

PORTSIDE

WINTER 2008

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



A NEW PAIR OF TRAVELING SHOES

NEW NONSTOP SERVICE TO AMSTERDAM

2

NWA: New Path

4

Aviation News

6

Marine/Industrial Development News

8

Corporate News

9

Environmental News

10

Distribution Centers: Big Buildings, Big Benefits

A NEW PATH TO AMSTERDAM – NONSTOP

Prominent business destinations on two continents and beyond. Unrivaled tourist attractions and cultures in the Netherlands, Europe, and Oregon and southwest Washington. International award-winning airports in Amsterdam and Portland.

These are the reasons why businesses and tourists are celebrating the upcoming March 29 launch of Northwest Airlines' new nonstop service between Portland International Airport and Amsterdam Airport Schiphol. Northwest will provide the service in cooperation with its joint venture partner, KLM Royal Dutch Airlines.

Northwest's PDX-Amsterdam service will conveniently link the Pacific Northwest to more than 80 destinations throughout Europe, Africa, India and the Middle East via the Northwest/KLM hub in Amsterdam. The flights will also provide connections to dozens of destinations beyond Portland via partner airlines Alaska Airlines and Horizon Air.

The new service will operate as Northwest flight 92, departing PDX daily at 4:05 p.m. and arriving in Amsterdam at 11 a.m. the next day. Northwest flight 91 will depart Amsterdam daily at 10:30 a.m. and arrive in Portland at 11:55 a.m. the same day.

"With the addition of Portland-Amsterdam service, Northwest is pleased to meet the needs of customers in the Portland area seeking both trans-Pacific and trans-Atlantic nonstop service," said Doug Steenland, Northwest Airlines president and CEO. "International customers traveling from Portland, whether to the Northwest/KLM hub in Amsterdam or our hub at Tokyo's Narita Airport,

will experience unmatched seat comfort and in-flight entertainment on our modern Airbus A330 aircraft."

Northwest's A330s are equipped with the airlines' World Business Class lie-flat seats, more personal space in economy class seats compared to other aircraft in the fleet, and an on-demand, in-flight entertainment system in both cabins.

Northwest Airlines is one of the world's largest airlines with hubs at Detroit, Memphis, Minneapolis/St. Paul, Tokyo and Amsterdam, and approximately 1,400 daily departures. It is a member of SkyTeam, an airline alliance that offers customers one of the world's most extensive global networks. Northwest and its travel partners serve more than 1,000 cities in more than 160 countries on six continents.

Bill Wyatt, Port of Portland executive director, said, "This is great news for the businesses and residents of Oregon and southwest Washington. Northwest has proven a valuable partner with its nonstop service to Tokyo and Asia, and we look forward to expanding that partnership with this new service to the Northwest/KLM hub in Amsterdam."

Nearly 1,000 passengers on average travel every day between PDX and Europe. The Port believes the market can support more nonstop service connecting with Europe.

A Boon for Business

Amsterdam service will expand the positive regional economic impact from existing international air service in place today to Europe, Asia and Mexico – currently

representing more than \$200 million annually, according to David Zielke, Port general manager of air service development. No other U.S. airport the size of PDX offers as much nonstop international air service.

Intel Corp.'s regional transportation manager, Charley Thornbrugh, said, "Northwest could not have selected a better destination for new nonstop service out of Portland," explaining that Amsterdam serves as Intel's gateway to the Europe, Middle East and Africa market.

"Northwest's new flights will provide additional capacity to support further growth in this market for Intel," he added. "The service will also enable a viable next-day air cargo service to Amsterdam that does not exist today from Portland."

"We are extremely excited about the additional options that the nonstop flight will provide our employees when traveling to Amsterdam," said Colleen Baker, global travel director for international advertising agency, Wieden+Kennedy. "We also have an office in Amsterdam, and the fact that we will now be able to go nonstop is both a time saver as well as a major convenience for our travelers. We look forward to supporting Northwest and its new



Charley Thornbrugh



service to Amsterdam and beyond.”

Lorraine Lesher, director of global logistics and distribution for Oregon-based Tektronix, said, “Northwest Airlines’ new nonstop service will enable Tektronix to improve its delivery performance to our European customers. Tektronix uses Amsterdam for its European logistics hub. This new service will ensure that customer needs are met and will remove one day from our logistics supply chain.”



Lorraine Lesher

Len Chamberlain, international trade manager for FEI Company, which specializes in electron optics and focused ion beam technologies, said, “FEI is very excited about the new Portland to Amsterdam direct service on Northwest Airlines. The addition of this flight provides a major increase in uplift on our primary freight lane. This flight allows a delivery capability that is unprecedented for FEI.”

“Our employees also look forward to the prospect of a direct, no-connection flight between our two largest sites,” he added. “As a frequent flyer of this route, I personally can’t wait to try it. We greatly appreciate the Port of Portland’s efforts to add direct international flights to PDX to the benefit of local businesses.”

Tourism and Cultural Connections

Whether visiting the Netherlands or Oregon and southwest Washington, the sites and experiences are guaranteed to delight.

“We have approximately 1,000 Dutch passport-holding citizens in the greater Portland/southwest Washington area,” said Ted Runstein, the Netherlands’ honorary consul in Oregon. “Dutch citizens are ecstatic that they can now travel directly from Portland to Schiphol with convenient departure and arrival times. Now our local citizens can discover Holland, a safe country with tourist attractions unrivaled anywhere in the world.”

The Netherlands attracts tourists to its canals, windmills, tulips, clogs, cycling, sailing, and ice

skating in the winter – as well as its famous capital city, Amsterdam. A leading European trade center for centuries, Amsterdam is rich in culture and history with popular attractions such as the Van Gogh Museum, Rijksmuseum (national museum), Rembrandt House Museum and Anne Frank House.

“There are hundreds of cities wooing European visitors,” said Jeff Miller, president and CEO for the Portland Oregon Visitors Association. “Direct, nonstop air service gives Portland a leg up on the competition. The easier and more convenient it is to get here, the more attractive Portland looks to visitors who may be considering several West Coast destinations. This flight allows them to shave hours off their travel itineraries, which, in turn, makes Portland look very attractive.”

Crisscrossed by spectacular mountains, rivers and vineyards, and a short distance from the Pacific Ocean, Oregon and southwest Washington are a European visitor’s outdoor dream. Named Money magazine’s “Best Big City,” downtown Portland will also please the urban adventurers, with a lively arts scene, outstanding restaurants, parks and green spaces, and world-class public transportation.

Two World-Class Airports

Traveling for business or traveling for pleasure, Northwest’s service connects two international award-winning airports.

Amsterdam Airport Schiphol was the winner of a 2007 Best Airport Award in the over-25 million passenger category. Judges in the contest sponsored by Airports Council International Europe were highly impressed by “this airport’s constant R&D research for innovative and creative solutions; and for its work in the development of a highly novel system to simplify passenger operations and improve the customer’s experience while also recognizing its environmental responsibilities and maintaining good relations with the local community.” Airports were nominated according to five criteria: security, facilities, relationship with the surrounding area, environmental awareness, and customer service.

Similarly, PDX was winner of the 2007 Best U.S. Airport for the second consecutive year in Condé Nast Traveler magazine’s annual poll. Business travelers rated U.S. airports based on

several criteria including location/access, ease of connections, customs/baggage, food/shops/amenities, comfort/design, and perceived safety/security. PDX received the highest score among airports for comfort/design and perceived safety/security. As noted in the magazine, “Portland’s airport takes being green seriously. New solar panels produce electricity; low-flush toilets save 80,000 gallons of water per day; and food waste is turned into compost. Plus, there’s free Wi-Fi throughout PDX.”

Proud History of PDX Air Service

Northwest Airlines first served Portland in 1938 and began daily nonstop service to Tokyo’s Narita Airport in 2004. With the addition of daily nonstop Portland-Amsterdam service, Northwest will offer more international seats than any other carrier serving Portland.



Sho Dozono

“Northwest was a huge part of our success in bringing nonstop international air service to our community; service that simply didn’t exist a few years ago,” said Sho Dozono, co-chair of the PDX International Air Service Committee, and president of Azumano Travel in Oregon.

The committee formed in 2000 with the goal of establishing nonstop service to Asia, Europe and Mexico. Today, PDX offers nonstop service to all those destinations. Comprising the committee are business, tourism and government leaders from both Portland and Vancouver, Wash. Other current committee co-chairs are Bill Wyatt, Port of Portland, and Ted Cullen, Nike global travel director.

The Port owns and operates PDX, which is the state of Oregon’s largest airport. Last year, PDX served an all-time record of more than 14 million travelers. Established in 1891 by the Oregon Legislature, the Port’s mission is to enhance the region’s economy and quality of life by providing efficient cargo and air passenger access to national and global markets.

Developments like Northwest’s new nonstop service connecting PDX and Amsterdam are helping the Port continue to fulfill its mission. ☒

Steve Johnson





JIM CHURCH HONORED

Jim Church was not a pilot. Yet airports were a major part of his life, and it was his positive influence on airports that prompted his recent selection for the Oregon Aviation Hall of Honor. Part of his nomination read, “Jim Church held a pen and an engineer’s scale and, through his dedication and creativity, helped create the airports that serve Oregonians so well today.”

Following a distinguished 26-year career in the Air Force as an engineer working on airfields, Col. Church retired and went to work for the Port of Portland. In the next 18 years, until 1984, he served as the director of engineering, planning and research; and also as the director of aviation, overseeing the operations of PDX, Hillsboro Airport and Troutdale Airport.

One of Church’s most significant accomplishments was the development of a cooperative airline funding and operating agreement between the Port and the airlines as a means to finance the day-to-day operations and the capital needs of PDX. This gave the airlines a seat at the table in determining how the airport would operate and grow and gave the Port a steady source of funds to make it all happen. The idea was new and innovative, and eventually it was copied throughout the country.



ALASKA’S PINK FLAMINGOS

Dozens of pink flamingos appeared in the grass at Portland’s Waterfront Park recently in a lighthearted promotion by Alaska Airlines. The not-so-subtle reference to Florida raised awareness for Alaska’s new daily nonstop flights from Portland International Airport to Orlando.

STANFORD’S AT PDX EARNS NATIONAL RECOGNITION

It’s no wonder, with its stunning décor and excellent food, that Stanford’s Restaurant and Bar at Portland International Airport won national acclaim recently. In its 2007 Airport Concessions Contest, Airports Council International-North America recognized Stanford’s at PDX as the best new food and beverage concept in North America.

A 6,800-square-foot restaurant, Stanford’s offers travelers and local residents an upscale, yet casual option for airport dining and includes views of the busy airfield. The restaurant, owned by Restaurants Unlimited, accommodates more than 300 diners and features design elements such as hollow booth bottoms for storing luggage while eating. Demonstrating flexibility and an ability to quickly adapt to the needs of the traveling public, Stanford’s added 400 square feet to their bar when they realized

the importance of this business segment.

Stanford’s is known for its seafood, steaks, chicken and ribs, but also offers appetizers, salads, sandwiches, burgers, pastas, desserts and libations – from wine and beer to cocktails. The restaurant also offers an exclusive line of to-go sandwiches and salads for travelers in a hurry.

The concessions awards were announced at the Airport Council International - North America Conference in Chicago in November 2007. Representatives of the entire North American airport concessions industry were in attendance. The annual conference brings together airport management and concessions professionals to examine trends and best practices in airport retail planning, goal setting, and key operational and management issues.



ALDERWOOD CORPORATE CENTER: PDX NEIGHBOR

Alderwood Corporate Center, approximately 41 acres and owned by the Port of Portland, is an eight-building, 830,000-square-foot light manufacturing and distribution center that has far exceeded expectations for both the land owner – the Port – and the building owner, New Tower Trust Co. Multi-Employer Property Trust, also known as MEPT.

Developed between 1995 and 1999 by the Trammell Crow Co. on behalf of MEPT, the Alderwood Corporate Center has provided an estimated 600 jobs to the more than 25 users who occupy or have occupied the space.

“Due to its proximity to airfreight-related terminals, I-205 and I-84, the center offers many advantages to distribution and logistics providers who deliver products both locally and globally,” said Scott Kappes, senior vice president of Capacity Commercial Group, which oversees leasing.

Despite the high quality of the land and its outstanding location, the development would not have happened without a partner-oriented approach by the Port and MEPT. The property was acquired by the Port with federal funds in the mid-1970s to protect the approaches to Portland International Airport. Consequently, the Federal Aviation Administration regulates development on the property and prohibits its sale, making the property



Scott Kappes of Capacity Commercial Group

available only as a ground lease. Most developers and owners of commercial real estate prefer owning the land and improvements, however the Port, Trammell Crow and MEPT worked together creatively to structure the ground lease in a manner which allowed large scale development.

Alderwood Corporate Center is home to OIA Global, Eagle Global, the U.S. Postal Service, Ferguson, Kintetsu World Express and others. The newest tenant, Coffee Bean International, has selected Alderwood as their Portland headquarters.

PDX CELEBRATES CONDÉ NAST AWARD

Portland International Airport is proud to receive for a second consecutive year, Condé Nast Traveler magazine's "Best U.S. Airport" award. Winners are selected through an annual poll of business travelers who rate U.S. and international airports, airlines and hotels.

Business travelers rated U.S. airports this year based on several criteria, including location/access, ease of connections, customs/baggage, food/shops/amenities, comfort/design, and perceived safety/security. PDX also received the highest score among airports for comfort/design and perceived safety/security.

"This award is a credit to the thousands

who work hard every day to serve travelers and make PDX a special place," said Mary Maxwell, Port of Portland aviation director.

Last year the magazine noted, "Years of costly renovations have paid off: Oregon's Portland International takes first prize among domestic airports, thanks to easy access (travelers can reach downtown in 38 minutes by MAX light rail...), an array of shops (including hometown favorites Nike and Powell's Books), and free wireless Internet access throughout the main terminal."

A LOOK UNDER THE CANOPY AT PDX

Two and a half acres of glass, with trusses spanning 180 feet and ranging in weight from 43 tons to 75 tons, the canopy at Portland International Airport is a spectacular front door that garners compliments from around the world.

Such a structure, along with all the real estate below it, presents all kinds of unique challenges when it comes to its care and keeping. For instance, the plants underneath receive filtered light and limited sun and rain. Port of Portland landscapers use drip irrigation systems to water the plants draping over the edges of the parking garage. Fertilizing and pruning must be done from bucket trucks, which means closing a lane of traffic and working at night when traffic is light.

Workers scrub away roadway dust, dirt and exhaust stains from the terminal building, using abrasive pads and a biodegradable solution. Because the Port has such high environmental standards, all cleaning solutions must comply, and even the dirty water rinsed off a surface is captured and disposed of properly.

For the exterior of the canopy, a cable restraint system was part of the permanent installation to allow workers to tie off and safely clean the glass, but so far – the canopy was installed in 2000 – that hasn't been done; the Oregon rains have sufficed.

There are 144 light fixtures using 320 watts each to light up the area under the canopy; 68 flood lights, each using 400 watts; and 62 lights each using 32 watts. A computerized sensor system operates many of these lights more efficiently and extends their lives to approximately three years.

The large canopy-covered area is open to traffic 24 hours a day, 365 days a year. It takes constant coordination among building maintenance crews, electrician and landscaping crews, roadway and parking staffs, and janitorial and customer relations staffs to tend to this space and keep it working, not to mention safe and clean and beautiful.



Big day? We'll park so you can fly.

7 a.m. PDX departure, 9:30 a.m. meeting in San Francisco, late lunch in L.A., overnight in San Diego. Start your day off right by dropping your keys with our valet. We'll greet you with a smile, park your car and have it waiting when you return. A great stress-free solution at Portland International Airport for just \$30 a day. Gold Key Valet. We park. You fly.

www.pdx.com
PORT OF PORTLAND
Possibility. In every direction.



GOLD KEY VALET

The new parking option at PDX is quickly becoming a favorite with travelers who want to save time, and even with meeters and greeters who use it on an hourly basis while they're in the terminal. The Port of Portland ran advertisements in regional publications last month to introduce the service.

AIRPORT TENANTS REUSE AND RECYCLE

Chairs, plastic and metal racks, scrap wood, computers, shelving, old tiles – they all turned up during the Tenant Cleanup Day at Portland International Airport in November.

The semiannual event, sponsored by the Port of Portland, provides airport tenants the opportunity to shed unwanted bulky items from their offices and work spaces – items that cannot be disposed of or recycled within the normal system.

"We emphasize recycling and reusing over disposal," said Stan Jones, aviation environmental compliance manager at the Port. "And each time we have one of these events, more tenants bring more 'stuff.' During this cleanup, more than 7 tons of metal, rigid plastic and wood were collected for direct recycling, and more than 2 tons of garbage."

Tenants are encouraged to set aside reusable items such as furniture for collection by a not-for-profit organization, and this fall, half a ton went to a local reuse center. Reusing items is viewed as a more sustainable alternative to recycling; it eliminates disposal fees and extends the useful life of many perfectly good items.

Tenant Cleanup Day is offered every spring and fall at PDX.

IDAHO TRADE MISSION

A great deal of the business flowing through the Port of Portland involves customers in Idaho. That's why the Port's regional marketing manager, John Akre, joined Idaho Gov. C.L. "Butch" Otter's recent 10-day trade mission to four cities in China.

Besides the governor and first lady, the group of 29 included elected officials, representatives from the potato and wheat commissions, and importers and exporters from the region. They visited Beijing, Shanghai, Harbin and Shenzhen, where they met with contacts to discuss the potential for future sales, promotional opportunities and partnerships.

"For me, it was about representing the Port, building relationships and supporting the Idaho mission," said Akre. "It makes sense for us to work together, as there are many issues of mutual interest."

One good example of a working partnership is the relationship that the Port has with the inland Port of Lewiston in Idaho. The two ports have worked together to bring containerized grain and other products to international markets. Lewiston is the largest exporter of containers on the system.

Some of the visits resulted in signed contracts for sales of compressed hay and pork, but the governor said the connections with potential Chinese customers were the most valuable outcome of the trip. "China already is the number-one international destination for Idaho products," said Otter. "But relative to the potential that's there, we have barely scratched the surface."

PORTLAND WELCOMES NISSAN AND INFINITI

Thanks to location, rail connections and a growing reputation as an auto gateway to the U.S., Portland was selected for the delivery of Nissan and Infiniti vehicles in October 2007. While large auto carriers are certainly no strangers to the Port of Portland, it has been many years since these particular makes were delivered here.

The first two ships delivered more than 4,000 cars to Terminal 6, where they were offloaded at the Auto Warehousing Co. facility by Marine Terminal Co. stevedores and loaded onto rail cars for delivery to inland destinations. All of the automobiles discharged in Portland were delivered by rail to points on the East Coast. Diversion to the West Coast saves about half of the time for the ocean carriers' voyage compared to carrying them all the way to the East Coast.

Portland's auto business continues to drive record results. In the past fiscal year, Toyota (including Lexus and Scion), Honda (including Acura), and Hyundai combined to maintain the Port's position as the highest volume import auto gateway on the U.S. West Coast and fourth in the nation. The 476,000 vehicles handled were 13,000 more than were handled in the previous year.

Following on the success of the first two visits, there could be more deliveries of Nissans and Infinitis in the Port's future. Portland has capacity available to accommodate the vehicles that other ports can't match, which is a competitive advantage. Each car processed brings an estimated \$318 in economic benefits to our region.



TERMINAL 6 CONTAINER SCANNING GOES LIVE

A powerful new security enhancement is up and running at Terminal 6. Radiation portal monitors installed at the out-gate lanes are now being used to scan all containers leaving the terminal. This technology, being employed by U.S. Customs and Border Protection, supports Department of Homeland Security objectives by screening for the presence of nuclear and radiological materials.

While they cannot look through the walls of a container like an x-ray machine, the monitors can detect energy from radiological material passing near it. The monitors are nonintrusive, so the screening occurs without impeding the flow of traffic from the terminal. Vehicles triggering an alert will be diverted to a secondary inspection site by onsite customs agents to differentiate naturally occurring sources of radiation

from potential threats.

Much like a giant Geiger counter, the radiation portal monitors are safe and do not emit any radiation. They simply recognize certain types of energy and indicate the strength of the energy detected. Similar systems are used at health and science facilities to ensure that radioactive materials are not removed without proper authorization.

The monitors are part of several security upgrades and technological enhancements to the terminal. Optical character recognition devices have also been installed and will soon be enhancing efficiency at the gates. Helping match the correct cargo with the correct trucks, the technology will improve processing time. In addition, the Port is in the midst of adding new gate houses, fencing, monitoring systems and access controls.



The Port of Portland's Sebastian Degens gives visitors a unique view of the container cranes at T-6.

TOURS, SPEAKERS, ACTIVITIES ENGAGE COMMUNITY

It's easy to miss the bustling activity going on year-round behind the fences at the Port's marine facilities. That's why Port staff escorted more than 50 groups on guided tours over the past year, taking them behind the scenes and explaining what happens there.

On the tour, visitors have a chance to get up close and personal with the marine operations and learn how they directly and indirectly impact the region's access

to goods, jobs, the economy and quality of life. Groups have included students in grade school through college, professional organizations, conferences, corporations and other ports.

Many have also taken advantage of the Port's Speakers Program and learned firsthand from a Port representative about the Port's role in the community. And elementary school children benefit when a Port staff member brings "Where in the World?" to their classroom. This suitcase full of hands-on activities teaches children about shipping and international trade in fun and thought-provoking ways. To schedule a presentation, contact Abby Mullins at 503-944-7051 or abby.mullins@portofportland.com.

CONTAINERIZED GRAIN: THINKING INSIDE THE BOX

First introduced in 1956, containers are used to ship most of the world's freight today. Furniture, electronics, apparel, tires, toys – they all travel efficiently and cost-effectively inside a 20-, 40- or 45-foot box, easily moving from one mode of transportation to the next. Increasingly, containers are being used to transport some unexpected categories of goods, such as autos and traditional bulk products like grain.

While Portland has not yet handled new containerized autos, there has been sustained growth in containerized grain. Export goods often come to Portland from upriver ports with access to inland producers along the Columbia/Snake river system. One such port, the Port of Lewiston in Idaho, is up more than 28 percent on the year for containerized cargo compared to around 22 percent for bulk commodities such as wheat and barley. The containers are transported by barge to Portland and then loaded

onto a container vessel bound for Asia.

The containerized grain concept has been around since the 1980s, but the demand now is greater than ever. In years past, the typical shipping method has been bulk freighters. With rising ocean shipping rates, however, containerization has become a more cost-effective method in some cases. It also helps recover the value otherwise lost with empty container backhauls, while providing new access to markets for smaller producers.

With only a simple loading modification, grain can be dumped or blown into a container. Bagged product can also be stacked inside like any other commodity. This allows different types or grades to be kept separate. Containerized grain appears poised for continued growth, but as many producers along the Columbia/Snake River system continue to do record bulk business, it appears there is plenty of room for both methods to increase.



Proximity to Portland and easy access to a variety of transportation options make location a prime asset for the Columbia Cascade Enterprise Zone.

OREGON'S NEWEST ENTERPRISE ZONE OPENS

For companies looking for shovel-ready land with room to build, easy access to multimodal transportation networks, and a welcoming business environment with competitive pricing, it's good news that the new Columbia Cascade Enterprise Zone near Portland is open for business.

Sponsored by the cities of Troutdale and Fairview, and supported by the Port of Portland, the Oregon Economic and Community Development Department granted the Enterprise Zone designation from September 2007 through June 2013.

The once-bustling Reynolds Metals site that provided jobs for hundreds has been idle since 2000. In 2004, the Port began working to purchase the vacated 700-acre site for redevelopment as the Troutdale Reynolds Industrial Park. Removal of structures and environmental cleanup has converted the former brownfield back to productive use. The property is located in the heart of the enterprise zone, and FedEx Ground has expressed interest in the site for a distribution hub.

The zones typically use 3- to 5-year tax abatement and other assistance programs as temporary incentives to bring jobs, infrastructure and economic stimulus to a community. The companies still contribute community service fees that support services provided by city and county government. Other states have active and aggressive programs, especially in the South and the Southeast.

The Columbia Cascade Enterprise Zone would require criteria be met by businesses applying for tax exemption benefits. The proposed criteria include requirements for job creation and retention, quality jobs, minimum investment levels, first source agreements for local jobs and procurement plans for local purchasing.

Oregon's first enterprise zones were created by the 1985 legislature. Ninety-eight cities in 35 counties currently use them. There are 56 zones located throughout the state. The latest state numbers show that 5,884 jobs have been created in these zones, offering average compensation of \$35,695 per year.

TERMINALS PREP FOR NEW WORKER ID SYSTEM

It has been known for some time that those who work at the Port of Portland's marine terminals or visit them regularly will need to apply for the Transportation Worker Identification Credential, a new universal identification system being rolled out nationally. Until recently, however, no one knew when that requirement would come to Portland. In October 2007, the Transportation Security Administration issued a deployment plan that scheduled Portland for issuing the credential in the first quarter of 2008.

In the first phase of implementation, the credential will act as an ID card only. The Port expects a seamless transition and does not anticipate any impacts to operations. There are already good access controls in place at the terminals, and this will simply unify the type of identification used. The federal program also

ensures criminal background checks for those working at and regularly visiting the marine terminals. The Port has been reviewing regulations and enforcement guidelines from the TSA and the U.S. Coast Guard as it crafts the implementation plan for the marine facilities.

Enrollment began in October with the Port of Corpus Christi in Texas and the Port of Wilmington in Delaware. The ports of Tacoma and Oakland are among a group of 10 more to be enrolled in November. More information about the credential is available from the TSA Web site at <https://twicprogram.tsa.dhs.gov>.



Attending the ceremony to honor Al Eschbach are his brother, Bob Eschbach, and his son, Ed Eschbach.

FRIENDS, COLLEAGUES REMEMBER AL ESCHBACH

A.M. "Al" Eschbach was a pioneer who helped shape the Port of Portland that we know today with his role in the development of the Port's container terminal. On Oct. 12, 2007, approximately 50 people gathered outside the front door to the Administration Building at Terminal 6 for a special ceremony and plaque dedication.

Port Executive Director Bill Wyatt spoke at the event attended by friends, family and former coworkers. He talked about Eschbach's past experiences, notable contributions and legacy. "He has since passed away," Wyatt said, "but his work has helped cultivate international trade, which has reaped a bounty of benefits for our region – as it will for generations to come."

Eschbach's life included unique experiences such as helping to build the Alaskan Highway, assisting in post-World War II rebuilding efforts, and participating in an exchange with ports in the U.S.S.R. He was a retired colonel in the U.S. Army Corps of Engineers and a former director of public works for Spokane, Wash.

Eschbach had been the chief engineer for the Dock Commission before its merger with the Port of Portland. At the Port, he was the director of the development services department, which earned awards for successful marine, industrial development and aviation projects. In 1975, he was promoted to assistant executive director after the completion of Terminal 6, and he retired after completing his term of office as president of the American Association of Port Authorities.

The new plaque is located near the entrance to the T-6 Administration Building alongside a plaque for John M. Fulton, for whom the terminal was named.

OREGON'S PREPAREDNESS PUT TO THE TEST

Is Oregon prepared for a potential natural or man-made disaster? That's the question government and private sector leaders ask themselves daily in the wake of Sept. 11 and Hurricane Katrina, both of which brought our country's preparedness to light. The U.S. Department of Homeland Security developed a plan to challenge America's capabilities by hosting full-scale exercises every two years, which allows states to learn from these tragedies and improve methods to prevent, prepare for and recover from similar incidents.

This year's exercise – Top Officials 4, or TOPOFF 4 – was the fourth in a series of congressionally mandated exercises. TOPOFF 4, held in October, was the largest and most comprehensive exercise to date. Oregon, Arizona and the U.S. Territory of Guam participated

as the regions under "simulated attack." The exercise tested this area's response to the simulated detonation of a radiological dispersal device, or what is commonly referred to as a "dirty bomb." This scenario provided the opportunity to respond to mass casualties and widespread contamination within populous areas.

Portland had the rare opportunity to not only test its response capabilities but also strengthen its interagency communications. Top officials from every level of government were heavily involved. Players and planners included Gov. Ted Kulongoski, Portland Mayor Tom Potter, city managers, local police and fire departments, nongovernmental agencies, more than 17 area hospitals, as well as various federal agencies and departments.



Officials from several Port of Portland departments gather at PDX to work through the complex scenario of the TOPOFF 4 exercise.

FOOTWEAR MEETING DEEMED A SUCCESS

Portland is known as home to critically acclaimed national and international athletic shoe designers for Nike, adidas, KEEN, Columbia Sportswear and Danner/LaCrosse. As reported in the cover story of the fall 2007 issue of *Portside*, it was a natural for the Footwear Distributors and Retailers of America to host its annual conference in Portland Sept. 30 to Oct. 3. The issues discussed included customs clearance and logistics needs of the footwear supply chain.

The Port and Nike co-hosted the event which drew 170 footwear logistics leaders. The Port's Barry Horowitz, general manager of container marketing, spoke at the conference and illustrated the many logistics advantages for footwear importers to move cargo through this region.

PORT PARTICIPATES IN GLOBAL CONFERENCE

More than 500 international delegates landed in Portland in early October to attend The Competitiveness Institute's annual Global Competitiveness conference, which focused on themes of collaboration, innovation and sustainability. One speaker was overhead saying, "These are some of the most intelligent and difficult questions I've ever heard at a conference." Tours of manufacturing facilities, as well as the Port of Portland's own Terminal 6, were featured, and Susan Bladholm, corporate marketing senior manager, spoke about public-private partnerships.

Conference organizer Amy Keiter of Oregon's Economic and Community Development Department summed it up best, "We spent a week learning best practices in growing regional economies, from delegates around the world, while showing off some of the cutting-edge efforts we've undertaken in the Pacific Northwest." Duncan Wyse, president of the Oregon Business Council, predicted that "the connections created by the event will provide untold benefits to the state."

NEW COMMISSIONERS BEGIN TERMS

In October 2007, the Port of Portland welcomed new commissioners Diana Daggett and Peter Bragdon. Gov. Ted Kulongoski announced their appointment, and both appointees were confirmed by the Oregon Senate in September.

Daggett is the America region director of corporate affairs for Intel Corp., where she has held various positions since 1997. Bragdon is the vice president and general counsel for Columbia Sportswear Co.



The confirmation of Daggett and Bragdon to the Port's nine-member commission follows the recent addition of Paul A. Rosenbaum in May. At that time, Gov. Kulongoski also appointed Judi Johansen

as Commission president.

Daggett and Bragdon replaced Junki Yoshida and Grant Zadow who served on the commission for 12 years and eight years, respectively. Both contributed business expertise to major developments at the Port. In 1997, during Yoshida's tenure, Canpotex built a mineral bulk facility at Terminal 5, exporting fertilizer throughout the Pacific Rim. In 2001, the Port hired Bill Wyatt to the executive director's post, and TriMet rolled out its airport MAX service, connecting Portland and points west to PDX. Both Yoshida and Zadow were on board the Commission when Lufthansa Airlines initiated its Portland-Frankfurt service in 2003, and when Northwest Airlines embarked on PDX-Tokyo service in 2004.



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. Commission presidents are selected by and serve at the pleasure of the governor. The Commission appoints the Port's executive director.

OREGON BUSINESS TOUR: LESSONS LEARNED

As part of its 25th anniversary celebration, Oregon Business Magazine toured Oregon in a large motor coach bus for the month of September to learn about legacy and emerging industries, trends and challenges in all regions of the state.

The Port co-sponsored the journey to help communities highlight their assets and opportunities. Oregon Business Magazine editor Robin Doussard said in her November letter to readers, "Three themes emerged in places large and small: New economies are taking root where others have faded; many main streets are under construction and thriving; and the green dream is getting stronger as businesses and governments give sustainable practices more than just lip service."

Many of the smart people who work in small communities around the state do business with the Port, whether by exporting agricultural products, importing steel and fabrication supplies for manufacturers, or by flying in and out of Portland International Airport.

Barbara Sidway, owner of the Geizer Grand Hotel in Baker City, is a heralded leader in eastern Oregon. Geizer, who played host to tour participants, serves on many boards and chairs the 150th anniversary of Oregon's statehood coming up in 2009. Geizer said, "This event energized the business community. We took advantage of this opportunity to reassess our own strengths and weaknesses in the context of our statewide neighbors. It was a great opportunity for the local business and civic community to then showcase our strengths, and to make connections to grow in partnership with others in Oregon."



Executive Director Bill Wyatt films on location for a new video that outlines the Port's environmental efforts.

PORT VIDEO HIGHLIGHTS ENVIRONMENTAL PROJECTS

The Port of Portland is trying a new approach to report the results from its annual environmental objectives and targets: it opted to produce a 10-minute video to accompany its annual reporting. The video introduced viewers to Port operations while providing an overview of initiatives aimed at reducing the environmental footprint of its work. Over the past eight years, the Port integrated so many projects and programs with environmental benefits into operations, that summing up the activities in 10 minutes proved a little tough.

The Port focused on some of the most innovative, interesting and beneficial efforts it has pursued at its marine and aviation facilities. The video describes ways in which the Port reduces air emissions, incorporates the use of alternative fuels into operations, conserves water, and protects natural resources. Highlights include projects that allow the Port to partner with aviation and marine tenants, and focus on environmental programs that are usually behind the scenes.

The video is a thorough introduction to the Port's environmental work – and an invitation to learn more. To request a copy of the DVD, contact Rachel Wray, environmental outreach manager, at 503.944.7047.

REALIGNED SCHEDULE FOR TERMINAL 4 CLEANUP

Last August, the Port of Portland approached the Environmental Protection Agency about realigning the schedule of the Terminal 4 sediment removal project with the overall Portland Harbor Superfund study. In November, the EPA agreed with this request, which means that some parts of the T-4 cleanup plan previously approved by EPA will be put on hold until additional harborwide data are available.

The original plan, selected by the EPA in 2006, involved three proven methods for cleaning up contaminated sediments: dredging (removing the sediments), capping (covering the sediments), and monitored natural recovery (allowing natural processes to cover, break down or immobilize sediments). The dredged sediments were to be placed in an on-site confined disposal facility.

Originally, the two projects were on parallel tracks, but incremental changes in the harborwide studies have resulted in a new schedule; the harborwide risk assessments and feasibility study are now expected in 2009 instead of 2007.

In the interim, other components of the original cleanup plan are moving forward. The Port will continue working on the 100-percent design of the cleanup action. Perhaps more importantly, the Port will pursue an EPA-approved abatement plan that includes isolating and capping an area of petroleum-contaminated sediments, stabilizing areas along the Willamette River bank, and dredging some contaminated sediments for disposal in a landfill.

The plan for cleaning up Terminal 4 has always been comprehensive and multifaceted. By breaking the plan up into phases that are based on useful and complete data, the Port believes the overall removal action at T-4 will be more environmentally protective of both the river and the people and animals that rely on it. To learn more about T-4 cleanup, visit www.portofportland.com.



The Port of Portland's Susan Aha explains deicing operations at a recent Portland International Airport open house.

PORT'S OUTREACH AND COMMUNICATIONS LAUDED

The Port of Portland recently received some welcome acknowledgement of its aviation and marine community outreach programs from the American Association of Port Authorities and from Airports Council International-North America.

The Port learned that its environmental outreach and communication program had received the award for "Stakeholder Awareness, Education and Involvement" from the AAPA. This is the Port's eighth consecutive environmental award from the association.

AAPA awarded communications awards to the Port for its brand ad campaign; container barging brochure; Seaport Celebration; annual report; news magazine, Portside; marine newsletter, Dispatch; and Web site.

Airports Council International-North America also announced that the Port was the recipient of an Environmental Achievement Award in the "Outreach, Education and Community Involvement" for enhancements to the Portland International Airport deicing system.

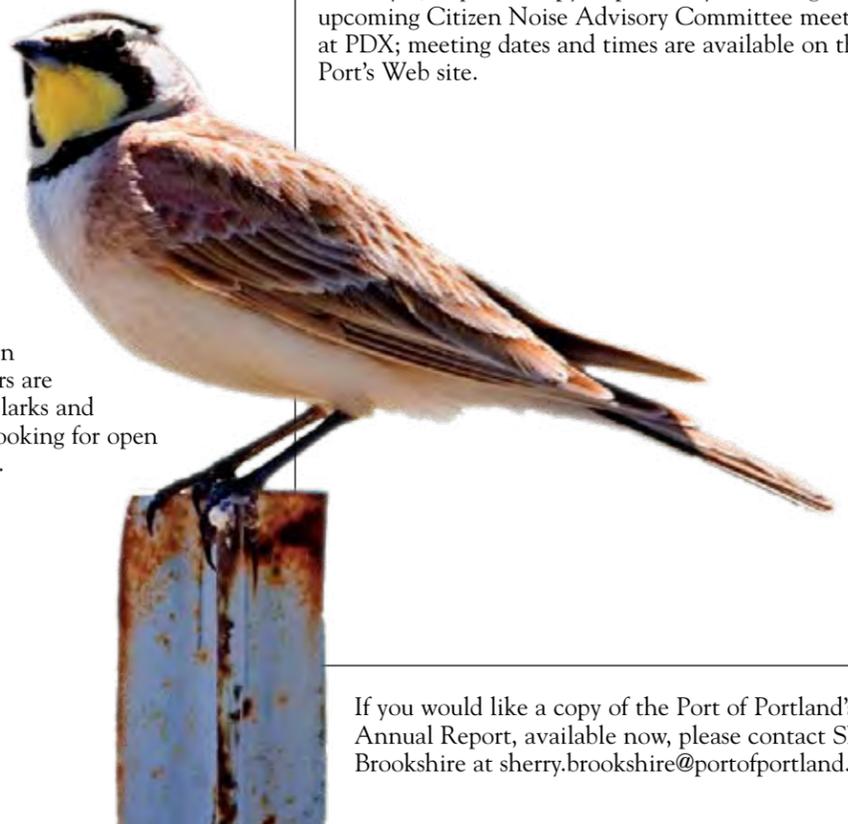
LOOKING OUT FOR LARKS

Take five acres of landfill – specifically, the St. Johns landfill in north Portland. Add 8,000 cubic yards of clean, fine sand from West Hayden Island, sparsely planted with native bunch grasses. Then wait and hope that native streaked horned larks find their way to this new habitat not far from Rivergate Industrial District.

Over the past few years, Rivergate has hosted a breeding and wintering pair of the larks. The land was recently leased by a developer, who began construction this summer. While no mitigation was required for the development, the Port saw an opportunity to promote the survival of the species within the Portland metropolitan area. The species is defined as "critically sensitive" by the Oregon Department of Fish and Wildlife.

With considerable help from Metro and Oregon State University, and with support from the city of Portland, Department of State Lands, and Audubon Society of Portland, the Port pursued the project. The St. Johns landfill provided a good place to start – it's just one-half mile away from the larks' previous wintering site – and the newly created habitat will be maintained in perpetuity on the landfill. The specific type of landscape is also attractive to native western painted turtles and western meadowlarks.

The site will be monitored, weeded and reseeded as necessary to maintain viable habitat, and in the meantime, project sponsors are keeping a discreet eye out for larks and other native wildlife species looking for open space in the city to call home.



REPORT OUTLINES NOISE MANAGEMENT AT AIRPORTS

Aircraft noise is a complex topic – one in which the science of noise, the mechanics of aircraft technology, and the intricacies of air traffic control and safety intersect. To help explain the ins and outs of measuring and managing noise from its aviation facilities, the Port of Portland's Noise Management Department has produced a new report on aircraft noise at Portland International Airport and the Port's general aviation airports in Hillsboro and Troutdale.

The report describes noise trends and specific abatement strategies and helps explain long-running projects and their effect on the airport's noise footprint. It also introduces several new programs, such as "Fly Quiet" and an upgraded aircraft noise and operations monitoring system that will provide resources to pilots and residents alike.

A copy of the Aircraft Noise Management Report is available by calling Shannon Huggins, community affairs aviation program manager, at 503.460.4073. Better yet, request a copy in person by attending an upcoming Citizen Noise Advisory Committee meeting at PDX; meeting dates and times are available on the Port's Web site.

If you would like a copy of the Port of Portland's Annual Report, available now, please contact Sherry Brookshire at sherry.brookshire@portofportland.com.

BIG BUILDINGS BIG BENEFITS

THE IMPORTANCE OF DISTRIBUTION CENTERS

Airplane hangars, convention halls, Las Vegas casinos . . . that's the scale of your typical regional distribution center. Square footage is measured in the hundreds of thousands or millions. They are climate-controlled, specialized warehouses where high volume freight is delivered, stored and consolidated into shipments bound for multiple destinations. While the structures themselves are large, their impacts on stimulating growth in the economy and among related industries are just as sizable.

Heavily dependent upon rapid access to imported goods, distribution centers have a mutually beneficial relationship with the Port of Portland. The Port and its carriers handle their containers imported through the terminal, while the companies benefit from fast, dependable and cost-effective access to international markets provided through the Port.

Attributes like good paying jobs, economic stimulus and access to goods drive strong competition nationally for attracting companies looking to site or relocate a distribution center. With shovel-ready land available for development near the marine terminals and easy access to rivers, roads and rail, the Port of Portland and its partners are supporting and attracting businesses in the distribution and logistics sector.

It's the Network

When someone sends an e-mail or visits a Web site, a packet of digital information is delivered via a network of transmission lines and hubs strategically located around the world. In many ways, supply chain logistics today follow the Internet model, utilizing a network of multimodal transportation and warehousing facilities to deliver goods quickly from one place to another. A key part of that network is the distribution center.

Trace a purchase back to its origin, for example, to find that the raincoat purchased in Portland was



made somewhere in Asia and transported to the Port via a container ship. The container was then loaded onto a truck and delivered to a regional distribution center. The box or pallet of coats was removed at the distribution center and either stored with other inventory until needed or immediately loaded for delivery to the store where it was purchased.

There are different variations on the concept, with some companies operating their own centers and others depending on third party logistics firms to coordinate their transportation, warehousing and distribution. The size of the region a center covers and the number of locations that it delivers to can vary greatly as well, with some of the largest supplying more than 100 separate destinations.

It is not possible or practical to deliver trucks or rail cars full of goods directly to stores, or to have thousands of different vendors ship directly to the stores. Additionally, most retail outlets do not have the ability to stockpile large quantities of on-site inventory, so the shift has been toward “just in time” delivery where the stores order and receive goods from the distribution center as needed. This is especially beneficial when it comes to stocking up on seasonal merchandise prior to the holidays when inventory doubles.

With increases in imported products, total supply chain costs – including transportation – must be factored into profit margins and business competitiveness. Distribution centers help reduce transportation costs while expediting delivery speed, solving capacity challenges, and expanding the variety of inventory.

A Growing Industry

A number of regional distribution centers are located along major freeways in Oregon and southwest Washington, with the largest being Target in Albany, Wal-Mart in Hermiston, and the new Lowe’s facility in Lebanon. Those located in

and around the Portland area include blue chip companies such as Nike, LG Electronics, Hewlett Packard, Columbia Sportswear, Dollar Tree, Fred Meyer/Kroger’s, Nordstrom, Albertsons, Joe’s, Xerox, Rite Aid and Intel.

The Port began seeing containers arriving for the new Lowe’s facility last summer. One of the three largest single level buildings in Oregon, it boasts 1.3 million square feet with room to grow to more than 2 million. The center employs hundreds.

Portland’s athletic apparel and footwear cluster has continued to grow with the addition of centers for Lacrosse/Danner, KEEN Footwear and Nau. KEEN recently located in the Bybee Lakes Logistics Center across the street from the container terminal near Columbia Sportswear’s facility.

Columbia Sportswear’s distribution center originally opened in spring of 1994 with 150,000 square feet, and it has grown quickly along with the business. The company has made significant investments in expanding capacity, and today the 800,000-square-foot facility has more than six miles of conveyors, and a capacity of nearly 3 million cubic feet. During an October visit to Portland, U.S. Secretary of Transportation Mary Peters toured Columbia’s distribution center. “The efficiencies that have been built into this facility are helping Columbia thrive and Portland prosper,” said Peters.

Trammell Crow is completing construction on the first phase of 2.5 million square feet of warehouse and distribution center space on 113 acres in the Rivergate Industrial District. Potential tenants expressed interest even before the foundation was poured.

Other new and pending development includes a 262,640-square-foot speculative warehouse/distribution center near Portland International Airport, called LogistiCourt at Portal Way. The Port has also completed the acquisition of 700 acres of industrial property in Troutdale, with Phase 1 of the

redeveloped industrial park slated for a state-of-the-art FedEx Ground transportation hub.

Large third party logistics companies such as Expeditors International and Terminal Transfer in Rivergate handle warehousing and transportation for large local accounts and work closely with the Port. Logistics leaders rely on distribution centers to streamline operations and boost their bottom lines.

What the Future Holds

Shipping and receiving hundreds or thousands of containers and truckloads per year requires advanced technology and infrastructure, and a sizable work force. Distribution centers bring significant private investment in the communities where they locate. They generate good paying jobs, help support related industries, and stimulate the economy, which is why cities and states are willing to offer incentives to attract them.

The Port, Portland Development Commission, Oregon Economic and Community Development Department, and other strategic partners are continually working to identify new opportunities to attract those in the distribution and logistics industry. They are also facing challenges relating to the costs of congestion, needed infrastructure investments, competition from other regions, and adapting to remain viable.

A well-developed transportation network with low congestion, river grade rail, capacity to accommodate growth, dependable infrastructure, available land and warehouse space, and competitively priced access to inland markets are but some of the many attributes that continue to make the Port of Portland and the region it serves attractive to those in the growing distribution and logistics sector. ☒

Josh Thomas

Construction continues on Rivergate Corporate Center III, Building A, the first phase of 2.5 million square feet of new warehouse and distribution center space in Rivergate Industrial District. Container cranes at Terminal 6 are visible in the background.



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