



Memorandum

TO: HONORABLE MAYOR
AND CITY COUNCIL

FROM: Jeffrey Provenzano
Jim Shannon

SUBJECT: See Below

DATE: October 14, 2025

Approved

Date:

10/23/2025

COUNCIL DISTRICT: Citywide

SUBJECT: Master Service Agreement with SCI Consulting Group to Perform Funding and Revenue Analysis of the City's Stormwater Program

RECOMMENDATION

- (a) Adopt a resolution authorizing the City Manager or her designee to negotiate and execute a Master Service Agreement with SCI Consulting Group from the date of execution through December 31, 2027, for an amount not to exceed \$1,000,000.
- (b) Adopt the following 2025-2026 Appropriation Ordinance amendments in the Storm Sewer Operating Fund:
 - (1) Decrease the Polychlorinated Biphenyls Settlement Reserve by \$1,000,000; and
 - (2) Increase the Non/Personal Equipment appropriation to the Environmental Services Department by \$1,000,000.

SUMMARY AND OUTCOME

Approval of a master service agreement with SCI Consulting Group will allow the City of San José (City) to assess the near and long-term funding needs to operate the City's storm sewer system, assess the range and viability of revenue alternatives, and develop an implementation strategy to more sustainably align the revenue with stormwater program costs.

BACKGROUND

The City operates its storm sewer system under the Municipal Regional National Pollutant Discharge Elimination System Permit (Stormwater Permit) issued by the San Francisco Bay Regional Water Quality Control Board. The Stormwater Permit specifies

actions necessary to prohibit non-stormwater discharges from entering the municipal storm sewer system and waterways to protect local creeks and the San Francisco Bay.

These regulatory requirements, as well as the ongoing operations, maintenance, and capital improvements of the storm sewer system, are primarily funded by the Storm Sewer Service Charge (SSSC) paid by property owners. Other funding sources include federal and state grants, the Public Safety and Infrastructure Bond Fund, and the General Fund, when and where appropriate.

The costs to comply with the Stormwater Permit are significant, which has been documented in the recent Stormwater Management Annual Report.¹ Operations and maintenance costs continue to grow as trash capture devices are added and additional mitigation efforts for pollutants, including trash, polychlorinated biphenyls, mercury, and copper are required. In addition, the City's Storm System Master Plan and the 2024 City Deferred Maintenance and Infrastructure Backlog Report² have identified significant capital improvements necessary to ensure the system remains efficient and effective. As described in the June 2025 Sanitary Sewer Service and Use Charge Rates and SSSC Rates memorandum,³ the combined expenditure needs of the operating and capital components eclipse ongoing revenues from the SSSC. The SSSC rates have remained unchanged since fiscal year 2011-2012.

The City seeks to acquire professional consulting services to assess the near and long-term funding needs to operate the City's storm sewer system, assess the range and viability of revenue alternatives, and develop an implementation strategy to more sustainably align the revenue with stormwater program costs.

ANALYSIS

On May 22, 2025, the City issued a Request for Proposals for interested firms to submit proposals to conduct a stormwater program funding analysis. Two proposals were received by the June 20, 2025 submittal deadline. Staff reviewed the written proposals and scored the firms based on categories of experience and qualifications, project approach, technical capabilities, and the City's Local and Small Business preferences. Results are listed in the following table:

¹ [Stormwater Management Annual Report 2024-2025](#)

² <https://sanjose.legistar.com/View.ashx?M=F&ID=12828173&GUID=D9051F3C-D031-4CAA-8F10-40C0865FD545> Status Report on Deferred Maintenance and Infrastructure Backlog

³ [Public Hearing on Sewer Service and Use Charge Rates and Storm Sewer Service Charge Rates](#)

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	General Requirements 10%	Experience and Qualifications 30%	Project Approach 30%	Technical Capabilities 20%	Local Business Preference 5%	Small Business Preference 5%	TOTAL
SCI Consulting Group	9	26	24	18	0	0	77
Raftelis Financial Consultants, Inc.	10	23	24	17	0	0	74

Both consultants' proposals rated well, with each demonstrating a high degree of expertise and relevant experience, resulting in very comparable total scores. Consequently, oral interviews of the two consultants were performed on August 27, 2025 to further evaluate their qualifications and fit. Following the oral interviews, the ratings were adjusted, as described in the Request for Proposals, and are shown in the following table:

	General Requirements 5%	Experience and Qualifications 20%	Project Approach 20%	Technical Capabilities 15%	Oral Interview 30%	Local Business Preference 5%	Small Business Preference 5%	FINAL TOTAL
SCI Consulting Group	5	17	16	14	26	0	0	78
Raftelis Financial Consultants, Inc.	5	15	16	13	21	0	0	70

During the subsequent oral interviews, both consultants validated their respective expertise and experience to perform the services requested; however, SCI Consulting Group differentiated itself with a clear and more concise vision and path of the work needed to accomplish the scope of services and the ability to provide consistent support to the City through the potentially two-year endeavor.

EVALUATION AND FOLLOW-UP

If the Master Service agreement is executed, staff anticipates bringing forward recommendations for the City Council's consideration in the summer of 2026. Any recommended impacts to the SSSC prior to this or any preliminary updates would be brought forward or included as part of future budget processes.

COST SUMMARY/IMPLICATIONS**1. TOTAL COST OF AGREEMENT**

Contract/Agreement Amount	\$1,000,000
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2. SOURCE OF FUNDING

This project will be funded from the partial liquidation of the Polychlorinated Biphenyls Settlement Reserve. The City of San José received \$4.5 million in settlement proceeds in the class action lawsuit entitled *City of Long Beach, et al. v. Monsanto Company, et al.* Under the settlement, which does not establish liability or fault, the proceeds received by the City are to be used as restitution and reimbursement, including for mitigation of Polychlorinated Biphenyls contamination on its "property, stormwater and/or stormwater systems." This funding may also be leveraged to secure future storm sewer funding and to address Stormwater Permit needs related to removal of trash in waterways and an alternative compliance program for development needs.

3. FISCAL IMPACT

This one-time allocation of funds for the agreement compensation will have no direct impact on ongoing operating and maintenance costs or to the General Fund.

BUDGET REFERENCE

The table below identifies the fund and appropriations to fund the recommendations as part of this memorandum.

Fund #	Appn. #	Appropriation Name	Total Appn.	Rec. Budget Action	Amount for Contract	2025-2026 Proposed Operating Budget Page*	Last Budget Action (Date, Ord. No.)
446	8789	Polychlorinated Biphenyls Settlement Reserve	\$4,516,761	(\$1,000,000)	N/A	950	6/17/2025 31230
446	0762	Non/Personal Equipment	\$3,457,527	\$1,000,000	\$1,000,000	949	6/17/2025 31230

* The 2025-2026 Adopted Operating Budget was approved on June 10, 2025 and adopted on June 17, 2025 by the City Council.

COORDINATION

This memorandum has been coordinated with the City Attorney's Office, Public Works Department and Transportation Department.

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PUBLIC OUTREACH

This memorandum will be posted on the City's Council Agenda website for the November 4, 2025 City Council meeting.

COMMISSION RECOMMENDATION AND INPUT

No commission recommendation or input is associated with this action.

CEQA

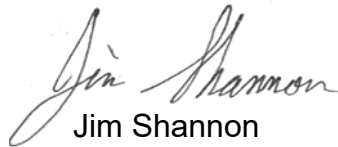
Not a Project, File No. PP17-003, Agreements/Contracts (New or Amended) resulting in no physical changes to the environment.

PUBLIC SUBSIDY REPORTING

This item does not include a public subsidy as defined in section 53083 or 53083.1 of the California Government Code or the City's Open Government Resolution.

/s/

Jeffrey Provenzano, P.E.
Director, Environmental Services Department



Jim Shannon
Budget Director

For questions, please contact Rajani Nair, Deputy Director, Environmental Services Department, at rajani.nair@sanjoseca.gov or (408) 799-7462.