



Financial and Performance Report

AS AT SEPTEMBER 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.

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

While the ongoing COVID-19 pandemic required TransLink to continue operating in a highly uncertain landscape during the third quarter of 2021, COVID-19 case numbers in our region gradually reduced concurrent with warmer weather and high vaccination uptake. The Province moved to Step 3 of its four-step *BC Restart Plan* on July 1, 2021, which further eased some public health restrictions. As a result, fare revenue, fuel tax and parking rights tax revenue have slightly improved from the last quarter.

During the third quarter of 2021, the new Burrard Chinook SeaBus was unveiled and sailed its maiden voyage across the Burrard Inlet. The exterior of the Burrard Chinook is wrapped in art designed by local Indigenous artists that illustrates the lifecycle of the Chinook salmon, as well as the historical importance of the Chinook salmon to its ecosystem. TransLink recognizes the importance of having Indigenous art on display in public spaces, and this artwork joins other Indigenous art on the system such as multiple installations throughout stations on the Evergreen extension, Surrey Central Station, and Commercial–Broadway Station. With the addition of the Burrard Chinook to the fleet and as ridership continued to increase, we resumed the 10-minute SeaBus peak hour service frequency for the September service change.

The Get on Board provincial program, aimed at making it easier and more affordable for families to move around, was launched on September 1, 2021, making it free for children 12 and under to ride TransLink and BC Transit services. TransLink launched the Mobile Vaccine Bus in the Fraser Health region to support the Provincial COVID-19 vaccination program. Late August, TransLink reinstated the mandatory mask mandate onboard public transit and at all stops and stations, following a new order from the Provincial Health Officer requiring mask use in all indoor public settings.

Other key accomplishments in the third quarter included the launch of the Bike to Transit Campaign to encourage a multi-modal commuting routine for customers, the launch of the Bike Valet program to support active transportation and local businesses during Broadway Subway Project construction and the launch of the Room-to-Ride feature on the Transit app to trial bus capacity predictions so customers can ride with confidence and comfort.

For the nine months ended September 30, 2021, TransLink recorded a deficit of \$154.6 million based on Public Sector Accounting Board (PSAB) Standards, of which \$211.7 million is due to Senior Government Relief Funding budgeted in 2021. Due to requirements of the Public Sector Accounting Standards, the entire amount of this Relief Funding was recorded in revenue in 2020. Offsetting this slightly, TransLink received additional Senior Government Relief Funding of \$31.8 million in 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 the Get on Board program. Excluding these relief funding items, TransLink was \$32.7 million favourable to budget as of September 30, 2021.

Excluding the Senior Government Relief Funding budget variance, the forecast surplus for 2021 is \$50.7 million better than budget. This is mainly due to total expenditures, which are forecasted to be \$87.7 million favourable to budget mainly as a result of lower contractual costs, lower labour expenses as a result of temporary vacancies and lower costs attributable from reduced usage of revenue vehicles. Favourable forecast variances in fuel tax, parking rights tax, development cost charges, investment income and other revenue, to a total of \$29.5 million, reflect the region's economic recovery trajectory in the latter half of 2021 progressing ahead of expectations on the back of a successful vaccination program. While transit revenue is forecasted to remain marginally unfavourable to budget due to the impact of incremental public health restrictions in the first half of 2021, the third quarter has seen a sustained recovery in ridership to 55.0 per cent of pre-COVID levels on September 30, 2021.

TransLink continues to demonstrate resilience in managing the challenges and circumstances of the current rapidly evolving environment and 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 Q3 2021

TransLink's priorities for 2021 have been shaped by the COVID-19 pandemic, which has forced it 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 third 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">As of September 1, 2021, children 12 and under can ride the TransLink system free of charge as part of the new Get on Board provincial program. This program makes it easier and more affordable for families to move in and around Metro Vancouver.
<ul style="list-style-type: none">Following the success of the industry-leading Phase One of the Copper Pilot Project, Phase Two was launched to test copper products on more buses and trains over a one-year period, to assess their durability over time and their ability to kill both bacteria and viruses. Phase Two will see TransLink engage more industry partners and health agencies.
<ul style="list-style-type: none">In preparation for the launch of Compass for HandyDART on October 1, 2021, developed a welcome package, training video and training webinar to help new and existing HandyDART customers set up and use the Compass products which came online for HandyDART customers on October 1st.
<ul style="list-style-type: none">In partnership with Fraser Health, launched the Mobile Vaccine Bus in late July, providing COVID-19 vaccinations to over 900 people, of whom over 45 per cent were getting their first dose of vaccination.
<ul style="list-style-type: none">Launched Bike to Transit Campaign to encourage customers to mix cycling into their commuting routine, and the Bike Valet program to support active transportation and local businesses during Broadway Subway Project construction.
<ul style="list-style-type: none">Created the outreach plan for TravelSmart for Business, to share the Compass for Employers package with businesses and public sector organizations in the fourth quarter.
<ul style="list-style-type: none">The Waterfront Community Police Office continued to operate well with over 60 trained volunteers. They actively collaborate with other transit staff and security around the Community Police Centre. Volunteers assisted the Transit Police Community Engagement Team with pop-up anti-hate outreach events at various transit hubs and stations.
<ul style="list-style-type: none">In accordance with the Provincial Health Officer mandate, on August 25, 2021, reinstated a mandatory mask requirement while onboard public transit, and at all stops and stations across the system.
<ul style="list-style-type: none">Identified 11 remote SkyTrain locations to improve the service quality of the elevating devices by shortening the maintenance response times when a device goes out of service unexpectedly.
<ul style="list-style-type: none">Launched the Room-to-Ride feature on Transit app to trial bus capacity predictions so customers can ride with confidence and comfort.
<ul style="list-style-type: none">Facilitated a historical in-person launch event for the Burrard Chinook SeaBus maiden voyage across Burrard Inlet from Waterfront Station to Lonsdale on July 22, 2021.
<ul style="list-style-type: none">Launched a Customer Experience Public Ideas Call through a robust social media campaign as well as Reconnect Bus with over 1,200 customer ideas submitted for improving the day-to-day transit experience.

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

- Launched TransLink Peer-to-Peer program to foster informal peer conversations concerning health and wellness.
- Launched an employee recognition program to allow employees to recognize colleagues in order to promote a friendly and open work environment.
- Held the first graduation ceremony for the Blue Eagle Community Cadet Program.
- Launched two training courses for Transit Police Officers to gain the knowledge of working with different cultures as well as to conduct investigations using a trauma-informed approach.
- BCRTC leadership staff have completed Phase One of the giving and receiving feedback training course in order to improve and develop key leadership skills.
- As part of implementing the Future of Work model, established in-office safety protocols and completed home office safety checklists to ensure employees are working in a safe environment.

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

- Progressed the implementation of the Enterprise Asset Management and Finance & Supply Chain Management systems replacement projects.
- Rail grinding was suspended in the summer to mitigate increased fire danger from sparks during extreme heat and drought-like conditions. However, as a result of the substantial progress made earlier in the year, BCRTC remains on track to meet its annual grinding target.
- Performed joint replacement work on the SkyBridge as part of a large collaborative effort to replace the aging infrastructure. This investment, which forms part of TransLink's Maintenance and Upgrade Program, will keep trains moving safely and smoothly for customers for years to come.
- Installed 260 mechanical fare boxes on the conventional bus fleet, which will reduce maintenance and replacement costs, bringing a total of 1,275 out of 1,500 mechanical fare boxes to be installed.
- Completed the sidewalk rehabilitation as part of the Golden Ears Bridge concession agreement to ensure operations, maintenance and rehabilitation (OMR) obligations are met.

Priority Four: Achieve Financial Sustainability

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

- Realized \$3.9 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 to review new funding sources with Mayors' Council and the Province and continued to work with the Province on the Low Carbon Fleet planning and funding opportunities.
 - Continued to develop a Sustainability Procurement Plan by conducting a benchmark against other Canadian public entities. Continued to develop a plan for change management in order to educate both internal and external stakeholders on sustainable procurement practice.
 - Advanced on the design concept for new retail outlets to increase retail program revenues to support the organization's financial targets.
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3. 2021 Third Quarter Financial Summary

CONSOLIDATED REVENUES AND EXPENSES Nine months ended September 30 (\$ thousands)	YTD		ACTUAL TO BUDGET		FORECAST TO BUDGET			
	2021	2021	Budget Variance		Annual	Annual	Forecast Variance	
	ACTUAL	BUDGET	Fav/(Unfav)	%	Q3 FORECAST	BUDGET	Fav/(Unfav)	%
Revenue								
Taxation	673,002	666,032	6,970	1.0%	892,168	888,774	3,394	0.4%
Transit	289,136	292,516	(3,380)	(1.2%)	420,618	421,548	(930)	(0.2%)
Government transfers	132,955	407,868	(274,913)	(67.4%)	237,727	552,357	(314,630)	(57.0%)
Amortization of deferred concessionaire credit	17,407	17,407	-	-	23,273	23,273	-	-
Development cost charges ¹	19,341	12,667	6,674	52.7%	25,782	16,889	8,893	52.7%
Investment Income	39,920	34,777	5,143	14.8%	52,075	46,715	5,360	11.5%
Miscellaneous revenue	23,377	12,299	11,078	90.1%	27,786	17,422	10,364	59.5%
Sub Total Continuing Operations	1,195,138	1,443,566	(248,428)	(17.2%)	1,679,429	1,966,978	(287,549)	(14.6%)
Gain (Loss) on disposal on tangible capital assets	103	-	103	-	66	-	66	-
Total Revenue	1,195,241	1,443,566	(248,325)	(17.2%)	1,679,495	1,966,978	(287,483)	(14.6%)
Expenditures								
Bus Operations	596,776	631,602	34,826	5.5%	815,667	844,162	28,495	3.4%
Rail Operations	252,843	270,699	17,856	6.6%	343,073	360,290	17,217	4.8%
Transit Police	33,088	33,511	423	1.3%	44,093	44,296	203	0.5%
Corporate Operations	74,249	83,982	9,733	11.6%	107,022	112,479	5,457	4.9%
Roads & Bridges	69,189	103,747	34,558	33.3%	108,739	142,075	33,336	23.5%
Amortization of Capital Assets*	171,162	178,231	7,069	4.0%	238,037	249,942	11,905	4.8%
Interest*	136,668	133,934	(2,734)	(2.0%)	181,337	180,469	(868)	(0.5%)
Sub Total Continuing Operations	1,333,975	1,435,706	101,731	7.1%	1,837,968	1,933,713	95,745	5.0%
Corporate One-Time	15,846	15,245	(601)	(3.9%)	33,206	25,186	(8,020)	(31.8%)
Total Expenses	1,349,821	1,450,951	101,130	7.0%	1,871,174	1,958,899	87,725	4.5%
Surplus/(Deficit) for the period (PSAB)	(154,580)	(7,385)	(147,195)	> 200.0%	(191,679)	8,079	(199,758)	> (200.0%)

* Amortization and Interest are shown separately to facilitate analysis.

¹ Development cost charges are now separately reported from Taxation.

The PSAB deficit recorded in the first nine months of 2021 was \$154.6 million, which is \$147.2 million unfavourable to budget. The budget included a portion of Senior Government Emergency Relief Funding of \$211.7 million whereas the entire amount of funding was recorded in revenue in 2020 in accordance with accounting standard requirements. In 2021, TransLink received \$31.8 million of additional Senior Government funding to provide relief to lower fuel tax revenues and in support of the Get on Board provincial program. Excluding these Senior Government funding items, the results were \$32.7 million better than budget.

Total revenue from continuing operations, excluding government transfers, was favourable to budget by \$26.5 million (2.6 per cent). Transit revenue has shown signs of recovery in the third quarter of 2021 but is forecasted to remain unfavourable for 2021 due to delay in ridership recovery as a result of higher COVID-19 cases and changing physical distancing measures earlier in the year. Taxation revenue was favourable to budget due to swifter than anticipated recovery in parking rights tax and fuel tax. Increased development activity in the region generated favourable revenues from development cost charges. Investment income remained favourable with additional interest earned from a loan receivable, higher cash balance with better interest rates and favourable miscellaneous income.

Total expenditures were favourable to budget by \$101.1 million (7.0 per cent) mainly due to lower contractual costs, lower labour expenses as a result of temporary vacancies, lower maintenance work from reduced usage of revenue vehicles, lower fuel costs and fuel consumption, lower capital infrastructure contributions as a result of the timing of municipalities' work completion, lower amortization due to timing of assets put into service as well as the 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 \$199.8 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, partially offset by favourable taxation revenue, development cost charges, Investment income, miscellaneous revenue, lower contractual costs, vacancy savings, lower maintenance costs and lower amortization expense. Excluding the Senior Government Relief Funding variance, the forecast surplus is \$50.7 million favourable to the budget for 2021.

4. Key Performance Indicators

Financial Indicators

TransLink measures and monitors its financial indicators throughout the year.

FINANCIAL POLICIES AND INDICATORS				
(\$ thousands)	September 30	December 31	Change	
	2021	2020	Fav/(Unfav)	%
Unrestricted cash and investments	1,032,728	493,630	539,098	109.2%
Capital assets	5,585,149	5,573,970	11,179	0.2%
Net direct debt	(2,510,165)	(2,645,666)	135,501	5.1%
Indirect P3 debt	(1,454,593)	(1,480,204)	25,611	1.7%
Total net direct debt and indirect P3 debt	(3,964,758)	(4,125,870)	161,112	3.9%
Unrestricted cash and investments as % of operating expenditures plus debt service costs ¹	61.5%	30.5%	(31.0%)	(101.6%)
Gross interest cost as a % of operating revenue ^{2,3}	13.2%	14.3%	1.1%	7.7%

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.

³ Operating revenue restated to exclude development cost charges as at December 31, 2020.

Unrestricted cash and investment balances increased by \$539.1 million (109.2 per cent) in the first nine months of 2021 as a result of the receipts of \$644.0 million Senior Government Emergency Relief Funding to cover net losses due to COVID-19 through 2020 and 2021, additional Senior Government funding of \$31.8 million to cover further fuel tax revenue losses and to fund the implementation of Get on Board provincial program, and annual property tax revenues from the municipalities, partially offset by net outflows from operations.

Capital assets increased by \$11.2 million (0.2 per cent) in the first nine months of 2021 due to \$182.3 million in additions, partially offset by amortization of \$171.2 million. Additions included SkyTrain system and infrastructure upgrades, SkyTrain vehicles, bus infrastructure improvements and technology upgrade projects.

Net direct debt decreased by \$135.5 million (5.1 per cent) due to scheduled debt payments, sinking fund contributions and reinvestment of sinking fund interest income during the first nine months.

Indirect Public-Private Partnership (P3) debt, which includes the liability owed to the Golden Ears Bridge contractor and the Canada Line deferred concessionaire credit, declined by \$25.6 million (1.7 per cent) mainly due to the amortization of the Canada Line deferred concessionaire credit.

Unrestricted cash and investments as a percentage of operating expenditures plus debt service costs was 61.5 per cent, well above the 15 per cent minimum prescribed by TransLink's Liquidity policy. The indicator is almost twice that of the year-end level of 30.5 per cent due to the receipt of Senior Government Emergency Relief Funding and the annual Property Taxes from Municipalities, partially offset by higher operating and debt service costs.

Gross interest cost as a percentage of operating revenues was 13.2 per cent and well within TransLink's 20 per cent policy. This indicator was 1.1 percentage points lower than 2020 due to lower debt.

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							
Nine months ended September 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 ¹	5,222,302	5,156,545	65,757	1.3%	5,417,244	(194,942)	(3.6%)
Operating Cost Recovery ²	32.0%	33.8%	(1.8%)	(5.3%)	30.4%	1.6%	5.3%
Operating Cost per Capacity Km ³	\$0.112	\$0.098	(\$0.014)	(14.3%)	\$0.119	0.007	5.9%
Complaints per million Boarded Passengers ⁴	85.7	105.1	19.4	18.5%	113.7	28.0	24.6%
Access Transit Service							
Number of Trips	478,191	487,303	(9,112)	(1.9%)	1,059,216	(581,025)	(54.9%)
Operating Cost per Trip	\$75.38	\$72.34	(\$3.04)	(4.2%)	\$41.47	(\$33.91)	(81.8%)
Number of Trips Denied	35	399	364	91.2%	179	144	80.4%
Operator Complaints as a percentage of trips	0.14%	0.11%	(0.03%)	(27.3%)	0.08%	(0.06%)	(75.0%)
Service Complaints as a percentage of trips	0.06%	0.09%	0.03%	33.3%	0.09%	0.03%	33.3%
Ridership (thousands) ⁵							
Boarded Passengers	155,736	171,784	(16,048)	(9.3%)	167,563	(11,827)	(7.1%)
Journeys	90,012	101,011	(10,999)	(10.9%)	99,807	(9,795)	(9.8%)
Average Fare per Journey ⁶	\$3.00	\$2.71	\$0.29	10.7%	\$2.76	\$0.24	8.7%

¹ 2020 actual service hours for West Coast Express have been restated to align that calculation with the basis used to calculate the service delivery of Expo and Millennium Lines and Canada Line have been restated to reflect the final service hours figures.

² Includes operating costs of Bus, Rail, Transit Police and Corporate On-going. Excludes Corporate One-time, HandyDART, Amortization and Interest Expense.

³ Includes operating costs of Bus, Rail and Transit Police. Excludes HandyDART, Amortization and Interest Expense.

⁴ 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 full complaints data from January 1 to August 18, 2021. Year-To Date (YTD) 2021 actual reflects June to September 2021 complaints data that are primarily collected from telephone calls to Customer Information Services as well as online complaints commencing August 19, 2021 when the online feedback form was restored.

⁵ The preliminary YTD 2020 ridership figures were restated at the end of 2020 to reflect final ridership figures.

⁶ 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 nine months of 2021 was 8.3 out of 10, which was higher than both the 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 number of the Customer Service Performance study respondents have been considerably lower than was historically the case. The smaller size of this pool, with the proportion of riders without access to a car being significantly higher than they were pre-pandemic, may in itself be impacting ratings.

Service hours were 65,757 (1.3 per cent) higher than 2020 mainly due to some service reductions implemented in 2020 during the acute phase of the COVID-19 pandemic. Compared to budget, service hours were 194,942 (3.6 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 nine months of 2021, the cost recovery of 32.0 per cent was 1.6 percentage points higher than budget but lower than the 2020 ratio of 33.8 per cent. The

decline from the 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 14.3 per cent compared to 2020 mainly due to the reduced capacity kilometres as a result of the COVID-19 impact on service delivery. Bus seating restrictions implemented from June 1, 2020 to June 30, 2021 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 5.9 per cent lower 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 and the online feedback application was restored on August 19, 2021. Accordingly, complaints data reported relate to the months of June through September only, and within that, this data may be considered unrepresentative information until August 19th, when the online feedback application was restored. 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 the 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 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 nine months of 2021 was lower compared to the same period in 2020 (1.9 per cent) and was unfavourable compared to budget (54.9 per cent). While trips increased in the third quarter of 2021, they have as a whole remained significantly lower since March 2020 due to the COVID-19 pandemic which is continuing to significantly impact service demand in 2021. TransLink remains committed to ensuring services are fully available for passengers unable to use conventional public transit without assistance. As such, budgeted 2021 service levels were the same as those in 2020.

Operating cost per trip increased by \$3.04 (4.2 per cent) from \$72.34 in 2020 to \$75.38 in 2021 and was unfavourable to budget by \$33.91 (81.8 per cent). The 2020 operating cost per trip was lower due to the first months of the year reflecting full demand for the service prior to the onset of the pandemic. The 2021 cost per trip is higher than 2020 but has been reducing monthly as ridership continues to grow. In alignment with the *BC Restart Plan*, physical distancing protocols were eliminated in August allowing for more clients per trip. Nonetheless, at present, approximately 80.0 per cent of trips have fewer people per vehicle than before the pandemic.

First Transit continues to roll out refresher training for all drivers, focused on enhancing the customer experience and now provided at double the frequency. A new initiative focused on drivers with multiple complaints has commenced and individualized plans are being created to improve their interactions with HandyDART clients.

Ridership

Boardings represent each time a passenger enters a fare paid zone using Compass fare media or other proof of payment, including transfers. Year to date, total system boardings were 155.6 million, 9.4 per cent lower compared to the same period in 2020, 7.1 per cent lower than budget and 54.3 per cent lower than pre-COVID in 2019.

Journeys represent a complete transit trip using Compass fare media or other proof of payment, including transfers. Compared to the first nine months of 2020, total system journeys declined by 10.9 per cent to a total of 90.0 million. Year-to-date total system journeys are 9.8 per cent lower than budget and 56.0 per cent lower than pre-COVID in 2019.

Ridership in the first six months of 2021 was stable at about 40.0 per cent of pre-pandemic levels. Between July and September 2021, despite the emergence of the fourth wave of COVID-19 cases caused by the Delta variant, ridership grew steadily to 55.0 per cent of pre-pandemic levels as more social and economic restrictions were lifted and an increasing number of Metro Vancouver residents became fully vaccinated against COVID-19. By the end of the third quarter of 2021, over 85 per cent of the eligible population in Metro Vancouver were vaccinated against COVID-19.

The average fare per journey was \$3.00 for the first nine months of 2021, an increase over 2020 of 10.8 per cent and 8.7 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 can be partly attributed to the restrictions issued by the Provincial Health Officer (PHO) amid the onset of higher COVID-19 cases in 2021. With the higher levels of ridership in the third quarter, the average fare per journey has fallen, indicative of a greater uptake in monthly passes and a return to pre-COVID travel habits for some users.

5. Consolidated Revenues

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

CONSOLIDATED REVENUES Nine months ended September 30 (\$ thousands)	ACTUAL TO BUDGET				FORECAST TO BUDGET			
	YTD 2021	YTD 2021	Budget Variance		Annual 2021	Annual 2021	Forecast Variance	
	ACTUAL	BUDGET	Fav/(Unfav)	%	Q3 FORECAST	BUDGET	Fav/(Unfav)	%
Taxation								
Fuel	294,204	288,663	5,541	1.9%	385,341	384,884	457	0.1%
Property & Replacement	325,877	326,790	(913)	(0.3%)	434,121	435,720	(1,599)	(0.4%)
Parking Rights	36,023	33,859	2,164	6.4%	50,466	46,033	4,433	9.6%
Hydro Levy	16,898	16,720	178	1.1%	22,240	22,137	103	0.5%
Transit	289,136	292,516	(3,380)	(1.2%)	420,618	421,548	(930)	(0.2%)
Government transfers	132,955	407,868	(274,913)	(67.4%)	237,727	552,357	(314,630)	(57.0%)
Amortization of deferred concessionaire credit	17,407	17,407	-	-	23,273	23,273	-	-
Development cost charges ¹	19,341	12,667	6,674	52.7%	25,782	16,889	8,893	52.7%
Investment Income	39,920	34,777	5,143	14.8%	52,075	46,715	5,360	11.5%
Miscellaneous revenue	23,377	12,299	11,078	90.1%	27,786	17,422	10,364	59.5%
Revenue Before Gain/(Loss) on Disposals	1,195,138	1,443,566	(248,428)	(17.2%)	1,679,429	1,966,978	(287,549)	(14.6%)
Gain (Loss) on disposal on tangible capital assets	103	-	103	-	66	-	66	-
Total Revenue	1,195,241	1,443,566	(248,325)	(17.2%)	1,679,495	1,966,978	(287,483)	(14.6%)

¹ Development cost charges are now separately reported from Taxation

The first nine months of 2021 saw third and fourth waves of COVID-19 cases in Metro Vancouver, evolving PHO Order restrictions and a delay to Step Four of the *BC Restart Plan*, the combination of which saw ridership recovery delayed relative to budget. Transit revenue was unfavourable to budget but showed signs of a sustained recovery in the third quarter. Fuel tax, parking rights tax and development cost charges proved favourable, with the economy recovering more quickly due to an earlier and more comprehensive vaccination program than was anticipated in the 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 and accordingly budgeted in 2021.

Total revenues are forecasted to be lower than budget by \$287.5 million (14.6 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, unfavourable revenue from property tax due to lower development activity in the prior year and lower transit revenue arising from the impact of continued PHO Order restrictions earlier in the year. The impact of favourable fuel tax, parking rights tax, investment income, development cost charges and miscellaneous revenues are forecasted to exceed the marginally unfavourable variance in transit revenues. Excluding Government Transfers, revenues from continuing operations are forecasted to be \$27.1 million favourable to budget.

Taxation

TAXATION REVENUES Nine months ended September 30 (\$ thousands)	ACTUAL TO BUDGET				FORECAST TO BUDGET			
	YTD 2021	YTD 2021	Budget Variance		Annual 2021	Annual 2021	Forecast Variance	
	ACTUAL	BUDGET	Fav/(Unfav)	%	Q3 FORECAST	BUDGET	Fav/(Unfav)	%
Fuel	294,204	288,663	5,541	1.9%	385,341	384,884	457	0.1%
Property & Replacement	325,877	326,790	(913)	(0.3%)	434,121	435,720	(1,599)	(0.4%)
Parking Rights	36,023	33,859	2,164	6.4%	50,466	46,033	4,433	9.6%
Hydro Levy	16,898	16,720	178	1.1%	22,240	22,137	103	0.5%
Total Taxation	673,002	666,032	6,970	1.0%	892,168	888,774	3,394	0.4%

Taxation revenues are comprised of taxes collected on fuel, property and replacement taxes, parking rights tax and the hydro levy. Total taxation revenues for the first nine months of 2021 were \$7.0 million (1.0 per cent) favourable to budget due to recoveries in fuel tax and parking rights tax in the third quarter, commensurate with the lifting of restrictions and the progress of the vaccination program.

For the first nine months of 2021, driving levels as observed through fuel sales remained below the budgeted recovery until August 2021. Across August and September, driving levels significantly exceeded those of the 2021 budget, resulting in fuel tax revenue being \$5.5 million (1.9 per cent) and parking rights tax revenue being \$2.2 million (6.4 per cent) favourable to the budget. The proportionately greater increase in parking rights tax revenues is indicative of commuters starting to return to work onsite.

Taxation revenues are forecasted to be \$3.4 million favourable to the budget mainly driven by parking rights tax and fuel tax revenue, which are forecasted to be \$4.4 million and \$0.5 million favourable to the budget, respectively, partially offset by property taxes, which 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 in the prior year.

Transit

TRANSIT REVENUES Nine months ended September 30 (\$ thousands)	ACTUAL TO BUDGET				FORECAST TO BUDGET			
	2021	2021	Budget Variance		2021	2021	Forecast Variance	
	ACTUAL	BUDGET	Fav/(Unfav)	%	Q3 FORECAST	BUDGET	Fav/(Unfav)	%
Fares	191,201	195,878	(4,677)	(2.4%)	277,913	287,475	(9,562)	(3.3%)
Programs	78,762	79,947	(1,185)	(1.5%)	112,237	109,737	2,500	2.3%
Total Fare Revenue	269,963	275,825	(5,862)	(2.1%)	390,150	397,212	(7,062)	(1.8%)
Other	19,173	16,691	2,482	14.9%	30,468	24,336	6,132	25.2%
Total Transit	289,136	292,516	(3,380)	(1.2%)	420,618	421,548	(930)	(0.2%)

Transit fare revenue includes revenue related to fares and programs. Fares consist of Single-Use cash fares, Stored Value, DayPass and Monthly Pass products. Programs 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 \$3.4 million (1.2 per cent) unfavourable to budget in the first nine months of 2021 mainly due to lower than anticipated recovery in ridership as a result of prolonged PHO Order restrictions and volatility in COVID-19 cases. For the first nine months of 2021, boardings and journeys were 9.4 per cent and 10.9 per cent unfavourable to budget, respectively.

Total transit revenue is forecasted to be \$0.9 million (0.2 per cent) unfavourable to budget mainly due to fare revenue being unfavourable by \$7.1 million to the budget as a result of the third and fourth waves of COVID-19 delaying recovery of ridership. In addition, other transit revenue is expected to be \$6.1 million higher than budget mainly due to higher rates in the sale of carbon credits, higher advertisement revenue and property rental revenues.

Government Transfers

GOVERNMENT TRANSFERS Nine months ended September 30 (\$ thousands)	ACTUAL TO BUDGET				FORECAST TO BUDGET			
	2021	2021	Budget Variance		2021	2021	Forecast Variance	
	ACTUAL	BUDGET	Fav/(Unfav)	%	Q3 FORECAST	BUDGET	Fav/(Unfav)	%
Senior Government Relief Funding	31,800	211,684	(179,884)	(85.0%)	31,800	282,246	(250,446)	(88.7%)
Senior Government funding	52,725	147,754	(95,029)	(64.3%)	141,176	205,360	(64,184)	(31.3%)
Golden Ears Bridge tolling replacement revenue	48,430	48,430	-	-	64,751	64,751	-	-
Total Government Transfers	132,955	407,868	(274,913)	(67.4%)	237,727	552,357	(314,630)	(57.0%)

Included in the \$407.9 million total budgeted government transfers for the period was a portion of Senior Government Emergency Relief Funding totalling \$211.7 million and Greater Vancouver Regional Fund (GVRF), Federal Gas Tax allocation, Canada Line funding, Build Canada Fund and other miscellaneous programs, together totalling \$147.8 million. Golden Ears Bridge tolling replacement revenue, budgeted at \$48.4 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 Senior Government Relief Funding of \$31.8 million in the first nine 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 Get on Board provincial program, which

began in September 2021. This gave rise to a net budget variance of \$179.9 million in the first nine months of 2021 and \$250.4 million forecasted for the year.

The remaining unfavourable year-to-date variance in Senior Government funding of \$95.0 million (64.3 per cent) and forecasted to be \$64.2 million (31.3 per cent) unfavourable to budget, is mainly due to the timing of bus replacement projects that have shifted the revenue recognition of government transfers and the timing of funding recognition for Public Transit Infrastructure Fund (PTIF).

Investment Income

Investment income for the first nine months of 2021 was \$5.1 million (14.8 per cent) favourable to budget mainly due to interest penalties, and higher than budget fund balances and interest rates. The full-year forecast is expected to be \$5.4 million (11.5 per cent) favourable to budget mainly due to the penalty interest and higher cash balances.

Miscellaneous Revenue

Miscellaneous revenue was \$11.1 million (90.1 per cent) favourable to budget for the first nine months of 2021 mainly due to a one-time fee for contractual arbitration and other project recoveries. Miscellaneous revenue is forecasted to be \$10.4 million (59.5 per cent) favourable to budget.

6. Consolidated Expenses by Segment

CONSOLIDATED EXPENSES BY SEGMENT Nine months ended September 30 (\$ thousands)	YTD		ACTUAL TO BUDGET				FORECAST TO BUDGET			
	2021	2021	Budget Variance		Annual	Annual	Forecast Variance			
	ACTUAL	BUDGET	Fav/(Unfav)	%	2021	2021	Fav/(Unfav)	%		
					Q3 FORECAST	BUDGET				
Bus Operations	596,776	631,602	34,826	5.5%	815,667	844,162	28,495	3.4%		
Rail Operations	252,843	270,699	17,856	6.6%	343,073	360,290	17,217	4.8%		
Transit Police	33,088	33,511	423	1.3%	44,093	44,296	203	0.5%		
Corporate Operations	74,249	83,982	9,733	11.6%	107,022	112,479	5,457	4.9%		
Roads & Bridges	69,189	103,747	34,558	33.3%	108,739	142,075	33,336	23.5%		
Amortization of Capital Assets*	171,162	178,231	7,069	4.0%	238,037	249,942	11,905	4.8%		
Interest*	136,668	133,934	(2,734)	(2.0%)	181,337	180,469	(868)	(0.5%)		
Sub Total Continuing Operations	1,333,975	1,435,706	101,731	7.1%	1,837,968	1,933,713	95,745	5.0%		
Corporate One-Time	15,846	15,245	(601)	(3.9%)	33,206	25,186	(8,020)	(31.8%)		
Total Expenses by Segment	1,349,821	1,450,951	101,130	7.0%	1,871,174	1,958,899	87,725	4.5%		

* Amortization and Interest are 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.

The new Burrard Chinook vessel took her maiden voyage on July 22, 2021. With the addition of the new vessel to the fleet and gradual recovery in ridership, on September 6, 2021, SeaBus resumed 10-minute peak service frequency using the Burrard Beaver as a spare vessel.

BUS OPERATIONS BY CATEGORY Nine months ended September 30 (\$ thousands)	YTD		ACTUAL TO BUDGET				FORECAST TO BUDGET			
	2021	2021	Budget Variance		Annual	Annual	Forecast Variance			
	ACTUAL	BUDGET	Fav/(Unfav)	%	2021	2021	Fav/(Unfav)	%		
					Q3 FORECAST	BUDGET				
Administration	16,391	20,528	4,137	20.2%	25,187	26,570	1,383	5.2%		
Contracted Services	52,641	60,809	8,168	13.4%	74,668	81,195	6,527	8.0%		
Fuel and Power	36,753	39,994	3,241	8.1%	51,938	54,050	2,112	3.9%		
Insurance	13,755	17,546	3,791	21.6%	18,371	23,431	5,060	21.6%		
Maintenance, Materials and Utilities	54,806	59,707	4,901	8.2%	78,427	81,728	3,301	4.0%		
Professional and Legal	940	2,697	1,757	65.1%	2,377	3,849	1,472	38.2%		
Rentals, Leases and Property Tax	12,644	11,911	(733)	(6.2%)	16,560	15,841	(719)	(4.5%)		
Salaries, Wages and Benefits	408,846	418,410	9,564	2.3%	548,139	557,498	9,359	1.7%		
Total Expenses by Category	596,776	631,602	34,826	5.5%	815,667	844,162	28,495	3.4%		

For the nine months ended September 30, 2021 Bus Operations expenses were \$34.8 million (5.5 per cent) favourable to budget mainly due to reduced overtime and vacancies, lower demand for Access Transit, lower ridership which impacted service hours and service kilometres resulting in better fuel consumption, lower maintenance and favourable ICBC rates.

Bus Operations expenses are forecasted to be \$28.5 million (3.4 per cent) favourable for the year mainly due to a higher ICBC discounts, fewer service kilometres, lower service demand in Access Transit and lower maintenance costs due to fewer service hours and service kilometres.

Service Delivery

BUS OPERATIONS							
Nine months ended September 30	YTD	YTD	Change		YTD	Budget Variance	
	2021	2020	Fav/(Unfav)	%	2021	Fav/(Unfav)	%
	ACTUAL	ACTUAL			BUDGET		
SERVICE HOURS							
CMBC Operations¹	3,921,431	3,876,109	45,322	1.2%	4,082,854	(161,423)	(4.0%)
Conventional Bus	3,504,601	3,465,098	39,503	1.1%	3,631,969	(127,368)	(3.5%)
Community Shuttle	407,896	403,370	4,526	1.1%	440,276	(32,380)	(7.4%)
SeaBus	8,934	7,641	1,293	16.9%	10,609	(1,675)	(15.8%)
Contracted Transit Services	177,037	173,917	3,120	1.8%	184,166	(7,129)	(3.9%)
West Vancouver	87,426	84,373	3,053	3.6%	87,880	(454)	(0.5%)
Contract Community Shuttle	89,611	89,544	67	0.1%	96,286	(6,675)	(6.9%)
Conventional Transit Service Hours	4,098,468	4,050,026	48,442	1.2%	4,267,020	(168,552)	(4.0%)
SERVICE KILOMETRES							
CMBC Operations	76,657,514	75,140,902	1,516,612	2.0%	79,923,662	(3,266,148)	(4.1%)
Conventional Bus	68,318,334	66,517,063	1,801,271	2.7%	70,970,931	(2,652,597)	(3.7%)
Community Shuttle	8,218,410	8,520,551	(302,141)	(3.5%)	8,809,297	(590,887)	(6.7%)
SeaBus	120,770	103,288	17,482	16.9%	143,434	(22,664)	(15.8%)
Contracted Transit Services	3,576,087	3,661,666	(85,579)	(2.3%)	4,012,027	(435,940)	(10.9%)
West Vancouver	1,601,926	1,606,692	(4,766)	(0.3%)	1,811,206	(209,280)	(11.6%)
Contract Community Shuttle	1,974,161	2,054,974	(80,813)	(3.9%)	2,200,821	(226,660)	(10.3%)
Conventional Transit Service Kilometres	80,233,601	78,802,568	1,431,033	1.8%	83,935,689	(3,702,088)	(4.4%)
CAPACITY KILOMETRES							
CMBC Operations	3,228,396,163	3,984,450,229	(756,054,066)	(19.0%)	2,890,799,780	337,596,383	11.7%
Conventional Bus	3,038,447,098	3,773,589,315	(735,142,217)	(19.5%)	2,713,036,301	325,410,797	12.0%
Community Shuttle	153,582,496	170,410,921	(16,828,425)	(9.9%)	140,948,752	12,633,744	9.0%
SeaBus	36,366,569	40,449,993	(4,083,424)	(10.1%)	36,814,727	(448,158)	(1.2%)
Contracted Transit Services	84,984,100	121,434,067	(36,449,967)	(30.0%)	95,586,669	(10,602,569)	(11.1%)
West Vancouver	53,397,523	80,334,587	(26,937,064)	(33.5%)	60,373,533	(6,976,010)	(11.6%)
Contract Community Shuttle	31,586,577	41,099,480	(9,512,903)	(23.1%)	35,213,136	(3,626,559)	(10.3%)
Conventional Transit Capacity Kilometres	3,313,380,263	4,105,884,296	(792,504,033)	(19.3%)	2,986,386,449	326,993,814	10.9%

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 September 2021 based on the best available data at the time of reporting and may be subject to change.

For the first nine months of 2021, actual service hours delivered were estimated at 168,552 (4.0 per cent) unfavourable to budget, service kilometres were 3,702,088 (4.4 per cent) unfavourable and capacity kilometres were 326,993,814 (10.9 per cent) favourable. The lower service hours and kilometres levels were mainly a result of service adjustments and service cancellations due to the slower than expected ridership recovery from the pandemic. On July 1, the bus seating restrictions implemented on June 1, 2020, accommodating approximately two-thirds of a regular passenger load, were lifted; this is the main driver of the favourability against the budget.

ACCESS TRANSIT							
Nine months ended September 30	YTD	YTD	Change		YTD	Budget Variance	
	2021	2020	Fav/(Unfav)	%	2021	Fav/(Unfav)	%
	ACTUAL	ACTUAL			BUDGET		
Service Kilometres	6,103,372	5,401,829	701,543	13.0%	7,941,151	(1,837,779)	(23.1%)
Access Transit Trips							
Trips - HandyDART	454,994	449,352	5,642	1.3%	945,201	(490,207)	(51.9%)
Trips - Taxi Supplement	23,197	37,951	(14,754)	(38.9%)	114,015	(90,818)	(79.7%)
Total Access Transit Trips	478,191	487,303	(9,112)	(1.9%)	1,059,216	(581,025)	(54.9%)

Total Access Transit trips provided in the first nine months of 2021 were 581,025 (54.9 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 third quarter of 2021, BCRTC annual grinding program was halted for six weeks due to the extreme heat weather during July and August. The program recommenced in mid-August and was able to complete 13,000 metres of rail grinding to prolong the life of the assets, improve the ride quality and lessen noise for our customers and neighbours. BCRTC was also able to perform joint replacement work on the SkyBridge during the summer.

Customer experience improvements continued in SkyTrain stations with work on the Expo Line escalator replacement project, completed work on escalators at the Waterfront West Coast Express station in the third quarter. Work continues with six escalators at Surrey Central, Scott Road, Waterfront and 22nd Street station.

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)	%
Nine months ended September 30 (\$ thousands)	ACTUAL	BUDGET			Q3 FORECAST	BUDGET		
Administration	4,273	4,822	549	11.4%	6,413	6,230	(183)	(2.9%)
Contracted Services	97,554	100,693	3,139	3.1%	130,934	134,917	3,983	3.0%
Fuel and Power	11,365	11,840	475	4.0%	15,620	16,007	387	2.4%
Insurance	4,890	5,056	166	3.3%	6,643	6,789	146	2.2%
Maintenance, Materials and Utilities	39,104	44,383	5,279	11.9%	52,723	57,628	4,905	8.5%
Professional and Legal	1,727	3,281	1,554	47.4%	3,329	4,154	825	19.9%
Rentals, Leases and Property Tax	1,086	1,014	(72)	(7.1%)	1,470	1,298	(172)	(13.3%)
Salaries, Wages and Benefits	92,844	99,610	6,766	6.8%	125,941	133,267	7,326	5.5%
Total Expenses by Category	252,843	270,699	17,856	6.6%	343,073	360,290	17,217	4.8%

For the nine months ended September 30, 2021, Rail operating expenses were \$17.9 million (6.6 per cent) favourable to budget mainly driven by savings from temporary vacancies, lower overtime, timing in maintenance activities and professional services, reductions in Canada Line and WCE service levels and lower contracted services.

Rail Operations operating expenses are forecasted to be \$17.2 million (4.8 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 and professional services expenses related to changes in planned work and lower contracted services cost.

Service Delivery

RAIL OPERATIONS							
Nine months ended September 30	YTD	YTD	Change		YTD	Budget Variance	
	2021	2020	Fav/(Unfav)	%	2021	Fav/(Unfav)	%
	ACTUAL	ACTUAL			BUDGET		
SERVICE HOURS							
SkyTrain: Expo & Millennium Lines	965,296	942,939	22,357	2.4%	964,649	647	0.1%
SkyTrain: Canada Line ¹	147,544	148,708	(1,164)	(0.8%)	160,148	(12,604)	(7.9%)
West Coast Express ²	10,994	14,872	(3,878)	(26.1%)	25,427	(14,433)	(56.8%)
Rail Operations Service Hours	1,123,834	1,106,519	17,315	1.6%	1,150,224	(26,390)	(2.3%)
SERVICE KILOMETRES							
SkyTrain: Expo & Millennium Lines	38,901,402	38,000,306	901,096	2.4%	38,875,304	26,098	0.1%
SkyTrain: Canada Line ¹	4,739,834	4,777,246	(37,412)	(0.8%)	5,144,766	(404,932)	(7.9%)
West Coast Express ²	408,551	552,816	(144,265)	(26.1%)	958,137	(549,586)	(57.4%)
Rail Operations Service Kilometres	44,049,787	43,330,368	719,419	1.7%	44,978,207	(928,420)	(2.1%)
CAPACITY KILOMETRES							
SkyTrain: Expo & Millennium Lines	3,403,919,266	3,276,568,210	127,351,056	3.9%	3,544,571,626	(140,652,360)	(4.0%)
SkyTrain: Canada Line ¹	665,199,148	685,534,801	(20,335,653)	(3.0%)	722,028,355	(56,829,207)	(7.9%)
West Coast Express	60,178,380	81,422,772	(21,244,392)	(26.1%)	141,421,021	(81,242,641)	(57.4%)
Rail Operations Capacity Kilometres	4,129,296,794	4,043,525,783	85,771,011	2.1%	4,408,021,002	(278,724,208)	(6.3%)

¹ Canada Line's service hours, service kilometres are estimated from schedule data for reporting purposes.

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 kilometres and hours for the Expo and Millennium Lines for the first nine months of 2021 ended slightly above budget. Service kilometres were above budget by 26,098 (0.1 per cent) and service hours by 647 (0.1 per cent). However, capacity kilometres were below budget, by 140,652,360 (4.0 per cent) due to higher than planned use of Mark I trains that provide more vehicle kilometres but offer less capacity than the other trains in the fleet. Increased use of Mark I trains was required to facilitate state-of-good-repair fleet maintenance campaigns for Mark II and Mark III trains.

Canada Line's service indicators are all below budget during the first three quarters of 2021 due to the continued impact of COVID-19 on ridership and the resulting deferral of planned service increases.

WCE continues to operate at reduced levels given changes in demand resulting from the pandemic. WCE's 2021 budget assumed four trains with 38 cars in each direction. However, before September 7, WCE ran three trains with 16 cars per direction. Beginning from September 7, the fourth train and two additional cars were added into service. The variances to service plan resulted in all indicators being below budget in the first nine months of 2021. Service kilometres were lower by 549,586 (57.4 per cent), service hours lower by 14,433 (56.8 per cent) and capacity kilometres lower by 81,242,641 (57.4 per cent).

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 third 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 completed its spring/summer session and it has been well received. A fall session will launch in September 2021. Transit Police officers recently completed training courses on 'Trauma-Informed Practice' and 'Cultural Awareness and Humility'. Over 74 sworn and civilian

staff have completed the Status of Women's Gender-Based Analysis Plus (GBA+) course hosted by the Government of Canada. Transit Police will utilize the GBA+ concepts to assess and be responsive to the experiences of diverse groups of people to Transit Police policies, programs and initiatives. This is also required to meet new policing standards related to the promotion of unbiased policing.

POLICE OPERATIONS BY CATEGORY Nine months ended September 30 (\$ thousands)	ACTUAL TO BUDGET				FORECAST TO BUDGET			
	YTD 2021	YTD 2021	Budget Variance		Annual 2021	Annual 2021	Forecast Variance	
	ACTUAL	BUDGET	Fav/(Unfav)	%	Q3 FORECAST	BUDGET	Fav/(Unfav)	%
Administration	1,887	2,424	537	22.2%	3,088	3,271	183	5.6%
Insurance	73	102	29	28.4%	112	136	24	17.6%
Maintenance, Materials and Utilities	1,062	986	(76)	(7.7%)	1,332	1,300	(32)	(2.5%)
Professional and Legal	146	289	143	49.5%	274	369	95	25.7%
Rentals, Leases and Property Tax	1,662	1,808	146	8.1%	2,273	2,408	135	5.6%
Salaries, Wages and Benefits	28,258	27,902	(356)	(1.3%)	37,014	36,812	(202)	(0.5%)
Total Expenses by Category	33,088	33,511	423	1.3%	44,093	44,296	203	0.5%

Transit Police operating expenses were \$0.4 million (1.3 per cent) favourable to budget in the first nine months of 2021. The favourable variance is mainly due to lower radio communication costs, the 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. These savings were partly offset by higher benefit costs.

Transit Police operating expenses are forecasted to be \$0.2 million (0.5 per cent) favourable to budget mainly due to lower software, license and Information Technology (IT) support costs and lower rent as a result of delayed occupancy, partly offset by higher benefit costs. While some of the IT costs were delayed in the first half of 2021 due to the December 1, 2020 cybersecurity incident, a catch-up is anticipated in the fourth quarter, thus reducing the favourable YTD variance.

Corporate Operations

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

During the third quarter of 2021, TransLink launched a Mobile Vaccine Bus with Fraser Health and over 900 people received COVID-19 vaccinations on the bus. Implementation of the 2021 Procurement Plan continued, with \$3.9 million of cost avoidance anticipated to be realized in the third quarter once contracts are executed, contributing to a total of \$17.5 million of cost avoidance realized year-to-date. TransLink has advanced on the design concept for new retail outlets to increase retail program revenues in order to support the organization's financial targets.

CORPORATE OPERATIONS BY CATEGORY Nine months ended September 30 (\$ thousands)	ACTUAL TO BUDGET				FORECAST TO BUDGET			
	YTD 2021	YTD 2021	Budget Variance		Annual 2021	Annual 2021	Forecast Variance	
	ACTUAL	BUDGET	Fav/(Unfav)	%	Q3 FORECAST	BUDGET	Fav/(Unfav)	%
Administration	9,810	13,728	3,918	28.5%	16,450	18,026	1,576	8.7%
Contracted Services	10,777	11,379	602	5.3%	14,896	15,172	276	1.8%
Insurance	236	212	(24)	(11.3%)	317	284	(33)	(11.6%)
Maintenance, Materials and Utilities	998	1,351	353	26.1%	1,478	1,833	355	19.4%
Professional and Legal	4,527	7,754	3,227	41.6%	10,316	11,094	778	7.0%
Rentals, Leases and Property Tax	9,752	9,370	(382)	(4.1%)	13,255	12,493	(762)	(6.1%)
Salaries, Wages and Benefits	38,149	40,188	2,039	5.1%	50,310	53,577	3,267	6.1%
Total Expenses by Category	74,249	83,982	9,733	11.6%	107,022	112,479	5,457	4.9%

For the nine months ended September 2021, expenses were \$9.7 million (11.6 per cent) favourable to budget. The favourable variance was mainly due to temporary vacancies, the timing of professional fees, lower credit card fees as a result of reduced ridership, the timing of marketing and public relations activities, lower contractual costs, lower computer software and equipment costs and lower print usage as a result of remote work.

Corporate operations are forecasted to be \$5.5 million (4.9 per cent) favourable to budget mainly due to vacancy savings, savings in credit card fees due to reduced ridership from COVID-19, lower professional fees, lower maintenance fees and lower contractual costs, partly offset by higher property taxes.

Roads and Bridges

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

ROADS & BRIDGES OPERATIONS BY CATEGORY Nine months ended September 30 (\$ thousands)	YTD		ACTUAL TO BUDGET				FORECAST TO BUDGET			
	2021	2021	Budget Variance		Annual	Annual	Forecast Variance			
	ACTUAL	BUDGET	Fav/(Unfav)	%	2021	2021	Fav/(Unfav)	%		
					Q3 FORECAST	BUDGET				
Administration	18	24	6	25.0%	23	32	9	28.1%		
Capital Infrastructure contributions	35,009	65,966	30,957	46.9%	61,470	91,305	29,835	32.7%		
Contracted Services	4,197	4,401	204	4.6%	5,696	5,876	180	3.1%		
Insurance	958	984	26	2.6%	1,268	1,313	45	3.4%		
Maintenance, Materials and Utilities	26,951	29,938	2,987	10.0%	36,437	40,253	3,816	9.5%		
Professional and Legal	931	1,078	147	13.6%	2,286	1,529	(757)	(49.5%)		
Rentals, Leases and Property Tax	241	272	31	11.4%	309	336	27	8.0%		
Salaries, Wages and Benefits	884	1,084	200	18.5%	1,250	1,431	181	12.6%		
Total Expenses by Category	69,189	103,747	34,558	33.3%	108,739	142,075	33,336	23.5%		

Total expenditures for Roads and Bridges in the first nine months of 2021 were \$34.6 million (33.3 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 \$33.3 million (23.5 per cent) favourable to budget mainly due to timing of municipalities' work and MRN Operations and Maintenance projects.

Amortization

Amortization was \$7.1 million (4.0 per cent) favourable to budget and is forecasted to be \$11.9 million (4.8 per cent) favourable to budget mainly due to the delay in the delivery and final acceptance of bus, SkyTrain and SeaBus replacement vehicles.

Interest

Interest expense for the first nine months of 2021 was \$2.7 million (2.0 per cent) unfavourable to budget mainly due to lower than budgeted interest capitalization as a result of lower spending on capital projects, higher than budget inflation affecting the Golden Ears Bridge debt, partly offset by running lower than budgeted Commercial Paper balances.

The forecast for the year is expected to be \$0.9 million (0.5 per cent) unfavourable to budget mainly due to reduced interest capitalization and higher inflation causing higher interest costs associated with Golden Ears Bridge debt, partly offset by no debt issuance in 2021.

Corporate – One-time Costs

CORPORATE ONE-TIME SUMMARY BY PROJECT Nine months ended September 30 (\$ thousands)	ACTUAL TO BUDGET				FORECAST TO BUDGET			
	YTD	YTD	Budget Variance		Annual	Annual	Forecast Variance	
	2021	2021			2021	2021		
	ACTUAL	BUDGET	Fav/(Unfav)	%	Q3 FORECAST	BUDGET	Fav/(Unfav)	%
Feasibility Studies	3,736	5,739	2,003	34.9%	7,209	8,010	801	10.0%
Rapid Bus Program (Previously B-Line Program)	1,631	1,797	166	9.2%	2,144	2,532	388	15.3%
Plan Development	984	1,189	205	17.2%	1,640	1,720	80	4.7%
Non-Capitalized items included in Capital Projects	2,794	3,946	1,152	29.2%	5,302	4,682	(620)	(13.2%)
Mobility Pricing	481	621	140	22.5%	822	857	35	4.1%
Bus Speed and Reliability	102	75	(27)	(36.0%)	216	100	(116)	(116.0%)
Emergency Coordination Center	625	150	(475)	> (200.0%)	1,572	200	(1,372)	87.3%
South of Fraser Rapid Transit Non-Capitalized items	4	990	986	99.6%	4	990	986	99.6%
Other (including cyberattack recovery costs)	5,489	738	(4,749)	351.1%	14,297	6,095	(8,202)	(134.6%)
Total Corporate One-Time	15,846	15,245	(601)	(3.9%)	33,206	25,186	(8,020)	(31.8%)

Corporate One-time costs were \$0.6 million (3.9 per cent) unfavourable to budget mainly due to costs incurred as a result of the December 1, 2020 cyberattack, partly offset by lower costs for feasibility studies, such as Heating Ventilation and Air Conditioning replacement and SkyTrain power capacity projects, as well as non-capitalized items within capital projects.

The forecast is \$8.0 million (31.8 per cent) unfavourable to budget mainly due to costs incurred as a result of the December 1, 2020 cyberattack and COVID-19 related costs, partly offset by the timing of projects and initiatives.

7. Investment in Capital Assets

TransLink's investment in capital assets continues to grow with the focus on supporting enterprise priorities. The capital program is robust and managed with strong governance and oversight. As of September 30, 2021, TransLink's total capital program budget was \$6.6 billion, which includes:

- \$3.0 billion in active capital projects;
- \$671.2 million in Approved-In-Principle (AIP) capital projects;
- \$2.4 billion in substantially complete capital projects; and
- \$475.9 million in capital infrastructure contributions to municipalities

SUMMARY OF CAPITAL PROGRAM						
As of September 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	132	3,047,703	2,915,701	132,002	4.3%	1,759,348
AIP	42	671,234	669,475	1,759	0.3%	130,186
Subtotal	174	3,718,937	3,585,176	133,761	3.6%	1,889,354
Substantially Complete	140	2,395,774	2,292,979	102,795	4.3%	1,277,817
Closed	1	435	344	91	21.0%	166
Subtotal	141	2,396,209	2,293,323	102,886	4.3%	1,277,983
Capital Infrastructure Contributions						
Active	30	475,865	474,474	1,391	0.3%	-
Subtotal	30	475,865	474,474	1,391	0.3%	-
Total Capital Program	345	6,591,011	6,352,973	238,038	3.6%	3,167,517

The capital program is supported in part by \$3.2 billion in committed funding available to TransLink from the Federal Gas Tax 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 September 30, 2021, there were 272 active and substantially complete projects with a final forecasted cost of \$5.2 billion. The total costs incurred for these projects during the first nine months of the year were \$163.9 million.

SUMMARY OF ACTIVE PROJECTS								
As of September 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	16	212,515	16,203	63,915	193,883	18,632	8.8%	28,867
Infrastructure	65	590,157	26,135	142,484	577,841	12,316	2.1%	258,338
Major Construction	13	1,722,888	74,799	264,761	1,702,339	20549	1.2%	1,148,406
Technology	17	177,547	20,756	69,338	169,641	7,906	4.5%	-
Vehicle	21	344,596	9,187	39,206	271,997	72,598	21.1%	323,737
Subtotal (Active Capital Projects)	132	3,047,703	147,080	579,704	2,915,701	132,001	4.3%	1,759,348
Substantially Complete	140	2,395,774	16,822	2,240,363	2,292,979	102,795	4.3%	1,277,817
Total Active Capital Projects	272	5,443,477	163,902	2,820,067	5,208,680	234,796	4.3%	3,037,165

Active Capital Projects

As of September 30, 2021, there were 132 active projects with expenditures of \$147.1 million for the first nine months of the year and \$579.7 million in cumulative spending to date. A comparison of active project budgets against forecasted final costs shows a favourable variance of \$132.0 million (4.3 per cent).

Major Construction spending of \$74.8 million for the first nine months of the year includes a \$36.3 million spent on Expo and Millennium Upgrade Program Fleet Acquisition Phase Two.

Infrastructure spending of \$26.1 million for the first nine months of the year includes \$4.0 million spent on Expo Line Running Rail Replacement, \$3.5 million on Compass for HandyDART implementation and \$2.2 million on Canada Line Capstan Station Design.

Technology spending totaling \$20.8 million for the first nine months of the year includes \$14.9 million spent on the Enterprise Asset Management and Finance & Supply Chain systems replacement program.

Substantially Complete Capital Projects

As of September 30, 2021, there were 140 projects with a total budget of \$2.4 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 \$102.8 million (4.3 per cent).

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

- The Burrard Chinook SeaBus Vessel
- 2020 Running Rail Replacement

Approved in Principle (AIP) Capital Projects

As of September 30, 2021, there were 42 AIP projects remaining to be initiated with a total budget of \$671.2 million. Of the 42 projects, 21 projects with a budget of \$164.2 million were carried forward from 2019 and 2020 and 21 projects with a budget of \$507.0 million are new in 2021. In the third quarter of 2021, seven projects were initiated.

SUMMARY OF AIP PROJECTS			
As of September 30, 2021 (\$ thousands)	Number of Projects	Current Budget	Senior Government Funding (Committed)
Capital Projects			
Equipment	3	12,650	-
Infrastructure	27	238,046	36,113
Major Construction	3	320,842	3,596
Technology	4	6,094	-
Vehicle	5	93,602	90,477
Total AIP Projects	42	671,234	130,186

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

Closed Capital Projects

As of September 30, 2021, the Metrotown Bus Loop Upgrade project with a final cost of \$0.3 million and an approved budget of \$0.4 million was completed and closed.

Cancelled Capital Projects

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

Capital Infrastructure Contributions

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

As of September 30, 2021, there were 30 active programs with a budget of \$475.9 million. The majority of the \$26.5 million in contributions in the year related to the Pavement Rehabilitation Program was funded under the Major Road Network Program.

SUMMARY OF INFRASTRUCTURE CONTRIBUTION PROGRAMS						Forecast Variance to Current Budget	
As of September 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	10,067	133,182	226,215	1,042	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	2463	6,771	64,219	194	0.3%
Bus, Speed, Reliability, and Infrastructure (BSRI)	3	10,713	520	910	10,713	-	0.0%
Walking Infrastructure to Transit (WITT)	5	23,173	1117	3,812	23,106	67	0.3%
Grand Total	30	475,867	26,537	218,753	474,475	1,392	0.3%

8. Changes in Financial Position

Consolidated Statement of Financial Position			
(\$ thousands)	September 30 2021	December 31 2020	Change
Cash and cash equivalents	946,626	397,571	549,055
Accounts receivable	100,477	893,870	(793,393)
Loan receivable	130,022	182,358	(52,336)
Restricted cash and cash equivalents and investments	1,258,725	1,033,354	225,371
Investments	86,102	96,059	(9,957)
Debt reserve deposits	26,661	28,565	(1,904)
Financial Assets	2,548,613	2,631,777	(83,164)
Accounts payable and accrued liabilities	331,063	374,319	(43,256)
Debt	2,966,398	3,035,241	(68,843)
Deferred government transfers	1,321,423	1,196,485	124,938
Golden Ears Bridge contractor liability	1,016,098	1,024,302	(8,204)
Deferred concessionaire credit	438,495	455,902	(17,407)
Employee future benefits	138,098	132,335	5,763
Deferred revenue and deposits	169,479	59,895	109,584
Deferred lease inducements	14,027	14,780	(753)
Liabilities	6,395,081	6,293,259	101,822
Net Debt	(3,846,468)	(3,661,482)	(184,986)
Tangible capital assets	5,585,149	5,573,970	11,179
Supplies inventory	98,589	89,233	9,356
Prepaid expenses	36,697	26,826	9,871
Non-Financial Assets	5,720,435	5,690,029	30,406
Accumulated Surplus	1,873,967	2,028,547	(154,580)

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 \$793.4 million (88.8 per cent) was mainly due to a combination of receiving Senior Government Emergency Relief Funding and outstanding capital project funding from the Provincial Government.

Loan receivable represents the net present value of future payments of proceeds from the 2016 sale of the Oakridge Transit Centre. The decrease of \$52.3 million (28.7 per cent) was attributable to payments received during the period, partially offset by interest earned on the outstanding balance.

Liabilities

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

The increase in deferred government transfers of \$124.9 million (10.4 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 the retirement of the employees.

The increase in deferred revenues and deposits of \$109.6 million (183.0 per cent) was mainly due to property tax revenues received in August 2021 and unearned transit program revenues.

Non-Financial Assets

Capital assets increased by \$11.2 million (0.2 per cent) in the first nine months of 2021 due to \$182.3 million in additions, offset by amortization of \$171.1 million. Additions included SkyTrain system and infrastructure upgrades, bus infrastructure improvements, SkyTrain vehicle milestone payments 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)	September 30 2021	December 31 2020	Change
Cash and cash equivalents	946,626	397,571	549,055
Investments	86,102	96,059	(9,957)
Total Unrestricted cash and investments	1,032,728	493,630	539,098

TransLink's unrestricted cash and investment balances reflect accumulated funding resources available for supporting operations. The balance increased by \$539.1 million (109.2 per cent) in the first nine months of 2021 due to the receipts of \$644.0 million Senior Government Emergency Relief Funding, \$31.8 million of additional funding from the Province and property tax remittances from municipalities, partially offset by net outflows from operations.

The \$1.0 billion 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 decrease in the fourth quarter.

Liquidity is further supported by a \$500.0 million Commercial Paper program, of which \$30.0 million was outstanding as at September 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)	September 30 2021	December 31 2020	Change
Unspent government transfers	543,733	390,583	153,150
TPCC's investments	31,769	29,510	2,259
Green Bond Proceeds	-	46,387	(46,387)
Restricted Land Reserve	253,651	205,864	47,787
Self administered sinking funds	429,572	361,010	68,562
Total Restricted cash and investments	1,258,725	1,033,354	225,371

For the first nine 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 installment payment for the sale of the Oakridge Transit Centre, contributions to the self-administered sinking fund and reinvested investment income. The increase is 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 Act* (SCBCTA), TransLink's outstanding debt obligations cannot exceed TransLink's borrowing limit which is currently \$5.5 billion. The debt obligations are defined under the *SCBCTA Act* as the sum of current borrowings of TransLink secured by debentures, bonds, other forms of indentures, capital leases, short-term notes, lines of credit and bank overdrafts, excluding any prepaid financing costs.

Any future increases in TransLink's borrowing limits need to be approved by the Mayors' Council through an Investment Plan. As at September 30, 2021, TransLink's outstanding debt obligation was \$3.57 billion (December 31, 2020: \$3.66 billion) comprising of debt of \$2.97 billion plus Municipal Finance Authority of B.C. 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)	September 30 2021	December 31 2020	Change
Debt	2,966,400	3,035,241	(68,841)
Less: Self-administered sinking funds	(429,572)	(361,010)	(68,562)
Less: Debt reserve deposits	(26,661)	(28,565)	1,904
Net Direct Debt	2,510,167	2,645,666	(135,499)
Golden Ears Bridge contractor liability	1,016,098	1,024,302	(8,204)
Deferred concessionaire credit	438,494	455,902	(17,408)
Indirect P3 Debt	1,454,592	1,480,204	(25,612)
Subtotal Net Direct Debt and Indirect P3 Debt	3,964,759	4,125,870	(161,111)

Net direct debt decreased by \$135.5 (5.1 per cent) due to scheduled debt payments, sinking fund contributions and reinvestment of sinking fund interest income during the first nine months.

Indirect P3 debt, which includes the liability owed to the Golden Ears Bridge contractor and the Canada Line deferred concessionaire credit, declined by \$25.6 million (1.7 per cent) 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 August 2021, Moody's affirmed TransLink's rating of Aa2 (Negative) reflective of TransLink's strong institutional framework and its status as a taxing authority as well as uncertainties stemming from COVID-19. As at September 30, 2021, Dominion Bond Rating Service (DBRS) affirmed TransLink's rating of AA (Stable).

Agency	As at September 30, 2021				As of December 31, 2020			
	Commercial Paper	Senior Debt	General Obligation	Outlook	Commercial Paper	Senior Debt	General Obligation	Outlook
DBRS Limited	R-1 mid	AA	AA	Stable	R-1 mid	AA	AA	Stable
Moody's Investor's 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 PSAB 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)

September 30, 2021, with comparative information for December 31, 2020

	September 30 2021	December 31 2020
Financial assets		
Cash and cash equivalents	\$ 946,626	\$ 397,571
Accounts receivable	100,477	893,870
Loan receivable	130,022	182,358
Restricted cash and cash equivalents and investments	1,258,725	1,033,354
Investments	86,102	96,059
Debt reserve deposits	26,661	28,565
	2,548,613	2,631,777
Liabilities		
Accounts payable and accrued liabilities	331,063	374,319
Debt	2,966,398	3,035,241
Deferred government transfers	1,321,423	1,196,485
Golden Ears Bridge contractor liability	1,016,098	1,024,302
Deferred concessionaire credit	438,495	455,902
Employee future benefits	138,098	132,335
Deferred revenue and deposits	169,479	59,895
Deferred lease inducements	14,027	14,780
	6,395,081	6,293,259
Net debt	(3,846,468)	(3,661,482)
Non-financial assets		
Tangible capital assets	5,585,149	5,573,970
Supplies inventory	98,589	89,233
Prepaid expenses	36,697	26,826
	5,720,435	5,690,029
Accumulated surplus	\$ 1,873,967	\$ 2,028,547

Consolidated Statement of Operations

SOUTH COAST BRITISH COLUMBIA TRANSPORTATION AUTHORITY

Consolidated Statement of Operations
(Expressed in thousands of dollars)

Nine months ended September 30, 2021, with comparative information for September 30, 2020

	2021 Budget	2021 Actual	Restated 2020 Actual
Revenues:			
Taxation	\$ 666,032	\$ 673,002	\$ 621,501
Transit	292,516	289,136	292,051
Government transfers	407,868	132,955	111,678
Amortization of deferred concessionaire credit	17,407	17,407	17,471
Investment income	34,777	39,920	40,359
Development cost charges	12,667	19,341	12,125
Miscellaneous revenue	12,299	23,377	11,747
Gain (loss) on disposal of tangible capital assets	-	103	(30)
	<u>1,443,566</u>	<u>1,195,241</u>	<u>1,106,902</u>
Expenses:			
Bus operations	760,025	723,682	697,790
Corporate operations	167,787	105,962	98,320
Rail operations	361,775	346,236	339,107
Roads and bridges	127,033	140,336	97,690
Transit Police	34,331	33,605	30,845
	<u>1,450,951</u>	<u>1,349,821</u>	<u>1,263,752</u>
Deficit for the period	(7,385)	(154,580)	(156,850)
Accumulated surplus, beginning of period	1,801,129	2,028,547	1,598,990
Accumulated surplus, end of period	<u>\$ 1,793,744</u>	<u>\$ 1,873,967</u>	<u>\$ 1,442,140</u>

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)

Nine months ended September 30, 2021, with comparative information for September 30, 2020

	2021 Actual	2020 Actual
Deficit for the period	\$ (154,580)	\$ (156,850)
Acquisition of tangible capital assets	(182,341)	(310,883)
Amortization of tangible capital assets	171,162	170,492
Loss (gain) on disposal of tangible capital assets	(103)	30
Net proceeds (costs) from disposal of tangible capital assets	103	(6)
	(11,179)	(140,367)
Change in supplies inventory	(9,356)	(4,133)
Change in prepaid expenses	(9,871)	(748)
	(19,227)	(4,881)
Increase in net debt	(184,986)	(302,098)
Net debt, beginning of period	(3,661,482)	(3,897,744)
Net debt, end of period	\$ (3,846,468)	\$ (4,199,842)

Consolidated Statement of Cash Flows

SOUTH COAST BRITISH COLUMBIA TRANSPORTATION AUTHORITY

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

Nine months ended September 30, 2021, with comparative information for September 30, 2020

	2021	2020
Cash provided by (used for):		
Operating transactions:		
Deficit for the period	\$ (154,580)	\$ (156,850)
Non-cash changes to operations	112,473	101,392
Changes in non-cash operating working capital	898,593	146,932
Cash provided by operating transactions	856,486	91,474
Capital transactions:		
Purchase of tangible capital assets	(182,341)	(309,996)
Net proceeds (costs) from disposal of tangible capital assets	103	(6)
Cash used for capital transactions	(182,238)	(310,002)
Investing transactions:		
Increase in restricted cash and investments	(225,371)	(203,073)
Decrease (increase) in investments	9,957	(30,663)
Decrease (increase) in debt reserve deposits	1,904	(424)
Cash used for investing transactions	(213,510)	(234,160)
Financing transactions:		
Debt proceeds	-	650,000
Premiums on financing	-	12,435
Repayments of debt	(66,626)	(37,372)
Repayments of Golden Ears Bridge contractor liability	(8,204)	(6,584)
Government transfers received for tangible capital additions	163,147	32,323
Lease inducements received	-	1,936
Cash provided by financing transactions	88,317	652,738
Increase in cash and cash equivalents	549,055	200,050
Cash and cash equivalents, beginning of period	397,571	502,060
Cash and cash equivalents, end of period	\$ 946,626	\$ 702,110

Segment Report

South Coast British Columbia Transportation Authority

Segment Report

Period ended September 30, 2021

(in thousands of dollars)

	2021					Total	Restated 2020
	Bus operations	Corporate operations	Rail operations	Roads and bridges	Transit Police		
Revenues:							
Taxation	\$ -	\$ 673,002	\$ -	\$ -	\$ -	\$ 673,002	\$ 621,501
Transit	-	289,136	-	-	-	289,136	292,051
Government transfers	-	132,955	-	-	-	132,955	111,678
Amortization of deferred concessionaire credit	-	-	17,407	-	-	17,407	17,471
Investment income	-	39,920	-	-	-	39,920	40,359
Development cost charges	-	19,341	-	-	-	19,341	12,125
Miscellaneous revenue	8,262	13,670	479	-	966	23,377	11,747
Gain (loss) on disposal of tangible capital assets	-	103	-	-	-	103	(30)
	8,262	1,168,127	17,886	-	966	1,195,241	1,106,902
Expenses:							
Administration	16,391	11,766	4,273	18	1,887	34,335	36,774
Capital infrastructure contributions	-	-	-	35,009	-	35,009	4,090
Contracted services	52,641	10,777	97,554	4,197	-	165,169	160,976
Fuel and power	36,753	-	11,365	-	-	48,118	41,654
Insurance	13,755	236	4,890	958	73	19,912	22,934
Maintenance, materials and utilities	54,806	2,244	39,104	26,951	1,062	124,167	110,677
Professional and legal	940	15,114	1,727	931	146	18,858	14,640
Rentals, leases and property tax	12,644	9,752	1,086	241	1,662	25,385	21,800
Salaries, wages and benefits	408,846	40,206	92,844	884	28,258	571,038	537,392
Expenses before amortization and interest	596,776	90,095	252,843	69,189	33,088	1,041,991	950,937
Amortization of tangible capital assets	83,516	10,442	61,458	15,407	339	171,162	170,492
Interest	43,390	5,425	31,935	55,740	178	136,668	142,323
Amortization and interest	126,906	15,867	93,393	71,147	517	307,830	312,815
Total Expenses	723,682	105,962	346,236	140,336	33,605	1,349,821	1,263,752
Surplus (deficit) for the period	\$ (715,420)	\$ 1,062,165	\$ (328,350)	\$ (140,336)	\$ (32,639)	\$ (154,580)	\$ (156,850)

Appendix II – Operating Indicators

OPERATING INDICATORS	YTD	YTD	Change		YTD	Budget Variance	
	2021	2020			2021		
	ACTUAL	ACTUAL	Fav/(Unfav)	%	BUDGET	Fav/(Unfav)	%
Nine months ended September 30							
Safety: Customer Injuries (per 1 million boarded passengers, unless otherwise stated) ^{1,2}							
Bus & SeaBus	5.1	4.5	(0.6)	(13.3%)	4.7	(0.4)	(8.5%)
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)	2.7	0.9	(1.8)	(200.0%)	0.4	(2.3)	> (200.0%)
Safety: Employee Lost Time Frequency							
Bus & SeaBus (per 200,000 Hours Worked) ³	7.9	7.8	(0.1)	(1.3%)	7.7	(0.2)	(2.6%)
SkyTrain: Expo & Millennium Lines (per 200,000 Hours Worked) ⁴	3.5	4.2	0.7	16.7%	4.5	1.0	22.2%
West Coast Express (per 200,000 Hours Worked)	-	-	-	-	-	-	-
HandyDART (per 200,000 Hours Worked)	8.9	8.5	(0.4)	(4.7%)	13.0	4.1	31.5%
Safety: Bus & SeaBus Operator Assaults (per 1 Million Service Hours) ^{3a}	12.8	13.4	0.6	4.5%	11.1	(1.7)	(15.3%)
Ridership: Boarded Passengers (Thousands) ²							
Bus & SeaBus	101,896	110,996	(9,100)	(8.2%)	109,463	(7,567)	(6.9%)
SkyTrain: Expo & Millennium Lines	38,489	43,223	(4,734)	(11.0%)	41,649	(3,160)	(7.6%)
SkyTrain: Canada Line	14,380	16,318	(1,938)	(11.9%)	15,297	(917)	(6.0%)
West Coast Express	349	697	(348)	(49.9%)	602	(253)	(42.0%)
HandyDART	528	550	(22)	(4.0%)	552	(24)	(4.3%)
Ridership: Journeys (Thousands) ²							
Overall System	90,012	101,011	(10,999)	(10.9%)	99,807	(9,795)	(9.8%)
Vehicle Service Delivery: Percentage of Service Hours Delivered							
Bus & SeaBus	97.8%	95.4%	2.4%	2.5%	97.0%	0.8%	0.8%
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	99.6%	99.0%	0.6%	0.6%	99.7%	(0.1%)	(0.1%)
West Coast Express ⁵	99.6%	97.8%	1.8%	1.8%	99.9%	(0.3%)	(0.3%)
Vehicle Punctuality: On-Time Performance							
Bus (3 minutes late < On-Time < 1 minute early) ^{3b}	85.4%	86.1%	(0.7%)	(0.8%)	81.0%	4.4%	5.4%
SkyTrain: Expo & Millennium Lines (headway + 3 minutes) ⁶	96.8%	96.2%	0.6%	0.6%	96.5%	0.3%	0.3%
West Coast Express (headway + 5 minutes)	96.7%	92.5%	4.2%	4.5%	97.8%	(1.1%)	(1.1%)
HandyDART (earlier than and within 15 minutes of Scheduled Pick-Up Time)	95.3%	94.2%	1.1%	1.2%	90.0%	5.3%	5.9%
Vehicle Reliability: Mean Distance Between Failure							
Bus ^{3c}	34,340	27,937	6,403	22.9%	26,433	7,907.3	29.9%
Vehicle Reliability: Mean Distance Between Service Removals							
SkyTrain: Expo & Millennium Lines ⁷	180,099	253,335	(73,236)	(28.9%)	215,000	(34,901)	(16.2%)
HandyDART Vehicle Productivity							
Trips per Service Hour (excludes Taxis)	1.5	1.4	(0.1)	(7.1%)	2.3	(0.8)	(34.8%)
Trip Denials	35	399	364	91.2%	179	144	80.4%
Environmental							
Bus & SeaBus (Spills per 1 Million Km) ^{3d}	2.1	1.5	(0.6)	(40.0%)	2.0	(0.1)	(5.0%)
Bus & SeaBus (Revenue Vehicle Energy Consumption in Gigajoules)	1,433,749	1,365,907	(67,842)	(5.0%)	1,603,222	169,473	10.6%
Customer Service: Customer Satisfaction (overall score of 10)							
Overall System ⁸	8.3	7.9	0.4	5.1%	8.0	0.3	3.8%
Bus & SeaBus	8.3	7.9	0.4	5.1%	8.0	0.3	3.8%
SkyTrain: Expo & Millennium Lines	8.5	8.2	0.3	3.7%	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	8.9	8.9	-	-	8.6	0.3	3.5%
Customer Service: Customer Complaints ²							
Overall System (per 1 million boarded passengers) ^{8, 3f}	85.7	105.1	19.4	18.5%	113.7	28.0	24.6%
Bus & SeaBus (per 1 million boarded passengers) ^{3f}	90.0	102.2	12.2	11.9%	101.6	11.6	11.4%
SkyTrain: Expo & Millennium Lines (per 1 million boarded passengers) ^{3f}	18.9	25.2	6.3	25.0%	24.1	5.2	21.7%
SkyTrain: Canada Line (per 1 million boarded passengers) ^{3f}	4.0	8.2	4.2	51.2%	9.1	5.1	55.9%
West Coast Express (per 1 million boarded passengers) ^{3f, 9}	56.7	361.4	304.7	84.3%	342.0	285.3	83.4%
HandyDART (operator complaints as a % of trips)	0.14%	0.11%	(0.03%)	(27.3%)	0.08%	(0.06%)	(75.0%)
HandyDART (service complaints as a % of trips)	0.06%	0.09%	0.03%	33.3%	0.09%	0.03%	33.3%
Financial: Operating Costs							
Overall System (operating cost per capacity km) ^{8, 10}	\$0.112	\$0.098	(0.014)	(14.3%)	\$0.119	0.007	5.9%
Bus & SeaBus (operating cost per capacity km)	\$0.167	\$0.128	(0.039)	(30.5%)	\$0.193	0.026	13.4%
SkyTrain: Expo & Millennium Lines (operating cost per capacity km)	\$0.043	\$0.042	(0.001)	(2.4%)	\$0.045	0.002	4.5%
SkyTrain: Canada Line (operating cost per capacity km) ¹¹	\$0.141	\$0.136	(0.005)	(3.7%)	\$0.134	(0.007)	(5.2%)
West Coast Express (operating cost per capacity km)	\$0.211	\$0.157	(0.054)	(34.4%)	\$0.109	(0.102)	(94.5%)
HandyDART (operating cost per trip)	\$75.38	\$72.34	(\$3.04)	(4.2%)	\$41.47	(33.91)	(81.8%)
Financial: Operating Cost Recovery							
TransLink (conventional system) ¹²	32.0%	33.8%	(1.8%)	(5.3%)	30.4%	1.6%	5.3%

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 Q3 2021 differ from the methodology used in Q3 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 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 September 2021 are based on the best available data at the time of reporting.

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

^{3c} Data is not available from January to March 2021. These metrics have been reflected with YTD 2021 actual showing April to September 2021 data.

^{3d} TransLink was not able to capture Spills data from January to June 2021. YTD 2021 actual shows Spills data starting from July 2021. These metrics have been adjusted to reflect 3 months of data.

^{3f} TransLink was not able to capture full complaints data from January 1 to August 18, 2021. YTD 2021 actual reflects June to September 2021 complaints data that are primarily collected from telephone calls to Customer Information Services as well as online complaints commencing August 19, 2021 when the online feedback form was restored.

⁴ 2020 actual Expo and Millennium Employee Lost Time Frequency have been restated to align with WorkSafe BC figures.

⁵ 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.

⁶ On-Time Performance of Expo and Millennium Lines was restated to reflect the service punctuality among the actual delivered trips.

⁷ 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.

⁸ Excludes HandyDART.

⁹ 2020 West Coast Express Complaints have been restated to reflect the actual number of complaints.

¹⁰ Includes operating costs of Bus, Rail and Transit Police. Excludes amortization and interest expense.

¹¹ 2020 Operating cost per capacity km has been restated due to Canada Line not providing actual capacity kilometres at the time of reporting.

¹² 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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