

CONFIDENTIAL



Water Authority of the Cayman Islands

Minutes of 307th Meeting held on 19th February 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 A Wright
Secretary:	Dr G Frederick-van Genderen
Apologies:	Mr W Welcome

Call to Order

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 1:35pm. The Chairman noted apologies for Mr W Welcome. The Chairman then asked Ms L Ryan to open the meeting with prayer.

Confirmation of Minutes of the 306th Meeting held on 15th January 2020

The Chairman asked for confirmation of the Minutes of the 306th Meeting held on 15th January 2020. Mr A Wright moved the motion to accept the Minutes as amended, Mr M Rankine 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 January 2020, the LVRO Plant produced on average 1,146 cubic metres per day, which is approximately 40% of its design water production capacity.

Two of the feedwater abstraction wells (well #1 and #3) have now been remediated. Remediation of the remaining feedwater abstraction well (well #2) will be started next week. 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 product pipeline at the West End Water Works has been upgraded (from 80mm (3-inch) to 100mm (4-inch)) and commissioned. The only outstanding item is the testing and disinfection of the last section of suction pipeline which has been upgraded (from 80mm (3-inch) to 150mm (6-inch)). It is anticipated that this suction pipework will be commissioned later this week. Once completed, all pipeline upgrade work at the West End Water Works will have been finalised, and pipelaying work will resume along Dennis Foster Road and the various side roads.

As reported previously, the upgrade work in Cross Road was completed by mid-December 2019. On 23 January 2020 the Water Authority asked the Public Works Department (PWD) to permanently reinstate the affected road surfaces in Cross Road (using Hot Mix Asphalt (HMA)), at the earliest opportunity, as it is time consuming and costly to continue to maintain/patch these temporary road surfaces. Unfortunately, PWD advised that they have run out of bitumen, as their supplier has a large project they are supplying bitumen to (until August 2020), and due to the small quantity PWD requires, they are not considered a priority. Nevertheless, the Water Authority was advised that there is a possibility that PWD may start to receive bitumen sometime in late February.

In late 2019 PWD/NRA, under instruction from Government, paved several roads in Stake Bay where the Water Authority has not yet installed any pipelines (e.g., Cottage Drive, Driftwood Drive, Sandpiper Drive, Moray Drive) or where the pipeline installation was recently completed, but no service lines have been installed as yet (e.g., Scarlet Drive, Terrace Drive). The Water Authority will now have to cut trenches in newly paved roads and will incur additional cost as it will have to pay for the reinstatement of HMA roads, when previously they were only chip and chip roads.

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 the Divisional Statements were submitted to KPMG for their review on 14 February 2020. The Authority will continue to assist where needed and will answer questions as they arise. The 2018 Island Statements are in progress and will be provided shortly.

31 December 2018 Management Letter

The Secretary reported that the 2018 Management letter was approved by the Board at the January 2020 meeting and sent to KPMG on 17 January 2020, KPMG returned the duly signed copy on 24 January 2020 and this matter is considered completed.

Annual Report 2018

The Secretary reported that the 2018 Annual Report will be ready for the Board for their review before the end of the meeting. The Financial Controller asked that Board members to be aware that the review still needs to be completed by KPMG and the OAG, however, provided that there are no material changes approval is sought to forward the 2018 Annual Report to the CIG. The 2018 Annual Report was not completed before the end of the meeting.

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

The Secretary advised the interim work that was being carried out by KPMG is considered completed as normal audit work is imminent.

At this point there is no firm date on when KPMG will be onsite, but the Finance Department is expecting them in early March 2020.

IFRS 9 Reporting

The Secretary reported that the KPMG and the Water Authority IT teams met briefly in late January 2020 to discuss the logistics as KPMG was, at that time, willing to assist with the extraction of the data. In discussion with their internal independence team however KPMG adjusted their position and stepped back from assisting in extracting the data. KPMG's position is understandable and has not stopped the progress. The Financial Controller has been working with the Water Authority's internal IT team as well as Cogsdale to extract the data in a usable format and is monitoring this very closely to ensure that the experience of last year is not repeated. It will be challenging to have the data in time for the 29 February 2020 deadline, however the Financial Controller expects to have the calculation done in March 2020 so that it can be audited and the Water Authority can meet the 30 April 2020 reporting deadline. The Board will be kept informed on the progress of this audit challenge.

31 December 2019 Actuary Reports

The Secretary reported that the Financial Controller will continue to follow-up on these statements, as in past years the Authority does not expect to receive the reports until March 2020. A professional estimate will be used to adjust the liabilities and the statements updated once the information is available.

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- Two bulk meters have been installed at Poindexter Road (one near the Prospect Primary School Roundabout, and another one at the intersection with Shamrock Road.
 - One bulk meter has been installed in Lower Valley, just east of the Shamrock Road/ Agricola Drive intersection.
2. Additional bulk (electromagnetic) meters will be installed within the water distribution system to increase the number of distinct zones, and to better identify potential problem areas.
 3. A dedicated leak detection crew will be established, which will be tasked to methodically inspect the entire water distribution system to identify leaks, a time-consuming process, requiring the collaboration of various departments (i.e., Engineering Services, Operations - Water, Customer Service).
 4. Leak Noise detectors, that can detect sounds emitted from a leak, will be sourced and installed on a semi-permanent basis in the water distribution network. These can monitor the entire network continuously and theoretically can identify leaks faster and automatically.
 5. Under the meter replacement programme all water meters with accumulated registered consumption of 1,800 cubic metres are removed from service. This practice, which was adopted several years ago, has eliminated worn, and therefore inaccurate (i.e., under-registering) water meters from the water distribution system.
 6. In accordance with the Physical Service Removal Policy, which was approved by the Water Authority Board at its 236th Meeting held on 20 March 2013, any service that has been inactive for one year or longer will be removed from the water supply network: Operations will remove the installation from the property and cap off the service line outside the boundary of the property. Over the last few years implementation of this policy has resulted in the discovery of several illegal service connections, and although, as mentioned earlier in this report, unauthorised consumption is not believed to be excessive, this will assist in the reduction of NRW, and thus the ILI.

Members discussed and subsequently all able to vote accepted the Water Authority's Non-Revenue Water Report and requested that all efforts be made towards reducing the ILI based on the 6 on-going/new strategies proposed in the document.

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e) **Miscellaneous Updates.**

a) **2:10pm Tuesday, 28 January 2020 Earthquake** - The Chairman reported that a 7.7 magnitude earthquake and various aftershocks, shook the Cayman Islands on Tuesday 28 January 2020. As a result, Water Authority resources had to deal with several pipeline repairs. Additionally, resources were (and still are) used after hours (at night) to identify areas with infrastructure damage.

- **Water Distribution System (Grand Cayman):**

Following the earthquake, the amount of water pumped into the water distribution system increased so fast that the pump stations began to shut-down automatically. The decision was taken to take the system down entirely in order to prevent significant loss of water. Throughout the night and the following day, the entire water distribution system was gradually reconnected. Unfortunately, areas of major concerns could not be identified, although overall the amount of water pumped into the system had increased by more than 10%. Therefore, the overall system pressure was slightly lowered (to 28 metres of head (40 psi) to ensure that water production could keep up with demand, and to allow adequate time to inspect the entire water distribution system in a methodical manner. To date only one large leak off Rex Crighton Boulevard (East-West Arterial) has been identified, and the investigations continue (but can only be done at night to minimise disruption to customers). Data collected from the DMA water meters has been very useful in this effort.

Minor leaks have been repaired at various locations in South Sound, Prospect, and North Sound Estates.

Additionally, the water main had to be secured near multiple sink holes in South Sound, Windsor Park, Shedden Road etc.

There was no damage to the Water Authority's reservoirs however at the Authority's Lower Valley Water Works Facility, water was observed to discharge through the overflow pipes on Reservoir 2.

- **Wastewater Collection System:**

Following the earthquake, the inflow at the wastewater treatment plant increased almost immediately by around 30% (from 2.25 mgd prior to 2.85 mgd). This corresponds with a similar increase in the number of pump hours at the main pump station (PS1). Similar increases are shown for the southernmost pump stations (PS2 through PS4), Governor's Harbour (PS11 and PS28), the Watler's Road area (PS12) and Crystal Harbour (PS21 through PS25), although the number of data points are still too limited to state with certainty whether this increase is solely due to damage to the collection system or whether a higher occupancy along West Bay Road due to the tourist season is a contributing factor. Data is being collected on salinity profiles within the collection system to narrow down areas of concern.

- **Water Distribution System (Cayman Brac):**

There was no difference in the amount of water pumped into the water distribution system after the earthquake, compared to the period prior, indicating that the water distribution system did not sustain any damage.

- *Building Structures:*

A visual survey of Water Authority's building structures was undertaken and no damage was visible at any of the Water Authority's locations.

- *Impact on Staff:*

Water Authority staff evacuated facilities and non-essential staff were allowed to leave about 40 minutes after the event. The Authority's operation crews worked tirelessly around the clock and were sent home around 6am in the morning of 29 January 2020 when fresh crews arrived to continue the challenging work of reactivating the distribution system through to nearly midnight of 29 January 2020. The Authority's senior management team (4 of 6), Senior Engineering Manager-Operations, and the Operations Manager remained at the Authority's Command Centre until around 10pm of 29 January 2020. The Secretary recommends that some level of recognition be given to staff who selflessly worked to get the Water Authority's water distribution back up.

It was clear immediately after the event some staff were affected emotionally and physically. To assist with the personal recovery the Authority's HR department arranged for a debriefing session with a counsellor from the Wellness Centre and advised staff that they could access the service privately if they wished.

Lessons learned are still being analysed and will be incorporated in the Authority's earthquake plan.

Members expressed thanks to the Water Authority's management and staff for their quick response and the efforts taken to get water service back on as soon as was physically possible. Members also requested that the Secretary prepare a Proposal for Board to consider to show appreciation and recognition of the Water Authority employees who worked tirelessly and selflessly to restore service to the Authority's piped water supply customers in Grand Cayman. Members

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- b) *In-House Pipelaying Crews* - The Chairman reported that to date, a total of 1,245 metres (4,085 feet) of 300mm (12-inch) diameter PVC pipe of the pipeline extension along High Rock Drive to the proposed mental health facility had been installed, or approximately 52% of the total project length of approximately 2,380 metres (7,800 ft). So far this year the progress has been slow, but steady, due to the hardness of the rock encountered. It is anticipated that this work will be completed before the end of July 2020.
- c) *Water Supply Division* - The Chairman reported that the Reservoir Maintenance Inspection, including the replacement of the sacrificial anodes (for cathodic protection), of reservoirs Red Gate #1 and Red Gate #2 is still scheduled to commence in early March 2020. Maintenance work will then 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.

As Operations is still dealing with the consequences of the earthquake, and the aforementioned Reservoir Maintenance Inspection, the project to replace approximately 210 metres (700 feet) of 150mm (6-inch) diameter PVC pipe in Spinnaker Road (Red Bay) will have to be postponed for now. It is anticipated that this project will take around 3 weeks to complete. Other activities carried out by the Operations Water Supply Crews during the period after the earthquake are summarised separately.

- d) ***North Side Water Works*** - The Chairman reported that as the Authority had to deal with the consequences of the 28 January 2020 earthquake and the various aftershocks that shook the Cayman Islands, the tender documents for the supply and erection of two bolted steel tanks for water storage have not yet been finalised. It is anticipated that the Business Case for this project will be completed and submitted to, for approval by, the Water Authority Procurement Committee later this month, after which the tender will be advertised on the Cayman Islands Government's Public Purchasing Portal ("Bonfire").
- e) ***Wastewater Division*** - The Chairman reported that during January 2020, the design hydraulic capacity of the wastewater treatment plant (2.5 mgd) was exceeded on two days (both days occurring after the earthquake). The average daily wastewater inflow from West Bay Road during that period was 2.26 mgd (or approximately 90% of design capacity). This amount was 7.7% less than the average influent measurement during the same period the previous year (2.45 mgd). Impact of the 28 January 2020 earthquake on the wastewater collection system and treatment system are summarised separately.
- f) ***FOI updates*** - The Chairman reported that no new FOI questions were received since the January 2020 Board meeting.
- g) ***Upcoming Community Outreach Activities*** - The Chairman reported that at the upcoming Agriculture Show, the Water Authority will be providing samples of infused water, giving away water bottles, infused water recipes and information on tap water; Radio Cayman advertisements will broadcast through-out the day of the show to promote tap water, as well as social media campaign.
- World Water Day is recognised internationally on 22 March 2020; this year's topic is "*Water and Climate Change: we cannot afford to wait*"; plans include: video, newspaper ads and possible message from the Hon Minister.

- h) Redacted under section 21 (1)(b) of the Freedom of Information Law (2020 Revision)
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- i) ***Proposal to establish a MOU between the Planning Department and the Water Authority for requirements for onsite Wastewater Treatment and Disposal*** - The Chairman reported that on 17 February 2020 the Water Authority sent a memorandum to the Director of the Planning Department proposing to establish a MOU between the Planning Department and the Water Authority for

requirements for onsite wastewater treatment and disposal. For well over 30 years both the Authority and Planning Department have shared the responsibility for requirements and inspections for certificate of occupancy for onsite wastewater treatment systems for proposed development. The vast majority of what each agency requires is clear, but at times there is ambiguity over the responsibilities of both agencies. There is no historical record of any specific agreement between Planning and the Authority and given the high level of activity in the construction industry and more complex issues, the Authority has asked Planning to establish an MOU.

Current Business

a) **Management Accounts December 2019.**

Members were provided with copies of the draft 31 December 2019 Management Accounts.

The Authority's yearend financial position is consistent with the 12-month performance and previous reporting. Overall sales increased by approximately 7% with strong increases in both water and sewerage revenue.

Members will note that operating expenses appear to have dropped however the 2019 impairment has not been calculated as yet and once included, the operating expenses are expected to be consistent with prior years.

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Administrative expenses also appear to have decreased in 2019, however it is imperative to note that year-end audit adjustments have yet to be entered, most notably the bad debt expense as well as the measurement adjustments for both the Health and Pension obligations.

As Members are aware the Finance Department is heavily engaged in the audit of the 2019 accounting period and, as noted above, expected adjustments will impact the initial 31 December 2019 draft numbers.

In summary, the Authority experienced strong sales and solid financial performance during 2019 fiscal period.

b)

Request for Bill Adjustment re Customer Account# [REDACTED]

The Secretary reported that on 17 January 2020 the Authority received a letter from [REDACTED] dated 17 January 2020 requesting that consideration be given to adjusting their water bill.

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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 on 31 October 2015 a bill in the amount of \$7,935.26 for the period of 30 September 2015 - 31 October 2015 (31 days) was generated and subsequently received by the customer. The daily average cost for this bill was \$255.66. The daily average consumption during this period was 34.56 cubic metres with a total of 1,071.30 cubic metres.

On 03 November 2015 a Fail Audit Check was carried out due to the high reading; dial was found to be moving but no one was confirmed as being at home; the valve was turned off as attempts to reach customer by phone were unsuccessful.

On 04 November 2015 a letter was delivered to customer explaining that the "dial on water meter moving", "Water Authority Representative could not confirm that anyone was present", "attempts to contact you were unsuccessful as contact details are invalid".

On 17 November 2015 [REDACTED] was authorised to act on account for his [REDACTED]. A payment agreement was issued for outstanding balance of \$8,400.32 on the account, with \$233.35 to be paid monthly for 3 years. By 07 March 2016, the payment agreement lapsed due to non-payment.

Subsequently on 15 March 2016 the account was disconnected for non-payment. The customer paid \$429.00 to reactivate the agreement, and a new agreement was created for the outstanding balance of \$7,688.90 with monthly payments of \$233.00. This agreement was signed by [REDACTED].

The account was again disconnected for non-payment on 20 March 2017 and demands for payment over the next year were unheeded. The service connection was removed on 08 October 2018 as the account was inactive for more than one year.

On 17 January 2020, the Authority received a letter received on behalf of the family acknowledging that they did have a leak under the house. The letter explained that the [REDACTED] had passed away and the remaining property owners are seeking waiver of the bill in totality or a discount of 60% with a payment agreement for the remainder. It was explained in the letter that this request is based on hardships being experienced by the family from lack of water access.

On 13 February 2020, the Customer Service Manager spoke to [REDACTED] and he confirmed that [REDACTED] and needs assistance. He also explained that his father passed in May 2019. On the property

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there is a main house and a wooden house (wood house is no longer rented but is used as storage and is boarded up). [REDACTED] says that he lives in main property with his [REDACTED]

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[REDACTED] is employed as a carpenter and works as jobs come up, he is currently working, his brother also does construction work and is currently working. He explained that the family tries to manage by collecting water in buckets/bottles from neighbours but they really need water service with his elderly mother and two young children in the family home.

In summary, if someone inherits assets, they also inherit the responsibility for any liabilities that come with that inheritance. The family has acknowledged that they did have a leak, one which was rather large as consumption for October 2015 was 1,071.30 cubic metres, and there is currently an elderly person and two small children present at the home. The Secretary suggested that if the Board was minded, they may wish to consider option of the 60% discount with payment agreement for the remaining amount. This would allow the family to move forward to get access to piped water by way of a new service installation and be able to address the outstanding debt with the Authority. The Secretary respectfully sought the Board's decision on the request from the customer.

[REDACTED]

Any Other Business

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

Donation Requests


The Secretary advised that as noted at the last meeting of the Sponsorship Assessment Sub-committee (SAS) members discussed the amount budgeted for sponsorship/donations and the Financial Controller confirmed that the original budgeted and approved amount in 2020 was \$50k.

- b) *Ratify* -The Dept of Counselling Services - 21st Honouring Women’s Month.
- c) *Ratify* - John Gray High School PTA - Global Leaders Conference 2020.
- d) *Ratify* - John Gray High School PTA - Yearbook 2019-2020.
- e) Wind of Hope - 5K Run/Walk.
- f) The George Town Primary School - Year 3 Student Field Trip.
- g) Tower of Light Foundation - Educational Youth Programs.
- h) Clifton Hunter High School - Flight Club.
- i) The Pines Retirement Home - Yearly Water Usage.
- j) CI Chamber of Commerce - Annual Earth Day 2020.


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There being no other business the Chairman thanked members and the meeting was adjourned at 3:29pm.

This is a true and accurate account of the proceedings.



The Chairman



The Secretary