

# Performance Contracting: An Innovative Tool to Self Fund Municipal Projects

**3<sup>rd</sup> Annual Water Innovations Alliance Conference**  
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**Seaport World Trade Center**  
**200 Seaport Blvd.**  
**Boston, MA**  
**John Lanzoni Siemens Industry, Inc.**





## What is Performance Contracting ?

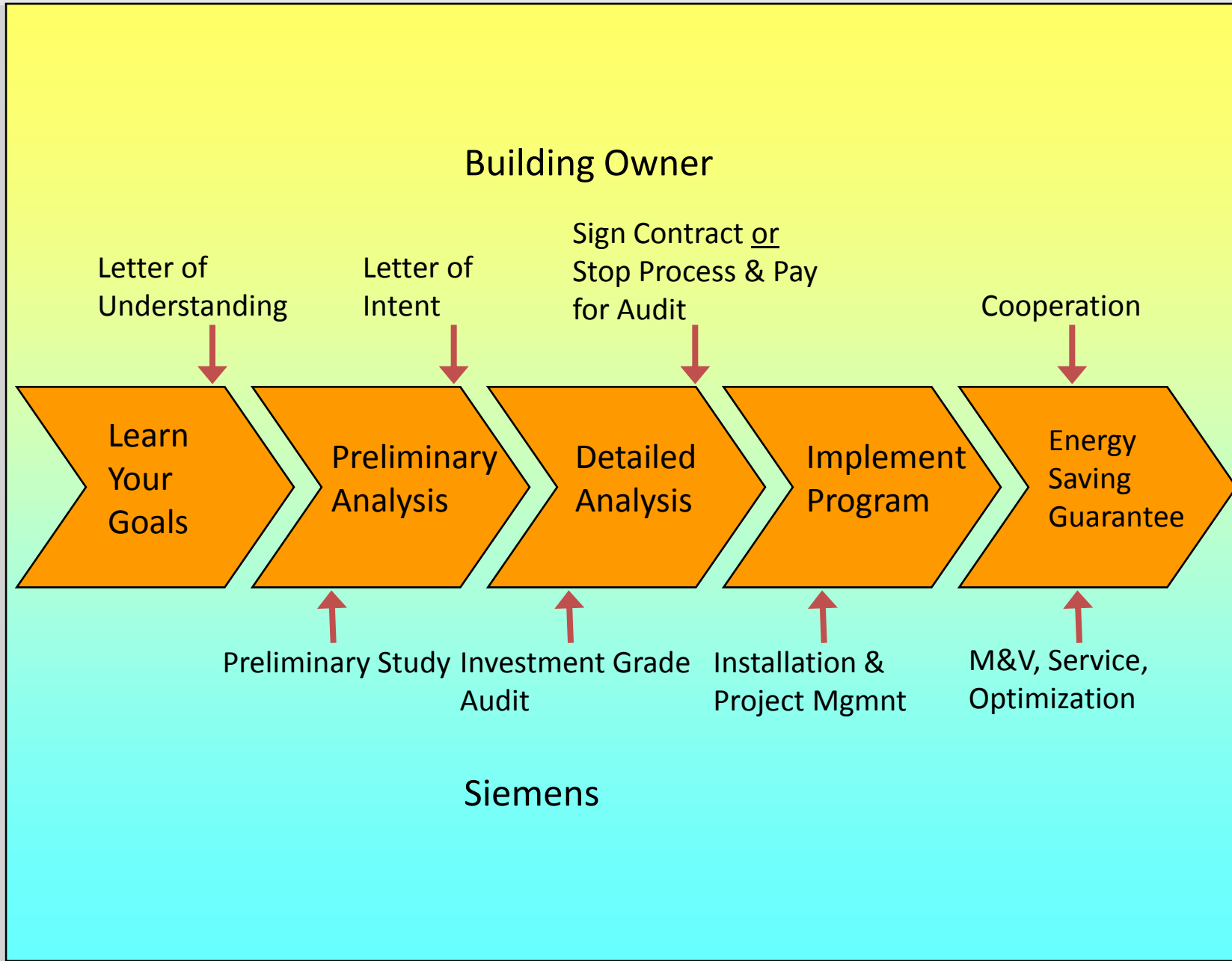
**Performance Contracting allows public sector clients to make facility and capital improvements funded through energy and operational savings.**

**Performance Contracting guarantees these contracted savings through the contract period. If the agreed upon energy and operational cost saving goals are not met, Siemens pays the shortfall. If the owner's energy savings surpass the guaranteed goals, the owner will receive one hundred percent of the excess savings**

# Project Delivery Methods

- Traditional Method: Design Bid Build (DBB):
  - Low Price Wins
- Design Build (DB): Typically a collaborative effort with the owner.
  - can include a Guaranteed Maximum Price for the project.
- Design Build Finance (DBF): Same as DB but with a finance Option
  - Typically a Private finance deal
- Design Build Stipulated Savings:
  - Same as DB but with a payback model
- Design Build Finance and Guarantee (DBFG) aka: PC
  - A DB delivery Model backed by State Legislation
  - Identified Projects Self Funded from Existing Budgets
  - Project is Guaranteed for the Term of the Contract (typ. 10 yrs)
  - Virtually Risk Free to the Owner

# Performance Contracting Process Overview



**Thank You for Your Time  
Questions?**

