



AGENDA REPORT

City Council Meeting

TODAY'S DATE: July 7, 2025

MEETING DATE: July 15, 2025

TO: Sandpoint Planning and Zoning Commission

FROM: Planning & Community Development Director, Jason Welker

SUBJECT: Public Hearing – Update to Sandpoint's Area of Impact Boundary

DESCRIPTION/BACKGROUND:

The purpose of this staff report is to present an updated proposal for the City of Sandpoint's Area of Impact (AOI), formerly referred to as the Area of City Impact (ACI), in accordance with Idaho State Code § 67-6526. In response to direction from the Bonner County Board of Commissioners (BOCC) at their June 16, 2025, public hearing, City staff now propose the elimination of Sandpoint's AOI altogether.

This proposal reflects the City's current growth plans and acknowledges that no areas outside Sandpoint's corporate limits are expected to be annexed within the next five years. The elimination of the AOI complies with the statutory requirement that an AOI include only areas "very likely to be annexed" in that time frame.

Idaho's Local Land Use Planning Act (LLUPA), codified in Title 67, Chapter 65 of Idaho Code, establishes a legal framework for local land use planning. Section 67-6526 specifically governs the establishment and amendment of areas of impact for cities in coordination with counties.

Historically, the City of Sandpoint's AOI encompassed approximately 12.3 square miles of unincorporated land adjacent to the city. In early 2025, a staff proposal to reduce the AOI to 3.4 square miles was brought forward in an effort to comply with new legislative requirements enacted in 2024, which restrict AOIs to areas both within two miles of city limits and highly likely to be annexed within five years.

However, during the June 16, 2025, Bonner County Board of Commissioners meeting, the commissioners expressed concern that even the significantly reduced AOI did not meet the statutory threshold of "very likely" to be annexed. Specifically, concerns were raised regarding statements made by City officials indicating limited utility capacity and a lack of planned annexations in the near term.

UPDATED PROPOSAL:

In response to the BOCC's direction, and following internal evaluation of the City's growth and annexation plans, staff now propose the complete elimination of the City of Sandpoint's AOI.

Key points supporting this proposal include:

- The City has no current plans or intentions to annex unincorporated land within the next five years.

- Annexation in Idaho is typically initiated by property owners, and the City has not received recent annexation petitions.
- While utility capacity issues were raised during BOCC deliberations, they are secondary to the primary statutory requirement under § 67-6526, which is a demonstrated likelihood of annexation within five years.
- Without foreseeable annexation activity, maintaining an AOI is likely more consistent with Idaho Code if it matches known annexation interest.
- In accordance with Idaho Code 67-6526 4(b), "Adjustments to an area of impact may be proposed and considered at any time following the initial establishment of the area of impact." Given this flexibility, the city will be able to respond to an annexation request relatively quickly.

Notice of the public hearing was published in accordance with Idaho Code requirements and local ordinances on June 25, 2025, and July 2, 2025. Notice was also posted on the City's website. Written public comment submitted by July 10, 2025, will be included in the meeting packet, and comments received after that deadline will be distributed at the hearing.

STAFF RECOMMENDATION:

Planning staff recommends that the Sandpoint Planning & Zoning Commission approve the proposed elimination of the City's Area of Impact and forward a recommendation to the City Council for formal adoption.

This action aligns with the guidance provided by the Bonner County Board of Commissioners and reflects the City's current land use planning trajectory, ensuring compliance with the requirements of Idaho Code § 67-6526.

NEXT STEPS:

If the Planning & Zoning Commission recommends approval, the proposal will proceed to the Sandpoint City Council for consideration. If adopted by the Council, the City will formally notify Bonner County of its intent to eliminate the AOI and request that the existing AOI agreement be rescinded.

ACTION:

Motion to approve, deny, or modify the proposed elimination of the Area of Impact for recommendation to the City Council and subsequent formal action in coordination with Bonner County.

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

ATTACHMENTS:

None