



Property Solutions INC.

Environmental & Engineering Consulting

Alameda County

NOV 05 2004

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Environmental Solutions

PHASE I ENVIRONMENTAL ASSESSMENT

of

Harbor Bay Landing
871-891 Island Drive
3255 Mecartney Road
Alameda, Alameda County, California 94501

Prepared for:

*Newmark Realty Capital, Inc.
650 California Street, 4th Floor
San Francisco, California 94108*

*Canada Life Assurance Company
330 University Avenue
Toronto, Ontario, Canada M5G1R8*

Prepared by:

*Property Solutions Incorporated
17752 Skypark Circle, Suite 230
Irvine, California 92614*

**Draft: March 15, 2001
Final: March 19, 2001**

Property Solutions Project No. 20010216

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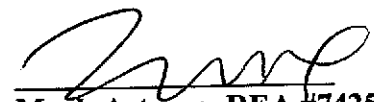
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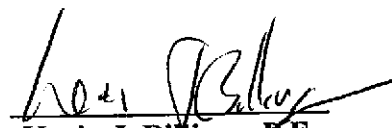
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PROJECT SUMMARY

Client Name:	Newmark Realty Capital	Property Visit Date:	02/15/01 and 03/12/01
Client Contact:	Bill Monheit	Date of Construction:	1979-1982
Property Solutions Project No.:	20010216	No. of Bldgs./Units:	8 bldgs/approx. 54 tenants
Property Solutions Project Manager:	Mack Astorga	No. of Stories:	One & two, limited mezzanines
Phone Number:	(949) 222-1112	Basement/Slab:	Slab
Property Name:	Harbor Bay Landing	Bldg. Square Footage:	115,996
Property Address:	871-891 Island Drive	Property Acreage:	9.85
	3255 Mecartney Road	Assessor Parcel Number:	074-1045-010-1 and -2
Property City, State:	Alameda, CA	Property History:	Undeveloped land
Property Use:	Retail strip center	Other Improvements:	Paved parking

Our review of general property information, observation of adjacent properties, research of historical property information, including a review of environmental records, and a property visit revealed the following:

	No Further Action	O&M	Compliance	Phase II	Opinion of Probable Cost	Refer to Section
Adjacent Properties	X					4.0
Historical Review				(1)	N/A	5.0
Regulatory Review				(2)	N/A	6.0
USTs	X					7.1
ASTs	X					7.2
PCBs	X					7.3 and 7.4
ACMs		(3)			\$450.00	7.5
Chemicals/Hazardous Materials	X					7.6
Waste Generation/Disposal	X					7.7
Radon	X					7.14
Lead- Based Paint	X					7.15
Lead in Water	X					7.16
Previous Reports	X					5.6
Other	X					

Notes/Recommendations:

- (1) Property Solutions recommends that the ACHCSA and the San Francisco Bay Region of the Regional Water Quality Control Board (RWQCB) be notified and provided with the most recent subsurface investigations conducted by Hygienetics at the Red Hanger Kleaners tenant space in 1998 and 1999 for technical review and regulatory oversight.
- (2) Property Solutions recommends that Newmark Realty Capital Inc. and Canada Life Assurance Company seek 20010216

- legal council regarding their potential responsibility to future investigative or remedial actions associated with the contaminated groundwater located beneath the subject property, resulting from this former BP Oil release.
- (3) Based on the age of the subject buildings, Property Solutions recommends that an Asbestos Operations and Maintenance (O&M) Plan be developed and implemented at the subject property.

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EXECUTIVE SUMMARY

Property Solutions Incorporated (Property Solutions) has conducted a Phase I Environmental Assessment of the Harbor Bay Landing Shopping Center located at 871-891 Island Drive and 3255 Mecartney Road in Alameda, Alameda County, California 94501 (subject property) at the request of Newmark Realty Capital, on behalf of Canada Life Assurance. The subject property is identified as Assessor Parcel Number (APN) 074-1045-010-1 and 074-1045-010-2, according to the Alameda County Assessor's Office.

The subject property is an irregular-shaped parcel of land measuring approximately 9.85 acres in size. The subject property is located on the northwest corner of the intersection of Island Drive and Mecartney Road. The subject property is currently utilized as a retail strip shopping center developed in stages from approximately 1979-1982 and includes a total of eight retail buildings (subject buildings).

The subject buildings consist of slab-on-grade, single- and two-story wood frame construction with concrete and stucco exteriors. The subject buildings include a total of approximately 115,996 square feet and 54 retail, restaurant and office tenant spaces. The remainder of the subject property not improved with the footprint of the subject buildings consists of paved parking areas with limited landscaping. Vehicular access to the subject property is gained via Island Drive to the east and Mecartney Road to the south.

Review of historical aerial photographs revealed that the subject property existed as undeveloped land prior to its current development.

Based on the findings provided in this report, Property Solutions' review of the general property information, observation of neighboring properties, research of available historical property information, and a property visit revealed the following:

1. The current Red Hanger Cleaners tenant is a drop-off location only, however, on-property dry cleaning operations were formerly performed at this space for over 18 years. This tenant space has been the subject of numerous subsurface investigations and remedial actions associated with a former solvent release. The former actions performed at this site have included soil removals, soil and groundwater sampling events, and the discontinuance of the on-property dry cleaning operations.

According to a previous report prepared by Hygienetics Inc. (Hygienetics) that summarizes the most recent subsurface investigation conducted at the subject property in 1999, the Alameda County Health Care Services Agency (ACHCSA) was originally notified in 1996 regarding the apparent solvent release at the Red Hanger Kleaners tenant space. The ACHCSA reportedly approved the remedial actions performed at that time (limited soil removal and floor drain abandonment) and issued a "No Further Action" letter to Kemper Real Estate dated August 23, 1994. Property Solutions was not provided with a copy of the August 23, 1994 letter or any documentation verifying contact with the ACHCSA regarding the Red Hanger Kleaners tenant space by Rreef. In addition, further contamination has been detected at the Red Hanger Kleaners tenant space since the reported contact and case closure

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with the ACHCSA.

Based on a review of the previous investigations conducted at the Red Hanger Kleeners tenant space, Property Solutions concurs with Hygienetics 1999 recommendation for no further subsurface environmental investigations or remediation at the subject property. However, due to the presence of confirmed VOC impacted groundwater above California Department of Health Services drinking water guidelines, Property Solutions recommends that the ACHCSA and the San Francisco Bay Region of the Regional Water Quality Control Board (RWQCB) be notified and provided with the most recent subsurface investigations conducted by Hygienetics at the Red Hanger Kleeners tenant space in 1998 and 1999 for technical review and regulatory oversight.

Due to the low levels detected at the Red Hanger Kleeners site, and the fact that the former source (dry cleaning operation) is no longer present at the subject property, it is not expected that the ACHCSA or RWQCB would require remedial actions at the subject property. However, as a worst case scenario, the cost to perform remedial actions at the Red Hanger Kleeners tenant space in response to the levels detected to date would not be expected to exceed \$200,000.00.

2. The gasoline service station located at the subject property at 3255 Mecartney Road has been the subject of numerous subsurface investigations and remedial actions associated with a former petroleum release. The former actions performed at this site, required in part to the regulatory oversight by the Alameda County Health Care Services Agency (ACHCSA), have included tank system upgrades, soil removals, and groundwater monitoring well installations and periodic sampling events.

The on-property monitoring wells installed as a part of previous investigations at the subject service station have been sampled on a quarterly and semi-annual schedule from 1993 to 2000. Decreasing levels of petroleum constituents were detected in groundwater collected from these wells from 1993 until 1998, when peaks in both gasoline and MTBE levels were identified. Since the 1998 peaks, levels of petroleum constituents and MTBE have again begun to decrease.

Property Solutions contacted the ACHCSA regarding the current status of the on-property BP Oil LUST case. According to Mr. Barney Chan, current case manager for the subject property's LUST case with the ACHCSA, continued monitoring of the existing groundwater monitoring wells has been required by the ACHCSA since 1996 due to the fluctuations of MTBE levels detected in 1998. The presence of the adjacent and cross-gradient lagoon as a potential sensitive biological receptor has also influenced the actions required by the ACHCSA, although groundwater beneath the subject property is expected to be of non-beneficial use. Mr. Chan stated that groundwater sampling at the subject service station is planned for March and September of 2001, and if levels continue to decrease as seen over the most recent few rounds of sampling, the ACHCSA is expected to issue a "No Further Action" letter in 2002. However, if increased levels of petroleum-related constituents are detected in the underlying groundwater over the next two rounds of sampling, additional investigations may be required by the ACHCSA.

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Mr. Chan confirmed that BP Oil has been identified as the sole responsible party for the on-property gasoline release. In the case of a future release, both BP Oil and the current station owner, TOSCO Corporation, would be expected to be considered the sole Potentially Responsible Parties (PRPs).

Based on the fact that the subject property is fully developed with the footprints of the subject buildings and the associated parking areas, and is supplied with public potable water, tenants at the subject property are not expected to come in contact with potential local contamination. In addition, BP Oil and TOSCO are expected to be responsible for any future actions associated with petroleum releases at this site. Property Solutions recommends that Newmark Realty Capital Inc. and Canada Life Assurance Company seek legal council regarding their potential responsibility to future investigative or remedial actions associated with the contaminated groundwater located beneath the subject property, resulting from this former BP Oil release.

3. Based on the age of the subject buildings (1979-1982), Property Solutions recommends that an Asbestos Operations and Maintenance (O&M) Plan be developed and implemented at the subject property. An opinion of probable cost for preparation of the Asbestos O&M Plan is \$450.00.

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1.0 INTRODUCTION

Property Solutions Incorporated (Property Solutions) has conducted a Phase I Environmental Assessment of the Harbor Bay Landing Shopping Center located at 871-891 Island Drive and 3255 Mecartney Road in Alameda, Alameda County, California 94501 (subject property) at the request of Newmark Realty Capital, on behalf of Canada Life Assurance.

A property location map is included in Appendix A.

This Phase I Environmental Assessment was conducted in general accordance with industry-accepted practices, Standard & Poor's Plus Protocol, and American Society for Testing and Materials (ASTM) Standard E 1527-00, Standard Practice for Environmental Site Assessments: Phase I Environmental Site Assessment Process. The work was authorized by the signed proposal dated October 25, 2000.

1.1 Scope of Work

This Phase I Environmental Assessment was conducted in accordance with the following Scope of Work:

1. Researched and reviewed available information regarding past owners and occupants of the subject property to assess the potential for contamination resulting from prior on-property activities. Aerial photographs, city directories, topographic maps, interviews and fire insurance maps were utilized, as available.
2. Researched available information regarding immediately adjacent properties for evidence of environmental contamination that could adversely impact the subject property.
3. Interviewed available persons familiar with current and former on-property activities for relevant information regarding potential areas of environmental concern.
4. Reviewed federal and state regulatory agency database information for the subject property and neighboring properties to identify potential concerns that could adversely affect the environmental condition of the subject property. The database review included, but was not limited to, a review of the following lists: United States Environmental Protection Agency (USEPA) National Priorities List (NPL) Sites, Comprehensive Environmental Response, Compensation and Liability Information System (CERCLIS) Sites, State Hazardous Waste Sites, Resource Conservation and Recovery Act Information System (RCRIS) Corrective Action, Generator, and Treatment, Storage, and Disposal (TSD) Sites, Leaking Registered Storage Tank (LRST) Sites, Registered Storage Tank (RST) Sites, landfills, and Emergency Response Notification System (ERNS) Sites. Contacted federal, state, and local regulatory agencies.
5. Performed a property visit to identify areas of environmental concern such as the bulk storage

of regulated substances, underground/aboveground storage tanks, asbestos-containing materials, electrical transformers, or process-related wastes. To the extent possible, a review of immediately adjacent properties was also performed from the subject property and public thoroughfares.

6. Prepared a technical Phase I Environmental Assessment report to document the findings regarding the current environmental condition of the subject property. If warranted, the report contains recommendations for further action.

1.2 Limitations and Exceptions of the Assessment

The findings, observations and conclusions of this report are limited by the contract technical requirements and the methods used to perform these services. These services have been performed in accordance with the standard scope for Phase I Environmental Assessment. In order to perform a comprehensive environmental evaluation, subsurface investigation and testing would be required to definitively determine if contamination has affected the subject property. Therefore, the findings and conclusions presented herein have been based solely on the scope of work previously described.

In preparing this report, Property Solutions has relied on information derived from secondary sources, computer databases, and personal interviews. Except as set forth in this report, Property Solutions has made no independent investigation as to the accuracy and completeness of the information derived from secondary sources, computer databases, or personal interviews and has assumed that such information is accurate and complete.

All findings and conclusions stated in this report are based upon facts, circumstances, and industry accepted procedures for such services as they existed at the time that this report was prepared (i.e. federal, state and local laws, rules, regulations, market conditions, economic conditions, political climate and other applicable matters.) A change in any fact, circumstance, or industry accepted procedure upon which this report was based may adversely affect the findings and conclusions expressed in this report.

This report has been prepared for the sole benefit of Newmark Realty Capital, Inc. and Canada Life Assurance Company, and may not be relied upon by any other person or entity without the written authorization of Property Solutions.

2.0 GENERAL PROPERTY

2.1 Property Location

The subject property is located at 871-891 Island Drive and 3255 Mecartney Road in Alameda, Alameda County, California 94501. The subject property is located on the United States Geological Survey (USGS) 7.5-minute series topographical quadrangle map of San Leandro, CA. The subject property is identified as Assessor Parcel Numbers (APNs) 074-1045-010-1 and 074-1045-010-2, according to the Alameda County Assessor's Office. The subject property is located in a highly

developed mixed-use commercial/residential area of Alameda, California.

An excerpt from the USGS 7.5 series topographical quadrangle map of San Leandro, CA, outlining the location of the subject property, is provided in Appendix A.

2.2 Property Description

Property Information	
Property Acreage	9.85
Property Shape	Irregular
Property Use	Retail strip center, gasoline service station
Number of Buildings	8 retail buildings
Number of Stories	One and two with limited mezzanines
Date of Construction	1979-1982
Building Square Footage	115,996
Basement/Slab-on-grade	Slab-on-grade
Number of Tenant Spaces	Approximately 54
Ceiling Finishes	Suspended ceilings, exposed beams
Floor Finishes	Carpeting, tile, exposed concrete slab in warehouse areas
Wall Finishes	Painted drywall
HVAC	Roof-mounted package units
Renovation Date	On-going, upon tenant move-in
Renovation Description	Tenant specific interior upgrades
Vehicular Access	Island Drive to the east and Mecartney Road to the south
Other Improvements	Paved parking
Property Coverage	Footprint of the subject buildings, associated parking areas, and limited landscaping

A property diagram of the subject property is included in Appendix A.

2.3 Property Operations

At the time of the property visit, the majority of the tenants at the subject property were strictly retail, restaurant, or office in nature, and utilized no chemicals and generated no regulated wastes.

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A complete Rent Roll for the Harbor Bay Landing Shopping Center is provided in Appendix B of this report. The following additional tenant operations were observed at the subject property at the time of the property visit:

- Long's Drugs and Harbor Bay Chiropractic performs photo-processing within their tenant spaces at the subject property. Factory-sealed packages containing photographic developer and fixer are stored at these spaces, and a limited quantity of waste photographic fluid containing silver is generated by Long's and Harbor Bay Chiropractic.
- Two dentist practices were in operation at the subject property, Dr. Ting DDS and Dr. Jennings DDS. Limited quantities of biological waste consisting of spent sharps and swabs are generated by these two practices.
- TOSCO currently operates a gasoline dispensing service at the subject property, utilizing three gasoline underground storage tanks (USTs). TOSCO also performs limited automobile repair services in two service bays within their tenant space at the subject property, and generates limited quantities of waste oil and related auto fluid wastes.

These limited regulated tenant operations are further discussed in Sections 7.6 and 7.7 of this report.

Safeway offers photo-processing services, however, is a drop-off location only and the film is processed at an off-property location.

Red Hanger Cleaners is a drop-off location only, and no dry cleaning is performed at this tenant space. On-property dry cleaning operations were formerly performed at the Red Hanger tenant space, and this former operation is further discussed in Section 5.6 of this report.

2.4 Utilities

Property Solutions was informed by Mr. Rick Gallagher of Reef Funds, property manager, that the following companies and municipalities provide utility services to the subject property:

Utility	Provider
Electricity	City of Alameda, Department of Public Utilities, Bureau of Electricity
Natural Gas	Pacific Gas & Electric (PG&E)
Sanitary Sewer	City of Alameda
Potable Water	City of Alameda
Solid Waste Removal	Waste Management

3.0 PHYSICAL SETTINGS

3.1 Topography/Regional Drainage

Review of the United States Geological Survey (USGS) 7.5 minute series topographic quadrangle map of San Leandro, California reveals that the elevation of the subject property is approximately 5 feet above mean sea level. The subject property is located approximately one mile to the north of San Francisco Bay and one mile to the south of San Leandro Bay. Topography in the vicinity of the subject property appears to slope slightly downward to the north/northwest, towards the man-made lagoon adjacent to the subject property. Regional drainage is expected to follow overall topography and flow both to the north towards San Leandro Bay and to the south towards San Francisco Bay.

A copy of the USGS 7.5 minute series topographic quadrangle map of San Leandro, California is included in Appendix A.

3.2 Soils

According to soils information contained in Environmental Data Resources' (EDR's) environmental database report, the dominant soils in the area of the subject property are classified as Baywood Variant, a well drained sandy soil. Soils information provided in EDR's report was obtained from the Soil Conservation Service's STATSGO database.

3.3 Underlying Formation

According to The Geologic Map of California (1977), the subject property is underlain by the Marine Sedimentary Rocks Formation. The Marine Sedimentary Rocks Formation consists of Cenozoic aged alluvium, lake, playa and terrace deposits. The deposits are unconsolidated and semiconsolidated and are mostly non-marine, but include marine deposits near the coast.

3.4 Ground Water

The subject property is underlain by alluvium and older sediments. Excessive ground water withdrawals and recycling of water for agricultural, municipal, and industrial uses have caused accumulation of solutes and increased concentrations of nitrate as nitrogen in ground water.

The California Department of Water Resources (DWR) and the State Water Resources Control Board (SWRCB) are the principal water management agencies of the state. The DWR engages in statewide water-supply planning activities and conducts ground water quality and quantity investigations in support of statewide planning efforts. The SWRCB and nine California Regional Water Quality Control Boards establish and enforce water quality standards for state water supplies, including ground water.

Based on a review of the above referenced document and the USGS topographic quadrangle of San Leandro, California, it is expected that the depth to shallow ground water is within 15 feet below ground surface. Ground water in the general vicinity of the subject property is expected to follow

overall topography and flow both to the north towards San Leandro Bay and to the south towards San Francisco Bay. According to data gathered as a part of a groundwater investigation currently underway at the on-property gasoline service station, groundwater at this site flows in a northwesterly direction, and is encountered at a depth of approximately 6-8 feet below ground surface.

4.0 ADJACENT PROPERTIES

Review of adjacent properties from public thoroughfares and research of available information regarding the adjacent properties was performed to observe for evidence of environmental concern which could adversely impact the subject property. The subject property is located in highly developed mixed-use residential/commercial area of Alameda, California.

Direction	Property	Usage
North	Lagoon, single-family residential homes, multi-family residential complex	Waterway, residential
South	Mecartney Road, single-family residential homes	Roadway, residential
East	Island Drive, single-family residential homes, US Bank branch	Roadway, residential, bank
West	Community offices including a library, two churches, a preschool, and a park recreation center	Offices

Based on a review of adjacent properties from public thoroughfares, the adjacent properties are not the type likely to pose a significant threat to the environmental condition of the subject property. The adjacent properties were not listed in the environmental database reviewed.

5.0 HISTORICAL PROPERTY INFORMATION

5.1 City Directories

Property Solutions researched historical city directories for the subject property at the Sherman Research Library located in Corona Del Mar, California. Oakland Street Address Directory for the years 1965, 1980 and 1991 were reviewed. According to the reference desk librarian, no city directories including the subject property's area for the years 1968 to 1979 are maintained at the Sherman Research Library. The following address listings were identified within the vicinity of the subject property's address range.

Source: Sherman Research Library, located at 614 Dahlia Avenue, Corona Del Mar, CA		
Oakland Street Address Directory		
1965	871-891 Island Drive	No Listing
	3255 Mecartney Drive	No Listing
1980	871-891 Island Drive 883 Island Drive	Numerous Retail Listings Harbor Bay Red Hanger Kleaners
	3255 Mecartney Drive	No Listing
1991	871-891 Island Drive 883 Island Drive	Numerous Retail Listings Harbor Bay Red Hanger Kleaners
	3255 Mecartney Drive	Harbor Bay B. P. Service

Based on a review of the historic city directories, the subject property was undeveloped prior to the construction of the subject retail buildings.

No evidence of environmental concern on the subject property was revealed during a review of the city directories, with the exception of the historic presence of a dry cleaners and gasoline service station at the subject property. These two former/current property tenants are further discussed in Section 5.6 of this report.

5.2 Aerial Photographs

Property Solutions obtained aerial photographs of the subject property and surrounding area for the years 1947, 1959, 1965, and 1982 from Environmental Data Resources of Southport, Connecticut. The aerial photographs were reviewed for evidence of environmental concerns on or near the subject property. The following is a discussion of the aerial photograph review:

1947: Review of the 1947 aerial photograph revealed that the subject property appears to consist mostly of undeveloped land, with a single small structure (assumed to be a single-family residence) along the southern property border.

The adjacent property to the east, across Island Drive, consists of single-family residences. The southern adjacent property, across Mecartney Road, appears to consist of agricultural land. The remaining adjacent properties consisted of undeveloped land. The lagoon observed adjacent to the subject property to the north was not developed at the time of the 1947 aerial photograph.

1959: Review of the 1959 aerial photograph revealed no major changes to the subject property or adjacent properties in comparison to the 1947 aerial photograph, with the exception of the development of single-family residences adjacent and to the south of the subject property. In addition, the small structure formerly located on the southern portion of the subject

property on the 1947 aerial photograph did not appear to be present on the 1959 aerial photograph.

1965: Review of the 1965 aerial photograph revealed no major changes to the subject property or adjacent properties in comparison to the 1959 aerial photograph.

1982: Review of the 1982 aerial photograph revealed that the subject property appeared to be developed with the subject strip center generally as observed during the property visit. The adjacent properties also appear to be developed generally as observed during the property visit.

Review of the aerial photographs revealed that the subject property existed as undeveloped land prior to its current development. No evidence of environmental concern on or adjacent to the subject property was revealed during a review of the aerial photographs.

Copies of the aerial photographs are included in Appendix D.

5.3 Fire Insurance Maps

Sanborn fire insurance maps covering the subject property for the years 1924 and 1987 were obtained from Environmental Data Resources, Inc. (EDR) of Southport, Connecticut. The fire insurance maps were reviewed for historical uses and evidence of environmental concern on or near the subject property. The following is a discussion of the fire insurance maps.

1924: Review of the 1924 fire insurance map revealed that the subject property appears to consist of undeveloped land. The eastern portion of the subject property is not depicted on the 1924 fire insurance map provided by EDR.

The adjacent property to the east, across Island Drive, consists of single-family residences. The remaining adjacent properties are not depicted on the 1924 fire insurance map provided by EDR.

1987: Review of the 1987 fire insurance map revealed that the subject property appeared to be developed with the subject strip center generally as observed during the property visit, including the gasoline service station on the property's southern portion. The adjacent properties to the north and west also appear to be developed generally as observed during the property visit. The adjacent properties to the east and south across Island Drive and Mecartney Road are not depicted on the 1987 fire insurance map provided by EDR.

Review of the fire insurance maps revealed that the subject property existed as undeveloped land prior to its current development. No evidence of environmental concern on or adjacent to the subject property was revealed during a review of the fire insurance maps, with the exception of the historic presence of a gasoline service station on the subject property. This service station issue is further discussed in Sections 5.6, 7.1, 7.6, and 7.7 of this report.

Copies of the fire insurance maps are included in Appendix E.

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5.4 Topographic Map

A review of the USGS 7.5 minute series topographic quadrangle map of San Leandro, California was performed to observe for evidence of man-made structures, fill areas, and natural features that may have an adverse effect to the environmental condition of the subject property. The San Leandro, California topographic quadrangle map was created in 1993, based on aerial photographs taken in 1947 and 1996. Grey shading indicates urban areas in which only landmark buildings are individually depicted.

Review of the San Leandro, California topographic quadrangle map revealed no structures depicted on the subject property. The subject property and surrounding land are shaded grey, indicating urban areas in which only landmark buildings are individually depicted. No environmental concerns were identified based upon a review of the San Leandro, California topographic quadrangle map.

A portion of the USGS 7.5 minute series topographic quadrangle map of San Leandro, California, which includes the subject property, is included in Appendix A.

5.5 Prior Use Interviews

Property Solutions interviewed Mr. Rick Gallagher of Rreef Funds, property manager, regarding the prior history of the subject property. Mr. Gallagher believed the subject property consisted of undeveloped land prior to the current development. Mr. Gallagher was not aware of environmental concerns at the subject property, with the exception of the historic presence of a gasoline service station on the subject property. This service station issue is further discussed in Section 5.6 of this report.

5.6 Previous Environmental Assessments

Property Solutions was provided with the following previous environmental documents pertaining to the subject property by Ms. Erinn Kistler of Newmark Realty Capital:

1. First Amendment to Lease (TOSCO Corporation lease)
2. Letter dated 9/18/00 from Hygienetics regarding Red Hanger Kleeners
3. Subsurface Environmental Investigation dated 11/3/99 prepared by Hygienetics
4. Letter dated 2/22/00 from Hygienetics, Summary Report/ACM Roofing Material
5. Pages 11 through 15 from a "soils" report prepared by Hygienetics
6. Letter dated 1/4/96 from BP Oil together w/a Tier 2 RBCA Evaluation of the site Letter dated 2/22/96 from BP Oil together w/a Groundwater Monitoring and Sampling Report dated 12/20/95
7. Letter dated 2/21/96 from BP Oil together w/a Groundwater Monitoring and Sampling Report dated 9/15/95
8. Letter dated 11/30/95 from Clayton Environmental Consultants regarding the Preliminary Proposal for Well Destruction
9. Letter dated 9/5/95 from BP Oil together w/a Groundwater Monitoring and Sampling Report fated 6/27/95
10. Hazardous Waste and Substance Sites List for 3255 McCartney Road, dated 8/7/95 City of

- Alameda Waiver of Parcel Map and Certificate of Compliance, dated 6/27/95 Letter dated 1/24/95 from BP Oil together w/a Groundwater Monitoring and Sampling report dated 1/4/95
11. Letter from BP Oil together w/a Groundwater Monitoring and Sampling report dated 5/9/95
 12. Memo dated 10/13 94 transmitting a Groundwater Monitoring and Sampling Report dated 9/6/94

The following previous environmental documents pertaining to the subject property were provided by Ms. Erinn Kistler of Newmark Realty Capital, originally forwarded by Ms. Louise H. Rowland of RREEF Real Estate Investment Managers:

1. Letter, dated 12/13/00, from BP Oil transmitting the Third Quarter Groundwater Monitoring report, dated 11/28/00 and prepared by Blaine Tech Services, Inc., to Alameda County Health Care Services
2. Letter, dated 9/14/00, from BP Oil to Alameda County Health Care Services Report, dated 9/5/00, from SECOR to Alameda County Health Care Services regarding the Removal and Replacement of Product Lines and Dispensers
3. Letter, dated 7/19/00, from Alameda County Health Care Services to BP Oil
4. Letter, dated 2/24/00, from BP Oil transmitting the First Quarter 2000 Groundwater Monitoring report dated 2/18/00 to Alameda County Health Care Services
5. Letter, dated 12/28/99, from BP Oil to Alameda County Health Care Services
6. Letter, dated 11/8/99, from Alameda County Health Care Services to BP Oil
7. Letter, dated 10/11/99, from BP Oil to Tosco
8. Letter, dated 10/11/99, from BP Oil to Alameda County Health Care Services
9. Letter, dated 4/1/99, from Alameda County Health Care Services to Tosco
10. Letter, dated 1/15/99, from Hygienetics Environmental transmitting the Limited Phase II Environmental Site Assessment, dated 1/15/99, to RREEF
11. Letter, dated 11/23/98, from Alameda County Health Care Services to Tosco Report, dated 10/23/98, from ERI to Tosco regarding UST Removal
12. Letter, dated 8/19/98 from Alameda County Health Care Services to BP Oil
13. Letter, dated 8/1/98, from BP Oil to Alameda County Health Care Services
14. Letter, dated 7/23/98, from Tosco to Alameda County Health Care Services
15. ST Testing Systems Summary Sheet, dated 6/3/98, prepared by Triangle Environmental, Inc.
16. Letter, dated 5/4/98, from Alameda County Health Care Services to BP Oil Letter, dated 11/6/97, from BP Oil to Alameda County Health Care Services
17. Letter report, dated 1/20/97, from Pacific Environmental Group to Tosco regarding oil/water separator closure activities
18. Letter, dated 11/4/96 from BP Oil to Alameda County Health Care Services
19. Letter, dated 4/23/96 from BP Oil to Alameda County Health Care Services
20. Letter, dated 2/22/96, from BP Oil to Alameda County Health Care Services
21. Letter, dated 2/21/96 from BP Oil to Alameda County Health Care Services
22. Letter, dated 9/5/95 from BP Oil to Alameda County Health Care Services
23. Letter, dated 5/8/95, from BP Oil to Alameda County Health Care Services transmitting Subsurface Investigation Report, dated 3/22/95 and prepared by Hydro-Environmental Technologies to BP Oil
24. Letter, dated 1/24/95, from BP Oil to Alameda County Health Care Services
25. Letter, dated 1/25/94, from Hydro-Environmental Technologies, Inc. to Alameda County Health Care Services

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26. Letter, dated 2/4/93, from BP Oil to Alameda County Health Agency
27. Letter, dated 2/4/93, from BP Oil to California Regional Water Quality Control Board transmitting the Preliminary Site Assessment Report, dated 1/7/93 and prepared by Hydro-Environmental Technologies, Inc.
28. Memorandum, dated 1/7/93 from Hydro-Environmental Technologies, Inc. to BP Oil
29. Letter, dated 11/19/91, from BP Oil to Alameda County Hazardous Materials

The above documents provided by Reef and Newmark address two main issues at the subject property, the active BP Oil/TOSCO gasoline service station at 3255 Mecartney Road and the former Red Hanger Kleeners dry cleaning operation at 883E Island Drive. The following is a summary of the information provided in these previous documents:

ISSUE #1: Red Hanger Kleeners

In October 1993, PES Environmental Services conducted a Phase I Environmental Site Assessment (ESA) of the Harbor Bay Landing Shopping Center. Although, there was no visual evidence of PCE contamination, the Phase I ESA report recommended further site characterization to determine if PCE had impacted the subject site's soil or groundwater. During 1993 and 1994, the Red Hanger Kleeners was subject to a series of site characterizations and investigations. The Red Hanger Kleeners in Suite 883E originally contained an older dry cleaning machine without a steel secondary containment barrier that used PCE. Red Hanger Kleeners had continuously operated as an on-property dry cleaner for approximately 18 years.

Applied Geosciences Inc. (AGI) was contracted to conduct a subsurface investigation of the Red Hanger Kleeners. In November 1993, AGI advanced four soil borings in areas possibly impacted by a PCE release. PCE concentrations were highest near a floor drain within the Red Hanger Kleeners tenant space. The boring B-1 soil sample concentrations ranged from 10.0 ppb to 34.0 ppb PCE. Groundwater collected from boring B-1 contained 5.5 ppb PCE, 9.0 ppb trichloroethene (TCE), and 19 ppb cis-1,2 dichloroethene (cis-1,2 DCE). AGI's report concluded that a release probably occurred near the floor drain inside the dry cleaner, and that only the area near the floor drain was impacted. TCE and cis-1,2- DCE are PCE degradation products, suggesting that a spill or spills probably occurred several years prior to the subsurface investigation. PCE, TCE and cis-1,2-DCE were below remedial action levels. AGI recommended that the property owner consult with legal counsel concerning any on-site contamination issues.

In April 1994, AGI conducted a further site characterization at the Red Hanger Kleeners with a soil vapor survey. PCE in soil vapor ranged from below method detection limits or not detected (ND) to 5.5 ppb (by volume). Nine soil samples were also collected from the soil borings. PCE concentrations ranged from ND to 14.0 ppb. AGI's report concluded that the PCE concentrations in soil vapor and soil gas were consistent with AGI's December 1993 soil investigation results. AGI recommended that the floor drain inside Red Hanger Kleeners be removed with the surrounding PCE contaminated soil.

On May 26, 1994, the property owner, representatives from the Alameda County Health Care

Services Agency (ACHCSA), the San Francisco Bay Regional Water Quality Control Board (RWQCB), and AGI met to formulate an acceptable cleanup plan to address the PCE contamination issues at Red Hanger Kleeners. A consensus was reached: the floor drain and appurtenant subsurface piping would be removed and the surrounding soil would be sampled for volatile organic compounds (VOCS) and removed if contaminated with PCE. On July 21, 1994, a project work plan was approved.

On July 24, 1994, AGI removed the floor drain and appurtenant piping. Soil was excavated to 1.25 feet below ground surface (bgs). The sewer line that had drained the floor drain was capped. Soil samples were collected at 1.25 feet bgs and 3.5 feet bgs; samples were analyzed for VOCS. PCE at 1.25 feet and 3.5 feet bgs was 14.0 ppb and 6.0 ppb, respectively. AGI's August 15, 1994 report concluded that although small quantities of PCE were present in the soil at Red Hanger Kleeners, the contaminant source (F-1) had been removed. The report recommended no further site characterization and that an application for site closure be submitted to the ACHCSA. On August 23, 1994, the ACHCSA concurred and granted site closure.

On November 23, 1998, Hygienetics conducted a limited Phase II ESA involving the installation of four soil borings in and around the Red Hanger Dry Kleeners. Borings were advanced to 10.0 feet below ground. Soil and groundwater analyses from samples collected from soil borings indicated that VOCs had not impacted the site's soil. Shallow groundwater in the vicinity of the dry cleaning machine had been impacted by PCE and related VOC degradation products. However, PCE was below California Department of Health Services (DHS) drinking water maximum contaminant level (MCLs) guideline of 5.0 ppb.

On September 11, 1999, Hygienetics conducted a follow-up limited Phase II ESA involving the installation of three additional soil borings in and around the Red Hanger Dry Kleeners. Red Hanger Kleeners had ceased performing dry cleaning operations at the subject property at the time of this final assessment. Borings were advanced to 10.0 feet below ground surface. Soil and groundwater analyses from samples collected from soil borings indicated that VOCs had not impacted the site's soil. Results confirmed that shallow groundwater in the vicinity of the dry cleaning machine had been impacted by PCE and related VOC degradation products. The PCE and several related VOC degradation products from two of the three boring locations were slightly above California Department of Health Services (DHS) drinking water maximum contaminant level (MCLs) guideline of 5.0 ppb and 6.0 ppb.

Based on the previous and current site investigations, Hygienetics recommended no further subsurface environmental investigations or remediation for the subject property.

Property Solutions was not provided with a copy of the August 23, 1994 letter from the ACHCSA to Kemper Real Estate or any documentation verifying contact with the ACHCSA regarding the Red Hanger Kleeners tenant space. In addition, further contamination has been detected at the Red Hanger Kleeners tenant space since the reported contact and case closure with the ACHCSA.

Based on a review of the previous investigations conducted at the Red Hanger Kleeners tenant space,
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Property Solutions concurs with Hygienetics 1999 recommendation for no further subsurface environmental investigations or remediation at the subject property. However, due to the presence of confirmed VOC impacted groundwater above California Department of Health Services drinking water guidelines, Property Solutions recommends that the Alameda County Health Care Services Agency (ACHCSA) and the San Francisco Bay Region of the Regional Water Quality Control Board (RWQCB) be notified and provided with the most recent subsurface investigations conducted by Hygienetics at the Red Hanger Kleeners tenant space in 1998 and 1999 for technical review and regulatory oversight.

Due to the low levels detected at the Red Hanger Kleeners site, and the fact that the former source (dry cleaning operation) is no longer present at the subject property, it is not expected that the ACHCSA or RWQCB would require remedial actions at the subject property. However, as a worst case scenario, the cost to perform remedial actions at the Red Hanger Kleeners tenant space in response to the levels detected to date would not be expected to exceed \$200,000.00.

ISSUE #2: Harbor Bay 76 Service Station

On May 22, 1990, during a routine product piping and dispenser replacement at the the on-property BP Oil Service Station No. 11270, located at 3255 Mecartney Road (herein referred to as "subject service station"), strong petroleum hydrocarbons odors were identified. Soil was excavated to a maximum depth of 8-feet below ground surface (bgs). A portion of the petroleum-contaminated soil was left in the excavation at this time. In October 1992, four groundwater monitoring wells were installed at the subject service station (MW-01 through MW-04). In June 1993, one well near the western corner of the subject service station (MW-05) and three off-site wells (XW-01 through XW-03) were drilled. In January 1995, the four original wells (MW-01 through MW-04, installed in 1992) were destroyed and two additional wells (MW-06 and MW-07) were installed.

During a Preliminary Site Assessment performed by Hydro-Environmental Technologies Inc. (HETI) at the subject service station dated January 7, 1993, the apparent petroleum release was confirmed in the underlying ground water. The Alameda County Health Care Services Agency (ACHCSA) and the Bay Area Regional Water Quality Control Board (BARWQCB) were notified of the release via letter on February 4, 1993.

On October 31, 1996, four active USTs at the subject service station passed a system integrity test conducted by Tanknology Corp. The USTs tested in 1996 included a 1,000-gallon waste oil tank, a 6,000-gallon tank containing unleaded plus, a 10,000-gallon tank containing unleaded premium, and a 12,000-gallon tank containing unleaded regular.

In November 1996, a risk assessment conducted by Foster Wheeler Environmental Corp. and submitted to the ACHCSA determined the limited petroleum-impacted soil left in-place during soil removal activities conducted at the subject service station in 1990 did not pose an Indoor Air Quality threat at the subject property.

In December 1996, one soil sample was collected from beneath a three-stage oil/water separator at the subject service station. Extremely low levels of petroleum was detected

within the soil directly beneath the separator at a depth of 0.5 feet below ground surface (bgs), with decreasing levels found at 2.0 feet bgs. The separator was cleaned and inspected at the time of soil sampling and no evidence of cracking or construction deterioration was noted.

On October 20, 1997, three active USTs at the subject service station passed a system integrity test conducted by Triangle Environmental Inc. The USTs tested in 1997 included a 6,000-gallon tank containing unleaded plus, a 10,000-gallon tank containing unleaded premium, and a 12,000-gallon tank containing unleaded regular.

On June 3, 1998, two active USTs at the subject service station passed a system integrity test conducted by Triangle Environmental Inc. The USTs tested in 1998 included a 10,000-gallon tank containing unleaded premium and a 12,000-gallon tank containing unleaded regular.

In July 1998, a 1,000-gallon waste oil underground storage tank (UST) was removed from the subject property. A soil sample collected at the time of the waste oil tank removal detected no residual petroleum hydrocarbons at or above laboratory detection limits. The ACHCSA issued a "No Further Action" letter with regards to the waste oil UST removal dated November 23, 1998. Also in July 1998, the existing product lines associated with the on-property USTs were upgraded.

In August 2000, the subject service station's product lines and dispensers were removed and replaced. Soil samples collected from beneath the lines and dispensers at the time of replacement did not reveal detectable levels of petroleum hydrocarbons.

The on-property monitoring wells installed as a part of previous investigations at the subject service station have been sampled on a quarterly and semi-annual schedule from 1993 to 2000. Decreasing levels of petroleum constituents were detected in groundwater collected from these wells from 1993 until 1998, when peaks in both gasoline and MTBE levels were identified. Since the 1998 peaks, levels of petroleum constituents and MTBE have again begun to decrease.

From data collected from the on-property monitoring wells, groundwater flow direction was originally estimated to be in a due westerly direction. Under this assumption, the locations for MW-06, MW-07, and XW-3 were chosen due to their position directly downgradient from the USTs and pump islands. Changes in observed water levels at this site in approximately 1998 altered the estimated groundwater flow direction to a northwesterly direction. This change in estimated groundwater flow direction created a small void in groundwater data directly downgradient from the pump islands, between MW-06 and XW-2.

Property Solutions contacted the Alameda County Health Care Services Agency (ACHCSA) regarding the current status of the on-property BP Oil LUST case. According to Mr. Barney Chan, current case manager for the subject property's LUST case with the ACHCSA, continued monitoring of the existing groundwater monitoring wells has been required by the ACHCSA since 1996 due to the fluctuations of MTBE levels detected in 1998. The presence of the adjacent and cross-gradient

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lagoon as a potential sensitive biological receptor has also influenced the actions required by the ACHSCA, although groundwater beneath the subject property is expected to be of non-beneficial use. Mr. Chan stated that groundwater sampling at the subject service station is planned for March and September of 2001, and if levels continue to decrease as seen over the most recent few rounds of sampling, the ACHSCA is expected to issue a "No Further Action" letter in 2002. However, if petroleum-related constituents increase over the next two rounds of sampling, additional investigations may be required. If groundwater contaminants fluctuate and additional action is required, the installation of a monitoring well directly downgradient from the pump islands, under the current assumption of a northwesterly groundwater flow direction, may be warranted.

Mr. Chan confirmed that BP Oil has been identified as the sole responsible party for the on-property gasoline release. In the case of a future release, both BP Oil and the current station owner, TOSCO Corporation, would be expected to be identified as the sole Potentially Responsible Parties (PRPs).

Based on the fact that the subject property is fully developed with the footprints of the subject buildings and the associated parking areas, and is supplied with public potable water, tenants at the subject property are not expected to come in contact with potential local contamination. In addition, BP Oil and TOSCO are expected to be responsible for any future actions associated with this previous petroleum release. Property Solutions recommends that Newmark Realty Capital Inc. and Canada Life Assurance Company seek legal council regarding their potential responsibility to future investigative or remedial actions associated with the contaminated groundwater located beneath the subject property, resulting from this former BP Oil release.

6.0 ENVIRONMENTAL RECORD RESEARCH

6.1 Property Specific Records

In accordance with California Health and Safety Code Chapter 6.11, the California Environmental Protection Agency (Cal/EPA) developed a state-wide unified hazardous waste and hazardous materials management regulatory program named the "Unified Program". The Unified Program was developed to consolidate, coordinate, and make consistent the following six existing programs:

- Hazardous waste generators and hazardous waste onsite treatment;
- Aboveground storage tanks (spill prevention control and countermeasure plan only);
- Underground storage tanks (except for requirements of Section 25297.1);
- Hazardous material release response plans and inventories;
- Acutely hazardous materials (Chapter 6.95, Article 2); and
- Uniform Fire Code hazardous material management plans and inventories.

A local Certified Unified Program Agency (CUPA) was given responsibility for implementing the Unified Program within each jurisdiction. These local CUPA agencies are responsible for maintaining property-specific records corresponding to the six programs addressed by the Unified Program. The CUPA with jurisdiction at the subject property is the Alameda County Environmental Health Department.

During the course of the assessment of the subject property, Property Solutions contacted the following local and state agencies via phone, letter, or in person.

- Bay Area Air Quality Management District (BAAQMD)
939 Ellis Street
San Francisco, California 94109

According to a letter response the BAAQMD, no files are maintained for the subject property. A response for the subject property's Mecartney Road address is outstanding.

- Department of Toxic Substance Control
P.O. Box 806
Sacramento, CA 95812

According to a letter response from Ms. Lule Varela dated February 23, 2001, the Department of Toxic Substance Control maintains no files for the subject property. A response for the subject property's Mecartney Road address is outstanding.

- California Integrated Waste Board
8800 Cal Center Drive
Sacramento, California 95826

According to a letter response from Ms. Dona Sturgess dated February 20, 2001, the California Integrated Waste Board maintains no files for the subject property. A response for the subject property's Mecartney Road address is outstanding.

At the time this report was prepared, the following local and state agencies had not responded to our information request.

- Alameda County Environmental Health Department (CUPA)
1131 Harbor Bay Parkway, 240
Alameda, California 94502
Contact Date: February 13, 2001
- Bay Area Regional Water Quality Control Board
1515 Clay Street, Suite 1400
Oakland, California 94612
Contact Date: February 13, 2001
- Colleen Murphy, Chief Counsel
Office of Environmental Health Hazard Assessment
P.O. Box 942732
Sacramento, California 94234-7320
Contact Date: February 13, 2001

According to ASTM E 1527-97, Section 7.1.4.2, information that has been requested must be reasonably ascertainable as part of performing the Phase I Environmental Assessment. Information that is reasonably ascertainable per ASTM means that information will be provided by the source within 20 calendar days of receiving a written, telephone, or in-person request.

Copies of the letters and records of communication are included in Appendix G.

Property Solutions contacted the United States Environmental Protection Agency (USEPA) through an on-line search via the Internet to obtain information concerning the subject property. Property Solutions performed a search of Envirofacts, a USEPA-generated website that integrates data extracted from five major USEPA program systems: Aerometric Information Retrieval System (AIRS)/AIRS Facility Subsystem (AFS), Comprehensive Environmental Response, Compensation and Liability Information System (CERCLIS), Permit Compliance System (PCS), Resource Conservation and Recovery Information System (RCRIS) and Toxic Chemical Release Inventory System (TRIS), using two integrating databases: Facility Index System (FINDS) and Envirofacts Master Chemical Integrator (EMCI).

Property Solutions generated a printout of all facilities under the programs identified above that are located within the subject property's zip code (94501). The following former/current subject property tenants were listed in the query search:

- TOSCO service station at 3255 Mecartney Road (regulated waste handler)
- Harbor Bay Chiropractic at 891 Island Drive, Unit D (regulated waste handler)
- Red Hanger Kleaners at 883 Island Drive (air permit)
- Fotomat Corp EB808, 833 Island Drive*, Unit B-1 (regulated waste handler)

* This is expected to be incorrectly listed in the environmental database at 833 Island Drive instead of the actual former location, associated with the former Ritz Camera tenant space at 883 Island Drive.

These subject property listings are discussed in Section 6.2 of this report. The query was executed on March 7, 2001.

A copy of the search results is included in Appendix G.

6.2 Environmental Database Information

As part of the Phase I Environmental Assessment, Property Solutions utilized Environmental Data Resources, Inc. (EDR) of Southport, Connecticut as an information source for regulatory agency environmental database records. The environmental database was dated February 7, 2001.

Data supplied by EDR is included in Appendix H.

The following summary of the database information is divided into two parts. The first part lists

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sites identified and located by EDR within the specified radii of the subject property. The second part contains a discussion of orphan sites, which could not be radius-located by EDR due to incomplete and/or inaccurate address information included in the United States Environmental Protection Agency (USEPA)/state databases.

Although the exact locations of the orphan sites are frequently unknown, Property Solutions attempts to evaluate the potential adverse environmental impact that these sites may have on the subject property. This evaluation consists of reviewing street names in an effort to learn whether the street on which the site is located lies within the radius of the subject property, a drive-by view of surrounding properties during the property visit, and evaluating the site type and information provided by government agencies. The orphan sites included in the following table are those Property Solutions expects to be located within the identified radius. A complete listing of sites is included in Appendix H.

Environmental Database Summary

Database	Radius	Plottable	Orphan
National Priorities List (NPL) Sites	1 Mile	0	0
State Hazardous Waste Sites	1 Mile	2*	0
Resource Conservation and Recovery Act (RCRA) Corrective Action Report Sites	1 Mile	0	0
California Hazardous Material Incident Report System (CHMIRS) Sites	1 Mile	1	0
Comprehensive Environmental Response, Compensation and Liability Information System (CERCLIS) Sites	½ Mile	0	0
CERCLIS No Further Remedial Action Planned Sites	½ Mile	0	0
RCRA Non-Corrective Action Treatment, Storage and Disposal (TSD) Facilities	½ Mile	0	0
Leaking Registered Storage Tank (LRST) Sites	½ Mile	2*	0
California Spills, Leaks, Investigation & Cleanup (SLIC) Sites	½ Mile	2	0
Solid Waste Landfill Sites	½ Mile	0	0
Hazardous Waste Generators	Subject Property and Adjoining Properties	3*	0
Registered Storage Tank (RST) Sites	Subject Property and Adjoining Properties	1*	0
Emergency Response Notification System Sites	Subject Property	0	0
Facility Index System Sites	Subject Property	3*	0

*Includes Subject Property

The following is a summary of the database findings:

Subject and Adjoining Properties

The following former/current subject property tenants were listed in the environmental database:

- BP Oil/Mobile/TOSCO service station at 3255 Mecartney Road (State Hazardous Waste site, LRST site, RST site, regulated waste handler)
- Harbor Bay Chiropractic at 891 Island Drive, Unit D (regulated waste handler)
- Ritz Camera #512 at 883 Island Drive, Unit B-1 (regulated waste handler)
- Fotomat Corp EB808, 833 Island Drive*, Unit B-1 (regulated waste handler)

* This is expected to be incorrectly listed in the environmental database at 833 Island Drive instead of the actual former location, associated with the former Ritz Camera tenant space at 883 Island Drive.

These subject property listings are discussed below. The adjacent properties were not listed in the environmental database reviewed.

State Hazardous Waste Sites:

Information regarding California State Hazardous Waste Sites is extracted from the following sources, the *Cal-Sites* database, the *Cortese* database, the *Notify 65* database, and the *Toxic Pits* database. The *Cal-Sites* database, which is maintained by the California Department of Toxic Substances Control, contains listings of potential or confirmed hazardous substance release properties. The *Cortese* database, which is maintained by the California EPA and the Office of Emergency Information, contains listings of sites that are designated by the State Water Resource Control Board (LUST), the Integrated Waste Board (SWF/LS), and the Department of Toxic Substances Control (Cal-Sites). The *Cortese* database identifies public drinking water wells with detectable levels of contamination, hazardous substance sites selected for remedial action, sites with known toxic materials identified through the abandoned site assessment program, sites with underground storage tanks having a reportable release, and all solid waste disposal facilities from which there is known migration. The *Notify 65* database, which is maintained by the State Water Resource Control Board, contains notifications about any facility with hazardous materials that could impact drinking water and thereby expose the public to a potential health risk. The *Toxic Pits* database, which is maintained by the State Water Resource Control Board, identifies sites suspected of containing hazardous substances where cleanup has not yet been completed.

One of the two State Hazardous Waste sites listed in the environmental database was located outside ½ mile radius from the subject property and based on case types and urban surroundings is not expected to represent an environmental concern to the subject property at this time. The remaining State Hazardous Waste site is listed at the subject property and is identified as follows:

Site Name: BP Oil Facility #11270
Address: 3255 Mecartney Road
Alameda, CA 94501
Distance: Subject Property
Direction: N/A
Gradient: N/A
Case Number: 01-1302
Lead Agency: Local agency
Release Date: 11/04/92
Chemical: Gasoline
Case Type: Other ground water affected
Status: Preliminary site assessment underway
Abate Method: Excavate and Dispose – remove contaminated soil

Property Solutions contacted the Alameda County Health Care Services Agency (ACHCSA) regarding the current status of the on-property BP Oil LUST case. According to Mr. Barney Chan, current case manager for the subject property's LUST case with the ACHCSA, continued monitoring of the existing groundwater monitoring wells has been required by the ACHCSA since 1996 due to the fluctuations of MTBE levels detected in the past. The presence of the adjacent and cross-gradient lagoon as a potential sensitive biological receptor has also influenced the actions required by the ACHSCA, although groundwater beneath the subject property is expected to be of non-beneficial use. Mr. Chan stated that groundwater sampling at the subject service station is planned for March and September of 2001, and if levels continue to decrease as seen over the most recent few rounds of sampling, the ACHCSA is expected to issue a "No Further Action" letter in 2002. However, if petroleum-related constituents increase over the next two rounds of sampling, additional investigations may be required.

Mr. Chan confirmed that BP Oil has been identified as the sole responsible party for the on-property gasoline release. In the case of a future release, both BP Oil and the current station owner, TOSCO Corporation, would be expected to be considered the sole Potentially Responsible Parties (PRPs).

Based on the fact that the subject property is fully developed with the footprints of the subject buildings and the associated parking areas, and is supplied with public potable water, tenants at the subject property are not expected to come in contact with potential local contamination. In addition, BP Oil and TOSCO are expected to be responsible for any future actions associated with this previous petroleum release. Property Solutions recommends that Newmark Realty Capital Inc. and Canada Life Assurance Company seek legal council regarding their potential responsibility to future investigative or remedial actions associated with the contaminated groundwater located beneath the subject property, resulting from this former BP Oil release.

Leaking Registered Storage Tank Sites:

The Leaking Registered Storage Tank (LRST) Information System, which is maintained by the Regional Water Quality Control Board, contains an inventory of reported leaking underground storage tank incidents.

There were two duplicate LRST listings in the environmental database report, both at the subject property and identified as BP Oil Facility #11270 at 3255 Mecartney Road in Alameda (Case Number: 01-1302). This listing is discussed in the State Hazardous Waste section above.

Registered Storage Tanks Sites:

Information regarding Registered Storage Tank (RST) Sites is extracted from the following two California State Water Resources Control Board sources, the *Underground Storage Tank (UST)* database and the *Facility Inventory* database. The UST database contains information on registered USTs which are regulated under Subtitle I of RCRA. The Facility Inventory database contains information on active and inactive UST locations.

There were two duplicate RST listings in the environmental database report at the subject property, identified as follows:

Site Name:	Mobile Service Station, BP Oil Facility #11270
Address:	3255 Mecartney Road Alameda, CA 94501
Distance:	Subject Property
Direction:	N/A
Gradient:	N/A
Facility ID:	39607
Total # of Tanks:	Four
Tank Specifics:	one 6,000-gal, one 10,000-gal and one 12,000-gal gasoline; and one 1,000-gal waste oil
Year installed:	originals in 1981

Additional information regarding this subject property service station is provided above and in Sections 5.6 and 7.1 of this report.

Hazardous Waste Generators:

Information regarding Hazardous Waste Generators is extracted from the following two sources, the *Resource Conservation and Recovery Information System (RCRIS)* and the *HAZNET* database. RCRIS contains information on facilities that generate hazardous waste as defined by RCRA, which are classified as RCRA Small Quantity Generators (SQGs) and RCRA Large Quantity Generators (LQGs). The HAZNET database consists of data extracted from copies of hazardous waste manifests received each year by the California Department of Toxic Substance Control. The information contained in the HAZNET database can be in reference to manifests generated with active EPA ID Numbers by RCRA generators as well as manifests generated under temporary EPA ID Numbers, such as one-time chemical or asbestos waste disposals.

The following former/current subject property tenants were listed as hazardous waste handlers in the environmental database:

1) Site Name: TOSCO Northwest Co
Address: 3255 Mecartney Road
Alameda, CA 94501
Distance: Subject Property
Direction: N/A
Gradient: N/A
EPA ID#: CA0001037050
Classification: RCRA SQG
Category: Not provided
Violations: No violations found

This listing refers to waste oil generation associated with limited automobile service operations at the subject service station. This regulated auto waste generation is further discussed in Section 7.7 of this report.

2) Site Name: Harbor Bay Chiropractic
Address: 891 Island Drive, Unit D
Alameda, CA 94501
Distance: Subject Property
Direction: N/A
Gradient: N/A
EPA ID#: CAD983646118
Classification: RCRA SQG, HAZNET
Category: Photochemicals/photoprocessing waste
Violations: No violations found

Based on the fact that this current subject property tenant is not listed with recorded violations or as a known or suspected release site, this listing is not expected to represent an environmental concern at this time. This limited regulated waste generation is further discussed in Section 7.7 of this report.

3) Site Name: Ritz Camera #512
Address: 883 Island Drive, Unit B-1
Alameda, CA 94501
Distance: Subject Property (former tenant)
Direction: N/A
Gradient: N/A
EPA ID#: Not provided
Classification: HAZNET
Category: Metal sludge, alkaline solution (silver)
Violations: No violations found

4) Site Name: Fotomat Corp EB808
Address: 833 Island Drive*, Unit B-1
Alameda, CA 94501
Distance: Subject Property (former tenant)
Direction: N/A

Gradient: N/A
EPA ID# CAD983634148
Classification: RCRA SQG, HAZNET
Category: Not provided
Violations: No violations found

- * This is expected to be incorrectly listed in the environmental database at 833 Island Drive instead of the actual former location, associated with the former Ritz Camera tenant space at 883 Island Drive.

Based on the fact that Ritz/Photomat is no longer in operation at the subject property and is not listed with recorded violations or as a known or suspected release site, these listings are not expected to represent an environmental concern at this time.

Facility Index System (FINDS) Sites:

The Facility Index System contains both facility information and 'reference pointers' to other sources/database listings that contain additional detail.

The following former/current subject property tenants were listed as FINDS sites in the environmental database:

1) Site Name: TOSCO Northwest Co
Address: 3255 Mecartney Road
Alameda, CA 94501
Distance: Subject Property
Direction: N/A
Gradient: N/A
Reference Pointer: RCRA SQG
EPA ID# CA0001037050
Category: Not provided
Violations: No violations found

This listing is a reference pointer to TOSCO's RCRA SQG listing at the subject property, discussed in the Hazardous Waste Generator's section above.

2) Site Name: Harbor Bay Chiropractic
Address: 891 Island Drive, Unit D
Alameda, CA 94501
Distance: Subject Property
Direction: N/A
Gradient: N/A
Reference Pointer: RCRA SQG, HAZNET
EPA ID# CAD983646118
Category: Photochemicals/photoprocessing waste
Violations: No violations found

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Based on the fact that this current subject property tenant is not listed with recorded violations or as a known or suspected release site, this listing is not expected to represent an environmental concern at this time. This limited regulated waste generation is further discussed in Section 7.7 of this report.

2) Site Name: Fotomat Corp EB808
Address: 833 Island Drive*, Unit B-1
Alameda, CA 94501
Distance: Subject Property (former tenant)
Direction: N/A
Gradient: N/A
Reference Pointer: RCRA SQG
EPA ID#: CAD983634148
Category: Not provided
Violations: No violations found

* This is expected to be incorrectly listed in the environmental database at 833 Island Drive instead of the actual former location, associated with the former Ritz Camera tenant space at 883 Island Drive.

Based on the fact that Photomat is no longer in operation at the subject property and is not listed with recorded violations or as a known or suspected release site, these listings are not expected to represent an environmental concern at this time.

California Hazardous Material Incident Report System Sites:

The California Hazardous Material Incident Report System (CHMIRS), which is maintained by the Office of Emergency Services, contains information on reported hazardous material incidents (accidental releases or spills).

The one CHMIRS site listed in the environmental database was located outside a ½ mile radius from the subject property, and based on case types and urban surroundings is not expected to represent an environmental concern to the subject property at this time.

7.0 PROPERTY VISIT

Property Solutions performed a property visit of the subject property on Thursday, February 15, 2001. Mr. Mack Astorga, Regional Manager of Property Solutions, was accompanied during the property visit by Mr. Rick Gallagher of Reef Funds, property manager. Property Solutions was not provided with access to the BP Oil service station located at the subject property during our Thursday, February 15, 2001 property visit. Property Solutions revisited the subject property on Monday, March 12, 2001 to gain access to the subject service station. Mr. Astorga was accompanied during the service station property visit by Mr. Simon Kim, service station owner and operator. Additional information pertaining to the on-property service station was provided by Mr. David De Witt of TOSCO's Environmental Remediation and Compliance Division. There were no
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inaccessible areas upon completion of both property visits. Weather conditions at the time of both property visits were sunny with temperatures in the 70's.

Photographs taken during the property visit are included in Appendix C.

7.1 Underground Storage Tanks

The following table is a list of underground storage tanks (USTs) identified at the Harbor Bay service station subject property outparcel during the property visit:

UST No.	Capacity (gallons)	Contents	Material of Construction	Date	Leak Detection	Corrosion Protection	Spill/Overfill	Registered	Status
01	6,000	Regular Unleaded	Single-walled Fiberglass	1982	Veeder/CSLD/ATG	N/A	Float Valve	Yes	ACT
02	12,000	Regular Unleaded	Single-walled Fiberglass	1982	Veeder/CSLD/ATG	N/A	Float Valve	Yes	ACT
03	10,000	Premium	Single-walled Fiberglass	1982	Veeder/CSLD/ATG	N/A	Float Valve	Yes	ACT
04	600	Waste Oil	Double-walled Fiberglass	1998	Veeder/CSLD/ATG	N/A	Float Valve	Yes	ACT

Date – Date of installation

Veeder – Veeder Root TLS 350 Monitoring System

CSLD – Continuous Statistical Leak Detection

ATG – Automatic Tank Gauge

N/A – Not applicable with fiberglass tanks

ACT – Active

The subject property is equipped with a leak detection system consisting of a Veeder Root TLS 350 Monitoring System, with Continuous Statistical Leak Detection (CSLD), Automatic Tank Gauges (ATGs), and a Gilbarco VaporVac Phase II Vapor Recovery System. The subject property's monitoring system passed a complete inspection and test performed by Triangle Environmental Inc. (Triangle) on May 8, 2000. The inspection and test included the system's three fuel lines, three turbine sumps, audible alarm, visual alarm, CSLD, and ATGs. According to the Triangle UST Monitor Certification Summary Sheet, the subject property's "monitor and sensors...are operational and calibrated per the manufacturer's specification." A copy of the Triangle UST Monitor Certification Summary Sheet, provided by TOSCO, is included in Appendix I of this report.

According to information provided by TOSCO, the two on-property USTs currently utilized to store Regular Unleaded fuel are manifolded together with a single siphon pipe. The two manifolded USTs feed the station's dispensers through one fuel line. The third UST currently utilized to store Premium Unleaded fuel is connected to the station's dispensers through a second fuel line. Regular

and Premium fuel is blended at the dispensers to offer the three common fuel grades. The subject property's UST system is equipped with double-walled fiberglass lines installed in August, 2000. The fuel lines passed a pressure integrity test upon completion of installation, performed by Tank-Tek Environmental, Inc. (Tank-Tec) on August 25, 2000. A copy of the Tank-Tek Test Report provided by TOSCO is included in Appendix I of this report.

Spill protection is provided by spill containment buckets, drop tubes connected to the fill ports, and striker plates at the bottom of each tank. Overfill protection is provided by ball float valves, which restricts product flow into the tank during fill-up before the tank is full.

Based on the facility information provided by TOSCO, the previous environmental documentation provided by Newmark Realty, and observations made during Property Solutions' property visit, no evidence of environmental concern was identified at the subject property with regards to the current on-property UST system. Property Solutions recommends the continued maintenance of the on-property UST system in accordance with applicable regulations, including the Underground Storage Tank Federal Regulations provided under 40 CFR Part 280.

No additional underground storage tanks (USTs) were observed on the subject property during the property visit. Mr. Gallagher was not aware of additional USTs on the subject property.

No further action with regard to underground storage tanks is recommended at this time.

7.2 Aboveground Storage Tanks

No aboveground storage tanks (ASTs) were observed on the subject property during the property visit. Mr. Gallagher was not aware of ASTs on the subject property.

Based upon the above information, no further action is recommended.

7.3 Polychlorinated Biphenyl Containing Electrical Equipment

A visual review was conducted for the presence of electrical equipment that could contain polychlorinated biphenyls (PCBs), an environmentally regulated material used in dielectric fluid in some transformers. Electrical service is provided to the subject property by the City of Alameda, Department of Public Utilities, Bureau of Electricity.

Property Solutions observed approximately 5 pad-mounted transformers on the subject property during the property visit. No PCB information was provided on the transformers. Based on the age of the subject property, the potential exists that the on-property transformers contain PCBs. No evidence of staining or leaking was observed in the vicinity of the transformers. The transformers had markings indicative of utility ownership and the City of Alameda is therefore expected to be responsible for the maintenance of the transformers. Based on their current condition and utility ownership, these transformers are not expected to represent an environmental concern at the subject property at this time.

No further action with regard to PCB containing electrical equipment is recommended.

7.4 Hydraulic Equipment

Two hydraulic cardboard compactors were observed on the subject property during the property visit, within the rear areas of the Long's Drugs and Safeway tenant spaces. No leaking or staining was observed in the area of the hydraulic equipment.

Two hydraulic lifts were observed within the two service bays of the on-property service station. No leaking or staining was observed in the area of the hydraulic equipment. No loss of pressure or leak problems were reported with the lifts by Mr. Kim. The below-grade cavity of the two on-property hydraulic lifts would have to be dismantled for a complete evaluation of the equipment's current condition.

The on-property hydraulic equipment is not expected to represent an environmental concern at this time. No additional hydraulic equipment was observed on the subject property during the property visit. Mr. Gallagher was not aware of additional hydraulic equipment on the subject property.

7.5 Asbestos Containing Materials

During the course of the property visit, Property Solutions performed a preliminary review of interior, accessible areas of the subject buildings for the presence of suspect asbestos-containing materials (ACMs). This limited review was conducted for overview purposes only; additional suspect materials may exist in concealed locations (behind walls and ceilings, within machinery, etc.). The USEPA defines asbestos-containing material as material containing greater than one percent asbestos. This review was not a pre-demolition/renovation survey or for regulatory submittal purposes.

Per the Occupational Safety and Health Administration (OSHA) regulation 29 CFR 1926.1101 (Asbestos) (k) (Communication of Hazards), thermal system insulation, surfacing material, and asphalt/vinyl flooring that are present in a building constructed prior to 1981, and have not been analytically tested in accordance with 29 CFR 1926.1101 (k) (5) and determined to be non-ACM, are to be presumed to contain asbestos (PACMs).

Based on the age of the subject buildings (1979-1982), PACM and vinyl/asbestos flooring may be located on the subject property.

It should be noted that 29 CFR 1926.1101 applies to work activities including demolition or salvage of structures where asbestos is present and construction, alteration, repair, maintenance, or renovation of structures, substrates, or portions thereof, that contain asbestos.

Review of 29 CFR 1926.1101 (k) (2) (Duties of Building and Facility Owners) reveals that building and/or facility owners must notify the following persons about the location and quantity of ACM and PACM at the work sites in their buildings and facilities:

- Prospective employers applying and bidding for work whose employees can be reasonably expected to work in or adjacent to areas containing ACM and/or PACM.
- Employees of the owner who will work in or adjacent to areas containing ACM and/or PACM.
- On multi-employer worksites, all employers of employees who will be performing work within or adjacent to areas containing ACM and/or PACM.
- Tenants who will occupy areas containing such material.

Property Solutions recommends that prior to the performance of any renovations, remodeling, demolition, or repairs by the in-house maintenance or engineering staff or outside contractors, verification sampling of PACM in the proposed work areas should be performed to ensure that no ACM will be impacted by work activities. Any abatement or removal of asbestos-containing materials must be performed in accordance with applicable federal, state, and local regulations.

Currently, there are no regulations requiring the removal of ACM unless it will be disturbed during renovation, repairs, or demolition. The USEPA recommends that as long as the ACM does not pose an imminent health threat, the materials can be managed under an Operations and Maintenance (O&M) Plan. Property Solutions recommends that an Asbestos-Containing Materials O&M Plan be developed and implemented at the subject property.

7.6 Chemicals, Hazardous and Raw Materials Storage

At the time of the property visit, the majority of the tenants at the subject property were strictly retail, restaurant, or office in nature, and utilized no chemicals and generated no regulated wastes. Limited chemical storage was observed within the following tenant spaces at the subject property during the property visit:

- Long's Drugs and Harbor Bay Chiropractic performs photo-processing within their tenant spaces at the subject property. Factory-sealed packages containing photographic developer and fixer are stored at these spaces.
- TOSCO currently operates a gasoline dispensing service at the subject property, utilizing three gasoline underground storage tanks (USTs). The on-property USTs are discussed in Section 7.1 of this report. Limited quantities of retail-sized, factory-sealed containers of motor oil and antifreeze were also observed to be stored within the two service bays of the on-property service station.

Safeway offers photo-processing services, however, is a drop-off location only and the film is processed at an off-property location.

Red Hanger Cleaners is a drop-off location only, and no dry cleaning is performed at this tenant space. On-property dry cleaning operations were formerly performed at the Red Hanger tenant space, and this former operation is further discussed in Section 5.6 of this report.

Containers found on the subject property during the property visit were observed to have no leaks or spills, and appeared to be properly stored. No staining was observed within the vicinity of the chemical storage. The chemicals observed at the subject property during the property visit are not

expected to have adversely impacted the environmental condition of the subject property.

No additional chemicals were observed at the subject property.

7.7 Waste Generation

Solid waste generated at the subject property consisted of domestic municipal waste and recyclable materials. Solid waste at the subject property is stored in domestic trash dumpsters located on the subject property. Municipal solid waste generated at the subject property is removed by Waste Management. Sanitary waste generated at the subject property is discharged to the City of Alameda sanitary sewerage system.

At the time of the property visit, the majority of the tenants at the subject property were strictly retail, restaurant, or office in nature, and utilized no chemicals and generated no regulated wastes. Limited regulated waste generation was observed within the following tenant spaces at the subject property during the property visit:

- Long's Drugs and Harbor Bay Chiropractic performs photo-processing within their tenant spaces at the subject property. A limited quantity of waste photographic fluid containing silver is generated by Long's and Harbor Bay Chiropractic.
- Two dentist practices were in operation at the subject property, Dr. Ting DDS and Dr. Jennings DDS. Limited quantities of biological waste consisting of spent sharps and swabs are generated by these two practices.
- TOSCO performs limited automobile repair services in two service bays within the on-property service station, and generates limited quantities of waste oil and related auto fluid wastes. Regulated wastes generated at the on-property service station are removed under TOSCO's EPA ID# CA0001037050. Waste oil is initially collected in mobile collection trays prior to transfer to an on-property 600-gallon UST (discussed in Section 7.1). The waste oil is removed from the subject property by American Waste Oil under manifest procedures. Solvent mixture waste is generated in a parts washer equipped with a 35-gallon steel collection drum, prior to removal from the subject property by Safety Kleen under manifest procedures. Waste antifreeze is collected in a 5-gallon plastic pail equipped with secondary containment, and used filters are stored in a 55-gallon metal drum. The waste antifreeze and used filters are removed by Big Sky Enterprises under manifest procedures.

Waste containers found on the subject property during the property visit were observed to have no leaks or spills, and appeared to be properly stored. No staining was observed within the vicinity of the waste storage, with the exception of typical oil staining within the service station service bays. The staining appeared to be limited to the concrete slab floor and no apparent cracks were observed.

Safeway offers photo-processing services, however, is a drop-off location only and the film is processed at an off-property location.

Red Hanger Cleaners is a drop-off location only, and no dry cleaning is performed at this tenant space. On-property dry cleaning operations were formerly performed at the Red Hanger tenant

space, and this former operation is further discussed in Section 5.6 of this report.

The waste generation observed during the property visit is not expected to represent an environmental concern at the subject property at this time.

7.8 Wells, Sumps, Pits, and Floor Drains

No sumps or pits were observed on the property during the property visit. Mr. Gallagher was not aware of any sumps or pits on the subject property.

Six monitoring wells were observed on and surrounding the on-property gasoline service station during the property visit. The wells are a part of an on-going groundwater investigation resulting from a former release at the on-property service station. This investigation is discussed in Section 5.6 of this report.

Floor drains were observed within several of the tenant spaces at the subject property. These drains reportedly discharge to the City of Alameda sewerage system. No chemical storage or staining was observed within the vicinity of the floor drains. These floor drains are not expected to represent an environmental concern at the subject property at this time. No floor drains were observed within the two service bays at the on-property gasoline service station.

Based upon the above information, no further action is recommended.

7.9 Storm Water Runoff and Surface Water

The subject property is entirely improved with the footprint of the subject buildings and associated paved parking areas, with limited landscaping. Stormwater runoff is expected to exit the subject property via overland flow and enter the Alameda stormwater collection system via storm drains located within the subject property's parking areas and along local roadways.

The 1972 Amendments to the Federal Water Pollution Control Act (commonly known as the Clean Water Act {CWA}) prohibit the discharge of any pollutant to waters of the United States from a point source unless the discharge is authorized by a National Pollutant Discharge Elimination System (NPDES) permit. In 1987, the CWA was again amended by Congress to require implementation of a comprehensive national program for addressing problematic non-agricultural, non-point sources of stormwater discharge. As required by the amended CWA, the NPDES Stormwater Program is being implemented in two phases.

The USEPA developed Phase I of the NPDES Stormwater Program in 1990. Phase I requires NPDES permits for stormwater discharges from:

- "Medium" and "Large" municipal separate storm sewer systems (MS4s) generally serving, or located in incorporated places or counties with populations of 100,000 or more people,
- Eleven categories of industrial activity, one of which is construction activity that disturbs five

or more acres of land.

Permit coverage can be either under an individually tailored NPDES permit (used by MS4s and some industrial facilities) or a general NPDES permit (used by most industrial facilities and construction sites). As of August 1999, the USEPA issued NPDES stormwater permits in nine states. In all other areas, NPDES-authorized state water pollution control agencies act as permitting authorities.

Phase II of the NPDES Storm Water Program is currently under development. The Phase II Proposed Rule requires NPDES permit coverage under general permits-for stormwater discharges from:

- Certain small MS4s (primarily all those located in urbanized areas)
- Construction activity disturbing between 1 and 5 acres of land.

The rules and regulations of the NPDES program are included in 40 CFR 122.26.

As stated above, stormwater permitting for a property is based on the property's Standard Industrial Classification (SIC) Code (category of industrial activity). However, the NPDES program includes a "no exposure" exemption for facilities within an applicable category of industrial activity. Based on 40 CFR 122.26 B(14), the subject property must obtain a NPDES Stormwater Discharge Permit only if material handling equipment or activities, raw materials, intermediate products, final products, waste materials, by-products, or industrial machinery are exposed to stormwater. As materials and activities described above are not associated with the subject property, stormwater permitting is not expected to be applicable at this time.

According to Mr. David De Witt of TOSCO's Environmental Remediation and Compliance Division, a stormwater permit is not required or maintained for the on-property service station.

No surface water bodies (i.e., springs or swamps) were observed on the subject property.

No further action with regards to storm water runoff or surface water is recommended at this time.

7.10 Lagoons, Septic Systems, and Separators

No evidence of lagoons, septic systems or separators was observed on the subject property during the property visit.

The following restaurant tenants maintains grease traps at the subject property: Harbor Bay Restaurant, Café Enrico, Safeway, and Lazal's Pizza. According to Mr. Gallagher, waste grease generated at the subject property is pumped directly from the underground grease traps and removed from the subject property by a local waste hauler. These grease traps are not expected to represent an environmental concern at this time.

In December 1996, one soil sample was collected from beneath a former three-stage oil/water

separator at the subject service station. Extremely low levels of petroleum was detected within the soil directly beneath the separator at a depth of 0.5 feet below ground surface (bgs), with decreasing levels found at 2.0 feet bgs. The separator was cleaned and inspected at the time of soil sampling and no evidence of cracking or construction deterioration was noted. According to Mr. David De Witt of TOSCO's Environmental Remediation and Compliance Division, the separator was broken out and filled with concrete shortly after this sampling event. The metal plates covering the location of the former separator were observed within the on-property service station's southern service bay during the property visit. No evidence of additional separators was observed.

No further action with regards to lagoons, septic systems and separators is recommended at this time.

7.11 Stressed Vegetation, Staining, and Odors

No evidence of stressed vegetation, staining or odors was noted on the subject property during the property visit, with the exception of typical oil staining within the service station service bays. The staining appeared to be limited to the concrete slab floor and no apparent cracks were observed. This limited staining is not expected to have impacted the subsurface or represent an environmental concern at this time.

No further action with regards to stressed vegetation, staining and odors is recommended at this time.

7.12 Surficial Disturbances

No evidence of surficial disturbances was observed on the subject property during the property visit.

No further action with regards to surficial disturbances is recommended at this time.

7.13 Potential Wetland and Flood Plains

The subject property is entirely improved with the footprint of the subject buildings and associated paved parking areas, with limited landscaping. No evidence of wetland areas was observed on the subject property during the property visit. Review of the USGS topographic quadrangle map of San Leandro, CA revealed that no delineated wetlands are depicted on the subject property.

Based on a review of the Overview Map provided by Environmental Data Resources of Southport, CT, the subject property is located outside of the 500-year flood zone.

Based upon the above information, wetland and floodplain areas are not expected to represent an environmental concern at this time. No further action is recommended.

7.14 Radon

According to information collected by EDR from the USEPA's State and National Residential Radon Surveys covering the years 1986-1992, the subject property is located within Radon Zone 2,

Moderate Radon Potential Zone. Out of 49 homes tested in Alameda County, 100% of 1st floor living areas were below the EPA's radon action level of 4.0 picoCurie per Liter (pCi/L), with an average level of 0.776 pCi/L. The mean value for basements was 1.338 pCi/L. (pCi/L).

Based on the above information and the non-residential nature of the subject property, radon is not expected to represent an environmental concern at the subject property. No further action with regard to radon is recommended at this time.

7.15 Lead-Based Paint

Based on the date of construction of the subject buildings (1979-1982), there is a potential that lead-based paints (LBP) were used during building construction. This section is for overview purposes only and was not a lead evaluation or comprehensive survey for regulatory submission or predemolition/renovation.

Painted surfaces within the subject buildings were generally observed to be in a good, non-peeling condition. Based on the commercial use of the subject buildings, lead-based paint is not expected to represent an environmental concern. No further action is recommended at this time.

7.16 Lead-in-Drinking Water

Drinking water for the subject property is provided by the City of Alameda Municipal Water System. Municipal water suppliers were required to perform system-wide lead screening of their water system starting in 1992, under the USEPA "Lead and Copper Regulations" (Federal Register Volume 56, No. 26460). These regulations, promulgated in June 1991, require public water systems to perform screening and provide for public notification and corrective action to reduce the lead hazards present in the water system.

According to a representative of the City of Alameda, City of Alameda Municipal Water System's public water supply has met the 90th percentile for the lead action level of 15 parts per billion ($\mu\text{g/l}$), and is currently in compliance with the USEPA's Lead and Copper Regulations.

7.17 Air Emissions

The three on-property gasoline underground storage tanks, which are served by a Phase I Vapor Control System, and the eight gasoline dispensing nozzles served by Gilbarco VaporVac Phase II Vapor Recovery Systems, are currently permitted by the Bay Valley Air Pollution Control District under Permit G#9330/A#1445. A copy of the Permit to Operate is included in Appendix I of this report.

No additional air emissions were identified at the subject property during the property visit. Air emissions are not expected to represent an environmental concern at this time. No further action is recommended.

7.18 On-Property Dry Cleaners

At the time of the property visit, Red Hanger Cleaners was a drop-off location only, and no dry cleaning was being performed at this tenant space. On-property dry cleaning operations were formerly performed at the Red Hanger tenant space, and this former operation is further discussed in Section 5.6 of this report. No evidence of additional dry cleaning operations was discovered at the subject property during this assessment.

8.0 CONCLUSIONS AND RECOMMENDATIONS

Based on the findings provided in this report, Property Solutions' review of the general property information, observation of neighboring properties, research of available historical property information, and a property visit revealed the following:

1. The current Red Hanger Cleaners tenant is a drop-off location only, however, on-property dry cleaning operations were formerly performed at this space for over 18 years. This tenant space has been the subject of numerous subsurface investigations and remedial actions associated with a former solvent release. The former actions performed at this site have included soil removals, soil and groundwater sampling events, and the discontinuance of the on-property dry cleaning operations.

According to a previous report prepared by Hygienetics Inc. (Hygienetics) that summarizes the most recent subsurface investigation conducted at the subject property in 1999, the Alameda County Health Care Services Agency (ACHCSA) was originally notified in 1996 regarding the apparent solvent release at the Red Hanger Kleaners tenant space. The ACHCSA reportedly approved the remedial actions performed at that time (limited soil removal and floor drain abandonment) and issued a "No Further Action" letter to Kemper Real Estate dated August 23, 1994. Property Solutions was not provided with a copy of the August 23, 1994 letter or any documentation verifying contact with the ACHCSA regarding the Red Hanger Kleaners tenant space by Rreef. In addition, further contamination has been detected at the Red Hanger Kleaners tenant space since the reported contact and case closure with the ACHCSA.

Based on a review of the previous investigations conducted at the Red Hanger Kleaners tenant space, Property Solutions concurs with Hygienetics 1999 recommendation for no further subsurface environmental investigations or remediation at the subject property. However, due to the presence of confirmed VOC impacted groundwater above California Department of Health Services drinking water guidelines, Property Solutions recommends that the ACHCSA and the San Francisco Bay Region of the Regional Water Quality Control Board (RWQCB) be notified and provided with the most recent subsurface investigations conducted by Hygienetics at the Red Hanger Kleaners tenant space in 1998 and 1999 for technical review and regulatory oversight.

Due to the low levels detected at the Red Hanger Kleaners site, and the fact that the former

source (dry cleaning operation) is no longer present at the subject property, it is not expected that the ACHCSA or RWQCB would require remedial actions at the subject property. However, as a worst case scenario, the cost to perform remedial actions at the Red Hanger Kleeners tenant space in response to the levels detected to date would not be expected to exceed \$200,000.00.

2. The gasoline service station located at the subject property at 3255 Mecartney Road has been the subject of numerous subsurface investigations and remedial actions associated with a former petroleum release. The former actions performed at this site, required in part to the regulatory oversight by the Alameda County Health Care Services Agency (ACHCSA), have included tank system upgrades, soil removals, and groundwater monitoring well installations and periodic sampling events.

The on-property monitoring wells installed as a part of previous investigations at the subject service station have been sampled on a quarterly and semi-annual schedule from 1993 to 2000. Decreasing levels of petroleum constituents were detected in groundwater collected from these wells from 1993 until 1998, when peaks in both gasoline and MTBE levels were identified. Since the 1998 peaks, levels of petroleum constituents and MTBE have again begun to decrease.

Property Solutions contacted the ACHCSA regarding the current status of the on-property BP Oil LUST case. According to Mr. Barney Chan, current case manager for the subject property's LUST case with the ACHCSA, continued monitoring of the existing groundwater monitoring wells has been required by the ACHCSA since 1996 due to the fluctuations of MTBE levels detected in 1998. The presence of the adjacent and cross-gradient lagoon as a potential sensitive biological receptor has also influenced the actions required by the ACHCSA, although groundwater beneath the subject property is expected to be of non-beneficial use. Mr. Chan stated that groundwater sampling at the subject service station is planned for March and September of 2001, and if levels continue to decrease as seen over the most recent few rounds of sampling, the ACHCSA is expected to issue a "No Further Action" letter in 2002. However, if increased levels of petroleum-related constituents are detected in the underlying groundwater over the next two rounds of sampling, additional investigations may be required by the ACHCSA.

Mr. Chan confirmed that BP Oil has been identified as the sole responsible party for the on-property gasoline release. In the case of a future release, both BP Oil and the current station owner, TOSCO Corporation, would be expected to be considered the sole Potentially Responsible Parties (PRPs).

Based on the fact that the subject property is fully developed with the footprints of the subject buildings and the associated parking areas, and is supplied with public potable water, tenants at the subject property are not expected to come in contact with potential local contamination. In addition, BP Oil and TOSCO are expected to be responsible for any future actions associated with petroleum releases at this site. Property Solutions recommends that Newmark Realty Capital Inc. and Canada Life Assurance Company seek legal council regarding their potential responsibility to future investigative or remedial actions associated

with the contaminated groundwater located beneath the subject property, resulting from this former BP Oil release.

3. Based on the age of the subject buildings (1979-1982), Property Solutions recommends that an Asbestos Operations and Maintenance (O&M) Plan be developed and implemented at the subject property. An opinion of probable cost for preparation of the Asbestos O&M Plan is \$450.00.

9.0 REFERENCES

1. United States Geological Survey's 7.5-minute topographic quadrangle map of San Leandro, CA.
2. Geologic Map of California (1977).
3. National Water Summary (1986), produced by the United States Geological Survey.
4. Environmental Database produced by Environmental Data Resources of Southport, Connecticut.