

Project No.  
**9548.000.000**

July 9, 2012

Mr. Chris Anderson  
Borelli Investment Company  
2051 Junction Avenue, Suite 100  
San Jose, CA 95131

Subject: 1750 N. First Street  
APNs 235-01-019 and -020  
San Jose, California

### **ENVIRONMENTAL PEER REVIEW**

Reference: Bureau Veritas North America, Inc.; Phase I Environmental Site Assessment, Holiday Inn – San Jose Airport, 1750 North 1<sup>st</sup> Street, San Jose, California; February 18, 2010; Project No. 33110-010900.00.

Dear Mr. Anderson:

This report presents the findings of ENGEO's review of the referenced report prepared for the subject property (Property). Our purpose was to evaluate potential environmental concerns and determine if these concerns could impact the proposed residential development. The scope of services included the following:

- A review of the referenced environmental document.
- Preparation of this letter report with our conclusions and recommendations.

### **PROPERTY DESCRIPTION**

The Property, located at 1750 N. First Street in San Jose, is identified with Assessor's Parcel Numbers (APNs) 235-01-019 and 235-10-020. APN 235-01-020, which constitutes a small portion of the total Property area, is reportedly identified with 1640 N. First Street and includes the frontage to N. First Street. The Property has been used for a mid-rise hotel complex.

### **REFERENCED REPORT**

[Bureau Veritas North America, Inc.; Phase I Environmental Site Assessment, Holiday Inn – San Jose Airport, 1750 North 1st Street, San Jose, California; February 18, 2010; Project No. 33110-010900.00.](#)

Bureau Veritas North America, Inc. (Bureau Veritas) completed a phase I report in February 2010 for the Property. Their scope of work included the following:

- A site walkthrough of the property for visual evidence of potential environmental concerns.

- An investigation of historical use of the property through reasonably ascertainable ASTM Standard Historical Resources.
- A review of information available on general geology and topography of the property, local groundwater conditions, sources of water power and sewer, and proximity to ecologically sensitive receptors.
- A review environmental records available from the client, property owner, or site contact.
- A site property line visual assessment of adjacent properties for evidence of potential offsite environmental conditions that could affect the property.
- A review of a commercial database summary of federal, state, and tribal regulatory agency records pertinent to the subject property and offsite facilities located within ASTM-specified search distances from the subject property.
- Interviews with the designated Key Site Manager regarding current and previous uses of the property.
- Evaluation of information gathered and development of a report.

Bureau Veritas reported that the Property consisted of an 18.31-acre hotel and meeting facility. The Property consisted of 13 buildings with 512 guest rooms, meeting rooms, a ballroom, and a restaurant, as well as other common hotel features, including a swimming pool, landscaped areas, walks, and parking. Surrounding properties were reportedly devoted to industrial and commercial uses.

Bureau Veritas noted that the Property was devoted to agricultural purposes from at least 1939 until the mid 1950s. Development of the hotel complex began in 1959, and an Exxon service station was present at the Property from 1962 until 1983.

The report did not identify any Recognized Environmental Conditions (RECs) associated with the Property, but three “notable findings” were identified:

- Underground storage tanks (USTs) were removed from the former Exxon station location in 1983. Grab soil and groundwater samples identified petroleum hydrocarbon impact. Four permanent groundwater wells were installed in 2000. One groundwater sample exhibited a total petroleum hydrocarbon as diesel (TPH-d) concentration of 86 micrograms per liter ( $\mu\text{g/l}$ ). However, no VOCs or petroleum hydrocarbon constituents were detected in other samples, and the Santa Clara Valley Water District (SCVWD) closed the associated case on August 22, 2000. Although residual contamination reportedly exists, Bureau Veritas reported that the results do not exceed respective Environmental Screening Levels (ESLs) promulgated by the San Francisco Bay Regional Water Quality Control Board (RWQCB), and they concluded this was not considered an REC.

- A facility located to the east of the Property has been devoted to industrial uses since at least 1956, and it reportedly included truck/automotive repair facilities until 2007. Impact associated with chemical use/storage has been reported. Because of the location of these facilities with respect to the Property (cross-gradient), Bureau Veritas indicated that this facility is not considered an REC, and would not be expected to pose a threat to the Property from a vapor intrusion standpoint.
- Asbestos-containing materials were identified at the Property. Bureau Veritas provided recommendations with respect to regulatory compliance for communications as well as potential disturbance of these materials.

## **SUMMARY AND CONCLUSIONS**

Based on our review of the referenced reports, ENGEO provides the following opinions regarding the Property:

In general, we concur with the findings presented in the referenced report, with the following exceptions:

- Previous sampling has identified the presence of asbestos-containing materials at the Property. However, no sampling has been performed on potentially lead-based paint materials. These materials should be sampled, and asbestos- and lead-containing materials should be properly abated prior to structural disturbance or demolition. Additionally, PCB-containing materials may be present in transformers and elevator equipment; these materials should be properly removed at the time of equipment removal.
- Bureau Veritas acknowledged that the Property was used for agricultural purposes from at least 1939 until the mid 1950s. However, no discussion was presented regarding the potential presence of recalcitrant metallic or organochlorine pesticides. Although a review of aerial photographs indicates that agricultural activities were likely confined to dry farming, and even though site disturbance during development may have resulted in the removal of surface soils, it is possible that pesticides are still present. If land use is to substantially change from its current use, consideration should be given to an agricultural chemical assessment.
- The Property received site closure related to soil and groundwater impacts that had been confirmed during previous investigations. These impacts were reportedly due to the former operation of a gasoline service station at the Property. Although closure has been granted, and residual concentrations in groundwater and soil appear to be below respective screening levels, Bureau Veritas reported that a case summary maintained by RWQCB indicates that “residual contamination remains at the site that could pose an unacceptable risk under certain site development activities. The closure requires that the SCVWD and appropriate planning and building departments be notified prior to any changes in land use, grading, excavation, or water well installation.” If land use is to substantially change from its current use, a soil, groundwater, and/or soil vapor study should be considered.

## LIMITATIONS

The recommendations and conclusions presented in this review were based strictly on our evaluation of the referenced report. This review is not intended to represent a complete environmental site assessment or site characterization. ENGEO assumes no liability for the validity of the materials relied upon in the preparation of this report.

ENGEO has prepared this report for the exclusive use of Borelli Investment Company (Client). It is recognized and agreed that ENGEO has assumed responsibility only for undertaking the study for the client. The responsibility for disclosures or reports to third party and for remedial or mitigative action shall be solely that of the Client. ENGEO agrees not to provide a report to any third party not legally required, unless authorized by the Client.

If you have any questions regarding the contents of this letter, please contact us.

Sincerely,

ENGEO Incorporated



Jeffrey A. Adams, PhD, PE, REA



Shawn Munger, CHG, REA