

BAYSHORE SANITARY DISTRICT

MINUTES

Regular Meeting of June 25, 2026 at **6:00 P.M.**
36 Industrial Way, Brisbane, CA 94005

Opening of Meeting and Roll Call:

The meeting was called to order at 6:05 P.M.

Present: Constantino, Gallagher, Rizzi, Sy, Tonna

Absent: None

Staff: District Clerk Landi, Counsel Mog, Maintenance Director Landi, Engineer Yeager, and Felix Oviawe from Murgreen Environmental

(1) Budget Workshop

Discussion of the FY 2026-27 budget began with revenue projections. The District Engineer provided information on the estimated Permit Fee, Sewer Service Charge and Connection/Capacity fees. As is the case for most years the amount of Property Taxes is uncertain and to a significant degree dependent on the sell down of assets in the former Brisbane and Daly City redevelopment districts. Property Tax revenue has increased. Account 6104 – Interest, has decreased as a result of the current economic environment.

Discussion moved on to expenditures for 2026-27 beginning with Contractual Services. 7001 Inspections was increased to \$25,000 to accommodate oversight requirements for the Cormorant project. Account 7008 went over budget due to three hot spot cleanings performed during the fiscal year. Hot Spot cleanings will get back to the regular bi-annual schedule moving forward. There was a discussion regarding what account to allocate funds for continued engagement with CSMS. Special Services seems most appropriate. The San Francisco contract is set at \$1,987,900 which accounts for a 17.4% increase. Funds were budgeted for Account 7010 – Election Expenses since we will have an election of 2 directors this fiscal year. Additional funds were allocated for Account 7114 to account for the additional duties the Clerk has assumed. Most of the other expenditure accounts will be relatively stable for the next fiscal year.

The FY 2026-27 budget will include 4 categories under Capital Improvements totaling \$80,000.00. A new item of Security Enhancements was added to CIP for additional video and secured gate & entryway.

There could be some minor changes prior to adoption of the budget at the July 16th meeting but as of this workshop the total annual budget is \$2,876,000.00.

The meeting was recessed at 7:38 P.M. for a meal break and reconvened at 8:17 P.M.

(2) Proposition 218 Public Hearing:

(a) Introduction by District Counsel- Counsel Mog reviewed the Prop. 218 notice that was sent to constituents explaining the rate increase and process for submitting a protest.

(b) President opens Public Hearing: President Tonna acknowledged Engineer Yeager's preparedness and expressed gratitude to the Clerk and everyone involved in the Prop. 218 hearing process.

(c) District Engineer – Engineer Yeager provided a 3-page handout including a district map, sewer rate analysis of neighboring cities and a calculation explaining the proposed increase of

(d) Comments from the audience - A single written protest was received from 1 resident who cited financial hardship. The hardship did not constitute a majority to halt the proceedings. No members of the public were present to take public comment from.

(e) Close Public Hearing – the public hearing was closed with no public attendance or comments.

(f) A motion was made by Director Gallagher to adopt Ordinance No. 110, Amending the Bayshore Sanitary District Code Regarding Rates, Fees, and Permits. The ordinance implements the new rate structure over a 2-year cycle. The ordinance was seconded by Director Constantino and approved by roll call vote.

AYES, and in favor thereof, Directors: Constantino, Gallagher, Rizzi, Sy, Tonna

NOES, Directors: None

ABSTAIN, Directors: None

ABSENT, Directors: None

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

(3) Communications from members of the public: None

(4) Communications from members of the District Board and Staff: Director Gallagher brought a flyer in regarding smoke testing that is taking place in Brisbane this week.

(5) 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.)*

(6) Minutes of the June 4, 2026 special meeting

(7) Payment authorization for bills and compensation

(8) Accept May, 2026 report on District's current financial status

(9) Accept May, 2026 checking and LAIF account reconciliations

A motion was made by Director Gallagher, seconded by Director Sy and passed by voice vote to approve items 6 – 9.

Board Reports – consideration of matters relating to:

- (10) President Tonna
 - (a) LAFCo – No Report
 - (b) CSDA – There was a CSDA Chapter meeting on 6/3 but Director Gallagher was unable to attend. Director Gallagher and Maintenance Director Landi will handle banking changes down on the Coast.
- (11) Daly City: No Report
- (12) Brisbane: No Report

Staff Reports:

- (13) Maintenance Director – consideration of matters relating to:
 - (a) Monthly report on District operations and maintenance:
Total pump operating hours (May) – Carlyle Station

<u>No. 1</u>	<u>No. 2</u>	<u>No. 3</u>	<u>No. 4</u>
20.2	18.1	18.9	19.6

Maintenance Director Landi met with Devcon regarding Midway Village groundwater discharge. Midway Village project has greatly progressed; the buildings are right up to the sidewalk.

Replaced packing on the #3 pump, which is a standard maintenance procedure. Depending on the wear and tear, they usually last almost a year. The packing is adjusted daily when I check the packing gland adjustments on the pumps. The pumps are in great condition overall.

- (14) District Engineer – consideration of matters relating to:
 - (a) May meter reading data- The average daily flow in May 2026 was 267,698 gallons. There was 0.65 inches of rain in May.
 - (b) Brisbane Baylands- The Final EIR and the Baylands Specific Plan have been released and are available at: <https://www.brisbaneca.gov/774/2026-Final-EIR>. There is a public hearing on June 25th and the public comment period will close on September 3rd. I have not reviewed these documents in detail since our previous meeting but will do so prior to the July meeting. Working with Clerk Landi on the data entry worked out well as we were able to perform QA/QC in parallel.
 - (c) 2026 Sewer Service Charges – The draft sewer service report is attached to Engineer Yeager’s report. The total anticipated revenue is \$1,935,960.78 compared to \$1,643,886.37 last year, which is approximately a 15% increase. There are still some adjustments that need to be made after July 1st pending data from the Brisbane Landfill and San Francisco. The final report will be presented at the July meeting.
 - (d) Various Cabling Projects – There is only one ongoing cabling project underway within the Bayshore Sanitary District, the PG&E project along Bayshore Boulevard.
 - (e) Cormorant Electric Transmission Line – Engineer Yeager reports that this project could be very problematic. This is a proposed electric transmission line from the battery storage facility down Martin, then down Schwerin, and into the PG&E’s Martin Service Center. A very contentious conference call took place on June 18th with Daly City, the project sponsor, their engineers, and Engineer Yeager. Especially from Daly

City's standpoint. Jeff Bastian, thought it was going to be trenchless. And it's now going to be an open trench with two trenches going down those two streets. They're proposing the main trench is going to be up to 25 feet deep. I don't know how they physically can construct it as there's groundwater issues, there's soil issues, and they're crossing our sewer line and our laterals. They haven't provided any detail of how they're going to protect our facilities during construction or after construction. They have submitted plans, and we have many comments on them. And Daly City's made comments on them. And they'll have to come back for the notice of the drawings. Engineer Yeager will request additional funds for the Cormorant deposit account.

(f) Capacity Entitlement – There are two accounts that exceeded their permitted capacity last year. Mount Vernon Baptist Church and the other one was Abbey Rents. We discussed Mount Vernon Baptist last year and the consensus was since they didn't exceed their capacity this year, that the existing invoice for \$4,116 dollars should be rescinded. Counsel Mog said that could be done by a motion. A motion was made by Director Gallagher, seconded by Director Constantino and approved by voice vote to rescind the invoice to Mt. Vernon Baptist church for excess capacity. Engineer Yeager will coordinate with Clerk Landi Write letter to write the letter to the church. Abbey Rentals had a capacity charge of \$11,466. President Tonna asked how much capacity have they purchased over time. Because I said, "Well, they have purchased significant capacity over time. " I looked through the records. Their original capacity entitlement back in 1998 was for 523 gallons per day. They have purchased additional capacity for a total of 1,553 gallons per day, and the total cost of that additional capacity is approximately \$25,000, and they've paid all of that. Last year, they exceeded their capacity for the previous year. the previous year by an additional 535 gallons per day. The capacity charge would be \$11,466 dollars, but I didn't invoice that. This year, they have used less than their permitted entitlement. So, last year was a peak. This year, they're back to their normal operation. How does the board wish to proceed? Director Gallagher explained her thoughts to the Board; Capacity charge is you're buying something that you're going to use in the future. Abby Rents did that which was a one-time thing. I think if they're back to normal usage now, they've already paid for that. I think at this point, they've already paid for it and they've used it so my thought is that we shouldn't bill them this time. The full Board agrees with this so Engineer Yeager will write a letter putting them on notice of the decision and if they exceed in the future, they will be charged accordingly.

(g) SFPUC Duplicate Billing – Postponing discussion to the July 16th meeting

(h) SFPUC Contract Negotiations- Engineer Yeager, President Tonna, Maintenance Director Landi, and Counsel Mog had a meeting on June 3rd with representatives of the SFPUC at the CPS. They provided an updated schedule of how they would like to see the project go forward. They want to finalize the term sheet and the model prior to November 1st. Then the documents would go through a legal review for two more months, then it would go on to the bureaucracy of the SFPUC for final approval. The question is, how does the Board move forward for the next two or three months and what are the critical steps? The last email I got from Matt, which was last week, SFPUC has met with Daly City, but they have not met with Brisbane yet. They are taking into consideration my thought of including capital costs rather than excluding. Preparing an updated Term Sheet in July, and updating of the proposed model based on the FY 2026-27 budget, which is a critical item as Engineer Yeager does not know the cost implications of what the SFPUC is proposing.

(15) District Counsel – consideration of matters relating to: None

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

(a) San Mateo County election instruction materials and Resolution 2026-01;
A Resolution Calling for the Election of Two Members of the Governing

Board

in the November, 2026 Election. A motion was made by Director Gallagher and seconded by Director Constantino and approved by roll call vote.

AYES, and in favor thereof, Directors: Constantino, Gallagher, Rizzi, Sy, Tonna

NOES, Directors: None

ABSTAIN, Directors: None

ABSENT, Directors: None

(b) Upgrade Financial Software to Quickbooks Pro – This version has a dedicated support team, a Budget function that will be very useful for future reporting and Budget workshops, and may have a workable payroll option allowing the Board to move away from ADP. A motion was made by Director Gallagher to upgrade to Quickbooks Pro. The motion was seconded by Director Constantino and approved by voice vote. Clerk Landi will process the upgrade via the district's credit card.

Old Business:

(17) Succession Planning -

(a) Approval of Amendment to Agreement with Murgreen for CPS Services – Counsel Mog explained this is an amendment to the existing agreement with Murgreen for the pump station. There's a section that says Murgreen can't start the maintenance services at the pump station until the Board authorizes you to do it in writing. So, the first thing the agreement says is Murgreen can commence those services July 1st, 2026. It also increases the amount of the contract by CPI by 3.8% which is a total of \$85,902. It's the same scope of work but language has been added to say that Felix will be here a minimum requirement of four hours a day in-person Monday, Wednesday, and Friday. If a holiday falls on a Monday or Friday, he'll come on a Tuesday or an alternate day. On the days he's not onsite in person, he'll still be checking and monitoring the SCADA system remotely. There can be temporary changes to lists as approved by the president and maybe some vacation on a Friday or July 4th. Murgreen will also perform regular routine maintenance of the pump station including landscaping. Other than that, the agreement is the exact same as what the Board approved in January, 2025. Maintenance Director Landi questioned why the cost of the CPS agreement remains at \$67,600 annually when Murgreen is only checking the pump station three days per week, versus the five days per week in the original agreement. He disagrees with the cost and has concerns regarding not having the pump station staffed five-days per week as it has been for the past five plus decades. Maintenance Director Landi asked Felix from Murgreen how many full-time employees he has to which Felix responded "None of your business, this is just you sidetracking again". The conversation became confrontational and President Tonna requested it to cease. A motion was made by Director Gallagher to approve the Murgreen amendment. The motion was seconded by Director Constantino and approved by voice vote.

(b) Approval of Supplementary Engagement with CSMS: President Tonna stated “I think we’ve already covered it; Rich made this easy for me”. During the Budget workshop a document was brought up that outlined paying Maintenance Director Landi \$1,200 per month. The document was drafted by Counsel Mog and emailed to Clerk Landi yesterday, therefore it was not included in the Director’s packets for prior review. The full Board did not discuss scope of duties, or what the \$1,200 would cover. Director Gallagher asked why the Supplementary Engagement was just handed out prior to the meeting and where did the disparity in pay come in? Maintenance Director Landi had a counter-offer of \$1,800 per month which was a surprise to President Tonna. “We had already discussed this. If I remember, I think the attorney was in the room too, and this all kind of comes together with Felix coming on board and what becomes of Rich. I didn’t want Rich to just go away cold turkey, and I really want him to be available to myself and Felix as questions arise. I even remember discussing \$1,200. I thought we had an agreement. Now, all of a sudden, a month later, we don’t.” Clerk Landi interjected as she was present that day the topic came up. Clerk Landi explained that it was not an extensive discussion nor was an agreement made. She clarified that Counsel Mog was not present at this particular meeting. President Tonna did mention a stipend of \$1,200 per month, but the context of the conversation was more focused on the long-term success of the CPS, rather than compensation for Maintenance Director Landi to continue in an advisory capacity. Clerk Landi cited that the full Board was not privy to this conversation and the details of continued engagement with CSMS had not been discussed with the full Board. Director Gallagher expressed her concern about having Maintenance Director Landi present at CPS on the days that Murgreen is not. The SCADA system is nice, but a physical presence would be good so he can oversee things, and perhaps continue to do inspections on the ongoing projects. Counsel Mog stated that it’s up to the Board to decide what role Rich would serve because there are very valid opinions about the other days. Would this be temporary, or for what amount of time? Felix from Murgreen stated that his expectation is that he’s a consultant and he’s providing a service to the Board. He thinks he’s passed the stage where he needs that level of supervision. His expectation is July 1st; he’s in charge and responsible for the service calls and everything that happens with the CPS. He does need another person telling him what to do, or what not to do. President Tonna asked Maintenance Director Landi how long he wants to stay. Maintenance Director Landi stated this will be his last meeting as the Board should have ironed out these details prior to now. The meeting became tense and ended abruptly.

New Business:

(18) Reports on other matters: no action will be taken – None

The meeting was adjourned at 9:53 P.M. The next meeting is July 16th.

Submitted by Valerie Landi

Ken Tonna, Vice President

Linda Sy, Secretary