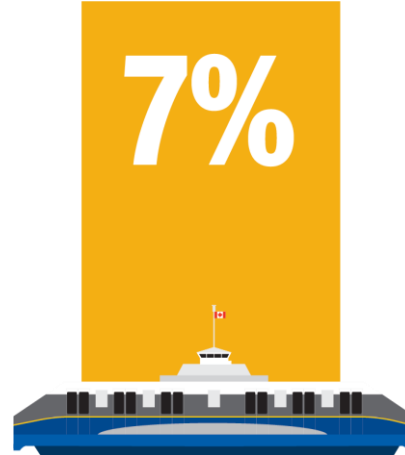
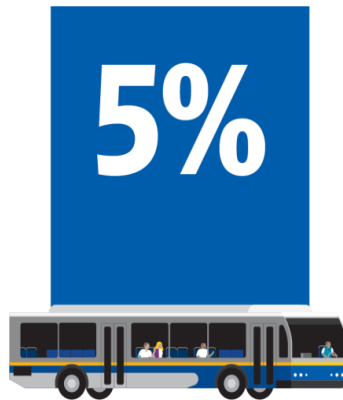


2018-2027 Investment Plan (Phase 2 Plan)

Finance and Intergovernment Committee
May 18, 2018

Geoff Cross, Vice-President Planning & Policy

The Phase One Plan has delivered immediate benefits across the region



Approximately 5% of SkyTrain service increase a direct result of the Phase One Plan; 12% from Evergreen Extension

Phase Two is a \$7.3 Billion plan made possible with support from all levels of government



FEDERAL

\$2.01 Billion

Committed from the federal Public Transit Infrastructure Fund (PTIF)



PROVINCIAL

\$2.55 Billion

Committed as provincial contribution to 40% of the capital costs of the Phase Two Plan



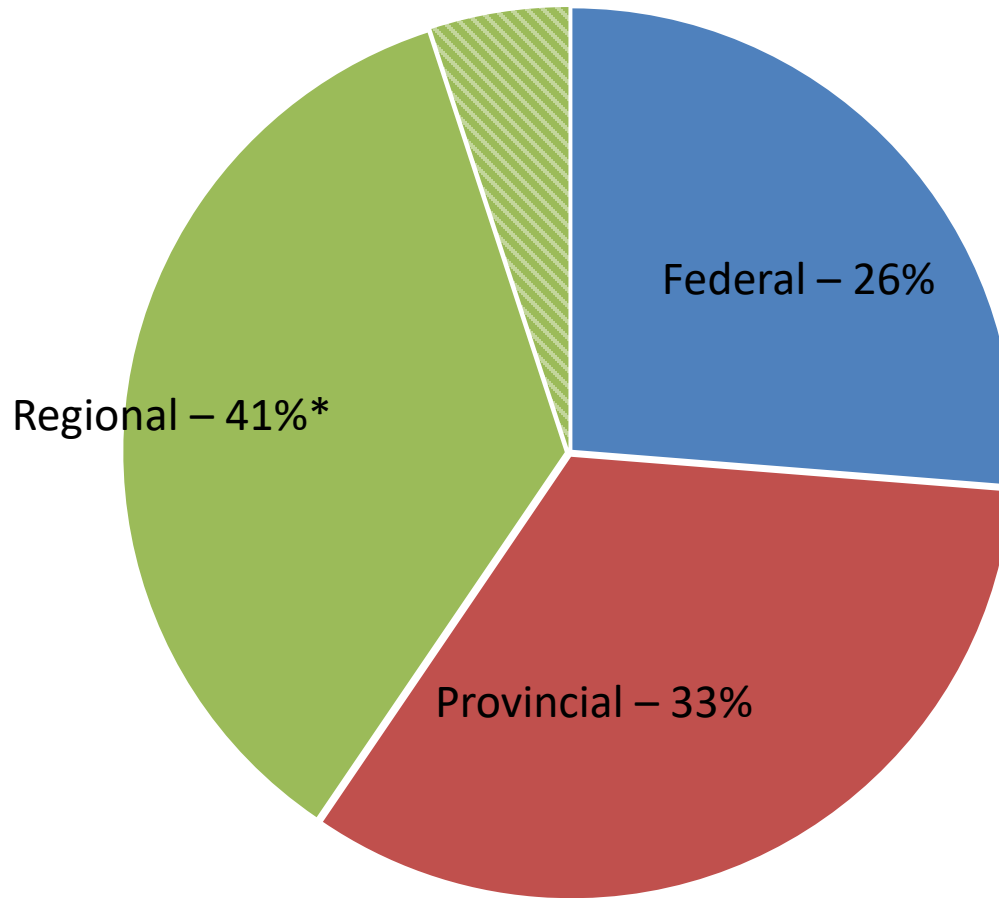
REGIONAL

\$2.7 Billion

\$1.85 billion in capital
\$855 million in operating*

*Does not include financing costs
Values are in Year of Expenditure dollars (YOES\$)

Phase Two Plan total expenditures (capital and operating 2018-27)



**includes financing costs*

Shaded area shows regional funding from proposed changes: fare increase, property tax increase, parking sales tax increase, DCC, and commercial revenues.

Completing the region's share

Transit Fares

An increase to transit fares in 2020 and 2021, in addition to increases already approved in Ph 1

- **additional 5 to 15 cents on adult and concession fares**



Property Tax

Property tax adjustment beginning in 2019:

- **additional \$5.50 increase per year on the average home**



Regional Development Fee

Increase revenue from DCC by \$7.5M annually

- Rates to be developed with further consultation



Parking Sales Tax

Increase in the parking sales tax rate from 21% to 24% beginning in 2019:

- Or an additional 15 cents per hours for a \$5 parkade





2018-2027 Investment Plan (Phase 2 Plan)

Finance and Intergovernment Committee
May 18, 2018

Rob Malli, CFO and Executive Vice-President

Financial Policy and Guideline Parameters

- **Gross Direct Borrowing Cap – Policy:** Currently at \$4B, required to increase to \$5.5B
- **Net Debt/Operating Revenue – Policy:** < 300%
- **Gross Interest/Operating Revenue – Policy:** < 20%
- **Net Debt per Capita – guideline:** < \$2,000
- **Liquidity – Unrestricted Cash & Investments – Policy:**
 - Alignment with debt covenants and maintaining debt ratings level throughout the plan
- **Sinking funds for all bonds with a bullet maturity – Policy:**
 - Requirement of Municipal Finance Authority of BC (MFA) debt outstanding and management policy for all other debt
 - Contributions to the sinking fund will provide for repayment of TransLink bonds at maturity

Background and Context – Borrowing Cap

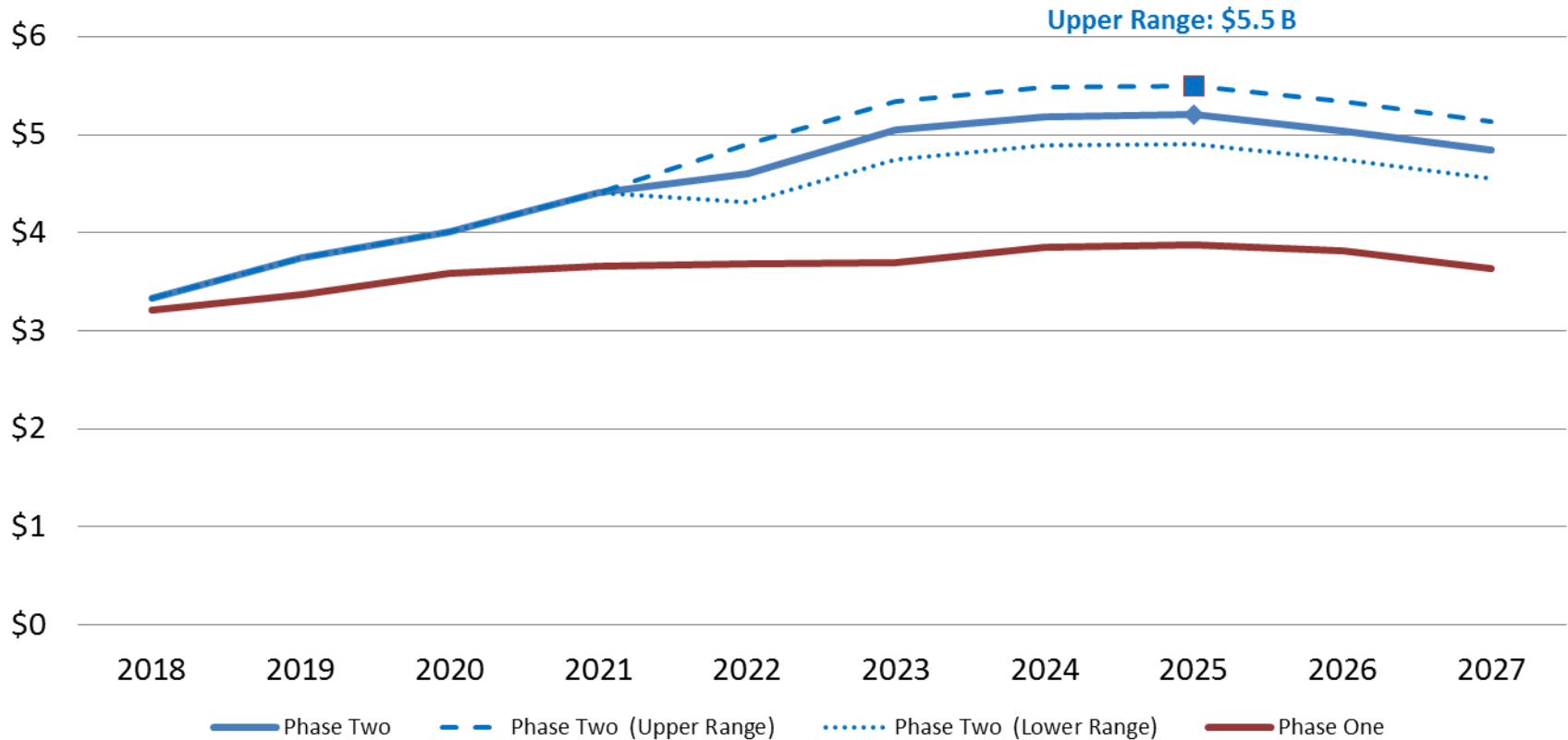
- TransLink’s current Gross Direct Borrowing Cap is aligned to the Phase One Plan at \$4B
- Any proposed increase requires approval by Mayors Council and TL Board through the adoption of the Investment Plan
- “Before the mayors’ council approves an investment plan that proposes an increase in the amount the authority may borrow, the mayors’ council must consult with the GVRD board of directors” – Section 31 (1) of the SCBCTA Act
- Phase Two Plan requirements call for an additional \$1.5B to the Borrowing Cap, to a total of \$5.5B

Why the Increased Borrowing is Required

- Current Investment Plan includes \$1.5 billion borrowing required from 2018 – 2026
- After financial models were run with the updated agreements and assumptions of cash flows, additional borrowing of \$1.7B is required for the new investment plan
- This makes the total borrowing required for the new Investment Plan estimated at \$3.2 billion from 2018 to 2027
- While the new Investment Plan is in the process of finalization, TransLink is confident that this new limit is at an appropriate level

Determination of the Required Borrowing Cap

Gross Direct Borrowing
(in billions)



Gross Debt Borrowing Cap – Approval Recommendation

Recommend debt limit increase to \$5.5 billion

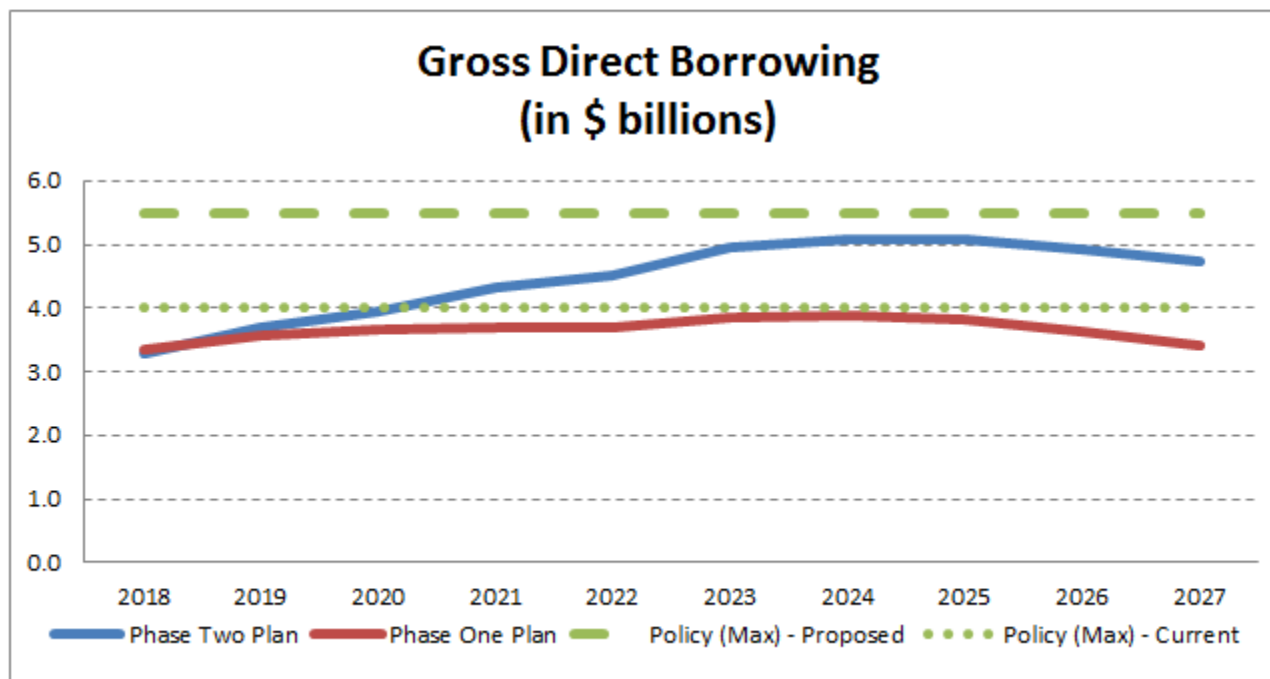
Gross Direct Borrowing

Policy: no greater than 5.5 Billion Proposed

Policy: no greater than 4.0 Billion Current

(in \$ billions)

	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027
Phase One Plan	3.4	3.6	3.7	3.7	3.7	3.9	3.9	3.8	3.6	3.4
Phase Two Plan	3.3	3.7	3.9	4.3	4.5	5.0	5.1	5.1	4.9	4.7
Policy (Max) - Proposed	5.5	5.5	5.5	5.5	5.5	5.5	5.5	5.5	5.5	5.5
Policy (Max) - Current	4.0	4.0	4.0	4.0	4.0	4.0	4.0	4.0	4.0	4.0

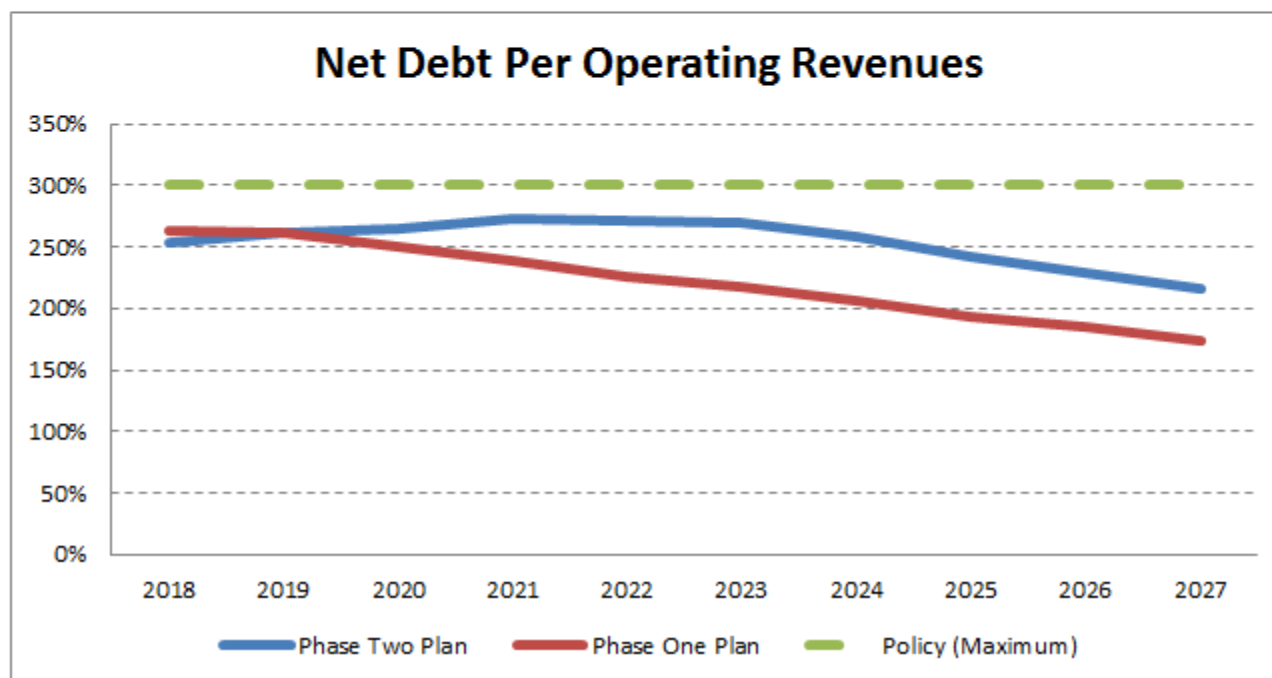


Net Debt Per Operating Revenues

As TransLink endeavours to maintain strong investment grade credit ratings, the credit metric of Net Debt as a percentage of operating revenue of not more than 300% is a policy set by the Board.

Policy: no greater than 300%

	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027
Phase One Plan	263%	262%	250%	238%	226%	218%	206%	194%	185%	174%
Phase Two Plan	253%	261%	264%	273%	271%	270%	258%	242%	229%	216%
Policy (Maximum)	300%	300%	300%	300%	300%	300%	300%	300%	300%	300%

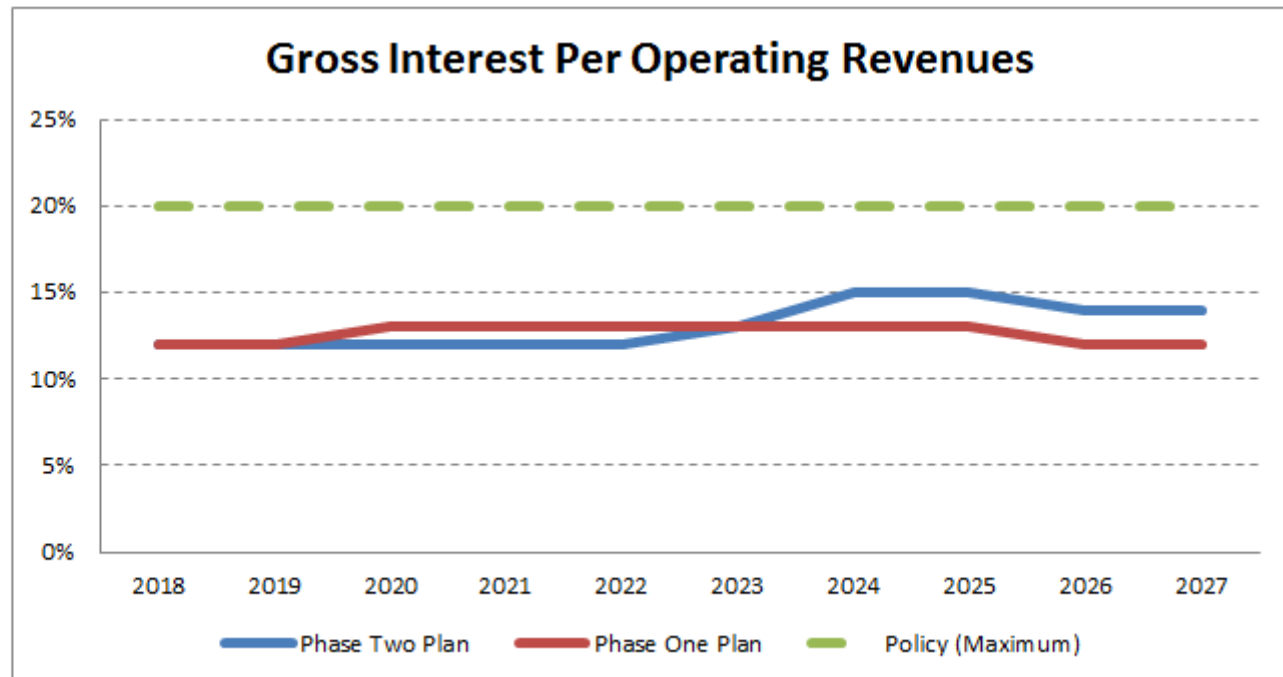


Gross Interest Per Operating Revenues

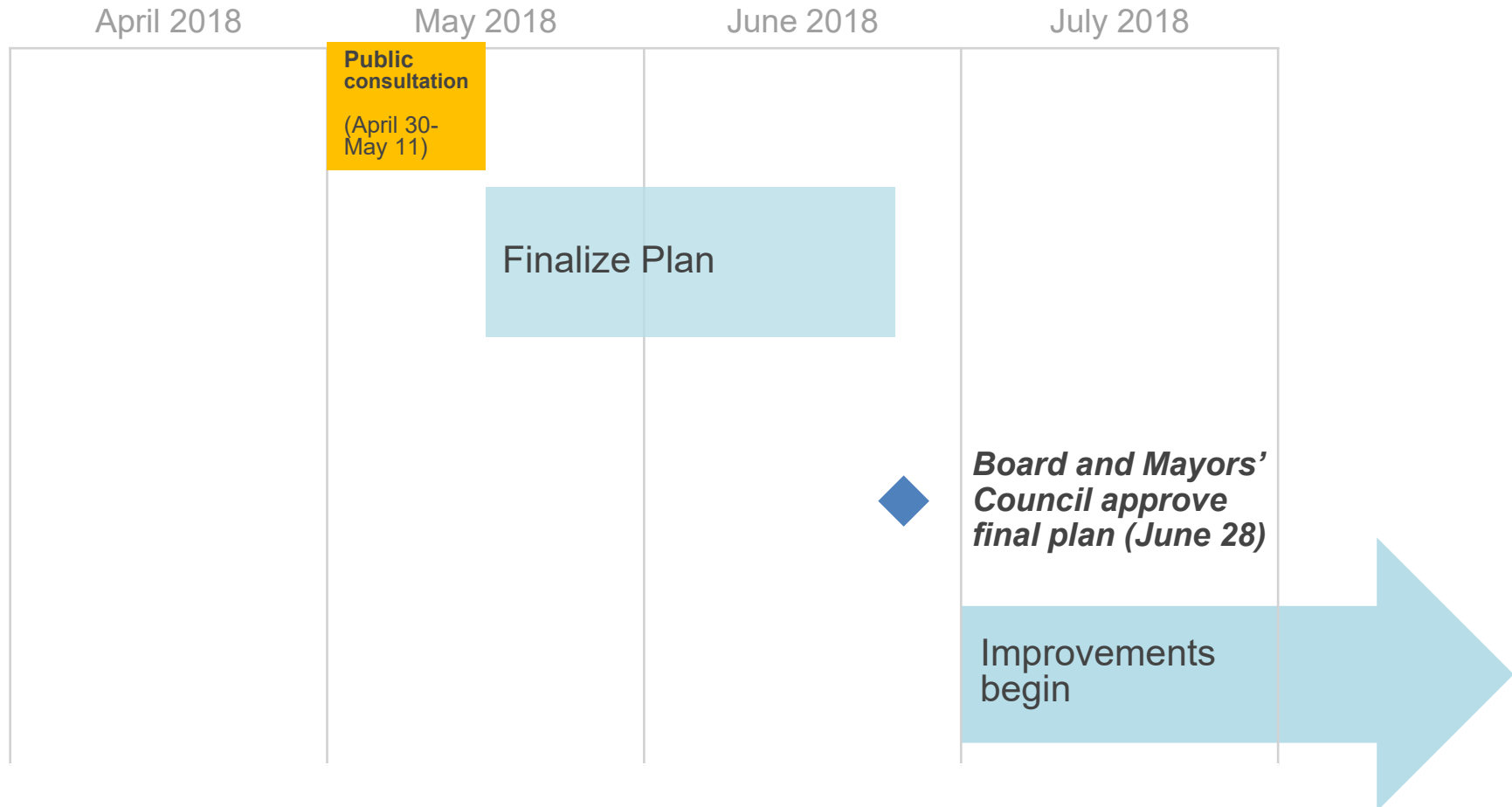
As TransLink endeavours to maintain strong investment grade credit ratings, the credit metric of Gross Interest cost as a percentage of operating revenue of not more than 20% is a policy set by the Board.

Policy: no greater than 20%

	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027
Phase One Plan	12%	12%	13%	13%	13%	13%	13%	13%	12%	12%
Phase Two Plan	12%	12%	12%	12%	12%	13%	15%	15%	14%	14%
Policy (Maximum)	20%	20%	20%	20%	20%	20%	20%	20%	20%	20%



Next Steps





Thank you

Tenyearvision.translink.ca