

PROFESSIONAL SERVICES AGREEMENT

THIS AGREEMENT is made and entered into this 5th day of October, 2012 ("Effective Date"), by and between the CITY OF COSTA MESA, a municipal corporation ("City"), and Luna Energy Corporation, a California corporation ("Consultant").

WITNESSETH:

- A. WHEREAS, City proposes to have Consultant develop an Energy Action Plan for the City as described herein below; and
- B. WHEREAS, Consultant represents that it has that degree of specialized expertise contemplated within California Government Code section 37103, and holds all necessary licenses to practice and perform the services herein contemplated; and
- C. WHEREAS, City and Consultant desire to contract for specific services in connection with the project described below (the "Project") and desire to set forth their rights, duties and liabilities in connection with the services to be performed; and
- D. WHEREAS, no official or employee of City has a financial interest, within the provisions of California Government Code sections 1090-1092, in the subject matter of this Agreement.

NOW, THEREFORE, for and in consideration of the mutual covenants and conditions contained herein, the parties hereby agree as follows:

1.0. SERVICES PROVIDED BY CONSULTANT

1.1. Scope of Services. Consultant shall provide the professional services described in the City's Request for Proposal ("RFP") attached hereto as Exhibit "A," and Consultant's Response to City's RFP (the "Response"). A copy of said Response is attached hereto as Exhibit "B" and incorporated herein by this reference.

1.2. Professional Practices. All professional services to be provided by Consultant pursuant to this Agreement shall be provided by personnel experienced in their respective fields and in a manner consistent with the standards of care, diligence and skill ordinarily exercised by professional consultants in similar fields and circumstances in accordance with sound professional practices. Consultant also warrants that it is familiar with all laws that may affect its performance of this Agreement and shall advise City of any changes in any laws that may affect Consultant's performance of this Agreement.

1.3. Warranty. Consultant warrants that it shall perform the services required by this Agreement in compliance with all applicable Federal and California employment laws including, but not limited to, those laws related to minimum hours and wages; occupational health and safety; fair employment and employment practices; workers' compensation insurance and safety in employment; and all other Federal, State and local laws and ordinances applicable to the services required under this Agreement. Consultant shall indemnify and hold harmless City from and against all claims, demands, payments, suits, actions, proceedings, and judgments of every nature and description including attorneys' fees and costs, presented, brought, or recovered

against City for, or on account of any liability under any of the above-mentioned laws, which may be incurred by reason of Consultant's performance under this Agreement.

1.4. Non-discrimination. In performing this Agreement, Consultant shall not engage in, nor permit its agents to engage in, discrimination in employment of persons because of their race, religion, color, national origin, ancestry, age, physical handicap, medical condition, marital status, sexual gender or sexual orientation, except as permitted pursuant to Section 12940 of the Government Code. Violation of this provision may result in the imposition of penalties referred to in Labor Code section 1735.

1.5 Non-Exclusive Agreement. Consultant acknowledges that City may enter into agreements with other consultants for services similar to the services that are subject to this Agreement or may have its own employees perform services similar to those services contemplated by this Agreement.

1.6. Delegation and Assignment. This is a personal service contract, and the duties set forth herein shall not be delegated or assigned to any person or entity without the prior written consent of City. Consultant may engage a subcontractor(s) as permitted by law and may employ other personnel to perform services contemplated by this Agreement at Consultant's sole cost and expense.

2.0. COMPENSATION AND BILLING

2.1. Compensation. Consultant shall be paid in accordance with the fee schedule set forth in Exhibit "C," attached hereto and made a part of this Agreement (the "Fee Schedule"). Consultant's total compensation, inclusive of any expenses, shall in no case exceed Ten Thousand Dollars (\$10,000.00).

2.2. Additional Services. Consultant shall not receive compensation for any services provided outside the scope of services specified in the Response unless the City or the Project Manager for this Project, prior to Consultant performing the additional services, approves such additional services in writing. It is specifically understood that oral requests and/or approvals of such additional services or additional compensation shall be barred and are unenforceable.

2.3. Method of Billing. Consultant may submit invoices to City's Project Manager for approval on a progress basis, but no more often than monthly. Said invoice shall be based on the total of all Consultant's services which have been completed to City's sole satisfaction. City shall pay Consultant's invoice within forty-five (45) days from the date City receives said invoice. Each invoice shall describe in detail, the services performed and the associated time for completion. Any additional services approved and performed pursuant to this Agreement shall be designated as "Additional Services" and shall identify the number of the authorized change order, where applicable, on all invoices.

2.4. Records and Audits. Records of Consultant's services relating to this Agreement shall be maintained in accordance with generally recognized accounting principles and shall be made available to City or its Project Manager for inspection and/or audit at mutually convenient times for a period of three (3) years from the Effective Date.

3.0. TIME OF PERFORMANCE

3.1. Commencement and Completion of Work. The professional services to be performed pursuant to this Agreement shall commence within five (5) days from the Effective Date of this Agreement. Said services shall be performed in strict compliance with the Project Schedule set forth in Exhibits A and/or B. The Project Schedule may be amended by mutual agreement of the parties. Failure to commence work in a timely manner and/or diligently pursue work to completion may be grounds for termination of this Agreement.

3.2. Excusable Delays. Neither party shall be responsible for delays or lack of performance resulting from acts beyond the reasonable control of the party or parties. Such acts shall include, but not be limited to, acts of God, fire, strikes, material shortages, compliance with laws or regulations, riots, acts of war, or any other conditions beyond the reasonable control of a party.

4.0. TERM AND TERMINATION

4.1. Term. This Agreement shall commence on the Effective Date and continue for a period of one year, ending on October 5, 2013, unless previously terminated as provided herein or as otherwise agreed to in writing by the parties.

4.2. Notice of Termination. The City reserves and has the right and privilege of canceling, suspending or abandoning the execution of all or any part of the work contemplated by this Agreement, with or without cause, at any time, by providing written notice to Consultant. The termination of this Agreement shall be deemed effective upon receipt of the notice of termination. In the event of such termination, Consultant shall immediately stop rendering services under this Agreement unless directed otherwise by the City.

4.3. Compensation. In the event of termination, City shall pay Consultant for reasonable costs incurred and professional services satisfactorily performed up to and including the date of City's written notice of termination. Compensation for work in progress shall be prorated as to the percentage of work completed as of the effective date of termination in accordance with the fees set forth herein. In ascertaining the professional services actually rendered hereunder up to the effective date of termination of this Agreement, consideration shall be given to both completed work and work in progress, to complete and incomplete drawings, and to other documents pertaining to the services contemplated herein whether delivered to the City or in the possession of the Consultant.

4.4. Documents. In the event of termination of this Agreement, all documents prepared by Consultant in its performance of this Agreement including, but not limited to, finished or unfinished design, development and construction documents, data studies, drawings, maps and reports, shall be delivered to the City within ten (10) days of delivery of termination notice to Consultant, at no cost to City. Any use of uncompleted documents without specific written authorization from Consultant shall be at City's sole risk and without liability or legal expense to Consultant.

5.0. INSURANCE

5.1. Minimum Scope and Limits of Insurance. Consultant shall obtain and maintain during the life of this Agreement all of the following insurance coverages:

- (a) Comprehensive general liability, including premises-operations, products/completed operations, broad form property damage, blanket contractual liability, independent contractors, personal injury with a policy limit of not less than One Million Dollars (\$1,000,000.00), combined single limits, per occurrence and aggregate.
- (b) Automobile liability for owned vehicles, hired, and non-owned vehicles, with a policy limit of not less than One Million Dollars (\$1,000,000.00), combined single limits, per occurrence and aggregate.
- (c) Workers' compensation insurance as required by the State of California. Consultant agrees to waive, and to obtain endorsements from its workers' compensation insurer waiving, subrogation rights under its workers' compensation insurance policy against the City and to require each of its subcontractors, if any, to do likewise under their workers' compensation insurance policies.
- (d) Professional errors and omissions ("E&O") liability insurance with policy limits of not less than One Million Dollars (\$1,000,000.00), combined single limits, per occurrence and aggregate. Consultant shall obtain and maintain, said E&O liability insurance during the life of this Agreement and for three years after completion of the work hereunder.

5.2. Endorsements. The comprehensive general liability insurance policy shall contain or be endorsed to contain the following provisions:

- (a) Additional insureds: "The City of Costa Mesa and its elected and appointed boards, officers, agents, and employees are additional insureds with respect to this subject project and contract with City."
- (b) Notice: "Said policy shall not terminate, nor shall it be cancelled, nor the coverage reduced, until thirty (30) days after written notice is given to City."
- (c) Other insurance: "Any other insurance maintained by the City of Costa Mesa shall be excess and not contributing with the insurance provided by this policy."

5.3 If any of such policies provide for a deductible or self-insured retention to provide such coverage, the amount of such deductible or self-insured retention shall be approved in advance by City. No policy of insurance issued as to which the City is an additional insured shall contain a provision which requires that no insured except the named insured can satisfy any such deductible or self-insured retention.

5.4. Certificates of Insurance: Consultant shall provide to City certificates of insurance showing the insurance coverages and required endorsements described above, in a form and content approved by City, prior to performing any services under this Agreement. These certificates shall be attached hereto as Exhibit "E" and incorporated herein.

5.5. Non-limiting: Nothing in this Section shall be construed as limiting in any way, the indemnification provision contained in this Agreement, or the extent to which Consultant may be held responsible for payments of damages to persons or property.

6.0. GENERAL PROVISIONS

6.1. Entire Agreement: This Agreement constitutes the entire Agreement between the parties with respect to any matter referenced herein and supersedes any and all other prior writings and oral negotiations. This Agreement may be modified only in writing, and signed by the parties in interest at the time of such modification. The terms of this Agreement shall prevail over any inconsistent provision in any other contract document appurtenant hereto, including exhibits to this Agreement.

6.2. Representatives. The City Manager or his designee shall be the representative of City for purposes of this Agreement and may issue all consents, approvals, directives and agreements on behalf of the City, called for by this Agreement, except as otherwise expressly provided in this Agreement.

Consultant shall designate a representative for purposes of this Agreement who shall be authorized to issue all consents, approvals, directives and agreements on behalf of Consultant called for by this Agreement, except as otherwise expressly provided in this Agreement.

6.3. Project Managers. City shall designate a Project Manager to work directly with Consultant in the performance of this Agreement.

Consultant shall designate a Project Manager who shall represent it and be its agent in all consultations with City during the term of this Agreement. Consultant or its Project Manager shall attend and assist in all coordination meetings called by City.

6.4. Notices: Any notices, documents, correspondence or other communications concerning this Agreement or the work hereunder may be provided by personal delivery, facsimile or mail and shall be addressed as set forth below. Such communication shall be deemed served or delivered: a) at the time of delivery if such communication is sent by personal delivery; b) at the time of transmission if such communication is sent by facsimile; and c) 48 hours after deposit in the U.S. Mail as reflected by the official U.S. postmark if such communication is sent through regular United States mail.

IF TO CONSULTANT:

Luna Energy Corporation
9651 Royal Palm
Garden Grove, CA 92841
Tel: (949) 484-9634
Fax: (949) 315-4306
Attn: Lena Luna

IF TO CITY:

City of Costa Mesa
77 Fair Drive
Costa Mesa, CA 92626
Tel: 714-754-5156
Fax: 714-754-5330
Attn: Daniel K. Baker

6.5. Drug-free Workplace Policy. Consultant shall provide a drug-free workplace by complying with all provisions set forth in City's Council Policy 100-5, attached hereto as Exhibit "D" and incorporated herein by reference. Consultant's failure to conform to the requirements set forth in Council Policy 100-5 shall constitute a material breach of this Agreement and shall be cause for immediate termination of this Agreement by City.

6.6. Attorneys' Fees: In the event that litigation is brought by any party in connection with this Agreement, the prevailing party shall be entitled to recover from the opposing party all costs and expenses, including reasonable attorneys' fees, incurred by the prevailing party in the exercise of any of its rights or remedies hereunder or the enforcement of any of the terms, conditions, or provisions hereof.

6.7. Governing Law: This Agreement shall be governed by and construed under the laws of the State of California without giving effect to that body of laws pertaining to conflict of laws. In the event of any legal action to enforce or interpret this Agreement, the parties hereto agree that the sole and exclusive venue shall be a court of competent jurisdiction located in Orange County, California.

6.8. Assignment: Consultant shall not voluntarily or by operation of law assign, transfer, sublet or encumber all or any part of Consultant's interest in this Agreement without City's prior written consent. Any attempted assignment, transfer, subletting or encumbrance shall be void and shall constitute a breach of this Agreement and cause for termination of this Agreement. Regardless of City's consent, no subletting or assignment shall release Consultant of Consultant's obligation to perform all other obligations to be performed by Consultant hereunder for the term of this Agreement.

6.9. Indemnification and Hold Harmless: Consultant shall protect, defend, indemnify and hold harmless City and its elected and appointed officials, officers, and employees from any and all claims, liabilities, expenses, including attorney fees, damage to property or injuries to or death of any person or persons or damages of any nature including, but not by way of limitation, all civil claims or workers' compensation claims arising out of or in any way connected with the intentional or negligent acts, error or omissions of Consultant, its employees, agents or subcontractors in the performance of this Agreement.

6.10. Independent Contractor: Consultant is and shall be acting at all times as an independent contractor and not as an employee of City. Consultant shall secure, at his expense, and be responsible for any and all payment of Income Tax, Social Security, State Disability Insurance Compensation, Unemployment Compensation, and other payroll deductions for Consultant and its officers, agents, and employees, and all business licenses, if any are required,

in connection with the services to be performed hereunder.

6.11. Ownership of Documents: All findings, reports, documents, information and data including, but not limited to, computer tapes or discs, files and tapes furnished or prepared by Consultant or any of its subcontractors in the course of performance of this Agreement, shall be and remain the sole property of City. Consultant agrees that any such documents or information shall not be made available to any individual or organization without the prior consent of City. Any use of such documents for other projects not contemplated by this Agreement, and any use of incomplete documents, shall be at the sole risk of City and without liability or legal exposure to Consultant. City shall indemnify and hold harmless Consultant from all claims, damages, losses, and expenses, including attorneys' fees, arising out of or resulting from City's use of such documents for other projects not contemplated by this Agreement or use of incomplete documents furnished by Consultant. Consultant shall deliver to City any findings, reports, documents, information, data, in any form, including but not limited to, computer tapes, discs, files audio tapes or any other Project related items as requested by City or its authorized representative, at no additional cost to the City.

6.12. Public Records Act Disclosure: Consultant has been advised and is aware that all reports, documents, information and data including, but not limited to, computer tapes, discs or files furnished or prepared by Consultant, or any of its subcontractors, and provided to City may be subject to public disclosure as required by the California Public Records Act (California Government Code Section 6250 et. seq.). Exceptions to public disclosure may be those documents or information that qualify as trade secrets, as that term is defined in the California Government Code Section 6254.7, and of which Consultant informs City of such trade secret. The City will endeavor to maintain as confidential all information obtained by it that is designated as a trade secret. The City shall not, in any way, be liable or responsible for the disclosure of any trade secret including, without limitation, those records so marked if disclosure is deemed to be required by law or by order of the Court.

6.13. Responsibility for Errors. Consultant shall be responsible for its work and results under this Agreement. Consultant, when requested, shall furnish clarification and/or explanation as may be required by the City's representative, regarding any services rendered under this Agreement at no additional cost to City. In the event that an error or omission attributable to Consultant occurs, then Consultant shall, at no cost to City, provide all necessary design drawings, estimates and other Consultant professional services necessary to rectify and correct the matter to the sole satisfaction of City and to participate in any meeting required with regard to the correction.

6.14. Prohibited Employment: Consultant will not employ any regular employee of City while this Agreement is in effect.

6.15. Order of Precedence: In the event of an inconsistency in this Agreement and any of the attached Exhibits, the terms set forth in this Agreement shall prevail. If, and to the extent this Agreement incorporates by reference any provision of the RFP or the Response, such provision shall be deemed a part of this Agreement. Nevertheless, if there is any conflict among the terms and conditions of this Agreement and those of any such provision or provisions so incorporated by reference, this Agreement shall govern over both the Response and the RFP and the Response shall govern over the RFP.

6.16. Costs: Each party shall bear its own costs and fees incurred in the preparation and negotiation of this Agreement and in the performance of its obligations hereunder except as expressly provided herein.

6.17. No Third Party Beneficiary Rights: This Agreement is entered into for the sole benefit of City and Consultant and no other parties are intended to be direct or incidental beneficiaries of this Agreement and no third party shall have any right in, under or to this Agreement.

6.18. Headings: Paragraphs and subparagraph headings contained in this Agreement are included solely for convenience and are not intended to modify, explain or to be a full or accurate description of the content thereof and shall not in any way affect the meaning or interpretation of this Agreement.

6.19. Construction: The parties have participated jointly in the negotiation and drafting of this Agreement. In the event an ambiguity or question of intent or interpretation arises with respect to this Agreement, this Agreement shall be construed as if drafted jointly by the parties and in accordance with its fair meaning. There shall be no presumption or burden of proof favoring or disfavoring any party by virtue of the authorship of any of the provisions of this Agreement.

6.20. Amendments: Only a writing executed by the parties hereto or their respective successors and assigns may amend this Agreement.

6.21. Waiver: The delay or failure of either party at any time to require performance or compliance by the other of any of its obligations or agreements shall in no way be deemed a waiver of those rights to require such performance or compliance. No waiver of any provision of this Agreement shall be effective unless in writing and signed by a duly authorized representative of the party against whom enforcement of a waiver is sought. The waiver of any right or remedy in respect to any occurrence or event shall not be deemed a waiver of any right or remedy in respect to any other occurrence or event, nor shall any waiver constitute a continuing waiver.

6.22. Severability: If any provision of this Agreement is determined by a court of competent jurisdiction to be unenforceable in any circumstance, such determination shall not affect the validity or enforceability of the remaining terms and provisions hereof or of the offending provision in any other circumstance. Notwithstanding the foregoing, if the value of this Agreement, based upon the substantial benefit of the bargain for any party is materially impaired, which determination as made by the presiding court or arbitrator of competent jurisdiction shall be binding, then both parties agree to substitute such provision(s) through good faith negotiations.

6.23. Counterparts: This Agreement may be executed in one or more counterparts, each of which shall be deemed an original. All counterparts shall be construed together and shall constitute one agreement.

6.24. Corporate Authority: The persons executing this Agreement on behalf of the parties hereto warrant that they are duly authorized to execute this Agreement on behalf of said

parties and that by doing so, the parties hereto are formally bound to the provisions of this Agreement.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed by and through their respective authorized officers, as of the date first above written.

CITY OF COSTA MESA,
A municipal corporation



CEO of the City of Costa Mesa

Date: 10/10/12

CONSULTANT




Signature

Date: 10/17/12

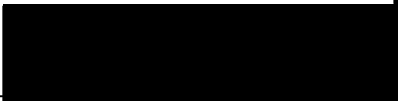
Lena Luna, CEO

Name and Title



Social Security or Taxpayer ID Number

ATTEST:



City Clerk and ex-officio Clerk
of the City of Costa Mesa



APPROVED AS TO FORM:



City Attorney

Date: 10/12/12

APPROVED AS TO INSURANCE:



Date: 10/5/12

APPROVED AS TO CONTENT:



Project Manager

Date: 10/5/2012

EXHIBIT A
CITY'S REQUEST FOR PROPOSAL

**CITY OF COSTA MESA
ENERGY ACTION PLAN**

REQUEST FOR PROPOSAL

I. PROJECT DESCRIPTION

Following Decision 09-09-047, the California Public Utilities Commission (“CPUC”) authorized Southern California Edison (“SCE”) to conduct strategic plan activities centered on energy efficiency and addressing the “Big, Bold” strategies and related local government goals found in the CPUC’s California’s Long-Term Energy Efficiency Strategic Plan (“CEESP”)¹. Based on this authorization, SCE will be funding the preparation of an Energy Action Plan (EAP) for the City of Costa Mesa through investor owned utilities Public Goods Charge (“PGC”) funds.

The purpose of this Request for Proposal (RFP) is to solicit for professional services to research and develop a comprehensive energy action plan for the City of Costa Mesa to develop near and long-term goals, and procedures to reduce municipal and community energy consumption.

II. SCOPE OF WORK

Consultant will provide professional services with limited City staff support to develop an energy action plan that will include the following components, at a minimum:

1. Executive Summary
2. Introduction –including the purpose and scope of the EAP, history and anticipated municipal and community involvement, and how this effort will complement other agencies’ goals.
3. Energy Use – including baseline, focus areas, and current energy programs/policies.
4. Target Reduction Goals – including specific reduction goals and milestones.
5. Action Steps – including how the reduction goals will be measured and attained. Considerations to the following should be included:
 - Municipal Facility Energy Efficiency Projects
 - Funding of Projects
 - Policies
 - Tracking and Monitoring Progress
6. Implementation Plan – including a detailed summary of how each goal will be implemented with consideration to timing, staffing, and other resources.
7. Conclusion

¹ Please go to <http://www.cpuc.ca.gov/PUC/energy/Energy+Efficiency/eesp/> for a copy of the CEESP.

III. PROPOSAL CONTENTS

1. **SCOPE:** Provide a detailed description of the approach and methodology to be used to accomplish the Scope of Work of this RFP. The Methodology Section should include:
 - An implementation plan that describes in detail (i) the methods, including controls by which your firm manages projects of the type sought by this RFP; (ii) methodology for soliciting and documenting views of internal and external stakeholders; (iii) and any other project management or implementation strategies or techniques that the respondent intends to employ in carrying out the work.
 - Detailed description of efforts your firm will undertake to achieve client satisfaction and to satisfy the requirements of the "Scope of Work" section.
 - Detailed project schedule, identifying all tasks and deliverables to be performed, durations for each task, and overall time of completion.
 - Detailed description of specific tasks you will require from City staff. Explain what the respective roles of City staff and your staff would be to complete the tasks specified in the Scope of Work.
 - Detailed description of scope of work performed in-house, followed by list of preferred subcontractors to perform out of house work.
2. **CONSULTANT'S REPRESENTATIVE:** Identification of the primary representative and an alternate to perform the services described in the scope of work. Each shall be identified in the proposal. The consultant's representatives shall remain in responsible charge of all duties from contract negotiations through project completion. If the primary representative is unable to continue with the project, then the alternate representative shall become the primary representative upon the City's approval.
3. **PROJECT TEAM:** Identification of the project team, including organizational chart and resumes of each team member. Specific responsibilities of each team member, including subconsultants, along with their anticipated total effort in the project, shall be detailed in a matrix of total hours of work for each task versus each job classification on the project.
4. **REFERENCES:** Description of the project team's past record of performance on similar projects for which your firm has provided services. Proposal shall include client references that may be contacted by the City.
5. **SCHEDULE:** Assurance of the firm's ability to complete all work, considering the firm's current and planned workload based on the proposed schedule. Proposal shall include a detailed list itemizing the tasks required to complete the scope of work outlined herein.
6. **BUDGET:** Provide a breakdown of the estimated hours that each project task and subtasks defined in the proposal methodology and scope of work and by the firm and/or sub consultants. Proposal shall include an estimate of all reimbursable costs, indirect costs, and incidentals.

The "NOT-TO-EXCEED" budget proposal, including fee schedules and breakdown of the fee by tasks, shall be submitted in a sealed envelope, separate from the project proposal. One copy of the fee proposal shall be submitted. As a minimum, the budget proposal shall be broken down by task and firm/sub consultant. Further breakdown by subtask is acceptable.

7. **SUBCONSULTANT:** If subconsultants are utilized, they shall be identified in the scope of work together with the services performed and identified in the fee schedule together with their billing rate. Subconsultants shall be directed and compensated by Consultant.
8. **INSURANCE:** Submittal from either the firm's insurance carrier or equivalent regarding the firm's professional liability coverage. The City requires professional liability coverage to be a minimum of \$1,000,000 general liability and property damage to be a minimum of \$1,000,000. Any additional premium required by the insurance carrier for such coverage shall be included in your proposed fee. The City will not pay a separate insurance surcharge for the required coverage.

Insurance coverages shall be afforded by companies who are California licensed and California Admitted carriers. Insurance carriers shall also meet or exceed requirements for financial performance and security by having a Best's Key Guide rating of "A" or better; additionally, carriers shall have an assigned Financial Size Category of "VIII" or higher. Under certain circumstances, "non-admitted" or "surplus lines carriers" will be accepted provided that they have a Best's Key Guide rating of "A+" or better; with a Financial Size Category of "XII" or higher. All Insurers must have an agent for service of process in California.

9. **CONTRACT:** The Consultant shall be responsible for completing the specified services in accord with the City's standard "Professional Services Agreement", which will be prepared by the City. Services specified in this agreement shall be taken directly from the Consultant's Proposal and from this "Request for Proposal". The primary components and provisions of the agreement shall include liability insurance coverage and errors and omissions insurance coverage in the amount of one million dollars (\$1,000,000). The City must be a "named insured" on all required policies.

IV. SERVICES OR ITEMS TO BE PROVIDED BY COSTA MESA

1. City staff will be available to answer Consultant's project-related questions and will facilitate coordination with the appropriate staff.
2. City will provide access to City record drawings, reports and related materials to the Consultant, if available.

V. GENERAL INFORMATION

1. Proposals will be accepted until 3:00p.m PST on August 27, 2012, at City of Costa Mesa CEO Department, 77 Fair Drive, Costa Mesa, CA 92626. Attention: Dan Baker. Three (3) copies of your proposal (two bound, one unbound) and one copy of the separately sealed fee proposal are requested. Unless mutually agreed upon, Consultant agrees that proposal and fees to remain firm for a period of 90 days from submission due date. Please limit proposal documents to a maximum of 20 pages.

2. The City reserves the right to request additional information from prospective Consultants prior to final selection and to consider information about a firm other than that submitted in the proposal or interview. The City may select for contract negotiations the firm that, in the City's judgment, will best meet the City's needs, irrespective of the comparison of fees and costs estimated by the Consultants.
3. This request does not commit the City to retain any Consultants, to pay costs incurred in the preparation of proposals, or to proceed with the project. The City reserves the right to reject any or all proposals, to negotiate with any qualified applicant, and to appoint more than one firm to provide services on given portions of the project.
4. Proposals (including accompanying materials) will become the property of the City. Proposals will be held in confidence to the extent permitted by law. After award of a contract or after rejection of all proposals, the proposals will be public records subject to disclosure under the California Public Records Act (Government Code Section 6250 et seq.).

EXHIBIT B
RESPONSE

PROPOSAL FOR:
CITY OF COSTA MESA
Request for Proposal – Energy Action Plan

Prepared for:

Dan Baker
Management Analyst

Submitted by:

Luna Energy Corporation
A California Corporation

Luna Energy
corporation

August 27, 2012

NOTE: This proposal is developed solely for the purpose of negotiations between Luna Energy Corporation and the City of Costa Mesa. It may not be used by anyone for personal or business use without written prior consent of authoring entities cited above.

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Executive Summary

This proposal centers on the California Energy Efficiency Strategic Plan (“CAEESP”) through funding from the Public Goods Charge (“PGC”) to research and develop a comprehensive energy action plan for the City of Costa Mesa to develop near and long-term goals, and procedures to reduce municipal and community energy consumption. Southern California Edison (“SCE”) will provide funding to develop an Energy Action Plan for City of Costa Mesa as one the Orange County Cities’ Energy Leader Partners (“OCCELP”).

Luna Energy Corporation is uniquely positioned to execute and complete the Energy Action Plan task. Our firm currently provides the Enterprise Energy Management Information System (“EEMIS”) implementation for five cities in the OCCELP: Costa Mesa, Fountain Valley, Huntington Beach, Newport Beach, and Westminster. The EEMIS tracks municipal energy usage and automates utility billing through a utility bill manager computer program. An extensive investigation into the City of Costa Mesa’s energy use across municipal facilities to identify loads and operational inefficiencies was performed by Luna Energy Corporation. Our firm has the experience collaborating with the utility and local government partnerships.

According to the City of City of Costa Mesa’s Energy Action Plan requirements, at a minimum it will include the following components: 1) Executive Summary, 2) Introduction, 3) Energy Use, 4) Target Reduction Goals, 5) Action Steps, 6) Implementation Plan, 7) Implementation Plan, and 8) Conclusion. The City of Costa Mesa will receive 100% dedicated attention to the Energy Action Plan task as our firm specializes in providing professional services to the OCCELP. With an existing knowledge of the intricacies of the City of Costa Mesa, inner workings of local government, and experience with investor-owned utilities, our firm is confident in successfully executing and completing the Energy Action Plan.

I. Scope

A. Implementation Plan

The following components will be integrated into the implementation plan, and are a necessary component for SCE:

- Establish long-term vision and plan for energy efficiency in City of Costa Mesa
- Clearly states aim and objectives of the plan
- Record baseline municipal energy usage (kWh)
- Identify City of Costa Mesa's reduction goals and milestones
- Provide the plan of municipal facility projects that City of Costa Mesa can complete to assist in achieving their reduction
- Identify funding mechanisms to complete municipal facility energy efficiency projects
- Identify any policies or procedures City of Costa Mesa can implement to assist in reducing energy

Implementation plan is on Page 5.

Consultant's methodology to manage the Energy Action Plan sought by the City of Costa Mesa's Request for Proposal includes:

1. Meet with City of Costa Mesa's city staff chief contact to understand the big picture of key leads and stakeholders, organizational boundaries, existing City-owned energy using facilities, existing energy policies and procedures and process involved in review and adoption of new programs and policies.
2. Determine reports requiring completion by Southern California Edison
3. Formulate challenges and opportunities that will lead to brainstorming of ideas, options and action plans for assessment of current framework. Organize stakeholder meetings assembled on one or more days as required to engage in a productive session.
4. Research and develop a comprehensive Energy Action Plan by utilizing existing Energy Action Plans from local governments as examples. Also, gather city specific data to complete Energy Action Plan. Data collection will include readily available information on City projects, programs, facilities, energy usage and budgets. The purpose of data collection is to have the information accessible for any analyses or illustration of examples related to impact of an Energy Action Plan.

Proposal for City of Costa Mesa – Energy Action Plan

IMPLEMENTATION PLAN			
Task	Consultant	Stakeholders	In-House
PHASE: Initiation			
Kick off meeting	Meet with appointed city staff to begin Energy Action Plan (EAP) process.		X
Identify internal and external stakeholders	Identify internal and external stakeholders, and decide what channels of communication/participation to use. Inform them about the process that is going to start, and collect their views.	Explain their potential roles in the EAP	X
PHASE: Planning			
Assessment of the current framework: Where are we?	Conduct initial assessment, collect necessary data and record baseline energy usage (kWh). Make sure stakeholders are properly involved.	Provide valuable inputs and data, share the knowledge.	X
Initial stakeholder meetings	Gather buy-in from stakeholders.	Express their views, provide input and feedback.	X
Introduction and Energy Use: Related analyses/research	Define purpose and scope of EAP, history and anticipated municipal and community involvement, and how effort will complement other agencies' goals. Define baseline, focus areas, and current energy programs/policies.		X
Introduction and Energy Use: Draft	Complete and present draft to city staff for review, engage stakeholders.	Provide input and feedback.	X
Target Reduction Goals: Related analyses/research	Define specific reduction goals and milestones.		X
Target Reduction Goals: Draft	Complete and present draft to city staff for review, engage stakeholders.	Provide input and feedback.	X
Action Steps: Related analyses/research	Define how reduction goals will be measured and attained. Include following considerations: municipal facility energy efficiency projects, funding of projects, policies, and tracking and monitoring progress.		X
Action Steps: Draft	Complete and present draft to city staff for review, engage stakeholders.	Provide input and feedback.	X
Implementation Plan: Related research/analyses	Define the implementation plan with a detailed summary of how each goal will be implemented with consideration to timing, staffing, and other resources.		X
Implementation Plan: Draft	Complete and present draft to city staff for review, engage stakeholders.	Provide input and feedback.	X
Executive Summary and Conclusion: Related research and analyses	Tie in the executive summary and conclusion based on completed draft EAP sections.		X

Continued on next page

Proposal for City of Costa Mesa – Energy Action Plan

IMPLEMENTATION PLAN (continued from Page 5)			
Task	Consultant	Stakeholders	In-House
Executive Summary and Conclusion: Draft	Complete and present draft to city staff for review, engage stakeholders.	Provide input and feedback.	X
Stakeholder meetings to present EAP draft	Present EAP draft to internal and external stakeholders.	Provide input and feedback.	X
Additional follow-up research on comments received	Gather additional data as needed in response to stakeholder comments.		X
Second draft of EAP	Complete and present draft to city staff for review, engage stakeholders.	Provide input and feedback.	X
Stakeholder presentations	Gather approval from stakeholders for second draft EAP.	Provide input and feedback.	X
Final EAP	Complete final EAP based on stakeholder comments and submit to City Staff.		X

B. Client Satisfaction

City of Costa Mesa will have one designated contact, Lena Luna, throughout project with Luna Energy Corporation. Our firm prides itself on managing one to two projects at a time to maintain 100% focus with our clients. During kick off meeting with designated city staff, a communication schedule will be created to meet the needs of the City of Costa Mesa.

C. Project Schedule

Task	Duration
Kick off Meeting	0.5 day
Identify internal and external stakeholders	0.5 day
Assessment of the current framework: Where are we?	1 day
Initial stakeholder meetings	1 day
Introduction and Energy Use: Related analyses/research	1.5 days
Introduction and Energy Use: Draft	1.5 days
Target Reduction Goals: Related analyses/research	1.5 days
Target Reduction Goals: Draft	1.5 days
Action Steps: Related analyses/research	1.5 days
Action Steps: Draft	1.5 days
Implementation Plan: Related analyses/research	3 days
Implementation Plan: Draft	1.5 days
Executive Summary and Conclusion: Related analyses/research	1.5 days
Executive Summary and Conclusion: Draft	1 day
Stakeholder meetings to present EAP draft	1 day
Additional follow-up research on comments received	1.5 days
Second draft of EAP	1.5 days
Stakeholder presentations	2 days
Final EAP	2 days
OVERALL TIME OF COMPLETION	27 days

D. Specific Tasks from City Staff

City staff will:

1. Be available to answer Consultant's project-related questions and will facilitate coordination with appropriate staff.
2. Provide readily available information on City energy use history, Capital programs, O&M practices, existing policies including but not limited to energy, and available data on City business and demographics.
3. Participate in brain-storming discussions related to stakeholder workshops organized to discuss the Energy Action Plan.
4. Review draft documents, ideas and opportunities presented during the performance of the work.
5. Assist in identifying key stakeholders who will be closely associated with the review and approval of the Energy Action Plan that will shape near term and long term goals.

E. Scope of Work In-House and Subcontractors

Refer to Implementation Plan on Pages 5 – 6 of this Proposal for Scope of Work In-House. No subcontractors will be used as all work is to be performed In-House.

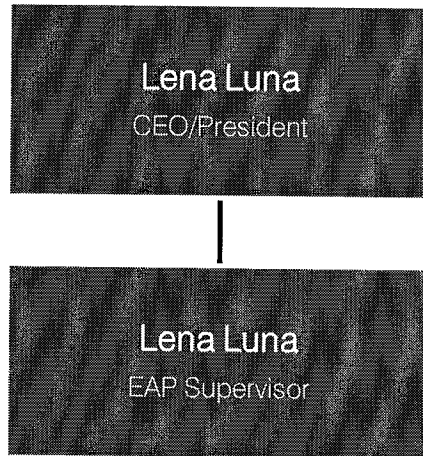
II. Consultant's Representative

Primary representative: Lena Luna, (949) 484-9634, lenal@lunaenergycorp.com

Alternate representative: Eric Leingang, (714) 654-7972, ericl@lunaenergycorp.com

III. Project Team

A. Luna Energy Corporation – Organizational Chart



B. Résumés

Résumé follows on next page.

Lena Luna

EAP Supervisor

Experience

2011 – Present, Luna Energy Corporation, CEO

- Implement Enterprise Energy Management Information System (EEMIS) by entering and enrolling commodities for Cities of Costa Mesa, Fountain Valley, Huntington Beach, Newport Beach, and Westminster for benchmarking and automating utility bill data
- Selected by City of Huntington Beach to implement Enterprise Energy Management Information System (EEMIS) as utility database tracking and reporting system utilizing LA County/McKinstry
- Identified approximately \$90,000 in annual taxpayer savings for one city based on utility bill analysis
- Perform field audits, data analysis, and recommended solutions based on findings directly impacting energy efficiency and saving taxpayer dollars
- Supervise energy interns
- Navigate through matrix organizations to gather pertinent data for project implementation under direction of Energy Project Manager
- Complete EEMIS Assessment and Planning Report, complex reports, and invoices for submission to utility for reimbursement
- Establish relationship with Energy Efficiency Partnership between local government and utility
- Present EEMIS progress to City's Environmental Board

Education

M.B.A., Western Governors University,
In-progress

B.S. Biological Sciences, University of
California – Irvine, 2003

Certifications

Sustainable Resource Management,
CA Resource Recovery Association

Community Outreach

U.S. Green Building Council – Orange
County, Advocacy Committee

Irvine Ranch Conservancy, Trail Boss
Volunteer

2011 – Present, United States Green Building Council, Orange County Chapter, Advocacy Committee

- Key player in developing local government criteria for inaugural Eco-City Award selection based on energy efficiency strategic plan goals
- Advocate for sustainable policies within Orange County local governments
- Develop new and on-going relationships with cross-functional organizations to better leverage sustainable policy outreach to local governments
- Collaborate with committee members to organizing Orange County local government roundtable

2011, City of Huntington Beach, Intern for Energy Project Manager

- Utilized multiple source documents to draft Request for Proposals (RFP) for EEMIS and Local Government Energy Policy to meet cities' needs and comply with grant agreements
- Participated in local government and utility Energy Partnership meetings and presented EEMIS RFP to partners
- Applied knowledge of energy efficiency to practice within local government

C. Performance/Personnel Matrix

Tasks to be Accomplished	Job Classification	Hours
Kick off Meeting	EAP Supervisor	4
Identify internal and external stakeholders	EAP Supervisor	4
Assessment of the current framework: Where are we?	EAP Supervisor	8
Initial stakeholder meetings	EAP Supervisor	8
Introduction and Energy Use: Related analyses/research	EAP Supervisor	12
Introduction and Energy Use: Draft	EAP Supervisor	12
Target Reduction Goals: Related analyses/research	EAP Supervisor	12
Target Reduction Goals: Draft	EAP Supervisor	12
Action Steps: Related analyses/research	EAP Supervisor	12
Action Steps: Draft	EAP Supervisor	12
Implementation Plan: Related analyses/research	EAP Supervisor	24
Implementation Plan: Draft	EAP Supervisor	12
Executive Summary and Conclusion: Related analyses/research	EAP Supervisor	12
Executive Summary and Conclusion: Draft	EAP Supervisor	8
Stakeholder meetings to present EAP draft	EAP Supervisor	8
Additional follow-up research on comments received	EAP Supervisor	12
Second draft of EAP	EAP Supervisor	12
Stakeholder presentations	EAP Supervisor	16
Final EAP	EAP Supervisor	16

IV. References

Dan Baker
Management Analyst
City of Costa Mesa
77 Fair Drive
Costa Mesa, CA 92628
Phone: (714) 754-5156
Email: daniel.baker@costamesaca.gov

Matt Mogensen
Assistant to the City Manager
City of Fountain Valley
10200 Slater Avenue
Fountain Valley, CA 92708
Phone: (714) 593-4412
Email: matt.mogensen@fountainvalley.org

Aaron Klemm, CEM, LEED AP
Energy Project Manager
City of Huntington Beach
2000 Main Street
Huntington Beach, CA 92648
Phone: (714) 536-5537
Email: aaron.klemm@surfcity-hb.org

Iris Lee, T.E.
Senior Civil Engineer
City of Newport Beach
3300 Newport Boulevard
Newport Beach, CA 92663
Phone: (949) 644-3322
Email: ilee@newportbeachca.gov

Justin Watts
NPDES Inspector
City of Westminster
8200 Westminster Boulevard
Westminster, CA 92683
Phone: (714) 567-3472
Email: jwatts@westminster-ca.gov

V. Schedule

Our firm offers the assurance to complete all work with consideration given to firm's current and planned workload based on proposed schedule located in Section I, Item C on Page 6 of this Proposal.

VI. Budget

Budget proposal submitted in sealed envelope, separate from project proposal according to Request for Proposal instructions.

VII. Subconsultant

Subconsultant(s) will not be utilized. All services are to be performed in-house.

VIII. Insurance

Submittal from firm's insurance carrier indicating minimum insurance requirements required by City of Costa Mesa is attached in Appendix A on Page 13 of this Proposal.

IX. Contract

Consultant agrees to be responsible for completing the specified services in accord with the City of Costa Mesa's standard "Professional Services Agreement," which will be prepared by the City. Consultant will name City of Costa Mesa as "named insured" on all required policies and maintain liability insurance coverage and errors and omissions (otherwise known as "Professional Liability") insurance coverage in the amount of one million dollars (\$1,000,000).

X. Appendices

A. Appendix A

ACORD		CERTIFICATE OF LIABILITY INSURANCE			DATE (MM/DD/YYYY) 4/30/2012	
THIS CERTIFICATE IS ISSUED AS A MATTER OF INFORMATION ONLY AND CONFERS NO RIGHTS UPON THE CERTIFICATE HOLDER. THIS CERTIFICATE DOES NOT AFFIRMATIVELY OR NEGATIVELY AMEND, EXTEND OR ALTER THE COVERAGE AFFORDED BY THE POLICIES BELOW. THIS CERTIFICATE OF INSURANCE DOES NOT CONSTITUTE A CONTRACT BETWEEN THE ISSUING INSURER(S), AUTHORIZED REPRESENTATIVE OR PRODUCER, AND THE CERTIFICATE HOLDER.						
IMPORTANT: If the certificate holder is an ADDITIONAL INSURED, the policy(ies) must be endorsed. If SUBROGATION IS WAIVED, subject to the terms and conditions of the policy, certain policies may require an endorsement. A statement on this certificate does not confer rights to the certificate holder in lieu of such endorsement(s).						
PRODUCER KNDX GENERAL INSURANCE BROKERS 226 SOUTH GLASSSELL STREET ORANGE, CA 92666				CONTACT NAME: SARAH MEADOWS PHONE (A/C, No. Ext): 714-744-3300 FAX (A/C, No): 714-744-6537 E-MAIL ADDRESS: SARAH@KGIBINC.COM		
INSURED LUNA ENERGY CORPORATION 9651 Royal Palm Blvd Garden Grove, CA 92841				INSURER(S) AFFORDING COVERAGE INSURER A: GOLDEN EAGLE INSURANCE INSURER B: MARKEL INSURANCE COMPANY INSURER C: BEAZLEY INSURANCE COMPANY, INC. INSURER D: INSURER E: INSURER F:		NAIC #
COVERAGES		CERTIFICATE NUMBER: 1		REVISION NUMBER: 4		
THIS IS TO CERTIFY THAT THE POLICIES OF INSURANCE LISTED BELOW HAVE BEEN ISSUED TO THE INSURED NAMED ABOVE FOR THE POLICY PERIOD INDICATED. NOTWITHSTANDING ANY REQUIREMENT, TERM OR CONDITION OF ANY CONTRACT OR OTHER DOCUMENT WITH RESPECT TO WHICH THIS CERTIFICATE MAY BE ISSUED OR MAY PERTAIN, THE INSURANCE AFFORDED BY THE POLICIES DESCRIBED HEREIN IS SUBJECT TO ALL THE TERMS, EXCLUSIONS AND CONDITIONS OF SUCH POLICIES. LIMITS SHOWN MAY HAVE BEEN REDUCED BY PAID CLAIMS.						
INSR	TYPE OF INSURANCE	ADDITIONAL SUBR (INSR, WORD)	POLICY NUMBER	POLICY EFF (MM/DD/YYYY)	POLICY EXP (MM/DD/YYYY)	LIMITS
A	GENERAL LIABILITY <input checked="" type="checkbox"/> COMMERCIAL GENERAL LIABILITY <input type="checkbox"/> CLAIMS-MADE <input checked="" type="checkbox"/> OCCUR GEN'L AGGREGATE LIMIT APPLIES PER: <input checked="" type="checkbox"/> POLICY <input type="checkbox"/> PRO-JECT <input type="checkbox"/> LDC		GBP8882800	10/25/2011	10/1/2012	EACH OCCURRENCE \$ 1,000,000 DAMAGE TO RENTED PREMISES (Ea occurrence) \$ 100,000 MED EXP (Any one person) \$ 5,000 PERSONAL & ADV INJURY \$ 1,000,000 GENERAL AGGREGATE \$ 2,000,000 PRODUCTS - COMP/CP AGG \$ 2,000,000
A	AUTOMOBILE LIABILITY <input type="checkbox"/> ANY AUTO <input type="checkbox"/> ALL OWNED AUTOS <input checked="" type="checkbox"/> HIRED AUTOS <input type="checkbox"/> SCHEDULED AUTOS <input checked="" type="checkbox"/> NON-OWNED AUTOS		GBP8882800	10/25/2011	10/1/2012	COMBINED SINGLE LIMIT (Ea accident) \$ 1,000,000 BODILY INJURY (Per person) \$ BODILY INJURY (Per accident) \$ PROPERTY DAMAGE (Per accident) \$ \$ \$
	UMBRELLA LIAB EXCESS LIAB DED RETENTIONS	<input type="checkbox"/> OCCUR <input type="checkbox"/> CLAIMS-MADE	--N/A--			EACH OCCURRENCE \$ AGGREGATE \$ \$
B	WORKERS COMPENSATION AND EMPLOYERS' LIABILITY ANY PROPRIETOR/PARTNER/EXECUTIVE OFFICER/MEMBER EXCLUDED? (Mandatory in NH) Y/N <input type="checkbox"/> Y <input type="checkbox"/> N Type, describe under DESCRIPTION OF OPERATIONS below	N/A	MWC0014232-01	10/1/2011	10/1/2012	WC STATU. OTH-ER E.L. EACH ACCIDENT \$ 1,000,000 E.L. DISEASE - EA EMPLOYEE \$ 1,000,000 E.L. DISEASE - POLICY LIMIT \$ 1,000,000
C	PROFESSIONAL LIABILITY & NETWORK SECURITY LIABILITY		V11F6E110101	10/1/2011	10/1/2012	\$1,000,000 CLAIM \$1,000,000-AGG \$1,000 DEDUCTIBLE
DESCRIPTION OF OPERATIONS / LOCATIONS / VEHICLES (Attach ACORD 101, Additional Remarks Schedule, if more space is required)						
CERTIFICATE HOLDER CITY OF NEWPORT BEACH PUBLIC WORKS DEPT ATTN: IRIS LEE 3300 NEWPORT BLVD NEWPORT BEACH, CA 92663				CANCELLATION SHOULD ANY OF THE ABOVE DESCRIBED POLICIES BE CANCELLED BEFORE THE EXPIRATION DATE THEREOF, NOTICE WILL BE DELIVERED IN ACCORDANCE WITH THE POLICY PROVISIONS.		

ACORD 25 (2010/05)

The ACORD name and logo are

rights reserved.

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EXHIBIT C
FEE SCHEDULE

BUDGET PROPOSAL FOR:
CITY OF COSTA MESA
Request for Proposal – Energy Action Plan

Prepared for:

Dan Baker
Management Analyst

Submitted by:

Luna Energy Corporation
A California Corporation

Luna Energy
corporation

August 27, 2012

NOTE: This proposal is developed solely for the purpose of negotiations between Luna Energy Corporation and the City of Costa Mesa. It may not be used by anyone for personal or business use without written prior consent of authoring entities cited above.

Budget Proposal for City of Costa Mesa – Energy Action Plan

Luna Energy Corporation
9651 Royal Palm Boulevard
Garden Grove, CA 92841
lenal@lunaenergycorp.com
(949) 484-9634

August 27, 2012

Mr. Dan Baker
Management Analyst
City of Costa Mesa – Office of the CEO
77 Fair Drive PO Box 1200
Costa Mesa, CA 92628-1200

Mr. Baker:

On behalf of Luna Energy Corporation, we thank you for consideration to bid on the Energy Action Plan for the City of Costa Mesa.

According to the Request for Proposal, the budget proposal has been submitted in a sealed envelope, separate from the project proposal. Our firm's fees are firm for a period of 90 days from date of submission due date occurring on August 27, 2012.

The "NOT-TO-EXCEED" amount is nine thousand dollars (\$9,000) and based on Time and Materials. A detailed breakdown of the estimated hours and time and materials summary is included in the budget proposal.

Sincerely,

Luna Energy Corporation, a California corporation

By: 
Lena Luna, Chief Executive Officer

Table of Contents

I. Budget 4

 A. Estimated Hours Breakdown..... 4

 B. Fee Schedules 5

 C. Time and Materials Summary (not to exceed \$9,000) 5

Budget Proposal for City of Costa Mesa – Energy Action Plan

I. Budget

A. Estimated Hours Breakdown

Tasks to be accomplished	Job Classification	Hours	
Kick off Meeting	EAP Supervisor	4	
Identify internal and external stakeholders	EAP Supervisor	4	
Assessment of the current framework: Where are we?	EAP Supervisor	8	
Initial stakeholder meetings	EAP Supervisor	8	
Introduction and Energy Use: Related analyses/research	EAP Supervisor	12	
Introduction and Energy Use: Draft	EAP Supervisor	12	
Target Reduction Goals: Related analyses/research	EAP Supervisor	12	
Target Reduction Goals: Draft	EAP Supervisor	12	
Action Steps: Related analyses/research	EAP Supervisor	12	
Action Steps: Draft	EAP Supervisor	12	
Implementation Plan: Related analyses/research	EAP Supervisor	24	
Implementation Plan: Draft	EAP Supervisor	12	
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Executive Summary and Conclusion: Draft	EAP Supervisor	8	
Stakeholder meetings to present EAP draft	EAP Supervisor	8	
Additional follow-up research on comments received	EAP Supervisor	12	
Second draft of EAP	EAP Supervisor	12	
Stakeholder presentations	EAP Supervisor	16	
Final EAP for Council	EAP Supervisor	16	
Total Hours and Cost – EAP Supervisor		216	x \$40.38/hr = \$8,722.08

NOT-TO-EXCEED \$9,000

Budget Proposal for City of Costa Mesa – Energy Action Plan

B. Fee Schedules

Job Classification	Hourly Billing Rate
EAP Supervisor	\$40.38

C. Time and Materials Summary (not to exceed \$9,000)

A. Name of Offeror: Luna Energy Corporation

B. Office Address: 9651 Royal Palm Boulevard, Garden Grove, CA 92841

C. Location Where Work is Performed: 9651 Royal Palm Boulevard, Garden Grove, CA 92841

D. Detail Description of Proposal: To provide professional services to research and develop a comprehensive energy action plan for the City of Costa Mesa to develop near and long-term goals, and procedures to reduce municipal and community energy consumption.

1. Direct Materials

A. Printing costs for Energy Action Plan to be reimbursed at cost (upon City approval) \$ 200 estimated

2. Direct Labor

Labor Category	Labor Rate (\$/hour)	
A) <u>EAP Supervisor</u>	<u>\$ 30/hour</u>	
Total Direct Labor		\$ <u>30/hour</u>

3. Labor Overhead Rate 28.0 % X \$30/hour Base \$ 8.40/hour

4. Travel

Description	Amount	
<u>1 day/week to City of Costa Mesa</u>	<u>Rate 0.8% X \$30/hour Base</u>	
Total Travel Costs		\$ <u>0.24/hour</u>

5. General and Administrative Expense (Rate 0.8 % X \$30/hour Base) \$ 0.24/hour

6. Contingency (Rate 5 % X \$30/hour Base) \$ 1.50/hour

7. Fee or Profit (Rate 0 % X \$30/hour Base) \$ 0/hour

Total Billing Rate \$ 40.38/hour

E. Contact for specific financial information: Name Lena Luna Telephone No. (949) 484-9634

EXHIBIT D
CITY COUNCIL POLICY 100-5

SUBJECT	POLICY NUMBER	EFFECTIVE DATE	PAGE
DRUG-FREE WORKPLACE	100-5	8-8-89	1 of 3

BACKGROUND

Under the Federal Drug-Free Workplace Act of 1988, passed as part of omnibus drug legislation enacted November 18, 1988, contractors and grantees of Federal funds must certify that they will provide drug-free workplaces. At the present time, the City of Costa Mesa, as a sub-grantee of Federal funds under a variety of programs, is required to abide by this Act. The City Council has expressed its support of the national effort to eradicate drug abuse through the creation of a Substance Abuse Committee, institution of a City-wide D.A.R.E. program in all local schools and other activities in support of a drug-free community. This policy is intended to extend that effort to contractors and grantees of the City of Costa Mesa in the elimination of dangerous drugs in the workplace.

PURPOSE

It is the purpose of this Policy to:

1. Clearly state the City of Costa Mesa's commitment to a drug-free society.
2. Set forth guidelines to ensure that public, private, and nonprofit organizations receiving funds from the City of Costa Mesa share the commitment to a drug-free workplace.

POLICY

The City Manager, under direction by the City Council, shall take the necessary steps to see that the following provisions are included in all contracts and agreements entered into by the City of Costa Mesa involving the disbursement of funds.

1. Contractor or Sub-grantee hereby certifies that it will provide a drug-free workplace by:
 - a. Publishing a statement notifying employees that the unlawful manufacture, distribution, dispensing, possession, or use of a controlled substance is prohibited in Contractor's and/or sub-grantee's workplace, specifically the job site or location included in this contract, and specifying the actions that will be taken against the employees for violation of such prohibition;

SUBJECT	POLICY NUMBER	EFFECTIVE DATE	PAGE
DRUG-FREE WORKPLACE	100-5	8-8-89	2 of 3

- b. Establishing a Drug-Free Awareness Program to inform employees about:
 - 1. The dangers of drug abuse in the workplace;
 - 2. Contractor's and/or sub-grantee's policy of maintaining a drug-free workplace;
 - 3. Any available drug counseling, rehabilitation and employee assistance programs; and
 - 4. The penalties that may be imposed upon employees for drug abuse violations occurring in the workplace;
- c. Making it a requirement that each employee to be engaged in the performance of the contract be given a copy of the statement required by subparagraph A;
- d. Notifying the employee in the statement required by subparagraph 1 A that, as a condition of employment under the contract, the employee will:
 - 1. Abide by the terms of the statement; and
 - 2. Notify the employer of any criminal drug statute conviction for a violation occurring in the workplace no later than five (5) days after such conviction;
- e. Notifying the City of Costa Mesa within ten (10) days after receiving notice under subparagraph 1 D 2 from an employee or otherwise receiving the actual notice of such conviction;
- f. Taking one of the following actions within thirty (30) days of receiving notice under subparagraph 1 D 2 with respect to an employee who is so convicted:
 - 1. Taking appropriate personnel action against such an employee, up to and including termination; or
 - 2. Requiring such employee to participate satisfactorily in a drug abuse assistance or rehabilitation program approved for such purposes by a Federal, State, or local health agency, law enforcement, or other appropriate agency;

SUBJECT	POLICY NUMBER	EFFECTIVE DATE	PAGE
DRUG-FREE WORKPLACE	100-5	8-8-89	3 of 3

- g. Making a good faith effort to maintain a drug-free workplace through implementation of subparagraphs 1 A through 1 F, inclusive.
2. Contractor and/or sub-grantee shall be deemed to be in violation of this Policy if the City of Costa Mesa determines that:
 - a. Contractor and/or sub-grantee has made a false certification under paragraph 1 above;
 - b. Contractor and/or sub-grantee has violated the certification by failing to carry out the requirements of subparagraphs 1 A through 1 G above;
 - c. Such number of employees of Contractor and/or sub-grantee have been convicted of violations of criminal drug statutes for violations occurring in the workplace as to indicate that the contractor and/or sub-grantee has failed to make a good faith effort to provide a drug-free workplace.
 3. Should any contractor and/or sub-grantee be deemed to be in violation of this Policy pursuant to the provisions of 2 A, B, and C, a suspension, termination or debarment proceeding subject to applicable Federal, State, and local laws shall be conducted. Upon issuance of any final decision under this section requiring debarment of a contractor and/or sub-grantee, the contractor and/or sub-grantee shall be ineligible for award of any contract, agreement or grant from the City of Costa Mesa for a period specified in the decision, not to exceed five (5) years. Upon issuance of any final decision recommending against debarment of the contractor and/or sub-grantee, the contractor and/or sub-grantee shall be eligible for compensation as provided by law.

EXHIBIT E
CERTIFICATES OF INSURANCE



CERTIFICATE OF LIABILITY INSURANCE

DATE (MM/DD/YYYY)
10/1/2012

THIS CERTIFICATE IS ISSUED AS A MATTER OF INFORMATION ONLY AND CONFERS NO RIGHTS UPON THE CERTIFICATE HOLDER. THIS CERTIFICATE DOES NOT AFFIRMATIVELY OR NEGATIVELY AMEND, EXTEND OR ALTER THE COVERAGE AFFORDED BY THE POLICIES BELOW. THIS CERTIFICATE OF INSURANCE DOES NOT CONSTITUTE A CONTRACT BETWEEN THE ISSUING INSURER(S), AUTHORIZED REPRESENTATIVE OR PRODUCER, AND THE CERTIFICATE HOLDER.

IMPORTANT: If the certificate holder is an ADDITIONAL INSURED, the policy(ies) must be endorsed. If SUBROGATION IS WAIVED, subject to the terms and conditions of the policy, certain policies may require an endorsement. A statement on this certificate does not confer rights to the certificate holder in lieu of such endorsement(s).

PRODUCER KNOX GENERAL INSURANCE BROKERS 226 SOUTH GLASSSELL STREET ORANGE, CA 92666	CONTACT NAME: SARAH MEADOWS PHONE (A/C, Hq, Ext): 714-744-3300 E-MAIL ADDRESS: SARAH@KGIBINC.COM	FAX (A/C, No): 714-744-6537
	INSURER(S) AFFORDING COVERAGE	
INSURED LUNA ENERGY CORPORATION 9651 Royal Palm Blvd Garden Grove, CA 92841	INSURER A: PEERLESS INSURANCE COMPANY	
	INSURER B: TECHNOLOGY INSURANCE COMPANY	
	INSURER C: BEAZLEY INSURANCE COMPANY, INC.	
	INSURER D:	
	INSURER E:	

COVERAGES **CERTIFICATE NUMBER: 1** **REVISION NUMBER: 5**

THIS IS TO CERTIFY THAT THE POLICIES OF INSURANCE LISTED BELOW HAVE BEEN ISSUED TO THE INSURED NAMED ABOVE FOR THE POLICY PERIOD INDICATED. NOTWITHSTANDING ANY REQUIREMENT, TERM OR CONDITION OF ANY CONTRACT OR OTHER DOCUMENT WITH RESPECT TO WHICH THIS CERTIFICATE MAY BE ISSUED OR MAY PERTAIN, THE INSURANCE AFFORDED BY THE POLICIES DESCRIBED HEREIN IS SUBJECT TO ALL THE TERMS, EXCLUSIONS AND CONDITIONS OF SUCH POLICIES. LIMITS SHOWN MAY HAVE BEEN REDUCED BY PAID CLAIMS.

INSR LTR	TYPE OF INSURANCE	AGOL SUBR INSR WVD	POLICY NUMBER	POLICY EFF (MM/DD/YYYY)	POLICY EXP (MM/DD/YYYY)	LIMITS
A	GENERAL LIABILITY <input checked="" type="checkbox"/> COMMERCIAL GENERAL LIABILITY <input type="checkbox"/> CLAIMS-MADE <input checked="" type="checkbox"/> OCCUR GENL AGGREGATE LIMIT APPLIES PER: <input checked="" type="checkbox"/> POLICY <input type="checkbox"/> PRO-JECT <input type="checkbox"/> LOC	<input checked="" type="checkbox"/>	CBP8882800	10/1/2012	10/1/2013	EACH OCCURRENCE \$ 1,000,000 DAMAGE TO RENTED PREMISES (Ea occurrence) \$ 100,000 MED EXP (Any one person) \$ 5,000 PERSONAL & ADV INJURY \$ 1,000,000 GENERAL AGGREGATE \$ 2,000,000 PRODUCTS - COMP/OP AGG \$ 2,000,000
A	AUTOMOBILE LIABILITY <input type="checkbox"/> ANY AUTO <input type="checkbox"/> ALL OWNED AUTOS <input checked="" type="checkbox"/> HIRED AUTOS <input type="checkbox"/> SCHEDULED AUTOS <input checked="" type="checkbox"/> NON-OWNED AUTOS		CBP8882800	10/1/2012	10/1/2013	COMBINED SINGLE LIMIT (Ea accident) \$ 1,000,000 BODILY INJURY (Per person) \$ BODILY INJURY (Per accident) \$ PROPERTY DAMAGE (Per accident) \$ UMBRELLA LIAB OCCUR EXCESS LIAB CLAIMS-MADE DED RETENTION \$
	UMBRELLA LIAB EXCESS LIAB DED RETENTION \$		--N/A--			EACH OCCURRENCE \$ AGGREGATE \$
B	WORKERS COMPENSATION AND EMPLOYERS' LIABILITY ANY PROPRIETOR/PARTNER/EXECUTIVE OFFICER/MEMBER EXCLUDED? (Mandatory in NH) If yes, describe under DESCRIPTION OF OPERATIONS below	Y/N	TBD	10/1/2012	10/1/2013	WC STATU-TORY LIMITS OTHER E.L. EACH ACCIDENT \$ 1,000,000 E.L. DISEASE - EA EMPLOYEE \$ 1,000,000 E.L. DISEASE - POLICY LIMIT \$ 1,000,000
C	PROFESSIONAL LIABILITY & NETWORK SECURITY LIABILITY		V11F6E120201	10/1/2012	10/1/2013	\$1,000,000 CLAIM \$1,000,000 AGG \$1,000 DEDUCTIBLE

DESCRIPTION OF OPERATIONS / LOCATIONS / VEHICLES (Attach ACORD 101, Additional Remarks Schedule, if more space is required)
 THE CITY OF COSTA MESA AND ITS ELECTED AND APPOINTED BOARDS, OFFICERS, AND EMPLOYEES ARE NAMED AS ADDITIONAL INSURED PER GOLD ENDORSEMENT GEGG602 1/11. PRIMARY WORDING IS INCLUDED ON THE POLICY AS RESPECTS TO GENERAL LIABILITY.

CERTIFICATE HOLDER THE CITY OF COSTA MESA 77 FAIR DRIVE COSTA MESA, CA 92626	CANCELLATION SHOULD ANY OF THE ABOVE DESCRIBED POLICIES BE CANCELLED BEFORE THE EXPIRATION DATE THEREOF, NOTICE WILL BE DELIVERED IN ACCORDANCE WITH THE POLICY PROVISIONS.
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THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

COMMERCIAL LIABILITY GOLD ENDORSEMENT

This endorsement modifies insurance provided under the following:

COMMERCIAL GENERAL LIABILITY COVERAGE PART

SECTION I – COVERAGES

COVERAGE A. BODILY INJURY AND PROPERTY DAMAGE LIABILITY

2. Exclusions

Item 2.g. 2) is replaced with the following:

2.g. 2) A watercraft you do not own that is:

a) less than 50 feet long; and

b) Not being used to carry persons or property for a charge.

Item 2.g. 6) is added:

6) An aircraft in which you have no ownership interest and that you have chartered with crew.

The last paragraph of 2. Exclusions is replaced with the following:

Exclusions c. through n. do not apply to damage by fire, explosion, sprinkler leakage, or lightning to premises while rented to you, temporarily occupied by you with the permission of the owner, or managed by you under a written agreement with the owner. A separate limit of insurance applies to this coverage as described in Section III – Limits of Insurance.

SECTION I – COVERAGES

COVERAGE C. MEDICAL PAYMENTS

If Medical Payments Coverage is provided under this policy, the following is changed:

3. Limits

The medical expense limit provided by this policy shall be the greater of:

a. \$10,000; or

b. The amount shown in the declarations.

Coverage C. Medical Payments is primary and not contributing with any other insurance, even if that other insurance is also primary.

The following is added:

COVERAGE D. PRODUCT RECALL NOTIFICATION EXPENSES

Insuring Agreement

We will pay "product recall notification expenses" incurred by you for the withdrawal of your products, provided that:

a. Such withdrawal is required because of a determination by you during the policy period, that the use or consumption of your products could result in "bodily injury" or "property damage"; and

b. The "product recall notification expenses" are incurred and reported to us during the policy period.

The most we will pay for "product recall notification expenses" during the policy period is \$100,000.

SUPPLEMENTARY PAYMENTS – COVERAGES A AND B

Item b. and d. are replaced with:

b. The cost of bail bonds required because of accidents or traffic law violations arising out of the use of any vehicle to which the Bodily Injury Liability Coverage applies. We do not have to furnish these bonds.

d. All reasonable expenses incurred by the insured at our request to assist us in the investigation or defense of the claim or "suit" including actual loss of earnings up to \$500 a day because of time off from work.

SECTION II - WHO IS AN INSURED

Item 4. is replaced with:

4. Any subsidiaries, companies, corporations, firms, or organizations you acquire or form during the policy period over which you maintain a controlling interest of greater than 50% of the stock or assets, will qualify as a Named Insured if:
 - a) you have the responsibility of placing insurance for such entity; and
 - b) coverage for the entity is not otherwise more specifically provided; and
 - c) the entity is incorporated or organized under the laws of the United States of America.

However, coverage under this provision does not apply to "bodily injury" or "property damage" that occurred before you acquired or formed the entity, or "personal injury" or "advertising injury" arising out of an offense committed before you acquired or formed the entity.

Coverage under this provision is afforded only until the end of the policy period, or the twelve (12) month anniversary of the policy inception date whichever is earlier.

SECTION III - LIMITS OF INSURANCE

Paragraph 2 is amended to include:

The General Aggregate Limit of Insurance applies separately to each "location" owned by you, rented to you, or occupied by you with the permission of the owner.

Paragraph 6. is replaced with the following:

6. Subject to 5. above, the Fire Damage Limit is the most we will pay under Coverage A for damages because of "property damage" to premises while rented to you, temporarily occupied by you with permission of the owner, or managed by you under a written agreement with the owner, arising out of any one fire, explosion or sprinkler leakage incident.

The Fire Damage Limit provided by this policy shall be the greater of:

- a. \$500,000; or
- b. The amount shown in the Declarations.

SECTION IV - COMMERCIAL GENERAL LIABILITY CONDITIONS

Item 2. a. is replaced with:

2. Duties In The Event of Occurrence, Offense, Claim or Suit

- a. You must promptly notify us. Your duty to promptly notify us is effective when any of your executive officers, partners, members, or legal representatives is aware of the "occurrence", offense, claim, or "suit". Knowledge of an "occurrence", offense, claim or "suit" by other employee(s) does not imply you also have such knowledge. To the extent possible, notice to us should include:
 - 1) How, when and where the "occurrence" or offense took place;
 - 2) The names and addresses of any injured persons and witnesses; and
 - 3) The nature and location of any injury or damage arising out of the "occurrence", offense, claim or "suit".

Item 4. b. 1) b) is replaced with:

b. Excess Insurance

- 1) b) That is Fire, Explosion or Sprinkler Leakage Insurance for premises while rented to you, temporarily occupied by you with permission of the owner, or managed by you under a written agreement with the owner; or

Item 6. is amended to include:

6. Representations

- d. If you unintentionally fail to disclose any hazards existing at the inception date of your policy, we will not deny coverage under this Coverage Part because of such failure. However, this provision does not affect our right to collect additional premium or exercise our right of cancellation or non-renewal.

Item 8. is replaced with:

B. Transfer of Rights Of Recovery Against Others To Us

- a. If the insured has rights to recover all or part of any payment we have made under this Coverage Part, those rights are transferred to us. The insured must do nothing after loss to impair them. At our request, the insured will bring suit or transfer those rights to us and help us enforce them.
- b. If required by a written "insured contract", we waive any right of recovery we may have against any person or organization because of payments we make for injury or damage arising out of your ongoing operations or "your work" done under that written "insured contract" for that person or organization and included in the "products-completed operations hazard".

Item 10. and Item 11. are added:

10. Cancellation Condition

If we cancel this policy for any reason other than nonpayment of premium we will mail or deliver written notice of cancellation to the first Named Insured at least 60 days prior to the effective date of cancellation.

11. Liberalization

If we adopt a change in our forms or rules which would broaden your coverage without an extra charge, the broader coverage will apply to this policy. This extension is effective upon the approval of such broader coverage in your state.

SECTION V – DEFINITIONS

The following definitions are added or changed:

9. "Insured contract"

a. Is changed to:

- a. A contract for a lease of premises. However, that portion of the contract for a lease of premises that indemnifies any person or organization for damage by fire, explosion or sprinkler leakage to premises while rented to you, or temporarily occupied by you with permission of the owner, or managed by you under a written agreement with the owner is not an "insured contract".

23 and 24 are added:

23. "Location" means premises involving the same or connecting lots, or premises whose connection is interrupted only by a street, roadway, waterway or right-of-way of a railroad.

24. "Product recall notification expenses" means the reasonable additional expenses (including, but not limited to, cost of correspondence, newspaper and magazine advertising, radio or television announcements and transportation cost), necessarily incurred in arranging for the return of products, but excluding costs of the replacement products and the cash value of the damaged products.

The following Provisions are also added to this Coverage Part:

A. ADDITIONAL INSURED – BY CONTRACT, AGREEMENT OR PERMIT

1. Paragraph 2. under SECTION II – WHO IS AN INSURED is amended to include as an insured any person or organization when you and such person or organization have agreed in writing in a contract, agreement or permit that such person or organization be added as an additional insured on your policy to provide insurance such as is afforded under this Coverage Part. Such person or organization is not entitled to any notices that we are required to send to the Named Insured and is an additional insured only with respect to liability arising out of:

- a. Your ongoing operations performed for that person or organization; or
- b. Premises or facilities owned or used by you.

With respect to provision 1.a. above, a person's or organization's status as an insured under this endorsement ends when your operations for that person or organization are completed.

With respect to provision 1.b. above, a person's or organization's status as an insured under this endorsement ends when their contract or agreement with you for such premises or facilities ends.

2. This endorsement provision A. does not apply:
 - a. Unless the written contract or agreement has been executed, or permit has been issued, prior to the "bodily injury", "property damage" or "personal and advertising injury";
 - b. To "bodily injury" or "property damage" occurring after:
 - (1) All work, including materials, parts or equipment furnished in connection with such work, in the project (other than service, maintenance or repairs) to be performed by or on behalf of the additional insured(s) at the site of the covered operations has been completed; or
 - (2) That portion of "your work" out of which the injury or damage arises has been put to its intended use by any person or organization other than another contractor or subcontractor engaged in performing operations for a principal as a part of the same project;
 - c. To the rendering of or failure to render any professional services including, but not limited to, any professional architectural, engineering or surveying services such as:
 - (1) The preparing, approving, or failing to prepare or approve, maps, shop drawings, opinions, reports, surveys, field orders, change orders or drawings and specifications; and
 - (2) Supervisory, inspection, architectural or engineering activities;
 - d. To "bodily injury", "property damage" or "personal and advertising injury" arising out of any act, error or omission that results from the additional insured's sole negligence or wrongdoing;
 - e. To any person or organization included as an insured under provision B. of this endorsement;
 - f. To any person or organization specifically designated an additional insured for ongoing operations by a separate ADDITIONAL INSURED - OWNERS, LESSEES OR CONTRACTORS endorsement issued by us and made a part of this policy.

B. ADDITIONAL INSURED - VENDORS

Paragraph 2. under SECTION II - WHO IS AN INSURED is amended to include as an insured any person or organization (referred to below as "vendor") with whom you agreed, in a written contract or agreement to provide insurance such as is afforded under this policy, but only with respect to "bodily injury" or "property damage" arising out of "your products" which are distributed or sold in the regular course of the vendor's business, subject to the following additional exclusions:

1. The insurance afforded the vendor does not apply to:
 - a. "Bodily injury" or "property damage" for which the vendor is obligated to pay damages by reason of the assumption of liability in a contract or agreement. This exclusion does not apply to liability for damages that the vendor would have in the absence of the contract or agreement;
 - b. Any express warranty unauthorized by you;
 - c. Any physical or chemical change in the product made intentionally by the vendor;
 - d. Repackaging, unless unpacked solely for the purpose of inspection, demonstration, testing, or substitution of parts under instructions from the manufacturer, and then repackaged in the original container;
 - e. Any failure to make such inspections, adjustments, tests or servicing as the vendor has agreed to make or normally undertakes to make in the course of business, in connection with the distribution or sale of the products;
 - f. Demonstration, installation, servicing or repair operations, except such operations performed at the vendor's premises in connection with the sale of the product;
 - g. Products which, after distribution or sale by you, have been labeled or relabeled or used as a container, part or ingredient of any other thing or substance by or for the vendor; or
 - h. To "bodily injury" or "property damage" arising out of any act, error or omission that results from the additional insured's sole negligence or wrongdoing.
2. This insurance does not apply to any insured person or organization, from whom you have acquired such products, or any ingredient, part or container, entering into, accompanying or containing such products.