



**McMinnville  
City Limits**

**Ordinance No.  
5106  
ANNEXATIONS  
(Docket 3-21):**

**City Council  
(Pages 101 – 165 of meeting packet)**

**October 26, 2021**

# The Purpose of Docket 3-21

**Provide an annexation process for the City of McMinnville that is:**

- **Compliant with state regulations, City Charter and local ordinances.**
- **A navigable path for land to be annexed into the City based upon the framework outlined in the McMinnville Growth Management and Urbanization Plan (MGMUP).**
- **A tool for the City of McMinnville to ensure that future new development is responding to the community needs.**

**The actions that need to take place to implement a new annexation process for the City of McMinnville**

- **Amendments to McMinnville Municipal Code (Chapter 16 and 17)**
- **Amendment to McMinnville Comprehensive Plan (Chapter IX)**
- **Draft Annexation Agreement**
- **Development of Annexation Fees**

# Ordinance No. 5106

## Considers:

- ❖ **Amendments to Title 16 of the MMC by repealing the existing Title 16 (Duplicative Land Division Standards) and replacing with new annexation code provisions.**

16.10 – General Provisions

16.20 – Annexation Initiation

16.30 – Properties Subject to MMC 17.10.060

16.40 – Properties Not Subject to MMC 17.10.060

- ❖ **Amendments to Title 17 of the MMC (17.09, 17.10, 17.72)**

17.09 – Definitions

17.10 – Area and Master Planning Process

17.72 – Applications and Review Process

- ❖ **Amendments to Chapter IX, “Urbanization” of the McMinnville Comprehensive Plan.**

- ❖ **Repeals Ordinance No. 4636 as amended by Ordinance No. 4670.**

# Process

- ❖ **Hosted a work session with City Council on July 21, 2021**
- ❖ **Noticed to DLCD on August 5, 2021**
- ❖ **Posted in the News Register on September 8, 2021**
- ❖ **Hosted a public hearing on September 16, 2021**
- ❖ **Testimony by Mark Davis**
- ❖ **Voted to recommend approval to City Council**

**City Council, October 26, 2021**

# City Council Goals and Strategic Plan

## Goal: Growth and Development Character

- ❖ **Strategic Objective: Strategically plan for short and long-term growth and development that will create enduring value for the community.**
- ❖ **Define the unique character through a community process that articulates our core principles.**
- ❖ **Educate and build support for innovative and creative solutions.**

## Goal: Create diverse housing opportunities that support great neighborhoods.

- ❖ **Strategic Objective: Conduct thorough and timely planning and forecasting to ensure that regulatory frameworks and land supply align with market-driven housing needs.**

# What is Annexation?

## ANNEXATION

The Process by which a municipality, upon meeting certain requirements, expands its corporate limits.

## GOVERNED BY:

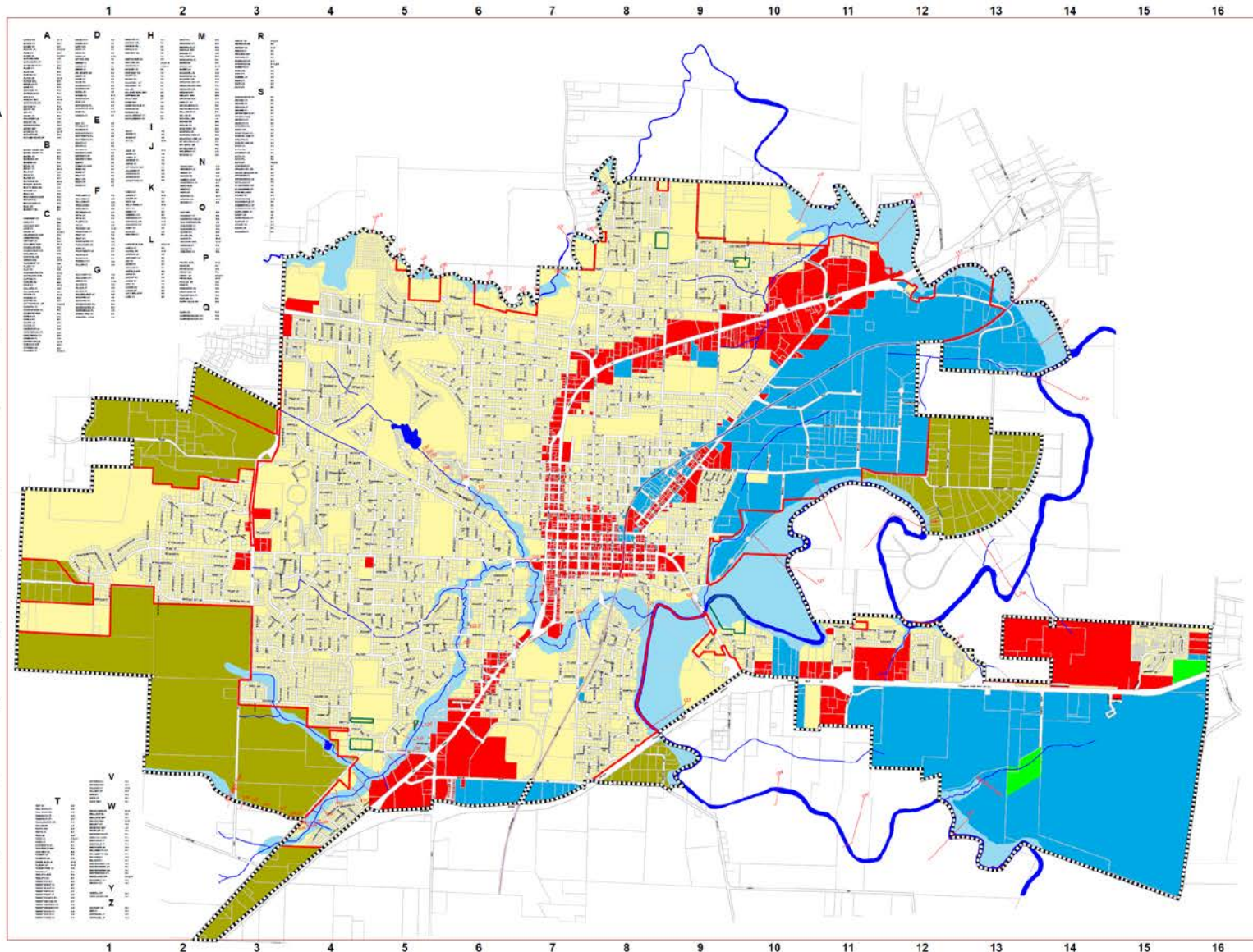
**ORS 222**

**CITY CHARTER**

**COMPREHENSIVE PLAN**

**LOCAL ORDINANCES**

# City of McMinnville Comprehensive Plan



## Legend Comprehensive Plan

- Residential
  - Urban Holding
  - Commercial
  - Industrial
  - Mixed Use Urban
  - Floodplain
- Jurisdictions**
- City
  - County
  - Urban Growth Boundary



0 1,000 2,000 4,000 Feet

Last amended August 13, 2019  
Ordinance 5074

### Note:

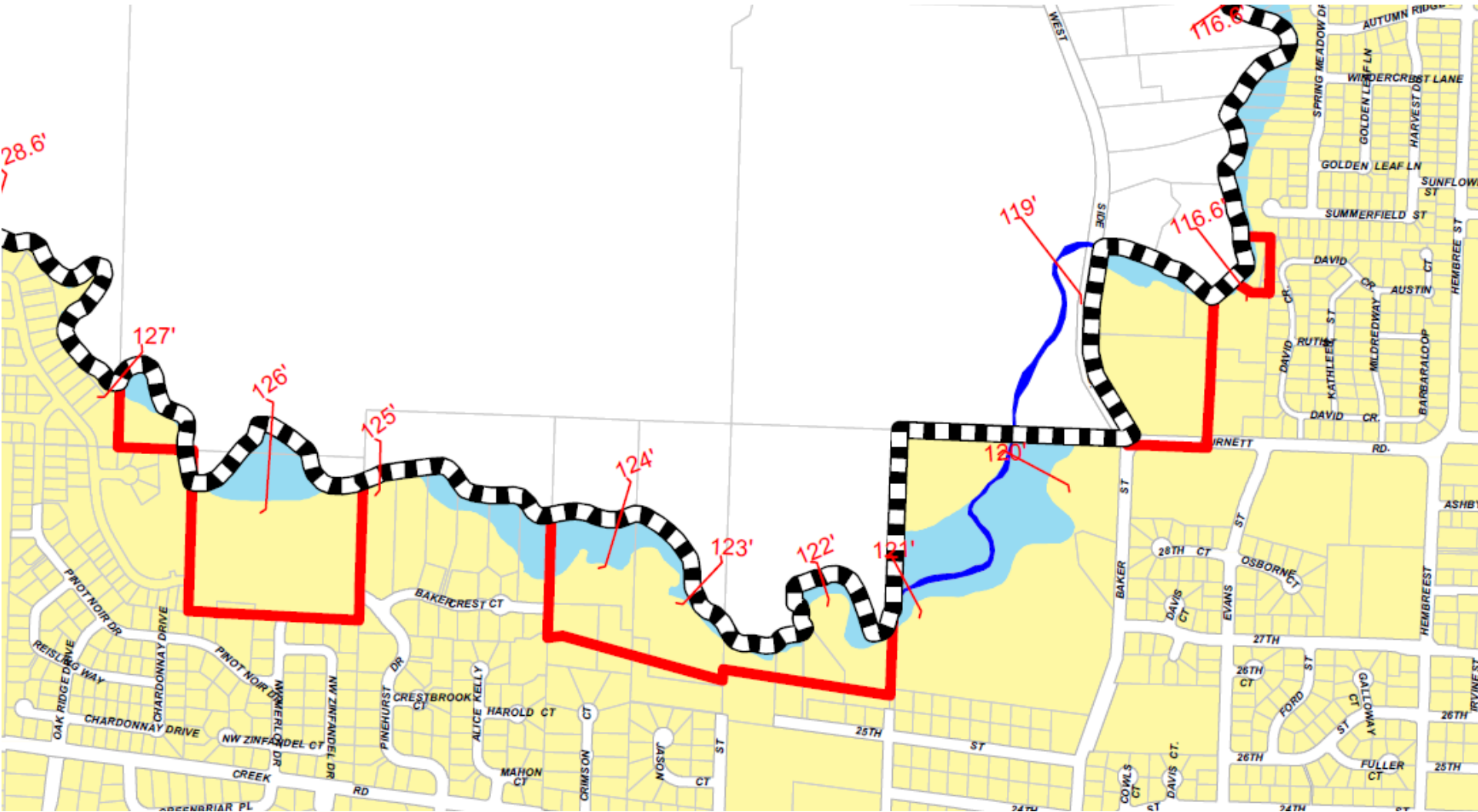
This map is for pre-planning purposes only. For more detailed information, please call the McMinnville Planning Department at (503) 434-7311.

Planning Department  
City of McMinnville  
231 NE Fifth St  
McMinnville, OR 97128  
(503) 434-7311



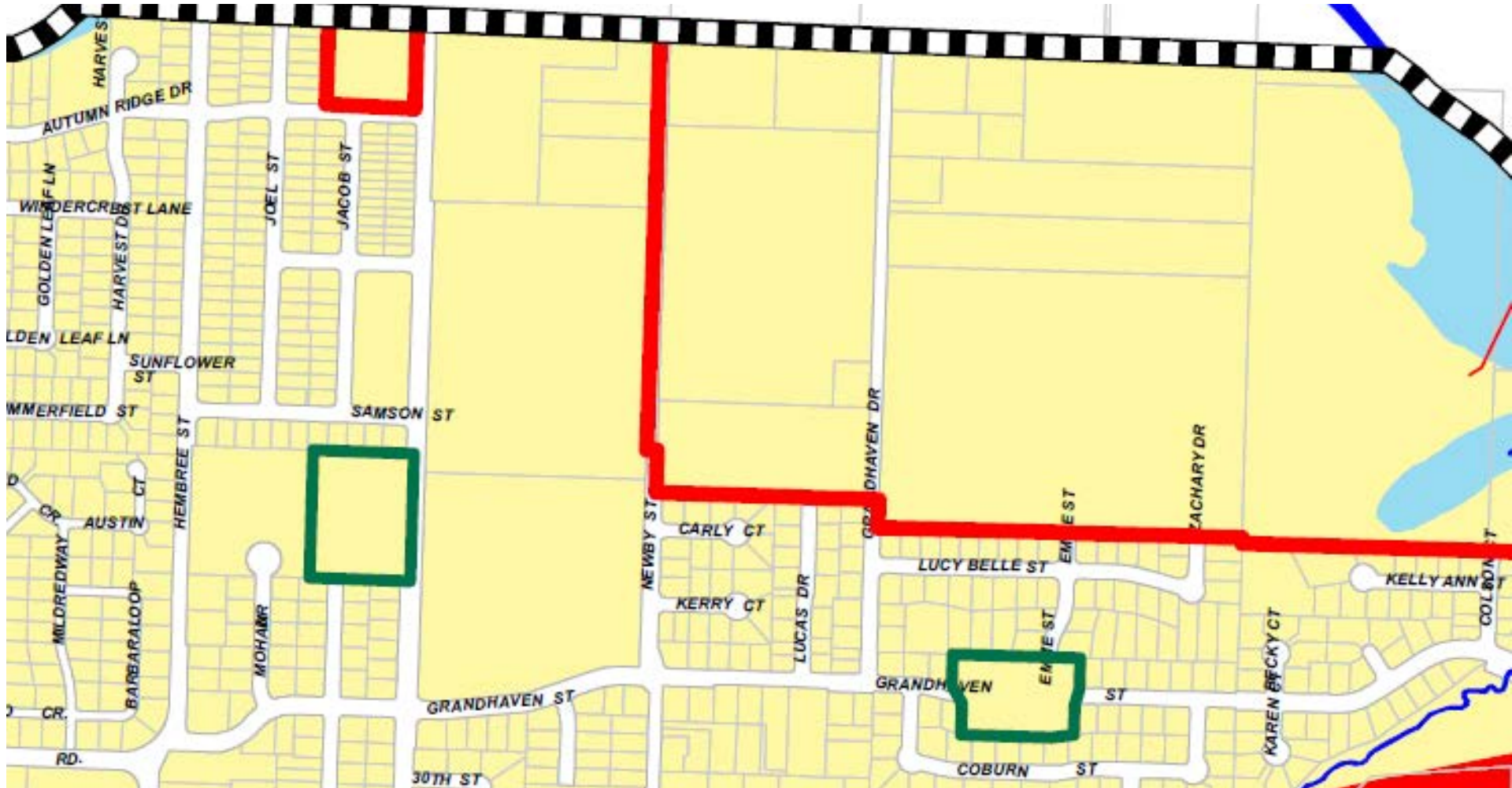


# Residential Comprehensive Plan Designation



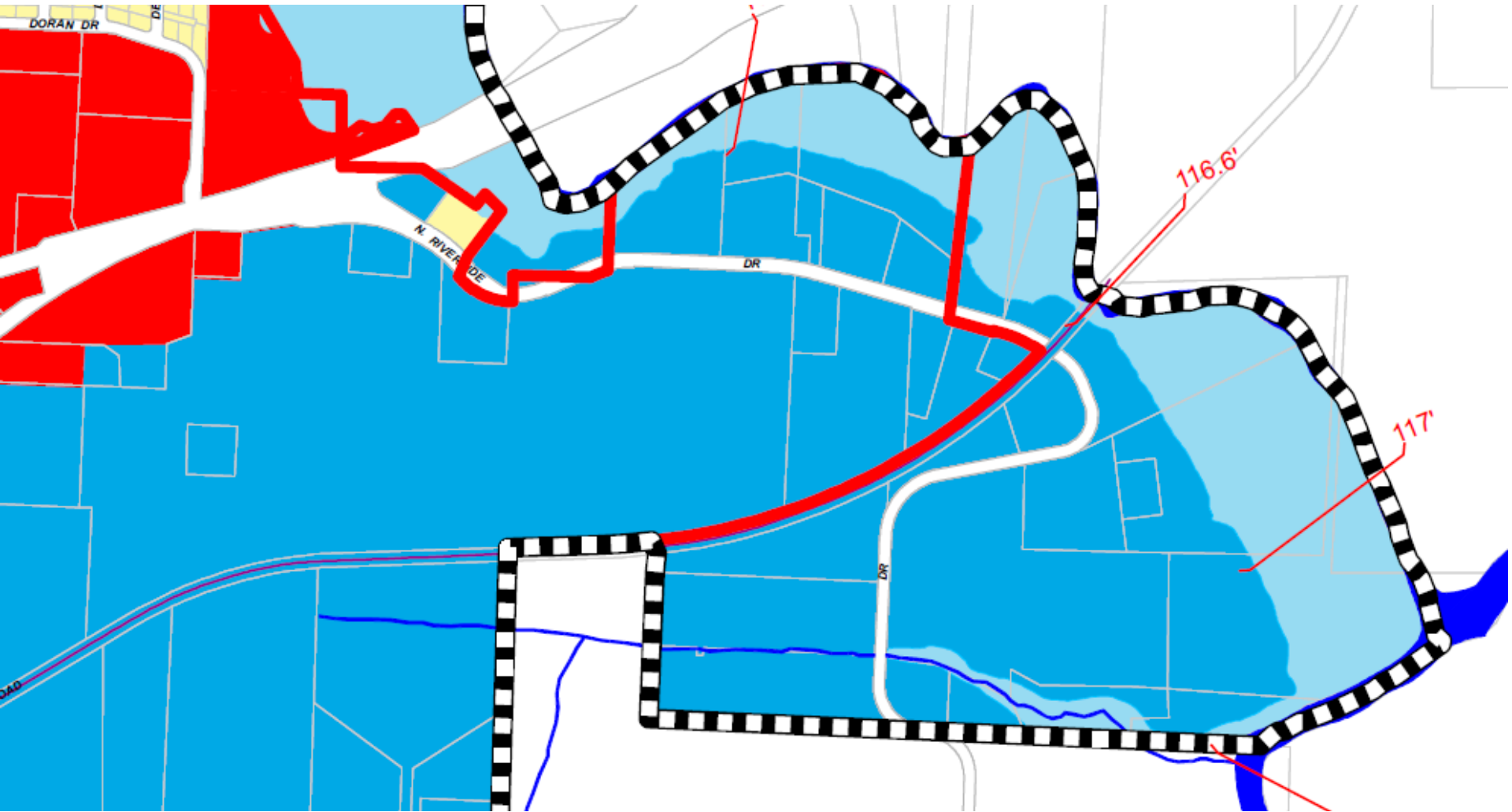
City Council, October 26, 2021

# Island Annexations



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# Industrial Comprehensive Plan Designation



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# History of Annexation in McMinnville

City Council, October 26, 2021



# History of Local Ordinances

Ordinance	Date of Approval	What it does?
No. 4130	April 7, 1981	<ul style="list-style-type: none"> <li>• Enacted requirements and procedures for annexation of land to the City of McMinnville.</li> <li>• Land must be in the UGB.</li> <li>• Land must be contiguous to the city limits.</li> <li>• Plan for development must meet comprehensive plan policies.</li> <li>• Adequate level of services must be available or made available within three years of annexation.</li> <li>• Public hearing at the Planning Commission level. PC provides a recommendation to City Council.</li> <li>• City Council public hearing and final decision.</li> <li>• City shall attempt to not create islands of non-incorporated territory within the city limits.</li> <li>• If an island is created, it needs be annexed within one year.</li> <li>• Zoning shall be AH or county zoning until it is rezoned into a city zone for development.</li> </ul>
No. 4357	February 4, 1986	<ul style="list-style-type: none"> <li>• Repeals Ordinance No. 4130.</li> <li>• In response to state changes to ORS 222, which no longer required two public hearings if all the property owners of the land to be annexed consent to the annexation.</li> <li>• City elected to retain a public hearing for annexations at the Planning Commission level and eliminate the one required at the City Council level.</li> </ul>
No. 4535	April 27, 1993	<ul style="list-style-type: none"> <li>• Amends Ordinance No. 4357 due to state amendments to ORS 222 relative to nonunanimous consent of property owners to be annexed.</li> </ul>
No. 4624	May 14, 1996	<ul style="list-style-type: none"> <li>• Amends Ordinance No. 4357 to require that Islands created by annexations be annexed into the city within one year.</li> </ul>
No. 4636	November 12, 1996	<ul style="list-style-type: none"> <li>• Repeals Ordinance No. 4357 in response to local ballot measure No. 36-32 passed on May 21, 1996, to amend the City Charter to read that all annexations except those otherwise mandated by state law, be referred to a vote of the electorate.</li> </ul>
No 4670	June 23, 1998	<ul style="list-style-type: none"> <li>• Amends Ordinance No. 4636 relative to the definition of adequate levels of municipal sanitary sewer and water service required within three years of annexation.</li> </ul>

# VOTE BY ELECTORATE

## Local Ballot Measure (1996)

Measure No. 36-32 was voted on and approved by the McMinnville community on May 21, 1996.

Amended the McMinnville City Charter to read "Unless mandated by State Law, any annexation, delayed or otherwise, to the City of McMinnville may only be approved by a prior majority vote among the electorate."

City Council, October 26, 2021

## SB 1573 (2016)

Amends ORS 222.127 to

- (1) This section applies to a city whose laws require a petition proposing annexation of territory to be submitted to the electors of the city.*
- (2) Notwithstanding a contrary provision of the city charter or a city ordinance, upon receipt of a petition proposing annexation of territory submitted by all owners of land in the territory, the legislative body of the city shall annex the territory without submitting the proposal to the electors of the city.*

# Ordinance No. 4636

- ❖ Within the UGB
- ❖ Contiguous to the city limits
- ❖ Complies with the Comprehensive Plan, Volume II, Goals and Policies
- ❖ Must have an adequate level of urban services available or made available, within three years time of annexation.
- ❖ Findings documenting the availability of police, fire, and school facilities and services shall be made to allow for the proposed annexation.
- ❖ Public hearing with the Planning Commission for recommendation of approval to City Council to go to the ballot or denial.
- ❖ Cities shall strive to not create Islands of unincorporated territory within the corporate limits of the City
- ❖ Land will come into the City based on underlying comprehensive plan designation and be zoned AH if no other zone has been requested or it does not have a county zone.
- ❖ Referred to the electorate for a vote of approval or denial.



# Ordinance No. 4636

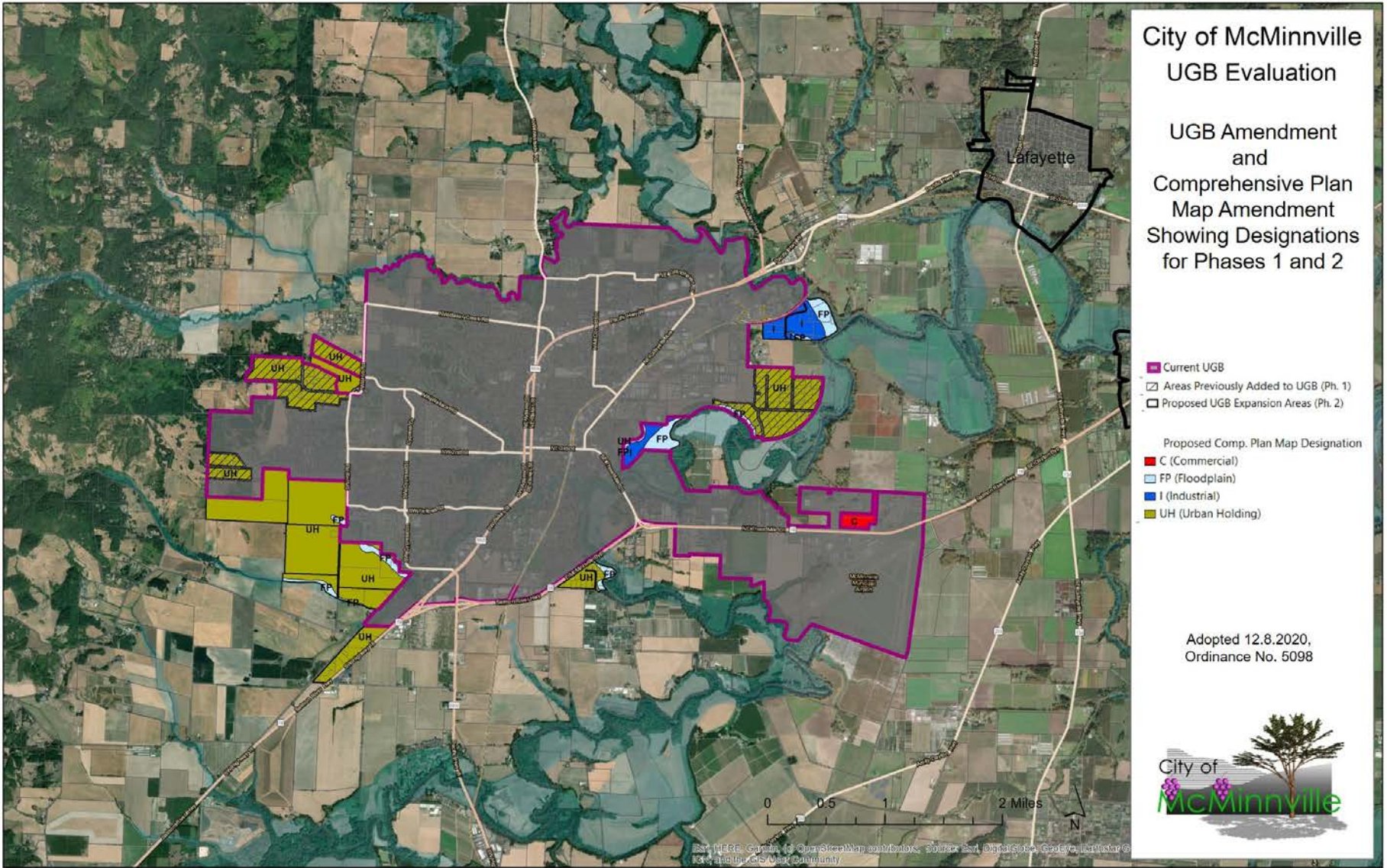
**Current ordinance in effect that requires the vote of the people for approval or denial.**

- ❖ Within the UGB
- ❖ Contiguous to the city limits
- ❖ Complies with the Comprehensive Plan, Volume II, Goals and Policies
- ❖ Must have an adequate level of urban services available or made available, within three years time of annexation.
- ❖ Findings documenting the availability of police, fire, and school facilities and services shall be made to allow for the proposed annexation.
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*Growing McMinnville*  
**MINDFULLY**

[www.growingmcminnvillemindfully.com](http://www.growingmcminnvillemindfully.com)



City Council, October 26, 2021



# MGMUP PROCESS

## Components

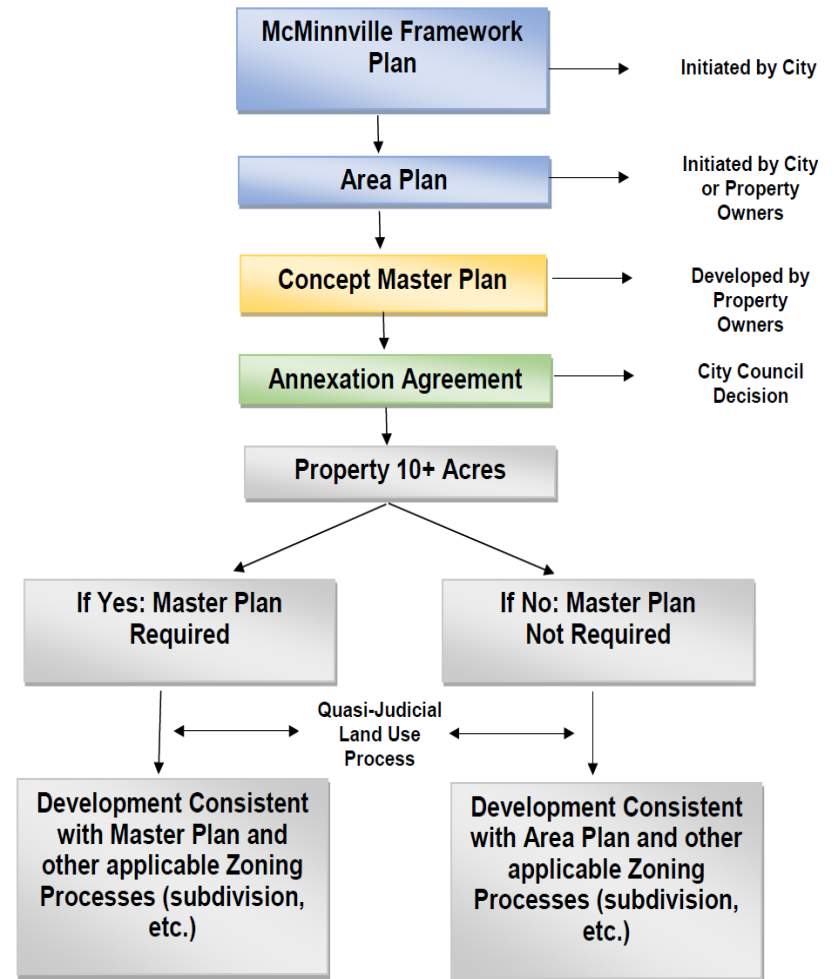
**Area Plan**

**Concept Master Plan**

**Annexation Agreement**

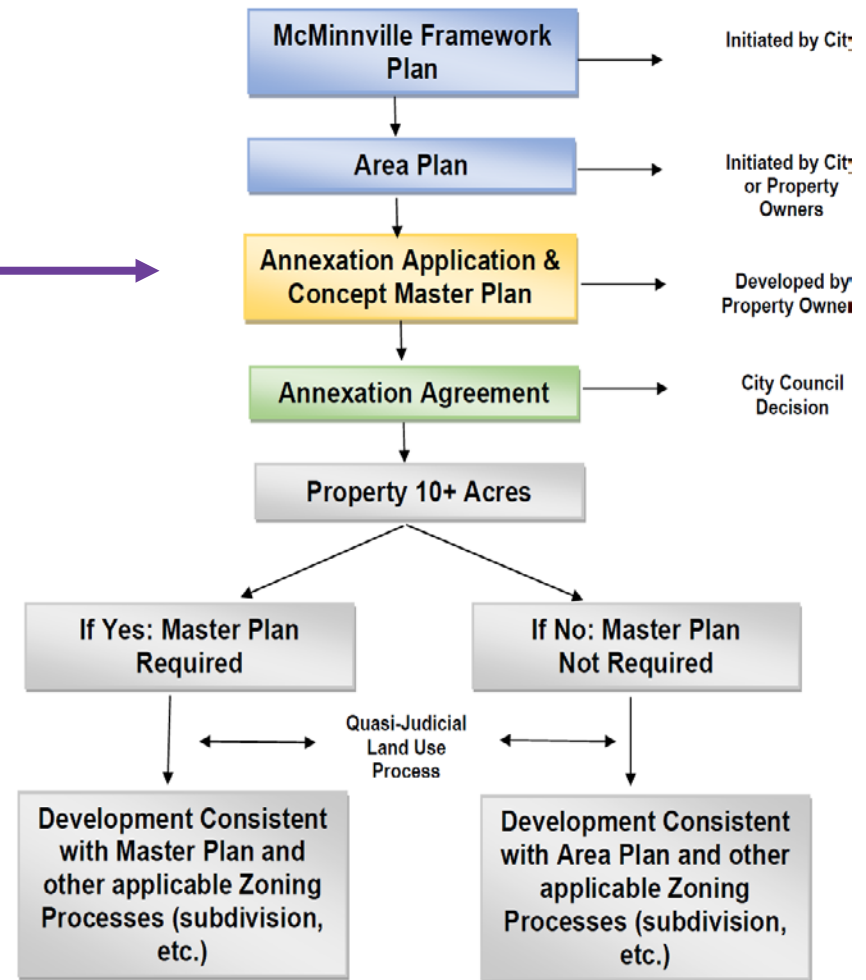
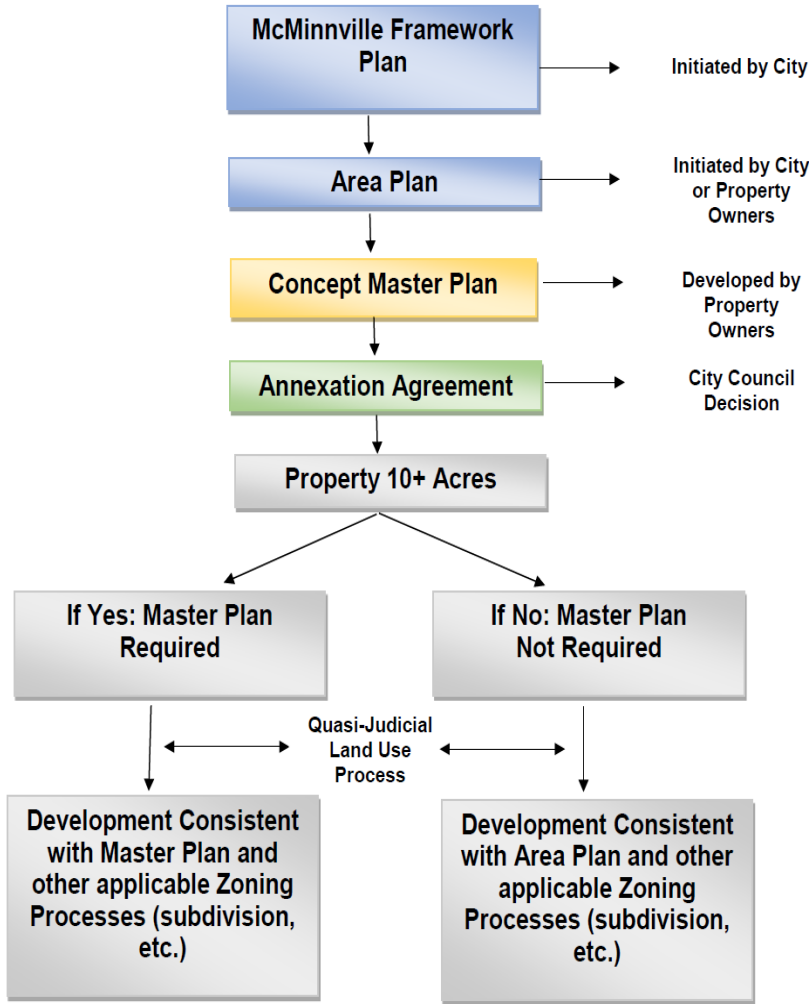
**Master Plan**

**Annexation**



# Confusion – Land Use v. Process

Summary Graphic of UGB Expansion Planning Process:



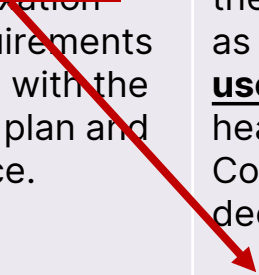
# Proposed Process Identifying New Steps

Component of Process	PREVIOUS PROCESS	PROPOSED PROCESS	
<b>Comprehensive Area Plan</b>		<b>Area Plan</b> , adopted as a supplemental document to the Comprehensive Plan	<b><u>Legislative Land-Use Decision</u></b>
<b>Application</b>	<b>Annexation Application</b> – Findings for services identified in Ordinance 4636 and compliance with comp plan.	<b>Annexation Application</b> – Findings for services identified in Chapter 16, and conceptual master plan (draft)	
<b>Agreement with City Council for Annexation</b>		<b>Annexation Agreement</b>	Action of City Council – not a land-use decision
<b>Compliance with Comprehensive Plan</b>	Review development plan submitted with annexation application as a <b><u>quasi-judicial land-use decision</u></b> , public hearing with Planning Commission and CC decision	<b>Master Plan</b> – development plan that meets the annexation agreement requirements and compliance with the comprehensive plan and zoning ordinance.	Separate application required as a condition of the Annexation Agreement as a <b><u>quasi-judicial land-use decision</u></b> , public hearing with Planning Commission and CC decision.
<b>Annexation Action</b>	Vote of the Electorate	Annexation Ordinance	Action of City Council

# Proposed Process Identifying New Steps

Component of Process	PREVIOUS PROCESS	PROPOSED PROCESS	
Comprehensive Area Plan		Area Plan, adopted as a supplemental document to the Comprehensive Plan	<u>Legislative Land-Use Decision</u>
Application	Annexation	Annexation Application –	
Agreement Council Annexation			Action of City Council – not a land-use decision
Compliance Comprehensive	annexation application as a <b><u>quasi-judicial land-use decision</u></b> , public hearing with Planning Commission and CC decision	meets the annexation agreement requirements and compliance with the comprehensive plan and zoning ordinance.	Separate application required as a condition of the Annexation Agreement as a <b><u>quasi-judicial land-use decision</u></b> , public hearing with Planning Commission and CC decision.
Annexation Action	Vote of the Electorate	Annexation Ordinance	Action of City Council

Per ORS 222.127, it is the City Council choice if they want to host a public hearing for the Annexation Ordinance. Typically the land-use decision and the Annexation Ordinance action happen on the same night with a public hearing for the land-use decision and the Annexation Ordinance adopted with the contingency that it does not become effective until the land-use decision is considered final.



**ORS 222.127 Annexation without election notwithstanding contrary city law upon petition of all owners of land; declaration of annexation.**

(1) This section applies to a city whose laws require a petition proposing annexation of territory to be submitted to the electors of the city.

(2) Notwithstanding a contrary provision of the city charter or a city ordinance, upon receipt of a petition proposing annexation of territory submitted by all owners of land in the territory, the legislative body of the city shall annex the territory without submitting the proposal to the electors of the city if:

(a) The territory is included within an urban growth boundary adopted by the city or Metro, as defined in ORS 197.015;

(b) The territory is, or upon annexation of the territory into the city will be, subject to the acknowledged comprehensive plan of the city;

(c) At least one lot or parcel within the territory is contiguous to the city limits or is separated from the city limits only by a public right of way or a body of water; and

(d) The proposal conforms to all other requirements of the city's ordinances.

(3) The territory to be annexed under this section includes any additional territory described in ORS 222.111 (1) that must be annexed in order to locate infrastructure and right of way access for services necessary for development of the territory described in subsection (2) of this section at a density equal to the average residential density within the annexing city.

(4) When the legislative body of the city determines that the criteria described in subsection (2) of this section apply to territory proposed for annexation, the legislative body may declare that the territory described in subsections (2) and (3) of this section is annexed to the city by an ordinance that contains a description of the territory annexed. [2016 c.51 §2]



## Staff Recommendation:

1. Governance = Title 16. Embed Annexation requirements and procedures in the McMinnville City Code, replacing existing Title 16, which is a redundant Land Division Standards Chapter, with a Title 16 dedicated to annexations. (Governance of Annexation)

Will not need to keep track of ordinances over time.  
Simplifies process and is more transparent.

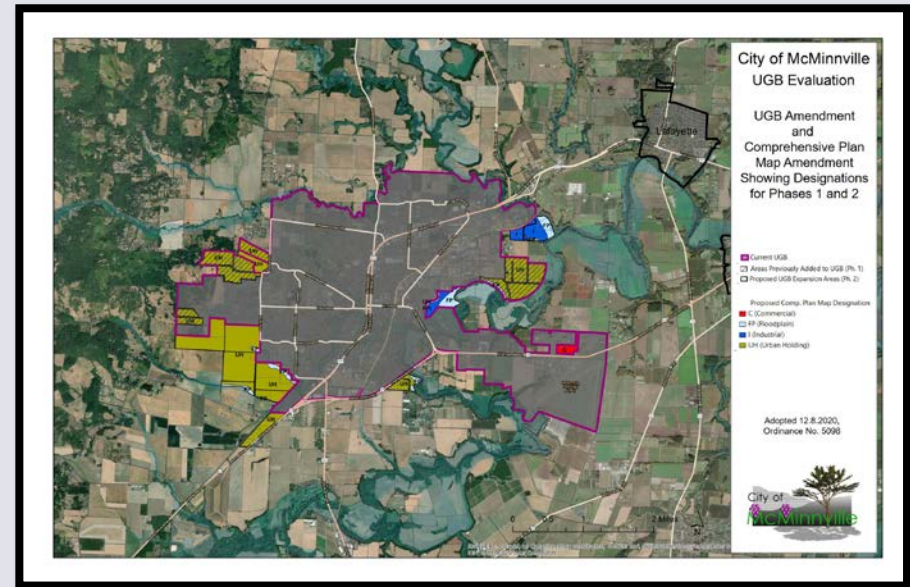
2. Land-Use = Title 17. Amend Title 17 to remove any references to annexation processes and procedures that are administrative in nature and not quasi-judicial, keep compliance with comprehensive plan in Title 17 under Area Plans and Master Plans.

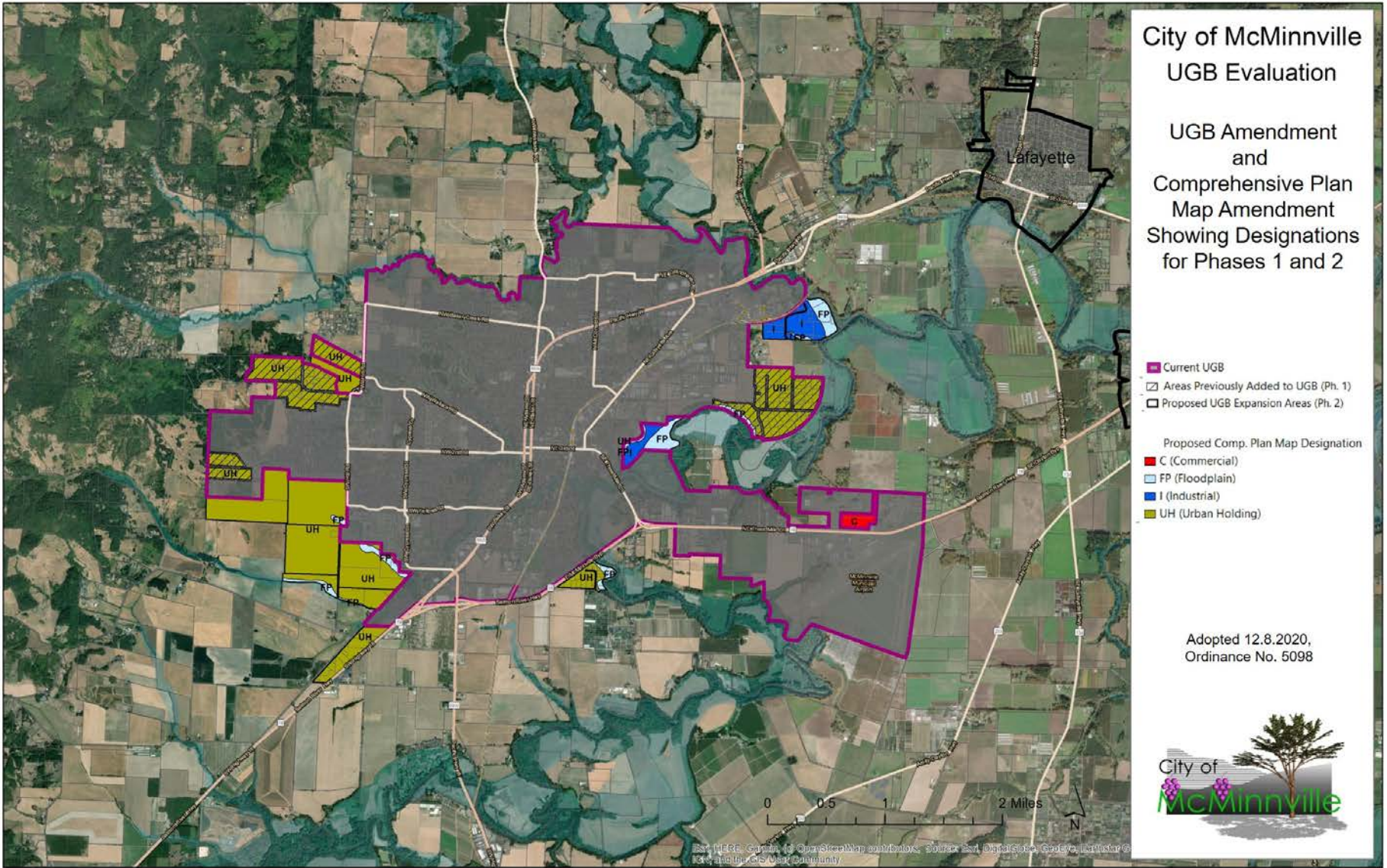
# Walking Through the Process

City Council, October 26, 2021

# AREA PLAN

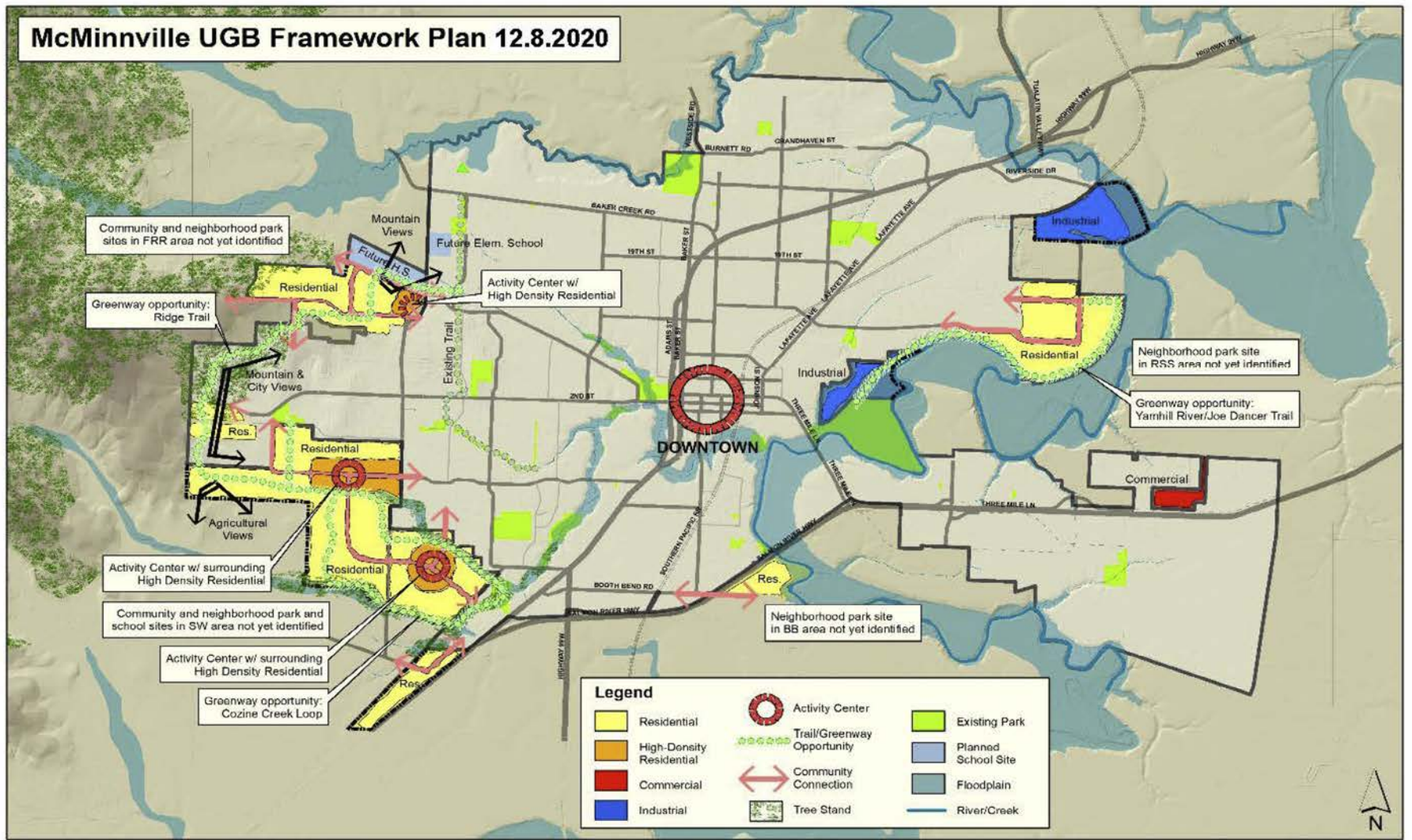
- ❖ Adopted as part of MGMUP,
- ❖ Needed prior to annexation for all properties with a UH Comprehensive Plan Map designation.
- ❖ Framework Plan is a guiding document of assigned land need for the Area Plans.
- ❖ Adopted as a Supplemental Document to the Comprehensive Plan, Type IV land-use process.





City Council, October 26, 2021

# McMinnville UGB Framework Plan 12.8.2020



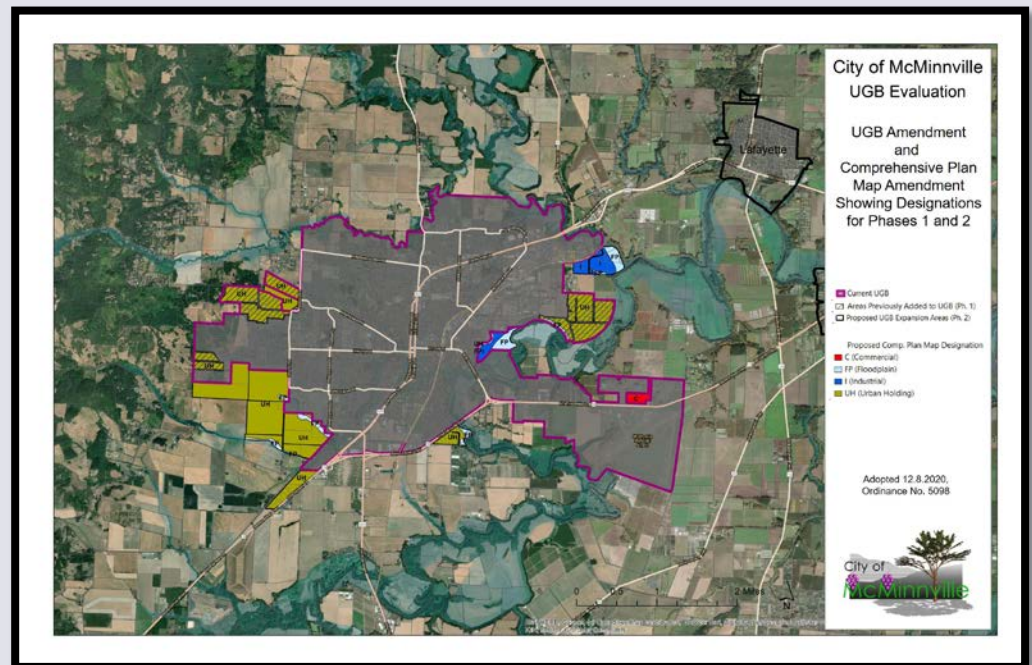
City Council, October 26, 2021

**Potential Assignment of Land Need:**

Land Need		Southwest	Fox Ridge Road	Riverside South	Redmond Hill Road	Booth Bend Road	Riverside North
Residential							
R-5	36 acres						
Parks							
Neighborhood Park	88.11 acres						
Community Park	58.84 acres						
Greenways/Natural Areas	106.81 acres						
Schools	43 acres						
Commercial	39.3 acres						
Industrial	Surplus						

# ANNEXATION APPLICATION

- ❖ Processed outlined in Title 16, 16.20. Captures all of the elements required in ORS 222 and Ordinance No. 4636 that are not clear and objective land-use elements.
- ❖ If applicable, includes a Concept Master Plan. Concept Master Plan is not a land-use application but is an advisory document for the annexation agreement. (Proposed amendments to MMC 17.10.065).



# ANNEXATION AGREEMENT

- ❖ Title 16 Proposed Amendments, Section 16,30.030 and Section 16.40.020
- ❖ All properties that want to annex into the City will need a City Council approved Annexation Agreement.
- ❖ Written agreement between the City and owners of land requesting annexation that states the terms, conditions and obligations of the parties for the annexation to be approved, including but not limited to provisions for:
  - Public facilities and public services to mitigate public facility and public service impacts to the City associated with the annexation and future development of the property.
  - Process for ensuring that the annexation is consistent with the McMinnville Comprehensive Plan
  - And any other provisions that the City deems necessary for the annexation to meet the city's ordinances and the community's identified needs.



# What is in an Annexation Agreement?

- ❑ **Annexation Agreements are negotiated on a case-by-case basis and are considered a contract between the property owners and the City. Some cities call them development agreements as well.**
- ❑ **The Annexation Agreement is developed after the Annexation Application and is a condition of annexation.**
- ❑ **A draft Concept Master Plan is required with the Annexation Application and then that is used as the basis for the negotiations in review with the Area Plan and community needs at the time.**
- ❑ **The Concept Master Plan is not a land-use decision as it is a draft plan that shows what the property owner wants to do and sets the stage for the Annexation Agreement.**

# What is in an Annexation Agreement? (Public Facilities)

**Ability to negotiate the dedication and build-out of public facilities / amenities:**

- Public Right-of-Way: Owner will dedicate all appropriate public right-of-way and easements for public infrastructure identified in the Area Plan and public facility plans for the property.**
- Parks: Owner will dedicate the necessary land and develop any park amenities identified in the Parks and Recreation Master Plan or Area Plan for the property, including . . . .**
- Owner agrees to not remonstrate against the formation of a local improvement district or reimbursement district created for the purpose of funding public improvements that serve the Property.**

# What is in an Annexation Agreement?

(Process for Demonstrating Compliance with Comprehensive Plan)

**Requirement to engage in a process that will ensure compliance with the Comprehensive Plan / Zoning Ordinance, and spells out the expectations for both parties:**

- Owner shall obtain approval of a Master Plan per Section 17.10 of the MMC prior to the Annexation Ordinance. (Section 17.10 was adopted with the MGMUP in December 2020).**
  - UH Comprehensive Plan Designation, Properties Greater than 10 Acres = Master Plan
  - UH Comprehensive Plan Designation, Residential Comprehensive Plan Designation = PD, ZC, Subdivision
  - Industrial/Commercial Comprehensive Plan Designation = PD, ZC
  
- Annexation will not become effective until the Master Plan land-use decision is final. Allows for time to appeal the land-use decision if warranted.**
  
- At the time of annexation, City will apply comprehensive plan designation in the Area Plan and zoning of the approved Master Plan if the applicant also applied for the zone change.**

# What is in an Annexation Agreement? (Other Identified Community Needs)

**Ability to negotiate community needs and values:**

- ❑ **Affordable Housing**: Owner shall be required /encouraged to construct an appropriate mix of housing as demonstrated by the adopted Area Plan. Furthermore, the City will require/encourage Owner to create dedicated affordable housing for low and moderate-income households by:
  - **Allocating X% of all housing units to housing serving households of 80% Area Median Income or less. These housing units shall be deed restricted for \_\_\_ years to serve this household demographic and will be monitored by \_\_\_\_\_ for compliance.**
  - **Donating X% of Property to \_\_\_\_\_ Community Land Trust for the development of affordable housing serving households of 80% Area Median Income or less.**

# COMP PLAN COMPLIANCE

## ❖ Chapter 17.10 of the MMC, Master Planning

- All properties that want to annex into the City with a UH Comprehensive Plan Map designation will need to submit a Concept Master Plan with the Annexation Agreement.
- All properties that want to annex that are 10 acres or more will be required to submit for a Master Plan review and approval as a Type IV Land-Use Process. (Section 17.72.090)
- Residential properties 10 Acres or less will need to go through a Zone Map amendment process to achieve city zoning upon annexation. (Section 17.10.090).
- Area Plans and Master plans are not required for lands identified as either industrial or commercial comprehensive plan map designations in the UGB, but a Zone Map Amendment application and approval is required.

# ANNEXATION ORDINANCE

- ❖ Chapter 16.10.040 of the MMC, Annexation Approval
  - City Council approval by Ordinance in compliance with ORS 222.
  - Annexation will not take effect until compliance with all of the components of the Annexation Agreement is achieved:
    - Including plans for mitigating public facilities impact.
    - Comprehensive Plan compliance (land use decision is approved and effective including any time period required for appeals).
    - Plans for meeting community needs identified in the Annexation Agreement.

# Concerns Raised – Process

- ❑ **Concerns raised by Mark Davis – citizen involvement, public engagement and appeal opportunity. The ability to require a public vote is no longer legally allowed.**

**However, the new process actually adds an opportunity for the public to participate in the formation of the future development plan by adding the Area Planning process, which adds a year or two of long-range planning and then a legislative public hearing process with the opportunity to appeal.**

**Mark testified at the Planning Commission public hearing that he was supportive of the final proposal. Expressed his concerns about retaining the parks and residential land need in the Area Planning process and island annexations.**

- ❑ **Concerns by Sid Friedman – some of the language is problematic in terms of what is described as a land-use decision and what is not described as a land-use decision. The adopted language for the Area Plan in Section 17.10 needs to be clarified so that it is implicitly clear that it is a legislative land-use decision, and the language for the Concept Master Plan in Section 17.10 needs to be clarified so that it is implicitly clear that it is not a land-use decision.**

**Staff concurred and made the suggested changes.**

**Friends of Yamhill County provided a letter of support for the Planning Commission public hearing.**

# City Council Action

- ❖ **Take action on the Planning Commission recommendation**
- ❖ **Request a public hearing to hear more testimony**
- ❖ **Choose not to take action on the Planning Commission recommendation**





**McMinnville  
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ANNEXATIONS:**

**City Council**

**October 26, 2021**