



City of McMinnville
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EXHIBIT 2 - STAFF REPORT

DATE: May 20, 2021
TO: Planning Commission Members
FROM: Tom Schauer, Senior Planner
SUBJECT: Public Hearing - CPA 2-20/ZC 3-20, Comprehensive Plan Map Amendment and Zone Change with Planned Development (PD) Overlay

STRATEGIC PRIORITY & GOAL:



GROWTH & DEVELOPMENT CHARACTER

Guide growth & development strategically, responsively & responsibly to enhance our unique character.

OBJECTIVE/S: Strategically plan for short and long-term growth and development that will create enduring value for the community

Report in Brief:

This proceeding is a quasi-judicial public hearing of the Planning Commission to consider a Comprehensive Plan Map amendment (CPA 2-20) and Zone Change (ZC 3-20) with a Planned Development (PD) overlay. The proposed amendment applies to approximately the northerly 33.5 acres of a 90.45 acres parcel, plus 4.25 acres along the Highway OR-18 frontage intended for right-of-way dedication. **See Vicinity Map (Figure 1), Comprehensive Plan Map (Figure 2), Zoning Map (Figure 3), and Applicant's Proposed Map Amendment (Figure 4).**

Please note Figures 3 and 4 don't yet reflect the land added to the UGB north of Three Mile Lane between the highway and the Evergreen Museum.

The proposed amendment would change the Comprehensive Plan designation from Industrial to Commercial and would change the zoning from M-2 (General Industrial) to C-3 PD (General Commercial with a Planned Development (PD) Overlay). The applicant is proposing the option of the PD overlay which allows the development plan to be deferred to a future review with a future public hearing process. By applying a planned development overlay to the property at this time, design and development standards can be established for the site, and it provides for a future opportunity to review the final development plan through a public hearing process.

Staff is recommending that, following the staff report, applicant's presentation, and public testimony, at the May 20 hearing, ***that the hearing be continued to a date certain to be announced at the May 20 hearing***, for additional time for the applicant to prepare and submit additional requested information regarding the transportation mitigation for ODOT review and approval, to be coordinated with the City.

Figure 1. Vicinity Map
(See Figure 4 for portion proposed for map amendment).



Figure 2. Comprehensive Plan Map
(See Figure 4 for portion proposed for map amendment)

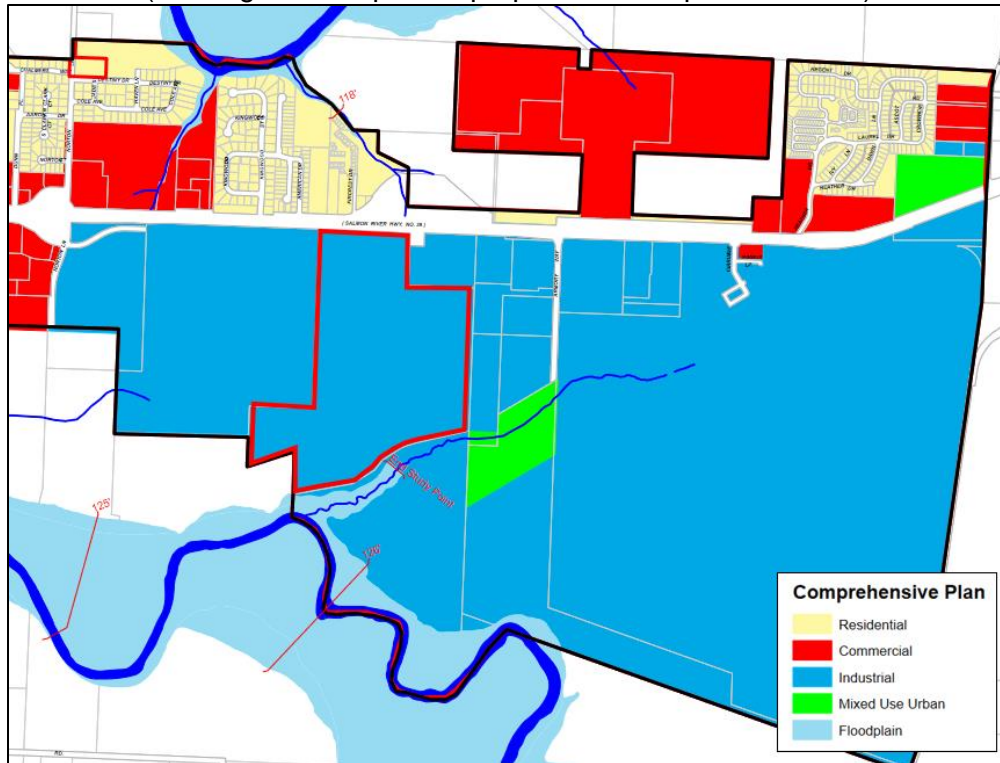


Figure 3. Zoning Map
 (See Figure 4 for portion proposed for map amendment)

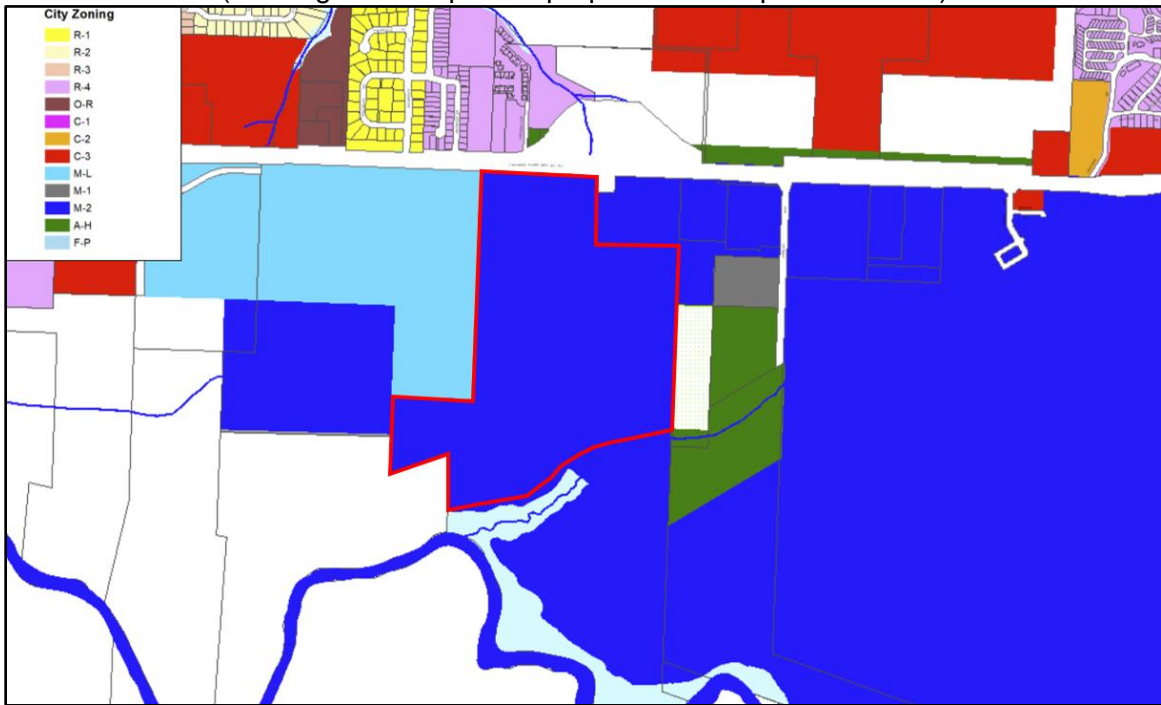
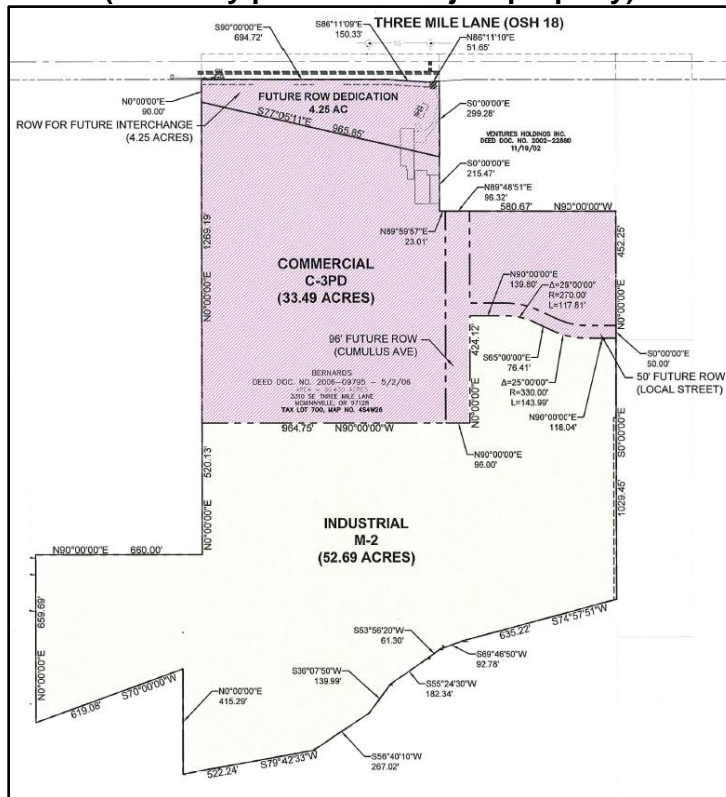


Figure 4. Applicant's Proposed Map Amendment
 (Northerly portion of subject property).



Background:

The City adopted an updated 2013 Economic Opportunities Analysis (EOA) in 2014, which was subsequently acknowledged (Ordinance 4976). The EOA identifies a deficit of 35.8 acres of commercial land and a surplus of industrial land. The proposed amendment would address about 33.5 acres of the commercial deficit, while still retaining an industrial surplus. The EOA found that in addition to commercial land associated with growth, there was also substantial “retail leakage” with residents of McMinnville and its market area spending money outside of McMinnville due to lack of available retail in key categories within McMinnville. The proposed amendment is intended to address most of McMinnville’s identified commercial land deficit and capture some of the retail leakage. Amendments to the Comprehensive Plan adopted in December 2020 also include a “Proposal” to rezone property at this location from industrial to commercial (Proposal 48.70).

The proposal meets the policies and criteria of the McMinnville Comprehensive Plan and Zoning Ordinance. However, there are two predominant issues with the application: (1) timing of the submittal relative to the Three Mile Lane Area Planning process which has identified the need for design and development standards in this area to support McMinnville’s unique qualities as a community with small town charm and agrarian roots and how to incorporate those standards into this land-use decision prior to the adoption of the Three Mile Lane Area Plan; and (2) the need for mitigation to address “significant effects” of the proposed map amendment on transportation facilities.

The applicant has agreed to the concept of a planned development overlay for this site to incorporate the Three Mile Lane Area Plan design and development standards, and the applicant hired a transportation consultant to evaluate and address the transportation impact of the proposed Comprehensive Plan Map and Zoning Map amendment on Highway 18 and the local transportation infrastructure. ODOT and the City have reviewed the mitigation measures proposed by the applicant for the transportation impact, and both agencies have requested additional information from the applicant to continue to evaluate those mitigation measures. The applicant has agreed to meet with ODOT and the City to discuss and prepare any additional information needed. This meeting will occur after the initial public hearing on May 20, 2021, so the City is requesting that the Planning Commission continue the public hearing to a date specific (date will be provided at the public hearing) to accommodate these additional discussions and to allow for additional public testimony as needed to evaluate the outcomes of the transportation mitigation discussions.

Discussion:

With the proposed Comprehensive Plan Map Amendment and Zone Change, the applicant must address the applicable criteria identified in the decision document. The applicant must also demonstrate compliance with applicable state law, including the Transportation Planning Rule (OAR 660 Division 12). OAR 660-012-0060 specifically addresses Plan and Land Use Regulation Amendments. One key provision specifies that if an amendment would “significantly affect an existing or planned transportation facility,” then a local government must put in place certain measures, unless the amendment is allowed under certain provisions of the rule. See OAR 660-012-0060(1).

As part of the map amendment request, the applicant has also requested a Planned Development (PD) overlay. The applicant has requested to use the option that allows the PD overlay designation without concurrent approval of a development plan. This requires the applicant to later submit the development plan through the same public hearing and review process. No development of any kind shall occur on land subject to the PD overlay until the final development plan has been submitted, reviewed, and approved.

There are separate criteria for approval of a PD overlay. In addition, to use the option for the deferred approval of the development plan, the property must have “unique characteristics (e.g., geological,

ecological location, or the nature of the surrounding property) and the development of which may have an impact upon the surrounding area or the city as a whole.” In addition, the Council and Planning Commission shall set forth the reasons for approval and the areas of concern that must be addressed when final plans are submitted.”

The City is in the midst of a comprehensive area-wide land and transportation planning process for the Three Mile Lane area, referred to as the Three Mile Lane Area Plan (3MLAP). This planning process will result in updates to the adopted and acknowledged land use plan, development standards, and transportation plan for the planning area.

The Planning Commission and City Council must find that the location of the subject property in the middle of this planning area presents “unique characteristics” that authorize the use of the PD process with the deferred development plan.

With this process, the Planning Commission and City Council must set forth the reasons of approval and areas of concern that must be addressed when the final development plan is submitted.

There are two principal “areas of concern” that must be addressed, both associated with the “unique characteristics” of the location of the subject property in the midst 3MLAP work underway, and the timing of this application (without a contemporaneous development plan) relative to the work on the 3MLAP:

1. **Consistency with Three Mile Lane Area Plan.** Development of the property must be consistent with the 3MLAP principles, land use, development and circulation plan and development standards.

This is to be addressed through a condition of approval of the PD overlay designation, requiring development to be consistent with the design and development principles and standards attached as an exhibit to the decision document and ordinance.

2. **Transportation Mitigation.** The Transportation Planning Rule requires that all comprehensive plan map amendments evaluate whether or not the proposed new use would require traffic mitigation on any adjacent state facilities. The applicant conducted a traffic impact study that does show impact on the state and local facilities and has presented plans for mitigating that impact. Both the City and ODOT have concerns about the mitigation plans presented and have requested more time and more information to evaluate them. ODOT has provided comments noting that they require some additional information for their analysis and must approve mitigation to OR-18. ***Therefore, the City can't adopt the applicant's proposed mitigation to OR-18 unless ODOT approves the mitigation.***

For example, the OR-18 Corridor Plan calls for phased improvements at the intersection of N/W Cumulus Avenue and OR-18. The first phase was partially completed, with an at-grade signalized intersection. It also called for a collector street system to serve properties to the east on the south side of the highway, which is now partially provided by private access. The OR-18 Corridor Plan long-term improvement calls for a grade-separated interchange at this location. This improvement would be required when warranted by traffic counts on the highway.

The 3MLAP identified that the long-term improvement of a grade-separated interchange was not warranted in the next twenty years (state and local planning horizon) even with the proposed comprehensive plan map amendment and zone map amendment. In fact, the 3MLAP identified an interim improvement of a jug-handled signalized intersection when warranted prior to the need to invest in a grade-separated interchange. These would be designed to change

intersection movements to eliminate left-turns off of the highway onto side streets, while allowing left-turns onto the highway.

The mitigation proposed by the applicant at this location would add an east-bound right-turn lane and a north-bound left turn lane, and update the traffic signal equipment accordingly and prioritize through movements. The applicant also noted that beyond the planning horizon, it would be possible to add a second north-bound left-turn lane. In addition, the applicant has agreed to dedicate the necessary right-of-way needed to accommodate a future jug-handled signalized intersection and grade-separated interchange.

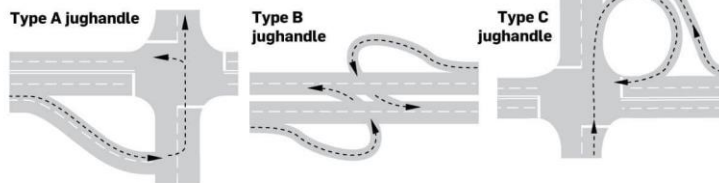
The applicant's proposed mitigation could be considered consistent with first phase of the OR-18 Corridor Plan for the at-grade intersection, providing additional intersection improvements. And their proposed dedication of public right-of-way for a future grade-separated interchange would be inconsistent with the long-term plan for the grade separated interchange.

The applicant's proposed mitigation could be considered consistent with the 3MLAP preferred alternative to retain the at-grade intersection, with the mitigation making intersection improvements needed to meet mobility standards.

The Kimco TIA and 3MLAP transportation analysis also both note that beyond the planning horizon, additional mitigation may be required. Kimco's TIA notes the possibility of a second north-bound left-turn lane, while the 3MLAP notes the possibility of jug handles. For the latter, that would apparently coincide with the elimination of left-turns from the highway and replacement of the right-turn lane with a "Type A" jug handle on the southeast corner.

JUGHANDLES

New Jersey uses three typical jughandle designs



Source: New Jersey Department of Transportation

THE STAR-LEDGER



Kimco's TIA identifies mitigation at five additional intersections on both OR Highway 18 and on the local street network.

At this time, both ODOT and the City has requested additional information from the applicant to further review certain aspects of the applicant's TIA and to determine if they would approve the applicant's recommended mitigation.

The criteria in the Zoning Ordinance, including the requirement for consistency with the Comprehensive Plan Goals and Policies, are specific, and addressed in the Conclusionary Findings section of this document. However, the main issues to be addressed with an application for a Comprehensive Plan Map Amendment and Zone Change, including a Planned Development Overlay, can be summarized as discussed below.

1. Is there a need for the change?

- Is there an identified need for the proposed zoning?
- What impact does the change have on the needed land supply of the current zoning?

There needs to be information in the Comprehensive Plan that shows a need for the proposed designation. If the need isn't demonstrated in the Comprehensive Plan, then the application needs to include updates to the Comprehensive Plan to show there is a need. The change from the current designation should not create a deficit of land supply in the current designation.

The need is demonstrated in the Comprehensive Plan, which already identifies a deficit of commercially-designated land and a surplus of industrially-designated land.

2. Is the proposal suitable to meet the need?

- If so, does the proposed amendment meet the identified need – both quantitatively (the acreage) and qualitatively (the type of zoning proposed)?
- Is the location suitable to meet the identified need for the proposed zoning?
- Are there any specific site features or characteristics that need to be considered to determine suitability for the proposed zoning?

The proposed amendment is consistent with the amount/acreage of need identified in the Comprehensive Plan for additional commercially designated land, without reducing the industrially-designated acreage below the identified need.

The EOA identifies characteristics of land commercial land need, and the applicant has described the suitability of this site to address the type of commercial need. The Comprehensive Plan, the economic analysis in the adopted and acknowledged Economic Opportunities Analysis (EOA), , as well as subsequent additional economic analysis conducted in conjunction with the Three Mile Lane Area Plan (3MLAP), identify the types of commercial land needed. The economic analysis identifies certain types of commercial uses for which 'retail leakage' is occurring. These are uses for which there is demand in McMinnville based on analysis of its market area – including residents of McMinnville and the surrounding area. The proposed C-3 PD designation is the appropriate designation. The C-3 zone generally allows uses for which there is demand and which are experiencing leakage. In addition, the design and development principles and standards attached to the PD overlay designation as a condition of approval provide greater regulatory control over the development characteristics and certain uses that may otherwise be permitted in the C-3 zone, but which could conflict with the critical issues being undertaken as part of the Three Mile Lane Areas planning process for this key gateway location into McMinnville and the importance of this area in creating first impressions and having the potential to influence the character of McMinnville.

The location and site are evaluated for suitability for the intended types of commercial use and commercial zoning. The site is also evaluated to determine if it has any specific features or attributes which might affect its suitability for intended uses. The location, topography, and general characteristics are suitable for commercial development. There aren't substantial areas of natural features which would preclude the use of the property for intended uses, although the design and development principles and standards attached as a condition of approval provide that special natural features or elements are to be incorporated into the site design.

3. Is the timing appropriate for the proposed amendment?

It is common for cities to have policies regarding urbanization that address timing and phasing of development and extension of services; however, these policies typically address rezoning of unincorporated urbanizable land within a UGB from a rural or urban holding zone to an urban zone.

With that said, when there is an identified deficit of urban commercial land and surplus of urban industrial land, the timing is appropriate to redesignate the land to address the deficit.

In some cases, this can also help ensure the land isn't developed or partially developed before it can be redesignated to the needed commercial designation. It can protect land needed for commercial development from incompatible development and/or parcelization.

The timing of the application prior to adoption of the 3MLAP does pose some unique issues to be addressed with the Planned Development overlay designation. Within the current context of the Three Mile Lane Area Plan, there may be more specific objectives for coordinated planning of the area. The Planned Development Overlay designation is the appropriate designation to allow the redesignation to commercial, but without the generic C-3 zoning that could allow development to occur without approval of a Planned Development master plan that responds to specific objectives of the area. The applicant has proposed the PD process that allows for deferred approval of a master plan, which is subject to the same public hearing provisions of the PD overlay designation. This approach allows for work to progress on the Three Mile Lane Area Plan, identifying specific issues and conditions up-front to be addressed when the master plan is submitted, and/or to be revised to be consistent with the final Three Mile Lane Area Plan and its implementing provisions when that work has been completed.

There is still the potential that the applicant could apply for the development plan through the PD process prior to completion of the 3MLAP work. That would provide a public forum for deciding on action on how and whether a specific development plan meets the applicable criteria and conditions of approval, including consistency with the design and development principles and standards attached to the C-3 PD overlay designation as a condition of approval.

Subject to the conditions of approval, of available options, the current timing and the proposed Commercial plan designation and C-3 PD overlay zone is the best alternative to re-designate the property to commercial, but provide a mechanism to delay timing of the development plan and development timing to further coordinate work with the Three Mile Lane Area planning.

The main options available to the applicant for timing and redesignation were:

- **The current application to redesignate the land to Commercial C-3 PD and apply the PD overlay with the deferred development plan option, which also precludes development until that is approved through the same PD process.** The main downside of this option is it doesn't allow for completion of work on the 3MLAP before finalizing the zone boundary through the public process. However, with deferred approval of the development plan, accompanied by design and development principles and standards as conditions of approval of the PD overlay, this provides an opportunity to incorporate principles from the 3MLAP work to date into the terms of the overlay.
- **Apply the C-3 PD overlay with a concurrent development plan.** This is not preferred – it would have resulted in an application for approval of a specific development plan prior to completion of work on the 3MLAP and the surrounding area planning context.
- **Redesignate the land to Commercial/C-3 without a PD overlay at this time.** This would allow development subject only to the current C-3 standards and other general development standards (such as Large Format Commercial Standards) without an area plan (with land use, transportation, and development standards) or approval of the plan through a separate public hearing process, which could occur in advance of the 3MLAP and could result in development that could conflict with the 3MLAP, and issues such as connectivity and associated development standards.

- **Redesignate the land to a new commercial zone or overlay that doesn't currently exist, tailored to the Three Mile Lane area.** This would still allow development to occur without the public process and oversight of the specific development plan provided by the PD process. It would have required the applicant to propose a new zone, then submit a development plan through the standard review process. This would have been premature rather than having any potential zones or overlays for the Three Mile Lane Area Plan come out of the public process, and without the accompanying level of oversight provided by the PD process.
- **Retain industrial zoning at this time, and wait until completion of the 3MLAP before seeking redesignation.** This would have postponed action to redesignate land necessary to meet needs for the identified commercial land deficit which already exists. However, the could have then been considered relative to, or together with the rest of the 3MLAP.

Now that the application has been submitted, the decision-making body must review the submitted application relative to the applicable criteria. In this case, that is the criteria for the proposed Comprehensive Plan Map Amendment, Zone Change, and Planned Development Overlay designation, including conditions of approval, including design and development principles and standards and specific issues that will need to be addressed with a future development plan.

4. Does the proposal create any impacts that need to be addressed?

- Does the proposed amendment require any updates to other aspects of the Comprehensive Plan, such as various public facility plans? Does the amendment affect required public facilities and services to serve the property or other properties that may be affected by the amendment? Are there any public facility plans that would need to be updated to serve more intensive development that would place additional demand on the facilities?
- The plan was routed to agencies and departments for review, and no issues were identified other than as addressed above for TPR compliance. It is also recognized that adequate public facilities will need to be provided at the time of development to serve the property. The intensity of the specific type of development, regardless of a map amendment, will determine certain development requirements.

5. Are there any special issues that need to be considered and addressed?

- Are there special issues that need to be addressed in conjunction with the amendment? As previously noted, there are several issues identified in Three Mile Lane Area Plan principles and planning documents, relating to commercial use and site development, and coordinated circulation with, and relationships to, development of other properties in the Three Mile Lane area, that will need to be addressed in the final Planned Development (PD) development plan. Therefore, the PD designation is subject to design and development principles and standards as a condition of approval to ensure consistency with the 3MLAP work.

As part of the PD criteria, there are additional requirements that apply beyond the CPA/ZC criteria. The purpose of a PD is articulated in the first paragraph of Section 17.51.010. In reviewing a PD to provide for a superior outcome, the Council and Planning Commission are to set forth reasons for approval and areas of concern that must be addressed when the final PD development plan is submitted.

As a result, the review will analyze issues addressed in the applicant's narrative, which will result in conditions that may be more specific than strictly development through a standard C-3 zone.

Some of the additional critical issues to be reviewed at the time of development plan submittal are:

- (1) How well the proposal will include uses and retail categories to address one of the key issues identified in the EOA: reduction of retail leakage, rather than cannibalization of local sales.

- (2) How the proposed use and development will fit with the objectives of the Three Mile Lane Area planning work underway, so there is not premature commercial development that could potentially impact, conflict with, or preclude accomplishment of the coordinated planning of the broader Three Mile Lane area.
- (3) As part of the above, how the development will complement the uniqueness of McMinnville, not only in design and aesthetic choices, but through how well the uses, spaces, and relationship between buildings and on-site amenities achieves a mix of uses that complement McMinnville's ability to strengthen the local community and economy overall, both to serve residents and to serve as a destination for visitors, in a manner that draws visitors and encourages them to stay longer, draw people in to the community, and support the breadth of local businesses during their stay. This relies on a plan that does more than reduce retail leakage. The concept must be strong enough to showcase the local identity, uniqueness, and authenticity, and to provide an experiential destination, including a mix of uses and development pattern that supports "park and stroll," linger, and explore McMinnville experiences.

Staff recommends a continuance of the public hearing to allow for additional time for this review to occur.

Note: This application includes an amendment to the Comprehensive Plan map and is not subject to the 120-day processing timeline.

Attachments:

1. CPA 2-20/ZC 3-20 Decision Document
2. CPA 2-20/ZC 3-20 Application

Recommendation:

Staff recommends a continuance of the public hearing to allow for additional time for review of the proposed transportation mitigation at impacted intersections to occur for consistency as phased and/or interim improvements, or potentially full mitigation as specified in the OR-18 Corridor Plan and/or 3MLAP.