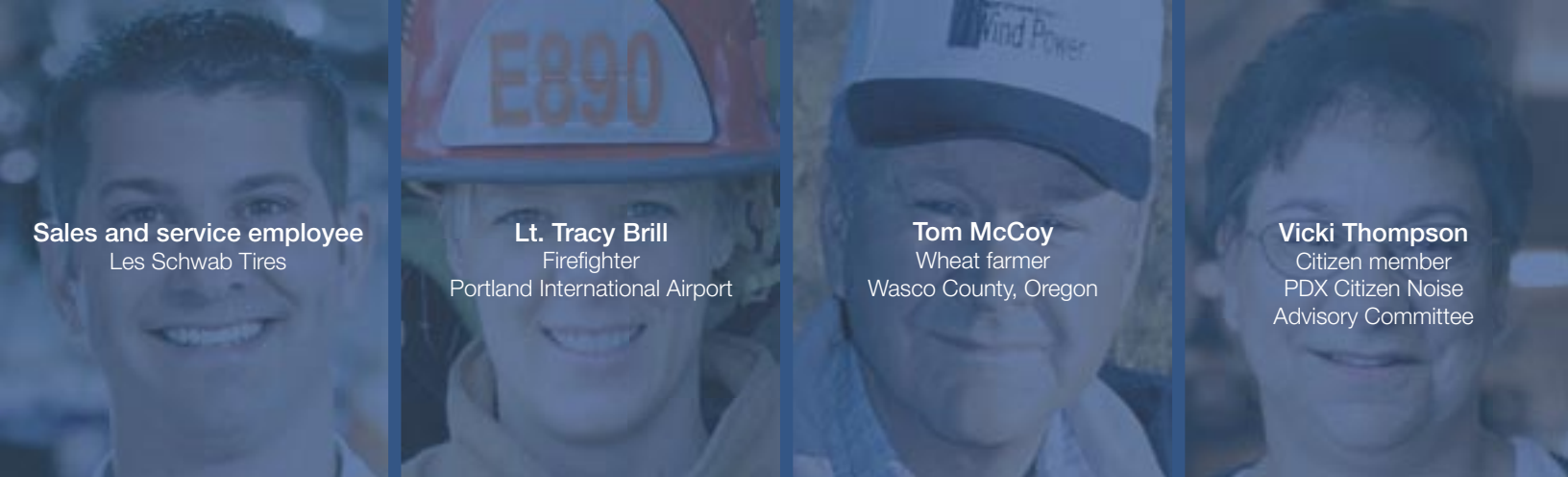




PORTFOLIO | The Port of Portland's Annual Report | **FY 2005-2006**



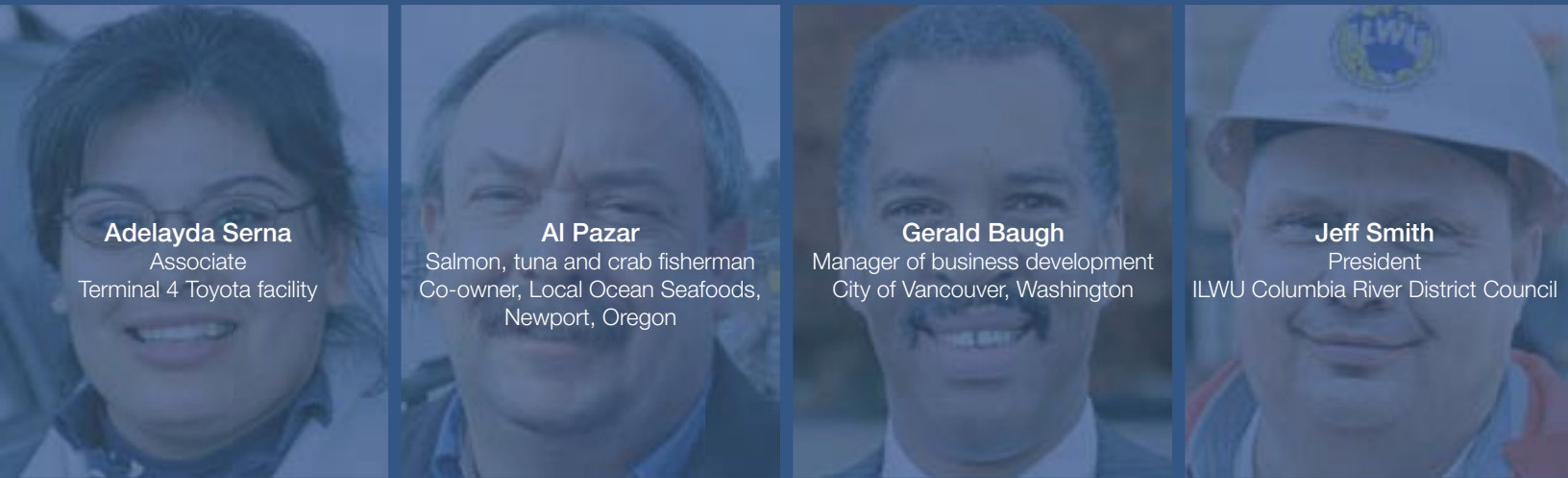


Sales and service employee
Les Schwab Tires

Lt. Tracy Brill
Firefighter
Portland International Airport

Tom McCoy
Wheat farmer
Wasco County, Oregon

Vicki Thompson
Citizen member
PDX Citizen Noise
Advisory Committee

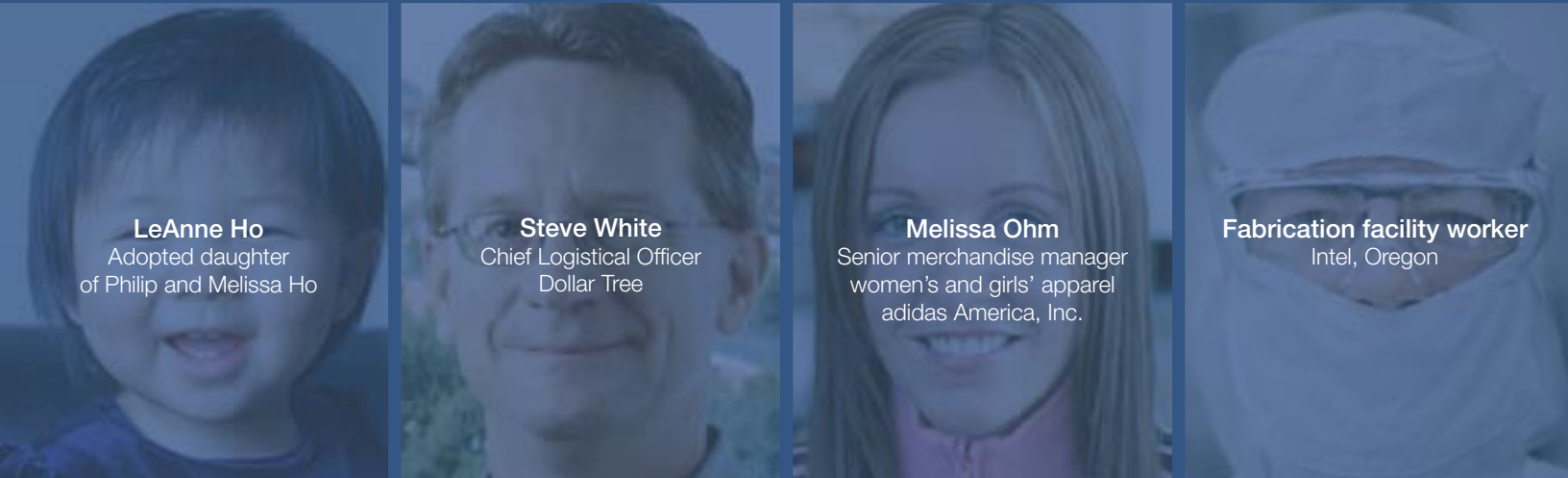


Adelayda Serna
Associate
Terminal 4 Toyota facility

Al Pazar
Salmon, tuna and crab fisherman
Co-owner, Local Ocean Seafoods,
Newport, Oregon

Gerald Baugh
Manager of business development
City of Vancouver, Washington

Jeff Smith
President
ILWU Columbia River District Council



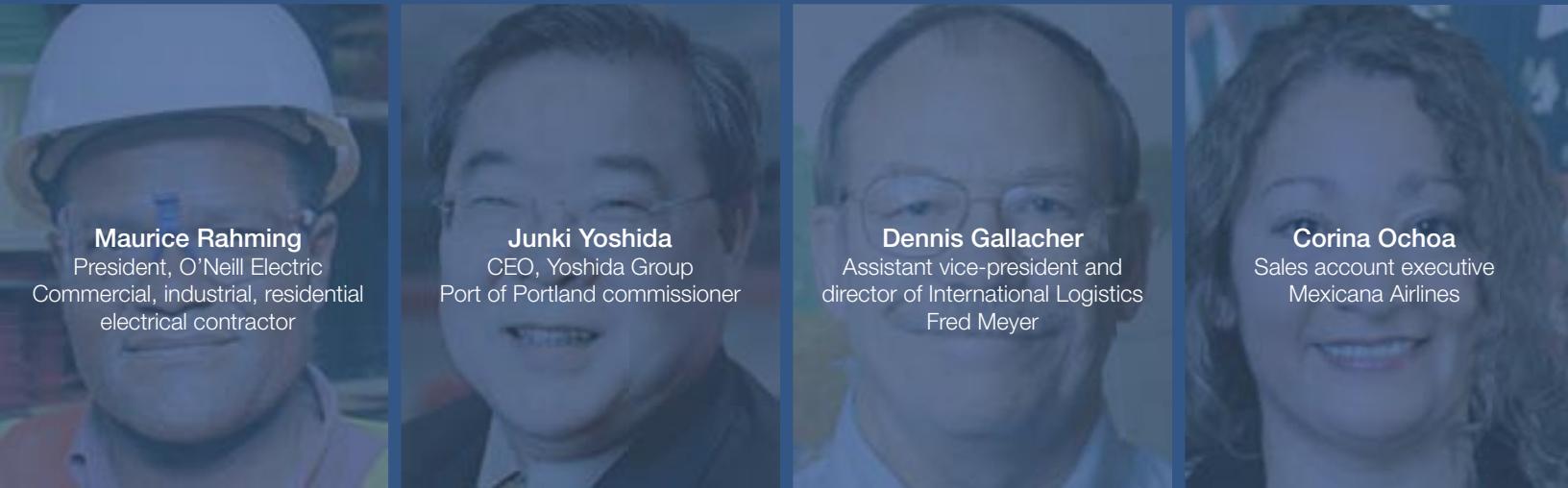
LeAnne Ho
Adopted daughter
of Philip and Melissa Ho

Steve White
Chief Logistical Officer
Dollar Tree

Melissa Ohm
Senior merchandise manager
women's and girls' apparel
adidas America, Inc.

Fabrication facility worker
Intel, Oregon

Some of the faces impacted by the Port of Portland



Maurice Rahming
President, O'Neill Electric
Commercial, industrial, residential
electrical contractor

Junki Yoshida
CEO, Yoshida Group
Port of Portland commissioner

Dennis Gallacher
Assistant vice-president and
director of International Logistics
Fred Meyer

Corina Ochoa
Sales account executive
Mexicana Airlines

Poised on the Pacific,
graced by ethereal rivers,
clear skies and wide open spaces,
we are the Port of Portland,
located at the confluence
of people and products.

From a fourth generation Oregon wheat farmer who exports his grain to Tokyo to an adopted daughter from China arriving at her new home, we provide opportunities and possibilities. We connect exotic goods to give you that authentic Mediterranean meal made with imported olive oils. We help deliver an entrepreneur's dream of exporting edgy urban apparel to Europe. We assist you in reaching your destination in a safe, efficient and caring manner.

Ours is a big mission – set in a small city – operating in a global economy. We offer possibilities in every direction.

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Outreach 2006

A message from Bill Wyatt

Executive Director



Hello!

Travel is an important part of my job. From Shenzhen to Haifa to Seoul to Frankfurt to Mexico City, I've gained a unique insight into this planet's global conversation. Today we speak the languages of commodities, currencies and futures – and the dynamic has far-reaching implications for our customer accounts. The value of the dollar, the cost of a barrel of oil, the price of steel or the going rate for wheat triggers changes in the global supply chain that can result in local impacts such as higher priced airline tickets or increased construction costs.

For the Port to be successful in this environment, we must focus on our customers and the communities

we serve. We must help our employees be the most effective and efficient they can be, and we must be poised to act according to the counsel of our board of commissioners.

Customers: The volatility of the shipping and airline business is exciting, but can also be discomfoting. We often have little influence or control over how our customers make decisions; when changes are made, there is usually little warning. Because our clients – importers, exporters, steamship carriers, airlines, and business travelers – operate in the private sector, they must be nimble and time-and-cost-efficient to compete in the world economy. These clients force us to be flexible and competitive in order to serve

them well. It also puts us in the unusual situation of having a public mission to connect our region to the global marketplace, while generating 97 percent of our revenues from transactions with our private sector clients. Thus, we don't automatically receive annual revenue increases; we get what we can earn from the marketplace. Because we operate in a relatively small market such as Portland, we have to work harder to succeed on the national and global stage. I am glad to report that the extra efforts have paid off this past year, resulting in new services to better connect our communities with the world market.

Citizenry: The nature of being a transportation service provider means that we interface with users of the Columbia and Willamette waterways and the air space surrounding our airports. As our community grows, the needs of neighboring residents, wildlife, businesses and customers grow as well. I am particularly appreciative of our community's problem-solving spirit.

We may not always agree, but our citizen activists are passionate about the local environment and mindful of what we will leave behind for future generations. We enjoy opening up our operations for behind-the-scenes tours and working together on solutions for sensitive issues such as the lower Willamette River cleanup or aircraft noise issues. The more we can be transparent in our processes and work with local civic leaders, the better our projects will be.

Employees: Please allow me to boast a little about our terrific Port team. The dynamics of our customer accounts forced us to lay off 10 percent of our work


force two years ago, while in the same two years we recruited two new steamship lines and eight new airline services. I am grateful to our employees for rising to new challenges with a keen focus on customer service and innovative thinking. They are smart, hardworking, proud of the Port's mission and the region we serve, and committed to doing things right the first time. It is my privilege to serve the Port's 750 employees.

Commission: I also want to thank our board of commissioners for their thoughtful and insightful consideration of our policies and projects. This fiscal year promises to be one of the busiest in the Port's history due to an unparalleled level of construction. The increased project volume will generate more plans, budgets and reports for our volunteer commissioners to review and approve or dismiss. I appreciate their dedication to the work we collectively pursue. I also encourage you to check out our Web site at www.portofportland.com as we continue to add

new interactive tools to better communicate the many programs and operations that comprise our Port.

Thank you for your interest in the Port of Portland.

It is an honor to serve you.

Sincerely,

 Bill Wyatt



Port of Portland Commissioners (front row, left to right): Mary Olson, Jay Waldron, Judi Johansen (back row, left to right) Junki Yoshida, Steve Corey, Grant C. Zadow, William Thorndike, Jr., Tom Imeson (former commissioner and new director of public affairs), Ken Allen and Executive Director Bill Wyatt.

A year in numbers

Summary of the economic impacts of the Port of Portland in 2005

	Marine	Aviation	Total
Total Jobs	10,656	20,005	30,661
Personal Income	\$789,782,000	\$941,100,000	\$1,730,882,000
Business Revenue	\$640,777,000	\$3,300,000,000	\$3,940,777,000
Local/State Taxes	\$80,706,000	\$95,100,000	\$175,806,000

Facilitating the economy

The Port of Portland is a key economic driver for the Portland-Vancouver metropolitan area. Studies show that activities at the Port of Portland's marine terminals and airports generate more than 30,000 jobs in the region. These are jobs – such as pilots, truck drivers, baggage handlers and freight forwarders – that are created directly through services at the Port's facilities as well as through spending by those firms and their employees. In turn, these jobs and the spending associated with Port-related activities infuse money into the regional economy in the form of personal income, business revenue, tax revenue and local spending. In addition, private maritime facilities in the Portland Harbor and visitor industry impacts associated with the Port's aviation system contribute jobs and dollars to the regional economy. Combined, the region's maritime and aviation transportation facilities created more than 75,000 jobs and \$3 billion in personal income regionally.

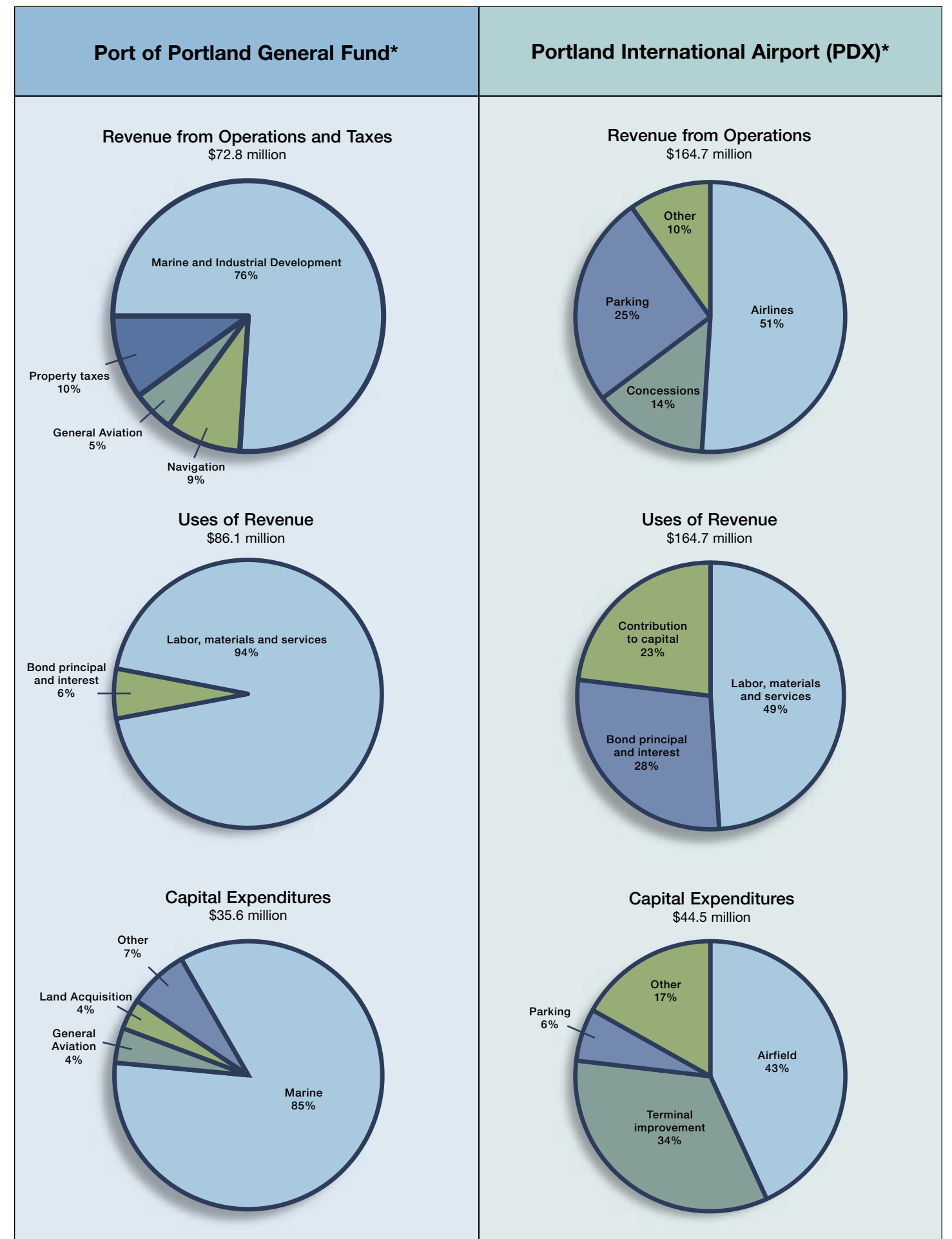
The Port has two primary financial structures

Aviation

Aviation's operations are self-supporting and receive no direct property tax support. The agreements with air passenger and cargo carriers at Portland International Airport (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

The general fund is comprised of marine, industrial development, navigation and administrative activities. 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.



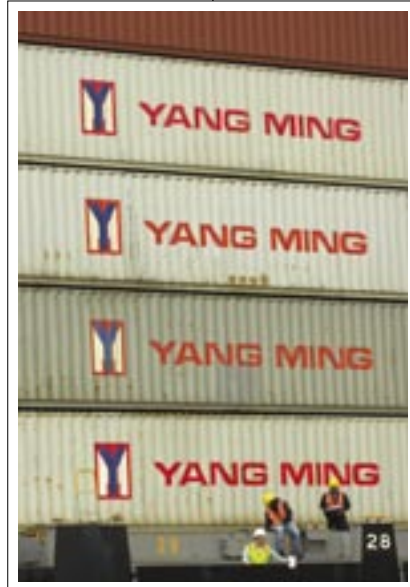
*Audited financial results July 1, 2005 - June 30, 2006

A year in marine

2005/2006: It was a great year

The biggest news of 2006 for regional importers and exporters came from this summer's start of two new ocean container shipping services from ZIM and Yang Ming lines. The addition of these two lines brings much needed container capacity to regional businesses. An additional 50,000 containers will cross Port docks this coming year as a result of ZIM and Yang Ming, benefiting regional businesses by lowering inland transportation costs.

Because it is critical to attracting and retaining shipping lines, the Port constantly works to improve Portland's transportation infrastructure – the roads, waterways, terminals and railways that allow businesses to efficiently move cargo through Portland.



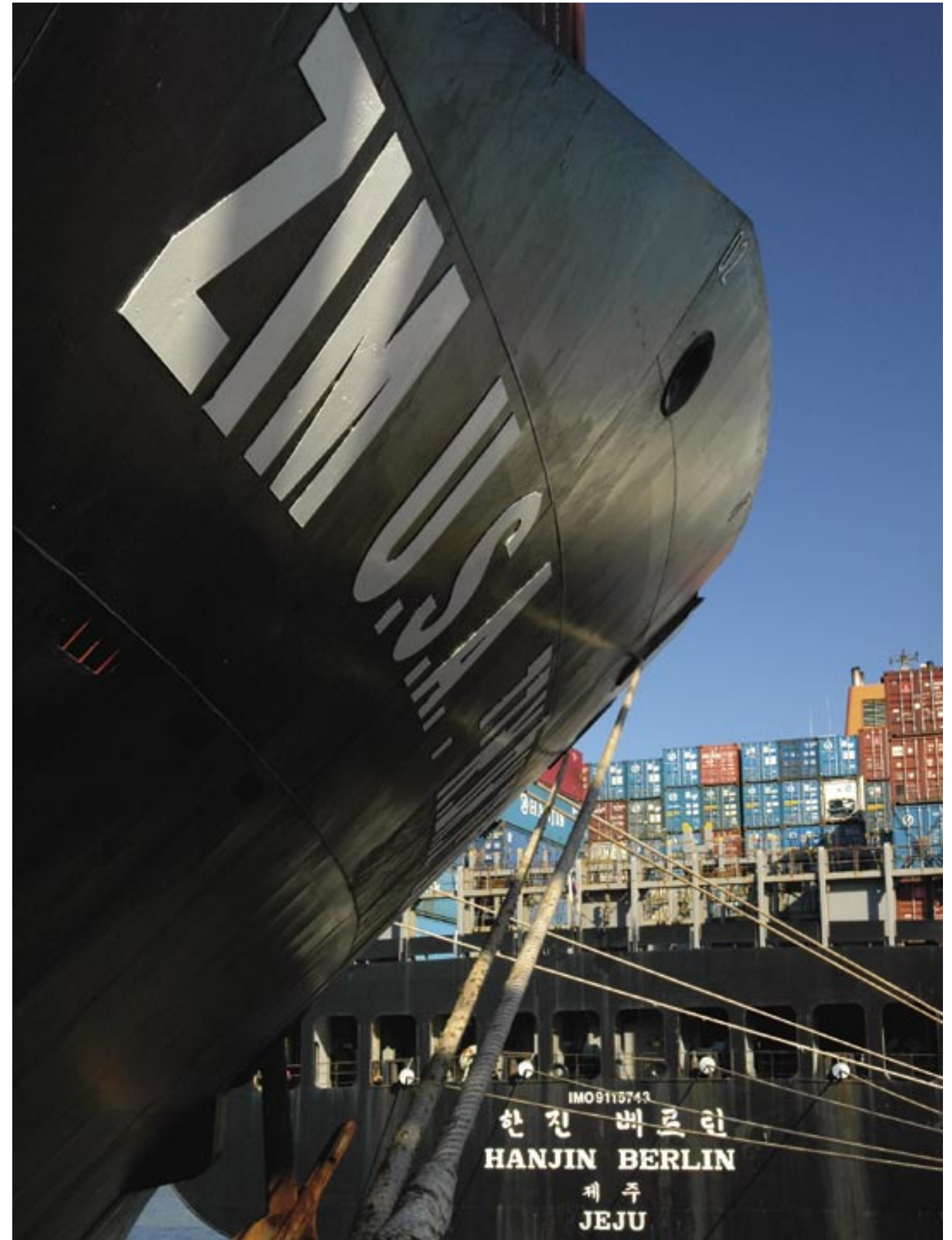
The Port made excellent progress on a number of projects this year that will support economic growth in Portland:

- The arrival of a third, 200-foot-tall post-Panamax container crane from China in May improved the Port's ability to efficiently work today's larger container ships. The Port ordered a fourth post-Panamax crane after receiving \$7.5 million in *ConnectOregon* funding in July, and it should arrive in 2008.

- Progress continued this year on deepening the Columbia River navigation channel to 43 feet. Coupled with the 27 miles the U.S. Army Corps of Engineers completed last year, this year's construction sees 40 percent of the channel deepened

to 43 feet. The additional three feet of depth will allow larger and deeper draft container ships to carry hundreds of additional containers and bulk ships to load significantly higher volumes of grains and mineral bulk cargos.

- The Port received \$6.8 million in *ConnectOregon* funding to build Ramsey Rail Yard, a new rail yard in the Rivergate Industrial District that will help ensure Portland's rail network has the capacity to meet future train growth. Last year, U.S. Rep. Earl Blumenauer of Oregon helped secure a federal appropriation of \$7.1 million for the project, which is now fully funded. When completed, the Ramsey yard's six tracks will support grain and mineral bulk exporters; auto importers Hyundai, Honda and Toyota; and dozens of other rail users in Rivergate.



Autos

For the Port of Portland, 2006 was the Year of the Auto. One reason: a record-setting pace that has seen more than 400,000 Toyota, Honda and Hyundai autos cross the Port's docks. Each car processed brings a regional economic benefit of \$346. In car lingo, that adds up to a \$138-million "spiff" for the region's economy. Those benefits show up in hundreds of high-paying maritime, auto-handling, trucking and rail jobs, lease payments to the Port, and taxes paid to the city, county and state.

2006 saw completion of major projects at all three auto facilities. Toyota, with volumes up almost 50 percent, added an additional 15 acres to their recently redeveloped facility. Toyota hired 30 new employees to help bring in more than 200,000 autos. It took about 150 ships to deliver all those Toyotas – putting a smile on the faces of Columbia River bar and river pilots, tug boat operators and longshore workers.

At the Honda dock, the Port completed a multimillion dollar project to widen and strengthen a floating dock access ramp, improve the floating dock's hull to accommodate the widened access ramp, and add mooring and breasting dolphins to accommodate larger ships.

Governor's trade mission

In an effort to increase the \$12 billion worth of goods and services exported from Oregon last year, Gov. Ted Kulongoski and a platoon of business and government leaders headed to Korea and Japan to drum up business with Oregon's two largest overseas trading partners.

Many of the trade mission calls were to longstanding Port customers and partners. In Korea the trade delegation met with the president of Hanjin Shipping, J.W. Park, and the line's senior management team, to thank them for their commitment to Oregon. In Japan, delegation members met with Tokyo Kasei, which runs Tokyo Chemical Co., one of the Port's oldest Japanese customers, as well as Nike Japan, Northwest Airlines and Ajinomoto.

"Our overseas customers were obviously thrilled to have Oregon's governor come to their offices and thank them for their business," Port of Portland Commissioner Jay Waldron said. "I have every confidence that this trade mission will

result in stronger relationships with our customers and increased business opportunities."

The Port helped lead the trade mission coordination efforts and reached out to Oregon university student alumni who are currently living in Tokyo. Nearly \$400 million in business development activity has resulted from the effort.

Marine economic impact

The Port's public marine terminals include Terminal 6, which is the primary ocean container terminal on the Columbia River. Automobiles and breakbulk are also handled at Terminal 6. Terminal 2 handles breakbulk cargoes and steel; Terminal 4 handles bulk products, as well as breakbulk cargoes and automobiles; and Terminal 5 handles grain and mineral bulks.

These facilities, combined, had the following impact in calendar year 2005:

Jobs

Direct, indirect, and induced jobs generated for residents of the Portland area totaled 10,656. These job holders received \$789.8 million dollars in wage and salary income for an average salary of \$74,116.

Business revenues and taxes










Marine activity created \$640 million in business revenue and contributed nearly \$81 million in state and local tax revenue in the Portland area in calendar year 2005.

Marine Environmental

The Port, Jones Stevedoring Co. and U.S. Customs & Border Protection used 145,000 gallons of cleaner burning ultralow sulfur diesel fuel at Terminal 6 to power the equipment that moves goods between ships and shore. We won a seventh straight environmental award from the American Association of Port Authorities, and we moved forward with implementation of the sediment cleanup selected by the U.S. Environmental Protection Agency for our marine Terminal 4. T-4 is within the Portland Harbor Superfund Site in the lower Willamette River.

The Port completed two major projects at the T-6 auto import facilities leased by the Auto Warehousing Company (AWC), which handles importing for Hyundai and Honda. The Port added 45 acres to AWC's site, which included 35 acres of environmentally friendly porous asphalt. Porous asphalt allows rainwater to penetrate the surface and recharge the ground water in a more natural fashion than a normal asphalt surface. The project won a Julian Prize for Sustainability for Public Works from the Oregon Chapter of the American Public Works Association.



		
<p>Apples</p> <p>Exported 11,874 tons. Central America and South America received 81% (9,677 tons) of the apples.</p>	<p>Potatoes</p> <p>Exported 14,000 metric tons of frozen potatoes (mostly french fries). The Port of Portland exports an average of one pound of fries every second of every day to Asia.</p>	<p>Hazelnuts</p> <p>Exported 5,512 tons valued at more than \$10 million. Hazelnuts ranked 29th in volume of containerized exports.</p>
		
<p>Soda Ash</p> <p>Exported 2.3 million tons. Soda ash is a common ingredient used in many household products such as glass and detergents.</p>	<p>Tires</p> <p>Imported 14,990 tons, totaling more than one million tires. The majority of tires come from Japan, China and Taiwan.</p>	<p>Festives</p> <p>Imported 13,512 tons. "Festives" include all types of holiday decorations such as ornaments, garlands, yard décor and lighting.</p>
		
<p>Hay</p> <p>Exported 169,471 tons. Hay is the Port's leading containerized export and is used for animal feed in Asia.</p>	<p>Footwear</p> <p>Imported 13,390 tons of footwear; two-thirds came from China. Portland is a design center for many international footwear companies.</p>	<p>Wheat</p> <p>Wheat is the Port's top export at 4 million tons. The Columbia River is the largest wheat export region in the United States.</p>

Marine: How it works



1

Manufactured in Asia

Asia is the workshop of the world, manufacturing everything from shoes and jackets to televisions, computers and furniture.



2

Containerized

Asian manufacturers pack their products into 20- and 40-foot metal containers. Barges, trucks, ships and trains can easily transport containers because of their standard size and shape.



3

Shipped to Portland

Asian ports load tens of millions of containers onto container ships each year. Container ships are modern marvels of engineering. Hundreds of feet longer than the Titanic, the largest container ships can carry more than 10,000 containers at a time.



4

Off-loaded by crane

At the Port of Portland, container cranes as tall as a 16-story building, and wider than two city blocks, unload nearly 34,000 containers each year. The Port stores them in a container yard while U.S. Customs clears the goods for pickup.



5

Moved by truck or rail

Longshore workers load the containers onto trucks and trains at the Port's container yard. Truckers drive the containers directly to retail stores or distribution centers that unload and consolidate products for shipment to retail stores.



6

Sold at a retailer

Containers arrive at retail stores where their contents – stereos, television sets, furniture or your future winter jacket – are displayed on the shelves and purchased.



Terminal 6, the region's primary container and auto handling facility, is located at the confluence of the Willamette and Columbia rivers.



A year in aviation

Portland International Airport (PDX) served more than 14 million airline passengers in 2006. PDX cargo carriers stimulated the region's economy, moving more than 290,000 tons of air cargo.

Air service

Throughout the year, PDX travelers enjoyed nonstop international air service to Asia, Canada, Europe and Mexico. Northwest Airlines continued daily nonstop service connecting Portland with Northwest's Asia-Pacific network in Tokyo. Mexicana Airlines expanded its international service to seven days a week, connecting Portland and Guadalajara with "same plane" service to Mexico City. Lufthansa rounded out its year announcing plans to

increase winter service to five days a week for nonstop flights connecting Portland and Frankfurt, Germany. PDX passengers also relied on nonstop service to Vancouver, British Columbia, on both Air Canada Jazz and Horizon Air. US Airways launched nonstop service linking PDX and Philadelphia. Big Sky Airlines began nonstop weekend service from Portland to Missoula, Mont., including one-stop service to Bozeman, Mont. Horizon Air added daily nonstop service to Reno, Nev., joining Southwest Airlines in the market. The year ended on another bright note with Alaska Airlines announcing the launch of new seasonal nonstop service connecting PDX with the Mexican resort destinations of Los Cabos and Puerto Vallarta.

Security

The Port continued its dedication to airport safety and security, along with its Transportation Security Administration (TSA) and airline partners. The TSA introduced explosives detection machines at security checkpoints, which are able to identify microscopic traces of explosives. The TSA, airlines and Port boosted customer

service by adding more checked baggage screening equipment in the airport ticket lobby, enabling faster baggage screening. The new year will bring continued work toward an in-line baggage screening system that will conveniently deliver checked bags from the ticket counter to baggage handlers with security screening along the way.

Customer service

The airport maintained its international reputation for great customer service, with business travelers voting PDX the best domestic airport in a poll conducted by Condé Nast Traveler Magazine. Contributing to the award were quality shops and restaurants, free wireless Internet service, and TriMet MAX light rail service.

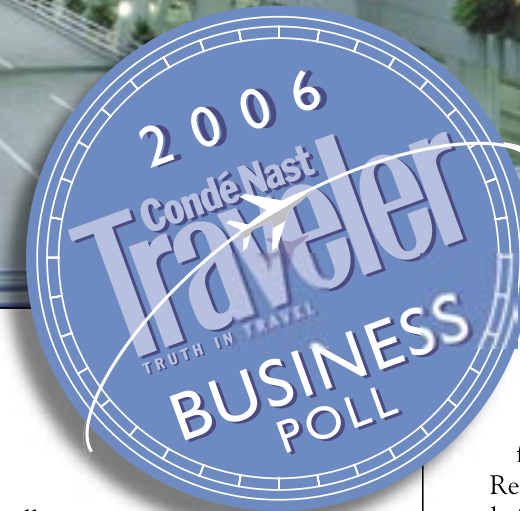
Noise issues

The Port continued to seek better solutions for managing aircraft noise, including a new emphasis on using small

aircraft to deliver cargo throughout the region. The Port Commission approved the PDX Part 150 Noise Compatibility Plan, outlining 25 recommendations for managing community exposure to aircraft noise.

Recommendations resulted from a three-year voluntary study involving citizens, representatives of local government, the Federal Aviation Administration (FAA) and airlines, and including numerous public meetings and open houses. The recommendations are now under consideration by the FAA.

In related work responding to community concerns, the Regional Cargo Feeder Ad Hoc Committee and the PDX Citizens Noise Advisory Committee focused on ways to minimize noise impacts involving cargo feeder aircraft flight operations. The city of Portland, city of Vancouver, FAA, local air cargo companies, Portland and Vancouver neighbors and the Port all worked together to make recommendations to the FAA.



General aviation

Hillsboro Airport, operated by the Port of Portland, saw more than 225,000 annual operations last year and is the busiest general aviation airport and second busiest airport in the state. The facility supports jet and propeller aircraft, and helicopter operations.

Coming into the year, the Port completed a master plan update for the airport. With the completion of this two-and-a-half-year project, and an airport compatibility study update, the Port formed an ongoing Hillsboro Airport Issues Roundtable (HAIR) committee.

HAIR, which meets quarterly, is the official forum for discussions about operational issues related to Hillsboro Airport. The 22-member roundtable discusses various airport issues, including the implementation of the 2005 airport compatibility study, which outlines ways the airport can be a good neighbor and strong asset to the surrounding community.

Looking ahead, the first significant development at Hillsboro Airport, as outlined in the master plan, is the construction of several high-speed exit taxiways to the main runway followed by the addition of a smaller third runway for light aircraft. Assuming growth and demand continue, these projects are targeted for completion by 2010.

Hillsboro Airport has been home to the Oregon International Air Show for many years. Following a tragic crash last year, the Port decided to step back and evaluate the event and its future. After a reflective, four-month review process, which included input from Washington County residents, the Port and air show managers instituted changes that address safety, and the Port now plans to grant a permit for the 2007 show.

Aviation economic impact

Passenger, air freight, military and general aviation activity at Portland International Airport, Hillsboro, Mulino and Troutdale airports had the following impacts in 2005:

Jobs

Direct, indirect, and induced jobs generated for residents of the Portland area totaled 20,005. These job holders received \$941.1 million dollars in wage and salary income for an average salary of \$47,043.

Business revenues and taxes








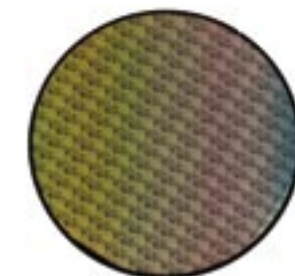

In 2005, aviation activity created \$3.3 billion in business revenue, including \$870 million generated from air cargo activity. Wages and business revenue associated with the Port's airports resulted in \$175 million in state and local tax collections in the Portland area. Additionally, the federal government received \$220 million in airport-specific taxes generated by Portland International Airport.



Aviation Environmental

Throughout the year, the Port, PDX concessionaires and other airport businesses continued to focus on the environment. Passengers traveled to the airport terminal from parking lots via a bus fleet powered exclusively by cleaner burning compressed natural gas. More than 35,000 gallons of biodiesel – blended with ultralow sulfur diesel – powered equipment for landscape maintenance and snow removal.

In the airport terminal, environmental stewardship extended to purchasing “green” to include nearly 400,000 rolls of toilet tissue with at least 20 percent recycled content. And the award-winning PDX food waste program diverted 149 tons of compostable food waste from landfills for conversion into nutrient-rich compost.

		
<p>Domestic Animals</p> <p>Pets and show animals travel through PDX every day.</p>	<p>Blood</p> <p>Cargo feeder aircraft transport perishable medical supplies, whole blood and blood samples to and from clinics and hospitals in outlying communities.</p>	<p>High-tech Equipment</p> <p>High-tech companies manufacture high margin products and ship them via PDX to destinations around the world.</p>
		
<p>Antiquities</p> <p>Fragile antiques move through PDX to museums and shops. This German royal carriage flew via Lufthansa to a show at the Portland Art Museum.</p>	<p>Mail</p> <p>Thousands of tons of U.S. mail – cards, letters and packages – travel in and out of PDX every month to destinations across the country.</p>	<p>Cherries</p> <p>Cherries are shipped from Oregon farms to Japan and Taiwan. They travel in cargo planes and in the “belly” compartments of passenger planes.</p>
		
<p>Crab</p> <p>Oregon Dungeness crab are shipped to markets across the U.S. Careful planning gets the crab from the coast to customers' tables in peak condition.</p>	<p>Silicon Wafers</p> <p>Locally manufactured silicon ingots, wafers and computer chips are some of the highest volume commodities moving daily through PDX.</p>	<p>Passengers</p> <p>Fourteen million annual passengers are flying through PDX to more than 45 markets in the U.S. and abroad. This includes 500,000 international passengers.</p>

Aviation: How it works



1

Donated

Organ donations happen through the work of organizations such as the Pacific Northwest Transplant Bank, acute care hospitals and by donors and their families making a choice to give the gift of life.



2

Packaged

When a donor organ is removed for transplant, it is carefully packaged for speedy delivery by air. It is picked up in the operating or emergency room. Preservation time for a heart or lung is just four to six hours.



3

Transported

Once placed in special packaging, the organ is transported from the hospital to the airport by the transplant team or special courier.



4

Flown

Aircraft are used to quickly deliver the organ from distant locations to the Port's Portland International Airport or Hillsboro Airport.



5

Delivered

Special couriers pick up the precious cargo at the airport for immediate delivery to the hospital.



6

Received

Surgeons receive the organs at hospitals such as Oregon Health Sciences University or Legacy Good Samaritan where they are transplanted into recipients.



Cargo feeders make up approximately 10 percent of the air traffic at PDX. The smaller aircraft, which partner with national delivery companies, help connect regional communities to cities around the world.

A year on the land

As Portland's largest industrial landowner, the Port of Portland takes the stewardship of lands very seriously. Part of being a steward of the land is committing it to its best and highest use. In some cases that may be the implementation of proactive environmental programs such as water conservation and wildlife habitat. In other cases that may be better recreational access, the creation of jobs, and economic growth for the region.

Freightliner

This year one of the largest and oldest Swan Island tenants, Freightliner Corp., signed a 40-year lease for its current 27-acre holdings. Freightliner has operated truck manufacturing facilities on Swan Island since 1947 and has leased its headquarters property from the Port since 1974. The extended lease is a great vote of confidence from one of our region's largest employers. The company employs more than 4,000 workers on Swan Island.

Rinker

Also on Swan Island, Rinker Materials, a subsidiary of Pacific Rock Products, L.L.C., exercised a lease option with the Port to construct a concrete batch plant, aggregate storage areas, a receiving area for barged aggregate materials, and office space on a 12-acre site at the Port's Swan Island Industrial Park. Rinker expects to hire up to 25 employees at the new facility. The location was perfectly suited to the company's growth plans. Pacific Rock will leverage this property's river access and the Port's efficient barge transportation system to provide the local construction industry an additional competitive source for concrete, sand and gravel.

IKEA

This year also marked significant milestones at the Port's Cascade Station property with the groundbreaking for a new IKEA store. IKEA is the world's leading home furnishing retailer. In addition to the construction jobs this creates, once the store opens adjacent to PDX in 2007, it will provide 300 area jobs.

Reynolds site

This year the Port moved closer to acquiring one of the area's last remaining large industrial sites – the 700-acre site of the former Alcoa/Reynolds Metals plant. Industrial sites of this size are rare in the urban area and are key to regional economic development. The Port plans to

develop the land for a mix of industrial uses, which will bring quality jobs to the area. The Port's development process includes good construction methods and development standards for landscaping and building. The Port is also working with local governments to attract funding for recreation and traffic improvements.

Facts

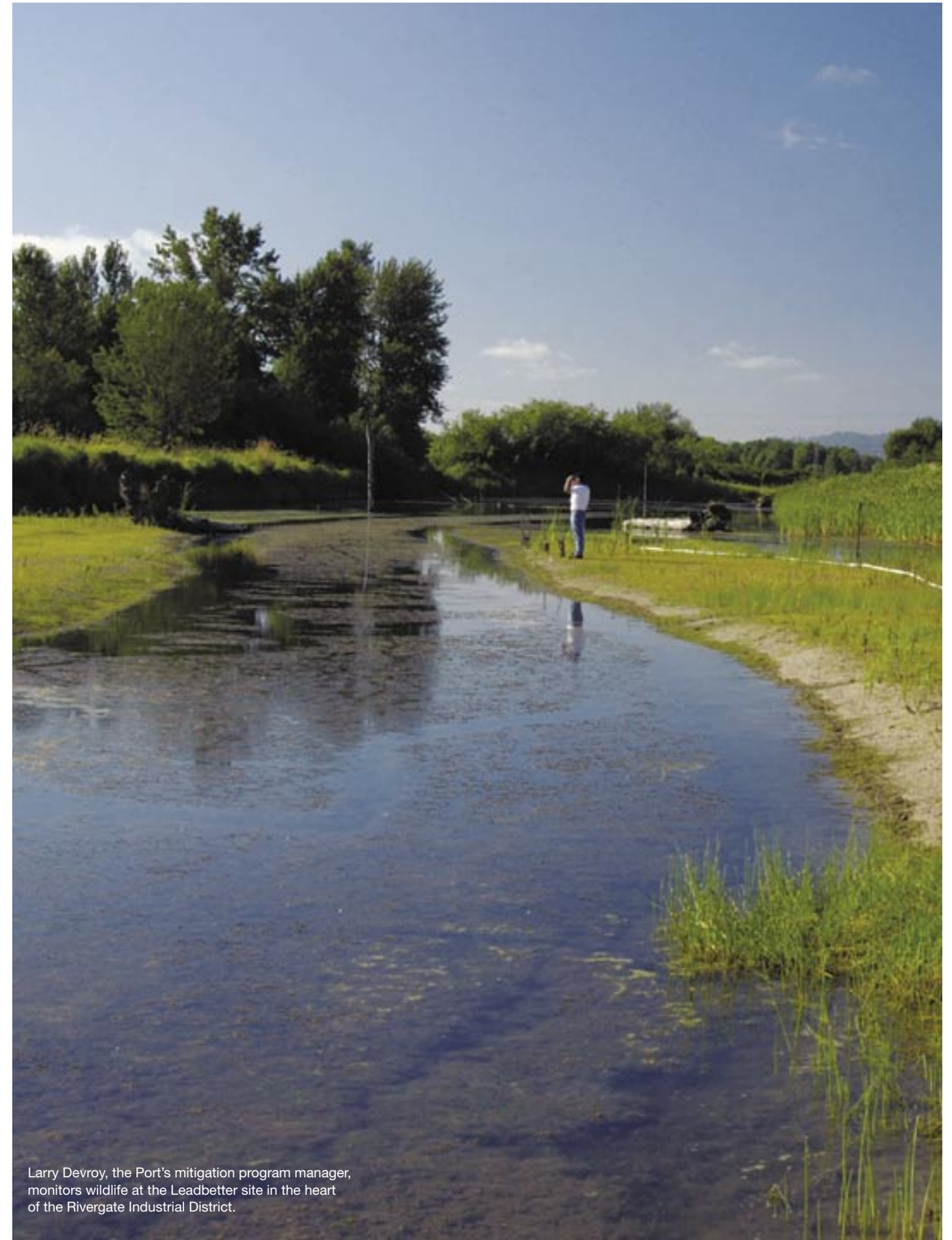
- Rivergate Industrial District consists of 1,800 acres, including marine Terminals 5 and 6. Currently, 200 acres remain for future development.
- Swan Island/Mocks Landing/Port Center consists of 590 acres. There are about 13 acres available.
- Portland International Center at PDX consists of 458 acres. Currently, 319 acres are leased, and 64 acres are available.



Industrial Lands Environmental

This year the Port received a 2006 Businesses for an Environmentally Sustainable Tomorrow (BEST) award from the city of Portland for work on a pilot irrigation project. The project at the Port's industrial parks at Swan Island and in the Rivergate Industrial District demonstrated how technology that uses data such as soil type and current weather conditions can save water. It is estimated these measures saved 635,000 gallons this year alone.

In addition, the Port controls non-native plant species on all 17 of its environmental mitigation sites through mostly mechanical means – meaning good old human labor. Biological controls and herbicides are used sparingly, and we practice spot-spraying of the least harmful herbicides whenever possible.



Larry Devroy, the Port's mitigation program manager, monitors wildlife at the Leadbetter site in the heart of the Rivergate Industrial District.

A year in business

The Port continued to build strategic partnerships with many of the Northwest's business and community organizations in 2006. These partnerships provide the necessary momentum needed to further a number of the region's crucial initiatives.

Pacific Northwest Waters Association

With the Pacific Northwest Waters Association, the Port lobbied for funding to assist with the U.S. Army Corps of Engineer's local projects, including deepening the Columbia River.

Columbia Corridor Association

Working with the Columbia Corridor Association, the Port continued to champion waterfront industries.

Westside Economic Alliance

The West Side Economic Alliance supported airport-related access issues.

Port of Lewiston

Signed in October 2006, the memorandum of understanding between the ports of Lewiston and Portland and Shanghai's Yangshan Deep Water Port promotes future business opportunities in sync with China's burgeoning economy. The pact was the brainchild of Stephanie Camarillo of Idaho's Department of Commerce, which considers the Port of Portland as Idaho's gateway to international markets. The Port accompanied the Idaho delegation led by Lt. Gov. Mark Ricks to the Yangshan Port Free Trade Area in China, where they participated in the signing ceremony of the memo of understanding with the Yangshan Port executive director, Zhang Zai Yang.

FoodEX

Japan is one of the most import-dependent markets in the world. Compared to other countries, Japan has the highest demand for foreign food and beverage products, regardless of overall market conditions. Port marketing staff will join the Oregon Department of Agriculture (ODA) in March 2007, to participate in FoodEX, the largest food and beverage trade show in Asia. ODA and the Port will host a booth inside the USA Pavilion. The Port plans to network with Asian food industry companies to demonstrate its commitment to the food industry and potentially advance Portland's role in exporting and importing food products.

Compass Award

Randy Miller, chairman of the Portland-based Moore Co., has been a longstanding advocate for international flights based out of Portland International Airport. This fall, the Port Commission named Miller the first recipient of the Port's Compass Award, which recognizes the contributions of individuals who demonstrate exceptional support of the Port of Portland and the communities it serves.

"Randy has been one of Portland's most active business boosters and a tireless advocate for projects and programs that help the Port achieve its overall mission," said Port Commission President Jay Waldron. Waldron referenced Miller's integral role in assisting the Port in the recruitment and retention of airlines offering nonstop flights to Europe and Asia. The Port presents the Compass Award annually to community partners for their support of the Port's strategic mission.



The Port of Lewiston's crane removes containers from a barge that traveled up the Columbia River from Terminal 6.

Linnton community

Portland's working waterfront and marine facilities are a uniquely valuable transportation resource because they are located precisely at the point – the only point in Oregon – where deep water shipping, upriver barging, two water-grade rail lines and the interstate highway system meet. As the Port strives to preserve and promote its maritime assets, it continues to reach out to communities that are located on Portland Harbor or adjacent to marine facilities in north Portland.

Linnton, a small, spirited town just north of the St. Johns Bridge, is one of those communities. The former Linnton Plywood Mill industrial property is one of Portland's rare and valuable industrial properties and is served by rail, road and pipeline with waterfront access. Portland's Working Waterfront Coalition (WWC), a group of key waterfront businesses, and the Port are working to protect Portland's industrial property and jobs and are striving to keep the Linnton Plywood site and other industrial properties available for industrial uses.

The goal of the WWC, created in June 2005, is to reinforce the economic vitality of Portland's working waterfront. This includes ensuring that there is an adequate supply of waterfront industrial land to meet the expected need of existing industry clusters and to attract new industrial uses.

Outreach 2006

Seaport Celebration

The Port's Terminal 6 is tucked away in the Rivergate Industrial District in north Portland, nearly four miles from I-5 and generally out of sight of the general public. To help enlighten the public about T-6 operations, the Port hosted a Seaport Celebration in August, which was attended by nearly 1,000 people.

"Seaport Celebration gives the Port and our employees a chance to talk with the community about what it is we do and why we do it," said Sam Ruda, the Port's marine and industrial lands division director.

This year's celebration brought every facet of T-6's daily operations into the public's eye. Terminal bus tours provided visitors with the opportunity to observe the loading and unloading of a Hanjin ship. Trucking company, Terminal Transfer, provided trucks for the kids to tour; the Coast Guard displayed a rescue boat and talked about water safety; and representatives from the Maritime Museum staffed a historic display. The International Longshore and Warehouse Union that works at the terminal also highlighted the vital role it plays in waterfront commerce.

Celebrate Hillsboro

The communitywide "Hillsboro Celebration" drew thousands of Hillsboro and Washington County residents to the civic building and plaza that have been gold-certified by LEED, the Leadership in Energy and Environmental Design Green Building Rating System.

Washington County, just west of Portland, is one of three counties in the Port's district and home to Hillsboro Airport (HIO). As one of three general aviation airports in the Port's portfolio, HIO plays an important role in the county.

Port employees staffed a booth that included eye-catching historical photographs of the airport's long and storied tenure in the community.

For the past six years, the Port has also hosted an annual Hillsboro Airport Open House to show off Oregon's second busiest airport, and this past year, a new standing committee formed to discuss airport issues locally.

Cleanup

Employees from Freightliner Corp. invited Port staff to help clean up beachfront property on Swan Island. Despite a stifling heat wave in Portland this past July, 42 Port of Portland and Freightliner employees joined forces for a mass cleanup of Port-owned beachfront. The cleanup promoted the Port's ongoing commitment to environmental stewardship.

The combined employee team scoured the sandy Willamette River shoreline in front of Freightliner's corporate headquarters, collecting one ton of garbage. Glass fragments, Styrofoam and cigarette butts topped the list of items collected.

Volunteerism

The Port's Employee Volunteer Program began in October 2006 to encourage more staff to become involved in single and/or group volunteer efforts that improve the region's quality of life.

Port employees' volunteer work is as diverse as the jobs they do at the Port. A police officer teaches hunting safety techniques for the state of Washington. An environmental affairs specialist has cared for hundreds of unwanted animals in a county animal shelter. Several staff members assist in their children's classrooms, and many more serve on boards of several of Portland's philanthropic or civic organizations.

For the past 15 years, Melissa Porter, one of the Port's talented graphic designers, has served as a guide at the Oregon Zoo. Porter has donated more than 2,800 hours of her time to the zoo.

When hundreds of New Orleans residents relocated to Portland in the aftermath of Hurricane Katrina, Porter led the Port's sponsorship of an art contest and fundraiser. She also assisted one family relocating to Portland.

The Employee Volunteer Program is helping establish partnerships with organizations such as Adopt a Class. Twenty-six employees signed up to adopt a class in a north Portland elementary school. Staff volunteers read to first graders in St. Johns and continue to correspond with the children.



Seaport Celebration at the Port's Terminal 6 included activities for all ages.

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