



PORT NEWS

Winter 2011

The Bridge - Update

by Michael McElwee,
Port Executive Director



Michael McElwee

The Hood River Interstate Bridge remains a constant focus for the Port. Although aging, it is a vital transportation link — and a significant source of revenue. To meet

its fiduciary and public responsibilities, the Port must be continually looking ahead, taking the steps necessary to keep the bridge operating safely well into the future — or plan to replace it.

Currently, two important efforts are underway:

Bridge Replacement Study— The Southwest Washington Regional Transportation Commission (RTC) is currently preparing a Type, Size & Location (TSL) study for a new bridge. This effort will produce concept bridge plans, cost estimate, subsurface soils data and an economic impact analysis. The work should be complete by spring. A TSL is an important part of the Final Environmental Impact Statement (FEIS). An FEIS is a necessary step to obtain permits and secure funding for replacing the bridge. Despite these positive steps, not all the funds are in hand to complete the FEIS. If and when the FEIS is done, a significant commitment of federal and state funds will be needed. Bridge replacement is estimated to cost about \$200-250 million. Given the federal budget cuts and the regional focus on the larger and more eminent I-5 Columbia River Crossing project between Portland and Vancouver, the possibility that funding for design and construction will be available in the near-term is remote. The Port is a supportive partner in these long-term bridge replacement efforts.

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Port approves waterfront land sales for job development

“...If realized, these developments will lead to long-term economic benefits – not only for Hood River but across the region...”

More construction is anticipated soon at Waterfront Business Park as a local property developer begins construction on the first of three planned developments to foster job growth.

The first of three waterfront lots sold to Key Development Corporation closed in December, while two more parcels will be transferred after certain conditions are met.

Port Commissioners approved Disposition and Development Agreements, or DDAs, for the three properties located south of Portway Avenue and east of North 8th Street, just north of Hood River Distillers. The land totals just less than 4 acres and will be sold for a total of \$978,100, according to the DDAs' terms.

“DDAs allow the Port to convey rights to development if the buyer's development plans are consistent with public policy objectives,” explains Port Executive Director Michael McElwee. “They place a higher burden on the developer, with clear, achievable criteria. The sales can't close until all criteria is met, and everything is in place.”

The criteria in these agreements include Port Commission design approval, demonstrating job development, obtaining land use and building permits, and securing construction financing. These factors stem from a marketing strategy approved by the Port last year.

“The Port Commission recognizes the significance of these DDAs and has carefully considered the proposed projects. If realized, these developments will lead to long-term economic benefits – not only for Hood River but across the region,” recounts Hoby Streich, Port Commission President.

The building permit is in place for Lot 8, the site of the UTS Portsite Building, with construction beginning in February. The 1.48-acre lot was a long-time location of the former United Telephone System and has been under ownership of the Port since the 1980s. At just under 30,000 square feet, the antiquated structure is to be redeveloped for Hood Technology, an engineering, research and development company located in

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Watson reflects on tenure as a Port Commissioner

Commissioner Kathy Watson resigned from the Port Commission in November as a result of business demands. Appointed in 2004 to fill the unexpired term of Commissioner Bill Lyons, Watson was elected in 2005, and re-elected in 2009.

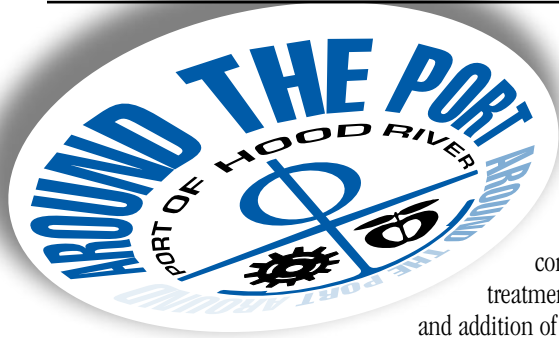
Soon following her appointment to the Port Commission, she pursued her dream to become a chef, opening her first restaurant, Viento, in Bingen, Washington. A couple years later she and husband Stu Watson opened Nora's Table (originally as Nora's Fish House). Viento was sold in 2008.

Recently staff changes forced Watson back into the kitchen full time. “We've built a significant catering business at Nora's, and with loss of staff it was a question of maintaining catering and a quality restaurant,” Watson explained. “I would have loved to finish my term as Port Commissioner, and step into a leadership role, but unfortunately now I can just be excited about where our food is.”



Kathy Watson, Port Commissioner from 2004 to 2010, feels the trickle of captured storm water from the Halyard Building's cistern. “Sustainability” was embraced as a waterfront development value by the Port Commission during Watson's tenure.

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Work is now complete on the City of Hood River **Waste Water Treatment Plant.**

Improvements include construction of a cover for the treatment plant's primary clarifier, and addition of a biofilter. Combined, these improvements result in greatly reduced odors emanating from the plant, a prerequisite for further waterfront development. The Port and City shared in the \$669,000 cost, to be repaid with tax increment financing. New property taxes created from investments on the waterfront will be diverted to pay off these loans. The work was performed by Schneider Equipment.

The tenant, **High Seas III**, a subsidiary of Maritime Services Corporation, is benefitting from recent landscaping improvements at the Western Power Building on the western end of the waterfront. Gravel and asphalt enhancements surrounding the building will facilitate improved truck access. The perimeter fence was extended 15 feet to the west to separate the property's light industrial uses from recreational activities. The Port consulted with Columbia Gorge Windsurfing Association on the fencing placement.

The landscape design was created by simp.L LLC, with engineering specifications developed by Stu Cato. Work was performed by Rick Zeller Excavation, and was completed in December. High Seas III currently leases approximately 28,000 square feet of the building, leaving a separate 6,500 square feet area available. ●

Luhr Jensen Building accommodates new tenants

The Port of Hood River's waterfront strategy has been a sequence of simultaneous and chronological tasks and activities to create quality space for local jobs. One important piece has been the acquisition and redevelopment of the Jensen Building.

At the time of purchase in May, 2010, Luhr Jensen & Sons had been sold and moved, and spaces in the building had been leased to Northwave Sails, Turtle Island Foods, and Burnewiin.

The Port's waterfront development plans have involved relocating tenants from substandard UTS Portsite, and renovating the Jensen Building to accommodate local business needs and expansion. Tenant improvements, designed by architect Kevin Cooley, have been underway to accommodate new tenants.

The building will be over 80% occupied in February by Northwave Sails, Turtle Island Foods, RBS Batten Systems, and Servpro. Negotiations are in progress for leasing the balance of space available.

Turtle Island Foods has had a presence in the Jensen Building since mid-2008. In addition to its headquarters on Industrial Avenue, the vegan food purveyor utilizes 24,000 square feet of space in the Jensen Building for warehouse, shipping and receiving, plus a conference room with waterfront views for meetings and marketing presentations.

The company hopes to add several more thousand square feet of space at the Jensen Building for an enormous cooler and freezer, plus a high-speed packaging line. "It's such a unique building," relays company owner Seth Tibbott. "One could never build something like this in this location today."

Turtle Island Foods has added a net of 20 employees in the last year and a half, bringing its total to 75 full-time employees, while enjoying sales growth each year in the double digits. Last year, the company grew 25%, in large part the result of its new frozen pizza line that's made a significant impact on the vegetarian frozen pizza market.

The Port of Hood River has nurtured the food manufacturer since 1992, when the company moved into 5,000 square feet of the Graf Building, on Industrial Avenue. The Graf Building is part of the Diamond Cannery Complex purchased and redeveloped by the Port in the 1980s. Eighteen years later, Turtle Island Foods occupies the entire 29,000 square foot building, which it purchased a year ago.

One problem, however, is the Graf can only accommodate one truck at a time, whereas Turtle Island Food's Jensen Building location has three truck docks. A median strip in the Jensen Building parking lot will soon be removed to improve shipping and receiving.

Turtle Island Foods develops and produces meatless food products, including the Tempeh line that gave it its start, plus sausages, deli slices, jerky, and most recently, pizza. It is world-famous for its holiday Tofurky® vegan roast. The company was founded by Tibbott in 1980, and continues to be a family-owned business.

Projections are for the company to continue adding about one employee per month for the next couple of years while modernizing and adding new lines of food. "Our transition from a batch process to higher volume necessitates investment in automated equipment," relays Operations Manager Jaime Athos. "Our 25% growth last year is not atypical to recent years. At this rate of growth we will need more space."



Romeo Robichaud of RBS views production from the mezzanine at the Jensen Building.

RBS Batten Systems

relocated to the Jensen Building in November, after six years at the UTS Portsite building. A sail batten manufacturer, RBS was founded in 1985 in San Diego, California, and has been in the Gorge since 1993.

The company's primary focus shifted from the windsurfing to yachting industry over a decade ago. RBS supplies high performance battens and batten accessories for dinghies to racing boats, and everything in between. Robichaud says the company supplies 70% of the U.S. sailing industry, 35% of Europe's, and ships to New Zealand, Australia, and South Africa.

High performance RBS battens are fabricated from T700 grade carbon in a pulform process that uses an epoxy resin matrix. Company founder Romeo Robichaud, who has worked in composites all his life, says this process makes a stronger, very flexible batten that will take more bend.

For several years, RBS has experimented with a thermal plastic process that embeds fibers for durability, which Robichaud hopes will someday be used for battens. In the meantime RBS produces small thermoplastic products like batten splices, receptacles, and tensioning systems. "The thermoplastic splices give us an advantage of shipping shorter length product, saving shipping costs, so for many sailors this is a great option," Robichaud explains.

In the future, we'll continue to develop more products from thermoplastic," Robichaud foresees. "It's greener because it doesn't require harmful solvents and is recyclable. It's the way of the future—the next generation of composites."

RBS currently has 12 employees, and expects to hire one to two more in the near future, as new lines are developed. The company leases 11,288 square feet, of which 9,910 is dedicated to manufacturing space, with 1,378 office space.



Jaime Athos, operations manager and Steve Borg, warehouse manager, stand in front of pallets of dry ingredients used for Turtle Island Foods products.

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Hood River. Alternatives were considered for the building site including demolition. The Port Commission in conjunction with Key Development Corporation worked to creatively repurpose the UTS building to make it a central point in the Waterfront Business Park while keeping an estimated 1,200 cubic yards of material from the landfill, preventing 87,000 pounds of carbon footprint, as well as preserving the equivalent of 97 mature Douglas Fir trees.

“The project is a perfect example of adaptive reuse,” states Jeff Pickhardt, partner at Key Development. “The planned upgrades turn the aging building into a modern facility with state of the art equipment. The plan makes great use of the space and affords a great deal of flexibility for a business to grow, change, and expand over time.”

The 1.25-acre Lot 2, located on Portway Avenue east of the Port’s new Halyard Building, is also planned for Hood Technology. Lot 2 is the most visible parcel and is large enough for a 30,000-square foot building.

Just south of Lot 2 is Lot 7, a 1.26-acre property where a 30,000-square foot building is anticipated to support production and office uses for another growing local company.

“The three buildings have been thoughtfully organized both from a site planning perspective as well

as architecturally,” expresses Pickhardt. “Given the coveted nature of the waterfront, we’re making every effort to effectively plan the space so the buildings make perfect sense into the foreseeable future while complimenting the waterfront. We’re hopeful these buildings further define a positive trend of development and raise the benchmark for the rest of the area.”

Key Development hopes to seek LEED gold certification for the Lot 8 project, and is investigating the possibility of LEED designations for the other proposed two projects. “All of the end users are requiring we pay special attention to incorporating as many sustainable features as we can.”

Lot 1, site of the Halyard Building, and lots 2, 7, and 8 comprise all light industrial zoned property available on the 10-acre Waterfront Business Park. There are four additional lots on the park’s east side zoned for commercial uses, including the former Expo Center.

The Port has a history with Key Development, which purchased two of the agency’s downtown buildings – the Columbia Building, home to DaKine Hawaii Inc. and owned by Full Sail Brewing Company, and the Graf Building, which is now owned by Turtle Island Foods,

Inc. Both structures were renovated during the Port’s Diamond Cannery Complex project in the 1980s and 1990s. In addition to their work in Hood River, principals of Key Development have developed commercial and industrial facilities throughout Central Oregon for the last 15 years.

“The waterfront property prices are based on appraisals, with consideration for commercial vs. light industrial zoning,” explains Port Marketing Manager Mike Doke. “The land is intended to be affordable at market value to support local business growth. The Port looks at waterfront development as an economic development investment for the community.”

For information about the Waterfront Business Park, and details on available lots, visit the Port’s web site, www.portofhoodriver.com, or call the Port at (541) 386-1645. ●

PORT MEETINGS

Regular Port Commission meetings are held on the **1st and 3rd Tuesday** of each month in its **Boardroom at Marina Center Building** (1000 E. Port Marina Drive). The Port welcomes your questions, comments and suggestions.

PORT DIRECTORY

Commissioners

Hoby Streich Fred Duckwall

Jon Davies Sherry Bohn Rich McBride

Executive Director - Michael McElwee

Contact

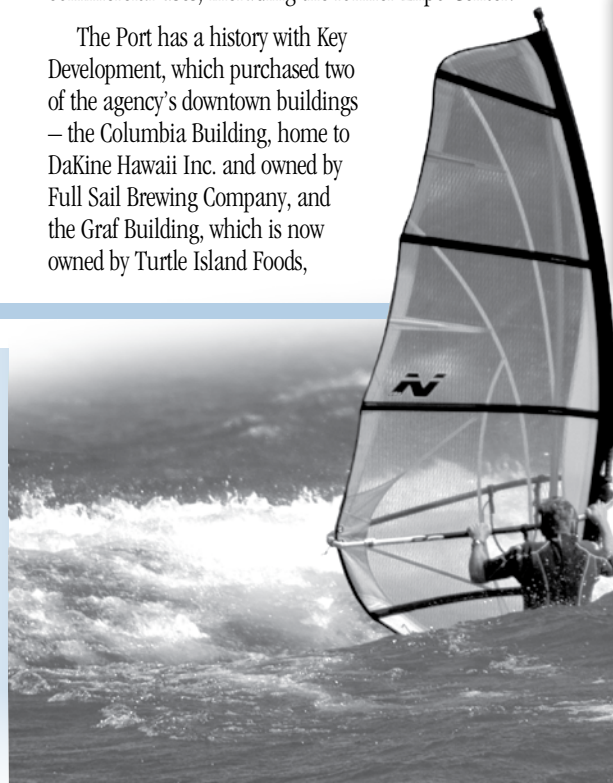
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Northwave Sails, manufactured locally at the Jensen Building.

“We have twice the production area with the same amount of office space, and a much nicer view,” Robichaud expresses. “The extra space will allow us to expand as we work on new processes and products. Production is what we do, and we need good production space.”

Servpro, the final tenant at the UTS Portsite Building, will move into the Jensen Building in February. Servpro is a cleaning and restoration company that specializes in catastrophic damage. The company offers smoke, fire, water, sewer and mold damage restoration, and has been located on the waterfront since 2004. The business employs seven, and is leasing 4,950 square feet of warehouse/manufacturing space plus mezzanine, and 1,000 square feet of office space.

“This new space is much more user-friendly for our company,” explains owner Joel Olsen. “The loading docks will be a big improvement with the volume of contents we move in and out of our trucks. Plus, the versatility of the building allows us to tailor the space to our needs to perform fabrication and restoration inside, as well as allowing more storage space.”

The Servpro franchise was founded by Joel and Annette Olsen in 2001. What sets the local franchise apart from the average Servpro is that Olsen is a general contractor licensed in Oregon and Washington. This allows the company to address structural issues to property as well. The company also offers rental property refurbishment, duct cleaning, plus biohazard and crime scene clean-up. The company also offers commercial janitorial services. Servpro’s territory includes east Clackamas, NE Multnomah, Hood River, Wasco, Morrow, Gilliam and Sherman counties.



Joel Olsen of Servpro

Northwave Sails, a Hood River company since 1983, prides itself on offering the last American-made custom windsurfing sails. The sail manufacturer, owned by Blake Richards, has leased space in the Jensen Building since spring of 2008.

“This location is very appropriate for our business because it’s 20 feet from the river,” explains Business Manager Chris Moe. “People can come to our showroom and demo our sails.” The company sells factory-direct.

Moe, who has worked as a Rep for Northwave since 1992, has been the company’s business manager since 2005. “I appreciate the company’s model—it’s unique—keeping manufacturing local, making quality sails with the best materials available,” Moe says. Approximately 80% of Northwave sails are tailor-made to the individual customer with regard to size, design, and color. The products use RBS battens.

Northwave leases approximately 2,500 square feet for its sail loft, showroom and office. The company has five full-time year-round employees, and climbs to eight employees in the summer.

In addition to windsurfing sails, Northwave has expanded into other soft goods products, generally prototypes, samples or short-runs. One example is a golf cart enclosure for which the company is now taking orders. ●

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Long-term Operations Model — Despite the desire to replace the bridge, the Port must anticipate the need to operate it for a long period—possibly decades. The Port is currently working to prepare a financial model that describes bridge operations for the next 50 years. Critical components of this model on the cost side are repairs (capital investment), maintenance, operations (personnel, utilities, etc.) and financing. Of these, the most challenging to predict is the type and magnitude of future repairs.

In December, the Port retained HNTB Corporation to estimate the useful life and repair costs of all major bridge components. Because such estimates are subject to many variables, HNTB is evaluating “deterioration scenarios” to account for traffic, weather, metal fatigue and other factors. HNTB’s work will be combined with other income and expense projections to create the long-term model. When completed this spring, it will allow the Port to determine the need for additional investment and how to pay for it. It may also show more clearly when the cost of repair and maintenance exceeds any reasonable projection of income. At such time bridge replacement becomes imperative.

We frequently hear two questions: “How long the bridge will last?” and “When will the bridge be replaced?” These questions cannot be answered with certainty. The Port must be highly proactive both in efforts to replace the current bridge and to plan for the possibility that it will be here for many years to come. ●



The Hood River Interstate Bridge was originally built in 1924, and essentially rebuilt in 1937 when the liftspan was added to accommodate heightened water levels created by Bonneville Dam. The Port of Hood River purchased the bridge in 1950, and has been responsible for maintenance and improvements for six decades.

PORT OF HOOD RIVER

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Watson became a Port Commissioner in large part because she was interested in planning the waterfront. “It will be a capstone project that will shape Hood River’s future economy,” she said in 2004.

Reflecting on waterfront development, Watson says it seemed at the time of her appointment the general direction of mixed use on the waterfront was wrong. “For all the vastly different types of people in the district, I felt we all agreed the waterfront was not the place for housing,” Watson remembers. “This acreage was created because past commissioners wanted jobs for the area’s future generations. Housing would have limited the creation of good jobs. Since the Port Commission’s basic vision is creating jobs, it was easy for us to reach consensus and approve the direction we’ve gone.”

In addition to creating jobs, Watson says the Commission also values raising buildings that are sustainable, exemplified by the Halyard Building’s LEED silver-certified status. “Such a building will attract high-skilled, intelligent jobs that pay good wages and strengthen the community fabric. We’ve been careful and deliberate about that,” she expresses.

The next two years will be exciting, according to Watson. “The Port Commission will continue to go about development carefully, and will choose its opportunities over time,” Watson predicts. “It will be wonderful to watch the great diversity of businesses there grow. The diversity is remarkable for a community that was traditionally tied to timber and agriculture. Due to so many great companies, we have an underpinning to our economy that many Oregon counties don’t have. The Port has helped make spaces for those businesses. We won’t be the cheapest place, but we’re a quality place.”

The current Port Commission has had the chance to witness successful redevelopment from community dollars invested in the Diamond Cannery Complex. Now, many of the businesses nurtured in the Diamond Complex have expanded into spaces on the waterfront. As companies move from the Diamond Complex, new spaces open up to small business. “It’s a very organic process,” Watson says. “It wouldn’t surprise me if the waterfront grows with local businesses that got their starts in other Port properties.” ●

McBride appointed new Commissioner

The Port Commission welcomes new Commissioner Richard McBride, who was sworn in to Position 3 on January 18. McBride will fill Kathy Watson’s term until June 30, 2011. He will seek election on the May ballot to fill the remaining term from July 1, 2011 to June 30, 2013, at which time the position returns to a four-year term.



*The Port’s newest
Commissioner Richard McBride*

McBride has a Bachelor of Arts degree in Industrial Technology, with a minor in Computer Science. An automotive mechanic by trade, he ran for Port Commission in 2009, and was appointed to the Port’s Budget Committee in 2010. He also attended the Port’s Fall Strategic Planning Session, which he said was interesting and educational. “I’m a big picture person, and I like to study and gain knowledge about things before I engage in conversation,” McBride says. “The recreational aspects the Port offers are important, and I’ll be interested in the synergy between use and cost, and how participants can help participate in the upkeep of these expensive properties. I would also like to be involved in improved access and trail connectivity to the Port area.” ●