

PORT OF PORTLAND

SUMMER 2012

PORTSIDE

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



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VIRGIN AMERICA AIMS TO REDEFINE AIR TRAVEL

Strains of rock 'n' roll drift from the little speakers atop the podium at the boarding gate. Pilots sport tailored, black short-sleeve shirts, black slacks and tell-tale striped epaulets strolling down the jetway. Passengers queue up alongside a self-serve cart offering multi-hued headsets. The flight departs on time. As the plane ascends into the sky, the cabin lights glow a unique dusky pink and bluish purple, mirroring the last threads of twilight outside the windows. The lights of distant cities twinkle below. Half hipster hangout, half high-tech haunt, a Virgin America flight is wholly unexpected.

On June 5, Virgin America began flying nonstop daily to Portland International Airport from Los Angeles International Airport and San Francisco International Airport. Portland is Virgin America's 18th destination. The growing airline intends to redefine the domestic travel experience.

Virgin America is a California-based airline, not to be confused with its U.K.-based sister Virgin Atlantic Airways. By law, no more than 25 percent of a U.S. airline may be owned by foreign interests. Virgin America is 75 percent owned by U.S. investors (including an employee LLC). The airline licenses its name from the Virgin Group, which owns the remaining 25 percent of the airline.

The Virgin Group, founded by pioneering billionaire Sir Richard Branson, is an international investment group with nearly 200 companies in more than 30 countries. Virgin Group companies cover diverse business sectors such as mobile telecommunications, broadband, travel, tourism, financial services, music, financial services, and health and wellness. There is even a company dedicated to space travel. Additionally, the group founded Virgin Unite, a non-profit foundation focused on implementing programs and campaigns around issues such as health, economic empowerment, conservation and climate change.

Regardless of ownership, the influence of the Virgin brand on Virgin America is evident.

"We operate with a clear expectation of what being a Virgin company means," said Virgin America President and CEO David Cush. "We have the responsibility of upholding the value concept and the fun concept under the Virgin name."



David Cush

Proper Pairing

The process airlines go through to select and start service in new cities is carefully planned and evaluated, both by the carrier and the prospective airport. Statistics, demographics, competition, flight times, routes, and available facilities are all taken into consideration before announcing the start of service on a new or expanded route. However,

according to Cush, Virgin America considers much more.

"We look at Portland and see a city that has the same cultural perspective as our company. A city that has its own edge with respect to technology, economic ties to the areas we fly, and people that are looking for something different than the traditional type of service," said Cush. "In Portland, I believe we have an affinity with our core demographic."

Though never having served the Portland market before now, Virgin America believes people are aware of the Virgin brand and associate it with unique services, value and fun. In the months leading up to the start of Virgin America service at PDX, the airline conducted a comprehensive print and online advertising and marketing campaign. The carrier has also relied heavily on word-of-mouth. "We believe we provide enough contrast in the industry that people will want to talk about it," said Cush.

And there's plenty to talk about.

The Virgin Experience

Virgin America is keenly aware they are flying to two destinations already well-served by several established carriers.

"Without question, our product is different," said Cush. "We provide an enjoyable experience rather than something you simply endure getting from point A to point B. It's simply superior because of its focus on fun, entertainment and empowerment of the passenger."

At the center of the Virgin America experience is Red™, the in-flight entertainment system that allows passengers to control not only what they watch and listen to, but also what they want to eat or drink, by using a simple touch screen.

Passengers have instant access to more than 30 on-demand movies – some of which are available for viewing even before being released on DVD – and 24 channels of live television. Music aficionados will relish the MP3 library with more than 3,000 songs and the ability to create a customized playlist for the journey. Red™ also features a videogame library for the eternal young at heart, kids' entertainment with parental controls, and onboard seat-to-seat chat messaging. If that sounds like too much "playtime," the airline offers fleet-wide, in-flight Wi-Fi so travelers can remain connected to business affairs. Power outlets, USB ports and Ethernet jacks are located at every seat.

Virgin America is the world's first airline to offer an on-demand food and drink ordering system from every seat. Regardless of the length of the flight, In Flight Service Team members will come through the cabin with a service cart only once; travelers wishing food or drink at any other time simply use the touch screen in the seatback in front of them and place a



Check-in kiosk at San Francisco International Airport

Red™: Virgin America's In-Flight Entertainment System



food or drink order.

“It’s not fun to have the cart in the aisle for us, or for the passengers,” said Johan Selor, a Virgin America In Flight Team Member. “It restricts movement in the cabin and people don’t like to have to inconvenience others trying to get back to their seat, or to the lavatory. We come through once with the cart and then we come to you with your order all other times in flight.”

The Virgin America In Flight Team Members also control the mood in the cabin using 12 different shades of lighting intended to enhance the travel experience. Coordinated with the light conditions outside the aircraft, and reconciled with the time of day, the colors and shades of mood lighting add to the customized aircraft interiors.

Keeping Connected

It’s not a stretch to suggest that an airline focused on technology as a key part of the passenger experience is a natural to enter the market offering nonstop service between the Silicon Forest and the Silicon Valley.

“A business traveler wants the ability to connect and to have information in the air,” said David Lowe-Rogstad, owner of Portland-based interactive design agency Substance. “We don’t want to be out-of-pocket, even for a short flight.” Substance has clients up and down the West Coast and in Asia.

Not to be outdone by its technologically-driven northern half, Southern California is party to a symbiotic relationship between the movie glitz and glam of Los Angeles and the thriving film and TV production industry in Portland.

“There’s no doubt that Oregon is a competitive film location based, in part, on the convenience and close proximity to LA,” said Vince Porter, Executive Director of the Oregon Governor’s Office of Film and Television. “To have Virgin America here, adding nonstop service between the two cities and catering to customers is all the better.”

“There are not that many places that are great film centers that are connected by an easy day trip,” Porter added. In his efforts to promote Oregon as a film and television locale he often quips to LA-area producers and directors, “you can almost fly nonstop between LAX and PDX as fast as you can drive from Santa Monica to Burbank.”

Growing Green

The Virgin Group has committed to reinvesting all profits from its Virgin-transport related businesses to renewable fuels research and other initiatives that combat climate change. Following the lead of the Virgin

Group, Virgin America takes opportunities to invest in the environment.

“We’re very forward-leaning in this area,” Cush said. “We remain keenly aware of the sustainable fuels initiatives and when this happens, we will be right in the middle of it.”

Virgin America expanded its fleet from 28 aircraft in the first quarter of 2010, to 51 aircraft as of April 2012. In 2011, the carrier ordered 60 new Airbus A320 aircraft, including the first order for the eco-efficient A320neo and the GE/CFM LEAP™ Engine, which together are expected to yield an additional 15 to 18 percent improvement in fuel efficiency.

The airline employs progressive practices and training to reduce its carbon footprint, such as single engine taxiing, using ground power at the gate, employing advanced avionics to fly more efficiently, and cost index flying – the practice of regulating cruising speeds to reduce fuel burn.

Virgin America also offers travelers the ability to offset the carbon footprint of their flight through Carbonfund.org by selecting the “make a difference” link using the touch screen seatback entertainment system while in flight. On this same screen, the airline rotates quarterly links for donating to charitable organizations. Virgin America believes that in showing compassion to travelers through their in-flight experience, the travelers will, in turn, show their compassionate side and contribute to organizations trying to make a difference in the environment, education and health care.

Seeing Opportunity

There’s a great deal of brand buzz connecting the Virgin name to space travel. Virgin Galactic purports to be the world’s first spaceline, aiming for sub-orbital space tourism for non-professional astronauts. Does that mean Virgin America will one day provide connecting commercial flights from the air carrier’s cities to Virgin Galactic’s Spaceport America in New Mexico?

“Doubtful,” laughs Cush. “The Virgin Galactic efforts, though, are a clear sign of the brand—a brand that tests boundaries. It speaks to the adventurism that is part of the brand and part of the spirit of its founder. The Spaceport represents, and communicates for the brand, the dream to push the boundaries of the status quo.”

Virgin America hopes to reshape the travel experience to such a degree that passengers enjoy getting to their destination, just as much as they enjoy being there.

by Kama Simonds



A DOZEN NEW NONSTOP OPTIONS

Whether you're traveling for business in Washington, D.C., or just want to have some fun in Bellingham or Dallas/Fort Worth, Portland International Airport has many new nonstop air service options to get you there.

6

1

Kauai, Hawaii • Alaska Airlines

Four weekly flights from Nov. 5 – April 7

Kauai, the oldest of the main Hawaiian Islands, is also known as the Garden Isle. Kauai is featured in dozens of movies ranging from *South Pacific* to *Jurassic Park*. From the north shore's Princeville to the south shore's Poipu, Kauai is home of some of the world's best golf.

Fun things to do: Waimea Canyon sightseeing and Na Pali Coast hiking.

2

Bellingham, Wash. • Alaska Airlines

Daily through Aug. 25

Named after Bellingham Bay, this city claims endless outdoor opportunities. Located west of Mt. Baker and east of Orcas Island, it's known for the music scene; Death Cab for Cutie hails from Bellingham.

Fun things to do: Mt. Baker Ski Area and Orca whale watching.

3

Yakima, Wash. • SeaPort Airlines

Three flights each weekday, continuing to Wenatchee; limited weekend service
Nicknamed the Palm Springs of Washington, Yakima is a world-leading producer of apples. It also grows 75 percent of U.S. hops, houses the American Hop Museum and features more than 50 nearby wineries.

Fun things to do: 10-Mile Yakima Greenway Path and wine tasting.

4

Pasco, Wash. • Alaska Airlines

Daily beginning Aug. 27

Pasco, one of the Tri-Cities, boasts 300 days of annual sunshine. Located on the north bank of the Columbia River, it features the Washington State Railroads Historical Society Museum and is surrounded by wineries.

Fun things to do: The Confluence Project at Sacajawea State Park, and the Pasco Farmers Market.

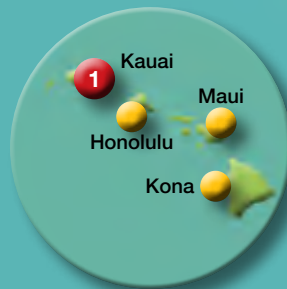
5

Bozeman, Mont. • Alaska Airlines

Daily through Aug. 25

Named "Valley of the Flowers" by Native Americans, Bozeman is the home of the Montana State University Bobcats. July's average high temperature is 81.8 degrees in the town that was a film location for *A River Runs Through It*.

Fun things to do: Blue-ribbon fly fishing and Museum of the Rockies.





6

San Francisco • Virgin America

Daily
 San Francisco is The City by the Bay. It's the 12th largest global financial center and one of the top tourist destinations in the world. San Francisco is known for the Golden Gate Bridge, cable cars and Chinatown.
Fun things to do: Alcatraz and San Francisco Giants.

7

Santa Barbara, Calif. • Alaska Airlines

Daily through Aug. 25
 Known as the American Riviera, Santa Barbara offers miles of breathtaking beaches, Mediterranean climate and mission-style architecture. Santa Barbara features Stearns Wharf, Arlington Theatre and State Street shopping.
Fun things to do: Mission Santa Barbara and Channel Islands kayaking.

8

Los Angeles • Virgin America

Daily
 Los Angeles, the City of Angels is the third-largest economic center in the world. Los Angeles is famous for Hollywood Boulevard, Grauman's Chinese Theatre and Dodger Stadium. More than 800 museums and art galleries are located in Los Angeles County.
Fun things to do: Venice Beach and Griffith Observatory.

9

Colorado Springs, Colo. • Frontier Airlines

Tuesdays, Thursdays, Sundays through Sept. 16
 Colorado Springs is Colorado's second largest city, and is also a mile-high city. Winner of *Outside's* 2009 America's Best Cities, Colorado Springs is home of the U.S. Olympic Training Center.
Fun things to do: Pikes Peak cog train and Garden of the Gods.

10

Austin, Texas • Southwest Airlines

Daily through Aug. 11
 Austin is the capital of Texas and home of Austinites. It's nicknamed high tech's Silicon Hills, and hosts the Public Broadcasting Service's Austin City Limits.
Fun things to do: Live music and the Austin Barbeque Belt.

11

Dallas/Fort Worth • Spirit Airlines

Daily
 Nicknamed the Metroplex, Dallas/Fort Worth has among the highest concentration of corporate headquarters in the U.S. The region is home of the Cowboys Stadium, Fort Worth Stockyards and Dallas World Aquarium. It's famous for barbecue and authentic Mexican and Tex-Mex cuisine.
Fun things to do: Zero Gravity Thrill Amusement Park and Bass Performance Hall.

12

Washington D.C. • Alaska Airlines

TBD
 Washington, D.C. is THE capital. Named after George Washington it's the home of Capitol Hill, the White House and many national monuments. Washington, D.C. is a national center for the arts.
Fun things to do: Smithsonian Institution museums and the National Mall.



ALASKA AIRLINES TO FLY NONSTOP PDX-WASHINGTON NATIONAL ROUTE

Alaska Airlines will offer a daily nonstop flight between Portland International Airport and Ronald Reagan Washington National Airport (DCA) by Sept. 8, following U.S. Department of Transportation approval of the carrier's application to fly the new route.

"Providing residents of the greater Portland area with convenient nonstop service to the closest airport to our nation's capital has been a priority for us for a long time, and we're delighted this day has come," said Brad Tilden, Alaska Air Group's chief executive officer. "We thank the DOT for their vote of confidence in Alaska Airlines." Tilden also praised the grassroots efforts of some 13,000 people who submitted letters to the DOT in support of the carrier's application.

"We applaud Alaska Airlines, our Congressional delegation and our community for helping persuade the DOT to select the Alaska Airlines PDX-Washington National route," added Bill Wyatt, Port of Portland executive director. "Helping establish this route has been our highest domestic air service priority."

No other carrier currently provides nonstop service to DCA from PDX. The Washington National airport offers great convenience, providing the closest access to the nation's capital, one of the country's most important business markets.

FLY TO YOUR FACEBOOK FRIENDS FOR LESS

Portland International Airport's new PDX Friend Connector helps travelers find the cheapest airfares to visit Facebook friends.

Travelers can find the PDX Friend Connector at www.pdx.com under the "nonstop destinations" tab. When prompted, travelers log in with their Facebook account and the PDX Friend Connector will display the lowest fares to visit their Facebook friends during the next 90 days.

Travelers can sort trips by the names of friends, airfare prices, and travel distances that are displayed as part of a global map of friends. Airfares are located by KAYAK.com.

"Part of our mission at the Port of Portland is connecting our community with the people and places they want to visit for work and for fun, and the PDX Friend Connector supports that goal," said David Zielke, Port general manager of air service development.

The Port offers the new feature using software developed by Portland-based Sparkloft Media. PDX is served by 13 airlines, providing nonstop service to 53 domestic and five international destinations, which makes visiting friends even faster.

TSA EXPEDITES PDX SCREENING

Qualifying Portland International Airport passengers can now participate in TSA Pre✓™, an expedited security process at checkpoints when traveling domestically, administered by the Transportation Security Administration.

At PDX, select Alaska Airlines, Delta Air Lines and American Airlines frequent flyers are the first eligible to participate. Airlines will notify eligible customers. Also eligible are members of U.S. Customs and Border Protection's Trusted Traveler programs, including Global Entry, SENTRI and NEXUS. Learn more at www.globalentry.gov.

If the TSA determines a passenger is eligible for expedited screening, information is embedded in the barcode of the individual's boarding pass. TSA reads the barcode at



the designated TSA Pre✓™ checkpoint. Passengers who qualify for expedited screening may be able to leave their shoes, light outerwear and belt on, and leave their laptop in its case and their 3-1-1 compliant liquids and gels bag in their carry-on bag. TSA will always incorporate random and unpredictable security measures throughout the airport and no individual is guaranteed expedited screening.

In another new program at PDX, the TSA is offering modified screening procedures for passengers 75 and older. This includes no longer requiring passengers to remove shoes and light outerwear, similar to modifications implemented last fall for children age 12

and under. More TSA information is available at www.tsa.gov.

PDX CONFERENCE CENTER SURE TO PLEASE

Did you know Portland International Airport offers pre-security meeting and event space for the general public and travelers? Located just steps away from arrival and departure gates, the PDX Conference Center offers convenient, well-equipped meeting rooms for groups of 5 to 65 people.

The facility offers seven different meeting rooms to choose from, all with a contemporary feel and rich wood features throughout. In addition to being conveniently located, the PDX Conference Center is equipped with a complete range of business and IT services, and a professional, dedicated staff. Multiple catering options are also available.



"It's not every day you glance out the window of a business meeting and see a Boeing 737 up close and personal," said Donna Prigmore, Port of Portland customer relations manager. "The location and its unique ambiance are just another way the PDX Conference Center sets itself apart from other meeting facilities."

Additional information is available at www.pdx.com, or 503.460.4050, or toll-free at 800.547.8411, ext. 4050.

LIGHTING THE WAY IN THE LONG-TERM PARKING GARAGE

After operating for more than two years, the long-term parking garage at Portland International Airport still makes a favorable impression on travelers.

The seven-story, multi-use parking garage offers 3,500 parking spaces, as many as all the Smart Park parking garages located downtown combined. More than 50,000 cubic yards of concrete were used on the project; enough to pour a 10-foot-wide driveway from Portland to Eugene.

Plans to install a single-space parking guidance system, similar to the one used in the airport's short-term parking garage are well underway. The specialized system uses sensors to help recognize occupancy levels and available spaces. Installation is expected to commence in late summer 2012 and become fully operational in 2013.

"Long-term parking has become the most popular parking garage at PDX," said Mike Huggins, Port landside operations manager. "It averages about 80 percent occupancy during the peak noon hour."

Revenue from the Port's parking garages is used to fund future transportation-related projects.

NEW ART EXHIBITS ARRIVE AT PDX

Portland International Airport takes pride in offering passengers the enjoyment of PAUSE, the nationally recognized PDX Arts and Entertainment Program.

Works of eight sculptors from Oregon and Washington are now on display on Concourse A through October. The exhibit, *In Our Element*, showcases artwork made from steel, clay, aluminum and wood. The works explore topics such as "fight or flight" and "the happiness spectrum." Featured artists include Richard Cawley, Steve Eichenberger, Rick Gregg, Jacqueline Hurlbert, Mitch Lang, Alisa Looney, Pam Mummy and Joe Powers.

Another exhibit slated to arrive in June along the Concourse D/E Lobby is *Urban Aquarium: Migrating Jellies*. Artist Sayuri Sasaki Hemann crafts jellyfish from netting,



Jacqueline Hurlbert Figurative Sculpture

mesh and foam, creating an illusory underwater experience on dry land. Her work is inspired by reflections of light found in nature and material. Hemann's jellyfish have traveled from Japan to New York, finally pausing for a seven month stay at PDX.

Coming in July, Julian Hibbard and Demetrious Noble's exhibit, *Tales of an Unknown Aviator: The Art of Luis Greenhill* displays a series of photographs of planes constructed by Chilean artist Luis Greenhill. The planes are made to look both life-like and model-like. The collection, soon located on the PDX Connector Concourse, speaks of time, history, courage and sacrifice.

GET READY FOR THE 25TH ANNUAL OREGON INTERNATIONAL AIR SHOW

Each year, military jet teams gather to celebrate and honor Oregon's International Air Show at the Port of Portland's Hillsboro Airport.

This year's 25th annual event will usher approximately 65,000 people into Washington

County on August 3, 4 and 5. It's considered the largest civilian air show on the West Coast, and most well-attended event in the city of Hillsboro.

The air show is also recognized for its community outreach efforts and support. More than \$1.1 million in proceeds have been given to local charities and non-profit organizations through the air show.

"This well-received event draws tens of thousands of people to the region each year," said Steve Nagy, general aviation operations manager for the Port. "We are proud to sponsor this community-driven event."

Some of the featured acrobatic performers will include the U.S. Air Force Thunderbirds, the U.S. Marine Corps Harrier and the U.S. Army Golden Knights Parachute Team. Other groups will have static jets on display.

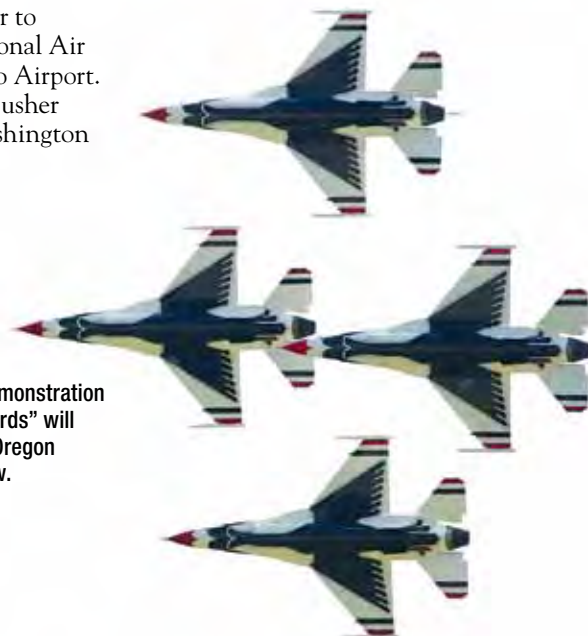
Air show information is available at www.oregonairshow.com or 503.629.0706.

PDX COOLS DOWN AS SUMMER TEMPERATURES HEAT UP

A new heating, ventilation and air-conditioning system arrives soon at Portland International Airport to help travelers cool down as the temperature rises this summer.

Port of Portland Commissioners approved the project in March to replace and upgrade the 24-year old system with a more robust, innovative and energy efficient HVAC system. The system will increase air flow throughout a portion of Concourse A, and individual areas will become localized with improved cooling capabilities and efficiency.

"It's important for travelers to be comfortable when visiting PDX," said Robin McCaffrey, engineering project manager for the Port. "Most of the construction will occur at night, during off-peak travel times to minimize disruption to travelers and airport tenants. We are excited to improve air quality, efficiency and comfort at PDX."



The U.S. Air Force Demonstration Squadron "Thunderbirds" will perform at the 2012 Oregon International Air Show.

Marine and Properties



Northwest and the Mediterranean with improved regularity and reach. This is in addition to regular transpacific service to Asia provided by Hanjin Shipping and Westwood Shipping Lines. Increased activity at the terminal is making the most of the recently deepened Columbia River navigation channel.

ICTSI Oregon, Inc. is a subsidiary of Manila-based International Container Terminal Services, Inc., which has a track record of success at 22 marine terminals and port projects in 17 countries. Besides Portland, ICTSI has operations in Asia, Europe, the Middle East and Latin America. The company is among the top five global independent stevedoring and terminal operating companies.

EXPORT NATION: THE PACIFIC NORTHWEST GATEWAY

On Oct. 3 and 4, the Port of Portland will host the Northwest Global Freight Conference at the Governor Hotel. Formerly known as the Northwest Intermodal Conference, the event covers all types and modes of global freight moving in, out and through the region.

Focusing on the Pacific Northwest as a major gateway to and from U.S. freight markets – in addition to being the home of major agricultural shippers – the conference will address themes pertinent to the global supply chain's vital connection to the region and its developing infrastructure. The event covers a broad spectrum of cargo types, ranging from containers to autos, project cargoes to bulk commodities, airfreight and more.

Projected attendance is between 250 and 350 shipping and logistics industry professionals. The group will represent a cross section of those involved throughout the supply chain.

The Port is the sponsoring host of the event, which is organized by Cargo Business News. Cargo Business News has been producing shipping and logistics media and industry events for the past decade, and managing regional freight conferences in the Pacific Northwest, Southeast, Southwest, and the Midwest.

Prior to this conference, on Oct. 2, the Port is sponsoring the Portland Regional Freight Summit for local industry and policymakers. The Brookings Institution will present information about the Metropolitan Export Initiative and related infrastructure needs. Local industries will discuss logistics challenges and new opportunities.

For more information, or to register online, go to www.cargobusinessnews.com.

RECENT CHANGES INCREASE SERVICE, EFFICIENCY

The Port of Portland recently announced that Sam Ruda and Vince Granato are serving the new roles of Chief Commercial Officer and Chief Operations Officer, respectively. The Port developed new reporting structures with new assignments for several key staff; some

marine marketing and operations contacts have changed as a result.

The Port promoted Sebastian Degens to general manager marine and terminal business development. In this new role, he is heading a group responsible for retaining and recruiting business at the Port's marine facilities. Degens' newly



Sebastian Degens

formed team includes Greg Borossay, Steve Mickelson and the Port's foreign office staff.

Dan Pippenger is general manager of marine operations, and his group includes terminal managers John Akre and Jeff Krug, as well as the marine maintenance staff under Todd Staple. Keith Leavitt remains general manager of property/business development, adding managers for non-PDX terminal properties to his team.



Dan Pippenger

INVESTMENT IN TERMINAL 4

Included in the amended lease of the soda ash export facility at Port of Portland's Terminal 4 is a \$9.5 million capital investment by terminal operator Kinder Morgan to replace the existing ship loader (a machine with an extendable arm or boom and a conveyor used for loading bulk solid materials).

Kinder Morgan loads approximately 2 million metric tons of soda ash per year to oceangoing vessels calling at the Terminal 4 facility. Soda ash is used in the production of glass and some detergents. Houston-based Kinder Morgan is one of the largest terminal operators in North America, operating 180 liquid and dry bulk terminals throughout the U.S. and Canada.

The bulk soda ash handled through the Kinder Morgan facility mined and milled in Green River, Wyoming, arrives at Terminal 4 in rail car unit trains, and is exported to Pacific Rim and South American markets. While soda ash is also shipped through ports in Texas and California, Portland ranks as the largest export gateway for soda ash in the U.S.

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ICTSI OREGON BOOSTS CONTAINER VOLUMES IN FIRST YEAR

In 2011, initiation of the 25-year lease of the Port of Portland's Terminal 6 container and breakbulk facility to ICTSI Oregon, Inc. represented a significant investment and vote of confidence in Portland and the surrounding region from the growing international port management company. Portland marked the company's first entry into the U.S. market. On May 15, 2012, the company earned the Mayor's International Business Award for Foreign Direct Investment.

During their first year of operations at Terminal 6, ICTSI Oregon, Inc.'s local leaders have been active in business retention and development efforts. In 2011, Portland saw a 9 percent increase in container traffic and an impressive 27 percent increase in full export containers. This was exceptional performance during a year when other U.S. container ports saw decreases or meager gains.

The Port and ICTSI Oregon, Inc. recently welcomed a newly expanded weekly containership service offered by Hapag-Lloyd and Hamburg Süd that connects the Pacific

The new ship loader will feature a modern dust control system, have better outreach capacity for loading larger ships, and increase loading rates. Kinder Morgan expects to complete installation of the new ship loader by early next year.

Kinder Morgan amended its lease with the Port to establish an extension term that will allow recovery of its investment over a longer timeframe. The previous lease was to expire in December 2012, with a two-year option to extend until December 2014. The amended lease incorporates a new 10-year lease extension with two 5-year options, effective Jan. 1, 2013.



Terminal 4 soda ash export facility

MAINTENANCE DREDGING KEEPS MARINE HIGHWAY MOVING

In order to handle ships carrying cargo to and from public and private terminals in Portland, maintenance dredging is necessary to ensure sufficient depths in the navigation channel and alongside the docks.

Over time, sediment from the river builds up creating sand waves and shoals that create navigational hazards to ship traffic along the river system and obstructions at individual berths. The work does not deepen the areas being dredged any more than they were previously, but simply removes the excess build-up of sediment.

Hickey Marine Enterprises, Inc. will perform the next major dredging work at Port of Portland Terminal 2 during the July 1 through Oct. 31 in-water work window. Ship berthing areas will be restored to the same operating depths as the last dredging project conducted in 2008. Approximately 18,000 cubic yards will be dredged and placed on West Hayden Island.

Terminal 2 is the Port's general cargo terminal, handling steel rail, logs, bulk cargo and oversized project cargo. It is anticipated that dredging and regular vessel operations can be performed simultaneously without any significant interference.

The work is subject to a number of permits and regulatory approvals including the U.S. Army Corps of Engineers, Rivers and Harbors, Section 10 permit; the Oregon Department of State Lands removal and fill permit; and an Oregon Department of Environmental Quality Beneficial Use Determination.

Issuance of these permits is coordinated with other agencies including the Environmental Protection Agency and the National Marine Fisheries Service.

PORT SELLS FIRST LOT AT GRESHAM VISTA BUSINESS PARK

The Port's newest business park is already seeing activity with construction of a new medical facility near the ON Semiconductor campus. In March, Port of Portland Commissioners approved the \$1 million sale of 2.79 acres located at the Port's Gresham Vista Business Park to Physicians' Capital Investments, LLC.

PCI has built over 20 medical facilities throughout the United States. PCI plans to build a new 10,300-square-foot building with associated parking, fencing and landscaping. The building will be owned in part by the Portland Hypertension and Nephrology Clinic, LLP, and will be leased to Fresenius Medical Care North America, which will relocate its existing Gresham clinic with 14 employees while adding approximately 10 full-time local jobs.

The new medical facility should be designed, permitted, constructed and operational by late next year. Plans call for additional medical offices in a future phase of development on the same site near the entrance to the property on Southeast Stark Street.

Last November, the Port purchased the surrounding 221 acre site in Gresham from LSI Logic Corp. for \$26.5 million. The site has

promising potential as a home for clean tech, manufacturing, food processing, logistics and other traded sector companies. At completion, the park will include a total of 11 lots on 203 developable industrial acres.

CONGLOBAL RELOCATES PORTLAND OPERATIONS

ConGlobal Industries has moved its Portland operations to a facility leased from the Port of Portland in Rivergate Industrial District. The company is North America's largest full-service supplier to the intermodal industry, providing depot services, equipment sales and transportation services.

Located approximately two miles from the container shipping operations at Terminal 6, ConGlobal expects its customers will experience savings in drayage costs from the terminal to the new ConGlobal Portland facility. Besides being closer to the Port, the facility sits on a paved and ideally suited parcel of land to support the company's ongoing operations.

"This concludes a year-long effort to secure the ideal site in Portland for a container depot," commented Mike Baldwin, President and CEO of ConGlobal Industries. "It also underscores our long-term commitment not only to the Port of Portland but also to the container depot business."

The nine year lease with the Port includes just over 10 acres at 9639 N. Rivergate Blvd. The layout of the new facility will allow ConGlobal Portland to be more efficient in depot operations, gate turn times, equipment stacking and handling.



Business and Environment

PORTLAND HARBOR SUPERFUND PROCESS REACHES KEY MILESTONE

This spring, a group of public and private entities submitted one of the most comprehensive scientific studies of river bottom sediment contamination in any major U.S. urban waterway. As part of the Portland Harbor Superfund process, the report outlines 10 clean-up options plus a no action alternative for an 11-mile stretch of the Willamette River north of downtown Portland.

The Draft Feasibility Study was funded by members of the Lower Willamette Group which includes the City of Portland, Port of Portland, Northwest Natural, and 11 private companies. The group is a small subset of the more than 100 potentially responsible parties identified in the Superfund process.

The report, submitted to the Environmental Protection Agency in March, represents more than 10 years and nearly \$100 million in environmental sampling and data analysis. It serves as the toolbox from which the EPA will select the cleanup plan for the river bottom sediments.

All 10 options in the report are protective of human health and the environment. Under the report's 10 different action alternatives, sediment cleanup activities would take from

two to 28 years and cost between \$169 million and \$1.8 billion. Promisingly, the two least expensive options score the best under the EPA's cleanup criteria.

The next step in the process will be the EPA's completion of a Proposed Plan for public review and then a Record of Decision that selects the final cleanup plan. Responsibility for funding and implementing the EPA's selected cleanup will be determined in a separate process.

The full report is available at www.lwgportlandharbor.org.

GERRY FRANK RECOGNIZED WITH PORT COMPASS AWARD

Gerry Frank, former chief of staff to U.S. Sen. Mark O. Hatfield, is the Port of Portland's 2011 Compass Award recipient.

The award, presented at the Port's annual Gateway to the Globe meeting, recognizes contributions of community individuals and entities that have demonstrated exceptional support for the Port.

Frank served with Sen. Hatfield for 20 years and is often referred to as Oregon's third Senator. Active in Oregon's civic and business community for more than six decades and a prolific writer and commentator, Frank is recognized as a true statesman, ambassador and thought-leader who helped put Oregon on the map for businesses and travelers.

"Gerry has graciously given of his own personal time and energy to civic causes and has traveled overseas on behalf of the State of Oregon on trade missions and consular visits. In addition, he has helped the Port achieve its mission through his

business network and tireless commitment to

Oregon's growth and prosperity. For this, we would like to honor him today," said

Port Commission President Judi Johansen in presenting the award.

More than 450 business leaders, elected officials and community stakeholders attended this year's Gateway to the Globe event which provides annual updates on Port activities, challenges and opportunities. This year's keynote speaker was Oregon Gov. John Kitzhaber.

PDX DEICING FACILITY READY FOR PRIME TIME

The Port of Portland has worked to design, build and test a new deicing fluid collection and treatment facility for Portland International Airport since October 2006. On April 30, 2012, the Port achieved a final milestone: the facility met all the requirements of the Oregon Department of Environmental Quality.



Deicing Specialist Jon Collie

The enhanced system was designed by the Port in partnership with PDX air carriers and regulatory agencies to protect water quality in the Columbia Slough. The system now captures storm water runoff containing deicing material from the western airfield, increases storage capacities for concentrated and dilute runoff, adds an innovative on-site anaerobic treatment facility, and includes a new Columbia River outfall, which was completed in January 2010.

In order to comply with the permit, the concentrated runoff is treated prior to discharge to the Columbia River. The criteria applied by the National Marine Fisheries Service to protect salmon, used during the outfall permitting and biological assessment



Port Commission President Judi Johansen and Gerry Frank, 2011 Compass Award winner.



Since 2005, the Port has fueled container-handling equipment with ultra low sulfur diesel and improved exhaust systems for cleaner emissions.

process, were more stringent than existing water quality regulations. The outfall is also designed to physically keep fish away from its exits, which are called diffuser ports.

“We’ve been testing it since September, and it has been working well,” says Susan Aha, Port manager of the deicing program. “We shut it down in May to make some refinements, and it will be ready for cold weather in the fall.”

Last month the Port shifted to the National Pollutant Discharge Elimination System permit managed by DEQ. Under this permit, during the deicing season, more runoff is sent to the Columbia River, instead of the lower-volume Columbia Slough. “It’s exciting to see this project up and running, and to consider the environmental benefits to the Columbia Slough,” Aha said.

PORT TAKES AMBITIOUS STEPS TO REDUCE CARBON FOOTPRINT

The Port of Portland recently completed its Carbon Reduction and Energy Management Plan, an enterprise-wide strategy to reduce greenhouse gas emissions by 15 percent of 1990 levels by 2020. Greenhouse gas emissions are one of the main causes of climate change.

This number is ambitious, given that the State of Oregon’s goal is 10 percent less than 1990 levels, while the Port has almost doubled its use of power since 1990 due to expansion and increased facility demands. Upon reaching its goal, the Port estimates it will have prevented 33,330 metric tons of carbon dioxide from entering the atmosphere. This is about the equivalent of over 300 railroad cars, each filled with 100 metric tons of carbon dioxide.

“The Port can be a leader in this area,” says Port Project Manager Franko Martinec. “We have some great opportunities to reduce our carbon emissions, save money and be good environmental stewards.”

The Carbon Reduction and Energy Management Plan includes an energy audit of current use, a forecast of predicted use over the next 10 years, and recommendations about certain Energy Conservation Opportunities which could yield significant greenhouse gas reduction benefits. These recommendations are based on a long-term look at practicability, efficacy and lifecycle costs.

Conservation is expected to provide some of the benefits. This includes things like understanding more specifically how much energy Port tenants use and ways to encourage conservation measures, replacing old, inefficient equipment with newer models and managing operations more efficiently. The Port will also consider different sources of energy, such as on-site renewable sources or cogeneration, and will examine benefits of continued purchase of 100 percent renewable energy. Utilities will also improve the carbon footprint of the energy they provide.

Energy conservation measures bring both environmental and financial benefits. As the Port replaces equipment, remodels facilities and builds new structures, the organization will integrate energy-efficient infrastructure improvements into the design plans.

HELPING YOUNG MINDS SOAR

What do you do when a coyote gets on the airfield at Portland International Airport, and how does a wildlife biologist help? What do you do when a snowstorm hits Portland and hundreds of flights are cancelled and thousands of passengers can’t get to their destinations? These challenges and many others are all part of a simulated Emergency Operations Center activity for visiting high school students at

PDX. This exercise provides students the opportunity to discover the wide variety of jobs available at the Port of Portland.

Throughout the school year and this summer, students visit and experience PDX in different ways than the traveling public. Staff welcome the opportunity to share some of the unique jobs and adventures that can be found working for the Port, while helping students solve real world problems.

The program is part of the Port’s larger effort to reach out to students of all ages within the Portland Metropolitan area. Younger children are mentored by Port employees who volunteer for the Port Pals program which connects one volunteer with one student. Together, they read and create artwork throughout the school year in the Parkrose School District. Port staff have logged approximately 190 volunteer hours so far this year.



April Murchinson and her Parkrose Port Pal Joselin Najera.

The Port’s education outreach program, Where in the World, also visited nearly 100 classrooms in over 30 elementary schools during the 2011-2012 school year, teaching students about the Port’s role in imports and exports for the region. For more information about education outreach programs, contact Brooke Berglund, Port tour and outreach manager, 503.415.6532.



THE COFFEE CULTURE CONNECTION



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Ripe strawberry with a black cherry finish and sweet overtones of brown sugar and milk chocolate. Terms used to describe a Yamhill County pinot noir?

No... coffee.

Like a hearty micro brew, locally sourced restaurant fare or a splendid pinot noir, coffee is a part of the quality drinking and dining culture that makes Portland, ... well, Portland. And, the coffee industry is experiencing exponential growth here.

Maybe that's some of the reason more than 8,000 coffee aficionados from all over the world descended upon the city in April as part of the Specialty Coffee Association of America's annual convention.

It is also why more than 450 containers of coffee beans came across the docks at the Port of Portland's marine Terminal 6 last year. That's about 18 million pounds of coffee beans and represents a near doubling in volume since 2007. The beans serve as the raw product that fuels an ever-growing number of Portland area coffee shops and more than 40 local roasting operations.

Portland's rise to coffee capital status is rooted in a strong foundation of companies that go back more than a century – companies like Boyd's Coffee.

The Roast of the Town

Founded by New Zealand immigrant Percival Dewe Boyd in Portland in 1900—just nine years after the Port of Portland was established—Boyd's is the longest operating coffee roaster in the Pacific Northwest. Boyd's employs about 300 workers, half of whom work in the Portland region and the other half in locations nationally.

The company is still family owned and operated. Dick Boyd and David Boyd, Percival's grandsons, currently own the company and serve as chairmen. Their children, Katy Boyd Dutt, Matt Boyd and Michael Boyd serve as marketing director, director of strategic information and coffee buyer, respectively.

Michael sources his beans from all over the world and chooses to import some of the beans through Terminal 6. The company then roasts the beans at their Northeast Sandy Boulevard roastery and ships them to local, national and international customers. Some of the product is loaded right back onto containers for shipments to Korea, Japan and Taiwan, while the balance travels via air or ground freight.

"Through the years our company has grown to encompass the three key phases in a quality coffee," says Boyd's Roastmaster Randy Layton. "We first focus on the source – where and how the coffee is grown, then we carefully roast the beans to our particular taste-based specifications, and lastly we focus on the point of consumption – how the coffee is measured and brewed. We've added a whole new area of training for our major customers and in fact, just completed some training for chefs at Wolfgang Puck restaurants in San Francisco."

In the 100 years since Boyd's was founded, the coffee industry in Portland has continued to expand and diversify. David Kobos, who founded Kobos Coffee here in 1973, has witnessed that growth first hand. "The industry here has gone through unbelievable change," says David. "When we began roasting,



I remember being worried whether or not we could get \$2 per pound for our beans, and, when we opened our downtown Portland shop in 1980, I think there was only one other espresso shop there. The growth has been huge and the change profound.”

According to David, the coffee industry growth of the late '70s and early '80s was largely a West Coast phenomenon, and contributed to Kobos' own evolution. At times, the company has brought in as many as eight containers a year through the Port (at 38,500 pounds of coffee per container) and now supplies beans to local espresso bars, hospitals and restaurants like Capers Café at Portland International Airport.

The industry expansion in Portland was also fueled by the rise of the more recent specialty, craft, small batch and micro-roasting companies where unique and distinctive taste is the focus. These companies often bring in a pallet (about ten, 135-pound bags) of very select beans. Since they don't always require a full container, they often work through brokers and importers who can consolidate multiple orders. These include companies like Serengeti Trading Company that brought 80 containers through Terminal 6 last year, InterAmerican that imported 37 containers, or Royal Coffee, Inc. which brought in 34 containers.

“We have been a green coffee importer here in Emeryville, Calif. since 1978, said John Cossette, vice president, organic coffees at Royal. “We have grown along with the specialty coffee industry and work closely to some degree with virtually all of the coffee roasters in Portland. Look up a list of coffee roasters in Portland and there is a pretty good chance they work with us.”

One of the local roasters importing some of their beans through Royal is Water Avenue Coffee Company. Owners Bruce Milletto, Matt Milletto and Brandon Smyth import through other smaller local brokers as well, but the bulk of it comes through the Port of Portland. All of their coffees are roasted on a vintage 1974 French 20-kilo roaster, which spent the majority of its life in the Swiss Alps, before being shipped to its new home in the company's Central Eastside location. Water Avenue's single origin El Salvador Pacamara recently got a nod from *Seattle Weekly* as the best espresso of 2011.

From Beans to Baristas

But Water Avenue's reach goes much further than just the cafe and roastery. Bruce also owns Bellissimo Coffee Advisors and the American Barista & Coffee School. Bellissimo works around the world providing entrants into the coffee industry with everything they need to know from business plan development to equipment selection to interior design and marketing. The barista school operates in a 3,800-square-foot facility in the Central Eastside and includes an actual coffee bar setting with 12 different types of espresso machines and a cupping lab. The school is now run by Bruce's son, Matt, and a team of barista trainers. Matt estimates that there have been about 2,000 graduates of their program – many of whom have gone on to achieve fame or start companies of their own.

“One of our graduates, Rob Kettner of Fernwood Coffee in Victoria, went on to win the Canadian Barista Championship in 2010,” said Matt. “Another of our graduates took her new skills back home to El Salvador to teach others students, one of whom, Alejandro Mendez, won the World Barista Championship last year.”

Another of the school's attendees is Din Johnson of Portland's Ristretto Roasters. He started the company in 2005 and just six years later the Zagat restaurant guide named Ristretto one of the 10 “coolest independent coffee shops in the country.” The company, which

employs about 25 people, imports and roasts about 10,000 pounds of coffee a month for distribution to local retailers like Whole Foods and New Seasons, as well as its own cafes.

Like Water Avenue, Ristretto imports some of its beans through Royal Coffee, Inc. “It would really be great if more beans came through the Port of Portland,” says Din. “It would save costs of having beans trucked here from other ports and make our product that much more sustainable. In a business as competitive as ours now is, we have to look at everything that can set us apart and keep costs down.”

John Cossette agrees. “There is no doubt that being located in a port town can save a large coffee roaster quite a lot of money as they do not have to absorb the inland freight charges of a roaster located in the interior of the country.”

The Buzz About International Nonstops

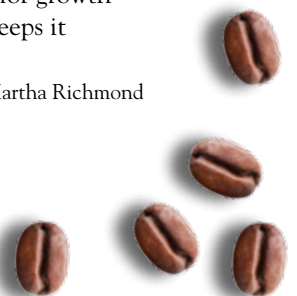
But the connection of the coffee industry to the Port of Portland doesn't stop at the marine terminals. Coffee Bean International, founded in Eugene in 1972, and recognized by Roast Magazine as one of the top three specialty coffee roasters in the country in 2006, built a state of the art roasting facility in the Port's Portland International Center Business Park in 2008. They also bring multiple containers through the Port.

In addition, many Portland coffee industry representatives point out the importance of the airport. “About 98 percent of our students are from outside Oregon,” said Matt Milletto, “and about a quarter of those students are from outside the country.”

Many of Portland's coffee buyers are also big fans of the Port's international nonstop flights to Tokyo and Amsterdam. Michael Boyd estimates he personally chalks up about 50,000 air miles a year on what the industry calls “origin trips” to coffee bean producing countries like Tanzania. The Amsterdam service, for example is his jumping-off point for all of the African markets. “The last time the Boyd's coffee team traveled to Tanzania we only changed planes once flying PDX to Amsterdam and Amsterdam to Tanzania. That saves us both time and money,” says Randy Layton.

From importers and roasters, to coffee shops and baristas, Portland offers real opportunity for business owners and coffee lovers alike. From all indications the Portland coffee industry is set on a path for growth and the Port is here to facilitate the trade and travel that keeps it buzzing along.

by Martha Richmond



PORTEVENTS

Let the summer fun begin!

The Port of Portland is out-and-about in the community this summer with a variety of events celebrating the working harbor.

Portland Harbor Behind the Scenes

This popular summer program series will invite participants to get an inside look at the working waterfront businesses of Gunderson Marine, Vigor Industrial, Toyota Logistics Services, and the Port's own Terminal 6. Tours are announced as they become available and spaces are limited. Don't miss the chance to get up close and personal to Portland's thriving waterfront!

Seaport Celebration

Presented by Gunderson
Saturday, Aug. 18
Port of Portland Marine Terminal 4
10 a.m. – 4 p.m.

Back by popular demand for the sixth year, Seaport Celebration takes attendees inside a working marine terminal for a family friendly day of fun featuring live entertainment from local bands, interactive and fun activities for kids and adults, jet boat rides and much more!

In addition to the aforementioned Port-sponsored events, the Port participated in the Portland Pride Parade on June 17 and Sunday Parkways on June 24, and will participate in Sunday Parkways on July 22.

For more information about summer events, contact Brooke Berglund, tour and outreach manager at 503.415.6532.

