

# Gillig Supply Chain Discussion



# GILLIG

## Presentation to UTA Board of Trustees

March 8, 2023



# GILLIG at a Glance

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- Privately owned, in business since 1890
- Specializes in heavy duty buses
- State of the art manufacturing facility located in Livermore, CA
- Exceptional team serving the US transit market

## OUR CORE VALUES

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**FAMILY**

*Our people matter*



**QUALITY**

*Dedicated to excellence*



**SAFETY**

*Our top priority*



**PASSION**

*Buses built with pride*



**INTEGRITY**

*Doing the right thing*



# Market Dynamics



## Record Federal Funding Levels

Record Capital Funding through 2026, however, federal aid for operating costs is beginning to run out.



## Decreased Ridership

Ridership still hasn't returned to pre-pandemic levels and farebox revenue remains depressed



## Inflation

Severe volatility in the price of raw materials. Certain commodities have seen over 100% price increases.



## Supply Chain Issues

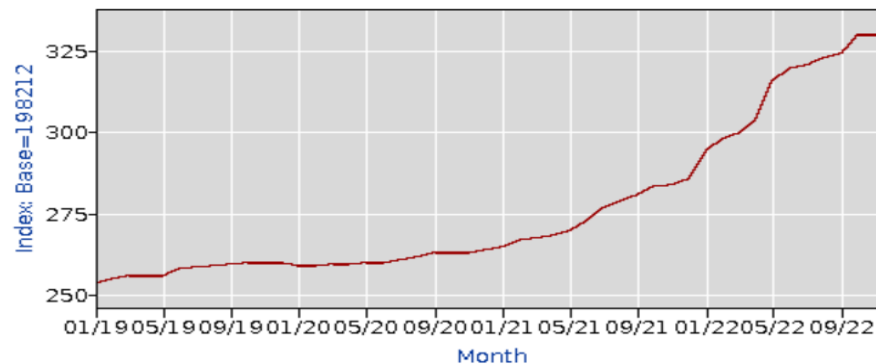
Continued supply chain issues through and after pandemic. Labor rates unpredictable due to shortage of workers.

# Inflation

- Hyper-inflation is damaging the transit industry and our supply chain
- Transit is experiencing a period of severe volatility in the price of raw materials
- Prices for certain commodities – copper, stainless steel, and carbon steel – have increased by more than 50%, while other material and labor has increase well over 100%.
- Lack of skilled labor has become a significant challenge with our supply base
- Suppliers are unable to reasonably project future cost therefore are not providing firm quotes beyond 6 months



**Series Id:** WPU1413  
Not Seasonally Adjusted  
**Series Title:** PPI Commodity data for Transportation equipment-Truck and bus bodies, not seasonally adjusted  
**Group:** Transportation equipment  
**Item:** Truck and bus bodies  
**Base Date:** 198212

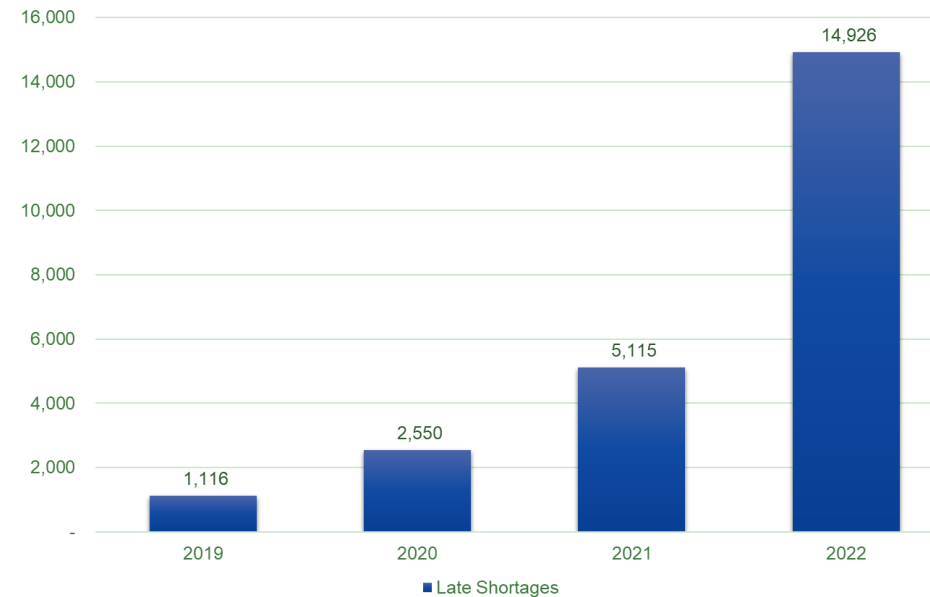


# Supply Chain Challenges



- Late deliveries from their suppliers
- Manpower
- Chips/PCBA deliveries
- Deutsch connectors
- Increased demand
- Discontinued components
- Increased Lead times

2022 Supply Chain Shortages – Late Deliveries





**THANK  
YOU**

**GILLIG**

## SUMMARY

Our suppliers are not honoring existing quotes, adding surcharges, missing deliveries and utilizing Force Majeure language in their supplier agreements.

Suppliers are refusing to deliver components at quoted pricing and are forcing GILLIG to pay increased costs.

Suppliers continue to miss scheduled delivery dates which requires expedited freight costs to keep the production line running.

Increased inventory levels at both our production and aftermarket facilities to minimize potential shortages.

Ensure that our suppliers are paid as agreed to assure continuity of supply