

**TRANSIT ASSET MANAGEMENT PLAN
MICHIGAN GROUP PLAN
10/1/18**

The Michigan Department of Transportation’s (MDOT) Transit Asset Management Group plan (TAM) includes all Federal Section 5311 and Section 5310 subrecipients which do not also receive Section 5307 funding. There are 58 Section 5311 subrecipients and 43 Section 5310 subrecipients included in the plan. The plan includes 1,460 revenue vehicles, 100 service vehicles, 81 facilities (78 administration/maintenance and 3 passenger), and all maintenance equipment over \$50,000.

Targets

Asset Class	Current Condition	2019 Targets	Plus
Revenue vehicles – small bus and van	2% past ULB	Not more than 5% will exceed ULB	Not more than 25% of each agency’s fleet will exceed ULB
Revenue vehicles – large bus	6% past ULB	Not more than 10% will exceed ULB	Not more than 25% of each agency’s fleet will exceed ULB
Service vehicles	54% past ULB	100% may exceed ULB	
Facilities – admin/maintenance	5% past ULB	Not more than 5% will exceed ULB	
Facilities - passenger	0% past ULB	Not more than 1% will exceed ULB	

In FY 2018, MDOT provided federal and state funding for 291 replacement revenue vehicles to 5311 and 5310 subrecipients. This included 98 buses funded with 100 percent state dollars.

Inventory Listings and Asset Condition

The TAM plan includes all assets used in the provision of public transit regardless of how the asset was funded. It includes assets owned by the transit agency and by third-party providers. Revenue vehicles, facilities (both administrative/maintenance facilities and passenger facilities), service vehicles, and maintenance equipment over \$50,000 are included in the plan. The condition of the revenue and service vehicles are based on the life of the asset. The condition of the facilities and the maintenance equipment were determined by each transit agency using a scale between 5 and 1 (FTA TERM Scale). More than 85 percent of the facilities have a condition rating and the remainder will be completed in fiscal year 2019.

Decision Support Tool

Per the FTA Group TAM Plan Sponsor Workbook, 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.

MDOT's current decision support tool is a combination of data queried from its Public Transportation Management System (PTMS), its annual application process, and the methodology that MDOT uses to interpret the data to develop an annual program of projects for the federal funds available for Section 5311 and Section 5310 subrecipients.

MDOT's targets only consider the federal funds of which MDOT's Office of Passenger Transportation is the recipient (as described below) and uses for agencies included in this group plan. The targets and the decision support tool do not yet consider any other federal, state or local funds that individual group members may receive. The other funds available to a transit agency to replace a specific asset will be taken into consideration when MDOT determines if it will provide funding to replace that asset. However, since those funds are not programmed by MDOT, they are not covered by this group plan.

MDOT's Decision Methodology

Section 5339(a) and Section 5310 Funds

MDOT uses 100% of its annual Section 5339(a) allocation for transit assets owned, operated or managed by its Section 5311 subrecipients (rural transit agencies). MDOT uses Section 5310 funds for the assets of transit and non-profit agencies that provide services targeted to seniors and persons with disabilities in small urban and rural areas of the state (i.e., specialized agencies) and for the assets of its rural and small urban transit agencies if the agency has significant ridership by seniors and individuals with disabilities. The decision process MDOT uses for allocating the funds for these two federal programs is described below.

MDOT's goal is for each rural and specialized agency to have no more than 20% of the revenue vehicles within its fleet past their useful life based on MDOT standards. MDOT's useful life standards are based on vehicle age and mileage and are shown in Appendix 6. Each year, MDOT allocates available funding across all its rural agencies and Section 5310 specialized agencies toward the goal of no more than 20% of their revenue vehicle fleet past useful life. The decision process MDOT uses is iterative and both data and judgment based, as follows:

- 1) All transit and specialized agencies must submit an annual application to MDOT for capital assistance using MDOT's PTMS system. Their application must identify the projects for

which they are seeking assistance and identify the proposed funding sources. MDOT uses annual applications and the vehicle inventory in PTMS to determine:

- a) For each agency, the revenue vehicles that are eligible for replacement and
 - b) For each agency, the revenue vehicles that are eligible for replacement with Section 5339(a) or Section 5310 funding and that will not be replaced with other sources of funding.
- 2) MDOT ranks the agencies by the percent of their revenue vehicles eligible for replacement compared to their fleet size. Separate lists of rural transit agencies and specialized agencies are generated from PTMS.
 - 3) While for most agencies, useful life (i.e., age/mileage of the vehicle) determines if the vehicle will be considered for replacement, MDOT also looks at annual vehicle miles and the agency's spare ratio. If the agency has vehicles in their fleet with low usage, in terms of annual miles, or a spare ratio greater than 20%, a vehicle that is past its useful life in terms of age may not be replaced.
 - 4) For specialized agencies, in recent years MDOT has had sufficient funding to replace all eligible vehicles each year, as well as all expansion requests. However, if that is not possible in the future, MDOT will follow the same process as for rural transit agency vehicles per #5 below.
 - 5) For rural transit agencies, based on the ranked list per #2 above, MDOT allocates funding to the agency with the highest percent of unfunded eligible buses, unless an adjustment is made per #3 above.
 - a) MDOT determines the amount of funding available for these replacements.
 - b) MDOT determines the most appropriate source of funding for the vehicle, i.e., Section 5339(a) or Section 5310. Section 5310 funds are only used for rural transit agencies with a high percent of senior and/or persons with disabilities ridership.
 - c) MDOT works through the ranked list until the available federal funds in each apportionment to MDOT is exhausted.

Since MDOT provides state funds to match all available FTA capital funds, MDOT can be assured that the federal funding it allocates to a capital project to any rural or specialized agency will be matched. Decisions across the group are made by MDOT using the asset information for each agency in PTMS.

Now that assessments have been completed on most of the transit facilities, a portion of the Section 5339(a) funding may be allocated for facility projects that have a condition rating of 1 – 3. MDOT anticipates using only small amounts of Section 5310 funds for capital needs other than revenue vehicles, over the life of this plan. The priority for the use of Section 5310 funds is replacing revenue vehicles previously awarded under any FTA or state program(s) that have met both age and mileage criteria. After 55 percent of funds have been used for traditional 5310 projects which meet this priority, MDOT will fund continuation of New Freedom (NF) activities, which, as an operating expense, the decisions are not governed by this plan. If funds are remaining, MDOT will fund additional 5310 projects, such as replacement of vehicles purchased with funds other than FTA or state funds, expansion vehicles, other capital, and expansion NF activities.

Section 5339(b) Funds

When the Notice of Funding Opportunity (NOFO) for this discretionary program was issued in July 2017, MDOT used the following process.

1. All eligible vehicles for rural transit agencies were included in MDOT's application.
2. Small urban transit agencies submitted requests for replacement vehicles in an application to MDOT. All eligible vehicles requested by small urban transit agencies were included in MDOT's application.
3. MDOT also sought requests from rural and small urban transit agencies regarding facility improvement needs and included all requests in its application. Since facility assessments had not yet been completed using the FTA guidebook, MDOT did not prioritize facility needs. All eligible facility needs were included. MDOT did not accept requests for any kinds of equipment, including service vehicles.

For future Section 5339(b) NOFOs that are issued over the life of this plan, MDOT anticipates following the same process as used for the July 2017 NOFO. However, we may rank facility projects, based on the condition of each of the facilities. Service vehicle replacement and other equipment needs might also be considered in the future.

Federal and State Funds Governed by this Plan

The following federal and state funds are covered by this plan and decision support tool.

Section 5339(a)– Bus and Bus Facilities Formula Program
FY2018 Amount: \$3,500,000 (Apportionment to MDOT)

Section 5339(b) – Bus and Bus Facilities Discretionary Program
FY2018 Amount: \$3,600,000 (Apportionment to MDOT – majority used for rural bus replacement and a portion used for Small Urban bus projects)

Section 5310 Enhanced Mobility of Seniors and Individuals with Disabilities Program
FY 2018 Amount - Urbanized Areas 50,000 to 199,999 in Population: \$1,726,489
FY 2018 Amount - Nonurbanized Areas under 50,000 in Population: \$1,913,310

State Matching Funds

MDOT receives an annual appropriation of state funds from the Comprehensive Transportation Fund (CTF) to be used to match federal grants issued to MDOT and to individual transit agencies. Under state law, if money is raised by an eligible authority or an eligible governmental agency for a public transportation capital outlay project funded pursuant to

federal transit law, the state shall pay not less than 66-2/3% of the local match. To date, MDOT has had sufficient state funding to provide 100% of the required local match for the federal transit capital grants it receives as well as the grants that transit agencies receive directly from the FTA. When state funds are used to match federal grants that MDOT's Office of Passenger Transportation issues to members of the Group, the state funds are governed by this plan. However, since the state funds automatically "follow" the federal funds there are no additional decisions made regarding the allocation of state funds as match. The use of state funds to match the FTA capital grants received by Michigan's urban agencies is not covered by this plan.

Federal and State Funds Not Covered by this plan and decisions support tool

The following federal and state funds are not covered by this plan and decision support tool:

Section 5311 Rural Area Formula Funds
FY2018 Amount: \$17,881,779 (Apportionment)

The amount above is the FY18 apportionment, minus the 15% used for intercity bus, as required under Section 5311(f) and minus \$972,000 which MDOT uses for administration. MDOT issues these funds as operating assistance to eligible transit agencies and authorities. Operating assistance is based on a percentage of eligible agency's annual operating budget. The annual percentage is calculated by MDOT based on the 5311-apportionment available to MDOT and the total eligible expenses of the eligible agencies. In the past few years, including FY2018, the annual percentage has been 18.5%. Currently, the funds are paid out quarterly based on operating assistance reports submitted to MDOT. The only eligible use for each transit agency is to use the funds to offset their operating expenses.

Starting in FY 2019, agencies will have the option to use all or part of their allocation for operating or capital. Their allocation will continue to be based on a percentage of their operating expenses; however, once a transit agency is informed of the dollar amount that percentage represents for them, they may determine if they will use any of those funds for capital expenses. Those agencies opting to do that must inform MDOT of their decision and the specific capital items for which they will use the Section 5311 funds so that MDOT can reflect that in its annual 5311 grant application to the FTA. However, the decision as to which capital expenses will be covered by the transit agencies remains local and is not governed by this plan.

Relevance to this TAM Plan: Currently, MDOT allocates Section 5311 funds as operating assistance as a percent of each rural agency's approved budget. As noted above, starting in FY19, individual agencies may opt to use their allocation for capital expenses. Other than ensuring the items are eligible for federal funds, MDOT will not be involved in that decision. Because there are no decisions MDOT is making for the Group or for individuals within the group regarding the investment of Section 5311 funds in transit assets, these funds are not covered by this plan.

Federal Highway Administration (FHWA) Surface Transportation Funds

FY2018 Amount: \$3,139,713
FHWA Congestion Mitigation and Air Quality Funds (CMAQ)
FY2018 Amount: \$1,018,887

The amounts above are the FHWA funds that were allocated to rural transit projects through the Rural Task Force process. This is a locally determined project-selection process for the FHWA STP and CMAQ funding.

Relevance to this TAM Plan: Other than ensuring the items are eligible for federal funds, MDOT will not be involved in that decision. Because there are no decisions MDOT is making for the Group or for individuals within the group regarding the investment of the FHWA funds in transit assets, these funds are not covered by this plan.

PRIORITIZATION

In FY 2018, MDOT used the Section 5339(a) funds and a portion of the Section 5310 funds to purchase 80 buses. Assuming the same level of funding through the four years of this plan, we would be able to purchase 320 buses. Appendix 1 – Revenue Vehicles includes the vehicles currently in each of the agencies’ inventory. The vehicles were sorted based on the % of the useful life benchmark (ULB). The plan uses the following ULB:

Sedan/Van	7 years
Light/Medium Duty Buses	10 years
Heavy Duty Buses	14 years

The prioritized list shows the number, type of vehicle, year purchased, and the percentage of ULB for the oldest vehicles in the list. The list will be used along with the percent of unfunded eligible vehicles to fleet size for each agency to allocate any Section 5339(a) or Section 5310 funds.

If MDOT receives Section 5339(b) funds or other additional funding or the targets for revenue vehicles has been met, funds will be allocated for facility projects that have a condition score between 1 – 3.

APPENDICES

- Revenue Vehicles – Appendix 1
- Facilities – Appendix 2
- Service Vehicles – Appendix 3
- Maintenance Equipment – Appendix 4
- Prioritized List – Appendix 5
- MDOT Useful Life Standards – Appendix 6