



Financial and Performance Report

AS AT JUNE 30, 2020



Table of Contents

1. Executive Summary	1
2. Update on Key Priorities Achieved in Q2 2020	2
3. 2020 Second Quarter Financial Summary	4
4. Key Performance Indicators	5
Financial Indicators.....	5
Operating Indicators.....	6
5. Consolidated Revenues	8
6. Consolidated Expenses by Segment	10
Bus Operations	10
Rail Operations	12
Police Operations	13
Corporate Operations.....	14
7. Investment in Capital Assets	17
8. Changes in Financial Position	21
Financial Assets	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	26
Consolidated Statement of Financial Position.....	26
Consolidated Statement of Operations	27
Consolidated Statement of Changes in Net Debt	28
Consolidated Statement of Cash Flows	29
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.

The COVID-19 pandemic continues to significantly impact the Metro Vancouver region. As an essential service provider, transporting passengers safely and ensuring the safety of our employees is of utmost importance. At the onset of the pandemic in March, we took swift actions to support the safety of our riders during their commute, such as reducing the capacity on buses to promote social distancing. We also took steps to support the safety and health of our employees, including foregoing collecting fares on buses to enable physical distancing between riders and drivers until we completed retrofitting our buses with operator protection barriers, and transitioning our employees to work from home wherever possible.

The physical distancing measures enacted in mid-March have changed travel behavior in the region, with schools transitioning to online learning and businesses either shutting down or transitioning their workforce to working remotely, significantly impacting our major revenue streams: Transit, Fuel Tax and Parking Rights Tax.

As we transition into Phase 3 of the BC Restart Plan, we are seeing ridership improve from levels at the start of the COVID-19 outbreak in March, and we are also observing an increase in driving in the region. However, we anticipate that the effects of COVID-19 will continue to be felt for the remainder of the year.

In July, the federal government announced that a \$19 billion “safe-restart agreement” had been reached between the federal government and the provinces.” This economic package will include operating funding for transit systems across the country. With the support of the provincial and federal governments, TransLink can continue to focus on providing safe, reliable transit services.



2. Update on Key Priorities Achieved in Q2 2020

With guiding principles of improving the quality of existing systems, improving quality of services and expanding the transit system, the 2020 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 COVID-19 pandemic has severely impacted our efforts to mobilize the Mayors' 10-Year Vision as service expansion has been put on hold due to low ridership.

The following table is an update for the second quarter of 2020.

Priority One: Implement the Mayors' Vision

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

- Planned service expansion has been put on hold as a result of COVID-19.
- Completed officer and attendant training in Q2 for the new SeaBus vessel anticipated being put into service in February 2021.
- Completed the conceptual design and space planning for the Marpole Transit Centre.
- Brought two new Expo and Millennium trains to Stage 3 of testing and commissioning in the second quarter of 2020, bringing a total of 10 new trains in revenue service. In addition, four new trains are being assembled for testing.
- Continued working with the Mayors' Council and Province of British Columbia to determine a funding strategy for a post-pandemic economic recovery investment plan.
- Developed a draft Project Charter and established a governance structure for the Corporate Climate Action Plan.
- Continued planning work on two RapidBus routes funded in Phase Two of the Investment Plan.
- Developed a monitoring report for the Broadway Subway Project Supportive Policy Agreement for provision to the TransLink Board and Mayors' Council in September 2020.
- Completed the acquisition of the property for Operations and Maintenance Centre (OMC) 4 and passed the First Reading of the rezoning application of Operation Control Center (OCC) 2.

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.

- Completed numerous change management tools in order to provide new online Safe Driving Refresher e-learning for Transit Operators.
- Completed installation of operator protection barriers on all buses.
- Issued the 2020 Safety Management System in Q2, documenting SkyTrain Safety, Procedures and Policy to enhance the safety of our employees and customers.
- Continued to work on escalator replacement at Columbia station, Gateway Station, Broadway and Waterfront station. The schedule for the escalator replacement project at the Waterfront station has been accelerated due to a reduction in ridership as a result of COVID-19. Completed replacement of 75% of Broadway Station escalators.

- Established an environmental management system framework and structure at BCRTC.
- Achieved reductions in operating expenses of \$1.13M through the IT Cost Optimization Roadmap developed in Q1.
- Completed the functional design phase for the Enterprise Resource Planning (ERP) program, completed the architecture design for the Transit Communication Center renovation and completed the gap analysis project for the Daily Operations Management System (DOMS).
- Opened a new Crime Reduction Unit (CRU) at Rupert Station and completed station upgrade.

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.

- Commissioned 93 new conventional and Community Shuttle buses.
- Returned Expo-Millennium service levels to pre-COVID levels and Canada Line service levels nearly to pre-COVID levels. Service was temporarily reduced in Q1 to reflect the significant drop in ridership as a result of reduced demand.
- Continued to clean, disinfect and ensure physical measures were put in place on board trains, platforms and in stations to help stop the spread of COVID-19. In addition, installed decals and signage through stations and platforms with COVID messaging for the safety of passengers.
- Selected two new dog handlers for the Explosive Scent Detection Dog Team.
- The TransLink Emergency Coordination Centre continued to be activated throughout Q2 to support the enterprise response to COVID-19. Focusing on the safety of customers and employees, response plans were initiated to support the BC Economic Restart Plan.
- Launched the 'Wearing is Caring' campaign aimed at promoting the use of face coverings and non-medical masks on the transit system.

3. 2020 Second Quarter Financial Summary

CONSOLIDATED REVENUES AND EXPENSES Six months ended June 30 (\$ thousands)	ACTUAL TO BUDGET				FORECAST TO BUDGET			
	YTD	YTD	Budget Variance		Annual	Annual	Forecast Variance	
	2020	2020	Fav/(Unfav)	%	2020	2020	Fav/(Unfav)	%
	ACTUAL	BUDGET			Q2 FORECAST	BUDGET**		
Revenue								
Taxation	422,361	470,929	(48,568)	(10.3%)	833,632	943,443	(109,811)	(11.6%)
Transit	205,388	348,685	(143,297)	(41.1%)	417,100	723,160	(306,060)	(42.3%)
Government transfers	79,270	67,991	11,279	16.6%	157,376	261,913	(104,537)	(39.9%)
Investment Income	26,844	26,252	592	2.3%	51,103	54,300	(3,197)	(5.9%)
Amortization of deferred concessionaire credit	11,605	11,541	64	0.6%	23,401	23,337	64	0.3%
Miscellaneous	11,487	8,175	3,312	40.5%	18,655	17,059	1,596	9.4%
Sub Total Continuing Operations	756,955	933,573	(176,618)	(18.9%)	1,501,267	2,023,212	(521,945)	(25.8%)
Gain/(Loss) on disposal	(24)	-	(24)	-	(24)	-	(24)	-
Total Revenue	756,931	933,573	(176,642)	(18.9%)	1,501,243	2,023,212	(521,969)	(25.8%)
Expenditures								
Bus Operations	385,445	409,175	23,730	5.8%	800,537	831,084	30,547	3.7%
Rail Operations	164,456	177,387	12,931	7.3%	342,677	355,527	12,850	3.6%
Transit Police	20,355	21,272	917	4.3%	40,532	42,528	1,996	4.7%
Corporate Operations	48,470	59,353	10,883	18.3%	106,382	118,080	11,698	9.9%
Roads & Bridges	21,449	38,330	16,881	44.0%	57,640	127,542	69,902	54.8%
Amortization of Capital Assets*	112,228	113,790	1,562	1.4%	234,279	244,307	10,028	4.1%
Interest*	93,004	92,100	(905)	(1.0%)	188,381	185,252	(3,129)	(1.7%)
Sub Total Continuing Operations	845,407	911,407	66,000	7.2%	1,770,428	1,904,320	133,892	7.0%
Corporate One-Time	11,239	12,681	1,442	11.4%	23,511	31,372	7,861	25.1%
Total Expenditures	856,646	924,088	67,442	7.3%	1,793,939	1,935,692	141,753	7.3%
(Deficit) Surplus for the period (PSAS)	(99,715)	9,485	(109,200)	(1,151.3%)	(292,696)	87,520	(380,216)	(434.4%)

* Amortization and Interest shown separately to facilitate analysis

** Restated to reflect budget transfers

The PSAB deficit recorded in the first six months of 2020 was \$99.7 million which is \$109.2 million unfavourable to budget.

Total revenues were unfavourable to budget by \$176.6 million (18.9 per cent) mainly due to transit revenue as a result of the significant decline in ridership from mid-March 2020 and the suspension of bus fare collection between March and May 2020 due to no front door boardings in response to provincial guidance for social distancing due to the COVID-19 Pandemic. Fuel and parking rights tax revenue were also unfavourable as fewer cars were on the road due to the COVID-19 Pandemic.

Total expenditures were favourable to budget by \$67.4 million (7.3 per cent) mainly due to lower fuel consumption and fuel prices, lower fare media costs and credit card fees, lower labour expenses as a result of vacancies, and other measures taken to reduce expenses. The deferral of Major Road Network ("MRN") payments and Canada Line service increase as well as lower Canada Line service expansion costs also contributed to this favourable variance.

The deficit at the end of 2020 is forecasted to be \$380.2 million unfavourable to budget.

4. Key Performance Indicators

Financial Indicators

FINANCIAL POLICIES AND INDICATORS				
(\$ thousands)	June 30	December 31	Change	
	2020	2019	Fav/(Unfav)	%
Unrestricted cash and investments	477,268	563,341	(86,073)	(15.3%)
Capital assets	5,528,270	5,381,268	147,002	2.7%
Net direct debt	(2,663,995)	(2,375,414)	(288,581)	(12.1%)
Indirect P3 debt	(1,496,722)	(1,512,587)	15,865	1.0%
Total net direct debt and indirect P3 debt	(4,160,717)	(3,888,001)	(272,716)	(7.0%)
Gross interest cost as a % of operating revenue ¹	13.7%	11.5%	(2.2%)	(19.1%)

¹ Operating revenue is Total Revenue less Government transfers for capital projects, Interest Income and Amortization of deferred concessionaire credit.

TransLink continues to maintain a strong liquidity position that supports the organization through the acute stage of the COVID-19 pandemic until financial relief is received from senior government, and to maintain our assets in a state of good repair. Financial indicators are measured and monitored throughout the year.

Unrestricted cash and investment balances decreased by \$86.1 million (15.3 per cent) in the first six months of 2020 due to reductions in revenues as a result of COVID-19 and regular cash outlays to support current operations and service our debt obligations. This was offset by a \$250 million bond issuance in April 2020 and capital spending delays. The \$477.3 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 \$147.0 million (2.7 per cent) in the first six months of 2020 mainly due to \$259.2 million in additions, partly offset by amortization of \$112.2 million. Additions included land for the new Operations and Maintenance Center ("OMC"), SkyTrain system and infrastructure upgrades, bus infrastructure improvements, technology upgrade projects and Community Shuttles and conventional buses.

Net direct debt increased by \$288.6 million (12.1 per cent) mainly due to the issuance of a \$250.0 million bond in April to support the 2020 capital program and a \$90.0 million increase in short term debt to temporarily cover land acquisition costs to build OMC 4. These increases were offset by 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 \$15.9 million (1.0 per cent) mainly due to the amortization of the Canada Line deferred concessionaire credit.

Gross interest cost as a percentage of operating revenues was 13.7 per cent and well within TransLink's 20 per cent policy. This indicator was 2.2 per cent higher than 2019 resulting mainly from a decrease in operating revenues due to the COVID-19 pandemic.

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							
Six months ended June 30	YTD	YTD	Change		YTD	Budget Variance	
	2020	2019	Fav/(Unfav)	%	2020	Fav/(Unfav)	%
	ACTUAL	ACTUAL			BUDGET		
Scheduled Transit Service							
Overall Performance Rating (out of 10)	7.9	7.8	0.1	1.3%	8.0	(0.1)	(1.3%)
Service Hours	3,412,645	3,428,353	(15,708)	(0.5%)	3,635,119	(222,474)	(6.1%)
Operating Cost Recovery ¹	35.5%	58.7%	(23.3%)	(39.7%)	55.4%	(19.9%)	(35.9%)
Operating Cost per Capacity Km ^{2,6}	\$0.099	\$0.089	(\$0.010)	(11.2%)	\$0.096	-	-
Complaints per million Boarded Passengers ³	102.4	87.4	(15.0)	(17.2%)	83.3	(19.1)	(22.9%)
Access Transit Service							
Number of Trips	364,450	676,413	(311,963)	(46.1%)	708,946	(344,496)	(48.6%)
Operating Cost per Trip	\$65.42	\$40.17	(\$25.25)	(62.9%)	\$40.37	(\$25.05)	(62.1%)
Number of Trips Denied	391	401	10	2.5%	1,124	733	65.2%
Operator Complaints as a percentage of trips ⁴	0.11%	0.09%	(0.02%)	(22.2%)	0.08%	(0.03%)	(12.5%)
Service Complaints as a percentage of trips ⁴	0.11%	0.11%	-	-	0.09%	(0.02%)	(22.2%)
Ridership (thousands) ³							
Boarded Passengers	123,072	222,988	(99,916)	(44.8%)	229,885	(106,813)	(46.5%)
Journeys	73,176	133,938	(60,762)	(45.4%)	138,970	(65,794)	(47.3%)
Average Fare per Journey ⁵	\$2.64	\$2.37	\$0.27	11.2%	\$2.42	\$0.22	9.3%

¹ Includes operating costs of Bus, Rail, Transit Police and Corporate On-going. Excludes Corporate One-time, HandyDART, Amortization and Interest Expense.

² Includes operating costs of Bus, Rail, and Transit Police. Excludes HandyDART, Amortization and Interest Expense.

³ The preliminary YTD 2019 ridership figures were restated at the end of 2019 to reflect final ridership figures.

⁴ 2019 HandyDART Complaints were adjusted for reclassification between operator and service complaints.

⁵ Calculated using Total Fare Revenue

⁶ 2020 budgeted capacity kilometers for West Coast Express have been restated to reflect adjustments

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 2020 was 7.9 out of 10, which was higher than 2019 but slightly lower than budget. The system rating has increased over the past year as TransLink remains focused on service improvements. We are committed to transportation excellence and will continue to strive towards enhancing customer satisfaction and safety.

Service hours were 15,708 (0.5 per cent) lower than 2019 mainly due to the COVID-19 service reductions implemented since the end of the first quarter partially offset by service expansion at the beginning of the year prior to the onset of the COVID-19 outbreak. Compared to budget, service hours were 222,474 (6.1 per cent) unfavourable mainly due to service reductions and system wide deferral of planned service expansions because of the COVID-19 pandemic. Inclement weather also contributed to service reductions at the beginning of the year.

Operating cost recovery represents the percentage of transit revenues compared to total operating costs of Bus, Rail, Transit Police and Corporate (excluding One-time costs). In the first half of 2020, the cost recovery of 35.5 per cent was lower than the 2019 ratio of 58.7 per cent and lower than the budgeted ratio of 55.4 per cent mainly due to a significant drop in transit revenues because of the decline in ridership as a result of COVID-19.

Operating cost per capacity kilometre increased by 11.2 per cent compared to 2019 mainly due to increases in labour and administration expenses. Operating cost per capacity kilometre was in line with budget as the unfavorability in capacity kilometres to budget was offset by lower than expected fuel and labour costs.

Complaints per million boarded passengers were higher compared to 2019 by 17.2 per cent and to budget by 22.9 per cent mainly due to the perceived difficulty of physical distancing on the system combined with the significant drop in ridership which drives up the ratio.

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.

The number of Access Transit trips provided in the first six months of 2020 were 312 thousand trips (46.1 per cent) lower compared to the same period in 2019 and were 344 thousand trips (48.6 per cent) lower than budget. Ten days of winter weather in January and the COVID-19 pandemic significantly impacted service delivery.

Operating cost per trip increased by \$25.25 (62.9 per cent) from \$40.17 in 2019 to \$65.42 in 2020 and was unfavourable to budget by \$25.05 (62.1 per cent) largely due to reduced trip demand due to effects of COVID-19. In order to achieve the two-meter physical distancing, Access Transit continues to deliver over 95% of trips with two or fewer people per vehicle. For pre-COVID service, 100% of HandyDART trips were shared rides, with as many as 12 customers per vehicle during peak periods.

Operator Complaints as a percentage of trips were higher than the first six months of 2019 by 22.2 per cent and were unfavourable to budget by 12.5 per cent. Service Complaints as a percentage of trips were consistent with the same period of 2019 and were unfavourable to budget by 22.2 per cent. The increase in complaints was mainly due to the significant drop in trips as a result of the inclement weather conditions in January and impacts of the COVID-19 pandemic since March.

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 123.1 million, 44.8 per cent lower compared to the same period in 2019.

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 2019, total system journeys declined by 45.4 per cent to a year to date total of 73.2 million.

Ridership has significantly declined through the second quarter of 2020 mainly as a result of the COVID-19 pandemic since mid-March 2020. In addition, ridership levels in January were also unfavorable due to inclement weather conditions. Both boardings and journeys were unfavourable to the budget by 46.6 per cent and 47.3 per cent, respectively.

The average fare per journey was \$2.64 for the first six months of the year, an increase over 2019 of approximately 11.2 per cent. This is partly due to an average fare increase of 2.0 per cent which was implemented on July 1, 2019. In addition, the Government Bus Pass revenue has increased slightly from 2019 to 2020, despite a decline in journeys year over year. As a result, the decline in total revenue is not proportionate to decline in journeys which resulted in an increase in average fare per journey. The average fare per journey is 9.3 per cent higher than budget largely due to Government Bus Pass revenue which has remained at the budgeted levels, while journeys have been lower than expected. The higher average fare is also partly due to users switching from the monthly pass to the more expensive stored value product.

5. Consolidated Revenues

The following is a summary of consolidated revenues for the second quarter of 2020 compared to budget.

CONSOLIDATED REVENUES Six months ended June 30 (\$ thousands)	ACTUAL TO BUDGET				FORECAST TO BUDGET			
	YTD	YTD	Budget Variance		Annual	Annual	Forecast Variance	
	2020	2020	Fav/(Unfav)	%	2020	2020	Fav/(Unfav)	%
	ACTUAL	BUDGET			Q2 FORECAST	BUDGET*		
Taxation								
Fuel	164,887	195,194	(30,307)	(15.5%)	331,639	390,389	(58,750)	(15.0%)
Property & Replacement	208,644	208,693	(49)	(0.0%)	417,337	417,386	(49)	(0.0%)
Parking Rights	27,612	43,745	(16,133)	(36.9%)	48,803	89,207	(40,404)	(45.3%)
Hydro Levy	10,968	10,996	(28)	(0.3%)	21,853	21,861	(8)	(0.0%)
Development cost charge	10,250	12,300	(2,050)	(16.7%)	14,000	24,600	(10,600)	(43.1%)
Transit	205,388	348,685	(143,297)	(41.1%)	417,100	723,160	(306,060)	(42.3%)
Government transfers	79,270	67,991	11,279	16.6%	157,376	261,913	(104,537)	(39.9%)
Investment Income	26,844	26,252	592	2.3%	51,103	54,300	(3,197)	(5.9%)
Amortization of deferred concessionaire credit	11,605	11,541	64	0.6%	23,401	23,337	64	0.3%
Miscellaneous	11,487	8,175	3,312	40.5%	18,655	17,059	1,596	9.4%
Revenue Before Gain/(Loss) on Disposals	756,955	933,573	(176,618)	(18.9%)	1,501,267	2,023,212	(521,945)	(25.8%)
Gain/(Loss) on disposal	(24)	-	(24)	-	(24)	-	(24)	-
Total Revenue	756,931	933,573	(176,642)	(18.9%)	1,501,243	2,023,212	(521,969)	(25.8%)

Total revenues for the first six months of 2020 were \$756.9 million and unfavourable to budget by \$176.6 million (18.9 per cent) as transit revenue, fuel tax revenue and parking rights tax revenue were negatively impacted by the COVID-19 pandemic.

Total revenues are forecasted to be lower than budget by \$522. million (25.8 per cent) as we expect to continue to experience the impacts of COVID-19 for the remainder of the year.

Taxation

TAXATION REVENUES Six months ended June 30 (\$ thousands)	ACTUAL TO BUDGET				FORECAST TO BUDGET			
	YTD	YTD	Budget Variance		Annual	Annual	Forecast Variance	
	2020	2020	Fav/(Unfav)	%	2020	2020	Fav/(Unfav)	%
	ACTUAL	BUDGET			Q2 FORECAST	BUDGET		
Fuel	164,887	195,194	(30,307)	(15.5%)	331,639	390,389	(58,750)	(15.0%)
Property & Replacement	208,644	208,693	(49)	(0.0%)	417,337	417,386	(49)	(0.0%)
Parking Rights	27,612	43,745	(16,133)	(36.9%)	48,803	89,207	(40,404)	(45.3%)
Hydro Levy	10,968	10,996	(28)	(0.3%)	21,853	21,861	(8)	(0.0%)
Development cost charge	10,250	12,300	(2,050)	(16.7%)	14,000	24,600	(10,600)	(43.1%)
Total Taxation	422,361	470,929	(48,568)	(10.3%)	833,632	943,443	(109,811)	(11.6%)

Taxation revenues are comprised of taxes collected on fuel, property and replacement taxes, the parking rights tax, the hydro levy and the development cost charge. Total taxation revenues for the first six months of 2020 were \$48.6 million (10.3 per cent) unfavourable to budget mainly due to declines in fuel tax and parking rights tax revenue.

Fuel tax revenue for the first six months of 2020 was \$30.3 million (15.5 per cent) unfavourable to budget and parking rights tax revenue was \$16.1 million (36.9 per cent) unfavourable to budget mainly due to a decline in driving and use of parking in the region as a result of the COVID-19 pandemic. The development cost charge revenue is \$2.1 million (16.7%) lower than budget as real estate development in the region has decreased due to the pandemic.

Fuel tax revenue is forecasted to be \$58.8 million (15.0 per cent) lower than budget, parking rights tax revenue is forecasted to be \$40.4 million (45.3 per cent) lower than budget and the development cost charge is forecasted to be \$10.6 million (43.1 per cent) lower than budget due to the COVID-19 pandemic as described above.

Transit

TRANSIT REVENUES Six months ended June 30 (\$ thousands)	ACTUAL TO BUDGET				FORECAST TO BUDGET			
	2020	2020	Budget Variance		2020	2020	Forecast Variance	
	ACTUAL	BUDGET	Fav/(Unfav)	%	Q2 FORECAST	BUDGET	Fav/(Unfav)	%
Fares	146,909	273,886	(126,977)	(46.4%)	315,369	567,628	(252,259)	(44.4%)
Programs	46,318	61,900	(15,582)	(25.2%)	74,859	128,565	(53,706)	(41.8%)
Total Fare Revenue	193,227	335,787	(142,560)	(42.5%)	390,228	696,193	(305,965)	(43.9%)
Other	12,161	12,898	(737)	(5.7%)	26,872	26,967	(95)	(0.4%)
Total Transit	205,388	348,685	(143,297)	(41.1%)	417,100	723,160	(306,060)	(42.3%)

Transit fare revenue includes revenue 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 \$143.3 million (41.1 per cent) unfavourable to budget in the first six months of 2020 mainly due to a significant decline in ridership from mid-March and the suspension of bus fares collection between March to May 2020 due to no front door boardings, in response to provincial guidance for social distancing due to the COVID-19 pandemic. For the first six months of 2020, boardings and journeys were 46.5 per cent and 47.3 per cent unfavourable to budget, respectively. The suspension of U-Pass program since April and decline in Park and Ride revenue also contributed to the unfavourable results.

Total transit revenues are forecasted to be \$306.1 million (42.3 per cent) unfavourable to budget as a result of the decline in ridership observed to date that is not expected to fully recover for the remainder of 2020.

Government Transfers

Transfers from government include funds received from Greater Vancouver Regional Fund (GVRF), Canada Line funding, Building Canada Fund, toll replacement revenue and other miscellaneous programs. In the first six months of 2020, government funding was \$11.3 million (16.6 per cent) higher than budget mainly due to the timing of bus replacement projects that has shifted the revenue recognition of government transfers. The full year forecast is expected to be \$104.5 million (39.9 per cent) lower than budget mainly due to the deferral of Conventional Bus and HandyDart vehicle expansion projects pending a review of the impact COVID-19 has on ridership levels.

Investment Income

Investment income was \$0.6 million (2.3 per cent) favourable to budget mainly due to higher cash balances, partially offset by lower interest rates as the Bank of Canada lowered its official rate three times in the month of March. The full year forecast is expected to be \$3.2 million (5.9 per cent) unfavourable to budget mainly due to lower than budgeted interest rates.

Miscellaneous

Miscellaneous income was \$3.3 million (40.5 per cent) favourable to budget for the first six months of 2020 mainly due to timing of recoveries attributed to capital projects, compressed natural gas (CNG) and energy saving program contributions. Miscellaneous income is forecasted to be \$1.6 million (9.4 per cent) favourable to budget.

6. Consolidated Expenses by Segment

CONSOLIDATED EXPENSES BY SEGMENT Six months ended June 30 (\$ thousands)	ACTUAL TO BUDGET				FORECAST TO BUDGET			
	YTD 2020	YTD 2020	Budget Variance		Annual 2020	Annual 2020	Forecast Variance	
	ACTUAL	BUDGET	Fav/(Unfav)	%	Q2 FORECAST	BUDGET**	Fav/(Unfav)	%
Bus Operations	385,445	409,175	23,730	5.8%	800,537	831,084	30,547	3.7%
Rail Operations	164,456	177,387	12,931	7.3%	342,677	355,527	12,850	3.6%
Transit Police	20,355	21,272	917	4.3%	40,532	42,528	1,996	4.7%
Corporate Operations	48,470	59,353	10,883	18.3%	106,382	118,080	11,698	9.9%
Roads & Bridges	21,449	38,330	16,881	44.0%	57,640	127,542	69,902	54.8%
Amortization of Capital Assets*	112,228	113,790	1,562	1.4%	234,279	244,307	10,028	4.1%
Interest*	93,004	92,100	(905)	(1.0%)	188,381	185,252	(3,129)	(1.7%)
Sub Total Continuing Operations	845,407	911,407	66,000	7.2%	1,770,428	1,904,320	133,892	7.0%
Corporate One-Time	11,239	12,681	1,442	11.4%	23,511	31,372	7,861	25.1%
Total Expenses by Segment	856,646	924,088	67,442	7.3%	1,793,939	1,935,692	141,753	7.3%

* 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 2020, CMBC commissioned 93 new conventional and Community Shuttle buses and launched the remaining Phase 1 RapidBus lines. The conceptual design and space planning for the Marpole Transit Centre was also completed. With employee and customer safety always a top priority, numerous change management tools such as posters, awareness cards and an online learning platform were implemented in order to provide training for transit operators amidst COVID-19 physical distancing restrictions, additional cleaning protocols were implemented and barriers were installed at an expedited pace to ensure sufficient distancing between operators and customers. Service levels have been increased back to pre-COVID levels but capacity is limited to two thirds due to physical distancing requirements.

BUS OPERATIONS BY CATEGORY Six months ended June 30 (\$ thousands)	ACTUAL TO BUDGET				FORECAST TO BUDGET			
	YTD 2020	YTD 2020	Budget Variance		Annual 2020	Annual 2020	Forecast Variance	
	ACTUAL	BUDGET	Fav/(Unfav)	%	Q2 FORECAST	BUDGET	Fav/(Unfav)	%
Administration	11,671	12,543	873	7.0%	25,194	25,814	620	2.4%
Contracted Services	34,006	39,745	5,739	14.4%	69,875	80,121	10,246	12.8%
Fuel and Power	20,627	30,178	9,551	31.6%	48,390	62,818	14,428	23.0%
Insurance	11,459	11,354	(106)	(0.9%)	23,447	23,150	(297)	(1.3%)
Maintenance, Materials and Utilities	40,645	39,590	(1,055)	(2.7%)	82,531	79,973	(2,558)	(3.2%)
Professional and Legal	745	2,240	1,495	66.7%	3,090	4,328	1,238	28.6%
Rentals, Leases and Property Tax	6,814	8,033	1,218	15.2%	14,246	16,085	1,839	11.4%
Salaries, Wages and Benefits	259,477	265,492	6,015	2.3%	533,764	538,795	5,031	0.9%
Total Expenses by Category	385,445	409,175	23,730	5.8%	800,537	831,084	30,547	3.7%

For the six months ended June 30, 2020, the Bus operations operating expenses were \$23.7 million (5.8 per cent) favourable to budget mainly due to lower fuel costs attributed to lower diesel prices and lower fuel consumption as a result of a reduction in bus service hours. Reductions in Access Transit trips also contributed to the favorability resulting in lower contracted services cost and lower fuel costs as compared to budget. The remaining favourable variance was largely contributed by vacancies as recruitment has been put on hold and the deferral of discretionary initiatives, partly offset by higher than expected snow removal and overtime costs.

Bus operations operating expenses are forecasted to be \$30.5 million (3.7 per cent) favourable to budget at year-end mainly due to lower diesel prices and lower consumption from reduced service levels, vacancy savings and deferral in consulting initiatives. The favourability is partly offset by additional material and equipment purchases in response to COVID-19 and higher snow removal and overtime costs.

Service Delivery

BUS OPERATIONS							
Six months ended June 30	YTD	YTD	Change		YTD	Budget Variance	
	2020	2019	Fav/(Unfav)	%	2020	Fav/(Unfav)	%
	ACTUAL	ACTUAL			BUDGET		
SERVICE HOURS							
CMBC Operations	2,558,368	2,537,871	20,497	0.8%	2,739,918	(181,550)	(6.6%)
Conventional Bus	2,290,996	2,269,693	21,303	0.9%	2,457,851	(166,855)	(6.8%)
Community Shuttle	262,341	262,134	207	0.1%	275,239	(12,898)	(4.7%)
SeaBus	5,031	6,044	(1,013)	(16.8%)	6,828	(1,797)	(26.3%)
Contracted Transit Services	115,602	118,423	(2,821)	(2.4%)	121,433	(5,831)	(4.8%)
West Vancouver	56,023	58,485	(2,462)	(4.2%)	59,649	(3,626)	(6.1%)
Contract Community Shuttle	59,579	59,938	(359)	(0.6%)	61,784	(2,205)	(3.6%)
Conventional Transit Service Hours	2,673,970	2,656,294	17,676	0.7%	2,861,351	(187,381)	(6.5%)
SERVICE KILOMETRES							
CMBC Operations	49,403,509	49,285,798	117,711	0.2%	52,673,497	(3,269,988)	(6.2%)
Conventional Bus	43,938,613	43,871,614	66,999	0.2%	47,107,434	(3,168,821)	(6.7%)
Community Shuttle	5,396,890	5,332,481	64,409	1.2%	5,473,887	(76,997)	(1.4%)
SeaBus	68,006	81,703	(13,697)	(16.8%)	92,176	(24,170)	(26.2%)
Contracted Transit Services	2,407,633	2,537,599	(129,966)	(5.1%)	2,606,580	(198,947)	(7.6%)
West Vancouver	1,059,381	1,151,408	(92,027)	(8.0%)	1,190,099	(130,718)	(11.0%)
Contract Community Shuttle	1,348,252	1,386,191	(37,939)	(2.7%)	1,416,481	(68,229)	(4.8%)
Conventional Transit Service Kilometres	51,811,142	51,823,397	(12,255)	(0.0%)	55,280,077	(3,468,935)	(6.3%)
CAPACITY KILOMETRES							
CMBC Operations	2,615,260,632	2,498,264,630	116,996,002	4.7%	2,847,052,314	(231,791,682)	(8.1%)
Conventional Bus	2,480,456,470	2,358,933,730	121,522,740	5.2%	2,680,191,196	(199,734,726)	(7.5%)
Community Shuttle	107,937,800	106,649,620	1,288,180	1.2%	131,373,286	(23,435,486)	(17.8%)
SeaBus	26,866,362	32,681,280	(5,814,918)	(17.8%)	35,487,832	(8,621,470)	(24.3%)
Contracted Transit Services	79,934,112	85,294,238	(5,360,126)	(6.3%)	93,500,474	(13,566,362)	(14.5%)
West Vancouver	52,969,072	57,570,418	(4,601,346)	(8.0%)	59,504,942	(6,535,870)	(11.0%)
Contract Community Shuttle	26,965,040	27,723,820	(758,780)	(2.7%)	33,995,532	(7,030,492)	(20.7%)
Conventional Transit Capacity Kilometres	2,695,194,744	2,583,558,868	111,635,876	4.3%	2,940,552,788	(245,358,044)	(8.3%)

Compared to the first six months of 2019, there were 17,676 (0.7 per cent) more service hours, 12,255 (0.0 per cent) less service kilometres and 111,635,876 (4.3 per cent) more capacity kilometres delivered. Service hours and capacity kilometres were higher mainly due to service expansion implemented in Q1 prior to the COVID-19 outbreak, partially offset by service cancellations due to COVID-19. Capacity kilometres also increased from addition of double-decker buses which have considerably higher seating capacity than existing buses. Service kilometres were overall lower due to Contractred Transit Services as a result of significant cancellation and service reduction in some areas because of COVID-19.

For the first six months of 2020, actual service hours delivered were 187,381 (6.5 per cent) lower than budget, service kilometres were 3,468,935 (6.3 per cent) lower and capacity kilometres were 245,358,044 (8.3 per cent) lower. The lower service levels were mainly a result of service cancellations due to inclement weather in January and reductions across all services due to the COVID-19 pandemic.

ACCESS TRANSIT							
Six months ended June 30	YTD	YTD	Change		YTD	Budget Variance	
	2020	2019	Fav/(Unfav)	%	2020	Fav/(Unfav)	%
	ACTUAL	ACTUAL			BUDGET		
Service Kilometres	3,602,229	5,058,977	(1,456,748)	(28.8%)	5,314,411	(1,712,182)	(32.2%)
Access Transit Trips							
Trips - HandyDART	327,854	593,169	(265,315)	(44.7%)	632,668	(304,814)	(48.2%)
Trips - Taxi Supplement	36,596	83,244	(46,648)	(56.0%)	76,278	(39,682)	(52.0%)
Total Access Transit Trips	364,450	676,413	(311,963)	(46.1%)	708,946	(344,496)	(48.6%)

Total Access Transit trips provided in the first six months of 2020 were 311,963 (46.1 per cent) lower compared to the same period in 2019 and were 344,496 (48.6 per cent) lower than budget. Trips were significantly reduced since March due to the COVID-19 pandemic.

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 2020, two Expo and Millennium line trains were commissioned into stage 3 which involves operating trains in full revenue service (during peak and non-peak hours) while transporting passengers. Stage 3 is the final test before trains are fully commissioned. This brings the total Mark III trains operating on our system to 17. The escalator replacement project at Waterfront station is ahead of schedule as work was expedited during the period of low ridership due to the COVID-19 pandemic. The Expo and Millennium lines service levels have been increased back to pre-COVID levels and the Canada Line service levels slightly below pre-COVID levels. Capacity is being monitored to ensure physical distancing requirements. Cleaning, disinfecting and physical distancing measures were put in place on trains, platforms and stations to help slow the spread of COVID-19. In addition, decals and signage were installed throughout stations and platforms with COVID-19 related messaging for the safety of passengers.

RAIL OPERATIONS BY CATEGORY	ACTUAL TO BUDGET				FORECAST TO BUDGET			
	YTD	YTD	Budget Variance		Annual	Annual	Forecast Variance	
	2020	2020	Fav/(Unfav)	%	2020	2020	Fav/(Unfav)	%
Six months ended June 30	ACTUAL	BUDGET			Q2 FORECAST	BUDGET		
(\$ thousands)								
Administration	3,042	3,651	609	16.7%	6,575	7,115	540	7.6%
Contracted Services	64,859	69,784	4,925	7.1%	134,143	141,489	7,346	5.2%
Fuel and Power	7,593	8,120	526	6.5%	15,366	16,569	1,203	7.3%
Insurance	2,981	2,815	(167)	(5.9%)	5,808	5,690	(118)	(2.1%)
Maintenance, Materials and Utilities	24,623	26,259	1,636	6.2%	52,268	51,735	(533)	(1.0%)
Professional and Legal	787	2,439	1,651	67.7%	3,161	4,457	1,296	29.1%
Rentals, Leases and Property Tax	939	712	(227)	(31.8%)	1,874	1,423	(451)	(31.7%)
Salaries, Wages and Benefits	59,630	63,607	3,977	6.3%	123,482	127,049	3,567	2.8%
Total Expenses by Category	164,456	177,387	12,931	7.3%	342,677	355,527	12,850	3.6%

For the six months ended June 30, operating expenses were \$12.9 million (7.3 per cent) favourable to budget, mainly driven by the significant impact COVID-19 had on operations that resulted in reduced service levels and non-essential cost reductions. The reduced service levels, which included the deferral of the Canada Line service expansion, resulted in lower operating, maintenance and fuel and power costs. The favourable variance also resulted from lower labour costs driven by hiring delays and reduced health benefit usage, lower diesel prices and hydro rates, and timing of certain maintenance activities and professional services.

Rail operations operating expenses are forecasted to be \$12.9 million (3.6 per cent) favourable to budget mainly due to impacts of reduced service and deferred service expansion, lower labour costs as a result of vacancies and reduced

benefits usage, reduced discretionary spending and favourable fuel prices and hydro rates, partly offset by increased maintenance activities.

Service Delivery

RAIL OPERATIONS							
Six months ended June 30	YTD	YTD	Change		YTD	Budget Variance	
	2020	2019	Fav/(Unfav)	%	2020	Fav/(Unfav)	%
	ACTUAL	ACTUAL			BUDGET		
SERVICE HOURS							
SkyTrain: Expo & Millennium Lines	614,372	653,270	(38,898)	(6.0%)	635,344	(20,972)	(3.3%)
SkyTrain: Canada Line*	112,710	100,624	12,086	12.0%	120,033	(7,323)	(6.1%)
West Coast Express	11,594	18,166	(6,572)	(36.2%)	18,390	(6,796)	(37.0%)
Rail Operations Service Hours	738,677	772,060	(33,383)	(4.3%)	773,767	(35,090)	(4.5%)
SERVICE KILOMETRES							
SkyTrain: Expo & Millennium Lines	24,759,028	26,326,786	(1,567,758)	(6.0%)	25,604,363	(845,335)	(3.3%)
SkyTrain: Canada Line*	3,620,796	3,240,117	380,679	11.7%	3,865,016	(244,220)	(6.3%)
West Coast Express	436,866	684,452	(247,586)	(36.2%)	692,967	(256,101)	(37.0%)
Rail Operations Service Kilometres	28,816,691	30,251,355	(1,434,664)	(4.7%)	30,162,346	(1,345,655)	(4.5%)
CAPACITY KILOMETRES							
SkyTrain: Expo & Millennium Lines	2,122,199,899	2,232,622,922	(110,423,023)	(4.9%)	2,365,070,212	(242,870,313)	(10.3%)
SkyTrain: Canada Line*	513,971,992	459,934,551	54,037,441	11.7%	548,639,078	(34,667,086)	(6.3%)
West Coast Express ¹	64,481,599	101,025,307	(36,543,708)	(36.2%)	102,281,841	(37,800,242)	(37.0%)
Rail Operations Capacity Kilometres	2,700,653,490	2,793,582,780	(92,929,290)	(3.3%)	3,015,991,131	(315,337,641)	(10.5%)

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

¹ 2020 budgeted capacity kilometers for West Coast Express have been restated to reflect adjustments

Total Rail Operations service delivery for the first half of 2020 decreased by 33,383 service hours (4.3 per cent), 1,434,664 service kilometres (4.7 per cent), and 92,929,290 capacity kilometres (3.3 per cent) compared to last year. This was mostly due to the COVID-19 service reductions that were implemented as of March 23.

All three service delivery measures were below budget for the Expo and Millennium Lines with service hours being lower than budget by 20,972 (3.3 per cent), service kilometres by 845,335 (3.3 per cent) and capacity kilometres by 242,870,313 (10.3 per cent). This was driven by the COVID-19 service reductions that were implemented from March 23 to May 25. Capacity kilometres were also affected by the increased use of MK I trains which have less capacity than MK III trains. By the end of the second quarter, service levels on the Expo and Millennium Lines had returned to pre-COVID levels.

Canada Line service was expanded on January 21, however, the service reductions made in response to COVID-19 and the deferral of the service expansion that was planned in March resulted in service kilometres being lower than budget by 7,323 (6.1 per cent), service kilometres by 244,220 (6.3 per cent) and capacity kilometres by 34,667,086 (6.3 per cent). By the end of the second quarter, Canada Line service had returned to 92% of pre-COVID service levels.

All three indicators were below budget for West Coast Express as well, mostly due to the cancellation of trains and running shorter trains due to reduced passenger demand caused by the COVID-19 pandemic. Service hours were lower than budget by 6,796 (37.0 per cent), service kilometres by 256,101 (37.0 per cent) and capacity kilometres by 37,800,242 (37.0 per cent). By the end of the second quarter, WCE continued to operate at reduced service levels.

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 2020, Transit Police made strides towards increasing the number of Explosive Scent Detection Dog Teams to a total of eight teams by the end of 2020 by selecting two new dog handlers. The COVID-19 pandemic has delayed the timelines of other initiatives, such as the implementation of a tiered Police model utilizing Community Safety Officers.

POLICE OPERATIONS BY CATEGORY Six months ended June 30 (\$ thousands)	ACTUAL TO BUDGET				FORECAST TO BUDGET			
	YTD 2020	YTD 2020	Budget Variance		Annual 2020	Annual 2020	Forecast Variance	
	ACTUAL	BUDGET	Fav/(Unfav)	%	Q2 FORECAST	BUDGET	Fav/(Unfav)	%
Administration	1,548	1,704	156	9.1%	3,325	3,655	330	9.0%
Insurance	62	60	(2)	(4.0%)	120	120	-	-
Maintenance, Materials and Utilities	716	645	(71)	(11.0%)	1,216	1,262	46	3.6%
Professional and Legal	157	176	19	10.6%	341	362	21	5.8%
Rentals, Leases and Property Tax	998	1,141	144	12.6%	2,111	2,507	396	15.8%
Salaries, Wages and Benefits	16,874	17,546	672	3.8%	33,419	34,622	1,203	3.5%
Total Expenses by Category	20,355	21,272	917	4.3%	40,532	42,528	1,996	4.7%

Transit Police operating expenses were \$917 thousand (4.3 per cent) favourable to budget in the first six months of 2020. The favourable variance is mainly due to vacancy savings and lower training costs as a result of hiring fewer recruits due to COVID-19 as well as lower rental expenses as a result of a delayed timeline for moving into new premises.

Transit Police operating expenses is forecasted to be \$2.0 million (4.7 per cent) favourable to budget mainly due to vacancy savings, cancellation of training courses and reduction in material purchases as a result of the deferral of the Community Safety Officer pilot as well as lower rental expenses as a result of a delayed timeline for moving into new premises.

Corporate Operations

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

In the second quarter of 2020, TransLink completed the acquisition of the property for OMC 4 and managed to achieve reductions in IT expenses through cost optimization. TransLink is continuing to work with the Province of British Columbia to determine a funding strategy for a post-pandemic economic recovery investment plan while the TransLink Emergency Coordination Centre continues to support the enterprise response to COVID-19 focusing on the safety of customers and employees.

CORPORATE OPERATIONS BY CATEGORY Six months ended June 30 (\$ thousands)	ACTUAL TO BUDGET				FORECAST TO BUDGET			
	YTD 2020	YTD 2020	Budget Variance		Annual 2020	Annual 2020	Forecast Variance	
	ACTUAL	BUDGET	Fav/(Unfav)	%	Q2 FORECAST	BUDGET*	Fav/(Unfav)	%
Administration	8,304	10,388	2,084	20.1%	17,763	21,465	3,702	17.2%
Contracted Services	6,034	7,375	1,341	18.2%	13,850	14,750	900	6.1%
Insurance	159	108	(51)	(47.2%)	707	219	(488)	> (200.0%)
Maintenance, Materials and Utilities	748	978	230	23.5%	1,865	1,953	88	4.5%
Professional and Legal	3,588	5,375	1,787	33.3%	11,367	11,608	241	2.1%
Rentals, Leases and Property Tax	5,558	7,728	2,170	28.1%	12,437	15,662	3,225	20.6%
Salaries, Wages and Benefits	24,078	27,400	3,322	12.1%	48,393	52,423	4,030	7.7%
Total Expenses by Category	48,469	59,353	10,883	18.3%	106,382	118,080	11,698	9.9%

For the first six months of 2020, expenses were \$10.9 million (18.3 per cent) favourable to budget. The favourable variance was mainly due to temporary vacancies due to recruitment being put on hold, lower fare media costs and credit card fees as a result of reduced ridership, reduced property taxes and timing of some expenditures such as professional fees.

Corporate operations are forecasted to be \$11.7 million (9.9 per cent) favourable to budget mainly due to expected vacancy savings, reduced property taxes and lower fare media and credit card fees as a result of reduced ridership.

Roads and Bridges

ROADS & BRIDGES OPERATIONS BY CATEGORY	ACTUAL TO BUDGET				FORECAST TO BUDGET			
	YTD	YTD	Budget Variance		Annual	Annual	Forecast Variance	
	2020	2020	Fav/(Unfav)	%	2020	2020	Fav/(Unfav)	%
Six months ended June 30 (\$ thousands)	ACTUAL	BUDGET			Q2 FORECAST	BUDGET*		
Administration	43	36	(7)	(20.1%)	78	76	(2)	(2.2%)
Capital Infrastructure contributions	3,832	14,865	11,032	74.2%	21,880	80,387	58,507	72.8%
Contracted Services	2,515	2,901	386	13.3%	5,827	5,827	(0)	(0.0%)
Insurance	516	612	96	15.7%	1,224	1,224	-	-
Maintenance, Materials and Utilities	13,392	18,179	4,787	26.3%	25,423	36,358	10,935	30.1%
Professional and Legal	358	775	417	53.8%	1,525	1,829	304	16.6%
Rentals, Leases and Property Tax	161	145	(17)	(11.6%)	235	228	(7)	(3.1%)
Salaries, Wages and Benefits	632	818	187	22.8%	1,448	1,613	165	10.3%
Total Expenses by Category	21,449	38,330	16,881	44.0%	57,640	127,542	69,902	54.8%

Total expenditures for Roads and Bridges in the second quarter of 2020 were \$16.9 million (44.0 per cent) favourable to budget mainly due to timing of capital infrastructure contributions to municipalities and the deferral of the MRN Pavement Rehabilitation program and the MRN Operations and Maintenance (“O&M”) projects due to the COVID-19 pandemic. The favourable variance was partly offset by Rapid Bus construction costs budgeted for in 2019 which were pushed into 2020.

Total expenditures for Roads and Bridges is forecasted to be \$69.9 million (54.8 per cent) favourable to budget mainly due to the suspension of MRN Pavement Rehabilitation and MRN O&M projects. The favourable variance is partly offset by Rapid Bus construction costs budgeted for in 2019 which were pushed into 2020 due to project delays.

Amortization

Amortization was \$1.6 million (1.4 per cent) favourable to budget primarily due to timing of revenue vehicle deliveries and lower than expected capitalizations in certain projects such as the Expo Line Fleet Expansion project. Amortization is forecasted to be \$10.0 million (4.1 per cent) under budget mainly due to deferral of various projects as a result of the COVID-19 pandemic, timing of revenue vehicle deliveries and lower than expected capitalizations in certain projects.

Interest

Interest expense for the first six months of 2020 was \$0.9 million (1.0 per cent) unfavourable to budget mainly due to reduced capital project spending resulting in a smaller portion of interest costs incurred being capitalized, asset ownership changes from funding agreements resulting in reduced interest capitalization, partially offset by lower debt due to higher cash balances and lower interest rates.

The full year forecast is expected to be \$3.1 million (1.7 per cent) unfavourable to budget mainly due to much lower than budgeted interest capitalization during construction associated with reduced capital spending, partially offset by lower than budgeted interest rates and reduced total debt issuances.

Corporate – One-time Costs

CORPORATE ONE-TIME SUMMARY BY PROJECT Six months ended June 30 (\$ thousands)	ACTUAL TO BUDGET				FORECAST TO BUDGET			
	YTD	YTD	Budget Variance		Annual	Annual	Forecast Variance	
	2020	2020			2020	2020		
	ACTUAL	BUDGET	Fav/(Unfav)	%	Q2 FORECAST	BUDGET*	Fav/(Unfav)	%
Rapid Bus Program (Previously B-Line Program)	1,834	3,492	1,658	47.5%	2,938	10,871	7,933	73.0%
Feasibility Studies	3,030	3,927	897	22.8%	5,779	7,629	1,850	24.2%
Plan Development	480	985	505	51.3%	1,592	2,171	579	26.7%
Non-Capitalized items included in Capital Projects	4,858	2,465	(2,393)	(97.1%)	8,555	4,894	(3,661)	(74.8%)
Flexible Service Piloting Program	176	504	328	65.1%	1,374	1,667	293	17.6%
South of Fraser Rapid Transit Non-Capitalized items	86	990	904	91.3%	473	990	517	52.2%
Mobility Pricing	221	303	82	27.1%	740	750	10	1.3%
Low Carbon Fleet Strategy	14	150	136	90.7%	50	300	250	83.3%
Bus Speed and Reliability	81	118	37	31.4%	263	353	90	25.5%
Emergency Coordination Center	459	-	(459)	100.0%	-	-	-	-
Sub Total	11,239	12,934	1,695	13.1%	21,764	29,625	7,861	26.5%
Corporate Contingency	-	(253)	(253)	100.0%	1,747	1,747	-	-
Total Corporate One-Time	11,239	12,681	1,442	11.4%	23,511	31,372	7,861	25.1%

* Restated to reflect budget transfers

Corporate One-time costs were \$1.4 million (11.4 per cent) favourable to budget mainly due to timing of feasibility studies and the South of Fraser Rapid Transit and Rapid Bus projects, lower than expected costs in the Health & Safety System project and TransLink Analytics program, partly offset by land acquisition costs related to OMC 4.

The forecast is \$7.9 million (25.1 per cent) favourable to budget mainly due to timing of projects and feasibility studies due to COVID-19, partly offset by land acquisition costs related to OMC 4.

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, 2020, TransLink's total capital program budget was \$5.9 billion, including:

- \$3.2 billion in active capital projects;
- \$628.2 million in Approved-In-Principle (AIP) capital projects;
- \$1.7 billion in substantially complete capital projects; and
- \$324.6 million in capital infrastructure contributions to municipalities.

SUMMARY OF CAPITAL PROGRAM						
As of June 30, 2020		Total		Forecast Variance to		Senior
(\$ thousands)	Number of	Current	Final Forecast	Current		Government
	Projects	Budget	Cost	Budget	%	Funding
				Fav/(Unfav)		(Committed)
Capital Projects						
Active	141	3,189,410	3,133,626	55,785	1.7%	1,711,769
AIP	52	628,219	592,635	35,584	5.7%	272,318
Subtotal	193	3,817,629	3,726,261	91,369	2.5%	1,984,087
Substantially Complete	82	1,709,089	1,671,259	37,830	2.2%	917,588
Closed	7	8,874	5,390	3,484	39.3%	6,884
Subtotal	89	1,717,963	1,676,649	41,314	2.5%	924,472
Capital Infrastructure Contributions						
Active	20	324,595	322,761	1,834	0.6%	-
Subtotal	20	324,595	322,761	1,834	0.6%	-
Total Capital Program	302	5,860,187	5,725,671	134,517	2.3%	2,908,559

The capital program is supported in part by \$2.9 billion in committed funding available to TransLink from the Federal Gas Tax Fund, Public Transit Infrastructure Fund (PTIF), Investing in Canada Infrastructure Program (ICIP) 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 government transfers revenue is recognized. For PTIF, ICIP 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. Revenue for these programs is amortized based on the terms of the agreement.

Active and Substantially Complete Capital Projects

As of June 30, 2020, there were 223 active and substantially complete projects with a final forecasted cost of \$4.8 billion. The total cash flows for projects during the first two quarters of year were \$294.5 million.

SUMMARY OF ACTIVE PROJECTS								
As of June 30, 2020 (\$ thousands)	Number of Projects	Current Budget	2020 YTD Spending	Cumulative Spending to Date	Final Forecast Cost	Forecast Variance to Current Budget		Senior Government Funding (Committed)
						Fav/(Unfav)	%	
Active								
Equipment	20	272,720	15,302	59,750	266,179	6,541	2.4%	73,014
Infrastructure	69	672,373	74,606	273,276	659,126	13,247	2.0%	195,443
Major Construction	9	1,623,030	99,510	175,212	1,611,538	11,491	0.7%	1,012,878
Technology	20	126,699	10,470	35,492	123,118	3,581	2.8%	-
Vehicle	23	494,589	56,481	276,126	473,664	20,925	4.2%	430,434
Subtotal (Active Capital Projects)	141	3,189,410	256,369	819,855	3,133,626	55,785	1.7%	1,711,769
Substantially Complete	82	1,709,089	38,115	1,652,289	1,671,259	37,830	2.2%	917,588
Total Active Capital Projects	223	4,898,499	294,484	2,472,144	4,804,885	93,615	1.9%	2,629,357

Active Capital Projects

As of June 30, 2020, there were 141 active projects with expenditures of \$256.4 million in the first two quarters of 2020 and \$819.9 million in cumulative spend to date. A comparison of project budgets against forecasted final costs show a favourable variance of \$55.8 million (1.7 per cent).

Infrastructure spending of \$74.6 million year to date includes a total of \$25.7 million spent on SkyTrain LED Information Displays, RapidBus infrastructure improvements and the Expo Line Escalator replacements. These upgrades will improve customer experience, address system capacity issues and maintain a state of good repair.

Vehicle spending of \$56.5 million for the first six months of 2020 includes a total of \$42.5 million spent mainly on the procurement of Mark III SkyTrain vehicles and Canada Line rail vehicles. These projects add to the existing rail and bus fleet to support further service expansion and to maintain the fleet in a state of good repair. The spending on vehicle expansion projects during the first two quarters mainly relates to milestone payments for projects near completion. Expansion projects in early stages of procurement are being halted pending further evaluation of the COVID-19 impacts on service needs.

Major Construction spending of \$99.5 million for the first six months of 2020 includes a total of \$89.1 million spent on land acquisition for OMC 4.

Substantially Complete Capital Projects

As of June 30, there were 82 projects with a total budget of \$1.7 billion deemed substantially complete with \$38.1 million spent year to date. These projects are in the final stages of project activity. The total expected favourable variance for these projects at completion is \$37.8 million (2.2 per cent).

Notable projects that were substantially completed in the second quarter include:

- 2019 Conventional Bus Replacement and Double Decker Replacement
- RapidBus Investments in Corridors

Approved in Principle (AIP) Capital Projects

As of June 30, there were 52 AIP projects remaining to be initiated with a total budget of \$628.2 million. Of the 52 projects, 17 projects with a budget of \$214.4 million were carried forward from 2019 and 35 projects with a budget of \$413.8 million are new in 2020. In the second quarter, eight projects were initiated. Due to the impact of COVID-19, the initiation of remaining AIP projects will be assessed on an ongoing basis.

SUMMARY OF AIP PROJECTS			
As of June 30, 2020 (\$ thousands)	Number of Projects	Current Budget	Senior Government Funding (Committed)
Capital Projects			
Equipment	5	24,435	-
Infrastructure	33	309,449	53,871
Major Construction	4	120,614	78,147
Technology	5	27,720	-
Vehicle	5	146,001	140,300
Total AIP Projects	52	628,219	272,318

A significant portion of AIP projects are related to infrastructure projects, including the Canada Line Capstan Station project and improvements to RapidBus routes. Major construction projects remaining in AIP include the SkyTrain Operation Control Centre and infrastructure work for the Broadway Station. The majority of the vehicle budget remaining in AIP relates to the 2021 Conventional Bus Expansion project, which has been delayed to 2021 pending further evaluation of the COVID-19 impacts on service needs.

Closed Capital Projects

As of June 30, 2020, 7 projects with a final cost of \$5.4 million and an approved budget of \$8.9 million were completed and closed. The total favourable variance for these projects at completion was \$3.5 million (39.3 percent) mainly due to lower procurement costs realized during project execution. Significant closed projects include Equipment for Deferred Retirement Program and the Farebox Expansion and Replacement project.

Cancelled Capital Projects

As of June 30, 2020, there were no project cancellations in the first two quarters of the year.

Capital Infrastructure Contributions

These expenditures consist of contributions to municipalities for the rehabilitation and upgrade of the Major Road Network (MRN) 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 20 active programs with a budget of \$324.6 million. The majority of the \$0.5 million in contributions in the first two quarters relates to road and bike infrastructure improvements funded under the Major Road Network Program.

Summary of Infrastructure Contribution Programs						Forecast Variance to Current Budget	
As of June 30, 2020 (\$ thousands)	Number of Projects	Current Budget	2020 YTD Spending	Cumulative Spending to Date	Final Forecast Cost	Fav/(Unfav)	%
MRN Structurers Funding Program	2	32,500	-	79	32,403	96	0.3%
Major Road Network and Bike Upgrades (MRNB)	9	184,919	200	118,198	183,916	1,003	0.5%
Pavement Rehabilitation Program	3	62,075	-	61,629	62,061	14	0.0%
Bicycle Infrastructure Capital Cost Share (BICCS)	2	30,601	-	1,805	30,407	194	0.6%
Bus, Speed, Reliability, and Infrastructure (BSRI)	1	2,000	244	244	1,858	142	7.6%
Walking Infrastructure to Transit (WITT)	3	12,500	96	1,553	12,116	384	3.2%
Grand Total	20	324,595	540	183,508	322,761	1,833	0.6%

8. Changes in Financial Position

Consolidated Statement of Financial Position			
(\$ thousands)	June 30 2020	December 31 2019	Change
Cash and cash equivalents	380,801	502,060	(121,259)
Accounts receivable	359,897	246,889	113,008
Loan receivable	192,006	190,009	1,997
Restricted cash and cash equivalents and investments	1,050,366	1,101,107	(50,741)
Investments	96,467	61,281	35,186
Debt reserve deposits	28,271	27,989	282
Financial Assets	2,107,808	2,129,335	(21,527)
Accounts payable and accrued liabilities	302,248	368,231	(65,983)
Debt	3,062,473	2,738,435	324,038
Deferred government transfers	1,172,517	1,188,463	(15,946)
Golden Ears Bridge contractor liability	1,029,088	1,033,348	(4,260)
Deferred concessionaire credit	467,634	479,239	(11,605)
Employee future benefits	146,800	143,709	3,091
Deferred revenue and deposits	59,379	62,202	(2,823)
Deferred lease inducements	15,186	13,453	1,733
Liabilities	6,255,325	6,027,080	228,245
Net Debt	(4,147,517)	(3,897,745)	(249,772)
Tangible capital assets	5,528,270	5,381,268	147,002
Supplies inventory	86,905	84,556	2,349
Prepaid expenses	31,619	30,910	709
Non-Financial Assets	5,646,794	5,496,734	150,060
Accumulated Surplus	1,499,277	1,598,989	(99,712)

Financial Assets

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

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

The increase in accounts receivable of \$113.0 million (45.8 per cent) was mainly due to the accrual of development cost charges and property tax revenues receivable in July and August, respectively. The increase was 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 \$15.9 million (1.3 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 ended 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 \$2.8 million (4.5 per cent) was mainly due to prepaid transit fares used.

Non-Financial Assets

Capital assets increased by \$147.0 million (2.7 per cent) in the first six months of 2020 due to \$259.2 million in additions, partly offset by amortization of \$112.2 million. Additions included land for a new Operations and Maintenance Centre, SkyTrain system and infrastructure upgrades, bus infrastructure improvements, technology upgrade projects and Community Shuttles and conventional buses.

9. Liquidity and Capital Resources

Cash Flows and Liquidity

Due to COVID-19 pandemic and corresponding reductions in revenue, the organization has had to tap into its financial reserves. We are working with all levels of senior government to assist us financially to better navigate this uncharted territory brought on by the pandemic. The following table shows unrestricted cash and investments with maturities of less than 12 months.

UNRESTRICTED CASH AND INVESTMENTS			
(\$ thousands)	June 30 2020	December 31 2019	Change
Cash and cash equivalents	380,801	502,060	(121,259)
Investments	96,467	61,281	35,186
Total Unrestricted cash and investments	477,268	563,341	(86,073)

TransLink's unrestricted cash and investment balances reflect accumulated funding resources available for supporting operations. The balance decreased by \$86.1 million in the first six months of 2020 due to reductions in revenues as a result of COVID-19 and regular cash outlays to support current operations and service our debt obligations. This was offset by a \$250 million bond issuance in April 2020 and capital spending delays. The \$477.3 million in unrestricted cash and investments is well within policy requirements of 15 per cent of operating expenditures plus debt service costs. 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 \$150 million was outstanding as at June 30, 2020 (December 31, 2019: \$60 million).

Restricted Funds

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

RESTRICTED CASH AND INVESTMENTS			
(\$ thousands)	June 30 2020	December 31 2019	Change
Unspent government transfers	395,729	433,197	(37,468)
TPCC's investments	22,754	24,122	(1,368)
Green Bond Proceeds	71,228	108,373	(37,145)
Restricted Land Reserve	190,448	200,383	(9,935)
Self administered sinking funds	370,207	335,032	35,175
Total Restricted cash and investments	1,050,366	1,101,107	(50,741)

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.

The \$50.7 million decrease in restricted cash and investments has been mainly due to releases to support TransLink's capital spending, including the \$37.5 million decrease in the unspent government transfers, the \$37.1 million decrease in Green Bond Proceeds balance and the \$9.9 million decrease in the Restricted Land Reserve. This decrease was partially offset by the \$35.2 million increase in Self-Administered Sinking Funds which represent scheduled contributions and reinvested interest income.

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, 2020, TransLink's outstanding debt obligation was \$3.65 billion¹ (December 31, 2019: \$3.31 billion).

FINANCING			
(\$ thousands)	June 30 2020	December 31 2019	Change
Debt	3,062,473	2,738,435	324,038
Less: Self-administered sinking funds	(370,207)	(335,032)	(35,175)
Less: Debt reserve deposits	(28,271)	(27,989)	(282)
Net Direct Debt	2,663,995	2,375,414	288,581
Golden Ears Bridge contractor liability	1,029,088	1,033,348	(4,260)
Deferred concessionaire credit	467,634	479,239	(11,605)
Indirect P3 Debt	1,496,722	1,512,587	(15,865)
Subtotal Net Direct Debt and Indirect P3 Debt	4,160,717	3,888,001	272,716

Net direct debt increased by \$288.6 million mainly due to issuing a \$250 million bond in April to support the 2020 capital program and increasing short-term debt by \$90 million temporarily to cover the OMC 4 purchase. This increase was partially offset by scheduled debt payments and contributions to TransLink's self-administered sinking funds during the first six months.

¹Debt of \$3.06 billion plus Municipal Finance Authority administered sinking funds of \$0.63 billion and net of capital lease reductions since inception, unamortized issuance costs and unamortized premium/discounts of \$0.03 billion.

Indirect P3 debt, which includes the liability owed to the Golden Ears Bridge contractor and the Canada Line deferred concessionaire credit, declined by \$15.9 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. In July 2020, Moody’s downgraded TransLink’s outlook from “Stable” to “Negative”, reflecting the financial impact COVID-19 had on the organization and uncertainties associated with economic recovery.

CREDIT RATING				
As at August 19, 2020	Commercial Paper	Senior Debt	General Obligation	Outlook
Agency				
DBRS	R-1 mid	AA	AA	Stable
Moody's	Not Rated	Aa2	Aa2	Negative

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

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, 2020, with comparative information for December 31, 2019

	June 30 2020	December 31 2019
Financial assets		
Cash and cash equivalents	\$ 380,801	\$ 502,060
Accounts receivable	359,897	246,889
Loan receivable	192,006	190,009
Restricted cash and cash equivalents and investments	1,050,364	1,101,107
Investments	96,467	61,281
Debt reserve deposits	28,271	27,989
	2,107,806	2,129,335
Liabilities		
Accounts payable and accrued liabilities	302,248	368,232
Debt	3,062,474	2,738,435
Deferred government transfers	1,172,517	1,188,463
Golden Ears Bridge contractor liability	1,029,088	1,033,348
Deferred concessionaire credit	467,634	479,239
Employee future benefits	146,800	143,709
Deferred revenue and deposits	59,379	62,201
Deferred lease inducements	15,186	13,452
	6,255,326	6,027,079
Net debt	(4,147,520)	(3,897,744)
Non-financial assets		
Tangible capital assets	5,528,271	5,381,268
Supplies inventory	86,905	84,556
Prepaid expenses	31,619	30,910
	5,646,795	5,496,734
Accumulated surplus	\$ 1,499,275	\$ 1,598,990

Consolidated Statement of Operations

SOUTH COAST BRITISH COLUMBIA TRANSPORTATION AUTHORITY

Consolidated Statement of Operations
(Expressed in thousands of dollars)

Six months ended June 30, 2020, with comparative information for June 30, 2019

	2020 Budget	2020 Actual	2019 Actual
Revenues:			
Taxation	\$ 470,929	\$ 422,361	\$ 441,732
Transit	348,685	205,388	331,985
Government transfers	67,991	79,270	230,296
Amortization of deferred concessionaire credit	11,541	11,605	11,541
Investment income	26,252	26,844	27,581
Miscellaneous revenue	8,175	11,487	4,369
Loss on disposal of tangible capital assets	-	(24)	(37)
	933,573	756,931	1,047,467
Expenses:			
Bus operations	494,612	469,512	447,447
Corporate operations	83,777	71,301	67,109
Rail operations	237,276	225,924	215,629
Roads and bridges	86,605	69,155	83,378
Transit Police	21,818	20,754	19,723
	924,088	856,646	833,286
Surplus (deficit) for the period	9,485	(99,715)	214,181
Accumulated surplus, beginning of period	1,596,690	1,598,990	1,265,785
Accumulated surplus, end of period	\$ 1,606,175	\$ 1,499,275	\$ 1,479,966

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, 2020, with comparative information for June 30, 2019

	2020 Actual	2019 Actual
Surplus (deficit) for the period	\$ (99,715)	\$ 214,181
Acquisition of tangible capital assets	(259,234)	(281,912)
Amortization of tangible capital assets	112,228	101,117
Loss on disposal of tangible capital assets	24	37
Net proceeds (costs) from disposal of tangible capital assets	(21)	37
Unrealized remeasurement loss	-	(8,825)
	(147,003)	(189,546)
Change in supplies inventory	(2,349)	(5,412)
Change in prepaid expenses	(709)	(7,574)
	(3,058)	(12,986)
Decrease (increase) in net debt	(249,776)	11,649
Net debt, beginning of period	(3,897,744)	(3,915,827)
Net debt, end of period	\$ (4,147,520)	\$ (3,904,178)

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, 2020, with comparative information for June 30, 2019

	2020	2019
Cash provided by (used for):		
Operating transactions:		
Surplus (deficit) for the period	\$ (99,715)	\$ 214,181
Non-cash changes to operations	61,315	(101,167)
Changes in non-cash operating working capital	(183,778)	(154,303)
Cash used for operating transactions	(222,178)	(41,289)
Capital transactions:		
Purchase of tangible capital assets	(258,347)	(281,738)
Net proceeds (costs) from disposal of tangible capital assets	(21)	37
Cash used for capital transactions	(258,368)	(281,701)
Investing transactions:		
Decrease in restricted cash and investments	50,743	199,059
Decrease (increase) in investments	(35,186)	19,712
Increase in debt reserve deposits	(282)	(305)
Cash provided by investing transactions	15,275	218,466
Financing transactions:		
Debt proceeds	340,000	-
Premiums on financing	14,035	-
Repayments of debt	(30,396)	(29,952)
Repayments of Golden Ears Bridge contractor liability	(4,260)	(3,273)
Government transfers received for tangible capital additions	22,697	12,002
Lease inducements received	1,936	-
Cash provided by (used for) financing transactions	344,012	(21,223)
Decrease in cash and cash equivalents	(121,259)	(125,747)
Cash and cash equivalents, beginning of period	502,060	517,022
Cash and cash equivalents, end of period	\$ 380,801	\$ 391,275
Supplementary information:		
Interest paid	\$ 95,057	\$ 95,179
Tangible capital assets acquired by capital lease	887	174

Segment Report

South Coast British Columbia Transportation Authority

Segment Report

Six months ended June 30, 2020

(in thousands of dollars)

	2020					Total	2019
	Bus operations	Corporate operations	Rail operations	Roads and bridges	Transit Police		
Revenues:							
Taxation	\$ -	\$ 422,361	\$ -	\$ -	\$ -	\$ 422,361	\$ 441,732
Transit	-	205,388	-	-	-	205,388	331,985
Government transfers	-	79,270	-	-	-	79,270	230,296
Amortization of deferred concessionaire credit	-	-	11,605	-	-	11,605	11,541
Investment income	-	26,844	-	-	-	26,844	27,581
Miscellaneous revenue	8,465	1,822	466	-	734	11,487	4,369
Loss on disposal of tangible capital assets	-	(24)	-	-	-	(24)	(37)
	8,465	735,661	12,071	-	734	756,931	1,047,467
Expenses:							
Administration	11,671	8,854	3,042	43	1,548	25,158	22,184
Capital infrastructure contributions	-	-	-	3,832	-	3,832	13,223
Contracted services	34,007	6,037	64,859	2,515	-	107,418	108,886
Fuel and power	20,627	-	7,593	-	-	28,220	33,820
Insurance	11,459	160	2,981	516	62	15,178	14,297
Maintenance, materials and utilities	40,645	849	24,623	13,392	716	80,225	80,157
Professional and legal	745	9,056	787	358	157	11,103	13,287
Rentals, leases and property tax	6,814	9,568	940	161	998	18,481	14,247
Salaries, wages and benefits	259,477	25,186	59,631	631	16,874	361,799	339,604
Expenses before amortization and interest	385,445	59,710	164,456	21,448	20,355	651,414	639,705
Amortization of tangible capital assets	54,534	7,520	39,877	10,038	259	112,228	101,117
Interest	29,533	4,071	21,591	37,669	140	93,004	92,464
Amortization and interest	84,067	11,591	61,468	47,707	399	205,232	193,581
Total Expenses	469,512	71,301	225,924	69,155	20,754	856,646	833,286
Surplus (deficit), for the period	\$ (461,047)	\$ 664,360	\$ (213,853)	\$ (69,155)	\$ (20,020)	\$ (99,715)	\$ 214,181

Appendix II – Operating Indicators

OPERATING INDICATORS								
Six months ended June 30	YTD	YTD	Change		YTD	Budget Variance		
	2020	2019	Fav/(Unfav)	%	2020	Fav/(Unfav)	%	
	ACTUAL	ACTUAL			BUDGET			
Service Performance Items								
Safety: Customer Injuries (per 1 million boarded passengers, unless otherwise stated) ^{1,2}								
Bus & SeaBus	4.2	3.7	(0.5)	(13.5%)	3.9	(0.3)	(7.7%)	
SkyTrain: Expo & Millennium Lines	0.9	1.1	0.2	18.2%	1.0	0.1	10.0%	
West Coast Express	-	0.8	0.8	100.0%	0.4	0.4	100.0%	
HandyDART (per 100,000 boarded passengers) ³	1.2	0.8	(0.4)	(50.0%)	0.8	(0.4)	(50.0%)	
Safety: Employee Lost Time Frequency								
Bus & SeaBus (per 200,000 Hours Worked)	8.3	7.7	(0.6)	(7.8%)	8.0	(0.3)	(3.8%)	
SkyTrain: Expo & Millennium Lines (per 200,000 Hours Worked)	3.8	6.8	3.0	44.1%	5.2	1.4	26.9%	
West Coast Express (per 200,000 Hours Worked)	-	-	-	-	-	-	-	
HandyDART (per 200,000 Hours Worked)	9.2	13.1	3.9	29.8%	13.0	3.8	29.2%	
Safety: Bus & SeaBus Operator Assaults (per 1 Million Service Hours)								
	14.5	18.9	4.4	23.3%	14.3	(0.2)	(1.4%)	
Ridership: Boarded Passengers (Thousands) ²								
Bus & SeaBus	78,661	140,142	(61,481)	(43.9%)	143,695	(65,034)	(45.3%)	
SkyTrain: Expo & Millennium Lines	31,240	56,315	(25,075)	(44.5%)	58,977	(27,737)	(47.0%)	
SkyTrain: Canada Line	12,166	24,449	(12,283)	(50.2%)	24,987	(12,821)	(51.3%)	
West Coast Express	594	1,320	(726)	(55.0%)	1,332	(738)	(55.4%)	
HandyDART	412	762	(350)	(45.9%)	895	(483)	(54.0%)	
Ridership: Journeys (Thousands) ²								
Overall System	73,176	133,938	(60,762)	(45.4%)	138,970	(65,794)	(47.3%)	
Vehicle Service Delivery: Percentage of Service Hours Delivered ⁴								
Bus & SeaBus	94.7%	98.4%	(3.7%)	(3.8%)	98.5%	(3.8%)	(3.9%)	
SkyTrain: Expo & Millennium Lines	98.6%	99.0%	(0.4%)	(0.4%)	99.7%	(1.1%)	(1.1%)	
SkyTrain: Canada Line	100.0%	100.0%	-	-	100.0%	-	-	
West Coast Express	97.6%	99.6%	(2.0%)	(2.0%)	100.0%	(2.4%)	(2.4%)	
HandyDART	99.7%	99.8%	(0.1%)	(0.1%)	99.8%	(0.1%)	(0.1%)	
Vehicle Punctuality: On-Time Performance								
Bus (3 minutes late < On-Time < 1 minute early)	85.7%	81.2%	4.5%	5.5%	79.0%	6.7%	8.5%	
SkyTrain: Expo & Millennium Lines (headway + 3 minutes)	94.4%	95.8%	(1.4%)	(1.5%)	96.5%	(2.1%)	(2.2%)	
West Coast Express (headway + 5 minutes)	90.6%	95.2%	(4.6%)	(4.8%)	97.8%	(7.2%)	(7.4%)	
HandyDART (earlier than and within 15 minutes of Scheduled Pick-Up Time)	93.4%	88.1%	5.3%	6.0%	90.0%	3.4%	3.8%	
Vehicle Reliability: Mean Distance Between Failure								
Bus	27,233	22,824	4,409	19.3%	25,562	1,670	6.5%	
Vehicle Reliability: Mean Distance Between Service Removals								
SkyTrain: Expo & Millennium Lines	150,970	241,530	(90,561)	(37.5%)	305,222	(154,253)	(50.5%)	

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 2019 ridership figures were restated at the end of 2018 to reflect final ridership figures

³ Restated 2019 to reflect the new injury definition.

⁴ Vehicle Service Delivery does not include cancelled service due to COVID-19.

Appendix II – Operating Indicators (Continued)

OPERATING INDICATORS							
Six months ended June 30	YTD	YTD	Change		YTD	Budget Variance	
	2020	2019	Fav/(Unfav)	%	2020	Fav/(Unfav)	%
	ACTUAL	ACTUAL			BUDGET		
HandyDART Vehicle Productivity							
Trips per Service Hour (excludes Taxis)	1.5	2.3	0.8	34.8%	2.3	(0.8)	(34.8%)
Trip Denials	391	401	10	2.5%	1,124	733	65.2%
Environmental							
Bus & SeaBus (Spills per 1 Million Km)	1.7	2.6	0.9	34.6%	2.9	1.2	41.4%
Bus & SeaBus (Revenue Vehicle Energy Consumption in Gigajoules)	910,992	986,300	75,308	7.6%	1,047,212	136,220	13.0%
Customer Service: Customer Satisfaction (overall score of 10)							
Overall System ¹	7.9	7.8	0.1	1.3%	8.0	(0.1)	(1.3%)
Bus & SeaBus	8.0	7.9	0.1	1.3%	8.0	-	-
SkyTrain: Expo & Millennium Lines	8.3	8.2	0.1	1.2%	8.3	-	-
SkyTrain: Canada Line	8.6	8.4	0.2	2.4%	8.7	(0.1)	(1.1%)
West Coast Express	8.9	9.0	(0.1)	(1.1%)	8.6	0.3	3.5%
Customer Service: Customer Complaints ²							
Overall System (per 1 million boarded passengers) ¹	102.4	87.4	(15.0)	(17.2%)	83.3	(19.1)	(22.9%)
Bus & SeaBus (per 1 million boarded passengers)	101.0	98.4	(2.6)	(2.6%)	93.4	(7.6)	(8.1%)
SkyTrain: Expo & Millennium Lines (per 1 million boarded passengers)	21.8	15.2	(6.6)	(43.4%)	14.8	(7.0)	(47.3%)
SkyTrain: Canada Line (per 1 million boarded passengers)	8.3	5.6	(2.7)	(48.2%)	5.0	(3.3)	(66.0%)
West Coast Express (per 1 million boarded passengers)	331.9	98.5	(233.4)	> (200.0%)	95.4	(236.5)	> (200.0%)
HandyDART (operator complaints as a % of trips)	0.11%	0.09%	(0.02%)	(22.2%)	0.08%	(0.03%)	(37.5%)
HandyDART (service complaints as a % of trips)	0.11%	0.11%	-	-	0.09%	(0.02%)	(22.2%)
Financial: Operating Costs							
Overall System (operating cost per capacity km) ^{1,4}	\$0.099	\$0.089	(0.010)	(11.2%)	\$0.096	(0.003)	(3.1%)
Bus & SeaBus (operating cost per capacity km)	\$0.131	\$0.133	0.002	1.5%	\$0.127	(0.004)	(3.2%)
SkyTrain: Expo & Millennium Lines (operating cost per capacity km)	\$0.044	\$0.034	(0.010)	(29.2%)	\$0.042	(0.002)	(4.7%)
SkyTrain: Canada Line (operating cost per capacity km)	\$0.121	\$0.109	(0.012)	(11.0%)	\$0.121	-	-
West Coast Express (operating cost per capacity km)	\$0.142	\$0.092	(0.050)	(54.6%)	\$0.101	(0.041)	(40.7%)
HandyDART (operating cost per trip)	\$65.42	\$40.17	(\$25.25)	(62.9%)	\$40.37	(25.05)	(62.1%)
Financial: Operating Cost Recovery							
TransLink (conventional system) ⁵	35.5%	58.7%	(23.2%)	(39.5%)	55.4%	(19.9%)	(35.9%)

¹ Excludes HandyDART.

² The preliminary YTD 2019 ridership figures were restated at the end of 2019 to reflect final ridership figures.

³ 2019 HandyDART Complaints were adjusted for reclassification between operator and service complaints.

⁴ Includes operating costs of Bus, Rail, and Transit Police. Excludes amortization and interest expense.

⁵ Includes operating costs of Bus, Rail, Transit Police and Corporate On-going. Excludes Corporate One-time, HandyDART, Amortization and Interest Expense.



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59

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