STAFF REPORT

Date: October 20, 2026
To: City Council
From: Paul Simmons, City Administrator, and Brad Medrud, Community Development Director

Puget Western, Inc. Purchase and Sale Contract

1. Recommended Action

Authorize the Mayor to sign a purchase and sale contract with Puget Western, Inc. for 67.5 gross acres of property and the remaining conservation credits associated with the Tumwater East Distribution and Commercial Center and Tumwater West Conservation Site Habitat Conservation Plan (Puget Western HCP).

The property is located west of Interstate 5 and south of 93rd Avenue SW on Thurston County parcel numbers 12721220000, 12721210300, 12721210100, 12721240300, and 12721230300. The property is known as the Puget Western Conservation West Site (see map next page).

2. Background

Since 2014, the City has been working to respond to the federal listing of the Olympia subspecies of the Mazama pocket gopher, which is listed as threatened under the Endangered Species Act of 1973. The City has been preparing the Bush Prairie HCP developed with the Port of Olympia and U.S. Fish and Wildlife Service (USFWS) to support a request for an incidental take permit (ITP) from USFWS. An ITP authorizes take that is incidental to otherwise lawful activities and provides ESA compliance.

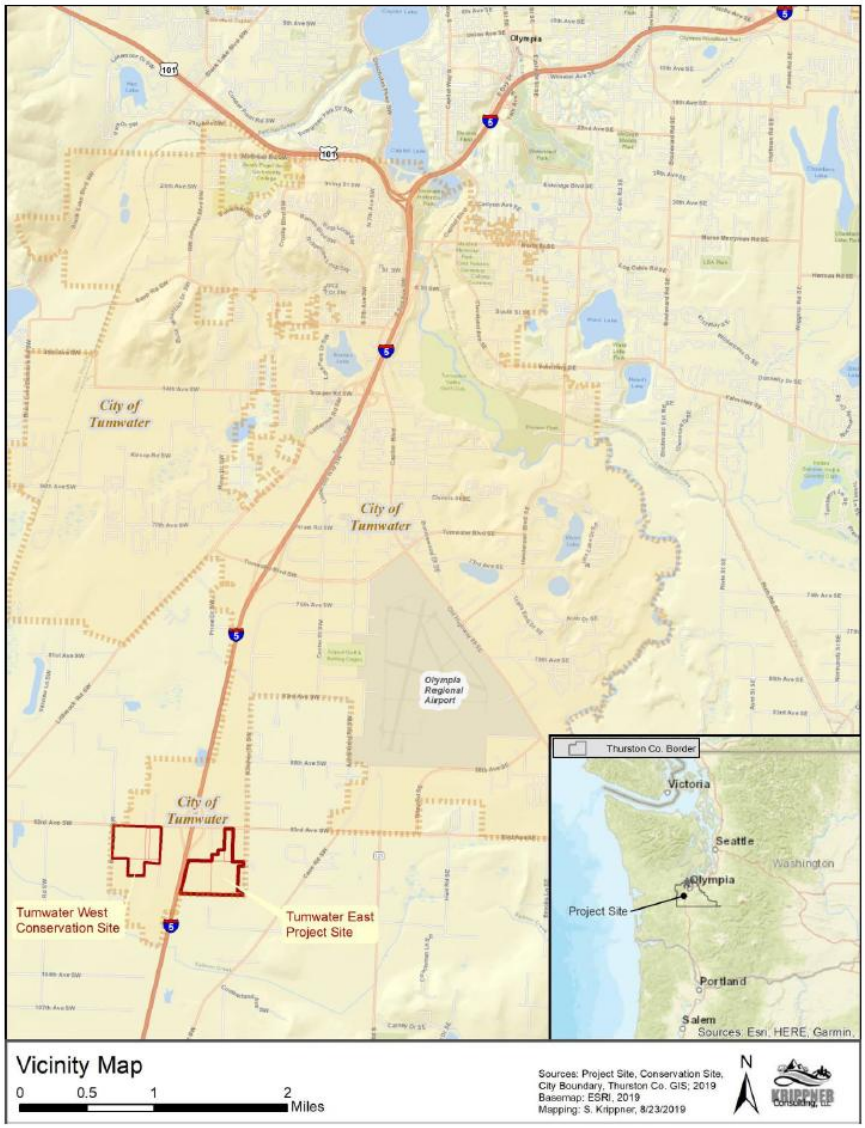
It is anticipated that activities such as City operations and maintenance and development permits approved by the City will require mitigation for their impact on the Olympia subspecies. Such mitigation would be in the form of setting aside occupied Maza Olympia subspecies habitat lands for conservation purposes through the Bush Prairie HCP.

In February 2021, Puget Western, Inc. worked with the USFWS to prepare the Puget Western HCP as part of their ITP for the development of land with the threatened Olympia subspecies of the Mazama pocket gopher.

The Puget Western HCP covered the development of the Olympia subspecies occupied 79-acre Tumwater East property south of 93rd Avenue east of Interstate 5 as the Costco warehouse distribution center while providing mitigation which fully offsets the impacts to the Olympia subspecies at the 67.5-acre Tumwater West property south of 93rd Avenue west of Interstate 5. Tumwater East and Tumwater West were owned by Puget Western, Inc. and known to be occupied by the Olympia subspecies.

Puget Western could not completely avoid all adverse effects to this species and its habitat while the new warehouse distribution center was constructed, so it prepared an HCP in fulfillment of requirements for an ITP from USFWS in accordance with Section 10(a)(1)(B) of the Endangered Species Act (ESA).

Figure 1. Puget Western Tumwater East Project and Tumwater West Conservation Sites.



3. Purchase and Sale Contract

The intent of the purchase and sale contract with Puget Western, Inc. is for the City to acquire the remaining Olympia pocket gopher conservation credits from a USFWS approved HCP to be used either for mitigation for covered activities under the Bush Prairie HCP, for projects that would require a separate take approval from USFWS, or for sale to City partners for their projects.

The table below summarizes what the City is acquiring as part of the purchase and sale contract.

Item	Number
Purchase Price	$12,000,000, of which $10,000,000 is for the HCP credits and $2,000,000 for the actual land
Total Actual Acres Purchased	67.5 acres
Total Puget Western HCP Credits Purchased	109.4 Puget Western HCP Credits – Total Remaining Credits
Total Puget Western HCP Credits Purchased Translated into Bush Prairie HCP Credits	72.90 Bush Prairie HCP Credits
Estimated Current Value of the HCP Endowment	~$930,000