

EXHIBIT AA



INTEROFFICE MEMORANDUM

TO: Chris Cherches, City Manager
FROM: David Warren, Dir. of Water and Sewer
SUBJECT: Water Supply Plan Workshop Summary
DATE: July 31, 2001

In response to a recommendation by the Staff Screening and Selection Committee, on July 10 and 11 we hosted a workshop/idea exchange on the City's Water Supply Plan. The City used the services of a man with an outstanding national reputation, Mr. Rob Renner, Deputy Executive Director of the American Waterworks Association, as the facilitator of the workshop. The City invited a number of nationally recognized experts in water supply planning, water treatment, and hydrology, to serve on this blue ribbon panel, and finally secured the participation of six exceptional individuals. Participants in the workshop included Mr. Peter Binney, Mr. Yasser Abou-Aish, Dr. John Bredehoeft, Dr. Jeff Featherstone, Dr. Neil Grigg, and Mr. Mike Personnett.

The goal of the workshop was to review all of the components of our water supply plan and to stimulate a brainstorming session to rate the ideas currently in the plan, and to see if there are other options that we should be pursuing that are currently not in the plan.

To facilitate those discussions, the workshop began with a presentation from Burns & McDonnell, who helped to create the existing Plan. That presentation was followed by a presentation from Camp Dresser and McKee, who has developed some other water supply concepts that they would like the City to consider. These presentations provided a strong starting point for the panel's evaluations.

I feel that the panel held very insightful discussions about the City's existing water supply plan, and also about other alternatives that the City might want to pursue. As a result of their discussions, the panel developed a number of recommendations to the City. Key among the recommendations was an overall affirmation of the City's existing Plan. The panel recommended that the City proceed with the initial projects identified in the Plan. They recommended doing the first phase of the Aquifer Storage and Recovery Project, so that the City can develop more knowledge on the best components of the full-scale ASR project, and to begin to form a hydraulic barrier to the salt-water contamination from the Burton area. They also recommended that the City proceed with Phase One of the Local Wellfield expansion, and the redevelopment of the Bentley Reserve Wellfield. They felt that all of these projects are essential to meeting the City's future water supply needs.

The panel felt that recent improvements in technology, particularly the reverse osmosis membrane process, could play a role in improving the existing plan. However they felt that additional research would be needed before the City should commit to that technology. They therefore recommended that the City complete a feasibility project to evaluate the use of reverse osmosis technology. They recommend that this occur concurrently with the first phase projects so that the City will be in position to decide if, and how, to use this technology for the next phase of the project.

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The panel also recommended a number of other items to investigate, including doing an operations study of Cheney Reservoir to see how its usage can be enhanced as part of the Water Supply Plan, and investigating if irrigation demand management in the Equus Beds could be a successful component of the Plan.

In general, the panel expressed that the City's plan appears to be an innovative, and viable, way to meet the City's future water supply needs. They emphasized that the City should remain flexible as it follows the Plan, and be ready and able to take advantage of any new technologies that might be developed that could enhance the Plan, and to continue to build the facilities in as small of stages as possible so that the Plan can remain as flexible as possible for as long as possible. I feel that this recommendation serves as an affirmation of the approach that our staff has been following. We intend to use the Plan as a map, with many potential routes, and not as a single path that should be followed exactly.

Before we started the workshop, we had estimated that the workshop would cost \$25,000 to \$30,000. I am happy to report that the expenses and professional fees for the workshop totaled just under \$24,000. One of the reasons we were able to meet our expense goal was because the American Water Works Association paid the professional fees and expenses for Mr. Renner to participate in the workshop.

This workshop represented a new approach to reviewing major project commitments, and I think it was a very sound investment by the City.

I have attached a copy of the recommendations generated by the workshop.

xc: Jerry Blain, Superintendent of Production and Pumping

Recommendations RE: Wichita Water Supply Plan (7/11/01)

- * Should be initial Phase of Plan (Focus is E.B.A. Management)
- * Near-term objectives
 - Protect Quality of E.B.A. and increase water levels of E.B.A.
 - Increase supply availability to City
 - Defer decisions/investments in additional ASR or surface water development

Near-Term Plan

- * Implement
 - Phase I ASR to block salt plume & add water to E.B.A.
 - Increase use of Cheney Reservoir supply to conserve/bank E.B.A. supply
 - Conservation/demand management
 - Develop local and Bentley reserve well fields
 - Apply for Big Ark water rights
- * Investigate (By end of 2003)
 - Irrigation Demand Management (Options, cost, acceptability, etc)
 - Reuse and non-potable sources (Opportunities, costs, pricing, etc).
 - Cheney Reservoir Operations Study
 - Historic Inflows/Outflows
 - Minimize spills
 - Drop levels after recreational season
 - Try not to encroach on flood pool
 - Why E.B.A. has recovered since 1993?
 - R.O. Feasibility (Treatability, cost, etc)
 - Bentley Well Field as source
 - ASR (If, when, how, what sources; Water Quality; anticipated regulations)
 - Technical Peer Review/Audit
 - Compliments internal program management
 - Systems Operations/System Capacity Expansion Study

(e.g., How much can existing supply & infrastructure provide; when is additional resource development and/or infrastructure development needed?)

How do you balance projects with different unit costs to obtain a true I.R.P.?

RFP would include:

- *Linear optimization/hydrologic water balance model including all sources of potential supply/demand based on current sources/infrastructure

- *Consider individual project element unit cost versus quantity relationships

- *Would not be issued until other studies are completed (Cheney, E.B.A., etc.)

- *Use decision support modeling techniques to develop alternative plans and risk assessments under a range of hydrologic conditions

- *Describe a preferred plan that best meets the City's needs to 2050

Long-term Issues/Decisions

- * If, when, how (sources) do you expand E.B.A. ASR?

- * If, when, how do you develop Big Ark surface water supply?

- * When/how do you expand or develop new infrastructure?

- Production/delivery capacity of E.B.A.

- Water treatment capacity/location

- Conveyance of water from Cheney Reservoir (e.g., parallel existing line, convey to E.B.A.)

- *Reuse - If, when, how (e.g., reclaimed water, stormwater, other) sources for non-potable uses

*Drought Management -

How much risk is city/public willing to accept?

How much/often curtailment is acceptable?

How much are folks willing to pay for a given level of supply reliability?

What % of demand will we meet in Drought of Record with supply strategies?

How much with Demand Management?