



AGENDA REPORT

Planning and Zoning Commission Meeting

TODAY'S DATE: June 11th, 2026

MEETING DATE: June 16th, 2026

TO: City of Sandpoint Planning & Zoning Commission

FROM: Planning & Community Development Deputy Director, Bill Dean

SUBJECT: Request for 2nd Extension of Conditional Use Permit (PCUP23-0004) and Variance (PVAR24-0001) – 56 Bridge Street Hotel/Resort

PURPOSE OF REQUEST:

The applicant, Averill Hospitality, has formally requested a second extension of Conditional Use Permit PCUP23-0004 and Variance PVAR24-0001, which were originally approved by the Planning and Zoning Commission on June 18, 2024, for a 296,250 sq ft hotel/resort development at 56 Bridge Street. The permit and variance were originally set to expire on July 5, 2025, and on June 25, 2025, prior to expiration, the applicant submitted a request for extension, in accordance with Sandpoint City Code §9-9-6(A)(7). At a special meeting on July 22, 2025, the Planning and Zoning Commission approved the request to extend the permit and variance. The Conditional Use Permit PCUP 23-0004 and Variance are set to expire on July 22, 2026.

The current request before the Planning and Zoning Commission to evaluate and take action on a second request to extend permit PCUP23-0004 and PVAR24-0001 by another one-year. The applicant submitted a request for extension on June 1, 2026, prior to the expiration.

The extension, according to the applicant in their request dated June 1, 2026, would enable additional work toward project delivery:

“Since the approval of the extension in July 2025, the project team has continued to actively advance the project through ongoing project coordination with TVA Architects, Swinerton Construction, and the broader consultant team. As relevance to demonstrate our project efforts, a significant investment in time & energy was made to complete and submit detailed permit drawings to the City of Sandpoint by the end of 2025. Our development efforts continue with architectural plans refinement, cost evaluation, constructability, design coordination, financing and overall project delivery strategy.

If approved, the extension will remain in effect for one additional year from the date of the Commission's decision (June 16, 2027).

BACKGROUND:

The originally approved CUP includes the demolition of the existing Best Western Edgewater Resort and construction of a new full-service resort including:

- 181 guest rooms
- 4,600 sq ft restaurant and a 1,391 sq ft second restaurant
- 14,262 sq ft of event space

- Guest amenities including a pool, fitness and wellness areas, curated retail, and recreational equipment rental
- 240 structured parking spaces (Later reduced to 145 parking spaces following the acceptance of a site-specific parking demand analysis showing an actual level of parking demand lower than that required by City Code and an agreement by the developer to pay in lieu fees equal to \$400,000 to offset 40 additional parking spaces).

The project also includes a variance (PVAR24-0001) to allow for a setback of 40 to 110 feet from the property line along Bridge Street, in place of the required 0' maximum setback in the Commercial A zone.

Per the original conditions of approval, the applicant was required to begin detailed design work within one year and to make a reasonable effort to complete the project in order to maintain the validity of the CUP and variance. The Planning and Zoning Commission determined that the applicant had satisfied this condition by providing evidence indicating that detailed design work had commenced and was pursued.

The present request should be evaluated against the relevant permit conditions, City Codes, and progress since the extension was granted. The developer submitted an application for a building permit on December 29, 2025. However, no review work has commenced on the building permit application because no application review fees were paid, which is a submittal requirement. The building permit will expire on June 29, 2026 if the fees are not paid. Additionally, the developer let expire the demolition permit on May 17, 2026.

On May 19, 2026 the developer met with city staff to discuss a new concept for the hotel site that involved a different project: remodeling the existing hotel together with demolishing the existing restaurant, and constructing a new restaurant below five stories of condos. No applications have been filed but the developer has been discussing the various permits required for such a development with city staff.

RELEVANT CODE AND CITY ACTIONS:

Sandpoint City Code §9-9-6(A)(7) – Commencement of Work

“The proposed work shall commence within one year following the date of planning commission or city council approval of the conditional use permit and shall be diligently pursued or said approval and permit shall be rendered automatically null, void and of no right or recourse.”

Condition #2 of PCUP23-0004 (as approved June 18, 2024):

“Pursuant to §9-9-6-7 of Sandpoint City Code, detailed design work shall commence after the date of the commission’s approval. The CUP and Variance are valid for one year and will be extended so long as the applicant has demonstrated a reasonable effort to complete the project.”

Additionally, the City Attorney confirmed during the June 18, 2024 hearing that extension requests must be reviewed by the Planning and Zoning Commission.

A one-year extension was granted on July 22, 2025 for PCUP23-0004 and VAR24-0001.

STAFF ANALYSIS:

The applicant has complied with the requirement to submit an extension request prior to the permit’s expiration. An application for a building permit was filed on December 29, 2025 for the project, fulfilling the intent of the first part of Condition #2 to begin detailed design work.

This extension request does not propose any changes to the site plan, land uses, or development standards approved in 2024.

Granting the extension maintains the status of the existing CUP and variance for a period of time established by the Commission, but not to exceed one year from the current date of expiry (which would be July 22, 2027). A subsequent extension may be considered by the Planning and Zoning Commission in 2027, provided the applicant continues to diligently pursue completion of the project.

Staff has had the following interactions with the applicant or developer in 2025 and to date in 2026: processing a demolition permit, intaking a building permit application, and the request to discuss the project on May 19, 2026, which generated several follow-up emails. No plan check has commenced and no work under the now-expired demolition permit has commenced.

ACTION:

The Commission may take one of the following actions:

- Approve the CUP and Variance extension request as presented for an additional one-year, or other time deemed appropriate by the Commission, up to a maximum of one-year.
- Approve the request with conditions that include measurable, on-site demolition and construction pursuant to an active building permit prior to July 21, 2027, such as removal of the two existing non-conforming signs prior to July 22, 2026 and on-site demolition by March of 2027, and initiation of construction by July, 2027, for example.
- Deny the request based on findings that the applicant has not diligently pursued the project.
- Continue the item to a date certain with direction for additional information.

WILL THERE BE ANY FINANCIAL IMPACT? NO HAS THIS ITEM BEEN BUDGETED? N/A

ATTACHMENTS:

- A. Applicant's extension request email dated June 1, 2026
- B. Original PCUP23-0004/PVAR24-0001 staff report (June 18, 2024)
- C. June 24, 2024 action notification letter with conditions of approval
- D. June 18, 2024 Planning & Zoning Commission meeting minutes
- E. July 22, 2025 Planning and Zoning Commission Special Meeting Agenda and Agenda Report for First CUP extension