



2019 Business Plan

OPERATING AND CAPITAL BUDGET SUMMARY



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Caution Regarding Forward-Looking Statements

From time to time, TransLink makes written and/or oral forward-looking statements, including in this document and in other communications, in addition, representatives of TransLink may make forward-looking statements orally to analysts, investors, the media and others.

Forward-looking statements, by their nature, require TransLink to make assumptions and are subject to inherent risk and uncertainties. In light of uncertainty related to financial, economic and regulatory environments, such risks and uncertainties, many of which are beyond TransLink's control and the effects of which can be difficult to predict, may cause actual results to differ materially from the expectations expressed in the forward-looking statements.

1. Business Plan Summary

More people than ever are using public transit in the Metro Vancouver region. Transit ridership grew to record levels for the third consecutive year in 2018 and the trend is expected to continue in 2019. The long-term trend is for even more demand for transit and transportation options as the region's population and economy grows. That's why TransLink's 2019 Budget is prioritizing expenditures that expand the ability of our system to move more people, invest in the long-term reliability of the system and improve the customer experience while responsibly managing cost pressures.

The 2019 Budget is focused on three priorities:

- Expanding SkyTrain, bus and other transit services throughout the region;
- Investing in critically-needed maintenance and repairs on the system for safety and reliability; and
- Improving the customer experience and information systems.

The earlier approval of Phase One of the Investment Plan and the approval of Phase Two in 2018 has enabled TransLink to deliver broad service improvement right across the region. TransLink was able to deliver these improvements, and meet this growing customer demand, because of the support of the region's Mayors as well as the support of the Province of British Columbia and the Government of Canada. The fully-funded Investment Plan has unleashed TransLink's ability to deliver even more service in the years ahead.

The people of the Metro Vancouver are embracing transit like never before. Ridership grew by 6.5 per cent in 2018 and 17 per cent over the last three years. Customer satisfaction levels reached a record-high 8.0 in the second quarter of 2018 and TransLink has been recognized the fastest-rising brand in British Columbia.

TransLink's plan is designed to keep this momentum going. Its 2019 Budget is designed to support the demand for more services while strategically investing in the long-term safety and reliability of the system. The budget will focus on:

More and Better Service Region-Wide

- Introducing 178 new buses (including 32 new double-deckers).
- Launching four new B-Line routes.
- Adding 56 new Mark III rail cars to the Expo and Millennium Lines.
- Taking delivery of a new SeaBus to move toward 10-minute peak period service between downtown and the North Shore.
- Providing the Province with technical support through the procurement process stage of the Millennium Line Broadway Extension.
- Working with the Mayors' Council to study and determine the best options for improving rapid transit south of the Fraser.

Smart, Long-Term Investments in Maintenance and Repair of the System for Safety & Reliability

- Implement repairs to SkyTrain's running rails and guideway.
- Updating and upgrading escalators and elevators throughout the system.
- Advancing a program of preventative and corrective maintenance of bridges in the region including the Knight Street Bridge.

Improving the Customer Experience and Information Systems

- Installing new Passenger Information Displays at 33 SkyTrain stations on the Expo and Millennium Lines.
- Replacing Public Address audio systems so people can hear timely information better at stations and on SkyTrain cars.
- Upgrading our TripPlanner digital tool.
- Implementing a new HandyDART reservation system.
- Designing and beginning the upgrades of Burrard Station and Phibbs Exchange and completing the upgrades for Joyce-Collingwood Station and Surrey Central Station.

While TransLink is strategically investing funds in new and expanded services, long-term reliability and better customer experience, it is also prudently managing cost pressures. The growing demand for more service means that TransLink needs to recruit 500 new bus drivers per year for each of the next three years to operate the expanded fleet of buses throughout the region as well as hiring the associated support staff such as mechanics, service people and on-the-ground supervisors. SkyTrain's Expo Line is more than 30 years old and requires maintenance and repairs to ensure it remains safe and reliable for the customers who rely on the system every day. Many of our information systems are outdated and require strategic investments now.

Funding for expansion of the system and major new capital projects has been secured through the support of the Mayors' Council and the federal and provincial governments. At the same time, TransLink continues to face a downward trend in motor fuel tax revenues. The Mayors' Council and the Province of BC have enabled new and expanded sources of revenue including Development Cost Charges, parking rights taxes and higher regional property taxes. Declining fuel tax continues to remain an issue; however, higher ridership means TransLink continues to benefit from increases in transit revenue. There remains a longer-term risk over the reliance on motor fuel tax revenues as consumers switch to electric vehicles.

The South Coast British Columbia Transportation Authority ("TransLink") is Metro Vancouver's regional transportation authority and its service region includes all the areas within the Greater Vancouver Regional District ("Metro Vancouver"), spanning 23 municipalities/electoral districts/First Nations areas in Metro Vancouver. TransLink delivers a wide range of services and programs to plan and provide for the transportation needs of Metro Vancouver residents and businesses. This includes bus, SkyTrain, SeaBus, HandyDART, West Coast Express and a policing unit. TransLink also shares responsibility for the Major Road Network and walking and cycling infrastructure with its local government partners.

2. Key Priorities

With guiding principles of improving the quality of existing systems, improving quality of services and expanding the transit system, the 2019 Business Plan, Operating and Capital Budget is supported by three priorities aimed to, implement the Mayors' 10-Year Vision, maintain a state of good repair and enhance the customer experience.

Priority One: Implement the Mayors' Vision

We will successfully deliver the capital projects, service expansion and policy initiatives necessary to implement the Mayors' Vision.

- Implement four new Rapid-Service B-Line routes including: 41st Avenue, Fraser Highway, Lougheed Highway and North Shore Marine Drive-Main Corridor.
- Receive and commission the third new SeaBus vessel as well as 178 new conventional buses aimed to replace existing aging fleet and expand service.
- Recruit and train transit operators and support staff to support the expanded service levels.
- Test, commission and deliver 56 new Mark III rail cars.
- Modernize the Expo and Millennium Lines infrastructure to increase capacity and accommodate growth.
- Provide technical support for into the design of the Millennium Line Broadway Extension.
- Construct new bus exchanges at Guildford.

Priority Two: Maintain a State of Good Repair

TransLink will proactively manage and maintain all assets in a state of good repair to ensure safety and reliability, optimize lifecycle costs and enhance the customer experience.

- Support the replacement of the Transit Management and Communications (TMAC) bus radio system and supporting technology.
- Implement the 8,000-kilometre internal Preventative Maintenance program at BCRTC in accordance with Commercial Vehicle Safety Enforcement requirements.
- Install new fareboxes on Community Shuttle fleet.
- Implement formal asset management plan and transform safety management system at British Columbia Rapid Transit Company Ltd. (BCRTC)
- Develop and implement Emergency Response Plan through the IT Disaster Recovery Program.
- Complete SkyTrain Noise Assessment Study and develop implementation plan.
- Upgrade existing infrastructure and conduct ongoing preventative and corrective maintenance of bridges.
- Implement a formal Safety Management System at TransLink Corporate.
- Implement a Health and Safety Software system across the enterprise.

Priority Three: Enhance Customer Experience

With a customer first approach, we will build public trust and confidence in TransLink by focusing on growing ridership, engaging stakeholders and implementing the Mayors' 10-Year Vision.

- Participate in the electric-battery bus demonstration and integration trial of the Canadian Urban Transit Research & Innovation Consortium (CUTRIC).
- Receive and commission 32 double decker buses.
- Implement new HandyDART travel training program and reservation system.
- Implement McNeil recommendations (Independent Review of SkyTrain Service Disruptions) and deliver McNeil capital projects at the end of 2019.
- Implement a tiered policing pilot utilizing Community Safety Officers (CSO) to enhance policing resources and improve efficiencies.
- Expand marketing campaigns of the "See Something, Say Something" text 87-77-77 service.
- Implement Passenger Information Displays on the SkyTrain system.
- Make improvements to bus exchanges and SkyTrain stations such as new bus shelters, lighting, wayfinding, drive isle layouts and increases in bus capacity.
- Support the implementation of the outcomes and Access Transit Service Delivery Review.
- Enhance the Compass Card website and vending machine functions to improve the overall customer experience and respond to customer feedback.

To deliver the priorities set in the **2019 Business Plan, Operating and Capital Budget**, funding will be obtained through various sources. Funding for capital projects include the Greater Vancouver Regional Fund (GVRF), Canada Line funding, Building Canada Fund, Public Transit Infrastructure Fund (PTIF) and Investing in Canada Infrastructure Program (ICIP). Funding sources supporting current operations as well as service expansion include property taxes, motor fuel taxes and transit revenues. The main risks associated with these funding sources include: timing of PTIF funding, higher fuel prices in the region driving lower fuel tax revenues, reaction from transit users resulting from the planned fare increase, as well as the capacity to deliver on service expansion and capital projects.

3. 2019 Financial and Operating Summary

CONSOLIDATED REVENUES AND EXPENSES					
Twelve months ending December 31 (\$ thousands)	2017 ACTUAL	2018 BUDGET	2019 BUDGET	Change	
				Incr/(Decr)	%
Revenue					
Taxation	821,333	855,072	874,526	19,454	2.3%
Transit	590,964	606,805	669,274	62,469	10.3%
Government transfers ¹	196,645	424,078	388,039	(36,039)	(8.5%)
Investment income	50,278	48,189	52,850	4,661	9.7%
Amortization of deferred concessionaire credit	23,274	23,337	23,337	-	-
Miscellaneous	7,009	6,036	5,655	(381)	(6.3%)
Sub Total Continuing Operations	1,689,503	1,963,517	2,013,681	50,164	2.6%
Gain/(Loss) on Disposal	(1,104)	(447)	(122)	325	(72.7%)
Total Revenue	1,688,399	1,963,070	2,013,559	50,489	2.6%
Expenditures					
Bus Operations	688,877	731,703	777,819	46,116	6.3%
Rail Operations	297,366	308,576	326,870	18,294	5.9%
Transit Police	37,179	38,765	40,845	2,080	5.4%
Corporate Operations	97,974	100,173	101,846	1,673	1.7%
Roads & Bridges	84,183	104,256	94,691	(9,565)	(9.2%)
Amortization of tangible capital assets	192,171	214,436	226,513	12,077	5.6%
Interest	181,766	179,267	185,118	5,851	3.3%
Sub Total Continuing Operations	1,579,516	1,677,176	1,753,702	76,526	4.6%
Corporate - one-time	12,640	32,755	70,636	37,881	115.6%
Total Expenditures	1,592,156	1,709,931	1,824,338	114,407	6.7%
Surplus for the year	96,243	253,139	189,221	(63,918)	(25.3%)

¹ 2017 Actual includes Golden Ears Bridge tolling revenue of \$29.7 million

2019 Budget Highlights

The 2019 budget results in a \$189.2 million surplus on a Public Sector Accounting Board (PSAB) basis. This represents a decrease of \$63.9 million or 25.3 per cent from the 2018 budget and is driven mainly by an increase in operating expenses related to service expansion in Bus and Rail, higher corporate one-time expenses and higher amortization of capital assets.

Revenues from Continuing Operations are budgeted to increase by \$50.2 million (2.6 per cent) compared to the 2018 budget. Taxation revenue is budgeted to increase by \$19.5 million (2.3 per cent) mainly due to the expected increase in property tax. Transit revenues are expected to increase by \$62.5 million (10.3 per cent) as a reflection of service expansion and growing ridership supported by a fare increase scheduled for July 1, 2019. Government transfers are budgeted at \$38.2 million (10.4 per cent) below 2018 levels due to the timing of capital projects funded by federal gas tax.

Expenditures for Continuing Operations are budgeted to increase \$76.5 million (4.6 per cent) compared to the 2018 budget. The increase is mainly due to higher operating costs resulting from contractual labour increases, service expansion across all modes, inflation and state of good repair maintenance initiatives.

In addition, amortization of capital assets is budgeted to increase by 12.1 million (5.6 per cent) as a result of completed capital projects.

Corporate one-time costs are budgeted at \$70.6 million and relate to continued investment in implementing the Mayors' Vision, including the B-Line expansion that has been re-prioritized and will follow an accelerated implementation schedule.

4. Key Performance Indicators and Drivers

Financial Indicators

FINANCIAL INDICATORS					
As at December 31 (\$ thousands)	2017 ACTUAL	2018 BUDGET	2019 BUDGET	Change	
				Incr/(Decr)	%
Unrestricted cash and investments ¹	484,961	364,855	474,155	109,300	30.0%
Capital assets	4,907,241	5,602,766	6,005,480	402,714	7.2%
Net direct debt ²	(2,220,714)	(2,479,340)	(2,653,871)	174,531	7.0%
Indirect P3 debt ³	(1,571,342)	(1,542,762)	(1,512,459)	(30,303)	(2.0%)
Total net direct debt and indirect P3 debt	(3,792,056)	(4,022,102)	(4,166,330)	144,228	3.6%
Gross interest cost as a % of operating revenue ⁴	12.2%	11.6%	11.4%	(0.2%)	(2.0%)

¹ Accumulated funding resources as calculated under the SCBCTA Act is the amount of resources available to fund future operations

² Includes bonds, debentures, capital leases, short-term debt net of sinking funds and debt reserve deposits

³ Includes Deferred concessionaire credit for Canada Line and Contractor liability for Golden Ears Bridge (GEB)

⁴ Operating revenue includes transit, taxation, operating transfers from Provincial government and miscellaneous income (2018 restated to include GEB tolling replacement revenue)

TransLink's unrestricted cash and investment balances reflecting accumulated funding resources available for supporting operations, are budgeted to increase by \$109.3 million (30.0 per cent) compared to the 2018 budget. The increase is mainly due to targeting higher liquidity levels as we embark on a major expansion in accordance with the Phase Two Plan of the Mayors' Vision.

Planned capital spending during 2019 is expected to result in a net increase of \$402.7 million (7.2 per cent) in capital assets. Significant projects include conventional bus replacements, rail fleet expansion, station upgrades, rail infrastructure projects including the Millennium Line Broadway Extension and the South of Fraser LRT rapid transit projects and B-Line developments.

Net direct debt is expected to increase by \$174.5 million (7.0 per cent) in comparison to the 2018 budget due to increased borrowing to finance planned capital spending net of senior government funding.

Indirect P3 debt relating to the Canada Line and Golden Ears contractor liability is expected to decrease by \$30.3 million (2.0 per cent) due to amortization and principal payments.

The gross interest cost as a percentage of operating revenues at 11.4 per cent is lower than the 2018 budget and is well below the policy level of 20 per cent.

Operating Indicators

OPERATING INDICATORS					
Twelve months ending December 31	2017 ACTUAL	2018 BUDGET	2019 BUDGET	Change	
				Incr/(Decr)	%
Scheduled Transit Service					
Overall Performance Rating (out of 10)	7.7	7.9	8.0	0.1	1.3%
Service Hours	6,692,165	6,874,038	6,994,799	120,761	1.8%
Operating Cost Recovery ¹	56.3%	54.5%	56.6%	2.1%	3.9%
Operating Cost per Capacity Km ²	\$0.083	\$0.086	\$0.088	\$0.002	2.3%
Complaints per million Boarded Passengers ³	93.4	86.9	87.5	0.6	0.7%
Access Transit Service					
Number of Trips	1,249,916	1,335,000	1,373,000	38,000	2.8%
Operating Cost per Trip	\$42.73	\$41.69	\$41.06	(\$0.63)	(1.5%)
Number of Trips Denied	1,362	1,602	1,648	46	2.9%
Operator Complaints as a percentage of trips	0.06%	0.05%	0.05%	-	-
Service Complaints as a percentage of trips	0.07%	0.10%	0.10%	-	-
Ridership (thousands)					
Boarded Passengers	408,237	416,641	443,731	27,090	6.5%
Journeys	247,821	251,592	267,653	16,061	6.4%
Average Fare per Journey	\$2.31	\$2.41	\$2.50	\$0.09	3.7%

¹ Includes operating costs of Bus, Rail, Transit Police and Corporate On-going (2017 restated to exclude Corporate One-Time & Feasibility Studies). Excludes amortization and interest expense.

² Includes operating costs of Bus, Rail, and Transit Police. Excludes amortization and interest expense.

³ Restated 2018 Budget to reflect updated boardings and number of projected complaints

Scheduled Transit Service

The targeted overall performance rating is to reach 8.0 for the full year of 2019.

Conventional system service hours are projected to increase by over 120 thousand hours across the region. This includes the annualized impact of 2018 service improvements and 2019 service expansion improvements to reduce congestion and increase service reliability.

Operating cost recovery is budgeted to increase to 56.6 per cent representing a 3.9 per cent increase compared to 2018. This reflects cost efficiency gains where increased ridership from service expansion and the planned fare increase for 2019 outpace the cost of increased service.

Operating cost per capacity kilometre is expected to increase by 2.3 per cent over the 2018 budget due to contractual labour increases, service expansion costs and higher fuel prices.

Complaints per million boarded passengers are budgeted to increase by 0.6 (0.7 per cent), a slight increase over the 2018 budget. While consistent with the expanded service levels and historical complaint records, this target embeds an improvement over the 2018 forecasted actual complaints. TransLink is committed to enhancing the customer experience as one of its key priorities and will continue to assess and improve on the level of customer complaints.

Access Transit Service

Since July 1, 2018, First Transit took over as the new HandyDART Service provider from MVT Canadian Bus. New standards tied to financial levers, more rigorous reporting and enhanced monitoring requirements will give greater oversight and accountability for HandyDART's operation.

Although there was a change in provider, the number of trips available in 2019 to the Access Transit customers remains the same as committed to in Phase One of the 10-Year Vision. This figure reflects an increase of 38 thousand trips (2.8 per cent).

The operating cost per trip is expected to decrease by \$0.63 (1.5 per cent) as a result of operational efficiencies as Access Transit is expected to deliver more trips in 2019 while maintaining overhead and fixed costs relatively consistent with 2018.

Ridership

Journeys represent a complete transit trip regardless of the number of transfers. For 2019, journeys are budgeted to be 2.4 per cent above the annual 2018 forecast as at the third quarter, which is 6.4 per cent higher than the 2018 budget.

Boardings represent each time a passenger enters a fare paid zone including transfers. Boardings are budgeted to be 2.4 per cent above the annual 2018 forecast as at the third quarter, which is 6.5 per cent higher than the 2018 budget.

The average fare per journey is expected to increase \$0.09 from \$2.41 to \$2.50 mainly due to the planned fare increase across products in July 2019 and projected product mix.

Key Drivers

Ridership

Ridership journeys are used in estimating the fare revenue. Journeys are assumed to grow by 2.4 per cent over the forecasted 2018 year end, based on increased ridership from service expansion and economic growth.

Households

Household projections are based on estimates from BC Stats. BC Stats provides annual household estimates for the Metro Vancouver region. The number of households in the Metro Vancouver region is expected to grow by 1.5 per cent in 2019 when compared to 2018. Household growth impacts both transit and taxation revenues.

Interest rates

Interest rates for the budget are based on forecasts from major Canadian chartered banks, the Ministry of Finance, BC Budget Fiscal Plan 2018-2019 to 2020-2021 and TransLink credit spread and issue costs. For 2019, all interest rates are expected to be higher than 2018 budgeted rates. Short-term borrowing rates are expected to be 0.9 percentage points higher and long-term borrowing rates are expected to be 0.05 to 0.3 percentage points higher than 2018 budgeted rates.

Inflation

The Consumer Price Index growth assumption for the 2019 budget is 2.0 per cent based on the BC Ministry of Finance.

Taxable fuel consumption

Fuel consumption volumes are used to estimate fuel tax revenue. Fuel volume projections are developed using a methodology referred to as Vehicle Fleet Trends which considers the relationship between the key drivers of gasoline and diesel sales: the number of registered vehicles, kilometers driven, fuel economy and leakage. Fuel volumes are forecasted to decrease by 9.0 per cent compared to the 2018 budget and 0.06 per cent compared to the 2018 forecast.

Hydro cost

BC Hydro sets out electricity rate increases which impact propulsion power for SkyTrain and Trolley Buses along with facility utility costs. Electricity rate increases take effect in April of every year. BC Hydro increased rates by 3.0 per cent in 2018 and a 3.0 per cent increase is planned for 2019.

Gasoline and Diesel prices

Fuel prices affect operating costs for buses as well as WCE trains. Fuel prices are estimated using US Energy Information Administration forecasts adjusted for Canadian prices, taxes and price differentials. Natural gas volumes and rates are hedged through to the fall of 2021. Diesel and gasoline purchases are not hedged.

Revenue Vehicle insurance

Bus fleet insurance rates are expected to increase by 16.4 per cent on April 1, 2019 based on claims experienced to date and the expected basic rate increase from ICBC.

Assumptions

The following table highlights the financial impact of changes in key assumptions used to develop the 2019 budget:

2019 BUDGET ASSUMPTIONS			SENSITIVITIES	
		RATE / VOLUME	Change	Impact (\$ millions)
Background Assumptions				
Real GDP Growth		2.00%		
Employment rate		1.00%		
Hydro Cost Increase		3.00%		
Population	thousands	2,653.0		
Households	thousands	1,055.0		
Operating Assumptions with Sensitivity Analysis				
Revenue				
Regional Fuel Consumption				
Gasoline	millions of litres	1,762.3	1 per cent +/-	3.1
Diesel	millions of litres	312.9	1 per cent +/-	0.6
Ridership	millions of journeys	267.7	1 per cent +/-	6.7
Expense				
Diesel cost	dollars per litre	1.50	\$0.10 +/-	3.4
Operational Diesel Use	millions of litres	33.85	1 per cent +/-	0.5
Gasoline cost	dollars per litre	1.59	\$0.10 +/-	0.5
Operational Gasoline Use	millions of litres	4.58	1 per cent +/-	0.1
Interest rate	Short term	2.80%	0.5 per cent +/-	0.6
	Long term	3.85%	0.5 per cent +/-	2.0
Inflation	General	2.00%	0.5 per cent +/-	0.4
	Materials	2.00%	0.5 per cent +/-	0.4
	Electricity	3.00%	0.5 per cent +/-	0.1

5. Consolidated Revenues

CONSOLIDATED REVENUES					
Twelve months ending December 31	2017	2018	2019	Change	
(\$ thousands)	ACTUAL	BUDGET	BUDGET	Incr/(Decr)	%
Taxation					
Fuel	373,780	388,409	368,904	(19,505)	(5.0%)
Property & Replacement	356,958	373,882	402,744	28,862	7.7%
Parking Rights	70,019	71,523	81,301	9,778	13.7%
Hydro Levy	20,576	21,258	21,577	319	1.5%
Transit	590,964	606,805	669,274	62,469	10.3%
Government transfers					
Senior Government Funding	148,270	366,212	327,967	(38,245)	(10.4%)
Golden Ears Bridge	18,632	57,866	60,072	2,206	3.8%
Golden Ears Bridge tolling	29,743	-	-	-	
Investment income	50,278	48,189	52,850	4,661	9.7%
Amortization of deferred concessionaire credit	23,274	23,337	23,337	-	0.0%
Miscellaneous	7,009	6,036	5,655	(381)	(6.3%)
Revenue Before Gain/(Loss) on Disposals	1,689,503	1,963,517	2,013,681	50,164	2.6%
Gain/(Loss) on Disposal	(1,104)	(447)	(122)	325	(72.7%)
Total Revenue	1,688,399	1,963,070	2,013,559	50,489	2.6%

TransLink receives its revenue mainly through taxation, transit fares and government transfers. Total consolidated revenues for 2019 are budgeted to be \$2.0 billion, an increase of \$50.5 million over the 2018 budget. This increase is mainly due to increased revenues from transit fares, property and replacement tax, parking rights and investment income, partly offset by lower fuel tax revenues and government transfers.

2019 Budget vs 2018 Budget

Taxation

Taxation Revenue is comprised of fuel tax, property and replacement tax, parking rights tax and hydro levy. It accounts for 51.9 per cent of total revenue, before loss on disposal and senior government funding.

Fuel tax revenue for 2019 is budgeted at \$19.5 million (5.0 per cent) below the 2018 budget. The decline is mainly due to persistent high gasoline prices observed in 2018 that is expected to continue in 2019 and drive lower gasoline consumption in the region. This decrease is partly offset by an expected \$0.015/litre increase in the tax by committed by the Provincial Government.

Property tax revenue is expected to be \$28.9 million (7.7 per cent) higher than the 2018 budget. This includes an annual 3.0 per cent increase in property tax revenue from existing properties, property tax revenue from development and construction growth estimated at 2.3 per cent and an additional \$10 million that was approved by the Mayors' Council in the Phase Two Investment Plan. The replacement tax portion remains at \$18.0 million.

Parking rights tax revenue is expected to be \$9.8 million (13.7 per cent) higher than the 2018 budget. This reflects the increase in the 2018 forecast of 3.3 per cent over the 2018 budget, expected growth in parking volumes and an anticipated increase in the parking tax rate from 21 per cent to 24 per cent in 2019.

Transit

Transit Revenue makes up 39.7 per cent of total revenues before loss on disposal and senior government funding. Transit revenue includes fare revenue, program revenue and other transit revenue. Fare revenue consists of cash fares, discounted Stored Value, as well as DayPass and Monthly Pass products. Program revenue includes Government of BC Bus Pass and U-Pass BC revenue. Other transit revenue includes advertising, property rentals, parking lot fees and fare infractions.

Total transit revenue is expected to increase by \$62.5 million (10.3 per cent) from the 2018 budget. The 2019 Budget is \$34.7 million (5.5 per cent) higher than the 2018 forecast. For 2019, journeys are budgeted to be 2.4 per cent above the annual 2018 forecast, which is 6.4 per cent higher than the 2018 budget. Fare revenues are expected to increase due to a continued increase in ridership from service expansion, high employment levels and a planned increase in fares on July 1, 2019. The fare increase is 5 to 25 cents for Single Use and Stored Value products, 25 cents for DayPass and \$2.00 to \$3.00 for Monthly Pass products.

Government Transfers

Government transfers include funds received from GVRF, Canada Line funding, Building Canada Fund, PTIF, ICIP and other miscellaneous programs. Revenue from senior government funding is expected to be \$38.2 million (10.4 per cent) lower than the 2018 budget levels mainly due to a reduction in the number of projects for which federal gas tax revenue is recognized as a result of the cyclical nature of some projects. Also included in 2019 government transfers is the contribution from the Province of BC for foregone toll revenues.

Investment Income

Investment income is budgeted above 2018 levels by \$4.7 million (9.7 per cent). The increase is mainly due to income earned on cash received, offset by lower Municipal Finance Authority (MFA) of BC Sinking Fund balances and the expected reduction in the outstanding loan receivable related to the sale of the Oakridge Transit Centre in 2016.

Risks and Challenges

Risks related to transit fare revenue include achieving ridership targets and predicting consumer behaviour for the purchase of various fare products. With annual proposed fare increases in July, there is a risk of reduced ridership. With the potential introduction of ride-hailing services, there is an additional risk that ridership will decline resulting in a loss of transit revenue. TransLink continues to closely monitor any external factors that may impact ridership.

Fuel tax volumes are unpredictable as suppliers have up to 48 months to recover tax paid on exempt volumes for fuel resold outside the transit region. Market changes in the price of crude oil, the USD/CAD exchange rate and the cost of transportation can also impact the amount of fuel tax collected and remitted to TransLink.

The property tax revenue includes revenue from new development and construction growth; the rate for 2019 is estimated at 2.3 per cent. If the actual rate for 2019 is lower than 2.3 per cent, a lesser amount of incremental property tax revenue will be received.

TransLink has limited influence on the operations of our partners that remit our parking rights tax revenue. An increase in rates, change in service or change in consumer behavior could negatively impact this stream of revenue.

6. Consolidated Expenses by Segment

CONSOLIDATED EXPENSES BY SEGMENT					
Twelve months ending December 31					
(\$ thousands)	2017	2018	2019	Change	
	ACTUAL	BUDGET ¹	BUDGET	Incr/(Decr)	%
Bus Operations	688,877	731,703	777,819	46,116	6.3%
Rail Operations	297,366	308,576	326,870	18,294	5.9%
Transit Police	37,179	38,765	40,845	2,080	5.4%
Corporate Operations	97,974	100,173	101,846	1,673	1.7%
Roads & Bridges	84,183	104,256	94,691	(9,565)	(9.2%)
Amortization of tangible capital assets	192,171	214,436	226,513	12,077	5.6%
Interest	181,766	179,267	185,118	5,851	3.3%
Sub Total Continuing Operations	1,579,516	1,677,176	1,753,702	76,526	4.6%
Corporate - one-time	12,640	32,755	70,636	37,881	115.6%
Total Expenses by Segment	1,592,156	1,709,931	1,824,338	114,407	6.7%

TransLink is responsible for delivering transit services, operating five bridges and providing operating and capital funding for the MRN and cycling in Metro Vancouver. With the continued service expansion across all modes, operating costs will increase accordingly.

Total expenses from continuing operations are expected to increase \$76.5 million (4.6 per cent) over the 2018 Budget. The increase is mainly due to higher operating costs resulting from contractual labour increases, service expansion, inflation and state of good repair maintenance initiatives. Additionally, amortization of capital assets is expected to increase as a result of capital projects being completed.

Corporate one-time costs are budgeted at \$70.6 million, which includes \$39.6 million for the B-Line expansion project and other one-time initiatives related to implementing the Mayors' Vision.

Bus Operations

Coast Mountain Bus Company (CMBC) oversees the operations of Conventional and Community Shuttle bus service, SeaBus and Access Transit. By the end of 2019, CMBC is expected to operate a fleet of approximately 1,640 Conventional and Community Shuttle vehicles. Bus Operations will span 107 million service kilometers, 5.4 million service hours and provide 1.3 million Access Transit trips in 2019.

Initiatives

Priority One: Implement the Mayors' Vision

The 2019 budget includes the following strategic activities to support the 10-Year Vision:

- Implement the planned service expansion and scheduling changes for 2019 including 4 new Rapid-Service B-Line Routes;
- Complete trolley overhead work (remove and install new infrastructure to "bypass" Broadway) to minimize customer impacts during Millennium Line Broadway Extension construction;
- Recruit and train transit operators and support staff including mechanics, service people, other associated trades, supervisors and SeaBus staff to support the expanded service levels;

- Defer retirement and refurbish older buses to increase bus capacity for expanded service, which will result in costs to repair, maintain and operate these vehicles until they can be retired later in 2019;
- Receive and commission 178 new replacement and expansion conventional buses;
- Take delivery, complete licensing and commissioning and run sea trials on the third new SeaBus in Q2 2019 for 10-minute service;
- Participate in the management and delivery of the PTIF investment program for bus facilities, equipment and related projects; and
- Begin preparing for the construction of a new operating Transit Centre in Vancouver.

Priority Two: Maintain a State of Good Repair

In 2019, CMBC will undertake the following initiatives to ensure safe and secure operations and keep the transit infrastructure in a state of good repair:

- Continue to retrofit transit operator protection barriers on the post-2012 Conventional fleet;
- Continue ongoing Power Smart initiatives to reduce cost, extend facility life and provide better staff working conditions, including energy and natural gas savings through retrofit projects;
- Maintain and improve major technologies;
- Participate in CUTRIC's Pan-Canadian Electric Bus Demonstration and Integration Trial where TransLink will be the first transit agency in this trial with the deployment of four quick charge battery electric buses and two overhead chargers;
- Support implementation of a new Enterprise Resource Planning System for integrated asset management, financials and supply chain functions;
- Support the replacement of the TMAC bus radio system and supporting technology;
- Participate in the Daily Operations Management System replacement project and updating the Trapeze suite of applications;
- Implement the 8,000-kilometre internal Preventative Maintenance program in accordance with Commercial Vehicle Safety Enforcement requirements; and
- Install new fareboxes on Community Shuttle fleet.

Priority Three: Enhance Customer Experience

In 2019, CMBC will undertake the following initiatives in support of the customer experience:

- Participate in CUTRIC's electric-battery bus demonstration and integration trial;
- Continue to implement the recommendations from the Custom Transit Service Delivery Model Review;
- Continue with the implementation and expansion of content for the employee Learning Management System;
- Participate in Real Time Transit Information Committee to improve wayfinding signage and schedules to provide customers with quicker and easier information access;
- Continue TMAC system and supporting technology upgrades to provide timely and accurate information to customers; and
- Receive and commission 32 double decker buses.

Risks and Challenges

CMBC has many transit operators eligible for retirement. The 2019 service expansion requires hiring and training operators in addition to normal attrition. Attracting, hiring and training operators on a timely basis will require a wider variety of staff resources.

The 2019 service will continue to require using retired, or scheduled-to-be-retired, buses until new buses arrive. These older buses have a higher risk of failure and will require higher maintenance costs that could exceed the estimated costs that were budgeted in 2019.

CMBC will be receiving 178 new expansion and replacement buses in 2019. Commissioning a significant portion of the existing fleet, refurbishing older buses, along with starting the CUTRIC battery electric bus pilot could adversely impact maintenance resources or result in delays and extra costs.

The Energy Storage System batteries in hybrid buses are a high cost component and battery life may be impacted by driving conditions, distances and recharging cycles. The expected life of these batteries ranges from seven to nine years. In 2009, 180 40-foot and 60-foot hybrid buses were purchased. These batteries began reaching the end of their useful lives in 2017. The 2019 budget includes the remainder of battery replacement work started in 2018.

CMBC has a proactive fuel management strategy to help mitigate market price changes and achieve budget stability. This includes active monitoring, predictive modelling and the ability to enter into fixed price hedging agreements.

Abnormal inclement winter weather conditions could result in snow clearing, salting and other vehicle maintenance costs significantly beyond the budgeted expenditure which is based on long-range average annual events and costs. Winter conditions also results in increased motor vehicle accident damage and employee and customer injuries such as slips and falls.

2019 Budget vs 2018 Budget

BUS OPERATIONS BY CATEGORY					
Twelve months ending December 31	2017	2018	2019	Change	
(\$ thousands)	ACTUAL	BUDGET ¹	BUDGET	Incr/(Decr)	%
Administration	15,482	18,813	20,210	1,397	7.4%
Contracted Services	74,910	78,081	77,689	(392)	(0.5%)
Fuel and Power	49,435	53,563	63,543	9,980	18.6%
Insurance	17,278	18,632	22,629	3,997	21.5%
Maintenance, Materials and Utilities	72,445	75,520	73,154	(2,366)	(3.1%)
Professional and Legal	3,321	2,841	3,923	1,082	38.1%
Rentals, Leases and Property Tax	12,882	13,844	15,624	1,780	12.9%
Salaries, Wages and Benefits	443,124	470,409	501,047	30,638	6.5%
Total Expenses by Category	688,877	731,703	777,819	46,116	6.3%

The Bus Operations 2019 operating budget is expected to be \$46.1 million (6.3 per cent) higher than the 2018 budget. This consists of increases in CMBC costs to operate conventional service, Community Shuttle and SeaBus \$42.1 million (7.0 per cent), Access Transit \$0.8 million (1.4 per cent), allocated costs \$4.2 million (8.1 per cent) largely relating to Information Technology (IT) as all CMBC staff including field

workers will have access to enterprise licenses starting in 2019, partly offset by a decrease in other contracted bus services \$1.0 million (4.2 per cent).

The CMBC 2019 operating budget increase is primarily due to contractual labour and economic increases, increased fuel prices and insurance rates and additional staffing related to the 2019 service expansion plus the full year impact of 2018 service changes.

- Salaries, wages and benefits is expected to increase by \$30.6 million, which mainly includes \$12.4 million of contractual increases and other step and merit pay progression increases, \$10.5 million for additional operator and other staff wages and salaries related to service expansion and \$7.6 million for new Employer Health tax. The employee future benefit reduction due to lower Medical Service Plan premiums partly offset other benefit increases.
- Fuel and power cost is expected to increase \$10.0 million mainly due to price increases.
- Insurance premiums are expected to increase \$4.0 million mainly due to rate increases.
- Maintenance, materials and utilities are expected to be \$2.1 million lower mainly due to the 2009 hybrid bus fleet's Energy Storage System battery replacements in 2018 that are not recurring, partly offset by one-time road worthy repair and operating costs to retain older buses for expansion until new buses arrived and reduction of bus component usage on new fleet.

Access Transit is expected to be \$0.8 million higher than 2018 budget mainly due to higher fuel costs as a result of providing more trips and higher fuel prices as well as increased property rental costs. Contracted Transit Services is expected to be \$1.0 million lower than 2018 budget mainly due to some West Vancouver conventional service being transferred to CMBC Operations, reducing labour and maintenance costs, partly offset by contractual rate increases and additional service hours for Contracted Community Shuttle.

Service Assumptions

With the approval of the Mayors' 10-Year Vision, service levels at CMBC Operations are expected to increase as follows:

BUS OPERATIONS					
Twelve months ending December 31	2017 ACTUAL	2018 BUDGET	2019 BUDGET	Change	
				Incr/(Decr)	%
SERVICE HOURS					
CMBC Operations	4,865,232	5,050,622	5,185,937	135,315	2.7%
Conventional Bus	4,353,024	4,507,657	4,616,916	109,259	2.4%
Community Shuttle	500,323	530,690	555,972	25,282	4.8%
SeaBus	11,885	12,275	13,049	774	6.3%
Contracted Transit Services	253,268	256,875	236,312	(20,563)	(8.0%)
West Vancouver	136,118	142,384	113,922	(28,462)	(20.0%)
Contract Community Shuttle	117,150	114,491	122,390	7,899	6.9%
Conventional Transit Service Hours	5,118,500	5,307,497	5,422,249	114,752	2.2%
SERVICE KILOMETRES					
CMBC Operations	94,718,577	99,134,029	101,842,807	2,708,778	2.7%
Conventional Bus	84,099,995	87,923,442	90,093,422	2,169,980	2.5%
Community Shuttle	10,457,936	11,044,635	11,572,968	528,333	4.8%
SeaBus	160,646	165,952	176,417	10,465	6.3%
Contracted Transit Services	5,483,628	5,535,253	5,139,769	(395,484)	(7.1%)
West Vancouver	2,829,120	2,947,350	2,420,848	(526,502)	(17.9%)
Contract Community Shuttle	2,654,508	2,587,903	2,718,921	131,018	5.1%
Conventional Transit Service Kilometres	100,202,205	104,669,282	106,982,576	2,313,294	2.2%

ACCESS TRANSIT					
Twelve months ending December 31	2017 ACTUAL	2018 BUDGET	2019 BUDGET	Change	
				Incr/(Decr)	%
Service Kilometres	9,285,018	9,920,000	10,240,000	320,000	3.2%
Access Transit Trips					
Trips - HandyDART	1,120,365	1,233,000	1,271,000	38,000	3.1%
Trips - Taxi Supplement	129,551	102,000	102,000	-	-
Total Access Transit Trips	1,249,916	1,335,000	1,373,000	38,000	2.8%

The 2019 budget is the third year in Phase One of the 10-Year Vision. Year over year conventional transit services are expected to increase 2.2 per cent and HandyDART is funded for an additional 38 thousand trips (3.1 per cent) increase.

The major impacts to service include:

- Full year impacts of the service improvements, changes and expansion implemented in 2018; and
- 2019 service expansion improvements across the region including four new B-Lines, one new SeaBus vessel with sailings every 10 minutes during peak periods and every 15 minutes during

non-peak, an additional 6 hours of SeaBus sailing per week, improved service on different bus routes and running time adjustments to address service reliability.

Rail Operations

BCRTC on behalf of TransLink, maintains and operates two of the three SkyTrain lines in Metro Vancouver, the Expo and Millennium Lines and the WCE commuter rail service. In addition, BCRTC also manages the agreement with InTransit BC for the operation and maintenance of the Canada Line. Ongoing investment in the rail network over the coming years will enable us to continue to meet the needs and expectations of customers and ensure the railway is operating safely and reliably.

The Rail Operations is committed to its employees, the ongoing improvement of customer service and supporting TransLink's critical role of planning and managing the region's transportation network. Over the next few years, BCRTC will complete the ongoing investments in existing rail services and support the rail-related projects contained in the Mayors Council's 10-Year Vision for Metro Vancouver Transit and Transportation.

The Rail Operations 2018-2020 business plan has aligned its focus areas and objectives with those of TransLink to support an integrated approach to meet the ever-expanding needs of people in the Metro Vancouver region.

Initiatives

Priority One: Implement the Mayors' Vision

BCRTC will provide the rail elements required to deliver the regional transportation priorities:

- Test, commission and deliver 56 new Mark III rail cars;
- Complete condition assessments to support fleet and asset renewal; and
- Modernize the Expo and Millennium Lines infrastructure to increase capacity and accommodate growth.

Priority Two: Maintain a State of Good Repair

In 2019, BCRTC will continue to focus on the following areas to continually improve the current record of safe and secure operations and invest in the future of rail services:

- Implement formal asset management plan and transform safety management system;
- Gather asset information data, including condition assessments and failure analyses;
- Update existing IT platforms and processes;
- Develop formal training plans and curriculum;
- Space optimization; and
- Succession and workforce planning.;

Priority Three: Enhance Customer Experience

In 2019, BCRTC will continue to focus on the following areas in support of the customer experience:

- Re-energize customer experience and liaise closely with TransLink;
- Implement McNeil recommendations; and

- Conduct SkyTrain Attendant customer service training.

Risks and Challenges

With a rapid transit system that is over 30 years old in several sections, the Rail Operations faces numerous risks and challenges from a maintenance and operational standpoint. The Rail Operations has identified the following risks and challenges:

- Aging infrastructure;
- Time consuming asset renewal;
- Outdated systems and processes;
- Deploying new assets;
- Growing and expanding needs of the customer base;
- Training and developing of workforce; and
- Potential retirement of a significant portion of the workforce.

BCRTC will continue to monitor these risks through various steering committees, asset management tools and regular reporting to senior management.

2019 Budget vs 2018 Budget

RAIL OPERATIONS BY CATEGORY					
Twelve months ending December 31 (\$ thousands)	2017 ACTUAL	2018 BUDGET	2019 BUDGET	Change	
				Incr/(Decr)	%
Administration	6,738	7,757	7,033	(724)	(9.3%)
Contracted Services	120,048	123,515	126,649	3,134	2.5%
Fuel and Power	16,085	16,245	16,997	752	4.6%
Insurance	5,237	4,430	5,467	1,037	23.4%
Maintenance, Materials and Utilities	43,912	44,584	44,836	252	0.6%
Professional and Legal	2,967	3,398	4,953	1,555	45.8%
Rentals, Leases and Property Tax	1,859	2,070	2,226	156	7.5%
Salaries, Wages and Benefits	100,520	106,577	118,709	12,132	11.4%
Total Expenses by Category	297,366	308,576	326,870	18,294	5.9%

The Rail Operations 2019 operating budget of \$326.9 million is expected to be \$18.3 million (5.9 per cent) higher than the 2018 budget.

- Salaries, wages and benefits are expected to increase by \$12.1 million, which include \$5.0 million in resources to support peak service increases, maintenance, capital project delivery, customer service training and safety management; \$3.6 million in IT support services; and \$3.5 million in contractual labour and benefit increases including \$1.6 million for the new Employer Health Tax, partly offset by savings in employee future benefits due to the reduction in Medical Service Plan premiums;
- Contracted services are expected to increase by \$3.1 million mainly related to contractual increases in the Canada Line concessionaire agreement;
- Professional and Legal costs are expected to increase by \$1.6 million mainly for asset condition assessments to support maintenance plans for ongoing state of good repair;
- Insurance is expected to increase by \$1.0 million due to premium increases; and

- Fuel and power costs are expected to increase by \$0.8 million mainly due to diesel and hydro price increases offset by a reduction in PST on hydro costs.

Service Assumptions

With the approval of the Mayors' 10-Year Vision, service levels are expected to increase as follows:

RAIL OPERATIONS					
Twelve months ending December 31	2017 ACTUAL	2018 BUDGET	2019 BUDGET	Change	
				Incr/(Decr)	%
SERVICE HOURS					
Expo & Millennium Lines	1,334,786	1,327,448	1,333,091	5,643	0.4%
Canada Line	202,390	202,470	202,836	366	0.2%
WCE	36,489	36,622	36,622	-	-
Rail Operations Service Hours	1,573,665	1,566,540	1,572,549	6,009	0.4%
SERVICE KILOMETRES					
Expo & Millennium Lines	53,791,888	53,496,154	53,723,552	227,398	0.4%
Canada Line	6,516,908	6,519,505	6,531,344	11,839	0.2%
WCE	1,374,391	1,380,019	1,380,019	-	-
Rail Operations Service Kilometres	61,683,187	61,395,678	61,634,915	239,237	0.4%

In 2019, Expo and Millennium Lines revenue service levels will see increases due to additional service using existing fleet in the Mayors' Vision, made up of three peak service increases throughout the year. In addition, the arrival and introduction of more new Mark III rail cars are expected throughout the year.

The new 4-car Mark III trains provide 10.8 per cent higher capacity than 6-car Mark I trains, while running 30 per cent fewer service kilometres, therefore, although budgeted service kilometres will increase by 0.4 per cent, with the new cars, budgeted capacity kilometres will increase by 3.6 per cent. The Canada Line will see morning peak increases using existing fleet and WCE will remain consistent with 2018 service levels.

Police Operations

Mandated by the Minister of Public Safety and Solicitor General as a Designated Policing Unit, the Metro Vancouver Transit Police ("Transit Police") preserves and protects the public peace throughout the transit system. Working with local police services, each officer aims to prevent crime and offences against the law, aid in the administration of justice and enforce the laws of British Columbia. The Province established Transit Police in 2005 as the first dedicated transit police service in Canada.

Initiatives

In 2019, Transit Police will continue to implement its 2016-2020 Strategic Plan, its commitment to demonstrate excellence in public transit policing and focus on the following three strategic goals:

- Build a safe and secure transit system;
- Deliver confidence in the use of public transit; and
- Provide regional services that enhance local policing and community safety.

In supporting the TransLink priority of enhancing the customer experience, Transit Police proposes to work with the Police Services Division of the Solicitor Generals Office and other stakeholders to establish a new cost-efficient peace officer pilot program called Community Safety Officers (CSO). It is proposed that the CSO team would supplement regular police officers by taking on a range of duties, including providing enhanced officer visibility at the major transit hubs, guarding crime scenes, tagging property, fare enforcement and engaging with passengers. This program will positively impact perceptions of safety on transit and free up regular police resources to focus on responding to calls for service and conducting investigative follow-up. The CSO team would additionally assist in managing the continued increase in police workload created by the Evergreen Extension of the Millennium Line and provide additional visible resources and officer presence at special events.

Additionally, Transit Police will expand the system-wide use of “See Something, Say Something” text 87-77 service advertisements and promote anti-sex offence ads in line with the four Transit Police operational priorities. Transit Police will continue to monitor its achievements against its Strategic Plan by observing 14 key performance indicators grouped by the following five themes:

- Reducing Crime;
- Strengthening Partnerships;
- Improving Safety;
- Increasing Productivity; and
- Maintaining a Healthy and Diverse Organization.

Risks and Challenges

Maintaining sworn officer staffing levels in response to attrition and injury continues to be a challenge. In the policing environment, a casual pool of sworn officers does not exist to fill vacant and injured positions. Hiring replacement officers is a lengthy process with the availability of suitable candidates varying greatly month to month. Unforeseen delays in hiring could lead to additional operational overtime costs. As ridership increases, stakeholder demands for transit policing services evolve and preparations for future transit system expansion continues; Transit Police must be proactive in developing and acquiring the necessary human resources and associated operational civilian support.

2019 Budget vs 2018 Budget

POLICE OPERATIONS BY CATEGORY					
Twelve months ending December 31 (\$ thousands)	2017 ACTUAL	2018 BUDGET ¹	2019 BUDGET	Change	
				Incr/(Decr)	%
Administration	2,510	3,612	3,781	169	4.7%
Insurance	45	50	50	-	0.0%
Maintenance, Materials and Utilities	1,565	1,315	1,215	(100)	(7.6%)
Professional and Legal	473	410	374	(36)	(8.8%)
Rentals, Leases and Property Tax	1,908	1,960	2,193	233	11.9%
Salaries, Wages and Benefits	30,678	31,418	33,232	1,814	5.8%
Total Expenses by Category	37,179	38,765	40,845	2,080	5.4%

Police Operations expenditures is expected to increase by \$2.1 million (5.4 per cent) from the 2018 budget. The increase is mainly due to the following:

- Administration costs are \$0.2 million higher mainly due to the increase of IT Software Licensing and IT network infrastructure costs;
- Rental costs are \$0.2 million higher due to additional premise rent for added space at the Sapperton office; and
- Labour cost increases are \$1.8 million higher mainly due to contractual labour and economic increases in the new Collective Agreement and full year impact of additional police officers for the Evergreen Extension of the Millennium Line.

These increases are partly offset by lower Professional and legal fees and lower material costs.

Corporate Operations

Corporate Operations will continue to support the operating companies in 2019, with a focus on achieving enterprise priorities, including delivering on the commitments in the Phase Two Plan of the 10-Year Vision and ensuring procurement readiness for Rapid Transit projects. The strategic objectives of Corporate Operations are summarized below.

The Corporate Operations consists of the following areas: Transportation Planning and Policy, Infrastructure Management and Engineering, Human Resources, Business Technology Services, Strategic Sourcing and Real Estate, Legal, Customer Communications and Public Affairs, Financial Services and Compass Operations. To facilitate the upcoming major capital expansion, a new group, Major Project Delivery and Development, will be formed in 2019.

Initiatives

Priority One: Implement the Mayors' Vision

In 2019, Corporate Operations will support the achievement of regional transportation priorities with the following initiatives:

- Develop programs to attract and retain staff to ensure skilled resources are available;
- Provide technical input into design of Millennium Line Broadway Extension;
- Deliver the design and implementation of capital projects, such as the Expo and Millennium Upgrade Program (EMUP), SeaBus Terminal, existing and future bus depots and rail systems and facilities;
- Support the CUTRIC electric-battery bus trial;
- Develop a Regional Road Network Strategy to better define and manage performance of the region's road network; and
- Construct new bus exchanges at Guildford and Newton in advance of the South of Fraser LRT.

Priority Two: Maintain State of Good Repair

In 2019, Corporate Operations will continue to focus on the following areas to ensure a state of good repair:

- Upgrade existing infrastructure, such as trolley overhead and SkyTrain storage and conduct ongoing preventative and corrective maintenance of bridges;
- Implement CAPITAL-M enterprise asset management initiatives;
- Support major technology projects such as the Enterprise Asset Management (EAM) system and CMBC Safety Management System;
- Complete SkyTrain Noise Assessment and Late-Night Service Technical Studies; and
- Develop and implement Emergency Response Plan through the IT Disaster Recovery Program.

Priority Three: Enhance Customer Experience

Corporate Operations will continue to focus on the following areas in support of the customer experience:

- Implement Passenger Information Displays on the SkyTrain system as well as Public Announcement and Closed-Circuit Television equipment;
- Improvements to bus exchanges and SkyTrain stations such as new bus shelters, lighting, wayfinding, drive isle layouts and increases in bus capacity;
- Support the implementation of the outcomes and Access Transit Service Delivery Review;
- Enhance the Compass Card website and vending machine functions to improve the overall customer experience and respond to customer feedback;
- Increase further wireless carrier coverage to tunnels to enhance customer and employee safety and security while underground; and
- Begin implementation of the Customer Experience Action Plan.

Risks and Challenges

Recruitment and retention continue to be a challenge due to a competitive market and a shortage of experienced professionals. This may result in delays in meeting internal and external customer expectations. In addition, staff turnover is a risk that may lead to a loss of business knowledge and delays due to training of new staff.

Delays in the implementation of projects and initiatives are a risk due to challenges in finding suitable consultants and vendors on a timely basis. Additionally, the implementation cost of complex technical systems may be higher than anticipated.

The change in the newly elected Mayors' Council may result in delays to projects or an increase in project costs based on variations to the scope of projects.

The risks and challenges are continuously monitored through management oversight and project steering committees.

2019 Budget vs 2018 Budget

CORPORATE OPERATIONS BY CATEGORY					
Twelve months ending December 31 (\$ thousands)	2017 ACTUAL	2018 BUDGET ¹	2019 BUDGET	Change	
				Incr/(Decr)	%
Administration	16,926	18,112	19,024	912	5.0%
Contracted Services	11,231	13,380	14,043	663	5.0%
Insurance	286	173	201	28	16.2%
Maintenance, Materials and Utilities	2,752	2,155	1,595	(560)	(26.0%)
Professional and Legal	16,243	11,547	11,502	(45)	(0.4%)
Rentals, Leases and Property Tax	7,583	9,794	9,941	147	1.5%
Salaries, Wages and Benefits	41,774	45,012	45,540	528	1.2%
Provision for Asset Valuation	1,179	-	-	-	0.0%
Total Expenses by Category	97,974	100,173	101,846	1,673	1.7%

Corporate ongoing costs are expected to increase by \$1.7 million (1.7 per cent) compared to the 2018 budget. The increase in operating costs is primarily due to an expected increase in IT devices, services, software licenses and support, contractual costs related to Cubic as well as contractual and inflationary labour increases.

Roads and Bridges

ROADS & BRIDGES OPERATIONS BY CATEGORY					
Twelve months ending December 31 (\$ thousands)	2017 ACTUAL	2018 BUDGET	2019 BUDGET	Change	
				Incr/(Decr)	%
Administration	58	149	122	(27)	(18.1%)
Capital infrastructure contributions	33,389	53,212	49,780	(3,432)	(6.4%)
Contracted Services	12,927	11,710	5,530	(6,180)	(52.8%)
Fuel and Power	-	-	-	-	0.0%
Insurance	979	1,224	1,224	-	0.0%
Maintenance, Materials and Utilities	27,404	33,671	34,850	1,179	3.5%
Professional and Legal	7,565	2,378	1,749	(629)	(26.5%)
Rentals, Leases and Property Tax	107	67	67	-	0.0%
Salaries, Wages and Benefits	1,754	1,845	1,369	(476)	(25.8%)
Total Expenses by Category	84,183	104,256	94,691	(9,565)	(9.2%)

The 2019 Roads and Bridges budget is expected to decrease \$9.6 million (9.2 per cent) over the 2018 budget. The decrease is mainly due to lower contracted services costs from the elimination of Golden Ears Bridge tolling and timing of capital infrastructure contributions to municipalities. The decrease is partly offset by higher maintenance costs due to extension of lane kilometres in the MRN program.

The Roads and Bridges 2019 budget will support the MRN and Bike Program, Regional Goods Movement Strategy and will deliver Greater Vancouver Urban Freight priorities yield to the following outcomes:

- Provide the tools to monitor and manage the road network's performance;
- Administer the municipal funding programs for roads, cycling, walking and structured infrastructure projects with the additional funding approved in the 10-Year Vision;
- Improve regional coordination between public and private sector partners on issues of intra-regional goods movement;

- Develop a Regional Road Network Strategy to better define and manage performance of the region's road network;
- Improve regional road network operations including improvement of freight wayfinding and trip planning tools, loading zone operations and incident response;
- Reach municipal agreement on harmonizing vehicle weights and dimensions limits with provincial and national standards; and
- Make progress towards implementing a regional permit system for oversize-overweight vehicles.

Amortization

The 2019 budget for amortization expense increased \$12.1 million (5.6 per cent) in comparison to the 2018 budget. Major attributes for the additional amortization expense in 2019 include buses to be acquired in 2019.

Interest

Interest expense is expected to increase by \$5.9 million (3.3 per cent) in comparison to the 2018 budget mostly due to higher outstanding gross debt.

Corporate – One-time

Corporate one-time costs in the 2019 budget are \$70.6 million, mainly consisting of the B-Line expansion (\$39.6 million), feasibility studies (\$12.9 million), Regional Transportation Strategy program (\$4.0 million), South of Fraser Rapid Transit (\$2.0 million), Bus speed and reliability project (\$2.0 million), contingency provision (\$2.0 million), CAPITAL-M initiatives (\$1.7 million), business technology operating project (\$1.5 million), new mobility initiatives (exploring and implementing innovative ways to improve mobility) (\$1.0 million), mobility pricing (\$0.9 million) and other one-time projects (\$3.0 million).

7. Investment in Capital Assets

Summary of Capital, by Program (\$ thousands)	Total Project Budget			2019 Capital Cash Flow		
	Gross Cost	Less: Funding *	Net Cost	Gross Cost	Less: Funding *	Net Cost
2019 New Capital Program						
Equipment	90,372	-	90,372	19,415	-	19,415
Facilities	32,571	-	32,571	11,491	-	11,491
Infrastructure	174,480	(11,800)	162,680	91,114	(1,224)	89,890
Technology	71,190	-	71,190	16,967	-	16,967
Vehicles	154,968	(136,422)	18,546	421	(209)	212
Major Construction	3,248,142	(1,934,526)	1,313,616	376,781	(105,421)	271,360
Contingency	10,000	-	10,000	6,000	-	6,000
2019 New Capital Program Total	3,781,723	(2,082,748)	1,698,975	522,189	(106,854)	415,335
Active/Approved in Principle (AIP) Capital						
Equipment	126,469	(46,537)	79,932	72,338	(37,151)	35,187
Facilities	105,186	(49,518)	55,668	46,673	(19,845)	26,828
Infrastructure	654,876	(283,457)	371,419	281,894	(128,489)	153,405
Technology	55,068	-	55,068	25,491	-	25,491
Vehicles	958,507	(850,116)	108,391	406,749	(396,558)	10,191
Major Construction	478,902	(33,000)	445,902	8,002	(11,333)	(3,331)**
Active/Approved in Principle (AIP) Capital Total	2,379,008	(1,262,628)	1,116,380	841,147	(593,376)	247,771
Total Capital						
Equipment	216,841	(46,537)	170,304	91,753	(37,151)	54,602
Facilities	137,757	(49,518)	88,239	58,164	(19,845)	38,319
Infrastructure	829,356	(295,257)	534,099	373,008	(129,713)	243,295
Technology	126,258	-	126,258	42,458	-	42,458
Vehicles	1,113,475	(986,538)	126,937	407,170	(396,767)	10,403
Major Construction	3,727,044	(1,967,526)	1,759,518	384,783	(116,754)	268,029
Contingency	10,000	-	10,000	6,000	-	6,000
Total Capital Total	6,160,731	(3,345,376)	2,815,355	1,363,336	(700,230)	663,106
Capital Infrastructure Contributions						
2019 New Program	75,001	-	75,001	23,340	-	23,340
Active and Approved in Principle	297,919	-	297,919	38,116	-	38,116
Capital Infrastructure Contributions Total	372,920	-	372,920	61,456	-	61,456
All Projects	6,533,651	(3,345,376)	3,188,275	1,424,792	(700,230)	724,562

* The funding sources include Federal Gas Tax, Build Canada Fund, PTIF, ICIP and City of Vancouver

**The 2019 capital cash flows from Senior Government funding are expected to exceed 2019 gross cash flows due to a timing difference of when the funding is received. In certain instances, the 2019 funding cash flows include recoveries for expenditures incurred in 2018 and 2019

Overview

TransLink's capital program is aligned with our current priorities of enhancing customer experience, ensuring a state of good repair and implementing the Mayors' Vision. The current capital program ensures assets provide the most efficient and effective infrastructure required to serve customers and stakeholders and continues to support the delivery of the 10-Year Vision. Capital projects have been planned and prioritized through an integrated review process across the enterprise that measures impact on strategy, customer experience, stakeholder value, business effectiveness and other factors.

The table above highlights capital projects grouped into asset categories and includes capital infrastructure contributions as per TransLink's current mandate of addressing regional MRN needs. The budget for the 2019 new capital program is \$3.8 billion.

The projected 2019 cash flow for all projects is \$1.4 billion, with \$522.2 million for the 2019 New Capital Program, \$841.1 million for existing capital programs and \$61.5 million for Capital Infrastructure Contributions. The net cash impact in 2019 after senior government funding is \$724.6 million.

2019 New Capital Program

The 2019 New Capital Program is intended to continue the delivery of the Mayors' Vision, as well as deliver key milestones for major projects. The program is also intended to improve customer experience and keep the overall system in a state of good repair.

Capital Projects supported by the Public Transit Infrastructure Fund (PTIF) and Investing in Canadian Infrastructure Program (ICIP) total \$3.2 billion and include Expo and Millennium Upgrade Program (EMUP), Millennium Line Broadway Extension and South of Fraser rapid transit projects, rail and bus vehicle purchases and further improvements to rail and bus infrastructure. Bus fleet expansion and replacement projects funded by the GVRF total \$155.0 million. Anticipated senior government contributions total \$2.1 billion and the net capital spending for the 2019 capital program is currently forecasted at \$415.3 million.

Table 1: 2019 New Capital Program (\$ thousands)

2019 New Capital Program, Project Details		Total Project Budget			2019 Capital Cash Flow		
Classification and Project Name	Description	Gross Cost	Less: Funding	TransLink Net Cost	Gross	Less: Funding	TransLink Net
Equipment							
CMBC Onboard Computer Update and Voice Radio Replacement	Replacement of end-of-life onboard Computer Update and Voice Radio.	36,000	-	36,000	5,592	-	5,592
Automatic Train Control (ATC) Existing Equipment Replacement - Stage 4	Replace end-of-life ATC equipment and add redundancy to maintain a state of good repair and improve reliability.	27,480	-	27,480	4,534	-	4,534
2019 Expo Line Traction Power Equipment Upgrade	Replace substation traction power equipment on Expo Line.	10,200	-	10,200	2,862	-	2,862
Replacement of Rotary Grinder #2	Replace rail grinding equipment to ensure timely scheduled grinding under the maintenance program.	6,500	-	6,500	3,996	-	3,996
Replacement of Hegenscheidt Underfloor Lathe	Replace the Hegenscheidt Wheel Lathe that has reached the end of its service life.	4,710	-	4,710	371	-	371
Fare Gates Capacity Increase - Priority Stations	Install nine additional fare gates at four priority stations (Waterfront, Richmond-Brighouse, Surrey Central and King George) to meet adequate level of service thresholds for existing peak demands.	1,902	-	1,902	713	-	713

2019 New Capital Program, Project Details		Total Project Budget			2019 Capital Cash Flow		
Classification and Project Name	Description	Gross Cost	Less: Funding	TransLink Net Cost	Gross	Less: Funding	TransLink Net
CMBC Facilities Camera Replacement (2019)	Replace end-of-life security camera and surveillance systems at CMBC facilities, SeaBus and vessels.	1,600	-	1,600	401	-	401
Hoist Replacements - 2019	Replace three hoists identified at the Surrey Transit Centre (STC) to align with Sandwell Hoist Replacement Program.	800	-	800	10	-	10
SeaBus Shore Base Emergency Back-up Generators and Transfer Switches	Replace existing emergency power back-up generators and switches at SeaBus North and South Terminals due to end of service life.	610	-	610	366	-	366
CMBC Asset Purchases 2019	Replace key assets at Fleet Overhaul (FOH) Building and Gateway facilities.	570	-	570	570	-	570
Equipment Total		90,372	-	90,372	19,415	-	19,415
Facilities							
SeaBus Terminals Interior Refurbishment - Implementation	Implementation of improvements to passenger environment in North and South SeaBus Terminals.	14,000	-	14,000	1,532	-	1,532
Bus Facility Customer Amenities Improvement Program - Year 1	Upgrade and maintenance for customer amenities at TransLink's bus facilities and infrastructure.	6,573	-	6,573	1,579	-	1,579
Richmond Transit Centre (RTC) Facility Upgrades to accommodate double decker Buses - Phase 2	Continued facility upgrades at RTC for double decker buses and increased capacity for logistics activities.	5,350	-	5,350	4,834	-	4,834
SeaBus Facility Upgrades	Upgrade essential auxiliary spaces and equipment, including the installation of an elevator within SeaBus North Terminal.	2,805	-	2,805	357	-	357
Transit Center Upgrades to Support Facility Growth and Safety	Design and implementation of upgrades at CMBC facilities. Facilities, including Burnaby Transit Centre (BTC), STC and Vancouver Transit Centre have identified upgrades required to support the growth and expansion of service and ensure WorkSafe compliance.	2,340	-	2,340	1,688	-	1,688
Metro Vancouver Transit Police (MVTP) - Sapperton Facilities Expansion & Renovation	Expansion and renovation of existing office facilities to accommodate additional workplace requirements of the MVTP.	1,003	-	1,003	1,003	-	1,003
TOH Rectifier Building Roof and Envelope Replacement - 2019	Replace roof membranes at the Hastings East and Highbury Rectifier Stations to ensure membrane warranty remains intact for critical equipment.	500	-	500	498	-	498
Facilities Total		32,571	-	32,571	11,491	-	11,491

2019 New Capital Program, Project Details		Total Project Budget			2019 Capital Cash Flow		
Classification and Project Name	Description	Gross Cost	Less: Funding	TransLink Net Cost	Gross	Less: Funding	TransLink Net
Infrastructure							
Investments in Transit Priority on Priority B-Line Corridors - Phase 1	Implement transit priority measures, upgrades to bus stops, terminals and depot improvements to accommodate service for four new B-Lines.	42,035	-	42,035	34,879	-	34,879
Expo Line Escalator Program	Increased specifications for escalator replacement program which reflect more robust, durable and reliable units, to improve reliability and operating life.	36,000	-	36,000	18,000	-	18,000
Investments in Transit Priority on Priority B-Line Corridors - Phase 2	Implement transit priority measures, upgrades to bus stops, terminals and depot improvements to accommodate service for two new B-Lines.	28,000	(11,200)	16,800	1,816	(726)	1,090
Bus Daily Operations Management System (DOMS) Replacement - Design and Development	Migrate the DOMS to the vendor's next-generation software product, OPS, to ensure that CMBC can maintain reliable conventional bus service delivery.	23,250	-	23,250	2,514	-	2,514
Operations & Maintenance Centre (OMC) 1 Traction Power and Capacity Upgrades	Replace obsolete traction power equipment at OMC 1 and increase power capacity to support EMUP expansion to 2045.	10,400	-	10,400	10,369	-	10,369
Running Rail Replacement at Other Expo Sections	Replace running rail that have reached the end of service life.	8,850	-	8,850	8,607	-	8,607
TOH Pole Replacement - 2019	Continue the State of Good Repair multi-year program to replace 90-100 TOH poles per year and associated above and below ground equipment on a priority basis.	4,775	(600)	4,175	3,964	(498)	3,466
TransLink Owned Bicycle Infrastructure	Rehabilitate and upgrade regional cycling routes, bike parking at transit facilities and install bike counters across the region.	3,200	-	3,200	2,335	-	2,335
New Simon Fraser University (SFU) Exchange Contribution	Construct a new transit exchange and layover facility at SFU to support mutually agreed upon vision for the SFU Town Centre and integrated transit hub.	3,185	-	3,185	628	-	628
Burnaby Mountain Gondola Transit - Project Development	Further design, planning and partner engagement for a potential gondola from the Millennium Line to SFU Burnaby campus.	3,000	-	3,000	1,500	-	1,500
Bus Speed and Reliability (Phase 1)	Provide funding to municipalities to improve bus speed and reliability infrastructure.	2,000	-	2,000	2,000	-	2,000
Knight Street Bridge Rehabilitation Project	Rehabilitate of Knight Street Bridge deck to maintain optimal structural condition ahead of corrosion and modernize the sidewalks.	2,000	-	2,000	658	-	658

2019 New Capital Program, Project Details		Total Project Budget			2019 Capital Cash Flow		
Classification and Project Name	Description	Gross Cost	Less: Funding	TransLink Net Cost	Gross	Less: Funding	TransLink Net
Roof Replacement at various SkyTrain Stations	Replacement of deteriorated roof membranes at two BCRTC SkyTrain Stations.	1,950	-	1,950	1,944	-	1,944
Elevator Refurbishment - system wide	Upgrade or replace 20 Expo Line elevators, including WCE and OMC yard, as prioritized in the Escalators and Elevators Condition Assessment Services.	1,935	-	1,935	123	-	123
PowerSmart Upgrades - 2019	Implement all energy conservation measures to reduce energy consumption and costs and greenhouse gas emissions.	1,200	-	1,200	226	-	226
Westham Island Bridge Rehabilitation	Implement scour protection rehabilitation at Westham Island Bridge.	1,000	-	1,000	745	-	745
University of British Columbia (UBC) Extension - Project Development	Continued work on a multi-phase study to evaluate rapid transit service options in the Broadway corridor between Commercial Drive and UBC.	1,000	-	1,000	500	-	500
Bus Loop Park & Ride Various Condition Repairs - 2019	Rehabilitate end of service life driving and parking surfaces at CMBC's transit centres and loops as part of Annual Pavement Rehabilitation program.	700	-	700	306	-	306
Infrastructure Total		174,480	(11,800)	162,680	91,114	(1,224)	89,890
Technology							
BCRTC Enterprise Resource Planning Project	Implementation of asset management practices for BCRTC with associated processes, data and organizational change management.	33,240	-	33,240	4,685	-	4,685
Bus Security Camera System Replacement (BSCSR) - Retrofit and Expansion	Procure and implement an updated security camera and video management system, to new and existing buses in the conventional fleet.	20,000	-	20,000	3,845	-	3,845
IT Infrastructure Refresh (2019)	Ongoing computer systems and infrastructure lease renewals and replacement.	6,200	-	6,200	3,072	-	3,072
TransLink Software Application Renewal Program 2019	Renewal and replacement of software applications as per the Lifecycle Management and Renewal program.	3,000	-	3,000	1,138	-	1,138
Access Transit Trapeze PASS - Additional Modules	Implement additional Trapeze PASS modules: Itinerary Planning Assistant, Web Booking (PASS-WEB) and Operational Performance Monitoring/Reporting (ViewPoint).	2,000	-	2,000	800	-	800
Customer Digital Services Program (2019)	Implement prioritized digital technology improvement projects to deliver digital information and services that improve the customer experience.	2,000	-	2,000	59	-	59

2019 New Capital Program, Project Details		Total Project Budget			2019 Capital Cash Flow		
Classification and Project Name	Description	Gross Cost	Less: Funding	TransLink Net Cost	Gross	Less: Funding	TransLink Net
Data Warehouse/Business Intelligence Program 2019	To provide ridership and congestion information and analytics to support BCRTC to optimize network performance through improved planning and operations.	1,500	-	1,500	1,185	-	1,185
OMC 1 3rd Floor Server Room Upgrade	Upgrade and expansion to the Video Cassette Recorder room at OMC.	1,250	-	1,250	207	-	207
TransLink Mobile App	Improve our customers' digital experience by creating a mobile app for essential customer interactions and information.	1,000	-	1,000	976	-	976
Enterprise Content Management Implementation Project	Implementation of standardize information management practices to ensure compliance with regulatory requirements and improve information access and retention.	1,000	-	1,000	1,000	-	1,000
Technology Total		71,190	-	71,190	16,967	-	16,967
Vehicles							
2020 Conventional Bus Expansion	Purchase 68 expansion conventional buses required to implement Phase 2 service expansion.	109,000	(98,100)	10,900	-	-	-
2020 Conventional Bus Replacements	Replacement of end-of-life 2001 Orion Highway coaches with 25 replacement buses.	32,316	(29,084)	3,232	41	-	41
2020 HandyDART Vehicle Replacement	Replacement of 42 end-of-life HandyDART vehicles with equivalent capacity HandyDART vehicles to maintain service levels.	6,450	(5,800)	650	-	-	-
CMBC TOH Replacement - Phase 2	Purchase three TOH wire maintenance aerial tower trucks to replace three trucks in the TOH fleet.	2,400	-	2,400	-	-	-
Community Shuttle Vehicles Expansion	Purchase nine Community Shuttle vehicles to expand community service throughout Metro Vancouver as per Phase 2 of the Mayors' 10-Year Vision.	2,220	(1,998)	222	232	(209)	23
2020 HandyDART Vehicle Expansion	Purchase ten HandyDART vehicles for service expansion throughout Metro Vancouver as per Phase 2 of the Mayors' 10-Year Vision.	1,600	(1,440)	160	-	-	-
2019 CMBC Service Support Vehicles Replacement	Replace and introduce 16 SSV into service for CMBC.	982	-	982	148	-	148
Vehicles Total		154,968	(136,422)	18,546	421	(209)	212

2019 New Capital Program, Project Details		Total Project Budget			2019 Capital Cash Flow		
Classification and Project Name	Description	Gross Cost	Less: Funding	TransLink Net Cost	Gross	Less: Funding	TransLink Net
Major Construction							
South of Fraser Rapid Transit*	Detailed design and construction of the South of Fraser Rapid Transit.	1,585,720	(483,000)	1,102,720	217,506	(14,753)	202,753
Expo and Millennium Line Upgrade Program - Fleet	Upgrading Expo and Millennium Line stations, OMC, auxiliary systems and fleet expansion to address shortfalls in capacity for the existing rapid transit network.	931,600	(931,600)	-	-	-	-
Expo and Millennium Line Upgrade Program - Infrastructure	Upgrading Expo and Millennium Line stations, OMC, auxiliary systems and fleet expansion to address shortfalls in capacity for the existing rapid transit network.	565,800	(360,904)	204,896	124,123	(56,116)	68,007
TransLink and BCRTC services to MLBE	TransLink and BCRTC support to the construction and operation of the Millennium Line Broadway Extension.	135,022	(135,022)	-	32,152	(32,152)	-
Surrey-Langley Rapid Transit - Project Development	Design and development of the proposed Surrey-Langley LRT project to connect the Surrey Central Station to the Langley City Centre.	30,000	(24,000)	6,000	3,000	(2,400)	600
Major Construction Total		3,248,142	(1,934,526)	1,313,616	376,781	(105,421)	271,360
Contingency							
Capital Contingency	Capital contingency.	10,000	-	10,000	6,000	-	6,000
Contingency Total		10,000	-	10,000	6,000	-	6,000
Grand Total		3,781,723	(2,082,748)	1,698,975	522,189	(106,854)	415,335

*Subject to change. Project direction under review by TransLink Mayors' Council and Board.

Active and Approval in Principle (AIP) Projects Underway

Capital projects already approved and underway have a total budget of \$2.4 billion. Anticipated senior government contributions total \$1.3 billion, leaving the net cost forecasted at \$1.1 billion. Spending forecast in 2019 is \$841.1 million with senior government funding of \$593.4 million for net spending of \$247.8 million. The majority of the spending is for bus vehicle purchases and SkyTrain fleet expansion forecasted at \$406.7 million for 2019.

Table 2: Active and Approved in Principle (AIP) Projects Underway (\$ thousands)

Active and Approved in Principle (AIP) Capital Program Details		Total Project Budget			2019 Capital Cash Flow		
Classification and Project Name	Description	Gross Cost	Less: Funding	TransLink Net Cost	Gross	Less: Funding	TransLink Net
Equipment							
ATC Existing Equipment Replacement - Phase 2	Replace ATC equipment to improve system reliability and maintain state of good repair.	5,100	(4,500)	600	14	(12)	2
ATC Existing Equipment Replacement on Expo Line	Replace ATC equipment to improve system reliability and maintain state of good repair.	13,470	-	13,470	4,407	-	4,407
B-Line Passenger Information Displays (PIDS)	Implementation of PIDs for five new B-Line routes.	3,950	-	3,950	3,422	-	3,422
CCTV Camera System Upgrade on Expo and Millennium Lines	Replace cameras, equipment and coax cable.	11,615	(7,830)	3,785	3,763	(6,714)	(2,951)**
ML Fire Life Safety System	Installation of Fire Safety system in Millennium Line.	9,250	-	9,250	7,036	-	7,036
Operator Protection Barrier Retrofit	Installation of barrier retrofit to protect bus operators from assaults.	1,630	-	1,630	1,362	-	1,362
PA Speakers installed at station entrance area	Update existing Public Address (PA) speakers at station entrance areas.	9,825	(5,617)	4,208	5,807	(5,514)	293
Passenger Address (PA) System Quality Improvement	Update existing PA speakers and install emergency speakers at stations and in some SkyTrain vehicles.	14,500	(12,300)	2,200	9,876	(8,989)	887
Railborne Equipment Replacement	Replace five BCRTC rail borne equipment vehicles nearing end-of-life used heavily for inspections, maintenance and capital project support.	3,000	-	3,000	89	-	89
SkyTrain Advanced Radio System - Phase 1 (Design)	Conceptual design work to replace the existing SkyTrain Radio System.	1,360	(1,360)	-	863	(1,360)	(497)**
SkyTrain Physical Security System Project	Security Enhancements.	7,704	(7,704)	-	4,591	(7,354)	(2,763)**
Replace Rail Rotary Grinder 1 (including Dust Collection System)	Replace rail grinding equipment to ensure timely scheduled grinding under the maintenance program.	7,300	-	7,300	4,604	-	4,604
CMBC Farebox Expansion and Replacement	Replacement of the fare box on all in-service fleet vehicles.	1,900	-	1,900	1,787	-	1,787
BCRTC Vehicle Support Shop - primary Lathe (Lacfer CR-3) Replacement	Replacement of the primary Lacfer CR-3 lathe at the BCRTC vehicle support shop.	400	-	400	15	-	15
Bus Security Camera System Replacement	Bus Security Camera System Replacement	1,708	-	1,708	871	-	871
Expo Line Traction Power Equipment Replacement	Replace & recondition traction power equipment to current technology for 15 substations.	5,617	-	5,617	4,043	-	4,043

Active and Approved in Principle (AIP) Capital Program Details		Total Project Budget			2019 Capital Cash Flow		
Classification and Project Name	Description	Gross Cost	Less: Funding	TransLink Net Cost	Gross	Less: Funding	TransLink Net
Transit Management and Communications (TMAC) Radio Replacement	Upgrade TMAC Mobile Automated Vehicle Location radio system.	25,600	(4,863)	20,737	18,243	(4,862)	13,381
Mark III Vehicle Lifting Jacks	Purchase of additional lifting jacks to support maintenance of MK III SkyTrain vehicles.	2,540	(2,363)	177	1,545	(2,346)	(801)**
Equipment Total		126,469	(46,537)	79,932	72,338	(37,151)	35,187
Facilities							
2018 Facilities-MVTP Hub Offices	Acquisition of a front facing hub office space at the MVTP Bridgeport location.	450	-	450	1	-	1
2018 Transit Centre Infrastructure to Support Expansion	Moving from hybrid to diesel buses requires changes to existing infrastructure.	2,500	-	2,500	2,354	-	2,354
Fir and Bodwell Rectifiers - Roof Replacement	Replace end-of-life roofs at Fir Street and Bodwell Rectifier Stations to maintain a state of good repair.	632	-	632	632	-	632
Leasehold Improvement #1	Upgrade of the fit-out Sapperton building eighth floor to meet existing building standards for corporate use.	5,225	(1,936)	3,289	3,694	-	3,694
Marpole Transit Centre Silvertree Site - Pre-Design Services	Provides for a detailed environmental study, functional programming requirements and other pre-design work.	3,002	-	3,002	463	-	463
OMC Perimeter Security Upgrade	Design and development of the perimeter security upgrade at the OMC.	1,990	-	1,990	1,990	-	1,990
PowerSmart Upgrades - 2017	Implement all energy conservation measures to reduce energy consumption and costs and greenhouse gas emissions.	2,700	(1,350)	1,350	168	(1,005)	(837)**
Replace Mission and Waterfront Yard Trailers	Replacement of five WCE modular trailers and upgrades to security at the Mission maintenance and storage yard.	734	(543)	191	71	(210)	(139)**
RTC Facility Upgrades to accommodate double decker Buses	Retrofits required at RTC for double decker buses purchased.	4,000	-	4,000	3,590	-	3,590
RTC Maintenance Office Renovations	Expansion and renovation of existing staff amenities to meet WorkSafe requirements and additional positions.	230	-	230	1	-	1
SeaBus Crew Facilities Rehabilitation	Renovation of end-of-life SeaBus crew facilities to ensure a state of good repair for work crews.	1,680	(840)	840	1,547	(831)	716
SeaBus Maintenance Dock Expansion	Expand maintenance dock from 2 to 3 berths to accommodate a new SeaBus vessel purchase.	10,000	-	10,000	6,996	-	6,996
SeaBus Terminals Interior Refurbishment	Detailed design phase for upgrades to passenger environment in North and South SeaBus Terminals.	1,867	-	1,867	371	-	371

Active and Approved in Principle (AIP) Capital Program Details		Total Project Budget			2019 Capital Cash Flow		
Classification and Project Name	Description	Gross Cost	Less: Funding	TransLink Net Cost	Gross	Less: Funding	TransLink Net
SeaBus Transformer Replacement	Replace end-of-life electrical components and systems at SeaBus terminals to maintain a state of good repair.	480	-	480	97	-	97
BTC South Seismic Upgrade - Design	Design phase of the upgrades to the BTC South structure to ensure it meets current Building Code seismic standards.	9,277	(4,666)	4,611	7,190	(4,007)	3,183
Canada Line Fleet Expansion - Infrastructure	Infrastructure portion of OMC system upgrades as required to meet updated ridership forecasts and capacity on the Canada Line.	49,734	(38,941)	10,793	9,114	(12,649)	(3,535)**
BTC South Garage Roof Replacement	Replace the garage building roof that is over 20 years old and has had numerous leak problems in the last 3 years.	2,505	(1,242)	1,263	1,108	(1,143)	(35)**
BTC South FOH Building Garage Doors Replacement	Replace end-of-life garage doors at the BTC South FOH to maintain a state of good repair.	180	-	180	67	-	67
OMC 1 & 2 Space Optimization and Modernization	Renovation to optimize and modernize BCRTC's workplace and facilities.	8,000	-	8,000	7,219	-	7,219
Facilities Total		105,186	(49,518)	55,668	46,673	(19,845)	26,828
Infrastructure							
22nd Street Exchange - Lighting and Passenger Safety Compliance	Upgrade and replacement of paved areas and lighting systems at the 22nd Street Exchange to improve safety, reliability and power efficiency.	2,800	-	2,800	1,545	-	1,545
BC Hydro Upgrades	Upgrade of BC Hydro Facility.	17,000	(17,000)	-	3,973	(15,175)	(11,202)**
Bear Creek Replacement	Bridge upgrade as part of early works for the South of Fraser Transit improvements.	23,531	(11,391)	12,140	3,873	(9,837)	(5,964)**
Fibre Optic System Upgrade Stage 3	Extension of the geographic reach of the fibre optic system to additional Millennium Line stations.	4,400	-	4,400	21	-	21
Bike Monitoring Program	Development of a program to monitor regional bicycle use throughout Metro Vancouver.	467	-	467	69	-	69
Brentwood SkyTrain Station and Bus Facilities Upgrade Phased Design and Implementation	Upgrade to improve the weather protection, amenities and elevator at Brentwood SkyTrain station's rail and bus facilities.	7,372	-	7,372	6,323	-	6,323
Bus stop infrastructure for new routes	Implementing bus stop infrastructure to improve transit travel times and speeds for new routes.	750	-	750	750	-	750
Canada Line Bus Loops	Design and construction of improvements to Canada Line bus loops.	14,498	-	14,498	262	(1,994)	(1,732)**

Active and Approved in Principle (AIP) Capital Program Details		Total Project Budget			2019 Capital Cash Flow		
Classification and Project Name	Description	Gross Cost	Less: Funding	TransLink Net Cost	Gross	Less: Funding	TransLink Net
CMBC SeaBus Emergency Exit Ramps Replacement	Replace end-of-life SeaBus emergency exit ramps and safety systems to ensure compliance and a good state of repair.	1,000	-	1,000	1,000	-	1,000
Evergreen Extension Station bicycle Parkades	Design and construction of new bicycle parkades at the Evergreen Extension Station.	5,344	(3,250)	2,094	3,421	(3,155)	266
Expo Line Station Escalators - Stage 4	Replace the existing escalators to reduce high maintenance cost and meet safety requirements.	15,893	-	15,893	15,893	-	15,893
Expo Line Tunnel Ventilation System Condition Assessment Feasibility Study	Condition assessment and design of tunnel ventilation systems requiring repair and upgrade on for the Expo Line.	6,165	(3,095)	3,070	2,140	(2,355)	(215)**
Expo Line Upgrade Strategy - Burrard station: Design & Implementation	Design and upgrade Burrard Station for capacity and passenger flow.	60,700	(54,763)	5,937	56,000	(2,405)	53,595
Guideway Intrusion System Upgrade	Upgrades to the Platform Intrusion Emergency Stop (PIES) on the Expo Line and Guideway Intrusion Emergency Stop (GIES) on the Millennium Line, which have reached the end of their service lives.	9,800	(5,800)	4,000	5,050	(4,800)	250
Guildford Exchange	Guildford Exchange upgrades as part of early works for the South of Fraser transit improvements.	14,000	(7,000)	7,000	7,730	(6,769)	961
Hoist Replacements - 2017	Replacement of end-of-life hoists at the BTC to align with Sandwell Hoist Replacement Program.	5,163	(2,550)	2,613	2,934	(2,207)	727
Investments in Transit Priority on Priority B-Line Corridors	Implementation of transit priority measures, stop upgrades, termini and depot improvements to accommodate service for four new B-Line routes.	3,770	-	3,770	1,483	-	1,483
Joyce-Collingwood Station Upgrade Design	Design of upgrades to the Joyce-Collingwood Station to improve capacity and passenger flow.	47,578	(37,033)	10,545	2,050	(15,599)	(13,549)**
Knight Street Bridge Rehabilitation-Detailed Design	Knight Street Bridge structural assessment and detailed design.	2,100	-	2,100	925	-	925
Lonsdale Quay bus loop and SeaBus terminal upgrade	Design and implementation of improvements to passenger environment in bus loop and North SeaBus Terminal.	8,000	(4,000)	4,000	7,410	(3,917)	3,493
Metrotown Bus Loop Refurbishment	Refurbish Metrotown Bus Loop.	5,000	(5,000)	-	2,854	(2,245)	609
Newton Exchange	Upgrade Newton Exchange.	1,474	(760)	714	1,711	(760)	951
Pattullo Bridge Rehabilitation Phase 2 Design	Design for structural seismic upgrade work on the Pattullo Bridge.	55,000	-	55,000	8,390	-	8,390

Active and Approved in Principle (AIP) Capital Program Details		Total Project Budget			2019 Capital Cash Flow		
Classification and Project Name	Description	Gross Cost	Less: Funding	TransLink Net Cost	Gross	Less: Funding	TransLink Net
Phibbs Exchange Upgrade	Upgrade Phibbs bus exchange for safety and customer and vehicle capacity.	23,190	(20,750)	2,440	19,960	-	19,960
Propulsion Power Substation Redundant Incomers a 3 Locations	Replace sections of running rail in Phase I of Expo Line (Burnaby/New West) that are in poor condition.	7,172	-	7,172	5,046	-	5,046
Rapid Transit Noise Migration Design	Implementation of noise mitigation measures for rapid transit lines.	1,000	-	1,000	956	-	956
Replace Platform LEDs System	Procurement and replacement of all Platform LEDs and Station Entrance Emergency Information Panels at Expo and Millennium stations.	26,450	(6,250)	20,200	18,530	(6,250)	12,280
Roofing Replacements (#1&2)	Roof replacements of facilities along the Expo Line rail network.	7,575	(7,575)	-	5,889	(5,840)	49
Running Rail Replacement	Replace running rail that have reached the end of service life.	7,128	(7,127)	1	3,438	(6,962)	(3,524)**
SeaBus South Seawall and Skywalk Seismic Design	Design and development of seismic upgrades to the SeaBus South terminals to withstand a major earthquake.	17,501	(4,175)	13,326	3,847	(3,947)	(100)**
SeaBus Terminals and Admin Building Envelope Upgrades- Design Stage	Upgrade SeaBus Terminals and Admin Building Envelope.	12,443	-	12,443	2,119	-	2,119
TOH Metrotown Group Rectifier Replacement	Design and construct rectifier station replacements at Central Park, Willingdon East and Willingdon West rectifier stations.	5,765	(4,725)	1,040	2,151	(1,488)	663
TOH Pole Replacement - 2018	State of Good Repair multi-year program to replace 100 TOH poles per year based on a priority basis.	2,500	(500)	2,000	577	(271)	306
Transit Centre Paving Replacement	Pavement rehabilitation at transport centres, including BTC North, Maple Meadows Way Exchange and Braid Station Loop.	950	-	950	848	-	848
Transit Plan for M-Line Broadway Extension Construction	To order 37 diesel buses to replace some of the trolley fleet and to build bypass TOH infrastructure for others during construction.	8,950	-	8,950	3,032	-	3,032
TransLink Owned Bicycle Infrastructure	Maintain and improve current level of service, safety and reliability.	6,624	-	6,624	2,554	-	2,554
TransLink owned Investment in Cycling Infrastructure	Maintain and improve current level of service, safety and reliability.	2,300	-	2,300	2,300	-	2,300
Two Bus Exchange Upgrades	Improve bus exchanges as part of region-wide transit facility upgrades.	10,000	(5,000)	5,000	4,546	(2,340)	2,206
Westham Island Bridge Structural Assessment and detailed design	Construction and Implementation of the Westham Island Bridge Rehabilitation.	2,320	-	2,320	477	-	477
Surrey Central Station Upgrades Design	Upgrade SkyTrain station facilities to increase capacity.	24,268	(10,075)	14,193	2,314	-	2,314

Active and Approved in Principle (AIP) Capital Program Details		Total Project Budget			2019 Capital Cash Flow		
Classification and Project Name	Description	Gross Cost	Less: Funding	TransLink Net Cost	Gross	Less: Funding	TransLink Net
Expo Line Escalators Replacement Accelerated Program-Phase 1 Design	Accelerated design for escalator replacements on the Expo Line.	15,428	(14,517)	911	4,955	(5,825)	(870)**
Expo and Millennium Line Signage and Station Fixture Replacement	Expo and Millennium Line Signage and Station Fixture Replacement	9,750	(3,240)	6,510	315	-	315
Pattullo Bridge Wind Monitoring & Seismic Warning Systems Detailed Design	Detailed research and design of wind monitoring and seismic warning systems for the Pattullo Bridge.	5,595	-	5,595	3,091	-	3,091
WCE Stations & Carvolth Exchange bicycle Parkades	Design and construction of new bicycle parkades at WCE Stations and the Carvolth Exchange.	3,272	(2,000)	1,272	1,090	(2,000)	(910)**
BTC North Garage Replacement - Design	Design of a replacement garage for the BTC North.	8,620	(4,310)	4,310	527	(4,291)	(3,764)**
SkyTrain OMC Upgrades	Install new ATC wayside hardware and modify existing ATC related software and hardware.	50,000	-	50,000	25,342	-	25,342
Edmonds OMC Capacity Upgrades	Improvements to the SkyTrain OMC at Edmonds.	9,000	(9,000)	-	5,101	(7,370)	(2,269)**
BCRTC Yard Track Reconditioning (including OMC 2 Track Connection Rework)	Feasibility study to explore reconditioning the existing yard tracks and track switches and determine options to restore storage lane to full functionality at OMC 1.	3,000	-	3,000	2,553	-	2,553
Power System Upgrades for SkyTrain at OMC	Improve power supply and distribution reliability at OMC.	7,565	(3,390)	4,175	3,970	(3,540)	430
ATC System Recovery and Operation Improvements	Improve ATC system to reduce the occurrence of SkyTrain disruptions and the time needed to recover the disruptions.	5,320	-	5,320	2,657	-	2,657
Main Street SkyTrain Station Upgrade - Construction	Main Street SkyTrain Station Upgrade - Construction	36,934	(21,031)	15,903	200	-	200
SkyTrain Storage - Coquitlam Vehicle Storage Facility Expansion	Expansion of the SkyTrain vehicle system storage capacity with the construction of additional storage track capacity at the Coquitlam Vehicle Storage Facility OMC 3.	21,250	(8,150)	13,100	16,803	(7,147)	9,656
UBC Diesel Bus Terminal TransLink Related Infrastructure	UBC Diesel Bus Terminal TransLink related Infrastructure.	1,201	-	1,201	899	-	899
Infrastructure Total		654,876	(283,457)	371,419	281,894	(128,489)	153,405

Active and Approved in Principle (AIP) Capital Program Details		Total Project Budget			2019 Capital Cash Flow		
Classification and Project Name	Description	Gross Cost	Less: Funding	TransLink Net Cost	Gross	Less: Funding	TransLink Net
Technology							
BCRTC Enterprise Asset Management Implementation	Implement an EAM system to enable the effective control of SkyTrain system and maintenance processes.	11,760	-	11,760	7,359	-	7,359
BCRTC Modernization 2017	Replacing end-of-life permit control application to improve efficiency and document management.	500	-	500	500	-	500
BTS Infrastructure, Applications, Projects - Run	Ensure software technology assets are maintained in a state of good repair and updated to fully-supported versions.	2,939	-	2,939	1,647	-	1,647
Bus Simulator	Design and implementation of a bus simulator to improve driver training and provide a safer service to customers.	750	-	750	7	-	7
Health and Safety System Implementation	Implementation of an enterprise health and safety system for consistent, automated and accurate reporting of incidents and improved management practices.	500	-	500	500	-	500
IT Infrastructure Program 2018	Continued investment in technology infrastructure to renew capital leases, replace owned assets, accommodate new headcount & provide for growth.	5,966	-	5,966	3,416	-	3,416
SkyTrain Public Announcement System	Replacement of Integrated Alarm Notification System at all Expo Line passenger stations, Expo Line propulsion power stations and the SkyTrain OMC.	6,375	-	6,375	428	-	428
TransLink Enterprise Asset Management	Provide a strategic-level investment decision-support tool for enterprise assets.	6,603	-	6,603	2,194	-	2,194
Vulnerability Management System	Implementation of an automated vulnerability management system to address cyber security risks.	1,115	-	1,115	999	-	999
Enterprise Payroll Services - Onboarding BCRTC & WCE	Modernizing BCRTC and WCE payroll systems through transition to the Enterprise Payroll Services.	1,500	-	1,500	1,500	-	1,500
Financial System Replacement Implementation	Replace SmartStream and the other financial systems throughout the TransLink enterprise.	4,000	-	4,000	3,485	-	3,485
IT Infrastructure Program 2017	The ongoing provisioning of technology infrastructure requires regular investment to ensure the continued availability of systems, services and communications in a cost-effective manner. Includes lease renewals and replacement of owned assets.	5,235	-	5,235	200	-	200
Bus Scheduling and Trip Planner System Update	Update to the Trapeze Software as it has reached end of vendor support.	3,490	-	3,490	2,091	-	2,091

Active and Approved in Principle (AIP) Capital Program Details		Total Project Budget			2019 Capital Cash Flow		
Classification and Project Name	Description	Gross Cost	Less: Funding	TransLink Net Cost	Gross	Less: Funding	TransLink Net
Data Warehouse/Business Intelligence Program	Implementation of Enterprise Data Warehouse and Business Intelligence solutions that ensure timely and cost-effective service.	860	-	860	280	-	280
Bus DOMS Replacement	DOMS primarily manages \$240M a year in operator wages and is the system that enables the management of day-to-day activities.	2,981	-	2,981	653	-	653
BCRTC Modernization - System Management Center (SMC) Tape Analysis Reporting (STAR)	Update the STAR application to improve functionality and reduce business continuity risks.	494	-	494	232	-	232
Technology Total		55,068	-	55,068	25,491	-	25,491
Vehicles							
100-400 Series MK I Refurbishment Project	Refurbish the original 114 MK I SkyTrain cars to extend service lives by another 15 years.	35,294	(24,360)	10,934	4,860	(4,380)	480
2016 Conventional Bus Replacement	This project is to replace 111 conventional 40ft and 60ft buses that reached end of useful service lives with 25-40ft CNG, 60-40ft diesel and 26-60ft diesel buses.	94,730	(82,624)	12,106	31,535	(30,156)	1,379
2017 Conventional Bus Replacement (54-40G and 52-60H)	Replace 52 articulated buses and 54 standard buses reaching end of useful service life in fall 2017.	115,750	(105,985)	9,765	58,999	(52,792)	6,207
2018 BCRTC NRV Expansion Project	Acquisition of additional NRV to provide transportation for staff and equipment used for regular functions and emergency response.	1,070	-	1,070	130	-	130
2019 Conventional Bus Expansion	Purchase 54 conventional buses required to implement the 2019 service expansion as per the Mayors' Vision.	82,742	(73,800)	8,942	80,266	(73,800)	6,466
Bus-Vehicles Conventional 40	Procure new Conventional 40-foot buses.	94,500	(85,584)	8,916	10,600	(5,064)	5,536
Bus-Vehicles Conventional 60	Procure 11 new Conventional 60-foot buses.	17,000	(16,999)	1	16,628	(16,330)	298
Community Shuttle Vehicles	Procure 12 new Community Shuttles.	2,240	(2,016)	224	115	(83)	32
CUTRIC Battery Electric Bus Trial	Participation in the CUTRIC trial of high speed battery electric buses to evaluate viability and impact on the low-carbon fleet strategy.	10,000	(8,592)	1,408	1,459	(1,313)	146
NRV Fleet Life Cycle Management	Replacement of five additional NRV which have reached the end of their service lives.	217	-	217	30	-	30
WCE Fleet Expansion	Procure train cars for expanding service on the WCE rail network.	21,967	(20,750)	1,217	16,085	(20,747)	(4,662)**
2017 HandyDART Vehicle Replacement	Replace 35 HandyDART buses expected to reach end of useful lives by 2017.	4,900	(4,696)	204	121	(90)	31

Active and Approved in Principle (AIP) Capital Program Details		Total Project Budget			2019 Capital Cash Flow		
Classification and Project Name	Description	Gross Cost	Less: Funding	TransLink Net Cost	Gross	Less: Funding	TransLink Net
2018 Conventional Bus Replacement	Replacement of 92 - 40-foot buses that have reached the end of their useful service lives.	70,000	(61,925)	8,075	26,770	(21,325)	5,445
2018 HandyDART vehicle Replacement	Replacement of 40 HandyDART vehicles that have reached the end of their useful service lives.	5,620	(5,508)	112	236	(200)	36
2018 Community Shuttle Vehicle Replacement	Replacement of 20 Community Shuttle buses.	4,100	(3,830)	270	182	(73)	109
TOH Truck Replacement	Replacement of six end-of-life TOH trucks to support overhead network maintenance, repair and construction.	2,424	-	2,424	813	-	813
2019 Conventional Bus Replacement	Replacement of 27 end-of-life 40-foot high floor conventional buses with 27 double-decker low-floor buses.	33,922	(30,000)	3,922	33,922	(30,000)	3,922
2019 HandyDART Vehicle Replacement	Replacement of 40 end-of-life HandyDART vehicles with 40 new HandyDART vehicles.	5,750	(5,200)	550	5,484	(5,200)	284
2019 Community Shuttle Vehicle Replacement	Replacement of 49 end-of-life Community Shuttle vehicles with 49 new low-floor Community Shuttles.	12,000	(10,800)	1,200	10,940	(10,475)	465
2nd Replacement SeaBus	2nd Replacement SeaBus	21,183	(19,697)	1,486	500	-	500
Non-Revenue Vehicles (NRV) - Replacements	Replacement of 23 SSV at the end of their service lives.	1,300	-	1,300	1,126	-	1,126
Canada Line Fleet Expansion - Fleet	Fleet portion to meet updated ridership forecasts and capacity on the Canada Line.	74,600	(58,412)	16,188	31,115	(18,974)	12,141
Expansion SeaBus Vessel	Procure a new SeaBus.	29,000	(16,100)	12,900	9,661	(7,756)	1,905
PTIF Mark III Vehicle Procurement - Phase 1	Purchase of 28 MK III SkyTrain vehicles to address crowding and service expansion needs.	113,115	(112,000)	1,115	20,051	(31,641)	(11,590)**
PTIF Mark III Vehicle Procurement - Phase 2	Purchase of 28 MK III SkyTrain vehicles to address crowding and service expansion needs.	101,633	(98,000)	3,633	43,529	(64,729)	(21,200)**
HandyDART Vehicles	Purchase 13 HandyDART vehicles for service expansion throughout Metro Vancouver as per the Mayors' 10-Year Vision.	1,900	(1,888)	12	81	(80)	1

Active and Approved in Principle (AIP) Capital Program Details		Total Project Budget			2019 Capital Cash Flow		
Classification and Project Name	Description	Gross Cost	Less: Funding	TransLink Net Cost	Gross	Less: Funding	TransLink Net
2019 HandyDART Vehicles Expansion	Purchase ten HandyDART vehicles required to implement the 2019 service expansion as per the Mayors' Vision.	1,550	(1,350)	200	1,511	(1,350)	161
Vehicles		958,507	(850,116)	108,391	406,749	(396,558)	10,191
Major Construction							
Evergreen Line - TransLink Contribution	TransLink monetary and in-kind contributions to the design and construction of the Evergreen Line by the Province.	398,526	-	398,526	1,170	-	1,170
MLBE Procurement Readiness	Final procurement preparation for the design and construction of Millennium Line Broadway Extension.	39,627	(23,000)	16,627	1,476	(10,433)	(8,957)**
South of Fraser LRT Project Procurement Readiness	Final procurement preparation for the design and construction of South of Fraser Rapid Transit.	40,749	(10,000)	30,749	5,356	(900)	4,456
Major Construction Total		478,902	(33,000)	445,902	8,002	(11,333)	(3,331)**
Grand Total		2,379,008	(1,262,628)	1,116,380	841,147	(593,376)	247,771

**The 2019 capital cash flows from Senior Government funding are expected to exceed 2019 gross cash flows due to a timing difference of when the funding is received. In certain instances, the 2019 funding cash flows include recoveries for expenditures incurred in 2018 and 2019.

Capital Infrastructure Contributions

TransLink provides capital infrastructure contributions each year to the Metro Vancouver municipalities to fund rehabilitation and minor capital work on the MRN and bike pathways. TransLink is increasing spending in 2019 for MRN upgrades and structure rehabilitation along with additional spending for expanding the regional bike network. Work related to the program will begin in 2019, invoicing will occur approximately one year after completion. TransLink is budgeting capital contribution funding of \$75.0 million to municipalities for road and bike infrastructure. Projects already approved and underway have a budget of \$297.9 million, which with the 2019 capital infrastructure contributions, total \$372.9 million. None of these projects are eligible for senior government funding.

Table 3: Capital Infrastructure Contribution Projects Planned for 2019 (\$ thousands)

Classification and Project name	Description	Total Project Budget	2019 Capital Cash Flow
2019 New Program			
MRN and Bike Capital Program 2019	2019 contribution program to member municipalities for pavement rehabilitation.	23,551	23,340
2019 MRN and Bike Upgrade Funding Program	2019 additional contribution to member municipalities for upgrades to the road network.	20,000	-
2019 Bicycle Infrastructure Capital Cost Share (BICCS) Funding Program	2019 funding for the expansion of the cycling network in the region.	13,450	-
2019 MRN Structures Rehabilitation & Seismic Upgrade Funding Program	2019 additional contribution to member municipalities for seismic road network rehabilitation.	13,000	-
BICCS Sharing Program - 2019	2019 funding for the expansion of the walking infrastructure network in the region.	5,000	-
Grand Total		75,001	23,340

Table 4: Capital Infrastructure Contribution Projects Currently Underway (\$ thousands)

Classification and Project name	Description	Total Project Budget	2019 Capital Cash Flow
Active and Approved in Principle			
2014 MRN and Bike Capital Program	Provide funding to municipalities for pavement rehabilitation.	23,503	852
2015 MRN and Bike Capital Program	2015 contribution program to member municipalities for pavement rehabilitation and road and bike infrastructure upgrades.	24,214	1,906
2016 MRN and Bike Capital Program	2016 contribution program to member municipalities for pavement rehabilitation and road and bike infrastructure upgrades.	23,784	5,912
2017 MRN and BICCS Capital Program	2017 funding for the upgrades to the road network and the expansion of the cycling network in the region.	20,555	9,903
2017 Walking Infrastructure to Transit (WITT) Funding Program	Provide funding to municipalities for expansion and upgrades of the walking infrastructure network.	2,500	851
2018 BICCS Funding Program	2018 funding for the expansion of the cycling network in the region.	15,148	7,620
2018 MRN and Bike Upgrade Funding Program	2018 additional contribution to member municipalities for upgrades to the road network.	21,404	6,699
2018 MRN Structures Rehabilitation & Seismic Upgrade Funding Program	2018 additional contribution to member municipalities for seismic road network rehabilitation.	19,500	1,332
2018 WITT Funding Program	2018 funding for the expansion of the walking infrastructure network in the region.	5,000	3,041
2007 - 2018 Various MRN Projects	2007 - 2018 Various MRN Projects that has no expected future cash flows in year 2019 and onwards which are anticipating formal project closure	142,311	-
Grand Total		297,919	38,116

8. Changes in Financial Position

Consolidated Statement of Financial Position			
As at December 31 (\$ thousands)	2018 BUDGET ¹	2019 BUDGET	Change Incr/(Decr)
Cash and cash equivalents	303,874	412,488	108,614
Accounts receivable	166,218	138,631	(27,587)
Loan receivable	250,734	190,009	(60,725)
Restricted cash and cash equivalents and investments	606,198	703,714	97,516
Investments	60,981	61,667	686
Debt reserve deposits	33,577	27,940	(5,637)
Financial Assets	1,421,582	1,534,449	112,867
Accounts payable and accrued liabilities	209,786	307,890	98,104
Debt	2,767,097	3,020,180	253,083
Deferred government transfers	1,034,535	1,128,957	94,422
Golden Ears Bridge contractor liability	1,040,378	1,033,348	(7,030)
Deferred concessionaire credit	502,384	479,111	(23,273)
Employee future benefits	138,231	141,608	3,377
Deferred revenue and deposits	61,782	55,605	(6,177)
Deferred lease inducements	12,172	14,197	2,025
Liabilities	5,766,365	6,180,896	414,531
Net Debt	(4,344,783)	(4,646,447)	(301,664)
Tangible capital assets	5,602,766	6,005,480	402,714
Supplies inventory	66,183	73,363	7,180
Prepaid expenses	18,655	23,596	4,941
Non-Financial Assets	5,687,604	6,102,439	414,835
Accumulated Surplus	1,342,821	1,455,992	113,171

¹ Restated to reflect Deferred revenue and deposits previously grouped under Accounts payable and accrued liabilities

Financial Assets

Loan receivable represents outstanding proceeds from the 2016 sale of the Oakridge Transit Centre, receivable in annual installments until 2022.

The restricted cash and investments primarily represent unspent government transfers and internally restricted amounts related to self-administered sinking funds, land reserve funds and funds segregated for Transportation Property and Casualty Co. Inc., TransLink's wholly owned captive insurance company. The purpose of the land reserve funds is to allow proceeds from the disposition of real property to be invested back into real property.

Liabilities

Deferred government transfers represent the receipt of capital funding offset by the amortization and revenue recognition for government funding.

The Golden Ears Bridge contractor liability to finance the construction of the Golden Ears Bridge is payable over the term ending June 2041.

Deferred concessionaire credits represent the funding provided by the Canada Line Concessionaire. This balance is amortized to income on a straight-line basis over the operating term of the concessionaire agreement, which will expire in July 2040.

The expected increase in employee future benefits, which represent post-retirement and post-employment benefits, is due to the annual estimated current service cost and related interest. The post-retirement portion of this liability will draw down upon retirement of the employees.

Non-Financial Assets

Planned capital spending during 2019 is expected to result in a net increase of \$402.7 million (7.2 per cent) in capital assets. Significant projects include conventional bus replacements, rail fleet expansion, station upgrades, rail infrastructure projects including the Millennium Line Broadway Extension, the South of Fraser LRT and B-Line developments.

9. Liquidity and Capital Resources

Cash Flows and Liquidity

Unrestricted cash and investments are expected to increase by \$108.6 million compared to the 2018 budget. The increase is mainly as a result of a decision to target higher liquidity levels as we embark on a major expansion in accordance with the Phase Two Plan of the Mayors' Vision.

The following table shows TransLink's unrestricted cash and investments.

UNRESTRICTED CASH AND INVESTMENTS			
As at December 31 (\$ thousands)	2018 BUDGET	2019 BUDGET	Change Incr/(Decr)
Cash and cash equivalents	303,874	412,488	108,614
Investments	60,981	61,667	686
Total Unrestricted cash and investments	364,855	474,155	109,300

Restricted Funds

The unspent government transfers are used to fund qualifying capital expenditures.

RESTRICTED CASH AND INVESTMENTS			
As at December 31 (\$ thousands)	2018 BUDGET	2019 BUDGET	Change Incr/(Decr)
Unspent government transfers	150,104	309,684	159,580
TPCC's investments	22,630	25,907	3,277
Restricted proceeds of real estate sales	179,284	29,754	(149,530)
Self administered sinking funds	254,180	338,369	84,189
Total Restricted cash and investments	606,198	703,714	97,516

Net Debt

TransLink currently has three main sources of financing its assets: net direct debt, indirect P3 debt and senior government contributions. The latter is represented on the balance sheet as deferred government transfers.

Net direct debt is expected to increase by \$174.5 million due to the issuance of debt, partly offset by sinking fund contributions. The issuance of new debt in 2019 is used to help finance budgeted capital spending net of senior government contributions.

Although the net direct debt and indirect P3 debt is expected to be \$144.2 million higher than the 2018 budget and remains high, the amount is reflective of the high capital-intensive nature of the organization and rapid growth to meet the transportation needs of region. The projected net debt ratio of 256.7 per cent is within the debt to revenue policy limit of 300 per cent for the 2019 budget.

FINANCING			
As at December 31 (\$ thousands)	2018 BUDGET	2019 BUDGET	Change Incr/(Decr)
Debt	2,767,097	3,020,180	253,083
Less: Self-administered sinking funds	(254,180)	(338,369)	(84,189)
Less: Debt reserve deposits	(33,577)	(27,940)	5,637
Net Direct Debt	2,479,340	2,653,871	174,531
Golden Ears Bridge contractor liability	1,040,378	1,033,348	(7,030)
Deferred concessionaire credit	502,384	479,111	(23,273)
Indirect P3 Debt	1,542,762	1,512,459	(30,303)
Subtotal Net Direct Debt and Indirect P3 Debt	4,022,102	4,166,330	144,228
Deferred Government Transfers	1,034,535	1,128,957	94,422
Accounts payable and accrued liabilities	271,568	363,495	91,927
Employee future benefits	138,231	141,608	3,377
Deferred lease inducements	12,172	14,197	2,025
Less: Accounts receivable	(166,218)	(138,631)	27,587
Less: Loan receivable	(250,734)	(190,009)	60,725
Other Financing	5,019	190,660	185,641
Total Financing	5,061,656	5,485,947	424,291
Less: Other restricted cash and investments	(352,018)	(365,345)	(13,327)
Less: Unrestricted cash and investments	(364,855)	(474,155)	(109,300)
PSAB Net Debt	4,344,783	4,646,447	301,664

Appendix I – Consolidated Financial Statements

The following statements are presented in accordance with Canadian Generally Accepted Accounting Principles for local governments, as recommended by the Public Sector Accounting Board of the Chartered Professional Accountants of Canada.

Consolidated Statement of Financial Position

Consolidated Statement of Financial Position			
as at December 31	2017	2018	2019
(\$ thousands)	ACTUAL	BUDGET ¹	BUDGET
Cash and cash equivalents	424,010	303,874	412,488
Accounts receivable	120,852	166,218	138,631
Loan receivable	310,197	250,734	190,009
Restricted cash and cash equivalents and investments	780,240	606,198	703,714
Investments	60,951	60,981	61,667
Debt reserve deposits	32,754	33,577	27,940
Financial Assets	1,729,004	1,421,582	1,534,449
Accounts payable and accrued liabilities	269,057	209,786	307,890
Debt	2,462,731	2,767,097	3,020,180
Deferred government transfers	1,149,696	1,034,535	1,128,957
Golden Ears Bridge contractor liability	1,045,557	1,040,378	1,033,348
Deferred concessionaire credit	525,785	502,384	479,111
Employee future benefits	130,902	138,231	141,608
Deferred revenue and deposits	46,412	61,782	55,605
Deferred lease inducements	12,486	12,172	14,197
Liabilities	5,642,626	5,766,365	6,180,896
Net Debt	(3,913,622)	(4,344,783)	(4,646,447)
Tangible capital assets	4,907,241	5,602,766	6,005,480
Supplies inventory	65,293	66,183	73,363
Prepaid expenses	21,403	18,655	23,596
Non-Financial Assets	4,993,937	5,687,604	6,102,439
Accumulated Surplus	1,080,315	1,342,821	1,455,992

¹ Restated to reflect Deferred revenue and deposits previously grouped under Accounts payable and accrued liabilities

Consolidated Statement of Operations

Consolidated Statement of Operations			
Twelve months ending December 31	2017	2018	2019
(\$ thousands)	ACTUAL	BUDGET ¹	BUDGET
Revenue			
Taxation	821,333	855,072	874,526
Transit	590,964	606,805	669,274
Golden Ears Bridge tolling	29,743	-	-
Government transfers	166,902	424,078	388,039
Amortization of deferred concessionaire credit	23,274	23,337	23,337
Investment income	50,278	48,189	52,850
Miscellaneous revenue	7,009	6,036	5,655
Loss on disposal of tangible capital assets	(1,104)	(447)	(122)
	<u>1,688,399</u>	<u>1,963,070</u>	<u>2,013,559</u>
Expenses			
Bus operations	688,878	731,703	777,819
Corporate	110,613	132,928	172,482
Rail operations	297,366	308,576	326,870
Roads and bridges	84,183	104,256	94,691
Transit Police	37,179	38,765	40,845
Sub-total Expenses, before Amortization and Interest	<u>1,218,219</u>	<u>1,316,228</u>	<u>1,412,707</u>
Amortization of tangible capital assets	192,171	214,436	226,513
Interest	181,766	179,267	185,118
	<u>1,592,156</u>	<u>1,709,931</u>	<u>1,824,338</u>
Surplus for the year	96,243	253,139	189,221
Accumulated surplus, beginning of year	984,072	1,089,682	1,266,771
<u>Accumulated surplus, end of year</u>	<u>1,080,315</u>	<u>1,342,821</u>	<u>1,455,992</u>

¹ Restated to reflect budget transfers

Consolidated Statement of Changes in Net Debt

Consolidated Statement of Changes in Net Debt			
Twelve months ending December 31 (\$ thousands)	2017 ACTUAL	2018 BUDGET	2019 BUDGET
Surplus for the year	96,243	253,139	189,221
Acquisition of tangible capital assets	(234,568)	(789,646)	(906,645)
Amortization of tangible capital assets	192,171	214,436	226,514
Loss on disposal of tangible capital assets	1,104	447	122
Net proceeds from disposal of tangible capital assets	869	-	-
Write-down of tangible capital asset	1,179	-	-
	(39,245)	(574,763)	(680,009)
Change in supplies inventory	(3,462)	-	(4,153)
Change in prepaid expense	(9,746)	6,806	(1,124)
	(13,208)	6,806	(5,277)
Decrease (increase) in net debt	43,790	(314,818)	(496,065)
Net debt, beginning of year	(3,957,412)	(4,029,965)	(4,150,382)
Net debt, end of year	(3,913,622)	(4,344,783)	(4,646,447)

Consolidated Statement of Cash Flows

Consolidated Statement of Cash Flows			
Twelve months ending December 31 (\$ thousands)	2017 ACTUAL	2018 BUDGET	2019 BUDGET
Surplus for the year	96,243	253,139	189,221
Non-cash changes to operations	45,951	(155,440)	(104,720)
Changes in non-cash operating working capital	70,975	89,011	73,783
Net changes in cash from operating transactions	213,169	186,710	158,284
Purchase of tangible capital assets	(226,907)	(789,646)	(906,645)
Net proceeds from disposal of tangible capital assets	869	-	-
Net changes in cash from capital transactions	(226,038)	(789,646)	(906,645)
Decrease (increase) in restricted cash and investments	(275,945)	128,846	169,040
Decrease in investments	19,966	-	-
Decrease in debt reserve deposits	2,295	-	1,445
Net changes in cash from investment transactions	(253,684)	128,846	170,485
Debt proceeds	200,000	350,000	400,000
Issue costs on financing	(1,469)	-	-
Repayments of debt	(90,880)	(71,473)	(61,706)
Repayments of Golden Ears Bridge contractor liability	(3,464)	(5,180)	(7,030)
Lease inducements received	-	-	1,653
Government transfers received for tangible capital additions	333,940	214,805	259,403
Net changes in cash from financing transactions	438,127	488,152	592,320
Increase in cash and cash equivalents	171,574	14,062	14,444
Cash and cash equivalents, beginning of year	252,436	289,812	398,044
Cash and cash equivalents, end of year	424,010	303,874	412,488

Appendix II – Allocated Costs between Operating Companies

TransLink’s methodology for allocating costs to benefitting business units is equitable and consistent with leading practices. TransLink allocates costs to business units (CMBC, Access Transit, SkyTrain, WCE and Transit Police) which directly benefit or consume the services or costs.

Business units may be allocated 100 per cent of a cost if it is the only unit benefitting or consuming that cost, or costs can be shared across multiple business units which benefit or consume the cost based on an allocation factor (e.g. head count, square foot). The charges that are allocated to the business units include: administration, human resources, insurance, rent and property taxes and information technology.

The main drivers for increased allocated costs compared to the 2018 budget are an increase in IT software licensing, network infrastructure costs and additional labour costs related to delivering shared services. The cost of insurance, property taxes and rent is higher due to rate increases in 2019. In addition, BCRTC’s IT services will be transferred and centralized within Corporate Operations and allocated accordingly in 2019. This results in a notable increase in shared services allocated to SkyTrain – Expo and Millennium Lines.

Allocated Cost Breakdown					
Twelve months ending December 31	2017	2018	2019	Change	
(\$ thousands)	ACTUAL	BUDGET ¹	BUDGET	Incr/(Decr)	%
Shared Services					
Bus Operations	27,240	34,067	36,460	2,393	7.0%
Access Transit	744	-	111	111	100.0%
SkyTrain - Expo and Millenium Lines	2,330	3,166	7,551	4,385	138.5%
West Coast Express	84	142	144	2	1.4%
Transit Police	1,883	3,231	3,266	35	1.1%
Roads & Bridges	9,239	4,214	2,740	(1,474)	(35.0%)
Corporate	(41,520)	(44,820)	(50,272)	(5,452)	(12.2%)
Total Shared Services allocated	-	-	-	-	-
Costs Administered by TransLink and allocated to operating companies					
Bus Operations	16,530	17,682	19,480	1,798	10.2%
SkyTrain - Expo and Millenium Lines	5,177	5,018	5,730	712	14.2%
SkyTrain - Canada Line	2,107	1,998	2,441	443	22.2%
West Coast Express	892	533	436	(97)	(18.2%)
Transit Police	1,831	1,862	2,086	224	12.0%
Total Costs Administered by TransLink allocated	26,537	27,093	30,173	3,080	11.4%
Total costs allocated to operating companies from TransLink					
Bus Operations	43,770	51,749	55,940	4,191	8.1%
Access Transit	744	-	111	111	100.0%
SkyTrain - Expo and Millenium Lines	7,507	8,184	13,281	5,097	62.3%
SkyTrain - Canada Line	2,107	1,998	2,441	443	22.2%
West Coast Express	976	675	580	(95)	(14.1%)
Transit Police	3,714	5,093	5,352	259	5.1%
Total costs allocated to operating companies from TransLink	58,818	67,699	77,705	10,006	14.8%

¹ Restated to reflect budget transfers