



Council Agenda Report

From: Warren Frace, Community Development Director

Subject: Approval of Operating Memorandum No. 2 of the Olsen-South Chandler Ranch Specific Plan Development Agreement – Allowing for All Electric Subdivision Tract Improvements

CEQA Determination: The City finds that this action was analyzed as part of the Olsen–South Chandler Specific Plan Final Environmental Impact Report SCH#2019011065 and is consistent with Mitigation Monitoring and Reporting Program.

Date: September 16, 2025

Facts

1. On [February 20, 2020](#), the Olsen–South Chandler Specific Plan (OSCSP) and Environmental Impact Report (EIR) were approved by City Council.
2. Increasing the supply of both single-family residential (SFR) and multi-family residential (MFR) housing production is one of the [City Council Adopted Goals for Fiscal Years 2024-2026](#).
3. The OSCSP allows 1,293 SFR and MFR residential units to be built consistent with the EIR’s Mitigation Monitoring and Reporting Program (MMRP), which requires project impacts to be mitigated to a level of less than significant, including off-site traffic impact.
4. On February 21, 2023, the City Council authorized the City Manager to execute Development Agreement Operating Memo No. 1. which provided an alternative timing trigger for both off-site traffic improvements and public park improvements; it did not alleviate the improvements from being installed, only changing the timing when they must be installed.
5. On August 6, 2024, the City Council authorized the City Manager to execute Development Agreement Operating Memo No. 1, Amendment 1, to allow additional time to complete off-site public improvements.
6. The Olsen – South Chandler Specific Plan Conditions of Approval and Development Agreement both require installation of public improvements and utilities in all subdivision tracts; which has always been interpreted to include the installation of natural gas infrastructure.
7. On May 20, 2025, Trumark Homes, submitted a request for an Operating Memo to install all electric subdivision tract improvements, without natural gas infrastructure, in Planning Areas (PA) 3, 8, 11 and 12 of the Olsen – South Chandler Specific Plan.
8. The City Manager is authorized to approve Operating Memos but is seeking City Council concurrence, since “all electric” tract improvements and home construction reflects a change from past City practice.
9. On July 15, 2025 the City Council pulled this item from the Consent Calendar and directed staff to re-agendize for discussion with additional information.

Community Outreach

The OSCSP included a robust public outreach process including a weeklong public charrette, a 45-day public EIR circulation and public hearing at both Planning Commission and City Council.

Options

1. Take no action;
2. Authorize the City Manager to execute Olsen–South Chandler Specific Plan Development Agreement Operating Memo No. 2;
3. Provide alternative direction.

Analysis and Conclusions

The City’s Climate Action Plan and the California Building Code both promote the use of all-electric appliances and mechanical systems in new residential construction, in place of natural gas. In alignment with these policies, Trumark Homes is proposing to build all-electric homes within their portion of the Olsen – South Chandler Specific Plan area.

As a result, Trumark is requesting to forgo the installation of natural gas infrastructure within their subdivision, since it would not be used. While this request supports City and State greenhouse gas reduction goals, both the South Chandler Specific Plan Conditions of Approval and the Development Agreement currently require the installation of all public improvements and utilities, including natural gas, in subdivision tracts. Historically, natural gas has been treated as a standard public improvement in all City subdivisions.

City staff supports the request, as it facilitates the development of new housing and maintains consumer choice, since buyers will continue to have the option to purchase homes with traditional gas infrastructure elsewhere within the same Specific Plan area. However, because this represents a departure from established City practice, the City Manager is seeking City Council concurrence before authorizing this Operating Memo.

At the July 15, 2025 City Council meeting the Council continued this item and requested the following additional information:

1. What happens to heating during power outages?

- a. Since the houses are all-electric, they will have electric heat pumps rather than gas furnaces to provide heat. During a power outage, the heat pumps will not work, but neither will gas furnaces which require electrical controllers and electric fans. The houses will have solar panels, allowing the heat pumps to operate when sunny. Trumark will offer battery back-ups as an option that buyers could purchase to provide power during outages.

2. Is there a financial penalty for installing natural gas infrastructure?

- a. Yes. Historically in California, a discount for the cost of installing electrical services in a subdivision tract was provided to the developer. In 2024 the California Public Utilities Commission (CPUC) removed this discount for “dual fuel” (both gas and electric infrastructure) tract improvements. This means if a developer installs natural gas, they also have to pay the full cost of the electrical service installation. This likely increases the cost of installing utilities by 50%±.

3. Will a battery back-up be provided?

- a. Trumark will provide a buyer option to purchase a battery back-up system in the house, but it will not be a standard feature.

4. Does PG&E have capacity to serve an all-electric tract?

- a. Yes, PG&E has adequate capacity to serve Trumark’s proposed 158 all-electric single-family residential homes. PG&E is currently upgrading the power transmission grid for the greater Paso Robles area, including a new substation on Union Road and a new 70KV circuit around the north of Paso Robles to reinforce the current 70KV circuit along River Road. These improvements will provide additional capacity for the growth of Paso Robles and San Miguel.

5. What gas infrastructure would be installed in the streets?

- a. Natural gas mains have already been installed in all the backbone arterial and collector streets in Phase 1 of the Olsen – South Chandler Specific Plan. All of Trumark’s subdivision tracts have gas mains along the frontage roads. Trumark is requesting that the local streets within the subdivision tract, not be required to install gas mains, since the houses will not be connected to natural gas services.

Fiscal Impact

There are no new fiscal impacts approving the Operating Memo No. 2.

CEQA Determination

The Olsen–South Chandler Specific Plan and Development Agreement were analyzed as part of the Olsen–South Chandler Specific Plan Final Environmental Impact Report SCH#2019011065. The requested Operating Memo timing triggers have been analyzed by Central Coast Transportation Consulting and determined to be consistent with Mitigation Monitoring and Reporting Program. Therefore, the Operating Memo is consistent with the EIR. As such, no additional CEQA review is required.

Recommendation (Option 2)

Approve Resolution 25-XXX authorizing the City Manager to execute Olsen–South Chandler Specific Plan Development Agreement Operating Memo No. 2.

Attachments

1. Trumark Homes Operating Memo Request Letter 2025-05-20
2. Olsen – South Chandler Specific Plan Phasing Map
3. Resolution 25-XXX – Authorizing Execution of OSCSP Olsen 212 Operating Memo 2
 - a. Exhibit A – Resolution 24-092-OSCSP Amendment 1 Olsen 212 DA Operating Memo 1
 - b. Exhibit B – OSCSP Olsen 212 DA Operating Memo 2