

PORTSIDESIDE

SUMMER 2007

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



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DRIVING SUCCESS

AUTOS ROLL INTO PORTLAND

It's a quiet morning, and a low fog hangs over the Willamette River. Activity begins to stir deep within a hulking car-carrying ship docked at the Port of Portland's Terminal 4. Soon, a parade of new automobiles emerges and proceeds to roll into Portland, bringing with it local jobs and regional economic benefits.

Many such ships brought cars to the U.S. via Portland last year. The Port of Portland is the highest volume auto import gateway on the U.S. West Coast, and 2006 was a record-setting year. Toyota, Honda and Hyundai combined to deliver 463,515 autos – a 31-percent increase over 2005. Each one of those vehicles provides an estimated \$318 in economic benefits to the region, yielding a contribution of more than \$160 million last year alone.

With Toyota surpassing General Motors as the world's largest automaker in the first quarter of 2007, and Honda and Hyundai experiencing

continued growth in the U.S. market, this year is promising to be another busy one for the Port's Terminals 4 and 6, where autos are offloaded. Increasing gas prices have also boosted demand for fuel-efficient and hybrid models, an industry segment in which Toyota and Honda lead. Facilities have recently been redeveloped and expanded, and more workers have been hired to handle the increasing volumes.

As new demands for facilities and extra space drive changes at the terminals, there have been opportunities to employ new, sustainable and environmentally friendly practices. Last year, these efforts earned the Port of Portland the American Association of Port Authorities Award of Excellence for Comprehensive Environmental Management.

The Port's marine operations are proving as financially sustainable as they are environmentally sustainable. Each of the car companies has shown

an ongoing commitment to Portland through their respective leases. Toyota signed a 15-year lease in November 2004. Auto Warehousing Co., which handles Hyundai's cars, has a 10-year lease signed in April 2005. Honda just started a new 10-year lease in September 2006. The continued relationships with these companies mean good news for the Port's business and for the regional economy.

Becoming a Gateway to the U.S.

In the early 1970s, the Port of Portland began building its first exclusive auto facility. Since then, the business has grown considerably, and Portland has emerged as a key gateway for autos. One reason for the growth is, as they say, location, location, location. Port facilities are ideally nestled into a confluence of rivers, rails and roads. Being closer to Asia than other West Coast ports,



with rail connections by two major railroads and access to most regional destinations by truck in one business day, there are natural competitive advantages. The moderate climate of the Pacific Northwest is an added bonus.

A majority of the automobiles that roll into Portland are loaded onto rail cars bound for cities across the U.S. – some as far away as the East Coast. Union Pacific Railroad and BNSF Railway offer direct access and efficient facilities at the Port for the movement of autos. They also handle domestically produced autos, which are routed back to Portland for regional distribution.

For imported cars bound for outlets within the Pacific Northwest, truck traffic can take advantage of the major interstate highways intersecting in Portland. As an added benefit, Boydston Manufacturing, a company that manufactures car haulers, is conveniently based near the Port's terminals.

With more than 300 acres of land dedicated to auto storage and processing, and more than 50 additional acres available for expansion, there is room to grow. On-site facilities include office buildings, body shops, paint shops, car washes and accessorization buildings. Recently, some buildings have been added and others remodeled to accommodate higher volumes.

A dedicated work force, both on the ships and on the land, keeps the operations moving smoothly, providing local employment opportunities for family wage jobs. Long-term employees are experienced and well-trained, earning Portland a reputation for job satisfaction, strong quality assurance and a low incidence of damage compared to other ports of entry.

Toyota Keeps Moving Forward

Nowhere is the rapid increase in auto volumes more immediately evident than at Terminal 4, where Toyota operates its logistics and vehicle distribution center. Skyrocketing sales last year exceeded projections, driving the need for more auto storage and the addition of new processing facilities.

Last year, Toyota expanded its footprint by more than 15 acres and hired 30 new workers. The company broke a number of records in 2006, including bringing 19,061 cars into Portland in February. This was the highest monthly volume the company had ever brought through Portland ... until March, and then each successive month through July when the bar was raised up to 24,606 cars. The company ended the year at just under a quarter million autos imported.

This vitality continues to be good news for the Port and the region. It bolsters the economy by increasing the need for employees who support the region's truck, rail and maritime transport industries. Through Toyota's lease agreement and investments in redevelopment, the company is showing a commitment to Portland that will help ensure continued success in this important business sector. The company stays active in the community and has forged close positive ties in north Portland.

A two-year, \$40-million redevelopment project, approximately \$30 million of which was invested by Toyota, served as the cornerstone for redevelopment of the Port's entire Terminal 4 marine facility. Ron Corbin, Toyota's Portland logistics services manager, describes it as "a state-of-the-art facility that will enable Toyota to operate more efficiently than in the past and at a lower cost."

Supporting ongoing sustainability efforts, redevelopment of the auto handling facility also helped improve Toyota's environmental footprint. Bioswale culverts naturally filter storm water runoff, or the water is diverted to a mechanical system that removes oil and solids before releasing storm water into the Willamette River. More than 1,700 linear feet of riverbank were restored, improving wildlife habitat. New yard lighting uses one-third the energy of the old system, produces twice the output, and greatly reduces reflection into windows of nearby homes.

Auto Warehousing Company Covering New Ground

After Hyundai imported more than 95,000 autos through the Auto Warehousing Co. facility two years ago, the numbers sparked plans for an expansion and enhancements to handle higher volumes at the Terminal 6 facility. Auto Warehousing and the Port signed a 10-year lease that included provisions for facility upgrades and the expansion.

When looking for options to add 45 acres of vehicle storage space, the Port of Portland and Auto Warehousing found a win-win solution with environmentally friendly porous asphalt. Proving that sustainable doesn't have to mean

more expensive, the Port realized about \$250,000 in savings – good for the environment and the bottom line.

Porous blacktop allows rainwater to penetrate the surface and recharge the ground water in a more natural fashion than a normal blacktop surface. It also has the added benefit in warm weather of allowing storm water to cool before entering the river. Of the 45 acres, only 35 needed to be porous since it is able to absorb runoff from adjacent nonporous blacktop.

Besides adding the capacity to handle increasing volumes, the project garnered another award, the Oregon Chapter of the American Public Works Association's coveted Julian Prize for Sustainability for Public Works. Based on the project's success, the Port is looking at other opportunities where porous blacktop surfacing might be an option.

American Honda Turns Up the Volume

Honda autos are also flowing in at Terminal 6. The company has enjoyed double digit increases in volume each year since 2004. As the carriers journeyed back and forth across the Pacific, it became evident that more autos would necessitate more improvements to the dock facilities.

A construction process began last year to upgrade and modernize the facilities, including a widening and strengthening of the dock access ramp, structural modifications to accommodate the widening, and construction of additional mooring and breasting dolphins to accommodate larger ships. The Port awarded a contract to Advanced American Diving in 2006 to handle construction completed early this year.

Since Honda does not import cars directly by ship to East Coast ports, most of their vehicles in the northern half of the U.S. originally come through the Portland gateway. The recent improvements will better support Honda's continued growth as more autos arrive.

And the Parade Marches On ...

Portland's prime location, rail connections and capacity to grow keep the Port relevant and responsive to customer needs. As the marine business at the Port grows, decisions are being made with sustainability and future viability in mind.

Demand for container service at larger ports is increasing, and the more land-intensive needs of the auto companies are driving them to look elsewhere. Portland is ideally suited to fill this niche, and it has committed partners who share its visions of a bright future. As parades of vehicles continue to roll into Terminals 4 and 6, the Port of Portland continues to appreciate the good business and jobs they bring with them. ☘

Josh Thomas



BUILDING A BETTER PDX: PROJECTS ADD CONVENIENCE, COMFORT, SECURITY

Over the next three years – between now and 2010 – several important improvements will be in the works for travelers using Portland International Airport.

When these projects are complete, customers will see wider roadways approaching the airport, new parking facilities and services, easier checked baggage screening, new restaurant choices in the terminal, and a more beautiful facility inside and out. The Port of Portland will spend about \$400 million on these upgrades to better serve the record-breaking number of passengers moving through the airport.

Award-winning customer service and innovative planning have always been synonymous with PDX, and the Port wants to make sure its customers' needs are met throughout this construction process. The truth is customers can expect some minor delays and detours. Here are some hints to help navigate a smooth airport visit:

- Check www.flypdx.com for the latest advisories.
- Watch for new electronic message signs on Airport Way.
- Use the airport's valet parking service premiering fall 2007.
- Travel to the airport via MAX light rail train for just \$2.
- Call 877-PDX-INFO for travel tips, parking information and more.
- Check with your airline for arrival/departure updates.

Construction project highlights:

Second parking garage 2007- 2010

A new parking garage has been planned for many years at PDX, and recently the need has become critical as the existing garage reaches capacity midweek and during holidays. This new long-term garage, which will include Port offices, will be built adjacent to the current garage and will provide nearly 3,000 new public parking spaces and 500 spaces for rental cars. A portion of the new garage will open in 2009, and it will be fully open in 2010.



N.E. Airport Way improvements 2007- 2009

Realignment of a section of Airport Way near the terminal building will provide easier access during construction and result in a safer permanent approach to the terminal. In addition, work between N.E. 82nd Avenue and the terminal will include rehabilitation of deteriorating pavement and – to make driving easier and safer for everyone – a new lane in each direction.

These road projects require that some familiar PDX plantings be removed, and visitors will notice a somewhat bare landscape during construction. Beautiful replacement trees and shrubbery are part and parcel of the projects, however, and will be the final crowning touch to these improvements.

N.E. 82nd Avenue, N.E. Air Cargo Road and others 2007- 2008

Pavement rehabilitations are scheduled for sections of road on N.E. 82nd Avenue between Airport Way and Alderwood Road; and on N.E. Air Cargo Road between 82nd and Airport Way. Repair work on the upper – departures level – roadway near the terminal will require temporary closure of some lanes.

Concessions and remodeling in the terminal 2007

Travelers will see some brand new locally owned eating and shopping choices coming to the airport as well as updates of old favorites. Major work is also under way on the north lobby and concourses and on other concourses, creating a stunning new look and amenities such as enhanced seating and state-of-the-art arrival/departure information screens.

In-line baggage screening system 2007- 2009

The airport ticket lobby will “grow” in size and comfort when the huge baggage screening machines are removed, thanks to this project. A behind-the-scenes, in-line baggage screening system will make it possible for passengers to leave their bags at the ticket counter where agents will place them on the belt, and the bags will then be screened automatically by the Transportation Security Administration en route to aircraft.

The improvements coming in the next three years will bring a new level of convenience, comfort and security to all those who travel through PDX.

AIR CHINA CARGO INCREASES PDX SERVICE

Local shippers and forwarders in Oregon and southwest Washington are happy to have additional service from international carrier, Air China Cargo.

The service provides access to faster transit times, competitive pricing and reduced damage to cargo because of less handling.

Air China Cargo has increased PDX service to three days a week with a Boeing 747 freighter. The route is from Portland to Beijing, Shanghai, Los Angeles and then back to Portland.

“Nonstop cargo access to China is a priority for businesses in Oregon and southwest Washington,” said Bill Wyatt, Port of Portland executive director. “We have a great deal of gratitude for Air China Cargo’s commitment to our business community, and we appreciate their positive impact on our local economy.”

Air China Cargo came to Portland in 2002, the first ever nonstop air cargo service from Oregon and southwest Washington to China. The Port worked closely with local business and government leaders to attract the international cargo service. The Portland-China route ships cargo such as high tech equipment, athletic apparel components, machinery and chemical products.



CASCADE STATION TAKES SHAPE NEAR PDX

New stores are beginning to open at Cascade Station, and shoppers are delighted.

Cascade Station is a 120-acre, mixed use development adjacent to Portland International Airport. On completion, it will include 800,000 square feet of retail space, 1.2 million square feet of office space, and 250 hotel rooms.

Located just off N.E. Airport Way near the I-205 interchange, Cascade Station has been highly anticipated by residents of the Portland metro and southwest Washington areas. Port of Portland and enthusiastic private and public partners initiated the

development, bringing MAX light rail to the airport, and setting the stage for a vibrant new destination center. Now infrastructure is in place; trees and street lamps line the roads; and construction is evident everywhere, with IKEA and CenterCal Properties, LLC, developing the retail portion.

According to Bob Dye, general manager of Portland properties for CenterCal, the first major tenants opening their doors this summer are IKEA, the world's leading home furnishings retailer, and Best Buy electronics and appliances store. Soon to follow are Golfsmith, Ross, D.S.W., Sports Authority, Staples, and Marshalls. Smaller shops and restaurants, a five-story hotel and office buildings will help round out the center in the future. An official grand opening for Cascade Station is scheduled for fall.

FLY MEXICANA NONSTOP FROM PDX TO MEXICO CITY

Business and leisure travelers now have a convenient new way to travel between Portland and Mexico City.

Mexicana Airlines added a new nonstop flight June 1 from PDX to Mexico City International Airport. The flight operates four times a week, departing Portland at 8 a.m., arriving in Mexico City at 3:15 p.m. The return flight leaves Mexico City at 8:45 p.m. and arrives at PDX at 11:59 p.m.

"This new service will strengthen the existing ties between Mexico and Portland, bringing a huge benefit to the Hispanic residents and those travelers who want to visit and discover other destinations," said Jorge Goytortua, Mexicana regional vice president of sales and service for the West Coast.

"This vital new nonstop service connects with the largest business center and city in Mexico, serving both business and leisure travelers," said Bill Wyatt, Port of Portland executive director. "We applaud Mexicana's continuing success at PDX and their outstanding service to travelers in our region."

The new nonstop adds to Mexicana's existing service connecting PDX and Guadalajara, operating daily at peak times of year.

The Metropolitan Cathedral, one of many places to visit in Mexico City.



One of the many footnotes in Alaska Airline's 75 years of history is the christening of a Starliner aircraft in this photograph circa 1945.

ALASKA CELEBRATES 75TH

In 1932, Mac McGee started flying passengers, furs and groceries in his three-seat Stinson between Anchorage and Bristol Bay, Alaska. That modest beginning grew into a rich history, and today, 75 years later, Alaska Airlines is one of the oldest and most respected airlines in the country.

Alaska is celebrating its birthday throughout this year with customers and employees. At Portland International Airport, Alaska employees are finding dozens of ways to observe the event. Operations agent Victoria Gordon, for instance, gathered 75 bags of food for a local food drive; and staff invited 75 former employees to lunch, asking them to bring a story about their memories of Alaska over the years.

"We have watched Alaska create and never waver from a successful approach that well serves travelers throughout our region," said Bill Wyatt, Port of Portland executive director. "Alaska has stayed true to its roots, meeting the important air travel needs of our mutual customers."

Alaska now carries more than 12 million customers per year with a fleet of 102 Boeing jets and a route system that spans more than 40 cities and three countries.

Alaska, combined with sister airline Horizon Air, represents 39 percent of the air service at PDX. Alaska recently launched seasonal nonstop service from PDX to Puerto Vallarta and Los Cabos, and will begin new nonstop service this fall to Boston and Orlando.

GUIDANCE SYSTEM MAKES PARKING MUCH EASIER

Finding a parking space in the parking garage at Portland International Airport is now a snap, thanks to a new parking guidance system.

While the garage offers 3,300 short-term spaces, it nears capacity midweek, making it difficult to find remaining spaces. The guidance system easily directs motorists from the entrance gate to an open parking spot.

"We want to make it as easy as possible for our customers to find parking spaces, and also make the best possible use of our existing garage while we are constructing an additional parking garage," said Mary Maxwell, Port of Portland aviation director.

The guidance system operates with a sonic detector over each parking space, connected via computer to a series of electronic message signs. As motorists enter the garage and approach each level of the garage, a sign indicates the exact number of vacant spaces available on the floor. Once on the floor, additional signs and individual space detectors direct drivers to available spaces.

The Port is breaking ground this summer on a new parking garage designed for longer stays. That garage will offer 3,000 spaces for travelers and 500 spaces for rental cars. A portion of the garage will open in spring 2009, and the garage will fully open in spring 2010.



US AIRWAYS OFFERS NONSTOP FROM PDX TO CHARLOTTE

Portland International Airport travelers can now enjoy new nonstop seasonal summer service connecting Portland and Charlotte/Douglas International Airport on US Airways.

The airline will also enhance existing nonstop service between PDX and its Philadelphia hub this summer with another daily roundtrip flight beginning July 19.

US Airway's May 28 launch marked the first nonstop service connecting PDX with Charlotte, North Carolina. The flight departs Portland at 10:50 p.m., arriving in Charlotte the next day at 6:38 a.m. The return flight departs Charlotte at 7:30 p.m., arriving in Portland at 10:07 p.m. The route operates

with an Airbus A320, seating 12 in the first class cabin, and 138 in coach.

"This new route is another example of the strong national network we have as a result of the America West-US Airways merger in September 2005," said Andrew Nocella, US Airways senior vice president of schedule planning and alliances. "We're pleased to offer our customers easier access to the destinations they've told us are important to them."

Charlotte/Douglas is US Airway's largest hub, and travelers can connect there to other destinations throughout the eastern U.S., Central America, the Caribbean and even Europe.



Thirty-inch dredge pipeline is fitted as the Port's Dredge Oregon performs a portion of the 43-foot channel improvement project in the Oregon Slough near Terminal 6 last year.

FUNDING SPARKS MORE PROGRESS FOR COLUMBIA RIVER CHANNEL IMPROVEMENT

In a surprise announcement, the Bush administration decided to double this year's funding commitment to the Columbia River Channel Improvement Project. Initially, the project received a budget of \$15 million for the current budget year. Now, with that budget increased to \$30 million, work can progress at a faster pace.

"This project is vital to ensuring the continued

health and vitality of our regional economy," said Bill Wyatt, Port of Portland executive director. "We couldn't be more excited about the additional progress this increased funding will allow, and we look forward to continued support from Congress and the White House for this essential project."

Channel improvement construction, which is increasing the depth of the Columbia River channel

from 40 to 43 feet, began in 2005. Deepening the channel will allow larger ships with more freight access to the Portland gateway and to our region's strong rail and road infrastructure.

To this point, the U.S. Army Corps of Engineers estimates that the project is roughly 40 percent complete. With this new funding the Corps will be within reach of completing the project by 2010.

CONFERENCES BUILD REGIONAL PARTNERSHIPS

Conferences are typically used to connect, network and create opportunities with new partners. The Port of Portland has used an alternative strategy by using recent conferences to strengthen relationships with a large number of existing stakeholders.

At FoodEx, a massive food trade show in Japan; at CoreNet, a biannual real estate development conference; and at the Northwest Intermodal Conference, Port staff teamed with a number of Oregon's public and private agencies to work collaboratively and create opportunities for the state.

At FoodEx, with more than 95,000 registered attendees, the Port worked closely with seven private and three public agencies to present a comprehensive view of the food industry in Oregon. Port staff worked closely with the other Oregon-affiliated attendees to create a common theme that attempted to unite the unique presenters and the vast audience.

CoreNet presented similar opportunities. Held twice every year, the conference brings together virtually every different type of real estate interest. Typically, between 2,000 and 3,000 attendees meet to discuss office building, warehouse, or industrial development opportunities. Port staff worked closely with the Portland Development Commission and the Oregon Economic and Community Development Department to market many of Oregon's vast real estate development advantages.

The Northwest Intermodal Conference allowed the Port to team with even more local organizations to present the advantages of establishing ties to the Pacific Northwest and its extensive economic opportunities.

The Port continues to seek out new partners, but it is apparent there is plenty to gain with working more closely with the ones it already has.



Port of Portland's Sam Ruda, right, presents a commemorative plaque to ship master Yu Chien-Shun.

PORTLAND WELCOMES LARGER YANG MING SHIPS

Port of Portland officials welcome the Yang Ming Zenith to Portland, the first of the company's new, upgraded ships that doubles the capacity of previous ships and expands Portland's access to world markets.

Yang Ming Line, based in Taiwan, began calling the Port in 2006 with a string of their own ships. While the same number of ships will be used, capacity is increasing from approximately 1,800 to 3,500 TEU (20-foot equivalent units). With larger ships comes faster speed. As such, Yang Ming has increased the number of calling ports in Asia to include Hong Kong; Busan, Korea; Yantian, China; and Kaohsiung, Taiwan. This provides cost savings and improved efficiencies by accessing ports closest to where freight is going.

Sam Ruda, the Port's director of marine and industrial development, presented the ship's master, Yu Chien-Shun, with a plaque commemorating the event. "We are excited about these larger ships and the potential they have for better serving the Portland market," said Ruda. "The Port of Portland appreciates the relationship with Yang Ming, and we are committed to ensuring their continued success."

Daniel Ni, vice president of Trans-Pacific Trade for Yang Ming, attended the ceremony with district manager Lois Dyck. They toured Terminal 6 with Greg Borossay, the Port's general manager of liner development, and Doug Carey of the International Longshore and Warehouse Union Local 8.

NEW CONCRETE PLANT STARTING PRODUCTION

A new concrete batch plant on Swan Island is on schedule to start supplying the local construction industry in June. Last year, Rinker Materials' subsidiary, Pacific Rock Products, L.L.C., exercised a lease option with the Port of Portland to construct the plant, aggregate storage areas, a receiving area for barged materials and office space on a 12-acre site at the Port's Swan Island Industrial Park.

The Port saw this project as a prime opportunity in the right location to support local business community needs for concrete production and building materials. The Swan Island location is ideal because it is adjacent to the Willamette River, zoned for heavy industrial and river dependent use, allows delivery of aggregate material by barge, and is close to the downtown construction market.

The facility will use state-of-the-art environmental controls, including air emission treatment, above-ground storage tanks with containment, storm water management through onsite bioswales, and water recycling and reuse.

Rinker expects to hire up to 25 employees at the new facility. A leader in cement, concrete, asphalt, and construction material supplies, Rinker operates in 31 states at more than 300 locations and currently employs about 13,000 people with annual revenue of more than \$4.3 billion.



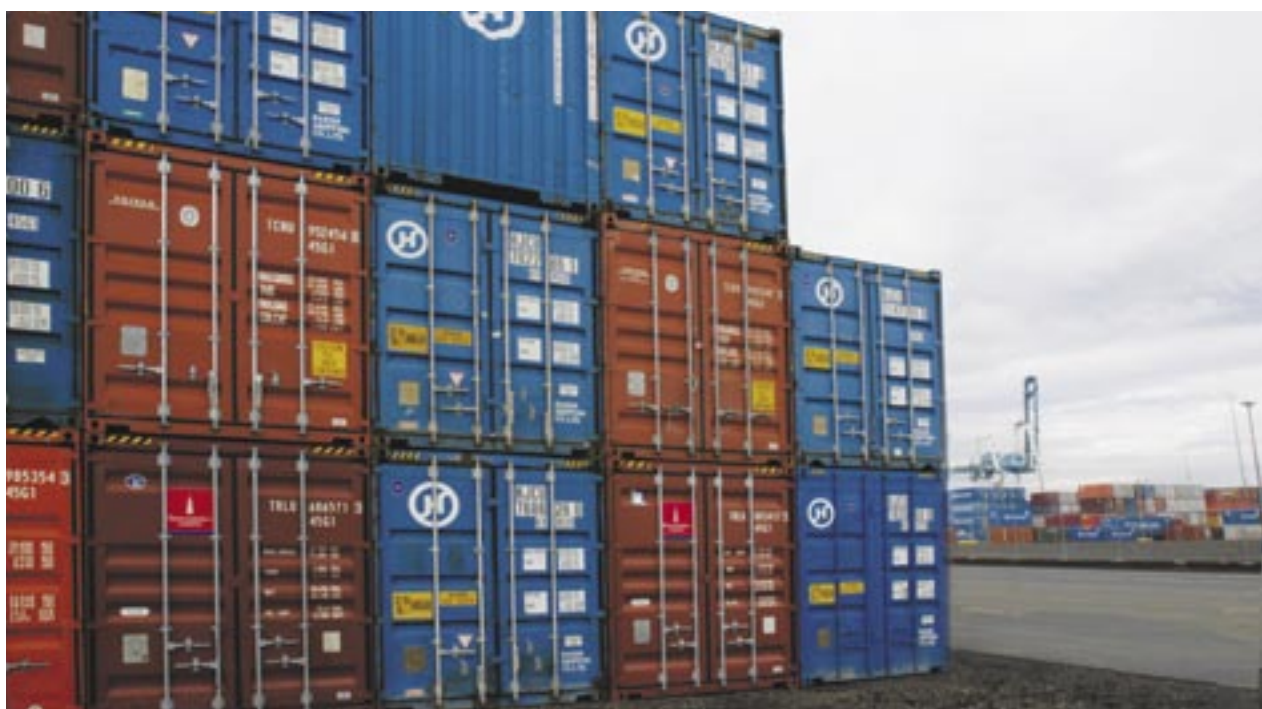
MASSIVE TRANSFORMERS PASS THROUGH TERMINAL 2

Three transformers, with a combined weight of more than 1.2 million pounds, passed through the Port of Portland's Terminal 2 in April. Part of a Bonneville Power Administration project, the gigantic transformers were the heaviest to ever arrive at the terminal.

Manufactured by Hyosung Transworld, a Korean company involved in textiles, chemicals, power systems

and logistics, the three transformers were picked up in Masan, Korea, by the ship Rickmers Shanghai in late March. After arriving at Terminal 2 on April 15, Colossal Transport Solutions, a heavy lift transport company, took on the logistical challenge of transporting the giants via rail to their final destination.

Three more transformers are scheduled in 2008.



A LOOK AT THE MANY LAYERS OF PORT MARINE SECURITY

Heightened marine security is a relatively new, post-9/11 initiative that is still being discussed, planned for and implemented around the globe. The events of Sept. 11, 2001, prompted new federal legislation including the Marine Transportation Security Act and the Safe Port Act that includes a number of new initiatives, systems and regulations. Numerous agencies are involved at different levels in implementation.

For example, U.S. Customs and Border Protection is responsible for the actions relating to cargo and crews of vessels. The U.S. Coast Guard is responsible for waterways and ships. The U.S. Army Corps of Engineers ensures the continued safety and integrity of the manmade systems that control our waters such as dams, jetties and channel depth, and the Transportation Security Administration is active in new nationwide security programs including a new marine industry worker identification program.

The Port of Portland takes the issue of security, both aviation and marine, very seriously. The Port is the first consolidated port – aviation and marine – with a certified security management system and is the only consolidated port that has all of the security functions under one individual. The Port is an active participant in local committees including the Maritime Security Council, and it has a marine facility security plan in place.

The Port of Portland has and will continue to implement state-of-the-art security measures and systems at the facilities it manages. The Port plans to spend more than \$3 million in the next year on marine security upgrades such as new gate houses and entrances, new fencing and access control software installation.

While terminal security improvement projects get under way at Terminal 6, U.S. Customs and Border Protection will also work to install radiation portal monitors. The monitors will be located on the out gate lanes and will help monitor containers that leave the terminal. This technology enhancement project coincides with the U.S. Department of Homeland Security's objective to inspect 100 percent of all import containers into the United States.

PORT INSTALLS LATEST TECHNOLOGY AT T-6 GATES

In July, the Port of Portland will begin installation of optical character recognition devices as a large component of a number of upgrades at Terminal 6. The new technology will automate and improve processing time at both the in and out gates and will monitor all vehicular and pedestrian traffic.

Optical character recognition integrates system cameras and computers loaded with mathematical algorithms that will capture serial numbers on all containers and chassis as they move on and off the terminal. As part of the efficiency and security initiative, the Port will also construct new gate sheds to house the devices.

Construction will necessitate temporarily alternating routing arrangements during the different phases of construction. The Port will update its Web site as more information becomes available. The devices should be operational by October.



PORT TO CONSOLIDATE STAFFS IN OFFICES ATOP NEW PDX PARKING GARAGE

In April, the Port of Portland Commission gave staff the green light to proceed with a Port office consolidation at Portland International Airport. The decision to build at the airport coincides with construction of a second PDX parking garage, and in fact, the offices will be built atop the new garage. PDX is experiencing significant growth in commercial aviation business activity, and for the past two years, parking in the PDX garage has been continuously near or at capacity, necessitating intermittent garage closures.

The need to accommodate more PDX garage parking motivated Port staff to conduct a thorough, nine-month study of the feasibility of housing employees under one roof. A consolidated headquarters will enable the Port to reduce and stabilize operating expenditures, gain efficiencies, improve staff effectiveness and create an office environment that encourages a Portwide focus, team work and collaboration.

In addition to the efficiencies gained and a reduction in operating costs through consolidation, the

Port will avoid costs of building out additional office space at PDX. Insufficient office space at PDX would have required the construction of new offices in five to seven years.

Following a round of final approvals and contract extensions this spring, construction of the new Port offices is slated to begin in August 2007. Spring 2010 is the targeted date for the move and opening of the new garage, which will accommodate 3,000 new public parking spaces and approximately 500 rental car spaces.



Joining the recent Flight of Friendship to New Orleans are, left to right, Keith Berkery, Lise Glancy, Mary Olson, Bill Wyatt, Mark Crosby, Bill Allen, Tom Imeson and Dianne Perry.

OREGONIANS SHOW ONGOING SUPPORT OF NEW ORLEANS

The images of the aftermath of Hurricane Katrina don't begin to show the extent of hurricane-related devastation in the southeastern United States. That's the perception relayed by Port of Portland staff following a spring 2007 Oregon-based Flight of Friendship to the city of New Orleans.

A Port team of six employees and one commissioner traveled to New Orleans in April with a delegation of more than 100 Oregonians to demonstrate Oregon's ongoing support. Organized by Portland businessman Sho Dozono and Mercy Corps, the Flight of Friendship offered civic and community leaders the opportunity to tour and aid ongoing recovery efforts. Oregon Gov. Ted Kulongoski and Portland Mayor Tom Potter joined the mission. The trip included a tour of neighborhoods where Mercy Corps has been supporting local rebuilding initiatives. It ended with a day of hands-on volunteer projects, including deconstruction of a house, tree planting and more.

"We learned a lot about the challenges associated with reopening the airport following the hurricanes, with residents scattered in all areas," said Lise Glancy, government affairs manager. "In order to reopen, both the airport and marine ports had to establish Federal

Emergency Management Administration villages on their property to house workers."

As a testament to how much recovery work still lies ahead, 19 months later, the FEMA trailers are still in place. "Housing for residents and support for the local networks funded by Mercy Corps to help residents navigate the bureaucracies were the most pressing needs we saw," added Glancy.

The April 2007 trip to New Orleans followed an initial visit by 15 Port of Portland employees. In 2005, Port of Portland fire fighters, maintenance personnel and airfield and emergency operations specialists helped repair the badly damaged Louis Armstrong New Orleans International Airport. The Port's chief public safety officer, Mark Crosby, led the group that assisted with airport facility repairs and filled work shifts of fatigued New Orleans-based fire fighters. The 2005 trip forged relationships that remain today.

The Flight of Friendship delegation reconvened in May to plan its next steps in assisting New Orleans. For more information on ways to support the recovery projects, visit the Flight of Friendship and Mercy Corps Web sites: <http://www.mercycorps.org> and www.flightoffriendship.com.

PORT CLOSELY MONITORS STATE LEGISLATION

Throughout the 2006-2007 legislative session, the Port advocated for passage of ConnectOregon II (House Bill 2278-A), earmarked for multimodal freight and transit projects throughout the state of Oregon. Last July, the Oregon Transportation Commission awarded the Port \$16.7 million in ConnectOregon I funds, to go toward three key Port transportation capital projects: \$7.5 million for an additional post-Panamax crane at Terminal 6; \$6.8 million for improvements to the Ramsey Rail Yard in the Rivergate Industrial District; and \$2.4 million for a barge dock improvement at Terminal 4.

Long before the start of the session, Port managers prioritized projects for public funding. The proposed \$100-million ConnectOregon II funding is essential for all multimodal freight transportation projects to ensure the system functions for the region's and state's businesses.

On the legislative front, the Port's interests also include marine ballast water legislation that protects Oregon waterways from invasive species, funding increases for the Department of Environmental Quality and additional transportation funding. The Port also monitored, when necessary, other issues including public safety and security grant opportunities.

PORTLAND ROSE FESTIVAL TO INCLUDE PORT FLOAT

As the Portland Rose Festival Association memorialized "A Century of Celebration," the Port of Portland stepped up to be an official sponsor of the festival's 2007 Grand Floral Parade. The float sponsorship was a first-time, one-time only venture for the Port to highlight its 116-year-old role in the Northwest region and its support of the festival's magical history in Portland.

The Port's Grand Floral Parade sponsorship offered employees a unique opportunity to design and decorate the float, and participate in the parade and a variety of Rose Festival celebrations. Several Port employees rode aboard or walked alongside the Port's float, dubbed "Your Port to the World" by Port employee Janet McLaughlin, whose float name was selected in an all-employee contest.

The Port's participation in this year's Rose Festival replaced customary print advertisements to educate the community about the Port's mission and dual role in the marine and aviation businesses.

PDX TENANTS CITED FOR ENVIRONMENTAL EFFORTS

Saving energy and fuel and reducing carbon dioxide emissions are a winning combination. And Southwest Airlines and Global Aviation have the awards to prove it.

The 2007 Aviation Tenant Environmental Excellence Awards are presented each year by the Port of Portland for exemplary environmental efforts by tenants at Port-operated airports.

"We are very impressed by this out-of-the-box thinking," said Mary Maxwell, Port aviation director. "We are delighted to recognize this mindfulness of the environmental responsibilities we all share."

Southwest Airlines won in the environmental innovation category for equipping its jetways at Portland International Airport with air conditioning, heating systems and electrical power transformers for use by parked aircraft. The equipment allows pilots to turn off aircraft auxiliary power units which reduces both fuel usage and ground-level emissions. The savings amounted to 131,000 gallons of fuel annually and reductions of carbon dioxide emissions by 1,381 tons per year.

Global Aviation at Hillsboro Airport won in the environmental performance category for improving the energy efficiency of its facility. Global replaced 100 1,000-watt metal halide lighting fixtures with 500-watt high efficiency fluorescent fixtures. About half of the new fixtures and all the wall switches were equipped with occupancy sensors, and lighting fixtures in the shop and office areas were also upgraded to higher efficiency. Total energy savings is 315,000 kilowatt-hours per year, roughly the equivalent of the annual energy consumption of 35 homes.



Danelle Peterson, water quality technician with the Port of Portland, draws a water sample to be tested.

PDX SELECTS DEICING SYSTEM ENHANCEMENTS

The Port of Portland has selected a preferred alternative for enhancing the Portland International Airport deicing storm water runoff collection system.

The plan would expand the existing system to begin capturing runoff containing deicing solutions from the west airfield area, and increase storage capacity for runoff. Enhancements would treat runoff and discharge it in compliance with permit requirements into the Columbia River.

The Oregon Department of Environmental Quality regulates discharge of the runoff. The runoff affects biochemical oxygen demand, which temporarily reduces dissolved oxygen in water as it biodegrades, which can be unhealthy to aquatic life. Deicing activities are essential for flight safety and for keeping the airport fully operational.

The Port's public outreach process for the project included public comment collected at open houses, multiple "Stop and Talk" sessions at PDX, animated interactive Web site content, meetings with presentations to stakeholders, and public discussion and comment at Port Commission meetings.

The existing deicing system has proven effective; however, enhancements are needed because low or nonexistent Columbia Slough water flows have caused permit limit exceedances. With enhancements, it is believed the system will be fully successful in achieving compliance with water quality regulations.

Total costs to date are \$31 million for the original system, \$2.5 million for existing system enhancements, and about \$1 million per year for operating expenses.



Greg Sparks, engineering manager with the Port of Portland, left, discusses newly installed solar panels at PDX with electrician Mark Olson.

UNIQUE PARTNERSHIP BRINGS SOLAR PANELS TO PDX

Through a partnership with Northwest Airlines, Nike and the Port of Portland, a marketing program encouraged Nike employees to use Northwest's nonstop service to Tokyo. The travel helped fund the environmental project – solar panels – that will help offset the energy use at the Nike Store in the airport.

In March 2007, the panels were installed on the outer edge of the glass canopy covering the airport terminal roadway. They will produce about 12,000 kilowatt-hours of energy per year, equivalent to

approximately 60 percent of the energy used by the Nike Store.

Northwest Airline's nonstop service connecting PDX and Tokyo, launched in June 2004, is a strategic route in meeting our region's business and leisure travel needs. To help support this important route, the Port, Nike and Northwest worked together on a marketing program to encourage Nike employee use of the route. The project demonstrates the companies' collective commitment to the environment and to this important route.

TROUTDALE AIRPORT SHINES WITH NEW LIGHT SYSTEM

Airplane mechanics at the hangars at Troutdale Airport are seeing their work in a whole new light. A new lighting system with high efficiency fluorescent fixtures is reducing the Port of Portland's electricity use by 55 percent for annual electricity cost savings of more than \$17,000. A \$15,000 Energy Trust of Oregon incentive, an expected Oregon Business Energy Tax Credit, and energy savings will reduce the payback cost of the project to less than two years.

"The Port wanted to improve the lighting quality and reduce energy and maintenance costs in the Troutdale Airport hangars and office spaces," said Greg Sparks, electrical engineer with the Port of Portland.

The solution, designed by Amtech Lighting Services, Portland, replaced 400-watt metal halide fixtures and older, inefficient fluorescent fixtures with high performance products that produce high light levels, or lumens, with fewer watts of energy. The new lighting system provides brighter light and has eliminated color shifts and created a more constant color spectrum.

Energy Trust of Oregon, Inc., is a nonprofit organization dedicated to changing how Oregonians use energy by promoting energy efficiency and clean renewable energy for Oregon customers of Portland General Electric, Pacific Power, NW Natural and Cascade Natural Gas.

PDX PUTS THE LID DOWN ON WASTEFUL WATER

The more than 330 toilets in Portland International Airport are flushed approximately 33,000 times a day. At three gallons of water per flush, that's 99,000 gallons down the drain!

In January 2006, PDX became among the first facilities in the nation to test Sloan Valve Co.'s newest product – a flushing valve allowing users to decide how much water is needed to flush the toilet: for solid waste, push down on the anti-microbial handle to release about three gallons of water; for liquid waste, users can pull up on the handle and release only about two gallons of water.

"This valve gives users an opportunity to help conserve water every day," said Bob Gagliasso, the Port building maintenance plumber who introduced the new flushing valves to the Port.

Initial tests in the Port aviation offices at PDX proved successful, and by September 2006, maintenance staff began installing these water-saving flush valves on all the remaining toilets in the airport terminal. With complete installation, there is the potential for a 30-percent water usage savings daily – that's 29,700 gallons of water a day or enough to fill 594 average size bathtubs.

PDX was the first airport in the nation to have widespread installation of these water-saving flush valves.

Port OKs Deal to Lease 113

The Port of Portland Commission has approved a plan to enter into a master development agreement and possibly six ground leases for 113 acres of land in the Rivergate Industrial District. The Lombard site is one of the last large parcels in Rivergate and an Oregon certified industrial site. The deal was struck with MEPT Rivergate III, LLC, a Delaware company owned by New Tower Trust Company Multi-Employer Property Trust.

New Tower serves as trustee and investment manager for the Multi-Employer Property Trust, a \$6.4-billion end real estate fund owned by more than 300 participating Taft-Hartley and public employee pension plans. MEPT currently has several ground leases with the Port including Alderwood Corporate Center with three buildings covering approximately 835,000 square feet; and Rivergate Corporate Centers I and II with three buildings covering more than 1 million square feet.

The Port has historically marketed the Lombard site as a strategic property – leases

only – for uses that would complement Port marine services and generate container import business at nearby Terminal 6. With the cooperation of the Port, under a joint marketing agreement, MEPT and its team members, Trammell Crow and IMS Worldwide, Inc., will market the property with the goal of attracting users who will use marine services at T-6.

“This is a very significant development in our strategy for Rivergate, that is, supporting our marine terminals,” said Bill Bach, the Port’s corporate real estate manager. “It is driven by a shift in our marine business from exports to imports, which are growing at such a rate as to equal our exports for the first time in the Port’s history. This deal further strengthens Rivergate’s role as an import distribution hub, and Terminal 6 as an import gateway.”

Selected from a number of proposals received in response to the Port’s marketing of the property, the MEPT team offers a proven and experienced marketing team with a marketing strategy consistent with

Port goals. Under the Lombard master development agreement with the Port, MEPT and its developer, Trammell Crow Northwest Development, Inc., will develop the land in phases and will feature, upon complete build-out, approximately 2.5 million square feet of multi-tenant warehouse and distribution facilities. The property’s location and size, as well as Rivergate’s existing infrastructure including railroad service, offer ideal conditions for distribution center operations.

The agreement includes a six-year phased development schedule that commits MEPT to leasing the entire property:

Phase I: 27.3 acres now

Phase II: 42.7 acres by March 31, 2010

Phase III: 43.9 acres by March 31, 2013

MEPT will complete construction of a 573,000-square foot distribution facility on the Phase I parcel by Oct. 31, 2008. The state-of-the-art facility will include a 33-foot clear height; 68 docks with four drive-ins



Acres in Rivergate

and five rail doors; and 350 parking and trailer storage spaces.

Designed for single or multi-tenant users, the facility will be developed on a speculative basis. For each subsequent phase, MEPT must complete construction of each building within 30 months of lease execution. Each ground lease will have an initial term of 55 years and will include three 10-year options to extend the lease term, with fair market rental adjustments every five years during the extension periods.

MEPT will assume responsibility for all improvements to the Lombard property. The Port is responsible for completing an improvement to north Lombard Street (North Lombard Widening Project) which consists of adding a center turn lane, bike and pedestrian lanes and sidewalks and right-of-way landscaping, funded by a \$3.6-million grant under the Oregon Transportation Improvement Act.

Rivergate is an approximately 2,800-acre industrial park with more than 12 million square feet of industrial development,

strategically located at the confluence of the Willamette and Columbia rivers. The area is served by the Port's marine terminals, both Union Pacific and BNSF railroads and excellent access to interstate freeways. It is Oregon's primary gateway for international trade, containing about half of the marine terminals in the Portland Harbor including the Port's Terminals 5 and 6. These, along with the Port's Terminal 4, are the Columbia Basin's primary docks for container cargo, auto imports and mineral bulk exports. Rivergate is also home to a high concentration of metals industries including Oregon Steel, Columbia Steel Casting, Consolidated Metco, Schnitzer Steel International and Northwest Pipe.

Other Rivergate businesses include manufacturing, sports apparel such as Columbia Sportswear, trucking, warehousing and distribution such as Georgia Pacific and Oregon Transfer, and transportation support activities by third party logistics providers. In total, there are more than 200 Rivergate businesses employing more than 9,000 workers.

by Martha Richmond

The Port's Focus on Land for Logistics

With more than 10,000 acres of property holdings, the Port is the largest developer of industrial and business parks in the Portland metropolitan area. Rivergate is one of four business and industrial parks the Port oversees. Other properties include:

Portland International Center

Directly adjacent to Portland International Airport, this 458-acre mixed-use business park features Class A office space, flex-space warehousing and light manufacturing. Cascade Station, a 120-acre portion, will be home to IKEA, Best Buy, many other stores and restaurants, as well as several hotels and office buildings.

Swan Island Industrial Park

Located next to Interstate 5 within view of downtown Portland, this 580-acre centrally located property is a major corporate center and hub for distribution, warehousing and manufacturing activities. Approximately 170 businesses are located within the fully developed industrial park.

Troutdale Industrial Park

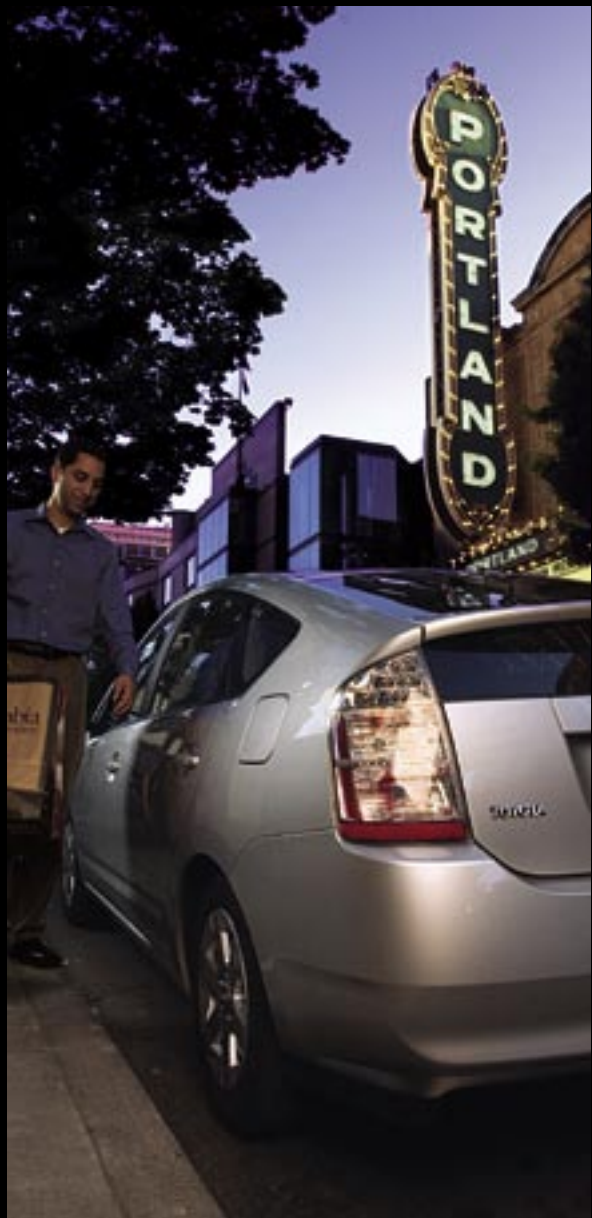
Located east of Portland along Interstate 84, next to the Port-owned Troutdale general aviation airport, this fully developed, 75-acre park is suitable for businesses in light manufacturing, distribution, sales, service and maintenance.

In the coming months, the Port hopes to complete the acquisition of an additional 700 acres in Troutdale, the site of the former Reynolds aluminum plant. The Port is master planning the Troutdale Reynolds Industrial Park for this property and envisions a rail-served industrial park with manufacturing and warehouse and distribution center users.



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Paid Advertising Supplement to the Business Journal

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