MISSION
To enhance the region’s economy and quality of life by providing efficient cargo and air passenger access to national and global markets.

VISION
The Port of Portland is a catalyst for access to national and international destinations and markets, which is fundamental to the region’s economic vitality. Its global connections enrich the lives of people within the Port’s extended market area, capturing the economic, social, and cultural benefits of the world marketplace. The Port is financially viable, environmentally responsible, and responsive to its stakeholders and the community it serves.
This strategic plan seeks to focus the Port’s energies on five strategic objectives. It explains the context in which the Port will operate during the next three to five years and the strategies that the Port will employ to reach its objectives. Associated with each strategic objective is a set of desired outcomes that serve as indicators of whether or not these objectives have been met. They describe, in a broad fashion, what the Port expects to look like or to be doing in 2010.

Specific metrics will be included in the business plans that each division of the Port (e.g., the Marine and Industrial Development Division and the Aviation Division) prepares each year. These metrics will help the Port gauge its progress toward business plan goals and link the strategic plan, divisional business plans, and individual employees’ goals and objectives. The metrics represent targets which, if achieved, will result in meeting the desired outcomes and, ultimately, the strategic objectives in the strategic plan.
SITUATIONAL ANALYSIS

The Port of Portland is one of a handful of large consolidated port authorities in the United States that operate marine, aviation, and industrial facilities. In particular, the Port operates four marine terminals, Portland International Airport (PDX), two general aviation airports, and several industrial parks. A network of two interstate highways, two mainline railroads, a deep-draft federal navigation channel, and an upriver barging system transport cargo and passengers to and from the Port's facilities.

The Port derives almost all its revenue from business transactions with the users and tenants of its facilities. A very small property tax base provides about three percent of the Port's overall revenue. Furthermore, the medium size of the Port's market requires it to compete vigorously for marine and air service that could easily be located in more heavily populated markets. As a result, the Port has always been challenged to remain cost-competitive while securing enough revenue to fund operations and make capital improvements. This financial challenge will grow as the Port pays for its clean-up obligations in the Portland Harbor Superfund site and for more stringent federal cargo and passenger security requirements. On the other hand, as a consolidated port authority, the Port has the opportunity to generate organizational improvements that will help it remain cost-competitive and respond to changes in private sector logistics practices.

International Trade Trends
The rapidly growing Asian economies will continue to significantly increase the demand for trade access into and out of the United States. The major trade facilities on the West Coast (marine terminals and air cargo facilities) are operating near or at capacity. In addition, the ability of the highway and rail system to handle the additional international volumes from the gateways and the domestic freight volumes inland is limited by private sector business decisions and constrained and fractured public infrastructure funding and decision-making. These dynamics create commodity flows and system impacts that present both opportunities and challenges for the Portland-Vancouver region.

The Portland-Vancouver region is one of four primary international trade gateways on the U.S. West Coast. Its economy depends heavily upon trade due in large part to its geographic location and the multi-modal nature of its transportation system. The latest commodity forecasts for the region project a doubling of freight volume over the next 20 years. While this represents only about a 2-3 percent annual growth rate, it is slightly faster than the projected population growth rate over the same time period. The region's medium-sized market base, position as a West Coast gateway with certain constraints, and attractiveness as an area with good livability are some of the factors that will affect the Port of Portland's ability to grow as an air and sea gateway in the Pacific Northwest.
Maritime Trends

The Port's four marine terminals on the Willamette and Columbia rivers handle a wide variety of cargoes. Large volumes of wheat, potash, and soda ash are exported from Terminals 4 and 5, making the Port one of the leading bulk cargo ports in the United States. With two automobile facilities at Terminal 6 and one at Terminal 4, the Port is the largest auto import gateway on the U.S. West Coast. The Port also handles large volumes of breakbulk cargo, primarily steel slab at Terminal 6 and steel rail at Terminal 2. Finally, the Port owns and operates a container facility at Terminal 6 that provides a critical transportation connection for local and regional farms and businesses.

The volatility of the container business line, which is a significant driver of the Port’s overall General Fund financial performance, is a major strategic issue for the Port. In 2004, the Port lost two major container services and more than 50 percent of its container volume. Since then, the Port has successfully regained much of the lost service and volume. However, during 32 years of operation, the Terminal 6 container business has performed inconsistently both financially and from the perspective of service continuity to regional shippers.

The Port of Portland is unique in that it both owns and operates the Terminal 6 container terminal. Container terminals at other West Coast ports are generally operated by private firms on land owned by port authorities. Under the current public port operating model, the Port has been unable to obtain the long-term commitments from container carriers that are needed to stabilize container business line performance. The 40-foot deep Columbia River channel and Portland’s relatively small local import market have also been obstacles to securing long-term agreements. In contrast, many U.S. container ports, including all other major West Coast container ports, have obtained long-term lease commitments from ocean carriers and/or terminal operators.

Certain trends in the marketplace suggest the time is right for the Port to consider alternatives to its public port operating model. One such trend is that carriers are seeking to diversify their gateway facilities to handle growth and reduce risk. Another important trend is the strong interest of private investment funds in container terminal infrastructure.

Rail Trends

Much of the cargo that is exported and imported through the Port of Portland is transported to and from the Port’s marine terminals by rail. For example, most of the wheat and all of the potash and soda ash exported from the Port arrive in Portland by rail. A significant share of the automobiles and steel rail imported through the Port are railed to the U.S. interior for distribution. Two of the major class I railroads, the Union Pacific and BNSF Railways, serve the Port’s marine facilities.

Class I rail service performance has improved since the last major rail mergers, with increased investment in new infrastructure and careful planning to address peak shipping patterns. The focus of most rail improvements is the principal east-west corridors, with an emphasis on moving long-haul unit trains carrying profitable commodities and containers.

However, due to high capital costs and shareholder concerns, the annual investments by the class I railroads are not keeping up with demands for service. The railroads have responded by picking and choosing among commodities and markets to extract the highest value return for their service. In the absence of a significant expansion of U.S. rail capacity, these rail business practices are likely to continue into the near- to mid-term future.

The Portland-Vancouver region has limited rail congestion with the exception of the area known as the Portland Triangle, which serves both the Port of Portland as well as Washington ports. Improvements in the region's rail capacity can be expected as the ports of Portland and Vancouver USA, the states of Oregon and Washington, and the railroads themselves make investments.
Aviation Trends
The Port of Portland has experienced tremendous success in increasing passenger service levels at Portland International Airport over the last several years. Between May 2006 and May 2007, daily seat departures were up seven percent. Service to both new domestic and international markets began, and increased frequencies to some existing international markets were added. Portland is now the smallest of 12 U.S. cities with both trans-Pacific and trans-Atlantic non-stop service.

Although the Port still has opportunities, growth at this unprecedented rate cannot be expected to continue. Converting those opportunities into reality will depend on the success of the recent route additions, the strength of the economy, and the absence of adverse external events. While the airlines have started returning to profitability for the first time since pre-9/11, domestic demand is softening, which will harm revenue performance. Lower yields and high fuel costs will keep the airlines focused on cost containment, requiring all airports to maintain competitive cost per enplanement rates in order to recruit and retain new and existing services.

Cargo services at PDX continue to provide shippers and forwarders a strong logistics network that includes domestic and international passenger carriers, integrators (such as FedEx and UPS), and all-freighter service to China. The loss of Korean Air Cargo has created a need to recruit a replacement cargo carrier that will provide network service to major Asian markets. Demand is also growing for additional cargo service to Europe, Latin America, India, and the Middle East. A significant share of the region’s international air cargo is currently diverted to other West Coast gateways, providing a market opportunity for any new service recruited to PDX. Portland International Airport has the advantages of being uncongested, able to expand, and accessible to cargo from up to 500 miles away.

The Port has seen steady growth in general aviation operations, especially in corporate jet travel and student flight training. The Hillsboro and Troutdale airports play a significant role in supporting the region’s air commerce needs. Many of the state’s largest employers use the Hillsboro airport to conduct business both domestically and internationally, and both the Hillsboro and Troutdale airports are heavily involved in the training of professional pilots.

Environmental Trends
Several environmental trends will help shape the Port’s plans, infrastructure, and operations in the near- to mid-term future. The population of the Portland-Vancouver metropolitan region is expected to grow by 5.7 percent over the next five years, which will increase residential and recreational pressure on waterfront cargo facilities, the number of residents affected by aircraft noise, and passenger traffic at Portland International Airport. Infrastructure and navigation on the Columbia and Willamette rivers will continue to be subject to regulation intended to restore endangered fish. However, it is difficult to predict the extent to which river uses will change in response to this regulation and litigation in the near- to mid-term future.

Concern over climate change has grown significantly in the last few years. The Port shares that concern and will continue to actively assess and implement steps to minimize its contributions to this global problem. At the same time, responses to climate change from federal, state, and local governments will present both challenges and opportunities for the Port of Portland. The Port will certainly be expected to reduce its own direct contributions to climate change as much as possible. In addition, it will have to adapt to the larger changes that its transportation partners, such as marine carriers, airlines, railroads, and trucking companies, will make in their equipment and operations.

Finally, “green” improvements can deliver a real financial return on investment, and organizations like the Port should continue to evaluate and extend opportunities for making these improvements directly or through programming that encourages direct benefits for its customers.
Security Trends
Security requirements for cargo, passengers, and employees at Port marine and aviation facilities will continue to evolve and will likely intensify in the near- to mid-term future. Maritime containerized cargo and air cargo, especially cargo carried in the belly of passenger aircraft, will likely be subject to more stringent security screening. Employees and materials/equipment in the secured areas of Port facilities and passengers boarding aircraft will also be screened more strictly. The federal government will probably continue to underfund these increased requirements, which will require the Port of Portland to assume increased costs and management responsibilities.

U.S. and Oregon Workforce Trends
Over the next several years, job growth, retirement trends, and demographic changes are expected to make labor recruitment and retention in Oregon and at the Port of Portland more difficult. For example, job vacancies are expected to increase as the number of jobs grows and as the baby boomer generation ages and retires. At the Port of Portland alone, retirement rates (based on eligibility) in 2015 are estimated to be twice as high as those in Oregon as a whole. In addition, the number of working age people in Oregon is expected to decrease, and the working age population will become more ethnically diverse.

The increased retirements and job growth, coupled with the decrease in working age adults, indicate a strong possibility of a labor shortage in Oregon. A labor shortage would likely increase competition for skilled, qualified talent for both in-house employment and outside contract employment. The projected higher than average retirement trend at the Port, combined with the expected labor shortage, will require the Port to take several steps to maintain its competitive position in the recruitment and retention of personnel.

Information Technology Trends
The rapid pace of technology change will continue to shape the Port's investments in infrastructure and key business operations. Key Port operating units depend on the availability of systems for 24 x 7 business processing, customer transactions, and exchange of information. Security requirements in the aviation and marine industries drive the need for enhanced tools for the network, as well as applications such as biometrics and video surveillance. Along with these comes an increase in threats to data, infrastructure, and physical security.

Real time, on time, all-the-time information is a growing expectation, resulting in the demand for tools that enhance productivity and compress the acceptable timeframes for business recovery. At the same time, vendor product lifecycles are shrinking, increasing the need for ongoing investment simply to maintain operations. Customer expectations for ubiquitous computing drive the need for mobile technologies, network bandwidth, storage, and security. Emerging consumer technologies (e.g., GPS/GIS, Wi-Fi, mobility tools, and self-service kiosks whether ATMs or ticket machines) shape the opportunities and tools for the Port's businesses as well. Two more recent trends relate to increasing regulatory complexity and "green" computing. Regulatory changes will have implications for significant time and costs associated with software license compliance, copyright protection, data privacy, and e(lectronic)-discovery. Green computing will complement the Port’s goals for environmental leadership, highlighting the opportunities for reduced energy consumption and product recycling.
STRATEGIC OBJECTIVES

1. One Port
2. Marine
3. Industrial Land Acquisition and Development
4. Aviation
5. Environmental
ONE PORT

Strategic Objective
Maximize the organizational and regional benefits of a consolidated port authority that owns and operates marine, aviation, and industrial facilities.

Desired Outcomes by 2010
• The Port's General Fund is in good financial health with the ability to fund projected operating expenses and capital expenditures.
• Savings in operational costs have been achieved.
• Collaboration among Port units has been enhanced.
• Port processes are more consistent, standardized, and streamlined.
• Port employees are more productive and satisfied with their jobs.
• The Port has taken a leadership role to make the regional freight transportation network more efficient and capable.

Three to Five Year Strategies
• Consolidate Port administrative staff in a single headquarters facility at PDX.
• Enhance cooperation among marine, properties, and aviation marketing and business recruitment resources.
• Explore opportunities to maximize the joint contributions of Port planning resources to marine, properties, and aviation activities.
• Generate efficiencies through the standardization of Port business practices, resource planning, and project management.
• Enhance employee skill-sets to assist Port employees in working flexibly throughout the Port.
• Strengthen Port efforts to plan and fund road, rail, and waterway improvements that connect the Port's marine, aviation, and industrial facilities to key markets.
• Play a regional leadership role in freight transportation policy innovation by capitalizing on the Port's transportation expertise.
**MARINE**

**Strategic Objective**

Develop and maintain a world-class seaport serving Portland, the state of Oregon, and inland points.

**Desired Outcomes by 2010**

- The Port will offer competitive container services from and to markets needed by regional shippers.
- The Port will have a long-term commitment from a container carrier or terminal operator that will stabilize the financial and service performance of Terminal 6.
- The Port will be a leading gateway for bulk commodities and imported automobiles.
- Deepening of the Columbia River navigation channel to 43 feet and maintenance dredging to ensure the 40-foot depth of the Willamette River navigation channel will be completed.

**Three to Five Year Strategies**

- Retain and attract container shipping lines.
- Establish a long-term operating model for Terminal 6 that improves and sustains international market access for local and regional shippers, increases intermodal volumes, secures private capital investment, and stabilizes Port financial performance.
- Create targeted shipper and commodity strategies aimed at increasing import container volumes through Terminal 6.
- Provide greater access for shippers of the region’s containerized exports by working with ocean carriers to expand their range of export market port coverage.
- Maintain and enhance the Port’s position as a leading gateway for mineral and agricultural bulk commodities, general cargo, and finished automobiles.
- Work with labor, railroads, and other key stakeholders to enhance Portland’s long-term competitive maritime position.
- Improve the efficiency and competitiveness of Port marine terminals through prudent investments in technology and infrastructure.
- Promote Portland’s maritime industry and preserve its working waterfront.
INDUSTRIAL LAND ACQUISITION AND DEVELOPMENT

Strategic Objective
Seek opportunities to acquire, develop, and market land in support of Port financial, operational, and trade initiatives.

Desired Outcomes by 2010
• Phase I of the Troutdale Reynolds Industrial Park has been completed.
• West Hayden Island has been annexed and zoned for industrial and natural resources use.
• Additional businesses importing containers through Terminal 6 have located in the Rivergate Industrial District.
• An additional major industrial park has been identified and acquisition is under way.

Three to Five Year Strategies
• Develop the Troutdale Reynolds Industrial Park.
• Pursue West Hayden Island annexation and zoning to position this key property for potential marine industrial and natural resources use.
• Evaluate land acquisition and redevelopment opportunities, with an emphasis on the I-5 and I-84 corridors, to meet the region’s shipping and logistics needs.
• Advocate statewide and regional policies in support of efforts to increase the supply of large parcel industrial land suited for warehousing, distribution and logistics uses.
• Partner with the development community to jointly market Rivergate properties and existing buildings to support the Port’s import container distribution strategies.
AVIATION

Strategic Objective
Maintain and enhance Portland International Airport as a world-class airport focused on outstanding and cost-competitive facilities and customer service. Recruit and retain passenger and air cargo service to strategic markets. Efficiently operate the Hillsboro and Troutdale airports to meet the increasing demands of business aviation services.

Desired Outcomes by 2010
• PDX offers nonstop passenger service to Europe, Asia, Canada, and Mexico.
• Nonstop passenger service to the top 30 domestic markets is available at PDX.
• PDX offers nonstop air cargo service to Europe and Asia with network carriers and connecting service to emerging markets.
• The Port has completed a new agreement with the airlines serving PDX.
• PDX is recognized by its passengers for outstanding customer service.
• The Port has completed an updated PDX master plan and received city of Portland approval of a new land use plan for PDX.
• The Port has completed infrastructure enhancements at the Hillsboro and Troutdale airports, including construction of a new runway at the Hillsboro airport in 2010.

Three to Five Year Strategies
• Continue to provide airlines innovative partnerships that drive the revenue performance of existing services and encourage carriers to consider new service opportunities at PDX.
• Implement a long-term approach to balance facility expansion (which responds to increasing terminal building, roadway, and airfield demands) and asset preservation designed to continue the high-quality function of PDX.
• Manage airline operating and capital costs and develop future cost targets that keep PDX cost-competitive and positioned to retain and attract existing and new air service.
• Develop through the Airport Futures project an updated PDX master plan and city of Portland land use designation that balances the needs of air passenger and cargo transportation with the environmental and community impacts of the airport.
• Develop the Port’s general aviation airports to meet the increasing demand for business aviation services.
ENVIRONMENTAL

**Strategic Objective**

Strengthen the Port’s commitment to outstanding environmental performance through awareness, responsiveness, and leadership.

**Desired Outcomes by 2010**

- Port projects include cost-effective environmental and sustainability components.
- All Port employees understand their roles in environmental stewardship.
- Port leases include environmental and sustainability provisions.
- Port customers are aware of the Port’s environmental programs and seek opportunities to participate.
- The Port continues to reduce its overall environmental footprint.
- The Port has optimized the use of its water resources.
- The Port has identified strategies for financing its clean-up responsibilities in the Lower Willamette River.

**Three to Five Year Strategies**

- Strengthen the Port’s efforts to minimize its environmental impacts, including the construction of an enhanced deicing system at PDX.
- Use the Environmental Management System (EMS) to integrate environmental considerations into the Port’s planning, decision-making, and actions.
- Seek to understand the implications of climate change for the Port’s operations and facilities, pursue pre-emptive measures to reduce the Port’s contributions, and develop proactive mitigation and adaptation strategies.
- Develop and integrate sustainability principles into Port operations, facilities, and properties.
- Integrate the Port’s commitment to sustainability into interactions with tenants and customers by:
  - seeking alliances with sustainable business partners,
  - promoting sustainable industrial development on Port-owned lands, and
  - providing tenants and customers with information, assistance, or incentives to practice sustainability.
- Establish water management practices that optimize the use of water from all available sources and incorporate water conservation measures to ensure an adequate supply of clean water to meet future demands.
- Continue the Port’s leadership role in the clean-up of the Lower Willamette River in a prompt, thorough and cost-effective manner, while integrating clean-up activities with business operations and aligning them with the Port’s financial capabilities.
PORT-WIDE CAPABILITIES REQUIRING SPECIAL INITIATIVE

All of the Port’s divisions and employees must perform at a high level if the Port is to achieve the strategic objectives described in this plan. They all make important contributions to accomplishing the Port’s strategic objectives. However, certain Port capabilities will require special attention during the next three to five years. They are Port-wide in scope; particularly challenging to manage successfully; and likely to significantly affect the Port’s ability to achieve not only the current strategic objectives but future strategic objectives as well.

1. Security
   • Develop and implement a Security Management System to integrate security considerations into the Port’s planning and business decision-making and actions.
   • Design and construct an in-line explosive detection system for screening checked baggage at PDX.
   • Work with federal partners to implement any new federal requirements for the screening of airport employees and air cargo.
   • Work with federal partners to enhance access controls at the Port’s marine terminals.
   • Develop a Port-wide emergency management system and a business continuity plan that address Port emergency preparedness and response actions and business recovery operations.
   • Implement essential security technology solutions to support operations and partner with regional and federal jurisdictions for cyber security protection, detection, and response strategies.

2. Workforce Practices
   • Develop and implement a robust diversity program that facilitates career development, succession planning, and overall employee development and learning.
   • Establish an employee health and wellness program.
   • Establish an enterprise-wide human resource system (information technology infrastructure) that facilitates an effective planning, transactional, reporting, and record-keeping system.
   • Develop and implement an Occupational Health and Safety Management System to improve the Port’s safety culture and integrate employee health and safety considerations into the Port’s planning, decision-making, and actions.

3. Information Technology
   • Expand capacity to support information management and compliance requirements; implement an ISO compliant Information Management System consistent with the Port’s Security, Environmental, and Safety Management Systems.
   • Increase organizational understanding of information management and regulatory requirements, and enhance existing practices for information security.
   • Optimize current computing operations by reducing unnecessary application and interface complexity and by adopting green computing goals as criteria in selecting vendor/product partners.