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IN THE BOARD OF COMMISSIONERS OF THE STATE OF OREGON

FOR THE COUNTY OF YAMHILL

COUNTY CLERK

SITTING FOR THE TRANSACTION OF COUNTY BUSINESS

In the Matter of an Ordinance Amending the)
Yamhill County Comprehensive Plan (1974))
Map from "VLDR" (Very Low Density)
Residential) to "I" (Industrial) and)
Amending the Official Zoning Map from)
VLDR-1 (Very Low Density Residential/1 acre)
minimum) to RI (Resource Industrial) on a 1 acre)
Portion of a 12 acre Parcel Known as Tax Lot)
3325-700 for a winery, Imposing a Limited Use)
Overlay, and Taking a Reasons Exception;)
Applicant Dundee Springs Winery, L.L.C.;)
Docket PAZ 02-97, and Declaring)
an Emergency.)

ORDINANCE NO. 635

THE BOARD OF COMMISSIONERS OF YAMHILL COUNTY, OREGON (the Board) sat for the transaction of county business in special session on September 11, 1997 Commissioners Ted Lopuszynski and Robert Johnstone being present.

WHEREAS, on April 10, 1997, the Department of Planning and Development received an application by Dundee Springs Winery, L.L.C. ("applicant"), Planning Docket PAZ-02-97, to change the Comprehensive Plan (1974) Map from "VLDR" (Very Low Density Residential) to "I" (Industrial) and the Official Zoning Map from "VLDR-1" (Very Low Density Residential/1 acre minimum lot size) to "RI" (Resource Industrial), and to take a reasons exception to statewide Goal 3 for establishment of a winery on a two acre portion of a 12 acre parcel known as Tax Lot 3325-700; and

WHEREAS, on August 7, 1997, the Planning Commission held a public hearing to consider the application and thereafter voted 3-3 on whether to approve the request; and

WHEREAS, on August 28, 1997, the Board held a public hearing on the application, and following the close of the hearing, voted 2 to 0 (Commissioner Lopuszynski being absent) to tentatively approve the application for the plan amendment and zone change, to impose a Limited Use Overlay to limit the use of the property to a winery, and to take an exception to statewide Goal 3; and

WHEREAS, the findings and conclusions attached hereto as Exhibit "A" and incorporated

BO 97-691

herein by this reference provide justification for approval of the application for the amendment to the Yamhill County Comprehensive Plan Map and Official Zoning Map, and that approval thereof is in the best interests of the citizens of Yamhill County; Now Therefore,

THE YAMHILL COUNTY BOARD OF COMMISSIONERS ORDAINS AS FOLLOWS:

Section 1. The Yamhill County Comprehensive Plan Map (1974), as amended, is hereby amended to reflect a plan designation of "I" (Industrial) on a two acre portion of a 12 acre parcel known as Tax Lot 3325-700, and more particularly shown on the map attached hereto and incorporated herein as Exhibit "B."

Section 2. The Official Zoning Map, as amended, is hereby amended as specified in the attached Exhibit "B" to reflect a zoning designation of "RI" (Resource Industrial,) on a two acre portion of a 12 acre parcel known as Tax Lot 3325-700, and more particularly shown on the map attached hereto and incorporated herein as Exhibit "B."

Section 3. A "Limited Use Overlay" zone is imposed on the two acre portion to limit uses of the property to a winery, subject to the conditions set forth below:

1. A Limited Use overlay shall be imposed as part of the zone change. Uses shall be limited to a winery and the associated activities listed in Section 701.02(B) of the Yamhill County Zoning Ordinance.
2. Site design review shall be approved prior to any construction.
3. All necessary building, septic, electrical, plumbing and driveway permits shall be obtained prior to beginning construction.
4. Prior to obtaining building permits, the developer shall complete the roadway and drainage improvements and pay the required review fees as outlined in the Public Works Engineering Staff Report dated April 22, 1997. In the alternative, the developer may enter into a performance agreement with the Public Works Department for said improvements. Improvements include the following:
 - a. Construction of a 6' wide paved shoulder (16' total width from centerline) and new roadside ditch along the adjacent travel lane of Fox Farm Road.
 - b. Dedication of right-of-way adjacent to Fruitland Lane, to bring the width to 30' from the center line of the existing 20' road, and construction of an 18' wide paved travel lane and new roadside ditch adjacent to the centerline of the existing 20' road. The dedication and improvements shall be the full width of the RI zoned area.
 - c. Development of on-site detention of runoff and drainage water produced from site improvements, based on a 50-year flood condition.

- 5. The developer shall make improvements to the turn radii at the Fox Farm Road/Highway 99W intersection, as required by ODOT. Evidence of ODOT approval shall be submitted to the Planning Director prior to obtaining building permits.
- 6. Prior to obtaining building permits, evidence shall be submitted to the Planning Director that the City of Dundee will provide water for the winery, or that the developer has a water right issued by the Oregon Department of Water Resources to use ground water for the winery.

Section 4. In adopting the plan amendment specified in Section 1, the County hereby takes an exception to Statewide Planning Goal 3.

Section 5. The findings attached as Exhibit "A" and incorporated herein by reference are hereby adopted in support of this ordinance.

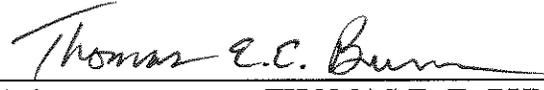
Section 6. Emergency Clause. This ordinance being necessary for the health, safety, and welfare of the citizens of Yamhill County, and an emergency having been declared to exist, is effective upon passage.

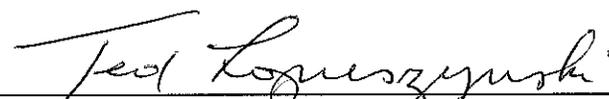
DONE at McMinnville, Oregon this 18th day of September, 1997.

ATTEST

YAMHILL COUNTY BOARD OF COMMISSIONERS


 CHARLES STERN
 County Clerk
 Deputy: Carol Ann White


 Chairman THOMAS E. E. BUNN


 Commissioner TED LOPUSZYNSKI

FORM APPROVED BY:


 JOHN C. PINKSTAFF
 Assistant County Counsel


 Commissioner ROBERT JOHSTONE

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Accepted by Yamhill County
 Board of Commissioners on
9-18-97 by Board Order
 # 97-691

EXHIBIT "A"

ORDINANCE 635

Findings for Approval

DOCKET: PAZ-02-97

REQUEST: Approval of a Comprehensive Plan amendment from Very Low Density Residential to Industrial; a zone change from VLDR-1 to RI Resource Industrial; and an Exception to Statewide Planning Goals for 2 acres of a 12 acre parcel, in order to allow a winery.

APPLICANT: Dundee Springs Winery, L.L.C.

OWNER: Perry - Bower Vineyard, L.L.C.

REPRESENTATIVE: Christopher Brand

TAX LOT: 3325-700

LOCATION: On the west side of Fox Farm Road, just north of Highway 99W and adjacent to the northeast corner of the Dundee City limits.

REVIEW CRITERIA: Sections 701, 904, and 1208 of the Yamhill County Zoning Ordinance; OAR 660-04, Exception Process.

FINDINGS:

A. Background Facts:

1. Property size: Tax Lot 3325-700 is 12 acres in size, but only the northeastern 2 acres is proposed for the zone change. Perry Bower Vineyard also owns Tax Lots 3325BB-100, 3326AA-100 and 3323-2900, which are adjacent to the west, for a total of 104 acres.
2. Access: Fox Farm Road

3. On-site Land Use: The property is rectangular in shape and slopes gently to the south. Seven rows of grapes have been planted along the eastern property line. The remainder of the parcel is grass. There is an agricultural building on the southeast corner of the parcel, but no other buildings.
4. Surrounding Land Use: The property across from the subject parcel on the east side of Fox Farm Road is a bark dust sales business. The parcels to the west are owned by Perry Bower Vineyard and are in agricultural use, with approximately 45 acres currently planted to grapes. The areas to the north and south are residential, with the Dundee city limits bordering the southwest corner of the subject parcel. Duck Pond Cellars Winery is approximately 1/4 mile to the northeast, adjacent to Highway 99W.
5. Surrounding Zoning: There is an area southeast of the subject parcel that is zoned Highway Commercial (used for bark dust sales), otherwise the surrounding area is zoned for residential use, including VLDR-1, VLDR-2.5, AF-10 and city residential zoning.
6. Water: Ms. Perry has submitted evidence showing that Dundee city water is available for the winery, which satisfies condition of approval #6.
7. Sewage Disposal: None developed.
8. Fire Protection: Dundee Rural Fire District
9. Soils: Sheet 21 of the Yamhill County Soil Survey shows that the parcel is composed entirely of Woodburn soils, predominantly WuC but with a small area of WuD, with an agricultural capability of Class II and III. These are high-value farmland.
10. Taxes: Farm deferral on 11 acres, one acre at market value.
11. Previous Actions: In 1995 a 31 lot subdivision and community water system were tentatively approved on the subject parcel and the lot to the west (S-1-94, C-7-94). That approval is still valid, but will expire on September 10, 1997 unless the final plat is submitted and the conditions of approval are met prior to that date.
12. Description of Proposal: The applicant requests approval to build a winery on 2 acres of a 12 acre parcel. Although it is not specifically stated in the application, staff believes that the winery would include a tasting room. No information has been provided concerning plans for on-site marketing events.

13. Exceptions: The subject parcel and areas to the west and east were all part of 1936 acre area, 400 parcel area (designated code no. 1.8) which was granted a "committed" exception from the statewide planning goals protecting farm and forestry uses (goals 3 and 4, and was plan designated VLDR Very Low Density Residential by "Exceptions Statement II," pursuant to Ordinance 234 was adopted by the Board of Commissioners on April 23, 1980.

B. Zone Change and Plan Amendment Provisions and Analysis

1. Approval of a request for a zone change must be based on compliance with the standards and criteria in YCZO Section 1208.02. These provisions are:
- (A) *The proposed change is consistent with the goals, policies, and any other applicable provisions of the Comprehensive Plan.*
 - (B) *There is an existing demonstrable need for the particular uses allowed by the requested zone, considering the importance of such uses to the citizenry or the economy of the area, the existing market demand which such uses will satisfy, and the availability and location of other lands so zoned and their suitability for the uses allowed by the zone.*
 - (C) *The proposed change is appropriate considering the surrounding land uses, the density and pattern of development in the area, any changes which may have occurred in the vicinity to support the proposed amendment and the availability of utilities and services likely to be needed by the anticipated uses in the proposed district.*
 - (D) *Other lands in the county already designated for the proposed uses are either unavailable or not as well-suited for the anticipated uses due to location, size, or other factors.*
 - (E) *The amendment is consistent with the current Oregon Administrative Rules for exceptions, if applicable.*
2. The Board finds that the proposed change is consistent with the goals, policies, and any other applicable provisions of the Comprehensive Plan, as required by YCZO 1208.02 (a). Since an exception to Statewide Planning Goals 3 and 4 has already been taken for the subject parcel, Comprehensive Plan goals and policies related to agricultural and forest lands are not applicable. (Regardless of whether or not a "reasons" exception is approved, as explained further in section C of this report, the parcel still has an

acknowledged "committed" exception to Goals 3 and 4 so is not subject to requirements for protection of farm and forest land.) The application addresses a number of Plan goals and policies which the Planning Commission and Board may review. Plan goals and policies which staff feels may be pertinent are:

Goal I.B.1. To provide an adequate amount of land, development areas and sites to accommodate those uses which are customarily found in rural areas or require or are better suited to rural locations, without compromising the basic goal relating to urban containment and orderly urban development.

Wineries with associated vineyards are customarily found in rural agricultural areas. Although some wineries and wine tasting rooms are located in urban centers, with grapes transported to the winery from vineyards outside the urban area, they are not specifically an urban use and do not compromise the goal of urban containment.

Policy I.H.1.g. Agricultural, forestry and mineral resource-oriented industry will be accommodated in areas close to the resources utilized, provided that such industrial uses are compatible with any nearby urban development, city water supply and sewerage are not required, and waste discharges constitute no threat to the environment.

Perry Bower Vineyard owns a total of 104 connected acres. They have indicated that approximately 45 acres is currently in vineyard, and they expect to plant an additional 15 to 20 acres. The proposed winery thus will be close to the resource utilized.

The proposed winery would be located approximately 800 feet from the nearest urban development. This part of the city is made up of small residential lots. Access to the winery would be from Fox Farm Road, while the city residential area has access from city streets. Consequently there would be no impacts to the residences from additional traffic. The winery itself is unlikely to produce greater noise, odors, or other nuisances beyond what would normally occur from agricultural practices, so it can be found to be compatible with the nearby urban development.

As indicated in Finding A.6, information has been provided showing that city water will be available to serve the winery. City sewerage is not proposed, nor does state law allow the extension of sewer service outside the city limits. An on-site septic system for restrooms is feasible, but will need to be approved by the County Sanitarian. DEQ handles permits for waste water discharges from the winery. These officials have the authority to require that waste discharges are not a threat to the environment.

Policy I.H.1.m. The county will encourage industrial development which bases its products on renewable and indigenous raw materials.

Grapes are a renewable raw material.

Policy I.H.1.n. The county will recognize and encourage small scale industries as viable alternatives to larger, conventional enterprises.

Wineries are generally small scale industries.

Based on the foregoing, the Board finds that this criterion has been satisfied.

3. The Board finds that there is an existing demonstrable need for the particular uses allowed by the requested zone, considering the importance of such uses to the citizenry or the economy of the area, the existing market demand which such uses will satisfy, and the availability and location of other lands so zoned and their suitability for the uses allowed by the zone, as required by YCZO 1208.02(b)

The property owner has indicated in a letter dated July 10, 1997 that until last year the grapes produced by Perry Bower Vineyard were processed on a custom crush basis by Sokol Blosser Winery. The letter states that Sokol Blosser no longer has the capacity to make wine for Perry Bower because of increased demand for their own wine. The letter also indicates that custom crushing is not the ideal way to make wine because the cost is high and they have no control over quality. Perry Bower Vineyard plans to eventually have 60 to 65 acres of grapes planted, The Board finds that for the foregoing reasons there is a need for Perry Bower to have their own winery in order to avoid the uncertainty of having to contract with other wineries for crushing. The availability and suitability of other lands which are zoned RI is discussed in Finding B.6. The Board finds that this criterion is satisfied.

4. The Board finds that the proposed change is appropriate considering the surrounding land uses, the density and pattern of development in the area, any changes which may have occurred in the vicinity to support the proposed amendment and the availability of utilities and services likely to be needed by the anticipated uses in the proposed district, as required by YCZO 1208.02(c).

The surrounding land uses are agricultural and rural residential, with the exception of a portion of the lot to the southeast, which is a commercial operation. A winery is an appropriate use in an agricultural area, and is not incompatible with rural residential uses.

Utilities and services that would be needed by the winery include water, septic and adequate access. An on-site septic system will be required for sewage disposal. The source of water for the winery will be from the City of Dundee, which satisfies condition #6.

Access is an issue. Traffic impacts at the intersection of Fox Farm Road and Highway 99W are discussed in section D of this report. The Public Works Department provided comments on the adequacy of Fox Farm Road and Fruitland Lane (which is shown as Logger Lane on the applicant's site plans), and recommended improvements to both roads (See letter from William Gille, Director of Public Works, dated April 22, 1997, which by this reference is made a part of these findings). Based on these comments, conditions of approval which would need to be met prior to development of the winery, will include the following: Either the developer shall complete the roadway and drainage improvements and pay the required review fees as outlined in the Public Works Engineering Staff Report dated April 22, 1997, or, in the alternative, the developer may enter into a performance agreement with the Public Works Department for said improvements to include the following:

- a. Construction of a 6' wide paved shoulder (16' total width from centerline) and new roadside ditch along the portion of the travel lane of Fox Farm Road which is immediately adjacent to the RI zoned property which is the subject of this application.
- b. Dedication of right-of-way adjacent to Fruitland Lane, to bring the width to 30' from the center line of the existing 20' road, and construction of an 18' wide paved travel lane and new roadside ditch adjacent to the centerline of the existing 20' road. The dedication and improvements shall be the full width of the RI zoned area.
- c. Development of on-site detention of runoff and drainage water produced from site improvements, based on a 50-year flood condition.

The Board finds that such conditions will be adequate to assure compliance with the requirements of YCZO 1208.02 (c).

5. The Board finds that other lands in the county already designated for the proposed use are either unavailable or not as well-suited for the anticipated uses due to location, size, or other factors, as required by YCZO 1208.02 (d). There is little, if any, vacant Resource Industrial land in the county where a winery could be located, and none in the

vicinity. The Light Industrial (LI) district allows wineries as a permitted use. There is an area of LI zoned land along Highway 99W about a mile north of the subject property. This parcel may be large enough for a winery, but it is unknown whether it is for sale. Areas inside the city limits of Dundee also presumably are zoned appropriately for a winery, based on the number of similar uses in the city, but there is no information on availability. Wineries are also allowed in agricultural zones as a permitted use if there is a minimum of 15 acres of planted vineyard. None of these other lands are as well-suited for the proposed use as the subject property because they are not located adjacent to the applicant's vineyard.

The applicants could conceivably apply for a zone change to designate all or part of their land either EF or AF, and since they have more than 15 acres of planted vineyard a winery would be a permitted use. However, since their entire 104 acres is currently zoned VLDR, the value of the land would be significantly decreased if it were rezoned to an agricultural zone. For the foregoing reasons, the Board finds that this criterion is satisfied.

6. The Board finds that the amendment is consistent with the current Oregon Administrative Rules for exceptions, if applicable. As discussed in Finding A.13 above, this property was part of Exception Statement I which was adopted by Yamhill County in 1980, in which a "committed" exception was taken.

Although it may be argued that a new exception is required if there is a change in use, the Board finds that a new exception is not required to allow a winery on the subject property because the property was the subject of a "committed exception" to goals 3 and 4, and the committed exception was taken before the 3/20/86 effective date of the administrative rule, current OAR 660-04-018(2). OAR 660-04-018(4) states that the rule applies only to plan and zoning designations and exceptions adopted following the effective date of the rule.¹ On the other hand, even if an exception were required, then

¹ See *Murray v. Marion County*, 23 Or LUBA 268, note 10 (1992). Former OAR 660-04-018 was interpreted to require a new exception only where the original exception required consideration of impacts on adjacent uses, and since a "committed exception" standards do not require assessment of impacts whereas a "reasons" exception does include a requirement that the proposed uses will be compatible. See *Cook v. Yamhill County*, 14 Or LUBA 78 (1985) (holding that a change in use of property for which a "committed" exception is taken did not require a new exception under former OAR 660-04-018 because the standards for a "committed" exception consider impracticability of compliance, rather than compatibility and impacts).

for the reasons explained below, the requirements for an exception are satisfied. Therefore the request is consistent with YCZO 1208.02 (e).

- 6.1 Oregon Administrative Rule (OAR) 660-04 contains the requirements for taking goal exceptions. This area was approved for a "committed" exception in 1980, based on the number of small subdivision lots and existing rural residential development pattern. The area was zoned VLDR-1, which is primarily a residential zone but allows some limited farm uses. As explained above, OAR 660-04-018 (1) and (2) do not apply retroactively to areas which were the subject of earlier committed exceptions, but if they did apply to such areas and a new exception were required for a different type of use, then the request satisfies the requirements of OAR 66-04-020 as follows:
- 6.2 OAR 660-04-020 contains four factors that must be addressed when taking an exception to a goal. They are:
- (a) *Reasons justify why the state policy embodied in the applicable goals should not apply.*
 - (b) *Areas which do not require a new exception cannot reasonably accommodate the use.*
 - (c) *The long-term environmental, economic, social and energy consequences resulting from the use at the proposed site with measures designed to reduce adverse impacts are not significantly more adverse than would typically result from the same proposal being located in other areas requiring a Goal exception.*
 - (d) *The proposed uses are compatible with other adjacent uses or will be so rendered through measures designed to reduce adverse impacts.*
- 6.3 Regarding OAR 660-04-020, factor (a), OAR 660-04-022 states that the reasons justifying why the state policy embodied in the goal should not apply include, but are not limited to, that there is a demonstrated need for the winery, and either: 1) a resource upon which the winery is dependent can be reasonably obtained only at the exception site and the winery requires a location near the resource; or 2) the winery has special features or qualities that necessitate its location on or near the proposed exception site. Regarding standard 1), although grapes can be reasonably obtained in many areas of the county, a location near the applicant's vineyard facilitates transportation and processing. The Board is also persuaded that the request complies with standard 2) because, while there are a number of wineries inside city limits, wineries are often found in rural areas of the county next to vineyards, and there is a

demonstrated need to locate this winery next to the applicant's vineyards, as explained in finding B.3 above.

- 6.4 OAR 660-04-020, factor (b), is satisfied. Although there are other areas within one mile of the subject property that would not require a new exception and that could reasonably accommodate the winery, they are not directly adjacent to the applicant's vineyard so would require transporting the grapes which applicants testified can have an adverse effect on the grapes. Therefore, none of the other areas which do not require a new exception reasonably accommodate the use.
- 6.5 OAR 660-04-020, factor (c), is satisfied. The proposed winery will not create any significant impacts that would not occur if the winery were located elsewhere, and conditions of approval can minimize impacts. Environmental considerations include sewage and waste water disposal from the winery and associated activities, and increased runoff. Conditions of approval to require on-site handling of such wastes are adequate to prevent impacts to surrounding lands. Possible economic impacts of the winery at the proposed location may take the form of reduced property values for adjacent residential properties. However, since there already is a commercial business on the opposite side of Fox Farm Road, the proposed site would likely have less economic impact than if the surrounding area were entirely residential, or higher density residential. In addition, site design review will be required prior to any construction, and that process will require that there is adequate on-site parking, circulation and landscaping, and that the building design will not be detrimental to the surrounding area. Highway 99W at Dundee is one of the most congested traffic areas in the county. The winery may cause social consequences by a decrease in the level of service on the Highway, as discussed further in section D of this report. No energy impacts have been identified, and the location is actually fairly energy efficient because of the proximity to the highway and to other wineries in the vicinity, which will reduce travel distances for people touring the wineries.
- 6.6 The consideration of compatibility required by OAR 660-04-020, factor (d), was discussed in Finding B.5. The Board finds that appropriate siting conditions, will assure that any adverse impacts will be reduced so that the winery will be compatible with residential uses that exist or are likely to occur in the area.

D. Goal 12 (Transportation Rule) Provisions and Analysis

1. Because of the proximity of the proposed winery to Highway 99W, the provisions of the Transportation Planning Rule, implementing Goal 12, must be addressed. OAR 660-12-060 contains the provisions that must be met:
 - (1) *Amendments to functional plans, acknowledged comprehensive plans, and land use regulations which significantly affect a transportation facility shall assure that allowed land uses are consistent with the identified function, capacity, and level of service of the facility. This shall be accomplished by either:*
 - (a) *Limiting allowed land uses to be consistent with the planned function, capacity and level of service of the transportation facility;*
 - (b) *Amending the TSP [Transportation System Plan] to provide transportation facilities adequate to support the proposed land uses consistent with the requirements of this division; or,*
 - (c) *Altering land use designations, densities, or design requirements to reduce demand for automobile travel and meet travel needs through other modes.*
 - (2) *A plan or land use regulation amendment significantly affects a transportation facility if it:*
 - (a) *Changes the functional classification of an existing or planned transportation facility;*
 - (b) *Changes standards implementing a functional classification system;*
 - (c) *Allows types or levels of land uses which would result in levels of travel or access which are inconsistent with the functional classification of a transportation facility; or*
 - (d) *Would reduce the level of service of the facility below the minimum acceptable level identified in the TSP.*
2. Regarding OAR 660-12-060(2), the functional classification of Highway 99W is principle arterial. The winery would not change the functional classification, nor would it change the standards implementing the classification system or result in levels of travel inconsistent with the classification. The current level of service at the intersection of Fox Farm Road and the Highway is E to F. According to the Traffic Impact Study submitted by the applicant, at unsignalized intersections level of service E is generally considered to be acceptable, but level of service F is considered unacceptable by most drivers. The Traffic Impact Study also states that the added traffic from the winery, estimated at 30 trips during the evening peak hour, would reduce the level of service to F. Comments received from ODOT state that the proposed winery would "result in a minimal degradation in the intersection level of service." The letter also states that "ODOT has concluded that there are no reasonable

improvement to the state highway that will address the congestion”, but they request that improvements be made to the turn radii at the intersection to facilitate turning movements to and from the highway. The Board finds that the increased traffic that would be generated by the winery would not allow a type or level of land use which would result in levels of travel or access which are inconsistent with the functional classification of a transportation facility, reduce the level of service of the facility below the minimum acceptable level identified in the TSP, or otherwise significantly affect a transportation facility under OAR 660-12-060. The Board finds that to assure compliance with this criterion, a condition of approval will be imposed to require that improvements be made to the turn radii at the Fox Farm Road/Highway 99W intersection as required by ODOT.

Fox Farm Road is identified in the county Transportation System Plan as a major collector. Based on the comments of the Public Works Department, the Board finds that the winery would not change the functional classification, nor would it change the standards implementing the classification system or result in levels of travel inconsistent with the classification, for Fox Farm Road. The Board finds that the increased traffic that would be generated by the winery would not change the functional classification of Fox Farm Road, reduce the level of service of the road to an unacceptable level, or otherwise significantly affect a transportation facility under OAR 660-12-060. To assure compliance with this criterion, the Board has imposed conditions of approval as described in finding B.4 above.

E. Limited Use Overlay Provisions

1. OAR 660-04-18(3)(a) states that when a reasons exception is taken, plan and zone designations must limit uses to only those that are justified in the exception.
2. Since the RI zone allows other industrial uses which may not be appropriate to the area, such as fruit, nut and vegetable packing, processing, warehousing and cold storage operations, it is appropriate to apply a Limited Use Overlay to limit uses on the rezoned area to the winery.
3. For the foregoing reasons, to avoid conflicts with surrounding uses, the Board finds that it is appropriate to impose a Limited Use Overlay as part of the zone change, limiting uses to a winery and associated activities listed in YCZO section 701.02(B).

F. Other Considerations:

1. Site design review is required for any development in an RI district. The applicants have chosen not to submit a concurrent application, so a condition of approval will require that site design approval be obtained prior to construction or operation of the winery.

CONCLUSIONS FOR APPROVAL:

1. The request is for a Plan amendment from Very Low Density Residential to Industrial and a zone change from VLDR-1 to RI Resource Industrial, including a "reasons" exception, for two acres in the northeast corner of Tax Lot 3325-700.
2. The proposed zone change is consistent with Comprehensive Plan goals and policies, and there is a demonstrated need for a winery to process the grapes from the applicant's vineyard. There are no other lands in the immediate vicinity that would allow a winery. With conditions, the winery can be made compatible with surrounding residential uses.
3. If a reasons exception is required, then reasons justify why a goal exception should be taken.
4. A Limited Use overlay is appropriate in order to avoid conflicts with surrounding uses. The approved use should be limited to a winery.

DECISION:

Based on the findings, analysis and conclusions stated above, the Board approves the request by Dundee Springs Winery for a zone change and Comprehensive Plan map amendment for a two acre portion of Tax Lot 3325-700 in order to allow a winery be approved with the following conditions:

1. A Limited Use overlay shall be imposed as part of the zone change. Uses shall be limited to a winery and the associated activities listed in Section 701.02(B) of the Yamhill County Zoning Ordinance.
2. Site design review shall be approved prior to any construction.

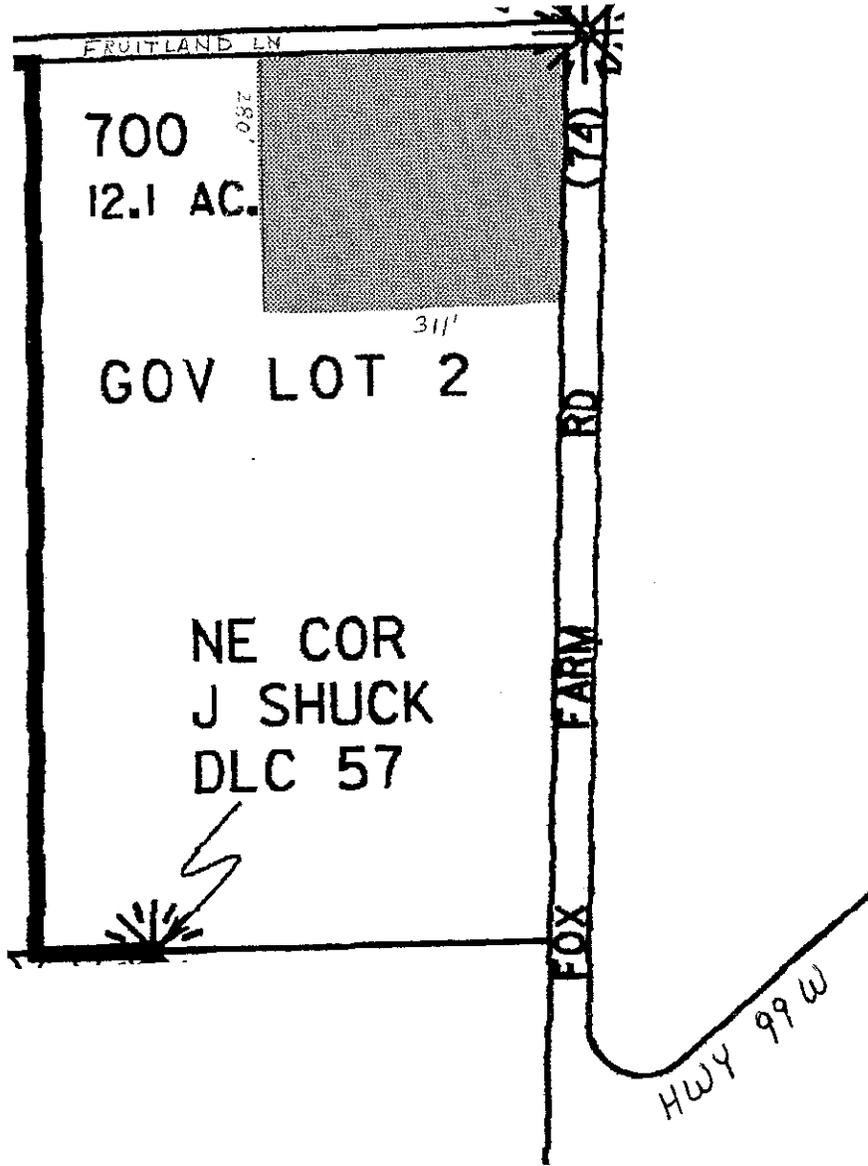
3. All necessary building, septic, electrical, plumbing and driveway permits shall be obtained prior to beginning construction.
4. Prior to obtaining building permits, the developer shall complete the roadway and drainage improvements and pay the required review fees as outlined in the Public Works Engineering Staff Report dated April 22, 1997. In the alternative, the developer may enter into a performance agreement with the Public Works Department for said improvements. Improvements include the following:
 - a. Construction of a 6' wide paved shoulder (16' total width from centerline) and new roadside ditch along the adjacent travel lane of Fox Farm Road.
 - b. Dedication of right-of-way adjacent to Fruitland Lane, to bring the width to 30' from the center line of the existing 20' road, and construction of an 18' wide paved travel lane and new roadside ditch adjacent to the centerline of the existing 20' road. The dedication and improvements shall be the full width of the RI zoned area.
 - c. Development of on-site detention of runoff and drainage water produced from site improvements, based on a 50-year flood condition.
5. The developer shall make improvements to the turn radii at the Fox Farm Road/Highway 99W intersection, as required by ODOT. Evidence of ODOT approval shall be submitted to the Planning Director prior to obtaining building permits.
6. Prior to obtaining building permits, evidence shall be submitted to the Planning Director that the City of Dundee will provide water for the winery, or that the developer has a water right issued by the Oregon Department of Water Resources to use ground water for the winery. (Applicant's submittal showing that the City of Dundee will provide water for the winery satisfies this condition.)

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EXHIBIT "B" FOR ORDINANCE No. 635

COMPREHENSIVE PLAN MAP AMENDMENT FROM
VERY LOW DENSITY RESIDENTIAL TO INDUSTRIAL;
ZONING MAP AMENDMENT FROM VERY LOW DENSITY RESIDENTIAL
DISTRICT (VLDR-1) TO RESOURCE INDUSTRIAL DISTRICT (RI)



AREA SUBJECT TO AMENDMENT:
The northeastern 2 acres of Tax Lot 3325-700

Prepared by Yamhill County Department of Planning and Development