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*Serious drought.  
Help save water!*

October 26, 2016

To: Transit Providers, RTPA's, and MPO's:

The Federal Transit Administration's (FTA) Transit Asset Management (TAM) Final Rule took effect October 1, 2016. *TAM is a new FTA regulation that applies to all Transit Providers that are recipients or subrecipients of federal financial assistance under 49 U.S.C. Chapter 53 and that own, operate, or manage transit capital assets used in the provision of public transportation.* TAM aims to establish a formal administrative system that monitors and manages an agency's public transportation assets (regardless of funds used to purchase the asset) so that they can be operated and maintained in a State of Good Repair. All FTA recipients or subrecipients should familiarize their agency with TAM requirements by reviewing the content of these FTA TAM websites. These websites highlight methodologies for developing Useful Life Benchmarks (ULB's), Targets, TAM Plans, and TAM reporting.

- <https://www.transit.dot.gov/TAM/rulemaking>
- <https://www.transit.dot.gov/TAM>
- [https://www.transit.dot.gov/sites/fta.dot.gov/files/docs/TAMFactSheet\\_Final.pdf](https://www.transit.dot.gov/sites/fta.dot.gov/files/docs/TAMFactSheet_Final.pdf)
- <https://www.transit.dot.gov/TAM/gettingstarted>

It is Caltrans' intent to provide all agencies with the information and support necessary to comply with the FTA TAM target setting, reporting, and developing Agency TAM Plans. If your agency would like to receive regular updates from FTA about TAM, please click on the following link to register:

<https://public.govdelivery.com/accounts/USDOTFTA/subscriber/new>

### **Getting Started:**

**STEP #1 Identify Accountable Executive** ~ This initial task will be to determine the Accountable Executive for each recipient or subrecipient agency. The Accountable Executive is one person responsible for carrying out asset management practices. This person has control or direction over the human and capital resources needed to develop and maintain the agency's transit asset management plan in accordance with 49 U.S.C. 5326. Asset Management will become an integral part of each agency's safety plan after the FTA publishes the Public Transportation Agency Safety Plan final rule. It is therefore important to keep safety in mind when identifying the Accountable Executive.

To engage TAM, the Accountable Executive will need to decide whether their agency is a Tier I or Tier II provider so that the elements required for target setting and the development of TAM Plans can be determined for their agency. Criteria for each of these "tiers" are:

**Tier I**

Operates rail

**OR**

≥ 101 vehicles across all fixed route modes

**OR**

≥ 100 vehicles in one non-fixed route mode

**Tier II**

Subrecipient of 5311 funds

**OR**

≤ 100 vehicles across all fixed route modes

**OR**

≤ 100 vehicles in one non-fixed route mode

In California it is assumed that Tier I providers will be 5307 recipients, and Tier II providers will be Caltrans 5311 subrecipients. However, there are some 5307 providers that fit the FTA's Tier II criteria and/or receive both 5307 and 5311 funding. In either case, FTA and the Division of Rail and Mass Transportation (DRMT) are encouraging these providers to work directly with the FTA regional office. It is also important to note that both Tier I and Tier II providers that are recipients or subrecipients of the FTA Section 5310 funds are also required to include assets purchased with 5310 resources if the assets are used in the provision of public transportation services.

**STEP #2 Setting Targets** ~ Targets for TAM must be set so that each agency has an asset baseline from which to develop their TAM Plan. The FTA originally stated that targets needed to be set by January 1, 2017 and then annually thereafter. However, the Final TAM Rule did not specify when initial targets needed to be reported in the National Transit Database (NTD). For this reason, the FTA and the DRMT will not be collecting targets this year, but are requesting that agencies proceed with setting their targets so that proper baseline data can be reported in the NTD by the FTA's **January 1, 2018** deadline. So, in essence, the FTA and the DRMT are asking transit providers to do their homework but won't be collecting this homework for an additional year. More information about establishing targets can be found by reviewing this website:  
<https://cms.fta.dot.gov/TAM/resources/targetperformance>

**STEP #3 Developing TAM Plans** ~ These Plans will require local effort championed by a transit provider or local effort coordinated between transit providers and their TAM Plan Sponsor, which is a State, a designated recipient, a direct recipient or subrecipient that develops a group TAM Plan for at least one Tier II provider. TAM Plans must be in place by **October 1, 2018**.

- Tier I providers must develop and carry out their own TAM plan and report directly to the FTA.
- Tier II providers may develop their own TAM Plan or participate in a single Group TAM Plan that is sponsored, developed, and managed locally. Under this scenario, two or more transit providers would choose a TAM Plan sponsor and then work collaboratively to develop locally/regionally based ULB's for each asset class. This approach will help ensure targets remain relevant to local asset replacement needs. Regional Transportation Planning

Agencies (RTPA's) and Metropolitan Planning Organizations (MPO's) could help facilitate discussions about this point among the transit providers in their region, and are encouraged to do so.

- Or, Tier II providers can utilize a Group TAM Plan that Caltrans DRMT will sponsor. Under this scenario, transit providers will utilize standard ULB's that are set by the DRMT and a TAM Plan Template that FTA has developed. This 'standardized' approach could promote targets for an asset replacement schedule that may not be completely relevant to local asset replacement needs.
- All agencies that are recipients or subrecipients of federal financial assistance and utilize third-party contractors to operate transit service will need to identify the assets utilized by their contractors for local services. This information must be contained in the agencies TAM Plan, Group TAM Plan, or in the Group TAM Plan that Caltrans will be sponsoring.

Required TAM Plan Elements for each tier are:

**Tier I & II**

- ✓ Inventory of Capital Assets
- ✓ Condition Assessment
- ✓ Decision Support Tools
- ✓ Investment Prioritization

**Tier I Only**

- ✓ TAM and SGR Policy
- ✓ Implementation Strategy
- ✓ List of Key Annual Activities
- ✓ Identification of Resources
- ✓ Evaluation Plan

All 5311 subrecipients are being asked to complete this Survey Monkey by **November 30, 2016**.

<https://www.surveymonkey.com/r/5RK88LL>

Data collected from this Survey will help the DRMT determine how Tier II transit providers plan to proceed, and what questions still need to be answered.

**Coordination with RTPA's and MPO's**

The steps identified above for TAM are each transit provider's responsibility – identifying an Accountable Executive, setting ULB's and targets, reporting, and the development of TAM Plans. However, TAM Plans will ultimately be a planning tool that the FTA, Caltrans, the RTPA's, and the MPO's use to help guide transit program funding decisions in the future. The TAM Plans will need to be updated every four years and should coincide with the Statewide, Metropolitan and Nonmetropolitan Transportation Planning, and Programming process so that transportation stakeholders can better define the State Transportation Improvement Program/Federal Transportation Improvement Program priorities and assess investment decisions. For these reasons, transit providers, RTPA's, and MPO's should consider the idea of regionally focused TAM Plans and begin TAM coordination activities over the next two regional planning cycles. Work Elements established in Overall Work Programs for this coordination are eligible planning activities.

### **Training and Technical Assistance**

The Caltrans Federal Transit Grants Office is currently participating in a national dialogue with other states to define best practices. Information from this dialogue will be shared with TAM stakeholders at a later date. This Office is also working with the California Association for Coordination Transportation (CalACT) to develop training and technical assistance for TAM in rural areas. We anticipate:

- A webinar in the fall of 2016 to discuss TAM in more detail with our partners.
- Having a TAM session at the Spring CalACT Conference & EXPO April 24-27, 2017.
- Presenting information about FTA's TAM system and how it can be administered at the next Rural Counties Task Force meeting on November 18, 2016.

In the meantime, the DRMT is asking transit agencies to begin TAM discussions so that ULB's for setting TAM targets can be completed soon in California.

If you have any questions about this letter or FTA's new Transit Asset Management Program, please contact me at (916) 654-8655 or Brian Travis at (916) 654-9842.

Sincerely,



MARK CODEY  
Office Chief  
Office of Federal Transit Grants

Attachment: FTA Transit Asset Management Final Rule Fact Sheet.

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## Transit Asset Management Final Rule Fact Sheet

The Moving Ahead for Progress in the 21<sup>st</sup> Century Act (MAP-21) required the Secretary to develop rules to establish a system to monitor and manage public transportation assets to improve safety and increase reliability and performance, and to establish performance measures, and the Fixing America's Surface Transportation (FAST) Act reaffirmed this requirement. On July 26, 2016, FTA published the Transit Asset Management (TAM) Final Rule. You may view the Final Rule at:

<https://federalregister.gov/a/2016-16883>



### State of Good Repair

The purpose of the Final Rule is to help achieve and maintain a state of good repair (SGR) for the nation's public transportation assets. Transit asset management is a business model that uses transit asset condition to guide the optimal prioritization of funding. Currently, there is an estimated \$85.9 billion transit SGR backlog.

The regulations apply to all Transit Providers that are recipients or subrecipients of Federal financial assistance under 49 U.S.C. Chapter 53 and own, operate, or manage transit capital assets used in the provision of public transportation.

### State of Good Repair

The condition in which a capital asset is able to operate at a full level of performance. A capital asset is in a state of good repair when that asset:

1. Is able to perform its designed function,
2. Does not pose a known unacceptable safety risk, and
3. Its lifecycle investments must have been met or recovered.

### TAM Plans

#### Tier I vs. Tier II Applicability

The Final Rule groups providers into two categories: Tier I and Tier II.

Tier I	Tier II
Operates rail	Subrecipient of 5311 funds
<b>OR</b>	<b>OR</b>
≥ 101 vehicles across all fixed route modes	American Indian Tribe
<b>OR</b>	<b>OR</b>
≥ 100 vehicles in one non-fixed route mode	≤ 100 vehicles across all fixed route modes
	<b>OR</b>
	≤ 100 vehicles in one non-fixed route mode

### TAM Plan Elements

The following graphic shows the TAM Plan elements that are required by each category of provider. Since Tier II providers generally operate less complex systems, their TAM Plan requirements are not as extensive.

1. Inventory of Capital Assets	
2. Condition Assessment	<u>Tier I &amp; II</u>
3. Decision Support Tools	
4. Investment Prioritization	
5. TAM and SGR Policy	
6. Implementation Strategy	
7. List of Key Annual Activities	<u>Tier I Only</u>
8. Identification of Resources	
9. Evaluation Plan	

## Assets Included in Plan

It is expected that all assets used in the provision of public transit will be included in the TAM Plan asset inventory. This includes (with the exception of equipment) assets that are owned by a third party or shared resources. The inventory must include all service vehicles, and any other owned equipment assets over \$50,000 in acquisition value. Agencies only need to include condition assessment for assets for which they have direct capital responsibility.

## Plan Responsibility

Tier I providers must develop and carry out their own TAM plans. Tier II providers may develop their own plans or participate in a Group Plan, which is compiled by a Group Plan Sponsor (generally the State DOT or designated §5310 recipient). Tier II §5307 sub-recipients are not required to be offered a Group Plan, but may participate in one if a Sponsor invites them. Each Transit Provider must designate an Accountable Executive to ensure that the necessary resources are available to carry out the TAM plan and the Transit Agency Safety Plan, regardless of whether it develops its own TAM Plan or participates in a Group Plan.

## Performance Management

Asset performance is measured by asset class, which means a subgroup of capital assets within an asset category. The following table shows the distinction between what assets must be included in asset inventories and the assets for which transit providers must measure performance.

<b>Assets:</b> <i>Only those for which agency has direct capital responsibility</i>	<b>Performance Measure</b>
<b>Equipment</b> Non-revenue support-service and maintenance vehicles	Percentage of vehicles met or exceeded Useful Life Benchmark
<b>Rolling Stock</b> Revenue vehicles by mode	Percentage of vehicles met or exceeded Useful Life Benchmark
<b>Infrastructure</b> Only rail fixed-guideway, track, signals and systems	Percentage of track segments w/ performance restrictions by class
<b>Facilities</b> Maintenance and administrative facilities; and passenger stations (buildings) and parking facilities	Percentage of assets with condition rating below 3.0 on FTA TERM Scale

### Useful Life Benchmark

The expected lifecycle of a capital asset for a particular Transit Provider's operating environment, or the acceptable period of use in service for a particular Transit Provider's operating environment

## Target Setting

Targets should be set by each transit provider or TAM plan sponsor for each applicable asset class for the coming year. Initial targets must be set by January 1, 2017 and then every fiscal year thereafter. It is recognized that Transit Providers may not have complete data while setting initial targets. To the extent feasible, targets should be supported by data such as the most recent condition data and reasonable financial projections for the future, but the overall end goal is to be in a system-wide SGR.

## Timeframes/Reporting

### TAM Plans

A TAM plan must be updated in its entirety at least every 4 years, and it must cover a horizon period of at least 4 years. An initial TAM plan must be completed no later than 2 years after the Final Rule effective date.

### NTD

Each entity developing a TAM Plan will have to report annually to FTA's National Transit Database (NTD). This submission should include: (1) projected targets for the next fiscal year; (2) condition assessments and performance results; and (3) a narrative report on changes in transit system conditions and the progress toward achieving previous performance targets.



### Additional Information

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**Final Rule Docket Number:** FTA-2016-16883

<https://www.transit.dot.gov/TAM>

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