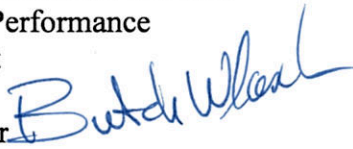
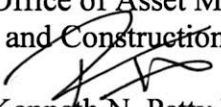




Memorandum

Subject: **INFORMATION:** Treatment of
Development and Implementation of Asset
Management Plans and Performance
Based Management Cost

Date: NOV 27 2013

From: Butch Wlaschin, Director 
Office of Asset Management, Pavement,
and Construction 
Kenneth N. Petty II
Acting Director, Office of Planning

In Reply Refer To:
HIAP-40/HEPP-10

To: Directors of Field Services
Division Administrators

The Moving Ahead for Progress in the 21st Century Act (MAP-21) repealed the management systems provision (23 U.S.C. 303) and enacted new provisions related to asset management and performance management (23 U.S.C. 119 and 150). As a result, this memorandum rescinds the May 6, 2009, memorandum, "Treatment of Management System Costs," and clarifies the eligibility of costs for development and implementation of State asset management plans and performance-based management under MAP-21.

States may use the following categories of Federal-aid Highway Program funds to implement their specific management systems and performance plans:

- National Highway Performance Program (NHPP) funds, for asset management on National Highway System (NHS) roads (23 U.S.C. 119(d) (2)(K)).
- Surface Transportation Program (STP) funds, for asset management on any public road (23 U.S.C. 133(b)(24)).
- State Planning and Research (SPR) funds, for the development and implementation of management systems, plans, and processes under 23 U.S.C. 119 (NHS Facilities and Performance Plans), 23 U.S.C. 148 (Safety), 23 U.S.C. 149 (CMP), and 23 U.S.C. 167 (Freight) (23 U.S.C. 505(a)(3)).

The following items may be reimbursed as direct costs: the development and implementation of the State asset management plan; the supporting data collection, maintenance, and integration; and the costs associated with obtaining, updating, and licensing software and equipment required for risk based asset management and performance based management for all public roads. Costs associated with updating data

components (e.g., annual or biennial data collection) are considered necessary expenses associated with running a functioning management system and may also be reimbursed as direct project costs. States are encouraged to leverage all applicable Federal-aid funds to meet this requirement.

The indirect costs associated with running management systems are allowable. Provided that they are allocable to the benefitting projects and fund sources, these indirect costs may include items such as: utilities, insurance, security, servicing, normal repairs and alterations. The associated indirect cost should be part of the approved indirect cost allocation plan.

For more information on Asset Management, please visit the FHWA MAP-21 question and answer Web site: <http://www.fhwa.dot.gov/map21/qandas/qaassetmgmt.cfm>. If you have any questions regarding this information or would like to discuss this further, please contact Lorrie Lau at lorrie.lau@dot.gov or (415) 744-2628, in the Office of Planning, or Nastaran Saadatmand at nastaran.saadatmand@dot.gov or (202) 366-1337, in the Office of Asset Management.