

2022 Supply Chain Survey

How Is Your Supply Chain Holding Up?



Mulch & Soil Council

Mulch & Soil Council 2022 Supply Chain Survey

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INTRODUCTION

Supply chain shortages have been a growing issue since the Covid-19 Pandemic started in 2020. The Mulch & Soil Council has been following and reporting on labor shortages, transportation delays, lack of parts and equipment supplies, driver shortages and related issues for the past 2 years as the supply chain issues have increased. At the January 2022 meeting of the MSC Board of Directors, Council President Jim Weber invited presentations from two experts representing the truck rental and leasing industry and the heavy and medium equipment supply chain to present a forecast for supply chain issues for 2022. Those presentations ignited a discussion within the MSC Board of Directors that resulted in the following supply chain survey of the MSC membership in February 2022.

2022 Truck Leasing & Rental Forecast

Doug Rogers, Fleetmaster Leasing, Columbus, OH

Fleetmaster Leasing is a 73-year-old company in Columbus, Ohio, specializing in truck leasing and rentals. They currently lease over 500 trucks short and long term and rent over 100 trucks. Doug stated that the three greatest challenges in transportation, according to a recent ATA survey, are: #1 Driver Shortages, #2 Driver Retention and #3 Driver Pay.

While driver issues are a leading industry challenge, truck availability represents a more recent problem that stem from shortages in computer chips and component parts which has resulted in manufacturer allocations to its dealers. The entire 2022 production inventory was sold out in advance. The alternative is the used vehicle market that, under the current market conditions, is driving prices to an all-time high.

Even when you can get access to equipment, you should expect ongoing maintenance issues due to shortages in both parts and technicians. Oil, lubricants and tire costs are increasing at the rate of 30-35% even when they are available. Truck rental fleets are running at 100% due to reduced equipment availability issues and are especially difficult for the shorter seasonal rentals.

Forecast: Businesses should expect these issues to continue for all of 2022 and at least the first half of 2023; so, you may want to hold existing leases or new leases longer until more equipment becomes generally available.

2022 Heavy & Medium Equipment Forecast

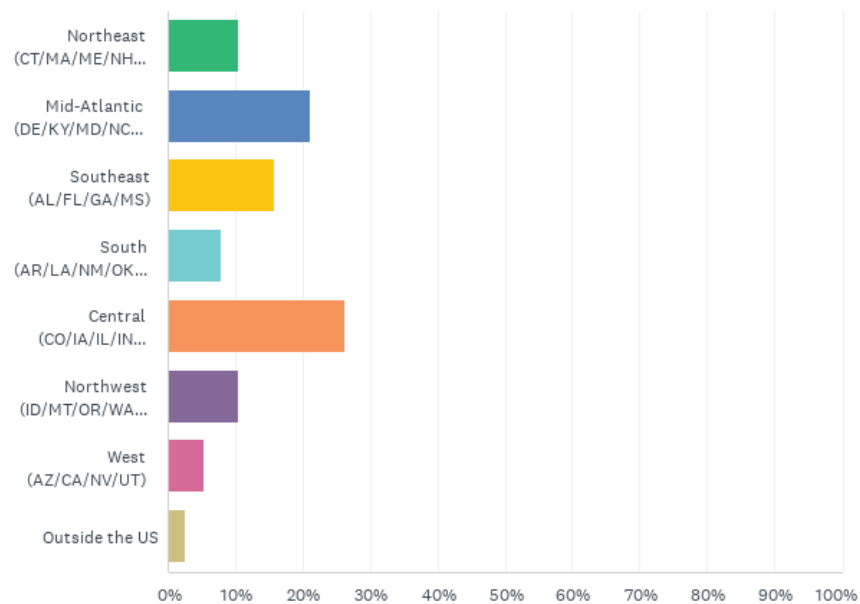
Tim Cannon, Bobcat of Columbus

Bobcat of Columbus started in 1975 and is one of the region's largest equipment sales and full-service dealerships in the Midwest. Current equipment inventories are very low with order delivery times of 4 – 8 months. The major problems the industry faces are low equipment inventories; factory production allocations to dealers; lack of parts including components, chips, sensors and electronics; lack of dealer personnel; and a very short supply of qualified mechanics.

Demand for equipment is still very high, especially in the construction trades as millennials favor remodeling over building new. However, used equipment prices are extremely high and all dealerships are experiencing the same conditions at the same time.

Forecast: Equipment shortages will remain the norm for all of 2022 and possibly all of 2023. Nothing is foreseeable beyond that. The pool of parts and mechanics will continue to be significantly below demand and order cycles will likely continue to run 6 – 8 months behind. Planning and ordering well in advance of your equipment needs is essential for the foreseeable future.

Q1 Where are your facilities located? (please select one location per survey)



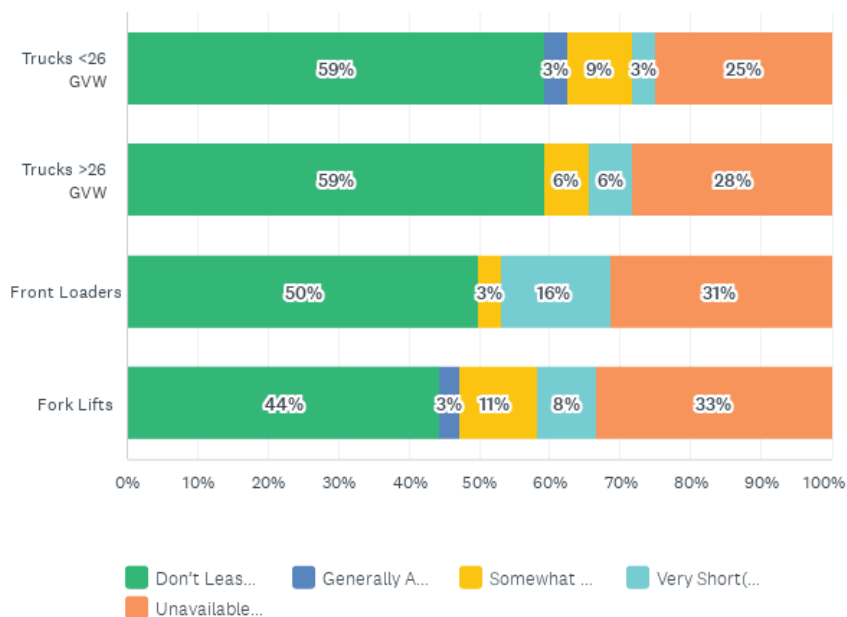
Question #1: Overview

Survey respondents were asked to indicate what region their production facilities were located and provide multiple responses if they have production facilities in more than one region.

Only 1 region had more than 10 responses; so, the survey lacked enough responses to provide a reliable regionalized report. All data in this survey is reported on a national basis.

A total of 112 companies were sent surveys and responses were received from 38 for an overall response rate of 34%.

Q2 Have you experienced any shortages in availability of trucks or equipment for lease or rental so far this year?



Question #2: Equipment Availability

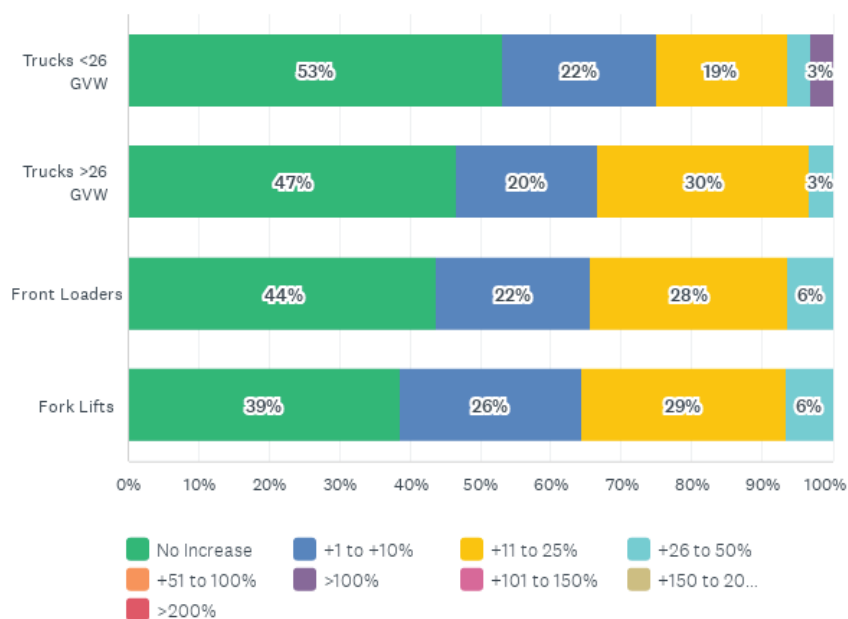
Trucks <26 GVW: The significant majority of respondents (59%) reported they do not rent or lease trucks <26 GVW. Among those who do, more than half (25%) reported trucks were unavailable (>4wk delay). Another 3% said supply was Very Short (3-4 wk delay), 9% said supply was Somewhat Short (1-2 wk delay) and only 3% reported supply was Generally Available (<1 wk delay).

Trucks >26 GVW: Most respondents (59%) reported they do not lease or rent trucks >26 GVW. Among those who do, 28% reported the supply was Unavailable (>4 wk delay), 6% reported supply was Very Short (3-4 wk delay), and 6% reported vehicles were Somewhat Short (1-2 wk delay).

Front Loaders: Half of our respondents (50%) reported they do not rent or lease front loaders. Almost a third (31%) said front loader leases/rentals were Unavailable (>4 wk delay) while 16% said supply was Very Short (3-4 wk delay) and 3% reported supplies were Somewhat Short (1-2 wk delay). There were no responses indicating front loaders were Generally Available (<1 wk delay).

Fork Lifts: Unlike previous categories, a majority of respondents (56%) do rent or lease fork lifts. Among the majority, 33% said equipment was Unavailable (>4 wk delay), 8% said it was Very Short (3-4 wk delay), 11% said it was Somewhat Short (1-2 wk delay) and only 3% said fork lift leases/rentals were Generally Available (<1 wk delay).

Q3 Compared to 2021, how much has your cost risen so far in 2022 for the following lease/rentals:



Question #3: Equipment Cost Increases

Trucks <26 GVW: Only 3% of respondents reported their truck leases doubled, and 3% reported a substantial cost increases of 26-50%. Another 19% reported cost increases of up to 25% and more than 1 in 5 (22%) experienced truck rental/lease increases of 1-10%. Finally, 53% of respondents reported no cost (don't use) or no increase.

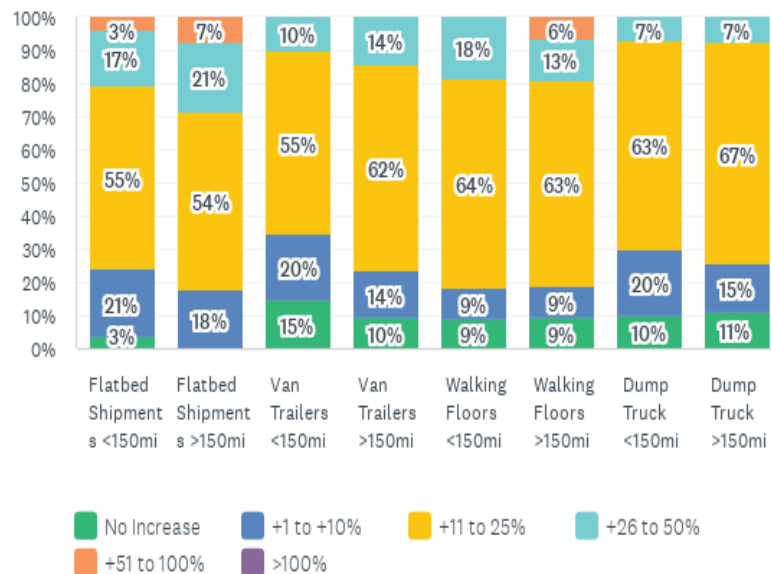
Trucks >26 GVW: Only 3% reported an increase of 26-50% in truck leases/rentals in this category. Almost 1 in 3 (30%) reported increases of 11-25% and 1 in 5 (20%) reported increases of 1-10%. A minority of 47% reported no cost (don't use) or no increase.

Front Loaders: The highest increases of 26-50% were reported by 6% of respondents. Going down from there, another 28% reported increases of 11-25% and over 1 in 5 (22%) reported increases of 1-10%. A total of 44% said they had no cost (don't use) or no increase in front loader rental/lease costs.

Fork Lifts: While only 6% of respondents reported increases of 26-50% in fork lift rental costs, 29% had costs rise by 11-25% and over 1 in 4 (26%) experienced cost increases of 1-10%. Only 39% of respondents reported no cost (don't use) or no increased costs for fork lift rentals/leases.

Overall, fork lifts are the most commonly rented/leased equipment item that is in the shortest supply with the greatest cost increase for the industry compared to 2021.

Q4 Compared to rates for 2021, how much has your product shipment costs increased so far in 2022 for:



Question #4: Shipping Costs

The majority of respondents (55% - 67%) reported the most common cost increase across all categories was 11-25% increase.

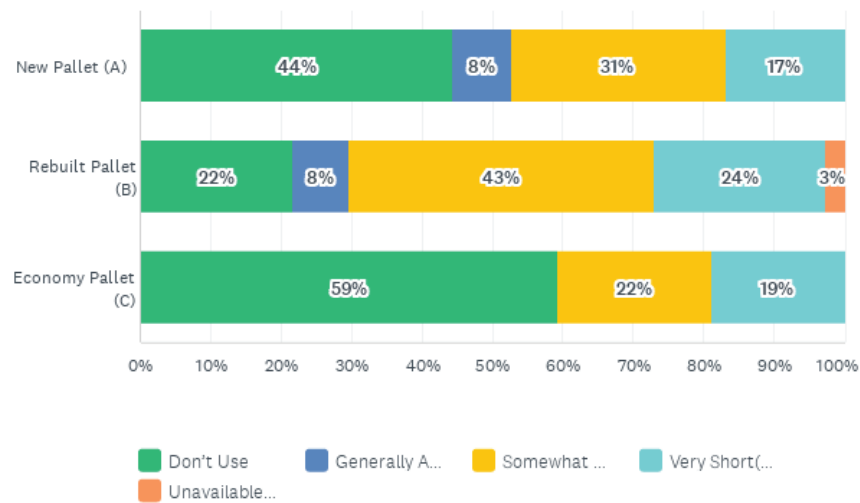
The highest increases reported at 51-100% were for flatbed trucks >150 mi. (7%), walking floor trucks >150 mi. (6%) and flatbed trucks <150 mi. (3%).

In the 26-50% cost increase category, the top 3 most costly shipping options were flatbeds >150 mi. (21%), walking floors <150 mi. (18%) and flatbeds <150 mi. (11%).

In the 1-10% cost increase category, the top 4 most prominent shipping methods were flatbed <150 mi. (21%), van trailers <150 mi. (20%) and dump trucks <150 mi. (20%), flatbeds >150 mi. (18%) and dump trucks >150 mi. (15%).

Among all respondents, only 3-15% reported no increases in shipping costs over 2021.

Q5 Have you experienced any shortages so far in 2022 in any pallet supplies?



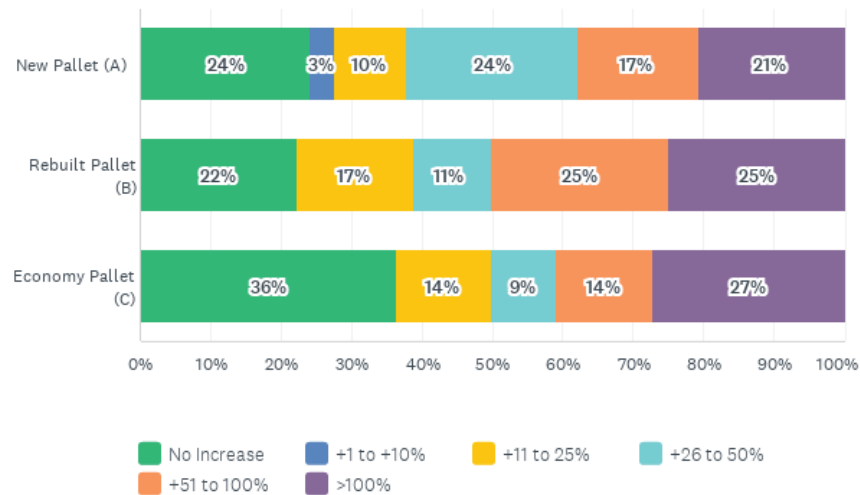
Question #5: Pallet Supplies

New Pallets (A): are used by 56% of respondents. This year's supply is reported as Very Short (3-4 wk delay) by 17% of survey respondents while almost 1 in 3 (31%) reported supplies are Somewhat Short (1-2 wk delay). Only 8% of respondents who use new pallets said they were Generally Available (<1 wk delay).

Rebuilt Pallets (B): a vast majority of survey respondents (88%) reported using rebuilt pallets. Only 3% said supply was Unavailable (>4 wk delay). However, almost 1 in 4 (24%) said rebuilt pallet supplies were Very Short (3-4 wk delay) and a whopping 43% said rebuilt pallet supplies were Somewhat Short (1-2 wk delay). Only 8% of this most commonly used pallet category said supplies were Generally Available (<1 wk delay).

Economy Pallets (C): while a minority of respondents (41%) report using economy pallets, none reported supplies were Generally Available. Somewhat Short (22%) and Very Short (19%) were the most common response for survey participants who use this category of pallet.

Q6 Compared to 2021, how much has your cost risen so far in 2022 for the following items:



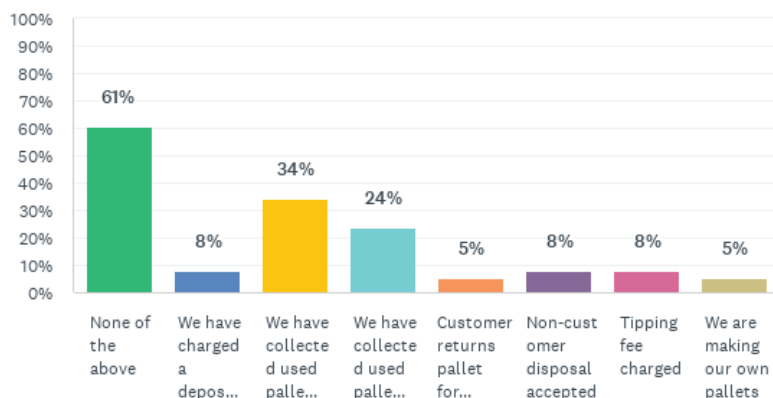
Question # 6: Pallet Costs

New Pallet (A): costs are reported as more than doubled by 1 in 5 (21%) of survey respondents. Increases of 50-100% are experienced by 17% of respondents while 1 in 4 companies (24%) report increases of 26-50%. Increased costs of 11-25% are reported by 10% of survey respondents while only 3% reported a minimal 1-10% increase. Only 24% reported no cost (don't use) or no increased costs for new pallets.

Rebuilt Pallets (B): were the most commonly used by our industry respondents with 1 in 4 (25%) reporting costs more than doubled (>100%), and another 25% reported costs increased by 51-100%. Only 11% of survey respondents reported costs rose by 26-50% while 17% reported a rise in costs of 1-10%.

Economy Pallets (C): are the least used category of pallets according to survey participants but had the greatest cost increase with 27% reporting costs more than doubled (>100%). Other increases up to 10%, 25% and 50% were reported by 14%, 9% and 14% of survey respondents respectively. The large number of "no increase" responses is mostly due to the high number of "don't use" responses in this least utilized pallet class.

Q7 Did you adopt any cost recovery options for pallets in 2021 or so far in 2022? (Check all that apply)



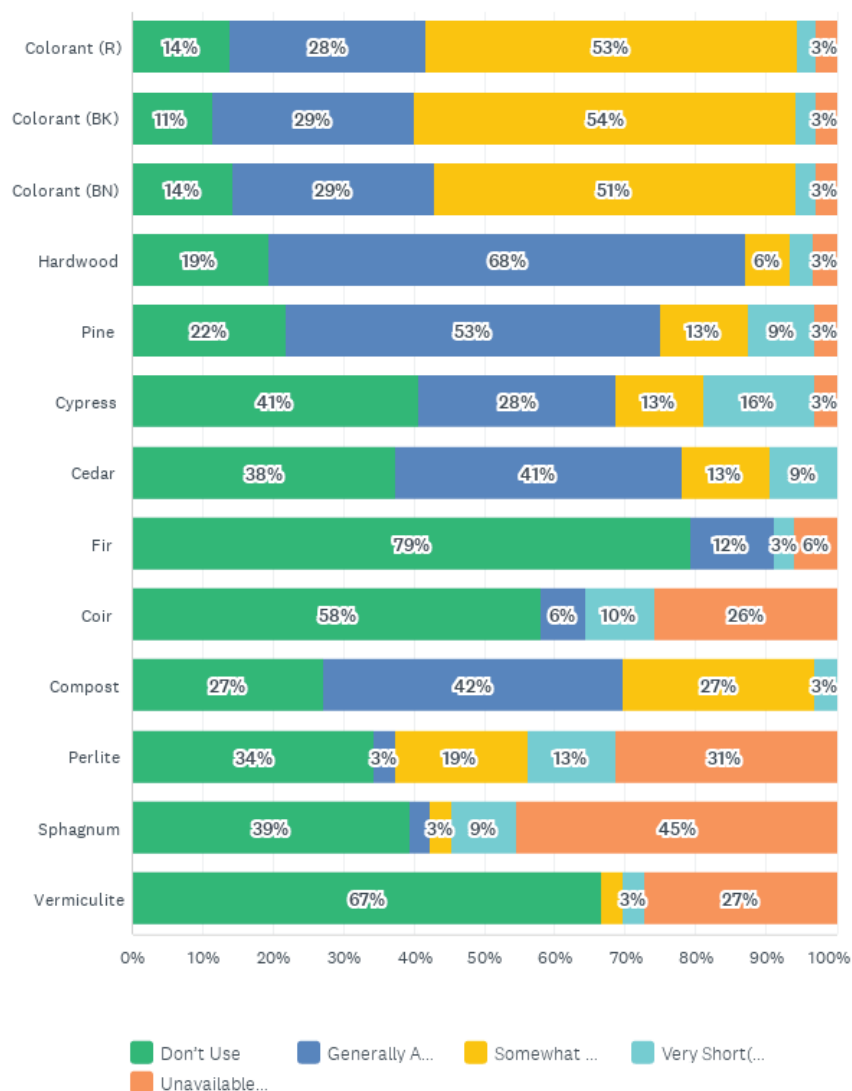
Question #7: Pallet Cost Recovery

The vast majority of respondents (61%) report taking no steps to recover the rising costs of pallets in 2021 or so far in 2022.

Among those who have taken some action:

- 34% collect used pallets from their customers
- 24% collect used pallets from non-customers
- 8% charged a deposit for pallets shipped
- 8% accept non-customer disposal
- 8% collect a pallet disposal tipping fee
- 5% said customers return pallets for a deposit refund
- 5% began making their own pallets

Q8 Have you experienced any shortages so far in 2022 in any raw material supplies so far this year?



Question #8: Materials Supply Shortages:

Colorants are mostly being reported as Somewhat Short (1-2 wk delay) by 51-54% of respondents for red, brown and black, but may become Very Short (3-4 wk delay) in some areas.

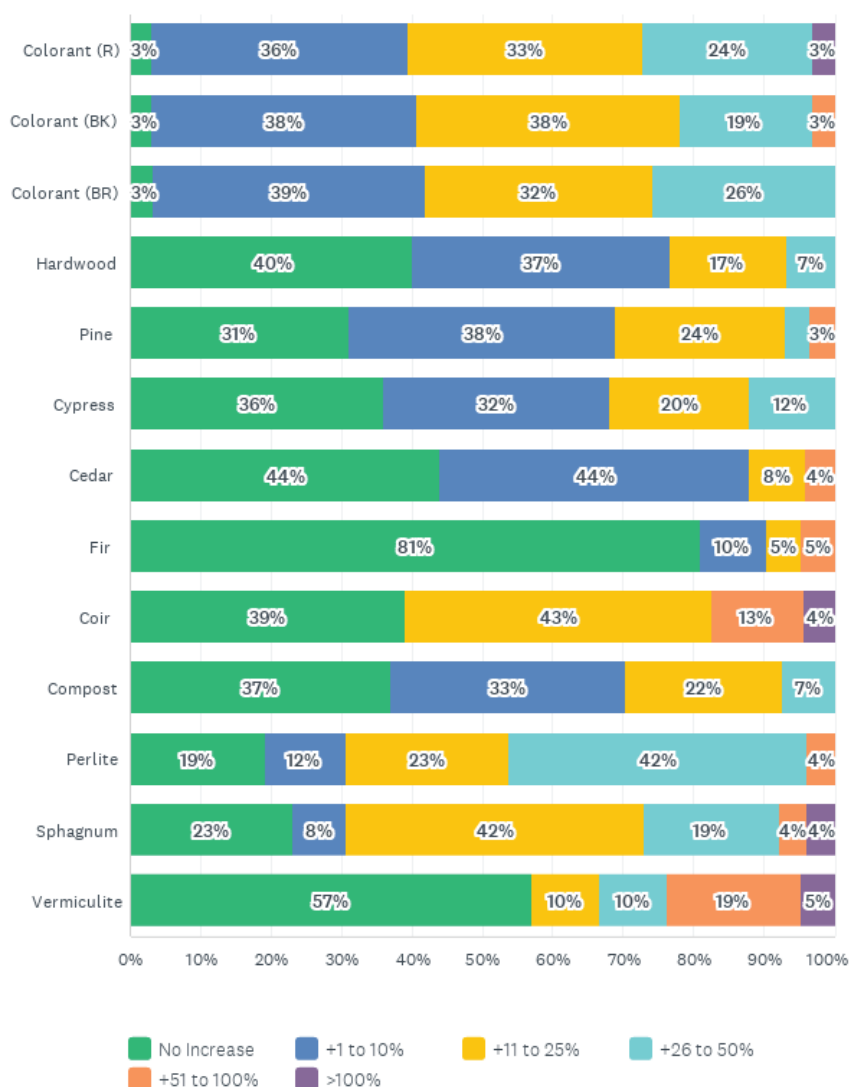
Wood materials are Generally Available (<1 wk delay). Cypress is becoming more significantly short followed by cedar and some pine.

Coir is reported as Unavailable by 26% of respondents due to its overseas origins and shipping issues. Compost is showing some reports of Somewhat Short (1-2 wk delays) (27%) and Very Short (3-4 wk delays) (3%).

Soil amendments like perlite and vermiculite have significant reports of Unavailability (>4 wk delay) at 31% and 27% respectively.

Sphagnum peat moss is also showing very significant reports (45%) of Unavailability (>4 wk delay) by respondents due to 2021 harvest conditions in Canada, cross border shipping interruptions for Covid-19 and interruptions in European supplies due to political sanctions and shipping disruptions.

Q9 Compared to 2021 costs, how much has your costs risen for the following so far in 2022:



Question #9: Raw Materials Cost Increases:

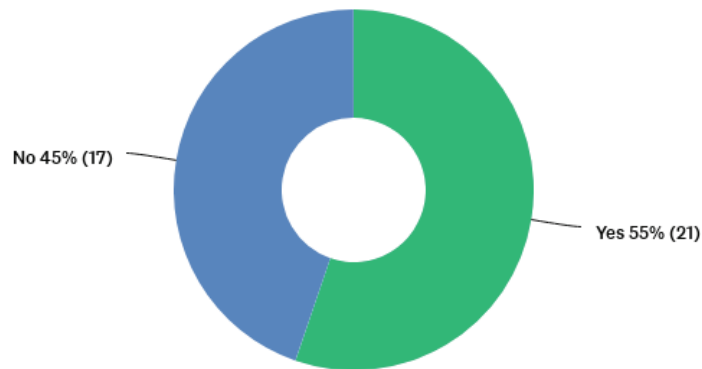
Colorant costs are generally reported as increasing by 11-25% with a slightly higher rise in black and red colorants.

Wood materials are reported at mostly 10% increases with approximately 17-25% of respondents reporting a 25% increase.

Soil amendments are being lead by significant increases in perlite and vermiculite.

Coir and sphagnum peat moss are most often reported at 25% increase by 43% and 42% of survey respondents, respectively, while compost prices are reported more in the 1-10% cost increase range.

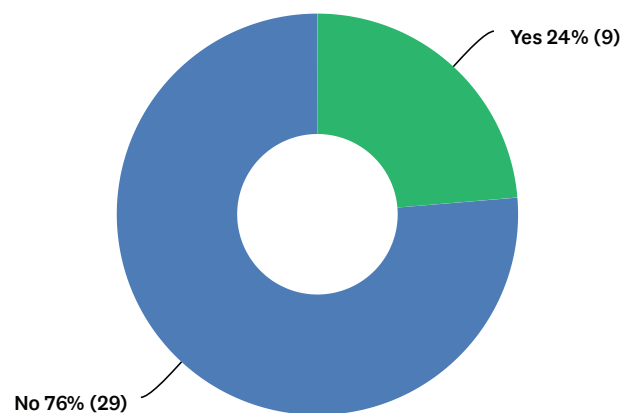
Q10 Do you hire Entry Level Drivers?



Question # 10: Entry Level Drivers

Slightly more than half (55%) of respondents reported they hire entry level drivers which makes a significant portion of the industry subject to the new FMCSA/ELDT rule requiring driver training program certificates before entry level drivers can take the CDL knowledge or skills test.

Q11 Do you have a CDL training program?



Question # 11: Company CDL Training Programs

Almost 1 in 4 respondents (24%) reported they have some form of company CDL training program that will need to be updated to comply with the FMCSA/ELDT rules.

Gasoline and Diesel Costs

Finally, any look at supply chain issues is incomplete without considering the cost of gasoline and diesel fuel. Unfortunately, the highly volatile prices for fuels since the first of the year are trending so fast they cannot be accurately reported. Below are fuel prices ending the week of March 7, 2022. For more current fuel cost data visit the U.S. Energy Information Agency (EIA) website at: <https://www.eia.gov/petroleum/gasdiesel/>

PETROLEUM & OTHER LIQUIDS

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◀ GASOLINE AND DIESEL FUEL UPDATE HOME

Gasoline and Diesel Fuel Update

Gasoline Release Date: March 7, 2022 | Next Release Date: March 14, 2022

Diesel Fuel Release Date: March 7, 2022 | Next Release Date: March 14, 2022

U.S. Regular Gasoline Prices*(dollars per gallon)

[full history](#)  [XLS](#)

	02/21/22	02/28/22	03/07/22	Change from	
				week ago	year ago
U.S.	3.530	3.608	4.102	▲ 0.494	▲ 1.331
East Coast (PADD1)	3.503	3.563	4.098	▲ 0.535	▲ 1.394
New England (PADD1A)	3.539	3.597	4.187	▲ 0.590	▲ 1.493
Central Atlantic (PADD1B)	3.667	3.712	4.250	▲ 0.538	▲ 1.394
Lower Atlantic (PADD1C)	3.391	3.462	3.982	▲ 0.520	▲ 1.372
Midwest (PADD2)	3.352	3.466	3.916	▲ 0.450	▲ 1.210
Gulf Coast (PADD3)	3.237	3.307	3.820	▲ 0.513	▲ 1.325
Rocky Mountain (PADD4)	3.344	3.372	3.825	▲ 0.453	▲ 1.117
West Coast (PADD5)	4.233	4.311	4.777	▲ 0.466	▲ 1.433
West Coast less California	3.848	3.902	4.325	▲ 0.423	▲ 1.310

[+ See more](#)

U.S. On-Highway Diesel Fuel Prices*(dollars per gallon)

[full history](#)  [XLS](#)

	02/21/22	02/28/22	03/07/22	Change from	
				week ago	year ago
U.S.	4.055	4.104	4.849	▲ 0.745	▲ 1.706
East Coast (PADD1)	4.112	4.161	4.970	▲ 0.809	▲ 1.854
New England (PADD1A)	4.076	4.158	4.815	▲ 0.657	▲ 1.762
Central Atlantic (PADD1B)	4.278	4.309	5.093	▲ 0.784	▲ 1.827
Lower Atlantic (PADD1C)	4.014	4.069	4.919	▲ 0.850	▲ 1.892
Midwest (PADD2)	3.905	3.968	4.649	▲ 0.681	▲ 1.522
Gulf Coast (PADD3)	3.830	3.872	4.703	▲ 0.831	▲ 1.774
Rocky Mountain (PADD4)	3.931	3.976	4.542	▲ 0.566	▲ 1.411
West Coast (PADD5)	4.679	4.711	5.393	▲ 0.682	▲ 1.800
West Coast less California	4.256	4.295	4.978	▲ 0.683	▲ 1.750
California	5.051	5.077	5.759	▲ 0.682	▲ 1.862

**prices include all taxes*