

COVER MEMO

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| Briefing Date/Time: | May 6, 2026 |
| Staff Contact/Title: | Afsin Yilmaz, Marine Terminal Senior Manager, 360.528.8015, afsiny@portolympia.com |
| Subject: | 9222 Polaris Lane Lease Approval; Port as Lessee |
| Purpose: | <input type="checkbox"/> Information Only <input checked="" type="checkbox"/> Decision Needed |

Type of Agenda Item:

- Action/Other – Action requested.

Overview:

This comes before the Commission in a special meeting in accordance with Port of Olympia Commission Resolution 2026-02. Port staff seeks Commission authorization for the Executive Director to execute a ground lease for additional warehouse space, with the Port as lessee.

Background:

This is an urgent request because the Port Marine Terminal has insufficient warehouse space to accommodate an earlier-than-planned arrival of Suzano’s paper pulp bulk cargo. Had the cargo arrived when originally scheduled, this Action/Other item would have come before the Commission at the next regular meeting on May 11, 2026. The early arrival of the Suzano cargo means the additional space is needed before May 11th.

The primary reason the Port needs outside storage space is the Suzano vessel will bring 22,200 tons of additional paper pulp to Olympia, which – when coupled with the existing inventory on hand – results in a total inventory in excess of 32,000 tons. This exceeds the 28,000 tons of total capacity available in the Marine Terminal warehouse. The Port found additional space in a warehouse in Lacey, with the lessor seeking a 13-month lease term, the remainder of the current tenant’s lease term.

This sublease provides the Marine Terminal with an additional 20,000 square feet of storage space at a cost of \$15,000.00 per month. Suzano has agreed to cover the cost of the additional storage space. Longshore labor will be used to handle cargo at the leased space.

Documents Attached:

- 9222 Polaris Lane Lease

Affected Parties:

- Port of Olympia
- ILWU 47
- Suzano
- Flooret, LLC: 9222 Polaris Lane Lease tenant
- Gonsalves & Santucci, Inc.: 9222 Polaris Lane Lease landlord

Options with Pros & Cons:

- Approval of warehouse space lease.
 - Pro: Acquire storage space to meet valued customer's shipping needs.
 - Pro: Increased costs are passed through to the customer.
 - Pro: Increased demand for labor requirements benefits ILWU 47.
 - Pro: Port increases its presence in wider Thurston County, with indirect benefits to the Lacey community.
 - Pro: Communicates to Suzano that the Port highly values this partnership and is willing to seek unique solutions to meet its needs.
 - Pro: More widely distributed storage and supply chain resilience.
 - Con: Increased vehicular traffic between Marine Terminal and Lacey, possibly offset by reduced traffic from Lacey warehouse to distant manufacturing locations.
- Disapproval of warehouse space lease.
 - Con: The likely probability the Port will be unable to safely store a percentage of Star Kvarven's cargo.
 - Con: Damage to the Port-Suzano relationship.
 - Con: Potential loss of future Suzano cargo shipments and corresponding Marine Terminal revenue.
- Use of Dancing Goats facility for temporary storage.
 - Pro: Provides a nearby stopgap solution for a portion of existing inventory.
 - Con: Inability to meet the entire warehouse storage need.
 - Con: Availability of this facility is limited due to Port headquarters construction commencing the third quarter of 2026.

Alignment with Vision 2050:

- Goal #1: Preserve and enhance Thurston County’s working waterfront and connection to global trade by diversifying Marine Terminal operations, improving communication and securing community support.
 - Action Item #3: Pursue and implement strategies that create “value-add” opportunities on marine terminal properties including manufacturing and processing.

Staff Recommendation:

- Port staff recommends approval of this warehouse space lease.

Next Steps:

- Executive Director will immediately execute the warehouse space lease.
- Existing Suzano cargo inventory on hand will begin relocation to the Lacey warehouse as early as Thursday, May 7, 2026.
- The objective is to ensure the Port’s Marine Terminal warehouse is empty when Star Kvarven arrives on May 17, 2026.
- Star Kvarven is expected to complete its unloading and depart Olympia on May 23, 2026.