

5.5 Continuous Improvement

A framework program of continuous improvement in performance shall be developed that seeks to attain year on year improvements in:

- Total energy consumption
- Peak time energy consumption
- Total potable water consumed
- Average response and clearance time
- Total equipment available for duty
- Major equipment available for duty
- No. of emergency response trainings
- No. of safety trainings
- No. of O&M trainings

5.6 Performance-Based Contracts

Performance-based contracts define the minimum conditions of assets and payments are based on how well the assets are managed and compliance with the performance standards is achieved.

5.6.1 Prescriptive vs. Performance Contracts

- a) Prescriptive (Traditional) Contracts
 - Outline exact specifications expected
 - Less flexible
 - Can sometimes stifle innovation and morale
 - Contractors may have little incentive or motivation to do anything beyond what is specified
- b) Performance Contracts
 - Describe expected results
 - Flexibility for the vendor regarding achievement of those results
 - With a responsible contractor, possible cost efficiencies and improvements
 - Contractor may take more pride in work and look for ways to increase effectiveness and efficiencies and add value

5.6.2 Administering Performance-Based Contracts

- a) Contract Administration
 - Contract administration is the process of ensuring that the intent, requirements, and terms and conditions of the contract are met.
- b) Purpose for Contract Administration
 - Assess Performance
 - Compliance
 - Document Outcomes
 - Ensure Continuing Relevance
- c) Partnering
 - Partnering is critical in performance-based contracts
 - Partnering should not be eliminating the control mechanisms that are necessary in order to have strong claims avoidance strategy.