Attachment 2

ALAMEDA COUNTY
HEALTH CARE SERVICES
AGENCY
DAVID J. KEARS, Agency Director

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September 28, 2007

Mr. Michael Desso
Nestle USA, Inc.
800 North Brand Blvd.
Glendale, CA 91203

Mr. Mark Hall
Encinal 14th Street, LLC
1855 Olympic Blvd., Suite 250
Walnut Creek, CA 94596

Subject: Fuel Leak Case No. RO0000018 and Geotracker Global ID T0600100262, Carnation Dairy, 1310 14th Street, Oakland, CA 94607

Dear Mr. Desso and Mr. Hall:

Alameda County Environmental Health (ACEH) staff has reviewed the fuel leak case file for the above referenced site. Numerous technical reports are contained in the ACEH files for this case with the most recent technical report in the ACEH files entitled, "Second Semi-Annual Groundwater Monitoring Report, Former Nestle Facility, 1310 14th Street, Oakland, California," dated February 23, 2005. The site consists of a one-block area bounded on the north by 16th Street, on the west by Mandela Parkway, on the south by 14th Street, and on the east by Poplar Street. Covenants and environmental restrictions for the northwestern portion of the property were recorded against the deed for the property on June 12, 2000. The majority of site assessment and remediation activities have been conducted within the northwestern portion of the site in the area of former gasoline, diesel, and waste oil USTs and a former warehouse with service bays. Elevated concentrations of fuel hydrocarbons were detected in soil and groundwater in the area of the former USTs and piping and extending north-northwest to 16th Street. Gasoline apparently migrated as free phase product from the USTs and piping to the area beneath an L-shaped building former used as a warehouse with vehicle service bays. Soil and groundwater remediation was conducted at the site at various times from January 1994 to June 2000. Post-remediation groundwater monitoring was conducted at the site from June 2000 to November 2004.

We understand that you may wish to subdivide the site for consideration under separate regulatory cases. Although we have no objection to this proposal, please review the discussion in technical comment 1 below regarding separate regulatory cases.

Case closure was requested on behalf of Nestle in the report entitled, "Request for Case Closure for the Former Nestle Facility Located at 1310 14th Street, Oakland, CA," which was dated February 6, 2002 and prepared by ETIC Engineering, Inc. The technical comments below identify several areas of the site where additional information or investigation is required to evaluate whether the levels of residual contamination at the site pose a risk to human health or the environment. Specifically, the potential for indoor vapor intrusion within the building in the northwestern portion of the site must be evaluated. In addition, we have requested additional

information or additional investigation to address inconsistencies or data gaps regarding residual free product, hydraulic gradient, plume stability, and the site conceptual model in the northwestern portion of the site. In the remainder of the site, site characterization is incomplete for abandoned in place USTs, a former gas and oil pump, PCBs detected in groundwater, vinyl chloride detected in groundwater, and petroleum hydrocarbons detected beneath a building slab. Based on these factors and the items further discussed in the technical comments below, this leak case cannot be closed at this time.

This decision is subject to appeal to the State Water Resources Control Board (SWRCB), pursuant to Section 25299.39(b) of the Health and Safety Code (Thompson-Richter Underground Storage Tank Reform Act - Senate Bill 562). Please contact the SWRCB Underground Storage Tank Program at (916) 341-5851 for information regarding the appeal process

We request that you address the following technical comments, perform the proposed work, and send us the reports described below.

REQUEST FOR INFORMATION

The copy of the report entitled, "Phase I Environmental Site Assessment and Soil, Soil Vapor, and Groundwater Quality Evaluation," prepared by Lowney Associates and dated March 17, 2004 is an unsigned draft version of the report and does not include the appendices. Please submit the final signed version of the report with appendices.

TECHNICAL COMMENTS FOR NORTHWESTERN PORITON OF SITE

1. **Separate Cases.** We have no objection to establishing separate regulatory cases for the northwestern portion of the site and the remainder of the site to potentially facilitate restoring or changing land use within a portion of the site. If you would like to proceed with separate regulatory cases for the site, please make a written proposal that includes a description of the parcels, the rationale for the separation, and a map showing an outline of the proposed parcels to be included. However, establishing separate regulatory cases is normally proposed when closure of one area of the site is pending. Since case closure is currently not pending for either area of the site, you may wish to delay separating the site into separate regulatory cases until case closure becomes more imminent for one area of the site.

2. **Soil Vapor Sampling Results and Potential Indoor Vapor Intrusion.** Due to the highly elevated concentrations of petroleum hydrocarbons detected in soil and groundwater beneath the L-shaped building in the northwest corner of the site, the potential for vapor intrusion to indoor air must be evaluated in order to assess whether the building can be occupied in the future. Five soil vapor samples were collected in 2004 by Lowney Associates; however, none of the soil vapor samples were collected inside the building. In August 1999, 15 soil vapor samples were collected within the northwest portion of the site with four soil vapor samples collected inside the building. Since these soil vapor samples were collected during operation of the remediation system, it cannot be assumed that these results are representative of current conditions. A field soil vapor survey was conducted using a combustible gas indicator

on June 7, 2001. The field survey included soil vapor results from several existing monitoring wells or vapor wells inside the building. Total petroleum hydrocarbons were detected in soil vapor at concentrations up to greater than 10,000 ppm at sampling locations within the building. We request that you present plans for soil vapor sampling within the northwest portion of the site in the Work Plan requested below.

3. **Free Phase Product.** Free phase product has been observed over an area extending from the former USTs to the former maintenance area in the northwest portion of the site. Free product recovery using multi-phase extraction was initiated in August 1997 and terminated in June 2000. The number of wells containing detectable amounts of free phase product decreased from August 1997 to June 2000 during the remediation. Free product measurements were conducted in several wells until the wells were decommissioned in August 2001. A review of free phase product thickness indicates that free product thickness increased in several wells (MW23, MW24, PR12, PR58, and PR64) between the termination of MPE in June 2000 and August 2001. Therefore, free product thickness appears to have rebounded in at least a portion of the area following the shut down of MPE remediation. One of the conclusions stated in the *"Request for Case Closure Report,"* dated January 2002, is that free product is not migrating. In order to evaluate the potential for future free phase product migration, we request that you conduct research or additional investigation to address the following issues and data gaps regarding free product migration. Free phase product appears to have migrated up to approximately 100 feet to the northwest and north from the former USTs and piping. Free product appears to have accumulated at thicknesses up to 5 feet along the northern edge of the building but was not observed beneath 16th Street. Please review the construction drawings for the building to identify the depth of the perimeter footings for the buildings. In addition, we request that you conduct a utility survey to identify any major utilities such as storm drains or sanitary sewers that could act either as preferential pathways for or obstructions to free product migration. Please present a map in the Work Plan requested below showing the locations and depths of utility lines and trenches within and near the site.

4. **Post-Remediation Groundwater Monitoring Results.** During the most recent groundwater monitoring events, the highest concentrations of dissolved phase hydrocarbons have been detected in well MW-26, which is immediately north of the source area. After shut down of the MPE system in June 2000, benzene was detected in groundwater collected from well MW-26 at a concentration of 6.8 µg/L and TPH as gasoline was not detected (during August 3, 2000 groundwater monitoring event). During the November 2002 monitoring event, the concentrations of benzene in groundwater from well MW-26 increased to 1,630 µg/L and the concentration of TPH as gasoline increased to 5,590 µg/L. Subsequently, from November 2002 to the most recent groundwater sampling event in November 2004, dissolved phase concentrations decreased to lower levels but remain higher than dissolved phase concentrations during August 2000. As discussed in technical comment 5, it is not clear whether the changes in groundwater concentrations are related to fluctuations in groundwater flow directions or a decreasing plume. We request that you present plans to conduct groundwater monitoring or additional investigation to verify the overall decrease in post-remediation dissolved phase concentrations.

5. **Hydraulic Gradient and Plume Stability.** There are significant inconsistencies in the hydraulic gradient shown on historic groundwater elevation contour maps, particularly along 16th Street, which lead to some uncertainties regarding interpretation of plume stability. As shown on the rose diagram on Figure 14 of the *"Request for Case Closure Report,"* dated January 2002, the predominant groundwater flow direction for the northwest portion of the site appears to be to the north northwest. Wells MW25 through MW-29, which are located in 16th Street, appear to be downgradient from source areas where free product was observed. Since all but eleven monitoring wells at the site were decommissioned prior to August 2001, data from these downgradient wells have been used to evaluate plume stability. However, we note that the hydraulic gradient along 16th Street as estimated using wells MW25 through MW29 has been highly variable. During numerous water level gauging events, the apparent hydraulic gradient along 16th Street has been to the southwest or west. We also note that the hydraulic gradient shown on water level elevation contour maps from 1991 (Harding Lawson Associates, September 18, 1991, December 10, 1991, and March 12, 1992) were to the south southwest or west throughout the site. On water level contour maps from 1991 to 2004, water levels from wells MW-26 and MW-28 have frequently been discounted or ignored in drawing the water level contours (5/03, 4/01, 1/01, 8/00, 4/00, 2/00, 2/99, 4/97, 6/95, 1/95, 12/94 as examples). As a result, it is not clear whether changes in dissolved phased hydrocarbon concentrations indicate that the plume is stable or decreasing or whether the changes are due to variations in groundwater flow directions. Please see technical comment 4 regarding post-remediation groundwater monitoring results. We request that you review the apparent fluctuations in hydraulic gradient along the downgradient portion of the plume and address this issue in a Site Conceptual Model in the Work Plan requested below or propose monitoring or additional investigation to verify plume stability.

6. **Dairy Fat and Detergent.** Dairy fat and detergent were described in soil and groundwater beneath the site (*Remedial Action Plan* dated April 3, 1989 by Anania Geologic Engineering). The source of the dairy fat and detergent was speculated to be a sanitary sewer beneath abandoned Kirkham Street. Please indicate in the Work Plan requested below whether the extent and source of dairy fat and detergent in the subsurface was investigated. Please also indicate whether potential leakage from the sanitary sewer lines was considered in the site conceptual model.

7. **Risk-Based Corrective Action Analysis.** The document entitled, *"Risk-Based Corrective Action Analysis,"* dated August 22, 2000 is rejected. The copy of this document in ACEH files is unsigned and it is questionable as to whether the individual who prepared the report has the credentials and professional licenses indicated in the report. Please do not cite findings, conclusions, or recommendations from *"Risk-Based Corrective Action Analysis,"* dated August 22, 2000 in future reports.

8. **Site Conceptual Model.** As indicated in the *"Request for Case Closure Report,"* dated January 2002, the source of petroleum hydrocarbon contamination in soil and groundwater in the northwestern portion of the site appears to be releases from former USTs and the associated dispensers and piping, which were located south of the L-shaped maintenance building. Free phase product appears to have migrated up to approximately 100 feet to the northwest and north. The greatest thickness of free product (more than 4 feet) appears to be

in the area of wells MW22 and MW7. Downgradient well MW25 is approximately 45 feet north northwest from well MW22. Although more than 4 feet of free product was observed in well MW22, the dissolved phase concentrations of benzene and TPH as gasoline detected historically in groundwater from downgradient well MW25 have not exceeded 5 and 170 µg/L, respectively. The results observed in groundwater monitoring data from well MW25 do not appear to be consistent with a site conceptual model (SCM) for groundwater flow to the north northwest. We request that you review these data for MW25 along with the issues discussed in technical comments 3, 4, 5, and 6 to present an SCM for the northwestern portion of the site in the Work Plan requested below. At a minimum, the SCM must include one or more diagrams showing in a cross sectional view, the sources of contamination and types of releases (former USTs and piping), contaminant migration paths and contaminant distribution, site geology, maintenance building and foundation, 16th Street, utilities, free product extent, monitoring wells (including filter pack and screen intervals), the dissolved phase plume, and potential receptors for soil, soil vapor, and groundwater contamination. Please include a detailed discussion of the SCM diagram(s) in the Work Plan.

9. **Petroleum Hydrocarbons Detected in Soil and Soil Vapor at SB12.** Boring SB-12 is located southwest of the former USTs. TPH as gasoline was detected in a soil vapor sample collected from SB12 at a concentration of 750,000 parts per billion by volume. Petroleum hydrocarbons were also detected at elevated concentrations in soil samples collected from boring SB12. We request that you evaluate whether the contamination detected in SB12 is related to releases from the former USTs and piping or whether the contamination represents a release from a separate source. Please propose additional investigation activities as necessary in the Work Plan requested below to verify your conclusions.

10. **PCBs.** Polychlorinated biphenyls (PCBs) were detected in a groundwater sample collected from PR12 at a concentration of 0.06 mg/L. A free phase product sample collected from PR12 contained 66 mg/L of PCBs. In the Work Plan requested below, please indicate whether the source of the PCBs has been identified and whether the lateral and vertical extent of the PCBs has been defined. Please present plans to complete this investigation in the Work Plan requested below.

TECHNICAL COMMENTS FOR REMAINDER OF SITE

11. **Abandoned in Place USTs.** During drilling of soil borings in the eastern portion of the site, free phase product was observed in the area of two abandoned in place USTs and a former gas and oil pump. Groundwater sampling results from the 2005 soil borings indicated that groundwater has been impacted by gasoline, diesel, and motor oil range hydrocarbons at elevated concentrations. Possible methods for cleanup of soil and groundwater in the area of the closed in place USTs was discussed in the site investigation report (ACE Consultants October 7, 2005). We request that you present plans for further investigation or excavation and removal of the fuel hydrocarbons in the area of the closed in place USTs and former gas and oil pump in the eastern portion of the site.

12. **Former Gasoline UST near EB-11.** Please provide further information in the Work Plan requested below regarding the size, use, and removal of the former gasoline UST described in the southern portion of the site adjacent to boring EB-11 as described in the Lowney

Associates report entitled, "Phase I and II Environmental Site Assessment," dated March 17, 2004.

13. **Vinyl Chloride in Groundwater.** Vinyl chloride was detected in groundwater samples collected from borings EB-14 and EB-15 in the eastern portion of the site (Lowney Associates 2004). The groundwater sample collected from boring EB-15 contained 120 µg/L of vinyl chloride, which exceeds the Environmental Screening Level for vapor intrusion from groundwater to indoor air (San Francisco Regional Water Quality Control Board, February 2005) of 13 µg/L for commercial land use. We request that you conduct further investigation to identify the source and lateral and vertical extent of vinyl chloride in soil, soil vapor, and groundwater. Please present plans for this investigation in the Work Plan requested below.

14. **Petroleum Hydrocarbons Detected in Boring EB-20.** TPH as motor oil was detected at a reported concentration of 11,000 ppm in a soil sample collected from boring EB-20 (Lowney Associates 2004). The location of the sample is inside a former cold storage room and is briefly described in the Lowney Associates 2004 report as a subslab layer between two concrete slabs. No additional information is provided to help evaluate these results. In the Work Plan requested below, please propose additional activities and investigation as necessary to evaluate the reported detection of elevated concentrations of TPH as motor oil in EB-20.

TECHNICAL REPORT REQUEST

Please submit technical reports to Alameda County Environmental Health (Attention: Jerry Wickham), according to the following schedule:

- **December 17, 2007** – Work Plan to Address Technical Comments

These reports are being requested pursuant to California Health and Safety Code Section 25296.10. 23 CCR Sections 2652 through 2654, and 2721 through 2728 outline the responsibilities of a responsible party in response to an unauthorized release from a petroleum UST system, and require your compliance with this request.

ELECTRONIC SUBMITTAL OF REPORTS

The Alameda County Environmental Cleanup Oversight Programs (LOP and SLIC) require submission of all reports in electronic form to the county's ftp site. Paper copies of reports will no longer be accepted. The electronic copy replaces the paper copy and will be used for all public information requests, regulatory review, and compliance/enforcement activities. Instructions for submission of electronic documents to the Alameda County Environmental Cleanup Oversight Program ftp site are provided on the attached "Electronic Report Upload (ftp) Instructions." Please do not submit reports as attachments to electronic mail.

Submission of reports to the Alameda County ftp site is an addition to existing requirements for electronic submittal of information to the State Water Resources Control Board (SWRCB) Geotracker website. Submission of reports to the Geotracker website does not fulfill the requirement to submit documents to the Alameda County ftp site. In September 2004, the

SWRCB adopted regulations that require electronic submittal of information for groundwater cleanup programs. For several years, responsible parties for cleanup of leaks from underground storage tanks (USTs) have been required to submit groundwater analytical data, surveyed locations of monitor wells, and other data to the Geotracker database over the Internet. Beginning July 1, 2005, electronic submittal of a complete copy of all necessary reports was required in Geotracker (in PDF format). Please visit the SWRCB website for more information on these requirements (http://www.swrcb.ca.gov/ust/cleanup/electronic_reporting).

PERJURY STATEMENT

All work plans, technical reports, or technical documents submitted to ACEH must be accompanied by a cover letter from the responsible party that states, at a minimum, the following: "I declare, under penalty of perjury, that the information and/or recommendations contained in the attached document or report is true and correct to the best of my knowledge." This letter must be signed by an officer or legally authorized representative of your company. Please include a cover letter satisfying these requirements with all future reports and technical documents submitted for this fuel leak case.

PROFESSIONAL CERTIFICATION & CONCLUSIONS/RECOMMENDATIONS

The California Business and Professions Code (Sections 6735, 6835, and 7835.1) requires that work plans and technical or implementation reports containing geologic or engineering evaluations and/or judgments be performed under the direction of an appropriately registered or certified professional. For your submittal to be considered a valid technical report, you are to present site specific data, data interpretations, and recommendations prepared by an appropriately licensed professional and include the professional registration stamp, signature, and statement of professional certification. Please ensure all that all technical reports submitted for this fuel leak case meet this requirement.

UNDERGROUND STORAGE TANK CLEANUP FUND

Please note that delays in investigation, later reports, or enforcement actions may result in your becoming ineligible to receive grant money from the state's Underground Storage Tank Cleanup Fund (Senate Bill 2004) to reimburse you for the cost of cleanup.

AGENCY OVERSIGHT

If it appears as though significant delays are occurring or reports are not submitted as requested, we will consider referring your case to the Regional Board or other appropriate agency, including the County District Attorney, for possible enforcement actions. California Health and Safety Code, Section 25299.76 authorizes enforcement including administrative action or monetary penalties of up to $10,000 per day for each day of violation.

If you have any questions, please call me at (510) 567-6791.

Sincerely,

Jerry Wickham, P.G.
Hazardous Materials Specialist

Enclosure: ACEH Electronic Report Upload (ftp) Instructions

cc: Kenneth Cheitlin
Hall Equities Group
1855 Olympic Blvd., Suite 250
Walnut Creek, CA 94596

Binayak Acharya
Environmental Cost Management
52830 Quilla Road
Valencia, CA 91355

Robert Flory
AEI Consultants
2500 Camino Diablo Blvd., Suite 200
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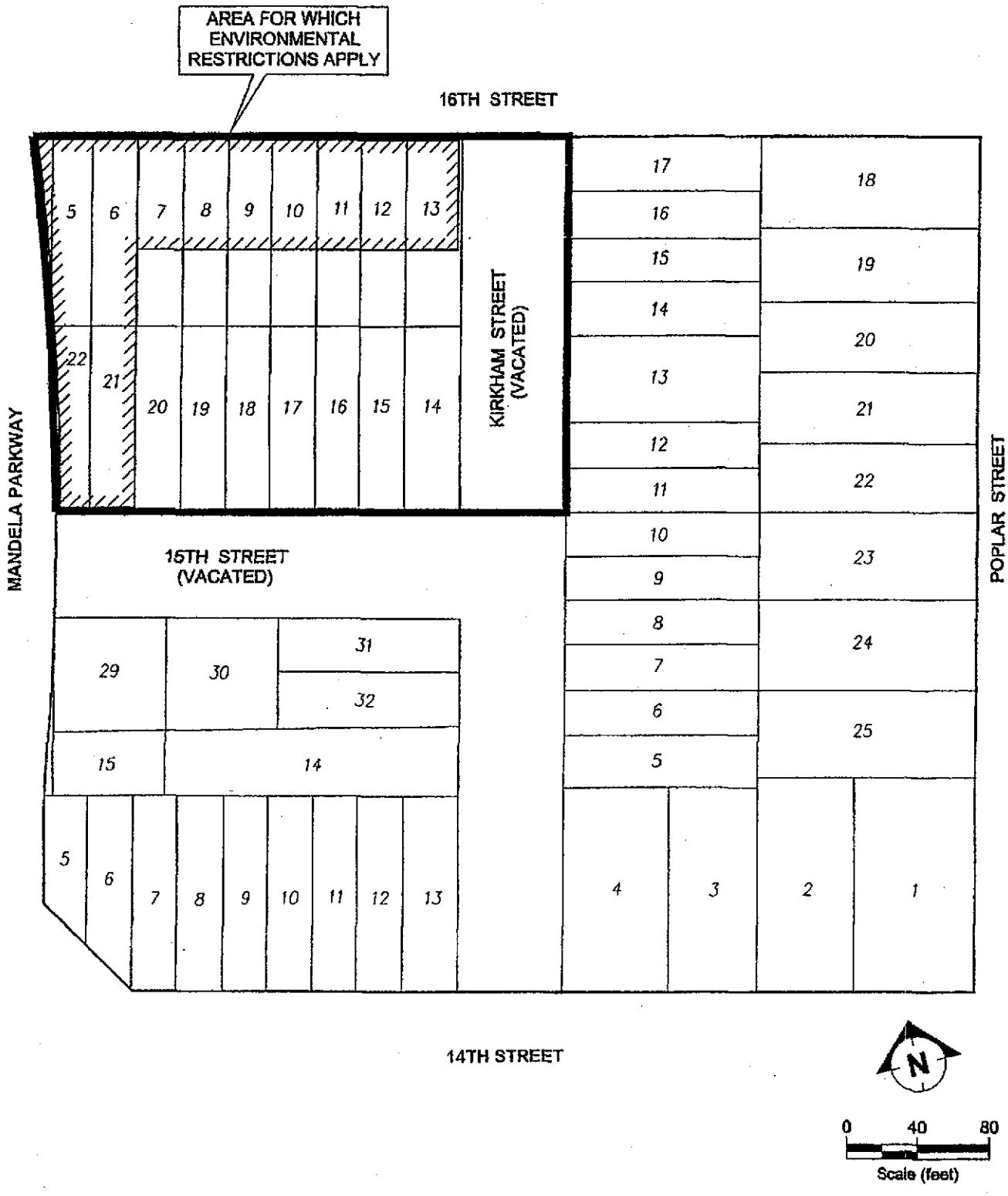
Donna Drogos, ACEH
Jerry Wickham, ACEH
File

Attachment 3



ETIC Engineering, Inc.	FORMER NESTLE FACILITY (CARNATION DAIRY FACILITY) SHOWING NORTHWEST SECTION FOR WHICH ENVIRONMENTAL RESTRICTIONS APPLY, NESTLE OAKLAND FACILITY, 1310 14th STREET, OAKLAND, CALIFORNIA	FIGURE: 1

FILENAME: BLOCKPLN.DWG 10/13/00