



Rincon Consultants, Inc.

790 East Santa Clara Street
Ventura, California 93001

805 641 1000
*FAX 641 1072

info@rinconconsultants.com
www.rinconconsultants.com

August 22, 2003
Project Number 03-14660

Tony Bortolazzo
Wright & Company
130 Garden Street
Santa Barbara, California 93101

**Phase I Environmental Site Assessment
Portion of Garden Street Complex - CHP
Santa Barbara, California**

"Site 1"

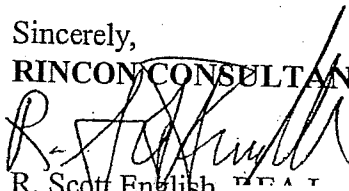
Dear Mr. Bortolazzo:

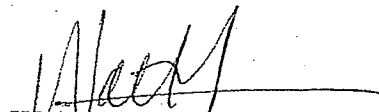
This report presents the findings of a Phase I Environmental Site Assessment (ESA) completed by Rincon Consultants, Inc. (Rincon) for a property located at 211 East Yanonali Street, 106 Santa Barbara Street, and 106 ½ Santa Barbara Street in Santa Barbara, California. The Phase I ESA was performed in accordance with our proposal and contract dated June 17, 2003.

The accompanying report presents our findings and provides an opinion regarding the potential presence and impact of environmental site conditions. Our work program for this project, as referenced in our contract, is intended to meet the guidelines outlined in the American Society for Testing Materials (ASTM), Standard Practice for Environmental Site Assessments: *Phase I Environmental Site Assessment Process* (ASTM Standard E-1527-00). Our scope of services, pursuant to ASTM practice, did not include any inquiries with respect to asbestos, lead-based paint, lead in drinking water, wetlands, regulatory compliance, cultural and historic resources, industrial hygiene, health and safety, ecological resources, endangered species, indoor air quality, or high voltage power lines.

Thank you for selecting Rincon for this project. If you have any questions or if we can be of any future assistance, please contact us.

Sincerely,
RINCON CONSULTANTS, INC.


R. Scott English
Project Manager



, CEG, REA II
Environmental Services

EXHIBIT Q

EXECUTIVE SUMMARY

This report presents the findings of a Phase I Environmental Site Assessment (ESA) for the property located at the Garden Street Complex in Santa Barbara, California (Figure 1, Vicinity Map). The site consists of the following addresses: 211 East Yanonali Street, 106 Santa Barbara Street, and 106 ½ Santa Barbara Street. The site is currently used by various commercial/industrial tenants. The site is an irregular shaped property located on the western side of Garden Street south of Yanonali Street.

The site is located in an area that is primarily comprised of industrial land uses. Properties in the vicinity of the site include numerous industrial businesses and a residential development.

Review of an environmental database records search (EDR) indicated that an unauthorized release has occurred on the adjacent site to the east. Files were reviewed for the adjacent site and it was found that two LUST sites are located on the adjacent block to the east. However, based on the distance from the subject property, and the reported groundwater flow direction to the east/northeast, these specified properties would not be expected to impact the subject property.

Historical sources reviewed as part of the Phase I include aerial photographs (1928, 1938, 1947, 1956, 1966, 1975, 1982, and 1994) and topographic maps (1944, 1952, 1967, 1988, and 1995). The photos and maps reviewed indicate the site was developed as a railroad yard until around 1994. By 1994, the site has segregated areas (tenant lease areas).

Mr. Bortolazzo (owner representative) indicated that rubble from Santa Barbara 1925 earthquake was used to fill much of the general area between US 101 and the beach, including the subject property. The earthquake debris could include a variety of contaminants. These contaminants could include petroleum hydrocarbons, polynuclear aromatic hydrocarbons (PAHs) and metals.

The site was formerly used as a railroad yard with numerous railroad spurs transecting the subject property. There is a potential that heavy metals (primarily lead) could have been generated from the operation of the spur lines and train braking systems. Since the spurs dead end into the former railroad yard, numerous stops would have occurred, increasing the chances for lead dust (and other metals) from the brakes to be deposited around the site. Additionally, cleaning and maintenance of the railroad engines and cars would have occurred on the subject property. These operations could have impacted the subject property with a variety of contaminants. Including heavy metals, fuels, and solvents.

Based on the findings of this Phase I ESA, it is our opinion that there are potential recognized environmental conditions on the site. The potential RECs are the result of the site being built upon debris from the 1925 Santa Barbara earthquake and a former railroad yard and associated spurs transecting the property. Note that the debris was put in areas beyond the subject property. Much of the coastal area of Santa Barbara, including the site, is built on this fill. The fill does not appear to be related to any activities that occurred on the property.

INTRODUCTION

This report presents the findings of a Phase I ESA conducted for the property located at 211 East Yanonali Street, 106 Santa Barbara Street, and 106 ½ Santa Barbara Street, in Santa Barbara California. The Phase I ESA was performed by Rincon Consultants, Inc. (Rincon) for Wright & Company in general conformance with ASTM E 1527-00 and our proposal and contract dated June 27, 2003. The following sections present our findings and provide our opinion as to the potential presence and impact of environmental site conditions.

PURPOSE

The purpose of this Phase I ESA was to identify the possible presence of recognized environmental conditions (RECs) associated with possible soil and groundwater contamination at the site.

A REC is defined pursuant to ASTM E 1527-00 as 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 on 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.

SCOPE OF SERVICES

The scope of services conducted for this study is outlined below:

- Perform an on-site reconnaissance to identify obvious indicators of the existence of hazardous materials.
- Observe adjacent or nearby properties from public thoroughfares in an attempt to see if such properties are likely to use, store, generate, or dispose of hazardous materials.
- Obtain and review an environmental records database search from Environmental Data Resources (EDR), Inc. to obtain information about the potential for hazardous materials to exist at the site or at properties located in the vicinity of the site.
- Review files for the subject site and immediately adjacent properties as identified in the EDR report.
- Review the current U.S. Geological Survey (USGS) topographic map to obtain information about the site's topography and uses of the site and properties in the vicinity of the site.

- Review historic aerial photographs and topographic maps to obtain information about historic uses of the subject property and adjacent properties.
- Review California Division of Oil and Gas records to obtain information about historic oil and gas activity in the vicinity of the site.
- Provide an interview questionnaire to the property owner or a designated site representative identified to Rincon by Wright & Company.
- Conduct a site interview with the owner or designated representative.

Our scope of services, pursuant to ASTM E 1527 practice, did not include any inquiries with respect to asbestos, lead-based paint, lead in drinking water, wetlands, regulatory compliance, cultural and historic resources, industrial hygiene, health and safety, ecological resources, endangered species, indoor air quality, or high voltage power lines.

LIMITATIONS, ASSUMPTIONS AND USER RELIANCE

This Phase I ESA was prepared for use solely and exclusively by Wright & Company. This report shall not be relied upon by or transferred to any other party without the express written authorization of Rincon Consultants.

Wright & Company has requested this assessment and will use the assessment to provide information to a lender for the purposes of refinancing said property. No other use or disclosure is intended or authorized by Rincon. Wright & Company agrees to hold Rincon harmless for any inverse condemnation or devaluation of said property that may result if Rincon's report or information generated is used for other purposes. Also, this report is issued with the understanding that it is to be used only in its entirety. It is intended for use only by the client, and no other person or entity may rely upon the report without the express written consent of Rincon.

This work has been performed in accordance with good commercial, customary, and generally accepted environmental investigation practices for similar investigations conducted at this time and in this geographic area. No other guarantee or warranties, expressed or implied are provided.

The findings and opinions conveyed in this report are based on findings derived from a site reconnaissance, review of an environmental database report, specified regulatory records and historical sources, and comments made by interviewees. This report is not intended as a comprehensive site characterization and should not be construed as such. Standard data sources relied upon during the completion of Phase I ESAs may vary with regard to accuracy and completeness. Although Rincon believes the data sources are reasonably reliable, Rincon cannot and does not guarantee the authenticity or reliability of the data sources it has used. Additionally, pursuant to our contract, the data sources reviewed included only those that are practically reviewable without the need for extraordinary analysis.

Rincon has not found conclusive evidence that hazardous materials or petroleum products exist at the site at levels likely to warrant mitigation. Rincon does not under any circumstances

warrant or guarantee that not finding evidence of hazardous materials or petroleum products means that hazardous materials or petroleum products do not exist on the site. Additional research, including surface or subsurface sampling and analysis, can reduce Wright & Company risks, but no techniques commonly employed can eliminate these risks altogether. In addition, in accordance with our authorized work scope and contract, no attempt was made to check for the presence of asbestos, lead-based paint, lead in drinking water, wetlands, regulatory compliance, cultural and historic resources, industrial hygiene, health and safety, ecological resources, endangered species, indoor air quality, or high voltage power lines.

SITE DESCRIPTION

LOCATION AND LEGAL DESCRIPTION

The site is an irregular shaped property located on the western side of Garden Street south of Yanonali Street. Highway 101 is located to the north of the property.

SITE AND VICINITY GENERAL CHARACTERISTICS

The site is located in an area that is primarily comprised of industrial land uses. Properties in the vicinity of the site include numerous industrial businesses and a residential development.

CURRENT USES OF THE PROPERTY

The site is currently used by various tenants. The tenants and their site uses include the following:

- Battistone, J. Roger – access
- Casa Roofing – roofing contractor
- Chavez, Victor – roofing contractor
- Scott Masonry, Chris – mason
- Diaz, Arturo – plaster contractor
- Halvorson, Eric – tree service
- Hartz, Jay – trailer storage
- IronCad, Inc – welding
- J Stall – container storage
- P.C. Roofing – roofing contractor
- Coast Auto, Pacific – auto repair
- Maint. Marine Preventative – equipment storage
- Prototype source, Inc , access
- Rodriguez, Miguel – landscape contractor
- Ross, Rex – wood shop
- Schiagel Concrete, Jerry – concrete contractor
- Samurai Gardening – landscape contractor
- Santa Barbara Movers, Inc, - moving and storage

- Coast Fumigators – fumigators
- VanDen Heuve, Christian – welding
- Michel Plumbing – plumber
- Diehl, Mike – equipment repair
- Mathew Holland – landscape contractor
- Tree Care, Bill's - landscape contractor
- J. Staal – storage
- Boyce Industries – equipment storage
- Kiedng, Kenneth – trailer storage
- Andrach Backhoe & Truck Service - storage

DESCRIPTIONS OF STRUCTURES, ROADS AND OTHER IMPROVEMENTS ON THE SITE

Access to the site is available from a driveway on Yanonali Street. Water and sewer service is provided by the City of Santa Barbara. Southern California Edison (SCE) provides electrical service. Solid waste collection and disposal services are provided by private vendors. Several commercial structures are located on the subject property. There are numerous roll-off type storage containers and a few mobile trailer type offices on the subject property.

CURRENT USES OF THE ADJACENT PROPERTIES

Current adjacent land uses are described in Table 1 and depicted on Figure 2, Adjacent Land Use Map.

Table 1 - Current Uses of Adjacent Properties

Area	Use
Northern Property	Yanonali Street / residential development
Eastern Property	Garden Street / Industrial/ Commercial businesses
Western Property	Santa Barbara Street / Industrial/ Commercial businesses
Southern Property	Railroad tracks

USER PROVIDED INFORMATION

TITLE RECORDS

Wright & Company did not provide Rincon with a copy of title records for the subject property.

ENVIRONMENTAL LIENS OR ACTIVITY AND USE LIMITATIONS

Wright & Company did not provide Rincon with any information pertaining to environmental liens or activity and use limitations for the subject property.

SPECIALIZED KNOWLEDGE

Wright & Company did not provide Rincon with any specialized knowledge that would be material to recognized environmental conditions in connection with the property.

VALUATION REDUCTION FOR ENVIRONMENTAL ISSUES

Wright & Company did not provide Rincon with any information pertaining to a valuation reduction for the subject property relative to any known environmental issues.

OWNER, PROPERTY MANAGER, AND OCCUPANT INFORMATION

The owner representative and property manager were interviewed regarding the current and former uses of the site. The information obtained from these interviews is described in the Site Reconnaissance and Interviews section of this report.

RECORDS REVIEW

PHYSICAL SETTING SOURCES

Topography

The current U.S. Geologic Survey topographic map (Santa Barbara Quadrangle) indicates that the site is situated at an elevation of about 20 feet above mean sea level with topography sloping to the southwest and southeast.

Site Geology

The subject property is located within the Santa Barbara Basin of southern Santa Barbara County, California. The site is on a gently south-sloping coastal plain of stream-deposited sediments. These sediments were derived from erosion of the nearby Santa Ynez Mountains and local topographic highlands. Unconsolidated alluvium fills the Santa Barbara Basin. Below the site, the underlying bedrock is found at a depth of about 800 feet below ground surface (USGS, Water-Resources Investigations Report, 86-4103). According to the Geologic Map of the Santa Barbara Quadrangle (Dibblee, 1986), the site is underlain by Quaternary-age alluvium. This alluvium is comprised of unconsolidated floodplain deposits of silt, sand, and gravel likely deposited by the Mission Creek and its ancestral equivalents. The inferred trace of the potentially active Mesa Fault is located within 1 mile of the site.

Regional Ground Water Occurrence and Quality

The site is within Unit 1 of the Santa Barbara Groundwater Basin. The Santa Barbara Formation and overlying unconsolidated Holocene alluvium comprise the water bearing zones within this unit. Aquifers within the Santa Barbara Groundwater Basin are used for domestic water supply.