

INFORMAL SESSION MINUTES

August 27, 2012

2:00 p.m.

Commissioners' Office Conference Room

PRESENT: Commissioners Leslie Lewis, Kathy George, and Mary P. Stern.

Staff: Rick Sanai, Laura Tschabold, Pat Anderson, Silas Halloran-Steiner, Ted Smietana, and Mike Brandt.

Guests: Wayne Bailey, Winery Work Group.

* indicates item forwarded to formal agenda

Leslie called the meeting to order at 2:04 p.m.

* Personnel - Pat Anderson presented personnel requests from various departments. See formal session agenda for details.

* Contracts/Grants - Approve a Coordinated Care Organization (CCO) Agreement between HHS and Yamhill County Care Organization (YCCO) to establish a collaborative network of behavioral and public health services to jointly serve the health care needs of county residents, effective November 1, 2012, through December 31, 2015.

Department Updates

HHS: Silas Halloran-Steiner provided an update on the formation of YCCO, the election of officers for the Board of Directors, and appointments to the Executive Committee. He said that the process is moving full speed ahead and community forums have been scheduled. Kathy stated that last Friday's CCO meeting was very productive.

Silas stated that he believes the county has been awarded grants from both the Bureau of Justice Administration (BJA) and the Substance Abuse and Mental Health Services Administration (SAMHSA), but he hasn't received the official grant notification from SAMHSA yet. He said that the grants should fund a parole officer and 75% of two drug court counselors. Mary stated that studies done on meth addicts in treatment for three years have shown that 85% went back to using drugs afterward, which indicates that short-term treatment is not as successful and highlights the need for continued support for addiction and wrap-around services.

Community Corrections: Ted Smietana discussed budget issues, stating that he is struggling to provide coverage for employees on maternity leave. He reported that the first case analysis case got through sentencing that morning and went smoothly. He said that the attorneys all thought it was a big improvement. He clarified that the new process is being used just for high- and medium-risk cases. He reviewed staff changes at the Oregon Department of Corrections and upcoming meetings and training that he would be involved in.

Title II Project Prioritization - The Board reviewed the project proposals for Title II funding through the Siuslaw Resource Advisory Committee (RAC) and agreed to leave prioritization up to the RAC since Yamhill County is not allocating any funds to Title II projects this year.

Winery Work Group - The Board reviewed recommendations from the Winery Work Group (see Exhibit A). Wayne Bailey stated that the Willamette Valley Winery Association (WVWA) Board, of which he's a part, had previously done a lot of work in trying to define events and looking at appropriate uses of Exclusive Farm Use land. He said that he and other WVWA members were excited to be part of the Winery Work Group as individual winery owners and be involved in the process. He discussed recommendations #4 and #9, noting that #9 is a change to current law, and a proposed Winery Activity Matrix, which includes activities that not only drive sales but relate to marketing and brand-building.

Rick Sanai stated that winery owners wanting to sell their property and business can run into problems because conditional use permits are not transferrable. He suggested that the Board consider making the permits transferrable. He said that the permits could be revoked if there were problems with the new owners.

Mike Brandt agreed with a recommendation from the Winery Work Group that this process be undertaken again in five years, noting that it would be beneficial to the county as well as the winery owners. He said that he was impressed with the conscientiousness of the winery owners regarding the future vision of the county as a whole, rather than just trying to get what they want for their businesses.

Leslie stated that she likes the matrix and appreciates the work done by the group to come up with some clarity. She said that ORS 215 and 452 have a stranglehold on what has become normal business practice, and the legislature hasn't dealt with it, largely because they haven't had anything to give them some clarity. She said that she would be supportive of talking with the Association of Oregon Counties about these recommendations.

* Procedures - Amend the "Rules of Procedure for the Conduct of Hearings of Land Use Matters" for land use hearings heard by the Planning Commission and the Board of Commissioners.

Mike discussed a proposal to change the procedure for land use hearings (see Exhibit B). Leslie agreed that the current procedure has been difficult for years. Rick said that the amended process would lead to more orderly, less contentious hearings. He agreed to prepare the Board Order amending the rules of procedure.

* Committees - Approve the appointment of Michael Griffith to the Planning Commission for a four-year term to expire July 1, 2016.

The meeting adjourned at 3:38 p.m.

Anne Britt
Secretary

Yamhill County

DEPARTMENT OF PLANNING AND DEVELOPMENT

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August 20, 2012

To: Board of Commissioners
From: Michael Brandt, Planning Director
Re: Winery Work Group - Recommendations

The Winery Work Group, composed of 9 members representing the wine industry and 9 members of the Planning Commission, began meeting in February. The seventh and final meeting of the Group was August 16.

As you are aware, the Winery Work Group was established by the Board to address the following objectives:

1. The Board has some significant concerns relative to HB 3280 (the most recent winery legislation) but supports SB 960, which has been incorporated into the county zoning ordinance. With that in mind, the Board asked the Group to determine what land use rules/policies would work best for the local wine industry.
2. The Board supports the existing county conditional use/site design review process for establishing wineries. The Board asked the Group to consider this process and weigh in on any suggested changes to it.
3. As part of the two main objectives noted above, the Board was seeking input from the Group on defining "events" and to recommend what level of food service would be appropriate at wineries.

Keeping those general objectives in mind the Group developed a "matrix" setting out what they considered to be normal business/marketing activities (i.e. those activities that should be permitted outright) as distinguished from "special events" which the Group determined should require either a conditional use permit or a permit through our SB 960 process (Section 1013 of the zoning ordinance). The consensus of the Group was that the matrix defined what was not an event and gave some guidance as to what was an event. That matrix is attached.

The Group also developed proposed value statements setting out general principals which could be used to guide future land use applications for wineries. The value statements had originally been developed by the Willamette Valley Wineries Association in 2010. The Group amended those value statements and developed alternative language which the Group voted on and approved. Included in the value statements is a specific proposal regarding food service. The proposed value statements are attached.

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In addition, Wayne Bailey, Chair of the Winery Work Group, has submitted a letter to the Board for your consideration. The letter was approved by the Winery Work Group and summarizes their work product.

As you review the work product/recommendations from the Group please keep the following in mind:

1. Most of the recommendations can be implemented without any amendments to the county zoning ordinance. Of course, if the Board would prefer initiating the amendment process, we can do so.
2. Full implementation of the proposed changes to food service at wineries would require an amendment to ORS 215.452. If this is something the Board is in support of, perhaps initiation of the legislative process could begin through AOC.
3. The outcome of the Stoller decision may significantly impact the county land use process for wineries.

At the conclusion of our last meeting I informed the Group that I would be presenting this information to the Board within the next two weeks. Wayne Bailey and I are scheduled to make a presentation to the Board at your informal session on August 27. If that is satisfactory to the Board, I will so inform the rest of the Group.

Thank you. mb

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August 20, 2012

Yamhill County Board of Commissioners
434 NE Evans Street
McMinnville, OR 97128

Re: Working Group proposal for winery use in EFU zones

Dear Commissioners:

As you are aware, a working group made up of winery owners, planning commission members, and county planning staff has been meeting for the last eight months to develop a comprehensive approach toward acceptable use/requirements for wineries in EFU zones.

Overall, the philosophy that the working group has taken is that state law should be relatively broad and overarching; and that specific acceptable uses be determined by each county because each county has very different environments and requirements due to the stage of growth they are experiencing.

The group gained consensus on two basic documents a) a matrix which defines events and whether they are outright permitted or require a special or conditional use permit; and b) a values document that provides guidelines to both the county and wineries regarding uses in EFU zones. In addition to having the support of this group, this value statement is widely supported by the winery community in Yamhill County. These documents are attached.

It is also believed that this philosophy and the attached documents align with the overall intent of SB 960. That being said, there are two areas where our proposal is not consistent with current law. The first regards the preparation and serving of food at a winery (beyond the scope of a "limited service restaurant"). It is our belief that food is a natural complement to wine and is required in the industry to market wine to an ever more demanding consumer. Therefore, we propose that wineries be allowed to provide food to consumers for specific and private events (addressed in section 9 of our values document). If this approach is accepted, the issue of kitchens becomes a non-issue. Whether a winery has a kitchen or not is not the issue. The issue is the use of that kitchen (noted above). This will require a law change.

The other proposed change regards the parameters of conditional use permits. Currently, they are transferrable and have no time constraint. Due to our approach and philosophy, it is recommended that conditional uses not be transferable and have term limits. County counsel has advised that it is within the scope of the conditional use process for such conditions to be

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Winery Work Group Proposal
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imposed without necessitating an ordinance change. This group recommends that such conditions be imposed on future conditional use approvals. Finally, as a group we feel this has been a productive eight-month process and recommend that it should be undertaken again in five years.

Sincerely,



Wayne Bailey
Chairman of the Yamhill County Winery Work Group

Yamhill County Winery Work Group
Proposed Value Statements
Regarding Winery and Tasting Room Establishment
and Non-Farm Uses in EFU-Zoned Lands

ORS 215.452 provides unique privileges for wineries in Exclusive Farm Use zones. Yet the Oregon wine industry and its vineyards can only continue to thrive if EFU-zoned lands are not overrun with non-farm uses.

Therefore, the members of our industry should be encouraged to provide leadership in helping the State understand the appropriate balance between our industry's need for production and tasting room facilities on EFU-lands and the need for limits on non-farm uses to insure the preservation of the rural environment. That leadership should come through advocacy for the creation of clearer statewide guidelines and by demonstrating restraint in its own non-farm uses on EFU lands.

The use of EFU-zoned lands is governed by State law and by county regulations and permits. In this document we will advocate for revisions to ORS 215.452 to insure that wineries of various sizes, together with some tasting rooms and a range of routine promotional activities, are permitted outright on vineyards in EFU-zoned lands. In the process of revising ORS 215.452, currently approved winery or tasting room practices or facilities that do not conform to the revised law should be allowed until those practices or facilities significantly change.

These changes are distinct from the issues under consideration by a number of bodies that relate to events on EFU-zoned lands.

1. Balance – Non-farm activities in EFU zones must be balanced by limits in order to

- Insure that the rural economy and environment are not degraded
- Insure that conflicts between farms and urban activities are prevented
- Insure that open space and natural beauty of rural lands are not lost
- Insure that increased costs of community services are minimized

2. Winery Activities – Certain winery activities should be permitted in EFU zones because they relate to the processing, bottling, storage, promotion and sale of a product made from a farm crop, i.e. wine grapes. Other activities, sometimes associated with wineries, need to be discouraged going forward because their connection to farming is tenuous or because they should properly take place on non-EFU-zoned lands.

3. Winery – A winery in an EFU zone should be principally engaged in the production, bottling and storage of wine produced from grapes grown on the same property and other farm properties. Limits have been imposed on a winery's capacity by statute. Its activities should have a close connection to farming that is obvious to visitors, neighbors and land use officials.

4. Minimum Acreage – Going forward, no winery should be allowed as a permitted use in EFU-zoned lands unless it owns an on-site vineyard or contiguous vineyard of at least 15 acres or has a long-term

contract for the purchase of all the grapes for at least 15 years of a contiguous vineyard. Wineries on vineyards of less than 15 acres may only be established through the conditional use process.

5. Winery Tasting Room – A winery in an EFU zone may wish to operate a tasting room on the same property. That tasting room should be an outright-permitted use if it is principally engaged in the tasting, promotion, and sale of wines produced and bottled at that winery. Its size should be limited to insure its role is secondary to the production, bottling and storage activities. If the tasting room is principally engaged in the tasting, promotion, and sale of wines produced at another facility, it would need to be approved through a Conditional Use Permit process.

6. Vineyard Tasting Room – A tasting room may be permitted on a vineyard in an EFU zone if that tasting room is engaged in the tasting and sale of wines made from that vineyard. It would need to be approved through a Conditional Use Permit process and its size should be limited to insure that it does not become an events facility.

7. Routine Promotional Activities – Wineries and tasting rooms on EFU-zoned lands should be allowed to carry out certain day-to-day, routine activities that have as their principal focus the promotion and/or sale of wine produced by, or for, that company. Such activities might include public wine tasting, vineyard/winery tours, barrel tastings, selling wine, business meetings, visits by suppliers and members of the trade, employee events and meals, and owner/family activities. Routine promotional activities are not "events", as may be described elsewhere. "Events" should not be outright-permitted uses in EFU-zoned lands.

8. Special Events - Special events should be permitted at vineyards and other farms on EFU-zoned lands only through a process of county Temporary Use and/or Special Use permits, or conditional use permits provided that these conditional use permits are not transferrable and have term limits and provided that these new permits are subordinate to and in support of farm uses in the immediate area.

9. Food – Wine is a traditional accompaniment to food. Food service in support of wine tasting activities may be permitted at wineries and tasting rooms on EFU-zoned lands, but should be secondary to the tasting and sale of wine. Food service beyond that of a limited service restaurant may be allowed, provided that the food service is catered from a commercial caterer that has been inspected by the local Health Department, or that the food is prepared from a commercial kitchen that has been inspected by the local Health Department. The food service shall be limited to private events. Private events are ones that are by invitation only or that have pre-sold tickets. Events held beyond the normal marketing shall be approved through SB 960 (2011) or conditional use permit to assure that the events are incidental and subordinate to farm use. A winery should not operate a restaurant on EFU land. Preparation and service of food at a winery or tasting room must comply with State laws and regulations. There shall be no menu choices.

10. Permit Route – The production, bottling, storage, tasting and sale of wine in an EFU zone should be permitted only in a winery or tasting room. Such facilities should have a Winery or Wholesaler permit from the Alcohol & Tobacco Tax and Trade Bureau (U.S. Treasury Department) and a Winery or Growers Sales Privilege license from the Oregon Liquor Control Commission.

DESIRED - Winery Activity Matrix (Requires future legislation) Rev.4 August 16, 2012

| | OPU | Limited | Sec. 1013 | CU |
|--|-----|---------|-----------|-----|
| Activity | SDR | Number | Permit | SDR |
| Normal Business Activities | | | | |
| - Tasting Room with established hours of operation | X | | | |
| - Facility tours in conjunction with Tasting Room activity | X | | | |
| - Tastings and Tours by Appointment | X | | | |
| - Business lunches/dinners for customers | X | | | |
| - Lunches/Dinners for Employess & Voluneteers | X | | | |
| - Wine Industry Business Meetings | X | | | |
| - Celebratory Events for Employees | X | | | |
| - Vineyard Tour | X | | | |
| Normal Marketing - Private | | | | |
| - Charity Dinners / Auctions (pro bono) | X | | | |
| - Open House Tastings (beyond normal TR capacity) | X | | | |
| - Winemaker Dinners/Luncheons | X | | | |
| - Wine Club Events (outside of normal Tasting Rm hours) | X | | | |
| - Regional Promotional Events (IPNC, OPC) | X | | | |
| | | | | |
| | | | | |
| THE FOLLOWING REQUIRES CONDITIONAL USE APPROVAL | | | | |
| | | | | |
| Special Events | | | | |
| - Concerts (with admission charged) | | | X | X |
| - Facility rentals (weddings, seminars, et al) | | | X | X |
| - Educational/Cultural Events (pro bono) | | | X | X |
| - Health/Fitness/Lifestyle Classes | | | | X |
| | | | | |
| | | | | |

Note: While every attempt has been made to create an exhaustive list, no list can cover every conceivable event. Therefore, it is recognized that "other similar activities" to the above list of events can be allowed if they are similar. (For example, if a winery wanted to host a Karoke competition as a special event, that could be considered a "similar activity" to the concerts listed above and would need either a conditional use permit or an agri-tourism event approval under SB 960).

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DATE: August 27, 2012

TO: Board of Commissioners

FROM:  Michael Brandt, Planning Director

RE: Hearing procedure ("Questions of Proponents" and "Questions of Opponents")

This department is requesting that the Board of Commissioners vote to modify the procedure for land use hearings. It is our recommendation that the steps "Questions of Proponents" and "Questions of Opponents" be eliminated.

Those steps, especially "Questions of Proponents," frequently set up a confrontation between both the proponent and opponent(s), and then the opponent and chair when the chair intervenes in an attempt to restore order. This situation leads to frustration and anger on the part of opponents who often feel that they are being cut off in their testimony, even though the hearings process clearly provides ample opportunity for testimony by opponents.

We cannot recall a time when this phase of the hearing has significantly aided in the process. However, we can cite numerous times when it has caused confusion, delay, anger and embarrassment on the part of the involved parties. This is especially true when the respective sides use the questioning to try and perform a de facto cross-examination of the opposing side.

If there are truly questions in the nature of clarification, they can be raised during the testimony phase. Further, as you are aware, the process allows for the record of the initial hearing to be left open for additional written evidence to be submitted. The county's practice has been to allow the record to be left open for an additional 3 weeks. This provides further opportunity for raising questions and for addressing them.

Please consider this recommended change to the hearings process. We in no way want to limit the ability of individuals to express their opinions and to be able to voice their concerns. However, we do want the hearings process to be as civil and equitable as possible.