



Financial and Performance Report

AS AT JUNE 30, 2019



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Caution Regarding Forward-Looking Statements

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

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

1. 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 in the Phase Two of the 10-Year Vision: 2018-2027 Investment Plan (Investment Plan), TransLink has made significant strides towards its service expansion commitments in the second quarter of 2019. Coast Mountain Bus Company (CMBC) has put into full revenue service an additional 55 conventional buses for a year to date total of 172 new conventional buses. In addition, 36 HandyDART vehicles, 63 diesel electric hybrid articulated buses and 47 expansion articulated buses

for the B-Line expansion were accepted into the fleet in the second quarter. We have also received four battery-electric buses and testing is now underway with the on-route charger at 22nd Street Station and at Marpole. British Columbia Rapid Transit Company (BCRTC) has added four new rail cars, bringing the total number of rail cars in service to 294.

Strong ridership continues to grow in the second quarter after reaching record-breaking levels in 2018. For the six months ending June 30, 2019, ridership growth in journeys increased by 4.2 per cent and boardings 4.3 per cent over the same period in 2018. The increased ridership trend is a reflection of increased transit service committed in the 10-Year Vision as well as high employment levels and high gas prices.

For the six months ending June 30, 2019, TransLink reported a \$214.2 million surplus on a Public Sector Accounting Board (PSAB) basis. Our organization continues to demonstrate financial strength and ability to deliver on the commitments supporting the 10-Year Vision.

TransLink achieved strong second quarter results and 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 Q2 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 second 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' 10-Year Vision.

- Commissioned 63 of the diesel electric hybrid articulated buses and accepted 47 additional expansion articulated buses for the B-Line expansion.
- Commissioned 55 new conventional buses including 29 New Flyer 60' hybrids and 26 Nova 40' hybrids as well as 36 new HandyDART vehicles which are all now in service.
- Received four battery-electric buses including two New Flyer 60' Buses and two Nova 40' Buses.
- Completed site works and installed the on-route overhead fast chargers at Marpole and 22nd Street Stations.
- Completed service improvements on 33 bus routes to address overcrowding.
- Commissioned one new train of four rail cars into full revenue service, bringing the total rail car fleet to 294.
- Progressed on the delivery, testing and commissioning of five additional trains in preparation of the September 2019 service increase.
- Completed Phase Two of the Joyce-Collingwood Station upgrade and progressed on the construction of the Guildford Bus Exchange.
- Issued a request for proposal for the Arbutus to UBC Design Development and Preliminary Cost-Benefit Estimate project.

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.

- Installed three new radio consoles in the Transit Communications Centre (T-Comm) and equipped 23 buses with new mobile radios to replace the existing bus radio system.
- Continued work on trolley overhead state of good repair and continued work on CMBC transit centre upgrades.
- Completed mechanical retrofits at Vancouver Transit Centre and installed an energy efficient compressor at Surrey Transit Centre.
- Installed new fareboxes on Community Shuttles at Hamilton Transit Centre and Surrey Transit Centre.
- Launched a new Visual Management Centre at BCRTC to monitor on performance metrics.

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.

- Installed the first of 50 system-wide digital kiosks at Surrey Central SkyTrain Station to provide commuters the most up-to-date transit information and enable them to plan their trips using different modes around our network.
- Implemented 22 Train Passenger Information Displays (T-PIDS), installed 15 Entrance Passenger Information Displays (E-PIDS) and upgraded CCTV cameras at Edmonds, Columbia and Joyce-Collingwood Stations.
- Finalized the RapidBus route naming and post design elements and started production for the RapidBus post ID plate, route map line diagrams, branded panels and printed bus schedules.
- Continued to work on the new Phase One Responsive Website (replacing our current mobile site) which integrates a new Trip Planner and customer-focused experience.
- Developed a workplan and advanced the scoping of the Customer Washroom Implementation Strategy.
- Launched new “See Something, Say Something” advertisements and strips to be placed on SkyTrains and buses for the ease of locating information when incidents are in progress and for expanding rider awareness.
- Completed training in vapour scent explosive detection for the Transit Police Explosive Scent Detection Dog Teams.
- Launched a Bait Bike Project to address an increase in bike thefts at transit bike storage facilities.
- Produced an information brochure and public awareness video on copper wire theft from trolley overhead to inform the public of ensuring safety around live wires and encouraging reporting of suspicious activity.
- Implemented new services on the Compass Card website to improve the customer experience.
- Delivered SkyTrain Attendant refresher training in the second quarter of 2019. The training was well received by our front-line staff.
- Completed the Late-Night Services Review which recommended expanding NightBus services and exploring an express NightBus service to “shadow” SkyTrain lines.

3. 2019 Second Quarter Financial Summary

| CONSOLIDATED REVENUES AND EXPENSES Six months ending June 30 (\$ thousands) | YEAR OVER YEAR | | | | ACTUAL TO BUDGET | | | | FORECAST TO BUDGET | | | |
|---|------------------|----------------|-----------------|---------------|------------------|-----------------|--------------|------------------|--------------------|-------------------|--------------|--|
| | YTD 2019 | YTD 2018 | Change | | YTD 2019 | Budget Variance | | Annual 2019 | Annual 2019 | Forecast Variance | | |
| | ACTUAL | ACTUAL | Fav/(Unfav) | % | BUDGET | Fav/(Unfav) | % | Q2 FORECAST | BUDGET** | Fav/(Unfav) | % | |
| Revenue | | | | | | | | | | | | |
| Taxation | 441,732 | 399,558 | 42,174 | 10.6% | 419,508 | 22,224 | 5.3% | 895,801 | 874,526 | 21,275 | 2.4% | |
| Transit | 331,985 | 306,903 | 25,082 | 8.2% | 324,263 | 7,722 | 2.4% | 679,367 | 669,274 | 10,093 | 1.5% | |
| Government transfers | 230,296 | 78,299 | 151,997 | 194.1% | 244,868 | (14,572) | (6.0%) | 427,822 | 388,039 | 39,783 | 10.3% | |
| Investment Income | 27,581 | 25,475 | 2,106 | 8.3% | 25,181 | 2,400 | 9.5% | 55,526 | 52,850 | 2,676 | 5.1% | |
| Amortization of deferred concessionaire credit | 11,541 | 11,541 | - | - | 11,541 | - | - | 23,337 | 23,337 | - | - | |
| Miscellaneous | 4,369 | 3,751 | 618 | 16.5% | 2,639 | 1,730 | 65.6% | 6,908 | 5,882 | 1,026 | 17.4% | |
| Sub Total Continuing Operations | 1,047,504 | 825,527 | 221,977 | 26.9% | 1,028,000 | 19,504 | 1.9% | 2,088,761 | 2,013,908 | 74,853 | 3.7% | |
| Gain/(Loss) on disposal | (37) | 33 | (70) | > (200.0%) | (41) | 4 | (9.8%) | 76 | (122) | 198 | 162.3% | |
| Total Revenue | 1,047,467 | 825,560 | 221,907 | 26.9% | 1,027,959 | 19,508 | 1.9% | 2,088,837 | 2,013,786 | 75,051 | 3.7% | |
| Expenditures | | | | | | | | | | | | |
| Bus Operations | 372,721 | 357,733 | (14,988) | (4.2%) | 381,991 | 9,270 | 2.4% | 770,136 | 777,819 | 7,683 | 1.0% | |
| Rail Operations | 158,422 | 153,053 | (5,369) | (3.5%) | 162,233 | 3,811 | 2.3% | 325,538 | 326,870 | 1,332 | 0.4% | |
| Transit Police | 19,516 | 18,919 | (597) | (3.2%) | 20,418 | 902 | 4.4% | 40,740 | 40,845 | 105 | 0.3% | |
| Corporate Operations | 46,821 | 44,891 | (1,930) | (4.3%) | 49,570 | 2,749 | 5.5% | 101,000 | 102,133 | 1,133 | 1.1% | |
| Roads & Bridges | 34,813 | 38,052 | 3,239 | 8.5% | 35,529 | 716 | 2.0% | 98,398 | 94,691 | (3,707) | (3.9%) | |
| Amortization of Capital Assets* | 101,117 | 93,980 | (7,137) | (7.6%) | 105,459 | 4,342 | 4.1% | 217,738 | 226,513 | 8,775 | 3.9% | |
| Interest* | 92,464 | 90,721 | (1,743) | (1.9%) | 90,851 | (1,613) | (1.8%) | 182,845 | 185,118 | 2,273 | 1.2% | |
| Sub Total Continuing Operations | 825,874 | 797,349 | (28,525) | (3.6%) | 846,051 | 20,177 | 2.4% | 1,736,395 | 1,753,989 | 17,594 | 1.0% | |
| Corporate - Onetime | 7,412 | 5,838 | (1,574) | (27.0%) | 36,172 | 28,760 | 79.5% | 55,049 | 70,576 | 15,527 | 22.0% | |
| Total Expenditures | 833,286 | 803,187 | (30,099) | (3.7%) | 882,223 | 48,937 | 5.5% | 1,791,444 | 1,824,565 | 33,121 | 1.8% | |
| Surplus for the period (PSAB) | 214,181 | 22,373 | 191,808 | 857.3% | 145,736 | 68,445 | 47.0% | 297,393 | 189,221 | 108,172 | 57.2% | |

* Amortization and Interest shown separately to facilitate analysis

** Restated to reflect budget transfers

The PSAB surplus recorded in the first six months of 2019 was \$214.2 million which is \$68.4 million (47.0 per cent) favourable to budget.

Total revenues were favourable to budget by \$19.5 million (1.9 per cent) mainly due to a one-time fuel tax adjustment, more fuel purchased in the region than expected and higher transit revenue as a result of ridership exceeding growth expectations, partly offset by the timing of government transfers.

Total expenditures were favourable to budget by \$48.9 million (5.5 per cent) mainly due to timing for the B-Line expansion, timing of feasibility studies, lower amortization due to timing of vehicle deliveries, lower labour expenses as a result of temporary vacancies and lower than expected fuel costs.

The surplus at the end of 2019 is forecasted to be \$108.2 million (57.2 per cent) favourable to budget mainly due to the timing of government transfers, higher fuel tax revenue, higher transit revenue as a result of strong ridership as well as lower fuel costs.

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) | June 30 | December 31 | Change | |
| | 2019 | 2018 | Fav/(Unfav) | % |
| Unrestricted cash and investments | 432,736 | 578,195 | (145,459) | (25.2%) |
| Capital assets | 5,259,883 | 5,079,162 | 180,721 | 3.6% |
| Net direct debt | (2,315,928) | (2,371,421) | 55,493 | 2.3% |
| Indirect P3 debt | (1,528,076) | (1,542,890) | 14,814 | 1.0% |
| Total net direct debt and indirect P3 debt | (3,844,004) | (3,914,311) | 70,307 | 1.8% |
| Gross interest cost as a % of operating revenue | 11.3% | 11.9% | 0.6% | 5.0% |

Unrestricted cash and investment balances decreased by \$145.5 million in the first six months of 2019 as a result of regular cash outlays to support current operations and service our debt obligations. The \$432.7 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 \$180.7 million (3.6 per cent) in the first six months of 2019 due to \$281.9 million in additions, partly offset by amortization of \$101.1 million. Additions included SkyTrain system upgrades, Skytrain station upgrades at Surrey Central Station and Joyce Collingwood Station, Expo Line running rail replacement, SkyTrain rail cars, Community Shuttles, conventional buses and HandyDART vehicles.

Net direct debt decreased by \$55.5 million. This is due to scheduled debt payments, sinking fund contributions and reinvestment of sinking fund interest income during the first six months.

Indirect P3 debt, which includes the liability owed to the Golden Ears Bridge contractor and the Canada Line deferred concessionaire credit, declined by \$14.8 million mainly due to the amortization of the Canada Line deferred concessionaire credit.

Gross interest cost as a percentage of operating revenues was 11.3 per cent and well within TransLink's 20 per cent policy. This indicator was 0.8 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 | YTD | YTD | Change | | YTD | Budget Variance | |
|--|-----------|-----------|-------------|---------|-----------|-----------------|---------|
| | 2019 | 2018 | Fav/(Unfav) | % | 2019 | Fav/(Unfav) | % |
| Six months ending June 30 | ACTUAL | ACTUAL | | | BUDGET | | |
| Scheduled Transit Service | | | | | | | |
| Overall Performance Rating (out of 10) | 7.8 | 8.0 | (0.2) | (2.5%) | 8.0 | (0.2) | (2.5%) |
| Service Hours | 3,428,353 | 3,409,077 | 19,276 | 0.6% | 3,473,016 | (44,663) | (1.3%) |
| Operating Cost Recovery ¹ | 58.7% | 56.6% | 2.1% | 3.7% | 55.6% | 3.1% | 5.6% |
| Operating Cost per Capacity Km ^{2,3} | \$0.089 | \$0.085 | (\$0.004) | (4.7%) | \$0.089 | - | - |
| Complaints per million Boarded Passengers ⁴ | 87.5 | 86.9 | (0.6) | (0.7%) | 82.8 | (4.7) | (5.7%) |
| Access Transit Service | | | | | | | |
| Number of Trips | 676,413 | 656,469 | 19,944 | 3.0% | 686,209 | (9,796) | (1.4%) |
| Operating Cost per Trip | \$40.17 | \$41.84 | \$1.67 | 4.0% | \$40.64 | \$0.47 | 1.2% |
| Number of Trips Denied | 401 | 260 | (141) | (54.2%) | 1,087 | 686 | 63.1% |
| Operator Complaints as a percentage of trips | 0.09% | 0.09% | - | - | 0.08% | (0.01%) | (12.5%) |
| Service Complaints as a percentage of trips | 0.11% | 0.09% | (0.01%) | (10.7%) | 0.09% | (0.02%) | (22.2%) |
| Ridership (thousands) ⁴ | | | | | | | |
| Boarded Passengers | 222,742 | 213,642 | 9,100 | 4.3% | 217,766 | 4,976 | 2.3% |
| Journeys | 133,664 | 128,278 | 5,386 | 4.2% | 131,469 | 2,195 | 1.7% |
| Average Fare per Journey ⁵ | \$2.38 | \$2.30 | \$0.08 | 3.5% | \$2.38 | - | - |

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 year end adjustments

³ Includes operating costs of Bus, Rail and Transit Police. Excludes Corporate On-going, One-time, Access Transit, 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 six months of 2019 was 7.8 out of 10, which is 2.5 per cent lower than prior year. The system rating has been steady over the last two years as we focus on service improvements and meeting ridership demand. TransLink remains committed to transportation excellence and will continue to strive towards enhancing customer satisfaction and safety.

Service hours were higher year-over-year (19,276 or 0.6 per cent) mainly due to increased transit service as committed in the Investment Plan partly offset by inclement weather in February. Compared to budget, service hours were 44,663 (1.3 per cent) lower than budget mainly due to, differences in scheduling and service adjustments, traffic congestion as well as road 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 half of 2019, the cost recovery of 58.7 per cent was higher than 2018 by 2.1 per cent and favourable to budget by 5.6 per cent mainly due to the growth in transit revenues and lower operating expenses than budget mainly as a result of savings from temporary vacancies and fuel costs.

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 as expected.

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

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.

There were almost 20,000 more Access Transit trips provided in the first six months of 2019 compared to the same period in 2018. While the total number of trips increased year-over-year, total Access Transit trips provided for the first six months of 2019 were 9,796 (1.4 per cent) lower than budget primarily due to winter weather conditions. As a result of poor winter conditions, HandyDART was limited to operating only essential service levels over a number of days in the first quarter of the year.

The operating cost per trip decreased by \$1.67 (4.0 per cent) from 2018 to \$40.17 mainly due to operational efficiencies. Access Transit was able to deliver more trips in the first half of 2019 while maintaining overhead and fixed costs relatively consistent with 2018. Compared to budget, the operating cost per trip was \$0.47 (1.2 per cent) lower mainly due to lower fuel costs as well as fewer HandyDART trips delivered than budgeted partially offset by higher taxi supplement trips delivered.

Complaints are marginally higher than the first six months of last year and budget but have been coming down month over month in 2019. Several initiatives are in place to address scheduling issues which drive most complaints. Changes to service areas, scheduling parameters, enhanced training and the introduction of a Joint Scheduling Committee are some of the initiatives being implemented and expected to result in multiple improvements going forward.

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 system boardings were 222.7 million, 4.3 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 half of 2018, total system journeys grew by 4.2 per cent to a year to date total of 133.7 million.

Ridership growth has remained strong through the second 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 2.3 per cent and 1.7 per cent, respectively. For the full year, boardings and journeys are forecasted to be 1.8 per cent and 1.4 per cent favourable to budget with higher than expected ridership.

The average fare per journey was \$2.38 for the first six 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 six months of 2019 compared to budget.

| CONSOLIDATED REVENUES | ACTUAL TO BUDGET | | | | FORECAST TO BUDGET | | | |
|--|------------------|------------------|-----------------|-------------|--------------------|------------------|-------------------|-------------|
| | YTD | YTD | Budget Variance | | Annual | Annual | Forecast Variance | |
| | 2019 | 2019 | Fav/(Unfav) | % | 2019 | 2019 | Fav/(Unfav) | % |
| Six months ending June 30 (\$ thousands) | ACTUAL | BUDGET | | | Q2 FORECAST | BUDGET* | | |
| Taxation | | | | | | | | |
| Fuel | 192,136 | 170,123 | 22,013 | 12.9% | 389,973 | 368,904 | 21,069 | 5.7% |
| Property & Replacement | 201,612 | 201,372 | 240 | 0.1% | 402,984 | 402,744 | 240 | 0.1% |
| Parking Rights | 37,162 | 37,164 | (2) | (0.0%) | 81,316 | 81,301 | 15 | 0.0% |
| Hydro Levy | 10,822 | 10,849 | (27) | (0.2%) | 21,528 | 21,577 | (49) | (0.2%) |
| Transit | 331,985 | 324,263 | 7,722 | 2.4% | 679,367 | 669,274 | 10,093 | 1.5% |
| Government transfers | 230,296 | 244,868 | (14,572) | (6.0%) | 427,822 | 388,039 | 39,783 | 10.3% |
| Investment Income | 27,581 | 25,181 | 2,400 | 9.5% | 55,526 | 52,850 | 2,676 | 5.1% |
| Amortization of deferred concessionaire credit | 11,541 | 11,541 | - | - | 23,337 | 23,337 | - | - |
| Miscellaneous | 4,369 | 2,639 | 1,730 | 65.6% | 6,908 | 5,882 | 1,026 | 17.4% |
| Revenue Before Gain/(Loss) on Disposals | 1,047,504 | 1,028,000 | 19,504 | 1.9% | 2,088,761 | 2,013,908 | 74,853 | 3.7% |
| Gain/(Loss) on disposal | (37) | (41) | 4 | (9.8%) | 76 | (122) | 198 | 162.3% |
| Total Revenue | 1,047,467 | 1,027,959 | 19,508 | 1.9% | 2,088,837 | 2,013,786 | 75,051 | 3.7% |

* Restated to reflect budget transfers

Total revenues for the first six months of 2019 were \$1.0 billion and favourable to budget by \$19.5 million (1.9 per cent) mainly due to a one-time adjustment of \$14.5 million in fuel tax revenues. Excluding the adjustment of fuel tax, revenues were \$5.0 million higher mainly due to higher fuel tax volumes and higher transit revenue as a result of strong ridership, offset partially by lower government transfers due to timing.

Total revenues are forecasted to be higher than budget by \$75.1 million (3.7 per cent) mainly due to expectations of higher government transfers, fuel tax revenue, transit revenue and miscellaneous income.

Taxation

| TAXATION REVENUES | ACTUAL TO BUDGET | | | | FORECAST TO BUDGET | | | |
|---|------------------|----------------|-----------------|-------------|--------------------|----------------|-------------------|-------------|
| | YTD | YTD | Budget Variance | | Annual | Annual | Forecast Variance | |
| | 2019 | 2019 | Fav/(Unfav) | % | 2019 | 2019 | Fav/(Unfav) | % |
| Six months ending June 30 (\$ thousands) | ACTUAL | BUDGET | | | Q2 FORECAST | BUDGET | | |
| Fuel | 192,136 | 170,123 | 22,013 | 12.9% | 389,973 | 368,904 | 21,069 | 5.7% |
| Property & Replacement | 201,612 | 201,372 | 240 | 0.1% | 402,984 | 402,744 | 240 | 0.1% |
| Parking Rights | 37,162 | 37,164 | (2) | (0.0%) | 81,316 | 81,301 | 15 | 0.0% |
| Hydro Levy | 10,822 | 10,849 | (27) | (0.2%) | 21,528 | 21,577 | (49) | (0.2%) |
| Total Taxation | 441,732 | 419,508 | 22,224 | 5.3% | 895,801 | 874,526 | 21,275 | 2.4% |

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 six months of 2019 were \$22.2 million (5.3 per cent) favourable to budget.

Fuel tax revenues for the first six months of 2019 were \$22.0 million (12.9 per cent) favourable to budget mainly driven by the one-time adjustment of \$14.5 million relating to a tax submission adjustment from prior years and higher than expected fuel volumes. Gas prices started to decrease in May which likely influenced higher consumption. 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.

Fuel revenue is forecasted to be \$21.1 million (5.7 per cent) higher than budget. We continue to analyze the trending of the fuel sales volume and the impacts of pricing, and leakage of sales outside our region.

Transit

| TRANSIT REVENUES Six months ending June 30 (\$ thousands) | ACTUAL TO BUDGET | | | | FORECAST TO BUDGET | | | |
|---|------------------|----------------|-----------------|-------------|--------------------|----------------|-------------------|-------------|
| | YTD 2019 | YTD 2019 | Budget Variance | | Annual 2019 | Annual 2019 | Forecast Variance | |
| | ACTUAL | BUDGET | Fav/(Unfav) | % | Q2 FORECAST | BUDGET | Fav/(Unfav) | % |
| Fares | 257,913 | 252,225 | 5,688 | 2.3% | 529,398 | 521,318 | 8,080 | 1.5% |
| Programs | 60,069 | 60,028 | 41 | 0.1% | 122,898 | 122,915 | (17) | (0.0%) |
| Total Fare Revenue | 317,982 | 312,253 | 5,729 | 1.8% | 652,296 | 644,233 | 8,063 | 1.3% |
| Other | 14,003 | 12,010 | 1,993 | 16.6% | 27,071 | 25,041 | 2,030 | 8.1% |
| Total Transit | 331,985 | 324,263 | 7,722 | 2.4% | 679,367 | 669,274 | 10,093 | 1.5% |

Transit fare 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 \$7.7 million (2.4 per cent) favourable to budget in the first six months of 2019 mainly due to greater ridership growth than expected as a result of increased transit service, high employment levels and high gas prices. For the first six months of 2019, boardings and journeys were 2.3 per cent and 1.5 per cent favourable to budget, respectively. Higher than expected advertising revenues also contributed to the favourable results. Total transit revenues are forecasted to be \$10.1 million (1.5 per cent) favourable to budget as a result of the strong ridership growth trend observed to date that is expected to continue for the remainder of 2019.

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 six months of 2019, government funding was \$14.6 million (6.0 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 \$2.4 million (9.5 per cent) favourable to budget mainly due to higher cash and investment balances attracting additional interest income. The full year forecast is expected to be \$2.7 million (5.1 per cent) favourable to budget mainly due to higher than budgeted cash balances despite lower than budgeted interest rates.

Miscellaneous

Miscellaneous income was \$1.7 million (65.6 per cent) favourable to budget for the first six months of 2019 mainly due to third-party recoveries and favourable labour recovery rates. Miscellaneous income is forecasted to be \$1.0 million (17.4 per cent) favourable to budget.

6. Consolidated Expenses by Segment

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

| CONSOLIDATED EXPENSES BY SEGMENT Six months ending June 30 (\$ thousands) | ACTUAL TO BUDGET | | | | FORECAST TO BUDGET | | | |
|---|------------------|----------------|-----------------|-------------|--------------------|------------------|-------------------|-------------|
| | YTD | YTD | Budget Variance | | Annual | Annual | Forecast Variance | |
| | 2019 | 2019 | Fav/(Unfav) | % | 2019 | 2019 | Fav/(Unfav) | % |
| | ACTUAL | BUDGET | | | Q2 FORECAST | BUDGET** | | |
| Bus Operations | 372,721 | 381,991 | 9,270 | 2.4% | 770,136 | 777,819 | 7,683 | 1.0% |
| Rail Operations | 158,422 | 162,233 | 3,811 | 2.3% | 325,538 | 326,870 | 1,332 | 0.4% |
| Transit Police | 19,516 | 20,418 | 902 | 4.4% | 40,740 | 40,845 | 105 | 0.3% |
| Corporate Operations | 46,821 | 49,570 | 2,749 | 5.5% | 101,000 | 102,133 | 1,133 | 1.1% |
| Roads & Bridges | 34,813 | 35,529 | 716 | 2.0% | 98,398 | 94,691 | (3,707) | (3.9%) |
| Amortization of Capital Assets* | 101,117 | 105,459 | 4,342 | 4.1% | 217,738 | 226,513 | 8,775 | 3.9% |
| Interest* | 92,464 | 90,851 | (1,613) | (1.8%) | 182,845 | 185,118 | 2,273 | 1.2% |
| Sub Total Continuing Operations | 825,874 | 846,051 | 20,177 | 2.4% | 1,736,395 | 1,753,989 | 17,594 | 1.0% |
| Corporate - Onetime | 7,412 | 36,172 | 28,760 | 79.5% | 55,049 | 70,576 | 15,527 | 22.0% |
| Total Expenses by Segment | 833,286 | 882,223 | 48,937 | 5.5% | 1,791,444 | 1,824,565 | 33,121 | 1.8% |

* Amortization and Interest shown separately to facilitate analysis

** Restated to reflect budget transfers

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 second quarter of 2019, CMBC commissioned 55 new conventional buses, 63 diesel electric hybrid articulated buses and 36 HandyDART vehicles which are all now in service. CMBC has also received four battery-electric buses and installed the on-route overhead fast chargers at the Marpole and 22nd Street Stations.

| BUS OPERATIONS BY CATEGORY Six months ending June 30 (\$ thousands) | ACTUAL TO BUDGET | | | | FORECAST TO BUDGET | | | |
|---|------------------|----------------|-----------------|-------------|--------------------|----------------|-------------------|-------------|
| | YTD | YTD | Budget Variance | | Annual | Annual | Forecast Variance | |
| | 2019 | 2019 | Fav/(Unfav) | % | 2019 | 2019 | Fav/(Unfav) | % |
| | ACTUAL | BUDGET | | | Q2 FORECAST | BUDGET | | |
| Administration | 8,680 | 9,891 | 1,211 | 12.2% | 19,869 | 20,210 | 341 | 1.7% |
| Contracted Services | 37,677 | 38,314 | 637 | 1.7% | 77,870 | 77,689 | (181) | (0.2%) |
| Fuel and Power | 25,564 | 30,318 | 4,754 | 15.7% | 54,878 | 63,543 | 8,665 | 13.6% |
| Insurance | 10,900 | 10,913 | 13 | 0.1% | 23,475 | 22,629 | (846) | (3.7%) |
| Maintenance, Materials and Utilities | 37,259 | 35,675 | (1,584) | (4.4%) | 74,706 | 73,154 | (1,552) | (2.1%) |
| Professional and Legal | 1,361 | 1,699 | 338 | 19.9% | 3,785 | 3,923 | 138 | 3.5% |
| Rentals, Leases and Property Tax | 7,184 | 7,803 | 619 | 7.9% | 15,301 | 15,624 | 323 | 2.1% |
| Salaries, Wages and Benefits | 244,096 | 247,378 | 3,282 | 1.3% | 500,252 | 501,047 | 795 | 0.2% |
| Total Expenses by Category | 372,721 | 381,991 | 9,270 | 2.4% | 770,136 | 777,819 | 7,683 | 1.0% |

For the six months ending June 30, the Bus Division was \$9.3 million (2.4 per cent) favourable to budget mainly due to lower fuel costs attributed to lower prices, driven by removal of the diesel fixed price contract and lower consumption as fewer service hours and Access Transit trips were delivered than expected. In addition, temporary vacancies and greater taxi usage compared to HandyDART contributed to the favourable variance, partly offset by higher than expected snow removal costs.

Bus operating expenses are forecasted to be \$7.7 million (1.0 per cent) favourable to budget at year-end mainly due to lower fuel costs and vacancy savings, partly offset by higher overtime, higher operator costs due to increased service hours for the remainder of the year, higher maintenance costs and increased insurance costs.

Service Delivery

| BUS OPERATIONS | | | | | | | |
|--|-------------------|-------------------|------------------|----------------|-------------------|--------------------|---------------|
| Six months ending June 30 | YTD | YTD | Change | | YTD | Budget Variance | |
| | 2019 | 2018 | Fav/(Unfav) | % | 2019 | Fav/(Unfav) | % |
| | ACTUAL | ACTUAL | | | BUDGET | | |
| SERVICE HOURS | | | | | | | |
| CMBC Operations | 2,537,871 | 2,491,301 | 46,570 | 1.9% | 2,570,549 | (32,678) | (1.3%) |
| Conventional Bus | 2,269,693 | 2,212,669 | 57,024 | 2.6% | 2,288,032 | (18,339) | (0.8%) |
| Community Shuttle | 262,134 | 272,586 | (10,452) | (3.8%) | 276,406 | (14,272) | (5.2%) |
| SeaBus | 6,044 | 6,046 | (2) | (0.0%) | 6,111 | (67) | (1.1%) |
| Contracted Transit Services | 118,423 | 131,203 | (12,780) | (9.7%) | 117,100 | 1,323 | 1.1% |
| West Vancouver | 58,485 | 71,284 | (12,799) | (18.0%) | 56,490 | 1,995 | 3.5% |
| Contract Community Shuttle | 59,938 | 59,919 | 19 | 0.0% | 60,610 | (672) | (1.1%) |
| Conventional Transit Service Hours | 2,656,294 | 2,622,504 | 33,790 | 1.3% | 2,687,649 | (31,355) | (1.2%) |
| SERVICE KILOMETRES | | | | | | | |
| CMBC Operations | 49,285,798 | 48,586,183 | 699,615 | 1.4% | 50,465,808 | (1,180,010) | (2.3%) |
| Conventional Bus | 43,871,614 | 42,918,329 | 953,285 | 2.2% | 44,629,418 | (757,804) | (1.7%) |
| Community Shuttle | 5,332,481 | 5,586,127 | (253,646) | (4.5%) | 5,753,775 | (421,294) | (7.3%) |
| SeaBus | 81,703 | 81,727 | (24) | (0.0%) | 82,615 | (912) | (1.1%) |
| Contracted Transit Services | 2,537,599 | 2,853,551 | (315,952) | (11.1%) | 2,545,792 | (8,193) | (0.3%) |
| West Vancouver | 1,151,408 | 1,513,792 | (362,384) | (23.9%) | 1,200,410 | (49,002) | (4.1%) |
| Contract Community Shuttle | 1,386,191 | 1,339,759 | 46,432 | 3.5% | 1,345,382 | 40,809 | 3.0% |
| Conventional Transit Service Kilometres | 51,823,397 | 51,439,734 | 383,663 | 0.7% | 53,011,600 | (1,188,203) | (2.2%) |

Compared to the first six months of last year, there were 33,790 (1.3 per cent) more service hours and 383,663 (0.7 per cent) more service kilometers delivered. Service hours were higher mainly due to service expansion implemented as approved in the Investment Plan.

For the first half of 2019, actual service hours delivered were under budget by 31,355 (1.2 per cent) and service kilometres were under budget by 1,188,203 kilometres (2.2 per cent). Service hours were lower than budget as a result of day-to-day service cancellations partly offset by additional hours due to differences from planned scheduling and other service adjustments related to traffic congestion and road conditions.

| ACCESS TRANSIT | | | | | | | |
|-----------------------------------|------------------|------------------|----------------|-------------|------------------|-----------------|---------------|
| Six months ending June 30 | YTD | YTD | Change | | YTD | Budget Variance | |
| | 2019 | 2018 | Fav/(Unfav) | % | 2019 | Fav/(Unfav) | % |
| | ACTUAL | ACTUAL | | | BUDGET | | |
| Service Kilometres | 5,058,977 | 4,914,895 | 144,082 | 2.9% | 5,117,785 | (58,808) | (1.1%) |
| Access Transit Trips | | | | | | | |
| Trips - HandyDART | 593,169 | 587,584 | 5,585 | 1.0% | 635,225 | (42,056) | (6.6%) |
| Trips - Taxi Supplement | 83,244 | 68,885 | 14,359 | 20.8% | 50,984 | 32,260 | 63.3% |
| Total Access Transit Trips | 676,413 | 656,469 | 19,944 | 3.0% | 686,209 | (9,796) | (1.4%) |

Total Access Transit trips provided in the first six months of 2019 were 19,944 (3.0 per cent) higher compared to the same period in 2018 as a result of higher demand and service increases supported by the Mayors' 10-Year Vision.

Compared to budget, total Access Transit trips provided for the first six months of 2019 were 9,796 (1.4 per cent) lower primarily due to 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. Compared to the first quarter, 32,275 additional Access Transit trips were delivered to support the continued service demand.

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 TransLink’s agreement with InTransit BC for the operation and maintenance of the Canada Line.

In the second quarter of 2019, BCRTC completed the Joyce-Collingwood station Phase II upgrade to increase capacity and accommodate growth. One new train was fully tested and commissioned in the second quarter and brought into full revenue service in May. This brings our available fleet to 294 rail cars. In addition, the first of 50 system-wide digital kiosks was installed at Surrey Central SkyTrain Station. Commuters will be able to access the latest transit information and plan their trips using different modes of transportation around the TransLink network.

| RAIL OPERATIONS BY CATEGORY Six months ending June 30 (\$ thousands) | ACTUAL TO BUDGET | | | | FORECAST TO BUDGET | | | |
|--|------------------|----------------|-----------------|-------------|--------------------|----------------|-------------------|-------------|
| | YTD | YTD | Budget Variance | | Annual | Annual | Forecast Variance | |
| | 2019 | 2019 | Fav/(Unfav) | % | 2019 | 2019 | Fav/(Unfav) | % |
| | ACTUAL | BUDGET | | | Q2 FORECAST | BUDGET | | |
| Administration | 2,573 | 3,687 | 1,114 | 30.2% | 6,284 | 7,033 | 749 | 10.6% |
| Contracted Services | 61,681 | 62,451 | 770 | 1.2% | 125,936 | 126,649 | 713 | 0.6% |
| Fuel and Power | 8,256 | 8,511 | 255 | 3.0% | 16,720 | 16,997 | 277 | 1.6% |
| Insurance | 2,781 | 2,733 | (48) | (1.8%) | 5,510 | 5,467 | (43) | (0.8%) |
| Maintenance, Materials and Utilities | 24,136 | 21,976 | (2,160) | (9.8%) | 47,689 | 44,836 | (2,853) | (6.4%) |
| Professional and Legal | 1,352 | 2,775 | 1,423 | 51.3% | 4,589 | 4,953 | 364 | 7.3% |
| Rentals, Leases and Property Tax | 617 | 1,112 | 495 | 44.5% | 2,141 | 2,226 | 85 | 3.8% |
| Salaries, Wages and Benefits | 57,026 | 58,988 | 1,962 | 3.3% | 116,669 | 118,709 | 2,040 | 1.7% |
| Total Expenses by Category | 158,422 | 162,233 | 3,811 | 2.3% | 325,538 | 326,870 | 1,332 | 0.4% |

For the six months ended June 30, operating expenses were \$3.8 million (2.3 per cent) under budget. The positive results include temporary vacancy savings, timing of consulting fees and favourable hydro rates, partly offset by higher maintenance costs.

Rail operations is forecasted to be \$1.3 million (0.4 per cent) favourable to budget mainly due to lower labour costs driven by temporary vacancies and less than anticipated contract services costs, partly offset by snow and ice removal costs and increased maintenance activities.

Service Delivery

| RAIL OPERATIONS | | | | | | | |
|---|-------------------|-------------------|------------------|---------------|-------------------|------------------|---------------|
| Six months ending June 30 | YTD | YTD | Change | | YTD | Budget Variance | |
| | 2019 | 2018 | | | 2019 | | |
| | ACTUAL | ACTUAL | Fav/(Unfav) | % | BUDGET | Fav/(Unfav) | % |
| SERVICE HOURS | | | | | | | |
| SkyTrain: Expo & Millennium Lines | 653,270 | 667,508 | (14,238) | (2.1%) | 666,498 | (13,228) | (2.0%) |
| SkyTrain: Canada Line* | 100,624 | 100,694 | (70) | (0.1%) | 100,624 | - | - |
| West Coast Express | 18,166 | 18,372 | (206) | (1.1%) | 18,244 | (78) | (0.4%) |
| Rail Operations Service Hours | 772,060 | 786,574 | (14,514) | (1.8%) | 785,366 | (13,306) | (1.7%) |
| SERVICE KILOMETRES | | | | | | | |
| SkyTrain: Expo & Millennium Lines | 26,326,786 | 26,900,589 | (573,803) | (2.1%) | 26,859,812 | (533,026) | (2.0%) |
| SkyTrain: Canada Line* | 3,240,117 | 3,242,381 | (2,264) | (0.1%) | 3,240,117 | - | - |
| West Coast Express | 684,452 | 692,088 | (7,636) | (1.1%) | 687,455 | (3,003) | (0.4%) |
| Rail Operations Service Kilometres | 30,251,355 | 30,835,058 | (583,703) | (1.9%) | 30,787,384 | (536,029) | (1.7%) |

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

The total Rail operations service levels in the first six quarters of 2019 decreased by 14,514 (1.8 per cent) service hours and 583,703 (1.9 per cent) service kilometres compared to 2018 mainly due to the increased usage of higher capacity Mark III trains requiring less service hours to deliver the same service.

Compared to budget, the Expo and Millennium Lines service hours and service kilometres were unfavourable by 13,228 (2.0 per cent) and 533,026 (2.0 per cent), respectively, mainly due to severe winter weather resulting in service delays. The planned service increase was also delayed due to later than expected delivery of the new Mark III trains.

WCE service hours and service kilometres were slightly below budget due to the cancellation of one train trip resulting from a conductor error.

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 second quarter of 2019, Transit Police produced an information brochure on copper wire theft from trolley overhead to inform the public of ensuring safety around live wires and encouraging reporting of suspicious activity. In addition, a Bait Bike Project was launched to address an increase in bike thefts and the Transit Police Explosive Scent Detection Dog Teams completed training in vapour scent explosive detection.

| Six months ending June 30 (\$ thousands) | ACTUAL TO BUDGET | | FORECAST TO BUDGET | | | | | |
|---|------------------|---------------|--------------------|-------------|---------------|---------------|-------------------|-------------|
| | YTD | YTD | Budget Variance | | Annual | Annual | Forecast Variance | |
| | 2019 | 2019 | Fav/(Unfav) | % | 2019 | 2019 | Fav/(Unfav) | % |
| | ACTUAL | BUDGET | | | Q2 FORECAST | BUDGET | | |
| Administration | 1,672 | 1,827 | 155 | 8.5% | 3,729 | 3,801 | 72 | 1.9% |
| Insurance | 24 | 25 | 1 | 4.0% | 50 | 50 | - | - |
| Maintenance, Materials and Utilities | 808 | 607 | (201) | (33.1%) | 1,450 | 1,185 | (265) | (22.4%) |
| Professional and Legal | 100 | 187 | 87 | 46.5% | 359 | 384 | 25 | 6.5% |
| Rentals, Leases and Property Tax | 955 | 984 | 29 | 2.9% | 2,185 | 2,193 | 8 | 0.4% |
| Salaries, Wages and Benefits | 15,957 | 16,788 | 831 | 4.9% | 32,967 | 33,232 | 265 | 0.8% |
| Total Expenses by Category | 19,516 | 20,418 | 902 | 4.4% | 40,740 | 40,845 | 105 | 0.3% |

Transit Police operating expenses were \$902 thousand (4.4 per cent) favourable to budget in the first six months of 2019. The favourable variance is mainly due to vacancy savings, timing of expenses related to IT software license and support as well as lower than expected professional fees. The favourable variance was partly offset by additional vehicle costs and the purchase of police equipment.

Corporate Operations

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

In the second quarter of 2019, TransLink installed and activated 22 Train Passenger Information Displays (T-PIDS), installed 15 Entrance Passenger Information Displays (E-PIDS) and upgraded CCTV cameras at Edmonds, Columbia and Joyce-Collingwood Stations. The first phase of public engagement for our 30-Year Regional Strategy, Transport 2050 was launched. This will be a blueprint for the future of transportation in Metro Vancouver. TransLink also implemented new services on the Compass Card website to improve customer experience.

| CORPORATE OPERATIONS BY CATEGORY Six months ending June 30 (\$ thousands) | ACTUAL TO BUDGET | | | | FORECAST TO BUDGET | | | |
|---|------------------|---------------|-----------------|-------------|--------------------|----------------|-------------------|-------------|
| | YTD 2019 | YTD 2019 | Budget Variance | | Annual 2019 | Annual 2019 | Forecast Variance | |
| | ACTUAL | BUDGET | Fav/(Unfav) | % | Q2 FORECAST | BUDGET* | Fav/(Unfav) | % |
| Administration | 8,856 | 9,371 | 515 | 5.5% | 18,876 | 19,132 | 256 | 1.3% |
| Contracted Services | 6,725 | 7,022 | 297 | 4.2% | 14,064 | 14,043 | (21) | (0.1%) |
| Insurance | 103 | 100 | (3) | (3.0%) | 29 | 201 | 172 | 85.6% |
| Maintenance, Materials and Utilities | 935 | 745 | (190) | (25.5%) | 1,895 | 1,595 | (300) | (18.8%) |
| Professional and Legal | 3,815 | 5,452 | 1,637 | 30.0% | 12,052 | 11,495 | (557) | (4.8%) |
| Rentals, Leases and Property Tax | 5,319 | 4,868 | (451) | (9.3%) | 10,052 | 9,941 | (111) | (1.1%) |
| Salaries, Wages and Benefits | 21,068 | 22,012 | 944 | 4.3% | 44,032 | 45,726 | 1,694 | 3.7% |
| Total Expenses by Category | 46,821 | 49,570 | 2,749 | 5.5% | 101,000 | 102,133 | 1,133 | 1.1% |

* Restated to reflect budget transfers

For the first six months of 2019, expenses were \$2.7 million (5.5 per cent) favourable to budget. The favourable variance was mainly due to timing of professional fees and temporary vacancies, partly offset by the timing of salary capitalization. Corporate operations are forecasted to be \$1.1 million (1.1 per cent) favourable to budget mainly as a result of vacancy savings.

Roads and Bridges

Total expenditures for Roads and Bridges in the second quarter of 2019 were \$716 thousand (2.0 per cent) favourable to budget mainly due to timing difference of bridge operating expenses and consulting fees, partly offset by higher than expected property taxes due to reclassification of TransLink-owned properties from tax-exempt to taxable. Roads and Bridges are forecasted to be \$3.7 million (3.9 per cent) unfavourable to budget mainly due to municipal projects being completed at a faster rate than expected, an increase in bridge maintenance contract expenses and non-routine bridge repair costs.

Amortization

Amortization was \$4.3 million (4.1 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. Amortization is forecasted to be \$8.8 million (3.9 per cent) under budget mainly due to delays in revenue vehicle deliveries, changes in the estimated useful lives of the Richmond and Vancouver Transit Centres and timing of project capitalization of station upgrades.

Interest

Interest expense for the first six months of 2019 was \$1.6 million (1.8 per cent) unfavourable to budget mainly due to asset ownership changes from funding agreements resulting in reduced interest capitalization, partially offset by lower interest rates and debt. The full year forecast is expected to be \$2.3 million (1.2 per cent) favourable to budget mainly due to lower than budgeted interest rates and a reduced debt issue, partly offset by lower than budgeted interest capitalization during construction.

Corporate – One-time Costs

Corporate One-time costs were \$28.8 million (79.5 per cent) favourable to budget mainly due to timing in B-Line construction, feasibility studies and projects. The forecast is \$15.5 million (22.0 per cent) favourable to budget mainly due to timing of B-Line costs as well as delays in feasibility studies and projects.

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 June 30, 2019, TransLink's total capital program budget was \$5.5 billion, including:

- \$1.8 billion in active capital projects;
- \$1.9 billion in Approved-In-Principle (AIP) capital projects;
- \$1.3 billion in substantially complete capital projects; and
- \$394.5 million in capital infrastructure contributions to municipalities.

| SUMMARY OF CAPITAL PROGRAM | | | | | | |
|--|-----------------------|-------------------------|------------------------|--|-------------|--|
| As of June 30, 2019 (\$ thousands) | Number of Projects | Total Current Budget | Final Forecast Cost | Forecast Variance to Current Budget | | Senior Government Funding (Committed) |
| | | | | Fav/(Unfav) | % | |
| Capital Projects | | | | | | |
| Active | 131 | 1,837,657 | 1,810,960 | 26,697 | 1.5% | 1,024,909 |
| AIP | 45 | 1,902,937 | 1,902,937 | - | - | 1,469,046 |
| Subtotal | 176 | 3,740,594 | 3,713,897 | 26,697 | 0.7% | 2,493,955 |
| Substantially Complete | 70 | 1,313,412 | 1,285,007 | 28,405 | 2.2% | 580,536 |
| Closed | 16 | 62,529 | 60,316 | 2,213 | 3.5% | 38,172 |
| Cancelled | 2 | 5,147 | 5,147 | - | - | - |
| Subtotal | 88 | 1,381,088 | 1,350,470 | 30,618 | 2.2% | 618,708 |
| Capital Infrastructure Contributions - Active | | | | | | |
| Active | 26 | 394,516 | 393,771 | 744 | 0.2% | - |
| Subtotal | 26 | 394,516 | 393,771 | 744 | 0.2% | - |
| Total Capital Program | 290 | 5,516,198 | 5,458,138 | 58,059 | 1.1% | 3,112,663 |

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 government transfers revenue 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 June 30, 2019, there were 201 active and substantially complete projects with a final forecasted cost of \$3.1 billion. The total cash flows for projects during the first two quarters of year were \$318.4 million.

| SUMMARY OF ACTIVE PROJECTS | | | | | | | | |
|---|-----------------------|-------------------|----------------------|-----------------------------------|------------------------|--|-------------|--|
| As of June 30, 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 | 155,022 | 11,782 | 20,891 | 156,728 | (1,706) | (1.1%) | 44,253 |
| Infrastructure | 64 | 641,420 | 44,145 | 164,823 | 642,751 | (1,331) | (0.2%) | 137,381 |
| Major Construction | 3 | 102,077 | 6,400 | 63,010 | 89,130 | 12,947 | 12.7% | 57,000 |
| Technology | 19 | 64,736 | 5,208 | 23,855 | 58,487 | 6,249 | 9.7% | - |
| Vehicle | 25 | 874,402 | 101,957 | 428,200 | 863,864 | 10,538 | 1.2% | 786,276 |
| Subtotal (Active Capital Projects) | 131 | 1,837,657 | 169,492 | 700,779 | 1,810,960 | 26,697 | 1.5% | 1,024,909 |
| Substantially Complete | 70 | 1,313,412 | 148,921 | 1,260,704 | 1,285,007 | 28,405 | 2.2% | 580,536 |
| Total Active Capital Projects | 201 | 3,151,069 | 318,413 | 1,961,483 | 3,095,967 | 55,102 | 1.7% | 1,605,445 |

Active Capital Projects

As of June 30, 2019, there were 131 active projects with expenditures of \$169.5 million in the first two quarters of 2019 and \$700.8 million in cumulative spending to date. A comparison of project budgets against forecasted final costs show a favourable variance of \$26.7 million (1.5 per cent).

Infrastructure spending of \$44.1 million year to date includes a total of \$20.7 million spent on SkyTrain station upgrade projects for replacing platform LED screens, running rail replacements, and expansion of the Coquitlam vehicle storage facility. Other projects include bus exchange upgrades, investments for B-Line, and other facility state of good repairs. These upgrades will improve customer experience once completed as they address system capacity issues.

Vehicle spending of \$102.0 million in the first half of the year related mainly to the procurement of Mark III SkyTrain vehicles, bus replacements and bus expansion vehicles. These projects add to the existing rail and bus fleet to support further service increases and maintain a state of good repair.

Major Construction spending of \$6.4 million for the first half of 2019 included the Surrey Langley SkyTrain and Broadway Subway projects. The Broadway Subway project is being delivered by the Province of BC.

Substantially Complete Capital Projects

As of June 30, there were 70 projects with a total budget of \$1.3 billion deemed substantially complete with \$148.9 million spent year to date. These projects are in the final stages of project activity. The total expected favourable variance based on current budget for these projects at completion is \$28.4 million (2.2 per cent) mainly due to the Commercial Broadway Skytrain Station upgrades, Surrey Central SkyTrain Station upgrades, Metrotown SkyTrain Station and Exchange upgrades and the Open Payment Acceptance at Compass projects all expected to complete under budget.

Other notable projects that were substantially completed in the second quarter include:

- 2017 Conventional Bus Replacement; and
- 2018 Conventional 40' Bus Expansion.

Approved in Principle (AIP) Capital Projects

As of June 30, there were 45 AIP projects to be initiated with a total budget of \$1.9 billion. Of the 45 projects, 7 projects with a budget of \$27.1 million were carried forward from 2018 and 38 projects with a budget of \$1.9 billion are new in 2019. In the second quarter, 15 projects were initiated and the majority of the remaining AIP projects are expected to be initiated during the remainder of the year.

| SUMMARY OF AIP PROJECTS | | | |
|---------------------------------------|-----------------------|-------------------|--|
| As of June 30, 2019 (\$ thousands) | Number of Projects | Current Budget | Senior Government Funding (Committed) |
| Capital Projects | | | |
| Equipment | 7 | 60,420 | - |
| Infrastructure | 21 | 133,095 | 31,950 |
| Major Construction | 3 | 700,822 | 495,926 |
| Technology | 10 | 66,730 | - |
| Vehicle | 4 | 941,870 | 941,170 |
| Total AIP Projects | 45 | 1,902,937 | 1,469,046 |

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

Closed Capital Projects

As of June 30, 2019, 16 projects with a final cost of \$60.3 million and an approved budget of \$62.5 million were completed and closed. Significant closed projects include 2012 Conventional Vehicles Replacement, 2015 HandyDART Vehicles Replacement and IT Equipment Replacement 2015 Program.

Cancelled Capital Projects

As of June 30, 2019, two AIP projects with a budget of \$5.1 million were 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 June 30, there were 26 active programs with a budget of \$394.5 million. The 2019 contribution program dedicated \$75.0 million in funding for regional road improvements, seismic upgrades, bicycle route upgrades and improvements around stations for access and safety improvements.

8. Changes in Financial Position

| Consolidated Statement of Financial Position | | | |
|--|--------------------|---------------------|------------------|
| (\$ thousands) | June 30 2019 | December 31 2018 | Change |
| Cash and cash equivalents | 391,275 | 517,022 | (125,747) |
| Accounts receivable | 320,283 | 250,598 | 69,685 |
| Loan receivable | 253,368 | 250,734 | 2,634 |
| Restricted cash and cash equivalents and investments | 780,835 | 979,894 | (199,059) |
| Investments | 41,461 | 61,173 | (19,712) |
| Debt reserve deposits | 29,726 | 29,421 | 305 |
| Financial Assets | 1,816,948 | 2,088,842 | (271,894) |
| Accounts payable and accrued liabilities | 272,285 | 340,267 | (67,982) |
| Debt | 2,635,189 | 2,665,085 | (29,896) |
| Deferred government transfers | 1,070,431 | 1,249,094 | (178,663) |
| Golden Ears Bridge contractor liability | 1,037,105 | 1,040,378 | (3,273) |
| Deferred concessionaire credit | 490,971 | 502,512 | (11,541) |
| Employee future benefits | 141,748 | 139,653 | 2,095 |
| Deferred revenue and deposits | 60,850 | 55,136 | 5,714 |
| Deferred lease inducements | 12,547 | 12,544 | 3 |
| Liabilities | 5,721,126 | 6,004,669 | (283,543) |
| Net Debt | (3,904,178) | (3,915,827) | 11,649 |
| Tangible capital assets | 5,259,883 | 5,079,162 | 180,721 |
| Supplies inventory | 79,656 | 74,244 | 5,412 |
| Prepaid expenses | 35,780 | 28,206 | 7,574 |
| Non-Financial Assets | 5,375,319 | 5,181,612 | 193,707 |
| Accumulated Surplus | 1,471,141 | 1,265,785 | 205,356 |
| Accumulated surplus is comprised of: | | | |
| Accumulated operating surplus | 1,479,966 | 1,265,785 | |
| Accumulated remeasurement losses | (8,825) | - | |
| | <u>1,471,141</u> | <u>1,265,785</u> | |

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 \$69.7 million (27.8 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 transfer of \$178.7 million (14.3 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 \$5.7 million (10.4 per cent) was attributable to unearned transit fare and program revenues as well as Compass Card deposits.

Non-Financial Assets

Capital assets increased by \$180.7 million (3.6 per cent) due to asset additions of \$281.9 million offset by amortization of \$101.0 million. See "Investments in Capital Assets" for discussion on project activities.

Accumulated Surplus

In May 2019, TransLink entered into a derivative contract to capitalize on recent low interest rates in preparation for a planned bond issuance in the fall. However, as long-term interest rates have continued to decline, this has resulted in an unrealized remeasurement loss of \$8.8 million as at June 30, 2019. This contract will be settled on or before November 15, 2019, at which time a gain or loss will be realized depending on the interest rate at that time.

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) | June 30 2019 | December 31 2018 | Change |
| Cash and cash equivalents | 391,275 | 517,022 | (125,747) |
| Investments | 41,461 | 61,173 | (19,712) |
| Total Unrestricted cash and investments | 432,736 | 578,195 | (145,459) |

TransLink's unrestricted cash and investment balances reflect accumulated funding resources available for supporting operations. The balance decreased by \$145.5 million in the first six months of 2019 as a result of regular cash outlays to support current operations and properly service debt obligations. These balances are expected to increase in the third quarter when TransLink receives property tax remittances from municipalities.

Liquidity is further supported by a \$500.0 million Commercial Paper program, of which \$120.0 million was outstanding as at June 30, 2019 (December 31, 2018: \$120.0 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) | June 30 2019 | December 31 2018 | Change |
| Unspent government transfers | 329,964 | 533,538 | (203,574) |
| TPCC's investments | 23,956 | 25,095 | (1,139) |
| Green Bond Proceeds | 61 | 11,688 | (11,627) |
| Restricted Land Reserve | 137,319 | 145,330 | (8,011) |
| Self administered sinking funds | 289,535 | 264,243 | 25,292 |
| Total Restricted cash and investments | 780,835 | 979,894 | (199,059) |

Restricted cash and investments decreased mainly due to releases to fund qualifying capital spending, offset by contributions to the self-administered sinking fund and reinvestment of sinking fund 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 June 30, 2019, TransLink's outstanding debt obligation, as defined above, was \$3.2 billion¹ (December 31, 2018: \$3.2 billion).

| FINANCING | | | | | |
|--|------------------|---------------|---------------------|---------------|-----------------|
| (\$ thousands) | June 30 2019 | | December 31 2018 | | Change |
| Debt | 2,635,189 | | 2,665,085 | | (29,896) |
| Less: Self-administered sinking funds | (289,535) | | (264,243) | | (25,292) |
| Less: Debt reserve deposits | (29,726) | | (29,421) | | (305) |
| Net Direct Debt | 2,315,928 | 60.2% | 2,371,421 | 60.6% | (55,493) |
| Golden Ears Bridge contractor liability | 1,037,105 | | 1,040,378 | | (3,273) |
| Deferred concessionaire credit | 490,971 | | 502,512 | | (11,541) |
| Indirect P3 Debt | 1,528,076 | 39.8% | 1,542,890 | 39.4% | (14,814) |
| Subtotal Net Direct Debt and Indirect P3 Debt | 3,844,004 | 100.0% | 3,914,311 | 100.0% | (70,307) |

Net direct debt decreased by \$55.5 million mainly due to scheduled debt payments and contributions to TransLink's self-administered sinking funds during the first six months.

Indirect P3 debt, which includes the liability owed to the Golden Ears Bridge contractor and the Canada Line deferred concessionaire credit, declined by \$14.8 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 June 30, 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 \$2.64 billion plus MFA administered sinking funds of \$0.61 billion and net of capital lease reductions since inception, unamortised issuance costs and unamortised premium/discounts of \$0.03 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)

June 30, 2019, with comparative information for December 31, 2018

| | June 30 2019 | December 31 2018 |
|--|---------------------|---------------------|
| Financial assets | | |
| Cash and cash equivalents | \$ 391,275 | \$ 517,022 |
| Accounts receivable | 320,283 | 250,598 |
| Loan receivable | 253,368 | 250,734 |
| Restricted cash and cash equivalents and investments | 780,835 | 979,894 |
| Investments | 41,461 | 61,173 |
| Debt reserve deposits | 29,726 | 29,421 |
| | 1,816,948 | 2,088,842 |
| Liabilities | | |
| Accounts payable and accrued liabilities | 272,285 | 340,267 |
| Debt | 2,635,189 | 2,665,085 |
| Deferred government transfers | 1,070,431 | 1,249,094 |
| Golden Ears Bridge contractor liability | 1,037,105 | 1,040,378 |
| Deferred concessionaire credit | 490,971 | 502,512 |
| Employee future benefits | 141,748 | 139,653 |
| Deferred revenue and deposits | 60,850 | 55,136 |
| Deferred lease inducements | 12,547 | 12,544 |
| | 5,721,126 | 6,004,669 |
| Net debt | (3,904,178) | (3,915,827) |
| Non-financial assets | | |
| Tangible capital assets | 5,259,883 | 5,079,162 |
| Supplies inventory | 79,656 | 74,244 |
| Prepaid expenses | 35,780 | 28,206 |
| | 5,375,319 | 5,181,612 |
| Accumulated surplus | \$ 1,471,141 | \$ 1,265,785 |
| Accumulated surplus is comprised of: | | |
| Accumulated operating surplus | 1,479,966 | 1,265,785 |
| Accumulated remeasurement loss | (8,825) | - |
| | 1,471,141 | 1,265,785 |

Consolidated Statement of Operations

SOUTH COAST BRITISH COLUMBIA TRANSPORTATION AUTHORITY

Consolidated Statement of Operations
(Expressed in thousands of dollars)

Six months ended June 30, 2019, with comparative information for June 30, 2018

| | 2019 Budget | 2019 Actual | 2018 Actual |
|--|----------------|----------------|----------------|
| Revenues: | | | |
| Taxation | \$ 419,508 | \$ 441,732 | \$ 399,558 |
| Transit | 324,263 | 331,985 | 306,903 |
| Government transfers | 244,868 | 230,296 | 78,299 |
| Amortization of deferred concessionaire credit | 11,541 | 11,541 | 11,541 |
| Investment income | 25,181 | 27,581 | 25,475 |
| Miscellaneous revenue | 2,639 | 4,369 | 3,751 |
| Gain (loss) on disposal of tangible capital assets | (41) | (37) | 33 |
| | 1,027,959 | 1,047,467 | 825,560 |
| Expenses: | | | |
| Bus operations | 457,512 | 447,447 | 424,148 |
| Corporate operations | 100,231 | 67,109 | 63,807 |
| Rail operations | 219,472 | 215,629 | 208,988 |
| Roads and bridges | 84,059 | 83,378 | 87,156 |
| Transit Police | 20,949 | 19,723 | 19,088 |
| | 882,223 | 833,286 | 803,187 |
| Operating surplus for the period | 145,736 | 214,181 | 22,373 |
| Accumulated operating surplus, beginning of period | 1,266,771 | 1,265,785 | 1,080,315 |
| Accumulated operating surplus, end of period | \$ 1,412,507 | \$ 1,479,966 | \$ 1,102,688 |

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)

Six months ended June 30, 2019, with comparative information for June 30, 2018

| | 2019 | | 2018 |
|---|----------------|----|-------------|
| | Actual | | Actual |
| Operating surplus for the period | \$ 214,181 | \$ | 22,373 |
| Acquisition of tangible capital assets | (281,912) | | (132,232) |
| Amortization of tangible capital assets | 101,117 | | 93,980 |
| Loss (gain) on disposal of tangible capital assets | 37 | | (33) |
| Net proceeds from disposal of tangible capital assets | 37 | | 446 |
| Unrealized remeasurement loss | (8,825) | | - |
| | (189,546) | | (37,839) |
| Change in supplies inventory | (5,412) | | (694) |
| Change in prepaid expenses | (7,574) | | (9,868) |
| | (12,986) | | (10,562) |
| Decrease (increase) in net debt | 11,649 | | (26,028) |
| Net debt, beginning of period | (3,915,827) | | (3,913,622) |
| Net debt, end of period | \$ (3,904,178) | \$ | (3,939,650) |

Consolidated Statement of Cash Flows

SOUTH COAST BRITISH COLUMBIA TRANSPORTATION AUTHORITY

Consolidated Statement of Cash Flows

(Expressed in thousands of dollars)

Six months ended June 30, 2019, with comparative information for June 30, 2018

| | 2019 | 2018 |
|--|------------|------------|
| Cash provided by (used for): | | |
| Operating transactions: | | |
| Operating surplus for the period | \$ 214,181 | \$ 22,373 |
| Non-cash changes to operations | (101,167) | 42,592 |
| Changes in non-cash operating working capital | (154,303) | (208,373) |
| Cash used for operating transactions | (41,289) | (143,408) |
| Capital transactions: | | |
| Purchase of tangible capital assets | (281,738) | (131,860) |
| Net proceeds from disposal of tangible capital assets | 37 | 446 |
| Cash used for capital transactions | (281,701) | (131,414) |
| Investing transactions: | | |
| Decrease (increase) in restricted cash and investments | 199,059 | (60,284) |
| Decrease (increase) in investments | 19,712 | (87) |
| Increase in debt reserve deposits | (305) | (321) |
| Cash provided by (used for) investing transactions | 218,466 | (60,692) |
| Financing transactions: | | |
| Debt proceeds | - | 120,000 |
| Repayments of debt | (29,952) | (34,564) |
| Repayments of Golden Ears Bridge contractor liability | (3,273) | (2,368) |
| Government transfers received for tangible capital additions | 12,002 | 97,074 |
| Cash provided by (used for) financing transactions | (21,223) | 180,142 |
| Decrease in cash and cash equivalents | (125,747) | (155,372) |
| Cash and cash equivalents, beginning of period | 517,022 | 424,010 |
| Cash and cash equivalents, end of period | \$ 391,275 | \$ 268,638 |
| Supplementary information: | | |
| Interest paid | \$ 95,179 | \$ 92,935 |
| Tangible capital assets acquired by capital lease | 174 | 372 |

Segment Report

South Coast British Columbia Transportation Authority

Segment Report

Six months ended June 30, 2019

(in thousands of dollars)

| | 2019 | | | | | Total | 2018 |
|--|----------------|----------------------|-----------------|-------------------|----------------|------------|------------|
| | Bus operations | Corporate operations | Rail operations | Roads and bridges | Transit Police | | |
| Revenues: | | | | | | | |
| Taxation | \$ - | \$ 441,732 | \$ - | \$ - | \$ - | \$ 441,732 | \$ 399,558 |
| Transit | - | 331,985 | - | - | - | 331,985 | 306,903 |
| Government transfers | - | 230,296 | - | - | - | 230,296 | 78,299 |
| Amortization of deferred concessionaire credit | - | - | 11,541 | - | - | 11,541 | 11,541 |
| Investment income | - | 27,581 | - | - | - | 27,581 | 25,475 |
| Miscellaneous revenue | 1,148 | 2,179 | 374 | - | 668 | 4,369 | 3,751 |
| Gain (loss) on disposal of tangible capital assets | - | (37) | - | - | - | (37) | 33 |
| | 1,148 | 1,033,736 | 11,915 | - | 668 | 1,047,467 | 825,560 |
| Expenses: | | | | | | | |
| Administration | 8,680 | 9,143 | 2,573 | 116 | 1,672 | 22,184 | 26,900 |
| Capital infrastructure contributions | - | - | - | 13,223 | - | 13,223 | 2,747 |
| Contracted services | 37,677 | 6,725 | 61,681 | 2,803 | - | 108,886 | 111,310 |
| Fuel and power | 25,564 | - | 8,256 | - | - | 33,820 | 36,197 |
| Insurance | 10,900 | 103 | 2,781 | 489 | 24 | 14,297 | 12,862 |
| Maintenance, materials and utilities | 37,259 | 1,020 | 24,136 | 16,934 | 808 | 80,157 | 75,548 |
| Professional and legal | 1,361 | 10,130 | 1,352 | 344 | 100 | 13,287 | 20,109 |
| Rentals, leases and property tax | 7,184 | 5,319 | 617 | 172 | 955 | 14,247 | 13,460 |
| Salaries, wages and benefits | 244,096 | 21,793 | 57,026 | 732 | 15,957 | 339,604 | 319,353 |
| Expenses before amortization and interest | 372,721 | 54,233 | 158,422 | 34,813 | 19,516 | 639,705 | 618,486 |
| Amortization of tangible capital assets | 46,943 | 8,088 | 35,936 | 10,021 | 129 | 101,117 | 93,980 |
| Interest | 27,783 | 4,788 | 21,271 | 38,544 | 78 | 92,464 | 90,721 |
| Amortization and interest | 74,726 | 12,876 | 57,207 | 48,565 | 207 | 193,581 | 184,701 |
| Total Expenses | 447,447 | 67,109 | 215,629 | 83,378 | 19,723 | 833,286 | 803,187 |
| Operating surplus (deficit), for the period | \$ (446,299) | \$ 966,627 | \$ (203,714) | \$ (83,378) | \$ (19,055) | \$ 214,181 | \$ 22,373 |

Appendix II – Operating Indicators

| OPERATING INDICATORS | YTD | YTD | Change | | YTD | Budget Variance | |
|---|---------|---------|-------------|----------|---------|-----------------|----------|
| | 2019 | 2018 | Fav/(Unfav) | % | 2019 | Fav/(Unfav) | % |
| Three months ending June 30 | ACTUAL | ACTUAL | | | BUDGET | | |
| Service Performance Items | | | | | | | |
| Safety: Customer Injuries (per 1 million boarded passengers, unless otherwise stated) ^{1,2} | | | | | | | |
| Bus & SeaBus | 3.7 | 3.9 | 0.2 | 5.1% | 4.1 | 0.4 | 9.8% |
| SkyTrain: Expo & Millennium Lines | 1.1 | 1.1 | - | - | 1.0 | (0.1) | (10.0%) |
| West Coast Express | 0.8 | 1.6 | 0.8 | 50.0% | 0.4 | (0.4) | (100.0%) |
| HandyDART (per 100,000 boarded passengers) | 6.0 | 2.3 | (3.7) | (160.9%) | 4.7 | (1.3) | (27.7%) |
| Safety: Employee Lost Time Frequency | | | | | | | |
| Bus & SeaBus (per 200,000 Hours Worked) | 7.7 | 7.3 | (0.4) | (5.5%) | 7.6 | (0.1) | (1.3%) |
| SkyTrain: Expo & Millennium Lines (per 200,000 Hours Worked) | 6.8 | 4.7 | (2.1) | (44.7%) | 4.1 | (2.7) | (65.7%) |
| West Coast Express (per 200,000 Hours Worked) | - | - | - | - | - | - | - |
| HandyDART (per 200,000 Hours Worked) | 13.1 | 18.0 | 4.9 | 27.2% | 14.4 | 1.3 | 9.0% |
| Safety: Bus & SeaBus Operator Assaults (per 1 Million Service Hours) | | | | | | | |
| | 18.9 | 14.9 | (4.0) | (26.8%) | 14.9 | (4.0) | (26.8%) |
| Ridership: Boarded Passengers (Thousands) ² | | | | | | | |
| Bus & SeaBus | 139,934 | 133,723 | 6,211 | 4.6% | 134,059 | 5,875 | 4.4% |
| SkyTrain: Expo & Millennium Lines | 56,288 | 54,390 | 1,898 | 3.5% | 57,507 | (1,219) | (2.1%) |
| SkyTrain: Canada Line | 24,438 | 23,546 | 892 | 3.8% | 24,231 | 207 | 0.9% |
| West Coast Express | 1,320 | 1,249 | 71 | 5.7% | 1,220 | 100 | 8.2% |
| HandyDART | 762 | 734 | 28 | 3.8% | 750 | 12 | 1.6% |
| Ridership: Journeys (Thousands) ² | | | | | | | |
| Overall System | 133,664 | 128,278 | 5,386 | 4.2% | 131,469 | 2,195 | 1.7% |
| Vehicle Service Delivery: Percentage of Service Hours Delivered | | | | | | | |
| Bus & SeaBus | 98.4% | 99.0% | (0.6%) | (0.6%) | 98.5% | (0.1%) | (0.1%) |
| SkyTrain: Expo & Millennium Lines | 99.0% | 99.6% | (0.6%) | (0.6%) | 99.7% | (0.7%) | (0.7%) |
| SkyTrain: Canada Line | 100.0% | 100.0% | - | - | 100.0% | - | - |
| West Coast Express | 99.6% | 99.9% | (0.3%) | (0.3%) | 100.0% | (0.4%) | (0.4%) |
| 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) | 81.2% | 81.2% | - | - | 79.0% | 2.2% | 2.8% |
| SkyTrain: Expo & Millennium Lines (headway + 3 minutes) | 95.8% | 96.1% | (0.3%) | (0.3%) | 96.5% | (0.7%) | (0.7%) |
| West Coast Express (headway + 5 minutes) | 95.2% | 97.0% | (1.8%) | (1.9%) | 97.8% | (2.6%) | (2.7%) |
| HandyDART (earlier than and within 15 minutes of Scheduled Pick-Up Time) | 88.1% | 88.3% | (0.2%) | (0.2%) | 90.0% | (1.9%) | (2.1%) |
| Vehicle Reliability | | | | | | | |
| Bus (mean distance between failures) | 22,824 | 19,745 | 3,078 | 15.6% | 19,423 | 3,399 | 17.5% |
| SkyTrain: Expo & Millennium Lines (mean distance between service removals) | 241,530 | 108,034 | 133,496 | 123.6% | 122,782 | 118,748 | 96.7% |

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) | % |
| Six months ending June 30 | | | | | | | |
| 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 | 401 | 260 | (141) | (54.2%) | 1,087 | 686 | 63.1% |
| Environmental | | | | | | | |
| Bus & SeaBus (spills per 1 million km) | 2.6 | 5.4 | 2.8 | 51.9% | 5.9 | 3.3 | 55.9% |
| Bus & SeaBus (revenue vehicle energy consumption in gigajoules) | 986,300 | 972,864 | (13,436) | (1.4%) | 1,037,693 | 51,393 | 5.0% |
| Customer Service: Customer Satisfaction (overall score of 10) | | | | | | | |
| Overall System ¹ | 7.8 | 7.9 | (0.1) | (1.3%) | 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 Complaints² | | | | | | | |
| Overall System (per 1 million boarded passengers) ¹ | 87.5 | 86.9 | (0.6) | (0.7%) | 82.8 | (4.7) | (5.7%) |
| Bus & SeaBus (per 1 million boarded passengers) | 98.5 | 96.2 | (2.3) | (2.4%) | 95.0 | (3.5) | (3.7%) |
| SkyTrain: Expo & Millennium Lines (per 1 million boarded passengers) | 15.2 | 13.5 | (1.7) | (12.6%) | 15.0 | (0.2) | (1.3%) |
| SkyTrain: Canada Line (per 1 million boarded passengers) | 5.6 | 3.9 | (1.7) | (43.6%) | 5.0 | (0.6) | (12.0%) |
| West Coast Express (per 1 million boarded passengers) | 98.5 | 106.5 | 8.0 | 7.5% | 98.5 | - | - |
| HandyDART (operator complaints as a % of trips) | 0.09% | 0.09% | - | - | 0.08% | (0.01%) | (12.5%) |
| HandyDART (service complaints as a % of trips) | 0.11% | 0.09% | (0.02%) | (22.2%) | 0.09% | (0.02%) | (22.2%) |
| Financial: Operating Costs | | | | | | | |
| Overall System (operating cost per capacity km) ^{1,3,4} | \$0.089 | \$0.086 | (0.003) | (3.5%) | \$0.089 | - | - |
| Bus & SeaBus (operating cost per capacity km) | \$0.133 | \$0.127 | (0.006) | (4.7%) | \$0.132 | (0.001) | (0.8%) |
| SkyTrain: Expo & Millennium Lines (operating cost per capacity km) | \$0.034 | \$0.033 | (0.001) | (3.1%) | \$0.034 | - | - |
| SkyTrain: Canada Line (operating cost per capacity km) | \$0.109 | \$0.107 | (0.002) | (1.9%) | \$0.109 | - | - |
| West Coast Express (operating cost per capacity km) | \$0.092 | \$0.096 | 0.004 | 4.2% | \$0.100 | 0.008 | 8.0% |
| HandyDART (operating cost per trip) | \$40.17 | \$41.84 | \$1.67 | 4.0% | \$40.64 | 0.47 | 1.2% |
| Financial: Operating Cost Recovery | | | | | | | |
| TransLink (conventional system) ^{4,5} | 58.7% | 56.5% | 2.2% | 3.9% | 55.6% | 3.1% | 5.6% |

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 year end adjustments

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



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TRANS LINK