

PORTSIDE

SUMMER 2011

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



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Ready, Set, GROW: The Importance of Industrial Land

Opportunity knocks. Site selectors representing a major corporation are at your door looking to establish a new distribution center in your community that would bring private investment of well over \$100 million and local employment numbering in the hundreds. Here's the catch: they need to find a suitable piece of property ... now.

Variations on this scenario can test a region's readiness – and this applies to retaining existing businesses as much as attracting new ones. It could be a longtime tenant needing to expand its facility, a local company considering relocation, or that highly sought-after corporation shopping Pacific Northwest communities for its new distribution center in order to tap into growing markets. In each of these cases, if you don't have a place available for them to call home in a reasonable timeframe, they most likely will go elsewhere.

In a competitive marketplace, and especially during times of double-digit unemployment, the costs of a lost opportunity can be significant. Attracting private investment generates both temporary construction jobs and permanent jobs ... which bring personal income and business revenues that support state and local government ... which fund services like schools, public safety, roads and parks. It all contributes to a region's quality of life.

Having available industrial lands – where traded sector companies can locate, grow and prosper – can help get people back to work and the economy back on track. “Traded sector” refers to firms that sell goods or services into markets for which national or international competition exists. Being ready requires thinking ahead – sometimes even decades in advance – with a cohesive regional strategy. It all starts by asking the basic question: Are there adequate sites to support future development?

Due Respect

Industrial real estate can include a wide range of properties, including distribution centers, warehouses, heavy and light manufacturing, factories and industrial parks. The facilities often fly under the radar because they are out of the public eye. Robert Bach, senior vice president and chief economist for commercial real estate advisory firm, Grubb & Ellis, has dubbed industrial land “the Rodney Dangerfield of commercial real estate,” because it gets no respect.

“Industrial has always been the least glamorous property type and yet, in some ways, it is the most interesting, because demand is tied to macro-economic drivers that grab the headlines: the fall and rise of American manufacturing, off-shoring of jobs, the Chinese export juggernaut, the success of Wal-Mart made possible by its super-efficient supply chain, and so on,” said Bach. He suggested that respect is due as the industrial sector recovers faster than office and retail markets.

According to the Business Oregon website, “Industrial land is one of the state's most valuable resources in terms of net contributions to the state's economy and tax base. The traded sector firms that locate on industrial land are an engine of expansion, spurring growth in the service sector, and paying family wages to a broad spectrum of workers.”

Technological advances may have transformed how people send mail, call friends, read books and listen to music, but the ability to digitize cargo or print goods from home is a long way off. Until that day comes, there will continue to be a need for industrial facilities for transloading and distribution, storage and manufacturing.

Meeting Future Demand

When President Barack Obama visited Intel's Hillsboro campus in February, he talked about the importance of American innovation to “win the future.” Considering Intel, Oregon's largest employer, recently announced an \$8 billion investment in the U.S., the president's visit underscored just how critical industrial land is to economic vitality. This is something that Oregon Gov. John Kitzhaber has echoed, while identifying the state's supply of sufficient industrial land as an ongoing challenge.

“Just as we've seen high-value farmland lost to low-density sprawl, we're also seeing strategic locations for high-density industry falling to the same fate,” said Kitzhaber. He introduced legislation earlier this year to designate regionally significant industrial areas, and has since been meeting with key members of the manufacturing community. “State government can and must play a key role in creating a favorable environment for the private sector to build a vibrant and innovative economy,” he said.

A variety of studies conducted over the past 10 years support this approach, noting that an adequate supply of zoned industrial land is key to regional competitiveness, future economic development opportunities and growth of family wage jobs. The Regional Industrial Land Study, for example, warned that inaction could result in losing jobs to other regions, stagnating local job growth in industrial and other sectors, decreasing housing affordability and household income, lowering tax revenues, and decreasing spending on public services.

The study also found that advancing economic development efforts in the metropolitan area requires a clear regional economic development strategy, as well as identification and preservation of strategically located industrial sites. On the large industrial sites that are available within the urban growth boundary, there are often limitations and constraints that can hamper development. Oregon land use laws and Metro code require regional and local governments to provide sufficient land capacity to accommodate 20-year industrial land needs, which is a constant challenge requiring new creative solutions.



Model Redevelopment

Not all of the identified land in reserves is readily available for industrial use due to size constraints, location or legacy contamination. Environmental concerns, including harbor Superfund liability and brownfield cleanup costs, are not insurmountable, but they require a developer with patient capital.

This April, the Port of Portland and its partners, Alcoa and FedEx Ground, received the national Phoenix Award for the top brownfield redevelopment project in the nation for Troutdale Reynolds Industrial Park. As the former home of an aluminum smelter, the property was a Superfund site and one of the largest brownfield redevelopment projects in state history.

The site was successfully remediated by Alcoa to industrial standards, and the property is now home to a \$130 million, 450,000-square-foot distribution hub for FedEx Ground that employs 750 people. FedEx Ground represents only the first of 11 marketable lots out of a total of 345 developable acres in three phases of development.

The experience gained and lessons learned in Troutdale are applicable to future brownfield redevelopment projects benefiting the region. "Brownfield redevelopment will play a significant role in the overall development plans of some of the most strategically located land and markets in the U.S." said Jim Dieter, executive vice president at Cushman & Wakefield, a global real estate company.

Building on Success

The Port's 2,800-acre Rivergate Industrial District continues to be one of the more successful industrial submarkets in the Portland area. In recent years, businesses moving or expanding there include United Stationers Supply Co., Columbia Sportswear, Colgate-Palmolive Co., Furniture Connexion, Keen Footwear, and Chin's Import Export Co. When SoloPower announced it would site its new \$340 million production facility in Portland, properties in Rivergate immediately made the short list.

Having suitable sites readily available helped keep hundreds of jobs and sizable private investment in this region that could easily have gone elsewhere.

Subaru of America is currently constructing a 413,000-square-foot facility in Rivergate that will house regional offices, a training center and an automotive parts distribution hub. It is the second of six buildings in a planned 2.4 million-square-foot project spanning 113 acres owned by the Port. This adds a new strategic customer to Rivergate with potential to also utilize the Port's marine Terminal 6 for container imports. Subaru moves the equivalent of 10,000 20-foot containers through U.S. West Coast ports annually.

"Industrial real estate is a distinct business line for the Port, but we are always working to develop synergies with our marine business activities to find the highest and best uses," said Sam Ruda, director of marine and industrial development. The Port also continues to invest in modernizing infrastructure at and around the marine terminals to maximize the potential of its existing land and facilities.

As the largest holder of industrial land in the state, the Port of Portland has had a long tradition of promoting development that takes full advantage of the Port's geographic advantages and multimodal transportation links, including the

marine terminals, airports, road and rail. The Port regularly hosts site selection firms and groups, such as the Commercial Real Estate Development Association, to highlight opportunities for companies looking to grow or relocate in Oregon.

Economic development is a big part of the Port's mission. With its developable land supply waning, the Port is evaluating a strategic regional approach to identify and secure large parcel industrial properties for traded sector companies and beneficial cargo owners. According to Keith Leavitt, general manager, business development and properties, the concept is gaining momentum and could involve a wide range of business partners and agencies.

Bringing it Home

The March issue of Site Selection magazine focused on the top 10 states for new industrial projects in 2010. Following a year when commercial brokers described the local market as sluggish or stagnant, it should come as no surprise that Oregon did not make the list in a highly competitive marketplace.

In the global economy, site selectors have a wide variety of options to choose from, and there is no shortage of suitors. Bob Beisner, vice president of SolarWorld Industries of America, said, "You have to remember that we're not just competing with other states and other municipalities, we're actually competing on a worldwide basis. What would Ireland do to attract a company that's going to bring half a billion dollars and 1,000 employees to an area?"

Location, cost, access, timing, work force ... these are but some of the many factors that can influence where a company ultimately chooses to invest in constructing, leasing or expanding a facility. It starts with the basic availability of sites that can readily accommodate new development. Even the very best incentives or sales pitches are nonstarters without properties.

Companies seldom have the luxury or patience to wait 10 to 20 years for a site to become shovel-ready, and they shouldn't have to look elsewhere if they are a good match for the region. The new Jobs Summit Action Plan from Portland

"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." Bill Wyatt, Port of Portland Executive Director

Business Alliance calls for the regional economic development strategy to include accommodation for large industrial users, specifying the time frame, infrastructure, environmental overlays, parcel size and constraints.

Bill Wyatt, executive director for the Port, said, "Our economic development efforts should focus on recruiting and retaining traded sector industries, and we must make sure that there is enough land designated for industrial growth that is strategically located near major transportation facilities. 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."

by Josh Thomas





PDX CHARTS COURSE TO 2035

An airport planning process, as notable for its citizen involvement as for its environmental approach, is moving ahead.

Portland City Council and the Port of Portland Commission in April adopted the integrated, long-range development plan for Portland International Airport and its surroundings. The plan was developed through a collaborative effort involving the city, Port and the Portland-Vancouver metropolitan community.

The three-year planning process was guided by a 30-member planning advisory group with input from airport stakeholders. The process included 87 planning advisory group and subcommittee meetings and more than 131 stakeholder meetings. The plan was unanimously endorsed by the planning advisory group, Portland City Council and the Port of Portland Commission.

“I want to applaud everyone who worked on this project to bring it to fruition,” Portland Mayor Sam Adams said. “The fact that this came forward from the advisory group in unanimous fashion is wonderful and inspiring, especially because of the complex issues that the advisory group addressed.”

Specifically, Portland City Council adopted the City Land Use Plan for the airport and its surroundings, and the Port’s commission adopted the PDX Master Plan update. Also approved were three intergovernmental agreements, formalizing commitments from the process. This included the formation of an ongoing PDX Community Advisory Committee sponsored by the cities of Portland and Vancouver and the Port. The committee will convene this fall to oversee implementation of the plan and provide the broader community an opportunity to inform airport planning and development decisions.

“The plan and the effort that went into it speak volumes; it’s extraordinary,” Port Executive Director Bill Wyatt said. “This is not an end to the process, but rather a beginning with the formation of the ongoing community advisory committee.”

Airport Futures is notable for a new approach to protecting and enhancing natural resources in and around the airport. Instead of traditional regulation, the plan calls for the Port to mitigate for impacts to wildlife habitat by improving 300 acres of grassland on Government Island in advance of development. The Port also made a strong commitment to the overall enhancement of the Columbia Slough by pledging \$1.8 million in tree planting and slough enhancement projects over the next 25 years.

Audubon Society’s conservation director and planning advisory group member Bob Sallinger noted that the Port “not only committed to mitigation, but to restoration, leaving the land better than what exists today.”

Maryhelen Kincaid, the planning advisory group representative for North Portland Neighborhood Services and member of the East Columbia Neighborhood Association, credits the advisory group, “... for bringing diverse backgrounds, differing opinions and a broad range of skills to the table to collaborate on a plan that will

serve both PDX and the people of Portland. The willingness of the Port and the city to create something unique and workable for all stakeholders was also a contributing factor.”

The city’s land use plan recognizes that the airport is a unique land use within the city and addresses airport development in a broader context, eliminating the need for the Port to periodically reapply to the city for a permit to continue operating the airport. The plan provides the Port with the flexibility to respond to changing circumstances while giving the community a greater opportunity to influence decisions related to airport development.

A key feature of the land use plan zoning code prohibits a third parallel runway, and it also prohibits a new decentralized passenger terminal. Prior to developing either, a new public process would be required, including approval by the Portland City Council. Another important element of the plan is the sustainability vision and goals designed to guide future airport operations, planning and development decisions with economic, social and environmental considerations.

The PDX Master Plan is the Port’s long-range development plan for PDX through 2035. Updated aviation forecasts estimate passenger volumes may increase from today’s 13 million annual passengers to just under 27 million in 2035, a significantly slower rate of growth than the 2000 Master Plan projected. Two significant findings reported in the

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Portland Mayor Sam Adams

facility requirements analysis are that a third parallel runway will not be required during the planning period, and the existing airport terminal and roads can meet the demand forecasted in the next 25 years with modest improvements.

The PDX Master Plan identifies the locations of facilities such as the airfield, passenger terminal, ground transportation, parking, cargo and general aviation that are consistent with the forecast and long-range development plan. Project implementation is phased based on levels of activity. To accommodate airport growth up to 18 million annual passengers, the plan proposes additional parking and an interchange at N.E. 82nd and Airport Way as the primary facility improvements. To accommodate 27 million passengers in the most sustainable way, the plan proposes that the existing terminal area be maximized through operational efficiencies such as shared use of gates and ticket counters. Limited expansion of the terminal, roadway, parking and airfield is envisioned. Consistent with the focus on maximizing the existing terminal development area, general aviation facilities for private business aviation may be expanded or relocated on the north side of Airport Way, based on demand for the location, or at a new site off Marine Drive, east of 33rd Avenue.

More information about Airport Futures is available at www.pdxairportfutures.com.

by Steve Johnson



Port of Portland welcomes Asiana Airlines cargo service to Portland International Airport in September. The nonstop service connecting PDX to Asia with three weekly flights will transport cargo ranging from high tech products and athletic wear to seasonal perishable foods aboard a B747. Watch for more information in the September issue of Portside.

TOP AIRPORTS TAKE RETAIL APPEAL SERIOUSLY

ShermansTravel, a publisher of travel deals and destination advice, has chosen the Top 10 airports in the world for shopping ... and Portland International Airport is on the list.

Also among the Top 10 are airports in Amsterdam and Tokyo, both of which can be reached on nonstop Delta Air Lines flights from PDX. That creates a trio of easily accessible airports that are ready and waiting for avid shoppers.

About Portland, the report said, "In many ways, PDX is a reflection of the quirky city in which it is found. PDX eschews the rows of luxury boutiques and banal duty-free outlets in favor of local and regional retailers. A double boon for airport shoppers: PDX guarantees prices are no higher than what you'd find at downtown stores, and the state has no sales tax."

The 10 airports listed, in order, are Amsterdam, Dubai, Frankfurt, Hong Kong, London, Johannesburg, Portland, San Francisco, Singapore and Tokyo.



Travelers pause to shop at the Columbia Sportswear Co. in its satellite location in the D/E lobby at PDX. Columbia's main store is pre-security in the Oregon Market.



NORTHWEST EXPRESSION SHOWCASED IN EXHIBITS

Portland International Airport has unveiled Fractal Art, the first of several art exhibits planned to delight travelers and celebrate Northwest creativity.

Travelers will find the display on Concourse B through Oct. 10. More artwork is on the way as part of the airport's art program, featuring rotating exhibits, temporary art installations and permanent artwork.

For the Fractal Art exhibit, local artist Sara McCormick used mathematical formulas to create digital art that replicates patterns found in nature. Applying these formulas creatively, McCormick's art can mimic the naturally occurring patterns of a leaf, snowflake or DNA strand. The end result is always a surprise. McCormick has a bachelor of fine arts from Maryland Institute College of Art.

"Our art program is designed to provide a portal into the dynamic cultural life of our region," said Greta Blalock, Port of Portland's PDX art and entertainment coordinator. "Through ongoing relationships with regional artists, arts organizations, museums and educational institutions, PDX is providing a showcase for Northwest expression."

Also on exhibit now is The Nature of Art on the B Concourse. Four artists have created everyday objects – shoes, boots, necklaces, masks – from natural materials, such as saffras leaves, artichoke, coral, rooster feathers, lentils, ginko and dill.

BANQUET CELEBRATES CUSTOMER SERVICE

Two hundred guests applauded the 80 airport employees who had earned the title, Superstar, for consistently being a role model when it comes to stellar customer service. The recognition came at a banquet in February that celebrated significant achievements of the ongoing PDX customer service initiative called Make the Connection – Our Customers and You.

Donna Prigmore, customer relations manager with the Port of Portland, said, "People came together from every corner of the airport for a common purpose. This gathering was groundbreaking, in that regard, and very exciting."

Conceived more than two years ago, the customer service initiative has been guided by a working



James Drew, TSA officer and customer service "Superstar."

committee of frontline employees and managers who represent every category of airport worker, including airlines, concessions, rental car agencies, service providers, government agencies, transportation and parking companies, airport volunteers, musicians and more. They work to add a "wow!" factor to PDX's already good reputation for customer care; they've created core standards, called PDXpectations, and developed several methods of recognition and awards, as well as training and education opportunities.

Prigmore said, "We are challenging everyone who works at PDX to increase our passenger approval rating by an additional 10 percentage points. We're aiming for 85 percent – a number almost unheard of in the airport industry. I absolutely know we can do it!"

AIRPORT, AIRLINES EARN PERFORMANCE HONORS

Portland International Airport has won top honors in departure performance among major North American airports, according to the FlightStats 2010 On-time Performance Service Awards program. PDX achieved an on-time performance record of 86.02 percent. The average on-time performance was 75.29 percent for this category.

Flightstats examines flight status and data from global sources, including civil aviation authorities, airlines, airports and major airline reservation systems.

Hawaiian Airlines and Alaska Airlines were both winners in separate categories. Hawaiian won for the second year in a row among regional North American airlines for achieving an on-time performance record of 92.01 percent. The average in this category was 79.48 percent. Alaska broke a record in the company's 78-year history with a record of 87.36 percent and was named best for on-time performance among major airlines in North America. The average in that category was 79.18 percent.

MAINTAINING MARINE HIGHWAYS

Imagine the consequences of a giant mound of sand in the middle of Interstate 5. It would damage vehicles, stop traffic and cause bottlenecks, lane closures and negative impacts to safety and commerce.

The same kind of thing happens on marine highways when sediment accumulates in the navigation channel. Continual maintenance dredging in the river system keeps ship traffic and international maritime trade moving safely and efficiently.

What Is Dredging?

Plain and simple, dredging involves the underwater removal of sediment – usually sand and gravel – for placement elsewhere. It is done in oceans, rivers, canals, lakes and reservoirs worldwide; and for projects as diverse as navigation channels, docks, marinas, houseboats, environmental cleanups and mining operations.

In rivers like the Columbia and Willamette, sediment accumulates along the navigation channel in places where the current slows. This is known as shoaling, and it creates navigational safety hazards. To prevent ship groundings, obstructions are removed through continuous maintenance dredging of the 103.5-mile long, 600-foot wide Columbia River navigation channel to a depth of at least 43 feet. If not properly maintained, the channel can become draft- or width-restricted, which can yield economic consequences.

Dredging is also a necessity in and around ship berths at the marine terminals, where sediment can accumulate over time. Routine maintenance ensures that ships will not touch bottom when fully loaded. This is at the heart of why dredging is important.

Ships consume about the same amount of fuel whether they are leaving Portland fully loaded with exports or half-empty, so utilizing the capacity of each vessel is far more cost-effective. Since heavier ships use less fuel per ton of cargo per mile traveled, dredging also shrinks the carbon footprint. Dependably deep channels allow the region's robust export trade to grow in a sustainable manner, as population and consumer demand increase in key markets abroad.

How It Works

The methods and machinery used in dredging operations can vary widely. On the Columbia and Willamette rivers, both hydraulic and mechanical methods are used.

Suction dredges, such as the Dredge Oregon, work in the rivers, using a cutter head to loosen the material in the channel. A pipe then sucks sediment up and pushes it through a series of pipes to approved placement sites in the river itself or along its banks. The Dredge Oregon has been the Port of Portland's workhorse since 1965, operating under contract with the U.S. Army Corps of Engineers. Plans are under way to retrofit the 46-year-old vessel with cleaner burning modern diesel engines and more efficient pumps so it will operate more dependably and with lower emissions.

Hopper dredges operated by the Corps are used at the mouth of the Columbia and at seaport entrances up and down the West Coast and Hawaii and Alaska. Stationed at Terminal 2 on the Willamette, the Essayons and the Yaquina are self-propelled ships that suck heavy sand through pipes into their onboard holds for storage. The sand is then transported to a designated disposal area.

Mechanical clamshell buckets are used for ship berths, tightly confined spaces and environmentally sensitive areas. A crane positions the bucket to take "bites" of sediment and deposit them into a barge. The barges then transport the material to a placement site. This method is used by Port contractors for berth maintenance.

Constantly Evolving

Basic dredging techniques haven't changed much over the past century, but the equipment, methods and technology have evolved. Thanks to advanced positioning electronics, for example, measurements that once required repeatedly dropping a depth line in the water to measure progress is now available in real time with a high level of accuracy.

Dredging projects face increasing scrutiny. Dredging and placement projects are overseen by a regulatory process in consultation with at least seven federal and state environmental agencies. Sediment testing and review ensure human health and the environment are protected and that the provisions of the Clean Water Act and Endangered Species Act are fully met. The rigorous process gives regulators, the Port and the community confidence in decisions made about how dredging is done and where dredge material goes.

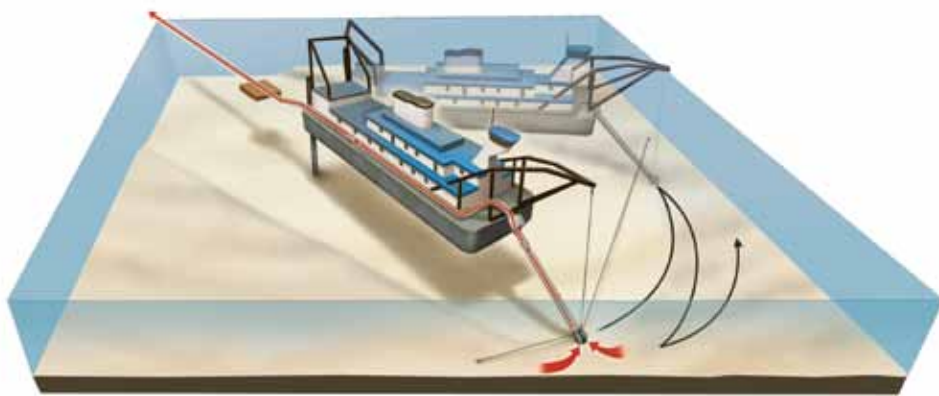
In addition to overseeing its own berth maintenance projects, the Port serves as the Corps' local sponsor of the federal navigation channels of the Willamette and Columbia rivers. As sponsor, the federal government requires that the Port provide an approved placement site for dredged materials. If deemed unsuitable for placement, material can be sent to a landfill. Otherwise, clean dredged sand and silt are resources with beneficial use potential. The material is regularly used to create new wildlife habitat, for beach nourishment and for construction projects.

Past Meets Present

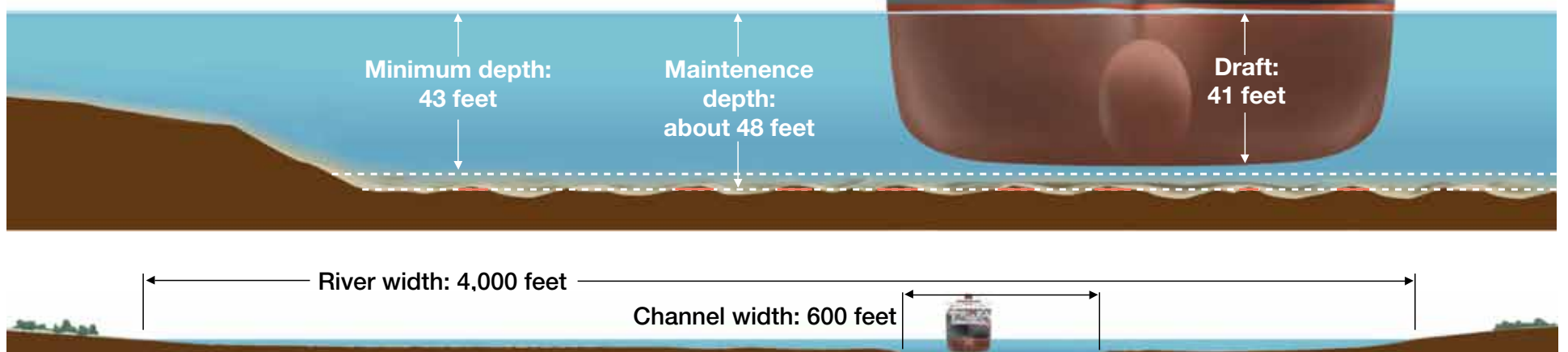
Evidence of past dredging is all around Portland. Dredged sand and silt were used to support construction of many of the region's buildings, highways and railways. They were used to build Swan Island, Rivergate Industrial District and Portland International Airport. These serve as reminders that the region's economic health is linked with navigation dredging activities.

In 1891, the Oregon Legislature created the Port of Portland to improve and maintain the navigation channels of the Willamette and Columbia rivers from Portland to the Pacific Ocean. While its mission has expanded since then, one thing has remained constant: Dredging is at the core of the Port's commitment to maintaining the region's marine highways for international trade.

by Josh Thomas



The Dredge Oregon is stationed in the channel at a position determined by survey work and is able to move forward slightly by turning on two spuds. Spuds are long poles attached to the stern of the dredge. They are dropped alternately into the river bottom and function as pivots. At the bow of the dredge is an extended metal framework, called a ladder, with a cutter head on the end and pipeline running through the middle. Sediment is sucked through the pipeline and pumped to shore.





RIVERS, ROADS, RAILS AND RUNWAYS: PORT HONORED FOR TRANSPORTATION EFFORTS

At the 2011 Agricultural Progress Awards in March, the Port of Portland received the Excellence in Transportation award for its facilities, operations and programs geared towards moving agricultural products to domestic and international markets by air and sea.

The 19th annual event, hosted by the Oregon Department of Agriculture, celebrates progress in agriculture made through partnerships among business,

higher education and state government. Katy Coba, department director, presented awards in recognition of innovation and leadership in five categories.

Annette Price, state government relations manager, received the award on behalf of the Port. "We were created from a need to get Oregon agricultural products to market – it all started with a ship loading Oregon wheat back in 1891," said Price. "We wouldn't be here today without Oregon agriculture, and for that we

thank the farmers of Oregon."

A video shown during the presentation affirmed that trade into and out of the region requires ongoing maintenance of a dependable, multimodal transportation network. Access to national and global markets is at the heart of the Port's mission, and in the past year, the Port has funded, managed and supported key transportation infrastructure projects benefitting rivers, roads, rail and runways.



BARGES RETURN TO RIVER FOLLOWING LOCK CLOSURE

During an extended upriver lock outage that lasted from mid-December through most of March, the U.S. Army Corps of Engineers replaced three downstream gates at The Dalles, John Day and Lower Monumental navigation locks and performed maintenance on five others.

The locks on the river system used gates that dated back to 1957. They needed replacement, along with extensive, systemwide repairs to avoid future unscheduled outages of a year or longer.

Without the luxury of a second set of locks, the work required closure of a lengthy, upriver section of the Columbia and Snake rivers, temporarily halting all barge traffic. After the Corps announced the 16-week extended lock closure, the Port of Portland devised a Shipper Support Program to provide financial incentives to those affected – an effort to keep containerized cargo moving via truck and rail and to minimize diversion away from Portland. The program provided a per-unit partial reimbursement to customers that would usually otherwise ship through Terminal 6 using container-on-barge services. Response to the program from participants was positive, and the program had adequate funding through the end of the river system closure.

"With the success of this closure, the river system will remain a tremendous asset to handle the expected upsurge in waterborne commerce in the future," said Glenn Vanselow, executive director of the Pacific Northwest Waterways Association.

TERMINAL TRANSITION PROVES SUCCESSFUL

It was the first time the gates opened under a new operating model since Terminal 6 opened in 1974. Yet the Port of Portland's Feb. 12 transition from operator to landlord was largely seamless and transparent to those doing business at the terminal. It was a great start to a long relationship.

Under a 25-year lease with ICTSI Oregon, a subsidiary of growing global marine terminal operator, International Container Terminal Services Inc., the container and breakbulk facilities are still running smoothly more than 100 days later. The company has hired approximately 22 staff to support terminal operations, and the terminal has seen steady improvements in volumes.

Enrique Razon Jr., chairman and president of International Container Terminal Services Inc., was keynote speaker at the 2011 Trans-Pacific Maritime Conference in March, where he announced the lease arrangement as the company's first and sole focus in the U.S. His plans to increase productivity at Terminal 6 were met with support from local labor leaders. During a visit to Portland, Razon met with local media, Port staff, customers, labor and community leaders, affirming his company's commitment to growing the business in Portland.

ICTSI Oregon has ambitious plans to increase throughput and 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 an international cargo gateway. Besides Portland, the parent company has international operations in Asia, Africa, Europe, the Middle East and Latin America.

SUMMER FUN ON THE PORTLAND WATERFRONT

The cold, damp winter and spring will be but a memory when two summer events come to the Portland Harbor. There's fun for everyone while learning more about the waterfront businesses that help keep tens of thousands of people employed and millions of tons of goods moving.

Seaport Celebration • July 30, 10 a.m. to 4 p.m.
Terminal 2, 3556 N.W. Front Avenue

Seaport Celebration is back for its fifth year, this time opening the gates of Terminal 2 for a family-friendly, fun-filled day of adventure on the river. Attendees will find themselves walking through the entrance of the working waterfront to explore the many aspects of this powerful economic engine, including barges, rail cars and containers. Inside, you'll find interactive booths and displays, jet boat tours, fun and games for kids, food carts and live music. Best of all, admission is free!

RiverFest • Aug. 19 to 21

This fourth annual event celebrates the Willamette River with a chance to get out on the water, take river tours, enjoy live music, clean up the riverbank and learn first-hand about the river's history and environment. Popular attractions include the Portland Triathlon, the Festival at Waterfront Park, kayak tours, and a SOLV cleanup. Times and locations of events are available at www.PortlandRiverfest.org.

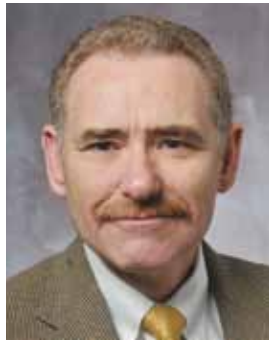
For more information about these and other Port events, plus Sunday Parkways and Columbia Slough Regatta, call Brooke Berglund, outreach and tour program manager, at 503.415.6532.



NEW PORT COMMISSIONER

Thomas E. Chamberlain, president of Oregon AFL-CIO, began serving on the Port of Portland Commission in May. Chamberlain replaced Mary Olson, president of Norris Olson & Associates, Inc., who was on the commission for 10 years.

Following service in the U. S. Air Force, Chamberlain joined the Portland Bureau of Fire and Rescue in 1977, where he was a firefighter until 2004. He held a number of management positions with Firefighters Local 43, including secretary/treasurer and president. He was also lobbyist, vice president and president of the Oregon State Firefighters Council and an International Association of Fire Fighters field representative. In 2004, he became the organizing director at the state federation. Gov. Ted Kulongoski appointed him a senior policy advisor, a position he held until running for president of the Oregon AFL-CIO, a post he has held since 2005. Chamberlain has been a trustee of the Portland Fire, Police, Disability and Retirement Fund and a member of the Oregon Health Fund Board. He currently serves on the Oregon Employment Advisory Committee.



The nine-member Port of Portland commission sets Port policy during its monthly meetings. At least two commissioners must each live in one of the three counties in the Port district – Multnomah, Washington and Clackamas counties.

The remaining members may live in any part of the state. Commissioners are unpaid volunteers who are appointed by the governor and confirmed by the Oregon Senate. They serve four-year terms and can be reappointed. The commission appoints the Port's executive director.

COMMITTEE HONORED

The International Air Service Committee, a team of community leaders from Oregon and southwest Washington that was formed to help recruit nonstop international air service to Portland International Airport, has received the International Marketing Development Award from the Oregon Tourism Commission/Travel Oregon.

The award, presented at the Governor's Tourism Conference, recognizes excellence and creative accomplishment in the marketing and promotion of Oregon as a destination in the international marketplace.

Co-chaired by Port Executive Director Bill Wyatt; Sho Dozono, president of Azumano Travel; and Ted Cullen, director of Global Travel Nike Inc., the International Air Service Committee continues to explore new international air service opportunities and to retain current service at PDX. Its work helps ensure continued access to global markets and represents a huge economic impact to the region in terms of jobs and investment. PDX currently offers nonstop international air service to Tokyo, Amsterdam, Toronto, Vancouver and Calgary.



Popular Japanese entertainer Saori Yuki performs with Portland-based group Pink Martini at a Japan relief fund-raiser.

PORT, CUSTOMERS TEAM UP TO HELP JAPANESE RECOVER

Japan is Oregon's largest trading partner, a dominant source of imports and destination for exports. The Port currently has container service to Japan on Westwood Shipping Lines and enjoys nonstop service to Tokyo on Delta Air Lines. Two of the Port's three auto accounts have substantial manufacturing in Japan. Port staff operates out of shared offices in Tokyo, and the Port enjoys a sister port relationship with the Port of Chiba.

It is because of these long-standing cultural and business ties that the Port recently provided assistance to Japan in the aftermath of the March 11 earthquake and tsunami. In the days immediately following the event, local organizers created the Oregon-Japan Relief Fund and planned two fund-raising concerts. Delta Air Lines instantly stepped up as the presenting sponsor with a commitment of \$25,000. The Port then matched that with a donation made through its business association with the Japan America Society of Oregon. Columbia Grain, one of the Port's marine customers, matched that \$50,000 for a total of \$100,000.

Combining the concerts and other fund raising locally, the relief fund generated more than \$500,000. These funds were provided to Mercy Corps, which teamed with Peace Winds in Japan, to help provide for shelter and food for those displaced by the devastation.

While the impact of this disaster on marine trade is uncertain and still unfolding, Oregon can continue to play a key role in Japan's recovery and rebuilding through other relief efforts, as well as through the region's traded sector strengths in manufacturing, wood products, metals and technology and services such as architecture, design and environmental services.

CUSTOMER VISITS CEMENT RELATIONSHIPS

The importance of face-to-face contact with key customers and trade partners was reinforced in recent visits Port of Portland staff made to Europe, South America and Asia. "These visits are a way to plant the flag – to say we are here; we care; and we want to learn what we can do to help you succeed," said Bill Wyatt, Port executive director.

The Port joined the Portland Business Alliance on a seven-day trade mission to Germany, visiting Daimler AG, one of the Port's largest tenants at the Swan Island Industrial Park, and Adidas AG, one of PDX's major passenger customers. The trip also included visits to SolarWorld, Siemens AG and Siltronic AG, as well as meetings with prospective companies in Dresden, Stuttgart and Munich.

From Europe, it was on to South America, where the Port team toured the facilities of International Container Terminal Services, Inc., in Buenos Aires, Argentina; Recife, Brazil; and Guayaquil, Ecuador. ICTSI recently took over operation of the Port's Terminal 6 container facility in Portland, through its subsidiary ICTSI Oregon. Wyatt also attended the world's largest shipping conference in Sao Paulo, Brazil.

Wyatt then traveled to Beijing, to The Great Hall of the People, to celebrate China Ocean Shipping Co.'s 50th anniversary, an event to which only a handful of Americans were invited. The final stop was in Jakarta, Indonesia, at a footwear manufacturing facility, which does work for Columbia Sportswear Co.



Bill Wyatt, Port executive director, visits a footwear manufacturing facility in Jakarta, Indonesia.

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HQ GOES PLATINUM

In mid-May, it became official: The Port of Portland's new headquarters building at Portland International Airport earned the highest possible rating from the U.S. Green Building Council's Leadership in Energy and Environmental Design, an internationally recognized green building certification system. The platinum rating recognizes the building's countless green features and technologies and was welcome news to Port staff who had championed a headquarters that reflected the Port's and the region's commitment to environmental responsibility.

The news came one year after Port employees moved into the combination office space/public parking facility. Since that time, some changes the building has helped to foster are easy to see. A table by Executive Director Bill Wyatt's cubicle is filled with awards recognizing the building for its comprehensive and innovative approaches to reducing energy use, conserving and recycling water, and promoting renewable and recycled materials.

In April alone, the Port HQ received both the city of Portland's Businesses for an Environmentally Sustainable Tomorrow Green Building Award and the state of Oregon's Sustainability Award. In May, the Port also received national and regional engineering excellence awards from the American Council of Engineering Cos. These honors joined previous recognition from the Northwest Energy Efficiency Alliance, the International Interior Design Association, and the National Association of Minority Contractors-Oregon.

The open, inviting work space has done more than earn awards. Port administrative areas have improved their recycling rate to 76 percent. The office requires no active use of fossil fuels to maintain the pleasant indoor temperature. At collaborative work areas sprinkled throughout the three-floor office, employees gather for planned meetings and spontaneous discussions, enjoying the improved communications the building design facilitates.

The headquarters was intended to be more than just a new structure, and the Port will continue to reap benefits from improved efficiencies while educating others about green building. Over the past year, more than 1,500 people have toured the building. A virtual tour is available at www.portofportland.com.

X MARKS THE SPOT: IMPROVING AIR QUALITY

When Portland International Airport's south runway was closed for rehabilitation in early April, the project team prepared to set up closing crosses – large, lighted structures on either end of the runway that alert aircraft pilots that the runway is not available for landing. The crosses, which are approximately 15 feet high, are lighted 24 hours a day, seven days a week, until the runway reopens to aircraft later this summer.

The typical power sources for runway cross lights are diesel-powered generators. Renee Dowlin, Port of Portland aviation air quality program manager, and Glen Moe, construction contracts manager, realized that the duration of the runway rehabilitation project meant the generators would run upwards of 3,500 hours each between April and August. Instead, they worked with their Port colleagues to run electrical power out to the runway ends, which ultimately connects the lights to cleaner sources of electricity – the Port purchases 100 percent certified renewable energy credits. The crosses are now connected to back-up power, so in the event the electricity went out, they'd remain on to remind pilots that construction is under way.

The south runway project is a major airfield endeavor, and Port environmental staff has been closely involved behind the scenes. Construction contracts require the use of ultra-low sulfur diesel in construction equipment, while the project team encourages anti-idling measures and is using two new hybrid escort vehicles.



QUALITY CONNECTIONS, ONE EVENT AT A TIME

Motivated by a goal to improve understanding of what the Port of Portland is and what it does, Port employees attend events that enable them to connect with people who live and work in the Portland metropolitan area.



At the City Repair Earth Day event, Port staff demonstrated how porous asphalt works, displayed nearly a dozen common imports and exports, and distributed sample-sized packets of sugar-glazed wheat berries to hundreds of attendees. "Portland Harbor is the nation's largest exporter of wheat and other grains," Chris White, community affairs manager, explained. "An interesting giveaway draws people to your booth. We wanted to share something that directly demonstrates how important Port facilities are."

Earlier in the spring, employees from the Port staffed a booth at the Better Living Show at the Expo Center. The three-day event drew thousands of people interested in sustainability. An enormous aerial photograph of Port facilities drew attention as event-goers asked about Port projects, environmental efforts and future plans. Port employees were able to have longer, quality conversations about complex issues and how people can get more involved.

Phil Ralston, Port of Portland environmental/safety manager, explains porous asphalt to Better Living Show attendees.

PORT TENANT HAILED FOR GREEN LEADERSHIP

Coffee Bean International, a Port of Portland tenant with a 125,000-square-foot office and roasting facility near Portland International Airport, was one of several recipients of the city of Portland's Businesses for an Environmentally Sustainable Tomorrow BEST Award. Taking the medium-sized business category, Coffee Bean International was recognized for the innovative ways it has reduced the carbon footprint of its products while promoting social equity for its growers and suppliers.

The company was also hailed for leadership shown by the employee-led SEED, or Social, Economic and Environmental Development Team, which has implemented programs throughout the company to minimize resources used at the Portland headquarters. Thanks to employee championship, the coffee company recycles 100 percent of its burlap bags, uses only durable cups for its multiple coffee tastings each day, and sends more than half of its waste stream to become organic compost.

Stay informed and get involved!

The Port's quarterly community and environmental newsletter, Port Currents, has transitioned to an all-online format. New stories and links are added each week about Port activities, projects and events. Enjoy special reports from Port employees who work in the field and learn about local initiatives from partner businesses and organizations.

www.portofportland.com/publications/PortCurrents

THE GREEN TEAM

To paraphrase Wall Street's Gordon Gekko, "Green is good!" And for the Port of Portland, going a greener, more environmentally responsible route often translates to financial savings. Nowhere is this more evident than in the management of waste.



The Port has four marine terminals, numerous industrial parks and developments, and two general aviation airports, but the bulk of the organization's waste stream – around 80 percent – is generated at Portland International Airport, where thousands of employees and approximately 30,000 travelers pass through each day. Waste materials include everything from leftover french fries to plastic buckets to shipping and packaging supplies. How to manage this diverse abundance of trash falls to Stan Jones, Port waste minimization program manager, a team of colleagues from Port operating areas, and student consultants from Portland State University's Community Environmental Services Program.

Together, they form the Port's Waste Minimization Program, where they assess, evaluate and improve Port waste management techniques. They use hard data, controlled experiments and relationship-building to figure how to send less to the landfill while saving money in the process. And while motivated by a desire to live up to the Port's environmental and sustainability policies and goals, they also know there's a business case to be made: Recyclables cost an average of \$33 per ton to haul and process, compared to approximately \$107 per ton of landfill-bound waste.

Currently, there are three main routes the 8 to 10 tons of waste produced each day at PDX can take: compost facility, recycling facility and landfill. Since 2003, the food waste diversion program has partnered with more than 20 airport businesses, including flight kitchens and nearby hotels, to send organic material to the Cedar Grove Composting facility in Washington. In 2010, the program diverted an average of nearly 26 tons per month from the airport. The program has room to grow, and the waste minimization team is eyeing eventual food collection throughout the Oregon Market in the terminal. Meanwhile, cooking grease is collected and sent to Sequential Biofuels in Salem, where it becomes biodiesel that the Port then purchases for use in airport maintenance vehicles.

Recyclables are collected from tenants and in the public spaces in the terminal; they are then portioned out through numerous channels, depending on the material. The costs for this are market-dependent. Some items, such as cardboard, pay to recycle; while others, like glass, have associated costs, but these costs are consistently less than that of a landfill.



Airport tenants sort waste at clearly marked bins, reducing landfill stream.

stream. The waste team does extensive tenant outreach, building close relationships with companies while implementing strategies that make it easier to recycle than to simply throw away. Stan Jones explained, "We're always looking for ways we can help tenants and customers meet their recycling goals in the most efficient way possible." The city of Portland requires businesses to recycle at a rate of 50 percent, and some aviation tenants have more ambitious goals.



Restaurant food waste is collected at PDX and turned into compost.

When commodities rates go up, the incentive to recycle goes up, too.

Yet by and large, tenants don't see these financial incentives since the Port pays for waste hauling for most of its airport terminal tenants. So the Port has had to find other ways to demonstrate the importance of reducing the landfill

Waste sorting areas are neatly organized for food waste, recyclables and more unusual items such as batteries, buckets, wooden pallets and plastic bags, all of which the Port handles for tenants. Signage is large, colorful and clearly worded, since restaurants and retail establishments tend to have higher turnover rates, and new employees might not get much training. Every six months, the waste minimization team hosts tenant cleanup events, where material is either broken down for recycling, disposed of appropriately, or salvaged and reused – a swap meet for the airport tenant community. The events have dramatically cut down on renegade disposal while making for good stories: Earlier this spring, a vintage industrial bread mixer and 500 wicker baskets were stacked next to more mundane storage cabinets and file folders.

To continue diverting the landfill-bound stream, the Port partners with a professional group called ResourceFull Use, which brings together various industrial and commercial entities to discuss waste minimization strategies and share reuse opportunities. One business's waste stream is another business's input, and through social networking and "speed-dating" activities at meetings, businesses are trading, selling or giving away items that might have once ended up in a landfill.

"People are now asking, 'Does this really need to go to the landfill?'" said Jones. "And more often than not, the answer is 'No; somebody has a use for this.'" The Port has built up its own reuse outlets: The PDX baggage system contains miles of belts; when the belts reach the end of their useful life at the airport, Jones sends them to horse farms in Washington, which use them as durable walkways in barns. Old escalator rails have found new life as marina boat bumpers. Reuse efforts are integral to any construction project, for which the Port requires a minimum 90 percent recycling or reuse rate. The current south runway rehabilitation project, for example, is reusing runway asphalt grindings on-site for access roads for the airport wildlife hazard management program.

Anything the Port expects of the traveling public and tenants, it expects of its employees as well. At the Port's one-year-old headquarters building, kitchens have collection bins for glass, plastics, food waste and comingled recycling. The recycling rate in Port administrative areas has increased from 67 percent to 78 percent over the last year, while new projects aim to move the offices to a "zero waste" status. For Earth Day this year, the Port promoted the use of durable cups; signs in the elevator alcoves remind employees en route to the terminal to take their reusable mugs, which earn them a discount at PDX vendors.

With all of these programs in place, the Port never loses sight of what it can do on the front end to promote reduction – before going to these various reuse and recycle options. Two years ago, the waste team wanted to try to reduce paper towel use in Port rest rooms. They experimented with different messages placed on the front of paper towel dispensers to see which led to a measurable reduction, eventually settling on the short and sweet reminder to "Please Conserve." The result was a 15 percent reduction in paper towel usage, lower overall supply costs and less waste to manage on the back end. But even better, the project was a heartening reminder that economic arguments aren't the only reason people like to do the right thing.

by Rachel Wray



Port of Portland employees separate waste in their headquarters building.

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LESS WASTE MORE WORLD

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