

# ACTION ITEM MEMO

Port of Tacoma Commission



Item No: 6E  
Meeting Date: 04/21/26

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**DATE:** April 12, 2026  
**TO:** Port of Tacoma Commission  
**FROM:** Eric Johnson, Executive Director  
Sponsor: Debbie Shepack, Sr. Director, Real Estate  
Project Manager: Tyra Dieffenbach, Sr. Manager, Real Estate  
**SUBJECT:** Authorization to Execute a Purchase & Sale Agreement - 13120 Tilley Road SW

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**A. ACTION REQUESTED**

Authorize the Executive Director, or his designee, to execute a Purchase and Sale Agreement dated April 21, 2026 with Miles Sand and Gravel Company (Buyer) to sell Port-owned real property located at 13120 Tilley Road SW, Thurston County, Washington, and to execute any additional documents and take any and all additional actions necessary through closing of the sale consistent with the Purchase and Sale Agreement.

**Strategic Plan Initiative:** OS-1.

**B. BACKGROUND**

- On July 28, 2006, the Port of Tacoma purchased approximately 745 acres of land located at 13120 Tilley Road SW in Thurston County for \$21,250,000.
- The Port purchased the property pursuant to an interlocal agreement with the Port of Olympia with the intent to jointly develop rail system enhancements. That interlocal agreement was subsequently terminated.
- Current zoning for the property is R1/20 (rural – one dwelling per 20 acres). This zoning classification permits low density residential, agricultural, forestry, conservation & associated uses that do not require urban services.
- Gravel mining is allowed on property via a Special Use Permit.
- On March 18, 2010, the Port of Tacoma Commission approved Resolution 2010-04, determining the property surplus to the Port's needs and authorizing this property for sale to Maytown Sand & Gravel LLC.
- Maytown Sand & Gravel was unable to fulfill its agreement with the Port and relinquished the property back to the Port on October 7, 2013.
- Port staff began actively marketing the property, and in 2018 received an offer from NorthPoint Development and subsequently signed a Purchase and Sale agreement. The agreement was contingent on a zoning reclassification. After several years and a lengthy process with Thurston County, ultimately, a zoning reclassification was denied. The Purchase and Sale with NorthPoint was terminated in early 2021.

- While working towards the sale of the property, the Port has taken all necessary actions to preserve the site’s existing mining permits and entitlements. An appraisal was obtained in September 2024 that concluded that the highest and best of the property is as a gravel mine and set a fair market value for the property of \$20,000,000.
- After receiving the appraisal, the Port began to market the property for sale again and received several written offers.
- After a thorough review of all offers received, Port staff concluded the proposed Purchase & Sale Agreement with Miles Sand and Gravel Company provides the best combination of terms and conditions of the offers received. While the proposed purchase price is below the appraised value, it delivers the strongest overall value when considering the terms and the Port’s strategic objectives.
- The successful sale of this property will remove a non-performing asset from the Port’s balance sheet, eliminate the costs of maintaining the site’s permits, and satisfy the Port’s obligation to sell the property per the terms of the interlocal agreement with the Port of Olympia.

**C. TERMS & CONDITIONS**

- Sale Price: \$17,250,000 cash
- Earnest Money: \$500,000 due 5 business days from execution of the PSA
- Due Diligence: 120 days from Effective Date of PSA (approx. August 20, 2026)
- Due Diligence Extension Options: 3 consecutive periods of 30-days each, if enacted, approximate date ranges would be:
  - 1<sup>st</sup> Ext. Period: approx. August 21, 2026 – September 20, 2026
  - 2<sup>nd</sup> Ext. Period: approx. September 21, 2026 – October 21, 2026
  - 3<sup>rd</sup> Ext. Period: approx. October 22, 2026 – November 21, 2026
- Due Diligence Extension Fee: \$50,000 deposit to escrow for each extension
- Closing Date: 30 days after the end of Due Diligence (including extension options)
- Broker Commission: None
- Closing Fees:
  - Seller: Owner’s Policy (title insurance) costs & half of the escrow fees
  - Purchaser: Recording costs & half of the escrow fees
- Transfer of all mine approvals & permits, including:
  - 2005 & 2011 Thurston County State Environmental Policy Act Mitigated Determinations of Nonsignificance,
  - DNR Reclamation Permit: 70-013010,
  - Ecology Sand & Gravel Permit: WAG501520;
  - Thurston County Special Use Permit, and
  - Any certificated water rights or permits

**D. TIMEFRAME/PROJECT SCHEDULE**

Execution of Purchase & Sale Agreement	April 21, 2026
Earnest Money due to Escrow	April 28, 2026
Due Diligence Period	April 22, 2026 – August 20, 2026
Due Diligence Ext. Periods	August 21, 2026 – November 21, 2026
Closing & Transfer of Permits	On or before approx. December 22, 2026 (depending on due diligence period)

**E. FINANCIAL SUMMARY**

The current net book value of this property is \$7,840,000.  
An unbudgeted gain on sale will be recorded in 2026 upon completion of the sale.

**F. NEXT STEPS**

After receiving Commission approval, the Executive Director will execute the Purchase and Sale Agreement, and Port staff will work to satisfy Port obligations under the Agreement through closing.