

## **Board Policy No. 29 Capitalization and Asset Management**

### **1.0 Introduction**

The Code of Federal Regulations (CFR) Title 49 Section 625.5 defines Transit Asset Management (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.

The North County Transit District (NCTD) is required to establish a system to monitor and manage public transportation assets to improve safety, increase reliability and performance, and to measure performance to support the achievement and maintenance of a State of Good Repair (SOGR). Through asset management, NCTD can more effectively use available funds to improve the physical condition and performance of its transportation system.

This document establishes NCTD's asset capitalization policy, asset management policy, asset disposal policy, and defines the performance measures NCTD will use to track asset performance.

### **2.0 Asset Capitalization Policy**

NCTD defines a capital asset as an item providing value to the organization that is either owned, leased, or maintained by NCTD and meets the following criteria:

- Has an individual unit value of \$5,000 or greater (in those cases where application of the capitalization threshold to individual items in a group would result in the elimination of a significant portion of a capital asset, the threshold of \$5,000 will apply at the group level).
- Has an expected useful life of more than one year.
- Can be repaired or refurbished to extend its useful life by more than one year.
- Requires intervention/activities (e.g., preventive maintenance) to reduce risk of failure.

This capital asset definition applies to all properties and systems that are considered part of and enable the safe operation of NCTD's transit system. These are defined within these following four asset categories:

1. Rolling Stock
2. Equipment
3. Facilities
4. Infrastructure

NCTD may establish an asset hierarchy within these four asset categories for the purpose of recording the assets in its financial records. NCTD shall provide written procedures for assets records documentation and record keeping practices.

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### 3.0 Asset Management Policy

NCTD is committed to maintaining its assets in a State of Good Repair by utilizing a strategic process to acquire, operate, maintain, and replace its assets. This supports the District’s mission to deliver safe, convenient, reliable, and user-friendly public transportation services to its customers throughout the growing region and demonstrates sound financial stewardship. A State of Good Repair is achieved when all capital assets are meeting NCTD’s safety and performance goals within the condition targets established by NCTD.

NCTD will maintain an accurate asset registry, monitor the condition and performance of its assets, optimize decision making, and maintain a list of priorities. This will ensure that taxpayer dollars are spent where they are needed most and enable NCTD to balance competing needs while keeping its system in a state of good repair.

### 4.0 Asset Disposal

An asset may be disposed of in a manner authorized by state and or federal law upon determination by the Executive Director or his/her designee that an asset is obsolete and/or useless for its intended purposes. NCTD shall provide written procedures for asset disposal which is compliant with state and federal guidelines where appropriate. Upon sale or other authorized transfer of an asset, NCTD shall use best efforts to obtain fair market value for the asset where feasible.

### 5.0 Asset Management Performance Measures


NCTD will measure the performance of its assets based on the performance measures established by the Federal Transit Administration (FTA). These performance measures are as follows:

Asset Category	Performance Measures Established by FTA
Rolling Stock	% of revenue vehicles that have met or exceeded their useful life benchmark (ULB)
Equipment	% of non-revenue service vehicles that have met or exceeded their ULB
Facilities	% of facilities rated below ‘3’ on the Transit Economic Requirements Model (TERM) scale (on a scale from 1-5)
Infrastructure	% of track segments under performance restrictions

**APPROVALS ON FOLLOWING PAGE**

## Board Policy No. 29 – Capitalization and Asset Management

### Approvals


10/19/2023  
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 Board Chair Date


10/19/2023  
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 Executive Director Date


10/19/2023  
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 General Counsel Date

DATE	REVISION No.	RESOLUTION No.	COMMENTS
10/18/2012	ADOPTED	12-10	
10/17/2013	1	13-07	2013 REVISION
10/16/2014	2	14-04	2014 REVISION
10/20/2016	3	16-10	2016 REVISION
10/19/2017	4	17-10	2017 REVISION
10/18/2018	5	18-09	2018 REVISION
10/17/2019	6	19-06	POLICY DELETED IN ITS ENTIRETY AND REPLACED WITH NEW POLICY
10/20/2022	7	22-18	2022 REVISION
10/19/2023	8	23-06	2023 REVISION