

BAYSHORE SANITARY DISTRICT  
36 Industrial Way, Brisbane, CA 94005

MINUTES  
Meeting of March 26, 2026

---

**Opening of Meeting and Roll Call:**

The meeting was called to order at 7:04 P.M. by President Gallagher

Present: Constantino, Gallagher, Sy, Tonna  
Absent: Director Rizzi  
Staff: District Clerk Landi, Maintenance Director Landi, Counsel Mog, and Engineer Yeager  
Also: Felix Oviawe, Murgreen Environmental

**Oral and Written Communications:** (Concerning matters not on the Agenda; no action will be taken nor will extended discussion be permitted.)

- (1) Communications from members of the public: None
- (2) Communications from members of the District Board and Staff: Engineer Yeager received communications from SFPUC late 3/25. It is a proposal to resolve the double – billing issue. We will add this to the April agenda for formal discussion.
- (3) Acknowledgment of recent communications to the District: None

**Consent Agenda:** *(Any member of the Board or the public can request that an item be removed from the Consent Agenda. If there are no objections all items are voted upon by one motion.)*

- (4) Minutes of the February 26, 2026 meeting
- (5) Payment authorization for bills and compensation
- (6) Accept February, 2026 report on District's current financial status
- (7) Accept February, 2026 checking and LAIF account reconciliations

A motion was made by Director Constantino, seconded by Director Sy and passed by voice vote to approve items 4 – 7

**Board Reports** – consideration of matters relating to:

- (8) President Gallagher
  - (a) LAFCo – No report
  - (b) CSDA – Local Chapter: A Zoom meeting was held on 3/18/26 but the Agenda was distributed last minute so no one was able to attend.
- (9) Daly City: No report
- (10) Brisbane: No report

(11) Final Audit Review from Fechter & Co. for FY 24/25: Audit was included in February packets. President Gallagher reiterated that all adjusted journal entries were made accordingly. No questions or concerns from the Board regarding the audit.

**Staff Reports:**

(11) Maintenance Director – consideration of matters relating to:

(a) Monthly report on District operations and maintenance: Everyone has a copy of the monthly report. You can see that pump #1 ran a total of 55.6 hours in February because there was a packing gland problem with pump #4. Pump #4 was off-line for 14 days while we were waiting for parts to fix the problem; pump #1 took over. The issue has been resolved. Phase 2 of Midway Village is near completion. Phase 3 will include over 100 single family homes and a park with access from Schwerin Street.

(12) District Engineer – consideration of matters relating to:

(a) February Meter Reading Data: Average daily flow in February was 294,275 gallons. There was 6.72 inches of rain in February.

(b) Capacity Entitlement Fees: Engineer Yeager received updated meter reading data for Mt. Vernon Baptist Church. The data shows a dramatic drop in water usage from last year. Clerk Landi reached out to Mt. Vernon Baptist and was told they had a leaky toilet for a week, but that they needed to get more information from their handyman. The Clerk has not heard back from anyone at the church and has been unsuccessful reaching them.

Engineer Yeager has received additional water usage data from the SFPUC for Abbey Rentals. Their water usage has decreased by 187.2 units from the prior year. Engineer Yeager spoke to the Manager and no explanation was provided for the increased water usage. He recommends reevaluating the water usage for the year for both Mt. Vernon Baptist Church and Abbey Rentals, vs. billing on the tax roll.

(c) IIG Bayshore Blvd. : There is 265 feet of cabling that is still being installed. The Maintenance Director has marked BSD assets in the field and there are no conflicts.

(d) PG&E: They have submitted revised plans, but they are still not acceptable as they do not show the location of existing sewers. Engineer Yeager has submitted his comments to Daly City.

(e) Midway Village: Plans have been submitted for the utilities serving Phase 3 but Engineer Yeager was unable to read what was sent. It was a conceptual drawing that didn't really show the utilities, but did show phase three structures. This item will be on-going.

(f) SFPUC Wastewater Utility Budget: Engineer Yeager provided a separate memo in addition to his monthly report. When projections were first made for the sewer service charge for next year, he only had the old 10-year financial plan. It showed an 8% increase in expenses for the next two fiscal years. He has since received an updated plan indicating a 15% increase for this year and 14.5% for the next year. In subsequent communications with Matt Frieberg provided a detailed rate model for FY 2026/27. That model showed an increase in allocated costs of 11.9%,; however, BSD's charge increased by 27.6%. Engineer Yeager was shocked at the increase and provided an analysis of why it's so high. It comes down to how exclusions are handled and how things were deferred during COVID. Costs are also being shifted from revenue funded to debt service.

(g) SFPUC Contract Negotiations: Counsel Mog prepared a response for President Gallagher's signature regarding upcoming. The Engineer Yeager anticipated a response prior to

the March Board meeting but none was received. The process for excluding projects from the BSD rate base needs to be evaluated as the exclusions are one of the few areas where BSD allowable costs are addressed. Currently projects with sewer lines less than 36 inches in diameter are excluded. This is included in the 2013 contract but a simple carryover from prior contracts is no longer appropriate.

(h) Upcoming Rate Increase: Based on a summary of the model, if the Board went with a 15% rate increase in this fiscal year, the annual cost would increase to \$1,275.94 per year. Next year, the cost would rise to \$1,471.12. If it was a 27.5% increase, the rate increase for this year would be the same as for the 15%, but the 15% increase also generates another \$100,000 that would go into reserves. For the 27.5% increase, the annual charge to your customers would jump to \$1,868.90 raising the rate up by \$800 over two years. There was extensive discussion regarding the flawed rate model SFPUC is basing the increase on, and different options for rate increases and the financial impact to constituents. Engineer Yeager reached out to Matt Frieberg who responded acknowledging that the exclusions are an issue, as are issues with flow. Flow doesn't change that much. It is the excluded cost approach in the overall rate making process in the current system that is unnecessarily cumbersome and makes it hard to plan around. Not much can be done about that until BSD has an updated contract. The delays in implementing a new contract fall squarely on the SFPUC. A year ago, they first notified BSD that they were going to start negotiations, and now they're starting all over. They wasted that whole period when something could have been accomplished. Engineer Yeager suggests having a special board meeting, or a sub-committee meeting to review these proposed rates in detail before we finalize the Prop 218 notice. He also believes we should contact Brisbane to see how their SFPUC negotiations are progressing. BSD will also escalate higher up in the SFPUC system; to the General Manager of the Wastewater Enterprise and/or General Manager of the SFPUC regarding stalled contract negotiations and the need for an urgent meeting to discuss the 27.5% rate increase.

(i) Ordinance Revisions: A new classification for laundromats will be added. Current classifications include industrial and restaurants. We will need to indicate the loading factor for laundromats. Right now, we charge residential units either the total volume of water used during a year, or twice the dry weather flow. For apartments and units that have dedicated irrigation systems, Engineer Yeager wants them charged based on the total annual usage. This does not change the rate formula, rather we're no longer treating an apartment like a single-family home.

(13) District Counsel – consideration of matters relating to:

(a) Unused Permit Refunds: On occasion the Clerk does not have the proper information to issue a permit refund. In the event that a check is not cashed, or we are unable to reach a customer, State law requires us to publish an ad in the newspaper for 2-3 years in an attempt to locate the customer. Counsel Mog will get additional information on this.

(b) Murgreen Scope for Maintenance Director: Murgreen, Maintenance Director Landi and Engineer Yeager will meet to discuss the Maintenance Director scope, and what tasks/duties are necessary on the proposed amendment provided to the Board by Murgreen in December, 2025. Once the scope has been determined, Counsel Mog will amend the Murgreen contracts.

(14) District Clerk – consideration of matters relating to:

(a) Prop 218 style notice for rate increase: A draft notice was provided to the Board and staff. Updates such as loading factors and percentages will be made when rate increase is determined.

(b) Signatory changes for Tri Counties & On-line bill pay & ACH payment process: Signatory changes are complete. The Clerk is working with the Treasury Department of TriCounties to get bill-pay and ACH payment portal implemented.

(c) CSDA leadership conference in July: Information was provided to the Board for the 2026 conference. The July conference is being held in San Rafael at the Embassy Suites. Director Constantino has attended the CSDA leadership conference in the past. Director Sy expressed interest and will let the Board know if she decides to attend.

(d) Reminder for any Board members that have not completed their required Ethics AB 1234 Compliance Training: Please forward your certificate of completion to the Clerk. Board members are also over-due to recertify for Sexual Harassment training, which is also offered in CSDA's virtual online webinar library. The link was emailed to all Board members on March 10. Please reach out to Clerk Valerie with any questions.

**Old Business:**

(15) Succession Planning: President Gallagher is not running for re-election this year. We will have an open seat on the Board of Directors to fill. It would be great if we could find an interested party that lives in older, established neighborhood of the District. Clerk Landi suggested posting on NextDoor to spread the word. We will include a flyer with the Prop. 218 notice informing constituents of the opening.

**New Business:**

(16) Election of officers for 2026 – continued to April 23, 2026 meeting

(17) Reports on other matters: None

Before adjourning the meeting, there was a moment of silence in memory of Phyllis Rizzi. The Board and Staff's thoughts are with Director Norman Rizzi.

**Adjournment:** President Gallagher adjourned the meeting at 9:02 P.M.

Submitted by Valerie Landi