

## Board of Trustees Douglas County School District

## FINANCES

### PERFORMANCE BASED CONTRACTING

The Board of Trustees believes it is vital that the District seek alternative methods for financing certain capital and facilities' management projects. Performance based contracting is a financial alternative to augment the financing of certain capital projects. Nevada Revised Statute 332 defines performance contracting as a written contract between the District and a qualified service company for the evaluation, recommendation and implementation of one or more operating cost-savings measures. Performance contracting is designed to utilize a qualified service company to provide design, and installation of operating cost-savings projects related to energy, water, and waste disposal. The company may also provide financing options, but the District may pursue alternative resources. The capital projects are typically funded by the guaranteed savings produced by the projects over a set period of time.

This policy shall set forth the process for evaluating whether work to be performed on a building will be performed pursuant to a performance based contract.

Prior to beginning the bidding process, any proposed capital project which fits the criteria as outlined below will be reviewed by the Board of Trustees, or its designee. The following criteria for determining the work which will be evaluated includes, at a minimum:

- a. Consists primarily of one or more operating cost savings measures as defined per NRS 332.330 and 332.362(3); and
- b. Qualifies to be performed pursuant to a performance contract with a return on investment within five years or less, and a minimum project value of one million dollars (\$1,000,000).

If the proposed capital project meets the above minimum criteria, the Board of Trustees, or its designee, may determine it more reasonable to include the project as a change order under an existing performance contract rather than a new performance contract.

However, should the Board of Trustees, or its designee, determine not to enter into a new performance contract for the project(s) that meet the evaluation criteria or does not recommend inclusion under an existing performance contract, the reasons for that determination shall be documented.

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Additionally, the Board of Trustees, or its designee, shall prepare an annual report pursuant to NRS 332.431 for any existing performance contract, as well as report annually to the Nevada State Office of Energy the operating cost-savings measures, if any, that:

- a. Were identified in an approved performance based contracting project's financial-grade operational audit submitted to the Board of Trustees pursuant to NRS 332.360(5) during the immediately preceding year; and
- b. Were not included in a performance contract during the immediately preceding year.

Reference: NRS 332.300 – 332.440

Adopted: February 2015