



# THE SMALL BUS CRISIS

FALL 2022



# THE CURRENT ENVIRONMENT

- The small bus marketplace (particularly body-on-chassis vehicles) has been hit hard by the economic conditions brought about by the COVID-19 global pandemic
- Vehicles are hard to find and extremely expensive; same with parts
- Operators and State DOTs are seeing orders routinely cancelled
- Delays on successful small bus orders often run 2-3 years with longer delays expected
- Small bus purchasers have funds available and often nothing to buy – an unprecedented situation
- Chassis shortages, with Ford being the only Buy America-compliant chassis, are critical



## FROM TRANSIT OPERATORS

- Transit agencies reporting 30%-70% price increases per vehicle
- Cancelled orders and contracts followed by renegotiations
- Rehabs widespread; parts concerns on both pricing and availability
- “Take what you can get, not what you want”

## FROM BUS BUILDERS AND BUS DEALERS

- Lack of chassis; competition for limited chassis
- Backlog expectations: 21,500 in 2023; 24,750 in 2024; 26,625 in 2025
- “6-7 year recovery”
- Plant closures
- 30% minimum commodity and components parts increases, issue “not just chips”
- Government purchasing price concessions slashed

## FROM AN OEM

- Seeing “a lot of pent up demand”
- No more government price concessions
- Fewer chassis being built; competition for those chassis
- Emphasis on electric chassis
- Current environment to last “at least 2-3 years”
- Seeing significant commodity shortages

## FROM STATE DOTS

- CTAA Survey Results
  - 80% feel “unprecedented” or “very” concerned about vehicle replacements
  - 74% feel “unprecedented” or “very” concerned about State of Good Repair
  - 52% had a bus purchasing contract or agreement cancelled in 2022
  - 46% expect vehicle delivery delays of 24-60 months
  - 37% expect price increases greater than 40% per vehicle

## HISTORIC BUS FUNDING... AND EXPECTATIONS

- FTA announced in August the winners of the No/Low and Bus and Bus Facilities Discretionary Funding of \$1.6 billion
- CTAA estimates these awards include nearly 500 new rural transit vehicles with a number of urban transit grants going to paratransit fleets
- Similarly funded No/Low and Bus and Bus Facilities competitions are expected in Fiscal Years 2023-2025
- The U.S. Congress and Biden Administration's passage of the Bi-Partisan Infrastructure Law has widely been termed "generational" and "unprecedented" — creating expectations of immediately seeing new vehicles and service across the country

## POTENTIAL SOLUTIONS

- Industry and Federal partners communicate essential nature of rural, small city and paratransit operations to Ford, asking for more chassis set aside for public transportation.
- Waiving of all Buy America restrictions when manufacturers of Buy America-compliant buses and vans are not able to guarantee delivery within 12 months or less of when an order is placed.
- Clear guidance to grantees on whether, when and/or how to amend bus procurements or reprogram funds when vehicles as specified cannot be delivered under the terms of a procurement agreement.



## POTENTIAL SOLUTIONS

- Require transit vehicle manufacturers to post performance bonds equal in value to 100 percent of procurement values, which the manufacturers would then pay either to FTA or the purchasing state or transit agency if vehicles are not able to be delivered within 12 months of orders being placed.
- Authorize grantees to terminate vehicle orders — with full recapture of all associated federal and non-federal funds — when vehicle manufacturers cannot guarantee (and provide) delivery within 12 months of order.
- Explore what criteria, if any, could be used to request presidential invocation of the Defense Production Act with respect to compelling quick manufacture of US-built transit vehicles.

## POTENTIAL SOLUTIONS

- Streamline current procurement regulations, with an emphasis on flexibility, due to unprecedented nature of current small bus crisis (for example chassis flexibility). Use the vehicle backlog, nationally, to determine the timeframe for these procurement process changes.
- Explore efficacy of creating a national small bus purchasing pool to expand buying power of public transportation.
- Increased purchases of sedans, vans and minivans to replace body-on-chassis buses where practicable.
- Provide regulatory and financial incentives for manufacturers (vehicles, chassis, parts) willing to become Buy America compliant.

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