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Oregon, Portland help wind turbine maker Vestas build \$66 million HQ

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Vestas, the Danish wind-turbine company, will move its North American headquarters into a revamped, eco-friendly Meier & Frank Depot Building in Northwest Portland. The building upgrade is expected to employ more than 670 construction workers and cost about \$66 million.

Wind-power giant **Vestas'** long-awaited decision to build its North American headquarters in Portland blew through City Hall Wednesday like a cool summer breeze.

Portland Mayor Sam Adams and Oregon Gov. Ted Kulongoski said the plan to boost Vestas Americas' work force of 400 in the city by as many as 200 could not have come at a better time, considering the state's high unemployment.

More than 670 construction workers will get jobs transforming the Pearl District's former Meier & Frank Depot Building into a clean-energy showpiece. The \$66 million project could also revive the fortunes of Gerding Edlen Development Inc., which was clobbered by the real-estate crash.

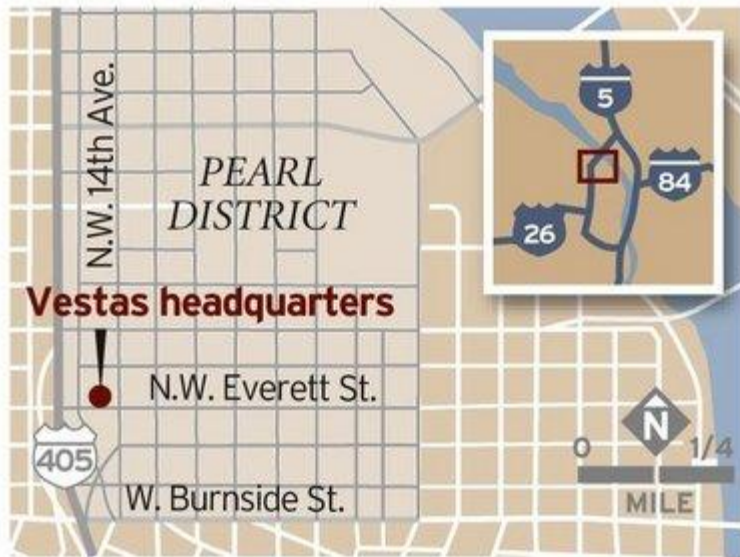
Construction of an eco-friendly headquarters for Vestas, the world's largest wind-turbine maker, will also paint Portland a deeper shade of green.

"This helps strengthen Portland as the nation's capital for sustainable energy businesses," Adams said.

But the project, backed by government subsidies, is a far smaller version of the original concept, a new \$250 million building in South Waterfront. Job projections also have shrunk from an original vision of 1,200.

Vestas Americas' announcement, hastily arranged by officials before reporters could break the news, came the same day the Danish parent company lost almost a quarter of its value in Copenhagen stock trading. Vestas Wind Systems cut sales forecasts because of order delays in the United States, Spain and Germany.

Even as it adds U.S. employees, the parent company plans to lay off 300 in Denmark and drop another 300 temporary workers there. In February, Vestas Americas cut 114 jobs, including 15 in Portland, testifying to the wind industry's continued volatility.



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Those setbacks seemed a world away from City Hall's Rose Room Wednesday as Vestas Americas President Martha Wyrsh, a convert from the fossil-fuel industry, sang the city's praises.

"We are committed to Portland, Oregon," Wyrsh said. "Portland really shone out as a place that supports what we do."

Other cities tried to lure Vestas away, some offering more subsidies than Portland could afford, Adams said.

Taxpayers will shell out for the building. The state of Oregon will kick in \$2.25 million. If Vestas fails to retain 400 jobs and create 100 more, the company must return \$1 million to the governor's strategic reserve fund.

The City of Portland will extend an \$8 million interest-free loan to Gerding Edlen, subject to approval of the Portland Development Commission board. Adams figures the city will recoup interest costs for the 15-year loan through property taxes and fees.

The Vestas project could also benefit from cheap financing under the federal stimulus program. The project qualifies for up to \$31 million in so-called Recovery

Zone Facility Bond sale proceeds.

Under the program, a cooperative municipality, in this case the city of Portland, can issue tax-exempt bonds. The bond buyers -- not taxpayers -- would provide the \$31 million, which would help pay for the building renovation. Vestas' parent company would have to repay the principal and interest.

Vestas plans to employ highly educated engineers, financial workers and salespeople. Its five-story 194,000-square-foot complex will include a floor that could be converted from parking to offices, accommodating an additional 250 employees.

The former department-store warehouse at 1417 N.W. Everett St. has been vacant since 2001. Kulongoski and developer Mark Edlen both remember lining up outside the building decades ago for Meier & Frank sales. Edlen bought his first living room set there.

The structure, built in 1928, will become a green-certified building topped by gardens, an eco-roof terrace and central Portland's largest solar-panel array. Vestas might have installed rooftop windmills, but historic-preservation requirements got in the way.

Construction, beginning in October, is expected to take 15 months. Vestas, which currently occupies four Portland office buildings, expects to move in during early 2012.

The deal is an enormous win for Gerding Edlen, which has tried for several years to develop the building.

The housing crash shut down the Portland developer's bread-and-butter condo-tower business. And lenders took primary control of at least two major Gerding Edlen projects, although its 45 employees have stayed busy on other efforts.

Gerding Edlen went public in 2008 with a plan to renovate the former Meier & Frank depot into a sort of one-stop planning site for real-estate developers. Today, the developer is striving to reposition itself as a green building specialist. It plans to move into the Vestas building.

Vestas moved its American headquarters from California to Portland in 2002, with 75 employees. Vestas Americas employs about 1,200 sales and service workers across the continent.

The company makes turbine components in Colorado. It conducts research and development there and in Texas, Wisconsin and Massachusetts.

Vestas Wind Systems, of Randers, Denmark, has supplied more than 40,500 turbines worldwide since 1979. Its recent troubles stem from the global financial crisis, which caused a collapse in orders from credit-starved wind-farm developers.

But Ditlev Engel, Vestas chief executive, said in Europe Wednesday the company booked record orders during the second quarter. Vestas managers expect to meet their 2010 target of more than 8,000 megawatts of capacity, nearly triple the amount secured in 2009.

-- **Richard Read** and **Jeff Manning**

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