Many thanks to everyone involved!

The Port of Portland’s Strategic Plan is one of our most important internal efforts. As we embrace the challenges of securing revenue to fund operations, making capital improvements, addressing legal obligations such as the Portland Harbor Superfund site, and delivering on our mission to our stakeholders, this plan lays out a clear path forward.

This document sets clear goals and objectives and describes how success will be measured. The four strategic areas of focus and their supporting initiatives that will guide the Port over the next five fiscal years reflect input from external expert panels, the Port Commission, the Airport Futures advisory committee, the Maritime Futures blue ribbon panel, the Greater Portland Export Initiative, and internal work sessions.

We believe this plan reinforces with each Port employee their role in our success. It also emphasizes the degree to which we remain focused on working with our customers, public- and private-sector partners, and our community to continue to make our region one of the most livable anywhere.

This plan will be updated yearly and I welcome your feedback, input and questions.

Executive Director
Port of Portland
We followed a rigorous process

<table>
<thead>
<tr>
<th>GET CLEAR</th>
<th>GET FOCUSED</th>
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<tbody>
<tr>
<td><strong>Process:</strong></td>
<td><strong>Process:</strong></td>
</tr>
<tr>
<td>Identify strategic challenges and related propelling questions (five-year view)</td>
<td>Conduct external environmental scan to further inform strategic perspective (five-year view)</td>
</tr>
<tr>
<td><strong>People:</strong></td>
<td><strong>People:</strong></td>
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<tr>
<td>Directors</td>
<td>Directors</td>
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<tr>
<td>Plan Development Team</td>
<td>Plan Development Team</td>
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</tbody>
</table>

| **Process:** | **Process:** |
| db | Reaffirm Port’s vision, mission and values |
| **People:** | **People:** |
| Directors | Directors |

| **Process:** |
| Conduct SWOT current state / desired state analysis |
| **People:** |
| Commission Directors |
| Plan Development Team |
Strategic Planning Process

Process:
Assess / reaffirm unique role of value

People:
Commission Directors
Plan Development Team

Process:
Identify strategic areas of focus and corresponding metrics and measures (objectives)

People:
Commission Directors
Plan Development Team

Five-Year Strategic Plan Approved

Process:
Identify strategic initiatives

People:
Approved by Directors
Senior Managers
Strategy Teams

Process:
Begin business line operational planning for year one

People:
Business Unit Teams

GET MOVING
We listened to many perspectives

Air Passenger Travel

Dean Hill, President, Campbell-Hill

Greg Detmer, Director, LeighFisher

Filipe Reis, Regional Head, APCS, The Americas, International Air Transport Association

David Stewart, Head, Airport Development, International Air Transport Association

Ed Lisle, Intel Labs Systems Prototype Research Director, Intel

Key take-aways:

- Customers want control, convenience and choice.

- Evolving technology will change travel. Technology options are advancing to provide smarter, more personalized options for travelers. Travelers are increasingly able to take control of their experience through higher level connectivity and technology: self-bag-tagging, automated bag drop off, document check kiosks, “smart security” flight re-booking, self-boarding and lost bag kiosks. Portland International Airport needs to be prepared to keep up with/lead the industry.

- The built environment has meaning, can be a source of civic pride. Keep the PDX personality as a means of differentiation even with new technology. The space should be flexible and adaptable for business partners and should be easily accessible to relieve stress so travelers can focus more on the quality experience.

- The airport customer is not just the traveler, but all those who support the traveler—the person or service that picks up or drops off, the person booking the travel, the hotel, convention center, etc.

Container Cargo

Gary Neal, General Manager, Port of Morrow

John Martin, Martin Associates

Del Allen, CEO, Allports

Guy Stephenson, President, Westwood

Bill Kruse, Partner, GKSF Global Research

Key take-aways:

- The Port of Portland has a viable, positive future. We are diversified to manage risk—containers to bulks to break bulk. Serve as a niche port. Excellent for smaller carriers serving niche markets. Export cargo is big in Portland and that's great. We have a smaller terminal and the potential for speed. We have the river, railroads, a location outside of downtown, and two interstate highways. We have the ability to build a portfolio of niches.

- Need to focus on balance; intermodal service; partnerships; regular and reliable service and workforce. Need to engage more entities beyond local—Boardman, Lewiston, etc. Re-establish the Columbia Snake River Marketing Group?

- There is a great deal of concern with the ILWU issue coastwide—but we don't control this. Local (Portland) labor tone and tenor could be a deterrent. Perception becomes reality. Perception is that it is difficult to do business in Portland. We will need to find a way to address this. Volumes are going to go to the most efficient ports.
Mitigation

Brad Gentry, Professor in the Practice; Co-Director of the Center for Business & the Environment at Yale; Director of the Research Program on Private Investment and the Environment, Yale University

Scott McEwen, Conservation Director, Columbia Land Trust

Becky Crockett, Geo/Hydro Manager, Oregon Department of Transportation

Joe Whitworth, President, Freshwater Trust

Key take-aways:

- There is a need to understand the Port’s role(s) in the conversation—without this clarity it can be confusing to others and cause trust issues if parties think the Port’s role is/should be something other than it is.

- Establish the Port’s role to be ‘the convener.’ There is good work going on, but there is a void in the region relative to a place where all interests can convene and collaborate. This could have an organizational structure around it, e.g., a learning lab. Promote the regional expertise of the Northwest as an avenue for economic development. Look across traditional boundaries, e.g., Port of Portland and Port of Vancouver.

- Harness the Port’s market power and monetary investments in a way that’s good for the environment. When the Port invests, bring conservation into the planning in a way that shows it being prioritized. Potential economic trade-offs are acknowledged. Expand the topic to conservation versus the more narrow mitigation. Conservation is not just wetlands—it’s a broader natural resources issue. The Port can move into this incrementally. There is value in starting incrementally versus waiting until a full-fledged strategy has been developed and vetted.

- Consider how the Port can engage differently around conservation and more fully support sustainability and quality of life, how can it make the Willamette River more relevant.

- Don’t just focus on number of acres — focus on what it does.
Industrial Land

Bernie Bottomly, Vice President, Government Affairs and Economic Development, Portland Business Alliance

Mark Clemons, Economic Development Director, City of Hillsboro

Jack Isselmann, Vice President External Affairs and Communications, Greenbrier

Dick Sheehy, Director, Site Selection, CH2M Hill

Susan Anderson, Director at Portland Bureau of Planning and Sustainability, City of Portland

Jason Miner, Executive Director, 1000 Friends

Key take-aways:

• There is a role for the Port as a patient developer—aggregator and mitigation banker. Don’t compete with the private sector—look for sites that need capital, time and patience. Convene developers in a region to solve problems.

• Site readiness for industrial land is a problem based on site selection criteria.

• Sufficient funding is a problem, and the business model that has been used doesn’t follow the funding model in all cases. Gain Share and foundations are funding options to consider.

• Community alignment is critical when the Port pursues an industrial land acquisition. Tell the Port’s environmental story better. There are unique local views; therefore, a statewide position by the Port does not align for each city or community. Consider creating sub-region strategies to reach alignment and make progress. The most current example is the lack of alignment with the City of Portland, and therefore solutions are not being found.
Supply Chain and Trade

Chris Steele, COO & President North America, Investment Consulting Associates

Joe Bryan, Principal Consultant, PB Consult

Paul Bingham, Economics Practice Leader, CDM-Smith

Nolan Gimpel, Partner, Mercator International

Mark Hemphill, Freight Railroad Consulting Services Manager, HDR

Jonathan Berndt, District Sales Manager, Expeditors International

Key take-aways:

• There is a need for speed, responsiveness and ‘ease of transaction.’ The time to market factor and innovation will influence the demand for speed. There is a need for the Port to demonstrate this internally (Port culture can become a competitive advantage), as well as externally (based on expectations of business partners). The Port’s size potentially allows it to be more responsive. Companies have deferred decisions for so long that they are now behind on executing on their business plans and will weigh more heavily in the decision-making process those ports that can be cost-competitive, responsive, adaptable and act quickly. If the Port is proactive in solving problems for companies, it will be considered for future business opportunities.

• Small and large industrial sites have value based on the trends in manufacturing and distribution footprints.

• There is an opportunity to partner to more strongly compete. Partner with: railroads, other ports in the region, and economic development groups.

• The Port’s assets are a tremendous advantage — two class 1 railroads and barge system will be in great demand as growth in bulk commodities, food, fuel and fertilizers continues. The fact that the Port has a diversified portfolio is also an advantage to be leveraged going forward. The fact that it can be tied to industrial land and serves the Asian markets may mean a diversified port with opportunity. Portland is a crossroads for some key agricultural products that are forecasted to remain in short global supply (food and fertilizer); therefore, the Port may want to consider becoming more of a bulk and break bulk port. Oil and gas is going to take up lots of capacity. There is an opportunity for Portland to absorb other commodities that are displaced.

• Oregon is one of five states with no sales tax. That could offer strategic advantage in the supply chain.

• All of this means the Port must know its customers and its customers’ needs. Be forward thinking and look for opportunities for collaboration.

• Regional consensus around who the Port is and who the Port wants to be, is critical to generating jobs, and /or revenue and economic opportunity. For example, Rotterdam has embraced being a port city and they are leveraging that to drive their economic well-being. Once the region has that clarity, communicate it to broader stakeholders.
Economy

Tim Duy, University of Oregon

Key take-aways:

• Oregon’s economy continues to expand, slowly, and we can expect that trend to continue. Oregon, like the nation, continues to enjoy GDP growth fueled by exports. Other factors, such as increasing industrial production and new orders combined on the household side with decreasing debt and improving net worth, point to economic expansion for the foreseeable future. Looking beyond the current year, international trade growth will bolster the Oregon economy and we should expect to see some wage growth as unemployment rates continue their decline.

• Of particular interest to the industries in which the Port operates are fuel prices. Usually when the U.S. economy experiences an energy shock, it has negative consequences both during the shock and beyond. The recent shock that occurred in the run-up to the recession is being considered a positive shock. Since the price of crude oil soared to all-time highs late last decade, net imports of energy have decreased dramatically due to increased domestic production capabilities and decreased consumption.

At the time of the recession, net imports had risen to 25 percent of total energy consumption in the U.S. By 2012 this had declined to 16 percent with long-term projections that the net import gap will narrow to under five percent within 10 years. Further, as demand drops and supply increases, particularly domestic petroleum supply, energy costs will continue to decline and stabilize. These lower and more predictable fuel prices create stability both for the aviation and maritime industries.

• While there is plenty of room for optimism over the next five years, there are challenges. Although Oregon is creating jobs, they tend to be at the two ends of the economic spectrum: very high paying jobs and very low paying jobs. Recovery of middle wage jobs is not occurring. Another note of caution is that despite the feeling the recovery has just taken hold, this expansion has been running for four years already. Expansions do not last forever, so it is possible that we will see another recession before the end of the decade. The severity of the downturn is far from certain and may be as moderate as a soft landing rather than the large contraction we experienced in 2009/2010.
Metro Areas as Centers of Trade and Transportation

Adi Tomer, Brookings Institution

Key take-aways:

• Trade drives economic growth. It is in metropolitan areas where much of this production of goods and services and flow of trade takes place. Trade, or traded-sector activity, generates greater economic well-being than those sectors serving only the local economy. For example, one traded-sector job is equal to three local jobs. Firms that export (or sell outside the region) experience higher sales, generate greater employment, and offer higher wages than firms which do not export.

• There are a number of positive and negative disruptive forces at play in the global economy. These include shifts in trade patterns, developments and evolution in technologies, and changes in the workforce. The Port, if able to adapt and act quickly, is well positioned to leverage these changes in trade patterns to secure new business and bring more economic benefit to the region.

• Address competition head-on.

• Don’t plan on federal dollars; figure out local funding via public and private sources as well as civic leader cooperation.

• This is particularly important for the Portland-Vancouver region. The Brookings Institution describes Portland as a “trading powerhouse.” The regional economy relies heavily on goods producing industries, transportation, and trade. More than 60,000 jobs in the region are related to trade, logistics, and infrastructure operations, and they pay wages higher than the median for the region. Portland’s proportion of export production to total production is higher than the nation as a whole.
We looked at internal and external factors

**STRENGTHS**
- Strong and growing economy in service area
- Diverse revenue base and significant current liquidity
- Rail, barge and highway networks
- Export balance
- Deep water channel
- Strong bulk, auto portfolio
- Medium hub/large origin and destination base, limited domestic competition
- Strong Airline Agreement through FY 2025
- All major domestic carriers serve PDX and PDX has diversity of legacy and low-cost carriers
- Terminal capacity
- Reputation
- Culture
- Leadership—Proactive management team
- Staff capability
- Adaptability of Port strategy
- Commitment of Alaska Air Group to grow hub

**OPPORTUNITIES**
- Leverage broad geographic reach, including Canada
- Proximity to Puget Sound
- Asia growth (ocean/air); underserved market for Europe air travel
- Mexico growth, changes in markets and supply chains provide potential for increased trade
- Relatively flat fuel prices
- Technology (automation, impact on supply chains)
- Consumer need for food/wood
- Community and business leader support for air service
- Energy market offers potential for new cargo
- Non-traditional business models—distribution centers, transloading, and small-footprint manufacturing
- Agricultural processing
- Grain in containers at T-6
- Industrial property
- Growth as Alaska Air Group’s secondary hub airport
- Revenue diversification possible (non-potable water)
- Enhance communication
- Expand Port influence
SWOT Analysis

W - WEAKNESSES
• Shallow channel at 40-43 feet with larger ships coming online
• Discretionary funding base — need to seek outside funding
• Little property tax funding relative to competitors
• Outstanding financial liabilities, increased claims on both General Fund and Port Cost Center
• Lack of political support/will for development
• Relationships not translating into action
• Existing marine footprint offers limited opportunities for growth
• Ability to align existing unused marine facility capacity with future market opportunities
• Thin market for international air service
• Terminal imbalance at PDX
• Aging experienced workforce
• Workloads not balanced, or aligned with strategy/business need
• Region lacks corporate headquarters

T - THREATS
• Superfund and other environmental liabilities
• Asia volatility
• Growth in Mexico
• Uncertainty around labor for marine and aviation businesses
• No crude, no West Hayden Island, etc.
• Long-term issues with Pacific Maritime Association/International Longshore and Warehouse Union collective bargaining structure
• Recession or slow growth/soft landing in 2016 – 2018
• Over dependence on one airline (i.e. Alaska Air Group)
• Loss of international air service
• Carbon regulation on air travel
• Changing pattern of logistics
• Containerized grain impact to bulk shipping
• Transportation funding shortage
• Increasing number of City of Portland user fees to Port tenants and users
• Construction risk given large capital program overall, and at PDX in busy terminal area
• Proximity to Puget Sound
• Processes and decision making not as efficient as needed
We remained focused on who we are

Our Vision
...to be a prominent, innovative economic development engine while stewarding the region’s community and environmental best interests.

Our Mission
To enhance the region’s economy and quality of life by providing efficient cargo and air passenger access to national and global markets, and by promoting industrial development.

Our Role of Value
We facilitate trade and air passenger travel to foster our region’s prosperity.

The Port plays three primary roles:

**Economic Engine**

**Facilitator of Freight and Air Passenger Travel**

**Advocate for Trade, Transportation and Industrial Land**

We do this by:

- Planning or building rail and maritime facilities and supporting transportation infrastructure.
- Operating PDX in a manner that ensures an exceptional passenger experience, reflects the character of our region, and is a source of civic pride.
- Acquiring and developing industrial property for traded-sector development.
- Advocating for public policy and fostering market development that supports commerce and trade.
- Catalyzing private investments that result in quality jobs, supports local business and provides a tax base for public services.

Glossary:

**Vision:** The long-term aspiration of an organization—What is the ideal future state the Port will strive to create?

**Mission:** The fundamental role and purpose of an organization—What is the primary focus of the Port’s work?

**Role of Value:** The unique and sustainable value an organization delivers to its target customers and partners—What is the Port’s fundamental role of value?

**Areas of Focus:** What must the Port accomplish during the next five years? What are the overarching areas of focus for the Port?

**Objectives:** How will the Port know when it is successful? What specific result(s) will the Port accomplish? What does the Port want to measure?

**Initiatives:** What are the big endeavors the Port will undertake that have Port-wide impact?
Stakeholder Promise

The Port of Portland is the bridge that connects Oregon and the world. In concert with government, not-for-profit organizations and private industry, the Port ensures the region receives the financial, social and cultural benefits of a globalized market.

The Port maximizes the advantages of its location at the confluence of two major rivers, two transcontinental railroads and two major interstate freeways to increase the region’s economic growth, viability and attractiveness. It provides land on which companies can grow as well as the aviation and marine infrastructure to move goods to market and get travelers where they need to go safely, efficiently and conveniently.

The Port exists to serve the people who live and work in the region, and is ultimately answerable to their demands for access to markets and economic growth balanced with environmental sensitivity. The Port’s purpose is to connect people, foster a strong sense of community, and build partnerships and prosperity, enhancing the effectiveness of those who work and invest with us.

Through a keen focus on a quality customer experience at every touch point and bringing a sense of service, stewardship, collaboration, innovation, optimism, accountability and accessibility to every interaction, Port employees work every day to ensure their actions are aligned with regional needs, expectations and values.

As the region’s gateway, the Port aims to make a true difference in the lives of others and to guarantee that the benefits of a shrinking planet continue to enhance the quality of life in the place we all call home.
<table>
<thead>
<tr>
<th>Drive Regional Prosperity</th>
<th>Deliver an Outstanding PDX Passenger Experience</th>
</tr>
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<tbody>
<tr>
<td>Tax base growth/retention; Industrial acres brought to market; Per capita income increase</td>
<td>PDX passenger and user satisfaction; Ambitious PDX brand enhanced/leveraged</td>
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</table>

**2015/16 - 2019/20**

- Increase region’s supply of traded-sector, large-lot, market-ready land

- Advocate for a Lower Willamette cleanup that is protective of human health and the environment and that is also affordable for our region.

- Provide leadership in integrating social equity considerations into Port economic development programs, partnerships, and planning

- Develop, maintain, and adapt facilities to align with the ambitious PDX brand

- Provide leadership in integrating PDX workforce initiative into PDX development
### Strategic Areas of Focus

<table>
<thead>
<tr>
<th>Connect People and Businesses to Markets</th>
<th>Promote Excellence in Organizational Effectiveness</th>
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#### Objectives

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<tr>
<td>Growth in maritime commerce; Business retained/grown in terms of passenger volume (throughput), passenger markets served, bulk volumes, container markets served, air cargo; Financial sustainability as measured through cost per enplaned passenger, General Fund operating income before depreciation, Port Cost Center net income, capital, etc.</td>
<td>Increased awareness of and support for the Port’s activities; Increased employee engagement; Advanced environmental performance; Injury-free workplace</td>
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#### Initiatives

<table>
<thead>
<tr>
<th>Connect People and Businesses to Markets</th>
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<tbody>
<tr>
<td>• Ensure efficient access between Portland and top markets</td>
<td>• Establish the Port as an Employer of Choice</td>
</tr>
<tr>
<td>• Anticipate and plan for future marine facilities in response to market demands</td>
<td>• Create a culture of safety, wellness and diversity</td>
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<td></td>
<td>• Improve process efficiencies and organizational resiliency</td>
</tr>
<tr>
<td></td>
<td>• Reduce environmental impact of Port operations and promote responsible environmental stewardship in Port decisions and actions</td>
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</table>
Our annual business planning keeps our Strategic Plan fresh

- **Annual Initiative Planning** (review/update initiatives and the strategies for each initiative)
- **Capital Planning**
- **Monitor and Review Execution of Plans**
- **Performance Management/Evaluations**
The One-Year Planning Cycle

1. **JUNE TO NOVEMBER**: One-Year Planning (includes actions, business priorities, metrics, preliminary budget development, review and trade-off discussions)

2. **NOVEMBER TO MARCH**: Final Budget Adoption by Commission

3. **NOVEMBER**: Director Review of Initiative Strategies

4. **APRIL TO JUNE**: Performance Management/Evaluations
This was truly a team effort

**The Steering Team:**
Scott Drumm  
Cindy Nichol  
Curtis Robinhold  
Sam Ruda

**The Plan Development Team:**
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Chris White  
Kathryn Williams

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Jonathan Berndt  
Paul Bingham  
Bernie Bottomly  
Joe Bryan  
Mark Clemons  
Becky Crockett  
Greg Detmer  
Tim Duy  
Brad Gentry  
Nolan Gimpel  
Jack Isselmann  
Mark Hemphill  
Dean Hill  
Bill Kruse  
Ed Lisle  
John Martin  
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Bill Wyatt

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Curtis Robinhold

**Directors:**
Daniel Blaufus  
Vince Granato  
Kristen Leonard  
Cindy Nichol  
Sam Ruda  
Bobbi Stedman  
Stan Watters

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The Port of Portland is committed to responsible environmental practices. Port staff chose this paper because it is made from recycled materials and is recyclable. We also use a local printer and soy ink. Thank you for recycling. 10.16/FA16-007