

PORTSIDE

FALL 2006

A Port of Portland publication featuring news and information about airports, marine terminals, industrial parks and environmental programs.



OREGON ORIGIN

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IKEA Comes to Cascade Station

the Swoosh known around the world

When it comes to supporting local business development efforts, Nike just does it.

The Nike retail store at Portland International Airport (PDX) is the Nike that you know: sleek, body-conscious clothing, shoes that defy gravity even when they're sitting on the shelf. The hip, bright scene is smartly arranged, and customers are lured in by signs that feature no words, just Nike's simple *Swoosh* – a trademark known around the world.

Local Brand/Global Icon

Nike's place in Portland International Airport's Oregon Market is no small thing. Chris Madsen, the Port's General Manager of Aviation Business and Properties, puts it bluntly: "Having Nike as a tenant helps make this a world-class airport. We're so glad we can offer their products to our passengers."

But Nike's presence at PDX also reflects the dual nature of the state's only Fortune 500 company: it's one of the gems of the Oregon Market, a place where the region's finest products are showcased, and yet it's indelibly connected to the rest of the world. Just through security, travelers can access more than 50 nonstop destinations in five different countries. At PDX and beyond, Nike manages to simultaneously be a global giant and a conscientious local company.

Civic Leader

"I can't overstate Nike's role in recruitment and retention of international air service to Portland," says David Zielke, the Port's General Manager of Air Service Development. "When airlines look at coming into a market, one of the first questions they ask is whether or not local companies will support the service. Nike has been a great partner to Lufthansa and Northwest Airlines. We're not a market full of Fortune 500 companies – we have one."

Ted Cullen, Nike's Global Travel Director, oversees thousands of employee travel hours – much of it to international destinations. "Last year, we booked about \$40 million in tickets originating or ending in the metro area," he says. For employees traveling to Europe or Asia, having direct flights makes a huge difference in time and hassle, and Cullen should know: he travels at least a week a month for his employer. But he also acknowledges the broader good: "You have to work together if you're going to have a successful air program. It's the right thing to do for the community, and we support our neighbors as best we can."

International air service at PDX benefits plenty more people than those who travel on behalf of Nike. Each weekday, full Lufthansa

flights lift off for Frankfurt and destinations beyond, while each morning, Northwest Airline's Tokyo service arrives with surprisingly rested-looking travelers toting laptops and neck pillows. "In addition to Nike, many other companies depend on the flights. The support of the entire local business community has been critical to the long-term sustainability of Portland's nonstop international air service," said Zielke. Several companies have relocated to the metropolitan area because of the air services."

Getting the Shoes from A to B

Passenger service is just part of the activity at PDX. Cargo is transported in the bellies of those large international flights as well as by cargo carriers like Air China, which has two flights a week to and from PDX. These cargo flights hold fresh offerings from around the region and return bearing products that are distributed across the Northwest.

Not surprisingly, a majority of Nike's products are shipped by ocean, but air cargo is an invaluable export service for Nike, and the company works with three different air freight forwarders around the world. Again, the global leader has a local focus, and the air "bags" in Nike footwear are produced right here in Tigard, Oregon, before being flown to other locales for assembly. The finished products are then shipped by sea around the world.

John Isbell, Nike's Director of Corporate Delivery Logistics, heads up the marine shipping program for Nike's four worldwide regions. He describes his job: "If you were building a house, our department would install the plumbing." Using that same analogy, each region is responsible for managing the water flow, or moving the product, using the transportation infrastructure that Isbell and his team help create. Expediency is key, and their end goal is for each region to be "as close to the market as we possibly can from the time an order is taken." Isbell continues, "Our products are time-sensitive," – the company is trying to make fashion, not follow it.

How to better connect parts of the world that are six thousand miles away? One of Nike's strategies is its "direct ship program," which sends approximately 60% of the company's products directly to larger retailers' distribution centers around the U.S. To ensure delivery speed, Nike requires that its six global carriers take responsibility for cargo door-to-door rather than port-to-port. Nike employs a diversified West Coast port strategy with almost 50 percent of its imports arriving in the Ports

of Long Beach, Los Angeles; a majority of the containers are then loaded onto on-dock railcars and sent to more than 60 inland destinations. Remaining domestic products are shipped to one of Nike's three distribution centers in the U.S. Two are in Memphis, and the third is in Wilsonville. Nike uses the Port's Terminal 6 facility and the Port of Seattle for imports to Wilsonville.

As one of the largest importers in the Northwest, Nike has strong leverage when negotiating shipping contracts with carriers. Still, that didn't stop the company from participating on the Port's Columbia River Container Service Committee, a group of business community stakeholders who worked to attract and retain shipping services for the area. The efforts of businesses large and small helped the Port bring two new shipping lines to the city this past spring.

Portland: The World's Footwear Hub

On a national level, Nike is a member of the Footwear Distributors and Retailers of America, a trade group featuring the top names in athletic apparel. Each year, the organization holds its Footwear Transportation and Distribution Conference; three years ago, Nike chaired the conference. In fall 2007, the conference will be held here in Portland, and the Port of Portland is enthusiastically involved in planning the event.

Portland is the perfect location for this conference: the metropolitan area is blossoming into what many people are calling the "Footwear Capital of North America." Adidas, which recently acquired Reebok, has based its U.S. headquarters in North Portland, and Keen and LaCrosse have relocated here, thanks in part to talented designers—many of whom are former Nike employees. The region's diverse natural beauty doesn't hurt either: another local brand, Columbia Sportswear, uses the sweeping Cascade Mountains and glacial rivers as inspiration for product development.

"Just Do-ing It" Green

A healthy respect for this environment is where Nike's regional identity is especially pronounced. Portland is known as a leader in the sustainability movement, which focuses on reducing environmental impacts so as not to compromise the livability of future generations. Nike has proven that a large, worldwide company can be committed to environmentally sound commerce and still turn a profit. Over the past twenty years, Nike has incorporated social responsibility into its

mission statement and, more importantly, into its everyday activities. This has meant reducing its use of chemicals in its products (the company has voluntarily reduced petroleum-based adhesives and PVC in its footwear), relying on post-consumer recycled paper, and recycling its own products into new, different products and resources. Worn-out running shoes have been reborn as running tracks, basketball courts, and weight room flooring as part of its program to encourage physical activity among kids around the world.

Close to home, the company's headquarters near Beaverton in unincorporated Washington County received "Salmon Safe" certification in 2005, which recognized Nike's efforts to manage non-native species, protect and restore habitat, and constantly improve the environmental health of its campus. The Green Building Council has honored Nike's Ken Griffey Jr. building with a Leadership in Energy & Environmental Design (LEED) award for Existing Buildings. Employees are encouraged to carpool, and the company has partnered with local nonprofit Metafore to establish sound guidelines for paper procurement and usage.

Nike's next move is right here at home: solar power at PDX. Over the next few months, the company will be installing solar photovoltaic (V) panels at Portland International Airport, which will collect solar radiation and convert it into useable electricity fed directly into the PDX power system. The panels will generate enough power to meet the electrical demands of Nike's retail store at Oregon Market. Nike's ultimate goal is to make all of its retail stores climate-neutral, meaning they generate their own power without negatively impacting the world's climate, so this effort at PDX will prove informational as the company pursues this goal at other retail stores.

Deep Roots

Not far from the Hillsboro Airport, where three of Nike's corporate jets gleam inside a hangar identified, only by an elegant *Swoosh*, are Nike's world headquarters in Beaverton. Back in the early 1980s, the Port briefly owned the land before selling it to Nike, which then turned it into a bucolic corporate campus. By ground, air and sea, Nike and the Port of Portland have been long-time transportation business partners. In many ways, the region's transportation systems owe much to Nike's advocacy and use. ☘

by Rachel Wray



NEW PARKING GARAGE UNDERWAY; HEADQUARTER OFFICE TO FOLLOW?

With the present parking garage at Portland International Airport (PDX) filling to capacity on a regular basis, the airport needs more parking spaces. A new parking garage to be built adjacent to the current garage is now in the preliminary design process.

Coupled with that process is an alternative plan that could include – as a part of the new parking garage – an office building for the Port of Portland.

“We think it makes sense to consider the possible efficiencies and cost effectiveness of combining our entire Port workforce into a single new office,” said Bill Wyatt, Port executive director. The office under consideration would combine functions located in the downtown Port headquarters with most Port aviation offices

now located in the airport terminal.

The parking garage will provide approximately 3,000 parking spaces and 500 spaces for rental cars, whether or not the office is added.

Port commissioners have approved additional design work to help pinpoint final costs. After weighing those costs, a decision about consolidating Port offices will be made sometime in 2007. The garage, with or without the office, is expected to be completed in 2009.

PDX currently has 15,000 parking spaces in four parking locations: the garage, long-term lot, economy lot and employee parking lot.

PDX REFLECTS ON FIVE-YEAR ANNIVERSARY OF SEPT. 11

A moment of silence throughout Portland International Airport (PDX) marked the five-year anniversary of the tragic events of Sept. 11, 2001, and honored those who were lost.

Since then, aviation security has been greatly enhanced, and the collective effort of PDX staff helped air travel reach an all-time record of nearly 13.9 million travelers last year.

“We’ll always be saddened when we think of those lost on 9/11. Many of them were our friends in the aviation industry,” said Mary Maxwell, Port of Portland aviation director. “...and yet, we have reason for pride in our accomplishments since that time, working together to make air travel safer than ever, helping restore travel to record levels, and continuing to provide the best customer service you’ll find anywhere.”

The many aviation security enhancements over the past five years included:

- Federal creation of the Transportation Security Administration for passenger and baggage screening.
- New screening equipment and 100 percent screening of all checked bags.
- Carry-on item restrictions, including recent new restrictions on liquid items.
- Revalidation of security badges using fingerprint based, criminal-history background checks.
- New security training for airport workers.
- Creation of a Port of Portland Public Safety and Security Department, and expansion of the Port’s Police Department.

CORPORATE CLIENTS PITCHED A THANK YOU

Aviation and Marine Industrial Lands corporate clients enjoyed a relaxing summer evening watching the Portland Beavers play the Las Vegas 51s at Portland’s PGE Park on Aug. 23 as a thank you for their business and support. The Port invited their guests to join “teammates” to celebrate a successful year that resulted from multiple partnerships.

To start the game, everyone cheered on Adidas Chief Financial Officer Brandt Schmidtman as he threw out the night’s first pitch.

Susan Bladholm, the Port’s senior manager of corporate marketing, sums up the evening’s activities. “Great people, working towards a common cause watching Triple AAA baseball on a warm summer evening in Portland – it was a great way to round out the summer, get to know one another a little bit better and take a moment to recognize that collectively we can do great things for this place we call home.”



ALASKA DELIVERS MEXICO THIS WINTER

The beaches of Mexico may be just the ticket for a winter break and Alaska Airlines has the tickets! Alaska is offering seasonal, nonstop service between Portland and the Mexican resort destinations of Los Cabos and Puerto Vallarta.

From the end of October until the end of April 2007, travelers can fly with Alaska four days a week from Portland International Airport (PDX) to Los Cabos and three days a week from PDX to Puerto Vallarta.

Flights from PDX to Los Cabos and back are scheduled for Mondays, Wednesdays, Fridays and Saturdays, beginning Oct. 28.

Flights from Portland to Puerto Vallarta and back are scheduled for Tuesdays, Thursdays and Sundays, beginning Oct. 29.

Alaska Airlines Vacations is offering vacation packages from Portland to the two beach cities. Prices for round-trip airfare and three nights’ accommodations start at \$499 per person based on adult double occupancy. Customers must book and purchase packages by Nov. 10, 2006, and travel by Nov. 16, 2006.

These are Alaska’s first international departures from PDX. Alaska and sister carrier, Horizon Air, together serve 88 cities through an expansive network throughout the state of Alaska, the lower 48 states, Canada and Mexico.

TRACING SECURITY THREATS

New screening equipment and other recent modifications to security checkpoints are providing an added level of security and customer service at Portland International Airport.

In a partnership with the Transportation Security Administration (TSA), four new explosives detection trace portals began phasing into service earlier this year. Passengers identified as needing additional screening, as well as passengers selected at random, pass through the machines. As the passenger enters the trace portal, he or she is asked to stand still for a few seconds while several bursts of air are released, dislodging microscopic particles that are then collected and analyzed for traces of explosives. A computerized voice indicates when the passenger may exit the portal.

Other recent modifications to the airport’s security checkpoints include new, state-of-the-art metal detectors between each x-ray machine and new doors to accommodate customers with special needs such as wheelchairs. These devices allow the TSA to expedite security screening for travelers.



BIG SKY SERVICE

In June, Big Sky Airlines launched new weekend service from Portland to Missoula, Mont. and in August, it expanded the service to a daily schedule and added a new one-stop, same-plane service to Helena on Wednesdays.

“We are excited to offer Portland travelers more options to Montana,” said Fred deLeeuw, Big Sky’s president.

Nonstop flight 6029 departs Portland every day at 1:00 p.m. and arrives in Missoula at 3:45 p.m. Nonstop flight 6028 departs Missoula at 10:30 a.m., arriving in Portland at 11:30 a.m.

On weekdays, flight 6029 continues on from Missoula to Helena, arriving at 4:53 p.m. Flight 6028 departs each weekday from Helena at 9:30 a.m.

Big Sky Airlines currently serves 22 cities in Colorado, Idaho, Montana, Oregon, Washington and Wyoming. Big Sky operates as a code-sharing and frequent flier program partner with Alaska Airlines/Horizon Air, Northwest Airlines and America West/US Air, allowing its customers the convenience of traveling with one ticket to destinations throughout the world.



HAWAIIAN AIRLINES WINGS TO MAUI DAILY

Hawaiian’s service from Portland International Airport (PDX) to Maui increases from three times weekly to a year-round daily flight, beginning this fall.

Hawaiian also announced other systemwide changes including more flights, the recall of 22 furloughed pilots, and the hiring of 100 new flight attendants.

Now in its 77th year of continuous service in Hawaii, Hawaiian Airlines is the state’s biggest and longest-serving airline, and the second largest provider of passenger air service between Hawaii and the U.S. mainland.

At PDX, nonstop service to Maui began in February 2003. Last year the airline served nearly 250,000 passengers at PDX. Hawaiian has the only wide-body domestic passenger service at PDX, using the new Boeing 767-300ER aircraft.

HORIZON AIR AND AMERICAN AIRLINES CELEBRATE MILESTONES

It’s the year of silver anniversaries for both Horizon Air and American Airlines at Portland International Airport (PDX).

Horizon marked its 25th year of doing business and serving the Pacific Northwest by unveiling a celebratory painted aircraft. The intricate and colorful design incorporates 15 colors, applied by 12 painters over 22 days, using a total of 276 gallons of paint. The aircraft is a Bombardier Q400, a 74-seat, high-speed turboprop.

Last year, Horizon served more than 2.5 million passengers at PDX, more than any other airline. From

its first flight on Sept. 1, 1981, from Seattle to Yakima, Horizon has grown into the Northwest’s largest regional airline, currently serving 46 cities.

American Airlines, which traces its roots back to the 1920s and is now the largest airline in the world, is celebrating 25 years of service at PDX. To highlight the occasion, American had a drawing as part of the airport concessionaires’ Father’s Day event in June and gave away two tickets for travel anywhere in the U.S.

American’s network serves 250 cities in more than 40 countries. In 2005, American served 575,000 passengers at PDX. The airline currently has seven daily departures from PDX, five to Dallas-Ft. Worth and two to Chicago-O’Hare





PORT'S NEW RAIL YARD AN ECONOMIC ENGINE FOR REGION

The Port of Portland and its rail-dependent customers received good news in July with a decision by the Oregon Transportation Commission to contribute \$6.8 million in ConnectOregon funding for the Ramsey Rail Yard in Rivergate.

Located close to marine terminals 4, 5 and 6, Ramsey Rail Yard will have six tracks capable of staging, storing and switching trains. The additional capacity will allow the BNSF and Union Pacific more room to store, stage and build trains off of their mainlines. By helping to keep the mainlines clear of trains, Ramsey will improve rail capacity for the whole region.

"Toyota, Honda, Hyundai, Kinder Morgan, Portland Bulk Terminal and Columbia Grain – some of the Port's largest customers – depend on the ability of trains to quickly transit Portland's rail network to move their cargos to and from their terminals," said Marine and Industrial Lands Director Sam Ruda.

"Quite simply, none of these customers would be here without Portland's excellent rail network," Ruda said. "Our mineral bulk exporters receive 100 percent of their product via rail. Our auto importers move 75 percent of their autos via rail. Columbia Grain receives about half of their grain via rail. There are also 28 Rivergate Industrial District tenants who depend on

rail. Ensuring adequate capacity on Portland's rail network is one of our highest priorities." Construction on Ramsey starts in the second quarter of 2007 and will take approximately a year and a half to complete. The Port estimates construction will create the equivalent of nearly 249 direct, indirect and induced jobs. The additional rail capacity will also allow Port tenants to increase their cargo volumes, which support thousands of existing jobs, as well as the creation of new jobs. Funding for the project also included a federal appropriation of \$7.1 million, secured with the assistance of Oregon Congressman Earl Blumenauer.

SEAPORT CELEBRATION: SHOWCASING A MARITIME SECRET

Hundreds of adults and children visited Terminal 6 (T-6) on Saturday, August 26 to get a feel for Oregon's only deepwater container terminal at the Second Annual Seaport Celebration. Located at the confluence of the Columbia and Willamette rivers, T-6 is not easily seen from downtown Portland or major interstates.

Kids of all ages were amazed at the size and scale of the machinery that makes a modern container terminal work. The day included bus tours around the giant cranes, demonstrations of container handling reach stackers and even Captain Bogg and Salty – a Pirate Band.

"This is a great way for the community to get to see how a modern container terminal works and get a feel for our region's connection to the global economy," said Port of Portland Executive Director Bill Wyatt.



Left to right: Sam Ruda, Port of Portland marine and industrial lands director; Bill Wyatt, Port of Portland executive Director; Oregon Governor Ted Kulongoski; Jeff McEwan, Hanjin Shipping's regional manager; Greg Borossay, John Akre and Steve Mickelson, Port of Portland marine marketing department.

LOYAL, LONGTIME AND NEW CARRIERS HONORED

More than 150 marine industry leaders and local and state officials converged at the Port of Portland's marine Terminal 6 for the July 13 Celebrating Connections carrier appreciation event to honor the Port's key clients and educate stakeholders about the importance of maritime trade.

Port Commission President Jay Waldron, Executive Director Bill Wyatt, and Marine and Industrial Lands Director Sam Ruda were on hand to welcome guests, honor established and newer partners, and show off the Port's latest Post-Panamax crane.

Said Gov. Ted Kulongoski, "No one should doubt the importance of international trade to Oregon's economy. The fact is Oregon is an export-trade state. Despite our comparatively small population, we exported more than \$12 billion in goods and services last year, and we consistently rank among the top 15 exporting states in the U.S."

The governor also honored the carriers that serve the Port of Portland including China Shipping, COSCO, CP Ships/Hapag Lloyd, CSAV NorAsia, Hanjin Shipping, "K"-Line, Yang Ming and ZIM.

"It's a special honor to help show Oregon's appreciation for the companies we rely on to keep our connection to the global economy alive and functioning – the carriers who bring the products of the world's marketplace to Oregon's doorstep and bring Oregon's goods to customers around the world. We recognize your importance to the economic well-being of our people. You are an indispensable part of Oregon's economic future," said Kulongoski.

OREGON GOVERNOR PRESENTS GIANT CHECK FOR GIANT CRANE

The Port hosted Oregon Governor Ted Kulongoski at the Terminal 6 container facility in July as he announced the list of projects slated to receive a portion of his \$100-million ConnectOregon non-highway transportation funding initiative. As part of that announcement, the governor and Senators Betsy Johnson and Bruce Starr presented a giant \$7.5-million check to help purchase the Port's fourth Post-Panamax container crane.

"This fourth crane will play an important role in helping us attract and retain container shipping lines," said Port Executive Director Bill Wyatt. "We're working with a number of shipping lines, which are bringing or are interested in bringing Post-Panamax ships to Portland. With a fourth crane, we're increasing Portland's attractiveness to these shipping lines on an exponential scale because it gives us more flexibility to service carriers faster and get them on their way."

The Port's new crane, including delivery, spare parts and installation, will cost approximately \$10 million. The Port will pay for additional costs beyond the \$7.5 million ConnectOregon funding. The Port plans to order the crane as soon as possible and estimates delivery could be as soon as 2008.

In addition to a new crane, the Port also received \$6.8 million in ConnectOregon funding to construct a new rail yard in the Rivergate Industrial District (see Ramsey Rail Yard story on page 6) as well as \$2.4 million to construct a new barge receiving terminal at Terminal 4.



Left to right: ILWU Local 8 President Leal Sundet, Oregon Senator Bruce Starr, Governor Ted Kulongoski, Oregon Senator Betsy Johnson, Port Commissioner Steve Corey and Port Executive Director Bill Wyatt

T-6 CONTAINER VOLUMES JUMP 21 PERCENT

In the first six months of 2006, the equivalent of 87,250 twenty-foot containers (TEUs) passed through the Terminal 6 container facility. That's a 21 percent increase over the first half of 2005. This increase does not reflect the full impact of Portland's two new services from ZIM and Yang Ming because, having started on May 14 and June 15, respectively, they impacted only a month and half of the six-month period.

"In the first half of 2006, we're seeing the Hanjin/COSCO and Hapag-Lloyd/CP Ships services continue their impressive growth in Portland," said Port Marine and Industrial Lands Director Sam Ruda.

"We'll see increasing growth for the rest of the year as we expect the new services will bring an additional 4,000 containers through Terminal 6 each month."

As of this writing, the Port doesn't have figures for a full month's container volumes that demonstrate the impact of the new services. However, June figures are in, and they reflect Hanjin/COSCO, ZIM, Hapag-Lloyd/CP Ships, and a half-month of Yang Ming calls. The Port moved 17,350 TEUs in June, a 64 percent increase over June 2005.

"If June is an indicator, and we have every reason to believe it is, the Port's container business is headed for a big rebound this year," Ruda said.



400 DIP THEIR PADDLES AT ANNUAL REGATTA

Using a variety of canoes, kayaks and inflatable boats, more than 400 novice and experienced paddlers participated in the 12th Annual Columbia Slough Small Craft Regatta on Sunday, July 30.

The Columbia Slough Watershed Council, sponsored in part by the Port of Portland, hosted the event, which recorded more than 200 boat launches.

The Regatta has grown into the largest one-day paddle in Oregon, providing local residents, private businesses and regional government agencies the opportunity to celebrate the Columbia Slough's unique role as a vibrant natural habitat and recreational destination.

The Regatta provides free boats, paddles and life jackets to anyone interested in exploring the Slough. This year's course began at the Portland Water Bureau's canoe launch along the Big Four Corners Natural Area. Paddlers kept a keen eye open for deer, coyotes, river otters and birds.

The Port is a member of the Watershed Council and a longtime supporter of efforts to promote a healthy Columbia Slough, which is located between marine Terminal 6 and Portland International Airport.

RECORD-SETTING VOLUMES HAS TOYOTA ADDING ACRES

Toyota's volumes through its Terminal 4 (T-4) auto handling facility have increased so dramatically, the company recently hired 30 new employees and added 15 acres to handle the growth.

"The growth in Toyota's volume provides more local jobs for automobile handling and helps support jobs in our region's truck, rail and maritime industries," said Bob Lipscomb, the Port's marine marketing general manager.

Skyrocketing sales this year have exceeded Toyota's projections. To accommodate the volume increase, Toyota signed a five-year lease amendment with the Port for an additional 15.28 acres of paved and fenced storage space at T-4. The new property is a portion of land Toyota leased before moving to its redeveloped facility.

So far this year, Toyota has broken a number of records, including bringing in 19,061 cars in February – the company's highest monthly volume through Portland. Toyota broke that record in March and again in April, and surpassed it again in June with 22,026 autos. The automaker's volumes are up 30 percent from last year. If Toyota continues its current pace, it will break two more records: 140 vessel calls (a record number of ships for a year) and nearly 250,000 units imported during 2006 (record annual volume).

The Port estimates each car handled at the Port's three auto terminals brings \$346 in economic benefits to the region. The Port expects to see more than 400,000 Hondas, Hyundais and Toyotas imported through Terminal 4 and Terminal 6 this year, making it a U.S. West Coast auto import leader.



DIESEL EMISSIONS TACKLED

The Port of Portland on June 22 joined a diverse group of stakeholders in committing to tackle diesel emission issues when Port Executive Director Bill Wyatt signed a Declaration of Cooperation as part of the North Portland Diesel Emission Reduction Project.

"For a number of years the Port has been working to reduce emissions from on-road and off-road vehicles," said Environmental Affairs Director Cheryl Koshuta. "Joining this group is a great step for the Port, because we can have a bigger impact by working together."

Project members include both public and private entities. Proposed solutions will focus on voluntary actions that can be achieved without regulatory intervention. The Port has already taken a number of steps to reduce air emissions:

- Implemented the "Quick Pay" automated parking toll plaza, which has reduced parking idling time at Portland International Airport (PDX) by 50 percent
- Became one of Portland's first users of ultra-low sulfur diesel fuel, which the Port voluntarily uses in marine terminal equipment
- Increased the percentage of the Port fleet that runs on alternative fuels
- Started using biodiesel B20 in PDX's diesel vehicles in 2002
- Replaced diesel buses with compressed natural gas (CNG) buses for PDX's passenger transport fleet
- Purchased renewable power from PacifiCorps' Blue Sky energy program and Portland General Electric's Salmon-Friendly and Clean Wind Power program since 2001



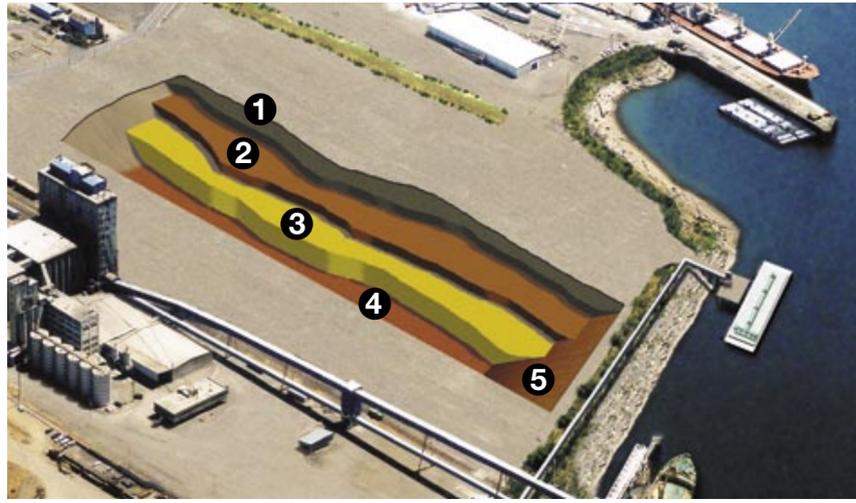
Stephen Kafoury and Port of Portland Executive Director Bill Wyatt

BICYCLE VISIONARIES SPIN IN HIGH GEAR

Your average airport view it was not: 100 cyclists spun along a multi-use path from Portland International Airport (PDX) comprised of elected officials, planners and bicycle advocates. But PDX is not an average airport. It is one of the only airports in the country that encourages, plans for and provides bicycle and pedestrian facilities. The cyclists came together for the second annual Cycle Oregon-sponsored ride to explore opportunities for connecting the Portland-Vancouver metropolitan region with a network of state-sponsored trails in Oregon and Washington.

The riders' 40-mile route took them to the 3,000-acre Smith and Bybee Lakes Wetlands in north Portland via Marine Drive, across the I-5 Bridge to Esther Short Park in downtown Vancouver, east along the Columbia River to the new Burnt Bridge Creek Trail, and back to PDX via the I-205 bridge.

"The ride also raised awareness of the PDX bicycle and pedestrian improvements the Port is continuing to develop in the airport area, such as a new multi-use path that leads directly to the terminal and a secure bike parking area for employees," said Jason Gately, Port aviation planner.



1 Surface layer 2 Fill 3 Dredged sediment 4 T4 Dredged sediment 5 CDF berm

WILLAMETTE EARLY ACTION CLEANUP MOVING FORWARD

The Port is moving forward with design of the cleanup method for contaminated sediments at marine Terminal 4 as directed by the U.S. Environmental Protection Agency (EPA). In May, the EPA chose the cleanup method that the Port is now designing/planning to implement.

The cleanup emphasizes dredging contaminated sediments and placing them in a confined disposal facility (CDF) that will be constructed at Terminal 4's Slip 1. The cleanup also includes the use of monitored natural recovery (allowing natural processes to reduce risk) and capping (covering sediments with clean materials), all of which are proven cleanup methods. After cleanup is complete, the newly created land of the CDF can be used for water-dependent commercial purposes.

Construction of the CDF will begin after the design work is finished in spring 2007.

The Port has been meeting with Terminal 4 tenants and area citizens, and hosting open houses to share information about the design and construction and to answer questions. For more information visit www.portofportland.com/T4_EA_Home.aspx.



1,700 linear feet of the riverbank at Toyota's Terminal 4 Vehicle Distribution Center has been restored to improve wildlife habitat.

TOYOTA'S FACILITY CERTIFIED SALMON-SAFE

Toyota Logistics Services, Inc.'s (TLS) Terminal 4 Vehicle Distribution Center recently added Salmon-Safe to its growing list of environmental accomplishments. The independent certification recognizes the proactive approach of TLS for managing environmental health at the facility.

"Salmon-Safe certification fits with Toyota's company-wide commitment to continuous environmental improvement. We think Salmon-Safe certification is a powerful way to ensure that best management practices are used in our storm water management and landscaping programs. We welcomed the independent review of our corporate environmental efforts," said Doug Warneke, environmental, health and safety manager for TLS.

The Toyota Redevelopment Project, completed by TLS and the Port at Terminal 4, includes components to improve the facility's environmental "footprint." This included a storm water management system that directs runoff to bioswale culverts that naturally filter the water, or to a mechanical system that removes oil and solids before releasing storm water into the Willamette River; restoration of 1,700 linear feet of riverbank that improves wildlife habitat; and new energy-efficient buildings and directional yard lighting to conserve electricity.

"Toyota is joining Kettle Foods and other pioneering corporations working to create healthier Northwest landscapes so salmon can spawn and thrive," said Dan Kent, Salmon-Safe managing director.

GOVERNOR AND PORT MAKE TRADE THEIR MISSION

50-Member Delegation Heads to Korea and Japan

In an effort to increase the \$12 billion worth of goods and services exported from Oregon last year, Gov. Ted Kulongoski, Port Executive Director Bill Wyatt, Port Commissioners Jay Waldron, Judi Johansen and Junki Yoshida and a platoon of other business and government leaders headed to Korea and Japan to help drum up more business with two of Oregon's largest trading partners.

"Our mission is to encourage Korean and Japanese companies and investors to do even more business with Oregonians," said Kulongoski. "Though the Koreans and Japanese already buy Oregon's products, we will show them why they should buy even more of those products."

Many of the trade mission calls were to long-standing Port customers and partners. In Korea the trade delegation met with the President of Hanjin shipping, J.W. Park and the line's senior management team to thank them for their commitment to Oregon. In Japan, delegation members met with Tokyo Kasei, which runs Tokyo Chemical Company, one of the Port's oldest customers.

"Our overseas customers were obviously thrilled to have Oregon's governor come to their offices and thank them for their business," said Waldron. "I have every confidence that this trade mission will result in stronger relationships with our customers and increased business opportunities."



Port staff and commissioners celebrate with Gov. Kulongoski after a Tokyo reception for 425 guests that featured Oregon's wines and talents, such as Rock Ishii, a Nike designer.

DIRECTOR OF JAPAN OFFICE RETIRES, NEW DIRECTOR HIRED

Japan Director Retires

After representing the Port for 22 years in Japan, Mineo (Mike) Yoshimatsu retired in August.

Yoshimatsu first joined the Port in 1984 as director of marketing in the booming Japan market. During the 1980s and 1990s, the success of the Port's office in Japan was tremendously important to the success of the Port of Portland and the regional economy.

"In his 22 years with the Port of Portland, Mike has promoted the Port to countless potential and existing customers," said Port Executive Director Bill Wyatt. "He has played a vital role in creating the successful Port you see today."

Yoshimatsu came to the Port with relationships and skills built through many years with Yamashita Shinnonhon Line. His circle of contacts and friends within the Japanese transportation industry proved to be an advantage for the Port and the region.

- Yoshimatsu was instrumental in:
- Attracting the Shikishima Baking Company
 - Attracting the Showa Sangyo Co., Ltd. (known today as Ajinomoto Frozen Foods)
 - Representing the Port in the World Harbor and Transport Association as both a leading member and president
 - Helping to found the Oregon Japan Friendship Association, which supports trade, economic relationships and friendships – professionally and culturally – between Oregon and Japan.

"Mike has been the "guiding light" when Port Commissioners and staff visit Japan," Wyatt said. "He will truly be missed."

New Director for Japan Office

The Port recently hired Masaaki Mukouchi as the new director for the Port's Japan office in Tokyo to fill the position held by Yoshimatsu.

The Port of Portland is a major U.S. West Coast gateway for a variety of cargoes going to or coming from Japan, including containerized freight, automobiles, steel products and bulk grains.

Mukouchi started his career with Yamashita Shinnihon Steamship Company (YS Line) in 1969 after graduating from Kobe City University of Foreign Language where he majored in Russian. He served in numerous capacities and locations throughout his many years with YS Line, including stints in the U.S. and Germany. Following mergers of YS Line he worked with Navix Line and then for Mitsui O.S.K. Lines and its subsidiaries at Kobe Marine Terminals and Green Engineering. Mukouchi retired from Green Engineering in 2004 after serving as company president. He may be reached at masa.mukouchi@portofportland.com.



NEW ADDITIONS

Annette Price Joins Public Affairs Team

The responsibility of ensuring the Port gets the support of Oregon's elected officials falls to the Port's State Government Affairs Manager, Annette Price.

"The Port of Portland's job is to help regional businesses get their products to market and people to places," said Price. "My role at the Port is to work with state legislators and state agencies to ensure Oregon remains connected to the world marketplace. It is both an honor and an exciting opportunity to put my skills to work in this arena."

The Port lured Price from her position as president of Williams Price Ltd., a strategic communications and government affairs firm she co-founded in 2000. Price joined the Port in April this year. Her background also includes serving as chief of staff to four presidents of the Oregon Senate and as the Legislative Field Director for the Republican National Committee.

"While I truly loved running my own business, the challenges and opportunities at the Port were simply too enticing to pass up," Price said.

"Annette has earned a reputation for being fair, knowledgeable and forthright, and she has the respect of the people and organizations the Port depends on," said Port Executive Director Bill Wyatt. "She's going to be a tremendously valuable asset to the Port team."



New Corporate Media Relations Manager

Martha Richmond joined the Port in July as the Corporate Media Relations Manager. Her responsibilities include managing the Port's public information program and staff to represent the Port to the media and the public.

"Martha brings a wealth of communications experience and strong relationships with Oregon's media," said Chief Public Affairs Officer, Bob Applegate. "She'll bring her considerable skills to help us spread the word about the Port's positive projects and initiatives."

"I am extremely excited to be part of the team here," said Richmond. "The Port is a critical part of the economic engine that drives our state. I know I will find my work here stimulating, challenging and rewarding."

Before joining the Port, Richmond served as public affairs director for the Portland Development Commission (PDC), where she was responsible for the Commission's internal and external communications, media relations, marketing and public participation programs. Prior to her work at PDC, Richmond held public relations positions with Portland General Electric, Electro Scientific Industries and Pihas Schmidt, Westerdahl, a Portland-based advertising and PR firm.

Richmond is a graduate of the University of Oregon School of Journalism and did post graduate work in New Zealand. She is an accredited member of the Public Relations Society of America and is a certified yoga instructor.



CLEANER-BURNING FUEL POWERS REHAB WORK

Cleaner burning low sulfur diesel fuel powered the equipment being used by workers to replace worn asphalt and concrete aircraft parking pads on Portland International Airport's (PDX) Taxiway T this past summer. The lower sulfur content produces fewer diesel particulate and nitrogen oxide emissions when the fuel is burned. Minimizing impacts to air quality is one of the Port's environmental objectives.

Aircraft use Taxiway T to travel around the terminal concourses and access the north and south runways. The two-year \$25 million Taxiway T and Terminal Apron Rehabilitation Project also includes widening to conform to Federal Aviation Administration standards and construction of a very short, new taxiway between Taxiways T and A. The new taxiway relieves congestion and enhances safety by separating smaller commercial and general aviation aircraft from larger jets.

FOOD DISTRIBUTION CENTER COOKING IN RIVERGATE

The Port of Portland Commission approved a 2.29-acre sale to Lee Land Company LLC, a real estate holding company and subsidiary of Chin's Import Export Co., Inc., during its June monthly meeting. The Port will sell the property, located on North Rivergate Boulevard in the Rivergate Industrial District, for \$497,735. Chin's Import Export plans to build a 25,000-square-foot building on the site to serve as a warehouse and office for its Asian specialty food distribution business.

Chin's Import Export expects to employ 20 people at the site.

If you would like a copy of the Port of Portland's Annual Report, available this December, please contact Anthea Chuah at anthea.chuah@portofportland.com

SKÅÅ!

IKEA ANCHORS CASCADE STATION

With a ceremonial turn of soil, IKEA, the world's leading home furnishings retailer, broke ground July 25 on its future store in the Portland/Vancouver region. The celebration marked a significant step in attracting additional development to Cascade Station, as IKEA's presence is expected to serve as a strong lure.

Opening in summer 2007, the 280,000-square-foot IKEA Portland is under construction on nearly 19 acres at the southwestern corner of Interstate 205 and northeast Airport Way. The site is located at the eastern end of Cascade Station, a 120-acre mixed-use development of office, hotel and retail space in a pedestrian-friendly environment. Cascade Station is located at the eastern edge of Portland International Airport (PDX) within Portland International Center (PIC), the state's largest, mixed-use, master-planned business park, offering class "A" office space, flex-space, warehouses and manufacturing spaces.

"We are thrilled to enter the greater Portland/Vancouver area with a second home in the Pacific Northwest," said Pat Merwin, IKEA real estate manager. "We look forward to welcoming more than 350 coworkers into the IKEA family when the new store opens."

"IKEA represents a unique and exciting retail opportunity for this market and will be a great anchor for the balance of the development," said Bill Wyatt, Port of Portland executive director. "It's gratifying to see that significant efforts over the last few years are resulting in a successful development at Cascade Station."

Seventy-five bicycle racks and TriMet's Airport MAX light-rail trains

will provide convenient access for coworkers, as well as customers, who can leave their cars at home and use the home delivery service IKEA offers.

IKEA Portland will present 50 different room settings, three complete homes, a supervised children's play area, and a 250-seat restaurant serving Swedish specialties such as meatballs with lingonberries or salmon plates, as well as American dishes. Family-friendly features include a children's IKEA area in the showroom, baby care rooms, preferred parking and play areas throughout the store. There currently are more than 235 IKEA stores in 34 countries, including 28 in the United States.

Airport MAX to Cascade Station

The Port of Portland, which owns and operates PDX, was part of a public/private partnership that extended the region's award-winning MAX light rail system to the airport as part of Cascade Station's development.

In 1998, the partnership formed between the Port, TriMet, the Portland Development Commission (PDC), the City of Portland and the Bechtel Corporation. Bechtel agreed to help finance the Airport MAX light-rail line and received rights to develop Cascade Station, located on the light rail alignment through PIC. In a joint venture with the Trammell Crow Company, Bechtel formed Cascade

Station Development Company (CSDC) to develop the innovative urban, commercial mixed-use site.

Cascade Station was an important consideration when the City of Portland made the decision to invest urban renewal funding into Airport MAX. As part of the negotiations, the Port granted the PDC development rights to Cascade Station in exchange for the PDC's financial commitment to the construction of Airport MAX. To pursue the goals set out in the Airport Way Urban Renewal Plan, the PDC then assigned the development rights to CSDC, which contributed \$28.2 million to the construction of Airport MAX in exchange for a long-term leasehold for the development. Airport MAX opened Sept. 10, 2001, to the pleasure of airport travelers and workers alike, and served nearly 1 million riders last year alone.

In July, the Trammell Crow Company closed on the purchase of CSDC from Bechtel Enterprises. CSDC was responsible for planning and building the Airport MAX line infrastructure as well as developing Cascade Station. The closing of the purchase of CSDC caps years of efforts by Bechtel Enterprises, the Trammell Crow Company, CenterCal Properties and multiple government agencies to obtain the approvals necessary to allow

large retailers to anchor the project; something that wasn't allowed by city code in the original plan district.

"As part of the original development team, we were very successful in bringing light rail to the airport," said Eric Parker of Bechtel Enterprises. "And we stayed committed to the development by working with Trammell Crow and many members of the Portland community in a focused effort over the last several years to make Cascade Station possible by incorporating new concepts that really energized the project. These achievements will provide Portland with significant economic and transportation benefits going forward and will help realize the community's vision of a vibrant commercial and retail center."

"We are grateful for the efforts of the Port, the City, the PDC and TriMet in support of the changes required to make this public/private partnership a success," said Steve Wells, principal at the Trammell Crow Company.

In addition to IKEA, Trammell Crow has completed transactions

with Costco Home, which will soon commence construction on its first Oregon store. Costco Home plans to build a 120,000-square-foot store in Cascade Station. The balance of the retail space at Cascade Station is named The Village at Cascade Station, and is a joint development between CenterCal Properties and the Trammell Crow Company. It consists of 365,000 square feet of retail space. Many retailers have committed to The Village, which is expected to be 80 percent pre-leased when construction commences. Costco Home and The Village at Cascade Station are expected to open in the summer of 2007.

"I am very excited to begin construction on this most significant project," said Fred Bruning, president of CenterCal Properties. "Cascade Station will be one of Oregon's most significant and exciting retail destinations with many tenants making their Oregon debut at our site. I believe that the quality of our tenant mix, architecture

and amenities will serve as an excellent catalyst for the development of first-class office, hotel and entertainment uses, and that the overall project will make Portland International Airport one of Oregon's most exciting gateways."

In addition to the retail portion, CSDC will offer office and hotel space under ground-lease and sub-leasing arrangements.

Green Light on Roadway Improvements

To help keep traffic flowing in this developing airport area, the Port Commission recently approved two traffic agreements surrounding the development of Cascade Station and PIC. The traffic improvements will also ensure adequate access to PDX for airport passengers and air cargo.

As part of one traffic agreement, the Port and the developer will improve 10 traffic intersections at or near Cascade Station and PIC. Most major improvements will take place before the end of 2009. Through the other traffic agreement, the Port and the developer will provide funding to begin development efforts for a large Oregon Department of Transportation project aimed at improving traffic access to northbound Interstate 205 at its interchange with Airport Way. The current plan is to have the interchange improvement completed and open to traffic in 2014.

by Karen Fisher



- ① IKEA
- ② Portland Development Commission office, hotel
- ③ The Village at Cascade Station
- ④ Trammell Crow Company office, hotel
- ⑤ Costco Home

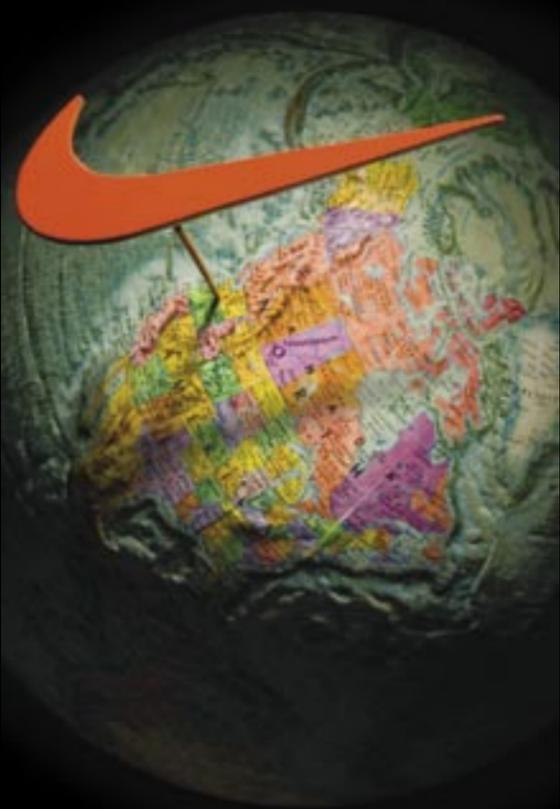
Left to right: Mark Johnson, Honorary Consul of Sweden; Steve Wells, Trammell Crow Company; Pat Merwin, IKEA; Fred Hansen, TriMet; Lydia Gartrell, IKEA; Tom Potter, Portland Mayor; Jay Waldron, Port of Portland; Bruce Warner, Portland Development Commission; Joseph Roth, IKEA; and Bertha Ferran, Portland Development Commission.



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