



Financial and Performance Report

AS AT MARCH 31, 2019



translink.ca



Table of Contents

1. Executive Summary	1
2. Update on Key Priorities Achieved in Q1 2019	4
3. 2019 First Quarter Financial Summary	6
4. Key Performance Indicators	7
Financial Indicators.....	7
Operating Indicators.....	8
5. Consolidated Revenues	10
6. Consolidated Expenses by Segment	12
Bus Operations	12
Rail Operations	14
Police Operations	15
Corporate Operations.....	16
7. Investment in Capital Assets	18
8. Changes in Financial Position	21
Financial Assets	21
Liabilities.....	21
Non-Financial Assets	22
9. Liquidity and Capital Resources	23
Cash Flows and Liquidity	23
Restricted Funds	23
Net Debt	24
Appendix I – Consolidated Financial Statements	25
Consolidated Statement of Financial Position.....	25
Consolidated Statement of Operations.....	26
Consolidated Statement of Changes in Net Debt.....	27
Consolidated Statement of Cash Flows	28
Segment Report.....	30
Appendix II – Operating Indicators	31

Caution Regarding Forward-Looking Statements

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

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

1. Executive Summary

Building Transportation Excellence

As the integrated, multi-modal transportation authority for Metro Vancouver, TransLink plans, finances and operates the transportation network to help meet the unique needs of this region. Our vision is to create a better place to live, built on transportation excellence. Guided by our regional transportation strategy, we work to connect the region and enhance its livability by providing a sustainable transportation system network.

To meet the challenges of growth and congestion in a way that is affordable and fair, in 2014 the Mayors' Council on Regional Transportation developed the 10-Year Vision for Metro Vancouver Transit and Transportation (10-Year Vision). The focus of 2019 is to continue the expansion of bus, SkyTrain and other transit services throughout the region, invest in critically-required maintenance on the system to ensure safety and reliability and to enhance the customer experience.

As committed to in the 10-Year Vision, 2018-2027 Investment Plan, TransLink has made significant strides towards its service expansion commitments in the first quarter of 2019. Coast Mountain Bus Company (CMBC) has put into full revenue service

117 conventional buses while British Columbia Rapid Transit Company (BCRTC) has added 4 new rail cars, bringing the total number of rail cars in service to 290.

In 2018, transit ridership grew to record levels for the third consecutive year and the trend continues in 2019 thus far. For the three months ending March 31, 2019, ridership growth remains strong with journeys increasing by 4.6 per cent over the same period in 2018. This is a reflection of service expansion and service improvements committed in the 10-Year Vision as well as high employment levels.

For the three months ending March 31, 2019, TransLink reported a \$95.4 million surplus on a Public Sector Accounting Board (PSAB) basis. The surplus demonstrates strong revenue sources, with higher than anticipated increases in fuel and transit revenue, and a commitment to maintaining expenditures within budget.

Boosted by a strong first quarter, TransLink will continue to deliver the planned expansion, invest in maintenance and repairs and create enhancements to the system.



2. Update on Key Priorities Achieved in Q1 2019

With guiding principles of improving the quality of existing systems, improving quality of services and expanding the transit system, the 2019 Business Plan, Operating and Capital Budget is supported by three priorities aimed to improve customer experience and public support, ensure a state of good repair and mobilize the Mayors' 10-Year Vision. The following table is an update for the first quarter of 2019.

Priority One: Implement the Mayors' Vision

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

- Tested battery-charging equipment, carried out bus configuration audits and carried out site works at Marpole and 22nd Street Stations ahead of the Canadian Urban Transit Research & Innovation Consortium (CUTRIC) electric-battery bus trial.
- Received building permit and began construction on a new bus exchange at Guildford.
- Received approval of federal funding contributions for the Expo and Millennium Upgrade Program (EMUP) of \$493 million.
- Commissioned to date 117 new conventional buses, including 37 New Flyer 60' hybrids, 58 Nova 40' hybrids and 22 Nova 40' highway coaches, as well as ten new HandyDART vehicles which are all now in service.
- Increased transit operator training class sizes by 50 per cent in preparation of 2019 service increases.
- Completed the review of the principles for the TransLink Broadway Subway Project Support Agreement.
- Commissioned one new train (4 rail cars), in the first quarter of 2019, which has now entered full revenue service, bringing the total fleet of rail cars to 290. We also commenced testing and commissioning for four additional trains.

Priority Two: Maintain a State of Good Repair

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

- Progressed in developing the TransLink Business Continuity framework as part of the Information Technology (IT) Disaster Recovery Program.
- Initiated trolley overhead state of good repair project and CMBC transit centre upgrades.
- Completed the design of the operator protection barriers for Xcelsior buses and commenced preparation for installation at the Richmond and Hamilton Transit Centres.
- Installed receiver vaults and air compressors in preparation of transitioning to new fareboxes for all Community Shuttles. Operator training materials were developed in-house and deployed in advance of the transition.

Priority Three: Enhance Customer Experience

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

- Implemented Information Displays at Commercial-Broadway and Edmonds Stations.
- Completed the Brentwood Town Centre Station Phase Two schematic design.
- Delivered new public art, more elevators, escalators and stairs and improved lighting through capital projects at Commercial-Broadway and Surrey Central Stations.
- Completed the design of the West Coast Express and Canada Line wayfinding upgrades.
- Commenced the development of a responsive TransLink website after receiving funding approval for website improvements as part of the Customer Experience Action Plan.
- Completed user acceptance testing and migration of bus operator training content from Absorb Learning Management System (LMS) to the new MyLearn LMS.
- Completed the production of new "See Something, Say Something" contact cards.
- Continued engagement by Neighbourhood Police Officers and Patrol Officers with community outreach events to educate and inform customers and vulnerable persons.
- Delivered regular training to transit staff on crisis de-escalation, mental health support, and reviewing the protocol for incident response.
- Transit Police administered Naloxone on five occasions in the first quarter of 2019 to resuscitate overdose victims, thereby saving lives as well as contributing to transit system resiliency.

3. 2019 First Quarter Financial Summary

CONSOLIDATED REVENUES AND EXPENSES Three months ending March 31 (\$ thousands)	YEAR OVER YEAR		ACTUAL TO BUDGET				
	YTD 2019	YTD 2018	Change		YTD 2019	Budget Variance	
	ACTUAL	ACTUAL	Fav/(Unfav)	%	BUDGET	Fav/(Unfav)	%
Revenue							
Taxation	214,726	210,046	4,680	2.2%	208,920	5,806	2.8%
Transit	163,142	149,313	13,829	9.3%	160,341	2,801	1.7%
Government transfers	98,754	36,876	61,878	167.8%	137,532	(38,778)	(28.2%)
Investment Income	13,696	12,831	865	6.7%	12,366	1,330	10.8%
Amortization of deferred concessionaire credit	5,739	5,739	-	-	5,739	-	-
Miscellaneous	2,382	1,999	383	19.2%	1,272	1,110	87.3%
Sub Total Continuing Operations	498,439	416,804	81,635	19.6%	526,170	(27,731)	(5.3%)
Gain/(Loss) on disposal	15	72	(57)	(79.2%)	-	15	100.0%
Total Revenue	498,454	416,876	81,578	19.6%	526,170	(27,716)	(5.3%)
Expenditures							
Bus Operations	182,073	177,023	(5,050)	(2.9%)	186,866	4,793	2.6%
Rail Operations	79,643	75,858	(3,785)	(5.0%)	80,033	390	0.5%
Transit Police	9,578	9,125	(453)	(5.0%)	10,053	475	4.7%
Corporate Operations	22,825	21,645	(1,180)	(5.5%)	23,307	482	2.1%
Roads & Bridges	11,106	13,590	2,484	18.3%	12,301	1,195	9.7%
Amortization of Capital Assets*	49,948	46,831	(3,117)	(6.7%)	52,420	2,472	4.7%
Interest*	45,991	45,081	(910)	(2.0%)	44,454	(1,537)	(3.5%)
Sub Total Continuing Operations	401,164	389,153	(12,011)	(3.1%)	409,434	8,270	2.0%
Corporate - Onetime	1,924	1,886	(38)	(2.0%)	16,501	14,577	88.3%
Total Expenditures	403,088	391,039	(12,049)	(3.1%)	425,935	22,847	5.4%
Surplus for the period (PSAB)	95,366	25,837	69,529	269.1%	100,235	(4,869)	(4.9%)

* Amortization and Interest shown separately to facilitate analysis

The PSAB surplus recorded in the first quarter of 2019 was \$95.4 million which is \$4.9 million (4.9 per cent) unfavourable to budget.

Total revenues were lower than budget by \$27.7 million (5.3 per cent) mainly due to the timing of government transfers. Taxation and transit revenues were \$5.8 million (2.8 per cent) and \$2.8 million (1.7 per cent) favourable, respectively. Lower fuel prices in the Metro Vancouver region in January and February may have contributed to higher than anticipated fuel consumption while service expansion and high employment levels continue to contribute to strong ridership growth.

Total expenditures were favourable to budget by \$22.8 million (5.4 per cent) mainly due to delays in the B-Line expansion, timing of feasibility studies, lower amortization due to timing of project capitalization, lower than expected fuel costs and lower labour expenses as a result of temporary vacancies.

4. Key Performance Indicators

Financial Indicators

TransLink continues to maintain financial strength to support the 10-Year Vision and maintain our assets in a state of good repair. Financial indicators are measured and monitored throughout the year.

FINANCIAL POLICIES AND INDICATORS				
(\$ thousands)	March 31	December 31	Change	
	2019	2018	Fav/(Unfav)	%
Unrestricted cash and investments	510,943	578,195	(67,252)	(11.6%)
Capital assets	5,178,643	5,079,162	99,481	2.0%
Net direct debt	(2,352,845)	(2,371,421)	18,576	0.8%
Indirect P3 debt	(1,535,575)	(1,542,890)	7,315	0.5%
Total net direct debt and indirect P3 debt	(3,888,420)	(3,914,311)	25,891	0.7%
Gross interest cost as a % of operating revenue	11.5%	11.9%	0.4%	3.4%

Unrestricted cash and investment balances decreased by \$67.3 million in the first three months of 2019 as a result of regular cash outlays to support current operations and contributions to the self-administered sinking funds. The \$510.9 million in unrestricted cash and investments is well within policy requirements of 15 per cent of operating expenditures plus debt service costs.

Capital assets increased by \$99.5 million (2.0 per cent) in the first three months of 2019 mainly due to \$149.3 million in additions, partly offset by amortization of \$49.9 million. Additions included SkyTrain System and Infrastructure upgrades, Expo Line rail cars, conventional buses and HandyDART vehicles.

Net direct debt decreased by \$18.6 million mainly due to scheduled debt payments and contributions to TransLink's self-administered sinking fund during the first three months.

Indirect P3 debt, which includes the liability owed to the Golden Ears Bridge contractor and the Canada Line deferred concessionaire credit, declined by \$7.3 million mainly due to the amortization of the Canada Line deferred concessionaire credit.

Gross interest cost as a percentage of operating revenues was 11.5 per cent and well within TransLink's 20 per cent policy. This indicator was 0.4 per cent lower than 2018 resulting mainly from an increase in operating revenues.

Operating Indicators

Operational trends include key performance metrics of service delivered to Metro Vancouver residents and transit ridership. TransLink continues to monitor and measure its performance in order to strengthen its operations and provide customers with a positive experience.

OPERATING INDICATORS							
Three months ending March 31	YTD	YTD	Change		YTD	Budget Variance	
	2019	2018	Fav/(Unfav)	%	2019	Fav/(Unfav)	%
	ACTUAL	ACTUAL			BUDGET		
Scheduled Transit Service							
Overall Performance Rating (out of 10)	7.8	7.8	-	-	8.0	(0.2)	(2.5%)
Service Hours	1,697,727	1,699,993	(2,266)	(0.1%)	1,737,217	(39,490)	(2.3%)
Operating Cost Recovery ^{1,2}	58.6%	55.7%	2.9%	5.2%	56.3%	2.3%	4.1%
Operating Cost per Capacity Km ^{2,3}	\$0.089	\$0.086	(\$0.004)	(4.7%)	\$0.088	(0.001)	(0.6%)
Complaints per million Boarded Passengers ^{3,4}	84.8	83.9	(0.9)	(1.1%)	81.5	(3.3)	(4.0%)
Access Transit Service							
Number of Trips	322,069	320,302	1,767	0.6%	338,250	(16,181)	(4.8%)
Operating Cost per Trip	\$40.64	\$42.31	\$1.67	3.9%	\$40.59	(\$0.05)	(0.1%)
Number of Trips Denied	121	79	(42)	(53.2%)	536	415	77.4%
Operator Complaints as a percentage of trips	0.12%	0.07%	(0.05%)	(71.4%)	0.08%	(0.04%)	(48.8%)
Service Complaints as a percentage of trips	0.09%	0.09%	-	-	0.09%	-	-
Ridership (thousands) ⁴							
Boarded Passengers	108,252	103,483	4,769	4.6%	106,571	1,681	1.6%
Journeys	65,121	62,238	2,883	4.6%	64,419	702	1.1%
Average Fare per Journey ⁵	\$2.39	\$2.31	\$0.08	3.5%	\$2.40	(\$0.01)	(0.4%)

¹ Includes operating costs of Bus, Rail, Transit Police and Corporate On-going. Excludes One-time, Access Transit, amortization and interest expense.

² Restated YTD 2018 to reflect classification adjustments

³ Includes operating costs of Bus, Rail, and Transit Police. Excludes amortization and interest expense.

⁴ The preliminary YTD 2018 ridership figures were restated at the end of 2018 to reflect final ridership figures

⁵ Calculated using Total Fare Revenue

Scheduled Transit Service

Scheduled transit service includes the following modes: Conventional Bus, Community Shuttle, SeaBus, SkyTrain and West Coast Express (WCE).

The overall system performance rating at the end of the first three months of 2019 was 7.8 out of 10, consistent with the same period in 2018. The consistent rating, shows our continued commitment to service improvements including on-time reliability of Bus and SkyTrain service. While we work to increase and improve service region-wide, TransLink also strives to continuously enhance customer satisfaction and safety.

Service hours were marginally lower than the first three months of 2018 (2,266 or 0.1 per cent). This was driven by lower rail operations service levels due to inclement weather in February. Service hours were 39,490 (2.3 per cent) hours lower compared to budget as a result of service adjustments related to traffic congestion, road conditions and weather conditions.

Total operating cost recovery represents the percentage of transit revenues compared to total operating costs of Bus, Rail, Transit Police and Corporate (excludes one-time costs). In the first quarter of 2019, the cost recovery of 58.6 per cent was higher than 2018 (by 2.9 per cent) and favourable to budget (by 2.3 per cent) mainly due to the growth in transit fare revenues and lower than budgeted operating expenses.

The operating cost per capacity kilometre increased by 4.7 per cent compared to 2018 mainly due to contractual increases and additional maintenance costs caused by severe weather. Compared to budget, the operating cost per capacity kilometre is unfavourable mainly due to fewer than expected kilometres driven.

Complaints per million boarded passengers were higher compared to 2018 and to budget mainly due to poor weather conditions the Lower Mainland experienced in February, which had one of the highest snowfall on record and caused unanticipated service disruptions.

Access Transit Service

Access Transit provides door-to-door shared ride service for passengers with physical or cognitive disabilities who are unable to use conventional public transit without assistance.

Total Access Transit trips provided in the first three months of 2019 were slightly higher than the same period in 2018 (1,767 more trips or 0.6 per cent). Total Access Transit trips provided for the first three months of 2019 were 16,181 (4.8 per cent) lower than budget. This was primarily due to lower than expected demand despite service availability as well as winter weather conditions. As a result of poor winter conditions in February, HandyDART was limited to operating only essential service levels over a number of days.

The operating cost per trip decreased by \$1.67 (3.9 per cent) from 2018 to \$40.64 mainly due to operational efficiencies. With the change in service provider, First Transit, Access Transit was able to deliver more trips in 2019 while maintaining overhead and fixed costs relatively consistent with 2018.

Initial challenges in 2018, such as staffing shortages and higher than projected service levels, saw an increase in complaints year over year. We take customer complaints very seriously and are taking measures to address issues. The first quarter in 2019 has seen an improvement with a downward trend from the previous quarter. Multiple initiatives that will improve scheduling and trip durations have been implemented and we are seeing the results in improved on-time performance and reduced customer complaints.

Ridership

Boardings represent each time a passenger enters a fare paid zone using Compass fare media or other proof of payment, including transfers. Year to date, total boardings were 108.3 million, 4.6 per cent higher compared to the same period in 2018.

Journeys represent a complete transit trip using Compass fare media or other proof of payment, regardless of the number of transfers. Compared to the first three months of 2018, total journeys grew by 4.6 per cent to a year to date total of 65.1 million.

Ridership growth has remained strong in the first quarter of 2019 mainly as a result of prior service expansion and high sustained employment growth in the region. Overall, boardings and journeys have slightly exceeded expectations and are favourable to budget by 1.6 per cent and 1.1 per cent, respectively.

The average fare per journey was \$2.39 for the first three months of the year, an increase over 2018 of approximately 3.5 per cent which is consistent with the fare increase enacted on July 1, 2018. The average fare per journey is consistent with budget.

5. Consolidated Revenues

TransLink's revenue sources are broad and diverse, enabling our organization to withstand a changing economy while providing the capacity to deliver stable and predictable transportation services. The three main sources include taxation revenues, transit revenues and government transfers. The following is a summary of consolidated revenues for the first three months of 2019 compared to budget.

CONSOLIDATED REVENUES Three months ending March 31 (\$ thousands)	ACTUAL TO BUDGET			
	YTD	YTD	Budget Variance	
	2019 ACTUAL	2019 BUDGET	Fav/(Unfav)	%
Taxation				
Fuel	90,078	84,368	5,710	6.8%
Property & Replacement	100,926	100,686	240	0.2%
Parking Rights	18,311	18,402	(91)	(0.5%)
Hydro Levy	5,411	5,464	(53)	(1.0%)
Transit	163,142	160,341	2,801	1.7%
Government transfers	98,754	137,532	(38,778)	(28.2%)
Investment Income	13,696	12,366	1,330	10.8%
Amortization of deferred concessionaire credit	5,739	5,739	-	-
Miscellaneous	2,382	1,272	1,110	87.3%
Revenue Before Gain/(Loss) on Disposals	498,439	526,170	(27,731)	(5.3%)
Gain/(Loss) on disposal	15	-	15	100.0%
Total Revenue	498,454	526,170	(27,716)	(5.3%)

Total revenues for the first quarter of 2019 were \$498.5 million, lower than budget by \$27.7 million (5.3 per cent) mainly due to timing of government transfers. Excluding the timing of government transfers, revenues were \$11 million higher.

Taxation

TAXATION REVENUES Three months ending March 31 (\$ thousands)	ACTUAL TO BUDGET			
	YTD	YTD	Budget Variance	
	2019 ACTUAL	2019 BUDGET	Fav/(Unfav)	%
Fuel	90,078	84,368	5,710	6.8%
Property & Replacement	100,926	100,686	240	0.2%
Parking Rights	18,311	18,402	(91)	(0.5%)
Hydro Levy	5,411	5,464	(53)	(1.0%)
Total Taxation	214,726	208,920	5,806	2.8%

Taxation revenues are comprised of taxes collected on fuel, property and replacement taxes, parking rights tax and the hydro levy. Total taxation revenues for the first three months of 2019 were \$5.8 million (2.8 per cent) favourable to budget.

Fuel taxation revenues for the first three months of 2019 were \$5.7 million (6.8 per cent) favourable to budget mainly driven by higher than expected fuel volumes sold in the first quarter where gas and diesel prices remained low. Gas prices started to increase rapidly in March and TransLink will continue to monitor fuel prices as gas and diesel prices are expected to increase in the long-term. Other taxation sources remain consistent to budget.

Transit

TRANSIT REVENUES Three months ending March 31 (\$ thousands)	ACTUAL TO BUDGET			
	YTD 2019	YTD 2019	Budget Variance	
	ACTUAL	BUDGET	Fav/(Unfav)	%
Fares	123,337	122,274	1,063	0.9%
Programs	32,086	32,095	(9)	(0.0%)
Total Fare Revenue	155,423	154,369	1,054	0.7%
Other	7,719	5,972	1,747	29.3%
Total Transit	163,142	160,341	2,801	1.7%

Transit revenues include revenues related to fares and programs. Fares consist of single use cash fares, Stored Value, DayPass and Monthly Pass products. Program revenues include the Government of BC Bus Pass and U-Pass BC revenues. Other transit revenues include advertising, rental, parking lot fees and fare infraction.

Total transit revenues were \$2.8 million (1.7 per cent) favourable to budget in the first three months of 2018 mainly due to one-time advertising revenue and strong ridership growth (journeys were 1.1 per cent favourable to budget).

Government Transfers

Transfers from government include funds received from Greater Vancouver Regional Fund (GVRF), Canada Line funding, Building Canada Fund, and other miscellaneous programs. In the first three months of 2019, government funding was \$38.8 million (39.3 per cent) lower than budget mainly due to the timing of bus replacement projects that has shifted the revenue recognition of government transfers.

Investment Income

Investment income was \$1.3 million (10.8 per cent) favourable to budget mainly due to higher cash and investment balances attracting additional interest income.

Miscellaneous

Miscellaneous income was \$1.1 million (87.3 per cent) favourable to budget for the first three months of 2019 mainly due to timing of compressed natural gas (CNG) and energy saving program contributions, unanticipated third-party recoveries for projects including the Beyond Arbutus Rapid Transit Study as well as favourable labour recovery rates.

6. Consolidated Expenses by Segment

Consolidated expenses by segment for the first three months of 2019 compared to budget are shown below.

CONSOLIDATED EXPENSES BY SEGMENT Three months ending March 31 (\$ thousands)	YTD	YTD	ACTUAL TO BUDGET	
	2019	2019	Budget Variance	
	ACTUAL	BUDGET	Fav/(Unfav)	%
Bus Operations	182,073	186,866	4,793	2.6%
Rail Operations	79,643	80,033	390	0.5%
Transit Police	9,578	10,053	475	4.7%
Corporate Operations	22,825	23,307	482	2.1%
Roads & Bridges	11,106	12,301	1,195	9.7%
Amortization of Capital Assets*	49,948	52,420	2,472	4.7%
Interest*	45,991	44,454	(1,537)	(3.5%)
Sub Total Continuing Operations	401,164	409,434	8,270	2.0%
Corporate - Onetime	1,924	16,501	14,577	88.3%
Total Expenses by Segment	403,088	425,935	22,847	5.4%

* Amortization and Interest shown separately to facilitate analysis

Bus Operations

The Bus operating company, Coast Mountain Bus Company (CMBC), oversees the operations of conventional bus and Community Shuttle service, SeaBus and Access Transit.

In the first quarter of 2019, CMBC commissioned 117 new conventional buses and ten new HandyDART vehicles which are now in service. To achieve 2019 service increases and ensure operator staffing levels are met, CMBC has increased transit operator training class sizes by 50 per cent.

BUS OPERATIONS BY CATEGORY Three months ending March 31 (\$ thousands)	YTD	YTD	ACTUAL TO BUDGET	
	2019	2019	Budget Variance	
	ACTUAL	BUDGET	Fav/(Unfav)	%
Administration	4,305	4,967	662	13.3%
Contracted Services	18,194	18,919	725	3.8%
Fuel and Power	12,744	14,933	2,189	14.7%
Insurance	4,977	5,144	167	3.2%
Maintenance, Materials and Utilities	18,906	17,902	(1,004)	(5.6%)
Professional and Legal	583	831	248	29.8%
Rentals, Leases and Property Tax	3,593	3,888	295	7.6%
Salaries, Wages and Benefits	118,771	120,282	1,511	1.3%
Total Expenses by Category	182,073	186,866	4,793	2.6%

For the three months ended March 31, the Bus Operations expenses were \$4.8 million (2.6 per cent) favourable to budget mainly due to lower fuel costs attributed to lower prices and less consumption as fewer service hours and Access Transit trips were delivered as well as temporary vacancies. The favourable variance is offset by higher snow removal costs than anticipated.

Service Delivery

BUS OPERATIONS							
Three months ending March 31	YTD	YTD	Change		YTD	Budget Variance	
	2019	2018	Fav/(Unfav)	%	2019	Fav/(Unfav)	%
	ACTUAL	ACTUAL			BUDGET		
SERVICE HOURS							
CMBC Operations	1,255,507	1,244,002	11,505	0.9%	1,287,468	(31,961)	(2.5%)
Conventional Bus	1,122,761	1,105,391	17,370	1.6%	1,147,345	(24,584)	(2.1%)
Community Shuttle	129,742	135,609	(5,867)	(4.3%)	137,105	(7,363)	(5.4%)
SeaBus	3,004	3,002	2	0.1%	3,018	(14)	(0.5%)
Contracted Transit Services	59,054	65,215	(6,161)	(9.4%)	57,845	1,209	2.1%
West Vancouver	29,265	35,469	(6,204)	(17.5%)	28,100	1,165	4.1%
Contract Community Shuttle	29,789	29,746	43	0.1%	29,745	44	0.1%
Conventional Transit Service Hours	1,314,561	1,309,217	5,344	0.4%	1,345,313	(30,752)	(2.3%)
SERVICE KILOMETRES							
CMBC Operations	24,418,097	24,151,660	266,437	1.1%	25,289,900	(871,803)	(3.4%)
Conventional Bus	21,743,451	21,335,943	407,508	1.9%	22,394,918	(651,467)	(2.9%)
Community Shuttle	2,634,044	2,775,136	(141,092)	(5.1%)	2,854,172	(220,128)	(7.7%)
SeaBus	40,602	40,581	21	0.1%	40,810	(208)	(0.5%)
Contracted Transit Services	1,268,400	1,406,530	(138,130)	(9.8%)	1,256,181	12,219	1.0%
West Vancouver	576,782	752,801	(176,019)	(23.4%)	597,116	(20,334)	(3.4%)
Contract Community Shuttle	691,618	653,729	37,889	5.8%	659,065	32,553	4.9%
Conventional Transit Service Kilometres	25,686,497	25,558,190	128,307	0.5%	26,546,081	(859,584)	(3.2%)

Compared to the first quarter of 2018, CMBC delivered 5,344 (0.4 per cent) more service hours and 128,307 (0.5 per cent) more service kilometers. Service hours were higher mainly due to service expansion implemented as approved in Phase One of the 10-Year Vision.

For the first quarter of 2019, CMBC actual service hours were under budget by 30,752 (2.3 per cent) and service kilometres were under budget by 859,584 kilometres (3.2 per cent). Service hours were less than budget as a result of day-to-day service cancellations, differences from planned scheduling and other service adjustments related to traffic congestion and road conditions.

ACCESS TRANSIT							
Three months ending March 31	YTD	YTD	Change		YTD	Budget Variance	
	2019	2018	Fav/(Unfav)	%	2019	Fav/(Unfav)	%
	ACTUAL	ACTUAL			BUDGET		
Service Kilometres	2,418,833	2,454,712	(35,879)	(1.5%)	2,522,699	(103,866)	(4.1%)
Access Transit Trips							
Trips - HandyDART	282,798	291,217	(8,419)	(2.9%)	313,120	(30,322)	(9.7%)
Trips - Taxi Supplement	39,271	29,085	10,186	35.0%	25,130	14,141	56.3%
Total Access Transit Trips	322,069	320,302	1,767	0.6%	338,250	(16,181)	(4.8%)

Total Access Transit trips provided in the first three months of 2019 were 1,767 (0.6 per cent) higher compared to the same period in 2018 as a result of higher demand. The increase is also supported by 10-Year Vision service expansion.

Compared to budget, total Access Transit trips provided for the first three months of 2019 were 16,181 (4.8 per cent) lower primarily due to lower-than-expected demand. Additionally, as a result of poor winter conditions, HandyDART was limited to operating only essential service levels over a number of days in February.

The increase in taxi usage for HandyDART trips is mainly due to a combination of increased demand in peak times (when HandyDART vehicles in use are already full) as well as challenges with operational requirements.

Rail Operations

The Rail operating company, 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 as well as the West Coast Express (WCE) commuter rail service. In addition, BCRTC manages the agreement with InTransit BC for the operation and maintenance of the Canada Line.

In the first quarter of 2019, BCRTC completed upgrades to Surrey Central Station to support growth. One new train was fully tested and commissioned in the first quarter and brought into full revenue service in February. This brings our total fleet of rail cars to 290.

RAIL OPERATIONS BY CATEGORY Three months ending March 31 (\$ thousands)	ACTUAL TO BUDGET			
	YTD	YTD	Budget Variance	
	2019 ACTUAL	2019 BUDGET	Fav/(Unfav)	%
Administration	1,186	1,868	682	36.5%
Contracted Services	30,602	30,865	263	0.9%
Fuel and Power	4,444	4,456	12	0.3%
Insurance	1,402	1,367	(35)	(2.6%)
Maintenance, Materials and Utilities	12,106	10,839	(1,267)	(11.7%)
Professional and Legal	635	1,208	573	47.4%
Rentals, Leases and Property Tax	519	557	38	6.8%
Salaries, Wages and Benefits	28,749	28,873	124	0.4%
Total Expenses by Category	79,643	80,033	390	0.5%

For the three months ended March 31, Rail operating expenses were \$390 thousand (0.5 per cent) favourable to budget mainly due to timing of train condition assessments and network system expenses, partly offset by higher snow and ice removal as well as train and escalator maintenance activities.

Service Delivery

RAIL OPERATIONS							
Three months ending March 31	YTD 2019	YTD 2018	Change		YTD 2019	Budget Variance	
	ACTUAL	ACTUAL	Fav/(Unfav)	%	BUDGET	Fav/(Unfav)	%
SERVICE HOURS							
SkyTrain: Expo & Millennium Lines	324,076	331,703	(7,627)	(2.3%)	332,812	(8,736)	(2.6%)
SkyTrain: Canada Line*	50,024	50,024	-	-	50,024	-	-
West Coast Express	9,067	9,049	18	0.2%	9,067	-	-
Rail Operations Service Hours	383,167	390,776	(7,609)	(1.9%)	391,903	(8,736)	(2.2%)
SERVICE KILOMETRES							
SkyTrain: Expo & Millennium Lines	13,060,257	13,367,644	(307,387)	(2.3%)	13,412,297	(352,040)	(2.6%)
SkyTrain: Canada Line*	1,610,775	1,610,775	-	-	1,610,775	-	-
West Coast Express	341,644	340,766	878	0.3%	341,644	-	-
Rail Operations Service Kilometres	15,012,676	15,319,185	(306,509)	(2.0%)	15,364,716	(352,040)	(2.3%)

* Canada Line does not provide actual service delivery statistics, using scheduled service hours and service kilometres for reporting purposes

Impacted by the inclement weather in February, the total Rail operations service levels in the first quarter of 2019 decreased by 7,609 (1.9 per cent) service hours and 306,509 (2.0 per cent) service kilometres compare to 2018.

Compared to budget, the Expo and Millennium Lines service hours and service kilometres were unfavourable by 8,736 (2.6 per cent) and 352,040 (2.3%) respectively, mainly due to severe winter weather resulting in service delays and trains having to be manually attended to ensure passenger safety.

WCE service hours and service kilometres were consistent with budget.

Police Operations

Mandated by the Solicitor General as a Designated Policing Unit, Transit Police preserves and protects 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.

In the first quarter of 2019, Transit Police Patrol Officers and Neighbourhood Police Officers continued to engage in numerous community outreach events to educate and inform customers and vulnerable persons on safety features available to them, including the "See Something, Say Something" campaign and how to use the Transit Police texting tool. In providing services that enhance local policing and community safety, Transit Police Officers were required to administer Naloxone in order to resuscitate overdose victims on five occasions, thereby saving lives as well as contributing to transit system resiliency.

POLICE OPERATIONS BY CATEGORY	ACTUAL TO BUDGET			
	YTD	YTD	Budget Variance	
	2019	2019	Fav/(Unfav)	%
Three months ending March 31 (\$ thousands)	ACTUAL	BUDGET		
Administration	710	864	154	17.8%
Insurance	13	12	(1)	(8.3%)
Maintenance, Materials and Utilities	307	260	(47)	(18.1%)
Professional and Legal	60	89	29	32.6%
Rentals, Leases and Property Tax	486	483	(3)	(0.6%)
Salaries, Wages and Benefits	8,002	8,345	343	4.1%
Total Expenses by Category	9,578	10,053	475	4.7%

Transit Police operating expenses were \$475 thousand (4.7 per cent) favourable to budget in the first quarter. The favourable variance is mainly due to temporary vacancies, timing of expenses related to IT software license and support as well as lower than expected professional fees.

Corporate Operations

Corporate operations support the operating subsidiaries with a focus on achieving enterprise priorities.

In the first quarter of 2019, TransLink delivered new public art through completed Capital Projects at Commercial-Broadway and Surrey Central Stations as well as completing the design of the West Coast Express and Canada Line wayfinding upgrades as part of our aim to improve bus exchanges and SkyTrain stations. As part of our focus on improving customer experience, we made available a second issue of Compass Wristbands after our initial offering in the fourth quarter of 2018 sold out.

CORPORATE OPERATIONS BY CATEGORY	ACTUAL TO BUDGET			
	YTD	YTD	Budget Variance	
	2019	2019	Fav/(Unfav)	%
Three months ending March 31 (\$ thousands)	ACTUAL	BUDGET		
Administration	4,210	4,591	381	8.3%
Contracted Services	2,866	3,511	645	18.4%
Insurance	49	50	1	2.0%
Maintenance, Materials and Utilities	313	360	47	13.1%
Professional and Legal	1,903	2,028	125	6.2%
Rentals, Leases and Property Tax	2,498	2,434	(64)	(2.6%)
Salaries, Wages and Benefits	10,986	10,333	(653)	(6.3%)
Total Expenses by Category	22,825	23,307	482	2.1%

For the first three months of 2019, expenses were \$482 thousand (2.1 per cent) favourable to budget. The favourable variance was mainly due to contractual savings related to performance abatements and timing of expenses for marketing and recruitment costs, partly offset by the timing of salary capitalization as a result of temporary vacancies.

Roads and Bridges

Total expenditures for Roads and Bridges in the first quarter of 2019 were \$1.2 million (9.7 per cent) below budget mainly due to the delay of infrastructure projects by municipalities and timing differences of bridge operations expenses and consulting fees, partly offset by higher than expected Golden Ears Bridge contracted maintenance costs.

Amortization

Amortization was \$2.5 million (4.7 per cent) favourable to budget primarily due to timing of completed projects such as the Commercial-Broadway Station upgrades and the delivery of bus replacement vehicles.

Interest

Interest expense for the first three months of 2019 was \$1.5 million (3.5 per cent) unfavourable to budget due to timing of capital spending, partly offset by higher debt issuance.

Corporate – One-time Costs

Corporate One-time costs were \$14.6 million (88.3 per cent) favourable to budget mainly due to delays in B-Line expansion, timing of feasibility studies and projects and savings due to usage of internal staff over contractors in some cases.

7. Investment in Capital Assets

TransLink's investment in capital assets continues to grow with the focus of supporting enterprise priorities. The capital program is robust and managed with strong governance and oversight. As of March 31, 2019, TransLink's total capital program budget was \$5.5 billion, including:

- \$2.0 billion in active capital projects;
- \$2.1 billion in Approved-In-Principle (AIP) capital projects;
- \$1.1 billion in substantially complete capital projects; and
- \$392.5 million in capital infrastructure contributions to municipalities.

SUMMARY OF CAPITAL PROGRAM				
As of March 31, 2019 (\$ thousands)	Number of Projects	Total Program Budget	2019 YTD Spending	Senior Government Funding (Committed)
Capital Projects				
Active	132	1,996,443	164,938	1,141,830
AIP	56	2,060,848	-	1,601,536
Subtotal	188	4,057,291	164,938	2,743,366
Substantially Complete	69	1,063,306	5,682	365,958
Closed	6	11,760	62	300
Cancelled	1	3,720	-	-
Subtotal	76	1,078,786	5,744	366,258
Capital Infrastructure Contributions - Active				
Active	20	317,515	950	-
AIP	5	75,001	-	-
Subtotal	25	392,516	950	-
Total Capital Program	289	5,528,593	171,632	3,109,623

The capital program is supported in part by \$3.1 billion in committed funding available to TransLink from the Federal Gas Tax Fund, Public Transit Infrastructure Fund (PTIF) and Building Canada Fund (BCF). External funding programs apply to eligible projects within the capital program. For the Federal Gas Tax Fund, TransLink receives approval and funding in advance of project initiation. These funds are held in restricted cash and treated as deferred government transfers until costs are incurred in the approved projects, at which time funds are released to general operating funds and revenue from government transfers is recognized. For PTIF and BCF, TransLink incurs the costs of the projects which are recovered through invoicing the Province for the portion that is funded per the respective agreements.

Active and Substantially Complete Capital Projects

As of March 31, there were 201 active or substantially complete projects with a final forecasted cost of \$3.1 billion. The total actual cash flows for projects during the first quarter of the year were \$170.6 million.

SUMMARY OF ACTIVE PROJECTS								
As of March 31, 2019 (\$ thousands)	Number of Projects	Current Budget	2019 YTD Spending	Cumulative Spending to Date	Final Forecast Cost	Forecast Variance to Current Budget		Senior Government Funding (Committed)
						Fav/(Unfav)	%	
Active								
Equipment	20	154,828	5,734	15,482	152,521	2,307	1.5%	44,253
Infrastructure	65	709,193	21,815	184,463	705,378	3,815	0.5%	177,946
Major Construction	3	102,077	4,256	60,866	90,067	12,010	11.8%	57,000
Technology	18	53,840	2,150	18,739	50,092	3,748	7.0%	-
Vehicle	26	976,505	130,983	549,277	963,255	13,250	1.4%	862,631
Subtotal (Active Capital Projects)	132	1,996,443	164,938	828,827	1,961,313	35,130	1.8%	1,141,830
Substantially Complete	69	1,063,306	5,682	1,022,849	1,041,390	21,916	2.1%	365,958
Total Active Capital Projects	201	3,059,749	170,620	1,851,676	3,002,703	57,046	1.9%	1,507,788

Active Capital Projects

As of March 31, there were 132 active projects with expenditures of \$164.9 million in the first quarter of 2019 and \$828.8 million in cumulative spending to date. A comparison of project budgets against forecasted final costs show a favourable variance of \$35.1 million (1.8 per cent).

Infrastructure spending of \$21.8 million year to date includes a total of \$8.2 million spent on SkyTrain station upgrade projects for Joyce-Collingwood, Surrey Central and Replace Platform LEDs System project. These upgrades will improve customer experience once completed as they address station circulation and system capacity issues.

Vehicle spending of \$131.0 million for the first quarter of the year related mainly to Conventional Bus replacement and expansion buses accounting for \$108.8 million of the total spend. These projects add to the existing rail and bus fleet to support further service increases and maintain existing service. The total expected external funding for all vehicle replacement and expansion projects from senior government sources is \$862.6 million.

Major Construction spending of \$4.3 million for the first quarter of 2019 included the South of Fraser Rapid Transit and Broadway Subway projects. The Broadway Subway project is being delivered by the Province of BC.

Substantially Complete Capital Projects

As of March 31, there are 69 projects with a total budget of \$1.1 billion deemed substantially complete with \$5.7 million spent in the first quarter of 2019. These projects are in the final stages of project activity. The total expected favourable variance for these projects at completion is \$21.9 million (2.1 per cent) mainly due to the Commercial Broadway Skytrain Station upgrades, Millennium Line Evergreen Extension Integration, and the Open Payment Acceptance at Compass projects all expected to complete under budget.

Other notable substantially complete projects include:

- Hamilton Transit Centre;
- Expo Line Propulsion Power Upgrade; and
- Metrotown Skytrain Station Upgrade.

Approved in Principle (AIP) Capital Projects

As of March 31, there were 61 AIP projects to be initiated with a total budget of \$2.1 billion. Of the 61 projects, 8 projects with a budget of \$27.6 million were carried forward from 2018 and 53 projects with a budget of \$2.1 billion are new in 2019. In the first quarter, 11 projects were initiated and all of the remaining AIP projects are expected to be initiated during the remainder of the year.

SUMMARY OF AIP PROJECTS			
As of March 31, 2019 (\$ thousands)	Number of Projects	Current Budget	Senior Government Funding (Committed)
Capital Projects			
Equipment	8	62,322	-
Infrastructure	25	137,745	31,950
Major Construction	3	700,822	495,926
Technology	12	73,391	-
Vehicle	8	1,086,568	1,073,660
Subtotal	56	2,060,848	1,601,536
Capital Infrastructure Contributions			
MRN	5	75,001	-
Subtotal	5	75,001	-
Total AIP Projects	61	2,135,849	1,601,536

A significant portion of AIP projects are related to major construction to improve and expand Skytrain facilities and vehicle replacement and expansion to support service increases. Major construction projects include, two Expo and Millennium Line Upgrade Program projects (\$565.8 million), and TransLink and BCRTC services to Millennium Line Broadway Extension (\$135.0 million). Significant vehicle projects include EMUP - Expansion Vehicles (\$931.6 million) and 2020 Conventional bus replacement and expansion (\$141.3 million).

Closed Capital Projects

As of March 31, six projects with a final cost of \$11.4 million and an approved budget of \$11.8 million were completed and closed. Significant projects closed this year, include IT Infrastructure and IT Equipment Replacement Programs.

Cancelled Capital Projects

As of March 31, one AIP project with a budget of \$3.7 million was cancelled.

Capital Infrastructure Contributions

These expenditures consist of contributions to municipalities for the rehabilitation and upgrade of the Major Road Network as well as pedestrian and bike pathways. TransLink does not own these underlying assets; therefore, the costs are expensed in the year they are incurred.

As of March 31, there were 20 active projects with a budget of \$317.5 million and 5 AIP projects that are new in 2019 to be initiated with a total budget of \$75.0 million.

8. Changes in Financial Position

Consolidated Statement of Financial Position			
(\$ thousands)	March 31 2019	December 31 2018	Change
Cash and cash equivalents	448,958	517,022	(68,064)
Accounts receivable	284,222	250,598	33,624
Loan receivable	252,052	250,734	1,318
Restricted cash and cash equivalents and investments	879,446	979,894	(100,448)
Investments	61,985	61,173	812
Debt reserve deposits	29,573	29,421	152
Financial Assets	1,956,236	2,088,842	(132,606)
Accounts payable and accrued liabilities	296,724	340,267	(43,543)
Debt	2,658,540	2,665,085	(6,545)
Deferred government transfers	1,173,861	1,249,094	(75,233)
Golden Ears Bridge contractor liability	1,038,802	1,040,378	(1,576)
Deferred concessionaire credit	496,773	502,512	(5,739)
Employee future benefits	140,668	139,653	1,015
Deferred revenue and deposits	60,103	55,136	4,967
Deferred lease inducements	12,546	12,544	2
Liabilities	5,878,017	6,004,669	(126,652)
Net Debt	(3,921,781)	(3,915,827)	(5,954)
Tangible capital assets	5,178,643	5,079,162	99,481
Supplies inventory	77,439	74,244	3,195
Prepaid expenses	26,850	28,206	(1,356)
Non-Financial Assets	5,282,932	5,181,612	101,320
Accumulated Surplus	1,361,151	1,265,785	95,366

Financial Assets

See "Liquidity and Capital Resources" section for the discussion on:

- Cash and cash equivalents
- Restricted cash and cash equivalents and investments.

The increase in accounts receivable of \$33.6 million (13.4 per cent) was mainly due to the accrual of property tax revenues receivable in August, partly offset by collections of outstanding capital project funding from the Provincial government.

Liabilities

See "Liquidity and Capital Resources" section for the discussion on Debt.

The net decrease in deferred government transfers of \$75.2 million (6.0 per cent) was due to revenues recognized as the funding stipulations are met, partly offset by funding received during the period.

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

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

The increase in deferred revenues and deposits of \$5.0 million (9.0 per cent) is attributable to unearned transit fare and program revenues.

Non-Financial Assets

Capital assets increased by \$99.5 million (2.0 per cent) due to asset additions of \$149.3 million offset by amortization of \$49.9 million. See “Investments in Capital Assets” for discussion on project activities.

9. Liquidity and Capital Resources

Cash Flows and Liquidity

TransLink's conscious and proactive decision-making has created financial capacity that will allow the organization to successfully manage the financial horizon. The following table shows unrestricted cash and investments with maturities of less than 12 months.

UNRESTRICTED CASH AND INVESTMENTS			
(\$ thousands)	March 31 2019	December 31 2018	Change
Cash and cash equivalents	448,958	517,022	(68,064)
Investments	61,985	61,173	812
Total Unrestricted cash and investments	510,943	578,195	(67,252)

TransLink's unrestricted cash and investment balances reflect accumulated funding resources available for supporting operations. The balance decreased by \$67.3 million in the first three months of 2019 as a result of regular cash outlays to support current operations and contributions to the self-administered sinking funds. These balances are expected to increase in the third quarter when TransLink receives property tax remittances from Municipalities.

Liquidity is further supported by a \$500 million Commercial Paper program, of which \$120 million was outstanding as at March 31, 2019 (December 31, 2018: \$120 million).

Restricted Funds

Restricted cash and investments are used for the repayment of bonds, payment of Transportation Property & Casualty Company Inc. (TPCC) insurance claims, land purchases and capital purchases. The following table shows TransLink's restricted funds.

RESTRICTED CASH AND INVESTMENTS			
(\$ thousands)	March 31 2019	December 31 2018	Change
Unspent government transfers	427,586	533,538	(105,952)
TPCC's investments	24,949	25,095	(146)
Green Bond Proceeds	4,099	11,688	(7,589)
Restricted Land Reserve	146,690	145,330	1,360
Self administered sinking funds	276,122	264,243	11,879
Total Restricted cash and investments	879,446	979,894	(100,448)

Restricted cash and investments decreased mainly due to releases to fund qualifying capital spending, offset by contributions to the self-administered sinking fund and increases in investment income. The unspent government transfers are used to fund qualifying capital expenditures.

Net Debt

TransLink's robust borrowing program provides the ability to go directly to capital markets with a solid reputation as a good investment, meaning greater cost certainty for debt management. It provides assurance to credit rating agencies and investors while providing flexibility to TransLink to use both short-term and long-term financing.

TransLink's debt management policy includes self-imposed debt coverage and debt service coverage limits. TransLink continues to remain within these limits.

Under the South Coast British Columbia Transportation Authority (SCBCTA) Act, TransLink's outstanding debt obligations cannot exceed TransLink's borrowing limit which is currently \$5.5 billion. The debt obligations are defined under the SCBCTA Act as the sum of current borrowings of TransLink secured by debentures, bonds, other forms of indentures, capital leases, short-term notes, lines of credit and bank overdrafts, excluding any prepaid financing costs.

Any future increases in TransLink's borrowing limits need to be approved by the Mayors' Council through an investment plan. As at March 31, 2019, TransLink's outstanding debt obligation, as defined above, was \$3.21 billion¹ (December 31, 2018: \$3.23 billion).

FINANCING					
(\$ thousands)	March 31 2019		December 31 2018		Change
Debt	2,658,540		2,665,085		(6,545)
Less: Self-administered sinking funds	(276,122)		(264,243)		(11,879)
Less: Debt reserve deposits	(29,573)		(29,421)		(152)
Net Direct Debt	2,352,845	60.5%	2,371,421	60.6%	(18,576)
Golden Ears Bridge contractor liability	1,038,802		1,040,378		(1,576)
Deferred concessionaire credit	496,773		502,512		(5,739)
Indirect P3 Debt	1,535,575	39.5%	1,542,890	39.4%	(7,315)
Subtotal Net Direct Debt and Indirect P3 Debt	3,888,420	100.0%	3,914,311	100.0%	(25,891)

Net direct debt decreased by \$25.9 million mainly due to scheduled debt payments and contributions to TransLink's self-administered sinking funds during the first three months.

Indirect P3 debt, which includes the liability owed to the Golden Ears Bridge contractor and the Canada Line deferred concessionaire credit, declined by \$7.3 million mainly due to the amortization of the Canada Line deferred concessionaire credit.

Credit Rating

Maintaining a high-quality credit rating is essential to ensure that TransLink can continue to access capital markets in the most cost-effective basis. The following table summarizes TransLink's current credit ratings and outlooks:

CREDIT RATING				
As at March 31, 2019	Commercial Paper	Senior Debt	General Obligation	Outlook
Agency				
DBRS	R-1 mid	AA	AA	Stable
Moody's	Not Rated	Aa2	Aa2	Stable

¹ Debt of \$2.66 billion plus MFA administered sinking funds of \$0.57 billion and net of capital lease reductions since inception, unamortised issuance costs and unamortised premium/discounts of \$0.02 billion.

Appendix I – Consolidated Financial Statements

The following statements are presented in accordance with generally accepted Canadian accounting principles for local governments, as recommended by the Public Sector Accounting Board of the Chartered Professional Accountants of Canada.

Consolidated Statement of Financial Position

SOUTH COAST BRITISH COLUMBIA TRANSPORTATION AUTHORITY

Consolidated Statement of Financial Position
(Expressed in thousands of dollars)

March 31, 2019, with comparative information for December 31, 2018

	March 31 2019	December 31 2018
Financial assets		
Cash and cash equivalents	\$ 448,958	\$ 517,022
Accounts receivable	284,222	250,598
Loan receivable	252,052	250,734
Restricted cash and cash equivalents and investments	879,446	979,894
Investments	61,985	61,173
Debt reserve deposits	29,573	29,421
	1,956,236	2,088,842
Liabilities		
Accounts payable and accrued liabilities	296,724	340,267
Debt	2,658,540	2,665,085
Deferred government transfers	1,173,861	1,249,094
Golden Ears Bridge contractor liability	1,038,802	1,040,378
Deferred concessionaire credit	496,773	502,512
Employee future benefits	140,668	139,653
Deferred revenue and deposits	60,103	55,136
Deferred lease inducements	12,546	12,544
	5,878,017	6,004,669
Net debt	(3,921,781)	(3,915,827)
Non-financial assets		
Tangible capital assets	5,178,643	5,079,162
Supplies inventory	77,439	74,244
Prepaid expenses	26,850	28,206
	5,282,932	5,181,612
Accumulated surplus	\$ 1,361,151	\$ 1,265,785

Consolidated Statement of Operations

SOUTH COAST BRITISH COLUMBIA TRANSPORTATION AUTHORITY

Consolidated Statement of Operations
(Expressed in thousands of dollars)

Three months ended March 31, 2019, with comparative information for March 31, 2018

	2019 Budget	2019 Actual	2018 Actual
Revenues:			
Taxation	\$ 208,920	\$ 214,726	\$ 210,046
Transit	160,341	163,142	149,313
Government transfers	137,532	98,754	36,876
Amortization of deferred concessionaire credit	5,739	5,739	5,739
Investment income	12,366	13,696	12,831
Miscellaneous revenue	1,272	2,382	1,999
Gain on disposal of tangible capital assets	-	15	72
	526,170	498,454	416,876
Expenses:			
Bus operations	224,152	218,742	210,003
Corporate operations	46,769	31,161	30,002
Rail operations	108,214	108,128	103,670
Roads and bridges	36,484	35,376	38,155
Transit Police	10,316	9,681	9,209
	425,935	403,088	391,039
Surplus for the period	100,235	95,366	25,837
Accumulated surplus, beginning of period	1,266,771	1,265,785	1,080,315
Accumulated surplus, end of period	\$ 1,367,006	\$ 1,361,151	\$ 1,106,152

Consolidated Statement of Changes in Net Debt

SOUTH COAST BRITISH COLUMBIA TRANSPORTATION AUTHORITY

Consolidated Statement of Changes in Net Debt
(Expressed in thousands of dollars)

Three months ended March 31, 2019, with comparative information for March 31, 2018

	2019	2018
	Actual	Actual
Surplus for the period	\$ 95,366	\$ 25,837
Acquisition of tangible capital assets	(149,429)	(7,383)
Amortization of tangible capital assets	49,948	46,831
Gain on disposal of tangible capital assets	(15)	(72)
Net proceeds from disposal of tangible capital assets	15	283
	(99,481)	39,659
Change in supplies inventory	(3,195)	837
Change in prepaid expenses	1,356	7,038
	(1,839)	7,875
Decrease (increase) in net debt	(5,954)	73,371
Net debt, beginning of period	(3,915,827)	(3,913,622)
Net debt, end of period	\$ (3,921,781)	\$ (3,840,251)

Consolidated Statement of Cash Flows

SOUTH COAST BRITISH COLUMBIA TRANSPORTATION AUTHORITY

Consolidated Statement of Cash Flows
(Expressed in thousands of dollars)

Three months ended March 31, 2019, with comparative information for March 31, 2018

	2019	2018
Cash provided by (used for):		
Operating transactions:		
Surplus for the period	\$ 95,366	\$ 25,837
Non-cash changes to operations	(34,761)	23,128
Changes in non-cash operating working capital	(74,342)	(85,334)
Cash used for operating transactions	(13,737)	(36,369)
Capital transactions:		
Purchase of tangible capital assets	(149,344)	(7,011)
Net proceeds from disposal of tangible capital assets	15	283
Cash used for capital transactions	(149,329)	(6,728)
Investing transactions:		
Decrease (increase) in restricted cash and investments	100,448	(111,574)
Increase in investments	(812)	(316)
Increase in debt reserve deposits	(152)	(161)
Cash provided by (used for) investing transactions	99,484	(112,051)
Financing transactions:		
Repayments of debt	(6,568)	(8,479)
Repayments of Golden Ears Bridge contractor liability	(1,576)	(1,129)
Government transfers received for tangible capital additions	3,662	94,746
Cash provided by (used for) financing transactions	(4,482)	85,138
Decrease in cash and cash equivalents	(68,064)	(70,010)
Cash and cash equivalents, beginning of period	517,022	424,010
Cash and cash equivalents, end of period	\$ 448,958	\$ 354,000
Supplementary information:		
Interest paid	\$ 21,912	\$ 22,304
Tangible capital assets acquired by capital lease	85	372

SOUTH COAST BRITISH COLUMBIA TRANSPORTATION AUTHORITY

Consolidated Statement of Cash Flows (continued)

(Expressed in thousands of dollars)

Three months ended March 31, 2019, with comparative information for March 31, 2018

	2019	2018
Non-cash changes to operations:		
Amortization of tangible capital assets	\$ 49,948	\$ 46,831
Amortization of bond premium	(62)	(79)
Amortization of debt issue cost	-	48
Amortization of deferred concessionaire credit	(5,739)	(5,739)
Amortization of deferred government transfers	(78,895)	(17,915)
Amortization of deferred lease inducements net of additions	2	54
Gain on disposal of tangible capital assets	(15)	(72)
	\$ (34,761)	\$ 23,128
Changes in non-cash operating working capital:		
Increase in accounts receivable	\$ (33,624)	\$ (70,651)
Increase in loan receivable	(1,318)	(1,632)
Decrease (increase) in supplies inventory	(3,195)	837
Decrease in prepaid expenses	1,356	7,038
Decrease in accounts payable and accrued liabilities	(43,543)	(27,109)
Increase in deferred revenue and deposits	4,967	3,889
Employee future benefits payable	1,015	2,294
	\$ (74,342)	\$ (85,334)

Segment Report

South Coast British Columbia Transportation Authority
Segment Report
Three Months ended March 31, 2019
(in thousands of dollars)

	2019					Total	2018
	Bus operations	Corporate operations	Rail operations	Roads and bridges	Transit Police		
Revenues:							
Taxation	\$ -	\$ 214,726	\$ -	\$ -	\$ -	\$ 214,726	\$ 210,046
Transit	-	163,142	-	-	-	163,142	149,313
Government transfers	-	98,754	-	-	-	98,754	36,876
Amortization of deferred concessionaire credit	-	-	5,739	-	-	5,739	5,739
Investment income	-	13,696	-	-	-	13,696	12,831
Miscellaneous revenue	491	1,322	190	-	379	2,382	1,999
Gain on disposal of tangible capital assets	-	15	-	-	-	15	72
	491	491,655	5,929	-	379	498,454	416,876
Expenses:							
Administration	4,305	4,219	1,186	61	710	10,481	10,371
Capital infrastructure contributions	-	-	-	172	-	172	1,764
Contracted services	18,194	2,866	30,602	1,528	-	53,190	55,038
Fuel and power	12,744	-	4,444	-	-	17,188	17,962
Insurance	4,977	49	1,402	242	13	6,683	6,168
Maintenance, materials and utilities	18,906	342	12,106	8,501	307	40,162	37,794
Professional and legal	583	3,462	635	168	60	4,908	4,784
Rentals, leases and property tax	3,593	2,498	519	61	486	7,157	6,791
Salaries, wages and benefits	118,771	11,313	28,749	373	8,002	167,208	158,455
Expenses before amortization and interest	182,073	24,749	79,643	11,106	9,578	307,149	299,127
Amortization of tangible capital assets	22,993	4,020	17,860	5,011	64	49,948	46,831
Interest	13,676	2,392	10,625	19,259	39	45,991	45,081
Amortization and interest	36,669	6,412	28,485	24,270	103	95,939	91,912
Total Expenses	218,742	31,161	108,128	35,376	9,681	403,088	391,039
Surplus (deficit), for the period	\$ (218,251)	\$ 460,494	\$ (102,199)	\$ (35,376)	\$ (9,302)	\$ 95,366	\$ 25,837

Appendix II – Operating Indicators

OPERATING INDICATORS							
Three months ending March 31	YTD	YTD	Change		YTD	Budget Variance	
	2019	2018	Fav/(Unfav)	%	2019	Fav/(Unfav)	%
	ACTUAL	ACTUAL			BUDGET		
Service Performance Items							
Safety: Customer Injuries (per 1 million boarded passengers, unless otherwise stated) ^{1,2}							
Bus & SeaBus	3.4	3.7	0.3	8.1%	4.1	0.7	17.1%
SkyTrain: Expo & Millennium Lines	1.3	1.0	(0.3)	(30.0%)	1.0	(0.3)	(30.0%)
West Coast Express	1.5	-	(1.5)	(100.0%)	0.4	(1.1)	> (200.0%)
HandyDART (per 100,000 boarded passengers)	3.0	2.2	(0.8)	(36.4%)	4.6	1.6	34.8%
Safety: Employee Lost Time Frequency							
Bus & SeaBus (per 200,000 Hours Worked)	8.8	6.9	(1.9)	(27.5%)	7.6	(1.2)	(15.8%)
SkyTrain: Expo & Millennium Lines (per 200,000 Hours Worked)	6.7	4.0	(2.7)	(67.5%)	4.0	(2.7)	(67.5%)
West Coast Express (per 200,000 Hours Worked)	-	-	-	-	-	-	-
HandyDART (per 200,000 Hours Worked)	9.6	18.6	9.0	48.4%	14.4	4.8	33.3%
Safety: Bus & SeaBus Operator Assaults (per 1 Million Service Hours)							
	19.9	9.6	(10.3)	(107.3%)	13.9	(6.0)	(43.2%)
Ridership: Boarded Passengers (Thousands) ²							
Bus & SeaBus	67,994	64,835	3,159	4.9%	65,606	2,388	3.6%
SkyTrain: Expo & Millennium Lines	27,498	26,451	1,047	4.0%	28,143	(645)	(2.3%)
SkyTrain: Canada Line	11,740	11,220	520	4.6%	11,858	(118)	(1.0%)
West Coast Express	658	618	40	6.5%	597	61	10.2%
HandyDART	362	358	4	1.1%	367	(5)	(1.4%)
Ridership: Journeys (Thousands) ²							
Overall System	65,121	62,238	2,883	4.6%	64,419	702	1.1%
Vehicle Service Delivery: Percentage of Service Hours Delivered							
Bus & SeaBus	98.3%	99.4%	(1.1%)	(1.1%)	98.5%	(0.2%)	(0.2%)
SkyTrain: Expo & Millennium Lines	98.2%	99.5%	(1.3%)	(1.3%)	99.7%	(1.5%)	(1.5%)
SkyTrain: Canada Line	100.0%	100.0%	-	-	100.0%	-	-
West Coast Express	100.0%	99.8%	0.2%	0.2%	100.0%	-	-
HandyDART	99.8%	99.6%	0.2%	0.2%	99.4%	0.4%	0.4%
Vehicle Punctuality: On-Time Performance							
Bus (3 minutes late < On-Time < 1 minute early)	82.1%	82.1%	-	-	79.0%	3.1%	3.9%
SkyTrain: Expo & Millennium Lines (headway + 3 minutes)	94.5%	96.0%	(1.5%)	(1.6%)	96.5%	(2.0%)	(2.1%)
West Coast Express (headway + 5 minutes)	95.2%	95.6%	(0.4%)	(0.4%)	97.8%	(2.6%)	(2.7%)
HandyDART (earlier than and within 15 minutes of Scheduled Pick-Up Time)	88.8%	89.9%	(1.1%)	(1.2%)	90.0%	(1.2%)	(1.3%)
Vehicle Reliability: Mean Distance Between Failure							
Bus	20,884	19,539	1,345	6.9%	19,634	1,250	6.4%

¹ The customer injury definition for CMBC and HandyDART represents the number of accepted injury claims arising from on-board incidents inside of the vehicle, while boarding, or as a result of a collision. The customer injury definition for Expo and Millennium Line and West Coast Express represents the number of injuries where the customer is transported to hospital for treatment and the incident is reported to transit staff.

² The YTD 2018 ridership figures were restated at the end of 2018 to reflect final ridership figures

Appendix II – Operating Indicators (Continued)

OPERATING INDICATORS	YTD	YTD	Change		YTD	Budget Variance	
	2019	2018			2019		
	ACTUAL	ACTUAL	Fav/(Unfav)	%	BUDGET	Fav/(Unfav)	%
Three months ending March 31							
HandyDART Vehicle Productivity							
Trips per Service Hour (excludes Taxis)	2.3	1.9	(0.4)	(21.1%)	2.1	0.2	9.5%
Trip Denials	121	79	(42)	(53.2%)	536	415	77.4%
Environmental							
Bus & SeaBus (Spills per 1 Million Km)	2.2	5.2	3.0	57.7%	5.9	3.7	62.7%
Bus & SeaBus (Revenue Vehicle Energy Consumption in Gigajoules)	493,110	481,551	(11,559)	(2.4%)	523,621	30,511	5.8%
Customer Service: Customer Satisfaction (overall score of 10)							
Overall System ¹	7.8	7.8	-	-	8.0	(0.2)	(2.5%)
Bus & SeaBus	7.9	8.0	(0.1)	(1.3%)	8.0	(0.1)	(1.3%)
SkyTrain: Expo & Millennium Lines	8.2	8.3	(0.1)	(1.2%)	8.3	(0.1)	(1.2%)
SkyTrain: Canada Line	8.4	8.6	(0.2)	(2.3%)	8.7	(0.3)	(3.4%)
West Coast Express	9.0	8.8	0.2	2.3%	8.6	0.4	4.7%
Customer Service: Customer Complaints ²							
Overall System (per 1 million boarded passengers) ¹	84.8	83.9	(0.9)	(1.1%)	81.5	(3.3)	(4.0%)
Bus & SeaBus (per 1 million boarded passengers)	96.1	93.1	(3.0)	(3.2%)	91.0	(5.1)	(5.6%)
SkyTrain: Expo & Millennium Lines (per 1 million boarded passengers) ⁵	15.3	10.7	(4.6)	(43.0%)	15.0	(0.3)	(2.0%)
SkyTrain: Canada Line (per 1 million boarded passengers)	7.0	3.7	(3.3)	(89.2%)	5.0	(2.0)	(40.0%)
West Coast Express (per 1 million boarded passengers)	77.5	160.1	82.6	51.6%	98.5	21.0	21.3%
HandyDART (operator complaints as a % of trips)	0.12%	0.07%	(0.05%)	(71.4%)	0.08%	(0.04%)	(50.0%)
HandyDART (service complaints as a % of trips)	0.09%	0.09%	-	-	0.09%	-	-
Financial: Operating Costs							
Overall System (operating cost per capacity km) ^{1,3,4}	\$0.089	\$0.086	(0.003)	(3.5%)	\$0.088	(0.001)	(1.1%)
Bus & SeaBus (operating cost per capacity km)	\$0.133	\$0.127	(0.006)	(4.7%)	\$0.129	(0.004)	(3.1%)
SkyTrain: Expo & Millennium Lines (operating cost per capacity km)	\$0.035	\$0.033	(0.002)	(6.1%)	\$0.034	(0.001)	(2.9%)
SkyTrain: Canada Line (operating cost per capacity km)	\$0.109	\$0.106	(0.003)	(2.8%)	\$0.109	-	-
West Coast Express (operating cost per capacity km)	\$0.092	\$0.096	0.004	4.1%	\$0.098	0.006	6.1%
HandyDART (operating cost per trip)	\$40.64	\$42.31	\$1.67	3.9%	\$40.59	(0.05)	(0.1%)
Financial: Operating Cost Recovery							
TransLink (conventional system) ^{4,5}	58.6%	55.7%	2.9%	5.2%	56.3%	2.3%	4.1%

¹ Excludes HandyDART as data is only available on an annual basis

² The preliminary YTD 2018 ridership figures were restated at the end of 2018 to reflect final ridership figures

³ Includes operating costs of Bus, Rail, and Transit Police. Excludes amortization and interest expense.

⁴ Restated YTD 2018 to reflect classification adjustments

⁵ Includes operating costs of Bus, Rail, Transit Police and Corporate On-going. Excludes Corporate One-time, amortization and interest expense.



T

Broadway - City Hall
LARGO LINK STATION

W Broadway 400

translink.bc.ca

88104

33

TRANS LINK