

ERAS**Environmental, Inc.**

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February 3, 2005

Mr. Stan Grietzer
Reliance Products
P.O. Box 329
Gardena, CA 90248
By facsimile to: (310) 323-4018

**Re: Status of Project at 1614 Campbell Street
Oakland, California
ERAS Project Number 04-002**

Dear Mr. Grietzer:

The purpose of this letter is to summarize our interpretations of the review and discussions of the letter we received from Mr. Bob Schultz of Alameda County Environmental Health (ACEH) on January 31, 2005. We also want to provide information to you regarding the implications of the requirements stated in the letter with respect to the costs and the time that will likely be required to achieve case closure. The purpose of this letter is not to address in detail all the issues raised in the January 31, 2005 draft letter. This letter provides a summary of expected tasks as well as approximate costs and schedule for overall planning purposes.

Summary of Phase 1 and Phase 2 Work Performed

ERAS has performed the environmental work at the Property to provide an assessment of subsurface environmental conditions based on the previous uses. The Phase 1 assessment indicated the location of two former storage tanks, likely underground storage tanks (USTs), and based on the site inspection, areas of storage of hazardous materials and one area where these materials may have caused impact to the subsurface soil and groundwater.

The first Phase 2 investigation was designed to determine if petroleum hydrocarbons in the areas of the former USTs had impacted the shallow groundwater. The second Phase 2 investigation was to assess whether contamination was flowing onto the Property from up-gradient sources and whether groundwater contamination had advanced off-site in the likely down-gradient direction. That is, to gain some preliminary information regarding the horizontal extent of the contamination for consideration by the ACEH.

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The work at the Property was performed using standard investigation techniques, based on the type of contamination expected (petroleum fuel hydrocarbons). The work was performed using accepted standards of care and practice for this area of California. Based on the data collected there appeared to be contamination in limited areas near the former USTs. The contamination was determined to be limited in extent and appeared to have significantly degraded by natural processes in the estimated minimum of approximately 40 years since the USTs have been used.

Following submission of the Phase 1 and 2 investigation reports to the ACEH, Ms. Donna Drogos verbally required submission of a work plan for additional investigation. ERAS requested written comments regarding the report submissions and further requirements, but these were not provided by ACEH. A meeting with Mr. Robert Schutz, Ms. Drogos and Mr. Ariu Levi of the ACEH, Mark Johnson of Nas Construction, Mr. Steven Burke of Burke Commercial Real Estate, myself and Mr. Greitzer was held in August 2004 to discuss the site investigations and future required tasks. At this point Mr. Schultz indicated he had not yet reviewed the report submissions.

ERAS believed that four issues were identified at the meeting as areas of concern to the ACEH: 1) elevated concentrations of petroleum hydrocarbons were detected in soil near the former gasoline UST; 2) a slightly elevated concentration of petroleum hydrocarbons were detected in soil near the former fuel oil UST; 3) additional investigation was indicated to be necessary in the waste storage room in the basement; 4) an inquiry was made by the ACEH regarding the past use of hazardous materials at the Property by Reliance, the current occupant (this information was already forwarded to ERAS and the ACEH).

The workplan prepared by ERAS, dated October 11, 2004, for additional work was designed to remove contaminated soil that may act as future source of contamination to groundwater and assess environmental conditions in the former waste storage area in the basement. The work plan listed those issues (termed "data gap") identified by ERAS preliminary risk assessment and in the meeting with ACEH and proposed tasks to address each data gap. The work plan identified which data gap was addressed by each task proposed.

Initial Review of County Letter and Costs

As indicated in the January 31 draft letter, the ACEH has requested a great deal of additional investigation work prior to conducting removal of source material as recommended by ERAS in the workplan. ERAS has previously attempted since we began work to provide environmental information to you in a timely manner at a relatively low cost. This was a result of the nature of the work (for due diligence screening purposes) and because the site was not listed as a leak case until you willingly provided the report information to the ACEH.

However the requirements of the ACEH as stated in the January 31 letter will significantly increase the cost of site cleanup and closure. ERAS feels obligated,

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therefore, to provide an advance warning of the costs and estimated time periods required to complete the project. Note that ERAS will negotiate in an attempt to minimize the costs while at the same time satisfying the requirements of the current regulations.

The scope of work being required by the ACEH and the associated estimated costs are summarized as follows.

- Preparation of a new workplan including additional research and documentation and explanation of issues at the Property that are NOT a concern. ERAS will also research general hazardous material (hazmat) usage of industries known to previously occupy the site. Approximate cost \$5,000.
- Site wide sampling to investigate for "unknown or undocumented releases" if additional historical information cannot be provided. Since all available sources of information have been reviewed, if ACEH doesn't accept the general hazmat information then site-wide sampling will have to be conducted to satisfy this requirement. It is estimated that based on the large size of the site, at least 10 borings will be required. Since the ACEH has requested sampling be performed at least 10 feet below the total depth of contamination and to investigate for contamination below the water table (approximately 5 feet), three soil samples and one water sample from each boring would need to be analyzed for waste oil constituents at a minimum. The cost per boring is estimated to be approximately \$3,500. Approximate cost \$35,000.
- Although the work conducted by ERAS indicated soil contamination near the former fuel UST but no groundwater contamination and groundwater contamination near the former fuel oil UST, the ACEH is requesting further soil and groundwater investigation in the area of these former USTs. This includes soil sampling as described above except the samples would only be analyzed for petroleum hydrocarbons by carbon-chain range (approximately \$150 per sample instead of \$700 per sample). It is estimated that 6 borings will be required at approximately \$1,500 per boring. Total cost would be approximately \$10,000.
- It appears that groundwater monitoring wells are required since the ACEH has requested information on depth to groundwater and flow direction at the site and has not accepted the groundwater flow information previously determined by ERAS. We estimate that at least 4 wells would be required. Wells, once installed, will require at least two years of quarterly monitoring. Approximate cost \$70,000.
- A conduit survey and well survey is required for the ACEH to provide a decision on case closure. Total estimated cost would be approximately

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\$5,000 if no involved geophysical techniques are required for the conduit survey and a door to door survey to locate wells is not required.

Additional costs would be likely for final well abandonment and other case closure activities, and report preparation (approximate cost \$15,000). Additional work may be required by the ACEH or based on the results of the investigations. The estimated cost for the scope of work summarized above is \$140,000. The cost could be as much as 50% higher but could also be lower depending on the findings of the initial phase of investigation. Note these costs are not bid amounts and **should be considered rough estimates.**

Estimated Schedule

It is estimated that the revised workplan will require one month to complete. The first phase of investigation could be performed after approval of the workplan by the ACEH (total 4 months). A report can be completed within 2 months of initiation of the field investigation (total 6 months). After acceptance of the investigation report (total 9 months), another workplan would then be prepared for well installation or remediation, as appropriate (total 11 months). After 14 months monitoring wells could be installed which would then require 2 years of monitoring. A final report would be prepared requesting case closure if monitoring data indicates closure is appropriate. For the above estimate it is assumed 3 months will be required for review of each document by the ACEH.

Please call if you have any further questions.

Sincerely,
ERAS Environmental, Inc.



David Siegel, R.E.A. II 20200,
Project Manager

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