the replacement of the sacrificial anodes (for cathodic protection), of reservoirs Red Gate #1 and Red Gate #2 is scheduled to commence in early March 2020. Maintenance work will also be carried out on reservoir North Side #2. All work is scheduled to take approximately 6 weeks. Operations will have to prepare the reservoirs for the upcoming work.

- c) **North Side Water Works** – The Chairman reported that it is anticipated that the tender for the supply and erection of two bolted steel tanks for water storage will be electronically advertised on the Cayman Islands Government’s Public Purchasing Portal (“Bonfire”) before the end of this month.
- d) **Wastewater Division** – The Chairman reported that during December 2019, the design hydraulic capacity of the wastewater treatment plant (2.5 mgd) was not exceeded on any day. The average daily wastewater inflow from West Bay Road during that period was 2.14 mgd (or approximately 86% of design capacity). This

amount was 11.2% less than the average influent measurement during the same period the previous year (2.41 mgd).

- e) **FOI updates** - The Chairman reported that no new FOI questions were received since the December 2019 Board meeting.
- f) **Fuel Spill at Rubis Jackson Point Terminal** - The Chairman reported that further to the report at the December Board meeting about the fuel spill from one of the storage tanks at the Rubis Jackson Point Terminal, the Authority collected groundwater samples from 2 monitoring wells at the terminal and the 2 nearest domestic wells on 02 December 2019. The samples were analysed overseas for fuel related contaminants. The results indicated low levels of contaminants in the 2 monitoring wells and 1 domestic well, but it is not clear that this relates to the current spill. The Authority has met with Rubis and they have agreed to install 3 new monitoring wells close to the tank and the Water Authority will follow up with sampling.
- g) **Water Authority Procurement Committee** - The Chairman asked members if they had any comments regarding the document. Members had no comments or objections to the Water Authority's Procurement Committee Terms of Reference.
- h) **Water Tanks for Cayman Brac** - The Chairman noted that the Water Authority had sourced and priced the water tanks and presented the Ministry with the information. Mr W Welcome advised that the Ministry had reviewed the information provided, however the cost of shipping was prohibitive and he advised that the Ministry was reviewing the Jamaican option as an alternative.
- i) Redacted under section 21 (1)(b) and 23 of the Freedom of Information Law (2020 Revision)

Current Business

a) **Management Accounts November 2019.**

Members were provided with copies of the draft 30 November 2019 Management Accounts.

The Authority's financial position continues to be strong and reflects robust sales and prudent financial and operational management. The first 11-months of the fiscal period showed growth of 5.1%, with the increase most notably in the Water

Sales (4.4%) and a modest increase in operational expenses of 1.1%. As expected, the loan interest is nominal as all the loans are paid off.

Administrative expenses are up marginally by 3.1% with the largest increase reflective of the increase in salaries with the new hires and the associated health and pension for the new employees. As the preparation for the 2019 audit continues there are expected to be changes to the financial statements, most notable in relation to the Actuary Reports as well as the IFRS 9 calculation.

*Redacted under section 21 (1)(b) of the Freedom of Information Law (2020 Revision)

In summary, the Authority continues to show strong sales and solid financial performance in the first 11-months of the 2019 financial period *

Any Other Business

- a) Redacted under section 21 (1)(b) of the Freedom of Information Law (2020 Revision)

b) **Information Systems.**

The Secretary advised that with the increasing complexity of software the Authority utilises, the Information Systems Department is assessing utilisation of the cloud for software management and data storage. The Board will be briefed as this develops further.

Donation Requests

The Secretary advised that as noted at the last meeting of the Sponsorship Assessment Sub-committee (SAS) and as indicated at the last Board meeting, additional funds of \$600 are respectfully requested by the SAS for the 2019 budget. This is to cover the additional items that were submitted at the last minute and that the Board is aware of. Members present and able to vote agreed for an additional \$600 to be assigned to the 2019 sponsorship budget.

The SAS will meet after the Board meeting to deal with the following requests for assistance:

- 1) *Ratify* – Project Angel Tree funds to Special Needs Foundation.
- 2) First Baptist Christian School – 6th Annual South Sound Stride 5K Walk/Run 2020.
- 3) Lighthouse School PTA – Annual Autism Awareness Walk 2020.
- 4) Rotary Central Grand Cayman – Science Fair 2020.
- 5) Girl Power Ltd – Miss World Environmental 5K Walk 2020.
- 6) Alex Panton Foundation – 3rd Annual Youth Mental Health Symposium.

- 7) Sister Islands Agriculture Show Committee – 17th Annual Cayman Brac Agriculture Show.
- 8) National Trust for the Cayman Islands (Cayman Brac Committee) – Roaring 20's.
- 9) Cayman Aids Foundation (CAF) – 9th Annual Tea Party.
- 10) Cayman National Cultural Foundation (CNCF) – Cayfest 2020.
- 11) Open Bible Churches of the Cayman Islands.

There being no other business the Chairman thanked members and the meeting was adjourned at 3:38pm.

This is a true and accurate account of the proceedings.



The Chairman



The Secretary