



International

ECO International LLC
7845 SW Capitol Hwy, Suite 8
Portland, OR 97219

Thomas R. Benke, Managing Member
e-mail: trbenke@env-compliance.com

Telephone 503.246.1514
Facsimile 503.246.3676

August 23, 2007

Via email only: cthompson@tmuny.org

Ms. Carrie E. Thompson
Program Associate
Trust for Mutual Understanding
30 Rockefeller Plaza
Room 5600
New York, New York 10112

Re: Portland Khabarovsk Sister City Association
Clean Water Project

Dear Ms. Thompson,

I am Secretary and Environmental Programs Director for the Portland Khabarovsk Sister City Association ("PKSCA"). The Trust for Mutual Understanding awarded to PKSCA in 2005 a grant in the amount of \$45,000 on application for PKSCA's environmental collaboration with the City and Territory of Khabarovsk, Russia. Originally, the TMU funds were to be used exclusively for training Khabarovsk Krai officials to regulate and manage hazardous waste. After a catastrophic chemical spill in Jilin, China (November 2005) threatened the drinking water supply of Khabarovsk (the Amur River) the hazardous waste project was put on hold. In January 2007, we asked for and received approval from TMU to match the TMU funds with an \$80,000 USAID grant through the Foundation for Russian American Economic Cooperation. The project budget combined the hazardous waste training activity with a program addressing water quality issues in Khabarovsk (see your email to me of 30 JAN 07). Soon thereafter, the Krai Ministry of Natural Resources told PKSCA that the Department of Nature Protection officials with whom we would be collaborating were only available to work on drinking water and Amur river ecological issues. Therefore, I asked for and received your verbal approval to drop the hazardous waste

ECO International LLC

Ms. Carrie E. Thompson
August 31, 2007
Page 2

component of the project and to use the TMU funds to pay for international travel expenses associated with the water quality collaboration. We completed that project in July 2007 and are pleased to present now to the Trust for Mutual Understanding a full accounting of PKSCA's expenditure of TMU funds.

We have prepared a project web site report giving an overview of project activities: See <http://www.users.qwest.net/~trbenke/cleanwater.htm> . The site is currently still in "draft" and when finalized will be migrated to the new site <http://www.pksc.org/cleanwater.htm> . You will see that the partners sponsored travel for five delegations between Portland and Khabarovsk:

- April 2007 - Three engineers and one financial officer from Khabarovsk Vodokanal to Portland Oregon to work with the Portland Water Bureau, the engineering firm Murray, Smith and Associates, Inc. ("MSA") and my firm ECO International LLC.
- May 2007 - Two chemists from Khabarovsk Vodokanal to Portland, Oregon to work with the Portland Water Bureau and the manufacturing firm SRI Instruments, Inc.
- May 2007 - Four engineers from the Portland Water Bureau, MSA and ECO International LLC to Khabarovsk, Russia to work with Khabarovsk Vodokanal;
- June 2007 - Two ECO International LLC scientists to Khabarovsk, Russia to work with the Krai Ministry of Natural Resources (MNR); and
- July 2007 - One official from the Krai MNR to Oregon and Washington to work with ECO International LLC and several other participating organizations.

These five delegations collaborated with numerous participating organizations on the following seven issues primarily:

- Drinking water treatment;
- Drinking water distribution;
- Laboratory analytical methods for drinking water quality assurance;
- Sewage treatment;
- Upland contaminated site investigation;

ECO International LLC

Ms. Carrie E. Thompson
August 31, 2007
Page 3

- In-Stream water quality monitoring; and
- Trans-boundary pollution issues.

A full copy of PKSCA's financial report to the Foundation for Russian American Economic Cooperation (FRAEC) is attached. The Trust for Mutual Understanding will be most directly interested in the itemization of expenditures of TMU funds found at sheet "TMU Funds Expended". Of the \$45,000 awarded by TMU, there remained unexpended at the end of the project \$7,296.54. (Our intentions for spending this remainder are outlined below.) As you will see, we spent TMU funds only to pay for international airfare, lodging, meals & incidental expenses, and visa fees.

We can document the following accomplishments:

- Facilitated the integration of municipal, territorial and federal authorities for emergency response and Amur River assessment;
- Encouraged transition in Amur River assessment strategy toward sediment sampling and risk quantification (fish ingestion pathway);
- Caused Krai officials to reconsider the magnitude of the effort (and financial expenditure) necessary to adequately assess the condition of the Amur River basin;
- Facilitated the decision by Khabarovsk Vodokanal to install US technology (Leopold under-drains) in one test filter at the central drinking water treatment plant;
- Helped to integrate US analytical technology (SRI GC/PID) into the standard water quality monitoring protocol at Khabarovsk Vodokanal;
- Introduced to the Khabarovsk Krai a viable, non-confrontational strategy for resolving its dispute with China regarding pollutant discharges to the Amur River, i.e. the mediation strategy of the OSU Institute for Water and Watersheds based on identification of mutual stakeholder interests and reliance on good science;
- Introduced to the Khabarovsk Krai a model for non-federal (territorial) cooperation across national boundaries, i.e. the British Columbia - Washington Environmental Cooperation Council;
- Helped to publicize the problem of Amur River contamination and the municipal and territorial government response while at the same time conveying a positive image of US engagement in Russia; and

ECO International LLC

Ms. Carrie E. Thompson
August 31, 2007
Page 4

- Saved the nesting site of an endangered Amur River turtle.

In addition to the above accomplishments we were able to leverage USAID and TMU funds with an additional \$164,671 in documented contributions (most of which but not all being the invoiced time of engineers and scientists associated with the Portland Water Bureau, with Murray, Smith and Associates, Inc., and with ECO International LLC.) We have not tried to account for the undocumented time of the participating Russian organization professionals or of the many other volunteers who participated in the project.

We believe that we have furthered the direct objectives of the Trust for Mutual Understanding in enhancing the level of trust between the communities of Portland, Oregon and Khabarovsk, Russia. Indicative of the level of trust between our two communities are the following examples:

- Frequent press coverage in Khabarovsk including newspaper articles, magazine articles, nightly television news stories (3), and the appearance of the in-stream monitoring specialists in a half hour segment of the highest rated morning show in Khabarovsk “Morning with Province” on June 20, 2007. (One of the television news stories is posted on the web site and we are still trying to obtain a copy of the morning show appearance.)
- The MSA and PWB engineers were awarded security clearances to inspect the central drinking water treatment facility in Khabarovsk and were given access to all information necessary to prepare a preliminary design review report for installation of a new filter. Last year FSB denied the Portland engineers access to this facility.
- The Portland in-stream water quality monitoring specialists were given access to laboratory equipment and allowed to analyze samples of any river water (or system water) they wished, including samples taken during a joint excursion of all responsible laboratories in the Krai.
- The Portland in-stream water quality monitoring specialists were given access to the new federal laboratory for water quality monitoring under construction in Khabarovsk, again only with FSB security clearances.
- The Portland in-stream water quality monitoring specialists were allowed to review the data of participating laboratories under terms of a strict confidentiality agreement.
- On behalf of PKSCA and the City of Portland, I have been invited to speak at the Second Annual Russian Far East Economic Development conference to be held in Khabarovsk September 18-19, 2007.

ECO International LLC

Ms. Carrie E. Thompson
August 31, 2007
Page 5

We hope you agree that PKSCA has spent TMU's grant funds productively. About \$5000 of the remaining TMU funds will be used to pay travel expenses for my appearance at the federal Economic Development conference in Khabarovsk next month with a return via Moscow to consult with the United Nations Environmental Program and (hopefully) with officials of one or more federal agencies I may be introduced to at the conference in Khabarovsk. We will discuss with you expenditure of the residue of the grant in a few weeks after the PKSCA Board has considered how those funds may best be employed.

We understand that the US Ambassador to Russia will be in Khabarovsk September 5th and that he has asked to meet with our project partners to discuss the success of our clean water project. We will be sure to mention, as we have in all our written materials, that this project could not have been possible without the contributions of the Trust for Mutual Understanding. On behalf of the PKSCA Board and its members, thank you for your support.

Sincerely,



Thomas R. Benke

cc: Tricia Melnik, PKSCA President