U.S. Department of Transportation
Federal Transit Administration

TAMNews

Rulemaking 2016

The purpose of FTA's Transit Asset Management (TAM) newsletter is twofold: to keep you up to date on our office's asset-management initiatives (as a complement to our web site and e-mail alerts), and to create a forum for communication for all of us in the industry to share information, so that we can learn from each other.

Please share any useful processes that your agency has adopted or let us know if there is any related topic that you would like to know more about. Email us:

TAMNews@dot.gov

The final TAM rule has been issued. The rule will become effective October 1, 2016.

Resources:

- Final Rule
- NPRM Webinar Series FAQ
- FTA TAM Homepage
- TAM Guidebook
- Webinars on the Final Rule
- Getting Started
- FHWAs TPM site
- FHWAs AM site

Final TAM Rule Published

This issue of TAMNews discusses the final transit asset management rule. It provides an explanation of the rule and what it means for transit providers across the country.

The Moving Ahead for Progress in the 21st Century Act (MAP-21), whose requirements were affirmed in the FAST (Fixing America's Surface Transportation) Act, requires the development of a system to monitor and manage public transportation assets to improve safety, increase reliability and performance, and to establish performance measures. All of these activities together compose a system of transit asset management, or TAM. The FTA's TAM rulemaking process has now come to a close, with publication of the final rule that describes what transit agencies must do to comply with MAP-21 regulations.

Definition of Transit Asset Management

The FTA rule defines TAM as: "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."

Simply put, TAM is a business model that uses transit asset condition to guide the optimal prioritization of funding.

The final rule only applies to recipients and subrecipients of chapter 53 funds who own, operate, or manage public transportation capital assets used to provide public transportation.

TAM Rule Motivation and Requirements

The state of good repair (SGR) backlog, or the cost to bring all of the nation's transit assets into a state of good repair, is currently estimated to be $85.9 billion. The FTA estimates that an additional $2.5 billion per year above current funding levels is needed just to keep the backlog from growing.

State of Good Repair Grants (5337)

With an estimated 40 percent of buses and 25 percent of U.S. rail transit assets considered to be in marginal or poor condition, helping transit agencies maintain bus and rail systems in a state of good repair remains an FTA priority. The FAST Act increased annual funding for FTA's State of Good Repair (5337) program for rail from $2.1 billion to $2.5 billion.

[Fact Sheet](#)

[SGR Grant Program Guidance and Application Instructions](#)

Relationship of SGR and TAM:

Helping transit agencies maintain bus and rail systems in a state of good repair is one of FTA's highest priorities. TAM practices create a framework to preserve and expand transit investments. These TAM processes help agencies reach and maintain a state of good repair for their assets. Having well maintained, reliable transit assets (e.g., track, signal systems, vehicles and stations) will help ensure safe, dependable and accessible transit services.

The TAM rule aims to address that backlog by requiring agencies to create TAM plans that will help them to systematically and strategically address their maintenance needs, which will in turn improve service. Additionally, TAM will have important non-quantifiable benefits such as improved transparency and accountability. Implementing a TAM system will require transit providers to collect and use asset condition data, set targets, and develop strategies to prioritize investments to meet their SGR goals.

Figure 1: Distinction between Tier I and Tier II providers

Tier I	Tier II
Operate > 100 vehicles in peak revenue service	Operate ≤ 100 vehicles in peak revenue service across all modes or in any one non-fixed route mode
or	**and**
Operate rail fixed-guideway public transportation systems	Do not operate rail fixed-guideway public transportation systems
	or
	Receive federal funds from 5311 program or are an American Indian Tribe

The specific requirements of the TAM rule for transit providers depend upon whether the agency is classified as Tier I or Tier II. Figure 1 describes the characteristics of Tier I and Tier II providers.

Figure 2 on the following page shows the TAM Plan elements that are required by each category of provider. Because Tier II providers generally operate less complex systems, their TAM Plan requirements are not as extensive. [Tier II providers](#) may develop their own plans or choose to participate in a Group Plan, developed by a Group Plan Sponsor (generally the State DOT or designated §5307 or §5310 recipient).

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

Figure 2: Tier I and II TAM plan requirements

Each grantee must designate an Accountable Executive to ensure that the necessary resources are available to carry out the TAM plan, regardless of whether it develops its own TAM Plan or participates in a Group Plan.

The rule also requires agencies to set SGR performance targets for their assets and measure performance based on those targets. Asset performance will be measured by asset class, which is a subset of capital assets within an asset category (see Figure 3). Agencies can set multiple performance targets for each asset class, but at a minimum, must use at least those set out in the rule.

Each organization that develops a TAM Plan will have to submit TAM data annually to FTA's National Transit Database (NTD). The following must be submitted for TAM reporting, which is separate from other NTD reporting requirements not addressed by the TAM rule:

- Projected performance targets for the next fiscal year;
- Condition assessments and performance results; and
- A narrative report on changes in transit system conditions and the progress toward achieving previous performance targets.

Figure 3: Required performance measures

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

FHWA versus FTA TAM Requirements:

MAP-21 set requirements for states to develop asset management plans for the national highway system (NHS) which are different from the TAM plan requirements for transit providers. These plans have two separate but compatible sets of requirements.

The MAP-21 requirements for state asset management plans are:

- A summary listing of the pavement and bridge assets on the National Highway System in the State, including a description of the condition of those assets;
- Asset management objectives and measures;
- Performance gap identification,
- Lifecycle cost and risk management analysis,
- A financial plan, and
- Investment strategies

The MAP-21 requirements for transit providers are:

- An asset inventory
- Condition assessments for capital assets
- A decision support tool
- Investment prioritization

Implementation Timeline

Recipients must set targets within 3 months after the effective date of a final rule. Targets must be updated annually after they are initially set. To the extent feasible, targets should be supported by data such as the most recent condition data and reasonable financial projections for the future; the overall end goal is for agencies to achieve SGR system-wide.

Below are other deadlines related to the rule:

- The implementation deadline for the TAM Plan is 2 years after the effective date of October 1, 2016.
- Performance targets must be set within three months after the effective date.
- A data report reflecting SGR performance targets for the following year and current system condition must be submitted to the NTD annually. The report is due four months after the end of a provider's fiscal year, but a report is optional for the first due date after the effective date.
- A narrative report describing changes in asset condition and progress made toward performance targets is due to the NTD annually. The report is due four months after the end of a provider's fiscal year, but is not required for the first fiscal year after the effective date of the rule.
- TAM plans must be updated every 4 years, but plans can be updated or amended during that time period.