

CONFIDENTIAL



Water Authority of the Cayman Islands

Minutes of Extraordinary (Budget) Meeting held on 25 May 2023  
at the Water Authority of the Cayman Islands' Headquarters,  
13G Red Gate Road

Members Present:

Chairman:	Mr D Rankine
Members:	Mr G Ebanks - <i>Virtual</i> Mr H B Ebanks Ms A Owens Mrs L Ryan - <i>Phone</i> Mr M Scotland Mr K Conolly Mr M C Campbell
Secretary:	Dr G Frederick-van Genderen
Guests:	Mr Tom van Zanten, Deputy Director Ms Lori Bergman, Chief Financial Officer
Apologies:	Mr N DaCosta Mr W Welcome

**Call to Order**

The Chairman welcomed all members and called the meeting to order at 11:10am after ascertaining that there was a quorum. The Chairman noted apologies for Mr N DaCosta and Mr W Welcome. The Chairman then invited Ms A Owens to open the meeting with prayer.

**Declaration of Conflicts of Interest**

No declarations of interest were made.

**Matters Arising****a) 2024-2025 Ownership Agreement & 10-Year Capital Development Plan 2024-2033.**

As reported at the 338<sup>th</sup> Board Meeting on 17 May 2023, the Secretary reminded members that the Authority was advised on 12 May 2023 by the Ministry of District Administration & Lands (DAL) that the 2024-2025 budget process had begun and that the deadline for the Water Authority to submit the Ownership Agreement as well as the figures for the consolidated template is 26 May 2023. Prior to submission to the Ministry, the Authority requires Board approval of the Ownership Agreement.

Members were provided with copies of the 2024-2025 Ownership Agreement and the 10-year capital development plan for their review.

The Secretary reported that the Authority had prepared and was ready to present the revised 10-year development plan for Board members' discussion and feedback. The Secretary noted that this year the 10-year plan included as one of its appendices, the Human Capital Development Plan (HCDP).

It is important that members are aware that the information being presented is to highlight the numerous important projects that are expected to commence soon. It is also imperative to understand that the costs provided in the documents are the best professional estimate at this time and are subject to modification once the projects commence and more information is available. It will become evident the vast scope of work that is in the planning stages and the importance of having sufficient financial resources to complete the identified projects.

The Secretary advised that the Authority would be respectfully seeking members' feedback and approval on two documents, the 10-year capital development plan and the 2024-2025 Ownership Agreement that flows out of the 10-year plan.

The Secretary noted that in addition to highlighting major capital work, the presentation will provide an overview of the HCDP highlights (PAA Section 47 and 48), COLA, performance adjustments, charitable and indigent funds.

The Secretary respectfully requested members' permission for the Deputy Director and Chief Financial Officer (CFO) to attend the meeting for the presentation. The Chief Human Resources Officer would remain on standby, if needed, during the discussion on the HCDP which is Appendix 3 of the capital development plan. Members approved for the Deputy Director and CFO to join the meeting and were introduced to new Board members.

The Secretary proceeded to make a PowerPoint presentation of the highlights of the budget. The presentation emphasised the main projects in 2024 and 2025 as integral to four major strategic goals as below:

**1) GCM - Maintain Water Production Capacity, Distribution and Storage to ensure distribution reliability**

- 2024 - Additional RO Plant - To accommodate expected growth within the distribution system, improve operational reliability and flexibility of distribution system and maintain consistent pressure.
- 2025 - Additional Reservoir - Construction of one 2-million-gallon Water Storage Tank at North Side Water Works (NSWW) to accommodate expected growth within the distribution system and facilitate regular maintenance on existing tanks.
- 2024 and 2025 - Booster and Pumping Stations - Add booster station at Lower Valley Water Works (LVWW), refurbish pump stations at Red Gate Water Works (RGWW) and at LVWW for the water distribution system. Installation will improve operational flexibility.
- 2024 and 2025 - Rum Point Water Works (RPWW) site clearance and storage/re-pumping facility to improve operational flexibility.

Members discussed several other projects listed under Strategic Goal #1 in the appendices of the 10-year plan. The Water Authority team provided background and answers to members' queries. The Secretary noted the importance of securing property on or near the planned East West Arterial extension as the North Side, Lower Valley, and Red Gate sites will be completely built out in a few years. She stated that she would speak with the Chief Officer (Acting) for the Ministry of DAL regarding crown property in the vicinity of the planned new road.

**2) GCM - Maintain Adequate Infrastructure to Operate Efficiently**

- Continuous - Upgrade and maintain existing water services, sample taps and miscellaneous extensions throughout the water supply system to ensure integrity of the system.
- 2024 and 2025 - Administration Office Extension, including Lab and Solar Power Canopy - provide a purpose-built facility to accommodate a growing work force, a dedicated Laboratory area, a secure location for internal files storage, allowing accessibility and flexibility in retrieval, taking into consideration necessary precautions to protect contents from natural disasters and eliminate offsite storage fees.
- Continuous - District Meter Areas (DMA) - DMA's will increase the number of distinct zones within the water distribution system and allow for better identification of potential problem areas thus assist in reducing non-revenue water.
- Continuous - Advanced Metering Infrastructure (AMI) - pilot study to ascertain the feasibility of installing an AMI in the Cayman Islands. These metering systems enable measurement of detailed time-based information and frequent collection of the data, distributed to various parties, allowing both the customer and the Authority to make strategic business decisions.

- 2025 - Vehicle Maintenance Building - a specially constructed building to efficiently service the Authority's growing vehicle and equipment fleet in a safe and efficient environment.

Members discussed several other projects, including an alternate Administration Office, listed under Strategic Goal #2 in the appendices of the 10-year plan. Members noted that the Water Authority has budgeted to establish an additional New Works Pipelaying Crew (NWPC) in Grand Cayman. The Water Authority team provided background and answers to members' queries.

### 3) CYB - Water Distribution Extension and Water Works Facility

- Continuous - Cayman Brac Extension Project - Extension of piped water in response to fulfilment of Water Authority's Mission and provide convenience of "city water" to residents living on Cayman Brac. Phase III will extend the existing distribution system an additional 26,000 feet, providing piped water to nearly 200 developments (houses, apartment complexes, restaurants, businesses), or to more than 400 residents.
- 2024, 2025 and 2026 - Cayman Brac Water Infrastructure - Potable Water Storage Tank/Pumping Station and Post Treatment Building/Administration Building and Pipe Storage Rack and Stores at the Bluff Water Works (BWW). New infrastructure to accommodate the installation of two additional water storage tanks, construction of a pumping station to treat and distribute water from the BWW, construct administrative headquarters for CYB, storage building to safely store spare pipes and materials.

Members discussed several other projects listed under Strategic Goal #3 in the appendices of the 10-year plan. Members reiterated that the preliminary hydrogeological investigations are clearly urgent, and that the Authority should do what is necessary to accelerate procuring these services. The Water Authority team provided background and answers to members' queries.

### 4) Wastewater - Improve Integrity of existing Collection System and Future Expansions

- 2024 to 2026 - Design and commence construction of WWTP - Phase II - to expand current treatment facility to accommodate the growth within the catchment area and to be ready for any future collection system additions.
- 2024 and beyond - Sewerage System Extensions - replace existing privately-owned sewerage systems and install new extensions to connect residents to the wastewater collection system to ensure proper treatment of wastewater.

A discussion ensued with respect to the implications of a delayed Phase II expansion.

Other strategic goals include the provision of potable water in Little Cayman with work commencing in 2025 to install a RO plant and water storage with distribution via water trucking. Various repairs and maintenance projects were highlighted as well as fixed asset additions to equip a new, New Works Pipelaying Crew with the required heavy equipment such as trencher, backhoe, and dump truck.

Redacted under section 21 (1)(b) of the Freedom of Information Act (2021 Revision)

2024 and 2025 is primarily due to the uncertainty of Health and Pension provisions, increased inflation, increased staffing, and PAA provisions. Highlights are strong sales as the customer base grows (Camana Bay, development in George Town and the Eastern districts, etc.) and annual rate adjustments. The CFO confirmed that growth projections are based on 5.5% growth and 3% rate adjustment each year.

The Water Authority will continue to maintain its financial independence through prudent and careful management and will continue to work under the borrowing moratorium to secure internal funds for essential capital projects. Members noted that if annual rate adjustments (accounting for inflation) are not approved by OfReg in coming years, the Authority's savings for the aggressive capital development plan will be impacted. The cost of doing business (i.e., electricity, staffing, insurance, etc.) continues to increase.

Members queried the increase in staffing and the associated costs, the CFO and the Secretary explained that the new staff and vacant positions are necessary in order to accomplish projects. It was also noted that current office limitations as well as possible overseas recruitment could delay some start dates. The restrictive recruitment and compensation packages because of the Public Authorities Act (PAA), may also impact the success of the Authority's recruiting process, which will further impact the ability to commence and complete planned projects.

Strong financial management has provided the Authority with the opportunity to provide:

- Scholarships - continue with generous scholarship that provides for an international (increased to \$40k).
- Compensation Packages - The Authority has included an increase to staff compensation in the amount of 10% per annum to be spread out among new hires, performance, and scale adjustments. It is imperative that compensation ranges do not fall too far outside market conditions as it is essential to keep and motivate valued employees. Market adjustments require Cabinet approval as per the PAA. The Secretary noted that because of the audit issue regarding PAA Section 47, the Authority will prepare and present a comprehensive report to the Board that encompasses a compensation package to be compliant with Section 47 and 48 of the PAA and not disadvantage Water Authority employees.
- Other key activities under the HCDP, include developing a recruitment strategy to fill key professional/technical positions, implementing the

succession plan for key and senior positions, conduct a staff engagement survey, conducting a compensation and job evaluation, focused training and staff development, ongoing review of job descriptions and job titles, etc.

Redacted under section 21 (1)(b) of the Freedom of Information Act (2021 Revision)

The Chairman and members requested a few minor amendments to provide clarification to the Ownership Agreement and the 10-year development plan. Members also suggested that in Appendix 1, that the list of items being expensed are listed on a separate page to avoid confusion with capital costs. The CFO noted for the next 2-year budget cycle.


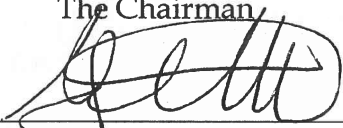
After discussion amongst members and satisfactory responses to members' queries, the Chairman advised that the Board was respectfully requested to approve the Ownership Agreement for the 2024 and 2025 fiscal years as well as the 10-year Capital Development and Maintenance Plan for the fiscal years 2024-2033.

Mr H B Ebanks moved the motion to approve the Ownership Agreement as amended for the fiscal years 2024 and 2025 as well as the 10-year Capital Development and Maintenance Plan as amended for the fiscal years 2024-2033. Mr M Scotland seconded the motion, and it was passed unanimously by members present and able to vote. The Ownership Agreement will be signed by the Chairman and sent to the Ministry as soon as possible.

The Chairman thanked the Secretary, the Deputy Director, and CFO, and all other staff involved in preparing the documents.

There being no other business the Chairman thanked all members for attending and the meeting was then adjourned at 2:27pm.

This is a true and accurate account of the proceedings.

  
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The Chairman  
  
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The Secretary