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File #: 2026-4964 **Agenda Date:** 6/24/2026 **Agenda Item No:** 6.

FROM: Robert Thompson, General Manager
Originator: Mike Dorman, Director of Engineering

SUBJECT:

CENGEN INSTRUMENT AIR COMPRESSORS REPLACEMENT AT PLANT NO. 1, PROJECT NO. FE18-06

GENERAL MANAGER'S RECOMMENDATION

RECOMMENDATION:

A. Receive and file Bid Tabulation and Recommendation for CenGen Instrument Air Compressors Replacement at Plant No. 1, Project No. FE18-06;

B. Award a Construction Contract Agreement to LEED Electric, Inc., for CenGen Instrument Air Compressors Replacement at Plant No. 1, Project No. FE18-06, for a total amount not to exceed $911,678; and

C. Approve a contingency of $91,168 (10%).

BACKGROUND

Orange County Sanitation District (OC San) owns and operates two wastewater treatment plants. Both facilities include a plant air system that supplies high-pressure air (HPA) for plant processes, tools, and chemical truck delivery systems, as well as an instrument air (IA) system that supplies compressed air for pneumatic instruments and actuators. At Plant No. 1 the Central Generation system (CenGen) supplies supplemental power to process areas in addition to standard utility power. The systems supporting CenGen operations require compressed air with reduced moisture and oil content to ensure reliable operation.

In 2016, OC San completed a master planning study to evaluate the HPA/IA system and determine whether the existing piping systems had sufficient capacity to meet plant air demands at each facility.

RELEVANT STANDARDS

- Protect OC San assets
- Comply with California Public Contract Code Section 2103.8, award construction contract to lowest responsive, responsible bidder
- Maintain a proactive asset management program

PROBLEM

The conclusion of the master air planning study recommended that the existing 10-horsepower instrument air compressors and associated treatment systems in the Plant No. 1 CenGen basement were undersized, beyond useful life, and needed to be replaced with larger 30-horsepower capacity units. These units have exceeded their useful service life and cannot be relied upon to provide adequate-quality instrument air output to maintain plant operations.

PROPOSED SOLUTION

Award a Construction Contract Agreement to LEED Electric, Inc., to replace the two existing 10-horsepower instrument air compressors and associated filtration equipment with larger 30-horsepower systems to support instrument air demands in the CenGen basement at Plant No. 1.

TIMING CONCERNS

Delaying this project will require continued use of lower-quality plant air to support CenGen operations, which may negatively affect the reliability and performance of downstream equipment.

RAMIFICATIONS OF NOT TAKING ACTION

If no action is taken, the existing plant air bypass will continue to supplement control and instrumentation equipment for CenGen operations, increasing the risk of equipment failure due to excess oil and moisture.

PRIOR COMMITTEE/BOARD ACTIONS

N/A

ADDITIONAL INFORMATION

OC San advertised Project No. FE18-06 for bids on January 21, 2026, and three sealed bids were received on March 11, 2026. A summary of the bid opening follows:

Engineer's Estimate:	$ 597,000
Bidder	Amount of Bid
Minako America Corp.	$ 879,600
LEED Electric, Inc.	$ 911,678
Mehta Mechanical Company, Inc.	$ 1,144,000

The bids were evaluated in accordance with the OC San's policies and procedures. It was determined after review of bidder project qualifications that the low bidder was not responsive. The second low bidder (LEED Electric, Inc.) was deemed responsive and responsible based on references received. A notice was sent to all bidders on May 14, 2026, informing them of the intent of OC San staff to recommend award of the Construction Contract Agreement to LEED Electric, Inc.

Bid prices were approximately 45% higher than the Engineer's Estimate prepared during design. OC

San staff met with the Engineer and the apparent low bidder to evaluate and better understand the factors contributing to the variance between the Engineer's Estimate and the bid prices received. Based on these discussions, several market and estimating factors were identified as contributors to the cost differential, including outdated assumptions for contractor overhead and profit rates in the Engineer's Estimate (approximately 10% assumed versus current market conditions closer to 20%), tariffs affecting material and equipment pricing, and commodity cost escalation after completion of the estimate, particularly related to copper pricing. Additionally, the Engineer's Estimate underestimated subcontractor markups, commissioning effort, and vendor engineering support services associated with shop drawings and installation support for major equipment.

Although higher than the Engineer's Estimate, the three bids received were closely aligned and reasonably reflect current market costs to complete the work. Based on OC San's evaluation of the bids and current market conditions, staff recommends awarding a Construction Contract Agreement to the lowest responsive and responsible bidder, LEED Electric, Inc., for a total amount not to exceed $911,678.

CEQA

The project is exempt from CEQA, and a Notice of Exemption will be filed with the OC Clerk-Recorder and State Clearinghouse after approval of the Construction Contract Agreement by the OC San Board of Directors.

FINANCIAL CONSIDERATIONS

This request complies with the authority levels of OC San's Purchasing Ordinance. This item has been budgeted (Budget Update FY 2025-26, Page A-8, Small Construction Projects Program, Project No. M-FE) and the budget is sufficient for the recommended action.

ATTACHMENT

The following attachment(s) may be viewed on-line at the OC San website (www.ocsan.gov) with the complete agenda package:

- Construction Contract Agreement

TW:lb