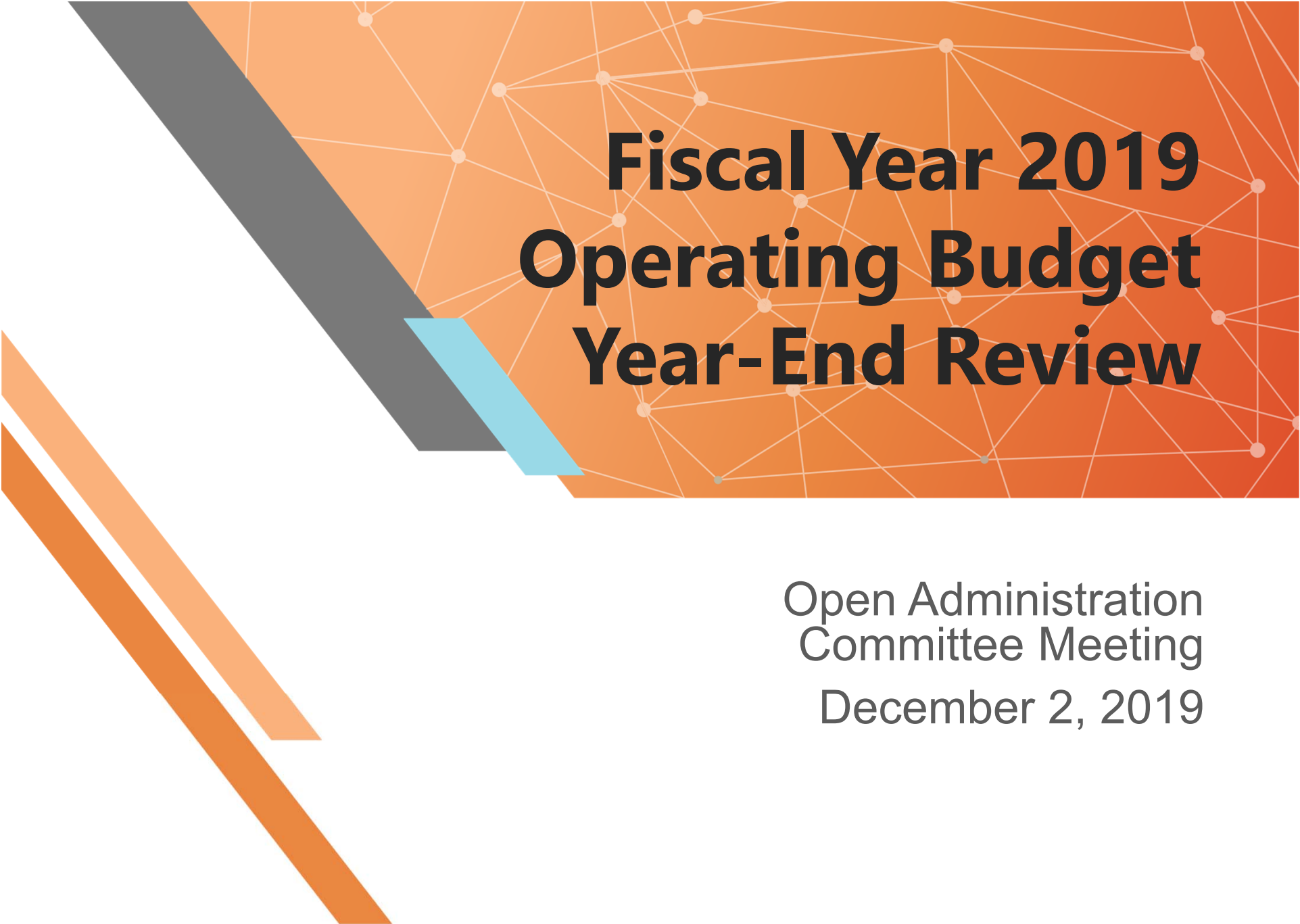




Fiscal Year 2019 Operating Budget Year-End Review

Open Administration
Committee Meeting
December 2, 2019

BUDGET-VS-ACTUAL

Provided **\$17M in direct relief** to our Rail customers via temporary fare reductions

Reduced the capital-to-operating transfer by pumping **\$15M back into the TTF capital program** in support of critical capital projects

Renewed **focus on non-fare revenue opportunities**, including TOD initiatives (e.g., \$11M deal around the Somerville Station)

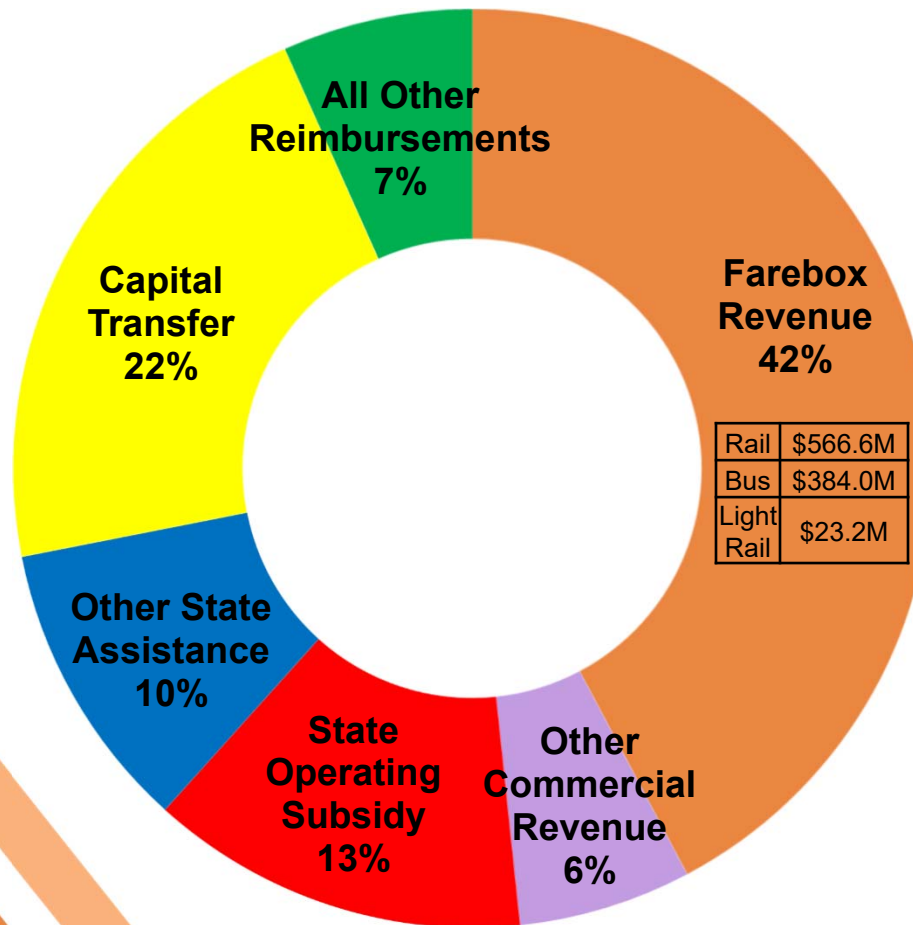
Investments in the workforce to improve service, reliability and the customer experience:

- 4 New LETP classes
- 4 New ACTP classes
- 473 bus operator hires

(\$ in millions)	Fiscal Year 2019			
	Budget	Actual	Difference	
			Budget vs Actual	
Farebox Revenue	\$ 985.8	\$ 973.8	\$ (12.0)	-1.2%
Other Commercial Revenue	117.5	140.5	23.0	19.6%
State Operating Subsidy	307.5	307.5	-	0.0%
Other Reimbursements	905.2	883.7	(21.5)	-2.4%
Total Resources	\$ 2,316.0	\$ 2,305.5	\$ (10.5)	-0.5%
Labor & Fringe Benefits*	\$ 1,394.4	\$ 1,365.2	\$ 29.2	2.1%
Services	155.3	165.4	(10.1)	-6.5%
Fuel, Power & Utilities	154.0	141.5	12.5	8.1%
Purchased Transportation	252.2	246.3	5.9	2.3%
All Other Expenses	360.1	386.7	(26.6)	-7.4%
Total Expenses	\$ 2,316.0	\$ 2,305.1	\$ 10.9	0.5%
Net Income / (Loss)	\$ -	\$ 0.4	\$ 0.4	

** Includes Workers' Compensation and FELA (Federal Employers Liability Act) costs.*

RESOURCES



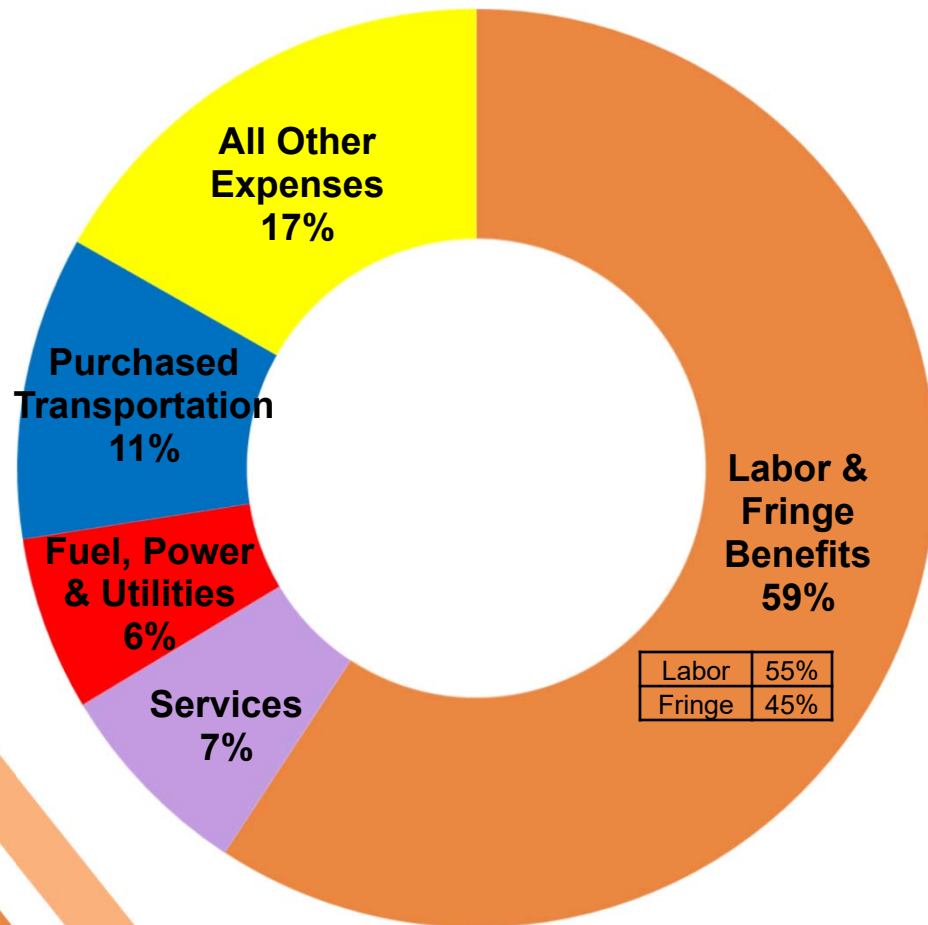
Actual resources made up virtually the same share of total resources as budgeted

Resource Category	Budget	Actual
Farebox Revenue	43%	42%
Other Commercial Revenue	5%	6%
State Operating Subsidy	13%	13%
Other State Assistance	10%	10%
Capital Transfer	22%	22%
All Other Reimbursements	7%	7%
Total	100%	100%

RESOURCES

- **Year-Over-Year Farebox Revenue & Ridership Changes:**
 - Revenue → 0.58% **growth** (Rail ↑0.92% – Bus ↓0.02% – Light Rail ↑2.43%)
 - Ridership → 0.89% **growth** (Rail ↑2.88% – Bus ↓0.36% – Light Rail ↑1.66%)
- **Other Commercial Revenue:**
 - FY19 included **\$25M in one-time, non-recurring revenues**
- **Capital-to-Operating Transfer of \$493.5M:**
 - \$83.8M from the TTF after a **\$15M “giveback”** for critical capital projects
 - \$50M one-time diversion from the TTF Subaccount for Capital Reserves
 - \$359.7M from the FTA for eligible expenses
- **Reimbursements include Other State Assistance:**
 - \$154M – contractual payments from the NJ Turnpike Authority
 - \$82.1M – State’s Clean Energy Fund to offset fuel and utility costs

EXPENSES



Actual expenses made up virtually the same share of total expenses as budgeted

Expense Category	Budget	Actual
Labor & Fringe Benefits*	60%	59%
Services	7%	7%
Fuel, Power & Utilities	6%	6%
Purchased Transportation	11%	11%
All Other Expenses	16%	17%
Total	100%	100%

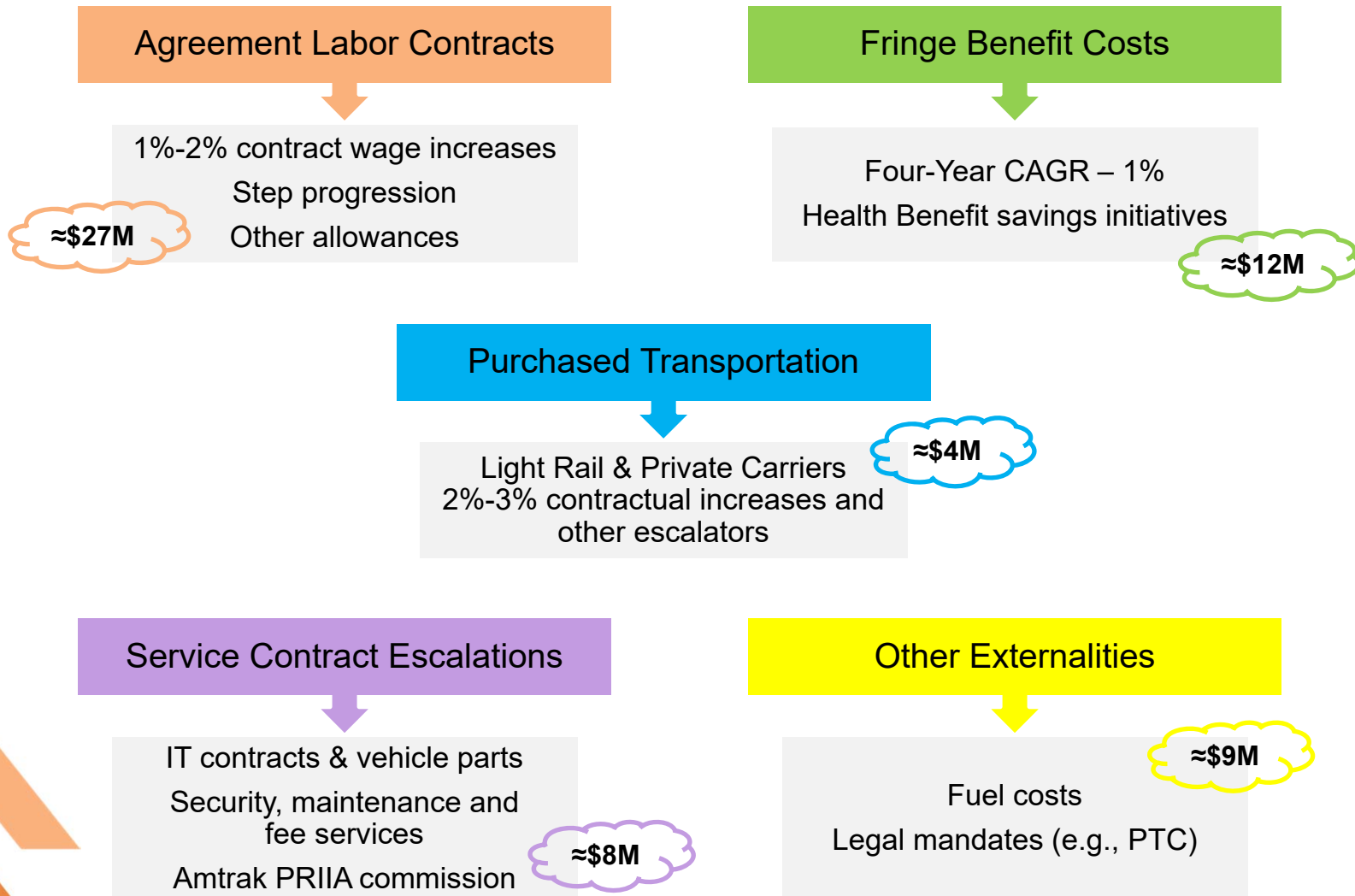
* Includes Workers' Compensation and FELA (Federal Employers' Liability Act) costs.

LABOR & FRINGE

- Labor & Fringe Benefits spending was **\$1.37B in FY19**:
 - **\$29.2M favorable**, or 2.1% under budget
 - July 2018 vs June 2019 vacancies – 572 vs 322
 - Of total, \$749M in labor and \$616M in fringe benefit costs
 - ❖ Incorporates \$2M in savings from mid-year health benefit reforms
- **FY19 Agreement Labor Contracts**:
 - Rail – 1.5% wage increase in October 2018 (≈\$8.8M)
 - Bus – two 1.25% wage increases in July 2018 and January 2019 (≈\$16.7M)
 - Police – 2% wage increase in July 2018 (≈\$1.4M)
- **Hires & Separations Summary**:
 - Total Hires – 1,136
 - Total Separations – 899 (38.2% retirements)
- **Service Enhancements, Reliability & Customer Experience**:
 - Four New LETP Classes – **86 total locomotive engineer trainees** hired
 - Four New ACTP Classes – **98 total assistant conductor trainees** hired
 - **Bus Operators – 473** hired (88.2% retention at year-end)
 - NJT's first ever **Customer Advocate & Chief Customer Experience Officer**

FY19 COST DRIVERS

\$60M in Mandatory Escalations



* NJT is currently estimating an additional \$70M+ in mandatory FY20 cost drivers above the FY19 amounts, net of cost savings initiatives.