

SOUTH COAST BRITISH COLUMBIA TRANSPORTATION AUTHORITY

2008 STATUTORY ANNUAL REPORT

The South Coast British Columbia Transportation Authority (SCBCTA) is required to provide an annual report and audited financial statements to the Mayor's Council on Regional Transportation and the Regional Transportation Commissioner. This report fulfills the reporting obligation to provide:

- A. A summary of operations during the year with comparison to the strategic transportation plan and the annual transportation plan,
- B. The audited financial statements for the year
- C. A summary of the nature of complaints received in the year and actions taken in response to those complaints,
- D. A summary of the results of the customer satisfaction survey process,
- E. Amendments to the articles of the authority, and
- F. The date, type and outcome of meetings of the board held during the year.

This report should be read in conjunction with the 2008 Annual Report, in order to get a full understanding of the organization and its financial and operational performance. The 2008 Annual Report will be presented at the May 12th Annual General Meeting and will be available on the company website by May 2, 2009.

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EXECUTIVE SUMMARY

In 2007, the Province of British Columbia made amendments to the Greater Vancouver Transit Authority Act that involved significant changes to TransLink's planning, funding and governance framework. The amendments included the creation of new annual 10-year strategic plans commencing in 2009.

In order to meet its current statutory requirement to have a strategic transportation plan, TransLink developed a "bridging" strategic plan for 2008, called The 2008 Transportation and Financial Plan (Plan). This one-year strategic plan outlines the service, financial, and capital plans which will lead to the development of a new 10-year strategic plan that will commence in 2009.

Key features of the Plan included elements such as:

- Improvements to Roads and Bridges
- Expand the Rapid Transit network
- Expansion to the Bus Network
- Improve Access Transit Service

The Plan provided for improvements to the roads and bridges including investing \$20 million in minor capital and \$35 million in major capital, and the continued construction on the Golden Ears Bridge.

Included in the Plan is expansion of the Rapid Transit network which provided for improvements to the Broadway station, Surrey Central, and Main and Metrotown Stations, and an increase of 34 SkyTrain vehicles.

In order to expand and modernize the bus fleet, the Plan called for an additional 94 expansion buses (69 conventional buses, 21 articulated buses and 4 Community Shuttles) and 160 replacement buses (109 conventional buses, and 51 Community Shuttles). Along with the expansion the Plan included additional 5% increase in service hours and projection for ridership to increase 4.5 %.

The plan included an implementation strategy on improving both the quality and service for the Access Transit Service.

In 2008, both the service hours delivered and ridership exceeded the Plan by approximately 1%. The fleet has increased by 82 vehicles with delays in deliveries of the 21 articulated buses to 2009.

The Plan included new capital projects of \$375.7 million of which \$333.0 million of this capital has been approved in 2008. During the year, TransLink had 149 active capital projects with a total forecast of \$2.3 billion, which are expected to complete within budget.

This report should be read in conjunction with the 2008 Annual Report, in order to get a full understanding of the organization and its financial and operational performance. The 2008 Annual Report will be presented at the May 12th Annual General Meeting and will be available on the company website by May 2, 2009.

A. OPERATIONS SUMMARY

1. *Transportation Services provided*

The table below provides a summary of services provided, services consumed and operating cost metrics for 2008 compared to the 2008 Transportation and Financial Plan.

	2008 Actual	2008 Transportation Plan	Inc./((Decr.) Over Plan	% Change
Scheduled Transit Service				
Service hours (thousands)	5,588	5,539	49	0.9%
Revenue passengers (thousands)	178,796	177,070	1,726	1.0%
Revenue passengers per capita *	78.7	78.0	0.8	1.0%
Operating cost per revenue passenger				
Bus	\$3.91	\$3.81	\$0.10	2.7%
Rail	\$2.23	\$2.31	(\$0.08)	-3.6%
Operating cost per service hour	\$111.04	\$109.60	\$1.43	1.3%
Access Transit Service				
Service hours (thousands)	592	612	(20)	-3.2%
Revenue passengers (thousands)	1,365	1,439	(74)	-5.1%
Operating cost per revenue passenger	\$26.50	\$23.05	\$3.45	15.0%
Albion Ferry Service				
Sailings (thousands)	71.3	70.0	1.3	1.9%
Vehicles carried (thousands)	1,473	1,552	(79)	-5.1%
Operating cost per sailing	\$88.49	\$89.63	(\$1.14)	-1.3%
Operating cost per vehicles carried	\$4.28	\$4.04	\$0.24	5.9%
AirCare				
Number of inspections (thousands)	531	562	(31)	-5.5%
Operating cost per vehicle inspection	\$33.40	\$33.15	\$0.25	0.8%

* Based on Lower Mainland population estimate (from MetroVancouver website) for 2008 of 2,271,224

Observations

- Ridership is 1% higher than plan reflecting the impact of higher fuel prices.
- Cost per service hour is 1.3% higher than Plan due to higher TransLink and transit costs and a change in treatment of employee future benefits on the management financial reports.
- Demand for Access Transit service lagged behind the increased Plan allowance as demonstrated by lower than Plan service hours and passengers.
- The Plan estimate for AirCare inspections was based on projected failure rates that were higher than actual results.

2. 2008 Transportation and Financial Plan Status Report

The 2008 Transportation and Financial Plan (Plan) committed to significant improvements in transit service, with corresponding impacts on fleet size, service hours delivered and ridership. The Plan also indicated road improvements and major policy and study initiative that would be undertaken in 2008. A status report on all initiatives noted in the Plan, including Plan page reference, follows:

Roads & Bridges		
<i>Page #</i>	<i>Item(s) Noted</i>	<i>Comments</i>
5	Operations, Maintenance & Rehabilitation (OMR) funding of \$12,990 per lane-km, for the Major Road Network (MRN).	Municipalities were funded at the planned rate.
5	The 2008 MRN Minor Capital Program will extend the 2007 funding level of \$20M	The approved 2008 Capital Program included \$20 million for minor road capital.
5	Contribute \$35M in 2008 to the Major Capital Program bringing the total contributions to date to \$265M;	The approved 2008 Capital Program included \$35 million for major road capital.
5	Provide an additional \$4 million to the Fraser Hwy widening project	In 2008, the final \$4 M of the total \$45 M funding was committed to this project which will widen Fraser Hwy to a consistent four lanes. This project is being managed by the City of Surrey.
5	Provide funding of up to \$60M for the Coast Meridian Overpass in Port Coquitlam;	Funding agreement has been finalized and construction well underway.
6	Allocated up to \$5M to fund the widening of Main Street between Mountain Hwy and Brooksbank;	Planning work is on-going, TransLink staff are working with Transport Canada and numerous other potential funding partners through the North Shore Trade Area Study.
6	Develop a Memorandum of Understanding with the City of New Westminster for the North Fraser perimeter Road Project	TransLink is still negotiating with the City of New Westminster, and is conducting a "Corridor Definition Study" involving the City of New Westminster and others.
6	Continue Seismic upgrading program for the Knight Street Bridge	Two of three separate construction packages were substantially completed in 2008. The third package was postponed due to poor industry response to the initial tender.
6	Development of MRN signage strategy	The MRN signage strategy study should be completed by April 2009.
Golden Ears Bridge		
<i>Page #</i>	<i>Item(s) Noted</i>	<i>Comments</i>
7	Continue Golden Ears Bridge Construction	The Golden Ears Bridge project is a \$1 billion public-private partnership between TransLink and the Golden Crossing General Partnership. The contractual substantial completion date for the project is June 30, 2009. This is forecast to be achieved on or before the contractual date. As well the installation, testing and commissioning of the electronic tolling system is on track for completion prior to the substantial completion of the bridge project. Tolls will not be collected for the first month that the bridge is in service. A customer service centre will be opened early in the second quarter of 2009.

Transit Related Road Infrastructure Program		
<i>Page #</i>	<i>Item(s) Noted</i>	<i>Comments</i>
7	TransLink will allocate \$3.1 million for TRRIP projects in 2008.	All projects to be undertaken by the municipalities have been completed. Projects to be funded by TransLink have also been completed or substantially completed.
Transit Priority Projects		
<i>Page #</i>	<i>Item(s) Noted</i>	<i>Comments</i>
8	#95 B-line along Hastings to SFU corridor	The Transit priority study is 70% complete to date and it will be completed by April 2009.
8	#99 B-line Broadway corridor	City of Vancouver has not yet approved implementation of advance right turn signals at 8 intersections to improve functioning of peak-hour bus only lane
8	Marine Drive, North approach of Lions Gate Bridge	The Transit priority study was completed in 2008. In 2009, TransLink and North Vancouver District will co-sponsor public consultation on the proposed westbound bus land on Marine Drive between Lions Gate Bridge and Tatlow.
8	Lougheed Hwy and Pinetree Way at the Coquitlam Central Station	The Transit priority study was substantially completed in 2008.
8	41st Ave B-line transit priority study	Not proceeding at this time as the provincial transit plan indicates that Surrey is the priority for BRT
Intelligent Transportation System Projects		
<i>Page #</i>	<i>Item(s) Noted</i>	<i>Comments</i>
8	Expand the Regional Traveler Information to provide real-time traffic information on the Pattullo and Knight Street Bridges	This project is to develop an ITS corridor plan for the Knight and Pattullo Bridges, including the municipal approach road network and reviewing the appropriate technologies for deployment. The project was delayed until the completion of the regional detector strategy. An RFP will be issued in mid-2009 for the concept of operations and system design work.
8	Provide real-time transit information	The current system allows the public to receive text messages advising of the next six scheduled bus arrivals. The planned development of a real time application has been deferred until 2010 due to delays in completion of the bus communication project, and system support resource constraints.
	Design Integrated Regional Signal Systems (IRSS) for train warning at rail/road crossing	Operations and System design was completed in September. The Roberts Bank Rail Corridor (RBRC) Partners Committee approved a contribution of \$1 million towards implementation. The project is currently awaiting the completion of discussions between the RBRC Partners Committee and the Township of Langley before proceeding with the detailed design in 2009.
8	Complete the Smart Corridors Strategy that identify high priority corridors for goods movement and potential ITS measures	The Smart Corridors Strategy final report is complete. Work is underway to initiate detailed design work for the pilot with our project partners in 2009.
Major Regional Planning Studies		
<i>Page #</i>	<i>Item(s) Noted</i>	<i>Comments</i>
9	Conducting regional travel & screenline surveys in 2008	Both surveys were conducted during the fall of 2008. The Regional Trip Diary Survey collected comprehensive information on the 24-hour travel behavior of approximately 20,000 households (a 2.2% sample) in Metro Vancouver and the Fraser Valley Regional District. The 2008 Regional Screenline Survey collected information on vehicle and passenger volumes at 126 locations along screenlines, such as municipal boundaries and water crossings. Data from both surveys will be analyzed in the spring of 2009.

9	Complete second phase of Goods Movement Study	The study was jointly commissioned by TransLink, Transport Canada and BC Ministry of Transportation. Phase I was completed in 2006. Phase II was initiated in 2007 with a survey of supply chains in the region. In October 2008, the Partners agreed to conclude the study based on a revised and reduced scope of work.
10	Develop a regional, multi-modal wayfinding strategy	An Interim Design Manual has been developed and adopted. The Manual is the basis for the design of wayfinding elements to be installed at two pilot sites in June 2009, at Burrard Station and Scott Road bus exchange. Pre- and post-installation evaluation will be conducted to assess the impact on travel time and customer satisfaction.
10	Study the feasibility of bus rapid transit service between Langley, Surrey, New Westminster and Burnaby	Hwy 1 BRT Study has been completed and a MOU has been executed with Province, confirming that TransLink will operate BRT when the Port Mann bridge project is complete.
Transit System Ridership		
<i>Page #</i>	<i>Item(s) Noted</i>	<i>Comments</i>
11	Total conventional transit ridership in 2008 is forecast to reach 177.1 million rides.	2008 ridership totaled 178.8 million.
Transit System Service		
<i>Page #</i>	<i>Item(s) Noted</i>	<i>Comments</i>
12	94 expansion vehicles (69 standard buses, 21 articulated buses and 4 Community shuttles)	Fleet expansion totaled 82 vehicles; (69 standard buses, plus 9 more deferred from 2007 and 4 Community Shuttles). The articulated buses delivery is delayed to 2009.
12	160 replacement vehicles (109 standard buses and 51 community shuttles);	The planned 109 standard replacement buses will be arriving in 2009. The 51 planned Community Shuttles were added to the fleet in 2008.
12	Delivery of 20 articulated trolleys	Board approval in March 2008 for 20 expansion vehicles and 14 replacements. Delivery will be complete by Fall 2009.
Expanding the Frequent Transit Network (FTN)		
<i>Page #</i>	<i>Item(s) Noted</i>	<i>Comments</i>
13	TransLink will continue development of transit as a mode of choice by expanding the FTN	Increased service to FTN levels on all routes proposed in the 2008 Plan has been implemented; 3 additional routes have been improved to FTN (the 123, 240, and 403).
Area Transit Plans (ATP)		
<i>Page #</i>	<i>Item(s) Noted</i>	<i>Comments</i>
14	TransLink will be initiating two new ATP's in 2008 for Richmond and the North Shore	Area Plans were delayed due to organizational prioritization of the 10 Year Plan, ATPs background and data collection work was commenced in 2008.
Access Transit		
<i>Page #</i>	<i>Item(s) Noted</i>	<i>Comments</i>
15	An implementation strategy will be developed to determine timing and steps needed to activate the recommendations set out in the plan	The implementation strategy is complete and Contract negotiations were concluded with MVT Canadian Bus Inc. as the preferred proponent for providing Custom Transit service in the Greater Vancouver Region. The new provider replaced seven contractors operating in eight service areas within the region. The consolidation will lead to a more seamless and integrated Custom Transit Service.
Urban Transportation Showcase Program		
<i>Page #</i>	<i>Item(s) Noted</i>	<i>Comments</i>
15	Continuation of six projects, (TravelSmart, Hybrid Bus Pilot, Goods Movement, Main Street Transit, Pedestrian Priority, Central Valley Greenway and Transit Villages).	The first three projects are complete. The final three projects will be completed by late spring 2009.

U-Pass		
<i>Page #</i>	<i>Item(s) Noted</i>	<i>Comments</i>
15	Expand the U-pass program to Langara and Capilano colleges	The U-Pass program was expanded to Langara College in May 2008 and to Capilano University in January 2009. The Capilano University delay was due to the need to construct required transit infrastructure.
Environmental Initiatives		
<i>Page #</i>	<i>Item(s) Noted</i>	<i>Comments</i>
15	Purchasing buses that exceed emissions standards	Buses delivered in 2008 meet or exceed current emissions standards
15	Lower emission replacement vehicles	Buses delivered in 2008 replaced older higher emission vehicles
15	Retrofit older diesel buses with new emission control technologies	Diesel oxidation catalysts (DOC) installed in 1990-1992 diesel buses, upgraded emission reduction components installed during engine overhaul, diesel particulate filters (DPF) installed in 10% of existing fleet
15	Complete phase three of the bus technology and alternative fuels	Tested 2008 standard diesel bus, 2008 diesel-electric hybrid bus, 2007 articulated diesel bus, 2008 standard CNG bus, 1998 standard diesel with new DOC, 1998 standard diesel with DPF.
15	20 per cent biodiesel use for the entire fleet	5% biodiesel pilot program in place at CMBC; 20% biodiesel used at West Vancouver Transit during summer months and 5% used during winter months.
15	Fuel-efficient buses	New trolley buses are at least 20% more energy efficient than the old trolleys.
15	Reduced idling	CMBC is investigating options.
15	Other Initiatives	Use of ultra-low sulphur fuel for SeaBuses and Albion ferries; Diesel Oxidation Catalyst installed on one West Coast Express locomotive
Safety & Security - Police		
<i>Page #</i>	<i>Item(s) Noted</i>	<i>Comments</i>
16	The addition of 35 Officers at SCBCTA Police Service increasing the total Officers to 156	Staffing at the end of 2008 totals 187.5 FTE's an increase of 36.5 over 2007. This includes 41 constables to support the Canada Line.
16	Continued development of the SCBCTA Police Service crime analysis and intelligence gathering capacity, enhance information sharing with jurisdictional police	In 2008 additional crime analysis software and a plotter were purchased to further develop SCBCTA Police Service's intelligence gathering capacity.
Safety & Security - Infrastructure		
<i>Page #</i>	<i>Item(s) Noted</i>	<i>Comments</i>
16	Improved lighting at rapid transit stations and transit exchanges	Expo Line lighting upgrades underway and will be completed in 2009.
16	Install closed-circuit cameras on 500 buses (33% of fleet)	The competitive RFP process and subsequent contract negotiations with the preferred proponent took longer than expected. The contract for the supply and installation of the cameras was executed on October 30, 2008.
16	Emergency message and service updates to customers on SkyTrain platforms via LCD screens	Project Engineering complete with installation to be completed in 2009.

2010 Olympics		
<i>Page #</i>	<i>Item(s) Noted</i>	<i>Comments</i>
16	TransLink will continue to make progress on key transit initiatives to ensure completion in time for the Games and with partner agencies to complete key transit infrastructure projects	Memorandum and Financial Agreement with VANOC concluded, Olympic Transportation Service and Operations Plan completed and moving into Implementation, TransLink Olympic Enterprise Plan complete.
Bus & Sea Bus Service		
<i>Page #</i>	<i>Item(s) Noted</i>	<i>Comments</i>
17	A total of 75 peak buses and 264,100 annual service hours will be used to improve bus service in 2008	A total of 74 peak buses and 268,000 annual service hours were added to conventional bus service in 2008.
17	Bus expansion will provide regional and municipal town centres including Maple Ridge, Pitt Meadows and Port Coquitlam with at least 15-min service, 15 hours a day, everyday	Frequent Transit Network level of service provided to all planned regional and municipal town centres, with the exception of Port Coquitlam, where service is approximately 450m from the town centre.
18	Implement new Bus Rapid Transit route along Hastings Street	Not implemented due to delayed arrival of articulated buses and the routes designation as Rapid Bus in the Provincial Transit Plan (a higher level of service than what had been envisioned). A Transit Priority Measures study for the corridor was commenced in 2008 and will be complete in April 2009.
18	Transit Signal Priority (TSP) will be implemented along the Broadway corridor as part of continuing improvements to the BRT network	Project has not commenced as we are waiting for the completion of the Main Street TSP in June 2009 system before further deployment. Any decision to implement will be impacted by timing of Broadway Rail Rapid Transit.
18	Provide improvements identified through the Richmond ATP (3,000 annual hours) and North Shore ATP (4,500 annual hours), as well, 3000 annual hours will be devoted to other local service improvements in the region	Area Transit Plans scheduled to commence in late 2007 were delayed. A total of 8 peak buses and 26,900 annual hours were added for Vancouver cross-town route via 33rd Ave. Significantly more than 3,000 annual hours added to other local services throughout the region.
19	Additional 25 peak buses in the South Fraser Area	A total 22 peak buses and 122,400 annual hours were added to South of Fraser, including improvements to numerous existing services, and three new routes (388, 364 and 609).
	Additional 12 peak vehicles to provide capacity Improvements & U Pass Expansion	13 peak buses (67,691 hours) were added to reduce crowding on Transit Capacity Study busy routes and to expand U-Pass to Capilano University and Langara College.
	Other Improvements-15000 hours and one peak bus	Service efficiency improvements totaled 15,100 annual hours and 9 peak buses in 2007. Other improvements significantly exceeded the plan target.
19	A Total of four Community Shuttles and 21,050 annual service hours will be added to provide improvements for 2008	A total of 5 Community Shuttle vehicles and 30,162 annual hours were added in 2008, which included new service to Tsawwassen First Nation and Spanish Banks. Service to Queensborough/East Richmond was introduced in late 2007, earlier than planned.
19	The end of 2008, TransLink will have a bus fleet comprising 1,509 vehicles an increase of 38 per cent since 1998	21 articulated vehicles have been delayed until 2009.

19/20	Improvements to Main Street Showcase.	Improved transit and pedestrian travel on Main Street through streetscape improvements, transit priority measures and improved customer information. Streetscape improvements were completed in 2007. Transit signal priority and passenger information displays is underway. The project will be complete in late spring 2009.
20	Initiate construction of infrastructure for the new #95 B-line route from downtown Vancouver to SFU and the #99 B-line from Broadway/Commercial to UBC	#95 B-Line infrastructure did not proceed in 2008 as the project was put on hold following the Provincial Transit Plan announcement that the corridor would be RapidBus. TransLink is continuing to work with the City of Vancouver on transit priority measures for the Broadway corridor.
Bus Facilities & Infrastructure Improvements		
<i>Page #</i>	<i>Item(s) Noted</i>	<i>Comments</i>
20	Design and initiate construction of new bus exchanges	Functional design for the UBC transit exchange is underway. The Canada Line - Brighthouse Station exchange is now in the functional design stage. Canada Line - Bridgeport Station exchange construction is scheduled for April -July 2009. The Canada Line - Marine Station exchange is currently under construction with completion scheduled for August 2009.
20	Initiate reconfiguration of the Burnaby Transit Centre	Essentially complete with remaining hoist installation, inspection pit, demolition and paving to be completed in early 2009.
20	Design and preconstruction of the Transportation Training Centre in Maple Ridge	Design consultant has been retained and Development Permit design is underway. Pre-construction contractor has been retained and preload is in place.
20	Extend trolley overhead wiring on Marine Drive in Vancouver to support routing of existing Trolley routes from the new Canada line	Extension is completed to Main Street and expected to be powered by the end of August. The connection to Fraser Street and Victoria Drive will take place at a later date.
20	Continue investment in a new bus communication system	The system is installed on the full fleet and commissioning and deficiency resolution continues. Approval has been received to implement the system on SeaBus.
20	Third SeaBus vessel be purchased in 2007 for delivery in 2009	Preliminary and Final design of the 3rd SeaBus has been completed. The contract was awarded to Victoria Shipyards May 2008. Fabrication of demi-hulls, wheelhouse, passenger compartment and cross-structure was largely complete by December 2008.
SkyTrain		
<i>Page #</i>	<i>Item(s) Noted</i>	<i>Comments</i>
22	Continue to expand the existing Operations and Maintenance Centre (OMC) to accommodate the 2009 fleet expansion of 34 new cars	The expansion of the OMC is progressing on schedule with completion of project by August 2009.
22	Delivery of 34 new SkyTrain Vehicles	The original order for 34 new vehicles was extended by 14 vehicles with the exercise of an option. The vehicles started to arrive in January 2009. Vehicle deliveries will continue throughout 2009 and will be complete by January 2010.
22	Upgrade the closed circuit television	Upgrade to the closed circuit televisions was complete in 2008. All stations are equipped with digital recording. The public address system upgrades are in progress and will be tested and complete during 2009.
22	Replace vehicle radio systems on the older cars	Project is well underway with wayside portion of the project complete. The installation of the radios on the vehicles will be complete mid 2009.
22	Implement the first phase of an automatic passenger counting system on trains	Project has been deferred pending evaluation of Smart Card technology and system gating.

22	Broadway Station Improvements	The Broadway/Commercial Transit Village is part of the Urban Transportation Showcase Project. Construction for Phase 1 is currently underway and on schedule for completion is 2009. Phase 2 concept development is in progress.
23	Surrey Central Station Improvement	The Surrey Central Transit Village is part of the Urban Transportation Showcase Project. Planning and design is complete. The implementation phase has been deferred due to a City area plan review.
23	Main and Metrotown Station Improvement	Metrotown Station is one of the busiest stations in the network and has significant access and capacity deficiencies. A concept design for a major upgrade to the station was completed in 2007. Further development of the design concept will be undertaken in 2009, however funding to complete Preliminary Design has not yet been approved. Main Station is an important hub in the network and has been identified for major upgrades to access and capacity. Concept and preliminary design has been completed, which include improved access, passenger circulation and passenger environment on both the east and west side of the station. Detailed design is almost complete. Funding applications have been made. The project will proceed to construction pending confirmation of funding from senior levels of government.
23	Completion of Expo line Station lighting upgrades	Well underway and will be complete mid-2009.
23	Development of a multi-year program to upgrade SkyTrain stations;	Many improvements underway, in particular, matters addressing customer safety and security.
Canada Line & Evergreen Line		
<i>Page #</i>	<i>Item(s) Noted</i>	<i>Comments</i>
23	In 2008, construction will continue on all elements of the Canada line	Construction is ongoing and is progressing ahead of schedule Planned opening in Summer-Fall 2009.
23	Procurement activities for design and construction of the Evergreen Line	TransLink and the Province of British Columbia entered into a Memorandum of Understanding in July 2008, establishing roles and responsibilities for the project. The project will be delivered by the Ministry of Transportation under the direction of a project board, which includes TransLink representative. Work has commenced on the project definition phase and delivery options analysis. The procurement phase is scheduled to commence in 2010. Funding agreements are anticipated to be executed before the end of 2009 TransLink's funding commitment is capped at \$400 million, and is subject to TransLink Board and Mayors' Council approval of the necessary supplements for the 2010 10-Year Plan.
Rapid Transit Studies		
<i>Page #</i>	<i>Item(s) Noted</i>	<i>Comments</i>
24	Broadway West Rapid Transit study	A cost-sharing agreement to undertake this study was reached with the Province in late 2008 and consulting team to lead the study has been selected in late February 2009. The study will evaluate technology and alignment options, leading to an evaluation of short-listed options in early to mid-2010.
24	Surrey Rapid Transit study	A cost-sharing agreement to undertake this study was reached with the Province in late 2008 and consulting team to lead the study has been selected in late February 2009. The study will develop a set of reasonable technology and alignment options for Surrey by mid-2009, leading to an evaluation of options in early to mid-2010.

24	Hwy 1 Busway	The property requirements for the park-and-ride lot and transit exchange at 202 Street have been confirmed. The 202 Street connector has been scoped out. The process of design development for Government Street connector with Lougheed Town Centre has started.
West Coast Express		
<i>Page #</i>	<i>Item(s) Noted</i>	<i>Comments</i>
24	TrainBus service expansion	Five additional weekend round trips have been added as planned.
24	Ticket vending machine replacement	Procurement process was completed during 2008 with the machines to be installed and fully operational by end of Q2 2009
25	Planning Studies	The Albion Station study is underway with ongoing discussions with various stakeholders. Long-range plans for West Coast Express will be identified at a high-level through the Rapid Transit Strategic Network Review, with delivery of recommendations by the Consultant in mid-late 2009.
Custom Transit		
<i>Page #</i>	<i>Item(s) Noted</i>	<i>Comments</i>
26	A 10 per cent increase in service	A budgeted increase of 60,000 service hours was received. In 2008 only 43,500 of the increased service hours were utilized as a result of demand 'lags' – a situation whereby clients slowly increase their trip bookings consistent with the service hours being available.
	To receive 30 Expansion Custom Transit Vehicles	All 30 Expansion Custom Transit Vehicles were received in 2008.
26	An increase of 8.9 per cent in funding for the Taxi Saver Program	An 8.9 percent increase in funding for the Taxi Saver Program was received and the annual budget was increased to \$1.12 million.
	Provide 132,000 additional passenger trips in 2008 primarily targeted to serving increased non-medical and spontaneous trips	In a demand based system, such as Custom Transit, increases in service hours typically result in operational lags whereby the hours of service are provided in advance of customer demand for travel. To be successful, client demand must grow consistent with the need for service hours. In 2008, only an additional 36,572 additional trips were provided however, the majority these trips were allocated to week-end service and therefore represented an increase in non-medical and spontaneous trips.
Cycling		
<i>Page #</i>	<i>Item(s) Noted</i>	<i>Comments</i>
27	Allocate \$6M for cycling infrastructure, including \$2.55M toward cost-sharing with Municipalities.	In 2008 TransLink invested over \$6 million in bicycle related capital improvements, leveraging more than that from other levels of government.
27	Continue investment in the Canada Line pedestrian/bike bridge	The pedestrian and cyclist only bridge over the Fraser River was completed and will be opened in the fall of 2009, when Canada Line opens. This new bridge will establish a key link in the regional cycling network between Vancouver, downtown Richmond and Vancouver International Airport.
27	Conceptual design for BC Parkway	A conceptual design for major upgrades to the BC Parkway, traffic protected route that follows the Expo SkyTrain Line, is 85% complete.
27	Develop Cycling Facility Design Guidelines	Studies underway or completed include: review of experience elsewhere, analysis of conditions in Metro Vancouver, assessment of the "gaps" between current conditions and the future vision of cycling in the region, a study on cost effective means to expand the Regional Cycling Network, and examination of options to provide improved parking and end of trip facilities.

27	Improve online cycling maps, increase provision of bike lockers	Development of maps underway and bike lockers have been reallocated to high demand areas.
	Central Valley Greenway	Construction continued on Central Valley Greenway, a 26 kilometer traffic protected route linking Vancouver, Burnaby and New Westminster city centres.
Commuting Options		
<i>Page #</i>	<i>Item(s) Noted</i>	<i>Comments</i>
28	Employer Pass Program Re-design	During 2008, Employer Pass Program grew to 18,000 participants at 265 companies, a 20% increase over 2007. A new web-based system will be launched during 2009 and will enable companies to electronically administer the program at their worksites. This will facilitate streamlined processes for both employers and TransLink, positioning the organization for program growth.
28	Increase registered car/vanpools to 400	392 car/vanpools at Dec 31/2008.
29	Support car sharing	We continue to promote car sharing as an alternative to ownership.
29	Promote Teleworking	Three companies are participating in a 6-month pilot program using the teletrips tracking tool. Case Studies have been completed on 3 companies' current telework programs.
29	Implement TravelSmart Program	TravelSmart has been launched as TransLink's umbrella brand for commuting options, 26 presentations have been made to companies during 2008, as well as attending at open houses, booths and 4 lunch and learns. Evaluations have conducted at VGH and YVR followed by implementation of a number of recommendations at VGH.
AirCare		
<i>Page #</i>	<i>Item(s) Noted</i>	<i>Comments</i>
30	Approximately 562,000 inspections will be performed. The overall failure rate is projected to be 15 per cent;	In 2008, the AirCare program performed 523,693 inspections. The original projection of 562,000 tests was a forecast identified in the 2006 contract with Envirotec Canada. This was based on projected trends in the region's vehicle fleet growth and retirement rates and, which indicated an inspection failure rate that was higher than the actual test results in 2008. The overall failure rate for 2008 was 14%. Although within reasonable range the reduction is attributable to a lesser than projected OBD fail-rate.

3. 2008 Financial Plan

The 2008 Financial Plan included a high-level forecast of projected revenues and expenditures for the year. The forecast provided the framework for the development of the detailed 2008 budget. The table below compares the 2008 Plan forecast to the budget that was approved in December 2007 as well as 2008 actual results for management financial reporting.

For consistency the table presentation format is similar to what was presented in the Plan document. The budget reporting format has since been changed to be more consistent with TransLink's consolidated statement of revenue and expenditures. A reconciliation between the management financial report and audited financial statement is provided as Appendix 2 to this report.

TransLink				
2008 Revenue and Expenditure Summary				
<i>(\$ millions)</i>	2008 Plan	2008 Budget	Budget vs Plan Inc./ (Dec.)	2008 Actual
Revenues				
Transit	354.2	354.2	-	359.9
Taxation				
Fuel	265.6	267.6	2.0	262.3
Property	255.5	255.5	-	255.7
Parking Site Tax / Replacement Tax	18.0	18.0	-	8.8
Parking Sales Tax	11.5	11.5	-	15.4
Hydro Levy	17.9	17.9	-	17.9
Sub Total	568.5	570.5	2.0	560.1
Total Revenues	922.7	924.7	2.0	920.0
Expenditures				
Roads & Bridges	37.6	38.0	0.4	37.5
* Transit Operations	666.7	684.6	17.9	686.8
TransLink	33.6	43.9	10.3	38.0
Special Projects	10.8	10.8	-	15.2
Corporate Contingency	5.0	-	(5.0)	
Total Expenditures	753.7	777.3	23.6	777.5
Surplus/(Deficit) before Debt Service Costs	169.0	147.4	(21.6)	142.5
Extraordinary Items - Gain / (Loss) on Disposal				(1.2)
Debt Service Costs	155.0	142.4	(12.6)	133.1
Surplus/(Deficit)	14.0	5.0	(9.0)	8.2
Cumulative Surplus	383.2	376.4	(6.8)	379.6
* includes Transit Police				

Budgeted revenues were consistent with Plan revenues, with the exception of fuel tax. The fuel tax estimate was updated to reflect a higher 2007 projection base and revised diesel volume growth assumptions.

Budgeted operating expenditures were \$24 million higher than Plan, reflecting higher transit and TransLink costs as well as the expensing of employee future benefits on the management financial report. Budgeted debt service costs was \$13 million lower than the plan, as higher than anticipated available cash significantly reduced borrowing requirements.

A detailed review of 2008 actual revenues and expenditures compared to the 2008 budget is provided in Section 5. The analysis and accompanying schedule follows the new reporting format described above.

4. 2008 Capital Program

ID #	TransLink Capital Program (Bold descriptions indicate SPA not rec'd)	Approval in- Principle ¹	Specific Project Approval ²				Completion Date
		Budget \$ 000s	Budget \$ 000s	Total Budget	Actual Cost to Date	Final Forecast Cost	
Year 2008 Capital Program							
TRANSIT & ITS - MAJOR PROJECTS							
1	Broadway SkyTrain Station Upgrade - Phase 1	13,805.0	13,200.0	13,200.0	407.0	11,298.0	December 2009
2	Main Street SkyTrain Station Upgrade - Detailed Design and Construction	11,945.0					
	- Main Street SkyTrain Station Upgrade - Detailed Design - Phase 1		1,888.0	1,888.0	1,158.0	1,888.0	June 2009
	- Main Street SkyTrain Station Upgrade - Construction - Phase 2						
3	Maintenance and Transportation Training Centre - Detailed Design & Pre-Construction Activities ⁵	12,530.0	17,390.0	33,197.0	10,801.0	33,197.0	March 2010
4	Burnaby North Relocation - Detailed Design and Pre-Construction Activities	4,730.0					
5	Bus Security Cameras and Safety Program Enhancements - Phase 2	6,700.0					
6	SkyTrain ATC System Upgrades	16,400.0	22,410.0	22,430.0	1,362.0	22,410.0	June 2011
	Subtotal - Major Projects	66,110.0	54,888.0				
TRANSIT & ITS - MINOR PROJECTS							
7	West Vancouver Transit - Transit Management and Communications System	3,230.0	2,525.0	2,525.0	0.0	2,525.0	September 2009
8	Temporary Relocation of Partial BTCN Functions	4,040.0	4,040.0	4,040.0	1,276.0	4,040.0	June 2009
9	SkyTrain Dunsmuir Tunnel Drainage Modifications	2,085.0	2,205.0	2,267.0	27.0	2,250.0	December 2009
10	Running Rail Replacement - Edmonds to OMC	840.0					
11	NorthEast Vancouver Trolley Overhead Extension	2,275.0					
12	West Vancouver Transit Centre Bus Wash Replacement	720.0					
13	Automatic Passenger Counting System Deployment on SkyTrain	3,900.0					
14	Canada Line Bus Loops	10,310.0	12,745.0	12,945.0	-1,323.0	12,772.0	May 2010
15	Real Time and Predictive Traffic Information - Phase 1	995.0					
16	TransLink Regional Wayfinding System Upgrade - Phase 1	5,100.0					
	- TransLink Regional Wayfinding System Upgrade - Phase 1: Pilot		915.0	1,875.0	669.0	915.0	July 2009
	- TransLink Regional Wayfinding System Upgrade - Phase 1: Implementation						
17	PCTC CNG Bus Fueling Station Infrastructure Renewal	4,000.0	4,500.0	4,500.0	30.0	4,500.0	July 2009
18	Trolley Overhead SCADA and Communications Upgrade	960.0					
19	SkyTrain and West Coast Express Physical Security Enhancements	-	1,280.0	2,986.0	38.0	2,986.0	June 2009
20	Minor Capital Account (Funding allocated to individual Minor Capital Projects)	-	-	5,000.0			
	Subtotal - Minor Projects	38,455.0	33,210.0				
FLEET PROGRAM							
21	2009 Standard and Articulated Bus Expansion	96,090.0					
	Alternative Technology Articulated Bus Fleet Expansion		37,025.0	59,120.0	7,302.0	59,114.0	December 2010
	Alternative Technology Standard Bus Fleet Expansion ³		55,725.0	55,725.0	10.0	55,725.0	December 2010
	Alternative Technology Standard Bus Fleet Expansion (supplemental) ³						
22	2009 Articulated Bus Maintenance Spares	12,330.0	12,050.0	12,050.0	6.0	12,050.0	December 2010
23	2009 Community Shuttle Expansion	6,330.0	5,590.0	5,590.0	1.0	5,590.0	June 2010
24	2009 Community Shuttle Replacement	970.0	905.0	905.0	1.0	905.0	June 2010
25	2009 HandyDart Expansion	4,080.0	3,790.0	3,790.0	1.0	3,790.0	September 2010
26	2009 HandyDart Replacement	4,600.0	4,230.0	4,230.0	1.0	4,230.0	September 2010
27	2009 SkyTrain Expansion - First Option ⁴	52,010.0	46,000.0	46,000.0	15,991.0	46,000.0	March 2010
28	SeaBuses Midlife Refit	14,725.0					
	Subtotal - Fleet	191,135.0	165,315.0				
ROAD PROGRAMS							
29	Roberts Bank Rail Corridor Program	50,000.0	50,000.0	50,000.0	325.0	50,000.0	March 2014
30	Fraser Highway Widening - Phase E ⁵	4,000.0	4,000.0	45,000.0	22,845.0	45,000.0	June 2010
31	2008 MRN Minor Capital Program	20,000.0	20,000.0	20,169.0	1,458.0	20,000.0	April 2010
32	2008 Bicycle Capital Program	6,000.0					
	- 2008 Bicycle Capital Program - BICCS		2,550.0	2,550.0	0.0	2,550.0	December 2010
	- 2008 Bicycle Capital Program - TransLink Owned						
	- Canada Line Bicycle and Pedestrian Bridge ⁵		3,050.0	8,500.0	9,685.0	10,932.0	September 2009
	Subtotal - Road	80,000.0	79,600.0				
TOTAL Y2008 CAPITAL PROGRAM		375,700.0	333,013.0	415,482	72,061	414,667	

1 The Board of Directors provides Approval in Principle (Aip) for capital projects through the annual Capital Program on the recommendation of the Capital Management Committee (CMC). The Board can Approve in Principle projects that were not or included in the annual Capital Program on the recommendation of the CMC or as otherwise required. The Approval in Principle budgets for these projects are added to the total AiP budget for the total AiP budget for the overall Capital Program.

2 Projects approved within the Capital Program (i.e., with Approval in Principle) are brought forward for Specific Project Approval based on detailed Project Justifications and workplans reviewed by CMC. Specific Project Approvals includes approval of the project scope, schedule and budget. Upon Specific Project Approval funding is assigned against the project and spending can begin.

3 Alternative Technology Standard Bus Fleet Expansion and Alternative Technology Standard Bus Fleet Expansion (supplemental) were approved as one project.

4 AiP budget includes \$34.4M surplus from SkyTrain Vehicle Procurement that was in Available Capital Funding.

5 Capital Programs or multiple phased projects – Total Approved, Actual Cost to Date, Forecast to Complete an Final Forecast Cost columns include previous years approvals and expenditures.

TransLink Capital Program Status Additions, Deletions and Projects not Initiated		
<i>Title</i>	<i>\$'s</i>	<i>Reason</i>
Additions to 2008 Capital Program		
SkyTrain and West Coast Express Physical Security Enhancements	1,280	Project received federal funding under the Transit Secure Program and was added to the Capital Program
Minor Capital Account	5,000	Top up to the Minor Capital Account was requested due to larger than expected volume of minor capital account requests
Deletions from 2008 Capital Program		
Running Rail Replacement - Edmonds to OMC	840	With changes in Capital Project Approval Procedures, this project met the criteria for Subsidiary Capital and was subsequently transferred to Rail Division
NorthEast Vancouver Trolley Overhead Extension	2275	Project was deemed to be of lower priority compared to other projects requiring similar resources. Project may be resubmitted in future years
West Vancouver Transit Centre Bus Wash Replacement	720	With changes in Capital Project Approval Procedures, this project met the criteria for Subsidiary Capital and was subsequently transferred to Bus Division
Automatic Passenger Counting System Deployment on SkyTrain	3,900	Project deferred pending system design of Smart Card
Real Time and Predictive Traffic Information – Phase 1	995	Project to be re-scoped based on completion of strategy
Trolley Overhead SCADA and Communications Upgrade	960	With changes in Capital Project Approval Procedures, this project met the criteria for Subsidiary Capital and was subsequently transferred to Bus Division
2008 Projects not Initiated		
Main Street SkyTrain Station Upgrade – Construction – Phase 2	11,945	Detailed design was completed; construction phase on hold pending confirmation of senior government funding
Burnaby North Relocation – Detailed Design and Pre-Construction Activities	4,730	Real Estate Division pursuing property development opportunities and rezoning
Bus Security Cameras and Safety Enhancements – Phase 2	6,700	Completion of Phase 1 extended through end of 2008 delaying Phase 2 schedule. Specific Project Approval will be requested in early 2009
TransLink Regional Wayfinding System Upgrade – Phase 1: Implementation	5,100	The project received partial Specific Project Approval in 2008, for the implementation of wayfinding on two Prototype stations. Based on the results of the prototypes, a subsequent SPECIFIC PROJECT APPROVAL request will be submitted in 2009 to complete Phase 1.
SeaBuses Midlife Refit	14,725	To reduce scope and budget uncertainty, detailed design and procurement activities were completed under minor capital. Specific Project Approval will be requested in early 2009
2008 Bicycle Capital Program – TransLink Owned	tbd	Funding will go towards design of BC Parkway upgrades. Specific Project Approval will be submitted in 2009.
Prior Years Program Deletions		
North Shore Transit Facilities	17,987	Project cancelled due to lack of suitable property on the North Shore
Dunsmuir Emergency Tunnel Ventilation Control System Upgrade	1,685	Project has been deferred due to workload/resource issues.
Prior Years Projects Not Initiatives		
IANS System Non-Fire Auxiliary Monitoring & Control Subsystem Replacement	1,195	Project delays due to lower priority relative to other projects. Specific Project Approval will be requested in early 2009
#99 B-Line Upgrades	2,090	Capital project was placed on hold pending completion of Bus Rapid Transit study
#95 Hastings/SFU B-Line Infrastructures	5,255	Capital project was placed on hold pending completion of Bus Rapid Transit study

5. 2008 Financial and Performance Report

Executive Summary

2008 ended with a funded surplus of \$8.2 million compared to the budget of \$5.0 million and the 3rd quarter forecast which projected us to break even. In spite of the adverse weather conditions in December and the write-off of \$8 million in capital projects studies the surplus was achieved. Stringent cost control throughout the organization and reduced debt service cost contributed to the positive results.

Transit service hours have increased significantly over the past 4 years, 4.8 % in 2008 compared to 2007 and 14.2% since 2005. The service hours in 2008 exceed the 2008 Transportation and Financial Plan by almost 1%. Ridership continues to grow (3.9% compared to prior year and 11.9% compared to 2005), as a result of the increased capacity and the increased cost of driving a car. Ridership tends to grow at a slower pace compared to service hours as there is a lag period between when new service is offered and ridership increases, as well as some service growth was designated to reduce overcrowded routes.

Overall customer service ratings have been fairly stable over the past year and down marginally from the 2007 rating of 7.1. The percentage of customers who rated the overall performance between 8 and 10 out of 10 was 48% in 2008 compared to 49% in 2007, which is down compared to 53% in 2005. The lowest scoring areas continue to be value for money, good connections between buses and other transit modes, adequate information at stops and stations, and having enough shelters at stops. The timeliness and quality of information for transit customers will improve significantly with the implementation of the new communications system on the fleet service, which is now fully installed and undergoing testing and commissioning. In addition to shelter improvements at major transit loops and stations, TransLink will continue to work with municipalities, which manage all other bus shelters in the region.

The operating cost per passenger kilometer has increased to \$0.324 from \$0.303 since 2007. The bus average operating cost per service hour went from \$104.46 in 2007 to \$110.55 in 2008, due to the higher fuel, maintenance and support costs. Over the past 4 years, the bus average operating cost per service hour has increased by 14.6%. This is attributable to general inflation, higher fuel costs, maintaining new technologies on buses, increased support costs and labour settlements being slightly greater than inflation. Average rail operating cost per vehicle kilometer has increased by 21.5% since 2005. With both SkyTrain and West Coast Express there is limited ability to increase vehicle kilometers as they are on fixed routes. From the period 2005-2007, the average operating costs per vehicle kilometer was within the general inflationary rates, despite vehicle kilometers decreasing due to the increased use of larger Mark II vehicles which provides greater passenger capacity. In 2008, the cost per vehicle kilometer went from \$2.59 in 2007 to \$2.83 or a 9.3% increase. This was the result of increased cost due to snowstorms, higher hydro costs, additional costs for the set up of the Canada Line contract monitoring function and reorganization costs to create the Rail Division, as well as a change in the treatment of employee future benefits.

During the year, TransLink had 149 active capital projects with a total forecast cost of \$2.3 billion, of which 18 projects were completed. The current projects in progress are forecasted to complete within budget.

Looking forward, 2009 will be challenging for TransLink. The key focus will be to deliver the service (Canada Line, Golden Ears Bridge, Bus and Rail Expansion, and improved quality and expansion for Access Transit), Olympic readiness, and obtain adequate sustainable funding, during turbulent economic times. The unprecedented economic conditions and the implementation of new services make revenue estimates difficult to forecast. TransLink will continue to enforce strict financial scrutiny throughout the organization to ensure that it meets the targeted budget.

5.1 Operating Activity

TransLink evaluates the performance of its operations using key performance measures that are linked to its goals, objectives and strategies. Selected operating results and key performance indicators are shown in the table below.

	2005	2006	2007	2008	% Chg 2008 vs. 2007	% Chg 05-08
SCHEDULED TRANSIT SERVICE						
Service Hours	4,893,457	5,117,216	5,333,014	5,588,414	4.8%	14.2%
Revenue Passengers	159,713,533	165,073,203	172,069,507	178,796,367	3.9%	11.9%
Average Fare per revenue passenger	\$1.80	\$1.84	\$1.84	\$1.95	6.0%	8.3%
Operating cost per passenger kilometre	\$0.272	\$0.291	\$0.303	\$0.324	6.9%	19.1%
Bus - Average operating cost per service hour	\$96.44	\$101.85	\$104.46	\$110.55	5.8%	14.6%
Rail - Average operating cost per vehicle kilometre	\$2.33	\$2.48	\$2.59	\$2.83	9.3%	21.5%
Overall performance - average annual rating out of 10	7.3	7.3	7.1	7.0	-1.4%	-4.1%
Overall performance - % rated 8-10	53%	53%	49%	48%	-2.0%	-9.4%
Passenger Injuries per 1 million boarded passengers	0.46	0.45	3.50	3.76	7.4%	-
Employee Injuries per 200,000 hours worked	7.27	7.01	6.25	6.49	3.8%	-10.7%
Voluntary Resignations per 100 employees	2.37	3.23	2.99	2.26	-24.4%	-4.6%
ACCESS TRANSIT						
Service Hours	500,911	519,480	548,858	592,433	7.9%	18.3%
Revenue Passengers	1,246,380	1,260,245	1,308,321	1,365,447	4.4%	9.6%
Operating cost per revenue passenger	\$20.45	\$21.56	\$23.11	\$26.50	14.7%	29.6%
Operating cost per service hour	\$50.88	\$52.30	\$55.10	\$61.09	10.9%	20.1%
Passenger Injuries per 1 million boarded passengers	0	0	10.59	6.71	-36.6%	-

Note: Scheduled transit service includes Bus, SeaBus, SkyTrain and West Coast Express services.

The primary measures of transit operating activity are service hours and revenue passengers. Service hours increased 4.8% annually over last year. For the 4 year period 2005 – 2008 service hours have increased 14.2%.

Ridership has increased 3.9% over 2007 even with the fare increase in January. The higher costs of driving, and specifically increased fuel costs are a contributor. There is some lag between the introduction of new service and ridership, as well as some service hours being targeted to reduce overcrowded routes, which explains why ridership does not increase at the same rate as service hours. An 11.9% increase in ridership has been realized over the period 2005-2008.

The cost to transport one passenger one kilometer increased 6.9% over last year and has increased 19.1% over the past 4 years. Higher fuel, maintenance and support costs are the main contributors for operating costs increasing faster than revenue passenger kilometers.

Cost per bus service hour is up 5.8% over last year, with a 14.6% increase over the past 4 years. The main components of the increase are labour and fuel costs. The average increase per year is 3.5%, which exceeds the 2% per year average consumer price index change experienced in Vancouver over the past 4 years. Higher fuel prices and maintenance costs, in particular related to new bus technologies and improved accessibility features are the primary factors to the greater than inflation increase.

The average cost per rail vehicle kilometer increased 9.3% over last year. The relatively high increase is driven by the cost to implement the new rail division structure. The 21.5% increase over the last 4 years also reflects the 1% to 2% per year decline in vehicle kilometers due to the increase use of larger MKII vehicles which provide greater passenger capacity, and the impact of the new Vancouver Community College Station and expanded Granville Station.

Access Transit service hours have increased by 7.9% over 2007, with an 18.3% increase being realized over the past 4 years. These significant increases are necessary to fulfill the increased demand for this service. Operating cost per revenue passenger (14.7%) and operating cost per service hour (10.9%) have both risen substantially in 2008. Higher fuel costs and transition costs contributed to this increase. For the period 2005-2008, operating cost per revenue passenger increased 29.6% and operating cost per service hour increased 20.1%.

The overall performance ratings show relatively steady, with a slight decline over the past 4 years. The percentage of passengers who rate the service between 8 and 10 (out of 10) was 48% in 2008 compared to 49% in 2007. This rating has decreased slightly over the past 4 years from 53% in 2005. An average rating of 7 out of 10 or 50 percent good-to-excellent is the cut-off point below which remedial action is recommended. The attributes identified in 2008 are:

- Value for money (6.4/10)
- Good Connections between Buses and other Transit modes with reasonable wait times (6.7/10).
- Having adequate information at stops and stations (6.6/10)
- Having enough shelters at stops (6.2/10)

Passenger injuries per one million boarded passengers were higher in 2008 compared to 2007 in scheduled transit (7.4%) and lower in access transit (36.6%). The increase between 2006 and 2007 is because passenger injuries were not tracked by the Bus Division prior to 2007.

Employee injuries per 200,000 hours worked have trended lower over the last 4 years by 10.7%.

Voluntary resignations per 100 employees have decreased by 24.4% in 2008 and decreased by 4.6% over the past 4 years. In 2008 there were 35 fewer voluntary resignations versus 2007 with an employee base increase of 8.7% over the same period.

5.2 Revenues and Expenditures

The following compares 2008 actual management financial report results to the approved budget.

Appendix 1 provide a more detailed breakdown of revenues and expenditures compared to budget. Appendix 2 provides a reconciliation between the actual financial management report results and the audited financial statements.

TransLink				
2008 Revenue and Expenditures Financial Management Report				
millions of dollars	2008 Actual	2008 Budget	Inc./ (Dec.)	%
Revenues				
Transit	359.9	354.2	5.7	1.6%
Taxation	560.1	570.5	(10.4)	-1.8%
Interest Income	24.2	22.0	2.2	10.0%
Senior Government contributions	217.1	61.4	155.7	253.6%
Total Revenues	1,161.3	1,008.1	153.2	15.2%
Operating Expenditures				
Roads & Bridges	102.2	188.0	(85.8)	-45.6%
Transit	664.8	661.1	3.7	0.6%
TransLink	53.4	54.8	(1.4)	-2.6%
Transit Police	22.1	23.5	(1.4)	-6.0%
Interest	63.4	61.5	1.9	3.1%
Depreciation	84.6	97.0	(12.4)	-12.8%
Total Operating Expenditures	990.5	1,085.9	(95.4)	-8.8%
Gain/(Loss) on Disposal	(1.1)		(1.1)	
Surplus/(Deficit) before Funding Adjustments	169.7	(77.8)	247.5	318.1%
Funding Adjustments	(161.5)	82.8	(244.3)	-295.0%
Funded Surplus/(Deficit)	8.2	5.0	3.2	64.2%
Cumulative Funded Surplus *	379.6	376.4	3.2	0.9%
* A prior period reduction of \$37.8 million to the cumulative funded surplus was required to reflect the change in reporting employee future benefits.				

The reporting format is more consistent with TransLink's consolidated statement of operations and changes in fund balances. The excess (deficiency) of revenues over expenditures is reported, which is then adjusted to derive the surplus/(deficit) on a funding basis. TransLink's legislation specifies that we must retain an accumulated funded surplus.

For this year-end report, we have provided four years of expenditure history for Bus, Rail, TransLink, Transit Police and AirCare commentary on financial and performance trends.

Revenues

Total revenues are \$153.2 million higher than budget. The majority of the variance relates to Senior Government Contributions. Transit revenues are \$5.7 million higher than budget and taxation revenues are \$10.4 million below budget.

Transit revenue (including advertising and miscellaneous revenue) covers 54.1% of transit operating costs. This is slightly higher than the 53.6% budget target, but has declined from the 55.3% recovery achieved in 2007. Transit cost have grown at a faster rate than transit revenue. This reflects the time/as between the implementation of new services and attracting new riders, and higher fuel and maintenance costs in particular related to new bus technologies and improved accessibility.

Transit Revenue - \$5.7 million Favourable

Transit Revenues have exceeded budget by \$5.7 million. Pass programs exceeded budget by \$3.3 million due to an increase in program participation. FareCard revenues have exceeded budget by \$5.1 million, while FareSaver revenues were \$5.0 million below budget. Key factors that have led to this shift include increasing gas prices, and federal tax credits; providing incentives for a commitment to travel on transit.

The FareDealer program will be impacted by a weakened economy. FareDealer vendors are susceptible to going out of business, which has already started to take place. Vendor contracts are being monitored closely to minimize risk. Also above budget were Farebox cash revenues by \$.7 million and all fare types of West Coast Express by a total of \$.6 million.

Taxation Revenues - \$10.4 million Unfavourable

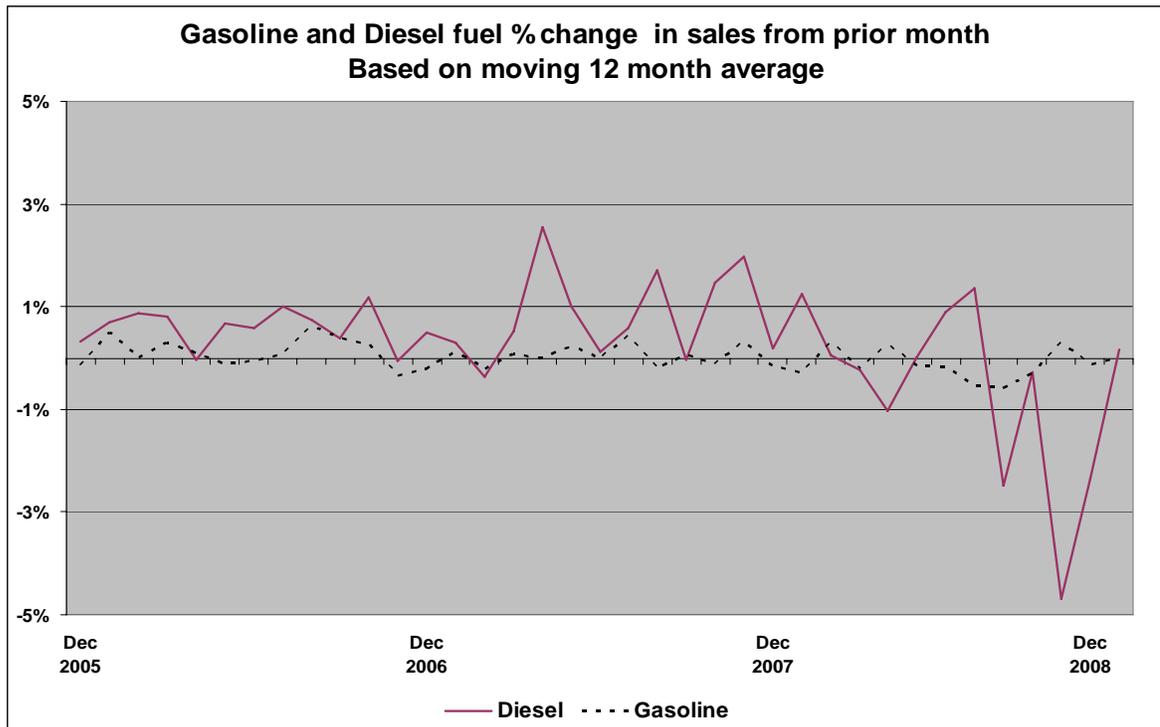
Fuel Tax – \$5.3 million Unfavourable

Results for the full year have shown a decline in sales, particularly in the latter half of the year. This decline corresponds to the economic downturn which started in late summer 2008.

The decline in fuel sales and subsequent tax collected has been most pronounced for diesel fuel sales. Declining diesel sales accounted for \$4.1 million of the unfavourable variance and included a 2007 provincial government audit adjustment of minus \$2 million. Gasoline sales were also lower than budget by \$1.2 million, but with gasoline at 85% of total fuel sales, this decline showed far lower elasticity to a slower economy.

Retail gasoline price in Metro Vancouver started the year slightly above \$1.00 a litre, reached an all time high of \$1.50 in July 2008 and then significantly dropped to end the year at 80 cents per litre. The significant decline in retail gasoline prices did not result in a significant increase in purchases.

The following graph shows the downward trend of fuel sales. Budgeted revenue for 2008 had diesel sales increasing at 7.5% from the prior year supported by diesel sales strong growth trend. Gasoline sales were conservatively budgeted to decline by 1.0% to reflect increasing fuel efficiency of passenger vehicles and consumer reaction to escalating fuel prices. The combined net 2008 budget growth was 0.3%. Actual year over year growth was -2.0% (diesel at -5.1% and gasoline at -1.4%)



Property Tax – \$240,000 Favourable

The budget allowance for adjustments from assessment appeals was not fully utilized and the net tax collected is slightly higher than budget.

Parking Sales Tax - \$3.9 million Favourable

The Province has increased their fiscal year annual remittance to \$14.5 million based on a review undertaken with TransLink. The \$15.4 million annual revenue recorded reflects this increase plus a \$900,000 adjustment for the prior year.

Replacement Tax - \$9.2 million Unfavourable

In March 2008 the Board reduced the amount collected in 2008 from the allowable \$18.0 million to \$9.0 million. This decision gives similar taxation impact to business owners as had been consulted on in the development of the 2008 Transportation and Financial Plan. This one-time revenue loss is being funded from strong 2007 results and increased parking sales tax revenues. The \$200,000 additional variance to budget reflects assessment adjustments.

Hydro Levy - On Budget

Hydro levy is a very stable revenue source based on a long time static rate. Growth in actual revenue is tied to general population growth and is the basis for budget estimates.

Interest Income - \$2.2 million Favourable

This item includes interest earned on debt sinking and reserve funds, short-term investments and funds held in our bank account. The favourable variance reflects higher than anticipated cash balances as a result of higher senior government contributions and capital spending delays. Annual yields on investment funds were in 3 % to 5% range.

Senior Government Contributions - \$155.7 million Favourable

This item captures funding received under designated programs from federal, provincial and municipal funding sources. The funding is used for capital infrastructure programs only and as such is not available to fund operations. The budget assumed federal gas tax program funding of \$61.4 million only. Actual gas tax funds received were \$.8 million higher than budget. The actual also incorporates funds received from the Province as an advance on the Provincial Transit Plan (\$51.8 million), Federal Transit Secure funding (\$4.5 million), Canada Line federal and municipal contributions (\$93.4 million) and Urban Showcase federal funding, including some adjustments for prior years (\$5.2 million).

Operating Expenditures

Total operating expenditures are \$95.4 million below budget. The majority of the variance relates to Roads and Bridges-Capital funding to Municipalities.

Roads and Bridges - \$85.8 million Favourable

Capital Funding to Municipalities is \$85.3 million below budget.

The funding represents payment to municipalities to finance between 50 percent to 100 percent of the major and minor road projects and bicycle infrastructure improvements. Spending is hard to predict as it is dependent on when the respective municipalities contract for the work and the timing of the municipal invoicing. This is particularly apparent with the minor capital funding which was budgeted at \$81.6 million compared to actual spending of \$15 million.

The balance of the roads and bridges variance is due to the minor under spending in the OMR funding and Bridge and Road operation categories.

Transit, TransLink and Transit Police - \$.9 million Unfavourable

Sections 5.4 – 5.8 provides an overview of these areas financial results and select Key performance indicators.

Interest Expenses - \$ 1.9 million Unfavourable

The unfavourable variance reflects less interest-during-construction being credited to capital than budgeted, which is partially offset by the positive impact of reduced borrowings due to delays in capital spending.

Depreciation - \$12.4 million Favourable

Delays in capital spending also results in lower depreciation as assets are placed in service and capitalized later than was anticipated in the budget. Delays in two projects made the biggest impact, namely the 109

standard hybrids being supplied by Nova as part of the 2008 conventional vehicle replacement project and the commercial bus radio project.

Loss on Disposal - \$1.1 million

This represents the net book loss on disposal of transit vehicles, with the disposal of the 1982 trolleys (244 vehicles) comprising the majority of the loss.

Funding Adjustments - \$244.3 million Unfavourable

Funding adjustments are the mechanism by which the annual surplus or deficit based on Generally Accepted Accounting Principals (GAAP) is converted to the funded surplus or deficit and cumulative surplus. TransLink by legislation is required to generate funds adequate to pay for its expenditures and cannot budget for an accumulated funding deficit.

The \$244 million variance is offset by variances in senior government contributions and capital funding to municipalities where there are differences in accounting for GAAP and funding. More senior government funding has been received than budgeted and less capital spending was incurred. Those two items are treated as capital items for funding purposes.

5.3 Capital Projects

By the end of 2008 TransLink has 149 active projects with a total forecast cost of \$2.3 billion. Over 40 projects were initiated during the year and 18 projects were closed upon final completion. A summary by active project type follows:

2008 Active Projects by Classification Summary						
Description	Number of Active Project	Original Budget	Current Budget	Forecast Final Cost	Expected Surplus (Deficit)	Expected Variance (%)
PROJECTS WITH SPECIFIC PROJECT APPROVAL						
Vehicles - Conventional Revenue	20	835,092	911,412	892,335	19,076	2.1
Vehicles - Other Revenue	7	39,085	49,585	49,206	379	0.8
Infrastructure	50	468,911	488,226	485,922	2,304	0.5
Facilities	10	160,273	185,969	184,106	1,863	1.0
Equipment	11	73,276	80,342	79,112	1,230	1.5
Technology Applications	9	9,789	11,628	11,615	13	0.1
Minor Capital Account	39	9,285	13,788	12,165	1,624	11.8
Major Construction Projects	3	593,000	597,440	597,440	0	0.0
TOTAL	149	2,188,709	2,338,390	2,311,902	26,488	1.1%

Note 1: Evaluations will be conducted on all projects with significant forecasted budget overruns and reported to the Board for approval with respect to budget or scope adjustments.

5.4 Bus Division

Operating Expenditures (,000s)	2005 Actual	2006 Actual	2007 Actual	2008 Actual	2008 Budget	2008 Act-Bud \$ Var
Annual						
CMBC	359,088	402,940	434,309	485,565	481,738	3,828
Access Transit	25,484	27,168	30,240	36,189	34,810	1,379
Contract Community Shuttle	2,307	2,668	3,024	3,488	4,729	(1,241)
West Vancouver	9,031	9,932	10,685	11,360	11,273	87
Bus Division	395,910	442,708	478,258	536,602	532,550	4,053

Key Performance Indicators

KPIs	2005 Actual	2006 Actual	2007 Actual	2008 Actual	07-08 Var	% Var
CMBC						
Delivered service hrs/scheduled	99.52%	99.30%	99.10%	99.52%	0.42%	0.4%
Operating cost per service hour	\$94.29	\$99.78	\$102.04	\$108.34	\$6.30	6.2%
Overall performance rating	7.4	7.4	7.4	7.4	-	0.0%
Mean distance between vehicle failures ¹	3,150	3,159	3,484	4,261	777	22.3%
Preventable collisions per million kms ¹	6.5	7.1	9.7	11.4	1.7	17.1%
Access Transit						
Operating cost per service hour	\$50.88	\$52.30	\$55.10	\$61.09	\$5.99	10.9%
Operating cost per boarded passenger	\$19.01	\$19.90	\$21.35	\$24.28	\$2.94	13.8%
Contract Community Shuttle						
Delivered service hrs/scheduled	100.00%	100.00%	99.90%	99.90%	-	0.0%
Operating cost per service hour	\$42.18	\$44.98	\$49.80	\$48.28	(\$1.52)	-3.1%
West Vancouver						
Delivered service hrs/scheduled	99.97%	99.68%	99.71%	99.56%	(0.15%)	-0.2%
Operating cost per service hour	\$85.92	\$92.12	\$92.71	\$95.26	\$2.55	2.8%

Notes

¹ Calculation of KPI changed in 2007

Highlights

2008 Expenditures

The 2008 actual expenditures for the total Bus Division are \$536.6 million, \$4 million over budget.

CMBC Operations

CMBC Operations' delivered service hours and kilometers were below budget due primarily to the timing of the expansion for Conventional Bus service hours. Over 225,000 additional service hours were delivered in 2008, an increase of over 5% from the prior year while maintaining a 99.5% rate of delivered versus scheduled service hours. The improvement in mean distance between failures over 2007 is a result of fleet maintenance initiatives to improve preventative maintenance and reduce service hours lost due to maintenance failures and vehicle cancellations.

While the majority of costs were within budget fuel costs exceeded budget by \$7.7 million due to the combination of diesel fuel market price fluctuations and the implementation in July of the new BC carbon tax.

Labour costs were lower than budget by \$4.6 million as the result of fewer than budgeted service hours, lower hourly operator wage rates due to the intake of new operators and vacancies in trade and support staff positions during the year.

Insurance costs were \$1.3 million under budget due to both lower rates and fewer service kilometers.

Snow clearing costs, largely due to the December snowfall, were \$1.5 million higher than budgeted.

Access Transit & Contract Services

Access Transit's costs were higher than budget due to \$1.2 million in start-up costs for the new HandyDART contractor MVT Bus Canada and high diesel fuel costs offset partially by the delivery of fewer than planned service hours.

Community Shuttle's contract costs were lower than budget due to delays in the introduction of planned service expansion offset partially by high diesel fuel costs.

West Vancouver's costs were higher than budget due to high diesel fuel costs offset by fewer service hours than budgeted.

2005-2008 Trend

CMBC Operations

Operating expenditures have increased 35% from 2005 to 2008. Of the \$126 million increase, service expansion accounts for approximately half. Service hours delivered has increased by over 670,000 hours or 18% from 2005 to 2008 with Conventional Bus growing 14% and Community Shuttle 63%. This continual growth in service has required the hiring and training of hundreds of operators with over a 700 net increase in head count or 27% excluding retirements and attrition in those four years. Salary and wage economic and contractual increases for operating and support staff account for approximately 25% of the expenditure increase. Diesel fuel market price fluctuations were a significant impact in 2006 and 2008 and the introduction of the BC Carbon fuel tax in July 2008 added over \$0.5 million to fuel costs for the half year. Price increases combined with growth have increased overall fuel expenditures from \$36 million in 2005 to \$53 million in 2008.

Operating cost per service hour increases are driven by factors other than just service expansion, wage and general economic increases and fuel market prices. These include depot capacity constraints and the cost to move buses to their service areas, increased support costs for shared services CMBC provides for the TransLink family and implementing and maintaining new technologies on buses such as communications, GPS, bicycle racks and power ramps and other accessibility features.

Access Transit & Contract Services

Access Transit's costs increased \$10.7 million for the period 2005 to 2008. HandyDART service hours increased 18% which accounts for approximately 45% of the cost increase. Other factors are contracted wage increases, general inflation for goods and services, infrastructure improvements, and start-up costs following the award to a single contractor of the entire HandyDART service in late 2008.

Community Shuttle's expenditure increases over this period were \$1.1 million of which approximately 70% was due to service expansion. Service hours have increased 32% from 2005 to 2008, with a 19% increase from 2007 to 2008. Expenditures were also impacted by contracted wage increases and the fluctuations in the price of diesel. Higher maintenance costs in 2007 were influenced by the age of the vehicles and these costs dropped in 2008 with the arrival of new vehicles.

West Vancouver's expenditure increases of \$2.3 million are due to service expansion, wage increases, diesel fuel price changes, increased maintenance costs due to the fleet age and a diesel emission reduction initiative. Service hours have increased 13% which accounts for over half of the overall increase.

5.5 Rail Division

Operating Expenditures (,000s)	2005	2006	2007	2008 Actual	2008 Budget	Inc./ (Dec.)
Annual						
SkyTrain - Expo & Millennium Line (inc retail revenue)	69,287	73,135	76,262	82,684	81,780	(904)
SkyTrain - Expo & Millennium Line (net of retail revenue)	69,287	73,135	76,420	82,902	81,937	(965)
West Coast Express	14,558	14,935	15,483	16,667	16,967	300

Key Performance Indicators

KPIs	2005	2006	2007	2008 Actual	07-08 Var	% Var
SkyTrain - Expo & Millennium line						
Overall customer satisfaction - Mystery Shopper *	86.3%	89.3%	86.5%	86.1%	-0.4%	-0.4%
Perception of security - onboard and at stations	7.6	7.6	7.3	7.1	-0.2	-2.1%
Major injuries per million boarded passengers	1.19	1.18	1.15	1.10	-0.05	-4.3%
Lost time frequency index per 200,000 hrs	5.00	2.14	2.56	3.95	1.39	54.4%
Percentage of service plan delivered	99.60%	99.45%	99.33%	99.32%	0.0%	0.0%
On-time performance (within 2 minutes)	94.61%	94.12%	94.00%	94.70%	0.7%	0.7%
Operating cost per vehicle km	\$1.81	\$1.94	\$2.05	\$2.20	0.15	7.3%
West Coast Express						
Overall customer satisfaction - Mystery shopper	87.3%	87.8%	86.4%	84.8%	-1.6%	-1.6%
Perception of security - onboard and at stations	9.2	9.2	9.2	9.1	-0.1	-1.1%
Major injuries per million boarded passengers	3.80	3.02	0.79	0.37	-0.41	-52.6%
Lost time frequency index per 200,000 hrs	0.00	0.00	0.00	0.00	0.00	0.0%
On-time performance (within 2 minutes)	97.89%	97.12%	96.41%	97.68%	1.3%	1.3%
Spare ratio	5.4%	2.7%	2.7%	2.7%	0.0%	0.0%
Percentage of service plan delivered	99.87%	99.94%	99.86%	99.65%	-0.2%	-0.2%
Net operating cost per passenger km	\$0.054	\$0.036	\$0.024	\$0.015	-\$0.010	-39.6%

*The Mystery Shopper program began in November 2005. The 2005 figure is an average of November and December only.

Highlights

SkyTrain

At the end of the 3rd quarter, SkyTrain had been forecasting an underrun by year end of \$215,000. However, due to heavy snowfalls in December, the 2008 operating costs are over budget by approximately \$900,000. The main contributors to the overrun are costs to repair the Linear Induction Motors (LIMs) damaged by the snow and overtime costs incurred to operate during this 18-day period. The cost overruns have been somewhat offset by the delay of some year end shipments and the interruption to some projects as a result of the bad weather.

Trends

Financial

2008 was marked by \$1.45 million budget increase to for the Rail division reorganization and the set up of the Canada Line monitoring functions as well as snowfall related costs noted above.

For prior years, costs have increased due to economic increases, inflation (especially electricity), and some increasing maintenance for the MKII vehicles as they age past the warranty/new stage, and the addition of VCC station and the expansion of Granville Station.

Key Performance Indicators

BCRTC's mystery shopping program was implemented in late 2005. Other than the results in 2006, which may have been impacted by the refining of the program, the results from 2005 to 2008 have been fairly consistent. The key categories that are positively impacting the 2008 results are SkyTrain Staff (availability, appearance, and helpfulness) and Ticket Validating Units/Ticket Vending Machines (availability). The Station category, although low in the first 3 quarters of the year, has shown strong improvements since September as a result of better scores around cleanliness.

Public perception of security on SkyTrain is influenced by many factors, ranging from actual incidence of safety and security events to sensationalist reporting. BCRTC is working diligently to improve both the actual incident experience on the system and the perceptions held by the public.

Serious passenger injuries have been declining slowly for several years. Escalators and stair falls continue to be the highest type of accident, a statistic we have in common with all public transportation operations in North America.

Employee lost time injuries displayed a spike in 2008 over the numbers recorded in 2006 and 2007 but remain under the ten year average. Several of the 2008 injuries were beyond the control of SkyTrain management or employees. It is expected that SkyTrain will show significant improvement in this indicator in 2009.

SkyTrain continued in 2008 to deliver more than 99% of scheduled train kilometers. This performance has been maintained as ridership and peak period crowding levels continue to grow. Our passengers will see relief in 2009 with the delivery of 48 additional SkyTrain cars, adding 30% to the system's peak carrying capacity.

Cost per vehicle kilometer growth is within inflation for the 2005-2007 periods, despite a 1% to 2% per year decline in kilometers due to increased use of larger MKII vehicles which provide greater passenger capacity.

Highlights

West Coast Express

For 2008, WCE once again delivered strong financial performance and ended the year with expenditures just below budget by \$300,000, or 1.8%. Although last year's high fuel rate and snow storm in December made managing the budget a challenge for WCE, operating costs remained under budget.

An over-spending of \$212,000 for higher fuel rates than budgeted (2008 actual: \$1.04 per litre; 2008 budget: \$0.85 per litre) was incurred in 2008 along with a \$69,000 overrun for snow removal costs. To offset the overage, WCE examined all areas of operation for cost reduction.

West Coast Express fare revenue is captured and reported in the revenue section of the statement of revenues and expenditures. It forms an important component of WCE performance metrics and is worthy of discussion here.

Total revenue for 2008 was close to \$940,000, or 6.5%, higher than budget. Boarded passengers increased by 5.0% above target, and totaled 2.68 million with the average daily ridership above 10,500. Ridership remained above target due to the high gas prices for most of 2008. Since the fare increase in January 2008, the average fare per passenger increased from \$5.10 in 2007 to \$5.45 in 2008.

Net operating cost recovery for 2008 reached a record high of 92.6%, which is an increase of 7.2% from target.

Trends

Financial

WCE's revenue has grown 40% from 2005. Ridership grows consistently year over year and brings favourable increase to the fare revenue. In 2008, solid ridership coupled with the fare increase, raised the average fare per passenger to almost \$5.50. In 2005, the average fare was \$5.00, while in 2007 it was \$5.10.

Expenditures grew closely to inflation at 2.6% in 2006, but were higher than inflation in 2007 and 2008. The higher increases in 2007 and 2008 were due to TrainBus service expansion costs, and operating costs from capital projects such as the TVM project, and Transit-Secure projects.

In spite of the additional operating costs in 2008, through effective cost management, a net cost recovery of 92.6% was achieved while the cost recovery in 2005 was 75.6%.

Key Performance Indicators

Overall Mystery Shopping customer satisfaction rating has been decreasing since 2005. The key attributes which are impacting the score is overcrowding on the trains, and value for money which had shown noticeable decline since the fare increase.

Major passenger injuries per 1M boarded passengers had a 41% decrease from 2007, and represents a difference of 2 injuries in 2007 versus 1 in 2008.

On-time Performance has almost regained the high percentage in 2005, and has improved over 2007. Work is ongoing with Canadian Pacific Rail (CP) to minimize delays.

Service delivery, for the first time since 2003, was lower than 99.9%. Most of the cancelled trains in 2008 were due to track unavailability which is a CP-related issue.

There is a large reduction in net operating cost per passenger kilometer over the last 4 years due to the steady high increase in the number of passengers, and reduction in net operating cost.

5.6 Property Tax, Rentals, Fare Media, and Insurance

Operating Expenditures (,000's)	2005	2006	2007	2008 Actual	2008 Budget	Inc./ (Dec.)
Annual						
Property Tax	6,951	8,369	7,264	7,306	8,200	(894)
Rentals	11,522	12,635	13,287	14,642	14,173	469
Fare Media	2,222	2,328	2,216	2,303	2,762	(459)
Insurance	4,258	4,319	4,390	4,370	4,555	(185)
	24,953	27,651	27,157	28,621	29,690	(1,069)

Highlights

The \$ 894,000 favourable variance in property taxes in 2008 include a budgeted amount of \$ 641,000 for properties that were originally to be acquired in 2008, but were not acquired until 2009. This cost has subsequently been moved to the Real Estate division for the 2009 budget. The balance of the favourable variance is the result of successful assessment appeals on various properties. An unfavourable variance in rentals is due to an increased requirement of office space for CMBC staff (Surrey Central City – 23rd floor lease). Fare media costs were favourable in 2008 due to increasing the employer pass program administration fee, more precise ordering with regards to quantities, and the anticipated increase to production rates not occurring. Insurance costs were maintained below budget by \$ 185,000.

Trends

In September of 2006, the new Vancouver Transit Centre was opened resulting in \$ 1.0 million of additional property taxes. Annual property taxes for this facility in 2007 and forward are \$ 1.5 million.

In 2007, we successfully appealed the classification of the BCRTC Maintenance Facility (from Class 2 to Class 6) with a \$ 1.0 million annual savings in property taxes being realized.

Increases in insurance costs for liability and property have been held below inflation since 2005.

5.7 TransLink

Operating Expenditures (000's)	2005	2006	2007	2008 Actual	2008 Budget	Incr. / (Decr.)
Board, Mayors' Council, Commissioner :						
Board of Directors	131	167	243	679	451	228
Mayors' Council, Screening Panel & Commissioner				436	926	(490)
Office of Corporate Secretary	188	198	265	406	407	(1)
	319	365	508	1,521	1,784	(263)
Corporate (Divisions and general corporate costs)	23,068	28,129	30,201	36,663	42,160	(5,497)
Operational Costs (TRRIP Program, Oakridge Transit Centre)		2,439	1,852	3,598	3,628	(30)
Studies and other one-time projects	4,620	3,665	1,553	2,091	6,195	(4,104)
sub-total	27,688	34,233	33,606	42,352	51,983	(9,631)
Feasibility Studies		623	1,021	9,517	1,000	8,517
	28,007	35,221	35,135	53,390	54,767	(1,377)

Highlights

TransLink ended the year \$1.4 million under budget. The \$4.1 million savings anticipated in the previous forecast have been impacted by the \$7.9 million write-off of Evergreen Line cost incurred to date (captured in the Feasibility Studies category). The write-off was required as the project will be implemented using SkyTrain technology rather than the LRT technology contemplated in the initial studies and consultations.

TransLink costs excluding the write-off of feasibility studies were \$9.6 million under budget. The significant improvement over the previous forecast reflects the cost containment strategy that was implemented in the last half of the year.

Governance

TransLink was required to implement a new governance framework in 2008, in accordance with the *South Coast British Columbia Transportation Authority Act*. It is an unprecedented multi-tiered governance structure with accountability shared between the Board of Directors, a Mayors' Council on Regional Transportation comprised of all the mayors within the transportation service region and a Regional Transportation Commissioner. The objective of the new governance structure is twofold. Firstly, the creation of an independent Board of Directors is intended to provide greater oversight of TransLink's operations. Secondly, the required reporting to the Mayors' Council and the Regional Transportation Commissioner provide greater accountability for TransLink's decisions and performance.

The new *Act* was intended to more clearly align TransLink's Board with those of major Crown Corporations and public authorities. An independent Screening Panel played an important role in this regard, by identifying and recommending qualified candidates to the Mayors' Council, which had the final authority to appoint directors to the Board.

The legislation also gave the Screening Panel the authority to set directors' remuneration and, in fulfilling this task, the Panel surveyed key comparators to establish compensation that fell within the range of that provided by similar organizations. Board members receive an annual retainer and, except for the Chair, attendance fees for board and committee meetings. All other meetings that directors attend are considered to be covered through their annual retainer.

There was significant progress made in the implementation of the new governance framework during the year. By the end of 2008, all of the governance entities had been established and were fulfilling the roles and responsibilities established in the legislation. This involved significant effort by all parties to develop an

understanding of the organization, the legislative framework, the interdependency of the governance entities and developing the relationships necessary for successful implementation of the governance framework.

The 2008 governance budget was developed in 2007, before there was any practical experience or knowledge about the manner in which the governance entities would function. More importantly, the budget was established prior to the receipt of the Screening Panel's direction on the remuneration to be paid to directors. The Screening Panel ultimately directed director remuneration to be at a level consistent with organizations of comparable size and scope to TransLink.

Trends

The growth in TransLink corporate expenditures is primarily due to increase in staffing and consulting resources required to implement the \$4 billion Outlook Program and the Provincial Transit Plan. The operational costs and studies categories have been impacted by changes in internal practices with items such as the Transit Road Related Improvement Program (TRRIP) and project feasibility studies no longer eligible for capitalization.

5.8 Transit Police

Operating Expenditures (,000s)	2005	2006	2007	2008 Actual	2008 Budget	Inc./ (Dec.)
Annual						
Transit Police	11,517	12,849	17,900	22,051	23,459	(1,408)
FTE's		123.0	151.0	187.5	201.5	

Highlights

Transit Police was \$1.4 million or 6% under budget for the year ending December 31, 2008. Savings of \$1.1 million in salary costs were realized due to unfilled positions, hiring delays, staff being on income continuance and overtime costs being less than budgeted. The balance reflects the net impact of minor over and under expenditures in a variety of areas.

Costs have risen significantly in the past three years due to the expansion of Police Services in order to build up service capacity needed for the Canada Line. Salary costs are the single largest expenditure, accounting for approximately 80% of total costs. Total FTE's increased by 64.5 from 2006 to 2008. Of the total increase, 41 FTE's were for constables needed for the Canada Line. In 2007 there also was a significant cost associated with the new collective agreement negotiated with the Designated Constables. Pay grades were restructured to be in line with other municipal police forces. The settlement, which was retroactive to December 31, 2005, resulted in an additional \$1.7 million charge.

5.9 Pacific Vehicle Testing Technologies (AirCare)

Operating Expenditures (000's)	2005	2006	2007	2008 Actual	2008 Budget	Incr. / (Decr.)
Annual						
Revenue	26,653	21,278	15,975	19,037	20,078	(1,041)
Expenditures	27,386	26,210	17,360	17,738	18,630	(892)
Surplus/(Deficit)	(733)	(4,932)	(1,385)	1,299	1,448	(149)
Cumulative Surplus/(Deficit)	4,596	(335)	(1,720)	(421)	(880)	

Highlights

At the end of 2008, AirCare has a surplus of \$1.3 million compared to the budgeted \$1.4 million surplus. Under the SCBCTA Act, the AirCare program must recover all of its costs, including annualized capital costs over the five-year contract period. Surpluses and deficits may occur in any one-year.

Revenue is \$1.0 million below budget, due to 4.3% (23,566) fewer inspections. Total expenditures are \$.9 million below budget. The majority of this favourable variance is the result of administration cost saving and a delay in spending AirCare capital thereby reducing depreciation costs.

Trends

Revenues have decreased by \$7.6 million (217,971 tests) from 2005, as the increase of 7-model year exemption for the newest model year and the fee reduction from the \$47 to \$43 bi-annual test. It is important to note that, because a significant portion of the test fleet is on a biennial test schedule, revenue will be high in one year and low in the following year.

Expenses have decreased by \$9.6 million from 2005 reflecting a decrease of contract expense, as the reduction of the test network from 12 test centres and 42 test lanes to 10 test centres and 32 test lanes, and also a decrease of equipment costs.

It is anticipated that the \$421,000 cumulative deficit will be eliminated when the current program ends in two years.

Appendix 1: Financial Results

TransLink (Excluding AirCare)
2008 Revenue and Expenditures Management Financial Report
\$000's

(\$ thousands)	2008 Actual	2008 Budget	Inc./ (Dec.)	%
Revenues				
Transit	359,911	354,200	5,711	1.6%
Taxation				
Fuel	262,298	267,600	(5,302)	-2.0%
Property	255,741	255,500	241	0.1%
Hydro Levy	17,913	17,900	13	0.1%
Parking Sales	15,400	11,500	3,900	33.9%
Replacement Tax	8,758	18,000	(9,242)	-51.3%
Total Taxation	560,110	570,500	(10,390)	-1.8%
Interest Income	24,154	22,046	2,108	9.6%
Senior Government Contributions	217,069	61,398	155,671	253.5%
Total Revenues	1,161,245	1,008,144	153,100	15.2%
Expenditures				
Roads & Bridges				
Major Road Network - Operations, Maintenance & Rehabilitation	31,154	31,707	(553)	-1.7%
Capital Funding to Municipalities	64,710	150,019	(85,309)	-56.9%
Albion Ferry	6,318	6,274	44	0.7%
Total Roads & Bridges	102,181	187,999	(85,818)	-45.6%
Transit				
Bus Division				
Coast Mountain Bus Company	485,565	481,738	3,828	0.8%
Access Transit	36,189	34,810	1,379	4.0%
Other Contractors	14,847	16,002	(1,154)	-7.2%
Total Bus Division	536,602	532,549	4,053	0.8%
Rail Division				
Expo & Millenium Lines	82,902	81,937	965	1.2%
West Coast Express Commuter Rail	16,667	16,967	(300)	-1.8%
Total Rail Division	99,569	98,904	665	0.7%
Property tax, rentals, fare media & insurance	28,622	29,690	(1,068)	-3.6%
Total Transit	664,793	661,144	3,649	0.6%
TransLink	53,390	54,768	(1,377)	-2.5%
Transit Police	22,051	23,459	(1,409)	-6.0%
Interest Expense	63,414	61,517	1,896	3.1%
Depreciation Expense	84,624	97,044	(12,420)	-12.8%
Total Operating Expenditures	990,453	1,085,932	(95,479)	-8.8%
Surplus/(Deficit) before other items	170,791	(77,788)	248,579	319.6%
Other items				
Gain/(Loss) on Disposal	(1,232)	-	(1,232)	-
Gain/(Loss) on Foreign Exchange	94	-	94	-
Surplus/(Deficit) before funding adjustments	169,653	(77,788)	247,440	318.1%
Funding Adjustments:				
Senior Government Funding (Excluding Canada Line)	(219,424)	(62,989)	(156,434)	-248.3%
Debt Service	57,930	145,758	(87,827)	-60.3%
Total Funding Adjustments	(161,493)	82,768	(244,261)	-295.1%
Funded Surplus/(Deficit)	8,160	4,981	3,179	63.8%
Cumulative Funded Surplus	379,620	376,442	3,178	0.8%

* Annual and cumulative surplus/(deficit) have been restated to reflect expensing of employee future benefits

** Appendix 2 provides a reconciliation between this management financial report and audited financial statement.

Appendix 2: Reconciliation: Audited Financial Statements General Fund with Revenue and Expenditure Report

The purpose of this schedule is to provide a reconciliation between excess revenue over expenses as reported in accordance with GAAP on the General Fund and accumulated surpluses in accordance with the SCBCTA Act

Consolidated Statement of Operations:	<u>(\$000)</u>	<u>Notes</u>
Excess of revenue over expenses	146,236	A
Net Interest on debt, Capital Fund	(41,796)	B
Amortization of capital assets, capital Fund	(88,108)	B
Loss on disposal of capital assets, Capital Fund	<u>(1,232)</u>	B
Adjusted net revenue, (Audited)	15,100	
Adjustments:		
90% of TPCC net revenue	(437)	C
Administrative costs on capital contributions	182	
Amortization in excess of Debt Service Costs	2,083	D
Amortization of MRN contributions	<u>(8,768)</u>	E
Surplus per Revenue and Expenditure Report	<u>8,160</u>	

Notes

- A. As reported in the Consolidated Statement of operations (Audited)
- B. These expenditures are considered operating expenditures in accordance with the SCBCTA Act
- C. TPCC net income/loss is not a determinant of accumulated surplus
- D. The Revenue and Expenditure Report reflects Debt Service Costs but does not reflect Amortization. This adjustment reflects an excess of amortization of capital assets over principle payments on debt
- E. The full amount of MRN contributions are expensed in the Capital Fund. The Revenue and Expenditure report includes annual amortization of contributions

6. Transportation Demand Management

A summary of the Transportation Demand measures undertaken in 2008 is shown in the table below:

<i>Objectives</i>	<i>Results</i>
Employer Pass Program (EPP)	
Increase number of companies and participants by 10% and train all new coordinators	As of year-end 265 companies and 18,200 passholders participating in EPP – increase of 3,200 passholders over 2007 (20% increase). Six training sessions held for EPP coordinators – total of 115 coordinators trained in EPP, as well as receiving information on all OnBoard/TravelSmart programs.
Ride-Sharing and TransLink Ride-Share Week (TRSW)	
Double new ride-share registrants	899 new ride-share registrants (45% increase)
Increase No. of ride-share groups	98 new ride-share groups (11% increase)
Double number of employer-branded Websites	29 to 70 employer branded websites
Secure over 100 TRSW coordinators	125 TRSW coordinators secured
Active Transportation /Bike to Work Week	
<u>May:</u> Active Transportation/Bike to Work Week Double participation rate of BTWW 2008 over 2007 as part of ongoing efforts to increase cycling mode-share in Metro Vancouver.	5,879 registrants (66% increase over 2007); 1,143 registered workplaces (96% increase over 2007); 1,767 first-time commuter cyclists (94% increase over 2007); 39 commuter stations (290% increase over 2007).
<u>November:</u> Introduce concept of commuter cycling during winter months, raise profile of year-round cycling, particularly as advance preparation for Olympics.	2,783 registered participants; 726 registered workplace teams; 1,067 new winter commuter cyclists; 273 brand-new commuter cyclists; 13 commuter stations.
Telework	
Development of pilot program; implement pilot and invite company participation in pilot or in case studies – to promote as viable commuting option, particularly during the Olympics.	Program implemented - three companies participating in 6-month pilot program using teletrips tracking tool (complete spring 2009). Case studies completed on three companies current telework programs.
Transportation Management Association (TMA)	
Continue to work with current and new TMAs when opportunities arise.	Cambie Corridor, Tilbury, Crestwood, and Glenlyon all active TMAs. All have ridesharing portals and participate in EPP. TDM staff attends all meetings.
Car Sharing	
Continue to promote car sharing as alternative to car ownership and use of sustainable transportation for most trips.	Promotion of car sharing at all presentations / events. Participation in Zip Car Low Car Diet promotion.
OnBoard/Relationship Management/Ongoing Promotion OnBoard/TravelSmart program	
Presentations to current and new clients to support EPP and all programs aimed at reducing single-occupant vehicle use and promote shift to more sustainable mode.	26 presentations made to companies during 2008, as well as 7 attendances at open houses/information booths, 4 lunch and learns, and 3-day attendance at EPIC. Evaluations conducted at VGH and YVR followed by implementation of a number of recommendations at VGH.

Vancouver 2010 Olympics	
TL responsible for prep. Of Olympic TDM plan (integrated Whistler/Vancouver Plan).	Plan prepared. Will be presented to OPTT in January; implementation of business, school and community outreach throughout 2009.
Scrap-It	
Program to get older vehicles off the road and reduce GHGs.	Trade-in choices and incentives increased to a maximum of \$2,250. Increase in scrapped vehicles from 100 per month to 1,000 per month. 6,865 transit passes distributed.
TravelSmart	
Soft re-branding of OnBoard initiatives under TravelSmart umbrella.	Soft introduction and launch of TravelSmart as TransLink's umbrella brand for commuting options.
LiveSmart	
Partner with Alternative Energy Policy Branch (provincial) to include TravelSmart information and transit ticket as part of Prov. Govt. LiveSmart Low Carbon Lifestyle program.	Preparation and delivery of initial run of 5,000 TravelSmart brochures included in household mailings in Metro Vancouver in August, and a further 5,000 in October.
Park and Ride	
Review and renew 27 ride-share parking spaces at Scott Road Park and Ride.	Scott Road RideShare Parking Program revitalized. Brochures developed and distributed to 1500 cars in the parking lots surrounding Scott Road SkyTrain Station. 25 rideshare groups registered. Groups receive tags for six-month period. New signage installed to deter non-registered rideshare groups. Security monitors on a regular basis.
Canada Line	
Prepare TravelSmart outreach plan for businesses at select stations along the Canada Line starting September, 2009.	Stations selected, TravelSmart business outreach program being developed.
Committees	
Serve on Board of Cambie Corridor Consortium and Regional Clean Air Communications Meeting.	TDM department contribute and attend meetings throughout the year.

7. Short-term Fares Assessed

Short-term fares for bus, SeaBus, SkyTrain and HandyDart are shown in the table below.

Fare Type	Status	Time	Within 1-Zone	Within 2-Zones	Within 3-Zones
Cash	Adult	Regular	\$2.50	\$3.75	\$5.00
		Off-Peak	All Zones - \$2.50		
	Concession	Regular	\$1.75	\$2.50	\$3.50
		Off-Peak	All Zones - \$1.75		
FareSavers (10 tickets)	Adult		\$19.00	\$28.50	\$38.00
	Concession		All Zones – \$16.00		
DayPass	Adult	No restrictions	\$9.00 – valid all zones		
	Concession		\$7.00 – valid all zones		

West Coast Express operates on a different fare structure than other transit service.

Short-term fares for West Coast Express are shown in the table below.

Fare Type	Status	Within 1-zone	Within 2-zones	Within 3-zones	Within 4-zones	Within 5-zones
One-way Ticket	Adult	\$5.00		\$6.75	\$8.25	\$11.25
	Concession	\$3.00		\$4.00	\$5.00	\$7.00
Return Ticket	Adult	\$9.50		\$12.50	\$15.50	\$21.00
	Concession	\$5.75		\$7.50	\$9.60	\$13.25

8. Borrowings Undertaken in 2008

8.1 Long term borrowing – TransLink:

During the year TransLink made one long-term loan issue via the Municipal Finance Authority of BC. The terms of this issue are summarized below.

Issue No.: 104 Issue Date: November 20, 2008

Amount Borrowed	Coupon Rate (Note 1)	Amortization Period	Maturity Date	Semi-Annual Interest Payments (Note 2)	Annual Sinking Fund Payments (Note 3)
\$100,000,000	5.15%	20 Years	20-Nov-2028	\$2,575,000	\$3,358,175
\$50,000,000	5.15%	10 Years	20-Nov-2018	\$1,287,500	\$4,164,547
\$150,000,000				\$3,862,500	\$7,522,722

Note 1: Coupon rate on the 20-year amortization portion of issue fixed to November 20, 2018 only.

Note 2: Due semi-annually on May 20th and November 20th. First payment due May 20, 2009.

Note 3: Due annually on November 20th. First payment due November 20, 2009.

8.2 Short term borrowing – TransLink

The following table is a summary of all the transactions that went through the \$250 million short-term borrowing facility with the MFA. During 2008 the maximum utilization of this facility was \$100 million at the end of July 2008. Having this short-term facility available from the MFA at favorable interest rates, compared to using a bank facility, provides flexibility in managing TransLink's cash flows.

Action	Loan #	Loan (Fixed Rate)	Interest Rate	Transaction Date	Maturity Date	Total Outstanding
New Draw	1	\$25,000,000	3.25%	30-May-08	1-Aug-08	\$25,000,000
New Draw	2	\$75,000,000	3.45%	30-Jun-08	1-Aug-08	\$100,000,000
Repay	1 and 2	(\$100,000,000)		1-Aug-08		\$0
				31-Dec-08		\$0

8.3 Short term borrowing – Canada Line

Canada Line has two sources of bridging finance, an inter-company short-term loan facility with TransLink and short-term loan facility with HSBC. As the inter-company amounts lent by TransLink are netted out to zero on consolidation these loan transactions have been excluded. The table below summarizes Canada Line's debt transaction with HSBC in 2008.

HSBC – Short-Term Borrowing for the year 2008 (Canada Line)						
Action	Loan #	Loan (Fixed Rate)	Interest Rate	Transaction Date	Maturity Date	Total Outstanding
New Draw	1	\$4,000,000	4.52%	28-Jan-08	27-Feb-08	\$4,000,000
New Draw	2	\$29,000,000	4.34%	22-Feb-08	24-Mar-08	\$33,000,000
Repay	1	(\$4,000,000)		27-Feb-08		\$29,000,000
Repay	2	(\$29,000,000)		24-Mar-08		\$0
New Draw	3	\$29,000,000	4.03%	24-Mar-08	31-Mar-08	\$29,000,000
Repay	3	(\$29,000,000)		31-Mar-08		\$0
New Draw	4	\$16,000,000	3.56%	25-Jun-08	25-Jul-08	\$16,000,000
Repay	4	(\$16,000,000)		25-Jul-08		\$0
New Draw	5	\$16,000,000	3.525%	25-Jul-08	25-Aug-08	\$16,000,000
New Draw	6	\$2,000,000	3.485%	31-Jul-08	25-Aug-08	\$18,000,000
Repay	5 and 6	(\$18,000,000)		25-Aug-08		\$0
New Draw	7	\$18,000,000	3.525%	25-Aug-08	1-Oct-08	\$18,000,000
New Draw	8	\$1,000,000	3.535% & 4.41%	10-Sep-08	14-Oct-08	\$19,000,000
Repay	7	(\$18,000,000)		1-Oct-08		\$1,000,000
Repay	8	(\$1,000,000)		14-Oct-08		\$0
				31-Dec-08		\$0

B. AUDITED FINANCIAL STATEMENTS

(PLEASE SEE ATTACHED SCHEDULE 1)

C. COMPLAINTS SUMMARY

Transit complaints are handled at three locations. The Coast Mountain Bus Company customer service call centre handles the majority of complaints regarding buses and SkyTrain. West Coast Express has a separate customer service department and SkyTrain receives approximately 80% of its complaints through the CMBC call centre.

For bus service, approximately half the complaints involve operators and one quarter of complaints relate to service delivery. On West Coast Express approximately half of the complaints relate to requests for more service while less than one quarter of complaints are related to service delivery. No details on complaint type have been provided for SkyTrain for 2008. A brief summary of complaints by type is included below.

Transit Service	Complaints by service centre			Complaints
	CMBC Call Centre	SkyTrain	West Coast Express	
Service Delivery	6,804		97	6,901
Service Planning			104	104
Staff	14,643		24	14,667
Web site	298		9	307
Fares & fare equipment	1,084		23	1,107
Cell phone/radio	567			567
Accessibility/racks	207		2	209
Other	4,320	308	70	4,698
Total	27,861	308	329	28,560

<i>Boarded passengers (thousands)</i>	302,407
<i>Complaints per thousand passengers</i>	10

Work is currently under way to develop a common set of high-level categories for 2009. As can be seen from the example below, the types of complaints are quite different between modes.

CMBC Call Centre	
Staff	14,643
<i>Operator Behaviour</i>	7655
<i>Operator Driving</i>	4740
<i>Operator Drove Past Stop</i>	1382
<i>Operator Fare Dispute</i>	866
Service Delivery	6,804
<i>No Show</i>	2599
<i>Bus Early/Late</i>	3198
<i>Bus Full</i>	1007
Fares & fare equipment	1,084
Web site	298
Cell phone/radio	567
Accessibility/racks	235
<i>Operator Accessibility/Rack</i>	207
<i>Accessibility</i>	28
Other	4,230
Total	27,861

West Coast Express	
Service Delivery	97
<i>Delays & Cancellations</i>	56
<i>Connections</i>	41
Service Planning	104
Staff	24
Web site	9
Fares & fare equipment	23
<i>Fare Checks</i>	14
<i>Fares Increases</i>	9
Other	70
<i>Parking Concerns</i>	45
<i>Etiquette</i>	25
Total	327

A brief summary of how complaints are currently handled is included below.

CMBC
All complaints are logged and assigned a priority code P1 or P3. P1 complaints are urgent and must be resolved within 48 hours. P3 complaints are less critical and must be resolved within 15 days. 92% of complaints received in 2008 were closed in the year, and 87% of complaints were closed within 14 days.
West Coast Express
Customer service staff is able to resolve most problems immediately and 85% of all concerns within 24 hours. Complaints that require assistance from other departments or other areas of transit may take up to 5 - 7 business days to complete.
SkyTrain
91% of complaints are closed within 10 business days.

Complaints for AirCare service are recorded by the contractor and through the AirCare website. The majority of complaints are related to service issues. Most responses are handled by the contractor (Envirotest Canada) and monitored by AirCare policy staff and auditor.

AirCare	Complaints
Service	335
Test procedure	149
Damage claim	109
Repair results	28
Data entry error	31
Smoking vehicle	18
Contractor	60
Program/PVTT	9
Website	11
Total Complaints	415

Vehicles tested 523,693
Complaints per 1,000 vehicles tested 0.8

Source of Complaints

Website	116
Contractor	299
	<hr/> 415

D. CUSTOMER SATISFACTION SURVEY SUMMARY

Customer Satisfaction Survey Summary Customer Service Performance Summary for 2008 Bus, SeaBus, SkyTrain, West Coast Express and Transit Overall

Summary

Transit System

- In 2008, just under half (48%) of transit customers give the system good-to-excellent scores of 8, 9, 10 out of 10 for overall service.
- At the system level, customers are most critical of the amount of transit information available at stops, stations and on-board buses, as well as the number of bus shelters available throughout the region and Value for Money. However, customers' perceptions of the availability of information on the Bus and at stops and stations improved somewhat in 2008, possibly due to the introduction of new bus information services such as the Next Bus service. Value for Money ratings reached their lowest level in over five years after the January 2008 fare increase. Although customer scores improved during the final quarters of 2008, overall ratings are still lower than in 2007.

Bus System

- Over half (57%) of Bus riders rate the overall bus service provided in Metro Vancouver as good-to-excellent.
- Bus service's top three strengths include, Having an Operator Who Drives Safely and Professionally, Feeling Safe From Crime On Board the Bus and having a Direct Route—all have over 70% of riders giving scores of 8 or higher to these attributes.
- Perceptions of overcrowding, on-time reliability and frequency of service have the greatest impact on Bus customers' perceptions of overall bus service. These continue to be the three lowest-rated bus service attributes.

SkyTrain

- Over two-thirds (68%) of SkyTrain customers give the service good-to-excellent scores overall. Overcrowding, although not the lowest-rated attribute, is SkyTrain's weakest area of service because of the relative impact that crowding has on customers' perceptions of the overall service. Additional SkyTrain cars arriving in 2009 should ameliorate the problem.
- In addition to crowding, Safety From Crime Onboard and Safety From Crime at the Station are two other key drivers of overall SkyTrain service, Although much media attention has focused on these two areas, roughly half of SkyTrain customers give high ratings (8, 9, 10) to both of these SkyTrain attributes.

SeaBus

- 80% of SeaBus customers give the service an 8 or higher out of 10 for overall service.
- SeaBus continues to perform well on all service attributes. With the exception of Frequency of Service (57%) over 60% of SeaBus customers rate any one of the eight service attribute an 8 or higher out of 10. Frequency of Service scores should improve once the third SeaBus is in full operation.

West Coast Express

- West Coast Express receives the highest scores of all TransLink's transit services with almost all (90%) customers giving it good-to-excellent ratings. About two-thirds (64%) of WCE riders still feel they receive good-to-excellent value for their money, which is quite good considering that fares were increased in 2008

- Currently crowding is the least positively-viewed attribute with less than half of customers (43%) rating it a high score of 8 or more.

2008 Customer Service Ratings

The table below summarizes the percentage of customers who gave “top box” (good to excellent) service rating, which is defined by industry standards as a rating of 8, 9 or 10 out of 10.

The analysis is segmented into the following groups:

- Transit System (includes past 30-day riders of the Bus, SeaBus or SkyTrain)
- Bus System (includes all CMBC bus service as well as non-CMBC bus service such as West Vancouver Transit)
- SkyTrain
- SeaBus
- West Coast Express (the survey is conducted twice a year, onboard the train service only—i.e., excludes TrainBus)

Data is from two sources:

- TransLink’s Bus, SkyTrain, SeaBus Customer Service Performance survey which interviews past 30-day, adult users of transit in Metro Vancouver. Interviews are conducted daily and by phone.
- TransLink’s West Coast Express Customer Service Performance survey which is currently conducted twice per year (March and September) onboard the West Coast Express train. Surveys are administered by an interviewer.

2008 Customer Service Performance Scores

ATTRIBUTES	TRANSIT SYSTEM	BUS SYSTEM	SKYTRAIN	SEABUS	WEST COAST EXPRESS
	<i>Percent who give scores of 8, 9, or 10 out of 10</i>				
Overall Service	48	57	68	80	90
Value for Money	36				64
Good Connections	39				61
Adequacy of Transit Information -- Stops/Stations	36				
Adequacy of Transit Information -- Bus	35				
Adequacy of Transit Information -- SkyTrain	47				
Adequacy of Transit Information -- SeaBus	39				
Transit Information Availability (On-Board & Stations)					78
Operation of Service During Convenient Hours	42				69
Having Enough Bus Shelters	29				
Ease of Contacting Telephone Information Clerk	64				
Ease of Navigating Website	55				
Having Courteous, Competent & Helpful Bus Operator		68	70	83	94
Safe and Professional Bus Operator		77			
Feeling Safe from Crime On Board the Bus / SkyTrain		76	53		
Feeling Safe from Crime at Stops / Transit Exchanges /		67	47	75	
Safe from Crime (On-Board & Stations)					93
Safe from Crime (WCE Parking Lots)					79
Not Being Overcrowded		43	33	61	43
On-Time, Reliable Service		53	74	89	91
Clean & Graffiti Free Buses / SkyTrain Cars / Vessel /		63	55	78	93
Having A Direct Route		73			
Trip Duration from the Time You Boarded to the Time		66		77	91
Frequency of Service		44	68	57	77
Staff Availability			28	62	89
Delays Are Announced and Explained			33		72
Enough Parking					68
Equipment Provides a Safe Ride					95

Note: Beginning in April 2008, the bus service attribute, "Courteous, Competent and Helpful Bus Operator" was split into two attributes, "Having a Courteous Bus Operator" and "Having an Operator Who Drives Safely and Professionally"

E. CHANGES TO ARTICLES OF THE AUTHORITY

Pursuant to Section 190(3)(f) of the *South Coast British Columbia Transportation Authority Act*, the Board of Directors must establish Articles of the South Coast British Columbia Transportation Authority that contain the rules that the board has established for the conduct of their meetings, including the Screening Panel's recommendation on board remuneration and a skills and experience profile. The Articles were established by the Board of Directors on February 5, 2008 and were amended on May 28, 2008 to include the Board Skills and Experience Profile. The Articles are posted on the TransLink website at:

http://www.translink.bc.ca/files/pdf/Articles_SCBCTA.pdf.

F. BOARD SUMMARY

Summary of Outcomes of 2008 Board and Committee Meetings

Date	Type	Outcomes
January 8, 2008	Board of Directors Meeting	<ul style="list-style-type: none"> Dale Parker appointed as Board Chair Received the resignation of the Chief Executive Officer
January 23 and 24, 2008	Board of Directors	<ul style="list-style-type: none"> Board Orientation and facility tours
February 5, 2008	Board of Directors Meeting	<ul style="list-style-type: none"> Members of the Audit, Governance, Human Resources and Compensation and Major Capital Projects committees appointed Articles required by the <i>South Coast British Columbia Transportation Authority Act</i> approved Funding for improvements to transit facilities and bus communications systems approved
February 7, 2008	Major Capital Projects Committee	<ul style="list-style-type: none"> Reviewed the role of the Major Capital Projects Committee Discussed the projects that would be overseen by the Major Capital Projects Committee
February 20, 2008	Human Resources and Compensation Committee	<ul style="list-style-type: none"> Developed Human Resources and Compensation Committee terms of reference
February 28, 2008	Audit Committee	<ul style="list-style-type: none"> Audit Committee Terms of Reference approved
March 10, 2008	Board of Directors Strategy Session	<ul style="list-style-type: none"> Customer service processes reviewed Discussed development of the 2009 10-Year Plan Reviewed status of Smart Card project
March 11, 2008	Governance Committee	<ul style="list-style-type: none"> Governance Committee Terms of Reference approved
March 17, 2008	Board of Directors Meeting	<ul style="list-style-type: none"> Received public input on the allocation of the Replacement Tax
March 25, 2008	Audit Committee	<ul style="list-style-type: none"> 2007 Audited Consolidated Financial Statements, changes to the capital approval process and proposed changes to the requisitioning authority recommended for approval by the Board 2008 property tax and replacement tax bylaws recommended for approval by the Board Funding for additional trolley buses recommended for approval by the Board
March 25, 2008	Human Resources and Compensation Committee	<ul style="list-style-type: none"> Increase to management's base salary ranges recommended for approval by the Board
March 25, 2008	Board Education Session	<ul style="list-style-type: none"> Received briefing on transportation planning for the 2010 Olympic Games
March 26, 2008	Major Capital Projects Committee	<ul style="list-style-type: none"> Major Capital Project Committee Terms of Reference approved
March 26, 2008	Governance Committee	<ul style="list-style-type: none"> Engagement of Conduct Review Advisor recommended to the Board

Date	Type	Outcomes
March 28, 2008	Board of Directors Meeting	<ul style="list-style-type: none"> • 2008 property tax and replacement tax bylaws approved • 2007 Audited Consolidated Financial Statements approved • 2007 Statutory Annual Report approved • Funding for the purchase of additional SkyTrain vehicles and buses approved • Funding for transit infrastructure improvements approved • Revised Capital Project Approval and Requisitioning Authority and Signing Officers policies approved • TransLink Board Governance Manual approved • Conduct Review Advisor appointed • Articles of the South Coast British Columbia Transportation Authority amended to include the Board Skills and Experience Profile
April 7, 2008	Board of Directors Strategy Session	<ul style="list-style-type: none"> • Discussed development of the 2009 10-Year Plan
April 7, 2008	Board of Directors	<ul style="list-style-type: none"> • Facility tours
April 30, 2008	Audit Committee	<ul style="list-style-type: none"> • Appointment of KPMG as TransLink's external auditor for the three year period 2008 – 2010 recommended for approval by the Board
May 5, 2008	Governance Committee	<ul style="list-style-type: none"> • Adoption of a director peer evaluation process recommended for approval by the Board
May 12, 2008	Board of Directors Meeting	<ul style="list-style-type: none"> • Additional funding for the Canada Line Business Liaison Committees approved
May 12, 2008	Board of Directors Strategy Session	<ul style="list-style-type: none"> • Discussed development of the 2009 10-Year Plan • Discussed development of Transport 2040
May 27, 2008	Major Capital Projects Committee	<ul style="list-style-type: none"> • Discussion on the status of major capital projects
May 27, 2008	Audit Committee	<ul style="list-style-type: none"> • Components of a real estate strategy and spending authorities recommended for approval by the Board • <i>Financial Information Act</i> filings recommended for approval by the Board • Revised Requisitioning Authority and Signing Officers policy recommended for approval by the Board
May 27, 2008	Board Education Session	<ul style="list-style-type: none"> • Received briefing on strategy for fleet and facilities expansion
May 28, 2008	Governance Committee	<ul style="list-style-type: none"> • Proposed timeline for the director peer evaluations and the form of questionnaire recommended for approval by the Board
May 28, 2008	Human Resources and Compensation Committee	<ul style="list-style-type: none"> • Initiated Request for Proposal for independent third party executive compensation advice

Date	Type	Outcomes
May 29, 2008	Board of Directors Meeting	<ul style="list-style-type: none"> • KPMG appointed as TransLink's external auditor for the three year period 2008 – 2010 • <i>Financial Information Act</i> filings approved • Revisions to Requisitioning Authority and Signing Officers policy approved • Timeline for the director peer evaluations and the form of questionnaire approved • South of Fraser Area Transit Plan and Supplements approved • Consultation plan for the 2009-2018 Transportation and Financial Plan approved • Pass program for 2009 World Police and Fire Games being held in Vancouver from July 31 through August 9, 2009 approved • Board Chair designated as the shareholder's proxy to sign the Consent Resolutions in Lieu of the 2008 Annual General Meeting of TransLink's subsidiaries • Major Road Network (MRN) bylaw approved
June 9, 2008	Board of Directors Strategy Session	<ul style="list-style-type: none"> • Discussed development of Transport 2040 • Reviewed 2009 10-Year Plan financial projections
June 19, 2008	Audit Committee	<ul style="list-style-type: none"> • Reviewed 2009 10-Year Plan financial projections
June 24, 2008	Annual General Meeting	<ul style="list-style-type: none"> • Reported to the public on 2007 highlights and financial results
June 24, 2008	Board of Directors Strategy Session	<ul style="list-style-type: none"> • Reviewed input from municipal councils during consultation of the 2009 10-Year Plan and Transport 2040
July 10, 2008	Board of Directors Strategy Session	<ul style="list-style-type: none"> • Reviewed 2009 10-Year Plan development
July 10, 2008	Board of Directors Meeting	<ul style="list-style-type: none"> • Thomas Prendergast appointed as Chief Executive Officer, effective July 28, 2008
July 29, 2008	Major Capital Projects Committee	<ul style="list-style-type: none"> • Development of plan for construction of a new tolled crossing to replace the existing Pattullo Bridge recommended for approval by the Board • Discussion on the status of major capital projects • Discussion on the status of negotiations for transportation during the 2010 Winter Olympic Games
July 29, 2008	Audit Committee	<ul style="list-style-type: none"> • 2009 10-Year Transportation and Financial Plan recommended for approval by the Board • Amendment to the loan agreement between TransLink and Canada Line Rapid Transit Inc. recommended for approval by the Board • Request by the Transportation Property & Casualty Company for a regulatory exemption recommended for endorsement by the Board
July 29, 2008	Board Education Session	<ul style="list-style-type: none"> • Received Westac presentation on the provincial Gateway project and the future of goods movement in the region

Date	Type	Outcomes
July 30, 2008	Governance Meeting	<ul style="list-style-type: none"> Adoption of a sustainability communications plan and the role of the Board of Directors in corporate social responsibility discussed
July 30, 2008	Human Resources and Compensation Committee	<ul style="list-style-type: none"> Mercer selected to provide independent third party executive compensation advice to the Committee Director and Employee Code of Conduct policy and implementation plan recommended for approval by the Board
July 31, 2008	Board of Directors Meeting	<ul style="list-style-type: none"> Transport 2040, TransLink's long term strategy under the <i>South Coast British Columbia Transportation Authority Act</i>, approved 2009 10-Year Transportation and Financial Plan approved Development of a plan for the construction of a new tolled crossing to expedite the replacement of the existing Pattullo Bridge and improvements to related infrastructure approved Loan agreement between TransLink and Canada Line Rapid Transit Inc. approved Request by the Transportation Property & Casualty Company for a regulatory exemption endorsed Thomas Prendergast and Fred Cummings appointed to the Evergreen Line Project Board, effective July 31, 2008 Director and Employee Code of Conduct policy and implementation plan approved
September 15, 2008	Board of Directors Strategy Session	<ul style="list-style-type: none"> Reviewed 2010 10-Year Plan development and consultation strategy Discussed means to improve the engagement of the Mayors' Council
September 15, 2008	Board of Directors Meeting	<ul style="list-style-type: none"> Thomas Prendergast appointed to the Canada Line Rapid Transit Inc. Board of Directors, effective September 15, 2008
September 19, 2008	Governance Committee	<ul style="list-style-type: none"> Developed board effectiveness evaluation questionnaire
September 19, 2008	Board of Directors	<ul style="list-style-type: none"> Negotiated agreement with the Vancouver Olympic Organizing Committee (VANOC) for the provision of transportation services during the 2010 Winter Olympic Games approved
September 30, 2008	Major Capital Projects Committee	<ul style="list-style-type: none"> Discussion on the status of major capital projects
September 30, 2008	Audit Committee	<ul style="list-style-type: none"> Authorization for management to negotiate and execute an Operating Agreement with MVT Canadian Bus Inc, (MVT) to provide HandyDART services in the three service regions of Metro Vancouver recommended for approval by the Board
September 30, 2008	Board Education Session	<ul style="list-style-type: none"> Received briefing on principles of transit planning
October 1, 2008	Human Resources and Compensation Committee	<ul style="list-style-type: none"> Respectful Workplace policy recommended for approval by the Board

Date	Type	Outcomes
October 3, 2008	Board of Directors Meeting	<ul style="list-style-type: none"> • Authorized management to finalize and execute an agreement with MVT Canadian Bus Inc, (MVT) to provide HandyDART services in the three service regions of Metro Vancouver • Form of questionnaire for the Board effectiveness evaluation approved • Respectful Workplace policy approved
October 20, 2008	Board of Directors Strategy Session	<ul style="list-style-type: none"> • Reviewed development of 2010 10-Year Plan • Reviewed funding scenarios for 2010 10-Year Plan Supplements
October 31 and November 1, 2008	Strategic Planning	<ul style="list-style-type: none"> • Commenced development of 2009 corporate strategic plan
November 17, 2008	Board of Directors Strategy Session	<ul style="list-style-type: none"> • Discussed analysis of potential 2010 10-Year Plan funding sources • Reviewed outcome of strategic planning session
November 17, 2008	Audit Committee	<ul style="list-style-type: none"> • Reviewed the proposed 2009 operating budget and capital plan • Approved appointment of Ian Jarvis as the Chief Financial Officer
November 28 and 29, 2008	Strategic Planning	<ul style="list-style-type: none"> • Continued development of 2009 corporate strategic plan
December 2, 2008	Human Resources and Compensation Committee	<ul style="list-style-type: none"> • Discussion with Mercer on the executive compensation review
December 2, 2008	Board of Directors Strategy Session	<ul style="list-style-type: none"> • Discussed potential funding sources for 2010 10-Year Plan
December 3, 2008	Audit Committee	<ul style="list-style-type: none"> • 2009 operating budget and capital plan recommended for approval by the Board
December 3, 2008	Major Capital Projects Committee	<ul style="list-style-type: none"> • Discussion on the status of major capital projects
December 5, 2008	Board of Directors Meeting	<ul style="list-style-type: none"> • 2009 operating budget and capital plan approved • Members of the 10-Year Plan Task Force appointed • Award of a service contract to provide Community Shuttle transit service between the South Delta Exchange and Tsawwassen First Nation lands approved

In addition to the meetings listed above, there were numerous meetings related to the recruitment and appointment of the new Chief Executive Officer.

SCHEDULE 1 - AUDITED FINANCIAL STATEMENTS

Consolidated Financial Statements of

**SOUTH COAST BRITISH COLUMBIA
TRANSPORTATION AUTHORITY**

Year ended December 31, 2008



KPMG LLP
Chartered Accountants
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AUDITORS' REPORT

To the Members of the Board of the
South Coast British Columbia Transportation Authority

We have audited the consolidated statement of financial position of the South Coast British Columbia Transportation Authority (the "Authority") as at December 31, 2008 and the consolidated statements of operations and changes in fund balances and cash flows for the year then ended. These financial statements are the responsibility of the Authority's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with the Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the Authority as at December 31, 2008 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Chartered Accountants
Vancouver, Canada
February 26, 2009

SOUTH COAST BRITISH COLUMBIA TRANSPORTATION AUTHORITY

Consolidated Statement of Financial Position
(in thousands of dollars)

December 31, 2008, with comparative figures for 2007

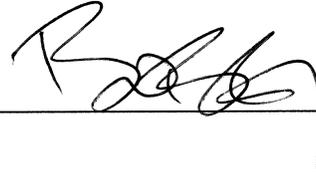
	General Fund	Restricted Funds		Total 2008	Total 2007
		AirCare	Capital Fund		
Assets					
Current assets:					
Cash	\$ 34,023	\$ -	\$ 12,680	\$ 46,703	\$ 113,271
Short-term investments	54,227	-	73,438	127,665	172,354
Accounts receivable	52,684	180	-	52,864	56,791
Supplies inventory (note 3)	32,577	-	-	32,577	28,615
Prepaid expenses	5,424	15	-	5,439	5,326
	<u>178,935</u>	<u>195</u>	<u>86,118</u>	<u>265,248</u>	<u>376,357</u>
Interfund	541,097	(1,404)	(539,693)	-	-
Long-term investments (market value - \$67,607; 2007 - \$71,561) (note 4)	21,955	-	45,200	67,155	71,355
Debt reserve deposits (note 5)	-	-	40,686	40,686	37,595
Debt sinking funds (note 6)	-	-	360,787	360,787	282,245
Capital assets (note 7)	-	1,083	3,976,328	3,977,411	3,091,868
	<u>\$ 741,987</u>	<u>\$ (126)</u>	<u>\$ 3,969,426</u>	<u>\$ 4,711,287</u>	<u>\$ 3,859,420</u>
Liabilities and Fund Balances (Deficit)					
Current liabilities:					
Accounts payable and accrued liabilities	\$ 158,865	\$ 295	\$ -	\$ 159,160	\$ 168,257
Current portion of long-term debt (note 8)	-	-	72,391	72,391	65,319
	<u>158,865</u>	<u>295</u>	<u>72,391</u>	<u>231,551</u>	<u>233,576</u>
Employee future benefits (note 9)	41,817	-	-	41,817	37,761
Deferred Concessionaire credits (note 10)	539,693	-	-	539,693	264,613
Golden Ears Bridge contractor liability (note 14(h))	-	-	805,195	805,195	538,655
Long-term debt (note 8)	-	-	1,750,286	1,750,286	1,609,668
Non-controlling interest in Transportation Property and Casualty Company Inc.	1,721	-	-	1,721	1,673
	<u>742,096</u>	<u>295</u>	<u>2,627,872</u>	<u>3,370,263</u>	<u>2,685,946</u>
Fund balances (deficit):					
Invested in capital assets (note 13(a))	-	1,083	1,210,236	1,211,319	928,236
Externally restricted (note 13(b))	-	-	131,318	131,318	106,555
Unrestricted (deficit)	(109)	(1,504)	-	(1,613)	138,683
	<u>(109)</u>	<u>(421)</u>	<u>1,341,554</u>	<u>1,341,024</u>	<u>1,173,474</u>
	<u>\$ 741,987</u>	<u>\$ (126)</u>	<u>\$ 3,969,426</u>	<u>\$ 4,711,287</u>	<u>\$ 3,859,420</u>

Commitments and contingencies (note 14)

See accompanying notes to consolidated financial statements.

Approved on behalf of the Board:


 _____ Director


 _____ Director

SOUTH COAST BRITISH COLUMBIA TRANSPORTATION AUTHORITY

Consolidated Statement of Operations and Changes in Fund Balances
(in thousands of dollars)

Year ended December 31, 2008, with comparative figures for 2007

	Restricted Funds						
	General Fund 2008	Capital				Total 2008	Total 2007
		AirCare 2008	Fund 2008	Total 2008	Total 2008		
Revenue:							
Taxation	\$ 560,110	\$ -	\$ -	\$ -	\$ 560,110	\$ 568,632	
Transit	359,911	-	-	-	359,911	327,761	
AirCare	-	19,037	-	19,037	19,037	15,975	
Capital contributions (note 11)	-	-	217,070	217,070	217,070	323,921	
Interest income	-	-	24,415	24,415	24,415	28,522	
	920,021	19,037	241,485	260,522	1,180,543	1,264,811	
Expenses:							
Transportation Operations	660,829	-	-	-	660,829	595,351	
Maintenance on Major Road Network	37,472	-	-	-	37,472	35,774	
Major Road Network capital funding	-	-	64,710	64,710	64,710	29,238	
AirCare - contracted and other services	-	16,029	-	16,029	16,029	15,701	
Administration	38,179	1,370	-	1,370	39,549	31,524	
Transit Police	22,051	-	-	-	22,051	17,901	
Other projects	15,206	-	-	-	15,206	4,426	
Interest on debt	-	-	63,414	63,414	63,414	57,605	
Amortization of capital assets	-	339	88,108	88,447	88,447	75,104	
	773,737	17,738	216,232	233,970	1,007,707	862,624	
Excess of revenue over expenses before other items	146,284	1,299	25,253	26,552	172,836	402,187	
Other items:							
Gain (loss) in foreign exchange	-	-	94	94	94	(1,774)	
Fair value adjustment on financial instruments (note 4)	-	-	(4,100)	(4,100)	(4,100)	(7,200)	
Loss on disposal of capital assets	-	-	(1,232)	(1,232)	(1,232)	(888)	
Non-controlling interest in loss (income) of Transportation Property and Casualty Company Inc.	(48)	-	-	-	(48)	86	
	(48)	-	(5,238)	(5,238)	(5,286)	(9,776)	
Excess of revenue over expenses	146,236	1,299	20,015	21,314	167,550	392,411	
Fund balance (deficit), beginning of year							
As previously reported	141,525	(1,720)	1,033,669	1,031,949	1,173,474	781,063	
Adjustment on adoption of accounting policy (note 3)	(5,217)	-	5,217	5,217	-	-	
As restated	136,308	(1,720)	1,038,886	1,037,166	1,173,474	781,063	
Net transfer between funds	(282,653)	-	282,653	282,653	-	-	
Fund balance (deficit), end of year	\$ (109)	\$ (421)	\$ 1,341,554	\$ 1,341,133	\$ 1,341,024	\$ 1,173,474	

See accompanying notes to consolidated financial statements.

SOUTH COAST BRITISH COLUMBIA TRANSPORTATION AUTHORITY

Consolidated Statement of Cash Flows
(in thousands of dollars)

Year ended December 31, 2008, with comparative figures for 2007

	2008	2007
Cash provided by (used for):		
Operations:		
Excess of revenue over expenses	\$ 167,550	\$ 392,411
Items not involving cash (note 15)	100,771	90,853
Changes in non-cash working capital (note 15)	(11,259)	(40,353)
	257,062	442,911
Investing:		
Decrease (increase) in short-term investments	44,689	(64,043)
Decrease (increase) in long-term investments	100	(57,384)
Increase in debt reserve deposits	(3,091)	(7,259)
Net proceeds from disposal of capital assets (note 13(a))	443	781
Purchase of capital assets	(434,187)	(633,620)
	(392,046)	(761,525)
Financing:		
Principal payments on capital leases	-	(11,171)
Bonds issued	150,000	527,000
Issue costs on bonds issued	(1,125)	(3,952)
Bonds matured	(1,917)	(76,869)
Increase in debt sinking funds (note 13(a))	(78,542)	(24,580)
	68,416	410,428
Increase (decrease) in cash	(66,568)	91,814
Cash, beginning of year	113,271	21,457
Cash, end of year	\$ 46,703	\$ 113,271
Supplementary information:		
Interest paid	\$ 91,629	\$ 77,258
Canada Line Concessionaire funding (note 10)	275,080	191,870
Golden Ears Bridge contractor funding (note 14(h))	266,540	338,641

See accompanying notes to consolidated financial statements.

SOUTH COAST BRITISH COLUMBIA TRANSPORTATION AUTHORITY

Notes to Consolidated Financial Statements
(tabular amounts in thousands of dollars)

Year ended December 31, 2008

1. Operations:

The South Coast British Columbia Transportation Authority, formerly the Greater Vancouver Transportation Authority, (the "Authority" or "TransLink") was established in June 1998 as a not-for-profit organization under the Greater Vancouver Transportation Authority Act (the "Act") to provide for the planning, funding, management and operation of an integrated regional transportation system for the greater Vancouver region, effective April 1, 1999.

To achieve this, all transportation operations, assets and liabilities in the greater Vancouver region, formerly owned and operated by BC Transit, except those specified in Section 38 (8)(a) of the Act (most notably the SkyTrain Expo Line guideway and West Coast Express infrastructures), together with the shares of British Columbia Rapid Transit Company Ltd. ("BCRTC") and West Coast Express Limited ("WCE"), were transferred from the Province of British Columbia (the "Province") to the Authority. Also assumed by the Authority during 1999 was a 90% interest in Transportation Property and Casualty Company Inc. ("TPCC"), operations of the Albion Ferry, and administration of the AirCare program. The Authority also acquired a 100% interest in Canada Line Rapid Transit Inc. ("CLCO") in 2003 and Fraser Bridge Project Ltd. in 2004.

The Act was renamed in November 2007 by the British Columbia provincial legislature to South Coast British Columbia Transportation Authority Act and the name of the Authority was changed accordingly. The mandate of the Authority was reconfirmed with possible enlargement in the service region and additional funding sources.

2. Significant accounting policies:

(a) Basis of presentation:

The consolidated financial statements are prepared in accordance with Canadian generally accepted accounting principles for not-for-profit organizations.

The consolidated financial statements follow the restricted fund method for accounting for contributions and reflect a combination of the Authority's General and Restricted Funds.

General Fund:

This fund includes the operations of the Authority and its subsidiaries, excluding AirCare, which is a restricted fund.

Restricted Funds:

Restricted funds include the AirCare and Capital funds.

(i) *AirCare Fund:*

This fund is used to record the operations of the AirCare Program, which is a self-funded program (note 13(b)).

SOUTH COAST BRITISH COLUMBIA TRANSPORTATION AUTHORITY

Notes to Consolidated Financial Statements
(tabular amounts in thousands of dollars)

Year ended December 31, 2008

2. Significant accounting policies (continued):

(a) Basis of presentation (continued):

(ii) *Capital Fund:*

This fund is used to record the acquisition costs of capital assets and any related long-term debt outstanding. This fund also includes the capital contributions received and the funding paid to the municipalities for the Major Road Network ("MRN").

The consolidated financial statements include the accounts of the Authority and its subsidiaries:

- (i) Coast Mountain Bus Company Ltd. ("CMBC") - bus, seabus and community shuttle services;
- (ii) BCRTC - SkyTrain service;
- (iii) WCE - commuter rail system services;
- (iv) Fraser River Marine Transportation Ltd. ("FRMT") - ferry services between Maple Ridge and Langley (Albion Ferry);
- (v) Pacific Vehicle Testing Technologies Ltd. ("PVTT") - administration of AirCare program;
- (vi) CLCO - oversees the study, design, construction, implementation and operation of a rapid transit line (the "Canada Line") from Richmond to the Vancouver International Airport and downtown Vancouver;
- (vii) Fraser Bridge Project Ltd.- oversees the construction and implementation of the Golden Ears Bridge ("GEB");
- (viii) 592040 B.C. Ltd. - development of intelligent transportation systems; and
- (ix) TPCC - insurance liability coverage.

All subsidiaries are wholly owned except for TPCC, in which the Authority has a 90% interest, the remaining 10% interest is owned by British Columbia Transit.

All intercompany balances and transactions have been eliminated upon consolidation.

(b) Financial instruments:

The Authority accounts for its financial assets and liabilities in accordance with the Canadian Institute of Chartered Accountants (CICA) Handbook Section 3855, *Financial Instruments – Recognition and Measurement*, CICA Handbook Section 3861, *Financial Instruments – Disclosure and Presentation*, and CICA Handbook Section 3865, *Hedges*. These Handbook Sections provide comprehensive requirements for the recognition and measurement of financial instruments, as well as standards on when and how hedge accounting may be applied.

SOUTH COAST BRITISH COLUMBIA TRANSPORTATION AUTHORITY

Notes to Consolidated Financial Statements
(tabular amounts in thousands of dollars)

Year ended December 31, 2008

2. Significant accounting policies (continued):

(b) Financial instruments (continued):

All financial assets and liabilities are classified into one of the following five categories: held for trading, held-to-maturity, loans and receivables, available-for-sale financial assets or other financial liabilities. All financial instruments, including derivatives, are included on the balance sheet and initially measured at fair market value. Subsequent measurement and recognition of changes in fair value of financial instruments depend on their initial classification. Held for trading financial investments are measured at fair value and all gains and losses are included in net income in the period in which they arise. Available-for-sale financial instruments are measured at fair value with revaluation gains and losses included in fund balance. Loans and receivables, held-to-maturity financial investment and other financial liabilities are measured at amortized cost using the effective interest rate method.

The standards require derivative instruments to be recorded as either assets or liabilities measured at their fair value unless exempted from derivative treatment as normal purchase and sale. Certain derivatives embedded in other contracts must also be measured at fair value. All changes in the fair value of derivatives are recognized as earnings unless specific hedge criteria are met, which require that an entity must formally document, designate and assess the effectiveness of transaction that received hedge accounting.

The categories of the Authority's financial assets and liabilities are as follows:

Financial Assets

(i) Held for trading:

Cash:

Cash is classified as held for trading.

Long-term investments:

Long-term Investments include non-bank sponsored Asset-Backed Commercial Paper ("ABCP"), or replacement notes (note 4), are designated as held for trading and recorded at their estimated fair values in accordance with CICA Handbook Section 3855.

SOUTH COAST BRITISH COLUMBIA TRANSPORTATION AUTHORITY

Notes to Consolidated Financial Statements
(tabular amounts in thousands of dollars)

Year ended December 31, 2008

2. Significant accounting policies (continued):

(b) Financial instruments (continued):

Financial Assets (continued)

(i) Held for trading (continued):

Short-term investments:

Short-term investments are fixed income investments with a term to maturity of three months or less from the date of purchase and are designated held for trading. All the gains and losses are included in net income in the period in which they arise.

(ii) Held-to-maturity:

Debt reserve deposits and debt sinking fund:

The Authority classifies debt reserve deposits (note 5) and debt sinking funds (note 6) as held-to-maturity recorded at their amortized costs as these assets are due when the related debt matures.

Long-term investments:

Long-term investments include bonds classified as held-to-maturity financial assets and recorded at amortized cost, with any premium or discount on purchase being amortized over the term to maturity of each investment using an effective yield method. Declines in value of investments are recognized only when the decline is considered to be other than temporary.

(iii) Loans and receivables:

Accounts receivable:

Accounts receivable and accrued interest receivable are recorded at amortized cost less any impairment losses recognized.

Financial Liabilities

(iv) Held for trading:

The Authority does not currently hold any financial liabilities classified as held for trading.

SOUTH COAST BRITISH COLUMBIA TRANSPORTATION AUTHORITY

Notes to Consolidated Financial Statements
(tabular amounts in thousands of dollars)

Year ended December 31, 2008

2. Significant accounting policies (continued):

(b) Financial instruments (continued):

Financial Liabilities (continued)

(v) Other financial liabilities:

Long-term debt:

The Authority records long-term debt at their amortized costs. Debt transaction costs, financing costs and bond premium discounts are attributed to the debt incurred and amortized at the same effective rate and term as the underlying debt.

Accounts payable and accrued liabilities:

Accounts payable and accrued liabilities are recorded at cost.

(vi) Derivative financial instruments:

The Authority is party to forward foreign exchange contracts (used to manage foreign currency exposures on imported purchases). Gains and losses including fair value adjustments on forward foreign exchange contracts are recognized in income. The Authority does not utilize derivative financial instruments for trading or speculative purposes.

(c) Supplies inventory:

Supplies inventory is valued at the lower of average cost and net realizable value.

(d) Capital assets:

Capital assets have been recorded as follows:

- (i) Capital assets are recorded at cost, including capitalized interest as described in note 2(e).
- (ii) Capital assets, contributed by the Province and BC Transit to the Authority upon inception, were recorded at fair value at the date of contribution.

SOUTH COAST BRITISH COLUMBIA TRANSPORTATION AUTHORITY

Notes to Consolidated Financial Statements
(tabular amounts in thousands of dollars)

Year ended December 31, 2008

2. Significant accounting policies (continued):

(d) Capital assets (continued):

- (iii) Amortization is provided on the cost less estimated salvage value on a straight-line basis over a period not exceeding the estimated useful lives as follows:

Asset	Years
Land improvements	30
Buildings	20 - 30
Revenue vehicles	5 - 20
Equipment	3 - 20
SkyTrain and WCE vehicles	30
SkyTrain equipment and system upgrade	20 - 30
AirCare equipment	6
Bridges	20
Capital spares	20

(e) Capitalization of interest:

Interest incurred in connection with capital acquisitions from the date of funds are advanced until the assets are placed in service for transportation purposes is capitalized. Interest capitalized during the year ended December 31, 2008 amounted to \$28,585,000 (2007-\$24,467,000).

(f) Major Road Network ("MRN"):

Part 2 of the Act provides that the Authority must establish a major road network comprising an integrated system of highways throughout the transportation service region and the Authority must contribute funds to the municipality for the purpose of constructing and maintaining any part of the MRN within that municipality.

The related assets created become the property of the appropriate municipalities who assume all the rights and obligations. As such, the funding provided by the Authority to the municipalities is expensed in the statement of operations as incurred.

(g) Pension plans and employee future benefits:

The Authority, its subsidiaries and employees make contributions to either the Public Service Pension Plan or other defined contribution pension plans. These contributions are expensed as incurred.

SOUTH COAST BRITISH COLUMBIA TRANSPORTATION AUTHORITY

Notes to Consolidated Financial Statements
(tabular amounts in thousands of dollars)

Year ended December 31, 2008

2. Significant accounting policies (continued):

(g) Pension plans and employee future benefits (continued):

Post-retirement and post-employment benefits are also available to the majority of the Authority's employees. The cost of post-retirement benefits is actuarially determined, prorated on service and management's best estimate of retirement ages and expected health care costs. The cost of post-employment benefits to disabled employees is actuarially determined based on future projected benefits of currently disabled employees. The obligation under these post-retirement and post-employment benefit plans are accrued as the employees render services necessary to earn the future benefits. The measurement date of the accrued benefit obligation coincides with the Authority's fiscal year. The most recent actuarial valuation of the plans for funding purposes was December 31, 2008. The plans are unfunded and require no contributions from employees. Employer contributions are made based upon expected annual benefit payments.

Actuarial gains (losses) on the accrued benefit obligation arise from differences between actual and expected experience and from changes in the actuarial assumptions used to determine the accrued benefit obligation. The net accumulated actuarial gains (losses) over 10% of the greater of the accrued benefit obligation is amortized over the average remaining service period of active employees. The average remaining service period of the active employees covered by the post-employment plan is 5 years (2007 - 5 years).

(h) Deferred Concessionaire credits:

Concessionaire credits are recorded when received from the Concessionaire and deferred until the Canada Line is put in service, at which time the credits will be amortized over the remaining term of the concession agreement.

(i) Revenue recognition:

The Authority follows the restricted fund method of accounting for contributions. Contributions from third parties for defined purposes are recognized as revenue in the year they are received in restricted funds. Contributions restricted for the purchase of capital assets are recognized as received in the Capital Fund. User fees received for AirCare are restricted for the recovery of program costs, therefore they are recognized in revenue in the restricted AirCare fund. Unrestricted contributions are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

(j) Income and capital taxes:

The Authority is exempt from Canadian Federal and British Columbia Provincial income and capital taxes. The Authority's subsidiaries are filing on the basis that they are exempt from Canadian Federal and British Columbia Provincial income and capital taxes.

SOUTH COAST BRITISH COLUMBIA TRANSPORTATION AUTHORITY

Notes to Consolidated Financial Statements
(tabular amounts in thousands of dollars)

Year ended December 31, 2008

2. Significant accounting policies (continued):

(k) Foreign currency translation:

Transactions of the Authority and its subsidiaries originating in foreign currencies are translated at the rates in effect at the time of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated to Canadian dollars at exchange rates in effect at the balance sheet dates. Foreign exchange gains and losses are included in income.

(l) Use of estimates:

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Significant areas requiring the use of estimates include determination of useful lives of capital assets, percentage of completion of construction in progress, allowance for doubtful accounts receivable, obsolete inventory, determination of employee future benefits, estimated self insurance liabilities and fair value adjustment on financial instruments. Actual results could differ from those estimates.

(m) Future accounting changes:

(i) Changes in accounting framework:

The Canadian Institute of Chartered Accountants has decided to transition Canadian GAAP for publicly accountable entities to International Financial Reporting Standards (IFRS) effective January 1, 2011. The Authority is currently classified as a not-for-profit organization under the South Coast British Columbia Transportation Act. The Accounting Standards Board (AcSB) and Public Sector Accounting Board (PSAB) have jointly issued an Invitation to Comment to invite feedback on the future of financial reporting by not-for-profit organizations. In addition, PSAB has issued an Invitation to comment on the future financial reporting of government organizations. The Authority is in the process of reviewing the impact of these documents on its reporting framework and financial statements.

(ii) Goodwill and intangible assets, Section 3064:

In February 2008, the CICA issued Handbook Section 3064, *Goodwill and Intangible Assets*, which replaced existing Handbook Section 3062, *Goodwill and Other Intangible Assets*, and Handbook Section 3450, *Research and Development*. The new standard provides guidance on the recognition, measurement, presentation and disclosure of goodwill and intangible assets. This standard is effective for interim and annual financial statements relating to fiscal years beginning on or after October 1, 2008. The Authority does not believe it will have a material impact on its financial statements.

SOUTH COAST BRITISH COLUMBIA TRANSPORTATION AUTHORITY

Notes to Consolidated Financial Statements
(tabular amounts in thousands of dollars)

Year ended December 31, 2008

2. Significant accounting policies (continued):

(m) Future accounting changes (continued):

(iii) Financial instruments – presentation and disclosure:

Section 3862, *Financial Instruments – Disclosure*, and CICA 3863, *Financial Instruments – Presentation*, were both issued in December 2006 and were applicable for years beginning on or after October 1, 2007. The sections revise the current standards on financial instrument disclosure and presentation, and place an increased emphasis on disclosures regarding the risks associated with both recognized and unrecognized financial instruments and how these risks are managed. Section 3863 establishes standards for presentation of financial instruments and non-financial derivatives and provides additional guidance with classification of financial instruments, from the perspective of the issuer, between liabilities and equity. In September 2008, the AcSB decided that not-for-profit organizations are not currently required to apply these enhanced financial instruments standards.

(iv) Capital disclosures:

Section 1535, *Capital Disclosures*, establishes guidelines for the disclosure of information regarding an entity's capital and how it is managed. The section is applicable for non-publicly accountable enterprises for years beginning on or after August 1, 2008. It requires enhanced disclosure with respect to the objectives, policies and processes for managing capital, quantitative data about the entity's capital and disclosures about the entity's compliance with capital requirements and consequences of any non-compliance. The Authority is reviewing the requirements to determine the necessary changes to its disclosures.

(v) Other revisions to NPO accounting standards:

There are several other changes effective for periods beginning on or after January 1, 2009, which clarify the applicability of Accounting Guidelines ("AcGs") and Abstracts of Issues Discussed by the Emerging Issues Committee ("EICs") to NPOs, remove the requirement to disclose net assets invested in capital assets, clarify capital asset recognition criteria and amortization, expand interim financial statement requirements to NPOs, and require disclosure of allocated fundraising and general support expenses by NPOs. These changes are not expected to have a material impact on the Authority's financial statements.

SOUTH COAST BRITISH COLUMBIA TRANSPORTATION AUTHORITY

Notes to Consolidated Financial Statements
(tabular amounts in thousands of dollars)

Year ended December 31, 2008

3. Adoption of new accounting policies:

The Authority has adopted the following new accounting standards in these financial statements:

(a) Inventories:

Effective January 1, 2008, the Authority adopted CICA Handbook Section 3031, *Inventory*. Under this section, inventory is to be measured at the lower of cost and net realizable value. This standard also provides guidance on the costs that can be capitalized. In addition, previous inventory write-downs must be reversed if the economic circumstances have changed to support an increase in inventory value. Spare parts and servicing equipment are usually carried as inventory and recognized in net income as consumed. However, under this section, major spare parts and standby equipment qualify as capital assets when an entity expects to use them during more than one period. This requires that all spare parts be recorded at their net book value and amortized over the life of the asset they will service. The effect has resulted in the reclassification of \$5,217,000 supplies inventory into capital assets as at December 31, 2007 with corresponding changes in the fund balances between the amount invested in capital assets and unrestricted fund balance.

(b) Assessing going concern:

Effective January 1, 2008, the Authority implemented Section 1400 to include requirements for management to assess and disclose an entity's ability to continue as a going concern. Management has made its assessment and concluded there is no issue regarding the Authority's ability to continue as a going concern. This assessment is based on the assumption that the current funding levels are maintained and any committed additional future funding is received. Based on current projections, additional revenues beyond what is committed will be required to fund current programs. Access to these additional revenues must be approved by the Mayors' Council and will require an extensive public consultation process with key stakeholders and the public. If additional funding is not approved, programs and expenditures will be adjusted to match committed funding.

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4. Long-term investments:

At December 31, 2008 a subsidiary of the Authority held Canadian non-bank sponsored Asset-Backed Commercial Paper (ABCP) issued by a number of trusts with an original cost of \$56,500,000. These investments were acquired in 2007, and since that time have not been repaid. As a result, the Authority classified its ABCP as long-term investments after initially classifying them as cash and cash equivalents.

The Authority's ABCP was included in a general restructuring of ABCP pursuant to a plan approved under the Companies' Creditors Arrangement Act and implemented in January 2009. Under the restructuring plan, the Authority will receive replacement notes (the "Notes") in exchange for its ABCP. In July 2008, the Authority entered into a loan facility with a Canadian chartered bank for \$45,200,000. The facility is secured by the Notes. The facility contains an option that allows the Authority to transfer the Notes to the bank during a specified period associated with its wind up in full satisfaction of the loan, thereby establishing a maximum loss on the initial cost of the ABCP equal to the impairment amount at December 31, 2008 of \$11,300,000. The estimated value of this option is \$4,700,000 and has been reflected as part of the \$45,200,000 value of the investments at December 31, 2008. The amount of the facility available declines in an equivalent amount to the disposition proceeds of any of the Notes and the facility ceases to be available once all the Notes have been disposed of or have matured.

The valuation model used by the Authority to estimate the fair value of its investment in the Notes and the option in the loan facility, at December 31, 2008, incorporates probability weighted discounted cash flows considering the best available information regarding market conditions and other factors that a market participant would consider for such investments.

The estimated fair value of the investment in ABCP is \$45,200,000 at December 31, 2008 (2007 - \$49,300,000). The reduction in the fair value of \$4,100,000 (2007 - \$7,200,000) was recorded in the statement of operations and reduced the capital fund balance.

5. Debt reserve deposits:

The Authority is required to pay into a debt reserve fund, administered by the Municipal Finance Authority of British Columbia ("MFA"), an amount equal to one-half the average annual installment of principal and interest relative to any debt borrowed. This amount may be paid either in full or in an amount equal to 2% of the principal amount borrowed together with a non-interest bearing demand note for the balance. If, at any time, the Authority does not have sufficient funds to meet payments or sinking fund contributions due on its debt obligations, the payments or sinking fund contributions shall be made from the debt reserve fund. The demand notes payable to the MFA are callable only if there are additional requirements to be met to maintain the level of the debt reserve fund, and therefore have not been recorded on the balance sheet. As the amounts are not expected to be refunded until the debt fully matures, the amounts have been presented as long-term assets.

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6. Debt sinking funds:

Contributions to the sinking fund, administered by the MFA, are made for all long-term debt obligations. Investments held in the sinking fund, including interest earned, are used to repay the related debt at maturity.

7. Capital assets:

	Cost	Accumulated amortization	2008 Net	2007 Net
Land	\$ 133,210	\$ -	\$ 133,210	\$ 100,837
Land improvements	33,756	9,140	24,616	25,971
Buildings	160,762	52,724	108,038	115,288
Revenue vehicles	740,013	227,549	512,464	449,019
Equipment	239,831	127,601	112,230	88,635
SkyTrain vehicles	230,803	91,516	139,287	149,461
WCE vehicles	26,890	6,556	20,334	21,201
SkyTrain equipment and system upgrade	129,107	53,411	75,696	79,017
Bridges	24,192	2,213	21,979	20,067
Capital spares	6,913	1,214	5,699	5,217
Capital projects in progress:				
Canada Line	1,666,019	-	1,666,019	1,227,787
Golden Ears Bridge	915,258	-	915,258	631,023
Other capital projects in progress	242,581	-	242,581	178,345
	\$ 4,549,335	\$ 571,924	\$ 3,977,411	\$ 3,091,868

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8. Long-term debt:

	2008	2007
Sinking fund bonds, weighted average interest rate of 5.28% (effective rate 5.39%), maturing at various dates from 2009 to 2036, amortized from 10 to 30 years	\$ 1,680,236	\$ 1,530,686
Serial debenture, interest rate of 5.10% (effective rate 5.16%), 20-year term, principal repayment annually, maturing in 2025	40,935	42,805
Sinking fund bonds, under interest rate and currency conversion agreements, effective weighted average interest rate of 6.14% (effective rate 6.16%), maturing at various dates from 2009 to 2010, amortized over 20 years	101,506	101,496
	1,822,677	1,674,987
Less current portion	72,391	65,319
	\$ 1,750,286	\$ 1,609,668

Sinking fund payments, due in each of the next five years, are approximately as follows:

2009	\$ 72,391
2010	69,732
2011	68,575
2012	68,575
2013	66,190

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9. Pension plans and employee future benefits:

(a) Deferred contribution plans:

The Authority, CMBC, PVTT and FRMT and their employees contribute to the Public Service Pension Plan (the "Plan"), which is a multi-employer defined benefit plan, together with other British Columbia public service employers, in accordance with the Public Sector Pension Plans Act. The British Columbia Pension Corporation administers the Plan, including the payment of pension benefits, on behalf of the employers and the employees to whom the Act applies. Details of the Plan are provided in the Public Accounts of British Columbia. The long-term funding of the Plan is based on the level contribution method. Using this method, employer contribution rates are set out so that, in combination with member contributions, they will fully pay for benefits earned by the typical new entrants to the Plan and will maintain the Plan's unfunded accrual liability (UAL) for funding purposes, if any, as a constant percentage of employer payroll. The actuary does not attribute portions of the UAL to individual employers. Contributions to the Plan are expensed in the year when payments are made. The total expense recorded in the financial statements in respect of pension contributions amounts to \$27,283,000 (2007 - \$24,382,000).

Every three years, an actuarial valuation is performed to assess the financial position of the Plan and the adequacy of plan funding. The latest full actuarial valuation, which was carried out as at March 31, 2008, resulted in a surplus of \$487,000,000.

The employees of WCE and BCRTC are members of defined contribution plans administered by Great West Life, Sun Life and Canada Life. The total expense recorded in the financial statements, in respect of pension contributions under these plans, amounts to \$3,524,000 (2007 - \$3,238,000).

(b) Post-retirement benefit plans and post-employment plans:

(i) Apart from the post-retirement benefits provided by the Plan, the Authority and CMBC continue to provide life insurance benefits to all retired employees. BCRTC also sponsors a post-retirement benefit (non-pension) plan providing continuing healthcare benefits to retired employees. The total expense recorded in the financial statements, in respect of obligations under these plans, amounts to \$3,675,000 (2007 - \$3,652,000).

(ii) The Authority and its subsidiaries also provide Provincial health care, extended health, dental care and life insurance benefits to employees on long-term disability from the date they become disabled (post-employment benefits). The total expense recorded in the financial statements for the year, in respect of obligations under these plans, amounts to \$2,395,000 (2007 - \$2,760,000).

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9. Pension plans and employee future benefits (continued):

(b) Post retirement benefit plans and post employment plans (continued):

(iii) Summary of the Authority's post-retirement and post-employment plans is as follows:

	Post-retirement benefits	Post-employment benefits	2008	2007
Accrued benefit obligation	\$ 23,899	\$ 9,382	\$ 33,281	\$ 39,173
Fair value of plan assets	-	-	-	-
Funded status	(23,899)	(9,382)	(33,281)	(39,173)
Balance of unamortized amounts	(3,695)	(4,841)	(8,536)	1,412
Accrued benefit liability	\$ (27,594)	\$ (14,223)	\$ (41,817)	\$ (37,761)

(iv) The significant assumptions used are as follows:

	2008	2007
Accrued benefit obligation as of December 31:		
Discount rate	6.8% - 7.3%	5.4% - 5.5%
Benefit costs for years ended December 31:		
Discount rate	5.4% - 5.5%	4.5% - 5.25%
Assumed health care cost trend rates at December 31:		
Increase in health care cost trend rate	3.0% - 10.0%	3.0% - 10.0%
Employee future benefit costs recognized in the year:		
Post-employment and retirement benefits	\$ 6,070	\$ 6,412

Other information regarding the Authority's post-retirement and post-employment plan is as follows:

	2008	2007
Employer contributions	\$ 2,014	\$ 3,035

The accrued benefit obligation is not presently funded.

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10. Deferred Concessionaire credits:

Deferred Concessionaire credits represent the funding provided by the Canada Line Concessionaire towards the design and construction phases of the Canada Line. It is estimated that the funding to be provided by the Concessionaire will amount to \$720,000,000. The ultimate funding obligation of the Concessionaire will not be known until completion of the Project. Upon completion and service commencement of the Project, the total Deferred Concessionaire credits will be amortized to income over the remaining term of the concession agreement.

11. Capital contributions:

Capital contributions received during the year:

	2008	2007
Transfer from the Government:		
Government of Canada		
Gas Tax Agreement Funds	\$ 62,148	\$ 49,119
Public Transit Infrastructure Program Funds	-	34,035
Transit-Secure Funds	4,510	-
Urban Transportation Showcase Program	5,213	-
	<u>71,871</u>	<u>83,154</u>
Provincial Government of British Columbia		
Provincial Transit Plan	51,800	-
Canada Line project:		
Government of Canada	24,734	167,439
Provincial Government of British Columbia	59,600	58,400
City of Vancouver	7,065	14,928
City of Richmond	2,000	-
	<u>93,399</u>	<u>240,767</u>
	<u>\$ 217,070</u>	<u>\$ 323,921</u>

Contributions from the Vancouver International Airport Authority totaling \$48,002,000 (2007 - \$98,592,000) are netted against the related project costs when incurred.

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12. Gas Tax Agreement, Public Transit Agreement and Public Transit Infrastructure Program:

Gas Tax Agreement and Public Transit Agreement funding is provided by the Government of Canada. Public Transit Infrastructure Program funding is provided by the Province of British Columbia. The use of the funding is established by a funding agreement between the Authority and the Union of British Columbia Municipalities. Gas Tax Agreement funding may be used towards designated public transit as specified in the funding agreements. Public Transit Agreement and Public Transit Infrastructure Program funding may be applied towards the cost of designated public transit projects, as specified in the funding agreements. Receipts and disbursements for the year are as follows:

Gas Tax Agreement Funds	2008	2007
Opening balance, unspent funds	\$ 34,022	\$ 40,554
Add: Amount received during the year	62,148	49,119
Interest earned	1,103	1,594
Less: Amount spent on projects	(37,693)	(57,225)
Amount spent on administration	(112)	(20)
Closing balance, unspent funds	\$ 59,468	\$ 34,022

Public Transit Agreement Funds	2008	2007
Opening balance, unspent funds	\$ -	\$ 4,405
Add: Interest earned	-	148
Less: Amount spent on projects	-	(4,537)
Amount spent on administration	-	(16)
Closing balance, unspent funds	\$ -	\$ -

Public Transit Infrastructure Program Funds	2008	2007
Opening balance, unspent funds	\$ 23,233	\$ -
Add: Amount received during the year	-	34,035
Interest earned	416	222
Less: Amount spent on projects	(23,619)	(11,021)
Amount spent on administration	(30)	(3)
Closing balance, unspent funds	\$ -	\$ 23,233

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13. Fund balances - restricted funds:

(a) Net change in invested in capital assets:

Capital fund:

Balance, beginning of year	
As previously reported	\$ 927,114
Adjustment on adoption of accounting policy (note 3)	5,217
As restated	932,331
Net additions to capital assets	975,507
Amortization of capital assets	(88,108)
Amortization of capital asset charged to capital projects in progress	(142)
Loss on disposal of capital assets	(1,232)
Net proceeds from disposal of capital assets	(443)
Amount funded by long-term debt	(147,690)
Amount funded by deferred Concessionaire credits	(275,080)
Amount funded by Golden Ears Bridge contractor liability	(266,540)
Increase in debt reserve deposits	3,091
Increase in debt sinking funds	78,542
	277,905
Balance, end of year	\$ 1,210,236

AirCare:

Balance, beginning of year	\$ 1,122
Purchase of capital assets	300
Amortization of capital assets	(339)
	(39)
Balance, end of year	\$ 1,083

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13. Fund balances - restricted funds (continued):

(b) Externally restricted:

Capital fund:

Balance, beginning of year	\$ 106,555
Contributions received	217,070
Expenditures of restricted funds	(192,307)
	24,763
<hr/>	
Balance, end of year	\$ 131,318

AirCare:

AirCare is a self-funded program under Section 50 of the Motor Vehicle Act. Any deficits incurred will be covered through future operations, such that any deficits are eliminated by the end of the program.

14. Commitments and contingencies:

(a) Operating lease payments - WCE:

Effective December 28, 1995, BC Transit entered into a 20-year operating lease agreement with Pitney Bowes of Canada Ltd. for the WCE vehicles totaling \$62,000,000. This lease was transferred from BC Transit to the Authority effective March 31, 1999.

In connection with operating the Commuter Rail System, WCE has entered into operating commitments for train operations, rolling stock maintenance, land leases, ticket vending and parking management and miscellaneous services.

The total future minimum annual operating lease payments, including railcars, for the next four years and thereafter are as follows:

2009	\$ 13,114
2010	8,074
2011	5,799
2012	5,735
2013 and thereafter	16,127

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14. Commitments and contingencies (continued):

(b) Vehicle emission testing contract - PVTT:

PVTT has entered into a contract with Envirotest Ltd. to provide vehicle emission testing services until December 2011, at which time the AirCare program is expected to wind up. The minimum annual fee for each of the contract year is as follows:

2009	\$ 16,366
2010	16,701
2011	17,015

(c) Diesel fuel purchase:

CMBC has a floating price purchase contract for a two-year period beginning February 1, 2007. Effective June 1, 2008, CMBC entered into an additional eight month contract to purchase 2,100,000 litres of diesel fuel per month at a fixed price of \$0.9931 per litre, plus applicable taxes. This contract is to run concurrently with the floating rate contract for the period of June 1, 2008 through February 28, 2009. The contract allows CMBC to purchase approximately 70% of the expected volumes at the fixed price. The approximate payments relating to the minimum purchase volume, for the remaining term of the contract, are as follows:

2009	\$ 2,667
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(d) Natural gas supply contract:

CMBC entered into a floating price contract to purchase natural gas for a five year period beginning November 1, 2005. Subsequently, CMBC entered into three fixed price agreements for various terms and minimum purchase volumes. The approximate payments relating to the minimum purchase volume at the specified prices for the remaining term of the contract are as follows:

2009	\$ 2,060
2010	1,717

(e) Major Road Network (MRN) Capital Funding:

The Authority has signed several funding agreements with municipalities on major MRN projects. At December 31, 2008, the net amount of MRN capital funding committed is \$135,505,000. This amount will be paid to the municipalities upon completion of the projects.

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14. Commitments and contingencies (continued):

(f) Other operating leases:

The Authority is committed to annual lease payments in respect of office premises in the following amounts:

2009	\$	8,295
2010		7,477
2011		7,495
2012		7,560
2013		4,416

(g) Canada Line:

The Canada Line project is a rail based rapid transit line that will link central Richmond, the Vancouver International Airport and downtown Vancouver. CLCO is a special-purpose wholly owned subsidiary of the Authority created specifically to oversee the procurement, design, construction and implementation of the project.

CLCO and the Authority have entered into various agreements with the Government of Canada, the Province, the Vancouver International Airport Authority ("Airport Authority") and the City of Vancouver. These agreements provide for the funding of costs related to the procurement and construction phases of the Canada Line.

The total committed funding is as follows (nominal dollars except as otherwise noted):

Agency	Total amount of committed funding
Government of Canada	\$ 450,000
The Province	435,025
Airport Authority *	300,000
City of Vancouver	28,970
External funding	1,213,995
The Authority	334,625
	\$ 1,548,620

* The Airport Authority contributions are based on the value of the Canadian dollar at April 1, 2003, subject to annual compounding for cumulative inflation.

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14. Commitments and contingencies (continued):

(g) Canada Line (continued):

On July 29, 2005, the original Concession Agreement between CLCO, the Authority and the Concessionaire was entered into concurrently with the completion of the Concessionaire's financing and sub-contracting arrangements.

Under the Concession Agreement, the Concessionaire agreed to design, construct, and partially finance the Canada Line and then to operate it over a total term (including construction and operating phases) of 35 years. During the construction phase, CLCO will make payments to the Concessionaire upon the achievement of certain milestones. These payments totaled \$1,136,000,000 at December 31, 2008 (2007 - \$980,000,000). The Concessionaire assumes price and schedule risk, subject to certain compensation events, the occurrence of which will require CLCO to make compensatory payments to the Concessionaire. During the operating phase, CLCO, through funding from the Province, will make monthly payments to the Concessionaire based on the Concessionaire's performance. Construction of the Canada Line started in August 2005 and operations are expected to commence in late 2009.

(h) Golden Ears Bridge ("GEB"):

(i) Agreement with Golden Crossing General Partnership (the "GCGP"):

In 2006, the Authority entered in a fixed-price contract with the GCGP whereby the partnership will design, construct, finance, operate, maintain and rehabilitate the GEB. The contract was executed in March, 2006 and terminates in 2041.

The GCGP is responsible for financing the estimated construction cost of the GEB of \$938,000,000. In addition, the GCGP has advanced \$50,000,000 to the Authority, which is included in the contractor liability on the statement of financial position. The Authority is responsible for financing the costs it incurs directly, including property acquisition, project planning and development and other third-party costs, estimated to total \$216,000,000 for the project.

Payments to the GCGP commence on substantial completion of the project. The nominal monthly blended capital and interest payments, which will escalate based on a CPI index, are as follows:

July 2009 to December 2009	\$500 per month
January 2010 to June 2010	\$1,500 per month
July 2010 to June 2011	\$3,000 per month
July 2011 to June 2014	\$4,000 per month
July 2014 to June 2041	\$4,792 per month

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14. Commitments and contingencies (continued):

(h) Golden Ears Bridge ("GEB") (continued):

(i) Agreement with Golden Crossing General Partnership (the "GCGP") (continued):

The obligation to the GCGP will bear interest at an effective rate to be established on substantial completion of the project. The effective interest rate on the obligation will be the sum of the implicit interest rate, which establishes the net present value of the payment stream as the cost of the bridge, plus the CPI index.

The Authority will also pay the GCGP a monthly Operating, Maintenance, Rehabilitation ("OMR") fee of \$316,198, which will also escalate based on a CPI index.

The GEB contractor liability balance at December 31, 2008 represents the amount of funding received and the cost of construction-in-progress to be repaid by the capital payments described above.

(ii) Municipal and provincial handover facilities:

Under separate agreements between the Authority and the Township of Langley, the District of Maple Ridge, the District of Pitt Meadows, the City of Surrey (the "Municipalities") and the Province, the Authority will plan, design, finance and construct the GEB, together with a new network of highways. This will effect the improvement, upgrading, relocation and widening of existing provincial and municipal roads and highways, access facilities, ramps and traffic signals to improve access along and across the Fraser River. These newly constructed facilities and the upgrades to existing facilities (the Handover Facilities) will be transferred to the Municipalities and the Province upon substantial completion of the GEB project.

The Authority retains responsibility for the Handover Facilities until substantial completion of the GEB project. Upon delivery of the Certificate of Substantial Completion, the Authority will transfer title, ownership and possession of the Handover Facilities to the respective Municipalities and the Province. The Municipalities and the Province will assume ownership and the risks associated with the Handover Facilities and will operate, maintain and rehabilitate the Handover Facilities thereafter.

The total construction costs of the Handover Facilities are estimated to be \$72,500,000. As at December 31, 2008, the estimated costs to date of \$61,600,000, based on an 85% completion of the GEB project, are included in capital projects in progress. Upon substantial completion and transfer of title to the Handover Facilities to the Municipalities and the Province, the total costs will be expensed within the Capital Fund as a contribution. Substantial completion and transfer of title are expected to occur in 2009.

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14. Commitments and contingencies (continued):

(i) Lawsuits:

As at December 31, 2008, there are a number of lawsuits pending against the Authority arising in the ordinary course of business. Management is of the opinion that any successful claims against the Authority, which are not recoverable from the Authority's insurance, are not likely to be material and therefore, no provision has been made in the financial statements for any such liability.

(j) Albion Ferry operation:

The Authority has approved the discontinuation and decommissioning of the Albion Ferry operation in 2009, concurrent with the opening of the Golden Ears Bridge. Included in the amortization of capital assets for 2008 is a write off of \$956,000, representing the remaining net book value of the two ferries at the end of December 31, 2008.

(k) Other capital commitments:

At December 31, 2008, \$379,460,000 has been contractually committed for other capital projects in progress (2007 - \$279,332,000). This includes \$203,924,000 committed for various buses, community shuttles and HandyDART vehicle purchases.

15. Statement of cash flows:

	2008	2007
Items not involving cash:		
Amortization of capital assets	\$ 88,447	\$ 75,104
Amortization of capital assets charged to capital projects in progress	142	131
Amortization of bond discount	732	1,205
Employee future benefit expense	6,070	6,411
Loss on disposal of capital assets	1,232	888
Non-controlling interest in income (loss) of TPCC	48	(86)
Fair value adjustment on financial instruments	4,100	7,200
	<u>\$ 100,771</u>	<u>\$ 90,853</u>
Changes in non-cash working capital:		
Decrease (increase) in accounts receivable	\$ 3,927	\$ (1,197)
Increase in supplies inventory	(3,962)	(3,834)
Increase in prepaid expenses	(113)	(927)
Decrease in accounts payable and accrued liabilities	(9,097)	(31,360)
Employee future benefit contributions	(2,014)	(3,035)
	<u>\$ (11,259)</u>	<u>\$ (40,353)</u>

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16. Financial instruments:

(a) Credit, interest and foreign exchange risk:

The Authority utilizes various financial instruments. Unless otherwise noted, it is management's opinion that the Authority is not exposed to any significant credit or interest rate risk as a result of these financial instruments. Interest rates have been fixed for all long-term debt. The Authority's operations are all based in Canada and exposure to foreign exchange fluctuations is not significant.

(b) Fair values:

The fair value of debt reserve deposits, debt sinking funds and long-term debt at December 31, 2008 is \$40,755,000, \$361,400,000, and \$1,869,099,000 (2007 - \$37,069,000, \$278,294,000 and \$1,702,895,000), respectively.

For all other classes of financial instruments shown in these financial statements, management considers that the carrying amounts approximate fair values due to the immediate or short-term maturity of these financial instruments.

17. Comparative figures:

Certain of the comparative figures have been reclassified to conform with current year's financial statement presentation.