

Warner Ranch DEIR April 2, 2012
Appendix Hazardous Materials

Reports included herein:

- Soil Sampling in Smudge Pot Area. Ninyo & Moore. June 10, 2005
- Recommendations in Phase I Environmental Site Assessment. GEOCON. June 6, 2005
- Summary of Limited Trenching, Soil Sampling, and Analysis. GEOCON. September 28, 2011
- Limited Pesticide Assessment. GEOCON. October 14, 2011

Reports submitted prior, no changes:

- Phase I Environmental Site Assessment, Warner Ranch. GEOCON. May 13, 2005
- Phase I Environmental Site Assessment, 80-acre Parcel. GEOCON. June 27, 2006
- Supplemental Groundwater Assessment Former Smudge Pot Storage Area. Ninyo & Moore. September 26, 2005

Attachment A-19 Hazards Phase II Study

3810-06-002 (SP), 3800-06-009 (GPA), 3600-06-011 (R), 3100-5508 TM), 330006-016 (MUP), 3500-11-008 (S), 3000-06-040 (AD), 3910-0602020 (ER)

**SDC DPLU RCVD 04-03-12
SP06-002, GPA06-009,
R06-011, TM5508, P06-016
S11-007, AD06-040**



June 10, 2005
Project No. 105643001

Mr. Thomas Warner
Warner Ranch
10950 Pala Road
Pala, California 92059

Subject: Soil Sampling in Smudge Pot Area
Warner Ranch
10950 Pala Road
Pala, California 92059

References: "Phase I Environmental Site Assessment, Warner Ranch, 10950 Pala Road, Pala, California", dated April 14, 2003.

"Phase I Environmental Site Assessment Update, Warner Ranch, 10950 Pala Road, Pala, California, dated September 22, 2004.

Dear Mr. Warner:

In accordance with your recent request, Ninyo & Moore has conducted a site reconnaissance and confirmation soil sampling of the smudge pot area at the above-referenced site. This letter represents our methodology and findings regarding the smudge pot area identified at the subject site in previous environmental reports.

OBJECTIVE

The objective of this project was to evaluate an area of potential environmental concern noted in a Phase I Environmental Site Assessment (ESA) and Phase I ESA Update conducted at the subject site in 2003 and 2004. According to the 2003 Phase I ESA, soil staining, which appeared to be related to the residual diesel fuel contained in the smudge pots, was observed in the soil underneath and adjacent to the smudge pot storage area. This area was located on the central-eastern portion of the subject property. As a result, Ninyo & Moore recommended that the contaminated soil from the smudge pot storage area be excavated and properly disposed of, and that

10950 Pala Road
Pala, California

June 10, 2005
Project No. 105643001

soil sampling should be conducted in order to confirm that the contaminated soil has been properly removed.

SITE RECONNAISSANCE

On June 9, 2005, a representative of Ninyo & Moore conducted a site reconnaissance of the former smudge pot area. At the time of the reconnaissance, the smudge pots that formerly occupied this area had been removed. The area was visually-inspected for obvious signs of contamination (e.g., soil staining, odors). Evidence of contamination, including discolored soil or hydrocarbon odors were not noted in the vicinity of the former smudge pots. A photo-ionization detector (PID) was utilized in the former smudge pot area and elevated PID readings were not detected in the location of the former smudge pots.

SOIL SAMPLING

Eight soil samples were collected randomly from a grid generated over the former smudge pot area. The soil samples were collected and sent to Calscience Environmental Laboratories for analysis. The soil samples were analyzed for TPH as diesel by USEPA Test Method 8015M. The results of the soil sampling are included in the table below. A copy of the laboratory analytical report and chain-of-custody documentation is provided as attachment to this letter.

Table 1 - Soil Analytical Results

Sample Name	Time Collected	Concentration of TPH as diesel (mg/kg)
NM-CS-1	8:04 am	13
NM-CS-2	8:07 am	ND
NM-CS-3	8:09 am	100
NM-CS-4	8:15 am	230
NM-CS-5	8:12 am	13
NM-CS-6	8:23 am	240
NM-CS-7	8:26 am	75
NM-CS-8	8:24 am	340

Notes:
mg/kg = milligrams per kilogram
ND = Non Detect

10950 Pala Road
Pala, California

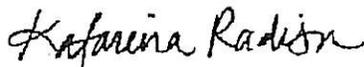
June 10, 2005
Project No. 105643001

LIMITATIONS AND EXCEPTIONS OF THE ASSESSMENT

This additional research was performed utilizing methods and procedures consistent with good commercial or customary practices designed to conform to acceptable industry standards. The independent conclusions represent Ninyo & Moore's best professional judgment based on the conditions that existed and the information and data available to us during the course of this assignment. The opinions and recommendations presented in this report are based upon the results of a site reconnaissance and a review of available regulatory agency information. The scope of this evaluation did not include subsurface exploration, soil or water sampling, or chemical analysis. Further assessment of possible adverse environmental impacts from past on-site activities and activities on surrounding facilities may be accomplished by a more comprehensive assessment.

Ninyo & Moore appreciates this opportunity to be of service to you on this project. If you have any questions or comments regarding this report, please contact the undersigned at your convenience.

Sincerely,
NINYO & MOORE



Katarina Radisavljevic
Project Environmental Scientist



Stephan A. Beck, C.E.G., H.G., R.E.A. II
Manager, Environmental Sciences Division

KR/SB/

Distribution: (1) Addressee

Attachment Laboratory Analytical Report and Chain-of-Custody Records

Jun 10 05 05:32p

Warner Ranch

7607421429

p.5

06/10/2005 16:15

16195769600

NINYO AND MOORE

PAGE 05/14

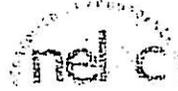
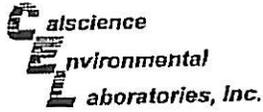
10950 Pala Road
Pala, California

June 10, 2005
Project No. 105643001

ATTACHMENT A

LABORATORY ANALYTICAL REPORT AND CHAIN-OF-CUSTODY RECORDS

Ninyo & Moore



June 10, 2005

Tina Radisavljevic
Ninyo & Moore
5710 Ruffin Road
San Diego, CA 92123-1013

Subject: Calscience Work Order No.: 05-06-0639
Client Reference: Warner Ranch / 105643001

Dear Client:

Enclosed is an analytical report for the above-referenced project. The samples included in this report were received 6/9/2005 and analyzed in accordance with the attached chain-of-custody.

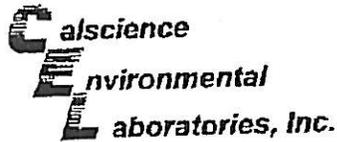
Unless otherwise noted, all analytical testing was accomplished in accordance with the guidelines established in our Quality Assurance Program Manual, applicable standard operating procedures, and other related documentation. The original report of any subcontracted analysis is provided herein, and follows the standard Calscience data package. The results in this analytical report are limited to the samples tested and any reproduction thereof must be made in its entirety.

If you have any questions regarding this report, please do not hesitate to contact the undersigned.

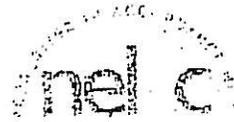
Sincerely,

Sincerely,

Calscience Environmental
Laboratories, Inc.
Virendra Patel
Project Manager



Analytical Report



Ninjo & Moore	Date Received:	06/09/05
5710 Ruffin Road	Work Order No:	05-06-0639
San Diego, CA 92123-1013	Preparation:	EPA 3650B
	Method:	DHS LUFT

Project: Warner Ranch / 105643001

Page 1 of 3

Client Sample Number	Lab Sample Number	Date Collected	Matrix	Date Prepared	Date Analyzed	QC Batch ID
NM-CS-1	05-06-0639-1	06/09/05	Solid	06/09/05	06/09/05	050609B07

Parameter	Result	RL	DF	Qual	Units
TPH as Diesel	13	5	1		mg/kg
Surrogates:	REC (%)	Control Limits		Qual	
Decachlorobiphenyl	94	62-152			

NM-CS-2	05-06-0639-2	06/09/05	Solid	06/09/05	06/09/05	050609B07
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Parameter	Result	RL	DF	Qual	Units
TPH as Diesel	ND	5.0	1		mg/kg
Surrogates:	REC (%)	Control Limits		Qual	
Decachlorobiphenyl	92	62-152			

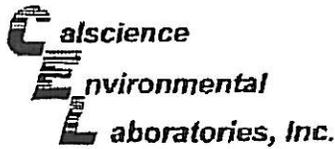
NM-CS-3	05-06-0639-3	06/09/05	Solid	06/09/05	06/09/05	050609B07
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Parameter	Result	RL	DF	Qual	Units
TPH as Diesel	100	5	1		mg/kg
Surrogates:	REC (%)	Control Limits		Qual	
Decachlorobiphenyl	103	62-152			

NM-CS-4	05-06-0639-4	06/09/05	Solid	06/09/05	06/10/05	050609B07
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Parameter	Result	RL	DF	Qual	Units
TPH as Diesel	230	5	1		mg/kg
Surrogates:	REC (%)	Control Limits		Qual	
Decachlorobiphenyl	102	62-152			

RL - Reporting Limit . DF - Dilution Factor . Qual - Qualifiers



Analytical Report



Ninyo & Moore
5710 Ruffin Road
San Diego, CA 92123-1013

Date Received: 06/09/05
Work Order No: 05-06-0639
Preparation: EPA 3560B
Method: DHS LUFT

Project: Warner Ranch / 105643001

Page 2 of 3

Client Sample Number	Lab Sample Number	Date Collected	Matrix	Date Prepared	Date Analyzed	QC Batch ID
NM-CS-6	05-06-0639-6	06/09/05	Solid	06/09/05	06/10/05	050609B07

Parameter	Result	RL	DF	Qual	Units
TPH as Diesel	13	5	1		mg/kg
Surrogate:	REC (%)	Control Limits		Qual	
Decachlorobiphenyl	100	02-152			

Client Sample Number	Lab Sample Number	Date Collected	Matrix	Date Prepared	Date Analyzed	QC Batch ID
NM-CS-6	05-06-0639-6	06/09/05	Solid	06/09/05	06/10/05	050609B07

Parameter	Result	RL	DF	Qual	Units
TPH as Diesel	240	5	1		mg/kg
Surrogate:	REC (%)	Control Limits		Qual	
Decachlorobiphenyl	92	62-152			

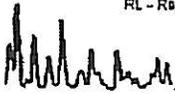
Client Sample Number	Lab Sample Number	Date Collected	Matrix	Date Prepared	Date Analyzed	QC Batch ID
NM-CS-7	05-06-0639-7	06/09/05	Solid	06/09/05	06/10/05	050609B07

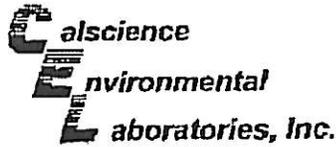
Parameter	Result	RL	DF	Qual	Units
TPH as Diesel	75	5	1		mg/kg
Surrogate:	REC (%)	Control Limits		Qual	
Decachlorobiphenyl	95	62-152			

Client Sample Number	Lab Sample Number	Date Collected	Matrix	Date Prepared	Date Analyzed	QC Batch ID
NM-CS-8	05-06-0639-8	06/09/05	Solid	06/09/05	06/10/05	050609B07

Parameter	Result	RL	DF	Qual	Units
TPH as Diesel	340	5	1		mg/kg
Surrogate:	REC (%)	Control Limits		Qual	
Decachlorobiphenyl	95	62-152			

RL - Reporting Limit DF - Dilution Factor Qual - Qualifier





Analytical Report



Ninyo & Moore
5710 Ruffin Road
San Diego, CA 92123-1013

Date Received: 06/09/05
Work Order No: 05-06-0639
Preparation: EPA 3550B
Method: DHS LUFT

Project: Warner Ranch / 105643001

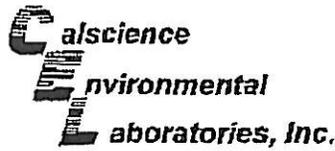
Page 3 of 3

Client Sample Number	Lab Sample Number	Date Collected	Matrix	Date Prepared	Date Analyzed	QC Batch ID
Methionine	058-03-002-4523	N/A	Solid	06/09/05	06/09/05	050609007

Parameter	Result	RL	DF	Qual	Units
TPH as Diesel	ND	5.0	1		mg/kg

Surrogate	REC (%)	Control Limits	Qual
Decachlorobiphenyl	89	62-152	

RL - Reporting Limit, DF - Dilution Factor, Qual - Qualifiers



Quality Control - Spike/Spike Duplicate



Ninyo & Moore
5710 Ruffin Road
San Diego, CA 92123-1013

Date Received: 06/09/05
Work Order No: 05-06-0639
Preparation: EPA 3550B
Method: DHS LUFT

Project Warner Ranch / 105643001

Quality Control Sample ID	Matrix	Instrument	Date Prepared	Date Analyzed	MS/MSD Batch Number
NM-C3-1	Solid	GC 3	06/09/05	06/10/05	050603507

Parameter	MS %REC	MSD %REC	%REC CL	RPD	RPD CL	Qualifiers
TPH as Diesel	97	100	71-125	3	0-12	

RPD - Relative Percent Difference . CI - Control Limit



Environmental Quality Control - Laboratory Control Sample
Laboratories, Inc.



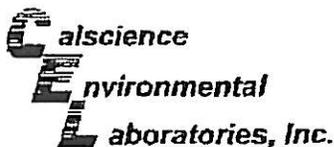
Ninyo & Moore	Date Received:	N/A
5710 Ruffin Road	Work Order No:	05-06-0639
San Diego, CA 92123-1013	Preparation:	EPA 3550B
	Method:	DHS LUFT

Project: Warner Ranch / 105643001

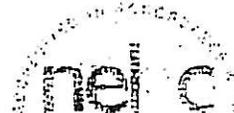
Quality Control Sample ID	Matrix	Instrument	Date Analyzed	Lab File ID	LCS Batch Number
05B-03-002-4,523	Solid	GC 3	06/09/05	053R0401	05B000807

Parameter	Conc Added	Conc Recovered	LCS % Rec	SR Rec CL	Qualifire
TPH as Diesel	400	340	85	71-119	

RPD - Relative Percent Difference . CL - Control Limit

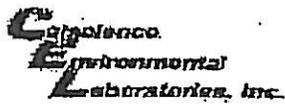


Glossary of Terms and Qualifiers



Work Order Number: 05-06-0639

<u>Qualifier</u>	<u>Definition</u>
*	See applicable analysis comment.
1	Surrogate compound recovery was out of control due to a required sample dilution, therefore, the sample data was reported without further clarification.
2	Surrogate compound recovery was out of control due to matrix interference. The associated method blank surrogate spike compound was in control and, therefore, the sample data was reported without further clarification.
3	Recovery of the Matrix Spike or Matrix Spike Duplicate compound was out of control due to matrix interference. The associated LCS and/or LCSD was in control and, therefore, the sample data was reported without further clarification.
4	The MS/MSD RPD was out of control due to matrix interference. The LCS/LCSD RPD was in control and, therefore, the sample data was reported without further clarification.
5	The PDS/PDSD associated with this batch of samples was out of control due to a matrix interference effect. The associated batch LCS/LCSD was in control and, hence, the associated sample data was reported with no further corrective action required.
A	Result is the average of all dilutions, as defined by the method.
B	Analyte was present in the associated method blank.
C	Analyte presence was not confirmed on primary column.
E	Concentration exceeds the calibration range.
H	Sample received and/or analyzed past the recommended holding time.
J	Analyte was detected at a concentration below the reporting limit and above the laboratory method detection limit. Reported value is estimated.
N	Nontarget Analyte.
ND	Parameter not detected at the indicated reporting limit.
Q	Spike recovery and RPD control limits do not apply resulting from the parameter concentration in the sample exceeding the spike concentration by a factor of four or greater.
U	Undetected at the laboratory method detection limit.
X	% Recovery and/or RPD out-of-range.
Z	Analyte presence was not confirmed by second column or GC/MS analysis.



WORK ORDER #: 05 - 06 - 06 24

Cooler 1 of 1

SAMPLE RECEIPT FORM

CLIENT: Ninjo & Moore

DATE: 6/9/5

TEMPERATURE - SAMPLES RECEIVED BY:

CALSCIENCE COURIER:

- Chilled, cooler with temperature blank provided.
- Chilled, cooler without temperature blank.
- Chilled and placed in cooler with wet ice.
- Ambient and placed in cooler with wet ice.
- Ambient temperature.
- 2.8 °C Temperature blank.

LABORATORY (Other than Calscience Courier):

- °C Temperature blank.
- °C IR thermometer.
- Ambient temperature.

Initial: [Signature]

CUSTODY SEAL INTACT:

Sample(s): _____ Cooler: _____ No (Not Intact): _____ Not Applicable (N/A): [Signature]

Initial: [Signature]

SAMPLE CONDITION:

	Yes	No	N/A
Chain-Of-Custody document(s) received with samples.....	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Sample container label(s) consistent with custody papers.....	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Sample container(s) intact and good condition.....	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Correct containers for analyses requested.....	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Proper preservation noted on sample label(s).....	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
VOA vial(s) free of headspace.....	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Tedlar bag(s) free of condensation.....	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>

Initial: [Signature]

COMMENTS:



Transmittal

5710 Ruffin Road, San Diego, California 92123 ♦ Phone 858/576-1000 ♦ Fax 858/576-9600 ♦ www.ninyoandmoore.com

To: Tom Warner

Date: 6/10/05

Firm:

Fax No: 760.742.1429

Address:

Telephone No:

From: Tina Radisavljevic

Total Pages:

Subject: Smudge Pot Letter

Project No: 105043001

- | | | | | |
|---|--|--|---------------------------------------|---------------------------------------|
| <input type="checkbox"/> Urgent | <input type="checkbox"/> For Approval | <input checked="" type="checkbox"/> For Your Use | <input type="checkbox"/> Please Reply | <input type="checkbox"/> As Requested |
| <input type="checkbox"/> Original Document: | <input type="checkbox"/> Will Not Follow | <input type="checkbox"/> Will Follow | <input type="checkbox"/> By U.S. Mail | <input type="checkbox"/> By Other |

Please see attached. Call with questions

- Geotechnical Engineering
- Engineering Geology
- Materials Testing and Inspection
- Construction Management
- Engineering Design
- Environmental Engineering
- Environmental Site Assessments
- Regulatory Compliance and Permitting
- Water Quality and Resource Evaluations
- Hazardous Waste Management
- Soil and Groundwater Remediation
- Asbestos and Lead-Based Paint Surveys
- Geophysical Studies
- Mineral Resource Evaluations
- Value Engineering
- Forensic Studies
- Expert Witness Testimony



Project No. 09536-06-01

June 6, 2005

BY E-MAIL AND OVERNIGHT DELIVERY

Mr. Ali Shapouri
Coastal Holdings LLC / Capstone Partners LLC
16089 San Dieguito Road, Suite H-104
Rancho Santa Fe, California 92067-6221

Subject: WARNER RANCH
10950 PALA ROAD
SAN DIEGO COUNTY, CALIFORNIA
RECOMMENDATIONS IN PHASE I ENVIRONMENTAL SITE ASSESSMENT

Dear Mr. Shapouri:

In accordance with your request, Geocon is providing this additional information with respect to Geocon's recommendations and recent observations at the Warner Ranch site. Each item below corresponds to the recommendations in Geocon's Phase I ESA report dated May 13, 2005.

1. Asbestos-containing materials and lead paint are very common in structures constructed in this time period. The quantities of materials are generally low and are readily removed by licensed abatement contractors.
2. A preliminary pesticide assessment of the agricultural portions of the site have not been performed; however, soil containing pesticide concentrations commonly encountered in an operation of this type can be managed onsite according to protocol prescribed by the California Regional Water Quality Control Board in San Diego County.
3. The former 5,000 gallon USTs were investigated on June 1, 2005. Although analytical results will not be available until next week, we did not see visual indications of staining or odors indicative of a release. We do not expect that further assessment will be necessary in this area.
4. Based on a visual reconnaissance of the above ground storage tanks (ASTs) areas, the stand-mounted tank displayed evidence of staining on the ground below the dispensing hose and nozzle. We did observe active dripping of diesel from the hose connections. The staining below the tank does not appear to be laterally extensive; however we were unable to hand auger more than 6 inches into the very dense soil. The analytical test results from this area will also be available next week.

5. The assessment of the soil in the smudge pot area will be assessed by the current owner and will provide documentation prepared by an environmental consultant.

Please call if you have any questions.

Sincerely,

GEOCON CONSULTANTS, INC.



Ronald J. Kofron, CEG
Manager, Environmental Services

RJK:sc

(1) Addressee



Project No. 09536-06-03
September 28, 2011

Capstone Advisors
1545 Faraday Avenue
Carlsbad, California 92008

Attention: Mr. Mark Hayden

Subject: WARNER RANCH
10950 PALA ROAD
SAN DIEGO COUNTY, CALIFORNIA
SUMMARY OF LIMITED TRENCHING, SOIL SAMPLING, AND ANALYSIS

Reference: *Phase I Environmental Site Assessment, Warner Ranch, 10950 Pala Road, San Diego County, California, May 13, 2005 (Geocon Project No. 09536-06-01).*

Dear Mr. Hayden:

In accordance with your request, we have prepared this letter that summarizes our investigation activities at the location of two former underground storage tanks (USTs) and one aboveground storage tank (AST) at Warner Ranch (the Site) in San Diego County, California. The investigation was requested following the completion of our referenced May 2005 Phase I Environmental Site Assessment (ESA) that identified the former USTs and existing AST as potential concerns for the Site.

SITE DESCRIPTION AND BACKGROUND

The Site currently consists of approximately 500 acres of land to the north of State Route 76 and west of Pala-Temecula Road. Approximately 90 acres of the site has been and is currently used to grow avocados and oranges. The remainder of the Site consists of pastures and undeveloped land. A number of structures associated with farming activities and residences are present in the southern portion of the Site.

As detailed in our referenced May 2005 Phase I ESA for a 420 acre portion of the Site, review of regulatory databases indicated that four USTs were formerly located at the Site including two 5,000-gallon leaded gasoline USTs and a 500-gallon and 280-gallon gasoline UST. All four tanks had a status of "closed by removal."

Inquiries made to the County of San Diego Department Environmental Health (DEH) indicated that the 280-gallon and 500-gallon USTs were removed under permit in December 2001. At the time of removal, the soil beneath these two USTs was reportedly observed to be in good condition with no staining or odors. In addition, laboratory analytical data from soil samples collected beneath the USTs did not exhibit concentrations of petroleum hydrocarbons at or above laboratory detection limits. Based on this information we did not recommend additional assessment in the area of these two former USTs.

Review of DEH records regarding the two 5,000-gallon USTs indicated that these tanks were formally located in the southwestern portion of the Site and were removed in 1979. There was no documentation regarding the condition of the tanks or soil conditions observed beneath the tanks at the time of removal. As such, we recommended conducting limited excavation and soil sampling in the area of these two former USTs to evaluate for the potential presence of petroleum hydrocarbons.

During site reconnaissance activities associated with our May 2005 Phase I ESA, we observed stained soil beneath a 1,500-gallon diesel AST in the west-central portion of the Site. The stained soil appeared to be limited to the area directly below the dispenser. Based on these observations we recommended limited soil sampling in the area of the stained soil.

SUMMARY OF LIMITED EXCAVATION, SAMPLING, AND ANALYSIS

On June 1, 2005, we observed the excavation of a trench in the area of the two former 5000-gallon USTs located in the southwestern portion of the Site. The trench was excavated to a total depth of approximately 12 feet and stained or odorous soils indicative of petroleum hydrocarbons were not observed. Six soil samples were collected from the sidewalls and base of the excavation and submitted to a certified laboratory for analysis of total petroleum hydrocarbons extended range (TPHext) by Environmental Protection Agency (EPA) Test Method 8015B and benzene, toluene, ethylbenzene, and total xylenes (BTEX) by EPA Test Method 8021B. Analytical results indicated that none of the samples were reported with concentrations at or above laboratory detection limits. Additional assessment was not recommended.

In addition to the trenching activities, on June 1, 2005 we advanced one hand-auger soil boring within the limits of the stained soil below the 1,500-gallon AST located in the west-central portion of the Site. One soil sample was collected from the boring at a depth of 6-inches. Due to very dense soil conditions, we were unable advance the hand auger beyond this depth. The soil sample was analyzed for TPHext and BTEX. Diesel range (11,608 milligrams per kilogram [mg/kg]) and oil range (1,700 mg/kg) petroleum hydrocarbons were reported in the soil sample. Gasoline range hydrocarbon and BTEX concentrations were not reported at or above laboratory detection limits. Based on these results, hydrocarbon impacted soil that will likely require special handling during site redevelopment is present in the area of the diesel AST. Additional investigation would be necessary to further evaluate the lateral and vertical extent of the impacted soil and provide an estimated volume of impacted soil.

Please contact the undersigned if you have any questions.

Sincerely,

GEOCON INCORPORATED



Matthew Lesh
Project Geologist

MWL:dmc

(1) Addressee



Project No. 09536-06-03
September 30, 2011
Revised October 14, 2011

Capstone Advisors
1545 Faraday Avenue
Carlsbad, California 92008

Attention: Mr. Mark Hayden

Subject: LIMITED PESTICIDE ASSESSMENT
WARNER RANCH
10950 PALA ROAD
SAN DIEGO COUNTY, CALIFORNIA

Dear Mr. Hayden:

In accordance with your request and our proposal dated August 19, 2011, Geocon Incorporated has prepared this Limited Pesticide Assessment report for Warner Ranch, 10950 Pala Road (the Site) in San Diego County, California (Figure 1). The assessment was performed to evaluate the Site for the presence of residual pesticides in shallow soil due to the historical and current agricultural use of the Site. The assessment included conducting soil sampling activities, performing laboratory analysis, and preparation of this report.

SITE DESCRIPTION AND BACKGROUND

The Site currently consists of approximately 500 acres of land to the north of State Route 76 and west of Pala-Temecula Road that is proposed to be redeveloped as a residential community. Approximately 90 acres of the Site has been and is currently used to grow avocados and oranges. The remainder of the Site consists of pastures and undeveloped land. A number of structures associated with farming activities and residences are present in the southern portion of the Site.

We prepared a Phase I Environmental Site Assessment (ESA) for a 420 acre portion of the Site in May 2005. Review of historic aerial photographs of the Site indicated that four distinct areas contained in this portion of the Site have been and are currently used for agricultural purposes. This includes orange groves in the southwestern and south-central portions of the Site and avocado groves in the central and northwestern portions of the Site. Based on our findings, we recommended performing preliminary assessment of portions of the Site that have sustained agricultural activities.

We also prepared a Phase I ESA for an 80 acre portion of the Site (located in the north-central area of the current Site) in June 2006. Based on review of aerial photographs, this area of the Site has been and is currently undeveloped and evidence of historical agricultural use was not apparent. Based on

our findings associated with the ESA, we did not identify any recognized environmental conditions in this area of the Site and no additional assessment was recommended.

We understand that the County of San Diego (County) issued a series of comments in May 2011 following review of a recent draft Environmental Impact Report (EIR) prepared for the Site by Affinis. Included in the comments was a request from the County to perform assessment activities at the Site to evaluate the Site for the presence of impacted soil due to agricultural uses. The County further requested that the assessment include the collection of soil samples in the areas where pesticides may have been mixed or applied to the Site (such as historical orchards) and in the locations of the proposed future residences.

Based on review of the proposed development plans and conversations with you, we understand that only the two orange groves (approximately 12 and 14 acres in size) in the southern portion of the Site are within the proposed residential development limits and that the two avocado groves in the northern portion of the Site are outside the limits and will remain following completion of the development. As such, our assessment was limited to the two groves in the southern portion of the Site.

PURPOSE AND SCOPE OF SERVICES

The purpose of the assessment was to collect and analyze soil samples in accordance with the County's comments to evaluate if pesticides are present in the onsite shallow soils above regulatory screening levels within the proposed development limits. The scope of services associated with the assessment is summarized below.

- On September 1, 2011 we advanced 16 hand auger borings (B1 to B16) within the two orange groves in the southern portion of the Site (Figure 2). Eight borings were located within each of the groves at the approximate center of a grid system consisting of rectangular grids approximately 350 feet by 200 feet.
- Two soil samples were collected from each boring at depths of 0 to 0.5-foot and 1 to 2.5 feet, depending on the depth at which refusal was encountered on bedrock.
- We submitted the 0 to 0.5-foot samples to Advanced Technology Laboratories (ATL), a state-certified laboratory, for analysis of organochlorine pesticides (OCPs) by Environmental Protection Agency (EPA) Test Method 8081A and Arsenic by EPA Test Method 6010B. The deeper samples collected from the borings were initially held by ATL pending the results of the 0 to 0.5-foot samples. After review of the initial analytical results, the deeper sample collected from boring B7 was analyzed for OCPs and the deeper sample from B13 was analyzed for arsenic (Table 1).
- Two surface samples (BGS1 and BGS2) were collected from onsite locations outside the limits of areas of the Site used for agricultural purposes. Sample BGS1 was collected from an exposed slope adjacent to Temapala Road and sample BGS2 was collected from an exposed slope along an unimproved road approximately 0.5-mile north of boring B3 (Figure 2). The samples were submitted to ATL for analysis of arsenic to provide site-specific background levels for comparison to reported concentrations within the orange groves as this metal has been documented to be naturally occurring in some areas of southern California.

RESULTS AND ANALYSIS

Pesticides

The analytical results are summarized on attached Table 1 and reproductions of the laboratory reports and chain-of-custody documentation are also attached. The laboratory analytical results for analysis of OCPs are summarized below:

- Total chlordane was detected in 4 of the 17 samples analyzed for OCPs at concentrations ranging from 30.4 to 221 micrograms per kilogram ($\mu\text{g}/\text{kg}$).
- Dieldrin was detected in 7 of the 17 samples analyzed for OCPs at concentrations ranging from 2.5 to 39 $\mu\text{g}/\text{kg}$.
- Other OCPs were not detected at concentrations above the laboratory reporting limit for all of the soil samples analyzed.

As summarized on Table 1, we compared the reported concentrations of pesticides with regulatory health risk-based soil screening levels developed by the State of California (the California Human Health Screening Levels - CHHSLs) and the EPA (the Regional Screening Levels - RSLs). All reported pesticide concentrations in the shallow soils on the Site are less than the residential land use screening levels for direct exposure to soil with the exception of the reported concentration of dieldrin of 39 $\mu\text{g}/\text{kg}$ in the soil sample collected from boring B7 at a depth of 0 to 0.5-foot. This concentration slightly exceeds the RSL of 30 $\mu\text{g}/\text{kg}$ and CHHSL of 35 $\mu\text{g}/\text{kg}$. The vertical extent of pesticides above residential screening levels appears to be limited to a maximum depth of 1.5 feet as the sample collected at 1.0 to 1.5 feet at this location was reported with a dieldrin concentration of 8.7 $\mu\text{g}/\text{kg}$, which is well below the screening levels.

We also compared the reported pesticide concentrations with risk-based *groundwater protection* soil screening levels (part of the RSLs) to evaluate if the pesticides in soil pose a potential threat to groundwater beneath the Site. As shown in Table 1, the detectable concentrations of chlordane and dieldrin do exceed their respective risk-based groundwater protection soil screening levels. As summarized in our 2005 Phase I ESA for the Site, groundwater level measurements by others in 2003 from five extraction wells along Pala Road indicated depths to groundwater ranging from 22 to 30 feet. Groundwater levels beneath the orange groves in the southern portion of the Site are generally expected to be similar after adjusting for local elevation changes.

Arsenic

Arsenic was reported above the laboratory reporting limit in 9 of the 17 soil samples at concentrations ranging from 1.5 to 17 milligrams per kilogram (mg/kg). Arsenic was below the laboratory reporting limit in both of the background samples, BGS1 and BGS2. This suggests that soil conditions in the area of the background samples may not be representative of shallow soil in the orange groves. However, as summarized on Table 1, all of the reported concentrations are below the regional background arsenic concentration of 12 mg/kg for southern California as determined by the Department of Toxic Substances Control with the exception of the soil sample collected from boring B13 at a depth of 0 to 0.5-foot (17 mg/kg). The vertical extent of arsenic above regional background

levels appears to be limited to a maximum depth of 2.5 feet as the sample collected at 2.0 to 2.5 feet at this location was not reported with an arsenic concentration above the laboratory reporting limit.

CONCLUSIONS AND RECOMMENDATIONS

The results of the limited soil sampling and analysis conducted at the Site indicate what appear to be localized areas of shallow soil impacted with pesticide concentrations above residential screening levels and arsenic concentrations above regional background levels are present on the Site.

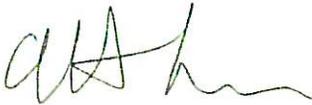
Although the reported pesticide concentrations exceed risk-based screening levels for groundwater protection, based on the expected depth of groundwater and the shallow depth of the reported pesticides, it is our opinion that there is a low likelihood that the pesticides have migrated vertically and have impacted groundwater and that future impacts to groundwater are unlikely given the proposed future site use as a residential development.

We recommend enrolling in the Voluntary Assistance Program at the County of San Diego Department of Environmental Health for their review and comment on environmental investigations conducted at the Site and oversight of proposed remedial actions (i.e. onsite soil reuse or offsite disposal) to mitigate the pesticide and arsenic impacted soil as part of site grading operations.

We appreciate the opportunity to assist you on this project. Please call us if you have any questions.

Very truly yours,

GEOCON INCORPORATED



Matthew Lesh
Project Geologist



Joseph J. Vettel
President



MWL:JJV

Attachments: Figure 1, Site Location Map
Figure 2, Site Plan
Table 1, Summary of Arsenic and Pesticide Results
Analytical Laboratory Reports

- (2) Addressee
- (1) Affinis, Mr. Mike Busdosh



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PHONE 858 558-6900 - FAX 858 558-6159

TM / RA

DSK/GTYPD

VICINITY MAP

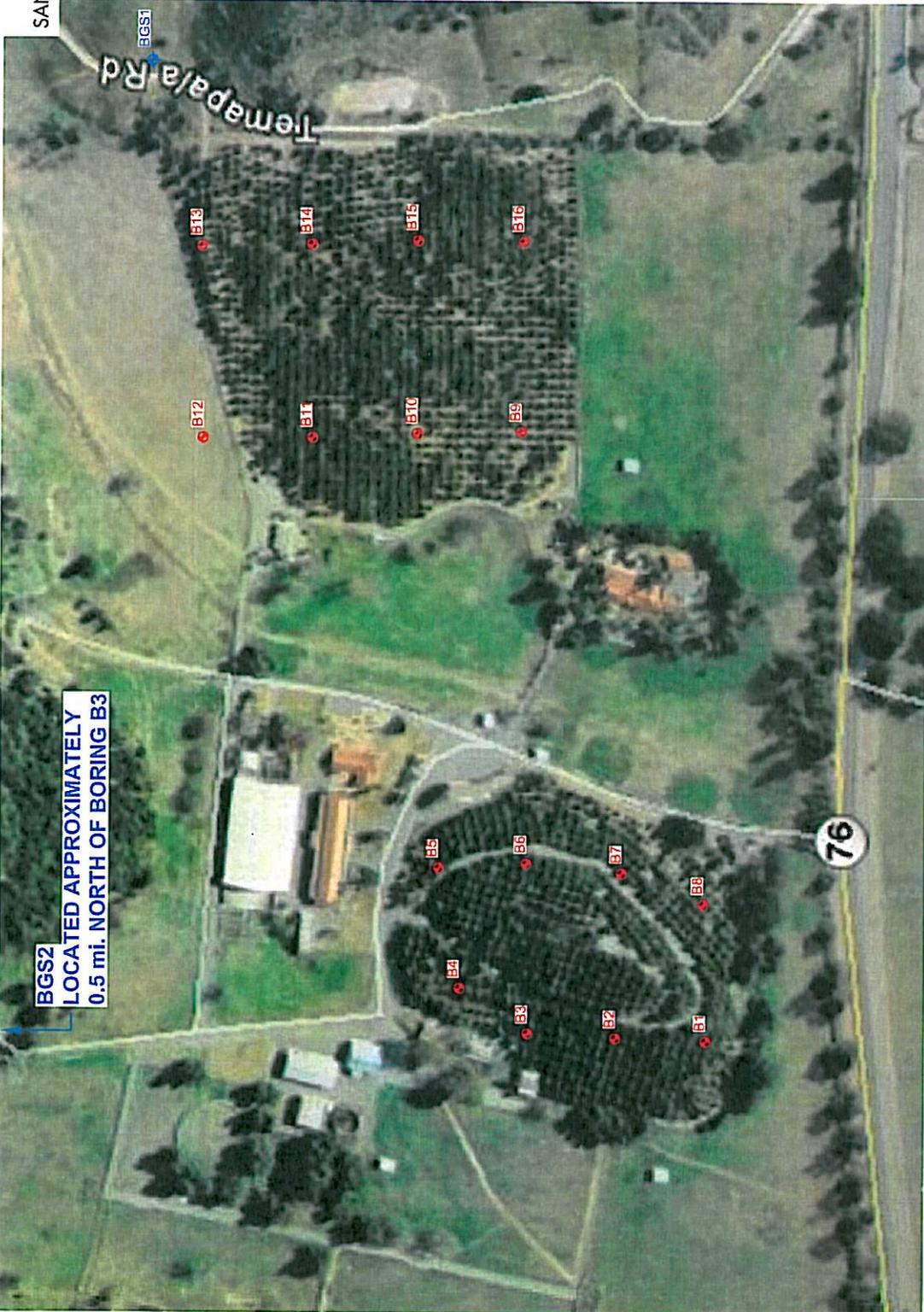
WARNER RANCH
SAN DIEGO COUNTY, CALIFORNIA

DATE October 2011

PROJECT NO. 09536 - 06 - 03

FIG. 1

WARNER RANCH
SAN DIEGO COUNTY, CALIFORNIA



BGS2
LOCATED APPROXIMATELY
0.5 mi. NORTH OF BORING B3

APPROX. SCALE: 1" = 200'

GEOCON LEGEND

- B16** (red circle with dot) APPROX. LOCATION OF BORING
- BGS1** (blue circle with dot) APPROX. LOCATION OF SITE-SPECIFIC BACKGROUND SOIL SAMPLE

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PHONE: 619-590-7400 - FAX: 619-598-6159
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FIGURE 2

SITE PLAN DATE: OCTOBER 2011

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TABLE 1
SUMMARY OF ARSENIC AND PESTICIDE RESULTS
 Warner Ranch
 San Diego County, California

Boring ID	Depth (feet)	Arsenic (mg/kg)	Total Chlordane (µg/kg)	Dieldrin (µg/kg)	Other Organochlorine Pesticides
AGRICULTURAL AREA SAMPLES					
B1	0-0.5	<1.0	<8.5	2.5	ND
B2	0-0.5	<1.0	<8.5	<2.0	ND
B3	0-0.5	5.4	<8.5	<2.0	ND
B4	0-0.5	1.5	<8.5	<2.0	ND
B5	0-0.5	<1.0	<8.5	<2.0	ND
B6	0-0.5	<1.0	<8.5	<2.0	ND
B7	0-0.5	<1.0	105.2	39	ND
B7	1.0-1.5	--	<8.5	8.7	
B8	0-0.5	5.3	<8.5	2.5	ND
B9	0-0.5	4.7	<8.5	<2.0	ND
B10	0-0.5	2.9	<8.5	<2.0	ND
B11	0-0.5	<1.0	<8.5	<2.0	ND
B12	0-0.5	<1.0	<8.5	<2.0	ND
B13	0-0.5	17	221	7.1	ND
B13	2-2.5	<1.0	--	--	--
B14	0-0.5	7.9	<8.5	11	ND
B15	0-0.5	11	42	3.8	ND
B16	0-0.5	3.3	30.4	<2.0	ND
SITE-SPECIFIC BACKGROUND SAMPLES					
BGS 1	Surface	<1.0	--	--	--
BGS 2	Surface	<1.0	--	--	--
RSLs					
Residential		0.39	1,600	30	-
Risk Based for Protection of Groundwater		0.0013	13	0.17	-
CHHSLs					
Residential		0.070	430	35	-
BACKGROUND		12 ⁽¹⁾			

Notes:

- = not analyzed
- mg/kg = milligrams per kilogram
- µg/kg = micrograms per kilogram
- < = less than the laboratory reporting limit
- ND = not detected at or above the laboratory reporting limit
- RSLs = Regional Screening Level Table (RSL) from the Environmental Protection Agency, last updated JUNE 2011
- CHHSLs = California Human Health Screening Levels (CHHSLs) from the California Environmental Protection Agency
- BOLD** = concentration exceeds compound specific RSL or CHHSL and published regional background concentrations
- (1) = based upon the report prepared by the Department of Toxic Substances Control entitled *Determination of a Southern California Regional Background Arsenic Concentration in Soil*, dated March 2008

September 13, 2011



Matt Lesh
Geocon Consultants, Inc.
6960 Flanders Drive
San Diego, CA 92121
TEL: (619) 818-0216
FAX: (858) 558-8437

ELAP No.: 1838
NELAP No.: 02107CA
CSDLAC No.: 10196
ORELAP No.: CA300003

Workorder No.: 119690

RE: Warner Ranch, 09536-06-03

Attention: Matt Lesh

Enclosed are the results for sample(s) received on September 02, 2011 by Advanced Technology Laboratories . The sample(s) are tested for the parameters as indicated in the enclosed chain of custody in accordance with the applicable laboratory certifications.

Thank you for the opportunity to service the needs of your company.

Please feel free to call me at (562)989-4045 if I can be of further assistance to your company.

Sincerely,

Eddie F. Rodriguez
Laboratory Director

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Advanced Technology Laboratories

ANALYTICAL RESULTS

Print Date: 13-Sep-11

CLIENT: Geocon Consultants, Inc.
Lab Order: 119690
Project: Warner Ranch, 09536-06-03
Lab ID: 119690-001A

Client Sample ID: B1-0.0-0.5
Collection Date: 9/1/2011 9:20:00 AM
Matrix: SOIL

Analyses	Result	PQL	Qual	Units	DF	Date Analyzed
ICP METALS						
EPA 3050B		EPA 6010B				
RunID: ICP8_110909C	QC Batch: 75387				PrepDate: 9/8/2011	Analyst: IL
Arsenic	ND	1.0		mg/Kg	1	9/9/2011 01:52 PM
ORGANOCHLORINE PESTICIDES BY GC/ECD						
EPA 3550B		EPA 8081A				
RunID: GC10_110908A	QC Batch: 75396				PrepDate: 9/8/2011	Analyst: HL
4,4'-DDD	ND	2.0		µg/Kg	1	9/8/2011 06:07 PM
4,4'-DDE	ND	2.0		µg/Kg	1	9/8/2011 06:07 PM
4,4'-DDT	ND	2.0		µg/Kg	1	9/8/2011 06:07 PM
Aldrin	ND	1.0		µg/Kg	1	9/8/2011 06:07 PM
alpha-BHC	ND	1.0		µg/Kg	1	9/8/2011 06:07 PM
alpha-Chlordane	ND	1.0		µg/Kg	1	9/8/2011 06:07 PM
beta-BHC	ND	1.0		µg/Kg	1	9/8/2011 06:07 PM
Chlordane	ND	8.5		µg/Kg	1	9/8/2011 06:07 PM
delta-BHC	ND	1.0		µg/Kg	1	9/8/2011 06:07 PM
Dieldrin	2.5	2.0		µg/Kg	1	9/8/2011 06:07 PM
Endosulfan I	ND	1.0		µg/Kg	1	9/8/2011 06:07 PM
Endosulfan II	ND	2.0		µg/Kg	1	9/8/2011 06:07 PM
Endosulfan sulfate	ND	2.0		µg/Kg	1	9/8/2011 06:07 PM
Endrin	ND	2.0		µg/Kg	1	9/8/2011 06:07 PM
Endrin aldehyde	ND	2.0		µg/Kg	1	9/8/2011 06:07 PM
Endrin ketone	ND	2.0		µg/Kg	1	9/8/2011 06:07 PM
gamma-BHC	ND	1.0		µg/Kg	1	9/8/2011 06:07 PM
gamma-Chlordane	ND	1.0		µg/Kg	1	9/8/2011 06:07 PM
Heptachlor	ND	1.0		µg/Kg	1	9/8/2011 06:07 PM
Heptachlor epoxide	ND	1.0		µg/Kg	1	9/8/2011 06:07 PM
Methoxychlor	ND	5.0		µg/Kg	1	9/8/2011 06:07 PM
Toxaphene	ND	50		µg/Kg	1	9/8/2011 06:07 PM
Surr: Decachlorobiphenyl	79.0	31-107		%REC	1	9/8/2011 06:07 PM
Surr: Tetrachloro-m-xylene	78.6	35-108		%REC	1	9/8/2011 06:07 PM

Qualifiers: B Analyte detected in the associated Method Blank
H Holding times for preparation or analysis exceeded
S Spike/Surrogate outside of limits due to matrix interference
DO Surrogate Diluted Out
E Value above quantitation range
ND Not Detected at the Reporting Limit
Results are wet unless otherwise specified



Advanced Technology
Laboratories

3275 Walnut Avenue, Signal Hill, CA 90755 Tel: 562.989.4045 Fax: 562.989.4040