

**BOARD OF TRUSTEES  
CARSON CITY SCHOOL DISTRICT**

**POLICY No. 619  
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. NRS 332.340 defines a performance contract as a written contract between a local government 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 disposal of waste. 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. NRS 332.360(6) requires the local government to enter into a contract with a third party consultant to verify the cost savings that will be utilized in financing the projects. This policy sets 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 outlined below for a performance based contract will be reviewed to determine whether the work, at a minimum:

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

If the proposed capital project meets the above minimum criteria, a determination should be made whether it is more reasonable to include the project as a change order under an existing performance contract rather than a new performance contract.

If the District determines not to enter into a performance contract for projects that meet the evaluation criteria, the reasons for that determination shall be documented.

Except as otherwise provided by NRS 332.353, a person who wishes to be eligible as a qualified service company and submit a proposal for a performance contract must file an application with the District which will be evaluated pursuant to NRS 332.352.

**POLICY No. 619 - CONTINUED**

As required by NRS 332.431, the District shall prepare an annual report 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:

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

Reference: NRS 332.300 – 332.440

Adopted: May 24, 2016