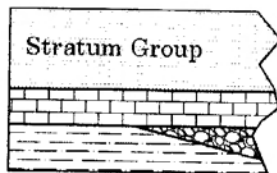


**REPORT
ENVIRONMENTAL SITE ASSESSMENT
PHASE I**

**SKAGIT BAY NEARSHORE
WHIDBEY ISLAND, WASHINGTON**

For:
Whidbey Camano Land Trust
765 Wonn Road, Barn C-201
Greenbank, WA 98253

By:



PO Box 2546
Bellingham, WA 98227
(360) 714-9409

June 17, 2009

Stratum Group

PO Box 2546, Bellingham, Washington 98227
Phone: (360) 714-9409

June 17, 2009

Patricia Powell
Whidbey Camano Land Trust
765 Wonn Road, Barn C-201
Greenbank, WA 98253

Re: Report
Environmental Site Assessment: Phase I
Skagit Bay Nearshore
Whidbey Island, Washington

Dear Ms Powell:

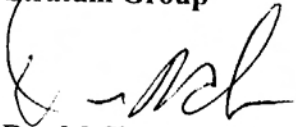
Stratum Group is pleased to present the results of our Phase I Environmental Site Assessment (ESA) for the above property located east of Dike Road and between Skagit Bay and Frostad Road in Whidbey Island, Washington as indicated on Figure 1 of this report. This Phase I Assessment was conducted in general conformance with the ASTM Standard Practice E 1527 and the Federal Standards and Practices for All Appropriate Inquiries (40 CFR Part 312).

We conclude that there are no recognized environmental conditions on the subject property and therefore no further investigation is warranted. We further conclude we have a good understanding of conditions on the property and no further investigation is warranted on the property.

Should you have any questions concerning this Environmental Site Assessment, please do not hesitate to contact us at (360) 714-9409.

Sincerely,

Stratum Group


Dan McShane, M.Sc., L.E.G.
Licensed Engineering Geologist

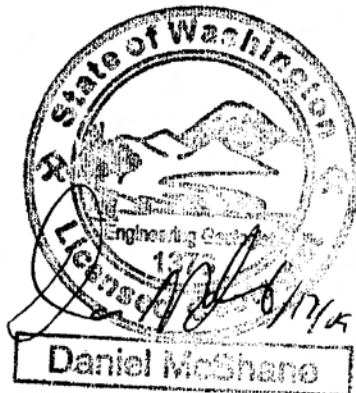


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APPENDIX I

Figure 1 - Site Vicinity Map

Exhibit B – Aerial Map of Subject Property and Vicinity

Figure 3 through 8 – Site Photographs

SECTION 1: EXECUTIVE SUMMARY

As requested by Whidbey Camano Land Trust, Stratum Group conducted a Phase I Environmental Site Assessment at the Skagit Bay Nearshore site east of Dike Road and north of Frostad Road on Whidbey Island, Washington on June 5, 2009.

The subject property occupies approximately 39 acres of diked and drained former tideland, tidelands and sloping tree and brush covered land above the flat ground. No buildings are located on the property. Our historical review of the most of the subject property indicates that the site has been historically used for pasture and corn and grain crops since the early 1900s. The north portion of the property consists of undeveloped tidelands and the southern portion of the property consists of land that has never been developed and has been utilized as grazing, but has been primarily brush and partially tree covered over the past 50 years.

Ault Field at Naval Air Station (NAS) Whidbey Island is located approximately two miles west of the subject property. Fuel dumping from an aircraft is used to lighten the aircrafts weight for landing in certain situations and typically is performed after takeoff or prior to landing. Currently, fuel dumping by aircraft is regulated and is accomplished at high enough altitudes where the fuel will dissipate before reaching the ground. Naval Air Station Whidbey Island has been in operation since 1942 and early practices of fuel dumping are undocumented. The approach pattern of aircraft landing at Ault Field is in line with the subject property. Stratum Group addressed this concern on an adjoining property to the west in July 2008. Three soil samples were collected to determine whether the property to the west of the subject property had been impacted by fuel dumping. The results of the sample analysis indicate that no TPH (total petroleum hydrocarbons), MTBE (methyl tertiary-butyl ether), or BTEX (benzene, toluene, ethylbenzene, xylene) were present at the sample locations. Lead was detected at all three sample locations at a maximum level of 37 mg/kg, well below the Model Toxics Control Act (MTCA) Method A cleanup standard of 250 mg/kg. Based on the results of that investigation, it is our opinion that the subject property was impacted by aircraft fuel dumping and no further investigation of this concern is warranted.

No potential off-site contamination sources were identified that pose a significant risk of contamination to the subject property.

Based on our site visit, historical review, and evaluation of potential off-site sources, it is reasonable and prudent to believe that the risk of contamination at the site is so minimal that no further investigation is warranted.

SECTION 2: INTRODUCTION

2.1 Purpose and Scope

The purpose of this Phase I Environmental Site Assessment is to identify, to the extent feasible

pursuant to the processes prescribed within the Federal Standards and Practices for All Appropriate Inquiries (40 CFR Part 312) and ASTM Standard Practice E 1527, recognized environmental conditions in connection with the subject properties. A recognized environmental condition is defined 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, ground water, or surface water of the property, even under conditions in compliance with existing 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 our services included:

- Inspection of the property for indication of hazardous substances, petroleum products, stained soil, stressed vegetation, garbage dumping, or careless manufacturing or industrial practices which may be present.
- Review of Federal, State, and local records as to locations of nearby hazardous waste sites, leaking underground storage tanks, and landfills
- Review of historic aerial photographs, historic maps, and other available public records to determine past usage of the property and surrounding areas
- Interview of persons with knowledge of the site and surrounding properties
- Review of the physical setting, geology, and geohydrology of the site.
- Preparation of this report describing the conditions encountered and recommendations for further study, if necessary.

2.2 Special Terms and Conditions

Stratum Group has prepared this report using reasonable efforts in each phase of its work to estimate the liabilities associated with recognized environmental conditions on the subject properties and in the vicinity of the subject properties. No environmental site assessment can wholly eliminate uncertainty regarding the potential for recognized environmental conditions in connection with a property. This report is intended to reduce, but not eliminate, uncertainty regarding the existence of recognized environmental conditions in connection with the subject property, in recognition of reasonable limits of time and cost. Stratum Group makes no warranty, expressed or implied, as to the accuracy of information contained in public records.

This report is not definitive and should not be assumed to be a complete or specific definition of all conditions above or below grade. Recognized environmental conditions in the subsurface, if present, can only be identified by a subsurface investigation. An evaluation of area-wide atmospheric deposition of contaminants was not conducted for this report.

Should the conditions on the subject property differ from the descriptions provided in this report

please contact Stratum Group for an additional evaluation.

As is now common in the industry, it is understood that, to the fullest extent permitted by law, our clients agree to defend, indemnify and hold harmless Stratum Group, its owners, employees, subcontractors and agents, from any (past, present, or future) pollution-related claims or damages at the site, including potential claims from third parties that may name Stratum Group as a claimant.

2.3 Qualifications and Methodology Used

The methodology used during the production of this report is as prescribed Federal Standards and Practices for All Appropriate Inquiries (40 CFR Part 312) and as generally prescribed in the ASTM E 1527 standard.

We declare that, to the best of our professional knowledge and belief, we meet the definition of Environmental Professional as defined in §312.10 of this part [Federal All Appropriate Inquiries].

We have the specific qualifications based on education, training, and experience to assess a property of the nature, history, and setting of the subject property. We have developed and performed the all appropriate inquiries in conformance with the standards and practices set forth in 40 CFR Part 312.

2.4 Data Gaps and Limiting Conditions

The following data gaps indicate areas where information was unavailable or inaccessible during the conduct of this phase I environmental site assessment, as required by the all appropriate inquiries, despite good faith efforts.

- 1) The title history for the subject property was not available for review.
- 2) The relationship between the purchase price and the value of the property in relation to the presence or absence of contamination was not reviewed.

The above mentioned data gaps do not significantly alter our evaluation of the environmental conditions on the subject property.

No other data gaps or limiting conditions were encountered during the conduct of this Phase I Environmental Site Assessment.

SECTION 3: SITE CHARACTERIZATION

3.1 Location

The subject property is located east of Dike Road and extends along Skagit Bay north of Frostad

Road on Whidbey Island, Washington. The property primarily consists of former agriculture fields that were created by diking and draining former tidelands adjacent to Skagit Bay. The northernmost portion of the property consists of tidelands and the southernmost portion of the property consists of tree and brush covered uplands sloping down to the farm fields. The property is located in the northwest quarter of Section 17, Township 33 North, Range 2 East of the Willamette Meridian. The location of the subject property is indicated on the site vicinity map in Figure 1 of the Appendix.

3.2 Site and Vicinity Physical Characteristics

The subject property consists primarily of former farm fields on the south side of Dugualla Bay on the east shore of Whidbey Island. The property is the eastern extent of a diked and drained area that has been used as farm land. Uplands slope up to the south from the property. The property and vicinity is a mix of farm land, undeveloped land and rural/suburban development. The property ranges from tidelands to approximately 40 feet above sea-level at the south side of the property.

3.2.1 Geologic Summary

Northwestern Washington and southern British Columbia has been occupied by continental glaciers at least four times during the Pleistocene Epoch (1.6 million to 10,000 years ago). During these glacial (stades) and accompanying interglacial periods (interstades), the underlying geologic units were eroded and glacial and non glacial sediments were deposited over the area. Most of the property is underlain by recent tidal sediments.

The following descriptions of the surficial deposits in the vicinity of the subject property were interpreted from the Surficial Geologic Map of the Port Townsend 30- By 60- Minute Quadrangle, Puget Sound Region, Washington (Pessl et al., 1989). The map indicates that the upland slope on the south side of the property is underlain by undifferentiated glacial and non glacial sediments. The level farm fields on the site are mapped as Holocene tidal sediments. Our site observations are consistent with the above described mapping. The slope in the south side of the property is underlain by deposits consistent with glacial drift and preglacial outwash deposits.

The Soil Survey of Island County (USDA, 2006), describes the soils on the upland portions of the property as Everett Sandy Loam. The Everett soil is well drained and formed from glacial outwash. The soil survey describes the soils on the lowland portions of the property as Coupeville Loam. The Coupeville Loam is poorly drained and formed from glacial drift over dense glacial marine deposits. Based on site observations the farm fields are underlain by a mix of reworked glacial drift and tidal deposits.

3.2.2 Geohydrologic Summary

The uplands of the subject property and vicinity slope to the north, toward Dugall Bay. Shallow ground water on the upland portion of the property flows to the north. Ground water at the site is currently intercepted by ditch systems that direct the water towards a lake northwest of the property. The lake is drained and is pumped into Dugall Bay to maintain the farm fields on the low lands of the area.

3.3 Site Description

A representative of Stratum Group visited the subject property on June 5, 2009. Most of the property consists of former farm fields. The southernmost portion of the property slopes up to the south and is tree and brush covered. An approximately 5-foot deep drainage ditch is located all along the base of the slope between the slope and the former farm fields. The ditch collects ground water and surface water flow and directs the water to northwest. The northernmost portion of the property consists of tidelands. The tidelands are separated from the farm fields by a dike.

The location of the site is provided on a topographic map in Figure 1. An aerial map of the site labeled Exhibit B is in the Appendix, and site photographs are provided in Figures 3 through 8.

3.3.1 Public Utilities

No utilities are located on the site.

3.3.2 Building Conditions

No buildings are located on the subject property.

3.3.3 Surface Conditions

The former farm fields that cover the majority of the site are grass and brush covered and old corn stalks are present. The southernmost portion of the property is tree and brush covered. A drainage ditch system collects shallow ground water and directs the water to the northwest. A dike bounds the northern side of the former farm fields and is of rock construction. Tidelands and gravel beach cover the northernmost portion of the property. No signs of garbage dumping were noted on the subject property.

Our June 5, 2009 exterior observations as required by ASTM Standard Practice E 1527 are presented in Table 1.

TABLE 1
Exterior Observations Checklist

ASTM Observation	Yes/No	Comments
Hazardous Containers	No	
Storage Tanks	No	
Solid Waste Disposal	No	
Odors	No	
PCBs	No	
Pits, Ponds, Lagoons	No	
Stained Soil	No	
Stressed Vegetation	No	
Waste Water	No	
Septic Systems	No	

3.3.4 Adjoining Properties

The property is bound on the north by Dugwalla Bay. Dike Road bounds the west side of the property. Farm fields are located across Dike Road from the property. The south side of the property is bound by residential properties and vacant tree and brush covered land. The east side of the property is bound by a grass covered field as well as a small accretionary beach with piles of drift wood and shoreline plants.

3.4 Site Documents

A phase I environmental site assessment for a property to the west of the subject property was reviewed. The report was prepared by Stratum Group in 2008 and included soil testing for potential petroleum hydrocarbon contamination associated with fuel dumping by planes flying over the area from the Whidbey Island Naval Air Station. The report indicates that fuel dumping in the air prior to landing may have taken place over the area in the past. Soil samples in that study indicated no contamination was present.

3.5 Interviews

We contacted the Island County Environmental Health Department regarding any potential

environmental concerns on the subject property. The health department did not have any complaints regarding the subject property.

Karly Lausteen, of the Ducken Family Trust, was interviewed over the phone on July 28, 2008. Mrs. Lausteen provided information about the historical use of the property. Mrs. Lausteen indicated that the property was predominantly utilized for pasture and that farming of the land has occurred mostly in the past two decades to grow corn and possibly potatoes. She indicated that the crops have not been very productive since the soil is typically too wet to plant until late spring.

3.6 Past Use of Site and Adjoining Properties

Island County assessor records, historic aerial photographs, and interviews were used in gathering historic information for the past use of subject property.

3.6.1 Summary of Past Site Use

Dikes were constructed along Dugualla By in 1915 to create the former farm fields on the subject property. Clover Valley Lagoon and the drainage ditch systems were installed at that time. Prior to the construction of the dike the area consisted tidal marsh of and low lying uplands that were periodically flooded by very high tides and high ground water.

Very little change is notable on the historic aerial photographs between 1958 and 1997 on the subject property.

3.6.2 Summary of Past Site Use of Adjoining Properties

The subject property is primarily surrounded by forested land, large lot residences, and small farm/residences. The property to the north has been utilized as a small farm/residence since the early 1900's. The residential properties to the west and south have been developed since approximately the early 1970s. The forested properties to the west have been historically undeveloped. Livingston Bay is located east of the subject property and no past historic development was indicated through our historical research.

3.6.3 Historic Use Sources

Historic aerial photographs and maps of the subject properties consulted for this Phase I ESA to determine past uses of the subject property and adjacent properties and are listed below.

1. Historical aerial photos dated 1958, 1968, 1978, 1985, and 1997, as maintained by the Island County Public Works in Coupeville, Washington.

2. Property assessor records maintained by the Island County Assessors Office, Coupeville, Washington.

SECTION 4: POTENTIAL CONTAMINANT SOURCES

4.1 Standard ASTM Environmental Record Sources

The public documents, listed in Table 2, have been reviewed to identify off-site contamination sources in the vicinity of the subject property that have a potential to negatively impact the subject property's soil, ground water, or surface water. No potential off-site contamination sources were identified within the ASTM standard search radius of the subject property. The location of the subject property is indicated on the Figure 1 site vicinity map.

TABLE 2
Environmental Records Review

AGENCY	DOCUMENT	SEARCH RADIUS	IDENTIFIED SITES
Federal Environmental Protection Agency	National Priorities List (NPL or SUPERFUND)	1 Mile	0
	De-listed NPL Site	½ Mile	0
	Resource Conservation and Recovery Act Transfer, Storage, and/or Disposal Facility (RCRA TSD)	1 Mile	0
	RCRA Hazardous Waste Handler or Generator records and permits	Adjacent	0
	CERCLIS (Active and De-listed Sites Lists)	½ Mile	0
	Emergency Response Notification System (ERNS)	Subject Property	0
Washington State Department of Ecology	Confirmed and Suspected Contaminated Sites (CSCS)	1 Mile	0
	Leaking Underground Storage Tank List (LUST)	½ Mile	0
	Underground Storage Tank List (UST)	Adjacent	0
Island County	Solid Waste Landfill Sites (SW)	½ Mile	0
	Environmental Land Use Restrictions	Subject Property	0

4.2 Potential Off-Site Sources

No potential off-site contamination sources were identified in our review of public records within the ASTM search radius and no hazardous conditions were noted on adjoining properties during our site visit.

4.3 Potential On-Site Sources

A representative of Stratum Group visited the subject property on June 5, 2009. The purpose of the site visit was to identify, to the extent feasible pursuant to the processes prescribed within the ASTM Standard Practice E 1527 and the Federal All Appropriate Inquiries, recognized environmental conditions in connection with the subject property.

Farming activity appears to have been limited to pasture and for a very limited period corn crops. No areas of garbage dumping were observed on the property during our site visit and no recognized environmental conditions were identified on the subject property.

It is our opinion that the present and historic uses of the site do not pose an environmental risk to the subject property.

SECTION 5: CONCLUSIONS

We have performed a Phase I Environmental Site Assessment in general conformance with the scope and limitations of ASTM Practice E 1527 and the Federal Standards for All Appropriate Inquiries 40 CFR Part 312 for the property located east of Dike Road and to the north of Frostad Road as shown on Exhibit B in the Appendix and referred to as the Skagit Bay Nearshore in Island County, Washington.

Our historic review of the site indicates that the property was developed from tidal and wetland near shore area into farm fields in 1915. The property was utilized for pasture and for a limited period for growing corn. Ault Field at Naval Air Station Whidbey Island is located approximately two miles west of the subject property. The Naval Air Station at Whidbey Island has been in operation since 1942 and early practices of fuel dumping by planes has been raised as a potential contamination concern since the approach pattern of aircraft landing at Ault Field is in line with the subject property. We conducted an investigation on a property to west and the results of the sample analysis indicate that no TPH (total petroleum hydrocarbons), MTBE (methyl t-butyl ether), or BTEX (benzene, toluene, ethylbenzene, xylene) were present on the site. Based on the analysis of the site to the west, it is our opinion that the site was not impacted by aircraft fuel dumping and therefore no further investigation is warranted.

No potential off-site contamination sources were identified in the public databases within the ASTM search radius. It is our opinion that no further investigation is warranted.

Based on our site visit, historical review, and off-site contamination source evaluation, it is reasonable and prudent to believe that the risk of contamination on the Skagit Bay Nearshore site is so minimal that no further investigation is warranted.

APPENDIX I

Figure 1 - Site Vicinity Map

Exhibit B – Aerial Map of the Subject Property and Vicinity

Figures 3 through 8 – Site Photographs

Figure 1. Site Vicinity Map.

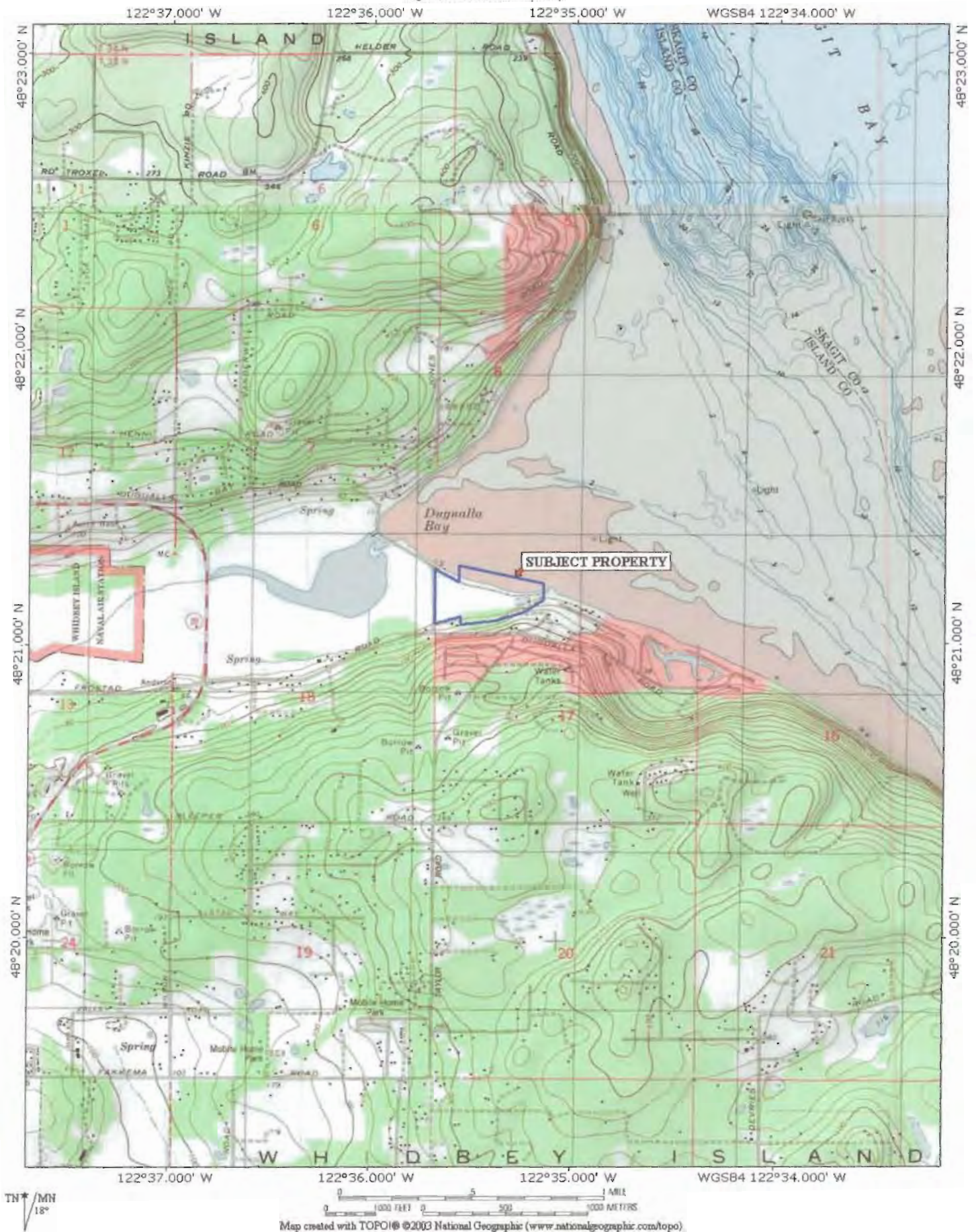


Exhibit B

Subject Property
 New Potential Lots



Boundary Lines Are Approximate. Not for Legal Purposes



Figure 3. View of property from the northwest looking northeast.



Figure 4. View of property from the northwest looking north along Dike Road.



Figure 5. View of Dike on the property.



Figure 6. Dike and beach in front of dike.



Figure 7. Central ditch on property.



Figure 8. Central ditch on property.