



# Phase I Environmental

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When buying property, proper due diligence is always recommended and important to avoid costly, time-consuming issues further along in the process. A Phase I Environmental Site Assessment (ESA) is the first step in accomplishing this goal. Also referred to as a Preliminary Site Assessment or Level One Environmental Site Assessment, the ESA is the initial screening process done on a property to identify potential or existing environmental health hazards or environmental liabilities.



In today's world where every property is subject to potential environmental risk, an ESA can help determine whether the site has been contaminated by previous or current activities. It's an economical way it protects buyers and limits their liability by discovering environmental concerns prior to purchasing the property. Creditors also often require an ESA as it helps determine if there are any environmental risks that could affect the property value or borrower's finances.

The ESA process involves an evaluation of both the physical improvements to a property as well as the underlying land. By evaluating past and current property use, assessing surrounding land uses and consulting with various regulatory agencies, the environmental risk associated with a subject property can be quantified. Recommendations for further evaluation may be also made if warranted.

## **THERE ARE THREE MAIN COMPONENTS TO PHASE I ESA:**

1. Site inspection is a thorough visual assessment of the property to discover and identify any evidence of previous activities that may have contributed to any incidence of soil or water contamination. It includes a comprehensive ocular inspection of the interior of any structures, the exterior areas surrounding these structures and the property lines. It also involves observing and inspecting nearby or adjacent properties. The presence of gasoline stations, dry cleaning operations, industrial facilities, residential heating oil tanks and illegal garbage dumping within or around the property in question may be indicators of impending environmental issues.
2. Reviewing a property's regulatory records brings its history to light and may reveal any past instances of hazardous substances at or nearby that may have contaminated the site. For example, a property may be the present location of a business without any environmental concerns, however years ago it may have been an auto repair shop that allowed oil and/or other waste to leach out into the surrounding soil and water sources.
3. Interviews with former owners, tenants and workers may also be conducted. Their first-hand experience on the property may prove valuable to any assessment and offer useful insights on both the previous use and the current state of the property.

Negotiating the complexities of environmental issues like Phase I Environmental Assessments can be challenging and very time consuming. Stout & Caldwell relies upon demonstrated experience, including Dan Caldwell's 15+ years working in the environmental industry as an NJPDES permit compliance professional for a NJDEP Certified Testing Laboratory. The firm's knowledge of local conditions and regulations delivers client solutions that are timely, practical and make good business sense.