

# Portfolio

The Port of Portland's Annual Report • FY 2006-2007



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# Planes, trains, automobiles, and ships and trucks and bicycles ...

They move us literally and figuratively. Have you ever talked with a train aficionado who loves his HO-gauge scenes and waxes poetic about the iron horses of yesteryear? Or the pilot who recalls his years of service, battles waged and nuances of his Pratt and Whitney R2800? Or the barge captain who recalls spotting bald eagles and holograms in the fog?

Modes of transportation provide a magic carpet of sorts, enabling a small business owner's dream of running an imports retail shop, to enabling families to learn about other cultures and environments and beliefs, to conveying the foundation of the food pyramid – wheat and grains – to markets across the imposing Pacific.

We embrace the magic created by transportation: the inspiration, the wealth, the education and the understanding. But we are grounded in the reality of needing to provide the underpinnings of those magic carpet rides. Transportation today calls for technology, customer amenities, innovative engineering, new equipment for loading and unloading, landing strips and port terminals and the constant communication to ensure we're all on board together.

Come aboard!



**Sustain:** (se-stan') **-tained, -taining, sustain'a-ble** (*adj.*) **1.** To keep in existence; prolong, maintain; "The historical process is sustained by man's desire to become other than what he is," (Norman O. Brown). **2.** To supply with necessities; provide for. **3.** To support from below; keep from falling; to prop. **4.** To support; encourage. **5.** To endure or withstand. **6.** To experience. **7.** To affirm the validity or justice of. **8.** To prove or corroborate; confirm.

**Hello!**

When people hear about the Port, they often think that we have Port employees who operate ships, fly planes, captain barges and handle baggage. Our actual role is to provide the transportation infrastructure to allow airlines and shipping lines to move people and goods from point A to point B. What we provide – the airfields, luggage conveyor belts, parking lots, berths at dock, industrial lands, reach stackers, container cranes, roadway thoroughfares, and free Wifi – allow our customer accounts, such as Hanjin Shipping Lines, Toyota, Lufthansa, Columbia Sportswear, FedEx and Alaska Airlines, to do the work they do so well.

**Sustaining a Community**

Although our work is somewhat invisible, we want to operate as transparently as possible so you, our public and stakeholders, fully understand the critical and diverse issues we face. Our job is to support the region’s economy by providing the transportation network and facilities to allow the engine of our community to hum.

Who would have guessed that in 30 short years, the aviation industry would have made the leap from the Wright Brothers first flight to routine commercial passenger service? Who would have predicted that our famed Wheat Fleet would have developed from sailing barks with a capacity of 500-1,000 tons to bulk carriers that can handle more than 40,000 tons in just over 100 years? As the shipping and airline industries have grown and evolved, it’s been incumbent on us to evolve as well, to meet the community’s – and carriers’ – needs: from ground run-up enclosures (to quiet the testing of airplane engines), to deicing systems, to the run-off of storm water on large paved surfaces found at auto terminals, to relocating birds that endanger the safety of airplanes, to adding runway length to accommodate larger planes.

**Playing Catch-up to the Global Economy**

Our country has fallen gravely behind in supporting our nation’s transportation infrastructure needs. In the global marketplace where our prospects and customers are assessing the most affordable and time-efficient route to move people and cargo, our competition may be located on the U.S. West Coast, Latin America, Canada, the Gulf Coast, Mexico or the Eastern Seaboard.

For us to not only maintain the current level of traffic via road, rail, river or runway, but to compete for additional service via ship or plane, we must have contemporary, quality equipment and skilled workers. Big toys – cranes, rail yard

switches, parking garages, security gates and overpasses – come with big price tags. And, although the return on the investment is terrific, the dance of budgeting, generating revenues and managing multiple diverse projects in an ever-changing, cost-conscious marketplace is a challenge. Half of the increased traffic on our nation’s roadways is due to truck traffic, which is supported by 3.4 million truck drivers. China is investing around the globe, which has huge implications for the global economy and us. Latin America and China have embarked in \$100 billion in foreign investment and are engaging in burgeoning partnerships due to free trade agreements. And the expansion of the Suez and Panama canals will dramatically shift the movement of cargo by sea.

**Planning**

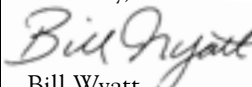
To ensure that we can “keep the doors open” while building to meet new infrastructure needs, we have crafted an updated strategic plan that outlines our core goals and initiatives. Given the broad nature of the work we do, we need a tool to keep our committed team of 785 employees focused on collective priorities and measurements. Because the business community and our customers drive the work we do, they partner with us to shape budgets, target prospecting efforts and, thus, drive strategic planning.

We invite you to read the plan at [www.portofportland.com](http://www.portofportland.com). We also invite you to check out our calendar of events online so you can learn more about our work and participate in conversations about our various projects, including the Airport Futures long-range development and land use planning process, noise issues, the Lower Willamette Group’s work

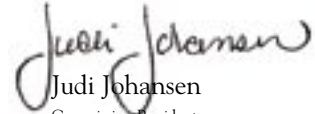
with the Environmental Protection Agency, the Troutdale Reynold’s Industrial Park, West Hayden Island, the Working Waterfront and a broad array of events for business leaders or the family.

Thank you for taking a moment to review our Annual Report. It is an honor to serve you.

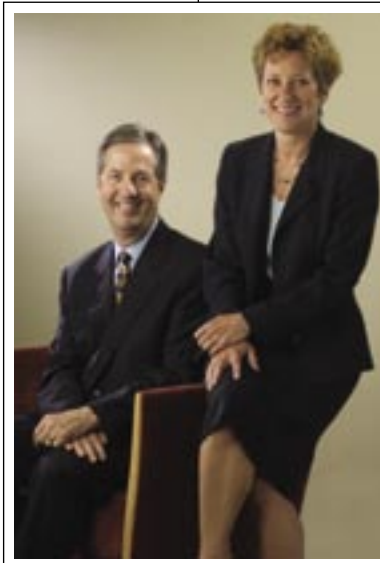
Sincerely,



Bill Wyatt  
Executive Director



Judi Johansen  
Commissioner/President



# Numbers

The Port has two primary financial structures.

## Aviation

In fiscal year 2006-2007, Portland International Airport served a record-breaking number of passengers while maintaining its award-winning reputation for exceptional customer service and other amenities. The banner year for the airport also included the addition of more than a dozen new daily departure flights to cities across the country and around the world. These factors were instrumental in providing additional funds for future capital improvements to meet the demands of the traveling public and local businesses, and to continue meeting the Port’s mission of providing efficient cargo and air passenger access to national and global markets. Operating revenues increased by 3 percent to \$167.9 million from \$163.3 million in fiscal year 2005-2006.

Aviation’s operations are self-supporting and receive no direct property tax support. The agreements with air passenger and cargo carriers at PDX provide the cornerstone for the aviation line of business. The challenge remains to meet the needs of future capital investment while maintaining competitive rates and charges to airlines and other entities that use the aviation facilities.

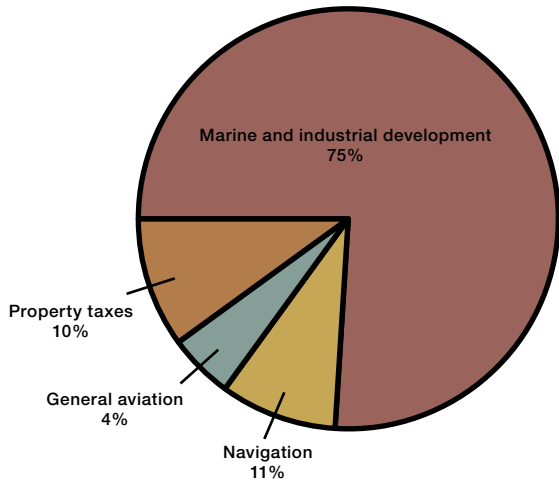
## General Fund

Fiscal year 2006-2007 was an outstanding year for general fund operations with increased volumes and revenues in all marine business lines including containers, autos and navigation. Container volumes grew by 44 percent over the previous year, and auto volumes grew 25 percent. In addition, progress continued on deepening the Columbia River navigation channel. As a result, operating revenues increased 33 percent to \$75.8 million from \$56.8 million in fiscal year 2005-2006.

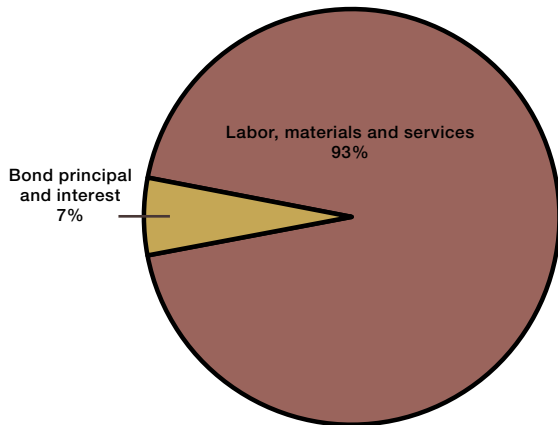
The general fund includes marine, industrial lands, navigation and administrative services. It’s important to remember the majority of the money the Port receives into the general fund comes from customer revenues for the use of services and facilities. The fundamental dilemma is how enough working capital is generated to fund future capital projects to fulfill the Port’s transportation infrastructure needs. Property taxes and grants are important funding sources, in addition to the Port’s beginning fund balance (or savings account), because they fund the gap between revenues generated from operations and the Port’s expenditure requirements. Property taxes are assessed at a rate of 7.01 cents per thousand dollars of assessed value on property located within the Port’s political district, which averages \$18 per household.

**Port of Portland General Fund\***

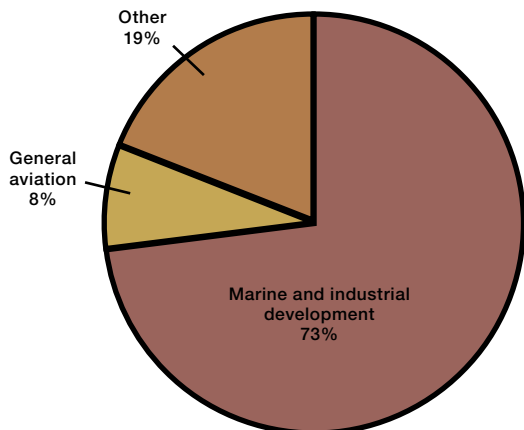
**Revenue from Operations and Taxes**  
\$83.8 million



**Uses of Revenue**  
\$85.2 million

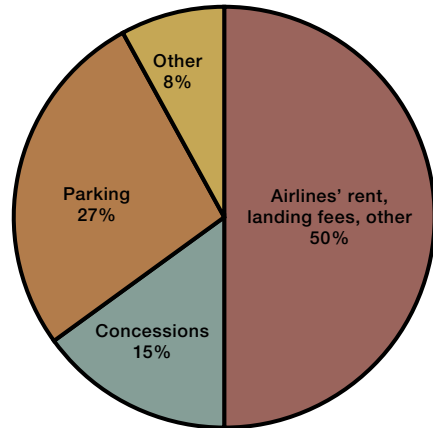


**Capital Expenditures**  
\$27.9 million

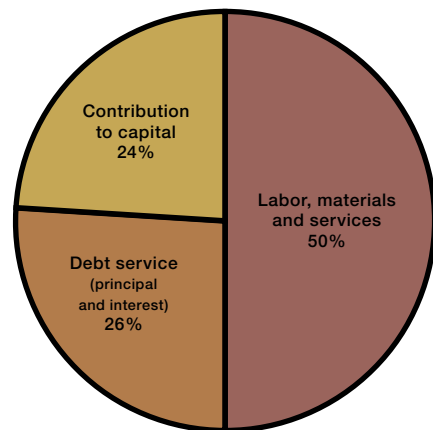


**Portland International Airport\***

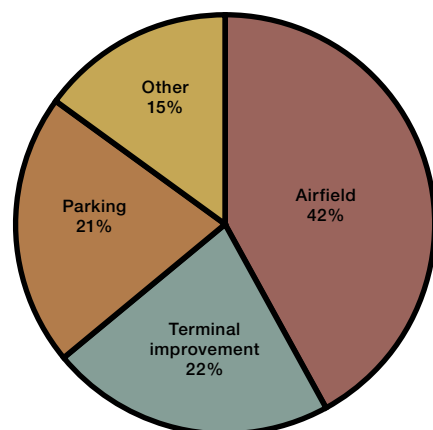
**Revenue from Operations**  
\$167.9 million

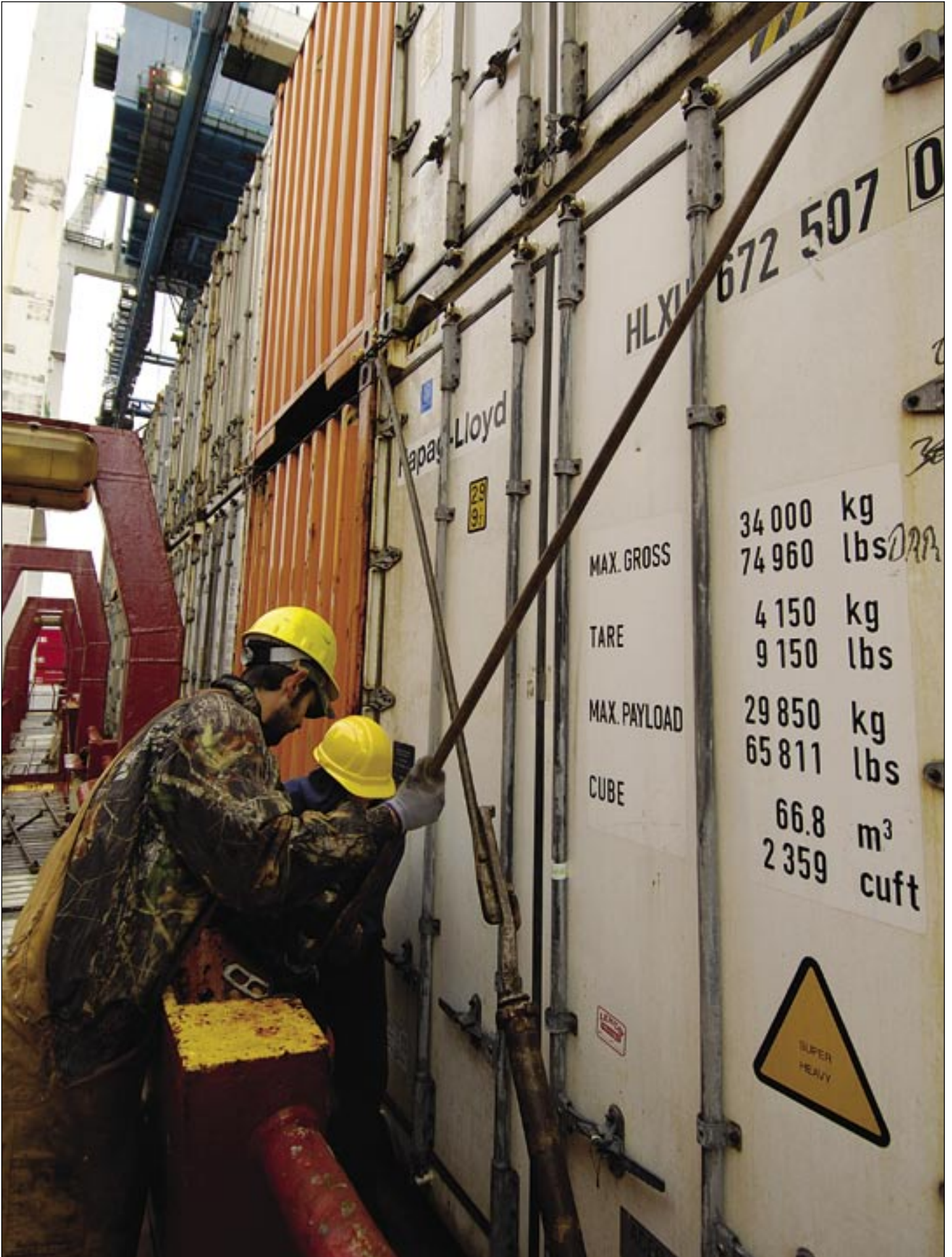


**Uses of Revenue**  
\$167.9 million



**Capital Expenditures**  
\$38.3 million







# Marine

They say the key to a successful portfolio is through diversification. In the past year, this certainly proved true with the growth experienced in the Port's diverse marine business lines. Whether you're looking at numbers for mineral bulks, grain, autos, breakbulk or containers, there's been growth in every category – double digits in most.

Several new records were set:

- Most tonnage handled by the Port: 13.3 million tons
- Highest breakbulk volumes: 1.1 million tons
- Most imported full containers: 57,400
- Most autos handled: 476,000

Best of all, our numbers continue to trend upward. This kind of performance earned the Port an informal, yet often repeated, designation as “the fastest growing port on the West Coast.”

The Port enjoyed increased visibility over the past year, and many took notice. The American Association of Port Authorities honored the Port with eight awards for its communications and environmental outreach efforts. Seaport Celebration, the annual open house for Terminal 6, set an attendance record with more than 1,000 visitors. The Port hosted the first-ever “Gateway to the Globe” business luncheon and several events including the Northwest Intermodal, the Footwear Traffic Distribution and Customs, and the International Competitiveness conferences.

Continuing in the spirit of our mission to provide access to national and international markets, the Port addressed the needs of regional importers and exporters, working closely with area distribution centers and upriver ports. Companies such as Kroger/Fred Meyer, Columbia Sportswear,

Dollar Tree, and Epson have seen increased demand for imported goods, which has helped lead to a favorable import/export balance. The Port of Lewiston enjoyed a resurgence of export business, attributable in part to the growth in containerized grain being shipped through Portland.

## Four Marine Terminals

The four public marine terminals are responsible for generating the Port of Portland's volumes. Terminal 6 is the primary ocean container terminal on the Columbia River, and it also handles autos and breakbulk steel. Just down the road, in the Rivergate Industrial District, Terminal 5 handles grain and potash mineral bulk. Terminal 4 has a bulk soda ash facility and also handles automobiles. Terminal 2 is a bonded warehouse and handles bulk and breakbulk cargo. T-2 is seeing a variety of new commodities and uses, including urea, barite, and steel rail – not to mention serving as the construction site for the new Sauvie Island Bridge.

The following key projects and accomplishments have contributed to our successful year and our ability to remain competitive:

## Welcoming Larger Ships

Yang Ming Lines began deploying larger ships in Portland this year. Within a year of inaugurating their new service to Portland, Yang Ming doubled their vessel size from



approximately 1,800 TEU, or 20-foot equivalent units, to 3,500 TEU capacity. Upgrading the Y-PNW (south China) service, the expanded rotation and reach into southern China and Korea provide cost savings and improved efficiencies by serving ports closest to where the freight is going.

### **Enhancing Terminal Security**

Like other ports, we have been working to address mandates of the Marine Transportation Security Act, and the Safe Ports Act. The Port has been strengthening all aspects of security and working with the U.S. Coast Guard as well as U.S. Customs and Border Protection. We installed new physical access controls, radiation portal monitors for container inspection, and optical character recognition devices that help match the correct cargo with the appropriate trucks. Security drills and exercises have enhanced training and awareness.

### **Driving Results**

Toyota (including Lexus and Scion), Honda and Acura, and Hyundai combined to keep Portland the highest volume import auto gateway on the U.S. West Coast. The 476,000 vehicles handled were 13,000 more than we handled in the previous year. Each car processed brings an estimated \$318 in economic benefits to our region.

The Toyota Logistics Services Post Production Options facility at Terminal 4 began a significant facility expansion, and there are tentative plans to utilize porous asphalt similar to what was successfully used at Terminal 6. Earth-friendly porous asphalt, also known as “thirsty” asphalt, allows water to permeate the surface and recharge groundwater. It has proven successful with 35 acres paved at Auto Warehousing Co.’s processing facility, which earned the Port an environmental sustainability award.

### **Accommodating Growing Demand at T-5**

About 2.5 million metric tons of potash were being exported from the Portland Bulk Terminals facility at Terminal 5 before the decision was made to expand capacity. Used primarily as a fertilizer because of its high potassium content, rapidly increasing worldwide demand for potash drives the need for more storage and rail infrastructure to support the Canadian potash supply chain. Two major upgrades were implemented. A third rail loop, roughly 7,000 feet long, was built around the existing storage facility where the arriving rail cars are stored before being unloaded. Additionally, the large, cathedral-roofed storage building was extended. It is now a half-mile long – the largest wooden structure west of the Mississippi. The facility will accommodate annual exports of approximately 3.5 million tons.

### **Improving the Channel**

The channel improvement project reached a major milestone as it passed the halfway point. The 103.5-mile Columbia River navigation channel is being deepened to 43 feet to allow larger and deeper draft container ships to carry higher volumes of cargo. In a surprise announcement, the Bush Administration doubled the federal funding commitment to the Columbia River Channel Improvement Project. Initially, the project received a budget of \$15 million for the current federal fiscal year. With the budget increased to \$30 million, work is progressing at a faster pace. Assuming no major delays are encountered, we expect the channel project will be completed by 2010.

### **Focusing on the Future for T-6**

In looking toward the future, the Port is taking a fresh look at its terminals and considering future business lines, partners and operating models. We are fielding interest from alternative fuel companies looking for suitable local industrial sites. Our fourth post-Panamax crane will arrive from China in spring 2008, increasing our capacity to accommodate large container ships. The third rail lead project is complete at Terminal 6, and various infrastructure enhancements are either in process or planned for all the marine terminals.

Port staff and consultants have been involved with an exhaustive analysis to determine both the feasibility and the market interest in a changed operating model for Terminal 6. Unlike many other container terminals up and down the West Coast, the Port of Portland has remained the operator for the terminal since the gates first opened in 1974. Changing from a port authority operating model to a landlord model would involve a partnership with a private entity that would enter into a long-term lease/concession agreement with the Port to operate, grow and invest in the container business. We expect the direction of this project will be determined in the July 2007-June 2008 fiscal year.

### **Marine Economic Impact**

The Port’s four terminals, combined, had the following impacts on the regional economy:

#### **Jobs**

Direct, indirect and induced jobs generated for residents of the Portland area totaled 11,724. These employees received \$870.8 million dollars in wage and salary income, for an average salary of \$74,273 in calendar year 2006.

#### **Business Revenue and Taxes**

Marine activity created \$692.6 million in business revenue and contributed nearly \$89 million in state and local tax revenue in the Portland area in calendar year 2006.



# Marine: Then and now



## 1869 Clipper Ship

Length: 212 ft Beam: 35 ft Speed: 11 knots  
Gross Tonnage: 963 Draft: 21 ft



Courtesy of Oregon Maritime Museum

## 1920 Tramp Steamer

Length: 411 ft Beam: 56 ft Speed: 15 knots  
Gross Tonnage: 7,500 Draft: 28 ft



## 2006 Post Panamax Container Ship

Length: 997 ft Beam: 140 ft Speed: 26 knots  
Gross Tonnage: 75,000 Draft: 47 ft

Humankind has always looked to the water for critical necessities of everyday life such as food, drinking water, irrigation, transportation and trade. Dating back to 8,000 B.C., primitive rafts and canoes enabled exploration and settlement, and opened up new possibilities to acquire and transport food and other essential goods.

Boats with extended range, increased capacity and improved efficiency were designed by the Phoenicians and Egyptians; the introduction of the sail around 3,500 B.C. began to complement rowing as a means of propulsion. By the first century, widespread water trade routes had been established.

Throughout the Middle Ages, as increasingly larger ships could better withstand rough seas, trade routes became longer. From the 15th century to the 17th century, the age of discovery led to new advances in shipbuilding, mapmaking and navigation. Sailing ships proliferated for trade and military uses.

#### **Northwest's Wheat Fleet**

Large sailing ships frequented Portland in the mid-1800s for shipments of wheat bound for England. Oregon and Washington produced crops which could not be handled by the local grain fleet, so it grew to include British, German, French and Russian ships. Over time, fewer ships were needed as larger capacity vessels accommodated increasing tonnage.

During the 19th century, mechanization replaced manpower and wind with steam engines and paddlewheels or propellers. Steam propulsion yielded early commercial success and was quickly embraced. By the 1900s, steam turbines powered by fuel oil produced a new breed of higher speed merchant vessels. This evolved into the diesel engine, which has powered most ships built since 1960.

#### **Container Revolution**

Around this time, the most significant modern day advancement in maritime trade and freight transportation was emerging: containerization. In 1956, the first containers were transported using a converted tanker. The experiment proved wildly successful and revolutionized the industry. By 1970, standardization of containers ensured seamless transitions between modes of transportation. The majority of general cargo today travels by container.

A similar innovation took place with automobiles. Until the 1970s, most vehicles were lifted on and off of ships by crane. The military introduced the concept of rolling vehicles on and off of a vessel by ramps, proving much more effective. K Line built the first pure car carrier in 1973, and as the market for imported vehicles grew, this new kind of vessel became the norm.

#### **Longer, Wider Ships**

Recent decades have brought increases in vessel size. Larger ships created new terminology – Panamax and post-Panamax. The designation indicates whether a ship fits through the Panama Canal locks and refers to the types of cranes that can accommodate the vessels. Increasingly longer and wider ships have required investments in terminal infrastructure for ports to remain viable, and the expansion of the Panama and Suez canals are currently under way.

The industry has become increasingly complex and competitive. There is high demand for land to accommodate distribution and logistics centers. Marine terminals are rapidly expanding and enhancing infrastructure while new terminals are being built and planned. Ports are considering new operating models. Security concerns have resulted in federal mandates. Increased volumes depend upon finite truck and rail resources, fueling concerns about congestion.

The evolution continues. Although man has traveled by water for 10,000 years, revolutionary innovations have taken place even within the past 50 years. This suggests a bright future for the maritime industry as we look at ways to move cargo more efficiently and productively in an age of ever-increasing trade volumes.





# Aviation

The Port of Portland recognizes that a world-class airport is based on how you serve your customers, not just how many customers you serve.

That's why last year at Portland International Airport, the Port and airline partners continued working to bring new nonstop air service options for travelers. Along the way, new customer service initiatives unfolded, and everyone at PDX helped continue providing the best airport experience in the United States.

PDX reflected the community's strong commitment to the environment, tapping the sun's energy, conserving water, and recycling. While ensuring safety and security, the Port launched efforts to ease baggage screening and handling and make the airport more comfortable for travelers. Looking ahead to the air travel and cargo needs of the future, the Port and its partners launched a joint planning effort that will help define how growth occurs at PDX.

All that said, numbers are important too, and last year PDX connected more people and places than ever before – more than 14 million airline passengers. PDX air cargo carriers moved nearly 286,000 tons of cargo. Combined with the Port's general aviation airports, these activities supported thousands of regional jobs and produced millions in wages and billions in business revenues.



## Air Service

Providing travelers with the nonstop air routes they want is an important part of being a successful airport. New and expanded nonstop air service last year included Mexicana Airlines' flights to Mexico City. Northwest Airlines, in cooperation with its joint venture partner, KLM Royal Dutch Airlines, recently announced service to Amsterdam beginning March 29, 2008.

Alaska Airlines began nonstop domestic service to both Boston and Orlando, and Delta Air Lines launched service to New York's Kennedy Airport. US Airways began seasonal summer service to Charlotte and added a second daily flight to Philadelphia. Horizon Air launched seasonal service to Palm Springs and inaugurated its new Santa Rosa flight.

## Customer Service

Along the way, PDX maintained its international reputation for great customer service. Readers of Condé Nast Traveler magazine voted PDX the best U.S. airport for the second consecutive year. PDX received the top overall score from business travelers who 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.

Customer service improvements included the completion of a new parking guidance system in the short-term parking garage and the launch of the Gold Key Valet parking service. Both new services are helping meet the airport's parking needs while a new, second parking garage is under construction. Concessions improvements continued that will ultimately result in new food and beverage options at 25 locations in the airport including Concourses A, D and E, and the Oregon Market.

### **Environmental Care**

As noted in Condé Nast Traveler, "Portland's airport takes being green seriously." The magazine said, "New solar panels produce electricity; low-flush toilets save 80,000 gallons of water per day; and food waste is turned into compost." Last year alone, PDX recycled nearly 800 tons of waste, not including some new additions to the program, like pallets, buckets and grease.

That same approach earned the Port of Portland an Environmental Achievement Award from Airports Council International-North America. The award was for public outreach, involvement and education on the expansion of PDX's deicing storm water runoff collection system. Plans are moving ahead to supplement the existing system to protect the environment.

### **Safety and Security**

Planning moved ahead on a two-year project that will make security screening for checked bags more convenient and comfortable for travelers at PDX. The project will move screening equipment out of the airport ticket lobby and behind the scenes, simplifying the bag screening process for travelers and creating more space and comfort in the ticket lobby.

New Mailsafe Express shipping stations opened at PDX security checkpoints, making it easier for passengers to ship a prohibited item to their home or other destination. When passengers discover they have accidentally approached the checkpoints with items such as an expensive bottle of perfume, heirloom lighter or a favorite all-purpose tool, they can now easily ship the items on the spot.

### **Airport Futures**

The year included work to unveil Airport Futures, a joint planning effort that will help define how growth occurs at PDX.

Airport Futures is a collaborative effort of the City of Portland, Port of Portland, and the Portland-Vancouver metropolitan community to create an integrated long-range development plan for Portland International Airport.

The three-year Airport Futures planning process, spanning fall 2007 to spring 2010, is guided by the 30-member Planning Advisory Group and input from outreach with other key PDX stakeholders and surrounding communities. Throughout the process, Port and City staff will reach out to stakeholders in a variety of ways, including regular meetings and surveys.

### **General Aviation**

The Port's Hillsboro Airport saw more than 222,000 annual operations last year. It is the busiest general aviation airport and second busiest airport in the state. The facility supports jet and propeller aircraft and helicopter operations.

Hillsboro Airport hosted the 2007 Oregon International Air Show, which drew all-time high attendance in excess of 93,000. Throughout the year, the Hillsboro Airport Issues Roundtable actively considered aircraft noise management and land-use planning issues. A U.S. Customs and Border Protection facility recently opened at the airport, serving Hillsboro area businesses conducting international business.

Also significant for the Port's general aviation portfolio was the transfer of the management of Mulino Airport to the Oregon Department of Aviation. The airport is the home to more than 40 light general aviation aircraft. While Mulino Airport is owned by the Port, the agreement allows for the potential transfer of the airport to the state, if certain financial targets are met.

With more than 80,000 operations annually, Troutdale remained a popular airport for flight training, scenic tours and recreational flying.

### **Aviation Economic Impact**

Passenger, air freight, military and general aviation activity at Portland International, Hillsboro and Troutdale airports had a big impact in 2006.

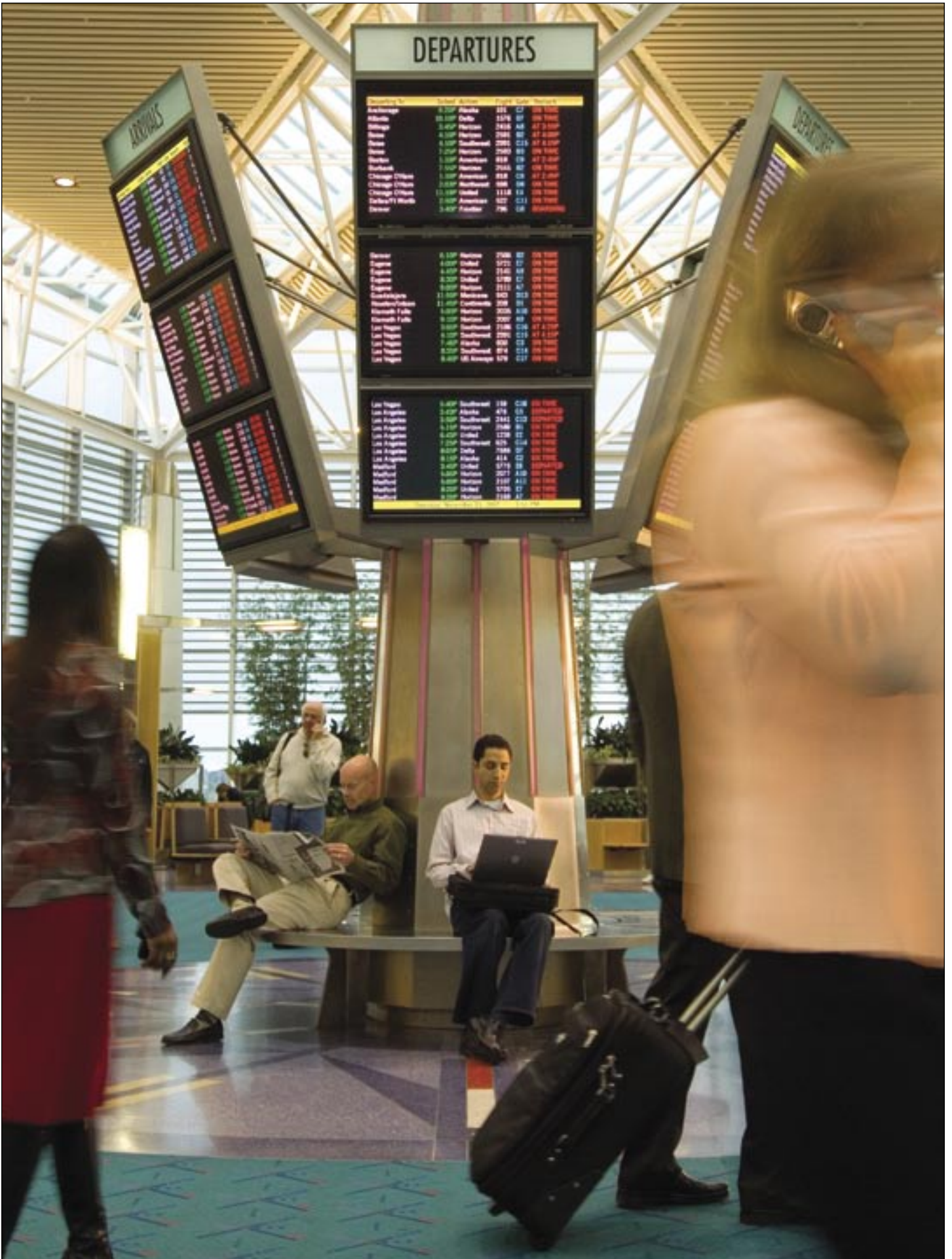
### **Jobs**

Direct, indirect and induced jobs generated for residents of the Portland area totaled 18,713. These job holders received \$899 million dollars in wage and salary income for an average salary of \$48,040.

### **Business Revenues and Taxes**

In 2006, aviation activity created \$3.3 billion in business revenue, including \$862 million generated from air cargo activity. Wages and business revenue associated with the Port's airports resulted in \$91 million in state and local tax collections in the Portland area. Additionally, the federal government received \$225 million in airport-specific taxes generated by PDX.





# Aviation: Then and now



## 1903 Wright Flyer

Engine: 12 hp water-cooled four-cylinder gasoline engine  
Wingspan: 40 ft Length: 21 ft Weight: 605 lb Top speed: 30 mph



## 1926 Ford 5-AT Tri-Motor

Engine: 3 x 420 hp Wingspan: 78 ft Length: 50 ft  
Weight: 13,000 lb Top speed: 110 mph Passengers: 15 Crew: 2



## 1935 Douglas DC-3/C-47

Engine: 2 x 1,200 hp Wingspan: 95 ft Length: 65 ft  
Weight: 16,976 lb Cruising speed: 185 mph Passengers: 21 Crew: 3



## 1989 Boeing 747-400

Engine: 4 x 58,000 lb Wingspan: 211 ft Length: 232 ft  
Weight: 800,000 lb Cruising speed: 575 mph  
Passengers: 409 (in typical three-class arrangement) Crew: 18

From forming primitive wings out of feathers and wax, to designing and building human-carrying kites, hang gliders and hot air balloons, people have been yearning to defy gravity and touch the clouds for nearly 2,000 years.

While that period of time – the observation, dreaming and often deadly experimentation of early flight – was long, the evolution of modern aviation has happened in the blink of an eye.

### **Giant Strides**

Just 11 years after the Wright Brothers flew into the history books, the first commercial air service was offered to the brave of heart, and 20 years after that, commercial airliners were shuttling passengers from one newly established airport to another. From wide-eyed disbelief at Kitty Hawk to a legitimate travel option – all in three decades. And it's been a fast-moving timeline ever since.

World War I put the new flying machine to work immediately, first to carry cameras for reconnaissance missions and then to fight the enemy. The war years tested aircraft speeds, altitudes and maneuverability, leading to improvements in aerodynamics, structures, and control and propulsion systems.

As aircraft design and use evolved from the first flights – with records being broken and milestones set, air races, solo endurance and distance flights, mail and cargo service, barnstorming and popular air shows across the country – the world of aviation quickly weaved itself into the fabric of this country.

### **Astounding Technology**

People did not want to be left out; as frightening as it must have seemed, they wanted to fly. In the mid-1920s, a new generation of lightweight, air-cooled radial engines revolutionized the industry, making bigger planes possible. The three-engine Ford Tri-Motor, built by Henry Ford and

nicknamed the “Tin Goose,” won a place in history as a safe and rugged transport airplane. In 1933, the Douglas DC-1 was introduced, as well as the Boeing 247, a twin-engine 10-passenger monoplane that is considered the first modern commercial airliner. In 1935, Douglas produced the 21-passenger DC-3 with new standards of reliability, speed, efficiency and comfort.

Important technology advanced in other ways during this time: the use of aluminum to construct aircraft; the development of instrument flight and radio navigation; and practical working radar.

The needs of World War II sped up the development and production of aircraft even more intensely. In sheer numbers, from 1940 to 1945, aircraft production in the U.S. went from 1,200 airplanes built in a year to 160,000! It was after the war that the air transportation of people and goods took off . . . and jet travel was imminent.

### **Outer Space Frontiers**

The jet age and the space age grew with exponential speed, as one barrier after another was broken. In the '50s, the development of the B-52 bomber with intercontinental range; in 1957, the launching of Sputnik; in 1969, the enormous Boeing 747; and that same year, the thrilling walks on the moon.

Some say the last quarter of the 20th century saw a slowing of the pace of aviation advancements, yet in the 1970s, the supersonic Concorde started carrying 100 passengers at twice the speed of sound; and in the '80s, Voyager circumnavigated the globe, all 26,000 miles of it, nonstop in nine days.

In 1989, the Airbus A320 touted state-of-the-art technology, the first airliner to use computerized flight controls. And in 1995, Boeing introduced the twin-engine 777, the largest two-engine jet ever to fly and the first aircraft produced entirely through computer-aided design and engineering. Today, spacecraft flying 17,000 miles per hour come and go from the internationally operated space station with almost routine regularity.

Dazzling accomplishments in the aviation industry have created an insatiable appetite for business and pleasure flying, for needing cargo deliveries overnight from the other side of the world, and for knowing more about the planets and stars and beyond.



# Land

## Rivergate Industrial District

The Port’s Rivergate Industrial District saw a lot of activity this year. The Port sold 2.29 acres to Chin’s Import Export Co. Chin’s, a leader in the Asian specialty food distribution business, began constructing its new offices and a 20,000-square foot warehouse, with future building expansion to 45,000 square feet. After construction is complete, Chin’s expects to employ 20 people at the site.

The property is a natural fit for the company’s needs as it continues to grow. The site is situated near marine terminals at the confluence of roads, rivers and rail connections that provide access to international markets and domestic customers.

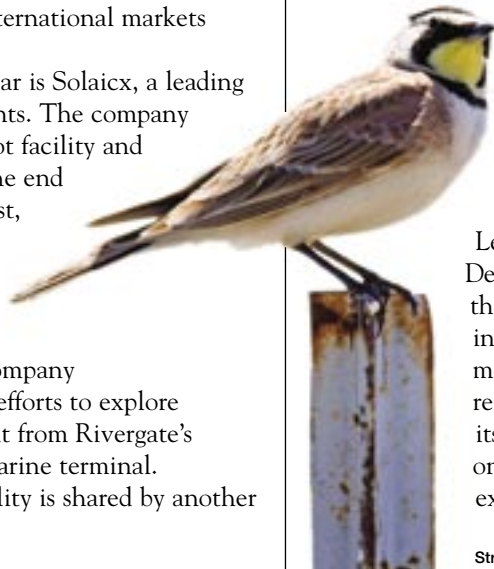
Joining Chin’s in Rivergate this year is Solaicx, a leading manufacturer of solar panel components. The company signed a lease for a 136,000-square foot facility and will create roughly 100 new jobs by the end of 2007. Solaicx manufactures low-cost, high-efficiency silicon ingots and wafers used for the photovoltaic industry. The Rivergate facility will produce enough materials for 142 megawatts of solar panels. The company will contribute to the state’s ongoing efforts to explore alternative forms of energy and benefit from Rivergate’s location near the Port’s Terminal 6 marine terminal.

Solaicx commitment to sustainability is shared by another

recent Rivergate tenant, Trammell Crow. Shortly after the ink dried on Port contracts that closed the deal on a lease for the last large parcel of land in Rivergate, Trammell Crow began construction on the first phase of what will eventually be 2.5 million square feet of warehouse and distribution center space. The new facility’s size and proximity to Terminal 6, highways, and rail connections generated interest from potential tenants before the foundation was poured.

During construction, 115 employees will be working on site, and Trammell Crow estimates that contractors will pour 18,500 cubic yards of concrete into the project – that’s enough to build a 5-foot wide sidewalk from the site all the way to the Oregon State Capitol. The building footprint will be roughly equivalent to 10 football fields.

Despite the size of the warehouse, Trammell Crow is also working to achieve Leadership in Energy and Environmental Design – known as LEED – certification for the facility. While LEED certification is increasingly common among office buildings, meeting the standards for an industrial space is relatively uncommon. If Trammell Crow meets its goal, the new warehouse would be the only one of its kind in Oregon. Construction is expected to be completed by early 2008.



Streak-horned lark

Rivergate is also home to the largest population of streak-horned larks that over-winter and breed in the northern Willamette Valley. In order to keep disruption of their habitat to a minimum, the Port worked with Metro, the Department of State Lands, Audubon, the city of Portland and Oregon State University to create five acres of new habitat in the nearby St. John's area. The project will also provide habitat for Western painted turtles, Western meadowlarks, and other species dependent upon this specific habitat type.

**Troutdale Reynolds Industrial Park**

Years in the making, the Port closed on the purchase of the 700-acre Reynolds Metals site in Troutdale. Formerly a brownfield, the land has been cleaned to industrial standards and is set for redevelopment as the new Troutdale Reynolds Industrial Park. Located adjacent to the Port-owned Troutdale Airport, the site was the largest remaining zoned industrial property inside the region's urban growth boundary. After annexing the property, the city of Troutdale requested and received an enterprise zone designation that will assist in the recruitment of businesses and quality jobs.

Federal Express Ground was the first to express interest in the site to establish a regional distribution hub. The Port Commission will act on the sale of 78 acres for a state-of-the-art facility that will retain and create jobs. Streets, sewer, water and storm drainage improvements will be needed, and a new trail will be constructed around the perimeter of the property and along the riverfront.

Development of the entire site will occur in phases over the next 10 years.

**New Port Headquarters and Parking Garage**

This year marked a momentous decision by the Port Commission to consolidate Port administrative operations at Portland International Airport. The Port currently houses its staff of 785 employees in the airport terminal building and in administrative offices in the Old Town area of downtown Portland.

A new garage has been planned for many years at PDX. Increasing demand at the existing garage has driven the need for additional parking capacity to be constructed within the next two years. The immediate need for the parking garage presented the Port with an opportunity to examine the cost and operational benefits of building a new headquarters facility on top of the new parking garage.

The Port estimates a 3- to 4-percent reduction in the annual operating budget as a result of the consolidation. The exploratory stages of planning determined that Port staff use nearly 15,000 hours annually traveling between the current headquarters and the airport.

The Old Town building will be sold, and the current Port office space in the terminal will be leased to other tenants. Selling the current headquarters building will add significant resources to the Port general fund that can be used to fund vital marine and industrial infrastructure. In addition, the Port carries legacy environmental liabilities including a Superfund site on the Willamette River.

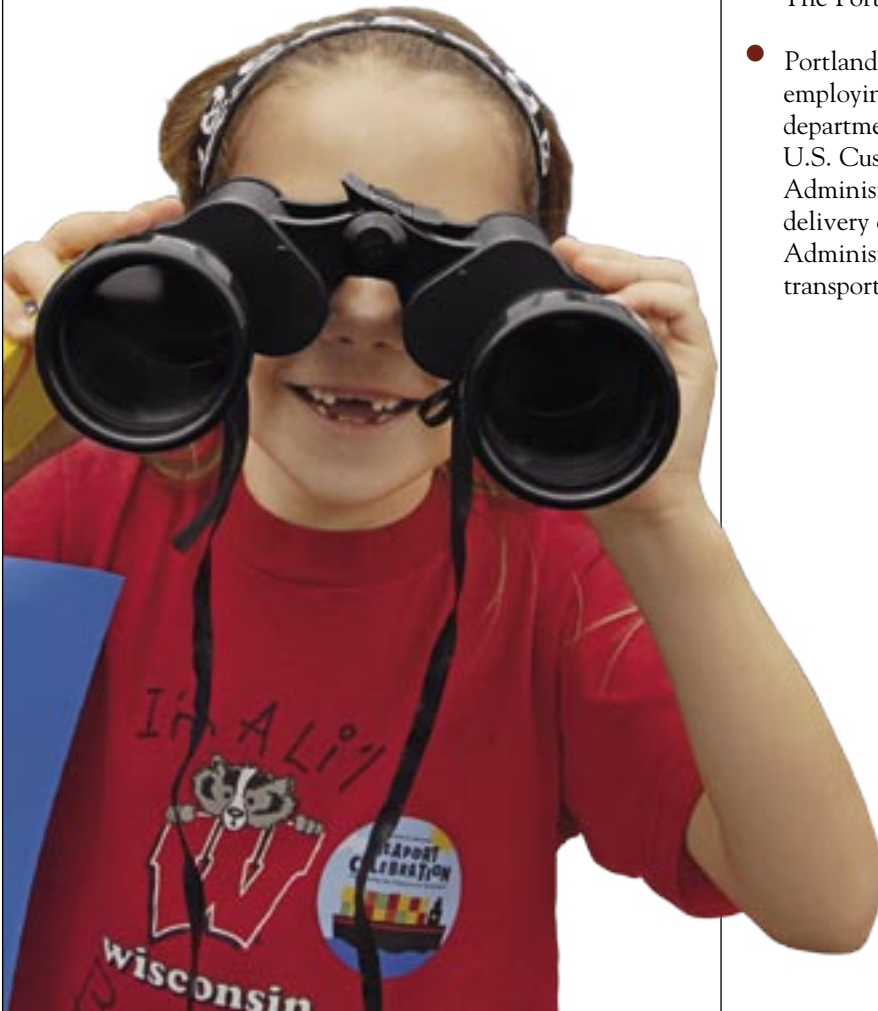
Constructing a new building will also provide the Port with an opportunity to further its commitment to sustainable and environmentally friendly building practices. Initial plans call for the incorporation of many green elements within the new headquarters. These include a "living machine" that treats wastewater, geothermal heating and cooling, sand filters for storm water treatment, native landscaping and solar panels.

While this building will not be built with tax dollars, the Port takes its role as a steward of public assets very seriously. The focus of the project will be to generate operational savings and to manage the development of the facility with a keen eye on cost control. The building will be completed in early 2010.



# Facts

- In 2007, 31 graduates of the Port's Mentor Protégé Program produced total company sales of \$62.8 million, demonstrating the contribution of small businesses to the regional economy.
- Port employees contributed \$51,000 to community organizations through the Annual Giving Campaign.
- The Port of Portland owns and/or manages more than 9,700 acres of land and nearly 12 million square feet of building space.
- The Port's aviation and marine activities created 30,000 jobs in the Portland metro area and more than \$1.75 billion in total income for the region.
- The Port dredged 2.6 million cubic yards for regular channel maintenance, channel deepening and Cowlitz River flood control.
- At PDX last year, the recycling program converted 20,000 gallons of waste oil and grease from airport concessions into biodiesel and base products for other industries. The program also diverted 158 tons of pre- and post-consumer food waste and coffee grounds from the landfills and converted them to compost.
- The Port increased its purchase of renewable energy tenfold last year. Those purchases offset 6,154 tons of carbon dioxide, which is equivalent to taking 1,055 cars off the road.
- The Port manages 720 acres of environmental mitigation sites.
- Starbucks and Coffee People served 6,250 cups of coffee per day at Portland International Airport last year, and Rose City Café served 58,400 sushi rolls.
- The Port staff consists of 785 people.
- Portland International Airport is like a small city, employing approximately 10,000 people: police, fire department, airlines, shops, restaurants, cargo operators, U.S. Customs and Border Protection, Federal Aviation Administration, rental car companies, pickup and delivery companies, Transportation Security Administration, volunteers and ground transportation providers.



# Calendar

There are many opportunities to learn about Port activities. In addition to frequent presentations to neighborhood associations and civic groups, staff members are frequently out in the community interacting with people in the Portland metropolitan area.

Publications produced by the Port are another source of information and illustrate the activities and work being done throughout the year. They include Portside, a quarterly magazine; Portfolio, the annual report; Port Currents, a quarterly community and environmental update; Port Dispatch, with news about marine activities; and PDXaminer, a newsletter for employees at Portland International Airport.

Here are a few examples of meetings we hosted or participated in during 2007:

## January

- Commission meeting\*
- PDX Land Use Advisory Committee
- Hillsboro Airport Issues Roundtable\*

## February

- Commission meeting\*
- Airport Futures public meetings
- Citizen Noise Advisory Committee\*
- Glencoe Elementary Science Fair
- Mulino Airport Master Plan Advisory Committee Meeting and Open House

## March

- Commission meeting\*
- Citizen Noise Advisory Committee\*
- Hillsboro Airport Issues Roundtable\*
- PDX Deicing Information: Stop & Talk at PDX

## April

- Commission meeting\*
- Citizen Noise Advisory Committee\*
- PDX Deicing Open House

## May

- Commission meeting\*
- Citizen Noise Advisory Committee\*
- Hillsboro Airport Issues Roundtable\*
- International Air Service Committee\*

## June

- Commission meeting\*
- Gateway to the Globe annual business lunch\*
- Portland Rose Festival Grand Floral Parade
- Mulino Airport Master Plan Meeting
- Citizen Noise Advisory Committee\*



## July

- Commission meeting\*
- Columbia Slough Regatta\*
- Hillsboro Airport Issues Roundtable\*

## August

- Commission meeting\*
- Celebrate Hillsboro\*
- Seaport Celebration\*
- Oregon International Air Show\*
- Troutdale Summerfest
- Wheels and Wings/Troutdale Air Fair
- Port Corporate Client Event



## September

- Commission meeting\*
- Airport Futures Planning Advisory Group
- Portland Harbor Field Day
- Footwear Retailers and Distributors of America Conference
- Citizen Noise Advisory Committee\*
- Hillsboro Airport Issues Roundtable\*
- Festival of the Autumn Moon\*
- Business is Good Tour of Oregon

## October

- Commission meeting\*
- Hillsboro Airport Open House\*
- Citizen Noise Advisory Committee\*
- SOLV Clean and Green in East Portland Metro Area
- City Club; Bill Wyatt presenter
- TCI Global Competitiveness Conference
- Airport Futures Planning Advisory Group

## November

- Commission meeting in East Multnomah County\*
- Airport Futures Open House and PDX airfield tour
- Hillsboro Airport Issues Roundtable\*

## December

- Commission meeting\*
- Airport Futures Planning Advisory Group
- International Air Service Committee\*

\* Asterisk indicates recurring meetings. Check [www.portofportland.com](http://www.portofportland.com) for current event listings. Please note event dates are subject to change.

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Inquiries can also be directed to the Port of Portland's U.S.  
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