

Note 26. Public-Private Partnerships

The government enters into various collaborative relationships with private sector entities in which the goals, structures, governance, roles and responsibilities are mutually determined to produce a risk-sharing arrangement. These relationships are referred to as P3s, in accordance with SFFAS No. 49, *Public-Private Partnerships: Disclosure Requirements*. While many of the government's relationships are classified as and may be referred to as a P3, only those meeting the disclosure requirements outlined in SFFAS No. 49 are disclosed.

The National Energy Conservation Policy Act, as amended, authorizes federal entities to enter into ESPC contracts for the purpose of achieving energy savings and other related benefits. In consultations with the entity, the contractor designs and constructs a project that meets the entity's needs and arranges the necessary funding. The contractor guarantees that the improvements will generate energy cost savings sufficient to pay for the project over the term of the contract. The cost of the ESPC project must be covered by the energy, water and related cost savings generated at the project site. DOE and GSA have entered into contracts with the private sector that meet the criteria for P3. These contracts allow federal entities to produce energy savings and facility improvements with no up-front capital costs or special appropriations from Congress. Future aggregate payments to be made by DOE and GSA are \$1.4 billion and \$1.6 billion, respectively, over the course of the agreements. After an ESPC contract ends, all additional cost savings accrue to the entities. The entities are responsible for contract administration over the term of the contracts and by statute, P3s cannot exceed 25 years.

In addition to the energy contracts, the DOC has entered into P3 contracts on other matters. Congress has tasked DOC's FirstNet with the responsibility to ensure the deployment and operation of a nationwide interoperable broadband network to meet the communication needs of public safety. This network must be designed to be reliable, functional, safe, and secure, and to provide optimal levels of operational capability at all times. This network will help produce lower costs, consumer-driven economies of scale, and rapid evolution of advanced communication capabilities. The Nationwide Public Safety Broadband Network will be built out, deployed, operated, and maintained under a 25-year contract awarded by FirstNet to AT&T in March 2017. The service will cover all 50 U.S. states, five territories, and the District of Columbia, including rural communities and tribal nations. Under the terms of the contract, future receipts for DOC are \$17.6 billion based on annual payments AT&T is required to make. Additionally, DOC is required to make payments to AT&T for success-based payment milestones under fixed firm price buildout task orders. The total paid in fiscal year 2019 was \$1.5 billion. No estimates can be made at this time as to any further payments to AT&T that might occur under the contract.

Only entities material to the *Financial Report* are included, for more information please refer to the individual financial statements of DOC, DOE and GSA for further details on P3 activity.