

PORTSIDE

FALL 2010

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



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Signed, Sealed, Delivered



FRED MEYER

TOP TERMINAL

by Susan Bladholm

When I was a girl in the mid-1970s, my dad would take me to the under-construction Fred Meyer Distribution Center in Clackamas, Ore., on the weekends. As a Fred Meyer employee, he was checking the progress of the newly installed conveyor belts, truck bays and the huge rack system where truckloads of clothes, toys, housewares and school supplies would be unloaded, repackaged, organized and redistributed by truck to individual neighborhood stores. Dad would explain that most of our back-to-school clothes weren't made in Oregon, or even in the U.S. Although they may have been designed in the states – some even in Portland, such as Columbia Sportswear, Nike or adidas – nearly all were made abroad and arrived by ship from exotic places such as China or Thailand or Sri Lanka.

The Fred Meyer Distribution Center in Clackamas is nearly 100 acres in girth, and was truly state of the art when it opened in the late '70s. It was the advent of inventory control, shifting from manual processing to computer tracking and ordering. The distribution center creatively used information management for logistics tracking, which has served our community well and helped Fred Meyer continue to grow and evolve in tandem with customers. The facility remains very productive and is one of the state's highest volume distribution centers.

Now, as a mother of school-aged kids, I hear my father's refrain of "spend it where you earn it" when I head into a "Fred's" to pick up school supplies. After learning the hard way how to ensure my kids have all of their listed supplies, I know to shop with my Fred Meyer Rewards Card by the third week of August, when I am sure to find the 72-count box of crayons, washable markers, #2 pencils (preferably sharpened) and ever elusive glue sticks.

Growing up My-Tee-Fine

Fred G. Meyer was an early adopter – and some would even say inventor – of one-stop shopping. As lifestyles shifted in the 1920s, the

entrepreneurial Meyer saw the need to evolve from specialty businesses, where consumers stopped by hardware stores, banks, jewelers, grocery stores, restaurants and stationers, to putting all these key goods under one roof. He was also the first to offer self-service drug stores.

I've certainly grown up with that kind of shopping, and in many ways, I've grown up with Fred Meyer. I remember when Mr. Meyer was alive, and I remember eating at Eve's Café, named for Mrs. Meyer. Most of all, I remember Dad bringing home new flavors of the house brand ice cream for us to taste test. Fred Meyer employees recall asking the spirited Mr. Meyer how he was on any given day, and hearing him reply, "My-Tee-Fine, Sonny Boy," which were the names of the store's premium brand labels at that time.

Thirty years later, I'm a Port of Portland employee. Fred Meyer remains top-of-mind for me, because the company is the Port's largest importer at our marine container facility, Terminal 6.

Generating Jobs and Good Works

The company has always been involved in our neighborhoods and is regularly asked – since its founding in 1922 – to serve as a leader in the Portland area, hosting parades, golf tournaments and community projects, and investing in communities throughout the Pacific Northwest. And, Fred Meyer has repeatedly invested in our kids. As a supporter of The Salvation Army and a founding partner of Schoolhouse Supplies, Freddy's has helped provide basic classroom resources for underprivileged school kids in the Portland metropolitan area for many years.

From Meyer's initial inspiration, the company has grown to become the second largest private employer in Oregon behind Intel, and the eighth largest in Washington. The dance of getting goods to market employs approximately 13,000 people in Oregon, in addition to the thousands of construction jobs generated each year due to store refurbishments and new builds. It's estimated that more than \$50 million is being spent this year on store remodels alone. Fred Meyer is also



1

Designed in the Northwest



2

Produced in a factory overseas



3

Shipped to the U.S.A.

R DELIVERS

6 IMPORTER

building its first new store in Oregon since 2004 – a \$35 million structure in Wilsonville. Led by its sixth president, Mike Ellis, the 88-year-old company continues to buy local, supporting hundreds of produce growers and manufacturers and, in turn, providing a broad array of local seasonal bounty to third and fourth generation Fred Meyer consumers.

Twelve years ago, The Kroger Co. purchased Fred Meyer. Kroger is a \$76 billion publicly traded company that operates 35 different retail company names, making it the second largest retailer in the country, behind WalMart. The Kroger Co. brands include Kroger, QFC and Fred Meyer Jewelers, among others.

Getting Glue Sticks from Here to There

Dennis Gallacher, director of international logistics, said, “The planning for what goods are purchased, ordered, delivered and stocked into any given store is a lengthy process. Both Kroger and Fred Meyer staff work together to plan for where goods will fit into a store and anticipate what consumers will want in a constant buying cycle. For instance, holiday planning for 2011 is already started.” Gallacher’s team handles logistics planning for all of Kroger’s nationwide general merchandise orders being shipped in from international locales.

When shopping at a Fred Meyer store, it’s an interesting exercise to consider the planning and coordination that went into getting a particular product on the shelf. For a back-to-school backpack, someone designed it here and had it made overseas, where it was likely transported by truck to a port city and loaded onto an ocean carrier ship to travel across the Pacific Ocean. That ship then crossed the bar at the mouth of the Columbia River and came upriver to the Port’s Terminal 6 in Portland. Then the goods were delivered to the distribution center in Clackamas, reshuffled again, trucked out to a store and unpacked and staged for sale.

Melinda Merrill, director of public affairs at Fred Meyer, shares, “As you look around your home at furniture, sporting goods, fall and winter

clothing, seasonal decorations, bicycles, dinnerware and, yes, back-to-school supplies, it’s fascinating to think about the lengthy trip those goods have made en route to your home. Our busiest months in terms of internal logistics are January through March for outdoor furniture and August and September for holiday retail. We try to keep one step ahead of what our customers need.”

When asked what the biggest changes have been in recent years for logistics planning, Dennis Gallacher quickly replies, “Consumer product safety, because manufacturers are now held to a much higher quality standard.”

Importing Every Week of the Year

Gallacher continues, “Fred Meyer looks for partners who can help us get our containers here when we need them. For 24 years we’ve been doing business with Hanjin Shipping Line. They are extremely dependable, and we can count on them – period. Our business benefits from their service of importing cargo every week from China.”

Historically, Fred Meyer has routed most of its cargo coming from across the Pacific through the Port of Portland. Imports come in from China and other countries via Hanjin, and, depending on the time of year and order placed, thousands of containers bound for Fred Meyer arrive at the docks of Terminal 6 every year.

My dad, Roger Bladholm, retired as the senior vice president of logistics, distribution and trucking in 1999, after 26 years with the Fred Meyer organization. He worked for retail industry giants such as O.B. Robertson, Cy Green and Fred Meyer himself. As I sent my kids back to school this month, fully equipped with backpacks, supplies and their favorite foods packed in sack lunches, I remain grateful for the careful ordering and thoughtful logistics planning that has contributed to my long-time Fred Meyer experience of convenience and quality.



4

Unloaded at Terminal 6



5

Trucked to the Fred Meyer Distribution Center



6

Delivered to Fred Meyer store shelves

K-9 TEAMS PATROL PDX

Officer George Ortega and Coco are co-workers; they're also buddies. They are a K-9 team at Portland International Airport, and their job is to check aircraft, luggage, cars, freight, roadways and just about any place in the terminal to locate possible explosives. Coco is a trained explosives detection dog, newly assigned to the Port of Portland Police Department as part of the Transportation Security Administration's National Explosives Detection Canine Team Program.

With Coco's arrival at PDX earlier this year, the airport's unit is at full strength; the four teams include Officers Mike Oester and Linda, Joel Buchanan and Rocky, Greg Stevens and Toki, and Ortega and Coco. "This full-time unit has a national reputation, having received, on more than one occasion, a rare perfect score after week-long evaluations by TSA trainers and evaluators," said Sgt. Joe Colistro, police detective and unit supervisor. "The teams are evaluated once a year and must pass to keep their certification. Only about 24 dogs out of 400 ever get a perfect score."

The K-9 teams at PDX also regularly support the Port's marine security staff by inspecting vehicles and cargo at the marine terminals and docks, in cooperation with the U.S. Coast Guard and U.S. Customs and Border Protection. In addition, they work high-profile dignitary details, including presidential and vice-presidential visits; and they give demonstrations to schools and other groups as part of the Port's community outreach.

Dogs in the K-9 program live with their officer-partner, creating a strong bond. Officer Ortega said, "We love our work. Coco is curious and smart, and he's acclimating to the airport with all the commotion and new sights, smells and sounds. These dogs thrive on the work and the continual training that's required – that's why they're so good at what they do."



A TSA inspector looks on as cargo is screened at Aerocheck Cargo Security, the only company certified to screen air cargo at PDX.

SHIPPERS MEET NEW CARGO SCREENING MANDATE

Shippers at Portland International Airport are meeting new federal regulations calling for 100 percent security screening of air cargo on passenger flights originating in the United States.

The regulations started Aug. 1, and require air cargo screening for explosives similar to the screening required for checked baggage on passenger flights. The Transportation Security Administration is thoroughly enforcing the requirements and ensuring compliance.

The TSA's Certified Cargo Screening Program is helping the industry meet the new mandate. Previously, only airlines screened cargo, but the program enables other qualified entities that meet TSA standards to prescreen cargo, avoiding bottlenecks and delays at the airport. These facilities employ screening technology or physical inspection, as approved by the TSA. Once cargo is screened, chain-of-custody procedures are used to ensure the cargo's security.

The TSA at PDX serves as a regional office for certifying screening facilities located in nine states including Oregon and Washington. For more information about the certification program or the new regulations, contact TSA regional coordinator Lon Siro at Lon.Siro@dhs.gov or 202.365.1969.



CONSULAR CORPS AND CITY HONOR DELTA

The Oregon Consular Corps and the city of Portland honored Delta Air Lines at an annual event to recognize international business.

Bill Failing, honorary consul to Luxembourg and advisor to the Oregon Korea Foundation, said, "We wanted to give special accolades to Delta this year. Our organization acknowledges

the importance of the nonstop service that the airline provides from Portland to both Europe and Asia, and this award also reinforces the entire community's gratitude and recognition of Delta."

Delta Air Lines flies nonstop from PDX to Tokyo and Amsterdam, and the airline recently announced it will continue operating these routes. Scores of businesses use the service to market Oregon products overseas; Delta's Tokyo flights alone have an annual economic impact of \$61.2 million for the region and provide local and regional jobs.

PORT HELPS LAUNCH BIOFUELS INITIATIVE

The Port of Portland is participating in a strategic initiative promoting aviation biofuel development in the Pacific Northwest.

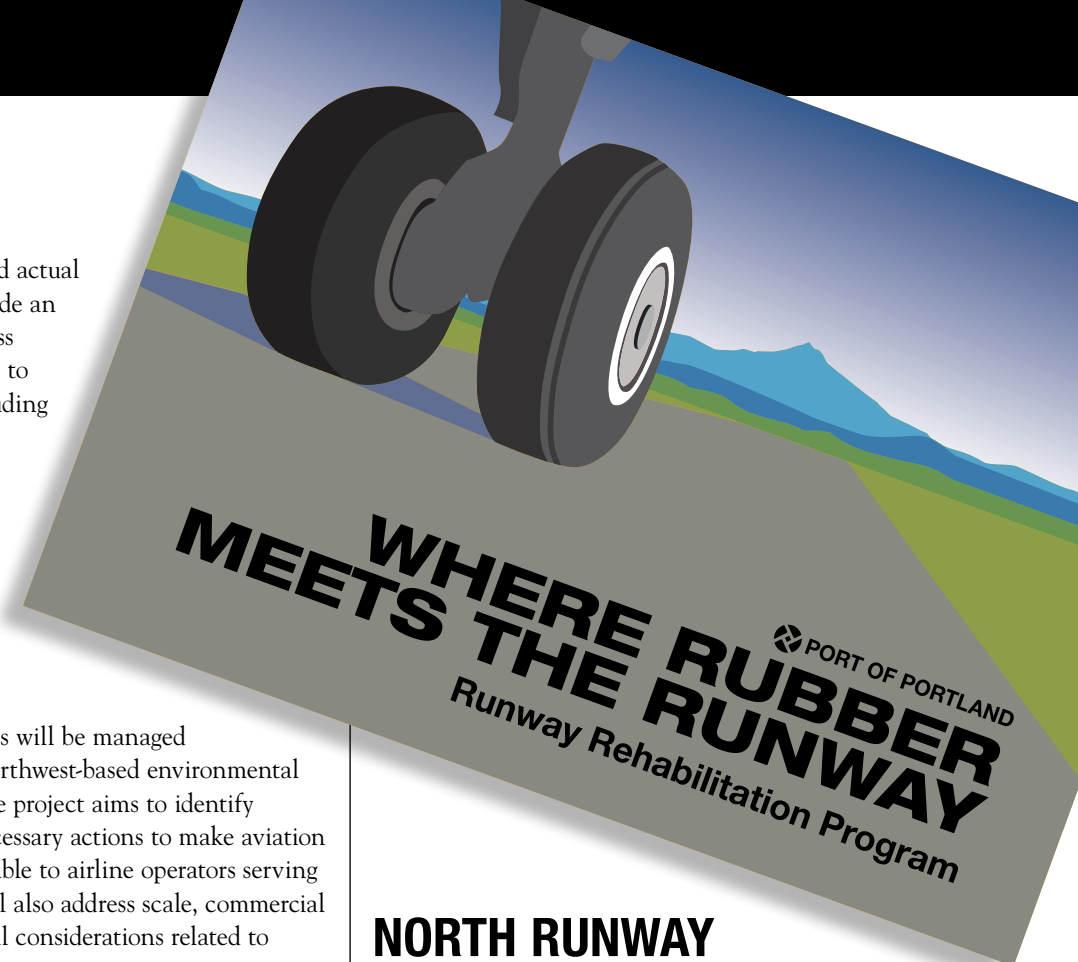
The first regional assessment of its kind in the United States, the Sustainable Aviation Fuels Northwest Project will look at biomass options within a four-state area as possible sources for creating renewable jet fuel. The project was unveiled in July and includes Port partners Alaska Airlines, Boeing, Seattle-Tacoma International Airport, Spokane International Airport and Washington State University.

“From collecting and composting airport food waste, to unique approaches for managing wildlife near the airfield, Portland International Airport has a reputation for innovative environmental approaches,” said Phil Ralston, Port of Portland aviation environmental and safety manager. “Project partners share the common goal of improving the environmental performance of the aviation industry.”

The comprehensive assessment will examine all phases of developing a sustainable biofuel industry including biomass production and harvest, refining,

transport infrastructure and actual use by airlines. It will include an analysis of potential biomass sources that are indigenous to the Pacific Northwest including algae, agriculturally based oilseeds such as camelina, wood byproducts and others. The project is jointly funded by the participating parties and is expected to be completed in about six months.

The assessment process will be managed by Climate Solutions, a Northwest-based environmental nonprofit organization. The project aims to identify potential pathways and necessary actions to make aviation biofuel commercially available to airline operators serving the region. Participants will also address scale, commercial viability and environmental considerations related to aviation biofuel.



NORTH RUNWAY WORK WRAPS IN OCTOBER

A major, two-year effort to rehabilitate and lengthen the north runway at Portland International Airport will be complete in October. The construction work extends the north runway from its previous length of 8,000 feet to 9,825 feet. The work was needed to accommodate larger aircraft requiring the extra length for takeoff when the longer south runway closes for rehabilitation in 2011. Next year's six-month closure of the south runway will complete the entire runway improvement program.

Closing the north and south runways for up to six months at a time during this project reduces the overall construction time, minimizing aircraft noise impacts for airport neighbors. The approach also improves pavement durability, extending the life of the runways, and saving money over the long term.

cc MCKENZIE OPENS SECOND AIRPORT STORE



For fans of cc McKenzie Shoes & Apparel, it's now possible to shop for the company's signature comfortable clothing and shoes for women both pre- and post-security at PDX. There's a new branch of the store in the A/B/C lobby.

2010 OREGON AIR SHOW

Necks craned skyward; hands clapped over ears; ooohs and aaahs and applause – it was all part and parcel of the weekend in August when the Oregon International Air Show came to Hillsboro Airport, sponsored, in part, by the Port of Portland.

Headlining this year were the U.S. Patriots, the U.S. Marine Corps Harrier Demonstration Team and the Oregon Air National Guard F-15 Demonstration Team. More than a dozen other performers filled the schedule, to the delight of aviation aficionados of all ages. This was the 23rd year of the event.

The mission of the air show is to provide a quality event while educating people about aviation and providing contributions to nonprofit organizations in Oregon. In fact, more than \$1.1 million in proceeds goes to local charities and nonprofits. The air show is a strong supporter of schools, and it encourages community involvement and volunteerism.

Hillsboro Airport is owned and operated by the Port.





Westwood Shipping Lines officials are welcomed by Port of Portland staff as Westwood's new Portland to Japan and Korea service begins in July. Left to right, Greg Borossay and Dan Pippenger of the Port; Les Tice, Guy Stephenson and Tim Sullivan from Westwood; and John Akre of the Port.

A CALL FOR CELEBRATION: WESTWOOD SHIPPING LINES

A ship known as the Westwood Victoria has officially signaled the start of new service from Portland to Japan and Korea for regional containerized exports. Arriving in the harbor on the morning of July 11, the first Westwood Shipping Lines vessel to call at the Port received a warm welcome at Terminal 6.

A group representing longshore workers, river pilots, Port of Portland staff, Westwood employees and customers boarded the vessel for a brief presentation. As a Portland Fire & Rescue boat provided a customary welcoming in the background, Capt. Elvis Daoang was presented with a plaque commemorating the occasion by Bill Wyatt, executive director for the Port, and Guy

Stephenson, president of Westwood Shipping Lines.

"We are very pleased to welcome this first ship here," said Stephenson. "It marks the beginning of what we hope will be a long and successful partnership with the Port of Portland."

The Port announced the Westwood service in May, and the expanded lineup of ports was welcome news to a number of agricultural producers and wood product manufacturers located in the valley, upriver and inland. Westwood provides service to more ports in Japan on a direct call basis than any other carrier. Ports of call include Yokohama, Shimizu, Tokyo, Osaka, Nagoya, and Busan, South Korea.

EVENT LAUDS SIGNIFICANCE OF DEEPER CHANNEL

Elected officials and a cast of those involved with the Columbia River channel improvement project are preparing for a celebration nearly 20 years in the making. In October, the Port of Vancouver will host an event to commemorate a momentous occasion. By the end of this year, the 103.5-mile navigation channel will be deepened from 40 to 43 feet from the mouth of the Columbia River to ports in Portland and Vancouver. It has been a long time coming due to extensive research, planning, advocacy, appropriations and in-water work, but it's been well worth the wait.

Even before completion, the benefits are already becoming apparent. During two recent new business announcements for the Port of Portland – by Westwood Shipping Lines and International Container Terminal Services, Inc. – officials have cited the deepened channel as a selling point for the Port. Other ports are also capitalizing on the deeper channel, including Longview, Kalama and Vancouver.

Three feet may not seem like much, but it makes a world of difference. On average, 6,000 to 10,000 more tons can be carried on bulk vessels in a 43-foot channel versus a 40-foot channel. Thanks to the deeper draft, approximately 750 to 1,000 more 20-foot containers can be carried on each ship.



UPRIVER VISITS

The Columbia River barge system provides a critical link between upriver ports and Terminal 6 in Portland, facilitating the exports of regional agricultural products, such as peas, beans, lentils, hay cubes and milk products. Port of Portland officials will hit the road to meet with customers in their own backyards, and topics of discussion will include new services, pending developments and river navigation. Two customer receptions are slated for ports on the Columbia River next month – Lewiston, Idaho, on Oct. 6, and Boardman, Ore., on Oct. 7.

There are many partnerships established throughout the Pacific Northwest and along the Columbia-Snake River system that affect the Port's success. The two-way communication promoted by these events is invaluable. Beyond the "State of the Port" type of address given during the receptions, there are ample opportunities to raise concerns and ask questions about items of mutual significance.

New faces will be attending this year, as representatives from International Container Terminal Services, Inc., and Westwood Shipping Lines have been invited to attend. Both companies could be instrumental in helping upriver customers get their exports to market successfully.

RIVER DATA PARTNERSHIP PROVES VALUABLE

A study released in June estimates an annual economic benefit of \$6.4 million attributable to the real-time river level data and water level forecasts provided for navigation on the Columbia River. This service is provided through a partnership between the National Oceanic and Atmospheric Administration and the Port of Portland.

On behalf of NOAA, the report was authored by Hauke Kite-Powell, Ph.D., of the Woods Hole Oceanographic Institute Marine Policy Center. Kite-Powell designed the method of identifying, as well as collecting and quantifying, the data. He worked extensively with the local user community to gather the required information.

Pilots and shipping lines on the Columbia River depend on a river level data system called LOADMAX to help them make optimal decisions on arrival and departure timing. As part of NOAA's Physical Oceanographic Real-Time System, LOADMAX forecasts river levels based on data from seven remote sensing stations along the Columbia between Astoria and Vancouver. Along with historical data and complex algorithms, the system can generate an accurate forecast in the form of a matrix of numbers representing river depths.

As a decision support tool, this reduces risks to life and property and maximizes the use of the navigation channel by larger and more fully loaded vessels. Benefits include increased cargo carried per transit, lower carbon emissions per ton of cargo, reduced cargo delays, reduced risk of groundings and collisions, and improved environmental planning and analysis, including hazardous spill response.

"This NOAA study demonstrates the enormous benefits that can be achieved from working together collaboratively on infrastructure and information systems," said Sebastian Degens, marine planning and development manager at the Port. "Together with the Columbia River pilots, this region is using water level data in one of the most sophisticated manners in the world to ensure safe and reliable shipping and to provide real economic return."

RIVER USERS PREPARE FOR EXTENDED LOCK OUTAGES

Starting this December, the federal government is making a significant investment in the future of the Columbia-Snake River System, including major lock infrastructure replacement and maintenance repairs. Unfortunately, the work requires an extended lock closure of approximately three months, which will close much of the upriver system to navigation.

While there is a standard two-week closure scheduled annually for maintenance and repairs, extended lock closures of this kind are very unusual. Officials at the Port of Portland, the Pacific Northwest Waterways Association and the U.S. Army Corps of Engineers have been working closely with navigation stakeholders and transportation providers to minimize impacts to river users during the upcoming closure.

Locks at The Dalles, John Day and Lower Monumental dams will be closed for 14 weeks to make the necessary major maintenance repairs for continued operations. All other navigation locks on the river system are scheduled for the regular two-week treatment in March 2011.

The work being completed during this temporary outage will have lasting, long-term benefits for the region, as the river system is poised for growth over the next 15 years. A dependable lock system is necessary to support current and future river traffic. With this targeted funding, the locks will remain in service to handle growth for years to come.



The locks at The Dalles, Lower Monumental and John Day dams face a three-month closure for major work.

CONTAINER TERMINAL IMPROVEMENTS CONTINUE

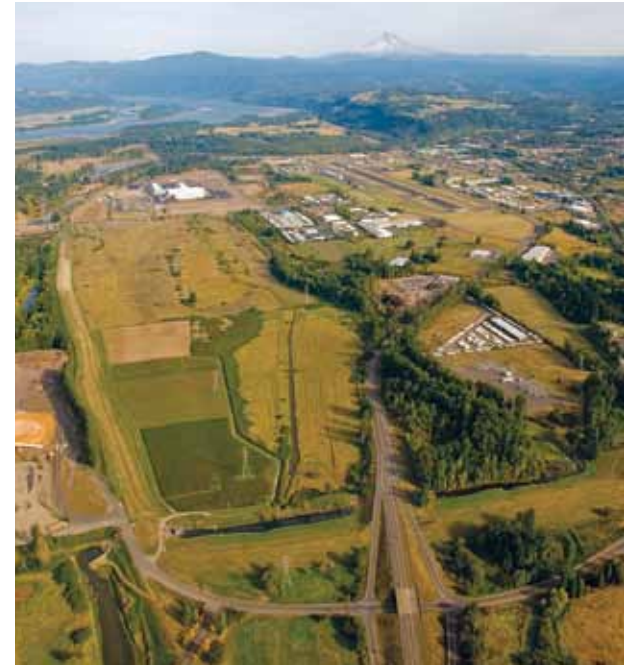
A multimillion dollar effort to modernize portions of the Port's container terminal will soon shift focus from a container crane overhaul to dock improvements. The Port was awarded more than \$9 million in federal grant funding from the American Recovery and Reinvestment Act. This funding allowed the Port to proceed with two key modernization projects at Terminal 6.

Nearly 20 years old, the Port's oldest post-Panamax container crane is receiving much needed equipment replacements and a fresh coat of protective paint in areas prone to rust. The 16-story, 1,200-ton, heavy lift crane was moved off of the dock to avoid disruption of regular business operations, and it has been stationed in the container yard for the past year during repairs. The crane will soon be back in service with more accurate, efficient and reliable performance.

The second phase of modernization work at Terminal 6 involves wharf improvements. This includes seismic tiebacks, stormwater system upgrades, reconfigured power feeds and structural repairs to the sheet piles on the dock. Design of the wharf improvements is under way, with construction scheduled to begin this winter.

The U.S. Department of Transportation's Federal Highway Administration, through the Maritime Administration, is funding 100 percent of the eligible costs of these projects. The Port's share of funds came from \$100 million allocated to the Oregon Department of Transportation to support key transportation infrastructure projects, which include freight mobility.

Terms of the grant award require the Port to formally acknowledge that: (a) the effort is/was sponsored by the Department of Transportation, (b) the content of the information does not necessarily reflect the position or policy of the Maritime Administration, and (c) that no official endorsement should be inferred.



At build-out, Troutdale Reynolds Industrial Park will include 11 lots in three phases of development.

RED CARPET TREATMENT

In May, the Port of Portland joined the Oregon Business Development Department, Portland Regional Partners, Greenlight Greater Portland, and a number of businesses in hosting a group of corporate site selection firms over the course of several days. It was a cooperative public-private partnership aimed at economic development by showcasing the best that the Portland area has to offer, with the aim of highlighting opportunities for companies that are looking to grow or relocate.

Officials from three targeted firms that scout locations for companies across the nation visited Portland. One of their tour stops was the new FedEx Ground regional distribution hub located alongside developable lots at the Port's Troutdale Reynolds Industrial Park. Others included Boeing, SolarWorld and Nike.

In September, the Port is hosting a bus tour for the Commercial Real Estate Development Association. According to the association's mission, it advances responsible, sustainable development that creates jobs. It is the leading organization for developers, owners and related professionals in office, industrial and mixed-use real estate. The tour includes stops at Cascade Station, Portland International Center, local industrial parks and the Port headquarters.

These efforts help keep the region top of mind with those who help guide where companies locate. With a compelling case made by the Port and its many partners, the region will be more visible and competitive for future business recruitments.

AN EVENT-FULL SUMMER

Port of Portland staff enjoyed several months of increased interactions with stakeholders at community events and activities. The busy summer season began with the city of Portland's Sunday Parkways neighborhood events, where Port staff discussed the PDX Runway Rehabilitation Program with hundreds of event attendees, many of whom live near the airport. The Port also sponsored and attended events called Movies in the Park in Portland and Vancouver, Wash., as well as Portland's Concerts in the Park and Vancouver's Six to Sunset Concert Series, all of which were important opportunities to discuss Port projects with a diverse range of neighbors.

The Port is a long-time sponsor and participant of the Columbia Slough Watershed Council's annual canoe and kayak regatta, and this year was no exception. On a different waterway, Port staff participated in the Willamette Jetboat Excursion tours at the city's third annual Riverfest.

The Port also helped the Working Waterfront Coalition kick off a second installment of its popular "Portland Harbor: Behind the Scenes" tour and lecture series in late July. At these events, the Port and the coalition explained the value of industrial activities on the Willamette and Columbia rivers. For community event information, go to www.portofportland.com.

WEST HAYDEN ISLAND REACHES MILESTONE

On July 29, the Portland City Council voted 4 to 0 to support a mix of uses on West Hayden Island and to continue the process to annex West Hayden Island into the city of Portland. Over the course of the next 16 months, the Port of Portland will be working with the city on additional studies: an economic, social, energy and environmental analysis; the development of a plan district that will apply zoning; a comprehensive plan amendment; and a comprehensive map amendment. The final step is a vote to possibly annex the west side of the island and, ultimately, development, which may be as much as 10 years away.

If the property is annexed into the city with a feasible footprint for marine terminal development, it will help set a course for growing jobs, enhancing the city's role as an international trade gateway and boosting the city's tax base. Equally important is the fact that it will provide opportunities for habitat enhancement and recreational amenities for everyone to enjoy. The resolution directs staff to prepare a proposal designating 500 acres for open space and 300 acres for future marine use.

Any development that does occur on the island will be done in an environmentally sensitive manner employing the latest innovations in sustainability. As part of development, the Port is prepared, along with community and private partners, to make a significant investment in mitigation, restoration and recreation.



Artist Pete Beeman describes his functional moving sun shade, titled Spalanzani's Parasol, to open house visitors.

PORT INVITES PUBLIC TO VIEW NEW HEADQUARTERS

Earlier this year, the Port of Portland completed construction of a new long-term parking garage, and it consolidated its downtown offices and PDX terminal offices in a new headquarters built on top of the garage. After settling in, the Port invited the public to take a close-up look at the building which was designed to meet Leadership in Energy and Environmental Design, or LEED, gold certification standards.

Six hundred people attended the event which included tours of the environmental features of the building: a Living Machine® system to treat wastewater from toilets and sinks, using plants and tidal flows; a 10,000-square-foot eco-roof; and geothermal heating and cooling. These systems help reduce water usage by

75 percent and energy usage by 36 percent.

Other open house activities included presentations on marine and aviation projects and plans; a chance to meet two of the artists who provided artwork for the building; video interviews with the artists and architects involved with the project; and booths with information about the PDX noise department and current projects, such as an enhanced deicing collection system now under construction. There were fun activities for children, as well, including the opportunity to operate a flight simulator.

The Port is scheduling regular monthly group tours of its headquarters facility. For more information, visit www.portofportland.com.

TEENS TOUR AIRPORT, LEARN ABOUT CAREERS

During the summer, the Port of Portland once again hosted three groups of teens from Youth Corps. The project is a joint effort of Multnomah County and Portland Mayor Sam Adams, and it reaches out to teens who are entering high school and showing early signs of not graduating. By exposing the young people to different opportunities, the program seeks to broaden their understanding of careers they might want to pursue after high school, especially those fields which don't necessarily require college degrees.

About 50 students spent a day at the Port. It began with an airfield tour at Portland International Airport; later the teens were presented with an emergency scenario – a winter storm at the airport – and they worked side-by-side with Port staff to solve numerous operational, logistical and environmental issues. The final event of the day was a discussion with a diverse group of Port and Transportation Security Administration employees who explained their own jobs. The employees talked about the skills and knowledge required and the importance of completing high school.



Nick Atwell, environmental project manager with the Port of Portland, catches the attention of Youth Corps teens with the help of a recently captured red tail hawk. He explains how the Port's program traps juvenile hawks found on or near the airfield and relocates them to a safer environment.

MORE EFFICIENT POWER FOR DREDGE

The Port of Portland's Dredge Oregon will soon be running cleaner and meaner. Here's how it came about: The Port sets annual environmental goals to reduce air emissions and improve energy efficiency. It also conducts regular inventories to help inform environmental decisions and identify areas where the greatest environmental benefits can be realized. As confirmed in the Port's recently certified greenhouse gas emissions inventory, the largest single source of Port-controlled greenhouse gas emissions – about 52 percent Portwide – comes from purchased electricity. The best way, then, for the Port to reach emissions reduction goals is to address the energy consumption facet.

To that end, in 2009, the Port increased its purchase of certified renewable electricity from 10 percent to 58 percent. Earlier this year, the Port approved funding to purchase 100 percent certified renewable power by the end of 2010, and a request for proposal process was recently concluded for a provider who will supply the certified renewable energy credits. As it did last year, the Port also has a goal to conserve 500,000 kilowatt hours per year through conservation measures.

Air emissions associated with the Dredge Oregon are another area identified for potential reduction. The Port-owned dredge, used for navigational dredging in the

Columbia River, was built more than 50 years ago. Its main engine and two auxiliary generator engines use outdated technology, and some replacement parts for the engines are no longer made. While retrofitting equipment can be an economical approach to increasing engine efficiency, there are no upgrades available to the dredge's engines that would reduce fuel consumption and emissions.

Still, the dredge is not obsolete, and Port project managers see potential for replacing the existing engines to create a cleaner-burning, more efficient machine – at a price. The total cost to repower the Dredge Oregon is \$16.5 million. In addition to replacing the three engines, the project will also replace the dredge pump, cutter motor, cutter motor gearbox and electrical controls.

To help cover the not-insignificant costs, the Port has applied for a grant from the state of Oregon; the project ranked highest for ConnectOregon III funding from the state. The Port is also looking at the Business Energy Tax Credits program and reimbursement for a portion of the repower costs from the U.S. Army Corps of Engineers.

In the meantime, the project is moving forward. A request for proposal period was recently completed, and Port commissioners approved a contract with The Glostien Associates for the design of the retrofit.



LOCAL POLICYMAKERS BEGIN BICYCLE TOUR AT PDX

On a midsummer morning in Portland, approximately 140 local transportation policy enthusiasts donned helmets and sunscreen to take a two-wheeled tour of bicycling-related projects and initiatives around the metropolitan area. The sixth annual Visionaries Voyage was hosted by Cycle Oregon and the Urban Greenspaces Institute to provide a more direct experience of how cyclists make their way through the streets of Portland and Vancouver and to discuss challenges to improving cycling infrastructure, including limited funding.

Organizer Jerry Norquist, Cycle Oregon, explained, "We want the people who make decisions about transportation to better understand this particular mode of travel. The best way to do that is to go by bike." Norquist and his team led participants on a 40-mile ride to experience examples of bike infrastructure that promote cycling, and to ride through areas where obstacles to mixed modes of travel exist. "It's about seeing the good and the bad. We've had a lot of success

regionally, but we also have room to improve." Fellow organizer Jonathan Nichols welcomed riders by urging different interest groups to work together. "This is not about freight versus bicycling," he said.

Bill Wyatt, Port of Portland executive director, participated on the ride and spoke at one of the tour stops about freight movement and cycling. Wyatt noted that improved cycling infrastructure helps reduce congestion, which is a major impediment to the movement of freight. The event also showcased work the Port has done to help promote cycling around Portland International Airport. The ride started at PDX, where cyclists viewed a new bike assembly and repair station and rode on airport bike trails. After the ride was over, participants gathered in the Port's new headquarters, where, in addition to touring the building's green innovations, they were able to view facilities for Port employees who commute by bike.



HEADQUARTERS RANKED IN FORBES GLOBAL TOP 10

The Port of Portland headquarters was recently listed as one of 10 of the world's most high-tech green buildings by Forbes.com. Brendon Levitt, an architect with San Francisco-based firm Loisos + Ubbelohde, compiled the list of notable examples of green innovations that conserve energy, water and natural resources.

The Port of Portland headquarters received the ranking largely because of its Living Machine[®] system, which treats wastewater in the building for re-use in the building's toilets and cooling tower. The Forbes article notes that while design and technological innovations are important to reducing resource use, so is the way the buildings are managed and inhabited on a day-to-day basis.

PORT, PSU STUDY HARBOR

In June, the Port of Portland participated in Portland State University's Executive Leadership Seminar case study of the Portland Harbor Superfund site. The program brings together natural resources professionals from around the region to discuss environmental management and decision-making processes. Week-long sessions are built around large-scale projects and feature presentations from various stakeholder groups that have helped to find solutions.

For the June event, PSU organizers wanted to find a ministudy to wrap up the year-long class. Portland Harbor provided a great example of a complex environmental issue that is currently in progress. The Port is one of several entities working with the Environmental Protection Agency to study Willamette River sediment and develop a feasibility study of possible cleanup activities. The project provided a good example for the leadership group because it's environmentally complex, involves dozens of stakeholders, and will ultimately require tremendous collaboration in order to be fully resolved.

Approximately 30 attendees boarded a jet boat and spent a soggy afternoon looking at and discussing various sites along the waterfront. In addition to learning more about Portland Harbor's long history as an industrial area, the group also got to see how the river is used today: harbor businesses for ship repair, cargo and bulk materials trade, and barge and railcar construction.



Signed, Sealed, Delivered.

FedEx Ground Hub Open for Business in Troutdale

It's a \$129 million technological marvel. Inside FedEx Ground's new regional distribution hub in Troutdale, packages whiz by on an intricate network of conveyor belts at 540 feet per minute, with the average package being sorted for two minutes between arrival and departure. It's a far cry from the Pony Express.

Much as this state-of-the-art facility is helping to redefine logistics; it is also redefining a brownfield on the footprint of the former Reynolds Metals Co. aluminum plant. Port of Portland commissioners saw potential in the site, idled since the fall of 2000, and they voted in 2004 to acquire the future home of Troutdale Reynolds Industrial Park. Vision has become reality as the FedEx Ground facility began full scale operations there in August, supported by a work force of 800. Along with the transfer of employees from the previous hub, 200 new jobs were created in east Multnomah County.

Delivering this development didn't happen overnight, however, and it required a lot of drivers along the way to make it possible.

From the Ground Up

This story began in 1939. In support of the war effort, the U.S. government contracted with Alcoa to build an aluminum smelter on the Sun Dial Ranch property in Troutdale between the Columbia and Sandy rivers. The site offered ample room to build, a strategic location, and access to cheap hydroelectric power from the Bonneville Power Administration. The smelter was completed in 1941.

After the war, in 1946, Reynolds Metals Co. purchased the plant, operating it until 2000, when the company was acquired by Alcoa. Operations at the plant were curtailed due to economic conditions, and it closed permanently in July 2002. Demolition of structures began in the spring of 2003, and was completed by March 2006. In decommissioning the plant, 44,523 tons of steel, 4,117 tons of copper, 3,680 tons of aluminum and 185 tons of concrete were recycled or reused.

As a Superfund site, extensive site cleanup was also necessary. This was completed by Alcoa in 2006, and the property source areas were remediated to industrial standards for industrial or commercial reuse. Ongoing cleanup of the contaminated groundwater will continue for a number of years, but will not affect reuse of the property.

The Port finalized the \$17.25 million purchase of the 700-acre site in 2007, with plans to redevelop the brownfield into a productive mix of industrial uses and natural resources. It marked the largest purchase of land by the Port since the acquisition of West Hayden Island in the Columbia River in 1994. About half of the site was set aside for recreation, wetlands and natural spaces, including a multiuse trail constructed along nearly two miles of the perimeter. Approximately 366 acres are scheduled for development within three phases and a total of 11 lots.

“The Reynolds Metals Co. site transformation into Troutdale Reynolds Industrial Park represents responsible cleanup, smart development and economic growth, and is an excellent example of multiple parties working together for successful brownfield redevelopment,” said Joe Mollusky, real estate program manager with the Port.

The successful redevelopment to date is attributable in large part to FedEx Ground’s purchase of a 78-acre lot within the first phase of development for \$16.96 million in 2008. This initial commitment allowed subsequent pieces to fall into place. Soon after closing on the purchase, the company began construction on its 441,000-square-foot regional freight distribution hub, as the Port constructed the related utilities and infrastructure needed to support the new industrial park.

FedEx Ground worked closely with the Oregon Department of Environmental Quality, U.S. Environmental Protection Agency, city of Troutdale and the Port during design and construction. As the anchor tenant of the industrial park, its key role in revitalizing the brownfield site earned the company a 2010 Oregon Brownfields Award. The development has also been nominated for the Award for Excellence from the League of Oregon Cities.

Landing in Troutdale

In a region with a deficit of industrial lands, having large tracts of space available for industrial activities can be essential to attracting private investment. The former Reynolds Metals Co. site represented the largest remaining zoned industrial property within the urban growth boundary – and FedEx Ground was in the market for a larger footprint.

“Enhancing our distribution capability in the Northwest was an important step in our ongoing efforts to increase the size, speed and efficiency of our network,” said John F. Hiltz, vice president of the Western region for FedEx Ground. “This significantly larger facility will enable us to meet the growing demand of local shippers and transport shipments across the country.” In fact, the latest automated material handling technology in the new building is designed to initially process 25,000 packages per hour and eventually 45,000 packages per hour when it reaches full capacity.

FedEx Ground was also attracted to the site because of its ease of access to major highways, its proximity to customers’ distribution centers and a strong local labor pool from which to recruit employees. Bordered by the two rivers, and located in close proximity to Interstate 84, Troutdale Airport, Portland International Airport and the Union Pacific rail line, the industrial park is uniquely situated to serve a range of industrial and transportation needs.

Annexation of nearly 600 acres to the city of Troutdale was required to proceed with redevelopment efforts. The western portion of the site was already within the city of Fairview. The Port applied for annexation in 2007, and worked closely with city officials to reach approval. The success of that process paved the way for site acquisition, construction of improvements, and marketing of the land parcels.

The cities of Troutdale and Fairview also created the Columbia Cascade Enterprise Zone to stimulate development by offering property tax abatement for projects that met investment and jobs criteria. As a result, FedEx Ground will receive approximately \$1.3 million in annual tax abatements over a three-year time frame. After three years,

the company will pay an estimated \$1.3 million annually in taxes, including \$383,000 annually to the city of Troutdale alone.

“This is an engine for economic investment in east Multnomah County, and hopefully it will be an attractor of other businesses,” said Jim Kight, mayor of Troutdale. “Major capital investment on the part of a large company like FedEx Ground has proven to be a magnet at other regional hubs throughout the U.S. – within three to five years, those 300- to 500-acre parcels are built out.”

A Hub of Activity

Even before the doors opened for business, construction had already yielded 200 to 300 jobs at a time when they were needed most. Besides the distribution hub itself, the work has included construction of a new road and trail, improvements to area roads and intersections, environmental enhancements, grading of the property, and utility connections. State grants and loans have helped support some of the projects. It’s clear there has been a massive transformation of the area.

FedEx Ground immediately became one of Troutdale’s largest employers when the doors opened in August, which also benefits nearby Gresham, Fairview and Wood Village economically, considering that people typically shop, eat and live near work. When the aluminum plant closed, there were 530 employees. FedEx Ground’s current 800 employees and independent contractors could grow to nearly 1,000 employees when the hub is expanded to full phase, which is expected within five years. The facility is expandable to 557,000 square feet at build-out.

“We view the new Troutdale hub as a win-win for us and the community-at-large,” said John Hiltz. “We look forward to establishing our presence in the community.” And Hiltz did just that in 2008, when he surprised city officials with a \$15,000 donation from FedEx Ground to support construction of the Troutdale Centennial Arch, which stands today at the entrance to the city’s downtown.

Just Getting Started

With a corporate network of more than 500 distribution hubs and local pickup and delivery terminals, FedEx Ground has a work force of more than 70,000 employees and independent contractors and 20,000 motorized vehicles delivering over 3.5 million packages daily throughout the United States and Canada. The company reported annual revenue of \$7.4 billion in fiscal year 2010.



The company’s new regional distribution hub represents new opportunities waiting to be discovered in Troutdale. Past development experience shows that large industrial parks can support between 10-15 jobs per acre. Upon full build-out of all phases, Troutdale Reynolds Industrial Park is projected to generate more than 3,500 jobs, which translates to \$141 million in personal income, \$218 million in local purchases, and \$46 million in state and local taxes when considering all job impacts.

Currently, hundreds of dedicated package handlers, clerks, technicians, service managers, other shift workers and drivers show up to work at FedEx Ground’s hub every day. They represent the start of a thriving, mixed-use jobs center that benefits the local and regional economy.

by Josh Thomas

PORTSIDE

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