

**CONFIDENTIAL**



**Water Authority of the Cayman Islands**

**Minutes of 272<sup>nd</sup> Meeting held on 17<sup>th</sup> of August 2016**

**Members Present:**

Chairman:	Mr J L Hurlston
Members:	Mr H B Ebanks Mr J Gill Mr M Jacques Ms A Owens Ms R Sharma Mr C Randall Mr A Wright
Secretary:	Dr G Frederick-van Genderen
Apologies:	Ms T Mortimer Mr O Watler

**Call to Order**

The Chairman welcomed members and called the meeting to order at 1:32pm after ascertaining that there was a quorum. He thanked Mr J Gill for chairing the meeting on 15 June 2016. The Chairman then acknowledged apologies from Ms T Mortimer and Mr O Watler. The Chairman proceeded to offer a prayer for guidance and inspiration and subsequently declared the meeting open.

**Confirmation of Minutes of the 271<sup>st</sup> Meeting held on 15<sup>th</sup> June 2016**

The Chairman asked for confirmation of the Minutes of the 271<sup>st</sup> Meeting held on 15<sup>th</sup> June 2016. Mr C Randall moved the motion to accept the Minutes as amended, Mr A Wright seconded the motion and the motion passed unanimously.

### **Declaration of Conflicts of Interest**

Mr J Gill and Mr A Wright noted that they are familiar with the customer referred to on the agenda under Current Business, item (d). The Chairman noted that he would have a conflict with Donation Requests, item b on the agenda for the Sponsorship Assessment Sub-committee (SAS) however he is not a member of the SAS.

### **Matters Arising**

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

The Chairman noted that it was reported at the 15 June 2016 meeting that all three feed water abstraction wells had been disinfected and that the RO Plant resumed water production on 17 June 2016. The Chairman reported that water production ceased after only 17 days as the differential pressure on the pre-filters exceeded the maximum value indicating they had clogged. The Chairman reported that by the end of this week the submersible well pumps will be removed from the feed water wells and washed and disinfected. The following week the feed water abstraction well casings will be scrubbed. The wells will then be disinfected and thoroughly flushed. This is the same method as was used in late April 2016 but with more intensity. Samples will then be taken from each feed water well and sent to a US-based laboratory for analysis. Following this second disinfection treatment, the Lower Valley RO Plant will be started up again.

b) **West Bay Beach Sewerage System Pipeline Rehabilitation Project (2013) - Update.**

The Chairman reported that US Sewer & Drain responded to the Authority's outstanding invoice and contract completion letter indicating that they believed the Water Authority owed them money. US Sewer & Drain had submitted no claims under the contract and are in fact well out of time in which to do so. There is nothing further to report on this project, except that Mr Jeremy Bowman has indicated that he intends to travel to Cayman to meet with the Authority to argue his claim, however no formal request has been made for such a meeting.

The Chairman reported that an executive summary of this project is being prepared, and should be available for the September 2016 Water Authority Board meeting.

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

The Chairman reported that progress to date on the current phase of this project (up to Faith hospital) continued to be less than anticipated due to continuing mechanical issues with the trencher. The repairs to the trencher were completed in mid-July 2016, after all replacement parts had finally arrived on island. By the end of July 2016 approximately 3,900 feet of 200mm pipe had

been installed (up to Heights Road). This represents approximately 30% of the total length of the main pipeline to Faith Hospital. It is anticipated, assuming no further lengthy downtime due to mechanical issues that piped water would be available to Faith Hospital by late February 2017.

In addition, the Chairman reported that nearly 500 feet of 150mm pipeline was installed in the road adjacent to the West End Primary School, which has now been connected to the piped water system.

Last fiscal year (July 2015- June 2016) a total of 100 new water service connections were installed on the new pipeline along the North Coast (east of West End Cross Road). Due to the increasing customer service and administrative work, the Authority has employed an Administrative Assistant on a part time basis for the Brac office.

The Chairman reported that on 21 June 2016 the Authority received Cayman Brac Public Works Department's (PWD) proposal for the reinstatement of roads affected by the pipelaying in Cayman Brac. On 22 June 2016 the Water Authority advised the District Commissioner that it had accepted this cost estimate for hot mix asphalt application. Last week the Authority received verbal confirmation from Ministry of District Administration, Tourism, & Transport (DATT) that the arrival of the specialised equipment (i.e., milling machine) is now imminent. The Deputy Director will arrange a meeting with the PWD Works Manager soon to agree on the extent of the first few sections of affected road to be reinstated.

#### *Trucked Water Delivery Policy Cayman Brac*

The Chairman reported that in the latter part of the last fiscal period, there were about five complaints regarding the Authority's policy for delivery of trucked water. This policy, accepted by the previous Board, requires that only property owners or tenants who have been added to the owner's account are able to order trucked water. Additionally, water can only be delivered to the service location associated with the account in question. Complaints regarding the policy were raised with the Honourable Minister of Planning, Lands, Agriculture, Housing, & Infrastructure (PLAHI) as well as with the Honourable Deputy Premier/Honourable Minister of District Administration, Tourism, & Transport (DATT). The Authority worked with three of the complainants and was able to resolve the situation and these persons now have trucked water accounts.

The Chairman reported that he was asked to a meeting with the Honourable Ministers of PLAHI and DATT, respectively, to discuss the Water Authority's policy. The meeting was held on 11 August 2016 and in addition to the two Ministers, was attended by the Water Authority's Deputy Director, Water Authority's Customer Service Manager, Chief Officer of DATT Ministry, and DATT Deputy Chief Officer. It was agreed that if the Honourable Ministers

received any further complaints that they would be referred to the Director and/or the Customer Service Manager to resolve. At this meeting, the Hon Minister of DATT also advised of the Ministry's acceptance of the Authority's offer regarding the provision of water for the Cayman Brac Sports & Hurricane Complex.

*Cayman Brac Sports Complex RO Plant*

The Chairman reported that on 16 August 2016 the Authority received official confirmation that the Ministry of DATT had accepted the Authority's offer to ensure that resources are available to provide trucked water to the Cayman Brac Sports & Hurricane Complex upon its completion in the second quarter of 2017. To ensure that the needs of the sports complex are met, the Water Authority will proceed with the purchase of an additional water truck and hire the additional operator in the early part of 2017.

**d) Water Distribution Pump Station Project 2016 - Red Gate Water Works - Update.**

The Chairman reported that on 09 August 2016 the contractor Island Builders Co Ltd requested an extension of time up to the 30 September 2016, due to "the unexpected delays on the arrival of long lead items such as the generator". The Water Authority informed the contractor that as it is his responsibility under the contract to manage material and equipment orders, the request was denied and that Liquidated Damages will be charged starting on 23 July 2016. The Chairman reported that it is anticipated that the construction of the Red Gate Water Distribution Pump Station will be completed by mid-September 2016.

Last week the contractor installed the emergency generator on its support pad and it is anticipated that the construction of the generator access platform will be completed by 19 August 2016. The pump control panel arrived at the Red Gate site on 20 July 2016 and was installed in the pump control room last week.

The installation of the pumps and all pipework will be carried out by the Authority's pipelaying crew which is currently in Cayman Brac, as soon as the contractor Island Builders Co Ltd has completed their work. This will also allow these staff members to spend some time with their families in Grand Cayman, before returning to Cayman Brac to resume pipelaying.

**e) Esterley Tibbetts Sewer Force & Effluent Mains Project - Update.**

The Chairman reported that in mid-June 2016 the Water Authority completed the tender documents for the installation of two parallel HDPE pipelines, each approximately 3,000 feet in length along the realigned and widened Esterley Tibbetts Highway (between the new roundabout located northwest of the existing Lawrence Blvd/Camana Bay roundabout and just north of Lakeside Condos).

This project was not included in the Water Authority's 2016-2017 Budget as the Authority had not been advised of the urgent timeline and/or the limited available space adjacent to the new road. At the June 2016 meeting, the Water Authority Board agreed to allocate additional funds in the 2016/2017 budget to provide for this project. The estimated cost for this project was CI\$1.5 million.

In compliance with the Central Tenders Committee (CTC)'s Open Tender Process procedures, advertisements were placed in the Caymanian Compass on 03 June 2016 and 10 June 2016 inviting interested Contractors to submit a tender for this project, with information on how to obtain the Tender Documents. A copy of the Tender Documents was also included on the Water Authority's website. A copy was also provided to the CTC for uploading to their website but it appears that they did not upload it.

The CTC opened the returned tenders on 06 July 2016. The Chairman reported that only one response (from Wharton-Smith, Inc) to the advertisement was received. No other company acknowledged that they had downloaded the Tender Documents directly from the Water Authority's website. The Tender Amount submitted was US\$1,248,000, which is US\$552,000 (or 30%) less than the Engineer's Cost Estimate.

The tendering and bid review process is further outlined in the Tender Evaluation Report that has been provided to members. The returned tender from Wharton-Smith, Inc was found to be arithmetically correct. The table on page 3 of the Tender Evaluation Report summarises the breakdown of the various tender amounts and compares these to the original Engineer's estimate.

Wharton-Smith, Inc. (separate or together with their sub-contractors) has demonstrated adequate experience with the installation of HDPE pipelines. Earlier this year, the company successfully completed the Sewer Force Main Replacement contract two months earlier than the contractual deadline.

The Chairman stated that the members of the Water Authority Board were respectfully requested to consider recommending to the CTC that this contract be awarded to Wharton-Smith, Inc for a Tender Amount of US\$1,248,000.

Members discussed the Tender Evaluation Report and recommendation contained therein. Ms A Owens moved a motion based on the analysis of the bid submission to award the contract to Wharton-Smith, Inc for a Tender Amount of US\$1,248,000. The motion was seconded by Mr J Gill and unanimously agreed by all members.

The Secretary was instructed to write to the CTC respectfully requesting that they consider awarding this contract to Wharton-Smith, Inc for a Tender Amount of US\$1,248,000.

f) **30 June 2016 Audit of Consolidated and Divisional Statements - Update.**

*30 June 2016 Audit – Consolidated, Divisional and Island Financial Statements for Water, Wastewater and Statutory*

The Chairman reported that the Finance Department continues to work diligently on the 30 June 2016 audit working papers, and does not see any problems with meeting the 31 August 2016 deadline for submission. The audit team from KPMG is expected to be at the Authority's premises on 29 August 2016 to commence the audit. The main audit working papers are essentially complete, however there is some documentation outstanding; most notable the IAS 19 Pension report, the bad debt calculation (which is best done in early September – allowing customers ample time to settle their June invoices) and a few internal working papers (i.e., professional fees, vacation accrual etc.).

*Annual Report 2014/2015*

The Chairman reported that it is expected that the 2014/2015 Annual Report will be presented at the next sitting of the Legislative Assembly.

*Public Service Pension Board (PSPB) – Actuary Audit done by Mercer for the period ending 30 June 2016*

The Chairman advised that the Authority awaits the IAS report and expects it to be available for the 30 June 2016 audit.

The Chairman reported that the Authority received a letter from the PSPB dated 27 June 2016 that indicated that prescribed employer contribution rates have been established at 28.3% of defined pensionable earnings for Defined Benefit Contributions effective 01 July 2016. Additional information was to follow this letter (gazetted changes and also new spreadsheets), to date nothing has been received and the Authority has, for the month of July, contributed the regular 7.26% with no feedback from the PSPB. The Water Authority is awaiting further clarification from the PSPB. Ms A Owens promised to send the Authority a copy of the Pensions Valuation Reports as at 1 January 2014.

*Accounts Receivable Trial Balance – Identification of Potential Write-Offs*

The Chairman reported that additional information regarding the Henderson Holdings account will be provided at the September 2016 meeting.

*Post-retirement Health Benefits (PRHB)*

Further to previous Board updates, the Water Authority, through the PSPB, commissioned an actuary review on behalf of the Water Authority for PRHB's for the staff members that were transferred from CIG at the Authority's inception. A draft report was received in mid-July 2016 and is in the process of being reviewed. It appears (subject to final review) that the liability for the 11 eligible employees (5 active and 6 pensioners) is in the neighbourhood of \$5 million. The original strategy considered by the Authority was to:

- 1) Quantify the liability for the members of staff who transferred to the Authority.

2) Analyse other categories of staff to explore options for their PRHB's.

As this report is now available and the liability for PRHB has been quantified (#1) the Secretary respectfully requested the Board's guidance on how to proceed. If the Board agrees that this is a reasonable liability of the Authority then management recommends that this amount be recognised in the 30 June 2016 financial accounts to reflect the obligation. This would be with the full understanding that this number is fluid and will change with future valuations and may change if any policy directives are received from the Cayman Islands Government (CIG). By accepting this methodology going forward the Authority will need to commission annual actuarial reviews of the obligation to ensure that it is accurately captured.

Members discussed various options on how to deal with this liability and subsequently requested that the Secretary seeks guidance from the OAG/Auditors regarding the recognition of Post-Retirement Health Care Benefits based on the report from Mercer. Members indicated that they would prefer to recognise in increments instead of doing the entire amount in one fiscal period.

The Chairman reported that the Authority received a proposal from its existing health care providers (Generali) for a post-retirement health package for all employees. This proposal is currently being reviewed with the expectation of a report coming to the Board at the September 2016 meeting.

*Land Valuation Exercise – Requested by Land & Survey Department*

The Chairman reported that a series of five documents prepared by BCQS were received from Mr John Hall, Chief Valuation Officer at the Lands and Survey Department on 27 July 2016. One document was received for each of the five sites on Grand Cayman (Red Gate, Lower Valley, North Side, East End, and the Grand Cayman Wastewater Treatment Works). The documents are in excess of 50 pages each and are available to members upon request. The Authority did not examine the documents in depth; however a quick examination is shown below, the Authority used the amounts that the assets are insured for, with the assumption that these values are indicative of the cost to rebuild should they be destroyed.

\* Redacted under section 21 (1)(b) of The Freedom of Information Law (2015 Revision)



The Chairman advised that the Authority did a high level comparison between what BCQS has for reinstatement purposes to the values held on the list of

insured assets. There was consistency between the values for East End, Red Gate and the GCMWWTW. The Authority's expectation is that BCQS's estimate for reinstatement would be higher than the insured values for North Side and Red Gate as OCL holds the insurance for the RO Plants. This is the case for North Side but not Red Gate. Another anomaly noted is the significantly lower reinstatement costs for Lower Valley in comparison to the Authority's insured values. It was noted that there was no assessment of the Authority's assets in Cayman Brac.

The Chairman reported that without further direction the Authority does not plan to explore/research the figures/reports in more depth, they will be made available to the auditors for their review and feedback. To date nothing further has been received in conjunction with this exercise. As the Authority holds a significant number of years' experience and an extremely high level of competency the Authority is comfortable and will maintain the estimates as used in the list of insurable assets. The Fair Value - as identified by BCQS has not been evaluated further, nor compared against the NBV in the Accounting Records.

*Request for Proposals from Class A Banks*

The Chairman reported that during the review of the bank proposals it became evident that there are minimal differentiating factors in the main parts of the proposals, for example, all banks offered employees 1% + prime on their mortgages, however that is the same as offered to the general public in their advertising. Another example is the bank fees, whilst some banks tiered their rates (i.e., higher cost for high valued international wire transfers), and some had a flat fee (i.e. \$65-), the general observation is that the banks offer very minimal differences in regards to fees and rentals of POS machines. Therefore, it appears that the differentiating factor that will set the banks apart is their on-line banking platform, the ability to initiate wire transfers, seamlessness of payroll transactions to different financial institutions and the level of customer service.

The Chairman reported that prior to making a decision and awarding the retail banking operations to the successful bidder the Financial Controller, together with the team of all signatories would like to invite all interested banks to present a demo of their online banking operations, allowing the final users to get a hands on feel for the banking platforms. It will be important to incorporate all the signatories in this presentation as it is envisioned that the final product will allow for dual authorisation which would mean that both the "A's" and the "B's" would be required to know their way around the product.

The Financial Controller will endeavour to arrange these demos in early September 2016, however with scheduled vacations and pending audit it may take a bit more time to schedule all interested parties a time to come and present. The Authority will work towards a final recommendation to be made



at the September 2016 Board meeting however it may be more realistic for October 2016.

Redacted under section 21 (1)(b) of The Freedom of Information Law (2015 Revision)



g)

\* Redacted under section 21 (1)(b) of The Freedom of Information Law (2015 Revision)



h) **Miscellaneous Updates.**

a) *In-House Pipelaying Crews* - The Chairman reported that on 24 June 2016 the New Works pipelaying Grand Cayman (GCM) crew commissioned the third and last section of the 6-inch diameter pipeline in Mahogany Way,

between Almond Avenue and Siberia Avenue. This crew then installed 300 feet of 80mm diameter pipe off Farm Road (East End), a new pipeline extension to provide water service to two properties.

In early July 2016 the GCM crew, assisted by crew members normally working in Cayman Brac, removed and replaced approximately 100 feet of 300mm diameter pipe at the Red Bay Roundabout. This work was necessitated by NRA changing the camber of the road, thus significantly reducing the soil cover over the pipe.

Since then 600 feet of 80mm pipe have been installed in Tropical Gardens Road, to upgrade an undersized pipe (50mm diameter). This is the first of three pipelines in the same area that need upsizing (i.e., Tropical Gardens Road, Croton Lane and Carnation Lane), with a total length of nearly 1,700 feet.

- b) *Esterley Tibbetts Highway Widening* - The Chairman reported that as reported at the last meeting the Esterley Tibbetts Highway, between Lakeside Condos (the ACR roundabout) and the Butterfield Roundabout will be realigned and widened, accommodating initially two traffic lanes (but eventually three) and a bike lane, each way. As a result of this widening, the median will be moved further east by 10 feet and consequently the Authority will have to install a new 12-inch main along the easternmost edge (under the slow lane and/or bike lane) as soon as the NRA has completed the road base for the full road width, but prior to any paving being carried out.

The NRA has contracted construction of this road to DECCO. At the Utilities Meeting held on 10 August 2016, DECCO informed the Authority that their contract did not include constructing the full road base width (short by approximately 10-12 feet). Consequently the Authority will not be able to install the pipeline under the future slow lane and/or bike lane. The Authority expressed its concern at that meeting (unfortunately the NRA staff present at the meeting was unfamiliar with the contract details with DECCO). Additionally, at the meeting it was indicated that this project has the highest priority. The Authority has written to the NRA Managing Director for clarification.

- c) *Linford Pierson Highway Widening* - The Chairman reported that as explained at the last meeting the Linford Pierson Highway will be realigned and widened, also accommodating initially two traffic lanes (but eventually three) and a bike lane, each way. Most of the widening will take place on the south side of the existing road corridor. As a result of this significant widening, the Authority will have to install a new 12-inch main along the southernmost edge (under the slow lane and/or bike lane) as soon as the NRA has completed the road base for the full road width, but prior to any paving being carried out.

At the 10 August 2016 Utilities Meeting it was indicated that this pipelaying would likely occur after the completion of the Esterley Tibbetts Highway. However on 15 August 2016 the Authority received an email from Mr Mark

Scotland, the NRA project manager for this project, requesting the earliest time the Authority would be able to commence its works and timeframe for completion, indicating some urgency. The Authority has contacted the NRA project manager who confirmed that the first phase (between 1st Assembly Of God Church and Halifax Road) will be ready in mid-October 2016 for the Water Authority to start pipelaying.

- d) **Water Supply Division** - The Chairman reported that work on Phase II of the project to replace the 12-inch water main along Bodden Town Road, which comprises the area between Gun Square Road and Manse Road, will be postponed until early 2017 due to the issues with the feed water wells for the Lower Valley RO Plant. Additionally the Authority is reluctant to have a trench open in Bodden Town Road during the peak of the hurricane season and/or over the Christmas period.

On 08 August 2016 Island Paving (IPL) started and completed the road reinstatement in Bodden Town (for various road crossings).

- e) **Wastewater Division** - The Chairman reported that during the months of June and July 2016, the design hydraulic capacity of the plant (2.5 mgd) was exceeded for two days (in June) and for nine days (in July 2016). The average daily influent was 2.20 mgd in June 2016 and 2.41 mgd in July 2016 (or approximately 88% and 96% of design capacity). This daily average influent was 38% and 26% less than the average influent measurement during the same periods last year (3.54 mgd and 3.25 mgd respectively).

- f) **Fuel spill at former Rubis Service Station Shedden Road** - The Chairman reported that since the report at the June 2016 Board meeting, the following developments have taken place at the former Rubis Shedden Road Service Station:

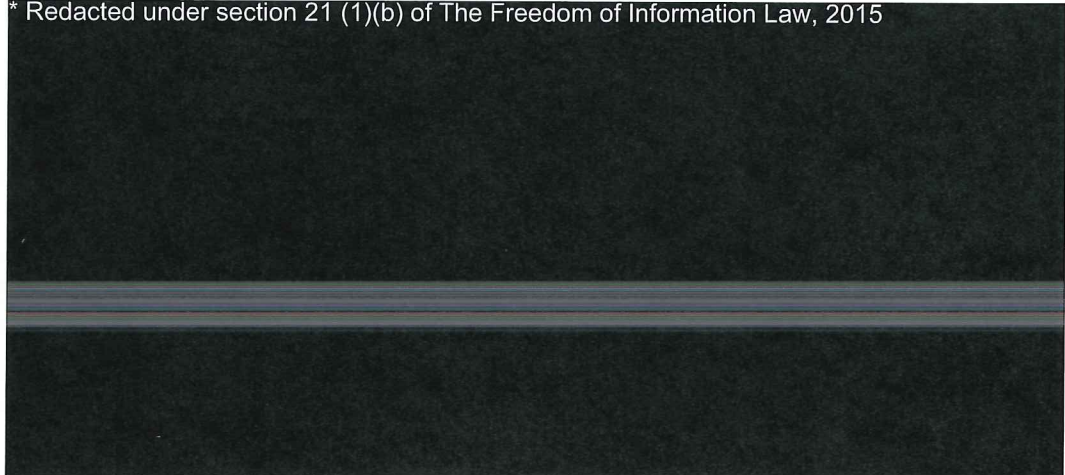
- Arcadis, the international environmental consultant hired by Rubis, prepared an excavation plan for the site. The plan was reviewed and discussed with all concerned on 17 June 2016 (Rubis, Petroleum Inspectorate, Orchid Development (developers of Cricket Square), Arcadis and local subcontractors). The remediation consists of excavation of the area where fuel has been detected. Groundwater from the excavation is treated onsite by an oil water separator and air stripper to remove hydrocarbons prior to disposal in wells. The contaminated soil (estimated at 2,500 cubic yards) is removed from site and treated in a land treatment unit (LTU). The Authority has accepted the excavation plan with the request for some additional monitoring of water and air quality during excavation.
- The Authority is concerned about possible contamination of its piped water supply system as a result of presence of fuel in the subsurface. Therefore water samples were collected from water service connections in the affected area on 29 June and 03 August 2016. Sampling indicates that the piped water supply to Willow House (part of the Cricket Square development) is contaminated with low levels of benzene. Benzene contamination is not found at other water service connections in the

area. In the Authority's view this is caused by the fuel spill. Whereas the level of benzene in the water supplied to Willow House is well below the World Health Organization's Guidelines for Drinking Water Quality, the Authority is concerned and has requested that the remediation prioritises the elimination of fuel contamination in the water supply to Willow House. The Chief Environmental Health Officer, the acting Medical Officer of Health and the Ministry have been informed of this issue.

- During the first weekend of July 2016 Orchid Development made a road crossing of Shedden Road to install ductwork. The excavation was close to the contaminated area and included a crossing of the Water Authority's main, located on the north side of Shedden Road. While the excavation was carried out groundwater and fuel from the contaminated area seeped into the trench. The Authority has expressed its concerns about this situation to those involved as the excavation resulted in unplanned spreading of the fuel and exposure of the Authority's water main.
- Excavation of the fuel impacted area commenced on 05 August 2016; in the same week construction of the land treatment unit commenced at property owned by Rubis, across from the Strand Shopping complex.
- The Authority was provided with the plan for the LTU on 09 August, review of the plan with all concerned took place on 12 August 2016 (Rubis, Petroleum Inspectorate, Orchid Development (developers of Cricket Square) and Arcadis). The Authority accepted the plan, but expressed concern that Rubis had engaged in limited communication with the neighbourhood and asked for assurances that air quality at the LTU site was adequately monitored to ensure that the public is not exposed to unacceptable levels of volatile hydrocarbons.
- On 16 August 2016 the Authority was approached by CITN to provide information on the LTU.

As the remediation progresses the Authority will continue its regulatory oversight of the remediation of the affected area and conduct further sampling of the piped water supply system.

g) \* Redacted under section 21 (1)(b) of The Freedom of Information Law, 2015



\* Redacted under section 21 (1)(b) of The Freedom of Information Law, 2015

- h) *FOI updates* - The Chairman reported that no new requests had been received since the last Water Authority Board meeting.
- i) *2016 Scholarship* - The Chairman advised that the report regarding the scholarship interviews and recommendation was circulated via email on 01 July 2016. Seven members were able to respond via email Authority and the award to Ms Kristina Powell was done on 12 August 2016. The Secretary sought members' agreement formally for the record. The motion to ratify the decision was moved by Ms A Owens, seconded by Mr M Jacques and passed unanimously.
- j) *Compensation Review* - The Chairman reported that two proposals to carry out the review were received by the deadline of 15 June 2016. The bidders were advised that there would be a delay in the decision-making process due to staff absences during the summer. Unfortunately the Chief HR Manager was on sick leave during the week of 08 August 2016 and has not been able to complete the evaluation report on the proposals. The report will be ready for the September 2016 Board meeting.
- k) *The Office of Competition & Regulation (OCR)* - The Chairman reported that on 30 June 2016 the Water Authority provided feedback to the Ministry of PLAHI on the draft legislation and drafting instructions sent on 23 May 2016. Subsequently the Ministry's Chief Strategic Advisor, Mr JP Morgan sent a copy of the revised draft overarching legislation and drafting notes for review. The current timetable is for the Bills to be ready to go to the Legislative Assembly in December 2016 or the first sitting of the House in 2017.

### Current Business

a) **Management Accounts July 2016.**

The Board has been provided with the management accounts for the period ending 30 July 2016. Members were advised that the area of focus within the Finance Department has been the preparation of the audit working papers and hence the information provided in the income statement is very much a draft.

b) **Request for Bill Adjustment re Customer Account** [REDACTED]

\* Redacted under section 23 of The Freedom of Information Law (2015 Revision)

The Chairman reported that on 25 July 2016 the Authority received a letter from [REDACTED] representative of [REDACTED] requesting that consideration be given to reducing the company's water bill. 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 the customer received the May 2016 water bill with the amount of \$1,727.28 for the period 24 April - 13 May 2016 (19 days). Before the bill was issued to the customer, a Fail Audit inspection was ordered on 12 May 2016. This Fail Audit inspection was completed on 13 May 2016 at which time the Meter Reader noted: "*found meter moving very fast, possible leak. I knocked on the door and received no answer. I turned the valve off and left a door hanger with a note written on the door hanger on the door, I let HE and ND know about the situation.*" The Secretary noted that the initials refer to Water Authority employees Highlandmore Ebanks and Nickolas DaCosta, respectively.

The Meter Reader made two visits on 13 May 2016 during business hours and reported to the Customer Service Supervisor that the irrigation system was on. On the second visit he made the decision to turn off the meter valve to avoid further water usage. The customer was notified of the possible leak via email by the Customer Service Supervisor on 13 May 2016. In the course of communication with the customer, a generic chart was sent to the customer displaying water flow rates for an open tap. Based on the chart, an open tap with a ¼" (6.4mm) stream would expel 925 gallons in 24 hours. This information was relayed to the customer in order for her to better understand where the leak could have been.

During an informal meeting between an employee from [REDACTED] and the Customer Service Supervisor in regards to the May 2016 bill for this account, the [REDACTED] provided notes of a test conducted to identify water consumption by the irrigation system installed by [REDACTED]. These notes indicated that during a 10-minute test of the irrigation system, the meter reading had increased by 0.3 cubic meters (approx. 80 gallons). This was also relayed to the customer on 07 June 2016. However, the employee of [REDACTED] retained all notes and nothing was left with the Customer Service Supervisor.

\* Redacted under section 23 of The Freedom of Information Law (2015 Revision)

On 08 June 2016 the customer was informed of the option to have the meter tested due to her assertion that the "*problem lies within the meter or the reading of the meter*". The relevant request form and information sheet was sent to the customer. The customer subsequently refused to have her meter removed for testing based on advice from her lawyer due to "*the terms*" in the agreement.

On 14 June 2016, [REDACTED] emailed the customer and the Customer Service Supervisor advising that he had conducted a new test on the irrigation system for 10 minutes. According to [REDACTED] the meter reading changed from 423.3 to 423.6; a difference of 0.3 cubic meters (80 gallons). [REDACTED] also stated that the irrigation system was on a timer and set to come on

twice a day (6:00am & 6:00pm) for 10 minutes each time. This timer "was set and always has been set" to this schedule, according to [REDACTED]

\* Redacted under section 23 of The Freedom of Information Law (2015 Revision)

The Meter Reader identified very fast movement on the meter and continuous operation of the irrigation system on 13 May 2016 during a site visit for fail audit. The customer was notified of a possible leak on the customer's side as per the Authority's fail audit procedure on 13 May 2016. In attempting to assist the customer in understanding the cause of the high water bill, various discussions were held with the customer in regards to how much water would be consumed in different size leaks, even though all plumbing downstream of the meter is the customer's responsibility. The customer's irrigation system supplier also indicated that the irrigation system uses approximately 79 gallons of water per 10-minute cycle which would more than account for water consumed during the billing period.

The sole tool used by Water Authority to measure water consumption by a customer is the meter. If a customer considers a meter to be inaccurate, they have the option to have the meter tested. This was offered to the customer but she refused to have it tested. There was no error on the part of Water Authority, therefore the bill remains payable. The Secretary respectfully sought the Board's decision on the request from the customer.

After discussion, members agreed that the customer should be advised that they reviewed the request and decided not to discount or waive the bill as the Authority's records show that the bill is valid and payable. All plumbing downstream of the meter is the customer's responsibility. The Authority brought the existence of a significant leak to the customer's attention. Additionally, the customer chose not to have the meter tested.

c) **Request for Waiver of Personal Guarantee re Customer Account** [REDACTED]

The Chairman reported that on 28 July 2016 the Authority received a letter from [REDACTED] [REDACTED] requesting that consideration be given to waiving the requirement for Directors of a company to provide a personal guarantee for the opening of a water account. A copy of the correspondence and the report from Customer Service was provided to members.

\* Redacted under section 23 of The Freedom of Information Law (2015 Revision)

A review was undertaken and the Authority's findings are that the customer is seeking to open a water account to carry out construction work on their new property. The customer is further seeking to gain approval from the Board to waive the requirement for Directors of a company to provide a personal guarantee. The deposit for a water account ranges from \$50 to \$350 depending on the size of the meter.

The Cayman Islands Government (CIG) holds 12% of the total number of shares in the company. The customer feels that asking the two Directors nominated by the CIG to provide a personal guarantee is "*not something that can or should be done*".

The customer also feels that asking the other six Directors nominated by the principal shareholder to provide personal guarantees is "*not something they should have to be subjected to*".

Previously, the Board recently made two separate decisions to accept a deposit six times that of the normal rate in lieu of a personal guarantee from the director(s). In these circumstances the deposit was calculated based on sewage fixture units (SFUs) and is a fixed monthly charge. However, the deposit for water accounts is based on the size of the meter, not the consumption of the customer.

The customer has not indicated what size meter they will require to service their new building however; it will more than likely be a 1" or 2" meter which requires a security deposit of \$75.00 or \$150.00, respectively. If a leak occurs on a property with a meter of this size it could very easily surpass \$10,000 for one billing period.

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 request and decided, without prejudice, to allow waiver of the Authority's policy requirement for a personal guarantee from the company Directors providing a deposit of no less than CI\$15,000 is provided. This would reduce the Authority's risk should the company have a significant leak. Alternatively, the Board agreed for the Water Authority to accept a personal guarantee from the Managing Director alone.

d) **Request for Bill Adjustment re Customer Account #** [REDACTED]

The Chairman reported that on 01 August 2016 the Authority received a letter from [REDACTED] on behalf of her deceased mother [REDACTED] (the "customer") requesting that consideration be given to writing off the balance on the account. 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 on 31 October 2004 a bill in the amount of \$180.98 for the period 25 August - 21 October 2004 (57 days) was issued to the customer. The account was disconnected for collections on 18 July 2006 with a balance of \$1,006.61. The account had no usage since 21 October 2004 and was charged the minimum monthly charge of \$21.04 in addition to accruing penalties.

\* Redacted under section 23 of The Freedom of Information Law (2015 Revision)



The total amount of penalties accrued on the account during 29 November 2004 – 25 April 2007 was \$325.79, which includes \$138.02 of penalties accrued after account disconnection. The total amount of minimum charges posted on the account during 30 November 2004 – 18 July 2006 was \$427.88. On 12 July 2016, the Authority received an email from the Hon Minister of Finance requesting that matter be reviewed for write off. On 13 July 2016 the Customer Service Manager responded advising that the account was not considered as non-collectable due to the fact that the property had been inherited. She also advised that the customer could petition the Board for consideration. Subsequently on 27 July 2016, the Honourable Minister Archer requested a meeting be held with [REDACTED] and meeting was arranged for 29 July 2016.

\* Redacted under section 23 of The Freedom of Information Law (2015 Revision)

During the meeting, the customer indicated that the deceased account holder had a tenant living in the premises, who vacated after Hurricane Ivan leaving two bills outstanding totalling \$390.96. The customer also claimed that there was no executor or administrator of the deceased account holder's estate and requests that the outstanding balance on account be written off based on the above and due to the fact that as she is not working is unable to pay the bill.

According to the Succession Law (2006 Revision), the administrator(s) or executor(s) of an estate are duly bound to settle any and all outstanding debts. The next of kin (children) inheriting the property are not bound to pay any outstanding debt for the property. The customer states that there was no administrator or executor for the estate although property is now in her name and the name of all of her siblings.

It is noted that the outstanding bills were after Hurricane Ivan and the Board at that time did try to assist and bills were discounted by 30% for some cases. Such cases were where the customer endured damage from the hurricane and there was a resulting high bill. This does not seem to be the situation with this account. The minimum bills incurred are payable as there was no request to disconnect the account. 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 request and decided in consideration of the personal circumstances to waive the Minimum Charges accumulated on the account in the amount of \$427.88 as well as the accrued penalties of \$325.79. This will leave the outstanding bill of \$390.96 to be paid. Members noted that there are seven persons listed as owners of the property therefore there is shared responsibility. The Authority can offer a payment plan with waiver of late penalties as usual.

\* Redacted under section 23 of The Freedom of Information Law (2015 Revision)

#### **Request for Bill Adjustment re Customer Account [REDACTED]**

The Chairman reported that on 07 June 2016 the Authority received a letter dated 06 June 2016 from [REDACTED] on behalf of [REDACTED]

(the "customer") on 07 June 2016 requesting that consideration be given to reducing the amount owed on the account. 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 on 16 July 2009 the customer's account was disconnected for collections with a balance of \$1,834.60. On 05 November 2010 the customer's account was found illegally connected during inspection with meter reading 2032.4. A bill of \$3,263.09 was posted to the account for 547 cubic meters consumed during the 16 month period. The balance of the account now equalled \$5,160.53. A lock was placed on the meter once again. Upon the switch of customer billing software from Diamond to Cogsdale in April 2012, the customer's opening balance was \$5,477.20.

On 23 March 2015 while executing a service order to remove the inactive service, an illegal connection was identified on the customer's property where Water Authority's meter was being bypassed. An estimated bill for consumption by an illegal connection was calculated in the amount of \$9,277.59. A fee of \$50.00 was also charged to the customer for the meter lock. The estimated period of illegal consumption was from 05 November 2010 (date of the second lock was placed) to 23 March 2015 (date of discovery). The account balance totalled \$14,886.95.

On May 2016 penalties posted to the customer's account after one year of account disconnection on 16 July 2009 were waived from the account. The amount of penalties waived for the customer totalled \$508.54. After adjustment, the account balance now totalled \$14,378.41.

In the customer's letter to the Board, the estimated bill for the illegal consumption is disputed. The customer states that for approximately 2 - 3 years out of the nearly 5 years that water was being bought from Flowers' Trucking and delivered to the residence. When the illegal connection was identified, no meeting or discussions were held with the customer until a letter authorising [REDACTED] to act on behalf of [REDACTED] was submitted.

The customer states that receipts and other supporting documents were supplied to a Customer Service Representative and Customer Service Manager during a meeting in regards to the illegal connection. However, the Customer Service Manager notes that the documents provided only represented three deliveries of water. These documents were returned to the customer at the end of the meeting.

A request was made to the customer after receipt of letter on 06 June 2016 to supply the supporting documents that are mentioned in the letter, however, no documents have been provided. The customer made an offer of settlement in

\* Redacted under section 23 of The Freedom of Information Law (2015 Revision)

the amount of \$4,000.00 to close the account. This amount is 28% of the total outstanding balance of the account.

The customer states that the Authority could not provide him with "*an exact date of illegal connection*" nor "*the exact amount of water extracted*". The Authority is not able to determine absolute answers to these questions as the meter was bypassed by the illegal connection. However, the illegal connection was constructed after 05 November 2010 and before 23 March 2015.

Total penalties charged on the customer's account since disconnection on 16 November 2009 total \$811.68. The Authority has already waived all penalties generated after one year leaving a remaining penalty balance of \$303.14.

There have been two illegal connections identified for this customer; which establishes a pattern. The customer has not provided any documents as claimed although a request had been made. It is recommended that the Board refuses the offer of settlement from the customer and allows legal process to take place. This case has been submitted with the RCIPS for investigation and prosecution since discovery in 2015. 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 request and decided not to accept the customer's offer to pay approximately 28% of the amount billed or waive the bill as the Authority's records show that the bill is valid and payable. Members noted that this is an account that has been subjected to illegal connections on two occasions and as such the matter remains with the Police to bring the appropriate charges.

#### **Any Other Business**

None


#### **Donation Requests**


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

- a) 14<sup>th</sup> Annual Jingle Bell Run - Cayman Islands Crisis Centre.
- b) St. George's Anglican Church - Positive Intervention Now (PIN) Program.
- c) Cayman Islands Softball Association - Nicaraguan International Softball Tournament.
- d) NCVO - 37<sup>th</sup> Annual Radio/Telethon Fundraiser.
- e) Cayman Islands Netball Association - Sponsorship to purchase a bus.

The Chairman noted that he would be on vacation during the period 18 August to 04 September 2016. There being no other business the Chairman thanked members and the meeting was adjourned at 3:00pm.

This is a true and accurate account of the proceedings.

  
\_\_\_\_\_  
The Chairman

  
\_\_\_\_\_  
The Secretary