

PORTSIDE

SPRING 2011

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



**GLOBAL TRADE
POINTS TO
LOCAL JOBS**

2

Global Trade, Local Jobs

4

Aviation News

6

Marine/Industrial Development
News

8

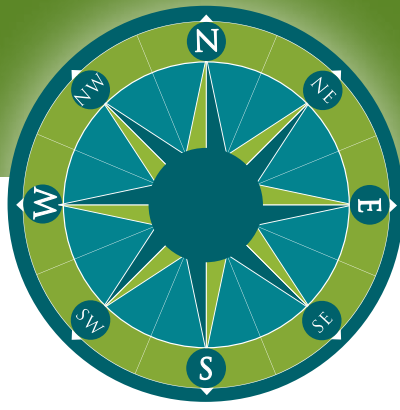
Corporate News

9

Environmental News

10

Runway Improvements



GLOBAL TRADE POINTS



TO LOCAL JOBS

The Portland metropolitan region – since the days of its very first inhabitants – has been a center for trade. That trade has evolved and grown over the years from furs to forest products and from Jantzen swimsuits to silicon wafers, but one thing remains abundantly clear: Trade is inextricably woven into the fabric of this region and state. It is the source of prosperity, the fuel for the region's and state's economic engines, the bedrock for new and emerging industries, and the lifeblood of more than a quarter of a million metro area workers.

Two recent studies confirm the importance of trade to local, state, national and global economies: "Export Nation," a national study conducted by the Brookings Institution, and "The International Trade Study," conducted by a consortium of Portland and Oregon business groups, as well as the Port of Portland.

Following on the heels of President Obama's 2010 State of the Union address, in which he set a goal to double U.S. exports in five years, "Export Nation" confirmed that exports can generate a significant number of good paying jobs and that those jobs pay higher wages than domestic-oriented industries in large metropolitan areas. Further, the study found this to be true, even for workers without high school diplomas.

Perhaps most significantly to the region, the Brookings Institution report showed that Portland is one of the top 20 U.S. metropolitan areas in exporting strength and is one of only four metropolitan areas in the country that doubled the real value of their exports between 2003 and 2008. Portland, then, is already slightly ahead of the game. The rise in the value of exports was led by the computer and electronics sector, but includes both manufactured goods and, increasingly, service exports.

Intel, Oregon's largest employer with more than 15,000 employees, recently announced plans to invest in a \$1.5 billion facility in the region. Approximately 75 percent of Intel's semiconductor manufacturing, research and development, and

capital investments are in the U.S., but 80 percent of its customers are outside of the country.

According to "The International Trade Study," Oregon's exports exceeded \$19 billion in 2008 and, prior to the recession, were rising at an average annual rate of more than 16 percent. The study concludes that, as a trade-dependent state (Oregon ranks 9th in the value of trade per capita), as well as a metropolitan region with significant traded sector strengths (the Portland-Vancouver region exported one-fifth of its economic output in 2008), international trade is a true bright spot in these recession-wracked times and can be a critical factor in the region's economic recovery.

"The International Trade Study" points out that the degree to which a region leverages its strengths will determine a large part of its recovery. The study highlighted three key elements to success:

- investment in transportation infrastructure
- supportive trade-related policies
- availability of shovel-ready industrial land

The study notes, "Continued investment in transportation facilities, reduced barriers to the development of industrial land, and supportive state and federal tax policies will ensure the competitiveness of Oregon's trade-based economy and the retention and creation of family-wage, trade-dependent jobs."

Infrastructure: Laying the groundwork

The Portland/Vancouver region's location at the confluence of two rivers and access to the Pacific Ocean was what first gave it the edge as an international gateway, but it was the infrastructure that followed – an interconnected system of two interstate highways, a deep-draft seaport paired with an upriver barging system, two transcontinental railroads and an international airport – that solidified that role.

#2 Portland ranked 2nd among all U.S. metro areas in terms of export value growth from 2003-2008.

88% 88 percent of Oregon exporters are small and medium-size businesses.

25% 25 percent of Oregon's total manufacturing jobs in 2008 depended on exporting.

As a case in point, Portland is one of only 12 cities in the U.S. with nonstop air service to both Europe and Asia, and it is the smallest of those cities. Ocean-going cargo, whether in containers or as bulk products, reaches nearly every continent from docks on the Willamette and Columbia rivers, and many ports along the Columbia are making new investments to take advantage of growing markets and the newly deepened Columbia River channel.

“The ability to transport products via air, to ship manufacturing equipment via ocean, and to travel, both from our regional airport and internationally through PDX, enables Intel to operate efficiently in the global economy,” said Diana Daggett, Port of Portland commissioner and Intel America’s regional director of corporate affairs. “This infrastructure is vital to our business.”

Keeping freight mobility top of mind is the mission of a recently formed coalition of Oregon businesses and advocacy groups. Called BEST – Building the Economy through Sustainable Transportation – the group advocates across modes for freight-related projects and policies to help support and grow Oregon’s infrastructure.

“In a time of constrained financial resources at the local, state and federal levels, critical freight projects are not funded in the Portland metropolitan region, the hub of our state’s intermodal transportation network,” said Alfredo Camacho, transportation manager at Blount International and member of BEST. “The strength of Oregon’s economy relies on such investment.”

Port of Portland commissioners recently approved a list of nearly 100 transportation infrastructure projects which the Port will support for consideration in other regional and statewide transportation project planning efforts. (See related story, page 8.) In addition, the Port has been continuing to improve the efficiency and performance of Port-owned infrastructure and supporting regional improvements, such as the recently completed deepening of the Columbia River navigation channel, repair of upriver locks and planning for a new bridge across the Columbia River.

Other projects, such as rail and dock improvements, marine terminal crane upgrades, enhancements to PDX’s north and south runways and to the aircraft deicing system, and installation of a new state-of-the-art baggage screening system, are all geared toward improving infrastructure and ultimately improving the efficiencies and competitiveness of Oregon businesses in the global marketplace.

Policy: Planting the seed

“We must bring public and private sector leaders together to discuss how to retain and expand policies and practices that support international trade and job creation and retention,” said Roger Hinshaw, chair of the board of directors of the Portland Business Alliance, one of the authors of “The International Trade Study.”

As the study points out, the U.S. extension of permanent normal trade relations for China in 2000 and its subsequent accession to the World Trade Organization helped catapult Oregon’s trade with China from \$150 million per year in 1999 to about \$4.5 billion in 2010.

“The Portland/Vancouver region has a rich, robust trade infrastructure that many communities of comparable size simply don’t have.” EXPORT NATION

Bilateral free trade agreements have also had an impact. In 1996, when only four of the 17 current trade agreements were in effect, total trade (exports plus imports) accounted for 5.4 percent of non-China trade through the Port of Vancouver and the Port of Portland. By 2009, when all 17 were in effect, trade through the ports with free trade agreement countries accounted for 6.7 percent of total non-China trade. The Chile Free Trade Agreement resulted in a 50 percent increase in Oregon’s exports to that country, and a new agreement with Singapore will make it Oregon’s 11th largest export market.

Acumed, a 355-employee global orthopedic implant manufacturer headquartered in Hillsboro, Ore., markets its highly specialized products throughout the world. Exports account for a large part of the company’s growth. In 2000, the company’s exports accounted for 27 percent of units shipped, and by last year, that number had more than doubled to 58 percent.

“Today, the majority of our parts, which are primarily designed and manufactured here in Oregon, are exported and sold overseas,” said Jenn Davis, Acumed’s international business supervisor. “We now sell our products in more than 40 countries in Europe, the Middle East, Africa, Asia and the Americas. In fact, we just established a new distributor relationship in Peru and are hoping to increase market penetration throughout South America. Obviously, policies that support international trade are very important to our ability to reach our full market potential.”

Economic development and land use planning:

Creating a place to grow

Local policies and economic development activities that promote direct foreign investment and ensure that adequate land is set aside to accommodate new traded sector investment can also help the region enhance its global competitiveness while growing jobs here at home.

“Direct foreign investment, whether it is a solar panel manufacturer from Germany or an electric car manufacturer from China, can be a great aid, as it was in the 1980s, in diversifying our economy and generating long-term growth,” said Port of Portland Executive Director Bill Wyatt. “We need to be very aggressive and communicate that we have the tools, available developable land, good market access from wise transportation investments, and a skilled work force to support that investment.”

According to “The International Trade Study,” during 2008, majority-owned affiliates of foreign companies were responsible for nearly 45,000 Oregon jobs, one-quarter of which were in the manufacturing sector. Many of these firms, such as Daimler (Freightliner), Siltronic Corp. and adidas America are located in the Portland metropolitan area.

An adequate supply of industrial land strategically located near major transportation facilities that include critical large lot parcels in key locations will also help leverage the region’s global trade strengths.

Japan-based Ajinomoto, a producer of frozen Asian processed foods, decided to establish a Portland manufacturing base in the Rivergate Industrial District in 2000. “Our company was attracted to the area because it provided easy access to raw materials – Oregon-grown fresh vegetables and meats – as well as the ease with which we can get the finished products to U.S. markets,” said Tomoyuki Shiojima, vice president of general affairs at Ajinomoto Frozen Foods USA, Inc.

The company currently employs about 150 full-time and 50 part-time employees. Sales have grown from nearly \$15 million a year in 2004 to \$50 million in 2009 and are projected to grow even more following a recent \$12.5 million investment in a new rice processing line.

SANYO Solar of Oregon LLC, a division of Japan-based Sanyo Electric, recently opened a new 130,000-square-foot manufacturing facility in Salem, Ore. Part of the company’s investments in new global production capacity, the \$80 million facility provides the fundamental materials – ingots and wafers – necessary to manufacture SANYO’s solar cells and modules. The city of Salem set aside 80 acres for a renewable energy and technology park to attract new investment in the region.

Keith Leavitt, the Port’s manager of industrial development noted, “After more than 30 years of planning and development, the Port and Portland metropolitan region are nearing the end of a long-term supply of industrial land. With business park development at Swan Island, Portland International Center, Rivergate Industrial District and the first phase of Troutdale Reynolds Industrial Park, the Port and region have created large industrial parks that are home to many of Oregon’s most notable traded sector companies generating more than

30,000 jobs. The next generation of large industrial parcels in the region will require a new set of policy and funding tools if we want to remain competitive as a desirable place for traded sector investment.”

As the Portland metro region begins looking at long-term solutions to rise out of the economic downturn, trade and the infrastructure and policies that support them will be critical to the conversation. International trade is part of Portland’s and Oregon’s heritage and, as these reports confirm, should be a part of its future.

Bill Wyatt said, “By focusing job creation efforts on traded sector industry growth and direct foreign investment; by preparing for a resurgence of the economy with investments in existing industrial sites and setting aside new sites near current infrastructure; by seeking a regulatory and policy environment that supports international trade; and by supporting freight transportation infrastructure investments, the region can rise out of the recession stronger, more diversified and more vibrant than before.”

To view the “International Trade Study,” visit www.valueofjobs.com. To view “Export Nation: How U.S. Metros Lead National Export Growth and Boost Competitiveness,” go to www.brookings.edu/metro.

by Martha Richmond

1/3-1/2

Exports accounted for between one-third and one-half of total sales by Oregon machinery, high technology, chemical and transportation equipment firms.

9-18%

The average wage of workers at exporting firms is 9 percent to 18 percent higher than in nonexporting firms.



PORTLAND INTERNATIONAL AIRPORT EXCEEDS 13 MILLION PASSENGERS IN 2010

Portland International Airport travel is on the rise again, recording 13.2 million passengers in 2010. Air cargo volumes are also growing, totaling more than 209,000 tons of freight and mail shipped last year through PDX.

The 2 percent increase in passengers over 2009 is the first passenger growth experienced since 2007 when PDX hosted an all-time record of 14.6 million passengers. Influenced by the lagging global economy and other factors, passenger volumes fell in both 2008 and 2009,

but are now recovering. The growth is attributed to improvements in the global economy and new and expanded nonstop air service launched in 2010 at PDX. The Port of Portland expects continued passenger growth this year of about 2 percent.

2010 PDX cargo volumes rose 6.4 percent over 2009 when PDX moved nearly 197,000 tons of air freight and mail. Since 2005, PDX cargo volumes had fallen each year. Increases are probably due to improved global economic conditions and increased consumer spending.

A variety of new nonstop air service destinations in 2010 influenced PDX passenger growth: Air Canada to Toronto; Alaska Airlines to Kona; and Horizon Air's summertime service to Bellingham, Wash. Additional air service to existing nonstop destinations included Honolulu and Chicago on Alaska; Denver on Southwest Airlines and Frontier Airlines; Long Beach, Calif. on JetBlue Airways; and Anchorage summertime service on Continental Airlines. Delta Air Lines continued nonstop service to both Amsterdam and Tokyo.

TSA TEAM OREGON, PDX RECEIVE NATIONAL RECOGNITION

For the fourth year in a row, TSA Oregon was recognized at the Transportation Security Administration's national honorary awards ceremony. The event highlights and celebrates TSA employees and stakeholders from across the nation for their accomplishments, commitment, innovation and creativity.

PDX received special recognition during this year's awards. Mark Crosby, chief of public safety and security for the Port of Portland, joined colleagues from TSA and the American Association of Airport Executives in receiving the Partnership Award for their work together on an airport innovative security measures initiative.

In addition, nine TSA employees at the Klamath Falls Airport received the Team Award and were recognized for their more than eight years of service without a single on-the-job injury. AnnMarie Lontz, special agent in charge of the TSA Federal Air Marshal Service Seattle field office, which has jurisdiction over Oregon, was named the Federal Air Marshal Special Agent in Charge of the Year.

"I am extremely proud of the fact that TSA Oregon and our industry partners continue to receive this very well-deserved recognition year after year," said Mike Irwin, TSA Oregon federal security director.



RUNWAY ON THE RUNWAY

Portland International Airport was the location for a rousing celebration of a partnership between the Portland Timbers soccer team and Alaska Airlines.

In an event hosted by Alaska, some 1,000 guests were treated to the unveiling of the team's official uniforms, training wear and other apparel. Alaska is the official jersey partner of the club that begins its inaugural season in Major League Soccer this year. The Timbers have played in Portland as part of the North American Soccer League since 1975.

The event, dubbed "Runway on the Runway," was held in the 64,000-square-foot hangar of Alaska's sister carrier, Horizon Air, at PDX. Airline employees and team members and their families modeled the new clothing designed by Portland's own adidas, the official athletic sponsor and product supplier for Major League Soccer.

In addition to the fashion show, guests watched as Alaska rolled a Boeing 737-700 aircraft into the hangar with a new specially themed livery that includes the words, "Proud Jersey Sponsor" along with the team logo, and the green, yellow and white Timbers scarf.



WEBTRAK TOOL IMPROVED

Port of Portland's online flight tracking system now offers more features.

Called WebTrak, the system allows users to view aircraft activity in the greater Portland/Vancouver area, including most flights at Portland International Airport and other regional airports.

Launched in 2008, WebTrak offers a wealth of information about each flight, ranging from altitude and direction to aircraft type, and from airline to flight or tail number. For security purposes, the system is delayed 90 minutes and does not show government, military or law enforcement flights. Recent enhancements include the ability to display flight track activity over an aerial photo map, or aerial photo/road map hybrid, as well as the ability to expand the viewable map area.

WebTrak came about as a result of community interest expressed during the last update of the PDX Part 150 Noise Compatibility Study, and during regular meetings of the PDX Citizen Noise Advisory Committee. The system was established as part of other improvements to the Airport Noise and Operations Monitoring System used by Port noise management staff. Key partners in the project include the Federal Aviation Administration and Lochard, the system manufacturer.

Those with high speed Internet connections can access WebTrak via the noise management tab at www.pdx.com.

BAG SCREENING SYSTEM MAKES DEBUT AT PDX

Managing checked bags is a little easier for many travelers at Portland International Airport, thanks to a new state-of-the-art in-line baggage screening system now phasing successfully into full service. The complex combination of belts, bag-sorting equipment and security screening machines encompasses 65,000 square feet of area in the inner parts of the terminal building.

With the new system, travelers simply check their bags at airline ticket counters, rather than toting them from ticket counters to security screening machines across the lobby. Airline staff at ticket counters place the bags on belts that automatically deliver them to security screening equipment in the lower level of the airport, and then to waiting aircraft. The system, designed by PGAL and built by Hoffman Construction Co., expands screening capacity and flexibility, and enhances security.

After nearly three years of construction and extensive testing, limited live testing with travelers' bags began in October 2010. All airlines are expected to phase in by summer 2011. Once the system is fully operational, PDX will remove existing baggage screening equipment in the ticket lobby, creating additional space and comfort for passengers.



TRAVELERS ENJOY NEW CONCOURSE AMENITIES

Known for its innovative and quality concessions and services, Portland International Airport has recently added two new offerings for passengers.

On the C Concourse, Rosetta Stone's kiosk displays, demonstrates and sells its popular software that teaches foreign languages. Rosetta Stone is a leader worldwide in teaching language with a natural method – pictures and sounds in context, with no memorization or translation. Learners in more than 150 countries use the software.

On the D Concourse, The Dragontree spa is operating a satellite location featuring chair massage therapy. Open during busy times on the international concourse, a massage therapist offers patrons back, head, neck, shoulder or foot massage on two types of chairs. The Dragontree's main facility on Concourse C is celebrating its first anniversary at PDX. It has a full menu of services, including full body massage, foot care, facials, pedicures and manicures. The company also sells herbs and supplements, gifts, and organic body and skin care products.



MADE IN OREGON STORES GROW WITH AIRPORT

In 1975, Portland developers Sam and Bill Naito founded Made In Oregon, a private retail gift business that features Oregon products. What many do not realize is that the Naito's very first store – 812 square feet of space – opened at Portland International Airport, one of the first tenants in what would become the airport's award-winning Oregon Market shopping and dining area.

Today, Made in Oregon at PDX has grown from the still-thriving Oregon Market store – now 1,566 square feet – to include stores on the C and D concourses and a busy post-security wine kiosk. Total Made in Oregon operations occupy more than 4,000 square feet in the airport. Other locations in Oregon include four stores in the Portland area, and one each in Salem and Newport. There's also a mail order catalog and an e-commerce website selling goods from more than 2,000 Oregon manufacturers and artisans.

Company specialties include Oregon gourmet foods such as hazelnuts, salmon, cheese, chocolates, wines, jams, honey, baking mixes, syrups and more. The store also carries handmade jewelry; myrtlewood carvings; pottery; bath, body and candle gifts; apparel; Pendleton blankets and many other Oregon souvenirs and collectibles.

CONDÉ NAST AND ZAGAT CALL PDX A WINNER

Once again, two leading surveys have found Portland International Airport to be the best of the best in the United States.

Condé Nast Traveler magazine named PDX the best domestic airport after polling its readers, specifically 26,000 of its business travelers. PDX has earned the magazine's top award in four of the last five years. The poll rates U.S. and international airports, airlines and hotels, using several criteria, and PDX received the top score in five of the six overall areas surveyed: ease of connections, customs/baggage, food/shops/amenities, comfort/design, and perceived safety/security.

Zagat Survey has also rated PDX tops among 30 domestic airports, based on overall quality. The survey queried more than 8,000 frequent fliers who collectively took 139,000 flights in the past year. Zagat Survey is a source of information about where to eat, stay and play around the globe.

Steve Schreiber, director of aviation with the Port of Portland, said, "I attribute these honors to the thousands of airport employees – airlines to concessionaires and service providers, government agencies to Port staff – who help make PDX a safe, efficient, comfortable, aesthetically pleasing environment with many fine shopping and dining options."

JETBLUE ADDS BOSTON

JetBlue Airways is adding nonstop seasonal service from PDX to Boston's Logan International Airport, beginning May 26. Service is on JetBlue's Airbus A320.

The new flight will depart Portland at 11:37 p.m., arriving in Boston at 8:02 a.m. the following day. The Logan to PDX flight leaves Boston at 7:37 p.m., arriving in Portland at 10:47 p.m..

"This is great news for PDX travelers, who make 150,000 trips every year between Portland and Boston," said David Zielke, Port of Portland general manager of air service development. "We appreciate JetBlue's continued commitment to our community, including existing routes to both New York and Long Beach, Calif."



PROGRAM BRIDGES GAP FOR UPRIVER SHIPPERS

During the three-month upriver lock outage under way at the start of 2011, the Port of Portland has been working closely with customers and rail/trucking providers to keep export cargo that would normally use the barge system coming to Portland. Without the luxury of a second set of locks, the outages required closure of that stretch of the river system.

The locks at dams on the Columbia-Snake River System use gates that date back to 1957; they needed replacement along with extensive, systemwide repairs to avoid future unscheduled outages of a year or longer. When the U.S. Army Corps of Engineers announced a 16-week extended lock closure, the Port devised the Shipper Support Program to provide financial incentives to keep containerized cargo moving via truck and rail to minimize diversion of cargo away from Portland.

Port staff conducted a thorough analysis of truck and rail rates, held discussions with upriver shippers, and attempted to balance market effectiveness with reasonable cost controls. Port commissioners approved up to \$800,000 in funding for the Shipper Support Program from the Port's general fund cash reserves and the marine operating budget. The program provides a per-unit reimbursement rate to customers that would usually otherwise ship through Terminal 6 using container-on-barge services.

Response to the program from participants has been positive. The Corps expects the work on the locks to be completed by the end of March.

NEW OPERATOR AT T-6

ICTSI Oregon, Inc., a subsidiary of International Container Terminal Services, Inc., is the new operator of the Port of Portland's deep-draft container terminal. With a track record of success at 21 marine terminals and port projects in 15 countries, Portland marks the company's first entry into the U.S. market.

Under a 25-year lease to operate the Terminal 6 container and breakbulk facilities, the growing global terminal operator has ambitious plans to boost service for both imports and exports while leveraging intermodal rail facilities for movement of boxes to and from inland markets by train. This will continue to position Portland as a cargo gateway.

Since the gates first opened at T-6 in 1974, the Port owned and operated its container facility. As of Feb. 12, the new landlord-tenant relationship officially began. The landlord operating model is common among modern West Coast ports. ICTSI Oregon, Inc. has hired approximately 20 staff to support terminal operations. The Port retains responsibility for security and some maintenance at the terminal.

Parent company International Container Terminal Services, Inc. is among the top five global independent stevedoring and terminal operating companies in the world. Besides Portland, the company has international operations in Asia, Europe, the Middle East and Latin America.



RIVERS, HARBOR DESIGNATED "MARINE HIGHWAYS"

As part of America's Marine Highway Program, the Columbia, Willamette and Snake rivers have been named key "marine highway" corridors. This new federal initiative aims to move more cargo by water.

"Making better use of our rivers and coastal routes offers an intelligent way to relieve some of the biggest challenges we face in transportation – congestion on our roads, climate change, fossil fuel energy use and soaring road maintenance costs," said U.S. Transportation Secretary Ray LaHood.

As a marine highway corridor, regional projects can compete for future marine highway federal funding and other forms of federal assistance. Achieving the designation also reinforces the city of Portland and Multnomah County's Climate Action Strategy which supports moving freight in the most energy-efficient and sustainable mode. The river system provides a proven, cost-effective, environmentally friendly transportation alternative to the road and rail network.

The marine highway concept includes naming the corridors like traditional interstate highways and freeways on land. For example, the M-84 Corridor includes the Columbia, Willamette and Snake rivers, connecting commercial navigation channels, ports and harbors, including the Portland Harbor. It spans Oregon, Washington and Idaho from Astoria, Ore., to Lewiston, Idaho. In Astoria, the M-84 connects to the M-5 Corridor, which runs the length of the U.S. West Coast.

The U.S. Maritime Administration chose projects and initiatives from 35 applications submitted by ports and local transportation agencies. The Port of Portland, the Pacific Northwest Waterways Association, and other stakeholders on the river system had advocated for the designation.



Upgrades to the Dredge Oregon, funded by ConnectOregon III, will make the vessel, shown here working on the Columbia River, more fuel-efficient.

TRANSPORTATION FUNDING KEEPS OREGON MOVING

Building on the success of the first two \$100 million ConnectOregon authorizations in 2005 and 2007, ConnectOregon III continues to improve connections between the highway system and other modes of transportation.

In August 2010, the Oregon Transportation Commission approved 41 projects, with more than \$17.5 million allocated for Port projects, including:

- Dredge Oregon Equipment Upgrade (\$5 million): Retrofitting the dredge's 1950s-era machinery will result in more dependable, fuel-efficient and environmentally friendly operations.
- PDX Deicing System Upgrade (\$4.24 million): An enhanced treatment system will better protect water quality in the Columbia Slough while maintaining safe airport operations.

- Hillsboro Airport Parallel Runway/Taxiway D (\$4 million): Planned construction of new airfield infrastructure will help reduce congestion at the state's busiest general aviation airport.
- Terminal 6 Crane Modernization (\$2.91 million): Overhauling the oldest container cranes extends their service life while allowing them to perform like new for a fraction of the cost.
- Terminal 4 Rail Upgrade (\$1.41 million): Enhancing rail infrastructure will better serve the terminal and its tenants by reducing blockages and improving rail velocity.

Also of note is a project to support new safety technology at \$451,670, sponsored by the Columbia River Bar Pilots. New data buoys will be used to better monitor and predict wave hazard conditions on the Columbia River bar, benefitting deep-draft vessels that cross the bar.

ConnectOregon has been an important program for the state and for the Port, underscoring the importance of transportation infrastructure to trade, jobs and economic vitality.

AUTO WAREHOUSING CO. RECEIVES NATIONAL AWARD

Portland is the fourth largest auto import gateway in the U.S. One of the processors that helps the Port of Portland maintain that ranking received a top national award from American Honda Motor Co., Inc.

Auto Warehousing Co. handles vehicle processing at Terminal 6 for new Honda and Acura imports. Marty Connors, manager of the Portland facility, accepted the 2010 Processor of the Year Award on behalf of Auto Warehousing at an awards luncheon in December. The award is based on a scoring system that rates processing performance, quality, inventory control and audit scores.

Dennis Manns, assistant vice president of auto sales and logistics planning for American Honda, said, "On behalf of American Honda, I would like to express our sincere appreciation and congratulations to the entire staff at the Portland terminal and Auto Warehousing Co. You are the benchmark for all the other processing companies in the Honda logistics system."

Auto Warehousing is the largest full service auto processor in North America. The Tacoma, Wash.-based company has 23 locations in the U.S. and Canada, including two facilities at Terminal 6.



The American Honda facility includes 62 acres with rail service from BNSF Railway.

SUBARU ROLLS INTO RIVERGATE INDUSTRIAL DISTRICT

It is already Portland's largest industrial park with more than 12 million square feet of buildings; now Rivergate Industrial District is about to add another 413,000 square feet with a new auto parts distribution facility, service training center and regional offices for Subaru of America, Inc.

Port of Portland commissioners originally approved a 12.4-acre ground lease back in November and, through a signed agreement, the footprint was expanded to 19.2 acres, under a 55-year ground lease. Company officials had planned to construct a smaller facility with an option to expand it within five years, but after further review, decided to exercise the option on the front end for full build out.

Subaru's new building is the second project within a growing logistics center known as Rivergate Corporate Center III. On 114 acres owned by the Port, the property is planned to accommodate more than 2.4 million square feet of industrial space. It is near Terminal 6, the Port's marine container terminal, and ideally suited for marine cargo, rail and heavy distribution users. Subaru and its related entities import approximately 10,000 20-foot containers into West Coast ports annually.

"The goal for this site was to attract users that will potentially utilize other Port services and generate additional marine container business," said Bill Wyatt, executive director of the Port. "With this lease, the Port has the opportunity to explore future logistics opportunities with Subaru for auto parts distribution operations."



CELEBRATING A CENTURY

To help mark the 100th anniversary of the Commission of Public Docks, Port of Portland retirees Dick Montgomery, Bob Lipscomb and Bob Hrdlicka shared memories and stories at the Port headquarters building in November 2010. Portland voters approved the creation of the Commission of Public Docks in 1910, marking the beginning of Portland's public marine cargo terminal operations.

Pictured clockwise from top: Sam Ruda, Port of Portland marine and industrial development director; Hrdlicka; Montgomery; and Lipscomb.

CHANNEL: A JOB WELL DONE

Shippers and ports throughout the region celebrated the completion of the Columbia River Channel Improvement Project in November 2010, knowing that more fully loaded ships would be able to make full use of the deeper navigation channel. More than 1,000 Pacific Northwest businesses and farmers ship \$17 billion of cargo via the Columbia River annually.

Over the past 10 years, Dianne Perry, project manager with the Port of Portland, was instrumental to the success of the project, which involved deepening the navigation channel from 40 to 43 feet from the Pacific Ocean to the ports of Portland and Vancouver. The project took nearly 20 years in total, from planning to completion, but the investment began to pay off immediately with river pilots citing navigational benefits, and shippers loading more cargo per vessel. An extra three feet of draft equals an additional 6,000 to 10,000 tons of cargo per ship.

As liaison between six Oregon and Washington sponsor ports and the U.S. Army Corps of Engineers, Perry managed communications among hundreds of stakeholders, including industry groups, other ports, regional businesses, and cities and counties up and down the Columbia River. During the three years before taking on the role of project manager, Perry also spearheaded the Columbia River Channel Coalition to help advance the project.

Perry said completion of the project was the most satisfying achievement of her career. Having crossed the finish line, she set her sights on retirement. "At times it was a rough road, but it was always about the good of the whole," she said. "We got the job done, and it's nice to be ending on a high note."

FBI COMING SOON

The Port of Portland's headquarters at Portland International Airport will soon welcome a new neighbor when the Federal Bureau of Investigation moves to its new field office in Cascade Station. It is the only FBI field office in Oregon.

At the December 2010 groundbreaking, Portland Mayor Sam Adams joined representatives of the Portland Development Commission, The Molasky Group, the U.S. General Services Administration and the FBI to celebrate the start of the \$60 million project. "Given the challenges in today's real estate environment, it took innovative financing and a lot of patience and creativity to make this project happen," said Mayor Adams.

The site is located in the Airport Way urban renewal area at 9109 N.E. Cascades Parkway, near the Target store. The Portland Development Commission sold the development rights for the 8-acre parcel to The Molasky Group, which will construct and own the four-story, 121,000-square-foot building. The move will consolidate several local FBI offices in the leased building, which is designed to meet LEED silver certification. The contractor is Skanska USA Building of Beaverton, Ore.

Construction is expected to generate 600 direct jobs, with a targeted completion date of March 2012. Sales proceeds from the transaction will create revenue for the Airport Way urban renewal area to support ongoing economic development programs.

ECONOMIC DEVELOPMENT GROUPS JOIN FORCES

In an effort to more effectively drive a strategy around traded-sector industry growth and job creation and retention, two high-powered local economic development groups are merging to form a new organization.

Greenlight Greater Portland and Regional Partners, Inc. are joining forces to align regional efforts and will focus on economic research, strategic planning, business development, marketing, networking and best practices to address the region's economic challenges – and to best position the region for growth.

“With this merger, greater Portland-Vancouver is stepping up its game,” said Gillian Floren, chief executive officer of Greenlight Greater Portland. “The field is intensely competitive, with regions vying for business and companies always alert to other location options. Our aim is to ensure that this region is trumpeting its virtues as a home base for business.”

At press time, the transition/launch team was working on governance, budget and leadership. Plans call for a new CEO to be announced later this spring.



PORT APPROVES TRANSPORTATION PLAN

As a transportation agency reliant on elements of a transportation system developed and managed by others, the Port of Portland carefully plans its support of projects that will enhance cost-competitive market access for Port customers and businesses in the region and state. Each year, Port staff develops, and the Port's commission reviews and approves, a Port transportation improvement plan.

The plan identifies and prioritizes five-, 10- and 20-year marine, road, rail, air, transit, bicycle and pedestrian transportation improvement projects. Ninety-nine surface transportation and capital projects were identified for the 2011 plan, which was approved by the commission in January.

Key projects include I-205 northbound access from Airport Way, Troutdale interchange improvements at I-84 and 275th, the Columbia River Crossing, and Troutdale Reynolds Industrial Park road improvements. Policy and funding priorities included future Connect Oregon funding, the Federal Transportation Reauthorization Bill and working with Metro, Portland's elected regional government, and business for increased allocation to regional freight needs.

Projects were identified through transportation studies from master plans, and from property development and international trade and regionwide mobility needs studies conducted by the Port and other local, regional and state agencies.

The plan was forwarded to Metro and the Oregon Department of Transportation for inclusion in the Regional Transportation Plan. Projects will be considered for outside funding through the federal, state and Metropolitan Transportation Improvement Plan processes.

For copies of the plan, visit www.portofportland.com.



Bill Ayer of Alaska Airlines and Alaska Air Group speaks at Gateway to the Globe. Ayer discussed his company's commitment to innovation and sustainability, including support of fuel-efficient aircraft, performance-based navigation and aviation biofuel development.

PARTNERS, STAKEHOLDERS ATTEND GATEWAY TO GLOBE

More than 500 business leaders, government officials and community advocates gathered for the Port of Portland's annual Gateway to the Globe luncheon in February. Bill Ayer, chairman and CEO of Alaska Airlines and Alaska Air Group, was keynote speaker.

In his report, Bill Wyatt, the Port's executive director, acknowledged a tough couple of years due to the recession but said that all business lines are showing improvement with overall marine cargo volumes up 28 percent over the previous year and airline passengers up 2 percent.

Bill Furman, president and CEO of The Greenbrier Companies, was this year's Compass Award winner. The honor recognizes a member of the community who has



Bill Furman

shown outstanding support for Port operations, activities and issues. Recipients can be recognized for overall support of the Port mission or any of its business units. Furman was recognized for his active participation and involvement in harbor-related issues, as well as the tremendous success of the company and its role in the region's economy. Gunderson Marine, a subsidiary of The Greenbrier Companies, builds barges for transporting aggregate, heavy equipment and other cargo around the world.



Port staff meet with members of the public at an Airport Futures open house.

AIRPORT FUTURES, OTHER PORT PROJECTS APPLAUDED

Airports Council International – North America honored the hundreds of people from the region who contributed to the Airport Futures project, which created a long-range airport master plan and city land use plan for Portland International Airport. Over the course of more than 100 public meetings and dozens of outreach and involvement opportunities, the three-year project featured comprehensive dialogue on planning for the future of PDX in a way that incorporates community values and integrates sustainability principles. The ongoing PDX Community Advisory Committee will keep the spirit of the work alive.

The Port of Portland also received recognition for its innovative new headquarters building at PDX. The building garnered the Engineering Excellence Grand Award from the Oregon Chapter of the American Council of Engineering Companies and a BetterBricks award, which salutes the individuals leading the way for high performance commercial buildings with an emphasis on energy efficiency. BetterBricks is the commercial building initiative of the Northwest Energy Efficiency Alliance, which is supported by Pacific Northwest electric utilities. [Click here to view Bill Wyatt's acceptance speech.](#)

The headquarters building was also recently selected as one of three national winners in the Smart Environments competition sponsored by the International Interior Design Association and Metropolis Magazine, which highlighted the award in a recent multipage story.

In addition, the Port received the Environmental Protection Agency's Green Power Leadership Award for its consistently larger purchases of certified renewable power. Earlier this year, the Port bumped its renewable power purchases from 56 percent to 100 percent of its electricity usage.

TESTING PHASE TO BEGIN ON DEICING ENHANCEMENTS

A six-year project to enhance Portland International Airport's aircraft deicing system marched along this winter, with major construction wrapping up on the PDX airfield. In December, workers finished the roof of a new treatment facility, located west of the south runway near Northeast 33rd Avenue. The project team will now focus on completing the interior of the building and beginning the extensive testing phase of the new system enhancements.

The treatment facility will use an anaerobic fluidized bed reactor to treat storm water runoff containing deicing fluid. Currently, concentrated deicing fluid is treated at the Columbia Boulevard Wastewater Treatment Plant. The new on-site treatment facility greatly increases the amount of material that can be treated and gives PDX more options for managing deicing runoff after cold weather or heavy storms. Plus, the system will have a co-benefit of energy production: in the anaerobic treatment process, micro-organisms will essentially "eat" glycol, the biodegradable active ingredient in deicing fluids, while producing waste in the form of methane that, in turn, heats the reactors in which the material is broken down.

In addition to the treatment process, the system has been expanded to collect runoff from the western portion of the airfield, including the south runway. Storage capacity has been doubled, and a Columbia River outfall was carefully permitted and constructed in 2009. The various enhancements will be integrated into the existing system and tested over the next year and a half, in advance of the Port of Portland's April 2012 deadline with the Oregon Department of Environmental Quality.



Port of Portland employees Susan Aha and Craig Redlinger check construction progress of the deicing system at Portland International Airport.



AUTO-START WALKWAYS SAVE ENERGY AT PDX

When they're not being used by passengers, the new moving walkways in the pedestrian tunnels at PDX are idle, but when infrared sensors are triggered by an approaching figure, the walkways spring into action, delivering travelers that much faster to their destination.

New signs have been installed to alert passengers to the automatic on-and-off feature of the walkways, which are the first of their kind in the nation. Port of Portland engineers estimate that the walkways go into rest mode enough over a 24-hour period to result in a combined average energy savings of 43 percent.

BIOFUELS PROJECT MOVES TOWARD NEXT MILESTONE

The Sustainable Aviation Fuels Northwest Project was initiated in 2010 to assess regional opportunities for providing new, renewable fuel alternatives to the aviation industry. Over the past six months, a group of stakeholders – including the Port of Portland, Alaska Airlines, Boeing, Seattle-Tacoma International Airport, Spokane International Airport and Washington State University – has studied what it would take to develop a regional renewable jet fuel program.

The project, which is jointly funded by the participating groups, has examined various aspects and implications of developing a sustainable biofuel industry, including lifecycle costs of biomass production and harvest, refining, transport infrastructure, and actual use by airlines. The final report is intended to be a comprehensive assessment of the available options so that regional and industry leaders can fully understand the pros and cons of potential opportunities. The assessment has looked at fuel sources indigenous to the Pacific Northwest, such as algae; agriculturally based oilseeds, such as camelina; wood byproducts; and other waste material. The effort involved stakeholders from across the aviation, biofuel, environmental and agricultural sectors.

The steering committee plans to announce findings this spring.



MEASURING WETLAND MITIGATION SUCCESS

The Port of Portland sets annual environmental targets to focus on issues both big and small – sometimes very small. Since 2008, the Port has worked with the Xerces Society, a Portland-based nonprofit dedicated to conservation of invertebrates and their habitat.

As part of a larger study being conducted by the society, the Port has contributed financial support and offered Port-owned wetland mitigation sites for research on wetland invertebrates, including insects like dragonflies, mayflies, caddisflies and beetles. Scientists from the organization have conducted field surveys throughout the Willamette Valley, with more planned in 2011, as part of an effort to develop a biological assessment tool for evaluating the health and function of Pacific Northwest wetlands.

Celeste Mazzacano, a staff scientist with the organization, said the assessment tool has statewide potential. With four years of data, and support from groups like the Environmental Protection Agency and Oregon Watershed Education Board, the Xerces Society sees the project continuing. Mazzacano said, "Four years of data is not a huge amount, relatively speaking, so we'll be doing additional research to test the consistency and robustness of the indicators we've developed."

For the Port, the tool will be a valuable resource for monitoring wetland mitigation sites and helping to determine whether mitigation efforts have improved the biological functions in wetlands. Further, research potential for local scientists is a co-benefit of responsible mitigation site management, and the results so far have been useful for and gratifying to Port natural resources staff. Mazzacano reported, "The Port's Randall mitigation site was our dragonfly bonanza – the winner for dragonfly and damselfly diversity."

IT'S THE HOME STRETCH FOR RUNWAY IMPROVEMENTS

With two construction seasons complete at Portland International Airport, the Port of Portland will soon begin the final phase of runway improvements.

In 2009, the Port completely rehabilitated the north runway, and in 2010, it extended the north runway from 8,000 feet to 9,825 feet. From April-October this year, the Port will completely reconstruct the airport's south runway.

Serving PDX since 1951

The south runway was built in 1951, and extended by 2,200 feet to its current size in 1974. While it has seen both routine maintenance and rehabilitation over the years, the wear and tear of aircraft landings has deteriorated pavement joints and the subsurface base, and that calls for complete reconstruction of the runway.

The mammoth south runway project will remove 16-24 inches of surface asphalt and construct a new 19-inch concrete runway surface over a 4-inch asphalt base. The south runway will use an estimated 180,000 yards of concrete – enough to pave a two-lane road for about 26 miles.

How PDX runways work

The north and south runways are the runways primarily used by aircraft at PDX. They are the longest at the airport, making them suitable for large aircraft that require more runway length than small aircraft, especially for departures. The south runway is the longest at 11,000 feet. The two runways are well-oriented for aircraft which need to take off and land into the wind, because they stretch from east to west to align with typical seasonal wind patterns.

The airport's only other runway, the crosswind runway, is oriented from north to south. At a shorter 6,000 feet, the runway is used primarily by smaller aircraft, particularly when the north and south runways are busy. However, the crosswind runway is occasionally used by larger aircraft when dictated by certain weather conditions, such as strong south winds.



Runway improvement challenges

A few years ago, the Port faced a dilemma with the need to rehabilitate both the north and south runways. The challenge was that the north runway was not long enough to serve the largest aircraft when departing fully loaded, and the south runway needed to close for reconstruction. The solution was lengthening the north runway first, before closing the south runway, so all aircraft could continue to operate at the airport.

Now, with the north runway work complete, the challenge is to completely rebuild the airport's longest runway in just one construction season, while at the same time keeping the airport operational, and curbing construction-related aircraft noise impacts on airport neighborhoods.

"Improving our runways at PDX has been a bit of a chess game: closing down one of our primary runways for three consecutive construction seasons and, at the same time, keeping the airport fully functional and trying to limit associated noise impacts for our neighbors," said Steve Schreiber, Port aviation director.

Temporary flight changes expected

Increased flights over some airport neighborhoods are expected during the south runway reconstruction, because many aircraft that would normally use it will now temporarily use the north or crosswind runways. In particular, the temporary increase in use of the crosswind runway will increase the number of flights over neighborhoods south of the airport. Increased use of the crosswind runway is necessary, because the north runway alone cannot accommodate all of the PDX flights when the south runway closes. Furthermore, the location of some airline operations on the south side of the airport will mean that the crosswind runway will see use by larger-than-usual propeller aircraft to prevent taxiway gridlock leading to the north runway.

It is estimated that crosswind runway flights will increase about the same as in 2009 during the north runway rehabilitation. Construction in 2010 – extending the ends of the north runway – saw less aircraft use of the crosswind runway, because the Port was able to keep the north runway partially open for 11 weeks of the project, and the overall project was a month shorter than in 2009, and also shorter than this year's scheduled work.

To help ease the aircraft noise impacts this year, a partial opening of the south runway is planned for six weeks of the project from approximately mid-July to the end of August. Also, jet use of the crosswind runway is restricted, except when wind or other conditions require; and late-night propeller aircraft will use the north runway when possible.

By reconstructing the south runway in a single construction season, the project will lessen prolonged aircraft noise impacts on neighborhoods that would

occur if the runway were closed for brief periods of time for work over several construction seasons. This construction approach also increases safety for airport and construction workers and reduces costs.

Pavement materials were evaluated as part of the life cycle cost analysis, and the concrete runway surface was identified as the preferred alternative. With concrete expected to last 40 years, significantly longer than asphalt, it will reduce construction-related aircraft noise impacts on neighborhoods in the future.

"We greatly appreciate the patience of our airport neighbors during these runway improvements," Schreiber said. "We also thank the FAA for its excellent work in keeping PDX fully operational and working with us to limit aircraft noise impacts on neighborhoods while we perform this vital construction work."

Informing airport neighbors

As with the last two construction seasons for the north runway, many activities involving the Port and the PDX Citizen Noise Advisory Committee are planned this year to let the community know about the south runway reconstruction, temporary flight changes and expected aircraft noise impacts.

Information sharing venues will include the Port's website, e-mail notifications, advertising, postcards to airport neighborhoods, neighborhood meetings, large community events, Port and neighborhood publications, letters to new area residents, Facebook and Twitter. Special emphasis is planned for outreach to non-English speaking area residents.

by Steve Johnson

For more south runway information:

Project questions, concerns:

Art Spillman, 503.415.6133

art.spillman@portofportland.com

Aircraft noise, overflights:

Noise Hotline, 503.460.4100/800.938.6647

pdnoise@portofportland.com

Event information or to schedule a presentation:

Brooke Berglund, 503.415.6532

brooke.berglund@portofportland.com



PORTSIDE

PORT OF PORTLAND
Possibility. In every direction.™



U.S. HEADQUARTERS

Port of Portland
7200 N.E. Airport Way
Portland, OR 97218 U.S.A.
P.O. Box 3529
Portland, Oregon 97208 U.S.A.
Telephone: 503.415.6000
800.547.8411 (U.S. only)
FAX: 503.415.6001

www.portofportland.com

OVERSEAS OFFICES

Tokyo, Japan
Masaaki Mukouchi, Director
Lusis Building, 4F
2-16-1 Higashi-Shimbashi, Minato-ku
Tokyo 105-0021 Japan
Telephone: 81.3.3436.8351
FAX: 81.3.3436.8352
E-mail: masa.mukouchi@portofportland.com

Seoul, Korea

Jin Won (Jim) Kim, Representative
Room 1301, Sam Koo Building
70 Sogong - Dong Chung-Ku
Seoul, Korea 100
Telephone: 82.2.753.1349
FAX: 82.2.753.5154
E-mail: jjmwkim@kornet.net

Taipei, Taiwan

Charles Wang, President
Formosa Transportation Co., Ltd.
12F, No. 164, Fu Hsing No. Rd., Sec. 5
Taipei 104, Taiwan ROC
Telephone: 886.2.8712.8877
FAX: 886.2.8712.3600
E-mail: margaret.wei@formosatwn.com.tw

Hong Kong, China

Albert Kan
Sun Hing Shipping Co., Ltd.
Units A and B, 10/F., United Centre
95 Queensway
Hong Kong, China
Telephone: 852.823.5888
FAX: 852.528.6744
E-mail: albertkan@sunhingwarehouse.com

Shanghai, China

Charles Wang, President
Global Goodwill Logistics Corp.
Cell 03, 7 Floor, Block C
Senling Real Estate
No. 469 Wu Song Road
Shanghai 200080, China
Telephone: 86.21.6356.8969
FAX: 86.21.6356.8991
E-mail: esther@formosa.sina.net

PORT OF PORTLAND COMMISSION

Judi Johansen • President
Mary Olson • Vice President
Paul A. Rosenbaum • Treasurer
Steve Corey • Secretary
Ken Allen
Peter Bragdon
Jim Carter
Diana Daggett
Bruce Holte

EXECUTIVE DIRECTOR

Bill Wyatt

DIRECTORS

Vince Granato • Financial and Administrative Services and CFO
Tom Imeson • Public Affairs
Carla Kelley • General Counsel
Sam Ruda • Marine and Industrial Development
Steve Schreiber • Aviation
Stan Watters • Development Services and Information Technology
Gail Woodworth • Human Resources

KEY MARKETING CONTACTS

John Akre • Container Operations/Customer Service
E-mail: john.akre@portofportland.com
Jeff Krug • Autos, Bulks and Breakbulk
E-mail: jeff.krug@portofportland.com
Joe Mollusky • Industrial Properties
E-mail: joe.mollusky@portofportland.com
Martha Richmond • Corporate Marketing/Media Relations
E-mail: martha.richmond@portofportland.com
David Zielke • Air Service Development
E-mail: david.zielke@portofportland.com

PRODUCTION TEAM

Sherry Brookshire • Karen Fisher • Tom Imeson
Steve Johnson • Carla Kelley • Jerry McCarthy
Dan Pippenger • Martha Richmond • Michael Satern
Dorothy Sperry • Josh Thomas • Rachel Wray • David Zielke



TO REQUEST **PORTSIDE** INFORMATION, address changes, mail list additions/deletions, or to register a comment, please e-mail Sherry Brookshire at sherry.brookshire@portofportland.com. Inquiries can also be directed to the Port of Portland's U.S. headquarters address listed above.



LESS WASTE MORE WORLD

The Port of Portland is committed to responsible environmental practices. Portside staff chose this paper because it is made from recycled materials and is recyclable. We also use a local printer and soy ink. Thank you for recycling Portside.

BTN/15.1M/3.11/MKT11-006C