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Geoscience & Engineering Consulting

May 5, 2003

Alameda County
JUL 10 2003
Environmental Health

Mr. Stan Hammond
Wells & Bennett Realtors
1451 Leimert Blvd.
Oakland, CA 94602

Subject: Change Order No. 2 for Additional Site Characterization Services
649 Pacific Avenue and 1713 Webster Street, Alameda, California.

Dear Mr. Hammond:

INTRODUCTION AND BACKGROUND

Stellar Environmental Solutions, Inc. (SES) is pleased to submit this Change Order No. 2 for additional site characterization services at the referenced property. This work follows our March 2003 subsurface investigations (2 phases) conducted in/near the two tenant spaces. The first phase (initial borehole sampling) was documented in our March 18, 2003 report. On March 26, 2003 SES conducted additional borehole sampling along a sanitary sewer line trench in the 649 Pacific Avenue space (summarized in our April 26, 2003 letter to you). A site-wide Phase I ESA was recently conducted that concluded there were environmental issues additional to the environmental contamination that was subject of our previous (and proposed) work. The previous and proposed SES work has been conducted for Wells & Bennett Realtors that is acting as the real estate agent for the property owners (the Searway family) who are considering selling the property. The overall objective of the environmental work being undertaken is to move the site towards regulatory site closure ("no-further-action" status).

SES has not yet conducted a review and critical evaluation of likely available technical documents that may shed additional light on the SES findings to date, and we propose such a task herein. The information available to SES to date indicates the following regarding onsite and vicinity contamination issues:

There has been a release of Stoddard Solvent-range hydrocarbons in the vicinity of the sanitary sewer line in the former dry cleaning space, impacting both soil and groundwater such that the regulatory agency should be notified. While the preliminary data suggest that the source is

within the area we have sampled; the full lateral extent of the contamination has not been defined, and the extent of source input is not yet clearly identified. The common dry cleaning solvent tetrachloroethylene (PCE) does not appear to have been used at the facility after the use of Stoddard Solvent based on hydrochemcal data collected to date. Thus PCE is not considered a contaminant of concern.

Groundwater in the former dry cleaning space has also been impacted by extractable-range hydrocarbons (diesel range) whose source is unknown but likely unrelated to the dry cleaning operation, and may be from an onsite and/or offsite underground fuel storage tank (UFST) release.

Groundwater in the restaurant space has been impacted by both extractable-range and volatile-range (gasoline) hydrocarbons and the more toxic compounds benzene and MTBE (fuel-related compounds). The source of the contamination is unknown, may be from an onsite and/or offsite, underground fuel storage tank (UFST) release, and may be related or unrelated to the fuel-contamination detected in the former dry cleaning space.

The site has utilized fuel UFSTs at least two locations, one of which has been removed and groundwater investigations concluded no further action was necessary. Additional UFSTs are indicated to have been used at the site and have not been located. There are proximal UFST releases from gas stations that may be impacting the subject property.

There is an exterior area drain (reportedly an open-bottom sump with no pipes) that would be a likely dumping point for liquid waste. Time and equipment constraints precluded us opening (and therefore sampling) this drain in our preliminary investigations. This should be considered a source of potential contamination and liability until further evaluated.

The exterior parking lot on the west side of the property was reportedly partially or wholly unpaved in prior years, and dumping/spillage of chemicals in that area should be considered a source of potential contamination and liability until further evaluated.

TECHNICAL OBJECTIVES AND APPROACH

The findings to date indicate that the site has been impacted by at least one and likely more than one contaminant releases that should be reported to the regulatory agencies. It is almost certain that the agencies will require that additional investigations be conducted to define the full extent, magnitude and source(s) of contamination. While the data suggest that remediation may be

warranted (for the contaminated soil in the former dry cleaning space), that is not yet known, and we recommend that the investigation proceed along a phased approach so that decisions can be made with the best available data and costs can be more closely defined. The ultimate objective of our investigation is to achieve regulatory "site closure" where the appropriate regulatory agency(ies) concur that no-further-action is necessary at the subject property. This will minimize the long-term liability associated with property ownership and will maximize the marketability of the property. The best time to present a workplan for a remedy—if appropriate—and/or a regulatory site closure assessment to the lead regulatory agency, is when sufficient data has been collected to present of cogent model of the origins and general extent of environmental contamination. Our scope of work to date has not included a review and critical evaluation of regulatory agency files or other site environmental reports. Mr. Carl Searway has indicated that he has a number of previous environmental reports, as does his former consultant (HydroAnalysis), and local regulatory agencies likely have these or additional relevant reports. Because the detected contamination must be further evaluated to move the site towards regulatory closure, it is our professional opinion that SES conduct this data review and evaluation to maximize the integrity and effectiveness of implementing further work.

We propose to continue implementing the phased approach to move the site toward regulatory closure, with the current phase consisting of the data evaluation, then refinement of the additional site characterization program proposed herein, then implementing that program, then preparing a documentation report/closure assessment and associated technical workplan for additional activities (if warranted), suitable for submittal to regulatory agencies as the initial notification of site contamination.

Please note that the specific technical objectives of this phase of work are to: 1) delineate the extent and magnitude of soil contamination in the dry cleaner space so we can recommend the need for (and appropriate strategy) for corrective action; and 2) collect additional "grab" groundwater samples in an attempt to identify any off-site sourced contamination and/or the influence of known or as-yet-unidentified onsite contamination sources. These data will also be useful in siting groundwater monitoring wells, if that follow-on task is deemed to be necessary Based on the findings of the proposed investigation, additional site characterization and/or corrective action might be warranted, and will be discussed in the proposed report and workplan.

SCOPE OF WORK

We recommend that the next phase of the investigation include the following elements, discussed in more detail below: 1) Document Review and Critical Evaluation; 2) Exploratory Borehole

Drilling and Sampling; 3) Laboratory Analyses; and 4) Documentation Report, Technical Workplan and Regulatory Notifications. Please note that the details of the additional subsurface investigation proposed herein (as regards number and location of boreholes, number of soil and groundwater samples, and laboratory analyses) may be revised following our data review task. However, the scope of work proposed herein will likely not change significantly.

Task 1: Document Review and Critical Evaluation

We propose to review and critically evaluate available files/reports at regulatory agencies and in the owners' possession (including the previous Phase I ESA) as regards delineating onsite and offsite sources of contamination and confirming hydrogeologic conditions (i.e. groundwater flow direction). We strongly recommend that this task be conducted prior to the proposed additional subsurface investigation, so that the investigation can be modified (from that estimated herein) to incorporate any issues coming out of the data review. Another product that will result from this evaluation will be a bibliography of all known site environmental reports that will aid regulators (and others) in evaluating site historical investigations (this has not yet been compiled to our knowledge).

Task 2: Exploratory Borehole Drilling and Sampling

This task includes additional exploratory borehole drilling and sampling to evaluate contamination in areas of concern, and is a preliminary evaluation of the work required which may be modified based on the findings of the data review. Pre-field work tasks will include: updating the site-specific health and safety plan; obtaining drilling permits; clearing the area of underground utilities (both notification to USA and hiring a private utility locating firm to specifically locate any and all potential utilities); and working with you and the site tenants as regards their vacating the space and providing us access.

Former Dry Cleaning Space

The available borehole data is not sufficient to determine the extent of soil or groundwater contamination in the area of the sanitary sewer line. We propose to install up to 10 additional boreholes (likely 7 inside and 3 outside) for collecting soil and groundwater samples for analysis. Drilling and sampling will be completed with a direct-push rig using the same protocols as our initial drilling investigation. Interior boreholes will be drilled with the same type of interior-accessible rig as used in our previous investigation, while exterior boreholes will likely be drilled with a truck-mounted direct-push rig. Soil cuttings will be field-screened for contamination with a photoionization detector and visual examination. If a particular location exhibits evidence of

soil contamination, an additional "step-out" borehole(s) will be advanced, with the process repeated until field evidence suggests that the limit of soil contamination has been reached (or the allotted level of effort / field time is reached). One soil sample will be collected from each borehole (at the depth exhibiting maximum soil contamination). The field screening data (color, odor and PID readings) will be used to evaluate the vertical extent of contamination. Grab-groundwater samples will be collected from a subset of the 10 boreholes (we estimate up to 5 groundwater samples).

Restaurant Space

Initial findings indicate that the potential UFST was not within the area investigated, but may be close, and there may also be contribution from an offsite source(s). We propose to advance up to 5 exploratory boreholes to provide more data on the extent, magnitude and source(s) of the contamination. Three boreholes will be outside the space (sidewalks on the north and east sides) and two boreholes will be in the adjacent (to the south) 1711 Webster Street space. The proposed investigation does not include drilling inside the restaurant space, to minimize the extreme inconvenience to the tenant (vacating, carpet removal/replacement, etc.). There are reasonable scenarios in which the proposed investigation might be sufficient to close this issue and therefore drilling in the restaurant would not be required. However, the results of the next phase of investigation may indicate that further drilling inside the restaurant space will be required.

Because we have not identified a source (i.e. a UFST or highly contaminated soil), we propose to collect only "grab" groundwater samples for analysis, not soil samples. However, soil samples will be field-screened (with a PID and visual examination) in the event that significant soil contamination is in fact present. As with the dry cleaner space, our scope of work will require that the 1711 Webster Street tenant space be vacated and cleared of obstructing materials for our access.

Area Drain

We propose to advance one exploratory borehole within or directly adjacent to this area drain (at the rear door to the restaurant space) as it is a potential contaminant entry point. If the grate can be removed, the borehole will be advanced through the base of the drain. If not, it will be advanced as close as possible to and in the downgradient location of the drain. One soil sample (coincident with the drain base) will be collected for laboratory analysis.

Western Parking Lot

We propose to advance one exploratory borehole in the northern portion of the western parking lot as it was historically unpaved and might have experienced chemical spills/dumping. This is also an area that represents the hydraulically downgradient portion of the site and therefore would represent contaminant concentrations in groundwater (if any) prior to moving offsite. The exact location of the borehole will be determined following our document review. One near-surface soil sample and one grab-groundwater sample will be collected for laboratory analysis.

Task 3: Laboratory Analyses

Curtis and Tompkins, Ltd. (C&T), a California-certified analytical laboratory, will complete the laboratory analyses. Table 1 summarizes the proposed number and type of proposed analyses. Based on the data available, the site chemicals of concern are limited to Stoddard Solvent- and diesel-range hydrocarbons, as well as the aromatic hydrocarbons benzene, toluene, ethylbenzene and xylenes (BTEX) and methyl tert-butyl ether (MTBE). Laboratory analyses will be conducted on normal (5 to 10 working day) turnaround.

Task 4: Documentation Report, Technical Workplan and Regulatory Agency Notifications

The findings of the proposed investigation will be discussed in a comprehensive documentation report. The report will include the following elements:

- Site description
- Summary of previous investigations and findings
- Summary of available documents as regards potential contaminant sources
- Discussion of current phase drilling and sampling activities
- Evaluation of contamination extent, magnitude, potential sources and regulatory considerations
- Figures showing work areas and contaminant distributions
- Conclusions, opinions and specific recommendations regarding potential follow-on activities

- Technical appendices.

We will also prepare a technical workplan suitable for regulatory agency submittal that will detail the rationale and methods for any proposed follow-on work. Submitted concurrently with the investigation reports that will have been prepared to date, this will also serve as initial notification to the regulatory agencies that contamination has been discovered and is being investigated. We propose to provide a draft copy of each to you for review. Upon your approval of the draft, we will prepare 8 copies of the final documents (6 for your distribution and one each to the RWQCB and ACHCSA).

All activities will be overseen by and the reports will be signed by a California Registered Geologist and Registered Environmental Assessor.

ASSUMPTIONS

Our scope of work, cost and schedule assume the following:

- During our drilling activities, tenant spaces where drilling will be conducted will be vacant, and any obstructing equipment, furniture, materials will be moved to provide our access.

- The number and depth of boreholes and the number and type of laboratory analyses proposed herein will be as specified herein.

ESTIMATED SCHEDULE AND COST

We are prepared to begin immediately upon your notice to proceed. Depending on their availability and whether we need to review regulatory agency files or not, we would likely complete the document review and evaluation within 1-2 weeks. Concurrently we would schedule the driller and conduct pre-field work planning activities. Drilling would likely be conducted within 3 weeks following your notice to proceed. We expect that all exterior boreholes will be drilled in one day. Most of the 649 Pacific Avenue interior boreholes will be drilled in one separate day, with the remaining boreholes drilled the next day with the 1711 Webster Street space boreholes. Therefore we expect to be at the site drilling for all or part of 3 separate days. Laboratory results will be available within 1-2 weeks following drilling, and the draft report and draft workplan will be submitted to you within approximately 2 weeks following receipt of lab results. Following your approval, the documents would be submitted to the regulatory agencies within two business days. Therefore we estimate that the full scope of work

As summarized in Table 1 (estimated cost by task) we estimate that the cost to complete the described scope of work will be $18,300. Because the level of effort for some scope tasks is inherently uncertain, we propose to change the basis of our contract (fixed-fee to date) to time-and-expense. Therefore you will be invoiced only for those costs actually incurred. If additional level of effort beyond the ceiling value is required (i.e. more boreholes or samples), SES will get your authorization before proceeding with any additional work.

Please note that the number of boreholes and soil/groundwater samples for laboratory will necessarily depend on: 1) the findings of our data review/critical evaluation task; and 2) field evidence during drilling that may dictate additional "step-out" boreholes would be a cost- and time-effective means of obtaining as much data as practical during the field mobilization. We therefore have included in our scope (and cost) a relatively conservative (but within likely bounds) assumption as to the number of "step-out" boreholes that may be necessary.

To authorize this remaining work, please sign the Change Order no. 2 and return a copy to our office via fax. Thank you in advance.

Sincerely,

Stellar Environmental Solutions, Inc.

Bruce M. Rucker, R.G., R.E.A.
Project Manager

Richard S. Makdisi, R.G., REA
Principal

Attachment: Change Order no. 2

Table 1
Proposed Analytical Methods for Soil and Groundwater Samples
Searway Property, Pacific Avenue and Webster Street, Alameda, California

Sampling Locations	Analytical Methods and Number of Samples	
SOIL SAMPLES	TVH+BTEX+MTBE	TEH
649 Pacific Avenue (sanitary sewer evaluation)	10	1
1711 Webster Street (UFST evaluation)	2	2
Area Drain (rear of 1713 Webster Street)	----	1
Western Parking Lot	----	1
GROUNDWATER SAMPLES		
649 Pacific Avenue (sanitary sewer evaluation)	5	5
1711 Webster Street (UFST evaluation)	5	5
Area Drain (rear of 1713 Webster Street)	----	0
Western Parking Lot	----	1
TOTALS	**22**	**16**

Table 2
Additional Site Characterization Services
Change Order no. 2
Searway Property: Pacific Avenue and Webster Street, Alameda, California

Task Description	$ Estimated Cost
Task 1: Document Review and Critical Evaluation	
Task 2: Exploratory Borehole Drilling and Sampling Drilling subcontractors Premiting, coring, Field equipment (PID) rental SES labor	
Task 3: Laboratory Analyses (see text for number and type of analyses)	
Task 4: Documentation Report, Technical Workplan and Regulatory Notifications Documentation Report Technical Workplan Regulatory Agency Notifications	
Other Direct Costs (communication, copying, reports, travel, etc.)	
TOTAL	**$18,300**