

# **CTAA Analysis of Transit Asset Management Proposed Rule**

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Summary: The Federal Transit Administration is proposing a new rule to establish a National Transit Asset Management (TAM) system to monitor and manage public transportation capital assets to achieve and maintain a state of good repair, improve safety and increase reliability and performance.

## **Executive Summary**

FTA acknowledges the significant capital shortfall in the transit industry (citing a backlog of \$85.6 billion) but also assumes no meaningful reduction in the backlog “given existing fiscal constraints.” Because there will remain not enough capital spending, FTA believes “a systematic approach is needed to ensure that existing funding resources are strategically managed.”

“In these financially constrained times, transit agencies will need to be more strategic in the use of all available funds. The various components of the National TAM System would work together to ensure that state of good repair becomes and remains a top priority for transit providers, states and MPOs.”

## **Transit Asset Management Plans**

FTA proposes a comprehensive National TAM System that would be comprised of the following five pillars:

1. The definition of state of good repair;
2. A requirement that recipients and subrecipients develop TAM plans;
3. State of good repair performance measures and a requirement that recipients and subrecipients set performance targets based on the measures;
4. Annual reporting requirements for recipients and subrecipients; and
5. Technical assistance from FTA.

FTA splits the transit industry into two groups for the purposes of the TAM plans. Tier I systems are those that operate greater than 100 buses and/or fixed rail guideway operations. Tier 2 systems operate fewer than 100 buses and no fixed rail guideway. The establishment of these tiers is noteworthy as FTA has previously

used traditional geographic- and funding program-based distinctions in much of its rulemaking (rural, urban or 5307, 5311).

Each Tier 1 provider must develop and carry out its' own TAM plan. Tier 2 providers have the option of either participating in a group plan developed by a state or direct recipient or developing their own plan.

The TAM plans should be coordinated, to the extent practicable, with states and MPOs and each transit provider's accountable executive is ultimately responsible for ensuring that the TAM plan is done.

A TAM plan must include the following nine elements:

1. An inventory of capital assets sufficient to generate accurate, comprehensive data on the number and types of capital assets that would be identified in a transit provider's program of capital projects;
2. A condition assessment of the capital assets that must generate information in a level of detail sufficient to monitor and predict the performance of each capital asset identified in the inventory;
3. A list of the transit provider's analytical processes or decision-support tools that: estimate capital investment needs over time and assist capital asset investment prioritization;
4. A project-based prioritization of investments, including those projects for which funding will be sought under the Section 5337 State of Good Repair program;

[Tier 2 and/or rural public transit agencies that elect to develop their own TAM plan or states that sponsor a plan are exempt from the following five elements]

5. A transit asset management and state of good repair policy;
6. A strategy for the implementation of the TAM plan;
7. A description of the annual key transit asset management activities spanning the time horizon of the TAM plan;
8. A specification of the resources, including personnel, needed to develop and implement the TAM plan; and
9. An outline of how the TAM plan and related business practices will be monitored, evaluated and updated, as needed, to ensure the continuous improvement of transit asset management practices.

A state must develop a group TAM plan for all of its Tier 2 provider subrecipients as well as its rural formula providers that own, operate or manage capital assets used in the provision of public transportation. A Native American tribe may choose to participate in a state-sponsored TAM plan, or develop its' own.

A state or direct recipient is NOT required to develop a group TAM plan if each of its eligible group TAM plan participants notifies the state or direct recipient that it is opting out of the group because it is either developing its own TAM plan or will participate in another state or direct recipient's group TAM plan.

Group TAM plan participants may participate in only one group TAM plan. The accountable executive of each transit provider is ultimately responsible for carrying out the transit asset management practices necessary to implement a group TAM plan for that provider. The same accountable executive must notify within a reasonable timeframe (set by the state) must provide a group TAM plan sponsor of a decision to opt-out of such a plan. Group TAM plan participants must provide all information necessary and relevant to the development of such a plan, including asset inventories, condition assessments, funding sources and investment priorities.

Group TAM plans must include the following:

1. Coordinate with the accountable executive of each group participant in the development of a group TAM plan;
2. A group TAM plan must identify each participant;
3. The group TAM plan sponsor (state) must make the group TAM plan available to all participants in a format that is easily accessible.

Each TAM plan must cover a horizon period of at least four years. TAM plans may be updated at any time during the horizon period and should be updated whenever there is a significant change to the asset inventory, condition assessments or investment prioritization.

A TAM plan must be updated in its entirety at least once every four years and should coincide with the cycle for the relevant TIP and STIP.

An initial TAM plan must be completed no later than two years after the effective date of the TAM rule. Prior to this deadline, both an individual and group TAM may submit a written request to FTA to extend its implementation deadline. FTA will grant these extensions at its own discretion, provided that a TAM group demonstrate a good faith effort to complete its initial TAM plan by the deadline.

### **Investment Prioritization**

A TAM plan must include investment prioritization that identifies projects to improve or maintain the state of good repair of capital assets over the horizon period of the plan. Projects to improve or maintain the state of good repair must be ranked in order of priority and the year in which they are anticipated to be carried out. These rankings must be established based on transit asset management policies and strategies identified in the TAM plan. The investment prioritization must give due consideration to those projects for state of good repair that pose an identifiable unacceptable safety risk — as well as an estimate of funding levels and funding

sources that are reasonably expected to be available in each fiscal year during the TAM plan horizon period.

### **Performance Management**

To determine whether a capital asset is in a condition sufficient to enable the asset to operate at a full level of performance, the following standards apply to equipment, facilities, rolling stock and infrastructure:

1. The capital asset is able to perform its designed function;
2. The use of the asset in its current condition does not pose a known, unacceptable safety risk; and
3. The life-cycle investment needs of the asset have been met or recovered, including all scheduled maintenance, rehabilitation and replacements.

### **Performance Measures for Capital Assets**

Non-revenue service vehicles: the performance measure for non-revenue, support service and maintenance vehicles is the percentage of vehicles that have met or exceeded their useful life benchmark.

Rolling stock: The performance measure for rolling stock is the percentage of revenue vehicles within a particular asset class that have either met or exceeded their useful life benchmark (providers can either use the useful life benchmarks established by FTA or one developed locally that takes into account local conditions and usage that is approved by FTA).

Facilities: The performance measure for facilities is the percentage of facilities within an asset class rated below condition 3 on the TERM scale.

### **Setting Performance Targets for Capital Assets**

Within three months after the effective date of this rule, a transit provider or group TAM plan must set state of good repair performance targets for the following fiscal year for each asset class included in its TAM plan. This target setting must take place each year for the following fiscal year, for each asset class. These performance targets must be based on realistic expectations and based on the most recent data available and the financial resources expected to be available during the TAM plan horizon period. Setting the performance targets will be the responsibility of the accountable executive for individual TAM plans. In group TAM plans, the state must set one unified state of good repair performance target for each asset class reflected in the group TAM plan.

### **Reporting and Recordkeeping**

Each transit provider or group TAM plan sponsor (state) must maintain records and documents that support and set forth in full, its TAM plan. Any supporting records or documents must be made available.

Each transit provider must submit an annual data report to FTA's NTD which reflects the state of good repair performance targets for the following year and a current assessment of the condition of the transit provider's public transportation system. Systems must also submit an annual narrative report to the NTD which provides a description of any change in the condition of the transit provider's transit system from the previous year and describes the progress made during the year to meet the state of good repair performance targets set in the previous year.

A group TAM plan sponsor (state) must submit one consolidated annual data and one consolidated annual narrative, respectively, to the NTD on behalf of its group TAM plan participants.