

CONFIDENTIAL



Water Authority of the Cayman Islands

Minutes of 308<sup>th</sup> Meeting held on 29<sup>th</sup> April 2020

**Members Present:**

Chairman: Mr K Gomez - *in person*

Members: Mr H B Ebanks -*virtual*  
Mr J Gill -*virtual*  
Ms A Owens - *virtual*  
Mr C Randall - *virtual*  
Mr M Rankine - *virtual*  
Mrs L Ryan - *phone*  
Mr W Welcome - *virtual*  
Mr A Wright - *virtual*

Secretary: Dr G Frederick-van Genderen - *in person*

Apologies:

**Call to Order**

The Chairman welcomed members to the Water Authority's first meeting conducted with the majority of members connecting remotely. The Chairman noted that due to the COVID-19 pandemic it was not possible for members to meet in person. After ascertaining that there was a quorum, the Chairman declared the meeting open and called to order at 11:04am. The Chairman then asked Mrs L Ryan to open the meeting with prayer.

Ms A Owens and Mr W Welcome noted that due to prior commitments, they would need to exit the meeting at around 11:30am.

**Confirmation of Minutes of the 307<sup>th</sup> Meeting held on 19<sup>th</sup> February 2020**

The Chairman asked for confirmation of the Minutes of the 307<sup>th</sup> Meeting held on 19<sup>th</sup> February 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 period February-March 2020, running one RO train only, the LVRO Plant produced on average 1,221 cubic metres per day, which is approximately 40% of its design water production capacity.

Currently, the plant is taken down once every 3-4 weeks to replace the pre-filters and clean the membranes. Replacement membranes have been ordered and it is anticipated that these will be shipped during the first week of May 2020.

The last of the three feedwater abstraction wells (well #2) has now been remediated. The Authority is currently awaiting some electrical parts required to connect the new submersible feed water well pumps. The three new well pumps will be installed after the current COVID-19 crisis has abated.

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

The Chairman reported that all pipeline upgrade work at the West End Water Works was finalised on 25 February 2020. Pipelaying work subsequently resumed along Dennis Foster Road and the various side roads. On 23 March 2020, when pipelaying was interrupted due to the COVID-19 lockdown, nearly 240 metres (800 feet) of 200mm (8-inch) pipe had been installed.

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



**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 are with KPMG for their review and the Authority will continue to assist where needed and will answer questions as they arise. Recent concentration has been on the 31 December 2019 audit however it is expected that once they are signed off that focus will return to finishing the 2018 and also the 2019.

#### *Unqualified Audit 2018 Award*

The Secretary reported that the Water Authority received a letter from the Public Accounts Committee on 02 March 2020 inviting the Financial Controller and the Secretary to attend an award ceremony on 31 March 2020 at the Legislative Assembly to be recognised for having an unqualified audit. Due to the COVID-19 pandemic, this presentation did not take place. Members congratulated the Authority's management on the award

#### *Annual Report 2018*

The Secretary reported that the 2018 Annual Report is under review by KPMG and the Office of the Auditor General (OAG) and will be sent to the Board for approval when the review is complete.

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

The Secretary noted that members were provided with the 31 December 2019 audited financial statements via email on 29 April 2020 and while still subject in the last 24-hours to some final Quality Assurance Review verification, no material changes are expected.

The Financial Controller highlights several presentation changes reflected in these statements:

- *Reclassification of Inventory*

Under the guidance of IAS 16 and in consultation with the OAG and KPMG, it was recommended that the Authority reclassify the majority of inventory from a current asset to Property Plant and Equipment (PP&E). This reporting standard has been in place for considerable time; however, the Authority has never been asked to adopt it as the balance of inventory was below materiality. KPMG informed the Authority that the audit for 2019 had a considerably lower materiality than in prior years and hence the re-classification was necessary.

Consumable inventory (water, chemicals, gloves etc.) were maintained as inventory as they are expected to be used within a 12-month period, however previously classified inventory that **MAY** become part of the Authority's fixed assets were classified as PP&E. When these spare parts are used then it will be determined if they will be expensed as part of on-going maintenance or accumulated in a CIP account to become part of a fixed asset account and depreciated. The internal treatment of inventory will not substantially vary;

however, the financial statement presentation will be adjusted to reflect the new reporting standard.

- *Treatment of Leases*

The Secretary reminded members that the Authority leases the West End Water Works site in Cayman Brac from the Civil Aviation Authority and pays \$12k per annum until the lease expires in 2029. IFRS 16 provides guidance on how to account for long term leases, where-by the present value of the lease is calculated, using a discount rate as prescribed by the Financial Secretary (4.75%) as at 31 December 2019. This value is then recorded as an asset with a corresponding liability for presentation on the Balance Sheet. In prior years the Authority simply recognised the expense in the Profit and Loss Statement with no corresponding asset or liability. Members were referred to Note 5 which reflects the above 2 changes.

*IFRS 9 Reporting*

The Secretary reports that the Financial Controller is pleased to report that the Expected Credit Loss calculation, as defined in IFRS 9 was generated and audited by KPMG, with no issues noted.

*31 December 2019 Actuary Reports*

The Secretary reported that the reports were received and incorporated in the financial statements.

*Approval of 31 December 2019 Financial Statements*

Provided there are no material modification to the presentation of the 31 December 2019 financial statements the Board was respectfully asked to approve them and confirm that the Chairman, Director and Financial Controller are able to sign the statements on the Authority's behalf. Members able to vote approved the draft 31 December 2019 Consolidated Financial Statements and authorised the Chairman, Director, and Financial Controller to sign the related documents providing there are no material changes.

At this point Ms A Owens and Mr W Welcome tendered their apologies and left the meeting.

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

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*COVID-19 Actions and Impact*

The Secretary reminded members the Cayman Islands commenced preparations for the COVID-19 (Coronavirus) in February 2020 as it became clear that the virus was moving to other countries from the initial outbreak in China. The Water Authority developed a Pandemic Plan and the Secretary commenced her role as Chairperson of the Emergency Support Team (EST)-Utilities which is an

integral part of the Cayman Islands National Emergency Operations Command (NEOC). The NEOC was officially activated on 03 March 2020.

- *Payment Deferral Policy*

On 11 March 2020, the Water Authority was requested to make a presentation on 12 March 2020 at 12:30pm to the Honourable Premier and the Honourable Minister responsible for the Water Authority on what the Water Authority was prepared to do with regards to maintaining water supplies in the event of a large outbreak and people are quarantined and unable to work, as well as other issues. The Secretary reported that the Secretary and Deputy Director attended the meeting and the Secretary made a short presentation on the Water Authority's preparedness and how it would address potential impact on the Authority's operations. A copy of the presentation is attached to the Minutes of this meeting.

During the meeting the Authority was advised of the expected impact of the closure of the country's borders to prevent the spread of the disease. This impact would largely be the loss of jobs and the impact on people to pay their bills for essential utilities such as water and electricity. The Water Authority was asked to institute a payment deferral policy to assist customers through this period.

Subsequently, the Authority developed a Payment Deferral Policy which was circulated to members via email for review and was approved on 16 March 2020.

With the closure of the postal service in the Cayman Islands, the Water Authority with Board approval, waived penalties payments due in March and April 2020.

To date, since 29 February 2020, the Authority has set up 973 new customers for e-billing service. Currently, approximately 68% of the Authority's 19,126 active customers are using this service. The Water Authority has pushed an extensive social media campaign to keep customers informed on its activities and provide guidance regarding payment. This pandemic has brought into strong focus that the Authority needs to accelerate its e-services through its website and will consider the strategy to do this as soon as there is a soft relaxation on the curfew restrictions. The entire Customer Service staff compliment continues to work extremely hard at home to assist customers with bill queries, online access set up, various work orders, etc. Mr HB Ebanks noted that some customers may be confused with the payment page for the payment portal and suggested that this should be looked at when the Authority upgrades Cogsdale.

The Secretary noted that the Authority received 3 requests to date from large condos/hotels for reduced sewerage rates. A proposal to the Board for

consideration was placed on the Agenda of this meeting under Current Business.

The Authority was also requested by the NEOC to waive the septage dumping fees for the Family Life Centre that is being set up as a Field Hospital for COVID-19 patients in the event the local hospitals reach capacity. This is not expected to be a significant dollar amount as the septic tank at the property should not require emptying more than once or twice and will be done by Industrial Services. Members considered the request and agreed to waive the septage dumping fees at the wastewater treatment works for loads being brought from the septic tank at the Family Life Centre Field Hospital by Industrial Services. The commercial value of this waiver is likely to be no more than \$150.

- *Office Closure*

The Secretary reported that on 20 March 2020, the Water Authority was closed to the public in line with the CIG's actions in response to the COVID-19 pandemic to have only essential services operating. All other Water Authority business continued as normal until end of business on 23 March 2020 when the CIG implemented the first curfew and announced the possible presence of spread of the COVID-19 in the community. Arrangements were made to have staff work remotely where possible. The Water Authority's focus shifted to solely the tasks required to ensure the Authority's customers had access to the essential services of water piped water supply, potable trucked water and wastewater collection and treatment.

The majority of admin staff are operating remotely and work crews are very limited in what they may be requested to do. Work continues with daily monitoring for water and wastewater operations, water quality control, meter reading, leak repairs, trucked water delivery in Cayman Brac, procurement activities, etc. Employees who have to work have all been advised of the requirement to maintain social distance and wear appropriate PPE. This remains the situation as of 29 April 2020, throughout the hard and soft curfews imposed by the CIG.

The Secretary reported that the Water Authority's Cayman Brac office is closed to the public but remains able to take orders by telephone for trucked water during the period 8:00am-2:00pm with the Admin staff working in 3-hour shifts during Monday-Friday.

- *Essential PPE and Chemicals*

The Secretary noted that as the COVID-19 pandemic began its spread globally, very early on it was clear that the acquisition of critical Personal Protection Equipment (PPE) was going to be a challenge. Consequently, the Authority proactively initiated bulk orders for 9-12 months' worth of critical PPE and essential water production treatment chemicals with its vendors in

the USA. While the Authority had not planned to spend the money to purchase these chemicals at this time, as at the time there was a 3 months' supply (based on normal usage) in stock, it was considered prudent planning but not a COVID-19 related expenses as the expense would have been incurred regardless.

It became very clear subsequently that not only the Water Authority but the entire Cayman Islands was going to have significant challenges obtaining PPE for protection of employees in the normal course of their work and the PPE required for protection amongst staff that have to work in close proximity as well as in the community (expected to become a necessity and mandatory).

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





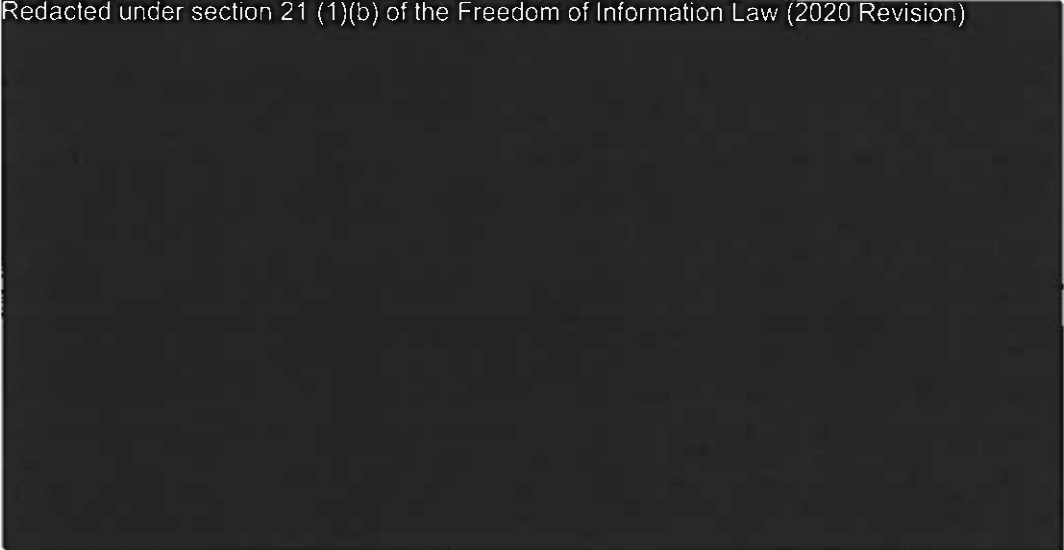
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Redacted under section 23 of the Freedom of Information Law (2020 Revision)



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○ **Internship Programme**

The Secretary reported that the CIFEC Internship Programme was suspended when schools closed due to COVID-19. Therefore, the 6 students placed with Water Authority discontinued their internships. The programme was due to end in April 2020 and schools are expected to remain closed for the rest of the school year.

The Water Authority Summer Internship Programme is due to run from June to August and applications continue to be sent in. However, the status of the programme for this year will depend on when the Authority re-opens for normal business operations and what, if any, restrictions will remain in place due to the COVID-19 pandemic.

○ **Annual Staff Meeting**

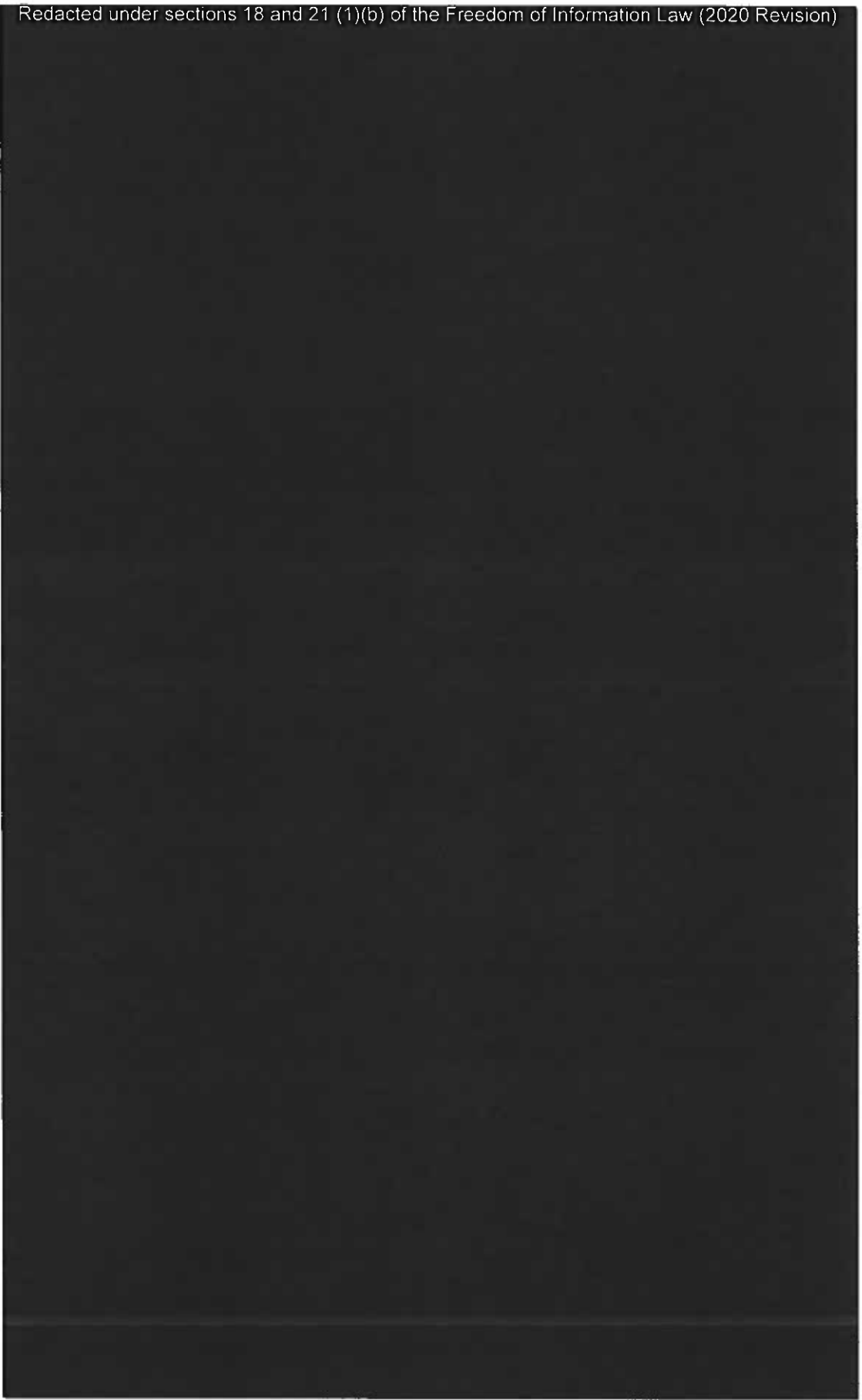
The Secretary noted that the Annual Staff Meeting which was to be held on 31 January 2020 at the Westin Resort was postponed due to the earthquake on 28 January 2020. The Westin gave a 6-month extension to reschedule the event. The Authority is seeking confirmation of ability to postpone further, in light of COVID-19 restrictions and hotels closing, as it is unlikely it will be possible to hold this event in the near future.

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Redacted under sections 18 and 21 (1)(b) of the Freedom of Information Law (2020 Revision)



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e) **Miscellaneous Updates.**

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



b) *In-House Pipelaying Crews* - The Chairman reported that on 24 March 2020 the crew stopped work at the pipeline extension along High Rock Drive to the proposed mental health facility due to the COVID-19 lockdown. To date, a total of 1,609 metres (5,280 feet) of 300mm (12-inch) diameter PVC pipe has been installed, or approximately 68% of the total project length of approximately 2,380 metres (7,800 ft).

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 which was scheduled to commence in early March 2020 was postponed until further notice due to the COVID-19 crisis.

As the aforementioned Reservoir Maintenance Inspection was postponed, the project to replace approximately 210 metres (700 feet) of 150mm (6-inch) diameter PVC pipe in Spinnaker Road (Red Bay), previously delayed to accommodate the reservoir maintenance inspection, commenced. This work was nearly completed when the lock-down became in effect. Once the lock-down is lifted, this work will be resumed.

During the lock-down, Operations carried out leak detection at night in the North Side/East End area. The lock-down provided a good opportunity to identify problem areas, as traffic would be minimal and any night work would not affect any daytime activities, which are minimal as the Authority's activities are limited to those essential to maintain water service only. The resulting data is in the process of being assessed.

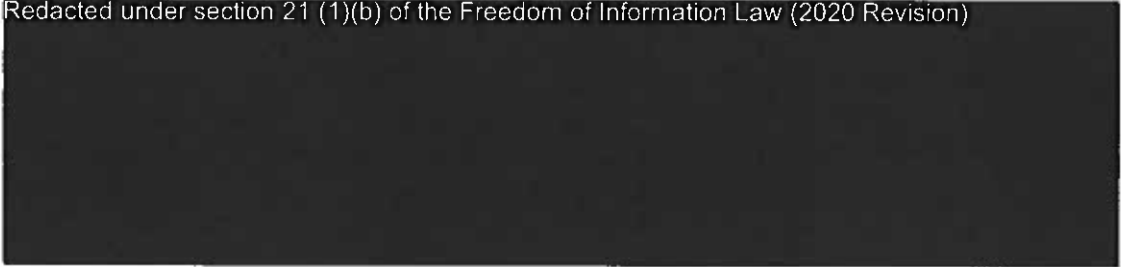
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- e) *Wastewater Division* – The Chairman reported that during February 2020, the design hydraulic capacity of the wastewater treatment plant (2.5 mgd) was exceeded on twenty-eight days. The average daily wastewater inflow from West Bay Road during that period was 2.81 mgd (or approximately 112% of design capacity). This amount was 21% higher than the average influent measurement during the same period the previous year (2.32 mgd). Additional leaks have developed on the wastewater collection system as a result of the earthquake of 28 January 2020, increasing the inflow at the wastewater treatment plant by around 0.5 mgd. The flow increase appears to be mainly noticeable at the southernmost portion of the wastewater collection system (PS1 through PS4), and data is still being collected.

During March 2020, the design hydraulic capacity of the wastewater treatment plant (2.5 mgd) was exceeded on nine days. The average daily wastewater inflow from West Bay Road during that period was 2.27 mgd (or approximately 91% of design capacity). This amount was 4.6% less than the average influent measurement during the same period the previous year (2.38 mgd). The daily inflow at the wastewater treatment plant averaged around 2.8 mgd up to around 21 March 2020 after which it reduced to around 2.0 mgd, which coincided with the closing of the borders by the Government (i.e., no more incoming flights for non-residents as of 19 March 2020).

- f) *FOI updates* – The Chairman reported that no new FOI questions were received since the February 2020 Board meeting.

- g) *Community Outreach Activities* - The Chairman reported that the Water Authority had a booth at the February 2020 Agriculture Show, where staff in shifts worked to provide samples of infused water, giving away water bottles, infused water recipes, and information on tap water. It was a successful day of public exposure for the Authority. World Water Day recognition was subdued due to the COVID-19 pandemic.
- h) Redacted under section 21 (1)(b) of the Freedom of Information Law (2020 Revision)
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### Current Business

a) **Management Accounts March 2020.**

The Secretary advised that with the on-going COVID-19 pandemic and significant resources required to complete the audit with a closed office, the Authority was not able to complete the March Management Accounts. Very high-level draft numbers show that revenue, for the first 3-months of the fiscal period, is 6.7% higher than in 2019. The Financial Controller commits to provide more comprehensive information at the next Board meeting, as with the completion of the 2019 audit focus can now shift to the 2020 financial position.

In summary, the Authority remains in a good financial position to weather the COVID-19 pandemic and the impact on revenue for the time being.

b) **COVID-19 (Coronavirus) - Sewerage Fees Temporary Relief for Businesses.**

The Secretary reported that the Water Authority had received 3 requests so far from large condos/hotels for reduced sewerage rates. The Authority's management has put forward a proposal entitled "Sewerage Charges Discount Policy - COVID-19 Pandemic" for Board consideration and feedback. The CIG has clearly stated that the tourism industry will take significant time to recover and as such it is a situation that the Water Authority will have no choice but to deal with. Many of the large condos and hotels will likely be empty or almost completely empty for several months and will reasonably expect that the Authority make some adjustments on sewerage costs.

The draft discount policy was provided to members and the additional spreadsheet showing the financial impact of two scenarios was provided on 29 April 2020.

The Secretary noted that the challenge is that the Water Authority continues with the provision of wastewater services along the West Bay Road corridor during the COVID-19 pandemic and the cost of operating and maintaining the



infrastructure will remain. Nevertheless, the Water Authority recognises that businesses are affected by the pandemic, and acknowledges the importance of supporting the business community during this difficult time. As it is unlikely that business will return to normal in the very near future, and particularly the hospitality industry (hotels, restaurants, bars etc.) will remain significantly affected by the current COVID-19 pandemic, the Water Authority suggests that the Board consider to discount sewerage bills for the months of April through June 2020 for commercial customers, upon request.

In summary, the sewerage charges discount is suggested to be based on the monthly water usage for each development compared to the historical (annual average) water consumption as per the formula outlined in the proposal document provided to members.

Any commercial sewerage customer, who wants to benefit from this temporary discount of the sewerage charges, would have to make a request in writing and provide with the request the following documentation for each sewerage account location:

- Water consumption records for the entire year 2019 (i.e., CWC bills from January 2019 through December 2019), and
- The CWC water bill for the month under consideration.

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



The Secretary respectfully sought members guidance and feedback on the proposed policy. Members discussed the proposal and the situation with commercial customers facing the financial hardship of reduced or nil income. Subsequently, members agreed to the "Sewerage Charges Discount Policy-COVID-19 Pandemic" as proposed by the Water Authority's management to provide temporary relief for commercial customers along the West Bay Road tourist strip. The details will be published on 04 May 2020.

### **Any Other Business**

- a) Redacted under section 21 (1)(b) and 23 of the Freedom of Information Law (2020 Revision)
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Redacted under section 21 (1)(b) and 23 of the Freedom of Information Law (2020 Revision)

**Donation Requests**

The Secretary advised that all previous submissions were withdrawn until the Government declares the end of the COVID-19 emergency in Cayman Islands. The SAS will meet after the Board meeting to deal with the following request for assistance:

Redacted under section 21 (1)(b) and 23 of the Freedom of Information Law (2020 Revision)

There being no other business the Chairman thanked members and the meeting was adjourned at 12:48pm.

This is a true and accurate account of the proceedings.

  
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The Chairman

  
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The Secretary