

## 6. TRANSIT ASSET MANAGEMENT

### PURPOSE OF THIS REVIEW AREA

Recipients must comply with 49 CFR Part 625 to ensure public transportation providers develop and implement transit asset management (TAM) plans.

### QUESTIONS TO BE EXAMINED

1. Has the recipient developed a TAM plan?
2. Did the recipient develop the appropriate tier plan and does the plan have the required elements?
3. Have TAM responsibilities been assigned to an accountable executive?
4. Has the group plan sponsor fulfilled its obligations in the development of the group TAM plan?
5. Have group plan participants fulfilled their obligations in the development and implementation of the group TAM plan?
6. Has the recipient set performance targets annually?
7. Does the recipient share its TAM plan, any supporting records or documents, performance targets, investment strategies, and annual condition assessment report with the state and/or metropolitan planning organization (MPO) that provides funding?
8. Does the recipient monitor subrecipients for compliance with TAM requirements?

### INFORMATION NEEDED FROM RECIPIENT

#### Recipient Information Request

*Recipients with individual TAM plans and group TAM plan sponsors*

- TAM plan
- National Transit Database (NTD) target report
- Documentation of performance measures and targets
- Documentation of the performance measures applied to the recipient's assets
- Position and job description for accountable executive
- Record of when the recipient's TAM plan, any supporting records or documents, performance targets, investment strategies, and the annual condition assessment report were provided to the state(s) and/or MPO that provide the recipient funding

*Group TAM plan sponsors*

- Documentation of coordination with group plan participants
- Notification from each group plan participant's accountable executive that the participant approves the group plan
- A list of subrecipients that have opted out of a group plan and copies of all group plan opt-out letters
- Documentation of the group plan sponsor making the TAM plan available to all participants in an easily accessible format

*Group TAM plan participants*

- Evidence that the recipient is participating in a group TAM plan, such as a listing of group plan participants

*Recipients with Tier I subrecipients or Tier II subrecipients who opted out of the group plan and are not direct recipients of FTA funds*

- Oversight tools (checklists, site visit questionnaires) relating to TAM plans

## Recipient Follow-up

- File documenting the recipient's review of a subrecipient's TAM plan and correspondence with the subrecipient

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### TAM1. Has the recipient developed a TAM plan?

#### BASIC REQUIREMENT

Recipients (and subrecipients) that own, operate or manage public transit service are required develop a TAM plan. If the recipient is a Tier II provider, it may participate in a group plan.

#### APPLICABILITY

Recipients that own, operate, or manage capital assets used for providing public transportation

#### DETAILED EXPLANATION FOR REVIEWER

Recipients (and subrecipients) that own, operate or manage public transit service must develop a TAM plan or participate in a group TAM plan. Recipients include entities, such as state departments of transportation and, MPOs that administer FTA grant programs but do not operate service.

#### INDICATORS OF COMPLIANCE

- a. Does the recipient have a written TAM plan? If not, is the recipient a participant in a group plan?*
- b. If the recipient has subrecipients, has it included all Tier II subrecipients that have not opted out of the group plan in its plan?*

#### INSTRUCTIONS FOR REVIEWER

Request and review the TAM plan. If the recipient is a participant in the group plan, review the plan to ensure that the recipient is listed. For recipients with Tier II subrecipients, obtain a list of subrecipients that have opted out of the group plan and copies of all opt-out letters. Compare the list of recipients listed in Review Section A: Recipient Profile in the Recipient Information Request (RIR) to the subrecipients listed in the group plan and a list of subrecipients who have opted out of the group plan and their opt-out letters.

#### POTENTIAL DEFICIENCY DETERMINATION

The recipient is deficient if it is required to develop a TAM plan and has not developed a plan or is not participating in a group TAM plan.

DEFICIENCY CODE TAM1-1: TAM plan not prepared/participated in

SUGGESTED CORRECTIVE ACTION: The recipient must provide to the FTA regional office its TAM plan or (Tier II recipients only) evidence that it is participating in a group plan.

The recipient is deficient if it has subrecipients and has not created a group plan or has a group plan but has not included all Tier II subrecipients that have not opted out of the group plan.

DEFICIENCY CODE TAM1-2: Group plan not prepared/missing subrecipients

SUGGESTED CORRECTIVE ACTION: The recipient must provide to the FTA regional office its group plan or a revised group plan including all Tier II subrecipients that have not opted out of the group plan.

#### GOVERNING DIRECTIVE

49 CFR 625.3 Applicability

This part applies to all recipients and subrecipients of Federal financial assistance under 49 U.S.C. Chapter 53 that own, operate, or manage capital assets used for providing public transportation.

### 49 CFR 625.5 Definitions

Tier I provider means a recipient that owns, operates, or (1) manages either 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.

Tier II provider means a recipient that owns, operates, or (1) manages 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.

### 49 CFR 625.25 Transit Asset Management Plan requirements.

(a) General. (1) Each Tier I provider must develop and carry out a TAM plan that includes each element under paragraph (b) of this section.

(2) Each Tier II provider must develop its own TAM plan or participate in a group TAM plan. A Tier II provider's TAM plan and a group TAM plan only must include elements under paragraphs (b)(1) through (4) of this section.

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## **TAM2. Did the recipient develop the appropriate tier plan and does the plan have the required elements?**

### **BASIC REQUIREMENT**

A recipient's TAM plan must include the required elements listed in 49 CFR 625.25 Transit Asset Management Plan requirements.

### **APPLICABILITY**

Recipients that own, operate, or manage capital assets used for providing public transportation and are not a group plan participant

### **DETAILED EXPLANATION FOR REVIEWER**

**Tier I** providers are recipients that own, operate, or manage either (1) 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. Tier I providers must develop their own TAM plan.

**Tier II** providers are recipients that own, operate, or manage (1) 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. Tier II providers may develop their own TAM plan or participate in a group plan.

- **Tier II** providers may develop their own TAM plan or participate in a group plan. A Tier II provider may participate in a group plan even if it is not a subrecipient of the group plan sponsor. For example, an urban provider may participate in a state's TAM plan even though it is a direct recipient and does not receive any FTA funds as a subrecipient of the state.
- Recipients with subrecipients must develop a **group plan** for Tier II subrecipients that do not opt out of the group plan.

All TAM plans must include the following four elements:

- 1) **An inventory of the number and type of capital assets.** The inventory must include all capital assets that a provider owns, except equipment with an acquisition value under \$50,000 that is not a service vehicle. An inventory also must include third-party owned or jointly procured exclusive-use maintenance facilities, passenger station facilities, administrative facilities, rolling stock, and guideway infrastructure used by a provider in the provision of public transportation. The asset

inventory must be organized at a level of detail commensurate with the level of detail in the provider's program of capital projects.

- 2) **A condition assessment.** A condition assessment of those inventoried assets for which a provider has direct capital responsibility. A condition assessment must generate information in a level of detail sufficient to monitor and predict the performance of the assets and to inform the investment prioritization.
- 3) **Analytical processes or decision support tools.** The plan must provide a description of analytical processes or decision-support tools that a provider uses to estimate capital investment needs over time and develop its investment prioritization.
- 4) **Project-based prioritization of investments.** The plan must contain the providers project-based prioritization of investments that identifies a provider's programs and projects to improve or manage over the TAM plan horizon period the state of good repair of capital assets for which the provider has direct capital responsibility. A provider must rank projects to improve or manage the state of good repair of capital assets in order of priority and anticipated project year.

Tier 1 TAM plans must include five additional elements:

- 1) The provider's TAM and SGR policy
- 2) The provider's TAM plan implementation strategy
- 3) A description of key TAM activities that a provider intends to engage in over the TAM plan horizon period
- 4) A summary or list of the resources, including personnel, that a provider needs to develop and carry out the TAM plan
- 5) An outline of how a provider will monitor, update, and evaluate, as needed, its TAM plan and related business practices, to ensure the continuous improvement of its TAM practices

Group plans must include a list of plan participants.

**INDICATORS OF COMPLIANCE**

- a. *What modes does the recipient operate?*
- b. *How many revenue vehicles does the recipient operate in peak revenue service?*
- c. *Which type of plan did the recipient develop?*
- d. *Does the TAM plan contain the appropriate required elements?*

Required Elements	Addressed? (Y/N)	Page Reference	Comments/Notes
<b>All TAM Plans</b>			
An inventory for all assets used in the provision of public transportation, including those owned by third parties			

A condition assessment of all assets in the recipient's asset inventory for which it has direct capital responsibility			
A description of analytical processes or decision-support tools that a provider uses to estimate capital investment needs over time and develop its investment prioritization			
An investment prioritization that:			
<ul style="list-style-type: none"> <li>Ranks projects to improve or manage the state of good repair over the horizon period</li> </ul>			
<ul style="list-style-type: none"> <li>Includes all capital assets for which the recipient has direct capital responsibility, not just federally funded assets.</li> </ul>			
<ul style="list-style-type: none"> <li>Is ranked at the asset class level</li> </ul>			
<b>Group plans</b>			
A list of participants in the group plan			
<b>Tier I plans</b>			
Documentation of a TAM and SGR policy			
An implementation strategy that outlines a plan to achieve its asset management goals			
A written description of the key TAM activities that the recipient intends to engage in over the TAM plan horizon period			
A summary or list of the resources, including personnel, that the recipient needs to develop and carry out the TAM plan			

An outline of how the recipient will monitor, update, and evaluate, as needed, its TAM plan and related business practices, to ensure the continuous improvement of its TAM practices			
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**INSTRUCTIONS FOR REVIEWER**

Review the NTD report and the Section A: Recipient Profile of the RIR to obtain information on the number of vehicles operated in revenue service during peak regular service across all fixed-route modes (except ferry service) or in any on non-fixed route mode and to determine if the recipient operates rail service or has subrecipients to determine if the recipient developed the appropriate plan. Using the table above, review the recipient’s TAM plan for the required elements.

**POTENTIAL DEFICIENCY DETERMINATION**

The recipient is deficient if did not develop the appropriate TAM plan.

DEFICIENCY CODE TAM2-1: Inappropriate TAM plan developed

SUGGESTED CORRECTIVE ACTION: The recipient must submit to the FTA regional office a revised TAM plan that contains all the required elements for its appropriate designation.

The recipient is deficient if its TAM plan does not address all the required elements.

DEFICIENCY CODE TAM2-2: TAM plan elements missing

SUGGESTED CORRECTIVE ACTION: The recipient must submit to the FTA regional office a revised TAM plan that addresses all the required elements.

**GOVERNING DIRECTIVE**

49 CFR 625.5 Definitions

*Tier I provider* means a recipient that owns, operates, or (1) manages either 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.

*Tier II provider* means a recipient that owns, operates, or (1) manages 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.

49 CFR 625.25 Transit Asset Management Plan Requirements

(a) General. (1) Each Tier I provider must develop and carry out a TAM plan that includes each element under subsection (b) of this section.

(2) Each Tier II provider must develop its own TAM plan or participate in a group TAM plan. A Tier II provider's TAM plan and a group TAM plan only must include elements (1)-(4) under subsection (b) of this section.

(3) A provider’s Accountable Executive is ultimately responsible for ensuring that a TAM plan is developed and carried out in accordance with this part.

(b) Transit asset management plan elements. Except as provided in subsection (a)(3) of this section, a TAM plan must include the following elements:

- (1) An inventory of the number and type of capital assets. The inventory must include all capital assets that a provider owns, except equipment with an acquisition value under \$50,000 that is not a service vehicle. An inventory also must include third-party owned or jointly procured exclusive-use maintenance facilities, passenger station facilities, administrative facilities, rolling stock, and guideway infrastructure used by a provider in the provision of public transportation. The asset inventory must be organized at a level of detail commensurate with the level of detail in the provider's program of capital projects;
  - (2) A condition assessment of those inventoried assets for which a provider has direct capital responsibility. A condition assessment must generate information in a level of detail sufficient to monitor and predict the performance of the assets and to inform the investment prioritization;
  - (3) A description of analytical processes or decision-support tools that a provider uses to estimate capital investment needs over time and develop its investment prioritization;
  - (4) A provider's project-based prioritization of investments, developed in accordance with section 625.33 of this part;
  - (5) A provider's TAM and SGR policy;
  - (6) A provider's TAM plan implementation strategy;
  - (7) A description of key TAM activities that a provider intends to engage in over the TAM plan horizon period;
  - (8) A summary or list of the resources, including personnel, that a provider needs to develop and carry out the TAM plan;
  - (9) An outline of how a provider will monitor, update, and evaluate, as needed, its TAM plan and related business practices, to ensure the continuous improvement of its TAM practices.
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### **TAM3. Have TAM responsibilities been assigned to an accountable executive?**

#### **BASIC REQUIREMENT**

The recipient must designate an accountable executive who is ultimately responsible for ensuring that a TAM plan is developed and carried out in accordance with 49 CFR part 625.

#### **APPLICABILITY**

Recipients that own, operate, or manage capital assets used for providing public transportation

#### **DETAILED EXPLANATION FOR REVIEWER**

The recipient must designate an accountable executive that is responsible for the TAM plan. The accountable executive is a single, identifiable person who has ultimate responsibility for carrying out the safety management system of a public transportation agency; responsibility for carrying out TAM 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 TAM plan, in accordance with 49 U.S.C. 5326. An accountable executive must balance transit asset management, safety, day-to-day operations, and expansion needs in approving and carrying out a TAM plan and a public transportation agency safety plan.

#### **INDICATORS OF COMPLIANCE**

- a. *What position has been designated as the accountable executive?*
- b. *Do the accountable executive's responsibilities include ensuring that the TAM plan is developed and/or implemented in accordance with the required elements?*

## **INSTRUCTIONS FOR REVIEWER**

Review the recipient's organizational chart to identify the accountable executive's level of authority and to ensure that the position is an executive level position. Verify the accountable executive position and job description align with responsibilities of the accountable executive as described in the regulations. Discuss any differences between the job description, the organizational chart with the recipient and the accountable executive responsibilities.

## **POTENTIAL DEFICIENCY DETERMINATIONS**

The recipient is deficient if it has not identified an accountable executive who is responsible for implementation of the TAM plan.

DEFICIENCY CODE TAM3-1: No designation of accountable executive

SUGGESTED CORRECTIVE ACTION: The recipient must submit to the FTA regional office evidence that it has designated an Accountable Executive that is responsible for the implementation of the TAM plan.

The recipient is deficient if the recipient was unable to demonstrate that the accountable executive is exercising its responsibilities.

DEFICIENCY CODE TAM3-2: Accountable executive responsibilities not implemented

SUGGESTED CORRECTIVE ACTION: The recipient must submit evidence to the FTA regional office that the responsibilities of the Accountable Executive have been implemented.

## **GOVERNING DIRECTIVE**

### 49 CFR 625.5 Definitions

*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.

### 49 CFR 625.25 Transit Asset Management Plan Requirements

(a) General. (3) A provider's Accountable Executive is ultimately responsible for ensuring that a TAM plan is developed and carried out in accordance with this part.

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## **TAM4. Has the group plan sponsor fulfilled its obligations in the development of the group TAM plan?**

### **BASIC REQUIREMENT**

Recipients must develop a group TAM plan that, at a minimum, includes all Tier II subrecipients that do not opt out of the group plan

### **APPLICABILITY**

Recipients with Tier II subrecipients

### **DETAILED EXPLANATION FOR REVIEWER**

Recipients with Section 5311 subrecipients and Section 5310 subrecipients providing public transportation (also referred to as "open door" service) must develop a group TAM plan that includes all subrecipients that do not opt out of the group plan. Group plan sponsors may also include urban Tier II providers who are not subrecipients of the sponsor. The recipient must ensure that each plan participant has designated an accountable executive responsible for implementation of the TAM plan locally and

coordinate with them in the development of the group plan. The group plan sponsor must make the plan available to participants.

#### **INDICATORS OF COMPLIANCE**

- a. *Does the plan include all Tier II subrecipients as defined above that have not opted out of the plan?*
- b. *Has the accountable executive been identified for all plan participants?*
- c. *Did the recipient coordinate with all participants' accountable executives in the development of the group plan?*
- d. *How does the recipient make the group TAM plan available to participants?*

#### **INSTRUCTIONS FOR REVIEWER**

Review Section A-Recipient Profile in the RIR to obtain a list of subrecipients. Compare the list of subrecipients against a list of subrecipients that have opted out of a group plan and copies of opt-out letters. If not listed in the plan, obtain a list of group plan participant accountable executives. Review the group TAM plan for evidence of coordination with group plan participants, such as participant asset inventories and condition assessments. If coordination was conducted in person or over the phone, meeting agendas and attendance lists would fulfil this requirement. Determine how the group plan sponsor has made the TAM plan available to all participants, such as posting the plan to the sponsor's website.

#### **POTENTIAL DEFICIENCY DETERMINATIONS**

The recipient is deficient if all Tier II subrecipients that have not opted out of the plan are not included in the group plan.

DEFICIENCY CODE TAM4-1: Group plan missing Tier II subrecipients

SUGGESTED CORRECTIVE ACTION: The recipient must submit to the FTA regional office a revised group TAM plan that includes all Tier II subrecipients that have not opted out of the plan.

The recipient is deficient if group plan participants have not identified an accountable executive who is responsible for implementation of the TAM plan.

DEFICIENCY CODE TAM4-2: No designation of accountable executive by group plan participants

SUGGESTED CORRECTIVE ACTION: The recipient must submit to the FTA regional office evidence that each group plan participant has designated accountable executive.

The recipient is deficient if it did not coordinate with group plan participants in the development of the plan.

DEFICIENCY CODE TAM4-3: Group plan development lacked coordination with participants

SUGGESTED CORRECTIVE ACTION: The recipient must submit to the FTA regional office evidence that it has coordinated with plan participants to review the plan or to obtain additional information required for the plan.

The recipient is deficient if it has not made the group plan available to plan participants.

DEFICIENCY CODE TAM4-4: Group plan not available to plan participants

SUGGESTED CORRECTIVE ACTION: The recipient must submit to the FTA regional office evidence that it has made the group TAM plan available to plan participants.

## **GOVERNING DIRECTIVE**

### 49 CFR 625.5 Definitions

*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.

*Tier II provider* means a recipient that owns, operates, or (1) manages 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.

### 49 CFR 625.27 Group plans for transit asset management

(a) Responsibilities of a group TAM plan sponsor. (1) A sponsor must develop a group TAM plan for its Tier II provider subrecipients, except those subrecipients that are also direct recipients under the 49 U.S.C. 5307 Urbanized Area Formula Grant Program. The group TAM plan must include a list of those subrecipients that are participating in the plan.

(2) A sponsor must comply with the requirements of this part for a TAM plan when developing a group TAM plan.

(3) A sponsor must coordinate the development of a group TAM plan with each participant's Accountable Executive.

(4) A sponsor must make the completed group TAM plan available to all participants in a format that is easily accessible.

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## **TAM5. Have group plan participants fulfilled their obligations in the development and implementation of the group TAM plan?**

### **BASIC REQUIREMENT**

Group plan participants must participate in only one group plan and provide the necessary and relevant information for the development of the group plan.

### **APPLICABILITY**

Group plan participants

### **DETAILED EXPLANATION FOR REVIEWER**

Recipients can participate in only one group plan. Group plan participants must provide the necessary and relevant information for the development of the group plan.

### **INDICATORS OF COMPLIANCE**

- a. *Is the recipient participating in only one group TAM plan?*
- b. *Did the recipient provide the necessary and relevant information for the development of the group TAM plan?*

### **INSTRUCTIONS FOR REVIEWER**

Obtain a copy of the group plan in which the recipient is participating. Confirm with the recipient that it is participating in only the one group plan. Obtain information provided to the group plan sponsor for inclusion in the group plan.

## POTENTIAL DEFICIENCY DETERMINATIONS

The recipient is deficient if it is participating in more than one TAM plan.

DEFICIENCY CODE TAM5-1: Participating in more than one group TAM plan

SUGGESTED CORRECTIVE ACTION: The recipient must submit to the FTA regional office the group plan that it is participating in and the group plan from which it was removed.

The recipient is deficient if it did not provide the necessary and relevant information for the development of the group TAM plan.

DEFICIENCY CODE TAM5-2: Information not provided by group plan participant

SUGGESTED CORRECTIVE ACTION: The recipient must submit evidence to the FTA regional office evidence that it has submitted required information to the group TAM plan sponsor.

## GOVERNING DIRECTIVE

49 CFR 625.27 Group plans for transit asset management

(b) Responsibilities of a group TAM plan participant. (1) A Tier II provider may participate in only one group TAM plan.

(2) A Tier II provider must provide written notification to a sponsor if it chooses to opt-out of a group TAM plan. A provider that opts-out of a group TAM plan must either develop its own TAM plan or participate in another sponsor's group TAM plan.

(3) A participant must provide a sponsor with any information that is necessary and relevant to the development of a group TAM plan.

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## TAM6. Has the recipient set performance targets annually?

### BASIC REQUIREMENT

A recipient must set one or more performance targets for each applicable performance measure.

### APPLICABILITY

Recipients that own, operate, or manage capital assets used for providing public transportation and are not a group TAM plan participant

### DETAILED EXPLANATION FOR REVIEWER

A recipient must set one or more performance targets to define the state of good repair goals in the following asset categories: equipment, rolling stock, infrastructure and facilities. A recipient must set performance targets based on realistic expectations; up-to-date data; and financial resources from all sources that can be reasonably expect to be available during the TAM plan horizon period. The group plan sponsor is responsible for performance measures and targets for all assets in a group TAM plan environment.

The recipient may adopt FTA default useful life benchmarks (ULBs) or develop customized ULBs based on analysis of their data. Default ULBs represent maximum useful life based on the Transit Economic Requirements Model (TERM) model.

The NTD collects current year performance data as well as any updated goals for the TAM plan horizon.

The TAM rule requires agencies to submit a TAM narrative report to the NTD annually. The report describes conditions in the prior year that led to target attainment status, as well as decision tools and prioritization methods to assist in setting and attaining future performance measures.

The following data must be reported to NTD starting in report year 2018. Reporting was optional in report year 2017.

- Rolling stock: Targets are set for each asset class a recipient or subrecipient has in its inventory. Targets must be set using the FTA provided default ULBs or customized ULBs based on agency data.
- Equipment: Only three classes of non-revenue service vehicles are collected and used for target setting: 1) automobiles, 2) other rubber tire vehicles, and 3) other steel wheel vehicles. Targets must be set using the FTA provided default ULBs or customized ULBs based on agency data.
- Facilities: Four types of facilities are reported to NTD. The four types of facilities are combined into two groups used for target setting: 1) administrative and maintenance and 2) passenger and parking. The targets for facilities are set based upon the TERM condition codes calculated using the FTA methodology.
- Infrastructure: The NTD lists nine types of rail modes and collects data by mode for track and other infrastructure assets. The infrastructure performance measures are based on performance of the current assets (i.e., a percentage of track segments with performance restrictions). Bus rapid transit (BRT) and ferry are NTD fixed guideway modes but are not included in TAM targets.

#### **INDICATORS OF COMPLIANCE**

a. *Does the recipient have calculations for the following performance targets?*

- *Equipment (non-revenue service vehicles, support-service and maintenance vehicles equipment): the percentage of those vehicles that have either met or exceeded their ULB for all assets for which it has direct capital responsibility.*
- *Rolling stock: the percentage of revenue vehicles by vehicle type that have either met or exceeded their ULB for all assets for which it has direct capital responsibility.*
- *Infrastructure (rail fixed-guideway, track, signals, and systems): the percentage of track segments with performance restrictions for all assets for which it has direct capital responsibility.*
- *Facilities: the percentage of facilities within an asset group rated below condition 3 on the TERM scale for all assets for which I have direct capital responsibility.*

b. *Does the recipient set performance target annually to project the following fiscal year for equipment, rolling stock, infrastructure, and facilities?*

#### **INSTRUCTIONS FOR REVIEWER**

Obtain a copy of the performance measures being applied to the recipient's assets. Compare the performance measures with the ULBs or condition assessment to verify that performance has been measured for all assets included in the TAM plan. The performance measures must include all assets for which the recipient has direct capital responsibility. The NTD target report can also be used to verify for which assets a provider has direct capital responsibility.

Obtain documentation of the recipient's performance targets, including when they were set. Review these targets to ensure that they address each applicable performance measure and cover all assets for which the recipient has direct capital responsibility. The performance targets submitted to NTD for the current year and previous years can be used to verify that the appropriate targets have been set.

Obtain documentation from the group plan sponsor that all necessary and relevant information has been obtained from plan participants, including asset inventories and condition assessments from each participant.

Discuss with the recipient's accountable executive their process for coordination with all participating accountable executives to develop performance targets. This can be as little information as an email thread. If coordination was conducted in-person or over the phone, meeting agendas and attendance lists would fulfill this requirement. Obtain documentation of how the group plan sponsor is making the TAM plan available to all participants.

#### **POTENTIAL DEFICIENCY DETERMINATION**

The recipient is deficient if its TAM plan does not include targets for all applicable performance measures.

DEFICIENCY CODE TAM6-1: No calculations for performance targets

SUGGESTED CORRECTIVE ACTION: The recipient must submit to the FTA regional office its methodology and calculation for performance targets.

The recipient is deficient if its TAM plan does not demonstrate that performance targets are set annually.

DEFICIENCY CODE TAM6-2: Performance targets not set annually

SUGGESTED CORRECTIVE ACTION: The recipient must submit to the FTA regional office a revised TAM plan that includes performance targets for the following fiscal year.

The recipient is deficient if its accountable executive did not approve the annual performance targets.

DEFICIENCY CODE TAM6-3: Performance targets not approved by the accountable executive

SUGGESTED CORRECTIVE ACTION: The recipient must submit to the FTA regional office evidence that the accountable executive approved the current year's performance targets.

#### **GOVERNING DIRECTIVE**

##### 49 CFR 625.5 Definitions

Equipment means an article of nonexpendable, tangible property having a useful life of at least one year.

Facility means a building or structure that is used in providing public transportation.

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

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

##### 49 CFR 625.45 Setting performance targets for capital assets

(a) General. (1) A provider must set one or more performance targets for each applicable performance measure.

(2) A provider must set a performance target based on realistic expectations, and both the most recent data available and the financial resources from all sources that the provider reasonably expects will be available during the TAM plan horizon period.

(b) Timeline for target setting. (1) Within three months after the effective date of this part, a provider must set performance targets for the following fiscal year for each asset class included in its TAM plan.

(2) At least once every fiscal year after initial targets are set, a provider must set performance targets for the following fiscal year.

(c) Role of the accountable executive. A provider's Accountable Executive must approve each annual performance target.

(d) Setting performance targets for group plan participants. (1) A Sponsor must set one or more unified performance targets for each asset class reflected in the group TAM plan in accordance with subsections (a)(2) and (b) of this section.

(2) To the extent practicable, a Sponsor must coordinate its unified performance targets with each participant's Accountable Executive.

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**TAM7. Does the recipient share its TAM plan, any supporting records or documents, performance targets, investment strategies, and annual condition assessment report with the state and/or MPO that provides funding?**

**BASIC REQUIREMENT**

Recipient must make its TAM plan and related information available to a state agency and MPO that provides funding to the provider.

**APPLICABILITY**

Recipients that own, operate, or manage capital assets used for providing public transportation and are not a group TAM plan participant

**DETAILED EXPLANATION FOR REVIEWER**

A provider must make its TAM plan, any supporting records or documents, performance targets, investment strategies, and the annual condition assessment report available to a state and MPO that provides funding to the provider to aid in the planning process.

**INDICATOR OF COMPLIANCE**

a. *How has the recipient shared its TAM plan with MPOs and states?*

**INSTRUCTIONS FOR REVIEWER**

Obtain documentation of the recipient's communication with the state and/or MPO regarding the recipient's TAM planning activities.

**POTENTIAL DEFICIENCY DETERMINATION**

The recipient is deficient if it does not have a record of providing its TAM plan, any supporting records or documents, performance targets, investment strategies, and the annual condition assessment report to the state(s) or MPO(s) that provide the recipient funding.

DEFICIENCY CODE TAM7-1: Information was not shared with state and/or MPO

SUGGESTED CORRECTIVE ACTION: The recipient must submit to the FTA regional office procedures for making available to the state(s) and MPO(s) the TAM plan any supporting documents, performance targets, investment strategies, and the annual condition report and evidence of its implementation and evidence of its implementation.

**GOVERNING DIRECTIVE**

49 CFR 625.53 Recordkeeping for transit asset management

(b) A provider must make its TAM plan, any supporting records or documents performance targets, investment strategies, and the annual condition assessment report available to a State and Metropolitan Planning Organization that provides funding to the provider to aid in the planning process.

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## **TAM8. Does the recipient monitor subrecipients for compliance with TAM requirements?**

### **BASIC REQUIREMENT**

Recipients must ensure that subrecipients' TAM plans comply with FTA requirements.

### **APPLICABILITY**

Recipients with subrecipients that have opted out of the group plan.

### **DETAILED EXPLANATION FOR REVIEWER**

Recipients with subrecipients that are not direct recipients of FTA and have developed their own TAM plan must ensure that the subrecipients comply with FTA TAM plan requirements. At a minimum, the recipient must review the plans to ensure that they address the required elements and an accountable executive has been designated. It must also obtain the TAM plans, any supporting records or documents pertaining to performance targets, investment strategies, and the annual condition assessment report to aid in the planning process.

### **INDICATORS OF COMPLIANCE**

- a. *How does the recipient monitor subrecipients that are not direct recipients of FTA funds and are Tier II providers who have opted out of the group plan or are Tier I providers who have for compliance with FTA TAM requirements?*
- b. *Has the recipient reviewed the TAM plans for the required elements?*
- c. *Has the recipient ensured that the subrecipients have designed an accountable executive who is ultimately responsible for ensuring that a TAM plan is developed and carried out?*
- d. *Does the recipient obtain from the subrecipients the TAM plans, any supporting records or documents, performance targets, investment strategies, and the annual condition assessment report to aid in its planning process?*

### **INSTRUCTIONS FOR REVIEWER**

Review oversight materials, including checklists and other evidence that the recipient is monitoring subrecipients who have opted out of the group plan or are Tier I providers. During the site visit, review the file for one such subrecipient to ensure that the recipient has reviewed the plan for the required elements and the designation of an accountable executive. For the same subrecipient, review evidence that that the recipient has obtained any supporting records or documents, performance targets, investment strategies, and the annual condition assessment report.

### **POTENTIAL DEFICIENCY DETERMINATION**

The recipient is deficient if it does not ensure that subrecipients that are not direct recipients of FTA funds and are Tier II providers that have opted out of the group plan or are Tier I providers comply with TAM requirements.

DEFICIENCY CODE TAM8-1: Insufficient oversight of subrecipients for TAM requirements

SUGGESTED CORRECTIVE ACTION: The recipient must submit to the FTA regional office procedures for ensuring that subrecipients comply with TAM requirements and evidence of implementation.

### **GOVERNING DIRECTIVE**

49 CFR 200.331 Requirements for pass-through entities

All pass-through entities must:

(d) Monitor the activities of the subrecipient as necessary to ensure that the subaward is used for authorized purposes, in compliance with Federal statutes, regulations, and the terms and conditions of the subaward;

and that subaward performance goals are achieved. Pass-through entity monitoring of the subrecipient must include:

- (1) Reviewing financial and performance reports required by the pass-through entity.
- (2) Following-up and ensuring that the subrecipient takes timely and appropriate action on all deficiencies pertaining to the Federal award provided to the subrecipient from the pass-through entity detected through audits, on-site reviews, and other means.
- (3) Issuing a management decision for audit findings pertaining to the Federal award provided to the subrecipient from the pass-through entity as required by §200.521 Management decision.

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#### **ISSUES/AREAS OF CONCERN FOR FTA AWARENESS**

1. Is the accountable executive not the general manager or chief executive officer?
2. Did site/visual observations alert you of any concerns of the recipient TAM plan implementation to share with FTA?

#### **REFERENCES**

1. 49 CFR 625, Transit Asset Management

#### **USEFUL WEBLINKS**

1. FTA Transit Asset Management Plans