

APPENDIX L

Site Assessment Avila Ranch Property, San Luis Obispo, CA

- Preliminary Site Assessment (October 2011)
- Addendum to Preliminary Site Assessment Avila Ranch Property. Soil and Groundwater Testing (December 2011)

This Page Intentionally Left Blank.



December 7, 2011

Mr. Stephen J. Peck, AICP
Mangano Company
1005 N. Demaree St.
Visalia, CA 93291

Re: Addendum to Preliminary Site Assessment Avila Ranch Property. Soil and Groundwater Testing of Property.

Dear Mr. Peck:

This letter summarizes the results of our Preliminary Site Assessment Phase II Soil and Groundwater testing at the Avila Ranch in San Luis Obispo, California. This work expands on preliminary analysis of soil on the ranch reported in the initial PSA. Those results reported low level heavy hydrocarbon contamination in the north east corner of the property closest to the source of the 1926 Union Oil Tank Farm release onto the subject property. A single sample was not judged to be representative of the site as a whole so this work provided for soil analysis of an additional 4 samples at different locations within that area on the ranch which were directly impacted by the release of crude oil. In addition this evaluation includes tests to document the absence or presence of any historical pesticide and herbicide spills in the areas believed most likely contaminated by their historical use. The sample locations for both the Total Petroleum Hydrocarbons and Pesticide samples are given in Figure 1 attached. A summary of the procedures, analysis and evaluation of the findings follows.

Findings and Evaluation of Potential Petroleum Contamination

The principle issue of concern is whether or not significant contamination of the Avila Ranch remains from the 1926 fire and release of crude petroleum from the neighboring Union Oil Company Tank Farm. While groundwater analysis was performed on the ranch Ag Well in 1995 reporting no detectable total petroleum hydrocarbons, there were no previous soil tests on the subject property until our single sample collected October 12, 2011 (B1-1'). This test showed relatively minor amounts of heavy petroleum hydrocarbons still exist at the northeast corner of the property directly south of the common border of the Tank Farm Property that lead to the flow of crude oil onto the property in the 1926 fire. To better document this finding an additional four samples covering the area of original release was conducted on November 9, 2011 (B-2 through B-5). As the initial soil samples showed no evidence of contamination below several feet, soil samples were collected at only 1 foot in depth. The collected soil samples were analyzed for Total Petroleum Hydrocarbons (TPH) covering the full crude

range of hydrocarbon. As with the initial sampling, all samples were analyzed for Total Petroleum Hydrocarbon utilizing EPA Methods 5030/8015B, 8021B. The laboratory reports of Analysis for the five tests are attached. A summary of those results are given in Table 1 below:

TABLE I
SUMMARY OF TOTAL PETROLEUM HYDROCARBONS

TPH Range	B-1-1'	B-2-1'	B-3-1'	B-4-1'	B-5-1'
TPH gasoline (C10-22)	ND	ND	ND	ND	ND
TPH Diesel (C10-22)	13*	8.7*	6.0*	4.6*	3.5*
TPH Oil (C22-40)	220	140	120	41	59

*non-diesel pattern overlap into diesel range from heavy hydrocarbon.

Our analysis of the soil shows that remnants of the 1926 fire still exist from the original release of crude onto the property. Additional tests showed roughly decreasing amount heavy hydrocarbons in proportion to the distance from the source of the release. At levels at or below 220 ppm down to as low as 41 ppm, these results confirm early evaluations that the concentration present would not be considered to be a significant contamination and the heavy hydrocarbon presence does not pose any significant health or environmental liability concerns in our opinion.

Findings and Evaluation of Potential Pesticide Contamination

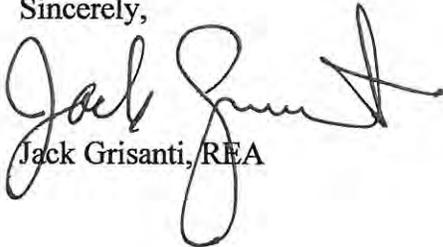
The Avila Ranch is known to have been farmed under the Avila family since 1910. While no reports of spillage or specific evidence of contamination with pesticides are evident, there are several areas within the ranch which could have been used for the storage and preparation of the use of pesticides within its 100 year history. Those areas of highest concern are around the Ag Well, the area of the former Wind Mill and the Farm House/headquarter area. All three of these areas show activity around them in the earliest aerial photographs going back to 1939. The Farm House area has at times shown that it had several out buildings to the east and north of the house itself. The location of the Ag Well is the most likely groundwater point of contamination and was sampled. The well which had not run for many months was sampled after being allowed to run for 20 minutes to insure a representative sample. Composite soil samples were taken in three areas: The Wind Mill area; the north east Headquarter area and the southwest Headquarter Area. Each sample was analyzed for Organochlorine Pesticides (EPA Method 8081A), the Chlorinated Herbicides and the Organophosphorus Pesticides all total 64 different pesticides/herbicides. The laboratory reports of analysis, quality control data and chain of custody documents are attached.

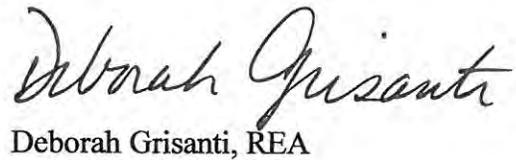
A review of the Laboratory Reports of Analysis showed no detectable concentration of any the pesticides or herbicides tested for. While this is not a complete list of pesticides that could have been used on the Ranch, it includes most if not all the more persistent and toxic ones of concern. It should be noted that pesticides that may be found in the general growing areas are rarely of concern because they would be expected under normal use to be in low concentration and are generally not considered to present a liability or environmental/health impact on the public or person utilizing the property.

Conclusions

Based on the previous submitted Avila Ranch Property Preliminary Assessment and the above Phase II evaluation of the property, it is our opinion the above tests have exceeded reasonable due diligence requirements of the PSA evaluation of this property and further assessment activities are not warranted. If you have any questions or need additional information, please contact Jack Grisanti, Grisanti & Associates at (805) 534-1658.

Sincerely,


Jack Grisanti, REA


Deborah Grisanti, REA





COMMERCIAL

VACHELL LANE

INDUSTRIAL PARK

OPEN LAND
FORM RANCH PROPERTY

LEGEND

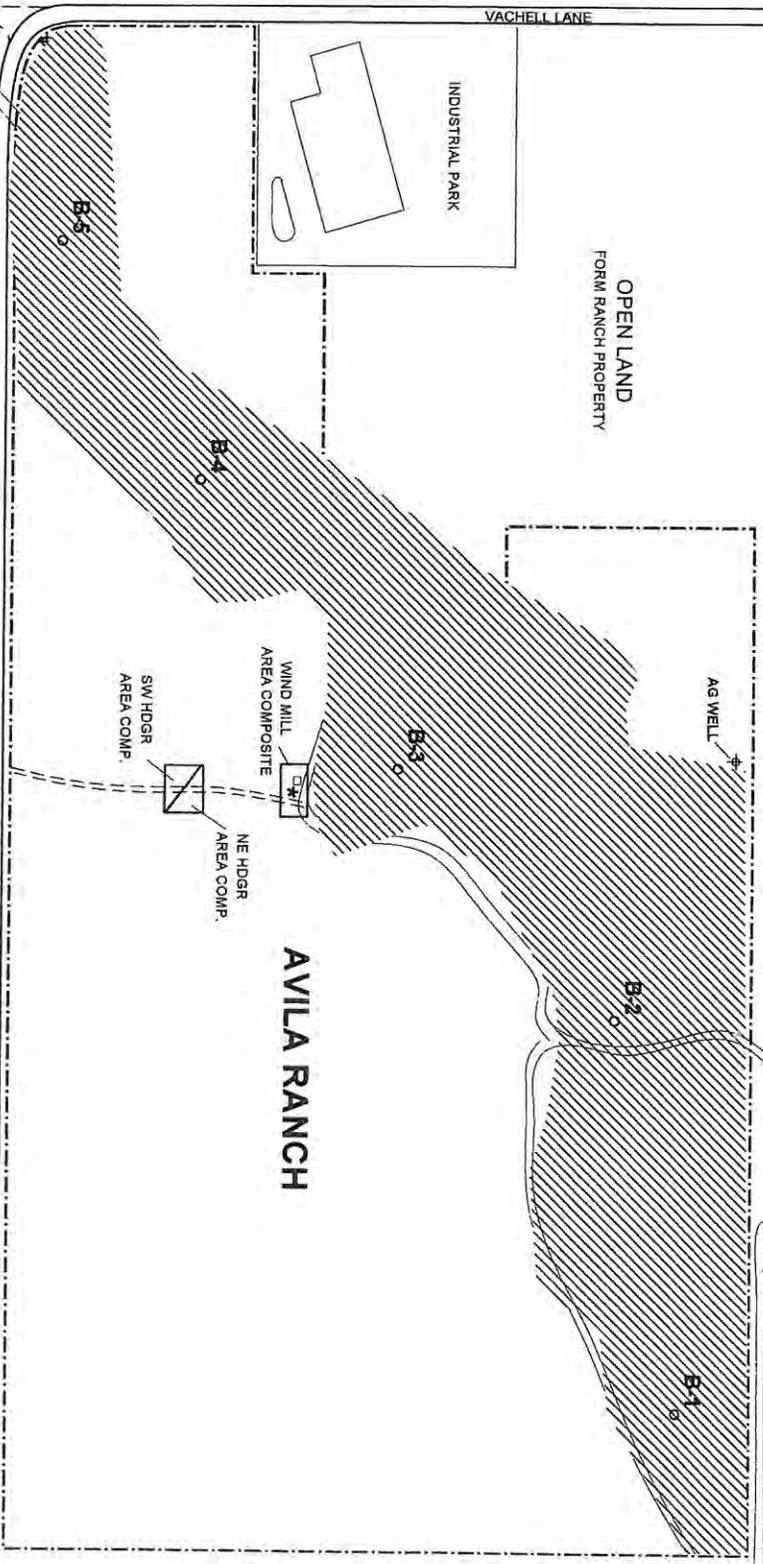
- PROPERTY BOUNDARY
- ▨ AREA OF CRUDE RELEASE
- * SOLID WASTE PILE
- ⊕ AG WELL
- B-1
- SOIL SAMPLE LOCATION

AGRICULTURAL

BUCKLEY ROAD

AVILA RANCH

CONTAINMENT BERM
UNION OIL TANK FARM



GRISANTI & ASSOCIATES

AVILA RANCH PROPERTY
SAMPLE LOCATIONS
OCTOBER 2011

DATE	DEC 8, 2011
FILE	AVILA\AM10C000
DRAWN BY	NEB

FIGURE 1

**AVILA RANCH PROPERTY
SAN LUIS OBISPO, CA**

PRELIMINARY SITE ASSESSMENT

October 2011

Prepared for:

Mangano Company



**GRISANTI
& ASSOCIATES**

Environmental
Assessment &
Hazardous Waste
Management

Serving Central California since 1984

TABLE OF CONTENTS

Introduction.....	1
1.0 Site Description.....	3
1.1 Description of Site and Activities Conducted.....	3
1.2 Records Review	5
1.3 EDR Radius Map Report	5
1.4 Aerial Photographs	6
1.5 Historical Topographical Maps	6
1.6 City Directory and Sanborn Map Review.....	7
1.7 Environmental Lien Search	7
1.8 Environmental Interview(s) and Other Support Records	7
2.0 Environmental Assessment Findings.....	9
2.1 General Findings Overview	9
2.2 Air Pollution Issues.....	9
2.3 Water and Wastewater Issues	10
2.4 Solid Waste	10
2.5 Hazardous Materials and Waste Management.....	11
2.6 Fuel Storage Tanks	14
2.7 Review Off-Site Hazardous Waste Properties Records.....	14
2.8 Asbestos, PCBs, Radon, Lead Paint and Pesticides	16
3.0 Conclusions and Recommendations	19
3.1 General Evaluation of Environmental Liability.....	19
3.2 Warranty	20

APPENDIXES

Environmental Audit Checklist	A
Environmental Records Review	B
Aerial Photos and Site Photos.....	C
Laboratory Results of Analysis.....	D

ILLUSTRATIONS

Figure 1 Vicinity Map.....	2
Figure 2 Plot Plan	4

AVILA RANCH PROPERTY
SAN LUIS OBISPO, CA
PRELIMINARY SITE ASSESSMENT

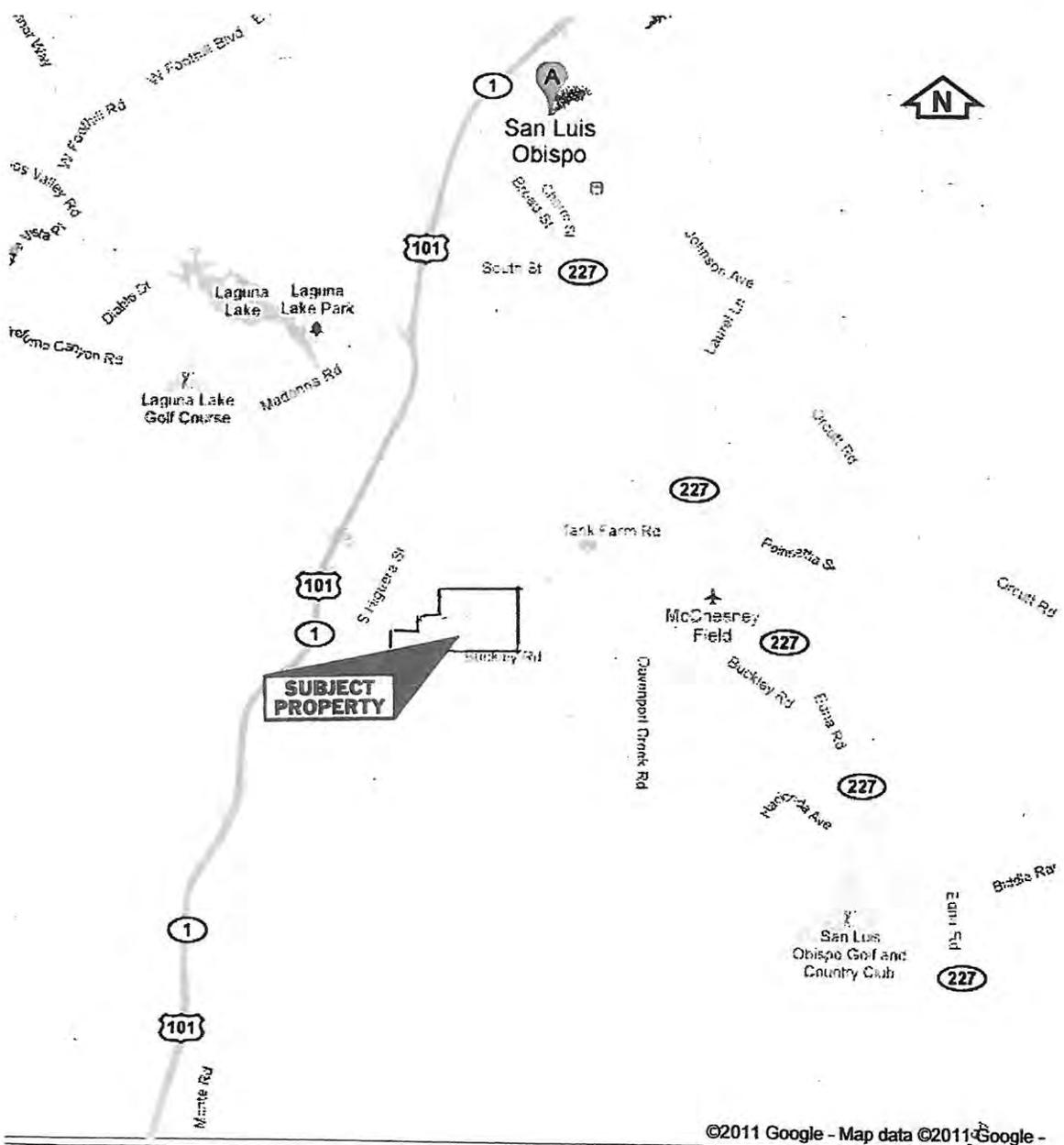
Phase I

Introduction

The primary purpose of this environmental assessment is to provide an evaluation of a 140 acre farm parcel located at the northeast corner of Vachell Lane and Buckley Road, San Luis Obispo, California, to assess the potential environmental liability of the property. All of the 140 acres are currently in active agricultural production. The subject property is made of two parcels APNs 053-259-005 and 006. A vicinity map showing the location of the parcels is given in Figure 1.

The scope of the evaluation encompasses a record or historical search and on-site inspection of the property. Documents used for the evaluation of historical records search were provided by Environmental Data Resources (EDR) which includes Radius Map Report, Sandborn Map Report, City Directory Abstracts, Decade Aerial Photos, Historical Topo Maps, and Environmental Lien Search. A summary of the findings of these reports are given in the following section. The specific areas addressed are stated in our environmental audit checklist given in Appendix A. The latter checklist is utilized to record interview responses from knowledgeable persons regarding historical uses and operations that have occurred on the property.

This environmental assessment addresses issues involving air, water, and land pollution, with major emphasis placed on discovering evidence indicating potential soil and/or groundwater contamination. This preliminary assessment should not be construed as a comprehensive quantification of any and all contamination that could exist. Rather, it serves to provide the client with an indication of the potential environmental problems that may exist on the site and whether further detailed assessment is justified by the findings. The report does conform to the ASTM Standards E1528-06 for a Phase I Preliminary Site Assessment.



©2011 Google - Map data ©2011 Google -



AVILA RANCH PROPERTY
VICINITY MAP
 OCTOBER 2011

DATE OCT 20, 2011
FILE AVLAVCFg1.DCD
DRAWN BY NEG

FIGURE
1

AVILA RANCH PROPERTY
SAN LUIS OBPISMO, CA

1.0 Site Description

1.1 Description of Site and Activities Conducted

The two parcels that make up the subject property are located within City limits of San Luis Obispo, California. As provided by Frank Avila and Chris Darway (Farm Manager) during an interview, the Avila Ranch also known as the “Santa Fe Ranch” has been operated as a farm by three generations of the Avila Family. The original 240 acre ranch was purchased by Manuel F Avila Sr in 1910 and was farmed in production of beans, hay, sugar beets, wheat and other crops. Portions of the larger ranch were sold off in 1971 and 2003 leaving the 140 acre farm land which is the subject of this investigation. While still in agricultural use the property was rezoned to Industrial use by San Luis Obispo County in 1997. In 2005 the site was annexed to the City of San Luis Obispo and is currently zoned for Business Park uses. The land is currently owned by the 17 descendants of Manuel F. and Josephine S. Avila.

The most significant structures on the property were a small farm house, well house and at one time a wind mill. The house had not been occupied since the 1940s and has long been knocked down in a shallow demolition pile. The most significant added feature on the subject property is the drainage canal which runs diagonally from the northeast corner to the southwest corner which receives storm runoff from the Suburban Road property north and Union Oil Company Tank Farm Property to the northeast. A second drainage canal receives water from the northern border and proceeds south to intersect with the longer main drainage canal. These drainage canals eventual drains into a tributary of San Luis Obispo Creek. See Figure 2 Plot Plan.

The areas to the north and west of the subject property are primarily commercial/industrial. To the immediate east lies several residences and to the south open agricultural land and residences.

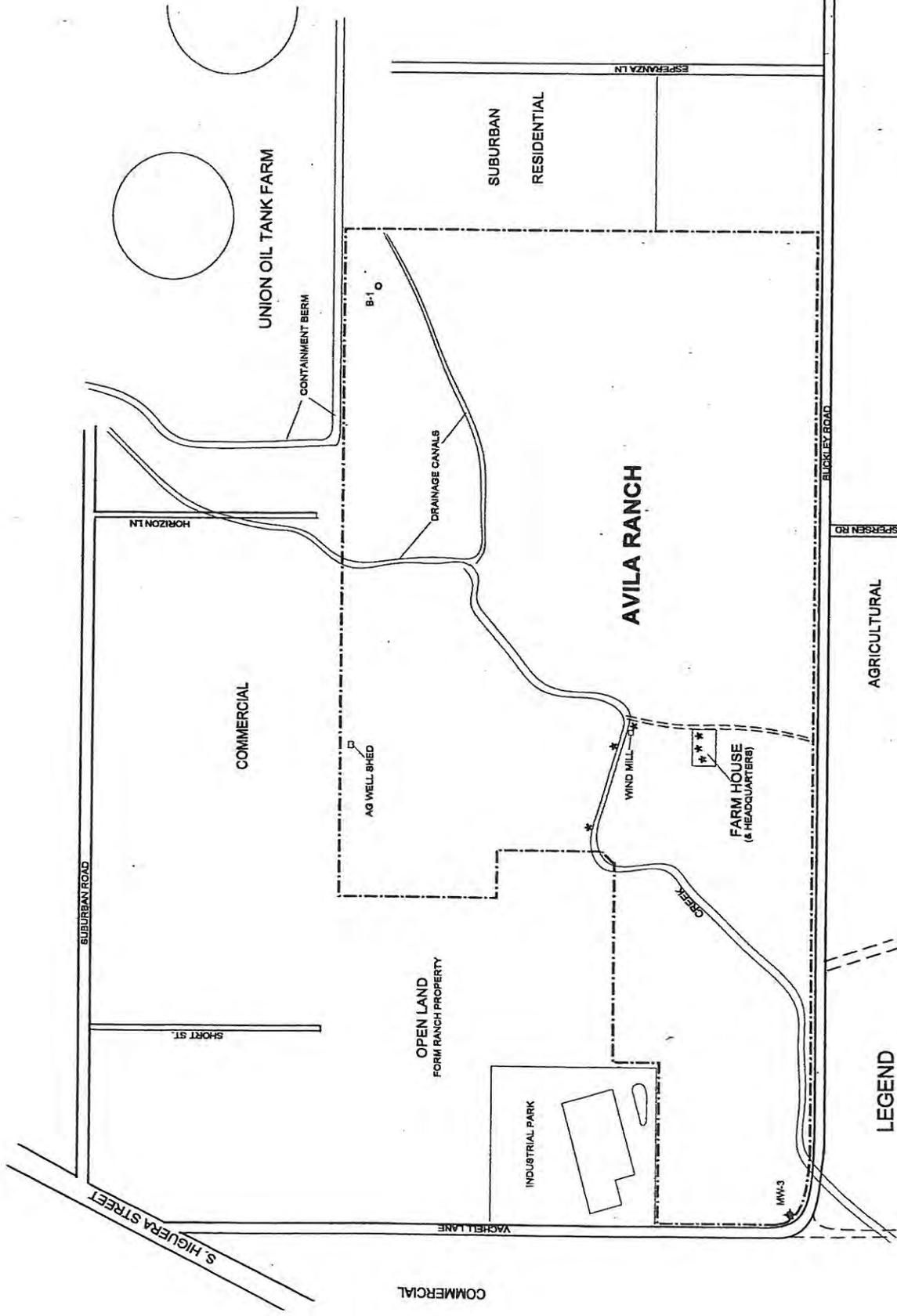


FIGURE
2

DATE	OCT 26, 2011
FILE	AVILARANCH.P3000
DRAWN BY	NEO

AVILA RANCH PROPERTY
PLOT PLAN
OCTOBER 2011



AGRICULTURAL

LEGEND

- PROPERTY BOUNDARY
- === FENCED AREAS
- * SOLID WASTE PILE
- MW-3 MONITOR WELL LOCATION
- B-1-O SOIL SAMPLE LOCATION

The San Luis Obispo Airport is ¾ of a mile east of the property. Two schools are located within 1/3 mile west of the property.

1.2 Records Review

An environmental records review was conducted to evaluate if the investigated property or any property within a one mile border has a recorded history of environmental problems. The records search data in large part was provided by Environmental Data Resources (EDR) of Milford, CT. EDR lists records on properties within a one mile radius of the border of the subject property. These records are summaries of files compiled from a review of regulatory agencies including the California Department of Toxic Substance Control (DTSC), formerly Department of Health Services and the Regional Water Quality Control Board (RWQCB), U.S. Environmental Protection Agency, (USEPA), California Integrated Waste Management Board and the local Department of Public Health, Division of Environmental Health. Additional records also provided by EDR included City Directory Abstract, Sanborn Insurance Maps, Aerial Photo Decade Package, and Historical Topographic Maps. An Environmental Lien Search was also performed by Grisanti & Associates by review of a current Preliminary Title(s). The results of the records review and a listing of sources of the records reviewed is given in Appendix B. Historical Aerial Photographs, Topographic Maps and current site photographs are given in Appendix C. The search meets the requirements of the ASTM Standard Practice for Environmental Site Assessments (ASTM E1528-05). The research areas discussed in the text of this report includes the most significant findings for each of the subject areas of discussion.

1.3 EDR Radius Map Search

A review of the EDR Radius Map record searches showed no listings for the subject property. EDR records search of properties within one mile of the subject property showed approximately twenty sites with one or more files listed. Most of these listed sites were for the use or storage of hazardous materials and/or generation of hazardous waste and otherwise have no

reported environmental problems which would impact the subject site. Of the nine total listings only three were operations which potentially could be of concern to the subject property. The three off-site properties of concern are discussed in detail in Section 2.6 of this report. All reported listings are given in Appendix B for your review.

1.4 Aerial Photographs

Decade Aerial records searches include photographs for 1939, 1949, 1956, 1965, 1972, 1989, 1994, 2005 and 2006. All aerial photographs appear to show that all parcels in the evaluation have been in agricultural use for the entire period of record. The aerial record shows historically that the farm headquarter areas (residences and out buildings), well house, and wind mill were present in all photographs before 1989. Most activity appeared to be near the creek wind mill area for years 1965 to 1972 where multiple tanks or perhaps large semi trailers were parked. By 1989 the house was likely knocked down and activity around the wind mill area was much reduced. Offsite commercial development on the north border started about 1972 and was well in place by 1989. The commercial building/property to the west of the subject property was in place by 2005. With the possible of exception of several years of accumulated flood water ponds there was no indication of any ponds or other surface impounds. There are no significant structures, ponds, landfills or other possible indicators that hazardous waste facilities noted in our examination of all the aerial record reviewed. The photographs cover a 67 year history and are given in Appendix C.

1.5 Historical Topographic Maps

Historical Topo Map review was provided for years 1900, 1918, 1952, 1965, 1978 and 1994. As marked as a small solid square, the Topos did show what probably amounted to farm houses and simple outbuildings associated with small farms as early as 1918. Both Buckley Road and Vachell Lane are shown in all topos. 1900 and 1918 Topos showed the land as undeveloped or agricultural use with San Luis Obispo Creek tributaries running from the northeastern corner of the property to the southwest corner eventually connecting to the San Luis Obispo Creek. Later Topos showed

what appeared to be the natural creek bed extending from the middle of the property to the southwest corner. Again there are no indications of significant structures, ponds, landfills or other possible indicators of a historical use of the site where hazardous substances may have been stored and used. See Appendix C.

1.6 City Directory and Sanborn Map Reports

The EDR Sanborn Insurance maps showed no listing in any of the search areas which is common for agricultural areas. Similarly where provided at all City Directory (Haines) showed no listing for Buckley Rd or Vachell Lane. On Horizon Lane just north of the subject site they have Ink Spot Printing, Cloud Inc, GLA, H & P Co. Inc and, Jeffris Autobody for years 2007 and 1994. On Suburban Road ½ mile north of the property line of the subject property we have office buildings, Ernie Ball Inc, Paladr Mfn Actng, SLO Self Storage and U-Haul for years 2007 and 1994. None of the listed businesses have any listings for environmental problems or are likely to have an operation that potentially could impact the subject property. See Appendix B for listing.

1.7 Environmental Lien Search

Recent changes in ASTM guidelines for conducting Preliminary Site Assessments recommend a title search for environmental liens and other relevant activities. Our review covers First American Title Company's Preliminary Report 4009-36458784 dated May 17th, of San Luis Obispo County, CA. The 2nd parcel also Report 4009-3645884 dated October 14th, 2010 as it applies to parcels APN 053-259-006 of San Luis Obispo County, CA. Our review showed no environmental liens or other activities and use limitations listed on the Title for the subject property. See Appendix B to review the full text of the Title Report.

1.8 Environmental Interview(s) and other Support records.

Mr. Frank Avila part owner and Chris Darway Farm Manager were interviewed at the Ranch Property on October 12, 2011. Their joint response to the Environmental Checklist/Questionnaire is

given in Appendix A. Also provided in Appendix A is a two page historical summary Avila Ranch Property provided by Frank Avila. Both interviewees have extensive experience of 30 to 40 years or better with the property. Frank indicated that Frank Sr. purchased the Santa Fe Ranch from Stanford University in 1912. It has been in continuous agricultural use operated by the Avila Family from 1912 to the present time. The only structures on the property were the Farm House, several outbuildings, a wind mill and electric pump driven agricultural well. While the property was rezoned industrial in 1996 it has continued to be operated only as a farm to date. As indicated in the questionnaire the most significant use of hazardous materials or generation of hazardous pesticides and fertilizers which has been managed by outside Pest Control Advisor (PCA) for 30-40 years. While fuels and lubricants were in use for the operations of farm equipment, there was no reported use of bulk storage above ground or underground fuel tanks on the subject property. The only reported spill on the property is that of the 1926 Union Oil Company Tank Farm Fire which released thousands of gallons of burning crude in a swath originating from the northeast to the southeast corner of the property. To Franks Avila's knowledge, the residue petroleum was removed and disposed off site.

Both in disclosure documents and in this interview, owners have provided information on the potential contamination of the subject property from operations on adjacent properties. The most significant of these is the release of burning crude oil from a 1926 fire at the Union Oil Company Tank Farm Facility located immediately northeast of the site. Provided disclosure documents include a plume boundary map of the 1926 release on the subject property. The Dames & Moore 1988 map showing "immiscible hydrocarbon" plume boundaries all within the Union Oil Tank Farm property. After a Unocal pipeline release that occurred west of the subject property, a monitoring well was placed in the very southwest corner of the subject property by Unocal in 1990 as part of the mostly offsite assessment of the pipeline release. We have been provided summary results of testing of the onsite well which revealed no detection of Total Petroleum Hydrocarbon or Aromatics constituents from this well and nearby assessment wells.

2.0 Environmental Assessment Findings

2.1 General Findings Overview

The property was inspected on October 12, 2011. The property was confirmed to be used for agriculture cultivation. While historically a ranch house and a small assortment of out buildings were in use in the approximate center of the property, these structures have been removed or in the case of the old farm house was knocked down and demolition waste remains in place. North of the house/ headquarters area along the creek there was a wind mill that was used for the pumping and eventual storage of water historically used for agricultural use. In addition to the wind mill, a 400 GPM agricultural water well and shed is located on the north central border. The most notable natural feature of the subject property is a portion of a tributary of San Luis Obispo Creek which had upstream origins on the east central northern border moving diagonally to the southwest corner of the property. A drainage canal was added from the natural creek's end (wind mill area) to the southeast corner of the subject property. The most significant accumulation of waste was found on the property related to the knocked down farm house, minor solid waste piles miscellaneous outbuildings, or homeless shelters. See Figure Site Plot Plan. Photographs of the key features of each parcel are given in Appendix C.

Inspection and evaluation were aimed at finding evidence of any historical environmental problems and potential problems, particularly those resulting in soil and groundwater

2.2 Air Pollution Issues

Our inspection of the property showed no indication of current or historical evidence of operations which might require an air pollution control permit. This was confirmed both in our interviews and in our review of EDR records search data

2.3 Water and Wastewater Issues

Water is supplied by one agricultural groundwater well and historically by a wind mill driven water supply system. Originally the Ag well utilized a 600 GPM Turbine electric pump which was converted to a submersible 400 GPM pump of today. Ground water is reported to be 30-40 feet below ground surface (bgs). Examination of the current system indicated it appears to meet the standards for well construction.

There is no indication either in our inspection or our records search of any kind of wastewater being generated and or disposed on the subject site.

Natural storm drainage on the property appears to be mostly directed to the creek and east drainage canal and then off the southwest corner eventually be directed to the San Luis Obispo Creek. Some natural accumulation of storm water has historically occurred in low areas of the southeast corner of the property. These are most noticeable in 1949 and 1956 aerial photos shown in Appendix C. Natural drainage has been improved by the installation of drainage canals on the northeast side of the property.

2.4 Solid Waste

On the whole the two parcels inspected were found to be well maintained and relatively free of accumulated non-hazardous solid wastes. What waste was present does not pose a significant disposal liability. The most significant of the waste present is the demolition waste of the old farm house which is mostly wood but does include some plaster and asphalt shingle roofing, the latter of which based on its age is likely to contain asbestos materials. There is an assortment of other wood, some metal, and refuse waste on the knoll/house area as shown in our site photographs in Appendix C. Some minor accumulation of non-hazardous waste was also noted at what was suspected to be near the location of the former wind mill. Minor amounts of refuse were also noted along the creek

from past use as homeless camp sites. All told, cleanup and disposal of the accumulated waste probably is likely to amount to less the \$2,000 which is not considered a significant environmental concern, particularly as indicated by Mr. Avila, that provisions for the cleanup of such waste has already been agreed upon.

2.5 Hazardous Materials and Waste Management

The principle hazardous materials in use on agricultural property are generally limited to lubricants, fuels, fertilizers, and pesticides. Of particular concern are those areas of the property that have been used as farm headquarters or staging area for agricultural operations where these hazardous materials may have been stored or used. Our inspection of that farm headquarters area showed no evidence of storage, use, or waste treatment of hazardous materials. Our inspection of the headquarters area and other possible staging areas did not show any visual evidence of pesticide, fuels or other hazardous substance releases or spills (such as stained soil or stressed vegetation). In our inspection of the waste piles we found only two 5 gallon or less empty containers, one of which might have formerly contained a lubricant and the other some kind of agricultural chemical (label long gone). Both containers were free of any previous residual chemicals and could be disposed as non-hazardous waste.

In our interview with Mr. Avila and Mr. Darway they both had indicated that in the last 30-40 years of farming the property that pesticide and fertilizer operations were conducted by a 3rd party Pest Control Advisor (PCA). To their knowledge little pesticides were in use prior to the use of PCA services and that the chlorinated pesticides and herbicides likely used in the period were not likely in use on the property.

The only known evidence of a significant spill on the subject property was the Union Oil Company Tank Farm Fire of 1926. Numerous studies have been performed on the Tank Farm Property but little on the release of burning or hot crude oil that flowed onto the subject property at the time of the 1926 fire. In disclosure documents forwarded to the prospective buyers then to

Grisanti included a Survey Map dated December 1926 showing those areas of the Avila Ranch Property which had been flooded by over flowing crude oil from the adjacent Tank Farm. It is estimated that approximately ½ of the Avila Ranch Property now the subject to this PSA may have been impacted. As passed on by Avila Family members to Frank Avila who we interviewed, the residues of the spill were removed by the family owners/operators and disposed of offsite soon after the spill. They have farmed the subject property ever since as attested to by our historical aerial photographs for years 1939 thru 2006, all of which show the property in active agricultural use. Since the fire, Union Oil Company has installed earthen berms around their property and conducted numerous studies showing contamination appears to remain contained on their property.

The most current assessment of the Tank Farm Property is presented in *Characterization of Petroleum Fraction in Surface Exposures and Shallow Soils, Unocal San Luis Obispo Tank Farm*, November 26, 2003 by England Geosystems, Inc. This latter study does document substantial near subsurface contamination at what is now Chevron Tank Farm property immediately adjacent to the northeast corner of the subject property boundary. This report identifies areas of highly weathered heavy hydrocarbons and tars in limited near surface soil in areas as close as 400 feet away from the subject property and in deeper (10-15 feet) bore locations as close as 900 feet away from the subject property boundary. These reports show that significant concentrations, primarily of the heavier hydrocarbon contamination, have persisted in the soil at relatively high levels since the 1926 Fire. From disclosure documents we obtained a map dated 1988 which was prepared by Dames & Moore which shows that "Immiscible Hydrocarbon" plume boundaries in contaminated hot spots are all apparently within the Unocal Tank Farm property. Based on EDR data, groundwater monitoring since 1998 shows that while contamination of groundwater including some aromatic constituents (benzene) are present under the tank farm property, the plume is stable and further that on going monitoring shows the natural attenuation of the leading edge of the plume which with minor exception remains within the property boundaries. The minor off site exceptions show very limited contamination present at the northwest corner near the office and under Tank Farm Road itself which of course does not pose any contamination threat to the subject property. Recently Chevron, the current operator of the tank farm, is negotiating with San Luis Obispo County and City for

limited commercial development of the property with the bulk of the property to be given to the City/County for Open Space Use. Chevron has agreed to the removal of all objectionable contamination as part of this agreement.

The principle issue of concern is whether or not significant contamination of the Avila Ranch remains from the release of petroleum from the neighboring Union Oil Company properties. Disclosure documents provided show that Unocal and their contractors requested access to the subject property for the purpose of the placement of a groundwater monitoring wells presumably to document the possible contamination coming from the 1926 release. However, the only monitoring well actually installed on the subject property was related to a Union Oil Pipeline release which occurred west of the subject property. As provided by Mr. Avila, the only monitoring well installed on their property was in the very southwestern corner of the property. Data gathered from that Monitor well (MW-3) showed that no detectable levels of Total Petroleum Hydrocarbons were found in that well or nearby wells used to assess a release pipeline leak in that area. Mr. Avila stated that there was no other soil or groundwater assessment work actually performed on the subject property by Unocal or their contractors. However, analysis of water from the onsite Ag well in 1995 by Zymax for the Avila Ranch owners showed well water also had no detectable quantity of Total Petroleum Hydrocarbons or aromatic constituents. In the absence of any data from the spill itself, Grisanti & Associates conducted sampling of soil in the northeast corner of the property directly south of the common border of the Tank Farm Property that lead to the flow of crude oil onto the property in 1926 fire (See Figure 2 B-1 for soil boring location). Samples were collected at 1 foot and 5 feet in depth. Soil was analyzed for Total Petroleum Hydrocarbons (TPH) covering the full crude range of hydrocarbon. The soil is very dark and clayey down to about 3 feet where it turned to tan color but still classified as clayey soil. The results showed no detectible amounts of TPH in the 5 feet in depth sample. The results of analysis however did show that the one foot sample did contain a TPH presence of roughly 220 mg/Kg (ppm), all of which fell within the heavy petroleum hydrocarbons (C20-30) range. Note the 13 ppm hydrocarbon reported as TPH diesel range is non-diesel pattern "bleed over" of the heavy hydrocarbon material that sometimes shows up in the diesel range (See Castle Analytical Report of Analysis B-1 Appendix D). While these findings

show that remnants of the 1926 Fire may still exist from the original release of crude onto the property, it is our opinion that the level of heavy hydrocarbon found in our sample would not be considered to be a significant contamination that would require any remedial action and as such does not pose any significant health or environmental liability concerns in our opinion.

2.6 Fuel Storage Tanks

Our records search and inspection of the property showed no evidence of the use of above ground or underground fuel tanks. Mr. Avila and Mr. Darway both indicated that there wasn't any bulk fuel storage or fixed dispensing equipment located on the subject property now or historically.

2.7 Review Off-Site Hazardous Waste Properties Records

There are 5 files regarding offsite properties which have reported environmental problems by EDR which potentially could impact the subject site. All these sites potentially are known to have contamination issues that could potentially impact the owners of the subject property. A discussion of each property is provided below:

Unocal Old Pipeline No. 2, 4325 Huguera Street, San Luis Obispo, CA. This is a SLIC –Regional Water Quality Control Board. The Site is located 883 feet west of the subject property. This site is in the RWQCB cleanup program and is addressing issues of an old leaking Unocal pipeline running along South Higuera and work is on going. As indicated in Section 2.5, Unocal has placed monitoring wells on and in the immediate neighborhood of the subject property. Results of groundwater sampling on and near the subject property appear to indicate the subject property is clear of any significant contamination (See results of testing (MW3). Based on these results and the distance from the site to the source of the contamination, it is our opinion that this site does not present a potential environmental liability to the subject property or owners.

Air Vol Block, Inc, San Luis Obispo, CA. This is a NPDES Wastewater Discharge which is overseen by Regional Water Quality Control Board Site. The site is located 1,186 feet north of the subject property. The wastewater discharge in question only presents a minor threat to groundwater so due to its distance from the site to the source of any contamination it is our opinion that this site does not present a potential environmental liability to the subject property or owners.

Hanson Aggregate, 131 Suburban Rd, San Luis Obispo, CA. This is a NPDES Wastewater Discharge which is overseen by Regional Water Quality Control Board Site. The site is located 1221 feet north of the center subject property. The wastewater discharge in question only presents a minor threat to groundwater, so due to general movement of groundwater away from the subject site and its distance from the site to the source of any contamination it is our opinion that this site does not present a potential environmental liability to the subject property or owners.

San Luis Truck Service Garage, 219 Tank Farm Rd. The site is located 2305 feet north of the subject property. This is a SLIC –Regional Water Quality Control Board Cleanup Site addressing issues related to the release of mineral spirits, solvents, and gasoline constituents including MTBE. While also listed as LUST (leaking underground storage tank) site, no tank data is given suggesting it may more likely involve a leaking sump or collection basin. The MTBE leak was originally discovered in soil during the repair of subsurface clarifier and seepage pit on the neighboring airport property. This prompted groundwater testing in the area leading to the discovery of MTBE in water and eventually the discovery of source of the leak at the San Luis Truck Service Garage Property. The project is still in the assessment phase. While the assessment of the extent of contamination is not yet complete, based on the fact that this a County facility with the Unocal/Chevron Tank Farm property is located between this site and the subject property, resolutions of any remaining cleanup issues will be resolved long before any impact to the subject property. In essence due to the distance from the subject property from the source of the contamination, it is our opinion that this site does not present a potential environmental liability to the subject property or owners.

Unocal (Chevron) Tank Farm Bulk Storage, 276 Tank Farm Road, San Luis Obispo, CA. This is a SLIC, NPDES –Regional Water Quality Control Board Site located immediately northwest of the subject property. This site is in the RWQCB cleanup program and addresses primarily issues raised as a consequence of a 1926 Fire and Crude Oil Release. An estimated 200 million gallons of crude oil was burned up and/or released to soil extending off site to the south and southwest. Numerous studies have been conducted on soil and groundwater within the Tank Farm property. These studies report that through active remediation and natural degradation of contamination has been significantly reduced to levels that do not pose any danger of spreading contamination. Based on EDR data, groundwater monitoring since 1998 shows that while contamination of groundwater (including some aromatics such as benzene) is present under the Tank Farm property, the plume is stable. Further on- going monitoring shows natural attenuation of the leading edge of the plume. While minor levels of contaminants extend beyond the boundaries of the Tank Farm they do so well away from the subject property and present no threat to the subject property. Recently Chevron the current operator of the tank farm is negotiating with the County and City for limited commercial development of property with the bulk of the property given to the City/County for Open Space Use. Under these circumstances, it is our opinion any remaining near contamination will be adequately addressed thus minimizing if not eliminating any future liability threat to the owners of the subject property. It should be pointed out that due to well documented contamination of the Tank Farm Property, it is very unlikely that the subject property owners would ever be liable for contamination arising from the Tank Farm Property even if such contamination should impact the subject property in the future. .

2.8 Asbestos, Radon, PCB's and Pesticides

Due to the age of the old farm house the demolition waste may well contain asbestos containing building materials (ACBMs). In this case materials which most likely contain asbestos are roofing materials which remain on site. An asbestos survey may be called for prior to cleanup and disposal. The lead agency for such permitting is San Luis Obispo Air Pollution Control District.

If significant amount of asbestos is found proper provisions for removal should be made through a licensed demolition contractor during the demolition process. The asbestos containing materials that may be present in these old farm homes generally expected to be in small quantities and are not likely to result in a significant disposal liability.

Radon is generally considered to be moderate risk in San Luis Obispo County according the US EPA. In areas where radon is prevalent it can migrate through the soil into basements and low-lying living areas. Radon can also enter the home through its gaseous release during showers, bathing and other washing or water use activities in the home. Based on State Database 173 tests for radon in homes in the 93401 zip code, only 3 with were found with a rating greater than 4 pCi/L (the highest Category). In the Federal database for Radon within the 93401 only 4 sites tested showed an average living area of a single floor dwelling to be 6.925 pCi/L with three of four above Zone 1 highest rating. While the vast majority of the State database for the area was found at moderate or lower category levels, there is still some concern for Radon in the County. That there are some high areas of Radon risk in the County consideration should be given for design of residential structures which mitigate Radon's potential health impact to occupants. See EDR Radial Map Search pg. A-14 in Appendix B.

There was one transformer on PG&E power poles along the central north property line to the Ag Well. These PG&E transformers should not contain PCB's as PG & E discontinued use of PCB's in transformers in the 1980's.

This property is located in township 31 south, range 12 east and sections 05 and 06. The State of California does not have a Pesticide listing for this area in their Groundwater Protection Area program.

As a result of historical agricultural use there is potential for low concentrations of persistent pesticides and other agricultural chemicals to be present in near surface soil. These concentrations are not usually regulated by government agencies and are not likely to be a source of

liability assuming that chemical application was performed according to manufacturer recommendations.

3.0 Conclusions and Recommendations

3.1 General Evaluation of Environmental Liability

No significant hazardous substance liability issues were raised in conjunction with our records review and site inspection the subject property. No evidence of significant hazardous waste accumulations, spills, or contamination was noted. There was no evidence of hazardous pits, disposal trenches or other hazardous waste activity. There was no record or evidence of uses in our interviews or inspection of the property for the use of above ground or underground fuel tanks.

Accumulated non-hazardous materials and waste was found but at levels not constituting a significant disposal liability. Relatively modest amounts of mostly wood and general refuse were found at the old farm house and headquarters area and a smaller amount located in the area of the old wind mill. Even lesser amounts of refuse were noted along creek areas where homeless camping areas had been located. The most significant of these wastes are the demolition waste from the old farm house which due to its age is likely to contain asbestos building materials particularly in the shingles that remain on site. While specific permits may be required, the amount of cleanup and disposal cost should be modest. Cleanup and disposal costs of non-hazardous waste associated with the property even including the cost of disposal of the asbestos containing materials should remain under \$2,000. As indicated previously the arrangements for the disposal of any waste on the site will provided by seller.

There is no record of activities which would require air pollution control permits, wastewater discharge limits or other environmental permits. The only possible exception is that for the cleanup and disposal of asbestos containing demolition may require a permit by the San Luis Obispo Air Pollution Control District. There appears to be little risks associated with historical pesticide use, radon, or PCB.

Regulatory review of files showed no evidence or history of hazardous material use in conjunction with on-site activities. No off site properties up to one mile of the subject parcels appear to have current reported environmental situations or problems that would present an environmental liability to the owner or future owners of the property, in our opinion.

Warranty

Our professional services have been performed, our findings obtained, and our recommendations prepared in accordance with current generally accepted engineering and geologic principles and practices. The findings were as described during the time of this investigation. Future human intervention or other factors may invalidate this report. Grisanti & Associates will not be responsible for conditions or consequences arising from relevant facts that were concealed, withheld, or not fully disclosed to Grisanti & Associates at the time the investigation was performed. This warranty is in lieu of all other warranties either expressed or implied.



Jack Grisanti, REA #0106

11-2-11
Date



Deborah Grisanti, REA #4257

11-2-11
Date

MANGANO
HOMES INC