



AGENDA MEMORANDUM

Action Item for the City Council Meeting February 24, 2026

DATE: February 24, 2026

TO: Peter Zaroni, City Manager

FROM: Juan Rivera, Interim Director of Asset Management
juanr7@corpuschristitx.gov
(361) 826-3273

Sergio Villasana, Director of Finance & Procurement
sergiov2@corpuschristitx.gov
(361) 826-3227

Welding Services for Asset Management, Fleet Division

CAPTION:

Motion authorizing execution of a one-year service agreement, with a one-year option, with Horacio Carrillo III dba Carrillo's Welding Services "CWS", of Corpus Christi, in an amount up to \$180,000.00, with a potential up to \$360,000.00 if the option is exercised, for as-needed welding services for the Asset Management Department's Fleet Division, with FY 2026 funding of \$124,200.00 from the Fleet Maintenance Fund.

SUMMARY:

This item is to approve a service agreement with Horacio Carrillo III, dba Carrillo's Welding Services "CWS" for as-needed welding services for Asset Management's Fleet Maintenance Division.

BACKGROUND AND PURPOSE:

Fleet Maintenance needs a certified welder to repair various city-owned Fleet equipment, including garbage trucks, dump bodies, front-end loaders, lawnmowers, and other equipment, on an as-needed basis. Fleet Maintenance staff provide minor welding requirements, but it is determined that an outside contract will best meet the needs of the department.

The previous contract was from August 2021 through August 2025, with an annual cost of \$66,110. The prior contract was from May 2019 through May 2022 and cost \$66,554 per year, but there was an overlap in the final year. The bid sheet reflected 3,000 hours as the standard-hour criterion, which was carried over from the prior bid documents. The Fleet Division projects that the actual hours needed for this contract will not exceed 1,700, resulting in an annual cost

of \$102,000. Even with the increased labor rate, staff anticipates the annual costs will remain below the \$180,000 contract limit.

Contract Date	Proposed Contract		
	2019 - 2022	2021 - 2025	2026 - 2027
Actual Hours Used	1,751	1,652	1,700
Cost Per Year	\$66,554	\$66,110	\$102,000

Not accounted in the bid tabulation is the cost of materials. Fleet purchases plates and iron used in fabrication requirements directly from third-party vendors for use by the welding contractor, thereby reducing markup costs to the City.

PROCUREMENT DETAIL:

On September 22, 2025, Finance & Procurement conducted a competitive RFB process to obtain bids. A total of 604 notifications were sent to firms via the supplier portal. The City received one responsive bid. Staff recommends the award to the lowest, responsive, and responsible bidder, the incumbent, Horacio Carrillo III, dba Carrillo's Welding Services "CWS" of Corpus Christi, Texas, for as-needed welding services. This is the third long-term contract for welding services with Carrillo's Welding Services. The City previously held a welding service contract with Carrillo's Welding Services. Their performance was positively evaluated by City staff. The contractor's hourly rate is 50%-60% lower than the hourly rates of other competitive local welding firms.

The bid amount from Carrillo's Welding Services reflects a 50% increase in the hourly labor rate, or \$20, compared to the previously solicited contract in 2021. The increase in bid amounts is attributed to supply shortages and rising economic costs for small businesses.

Contract dates			Carrillos's Welding Services (C.W.S.)		Carrillos's Welding Services (C.W.S.)		Carrillos's Welding Services (C.W.S.)		Variance Labor in \$	Variance Labor in %
			2019 -2022		2021 -2025		2026			
Description	Unit	1- Year Qty	Unit Price	Total Price	Unit Price	Total Price	Unit Price	Total Price		
Labor	HRS	3,000	\$38.00	\$114,000.00	\$40.00	\$120,000.00	\$60.00	\$180,000.00	\$ 20.00	50%

ALTERNATIVES:

The alternative is not to approve this agreement. The Fleet Division of Asset Management would need to obtain quotes for every welding job, which requires a bid period and then contract negotiation. This practice would extend repair times for equipment, leaving many departments without essential equipment. Additionally, the lack of a fixed hourly rate can lead to inconsistent pricing for welding jobs, making it difficult to estimate maintenance costs for the fleet accurately.

FISCAL IMPACT:

The FY 2026 fiscal impact is an amount up to \$124,200.00 in the Fleet Maintenance Fund. The remaining costs will be budgeted in future years during the annual budget process.

FUNDING DETAIL:

Fund:	Fleet Maintenance Fund 5110
Organization/Activity:	40170 Fleet Operations
Dept:	13
Project # (CIP Only):	N/A
Account:	530100 Vehicle repairs
Amount:	\$124,200.00

RECOMMENDATION:

Staff recommends the approval of this agreement with Carrillo's Welding Services "CWS" of Corpus Christi, Texas for Welding Services for Asset Management, as presented.

LIST OF SUPPORTING DOCUMENTS:

Service Agreement
Bid Tabulation