

# New Jersey Turnpike Authority Financial Summary For the Nine Months Ended September 30, 2019

<b>ACTUAL REVENUE - January - September</b>	\$	1,399,998,000
<b>ESTIMATED REVENUE - October - December</b>		454,807,000
<b><i>ESTIMATED Annual Revenue</i></b>	\$	1,854,805,000
<b>ESTIMATED ANNUAL OPERATING EXPENSES</b>	\$	561,000,000
<b><i>ESTIMATED Net Revenue</i></b>	\$	1,293,805,000
<b>DEBT SERVICE REQUIREMENTS</b>		824,449,000
<b>SPECIAL PROJECT RESERVE FUND</b>		41,300,000
<b>MAINTENANCE RESERVE FUND</b>		131,468,000

The following un-audited results are for the nine months ended September 30, 2019.<sup>1</sup> Based upon these results, revenues will be sufficient to satisfy the requirements of the Authority's Bond Resolution. For the twelve months ending December 31, 2019, the Authority is projected to have a debt service coverage ratio of 1.57 and a total requirements coverage ratio of 1.30.

The Authority's total revenue for the nine months ended September 30, 2019 was \$1,399,998,000, which is \$21,339,000, or 1.5%, above the 2019 Budget. Toll revenue was \$1,212,707,000, which is \$7,153,000, or 0.6%, greater than the 2019 budget. Toll revenue is greater than budget primarily due to lower gas prices, and less severe winter weather. Gas prices averaged \$0.17/gallon lower in the first nine months of 2019 as compared to the same period in 2018. The increase in total revenue was also due in part to higher than anticipated miscellaneous revenue and income from investments. Miscellaneous revenue, which totaled \$12,585,000, was \$4,333,000 or 52.5% above the 2019 budget due in part to a \$1.0 million FEMA recovery for Winter Storm Quinn (June 2018) and a \$1.2 million receipt for the Delaware River Turnpike Bridge insurance claim. Income from investments, which totaled \$28,252,000, was \$9,553,000 or 51.1% above the 2019 budget due to higher yields on investments due to an increase in short-term interest rates and higher invested balances.

For the nine months ended September 30, 2019, traffic on the New Jersey Turnpike increased 1.5% and toll revenue increased 0.2% as compared to the same period in 2018. Toll transactions and revenue increased primarily due to less severe winter weather, normal growth, favorable economic conditions, and lower gas prices. Toll transactions and revenue increased despite the Pulaski Skyway reopening to two-way traffic on July 2<sup>nd</sup>, 2018, which allowed some traffic to leave the Turnpike for the free route. CDM Smith, the Authority's traffic engineering consultant, released a new toll revenue forecast study dated September 27, 2018. CDM Smith projected 2019 annual traffic to decrease 1.4% and revenue to decrease 0.6%. The actual results for the nine months ended September 30, 2019 have exceeded CDM Smith's projections of a 1.4% decrease in traffic and a 0.5% decrease in revenue. Through September 2019, the *E-ZPass* usage rate on the New Jersey Turnpike was 86.7%, an increase from 85.7% for the same period in 2018.

For the nine months ended September 30, 2019, toll transactions on the Garden State Parkway decreased 1.0% and revenue increased 1.0% when compared to the same period in 2018. The increase in revenue is due mainly to less severe winter weather in 2019 compared to 2018 as well as normal growth and lower gas prices. Toll transactions decreased due to Interchange 145 (East Orange) being converted to one-way tolling on July 26<sup>th</sup>, 2018. Transactions are now only counted in one direction. When adjusting for one-way tolling, toll transactions would have increased by 1.4%. CDM Smith projected 2019 annual traffic to decrease 1.5% and revenue to increase 0.3%. The actual results for the nine months ended September 30, 2019 were above CDM's projections of a decrease of 2.0% in toll transactions and an increase of 0.5% in toll revenue. Through September 2019, the *E-ZPass* usage rate on the Garden State Parkway was 84.7%, an increase from 82.8% for the same period in 2018.

Operating expenses for the nine months ended September 30, 2019 were approximately \$372,438,000, which was 89.2% of the year-to-date budget. The Authority's operating expenses through September were under budget primarily due to

<sup>1</sup> These are un-audited results. Amounts and categories of revenue and expenses may change when audited.

lower than budgeted snow and severe weather costs. The Authority spent a total of \$27,160,000 for snow and severe weather costs in 2019, with \$14,308,000 spent from the operating expense budget and an additional \$12,852,000 spent from the General Reserve Fund. All snow and severe weather costs are charged to the operating expense budget except for declared state of emergency events, which are charged to the General Reserve Fund. For the nine months ended September 30, 2019, snow and severe weather costs charged to operating expenses were approximately \$5,878,000 under budget. Discretionary spending and budgetary guidelines will be closely monitored and adhered to through the remainder of the year in order to control operating expenses.

Debt Service includes interest and principal payments on NJTA's outstanding debt. For the nine months ended September 30, 2019, Debt Service totaled \$617,692,000 and included \$446,538,000 in interest payments and \$171,154,000 in principal payments. Debt Service is currently under budget primarily due to the Series 2019A bond, as the budget assumes a full year for \$525 million at 5% when only \$449 million was borrowed for 11 months at 4.55%.

The General Reserve Fund includes all contractual payments subordinate to bondholders and expenditures for any other corporate purpose. The General Reserve Fund expenses totaled \$168,817,000 and consisted primarily of \$121,750,000 for the State Transportation Projects Funding Agreement, \$16,500,000 for the Transportation Trust Fund, \$12,852,000 for Extraordinary Events (state of emergency weather events), and \$11,250,000 for Other Post-Employment Benefits (OPEB).

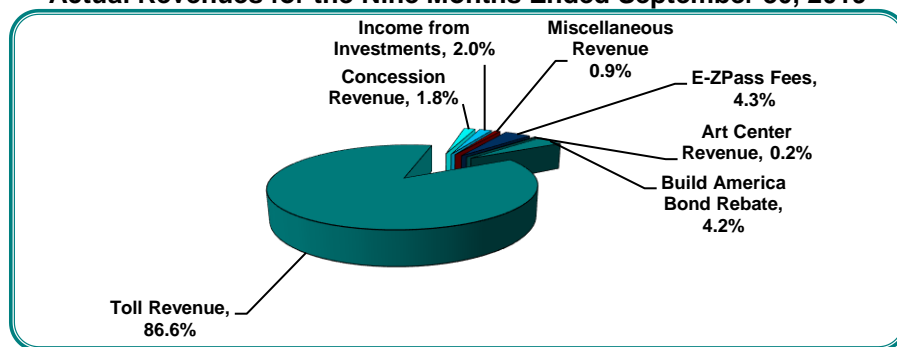
The Capital Budget, which is funded by revenue, consists of the Maintenance Reserve Fund, Special Project Reserve Fund, the Supplemental Capital Program, and the Passaic River Bridges Rehabilitation Program. For the nine months ended September 30, 2019, total expenditures were approximately \$139,137,000. Expenditures included \$27,365,000 for Turnpike Resurfacing, \$22,154,000 for Turnpike Bridge Repairs, and \$15,061,000 for Parkway Bridge Repairs.

Total expenditures from the \$7 Billion Capital Improvement Program (CIP) for the nine months ended September 30, 2019 were approximately \$152,613,000. Expenses included \$48,608,000 for the NBHCE Bridge Re-decking, \$28,008,000 for Turnpike and Parkway Interchange Improvements, and \$22,156,000 for the Authority's Phase I Facilities Improvements project. In addition to these expenditures, there are open contracts and commitments totaling approximately \$399,697,000. Total expenditures from the 2019 CIP for the nine months ended September 30, 2019 were approximately \$9,099,000. Expenses include \$2,844,000 for GSP Shoulder Widening from MP 30 to 35 and \$1,783,000 for GSP Bridge Deck Reconstruction from MP 160.6 to 161.9. Both programs are funded from bond proceeds.

**Comparison of Budgeted Revenues to Actual Revenues  
For the Nine Months Ended September 30, 2019**

	<b>Budgeted</b>	<b>Unaudited Actual</b>
<b><i>Toll Revenue</i></b>	1,205,554,000	1,212,707,000
<b><i>Concession Revenue</i></b>	26,461,000	25,558,000
<b><i>Income from Investments</i></b>	18,699,000	28,252,000
<b><i>Miscellaneous Revenue</i></b>	8,252,000	12,585,000
<b><i>Build America Bond Subsidy</i></b>	57,451,000	57,513,000
<b><i>Arts Center Revenue</i></b>	3,286,000	3,287,000
<b><i>E-ZPass Fees</i></b>	58,956,000	60,096,000
<b><i>Total Revenues</i></b>	<b>1,378,659,000</b>	<b>1,399,998,000</b>

**Actual Revenues for the Nine Months Ended September 30, 2019**



For the nine months ended September 30, 2019, total revenue was \$1,399,998,000, which was 1.5%, or \$21,339,000 above the 2019 Budget. The increase is due mostly to higher than expected toll revenue, miscellaneous revenue, and income from investments.

Toll revenue for the period was \$1,212,707,000 which was 0.6%, or \$7,153,000 greater than the 2019 Budget amount. Toll revenue was \$5,643,000 higher than the 2019 Budget amount on the New Jersey Turnpike and \$1,510,000 higher than the 2019 Budget amount on the Garden State Parkway.

Concession revenue consists of revenues generated through the sale of food, gasoline and convenience store items at the service areas located along both roadways. Concession revenue was \$25,558,000 which was \$903,000 or 3.4% below the 2019 Budget. Revenue was lower primarily due to the closure of three services areas for renovation. On the Turnpike, the Thomas Edison and Alexander Hamilton service areas closed for renovation, and on the Parkway, the Monmouth service area closed for renovation. All three service areas have since reopened. The Authority receives 50% of the gross profit margin on all diesel fuel sold for both roadways. On the Turnpike, food sales decreased 3.7%, fuel sales decreased 15.5% and convenience store sales increased by 1.1% compared to last year. On the Garden State Parkway, food sales increased 4.4%, fuel sales decreased 11.9%, and convenience store sales increased 23.9% compared to the same period in 2018.

Investment earnings consist of income from invested operating revenues and reserve funds. Investment income was \$28,252,000, which was \$9,553,000 or 51.1% higher than the 2019 Budget. Income from investments increased as short-term interest rates increased in 2019 and the Authority's invested balances were higher than anticipated.

Miscellaneous revenue includes fees for cell tower rentals, towing, fiber optic leases, park & ride commissions, property rentals, and other items. Revenue for the period was \$12,585,000 which was \$4,333,000, or 52.5% higher than the 2019 Budget. Miscellaneous revenue was above the 2019 Budget levels due in part to a \$1,000,000 FEMA recovery for Winter Storm Quinn (June 2018) and the receipt of an additional \$1,200,000 for the Delaware River Turnpike Bridge insurance claim.

The Build America Bond Subsidy is a direct payment from the U.S. Treasury to the Authority equaling about 32.6% of the interest payable on the Series 2009F and the Series 2010A Bonds for Federal Fiscal Year 2019 which began in September 2018. The subsidy received was \$57,513,000, which was \$62,000 higher than projected due to a lower than expected automatic federal deficit reduction spending cut in the subsidy for the current federal fiscal year.

Arts Center revenue consists of rent and naming rights for the PNC Bank Arts Center located in Holmdel. For the contractual nine months ended September 30, 2019, revenue was \$3,287,000, which was at budget, and consists entirely of fixed payments, as any variable payments owed are not due until the fourth quarter each year.

*E-ZPass* fees consist of monthly membership fees, transponder sales, return check fees, administrative fees, interest on prepaid accounts and monthly statement fees. Revenue of \$60,096,000 was \$1,140,000, or 1.9%, higher than the 2019 Budget. *E-ZPass* fees were above budget in part due to interest income earned on prepaid account balances and tag deposits. For the nine months ended September 30, 2019, interest income is above budget and is up 57% from the same period in 2018 due to better returns on higher invested balances. In addition, monthly membership fees are above budget due to more new accounts opened than were expected.

# New Jersey Turnpike Traffic & Revenue Comparison

For the Month of September 2019<sup>(1)</sup>

	<u>Traffic</u>		
	<u>September-19</u>	<u>September-18</u>	<u>% Change</u>
Passenger Vehicles	19,506,000	19,151,000	1.9%
Commercial Vehicles	2,839,000	2,736,000	3.8%
Overall	<u>22,345,000</u>	<u>21,887,000</u>	<u>2.1%</u>

	<u>Revenue</u>		
	<u>September-19</u>	<u>September-18</u>	<u>% Change</u>
Passenger Vehicles	\$ 67,215,000	\$ 67,410,000	-0.3%
Commercial Vehicles	30,021,000	29,737,000	1.0%
Overall	<u>\$ 97,236,000</u>	<u>\$ 97,147,000</u>	<u>0.1%</u>

(1) Includes un-audited data for the month.

For the month of September 2019, traffic on the New Jersey Turnpike increased 2.1% and toll revenue increased 0.1% when compared to the same period in 2018. These results are ahead of CDM's projection of an increase of 0.7% for traffic and below CDM's projection of an increase of 0.9% for revenue for the month of September 2019. Traffic was positively impacted by below average precipitation and an extra weekday. September 2019 ranked as the 7<sup>th</sup> driest month since 1895, and weekdays have more vehicles travelling the roadway as compared to weekend days.

For the Nine Months Ended September 30, 2019<sup>(1)</sup>

	<u>Traffic</u>		
	<u>September-19</u>	<u>September-18</u>	<u>% Change</u>
Passenger Vehicles	174,968,000	172,111,000	1.7%
Commercial Vehicles	25,581,000	25,432,000	0.6%
Overall	<u>200,549,000</u>	<u>197,543,000</u>	<u>1.5%</u>

	<u>Revenue</u>		
	<u>September-19</u>	<u>September-18</u>	<u>% Change</u>
Passenger Vehicles	\$ 614,045,000	\$ 604,859,000	1.5%
Commercial Vehicles	267,429,000	275,109,000	-2.8%
YTD Toll Revenue	<u>\$ 881,474,000</u>	<u>\$ 879,968,000</u>	<u>0.2%</u>

(1) Includes un-audited data for the month.

For the nine months ended September 30, 2019, traffic increased 1.5% and toll revenue increased 0.2% when compared to the same period in 2018. Toll transactions and revenue increased primarily due to mild winter weather, favorable economic conditions, and strong traffic growth. Toll transactions and revenue increased despite the Pulaski Skyway reopening to two-way traffic on July 2nd, 2018, which would allow some traffic to leave the Turnpike for the free route. Results compare favorably to the CDM Smith's projections of a 1.4% decrease in traffic and a 0.5% decrease in revenue.

Electronic toll collection remains popular and overall usage rates continue to be strong. For the nine months ended September 30, 2019, the *E-ZPass* usage rate for passenger cars was 85.7%, and for commercial vehicles was 93.5%. This resulted in an overall *E-ZPass* usage rate of 86.7%. The *E-ZPass* usage rate remains one of the highest in the region reflecting acceptance among commuters and frequent travelers of the *E-ZPass* brand and the convenience provided to the users throughout the Northeast.

# Garden State Parkway Traffic & Revenue Comparison

For the Month of September 2019<sup>(1)(2)</sup>

## Traffic

	<u>September-19</u>	<u>September-18</u>	<u>% Change</u>
Passenger Vehicles	32,375,000	31,620,000	2.4%
Commercial Vehicles	488,000	419,000	16.5%
Overall	<u>32,863,000</u>	<u>32,039,000</u>	<u>2.6%</u>

## Revenue

	<u>September-19</u>	<u>September-18</u>	<u>% Change</u>
Passenger Vehicles	\$ 35,743,000	\$ 35,526,000	0.6%
Commercial Vehicles	1,499,000	1,365,000	9.8%
Overall	<u>\$ 37,242,000</u>	<u>\$ 36,891,000</u>	<u>1.0%</u>

(1) Includes un-audited data for the month.

(2) Includes the impacts of one-way tolling at interchange 145 since July 26<sup>th</sup>, 2018, as transactions are now only counted in one direction.

For the month of September 2019, toll transactions on the Garden State Parkway increased by 2.6% and toll revenue increased by 1.0% when compared to September 2018. Results are ahead of CDM's projections of a 2.4% increase in traffic and at projection for toll revenue. As with the Turnpike, traffic and revenue were positively impacted by below average precipitation and an extra weekday.

For the Nine Months Ended September 30, 2019<sup>(1)(2)</sup>

## Traffic

	<u>September-19</u>	<u>September-18</u>	<u>% Change</u>
Passenger Vehicles	289,164,000	292,455,000	-1.1%
Commercial Vehicles	4,254,000	3,998,000	6.4%
Overall	<u>293,418,000</u>	<u>296,453,000</u>	<u>-1.0%</u>

## Revenue

	<u>September-19</u>	<u>September-18</u>	<u>% Change</u>
Passenger Vehicles	\$ 318,406,000	\$ 315,704,000	0.9%
Commercial Vehicles	12,827,000	12,322,000	4.1%
YTD Toll Revenue	<u>\$ 331,233,000</u>	<u>\$ 328,026,000</u>	<u>1.0%</u>

(1) Includes un-audited data for the month.

(2) Includes the impacts of one-way tolling at interchange 145 since July 26<sup>th</sup>, 2018, as transactions are now only counted in one direction.

For the nine months ended September 30, 2019, toll transactions on the Garden State Parkway decreased 1.1% and revenue increased 1.0% when compared to the same period in 2018. Toll transactions decreased due to Interchange 145 (East Orange) being converted to one-way tolling on July 26<sup>th</sup>, 2018. Transactions are now only counted in one direction. When adjusting for one-way tolling, toll transactions would have increased by 1.4%. Results compare favorably to CDM Smith's projections of a 2.0% decrease in traffic and a 0.5% increase in toll revenue.

*E-ZPass* remains popular on the Garden State Parkway as electronic toll collection continues to increase. For the nine months ended September 30, 2019, the total *E-ZPass* usage rate was 84.7%, up from 82.8% in the same period in 2018. The *E-ZPass* usage rate for passenger cars was 84.6%, and for commercial vehicles was 91.7%.

Operating Expenses  
For the Nine Months Ended September 30, 2019

	<b>2019</b>	<b>YTD</b>
	<u>Annual Budget</u>	<u>Expenses</u>
<b><u>Maintenance of roadway, buildings &amp; equipment</u></b>		
Maintenance	\$ 230,098,000	\$ 139,645,500
Engineering	10,822,000	7,350,400
<b>Total Maintenance</b>	<b>240,920,000</b>	<b>146,995,900</b>
<b><u>Toll Collection</u></b>		
Toll Collection	168,721,000	111,193,000
<b><u>State Police &amp; Traffic Control</u></b>		
State Police	87,517,000	59,495,300
Operations	12,293,000	9,056,600
<b>Total State Police and Traffic Control</b>	<b>99,810,000</b>	<b>68,551,900</b>
<b><u>Technology</u></b>		
Information Technology Services	24,796,000	14,167,800
<b><u>General &amp; Administrative</u></b>		
Executive Office	1,389,000	1,030,500
Law	11,165,000	6,482,700
Purchasing & Materials Management	7,914,000	5,458,000
Human Resources & Office Services	6,397,000	3,996,300
Finance	13,730,000	9,202,700
Patron & Customer Services	2,575,000	1,891,600
Internal Audit	4,654,000	3,467,600
<b>Total General and Administrative</b>	<b>47,824,000</b>	<b>31,529,400</b>
<b>TOTAL OPERATING</b>	<b><u>\$ 582,071,000</u></b>	<b><u>\$ 372,438,000</u></b>

For the nine months ended September 30, 2019, operating expenses were approximately \$372,438,000, which was 64.0% of the annual budget. Operating expenses through September 2019 were under budget primarily due to lower than expected snow and severe weather costs charged to operating expenses. The Authority spent \$14,307,000 for snow and severe weather costs in its operating expense budget in the first nine months of 2019, which was approximately \$5,878,000 under budget. All snow and severe weather costs are charged to operating expenses except for declared state of emergency events, which are budgeted and charged to the General Reserve Fund. For the first nine months of 2019, the Authority charged \$12,852,000 to Extraordinary Events in its General Reserve Fund budget bringing total 2019 spending on snow to \$27,160,000. When excluding snow, the Authority was at 90.1% of its year-to-date operating expense budget. Lower than expected state police costs, due to trooper headcount being lower than the budget amount, contributed to operating expenses being under budget. In addition, equipment maintenance and software costs are also under budget.

Debt Service

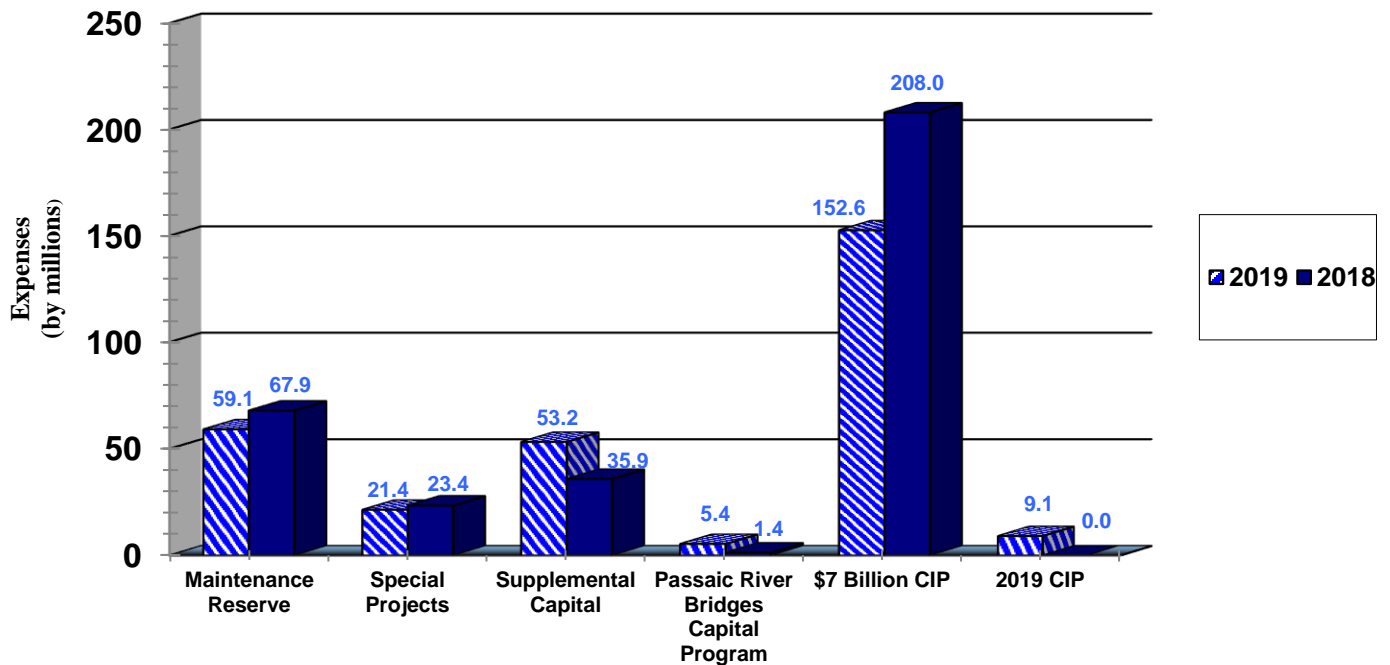
Debt Service includes interest and principal payments on NJTA's outstanding debt. For the nine months ended September 30, 2019, Debt Service totaled \$617,692,000 and included \$446,538,000 in interest payments and \$171,154,000 in principal payments. Debt Service is currently under budget primarily due to Series 2015A Bonds and Series 2019A Bonds. Series 2015A is under budget as it is budgeted at 12% interest on the \$5 million unhedged portion of the bond. Series 2019A is under budget as the budget assumes a full year for \$525 million at 5% when only \$449 million was borrowed for 11 months at 4.55%.

## General Reserve Fund

The General Reserve Fund includes all contractual payments subordinate to bondholders and expenditures for any other corporate purpose. The General Reserve Fund expenses totaled \$168,817,000 and consisted primarily of \$121,750,000 for the State Transportation Projects Funding Agreement, \$16,500,000 for the Transportation Trust Fund, \$12,852,000 for Extraordinary Events (state of emergency weather events) Agreement, and \$11,250,000 for Other Post-Employment Benefits. Spending from the General Reserve Fund decreased by \$25,076,000 in 2019 due to lower contractual payments under the State Transportation Projects Funding Agreement and lower spending on snow state of emergency events.

### Capital Budget and Construction Fund Expenditures For the Nine Months Ended September 30, 2019

	<u>2019</u>	<u>2018</u>
Maintenance Reserve	\$ 59,094,000	\$ 67,867,000
Special Project Reserve	21,447,000	23,352,000
Supplemental Capital	53,222,000	35,898,000
Passaic River Bridges Rehabilitation Program	5,374,000	1,448,000
Capital Budget Total	139,137,000	128,565,000
\$7 Billion Capital Improvement Program	152,613,000	207,977,000
2019 Capital Improvement Program	9,099,000	-
Total Spending	\$ 300,849,000	\$ 336,542,000



The Capital Budget currently includes the Maintenance Reserve Fund, the Special Project Reserve Fund, the Supplemental Capital Program, and the Passaic River Bridges Rehabilitation Program. Current or accumulated revenues are used to support these funds. The Maintenance Reserve Fund covers the routine upkeep of the Authority's roadways with projects that are directly related to the Turnpike System. These projects consist of major resurfacing, structural repairs, major bridge repairs, and painting. The Special Project Reserve Fund covers non-routine maintenance of the roadways and facilities. These projects consist of, but are not limited to, improving the Authority's facilities and technology platform. The Supplemental Capital Fund generally covers roadway and facilities improvements, as well as major technology projects. The Passaic River Bridges Capital Program covers the rehabilitation of the 3 bridges that cross the Passaic River.

For the nine months ended September 30, 2019, total expenditures from the Capital Budget were approximately \$139,137,000. Expenditures included \$27,365,000 for Turnpike Resurfacing, \$22,154,000 for Turnpike Bridge Repairs, and \$15,061,000 for Parkway Bridge Repairs.

Bond proceeds fund the \$7 Billion Capital Improvement Program and the 2019 Capital Improvement Program. Total expenditures from the \$7 Billion Capital Improvement Program for the nine months ended September 30, 2019 were approximately \$152,613,000. Expenses included \$48,608,000 for the NBHCE Bridge Re-decking, \$28,008,000 for Turnpike and Parkway Interchange Improvements, and \$22,156,000 for the Authority's Phase I Facilities Improvements project. In addition to these expenditures, there are open contracts and commitments totaling approximately \$399,697,000. Total expenditures from the 2019 Capital Improvement Program for the nine months ended September 30, 2019 were approximately \$9,099,000. Expenses include \$2,844,000 for GSP Shoulder Widening from MP 30 to 35 and \$1,783,000 for GSP Bridge Deck Reconstruction from MP 160.6 to 161.9. In addition to these expenditures, there are open contracts and commitments totaling approximately \$34,488,000.