FTA Group TAM Plan Sponsor Workbook

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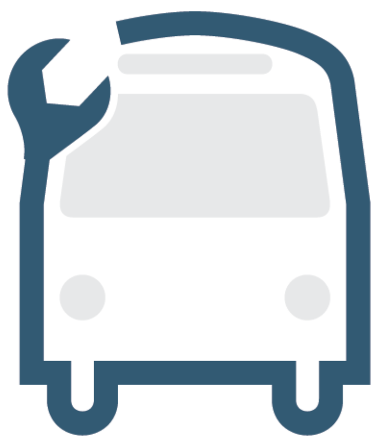

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I. Introduction

Purpose

This document provides a consolidated list of activities, considerations, suggestions, and best practices related to group Transit Asset Management (TAM) plans to assist Group Plan sponsors in developing a Group Plan. Please note that this document is not official guidance.

Audience

The primary intended audience for this document is group TAM plan sponsors, whether required or voluntary. Tier II subrecipients, whether or not they choose to participate in a Group Plan, may also find this document useful for understanding Group Plans.

II. How to Use this Document

The document is organized by the steps used to create a compliant group TAM plan:

- *Section III: Background*: This section provides a brief overview of the TAM Final Rule and the concept of a Group Plan.
- *Section IV: Applicability*: This section helps readers to understand if they are required to develop a Group Plan and to identify their participants.
- *Section V: Expectations of Sponsors:* This section helps identify who is involved in each element of the Group Plan and offers suggestions on how to make these decisions.
- *Section VI: Developing a Group Plan:* This section deals directly with the elements of a TAM plan and the coordination and reporting responsibilities.
- *Section VII: Other Considerations*: This section highlights unique or less frequent scenarios that sponsors may encounter when developing Group Plans, including funding and oversight considerations.
- *Section VIII: Resources*: This section includes a list of resources that can be useful in developing a Group Plan.

A Description of the Four Required Elements of Group TAM Plans

Asset Inventory: A register, repository, or comprehensive list of an agency's assets and specific information about those assets.

Condition Assessment: The process of assessing and documenting the condition or residual life of an asset.

Decision Support Tools: An analytic process or methodology to: (1) help prioritize projects to improve and maintain the state of good repair of capital assets within a public transportation system, based on available condition data and objective criteria; or, (2) assess financial needs for asset investments over time.

Investment Prioritization: A transit provider's ranking of capital projects or programs to achieve or maintain a state of good repair based on financial resources from all sources that a transit provider reasonably anticipates will be available over the TAM plan horizon period.

III. Background

The purpose of the Group Plan option is to reduce the planning and reporting burden on smaller transit agencies from having to develop individual plans and to report to FTA's National Transit Database (NTD) on their own.

The National Transit Asset Management System Final Rule (49 U.S.C. 625) requires that all agencies that receive federal financial assistance under 49 U.S.C. Chapter 53 and own, operate, or manage capital assets used in the provision of public transportation create a TAM plan. Agencies are required to fulfill this requirement through an individual or Group Plan. Group Plans are designed to collect TAM information about groups (typically smaller subrecipients of 5311 or 5310 grant programs) that do not have a direct financial relationship with FTA.

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

Figure 1: Defining Tier I and Tier II Providers

Tier I and Tier II providers have different requirements when developing a TAM plan. To identify Tier I and Tier II providers, refer to Figure 1. Note that if an agency exclusively receives rural program formula funds (section 5311), it is a Tier II agency. Each Tier I agency (typically larger fleets and/or those that provide rail service) is required to develop an individual TAM plan with all nine elements,[1] while Group Plans and individual Tier II plans require just four elements. For regulation language and information on whether your agency is a Tier I or Tier II provider, see the FTA checklist [Am I a Tier I or Tier II Agency?](#) For more information on general TAM plan requirements, see FTA's [TAM Plan web page](#) and [Final Rule Fact Sheet](#). For a list of TAM-related terms and their definitions per the Final Rule, see [Appendix B](#).

IV. Applicability

Sponsoring the Group Plan

Group Plan sponsors include direct or designated recipients of section 5311, 5307, and 5310 funds with at least one subrecipient that is a provider of public transportation. State Departments of Transportation (State DOTs) are the most common sponsors, but Metropolitan Planning Organizations (MPOs) or transit agencies can also sponsor Group Plans. To determine

Typical Sponsor Agencies

- State DOT
- MPO
- Tier I agency
- Tier II direct recipient
- American Indian Tribe
- Other (e.g. designated recipients)

[1] Tier I agencies are also required to include the elements: TAM & SGR Policy, Implementation Strategy, Key List of Annual Activities, Identification of Resources, and Evaluation Plan.

whether your agency is required to be a sponsor, use the FTA checklist Am I required to be a Group TAM Plan Sponsor?

Identifying Participants

Sponsors must guarantee the option to participate in a Group Plan to applicable Tier II transit agencies that do not also receive 5307 funds. Sponsors should proactively reach out to these subrecipients to determine whether they plan to participate in the sponsor's Group Plan. If the subrecipient does not plan to participate, they must "opt-out" in writing and notify the sponsor as to how they will meet their TAM plan requirements, either by participating in a different Group Plan or by completing an individual plan. For additional information, see Section V: "Expectation of Sponsors" for a discussion on communication that provides some suggestions of how to ensure appropriate recordkeeping for participants and opt-outs of Group Plans.

While specific policies may not come into discussion until later in the development of the Group Plan, sponsors and participating agencies should make sure that they agree in terms of TAM philosophy, general policies, and roles prior to commitment to participate. It is not always possible to anticipate disagreements regarding policies and philosophy but setting expectations and open communication can help keep goals and responsibilities clear.

The following subsections cover details regarding additional considerations in identifying which types of agencies a sponsor is or is not required to offer participation in their Group Plan.

Tribal

Sponsors are not required to solicit participation of American Indian Tribes that receive funding only through section 5311(c), but if the Tribe requests to participate, the sponsor must accept the Tribe into their Group Plan.

Since sponsors may not decline participation from American Indian Tribes, sponsors might decide to include relevant American Indian Tribes in initial communication outreach and scheduling. While this is not required, it will inform these potential participants of the opt-out date and may save the sponsor from having to redevelop parts of the Group Plan, should the Tribe decide to join later.

In some cases, Tribes may decide to join with other tribal groups that have similar interests and experience to complete a Group Plan. In this case, one of the Tribes would serve as the Group Plan sponsor and would report targets for all participants.

5307-funded Subrecipients

Sponsors are not required to solicit participation of subrecipients that also have a direct funding relationship with FTA through section 5307 (Urbanized Area Formula Program).

However, sponsors should be aware that they might receive communication from Tier II direct recipients of section 5307 funds requesting permission to participate. The sponsor can choose to allow such agencies to join. Section VII, "Other Considerations," provides considerations for sponsors when determining whether to accept a request for participation and when considering inviting additional groups into the plan.

5310-funded Subrecipients

Examples of 5310-funded subrecipients (Enhanced Mobility of Seniors & Individuals with Disabilities) that are included in the TAM Rule and require a TAM plan are councils on aging and senior center transportation providers. Section 5310 funding subrecipients that are not operators of *public transportation* are not required to participate in a TAM plan. For example, church vans that receive 5310 funding or other client-based services are not subject to the TAM Rule.

> *Public Transportation Providers (49 USC 5302)*
>
> Public transportation refers to regular, continuing shared-ride surface transportation services that are open to the general public, or are open to a segment of the general public defined by age, disability, or low income.

Other Rail or Rubber Tire Services

Other examples of services that are not considered public transportation and therefore do not need to have a TAM Plan include intercity rail or bus; charter, school, and sightseeing services; courtesy shuttle; and intra-terminal or intra- facility shuttle services, such as airport shuttles. [2]

Inviting Additional Participants

The Final Rule only requires sponsors to offer participation in their Group Plan to subrecipients. However, they may offer participation to any Tier II operator. Because the Group Plan component of the Final Rule was established to connect participants and sponsors that have a financial relationship, the sponsor should consider the benefits of other potential financial and strategic relationships when inviting additional participants to the plan. For example, a State may choose to invite all Tier II agencies to participate in a single plan to streamline policy discussions and analysis for transit associated with the State Transportation Improvement Plan (STIP).

However, for those agencies without a financial relationship with the sponsor, there may be limited benefits to including them, and doing so may add additional strain on the budget, staff, and timeline. This is particularly true if the potential participant has different needs and priorities than the sponsor and other Group Plan participants. For additional information, see other considerations of including additional participants in a Group Plan under "Defining Roles" in Section V.

Timeline

Creating a Group Plan requires coordination and preparation to develop the plan, which may take a significant amount of time depending on plan complexity (e.g. number of subrecipients, data availability, etc.). Figure 2 visualizes the cycle for developing, implementing, and updating the plan. A full timeline reference with descriptions of potential actions in each phase is available in Appendix A: Group TAM Plan Timeline".

[2] Paraphrased from Public Transportation definition 49 USC 5302(14).

Figure 2: Phasing of TAM Plan Creation and Related Processes

Below is a general description of the phases listed in Figure 2.

Scope

Sponsors determine whether they must offer a Group Plan and to whom. They identify and invite eligible participants. They also define the roles and responsibilities for themselves and their participants.

Collect

Sponsors and participants work together to collect data to create an asset inventory and conduct condition assessments.

Create

Sponsors lead the effort to create the group TAM plan document, which includes the four TAM plan elements: asset inventory, condition assessment, decision support tools, and investment prioritization.

Concur and Share

Each participants' Accountable Executive approves and signs off on the Group Plan and the sponsor shares the approved Group Plan with stakeholders (i.e. State DOTs and MPOs) and other pertinent organizations.

Implement and Report

This phase is ongoing since the Group Plan is implemented over a four- year time horizon. Sponsors and participants continuously work toward meeting targets, which are set and reported annually to the National Transit Database. Data collection is also ongoing to maintain an up-to-date asset inventory and condition assessments.

V. Expectations of Sponsors

The overarching role of the sponsor is to coordinate and write the Group Plan. Additionally, the sponsor will set performance targets for the group's capital assets and report them, as applicable, to the National Transit Database (NTD). The sponsor will use decision support tools and analytical processes to develop investment prioritization for the group.

Defining Group

The sponsor is responsible for the process of coordinating development of and submitting the Group Plan. While sponsors are only required to create one Group Plan, depending on the geography, differences in operations, and the number of participants in the group, it could make more sense to create multiple plans.

Defining Roles

Once the sponsor identifies and confirms participation in the Group Plan, the sponsor must consider its expectations and relationship with plan participants.

Although the Group Plan structure takes a top-down approach, how and the extent to which the sponsor shares responsibilities with the participants may vary. The exact relationship between the sponsor and participant in the Group Plan process is a local decision. Each Group Plan sponsor will coordinate with its participants to identify their specific roles and responsibilities in the process.

Group plan participants may vary in the level of data currently available and staff capacity to support a TAM plan. Some may have skills and experience with TAM planning efforts, software, and tools, while other participants may lack the capacity to fulfill some requirements without support. The sponsor should be aware that participants will have a variety of skillsets and should be prepared to work with each participant regardless of their current capacity for TAM planning efforts.

In some cases, it may be appropriate for the sponsor to have primary responsibility for all aspects of the Group Plan while in other cases the participants may want to share responsibility. The sponsor should define the procedures for its participants, including when and what kind of information will be collected and the extent to which each agency's Accountable Executive and other points of contact will be involved.

For example, a State DOT with strong leadership and resources may want to conduct condition assessments for its participants, whereas a more decentralized State DOT may only collect the asset data, requiring each participant to conduct the condition assessments individually. Agency capacity, funding availability, existing data streams, and geographical or staffing concerns, among others, could influence the approach taken by a State DOT. Some considerations for determining what approach a sponsor may take include desired consistency of data collection, availability of standards and data

Accountable Executive

Each participant will have an Accountable Executive responsible for approving the group TAM plan. The agency identifies their Accountable Executive, which is not required to be a new position. In some cases, the Accountable Executive may be the same individual that certifies the NTD report.

While the Accountable Executive is ultimately responsible for the agency's TAM plan, other staff should be involved in the day-to-day development and implementation of the TAM plan. In some agencies, one staff person may be responsible for coordinating all aspects of TAM planning with the Group Plan sponsor. In other agencies, staff from throughout the organization will provide their technical expertise. In small agencies where resources are limited, the Accountable Executive may assume more of the day-to-day responsibilities.

repositories for participants, existing data availability, and how the sponsor intends to use the data once collected.

Communication

Communication between sponsors and participants is critical to Group Plan success. While the exact relationship between sponsors and participants is a local decision, sponsors should initiate and prepare a clear structure of communication for the participants and document this communication structure in their plan. Sponsors may want to include a way for participants to provide feedback to the sponsor and a plan to handle disagreements. It is recommended that the sponsor communicate to its potential participants a schedule for Group Plan development, which clearly identifies the opt-out date in advance of the next TAM plan due date. Sponsors should set a timeframe for participants to give notice of opting out, such as 12 months, or whatever the appropriate timeframe established by the sponsor agency to meet planning and capital deadlines. A long lead-time might be necessary to assure sufficient time for both the participants and the sponsor to collect and verify data and perform analysis by the required TAM plan deadlines. It is important that throughout the process the sponsor initiates, maintains, and documents communication with the participants of the Group Plan.

While collaboration with participants is an overarching responsibility, it is ultimately up to the sponsor to decide, develop, and communicate:

- Eligibility for participation in the Group Plan;
- Plans, timeline, and deadlines for TAM plan development;
- Data needs and formats from agencies;
- Procedures for having policy discussions;
- Plans for setting targets and prioritizing investments;
- Thresholds for amending the TAM plan;
- Thresholds for a TAM plan update;
- Coordination with planning organizations; and,
- Expectations for the process of opting out.

VI. Developing a Group Plan

The Transit Asset Management Guide and Asset Management Guide for Small Providers discuss the components of good asset management practices including the four Group Plan elements, in detail. This section discusses considerations of each step chronologically, and focuses on the components of these elements as they relate specifically to Group Plans. The numbered elements in this section correspond with TAM plan elements required to be in Group Plans. The roles of sponsors and participants will vary between each plan and element, and are a local decision. In some cases, participants in the same plan may even have differing levels of responsibility based on each agency’s sophistication and available resources. The table below offers a general idea of the sponsor and participant efforts for each of the four required elements of the plan.

Table 1: Example Sponsor and Participant Roles in Group Plan Development

Element	Sponsor	Participant
Overarching	• Write plan	• Support plan • Accountable Executive approves plan
Asset Inventory	• Coordinate consolidation • Develop/modify database or software • Define data collection elements and formats	• Collect asset data • Submit data in format required on schedule
Condition Assessment*	• Define data collection methodology and schedule • Manage data (i.e. database/software) • Submit data to NTD**	• Support/conduct condition assessment • Submit data to sponsor in format required on schedule
Decision Support Tools	• Share guiding policies including weighting or ranking priorities • Develop tools • Analyze and interpret data	• Communicate goals and needs • Provide information to support tool
Investment Prioritization	• Gather additional data • Prioritize projects (iterative step) • Generate ranked list of projects	• Share info on all funding sources with sponsor • Share existing Capital Investment Plans • Coordinate with sponsor
Annual Target Setting	• Coordinate target setting with the participating transit providers' Accountable Executives, to the extent practicable • Report targets to NTD	
Annual Narrative Report	• Develop the Annual Narrative Report • Submit narrative to NTD	
NTD Asset Inventory	• For those participants that do not report independently, report basic TAM information including: ○ Agency profile ○ Asset inventory ○ Facility condition assessment (as applicable)	• Those participants that report independently to NTD are responsible for reporting basic TAM information including: ○ Agency profile ○ Asset inventory ○ Facility condition assessment (as applicable)

*Asset condition assessments can be completed in a variety of ways and are ultimately local decisions made by the Group Plan sponsor.

**For agencies not already directly reporting to the NTD (see NTD Asset Inventory row).

Creating an Asset Inventory

The asset inventory defines the assets used by all agencies that are participating in the Group Plan. The inventory should include all assets the providers own, as well as third party assets used in the provision of public transportation, broken into three categories: Equipment, Rolling Stock, and Facilities. Table 2: Example Asset Categories and Classesprovides examples of asset classes within each category.

Table 2: Example Asset Categories and Classes

Asset Category	Example Asset Class
Equipment	Construction Service Vehicles Maintenance
Rolling Stock	Buses Ferries Other Passenger Vehicles
Facilities	Administrative and Maintenance Passenger and Parking

Although these categories are used for asset inventory and condition assessment, not all participants will have assets in every category. In particular, most Tier II agencies will have relatively limited or no infrastructure assets, and therefore the infrastructure requirements and performance measure will not apply. The asset inventory should be commensurate with the level of detail used in defining the program of capital projects. Group Plan sponsors may determine that additional assets or a more detailed breakdown of assets should be included in the asset inventory, beyond those defined by FTA.

The way assets are identified in the capital plan can affect how assets are reported in the TAM plan. This is most relevant for the equipment category given the $50,000 threshold that determines if an asset is required to be inventoried. If the participant has a capital line item that has (individually or in a group) equipment assets that value over $50,000, they will need to be listed as a commensurate item in the Group Plan inventory. For example, if a participant's capital plan lists its purchase of multiple portable vehicle lifts as one line item over $50,000, then the lifts would be listed as an equipment asset in the inventory in the plan. Alternatively, if each portable vehicle lift is listed as an individual line item under $50,000, they would not be included in the Group Plan inventory.

The Group Plan has a combined asset inventory. For example, if a Group Plan has four participants, the cutaway vehicles can be grouped together so that all of the agencies' cutaway buses purchased in a given year are listed as one item when considered as part of the Group Plan. However, the Group Plan sponsor may want to inventory these vehicles to a more detailed level for their own records, keeping links to who owns and operates each vehicle, as well as other characteristics about them such as VIN, mileage, and any major maintenance they have received. While the sponsor may aggregate assets in the Group Plan, it is necessary to keep them separate for submittal to NTD, which inventories assets by agency fleet. See additional information in Section VI: "Reporting to NTD".

Sponsors should ensure that participants understand FTA's reporting requirements for asset inventories and condition assessments. Participants will inventory all assets used in provision of public transportation, but are only required to assess condition on assets for which they have direct capital responsibility. See the responses to What assets must I include in a TAM asset inventory? and What is the difference between assets in my TAM plan and NTD inventory and targets? on the TAM Frequently Asked Questions (FAQs) page for a more detailed description of what needs to be included.

Shared Assets

When multiple transportation agencies share a capital asset, each agency is responsible for including the asset in its asset inventory, but the condition assessment only needs to be completed once. The agencies must determine collectively which of them will conduct the condition assessment of that asset and then provide the data to the other agencies. Communication between agencies with shared assets is crucial during the condition assessment phase of the TAM plan, although it may be relatively straightforward if all the agencies are participating in a single Group Plan. In this case, when asset inventories are aggregated, they may be identified as a singular asset within the Group Plan since it does not necessarily link assets to specific participants. However, agencies that share a capital asset must include it in each agency's NTD asset reporting. If facility is a shared asset, each agency should report the same value for the condition assessment. See the response to What must be reported when a facility is shared? on the TAM FAQs page for more information.

Data Collection

Group Plan sponsors should determine what data will be required from participants, and by what mechanism the data will be collected. Since the Group Plan sponsor likely has some financial and oversight relationship with the participants, it may already be tracking at least a subset of the participants' assets.[3] Some participants may already have a robust asset inventory, associated knowledge, and software, while others may not have a cohesive system. The sponsor will need to evaluate each participating agency's abilities and work with them to meet expectations.

Sponsors and participants should discuss data coordination at the beginning of the Group Plan process. They should determine what agencies are doing and what options might work best based on current conditions and planned future needs. Sponsors may consider offering additional assistance to less mature agencies that may not have an asset inventory in order to adhere to the timeline. While it may be time consuming to start a database, the upkeep may not necessarily be as time consuming. Regardless of the mechanism chosen, the sponsor should be able to accurately account for the assets over time. These processes are up to Group Plan sponsors and their participants to determine.

Conducting Condition Assessments

TAM plans must include a condition assessment of inventoried assets for which a provider has direct capital responsibility. The condition assessment must generate information at a level of detail sufficient to monitor and predict the performance of the assets and to inform the investment prioritization. While

[3] The TAM Group Plan sponsor may be tracking assets purchased by subrecipients that are not participating in the sponsor's Group Plan. The Group Plan will also need to include assets purchased through other funding sources. The sponsor will need to determine a way to track and differentiate assets in these various categories.

TAM plan updates are only required every four years, the plan can be updated or amended if there is a significant, unexpected change to the either asset inventory or an asset's condition that meets the thresholds as described in Section VII: "Other Considerations". Additionally, the Group Plan sponsor will update at least 25 percent of the facility condition data submitted to NTD annually.

Defining Condition Assessment Requirements

For facilities, the Group Plan sponsor will need to submit TERM scale-based condition assessments to the NTD. Facility condition data must be fully updated every four years. The sponsor can develop various sampling schemes to address all the group's facilities such as: assessing all of one type of facility each year, or by assessing all facilities at one quarter of the participating agencies each year in four-year cycles. The *TAM Facility Performance Measure Reporting Guidebook: Condition Assessment Calculation* provides guidance on how these assessments are to be completed and reported.

For rolling stock and non-revenue service vehicles (equipment), the sponsor will need to submit the age relative to the Useful Life Benchmark (ULB) as the performance measure. The ULB will be reported by fleet, which is typically defined by a set of vehicles purchased together of the same make, model, and year for a given agency. Depending on the differences in operating environments of Group Plan participants, it may make sense to customize ULBs for different fleets within the same class of vehicles. For example, Agency X's 2005 40-foot buses may have a ULB of 15 years, while Agency Y's 2011 40-foot buses may have a ULB of 12 years. While FTA has set the performance measures for rolling stock and non-revenue vehicles (equipment) in terms of age, sponsors may elect to include more robust condition assessments for TAM plans.[4]

Managing Asset Data

Considerations include:

Storage Method

- Will the asset and condition data be stored in an existing or a newly procured database, web-interface, shared-access network, or a simple spreadsheet?
- How much time will it take to enter data in the startup phase versus updating data in future years?

Data Ownership

- What is the cost and who pays it?
- Who owns the data storage mechanism and the data itself?

Associated Policies

- What is the process for adding or removing assets?
- When is data entered and updated?
- When should old data be archived and how will old data be retrieved?
- How will data be transferred if participants leave the Group Plan?

FTA only provides methodological guidance on condition assessments for facilities. The sponsor may determine that information beyond the condition data required by NTD is needed to adequately inform investment prioritization and decision-making. In that case, sponsors should go beyond the minimum requirements by identifying and collecting additional condition assessment data to include in the TAM

[4] For more information on the Useful Life Benchmark (ULB) and performance measures, see FTA's ULB Cheat Sheet and the Performance Measures Fact Sheet.

plan. For example, an agency may want to document the condition of various components of its rolling stock such as visible wear and tear on a chassis or frequencies of engine failures. Since FTA does not provide specific guidance, sponsors and participants are responsible for determining how to objectively evaluate the condition of assets beyond facilities.

Condition Assessment Considerations

The sponsor must make some logistical decisions regarding the condition assessment and should consider the needs and abilities of its participants in the process. The sponsor and participants are free to schedule the assessments in a way that will work best for them as long as their schedule adheres to the reporting requirements.

Choosing who conducts the assessment is a local decision for each sponsor. Sponsors may decide to use one of their own employees, hire a contractor, or leave the responsibility to the participants to use their own employees and resources to conduct all the assessments. These choices may vary based on agencies' internal capacity and resources.

Sponsors must set clear standards on what data to collect and how to do the evaluation to ensure consistency over time and among participants. Since sponsors will not always be the only agency completing assessments, they should provide adequate guidance so that if two people were to evaluate the same asset, they would score them similarly. Since condition assessments are the baseline data used in investment prioritization, it is important to keep the process as objective and consistent as possible.

Using Decision Support Tools

Decision support tools are an analytical process or methodology for Group Plan sponsors and participants to understand their underlying asset and condition data. These tools can be specially created for a Group Plan, borrowed from other TAM plans, or modified versions of existing tools to fit a group's needs. Decision support tools should be customized to fit the strategic needs of each Group Plan sponsor and its participants.

A decision support tool interprets data and may be based on software, spreadsheets, or formulas, but it can also be a process or methodology. While Tier II agencies are not explicitly required to include a TAM or state of good repair (SGR) policy in their plans, the decision support tools may consider policies adopted by Group Plan participants to inform and guide investment prioritization and possibly funding decisions, as well as annual target setting.

While the asset inventory and condition assessment components of the Group Plan are more straightforward in terms of the Group Plan sponsor's role in assembling data and ensuring proper interfacing, the decision support tools and investment prioritization components require a more iterative approach between sponsors and their participants. Sponsors are expected to use the decision support tools and analyze and interpret the data, but they will need to collaborate with participants to ensure that they agree regarding the outputs, since ultimately the participating agencies will be responsible for implementing the plan.

Types of Tools

For a Group Plan sponsor with few participants and a relatively small dataset of assets and conditions, a simple tool based on one or two data fields might suffice. For example, the Group Plan sponsor might organize the vehicle inventory by proximity to each vehicle's ULB to determine the order in which vehicles should be replaced. Some Group Plan sponsors might desire a more customized, comprehensive software solution that collects data and presents it visually in addition to numerically. A Group Plan sponsor might create a weighted formula to understand more nuanced aspects of its participants' assets and asset conditions, such as weighting metrics for vehicle age, mileage, and maintenance strategy. For larger or more advanced Group Plan sponsors and participants, TERM Lite or other more sophisticated software that can calculate data in multiple dimensions might be more appropriate.

Decision support tools can encompass a wide range of information that sponsors and participants feel is important for making TAM decisions. This data might not necessarily be limited to what was collected through the asset inventories and condition assessments or otherwise available to the TAM plan sponsor. For example, in cases where multiple funding streams are involved (Federal, State, local), sponsors will need to collect data on other funding sources from their Group Plan participants and develop a decision support tool that takes all funding sources into account.

Decision Support Tool:
Regional Transportation Authority of Northeastern Illinois (RTA) Capital Optimization Support Tool (COST)

RTA's COST tool is a Microsoft Access-based investment support tool developed through funding from the FTA. Sponsors may find this example useful in developing a decision support tool for their Group Plan, and can find more information about the tool in Volume 2 Parts 1 and 2 of the RTA COST Model "How to" Guide. The COST tool is used to assess or predict each of the following:

- Current size of SGR backlog
- 20-year unconstrained capital reinvestment needs
- The impact of constrained reinvestment on:
  - SGR backlog
  - Asset conditions
  - Proportion of assets in SGR
- How to prioritize reinvestment (rehabilitation and replacement) needs
- How to prioritize proposed expansion and enhancement investments
- The impact of expansion/enhancement investments on:
  - SGR backlog
  - Asset conditions
  - Proportion of assets in SGR

All sizes of groups must determine the most effective decision support tools for their unique situations. Decision support tools do not have to be expensive, advanced, or even software-based; the primary goal is to transform collected data and other relevant inputs into information that can be used by the sponsor in prioritizing future investments.

FTA has developed resources to help transit agencies and Group Plan sponsors draft their TAM plans. The Transit Asset Management PLanning Assistance Template (TAMPLATE) is a web-based template for developing TAM Plans according to best practices and in alignment with requirements of the TAM Rule.

The TAMPLATE may be used by any agency type but is meant to be specifically helpful for Group Plan sponsors and Tier II providers that have individual TAM plans. The NTD's Group Plan Summary Tool is an Excel workbook designed to support Metropolitan Planning Organizations (MPOs), Group Plan sponsors, and other transit planning agencies by providing summary statistics and detailed asset inventory information as reported to FTA's NTD. The Group Plan Summary Tool is released annually and the most recent version can be found on NTD's Data webpage. These are not compliance tools and are meant to provide technical assistance.

Prioritizing Investments

While Group Plan sponsors may have created robust datasets and decision support tools, there are financial constraints that limit the action that can be taken toward achieving the desired goals.

The purpose of the investment prioritization section is to link information gained from the asset inventory, condition assessment, and decision support tools to actual investment priorities in support of targets. Investment prioritization needs to be consistent with official or unofficial TAM policies and consider safety and accessibility for all. Agencies are also encouraged to consider weather resiliency. The Group Plan must rank projects to improve or manage the SGR of capital assets in order of priority and anticipated project funding year, and must take into consideration the estimated funding levels from all available sources that the sponsor reasonably expects will be available in each fiscal year during the TAM plan horizon period for each participating agency.

Group Plan sponsors should work with participants to determine the investment priorities and fiscal constraints of the group. Since the sponsor may have different levels of financial involvement with each participant, there will need to be additional data gathering associated with expected funding availability for each participating agency. It is possible that where financial relationships between the Group Plan sponsor and participants exist, funding allocation may be tied to asset conditions and the investment priorities of the sponsor. Where funding is less closely linked, the sponsor should work with the participating agency to incorporate the TAM policies into a funding allocation strategy.

The investment prioritization step is necessarily iterative because there are many tradeoffs to balance when determining the optimal priorities for the group. Some of the considerations include the tradeoffs between asset condition and costs of projects, the balancing of funding and needs among diverse participants, the

Example Scenario: Investment Prioritization

One participant may be able to purchase a new paratransit vehicle for $70,000, which improves the performance measure for that asset class overall. Meanwhile, another participant may have a 30' bus in a much worse condition. They would need more than the $70,000 available this year, but could purchase a new 30' bus if the sponsor saves the $70,000 and adds it to next year's funds. The sponsor must decide how to determine if one participant gets a new van this year versus a different agency getting a new bus next year, and how the relative condition of each asset relates to the performance targets for the group overall. There is no one correct answer, but these are the considerations and tradeoffs a Group Plan sponsor will need to make. Participants should understand and accept the need for tradeoffs when accepting participation in a Group Plan.

balancing of projects or funds among asset categories and classes, and the ability to impact condition of varying assets with the funds available.

Outside Funding Sources

Through the investment prioritization process, Group Plan sponsors will need to determine how to identify, understand, and document participants' other sources of funding. Furthermore, sponsors should communicate how these other funding sources will impact the investment prioritization strategies within the Group Plan.

> *Example Scenario: Outside Funding Sources*
>
> One agency may have a local tax, which has allowed them to get 95% of their fleet to a state of good repair, while another agency may only have 40% of their fleet in a state of good repair and have no local tax to support needed repairs. The sponsor, who controls FTA's funds for these agencies, must consider whether to allocate on a per-bus basis or to give additional funds to the second agency to allow them to improve their overall state of good repair.

Group Plan sponsors will not necessarily be able to dictate how participants spend funding from a local tax, for example, but sponsors can work with participant agencies to develop investment prioritizations for other funding sources that support TAM policies.

Sponsors may be interested in considering how a participant's outside funds will impact asset condition, and how this may affect the group's overall targets and investment. Group Plan sponsors must consider the interplay between participants' varying funding streams when making decisions on investment prioritization.

Approving the Plan

The Accountable Executive of each participating agency is expected to approve the plan and is ultimately responsible for implementation of the plan at the participant agency. While the Group Plan sponsor should collaborate with participants in determining investment prioritization and other TAM decision-making, by participating in a Group Plan, a transit provider's Accountable Executive may be required to defer to the decisions of the sponsor regarding prioritization of investments.

The approval process will vary by Group Plan. Sponsors and participants should establish communication expectations and documentation protocols for plan approval.

Reporting to the National Transit Database

Currently, recipients of section 5307 funding report 'traditional NTD data,' which includes general financial and operating data, directly to the National Transit Database (NTD). Recipients of 5311 funding may report to NTD directly, or the State may report traditional NTD data on their behalf.

Participation in a Group Plan does not change how agencies report traditional data to NTD, and most current reporters can also report the required TAM data (inventory, condition) to the NTD in the same way. Agencies receiving only 5310 funds from FTA have not historically reported any data to the NTD. Please note if a recipient is a 5310-only subrecipient, the sponsor should carefully review if they are subject to the TAM Rule. Reporting TAM requirements for 5310-only subrecipients is a sponsor responsibility; the sponsor must report inventory and condition data for the 5310-only subrecipients if they have no existing means of reporting to NTD.

Inventory and Condition Assessment

Agencies that submit traditional financial and operating data directly to NTD should also submit TAM asset inventory and condition data directly to NTD. The Group Plan sponsor is expected to submit TAM data for their associated 5310 and 5311 agencies, where applicable. If a subrecipient chooses not to participate in their direct recipient's Group Plan, they should expect to complete all TAM-related NTD reporting forms independently.

Target Setting

Unlike the asset inventory and condition assessments, which are agency-specific in the NTD, the unified targets for Group Plan participants should be submitted on behalf of all participating agencies by the sponsor. In addition to submitting the targets, Group Plan sponsors need to submit a narrative report to NTD that provides a description of any change in the condition of its transit systems from the previous year. This report should also describe the progress made during the year to meet the targets forecast for that year.

While Group Plans are completed every four years, targets are set annually. The participant Accountable Executives of the Group Plan do not need to approve the targets submitted annually to NTD by the Group Plan sponsor, though they may be consulted. The Group Plan sponsor and its participants may decide to project annual targets through the entire four-year period covered by the Group Plan, or instead they might define broader, goal-based policies, setting more specific targets on an annual basis as the plan is carried out.

Setting unified targets for diverse Group Plan participants may be challenging, particularly when a group has providers with drastically different service types and financial resources. As discussed in "Conducting Condition Assessments" in Section IV, for rolling stock and equipment, the ULB does not need to be identical for each asset class, but can be set individually for fleets within the class.

Key Expressions for TAM Performance Management

Goal: A broad statement of a desired end condition or outcome; a unique piece of the agency's vision. An example of a goal is to achieve and maintain a state of good repair.

Metric: A quantifiable indicator of performance or condition. An example is vehicle miles traveled. This metric could inform a performance measure, such as average accumulated mileage.

Performance Measure: An expression based on a metric to assess progress toward meeting established targets. An example of a performance measure is the percent of passenger vans that have met or exceeded their ULB.

Target: A quantifiable level of performance or condition, expressed as a numerical value for the measure, to be achieved within a specific time frame. An example of a target is 90% of the performance measure (i.e., % of assets that meet or exceed the ULB).

How is the rolling stock performance metric calculated?

$$\text{metric} = \frac{\text{Number of Vehicles that Meet or Exceed ULB}}{\text{Total Number of Vehicles}} (\times\ 100)$$

The metric, percentage of vehicles that have met or exceeded the ULB, is calculated by taking the total number of vehicles that meet or exceed the ULB and dividing by the total number of vehicles in the vehicle class and multiplying by 100. The target is then the projection of that metric for the next fiscal year. In some cases, this calculation may not be adequate to make meaningful targets, and some sponsors may choose to address this challenge by creating multiple Group Plans. For more information, see "Creating Multiple Group TAM Plans" in Section VII.

Because implementing the Group Plan is the responsibility of each participant, the sponsor is not able to guarantee the results of a Group Plan. However, each participant should take actions to support the Group Plan as much as practicable, including working toward target attainment. There are no financial rewards or penalties associated with target attainment.

Sharing Group TAM Plans

Transit asset management is one part of larger local, regional, and statewide multimodal transportation planning and funding efforts. Another of the performance management focused rules to come out of MAP-21 and FAST is the Statewide and Nonmetropolitan Transportation Planning and Metropolitan Planning Rule, referred to as the Planning Rule (23 CFR 450, 23 CFR 771, 49 CFR 613). Sponsors should be aware of the following Planning Rule requirements for MPOs and State DOTs, and should be prepared to share the Group Plan with these organizations. See FTA's website for links to FTA's Office of Planning and Environment's TAM Fact Sheets and FAQs.

Metropolitan Planning Organizations and State Departments of Transportation

In addition to the performance measure targets submitted to NTD, the Planning Rule requires that State DOTs and MPOs establish performance targets that address the performance measures or standards established in the TAM Final Rule for the region for which they are responsible. These targets should be coordinated to the maximum extent practicable with providers of public transportation. MPOs are required to establish performance targets 180 days after the transit agencies establish their performance targets, so it is important that sponsors maintain communication with these groups.

To aid in the MPO and Statewide planning process, the Group Plan sponsor must make the Group Plan, targets, and supporting materials available to the State DOTs and MPOs that program projects for any participants of the Group Plan.[5]

Other Organizations

Other organizations may also have an interest in reviewing the Group Plan, particularly if they manage funds that will be used for implementing the investment plan. The Group Plan sponsor will determine how to disseminate the Group Plan.

[5] See section 625.53 of TAM Rule.

VII. Other Considerations

Amending and Updating Group TAM Plan

A TAM plan is required to be updated every four years. Updates entail revisiting every element of the TAM plan and making necessary changes. In general, agencies are encouraged to align their updates with existing planning and programming processes. A Group Plan sponsor may decide that it is appropriate or necessary to complete a mid-horizon update if there are significant unexpected changes with funding levels, asset conditions, or policies that may reshape the investment prioritization. A natural disaster is an example of an event that could prompt a mid-horizon update, though updating or amending the TAM plan is a local decision that depends on the degree of unexpected change.

Amendments are minor changes made to the Group Plan that don't meet the threshold for a full update of the plan. The difference between what prompts an amendment versus an update is the degree of unexpected change. Each sponsor determines what thresholds prompt an amendment and the amendment process. An example of an action prompting an amendment could be a change in a participants' Accountable Executive, changes in the inventory or condition assessment, or minor changes to the participating agencies' budgets. Amendments are often simple in format: a memo, an email, a list of changes, etc. that are appended to the TAM plan and can later be incorporated into the TAM plan when it is updated. See the FAQ "What level of change requires a complete TAM plan update?" on the TAM FAQs page for more information.

No Participants in Group TAM Plan

There may be circumstances when all a potential sponsors' subrecipients have opted out or are doing their own individual plans, and a potential sponsor agency does not need to complete a Group Plan on behalf of its subrecipients. In this case, the potential sponsor should document how each of its subrecipients is complying with the TAM Rule and maintain certification documents from its subrecipients that they are complying with FTA requirements, as they may be required to certify on their behalf during the grant making process.

Creating Multiple Group TAM Plans

Depending on the unique needs of a Group Plan sponsor and its participants, a sponsor may choose to create multiple Group Plans. For example, a State DOT may choose to create separate Group Plans for its section 5310 and section 5311 subrecipients.

The reasoning for creating separate Group Plans is a local decision that depends on the unique needs of the Group Plan sponsor and its participants. Some considerations when determining whether to create a single Group Plan or multiple Group Plans may include differences in capital needs between different types of providers and regional differences affecting asset management within the same State, among others.

Each Group Plan must meet the standard Group Plan requirements, though some elements may be shared between plans. For example, data gathering and decision support tools might use similar systems or processes between separate Group Plans by the same sponsor.

Adjusting Group Plan Participants

While Group Plans are created at minimum every four years, Group Plan sponsors are required to revisit their plans when there are significant changes. Direct recipients might define a process by which subrecipients provide documentation of opting out or changing Group Plan participation, or might simply require written notification or other communication from a participant.

Considerations for Including Optional Participants

As previously discussed, sponsors are only required to include their eligible subrecipients in the Group Plan. However, they may offer participation to any Tier II operator. While there may be financial and strategic relationship benefits to adding additional operators, it may also create additional challenges for creating the plan and managing the inventory.

In some cases, including Tier II agencies with existing robust TAM programs may allow the Group Plan to build on those existing systems and benefit from their experience. Conversely, it may be challenging to set a consistently appropriate level of detail in terms of asset condition assessment or decision support tools if mature agencies have a highly detailed assessment program that less mature agencies may find complicated to implement.

Despite potential benefits from an agency's organizational development or asset management experience, adding a participant whose size or maturity differs greatly from those of the other participating agencies may also pose challenges. Since all assets in a single class are aggregated for target setting, a larger agency may dominate the group's performance measures, and the impacts of TAM to the smaller agencies may be overshadowed by the larger agency. This may also skew the tradeoffs in investment prioritization. For example, an agency with 80 buses may dominate the planning process and targets if the other two or three agencies in a Group Plan have five to 10 buses each. This may be okay if all the agencies are in similar states of good repair, but may cause issues if there are discrepancies between the larger and smaller agencies.

The challenges of agencies with varying sizes or levels of maturity may also occur within a required participant pool. A sponsor may decide to subdivide into more homogenous groups and create multiple Group Plans.

Changes in Subrecipients

A Group Plan sponsor might experience a change in participants over the course of a Group Plan. Some examples of when a participant may be added or eliminated from a Group Plan include:

- A new subrecipient receives FTA funding for the first time and needs to be added to the Group Plan.
- A Tier II provider becomes a Tier I provider and needs to complete its own Tier I plan.
- An agency no longer has a financial relationship with FTA once the useful life of all assets funded by FTA is exceeded and therefore doesn't need to participate in a Group Plan.

When there is a significant change in plan participation or included assets, the Group Plan must be amended. Agencies may establish criteria and a standard operating procedure (SOP) for significant changes based on their assets and policies, to ensure consistency in determining when an update versus an amendment is appropriate. See the FAQ “What level of change requires a complete TAM plan update?” on the TAM FAQs page for more information.

Participant-initiated Changes

There may be instances when a Group Plan participant chooses to switch Group Plans or create its own TAM plan. These changes should not occur outside of the minimum four-year cycle of creating and revising a Group Plan.

Tracking Changes in Participation

In the grant making process, sponsors certify that all subrecipients are compliant with FTA rules and regulations. When participation in a Group Plan is changing, it is important for the sponsor to document and track these changes, to ensure accurate certification. Without proper communication and documentation, direct recipients sponsoring Group Plans might incorrectly identify which subrecipients they are certifying as compliant with TAM requirements.

Oversight

For many Tier II agencies, FTA oversight is completed through the Triennial or State Management Review of their direct recipient. Direct recipients are responsible for confirming that subrecipients have met the TAM Rule requirements. In most cases, a subrecipient will participate in the Group Plan sponsored by the direct recipient. However, in those situations where a subrecipient is not participating in a direct recipient’s Group Plan, the direct recipient must maintain accurate documentation and records of the subrecipient’s TAM activities for FTA oversight compliance.

Certification of Adherence to TAM Rule

Direct recipients certify that they and their subrecipients are compliant with FTA rules and regulations via the certification and assurance process, which occurs annually as part of the grant making process. For TAM, this means certifying that all subrecipients are covered by either the direct recipient’s Group Plan, another Group Plan, or their own individual TAM plan.

A sponsor should have documentation confirming each subrecipient has met the TAM requirements. The records should include: 1) Accountable Executive signature for opt-out or approval of Group Plan, 2) proof of a compliant TAM plan for those not participating in the sponsor's Group Plan, and 3) a statement that subrecipient is implementing the TAM plan.

Keeping up-to-date copies of the TAM plans for all subrecipients (group participants and those opting out) is a simple way of ensuring documentation for compliance with the TAM Rule.

Subrecipient noncompliance

While every effort must be made by the sponsor to reach full participant approval, there may be occasions where sponsor and participant cannot reach an agreement. If a subrecipient does not engage in the TAM process, direct recipients must document and make FTA aware of their noncompliance. This noncompliance or disapproval of a TAM plan may signal a more focused review of TAM regulations.

> *Example of Annual Recordkeeping a Direct Recipient could Request from their Subrecipients*
>
> I, Name of the Accountable Executive, confirm that I am the Accountable Executive for Name of Transit Agency.
>
> I certify that my transit agency is in compliance with the TAM Rule.
>
> My agency has met the TAM Plan requirements by
>
> - ☐ Participating in a Group Plan sponsored by *Sponsoring Agency*
> - ☐ Completing our own TAM Plan and keeping it up-to-date. I have provided an updated copy of our TAM Plan to *Name of Direct Recipient*
>
> We confirm that we are implementing the TAM plan at our property.
>
> Signed,
> *Accountable Executive* Dated (Annually)

Unless a subrecipient has provided written documentation otherwise, the expectation is that they will participate in the Group Plan. If they do not provide the needed data or have their Accountable Executive sign-off on the plan, a subrecipient will be considered non-compliant and may become responsible for developing their own TAM plan and providing their direct recipient certification that they are meeting TAM requirements. The direct recipient should document efforts to engage the subrecipient and then notify FTA. Proper documentation will ensure that the proper parties are held accountable for TAM compliance and that the direct recipient has worked in good faith with their subrecipients.

Funding for TAM Activities

FTA has not designated a specific funding source for completing TAM plans. Direct recipients of 5307, 5310, and 5311 are allowed to set aside up to 10 percent of their apportionment for administration and technical assistance, including eligible TAM plan development activities. A sponsor can use these funds in part to pay for staff salaries to develop the Group Plan within the agency or to procure assistance from an outside contractor, in addition to using the set aside for its other administrative responsibilities. It is expected that Group Plan participants will use existing resources to pay for their TAM efforts, including direct staff support or contracting for additional technical support.

VIII. Resources

- TAM Website
- Transit Asset Management Planning Assistance Template (TAMPLATE)
- NTD's Group Plan Summary Tool, annual report available on NTD's Data webpage
- Calculating Performance Measures and Setting Targets Training
- TAM Outreach Materials
- TAM Facilities Performance Measure Reporting Guidebook
- TCRP Report 172: Guidance for Developing a Transit Asset Management Plan
- Am I Required to Be a Group TAM Plan Sponsor?
- Am I Going to Be a Participant in a Group TAM Plan?
- Am I in Compliance with the TAM Final Rule?
- Am I a Tier I or Tier II Agency?

Appendix A: Group TAM Plan Timeline

This timeline represents the cycle for developing, implementing, and updating the plan. It is an extended visualization of Figure 2.

SCOPE

Determine applicability
Identify and invite participants
Define roles and responsibilities

COLLECT

Data for asset inventory
Data for condition assessment

CREATE

Create asset inventory
Conduct condition assessment
Use decision support tools
Set investment prioritization

= **Group TAM Plan Document**

CONCUR and SHARE

Approve plan
Share group TAM plan

IMPLEMENT and REPORT

Implement the group TAM plan
Maintain asset inventory
Maintain condition assessment
Continue supporting targets
Report annually to National Transit Database

Appendix B: TAM Final Rule Definitions

1. *Accountable Executive* means a single, identifiable person who has ultimate responsibility for carrying out the safety management system of a public transportation agency; responsibility for carrying out transit asset management practices; and control or direction over the human and capital resources needed to develop and maintain both the agency's public transportation agency safety plan, in accordance with 49 U.S.C. 5329(d), and the agency's transit asset management plan in accordance with 49 U.S.C. 5326.
2. *Asset category* means a grouping of asset classes, including a grouping of equipment, a grouping of rolling stock, a grouping of infrastructure, and a grouping of facilities.
3. *Asset class* means a subgroup of capital assets within an asset category. For example, buses, trolleys, and cutaway vans are all asset classes within the rolling stock asset category.
4. *Asset inventory* means a register of capital assets, and information about those assets.
5. *Capital asset* means a unit of rolling stock, a facility, a unit of equipment, or an element of infrastructure used for providing public transportation.
6. *Decision support tool* means an analytic process or methodology: (1) To help prioritize projects to improve and maintain the state of good repair of capital assets within a public transportation system, based on available condition data and objective criteria; or (2) To assess financial needs for asset investments over time.
7. *Direct recipient* means an entity that receives Federal financial assistance directly from the Federal Transit Administration.
8. *Equipment* means an article of nonexpendable, tangible property having a useful life of at least one year.
9. *Exclusive-use maintenance facility* means a maintenance facility that is not commercial and either owned by a transit provider or used for servicing their vehicles.
10. *Facility* means a building or structure that is used in providing public transportation.
11. *Full level of performance* means the objective standard established by FTA for determining whether a capital asset is in a state of good repair.
12. *Group TAM plan* means a single TAM plan that is developed by a sponsor on behalf of at least one tier II provider.
13. *Horizon period* means the fixed period of time within which a transit provider will evaluate the performance of its TAM plan.
14. *Implementation strategy* means a transit provider's approach to carrying out TAM practices, including establishing a schedule, accountabilities, tasks, dependencies, and roles and responsibilities.

15. *Infrastructure* means the underlying framework or structures that support a public transportation system.

16. *Investment prioritization* means a transit provider's ranking of capital projects or programs to achieve or maintain a state of good repair. An investment prioritization is based on financial resources from all sources that a transit provider reasonably anticipates will be available over the TAM plan horizon period.

17. *Key asset management activities* means a list of activities that a transit provider determines are critical to achieving its TAM goals. *Life-cycle cost* means the cost of managing an asset over its whole life.

18. *Participant* means a tier II provider that participates in a group TAM plan.

19. *Performance Measure* means an expression based on a quantifiable indicator of performance or condition that is used to establish targets and to assess progress toward meeting the established targets (*e.g.,* a measure for on-time performance is the percent of trains that arrive on time, and a corresponding quantifiable indicator of performance or condition is an arithmetic difference between scheduled and actual arrival time for each train).

20. *Performance target* means a quantifiable level of performance or condition, expressed as a value for the measure, to be achieved within a time period required by the Federal Transit Administration (FTA).

21. *Public transportation system* means the entirety of a transit provider's operations, including the services provided through contractors.

22. *Public transportation agency safety plan* means a transit provider's documented comprehensive agency safety plan that is required by 49 U.S.C. 5329. *Recipient* means an entity that receives Federal financial assistance under 49 U.S.C. Chapter 53, either directly from FTA or as a subrecipient.

23. *Rolling stock* means a revenue vehicle used in providing public transportation, including vehicles used for carrying passengers on fare-free services.

24. *Service vehicle* means a unit of equipment that is used primarily either to support maintenance and repair work for a public transportation system or for delivery of materials, equipment, or tools.

25. *Sponsor* means a State, a designated recipient, or a direct recipient that develops a group TAM for at least one tier II provider.

26. *State of good repair (SGR)* means the condition in which a capital asset is able to operate at a full level of performance.

27. *Subrecipient* means an entity that receives Federal transit grant funds indirectly through a State or a direct recipient.

28. *TERM scale* means the five (5) category rating system used in the Federal Transit Administration's Transit Economic Requirements Model (TERM) to describe the condition of an asset: 5.0—Excellent, 4.0—Good; 3.0— Adequate, 2.0—Marginal, and 1.0— Poor.

29. *Tier I provider* means a recipient that owns, operates, or manages either (1) one hundred and one (101) or more vehicles in revenue service during peak regular service across all fixed route modes or in any one non-fixed route mode, or (2) rail transit.
30. *Tier II provider* means a recipient that owns, operates, or manages (1) one hundred (100) or fewer vehicles in revenue service during peak regular service across all non-rail fixed route modes or in any one non-fixed route mode, (2) a subrecipient under the 5311 Rural Area Formula Program, (3) or any American Indian tribe.
31. *Transit asset management (TAM)* means the strategic and systematic practice of procuring, operating, inspecting, maintaining, rehabilitating, and replacing transit capital assets to manage their performance, risks, and costs over their life cycles, for the purpose of providing safe, cost-effective, and reliable public transportation.
32. *Transit asset management (TAM) plan* means a plan that includes an inventory of capital assets, a condition assessment of inventoried assets, a decision support tool, and a prioritization of investments.
33. *Transit asset management (TAM) policy* means a transit provider's documented commitment to achieving and maintaining a state of good repair for all of its capital assets. The TAM policy defines the transit provider's TAM objectives and defines and assigns roles and responsibilities for meeting those objectives.
34. *Transit asset management (TAM) strategy* means the approach a transit provider takes to carry out its policy for TAM, including its objectives and performance targets.
35. *Transit asset management system* means a strategic and systematic process of operating, maintaining, and improving public transportation capital assets effectively, throughout the life cycles of those assets.
36. *Transit provider (provider)* means a recipient or subrecipient of Federal financial assistance under 49 U.S.C. chapter 53 that owns, operates, or manages capital assets used in providing public transportation.
37. *Useful life* means either the expected life cycle of a capital asset or the acceptable period of use in service determined by FTA.
38. *Useful life benchmark (ULB)* means the expected life cycle or the acceptable period of use in service for a capital asset, as determined by a transit provider, or the default benchmark provided by FTA.