

## MINUTES

Members Present: Chair Butler; Commissioners Chroust-Masin, Drabkin, Hillestad, Morgan, Stassens, Thomas, Tiedge

Members Absent: Commissioner Hall

Staff Present: Mr. Montgomery, Mr. Pomeroy, Ms. Haines, Ms. Kindel

### **1. Approval of Minutes:** December 19, 2013

Chair Butler called the meeting to order at 6:31 p.m., and noted a correction to the minutes from the December 19, 2013, Planning Commission meeting. He said that the list of Commissioners present at the meeting had been amended to reflect the fact that Commissioner Thomas had been in attendance and that Commissioner Koch had not. Commissioner Morgan MOVED to APPROVE the minutes, as amended; SECONDED by Commissioner Drabkin. Motion PASSED unanimously.

### **2. Public Hearing (Legislative)**

#### ◆ **Docket G 2-13**

Request: The City of McMinnville is proposing the adoption of amendments to the 2001 McMinnville Economic Opportunities Analysis, to include but not limited to, the population and jobs growth forecasts; non-residential land needs analysis; and local, regional, and State economic trend information.

Applicant: City of McMinnville

Chair Butler opened the public hearing at 6:33 p.m., and asked staff to provide an introduction.

Mr. Montgomery provided a recap of the December 19, 2013, work session on the item, and reminded the Planning Commissioners that three members of the Economic Opportunities Advisory Committee had been in attendance as well. He pointed out that two of the three committee members were present for the hearing, and the third had indicated a plan to attend. He said that the advisory committee had met on six separate occasions with the first meeting being held in November, 2012, and the last meeting around October, 2013. He noted that there was only one member of the 12-member committee who had provided comments after the final draft of the report had been forwarded to the committee for review on October 29, 2013. Mr. Montgomery said that after the December work session, three different individuals had sent letters about the Economic Opportunities Analysis (EOA), all of which had been received on January 9, 2014. He said copies of those letters had been included in the Commissioners' packets, and he reminded the Commissioners that the hearing was legislative in nature.

Chair Butler said that, given the legislative nature of the hearing, testimony could occur in any order. He invited the first member of the public to come forward.

Steve Iversen, 1033 SW Courtney Laine Drive, said he was one of the three individuals who had submitted written testimony to the Planning Department. He said he had attended most of the committee meetings, had read the document, and was impressed by the quality and amount of data in the document. Mr. Iversen expressed concern with the population projection of 1.84 percent per year for the next 20 years, and said he believed it was a conservative estimate. However, he said that after 20 years at that rate of growth, there would be nearly 15,000 additional people in McMinnville which would bring the population to "48,000-something." At that population level, he said McMinnville would not quite be a small town and would put a lot of pressure on the planning of the city, something that concerned him and a lot of people who enjoy what we consider the "small town charm" of McMinnville. He said he would like to see that preserved.

Mr. Iversen said he was also concerned that a 10-county comparison region was defined early in the document; which he found to be awkward and not real useful in applying the projections to the region. He pointed out that "it was admitted in the document at least once and maybe more than once" that we should strive for high wage jobs, yet the document had noted the average wages in McMinnville were lower than the 10-county region, lower than Oregon, and lower than the U.S. as a whole. He said he believed we should be seeking high-wage jobs such as industrial jobs as opposed to retail jobs, which according to data included in the report, is the lowest paying job sector.

Another thing that Mr. Iversen said bothered him was the characterization of retail sales "leakage" from McMinnville; something that was contrary to data presented to the committee that showed retail sales per capita in McMinnville was higher than Newberg, higher than Oregon, and higher than the U.S. as a whole. He stated there was a robust and thriving retail culture in McMinnville which should be preserved.

Mr. Iversen also said he was a "little disappointed" that there was not more emphasis on education and training, especially partnerships with the educational institutions in the county and opportunities for vocational training with businesses in the county.

Commissioner Drabkin asked Mr. Iversen whether he had any suggestions on ways to preserve the city's small town feel, and also where in the document he thought there could have been more emphasis on education and training.

Mr. Iversen said he did not see population growth as inevitable; however, he believed it was going to "crush humanity if we continue the way we have been." Therefore, he said that as a community, a country, and the world as a whole, the issue should be scrutinized. As regard the lack of emphasis on education and training, he said the topic of such opportunities had only been mentioned in passing in a couple of places in the document.

Commissioner Hillestad asked whether Mr. Iversen had any specific suggestions on how to maintain a lower population in McMinnville.

Mr. Iversen stated that was a delicate subject, but said "we can't just accept into our town with open arms anyone who wants to come here, because it would just overwhelm us" and that "we are going to have lots more refugees from places like California as they get drier and drier and

we still have plentiful water here.” He expressed his opinion that we would have to set limits in development, growth, and planning.

Bill Brown, Vice President of Development for Kimco, expressed his appreciation for the opportunity to speak in support of the Economic Opportunities Analysis. He said he had been personally involved with an industrial zoned 90-acre parcel adjacent to Evergreen for approximately five years, during which time they had worked with City staff, economic development groups, and ODOT as they investigated development opportunities that would be an asset to the community. He stated that when they had initially started to develop plans for the site, they had looked at the 2001 and 2003 Economic Opportunities Analysis, and had eventually offered to fund the updated EOA, without any impact or input from them on the final product. Mr. Brown said that the final draft would prove to be a flexible document for future planning, and pointed out that a 20-year cycle would go through three or four economic cycles. He stated that they wanted to benefit the community, and did not want to force something that was not a fit, and noted the company he represented had more than a 50-year history of bringing mutual benefit to communities.

Commissioner Drabkin asked Mr. Brown the reason for purchasing industrial land with the intent of using it for commercial space.

Mr. Brown explained that it was difficult to find 90 acres of contiguous land, so the site-size drew their interest as a single block of land that could support multiple uses. He mentioned that they had even discussed rezoning 50 percent of the site, and obtaining certification of the other 50 percent for industrial use in order to have a combination of uses on it; although if they did that, it would be with the intent to sell the industrial land to other developers.

In response to a question from Commissioner Morgan, Mr. Brown expressed his opinion that the reason the Tanger Outlet Center had not been successful was due to its proximity to the outlet centers in Lincoln City and Woodburn. He explained that their shopping center was proposed to include about 400,000 square feet of retail space, which would continue to “morph” itself to meet current demands; something that would mean what might be developed now would likely be different in 20 or 30 years, but would probably not go away. He stated that he would be surprised if internet sales exceeded 10 percent of retail sales, and, therefore, would not greatly impact their proposed development.

Mark Davis, 652 SE Washington Street, said he had been a member of the committee that had reviewed the report, which he was present to support. He said the committee had been formed to look over the information in the report, to work with the consultant, and to ensure “everything was aboveboard and the numbers were good and nothing was being ‘put over’ on the City of McMinnville.” In his opinion, he said the process, overall, was open and the City should be commended for appointing a committee to review the document. Mr. Davis noted the 2001 Economic Opportunities Analysis had shown a deficit of 81 acres of commercial land and a surplus of 99 acres of industrial land; however, after 12 years of development, the final draft of the 2013 EOA, listed a deficit of 36 acres of commercial land and a surplus of 200 acres of industrial land. One of the major reasons for the differences he said was attributable to about 100 acres which were set aside for “institutional use,” or essentially government-types of uses, in the previous analysis; whereas, the committee had used a different analysis for those lands in the 2013 analysis, and ended up significantly reducing that acreage. Beyond that, however, he

pointed out comparisons between the 2001 and 2013 reports that showed 115 acres of available buildable commercial land in 2001 as compared to 131 acres in the 2013 report, with the available buildable acres of industrial land listed as 358 acres in 2001, as compared to 389 acres in the 2013 report. He explained that the reason for the differences was that city staff had gone through the entire lands inventory, and determined that there was quite a bit more land than listed in the initial draft of the report. He stated that he thought the numbers listed in the final report were "good numbers."

Mr. Davis said that, following the last committee meeting and the October, 2013, release of the draft report, he was the only member of the committee who had submitted comments. He referred to information contained in written testimony he had provided for inclusion in the Planning Commission packet materials, in which he took issue with the inference that the city of McMinnville had a major problem due to the loss of a large amount of retail sales, and said he did not believe that was borne out statistically. He further stated that he believed internet sales were growing fast, which would impact retail sales as time goes on; something that the report failed to address.

Mr. Davis said he would like to see a correction made in the report with regard to what size lands were needed for future development. He said he did not think there was historical data to support the statement in the draft document which said "we need property of all class sizes," and stated that there had been no demand for land in excess of 20 acres over the past 20 years, with the Lowe's development being the sole site larger than 10 acres at just under 12 acres in size. He pointed out that 33 percent of the property currently in the buildable lands inventory included lots larger than 20 acres in size.

Mr. Davis said that his biggest concern was a statement in the document about the 200-acre surplus of industrial land that said, "per the advisory committee, this excess inventory is recommended to be allocated as a strategic reserve for currently unforeseen industrial and commercial development opportunities that might arise over the 20 year time horizon." He said he had no recollection of such a discussion, and that he had understood the surplus would be preserved for industrial development, as it had been in the 2001-2003 EOA; something that he supported as a means of bringing higher wage jobs into the community. Mr. Davis stated that he did not think the focus should be on large commercial development, particularly retail, which would bring more low-wage jobs to McMinnville.

According to Mr. Davis, the report was good, and just needed a couple of minor editing changes. He said that the existing language about "unforeseen opportunities" could be interpreted to mean that the 200-acre industrial surplus could be developed by anyone for any purpose, and he believed that would "open the barn door far too wide"; something that they would regret over time.

Commissioner Chroust-Masin noted that Mr. Davis' statistics were from 2007, and asked whether the figures were still accurate.

Mr. Davis said the figures were the most current ones available on the Census website, and he assumed current statistics would be about the same; however, he admitted that was his opinion as he did not have any numbers to back it up.

Chair Butler noted that both Hewlett-Packard and the “trailer factory” had left McMinnville because, in his opinion, there was no way to ship their products to market. He asked what Mr. Davis thought would bring industrial development of the “strategic reserve” if there was no supporting transportation piece to accompany it.

Mr. Davis said that, although the report seemed to say that the Newberg-Dundee bypass would change that, he believed the full completion of the bypass was probably decades away, if ever. Although he would like to see someone develop some kind of high-tech campus with high paying jobs, he said that, realistically, they were better off seeking smaller employers. He stated that there was a very good argument for saying the entire 200 acres should be rezoned back to agriculture, because it had been sitting there without being used for 30 years after being zoned industrial. However, he said that, out of respect for the efforts being made by the McMinnville Economic Development Partnership to find developers, he suggested it be left as is.

Commissioner Stassens asked what suggestions Mr. Davis had with regard to language concerning “leakage” in the report.

Mr. Davis said he believed the report had made a point about retail leakage that was not exactly true, and based on the numbers, McMinnville was getting more than their fair share of retail shoppers; therefore, to say that it was a real problem was counterintuitive to him.

Commissioner Stassens asked Mr. Davis to explain his concern about parcel size for commercial development, and what he would suggest be changed.

Mr. Davis explained that he would use the same language for industrial and commercial parcel size needs, which was 1-9 acres, as that would reflect 99 percent of the commercial development site sizes for the past 20 years.

Commissioner Hillestad asked whether Mr. Davis would consider use of the word “leakage” to be a “connotatively loaded word, and probably inaccurate.”

Mr. Davis concurred, and stated that was a great summary of what he had said.

Jody Christensen said she had been part of the committee that worked on the document, and stated that the document was not a strategic plan. Rather, she said it was a planning document that would be used to develop a strategic plan using components that would be withdrawn and used as data-driven decisions as part of a strategic planning process. She said that the report looked at numbers and trends in order to provide a path and to envision what development might occur and eventually look like over the next 20 years. Ms. Christensen said it would be great to know exactly what would happen in 20 years; and speculated that 20 years ago there would have been a different vision of what today would look like. Therefore, she said the document was designed to provide a place to start, but not to end, and was important to help guide some decisions that the MEDP would make in partnership with the City, McMinnville Water & Light, and McMinnville Industrial Promotions. She stated that this was not an individual effort, but rather a team effort whereby they were all working together to create a plan for McMinnville, and the EOA would provide guiding information as they worked together to plan the city’s future.

Commissioner Drabkin asked whether Ms. Christensen agreed that the language in the report with regard to sales leakage was inaccurate.

Ms. Christensen said she did not agree that it was inaccurate. Further, she said she felt very comfortable with the document overall and the numbers contained in it.

There was a consensus of the Planning Commissioners to close the public hearing, which Chair Butler closed at 7:24 p.m.

Commissioner Hillestad suggested eliminating the “connotatively loaded” word “leakage” from the report, and pointed out that there was a considerable amount of commercial space downtown that was empty. He said that the concept that commercial was better than industrial gave the wrong emphasis to the report, and believed Mr. Davis was correct that industrial uses generated better-paying jobs. He said one of the attractive things about McMinnville as compared to a lot of towns the same size was that it still had some industrial areas, as opposed to “going all tourist,” and that diversity was key to attracting people. Further, he said he would like to see the downtown protected rather than making another “north 99” by putting more big boxes out on Highway 18.

Commissioner Tiedge said he was not supportive of tweaking the document at all. He stated that he did not think they had enough information to do that, and he did not think it was their purpose to wordsmith, change statistics in, or the tenor of, the document. He pointed out that testimony had indicated it was not a strategic planning document, but rather it was simply an economic analysis which had to be done periodically. He stated that the report had gone through the advisory committee, which did not include any of the Commissioners; and he did not think there was any basis to second-guess the committee’s recommendations by making changes.

Commissioner Morgan said they could fine tune the document as much as they wanted to, based upon their own vision of what the future might be; however, he agreed with Ms. Christensen that the document should be a place to start, rather than cast in stone. He said he also was inclined to leave it alone.

Commissioner Stassens also stated she felt the document was an economic analysis and not a strategic planning document; and, therefore, should be left as submitted.

Commissioner Thomas concurred that the report was fine as presented, and would be a tool to be used for other issues.

Commissioner Drabkin asked whether the language about “sales leakage” in the document was misleading because some of the relevant data was specific to Yamhill County as opposed to exclusively McMinnville. She also asked for a response to allegations “multiple people” had made that “there was language added” to the document after the final committee meeting.

Mr. Hovee explained that many cities showed relatively high sales per capita, because they served not only the city residents, but some of the surrounding area as well. He said that, although it differed from one city to another, that figure would be arrived at by dividing the overall sales figure by the population of the city, something that would reflect high sales per capita when

it was just measured on their own population. Mr. Hovee pointed out that McMinnville was the largest city in the region, and served a larger area, which was reflected in the relatively high sales per capita numbers. With regard to the question about language that had been added to the report, he said he went back and looked at some of the earlier draft versions that had been provided to the committee, and found similar language to what was included in the October version.

Mr. Montgomery expanded on Mr. Hovee's explanation about allegations of added language in the final draft document, and said there had been some of the very same language with regard to retail leakage in a draft released to the advisory committee in April, 2013. In addition, he said there was one other occasion during the course of the advisory committee meetings where a draft document had been provided to the committee members, who were then allowed a few weeks' time for review and comments. Following that draft review and discussion, he said the final draft was sent to committee members in October for review and comments, and when they realized that the four comments submitted by Mr. Davis had already been addressed in earlier reports and discussions, they felt it was not enough to merit another meeting, and closed the record. He stated that he could say with confidence that all of Mr. Davis' issues had been raised to some degree during the course of the six meetings of the committee.

Commissioner Drabkin said that there was an implication that the report would open up industrial lands owned by the development company that had funded the EOA, for commercial development by allowing the acreage to be rezoned. She asked whether language in the report would, in fact, open those industrial lands for potential reclassification as commercial lands.

Mr. Montgomery stated that the plan, by its sole virtue, would not do that; rather it put on the table the question of how to provide for the 35-acre shortfall of commercial land. He reminded the Commission that any course of action undertaken to fulfill that need, which could potentially include rezoning parcels that presently carried a different zone, among other things, would require extensive public meetings and hearings.

Commissioner Drabkin said that she believed the report was lacking any direction towards improvement of the municipal airport, something she saw as a "large oversight." She noted the commute time to Portland International Airport was 90 minutes or more at times, and for that reason there was potential opportunity to develop services at the local airport that would alleviate some of the need to rely on the larger facility. Examples she cited of possible services included a carrier airline to shuttle passengers to Portland International Airport, or a major freight service such as UPS or FedEx. She pointed out that airport improvements could increase tourism in McMinnville, as well as ultimately attract larger manufacturers who might need to rely on air freight or corporate aviation travel. Commissioner Drabkin noted the EOA stated in one section there were no major deficiencies with respect to adequacy of public transportation to serve under-utilized commercial and industrial properties, and then in another section quoted the 2001 EOA which said, "lack of convenient and efficient access to Portland International Airport" was a reason that Hewlett-Packard had left McMinnville. She shared information about other communities in Oregon that had service from some major airlines, and said she assumed that a high-traffic airport would create auxiliary business; and, in so doing, would meet multiple goals in the McMinnville Comprehensive Plan, including Goals IV 1, IV 2, and VI 1, and other selected sections. She commented that she had brought up the same issue in the December, 2013, work session to review the EOA, but felt it was appropriate to do so again, "because, if not now when

we are trying to work on a projection for the next 20 years, then when?”. Commissioner Drabkin asked the members of the Planning Commission to include some direction in the report that would allow for the necessary steps to make improvements to the McMinnville Municipal Airport.

Mr. Montgomery responded that there would be no concern or issue with listing it as an advantage to the economic development program for the city, and to recognize the importance of the airport as an economic driver; however, he suggested there were more appropriate places than the EOA to include such language, examples of which would be either the Transportation System Plan (TSP) or the Public Facility Plan, both of which address the issues of transportation and public facilities. He informed the Commissioners that the draft report could be amended to include a statement of the advantages the airport provided to the city’s economic development, and then discuss the airport in the context of the TSP at an appropriate time. He reiterated that the TSP addressed, at length, the airport and its future plans.

Commissioner Drabkin said she did not believe it was necessary to amend the language in the report with regard to “sales leakage,” because she felt that through the testimony and other answers on the topic, the language did nothing to reflect negatively on the EOA.

Commissioner Chroust-Masin noted that Sid Friedman had submitted comments specific to the goal of the City of McMinnville, Yamhill County, and the Department of Transportation to protect the Newberg-Dundee bypass and to designate it as a limited-access highway. He said that the bypass was very important, and although it might not be part of the EOA, it should be noted in the Comprehensive Plan that we need to protect it.

Commissioner Hillestad asked why the term “leakage” was used exclusively in the report to describe people shopping elsewhere, and questioned why the term would not also apply to industrial jobs that were going elsewhere. He asked why the two could not be put at least on an equal basis.

Mr. Hovee said that “leakage” was a term commonly applied to more consumer-related activities, examples of which could include retail, tourism, or even medical care. With respect to industrial activity, he stated that there existed a different set of terminology; although it amounted to the same thing. He said that there was strong committee support to curb the reduction and erosion of industrial jobs, something that was directly addressed in the document using different terminology.

Chair Butler polled the Commissioners and determined there was a general consensus from the members present to forward the report to the City Council with a recommendation that it be approved as submitted.

Commissioner Tiedge MOVED to submit a recommendation to the City Council to adopt the final draft of the Economic Opportunities Analysis, as recommended by the Advisory Committee; SECONDED by Commissioner Stassens. Motion PASSED by a majority vote with five Commissioners voting in favor of the motion, and three Commissioners voting in opposition (Chroust-Masin, Drabkin, and Hillestad).

Mr. Montgomery noted for the record that the opposition to the motion was based around a desire to have language included in the report relative to the protection of the Newberg-Dundee

bypass (Commissioner Chroust-Masin); the enhancement and development of features and services at the McMinnville Municipal Airport (Commissioner Drabkin); and stronger emphasis on “industrial leakage” to be at least equal to “retail leakage” (Commissioner Hillestad).

Chair Butler called for a break at 7:56 p.m.

### 3. Public Hearing (Legislative)

#### ◆ Docket G 4-13

Request: The City of McMinnville is considering amendments to Chapter 17.06 (Definitions), and Sections 17.36.020 (Permitted Uses), and 17.42.020 (Conditional Uses) in order to comply with recently passed State legislation. In addition, the City is proposing to adopt provisions adding "tasting room" as a permitted use in industrial zones by amending Chapter 17.06 (Definitions) and Section 17.36.020 (Permitted Uses).

Applicant: City of McMinnville

Chair Butler resumed the meeting and opened the public hearing at 8:03 p.m. He asked staff to provide an overview of the item.

Mr. Pomeroy explained that some of the bills and resolutions adopted by the Oregon Legislature each year affected planning which, in turn, triggered a need to amend relevant sections of the zoning ordinance. He reviewed the specific amendments necessitated by such legislative action in 2013, each of which had been listed in the informational memorandum provided to the Planning Commissioners in their meeting materials. He said that proposed changes included an amendment to the conditional use listing for reduction and disposal of waste materials, based on Senate Bill 462 which dealt with a newly required composting pre-application process for commercial composting facilities; and the addition of a definition for “substantial damage” to Chapter 17.06, based on Senate Bill 465 which established a process that would allow the city administrator to record a specific notice in county deed records when a residence was substantially damaged by flood.

Mr. Pomeroy also discussed the recommended addition of a definition for “tasting room” to Chapter 17.06, as well as the addition of “tasting rooms” as a permitted use to Section 17.36, Limited Light Industrial zone; which would allow tasting rooms as an ancillary use to wineries, distilleries, breweries, and other food-manufacturing processes.

According to Mr. Pomeroy, the information included with regard to HR 3460 which dealt with medical marijuana dispensaries, was an informational item only. He said it had been included in order to let the Commissioners know that staff was aware of the legislation, and they were evaluating options based on the requirements of the law.

Commissioner Drabkin asked for clarification with regard to the spatial guidelines for tasting rooms.

Mr. Pomeroy said, if approved as proposed, facilities would allocate specific space for product sales or tasting rooms, and the rest of the space would be for uses which might include processing, manufacturing, storage, or warehouse. Further, he said that if it was new construction, the space would be identified as such on a building plan and the size of the designated area would be evaluated at the time of plan review.

Discussion ensued as regard whether to approve the recommended amendments to the zoning ordinance without knowing whether the bills had been codified, which would thereby omit the relevant ORS number. Ms. Haines stated she had just received new copies of the Oregon Revised Statutes, and could locate the appropriate ORS reference for inclusion in the zoning ordinance amendments, if available.

There was no public testimony, and Chair Butler closed the public hearing at 8:13 p.m.

Commissioner Hillestad MOVED to recommend the City Council ADOPT the amendments to the zoning ordinance, as recommended by staff and as amended to include the specific codified reference; SECONDED by Commissioner Chroust-Masin. Motion PASSED unanimously.

#### **4. Adjournment**

Commissioner Drabkin MOVED to adjourn the meeting; SECONDED by Commissioner Chroust-Masin. Motion PASSED unanimously, and Chair Butler adjourned the meeting at 8:14 p.m.

---

Doug Montgomery  
Secretary