Federal Accounting Standard Advisory Board (FASAB) Statement of Federal Financial Accounting Standards (SFFAS) 49, *Public-Private Partnerships (P3s) Disclosure Requirements,* requires NOAA to disclose certain P3s in the NOAA footnotes. (<http://files.fasab.gov/pdffiles/handbook_sffas_49.pdf>)

**Definition of P3:**

“P3s are risk-sharing arrangements or transactions with expected lives greater than five years between public and private sector entities. Such arrangements or transactions provide a service or asset for government and/or general public use where in addition to the sharing of resources, each party shares in the risks and rewards of said arrangements or transactions.”

P3s covers a wide variety of public-private service, management, operating and research and development (R&D) arrangements or transactions and may include contracts, grants, reimbursable agreements, alternative financing arrangements and privatization initiatives.

**Action to be Taken:**

Evaluate transactions and arrangements against below criteria and characteristics. For any transaction or arrangement that meets the requirements, please provide the transaction or arrangement and supporting documentation for analysis of it to NOAA Finance (Amy Lin and Heather Potter).

If questions arise while performing an analysis of a transaction or arrangement, please contact NOAA Finance (Amy Lin and Heather Potter).

**Evaluation of P3 Arrangements or Transactions:**

The following arrangements and transactions are NOT subject to this statement:

1. Non-lease acquisitions of property, plant, and equipment (PP&E) that are subject to the Federal Acquisition Regulations (FAR) and the private entity is not directly financing, operating, or maintaining the PP&E as part of the arrangement or transaction
2. Leases that are not bundled and are entered into using GSA delegated authority.
3. Acquisitions of supplies/services (including construction, R&D, commercial items) made using FAR Simplified Acquisition Procedures.
4. P3s that do not share risks or rewards and are solely designed to foster goodwill, encourage economic development, promote research/innovation, coordinate/integrate strategic initiatives.
5. Grants to state, local, and Indian tribal governments and other public institutions and P3x with foreign governments.
6. P3s in which private entities voluntarily contribute nominal/incidental resources without expectation of government compensation/indemnification.

An arrangement or transaction is considered a P3 if it meets all of the following criteria:

1. It is between NOAA and private-sector entity(s).
2. There is a risk of loss to NOAA or the private sector entity’s ability to perform is at risk and success of the arrangement or transaction depends upon the public sector’s intervention.
3. It has an expected live greater than 5 years.
4. It provides a service/asset for government/public use where each partner shares resources, risk of loss, and rewards.

An arrangement or transaction meeting the definition of a P3 should be evaluated, first, against the risk based characteristics referred to as “Conclusive Characteristics”. If it does not meet any of the Conclusive Characteristics, then it should be evaluated against the “Suggestive Characteristics”.

|  |  |
| --- | --- |
| **Type of Risk Characteristic** | **Conditions** |
| **Conclusive Risk Characteristics**  **– if any ONE of these conditions is met, the P3 SHOULD be disclosed** | * The P3 results in the conveyance or creation of a long-lived asset or long-term financing liability. * NOAA participates in, helps sponsor, or is party to a Special Purpose Vehicle, partnership, trust, etc. * The P3 covers a significant portion of the economic life of a project or asset. * The P3 contract is exempt from the FAR, or the P3 grant is exempt from OMB requirements. |
| **Suggestive Risk Characteristics (to be considered in aggregate)**  **– These are evidence of a P3 that MAY possess risk of loss to NOAA and should be disclosed** | * A Value of Money analysis was performed. * The consideration of items given up in a P3 or their value is not readily apparent. * Significant work force duties, activities, or knowledge are cross-shared between public and private sector P3 parties. * The focus is more on collaboration and informal, real-time, resolution processes than on formal, contractual, and administrative processes. * NOAA relies on either the public sector partner’s or a third party’s determination of a P3’s performance or return on investment/equity, without performing its own verification of performance/return on investment/equity. |