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Environmental Real Estate Newsletter

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Introduction

This Newsletter is published from time to time for the benefit of the clients of ERAS and other interested persons. It discusses environmental issues of concern pertaining to environmental assessment of commercial real estate. Many of these issues come up regularly during our business interactions.

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ERAS Launches New Website

ERAS is proud to announce our new company website: www.eras.biz. Information that will be available will include ERAS qualifications such as personnel resumes and professional certifications. Information soon to be added will include past newsletters and links to regulatory information that is important to environmental real estate transaction. Please email us at info@eras.biz or first name of staff @ eras.biz.

Importance of Phase 1 Research

ERAS specializes in Phase 1 and Phase 2 Environmental Assessment (ESA) of commercial real estate. Great care is taken to minimize the risks for buyers and financiers of property through careful and complete (when reasonably ascertainable) file research.

Since the main purpose of a Phase 1 ESA is to determine whether additional investigation (intrusive and considerably more expensive Phase 2 sampling) is warranted, the importance of accurate and complete Phase 1 research cannot be understated.

ERAS has the ongoing opportunity to review for our clients a large number of Phase 1 assessments performed by other environmental consultants. This work provides a significant benefit to ERAS and thus to our clients because it allows us to avoid pitfalls that are common for this type of project and reporting.

We have observed errors and/or lack of thoroughness in Phase 1 research work that has thus led to

recommendations for unnecessary Phase 2 work or caused inaccurate or insufficient Phase 2 work. The following are some examples of the serious issues that may arise from inaccurate Phase 1 research.

1. At an industrial site in Union City, an environmental consultant indicated the former presence of an aboveground storage tank (AST) farm. The consultant recommended Phase 2 sampling to investigate for the presence of unknown contents of the tanks. In addition, the report did not indicate the former location of the tanks. The ESA project should have made these determinations.

Further research performed by ERAS indicated that the Leslie Salt Company operated the site and the tanks likely contained non-hazardous chemicals for salt production.

2. A warehouse site in western Hayward was found to have contained two sets of underground storage tanks (UST). Building department plans and sketch maps reviewed by the Phase 1 consultant showed the locations of the tanks. However, based on the available maps, there was a question about the proper locations of one set of the UST's. As a result the consultant recommended borings that would have completely missed the necessary subsurface evaluation of the 2nd set of UST's.

ERAS determined, through a detailed review of scaled historical aerial photographs, the correct former layout. Both sets of former USTs as well as the associated pump islands were clearly visible on these photos.

3. Through the course of a Phase 1 ESA for a closed gas station site in San Leandro the site was found to have contained two sets of tanks of different ages. Although these were scaled plans on microfilm at the building department, the consultant did not specify the precise location of the former UST's. As a result, the consultant recommended eight soil borings in locations all over the site. In addition, the consultant did not determine the correct depth to groundwater resulting in an estimate for Phase 2 work that was significantly incorrect.

ERAS reviewed the microfilmed maps and determined the exact location of the former UST's and pump island. As a result of this information, ERAS was able to collect samples from only five correctly located borings resulting in a significant cost savings to the client.

New Electronic Reporting

In order to further increase our level of service, ERAS will send final reports in a .PDF format. This will allow reports to be sent and received the same day. It will also help conserve energy and forest resources. Proposals and other correspondence can also be sent electronically. Please specify if you would like to receive final documents in a paper form.

New Employee Hired

ERAS is proud to announce the addition of Casey Wheable, known as CW, as a staff scientist. The addition of CW will allow ERAS to further improve it's responsiveness in completing Phase 1 and Phase 2 investigations.

Pitfalls of Condominiums

As a result of the rapid rise of real estate values, there has been a push to provide new space for business by building condominiums.

In our communications with clients, we have noted a strong tendency to downplay the potential environmental liabilities associated with condominiums. This is likely a result of a number of factors including the generally smaller sizes and thus lesser costs of these commercial spaces but also because many of them tend to be newer developments.

Condominiums pose a special challenge, from an environmental assessment viewpoint. This is because while individual units are smaller, there is an ownership by each owner in the ENTIRE property. Therefore, the condominium association and by definition each owner shares in the environmental liabilities of the entire condominium development.

The condominium complex may constitute a LARGER area that is subject to impact from an off-site source. This means that there may actually be a larger area of land, compared to single smaller parcels that could be impacted by contamination from off-site sources.

Many condominium complexes are re-developments that have been built where former buildings once stood. It is important to evaluate historical information for the ENTIRE development for which the liability is shared.

In some cases, it may be prudent to perform a complete Phase I ESA, or at least additional research, even for the sale of condominium properties.

HAPPY

HOLIDAYS

FROM ALL OF US

at ERAS Environmental, Inc.

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If you have any questions regarding the information in this newsletter, ERAS services, or if you have a subject you would like to read about in a future newsletter, please call David Siegel at 510.247.9885 (ex. 304) or send us email at info@eras.biz