

Committee Report

Management Committee



Committee meeting date: December 3, 2025

For the Metropolitan Council: December 17, 2025

Business Item: 2025-312

Management of Regional Assets Policy (FM 8-1) Update

Proposed action

That the Metropolitan Council adopt the attached updated Management of Regional Assets Policy, FM 8-1.

Summary of Management Committee discussion/questions

Larry Phillips, Acting Controller/Accounting Manager, presented Business Item 2025-312. The presentation included the information contained in the business item along with a PowerPoint overview describing the proposed change and its impacts on financial reporting.

Council Members Jenkins and Osman asked two questions. The first concerned whether asset capitalization thresholds could be set specifically for different federal agencies. The second addressed the potential for the revised capitalization threshold to affect the organization's insurance policy. Staff responded to both questions.

Motion by Osman, seconded by Jenkins. Motion carried.



Metropolitan Council

Business Item

Management Committee



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Management of Regional Assets Policy (FM 8-1) Update

District(s), member(s):	All
Policy/legal reference:	Management of Regional Assets Policy (FM 8-1)
Staff prepared/presented:	Larry Phillips, Acting Controller/Accounting Manager, 651-602-1025
Division/department:	Regional Administration, Finance

Proposed action

That the Metropolitan Council adopt the attached updated Management of Regional Assets Policy, FM 8-1.

Background

The Management of Regional Assets Policy (FM 8-1) establishes the accounting treatment and financial reporting standards for capital assets. The Council adheres to external accounting rules and best practices for financial reporting. Updates to this policy will allow the Regional Administrator to set the initial cost threshold and document it in Council Procedure FM 8-1b Regional Capital Asset Guidelines.

For example, in 2024, the Federal Transit Administration (FTA) updated its guidance to increase the asset capitalization threshold from \$5,000 to \$10,000. The proposed change to the Council's policy will allow the Council to align with FTA's guidance through amendments to Procedure FM 8-1b and provides flexibility to address future changes to the initial cost threshold whether suggested by FTA or other accounting guidance.

Rationale

Asset management exists in a largely regulatory accounting environment. The Metropolitan Council receives funding from the FTA to purchase capital assets; therefore, alignment with FTA accounting guidance is prudent. This policy change allows the Regional Administrator to assess and adjust initial cost thresholds as appropriate.

Thrive lens analysis

On Feb. 12, 2025, the Council adopted Imagine 2050, which builds on policy direction in Thrive MSP 2040. Under the Thrive lens, the adoption of the updated FM 8-1 Policy will advance the outcome of Stewardship and the principle of Accountability. Stewardship means recognizing that the Council's infrastructure may be vulnerable over time to changing conditions and directing the Council to design its systems and allocate resources in ways that have long-term sustainability and support the needs of future generations. This policy creates the requirement for Council life-cycle asset preservation, and adoption of strategic asset management plans, and unit strategies to drive acquisition, operation, maintenance, and disposition of assets identified at all levels of the Council.

It requires Accountability by allowing the Council to follow best practices from the Government Finance Officers Association and others. In addition, capitalization is primarily a financial reporting matter, and setting the threshold should consider external guidance including federal funding. This is a data-driven approach.

Funding

This section is not applicable.

Small business inclusion

This section is not applicable.



POLICY

Management of Regional Assets Policy

FM 8-1

Category: Financial Management

Business Units Responsible: RA: Finance and Asset Management
ES: Finance and Asset Management
MT: Finance and Asset Management
MTS: Finance and Asset Management
CD: Finance and Asset Management

Policy Owner: Chief Financial Officer

Policy Contact: Director of Asset Management, Environmental Services
Directors of Finance and Asset Management, Metro Transit
Manager Fleet Services, MTS
Director of HRA

Synopsis: Establishes a policy for Asset Management requirements for all physical, maintainable assets owned/leased by the Council.

POLICY

The Metropolitan Council is committed both to ensuring appropriate accountability and stewardship of resources in alignment with its mission, vision, policies and procedures, and implementing physical Asset Management to realize the best value from the assets to meet regional objectives. The Council will capitalize only those items that meet the definition of Capital Assets at the initial cost threshold set by the Regional Administrator which will be documented in Council Procedure FM8-1b Regional Capital Asset Guidelines.

The Council will manage Capital Assets in accordance with state and federal or other requirements and will tag them appropriately for their use and availability. The Council will conduct physical inventories on a periodic basis, at least once every five years.

The Council will follow Physical Asset Management in accordance with federal, state, and other regulatory requirements, Institute for Asset Management, and ISO 55000 series standards. Physical Asset Management will focus on best value and life-cycle operation and management while meeting established Customer Levels of Service.

This policy is intended to set unified expectations for all Council employees to manage Council assets safely, in the public interest, through established practices and the Asset Management procedures.

PURPOSE OF POLICY

Purpose

- Provide guidance to Council staff on Asset Management best practices
- Set the requirement for an Asset Management Procedure

- Ensure appropriate accountability and stewardship of Council Capital Assets
- Establish a common language of Asset Management terms and definitions
- Identify roles and responsibilities

BACKGROUND & REASONS FOR POLICY

This policy establishes a consistent accounting treatment of Capital Assets across the Council to meet Generally Accepted Accounting Principles (GAAP), including where Federal Transit Administration regulations establish requirements for transit assets.

This policy establishes acceptance and use of internationally recognized Asset Management requirements, practices, and standards for Physical Assets to plan, operate, and maintain Council assets. Accepted international standards include ISO 55000, 55001, 55002 and the International Infrastructure Management Manual (IIMM) for Asset Management, along with ISO 31000 for Risk Management. Asset Management programs will be consistent with Federal Transit Administration, Housing and Urban Development, and Environmental Protection Agency requirements.

This policy establishes the requirement for a Council-wide Strategic Asset Management Plan (CSAMP) and Divisional SAMPs (DSAMPs). All applicable Council units (CD, IS, Metro Transit, etc.) will create strategies that meet the CSAMP for Council-owned assets.

This policy sets requirements for Asset Management procedures to be used Council-wide to guide implementation of Asset Management for Capital Assets.

IMPLEMENTATION

Implementation

In Imagine 2050, the Council identifies Stewardship as a core value, recognizing that our infrastructure may be vulnerable over time to changing conditions and directing us to design our systems and allocate resources in ways that have long-term sustainability and support the needs of future generations. This policy creates the requirement for Council life-cycle asset preservation, and adoption of CSAMP and DSAMPs, and unit strategies in keeping with the Council CSAMP framework to drive acquisition, operation, maintenance, and disposition of assets identified at all levels of the Council.

All Council Divisions and units will follow the Asset Management Procedure to develop and implement Strategic Asset Management Plans and strategies for the planning, life-cycle replacement, acquisition, operation, and management of Council-wide assets.

Operation and management of the asset data and information at divisions and units will be based on federal or other regulatory requirements and through use of an Enterprise Asset Management (EAM) System. Where possible Council units will use a system that tracks the asset by type, location, cost, condition, operational, maintenance, and end of life replacement. The Asset Management procedures will provide additional guidance.

Business unit objectives, requirements, and processes will begin with this Management of Regional Assets Policy and Asset Management procedures. Business units may develop work instructions for outlining business processes to support division or unit asset management.

ROLES & RESPONSIBILITIES

Role	Responsibilities
Regional Administrator	Provides overall authority and oversight for Asset Management under legal requirements and sets the initial cost threshold for Capital Assets.
Risk Management	Identifies, evaluates, and manages the Council's exposure to loss through risk control and risk-financing methods.
Finance	Responsible for the management and updates of this policy and responsible for reviewing and approving the funding for the addition of new Capital Assets, for establishing and maintaining tracking systems, and for conducting the required physical inventories.
Council Asset Management Workgroup	Defines Asset Management Governance and business processes in accordance with Council policy and procedures, communicates requirements and support for asset management initiatives associated with CSAMP implementation. The workgroup includes the Deputy Regional Administrator & Chief Financial Officer; representatives from the Office of General Counsel and Finance, and members appointed by the head of each Division.
Asset Management Directors and their Units	Facilitate and manage implementation of the business processes for Asset Management in support of Council policies and procedures. Develop, or ensure development of Divisional Strategic Asset Management Plans (DSAMP) under their Divisional responsibility. Manage, support, and facilitate use of the Plan strategies, Key Performance Indicators (KPIs) associated with all Asset Management, and regular assessments of strategies and plans.
Engineering and Capital Delivery and staff	Follows Council policy, federal, state, other regulatory guidelines to develop and deliver capital projects
Each Council unit, and its staff	Authorized and responsible for the fiscal accounting, physical accounting, and whole life-cycle of assets they acquire, design, operate, and/or maintain.
Council Divisions and units	Manage assets, data, and information on the operation and maintenance of assets through an Enterprise Asset Management System.

DEFINITIONS

Asset Management: The systematic and coordinated activities and practices of an organization to optimally and sustainably deliver on its objectives through the cost-effective life-cycle management of assets.

Council-wide Strategic Asset Management Plan (CSAMP): A document that specifies how the Council's objectives are to be converted into asset management objectives. In addition, it describes the approach the organization takes to comply with these asset management objectives. The CSAMP is the governing document for all Council Asset Management activities.

Customer Level of Service: Parameters, or combination of parameters, which reflect social, political, environmental, and economic outcomes that the Council delivers. The parameters could include, but not limited to safety, customer satisfaction, quality, quantity, equity considerations, capacity, reliability, responsiveness, environmental acceptability, cost, and availability.

Division Strategic Asset Management Plan (DSAMP): A document that specifies how a division's objectives are to be converted into Asset Management objectives. In addition, it describes the approach the Council takes to meet these asset management objectives. This document must be consistent with the CSAMP.

Enterprise Asset Management: Enterprise asset management (EAM) is a combination of software, systems, and services used to maintain and control operational assets and equipment. The aim is to optimize the quality and utilization of assets throughout their life-cycle, increase productive uptime, and reduce operational costs.

Capital Assets: Capital Assets are defined as assets owned, operated, or leased by the Council including real property, personal property, or equipment used in the Council's operations with an estimated useful life of more than one year and with an initial cost at a value that will be set by the Regional Administrator. **Generally Accepted Accounting Principles (GAAP):** Standards that encompass the details, complexities, and legalities of business and corporate accounting.

Key Performance Indicators (KPIs): A performance indicator(s) is a type of performance measurement. KPIs evaluate the success of an organization or of a particular activity in which it engages.

Physical Assets: Physical Assets are equipment, inventory, and properties owned by an organization. Physical Assets are the opposite of intangible assets, which are non-physical assets such as leases, brands, digital assets, use rights, licenses, subscriptions, intellectual property rights, reputation, or by agreement.

Physical Asset Management: Physical asset management is a strategy for implementing efficient and effective upkeep of a manufactured item or property throughout its entire life-cycle.

PROCEDURES

- [*FM 8-1b Regional Capital Asset Guidelines*](#)
- [*FM 8-1c Transfer of Transit Fleet Vehicle Assets Among Divisions Procedure*](#)
- [*FM 8-1d MCES and Robert Street Fleet Management Procedure*](#)
- [*FM 8-1e Metro Transit Non-Revenue Fleet Management Procedure*](#)

RESOURCES

Related Policies

- [*FM 2-2 Finance and Asset Management Policy*](#)
- [*FM 8-2 Transit Asset Management/State of Good Repair*](#)
- [*FM 15-3 Recipients of Regional Capital Grants Policy*](#)

Related Procedure

- [*FM 5-1a Charging Method for Inter-Division Services Procedure*](#)

Council Resolution

- Council Resolution No 2016-26, Public Purpose Doctrine

HISTORY

Version 3 – Approval Date

2/23/2022 – This was a major revision which added everything related to physical asset management.

Version 2 – Template Update

10/12/2020 - Updated content into new template.

Version 1 – Approval Date

09/11/1998

Last Reviewed Date

07/29/2022

Next Content Review Date

07/15/2023

Former Reference #

3-4-2

Version

3

POLICY

Management of Regional Assets Policy

FM 8-1

Category: Financial Management

Business Units Responsible: RA: Finance and Asset Management
 ES: Finance and Asset Management
 MT: Finance and Asset Management
 MTS: Finance and Asset Management
 CD: Finance and Asset Management, Management, Housing and Redevelopment
 Authority

Policy Owner: Chief Financial Officer

Policy Contact: ~~Craig Edlund~~, Director of Asset Management, Environmental Services
 Director of Finance and Asset Management, Metro Transit
~~Paul Colton~~, Manager Fleet Services, MTS
~~Terri Smith~~, Director of HRA

Synopsis: Establishes a consistent definition of Capital Fixed Assets across the Council and a policy for Asset Management requirements for all physical, maintainable assets owned/leased by the Council.

POLICY

The Metropolitan Council is committed both to ensuring appropriate accountability and stewardship of resources in alignment with ~~the its~~ mission, vision, policies, ~~and~~ procedures, and implementing physical Asset Management to realize the best value from the assets to meet regional objectives. The Council will capitalize only those items that meet the ~~formal~~ definition of ~~Capital Fixed~~ Assets at the initial cost threshold set by the Regional Administrator which will be documented in ; the definition is included in Council Procedure FM8-1b Regional Capital Asset Guidelines. ~~Fixed Assets are defined as assets owned, operated, or leased by the Council which is real property, personal property, or equipment used in the Metropolitan Council's operation with an estimated useful life of more than one year and with an initial cost of \$5,000 \$10,000 or more.~~

The Council will manage ~~Capital Fixed~~ Assets in accordance with state and federal or other requirements and will tag them appropriately for their use and availability. The Council ~~will should~~ conducts physical inventories on a periodic basis, at least once every five years.

The Council will follow Physical Asset Management in accordance with federal, state, and other regulatory requirements, Institute for Asset Management, and ISO 55000 series standards. Physical Asset Management will focus on best value and life-cycle operation and management while meeting established Customer Levels of Service.

This policy is intended to set unified expectations for all Council employees to manage Council assets safely, in the public interest, through established practices and the Asset Management procedures.

PURPOSE OF POLICY

Purpose

- Provide guidance to Council staff on Asset Management best practices
- Set the requirement for an Asset Management Procedure
- Ensure appropriate accountability and stewardship of Council ~~Capital Fixed~~ Assets
- Establish a common language of Asset Management terms and definitions
- Identify roles and responsibilities

BACKGROUND & REASONS FOR POLICY

This policy establishes a consistent accounting treatment of ~~Capital Fixed~~ Assets across the Council to meet Generally Accepted Accounting Principles (GAAP), including where Federal Transit Administration regulations establish requirements for transit assets.

This policy establishes acceptance and use of internationally recognized Asset Management requirements, practices, and standards for Physical Assets to plan, operate, and maintain Council assets. Accepted international standards include ISO 55000, 55001, 55002 and the International Infrastructure Management Manual (IIMM) for Asset Management, along with ISO 31000 for Risk Management. Asset Management programs will be consistent with Federal Transit Administration, Housing and Urban Development, and Environmental Protection Agency requirements.

This policy establishes the requirement for a Council-wide Strategic Asset Management Plan (CSAMP) and Divisional SAMPs (DSAMPs). All applicable Council units (CD, IS, Metro Transit, etc.) will create strategies that meet the CSAMP for Council-owned assets.

This policy sets requirements for ~~an~~ Asset Management procedures to be used Council-wide to guide implementation of Asset Management for ~~Capital Fixed~~ Assets.

IMPLEMENTATION

Implementation

In Imagine 2050, the Council identifies Stewardship as a core value, recognizing that our infrastructure may be vulnerable over time to changing conditions and directing us to design our systems and allocate resources in ways that have long-term sustainability and support the needs of future generations. A priority of the Council is to “Invest in infrastructure that supports economic development.” ~~A priority of the Council is to “Invest in infrastructure that supports economic development.”~~ This policy creates the requirement for Council life-cycle asset preservation, and adoption of CSAMP and DSAMPs, and unit strategies in keeping with the Council CSAMP framework to drive acquisition, operation, maintenance, and disposition of assets identified at all levels of the Council.

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ROLES & RESPONSIBILITIES

Role	Responsibilities
Regional Administrator	Provides overall authority and oversight for Asset Management under legal requirements <u>and sets the initial cost threshold for Capital Assets</u> .
Risk Management	Identifies, evaluates, and manages the Council's exposure to loss through risk control and risk-financing methods.
Finance	Responsible for the management and updates of this policy and responsible for reviewing and approving the funding for the addition of new Capital Fixed Assets, for establishing and maintaining tracking systems, and for conducting the required physical inventories.
Council Asset Management Workgroup	Defines Asset Management Governance and business processes in accordance with Council policy and procedures, communicates requirements and support for asset management initiatives associated with CSAMP implementation. The workgroup includes the Deputy Regional Administrator & Chief Financial Officer; representatives from the Office of General Counsel and Finance, and members appointed by the head of each Division.
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Generally Accepted Accounting Principles (GAAP): Standards that encompass the details, complexities, and legalities of business and corporate accounting.

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