



AGENDA MEMORANDUM

Action Item for the City Council Meeting September 2, 2025

DATE: September 2, 2025

TO: Peter Zanoni, City Manager

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**Service Agreement for Heating, Ventilation, and Air
Conditioning Preventative Maintenance and Repairs for
the Asset Management Department**

CAPTION:

Motion authorizing the execution of a three-year service agreement, with Coastline Refrigeration and Service, of Corpus Christi, Texas, for heating, ventilation, and air conditioning preventative maintenance and repair services for City facilities, in an amount up to \$1,189,996.00, with FY 2025 funding in the amount of \$99,166.33 from the Facility Management and Maintenance Fund.

SUMMARY:

This motion will approve a three-year service agreement with Coastline Refrigeration and Service, LLC., for heating, ventilation, and air conditioning preventative maintenance and repair services for City facilities for the Asset Management Department.

BACKGROUND AND PURPOSE:

Asset Management's Facilities Maintenance Division is responsible for the maintenance and repair of 447 buildings and structures across the City organization. These service types include electrical, structural, mechanical, plumbing, and heating, ventilation and air conditioning (HVAC). Over the previous three years, Asset Management completed an annual average of 3,423 maintenance and repair work orders specific to mechanical services. Of that, more than 60% were exclusive to HVAC services.

Currently, the Asset Management Department has an HVAC team consisting of seven certified HVAC technicians and one superintendent who also carries an HVAC license. The seven certified HVAC technicians perform work across all HVAC systems in the City organization. On an annual basis, the seven certified HVAC technicians are able to complete approximately 90% of the City's HVAC service requirements when fully staffed. In order to complete the remaining 10% of the City's HVAC service requirements, Asset Management relies on an HVAC service agreement to

supplement its internal team. The reason for this is that the HVAC service agreement provides third-party certified HVAC technicians for peak service times, times where the City experiences labor shortages, and for the completion of specialized HVAC work that requires specialized licenses, certifications, and equipment which the City's HVAC technicians do not have.

If the City were to bring the remaining 10% of HVAC work in-house, the City would have to increase funding for additional, specialized HVAC technicians, increase funding for specialized chemicals and equipment, increase vehicles and equipment for the new technicians, and increase overtime. In addition to these increases, the City would also be required to procure a modular building for the specialty storage requirements for chemicals and a crane master service agreement to support the HVAC workload that requires cranes (approximately three workorders for cranes per year).

Taking all of these findings into consideration, the fiscal impact to train, equip, and utilize City personnel to conduct full HVAC services in-house would be approximately \$1,603,698 over three years as compared to \$1,189,996 in the proposed three-year agreement. This cost would include labor, training, equipment, materials, vehicles, and liquidated damages. Furthermore, bringing all HVAC work in-house increases the risk of maintenance and repair sustainment and reliability because all labor would be dependent on City HVAC Tech availability, which has exhibited a high labor shortage over the last three years. Just as well, by relying on major HVAC repairs to be performed in-house, the Asset Management Department's mission to prioritize preventative maintenance would be hampered. Therefore, the proposed agreement is the most cost-effective and responsible solution to support the City's HVAC services.

With approval of this service agreement, Coastline Refrigeration and Service will assist the City HVAC team with up to 50 facilities but may be extended to include additional sites as needed. Coastline Refrigeration and Service will provide routine HVAC repair services, emergency HVAC repair services for immediate hazards (to life, health, safety, or to prevent equipment failure), complete specialized HVAC work that requires specialized licenses and certifications, and assist in maintaining the existing annual preventive maintenance schedule on HVAC equipment. Coastline Refrigeration and Service will also provide technical support and supplement the City's HVAC team for time-consuming or large-scale projects, especially those requiring crane work or involving major system replacements. They will also handle chilled and boiler water chemical treatment services.

As the incumbent, Coastline Refrigeration and Service has a proven track record of significant cost savings for the City. In 2024, they repaired a condemned Art Museum chiller for \$35,000, avoiding a \$500,000 replacement and \$16,000 in monthly rental fees. Coastline Refrigeration and Service's expertise extends to other local projects, including the HVAC systems for Corpus Christi Realty Management, Inc, which includes the Plains Capital Building, 1st Community Building, Bayview Tower, and San Patricio County.

Coastline Refrigeration and Service holds a "Class A" Air Conditioning and Refrigeration Contractor's license from the Texas Department of Licensing and Regulation, with endorsements for Environmental Air Conditioning and Commercial Refrigeration and Process Cooling or Heating. Importantly, Coastline Refrigeration and Service provides comprehensive HVAC services, from split systems to large chillers, including annual preventative maintenance on large scale systems outside of Asset Management's expertise. Coastline Refrigeration and Service has extensive HVAC experience in Corpus Christi, having performed HVAC work for the City since 1998.

PROCUREMENT DETAIL:

Finance & Procurement conducted a competitive Request for Bids to obtain bids for preventative maintenance and HVAC repairs. The City received three responsive, responsible bids. Staff recommends the award to the lowest, responsive, responsible bidder, Coastline Refrigeration and Service, LLC.

Below is a table that shows the bids of the top three contractors. The price comparison is between the incumbent, Coastline Refrigeration and Service, and the second lowest bidder, Texas Chiller Systems. Coastline Refrigeration and Service was the lowest bidder by 17.54%.

	Coastline Refrigeration & Service		Malek, Inc		Texas Chiller Systems		2 Lowest Bidders Price Comparison	
	Corpus Christi, Texas		Corpus Christi, Texas		Corpus Christi, Texas		Coastline vs. Texas Chiller Systems	
DESCRIPTION	UNIT PRICE	Price Total	UNIT PRICE	Price Total	UNIT PRICE	Price Total	Variance Total	Variance %
Health Department	\$195.00	\$7,020.00	\$2,017.00	\$72,612.00	\$167.00	\$6,012.00	\$1,008.00	14.36%
City Hall	\$945.00	\$34,020.00	\$3,948.00	\$142,128.00	\$700.00	\$25,200.00	\$8,820.00	25.93%
Gas Department	\$640.00	\$23,040.00	\$1,123.00	\$40,428.00	\$334.00	\$12,024.00	\$11,016.00	47.81%
Police Department	\$640.00	\$23,040.00	\$3,370.00	\$121,320.00	\$472.00	\$16,992.00	\$6,048.00	26.25%
DSD/Fire Hqrts Building	\$275.00	\$9,900.00	\$1,195.00	\$43,020.00	\$280.00	\$10,080.00	\$180.00	1.82%
Water Utilities Building	\$457.00	\$16,452.00	\$972.00	\$34,992.00	\$280.00	\$10,080.00	\$6,372.00	38.73%
La Retama Library	\$140.00	\$5,040.00	\$885.00	\$31,860.00	\$210.00	\$7,560.00	\$2,520.00	50.00%
Neyland Library	\$104.00	\$3,744.00	\$497.00	\$17,892.00	\$210.00	\$7,560.00	\$3,816.00	101.92%
McDonald Library	\$140.00	\$5,040.00	\$1,156.00	\$41,616.00	\$200.00	\$7,200.00	\$2,160.00	42.86%
HVAC Technician Normal Hours (3,000 hours) (M-F 8AM-5PM)	\$80.00	\$240,000.00	\$85.00	\$255,000.00	\$95.00	\$285,000.00	\$45,000.00	18.75%
HVAC Helper Normal Hours (3,000 hours) (M-F 8AM-5PM)	\$37.00	\$111,000.00	\$55.00	\$165,000.00	\$95.00	\$285,000.00	\$174,000.00	156.76%
HVAC Technician After Hours, Weekends and Holidays (100 hours)	\$80.00	\$8,000.00	\$23.75	\$12,375.00	\$130.00	\$13,000.00	\$5,000.00	62.50%
HVAC Technician After Hours, Weekends and Holidays (100 hours)	\$37.00	\$3,700.00	\$82.50	\$8,250.00	\$130.00	\$13,000.00	\$9,300.00	251.35%
Parts/Materials Estimated Spend		\$700,000.00		\$700,000.00		\$700,000.00		0%
3 YEAR TOTAL		\$1,189,996.00		\$1,686,493.00		\$1,398,708.00	\$208,712.00	17.54%

Coastline Refrigeration and Service, LLC. is the incumbent for preventative maintenance and heating, ventilation, and air conditioning (HVAC) repair services. The most current three-year agreement with Coastline Refrigeration and Service was for an amount up to \$1,686,033.00 and expired in June 2025. To date, \$1,499,249.21 of the \$1,686,033.00 was spent for the most recent agreement. The labor rate for technicians in the most recent three-year agreement was \$50 per hour for technicians as compared to \$80 per hour in the proposed agreement. The labor rate for helpers in the most recent agreement was \$25 per hour as compared to \$37 per hour in the proposed agreement.

Prior to executing the most recent agreement with Coastline Refrigeration and Service in 2022, Asset Management conducted a business case analysis to determine the cost effectiveness of continuing contracted HVAC services versus performing the work in-house. The results demonstrated that the City would save an average of 31% by 2025 by bringing as much HVAC work in-house as possible. To date, 32% of City savings have been realized. The study also demonstrated that not all HVAC services could be performed by City staff, so contractor work would always be needed in some capacity.

Following these findings, Asset Management added two internal HVAC positions in Fiscal Year 2023 to maximize in-house productivity and drive City cost savings. To fund the two additions, Asset Management decreased its HVAC contracting budget by \$327,927 in the expired agreement and increased its internal HVAC budget by \$139,275. Once fully staffed, the additions increased internal production by 34%. As a result, the full value of the expired contract was not realized by 2025, leading to further reductions imposed in the proposed agreement.

The proposed agreement's labor hours have been reduced by 4,000 hours (from 10,200 hours to 6,200 hours) as compared to the expired agreement. The 6,200 hours are still needed from Coastline Refrigeration and Service in large part because the contractor will provide technical support and supplement the City's HVAC team for time-consuming or large-scale projects, especially those requiring crane work or involving major system replacements. They will also handle chilled and boiler water chemical treatment services which are time-intensive and specialized services. In total, the proposed agreement's capacity has been reduced by \$496,037.00. With the proposed agreement, the City projects an estimated cost savings of 26% on HVAC services over the life of the agreement (through 2028) which reinforces the cost savings strategy of moving as much work as possible in-house.

It is important to note though that maintaining some level of general labor hours (6,200 hours) in the proposed HVAC agreement will always be pivotal to ensure there is no lapse in HVAC service, especially when emergencies arise. Contractor support for expedited services that are beyond Asset Management's capability are critical to maintain when it comes to protecting the City's capital assets and infrastructure. Therefore, the proposed agreement is the most cost-effective and responsible solution to support the City's HVAC services. Staff recommends the award to the lowest, responsive, responsible bidder, Coastline Refrigeration and Service, LLC.

ALTERNATIVES:

The alternative is not to approve this three-year service agreement and to instead have Asset Management conduct all HVAC work with City employees. However, this would require more HVAC employees than are currently staffed by the City. Also, many of the services rendered under this agreement require specific certifications that not all City HVAC employees have.

FISCAL IMPACT:

The FY 2025 fiscal impact is an amount up to \$99,166.33 from the Facilities Maintenance Services Fund. The remaining costs will be budgeted in future years during the annual budget process.

FUNDING DETAIL:

Fund:	5115	Facilities Maintenance Services
Organization/Activity:	40300	Facilities Management & Maintenance
Department #:	12	Operate City Buildings and Facilities
Project # (CIP Only):	N/A	
Account:	530215	Maintenance & Repairs-Contracted
Amount:	\$99,166.33	

RECOMMENDATION:

Staff recommends the approval of this three-year service agreement with Coastline Refrigeration and Service, LLC. of Corpus Christi, Texas, for heating, ventilation, and air conditioning preventative maintenance and repair services for Asset Management, as presented.

LIST OF SUPPORTING DOCUMENTS:

Service Agreement
Bid Tabulation