



118 Central Avenue North, New Prague, MN 56071
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MEMORANDUM

TO: PLANNING COMMISSION

FROM: KEN ONDICH – PLANNING / COMMUNITY DEVELOPMENT DIRECTOR
KYRA CHAPMAN - PLANNER

SUBJECT: REQUEST FOR INTERIM USE PERMIT #I2-2025 TO ALLOW A RAIL CAR REPAIR BUSINESS IN THE I-1 LIGHT INDUSTRIAL DISTRICT AT 100 2ND AVE. SW, AS PROPOSED BY NEW PRAGUE MILL, LLC.

DATE: FEBRUARY 21, 2025

Background

The New Prague Flouring Mill was first established in 1896 and was the main economic driver in the City, making New Prague a large manufacturer of farm produce for several years. However, in 2019 Miller Milling closed their business, later selling the property to current owners, New Prague Mill, LLC, who have been working to re-purpose the property for multiple tenant uses including the previously approved indoor firing range (Conditional Use Permit #C5-2023), religious institution (Interim Use Permit #I1-2024), and dog grooming business (Interim Use Permit #I1-2025), and other warehouse type uses, which are considered permitted uses at the site under its current I-1 Light Industrial zoning designation.

In October 2024, interim use permit (IUP) #I2-2024 was approved to allow exterior storage of vehicles and recreational equipment under the 28,000 sq ft canopy and the 36' x 44' canopy area as long as all conditions of the IUP were completed (including screening that has not yet been completed). More recently, New Prague Mill, LLC received an inquiry regarding the opportunity of having Cypress Rail Solutions perform rail car repairs on the site. Rather than storing recreational vehicles under the canopy area via I2-2024, New Prague Mill, LLC is requesting to allow rail car repair under the 28,000 sq ft canopy (which is considered “exterior” as it’s not within an enclosed building space) and up to the fence line, which were approved areas for exterior storage through #I2-2024. The rail cars would only be parked on the spur line south of the large, canopied area.

Although the property is currently zoned I-1 Light Industrial, the 2045 Comprehensive Plan has the property guided as “Downtown Flex”, which would allow similar commercial uses as the surrounding B-1 Central Business District. The new district standards have not been solidified yet but once they have been adopted, the property will be rezoned as “Downtown Flex”, prohibiting industrial uses. As such, New Prague Mill, LLC is requesting interim use permit #I2-2025 to allow a rail car repair business to occur at the property for 10 years.

Legal Description

Parcel 1:

Lots 1, 2, 3, and 4 in Block No. 4, in the Village (now City) of New Prague, Le Sueur County, Minnesota.

Parcel 2:

Lot 4, Block 26, Syndicate Addition to New Prague, Le Sueur County, Minnesota, together with that part of the North half of the Vacated alley lying West of the Southerly extension of the East line of said Lot 4.

Parcel 3:

Block 22 of "Beans Re-Arrangement of Block 22 and 23 Syndicate Addition to New Prague".

Parcel 4: Block 23 of "Beans Re-Arrangement of Blocks 22 and 23 Syndicate Addition to New Prague", together with the vacated alley and the North half of vacated "L" street as shown on said Plat.

Parcel 5:

Lots 1 and 2, Block 23-1/2, of "Beans Re-Arrangement of Blocks 22 and 23 Syndicate Addition to New Prague", together with the South half of vacated "L" Street as shown on said Plat.

Parcel 6:

Commencing with the intersection of the County Road with the line of the right way of the M. & St. L. Ry. Co., on the East side of their track, thence running East 70 feet, thence South 356 feet to a point 75 feet East of the said right of way line, thence west 75 feet to said right of way, thence running North 356 feet to the point of beginning, being in the NW1/4 of NW1/4 of Sec. 3-112-23, Le Sueur County, Minnesota.

Parcel 7:

The tract of land lying and being in the County of Le Sueur and State of Minnesota, described as follows, to wit: Beginning at a point on the North line of Section Three (3), Township One Hundred Twelve (112) North, Range Twenty-three (23) West, said point being distant East, One Hundred Fifty (150) feet, measured along said section line from the original centerline of the Railways main track; thence Southwardly Four Hundred Nine and Five-Tenths (409.5) feet, to a point distant Easterly Sixty-Seven and Ninety-seven Hundredths (67.97) feet, measured at right angles thereto, from said centerline of main track, thence Northwardly, parallel with said centerline of main track, Three Hundred Seven and One-Tenth, (307.1) feet; thence eastwardly at right angles, Three and Six Tenths (3.6) feet; thence Northwardly about One Hundred (100) feet to a point on said Section line distant West Sixty-Nine and Seventy-Three Hundredths (69.73) feet from the point of beginning; thence East, upon and along said Section line Sixty-Nine and Seventy-three Hundredths (69.73) feet to the point of beginning.

Parcel 8:

That part of the NW1/4 NW1/4 of Section 3, Township 112 North, Range 23 West, City of New Prague, Le Sueur County, Minnesota, described as follows: Commencing at the intersection of the centerline of main track of the Union Pacific Railroad Company and the North line of Section 3; thence N. 90 degrees 00 minutes 00 seconds E. (assumed bearing) along the North line of Section 3, a distance of 150.00 feet; thence S. 07 degrees 06 minutes 51 seconds W., 409.64 feet to a point distant 67.97 feet Easterly of and measured at right angles from the centerline of said main track; thence N. 04 degrees 22 minutes 30 seconds W., parallel with the centerline of said main track, 307.10 feet; thence N. 85 degrees 37 minutes

30 seconds E., 3.60 feet; thence N. 00 degrees 28 minutes 52 seconds E., 67.01 feet to the Southerly right of way line of State Highway No. 19 (Main Street); thence N. 90 degrees 00 minutes 00 seconds W., along said right of way line, a distance of 27.32 feet to a point distant 50.00 feet Easterly of and measured at right angles to the centerline of said main track; thence S. 04 degrees 22 minutes 30 seconds E., parallel with the centerline of said main track, 464.37 feet; thence N. 07 degrees 06 minutes 51 seconds E., 90.22 feet to the point of beginning.

Neighborhood Conditions

North – Central Business District / Main Street and underutilized portions of the former mill building which are also currently zoned I1-Light Industrial

South – I1-Light Industrial Zoned properties and to the southeast are some residential dwellings (RL-70 and RL-84 Single Family Residential Districts) separated by public roads from the subject site

East – Mach Lumber which is currently zoned I1-Light Industrial and single family homes (RL-70 and RL-84 Single Family Residential Districts) further east

West – Union Pacific Railroad and beyond that is the B-3 Highway Commercial Zoning District and TH13/21.

Overall, the former mill property is very unique in that it is surrounded by a variety of zoning districts. It's especially unique in that it is an industrially zoned property along downtown Main Street, where existing commercial use occurs. In the 2045 Comprehensive Plan, the subject property is guided as "Downtown Flex" to fit the use of the greater downtown area. At this time, "Downtown Flex" does not have defined standards, but it's anticipated that commercial uses such as service and retail will be allowed in the district, while industrial uses likely would not.

Applicant's Statement

The applicant (Bill Gibson on behalf of New Prague Mill, LLC) submitted a statement of practical difficulty (two different letters) and other related information, which can be found as an appendix to this staff report.

Lot Size

The New Prague Mill property is approximately 253,955 sq ft (5.83 acres) in total. The rail car repair is proposed to occur under the 28,000 sq ft canopy (which is considered "exterior" as it's not within an enclosed building space) and would extend up to a tall fence with vegetation around it, which can be seen in the rendering in this report. The rail cars would be parked on the spur line south of the large canopy area.

Zoning

The property is currently zoned I1-Light Industrial District. The purpose of the district is to provide for industrial uses for activities that, because of their nature, are not well suited for close proximity to residential and business areas of the community. Existing industry that is located close to residential areas is allowed to continue and must meet certain performance criteria when applicable. Industrial areas have good access to highway and railroad lines because of their need to receive and distribute products and goods. While certain automobile repair is allowed as a permitted use in the I1-Light Industrial

District, that would only include said uses that occur within a building. This particular use is requesting to occur in an “exterior” area and outside of a building which poses a number of concerns, including, but not limited to noise and visual nuisances.

The 2045 Comprehensive Plan was adopted in October 2024. In the Comprehensive Plan, the subject property is anticipated to be guided as “Downtown Flex”. At this time, there are no specified standards for this district, but commercial uses such as retail and services will likely be allowed. The city’s consultants, Bolton & Menk are currently in the process of drafting the Unified Development Code (UDC), which would rewrite the Zoning and Subdivision Ordinance. Once the UDC is adopted, the property will likely be rezoned from I-1 Light Industrial to “Downtown Flex”. In other words, after the property has been rezoned as “Downtown Flex”, industrial uses will likely be prohibited. The property owners intend to have rail car repair occur for a few years to generate additional revenue at the site. The property owners are requesting an interim use permit to temporarily allow rail car repair for 10 years under the 28,000 sq ft., and behind the northern fence found in the rendering.

Parking

According to Zoning Ordinance 717 (2)(P) titled Off-Street Parking and Loading, one parking stall is required for every 1,000 sq ft for industrial uses. Cypress Rail Solutions intends to do work under the 28,000 sq ft canopy and approximately 8,400 sq ft of uncovered space up to the approved northern fence. A minimum of 36.4 parking stalls are required for this proposed use.

In C5-2023 and V4-2023 for 2 If By Sea Tactical, the firing range needs a minimum of 24 parking stalls, in I1-2024 Faith, Recovery, & Music require a minimum of 10 parking stalls, and in I1-2025 Fancy Bones Pet Salon requires at least 2 parking stalls. The approved parking lot plan from C5-2023 showed 52 striped parking stalls. Based on this information, that means there are 18 available parking spaces left in the planned 52 stall parking lot. A minimum of 36 parking stalls are needed for the project. If the project uses the remaining 18 parking stalls, at least 18 more paved parking stalls would be needed at the site before this use could occur. An updated parking lot plan would be need to be provided to show where this parking would be provided. Additionally, the parking should show parking for the re-use of the remainder of the building including for potential users as mentioned in the applicants letters including a post office and dance studio.

The proposed parking lot must follow Section 717 of the Zoning Ordinance, detailing the standards for parking stall dimensions, setbacks, and minimum stall requirement. The parking lot must be striped in white or yellow paint no less than 4” wide. For a 90-degree angled parking lot, the parking stalls must be 9’ wide, 20’ deep, and a minimum lot drive aisle width of 24’ (for two-way traffic).

Public Works /Utilities / Engineering Comments

Utilities General Manger Bruce Reimers mentioned that he does not have an issue with their utilities but is uncertain about how they are going to set up the electrical service or their requirements. There is currently one meter for the entire site. There is also not a good site to have work being done on rail cars due to the noise. Public Works Director Matt Rynda concurs with the Utilities General Manager’s comments.

City Engineer, Chris Knutson, was not solicited for comments in relation to this request.

Building Official Comments

Building Official Scott Sasse was not solicited for comments as the use is “exterior” and does not occur within a building.

Police Chief Comments

Police Chief Tim Applen had similar concerns regarding noise as noted by other city staff. Even if they are within the noise requirements, it could be considered a nuisance according to our ordinance.

Fire Chief Comments

Fire Chief Steve Rynda was solicited for comments, but no comments were provided at the time of writing this report. In the previously approved report I2-2024, Fire Chief Steve Rynda noted that their only concern would be to maintain some sort of 6’ walking lane to get to all doors adjacent to the storage area. Staff drafted the following condition for I2-2024 to address the concern: *A 6’ access aisle must be maintained through the exterior storage area to ensure access to all doors that abut the storage area for fire access.*

WAC/SAC Fees

N/A.

General Planning Staff Comments

Although staff do not want the mill to be underutilized or empty, the proposed use does not match the Future Land Use Map in the Comprehensive Plan. The 2045 Comprehensive Plan was recently adopted in October 2024, guiding the subject property away from I-1 Light Industrial to “Downtown Flex”. The standards for “Downtown Flex” have not been established yet but would likely allow commercial uses commonly seen along Main St. Several of the existing tenants inside the building are similar to uses currently allowed in our B-1 Central Business and B-2 Community Commercial District such as office uses, religious institutions, and retail/service establishments. Based on the existing tenants, the uses have shifted the site towards commercial uses rather than industrial. Even though the applicants are requesting the interim use permit to allow rail car repair for 10 years, that is a substantial amount of time for an interim use permit. Most interim use requests are usually 1-5 years long.

Staff have concerns about possible nuisance complaints regarding noise. No industrial uses have occurred on the property since 2019 when Miller Milling closed the facility. For the past 5 to 6 years, the residents have likely become accustomed to the lack of noise or smell. If the interim use is approved, loud noises will emit from the property (as noted by their own submitted sound decibel readings) especially since the rail car repair will occur in an exterior area. The noise may also be a nuisance for the tenants and businesses operating within the Mill. The City may receive multiple complaints from neighbors depending on the loudness and frequency of noise resulting in more staff time review of enforcement and compliance. Furthermore, the noise could conflict with future POPS concerts, which is directly north of the property.

As noted in the applicants submitted sound testing, which staff did witness of the “ramp drop” test as measured at 74 dBA at the sidewalk, there was certainly sounds from vehicle traffic that approached the sounds measured from the proposed exterior site for repair. *Chapter 7030 for MPCA Noise Pollution control notes that sound must be measured based on the land use activity at the location of the receiver.* Generally, sound limits are lowest for residential receivers and higher for industrial. The downtown area

(where the measurements were taken at the sidewalk) would be considered “Noise Area Classification 2” which limits daytime decibels to 65 to 50% of an hour or 70 for 10% of the hour. Depending on the amount of time the “ramp drop” or “hammer on metal” or other activities would occur within an hour, the MPCA threshold could be exceeded. While sound readings were not taken at adjacent residential properties, the threshold drops to 60 and 65 decibels respectively. This reading would apply to residential apartments above a commercial area and it’s notable that there are apartments directly north of Main Street where the sound readings were taken.

Absent any possible violations for Chapter 7030 for MPCA Noise Pollution, Section 92.15 of the City Code states that the following is a public nuisance: “Maintains or permits a condition which unreasonably annoys, injures or endangers the safety, health, morals, comfort or repose of any considerable number of members of the public”. This code can be utilized for noises not exceeding the MPCA thresholds.

The applicant makes the statement that “if this usage is denied, the city has effectively condemned by property.” In determining if a zoning regulation violates a property owner’s rights, the US Supreme Court has recognized two classes of regulatory takings: Categorical (regulation denies ALL economically beneficial or productive use of land) and Case-Specific (involving the economic impact of the regulation). The City argues that this is not a categorical taking as there are many viable businesses already operating on the property, that can and will continue to operate at the property not related to the specific request at hand.

Interim Use Permit Criteria

The City Council may consider an interim use permit for a use which is not specifically listed in this Ordinance as an interim use within the affected district and may grant a permit provided such interim use, after review by the Planning Commission and the City Council, is found to otherwise meet the criteria for granting an interim use permit within the affected district. The City Council shall make the following findings in order to approve an interim use:

- A. The proposed interim use will utilize property where it is not reasonable to utilize it in a manner provided for the City’s Comprehensive Plan and Zoning Ordinance. (The proposed interim use for rail car repair will not utilize property in a reasonable and temporary manner considering the property is currently zoned I-1 Light Industrial Zoning, but is guided as “downtown flex” according to the 2045 Comprehensive Plan and of which exact requirements have not yet been determined.)
- B. The proposed interim use is presently acceptable but, given anticipated development, will not be acceptable in the future. (The proposed rail car repair is not acceptable in that while the property is currently zoned I1-Light Industrial and uses such as automobile repair are listed as permitted, this specific use is proposed to happen in an “exterior” fashion and not within a building. It is additionally noted that the property will be rezoned to “downtown flex” in 2025 or early 2026 to fit the current comprehensive plan and noting that the use is requested to continue 10 years from the date of approval.)

- C. The proposed use will not hinder permanent development of the site. (The proposed designated rail car repair area will hinder permanent development of the site because even though it is utilizing an underutilized canopy covered rail spur, the property is guided as “downtown flex” in the Comprehensive Plan which will lead to continued redevelopment of the site in a non-industrial fashion. The industrial use even as an interim use for a limited time period could deter continued development of the site for commercial purposes, could disturb existing uses on the property itself and could hinder development of adjacent properties.)
- D. The proposed use will not adversely impact implementation of the Comprehensive Plan for the area. (The proposed designated rail car repair area will adversely impact implementation of the Comprehensive Plan as the site is guided as “downtown flex” in the Comprehensive Plan and not guided for industrial uses which is at odds with allowing this industrial use even in an interim fashion.)
- E. The proposed use will not be injurious to the surrounding neighborhoods or otherwise harm the public health, safety and welfare. (The proposed rail car repair may be injurious to the surrounding neighborhoods or otherwise harm the public health, safety and welfare as it may result in noise nuisances relating to Section 92.15 of the City Code or Chapter 7030 of MPCA Noise Pollution regulations.)
- F. The use will not create an excessive burden on existing parks, schools, streets and other public facilities which serve or are proposed to serve the area. (The rail car repair business may result in noises that may conflict with the planned Praha Outdoor Performance Stage, directly north of the Mill and Main Street and potentially other parks, schools, street and other public facilities.)
- G. Adequate utilities, access roads, drainage and necessary facilities have been or will be provided. (Adequate utilities, access roads, drainage and necessary facilities exist for the proposed rail car repair business.)
- H. The date or event that will terminate the use has been identified with certainty. (The proposed designated exterior storage area shall cease to operate at the site no later than 3/3/2035.)
- I. Permission of the use will not impose additional costs on the public if it is necessary for the public to take the property in the future. (The proposed designated rail car repair area will not impose additional costs on the public if it is necessary for the public to take the property in the future.)

In permitting a new interim use, the City Council may impose, in addition to the standards and requirements expressly specified by this Ordinance, additional conditions which the City Council considers necessary to protect the best interest of the surrounding area or the community as a whole. Any City Council approval of an interim use shall be subject to the following conditions:

- A. Except as otherwise authorized by this section, an interim use shall conform to this Ordinance as if it were established as a conditional use.
- B. The date or event that will terminate the interim use shall be identified with certainty. The City Council may require the applicant to deposit a cash amount with the City, or provide some other form of security, to ensure compliance.
- C. In the event of a public taking of property after the interim use is established, the property owner shall not be entitled to compensation for any increase in value attributable to the interim use.
- D. Other conditions as the City Council deems reasonable and necessary to protect the public interest and to ensure compliance with the standards of this Ordinance and policies of the Comprehensive Land Use Plan.

As City staff is not recommending approval of the request, conditions for approval have not been developed at this time.

Staff Recommendation

Staff recommends **denial** of the Interim Use Permit (#I2-2025) request to allow a rail car repair business in the I-1 Light Industrial Zoning District, at the former mill located 100 2nd Ave. SW, as proposed by New Prague Mill, LLC with the following findings:

- A. The proposed interim use for rail car repair will not utilize property in a reasonable and temporary manner considering the property is currently zoned I-1 Light Industrial Zoning, but is guided as “downtown flex” according to the 2045 Comprehensive Plan and of which exact requirements have not yet been determined.
- B. The proposed rail car repair is not acceptable in that while the property is currently zoned I1-Light Industrial and uses such as automobile repair are listed as permitted, this specific use is proposed to happen in an “exterior” fashion and not within a building. It is additionally noted that the property will be rezoned to “downtown flex” in 2025 or early 2026 to fit the current comprehensive plan and noting that the use is requested to continue 10 years from the date of approval.
- C. The proposed designated rail car repair area will hinder permanent development of the site because even though it is utilizing an underutilized canopy covered rail spur, the property is guided as “downtown flex” in the Comprehensive Plan which will lead to continued redevelopment of the site in a non-industrial fashion. The industrial use even as an interim use for a limited time period could deter continued development of the site for commercial purposes, could disturb existing uses on the property itself and could hinder development of adjacent properties.
- D. The proposed designated rail car repair area will adversely impact implementation of the Comprehensive Plan as the site is guided as “downtown flex” in the Comprehensive Plan and not

guided for industrial uses which is at odds with allowing this industrial use even in an interim fashion.

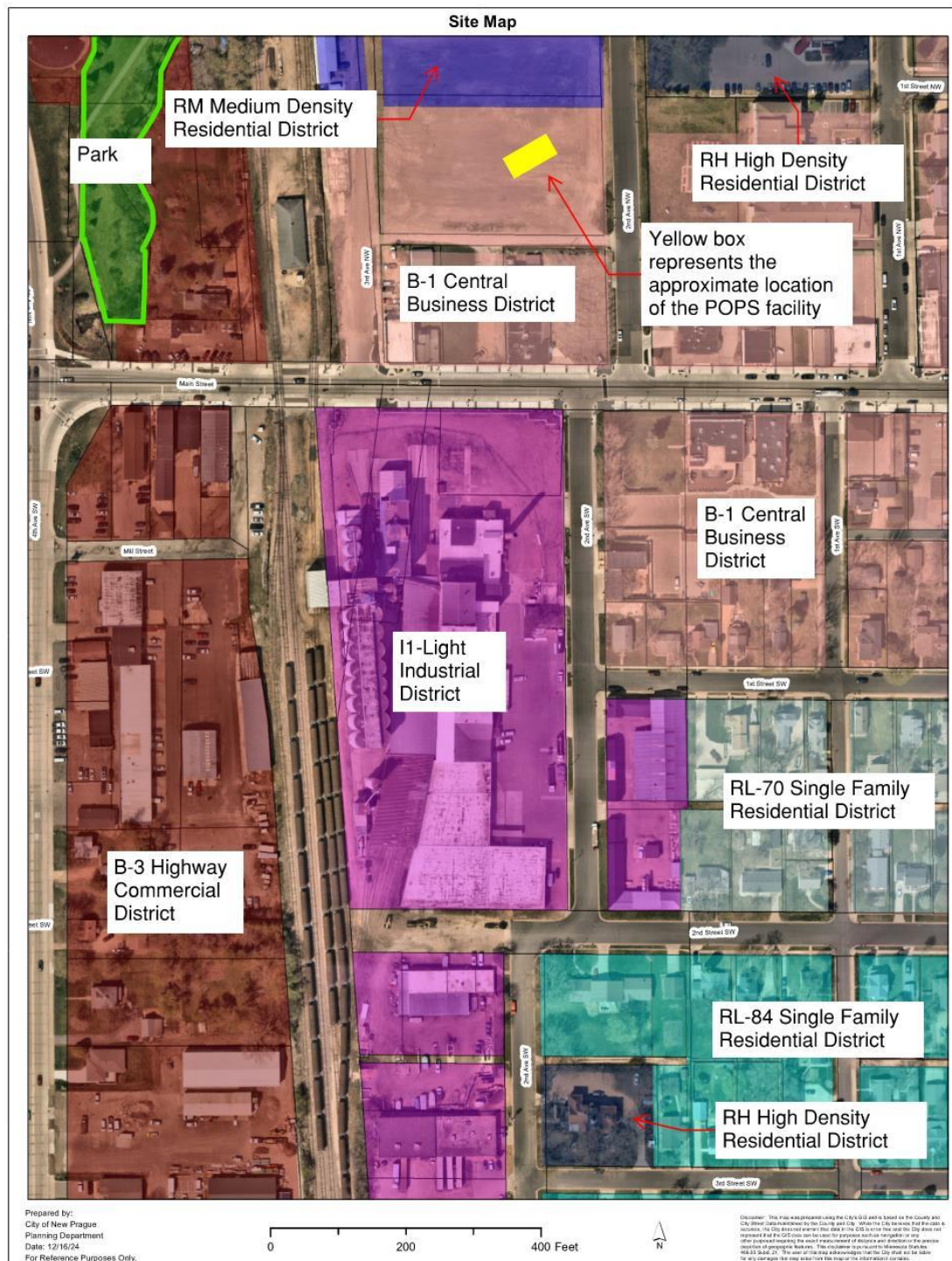
- E. The proposed rail car repair may be injurious to the surrounding neighborhoods or otherwise harm the public health, safety and welfare as it may result in noise nuisances relating to Section 92.15 of the City Code or Chapter 7030 of MPCA Noise Pollution regulations.
- F. The rail car repair business may result in noises that may conflict with the planned Praha Outdoor Performance Stage, directly north of the Mill and Main Street and potentially other parks, schools, street and other public facilities.
- G. Adequate utilities, access roads, drainage and necessary facilities exist for the proposed rail car repair business.
- H. The proposed designated exterior storage area shall cease to operate at the site no later than 3/3/2035.
- I. The proposed designated rail car repair area will not impose additional costs on the public if it is necessary for the public to take the property in the future.

Attachments

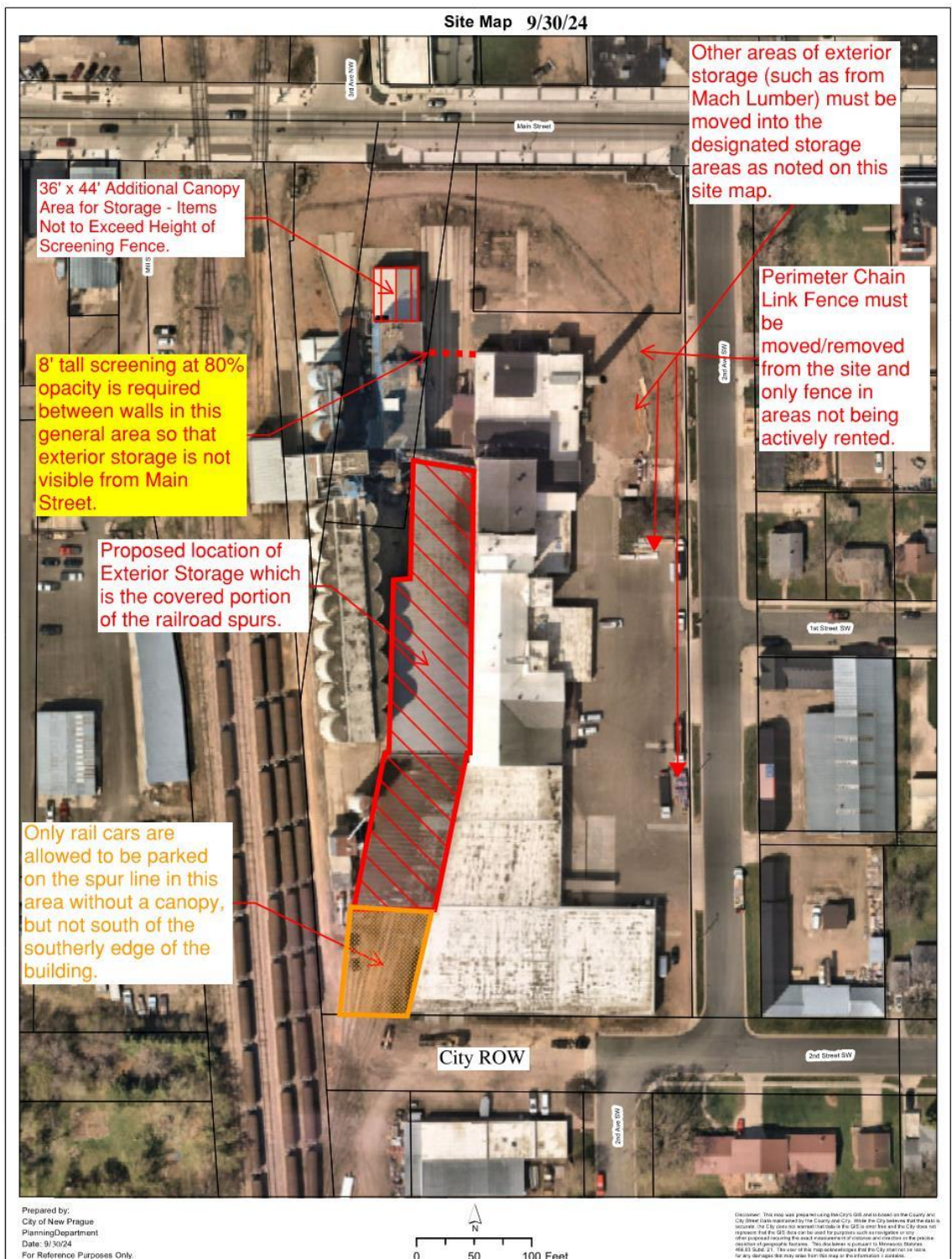
- 1. Site Map Aerial – Dated 2/6/25
- 2. Site Map Zoning – Dated 2/6//25
- 3. Approved Mark Up of I2-2024 – Dated 9/30/24
- 4. Location of Rail Car Storage & Repair – Dated 2/14/2025
- 5. Future Land Use Map – Undated
- 6. Concept Plan of the Mill – Dated 2/14/2025
- 7. Pictures – Dated 2/21/25



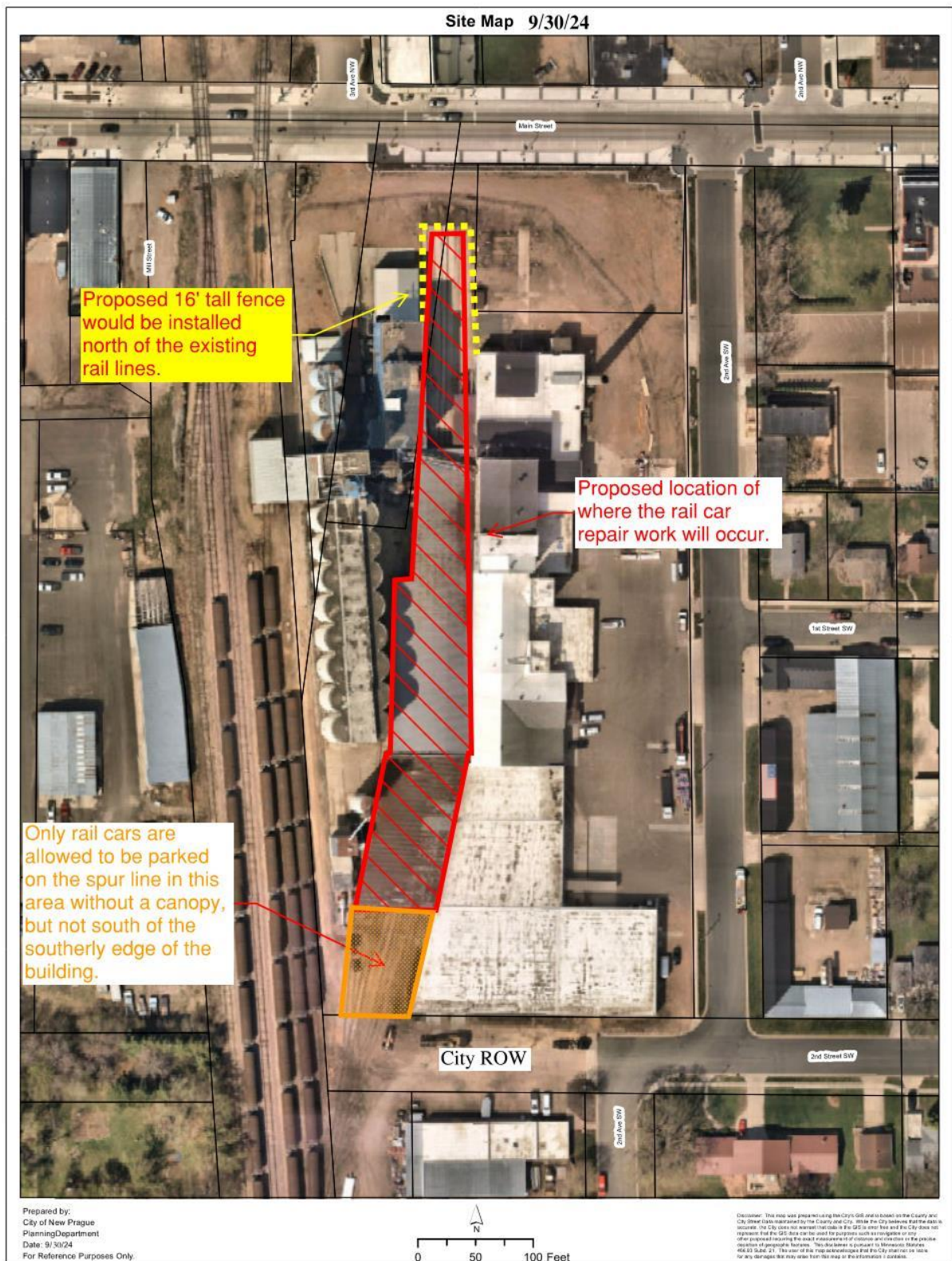
Aerial View of the Property



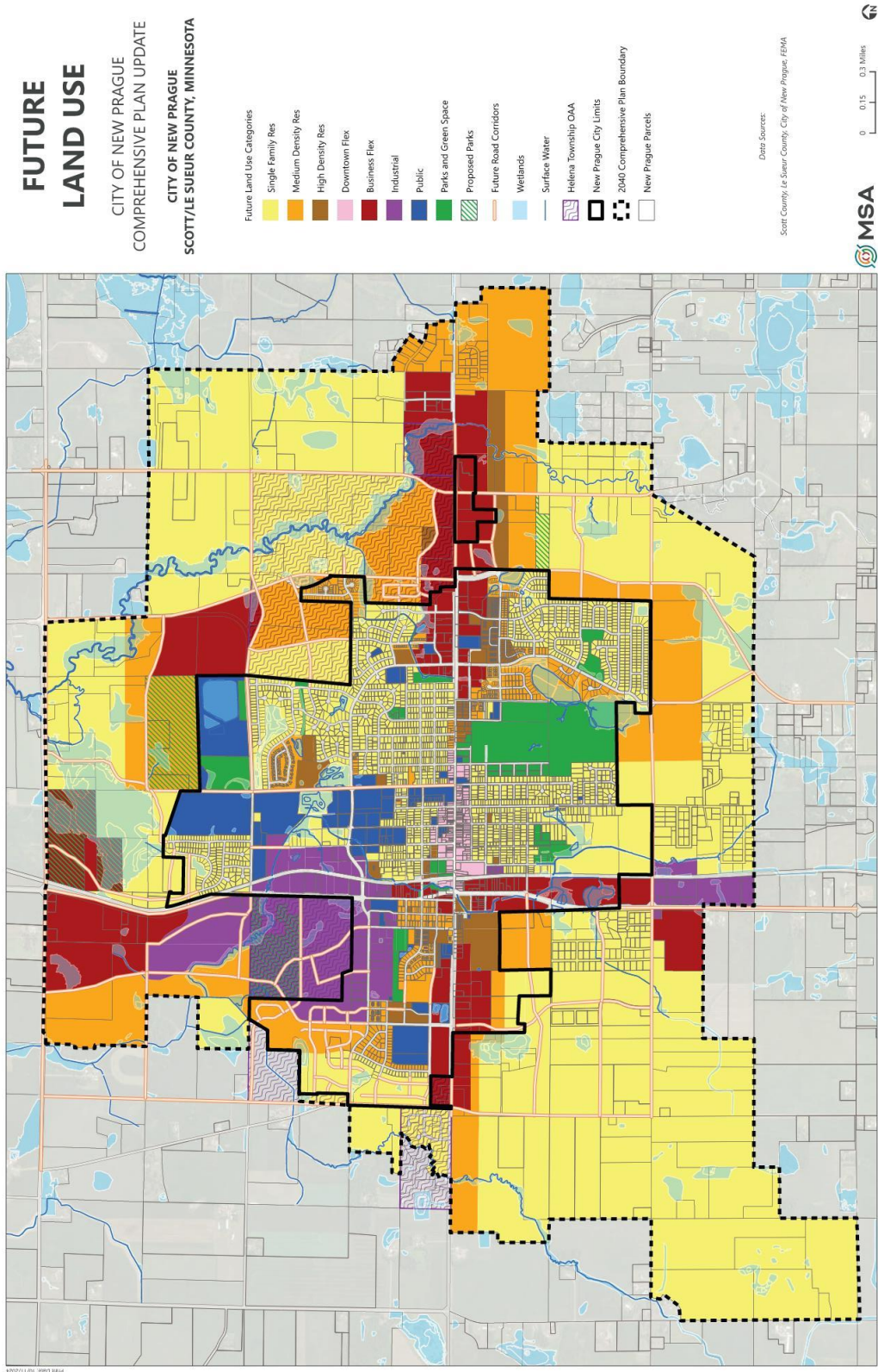
Zoning of the Subject Site and Surrounding Properties



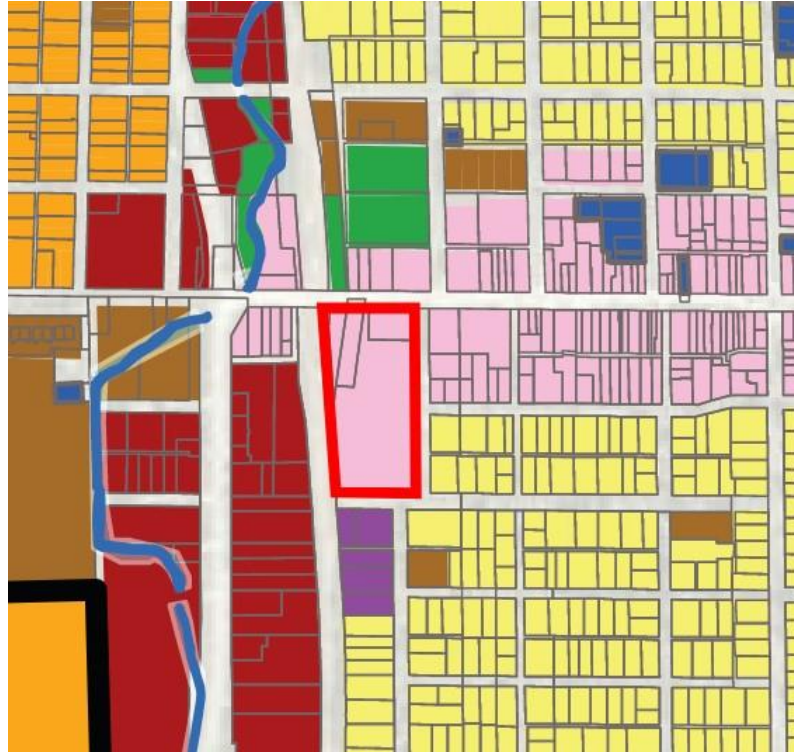
Approved Plan from I2-2024



Intended Location of Rail Car Storage and Repair



Future Land Use Map



Zoomed In Image of the Future Land Use Map



Concept Plan of the Mill Looking Southwest from Main St (Shows the 16' Tall Northern Fence)



View of Canopy Area from Main St W – Sound Blanket Currently Covering Front Entrance



Looking at the NW Corner of the Site from Main Street



Looking West from 2nd Ave SW



Looking West Along 2nd St SW ROW from Rail Spur



Looking North on the Rail Spur Towards the Southside of the Canopy Storage Area



Looking North on the Rail Spur Towards the Southside of the Canopy Storage Area