

Memorandum
P3 Addendum

May 22, 2024

To: Members of the AAPC
From: Domenic N. Savini, Assistant Director
Thru: Monica R. Valentine, Executive Director/ AAPC Chair
Subject: Public-Private Partnerships (P3): Task Force Member Comments (**Topic B**)

Transmittal of P3 Task Force Member Comments

As you may recall, during the May 8th AAPC meeting Topic B session, several panelists were having technical difficulties and either unable to join the session or enable their audio.

Although Mr. Larry Checco (P3 Task Force member) was able to join the session, he was unable to help address certain issues or express his opinions. As such, he has requested that the following May 15, 2024, emailed comments be shared with the Committee and included in the record.

Committee members are requested to read his comments. Staff is not requesting any technical feedback. If you have any questions, please contact Dom at savinid@fasab.gov with a cc to Monica at valentinem@fasab.gov.

Attachment – Emailed comments sent May 15, 2024 from Mr. Larry Checco

ATTACHMENT

From: [Larry Checco](#)
To: [Savini, Domenic N](#)
Cc: [Larry Checco](#)
Date: Wednesday, May 15, 2024 9:19:24 PM

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Dom,

As you are aware, I was one of the panelists who had technical difficulties participating in the zoom webinar, so I greatly appreciate this opportunity to submit my comments, as follows:

There still seems to be some lack of clarity around the term P3-- what it means and how agencies are expected to comply with the standard. Many of us on the task force believe, or are under the impression, that the definition of what a P3 is and how to report it had been resolved. Although that may appear to be the case, it seems that my fellow task force members from the DoD and NASA have expressed a concern regarding intra-agency communication or lack thereof with their program management offices as being a primary reason for under-reporting. To that end, I support the issuance of the Technical Release for exposure and encourage continued training and outreach.

Also, there was some question regarding risks/rewards, especially as it pertains to the government. As a citizen representative on the task force, I would submit that the greatest risk to government agencies when they enter into P3 agreements centers around reputation. Every time one of these P3s goes awry, the reputation of the government agencies involved takes a hit. I was delighted to hear several of the agency representatives discuss the qualitative aspects to materiality, including reputational and performance risks (non-financial) and endorse a more holistic approach to implementing SFAFS 49.

For example, in Maryland, where I reside, the state entered into one of the largest P3 arrangements to build a 16-mile light rail train system (the Purple Line), promising tens of thousands of commuters faster and easier commutes. Currently, the project is billions of dollars in cost overruns and years behind its original completion date—and we the taxpayers are stuck holding the bag, casting shadows of doubt over the experience and oversight abilities of the government to manage such contracts.

One might ask would this have been the case had the government agencies involved adopted SFFAS 49 requirements, namely:

- Done their due diligence before entering into this P3 arrangement, i.e. What were the track records of these companies? Were they experienced in working with government agencies? Did they process the resources to conduct such a large, complex project? The SFFAS 49 disclosures help establish a baseline for financial statement users to monitor an agency's performance regarding P3s as it pertains to at least the financial information.
- Was there adequate transparency when it came to revealing details of the P3 arrangement between all stakeholders, including the general public? SFFAS 49 increases transparency by identifying material P3 arrangements to again, assist users in assessing performance and the effectiveness of government administration.
- Were all parties made aware they would be held accountable if and when things did not go according to plan, and what that accountability would entail? The SFFAS 49 requirements to report risk, including those deemed remote would document the financial and reputational impact of said accountability of all partners.

In closing, this Technical Guidance embodies concepts of transparency, accountability, performance and reputation. I endorse its exposure for comment that will serve as evidence of this Committee's due diligence in establishing a more safe framework for P3 arrangements.

Again, Dom, many thanks for helping give my views as a citizen representative of the task force a platform and voice.



Larry
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Larry Checco