

NORTH COUNTY TRANSIT

SAN DIEGO RAILROAD

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

Summary

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 – San Diego Railroad (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.

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:

- A unit of rolling stock, land, a facility, a unit of equipment, an element of infrastructure, and intellectual property (including software) that has an individual unit value of \$10,000 or greater.
- Has an expected useful life of more than one year.
- Requires intervention/activities (e.g., preventive maintenance) to reduce risk of failure.
- Renovations, improvements and replacements that increase the value of the parent asset, constitute a significant modernization in functionality of the parent asset, or extend the life of the parent asset by more than one year, can be capitalized if the total of all expenditures (materials, labor, and all costs to complete the project) is \$10,000 or greater

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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.

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 NCTD's mission to operate an environmentally sustainable and fiscally responsible transit network that provides seamless mobility for all while achieving organizational and operational excellence. 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.

Asset Disposal

An asset may be disposed of in a manner authorized by state and or federal law upon determination by the Chief Executive Officer 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.

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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



 Board Chair

10/23/2025

 Date



 Chief Executive Officer

10/23/2025

 Date



 Deputy Chief Executive Officer/
 Chief General Counsel

10/23/2025

 Date

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| 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 |
| 10/17/2024 | 9 | 24-08 | 2024 REVISION: UPDATES TO POSITION TITLES |
| 10/23/2025 | 10 | 25-06 | 2025 REVISION: UPDATES TO LOGO AND POSITION TITLES; UPDATE TO DEFINITION OF CAPITAL ASSET |