



# 2023 Business Plan

OPERATING AND CAPITAL BUDGET SUMMARY



[translink.ca](https://translink.ca)



## Table of Contents

<b>1. Business Plan Summary .....</b>	<b>4</b>
<b>2. 2023 Key Priorities .....</b>	<b>6</b>
<b>3. 2023 Financial and Operating Summary .....</b>	<b>10</b>
<b>4. Key Performance Indicators and Drivers .....</b>	<b>11</b>
Financial Indicators.....	11
Operating Indicators.....	12
Key Drivers.....	15
Assumptions .....	17
<b>5. Consolidated Revenues.....</b>	<b>18</b>
<b>6. Consolidated Expenses by Segment .....</b>	<b>22</b>
Bus Operations .....	23
Rail Operations .....	27
Police Operations .....	31
Corporate Operations.....	34
Roads and Bridges .....	37
Amortization.....	38
Interest .....	38
Corporate – One Time .....	38
<b>7. Investment in Capital Assets .....</b>	<b>39</b>
2023 New Capital Program.....	40
Active and Approval in Principle (AIP) Projects Underway .....	44
Capital Infrastructure Contributions .....	56
<b>8. Changes in Financial Position .....</b>	<b>58</b>
Financial Assets .....	58
Liabilities.....	58
Non-Financial Assets .....	59
<b>9. Liquidity and Capital Resources .....</b>	<b>60</b>
Cash Flows and Liquidity .....	60
Restricted Funds.....	60
Net Debt .....	60
<b>Appendix I – Consolidated Financial Statements .....</b>	<b>62</b>
Consolidated Statement of Financial Position .....	62
Consolidated Statement of Operations.....	63
Consolidated Statement of Changes in Net Debt.....	64
Consolidated Statement of Cash Flows.....	65
<b>Appendix II – Allocated Costs between Operating Companies .....</b>	<b>66</b>

### **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. Risks and uncertainties related to financial, economic and regulatory environments, 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

The South Coast British Columbia Transportation Authority, TransLink, is Metro Vancouver's regional transportation authority. Its service region includes 21 municipalities, one electoral area and one Treaty First Nation. TransLink delivers a wide range of services and programs to plan and provide for the transportation needs of residents, businesses and visitors in the region. This includes Bus, SkyTrain, SeaBus, HandyDART, West Coast Express and Transit Police. TransLink also shares responsibility for the Major Road Network (MRN) and walking and cycling infrastructure with its local government partners.

Having safely stewarded the region's current and future public transportation services through the COVID-19 pandemic, TransLink is now charting the course through the pandemic's lasting socio-economic effects. We are managing unprecedented emergent cost pressures such as rapidly rising inflation and fuel prices and navigating resourcing challenges linked to the strained global supply chain. Lasting working and commuter preferences appear to be crystallizing, revealing a cultural shift towards remote and hybrid work practices, and the economic outlook appears far from certain. At a time when our macro externalities mean that so much is in flux – inflation, commuter preferences, the risk of recession – TransLink's commitment to our region is a constant. In 2023, TransLink's service hours will increase slightly compared to 2022, as we continue to deliver services that are tailored to the needs of the region and maintain accessibility for the people who rely on them. We are holding our service levels true to those envisioned in the Investment Plan, putting our customers first while laying the groundwork for the future through investing in business resilience and advancing the region's priorities.

The impact of the pandemic on transportation was profound, and the picture of post-pandemic transportation patterns for our region continues to develop. Ridership and transit revenue in 2022 are now forecast to be lower than was anticipated in the 2022 Budget and we are budgeting for only a modest increase in 2023. Ridership recovery, as it relates to the pandemic, is expected to conclude in 2022, leaving behind a lasting re-baselining of ridership and transit revenues. We anticipate that students who hold discounted passes will make up proportionately more of our ridership, whilst commuters enjoying the flexibility of hybrid work will be making fewer daily trips throughout the working week, thus reducing fare revenues. Once the post-pandemic recovery concludes, the primary drivers of ridership growth are expected to resolve back to more 'evergreen' factors including population growth, employment levels and service expansion. We continue our work with the Mayors' Council and the Province on sustainable revenue sources to address the structural gap in our funding model catalyzed by the pandemic.

The people of Metro Vancouver are anticipated to return to pre-COVID levels of activity in 2023 but to utilize the transportation system in different ways compared to historical trends. These changing patterns of commuting is reflected by proportionately higher anticipated increases in taxation revenues as opposed to transit revenue. The 2023 Budget results in a \$5.2 million surplus on a Public Sector Accounting Board (PSAB) standards basis. This is a \$52.1 million improvement from the deficit budgeted for 2022, and is mainly due to the substantial increase in investment income resulting from an upfront payment received from the Province in early 2022, through a long term refinancing of the Golden Ears Bridge toll replacement agreement.. Prioritizing service to the customer and the needs and ambitions of the region we serve, the associated inflationary cost pressures across the Enterprise are being managed by a continued focus on achieving cost savings, prudent fiscal management and allowing only absolutely essential initiatives to go forward. Our liquidity remains healthy with the receipt of additional emergency relief funding received in 2022 intended to provide assistance over three years. All financial ratios are within policy limits.

As we continue to navigate the challenges of the changes brought by COVID-19, the four corporate priorities TransLink established for 2021 in anticipation of supporting the region's recovery will remain, focused on supporting the region in the post-pandemic landscape for 2023:

- Rebuild Customer Ridership;
- Foster a Safe, Skilled and Resilient Workforce;
- Deliver a Reliable Transportation System in a State of Good Repair; and
- Achieve Financial Sustainability.

The 2023 Budget reflects significant inflationary pressures to our baseline expenditures due to global socio-economic developments. Within this context, any incremental expenditures have been assessed to ensure they are absolutely necessary to mitigate key Enterprise risks and/or critical to achieving key priorities. Our investments in 2023 are centred on resiliency to ensure that we maintain service quality and deliver on our commitments to the region. While TransLink has deferred some projects in response to rising inflation, our Capital Program remains focused on keeping the existing transit system in a state of good repair as well as key expansion projects including the Broadway Subway Project and Surrey Langley Skytrain. Our ridership campaign will continue in 2023, focusing on both attracting former riders back to transit as well as acquiring new riders through a series of targeted campaigns that encompass individual customers, employers and community events. Our support functions are being resourced to strengthen our workforce and the corporate systems they rely upon to safely, affordably and reliably move people of Metro Vancouver around the region.

TransLink's budget for 2023 reflects our region's priorities for Metro Vancouver's transportation network as we all look to move forward from the pandemic while still negotiating its lasting impacts. Through the acute fiscal challenges and uncertainties, our service focus is on ensuring accessibility and quality. Our expenditures reflect the essential delivery of these services, and the investments necessary to strengthen business resilience in support of that. Our work with the Mayors and the Province on sustainable revenue sources is ongoing. At a time when global externalities put profound pressure on our finances, TransLink's commitment to our local communities remains front and centre.

## 2. 2023 Key Priorities

TransLink's priority for 2023 is to ensure accessibility and quality of service while managing the COVID-19 pandemic's lasting socio-economic effects on costs, resourcing and transit revenues. In 2023, we will make key investments to build business resiliency, prepare for the rail expansion underway and set the ground for the implementation of Transport 2050: 10-year Priorities.

Our four key corporate priorities ensure continued focus on the customer, our workforce and maintaining our assets in a state of good repair, all within the current financial environment.

### Priority One: Rebuild Customer Ridership

*TransLink will rebuild ridership by focusing on restoring public trust and confidence in transit as the economy recovers*

- Implement Ridership Development programs and promotions, partnering with employers to provide Transit-Friendly Employer certifications, while extending existing customer experience programs and new initiatives as well as continued participation in community engagement programs and events.
- Continue to increase bus system flexibility, balance cancellation management and maintain on-time performance through the roll out of a Service Performance Dashboard.
- Increase bus stop wheelchair accessibility to 85 per cent.
- Develop an operational framework to ensure expedited introduction of Customer Washrooms in key locations across the network. Site-specific design work will commence in 2023.
- Begin planning to prepare for the future Investment Plan and expansion, including key emission reductions, traffic management and regional mobility programs.
- Advance high-urgency transit service initiatives. Minimize overcrowding through reallocation of services from frequent routes that have sufficient capacity, as we respond to changing travel patterns across the region.
- Continue advancing RapidBus and Bus Speed and Reliability programs in partnership with local governments, to improve speed and reliability of bus journeys, including planned launch of R6 Scott Road RapidBus in late 2023.
- Continue implementing pilot projects for VanPool, Shared Mobility Compass Card and regional electric vehicle (EV) charging.
- Advance full business cases for UBCx (with the Province of B.C.) and Burnaby Mountain Gondola and the exploratory business case for nine regional corridors for Bus Rapid Transit.
- Develop a Reconciliation Action Plan, focusing on building respectful, long-term, and mutually beneficial relationships with Indigenous Nations and urban Indigenous Peoples.
- Continue to work with Indigenous Nations on the First Nations Transportation Program to support the implementation of multi-modal transit options to bring TransLink services to reserve lands and improved services to treaty lands.
- Implement the Community Safety Officer program as a supplement to regular police officers, in order to positively impact perceptions of safety on transit and free up regular police officer resources.

- Enhance community engagement and support to those who are vulnerable, including establishing of an additional Community Police Centre and expansion of the Blue Eagle Community Cadet Program to another location.

## Priority Two: Foster a Safe, Skilled and Resilient Workforce

*TransLink will help build resilience among the workforce by focusing on business continuity, transparency and adaptability*

- Establish a comprehensive talent acquisition strategy focused on proactive sourcing for difficult to hire talent, development of a media strategy, digital and in-person outreach programs and restructuring the current hiring process for large scale hiring.
- Develop a workforce planning function and strategy to address long-term planning including assessment of current workforce talent, expansion needs, upskilling and redeployment.
- Complete and implement compensation philosophy and job evaluation changes; expand and implement tools to support organizational growth in specialized areas including Rail, Business Technology Services, Engineering, Human Resources and trades.
- Implement Applicant Tracking System to collect demographic data at the application process.
- Negotiate new Collective Agreements that are both equitable and fiscally responsible.
- Continue to advance Future of Work program, including manager training, space optimization, scheduling improvements and productivity enhancements.
- Enhance Return To Work initiatives and progress the Days Lost Reduction Strategy to strengthen stability of workforce planning in support of service reliability.
- Continue to promote safety and wellbeing in the workplace and focus on employee mental health through our mental health strategy, Build leadership accountability through training. Focus on leadership competencies to prepare future leaders.
- Continue to strengthen the Equity, Diversity and Inclusion (EDI) program across the Enterprise to better reflect the communities we serve. An initial focus in 2023 will be focused on increasing the number of women in leadership , and advancing accessibility initiatives for all.
- Enhance support for speaker series and Employee Resource Groups, bringing in experts to discuss various EDI topics.
- Develop a plan for Indigenous Representation in Governance by working with TransLink senior leaders, Board and Mayors' Council.
- Develop and implement Indigenous Recruitment, Retention and Advancement Policy, including Indigenous Apprenticeship opportunities and driver training. Create Indigenous Employee Resource Group.
- Support reconciliation through representation of Indigenous Nations in regional governance and implement cultural awareness training for key decision-makers within the Enterprise.

## Priority Three: Deliver a Reliable Transportation System in a State of Good Repair (SoGR)

*TransLink will proactively manage and maintain all assets in a SoGR to ensure safety and reliability, optimize lifecycle costs and enhance the customer experience*

- Commence work to facilitate integration of Surrey Langley SkyTrain with the existing Expo Line, including procurement of 30 Mark V SkyTrain vehicles. Commence design and construction of a new Operations and Maintenance Centre 5 (OMC 5).
- Ensure labour, parts and equipment are resourced and business processes are revised to facilitate safe and effective operations of expanded and upgraded assets to meet service plan requirements.
- Advance Sustainability priorities including Climate Action Plan implementation, Strategic Energy and Emissions Management and Zero-Emissions Fleet Transition Plan.
- Develop an Enterprise Digital Technology Transformation Strategy to support the Enterprise's overall strategic technology ambitions and direction underpinning our business goals and objectives over the next ten years.
- Implement TransLink Analytics Program for outcomes defined through Business Intelligence Strategy & Roadmap and projects approved through the Information Governance Council that will drive data literacy and deliver solutions to facilitate data-driven decision making.
- Develop a new regional transportation modeling system, to provide increased capability to forecast the Equity, Diversity and Inclusion implications of infrastructure projects and allow more realistic representation of important policies to inform better decision making.
- Continue implementation of ERP program which will optimize finance and supply chain capabilities and allow for an effective integration with the Enterprise Asset Management (EAM) system.
- Continue Get Well and State of Good Repair maintenance program, including the structural integrity and fleet overhaul programs, and quality management implementation.
- Implement Business Continuity Management Program technology to create efficiencies in business continuity planning.
- Technology Platforms Modernization: establish roadmaps, action plans and programs to modernize our core technology infrastructure and platform to support capability requirements for Enterprise service growth and transformation.
- Implement the Digital Evidence Management Solution (DEMS) for police investigations to improve the process of collecting and uploading digital evidence, evidence security and evidence continuity.



## Priority Four: Achieve Financial Sustainability

*TransLink will actively manage the financial health and work towards the achievement of long-term financial sustainability*

- Commence working on the next Investment Plan, with a key focus of identifying new sustainable revenue sources required to close funding gap.
- Implement the Sustainable Procurement Strategy and develop a Social Equity Framework to advance affordable and accessible transit, restorative justice and economic reconciliation. Ensure Indigenous inclusion for Indigenous engagement on projects, initiatives and corporate strategies.
- Advance pipeline of key Real Estate projects, including completion of due diligence, detailed design and preparation of applications for priority projects and key opportunities.
- Develop a Net Zero Fleet Transition Plan to replace the current TransLink Low Carbon Fleet Strategy, encompassing all fleet types, demographic and social equity analysis, service design, operational models, total cost of ownership and Greenhouse Gas (GHG) analysis for the current fleet and for expansions.
- Maintain sustainable short and long-term sources of revenue to support financial stability by modernizing and enhancing commercial assets to maximize revenue opportunities and improve customer amenities.
- Increase revenue opportunities by supporting real estate developers to facilitate development adjacent to TransLink's infrastructure.

To deliver the priorities set in the **2023 Business Plan, Operating and Capital Budget**, funding will be obtained through various sources. Funding for capital projects includes the Greater Vancouver Regional Fund (GVRF) and Investing in Canada Infrastructure Program (ICIP). Main funding sources supporting current operations include transit revenues, property taxes, motor fuel taxes and parking sales tax. The main risks associated with these funding sources are reduced and / or structurally changed transit ridership and fare revenue relative to the pre-covid norm, reduced fuel usage, in particular, due to continuing zero emission vehicles adoption, reduced parking, an overall economic downturn and the capacity to deliver capital projects.

### 3. 2023 Financial and Operating Summary

CONSOLIDATED REVENUES AND EXPENSES					
Twelve months ending December 31	2021	2022	2023	Change	
(\$ thousands)	ACTUAL	BUDGET <sup>1</sup>	BUDGET	Incr/(Decr)	%
Revenue					
Taxation	899,448	933,012	988,404	55,392	5.9%
Transit	413,961	619,339	629,998	10,659	1.7%
Government transfers					
Senior Government Relief Funding	31,800	-	-	-	-
Senior Government funding	107,229	247,890	287,451	39,561	16.0%
Golden Ears Bridge tolling replacement revenue	64,751	67,231	67,267	36	0.1%
Development cost charges	44,773	31,525	23,597	(7,928)	(25.1%)
Investment income	52,882	44,996	155,673	110,677	246.0%
Amortization of deferred concessionaire credit	23,273	23,273	23,273	-	-
Miscellaneous	21,974	13,901	15,384	1,483	10.7%
<b>Sub Total Continuing Operations</b>	<b>1,660,091</b>	<b>1,981,167</b>	<b>2,191,047</b>	<b>209,880</b>	<b>10.6%</b>
Gain/(Loss) on Disposal on tangible capital assets	560	(200)	(358)	(158)	79.0%
<b>Total Revenue</b>	<b>1,660,651</b>	<b>1,980,967</b>	<b>2,190,689</b>	<b>209,722</b>	<b>10.6%</b>
Expenditures					
Bus operations	806,292	864,215	934,381	70,166	8.1%
Rail operations	346,699	374,648	408,218	33,570	9.0%
Transit Police	44,809	46,358	52,734	6,376	13.8%
Corporate operations	103,581	125,945	137,358	11,413	9.1%
Roads and bridges	120,166	145,248	157,425	12,177	8.4%
Amortization of tangible capital assets *	233,789	258,400	268,637	10,237	4.0%
Interest *	182,040	179,836	188,393	8,557	4.8%
<b>Sub Total Continuing Operations</b>	<b>1,837,376</b>	<b>1,994,650</b>	<b>2,147,146</b>	<b>152,496</b>	<b>7.6%</b>
Corporate One-time	21,760	33,213	38,380	5,167	15.6%
<b>Total Expenditures</b>	<b>1,859,136</b>	<b>2,027,863</b>	<b>2,185,526</b>	<b>157,663</b>	<b>7.8%</b>
<b>Surplus/(deficit) for the year</b>	<b>(198,485)</b>	<b>(46,896)</b>	<b>5,163</b>	<b>52,059</b>	<b>(111.0%)</b>

\* Amortization and Interest are shown separately to facilitate analysis.

<sup>1</sup> Restated to reflect budget transfers

#### 2023 Budget Highlights

The 2023 Budget results in a \$5.2 million surplus on a Public Sector Accounting Board (PSAB) standards basis. This is a \$52.1 million improvement from the deficit budgeted for 2022, due mainly to the substantial increase in Investment Income from an upfront payment received from the Province in early 2022, through a long term refinancing of the Golden Ears Bridge toll replacement agreement.

People of Metro Vancouver are anticipated to return to pre-COVID levels of activity in 2023 but are expected to utilize their transportation system in different ways compared to the past, with these changed patterns of movement reflected by proportionately higher increases in taxation revenues as opposed to transit. Prioritizing service to the customer and macro-economic inflationary cost pressures across the Enterprise are being managed by ensuring incremental costs are absolutely critical to mitigating key Enterprise risks and achieving key Enterprise priorities.

Total revenue from continuing operations is budgeted at \$2.2 billion which represents a \$209.9 million (10.6 per cent) increase from the 2022 Budget. Investment income is higher than the 2022 Budget by \$110.7 million (246.0 per cent) mainly due to higher average cash balances mostly generated by the upfront payment of the future monthly Golden Ears Bridge foregone toll revenue replacement agreement

and the increase in interest rates. Revenue from Senior Government funding is \$39.6 million (12.6 per cent) higher than the 2022 Budget due to timing of recognition of the revenue driven by stipulations of the funding agreements, and an increase in activity in projects funded through Canada Community Building Fund (formerly known as “Gas Tax”), administered by GVRF. Taxation revenue is \$55.4 million (5.9 per cent) higher than the 2022 Budget, mainly due to higher parking sales and property taxes as the 2023 Budget anticipates an increase in driving activities and higher development and construction growth due to recovery from COVID-19 in the region. Transit revenue is \$10.7 million (1.7 per cent) higher than the 2022 Budget due to a marginal growth in ridership and proportionately more customers paying discounted fares.

Total expenses are budgeted at \$2.2 billion, which is a \$157.6 million (7.8 per cent) increase from the 2022 Budget, mainly due to contractual and economic labour increases as well as higher maintenance costs and a slight increase in service hours. Other cost increases relate to higher committed contractual obligations, higher fuel costs as well as amortization of capital assets.

## 4. Key Performance Indicators and Drivers

### Financial Indicators

FINANCIAL INDICATORS						
As at December 31	2021	2022	2023	Change		
(\$ thousands)	ACTUAL	BUDGET	BUDGET	Incr/(Decr)	%	
Unrestricted cash and investments	741,239	482,611	597,446	114,835	23.8%	
Capital assets	5,704,158	6,419,266	6,614,289	195,023	3.0%	
Net direct debt	(2,466,942)	(2,907,027)	(2,754,580)	(152,447)	(5.2%)	
Indirect P3 debt	(1,445,705)	(1,408,867)	(1,369,486)	(39,381)	(2.8%)	
Total net direct debt and indirect P3 debt	(3,912,647)	(4,315,894)	(4,124,066)	(191,828)	(4.4%)	
Gross interest cost as a % of operating revenue <sup>1,2</sup>	12.9%	10.9%	11.0%	0.1%	1.0%	

<sup>1</sup> Includes operating expenditures (excluding municipal capital infrastructure contributions), interest expense and debt principal repayments.

<sup>2</sup> Operating revenue is total revenue less government transfers for capital projects, investment income and amortization of deferred concessionaire credit.

TransLink’s unrestricted cash and investment balances, reflecting accumulated funding resources available for supporting operations, are budgeted to increase by \$114.8 million (23.8 per cent) compared to the 2022 Budget. The increase is due to unbudgeted Senior Government relief funding received in 2022 and carried through into 2023. This increase is partly offset by lower transit revenue in proportion to the maintained levels of service driven by the changed travel patterns of movement as a result of the pandemic, combined with the increased inflationary effects in the economy. This trend is expected to continue, with 2023 cash outflows outpacing cash inflows. Capital program spending will be matched by bond issuances and funding from Senior Government capital programs. TransLink’s unrestricted cash and investment balances are at healthy levels to the end of 2023 due to the relief funding received by the Province of B.C. and despite tapering off in ridership recovery and inflationary pressures.

Planned capital spending during 2023 is expected to result in a net increase of \$195.0 million (3.0 per cent) in capital assets compared to the 2022 Budget. Projects forecasting significant spending in 2023 include Expo and Millennium Line Fleet Acquisition, Operations and Maintenance Centre 4 (OMC 4) Storage Facility, Skytrain Operation Control Centre, Marpole Transit Centre, Conventional Bus Replacement and Expansion, Canada Line Capstan Station, Edmonds OMC Capacity Upgrade and Station Access and Safety Project.

Net direct debt is expected to decrease by \$152.4 million (5.2 per cent) in comparison to the 2022 Budget due to contributions to Municipal Financing Authority (MFA) BC bond principal and self-administered sinking funds. The 2022 budgeted bond issuance plans were revised and reduced commensurate with slower than expected capital spending. Timing of the bond issuance is also subject to market conditions.

Indirect Public-Private Partnership (P3) debt relating to the Canada Line and Golden Ears Bridge contractor liability is expected to decrease by \$39.4 million (2.8 per cent) due to amortization and principal payments.

The gross interest cost as a percentage of operating revenues of 11.0 per cent is 0.1 percentage points higher than the 2022 Budget mainly due to higher interest cost in 2023, but is well below the policy maximum level of 20 per cent.

## Operating Indicators

OPERATING INDICATORS					
Twelve months ending December 31	2021	2022	2023	Change	
	ACTUAL	BUDGET	BUDGET	Incr/(Decr)	%
<b>Scheduled Transit Service</b>					
Overall Performance Rating (out of 10)	8.2	8.0	8.2	0.2	2.5%
Service Hours	6,982,536	7,158,904	7,248,657	89,753	1.3%
Operating Cost Recovery <sup>1</sup>	33.5%	46.4%	43.6%	(2.9%)	(6.2%)
Operating Cost per Capacity Km <sup>2</sup>	\$0.111	\$0.104	\$0.112	\$0.007	6.7%
Complaints per million Boarded Passengers	92.8	93.0	89.3	(3.7)	(3.9%)
<b>Access Transit Service</b>					
Number of Trips	695,642	1,382,000	1,449,000	67,000	4.8%
Operating Cost per Trip	\$69.70	\$43.69	\$46.31	\$2.62	6.0%
Number of Trips Denied	119	2,237	1,430	(807)	(36.1%)
Complaints per one hundred thousand boarded passengers <sup>3</sup>	209.7	237.2	202.0	(35.2)	(14.8%)
<b>Ridership (thousands)</b>					
Boarded Passengers	223,544	370,461	372,995	2,534	0.7%
Journeys <sup>4</sup>	130,857	212,550	221,615	9,065	4.3%
Average Fare per Journey	\$2.93	\$2.76	\$2.68	(\$0.08)	(2.9%)

<sup>1</sup> The operating cost recovery is the ratio of total operating revenue to total operating costs of Bus, Rail, Transit Police and Corporate On-going with the exception of amortization and interest expense.

<sup>2</sup> The operating cost per capacity km is the ratio of total operating costs of Bus, Rail and Transit Police with the exception of amortization and interest expense to the total capacity kilometres.

<sup>3</sup> The ratio of HandyDART complaints per one hundred thousand boarded passengers has combined both the Operator Complaints with the Service Complaints as a percentage of trips metrics to remain consistent with the Year-End Financial and Performance Report.

<sup>4</sup> The journeys for the 2022 Budget have been restated to include the HandyDART trips.

### Scheduled Transit Service

The targeted overall performance rating for 2023 is 8.2.

Conventional system service hours for both Bus and Rail Operations are budgeted to be higher than the 2022 Budget by 89,753 hours across the region, as the service levels have been right-sized for managing customer demand and maintaining the levels envisioned in the 2022 Investment Plan as well as increased run-time due to an expected increase in congestion levels across the region.

Operating cost recovery of 43.6 per cent budgeted in 2023 is lower than the 2022 budgeted ratio of 46.4 per cent due to a proportionate increase in operating expenses relative to revenue, as a result of escalation in fuel prices and inflationary cost pressures.

Operating cost per capacity kilometre is expected to increase by 6.7 per cent over the 2022 Budget mainly due to significantly increased in operating costs as a result of inflationary pressures and higher fuel prices.

Complaints per million boarded passengers are budgeted to be 89.3, which is 3.7 lower than the 2022 Budget.

TransLink is committed to ensuring customer safety and enhancing the experience, and remains focused on delivering a reliable transportation system in a state of good repair as one of its key priorities. To enhance customer satisfaction and confidence in the transit system, TransLink will continue to build a foundation for growth while strategically allocating service where required.

### **Access Transit Service**

Access Transit trip demand continues to be significantly impacted by the COVID-19 pandemic. However, we remain committed to ensuring that services are fully available for passengers unable to use conventional public transit without assistance as demand returns and grows. As such, the 2023 budgeted service level represents a 4.8 per cent increase from the 2022 Budget which is consistent with the Investment Plan.

The budgeted operating cost per trip for 2023 is expected to increase by 6.0 per cent compared to the 2022 Budget largely due to contractual and committed obligations such as labour rates and fuel costs. The actual cost per trip will be dependent on demand for service, which is affected by ridership growth.

### **Ridership**

Boardings represent each time a passenger enters a fare paid zone including transfers. Boardings in 2023 are expected to be 0.7 per cent higher than the 2022 Budget.

Journeys represent a complete transit trip regardless of the number of transfers. For 2023, journeys are expected to be 4.3 per cent higher than the 2022 Budget due to the forecast recovery in transit ridership following the COVID-19 pandemic.

2021 annual ridership was 47.9 per cent of pre-COVID levels. Having recovered to 69.9 per cent by the end of 2021, ridership dropped to below 50.0 per cent during the Omicron wave of COVID-19 in January 2022, creating a lower baseline starting point for recovery during the year. Ridership recovery continued steadily in 2022 from 50.0 per cent of pre-COVID levels in January to 78.0 per cent by the end of September. 2022 annual ridership is forecast to be an average of 71.0 per cent of pre-COVID levels compared to 77.5 per cent in the 2022 Budget. Although Metro Vancouver's ridership recovery continues to lead its peer regions in Canada and the USA, the trajectory of recovery is expected to level off at 78.0 per cent of pre-COVID levels in the Fall of 2022, continuing modestly under the influence of long-term growth factors to a plateau of just over 80.8 per cent for 2023.

The average fare per journey is forecast to be \$2.69 in 2023, compared to \$2.76 in the 2022 Budget. Despite the fare increase effective on July 1, 2023, the average fare is lower compared to the 2022 Budget due to a lower-than-expected recovery for office commute trips and higher than expected recovery for program and concession trips.

## **Key Drivers**

### ***Ridership***

Ridership journeys are used in estimating the fare revenue. Journeys are expected to increase by 4.3 per cent relative to the 2022 Budget due to the recovery from the COVID-19 pandemic. Ridership is projected to remain at 78.0 per cent of pre-COVID levels in the Fall of 2022 and then increase gradually in 2023 to 80.8 per cent of pre-COVID levels average for the year. 2023 is anticipated to be the first year of the “new normal” for travel patterns in the region. Ridership “recovery,” as it relates to the pre-pandemic norm, is assumed to conclude in late 2022. In 2023, we project that the primary drivers of ridership growth will return to more “evergreen” factors such as household growth, employment levels and service expansion. A key uncertainty for 2023 is whether the region enters an economic recession and the impact this could have on employment and other economic activities and, thus, ridership.

### ***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 1.6 per cent in 2023 compared to the 2022 Budget. Household growth impacts both transit and taxation revenues.

### ***Interest rates***

Interest rates for the 2023 budget are based on forecasts from seven major Canadian chartered banks, the BC Ministry of Finance and TransLink credit spread and issue costs. In 2023, short-term borrowing rates are expected to increase relative to 2022 Budget by 2.6 percentage points and long-term borrowing rates by 1.5 percentage points. Interest rates are a major driver of debt service costs on TransLink’s future borrowing. In reaction to rising inflation, the Bank of Canada has increased its target overnight rate by 300 basis points since March 2022. TransLink expects higher interest rates to remain throughout 2023 as the Bank of Canada continues to implement its policy of higher rates to counteract inflation.

### ***Inflation***

Inflation rates are based on applicable Consumer Price Index rates anticipated in 2023.

### ***Taxable fuel consumption***

Fuel consumption volumes are used to estimate fuel tax revenue. Fuel volume projections are developed based on an internally developed forecast and vehicle fleet trends which consider the total number of vehicles, average distance driven and fuel economy in the region as well as leakage of fuel tax revenue caused by purchases outside the Metro Vancouver region.

Combined fuel volumes in the 2023 Budget are comprised of 82.2 per cent gasoline and 17.8 per cent diesel. Management will continue to monitor fuel trends and leading indicators and will adjust the forecast if necessary.

### ***Hydro cost***

BC Hydro sets out electricity rate increases which impact propulsion power for SkyTrain and Trolley Buses along with facility utility costs. In 2023, rate increase is expected to be 2.0 per cent, unchanged from the 2022 Budget assumption. Rate increases take effect in April of every year.

### ***Gasoline and Diesel prices***

Fuel prices affect operating costs for revenue and non-revenue buses as well as West Coast Express trains. Fuel prices are estimated using fuel vendors and U.S. Energy Information Administration forecasts adjusted for Canadian prices, taxes and price differentials. Natural gas rates will be based on the tariff rate in 2023.

### ***Revenue Vehicle Insurance***

The bus fleet insurance premium that TransLink pays to ICBC is budgeted to increase compared to actuals by 5.0 per cent in 2023 due to expected increase in the number of insured vehicles in 2023 compared to 2022, partially offset by an assumed premium reduction on the bus fleet's due to ICBC discount at renewal. At the date of this report, ICBC has not signalled a Basic Insurance Rates increase for 2023.



## Assumptions

The following table summarizes changes in key assumptions used to develop the 2023 Budget:

2023 BUDGET ASSUMPTIONS			SENSITIVITIES	
		RATE / VOLUME	Change	Impact (\$ millions)
<b>Background Assumptions</b>				
	Real GDP Growth		2.50%	
	Employment rate		1.60%	
	Hydro Cost Increase		2.00%	
	Population	thousands	2,848	
	Households	thousands	1,131	
<b>Operating Assumptions with Sensitivity Analysis</b>				
<b>Revenue</b>				
	Regional Fuel Consumption			
	Gasoline	millions of litres	1,758.4	1 per cent +/- 3.3
	Diesel	millions of litres	384.4	1 per cent +/- 0.7
	Ridership	millions of journeys	221.6	1 per cent +/- 6.0
<b>Expense</b>				
	Diesel cost	dollars per litre	1.66	\$0.10 +/- 3.2
	Operational Diesel Use	millions of litres	32.17	1 per cent +/- 0.5
	Gasoline cost	dollars per litre	1.58	\$0.10 +/- 0.5
	Operational Gasoline Use	millions of litres	4.99	1 per cent +/- 0.1
	Interest rate	Short term	3.15%	0.5 per cent +/- 0.2
		Long term	4.20%	0.5 per cent +/- 1.5
	Inflation	General	2.2% to 8.0%	0.5 per cent +/- 0.8
		Materials	2.2% to 8.0%	0.5 per cent +/- 1.0

## 5. Consolidated Revenues

CONSOLIDATED REVENUES					
Twelve months ending December 31 (\$ thousands)	2021 ACTUAL	2022 BUDGET	2023 BUDGET	Change	
				Incr/(Decr)	%
Taxation					
Fuel	389,652	395,745	400,438	4,693	1.2%
Property & replacement	436,685	452,014	477,828	25,814	5.7%
Parking sales	50,733	62,733	87,073	24,340	38.8%
Hydro levy	22,378	22,520	23,065	545	2.4%
Transit	413,961	619,339	629,998	10,659	1.7%
Government transfers					
Senior Government Relief Funding	31,800	-	-	-	0.0%
Senior Government funding	107,229	247,890	287,451	39,561	16.0%
Golden Ears Bridge tolling replacement revenue	64,751	67,231	67,267	36	0.1%
Development cost charges	44,773	31,525	23,597	(7,928)	(25.1%)
Investment income	52,882	44,996	155,673	110,677	246.0%
Amortization of deferred concessionaire credit	23,273	23,273	23,273	-	0.0%
Miscellaneous revenue	21,974	13,901	15,384	1,483	10.7%
<b>Revenue Before Gain/(Loss) on Disposals</b>	<b>1,660,091</b>	<b>1,981,167</b>	<b>2,191,047</b>	<b>209,880</b>	<b>10.6%</b>
Gain/(Loss) on Disposal on tangible capital assets	560	(200)	(358)	(158)	79.0%
<b>Total Revenue</b>	<b>1,660,651</b>	<b>1,980,967</b>	<b>2,190,689</b>	<b>209,722</b>	<b>10.6%</b>

TransLink receives its revenue mainly through taxation, transit fares and government transfers. Total consolidated revenues for 2023 are budgeted to be \$2.2 billion, \$209.7 million higher than 2022. This is predominantly due to increase in Investment income by \$110.7 million (246.0 per cent) compared to the 2022 Budget, mainly due to the Golden Ears Bridge lump sum payment, combined with higher interest rates. Transit revenue is \$10.7 million (1.7 per cent) higher than the 2022 Budget due to a marginal growth in ridership consisting of proportionately more customers paying discounted fares. Taxation revenues are anticipated to grow due to parking sales taxes returning to pre-COVID norms and increased property taxes.

### 2023 Budget vs 2022 Budget

#### Taxation

TAXATION REVENUES					
Twelve months ending December 31 (\$ thousands)	2021 ACTUAL	2022 BUDGET	2023 BUDGET	Change	
				Incr/(Decr)	%
Fuel	389,652	395,745	400,438	4,693	1.2%
Property & replacement	436,685	452,014	477,828	25,814	5.7%
Parking sales	50,733	62,733	87,073	24,340	38.8%
Hydro levy	22,378	22,520	23,065	545	2.4%
<b>Total Taxation revenue</b>	<b>899,448</b>	<b>933,012</b>	<b>988,404</b>	<b>55,392</b>	<b>5.9%</b>

Taxation revenues are comprised of taxes collected on fuel, property and replacement taxes, parking sales tax and the hydro levy.

Fuel tax revenue for 2023 is budgeted at \$400.4 million which is \$4.7 million (1.2 per cent) higher than the 2022 Budget. The increase is attributable to the increase in vehicle registrations, partly offset by higher

revenue leakage to cross-border fuel purchases, and an increase in number of Zero Emission Vehicle (ZEV) leading to fewer vehicles requiring fuel.

Property and replacement tax revenue is budgeted at \$477.8 million, \$25.8 million (5.7 per cent) higher than the 2022 Budget. This includes an annual 4.15 per cent increase in property tax revenue from existing properties as well as property tax revenue from development and construction growth estimated at 1.5 per cent. The replacement tax remains at \$18.0 million.

Parking sales tax revenue is budgeted at \$87.1 million, \$24.3 million (38.8 per cent) higher than the 2022 Budget. Parking volumes increased significantly during 2022 and are expected to return to pre-COVID levels in 2023.

**Transit**

<b>TRANSIT REVENUES</b>					
Twelve months ending December 31 (\$ thousands)	2021 ACTUAL	2022 BUDGET	2023 BUDGET	Change	
				Incr/(Decr)	%
Fares	270,617	459,228	461,453	2,225	0.5%
Programs	112,343	127,032	132,544	5,512	4.3%
<b>Total fare and programs revenue</b>	<b>382,960</b>	<b>586,260</b>	<b>593,997</b>	<b>7,737</b>	<b>1.3%</b>
Other	31,001	33,079	36,001	2,922	8.8%
<b>Total Transit revenue</b>	<b>413,961</b>	<b>619,339</b>	<b>629,998</b>	<b>10,659</b>	<b>1.7%</b>

Total transit revenue is budgeted at \$630.0 million which is an increase of \$10.7 million (1.7 per cent) compared to the 2022 Budget. The advent of the Omicron variant in early 2022 re-baselined the expected ridership recovery early in 2022, with actual 2022 transit revenue expected to be below 2022 budget. However, stronger ridership recovery was observed across the 2022 Summer and Fall, and the budget for 2023 anticipates a conservative continuing trajectory of growth. Offsetting this relative increase in overall ridership are changes in 2022 observed within ridership mix, with proportionately more ridership now consisting of people paying lower value fares as well as students who pay a fixed annual amount regardless of the number of trips. We expect a similar trend in 2023, and while both ridership and revenue are expected to increase, revenue will increase at a lower rate than ridership. The fare revenue budget factors in a 2.3 per cent average fare increase effective July 1, 2023.

We anticipate that 2023 will be the first year of ‘new normal’ transit patterns for the region, with ridership recovery, as it relates to the pre-COVID norm, concluding during 2022. The primary drivers of ridership growth from 2023 onward are expected to return to traditional factors, such as population growth, employment levels and service expansion. As a part of this ‘new normal’ there is expected to be a permanent shift away from fully on-site office work, as is already evident across the region.

2023 Budget includes a \$5.5 million (4.3 per cent) increase in program revenue, which is primarily due to increasing university enrollments in the region.

## Government Transfers

GOVERNMENT TRANSFERS					
Twelve months ending December 31 (\$ thousands)	2021	2022	2023	Change	
	ACTUAL	BUDGET	BUDGET	Incr/(Decr)	%
Senior Government Relief Funding	31,800	-	-	-	0.0%
Senior Government funding	107,229	247,890	287,451	39,561	16.0%
Golden Ears Bridge tolling replacement revenue	64,751	67,231	67,267	36	0.1%
<b>Total Government Transfers</b>	<b>203,780</b>	<b>315,121</b>	<b>354,718</b>	<b>39,597</b>	<b>12.6%</b>

Government transfers include funds received from Greater Vancouver Regional Fund (GVRF), Investing in Canada Infrastructure Program (ICIP), the Public Transit Infrastructure Fund (PTIF), Canada Line funding, Building Canada Fund and other miscellaneous programs. Revenue from Senior Government funding is expected to be \$39.6 million (12.6 per cent) higher than the 2022 Budget primarily due to a full year of amortizing PTIF revenues and increased GVRF-funded project activity in 2023. This is partly offset by the decrease in municipal funding in 2023 as the funding associated with Capstan Station is forecast to be fully recognized in 2022.

In 2022, TransLink received \$176.0 million in unbudgeted relief funding from the Federal and Provincial governments to help offset operational losses resulting from the COVID-19 pandemic. No such large-scale relief funding is currently forecast for 2023.

### Development Cost Charges (DCC)

The revenue from development cost charges is \$23.6 million, which is \$7.9 million (25.1 per cent) lower than the 2022 Budget. In accordance with PSAB standards, DCC revenue is recognized to the extent that DCC eligible projects are completed. The 2023 budget reflects that a lower amount of DCC eligible capital projects are expected to be advanced than in 2022.

### Investment Income

Investment income is budgeted at \$155.7 million. The \$110.7 million (246.0 per cent) increase over the 2022 Budget is mainly due to carrying higher average cash balances mostly generated by the Golden Ears Bridge lump sum payment, combined with higher interest rates.

### Risks and Challenges

Risks related to transit fare revenue include achieving ridership targets and predicting consumer behaviour for the purchase of various fare products alongside uncertainties caused by the COVID-19 pandemic. While we anticipate that 2023 will be the first year of 'new normal' travel patterns following the COVID-19 pandemic, there remains the continuing risk of a new COVID-variant, and the risk of a recession from the economic impacts of COVID-19.

During 2022, we also observed a change in product mix, resulting from the system being used to a lesser extent than before by weekday "9 to 5" commuters, and to a greater extent by holders of discount passes. The product mix remains a risk factor in 2023, as the budget is predicated on an expected average fare. TransLink continues to closely monitor external factors that may impact ridership.

Fuel tax revenue is challenging to forecast as suppliers have up to 48 months to recover tax paid on exempt volumes of fuel resold outside the transit region. Market changes in the price of crude oil, the increase in usage of ZEVs, the USD/CAD exchange rate and economic growth, as well as consumer tendency to

purchase fuel across the US border can also impact the amount of fuel tax collected and remitted to TransLink.

Property tax revenue includes revenue from new development and construction growth; the rate for 2023 is estimated at 1.5 per cent. If the actual rate for 2023 is lower than 1.5 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 sales tax revenue. An increase in parking rates, change in service, new COVID-19 restrictions, potential recession or change in consumer behaviour could impact this revenue stream.

## 6. Consolidated Expenses by Segment

CONSOLIDATED EXPENSES BY SEGMENT					
Twelve months ending December 31 (\$ thousands)	2021 ACTUAL	2022 BUDGET <sup>1</sup>	2023 BUDGET	Change	
				Incr/(Decr)	%
Bus operations	806,292	864,215	934,381	70,166	8.1%
Rail operations	346,699	374,648	408,218	33,570	9.0%
Transit Police	44,809	46,358	52,734	6,376	13.8%
Corporate operations	103,581	125,945	137,358	11,413	9.1%
Roads and bridges	120,166	145,248	157,425	12,177	8.4%
Amortization of tangible capital assets *	233,789	258,400	268,637	10,237	4.0%
Interest *	182,040	179,836	188,393	8,557	4.8%
Sub Total Continuing Operations	1,837,376	1,994,650	2,147,146	152,496	7.6%
Corporate One-time	21,760	33,213	38,380	5,167	15.6%
<b>Total Expenses by Segment</b>	<b>1,859,136</b>	<b>2,027,863</b>	<b>2,185,526</b>	<b>157,663</b>	<b>7.8%</b>

\* Amortization and Interest are shown separately to facilitate analysis

<sup>1</sup> Restated to reflect budget transfers

TransLink is responsible for delivering transit services, operating five bridges and providing operating and capital funding for the Major Road Network (MRN) and cycling in Metro Vancouver. The overall budget increase of 7.8 per cent is mainly reflective of inflationary impacts. By continuing to focus on efficiencies and absolutely essential expenditures, TransLink is making targeted investments in critical areas of business resiliency and rail expansion readiness in order to maintain a high quality of service for our customers.

Of the \$152.5 million increase in Continuing Operations in 2023 Budget, \$10.2 million represents the amortization of capital assets and \$8.6 million represents interest expense. Of the remaining \$133.7 million increase in Operations, \$109.6 million relates to contractual and economic increases from committed obligations and other non-discretionary increases, partially offset by savings and efficiencies of \$13.9 million. A further \$22.1 million relates to higher costs related to the RapidBus R6 project construction phase. Incremental expenditures in 2023 Budget are related to essential headcount and professional fees necessary to strengthen back-office functions.

Corporate One-time costs are budgeted at \$38.4 million and relate to continued investments in implementing the Phase Two Investment Plan, including costs of capital projects that are not eligible for capitalization, feasibility studies, operational readiness for rail expansion, major studies including Bus Rapid Transit, RapidBus expansion, and Bus Speed and Reliability.

## Bus Operations

Coast Mountain Bus Company (CMBC) oversees the operations of Conventional and Community Shuttle bus services, SeaBus and Access Transit. By the end of 2023, CMBC's fleet will consist of approximately 2,123 Conventional Buses, Community Shuttles and Access Transit (HandyDART) vehicles. This figure also includes vehicles owned by TransLink but operated by third-party service providers. Bus Operations will span 108.6 million service kilometres, deliver 5.7 million service hours and offer 1.4 million Access Transit trips in 2023.

## Initiatives

In 2023, CMBC will undertake a range of strategic activities and initiatives in order to deliver on TransLink's four key Corporate priorities:

### Priority One: Rebuild Customer Ridership

- Continue to increase system flexibility, balance cancellation management and maintain on-time performance through the roll-out of a Service Performance Dashboard;
- Minimize overcrowding on the transit network by reallocating service from frequent routes that have sufficient capacity, responding to changing travel patterns across the region; and
- Improve bus stop wheelchair accessibility to 85 per cent.

### Priority Two: Foster a Safe, Skilled and Resilient Workforce

- Enhance Return To Work initiatives and progress the Days Lost Reduction Strategy;
- Progress the Psychological Health and Wellness Strategy;
- Advance the Equity, Diversity and Inclusion initiatives; and
- Support development and implementation of Health and Safety Software.

### Priority Three: Deliver a Reliable Transportation System in a State of Good Repair

- Support the TransLink Climate Adaptation Plan;
- Support the TransLink Carbon Fleet Transition Plan;
- Support TransLink with the development of a new Access Transit Service Delivery Model;
- Support the commissioning of new bus orders; and
- Support Onboard Technology Assets Program (OTAP), Bus Daily Operations Management System (DOMS), and the Enterprise Resource Planning (ERP), which includes the CloudSuite Enterprise Asset Management (EAM) project.

### Priority Four: Achieve Financial Sustainability

- Negotiate new Collective Agreements that are both equitable and fiscally responsible; and
- Progress work on the Maintenance Trades to Bus ratio matrix (i.e., considering electric fleet requirements).

## Risks and Challenges

Coast Mountain Bus Company has identified the following key risks and challenges:

- **Customer & Employee Safety:** A variety of external and internal factors that could increase the likelihood of safety incidents affecting our customers and employees including the potential resurgence of COVID-19, winter conditions, motor vehicle accidents, assaults, etc. A higher-than-normal increase in incidents affecting employee and customer safety could cause consequences such as injuries, fatalities, adverse reputational impacts, direct impacts to customer service, and operating cost impacts. CMBC continues its focus on ensuring effective employee and customer communications, partnering with Transit Police to reduce operator assaults and improve overall customer safety.
- **Labour Relations:** Collective bargaining negotiations are scheduled to commence prior to collective agreements expiring in March. The risk exists that if any one of the three collective bargaining processes fails to successfully conclude, this could result in work stoppages or interruptions with direct impacts to service, infrastructure, and maintenance. CMBC constantly monitors these risks through daily operations and maintenance, as well as various steering committees with appropriate subject matter experts to minimize errors made in the bargaining process and regular reporting to senior management.
- **Recruitment Challenges:** The risk exists that CMBC cannot recruit and train talent to meet the operational needs. Challenges may arise out of a need to recruit new operators to offset higher than normal attrition. An inability to recruit enough trades within the required timeframe may cause negative impacts on overtime, morale, delays, and other operational constraints. Recruitment activities are being prioritized by streamlining internal processes as well as attending career fairs for trades and community outreach events.
- **Retention Challenges:** CMBC also recognizes the risk that talent cannot be effectively retained to meet the operational needs due to a wide range of external and internal factors, leading to delays in achieving the operational objectives. In conjunction with TransLink, CMBC is committed to increasing retention through continually improving professional development opportunities for staff, overhauling the current compensation structure, and evolving and improving employee recognition programs and events for staff.
- **Aging Physical Infrastructure:** The risk exists that the operational physical assets are aging and degrading at a rate faster than we can keep up with its repairs, replacements, and resources. This is mainly caused by funding limitations, operational constraints, and supply chain delays, which could potentially lead to service disruptions. As mitigating actions, CMBC is incorporating condition assessments and feasibility studies for all types of fixed infrastructure as part of the Capital Plan over the next five years.
- **Aging IT Infrastructure:** Several areas of the organization continue to operate with IT infrastructure that has reached end of life. To achieve operational efficiencies and continuity, significant upgrades / replacements of systems such as DOMS, OTAP, Facility/ Depot camera systems etc. are essential.



## 2023 Budget vs 2022 Budget

BUS OPERATIONS BY CATEGORY					
Twelve months ending December 31 (\$ thousands)	2021 ACTUAL	2022 BUDGET	2023 BUDGET	Change	
				Incr/(Decr)	%
Administration	22,063	24,247	25,315	1,068	4.4%
Contracted Services	71,448	83,604	91,217	7,613	9.1%
Fuel and Power	51,865	59,409	69,649	10,240	17.2%
Insurance	16,729	17,551	17,314	(237)	(1.4%)
Maintenance, Materials and Utilities	77,030	79,358	90,322	10,964	13.8%
Professional and Legal	1,883	4,682	4,624	(58)	(1.2%)
Rentals, Leases and Property Tax	16,940	19,130	25,641	6,511	34.0%
Salaries, Wages and Benefits	548,334	576,234	610,299	34,065	5.9%
<b>Total Expenses by Category</b>	<b>806,292</b>	<b>864,215</b>	<b>934,381</b>	<b>70,166</b>	<b>8.1%</b>

The Bus Operations Budget 2023 of \$934.4 million is \$70.2 million (8.1 per cent) higher than the 2022 Budget. This consists of increases in costs to operate the conventional bus service, Community Shuttle and SeaBus of \$31.8 million (3.7 per cent), Access Transit of \$6.7 million (0.8 per cent) and other contracted bus services of \$1.4 million (0.2 per cent). The increase is primarily due to contractual obligations related to labour and economic increases.

In comparison to the 2022 Budget:

- Salaries, wages and benefits are budgeted to increase by \$34.1 million mainly due to contractual increases and other economic and step progression increases;
- Maintenance, materials and utilities are budgeted to increase by \$11.0 million mainly due to higher service-related costs due to the aging fleet and economic adjustments for increased part prices;
- Fuel and power costs are budgeted to increase by \$10.2 million due to higher pricing;
- Contracted transit services are budgeted to be \$7.6 million higher than the 2022 Budget mainly due to contractual rate increases;
- Rentals, leases and property tax are budgeted to increase by \$6.5 million mainly due to an increase in property taxes and new lease agreements; and
- Insurance premiums are budgeted to decrease by \$0.2 million mainly due to lower insurance rates per vehicle.

### Service Assumptions

As outlined in the 2022 Investment Plan, in 2023 CMBC will continue providing services right-sized to the needs of the region while advancing high-urgency transit service improvements and addressing overcrowding through service reallocation. Compared to 2022 Budget, conventional transit service hours are expected to increase by 1.1 per cent, conventional transit service kilometres are expected to increase by 0.4 per cent and capacity kilometres are expected to increase by 3.0 per cent. While Access Transit trip demand was significantly impacted by the COVID-19 pandemic, we remain committed to ensuring that services are fully available for passengers unable to use conventional public transit without assistance as demand returns and grows.

The following table shows the service levels at CMBC operations:

<b>BUS OPERATIONS</b>					
Twelve months ending December 31	2021 ACTUAL	2022 BUDGET	2023 BUDGET	Change	
				Incr/(Decr)	%
<b>SERVICE HOURS</b>					
<b>CMBC Operations</b>	<b>5,245,582</b>	<b>5,388,783</b>	<b>5,450,888</b>	<b>62,105</b>	<b>1.2%</b>
Conventional Bus	4,679,927	4,803,919	4,867,708	63,789	1.3%
Community Shuttle	553,265	570,269	569,255	(1,014)	(0.2%)
SeaBus	12,390	14,595	13,925	(670)	(4.6%)
<b>Contracted Transit Services</b>	<b>240,427</b>	<b>241,592</b>	<b>242,575</b>	<b>983</b>	<b>0.4%</b>
West Vancouver	120,828	116,225	118,523	2,298	2.0%
Contract Community Shuttle	119,599	125,367	124,052	(1,315)	(1.0%)
<b>Conventional Transit Service Hours</b>	<b>5,486,009</b>	<b>5,630,375</b>	<b>5,693,463</b>	<b>63,088</b>	<b>1.1%</b>
<b>SERVICE KILOMETRES</b>					
<b>CMBC Operations</b>	<b>102,398,432</b>	<b>103,197,554</b>	<b>103,645,478</b>	<b>447,924</b>	<b>0.4%</b>
Conventional Bus	91,202,401	91,939,085	92,765,455	826,370	0.9%
Community Shuttle	11,028,569	11,061,573	10,694,095	(367,478)	(3.3%)
SeaBus	167,462	196,896	185,928	(10,968)	(5.6%)
<b>Contracted Transit Services</b>	<b>4,948,741</b>	<b>4,972,344</b>	<b>5,003,909</b>	<b>31,565</b>	<b>0.6%</b>
West Vancouver	2,277,531	2,221,823	2,225,574	3,751	0.2%
Contract Community Shuttle	2,671,210	2,750,521	2,778,335	27,814	1.0%
<b>Conventional Transit Service Kilometres</b>	<b>107,347,173</b>	<b>108,169,898</b>	<b>108,649,387</b>	<b>479,489</b>	<b>0.4%</b>
<b>CAPACITY KILOMETRES</b>					
<b>CMBC Operations</b>	<b>4,618,761,507</b>	<b>5,679,919,081</b>	<b>5,792,447,592</b>	<b>112,528,511</b>	<b>2.0%</b>
Conventional Bus	4,343,392,437	5,338,636,369	5,464,207,032	125,570,663	2.4%
Community Shuttle	221,026,312	265,477,752	256,658,280	(8,819,472)	(3.3%)
SeaBus	54,342,758	75,804,960	71,582,280	(4,222,680)	(5.6%)
<b>Contracted Transit Services</b>	<b>118,657,061</b>	<b>118,069,103</b>	<b>177,958,740</b>	<b>59,889,637</b>	<b>50.7%</b>
West Vancouver	75,917,703	74,060,767	111,278,700	37,217,933	50.3%
Contract Community Shuttle	42,739,358	44,008,336	66,680,040	22,671,704	51.5%
<b>Conventional Transit Capacity Kilometres</b>	<b>4,737,418,568</b>	<b>5,797,988,184</b>	<b>5,970,406,332</b>	<b>172,418,148</b>	<b>3.0%</b>

The following table shows the service levels at Access Transit:

<b>ACCESS TRANSIT</b>					
Twelve months ending December 31	2021 ACTUAL	2022 BUDGET	2023 BUDGET	Change	
				Incr/(Decr)	%
<b>Service Kilometres</b>	<b>8,192,643</b>	<b>10,546,596</b>	<b>11,673,000</b>	<b>1,126,404</b>	<b>10.7%</b>
<b>Access Transit Trips</b>					
Trips - HandyDART	647,123	1,230,000	1,297,000	67,000	5.4%
Trips - Taxi Supplement	48,519	152,000	152,000	-	-
<b>Total Access Transit Trips</b>	<b>695,642</b>	<b>1,382,000</b>	<b>1,449,000</b>	<b>67,000</b>	<b>4.8%</b>

## Rail Operations

British Columbia Rapid Transit Company Ltd. (BCRTC), on behalf of TransLink, maintains and operates two of the three SkyTrain lines in Metro Vancouver, the Expo and Millennium Lines. BCRTC is responsible for managing the contracted service agreement with InTransit BC for the operation and maintenance of the Canada Line. BCRTC also operates and maintains the West Coast Express commuter rail service. BCRTC is committed to its employees, the ongoing improvement of the customer experience and supporting TransLink's critical role in planning and managing the region's transportation network.

In 2023, while continuing to focus on service delivery excellence, BCRTC will also support the key expansion and infrastructure projects as well as continue with the state of good repair commitments to deliver an exceptional customer experience. Over the next few years, BCRTC will continue to support both the ongoing investments in existing rail services and the rail-related projects contained in the 2022 Investment Plan.

BCRTC's 2023 business plan aligns its focus areas and objectives with those of TransLink to support an integrated approach to meet the ever-expanding needs of our customers in the Metro Vancouver region. BCRTC's corporate values center on mutual support and collaboration, with a focus on two primary objectives:

- Achieve Future Readiness
- Deliver Excellent Service

BCRTC will make progress on these objectives through six work streams:

- Expansion
- Successful Growth
- State of Good Repair
- Capital Delivery
- Just Culture / Zero Harm
- Bargaining

### Initiatives

BCRTC aligns its business plan initiatives within TransLink's four Corporate Priorities as follows:

#### Priority One: Rebuild Customer Ridership

- Support the Customer Experience Action Plan; and
- Maintain on-time performance and service reliability.

#### Priority Two: Foster a Safe, Skilled and Resilient Workforce

- Continue to promote accountability of safety in the workplace and focus on employee mental health through our mental health strategy;
- Build on the human factors side of Just Culture;
- Enhance the employee experience through attraction, onboarding, succession and retention;
- Advance equity, diversity and inclusion initiatives;

- Enhance maintenance training;
- Continue to build leadership accountability with training and a focus on leadership competencies to prepare future leaders;
- Continue to develop a competency management framework;
- Develop and implement expansion recruiting strategy; and
- Commence bargaining of a new collective agreement.

### **Priority Three: Deliver a Reliable Transportation System in a State of Good Repair**

- Ensure readiness for upcoming or in-progress major system and infrastructure expansion and upgrades;
- Continue Get Well and State of Good Repair maintenance program, including the structural integrity and fleet overhaul programs and quality management implementation;
- Continue quality management implementation; and
- Complete implementation of the EAM project and optimize processes.

### **Priority Four: Achieve Financial Sustainability**

- Optimize resources; and
- Leverage new systems to enhance business processes.

### **Risks and Challenges**

BCRTC has identified the following key risks and challenges:

#### **Risks**

- Loss of critical talent due to an aging workforce, or competitive job market;
- Additional maintenance costs or increased delays due to a backlog of work, deferred capital projects and aging infrastructure;
- Disruption of staff engagement and morale during the bargaining process;
- Capability to mature quality management to support growth;
- Lack of railway safety assurance system to integrate multiple interdependent projects with the expansion; and
- Cybersecurity threats to SkyTrain's operating system.

#### **Challenges**

- Capability and capacity to transform the business to deliver the following:
  - Extensive rail expansion (including readiness funding);
  - Capital program;
  - Rail and Enterprise initiatives;
- Full business integration of new systems (EAM, Financial and Supply Chain Management (FSM) & Ceridian);
- Attracting talent in a challenging labour market, particularly for technical roles;
- Effective leadership in a complex and changing environment; and
- Rising costs and supply chain challenges.

## 2023 Budget vs 2022 Budget

RAIL OPERATIONS BY CATEGORY					
Twelve months ending December 31 (\$ thousands)	2021	2022	2023	Change	
	ACTUAL	BUDGET	BUDGET	Incr/(Decr)	%
Administration	5,635	8,079	11,396	3,317	41.1%
Contracted Services	131,732	135,538	142,012	6,474	4.8%
Fuel and Power	15,352	16,162	17,415	1,253	7.8%
Insurance	6,135	7,344	7,587	243	3.3%
Maintenance, Materials and Utilities	54,064	59,569	65,761	6,192	10.4%
Professional and Legal	3,286	4,052	5,660	1,608	39.7%
Rentals, Leases and Property Tax	1,423	2,046	1,915	(131)	(6.4%)
Salaries, Wages and Benefits	129,072	141,858	156,472	14,614	10.3%
<b>Total Expenses by Category</b>	<b>346,699</b>	<b>374,648</b>	<b>408,218</b>	<b>33,570</b>	<b>9.0%</b>

The Rail Operations 2023 operating budget of \$408.2 million is \$33.6 million (9.0 per cent) higher than the 2022 Budget of \$374.6 million.

The 2023 operating budget increases are primarily due to contractual obligations, economic increases, West Coast Express (WCE) service delivery, maintenance activities and resources to support key activities and initiatives. Below are highlights of the 2023 Budget compared to the 2022 Budget:

- Salaries, wages and benefits are expected to increase by \$14.6 million (10.3 per cent). This includes contractual and economic labour increases, as well as resources to support the state of good repair, successful growth initiatives and project delivery;
- Contracted services are expected to increase by \$6.5 million (4.8 per cent) mainly due to contractual increases;
- Maintenance, materials and utilities are expected to increase by \$6.2 million (10.4 per cent) to ensure the state of good repair of our assets, as well as due to increased service for WCE as ridership recovers and inflationary increases;
- Administration expenses are expected to increase by \$3.3 million (41.1 per cent) mainly due to an increase in software costs related to improvements to outdated technology systems;
- Professional and legal expenses are expected to increase by \$1.6 million (39.7 per cent) to support the state of good repair and other key initiatives; and
- Fuel and power expenses are expected to increase by \$1.3 million (7.8 per cent) mainly due to higher fuel costs, hydro rates and increased service kilometres.

## Service Assumptions

RAIL OPERATIONS					
Twelve months ending December 31	2021 ACTUAL	2022 BUDGET	2023 BUDGET	Change	
				Incr/(Decr)	%
<b>SERVICE HOURS</b>					
SkyTrain: Expo & Millennium Lines	1,284,478	1,296,941	1,315,118	18,177	1.4%
SkyTrain: Canada Line	197,274	215,417	215,894	477	0.2%
West Coast Express	14,775	16,171	24,183	8,012	49.5%
<b>Rail Operations Service Hours</b>	<b>1,496,527</b>	<b>1,528,529</b>	<b>1,555,195</b>	<b>26,666</b>	<b>1.7%</b>
<b>SERVICE KILOMETRES</b>					
SkyTrain: Expo & Millennium Lines	51,764,345	52,266,752	52,999,223	732,471	1.4%
SkyTrain: Canada Line	6,337,429	6,920,261	6,935,591	15,330	0.2%
West Coast Express	555,675	609,370	911,233	301,863	49.5%
<b>Rail Operations Service Kilometres</b>	<b>58,657,449</b>	<b>59,796,383</b>	<b>60,846,047</b>	<b>1,049,664</b>	<b>1.8%</b>
<b>CAPACITY KILOMETRES</b>					
SkyTrain: Expo & Millennium Lines	4,506,874,727	4,706,720,991	4,691,815,246	(14,905,745)	(0.3%)
SkyTrain: Canada Line	889,409,229	971,205,283	973,356,757	2,151,474	0.2%
West Coast Express	82,017,674	89,942,949	134,497,843	44,554,894	49.5%
<b>Rail Operations Capacity Kilometres</b>	<b>5,478,301,630</b>	<b>5,767,869,223</b>	<b>5,799,669,846</b>	<b>31,800,623</b>	<b>0.6%</b>

Expo and Millennium Line service hours and kilometres for 2023 are planned to increase by 1.4 per cent compared to the 2022 service plan. The increases are due to the higher planned usage of Mark I trains in 2023 compared to the 2022 service plan due to overhauls to the 1100/1200 Mark II cars as part of maintaining state of good repair. At the same time, capacity kilometres are expected to decrease by 0.3 per cent because Mark I trains have lower capacity than the Mark II.

Canada Line service hours, service kilometres and capacity kilometres will each increase by 0.2 per cent in 2023 compared to the 2022 service plan. This is driven by added planned coverage for special events and other discretionary changes.

West Coast Express service kilometres and capacity kilometres hours will each increase by 49.5 per cent in 2023 compared to the 2022 service plan. The 2023 service plan projects five trains operating in each direction to increase the flexibility of choice for passengers, with a total of 27 cars. This is an increase over the 2022 service plan, which was based on four trains, with 18 cars total.

## 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 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 2004 as the first dedicated transit police service in Canada and Transit Police rolled out in 2005.

### Initiatives

In 2023, Transit Police will continue to implement the 2022-2026 strategic plan. The plan is centred around three pillars: Cross-Regional Policing, Engaged Community Partners and Modern Policing Culture, and has 11 objectives.

#### Cross-Regional Policing

The transit system's expansive geography uniquely enables Transit Police to build strong relationships with all cross-regional policing partners in Metro Vancouver to improve public safety and the safety of transit staff and ridership. To address local, regional and international threats to the transit system, Transit Police will participate in joint-agency policing opportunities and provide specialized services and operational/emergency planning for the threats and many special events that may affect the transit system and its ridership. As the breadth of people and places served by the transit system expands, Transit Police will seek the expertise of enterprise and community partners to ensure that transit users can access the services they need, particularly those who are vulnerable and at risk. Transit Police will work with neighbourhood and community partners to ensure that transit hubs are safe spaces within the community, while also helping to improve perceptions of safety on transit.

In support of crime reduction and prevention on and around the transit system, Transit Police will engage in intelligence-led proactive enforcement of provincial statutes, applicable bylaws and the Criminal Code and partner with other police agencies to accomplish extensive investigations and joint-force operations.

#### Engaged Community Partners

To better engage and serve transit customers, Transit Police will continue to advance the implementation of a Tiered Policing Pilot Program to enhance policing resources and improve efficiencies. The proposed Community Safety Officer team will supplement regular police officers by taking on a range of proposed duties, such as providing enhanced peace officer visibility at the major transit hubs, guarding crime scenes, tagging property, enforcing the Greater Vancouver Transit Conduct and Safety Regulation, conducting fare enforcement, engaging with passengers and assisting vulnerable persons. The aim is to positively affect perceptions of safety in transit and free up police officer resources to respond to calls for service and conduct criminal investigations. Engagement in this significant and complex initiative commenced with the Ministry of Public Safety and Solicitor General in 2020 and extensive work and external consultation took place in 2021 and 2022. The initial project rollout is anticipated in the first quarter of 2023 as soon as the approval and legislative components are completed.

Transit Police will explore the establishment of a second location to launch a Community Policing Office, to augment the Waterfront Station Community Policing Office which was launched in 2021. Transit Police will continue to train volunteers, who are working on a variety of safety projects at Waterfront Station, as well as other transit locations in Vancouver and elsewhere on the system, in order to increase feelings of safety and security. In addition, Transit Police will advance collaboration with transit partners on a new

initiative to address emerging security and safety concerns that may impact transit staff and/or ridership. This will include increasing awareness of the front-line security resources/roles and transit safety tools available through the TransLink enterprise, as well as identifying opportunities for additional security and safety training and joint projects.

The Transit Police and the Police Board will continue to advance their commitment to Truth and Reconciliation and to address the overrepresentation of Indigenous people in the justice system. The Indigenous Liaison Officer will continue to review criminal investigations involving Indigenous people who are either a victim, complainants or accused and consider restorative justice options. In 2023, the Transit Police will explore the expansion of the Blue Eagle Community Cadet Program for youth 12 to 15 years to a third location. The Vancouver and Surrey-based programs will be operated in the Spring and Fall. This program helps support urban Indigenous youth in their personal development as well as build positive relationships between Transit Police Officers and the youth. Transit Police will continue its preparation for the implementation of the new BC Provincial Policing Standards on the promotion of unbiased policing.

#### Modern Policing Culture

Transit Police will continue to work to develop greater diversity and inclusiveness in its workforce and to deliver services impartially, equitably and in a culturally safe manner. Ongoing, the new staffing model will provide a guideline for future human resource planning. Work will continue to improve operational effectiveness and to meet new policing standards and regulations and laws, such as the implementation of the Digital Evidence Management Solution (DEMS) project and the rollout of the Fare Infraction Notice app.

#### **Risks and Challenges**

Police officer hiring by the new Surrey Police Service impacted attrition in 2022 and it may affect retention in 2023. In the policing environment, a casual pool of sworn officers does not exist to fill vacancies and/or backfill for injuries. There is a comprehensive process for the hiring of police officers and it can be lengthy, particularly for new recruits. The candidate pool for recruits and experienced officers varies from month to month and hiring delays may affect overtime costs. Further, there will be increased budget pressures from the increased recruit training fees at the Police Academy as well as other mandatory training requirements arising from the new BC Provincial Policing Standards.

The establishment of an additional Community Police Centre and Blue Eagle Community Cadet Program will be dependent on the necessary operational and staffing resources being acquired.

There are many technology-involved initiatives underway or identified for 2023, with varying complexities. In 2022, human resource and supply chain issues affected the timely and efficient delivery and completion of projects, as well as influencing employee morale and job satisfaction; this issue is expected to continue into 2023.



## 2023 Budget vs 2022 Budget

POLICE OPERATIONS BY CATEGORY					
Twelve months ending December 31 (\$ thousands)	2021 ACTUAL	2022 BUDGET <sup>1</sup>	2023 BUDGET	Change	
				Incr/(Decr)	%
Administration	2,756	3,081	4,201	1,120	36.4%
Insurance	96	146	140	(6)	(4.1%)
Maintenance, Materials and Utilities	1,578	1,356	1,701	345	25.4%
Professional and Legal	257	380	432	52	13.7%
Rentals, Leases and Property Tax	2,298	2,266	2,829	563	24.8%
Salaries, Wages and Benefits	37,824	39,129	43,431	4,302	11.0%
<b>Total Expenses by Category</b>	<b>44,809</b>	<b>46,358</b>	<b>52,734</b>	<b>6,376</b>	<b>13.8%</b>

<sup>1</sup> Restated to reflect budget transfers

Police operations expenses are expected to increase by \$6.4 million (13.8 per cent) from 2022 primarily due to higher salaries, wages and benefits cost, administration and rental, leases and property tax costs. Higher salaries, wages and benefits are a result of contractual and benefit increases and the roll-out of the Community Safety Officers program (\$1.6 million) and three new civilian positions (\$0.2 million). In addition, inflationary pressures from the increased cost of tuition fees for new police officer recruits, increased contractual costs of radio dispatch services and increased costs of vehicle maintenance, fuel and police equipment contributed to the year-over-year increase.

## Corporate Operations

Corporate Operations' key priority is to address the operating needs of the organization with a focus on achieving enterprise-wide priorities. While managing fiscal pressures by achieving efficiencies and cost reductions, TransLink is focusing on service quality, investing in business resiliency and advancing the region's vision for the future.

Corporate operations consist of the following areas: Transportation Planning and Policy, Engineering, Human Resources, Business Technology Services, Strategic Sourcing, Real Estate, Legal, Customer Communications and Public Affairs, Financial Services, Compass Operations, and Safety and Emergency Management.

### Initiatives

In 2023, Corporate operations will undertake a range of strategic activities and initiatives in order to deliver on TransLink's four key Corporate priorities:

#### Priority One: Rebuild Customer Ridership

- Implement Ridership Development programs and promotions, partnering with employers to provide Transit-Friendly Employer certifications, while extending existing customer experience programs and new initiatives, and continuing participation in community engagement programs and events.
- Begin planning to prepare for the future Investment Plan and expansion, including key emission reductions, traffic management and regional mobility programs.
- Continue advancing RapidBus and Bus Speed and Reliability programs in partnership with local governments, to improve speed and reliability of bus journeys, including planned launch of R6 Scott Road RapidBus in late 2023.
- Continue implementing pilot projects for VanPool, Shared Mobility Compass Card and regional electric vehicle (EV) charging. Commuter vanpooling, in which groups of people commute to work by van, offers an affordable and convenient alternative to single-occupancy vehicle commuting.
- Advance full business cases for UBCx with the Province of B.C. and Burnaby Mountain Gondola and the exploratory business case for nine regional corridors for Bus Rapid Transit.
- Develop a Reconciliation Action Plan, focusing on building long-term relationships and recognizing that engagement differs between Indigenous Nations.
- Continue to work with Indigenous Nations on the First Nations Transportation Program to support the implementation of multi-modal transit options to bring TransLink services to reserve lands and improved services to treaty lands.

#### Priority Two: Foster a Safe, Skilled and Resilient Workforce

- Establish a comprehensive talent acquisition strategy focused on proactive sourcing for difficult to hire talent, development of a media strategy, digital and in-person outreach programs and restructuring the current hiring process for large scale hiring.
- Develop a workforce planning function and strategy to address long-term planning including assessment of current workforce talent, expansion needs, and upskilling and redeployment.

- Complete and implement compensation philosophy and job evaluation changes; expand and implement tools to support organizational growth in specialized areas including Rail, Business Technology Services, Engineering, Human Resources and trades.
- Implement Applicant Tracking System to collect demographic data at the application process.
- Continue to support Future of Work program.
- Enhance support for speaker series and Employee Resource Groups, bringing in experts to discuss various Equity, Diversity and Inclusion (EDI) topics.
- Continue to strengthen the EDI program across the Enterprise to increase the number of women in leadership and advance accessibility initiatives.
- Develop a plan for Indigenous Representation in Governance by working with TransLink senior leaders, Board and Mayor's Council.
- Develop and implement Indigenous Recruitment, Retention and Advancement Policy, including Indigenous Apprenticeship opportunities and driver training. Create Indigenous Employee Resource Group.
- Support reconciliation through representation of Indigenous Nations in regional governance and implement cultural awareness training for key decision-makers within the enterprise.

### **Priority Three: Deliver a Reliable Transportation System in a State of Good Repair**

- Commence work to facilitate integration of Surrey Langley SkyTrain Project with the existing Expo Line, including procurement of 30 Mark V SkyTrain vehicles. Commence design and construction of a new Operations and Maintenance Centre 5 (OMC 5).
- Advance Sustainability priorities including Climate Action Plan implementation, Strategic Energy and Emissions Management, and Zero-Emissions Fleet Transition Plan.
- Develop an Enterprise Digital Technology Transformation Strategy to support the Enterprise's overall strategic technology ambitions and direction underpinning our business goals and objectives over the next ten years.
- Implement TransLink Analytics Program for outcomes defined through Business Intelligence Strategy & Roadmap and projects approved through the Information Governance Council that will drive data literacy and deliver solutions to facilitate data-driven decision making.
- Technology Platforms Modernization: establish roadmaps, action plans and programs to modernize our core technology infrastructure and platform to support capability requirements for Enterprise service growth and transformation.
- Develop a new regional transportation modelling system, to provide increased capability to forecast the Equity, Diversity and Inclusion implications of infrastructure projects and allow more realistic representation of important policies to inform better decision making.
- Implement Business Continuity Management Program technology to create efficiencies in business continuity planning.

### **Priority Four: Achieve Financial Sustainability**

- Commence working on the next Investment Plan, with a key focus of identifying new sustainable revenue sources required to close funding gap.
- Implement the Sustainable Procurement Strategy and develop a Social Equity Framework to advance affordable and accessible transit, restorative justice and economic reconciliation. Ensure Indigenous inclusion for Indigenous engagement on projects, initiatives and corporate strategies.
- Advance pipeline of key Real Estate projects, including completion of due diligence, detailed design and preparation of applications for priority projects and key opportunities.

- Develop a Net Zero Fleet Transition Plan to replace the current TransLink Low Carbon Fleet Strategy, encompassing all fleet types, demographic and social equity analysis, service design, operational models, total cost of ownership and Greenhouse Gas (GHG) analysis for the current fleet and for expansions.
- Revise TransLink's Green Bond Framework into a Sustainable Bond Framework, enabling TransLink to attract investors to fund a broader range of capital projects.
- Maintain sustainable short and long-term sources of revenue to support financial stability by modernizing and enhancing commercial assets to maximize revenue opportunities and improve customer amenities.
- Increase revenue opportunities by supporting real estate developers to facilitate development adjacent to TransLink's infrastructure.

## Risks and Challenges

Corporate operations have identified the following key risks and challenges:

- Structural misalignment between TransLink's current and planned service and funding models may arise due to difficulties in matching our service delivery model with the required funding in the wake of changes in socio-economic trends and preferences catalyzed by COVID-19. This could lead to decline of cost-effectiveness and unsustainability of service levels, to the detriment of regional economic, social and environmental goals.
- Labour market competition, especially in back-office support functions, challenges our ability to attract and retain qualified candidates. Such challenges, if not managed well, may delay Corporate Operations meeting internal and external customer expectations.
- Business resiliency and continuity remain a key challenge to mitigating the risk of operational incidents to our assets, people, infrastructure and operations. Inadequate planning, resources, or funding for business resiliency and continuity may compromise our ability to respond quickly in mitigating incidents, disasters, or emergencies.
- Risks associated with the implementation and delivery of major technology initiatives may result in an inability to fulfil projects scope and a risk that reliance on legacy systems may continue. Cybersecurity risks remain high, and ransomware attacks may result in service disruption, excessive business delays, and additional costs.
- Global supply chain shortages in commodities, manufacturing components and semiconductors continue to affect our ongoing operations and projects. These shortages are expected to create delivery delays, or price changes, which could impact our ability to maintain and repair infrastructure and systems, obtain vital equipment for staff to perform their duties and adversely impact schedules or costs.

The risks and challenges are continuously monitored through management oversight and project steering committees. TransLink is committed to identifying efficiencies and reducing non-essential spending to deliver planned initiatives amid continued financial constraints.

## 2023 Budget vs 2022 Budget

CORPORATE OPERATIONS BY CATEGORY					
Twelve months ending December 31 (\$ thousands)	2021	2022	2023	Change	
	ACTUAL	BUDGET <sup>1</sup>	BUDGET	Incr/(Decr)	%
Administration	14,666	22,482	24,552	2,070	9.2%
Contracted Services	14,248	15,898	17,186	1,288	8.1%
Insurance	323	490	644	154	31.4%
Maintenance, Materials and Utilities	1,220	2,060	2,935	875	42.5%
Professional and Legal	8,905	12,716	18,130	5,414	42.6%
Rentals, Leases and Property Tax	12,534	14,089	15,704	1,615	11.5%
Salaries, Wages and Benefits	51,685	58,210	58,207	(3)	(0.0%)
<b>Total Expenses by Category</b>	<b>103,581</b>	<b>125,945</b>	<b>137,358</b>	<b>11,413</b>	<b>9.1%</b>

<sup>1</sup> Restated to reflect budget transfers

Corporate operations are budgeted at \$137.4 million, an increase of \$11.4 million (9.1 per cent) compared to the 2022 Budget. In the 2023 Budget, TransLink addresses the operating needs of the organization within essential Enterprise priorities while managing unprecedented cost pressures. Inflationary cost pressures, contractual increases and economic adjustments result in a \$11.9 million increase to the baseline budget for 2023 as compared to 2022.

Continuing from 2022, TransLink will focus on key organizational priorities including ridership recovery, Indigenous Relations, EDI and information technology investments. Additionally, in 2023, we are focusing on workforce retention and acquisition amidst region-wide labour market challenges. Total planned expenses on these key priorities account for \$8.1 million.

The increase in professional fees of \$5.4 million (42.6 per cent) is mainly due to real estate development costs. Administration costs include an increase of \$2.1 million (9.2 per cent) mainly consisting of higher IT security, support and maintenance costs. Additional increases include property tax and rent increases, and higher contractual obligations. Salaries, wages and benefits show a slight decrease as contractual and labour economic increases are offset by higher vacancies expected amidst challenging labour market conditions.

## Roads and Bridges

ROADS & BRIDGES OPERATIONS BY CATEGORY					
Twelve months ending December 31 (\$ thousands)	2021	2022	2023	Change	
	ACTUAL	BUDGET	BUDGET	Incr/(Decr)	%
Administration	26	44	30	(14)	(31.8%)
Capital infrastructure contributions	72,711	95,393	85,060	(10,333)	(10.8%)
Contracted Services	5,612	5,876	6,220	344	5.9%
Insurance	1,294	1,313	1,342	29	2.2%
Maintenance, Materials and Utilities	37,595	39,455	61,515	22,060	55.9%
Professional and Legal	1,423	1,022	1,057	35	3.4%
Rentals, Leases and Property Tax	295	383	405	22	5.7%
Salaries, Wages and Benefits	1,210	1,762	1,796	34	1.9%
<b>Total Expenses by Category</b>	<b>120,166</b>	<b>145,248</b>	<b>157,425</b>	<b>12,177</b>	<b>8.4%</b>

The 2023 Roads and Bridges budget of \$157.4 million is \$12.2 million (8.4 per cent) higher than the 2022 Budget. The increase is mainly due to the RapidBus R6 project transitioning from a detailed design phase into a construction phase with significantly higher costs, partly offset by lower capital infrastructure contributions based on anticipated cost share program activities.

The Roads and Bridges 2023 Budget will support TransLink’s mandate to oversee the Major Road Network, support the Regional Goods Movement Strategy and the Municipal Cost Share Programs portfolios. In addition, this budget provides resources to administer TransLink’s Bike Program and oversees the operations and maintenance of TransLink-owned bridges. This budget is expected to provide the following outcomes:

- Provide the tools to monitor and manage the Major Road Network’s performance;
- Support the development of a Regional Safety Strategy;
- Improve regional coordination between public and private sector partners on challenges across various travel modes;
- Improve regional road network operations including improvement of freight wayfinding and trip planning tools, loading zone operations and incident response;
- Continue to make progress toward implementing a regional permit system for oversize-overweight vehicles;
- Administer and maintain TransLink’s Bike Parking Program;
- Develop Bike Program Capital investment roadmap;
- Maintain and perform ongoing operations, inspections and rehabilitation on all TransLink-owned bridges;
- Develop seismic response plans for all TransLink-owned bridges; and
- Manage the Golden Ears Bridge concession agreement and perform annual audits of Concessionaire performance.

## **Amortization**

The 2023 Budget for amortization expense is \$10.2 million (4.0 per cent) higher in comparison to the 2022 Budget. Major contributors to the additional amortization expense in 2023 include Information Systems, SkyTrain System Upgrades as well as Equipment and Machinery. This is partly offset by decreases in Trolley Overhead Equipment as the assets are no longer subject to accelerated amortization and by expected delay in Expo and Millennium Upgrade Program Fleet Acquisition as trains are not expected to be put in commission until after 2024.

## **Interest**

Interest expense of \$188.4 million is \$8.6 million (4.8 per cent) higher than the 2022 Budget mostly due to higher interest payments associated with new debt anticipated to be issued at higher interest rates, partly offset by reduced MFA debt, lower short-term debt balances and higher capitalized interest as a result of increased capital spending.

## **Corporate – One Time**

Corporate One Time costs in the 2023 Budget are \$38.4 million, consisting of costs of capital projects that are not eligible for capitalization (\$8.6 million), feasibility studies (\$8.5 million), contingency provision (\$5.0 million), Operational Readiness for Rail Expansion (\$4.9 million), major studies and Bus Rapid Transit project (\$3.6 million), RapidBus project (\$3.5 million), Flexible Service Piloting Program (\$2.0 million), Trip Diary study (\$1.2 million), Bus Speed and Reliability project (\$1.1 million) and other miscellaneous items.

## 7. Investment in Capital Assets

Summary of Capital, by Program (\$ thousands)	Total Project Budget			2023 Capital Project Cash Flow		
	Gross Cost	Less: Funding	TransLink Net Cost	Gross Cost	Less: Funding	TransLink Net Cost
<b>2023 New Capital Program</b>						
Equipment	55,566	(8,161)	47,405	2,060	(290)	1,770
Facilities	4,840	-	4,840	2,324	-	2,324
Infrastructure	90,244	(6,652)	83,592	21,928	(293)	21,635
Major Construction	394,693	(183,257)	211,436	10,465	(3,766)	6,699
Technology	24,519	-	24,519	9,031	-	9,031
Vehicles	522,986	(478,075)	44,911	1,276	(104)	1,172
Contingency	32,929	-	32,929	22,639	-	22,639
<b>2023 New Capital Program Total</b>	<b>1,125,777</b>	<b>(676,145)</b>	<b>449,632</b>	<b>69,723</b>	<b>(4,453)</b>	<b>65,270</b>
<b>Active/Approved in Principle (AIP) Capital</b>						
Equipment	153,934	(21,097)	132,837	43,448	(211)	43,237
Facilities	573,899	(388,154)	185,745	130,481	(71,842)	58,639
Infrastructure	694,166	(121,332)	572,834	191,521	(30,742)	160,779
Major Construction	2,738,582	(715,225)	2,023,357	390,414	(132,931)	257,483
Technology	245,535	-	245,535	61,930	-	61,930
Vehicles	384,360	(369,664)	14,696	114,467	(109,099)	5,368
<b>Active/Approved in Principle (AIP) Capital Total</b>	<b>4,790,476</b>	<b>(1,615,472)</b>	<b>3,175,004</b>	<b>932,261</b>	<b>(344,825)</b>	<b>587,436</b>
<b>Total Capital</b>						
Equipment	209,500	(29,258)	180,242	45,508	(501)	45,007
Facilities	578,739	(388,154)	190,585	132,805	(71,842)	60,963
Infrastructure	784,410	(127,984)	656,426	213,449	(31,035)	182,414
Major Construction	3,133,275	(898,482)	2,234,793	400,879	(136,697)	264,182
Technology	270,054	-	270,054	70,961	-	70,961
Vehicles	907,346	(847,739)	59,607	115,743	(109,203)	6,540
Contingency	32,929	-	32,929	22,639	-	22,639
	<b>5,916,253</b>	<b>(2,291,617)</b>	<b>3,624,636</b>	<b>1,001,984</b>	<b>(349,278)</b>	<b>652,706</b>
<b>Capital Infrastructure Contributions</b>						
2023 New Program	92,622	-	92,622	25,769	-	25,769
Active and Approved in Principle	438,521	-	438,521	64,904	-	64,904
<b>Capital Infrastructure Contributions Total</b>	<b>531,143</b>	<b>-</b>	<b>531,143</b>	<b>90,673</b>	<b>-</b>	<b>90,673</b>
<b>All Projects</b>	<b>6,447,396</b>	<b>(2,291,617)</b>	<b>4,155,779</b>	<b>1,092,657</b>	<b>(349,278)</b>	<b>743,379</b>

### Overview

TransLink's capital program is aligned with our current priorities of rebuilding customer ridership and ensuring a state of good repair while continuing to work on implementing key prioritized programs. The current capital program continues to address the emerging state of good repair investments needed to ensure existing assets serve customers and stakeholders safely, effectively and efficiently while advancing key expansion projects. Capital projects have been planned and prioritized through an integrated review process across the Enterprise that measures the 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 mandate of addressing regional Major Road Network (MRN) needs. The budget for the 2023 new capital program is \$1.1 billion and \$92.6 million for Capital Infrastructure Contributions.

Total forecast capital projects cash flow in 2023 is \$1,093.6 million, of which \$69.7 million relates to 2023 new capital program, \$932.3 million to capital programs of previous years and \$90.7 million to Capital Infrastructure Contributions. The net cash flow in 2023 after senior government funding is \$743.4 million.

## 2023 New Capital Program

The 2023 new capital program is intended to keep the overall system in a state of good repair, advance a reliable transportation system and continue to deliver milestones for key expansion projects.

Fleet replacement and Low Carbon Fleet Strategy related projects are anticipated to be funded by the Canada Community Building Fund at approximately 90 per cent which includes the 2024-2028 Trolley Conventional Bus Replacement (188 40-foot Trolleys) project and 2024 Conventional Bus Replacement (84 Compressed Natural Gas buses). The net capital for the 2023 new capital program is currently forecast at \$449.6 million.

**Table 1: 2023 New Capital Program (\$ thousands)**

2023 New Capital Program, Project Details		Total Project Budget			2023 Capital Project Cash Flow		
Classification and Project Name	Project Description	Gross Cost	Less: Funding*	TransLink Net Cost	Gross Cost	Less: Funding*	TransLink Net Cost
<b>Equipment</b>							
Expo Line Traction Power Equipment Upgrade - Phase 2	Design and install alternating current and direct current for 4 substations on the Expo Line substation traction power equipment.	18,486	(8,161)	10,325	734	(290)	444
Guideway Clearing Equipment Implementation	Design and implement specialized guideway clearing equipment to safely clear snow, ice and general debris buildup on the SkyTrain tracks.	1,474	-	1,474	269	-	269
Metro Vancouver Transit Police (MVTP) Police Equipment Replacement	Replace MVTP equipment at the end of its useful life (body armour) and purchase additional police equipment (carbines, cabinet and covert camera), to ensure the safety of the public and first responders.	284	-	284	284	-	284
SkyTrain Advanced Radio (STARS) System - Phase 3	Replace the existing SkyTrain vehicle radio system to maintain a state of good repair as the current vehicle radio system is end-of-life and operating with degraded functionality.	22,000	-	22,000	-	-	-
SkyTrain Training Simulator	Design and implement an updated SkyTrain simulator for staff training.	2,779	-	2,779	152	-	152
Uninterruptible Power Supply (UPS) Replacement and Design Standardization	Replace end-of-life UPS systems that are required to power and protect life safety, communication and other systems until a generator is mobilized in the event of a utility outage.	10,543	-	10,543	621	-	621
<b>Equipment Total</b>		<b>55,566</b>	<b>(8,161)</b>	<b>47,405</b>	<b>2,060</b>	<b>(290)</b>	<b>1,770</b>



2023 New Capital Program, Project Details		Total Project Budget			2023 Capital Project Cash Flow		
Classification and Project Name	Project Description	Gross Cost	Less: Funding*	TransLink Net Cost	Gross Cost	Less: Funding*	TransLink Net Cost
<b>Facilities</b>							
Burnaby Transit Centre (BTC) Master Plan - Pre-Design	Develop a plan to modernize the BTC facility including meeting current seismic standards, facilitating the expansion of the bus fleet to accommodate increased ridership and providing infrastructure for fleet electrification to align with the organization's low carbon emission objectives.	3,165	-	3,165	2,235	-	2,235
CMBC Transit Centres and SeaBus Fuel Tanks Relocation/Replacement	Replace three 45,000L underground diesel fuel tanks at Burnaby Transit Centre South and one 18,181L anti-freeze tank with above-ground storage tanks.	1,675	-	1,675	89	-	89
<b>Facilities Total</b>		<b>4,840</b>	<b>-</b>	<b>4,840</b>	<b>2,324</b>	<b>-</b>	<b>2,324</b>
<b>Infrastructure</b>							
2023 Bus Speed & Reliability Program	Provide funding to municipalities to plan, design and build transit-priority infrastructure projects to improve bus speed and reliability (such as queue jumps and bus lanes) and to reduce costs related to operating delays.	8,535	-	8,535	-	-	-
2023 CMBC Pavement Rehabilitation Asset Renewal Program (ARPg)	Rehabilitate Pavement (Asphalt) and some concrete panel replacements at Knight & Marine Bus Loop, Maple Ridge Town Centre Exchange, Marine Drive Exchange, Metrotown Station, Phibbs Exchange and Scottsdale Exchange.	1,984	-	1,984	94	-	94
2023 CMBC Roof Replacement Program	Replace the skylight and the roof membranes at the identified roof sections of Burnaby Transit Centre South, and the roof and building envelope components of the Anderson Road and Blanca Bus loop washrooms.	3,197	-	3,197	3,197	-	3,197
BCRTC System-wide Heating, Ventilation and Airconditioning (HVAC) Replacement	Design and implementation of the BCRTC system-wide HVAC systems replacement.	5,546	-	5,546	248	-	248
BCRTC Rail Switch Machines and Turnout Replacement Program (2023-2025)	Replace 170 existing switch machines and 24 Turnouts/Track switches that are past their useful service life over the span of the next three years (2023-2025)	24,830	-	24,830	7,297	-	7,297
Burnaby Transit Centre South (BTCS) PowerSmart Upgrades - Implementation	Implementation of the Energy Conservation Measures identified in the energy audit for BTCS to reduce operating costs & improve the environmental sustainability of CMBC and TransLink.	1,302	-	1,302	1,302	-	1,302
Catwalk Program - Year 1 of 3	Design and installation of catwalks to meet the requirement of safe and reliable rooftop equipment maintenance for the CMBC bus fleet.	6,898	-	6,898	2,034	-	2,034

2023 New Capital Program, Project Details		Total Project Budget			2023 Capital Project Cash Flow		
Classification and Project Name	Project Description	Gross Cost	Less: Funding*	TransLink Net Cost	Gross Cost	Less: Funding*	TransLink Net Cost
CMBC Hoist Asset Renewal Program 2023	Replace 9 hoists at Burnaby Transit Centre North, Burnaby Transit Centre South, Surrey Transit Centre, Hamilton Transit Centre and Vancouver Transit Centre.	2,568	-	2,568	851	-	851
Coquitlam Central Multimodal Reconfiguration	Implement needed bus layover expansion, including supporting Battery Electric Bus infrastructure, address WCE area pedestrian safety concerns and mitigate park & ride capacity reductions.	2,300	-	2,300	450	-	450
Expo Line Linear Induction Motors (LIM) Rail Replacement	Replace LIM rail assembly on Expo Line. This design phase also includes current condition assessment, detailed design and up to 3,000 linear metres of LIM rail implementation.	6,212	-	6,212	856	-	856
Operations and Maintenance Centre (OMC) 1 - Space Optimization Design and Early Works	Design of renovations to remaining areas of OMC 1 offices and staff amenities to modernize and optimize existing spaces.	1,024	-	1,024	1,024	-	1,024
OMC 1 Yard Track Reconditioning Remaining Switches and Power Rail Design	Prepare design package and replacement strategy for power rail and 39 switches at the OMC 1 Yard.	2,044	-	2,044	516	-	516
Port Coquitlam Transit Centre (PTC) Infrastructure to Support Battery Electric Buses (BEBs) - Phase 2	Phase 2 of the PTC BEB infrastructure project. This project is to provide electrical infrastructure at PTC to support up to 79 BEBs.	14,997	(6,652)	8,345	659	(293)	366
Skytrain Roof Asset Renewal Program	Detailed design for roof replacement at Brentwood Transit Centre and implementation services for 2023 roof replacement at Holdom Station, Loughheed TC Sub Station and Sperling-Burnaby Lake Station.	1,370	-	1,370	1,370	-	1,370
Steveston Bus Exchange Improvements	Improve bus operations at Steveston Exchange, through more efficient bus circulation, relocated passenger facilities and reduced impacts to residents and businesses.	2,331	-	2,331	455	-	455
WCE Facilities LED Lighting Retrofit	Replace the WCE lights with LED lighting at 7 station platforms, 5 parking lots and the Mission train layover yard.	1,406	-	1,406	1,378	-	1,378
WCE Substations Equipment Replacement	Design and implementation of equipment refurbishments and limited upgrades at WCE Waterfront and Mission Substation and Wayside Stations.	3,700	-	3,700	197	-	197
<b>Infrastructure Total</b>		<b>90,244</b>	<b>(6,652)</b>	<b>83,592</b>	<b>21,928</b>	<b>(293)</b>	<b>21,635</b>
<b>Major Construction</b>							
Operations and Maintenance Center (OMC) 5 Project Development	A new OMC 5 will be designed to support operations of the Surrey Langley SkyTrain extension and provide long-term train storage and maintenance capacity for the Expo and Millennium Line network.	42,233	(2,160)	40,073	7,062	(363)	6,699

2023 New Capital Program, Project Details		Total Project Budget			2023 Capital Project Cash Flow		
Classification and Project Name	Project Description	Gross Cost	Less: Funding*	TransLink Net Cost	Gross Cost	Less: Funding*	TransLink Net Cost
Surrey-Langley SkyTrain - Integration Services Project	Provide support and integration including delivery of internal projects such as vehicles, faregates, systems wayfinding, systems and OCC integration, safety coordination and certification to maintain existing transit operations during construction, trial running/testing and commissioning support.	352,460	(181,097)	171,363	3,403	(3,403)	-
<b>Major Construction Total</b>		<b>394,693</b>	<b>(183,257)</b>	<b>211,436</b>	<b>10,465</b>	<b>(3,766)</b>	<b>6,699</b>
<b>Technology</b>							
BCRTC Software Application Renewal Program	Replace key business systems at BCRTC that are now obsolete and no longer supported by the vendors.	1,571	-	1,571	381	-	381
Enterprise Health and Safety System Implementation	Implement a technology solution to support Health & Safety processes including incident management, claims management, audit management, risk management and medical files, and integrate with the new Claims replacement tool.	1,748	-	1,748	1,607	-	1,607
ERP/Boundary Systems Remediation	Replace workarounds and short-term solutions that were implemented in the ERP Program.	3,000	-	3,000	1,121	-	1,121
IT Infrastructure Refresh	Replace IT technology infrastructure equipment (e.g., network, end-user computing and data centre hardware) in line with defined enterprise equipment lifecycles to ensure a state of good repair.	13,000	-	13,000	4,196	-	4,196
Longview Update - TransLink Software Application Renewal Program (TSARP) 2023	Update Longview, the long-range budgeting and forecasting application, to mitigate support risks and maintain business continuity and financial reporting accountability.	350	-	350	340	-	340
PeopleSoft Update - TSARP 2023	Update the PeopleSoft Update Manager (PUM) and PeopleTools to ensure that security patches and tax updates can be applied to PeopleSoft.	350	-	350	350	-	350
TransLink Analytics Program (TAP)	The TAP delivers and enhances systems for data analytics to support strategic, tactical and operational planning and decision-making.	4,500	-	4,500	1,036	-	1,036
<b>Technology Total</b>		<b>24,519</b>	<b>-</b>	<b>24,519</b>	<b>9,031</b>	<b>-</b>	<b>9,031</b>
<b>Vehicles</b>							
2023 BCRTC Service Support Vehicles (4 vehicles)	Procure and outfit 2 vehicles under the BCRTC service support vehicles expansion program to meet staff and material transportation needs and replace 2 vehicles which have reached the end of their useful life.	377	(123)	254	8	-	8
2023 CMBC Service Support Vehicles expansion for Marpole Transit Centre (11 vehicles)	Purchase and outfit 11 new service support vehicles to support expanded operations at the new Marpole Transit Center.	1,115	-	1,115	-	-	-

2023 New Capital Program, Project Details		Total Project Budget			2023 Capital Project Cash Flow		
Classification and Project Name	Project Description	Gross Cost	Less: Funding*	TransLink Net Cost	Gross Cost	Less: Funding*	TransLink Net Cost
2023 CMBC Service Support Vehicles replacement (26 vehicles)	Purchase and outfit 26 end-of-life diesel vehicles with modern (electric) equivalents.	2,346	(2,111)	235	-	-	-
2023 MVTP NRV Expansion (4 vehicles)	To expand the MVTP fleet by 4 support vehicles. This will provide vehicle resources to Support Services Sections (Recruiting, Training, Exhibits, Facilities).	125	-	125	125	-	125
2023 MVTP NRV Replacement (10 vehicles)	Replace 10 end-of-life Transit Police Vehicles.	1,035	-	1,035	1,035	-	1,035
2024 Community Shuttle Expansion to Reserves (11 buses)	Purchase 11 Community Shuttle vehicles to support the community service expansion throughout Metro Vancouver per the 2022 Investment Plan.	2,940	-	2,940	-	-	-
2024 Community Shuttle Replacement (54 buses)	Purchase 54 Community Shuttle buses to replace existing shuttles that have reached the end of their useful service life in 2024.	14,384	-	14,384	-	-	-
2024 Conventional Bus Replacement (84 Compressed Natural Gas (CNG) buses)	Purchase 84 40-foot CNG buses to replace existing 40-foot diesel buses due for retirement in 2024. These buses will be fueled by renewable natural gas (RNG) fuel.	77,814	(75,264)	2,550	-	-	-
2024 HandyDART Vehicle Replacement (46 buses)	Replacement of 46 HandyDART revenue vehicles that will reach the end of their useful service lives in 2024.	7,300	-	7,300	-	-	-
2024-2028 Conventional Bus Replacement (188 40-foot Trolleys)	Replace 188 40-foot Conventional Trolley Buses which entered service in 2006-2007 with all new in-motion charged capable Trolley Buses.	414,600	(400,577)	14,023	108	(104)	4
CMBC Trolley Overhead (TOH) Truck replacement	Purchase 1 TOH wire maintenance aerial tower truck to replace the current end of life vehicle.	950	-	950	-	-	-
<b>Vehicles Total</b>		<b>522,986</b>	<b>(478,075)</b>	<b>44,911</b>	<b>1,276</b>	<b>(104)</b>	<b>1,172</b>
<b>Contingency</b>							
Capital Program Contingency	Capital Program Contingency	32,929	-	32,929	22,639	-	22,639
<b>Contingency Total</b>		<b>32,929</b>	<b>-</b>	<b>32,929</b>	<b>22,639</b>	<b>-</b>	<b>22,639</b>
<b>2023 New Capital Program Total</b>		<b>1,125,777</b>	<b>(676,145)</b>	<b>449,632</b>	<b>69,723</b>	<b>(4,453)</b>	<b>65,270</b>

\* The funding sources include Canada Community Building Fund, ICIP and Zero Emission Transit Fund (ZETF)

## Active and Approval in Principle (AIP) Projects Underway

Capital projects already approved and underway have a total budget of \$4.8 billion. Anticipated senior government contributions total \$1.6 billion, leaving the net cost forecast at \$3.2 billion. The spending forecast in 2023 is \$932.3 million with senior government funding of \$344.8 million, and net spending of \$587.4 million.

Most of the spending is for Major Construction Programs (\$390.4 million), Infrastructure programs (\$191.5 million) and Fleet Replacement and Expansion programs (\$114.5 million) that are related to the Phase 2 Investment Plan.

The Active and Approved in Principle capital program budget includes a \$529 million increase to previously approved amounts. Main reason for the increase is the cost escalations in the Expo Millennium Line Upgrade Program (EMUP) (\$439 million) and inflation contingency for remainder of the capital program (\$90 million).

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

Active and Approved in Principle (AIP) Capital Program Details		Total Project Budget			2023 Capital Project Cash Flow		
Classification and Program Name	Project Description	Gross Cost	Less: Funding *	TransLink Net Cost	Gross Cost	Less: Funding *	TransLink Net Cost
<b>Equipment</b>							
Automatic Train Control (ATC) 2022	Implement cyber security upgrades for the ATC system and update the ATC system software to maintain a state of good repair.	9,440	-	9,440	3,616	-	3,616
Automatic Train Control (ATC) Existing Equipment Replacement Program	Replace ATC equipment to improve system reliability and maintain a state of good repair.	6,120	-	6,120	750	-	750
CMBC Facilities Camera Replacement	Replace end-of-life security camera and surveillance systems at CMBC facilities, SeaBus facilities and vessels.	1,600	-	1,600	1,097	-	1,097
CMBC Hoist Asset Renewal Program	Replacement of hoist equipment at the Surrey, Vancouver and Burnaby Transit Centres that have reached the end of asset service life.	4,636	-	4,636	2,563	-	2,563
Expo Line Traction Power Equipment Replacement	Replace and recondition traction power equipment to current technology for 15 substations.	20,547	-	20,547	10,444	-	10,444
Millennium Line Linear Heat Detector Upgrade Project	Upgrade 19 Guideway flame detectors near six Millennium Line stations that are at end-of-life.	1,000	-	1,000	951	-	951
Onboard Technology Assets Program (OTAP)	Replace end-of-life technology equipment (cameras, radio systems and vehicle logic units) onboard the fleet of vehicles with new technologies to maintain the state of good repair.	59,288	(20,612)	38,676	3,075	(211)	2,864
Rail Switch Machine Test Bench	Purchase of specialized test benches, testing equipment and shop equipment.	948	-	948	493	-	493
Rail-borne Equipment Replacement	Replace five BCRTC rail-borne equipment vehicles nearing end-of-life used heavily for inspections, maintenance and capital project support.	9,913	-	9,913	2,741	-	2,741
Replacement of Hegenscheidt Underfloor Lathe	Replace the Hegenscheidt Wheel Lathe that has reached the end of its service life.	7,366	-	7,366	6,338	-	6,338
Replacement of Rotary Grinder	Replace rail grinding equipment to ensure timely scheduled	17,357	-	17,357	9,112	-	9,112

Active and Approved in Principle (AIP) Capital Program Details		Total Project Budget			2023 Capital Project Cash Flow		
Classification and Program Name	Project Description	Gross Cost	Less: Funding *	TransLink Net Cost	Gross Cost	Less: Funding *	TransLink Net Cost
	grinding under the maintenance program.						
SkyTrain Physical Security System	Upgrade and expand the existing Keyscan access control system, replace the key management system and replace and expand the key safes.	8,219	(485)	7,734	1,457	-	1,457
Station Ground Switch Replacement	Replace SkyTrain station ground switch infrastructure to address obsolescence and electrical safety issues, ensure a state of good repair and align with industry best practices.	7,500	-	7,500	811	-	811
<b>Equipment Total</b>		<b>153,934</b>	<b>(21,097)</b>	<b>132,837</b>	<b>43,448</b>	<b>(211)</b>	<b>43,237</b>
<b>Facilities</b>							
BCRTC Operations and Maintenance Centre (OMC) 1 and 2 - Space Optimization and Modernization	Renovation to optimize and modernize BCRTC's workplace and facilities.	8,000	-	8,000	175	-	175
Burnaby Transit Centre (BTC) Facility Improvement for Phase Two Expansion - Design	Relocation of the BTC central complex functions and central stores off-site and demolition of the building provides a significant opportunity to support the systemwide fleet requirements, as well as support the move towards battery electric buses to support zero emissions goals.	1,647	-	1,647	635	-	635
Burnaby Transit Centre (BTC) Fleet Overhaul Maintenance - Lunch Room Upgrades	Upgrades to the BTC Fleet Overhaul maintenance lunch room - implementation phase.	2,000	-	2,000	842	-	842
Canada Line Capstan Station Project	Design, construction, testing and commissioning of the new Richmond Capstan Station on Canada Line.	57,078	(32,186)	24,892	20,502	-	20,502
CMBC Trolley Overhead - Skeena Relocation	Tenant improvements at 3330 Bridgeway Street, Vancouver, to relocate the current CMBC Trolley Overhead facility located at 2625 Skeena Street, before the lease expires in April 2024.	11,437	-	11,437	7,139	-	7,139
Columbia Station Lift Replacement	Replace the Vertical Platform Lift at Columbia Station.	610	-	610	195	-	195
Customer Amenities Pilot	Further research and preliminary design to improve customer amenities and implement one pilot project location.	2,087	-	2,087	1,026	-	1,026
Facility Upgrades to Accommodate Double Decker Buses	The upgrade of Hamilton Transit Centre to allow for repairs after Motor Vehicle Accidents and major maintenance of the double-decker bus fleet.	2,650	-	2,650	1,136	-	1,136
MVTP Metrotown Hub Office 2022	To provide a Transit Police Metrotown Hub, to support	500	-	500	474	-	474

Active and Approved in Principle (AIP) Capital Program Details		Total Project Budget			2023 Capital Project Cash Flow		
Classification and Program Name	Project Description	Gross Cost	Less: Funding *	TransLink Net Cost	Gross Cost	Less: Funding *	TransLink Net Cost
	CMBC and Skytrain Station operations and customers at Metrotown.						
Operations and Maintenance Center (OMC) 1 Receiving Area and Storage upgrades	Detailed design and implementation services for upgrading the receiving area and storage capacity at the OMC 1 store.	1,206	-	1,206	579	-	579
Operations and Maintenance Centre (OMC) 1 3rd Floor Server Room Upgrade	Upgrade and expand to the Video Cassette Recorder room at OMC 1.	1,247	-	1,247	650	-	650
Operations and Maintenance Centre (OMC) Perimeter Security Upgrade	Design and development of the perimeter security upgrade at the OMC.	1,990	-	1,990	896	-	896
Port Coquitlam Transit Center Facility Improvements	Design and implementation of facility improvements at Port Coquitlam Transit Center to provide capacity expansion to operation, maintenance & service to meet the service capacity requirements.	35,883	(13,002)	22,881	8,364	(3,428)	4,936
Port Coquitlam Transit Centre Infrastructure to Support Battery Electric Buses (BEBs)	Provide the infrastructure to support 57 on-route charged BEBs to be based out of Port Coquitlam Transit Centre.	30,604	(27,750)	2,854	16,541	(16,488)	53
PowerSmart Upgrades - SeaBus - Design	Design the energy conservation measures for the SeaBus terminals to reduce operating costs and improve environmental sustainability.	696	-	696	696	-	696
SeaBus Facility Upgrades - Design	Design work for updating the essential auxiliary spaces and equipment, including the installation of an elevator within SeaBus North Terminal.	5,953	-	5,953	3,999	-	3,999
SeaBus Terminal Passenger Counting System Update	The replacement of the existing end-of-life turnstiles with a new automated Passenger Counting and Control System, which includes a new counting technology and closing gates to the SeaBus.	4,000	-	4,000	1,110	-	1,110
SeaBus Terminals Interior Refurbishment	Refurbishments to the passenger environment in North and South SeaBus Terminals.	17,259	-	17,259	3,961	-	3,961
Burnaby Transit Centre (BTC) Facility Improvements for Phase Two Expansion	Facility improvement to BTC to provide capacity expansion to operations, maintenance & service to meet the service requirements.	45,396	(17,116)	28,280	9,815	(3,926)	5,889
Marpole Transit Centre (MTC)	Implementation of the MTC. This facility will be designed for the Operation and Maintenance of 350 40-foot Equivalent (Battery Electric) Buses. TransLink requires this infrastructure, to operate, maintain and store an electrified fleet replacing existing diesel buses. This	343,656	(298,100)	45,556	51,746	(48,000)	3,746

Active and Approved in Principle (AIP) Capital Program Details		Total Project Budget			2023 Capital Project Cash Flow		
Classification and Program Name	Project Description	Gross Cost	Less: Funding *	TransLink Net Cost	Gross Cost	Less: Funding *	TransLink Net Cost
	facility will also free up space at existing depots to help facilitate future electrification and future service expansion.						
<b>Facilities Total</b>		<b>573,899</b>	<b>(388,154)</b>	<b>185,745</b>	<b>130,481</b>	<b>(71,842)</b>	<b>58,639</b>
<b>Infrastructure</b>							
2019-2022 Bus Speed and Reliability	Provide funding to municipalities to improve bus speed and reliability infrastructure.	15,972	-	15,972	1,624	-	1,624
2022 BCRTC Roof Replacement	Detailed design and implementation services for roof replacement at Lougheed Town Centre B, King George A, B, C, Gateway B, Gilmore A, B, C SkyTrain Stations and two optional substations to be determined.	4,359	-	4,359	4,240	-	4,240
Automatic Train Control (ATC) System Recovery and Operation Improvements	Improve the ATC system to reduce the occurrence of SkyTrain disruptions and the time needed to recover the disruptions.	5,395	-	5,395	264	-	264
BCRTC - Distributed Maintenance Sites - Remote Reports	Improvement to existing stations to support the improvement of all rail infrastructure. This project will improve tool time, standardized workspaces, reduce Operations and Maintenance Centre (OMC) congestion and reduce incident response time.	2,000	-	2,000	23	-	23
Bike Parkades-State of Good Repair	The TransLink Owned Bike Infrastructure (TLOBI) capital program delivers the state of good repair and upgrade of assets within TransLink's cycling portfolio (e.g., BC Parkway, bike parking and bike counters) to advance regional active transportation goals and objectives.	555	-	555	420	-	420
Braille and Tactile Information at Bus Stops	Install bus stop identifiers in the form of dual-format braille and tactile signage, to allow customers with vision loss to identify bus stops and related transit information.	7,000	-	7,000	2,873	-	2,873
Brentwood SkyTrain Station Upgrades – Phase One and Two	Upgrade to improve the weather protection, amenities and elevator at Brentwood SkyTrain station's rail and bus facilities.	32,663	(9,406)	23,257	15,525	(5,873)	9,652
Broadway Station Track Intrusion System Upgrade	Design and implement Track Intrusion System at Broadway Station on Platform 5 to meet safety recommendations.	2,200	-	2,200	271	-	271



Active and Approved in Principle (AIP) Capital Program Details		Total Project Budget			2023 Capital Project Cash Flow		
Classification and Program Name	Project Description	Gross Cost	Less: Funding *	TransLink Net Cost	Gross Cost	Less: Funding *	TransLink Net Cost
Burnaby Transit Centre (BTC) Retaining Walls - Seismic Stabilization	Replace the existing retaining walls at BTC North and South with a mechanically stabilized earth block wall.	5,100	-	5,100	3,551	-	3,551
Burrard Expo Line Station Upgrade - Escalator Replacement	Replace five (5) existing escalators at Burrard SkyTrain Station	23,333	(10,132)	13,201	10,085	(4,357)	5,728
Burnaby Mountain Gondola - Design	Further design, planning and partner engagement for a potential gondola from the Millennium Line to Simon Fraser University Burnaby campus.	1,400	-	1,400	815	-	815
CMBC Burnaby Transit Centre South (BTCS) Emergency Generator Replacement	Detailed design & implementation of the BTCS emergency generator replacement.	867	-	867	801	-	801
Elevating Devices Asset Renewal Program - Millennium Line Escalators 2022	Supply and installation to replace four current end-of-service life commercial grade escalators with new transit grade escalators at Millennium Line stations (Gilmore and Production Way).	10,102	-	10,102	949	-	949
Expo Line Elevator Replacement	Upgrade or replace 34 Expo Line elevators as prioritized in the Escalators and Elevators Condition Assessment report.	38,504	(11,220)	27,284	22,504	(4,523)	17,981
Expo Line Surrey Power Rail Replacement	Replacement of 8.6 km of power rail on the Expo Line from the east of Scott Road station to King George which has reached the end of service life.	99,275	(14,517)	84,758	5,457	-	5,457
Expo Line Tunnels Ventilation System Rehabilitation	Condition assessment and design of tunnel ventilation systems requiring repair and upgrade for the Expo Line.	8,364	(451)	7,913	2,522	-	2,522
Gilmore Station Upgrade and Expansion Project	Provide additional vertical circulation, improve customer amenities, increase retail space and bring station, as a whole, up to current standards.	9,887	-	9,887	-	-	-
HandyDART Norland Facility	Implement improvements at the newly leased Norland Avenue property to accommodate HandyDART operations.	4,749	-	4,749	2,505	-	2,505
Haro Rectifier Safety and Security Improvements	Implement a long-term solution to improve the safety and security at the Trolley Overhead Haro Rectifier Station.	123	-	123	61	-	61
Investments in Transit Priority on Priority Rapid Bus Corridors – Phase One and Two	Implement transit priority measures, upgrades to bus stops, terminals and depot improvements to accommodate service for various new and existing Rapid Bus Lines.	64,301	(4,010)	60,291	26,391	-	26,391
Knight Street Bridge Deck & Sidewalk Rehab - Design and Implementation	Knight Street Bridge structural assessment, detailed design and implementation.	17,500	-	17,500	19,131	-	19,131
MVTP Hub Office Card Access Upgrade	To install card and video phone access at five Hub offices.	100	-	100	100	-	100

Active and Approved in Principle (AIP) Capital Program Details		Total Project Budget			2023 Capital Project Cash Flow		
Classification and Program Name	Project Description	Gross Cost	Less: Funding *	TransLink Net Cost	Gross Cost	Less: Funding *	TransLink Net Cost
MVTP Bridgeport Deployment Office Upgrade	Expand locker room/washroom space and add a secure car park at the original Bridgeport Deployment Office to accommodate the growing police force.	887	-	887	410	-	410
New Simon Fraser University Exchange Contribution	Construct a new transit exchange and layover facility at Simon Fraser University to support a mutually agreed-upon vision for the Simon Fraser University Town Centre and integrated transit hub.	3,185	-	3,185	1,559	-	1,559
Noise Mitigation Solution	Installation of customized rail dampers on sections of the Expo and Millennium Lines, to mitigate high noise levels experienced on the railway lines.	8,370	-	8,370	1,905	-	1,905
Pattullo Bridge Rehabilitation	Address ongoing rehabilitation needs and perform seismic and deck replacement of the Pattullo Bridge until the end of its service life.	27,492	-	27,492	2,300	-	2,300
Phibbs Exchange Upgrade	Upgrade Phibbs bus exchange for safety and customer and vehicle capacity.	6,500	(3,750)	2,750	5,412	(2,834)	2,578
PowerSmart Upgrades at BTCS - Design	Detailed design of Energy Conservation Measures identified in the Energy Audit at BTCS to reduce operating costs and improve the environmental sustainability of CMBC.	63	-	63	5	-	5
Replace 3 Escalators	Replace three APTA/Transit grade escalators at Commercial Broadway Station.	10,506	(5,470)	5,036	4,080	(3,620)	460
Running Rail Replacement – 2019 and 2023	Replace the running rail that has reached the end of service life.	58,404	(17,498)	40,906	10,465	(2,994)	7,471
SeaBus Facility and Seawall Rehabilitation Year 1 of 2	Rehabilitation of the North & South SeaBus terminal and Seawall cathodic protection in order to maintain a state of good repair and improve customer experience. This rehabilitation will encompass the Seawall cathodic protection system, elements of the fendering system and the end-of-life mechanical components.	4,200	-	4,200	2,500	-	2,500
SkyTrain Station Power Capacity - Phase Two	To maintain a state of good repair and meet the growing demand for electricity at the Stadium and Renfrew SkyTrain stations, the project includes the design, procurement and installation of a new transformer, high voltage cabling, UPS and associated equipment.	7,140	-	7,140	204	-	204
Stadium-Chinatown Station Upgrade - Concept Confirmation	Identify the preferred concept design following the feasibility study.	1,564	-	1,564	1,564	-	1,564

Active and Approved in Principle (AIP) Capital Program Details		Total Project Budget			2023 Capital Project Cash Flow		
Classification and Program Name	Project Description	Gross Cost	Less: Funding *	TransLink Net Cost	Gross Cost	Less: Funding *	TransLink Net Cost
TOH On-Street Infrastructure State of Good Repair Program 2021 -2022	Replacement of TOH assets that are past their useful life.	29,435	(9,658)	19,777	6,066	(2,873)	3,193
TOH Rectifier Station State of Good Repair Program	Detailed design and implementation services for the replacement of TOH rectifier stations.	43,098	(15,760)	27,338	11,731	(1,841)	9,890
TransLink Owned Bicycle Infrastructure	Rehabilitate and upgrade regional cycling routes and bike parking at transit facilities and install bike counters across the region.	14,426	-	14,426	7,438	-	7,438
Waterfront Station Power Systems Upgrade	Upgrade power system core capacity from 400 KVA to 750 KVA.	7,338	-	7,338	2,617	-	2,617
WCE Locomotive Refurbishment	Refurbish and upgrade the five existing locomotives and one additional locomotive.	20,967	(19,460)	1,507	1,993	(1,827)	166
Westham Island Bridge Rehabilitation	Rehabilitation of the Westham Island Bridge including scours protection.	5,942	-	5,942	2,070	-	2,070
Capital Program Inflation Contingency	Capital program contingency for expected cost escalations in the active capital project portfolio associated with inflation pressures on material and labour.	90,900	-	90,900	9,090	-	9,090
<b>Infrastructure Total</b>		<b>694,166</b>	<b>(121,332)</b>	<b>572,834</b>	<b>191,521</b>	<b>(30,742)</b>	<b>160,779</b>
<b>Major Construction</b>							
Automatic Train Control (ATC) Existing Equipment Replacement Program	Replace ATC equipment to improve system reliability and maintain a state of good repair.	55,849	-	55,849	14,663	-	14,663
Broadway Subway Project	TransLink and BCRTC support the construction and operation of the Millennium Line Broadway Extension including fibre optic cable extensions.	147,683	(74,293)	73,390	23,802	(19,799)	4,003
Broadway Subway Project Transit Plan	To build bypass TOH infrastructure for impacted bus routes during construction.	9,590	(9,590)	-	2,555	(2,555)	-
Edmonds Operations and Maintenance Centre (OMC) Capacity Upgrade	Improvements to the SkyTrain OMC at Edmonds.	98,038	(47,876)	50,162	36,299	(12,601)	23,698
EMUP - Optical Transportation Network	Improvements to the fibre optic network for SkyTrain communications.	1,228	-	1,228	429	-	429
EMUP - Rail Expansion Program Management	The Rail Expansion Program Management (REPM) was established to provide Program Management support to EMUP. It will also provide Systems Integration Services and Technical Integration Services.	76,927	(8,422)	68,505	9,431	(3,243)	6,188
EMUP - Fleet Acquisition	Procure 205 new cars for the Expo and Millennium Lines. The new SkyTrain cars are required to allow for the retirement of 150 Mark I Vehicles and to	949,326	(305,889)	643,437	45,567	(13,554)	32,013

Active and Approved in Principle (AIP) Capital Program Details		Total Project Budget			2023 Capital Project Cash Flow		
Classification and Program Name	Project Description	Gross Cost	Less: Funding *	TransLink Net Cost	Gross Cost	Less: Funding *	TransLink Net Cost
	support capacity expansion to meet projected passenger demand.						
EMUP - Propulsion Power Upgrades Expo and Millennium Lines	Improvements to rectifier substations at several SkyTrain stations and the Operations and Maintenance Centre.	110,546	(25,819)	84,727	26,212	(6,971)	19,241
Operations and Maintenance Centre (OMC) 4 - Design and Implementation	Design and implementation of new OMC 4 in order to accommodate the expanded fleet and the additional rail-borne maintenance equipment for the expanded SkyTrain networks (BSP and SLS).	816,359	(164,725)	651,634	102,342	(34,589)	67,753
Safety Assurance for Rail Expansion	Safety assurance tasks are required to certify the Broadway Subway for revenue service.	1,850	-	1,850	481	-	481
SkyTrain Advanced Radio System Phase 1&2	Conceptual and detailed design work and implementation of 3rd party radio services.	23,122	(8,238)	14,884	15,993	(5,648)	10,345
SkyTrain Customer and Operations Telecommunications Upgrade Phase One - Four	Modernize train communications and complete integration of all SkyTrain Customer and Operations Telecommunications sub-systems to address obsolescence issues and support train expansion.	25,232	(7,092)	18,140	6,101	(870)	5,231
SkyTrain Operation Control Centre	The design, construction and commissioning of a new/upgraded Operations Control Centre.	299,989	(38,011)	261,978	72,116	(21,719)	50,397
Station Access and Safety Project	Upgrades to infrastructure and systems to support the safe introduction of 5-car trains into service.	83,890	(25,270)	58,620	29,970	(11,382)	18,588
Surrey Langley SkyTrain (SLS) Project Development	Project development activities including planning, design, business case development and procurement readiness for SLS.	38,953	-	38,953	4,453	-	4,453
<b>Major Construction Total</b>		<b>2,738,582</b>	<b>(715,225)</b>	<b>2,023,357</b>	<b>390,414</b>	<b>(132,931)</b>	<b>257,483</b>
<b>Technology</b>							
2018-2019 TransLink Software Application Renewal Program	Renewal and replacement of software applications as per the Lifecycle Management and Renewal program.	2,339	-	2,339	399	-	399
2018-2021 IT Infrastructure Refresh	Continued investment in technology infrastructure to renew capital leases, replace owned assets, accommodate new headcount and provide for growth.	19,939	-	19,939	6,238	-	6,238
Access Transit Trapeze PASS - Additional Modules	Implement additional Trapeze PASS modules: Itinerary Planning Assistant, Web Booking (PASS-WEB) and Operational Performance	1,660	-	1,660	178	-	178

Active and Approved in Principle (AIP) Capital Program Details		Total Project Budget			2023 Capital Project Cash Flow		
Classification and Program Name	Project Description	Gross Cost	Less: Funding *	TransLink Net Cost	Gross Cost	Less: Funding *	TransLink Net Cost
	Monitoring/Reporting (ViewPoint).						
BCRTC Payroll, Scheduling and Timekeeping	Modernizing BCRTC and WCE payroll systems through the transition to Enterprise Payroll Services.	5,485	-	5,485	666	-	666
BCRTC Software Application Renewal Program	Migration of enterprise software applications to SQL server for data resiliency and usability.	1,369	-	1,369	1,106	-	1,106
Bus Daily Operations Management System (DOMS) Product Migration	Migrate the DOMS to the vendor's next-generation software product, Trapeze OPS, to ensure that CMBC can maintain reliable conventional bus service delivery.	25,904	-	25,904	9,596	-	9,596
CMBC Employee Scheduling Implementation Project	To implement a solution to manage CMBC employee scheduling needs and mitigate risk to the maintenance of corporate assets.	2,040	-	2,040	1,446	-	1,446
Compass Card System Updates	Ensure the performance, functionality and capacity of the Compass systems will meet those business and customer requirements that are identified to materially impact operational efficiency or customer satisfaction.	1,566	-	1,566	473	-	473
Cyber Security and IT Services Resiliency Program	In conjunction with the IT Infrastructure Refresh Programs, this program will see the implementation of new solutions and services that will consolidate and rationalize IT services, building in automation, migration to Cloud solutions and improve our cyber posture.	40,000	-	40,000	9,508	-	9,508
Enterprise Health and Safety System	Implementation of an Enterprise health and safety system for consistent, automated and accurate reporting of incidents and improved management practices.	4,410	-	4,410	1,025	-	1,025
Enterprise Resource Planning (ERP)/CMBC CloudSuite Enterprise Asset Management (EAM) - Design & Implementation	Design, implement and migrate the current CMBC EAM on-premise solution to the ERP Cloud solution for asset management. This aligns with the Enterprise direction and addresses upcoming obsolescence of the current on-premise asset management system used by CMBC.	21,000	-	21,000	11,092	-	11,092
Finance Enterprise Resource Planning and BCRTC Enterprise Asset Management	To implement an enterprise-wide, integrated solution to support the transformation of enterprise asset, financial and supply chain management processes.	106,072	-	106,072	16,140	-	16,140
Future of Work Technology Enablement	Acquire and deploy technology in order to facilitate a	4,250	-	4,250	35	-	35

Active and Approved in Principle (AIP) Capital Program Details		Total Project Budget			2023 Capital Project Cash Flow		
Classification and Program Name	Project Description	Gross Cost	Less: Funding *	TransLink Net Cost	Gross Cost	Less: Funding *	TransLink Net Cost
	productive workforce as we transition to the Future of Work.						
Open Payment Acceptance at Compass	Open Payment Acceptance at Compass.	1,365	-	1,365	36	-	36
Provincial Digital Evidence Management Solution Implementation	The BC Public Safety & Justice System, under a Ministerial order, will implement a provincial digital evidence management solution across all police agencies, including Transit Police.	970	-	970	515	-	515
Rebuild Customer Ridership	This initiative will deliver customer-oriented (technology) solutions to rebuild customer ridership.	500	-	500	428	-	428
Technical Drawings and Library Management System (TDLS)	Implement a solution to manage technical drawings and documents across TransLink Enterprise and to replace the BCRTC Library Management System.	3,100	-	3,100	1,992	-	1,992
TransLink Analytics Program (TAP) 2022	Following TAP 2021, TAP 2022 is focused on migrating the remaining on-premises Enterprise Data Warehouse to the Cloud.	1,520	-	1,520	849	-	849
TransLink Intranet Upgrade	State of good repair upgrade to SharePoint Online. A new intranet will also better support TransLink employees as they transition toward the Future of Work.	931	-	931	-	-	-
Vulnerability Management System	Implementation of an automated vulnerability management system to address cyber security risks.	1,115	-	1,115	208	-	208
<b>Technology Total</b>		<b>245,535</b>	<b>-</b>	<b>245,535</b>	<b>61,930</b>	<b>-</b>	<b>61,930</b>
<b>Vehicles</b>							
2020 Conventional Bus Expansion (68 buses)	Purchase 68 expansion conventional buses.	100,740	(97,784)	2,956	45,902	(45,523)	379
2020 HandyDART Expansion (10 vehicles)	Purchase 10 HandyDART vehicles.	1,600	(1,559)	41	24	(24)	-
2020 HandyDART Vehicle Replacement (42 vehicles)	Replacement of 42 end-of-service HandyDART vehicles.	6,300	(6,130)	170	120	(120)	-
2020 MK I Skytrain car Refurbishment (36 cars)	Refurbishment of 36 MK I 500-800 series cars to continue safe, reliable and comfortable SkyTrain services.	10,000	(9,930)	70	1,505	(1,433)	72
2021 Next Generation SeaBus Design	Complete the design process, review design proposals and select the preferred proponent to complete the final design build.	2,653	(2,510)	143	-	-	-
2021 Community Shuttle Expansion (9 vehicles)	Purchase 9 Community Shuttle vehicles.	900	(940)	(40)	-	-	-
2021 Community Shuttle Replacement (64 buses)	Replace the existing 64 Community Shuttle buses which	15,900	(15,300)	600	15,888	(15,185)	703

Active and Approved in Principle (AIP) Capital Program Details		Total Project Budget			2023 Capital Project Cash Flow		
Classification and Program Name	Project Description	Gross Cost	Less: Funding *	TransLink Net Cost	Gross Cost	Less: Funding *	TransLink Net Cost
	will reach the end of their useful service life in 2022.						
2021 HandyDART Expansion (10 vehicles)	Purchase 10 HandyDART vehicles.	1,610	(1,560)	50	-	-	-
2021 HandyDART Replacement (42 vehicles)	Procure and replace 42 HandyDART vehicles that have reached the end of asset service life.	6,500	(6,380)	120	151	(151)	-
2021 Replacement of CMBC Service Support (22 vehicles)	Replace existing 22 Service Support Vehicles (SSVs) that have reached the end of their useful service life.	1,255	(1,192)	63	64	(64)	-
2021 Replacement of HandyDART (44 vehicles)	Replace the existing 44 HandyDART buses which will reach the end of their useful service life in 2022.	6,800	(6,540)	260	1,159	(1,091)	68
2022 BCRTC Service Support Vehicles (SSVs) Replacement (2 vehicles)	Replacement of 2 BCRTC SSVs which will reach the end of their useful life in 2024.	170	-	170	164	-	164
2022 CMBC Service Support Vehicle (SSVs) Expansion (8 vehicles)	Additional 8 SSVs are required to meet CMBC Security Services and Facilities Maintenance business needs and objectives. New SSVs will be procured, outfitted and commissioned, including: <ul style="list-style-type: none"> <li>• 4 CMBC Security Services vehicle</li> <li>• 4 Facilities Maintenance trades vans</li> </ul>	758	-	758	758	-	758
2022 CMBC Service Support Vehicle (SSVs) Replacement (23 vehicles)	Replacement of 23 SSVs which will reach the end of their useful life in the near future.	1,678	-	1,678	1,676	-	1,676
2023 Community Shuttle Replacements (27 buses)	Replacement of 27 Community Shuttle buses that will reach the end of their useful service life in 2023.	6,900	(6,660)	240	3,696	(3,577)	119
2023 HandyDART Vehicle Replacement (46 vehicles)	Replacement of 46 HandyDART vehicles that will reach the end of their useful service life in 2023.	7,200	(6,770)	430	4,275	(4,180)	95
2024 Conventional Bus Replacement (50 compressed natural (CNG) gas buses)	Replace existing 50 40-foot CNG buses which will reach end of their useful service life in 2023.	46,000	(44,440)	1,560	25,825	(25,105)	720
2020 Conventional Bus Replacement (25 buses)	Replacement of end-of-life Orion V model 2001 Highway buses with 25 ADI Double-decker buses.	32,500	(31,590)	910	7,581	(7,581)	-
2020 Community Shuttle Expansion (9 vehicles)	Purchase 9 Community Shuttle vehicles to expand community service.	2,471	(2,391)	80	1,648	(1,566)	82
2023 Conventional Bus Replacement - (57 buses) Battery Electric Buses (BEBs)	Replace existing 57 40-foot buses which will reach the end of their useful service life in 2023 with BEBs.	88,740	(86,090)	2,650	-	-	-
2021 BCRTC Service Support Vehicles (SSVs) Expansion (3 vehicles)	Procure and outfit 3 SSVs (2 compact utility vehicles and 1 forklift) required to provide transportation for staff and equipment used for day-to-day	284	-	284	252	-	252

Active and Approved in Principle (AIP) Capital Program Details		Total Project Budget			2023 Capital Project Cash Flow		
Classification and Program Name	Project Description	Gross Cost	Less: Funding *	TransLink Net Cost	Gross Cost	Less: Funding *	TransLink Net Cost
	function and emergency responses. This is required due to the recent increase in BCRTC staff levels to maintain the current system.						
2021 Conventional Bus Expansion (25 buses)	Purchase 9 40-foot battery-electric buses (BEBs) and associated depot and on-route charging infrastructure to support the BEBs. This project also includes 16 60-foot articulated buses for service expansion.	43,040	(41,555)	1,485	3,429	(3,161)	268
Replacement of BCRTC Service Support Vehicles (SSVs) (6 vehicles)	Replace 6 existing BCRTC SSVs which have reached the end of their useful service life.	361	(343)	18	350	(338)	12
<b>Vehicles Total</b>		<b>384,360</b>	<b>(369,664)</b>	<b>14,696</b>	<b>114,467</b>	<b>(109,099)</b>	<b>5,368</b>
<b>Active/Approved in Principle (AIP) Capital Total</b>		<b>4,790,476</b>	<b>(1,615,472)</b>	<b>3,175,004</b>	<b>932,261</b>	<b>(344,825)</b>	<b>587,436</b>

\* The funding sources include Canada Community Building Fund, PTIF, ICIP and ZETF.

## Capital Infrastructure Contributions

TransLink provides capital infrastructure contributions each year to the Metro Vancouver municipalities to fund rehabilitation and minor capital work on the Major Road Network and bike pathways. TransLink will maintain substantially the same level of contributions to the Major Road Network and Bike pathway programs as in prior years. Work-related to the new 2023 program will begin in the fiscal year 2023. With the exception of the MRN Pavement Rehabilitation program, invoicing for all other programs will occur approximately one year after completion. TransLink is budgeting new capital contribution funding of \$92.6 million to municipalities for road and bike infrastructure. Projects already approved and underway have a budget of \$438.5 million, which with the 2023 capital infrastructure contributions, total \$531.1 million.



**Table 3: Capital Infrastructure Contribution Projects Planned for 2023 (\$ thousands)**

Classification and Project name	Project Description	Total Project Budget	2023 Capital Project Cash Flow
<b>2023 New Program</b>			
Expanding and upgrading the network of municipal designated (Regional) cycling routes (Expansion) (BICCS)	2023 contribution to member municipalities for the expansion of the cycling network in the region.	17,192	-
Major Road Network (MRN) Pavement Rehabilitation	2023 contribution to member municipalities for pavement rehabilitation	26,029	25,769
Major Road Network (MRN) Structures - Seismic Upgrades	2023 contribution to member municipalities for rehabilitation and seismic upgrade needs of structures.	16,866	-
Major Road Network and Bike (MRNB) Capital Program	2023 contribution to member municipalities for upgrades to the road network and upgrades to the bike path network.	26,006	-
MRN: Walking Infrastructure to Transit (WITT)	2023 contribution to member municipalities for the expansion of the walking infrastructure network in the region.	6,529	-
<b>2023 New Program Total</b>		<b>92,622</b>	<b>25,769</b>

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

Classification and Project name	Description	Total Project Budget	2023 Capital Project Cash Flow
<b>Active and Approved in Principle</b>			
2018-2022 Bicycle Infrastructure Capital Cost (BICCS)	2018-2022 contribution to member municipalities for the expansion of the cycling network in the region.	81,358	11,719
2019 & 2022 MRN Pavement Rehabilitation Program	2019 & 2022 contribution to member municipalities for pavement rehabilitation.	92,893	2,891
2018-2022 Major Road Network (MRN) Structures - Seismic Upgrades Upgrade Program	2018-2022 contribution to member municipalities for rehabilitation and seismic upgrade needs of structures.	62,051	14,235
2015-2022 Major Road Network and Bike (MRNB) Capital Program	2015-2022 contribution to member municipalities for upgrades to the road network and upgrades to the bike path network.	173,046	32,353
2017-2022 Walking Infrastructure to Transit (WITT)	2017-2022 contribution to member municipalities for the expansion of the walking infrastructure network in the region.	29,173	3,706
<b>Active and Approved in Principle Total</b>		<b>438,521</b>	<b>64,904</b>

## 8. Changes in Financial Position

<b>Consolidated Statement of Financial Position</b>			
As at December 31 (\$ thousands)	2022 BUDGET	2023 BUDGET	Change Incr/(Decr)
Cash and cash equivalents	396,533	421,013	24,480
Accounts receivable	144,066	185,287	41,221
Restricted cash and cash equivalents and investments	1,718,644	3,758,697	2,040,053
Investments	86,078	176,433	90,355
Debt reserve deposits	23,538	23,884	346
<b>Financial Assets</b>	<b>2,368,859</b>	<b>4,565,314</b>	<b>2,196,455</b>
Accounts payable and accrued liabilities	435,786	491,672	55,886
Debt	3,472,028	3,410,090	(61,938)
Deferred government transfers	1,593,292	3,878,027	2,284,735
Golden Ears Bridge contractor liability	999,512	983,404	(16,108)
Deferred concessionaire credit	409,355	386,082	(23,273)
Employee future benefits	143,171	149,330	6,159
Deferred revenue and deposits	69,837	76,514	6,677
Deferred lease inducements	12,795	11,668	(1,127)
<b>Liabilities</b>	<b>7,135,776</b>	<b>9,386,787</b>	<b>2,251,011</b>
<b>Net Debt</b>	<b>(4,766,917)</b>	<b>(4,821,473)</b>	<b>(54,556)</b>
Tangible capital assets	6,419,266	6,614,289	195,023
Supplies inventory	104,731	109,624	4,893
Prepaid expenses	32,889	36,019	3,130
<b>Non-Financial Assets</b>	<b>6,556,886</b>	<b>6,759,932</b>	<b>203,046</b>
<b>Accumulated Surplus</b>	<b>1,789,969</b>	<b>1,938,459</b>	<b>148,490</b>

### Financial Assets

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. Restricted funds also include the proceeds from the upfront settlement of monthly Golden Ears Bridge (GEB) foregone toll replacement revenue.

### Liabilities

Deferred government transfers represent the receipt of capital funding offset by the amortization and revenue recognition for government funding. Included in the amount is the deferred revenue balance related to the upfront settlement of monthly GEB foregone toll replacement revenue, net of revenue recognized to date.

The Golden Ears Bridge contractor's liability to finance the construction of the GEB 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 the retirement of the employees.

## **Non-Financial Assets**

Planned capital spending during 2023 is expected to result in a net increase of \$195.0 million (3.0 per cent) in capital assets in comparison to the 2022 Budget. Projects forecasting significant spending in 2023 include Expo and Millennium Line Fleet Acquisition, Operations and Maintenance Centre 4 Storage Facility, Skytrain Operation Control Centre, Marpole Transit Centre, Conventional Bus Replacement and Expansion, Canada Line Capstan Station, Edmonds OMC Capacity Upgrade, and Station Access and Safety Project.

## 9. Liquidity and Capital Resources

### Cash Flows and Liquidity

Unrestricted cash and investments are expected to increase by \$114.8 million compared to the 2022 Budget. The increase is due to the higher-than-budgeted actual cash balances at the beginning of 2022 and additional Senior Government relief funding received in 2022 that was not budgeted, resulting in higher than forecast balance at the end of 2022, which will carry through into 2023. These increases are partly offset by suppressed fare revenue, combined with the increased inflationary effects in the economy, resulting in an expectation that in 2023 cash outflows will continue outpacing cash inflows. No Senior Government relief funding is expected in 2023. Capital program spending is expected to be matched by bond issuances, funding from internally restricted funds and from Senior Government capital programs. TransLink's unrestricted cash and investment balances will be maintained at healthy levels to the end of 2023.

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

<b>UNRESTRICTED CASH AND INVESTMENTS</b>			
As at December 31	2022	2023	Change
(\$ thousands)	BUDGET	BUDGET	Incr/(Decr)
Cash and cash equivalents	396,533	421,013	24,480
Investments	86,078	176,433	90,355
<b>Total Unrestricted cash and investments</b>	<b>482,611</b>	<b>597,446</b>	<b>114,835</b>

### Restricted Funds

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

<b>RESTRICTED CASH AND INVESTMENTS</b>			
As at December 31	2022	2023	Change
(\$ thousands)	BUDGET	BUDGET	Incr/(Decr)
Unspent government transfers	856,246	1,161,973	305,727
TPCC's investments	16,027	28,712	12,685
GEB Toll Replacement Revenue	-	1,620,000	1,620,000
Restricted proceeds of real estate sales	304,908	316,386	11,478
Self administered sinking funds	541,463	631,626	90,163
<b>Total Restricted cash and investments</b>	<b>1,718,644</b>	<b>3,758,697</b>	<b>2,040,053</b>

### Net Debt

TransLink currently has four main sources of financing its assets: net direct debt, portion of internally restricted funds, indirect P3 debt and senior government contributions. The latter is presented on the balance sheet as deferred government transfers.

Net direct debt is expected to decrease by \$152.4 million due to contributions to MFA BC and self-administered sinking funds. The issuance of new debt in 2023 is to finance capital spending not funded by Senior Government contributions or from internally restricted reserves.

Net direct debt and indirect P3 debt of \$4.1 billion combined are expected to be \$191.8 million lower than the 2022 Budget. The reduced debt is mainly due to lower capital spending and funding of capital projects from internally restricted reserves. The overall levels of debt are reflective of the capital-intensive nature of the organization and rapid growth to meet the transportation needs of the region. The projected net debt ratio of 255.7 per cent is within the debt-to-revenue policy maximum limit of 300 per cent for the 2023 Budget.

<b>FINANCING</b>			
As at December 31 (\$ thousands)	2022 BUDGET	2023 BUDGET	Change Incr/(Decr)
Debt	3,472,028	3,410,090	(61,938)
Less: Self-administered sinking funds	(541,463)	(631,626)	(90,163)
Less: Debt reserve deposits	(23,538)	(23,884)	(346)
<b>Net Direct Debt</b>	<b>2,907,027</b>	<b>2,754,580</b>	<b>(152,447)</b>
Golden Ears Bridge contractor liability	999,512	983,404	(16,108)
Deferred concessionaire credit	409,355	386,082	(23,273)
<b>Indirect P3 Debt</b>	<b>1,408,867</b>	<b>1,369,486</b>	<b>(39,381)</b>
<b>Subtotal Net Direct Debt and Indirect P3 Debt</b>	<b>4,315,894</b>	<b>4,124,066</b>	<b>(191,828)</b>
<b>Deferred Government Transfers</b>	<b>1,593,292</b>	<b>3,878,027</b>	<b>2,284,735</b>
Accounts payable and accrued liabilities	435,786	491,672	55,886
Deferred revenue and deposits	69,837	76,514	6,677
Employee future benefits	143,171	149,330	6,159
Deferred lease inducements	12,795	11,668	(1,127)
Less: Accounts receivable	(144,066)	(185,287)	(41,221)
<b>Other Financing</b>	<b>517,523</b>	<b>543,897</b>	<b>26,374</b>
<b>Total Financing</b>	<b>6,426,709</b>	<b>8,545,990</b>	<b>2,119,281</b>
Less: Other restricted cash and investments	(1,177,181)	(3,127,071)	(1,949,890)
Less: Unrestricted cash and investments	(482,611)	(597,446)	(114,835)
<b>PSAB Net Debt</b>	<b>4,766,917</b>	<b>4,821,473</b>	<b>54,556</b>

## 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 PSAB of the Chartered Professional Accountants of Canada.

### Consolidated Statement of Financial Position

<b>Consolidated Statement of Financial Position</b>			
as at December 31	2021	2022	2023
(\$ thousands)	ACTUAL	BUDGET	BUDGET
Cash and cash equivalents	575,623	396,533	421,013
Accounts receivable	159,207	144,066	185,287
Loan receivable	131,060	-	-
Restricted cash and cash equivalents and investments	1,237,197	1,718,644	3,758,697
Investments	165,616	86,078	176,433
Debt reserve deposits	26,272	23,538	23,884
<b>Financial Assets</b>	<b>2,294,975</b>	<b>2,368,859</b>	<b>4,565,314</b>
Accounts payable and accrued liabilities	364,458	435,786	491,672
Debt	2,937,864	3,472,028	3,410,090
Deferred government transfers	1,325,681	1,593,292	3,878,027
Golden Ears Bridge contractor liability	1,013,077	999,512	983,404
Deferred concessionaire credit	432,629	409,355	386,082
Employee future benefits	138,224	143,171	149,330
Deferred revenue and deposits	64,449	69,837	76,514
Deferred lease inducements	13,890	12,795	11,668
<b>Liabilities</b>	<b>6,290,272</b>	<b>7,135,776</b>	<b>9,386,787</b>
<b>Net Debt</b>	<b>(3,995,297)</b>	<b>(4,766,917)</b>	<b>(4,821,473)</b>
Tangible capital assets	5,704,158	6,419,266	6,614,289
Supplies inventory	91,161	104,731	109,624
Prepaid expenses	30,040	32,889	36,019
<b>Non-Financial Assets</b>	<b>5,825,359</b>	<b>6,556,886</b>	<b>6,759,932</b>
<b>Accumulated Surplus</b>	<b>1,830,062</b>	<b>1,789,969</b>	<b>1,938,459</b>

## Consolidated Statement of Operations

<b>Consolidated Statement of Operations</b>			
Twelve months ending December 31 (\$ thousands)	2021 ACTUAL	2022 BUDGET	2023 BUDGET
<b>Revenue</b>			
Taxation	899,448	933,012	988,404
Transit	413,961	619,339	629,998
Government transfers			
Senior Government Relief Funding	31,800	-	-
Senior Government funding	107,229	247,890	287,451
Golden Ears Bridge tolling replacement revenue	64,751	67,231	67,267
Development cost charges	44,773	31,525	23,597
Amortization of deferred concessionaire credit	23,273	23,273	23,273
Investment income	52,882	44,996	155,673
Miscellaneous revenue	21,974	13,901	15,384
Gain/(Loss) on disposal of tangible capital assets	560	(200)	(358)
	<u>1,660,651</u>	<u>1,980,967</u>	<u>2,190,689</u>
<b>Expenses</b>			
Bus operations	806,291	864,215	934,381
Rail operations	346,699	374,648	408,218
Transit Police	44,809	46,073	52,734
Corporate operations	125,340	159,444	175,738
Roads and bridges	120,167	145,248	157,425
Sub-total Expenses, before amortization and interest	<u>1,443,306</u>	<u>1,589,628</u>	<u>1,728,496</u>
Amortization of tangible capital assets	233,789	258,400	268,637
Interest	182,041	179,836	188,393
	<u>1,859,136</u>	<u>2,027,864</u>	<u>2,185,526</u>
Surplus (deficit) for the year	(198,485)	(46,897)	5,163
Accumulated surplus, beginning of year	2,028,547	1,836,866	1,933,296
Accumulated surplus, end of year	<u>1,830,062</u>	<u>1,789,969</u>	<u>1,938,459</u>

## Consolidated Statement of Changes in Net Debt

<b>Consolidated Statement of Changes in Net Debt</b>			
Twelve months ending December 31 (\$ thousands)	2021 ACTUAL	2022 BUDGET	2023 BUDGET
Surplus for the year	(198,485)	(46,897)	5,163
Acquisition of tangible capital assets	(358,471)	(798,991)	(932,152)
Amortization of tangible capital assets	233,789	258,400	268,637
Loss (gain) on disposal of tangible capital assets	(560)	200	358
Net proceeds from disposal of tangible capital assets	674	-	-
	<u>(124,568)</u>	<u>(540,391)</u>	<u>(663,157)</u>
Change in supplies inventory	(7,548)	(9,106)	(10,629)
Change in prepaid expenses	(3,214)	(2,914)	(2,495)
	<u>(10,762)</u>	<u>(12,020)</u>	<u>(13,124)</u>
Decrease in net debt	(333,815)	(599,308)	(671,118)
Net debt, beginning of year	(3,661,482)	(4,167,609)	(4,150,354)
Net debt, end of year	<u>(3,995,297)</u>	<u>(4,766,917)</u>	<u>(4,821,472)</u>



## Consolidated Statement of Cash Flows

<b>Consolidated Statement of Cash Flows</b>			
Twelve months ending December 31 (\$ thousands)	2021 ACTUAL	2022 BUDGET	2023 BUDGET
Surplus for the year	(198,485)	(46,897)	5,163
Non-cash changes to operations	92,698	3,745	(25,462)
Changes in non-cash operating working capital	775,781	59,342	(51,416)
<b>Net changes in cash from operating transactions</b>	<b>669,994</b>	<b>16,190</b>	<b>(71,715)</b>
Purchase of tangible capital assets	(358,471)	(798,991)	(932,153)
Net proceeds from disposal of tangible capital assets	674	-	-
<b>Net changes in cash from capital transactions</b>	<b>(357,797)</b>	<b>(798,991)</b>	<b>(932,153)</b>
Decrease (increase) in restricted cash and investments	(203,843)	(50,861)	74,853
Increase in investments	(69,557)	-	-
Decrease (increase) in debt reserve deposits	2,293	2,736	(354)
<b>Net changes in cash from investment transactions</b>	<b>(271,107)</b>	<b>(48,125)</b>	<b>74,499</b>
Debt proceeds	-	600,000	300,000
Releases for debt reduction	-	-	380,000
Repayments of debt	(68,833)	(62,114)	(60,477)
Repayments of Golden Ears Bridge contractor liability	(11,225)	(13,565)	(16,109)
Government transfers received for tangible capital additions	217,020	183,410	125,887
Lease inducements received	-	(983)	(1,244)
<b>Net changes in cash from financing transactions</b>	<b>136,962</b>	<b>706,748</b>	<b>728,057</b>
Increase in cash and cash equivalents	178,052	(124,178)	(201,312)
Cash and cash equivalents, beginning of year	397,571	520,711	622,325
<b>Cash and cash equivalents, end of year</b>	<b>575,623</b>	<b>396,533</b>	<b>421,013</b>

## Appendix II – Allocated Costs between Operating Companies

TransLink’s methodology for allocating costs to benefiting business units is equitable and consistent with leading practices. TransLink allocates costs to business units (Bus Operations, Access Transit, SkyTrain, West Coast Express and Transit Police) that directly benefit or consume the services or costs.

100 per cent of a cost may be allocated to a business unit if it is the only unit benefiting from or consuming that cost; or costs can be shared across multiple business units which benefit or consume the cost based on an allocation factor (for example, headcount, square footage). The charges that are allocated to the business units include administration, human resources, insurance, rent, property taxes and information technology.

The main drivers for increased allocated costs compared to the 2022 Budget are an increase in information technology costs, rental and property taxes as well as higher employee relations costs.

<b>Allocated Cost Breakdown</b>					
Twelve months ending December 31					
(\$ thousands)	2021	2022	2023	Change	
	ACTUAL	BUDGET <sup>1</sup>	BUDGET	Incr/(Decr)	%
<b>Shared Services</b>					
Bus operations	38,926	41,202	46,235	5,033	12.2%
Access Transit	103	145	139	(6)	(4.1%)
SkyTrain - Expo and Millennium Lines	6,360	9,917	14,805	4,888	49.3%
West Coast Express	264	261	423	162	62.1%
Transit Police	2,675	2,063	2,902	839	40.7%
Roads and bridges	3,482	4,192	25,216	21,024	501.5%
Corporate operations	(51,810)	(57,780)	(89,720)	(31,940)	(55.3%)
<b>Total Shared Services allocated</b>	-	-	-	-	-
<b>Costs Administered by TransLink and allocated to operating companies</b>					
Bus operations	18,959	22,240	28,109	5,869	26.4%
Access Transit	-	-	10	10	100.0%
SkyTrain - Expo and Millennium Lines	4,214	5,300	5,411	111	2.1%
SkyTrain - Canada Line	2,824	3,503	3,619	116	3.3%
West Coast Express	444	777	476	(301)	(38.7%)
Transit Police	2,171	2,153	2,708	555	25.8%
<b>Total Costs Administered by TransLink allocated</b>	<b>28,612</b>	<b>33,973</b>	<b>40,333</b>	<b>6,360</b>	<b>18.7%</b>
Bus operations	57,885	63,442	74,344	10,902	17.2%
Access Transit	103	145	149	4	2.8%
SkyTrain - Expo and Millennium Lines	10,574	15,217	20,216	4,999	32.9%
SkyTrain - Canada Line	2,824	3,503	3,619	116	3.3%
West Coast Express	708	1,038	899	(139)	(13.4%)
Transit Police	4,846	4,216	5,610	1,394	33.1%
<b>Total costs allocated to operating companies from TransLink</b>	<b>76,940</b>	<b>87,561</b>	<b>104,837</b>	<b>17,276</b>	<b>19.7%</b>