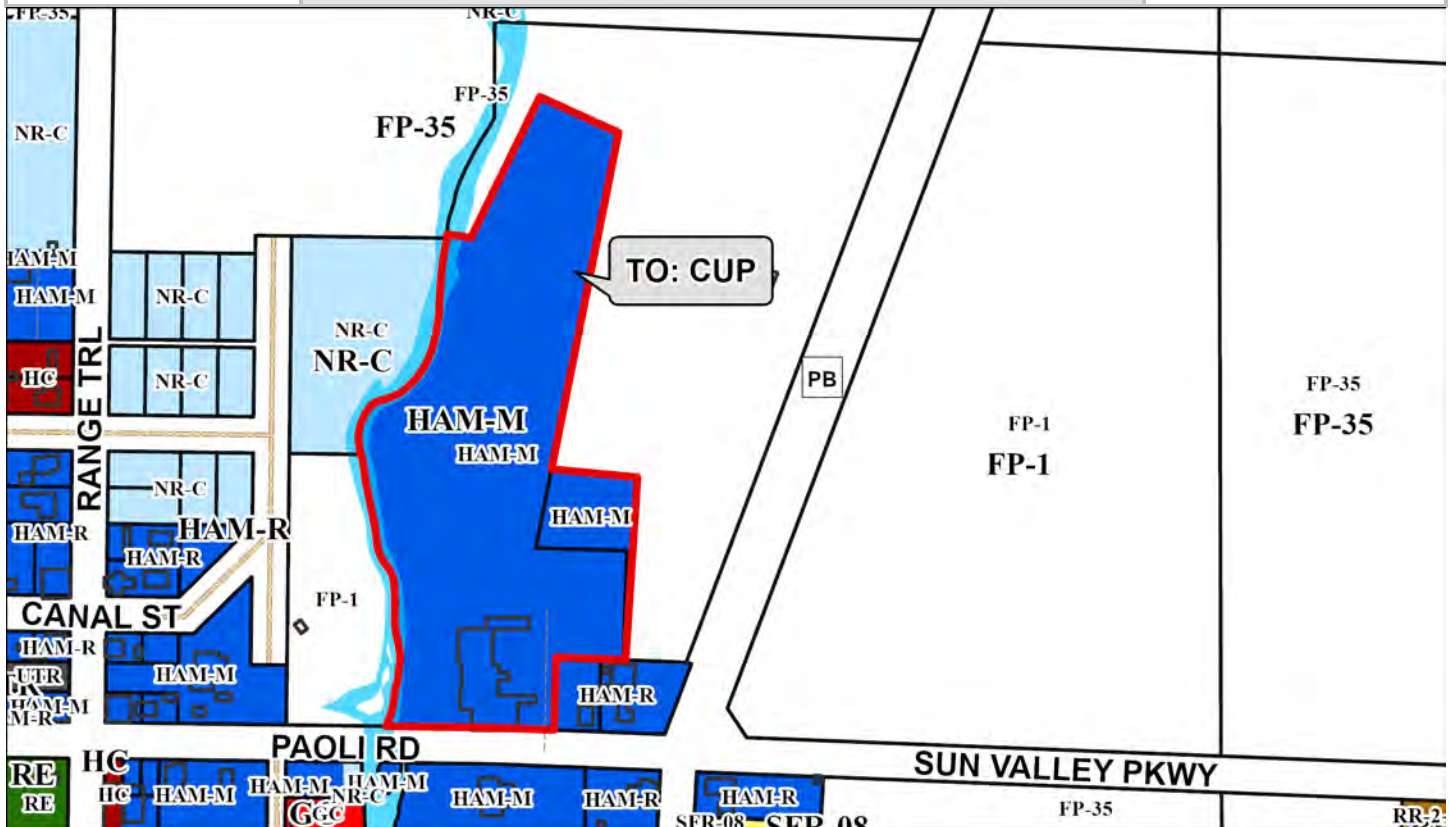


Staff Report
**Zoning & Land
Regulation
Committee**
Public Hearing: **December 16, 2025**
Zoning Amendment Requested:
TO CUP: INDOOR ENTERTAINMENT OR ASSEMBLY, OUTDOOR ENTERTAINMENT, AND COMMERCIAL INDOOR LODGING (ADD ADDITIONAL HOTEL ROOMS)
Size: **7.7 Acres**
Survey Required:
Reason for the request:
Update existing permit (CUP 2648) for indoor entertainment or assembly, outdoor entertainment, and commercial indoor lodging (add 5 additional hotel rooms)
Conditional Use 02689
Town, Section:
MONTROSE, Section 2
Applicant:
PAOLI CHEESE FACTORY ASSOCIATION LLC
Address:
6858 PAOLI ROAD


DESCRIPTION: Nicolaas Mink of Seven Acre Dairy Company requests a conditional use permit (CUP) to update the current permit for the hotel operation. Seven Acre already operates under a CUP for indoor entertainment or assembly, outdoor entertainment, and commercial indoor lodging in the HAM-M zoning district. If approved, this petition would update the permit to allow the addition of 5 hotel rooms (with up to 16 guests) in a detached 1,800 square foot building located just north of the existing building on site. No other aspects of the business are proposed to change.

Current CUP ([CUP #2648](#)) was approved in January 2025, as a 3-year renewal to the original permit granted in 2021 ([CUP #2544](#)). The current CUP will expire on January 28, 2028. If this new permit is approved, it will replace the current one.

OBSERVATIONS/ FACTUAL INFORMATION: The property is the site of the historic 1920 Paoli Creamery Building, which is listed in the Wisconsin Historical Society's Architectural History Inventory as a structure of regional significance. The property is in commercial use and is 7.7 acres in size. The neighboring land uses are a mix of commercial and residential, and open space to the west along the river. The property is located in Paoli, a hamlet with a mix of residential and commercial properties and an increasingly popular destination for tourists and locals alike.

The property is in the HAM-M Hamlet Mixed-Use zoning district. Currently, the entire establishment accommodates hundreds of customers at a time, and outdoor eating and drinking also occur on the grounds. Operating hours vary for each business. See the application and the recommended conditions below for specifics.

HAM-M zoning allows these land uses with approval of a CUP. The site has been fully improved as was first presented in 2021 (with the only exception being striping the parking stalls in front, see Staff Recommendations below). No zoning violations have occurred since the businesses began operating here in 2021.

HIGHWAY ACCESS / COUNTY HIGHWAY COMMENTS: CTH PB is a controlled access highway. Any change of use, reconstruction, or modifications of the existing access requires a permit from the Highway Department. No new additional access will be permitted on CTH PB due to reconfiguration of lots. As per CUP 02648, Parallel parking stalls must be painted on the north side of CTH PB / Paoli Road. A Permit to Work in County Trunk Highway Right of Way is required. Estimate increase of traffic to be 42 trips per day due to conditional use permit. For questions on Highway matters please contact Kevin Eslick 608-283-1486 / eslick.kevin@danecounty.gov

RESOURCE PROTECTION: The property is adjacent to the Sugar River, and portions of the grounds are within the 1% regional floodplain. The existing creamery building and most of the grounds are out of the regulated floodplain, as shown in the county's adopted floodplain zoning maps. Any new construction, impervious surface area and / or ground disturbance must comply with county shoreland, wetland, floodplain and shoreland-erosion control standards. The new building is located outside the floodplain and the 75-foot shoreland setback. The project will require an erosion control permit and stormwater management permit.

COMPREHENSIVE PLAN: This proposal is consistent with the Comprehensive Plan and policies for the Paoli hamlet that allows for more intense development. This proposal is an expansion of an existing use and meets siting criteria for development. supports conditional use permits for "hotels and taverns," provided the following criteria are met:

- building area 10,000 square feet or less, unless the Town Board finds that it is in the public interest to allow larger facilities;
- sanitary requirements are met by an approved septic system, and;
- siting and operational criteria detailed in the plan are met.

The applicant meets these criteria. For questions about the town plan, contact Senior Planner Bridgit Van Belleghem at (608) 225-2043 or VanBelleghem.Bridgit@danecounty.gov.

CONDITIONAL USE PERMIT DECISION MAKING: "Conditional uses" are those land uses which, because of unusual nature and potential for impacts on neighboring lands, public facilities, the environment or general welfare, warrant special consideration and review.

Prior to granting or denying a conditional use, the zoning committee shall make findings of fact based on evidence presented and determine whether the proposed conditional use, with any recommended conditions, meets all of the standards required to obtain a CUP. Below is the list of the applicable standards from Section 10.101(7)(d) of the Zoning Code, and a summary of the relevant facts including the applicant's testimony with regards to meeting the standards.

1. *That the establishment, maintenance or operation of the conditional use will not be detrimental to or endanger the public health, safety, comfort or general welfare.*

The CUP application describes the proposed operations plan. The applicant states that they have worked to ensure this, and that the new building will meet all code requirements for mechanical, electrical, plumbing, fire protection, and sanitary/septic (putting into service a previously abandoned system). In addition, they will add 13 parking stalls to the existing asphalt lot to ensure orderly flow of traffic and parking needs are met.

2. *That the uses, values and enjoyment of other property in the neighborhood for purposes already permitted shall be in no foreseeable manner substantially impaired or diminished by establishment, maintenance or operation of the conditional use.*

The applicant states that the residential, agricultural, and commercial uses adjacent to this site will not be substantially impaired or diminished because the proposed use of the property will not materially deviate from other uses in Paoli in the HAM-M zoning district.

3. *That the establishment of the conditional use will not impede the normal and orderly development and improvement of the surrounding property for uses permitted in the district.*

The applicant states that their team has designed this phase of development in a way that will likely enhance the orderly development and improvement of the surrounding property. They note that all building and site improvements done to satisfy the CUP will strengthen safety and public health in the community, and will also ensure that uses on adjacent parcels will continue, develop, or improve if desired by those owners. They also note the proposed expansion does not materially deviate from the current building use and current CUP, which provides 8 lodging units.

This standard pertains to whether the proposed conditional use would affect *how the surrounding properties could be developed and improved, considering what they are currently zoned for*. This property and most of the surrounding properties are in Hamlet zoning and are developed for similar land uses.

4. *That adequate utilities, access roads, drainage and other necessary site improvements have been or are being made.*

The applicant states that they will be working with town and county officials to ensure the site improvements are made to satisfy the needs of the development. This includes a new/updated septic system, driveway and parking lot, and stormwater management devices. A previously abandoned septic system will be put back into service; the Environmental Health Department has indicated this will be adequate for the proposed cabins. The stormwater management plan is being updated by the applicant's engineer in cooperation with Land and Water Resources Department.

5. *That adequate measures have been or will be taken to provide ingress and egress so designed as to minimize traffic congestion in the public streets.*

The applicant states that the existing driveway entrance was maintained and repaved in the initial development. The driveway entrance was reduced from 44' to 24' to allow for landscaping and to better define the traffic circulation. An additional 13 parking stalls will be added following Dane County guidelines.

6. *That the conditional use shall conform to all applicable regulations of the district in which it is located.*

The proposed use conforms to the applicable regulations of the HAM-M zoning district. The lodging is an allowable conditional use in the district; this would expand that use of the property. Staff notes that the site is generally in compliance with all zoning requirements; however, the one exception is the need to stripe the parking stalls in front of the building as this was a required condition of the previous/ current CUP.

7. *That the conditional use is consistent with the adopted town and county comprehensive plans.*

As noted above, the proposal appears consistent with the Town and County Comprehensive Plans. The application explains how the operation aligns with the town's goals of preserving historic properties and the rural community culture and character.

8. *If the conditional use is located in a Farmland Preservation Zoning district, the town board and zoning committee must also make the findings described in s. 10.220(1).*

Not applicable.

POTENTIAL NUISANCES ASSOCIATED WITH THE CONDITIONAL USE: The potential nuisances that pertain to commercial indoor lodging operations are most likely to involve provisions for waste disposal (trash and human waste), vehicle traffic/parking, and noise (compatibility with surrounding land uses). The applicant's CUP application addresses how these potential nuisances are handled, as noted above.

Potential conditions of approval specific to this CUP can be developed after public input and deliberation by the Zoning and Land Regulation (ZLR) Committee. Under Dane County Zoning Ordinance section 10.103, there are no other special requirements for indoor commercial lodging operations.

TOWN ACTION: The Town Board recommends approval of the CUP as amended (see recommended conditions below). In its approval the Town referenced the request is to amend *the commercial indoor lodging portion* of its CUP (see Town Action Report).

STAFF RECOMMENDATION: Staff believes that the applicant has provided sufficient evidence to address the CUP standards and mitigate the potential concerns. This includes the information in the sections above, and is also reflected in the town's recommended approval. The Town Action Report indicates that the current CUP conditions would continue to apply, except those that pertain to indoor commercial lodging.

As noted above, to be in full compliance with the current permit requirements the applicant must stripe the parking stalls in front of the building. Because the timing of this work is weather-dependent, the ZLR Committee could opt to approve this request with the striping as a condition again, and staff could verify the striping at a future date. If the striping is not installed, the property would be in violation of the permit conditions and the CUP could be revoked.

Additionally, the property consists of one CSM lot (the large parcel containing most of the business) and one unplatted parcel (050802391100, containing the overflow parking area). These parcels were going to be combined into one CSM lot in past years; however, the owners had difficulty obtaining signatures from the relevant lending institution(s). If possible, a CSM should be recorded at this time to consolidate the property into a single lot to contain the entire business operation.

If the Committee requires additional information on which to base a decision, they could request specific information at the public hearing. Pending any comments at the public hearing, Staff recommends that the Committee (1) makes a finding of fact as to whether the proposal meets the CUP standards above and (2) we would recommend approval with the conditions listed below (modifying the capacity for the hotel use, and minimum parking, and keeping the same expiration date as the current permit).

CUP 2689 Potential Conditions of Approval:

Standard Conditions for all Conditional Use Permits from 10.101(7):

1. Any conditions required for specific uses listed under s. 10.103 (none).
2. The physical development and operation of the conditional use must conform, in all respects, to the approved site plan, operational plan and phasing plan.
3. New and existing buildings proposed to house a conditional use must be constructed and maintained to meet the current requirements of the applicable sections of the Wisconsin Commercial Building Code or Uniform Dwelling Code.
4. The applicant shall apply for, receive and maintain all other legally required and applicable local, county, state and federal permits. Copies of approved permits or other evidence of compliance will be provided to the zoning administrator upon request.
5. Any ongoing business operation must obtain and continue to meet all legally required and applicable local, county, state and federal licensing requirements. Copies of approved licenses or other evidence of compliance will be provided to the zoning administrator upon request.
6. Existing onsite wastewater sewage disposal systems, if any, serving the conditional use must be inspected by a licensed plumber to determine its suitability for the proposed or expanded use. Deficient systems must be brought, at the owner's expense, into full compliance with the current requirements for new development of the state plumbing code and Chapter 46, Dane County Code.
7. All vehicles and equipment must access the site only at approved locations identified in the site plan and operations plan.
8. Off-street parking must be provided, consistent with s. 10.102(8).
9. If the Dane County Highway, Transportation and Public Works Department or the town engineer determine that road intersection improvements are necessary to safely accommodate the conditional use, the cost of such improvements shall be borne by the landowner. Costs borne by the landowner shall be proportional to the incremental increase in traffic associated with the proposed conditional use.
10. The Zoning Administrator or designee may enter the premises of the operation in order to inspect those premises and to ascertain compliance with these conditions or to investigate an alleged violation. Zoning staff conducting inspections or investigations will comply with any applicable workplace safety rules or standards for the site.

11. The owner or operator must keep a copy of the conditional use permit, including the list of all conditions, on the site, available for inspection to the public during business hours.
12. Failure to comply with any imposed conditions, or to pay reasonable county costs of investigation or enforcement of sustained violations, may be grounds for revocation of the conditional use permit.

Conditions specific to CUP # 2689:

13. No more than the following number of people may be on the premises at any one time, associated with each specific use of the property:
 - a. Indoor commercial lodging (hotel), no more than 44 guests.
 - b. Indoor assembly, no more than 107 patrons total, consisting of the following:
 - i. Formal restaurant, no more than 60 patrons;
 - ii. Casual restaurant / café, no more than 15 patrons;
 - iii. Bar, no more than 32 patrons.
 - c. Outdoor entertainment, outdoor assembly, no more than 84 patrons or guests.
14. Hours of operation shall be limited to the following:
 - a. Hotel, 24 hours a day, 7 days a week.
 - b. Retail and café uses, 7:00 a.m. to 8:00 p.m., 7 days a week.
 - c. Formal restaurant and bar, 11:00 a.m. to 9:00 p.m., Wednesday through Sunday. The restaurant and bar will be closed on Monday and Tuesday.
15. The operation shall not employ more than 24 employees in total, with no more than 19 employees on the site at any one time.
16. At least 92 off-street parking spaces must be provided, consistent with s. 10.102(8).
17. Outdoor entertainment allows for music on Sunday through Thursday to end no later than 8:00pm, and on Friday and Saturday to end no later than 11:00pm.
18. This Conditional Use Permit will expire on January 28, 2028 (per the previous Town Board approval). Continuance of covered activities after the expiration date requires approval of a new conditional use permit.
19. If there are complaints about the volume of the music, the town may require decibel restrictions with a new conditional use permit process.
20. The parking area in front of the building (on the north side of CTH PB/Paoli Road) shall be striped for parallel parking only. No angled or 90-degree parking shall be allowed unless otherwise approved by the Dane County Highway Department. A Permit to Work in County Trunk Highway Right of Way is required prior to striping.
21. A certified survey map (CSM) shall be recorded on the property to consolidate the land into a single lot containing the entire business operation. No additional zoning permits shall be issued until the CSM is recorded.

Please contact Rachel Holloway at (608) 266-9084 or holloway.rachel@danecounty.gov if you have questions about this petition or staff report.