



DEPARTMENT OF THE NAVY
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ENVIRONMENTAL DIVISION
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MCAS EL TORO
SSIC # 5090.3

5090
Ser 09E/832
July 6, 1995

Mr. William R. Mills, Jr.
General Manager
Orange County Water District
P.O. Box 8300
Fountain Valley, CA 92728-8300

Dear Mr. Mills:

The following responds to your letter dated May 24, 1995.,

Regarding the action items in our letter of May 12, 1995, we have confirmed that the model runs of the proposed DON/OCWD hybrid pump and treat systems were delivered to OCWD on May 19, 1995. We do intend to incorporate these "hybrids" as alternatives in the Interim Action Feasibility Study (IAFS). Please understand that it will not be feasible to make further major modifications of the scope of the IAFS without significant additional expense and additional project delays. We do not necessarily endorse either of these "hybrids" as a preferred alternative, but will ultimately select the remedial action for Marine Corps Air Station (MCAS), El Toro, Operable Unit No. 1, in accordance with the requirements of CERCLA and the National Oil and Hazardous Substances Pollution Contingency Plan (NCP)(40 CFR Part 300).

We are currently reviewing the most recent draft of the financial spreadsheet model developed by OCWD. The model is designed to reflect the financial agreements associated with the Irvine Desalter Project (IDP), predict the project's cashflow, and estimate the potential range of additional financing OCWD may need for the IDP to be financially feasible. We recommend the following three modifications be made to the model: (1) adjust the capital, operation and maintenance cost model input to represent the proposed construction of the IDP in 1997 verse 1994; (2) adjust model output to reflect 1995 dollars--this will reduce confusion when comparing model values to other financial evaluations which are typically listed in current or 1995 dollars; and (3) simplify and clarify the model output and remove auxiliary spreadsheets unassociated with the financial calculations. Since the model is based on IDP financial agreements, seven fixed financial parameters, and nine variable parameters, model results will not necessarily correlate to DON's potential involvement in the OCWD Irvine Desalter Project.

We are currently working on the cost estimates of our stand-alone alternatives. We anticipate that those estimates will be available in early August 1995.

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We acknowledge that OCWD has not changed its position regarding total dissolved solids (TDS) and nitrate basin plan requirements as they relate to reinjection remedial alternatives. We do not agree with OCWD's interpretation. We are proceeding with the IAFS in accordance with our position on this issue which is supported by the Santa Ana Regional Water Quality Control Board. We understand your reluctance to make a counter-offer at this time. However, we must continue to move forward with the IAFS in order to reach a remedy selection decision to satisfy the requirements of CERCLA, the NCP, and DON's agreement with Federal and State regulators.

We suggest that our efforts be turned towards resolving the past costs that OCWD presented at our March 22, 1995, meeting. Please contact Mr. Andy Piszkin at (619) 532-2635 if you have any questions. We look forward to further discussions between DON and OCWD on this important project.

Sincerely,



W. A. DOS SANTOS
Commander, CEC, U.S. Navy
Environmental Officer
By direction of
the Commanding Officer

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