



Annual Report on Leasing Arrangements

December 2022

1. Introduction

The Federal Transit Administration (FTA) is posting the annual report on Leasing Arrangements. This report is a continuing requirement pursuant to the Fixing America's Surface Transportation (FAST) Act (Pub. L. 114-94), Section 3019 - Innovative Procurement, Subsection (c) entitled, "Leasing Arrangements." The requirement remains unchanged under the Bipartisan Infrastructure Law, enacted as the Infrastructure Investment and Jobs Act (Pub. L. 117-58).

As required by Section 3019(c)(5), FTA prepares and makes public by the end of December for the preceding Fiscal Year (FY) an annual report that includes the following information on leasing arrangements:

1. A detailed description of the capital leasing activities carried out pursuant to Section 3019(c); and
2. An evaluation of the capital leasing program, including data that transit grant recipients are required to submit to FTA regarding the overall costs and benefits of leasing rolling stock and a comparison of expected short-term and long-term maintenance costs of leasing versus buying rolling stock.

Section 3019(c)(4) also establishes a requirement for grant recipients that are undertaking capital leases to submit reports to FTA comparing the costs and benefits of leasing versus purchasing rolling stock. These reports are due to FTA no more than three years after executing a new lease for rolling stock.

The annual report for FY 22 includes updated information on the number of leases executed and a summary of capital leasing activities for FY 21 and FY 22. In 2019, there were no new capital leases reported. As a result, no reports were required from grant recipients that compared the costs and benefits of leasing versus purchasing this reporting period. Previous annual reports are available on FTA's Capital Leasing [website](#).

2. Capital Leasing Program Evaluation

FTA uses its Transit Awards Management System (TrAMS) to track grant awards. Each grant includes Activity Line Items (ALIs) to indicate the type of funding activities applicable to the grant. Based on an analysis of the ALIs for leasing rolling stock and associated capital maintenance items, FTA identified 39 grants, totaling an

estimated \$40.7 million since FY 16, the year the reporting requirements for capital leases were enacted. Out of the 39 awards, FTA has awarded 12, or 31 percent, of the awards for bus rolling stock, to include buses, vans, cars, and ferry boats; 1, or 3 percent, of the awards was for rail rolling stock; and 26, or 67 percent, of the awards was for associated capital maintenance items, consisting mainly of tire leases.

In FY 22, FTA awarded funding for two new bus rolling stock leases and one new capital lease for rail rolling stock. This is the first new lease for rail rolling stock since the enactment of the reporting requirements.

Table 1: Number of New Capital Lease Awards by Fiscal Year ¹ & ²

Fiscal Year	New Rolling Stock Leases	New Associated Capital Maintenance Items Leases	Total
2016	2	2	4
2017	1	6	7
2018	4	8	12
2019	0	3	3
2020	1	1	2
2021	2	6	8
2022	3	0	3
Total	13	26	39

For FY 22, FTA did not receive a report from a grant recipient on the costs and benefits of leasing versus purchasing. This is due to there being no new capital leases reported for FY 19. As a result, no reports were required from grant recipients this reporting period.

3. Capital Lease Expenditures

In FY 21, FTA awarded a total of 29 grants that included bus rolling stock leases and associated capital maintenance items, and rail rolling stock totaling approximately \$71.7 million. This total includes the amount FTA awarded for new and existing leases. Much of this total, \$58 million, or 81 percent, was attributed to a large award for a rail rolling stock lease. Overall, 84 percent, or \$60.2 million, of funding was allocated to rail rolling stock leases and 16 percent, or \$11.6 million, was allocated to bus rolling stock and associated capital maintenance items. The total FTA awards for all rolling stock and associated capital maintenance items was \$2.5 billion in FY 21. Grant awards for rolling stock leases accounted for nearly 3 percent of the total rolling stock awards in FY 21.

Please note, funding for capital leases and associated capital maintenance items make up

¹ New Capital Leases for FY 20 was reduced from 2 to 1 due to the grantee reallocating the funds to cover operating expenses. Adjustments were made to the total number of new capital leases and total funding.

² The number of new capital leases for FY 19 was reduced from 1 to 0 and funding was reduced. The lease was not considered a capital lease.

a small proportion of total funding allocated to rolling stock, which includes the purchase and leasing of rolling stock and associated maintenance items.

For FY 22, FTA awarded 14 grants totaling more than \$7.4 million for bus rolling stock leases and related equipment expenditures and rail rolling stock. The awards included leases for a < 30-ft bus, 40-ft buses, vans, station wagons, electric rail cars and tires. Of the total, \$5.3 million was allocated to bus rolling stock and associated capital maintenance items and \$2.1 million was allocated to rail rolling stock. For all bus and rail rolling stock, and associated capital maintenance items, FTA awarded a total of \$3.8 billion for FY 22. Grant awards for rolling stock leases currently account for 0.19 percent of the total rolling stock and associated capital maintenance items.

Since the enactment of the capital leasing reporting requirements, funding for capital leases has significantly decreased. Listed below is a table showing the estimated total number of grants awards for capital leases, total amount FTA funded for capital leases, and percent change from FY 16 to FY 22. Overall, funding has decreased by 84 percent. Compared to FY 21 funding award totals, awards funded for capital leases decreased by 90 percent. The primary driver for the decrease was the completion of a large rail rolling stock lease by a single transit agency. A significant portion of the funding was allocated to this lease. Funding for this lease on average accounted for 64 percent of total funding for capital leases.

Table 2: FTA Total Funding for Capital Leases by FY

Year	Total Number of Grant Awards for Capital Leasing	Total Funding for Capital Leases	% Change of Total Funding
2016 (after 12/4)	35	\$ 47,193,050	
2017	38	\$ 226,616,152	380%
2018	34	\$ 111,268,022	-51%
2019	37	\$ 96,304,591	-13%
2020	25	\$ 85,806,097	-11%
2021	29	\$ 71,727,898	-16%
2022	14	\$ 7,392,669	-90%
Total	212	\$ 646,308,479	-84%

4. Summary

This report includes updated information on the number of new capital leases executed since December 4, 2015, and total expenditures on leasing rolling stock and related equipment for FY 21 and FY 22. A summary of the costs and benefits of leasing versus purchasing is not provided in this report.