

Outdoor Living 2008: magical spaces

> PACIFIC NW



BATMAN'S BACK — WILL JOKER STEAL SHOW?

NW ARTS & LIFE > I3



Death Cab to headline Bumbershoot

NW ARTS & LIFE > I1

FORECAST
Clouds, then sun.
High 60, Low 54.
> LOCAL B12



The Seattle Times
Sunday
Seattle Post-Intelligencer

JULY 13, 2008

\$1.50

seattletimes.com

LOGGING AND LANDSLIDES: WHAT WENT WRONG?



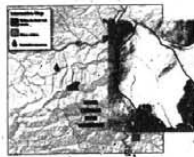
"They get to log... I get to clean up their mess," says David Fenn, a Bousfort Valley farmer whose fields were partially covered with mud and debris in December's Lewis County floods and landslides. Fenn isn't opposed to clear-cutting, but he believes the pace of logging magnified the flood problems.

With little scrutiny from state geologists, Weyerhaeuser has been allowed to clear-cut unstable slopes. When December's storms hit, many of these heavily logged mountains gave way to hundreds of

landslides

STORY BY HAL BERTON AND JUSTIN MAYO / Seattle Times staff reporters
PHOTOGRAPHY BY STEVE RINGMAN / Seattle Times staff photographer

SEATTLE TIMES INVESTIGATION FIRST OF TWO PARTS



WEB EXTRA
Explore our interactive map. Get a detailed look at the landslides. See a photo gallery and video. Go on location to hear about the December Storm firsthand. Tell us what you think. seattletimes.com/landslides

Monday
PART 2: Landslides putting our highways in danger

BOISFORT VALLEY, Lewis County — When Weyerhaeuser began clear-cutting the Douglas firs on the slopes surrounding Little Mill Creek, local water officials were on edge.

Some of these lands had slid decades ago, after an earlier round of logging. They worried new slides could dump sediments into the mountain stream and overwhelm a treatment plant. Those fears came true last December when a monster storm barreled in from the Pacific, drenching the mountains around the Chehalis River basin and touching off hundreds of landslides. Little Mill Creek, filled with mud and debris, turned dark like chocolate syrup. More than three months passed before nearly 3,000 valley residents could drink from their taps again.

"I have never seen anything like this before, and I hope I never do again," said Fred Hamilton, who works for the Boisfort Valley Water Corp. State forestry rules empower the Department of Natural Resources (DNR) to restrict log-



Landslides off this clear-cut mountain slope southwest of Chehalis dumped tons of mud and debris into Stillman Creek. This photo, taken shortly after the December storm, helped ignite a debate about the role of logging in the damage downstream.

ging on unstable slopes when landslides could put public resources or public safety at risk. But in Little Mill Creek and elsewhere in the Upper Chehalis basin, a Seattle Times investigation found that Weyerhaeuser frequently clear-cut on

unstable slopes, with scant oversight from the state geologists who are supposed to help watchdog the timber industry. The December storm triggered more than 730 landslides in the Upper Chehalis basin, according to state geologists. Please see > **LANDSLIDES, A14**

Many of us likely to outlive savings

BIG SPENDING CHANGES NEEDED, RETIREMENT STUDY WARNS

"It's a wake-up call" as economy tightens

BY NANCY TREJOS / The Washington Post
WASHINGTON — Nearly three out of five middle-class retirees will probably run out of money if they maintain their pre-retirement lifestyles, a new study from Ernst & Young has concluded.

The study, set to be released Monday, finds that Americans will have to drastically reduce their standard of living before retirement to live comfortably, or even avoid destitution later in life.

Middle-income Americans entering retirement now will have to reduce their standard of living by an average of 24 percent to minimize their chances of out-

Middle-income Americans retiring now will have to reduce their standard of living by an average of 24 percent to minimize their chances of outliving their assets, the study found.

living their financial assets, the study found. Workers seven years from retirement will have to cut their spending by even more — 37 percent. "People are going to have to adapt in a number of ways that they weren't anticipating or hoping for," said Tom Neuhig, national director of the Quantitative Economics

Please see > **SAVINGS, A17**

Inside Sunday



Tony Snow dies: The former press secretary, known for giving spark to the Bush White House, died of cancer at 53. > **A4**

Pedal power: 5,500 cyclists set off on the annual Seattle to Portland Bicycle Classic, with 2,427 striving to complete the journey in one day. > **Local B1**

Farnborough: Fears about fuel prices and global warming are clouding the picture at the annual air show. > **Business C1**

Hoop dreams: A look at the teams that could move to Seattle — and the challenges ahead as the city tries to move to the front of the NBA's line. > **Sports D1**

Cider houses rule: A day exploring Vancouver Island is likely to fill your trunk with jams, cheeses — and cider best sipped from a wine glass. > **Travel J1**

Opinion: Obama confuses foes, and confounds friends, writes David S. Broder. > **B1D**

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40A-40B	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100

BUSINESS

» PERSONAL FINANCE «

seattletimes.com/business/technology | JULY 13, 2008 | SUNDAY

WEEK'S CLOSES

▼ Dow 11,100.54
down 188.00, -1.67%

▼ Nasdaq 2,239.08
down 6.30, -0.28%

▼ Seattle Times NW 1,520.21
down 22.30, -1.45%

▼ 10-year Treasury
3.93% yield, -0.04

Currencies
106.64 yen = \$1 1 euro = \$1.5893

THE SEATTLE TIMES AND SEATTLE POST-INTELLIGENCER

Farnborough Air Show Gloom amid the glamour

Sky-high fuel prices, unprofitable airlines and new pressures to reduce aviation's carbon footprint are all clouding the picture for Boeing and Airbus as the annual air show opens Monday outside London.

BY DOMINIC GATES
Seattle Times aerospace reporter

At the year's biggest air show, starting Monday at Farnborough near London, the U.S. Air Force's top-of-the-line F-22 Raptor jet fighter will make its debut aerial display, and an Airbus A380 superjumbo airliner will perform flying stunts it would never attempt with passengers aboard.

Amid the afterburner smoke and carbon-laced vapor trails, the show's organizers also are promoting a big midweek conference headlined by Boeing and Airbus that's focused on "green" aviation.

But the glamour of the big show won't dispel a sense of crisis in the aviation industry worldwide. We won't see the blockbuster tally of orders of previous air shows.

The skyrocketing cost of oil has the entire industry's attention. The price of jet fuel has precisely doubled in a year, obliterating all hope of profits at most air carriers.

Airlines are desperately cutting routes, raising fares, parking older planes in the desert and deferring new airplanes on order. A few smaller airlines have gone out of business, but aviation analysts warn that many more are on the brink.

"Right now, we are ready to crash," said Adam Pilarski, aviation-business guru with consulting firm,



A NEW CONTENDER?
Bombardier may give Airbus and Boeing some competition in the narrow-body jet market > C6

ADS SEEKS more military business
> A17

Avias
Yet another challenge to profitability will be in the spotlight: The increasing pressure on airlines, especially from Europe, to drastically cut carbon emissions.

The European Parliament this month backed a proposal to bring aviation into a cap-and-trade system for emissions, requiring each carrier to pay penalties for any emissions beyond its average level in 2004-6.

Aviation consultancy Ascend estimates the plan, starting in 2012 and applicable to all airlines flying in and out of the European Union, "would effectively add around \$6 per barrel of crude to EU flights, escalating each year."

That could kill some of the smaller low-cost carriers specializing in short-haul European leisure travel.

Boeing Commercial Airplane chief Scott Carson and his Airbus counterpart, Tom Enders, will speak Wednesday at an unusual "2008 Sustainable Aviation Conference" at the show. And Boeing will

Farnborough 2008 highlights

The air show opens Monday for industry participants, with the main news events crammed into the first three days. The airfield opens to the public next weekend. The events include:

Monday

Airbus and Boeing hold their main news conferences and announce commercial-jet deals.
Persian Gulf-based carriers Etihad and Qatar Airways announce orders.

Pratt & Whitney unveils new geared turbofan engine, which it hopes to sell to Boeing and Airbus for their next-generation short-haul jets.

Tuesday

Boeing 787 chief Pat Shanahan provides an update on the much-delayed Dreamliner program.
Bombardier of Canada announces expansion of its agreement with Chinese manufacturer AVIC 1. The Chinese may build major parts of the Bombardier CSeries jet to compete against Boeing's 737.

Wednesday

Airbus and Boeing headline a keynote briefing on "sustainable aviation" as the industry grapples with pressure from environmentalists to cut emissions.

WEB EXTRA

For daily reports from Farnborough, see seattletimes.com/business/technology

PROFILE | Pat Shanahan, Boeing 787 program chief



Pat Shanahan, named by Boeing last October to put the troubled 787 program back on track, calls himself "an adrenalin junkie" who likes taking on uncertainty and chaos. Shanahan, who grew up in Seattle, is confident the production problems are being solved.

Dreamliner problem solver helps everyone "get it done"

BY DOMINIC GATES
Seattle Times aerospace reporter

Pat Shanahan, the new boss of Boeing's delayed 787 Dreamliner project, knows a thing or two about aircraft-production meltdowns.

In 1997, as Boeing struggled with a disastrous, bungled production speed-up that would eventually cost it more than \$2 billion, Shanahan was put in charge of 767 jet manufacturing in Everett.

On the factory floor, incomplete jets missing crucial parts blocked the movement of the next jets in line. Frustrated mechanics were putting the pieces together out of sequence.

"Humpty Dumpty fell off the wall," Shanahan recalls. "We got out of position and lost control of the schedule."

To regain control, Shanahan and other production bosses hung butcher paper in long strips in the wide utility tunnels beneath the gigantic 767 plant, then mapped out every issue holding up the assembly lines.

Every morning at 6 a.m. they'd study the problems, go to work on fixing them, then descend to the tunnel again 12 hours later to update their progress.

"We did it seven days a week, 15, 16 hours a day," said Shanahan. "You have to be very strong and resilient to survive something like that."

Now, on the 787, Shanahan again faces out-of-sequence assembly problems and a struggling supply chain — but on a brand-new plane, made with new materials and assembled with revolutionary new manufacturing processes.

"This is more complicated," said Shanahan. "On the plus side, he added, "A lot of the people that were there [on the 767] are helping me right now."

As soon as Shanahan took over the 787 program in October, he dove into the supply mess and the chaos of final assembly.

"Personality-wise, I'm an adrenalin junkie," he said. "The uncertainty, the lack of definition, is attractive."

Shanahan, 46, with sandy-blond hair and piercing blue eyes, has deep Seattle roots. His father became police chief at the University of Washington after leaving the military. His two brothers still live a few blocks from Mom and Dad in Laurelhurst.

Shanahan recalled an idyllic boyhood when Seattle was smaller and childhood was "normal and unprogrammed."

Running a summer lawn-mowing business, he cut grass all over Laurelhurst. He played soccer at Lower Woodland Park, rode bikes from the

Sunday Buzz

Local business bits

Tiny firm beats Sears in turkey wrangle

By Rami Grunbaum, deputy business editor, and Times staff

Retail giant Sears made a hunched decision when it tangled with tiny Lucky Break Wishbone.

A federal jury this past week awarded the Southwest Seattle company \$1.7 million after concluding Sears and its advertising agency, New York-based Young & Rubicam, misappropriated its copyrighted design for a plastic turkey wishbone.

After talking to Lucky Break owner Ken Ahroni about buying the 1 million wishbones it wanted for a national Thanksgiving promotion in 2005, Sears turned to a Chinese manufacturer who whipped up the molded pieces at a lower cost.

"It happens too often to these small businesses. I don't think they ever thought Mr. Ahroni would have the wherewithal to fight it," says Mark Walters, one of the Darby & Darby attorneys representing Lucky Break.

He says the attitude from Sears was, "A wishbone is a wishbone, they all look alike."

But it turns out there are a few experts in the field of

Please see > BUZZ, C5

MORE BUZZ INSIDE |
Drivers irked by fee on natural-gas cars > C5

Frozen equity line could sink credit score

PERSONAL FINANCE |

BY HOLDEN LEWIS
Bankrate.com

Your bank sends you a letter, telling you that the limit has been reduced on your home-equity line of credit, or HELOC. That news is unwelcome enough. What the letter doesn't tell you is this: Your credit score just got whacked.

A frozen HELOC doesn't always spell credit-score doom. Under some circumstances, freezing a HELOC might not change the score much; under others, the credit score can tumble enough to derail one's financial plans.

That's what Michael Iroff thinks happened to him. He had a mortgage on his condo in Chicago, plus a home-equity line of credit with a balance of \$12,000. National City, the large Cleveland-based bank, recently froze the HELOC.

The HELOC's credit limit had

Please see > SCORE, C5

In this section >

JAFF: Show me the manager's money > C4

FUND SPOTLIGHT:
Highlights, lowlights from 2nd quarter > C4

THE GAME PLAN

Big players in video-game industry to lay out strategy this week in L.A.
> Monday in Business

REACH THE EDITORS | Becky Huber, Business Editor 206-464-8552 bhuber@seattletimes.com Suzanne LaViolette, Business News 206-464-7189 slaviolette@seattletimes.com

< Shanahan

FROM C1

787'S DOWN-TO-EARTH PROBLEM SOLVER

High praise for floor workers, engineers

University District to Green Lake and hung out with his cousins and friends at the Burgermaster near U Village.

His mother, who attends daily Mass at St. Bridget Church in Laurelhurst, sent him to Catholic schools.

The onetime altar boy said with a laugh, "The ladies at St. Bridget's pray every day for the 787."

Those who've worked with Shanahan describe a manager intensely focused on motivating everyone around him to cut to the chase and get things done.

One machine operator recalled working under Shanahan in the mid-1990s while doing night shifts in Auburn.

Shop-floor regular
Shanahan would walk through the shop floor around 5 a.m., soon after arriving, and ask the workers if they needed anything, said the machine operator, who can't be identified because Boeing froms on employees talking to the media unchaperoned.

If there was any issue holding back the work, Shanahan would often have a mechanic put the problem directly to a middle manager while he stood and listened. That way, instead of being fobbed off, "you usually got an answer," said the machine operator.

"He wanted you to be effective," he said.

While Shanahan was running the tooling unit in Auburn, Jon Geiger worked with him as a superintendent. The two often visited the factory floor or the engineering offices together.

Geiger, now Boeing's director of production systems for



Pat Shanahan has always been at home on the factory floor, interacting with workers. "The people here are just over the top."

commercial-airplane programs, said Shanahan is "inherent" toward corporate bureaucracy and dismissive of managers who sit in their offices and "don't connect with the people doing the work that pays their salaries."

Once, Geiger said, a large, sophisticated drilling machine in need of parts was idled more than 100 days. Shanahan lost patience and arranged to have a white board put on top, counting the days the machine was out of action. That got the bureaucracy's attention.

"He's a hero to this day in anything, said the machine operator, who can't be identified because Boeing froms on employees talking to the media unchaperoned.

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new jet, the successor to the 737.

"My guess, given where we are today, that would not be the decision," Shanahan responded. "If you match Charleston against what we are doing here, it would be an obvious Seattle decision."

"You work really hard, day and night. Then the locusts come, it's a hard business."

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since he came here in October from Virginia, where he had led Boeing's missile-defense unit.

He praises his wife of 22 years for unstinting family support: "A job like this, you can't do by yourself," he said.

Yet given the chance to be the man the separation from his family, he'll have none of it.

He just spent five years on the military side of Boeing — running the Army helicopter plant in Philadelphia before missile defense, and is accustomed to the sacrifices of others in harder places.

"Can you imagine doing these tours in Iraq? This is so easy compared to being in Baghdad," he said. "I don't feel sorry for myself."

He hopes soon to get his Seattle-born wife and family here, buy a house and get the kids in school, but for now, he said, "I'm full-time 787."

Shanahan recalled that when he worked on the 777 program in the 1990s, there were plenty of skeptics. That airplane was Boeing's first designed entirely on computer, and no one could be certain that pieces built elsewhere would fit together exactly as planned when they arrived in Everett.

"I was on hand for the first change order, how the pieces didn't fit — when the leading-edge assembly came in from Philadelphia to be matched with the Everett-built wing spar.

Engineers unraveled the box and hoisted up the leading-edge piece. It mated perfectly with the spar. The 777 became Boeing's star jetliner.

"People who said it would be a disaster were wrong. They didn't have that thing that you learn in Catholic school called faith," Shanahan said.

"It's like our [787] production system. Because there are wrinkles doesn't mean there are fundamental flaws," he said. "We're seeing now [that] it's coming online — hey, this thing works."

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Bombardier flies at higher market

BIGGER JET WOULD RIVAL 737 AND AIRBUS A320

Enough interest at show may seal launch

BY DOMINIC GATES
Seattle Times aerospace reporter

Both Boeing and Airbus will train a keen eye at the Farnborough Air Show on one upstart competitor: Bombardier of Canada.

Until now a manufacturer of smaller regional and business jets, Bombardier is looking for momentum at the show that could launch its 110- to 149-seat passenger jet, known as the CSeries.

The launch would be both bold and risky, taking on the highly successful Boeing 737 and Airbus A320 — a class of narrow-body jets where for decades the two big aerospace companies have had the market to themselves.

After several delays, Bombardier this year began marketing to airlines a CSeries concept plane built from advanced materials — an aluminum-lithium alloy fuselage and a carbon-fiber-reinforced, plastic composite wing and tail.

The jet would feature the innovative — but still unproven — geared turbofan (GTF) engine from Pratt & Whitney, which promises to be at least 12 percent more fuel-efficient than current engines.

Boeing and Airbus may have left open a market window for the CSeries, which would enter service in 2013. The aerospace giant has pushed out their successor jets to the 737 and A320 to around 2018-2020.

Even if the official CSeries launch doesn't happen at the show, a crop of significant orders at Farnborough could build momentum for a go-ahead later this year. Speculation has focused on China Southern, Qatar Airways and Lufthansa as potential launch airlines.

Aviation industry analyst Scott Hamilton, of Latham & Watkins, said he has spoken to two prospective customers who are concerned GTF maintenance costs would be much higher than for regular turbos.

He also believes Boeing and Airbus would respond aggressively to a CSeries launch. "Think of the price discounting they could do on the A320 and 737," said Hamilton. Airlines in the market for that size plane could also expect special deals on bigger Boeing and Airbus jets if they excluded Bombardier.

"The CSeries will in some respects be an orphan," said Hamilton. "There's no big brother [for an airline] to grow into."

Richard Aboulafia, industry analyst with the Teal Group, sees the CSeries as the crucial testing ground for the Pratt engine. If it works well, he believes Boeing and Airbus will have to look closely at the GTF for their next jet.

Launch or no launch, Farnborough could prove decisive. "If [Bombardier] doesn't come up with any kind of respectable customers announcements, that's the death knell for the CSeries," said Aboulafia.

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He also believes Boeing and Airbus would respond aggressively to a CSeries launch. "Think of the price discounting they could do on the A320 and 737," said Hamilton. Airlines in the market for that size plane could also expect special deals on bigger Boeing and Airbus jets if they excluded Bombardier.

"The CSeries will in some respects be an orphan," said Hamilton. "There's no big brother [for an airline] to grow into."

Richard Aboulafia, industry analyst with the Teal Group, sees the CSeries as the crucial testing ground for the Pratt engine. If it works well, he believes Boeing and Airbus will have to look closely at the GTF for their next jet.

Launch or no launch, Farnborough could prove decisive. "If [Bombardier] doesn't come up with any kind of respectable customers announcements, that's the death knell for the CSeries," said Aboulafia.

Boeing and Airbus may have left open a market window for the CSeries, which would enter service in 2013. The aerospace giant has pushed out their successor jets to the 737 and A320 to around 2018-2020.

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< Air show

FROM C1

AVIATION GLOOM AMID GLAMOUR

High fuel prices challenge industry

have a special technology exhibition on the theme of a "sustainable future."

Industry analyst Richard Aboulafia of the Teal Group is more than a little skeptical, calling the conference a "green wash" (skin to covering problems with a coat of whitewash).

"You are talking about propelling people around the globe at high altitude using exploding hydrocarbons. [The eco-conference is] about damage mitigation."

Pilarski takes a less-judicious view.

"Put high oil prices together with environmental concerns and there is an unbelievably strong pressure for change," said Pilarski.

When the world's airline executives held their annual summit in Vancouver, B.C., a year ago, the threat of action by politicians under pressure from the green lobby indeed did produce "meaningless platitudes," said Pilarski.

Bottom-line reality
Now it's economic reality. And economic reality speaks much louder," he said. "Right now, the realization is that at these prices ... you cannot have aviation the way we know it now."

Pilarski means higher fares, a significant cutback in global flying and a serious search for alternative technologies to reduce oil dependence.

How will that affect Boeing and Airbus? Paradoxically, Pilarski believes they may benefit as airlines clamor for more fuel-efficient planes.

The big manufacturers agree. Boeing's new annual market forecast, released in advance of the show, maintained a predicted 5 percent annual increase in global air travel over the next 20 years.

Both Boeing and Airbus are ramping up deliveries of their jets, which burn less fuel than most airliners now flying. And both are selling next-generation planes that are even more cost-efficient.

New challenger
Challenging the big two, Canada's Bombardier is touting at Farnborough a new narrow-body jet the size of a 737 with an innovative Pratt & Whitney engine and carbon-fiber plastic composite wings (see related

story).

Looking across the globe, it's clear that oil prices are stinging aviation far beyond the U.S.

Airlines in India lost a million dollars a day in the final quarter of 2007. In May, Australian flag carrier Qantas announced staff and route cuts.

Even Cathay Pacific of Hong Kong — in the burgeoning Chinese market — has begun to lose money and this month warned investors to expect a sharp drop in earnings.

Yet Barry Eccleston, chief executive of Airbus America, maintains that overall global demand is not so bleak.

The Middle East and Russia, both rilling in oil money, are expected to order more planes. Growth in China continues, though at a slower pace than before, Eccleston said.

At least two Persian Gulf airlines, Etihad of Abu Dhabi and Qatar Airways, are expected to announce big orders at the show. Asiana of South Korea and British Airways are rumored to be ready to buy Boeing wide-bodies.

Other items on the show agenda.

Boeing will seek to allay doubts about its crucial 787 Dreamliner program, with a Tuesday presentation by Dreamliner chief Pat Shanahan (see profile). Serious production snags have pushed out deliveries to some customers as

much as 30 months.

Airbus will have to explain away its stalled plant restructuring plan — sales of its German and French factories fell through, pushing out its attempt to shave costs and risks — as well as a slowed ramp-up in production of its A380 superjumbo.

Executives need to convince airlines that, despite those manufacturing concerns, Airbus' proposed A350 is on track to challenge both Boeing's Dreamliner and 777.

Finally, to spice up the show, where would we be without a little U.S.-European tension?

Ensuring that nationalistic passions inflamed by the just-reopened U.S. Air Force tanker contest don't fade, Airbus parent EADS will fly at Farnborough an old A310 with the company's new tanker-refueling boom attached, demonstrating its deployment in flight.

Boeing won't fly a tanker or a boom at Farnborough. It will, however, try to sell C-17 transport jets, helicopters and other hardware to the Europeans.

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