



May 26, 2006

Mr. Gerry Kelly
Essex Property Trust, Inc.
925 East Meadow Drive
Palo Alto, California 94303

Subject: Phase I Environmental Site Assessment
San Jose Parcels
34, 66, and 80 East Rosemary Street and 1290 North 1st Street
San Jose, California 95112
Versar Project No. 105071.5071.107

Dear Mr. Kelly:

Enclosed please find Versar, Inc.'s report titled *Phase I Environmental Site Assessment, San Jose Parcels, 34, 66, 80 East Rosemary Street and 1290 North 1st Street, San Jose, California*. Please contact me at (916) 863-9323 should you have any questions or comments regarding this report. Thank you for the opportunity to provide our professional technical services to Essex Property Trust, Inc.

Sincerely,

A handwritten signature in black ink, appearing to read "T Berger", written in a cursive style.

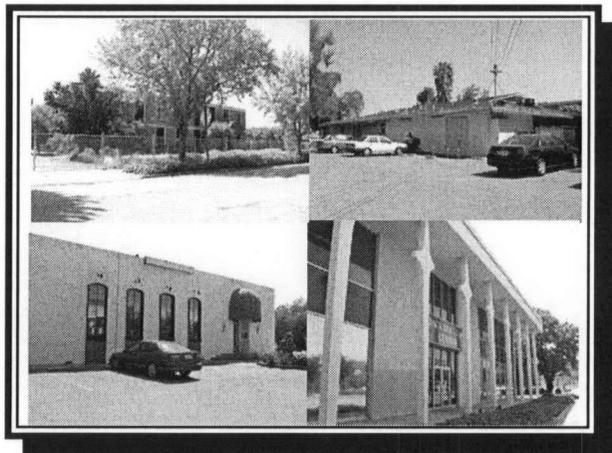
Tim Berger, R.E.A., P.G.
Program Manager
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Phase I Environmental Site Assessment

**SAN JOSE PARCELS
34, 66, AND 80 EAST ROSEMARY STREET
1290 NORTH 1ST STREET
SAN JOSE, CALIFORNIA**



Prepared for:

**ESSEX PROPERTY TRUST, INC.
ESSEX PORTFOLIO, L.P.
925 East Meadow Drive
Palo Alto, California 94303**

Versar Project No. 105071.5071.107

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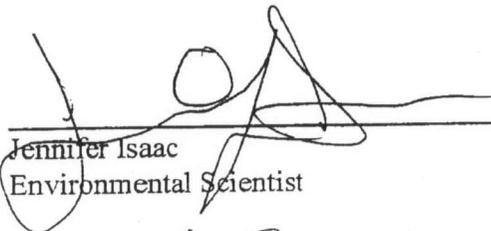
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This document has been prepared in accordance with accepted scientific and engineering practices and procedures and Versar, Inc.'s Quality Assurance Program

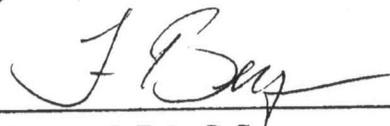
Prepared by:


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Date

5/26/06

Approved by:


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5/26/06

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SECTION 1.0

EXECUTIVE SUMMARY

Versar Inc. (Versar) performed a Phase I Environmental Site Assessment (ESA) of five parcels of land located at 34, 66, and 80 East Rosemary Street and 1290 North 1st Street in San Jose, Santa Clara County, California (Site). This report has been prepared to conform with the scope and limitations of the American Society for Testing and Materials Standard Practice E1527-00, *Standard Practice for Environmental Site Assessments: Phase I Environmental Site Assessment Process*, and Essex Property Trust's Scope of Services for conducting ESAs.

The scope of work for this project included a visual inspection of the Site, performed on May 18, 2006; review of pertinent background and historical information; contact with appropriate regulatory agencies; prior ownership review; review of chemical and waste handling, storage, and disposal practices, if applicable; observation of land use on surrounding properties; review of a regulatory database report; and photographic documentation of the Site. Sampling was not conducted at the Site due to Essex's plans to demolish all of the buildings.

The Site consists of four properties; 34 East Rosemary Street (APNs 235-05-013 and 235-05-014); 66 East Rosemary Street (APN 235-05-015); 80 East Rosemary Street (APN 235-05-016) and 1290 North 1st Street (APN 235-05-012).

34 East Rosemary Street

This property consists of a split-level restaurant, Empire Buffet. The main floor comprises the kitchen, buffet area, and dining areas. Stairs lead down to a basement level that has more dining space, mens and womens restrooms, and office space. There is a parking lot located in front of the building.

66 East Rosemary Street

This property is a one-story commercial building currently occupied by CAPS, a drug rehabilitation center. The interior of the building is set up with cubicle-style office space in the center and individual offices along perimeter walls. Several drug testing restrooms line the hallways at the entrance of the building. There is a children's play area located in the back of the facility. A locked storage shed is located in this area. Access to the shed was not provided during the Site reconnaissance.

80 East Rosemary Street

This property is currently developed with a two-story unoccupied commercial building, with a fenced perimeter. The last occupant of the building was the Church of Scientology. The interior of the building is empty. The center of the building is open space and the perimeter is lined with offices. Each floor has a mens and womens restroom and a common sink area between the restrooms. There is an electrical room located on each floor. There is an elevator and a stairwell to access the second floor.

Parking is provided along the southern and eastern sides of the building. The property has not been maintained while unoccupied; the outside perimeter is overgrown with weeds and there were several trash piles observed around the building.

1290 North 1st Street

This property is a two-story commercial building currently occupied by the Jack Douglas Center, a center for people with Downs Syndrome. The reception area and administrative offices, a kitchen, mens and womens restrooms, classrooms, and a janitorial closet are located on the first floor. Several more classrooms, another set of restrooms, and another janitorial closet are located on the second floor. There is an elevator in the building but it was not operating at the time of the Site reconnaissance.

Although not an REC, suspect ACMs have been identified at the Site. Suspect and confirmed ACMs do not normally represent a source of exposure as long as the materials are intact and not disturbed. Activities such as drilling, sanding, crushing, cutting, removing, or otherwise disturbing the confirmed and suspect ACMs should be avoided. If confirmed and suspect ACMs are disturbed during renovation, repair, or demolition activities, it could result in the release of asbestos fibers, which could represent a threat to human health and the environment. Professionally trained and certified individuals with appropriate equipment should be employed during remodeling or renovation procedures which may disturb identified or suspect ACMs. In addition, suspect ACMs that are removed should be assumed to contain asbestos, unless laboratory analysis has proven otherwise, and should be disposed of appropriately.

According to historical aerial photographs, prior land use included use as farmland, from at least 1939 to the early 1960s. No other prior land use has been identified at the Site.

Based on the age of the buildings, lead-based paint and PCBs in fluorescent light fixtures may also be present in the buildings. Surveys for these two constituents should be conducted prior to demolition of the buildings.

The EDR report identified several surrounding facilities within 0.25-mile identified in federal, state, and local databases. Seven facilities were identified as having releases from gasoline USTs. Four of the facilities are listed as “case closed” for the UST releases. The other three facilities have ongoing groundwater remediation and monitoring programs. These facilities are located either down- or cross-gradient from the Site, or the groundwater plume is contained and not expected to migrate on-Site.

Based on the Site visit, discussions with knowledgeable parties, and a review of available information, it is Versar's opinion that there are no recognized environmental conditions at the Site as defined in ASTM Practice E1527-00. Based on the information reviewed by Versar and contained in this report, Versar recommends the following:

- Use of the Site for agriculture from 1939 to the early 1960s suggests persistent pesticides, such as DDT, hexachlorobenzene, and organophosphates, may be present in shallow Site soils. Versar recommends a soil screening survey for the presence of these chemicals.

This Executive Summary is presented for convenience only and should not be used in lieu of information presented in the entire report.

SECTION 2.0

INTRODUCTION

Versar, Inc. (Versar) performed a Phase I Environmental Site Assessment (ESA) of five parcels of land located at 34, 66, and 80 East Rosemary Street and 1290 North 1st Street in San Jose, Santa Clara County, California (Site). This report has been prepared to conform with the scope and limitations of the American Society for Testing and Materials Standard Practice E1527-00, *Standard Practice for Environmental Site Assessments: Phase I Environmental Site Assessment Process*, and Essex Property Trust's Scope of Services for conducting ESAs.

The purpose of this report is to identify "recognized environmental conditions" in connection with the Site. The ASTM Standard Practice E1527-00 defines "recognized environmental conditions" as the following:

The presence or likely presence of any hazardous substances or petroleum products on a property under conditions that indicate an existing release, a past release, or a material threat of a release of any hazardous substances or petroleum products into structures of the property or into the ground, groundwater, or surface water of the property. The term includes hazardous substances or petroleum products even under conditions in compliance with laws. The term is not intended to include de minimis conditions that generally do not present a material risk of harm to public health or the environment and that generally would not be the subject of an enforcement action if brought to the attention of appropriate governmental agencies.

The scope of work for this project included a visual inspection of the Site, performed on May 18, 2006; review of pertinent background and historical information; contact with appropriate regulatory agencies; prior ownership review; review of chemical and waste handling, storage, and disposal practices, if applicable; observation of land use on surrounding properties; review of a regulatory database report; and photographic documentation of the Site. Sampling was not conducted at the Site due to Essex's future plans to demolish all of the buildings.

2.1 Deletions and Deviations from ASTM Standard Practice E1527-00

It was the intent of the ESA to make all appropriate inquiries into the previous ownership and uses of the property consistent with good commercial or customary practices. This ESA did not deviate from requirements set forth in the ASTM Standard Practice E1527-00.

SECTION 3.0

BACKGROUND INFORMATION

3.1 Site Description

The Site consists of four properties; 34 East Rosemary Street (APNs 235-05-013 and 235-05-014); 66 East Rosemary Street (APN 235-05-015); 80 East Rosemary Street (APN 235-05-016) and 1290 North 1st Street (APN 235-05-012).

34 East Rosemary Street

This property consists of a split-level restaurant, Empire Buffet. The main floor comprises the kitchen, buffet area, and dining areas. Stairs lead down to a basement level that has more dining space, mens and womens restrooms, and office space. There is a parking lot located in front of the building.

66 East Rosemary Street

This property is a one-story commercial building currently occupied by Combined Addicts and Professions Services (CAPS), a drug rehabilitation center. The interior of the building is set up with cubicle-style office space in the center and individual offices along perimeter walls. Several drug testing restrooms line the hallways at the entrance of the building. There is a children's play area located in the back of the facility. A locked storage shed is located in this area. Access to the shed was not provided during the Site reconnaissance.

80 East Rosemary Street

This property is currently developed with a two-story unoccupied commercial building, with a fenced perimeter. The last occupant of the building was the Church of Scientology. The interior of the building is empty. The center of the building is open space and the perimeter is lined with offices. Each floor has a mens and womens restroom and a common sink area between the restrooms. There is also an electrical room located on each floor. There is an elevator and a stairwell to access the second floor.

Parking is provided along the southern and eastern sides of the building. The property has not been maintained while unoccupied; the outside perimeter is overgrown with weeds and there were several trash piles observed around the building.

1290 North 1st Street

This property is a two-story commercial building currently occupied by the Jack Douglas Center, a center for people with Downs Syndrome. The reception area and administrative offices, a kitchen, mens and womens restrooms, classrooms, and a janitorial closet are located on the first floor. Several more classrooms, another set of restrooms, and another janitorial closet are located on the second floor. There is an elevator in the building but it was not operating at the time of the Site reconnaissance.

The location of the Site is shown in Figure 1, *Site Location Map*, Figure 2, *Site Aerial Photograph*, and Figure 3, *Site Layout Map*. Photographic documentation is presented in Appendix A. Site improvements are discussed in Section 4.1 of this report.

3.2 Current Site Use

The Site consists of four properties with different uses; 34 East Rosemary Street is the Empire Buffet, a restaurant; 66 East Rosemary Street is the Combined Addicts and Professionals Services, a drug rehabilitation center; 80 East Rosemary Street is a former Scientology Center and is now un-occupied; and 1290 North 1st Street is the Jack Douglas Center, a center for people with Downs Syndrome.

3.3 Utilities

The San Jose Municipal Water System provides drinking water services to the Site. Electricity and natural gas are supplied to the Site by Pacific Gas and Electric Company (PG&E). Trash and recycling services are supplied to the Site by Waste Management.

3.4 Topography, Geology, and Groundwater

Topography of the Site and surrounding area is characterized by relatively flat land. According to the United States Geological Survey (USGS) 7.5-minute series topographic map of the San Jose, California Quadrangle, the property is approximately 59 feet above mean sea level (msl). Based on the USGS topographic map, the nearest body of water is the Guadalupe River, located approximately 0.50-mile west of the Site. In general, groundwater in this area flows in a north-northeasterly direction, based on the groundwater information provided in the Environmental Data Resources, Inc. (EDR) report.

The EDR radius map report identifies the soils as Botella, a clay loam soil. Botella soils are well drained soils with moderately coarse textures. The top 41 inches of soil are fine-grained silts and clays. This is underlain by a layer of coarse-grained sands. The EDR radius map report is presented in Appendix B.

3.5 Floodplains and Wetlands

Based on the FEMA floodplain maps, the Site is located in Zone A0, an area of 100-year shallow flooding. Portions of these maps are provided in Appendix C.

Wetlands are jointly defined by the Environmental Protection Agency (EPA) and the U.S. Army Corps of Engineers as “those areas that are inundated or saturated by surface or groundwater for a duration and frequency sufficient to support and under normal circumstances do support a prevalence of vegetation adapted for life in saturated soil conditions.” According to the EDR report, there are wetlands within 0.5-mile to the west of the Site.

3.6 Current Surrounding Land Use

The Site consists of five parcels of land improved with four commercial buildings. The Site is located in an area developed primarily with commercial properties. The surrounding property uses were noted and shown in Figure 3:

North: East Rosemary Street borders the Site to the north. Across the street are the Executive Inn and Clarion Hotel.

East: The Site is bordered to the East by the Adlon Hotel, at the corner of East Rosemary Street and North 4th Street. More commercial developments are located further east, across North 4th Street.

South: The Site is bordered to the south by Interstate 880. Commercial and residential developments occur further south of the Site.

West: The Site is bordered to the west by North 1st Street. Commercial and residential developments are located further west, across North 1st Street. The San Jose International Airport is located approximately 0.75-mile west of the Site.

No visual evidence of spills, releases, distressed vegetation, or other environmental contamination was observed on the above-mentioned adjoining properties during the Site visit. Surrounding properties located within a 0.25-mile radius from the Site that might have the potential to environmentally impact the Site are discussed in Section 5.0.

3.7 Prior Site and Surrounding Land Use

Versar obtained historical aerial photographs of the Site and surrounding properties for the years 1939, 1956, 1965, 1974, 1982, 1993, and 1998 from EDR. The following is Versar’s review of these photographs. The EDR Aerial Photo Decade Package is included in Appendix D.

In the 1939 and 1956 aerial photographs, the Site appears developed for farming. North 1st Street is located adjacent to the west. The areas to the west, north, and east of the Site appear to be used for farming and orchards. Residential communities appear further south of the Site.

In the 1965 aerial photograph, the Site appears nearly developed (the east parcel is unfinished) in its present day configuration. The adjacent lot to the east is still undeveloped. Interstate 880 has been constructed to the south of the Site. The Executive

Inn appears to be under construction to the north of the Site, across East Rosemary Street.

In the 1974, 1982, 1993, and 1998 aerial photographs, the Site appears unchanged. Urban development has occurred in all directions surrounding the Site, however, the adjacent property to the east is still undeveloped. In the southwestern corner of the 1982, 1993, and 1998 photographs, a portion of San Jose International Airport is visible.

Versar obtained historical topographic maps of the Site and surrounding properties for the years 1953, 1961, 1973, and 1980 from the EDR Historical Topographic Map Report. The following is Versar's review of these topographic maps. The complete topographic map report is presented in Appendix D.

In the 1953 topographic map, the Site appears undeveloped. Present day North 1st Street (unnamed on the map) is visible adjacent to the west. Urban development, indicated by pink shading, appears partially to the west and throughout the southern portion of the map. The Guadalupe River is located approximately 0.50-mile to the west of the Site. The Bayshore Freeway (US Highway 101) has been constructed to the north of the Site, and the Interstate 680 merge is under construction. Several orchards are located to the north of the Site. The San Jose Municipal Airport (present day San Jose International Airport) appears approximately 0.75-mile to the west of the Site. A Southern Pacific railroad track is located approximately 0.60-mile to the east of the Site.

In the 1961 map, the Site appears unchanged. Interstate 880 (identified as Interstate 280) has been constructed to the south, adjacent to the Site. Heavy urban development has continued to occur to the west and south of the Site. The San Jose Civic Center and City Hall have been constructed approximately 0.50-mile to the south of the Site. Interstate 680 construction has been completed to the north of the Site.

In the 1973 and 1980 maps, the Site has been developed with the four buildings that currently exist. Heavy urban development has continued on surrounding properties in all direction.

Based on Versar's review of aerial photographs and topographic maps, the Site appears to be agricultural land from at least 1939 until 1965, when the aerial photograph depicts the four buildings that currently exist. No recognized environmental conditions (RECs) were identified in the aerial photograph or topographic map review. Agricultural use of the Site was identified, suggesting residual concentrations of persistent agricultural chemicals may be present in shallow soil at the Site. No additional aerial photograph or topographic map review is recommended.

3.8 Current and Prior Ownership Review

Chain-of-title reports were ordered from National Environmental Title Research (NETR) in Tempe, Arizona, for the five parcels that comprise the Site. Versar awaits receipt of the reports and will submit them to Essex under separate cover. Based on the findings of the aerial photograph and topographic map review and observed Site and neighboring property conditions, it is Versar's opinion that the outstanding chain-of-title reports will not substantially change the findings of this investigation.

3.9 City Directories and Sanborn Fire Insurance Maps

City Directories

Versar obtained the EDR-City Directory *Abstract* from EDR for the Site address of 80 East Rosemary Street. The addresses 34 and 66 East Rosemary Street and 1290 North 1st Street are included in the directory as surrounding properties. The following summarizes the entries listed for the Site and entries listed for nearby properties:

Address	Year	Name	Location Relative to Site
34 E Rosemary Street	1970	Seventeen West Restaurant	Site
	1975	Seventeen West Restaurant	
	1980	Seventeen West Restaurant	
	1986	Seventeen West Restaurant	
	1990	Seventeen West Restaurant	
	2000	New Pearl Restaurant	
66 E Rosemary Street	1963	Various Insurance Companies	Site
	1970	Dun & Bradstreet	
	1975	Employee Benefits Insurance	
	1980	Employee Benefits Insurance	
	1986	Dynasty Industries	
	1991	Holiday Payless Rent a Car	
	2000	Innvision of Santa Clara Valley William Kiersted	
80 E Rosemary Street	1970	Fireman's Fund Insurance	Site
	1975	Fireman's Fund Insurance	
	1980	Various Insurance Companies	
	1985	Various Insurance Companies	
	1986	Various Insurance Companies	
	1991	Church of Scientology	
	2000	Church of Scientology	

Section 3.0 - Background Information

Address	Year	Name	Location Relative to Site
1290 N 1 st Street	1975 2000	Citi Financial Services International Readers League Jack Douglas Center	Site
1310 N 1 st Street	1963 1985 2000	Civic Center Lodge Quality Inn - Airport Executive Inn	Across from the Site on the northern side of East Rosemary Street
1280 N 4 th Street	1960 1970 1975 1980 1985 1986 1991 2000	Foster & Kleiser Outdoor Adventure Jennings Electronic Center Yale Industrial Trucks Yale Industrial Trucks Alamo Rent a Car Alamo Rent a Car Alamo Rent a Car Kakkarsanhiv	East of the Site, within one city block.
1271 N 1 st Street	1950 1955 1960 1963 1971 1985 1986 2000	LM Nisich Louis Nisich Escavating Dale L Monred John S Pasco, Attorney North First Mobile Service Civic Center Mobil Civic Center Mobil Civic Center BP	Across from the Site, on the western side of North 1 st Street

The Site is currently developed with four commercial buildings. No other uses were listed in the City Directory *Abstract*. Several other addresses were listed for surrounding properties. These addresses appear to be for multi-family residential buildings and commercial businesses. No RECs were noted in the reviewed city directories for the Site or properties located on the same city block as the Site. The EDR-City Directory *Abstract* is presented in Appendix E.

Sanborn Fire Insurance Maps

Sanborn® fire insurance maps often show the location of underground storage tanks (USTs), locations of underground pipelines, and types of buildings and industrial activities on properties. The Site and surrounding properties were not covered in the Sanborn® maps fire insurance maps. The EDR Sanborn Map No Coverage Report is included in Appendix E.

3.10 Prior Assessments

Versar was not provided with any documents related to prior assessments at the Site.

SECTION 4.0

INVESTIGATIVE FINDINGS

A visual inspection of the Site was performed by Versar representative, Ms. Jennifer Isaac, on May 18, 2006. The Site was examined for visible evidence of aboveground storage tanks (ASTs), USTs, and other types of containment or drainage facilities, such as pipes, drums, sumps, ponds, floor drains, dry wells, or leach fields, into which hazardous substances may have been placed. As conditions permitted, the Site was inspected for visual indications of dumping, staining of soils and paved surfaces, odors, distressed vegetation, and other evidence suggesting the possible presence of hazardous substances. The survey included an investigation of reasonably accessible portions of the four structures located on-Site, the Site's perimeter, and adjacent properties. The following sections discuss the findings of the Site reconnaissance.

4.1 Site Improvements

The Site is currently improved with four structures and associated parking lots; a one-story structure at 34 East Rosemary Street, a one-story structure at 66 East Rosemary Street, a two-story structure at 80 East Rosemary Street, and a two-story structure at 1290 North 1st Street. Versar reviewed several permits for the four buildings on file with the City of San Jose Building Department. The findings are discussed in Section 5.4.

No evidence of potable drinking water wells or septic systems, areas exhibiting signs of stressed vegetation, wastewater discharges, burial activities, roads or trails with no apparent outlet or purpose, dry wells, unusual or noxious odors, or large-scale industrial or manufacturing activities on the Site. No evidence of the above-mentioned activities or conditions was noted on the other adjacent properties.

4.2 Hazardous Materials Use and Storage

Based on the EDR report and Versar's Site inspection, hazardous wastes are not currently generated on-Site. Hazardous materials used and stored on-Site consisted of typical maintenance supplies that are used during the normal course of maintaining the Site without generating waste, and were observed to be adequately stored.

4.3 Waste Disposal

Trash dumpsters are located in the parking lots of each of the buildings. Waste Management is contracted to dispose of the refuse and recycling materials collected in these areas. Several trash piles were observed at the 80 East Rosemary Street building. However, the piles didn't appear to contain hazardous wastes or materials.

4.4 SARA

The regulations pursuant to the Superfund Amendments and Reauthorization Act of 1984 (SARA) require that selected businesses file standard reports dealing with the storage, handling, and release of certain listed hazardous substances. Current use of the Site precludes the need to file Tier I, Tier II, or Form R reports for the use, storage, or discharge of hazardous substances.

4.5 Underground Storage Tanks

The Versar Site visit included a visual inspection of the entire Site for evidence of UST systems such as vents, fill pipes, fill ports, or unexplained concrete patching. Visual evidence of existing USTs was not observed on the Site and no permits or drawings related to USTs were found during the file review.

4.6 Aboveground Storage Tanks

The Versar Site visit included a visual inspection of interior and exterior portions of the Site for the presence of ASTs. There was no visual evidence of any ASTs present at any of the buildings.

4.7 Discharges to Water

Versar did not observe water discharges from the Site that would require pretreatment or a National Pollution Discharge Elimination System (NPDES) permit, or other federal, state, or local permit or approval. There are no activities on the Site with a Standard Industrial Classification (SIC) code that would require filing an application for an NPDES storm water permit.

4.8 Air Emissions

There are currently no air emission sources at the Site that are regulated by federal, state, and/or local regulatory agencies. Versar observed no point sources of air emissions at the Site. There were no observed operations at the Site, and no noxious odors were noted by Versar during the Site visit. Versar contacted the Bay Area Air Quality Management District (BAAQMD) to obtain information regarding permits, notices of violations, and an emission summary for the Site. Versar awaits a response from BAAQMD.

4.9 Asbestos-Containing Materials

The EPA banned the manufacture, installation, and processing of spray-on insulation and fireproofing in 1972. The application of spray-on material for fireproofing and insulation was banned by the EPA in 1973. The EPA banned molded and wet applied asbestos in 1975, and asbestos-containing materials (ACMs) in mechanical system insulation (e.g., pipe and elbow pipe insulation and boiler insulation) were banned in 1976. ACMs in acoustical and decorative applications were banned by the EPA in 1978 and the three-staged phase out of non-friable ACMs in construction materials began in 1990, but has not been fully implemented.

Versar conducted a visual inspection of the Site buildings for suspect ACMs. This inspection included an examination of accessible interior and exterior areas of the buildings occupying the Site. Versar observed accessible portions of the office buildings and noted suspect ACMs. Suspect ACMs observed by Versar included vinyl base cove and mastic, two-foot by four-foot ceiling tiles, exposed insulation in walls and in ceilings, fireproofing, drywall, 12-inch by 12-inch floor tiles, 8-inch by 8-inch floor tiles, and stucco exteriors.

Based on the date of the buildings' construction (prior to 1987), building materials which have not been sampled for asbestos content are suspect ACMs until analyzed and found not to contain asbestos. Suspect ACMs that are removed should be assumed to contain asbestos, unless laboratory analysis has proven otherwise, and should be disposed of appropriately. The only definitive method of determining whether ACMs are present is to collect samples for laboratory analysis. Professionally trained and certified individuals with appropriate equipment should be employed during remodeling, renovation or demolition procedures which may disturb suspect ACMs.

4.10 Polychlorinated Biphenyls

Electrical Transformers

Versar observed pole-mounted transformers in the parking lots of the Site, along the southern boundary. The transformers appeared to be in good condition with no noticeable signs of stains or leaking. The transformers are owned and maintained by PG&E. Specific information regarding the polychlorinated biphenyl (PCB) content in the transformers was not available. However, in the event that the transformers should malfunction or leak, the transformers and associated problems would be the responsibility of PG&E. Based on this information, the on-Site transformers are not considered to be an environmental concern for the Site.

Fluorescent Light Ballasts

Fluorescent light fixtures are present throughout the Site buildings. The fluorescent fixtures observed during the Site visit appeared to be in good condition without any signs of leakage. The use of PCBs as a dielectric fluid in fluorescent light ballasts manufactured after 1979 is prohibited by U.S. EPA regulations. Light ballasts manufactured after 1979 are required to be labeled "No PCBs." Based on the construction date of the Site buildings (1960s), it is possible that fluorescent light ballasts at the Site contain PCBs. Ballasts without a "No PCBs" label should be disposed of properly.

4.11 Lead in Paint

The Consumer Product Safety Act (CPSA) of 1977 banned lead in paint with levels exceeding 0.06 percent lead by weight. As a result, based on the construction date of the Site buildings (1972), lead-based paint above the CPSA level of 0.06 percent by weight is anticipated to be an environmental concern at the Site. The construction dates of the buildings are in the early 1960s. Prior to any renovation or demolition of the two structures, a lead-based paint survey should be conducted.

4.12 Lead in Drinking Water

Lead in drinking water is regulated by the U.S. EPA under the Safe Drinking Water Act (SDWA) of 1974. U.S. EPA's commercial and public building guidelines recommend mitigative actions be taken for lead levels in excess of 15 parts per billion (ppb) in drinking water. These standards are intended for drinking water suppliers (e.g., municipal water authorities); however, the data evaluation process for assessing lead results may be used for other drinking water sources. In 1986, Congress banned the use of lead solder containing greater than 0.2 percent lead and restricted the lead content of faucets, pipes and other plumbing materials to 0.8 percent. Drinking water to the Site is provided by the San Jose Municipal Water System. Fixtures and plumbing within Site structures are likely to predate 1986.

4.13 Radon

Radon is an invisible, odorless, radioactive gas formed by the decay of uranium in the earth's soil that migrates to the surface through cracks and pore spaces in the soil. Radon gas dissipates in outdoor settings and is present at concentrations considered to be harmless. However, radon gas can accumulate inside buildings and closed spaces, depending on building location, ventilation, and other factors. The EPA recommends considering indoor remedial measures when the radon concentration exceeds 4.0 picoCuries per liter (pCi/L) on an annual average basis.

The Site is located in a designated U.S. EPA Radon Zone 2 where the predicted average radon concentration is greater than or equal to 2.0 pCi/L and less than or equal to 4.0 pCi/L. The EDR report contains state radon sampling results from nine sites tested in the Site's zip code (95112). None of the nine sites contained radon above 4.0 pCi/L. The Federal Area Radon Information database for the zip code identified one site with radon activity in first floor living area as 1.100 pCi/L, which is below the EPA action level.

SECTION 5.0

REGULATORY/RECORDS REVIEW

Versar retained EDR to provide a database search of federal and state environmental records. A copy of EDR's report and search radius map is included in Appendix B. The database report was reviewed to note reported releases in the vicinity of the Site that are known to have or are expected to result in an environmental condition which could adversely impact the Site. Reported release sites listed in the regulatory agency database search report were evaluated with respect to the nature and extent of a given release, the distance of the reported release from the Site, and the position of a reported release with respect to known or expected local and/or regional groundwater flow direction (north-northeasterly, see section 3.4). Generally, reported release sites located within 0.25-mile upgradient, 0.25-mile cross-gradient, or adjacent downgradient are considered to have a potential to impact the Site.

5.1 Federal Regulatory Review

Versar retained EDR to provide a database search of environmental records maintained by the United States government. The scope of the database search by EDR is in accordance with ASTM standard E1527-00. The specific federal databases searched by EDR are listed below:

<u>Database</u>	<u>Type of Records</u>	<u>Radius Searched</u>
NPL	National Priority List (Superfund) sites	1.0-mile
Proposed NPL	Proposed NPL (Superfund) sites	1.0-mile
CERCLIS	Potential hazardous waste sites	0.50-mile
CERC-NFRAP	No Further Action Planned Sites	0.25-mile
CORRACTS RCRA	Corrective Action Reports	1.0-mile
RCRIS-LQG	Large Quantity Generator	0.25-mile
RCRIS-SQG	Small Quantity Generator	0.25-mile
RCRIS-TSD	Treatment, Storage, and Disposal	0.50-mile
ERNS	Emergency Response Notification Sites	Site
CONSENT	Superfund (CERCLA) Consent Decrees	1.0-mile
ROD	Records of Decision	1.0-mile
Delisted NPL	Delisted NPL (Superfund) sites	1.0-mile
FINDS	Facility Index System sites	1.0-mile
HMIRS	Hazardous materials spills incidents	Site
MLTS	Material Licensing Tracking System	Site
MINES	Mines Master Index File	0.25-mile
NPL Liens	Federal Superfund Liens	Site
PADS	PCB Activity Database System	Site
US Brownfields	Brownfield Sites	0.5-mile

<u>Database</u>	<u>Type of Records</u>	<u>Radius Searched</u>
FUDS	Formerly Used Defense Sites	1.0-mile
DOD	Department of Defense Sites	1.0-mile
RAATS	RCRA Violators	Site
TRIS	Toxic Release Inventory System	Site
TSCA	Toxic Substances Control Act	Site
SSTS	Section 7 Tracking System	Site
FFTS	FIFRA/RSCA Tracking System	Site
ODI	Open Dump Inventory	0.5-mile
UMTRA	Uranium Mill Tailings Sites	0.5-mile
Coal Gas	Coal Gasification Sites List	1.0-mile

According to the EDR report, the four Site addresses are not listed in any federal databases.

Two facilities within 0.25-mile of the Site were listed in RCRAInfo as small quantity generators; Advanced Surface Finishing Inc. (1181 N 4th Street) and Tosco Northwest Co (1271 N 1st Street). Violations were not listed for either facility.

Based on Versar’s review of the federal databases and application of the evaluation criteria previously described, a low potential exists for future contamination off-site and migration of those contaminants on-Site. Presently, all sites listed on the federal databases are either a significant distance from the Site with respect to groundwater flow direction, or the chemicals of concern or site status are such that RECs which could adversely impact the Site were not identified.

5.2 State and County Regulatory Review

Versar retained EDR to provide a database search of environmental records maintained by the State of California, Santa Clara County, and the City of San Jose. The scope of the database search by EDR is in accordance with ASTM standard E1527-00. A copy of EDR’s Radius Map report is included in Appendix B. The specific state and local databases searched by EDR are listed below:

<u>Database</u>	<u>Type of Records</u>	<u>Radius Searched</u>
AWP	Annual Workplan Sites	1.0-mile
Cal-Sites	Calsites Database	1.0-mile
CHMIRS	California Hazardous Material Incident Report System	Site
Notify 65	Proposition 65 Records	1.0-mile
Toxic Pits	Toxic Pits Cleanup Act Sites	1.0-mile
SWF/LF	Solid Waste Information System	0.5-mile
WMUDS/SWAT	Waste Management Unit Database	0.5-mile
Cortese	Drinking Wells with Detectable levels of Contamination	0.5-mile

<u>Database</u>	<u>Type of Records</u>	<u>Radius Searched</u>
CA BOND EXP	Bond Expenditure Plan	1.0-mile
UST	Underground Storage Tanks	0.25-mile
VCP	Voluntary Cleanup Program	0.5-mile
CA FID UST	Facility Inventory Database	0.25-mile
HIST UST	Historic USTs database	0.25-mile
AST	Aboveground Storage Tank Locations	0.25-mile
CLEANERS	Cleaner Facilities	0.25-mile
CA WDS	Waste Discharge System	Site
DEED	Deed Restriction Listing	0.5-mile
NFA	Properties No Needing Further Action	0.25-mile
WIP	Well Investigation Program Case List	0.25-mile
EMI	Emission Inventory Data	Site
REF	Unconfirmed Properties Referred to Another Agency	0.25-mile
SCH	School Property Evaluation Program	0.25-mile
NFE	Properties Needing Further Evaluation	0.25-mile
CA SLIC	Statewide SLIC Cases	0.5-mile
HAZNET	Facility and Manifest Data	Site
SWEEPS UST	Sweeps UST Listing	0.25-mile
SAN JOSE	Hazardous Materials Facilities	0.25-mile
HAZMAT		
HIST LUST Santa Clara	Open and Closed Leaking Underground Storage Tanks	0.50-mile
Indian LUST	LUSTs on Indian Land	0.5-mile
Indian UST	USTs on Indian Land	0.25-mile
Indian Reserv	Indian Reservations	1.0-mile
Manufactured Gas Plants	EDR Proprietary Manufactured Gas Plants	1.0-mile
Historical Auto Stations	EDR Proprietary Historic Gas Stations	0.25-mile
Historical Cleaners	EDR Proprietary Historical Cleaners	0.25-mile

According to the EDR report, the Site addresses were not listed in any state, county, or city databases.

Several surrounding facilities within 0.25-mile are listed in these databases.

Armored Transport, located at 1305 N 4th Street is listed in the Cortese, LUST, and HIST LUST Santa Clara databases. According to the 2005 fourth quarter groundwater monitoring report downloaded from GeoTracker, the California State Water Resources Control Board LUST and SLIC site database, the facility has been granted closure review by the Santa Clara County Department of Environmental Health (SCCDEH). SCCDEH had requested additional chemical parameters to evaluate biodegradation of the

groundwater plume. It appears that the plume is currently stable and natural attenuation is occurring. This facility is located downgradient of the Site and is not expected to have an environmental impact on the Site.

Alamo Rent a Car Inc., located at 1280 N 4th Street, is listed in the Cortese, LUST, HIST LUST Santa Clara, HIST UST, and SWEEPS databases. According to the EDR report and GeoTracker, there was a UST release of gasoline that impacted the soil only. The case was closed in 1996.

British Petroleum, located at 1271 N 1st Street, is listed in the Cortese, LUST, HIST LUST Santa Clara, UST, HIST UST, SJ HAZMAT, and SWEEPS databases. According to GeoTracker, there is currently a groundwater monitoring program being conducted at the Site for a gasoline UST release. The fourth quarter 2005 monitoring report indicates that the groundwater plume is contained to the west side of North 1st Street. There is a low potential for this facility to have an environmental impact on the Site.

Commercial Fueling Corporation, located at 1170 N 4th Street, is listed in the Cortese, LUST, HIST LUST Santa Clara, and SWEEPS databases. Quarterly groundwater monitoring is being conducted at the Site. The most recent report downloaded from GeoTracker indicated that a petroleum hydrocarbon plume underlies the facility and extends north-northwest under Interstate 880. A Corrective Action Plan (CAP) has been approved to remediate the plume. According to the CAP, a groundwater extraction system will be installed and in-situ chemical oxidation and re-injection-flushing will be conducted to remediate the plume. It is estimated that work will begin in the first quarter of 2006 and take approximately one year to complete. This facility is located cross-gradient from the Site and is not expected to have an environmental impact on the Site.

There are three additional facilities located within 0.25-mile of the Site that are listed in the Cortese, LUST, and HIST LUST Santa Clara databases; SCC Office of Education (1245 N 5th Street), Murata Enterprises (1309 N 1st Street), and Super-7 (1410 N 1st Street). The UST release cases for all three facilities are listed as closed; therefore, they are not expected to have an environmental impact on the Site.

There are ten facilities within 0.25-mile of the Site that are listed in the SJ HAZMAT database; which tracks facilities that store hazardous materials on-site. Civic Center BP, located at 1271 N 1st Street, was discussed previously with regard to the UST release at the facility. No hazardous materials releases for the other facilities were reported in the EDR report. These facilities are not expected to have an environmental impact on the Site.

Based on Versar's review of the state databases and application of the evaluation criteria previously described, a low potential exists for future contamination off-site and migration of those contaminants on-Site. Presently, all sites listed on the state and local databases are either a significant distance from the Site with respect to groundwater flow direction, or the chemicals of

concern or site status are such that recognized environmental conditions which could adversely impact the Site were not identified.

5.3 Unmapped Sites

The EDR report's orphan summary identified twenty-six unmapped sites in the following databases: LUST, HIST LUST, SLIC, FINDS, RCRA-SQG, HAZNET, SWEEPS UST, Cortese, Cal-Sites, WIP, CERC-NFRAP, and San Jose HAZMAT. Based on Versar's Site area reconnaissance and a review of a local street map, no information indicating these facilities could result in environmental liability to the Site was obtained.

5.4 Local Regulatory File Review

Versar requested records for the four Site addresses from the Department of Toxic Substances Control, San Francisco Bay Regional Water Quality Control Board (RWQCB), BAAQMD, Santa Clara Valley Water District (SCVWD), SCCDEH, and San Jose Fire Department (SJFD). In addition, Versar requested records for the British Petroleum facility located at 1271 N 1st Street.

Versar received a response from the RWQCB and BAAQMD. The RWQCB did not have any files related to the four Site addresses, however they did have files for 1271 N 1st Street. The documents that they have on file are also available on GeoTracker. Versar reviewed these documents and the most recent report is included in Appendix C. The BAAQMD did not have permits for the four Site addresses.

Versar is awaiting a response from DTSC, SJFD, SCVWD, and SCCDEH regarding the records requests. Documentation of the agency responses will be provided to Essex under separate cover.

Versar reviewed San Jose Building Department permits for the four Site addresses online. The building permits indicate that the current buildings on-Site were built in the early 1960's and are the only structures that have been built on the lots. All permits related to the buildings, after the initial building permit, are for renovations on the buildings and are related to commercial use only.

Versar also researched the Site addresses and adjacent properties on the GeoTracker website. The Site addresses were not listed in the database. However, surrounding properties were listed and are discussed above in Section 5.2. Reports reviewed by Versar for these properties are included in Appendix C.

SECTION 6.0

CONCLUSIONS AND RECOMMENDATIONS

Versar performed a Phase I ESA of five parcels of land located at 34, 66, and 80 East Rosemary Street and 1290 North 1st Street in San Jose, Santa Clara County, California (Site). This report has been prepared to conform with the scope and limitations of the American Society for Testing and Materials Standard Practice E1527-00, *Standard Practice for Environmental Site Assessments: Phase I Environmental Site Assessment Process*, and Essex Property Trust's Scope of Services for conducting ESAs.

The scope of work for this project included a visual inspection of the Site, performed on May 18, 2006; review of pertinent background and historical information; contact with appropriate regulatory agencies; prior ownership review; review of chemical and waste handling, storage, and disposal practices, if applicable; observation of land use on surrounding properties; review of a regulatory database report; and photographic documentation of the Site. Sampling was not conducted at the Site due to Essex's plans to demolish all of the buildings.

The Site consists of four properties; 34 East Rosemary Street (APNs 235-05-013 and 235-05-014); 66 East Rosemary Street (APN 235-05-015); 80 East Rosemary Street (APN 235-05-016) and 1290 North 1st Street (APN 235-05-012).

34 East Rosemary Street

This property consists of a split-level restaurant, Empire Buffet. The main floor comprises the kitchen, buffet area, and dining areas. Stairs lead down to a basement level that has more dining space, mens and womens restrooms, and office space. There is a parking lot located in front of the building.

66 East Rosemary Street

This property is a one-story commercial building currently occupied by CAPS, a drug rehabilitation center. The interior of the building is set up with cubicle-style office space in the center and individual offices along perimeter walls. Several drug testing restrooms line the hallways at the entrance of the building. There is a children's play area located in the back of the facility. A locked storage shed is located in this area. Access to the shed was not provided during the Site reconnaissance.

80 East Rosemary Street

This property is currently developed with a two-story unoccupied commercial building, with a fenced perimeter. The last occupant of the building was the Church of Scientology. The interior of the building is empty. The center of the building is open space and the perimeter is lined with offices. Each floor has a mens and womens restroom and a common sink area between the restrooms. There is an electrical room located on each floor. There is an elevator and a stairwell to access the second floor.

Parking is provided along the southern and eastern sides of the building. The property has not been maintained while unoccupied; the outside perimeter is overgrown with weeds and there were several trash piles observed around the building.

1290 North 1st Street

This property is a two-story commercial building currently occupied by the Jack Douglas Center, a center for people with Downs Syndrome. The reception area and administrative offices, a kitchen, mens and womens restrooms, classrooms, and a janitorial closet are located on the first floor. Several more classrooms, another set of restrooms, and another janitorial closet are located on the second floor. There is an elevator in the building but it was not operating at the time of the Site reconnaissance.

Although not an REC, suspect ACMs have been identified at the Site. Suspect and confirmed ACMs do not normally represent a source of exposure as long as the materials are intact and not disturbed. Activities such as drilling, sanding, crushing, cutting, removing, or otherwise disturbing the confirmed and suspect ACMs should be avoided. If confirmed and suspect ACMs are disturbed during renovation, repair, or demolition activities, it could result in the release of asbestos fibers, which could represent a threat to human health and the environment. Professionally trained and certified individuals with appropriate equipment should be employed during remodeling or renovation procedures which may disturb identified or suspect ACMs. In addition, suspect ACMs that are removed should be assumed to contain asbestos, unless laboratory analysis has proven otherwise, and should be disposed of appropriately.

Based on the age of the buildings, lead-based paint and PCBs in fluorescent light fixtures may also be present in the buildings. Surveys for these two constituents should be conducted prior to demolition of the buildings.

According to historical aerial photographs, prior land use included use as farmland, from at least 1939 to the early 1960s. No other prior land use has been identified at the Site.

The EDR report identified several surrounding facilities within 0.25-mile identified in federal, state, and local databases. Seven facilities were identified as having releases from gasoline USTs. Four of the facilities are listed as "case closed" for the UST releases. The other three facilities have ongoing groundwater remediation and monitoring programs. These facilities are located either down- or cross-gradient from the Site, or the groundwater plume is contained and not expected to migrate on-Site.

Section 6.0 - Conclusions and Recommendations

Based on the Site visit, discussions with knowledgeable parties, and a review of available information, it is Versar's opinion that there are no RECs at the Site as defined in ASTM Practice E1527-00. Based on the information reviewed by Versar and contained in this report, Versar recommends the following:

- Use of the Site for agriculture from 1939 to the early 1960s suggests persistent pesticides, such as DDT, hexachlorobenzene, and organophosphates, may be present in shallow Site soils. Versar recommends a soil screening survey for the presence of these chemicals

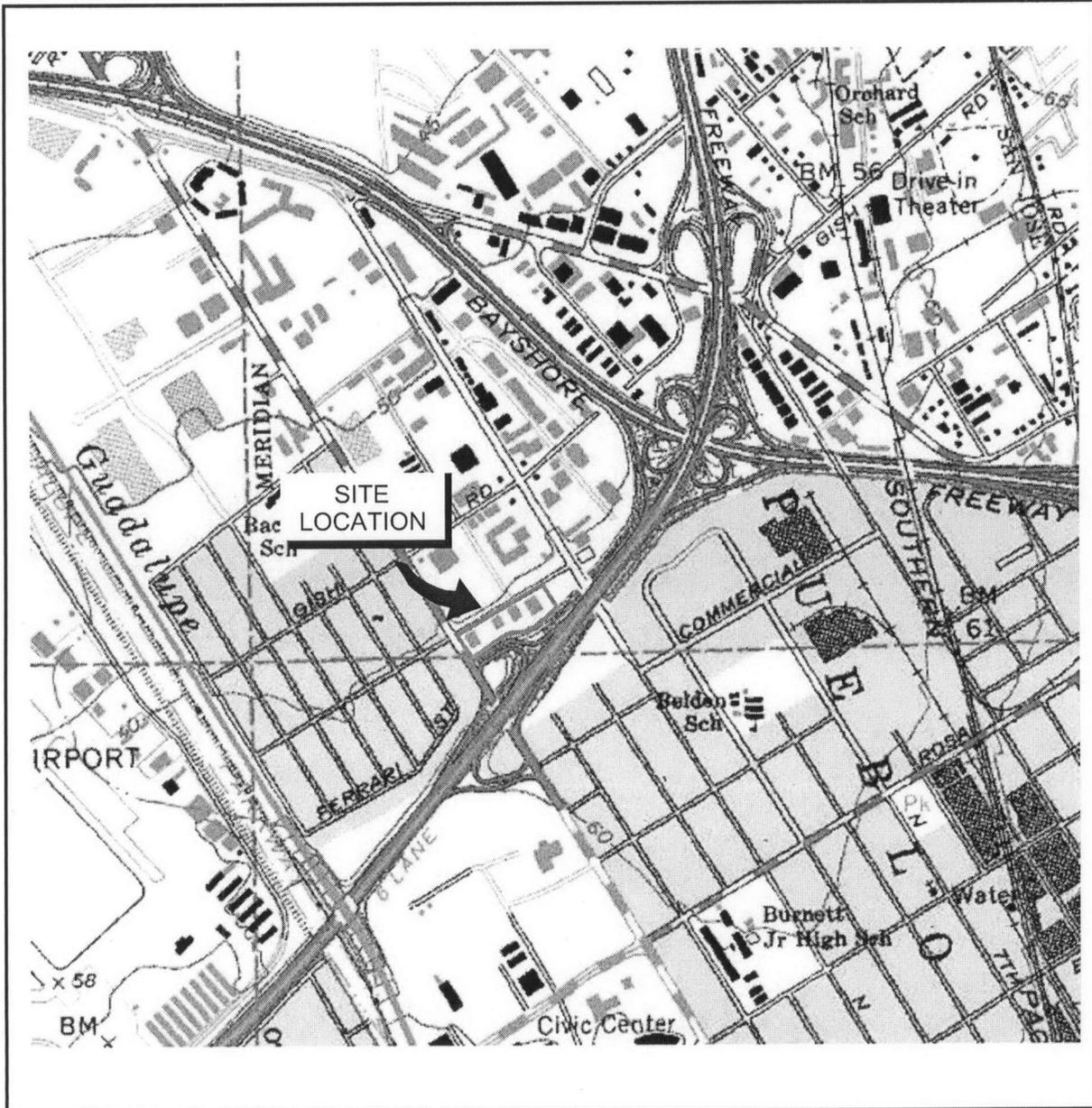
SECTION 7.0

STATEMENT OF LIMITATIONS

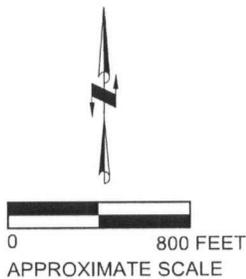
The data presented and the opinions expressed in this report are qualified as follows:

- The sole purpose of the investigation and of this report is to assess the physical characteristics of the Site with respect to the presence or absence of oil or hazardous materials and substances in the environment as defined in the applicable state and federal environmental laws and regulations and to gather information regarding current and past environmental conditions at the Site.
- Versar derived the data in this report primarily from visual inspections, examination of records in the public domain, and interviews with individuals with information about the Site. The passage of time, manifestation of latent conditions, or occurrence of future events may require further exploration at the Site, analysis of the data, and reevaluation of the findings, observations, conclusions, and recommendations expressed in the report.
- In preparing this report, Versar has relied upon and presumed accurate certain information (or the absence thereof) about the Site and adjacent properties provided by governmental officials and agencies, the Client, and others identified herein. Except as otherwise stated in the report, Versar has not attempted to verify the accuracy or completeness of such information.
- The data reported and the findings, observations, conclusions, and recommendations expressed in the report are limited by the Scope of Services. The Scope of Services was defined by the requests of the Client, and the availability of access to the Site.
- The findings, observations, conclusions, and recommendations expressed by Versar in this report are limited to the information obtained and should not be considered an opinion concerning the compliance of any past or current owner or operator of the Site with any federal, state, or local law or regulation. No warranty or guarantee, whether expressed or implied is made with respect to the data reported or findings, observations, conclusions, and recommendations expressed in this report. Further, such data, findings, observations, conclusions, and recommendations are based solely upon Site conditions in existence at the time of investigation.
- This report has been prepared on behalf of the Client, and is subject to and issued in connection with the Agreement and the provisions thereof.

FIGURES



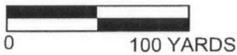
Source: USGS 7.5 Minute Series San Jose, California Quadrangle, 1978.



Dr. By: JI	<p style="text-align: center;">SITE LOCATION MAP San Jose Parcels 34, 66, and 80 East Rosemary Street 1290 North 1st Street San Jose, California</p> <p style="text-align: right;">Figure 1</p>
Date: 05/23/2006	
Versar Project No.5071.5071.107	



Source: USGS, TerraServer, 2004.



APPROXIMATE SCALE

Dr. By: JI	Versar ^{INC} 7844 Madison Avenue Suite 167 Fair Oaks, CA 95628 (916) 962-1612	SITE AERIAL PHOTOGRAPH San Jose Parcels 34, 66, and 80 East Rosemary Street 1290 North 1st Street San Jose, California	Figure 2
Date: 05/23/06			
Versar Project No.:5071.107			



LEGEND

- APPROXIMATE SITE BOUNDARY



NOT TO SCALE

SITE LAYOUT MAP

**San Jose Parcels
34, 66, and 80 East Rosemary Street
1290 North 1st Street
San Jose, California**

**Figure
3**

Versar INC
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Date: 05/23/2006
Versar Project No.: 5071.5071.107