



Staff Report

To: City Council
From: Bill Dean, City Planner, Deputy Director of Planning and Community Development
Report: September 4, 2026
Hearing: September 16, 2026
Item: Amendments to Sandpoint City Code Title 9 Chapter 1 General Zoning Provisions and Chapter 3 Industrial Zoning Districts to further regulate Data Centers.
Applicant: City Initiated

Please Note: The materials related to this request are provided on the City's website at:

www.sandpointidaho.gov/currentprojects

1) Introduction and Background

The proposed ordinance amending Sandpoint City Code Title 9 Chapter 1 and Chapter 3 stems from City Council direction at their meeting on July 15, 2026. At that meeting, citing concerns over various potential environmental impacts associated with high water and energy consumption, City Council directed staff to draft an ordinance amending the zoning provisions to add a definition for data centers and to prohibit large data centers. Currently, Data Centers are a permitted land use within one of the City's three industrial zones. The city zoning ordinance and zoning map establish three industrial zones, excerpted from SCC 9-3-1, as follows:

IG (Industrial General) District: The IG district is intended for lands appropriate for light and medium manufacturing and industrial activities with direct access to major transportation routes, such as arterial roads, air and rail service. The IG district allows a wide range of manufacturing and industrial uses, which generate little traffic from tourists and the general public and are consistent with the Sandpoint comprehensive plan. Commercial uses are generally limited to accessory sales of goods produced on site. Residential use is very limited, with a single caretaker unit per property permitted.

IBP (Industrial Business Park) District: The IBP district is intended for master planned business and industrial parks in campus like settings. This district is suitable for administrative and professional offices, research and development parks, limited distribution, light and medium manufacturing, and assembly operations. Commercial and residential uses are generally permitted, although design standards mirroring the downtown commercial areas will apply in an effort to develop the area in alignment with the CA-4 definition of the comprehensive plan. CA-4 areas are to become vibrant secondary centers of commercial, office, and residential development, serving as neighborhood hubs for residents in neighboring districts. The IBP zoning district is consistent with the land use category of the Sandpoint comprehensive plan in areas generally south of Baldy Mountain Road.

ITP (Industrial Technology Park) District: The ITP district is intended for lands suitable for technology production and development, such as data centers, medical imaging processing, business incubators, biotechnology, software development, engineering, and similar technology related industry. Sites appropriate for this designation should have readily available utilities and fiber optic availability and be characterized by large contiguous properties. The ITP district is consistent with the Sandpoint comprehensive plan.

Overall, the amendments are limited in scope to define Data Centers and establish a prohibition on large data centers. The provisions allow for small-scale data centers, under 5,000 square feet, when combined within another building or facility. Attached to the staff report is the City's Zoning Map which identifies the industrial zones (Attachment 1).

In researching data centers for City Council, it is important to understand that there is not a uniform definition of what constitutes a data center. Some data centers that have recently garnered much attention nationwide refer to large (100,000 sf up to over 1 million square foot) facilities. Yet, smaller closet-sized, on-premises server rooms could be considered data centers due to their functions of managing information technology (IT). Sometimes these are referred to on-premises server rooms, edge or micro facilities, colocation facilities, among other possible names or descriptions. For this reason, instead of attempting to regulate data centers strictly by specific definitions, staff is proposing using a broad definition and simply limiting the size of any data center that is on-premise (accessory to an office use, for example) to 5,000 sf, and creating a ban on data centers as a stand-alone land use.

2) Relevant Comprehensive Plan Objectives

The City's 2024 Comprehensive Plan contains objectives and policies that serve to guide any proposed code amendment. Related to economic development and future development, the Comp Plan provides guidance as follows:

Vision Statement related to sustainable development, page 20:

Our clean water, air quality, dark skies, and other natural resources should be safeguarded.

Utilities and Infrastructure Chapter, page 91:

Goal 1: Utilities and Infrastructure

Policy A: Assure city infrastructure has sufficient capacity to meet the community's long-term needs.

Jobs & Economic Development Chapter, page 107:

Goal 1: Economic Health

Policy D: Target businesses and industries that enrich the tax base, provide high-quality jobs, deliver needed and unique services to residents, create few off-site impacts, and demonstrate a commitment to place.

Natural Resources and Hazards Chapter, page 128:

Goal 2: Water Resources

Policy D: Reduces sources of water pollution by requiring best management practices in site design.

Policy F: Promote and incentivize water conservation

In addition, the Com Plan Appendix A (Implementation Table) page 1 and page 4 refer to two specific implementation efforts related to zoning code updates and water resource consumption:

- Review and update regulations to balance comprehensive plan goals and objectives, including Title 9 Zoning, Title 10 Subdivision, and Title 11 Development Regulations.
- Reduce water consumption community wide through education and incentives

3) Overview of Proposed Amendments

The following is a summary of the proposed amendments to Title 9, Chapter 1 General Provisions:

1) The following definition has been added to the Zoning Code in Title 9, Chapter 1, Section 3 Definitions:

Data Center: A data center is a centralized physical facility that houses information technology (IT) infrastructure—such as servers, storage systems, and networking equipment—to process, store, and distribute digital information.

The following is a summary of the proposed amendments to Title 9, Chapter 3 Industrial Zoning Districts:

- 1) SCC 9-3-1 Description of Industrial Zoning Districts is amended to remove reference to Data Centers in the description of the Industrial Technology Park (ITP) zoning district;
- 2) Table 1 of Title 9, Chapter 3 is amended to include identifying data centers as both stand-alone facilities/land use, and as a portion of another building or facility. The draft code language would prohibit data centers as a stand-alone facility/land use in any industrial zone, whereas currently data centers are permitted in both the Industrial Business Park zone and the Industrial Tech Park zone, and are currently prohibited solely in the Industrial General zone;
- 3) Table 1 is further amended to identify data centers as a potential component of building or facility and introduces a size limit of a maximum 5,000 sf for any data center located in building or facility (for example, as part of another business such as an office).

The public noticing for this proposed ordinance occurred in accordance with SCC. Accordingly, it is anticipated a public hearing will be noticed for September 16, 2026 before the City Council to evaluate those proposed amendments.

4) Data Centers Code Amendment History

July 15, 2026	City Council directs staff to prepare an ordinance amending City Zoning Code to prohibit large data centers
August 18, 2026	Planning and Zoning Commission required public hearing on proposed zoning code amendment language defining data centers, prohibiting them as standalone land uses, and regulating them as components of other facilities or buildings.
September 16, 2026	City Council required public hearing on proposed zoning code amendment language defining data centers, prohibiting them as standalone land uses, and regulating them as components of other facilities or buildings.
Week of September 21, 2026	Ordinance effective date after publishing summary in newspaper (if Council votes in the affirmative to adopt new code language).

5) Planning Commission Action

On legislative matters, including rulemaking such as amendments to the zoning ordinance, the Planning and Zoning Commission act in an advisory capacity to the City Council. Following a brief staff report and clarifying questions from the Planning and Zoning Commission, a public hearing was conducted and testimony taken from three speakers present in the audience and one remotely via Zoom. The Planning and Zoning Commissioners expressed concern that the ordinance banning data centers was too restrictive and that without knowing more about weighing the benefits versus the concerns of data center development, even at a small scale, a ban was not advisable. In keeping with their deliberations, the Planning and Zoning Commission unanimously recommended to City Council denial of the proposed code amendment banning data centers as drafted.

6) City Council Options

On legislative matters, including rulemaking such as amendments to the zoning ordinance, City Council is the sole and final authority. After conducting a public hearing, taking testimony, and deliberating City Council

has the following options as relates to the proposed code amendment:

- 1) Adopt the amendments as written;
- 2) Introduce revisions to the draft code amendment and adopt the revised code language;
- 3) Direct staff to revise the code amendment and return to the Planning and Zoning Commission before taking action;
- 4) Deny the amendments.

7) Attachments

- 1) Draft code amendments to Sandpoint City Code, Title 9, Chapters 1 and 3
- 2) City Zoning Map