



Financial and Performance Report

AS AT JUNE 30, 2021



translink.ca



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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.

A Note Regarding Data In This Report

TransLink was the victim of a cyberattack on December 1, 2020. Immediate action and protective measures were taken by TransLink, including the shut down of multiple network systems. Transit Service was not interrupted.

The cyberattack resulted in no material ongoing impact on TransLink's financial performance, however, financial data restoration activities were ongoing during the first six months of 2021.

As a result, due to the unavailability of certain applications, certain datasets conveyed within the body of this report are partially complete and/or compiled on a best-estimate basis. In those instances, that has been disclosed within the relevant section.

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.

TransLink continued to operate in a highly uncertain landscape during the second quarter of 2021, due to the ongoing COVID-19 pandemic. Confirmed cases of COVID-19 in our region peaked in April with the third wave before declining in the latter half of the second quarter. In response, the Province maintained public health restrictions until the end of May, to reduce public health vulnerability. Major events and gatherings were banned, workplaces and post-secondary schools were encouraged to remain virtual, and travel continued to be limited to essential only. These restrictions have slowed down the economic recovery of our region and the anticipated return of ridership. As a result, fare revenue, fuel tax and parking tax revenue continued to be suppressed.

During the second quarter of 2021, the new SeaBus, Burrard Chinook, completed vessel modifications, undertook sea trials, and was deemed ready to launch next quarter. The BC Rapid Transit Company (BCRTC) completed its annual grinding program to prolong the life of assets, improve ride quality and reduce noise for our customers and neighbours. Other key accomplishments in the second quarter included progressing on the Expo Line escalator replacement project at three SkyTrain stations and installing on-demand bike lockers at two stations as a pilot project.

TransLink budgeted \$141.1 million of Senior Government relief funding in the first six months of 2021. However, due to requirements of the public sector accounting standards, the entire amount of this funding was recorded in revenue in 2020. Offsetting this slightly, TransLink received additional Senior Government relief funding of \$31.8 million, of which \$16.9 million was towards fuel tax revenue loss due to a slower than expected economic recovery and \$14.9 million is in support of the implementation of the Province's Free Transit for Youth 12 and Under Program, which will begin in September 2021. With slower economic recovery ridership was 16.2 per cent lower than expected. Transit revenue was \$11.3 million (5.9 per cent) unfavourable to budget. As a result, for the six months ended June 30, 2021, TransLink recorded a deficit of \$106.3 million on the basis of Public Sector Accounting Board (PSAB) Standards.

TransLink has demonstrated resilience in coping with the challenges and rapidly evolving environment. The Enterprise remains committed to providing safe, efficient, reliable transportation options for the region in the months ahead. We continue to look for cost savings and efficiencies to help alleviate the financial losses resulting from the pandemic while maintaining adequate service levels and keeping the transit system infrastructure in a state of good repair.

2. Update on Key Priorities Achieved in Q2 2021

TransLink's priorities for 2021 have been shaped by the COVID-19 pandemic, which has forced the Enterprise to mitigate for significantly diminished ridership and address the immediate and severe adverse impact on revenues and operations. In 2021, TransLink's focus is to continue delivering the region's vital transportation services while ensuring the existing infrastructure and prospective service options remain well-stewarded for the future.

The following table is an update for the second quarter of 2021.

Priority One: Rebuild Customer Ridership <i>TransLink will rebuild ridership by focusing on restoring public trust and confidence in transit as the economy recovers.</i>
<ul style="list-style-type: none">Launched our Reconnect campaign and partnered with Destination Vancouver to encourage residents to reconnect with transit and rediscover tourist attractions and sightseeing activities in our region and return to the transit system.
<ul style="list-style-type: none">Successfully completed vessel modifications and sea trials for the new Burrard Chinook SeaBus, which is now ready to enter service in Q3.
<ul style="list-style-type: none">Installed 28 of 71 on-demand bike lockers at two stations including Moody Centre Station and Carvolth Exchange as a pilot project to promote cycling and multi-modal transit trips in Metro Vancouver. The remaining new bike lockers will be installed at four stations, including Lonsdale Quay Exchange, 22nd Street Station, VCC-Clark Station and Richmond-Brighouse Station.
<ul style="list-style-type: none">Completed the first round of public engagement for SkyTrain to UBC extension with over 35,900 in attendance and 15,590 surveys completed, exceeding targets.
<ul style="list-style-type: none">Completed the second round of public engagement for Transport 2050, the region's transportation blueprint for the next 30 years. Staff are now compiling findings and will release Phase 2 Engagement Summary Report in Q3.
<ul style="list-style-type: none">Continued work on bus stop balancing to determine bus stops to be reinstated along the Route 25 (Brentwood Station / UBC) and Route 17 (Oak / Downtown) as a result of feedback received.
<ul style="list-style-type: none">Continued to work closely with the Ministry of Public Safety and Solicitor General to advance implementation of a Tiered Policing Pilot Program to enhance policing resources and improve efficiencies.
<ul style="list-style-type: none">Extended the Waterfront Community Policing Office hours for Saturdays. Volunteers actively performed their assigned tasks and collaborated well with transit staff and security.
<ul style="list-style-type: none">Maximized the use of air-conditioned trains during the extreme heatwave in June.
<ul style="list-style-type: none">Starting June 21, TransLink increased bus service in anticipation of greater customer demand as COVID-19 restrictions ease and to include additional service to outdoor attractions. These increases specifically targeted warmer-weather tourist destinations such as Stanley Park, White Pine Beach, Buntzen Lake, Rocky Point Park, and Lions Bay.
<ul style="list-style-type: none">Announced that Compass and age-based discounts will be introduced for HandyDART customers on October 1. These improvements will make HandyDART fares more equitable and allow customers to travel more easily between HandyDART and the bus, SeaBus, SkyTrain, and West Coast Express.
<ul style="list-style-type: none">Focused on managing risks during the third wave of COVID-19 while planning for the <i>BC Restart</i> Steps 2 and 3, including moving in tandem with BC Transit and BC Ferries under the <i>BC Restart</i> plan to change mask wearing to recommended and moving to full vehicle capacity. The Copper in Transit project is well into the planning stage, with pilots planned for implementation on select vehicles in Q3.
<ul style="list-style-type: none">Continued to attract new companies and agencies for the Compass Pass for Organizations program. In addition, the program will support Care Homes with the sale of Compass products with the launch of Compass for HandyDART.

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- Partnered with the Province to develop the Province’s Free Transit for Youth 12 and Under Program offering free transit starting September for children aged 12 and younger to encourage the next generation to become transit users.
-

Priority Two: Foster a Safe, Skilled and Resilient Workforce

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

- Received positive feedback from bus operators on the visibility of the Transit Police Mobile Enforcement Team and enforcement initiatives related to bus lane and bus loop use by unauthorized vehicles.
 - Over 60 staff at Transit Police completed the Status of Women's Gender-Based Analysis Plus (GBA+) course hosted by the Government of Canada. GBA+ provides a rigorous method for the assessment of systemic inequalities, including how diverse groups of women, men, and gender diverse people may experience policies, programs and initiatives.
 - Drafted a policy to identify initiatives and training opportunities on the Psychological Health and Safety Management System Project in order to increase focus on mental health for our employees.
 - Developed the policy and guidelines for the Future of Work Program.
 - Completed the Just Culture training for BCRTC senior leadership as part of the continuous focus on enhancing safety culture.
 - Formed a WorkSafeBC Days Lost Reduction Working Group to review the Utility Operator program for expediting employees' Return to Work. The goal is to apply a consistent Recover at Work methodology, training and support materials to all CMBC Operators.
 - Continued to work with adjacent developments to ensure new development promotes safe and efficient amenities for employees.
 - The Transit Police Indigenous Liaison Officer continued to review Transit Police criminal investigations which involve Indigenous Peoples as victims, witnesses and suspects to provide appropriate guidance and support. Transit Police is committed to strengthen support to Indigenous Peoples and promote good governance.
 - Received increasing numbers of registrations for The Blue Eagle Cadet Program. A new program for young people aged 12 to 15 with a strong focus on Indigenous culture, this program works to build participants’ leadership skills while developing a positive relationship with the police.
-

Priority Three: Deliver a Reliable Transportation System in 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.

- Continued to work on greenhouse gas mitigation and risk hazard identification to support the Corporate Climate Action Plan.
- Completed a total of seven escalators replacement in the second quarter of 2021 including five at the Waterfront SkyTrain station, one at Gateway station and one at Patterson station. This marked the eighth station completed so far as part of the project.
- Installed 236 mechanical fare boxes on the conventional bus fleet, which will reduce maintenance and replacement costs, bringing a total to 1,015 out of 1,500 mechanical fare boxes to be installed.
- Completed urgent repairs on the Westham Island Bridge swing span due to collision impact.
- Utilized the heavy-duty grinding machine to address poor rail areas in need of re-profiling and defect removal. BCRTC has completed 80,000 metres of track grinding June YTD and is on track to meet the annual target.
- Completed the detailed design and commenced the implementation phase of the Finance, Supply Chain and Enterprise Asset Management Program.
- In June 2021, TransLink announced the investment of \$125 million into upgrading, maintaining, or building new regional walkways, cycling paths, and roads through the Municipal Funding Program. For the first time in program history, funding will be allotted to all 23 local governments.
- Published a variety of digital content to support Transport 2050, including notification of open houses on all primary social media channels, an advertorial for the Daily Hive, digital ads, as well as a Reddit Ask Me Anything availability and a Clubhouse chat.
- Completed the additional workspace in the Operations and Maintenance Centre 1 (OMC 1) and continued to work on the upgrade.

Priority Four: Achieve Financial Sustainability

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

- Realized \$12.2 million of cost savings and cost avoidance in multiple operating and capital initiatives through the delivery of the 2021 Procurement Plan by the Strategic Sourcing and Contract Management Team.
- Continued discussions on potential scope and funding for the next Investment Plan, slated for approval in Spring 2022.
- Continued to work with the Province and Federal government to secure new funding for the capital programs envisioned in the 2022 - 2031 Investment Plan.
- Completed the development of the Indigenous Relations Screening Tool and the review of other public agencies' Indigenous Relations procurement policies and practices for developing TransLink's procurement guidelines in construction projects.

3. 2021 Second Quarter Financial Summary

CONSOLIDATED REVENUES AND EXPENSES Six months ended June 30 (\$ thousands)	ACTUAL TO BUDGET				FORECAST TO BUDGET			
	YTD 2021	YTD 2021	Budget Variance		Annual 2021	Annual 2021	Forecast Variance	
	ACTUAL	BUDGET	Fav/(Unfav)	%	Q2 FORECAST	BUDGET	Fav/(Unfav)	%
Revenue								
Taxation	436,385	443,304	(6,919)	(1.6%)	872,145	888,774	(16,629)	(1.9%)
Transit	180,707	192,029	(11,322)	(5.9%)	398,748	421,548	(22,800)	(5.4%)
Government transfers	94,683	263,102	(168,419)	(64.0%)	231,419	552,357	(320,938)	(58.1%)
Amortization of deferred concessionaire credit	11,541	11,541	-	-	23,273	23,273	-	-
Development cost charges ¹	12,896	8,444	4,452	52.7%	25,773	16,889	8,884	52.6%
Investment Income	27,607	23,412	4,195	17.9%	51,335	46,715	4,620	9.9%
Miscellaneous revenue	15,161	7,631	7,530	98.7%	21,491	17,422	4,069	23.4%
Sub Total Continuing Operations	778,980	949,463	(170,483)	(18.0%)	1,624,184	1,966,978	(342,794)	(17.4%)
Gain (Loss) on disposal on tangible capital assets	66	-	66	100.0%	10	-	10	-
Total Revenue	779,046	949,463	(170,417)	(17.9%)	1,624,194	1,966,978	(342,784)	(17.4%)
Expenditures								
Bus Operations	395,842	416,993	21,151	5.1%	829,638	844,162	14,524	1.7%
Rail Operations	168,758	181,003	12,245	6.8%	348,971	360,290	11,319	3.1%
Transit Police	22,115	22,599	484	2.1%	44,223	44,296	73	0.2%
Corporate Operations	48,021	55,251	7,230	13.1%	111,982	112,479	497	0.4%
Roads & Bridges	36,267	70,280	34,013	48.4%	144,762	142,075	(2,687)	(1.9%)
Amortization of Capital Assets*	113,344	118,087	4,743	4.0%	236,898	249,942	13,044	5.2%
Interest*	91,179	89,574	(1,605)	(1.8%)	181,747	180,469	(1,278)	(0.7%)
Sub Total Continuing Operations	875,526	953,787	78,261	8.2%	1,898,221	1,933,713	35,492	1.8%
Corporate One-Time	9,842	10,457	615	5.9%	30,399	25,186	(5,213)	(20.7%)
Total Expenses	885,368	964,244	78,876	8.2%	1,928,620	1,958,899	30,279	1.5%
Surplus/(Deficit) for the period (PSAB)	(106,322)	(14,781)	(91,541)	> 200.0%	(304,426)	8,079	(312,505)	> (200.0%)

* Amortization and Interest shown separately to facilitate analysis

¹ Development cost charges is now separately reported from Taxation

The PSAB deficit recorded in the first six months of 2021 was \$106.3 million which is \$91.5 million unfavourable to budget. The budget included a portion of Senior Government Emergency Relief Funding of \$141.1 million, whereas the entire amount of funding was recorded in revenue in 2020 in accordance with accounting standard requirements. In the second quarter, TransLink received \$31.8 million of additional Senior Government funding, of which \$16.9 million provided relief to lower fuel tax revenues as a result of COVID-19, and \$14.9 million was towards implementation of the Free Transit for Youth 12 and Under Program. Excluding these Senior Government funding items, we are \$17.8 million better than budget.

Total revenue from continuing operations, excluding government transfers, was unfavourable to budget by \$2.0 million (0.3 per cent). Transit and Taxation revenues remained under sustained pressure, with travel patterns remaining suppressed by the state of emergency and physical distancing measures which continued to be enacted within the Metro Vancouver region in response to COVID-19. Whereas TransLink's 2021 budget had envisaged a gradual socio-economic recovery in the first six months of the year, the Metro Vancouver region instead experienced a new wave of COVID-19 cases and associated renewed measures by the Provincial Health Officer. Partially offsetting these pressures were miscellaneous revenues, higher project recoveries, higher development cost charges from increased development activity, and higher investment income from additional interest earned from a loan receivable and higher cash balance with better interest rates.

Total expenditures were favourable to budget by \$78.9 million (8.2 per cent) mainly due to lower labour expenses as a result of temporary vacancies, lower contractual costs, lower maintenance work from reduced usage of revenue vehicles, lower fuel costs and fuel consumption, lower capital infrastructure contributions as a result of timing of municipalities' work completion, lower amortization due to timing of assets put into service, as well as timing of professional fees, partly offset by overtime and consulting costs related to the cyberattack recovery.

The deficit for the year 2021 is forecasted to be \$304.4 million unfavourable to budget. This is primarily due to Senior Government Emergency Relief Funding, budgeted at \$282.2 million for 2021, which was recorded in 2020 in accordance with accounting standard requirements as well as lower than anticipated recovery for fuel tax and transit revenue mainly attributable to a slower recovery from COVID-19 with significant restrictions in early 2021, a third

wave of cases and uncertainty with the Delta variant for the remainder of 2021. Excluding the Senior Government Relief Funding variance, the forecast deficit is \$22.2 million unfavourable to budget for 2021.

4. Key Performance Indicators

Financial Indicators

TransLink measures and monitors its financial indicators throughout the year.

FINANCIAL POLICIES AND INDICATORS				
(\$ thousands)	June 30	December 31	Change	
	2021	2020	Fav/(Unfav)	%
Unrestricted cash and investments	733,060	493,630	239,430	48.5%
Capital assets	5,589,925	5,573,970	15,955	0.3%
Net direct debt	(2,544,332)	(2,645,666)	101,334	3.8%
Indirect P3 debt	(1,463,332)	(1,480,204)	16,872	1.1%
Total net direct debt and indirect P3 debt	(4,007,664)	(4,125,870)	118,206	2.9%
Unrestricted cash and investments as % of operating expenditures plus debt service costs ¹	62.4%	30.5%	(31.9%)	(104.6%)
Gross interest cost as a % of operating revenue ²	13.4%	14.1%	0.7%	5.0%

¹ Includes Operating Expenditures (excluding municipal capital infrastructure contributions), Interest Expense and Debt Principal Repayments.

² Operating revenue is Total Revenue less Government transfers for capital projects, Investment Income and Amortization of deferred concessionaire credit.

Unrestricted cash and investment balances increased by \$239.4 million (48.5 per cent) in the first six months of 2021 as a result of the receipts of \$644 million Senior Government Emergency Relief Funding which is to cover our net losses due to COVID through 2020 and 2021. Additional funding of \$31.8 million was also received from the Province.

Capital assets increased by \$16.0 million (0.3 per cent) in the first six months of 2021 due to \$129.3 million in additions, partially offset by amortization of \$113.3 million. Additions included SkyTrain system and infrastructure upgrades, SkyTrain vehicles, bus infrastructure improvements and technology upgrade projects.

Net direct debt decreased by \$101.3 million (3.8 per cent) due to a \$30.0 million decrease in short-term debt and the maturity of a \$56.0 million Municipal Financing Authority (MFA) bond. Other factors contributing to the decrease were 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 \$16.9 million (1.1 per cent) mainly due to the amortization of the Canada Line deferred concessionaire credit.

Gross interest cost as a percentage of operating revenues was 13.4 per cent and well within TransLink's 20 per cent policy. This indicator was 0.7 percentage points lower than 2020 due to lower debt and lower interest rates.

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	
	2021	2020	Fav/(Unfav)	%	2021	Fav/(Unfav)	%
	ACTUAL	ACTUAL			BUDGET		
Scheduled Transit Service							
Overall Performance Rating (out of 10)	8.3	7.9	0.4	5.1%	8.0	0.3	3.8%
Service Hours	3,461,247	3,412,645	48,602	1.4%	3,593,263	(132,016)	(3.7%)
Operating Cost Recovery ¹	30.0%	35.5%	(5.5%)	(15.5%)	30.1%	(0.1%)	(0.3%)
Operating Cost per Capacity Km ²	\$0.120	\$0.099	(\$0.021)	(21.2%)	\$0.119	(0.001)	(1.0%)
Complaints per million Boarded Passengers ³	46.5	102.4	55.9	54.6%	114.7	68.2	59.5%
Access Transit Service							
Number of Trips	289,073	364,450	(75,377)	(20.7%)	708,665	(419,592)	(59.2%)
Operating Cost per Trip	\$81.79	\$65.42	(\$16.37)	(25.0%)	\$41.32	(\$40.47)	(97.9%)
Number of Trips Denied	11	391	380	97.2%	121	110	90.9%
Operator Complaints as a percentage of trips	0.12%	0.11%	(0.01%)	(9.1%)	0.08%	(0.04%)	(12.5%)
Service Complaints as a percentage of trips	0.05%	0.11%	0.06%	55.4%	0.09%	0.04%	(22.2%)
Ridership (thousands) ⁴							
Boarded Passengers	94,919	123,041	(28,122)	(22.9%)	108,986	(14,067)	(12.9%)
Journeys	54,389	73,155	(18,766)	(25.7%)	64,936	(10,547)	(16.2%)
Average Fare per Journey ⁵	\$3.09	\$2.64	\$0.45	17.0%	\$2.79	\$0.30	10.8%

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 In December 2020, TransLink was the victim of a cyberattack. Immediate action and protective measures were taken by TransLink including the shut down of multiple network systems. As a result, due to the unavailability of certain applications, TransLink was not able to capture complaints data from January 1 to May 31, 2021. YTD 2021 actual shows only June 2021 complaints data primarily collected from telephone calls to Customer Information Services: the online feedback form was still unavailable as of June 30, 2021.

⁴ The preliminary YTD 2020 ridership figures were restated at the end of 2020 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 2021 was 8.3 out of 10, which was higher than both 2020 actual and the 2021 target. Significant shifts in ratings across the system began to be observed concurrent with the onset of the COVID-19 pandemic in 2020, which may reflect riders' changing perceptions and expectations of the transit system in this new paradigm. Further, since that time ridership has continued to be well below pre-pandemic levels and as such the Customer Service Performance study respondents has been considerably lower than was historically the case. The smaller size of this pool, as well as the proportion of riders without access to a car being significantly higher than pre-pandemic levels may in itself be impacting ratings.

Service hours were 48,602 (1.4 per cent) higher than 2020 mainly due to some service reductions implemented in 2020 as a result of the COVID-19 pandemic. Compared to budget, service hours were 132,016 (3.7 per cent) lower than budget mainly due to service adjustments and service cancellations resulting from slower than expected economic ridership recovery from the pandemic.

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 2021, the cost recovery of 30.0 per cent was on budget, but lower than the 2020 ratio of 35.5 per cent. The decline from prior year is due to a significant drop in transit revenues associated with the decrease in ridership resulting from COVID-19, whereas the majority of the first quarter of 2020 had pre-pandemic ridership levels.

Operating cost per capacity kilometres increased by 21.2 per cent compared to 2020 mainly due to the reduced capacity kilometres as a result of the COVID-19 impact on service delivery. Ongoing bus seating restrictions implemented since June 1, 2020 reduced the capacity per vehicle to only two-thirds of the regular full passenger load, partly offset by using the higher capacity Mark III trains as compared to 2020. Compared to budget, operating

cost per capacity kilometres was 1.0 per cent higher mainly due to reduced capacity kilometres as a result of service adjustments and service cancellations from planned service in response to demand resulting from the ongoing COVID-19 pandemic. This included higher than planned use of Mark I trains, which provide more vehicle kilometres but offer less capacity than the other trains in the fleet.

Complaints data is usually collected through TransLink's online feedback form and Customer Information Services telephone logs. This data was not available for the first five months of 2021 due to the unavailability of the applications used to capture this information, as a result of the December 2020 cyberattack. During June, Customer Information Services telephone logs were reactivated, but as of June 30, 2021, the online feedback application was not yet recovered. Accordingly, complaints reported relates to the month of June only, and even then may be unrepresentative as an operational indicator, as the online feedback form is still offline. As a reference, approximately 53.0 per cent of the total complaints received across 2018 to 2020 were through the online feedback form. Complaints per million boarded passengers are lower than prior year and budget; while that may be partially attributable to lower ridership as a result of the ongoing pandemic, the incomplete nature of the dataset due to the ongoing unavailability of the online feedback form impairs further analysis.

Access Transit Service

Access Transit provides door-to-door shared-ride service for customers 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 2021 was lower compared to the same period in 2020 (20.7 per cent) and was unfavourable compared to budget (59.2 per cent) due to the COVID-19 pandemic which is continuing to significantly impacted service demand in 2021. TransLink remains committed to ensuring that services are fully available for passengers unable to use conventional public transit without assistance. As such, budgeted 2021 service levels were set at pre-pandemic levels.

Operating cost per trip increased by \$16.37 (25.0 per cent) from \$65.42 in 2020 to \$81.79 in 2021 and was unfavourable to budget by \$40.47 (97.9 per cent) largely due to reduced trip demand due to effects of COVID-19 while costs are largely fixed and relatively consistent with 2020. To ensure customer safety by maintaining 6-foot physical distancing, HandyDART continues to deliver approximately 95 per cent of trips with two or fewer people per vehicle. For comparison, pre-COVID, HandyDART trips were provided as shared-ride trips, with as many as 12 customers per bus during peak periods.

In an effort to improve the customer experience and to reduce customer complaints First Transit is doubling the frequency of customer-focused refresher training sessions from annual to twice per year. First Transit is also developing a quick reference guide for operators to use in high-stress situations. In the third quarter, this customer service quality initiative will focus on analyzing driver-related complaints, with a view to assessing how to reduce them.

With the anticipated return of ridership later in 2021 and the associated increasing number of taxi trips, HandyDART will also roll out refresher training to taxi drivers.

Ridership

Boardings represent each time a passenger enters a fare paid zone using Compass fare media or other proof of payment, including transfers. For the first six months of 2021, total system boardings were 94.9 million, 22.9 per cent lower compared to the same period in 2020 and 57.4 per cent lower than pre-COVID period, being YTD June 2019.

Journeys represent a complete transit trip using Compass fare media or other proof of payment, including transfers. Compared to the first six months of 2020, total system journeys declined by 25.7 per cent to a total of 54.4 million as of June 30, 2021, total system journeys were 59.4 per cent lower than pre-COVID in 2019.

Ridership in the first six months of 2021 was lower at an average rate of about 41.0 per cent of pre-pandemic levels throughout the third and largest wave of COVID-19 cases in the region. Ridership began to show signs of improved recovery in the last two weeks of June as more social and economic restrictions were relaxed. Both journeys and boardings were unfavourable to budget by 16.2 per cent and 12.9 per cent, respectively.

The average fare per journey was \$3.09 for the first six months of the 2021, an increase over 2020 of 17.0 per cent and 10.8 per cent over budget. The use of higher-value pass products, such as single-use fares as opposed to monthly passes, results in a higher average fare per journey. Changes in travel behaviour were partly attributable to the pandemic guidelines issued by the Provincial Health Office amid the onset of higher COVID-19 cases in 2021.

5. Consolidated Revenues

The following is a summary of consolidated revenues for the second quarter of 2021 compared to the budget.

CONSOLIDATED REVENUES Six months ended June 30 (\$ thousands)	ACTUAL TO BUDGET				FORECAST TO BUDGET			
	YTD 2021	YTD 2021	Budget Variance		Annual 2021	Annual 2021	Forecast Variance	
	ACTUAL	BUDGET	Fav/(Unfav)	%	Q2 FORECAST	BUDGET	Fav/(Unfav)	%
Taxation								
Fuel	187,604	192,442	(4,838)	(2.5%)	370,000	384,884	(14,884)	(3.9%)
Property & Replacement	217,632	217,860	(228)	(0.1%)	434,121	435,720	(1,599)	(0.4%)
Parking Rights	19,921	21,855	(1,934)	(8.9%)	45,848	46,033	(185)	(0.4%)
Hydro Levy	11,228	11,147	81	0.7%	22,176	22,137	39	0.2%
Transit	180,707	192,029	(11,322)	(5.9%)	398,748	421,548	(22,800)	(5.4%)
Government transfers	94,683	263,102	(168,419)	(64.0%)	231,419	552,357	(320,938)	(58.1%)
Amortization of deferred concessionaire credit	11,541	11,541	-	-	23,273	23,273	-	-
Development cost charges ¹	12,896	8,444	4,452	52.7%	25,773	16,889	8,884	52.6%
Investment Income	27,607	23,412	4,195	17.9%	51,335	46,715	4,620	9.9%
Miscellaneous revenue	15,161	7,631	7,530	98.7%	21,491	17,422	4,069	23.4%
Revenue Before Gain/(Loss) on Disposals	778,980	949,463	(170,483)	(18.0%)	1,624,184	1,966,978	(342,794)	(17.4%)
Gain (Loss) on disposal on tangible capital assets	66	-	66	100.0%	10	-	10	-
Total Revenue	779,046	949,463	(170,417)	(17.9%)	1,624,194	1,966,978	(342,784)	(17.4%)

¹ Development cost charges is now separately reported from Taxation

The first six months of 2021 saw a third wave of COVID-19 cases and, with it, incremental and enhanced Provincial Health Order restrictions, which further suppressed travel patterns in Metro Vancouver. The fuel tax, parking rights tax and transit revenue streams were all unfavourable to budget. Government transfers were unfavourable primarily due to the recognition of the entire amount of Senior Government Emergency Relief Funding in 2020, as required by the accounting standards, despite the fact that a portion of the relief funding was intended to offset operating losses and support 2021 transit service delivery.

Total revenues are forecasted to be lower than budget by \$342.8 million (17.4 per cent) mainly due to the recognition of the entire amount of \$644.0 million Senior Government Emergency Relief Funding in 2020, of which \$282.2 million was budgeted for 2021, and unfavourable fuel tax and transit revenue due to the anticipated impact of COVID-19 cases from the Delta variant that will continue suppressing travel behaviour and ridership recovery. The unfavourable revenue forecast is expected to be partially offset with favourable investment income, development cost charges and miscellaneous revenue.

Taxation

TAXATION REVENUES Six months ended June 30 (\$ thousands)	ACTUAL TO BUDGET				FORECAST TO BUDGET			
	YTD 2021	YTD 2021	Budget Variance		Annual 2021	Annual 2021	Forecast Variance	
	ACTUAL	BUDGET	Fav/(Unfav)	%	Q2 FORECAST	BUDGET	Fav/(Unfav)	%
Fuel	187,604	192,442	(4,838)	(2.5%)	370,000	384,884	(14,884)	(3.9%)
Property & Replacement	217,632	217,860	(228)	(0.1%)	434,121	435,720	(1,599)	(0.4%)
Parking Rights	19,921	21,855	(1,934)	(8.9%)	45,848	46,033	(185)	(0.4%)
Hydro Levy	11,228	11,147	81	0.7%	22,176	22,137	39	0.2%
Total Taxation	436,385	443,304	(6,919)	(1.6%)	872,145	888,774	(16,629)	(1.9%)

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 2021 were \$6.9 million (1.6 per cent) unfavourable to budget.

Driving levels remained lower than anticipated in the first six months of 2021 due to the increased number of COVID-19 cases and associated physical distancing measures as the Metro Vancouver region faced the third wave of the pandemic. Fuel tax revenue for the first six months of 2021 was \$4.8 million (2.5 per cent) unfavourable and parking rights tax revenue for the six months of 2021 was \$1.9 million (8.9 per cent) unfavourable to budget. Lower overall driving levels resulted in a proportionately greater reduction to parking revenues, as demand for monthly parking

subscriptions has significantly reduced due to a significant number of employers transitioning their staff to working from home, and due to the increased availability of free parking alternatives.

Taxation revenues are forecasted to be \$16.6 million lower than budget mainly driven by fuel tax revenue, which is forecasted to be \$14.9 million (3.9 per cent) lower than budget due to the slower than expected economic recovery as a result of the third wave and ongoing restrictions. Whilst BC is anticipated to enter into Step Four of the *BC Restart Plan* later in the year, we do not expect overall fuel sales to recover beyond the current levels as some commuters currently driving are anticipated to return to transit. The revenue from property taxes is forecasted to be \$1.6 million (0.4 per cent) lower than budget due to a lower non-market change percentage associated with lower than expected development activity.

Transit

TRANSIT REVENUES Six months ended June 30 (\$ thousands)	ACTUAL TO BUDGET				FORECAST TO BUDGET			
	2021	2021	Budget Variance		2021	2021	Forecast Variance	
	ACTUAL	BUDGET	Fav/(Unfav)	%	Q2 FORECAST	BUDGET	Fav/(Unfav)	%
Fares	115,333	126,388	(11,055)	(8.7%)	257,189	287,475	(30,286)	(10.5%)
Programs	52,470	54,730	(2,260)	(4.1%)	111,303	109,737	1,566	1.4%
Total Fare Revenue	167,803	181,118	(13,315)	(7.4%)	368,492	397,212	(28,720)	(7.2%)
Other	12,904	10,911	1,993	18.3%	30,256	24,336	5,920	24.3%
Total Transit	180,707	192,029	(11,322)	(5.9%)	398,748	421,548	(22,800)	(5.4%)

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 revenue was \$11.3 million (5.9 per cent) unfavourable to budget in the first six months of 2021 mainly due to lower than anticipated recovery in ridership as a result of prolonged Provincial Health Order restrictions and volatility in COVID-19 cases. For the first six months of 2021, boardings and journeys were 12.9 per cent and 16.2 per cent unfavourable to budget, respectively.

Total transit revenue is forecasted to be \$22.8 million (5.4 per cent) unfavourable to budget as ridership recovery is expected to continue to be negatively impacted by the new Delta variant and a potential fourth wave of COVID-19 cases. The 2021 Budget had anticipated an earlier and stronger recovery from COVID-19. However, there were significant restrictions on activities in early 2021 and a significant third wave of cases and hospitalizations in the spring. The slower recovery coupled with the future uncertainty of the Delta variant results in an unfavourable forecast to budget for fare revenue for the remainder of 2021. The number of vaccinations administered, active cases and prevailing Provincial restrictions will determine when a steady ridership recovery will persist.

Government Transfers

GOVERNMENT TRANSFERS Six months ended June 30 (\$ thousands)	ACTUAL TO BUDGET				FORECAST TO BUDGET			
	YTD	YTD	Budget Variance		Annual	Annual	Forecast Variance	
	2021	2021	Fav/(Unfav)	%	2021	2021	Fav/(Unfav)	%
Senior Government Relief Funding	31,800	141,124	(109,324)	(77.5%)	31,800	282,246	(250,446)	(88.7%)
Senior Government Funding	30,774	89,869	(59,095)	(65.8%)	134,868	205,360	(70,492)	(34.3%)
Golden Ears Bridge Tolling Replacement Revenue	32,109	32,109	-	-	64,751	64,751	-	-
Total Government Transfers	94,683	263,102	(168,419)	(64.0%)	231,419	552,357	(320,938)	(58.1%)

Included in the \$263.1 million total budgeted government transfers for the period was a portion of Senior Government Emergency Relief Funding totalling \$141.1 million, and Greater Vancouver Regional Fund (GVRF), Federal Gas Tax allocation, Canada Line funding, Build Canada Fund and other miscellaneous programs, together totalling \$89.9 million. Golden Ears Bridge tolling replacement revenue, budgeted at \$32.1 million for the period, represents funding provided by the Province of B.C. in lieu of tolling revenue on the Golden Ears Bridge, as bridge tolling was eliminated on September 1, 2017.

Public Sector Accounting Standards required TransLink to recognize the entire amount of \$644.0 million Senior Government Emergency Relief Funding in 2020, even though a large portion of that funding is intended to cover net

operating losses in 2021. TransLink received additional relief funding of \$31.8 million in the first six months of 2021, of which \$16.9 million was towards fuel tax revenue loss due to a slower than expected economic recovery and \$14.9 million is in support of the implementation of Free Transit for Youth 12 and Under Program, which will begin in September 2021. This gave rise to a net budget variance of \$109.3 million in the first six months of 2021.

Senior Government Relief Funding is forecasted to be \$250.4 million (88.7 per cent) unfavourable for the 2021 due to the entirety of the \$644.0 million COVID-19 Senior Government Relief Funding having been recognised in 2020, partially offset by \$31.8 million additional relief funding received in 2021 towards fuel tax revenue loss and the Free Transit for Youth 12 and Under Program.

The remaining unfavourable year-to-date variance in Senior Government funding of \$59.1 million (65.8 per cent) and forecasted to be \$70.5 million (34.3 per cent) unfavourable to budget, is mainly due to the timing of bus replacement projects that has shifted the revenue recognition of government transfers and the timing of funding recognition for Public Transit Infrastructure Fund (PTIF).

Investment Income

Investment income was \$4.2 million (17.9 per cent) favourable to budget mainly due to Oakridge Transit Centre installments being subject to late payment interest penalties and higher than budget interest rate. The full year forecast is expected to be \$4.6 million (9.9 per cent) favourable to budget mainly due to penalty interest from Oakridge Transit Centre installments and higher cash balances.

Miscellaneous Revenue

Miscellaneous revenue was \$7.5 million (98.7 per cent) favourable to budget for the first six months of 2021 mainly due to one-time fee for contractual arbitration of the Oakridge Transit Centre sale agreement and other project recoveries. Miscellaneous revenue is forecasted to be \$4.1 million (23.4 per cent) favourable to budget. The decrease from the favourable variance for the first six months is due to lower labour and material recoveries in the second half of 2021 due to timing of the projects.

6. Consolidated Expenses by Segment

CONSOLIDATED EXPENSES BY SEGMENT Six months ended June 30 (\$ thousands)	ACTUAL TO BUDGET				FORECAST TO BUDGET			
	YTD 2021	YTD 2021	Budget Variance		Annual 2021	Annual 2021	Forecast Variance	
	ACTUAL	BUDGET	Fav/(Unfav)	%	Q2 FORECAST	BUDGET	Fav/(Unfav)	%
Bus Operations	395,842	416,993	21,151	5.1%	829,638	844,162	14,524	1.7%
Rail Operations	168,758	181,003	12,245	6.8%	348,971	360,290	11,319	3.1%
Transit Police	22,115	22,599	484	2.1%	44,223	44,296	73	0.2%
Corporate Operations	48,021	55,251	7,230	13.1%	111,982	112,479	497	0.4%
Roads & Bridges	36,267	70,280	34,013	48.4%	144,762	142,075	(2,687)	(1.9%)
Amortization of Capital Assets*	113,344	118,087	4,743	4.0%	236,898	249,942	13,044	5.2%
Interest*	91,179	89,574	(1,605)	(1.8%)	181,747	180,469	(1,278)	(0.7%)
Sub Total Continuing Operations	875,526	953,787	78,261	8.2%	1,898,221	1,933,713	35,492	1.8%
Corporate One-Time	9,842	10,457	615	5.9%	30,399	25,186	(5,213)	(20.7%)
Total Expenses by Segment	885,368	964,244	78,876	8.2%	1,928,620	1,958,899	30,279	1.5%

* Amortization and Interest shown separately to facilitate analysis

Bus Operations

TransLink's bus operating subsidiary, Coast Mountain Bus Company (CMBC), oversees the operations of conventional bus service, as well as Community Shuttle, SeaBus and Access Transit.

In the second quarter of 2021, vessel modifications for the new SeaBus, the *Burrard Chinook*, were completed and sea trials were successfully undertaken. With a focus on safety, one-fifth of all Operators receive refresher training each year; this quarter refresher training was ramped up and delivered ahead of schedule. Preliminary design work and stakeholder engagement continued for the planned Marpole Transit Centre.

BUS OPERATIONS BY CATEGORY Six months ended June 30 (\$ thousands)	ACTUAL TO BUDGET				FORECAST TO BUDGET			
	YTD 2021	YTD 2021	Budget Variance		Annual 2021	Annual 2021	Forecast Variance	
	ACTUAL	BUDGET	Fav/(Unfav)	%	Q2 FORECAST	BUDGET	Fav/(Unfav)	%
Administration	10,819	13,969	3,150	22.5%	26,556	26,570	14	0.1%
Contracted Services	34,602	40,430	5,828	14.4%	76,766	81,195	4,429	5.5%
Fuel and Power	23,540	26,369	2,829	10.7%	53,290	54,050	760	1.4%
Insurance	9,593	11,624	2,031	17.5%	18,195	23,431	5,236	22.3%
Maintenance, Materials and Utilities	36,093	39,579	3,486	8.8%	77,356	81,728	4,372	5.3%
Professional and Legal	579	1,615	1,036	64.1%	3,432	3,849	417	10.8%
Rentals, Leases and Property Tax	8,362	7,976	(386)	(4.8%)	15,853	15,841	(12)	(0.1%)
Salaries, Wages and Benefits	272,254	275,431	3,177	1.2%	558,190	557,498	(692)	(0.1%)
Total Expenses by Category	395,842	416,993	21,151	5.1%	829,638	844,162	14,524	1.7%

For the six months ended June 30, 2021, Bus Operations expenses were \$21.2 million (5.1 per cent) favourable to budget mainly due to lower Access Transit contract costs due to fewer HandyDart trips delivered, lower maintenance from reduced service, labour savings due to vacancies and lower overtime as well as lower fuel costs attributed to better fuel consumption and lower demand.

Bus Operations expenses are forecasted to be \$14.5 million (1.7 per cent) favourable for the year mainly due to a higher ICBC discount rate, lower service demand in Access Transit and lower maintenance from reduced service. Software, license and IT support costs are expected to be incurred by year end, which were delayed in the first half of 2021 as a result of the cybersecurity incident.

Service Delivery

BUS OPERATIONS							
Six months ended June 30	YTD	YTD	Change		YTD	Budget Variance	
	2021	2020	Fav/(Unfav)	%	2021	Fav/(Unfav)	%
	ACTUAL	ACTUAL			BUDGET		
SERVICE HOURS							
CMBC Operations¹	2,600,700	2,558,368	42,332	1.7%	2,709,484	(108,784)	(4.0%)
Conventional Bus	2,325,308	2,290,996	34,312	1.5%	2,410,569	(85,261)	(3.5%)
Community Shuttle	269,553	262,341	7,212	2.7%	291,880	(22,327)	(7.6%)
SeaBus	5,839	5,031	808	16.1%	7,035	(1,196)	(17.0%)
Contracted Transit Services	116,103	115,602	501	0.4%	122,125	(6,022)	(4.9%)
West Vancouver	56,582	56,023	559	1.0%	58,275	(1,693)	(2.9%)
Contract Community Shuttle	59,521	59,579	(58)	(0.1%)	63,850	(4,329)	(6.8%)
Conventional Transit Service Hours	2,716,803	2,673,970	42,833	1.6%	2,831,609	(114,806)	(4.1%)
SERVICE KILOMETRES							
CMBC Operations	50,876,030	49,403,509	1,472,521	3.0%	53,214,105	(2,338,075)	(4.4%)
Conventional Bus	45,339,677	43,938,613	1,401,064	3.2%	47,274,770	(1,935,093)	(4.1%)
Community Shuttle	5,457,418	5,396,890	60,528	1.1%	5,844,221	(386,803)	(6.6%)
SeaBus	78,935	68,006	10,929	16.1%	95,114	(16,179)	(17.0%)
Contracted Transit Services	2,338,162	2,407,633	(69,471)	(2.9%)	2,660,482	(322,320)	(12.1%)
West Vancouver	1,037,740	1,059,381	(21,641)	(2.0%)	1,201,048	(163,308)	(13.6%)
Contract Community Shuttle	1,300,422	1,348,252	(47,830)	(3.5%)	1,459,434	(159,012)	(10.9%)
Conventional Transit Service Kilometres	53,214,192	51,811,142	1,403,050	2.7%	55,874,587	(2,660,395)	(4.8%)
CAPACITY KILOMETRES							
CMBC Operations	1,834,062,960	2,615,260,632	(781,197,672)	(29.9%)	1,923,677,175	(89,614,215)	(4.7%)
Conventional Bus	1,726,484,194	2,480,456,470	(753,972,276)	(30.4%)	1,805,757,046	(79,272,852)	(4.4%)
Community Shuttle	87,318,688	107,937,800	(20,619,112)	(19.1%)	93,507,536	(6,188,848)	(6.6%)
SeaBus	20,260,078	26,866,362	(6,606,284)	(24.6%)	24,412,593	(4,152,515)	(17.0%)
Contracted Transit Services	55,398,102	79,934,112	(24,536,010)	(30.7%)	63,385,877	(7,987,775)	(12.6%)
West Vancouver	34,591,347	52,969,072	(18,377,725)	(34.7%)	40,034,933	(5,443,586)	(13.6%)
Contract Community Shuttle	20,806,755	26,965,040	(6,158,285)	(22.8%)	23,350,944	(2,544,189)	(10.9%)
Conventional Transit Capacity Kilometres	1,889,461,062	2,695,194,744	(805,733,682)	(29.9%)	1,987,063,052	(97,601,990)	(4.9%)

¹In December 2020, TransLink was the victim of a cyberattack. Immediate action and protective measures were taken by TransLink, including the shut down of multiple network systems. As a result, due to the unavailability of certain applications, service hours were estimated for January to June 2021 and based on the best available data at the time of reporting.

In response to the cyberattack in December 2020, some CMBC applications were taken offline as a security measure, and full restoration was still in progress as at the second quarter end of 2021. As a result, service hours delivered were the best estimates at the time of reporting and may be subject to change.

For the first six months of 2021, all service indicators were below budget. Service hours delivered were estimated at 114,805 (4.1 per cent), service kilometres were 2,660,394 (4.8 per cent) and capacity kilometres were 97,601,990 (4.9 per cent) lower than budget. The lower service levels were mainly a result of service adjustments and service cancellations due to the slower than expected ridership recovery from the pandemic.

ACCESS TRANSIT							
Six months ended June 30	YTD	YTD	Change		YTD	Budget Variance	
	2021	2020			2021		
	ACTUAL	ACTUAL	Fav/(Unfav)	%	BUDGET	Fav/(Unfav)	%
Service Kilometres	3,965,079	3,602,229	362,850	10.1%	5,314,411	(1,349,332)	(25.4%)
Access Transit Trips							
Trips - HandyDART	280,728	327,854	(47,126)	(14.4%)	632,440	(351,712)	(55.6%)
Trips - Taxi Supplement	8,345	36,596	(28,251)	(77.2%)	76,225	(67,880)	(89.1%)
Total Access Transit Trips	289,073	364,450	(75,377)	(20.7%)	708,665	(419,592)	(59.2%)

Total Access Transit trips provided in the first six months of 2021 were 419,592 (59.2 per cent) lower than budget. While trips have been significantly reduced since March 2020 due to the COVID-19 pandemic which continues to significantly impact demand in 2021, TransLink remains committed to ensuring that services are fully available for passengers unable to use conventional public transit without assistance. As such, budgeted 2021 service levels were set at pre-pandemic levels.

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 In Transit BC for the operation and maintenance of the Canada Line.

In the second quarter of 2021, BCRTC began its annual rail grinding program by using a contracted heavy-duty grinding machine. Rail grinding is important maintenance to address areas of our rail network that require corrective action for defect removal and rail re-profiling. This quarter, BCRTC was able to perform 76,000 metres of rail grinding to prolong the life of the assets, improve ride quality and lessen noise for our customers and neighbours.

Customer experience improvements continued in SkyTrain stations with work on the Expo Line escalator replacement project. This includes two of five escalators at the Waterfront station, one of two escalators at the Gateway station and one escalator at Patterson station. Completion of work at Waterfront and Patterson stations marks the seventh and the eighth stations to be completed as part of the escalator replacement project.

RAIL OPERATIONS BY CATEGORY	ACTUAL TO BUDGET				FORECAST TO BUDGET			
	YTD	YTD	Budget Variance		Annual	Annual	Forecast Variance	
	2021	2021	Fav/(Unfav)	%	2021	2021	Fav/(Unfav)	%
Six months ended June 30								
(\$ thousands)	ACTUAL	BUDGET			Q2 FORECAST	BUDGET		
Administration	2,888	3,254	366	11.2%	6,674	6,230	(444)	(7.1%)
Contracted Services	64,778	66,611	1,833	2.8%	131,394	134,917	3,523	2.6%
Fuel and Power	7,630	7,974	344	4.3%	15,522	16,007	485	3.0%
Insurance	3,221	3,323	102	3.1%	6,713	6,789	76	1.1%
Maintenance, Materials and Utilities	27,000	31,322	4,322	13.8%	55,039	57,628	2,589	4.5%
Professional and Legal	925	2,118	1,193	56.3%	4,248	4,154	(94)	(2.3%)
Rentals, Leases and Property Tax	737	710	(27)	(3.8%)	1,301	1,298	(3)	(0.2%)
Salaries, Wages and Benefits	61,579	65,691	4,112	6.3%	128,080	133,267	5,187	3.9%
Total Expenses by Category	168,758	181,003	12,245	6.8%	348,971	360,290	11,319	3.1%

For the six months ended June 30, operating expenses were \$12.2 million (6.8 per cent) favourable to budget, mainly driven by the timing of maintenance activities and professional services, savings from temporary vacancies, lower overtime as well as reductions in Canada Line and West Coast Express service levels.

Rail operating expenses are forecasted to be \$11.3 million (3.1 per cent) favourable to budget mainly due to lower labour costs resulting from vacancies and less overtime, savings from reduced service levels for Canada Line and WCE, lower maintenance expenses related to changes in planned work and favourable hydro rates. Other planning maintenance activities, professional services as well as software, license and IT support costs are expected to be incurred by year end.

Service Delivery

RAIL OPERATIONS							
Six months ended June 30	YTD	YTD	Change		YTD	Budget Variance	
	2021	2020	Fav/(Unfav)	%	2021	Fav/(Unfav)	%
	ACTUAL	ACTUAL			BUDGET		
SERVICE HOURS							
SkyTrain: Expo & Millennium Lines ¹	639,363	614,372	24,991	4.1%	638,518	845	0.1%
SkyTrain: Canada Line	97,850	99,985	(2,135)	(2.1%)	106,248	(8,398)	(7.9%)
West Coast Express ²	7,230	11,796	(4,566)	(38.7%)	16,889	(9,659)	(57.2%)
Rail Operations Service Hours	744,443	726,153	18,290	2.5%	761,655	(17,212)	(2.3%)
SERVICE KILOMETRES							
SkyTrain: Expo & Millennium Lines ¹	25,766,267	24,759,028	1,007,239	4.1%	25,732,247	34,020	0.1%
SkyTrain: Canada Line	3,143,445	3,212,011	(68,566)	(2.1%)	3,413,223	(269,778)	(7.9%)
West Coast Express ²	268,687	437,886	(169,199)	(38.6%)	636,384	(367,697)	(57.8%)
Rail Operations Service Kilometres	29,178,399	28,408,925	769,474	2.7%	29,781,854	(603,455)	(2.0%)
CAPACITY KILOMETRES							
SkyTrain: Expo & Millennium Lines ¹	2,264,898,712	2,122,199,899	142,698,813	6.7%	2,345,855,259	(80,956,547)	(3.5%)
SkyTrain: Canada Line	441,158,337	460,923,579	(19,765,242)	(4.3%)	479,019,706	(37,861,369)	(7.9%)
West Coast Express	39,576,150	64,481,599	(24,905,449)	(38.6%)	93,930,278	(54,354,128)	(57.9%)
Rail Operations Capacity Kilometres	2,745,633,199	2,647,605,077	98,028,122	3.7%	2,918,805,243	(173,172,044)	(5.9%)

¹ In December 2020, TransLink was the victim of a cyberattack. Immediate action and protective measures were taken by TransLink including the shut down of multiple network systems. As a result, due to the unavailability of certain applications: service hours, service kilometres and capacity kilometres estimated for January to June 2021 are based on the best available data at the time of reporting.

² 2020 actual service hours and service kilometres for West Coast Express have been restated to align with the service delivery of Expo and Millennium Lines.

Service hours and service kilometres for the Expo and Millennium Lines were both slightly higher than budget. The service hours were above budget by 845 (0.1 per cent) and service kilometres by 34,020 (0.1 per cent). However, the capacity kilometres were lower than budget by 80,956,547 (3.5 per cent). This was driven by higher than planned use of Mark I trains in response to demand, as these trains provide more vehicle kilometres but offer less capacity than others in the fleet.

Canada Line's service indicators were below budget during the first two quarters of 2021 due to the continued impact of COVID-19 on ridership and the resulting deferral of service plan increases from 2020 service levels.

West Coast Express (WCE) continues to operate at reduced levels given changes in demand resulting from the pandemic. As a result, all service indicators in the first two quarters of 2021 were below budget. Service hours, service kilometres and capacity kilometres were 9,659 (57.2 per cent), 367,697 (57.8 per cent) and 54,354,128 (57.9 per cent) lower than budget, respectively. WCE's 2021 budget assumed four trips with 38 cars in each direction. However, WCE ran only three trips with a total of 16 cars per direction in the first half of 2021.

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 2021, Transit Police continued to advance its commitment to strengthening support to Indigenous Peoples and promoting good governance. The Indigenous Liaison Officer continued to review Transit Police criminal investigations which involve Indigenous Peoples as victims, witnesses and suspects to provide appropriate guidance and support. The Blue Eagle Community Cadet Program has been well received with increasing numbers of youth registered. Over 60 staff have completed the Status of Women's Gender-Based Analysis Plus

(GBA+) course hosted by the Government of Canada. Transit Police can utilize the GBA+ concepts to assess and be responsive to the experiences of diverse groups of people to Transit Police policies, programs and initiatives.

POLICE OPERATIONS BY CATEGORY	ACTUAL TO BUDGET				FORECAST TO BUDGET			
	YTD	YTD	Budget Variance		Annual	Annual	Forecast Variance	
	2021	2021			2021	2021		
	Six months ended June 30		Fav/(Unfav)	%	Q2 FORECAST	BUDGET	Fav/(Unfav)	%
(\$ thousands)	ACTUAL	BUDGET						
Administration	1,251	1,634	383	23.4%	3,257	3,271	14	0.4%
Insurance	51	68	17	25.0%	111	136	25	18.4%
Maintenance, Materials and Utilities	694	685	(9)	(1.3%)	1,379	1,300	(79)	(6.1%)
Professional and Legal	95	184	89	48.4%	334	369	35	9.5%
Rentals, Leases and Property Tax	1,088	1,203	115	9.6%	2,328	2,408	80	3.3%
Salaries, Wages and Benefits	18,936	18,825	(111)	(0.6%)	36,814	36,812	(2)	(0.0%)
Total Expenses by Category	22,115	22,599	484	2.1%	44,223	44,296	73	0.2%

Transit Police operating expenses were \$0.5 million (2.1 per cent) favourable to budget in the first six months of 2021. The favourable variance is mainly due to lower radio communication and timing of software licensing costs, lower rental costs because of a delay in moving into the expanded office space and lower professional and legal costs due to lower indemnification of police officers, partly offset by higher benefit costs.

Transit Police operating expenses are forecasted to be \$73.0 thousand (0.2 per cent) favourable to budget mainly due to lower rent as a result of delayed occupancy. Software, license and IT support costs are expected to be incurred, which were delayed in the first half of 2021 due to the cybersecurity incident.

Corporate Operations

TransLink corporate operations support the operating subsidiaries with a focus on planning, project delivery and achieving enterprise priorities.

In the second quarter of 2021, TransLink installed 28 of 71 on-demand bike lockers at Moody Centre Station and Carvolth Exchange as a pilot project to promote cycling and multi-modal transit trips in Metro Vancouver. The 2021 Procurement Plan was implemented with \$12.2 million of cost avoidance anticipated to be realized in the second quarter once contracts are executed, totalling \$16.6 million year-to-date. TransLink continued to work with the Provincial and Federal Governments to secure new funding for the capital programs envisioned in the 2022 - 2031 Investment Plan.

CORPORATE OPERATIONS BY CATEGORY	ACTUAL TO BUDGET				FORECAST TO BUDGET			
	YTD	YTD	Budget Variance		Annual	Annual	Forecast Variance	
	2021	2021			2021	2021		
	Six months ended June 30		Fav/(Unfav)	%	Q2 FORECAST	BUDGET	Fav/(Unfav)	%
(\$ thousands)	ACTUAL	BUDGET						
Administration	6,200	9,146	2,946	32.2%	17,450	18,026	576	3.2%
Contracted Services	7,194	7,586	392	5.2%	15,118	15,172	54	0.4%
Insurance	148	139	(9)	(6.5%)	291	284	(7)	(2.5%)
Maintenance, Materials and Utilities	568	915	347	37.9%	1,928	1,833	(95)	(5.2%)
Professional and Legal	2,621	4,596	1,975	43.0%	11,571	11,094	(477)	(4.3%)
Rentals, Leases and Property Tax	6,532	6,246	(286)	(4.6%)	12,503	12,493	(10)	(0.1%)
Salaries, Wages and Benefits	24,758	26,623	1,865	7.0%	53,121	53,577	456	0.9%
Total Expenses by Category	48,021	55,251	7,230	13.1%	111,982	112,479	497	0.4%

For the first six months of 2021, expenses were \$7.2 million (13.1 per cent) favourable to budget. The favourable variance was mainly due to savings from temporary vacancies, timing of professional fees, timing of marketing and public relations activities, partly offset by higher expenses on computer software and equipment costs.

Corporate operations are forecasted to be \$0.5 million (0.4 per cent) favourable to budget mainly due to vacancy savings and savings in credit card fees due to reduced ridership from COVID-19, partly offset by higher expenses on decommissioning of IT software and equipment. The favourable variance is reduced by \$6.7 million mainly due to software, license and IT support costs, professional fees related to projects and labour costs that are expected to be incurred by the end of year.

Roads and Bridges

In the second quarter of 2021, TransLink's Roads and Bridges operations began the design phase for the Knight Street Bridge deck rehabilitation.

ROADS & BRIDGES OPERATIONS BY CATEGORY Six months ended June 30 (\$ thousands)	ACTUAL TO BUDGET				FORECAST TO BUDGET			
	YTD 2021	YTD 2021	Budget Variance		Annual 2021	Annual 2021	Forecast Variance	
	ACTUAL	BUDGET	Fav/(Unfav)	%	Q2 FORECAST	BUDGET	Fav/(Unfav)	%
Administration	10	14	4	27.6%	28	32	4	12.5%
Capital Infrastructure contributions	13,706	44,796	31,090	69.4%	91,482	91,305	(177)	(0.2%)
Contracted Services	2,738	2,926	188	6.4%	5,748	5,876	128	2.2%
Insurance	619	656	37	5.7%	1,281	1,313	32	2.4%
Maintenance, Materials and Utilities	17,993	20,327	2,334	11.5%	42,342	40,253	(2,089)	(5.2%)
Professional and Legal	439	625	186	29.7%	2,260	1,529	(731)	(47.8%)
Rentals, Leases and Property Tax	187	208	21	10.1%	319	336	17	5.1%
Salaries, Wages and Benefits	575	728	153	21.0%	1,302	1,431	129	9.0%
Total Expenses by Category	36,267	70,280	34,013	48.4%	144,762	142,075	(2,687)	(1.9%)

Total expenditures for Roads and Bridges in the second quarter of 2021 were \$34.0 million (48.4 per cent) favourable to budget mainly due to timing of municipalities' work, resulting in lower than anticipated capital infrastructure contributions to municipalities, and timing of Major Road Network (MRN) Operations and Maintenance projects due to the COVID-19 pandemic.

Total expenditures for Roads and Bridges are forecasted to be \$2.7 million (1.9 per cent) unfavourable to budget mainly due to additional RapidBus non-capital costs in 2021.

Amortization

Amortization was \$4.7 million (4.0 per cent) favourable to budget and is forecast to be \$13.0 million (5.2 per cent) favourable to budget mainly due to delays in the delivery and final acceptance of bus, SkyTrain and SeaBus replacement vehicles.

Interest

Interest expense for the first six months of 2021 was \$1.6 million (1.8 per cent) unfavourable to budget mainly due to lower than budgeted interest capitalization during construction and an unbudgeted two-year renewal of the Commercial Paper Backstop facility, partially offset by lower than budgeted short-term debt interest payments.

The full-year forecast is expected to be \$1.3 million (0.7 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 lower 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	
	2021	2021			2021	2021		
	ACTUAL	BUDGET	Fav/(Unfav)	%	Q2 FORECAST	BUDGET	Fav/(Unfav)	%
Feasibility Studies	2,539	3,460	921	26.6%	7,455	8,010	555	6.9%
Rapid Bus Program (Previously B-Line Program)	976	1,054	78	7.4%	2,091	2,532	441	17.4%
Plan Development	800	654	(146)	(22.3%)	1,543	1,720	177	10.3%
Non-Capitalized items included in Capital Projects	855	3,386	2,531	74.7%	3,286	4,682	1,396	29.8%
Mobility Pricing	256	383	127	33.2%	738	857	119	13.9%
Bus Speed and Reliability	67	50	(17)	(34.0%)	98	100	2	2.0%
Emergency Coordination Center	31	100	69	69.0%	231	200	(31)	13.4%
South of Fraser Rapid Transit Non-Capitalized items	4	990	986	99.6%	1	990	989	99.9%
Other (including cyberattack recovery costs)	4,314	380	(3,934)	341.8%	14,956	6,095	(8,861)	(145.4%)
Total Corporate One-Time	9,842	10,457	615	5.9%	30,399	25,186	(5,213)	(20.7%)

Corporate One-time costs were \$0.6 million (5.9 per cent) favourable to budget, mainly due to lower than expected spending on non-capitalized items included in the capital projects, South of Fraser Rapid Transit non-capital costs as the Province is in its initial stages of taking over the project, Enterprise Resource Planning non-capital expenses as well as feasibility studies for Heating Ventilation and Air Conditioning (HVAC) replacement and SkyTrain power capacity, partly offset by costs incurred as a result of the cyberattack in December 2020.

The forecast is \$5.2 million (20.7 per cent) unfavourable to budget mainly due to costs incurred as a result of the cyberattack in December 2020 and Free Transit for Youth 12 and Under Program costs not included in the budget, partly offset by timing of projects and feasibility studies due to delays from the COVID-19 pandemic.

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, 2021, TransLink's total capital program budget was \$6.5 billion, which includes:

- \$3.1 billion in active capital projects;
- \$690.2 million in Approved-In-Principle (AIP) capital projects;
- \$2.3 billion in substantially complete capital projects; and
- \$475.8 million in capital infrastructure contributions to municipalities.

SUMMARY OF CAPITAL PROGRAM						
As of June 30, 2021 (\$ thousands)	Number of Projects	Total Current Budget	Final Forecast Cost	Forecast Variance to Current Budget		Senior Government Funding (Committed)
				Fav/(Unfav)	%	
Capital Projects						
Active	142	3,089,176	3,029,444	59,732	1.9%	1,771,924
AIP	46	690,204	688,047	2,157	0.3%	143,480
Subtotal	188	3,779,380	3,717,491	61,889	1.6%	1,915,404
Substantially Complete	131	2,266,216	2,170,033	96,183	4.2%	1,247,750
Subtotal	131	2,266,216	2,170,033	96,183	4.2%	1,247,750
Capital Infrastructure Contributions						
Active	30	475,761	474,306	1,455	0.3%	-
Subtotal	30	475,761	474,306	1,455	0.3%	-
Total Capital Program	349	6,521,357	6,361,830	159,527	2.4%	3,163,154

The capital program is supported in part by \$3.2 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 respective agreements.

Active and Substantially Complete Capital Projects

As of June 30, 2021, there were 273 active and substantially complete projects with a final forecasted cost of \$5.2 billion. The total cash flows for these projects during the first six months of the year were \$134.4 million.

SUMMARY OF ACTIVE PROJECTS								
As of June 30, 2021 (\$ thousands)	Number of Projects	Current Budget	2021 YTD Spending	Cumulative Spending to Date	Final Forecast Cost	Forecast Variance to Current Budget		Senior Government Funding (Committed)
						Fav/ (Unfav)	%	
Active								
Equipment	15	206,249	10,791	55,716	198,738	7,511	3.6%	28,382
Infrastructure	78	694,158	29,559	180,239	650,962	43,196	6.2%	272,626
Major Construction	10	1,704,812	54,113	237,335	1,704,195	617	0.0%	1,135,612
Technology	17	107,602	17,740	61,494	102,376	5,226	4.9%	-
Vehicle	22	376,355	5,436	60,539	373,173	3,182	0.8%	335,304
Subtotal (Active Capital Projects)	142	3,089,176	117,639	595,323	3,029,444	59,732	1.9%	1,771,924
Substantially Complete	131	2,266,216	16,809	2,152,054	2,170,033	96,183	4.2%	1,247,750
Total Active Capital Projects	273	5,355,392	134,448	2,747,377	5,199,477	155,915	2.9%	3,019,674

Active Capital Projects

As of June 30, 2021, there were 142 active projects with expenditures of \$117.6 million for the first six months of the year and \$595.3 million in cumulative spending to date. A comparison of active project budgets against forecasted final costs shows a favourable variance of \$59.7 million (1.9 per cent).

Infrastructure spending of \$29.6 million for the first six months of the year includes a total of \$12.1 million spent on Expo Line Escalator replacements. These upgrades will improve customer experience, address system capacity issues and maintain a state of good repair.

Major Construction spending of \$54.1 million for the first six months of the year includes a total of \$29.1 million spent on Expo and Millennium Upgrade Program Fleet Acquisition Phase 2.

Technology spending totaling \$17.7 million for the first six months of the year includes \$14.3 million spent on the Enterprise Asset Management and Finance & Supply Chain Program.

Substantially Complete Capital Projects

As of June 30, 2021, there were 131 projects with a total budget of \$2.3 billion deemed substantially complete with \$16.8 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 \$96.2 million (4.2 per cent).

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

- CMBC Transit Centre Infrastructure - State of Good Repair
- MK III Truck Maintenance Infrastructure

Approved in Principle (AIP) Capital Projects

As of June 30, 2021, there were 46 AIP projects remaining to be initiated with a total budget of \$690.2 million. Of the 46 projects, 23 projects with a budget of \$180.8 million were carried forward from 2019 and 2020 and 23 projects with a budget of \$509.4 million are new in 2021. In the second quarter, 14 projects were initiated.

SUMMARY OF AIP PROJECTS			
As of June 30, 2021 (\$ thousands)	Number of Projects	Current Budget	Senior Government Funding (Committed)
Capital Projects			
Equipment	3	12,650	-
Infrastructure	29	240,416	45,703
Major Construction	4	334,842	7,687
Technology	5	8,694	-
Vehicle	5	93,602	90,090
Total AIP Projects	46	690,204	143,480

A significant portion of the projects remaining in AIP are related to infrastructure. Significant projects remaining in AIP are System Integration and Program Management Project (Infrastructure), OMC 4 - New Vehicle Maintenance Facility (Major Construction) and the 2023 Conventional Bus Replacement Project (Vehicle).

Closed Capital Projects

As of June 30, 2021, there were no closed projects.

Cancelled Capital Projects

As of June 30, 2021, there were no project cancellations.

Capital Infrastructure Contributions

These expenditures consist of contributions to municipalities for the rehabilitation and upgrade of the 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, 2021, there were 30 active programs with a budget of \$475.8 million. The majority of the \$17.9 million spending to date relates to pavement rehabilitation work funded under the Major Road Network Program.

SUMMARY OF INFRASTRUCTURE CONTRIBUTION PROGRAMS						Forecast Variance to Current Budget	
As of June 30, 2021 (\$ thousands)	Number of Projects	Current Budget	2021 YTD Spending	Cumulative Spending to Date	Final Forecast Cost	Fav/ (Unfav)	%
MRN Structures Funding Program	4	62,330	-	79	62,234	96	0.2%
Major Road Network and Bike Upgrades (MRNB)	10	227,257	5,322	128,437	226,189	1,068	0.5%
Pavement Rehabilitation Program	4	87,981	12,370	73,999	87,988	(7)	0.0%
Bicycle Infrastructure Capital Cost Share (BICCS)	4	64,413	-	4,308	64,219	194	0.3%
Bus, Speed, Reliability, and Infrastructure (BSRI)	3	10,713	-	367	10,674	39	0.4%
Walking Infrastructure to Transit (WITT)	5	23,067	221	2,916	23,002	65	0.3%
Grand Total	30	475,761	17,913	210,106	474,306	1,455	0.3%

8. Changes in Financial Position

Consolidated Statement of Financial Position			
(\$ thousands)	June 30 2021	December 31 2020	Change
Cash and cash equivalents	647,214	397,571	249,643
Accounts receivable	385,544	893,870	(508,326)
Loan receivable	129,342	182,358	(53,016)
Restricted cash and cash equivalents and investments	1,238,299	1,033,354	204,945
Investments	85,846	96,059	(10,213)
Debt reserve deposits	26,562	28,565	(2,003)
Financial Assets	2,512,807	2,631,777	(118,970)
Accounts payable and accrued liabilities	321,203	374,319	(53,116)
Debt	2,973,427	3,035,241	(61,814)
Deferred government transfers	1,336,527	1,196,485	140,042
Golden Ears Bridge contractor liability	1,018,971	1,024,302	(5,331)
Deferred concessionaire credit	444,361	455,902	(11,541)
Employee future benefits	136,204	132,335	3,869
Deferred revenue and deposits	62,021	59,895	2,126
Deferred lease inducements	14,277	14,780	(503)
Liabilities	6,306,991	6,293,259	13,732
Net Debt	(3,794,184)	(3,661,482)	(132,702)
Tangible capital assets	5,589,925	5,573,970	15,955
Supplies inventory	94,602	89,233	5,369
Prepaid expenses	31,882	26,826	5,056
Non-Financial Assets	5,716,409	5,690,029	26,380
Accumulated Surplus	1,922,225	2,028,547	(106,322)

Financial Assets

See the “Liquidity and Capital Resources” section for the discussion on:

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

The decrease in accounts receivable of \$508.3 million (56.9 per cent) was mainly due to the receipt of \$644.0 million in Senior Government emergency relief funding, partially offset by the accrual of property tax revenues receivable.

Loan receivable represents the net present value of future payments of proceeds from the 2016 sale of the Oakridge Transit Centre. The decrease of \$53.0 million (29.1 per cent) is due to a receipt of payment during the period, partially offset by interest accrued on the outstanding balance.

Liabilities

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

The increase in deferred government transfer of \$140.0 million (11.7 per cent) was due to funding received during the period, partially offset by revenues recognized as the funding stipulations are met.

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

The increase in employee future benefits, which represents 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 \$2.1 million (3.5 per cent) is attributable to unearned transit fare and program revenues.

Non-Financial Assets

Capital assets increased by \$16.0 million (0.3 per cent) in the first six months of 2021 due to \$129.3 million in additions, offset by amortization of \$113.3 million. Additions included SkyTrain system and infrastructure upgrades, SkyTrain vehicles, bus infrastructure improvements and technology upgrade projects.

9. Liquidity and Capital Resources

Cash Flows and Liquidity

The following table shows unrestricted cash and investments with maturities of less than 12 months.

UNRESTRICTED CASH AND INVESTMENTS			
(\$ thousands)	June 30 2021	December 31 2020	Change
Cash and cash equivalents	647,214	397,571	249,643
Investments	85,846	96,059	(10,213)
Total Unrestricted cash and investments	733,060	493,630	239,430

TransLink's unrestricted cash and investment balances reflect accumulated funding resources available for supporting operations. The balance increased by \$239.4 million (48.5 per cent) in the first six months of 2021 due to the receipts of \$644 million Senior Government Emergency Relief Funding and \$31.8 million of additional funding from the Province, partially offset by net outflows from operations.

The \$733.1 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 \$500.0 million Commercial Paper program, of which \$30.0 million was outstanding as at June 30, 2021 (December 31, 2020: \$60.0 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 2021	December 31 2020	Change
Unspent government transfers	561,617	390,583	171,034
TPCC's investments	18,138	29,510	(11,372)
Green Bond Proceeds	3,298	46,387	(43,089)
Restricted Land Reserve	252,713	205,864	46,849
Self administered sinking funds	402,533	361,010	41,523
Total Restricted cash and investments	1,238,299	1,033,354	204,945

For the first six months of 2021, restricted cash and investments increased mainly due to the receipt of the annual Gas Tax transfer from the Union of BC Municipalities (UBCM), the late installment payment for the sale of the Oakridge Transit Centre, contributions to the self-administered sinking fund and reinvested investment income within the sinking fund. These increases are partially offset by releases from Green Bond proceeds to fund qualifying capital spending.

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 gross direct 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, 2021, TransLink's outstanding debt obligation was \$3.57 billion (December 31, 2020: \$3.66 billion), being debt of \$2.97 billion plus Municipal Finance Authority of BC 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.

FINANCING			
(\$ thousands)	June 30 2021	December 31 2020	Change
Debt	2,973,427	3,035,241	(61,814)
Less: Self-administered sinking funds	(402,533)	(361,010)	(41,523)
Less: Debt reserve deposits	(26,562)	(28,565)	2,003
Net Direct Debt	2,544,332	2,645,666	(101,334)
Golden Ears Bridge contractor liability	1,018,971	1,024,302	(5,331)
Deferred concessionaire credit	444,361	455,902	(11,541)
Indirect P3 Debt	1,463,332	1,480,204	(16,872)
Subtotal Net Direct Debt and Indirect P3 Debt	4,007,664	4,125,870	(118,206)

Net direct debt decreased by \$101.3 million mainly due to the maturing of a \$56.0 million Municipal Finance Authority bond and a \$30.0 million decrease in short-term debt. Other factors contributing to the decrease were 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 \$16.9 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 June 30, 2021				As of December 31, 2020			
	Commercial Paper	Senior Debt	General Obligation	Outlook	Commercial Paper	Senior Debt	General Obligation	Outlook
Agency								
DBRS Limited	R-1 mid	AA	AA	Stable	R-1 mid	AA	AA	Stable
Moody's Investors Service	Not Rated	Aa2	Aa2	Negative	Not Rated	Aa2	Aa2	Negative

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, 2021, with comparative information for December 31, 2020

	June 30 2021	December 31 2020
Financial assets		
Cash and cash equivalents	\$ 647,214	\$ 397,571
Accounts receivable	385,544	893,870
Loan receivable	129,342	182,358
Restricted cash and cash equivalents and investments	1,238,299	1,033,354
Investments	85,846	96,059
Debt reserve deposits	26,562	28,565
	2,512,807	2,631,777
Liabilities		
Accounts payable and accrued liabilities	321,203	374,319
Debt	2,973,427	3,035,241
Deferred government transfers	1,336,527	1,196,485
Golden Ears Bridge contractor liability	1,018,971	1,024,302
Deferred concessionaire credit	444,361	455,902
Employee future benefits	136,204	132,335
Deferred revenue and deposits	62,021	59,895
Deferred lease inducements	14,277	14,780
	6,306,991	6,293,259
Net debt	(3,794,184)	(3,661,482)
Non-financial assets		
Tangible capital assets	5,589,925	5,573,970
Supplies inventory	94,602	89,233
Prepaid expenses	31,882	26,826
	5,716,409	5,690,029
Accumulated surplus	\$ 1,922,225	\$ 2,028,547

Consolidated Statement of Operations

SOUTH COAST BRITISH COLUMBIA TRANSPORTATION AUTHORITY

Consolidated Statement of Operations
(Expressed in thousands of dollars)

Six months ended June 30, 2021, with comparative information for June 30, 2020

	2021 Budget	2021 Actual	Restated 2020 Actual
Revenues:			
Taxation	\$ 443,304	\$ 436,385	\$ 412,111
Transit	192,029	180,707	205,388
Government transfers	263,102	94,683	79,270
Amortization of deferred concessionaire credit	11,541	11,541	11,605
Investment income	23,412	27,607	26,844
Development cost charges	8,444	12,896	10,250
Miscellaneous revenue	7,631	15,161	8,183
Gain (loss) on disposal of tangible capital assets	-	66	(24)
	949,463	779,046	753,627
Expenses:			
Bus operations	502,430	480,032	466,208
Corporate operations	111,986	68,306	71,301
Rail operations	240,892	230,954	225,924
Roads and bridges	85,789	83,621	69,155
Transit Police	23,146	22,455	20,754
	964,243	885,368	853,342
Deficit for the period	(14,780)	(106,322)	(99,715)
Accumulated surplus, beginning of period	1,801,129	2,028,547	1,598,990
Accumulated surplus, end of period	\$ 1,786,349	\$ 1,922,225	\$ 1,499,275

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, 2021, with comparative information for June 30, 2020

	2021 Actual	2020 Actual
Deficit for the period	\$ (106,322)	\$ (99,715)
Acquisition of tangible capital assets	(129,299)	(259,234)
Amortization of tangible capital assets	113,344	112,228
Loss (gain) on disposal of tangible capital assets	(66)	24
Net proceeds (costs) from disposal of tangible capital assets	66	(21)
	(15,955)	(147,003)
Change in supplies inventory	(5,369)	(2,349)
Change in prepaid expenses	(5,056)	(709)
	(10,425)	(3,058)
Increase in net debt	(132,702)	(249,776)
Net debt, beginning of period	(3,661,482)	(3,897,744)
Net debt, end of period	\$ (3,794,184)	\$ (4,147,520)

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, 2021, with comparative information for June 30, 2020

	2021	2020
Cash provided by (used for):		
Operating transactions:		
Deficit for the period	\$ (106,322)	\$ (99,715)
Non-cash changes to operations	78,531	61,315
Changes in non-cash operating working capital	503,796	(183,778)
Cash provided by (used for) operating transactions	476,005	(222,178)
Capital transactions:		
Purchase of tangible capital assets	(129,299)	(258,347)
Net proceeds (costs) from disposal of tangible capital assets	66	(21)
Cash used for capital transactions	(129,233)	(258,368)
Investing transactions:		
Decrease (increase) in restricted cash and investments	(204,945)	50,743
Decrease (increase) in investments	10,213	(35,186)
Decrease (increase) in debt reserve deposits	2,003	(282)
Cash provided by (used for) investing transactions	(192,729)	15,275
Financing transactions:		
Debt proceeds	-	340,000
Premiums on financing	-	14,035
Repayments of debt	(60,232)	(30,396)
Repayments of Golden Ears Bridge contractor liability	(5,331)	(4,260)
Government transfers received for tangible capital additions	161,163	22,697
Lease inducements received	-	1,936
Cash provided by financing transactions	95,600	344,012
Increase (decrease) in cash and cash equivalents	249,643	(121,259)
Cash and cash equivalents, beginning of period	397,571	502,060
Cash and cash equivalents, end of period	\$ 647,214	\$ 380,801
Supplementary information:		
Interest paid	\$ 94,288	\$ 95,057
Tangible capital assets acquired by capital lease	-	887

Segment Report

South Coast British Columbia Transportation Authority

Segment Report

Period ended June 30, 2021

(in thousands of dollars)

	2021					Total	Restated 2020
	Bus operations	Corporate operations	Rail operations	Roads and bridges	Transit Police		
Revenues:							
Taxation	\$ -	\$ 436,385	\$ -	\$ -	\$ -	\$ 436,385	\$ 412,111
Transit	-	180,707	-	-	-	180,707	205,388
Government transfers	-	94,683	-	-	-	94,683	79,270
Amortization of deferred concessionaire credit	-	-	11,541	-	-	11,541	11,605
Investment income	-	27,607	-	-	-	27,607	26,844
Development cost charges	-	12,896	-	-	-	12,896	10,250
Miscellaneous revenue	4,328	9,821	357	-	655	15,161	8,183
Gain (loss) on disposal of tangible capital assets	-	66	-	-	-	66	(24)
	4,328	762,165	11,898	-	655	779,046	753,627
Expenses:							
Administration	10,819	7,479	2,888	10	1,252	22,448	25,158
Capital infrastructure contributions	-	-	-	13,706	-	13,706	3,832
Contracted services	34,602	7,194	64,778	2,738	-	109,312	107,418
Fuel and power	23,540	-	7,630	-	-	31,170	28,220
Insurance	9,593	148	3,221	619	51	13,632	15,178
Maintenance, materials and utilities	36,093	1,040	27,000	17,993	694	82,820	77,852
Professional and legal	579	9,545	925	439	95	11,583	11,103
Rentals, leases and property tax	8,362	6,532	737	187	1,088	16,906	18,481
Salaries, wages and benefits	272,254	25,925	61,579	575	18,935	379,268	360,868
Expenses before amortization and interest	395,842	57,863	168,758	36,267	22,115	680,845	648,110
Amortization of tangible capital assets	55,215	6,850	40,787	10,271	221	113,344	112,228
Interest	28,975	3,593	21,409	37,083	119	91,179	93,004
Amortization and interest	84,190	10,443	62,196	47,354	340	204,523	205,232
Total Expenses	480,032	68,306	230,954	83,621	22,455	885,368	853,342
Surplus (deficit) for the period	\$ (475,704)	\$ 693,859	\$ (219,056)	\$ (83,621)	\$ (21,800)	\$ (106,322)	\$ (99,715)

Appendix II – Operating Indicators

OPERATING INDICATORS								
Six months ended June 30	YTD	YTD	Change		YTD	Budget Variance		
	2021	2020	Fav/(Unfav)	%	2021	Fav/(Unfav)	%	
	ACTUAL	ACTUAL			BUDGET			
Safety: Customer Injuries (per 1 million boarded passengers, unless otherwise stated) ^{1,2}								
Bus & SeaBus	4.7	4.2	(0.5)	(11.9%)	4.9	0.2	4.1%	
SkyTrain: Expo & Millennium Lines	1.1	0.9	(0.2)	(22.2%)	1.0	(0.1)	(10.0%)	
West Coast Express	-	-	-	-	-	-	-	
HandyDART (per 100,000 boarded passengers)	2.5	1.2	(1.3)	(108.3%)	-	(2.5)	(100.0%)	
Safety: Employee Lost Time Frequency								
Bus & SeaBus (per 200,000 Hours Worked) ³	7.8	8.3	0.5	6.0%	7.7	(0.1)	(1.3%)	
SkyTrain: Expo & Millennium Lines (per 200,000 Hours Worked)	3.8	3.5	(0.3)	(8.6%)	4.5	0.7	15.6%	
West Coast Express (per 200,000 Hours Worked)	-	-	-	-	-	-	-	
HandyDART (per 200,000 Hours Worked)	9.9	9.2	(0.7)	(7.6%)	13.0	3.1	23.8%	
Safety: Bus & SeaBus Operator Assaults (per 1 Million Service Hours) ^{3a}								
	11.2	14.5	3.3	22.8%	10.4	(0.8)	(7.7%)	
Ridership: Boarded Passengers (Thousands) ²								
Bus & SeaBus	62,664	78,631	(15,967)	(20.3%)	71,197	(8,533)	(12.0%)	
SkyTrain: Expo & Millennium Lines	23,480	31,240	(7,760)	(24.8%)	27,090	(3,610)	(13.3%)	
SkyTrain: Canada Line	8,249	12,166	(3,917)	(32.2%)	9,949	(1,700)	(17.1%)	
West Coast Express	208	594	(386)	(65.0%)	392	(184)	(46.9%)	
HandyDART	319	411	(92)	(22.4%)	359	(40)	(11.1%)	
Ridership: Journeys (Thousands) ²								
Overall System	54,389	73,155	(18,766)	(25.7%)	64,936	(10,547)	(16.2%)	
Vehicle Service Delivery: Percentage of Service Hours Delivered								
Bus & SeaBus	97.5%	94.7%	2.8%	3.0%	97.0%	0.5%	0.5%	
SkyTrain: Canada Line	100.0%	100.0%	-	-	100.0%	-	-	
HandyDART	99.9%	99.7%	0.2%	0.2%	99.8%	0.1%	0.1%	
Vehicle Service Delivery: Percentage of Train Trips Delivered								
SkyTrain: Expo & Millennium Lines ^{3b}	99.6%	98.6%	1.0%	1.0%	99.7%	(0.1%)	(0.1%)	
West Coast Express ⁴	99.7%	96.9%	2.8%	2.9%	99.9%	(0.2%)	(0.2%)	
Vehicle Punctuality: On-Time Performance								
Bus (3 minutes late < On-Time < 1 minute early) ^{3c}	86.3%	85.7%	0.6%	0.7%	81.0%	5.3%	6.5%	
SkyTrain: Expo & Millennium Lines (headway + 3 minutes) ⁵	97.2%	94.4%	2.8%	3.0%	96.5%	0.7%	0.7%	
West Coast Express (headway + 5 minutes)	96.1%	90.6%	5.5%	6.1%	97.8%	(1.7%)	(1.7%)	
HandyDART (earlier than and within 15 minutes of Scheduled Pick-Up Time)	96.5%	93.4%	3.1%	3.3%	90.0%	6.5%	7.2%	
Vehicle Reliability: Mean Distance Between Failure								
Bus ^{3d}	n/a	27,233	n/a	n/a	26,436	n/a	n/a	
Vehicle Reliability: Mean Distance Between Service Removals								
SkyTrain: Expo & Millennium Lines ⁶	199,739	298,302	(98,563)	(33.0%)	215,000	(15,262)	(7.1%)	
HandyDART Vehicle Productivity								
Trips per Service Hour (excludes Taxis)	1.4	1.5	0.1	6.7%	2.3	(0.9)	(39.1%)	
Trip Denials	11	391	380	97.2%	121	110	90.9%	
Environmental								
Bus & SeaBus (Spills per 1 Million Km) ^{3e}	1.5	1.7	0.2	11.8%	2.0	0.5	25.0%	
Bus & SeaBus (Revenue Vehicle Energy Consumption in Gigajoules)	949,213	910,992	(38,221)	(4.2%)	1,071,102	121,889	11.4%	
Customer Service: Customer Satisfaction (overall score of 10)								
Overall System ⁷	8.3	7.9	0.4	5.1%	8.0	0.3	3.8%	
Bus & SeaBus	8.3	8.0	0.3	3.8%	8.0	0.3	3.8%	
SkyTrain: Expo & Millennium Lines	8.5	8.3	0.2	2.4%	8.3	0.2	2.4%	
SkyTrain: Canada Line	8.9	8.6	0.3	3.5%	8.7	0.2	2.3%	
West Coast Express	9.0	8.9	0.1	1.1%	8.6	0.4	4.7%	
Customer Service: Customer Complaints ²								
Overall System (per 1 million boarded passengers) ^{7,3f}	46.5	102.4	55.9	54.6%	114.7	68.2	59.5%	
Bus & SeaBus (per 1 million boarded passengers) ^{3f}	52.9	101.1	48.2	47.7%	101.6	48.7	48.0%	
SkyTrain: Expo & Millennium Lines (per 1 million boarded passengers) ^{3f}	10.4	21.8	11.4	52.2%	24.1	13.7	56.8%	
SkyTrain: Canada Line (per 1 million boarded passengers) ^{3f}	1.9	8.3	6.4	77.0%	9.1	7.2	79.0%	
West Coast Express (per 1 million boarded passengers)	216.6	331.9	115.3	34.7%	342.0	125.4	36.7%	
HandyDART (operator complaints as a % of trips)	0.12%	0.11%	(0.01%)	(9.1%)	0.08%	(0.04%)	(50.0%)	
HandyDART (service complaints as a % of trips)	0.05%	0.11%	0.06%	54.5%	0.09%	0.04%	44.4%	
Financial: Operating Costs								
Overall System (operating cost per capacity km) ^{7,8}	\$0.120	\$0.099	(0.021)	(21.2%)	\$0.119	(0.001)	(0.8%)	
Bus & SeaBus (operating cost per capacity km)	\$0.194	\$0.131	(0.063)	(48.1%)	\$0.192	(0.002)	(1.0%)	
SkyTrain: Expo & Millennium Lines (operating cost per capacity km)	\$0.043	\$0.044	0.001	2.3%	\$0.045	0.002	4.4%	
SkyTrain: Canada Line (operating cost per capacity km)	\$0.141	\$0.135	(0.006)	(4.5%)	\$0.133	(0.008)	(6.0%)	
West Coast Express (operating cost per capacity km)	\$0.216	\$0.142	(0.074)	(52.1%)	\$0.112	(0.104)	(93.0%)	
HandyDART (operating cost per trip)	\$81.79	\$65.42	(\$16.37)	(25.0%)	\$41.32	(40.47)	(97.9%)	
Financial: Operating Cost Recovery								
TransLink (conventional system) ⁹	30.0%	35.5%	(5.5%)	(15.5%)	30.1%	(0.1%)	(0.3%)	

Footnotes for Appendix II begin on the following page.

¹ The customer injury definition for CMBC and HandyDART represents the number of accepted injury claims arising from onboard 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 a hospital for treatment and the incident is reported to transit staff.

² The YTD 2020 ridership figures were restated at the end of 2020 to reflect final ridership figures. Ridership estimates for Q2 2021 differ from the methodology used in Q2 2020 as a result of the temporary suspension of fare collection on buses in the first months of the COVID-19 pandemic, the replacement of fareboxes on buses and the December 2020 cyberattack.

³ In December 2020, TransLink was the victim of a cyberattack. Immediate action and protective measures were taken by TransLink including the shut down of multiple network systems. As a result, due to the unavailability of certain applications, some datasets are incomplete and/or required estimates. The following Operating Indicators have been impacted, and to support comparability, alternative estimates have been made as described below:

^{3a} Service hours estimated for January to June 2021 are based on the best available data at the time of reporting.

^{3b} Delayed and cancelled trips for January to June 2021 are based on the best available data at the time of reporting.

^{3c} Data is not available for January to April 2021. YTD 2021 actual of Bus on-time performance includes May and June 2021 data only.

^{3d} Data is not available for January to June 2021.

^{3e} Spills estimated for January to June 2021 are based on the best available data at the time of reporting.

^{3f} TransLink was not able to capture full complaints data from January 1 to May 31, 2021. YTD 2021 actual shows June 2021 complaints data that are primarily collected from telephone calls to Customer Information Services as the online feedback form was still unavailable as of June 30, 2021.

⁴ WCE service delivery was restated to reflect the calculation to be based on train trips instead of service hours to align with the service delivery of Expo and Millennium Lines.

⁵ On-Time Performance of Expo and Millennium Lines was restated to reflect the service punctuality among the actual delivered trips.

⁶ Mean Distance Between Service Removals were restated as the refinement of the definition for service removals better reflects how SkyTrain Rolling Stock Reliability affects the customer experience. The updated definition better aligns with industry benchmarking practices.

⁷ Excludes HandyDART.

⁸ Includes operating costs of Bus, Rail, and Transit Police. Excludes amortization and interest expense.

⁹ 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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