BI·STATE
DEVELOPMENT

OPERATING & CAPITAL BUDGET

FISCAL YEAR 2018

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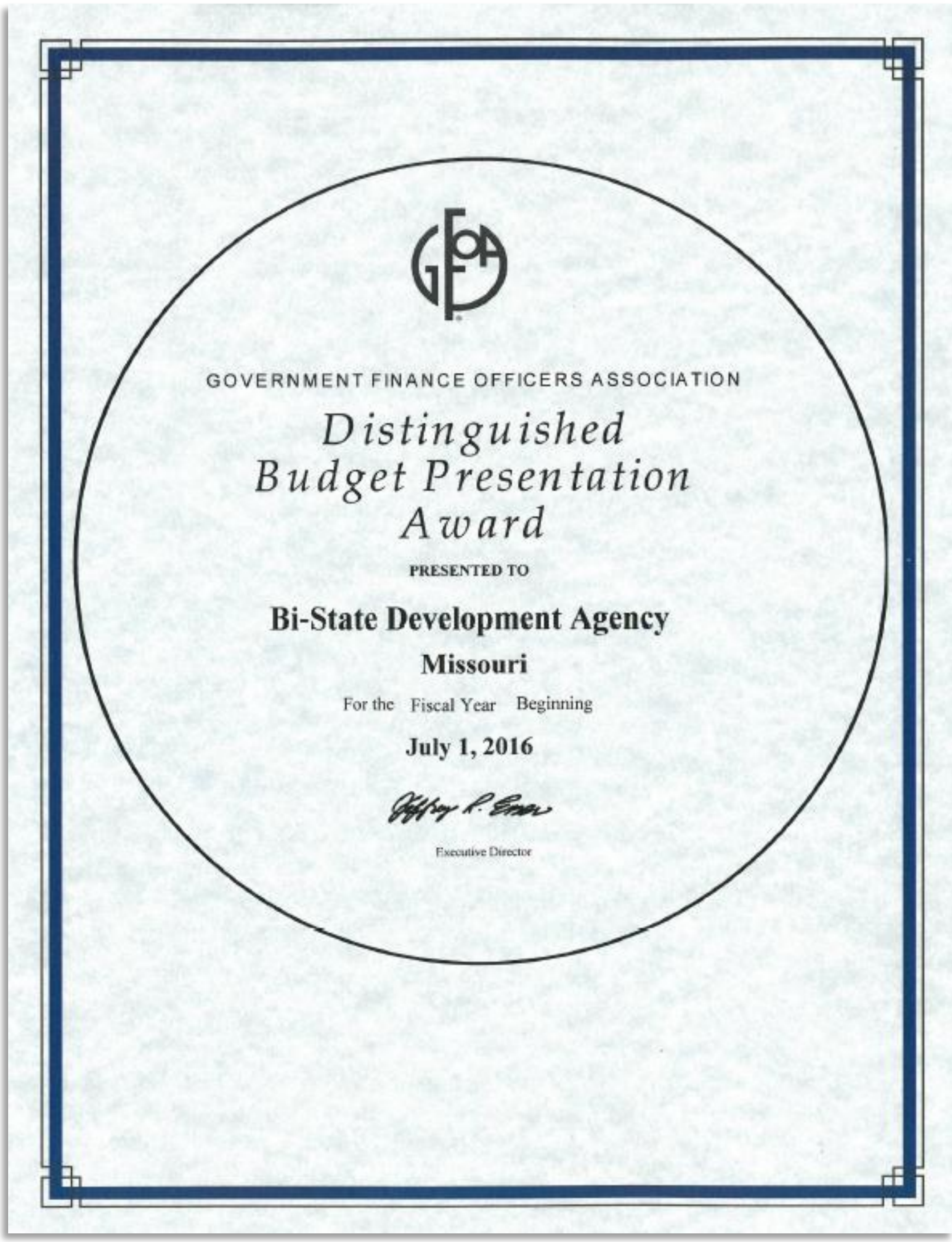
GOVERNMENT FINANCE OFFICERS ASSOCIATION

Distinguished Budget Presentation Award

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Missouri

For the Fiscal Year Beginning

July 1, 2016

Executive Director

To be awarded the Distinguished Budget Presentation Award a government entity must publish a document that is of the very highest quality, reflects the guidelines established by the National Advisory Council on State and Local Budgeting and meets the Government Finance Officers Association (GFOA) best practices on budgeting.

A Distinguished Budget Presentation Award is valid for a period of one year. We believe our current Bi-State Development FY 2018 - 2020 Capital and Operating Budget continues to meet the Certificate of Achievement Program requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

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Authority and Government

Bi-State Development was established on September 20, 1949, by an interstate compact passed by the state legislatures of Illinois and Missouri and approved by both governors. The compact was approved by the U. S. Congress and signed by President Harry S. Truman on August 31, 1950. A 10-member Board of Commissioners sets policy and direction for the organization. The governor of Missouri appoints five commissioners and the County Boards of St. Clair and Madison Counties in Illinois appoint five commissioners. All commissioners must be resident voters of their respective state and must reside within the Bi-State Metropolitan District. Each term is for five years and each serves without compensation.

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March 13, 2017

Message from the President and Chief Executive Officer

The Bi-State Development Agency of the Missouri-Illinois Metropolitan District (BSD) presents to the Board of Commissioners for approval, the Fiscal Year (FY) 2018-2020 Capital and Operating Budget. Included in this document is the agency's federally required three-year Transportation Improvement Program identifying the operating and capital resources necessary to serve our regional stakeholders and meet the St. Louis metropolitan area's transportation requirements. Bi-State Development's Transportation Improvement Program will be incorporated into the region's list of transportation priorities and projects eligible for federal financial assistance, generated by East-West Gateway Council of Governments, the Metropolitan Planning Organization.

Each day, Bi-State Development employees contribute to the overall success of the organization and in turn improve the quality of life for those who visit or reside in the St. Louis region. BSD is an award-winning organization and has been recognized for many of its achievements in the past year. On the financial front, we have much to be proud of as Bi-State Development received a clean opinion on both its FY2016 Financial Statement Audit and Single Audit. The auditors reported BSD had no internal control weaknesses and was in compliance with its National Transit Database filing requirements. For an organization of our size and complexity this complete lack of findings is something to be lauded. In addition, on December 12, 2016, during a visit to St. Louis, now former Secretary of the U.S. Department of Housing and Urban Development Julián Castro, went out of his way to visit our new North County Transit Center where he praised Bi-State Development for its achievements and the investments it has made to support the St. Louis region.

Bi-State Development was created by a Compact between the States of Illinois and Missouri and ratified by Congress in 1949. It created an organization with broad powers to facilitate and support regional economic development across state and other geopolitical boundaries. In recent years, Bi-State Development has rededicated itself to the primary mission to promote trade and fiscal growth on both sides of the river. Each of our five agency enterprises (Metro, St. Louis Regional Freightway, St. Louis Downtown Airport, Bi-State Development Research Institute, and Gateway Arch Riverfront), are actively working with key civic leaders and organizations to support a strong economic direction for the St. Louis Metropolitan area.

I invite you to consider the breadth and depth of Bi-State Development's accomplishments included in the Highlights and Organization Profile sections immediately following and I want to take this opportunity to call attention to several very important agency activities encompassed by this budget that will positively impact the region for years to come.

In November 2016, the Bi-State Board of Commissioners gave its support to the efforts of Presiding Franklin County (MO) Commissioner John Griesheimer for Franklin County to join the Bi-State Compact. Franklin County is the only St. Louis Metro County currently not a member. The measure to amend the Compact must be passed by the Illinois and Missouri General Assemblies before moving to the U.S. Congress for ratification.

Metro remains at the forefront of the Federal Transit Administration mandate to keep all assets in a state of good repair. Metro's nationally recognized vehicle maintenance program places Bi-State Development in a position as a key transit industry leader. Future capital projects for transit include the completion of the expansion of the Civic Center Transit Center in the City of St. Louis and a public-private partnership to construct a new MetroLink station in midtown St. Louis that will serve the thriving Cortex Innovation District. In 2016, Metro also completed the Eads Bridge renovation project and opened the new North County Transit Center in Ferguson MO, serving all of North County.

While enjoying significant success in FY 2017, it is important to note that economic pressure and regional and national events have unfavorably impacted BSD enterprises at least in the short term. Transit continues to experience declining ridership over the past 30-month period. Competitive fuel prices make commuting by automobile a more attractive option for riders who have access to vehicles. Fuel costs are expected to remain low into 2018 and will continue to affect ridership trends that Transit has been experiencing since the fall of 2014. An increase in serious crime in the region has also impacted Metro operations. Recent crime trends have motivated BSD to allocate $20 million in additional funding toward security in FY2018 and beyond. BSD will continue to work with its funding partners to address all security issues and ensure the safety of our patrons. Transit has incorporated these factors in to its ridership projections in the FY 2018 operating budget and also plans no fare increase for the fiscal budget.

The Gateway Arch campus renovations, which began in 2013, are moving closer to completion. In partnership with CityArchRiver and the National Park Service, the renovations of the monument, grounds and museum construction as well as a Bi-State Development major infrastructure upgrade of the tram motor generator system have changed the face of the downtown riverfront and created better connections and access to the Arch and ensure that the Arch will remain a national/international destination. These investments are expected to positively affect the St. Louis regional economy.

Just last month, the St. Louis Regional Freightway and the Port of New Orleans entered into a Memorandum of Understanding to exchange market and operational information with the goal of growing trade and building upon existing and new business relationships between the two regions and critical ports. The Freightway is focused on marketing the region's freight assets to the nation as well upgrading and improving the regional freight infrastructure through public-private partnerships to attract new freight-related businesses, jobs and investment in the region. The Mississippi River and its tributaries have a combined 14,500 miles of navigable waterways. The partnership between the Port of New Orleans and the Regional Freightway is uniquely qualified to take advantage of this natural waterway network.

The Bi-State Development Research Institute brings expertise to plan and execute proposed regional programs, public infrastructure and public/private real estate improvements. This coming fiscal year, the Research Institute will expand BSD's role in St. Louis by improving the lives of transit riders and residents through more accessible medical and healthy food options which will be supported by $1.5 million in grant funding.

St. Louis Downtown Airport, that generates more than 3,700 jobs for the region and provides an economic impact of $584 million is slated to receive a Federal Aviation Administration safety improvement project grant for taxiway rehabilitation to help pay for the first phase of the project.

As a leader in economic development opportunities among St. Louis area organizations, Bi-State Development hosted its second annual meeting in November 2016, focusing on collaboration and regionalism with our economic development partners. With attendance of over 600, the meeting featured a keynote address delivered by the Governor of the State of Missouri.

In February 2017, we welcomed a new Madison County representative to the Board of Commissioners. Mr. Justin Zimmerman, an associate in the Madison County, Illinois office of Lewis Brisbois, replaced Commissioner Tadas Kicielinski.

The FY 2018 - FY 2020 Capital and Operating Budget, as prepared, outlines a financial plan to advance the community economically and socially, focusing on improving the customer experience. The capital and operating budgets are presented by major business segment. Upon approval by the Board of Commissioners, the FY 2018 - FY 2020 capital and operating budgets continue through a review and approval process that includes the St. Louis County Public Transportation Commission before advancing to the County Executive in St. Louis County and the Ways and Means Committee of the Board of Aldermen in the City of St. Louis.

Bi-State Development continually looks for new opportunities to promote future business expansion within the region. To this end, in the coming year we will embark on a strategic planning effort to articulate the future goals of the agency and our plan for facilitating regional economic development as well as further aligning the work of agency enterprises. BSD and its team members are committed to the mission of bringing economic and industrial growth to the St. Louis region and providing a pleasant, memorable experience for visitors and residents of the metropolitan area.

John M. Nations
President and Chief Executive Officer

Highlights

A summary of the FY 2018 - FY 2020 Operating and Capital Budget for Bi-State Development is as follows:

- Operational Business and Component units expense (without depreciation and transfers) budget FY 2018 - FY 2020 (in millions):

	FY 2018	FY 2019	FY 2020
Executive Services	$ 4.2	$ 4.4	$ 4.5
Gateway Arch	7.2	7.4	7.3
Metro Transit	339.3	349.4	358.8
St. Louis Downtown Airport	1.7	1.8	1.8
Riverfront Attractions	2.7	2.8	2.8
St. Louis Regional Freightway	0.9	1.0	1.0
Bi-State Development Research Institute	0.1	0.1	0.1
Arts In Transit, Inc.	0.1	0.1	0.1
Health Self-Insurance: SIF	31.9	34.5	35.6
Casualty Self-Insurance: SIF	3.5	3.6	3.8
Workers' Comp Self-Insurance: SIF	5.2	5.3	5.4
Intercompany Eliminations	-35.8	-38.3	-39.1
Total	$ 361.0	$ 372.1	$ 382.1

Proprietary funds and non-profit capital budget FY 2018 - FY 2020 (in millions):

	FY 2018	FY 2019	FY 2020
Gateway Arch	$ 0.9	$ 0.0	$ 1.1
Metro Transit	483.4	91.0	107.4
St. Louis Downtown Airport	5.1	11.5	8.4
Riverfront Attractions	0.2	0.0	0.2
Total	$ 489.6	$102.5	$ 117.1

FY 2016 - FY 2017 Overview

Bi-State Development achieved significant milestones in FY 2017. The organization continued to assert its role as an economic development engine with broad powers to cross local, county and state boundaries to drive regional economic vitality.

- Metro was recognized by the federal government for excellence in maintenance and asset management. The Federal Transit Administration (FTA) acknowledged Metro as a model for transit asset management. Specifically highlighted by the FTA in the July 26, 2016 *Federal Register* was a case study of Metro Transit's industry-leading bus maintenance program and how it has been able to extend the lifespan of buses by 25 percent and decrease the rate of breakdowns by 85 percent, resulting in service reliability for the customer and substantial cost savings for the taxpayer.

- Metro completed the Eads Bridge renovation project in October 2016.

- Metro opened its newly constructed North County Transit Center (NCTC) in March 2016. North St. Louis County is one of the region's fastest growing transit markets and the new transit center will provide faster and more frequent MetroBus service.

- Julián Castro, former Secretary of the U.S. Department of Housing and Urban Development (HUD), praised Bi-State Development for its achievements and the investments it has made to support the St. Louis region.

- Carolyn Flowers, former Acting Administrator for the Federal Transportation Administration cited the St. Louis region as a model of efficiency that expands transportation options and opportunities for residents, during a recent visit to the region. Administrator Flower's tour included the Civic Center Transit Center in downtown St. Louis, which is under construction for expansion. When completed, the new facility will provide 18 MetroBus bays, two Metro Call-A-Ride paratransit bays and an accommodation area for 60-foot articulated buses. Flowers also toured the newly renovated Leonor K. Sullivan Boulevard. The road construction beneath the Gateway Arch elevated the street level two feet, which will minimize the impact of Mississippi River flooding on the St. Louis Riverfront.

- The St. Louis Regional Freightway, one of BSD's newest enterprises, hosted a freight economy roundtable featuring Gregory Nadeau, U.S. DOT Federal Highway Administrator. It was Nadeau's 24th and final national roundtable of the year. More than 120 participants discussed a variety of freight topics including how the region will direct infrastructure investments to make freight movement faster, more safely and more efficiently.

- The President and Chief Executive Officer of the Port of New Orleans was the guest speaker at a luncheon hosted by the St. Louis Regional Freightway. The lunch forum focused on how the St. Louis region can create economic growth opportunities through the inland port system. The St. Louis region is the third largest inland port and has approximately 105 million tons of cargo pass though the region annually.

- Subsequently, the St. Louis Regional Freightway and the Port of New Orleans entered into a Memorandum of Understanding to exchange market and operational information with the goal of growing trade and building upon existing and new business relationships between the two regions and critical ports.

- The BSD Research Institute, in partnership with St. Louis County Department of Public Health, was awarded approximately $1.0 million for an innovative mobile health unit program. The mobile medical units will provide health screenings at several MetroLink stations in North St. Louis County. The FTA grant was one of 19 awarded in 16 states and the only one in Missouri. The Research Institute was previously awarded a $41,900 grant by Missouri Foundation for Health for a feasibility study on the project.

- The BSD Research Institute was awarded nearly $600,000 from Missouri Foundation for Health to launch a pilot program to bring healthier food options closer to Metro riders and residents in the communities adjacent to the North Hanley and Wellston MetroLink Stations in North St. Louis County. The grant will fund a pilot program for the development and operation of food kiosk markets at those stations. The goal is to increase the availability of fresh fruits, vegetables and other healthy food staples for residents who do not have convenient access to grocery stores, farmers' markets or other healthy food providers.

- The St. Louis Downtown Airport is evaluating the pricing and provisions of its current leases and looking for practical opportunities to increase rental revenue, as the market allows. Capital projects to make the airport more competitive and attractive to potential lease holders include an engine runup and runway expansion. These capital projects are contingent upon successful competition for federal and state funding and available matching local funds.

- Construction on the Gateway Arch grounds has impacted the Gateway Arch and Riverboat operations in FY 2017. The Gateway Arch was closed to replace tram motor generator sets from late November 2016 until early spring 2017. This engineering renovation is part of the largest undertaking at the Gateway Arch campus since its completion in the 1960's. The completed project is expected to have a positive impact on tourism for the Arch, the riverboats and the entire St. Louis region.

- Former Missouri Governor Jay Nixon was the featured speaker at Bi-State Development's second annual meeting. Governor Nixon, who is a resident of the St. Louis metropolitan region, spoke about the importance of community and future economic growth and positioning for the region. Other noted speakers included St. Louis County Executive Steve Stenger, City of St. Louis Mayor Francis Slay, and St. Clair County Board Chairman Mark Kern. The crowd included other notable politicians and business leaders who were treated to a visual presentation about BSD and its economic impact to the region.

In addition to the accomplishments discussed above, please note the awards and recognition received by BSD, its enterprises and its employees in the past year.

- President and Chief Executive Officer John Nations was recognized by Construction Forum STL with a 2016 Building Tomorrow award for Regional Unity on October 21st. Mr. Nations received the award for his role as a long time champion of regionalism, job growth, and economic development. Some of his accomplishments include: leading the effort that resulted in the rebirth of the Chesterfield Valley after the flood of 1993, leading the 2010 St. Louis County campaign to fund public transportation which won with a landslide victory of more than 63 percent of the vote.

- BSD projects received AVA Digital Awards from the Association of Marketing and Communications Professionals. The AVA Awards are an international competition recognizing excellence in digital communication. The highest honor is their Platinum Award, followed by Gold and Honorable Mention:

    - “We Are Bi-State Development” video that launched the agency’s new brand received four awards
        - Platinum - Best Corporate Video – Corporate Image
        - Platinum - Best Web Video – Corporate Image
        - Gold - Best Corporate Video – Company Overview
        - Gold - Best Web Video – Company Overview
    - The “Don’t Be That Guy” microsite that focused on improving the Metro transit experience by highlighting nuisance behaviors to avoid received a Platinum Award for best Microsite.
    - The “Metro Love Story” blog series that highlighted couples who met while riding the Metro transit system received two Gold Awards for best Brand Conversation and best Blog.
    - The “Grand Needs More Bus” microsite that introduced our investment into new articulated bus service on the #70 Grand MetroBus route received an Honorable Mention Award for Best Microsite.

- Marketing and Communications received two 2016 Bronze Telly Awards. The 2016 awards competition included more than 13,000 entries which were received from all 50 states and 5 continents. The Telly Award is the premier award honoring the finest film and video productions. Both awards were for the BSD brand video.
    - Non-Broadcast Productions: Corporate Image category
    - Non-Broadcast Productions: Public Relations

- Marketing and Communications were winners of six Hermes Creative Awards and five Honorable Mentions for Marketing, Communications and Social Media:
    - Platinum Award categories won
        - Communications/Marketing Plans
        - Corporate Image
        - Logo
        - Social Marketing Campaign
    - Gold Award categories won
        - Blog
        - Poster
    - Honorable Mention categories
        - Poster
        - Outdoor
        - Speech (2 acknowledgements)
        - Project photos
    - Winners of 10 Communicator Awards (an international awards program recognizing excellence in marketing and communications)
    - 2016 Gold Award of Excellence categories
        - Outdoor Advertising
        - Marketing / Poster
    - 2016 Silver Award of Excellence categories
        - Annual Report
        - Community Building and Engagement
        - Print Advertising
        - Film / Video – Corporate Image
        - Online Video
        - Corporate Identity – Logo
        - Outdoor Advertising
        - Animation

- BSD was the winner of seven Summit Creative Awards which is a national awards program that recognizes creative and communication excellence.
    - Gold Awards
        - Billboard
    - Silver Awards
        - Outdoor Advertising
        - Best Idea Never Produced
        - B-to-B Logo
    - Bronze Awards
        - Microsite
        - Photography

- Metro and Forest Park Forever received the St. Louis Spirit Award from the St. Louis Attractions Association for the promotion, marketing and operation of the Forest Park Trolley. This award recognizes the contributions the Forest Park Trolley has made to attract more visitors to the region, improve the St. Louis experience for visitors and make a positive impact to regional tourism.

- Metro was the First Place Winner of American Public Transportation Association's (APTA) AdWheel Award for Best Social Media Campaign, "A Metro Love Story." The First Prize Winner was later announced as the Grand Prize winner among all Social Media categories at APTA's Annual Conference in October.

- Procurement was awarded the 2015 Annual Achievement of Excellence in Procurement (AEP) Award from the National Procurement Institute (NPI). The AEP Award is earned by public and non-profit organizations that obtain a high application score based on standardized criteria, innovation, professionalism, e-procurement, productivity, and leadership attributes of the procurement function. This is the third year in a row BSD has received the AEP Award.

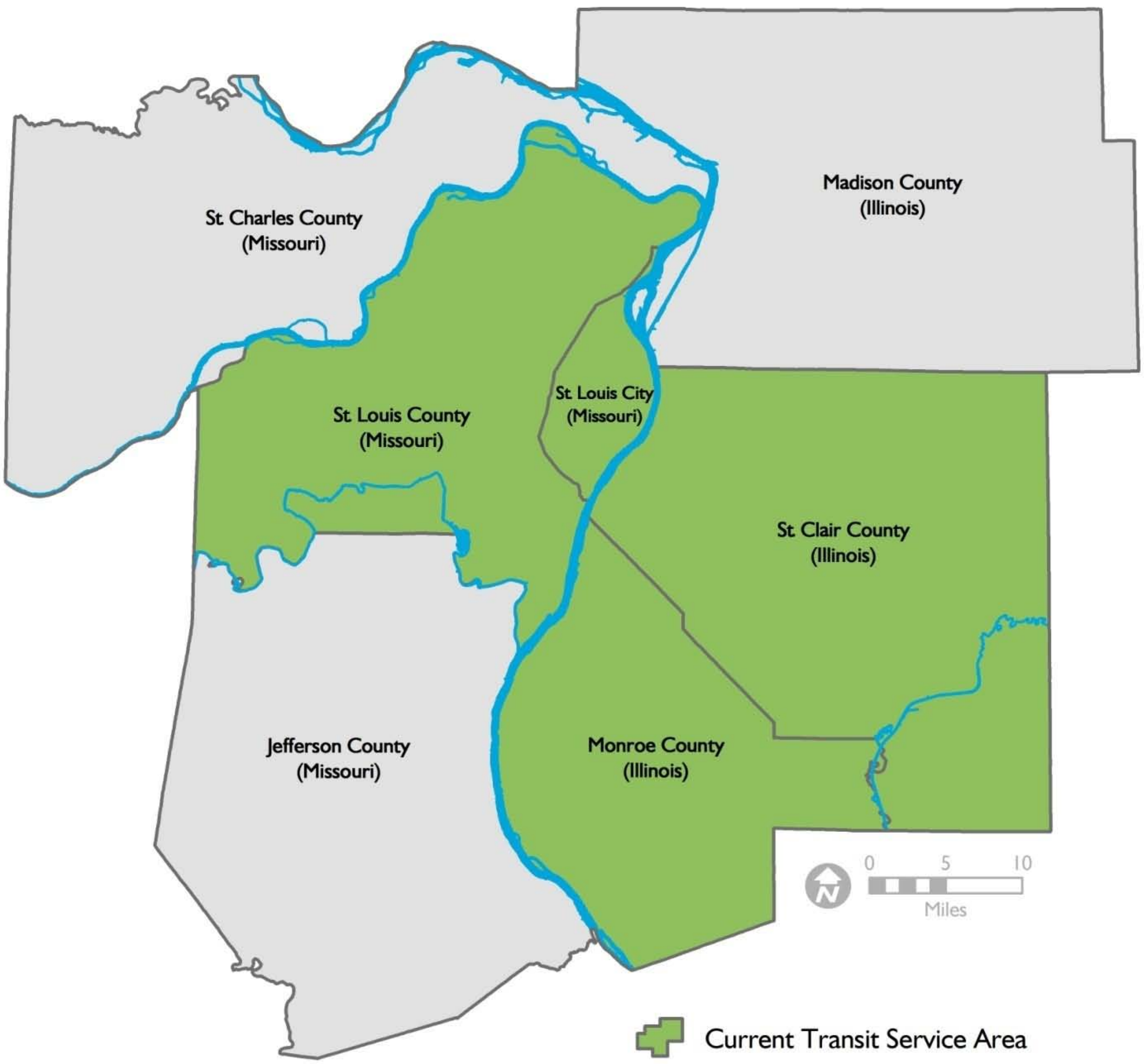
- BSD Procurement and Supplier Diversity Departments was awarded the Outstanding Agency Accreditation Award for excellence and sound practices in procurement by NIGP: The Institute for Public Procurement. BSD was one of only 143 entities to attain this distinction among the 2,500 governmental agencies eligible to be considered.

- Kathy Klevorn, Chief Financial Officer of Bi-State Development, was selected as a winner of the 2017 CFO of the Year Award from the St. Louis Business Journal. This honor recognizes effective financial officers who deliver a positive impact to their organizations' bottom line, and who also look past the numbers to help their organizations grow in multiple areas by supporting their team and taking on new responsibilities and initiatives.

- Finance Division received the Government Finance Officers Association (GFOA) of the United States and Canada Awards for FY the most recent year.
  - Received a Certificate of Achievement for Excellence in Financial Reporting for the 21st consecutive year. BSD received the award for its comprehensive annual financial report (CAFR). The Certificate Achievement is a prestigious national award recognizing conformance with the highest standards for preparation of state and local government financial reports. A Certificate of Achievement is valid for a period of one year.
  - Received its 10^{th} Distinguished Budget Presentation Award for the FY 2017 operating and capital budget. The award recognizes the high standards of preparation of state and local governmental budgets.

Organization & Community Profile

BI·STATE DEVELOPMENT
Gateway to growth. On both sides of the river.™



Bi-State Development Profile

Organizational History and Enterprise Overview

Bi-State Development was established on September 20, 1949, by an interstate compact passed by the state legislatures in Illinois and Missouri, and then approved by the governors of the two states. The Compact, approved by the United States Congress and signed by President Harry S. Truman on August 31, 1950, created an organization that has broad powers in seven counties (St. Louis City, St. Louis, St. Charles and Jefferson Counties in Missouri and St. Clair, Madison and Monroe Counties in Illinois). The Compact gives BSD the ability to plan, construct, maintain, own and operate bridges, tunnels, airports and terminal facilities, plan and establish policies for sewage and drainage facilities and other public projects, and issue bonds and exercise such additional powers as conferred upon it by the legislatures of both states. Funding is received from local, state and federal sources through grant, contract and sales tax revenue. BSD does not have taxing authority but is authorized to collect fees from the operation of its facilities.

Today, BSD is organized as one parent organization with several business operating units including *St. Louis Downtown Airport, Gateway Arch Riverfront, Metro, Bi-State Development Research Institute, Arts In Transit, Inc., and St. Louis Regional Freightway.* BSD also has three self-insurance funds (Health, Casualty and Workers' Compensation) that support operations and operates Arts in Transit, Inc. a 501(c)(3) organization that ensures the integration of local art and design on our region's transit system.

History	
1949	Bi-State Development Agency was created.
1950	Interstate Compact approved by U.S. Congress and President Truman.
1953	Granite City Dock bonds issued.
1962	Gateway Arch Transportation System bonds issued.
1963	Purchased 15 local transit systems.
1964	Purchased Parks Airport (St. Louis Downtown Airport).
1967	Gateway Arch Transportation System (trams) opened (Arch opened in 1965).
1986	Gateway Arch Parking Facility opened.
1988	Call-A-Ride begins demand response service.
1993	MetroLink opened. St. Clair County in Illinois approved sales tax to fund future MetroLink corridor.
1994	City of St. Louis and St. Louis County approved ¼ cent sales tax for regional transit improvements.
1997	City of St. Louis passed ¼ cent sales tax contingent on St. Louis County passage.
1999	Received Outstanding Achievement for Light Rail award from APTA.
2001	St. Clair County Illinois MetroLink extension opened. Purchased Tom Sawyer and Becky Thatcher riverboats.
2002	First of nine MetroBus transfer centers and garages opened.
2003	MetroLink opened Illinois Shiloh-Scott extension.
2006	Cross County MetroLink line opened.
2010	St. Louis County approved Prop A ½ cent sales tax.
2013	Missouri voters passed Proposition P, a 3/16 cent sales tax to fund improvements for trails and parks in the region and to provide additional funding to the Gateway Arch grounds.
2014	Bi-State Research Institute was formed. BSD tasked to lead the Regional Freight District. Gateway Arch Parking Facility discontinued operations.
2016	St. Louis Regional Freightway was launched and the Historic Eads Bridge rehabilitation project was completed.

Regional Infrastructure Development

One of Bi-State Development's first projects was the 1953 construction of a 600-foot wharf in Granite City, Illinois. BSD issued $1.5 million in revenue bonds for the cost of construction. The wharf and its facilities were used for mooring, loading and unloading barges, the handling of commodities to be transported by barges and transit storage. BSD contracted with Granite City Terminals Company to run the southern end of the wharf. The port was sold to America's Central Port (formerly Tri-City Regional Port) on April 15, 1975 for $730,000. In the early 1960's, BSD participated in an exhaustive study of the St. Louis County sewer problem that contributed to creation of the Metropolitan St. Louis Sewer District. In 2016, BSD celebrated the completion of the first full-scale rehabilitation of the historic Eads Bridge. The 142-year-old structure is the oldest bridge still in operation across the Mississippi River and the $48 million comprehensive rehabilitation project was necessary to extend the life of the bridge for another 75 years so it can continue to carry vehicles, pedestrians and MetroLink trains across the river, providing a critical link between downtown St. Louis, Missouri, and East St. Louis, Illinois. It is the only connection for MetroLink between the two states, carrying 300 MetroLink trains each day.

St. Louis Downtown Airport

By 1961, Lambert International Airport was becoming so crowded that a secondary St. Louis airport was essential. Realizing an additional airfield was crucial to the continuing economic growth in St. Louis, the region looked to BSD for a solution. An agreement was reached that BSD would assist in reopening Parks Metropolitan Airport in Cahokia, Illinois. BSD acquired the airport property for $3.4 million in 1965, reopened it as the Bi-State Parks Airport and invested in airport improvements. In July 1999, the Board of Commissioners renamed it the St. Louis Downtown Airport. Today, St. Louis Downtown Airport, is the third busiest airport in Illinois and second busiest in the St. Louis region. It generates more than 3,700 jobs and provides a regional economic impact of $584 million.

St. Louis Downtown Airport has been awarded a $850,000 grant award by the Federal Aviation Administration (FAA) to help fund needed improvements to its taxiway. The grant will help pay for the first phase of a rehabilitation project to address the limited availability of adequate routes to and from the ramp area and runways to safely accommodate larger aircraft which are key to continued growth at the airport.

Tourism Innovation: Gateway Arch and Riverfront Attractions

October 2015 marked the 50th Anniversary of the completion of the Gateway Arch and of BSD's partnership with the National Park Service. In the early 1960's, BSD was asked to fund and operate the Gateway Arch tram system that would carry visitors to the top of the Gateway Arch. A $3.3 million revenue bond issue was completed in July 1962, and a unique partnership with the Gateway Arch and National Park Service began. Today, BSD continues to operate the trams and other services as a cooperative effort with the National Park Service. Renewing the agreement with the National Park Service in 2014 allowed BSD to move forward with other important capital projects at the Arch. BSD issued $7.5 million in bonds to replace the tram system motor generator sets and a portion of the Visitor's Center/museum roof to be completed in 2017.

Bi-State Development extended its presence on the St. Louis riverfront at the foot of the Jefferson National Expansion Memorial in July 2001. Bi-State Development purchased the Becky Thatcher and Tom Sawyer Riverboats preserving the long history of riverboat cruising in St. Louis. The riverboat business is a continuation of the Streckfus Steamers Company, which was founded in 1891. BSD riverfront attractions also include the operation of a barge heliport. Gateway Helicopter Tours operates from a barge on the riverfront and has daytime flight tours of several scenic locations around the region.

Metro Transit

Metro was founded in 1963 when BSD purchased and consolidated 15 privately owned transit operations by using a $26.5 million bond issue to sustain efficient and reliable bus service in the region. Today, BSD provides three modes of public transportation services in the St. Louis region: MetroBus, bus operations; MetroLink, light rail operations; and Metro Call-A-Ride, paratransit operations. The MetroBus fleet consists of approximately 400 vehicles operating on 79 MetroBus routes. The MetroLink light rail system has 46 miles of track, 37 stations and 21 Park and Ride lots. The Metro Call-A-Ride fleet has 120 vans which primarily provide curb-to-curb van service for Americans with Disabilities Act (ADA) eligible customers. In addition, Arts in Transit, Inc. facilitates public art programs and community engagement projects that ensure excellence in art and design that weave transit into the community.

BSD expanded into light rail transportation in July 1993. The original 17-mile corridor was constructed between Lambert International Airport in Missouri and Fifth and Missouri Streets in East St. Louis, Illinois. MetroLink doubled in length with the 2001 expansion to Southwestern Illinois College in Illinois and the 2003 expansion to Shiloh, Illinois, home of Scott Air Force Base. The most recent light rail expansion occurred in August 2006 when the Cross County extension was completed. This expansion added another eight miles on the Blue Line through Clayton south to Shrewsbury, Missouri.

In 1987, Metro Call-A-Ride began demand response service to fill a need for alternative transportation service to customers with physical or cognitive disabilities who are unable to independently use regular fixed route bus or light rail service. BSD has created programs to educate and certify all paratransit users. BSD also spearheaded the regional Transportation Management Association (TMA), which consists of private for-profit and non-profit transportation providers working together to provide regional paratransit services.

Today, East-West Gateway Council of Government, the region's metropolitan planning organization, is involved in consideration of several MetroLink expansion options for the future while Metro transit continues to implement its long-range plan with projects like the new North County Transit Center (completed in March 2016), as well as projects in the works like the Civic Center Transit Center expansion and construction of a new MetroLink station to serve the Cortex Innovation Community which will open in 2018.

Bi-State Development Research Institute

In 2014, the Bi-State Development Research Institute, a 501(c)(3) non-profit corporation, was formed. The Research Institute researches and develops data and information about the return on investment of local programs, public infrastructure and public/private real estate improvements that assist economic development leaders across the St. Louis in making informed decisions. The Research Institute is also charged with making real estate investments that support Transit-Oriented Development ("TOD"), regional economic development, regional land use and public policy.

The Research Institute has been exploring ways to leverage BSD's existing infrastructure to benefit our region's underserved populations. The Research Institute has recently been awarded a $584,000 grant from the Missouri Foundation for Health to launch an 18-month pilot program to bring healthier fresh food options closer to Metro riders and residents who do not have convenient access to grocery stores. The program is designed to develop and operate fresh food kiosk markets at two MetroLink stations in St. Louis County beginning in 2017. The Research Institute also secured a nearly $1 million grant from U.S. Department of Transportation for an innovative health program. The program is in partnership with the St. Louis County Department of Public Health and will place mobile medical units at several MetroLink stations in north St. Louis County in 2017.

St. Louis Regional Freightway

In 2014, BSD was selected by the region's elected leadership to lead a new regional freight district partnership aimed at optimizing the region's freight transportation infrastructure in BSD's seven county region and Franklin County. The St. Louis Regional Freightway is a public-private partnership to optimize the region's freight transportation network. The cooperative effort will determine how the region manages the movement of freight on the roads, rails, rivers, airport and pipelines. Freightway activities will boost the St. Louis region's competitive position among its peer cities in becoming not only a premier multimodal freight center in the Midwest region through job and economic growth, but also a freight center with global reach ready to compete in international markets.

The Freightway has produced a list of priority infrastructure projects in support of regional goals that has been unanimously approved by the chief elected officials of the region including the rehabilitation of the Merchants Bridge; has launched a new website that serves as the point of contact regarding regional logistics capabilities and site selection for potential employers and developers; and hosted numerous regional meetings on critical freight and logistics opportunities engaging local partners and potential partners throughout the Midwest and into the Gulf of Mexico.

Community Profile

Home to more than 2.6 million residents, the bi-state region stands at the confluence of the Mississippi and Missouri Rivers and is recognized globally by the iconic image of the Gateway Arch on the riverfront at downtown St. Louis.

Estimated Population Comparison

Region	2010	2016	% Change
St. Louis City	319,294	315,685	-1.1%
St. Louis County	998,954	1,003,362	0.4%
St. Charles County	360,485	385,590	7.0%
Jefferson County	218,728	224,124	2.5%
Franklin County	101,491	102,426	0.9%
St. Clair County	270,056	264,052	-2.2%
Madison County	269,282	266,209	-1.1%
Monroe County	32,957	33,879	2.8%
Total	**2,571,247**	**2,595,327**	**0.9%**
United States	**308,745,538**	**325,159,378**	**5.3%**

Centrally located, the St. Louis region is a convenient destination from anywhere in the country. Transportation access includes four major interstates, St. Louis Lambert International Airport, several regional airports, Greyhound Bus and Amtrak. The region is also a national transportation hub and the largest freight hub among comparatively sized Midwestern cities totaling 210 million tons of inbound and outbound freight. The region is home to the third largest inland port and sits at the crossroads of six Class I railroads.

The region has much to offer including urban, suburban and rural communities at one of the lowest cost of living levels among the top 20 largest cities in the United States, diverse housing stock, and great cultural, academic and recreational amenities.

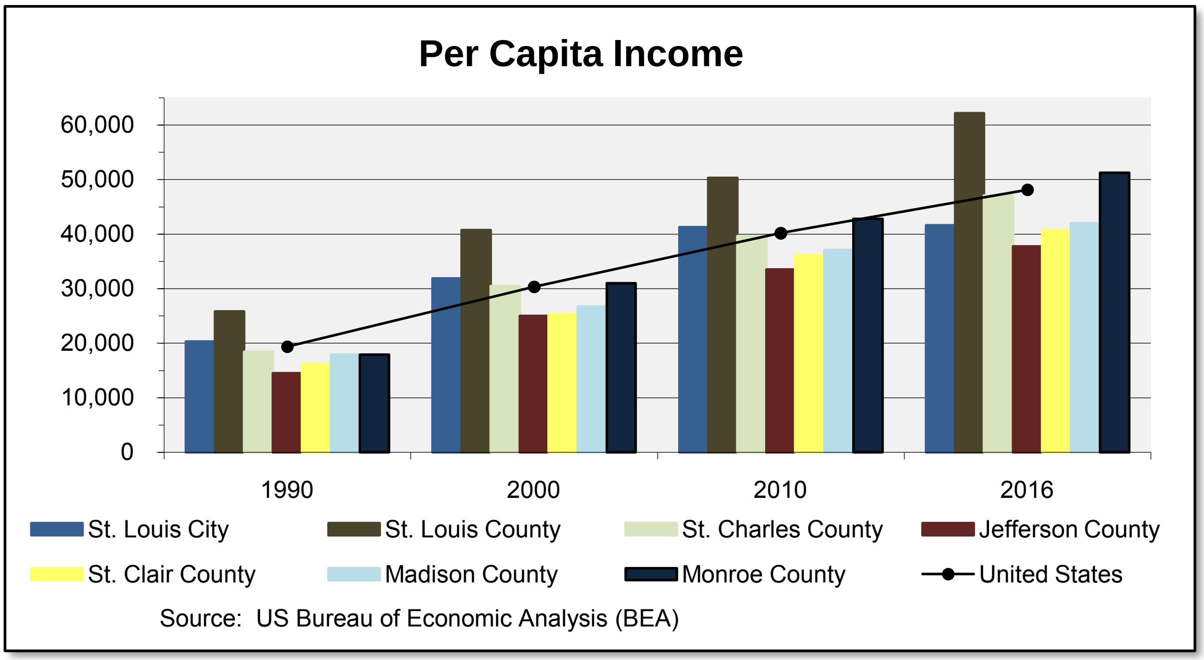
St. Louis' Forest Park, site of the 1904 World's Fair, is home to many of the region's cultural and educational institutions including the St. Louis Art Museum, St. Louis Zoo, St. Louis Science Center and Missouri History Museum. Additionally, the park houses the 12,000-seat outdoor Municipal Amphitheatre (the MUNY), America's oldest and largest outdoor musical theater. The region also boasts five state parks and hundreds of county and municipal parks. Grand Center is now the center of a thriving arts district, and two professional sports teams, St. Louis Cardinals baseball and St. Louis Blues hockey, play in downtown St. Louis. The Gateway Arch, which is currently undergoing major renovations inside and outside the iconic landmark, attracts between 1.8 and 2.5 million visitors per year.

The City of St. Louis, St. Louis County, and St. Clair County in Illinois are served by BSD's MetroBus, MetroLink and Metro Call-A-Ride operations. Residents from Madison County, Illinois enjoy the benefits of the Metro transit system through coordinated services with Madison County Transit. Other communities such as St. Charles and Jefferson Counties in Missouri may access Metro Transit Centers and park-and-ride lots near the borders of these communities. The bi-state region also boasts a robust greenway system and miles of on-road dedicated bike lanes supporting those who choose to bike to work or simply for recreation or exercise.

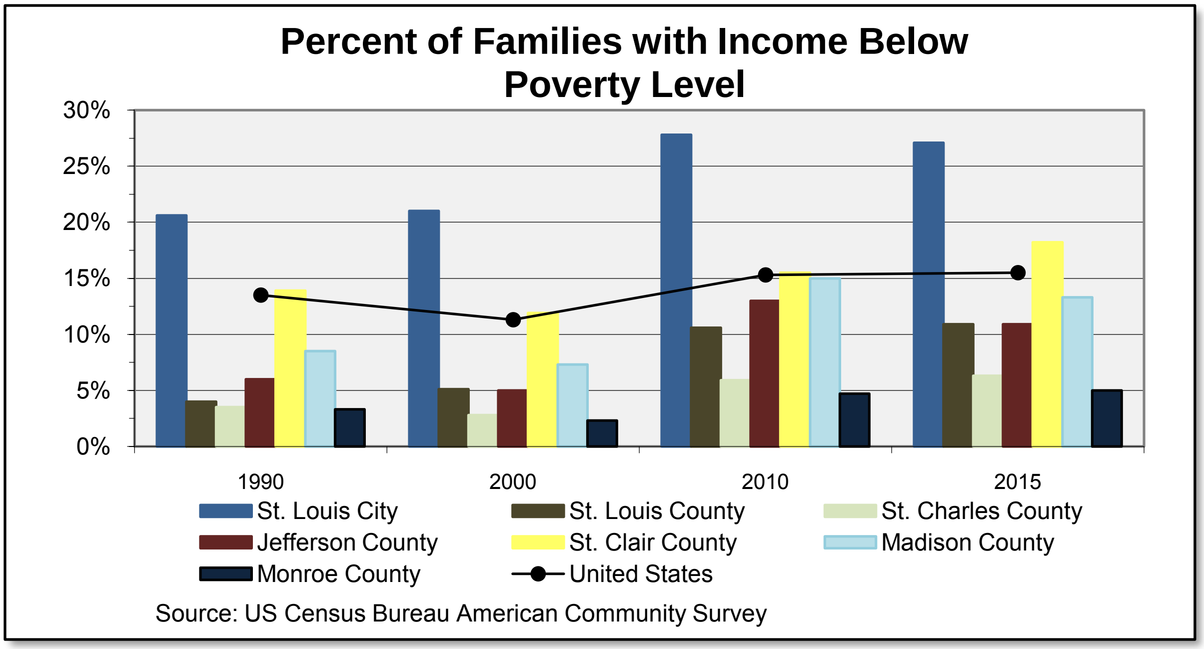
Long known for its educational excellence, the St. Louis region is home to some of the top educational institutions in the world. More than 12 universities and four-year colleges, including Washington University, Saint Louis University and the University of Missouri-St. Louis are located in the St. Louis region. Additionally, 18 two-year and community colleges enhance the quality and skills of the regional workforce and enrich its intellectual creativity and strength.

Regional Income and Poverty

Income levels are relevant to BSD enterprises especially as it relates to public transit ridership in so far as public transit provides access to work and school for many low income residents who cannot afford to own or maintain a car. Per capita income is derived by dividing the total income of all people, age 16 and over, in a geographic area by the total population in that area.



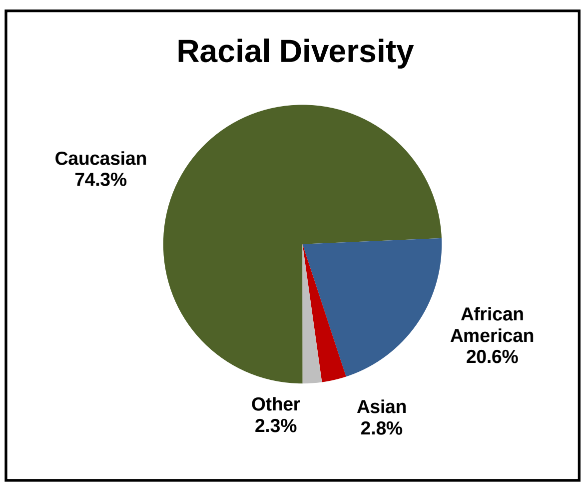
The poverty thresholds are the same for all parts of the country. They are not adjusted for region, state or local variations in the cost of living. According to the 2015 U.S. Census Bureau, the national average of families living below the poverty level was 15.5 percent. The following chart depicts that the BSD region includes poverty level trends and therefore economic disparities that are both better and worse than the national average. These trends may be influenced by socio-economic factors relating to environment and education and the lasting effects of long-term high unemployment.



Regional Economy and Workforce

St. Louis' $141 billion dollar regional economy includes more than 150,000 businesses employing more than 1.3 million people. Eighteen Fortune 1000 companies and some of the largest private firms in the nation, and an increasing number of small-to-medium enterprises and startups are located throughout the region. The median household income is approximately $55,500 per year, and according to the State of Missouri, the gross domestic product of the region is $150 billion.

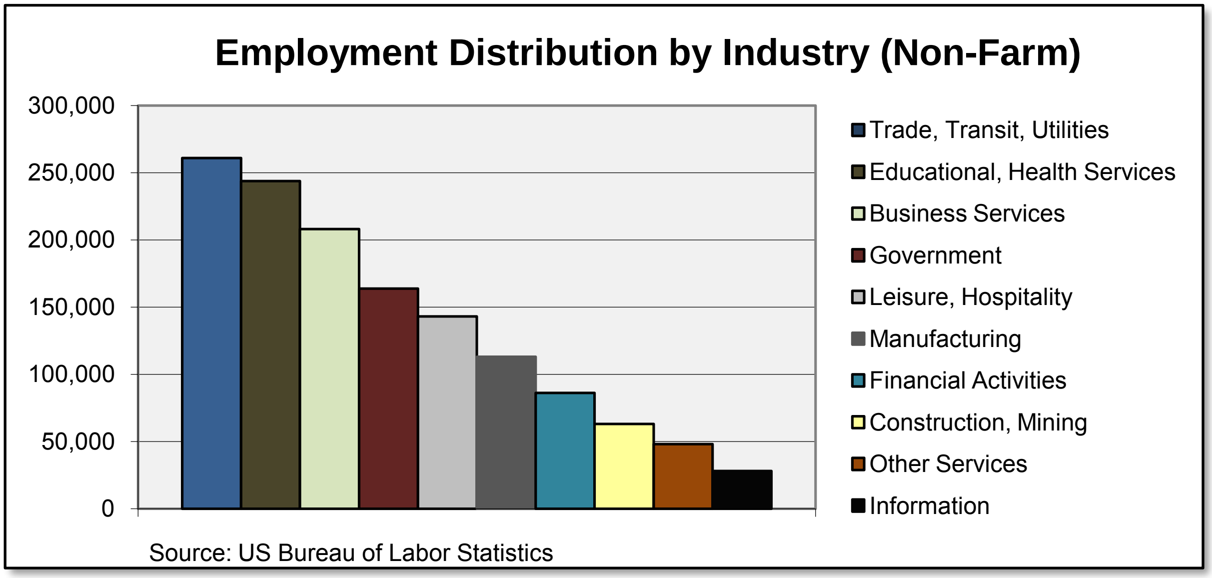
Ninety-five percent of the region's residents are either Caucasian (74%) or African American (21%), while persons of Asian and Other origin each make up about two percent of the region's population. Per the U.S. Census Bureau, the Hispanic population can identify with any race and therefore are included in any of the racial categories shown on the chart. The population in the bi-state area can be described as slow-growth. A notable exception is an increase in the foreign born population. Immigrants make up 4.5 percent of the region's population, a share which is growing by 2.1 percent annually.



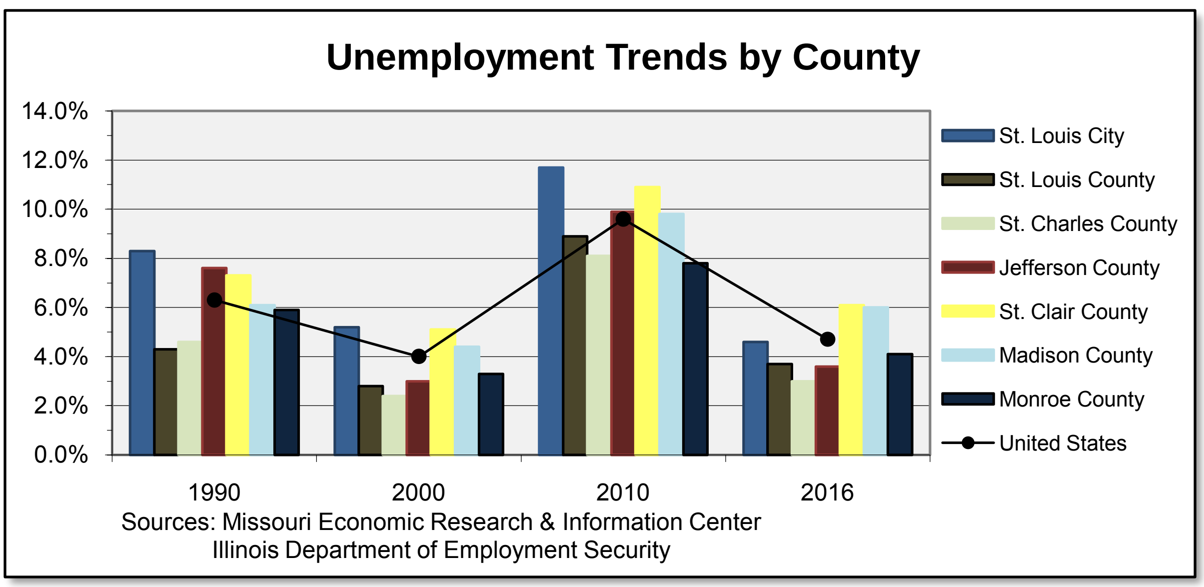
Seniors, age 65 and over, comprise 13.6 percent of the region's population. The "greying" of the regional workforce is a demographic challenge that policymakers and planners are working to address along with other workforce issues, such as the need to decrease racial disparity through increased access to quality education, workforce development and job opportunities.

Regional Employment Data

The St. Louis region is home to a diverse industrial base. Total non-farm employment increased 1.2 percent year over year to 1.4 million. The trades, transit and utilities group still remains the top employment producer with educational and health services close behind. The five largest employers in the region include BJC HealthCare, Wal-Mart Stores Inc., Boeing Defense Space & Security, Washington University and SSM Healthcare.



In October 2016, the Missouri Economic Research and Information Center reported the national average unemployment rate was 4.7 percent. Within the bi-state area, the average unemployment rate was 4.3 percent. But as the graph below displays unemployment rates do vary by county.



Strategic Plan Overview

Bi-State Development is comprised of five operational business units: Metro, St. Louis Regional Freightway, St. Louis Downtown Airport, Gateway Arch and Riverboats (Tourism Innovation) and Executive Services. BSD also has two component units that are both treated as blended: the Bi-State Development Research Institute and Arts In Transit, Inc. The business units work together to improve the lives of bi-state area residents and the St. Louis regional economy. The strategic goals and objectives of each unit are summarized in each section of this budget document and supported by specific and customized strategic and business plans for each unit. These specific strategic documents include but are not limited to Metro's 30-year Long Range Plan "Moving Transit Forward", the BSD Research Institute's Business Plan, the St. Louis Downtown Airport Land Lease and Aviation Forecast, the St. Louis Regional Freightway Draft Operation Manual and the Bi-State Development/National Park Service Agreement.

Upcoming Strategic Planning Process

With our resolute commitment to transparency and responsible use of taxpayer dollars in mind, BSD staff members have begun the process of developing an organization-wide strategic plan to better, align the work of BSD and its enterprises. This process will provide the Board of Commissioners, employees of Bi-State Development and its enterprises, stakeholders and the community with a renewed understanding of BSD authority and funding sources, a profile of the community we serve, and the scope of BSD activities. It will also provide a framework for articulating goals and strategies moving forward and how they align with those of each operational business unit and a roadmap for how they will be achieved and how progress will be measured.

Vision: BSD is a dynamic and multi-faceted resource for economic development in the St. Louis region. With deep expertise in planning and implementation, BSD is uniquely empowered to provide regional solutions to regional challenges within a model of efficiency and accountability. Through proven leadership, BSD fulfills the promise of its Charter to improve the economy and improve lives.

Mission: To improve the quality of life throughout the bi-state region through excellence in planning, implementation and operation of enterprises that foster economic development for the benefit of its citizens and the nation.

Core Values: BSD's core values guide the work behaviors, decision making, and interpersonal interactions of all employees.

- *Ethical Practices*
- *Innovation*
- *Responsible & Responsive*
- *Character*
- *Leadership*
- *Collaboration*
- *Communication*
- *Safety and Security*
- *Customer Focus*
- *Recognition of Employee Contributions*

Commitment to the Community

Protecting the public trust is paramount to BSD and its enterprises in all activities and actions. With this value in mind, the following BSD goals are the cornerstone of our commitment to those we serve. All BSD enterprises are engaged in a continuous effort to achieve the following four primary organizational goals and ensure continuous improvement in how we do business. These goals will guide the strategic initiatives of the organization through FY 2018 and will support the upcoming strategic planning effort. With each new year, these goals and objectives will be evaluated for updates.

	Goal	Objective
1	Build an effective and efficient publicly-supported organization that is viewed as a transparent and accountable steward of public funds.	• Embark on a new strategic planning process for BSD, to establish a framework for developing and delivering regional economic development opportunities and aligning BSD enterprises • Continue to implement the BSD communications plan to inform and engage stakeholders and the public and to continue to improve public perception of BSD programs and credibility of management
2	Ensure cost-effective and efficient use of resources and aggressively pursue funding partnerships to supplement and leverage existing resources.	• Implement internal process improvements • Implement cost reduction strategies • Implement revenue and service enhancement strategies • Identify and implement opportunities to collaborate, coordinate and/or share services with other entities where beneficial • Deliver quality capital projects on time and within budget
3	Value all members of our staff and endeavor to help all of our employees develop to their fullest potential	• Ensure that employees have the support and resources that they need to succeed • Invest in employee development • Strengthen the working relationships and employee communication • Provide timely, honest feedback on performance through EADS program
4	Deliver a high quality product and service customer experience that is recognized by its customers, industry peers, and regional stakeholders for its excellence	• Efficiently and effectively operate service sectors • Ensure that the strategic goals of each enterprise are well articulated and achievable and align with the BSD strategic plan as it is developed • Research and implement innovative technologies

Linking the Strategic Plan to Budgets

Strategic and business plans are the primary driver for annual operating and capital budgets. The annual operating and capital budgets reflect updated short-term goals and objectives by quantifying expected revenues and expenses needed to meet the short-term goals. BSD's organizational units play a vital role in achieving these goals. The strategies, steps and performance measures of the enterprises are documented under the functions and activities of the "Organizational Units" section of this document.

Budget Process

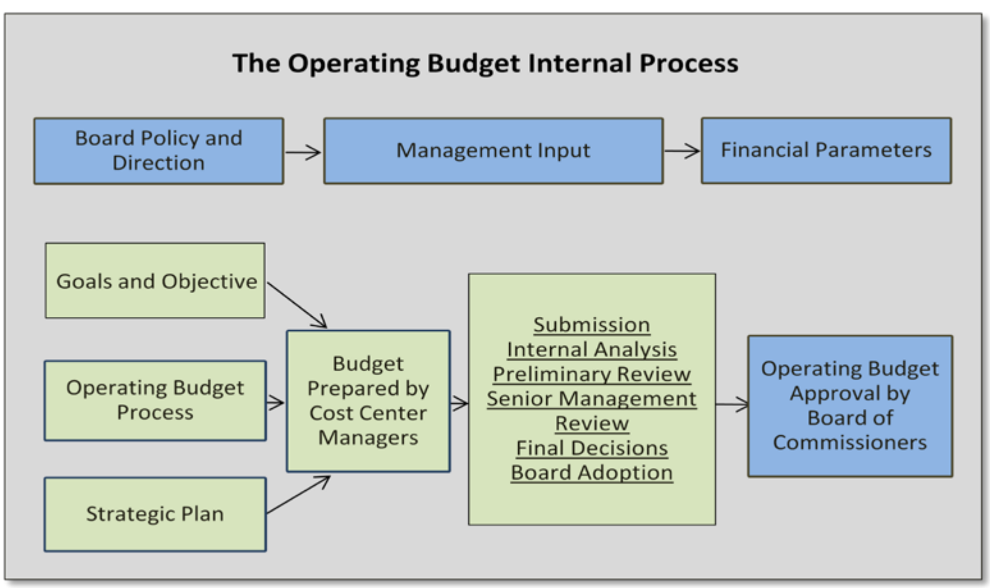
The Budget Process

The Compact between the States of Missouri and Illinois adopted in 1949 requires Bi-State Development Agency of the Missouri-Illinois Metropolitan District to prepare and adopt an annual budget. Such a budget must set forth proposed expenditures to be undertaken during the budget year for administration, operations, maintenance, debt service and capital projects. In addition, the budget identifies the anticipated income funding options for financing the proposed expenditures. The transit system is required to present a balanced budget where revenues equal expenses. Non-cash expenditures per United States Generally Accepted Accounting Principles (US GAAP) or Government Accounting Standards Boards (GASB) Pronouncements are not required to be funded to balance the budget. These expenditures include Other Post Employment Benefits, pension adjustments in net pension liability per GASB 68 and depreciation and amortization of assets. The budget is a financial and strategic plan for the upcoming year developed in accordance with Bi-State Development policies. It seeks to optimize resources and maintain consistency with defined organizational objectives and BSD's Strategic Plan.

The preparation and eventual approval of the three-year operating and capital budgets are both an internal and external process.

Operating Budget Internal Preparation

Each year the budget begins with a budget message to Bi-State Development's cost center managers imparting objectives for the upcoming budget year. Included in the message is the state of Bi-State Development's expected financial condition for the coming year and details of procedures to follow in preparation of the budget.



The cost center managers submit operating requests to the budget department using an online application. Bi-State Development's senior management reviews the preliminary operating budgets and sets parameters for the coming year. Through a series of meetings, cost center managers refine their preliminary operating budget requests per management's parameters, goals and objectives. Final decisions are then made by Bi-State Development's President and Chief Executive Officer, which allow the operating budget document to be prepared and presented to the Board. The Board of Commissioners' approval completes the internal process.

Budget for the Bi-State Development Research Institute and Arts In Transit, Inc. are approved by their respective boards.

Operating Budget External Review and Approval Process

Each of the Transit System's funding jurisdictions has a separate operating budget approval process. In St. Louis County, Bi-State Development's operating budget is reviewed and recommended by the Public Transportation Commission and advanced to the County Executive. The County Executive submits a funding bill to the County Council, which debates and acts upon the bill. In the City of St. Louis, the Ways and Means Committee of the Board of Aldermen reviews the bill prior to adoption of funding ordinances by the Board. Subsequently, the Board of Estimates and Apportionment authorizes payments. In Illinois, Bi-State Development contracts with the St. Clair County Transit District for funds for operations.

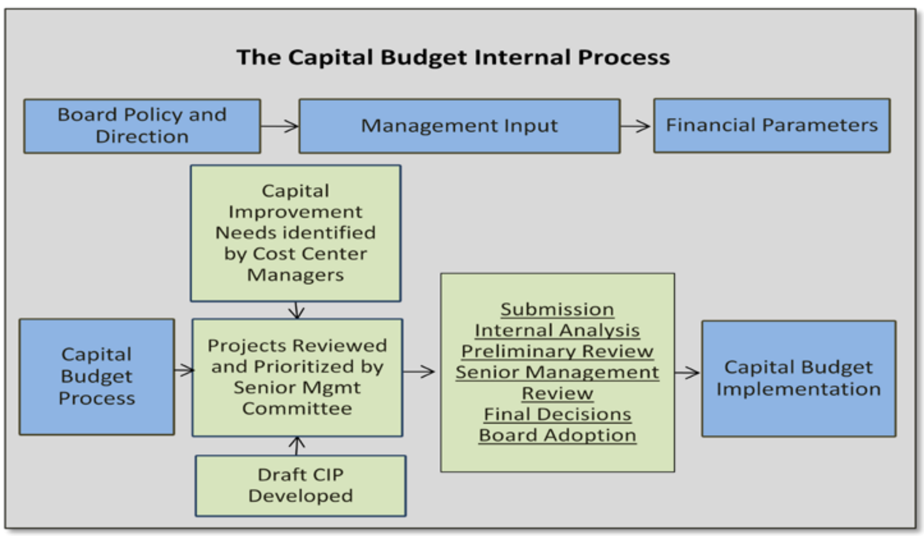
Capital Budget Internal Preparation

The preparation and eventual approval of the three year capital budget is both an internal and external process. Each year the capital budget process begins with a meeting of Bi-State Development's senior managers who serve as the Capital Improvement Program Prioritization Committee. Projected federal, state and local revenue sources covering three fiscal years are discussed and the budget message to BSD's cost center managers is communicated regarding the capital improvement objectives for the upcoming capital budget cycle. Projects are solicited from the cost center managers. Projects from the region's long-range plan formulated by the East-West Gateway Council of Governments, the federally recognized St. Louis Metropolitan Planning Organization, are incorporated as appropriate. Internally, operating plans are formulated, as is a Transportation Improvement Program, which documents all federal transit grants for which Bi-State Development plans to apply.

Cost center managers submit capital requests to the budget department. Senior management reviews these preliminary budgets and parameters are set for the coming year. Through a series of meetings with cost center managers, capital budget requests are refined and prioritized. Final decisions are then made by BSD's President and Chief Executive Officer and senior management to allow the budget document to be prepared and presented to the Board. The Board of Commissioners approval completes the internal process.

Capital Budget External Review and Approval Process

The capital budget is then considered under an external review and approval process. Each of the Transit System's funding jurisdictions has a separate approval process. In St. Louis County, Bi-State Development's capital budget is reviewed and recommended by the Public Transportation Commission and advanced to the County Executive. The County Executive submits a bill to the County Council, which debates and acts upon the bill. In the City of St. Louis, the Ways and Means Committee of the Board of Aldermen reviews the bill prior to adoption of funding ordinances by the Board. Subsequently, the Board of Estimates and Apportionment authorizes payments. In Illinois, Bi-State Development contracts with the St. Clair County Transit District (District) for funds for operations and capital acquisition. Bi-State Development, with approval of the District, applies for grants from the Illinois Department of Transportation.



East-West Gateway has a rigorous review process for the TIP, an important part of BSD's overall budget. That process includes public hearings and committee review prior to consideration for approval by its Board of Commissioners. After Council approval, the TIP is forwarded to the Illinois Department of Transportation and the Missouri Highway and Transportation Commission for review and inclusion in each state's Transportation Improvement Program. Final review by the Federal Transit Administration is required for grant application and receipt of federal funds.

Operating and Capital Budget Amendment Process

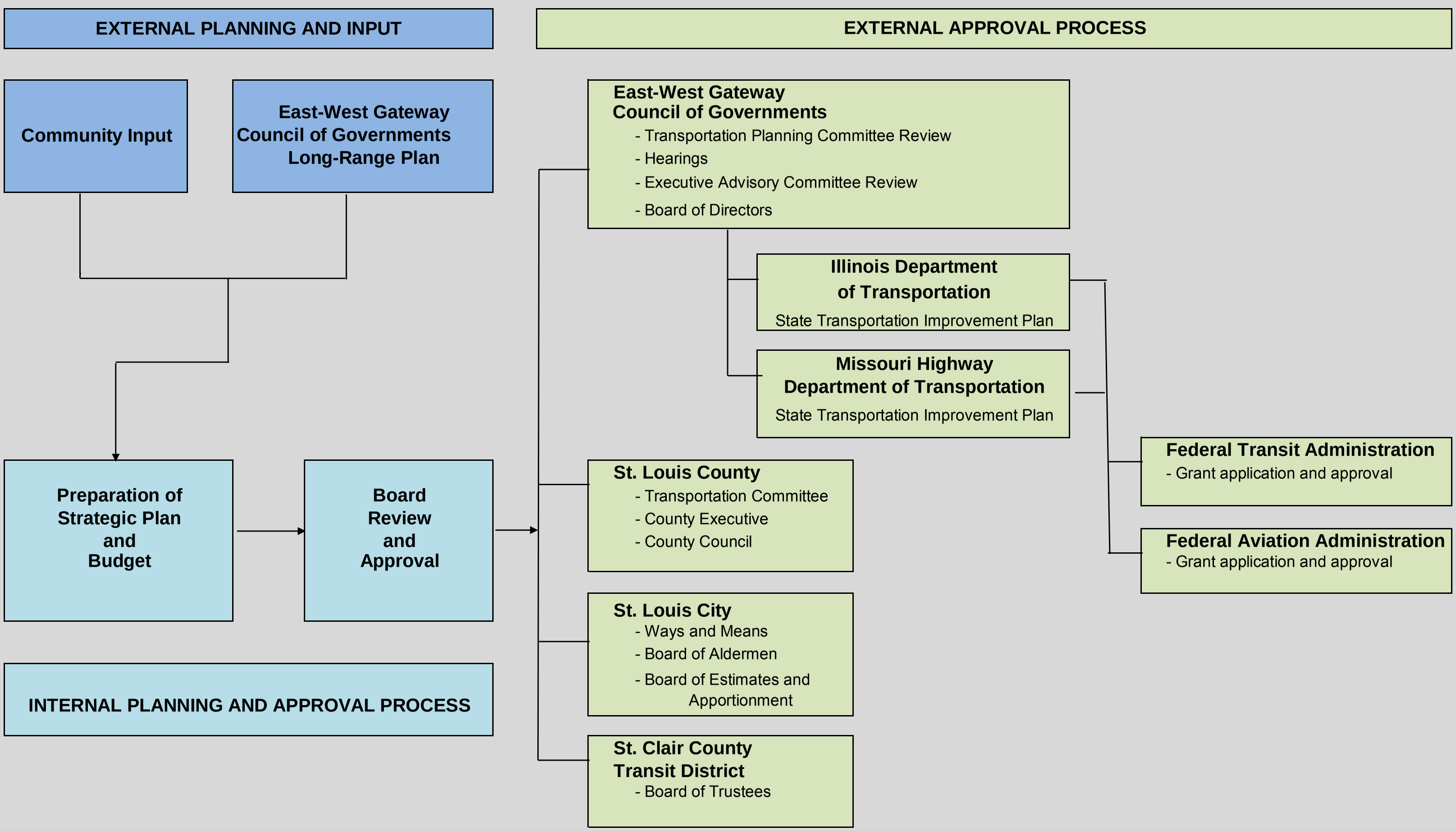
Organizational hierarchy changes can occur after the budget has been approved by the Board Commissioners. These reporting changes can involve a single employee or multiple departments being reassigned to a different managerial structure. Managerial reassignments can be within the same company or a change in the company to which an employee or department is reporting.

If managerial and reporting changes do occur, the Finance Division in cooperation with the affected divisions/departments will transfer only the appropriate budget dollars, related labor and expenses. The budget transfers under these circumstances will be a dollar for dollar transfer from the old reporting structure to the new reporting structure. There will be no changes, deletions or additions to total revenue, expense or net income (deficit) for BSD overall. Any budget transfers affected by hierarchy changes will be presented to the Board in an informational briefing paper.

A budget amendment for either the operating or capital budget is deemed necessary when a shortfall requiring the identification of additional funds is created by a significant event that could not have been reasonably foreseen at the time of budget adoption. Additionally, an amendment may be necessary due to local, state or federal government action. Presentation of the amendment to the Board of Commissioners is necessary, identifying proposed changes along with the justification and funding mechanism. Adoption by a majority of the Board formally amends the budget.

The budget and grant approval process is illustrated on the next page.

Operating and Capital Budget and Grant Approval External Process



FY 2018 Operating Budget Calendar

August 2016	• Ready budget system • Review expense and revenue drivers
September 2016	• Division leaders submit goals and objectives • Prepare baseline budget • Budget "kick-off" information released • Budget system opened to management
October 2016	• Miles, hours, passengers and operator manpower received • Position change forms received from division leaders • Organizational leaders submit strategies, action steps & performance measures • Managers submit & vice presidents approve budget requests
November 2016	• Budget team review budget input at detail level • Team leaders submit FY 2018 target performance indicator measures • Reports prepared and transit overview discussed with President
December 2016	• Bi-State Development budget reports discussed with President and Vice Presidents • Budget changes made in system by Budget team • Updated Budget communicated to President and senior staff
January 2017	• Transit Improvement Plan created • Approved budget reports and documents prepared
February 2017	• Review and analysis of budget documents • Budget book prepared
March 2017	• PowerPoint budget presentation created • Budget documents printed and sent to Board of Commissioners • Budget presented to the Finance and Administration Committee
April 2017	• Budget presented to the Board of Commissioners for approval

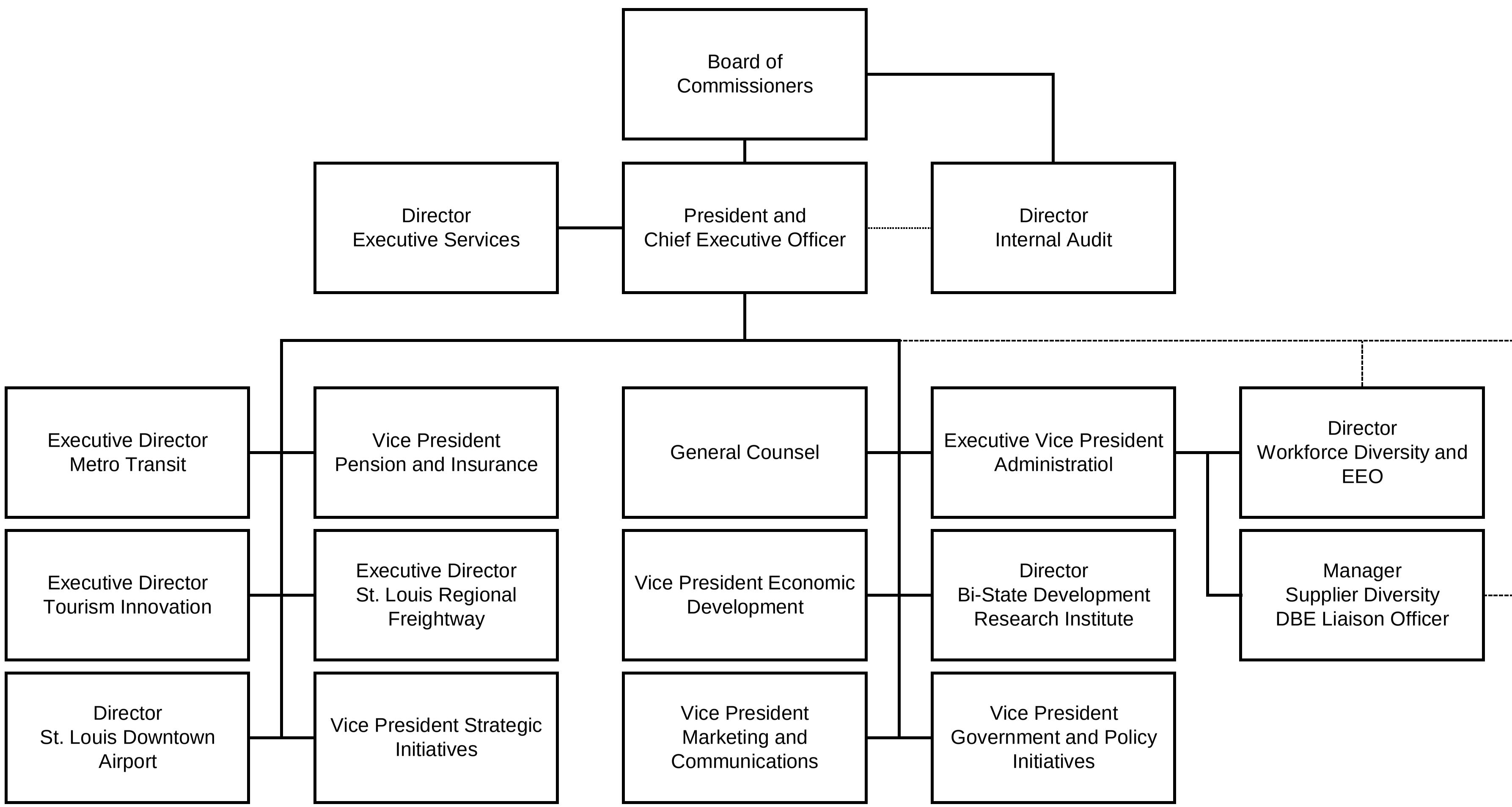
Bi-State Development

BSD Organizational Overview and Personnel

Bi-Statement Development is a dynamic and multi-faceted resource for economic development in the St. Louis bi-state region for Illinois and Missouri. BSD is uniquely empowered to provide real solutions to regional challenges with a model of efficiency and accountability.

This section contains the Bi-State Development organizational chart for the Board of Commissioners, the President and Chief Executive Officer and his direct reports. Also in this section is an FY 2018 Consolidating Statement of Revenue and Expense, which shows each business unit, and an FY 2016 - FY 2020 Combined Revenue and Expense Summary, which combines all business units together with eliminations for the respective periods. The section concludes with BSD personnel information that has a report by division and function and by pay group.

Bi-State Development Organization Chart
Board of Commissioners,
President and Chief Executive Officer and Direct Reports



Bi-State Development
Combining Statement of Revenue and Expense
FY 2018 Budget

	Metro Transit	Executive Services	Gateway Arch	St. Louis Downtown Airport	Riverfront Attractions	Research Institute	Arts In Transit	St. Louis Regional Freightway	Health Self-Insurance Fund	Workers Comp Self-Insurance Fund	Casualty Self-Insurance Fund	Total BSD	Eliminations	Total
Passenger revenue	$ 44,141,712	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 44,141,712	$ -	$ 44,141,712
TMA revenue	1,430,591	-	-	-	-	-	-	-	-	-	-	1,430,591	-	1,430,591
Paratransit Contract	2,903,865	-	-	-	-	-	-	-	-	-	-	2,903,865	-	2,903,865
Other operating revenue	5,931,053	93,296	3,100	167,712	118,021	-	-	40,000	-	-	-	6,353,182	(51,953)	6,301,229
Agency operating revenue	-	4,526,486	-	-	-	-	-	-	-	-	-	4,526,486	(4,198,941)	327,545
Arch ticket sales	-	-	8,834,610	-	-	-	-	-	-	-	-	8,834,610	-	8,834,610
Service/fee revenue	-	-	28,799	200	-	-	-	-	-	-	-	28,999	-	28,999
Sales discount revenue	-	-	(124,786)	-	(32,821)	-	-	-	-	-	-	(157,607)	-	(157,607)
Not-for-profit (NFP) revenue	-	-	-	-	-	64,000	50,000	-	-	-	-	114,000	-	114,000
Regional Freight Fees	-	-	-	-	-	-	-	190,000	-	-	-	190,000	-	190,000
Aircraft parking	-	-	-	141,756	-	-	-	-	-	-	-	141,756	-	141,756
Leased acreage	-	-	-	593,651	-	-	-	-	-	-	-	593,651	-	593,651
Hangar rental	-	-	-	522,375	-	-	-	-	-	-	-	522,375	-	522,375
Aviation sale flowage fee	-	-	-	188,737	-	-	-	-	-	-	-	188,737	-	188,737
Airport Concessions	-	-	-	117,144	-	-	-	-	-	-	-	117,144	-	117,144
Cruise revenue	-	-	-	-	1,976,850	-	-	-	-	-	-	1,976,850	-	1,976,850
Food and beverage revenue	-	-	-	-	898,425	-	-	-	-	-	-	898,425	-	898,425
Retail revenue	-	-	-	-	87,850	-	-	-	-	-	-	87,850	-	87,850
Employee health	-	-	-	-	-	-	-	-	7,362,078	-	-	7,362,078	-	7,362,078
Employer health	-	-	-	-	-	-	-	-	24,528,023	-	-	24,528,023	(24,692,520)	(164,497)
ISF - Casualty insurance revenue	-	-	-	-	-	-	-	-	-	-	2,884,000	2,884,000	(2,884,000)	-
ISF - Workers comp revenue	-	-	-	-	-	-	-	-	-	3,986,239	-	3,986,239	(3,986,239)	-
Total Operating revenues	**54,407,221**	**4,619,782**	**8,741,723**	**1,731,575**	**3,048,326**	**64,000**	**50,000**	**230,000**	**31,890,101**	**3,986,239**	**2,884,000**	**111,652,966**	**(35,813,653)**	**75,839,313**
Total grants & contractual revenue	273,128,034	-	-	-	-	-	-	-	-	-	-	273,128,034	-	273,128,034
Interest revenue	7,867,847	1,125	11,250	2,025	-	-	-	-	-	-	-	7,882,247	-	7,882,247
Total Revenues	**335,403,102**	**4,620,907**	**8,752,973**	**1,733,600**	**3,048,326**	**64,000**	**50,000**	**230,000**	**31,890,101**	**3,986,239**	**2,884,000**	**392,663,247**	**(35,813,653)**	**356,849,594**
Wages and benefits	200,163,265	2,748,300	2,429,152	1,085,214	1,456,220	-	-	303,302	996,472	541,476	568,838	210,292,238	-	210,292,238
Services	54,266,685	1,065,963	1,095,837	116,321	272,698	110,360	100,000	545,000	438,100	3,250	3,250	58,017,464	-	58,017,464
Materials and supplies	37,927,913	31,737	245,843	160,315	548,182	1,000	1,000	1,500	43,700	2,500	3,750	38,967,440	-	38,967,440
Casualty and liability costs	5,579,914	-	59,668	60,305	169,675	-	-	-	-	225,000	885,000	6,979,562	(885,000)	6,094,562
Utilities	8,435,584	8,685	124,285	178,285	90,880	600	-	600	2,980	600	2,800	8,845,299	-	8,845,299
Taxes, leases, & other	6,795,656	374,332	2,147,256	109,994	148,046	4,000	250	97,500	53,815	405,200	11,500	10,147,549	(4,250,894)	5,896,655
Health and Welfare Self-Insurance	-	-	-	-	-	-	-	-	30,355,034	-	-	30,355,034	(24,692,520)	5,662,514
Casualty Self-Insurance	-	-	-	-	-	-	-	-	-	-	1,999,000	1,999,000	(1,999,000)	-
Workers Comp Self-Insurance	-	-	-	-	-	-	-	-	-	3,986,239	-	3,986,239	(3,986,239)	-
Total operating expenses	**313,169,016**	**4,229,017**	**6,102,041**	**1,710,434**	**2,685,702**	**115,960**	**101,250**	**947,902**	**31,890,101**	**5,164,265**	**3,474,138**	**369,589,826**	**(35,813,653)**	**333,776,173**
Interest expense	25,418,747	-	300,016	-	-	-	-	-	-	-	-	25,718,763	-	25,718,763
Contributions to outside entities	706,672	-	825,749	-	-	-	-	-	-	-	-	1,532,421	-	1,532,421
Gain (loss) on disposition of assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Expenses	**339,294,435**	**4,229,017**	**7,227,806**	**1,710,434**	**2,685,702**	**115,960**	**101,250**	**947,902**	**31,890,101**	**5,164,265**	**3,474,138**	**396,841,010**	**(35,813,653)**	**361,027,357**
Net Income (deficit) before depreciation & transfers	**(3,891,333)**	**391,890**	**1,525,167**	**23,166**	**362,624**	**(51,960)**	**(51,250)**	**(717,902)**	**-**	**(1,178,026)**	**(590,138)**	**(4,177,763)**	**-**	**(4,177,763)**
Depreciation and amortization	73,498,220	1,941	151,874	1,562,377	315,412	-	-	-	-	-	-	75,529,823	-	75,529,823
Net transfers	1,768,164	-	-	-	-	-	-	-	-	(1,178,026)	(590,138)	-	-	-
Net Income (Deficit)	**$ (79,157,717)**	**$ 389,949**	**$ 1,373,294**	**$ (1,539,211)**	**$ 47,212**	**$ (51,960)**	**$ (51,250)**	**$ (717,902)**	**$ -**	**$ -**	**$ -**	**$ (79,707,586)**	**$ -**	**$ (79,707,586)**

Bi-State Development
Combined Revenue & Expense Summary
FY 2016 - FY 2020

	FY 2016 Actual	FY 2017 Budget	FY 2017 Projection	FY 2018 Budget	2018 Budget vs. 2017 Proj $ Change	2018 Budget vs. 2017 Proj % Change	FY 2019 Budget	FY 2020 Budget
Operating revenue:								
Passenger and service revenue	$ 61,087,050	$ 66,914,583	$ 61,210,557	$ 63,331,579	$ 2,121,022	3.5%	$ 65,803,657	$ 65,858,062
Other	8,385,472	9,187,282	9,012,364	9,561,047	548,683	6.1%	9,897,680	10,193,991
Charges for services	29,962,388	41,733,539	39,158,542	38,760,340	(398,202)	-1.0%	41,622,129	42,848,463
Total operating revenue:	**99,434,909**	**117,835,404**	**109,381,464**	**111,652,966**	**2,271,503**	2.1%	**117,323,466**	**118,900,516**
State and local	204,936,455	222,515,641	218,181,117	232,517,659	14,336,542	6.6%	239,667,498	247,825,894
Regional funding/security services	-	-	-	20,000,000	20,000,000	-	20,000,000	20,000,000
Federal	20,202,515	19,979,395	19,528,346	20,610,375	1,082,029	5.5%	20,820,643	20,531,250
Total grants & contractual revenue	225,138,970	242,495,036	237,709,464	273,128,034	35,418,570	14.9%	280,488,141	288,357,144
Interest revenue	7,485,829	7,206,093	7,543,031	7,882,247	339,216	4.5%	8,509,944	9,188,414
Contributions from outside entities	-	42,500	-	-	-	-	-	-
Other non-operating revenue	(624,921)	-	568,828	-	(568,828)	-100.0%	-	-
Total non-operating revenue	**231,999,878**	**249,743,629**	**245,821,322**	**281,010,281**	**35,188,959**	**14.3%**	**288,998,085**	**297,545,558**
Total revenue:	**331,434,788**	**367,579,033**	**355,202,786**	**392,663,247**	**37,460,462**	**10.5%**	**406,321,551**	**416,446,074**
Intercompany eliminations	(26,180,429)	(38,361,928)	(36,026,429)	(35,813,653)	212,776	0.6%	(38,328,796)	(39,082,028)
Total revenue less eliminations:	**305,254,359**	**329,217,105**	**319,176,357**	**356,849,594**	**37,673,238**	**11.8%**	**367,992,755**	**377,364,046**
Operating expense:								
Wages and benefits	181,716,897	195,325,044	192,679,585	210,292,238	17,612,652	9.1%	217,221,199	223,257,046
Services	33,458,449	38,690,696	35,713,037	58,017,464	22,304,427	62.5%	58,750,461	60,790,610
Fuel and lubrications	14,484,706	14,050,257	12,656,695	12,574,807	(81,887)	-0.6%	12,826,624	13,084,485
Parts & supplies	23,810,408	27,422,500	25,037,198	26,392,633	1,355,435	5.4%	27,348,098	27,956,573
Casualty and liability costs	7,734,603	5,776,498	6,825,098	6,979,562	154,464	2.3%	7,165,232	7,413,766
Interfund administrative charges	3,062,481	3,892,740	3,753,371	4,198,941	445,570	11.9%	4,406,158	4,352,279
Utilities	7,466,625	8,980,354	8,283,328	8,845,299	561,971	6.8%	9,115,361	9,329,227
Leases and other expenses	4,944,391	5,395,725	5,476,732	5,948,608	471,876	8.6%	6,426,782	6,507,960
Health self-insurance claims	28,952,764	33,384,867	30,534,874	30,355,034	(179,840)	-0.6%	32,931,777	33,964,205
Casualty & work comp self-insurance claims	-	9,052,631	6,125,407	5,985,239	(140,168)	-2.3%	6,253,309	6,401,684
Total operating expense	**305,631,324**	**341,971,311**	**327,085,326**	**369,589,826**	**42,504,500**	**13.0%**	**382,445,001**	**393,057,833**
Interest expense	25,408,401	26,335,229	25,414,896	25,718,763	303,868	1.2%	25,960,539	26,227,872
Contributions to outside entities	112,224	1,254,432	1,445,890	1,532,421	86,531	6.0%	1,870,896	1,895,273
Other non-operating expense	933,022	-	810,220	-	(810,220)	-100.0%	-	-
Total non-operating expense	**26,453,647**	**27,589,661**	**27,671,005**	**27,251,184**	**(419,821)**	**-1.5%**	**27,831,435**	**28,123,145**
Total expense:	**332,084,971**	**369,560,973**	**354,756,331**	**396,841,010**	**42,084,679**	**11.9%**	**410,276,436**	**421,180,978**
Intercompany eliminations	(26,180,429)	(38,361,928)	(36,026,429)	(35,813,653)	212,776	0.6%	(38,328,796)	(39,082,028)
Total expense less eliminations:	**305,904,542**	**331,199,045**	**318,729,902**	**361,027,357**	**42,297,455**	**13.3%**	**371,947,640**	**382,098,950**
Income (deficit) before depreciation	**(650,183)**	**(1,981,940)**	**446,455**	**(4,177,763)**	**(4,624,217)**	**-1036%**	**(3,954,885)**	**(4,734,903)**
Depreciation	74,027,399	75,428,056	75,352,906	75,529,823	176,917	0.2%	76,975,802	78,474,603
Net Income (deficit) before transfers	(74,677,583)	(77,409,996)	(74,906,451)	(79,707,586)	(4,801,135)	-6.4%	(80,930,687)	(83,209,507)
Net income (deficit)	**$ (74,677,583)**	**$ (77,409,996)**	**$ (74,906,451)**	**$ (79,707,586)**	**$ (4,801,135)**	**-6.4%**	**$ (80,930,687)**	**$ (83,209,507)**

* FY 2017 Budget 'Net transfers' and 'Charges for services' has been reformatted to reflect consistent treatment with the full implemntation of the self-insurance programs.

Bi-State Development Personnel

Bi-State Development remains committed to maintaining a responsible position count. The total organization for the FY 2018 budget includes 2,339 positions, which is a net increase of seven compared to the FY 2017 budget. There are 2,340 and 2,339 positions budgeted in FY 2019 and FY 2020, respectively.

Metro Transit

A total of 2,261 positions are budgeted for the Metro transit system enterprise in FY 2018.

Metro Transit Operations

An increase of 11 positions brings resources to support the system service related to the North County Transfer Center, Civic Center enhancement and FTA requirements for Transit Asset Management (TAM).

- Bus Transportation: Per the terms and conditions of the labor contract, Metro may utilize part-time operators to improve efficiency of operations. A budget of 85 part-time operators remains nearly consistent with prior year. Eight hundred thirty-five full-time operators incorporate additional resources for the North County service package and Civic Center service enhancements. The net change for operators is an addition of two.
- Rail Transportation: MetroLink operator counts remain consistent with prior year at 102. There is an increase of one Administrative Technician from the prior year budget.
- Paratransit Transportation: Operator and support positions remain consistent with prior year.
- Vehicle Maintenance, Maintenance of Way and Facility Maintenance staffing levels are increasing by seven related to FTA requirements for TAM, Transit Service Managers for North County Transit Center, Maintenance Mechanics and MOW specialists.
- Service Planning added a customer service analyst in the FY 2018 Budget.

Metro Transit Administration

Metro transit administration has a net decrease of seven positions in the FY 2018 plan. Risk Management and Safety moved from reporting to Finance to reporting to the Vice President of Pension and Insurance. The Information Technology group reflects the movement of BSD employee equivalents to contracted services. Additional employee resources are described below.

- Human Resources increases in HR Specialists and Support Staff – three (3)
- Marketing is returning to the budget a Graphic designer position that was dropped in the prior year budget - one (1)
- Procurement removed a position as a result of efficiency - one (-1)
- Finance added a temporary position to accommodate an information technology improvement project in the Controller's group - one (1)
- Pension and Retiree Benefits is requesting an Administrative Assistant - one (1)

Internal Service Funds

Consisting of Health, Casualty and Workers Compensation Self-Insurance funds the FY 2018 Budget remained at 18 positions.

Executive Services

The Internal Audit department added an internal auditor - one (1).

Gateway Arch

The Gateway Arch has added a Communications Specialist, Manager of Arch Construction and Supervisor Gateway Arch Call Center, which was a position transferred in from Riverfront Attractions - three (3).

St. Louis Downtown Airport

Staffing levels remain consistent with FY 2017 budget.

Riverfront Attractions

Staffing level was reduced by one with the move of the call center supervisor to the Gateway Arch.

St. Louis Regional Freightway

There were no changes in staffing for the St. Louis Regional Freightway.

Bi-State Development Employees by Division and Function

The following page contains tables of budgeted staff count for FY 2018 - FY 2020. The tables compare total BSD personnel to the prior FY 2017 budget.

Note:
In the Organizational Units section of this document, there are detailed organization charts for each division within Transit. The organization charts for the Gateway Arch, Riverfront Attractions, St. Louis Downtown Airport, Internal Service Funds and Executive Services are found in the respective sections of this document.

Bi-State Development Personnel
by Division & Function

	FY 2016 Budget	FY 2017 Budget	FY 2018 Budget	FY18-FY17 Change	FY 2019 Budget	FY 2020 Budget
Metro Transit						
Metro Transit Operations						
Bus Transportation*	968	995	997	2	997	997
Rail Transportation*	141	141	142	1	142	142
Paratransit Transportation	247	247	247	-	249	249
Vehicle Maintenance	343	343	346	3	346	346
Maintenance of Way	149	150	153	3	153	153
Facility Maintenance	32	32	33	1	33	33
Security	41	61	61	-	61	61
ADA Services	7	7	7	-	7	7
Service Planning	39	38	39	1	39	39
Engineering and New Systems	17	15	15	-	15	15
Labor Relations	4	4	4	-	4	4
Operations Administration	2	2	2	-	2	2
Total Operations	**1,990**	**2,035**	**2,046**	**11**	**2,048**	**2,048**
Metro Administration						
Executive VP Administration & EEO	-	4	4	-	4	4
Finance						
Passenger Revenue	33	33	33	-	33	33
Risk Management and Safety	20	11	-	(11)	-	-
Controller	23	23	24	1	24	23
Capital Budgeting and Grants	5	5	5	-	5	5
Treasury	2	3	3	-	3	3
Finance Administration	3	3	3	-	3	3
Total Finance	86	78	68	(10)	68	67
Procurement	59	60	59	(1)	59	59
Pension and Retiree Benefits	-	-	12	12	12	12
Information Technology	46	48	36	(12)	36	36
Human Resources	17	11	14	3	13	13
Marketing	19	19	20	1	20	20
Meridian and Real Estate	2	2	2	-	2	2
Total Metro Administration	**229**	**222**	**215**	**(7)**	**214**	**213**
Total Metro Transit	**2,219**	**2,257**	**2,261**	**4**	**2,262**	**2,261**
Executive Services	18	17	18	1	18	18
Gateway Arch	12	14	17	3	17	17
St. Louis Downtown Airport	11	12	12	-	12	12
Riverfront Attractions	12	12	11	(1)	11	11
St. Louis Regional Freightway	4	2	2	-	2	2
Health & Welfare Self-Insurance	-	10	10	-	10	10
Casualty Self-Insurance	-	6	6	-	6	6
Workers Comp Self-Insurance	-	2	2	-	2	2
Total Bi-State Development	**2,276**	**2,332**	**2,339**	**7**	**2,340**	**2,339**

BSD Personnel by Paygroup

	FY 2016 Budget	FY 2017 Budget	FY 2018 Budget	FY18-FY17 Change	FY 2019 Budget	FY 2020 Budget
Total Bi-State Development						
Bus Operators (FT)	799	834	835	1	835	835
Bus Operators (PT)	96	83	85	2	85	85
Light Rail Operators	102	102	102	-	102	102
Van Operators	200	200	200	-	202	202
Total Operators	**1,197**	**1,219**	**1,222**	**3**	**1,224**	**1,224**
Maintenance	317	316	321	5	321	321
Service	86	87	86	(1)	86	86
Clerical	52	52	50	(2)	50	50
IBEW	66	66	66	-	66	66
Salaried	557	591	592	1	591	590
Capital Salaried	1	1	2	1	2	2
Total Operating and Capital	**2,276**	**2,332**	**2,339**	**7**	**2,340**	**2,339**

*Report was adapted to show year-end headcount versus average over 12 months. As a result FY 2016 & FY 2017 will not reflect what was reported in prior budget books.

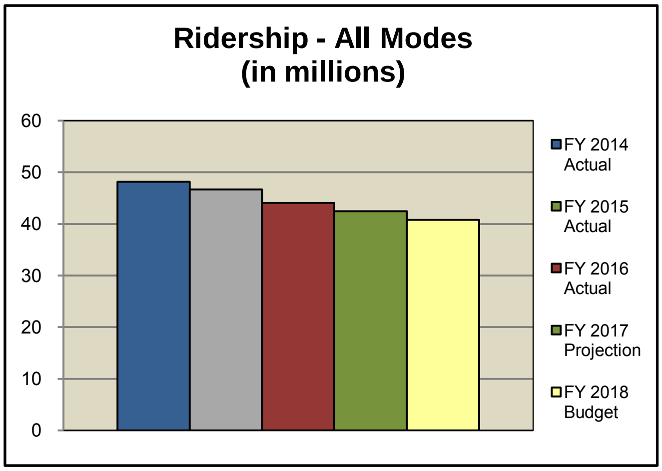
Total System

Overview:

Metro transit provides services in three modes - bus, light rail, and demand response using service names of MetroBus, MetroLink and Call-A-Ride, respectively.

Service levels (FY 2016 Actual):

44.0 million passenger boardings
137,879 average weekday ridership
26.9 million revenue miles
1.8 million revenue hours
5.4 million diesel gallons consumed



Service area (558 square miles):

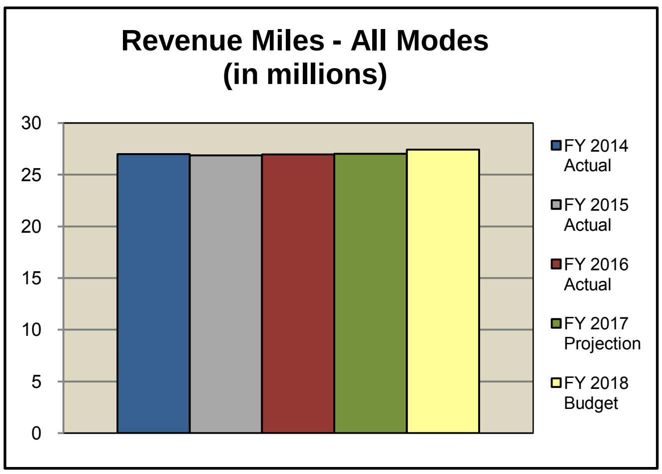
Missouri:
- City of St. Louis
- St. Louis County

Illinois:
- St. Clair County
- Madison County
- Monroe County

Union contracts:

Amalgamated Transit Union, Division 788:
- Bus/Rail Operations and Maintenance
- Clerical Unit
- Demand Response

The International Brotherhood of Electrical Workers:
- Local No. 2 (Missouri)
- Local No. 309 (Illinois)



Websites:

www.twitter.com/STLMetro
www.facebook.com/STLMetro
www.metrostlouis.org/nextstop
www.metrostlouis.org
www.instagram.com/STLMetro

Metro Transit

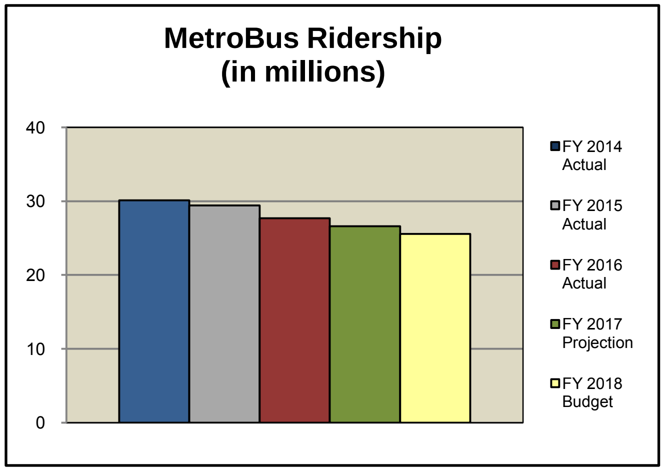
MetroBus

Overview:

Since 1963, Bi-State Development has continuously provided bus service in the Greater St. Louis Region. BSD currently operates 60 fixed bus routes in Missouri and 18 fixed bus routes in Illinois, which is an increase of two routes from FY 2016. Additional special bus service is offered in Illinois for all St. Louis Cardinals home baseball games and the Muny Opera.

Service levels (FY 2016 Actual):

27.7 million passenger boardings
87,213 average weekday ridership
18.5 million revenue miles
1.4 million revenue hours
413 buses (317 used at peak)
4.7 million diesel gallons consumed
76 bus routes at the end of FY 2016



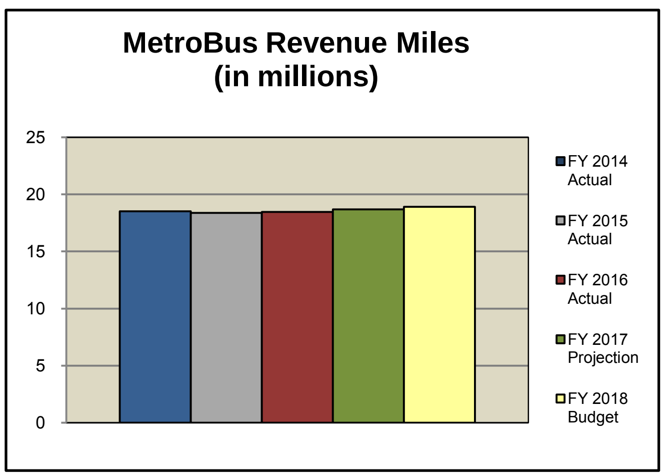
Facilities:

3 garages and 1 maintenance facility
6 MetroBus Transit Centers
13 free park – ride lots

Development:

Completed:
- St. Charles Rock Road Park n Ride (2010)
- Scott Avenue Transit Plaza (2012)
- North County Transit Center (2016)

Construction In Progress:
- Civic Center Transit Center Expansion



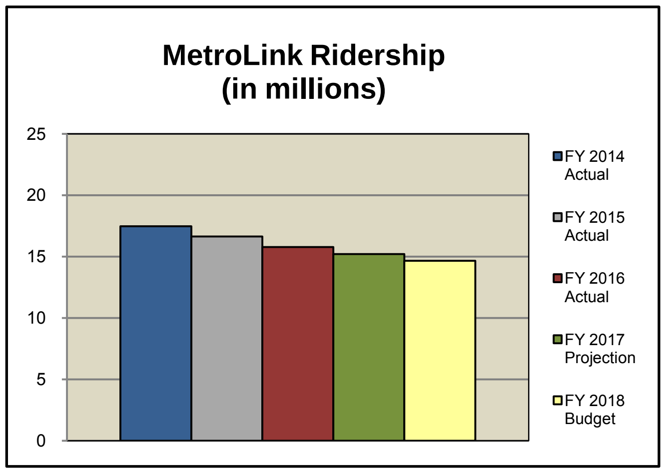
MetroLink

Overview:

Since 1993, Bi-State Development has provided light rail service in the Greater St. Louis Region. The MetroLink system covers 38 miles from Lambert International Airport in Missouri to Scott Air Force Base in Illinois. In addition the Cross County extension, which opened in 2006, covers 8 miles from Forest Park south to Shrewsbury, Missouri. The overall alignment serves St. Louis County, the City of St. Louis in Missouri and St. Clair County in Illinois.

Service levels (FY 2016 Actual):

15.8 million passenger boardings
48,752 average weekday ridership
3.1 million revenue miles
132,794 revenue hours
87 rail cars (50 used at peak)



Facilities:

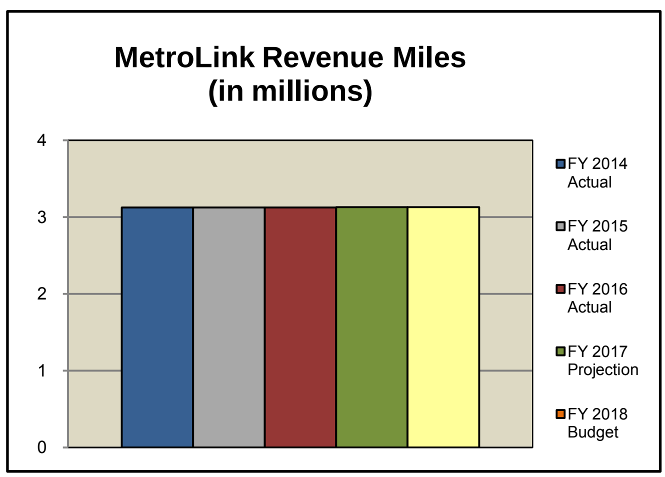
2 rail yards
2 maintenance facilities
37 stations
19 free park – ride lots

Development:

Illinois Bike Trail Extension dedicated, Fall 2011

Renovation of the Grand Station, August 2012

MetroLink station located in the Cortex District funded by a private-public partnership is in the design phase.



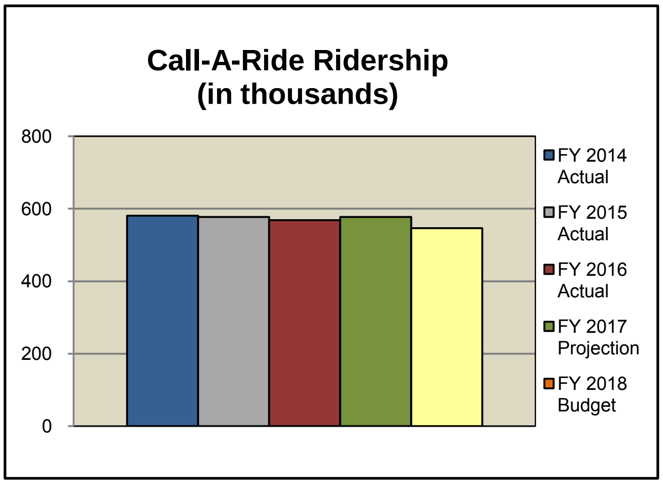
Call-A-Ride

Overview:

Since FY 1987, Call-A-Ride has provided alternative transportation to residents who have limited access to MetroBus or MetroLink service and/or disabled residents who are unable to use these services. Another important function of the Call-A-Ride organization is scheduling and dispatching paratransit vehicles operated by other members of the Transportation Management Association which coordinates paratransit operations in eastern Missouri. These programs are designed to ensure Bi-State Development meets the federal mandate of full ADA compliance.

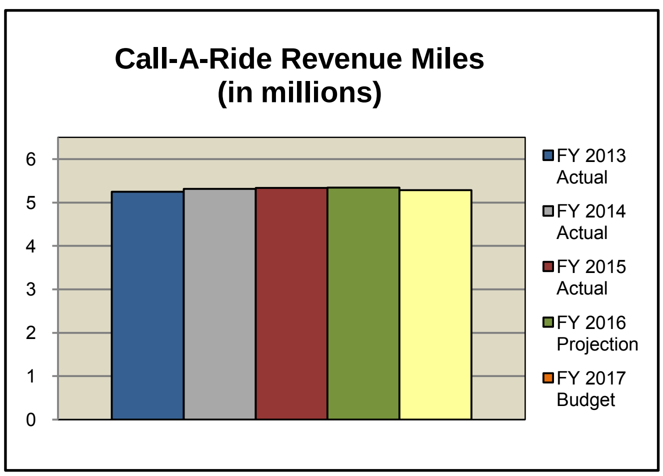
Service levels (FY 2016 Actuals):

568,097 passenger boardings
96.2% ADA passenger boardings
1,914 average weekday ridership
5.3 million revenue miles
303,336 revenue hours
545,792 reservation/assistance calls
0.7 million gallons of diesel consumed
122 vans (98 used at peak)



Facilities:

Paratransit maintenance facility at Main Shop



Development:

Trapeze Para Runcutter (2016)
Implementation gave CAR the ability to look at vehicles, manpower and ridership and produce a run pick that maximizes those resources.

Performance Indicators: Metro Transit

		FY 2018 Budget	FY 2017 Budget	FY 2016 Actual
Passenger boardings:	**System**	**40,773,426**	**45,254,839**	**44,046,960**
	MetroBus	25,574,169	28,762,545	27,701,279
	MetroLink	14,653,044	15,918,047	15,777,584
	Call-A-Ride	546,213	574,247	568,097
Revenue miles:	**System**	**27,059,350**	**27,013,380**	**26,940,139**
	MetroBus	18,554,579	18,588,866	18,470,425
	MetroLink	3,131,618	3,141,471	3,125,069
	Call-A-Ride	5,373,153	5,283,043	5,344,645
Revenue hours:	**System**	**1,766,166**	**1,824,401**	**1,818,479**
	MetroBus	1,342,692	1,387,418	1,382,349
	MetroLink	133,226	133,281	132,794
	Call-A-Ride	290,248	303,702	303,336
Passenger revenue	**System**	**$ 44,141,712**	**$ 49,716,412**	**$ 47,537,792**
(excluding TMA and	MetroBus	27,389,446	31,301,766	29,580,049
contractual)	MetroLink	15,532,226	17,191,492	16,667,146
	Call-A-Ride	1,220,040	1,223,154	1,290,597
TMA (regional van services) & contractual Medicaid services		**$ 4,334,456**	**$ 4,334,416**	**$ 3,941,703**
Operating expense by mode:	**System**	**$ 313,169,016**	**$ 281,252,400**	**$ 264,332,550**
	MetroBus	176,365,180	169,665,445	157,903,436
	MetroLink	109,485,926	85,368,973	80,439,755
	Call-A-Ride	27,317,910	26,217,982	25,989,359
Passenger boardings per	**System**	**1.5**	**1.7**	**1.6**
revenue mile:	MetroBus	1.4	1.5	1.5
	MetroLink	4.7	5.1	5.0
	Call-A-Ride	0.1	0.1	0.1
Operating expense:				
Per revenue mile:	**System**	**$ 11.57**	**$ 10.41**	**$ 9.81**
	MetroBus	9.51	9.13	8.55
	MetroLink	34.96	27.17	25.74
	Call-A-Ride	5.08	4.96	4.86
Per revenue hour:	**System**	**$ 177.32**	**$ 154.16**	**$ 145.36**
	MetroBus	131.35	122.29	114.23
	MetroLink	821.81	640.52	605.75
	Call-A-Ride	94.12	86.33	85.68
Per passenger boarding	**System**	**$ 7.68**	**$ 6.21**	**$ 6.00**
	MetroBus	6.90	5.90	5.70
	MetroLink	7.47	5.36	5.10
	Call-A-Ride	50.01	45.66	45.75
Farebox recovery:	**System**	**14.1%**	**17.7%**	**18.0%**
	MetroBus	15.5%	18.4%	18.7%
	MetroLink	14.2%	20.1%	20.7%
	Call-A-Ride	4.5%	4.7%	5.0%
Subsidy per passenger boarding:	**System**	**$ 6.31**	**$ 4.87**	**$ 4.69**
	MetroBus	5.64	4.66	4.49
	MetroLink	6.23	4.14	3.90
	Call-A-Ride	39.66	35.83	36.40

Metro Transit System
Statement of Revenue and Expense
FY 2016 - FY 2020

	FY 2016 Actual	FY 2017 Budget	FY 2017 Projection	FY 2018 Budget	FY18 Budget vs. FY17 Projection $ Change	FY18 Budget vs. FY17 Projection % Change	FY 2019 Budget	FY 2020 Budget
Operating revenue:								
Passenger revenue								
Bus/rail revenue	$46,247,196	$48,493,263	$43,466,690	$ 42,921,672	$ (545,018)	-1.3%	$44,621,571	$44,851,581
C-A-R revenue	1,290,597	1,223,148	1,295,749	1,220,040	(75,709)	-5.8%	1,285,188	1,285,058
Total Passenger Revenue	**47,537,792**	**49,716,411**	**44,762,438**	**44,141,712**	**(620,726)**	**-1.4%**	**45,906,759**	**46,136,639**
TMA revenue	1,319,489	1,430,591	1,342,031	1,430,591	88,560	6.6%	1,444,897	1,466,570
Paratransit contracts	2,622,214	2,903,825	2,635,594	2,903,865	268,271	10.2%	2,933,000	2,962,003
Other operating revenue	4,928,750	5,668,194	5,610,415	5,931,053	320,638	5.7%	6,107,417	6,289,433
Total operating revenue	**56,408,245**	**59,719,021**	**54,350,478**	**54,407,221**	**56,743**	**0.1%**	**56,392,073**	**56,854,645**
Non-Operating Revenue:								
Grants, sales tax & contractual	225,138,970	242,495,036	237,709,464	273,128,034	35,418,570	14.9%	280,488,141	288,357,144
Investment income	1,472,258	831,385	1,159,991	1,059,836	(100,155)	-8.6%	1,233,061	1,427,436
Capital lease revenue	5,990,757	6,357,380	6,357,380	6,808,011	450,631	7.1%	7,257,758	7,737,353
Contributions from outside entities	-	42,500	-	-	-		-	-
Other misc non-operating rev	(554,667)	-	596,627	-	(596,627)	-100.0%	-	-
Total Non-operating revenue	**232,047,318**	**249,726,301**	**245,823,462**	**280,995,881**	**35,172,419**	**14.3%**	**288,978,960**	**297,521,933**
Total Revenues	**288,455,564**	**309,445,322**	**300,173,940**	**335,403,102**	**35,229,162**	**11.7%**	**345,371,033**	**354,376,578**
Operating Expenses:								
Compensation	104,049,692	111,215,348	109,873,568	115,949,722	6,076,153	5.5%	119,576,365	123,706,160
Benefits	68,547,288	73,380,544	72,450,298	82,616,328	10,166,030	14.0%	85,648,832	87,156,002
Other post-employment benefits	2,056,682	1,597,657	1,657,983	1,597,215	(60,767)	-3.7%	1,649,512	1,701,532
Total Wages & Benefits	**174,653,661**	**186,193,549**	**183,981,849**	**200,163,265**	**16,181,416**	**8.8%**	**206,874,709**	**212,563,694**
Services	31,230,361	34,928,328	32,027,900	54,266,685	22,238,786	69.4%	54,960,037	56,960,443
Fuel and lubrications	14,422,797	13,962,941	12,578,411	12,496,887	(81,524)	-0.6%	12,746,042	13,002,402
Parts and supplies	23,244,763	26,470,672	24,078,375	25,431,026	1,352,651	5.6%	26,346,348	26,943,411
Casualty and liability costs	7,468,053	4,739,710	5,472,920	5,579,914	106,994	2.0%	5,746,962	5,976,970
Utilities	7,099,137	8,585,719	7,893,206	8,435,584	542,378	6.9%	8,692,042	8,900,573
Other operating expenses	3,828,772	3,357,319	3,704,439	3,623,893	(80,546)	-2.2%	4,381,890	4,391,715
Management fees	2,385,006	3,014,162	2,873,672	3,171,763	298,091	10.4%	3,289,214	3,388,666
Total Operating Expenses	**264,332,550**	**281,252,400**	**272,610,771**	**313,169,016**	**40,558,245**	**14.9%**	**323,037,244**	**332,127,873**
Non-Operating Expense:								
Capital lease expense	5,990,757	6,357,380	6,357,380	6,808,011	450,631	7.1%	7,257,758	7,737,353
Interest expense	19,110,179	19,671,850	18,751,028	18,610,736	(140,292)	-0.7%	18,408,990	18,203,205
Sheltered workshop	1,243,864	1,254,432	865,128	706,672	(158,456)	-18.3%	749,529	773,906
Other misc non-oper. expense	930,457	-	810,220	-	(810,220)	-100.0%	-	-
Total Non-Operating Expenses	**27,275,256**	**27,283,662**	**26,783,755**	**26,125,419**	**(658,336)**	**-2.5%**	**26,416,277**	**26,714,464**
Total Expenses	**291,607,806**	**308,536,062**	**299,394,527**	**339,294,435**	**39,899,909**	**13.3%**	**349,453,521**	**358,842,338**
Net Income (Deficit) Before Depreciation	**(3,152,242)**	**909,259**	**779,413**	**(3,891,333)**	**(4,670,746)**	**-599.3%**	**(4,082,488)**	**(4,465,760)**
Depreciation	72,060,415	73,396,453	73,474,859	73,498,220	23,361	0.0%	74,944,199	76,443,000
Net transfers	(627)	2,277,901	1,455,601	1,768,164	312,563	21.5%	1,751,125	1,839,877
Net Income (Deficit)	**$ (75,212,030)**	**$ (74,765,095)**	**$ (74,151,047)**	**$ (79,157,717)**	**$ (5,006,671)**	**-6.8%**	**$ (80,777,812)**	**$ (82,748,637)**

Metro Transit System
Detail of Grants, Sales Tax & Contractual Revenue
FY 2016 - FY 2020

	FY 2016 Actual	FY 2017 Budget	FY 2017 Projection	FY 2018 Budget	FY18 Budget vs. FY17 Projection $ Change	FY18 Budget vs. FY17 Projection % Change	FY 2019 Budget	FY 2020 Budget
Missouri:								
City of St. Louis 1/2 cent sales tax	$ 18,121,311	$ 18,934,817	$ 19,290,031	$ 19,490,647	$ 200,616	1.0%	$ 19,691,401	$ 19,897,930
City of St. Louis 1/4 cent sales tax	8,560,576	8,822,025	9,095,232	9,197,514	102,282	1.1%	9,259,758	9,287,063
City of St. Louis Prop M2 sales tax	6,929,798	7,083,490	7,280,650	7,353,456	72,806	1.0%	7,429,197	7,503,035
Total City of St. Louis	**33,611,685**	**34,840,332**	**35,665,913**	**36,041,617**	**375,704**	**1.1%**	**36,380,356**	**36,688,028**
St. Louis County 1/2 cent sales tax	39,019,077	41,706,559	8,516,527	15,445,185	6,928,658	81.4%	17,383,165	20,323,610
St. Louis County 1/4 cent sales tax	33,559,417	36,650,427	34,383,390	35,279,000	895,610	2.6%	36,132,002	36,950,141
St. Louis County Prop A sales tax	46,975,152	54,522,139	84,930,135	88,997,477	4,067,342	4.8%	91,558,598	93,847,563
Total St. Louis County	**119,553,645**	**132,879,125**	**127,830,052**	**139,721,662**	**11,891,610**	**9.3%**	**145,073,765**	**151,121,314**
Other Local Match - MO	909,130	650,000	410,752	732,424	321,672	78.3%	750,000	775,000
Planning and demo reimbursement	160,000	160,000	160,000	160,000	-	0.0%	160,000	160,000
Total Other Local MO	**1,069,130**	**810,000**	**570,752**	**892,424**	**321,672**	**56.4%**	**910,000**	**935,000**
General Operating & Special MODOT	459,187	468,912	798,879	464,187	(334,692)	-41.9%	464,187	464,187
Total State of Missouri	**459,187**	**468,912**	**798,879**	**464,187**	(334,692)	-41.9%	**464,187**	**464,187**
Total Missouri local & state:	**154,693,646**	**168,998,369**	**164,865,597**	**177,119,890**	**12,254,293**	**7.4%**	**182,828,308**	**189,208,529**
Illinois:								
St. Clair County	49,615,492	51,884,630	52,493,077	54,262,594	1,769,517	3.4%	55,939,190	57,617,365
Other Local Match - IL	627,317	1,632,642	822,444	1,135,175	312,731	38.0%	900,000	1,000,000
Total Illinois local & state	**50,242,809**	**53,517,272**	**53,315,521**	**55,397,769**	**2,082,248**	**3.9%**	**56,839,190**	**58,617,365**
Total local & state	**204,936,455**	**222,515,641**	**218,181,117**	**232,517,659**	**14,336,542**	**6.6%**	**239,667,498**	**247,825,894**
Regional funding/security services	**-**	**-**	**-**	**20,000,000**	**20,000,000**	**-**	**20,000,000**	**20,000,000**
Federal:								
Vehicle maintenance	16,000,000	16,000,000	16,000,000	16,000,000	-	0.0%	16,000,000	16,000,000
Non-capitalized projects	4,085,110	3,979,395	3,350,911	4,610,375	1,259,464	37.6%	4,820,643	4,531,250
Other Federal	117,405	-	177,435	-	(177,435)	-100.0%	-	-
Total Federal:	**20,202,515**	**19,979,395**	**19,528,346**	**20,610,375**	**1,082,029**	**5.5%**	**20,820,643**	**20,531,250**
Total grants, sales tax & contractual revenue	**$ 225,138,970**	**$ 242,495,036**	**$ 237,709,464**	**$ 273,128,034**	**$35,418,570**	**14.9%**	**$ 280,488,141**	**$ 288,357,144**

Metro Operating - FY 2018-2020 Budget

Priorities

The priorities for the Metro operating budget are to run a safe secure system, maintain and build ridership, effectively manage resources of the system and provide future stability and growth.

Assumptions

The FY 2018 budget projects a $3.9 million deficit before depreciation, which represents non-cash items such as other post employment benefit obligation, changes in pension liability and other expense items. Expected incoming cash from revenue and other operating sources are expected to fund planned cash expenses in the FY 2018 budget. Therefore, the FY 2018 BSD budget is balanced because cash inflow is equal to cash outflow.

Service miles and hours for all three modes have route adjustments planned to increase efficiencies and accommodate passenger requirements. System revenue miles are down 0.2% from FY 2017 Budget. MetroBus and MetroLink are down less than one percent and Call-A-Ride is up 1.7%. System revenue hours are down 3.2% from the FY 2017 Budget. This includes reductions in all modes. MetroBus miles and hours are adjusted for the North County Transit Center and the Civic Center service plans.

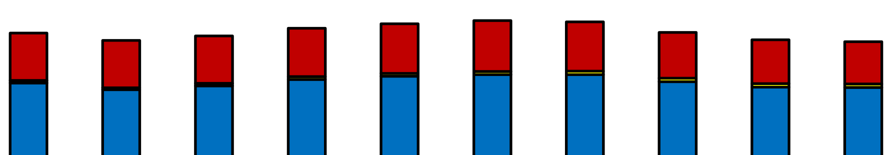
Passenger boardings on MetroBus, MetroLink and Call-A-Ride for FY 2018 show a combined system decrease of 9.9% compared to FY 2017 budget. The decline in ridership is due to multiple factors including lower fuel costs that make personal transportation more economically feasible as compared to public transit, perceptions of security and changes in workforce transit patterns, including telecommuting.

Operating Revenue

Passenger revenue is budgeted at $44.1 million for FY 2018 which is a $5.6 million or 11.2% decrease from the 2017 budget and a $0.6 million or 1.4% decline from the FY 2017 Projection.

The decrease in passenger revenue is due to the expected decline in ridership in FY 2018.

Passenger Revenue



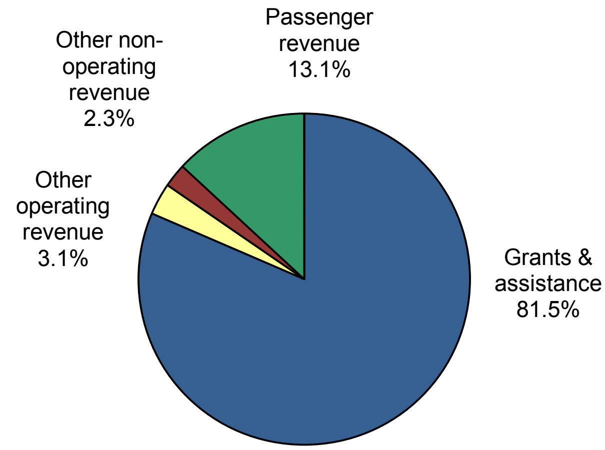
(in millions)	2009 Actual	2010 Actual	2011 Actual	2012 Actual	2013 Actual	2014 Actual	2015 Actual	2016 Actual	2017 Projection	2018 Budget
Rail	17.2	17.3	17.3	17.7	18.2	18.5	18.0	16.7	16.0	15.5
Paratransit	1.0	0.8	0.9	1.0	1.0	1.1	1.2	1.3	1.3	1.2
Bus	29.0	26.5	28.0	30.3	31.5	32.1	32.1	29.5	27.5	27.4

TMA revenue is received from Transit Management Association participants. The TMA is a network of social service agencies, funding agencies, and transportation service providers who coordinate services and share costs to achieve efficiencies in operations. FY 2018 will mark the 19th year of the TMA. The FY 2018 budget of $1.4 million remains flat to the FY 2017 budget, but is an increase to the FY 2017 projection.

Paratransit contracts include Medicaid revenue and other contractual receipts related to trips provided by Paratransit Operations. The $2.9 million budgeted in FY 2018 is flat when compared to the FY 2017 budget as a result of healthcare related factors. The lack of growth is due to two major factors. First, the Federal government has reduced Medicaid funding. Second, Medicaid has created applications that are more complicated due to the requirements of the Affordable Care Act. For this reason, more customers are opting instead to forego the paperwork and pay the minimum fare.

Other operating revenue includes advertising on revenue vehicles, bus shelters, and MetroLink stations; provided maintenance service and vending machine concessions; rental income and miscellaneous other revenue. Other operating revenues are expected to increase 4.6% or $262.9 thousand compared to the FY 2017 budget. This increase is a result of new contracts and sales of maintenance services.

Metro Transit
FY 2018 Revenue



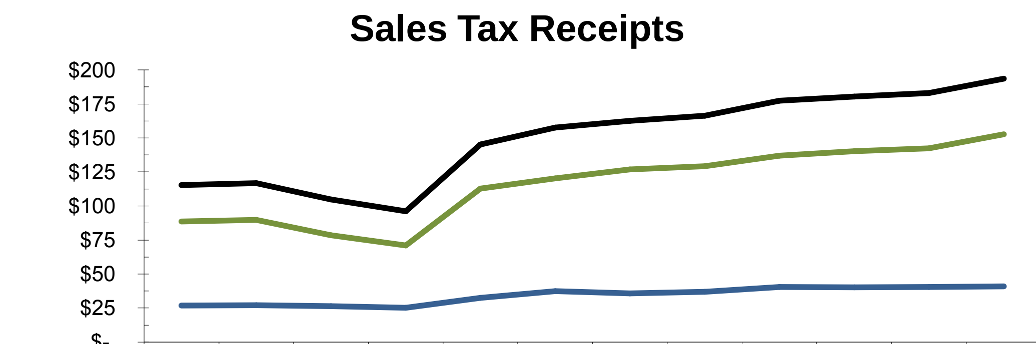
Other non-operating includes Investment income, Capital Lease revenue and Contributions. Other Operating includes TMA revenue and Paratransit contracts.

Grants, Sales Tax and Contractual Revenue

City of St. Louis and St. Louis County sales taxes include ½ cent sales tax (1973) for transportation and ¼ cent sales tax (1994) for light rail development, operation and maintenance and a ¼ sent sales tax (passed 1997, collected 2010) for system operating capital and future expansion. Only the ½ cent tax (1973) is subject to deductions for Tax Increment Financing (TIF). St. Louis City forwards to BSD all taxes collected net of TIF's.

St. Louis County voters passed Prop A, a ½ cent sales tax (2010) and the City of St. Louis activated Prop M2, a ¼ cent sales tax to fund service restoration, enhancements and future expansion. St. Louis County appropriates operating, capital and debt service funding annually to cover for the service package requested.

Sales tax receipts (after TIF reductions) appropriated to BSD:



(in millions)	2007 Actual	2008 Actual	2009 Actual	2010 Actual	2011 Actual	2012 Actual	2013 Actual	2014 Actual	2015 Actual	2016 Actual	2017 Proj.	2018 Budget
St. Louis County	88.51	89.74	78.47	71.06	112.73	120.34	126.95	129.38	137.08	140.30	142.54	152.83
St. Louis City	26.95	27.01	26.46	25.13	32.50	37.34	35.69	36.91	40.36	40.29	40.48	40.90
Total	115.47	116.75	104.93	96.19	145.23	157.68	162.64	166.29	177.44	180.59	183.02	193.73

Slow growth in the local economy translates to relatively minimal growth in sales tax receipts for FY 2018 in the St. Louis City and moderate growth for St. Louis County sales taxes. Budgeted sales tax receipts are allocated between operating needs and capital programs. It is at the discretion of the President and Chief Executive Officer to change the distribution percentage of sales taxes between operating and capital should actual circumstances dictate a change from plan. In FY 2017, St. Louis County began allocating 100% of ½ Cent Prop A funds (2010) to BSD while simultaneously reducing ½ cent sales taxes (1973) forwarded to BSD below 20%. The chart above reflects the growth in appropriation from St. Louis County and City over a 12 year period.

State of Missouri revenue for the FY 2018 budget is expected to be slightly below the FY 2017 budget. This amount of $464,187 is expected through FY 2020.

St. Clair County, Illinois revenue is based on a service agreement between St. Clair County Transit District and BSD. The District administers St. Clair County tax collections and Illinois Department of Transportation funding and contracts with BSD for services.

Federal vehicle maintenance represents federal capital formula funds that BSD chooses to program for vehicle maintenance per the Federal Transit Administration's guidelines.

Non-Capital Federal grant revenue anticipated funding is expected to be $4.6 million for FY 2018. These funds are expected to be used for right-of-way MetroLink structural repairs, rail tie replacement and various Missouri projects.

Non-Operating Revenue

Investment income consists of interest earned on invested funds. The projected budget for FY 2018 is $1.1 million.

Capital lease revenue recognizes the revenue associated with capital leases. The revenue and expense offset. For FY 2018, these amounts are both $6.8 million.

Expenses

Wages & benefits for FY 2018 is expected to be 7.5% higher than FY 2017 budget. This increase is related to a higher pension benefit amortization expense related to GASB 68. Metro is containing expense for medical costs through improvements in the medical plans.

Other post-employment benefits arose from the implementation of GASB Statement No. 45, Accounting and Financial Reporting for Employers for Post-employment Benefit Plans Other Than Pension. Total OPEB consists of pay-as-you-go retiree medical costs (included in benefits) and the unfunded portion. For FY 2018, the OPEB cost is expected to be nearly the same as the FY 2017 budget level.

Services increased 69.4% from the FY 2017 projection. Security falls within the Services line item in the budget, and for FY 2018, security is a key focus. For FY 2017, the projection reflects a $4 million St. Louis County transfer of funds directly to St. Louis County Police to pay for police officers they assign to Metro. Metro is programming an additional $20 million to address public safety concerns on the Metro transit system. There is also a slight increase in maintenance and custodial services and consultant fees.

Fuel hedging (realized gains/losses) helps neutralize the outcome of price spikes or drops in the budget. The fuel hedging program involves purchasing heating oil contracts up to 36 months into the future. In times of rising prices, hedging contracts rise in value at time of sale and generate a savings that slows the effect of the market increase on the financial statements. With steady fuel prices this budget does not include a gain or loss on fuel hedge in FY 2018.

Fuel & lubrications net expense for the FY 2018 budget is anticipated to decrease 10.5% compared to the FY 2017 budget. Decreases in current diesel prices are driving these changes. Fuel prices are expected to level in FY 2018. Fuel usage throughout the system will slowly decline as newer more fuel efficient buses are introduced to the system.

Parts & supplies expense is expected to increase 5.6% from FY 2017 projection; however, this is 3.9% below the FY 2017 budget. Revenue and non-revenue vehicle parts are the main factors for the change. Life cycle fleet maintenance is the basis in determining revenue equipment parts needs each year.

Casualty and liability expense is dependent on a variety of factors including the insurance market, passenger boardings, the number of miles driven, population density of the service area and the number of accidents, injuries and claims.

Utilities, including electric propulsion, are budgeted with a 6.9% increase over the FY 2017 projection. This increase is primarily due to expected cost increases of electric and telephone expense.

Other expenses consist of taxes, leases, advertising, travel and staff development. Other expenses for FY 2018 reflect a decrease when compared to the FY 2017 projection, but an increase over FY 2017 budget.

Management fees are payments to Executive Services for providing services to Metro. Metro's fee is calculated at 75% of the Executive Services operating expenses.

Non-Operating Expense

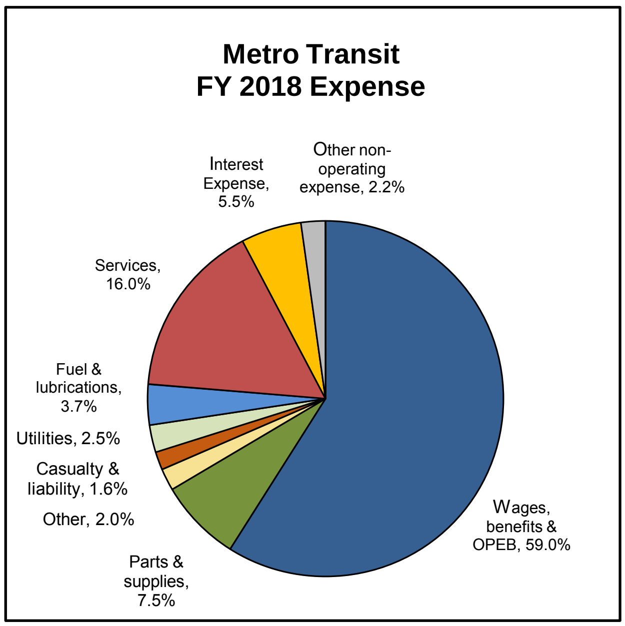
Capital lease expense recognizes the cost associated with capital leases. The expense is offset by a revenue amount. For FY 2018, these amounts are both $6.8 million.

Interest on debt results primarily from interest paid on bonds issued to finance the Cross County expansion. Interest expense is budgeted at $18.6 million in FY 2018.

Sheltered workshop expense is 2% of the Missouri ½ cent (1973) sales tax and is budgeted at $0.7 million in FY 2018.

Depreciation and Amortization

Depreciation in public transit systems is generally not funded by operating income. This differs from private industry, which must generate profits for purchase/replacement of property and equipment. Depreciation is presented as required by U.S. Generally Accepted Accounting Principles (US GAAP). Depreciation is not funded to provide equity for capital replacements because such capital assets are predominately funded by federal grants. For FY 2018, depreciation is expected to remain near the FY 2017 projections.



Net Transfers

Internal service fund administration fees in FY 2018 through FY 2020 are charged to Metro by the Workers' Compensation and Casualty Self-Insurance Funds. These fees represent Self-insurance administration costs that are in excess of claim amounts paid for which the funds are entitled to reimbursement. The amount of the Self-Insurance Administration Fee for FY 2018 is $1.8 million.

Metro Transit - Operating Expense

	FY 2016 Actual	FY 2017 Budget	FY 2017 Projection	FY 2018 Budget	18 Bdgt vs 17 Proj $ Change	18 Bdgt vs 17 Proj % Change	FY 2019 Budget	FY 2020 Budget
By type of expense:								
Wages & benefits without OPEB	$ 172,596,979	$ 184,595,892	$ 182,323,866	$ 198,566,049	16,242,183	8.9%	$ 205,225,197	$ 210,862,162
Other post-employment benefits	2,056,682	1,597,657	1,657,983	1,597,215	(60,767)	-3.7%	1,649,512	1,701,532
Services	31,230,361	34,928,328	32,027,900	54,266,685	22,238,786	69.4%	54,960,037	56,960,443
Fuel & lubrications	14,422,797	13,962,941	12,578,411	12,496,887	(81,524)	-0.6%	12,746,042	13,002,402
Parts & supplies	23,244,763	26,470,672	24,078,375	25,431,026	1,352,651	5.6%	26,346,348	26,943,411
Casualty & liability	7,468,053	4,739,710	5,472,920	5,579,914	106,994	2.0%	5,746,962	5,976,970
Utilities	7,099,137	8,585,719	7,893,206	8,435,584	542,378	6.9%	8,692,042	8,900,573
Leases and other expense	3,828,772	3,357,319	3,704,439	3,623,893	(80,546)	-2.2%	4,381,890	4,391,715
Agency fees	2,385,006	3,014,162	2,873,672	3,171,763	298,091	10.4%	3,289,214	3,388,666
Total operating expense	**$ 264,332,550**	**$ 281,252,400**	**$ 272,610,771**	**$ 313,169,016**	**$ 40,558,246**	**14.9%**	**$ 323,037,244**	**$ 332,127,873**

	FY 2016 Actual	FY 2017 Budget	FY 2017 Projection	FY 2018 Budget	18 Bdgt vs 17 Proj $ Change	18 Bdgt vs 17 Proj % Change	FY 2019 Budget	FY 2020 Budget
By function:								
Transit Operations	$ 210,443,954	$ 231,684,900	$ 223,840,263	$ 253,213,652	29,373,389	13.1%	$ 262,093,200	$ 269,019,521
Executive Vice-President - Administration	121,944	624,197	608,202	670,893	62,691	10.3%	687,427	715,136
Human Resources	1,113,786	1,494,492	1,352,064	1,800,232	448,169	33.1%	1,710,504	1,754,543
Procurement, Inventory Management	4,929,491	5,372,461	5,122,765	5,493,139	370,374	7.2%	5,693,117	5,831,851
Finance *	19,514,191	13,686,255	15,108,040	23,820,902	8,712,863	57.7%	23,955,389	24,971,059
Information Technology	7,978,306	9,263,743	9,029,107	9,760,180	731,073	8.1%	10,033,128	10,457,775
Marketing & Communications	3,006,542	3,603,270	3,291,899	3,712,687	420,788	12.8%	3,815,761	3,908,173
Pension & Retiree Benefits	16,434,741	14,644,934	13,499,485	13,910,927	411,441	3.0%	14,239,299	14,635,659
Real Estate & Meridian	789,596	878,148	758,945	786,403	27,458	3.6%	809,419	834,155
Total operating expense	**$ 264,332,550**	**$ 281,252,400**	**$ 272,610,771**	**$ 313,169,016**	**$ 40,558,246**	**14.9%**	**$ 323,037,244**	**$ 332,127,873**

* Includes Passenger Revenue in addition to traditional finance functions

(Sums may not equal Total due to rounding)

Metro Transit
Organizational Units

Metro Transit

Operational overview:

Transit Operations manages three modes of public transportation in the St. Louis metropolitan area and associated support functions including the following:

Operations Administration provides overall management of the Metro transit operations functions.

Bus Transportation includes MetroBus activities related to bus operations management, bus operators and operator training.

Rail Transportation includes MetroLink activities related to light rail operations management, light rail operators and operator training.

Paratransit includes all Call-A-Ride activities related to paratransit operations management, van operators, operator training, passenger scheduling, and paratransit programs. Paratransit also operates the Green Line van service in the Washington University campus area.

Vehicle Maintenance is responsible for maintaining and cleaning all revenue and non-revenue vehicles. Vehicles maintained include buses, light rail cars, vans, and support vehicles. In addition to development and management of predictive, preventative, and condition-based maintenance programs, this function also operates a heavy repair facility, which includes a body and paint shop, engine overhaul shop, radiator shop, transmission overhaul shop, and radio communications maintenance shop. Also included are the vehicle maintenance management, vehicle maintenance training, maintenance analysis, and product development groups.

Facilities Maintenance is responsible for maintaining and cleaning the DeBaliviere, Brentwood, and Illinois bus operations facilities, and the paratransit facility.

Maintenance of Way is responsible for the inspection, maintenance, and repair of assets along the MetroBus and MetroLink routes.

MetroBus responsibilities include transfer centers, shelters, loops, and bus stops.

MetroLink responsibilities cover all rail systems including communications, signals, and traction power right-of-way including light rail stations, light rail maintenance facilities, tunnels, structures, track, and rail right-of-way.

Security is responsible for the safeguarding of Bi-State Development's customers, personnel, and property as well as fare enforcement. Bi-State Development utilizes certain employees, jurisdictional police officers, outside security service guards, and undercover police officers.

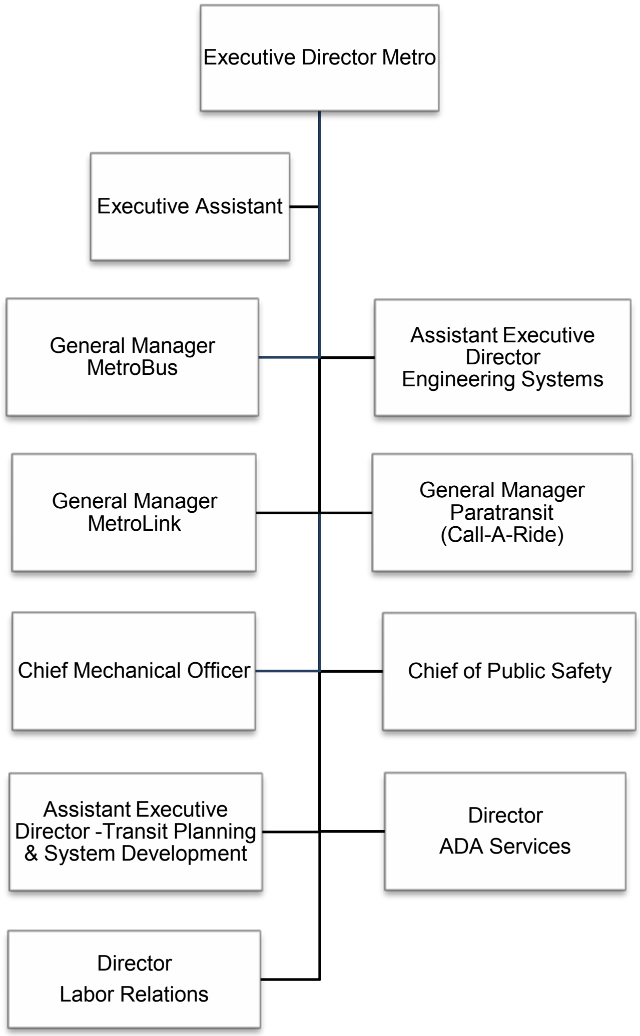
Planning & Systems Development plans for efficient and effective routes and operating schedules for bus and light rail service, reports on passenger boardings and service miles and hours, operates the transit call center, and researches service opportunities and trends.

ADA Services administers and oversees compliance with transportation provisions of the Americans with Disabilities Act. The group administers and coordinates the ADA activities related to Bi-State Development's Call-A-Ride paratransit service. This includes certification of customers as eligible for ADA complementary paratransit service, monitoring of service to the disability community, and active participation in community outreach. A Travel Training Program, designed to train disabled customers in the use of transit's fixed route bus and light rail service, is managed by the department.

Labor Relations is responsible for maintaining relationships with bargaining units, negotiating labor contracts, managing grievance processes, and maintaining data unique to union personnel.

Engineering designs, engineers, and constructs capital projects for the rail and bus systems. The Capital Projects Department manages the design and construction of projects that repair, upgrade or expand the MetroLink and MetroBus facilities. Capital projects are typically funded from federal grants. The Project Control Department tracks and monitors project schedules and budgets and provides quality assurance. All project documents are maintained within this department.

Organization:



Goals and Objectives Action Plan: Metro Transit

The following strategies and action steps help Bi-State Development define its goals and objectives as outlined in the Strategic Plan section of this document.

Goal: Deliver a high quality transit experience that is recognized by its customers, industry peers, and regional stakeholders for its excellence		
Objective: Improve service quality and capacity for van, bus, and rail systems; Deliver quality capital projects on time and within budget		
Strategy	**Action Steps**	**Performance Measurements**
Continue a program of enhancing bus stops in compliance with ADA standards and optimizing bus stop spacing	• Create an amenity component of bus stop improvement program • Optimize bus stop spacing,locate new bus stops more accessible / proximal to ridership generators • Encourage customers to submit requests for improvements and new bus stop locations	• Created / released communications plan for accessibility programs • Reduce customer complaints regarding bus stop issues
Downtown Transfer Center	• Schematic design & design development • Procure construction services • Construct project	• Awarded Construction Contract 2nd Quarter 2016 • Complete Construction - construction anticipated completing approximately 15 – 18 months following award; 3rdQuarter 2017
Downtown Tunnel Repairs	• Develop design RFP • Issue and award design contract • Complete preliminary design and obtain NEPA approval • Complete final design • Implementation	• Issue design RFP February 2017 • Award design contract April 2017 • Complete preliminary design and obtain NEPA approvals by December 2017 • Complete final design by September 2018
Boyle Street Station and Interlocking	• Obtain NEPA approval • Complete grant contract execution • Develop design RFP • Issue and award design contract • Complete design • Implementation	• Obtained NEPA approval March 2015 • Grant contract executed October 2015 • Issue design RFP March 2016 • Complete design March 2017 • Complete construction October 2018

Objective: Implement innovative technologies		
Strategy	**Action Steps**	**Performance Measurements**
Implement automated fare collection system using smart card technology	• Convert existing infrastructure to smart card technology • Train staff on technology • Perform pilot program testing • Roll out new system	• Enhance ridership information • Reduce fare evasion • Eliminate paper transfers • App which would allow riders to anticipate the next vehicle arrival
Objective: Improve transit security of van, bus, and rail		
Strategy	**Action Steps**	**Performance Measurements**
Seek coordination between various Security forces	• Review geo-coded complaint data and supply to all elements of security force	• Customer complaints regarding security decrease
Goal: Value all members of our staff and endeavor to help all of our employees develop to their fullest potential		
Objective: Strengthen the labor – management working relationship		
Strategy	**Action Steps**	**Performance Measurements**
Create additional opportunities to engage with front line employees in a coaching format. Provide front Line Management Staff with training and guidance as to the responsibilities of their positions.	• Expand and continue to refine 2016 program to increase contact with front line employees should be monitored for effectiveness and an implementation plan developed • Contract training completed. • Managers provide follow up and feedback regarding manager techniques	• Workforce organization plan developed for implementation in FY 2019 Budget submittal. • Training needs identified by December 2017 • Improvement in Employee related performance metrics
Objective: Implement Fleet Management and Replacement Strategies		
Strategy	**Action Steps**	**Performance Measurements**
Continue to transition vehicle buys to purchases buses and vans at regular intervals (bus 1/15th of fleet per year, van 1/5th of fleet per year) Finalize railcar replacement plan and make program goals and projected costs known to regional leadership	• Continue to follow bus replacement plan • Continue to follow van replacement plan • Finalize plans and develop specifications for modernization of LRV 1 series vehicles • Develop draft LRV replacement plan	• Bus and Rail MDBF remains at statistically high levels • Rail and Bus Cost per mile grows at or below inflation rate

Objective: Implement Regulatory Requirement for MAP-21		
Strategy	**Action Steps**	**Performance Measurements**
Purchase data systems for Maintenance of Way Department Create a Management Group within VMD or MOW to ensure performance against MAP-21 requirements	• Install data system and populate with information from existing databases • Transfer requirements for preventative maintenance tracking to new system	• Adherence to Map-21 reporting requirements (FTA findings) • Reduction in unplanned system MetroLink outages • Create Long Term Financial Requirements Plan for MetroLink system including replacement of Power, Track, Signal and Station Components
Goal: Ensure cost-effective and efficient use of resources and aggressively pursue funding partnerships to supplement existing resources		
Objective: Implement cost reduction strategies		
Strategy	**Action Steps**	**Performance Measurements**
Reduce costs and impact on productivity associated with absenteeism Complete Regional Priority to Support Cortex Development as funded through the TIGER Grant Program	• Implement a structured absence management program • Monitor absence reporting mechanisms implemented in FY2016 • Conduct review of MetroBus Service Plan to ensure efficiency • Complete Boyle Ave. MetroLink Station on-time and on-budget	• Manage worker compensation program to ensure compliance • Apply lessons learned to employee injury investigations to reduce future injury rate • Maintain Absence Management program (FMLA, STD and other leaves of absence) • Station placed in service in 2018

Performance Indicators – Metro Transit

Progress in meeting the goals and objectives are measured through performance indicators. Following is a list of the performance indicators for the Transit Operations:

	FY 2018	FY 2017		FY 2016
	Target	**Projection**	**Target**	**Actual**
Bus Transportation:				
On-time performance	91.0%	91.0%	91.0%	92.0%
Accidents per 100,000 vehicle miles	2.3	2.3	2.3	2.1
Passenger injuries per 100,000 boardings	1.3	2.1	1.3	2.1
Customer complaints per 100,000 boardings	15.0	14.0	15.0	12.2

	FY 2018	FY 2017		FY 2016
	Target	Projection	Target	Actual
Rail Transportation:				
On-time performance	98.0%	97.0%	98.0%	97.0%
Accidents per 100,000 vehicle miles	0.1	0.1	0.1	0.1
Passenger injuries per 100,000 boardings	0.5	0.5	0.6	0.4
Customer complaints per 100,000 boardings	1.8	1.8	1.8	2.3
Paratransit Transportation:				
On-time performance	95.0%	94.0%	95.0%	92.3%
Accidents per 100,000 vehicle miles	1.5	1.0	1.5	0.8
Passenger injuries per 100,000 boardings	5.0	8.0	5.0	9.7
Customer complaints per 100,000 boardings	15.0	20.0	15.0	29.7
Vehicle Maintenance:				
Average revenue miles between incidents:				
MetroBus roadcalls	20,000	20,000	20,000	20,568
MetroLink failures	25,000	28,000	25,000	32,723
Call-A-Ride roadcalls	45,000	43,000	45,000	38,451
Maintenance of Way (MOW):				
MOW system reliability (on-time performance)	98.5%	98.0%	98.5%	97.5%
Elevator and escalator availability	98.0%	98.5%	98.0%	99.0%
On-time performance of equipment inspections	97.5%	95.0%	97.5%	96.5%
ADA Services:				
Percent of incoming calls answered	95.0%	95.5%	95.0%	95.0%
Labor Relations:				
Employee/Retiree Outreach				
Education events	30	30	30	32
Communications	6	6	6	6
Engineering:				
Project Measurement:				
Permits and agreements secured as required	100%	100%	100%	100%
Managed according to policy and procedure	100%	100%	100%	100%
Managed using standardized engineering process	100%	100%	100%	100%
Monitor compliance to policy	100%	100%	100%	100%
Projects completed within budget	100%	100%	100%	100%
Projected completed on time	90%	80%	90%	71%

Transit Operations - Operating Expense

		FY 2016 Actual	FY 2017 Budget	FY 2017 Projection	FY 2018 Budget	18 Bdgt vs 17 Proj $ Change	% Change	FY 2019 Budget	FY 2020 Budget
Transit Operations	Wages & benefits without OPEB	$ 146,424,072	$ 157,589,493	$ 155,712,580	$ 162,202,064	$ 6,489,484	4.2%	$ 168,136,838	$ 173,025,164
	Other post-employment benefits	790,427	1,398,658	1,463,060	1,401,533	(61,528)	-4.2%	1,442,587	1,483,328
	Services	23,942,317	27,533,045	24,844,566	45,592,215	20,747,649	83.5%	46,324,083	47,554,986
	Fuel & lubrications	9,016,542	12,965,867	11,083,491	11,985,312	901,821	8.1%	12,484,977	12,741,337
	Parts & supplies	21,555,068	22,758,660	21,522,515	22,259,950	737,435	3.4%	23,076,112	23,591,648
	Utilities	7,342,121	7,798,135	7,722,598	7,913,753	191,155	2.5%	8,067,594	8,066,255
	Leases and other expense	5,299,753	5,823,157	5,971,682	4,978,844	(992,838)	-16.6%	6,223,363	6,566,968
	Operating expense	**$ 214,370,300**	**$ 235,867,015**	**$ 228,320,491**	**$ 256,333,670**	**$ 28,013,179**	**12.3%**	**$ 265,755,555**	**$ 273,029,687**
Bus Transportation	Wages & benefits without OPEB	$ 69,682,214	$ 75,718,421	$ 74,756,589	$ 77,167,275	$ 2,410,686	3.2%	$ 79,987,683	82,809,170
	Other post-employment benefits	406,302	734,807	758,262	734,807	(23,455)	-3.1%	744,954	747,791
	Services	173,160	235,731	192,756	285,731	92,975	48.2%	292,421	299,311
	Parts & supplies	125,998	284,542	190,869	288,434	97,564	51.1%	299,540	305,540
	Utilities	22,042	29,880	24,955	31,800	6,845	27.4%	31,800	31,620
	Leases and other expense	90,203	214,536	151,203	201,953	50,749	33.6%	225,058	217,258
	Operating expense	**$ 70,499,920**	**$ 77,217,917**	**$ 76,074,634**	**$ 78,710,000**	**$ 2,635,365**	**3.5%**	**$ 81,581,455**	**$ 84,410,690**
Rail Transportation	Wages & benefits without OPEB	11,981,926	12,435,384	12,330,220	12,805,750	475,529	3.9%	$ 13,248,108	13,713,446
	Other post-employment benefits	69,181	118,593	122,908	118,593	(4,315)	-3.5%	122,616	123,009
	Services	-	250	125	250	125	100.0%	250	250
	Parts & supplies	21,628	23,942	22,500	25,374	2,874	12.8%	26,817	27,617
	Utilities	14,023	30,060	21,404	30,060	8,657	40.4%	31,380	30,060
	Leases and other expense	54,378	111,300	78,368	112,550	34,182	43.6%	113,050	113,750
	Operating expense	**$ 12,141,136**	**$ 12,719,528**	**$ 12,575,525**	**$ 13,092,577**	**$ 517,052**	**4.1%**	**$ 13,542,222**	**$ 14,008,131**
Paratransit Transportation	Wages & benefits without OPEB	13,056,586	13,818,826	13,694,683	14,508,188	813,504	5.9%	$ 15,083,920	15,617,550
	Other post-employment benefits	16,887	28,698	29,861	28,698	(1,163)	-3.9%	29,562	31,957
	Services	194,635	171,548	166,844	175,799	8,955	5.4%	178,156	180,156
	Parts & supplies	23,877	41,740	29,375	32,420	3,044	10.4%	32,605	32,605
	Utilities	15,904	22,800	17,158	22,800	5,642	32.9%	22,800	22,800
	Leases and other expense	41,357	47,900	43,755	50,450	6,695	15.3%	47,900	47,900
	Operating expense	**$ 13,349,246**	**$ 14,131,512**	**$ 13,981,677**	**$ 14,818,354**	**$ 836,677**	**6.0%**	**$ 15,394,943**	**$ 15,932,968**
Vehicle Maintenance	Wages & benefits without OPEB	27,887,497	29,881,768	29,336,190	30,687,655	1,351,465	4.6%	$ 32,007,266	32,455,081
	Other post-employment benefits	168,099	297,519	307,101	300,393	(6,708)	-2.2%	316,569	333,852
	Services	2,716,045	2,940,796	2,829,230	3,063,040	233,810	8.3%	3,128,467	3,231,519
	Fuel & lubrications	9,004,934	12,933,640	11,057,502	11,951,987	894,485	8.1%	12,451,242	12,707,552
	Parts & supplies	17,643,185	18,818,329	17,676,167	18,186,390	510,223	2.9%	18,857,962	19,313,353
	Utilities	24,768	127,261	72,428	126,861	54,433	75.2%	127,485	127,509
	Leases and other expense	185,862	164,291	191,540	201,957	10,417	5.4%	203,703	206,339
	Operating expense	**$ 57,630,390**	**$ 65,163,605**	**$ 61,470,158**	**$ 64,518,284**	**$ 3,048,126**	**5.0%**	**$ 67,092,694**	**$ 68,375,205**
Facility Maintenance	Wages & benefits without OPEB	2,634,024	2,654,510	2,795,791	2,800,585	4,793	0.2%	$ 2,913,114	2,968,899
	Other post-employment benefits	14,032	27,097	28,537	27,097	(1,439)	-5.0%	28,392	30,350
	Services	2,026,472	1,957,379	1,773,623	1,957,277	183,654	10.4%	1,986,687	2,005,872
	Fuel & lubrications	1,325	2,301	2,883	2,900	17	0.6%	2,800	2,850
	Parts & supplies	1,663,507	1,112,620	1,304,194	1,228,832	(75,362)	-5.8%	1,267,024	1,298,485
	Utilities	1,805,793	2,564,131	2,086,164	2,600,695	514,531	24.7%	2,666,227	2,666,227
	Leases and other expense	642,156	545,562	591,537	720,633	129,095	21.8%	1,408,376	1,408,376
	Operating expense	**$ 8,787,310**	**$ 8,863,600**	**$ 8,582,728**	**$ 9,338,018**	**$ 755,290**	**8.8%**	**$ 10,272,620**	**$ 10,381,059**
Maintenance of Way	Wages & benefits without OPEB	12,796,757	12,196,720	12,675,913	12,853,564	177,650	1.4%	$ 13,269,941	13,409,395
	Other post-employment benefits	67,698	111,775	124,037	111,775	(12,261)	-9.9%	116,154	126,152
	Services	7,943,361	8,670,328	8,138,870	11,637,389	3,498,519	43.0%	11,726,967	12,182,017
	Parts & supplies	1,915,248	2,165,970	2,021,787	2,219,675	197,888	9.8%	2,274,723	2,296,246
	Utilities	4,502,561	4,927,151	4,922,167	5,003,319	81,153	1.6%	5,089,308	5,089,308
	Leases and other expense	41,226	129,750	79,919	131,650	51,731	64.7%	129,750	129,750
	Operating expense	**$ 27,266,850**	**$ 28,201,694**	**$ 27,962,692**	**$ 31,957,372**	**$ 3,994,680**	**14.3%**	**$ 32,606,842**	**$ 33,232,869**
Security	Wages & benefits without OPEB	4,504,461	5,034,697	5,010,495	5,273,325	262,830	5.2%	5,440,527	5,639,133
	Other post-employment benefits	18,821	24,071	35,613	24,071	(11,542)	-32.4%	25,603	26,805
	Services	7,345,331	9,538,602	7,698,070	25,714,072	18,016,002	234.0%	25,858,911	25,858,911
	Parts & supplies	24,808	38,994	51,480	39,839	(11,641)	-22.6%	40,704	40,704
	Utilities	24,421	33,600	26,070	33,600	7,530	28.9%	33,600	33,600
	Leases and other expense	121,990	109,866	112,149	109,866	(2,283)	-2.0%	109,866	109,866
	Operating expense	**$ 12,039,832**	**$ 14,779,831**	**$ 12,933,877**	**$ 31,194,773**	**$ 18,260,896**	**141.2%**	**$ 31,509,212**	**$ 31,709,020**

Transit Operations - Operating Expense

		FY 2016 Actual	FY 2017 Budget	FY 2017 Projection	FY 2018 Budget	18 Bdgt vs 17 Proj $ Change	18 Bdgt vs 17 Proj % Change	FY 2019 Budget	FY 2020 Budget
Planning & System Development	Wages & benefits without OPEB	$ 2,485,252	$ 3,014,626	$ 2,866,026	$ 3,099,104	$ 233,078	8.1%	$ 3,194,815	3,347,799
	Other post-employment benefits	19,294	37,152	39,120	37,152	(1,967)	-5.0%	38,746	42,317
	Services	231,980	553,170	373,004	371,691	(1,313)	-0.4%	253,212	581,659
	Parts & supplies	118,830	190,383	166,895	156,050	(10,846)	-6.5%	192,484	192,758
	Utilities	5,553	6,000	5,324	6,000	676	12.7%	6,000	6,000
	Leases and other expense	15,394	51,237	29,471	54,984	25,513	86.6%	52,732	52,832
	Operating expense	**$ 2,876,303**	**$ 3,852,569**	**$ 3,479,840**	**$ 3,724,981**	**$ 245,141**	**7.0%**	**$ 3,737,988**	**$ 4,223,365**
ADA Services	Wages & benefits without OPEB	402,040	791,929	602,527	898,188	295,660	49.1%	833,492	823,689
	Other post-employment benefits	1,931	1,697	2,705	1,697	(1,009)	-37.3%	1,868	1,889
	Services	36,593	48,892	53,892	49,164	(4,727)	-8.8%	35,718	49,747
	Parts & supplies	10,098	30,695	23,683	30,500	6,817	28.8%	30,800	30,882
	Utilities	14,795	16,926	16,370	17,420	1,050	6.4%	17,620	17,757
	Leases and other expense	173,235	231,487	190,351	239,437	49,086	25.8%	234,988	235,145
	Operating expense	**$ 638,693**	**$ 1,121,626**	**$ 889,528**	**$ 1,236,406**	**$ 346,877**	**39.0%**	**$ 1,154,487**	**$ 1,159,110**
Operations Administration	Wages & benefits without OPEB	352,929	353,650	326,100	354,889	28,789	8.8%	367,072	381,775
	Other post-employment benefits	1,926	3,238	3,354	3,238	(116)	-3.4%	3,566	3,606
	Services	209,151	213,013	249,220	213,338	(35,881)	-14.4%	213,672	213,672
	Parts & supplies	233	40,717	21,072	41,673	20,600	97.8%	42,653	42,653
	Utilities	1,426	1,524	1,071	1,524	453	42.3%	1,524	1,524
	Leases and other expense	5,839	31,014	18,104	31,247	13,143	72.6%	31,487	31,487
	Operating expense	**$ 571,504**	**$ 643,155**	**$ 618,920**	**$ 645,909**	**$ 26,989**	**4.4%**	**$ 659,973**	**$ 674,716**
Engineering & New Systems	Wages & benefits without OPEB	246,697	1,284,087	906,130	1,315,940	409,810	45.2%	1,337,066	1,386,606
	Other post-employment benefits	4,308	12,219	8,201	12,219	4,018	49.0%	12,585	13,606
	Services	2,748,053	2,808,336	3,005,908	1,713,714	(1,292,193)	-43.0%	2,233,872	2,531,122
	Parts & supplies	10,282	29,926	23,106	30,425	7,319	31.7%	30,935	30,935
	Utilities	7,392	10,146	8,610	10,146	1,536	17.8%	10,146	10,146
	Leases and other expense	909,614	37,401	528,273	37,574	(490,699)	-92.9%	37,751	37,751
	Operating expense	**$ 3,926,346**	**$ 4,182,115**	**$ 4,480,228**	**$ 3,120,018**	**$ (1,360,210)**	**-30.4%**	**$ 3,662,355**	**$ 4,010,166**
Labor Relations	Wages & benefits without OPEB	393,690	404,875	411,913	437,602	25,689	6.2%	453,835	472,620
	Other post-employment benefits	1,946	1,791	3,362	1,791	(1,571)	-46.7%	1,972	1,994
	Services	317,536	395,000	363,026	410,750	47,724	13.1%	415,750	420,750
	Parts & supplies	265	582	5,882	617	(5,265)	-89.5%	652	658
	Utilities	1,222	1,400	1,215	2,100	885	72.9%	2,100	2,100
	Leases and other expense	1,767	4,100	5,056	4,100	(956)	-18.9%	4,100	4,100
	Operating expense	**$ 716,425**	**$ 807,748**	**$ 790,455**	**$ 856,960**	**$ 66,505**	**8.4%**	**$ 878,409**	**$ 902,222**

(Sums may not equal Total due to rounding)

Administration Division

Organizational overview:

The Administration Division oversees and manages the following administrative functional areas: Procurement and Material Management, Supplier Diversity, Information Technology, Finance, Human Resources and Workforce Diversity and EEO.

Workforce Diversity and EEO: The EEO Department is responsible for the implementation, administration, monitoring and ensuring compliance with employment laws. At all times, Bi-State Development provides equal employment opportunity to all persons and BSD will not discriminate on the basis of race, color, creed, religion, national origin, sex, age, disability, genetic information, veteran status, sexual orientation, gender identity and any other protected class under federal, state and local laws. Bi-State Development implements its commitment to equal employment opportunity and diversity in all of its employment practices, including but not limited to: recruitment, hiring, promotions, discipline, transfers, compensation/rates of pay, training, benefits, terminations and other terms and conditions of employment.

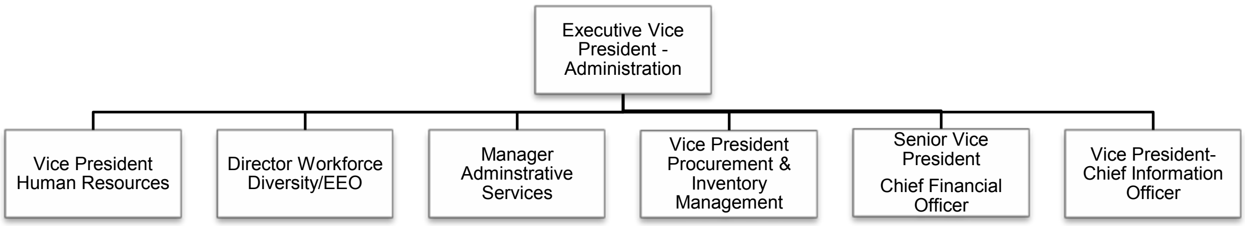
Procurement, Information Technology, Finance and Human Resources are covered in their own sections in this document.

Information Technology is responsible for providing efficient, reliable, cost-effective and responsive technology services and dedicated support to all technology users throughout Bi-State Development.

Finance Division is under the direction of the Chief Financial Officer, is a diverse operation. Finance is responsible for customary functions such as Treasury, Program Development and Grants, Accounting, Payroll, Accounts Receivable, Accounts Payables and Budgeting. Finance is also responsible for passenger revenue collection, passenger ticket sales and revenue equipment maintenance.

Procurement and Materials Management and Supplier Diversity consists of the following units that are responsible for delivering on a timely basis the best value product or service, while maintaining the public’s trust and fulfilling public policy goals.

Organization:



Operating Expense:

Executive Vice-President - Administration - Operating Expense

		FY 2016 Actual	FY 2017 Budget	FY 2017 Projection	FY 2018 Budget	18 Bdgt vs 17 Proj $ Change	18 Bdgt vs 17 Proj % Change	FY 2019 Budget	FY 2020 Budget
Executive Vice President - Administration	Wages & benefits without OPEB	$ 116,309	$ 503,428	$ 517,109	$ 536,381	$ 19,272	3.7%	$ 555,566	$ 578,209
	Other post-employment benefits	(70)	4,877	5,806	4,877	(929)	-16.0%	4,883	4,937
	Services	-	57,714	35,755	42,994	7,239	20.2%	43,203	43,203
	Parts & supplies	295	11,211	8,055	37,000	28,945	359.4%	29,124	29,136
	Utilities	-	1,885	1,695	2,490	795	46.9%	2,490	2,490
	Leases and other expense	5,410	45,081	39,782	47,151	7,369	18.5%	52,161	57,161
	Operating expense	**$ 121,944**	**$ 624,197**	**$ 608,202**	**$ 670,893**	**$ 62,691**	**10.3%**	**$ 687,427**	**$ 715,136**
Executive Vice President - Administration	Wages & benefits without OPEB	$ 116,309	$ 288,200	$ 295,310	$ 312,287	$ 16,977	5.7%	$ 323,197	$ 336,241
	Other post-employment benefits	(70)	1,565	2,748	1,565	(1,183)	-43.0%	1,724	1,743
	Services	-	20,259	10,644	5,262	(5,382)	-50.6%	5,393	5,393
	Parts & supplies	295	5,496	3,812	14,815	11,002	288.6%	14,885	14,885
	Utilities	-	385	193	840	647	336.3%	840	840
	Leases and other expense	5,531	14,955	13,016	19,042	6,027	46.3%	19,051	19,051
	Operating expense	**$ 122,065**	**$ 330,860**	**$ 325,723**	**$ 353,811**	**$ 28,088**	**8.6%**	**$ 365,090**	**$ 378,153**
Workforce Diversity & EEO	Wages & benefits without OPEB	-	215,228	221,799	224,095	2,296	1.0%	232,369	241,968
	Other post-employment benefits	-	3,312	3,057	3,312	255	8.3%	3,159	3,194
	Services	-	37,456	25,111	37,732	12,621	50.3%	37,809	37,809
	Parts & supplies	-	5,715	4,242	22,185	17,943	423.0%	14,239	14,251
	Utilities	-	1,500	1,503	1,650	147	9.8%	1,650	1,650
	Leases and other expense	(121)	30,126	26,766	28,108	1,342	5.0%	33,110	38,110
	Operating expense	**$ (121)**	**$ 293,338**	**$ 282,479**	**$ 317,082**	**$ 34,603**	**12.2%**	**$ 322,337**	**$ 336,983**

Human Resources

Operational overview:

The Human Resources Division provides services in the areas of talent acquisition and management, compensation, staff training and development. The Human Resources Division also provides coaching and consulting in the areas of organizational effectiveness. The division endeavors to provide these services and the pursuit of excellence in all employee-oriented programs, while influencing positive management-workforce relationships.

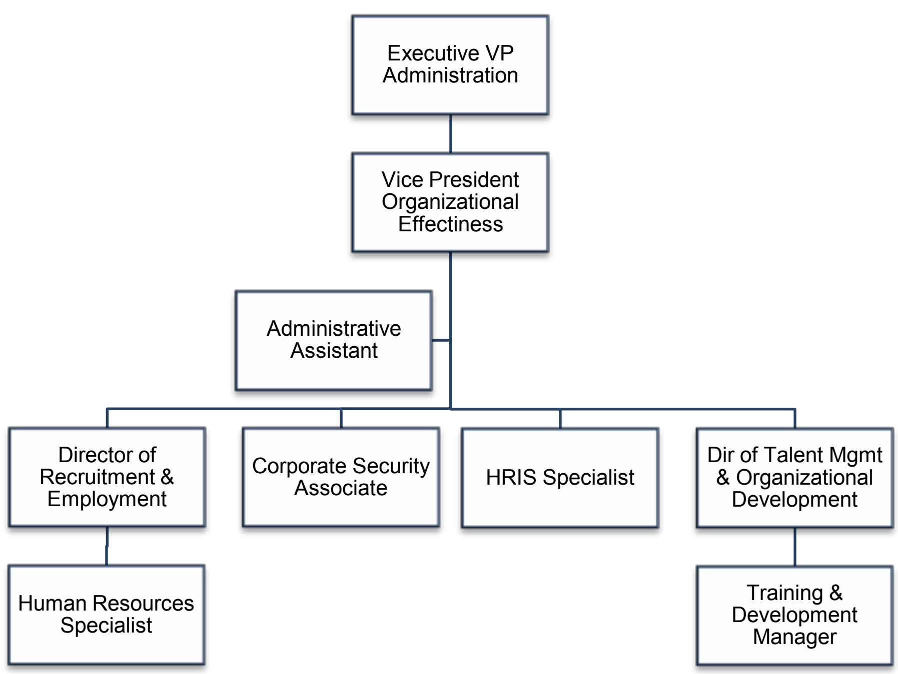
Human Resources Management includes the staff of the Vice President of Organizational Effectiveness and performance management, compensation, human resources data maintenance, and the two specialty areas that follow:

Talent Acquisition and Management is responsible for finding, acquiring, assessing, and hiring long-term and temporary candidates to fill positions that are required to meet Bi-State Development's workforce staffing requirements.

Training and Organizational Development provides staff development programs that include leadership development, supervisory training, succession planning and employee relations coaching.

Corporate Security provides staff stationed at the front entrances of the headquarter building to greet visitors and control access.

Organization:



Goals and Objectives Action Plan: Human Resources

The Human Resources organizational unit develops its strategic plan based on the company's goals and objectives. This strategic plan is arranged into strategies and action steps that help Bi-State Development achieve its goals and objectives as outlined in the strategic plan overview.

Goal: Ensure cost-effective and efficient use of resources and aggressively pursue funding partnerships to supplement existing resources

Objective: Implement cost reduction strategies

Strategy	Action Steps	Performance Measurements
Improve employee information management	• Evaluate available enhancements to existing Oracle HCM system and determine appropriate systems upgrades	• Complete implementation of appropriate enhancements by June 2018

Goal: Value all members of our staff and endeavor to help all of our employees develop to their fullest potential

Objective: Implement a Performance Management System that provides valuable feedback and drives performance that supports BSD Goals and Objectives

Strategy	Action Steps	Performance Measurements
Evaluate current BSD employee measurement and feedback systems and develop approach to improve performance management	• Develop or re-design the performance management system	• New performance management system implemented by January 2018
Develop comprehensive Organizational Development Program to build on BSD Leadership Program conducted in 2017	• Evaluate impact of BSD Leadership Edge Program • Determine additional training and development needs of the organization • Evaluate organizational development delivery methods and determine approach that best serves the needs of BSD and its operating units	• Complete evaluation of BSD Leadership Edge Program • Complete analysis of organizational development needs for Executive Management evaluation and action

Human Resources - Operating Expense

		FY 2016 Actual	FY 2017 Budget	FY 2017 Projection	FY 2018 Budget	18 Bdgt vs 17 Proj $ Change	18 Bdgt vs 17 Proj % Change	FY 2019 Budget	FY 2020 Budget
Human Resources	Wages & benefits without OPEB	$ 873,508	$ 1,034,308	$ 756,334	$ 1,299,302	$ 542,967	71.8%	$ 1,267,248	$ 1,320,421
	Other post-employment benefits	3,965	10,361	4,301	10,362	6,061	140.9%	10,672	11,538
	Services	181,617	286,625	249,575	332,500	82,925	33.2%	274,000	264,000
	Parts & supplies	12,653	34,693	26,485	28,454	1,969	7.4%	28,719	28,719
	Utilities	2,775	3,000	2,276	3,860	1,584	69.6%	3,860	3,860
	Leases and other expense	39,267	125,505	313,093	125,755	(187,338)	-59.8%	126,005	126,005
	Operating expense	**$ 1,113,786**	**$ 1,494,492**	**$ 1,352,064**	**$ 1,800,232**	**$ 448,169**	**33.1%**	**$ 1,710,504**	**$ 1,754,543**
Training & Organizational Development	Wages & benefits without OPEB	$ -	$ 181,707	$ 90,997	$ 194,799	$ 103,802	114.1%	$ 202,198	$ 210,653
	Services	-	55,000	27,500	55,000	27,500	100.0%	55,000	55,000
	Parts & supplies	-	17,893	8,946	11,029	2,083	23.3%	11,169	11,169
	Utilities	-	1,200	600	1,200	600	100.0%	1,200	1,200
	Leases and other expense	-	71,305	35,653	71,305	35,653	100.0%	71,305	71,305
	Operating expense	**$ -**	**$ 327,104**	**$ 163,696**	**$ 333,333**	**$ 169,637**	**103.6%**	**$ 340,872**	**$ 349,327**
Human Resources Management	Wages & benefits without OPEB	873,508	852,601	665,337	1,104,503	439,166	66.0%	1,065,050	1,109,768
	Other post-employment benefits	3,965	10,361	4,301	10,362	6,061	140.9%	10,672	11,538
	Services	181,617	231,625	222,075	277,500	55,425	25.0%	219,000	209,000
	Parts & supplies	12,653	16,800	17,539	17,425	(114)	-0.7%	17,550	17,550
	Utilities	2,775	1,800	1,676	2,660	984	58.7%	2,660	2,660
	Leases and other expense	39,267	54,200	277,440	54,450	(222,990)	-80.4%	54,700	54,700
	Operating expense	**$ 1,113,786**	**$ 1,167,388**	**$ 1,188,368**	**$ 1,466,899**	**$ 278,532**	**23.4%**	**$ 1,369,632**	**$ 1,405,216**

(Sums may not equal Total due to rounding)

Procurement and Inventory Management

Organizational overview:

The Procurement and Inventory Management Division consists of the following units that are responsible for delivering on a timely basis the best value product or service, while maintaining the public's trust and fulfilling public policy goals.

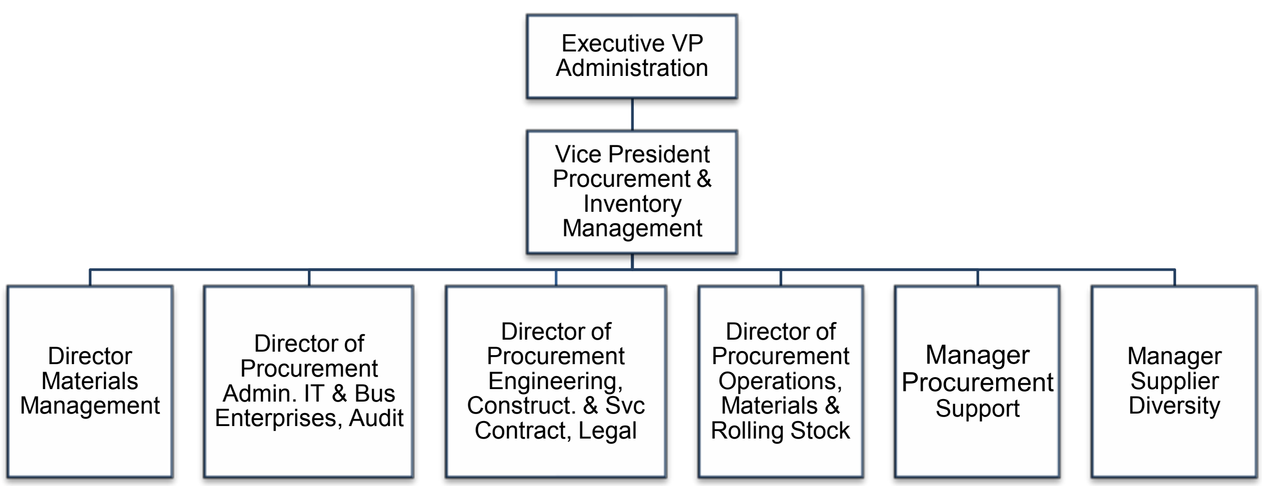
Inventory Management is responsible for managing and safeguarding the transit inventory of repair parts and supplies required for efficient day-to-day operations. The department also interprets maintenance and operations plans and forecasts materials requirements to support the needs of the organization.

Procurement is responsible for purchasing and/or contracting all equipment, goods, and services that Bi-State Development requires for operations and expansion. The department is also responsible for ensuring compliance with all federal, state, and local laws and regulations and BSD Board policy requirements relating to procurement.

Procurement Administration provides overall management of the procurement and inventory management functions.

Supplier Diversity provides overall management of opportunities and contracts for disadvantaged business enterprises which contract with BSD.

Organization:



Goals and Objectives Action Plan: Procurement and Inventory Management

The organizational unit develops a strategic plan based on the company's goals and objectives. This strategic plan is set into strategies and action steps that help Bi-State Development achieve its goals and objectives as outlined in the strategic plan section of this document.

<table>
<tr><td colspan="3">Goal: Ensure cost-effective and efficient use of resources and aggressively pursue funding partnerships to supplement existing resources</td></tr>
<tr><td colspan="3">Objective: Implement cost reduction strategies</td></tr>
<tr><th>Strategy</th><th>Action Steps</th><th>Performance Measurements</th></tr>
<tr><td>Improve MetroLink warehouse and materials management processes</td><td>• Identify and categorize parts and supplies
• Identify ML critical spares
• Evaluate inventory item attributes
• Implement recommendations</td><td>• Parts identification completed for all operating systems
• Process recommendations and implementation schedule completed</td></tr>
<tr><td colspan="3">Objective: Implement internal process improvements</td></tr>
<tr><th>Strategy</th><th>Action Steps</th><th>Performance Measurements</th></tr>
<tr><td>Improve equipment and parts availability and supplier performance</td><td>• Develop and implement supplier performance measurement program</td><td>• Performance measurement program in place and scorecards are created and reviewed with key suppliers</td></tr>
<tr><td>Implement planned maintenance process in partnership with maintenance for all BSD divisions as mirrored with bus maintenance</td><td>• Establish project teams
• Evaluate current maintenance and material requirement plans
• Develop process improvement recommendations
• Implement recommendations</td><td>• Project teams established and operating
• Process improvement recommendations and implementation schedule for ML rail operations completed
• Process improvement recommendations and implementation schedule for MOW completed</td></tr>
</table>

Goal: To be an effective and efficient publicly-supported organization that is viewed as a transparent and accountable steward of public funds.		
Objective: Establish and manage a communications plan that improves public perception of Bi-State Development programs and credibility of management		
Strategy	**Action Steps**	**Performance Measurements**
Improve transparency of the Bi-State Development's DBE contracting and expenditures	• Reconfigure webpage for BSD DBE website to communicate DBE program goals, process, accomplishments, resources and upcoming events • Improve compliance monitoring and enforcement procedures and processes • Implement Small Business Strategies/Supportive Services	• Complete and implement redesign of website with program goals, processes, accomplishments, resources and upcoming events • Certification assistance available to interested parties • Achievement of DBE contract goals • Small Business Strategies/Supportive services operating per program

Performance Indicators – Procurement and Inventory Management

Progress in meeting the goals and objectives are measured through performance indicators. Following is the list of the performance indicators for the organization:

	FY 2018	FY 2017		FY 2016
	Target	Projection	Target	Actual
Inventory Management:				
Accuracy of bus parts inventory	98.0%	98.0%	98.0%	97.8%
Accuracy of rail parts inventory	98.0%	96.0%	98.0%	95.8%
Bus parts inventory turnover	3.00	2.25	3.00	1.99
Rail parts inventory turnover	2.00	1.10	1.50	1.08
Procurement:				
Percent of purchases competitively sourced	90.0%	90.0%	90.0%	91.4%

Procurement, Inventory Management - Operating Expense

		FY 2016 Actual	FY 2017 Budget	FY 2017 Projection	FY 2018 Budget	18 Bdgt vs 17 Proj $ Change	18 Bdgt vs 17 Proj % Change	FY 2019 Budget	FY 2020 Budget
Procurement, Inventory Management	Wages & benefits without OPEB	$ 4,416,398	$ 4,872,984	$ 4,678,811	$ 4,961,122	$ 282,311	6.0%	$ 5,168,139	$ 5,304,561
	Other post-employment benefits	26,496	45,205	46,809	41,889	(4,920)	-10.5%	44,612	46,706
	Services	37,361	43,809	44,456	44,020	(437)	-1.0%	42,120	42,120
	Parts & supplies	385,521	327,850	285,536	345,324	59,787	20.9%	348,153	348,370
	Utilities	2,113	3,515	2,694	3,900	1,206	44.8%	3,900	3,900
	Leases and other expense	61,603	79,097	64,458	96,885	32,426	50.3%	86,194	86,194
	Operating expense	**$ 4,929,491**	**$ 5,372,461**	**$ 5,122,765**	**$ 5,493,139**	**$ 370,374**	**7.2%**	**$ 5,693,117**	**$ 5,831,851**
Inventory Management	Wages & benefits without OPEB	$ 2,807,305	$ 3,124,436	$ 3,050,114	$ 3,110,374	$ 60,260	2.0%	$ 3,246,305	$ 3,301,975
	Other post-employment benefits	17,310	30,777	31,887	30,777	(1,110)	-3.5%	32,475	34,332
	Services	-	2,500	1,250	2,500	1,250	100.0%	2,500	2,500
	Parts & supplies	374,299	317,166	272,841	332,387	59,546	21.8%	335,128	335,345
	Utilities	843	1,500	1,105	1,500	395	35.7%	1,500	1,500
	Leases and other expense	12,254	25,598	18,670	39,378	20,708	110.9%	28,598	28,598
	Operating expense	**$ 3,212,011**	**$ 3,501,977**	**$ 3,375,867**	**$ 3,516,916**	**$ 141,048**	**4.2%**	**$ 3,646,506**	**$ 3,704,250**
Procurement	Wages & benefits without OPEB	1,021,691	1,108,940	1,079,277	1,173,810	94,533	8.8%	1,219,144	1,270,493
	Other post-employment benefits	5,698	9,956	10,466	6,639	(3,826)	-36.6%	7,312	7,393
	Services	14,852	16,311	17,153	16,719	(434)	-2.5%	17,137	17,137
	Leases and other expense	9,548	-	3,610	-	(3,610)	-100.0%	-	-
	Operating expense	**$ 1,051,789**	**$ 1,135,207**	**$ 1,110,506**	**$ 1,197,169**	**$ 86,663**	**7.8%**	**$ 1,243,592**	**$ 1,295,023**
Supplier Diversity	Wages & benefits without OPEB	268,145	302,973	298,818	318,706	19,888	6.7%	331,386	345,527
	Other post-employment benefits	1,375	2,623	2,889	2,623	(266)	-9.2%	2,889	2,921
	Services	17,644	1,056	528	3,582	3,054	578.6%	1,109	1,109
	Parts & supplies	-	4,189	2,347	3,610	1,263	53.8%	3,615	3,615
	Utilities	659	1,560	1,104	1,560	456	41.3%	1,560	1,560
	Leases and other expense	21,035	35,825	23,836	37,402	13,566	56.9%	37,481	37,481
	Operating expense	**$ 308,858**	**$ 348,225**	**$ 329,522**	**$ 367,483**	**$ 37,961**	**11.5%**	**$ 378,039**	**$ 392,213**
Procurement Administration	Wages & benefits without OPEB	319,257	336,636	250,602	358,232	107,630	42.9%	371,304	386,566
	Other post-employment benefits	2,113	1,850	1,567	1,850	282	18.0%	1,937	2,060
	Services	4,865	23,942	25,525	21,219	(4,307)	-16.9%	21,374	21,374
	Parts & supplies	11,221	6,495	10,348	9,326	(1,022)	-9.9%	9,410	9,410
	Utilities	611	455	485	840	355	73.3%	840	840
	Leases and other expense	18,766	17,674	18,343	20,105	1,762	9.6%	20,115	20,115
	Operating expense	**$ 356,833**	**$ 387,052**	**$ 306,870**	**$ 411,572**	**$ 104,701**	**34.1%**	**$ 424,980**	**$ 440,364**

(Sums may not equal Total due to rounding)

Finance

Organizational overview:

The Finance Division, under the direction of the Chief Financial Officer, is a diverse operation. Finance is responsible for customary functions such as Treasury, Program Development and Grants, Accounting, Payroll, Accounts Receivable, Accounts Payables and Budgeting. Finance is also responsible for passenger revenue collection, passenger ticket sales and revenue equipment maintenance.

Treasury is responsible for cash management including cash receipts, disbursements, banking relations, investments and commodities hedging programs. The department is also responsible for debt and structured lease administration and financial disclosures. The department works closely with the Chief Financial Officer structuring short-term and long-term financing.

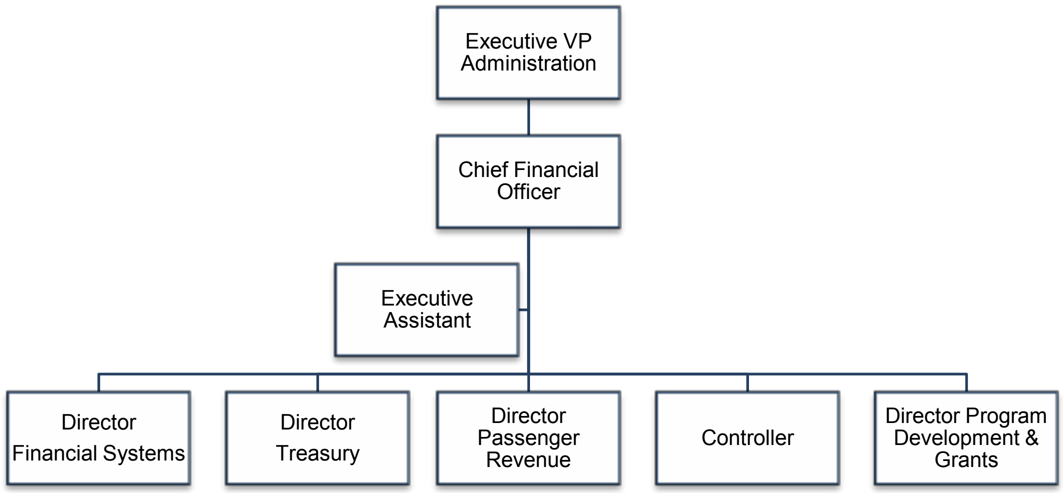
Passenger Revenue is responsible for the overall management and maintenance of fare collection and bus head sign equipment in addition to ticket vending machines and Validation equipment employed on the MetroLink alignment. The department is in charge of the collection and processing of Metro revenues and ensuring adequate controls surrounding the accounting and handling of bus and light rail transit passenger fares are in place and consistently practiced. The department manages pass distribution, lock box program, special-event ticketing programs and is responsible for timely and accurate revenue reporting.

Controller's Group is responsible for coordinating, planning, and reporting on the financial activities of Bi-State Development. The department sets financial policies, and oversees the activities of the Accounting, Budgeting, Payroll, Accounts Receivable and Accounts Payable sections. The department coordinates the activities of the external auditor, and is responsible for all external financial reporting. The department provides analytical support to management and prepares detailed indicators reports measuring the performance of Bi-State Development.

Program Development and Grants Department is responsible for the development and administration of all federal, state and local grants. The department is responsible for the coordination of all sub-recipient grant relations, coordinating the development and ranking of internal grant requests and grant applications with federal, state and local authorities, as well as the metropolitan planning organization and all quarterly reporting requirements. Annually, the department coordinates and prepares the Capital Budget.

Finance Administration provides overall management of all financial functions.

Organization



Goals and Objectives Action Plan: Finance

Strategies and action steps help Bi-State Development achieve its goals and objectives as outlined in the strategic plan overview.

Goal: Ensure cost-effective and efficient use of resources and aggressively pursue funding partnerships to supplement existing resources		
Objective: Implement internal process improvements		
Strategy	**Action Steps**	**Performance Measurements**
Increase income from investments	• Develop more sophisticated cash flow analysis to enable funds to be invested longer term • Take advantage of rate increases • Take advantage of new administrative regulatory changes that may impact banking and investment	• High yield on investment • Outperform 90 day Treasury

Goal: Ensure cost-effective and efficient use of resources and aggressively pursue funding partnerships to supplement existing resources

Objective: Implement internal process improvements

Strategy	Action Steps	Performance Measurements
Identify opportunities to reimburse cost of staff training and administrative time through grant resources	• Identify grant funds to support front-line employee training for emergency preparedness and security awareness - e.g., Homeland Security, FTA, Public Education and Enforcement Research Study • Identify grant funds to support administrative effort to procure and manage grant funded projects	• Identify sources of revenue to support Bi-State Development's capital and eligible operating needs • Maintain line of communication with funding sources to identify agency needs and identify available resources to support capital needs
Provide project management and coordination for the FTA funded state of good repair program	• Develop Transit Asset Management Plan and coordinate the design and implementation of Transit Asset Software to support Bi-State Development's oversight of all assets, asset condition and capital and operating costs	• Transit Asset Management Software design by Q1 FY 2017; implementation in early FY 2018

Objective: Implement cost reduction strategies

Strategy	Action Steps	Performance Measurements
Reduce Bank Fees	• Implement the bank transition to PNC	• Comparison of bank costs in previous year to first year of costs after all accounts have been transitioned to PNC (2017)
Improve and update technology related processes to improve efficiencies.	• AP process improvements include US Bank Payment Plus • Automated costing based grants • System AR supplement	• Implement 2017 • Implement 2018 • Implement 2018
Implement Budget system	• In conjunction with IT, plan, design, implement and maintain new capital and operating budget system	• RFP issued 2016 • Selection of vendor 2016 • Implementation Feb-Sept 2017 • Go live Fall 2017
Implement AP Processing improvement system/service	• In conjunction with IT, plan, design, procure and implement AP process improvement to include automated invoice scanning and imaging	• RFP issue January 2017 • Vendor selection Spring 2017 • Implementation 2017-2018 • Go live 2018

Achieve performance recognition in financial standards and reporting	• Maintain strict standards complying with all GAAP and GASB regulations • Maintain strict internal controls • Set high standards in reporting	• Clean external audit • Achieve Government Finance offices certificates in Financial Reporting • Achieve GFOA distinguished budget award

Performance Indicators - Finance

Progress in meeting the goals and objectives are measured through performance indicators. Following is a list of the performance indicators for the Finance Division areas:

	FY 2018	FY 2017		FY 2016
	Target	**Projection**	**Target**	**Actual**
Treasury:				
Percent of months in which:				
Yield on working capital funds equal 90-day T-Bill	100%	100%	100%	100%
Yield on long term investments exceed one year T-Bill by ten basis points	100%	100%	100%	75%
Treasury Module closed within three working days after month end	100%	100%	100%	100%
All EFTs timely made with no errors	100%	100%	100%	100%
Positive pay issue files transmitted in a timely manner	100%	100%	100%	100%
Monthly Treasurer's Report completed before Board deadline	100%	100%	100%	100%

	FY 2018	FY 2017		FY 2016
	Target	**Projection**	**Target**	**Actual**
Passenger Revenue:				
Percent of TVM refund claims processed within three days of receipt	100%	98%	100%	97%
Percent of special events staffed with ticket sales where TVMs are unable to handle demand	100%	100%	100%	100%
Percent of pass/ticket distributions to third party vendors meeting deadline	100%	100%	100%	100%
Percent of month-end journal entries meeting closing schedule	100%	99%	100%	100%
Percent of working fund balances reconciled with general ledger	100%	100%	100%	100%
Number of farebox revenue audits performed	12	12	12	12

Program Development and Grants:				
Percent of annual formula, & discretionary funded grant applications submitted on time	100%	100%	100%	100%
Percent of FTA/FEMA-DHS/IDOT milestone progress reports submitted on time (within 30 days after the end of the quarter or as required)	100%	100%	100%	100%
Percent of federal grants closed within 90 days of all grant activity and expenditure of all federal funds	100%	100%	100%	100%
	FY 2018	**FY 2017**		**FY 2016**
	Target	**Projection**	**Target**	**Actual**
Controller's Group:				
GFOA Certificates of Achievement:				
1.) Comprehensive Annual Financial Report	Yes	Yes	Yes	Yes
2.) Budget document and presentation	Yes	Yes	Yes	Yes
Percent of months in which the general ledger was closed within 7 days or less	100%	100%	100%	83%
Percent of invoices paid within supplier payment terms	95.0%	92.0%	95.0%	90.0%
Percent of supplier records to be maintained in supplier master file	100.0%	99.0%	99.0%	100.0%
Payroll errors as a percent of paychecks	<1%	<1%	<1%	<1%
Percent of employees using direct deposit	99.99%	99.98%	100%	99.98%

Finance - Operating Expense

		FY 2016 Actual	FY 2017 Budget	FY 2017 Projection	FY 2018 Budget	18 Bdgt vs 17 Proj $ Change	% Change	FY 2019 Budget	FY 2020 Budget
Finance	Wages & benefits without OPEB	$ 8,374,512	$ 4,872,156	$ 7,415,423	$ 16,058,693	$ 8,643,269	116.6%	$ 16,248,784	16,323,720
	Other post-employment benefits	1,197,040	58,326	61,160	58,326	(2,834)	-4.6%	61,580	65,511
	Services	1,477,475	1,880,612	1,355,374	1,779,784	424,410	31.3%	1,689,909	2,251,959
	Fuel & lubrications	5,416,099	1,027,000	1,518,026	542,000	(976,026)	-64.3%	292,000	292,000
	Parts & supplies	256,483	2,178,921	1,369,366	1,592,946	223,580	16.3%	1,666,942	1,734,577
	Casualty & liability	54,576	61,500	57,664	118,152	60,488	104.9%	64,500	64,500
	Utilities	5,700	105,965	55,376	5,965	(49,411)	-89.2%	105,965	312,965
	Leases and other expense	347,301	487,615	401,979	493,274	91,295	22.7%	536,496	537,161
	Agency fees	2,385,006	3,014,162	2,873,672	3,171,763	298,091	10.4%	3,289,214	3,388,666
	Operating expense	**$ 19,514,191**	**$ 13,686,255**	**$ 15,108,040**	**$ 23,820,902**	**$ 8,712,863**	**57.7%**	**$ 23,955,389**	**$ 24,971,059**
Treasury	Wages & benefits without OPEB	$ 231,810	$ 275,008	$ 262,397	$ 274,279	$ 11,882	4.5%	$ 284,448	296,219
	Other post-employment benefits	1,469	2,532	2,727	2,532	(195)	-7.2%	2,788	2,820
	Services	124,856	258,000	209,291	292,100	82,809	39.6%	272,700	272,700
	Fuel & lubrications	28,000	42,000	42,000	42,000	-	-	42,000	42,000
	Parts & supplies	248	1,600	832	1,600	768	92.3%	1,600	1,600
	Casualty & liability	54,576	61,500	57,664	118,152	60,488	104.9%	64,500	64,500
	Leases and other expense	21,449	29,550	18,207	29,700	11,493	63.1%	29,850	29,850
	Operating expense	**$ 462,407**	**$ 670,190**	**$ 593,119**	**$ 760,363**	**$ 167,244**	**28.2%**	**$ 697,886**	**$ 709,688**
Passenger Revenue	Wages & benefits without OPEB	2,305,802	2,575,056	2,477,580	2,662,651	185,071	7.5%	2,773,191	2,833,708
	Other post-employment benefits	14,994	27,285	28,097	27,285	(813)	-2.9%	28,806	30,643
	Services	1,111,241	1,016,800	794,025	978,919	184,894	23.3%	1,033,340	1,035,340
	Parts & supplies	224,126	2,118,984	1,299,778	1,539,241	239,463	18.4%	1,613,352	1,680,777
	Utilities	5,146	5,215	4,811	5,215	404	8.4%	5,215	5,215
	Leases and other expense	227,099	314,645	269,553	321,922	52,369	19.4%	364,801	364,801
	Operating expense	**$ 3,888,409**	**$ 6,057,984**	**$ 4,873,845**	**$ 5,535,233**	**$ 661,388**	**13.6%**	**$ 5,818,705**	**$ 5,950,485**
Controller's Group	Wages & benefits without OPEB	1,814,799	1,990,527	1,909,837	2,143,008	233,171	12.2%	2,218,012	2,188,929
	Other post-employment benefits	11,798	20,619	21,823	20,619	(1,204)	-5.5%	21,516	23,261
	Services	91,997	52,350	30,436	35,900	5,464	18.0%	35,950	36,000
	Parts & supplies	16,270	29,303	46,594	28,000	(18,594)	-39.9%	27,715	27,925
	Utilities	103	-	-	-	-	-	-	-
	Leases and other expense	17,356	36,025	24,935	40,665	15,730	63.1%	40,725	41,390
	Operating expense	**$ 1,952,323**	**$ 2,128,824**	**$ 2,033,625**	**$ 2,268,192**	**$ 234,568**	**11.5%**	**$ 2,343,918**	**$ 2,317,506**
Program Development & Grants	Wages & benefits without OPEB	379,012	349,073	389,340	340,736	(48,604)	-12.5%	352,376	366,020
	Other post-employment benefits	2,782	3,966	4,069	3,966	(103)	-2.5%	4,367	4,416
	Services	68,752	2,312	34,855	2,364	(32,491)	-93.2%	2,418	2,418
	Parts & supplies	5,998	8,639	7,925	8,805	880	11.1%	8,975	8,975
	Leases and other expense	59,249	84,107	69,235	84,237	15,002	21.7%	84,371	84,371
	Operating expense	**$ 515,792**	**$ 448,096**	**$ 505,424**	**$ 440,108**	**$ (65,316)**	**-12.9%**	**$ 452,508**	**$ 466,200**
BSD Overhead Cost Pool	Wages & benefits without OPEB	3,214,137	(731,400)	1,954,116	10,207,452	8,253,336	422.4%	10,174,957	10,174,957
	Other post-employment benefits	1,163,569	-	-	-	-	-	-	-
	Services	73,180	350,000	181,130	275,000	93,870	51.8%	150,000	710,000
	Fuel & lubrications	5,388,099	985,000	1,368,313	500,000	(868,313)	-63.5%	250,000	250,000
	Parts & supplies	963	-	320	-	(320)	-100.0%	-	-
	Utilities	-	100,000	50,000	-	(50,000)	-100.0%	100,000	307,000
	Leases and other expense	4,663	500	441	500	59	13.3%	500	500
	Agency fees	2,385,006	3,014,162	2,873,672	3,171,763	298,091	10.4%	3,289,214	3,388,666
	Operating expense	**$ 12,229,616**	**$ 3,718,262**	**$ 6,427,992**	**$ 14,154,715**	**$ 7,726,723**	**120.2%**	**$ 13,964,671**	**$ 14,831,123**
Finance Administration	Wages & benefits without OPEB	428,952	413,893	422,153	430,566	8,414	2.0%	445,800	463,887
	Other post-employment benefits	2,428	3,925	4,444	3,925	(519)	-11.7%	4,102	4,370
	Services	7,450	201,150	105,637	195,500	89,863	85.1%	195,500	195,500
	Fuel & lubrications	-	-	107,713	-	(107,713)	-100.0%	-	-
	Parts & supplies	8,878	20,395	13,917	15,300	1,383	9.9%	15,300	15,300
	Utilities	451	750	565	750	185	32.8%	750	750
	Leases and other expense	17,486	22,788	19,607	16,250	(3,357)	-17.1%	16,250	16,250
	Operating expense	**$ 465,644**	**$ 662,900**	**$ 674,035**	**$ 662,291**	**$ (11,744)**	**-1.7%**	**$ 677,702**	**$ 696,057**

(Sums may not equal Total due to rounding)

Information Technology

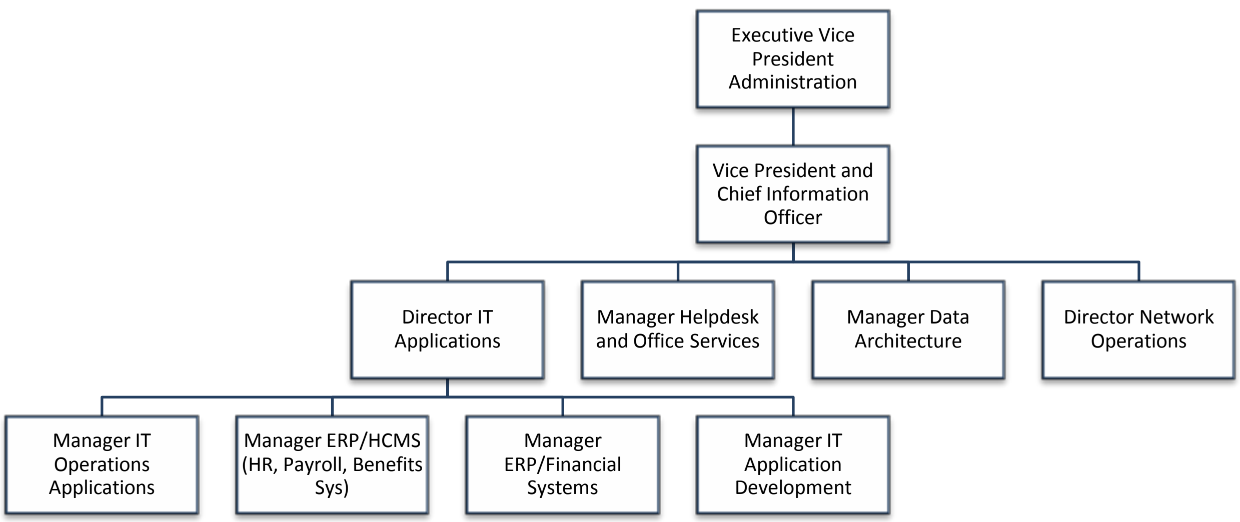
Organizational overview:

The Information Technology Division is responsible for providing efficient, reliable, cost-effective and responsive technology services and dedicated support to all technology users throughout Bi-State Development.

Information Technology is responsible for developing, operating, and maintaining information and telecommunications systems; designing, programming, and purchasing software that supports all business processes within the company; providing help-desk support for computer-dependent employees; designing and maintaining both internet and intranet websites; supporting customers, employees, and the general public.

Office Services is responsible for in-house publishing, mail delivery services, and copying services.

Organization:



Goals and Objectives Action Plan: Information Technology

The following strategies and action steps help Bi-State Development achieve its goals and objectives as outlined in the strategic plan section of this document.

Goal: Deliver a high quality transit experience that is recognized by its customers, industry peers, and regional stakeholders for its excellence.		
Objective: Efficiently and effectively operate service sectors		
Strategy	**Action Steps**	**Performance Measurements**
Support technology improvements in revenue collection, reporting, and the transit rider experience	Support implementation of the Gateway Fare Collection Project: • Test and control release of all technical Gateway system components • Work with project team to identify implementation plan and tasks • Execute assigned IT Gateway Fare Collection project tasks	• Project timeline supported • Project informed on IT progress and issues • Gateway implementation progressed
Improve transit system management and customer experience	Lead and manage the Transit Operations Improvements (TOI) project • Publish and manage project tasks & schedule • Monitor vendor activities • Coordinate key business resources & milestones • Manage issues and work with project to determine resolutions • Monitor and control spending to budget	• Project schedule and status is communicated and known to stakeholders • Project progresses and major negotiated vendor milestones are met. In FY 2018 this includes: IVR, Trans It Now, SMS/Email, IPA, OPS • Project budget met

Goal: Maintain a high quality experience that is recognized by its customers, industry peers, and regional stakeholders for its excellence during a period of major reconstruction in and around the Gateway Arch.		
Objective: Efficiently and effectively operate service sectors		
Strategy	**Action Steps**	**Performance Measurements**
Support technology changes and improvements in the National Park	Support reconfiguration and renewal of the Museum of Westward Expansion and Park • Work with project team to plan and identify technology changes and tasks • Execute assigned IT project tasks	• Project timeline supported • Project informed on IT progress and issues

Goal: Ensure cost-effective and efficient use of resources and aggressively pursue funding partnerships to supplement existing resources		
Objective: Implement cost reduction strategies and internal process improvements		
Strategy	**Action Steps**	**Performance Measurements**
Right size software licensing and maintenance costs	• Periodically assess licensing, vendor maintenance, and support for accuracy and value • Assess alternatives to support if warranted • Evaluate long term support as part of each new software purchase	• Adjustments to support that reflect changing licensing and needs • RFP evaluations that include long term support considerations
Evaluate new technologies for value and usability	• Research new technology trends • Understand value, issues, and potential impacts • Discuss latest changes with peer organizations • Recommend and implement when appropriate	• Evaluations, white papers, and recommendations from Information Technology to business teams • New technologies and approaches in evidence within Bi-State Development
Improve Internal Processes and Systems	Lead and manage the budget system replacement project • Publish and manage project tasks & schedule • Monitor vendor activities • Coordinate key business resources & milestones • Manage issues and work with project to determine resolutions • Monitor and control spending to budget	• Project schedule and status is communicated and known to stakeholders • Project progresses and major negotiated vendor milestones are met. In FY 2018 this includes: new capital and operational budget system is in use by 2Q-FY 2018 • Project budget of $1 million met
Improve Internal Processes and Systems	Support implementation of the Enterprise Asset Management project. • Work to establish project tasks & schedule • Monitor vendor activities • Coordinate key business resources & milestones • Manage issues and work with project to determine resolutions • Monitor and control spending to budget	• Project schedule and status is communicated and known to stakeholders • Project progresses and major negotiated vendor milestones are met. This project will continue implementation through FY 2018 • Project budget of $1.4 million met

Improve Internal Processes	Support Implementation of analytics reporting and capabilities. • Publish and manage project tasks & schedule • Assign and manage resources • Coordinate with business leads • Manage issues and work with project to determine resolutions • Monitor and control spending to budget	• Project schedule and status is communicated and known to stakeholders • Project progresses and major milestones are met. In FY 2018 this includes: analytics capabilities in use by Q1 FY 2018 • Project budget of $0.2 million met

Performance Indicators – Information Technology

Progress in meeting the goals and objectives are measured through performance indicators. Following is a list of the performance indicators:

	FY 2018	FY 2017		FY 2016
	Target	**Projection**	**Target**	**Actual**
Information Technology:				
System uptime	98.8%	99.0%	98.8%	99.5%
Information Technology % personnel turnover	<9%	6.1%	<10%	3.1%
Information Technology request turnaround (days per request)	< 4	4	< 5	4.5
Office Services:				
In-house professional print jobs	>120	110	>100	100

Operating Expense:

Information Technology - Operating Expense

		FY 2016 Actual	FY 2017 Budget	FY 2017 Projection	FY 2018 Budget	18 Bdgt vs 17 Proj $ Change	18 Bdgt vs 17 Proj % Change	FY 2019 Budget	FY 2020 Budget
Information Technology	Wages & benefits without OPEB	$ 3,050,281	$ 5,209,139	$ 4,431,918	$ 4,215,424	$ (216,494)	-4.9%	$ 4,362,904	$ 4,537,494
	Other post-employment benefits	18,171	46,059	44,412	46,059	1,648	3.7%	49,413	51,462
	Services	3,922,412	2,817,405	3,446,010	4,397,477	951,466	27.6%	4,509,086	4,740,806
	Fuel & lubrications	439	-	-	-	-	-	-	-
	Parts & supplies	307,977	502,538	470,521	536,808	66,287	14.1%	557,525	567,928
	Utilities	510,460	531,274	468,225	381,254	(86,971)	-18.6%	381,254	381,254
	Agency fees	168,567	157,328	168,021	183,158	15,137	9.0%	172,946	178,832
	Operating expense	**$ 7,978,306**	**$ 9,263,743**	**$ 9,029,107**	**$ 9,760,180**	**$ 731,073**	**8.1%**	**$ 10,033,128**	**$ 10,457,775**

(Sums may not equal Total due to rounding)

Marketing and Communications

Organizational overview:

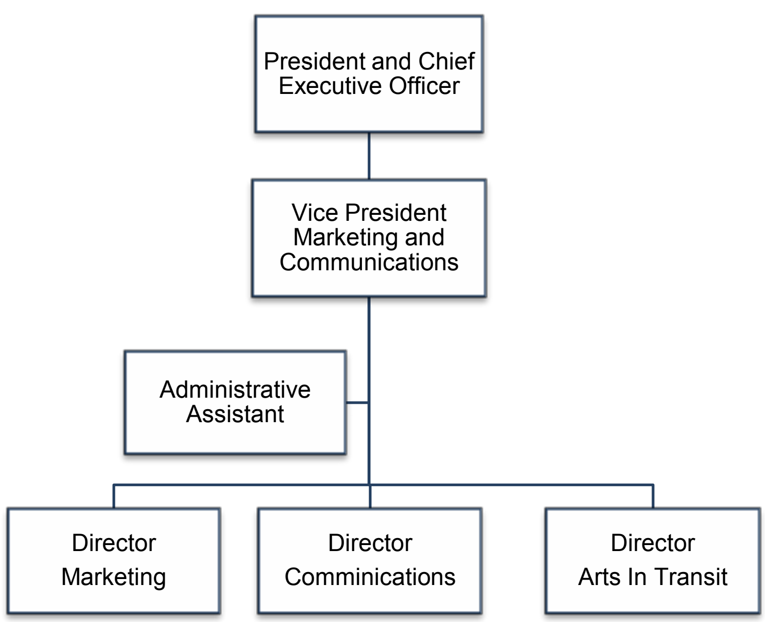
Marketing and Communications is responsible for developing and executing strategic and tactical marketing, sales, community outreach and public relations plans for Bi-State Development (BSD) and its enterprises to advance understanding of and support for BSD's role in driving economic activity in the region.

Marketing develops and implements marketing, sales and graphic communication strategies and programs to support BSD and all its business units. Marketing is responsible for the Gateway Card customer education function that supports transit's new fare collection system. In addition, Marketing operates MetroStore, BSD's "owned and operated" consignment location positioned in America's Center to generate tourism and corporate sales for transit.

Communications is responsible for the development and implementation of BSD messaging, programs, activities, materials, presentations and media relations designed to enhance public and employee awareness, understanding and support for BSD's policies, plans, services and initiatives.

Arts In Transit (AIT) develops and implements art and design projects that enhance the aesthetic and ambient environment of the Metro transit system and the region. AIT also operates Arts In Transit, Inc., a non-profit, created to support the fund-raising efforts that support funding for aesthetic enhancements to Metro transit properties. In addition, AIT is responsible for development and execution of collaborative public art projects including bus paintings, art displays, poetry contests and art competitions.

Organization:



Goals and Objectives Action Plan: Marketing and Communication

The following strategies and action steps are designed to further the achievement of Bi-State Development's goals and objectives as outlined in the Strategic Plan section of this document.

Goal: Build an effective and efficient publicly supported organization that is viewed as a transparent and accountable steward of public funds

Objective: Establish and execute communications, marketing and outreach plans that build public perception of Bi-State Development (BSD) programs, enterprises and leadership

Strategy	Action Steps	Performance Measurements
Execute strategic external public relations strategies and tactics to raise awareness and support for BSD goals, achievements and contributions to the region Continue to build external and internal awareness of BSD enterprises, recognized for effective economic development through world-class transit services, regional freight development, research, tourism and operation of the St. Louis Downtown Airport Create opportunities to engage constituents in conversations about BDS's role in regional vitality; its programs, enterprises and leadership	• Continue to develop and execute brand strategy for BSD, promoting all operating entities • Execute strategic media and marketing plans for key initiatives • Continue to build identities and promote awareness of BSD's contributions to the economic vitality of the region • Support and promote BSD and its enterprises • Support continued testing and implementation of Gateway Card rollout • Identify opportunities to create and execute community events • Produce third Annual Meeting to promote collaboration around regional economic development • Support Freight and Metro community meetings • Circulate Annual Report to the Region	• Maintain the high number of positive media reports about BSD and its enterprises • Create a stronger on-line presence for the St. Louis Downtown Airport • Create and promote digital newsletter for Metro customers • Continue updating website assets to reflect growth and impact of BSD enterprises • Share Annual Report with a greater number of constituents through print and electronic media • Increase executive thought leadership position on social media • Host BSD Economic Development events • Increase public awareness of BSD Research Institute • Increase external website users and social media presence

Goal: Pursue revenue through ridership, advertising revenue and other funding partnerships		
Objective: Execute revenue enhancement strategies		
Strategy	**Action Steps**	**Performance Measurements**
Drive revenue by capitalizing on existing sales channels.	• Develop, execute and adjust as needed specific and trackable sales plan including sales channel categories, product strategies, program baseline and growth goals • Finishing creating CRM system • Continue to create and execute ongoing marketing and communication strategies, messages and collateral materials to support programs	• Consistent sales performance compared with FY 2017 total ridership and revenue • Extend frequency of communication with sales channels
Drive revenue through Tourism, Convention and Recreation markets.	• Develop and execute plan to target tourism and convention markets • Engage conference planners to create partnerships for opportunities such as packaging event with Metro tickets, creation of specialty passes, and co-marketing & social media programs • Work with Revenue to provide increased ease of access to the transit system	• Increased Pass Sales • Increased event ridership • Increased awareness through "Take Metro to the..." campaigns.
Drive revenue through Special Event Passes	• Target special events easily accessed by transit system • Engage event planners to create partnerships for opportunities such as packaging event & Metro tickets, creation of specialty passes, and co-marketing and social media programs	• Increased Pass Sales • Increased event ridership • Increased awareness through "Take Metro to the..." campaigns.
Drive revenue through advertising opportunities	• Maximize revenue from advertising contracts • Expand sales opportunities to sell unused inventory • Work with advertising partner to develop sales strategy targeting corporate clients with multi-year advertising and naming right programs	• Increased sales from advertising sales

Goal: Deliver a high quality transit experience that is recognized by its customers, industry peers and regional stakeholders for its excellence		
Objective: Improve the value of regional transit infrastructure and the quality of the transit experience through aesthetic enhancement		
Strategy	**Action Steps**	**Performance Measurements**
Support the regional transit system and the community aesthetic through an effective Arts In Transit program.	• Secure and maintain grants and sponsorships, and other earned income that support Arts in Transit programs • Host four annual Art Bus events, MetroLines poetry competition, MetroScapes bus shelter poster competition, and other relevant community-based arts programs • Complete Civic Center AIT project • Implement “Expressions that Move You” North County Student Engagement Program. • Explore Arts In Transit potential contribution in future projects such as the MetroLink station near Boyle Street • Collaborate with Operations in the development of new Wayfinding and Signage strategies. • Operate/curate four exhibits at *Gallery North* at the North County Transit Center • Host “Pop Up” performance event at Delmar Transit Plaza in partnership with Saint Louis Art Works	• Increased number and amount of grants • Increased revenue from Art Bus sponsorships • Increased sales of MetroScapes posters ($2,000) • Increased participation in Art Bus program, MetroLines, and MetroScapes events • Increased public awareness of Metro Arts In Transit program • Plan in place for improved wayfinding throughout the Metro transit system (Design of Revise Signage and Communication System Completed) • Quarterly community and student events and exhibitions. • One “Pilot” event.

Goal: Value all members of our staff and endeavor to help all of our employees develop their fullest potential		
Objective: Build employee awareness of and support for BSD enterprises, goals and achievements		
Strategy	**Action Steps**	**Performance Measurements**
Develop and execute internal communications plans that improves employee knowledge and employee engagement	• Use employee feedback to address internal communications needs and better inform and engage BSD employees • Remain consistent with internal and external messaging • Focus on raising internal awareness of BSD Mission, Vision, Values • Continue to develop new features and functionality to the internal website • Manage electronic message boards at BSD facilities	• Increase employee awareness of BSD enterprises, initiatives and accomplishments

Performance Indicators – Marketing and Communications

Progress in meeting the goals and objectives are measured through performance indicators. The following is a list of the performance indicators for marketing, communications, and Arts in Transit:

	FY 2018	FY 2017		FY 2016
	Target	**Projection**	**Target**	**Actual**
Increase public awareness and support for company policies, plans, services and initiatives through effective media relations.				
• Positive media reports* accomplishing that goal:	8,000	8,000	13,000	11,883
• Estimated positive media exposures*	14B	14B	15.5B	15B
• $ value of comparable paid advertising*	$18M	$18M	$19M	$18.7M

*The period leading into the 50th Anniversary of the Gateway Arch resulted in an unusually high volume of media reports that are not likely to be repeated without another world-class signature event. The projection for FY 2017 and the FY 2018 target reflect what is likely to be the standard for positive media reports for BSD going forward.

	FY 2018	FY 2017		FY 2016
	Target	Projection	Target	Actual
Increase public awareness and support for company policies, plans, services and initiatives through growing effective social media.				
• Facebook likes	14,100	11,429	11,100	8,713
• Twitter followers	19,800	17,700	17,000	14,457
• Instagram followers	4,300	3,340	2,800	2,465
• LinkedIn	1,500	1,310	1,130	1,126
Develop and execute strategic and tactical marketing and sales plans that meet business targets for transit				
• Advertising Revenue	$1.5M	$1.4M	$1.6M	$1.34M
• MetroStore Sales	$1.5M	$2.7M	$2.8M	$2.6M
• Transit Benefit Program corporate participants	75	100	110	92
• Transit Benefit Program passes purchased: (monthly average)	$3.4M	$4.2M	$4.4M	$4.1M
Arts In Transit, Inc., revenue:	$50,000	$44,500	$47,500	$26,888
Community/news events:	100	95	90	85

Marketing & Communications - Operating Expense

		FY 2016 Actual	FY 2017 Budget	FY 2017 Projection	FY 2018 Budget	18 Bdgt vs 17 Proj $ Change	18 Bdgt vs 17 Proj % Change	FY 2019 Budget	FY 2020 Budget
Marketing & Communications	Wages & benefits without OPEB	$ 1,585,745	$ 1,810,103	$ 1,763,286	$ 2,011,235	$ 247,948	14.1%	$ 2,076,542	$ 2,158,194
	Other post-employment benefits	8,846	13,107	14,531	13,107	(1,424)	-9.8%	13,808	14,595
	Services	234,636	908,744	774,781	822,387	47,606	6.1%	826,570	833,754
	Parts & supplies	599,880	269,085	164,931	263,721	98,789	59.9%	271,046	273,835
	Casualty & liability	1,000	-	-	-	-	-	-	-
	Utilities	7,569	10,400	7,951	10,400	2,449	30.8%	10,400	10,400
	Leases and other expense	568,867	591,833	566,419	591,838	25,419	4.5%	617,395	617,395
	Operating expense	**$ 3,006,542**	**$ 3,603,270**	**$ 3,291,899**	**$ 3,712,687**	**$ 420,788**	**12.8%**	**$ 3,815,761**	**$ 3,908,173**
Arts In Transit	Wages & benefits without OPEB	$ 120,640	$ 97,426	$ 109,776	$ 126,918	$ 17,142	15.6%	$ 131,500	$ 136,880
	Other post-employment benefits	685	520	779	520	(259)	-33.3%	572	579
	Services	19,739	46,150	24,025	50,880	26,855	111.8%	46,413	48,961
	Parts & supplies	52	21,094	10,547	20,600	10,053	95.3%	20,605	20,610
	Utilities	611	800	660	800	140	21.3%	800	800
	Leases and other expense	4,833	2,400	1,503	2,400	897	59.7%	2,400	2,400
	Operating expense	**$ 146,560**	**$ 168,390**	**$ 147,289**	**$ 202,118**	**$ 54,829**	**37.2%**	**$ 202,290**	**$ 210,230**
Gateway Card Center	Wages & benefits without OPEB	82,914	78,841	81,380	82,871	1,491	1.8%	86,137	89,762
	Other post-employment benefits	409	-	340	-	(340)	-100.0%	-	-
	Services	4,013	214,738	107,369	151,575	44,206	41.2%	162,593	164,891
	Parts & supplies	-	750	375	750	375	100.0%	750	750
	Utilities	-	600	300	600	300	100.0%	600	600
	Leases and other expense	37	3,200	1,638	3,200	1,562	95.3%	3,200	3,200
	Operating expense	**$ 87,373**	**$ 298,128**	**$ 191,402**	**$ 238,996**	**$ 47,594**	**24.9%**	**$ 253,280**	**$ 259,203**
Marketing Management	Wages & benefits without OPEB	1,382,191	1,633,836	1,572,130	1,801,446	229,316	14.6%	1,858,906	1,931,551
	Other post-employment benefits	7,752	12,587	13,412	12,587	(825)	-6.2%	13,235	14,016
	Services	210,885	647,856	643,387	619,932	(23,455)	-3.6%	617,565	619,902
	Parts & supplies	599,829	247,241	154,010	242,371	88,361	57.4%	249,691	252,475
	Casualty & liability	1,000	-	-	-	-	-	-	-
	Utilities	6,958	9,000	6,991	9,000	2,009	28.7%	9,000	9,000
	Leases and other expense	563,996	586,233	563,278	586,238	22,960	4.1%	611,795	611,795
	Operating expense	**$ 2,772,610**	**$ 3,136,753**	**$ 2,953,209**	**$ 3,271,574**	**$ 318,365**	**10.8%**	**$ 3,360,191**	**$ 3,438,740**

(Sums may not equal Total due to rounding)

Pension, Retiree Benefits and Risk Management

Organizational overview:

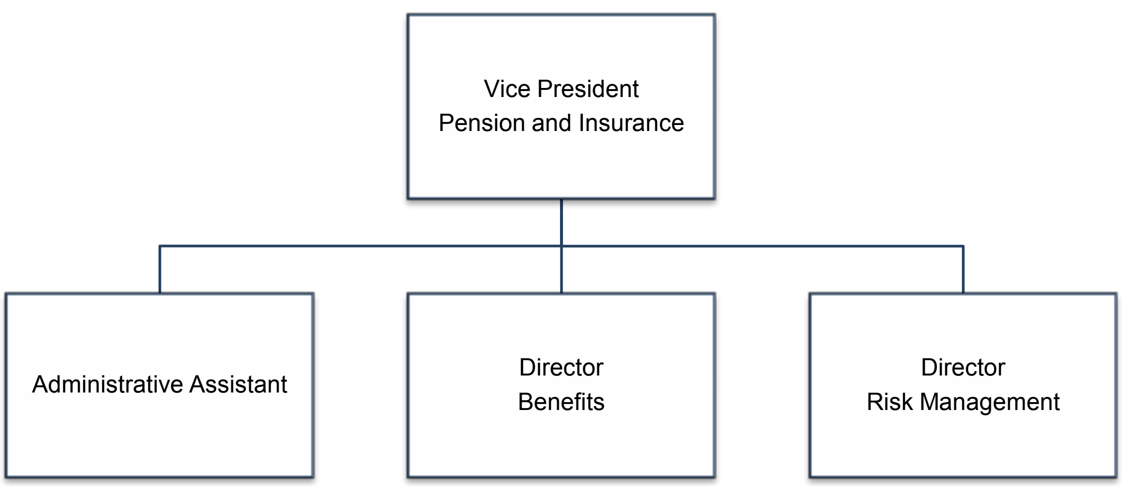
Pension, Retiree Benefits and Risk Management is under the direction of the Vice President Pension and Insurance.

Pension Department is responsible for developing, maintaining information and the administration of retirement programs related to four Defined Benefit Pension Plans and a 401K program.

Retiree Benefits Department develops and administers employee benefit plans for retirees. The department advocates a range of health benefits including Medicare Retiree.

Risk Management and Safety is responsible for the BSD self-insurance and insurance programs as well as the administration of workers' compensation, property and auto liability claims. The risk and safety staff investigates accidents and oversees all elements of employee and facility safety, identifies hazards and develops recommendations to reduce or eliminate problems. The department administers federal drug and alcohol programs including random testing, coordinates emergency response planning with federal, state and local authorities, provides training for local emergency first responders, reviews contracts and agreements and oversees contractor safety programs. It is also responsible for the agency-wide health and wellness initiatives.

Organization:



Goals and Objectives Action Plan: Pension, Retiree Benefits and Risk Management

Strategies and action steps help Bi-State Development achieve its goals and objectives as outlined in the strategic plan overview.

Goal: Build an effective and efficient publically supported organization that is viewed as a transparent and accountable steward of public funds		
Objective: Accountability		
Strategy	**Action Steps**	**Performance Measurements**
Continual improvement of the internal fund services and its accountability to management	• Interface with team on for continued success • Provide greater visibility of Self-insurance funds	• Controlled costs per financial statements

Operating Expense:

Pension, Retiree Benefits & Safety - Operating Expense

		FY 2016 Actual	FY 2017 Budget	FY 2017 Projection	FY 2018 Budget	18 Bdgt vs 17 Proj $ Change	18 Bdgt vs 17 Proj % Change	FY 2019 Budget	FY 2020 Budget
Pension, Retiree Benefits & Safety	Wages & benefits without OPEB	$ 7,524,042	$ 8,477,782	$ 6,817,854	$ 7,045,505	$ 227,651	3.3%	$ 7,164,212	$ 7,359,358
	Other post-employment benefits	10,508	18,834	15,635	18,834	3,199	20.5%	19,504	20,973
	Services	1,049,528	951,000	913,360	925,240	11,880	1.3%	912,885	883,005
	Parts & supplies	123,811	354,032	209,517	332,308	122,791	58.6%	333,358	333,408
	Casualty & liability	7,391,841	4,657,210	5,394,752	5,425,100	30,348	0.6%	5,644,700	5,873,575
	Utilities	43,608	64,300	60,634	46,900	(13,734)	-22.7%	46,900	46,900
	Leases and other expense	291,403	121,775	87,734	117,040	29,306	33.4%	117,740	118,440
	Operating expense	**$ 16,434,741**	**$ 14,644,934**	**$ 13,499,485**	**$ 13,910,927**	**$ 411,441**	**3.0%**	**$14,239,299**	**$14,635,659**
Retiree Benefits	Wages & benefits without OPEB	$ 5,413,756	$ 7,349,745	$ 5,624,428	$ 5,752,551	$ 128,123	2.3%	$ 5,904,048	$ 6,049,458
	Parts & supplies	-	-	84	-	(84)	-100.0%	-	-
	Leases and other expense	2,559	5,000	3,698	5,000	1,302	35.2%	5,000	5,000
	Operating expense	**$ 5,416,315**	**$ 7,354,745**	**$ 5,628,210**	**$ 5,757,551**	**$ 129,341**	**2.3%**	**$ 5,909,048**	**$ 6,054,458**
Pension Administration	Wages & benefits without OPEB	156,649	86,267	134,780	153,433	18,653	13.8%	116,970	121,800
	Other post-employment benefits	746	-	858	-	(858)	-100.0%	-	-
	Services	396,255	425,000	327,556	304,240	(23,316)	-7.1%	281,885	252,005
	Parts & supplies	-	-	107	550	443	412.6%	600	650
	Utilities	-	-	184	-	(184)	-100.0%	-	-
	Leases and other expense	232	-	1,191	7,700	6,509	546.5%	8,400	9,100
	Operating expense	**$ 553,882**	**$ 511,267**	**$ 464,676**	**$ 465,923**	**$ 1,247**	**0.3%**	**$ 407,855**	**$ 383,555**
Risk Management & Safety	Wages & benefits without OPEB	1,953,637	1,041,770	1,058,646	1,139,521	80,875	7.6%	1,143,194	1,188,100
	Other post-employment benefits	9,762	18,834	14,777	18,834	4,057	27.5%	19,504	20,973
	Services	653,273	526,000	585,804	621,000	35,196	6.0%	631,000	631,000
	Parts & supplies	123,811	354,032	209,326	331,758	122,432	58.5%	332,758	332,758
	Casualty & liability	7,391,841	4,657,210	5,394,752	5,425,100	30,348	0.6%	5,644,700	5,873,575
	Utilities	43,608	64,300	60,450	46,900	(13,550)	-22.4%	46,900	46,900
	Leases and other expense	288,612	116,775	82,845	104,340	21,495	25.9%	104,340	104,340
	Operating expense	**$ 10,464,543**	**$ 6,778,921**	**$ 7,406,599**	**$ 7,687,453**	**$ 280,854**	**3.8%**	**$ 7,922,395**	**$ 8,197,646**

(Sums may not equal Total due to rounding)

Metro Transit
Improvement Plan

Transit Improvement Plan Assumptions

The three-year Transit Improvement Plan reflects known factors to estimate the financial position for BSD through 2021. Deficits projected for FY 2019 through FY 2021 represent the unfunded portion of OPEB obligations and other non-cash items. Service levels are assumed to be consistent with the FY 2018 budget for all fiscal years through FY 2021.

Operating Revenue

Passenger revenue for FY 2019 - FY 2021 passenger revenue projections include a 4.0% increase in 2019 as a result of a planned fare increase, returning ridership and smart card technology. FY 2020 yields a 0.5% increase due to modest ridership gains. Another fare increase is planned in FY 2021, returning to the strategy of incorporating small palatable increases every other year to prevent the customer from having to absorb periodic large percentage increases into their household budget.

TMA revenue to be received from Transit Management Association participants is expected to grow modestly at 1.0% annually from FY 2019 through FY 2021.

Paratransit contract revenues are associated with Call-A-Ride operations primarily due to Missouri Medicaid customers. Revenue is expected to remain near today's level growing only 1.0% annually from FY 2019 through FY 2021.

Other operating revenue consists of advertising on revenue vehicles, shelters and MetroLink stations; property rental; contracted maintenance for St. Clair ATS service; concessions; and other revenue. For FY 2019 - FY 2021, other operating revenues are expected to increase 3% annually.

Operating Expense

Operating expenses are projected to increase at the rate of 3.2% for FY 2019, 2.8% for FY 2020 and 2.8% for FY 2021. This represents normal inflationary pressure on wage and benefits, materials and parts, services, insurance and utilities.

Grants, Sales Tax and Contractual Revenue

Sales tax receipts remain the vehicle of choice for funding public transportation in the St. Louis region. The importance of public transportation to the St. Louis metropolitan region has been long recognized starting in 1973 with the passage of a ½ cent sales tax in both St. Louis County and City. To introduce light rail to the region and provide for further expansion, a ¼ cent sales tax was passed in both St. Louis County and City in 1994. In 1997, the City of St. Louis passed an additional ¼ cent sales tax contingent upon a reciprocal tax in St. Louis County. In 2010, St. Louis County residents passed an additional ½ cent sales tax which allowed collection of both the 2010 County ½ cent tax in the County and the 1997 1/4 cent sales tax within the City. Sales tax revenues are not consistently growing at the rate of inflation. Projected annual growth in sales taxes between FY 2019 and FY 2021 are 2.5% in St. Louis County and 1.0% in St. Louis City.

Each year, BSD requests an appropriation sufficient to fund capital improvement and replacements, debt service and operational costs in excess of passenger revenue. St. Louis County and City then separately approve the BSD budget through their formal process and each appropriates funds from their available revenue sources. Since sales tax growth is lower than inflation, this three-year projection assumes that a greater proportionate share of sales taxes collected may be required to fund the same service package in the future.

State of Missouri revenue and the EWGCOG reimbursement for FY 2019 - FY 2021 are expected to remain at the FY 2018 budget level.

St. Clair County revenue assumes continuation of St. Clair County, Illinois MetroBus and MetroLink service at the same levels as used in the FY 2018 budget. The FY 2019 projected increase is 3.1%, followed by a 3.0% increase in FY 2020 and FY 2021. St. Clair County Transit District contracts and pays 100% fully allocated cost of service provided to them by BSD. Resources received by St. Clair Transit District to fund public transportation in their District include a 1981 ¼ cent sales tax, a 1993 ½ cent sales tax and Downstate Illinois Department of Transportation Funding.

Regional funding for security services remains constant for FY 2018 through FY 2021 at $20 million.

Federal vehicle maintenance (Federal Formula Funds) is budgeted at $16 million for FY 2019 - FY 2021. Using these funds for operations may result in transit deferring capital spending in future years. If deferring capital replacement and rehabilitation spending is required, it could be detrimental to the investment in assets which the FTA expects Bi-State Development to keep in good condition. Most of transit's facilities are 20-plus years of age. The original MetroLink alignment exceeds 20 years as well.

Other non-capital projects Federal grant revenue represents projects that are eligible to be funded with Federal monies but are technically an operating cost per United States Generally Accepted Accounting Principles. An example, would be rail maintenance grinding which is a repair but costs millions of dollars. Annually, BSD anticipates spending between $4-$5 million on these type of projects between FY 2019 and FY 2021. Federal assistance provides approximately 80% of the funding for these projects.

Federal non-capital Grants administration is $254 thousand in FY 2018 and remains at or near that level through FY 2021.

Non-Operating Revenue (Expense)

Investment income is projected to grow at nearly 8% annually through FY 2021 as a result of higher yields due to rate increases directed by the Federal Reserve creating increased funds to invest. This line item also includes the revenue portion of the capital lease program which increases annually. Lease interest revenue offsets exactly lease interest expense related to this program.

Interest on debt decreases as debt is annually retired per the amortization schedule. Interest expense also includes the expense portion of the capital lease program which increases slightly annually. Capital lease expense is equally offset by capital lease interest revenue.

Deficit before Depreciation

Net deficits projected for FY 2019 - FY 2021 are non-cash and represent annual unfunded GASB 45 and 68 reporting requirements related to OPEB obligations, pension and also amortization of discounts/premiums on debt. Actual deficits may differ from these projections due to adverse economic conditions or unexpected expenditures.

Transit Improvement Plan Financial Summary

The following pages include a three-year Statement of Revenue and Expenses and a three-year Statement of Grants, Sales Tax and Contractual Revenue detail.

Metro Transit
Transit Improvement Plan
Three-Year Financial Summary

(thousands)

	FY 2018	FY 2019		FY 2020		FY 2021	
	Budget	Projection	Change	Projection	Change	Projection	Change
Operating revenue							
Passenger revenue	$ 44,142	$ 45,907	4.0%	$ 46,137	0.5%	$ 47,060	2.0%
TMA revenue	1,431	1,445	1.0%	1,467	1.5%	1,481	1.0%
Paratransit contracts	2,904	2,933	1.0%	2,962	1.0%	2,992	1.0%
Other	5,931	6,107	3.0%	6,289	3.0%	6,478	3.0%
	54,407	**56,392**	**3.6%**	**56,855**	**0.8%**	**58,011**	**2.0%**
Non-operating revenue							
Grants, sales tax and contractual revenue	273,128	280,488	2.7%	288,357	2.8%	295,926	2.6%
Investment income	7,868	8,491	7.9%	9,165	7.9%	9,880	7.8%
	280,996	**288,979**	**2.8%**	**297,522**	**3.0%**	**305,806**	**2.8%**
Total revenue	**335,403**	**345,371**	**3.0%**	**354,377**	**2.6%**	**363,817**	**2.7%**
Operating expense							
Wages & Benefits	200,163	206,875	3.4%	212,565	2.8%	218,837	3.0%
Services	54,267	54,960	1.3%	56,960	3.6%	58,051	1.9%
Fuels & Lubrications	12,497	12,746	2.0%	13,002	2.0%	13,386	3.0%
Other Expense	46,242	48,456	4.8%	49,601	2.4%	51,065	3.0%
	313,169	**323,037**	**3.2%**	**332,128**	**2.8%**	**341,338**	**2.8%**
Non-operating expense							
Interest on debt	25,419	25,667	1.0%	25,941	1.1%	26,194	1.0%
Sheltered workshop	707	750	6.1%	774	3.3%	789	2.0%
	26,125	**26,416**	**1.1%**	**26,714**	**1.1%**	**26,983**	**1.0%**
Total Expense	**339,294**	**349,453**	**3.0%**	**358,842**	**2.7%**	**368,322**	**2.6%**
Net income (deficit) before depreciation	**(3,891)**	**(4,082)**	**(4.9)%**	**(4,466)**	**(9.4)%**	**(4,505)**	**(0.9)%**
Depreciation	73,498	74,944	2.0%	76,443	2.0%	77,972	2.0%
Net transfer	1,768	1,751	(1.0)%	1,840	5.1%	1,867	1.5%
Net income (deficit)	**$ (79,158)**	**$ (80,778)**	**(2.0)%**	**$ (82,749)**	**(2.4)%**	**$ (84,344)**	**(1.9)%**

Totals may not sum due to rounding.

Metro Transit
Transit Improvement Plan
Three-Year Grants, Sales Tax and Contractual Revenue Detail

(thousands)

	FY 2018 Budget	FY 2019 Projection	FY 2019 Change	FY 2020 Projection	FY 2020 Change	FY 2021 Projection	FY 2021 Change
Local & state:							
Missouri:							
City of St. Louis 1/2 cent sales tax	$ 19,491	$ 19,691	1.0%	$ 19,898	1.0%	$ 20,097	1.0%
City of St. Louis 1/4 cent sales tax	9,198	9,260	0.7%	9,287	0.3%	9,354	0.7%
City of St. Louis Prop M2 sales tax	7,353	7,429	1.0%	7,503	1.0%	7,579	1.0%
Total City of St. Louis	36,042	36,380	0.9%	36,688	0.8%	37,030	0.9%
St. Louis County 1/2 cent sales tax	15,445	17,383	12.5%	20,324	16.9%	22,464	10.5%
St. Louis County 1/4 cent sales tax	35,279	36,132	2.4%	36,950	2.3%	37,837	2.4%
St. Louis County Prop A 1/2 cent sales tax	88,997	91,559	2.9%	93,848	2.5%	96,194	2.5%
Total St. Louis County	139,722	145,074	3.8%	151,121	4.2%	156,495	3.6%
Other local match - MO	732	750	2.4%	775	3.3%	775	0.0%
State of Missouri	464	464	0.0%	464	0.0%	478	3.0%
Planning & demonstration reimbursement - EWGCOG	160	160	0.0%	160	0.0%	160	0.0%
Total Missouri local & state:	**177,120**	**182,828**	3.2%	**189,209**	3.5%	**194,938**	3.0%
Illinois:							
St. Clair County	54,263	55,939	3.1%	57,617	3.0%	59,360	3.0%
State of Illinois	1,135	900	(20.7)%	1,000	11.1%	1,020	2.0%
Total Illinois local & state:	**55,398**	**56,839**	2.6%	**58,617**	3.1%	**60,380**	3.0%
Total local & state	**232,518**	**239,667**	3.1%	**247,826**	3.4%	**255,317**	3.0%
Regional funding/security services	**20,000**	**20,000**	0.0%	**20,000**	0.0%	**20,000**	0.0%
Federal:							
Vehicle maintenance	16,000	16,000	0.0%	16,000	0.0%	16,000	0.0%
JARC West County reverse commute express	393	393	0.0%	393	0.0%	393	0.0%
JARC grant Other	82	82	0.0%	82	0.0%	82	0.0%
Non-capital projects - other	3,882	4,092	5.4%	3,803	(7.1)%	3,917	3.0%
Non-capital grants administration	254	254	0.0%	254	0.0%	217	(14.5)%
Total Federal	**20,610**	**20,821**	1.0%	**20,531**	(1.4)%	**20,609**	0.4%
Total Grants, sales tax and contractual revenue	**$ 273,128**	**$ 280,488**	2.7%	**$ 288,357**	2.8%	**$ 295,926**	2.6%

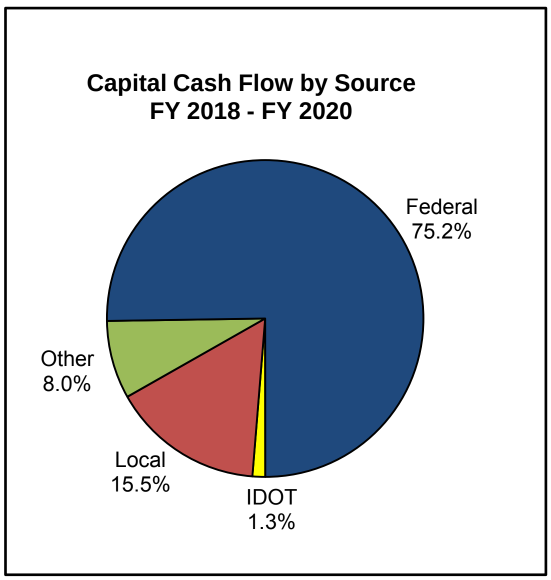
Metro Transit
Capital Budget

Capital Revenue Assumptions FY 2018 – FY 2020

Federal Funding

“Fixing America’s Surface Transportation Act” (FAST Act)

The FAST Act is a five year bill signed into law by President Obama on December 4, 2015. The FAST Act became effective on October 1, 2015. The new transportation law authorizes transit programs for FY 2016 – FY 2020, through September 30, 2020. The FAST Act provides steady and predictable funding over the next five years with an increase of $1 billion dollars per year to transit. The FAST Act also targets funding increases towards improving state of good repair and the bus program.



Under the FAST Act law, annual authorizations through the Section 5307 Urbanized Area Formula program are expected to increase by approximately 2% each year over FY 2016 authorized amounts. Additionally, recipients are no longer required to expend 1% of the 5307 funding on associated transit improvements. Annual authorizations through the Section 5337 State of Good Repair program are expected to increase by approximately 1.7% each year over FY 2016 authorized amounts. The Section 5339 Bus and Bus Facility formula program is maintained under the new transportation law and annual authorizations are expected to increase by approximately 2% each year over FY 2016 authorized amounts. Additionally, the FAST Act re-introduces a discretionary bus program which was eliminated under the previous transportation law.

Annual capital revenue assumptions over the FY 2018 – FY 2020 capital budget period for Bi-State Development will be based on several factors. For urbanized areas (UZAs) with populations of 200,000 or more, the formula is based on a combination of bus revenue vehicle miles, bus passenger miles, bus operating costs, fixed guideway vehicle revenue miles, and fixed guideway route miles, as well as population and population density. The formula allocation also includes a percent of the Section 5307 funds that will be allocated on the basis of low-income persons residing in urbanized areas. Also, annual revenue from these formula based programs will be based on Bi-State Development's annual reporting of data to the National Transit Database.

Additional capital revenue assumptions in the FY 2018 – FY 2020 capital plan include several discretionary funding programs. Under MAP-21 the Bus and Bus Facility discretionary program was repealed and in its place a new Bus and Bus Facility Formula program was created. Under the FAST Act, the Bus and Bus Facility Discretionary program has been re-introduced, and includes a sub-program for technological changes or innovations to modify low or no emission vehicles and facilities. The FAST Act also continues federal highway funding for the Congestion Mitigation and Air Quality program and the Surface Transportation program. Funding under each of these programs is eligible for various public transportation purposes.

The FAST Act also continues the Section 5310 Enhanced Mobility of Seniors and Individuals with Disabilities program which is a formula program to improve mobility for seniors and individuals with disabilities by removing barriers to transportation service and expanding transportation mobility options.

Bi-State Development's FY 2018 – FY 2020 capital budget totals $681.7 million. Funding is planned through the FAST Act programs mentioned above as well as previously authorized and apportioned programs under MAP-21 and SAFETEA-LU. Federal discretionary programs such as Congestion Mitigation & Air Quality (CMAQ) funds and Surface Transportation Program (STP) funds are continued under the FAST Act law and are planned in this capital program. In addition, the Bus and Bus Facility discretionary grant program is being re-introduced under the FAST Act law and funding is planned for revenue rolling stock and facility rehabilitation and replacement.

"Moving Ahead for Progress in the 21st Century" (MAP-21)

MAP-21 was a two year bill signed into law by President Obama on July 6, 2012. MAP-21 became effective October 1, 2012 and authorized transportation programs through the federal fiscal year ending September 30, 2014. MAP-21 was under a continuing resolution until December 4, 2015. Funding and programs authorized under MAP-21 will continue to be administered through their programmatic life.

Beginning with the FY 2013 apportionment, the Urbanized Area Formula funds have been apportioned based on UZA designations and population counts from the 2010 Census. For UZAs with populations of 200,000 or more, the formula is based on a combination of bus revenue vehicle miles, bus passenger miles, fixed guideway revenue vehicle miles, fixed guideway passenger miles and fixed guideway route miles, as well as population and population density. In addition, under MAP-21 a new factor in computing the Formula allocation includes a percent of the section 5307 funds that will be allocated on the basis of low-income persons residing in urbanized areas. This allocation will continue under the FAST Act.

MAP-21 repealed the New Freedom Program (Section 5317) established under SAFETEA-LU and the New Freedom Program activities were merged into an existing Section 5310 Elderly and Disabled program creating the new Section 5310 Enhanced Mobility of Seniors and Individuals with Disabilities program. The original Section 5310 program was established in 1975 as a discretionary capital assistance program awarding grants to private nonprofit organizations to serve the transportation needs of seniors and persons with disabilities. Under SAFETEA-LU the Section 5317 New Freedom program was a formula grant program that provided funding for capital and operating expenses that support new public transportation services beyond those required by the Americans with Disabilities Act of 1990.Under the new Section 5310 program, funding supports "Traditional" capital projects and incorporates the New Freedom activities into the program. The FAST Act continues the Section 5310 Enhanced Mobility of Seniors and Individuals with Disabilities program over the five-year authorization.

Safe, Accountable, Flexible and Efficient Transportation Equity Act - A Legacy for Users (SAFETEA–LU)

SAFETEA-LU was signed into law on August 10, 2005 and authorized a total of $52.6 billion in guaranteed funding for Federal transit programs for FY 2005 through FY 2009. SAFETEA-LU was structured to increase investments in public transit through common sense transit solutions. The law expired September 30, 2009 and remained in effect under a series of continuing resolutions until its final expiration on September 30, 2012. Funding and programs authorized under SAFETEA-LU will continue to be administered through their programmatic life.

Department of Homeland Security Transit Security Grant Program (TSGP)

The Transit Security Grant Program continues to be an important funding source for Bi-State Development. These funds provide for the critical hardening of Bi-State Development's assets by enhancing various security measures as well as providing funding to support front-line employee training and bus and rail response and recovery drills to address potential terrorist threats. The capital budget includes projects and planned applications throughout the FY 2018 – FY 2020 period.

State Funding

Illinois Department of Transportation (IDOT)

Funding to support capital projects will be sought through IDOT as available.

Missouri Department of Transportation (MoDOT)

Funding to support capital projects will be sought through MoDOT as available.

Local and Other Funding

Missouri Local Sales Tax Funds

Bi-State Development uses a combination of 1/2 cent and 1/4 cent local sales tax capital funds generated by St. Louis City and County as the local match to Federal funding for bus and non-bus capital projects located in the City and County. Currently, 98% of the 1/2 cent sales tax receipts will be used for operating purposes for FY 2018 – FY 2020.

Funds generated by the 1/4 cent sales tax approved as “Proposition M” in August 1994 are applied first to cover debt service requirements of the Cross County bond issuance. After covering debt service requirements, a portion of the remaining funds may be used as the local match to fund specified capital projects located in Missouri as approved by St. Louis City and County.

Proposition A was authorized through a referendum passed in St. Louis County on April 6, 2010. Proposition A provides an additional 1/2 cent sales tax to fund public transit capital and operating needs for the St. Louis region. Prop A’s passage in the County also triggered a 1/4 cent sales tax in the City of St. Louis that voters there approved in 1997.

St. Clair County (Illinois) Transit District

The St. Clair County Transit District will provide funds for specific projects related to their Transit District.

Other Financing

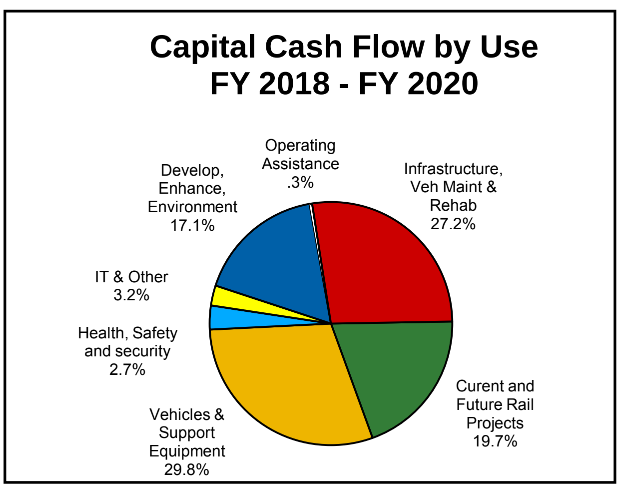
Other financing is made up of operating dollars used to match capital projects such as preventive maintenance of vehicles and facilities. From time to time, funding is also identified from sources other than local sales taxes.

Capital Expenditure Assumptions FY 2018 – FY 2020

Capital Expenditures

The capital expenditure program for FY 2018 – FY 2020 encompasses a wide range of initiatives over the next three years meeting Bi-State Development's (BSD) major capital projects and priorities and incorporates the federal program changes reflected in the current transportation law Fixing America's Surface Transportation Act (FAST Act).

A capital project is defined as costing more than $5,000 and having a useful life of more than one year. Total capital expenditures planned for FY2018 is $483.3 million. Total capital expenditures planned for the three-year capital program is $681.7 million. The FY 2018 – FY 2020 capital expenditure program includes both recurring and non-recurring capital expenditures. The recurring capital expenditures are those that are included in almost every budget and will have no significant impact on the operating budget. These recurring investments include bus and paratransit revenue rolling stock replacements; various security upgrades; hardware and software upgrades to support advances in technology; and preventive maintenance along the MetroLink Right-of-Way and at MetroBus stations. Federal Formula funds will be allocated to the vehicle maintenance program throughout this capital budget period.



Under the FAST Act, the requirement to set aside one percent of Section 5307 Formula funds for associated transit improvements to enhance MetroBus and MetroLink facilities as a part of BSD's recurring capital activities has been repealed. However, carryover funding approved from prior transportation laws under SAFETEA-LU and MAP-21, are included in the FY 2018 – FY 2020 capital expenditure program to support transit improvements throughout the transit system. To support future transit enhancements, other capital funds will be designated for the Arts In Transit Program as directed by Board policy.

In July 2016, the Federal Transit Administration (FTA) issued a final rule requiring FTA grantees to develop management plans for their public transportation assets, including vehicles, facilities, equipment, and other infrastructure. The Transit Asset Management (TAM) final rule requires transit agencies to develop a strategic approach to maintain and improve their capital assets. The FY 2018 - FY 2020 capital budget contains several funding strategies to ensure Bi-State Development achieves and maintains a state of good repair status for all its assets.

The three-year capital budget assumes approximately $134.2 million for MetroLink infrastructure projects, $116.5 million for new development and environmental enhancements, $2.3 million for JARC operating assistance, $18.4 million for safety and security enhancements, $21.0 million for information technology improvements, and $.6 million for program administration. Vehicles and supporting equipment needs assume $203.0 million; infrastructure and vehicle maintenance needs assume $185.7 million.

Peripheral equipment is planned to improve operating efficiencies, customer enhancements and support “smart bus” technology which includes automatic passenger counters, an automated vehicle locator system, closed circuit TV systems, additional ticket vending machines, and a farebox upgrade for “smart card” capability. These improvements will meet regional Intelligent Transportation System architecture requirements.

Various security upgrades will be met through this capital program period including additional cameras and digital recording devices on light rail vehicles, buses and paratransit vehicles and in various MetroLink tunnels and bridges. In addition, various security enhancements will be implemented at bus and light rail facilities including installation of upgraded public address systems and closed circuit televisions (CCTVs). A feasibility study and design efforts are planned through this capital period to explore the installation of a barrier/turnstile system at MetroLink stations.

Upgrades at various MetroLink stations and bus stops throughout the transit service area will serve to address the Americans with Disabilities Act (ADA) requirements. ADA improvements include the upgrade of tactile warning strips at various MetroLink stations as well as continuing to improve access to bus stops and the installation of passenger benches at various bus stop locations throughout the system.

Various technological advancements are planned over the next three years to support Bi-State Development’s premiere transit operations. Hardware and software upgrades will be implemented throughout the system. Additionally, a new operating and capital budgeting system and a new enterprise asset management system will be implemented. The notable benefits of the implementation of these systems include more efficient budget planning, streamlined reporting, and increased asset visibility.

Major facility improvements planned over the next three years include the replacement of 15-20 year old major components such as heating, ventilation and air conditioning systems, elevators, escalators, electrical systems and doors. In addition, Metro Link infrastructure projects over the next three years include bridge and tunnel repairs, surface and alignment of the mainline track, substations and catenary insulators. All planned projects for the FY 2018 – FY 2020 capital budget are in support of the Federal Transit Administration's Transit Asset Management and State of Good Repair practices.

Non-Routine Capital Expenditures

There are a number of non-recurring capital expenditures planned in the FY 2018 - FY 2020 capital budget. These non-recurring expenditures are intended to address an immediate capital need within the Bi-State Development's Metro transit system and may impact the operating budget after initial capitalization. The non-recurring capital expenditures include major enhancements of the system infrastructure including the construction of a new MetroLink station in the central corridor of the St. Louis service area as well as the expansion of the existing Central West End MetroLink Station. It also includes construction of a new bus transfer center in Downtown St. Louis. Construction of a new bus transfer center in North County was completed in March 2016. Additionally, design work has begun for rehabilitation and repair of Union Station Tunnel in Downtown St. Louis. These planned improvements total $62.5 million.

Additionally, Bi-State Development continues to upgrade its interoperable communications system to be compliant with FCC regulations and to enable communications with first responders within the region. These improvements total $34 million. During this FY 2018 - FY 2020 capital program period, funds totaling $16.2 million are planned for expenditure to complete this project. A total of $2.4 million in expenditures is planned for the FY 2018 – FY 2020 capital program year to support the continued upgrade of the fare collection system and smart card program. Total investment in this project is $29.5 million.

During the FY 2018 – FY 2020 capital program period, $48 million will be allocated to the vehicle maintenance program through Federal Formula funds. A total of $16 million in Federal Formula funds annually will be allocated to the program for FY 2018 - FY 2020.

Under the FAST Act, funding for the State of Good Repair Program which supports maintenance, replacement and rehabilitation of light rail infrastructure, facilities and equipment continues to be authorized. During the FY 2018 - FY 2020 capital investment program, projects will be administered and funds expended under the State of Good Repair Program as well as the previously authorized Fixed Guideway Modernization Program. A total of $115.4 million in Federal State of Good Repair funds are planned over FY 2018 - FY 2020 to support light rail facility and right-of-way improvements throughout the system, as well as rehabilitation and replacement of aged revenue and non-revenue equipment. As a part of Bi-State Development's overall state of good repair efforts, Bi-State Development continues to develop its transit asset management program which will further establish standards for the state of good repair of Bi-State Development's transportation infrastructure and vehicles and to develop a transit asset management database to more efficiently manage all assets.

As a part of Bi-State Development's adopted Long Range Transit Plan, bus rapid transit (BRT) is planned to support several transit corridors. Through an alternatives analysis study funded in a previous capital year, the study is expected to lead to future design and construction of the selected corridors. These transportation efforts are being planned and coordinated with the region's metropolitan planning organization.

The three-year capital budget of $681.7 million addresses all major elements of Bi-State Development's Metro transit system improvements. Included within this plan are seven significant non-routine capital expenditures. They include:

	(in millions)
Light Rail Vehicle Upgrades	$ 108.0
Union Station Tunnel Rehabilitation	42.2
Information Technology Upgrades	20.9
Radio System Upgrades	16.2
Boyle Avenue MetroLink Station & CWE Platform Extension	14.1
Civic Center Transit Center	6.2
ML Station Security Enhancements	3.6
Integrated Fare System Upgrade	2.4
Total non-routine projects	$ 213.0

Funding for all programs will be derived from Federal Formula, Fixed Guideway, State of Good Repair, Bus and Bus Facility Formula, Bus and Bus Facility Discretionary, Surface Transportation Program, Job Access and Reverse Commute, Homeland Security, Congestion Mitigation & Air Quality, New Freedom, Enhanced Mobility of Seniors and Individuals with Disabilities and other sources of discretionary funding appropriately matched by local sources of funding. This plan is progressive and when effectively implemented will ensure that Bi-State Development is on target to meet the needs of the community.

Non-Routine Capital Grant Administration Agreements

In FY 2005, Bi-State Development assumed the grant administration responsibilities of the region's JARC and New Freedom funding. The JARC funding was previously administered as a competitive grant program awarded directly to Bi-State Development. As a part of the SAFETEA-LU authorization the JARC funding was changed to a formula program. Under MAP-21 the JARC program was eliminated and the JARC related activities were incorporated as a part of eligible activities under the Federal Urbanized Area Formula funding. The FAST Act maintains this program element under the formula funding. Previously authorized and approved JARC funding will be expended over the FY 2018 - FY 2020 capital program period.

The New Freedom program was introduced in SAFETEA-LU as a formula program. Under MAP-21 the program was eliminated and the activities are now incorporated as eligible activities in a new formula program known as the Section 5310 Enhanced

Mobility of Seniors and Individuals with Disabilities. The FAST Act continues the funding authorization for the Enhanced Mobility of Seniors and Individuals with Disabilities over the five-year authorization and is planned during the FY 2018 – FY 2020 program period.

The East-West Gateway Council of Governments (EWGCOG) was identified as the designated recipient for JARC and New Freedom funds through SAFETEA-LU. Through a Memorandum of Understanding (MOU) Bi-State Development administers sub-recipient awards and agreements for any projects that were selected through a competitive application process for these programs. Under MAP-21 the Section 5310 Enhanced Mobility of Seniors and Individuals with Disabilities responsibilities were assigned to co-designated recipients including Bi-State Development, East-West Gateway Council of Governments, Missouri Department of Transportation (MoDOT) and Illinois Department of Transportation (IDOT). Bi-State Development will manage subrecipient awards and agreements for the "New Freedom" type projects; the State DOT's will manage the "traditional" 5310 program activities; and, EWGCOG will administer the application process and the development of the Coordinated Human Services Transportation Plan.

The FAST Act continues the Section 5310 Enhanced Mobility of Seniors and Individuals with Disabilities funding program. It is expected that the co-designated recipients and their assigned responsibilities previously established under the prior authorization will be maintained and that funding will be administered as identified under the current MOU.

Bi-State Development will continue to administer funds remaining under the SAFETEA-LU and MAP-21 authorizations through the FY 2018 – FY 2020 program period. New funding appropriated under the FAST Act will also be administered through this program period.

While Bi-State Development is responsible for the administration of the grants and the reimbursement of expenditures generated by these partner agencies, Bi-State Development is not a direct recipient of these funds. Therefore, these projects and funds are not included in Bi-State Development's capital improvement program. Bi-State Development serves as administrator for the following sub recipients:

SAFETEA-LU Funded Projects
Job Access and Reverse Commute and New Freedom

	(in millions)
Jefferson County Developmental Disabilities Resource Board	.09
OATS	.19
Jefferson County Community Partnership	.04
Independence Center	.18
Sub-total JARC/New Freedom agreements	$ 0.50

MAP-21 Funded Projects
Enhanced Mobility of Seniors and Individuals with Disabilities

	(in millions)
Paraquad	.19
ITN St. Charles	.06
Disability Resource Association	.14
Touchette Regional Hospital	.02
Challenge Unlimited	.21
Jefferson County Community Partnership	.16
Sub-total Enhanced Mobility of Seniors & Individuals with Disabilities agreements	$ 0.78

FAST Act Funded Projects
Section 5310 New Freedom Type Projects

	(in millions)
ITN St. Charles	.05
All About Family	.06
Residential Options, Inc.	.07
Jefferson County Community Partnership	.15
Sub-total Section 5310 New Freedom Type Projects	$ 0.33
Total non-routine capital grant administration agreements	$ 1.61

Additionally, Bi-State Development, through St. Louis Regional Freightway, has partnered with the Terminal Railroad Association of St. Louis (TRRA) to support railroad equipment and infrastructure improvements. Bi-State Development will administer funds in the amount of $1.9 million that was awarded through the Congestion Mitigation & Air Quality discretionary program on behalf of TRRA.

FAST Act Funded Projects
Congestion Mitigation & Air Quality*

	(in millions)
Terminal Railroad Association of St. Louis	$ 1.9

*Dollars are included in the Capital Cash Flow by Use chart.

Impact of Capital Improvements on Operating Budget

Included in the capital budget is a three-year program designed to build, maintain or replace Bi-State Development's core infrastructure critical to the operation of the system. The effect of these projects on the operating budget is as varied as the projects. The capital budget provides the funding to implement necessary improvements and upgrades to the system infrastructure as well as various expenditures for asset replacements that occur on an infrequent basis and have an expected long term useful life. The operating budget provides the funding to support everyday maintenance and resources necessary to support those maintenance efforts. This section addresses the expected operating budget impact of significant, current active capital projects or those planned to begin during the FY 2018 – FY 2020 capital program period and that directly affect the FY 2018 operating budget period.

Current and Future Rail Projects

Track, catenary, alignment, bridge, tunnel and maintenance projects generally have the effect of stabilizing maintenance activity in the operating budget by avoiding expense peaks and valleys. One very important project is the Eads Bridge rehabilitation project, along the original MetroLink alignment. This project has been completed, returning the bridge to a state of good repair and reducing operating related maintenance expenses. The FY 2018 – FY 2020 capital budget plans for a significant upgrade of the Union Station MetroLink Tunnel. This project is projected to cost $42 million. Full funding is planned through the FY 2018 – FY 2020 capital plan. This tunnel has experienced significant repairs over the past few years. The $42 million capital investment in this infrastructure is expected to reduce operating expenditures related to the tunnel by 15%. Additional light rail bridge and tunnel upgrades are planned through the FY 2018 - FY 2020 capital period to bring a number of infrastructures and facilities back to a state of good repair.

Vehicles and Supporting Equipment

Timely replacement of vehicles that have met their useful life will ensure that operating expenses remain stable. Revenue vehicles currently on order include 28 buses and 17 paratransit vehicles.

Capital expenditures are planned for upgrades to peripheral equipment including the fare collection system replacement, which is currently underway. This project is expected to improve efficiency of operations by improving equipment reliability and labor related repairs. Initially, parts will be under warranty as well. Smartcard technology will likely increase the cost of supplies as materials related to card production are higher than paper related to tickets. Customer services during the transition will also increase. Estimated first year operating cost increases may be over $1 million.

A multi-year radio system replacement project is underway with design and planning of optimal sites for location of new radio towers being planned. This $34 million project is the result of FCC regulations requiring changes in technology and operating frequency. The radio system upgrade will incorporate Automated Vehicle Locator (AVL) technology. The addition of AVL should result in operating savings of more than $500,000 annually. If the radio project were not undertaken, the operational issues that would result from losing operating radio frequency would be unacceptable.

Transit Development - Facility, Centers, Stations, Parking Lots, Loops, Other

Construction of a new MetroLink station in the central corridor of the St. Louis service area and the expansion of the current Central West End MetroLink Station will have a modest impact on operating costs beginning in FY 2020. Design is complete and construction for the expansion of a downtown bus transfer center began in late FY 2016 and will be complete in FY 2018. The North County Transit Center opened in March 2016. With the construction and expansion of these three facilities there are expected operating costs to add additional positions as well as maintenance contracts and utilities. These projects continue the hub and spoke system Bi-State Development created eleven years ago to support better transfer options for customers connecting via bus-to-bus or bus-to-rail. Seven other centers have been built since 2002. They include Ballas, North Broadway, Clayton, Civic Center at 14^{th} and Spruce, Shrewsbury, Riverview and Meridian MetroBus Center. These centers provide improved transfers between bus routes in a safe and secure location. The maintenance contracts, utilities, additional positions, and landscaping have added $160,000 annually for these facilities. Additionaly, parking lot upgrades and ADA improvements at our MetroLink stations will decrease current maintenance efforts. Manpower and utility costs will impact the operating budget.

Information Technology Improvements

Investments to improve Customer Service Information and Operations Management are planned over the three-year period. Additional technology upgrades will include a number of enhancements to the systems that will improve our customer relations and system management efforts without increasing manpower costs.

Long Range Capital and Operating Budget Impacts

An alternative analysis to consider possible Bus Rapid Transit (BRT) corridors was funded in a previous capital year. The preferred corridor(s) is expected to be identified through this analysis. As a part of long range capital planning, funding will be sought to support the system improvements and equipment needs to build and operate the selected BRT corridor(s). Capital and operating costs will be determined based on outcomes of the alternatives analysis and design of the BRT corridors.

Significant Capital Improvement Projects and Operating Impacts Planned in FY 2018 – FY 2020

Description	Capital Investment (in millions)	Annual Impact FY	Operating (in millions)
Civic Center Transit Center Expansion	$10.5	2018	-
Radio/CAD/AVL Upgrades	$34.0	2018	($0.5)
Replacement Rolling Stock	$ 165.4	2018-2020	($3.0)
MetroLink Station at Boyle Avenue and Expansion of Existing Central West End MetroLink Station	$15.4	2020	tbd

Federal Programming Needs
FY 2018 – FY 2020

To meet the goals identified in the capital budget, appropriate federal funding must be secured to support capital programs for the planned three-year fiscal period. This section describes the planned projects and identifies the anticipated sources of funding and the fiscal year in which grant funds must be obligated. Any delay or reduction in federal, state or local funding will necessitate modifications to the capital improvements contained in this capital program.

The FAST Act is a five-year bill signed into law by President Obama on December 4, 2015. The FAST Act became effective on October 1, 2015. The new transportation law authorizes transit programs for FY 2016 – FY 2020, through September 30, 2020. The FAST Act provides steady and predictable funding over the next five years with an increase of $1 billion dollars per year to transit. The FAST Act re-introduces a discretionary bus program which was eliminated under the previous transportation law. The FAST Act also targets funding increases towards improving state of good repair and the bus program.

Programs authorized under the FAST Act will continue to address several important goals facing the transportation system today including improving safety, ensuring the state of good repair of the system and focusing on performance and program efficiency. It also emphasizes rehabilitation and replacement of aged infrastructure by furthering the asset management requirements and performance-based planning requirements established under the previous transportation law MAP-21.

Projects identified in Bi-State Development's FY 2018 – FY 2020 capital plan seek to meet the requirements detailed in the FAST Act authorization and guidance. Planned replacement of rolling stock, including buses and paratransit vehicles that meet EPA clean air standards and are equipped with ADA complaint lifts and equipment will ensure the safety and security of our traveling customers throughout the region. Bi-State Development's planned projects to rehabilitate rail right-of-way, tunnels and bridges will ensure the state of good repair of our light rail system. Federal funding to support these significant capital upgrades are planned from Urbanized Area Formula, State of Good Repair and Bus & Bus Facility formula funds as well as discretionary sources including Bus and Bus Facility (new discretionary program under the FAST Act), Congestion Mitigation & Air Quality and Surface Transportation Program funds.

Bi-State Development is continuing its efforts to meet the goals of the Long Range Transit plan by completing a corridor study which will lead to the identification and selection of preferred corridors for the development of bus rapid transit. Additionally, through this capital budget period, Bi-State Development will conduct a pilot program for Transit Oriented Development (TOD). The TOD program will address ways to plan and attract development for a proposed MetroLink expansion to optimize service for under-served communities. Under the FAST Act, Bi-State Development will seek funding under the Fixed Guideway Capital Investments Grant program which includes streamlined guidance for the New Starts and Small Starts programs as well as the Core Capacity program. These funding sources will support new or expanded fixed guideway systems as well as bus rapid transit efforts.

Metro Transit

Capital Cash Flow Summary
FY 2018 - FY 2020

Sources of Funds	FY2018	FY2019	FY2020	TOTAL
Federal Formula Funds - New	$ 51,604,840	$ 34,761,143	$ 35,480,698	$ 121,846,681
Federal Formula Funds - Carryover	73,073,156	-	-	73,073,156
Fixed Guideway Funds - Carryover	27,471,174	-	-	27,471,174
State of Good Repair - New	32,982,315	16,918,663	17,209,664	67,110,642
State of Good Repair - Carryover	48,360,681	-	-	48,360,681
Bus and Bus Facility - New	5,779,294	2,981,570	3,044,779	11,805,643
Bus and Bus Facility - Carryover	6,120,122	-	-	6,120,122
Approved Federal Discretionary Funds	60,189,270	2,312,000	-	62,501,270
Planned Federal Discretionary Funds	48,309,971	16,000,000	30,388,997	94,698,968
IDOT Funding	6,823,171	604,351	1,343,785	8,771,307
Missouri Local Match	70,524,414	13,388,993	15,937,251	99,850,658
St. Clair County Transit District Funds	5,756,039	-	-	5,756,039
Other Financing	46,392,755	4,000,000	4,000,000	54,392,755
Grand Total	**$ 483,387,202**	**$ 90,966,720**	**$ 107,405,174**	**$ 681,759,096**

FY 2018 Capital Programs and Projects

Current and Future Rail Projects		
St. Louis Regional Freightway	$ 1,998,223	
Track, Catenary, Alignment, Bridge, Tunnel, and Maintenance Projects	110,741,721	
		$ **112,739,944**
Operating Assistance		
Job Access/Reverse Commute Service	2,372,605	
		2,372,605
Vehicles and Supporting Equipment		
Peripheral Equipment	8,909,354	
Peripheral Support	16,171,556	
Revenue Vehicles	115,650,985	
Support Vehicles	9,924,625	
		150,656,520
New Development, Enhancement, Environmental Projects		
Bike Trail	47,774	
Community Development Projects	10,163,636	
Enhancement Projects	6,331,924	
Transit Development-Facility, Centers, Stations, Parking Lots, Loops, Other	66,532,195	
		83,075,529
Information Technology Improvements		
Hardware and Software Data Systems	18,755,215	
Office Equipment	201,200	
		18,956,415

FY 2018 Capital Programs and Projects

Infrastructure, Vehicle Maintenance and Rehab Programs		
Existing Facilities - Maintenance and Rehab	14,702,909	
Maintenance Equipment - Fleet, Warehouse, Facilities, Storeroom	3,057,310	
Preventative Maintenance	20,000,000	
Vehicle Maintenance, Rehab, Overhaul Programs	62,331,922	
		100,092,141
Health, Safety, and Security		
Health, Safety and Security Projects	15,019,516	
		15,019,516
Program Administration		
Program Administration	474,532	
		474,532
	Grand Total	**$ 483,387,202**

FY 2018 - FY 2020 Capital Programs and Project

Current and Future Rail Projects		
St. Louis Regional Freightway	$ 1,998,223	
Track, Catenary, Alignment, Bridge, Tunnel, and Maintenance Projects	132,194,889	
		$ **134,193,112**
Operating Assistance		
Job Access/Reverse Commute Service	2,372,605	
		2,372,605
Vehicles and Supporting Equipment		
Peripheral Equipment	8,909,354	
Peripheral Support	16,171,556	
Revenue Vehicles	165,448,922	
Support Vehicles	12,424,625	
		202,954,457
New Development, Enhancement, Environmental Projects		
Bike Trail	47,774	
Community Development Projects	10,163,636	
Enhancement Projects	6,331,924	
Transit Development-Facility, Centers, Stations, Parking Lots, Loops, Other	99,931,915	
		116,475,249
Information Technology Improvements		
Hardware and Software Data Systems	20,755,215	
Office Equipment	201,200	
		20,956,415

FY 2018 - FY 2020 Capital Programs and Project

Infrastructure, Vehicle Maintenance and Rehab Programs		
Existing Facilities - Maintenance and Rehab	14,702,909	
Maintenance Equipment - Fleet, Warehouse, Facilities, Storeroom	3,057,310	
Preventative Maintenance	60,000,000	
Vehicle Maintenance, Rehab, Overhaul Programs	107,993,501	
		185,753,720
Health, Safety, and Security		
Health, Safety and Security Projects	18,429,006	
		18,429,006
Program Administration		
Program Administration	624,532	
		624,532
	Grand Total	**$ 681,759,096**

Metro Transit

Capital Cash Flow Summary
FY 2018 - FY 2020

Uses of Funds	FY2018	FY2019	FY2020	TOTAL
Track, Catenary, Alignment, Bridge, Tunnel, and Maintenance Projects	$ 110,741,721	$ 9,994,834	$ 11,458,334	$ 132,194,889
Freightway District	1,998,223	-	-	1,998,223
Job Access/Reverse Commute Service	2,372,605	-	-	2,372,605
Peripheral Equipment	8,909,354	-	-	8,909,354
Peripheral Support	16,171,556	-	-	16,171,556
Revenue Vehicles	115,650,985	26,304,463	23,493,474	165,448,922
Support Vehicles	9,924,625	1,250,000	1,250,000	12,424,625
Bike Trail	47,774	-	-	47,774
Community Development Projects	10,163,636	-	-	10,163,636
Enhancement Projects	6,331,924	-	-	6,331,924
Transit Development - Facility, Centers, Stations, Parking, Lots, Loops, Other	66,532,195	5,000,000	28,399,720	99,931,915
Hardware and Software Data Systems	18,755,215	1,000,000	1,000,000	20,755,215
Office Equipment	201,200	-	-	201,200
Existing Facilities - Maintenance and Rehab	14,702,909	-	-	14,702,909
Preventative Maintenance	20,000,000	20,000,000	20,000,000	60,000,000
Maintenance Equipment - Fleet, Warehouse, Facilities, Storeroom	3,057,310	-	-	3,057,310
Vehicle Maintenance, Rehab, Overhaul Programs	62,331,922	24,932,933	20,728,646	107,993,501
Health, Safety and Security Projects	15,019,516	2,409,490	1,000,000	18,429,006
Program Administration	474,532	75,000	75,000	624,532
Grand Total	**$ 483,387,202**	**$ 90,966,720**	**$ 107,405,174**	**$ 681,759,096**

Gateway Arch

Gateway Arch

Overview:

In 1962, as the construction of the Gateway Arch was beginning, National Park Service (NPS) officials recognized that existing funds were insufficient to construct a tram system to carry visitors to the top of the monument. Bi-State Development proposed its first major public transaction which was for the sale of revenue bonds to finance the Gateway Arch Tram Transportation System. Since its opening in 1967, BSD has overseen the tram system operation. Today, BSD employees also handle all aspects of ticketing, reservations and provide marketing support for the monument in partnership with the National Park Service. With the December 2014 bond issuance to fund additional capital projects at the Arch, BSD and NPS have extended the agreement for another 30 years.

Strategic focus:

The Gateway Arch is a premier tourist destination in the Midwest and one of the most visited monuments in the United States. BSD's focus is to create a sustainable increase in visitation to the Gateway Arch, Jefferson National Expansion Memorial and surrounding area through targeted marketing and capital improvements to meet the demands of our visitors. BSD is partnering with the National Park Service and other organizations to leverage and enhance the unique entertainment and educational products at the Gateway Arch, with the goal of creating a higher perceived value to all visitors. The Gateway Arch hosts more than 2.3 million visitors each year and generates more than $100 million of direct and peripheral economic benefit for the St. Louis Region.

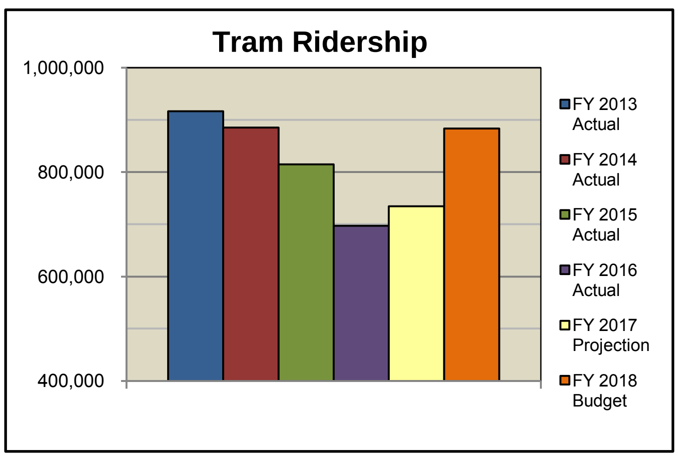
Attractions:

Journey to the Top
New exhibits will be implemented for both the North and South Trams in FY 2017.

Museum
The former Westward Expansion Museum is currently closed for renovations and is scheduled to reopen in 2018.

Tucker Theater
Features the film "Monument to the Dream" documenting construction of the Arch.

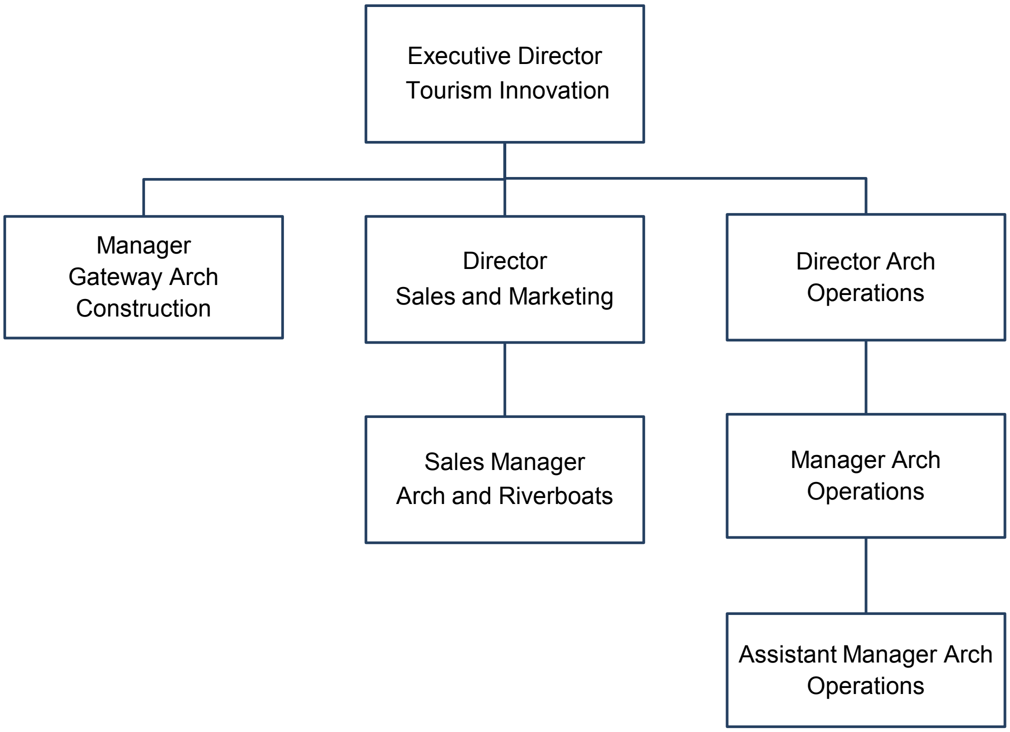
Arch Store
The Museum Store closed in 2015 and reopened in Spring 2016 as the Arch Store in the former Odyssey Theatre space.



Also on the St. Louis Riverfront:
Old Courthouse, Gateway Arch Riverboats, helicopter tours, Laclede's Landing MetroLink station

Website: www.gatewayarch.com

Organization:



Total Personnel:

Full-Time - 17

Part-Time - Seasonal employee count varies throughout the year

Gateway Arch
Statement of Revenue and Expense
FY 2016 - FY 2020

	FY 2016 Actual	FY 2017 Budget	FY 2017 Projection	FY 2018 Budget	FY 18 Bgt vs. FY 17 Proj $ Change	FY 18 Bgt vs. FY 17 Proj % Change	FY 2019 Budget	FY 2020 Budget
Operating Revenue:								
Arch ticket sales	$ 5,417,105	$ 7,713,850	$ 7,322,184	$ 8,834,610	$ 1,512,426	20.7%	$ 9,219,530	$ 9,035,140
Sales discounts and allowances	(75,357)	(109,492)	(103,885)	(124,786)	(20,901)	-20.1%	(129,440)	(126,492)
Site rental and other revenues	41,249	29,399	29,688	31,899	2,211	7.4%	52,883	52,883
Total Operating Revenue	**5,382,996**	**7,633,757**	**7,247,987**	**8,741,723**	**1,493,736**	**20.6%**	**9,142,973**	**8,961,531**
Non-Operating Revenue:								
Investment income	16,536	14,293	27,767	11,250	(16,517)	-59.5%	15,000	18,750
Total Non-Operating Revenue	**16,536**	**14,293**	**27,767**	**11,250**	**(16,517)**	-59.5%	**15,000**	**18,750**
Total Revenue	**5,399,533**	**7,648,050**	**7,275,753**	**8,752,973**	**1,477,220**	**20.3%**	**9,157,973**	**8,980,281**
Operating Expenses:								
Compensation	1,257,074	1,460,860	1,431,728	1,729,902	298,174	20.8%	1,785,183	1,829,837
Benefits excluding OPEB	368,222	568,292	464,874	672,250	207,376	44.6%	700,313	729,669
Other post-employment benefits	4,796	27,000	18,152	27,000	8,848	48.7%	27,000	27,000
Services	740,107	1,023,209	974,437	1,095,837	121,400	12.5%	1,099,967	1,107,695
Parts and supplies	5,685	254,119	361,130	245,843	(115,287)	-31.9%	251,736	251,736
Casualty and liability	53,717	56,143	54,861	59,668	4,808	8.8%	61,458	63,302
Utilities	105,074	114,585	113,752	124,285	10,533	9.3%	127,911	131,646
Other expense	1,208,161	1,708,236	1,692,444	2,147,256	454,812	26.9%	1,883,530	1,728,316
Total Operating Expense	**3,742,836**	**5,212,443**	**5,111,377**	**6,102,041**	**990,663**	**19.4%**	**5,937,098**	**5,869,201**
Non-Operating Expense:								
Interest expense	307,465	305,999	306,488	300,016	(6,472)	-2.1%	293,791	287,314
Prior period adjustments	2,603	-	21,231	-	(21,231)	-100.0%	-	-
Gain (loss) on disposal of federal assets	2,766	-	-	-	-	-	-	-
Contributions to outside entities	(1,131,639)	-	580,762	825,749	244,987	42.2%	1,121,367	1,121,367
Total Non-Operating Expense	**(818,806)**	**305,999**	**908,480**	**1,125,765**	**217,285**	**23.9%**	**1,415,158**	**1,408,681**
Total Expense	**2,924,030**	**5,518,442**	**6,019,858**	**7,227,806**	**1,207,948**	**20.1%**	**7,352,256**	**7,277,881**
Net Income (Deficit) Before Depreciation	**2,475,503**	**2,129,609**	**1,255,896**	**1,525,167**	**269,271**	**21.4%**	**1,805,717**	**1,702,400**
Depreciation	73,793	151,874	70,114	151,874	81,759	116.6%	151,874	151,874
Net transfers	627	-	-	-	-	-	-	-
Net Income (Deficit)	**$ 2,401,083**	**$ 1,977,735**	**$ 1,185,782**	**$ 1,373,294**	**$ 187,512**	**15.8%**	**$ 1,653,843**	**$ 1,550,526**

Gateway Arch - FY 2018 Budget

In 2017, additional areas in the Jefferson National Expansion Memorial (JNEM) are expected to reopen to the public. In late 2016, the grounds and landscaping projects were completed and those areas reopened. During Fiscal Year 2018, the new visitor center and renovated museum will be completed. The Gateway Arch staff will continue to be heavily involved both by managing portions of the construction and providing visitor service solutions to accommodate visitors during this challenging time.

At the beginning of FY 2018, the visitor center will still be under construction with limited capacity in the facility and limited amenities available to visitors. To address the capacity issue and reduce time spent in queues for security / building entry, the Gateway Arch Visitor Center will require a timed-ticket for entry. By securing an entry time with a timed-ticket, visitors can enjoy attractions in downtown St. Louis instead of standing in line to enter the Arch. In January 2017, BSD's permanent tram operations offices opened.

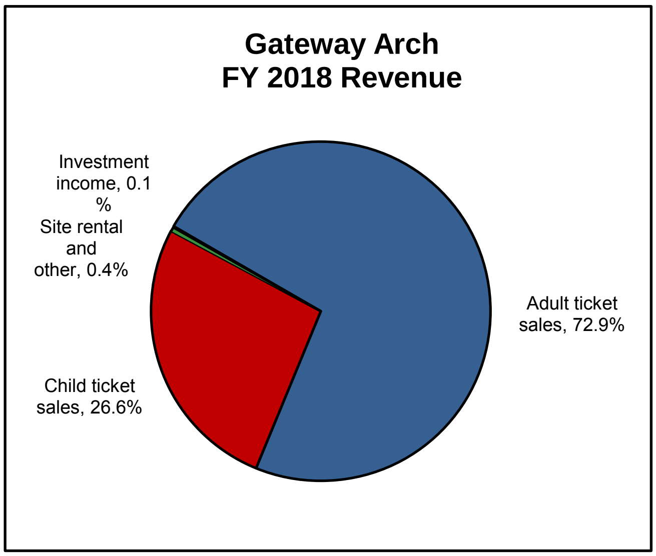
During the winter of 2016/2017, the Arch Transportation System (ATS) was closed for a period of 3 months for two projects. The motor generator sets located at the top of the Arch were replaced with a variable frequency drive system that will greatly upgrade the technology used to power the ATS. This project (along with the Arch Visitors Center roof replacement) was funded with $7,656,000 of Arch Tram Revenue Bonds issued in December 2014. Concurrent construction occurred in the ATS exhibit areas, reinvigorating the *Journey to the Top* experience with new audio visuals and a guest-oriented tour process.

Until the new visitor center opens, the Gateway Arch will continue operating three ticketing locations with five points-of-sale at the Old Courthouse, three points-of-sale in a ticket booth near the entrance to the Arch, and one point-of-sale inside the Arch for ticket adjustments. Operating multiple locations and ensuring that all visitors to the facility have an entry ticket will increase expenses and require additional staff.

Revenue

Arch ticket sales in FY 2018 result from a budgeted 883,461 tram passengers which is 20.3% higher than the 734,452 passengers projected for FY 2017. FY 2017 experienced the closing of the Arch trams between December 2016 and February 2017 for the motor generator sets replacement project. The tram fares increased in FY 2016 from $7.00 for adults and $5.00 for children to $10.00 for both adults and children.

Site rental and other revenues represent convenience fees charged on the online and individual phone ticket purchases and the tram rental fees for events held at the Gateway Arch.

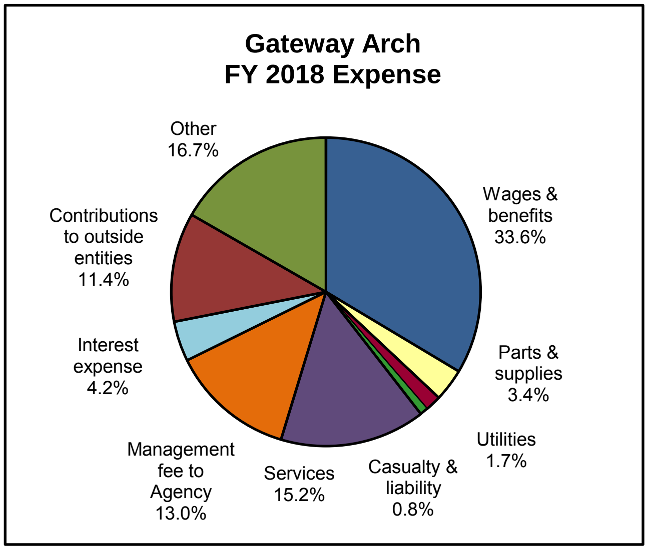


Expense

Wages and benefits including OPEB are budgeted in FY 2018 at 26.9% higher than the FY 2017 projection due to higher salaried wages and benefits. Additional advertising and marketing efforts will be necessary as we prepare for the opening of the new Arch Visitor Center. Additional tour guides are required for the new tram tour experience and extra cashiers are required to staff multiple ticketing locations during construction.

Services increased 12.5% over the FY 2017 projection and 7.1% over the FY 2017 budget primarily due to legal and consultant fees, National Park Service maintenance mechanics that service and repair the Gateway Arch transportation system, website development and maintenance and other maintenance services. Services include the following (in thousands):

Mechanics employed by the National Park Service	$ 734
Credit card fees, banking service charges	207
Legal and consulting	62
Internet web site maintenance and development	32
Maintenance services	54
Other	7
	$1,096



Parts and supplies are budgeted at $245,843, which is 31.9% less than the FY 2017 projection. The FY 2017 projection higher amount is primarily due to Arch repair parts and materials related to the replacement of the Arch tram ropes and tram mechanics expense during the various Arch projects. Ticket stock, computer equipment, furniture, fixtures and office supplies also decreased from the FY 2017 projection.

Casualty and liability cost is budgeted in FY 2018 at 8.8% higher than the FY 2017 projection due to increase in the corporate insurance premium.

Utilities are primarily electricity costs that are $120,885 of the overall $124,285 utility budget in FY 2018.

Other expense includes the following (in thousands):

Management fee to Executive Office	$ 940
Advertising and promotion	1,099
Travel, training, lease expense and other	108
	$ 2,147

Other expense is budgeted in FY 2018 to be 26.9% higher than the FY 2017 projection due to higher advertising and marketing expenses related to efforts preparing for opening of the new Arch Visitor Center; and because of higher management fees which are based on higher tram ticket revenues.

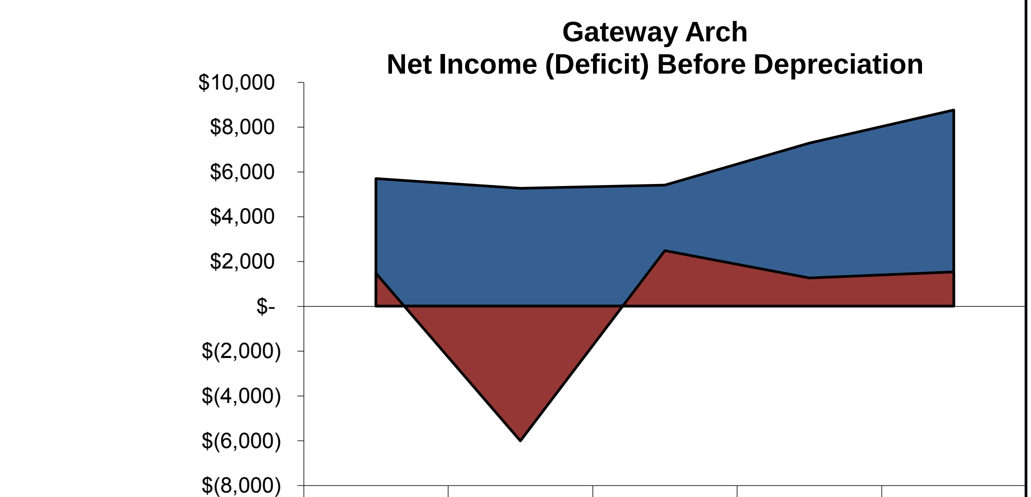
Interest expense is the interest on the $7.66 million Arch Tram Revenue Bond Issue in December 2014. The bond issue will fund the motor generator set replacement and the Arch visitor center roof replacement projects.

Contributions to outside entities in the FY 2017 projection are for funds for the CityArchRiver Alliance business plan, the historic preservation structural engineering study of the Old Courthouse, the repair of the east slope ramps along the riverfront and the repairs of the north and south Arch grounds overlook stairs.

In FY 2018, contributions of $825,749 to the National Park Service is budgeted for BSD's share of the additional operating and maintenance costs related to the new visitor's center.

Income

Net income (deficit) before depreciation for FY 2018 is budgeted at 21.4% greater than the FY 2017 projection due to the increase in Arch ticket sales in FY 2018. The Arch trams were closed from December 2016 through February 2017 for the motor generator sets replacement project. All income the Gateway Arch generates is held in the Jefferson National Expansion Memorial Beneficial Fund. The capital budget for FY 2018 is $0.9 million.



($ In thousands)	FY 2014 Actual	FY 2015 Actual	FY 2016 Actual	FY 2017 Projection	FY 2018 Budget
Total revenue	5,692	5,258	5,400	7,276	8,753
Net income (deficit) before depreciation	1,467	(6,018)	2,476	1,256	1,525

Goals and Objectives Action Plan: Gateway Arch

The following goals and objectives are consistent with the four primary organization level goals used to achieve Bi-State Development's strategic plan. Progress in attaining these goals and objectives are measured through performance indicators. A list of performance indicators follows the goals and objectives action plan.

Goal: Mitigate effects of construction on the visitor experience.		
Objective: Make the visitor experience as pleasant as possible during construction.		
Strategy	**Action Steps**	**Performance Measurements**
Operations: Evaluate and optimize "Journey To The Top" process to be a more interactive, engaging, and personable experience	• Evaluate and modify the Tour Guide position as it is the primary position responsible for a guided, interactive, and personable experience • Continue to provide staff with training that will provide skills to deliver a more interactive and engaging experience	• Evaluate and optimize time spent in queues for "Journey To The Top" experience • Increase efficiency of the "Journey to the Top" experience and improve customer satisfaction with the overall experience
Public/Media Relations: Communicate construction related impacts on visitor experience	• Communicate through all channels (media, social media, etc) as various areas open and become available for public use in 2017 and 2018 • Publicize completion and opening of museum and new entrance in 2017/2018	• Limited visitor complaints about closure • Increased attendance and ticket sales at and around the various completion dates • Increased number of media stories as well as social media impressions about completion milestones • Local and regional media coverage of grand opening
Marketing/Advertising: Build the new brand for the new Gateway Arch experience	• Use research and discovery data as well as redefined brand positioning to develop logo/tagline and brand guidelines • Marketing planning • Implementation of new brand	• Create a logo and tagline that connects to our markets • Develop budgets and key performance indicators • Launch new brand on website, collateral, digital marketing, direct marketing, and social media

Goal: Mitigate revenue loss due to construction.		
Objective: Implement revenue enhancement strategies		
Strategy	**Action Steps**	**Performance Measurements**
Maximize ticket sales opportunities in-person, over the phone, and on the internet	• Maintain additional ticketing locations with five points-of-sale at the Old Courthouse, three points-of-sale in a ticket booth near the Arch entrance, and one point-of-sale inside the Arch • Maintain advanced ticket sales for individuals and groups by expanding existing partnerships and establishing new relationships • Evaluate and optimize new e-ticketing responsive website	• Minimize visitor complaints related to limited capacity and new ticketing locations • Continue partnerships with the St. Louis Convention and Visitors Commission and area hotels to sell packages, which increase exposure and pre-visit sales opportunities • Increase percentage of sales from e-ticketing website

Performance Indicators: Gateway Arch

Progress in meeting the goals and objectives are measured through performance indicators. Following is a list of the performance indicators:

Gateway Arch:				
	FY 2018	**FY 2017**		**FY 2016**
	Target	**Projection**	**Target**	**Actual**
Tram ridership	883,461	734,452	771,385	696,905
Net income before depreciation (in thousands)	$1,525	$1,256	$2,130	$2,475
Operating Expense Ratio	69.8%	70.5%	68.3%	69.5%

Tourism Innovation

Gateway Arch
FY 2018 - 2020 Capital Projects Summary
(in thousands)

Sources of Funds:	FY 2018	FY 2019	FY 2020	Total
Jefferson National Expansion Memorial Beneficial Fund	$ 890	$ -	$ 1,125	$ 2,015
Total Sources of Funds	**$ 890**	**$ -**	**$ 1,125**	**$ 2,015**

Uses of Funds:

	FY 2018	FY 2019	FY 2020	Total
JNEM Park Identifying Signage				
Directional signage design, fabrication and installation throughout the Jefferson National Expansion Memorial	$ 590	-	-	$ 590
Tucker Theatre Repurposing				
Design and audio visual programming - Phase 1	300	-	-	300
Design and audio visual programming - Phase 2	-	-	1,125	1,125
(Total project through FY 2022 - $8 million)				
Total Uses of Funds	**$ 890**	**$ -**	**$ 1,125**	**$ 2,015**

Riverfront Attractions

Overview:

The Gateway Riverboats is the oldest excursion boat company to continuously operate on the Mississippi River. In July 2001, Bi-State Development purchased the Becky Thatcher and Tom Sawyer riverboat operation to preserve the riverboats as a part of the overall St. Louis Riverfront experience. Through on board narrations by National Park Service rangers, the Gateway Arch Riverboats are a natural extension of the educational programs currently offered at the Jefferson National Expansion Memorial.

The Gateway Arch Riverboats offer two primary public cruises. The one-hour sightseeing cruise departs five times a day seasonally, with additional times added as needed to accommodate demand. The evening dinner cruise features dinner, live riverboat jazz-style music, and magnificent views of the St. Louis skyline. In addition, they offer popular Blues cruises, Brunch cruises, Kimmswick cruises, Lock & Dam cruises and Ocktoberfest cruises. The Gateway Arch Riverboats are also utilized for corporate/convention functions, weddings, reunions, fundraisers, and special events.

The Gateway Arch Riverboats also operate the Arch View Café, gift shop, and a public use heliport barge offering helicopter tours.

Strategic focus:

The goal of the Gateway Arch Riverboats is to compliment the unique entertainment and educational opportunities at the Gateway Arch while generating additional revenue. This requires the combined efforts of Bi-State Development and the National Park Service through creative and aggressive marketing strategies. In FY 2018, the Riverboats and the National Park Service will continue their National Award winning Riverboat Educational Programs with the goal of regaining passenger revenue after a period of major riverfront construction.

Number of passengers yearly (FY 2016 Actual):

Sightseeing	71,736
Dinner cruise	7,876
Charter/specialty cruise	7,976

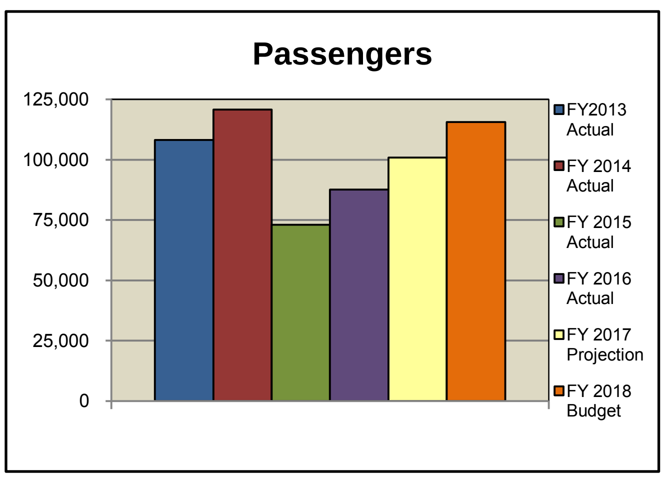
Tom Sawyer Riverboat:

Passenger capacity	350
Year built	1966

Becky Thatcher Riverboat:

Passenger capacity	300
Year built	1963

Website: www.gatewayarchriverboats.com



Organization: Riverfront Attractions

- Director, Gateway Arch Riverboats
  - Chef
  - Marine Operations Manager
  - Manager, Gateway Arch Riverboats

Total Personnel:

Full-Time - 11

Part-Time - Seasonal employee count varies throughout the year

Riverfront Attractions
Statement of Revenue and Expense
FY 2016 - FY 2020

	FY 2016 Actual	FY 2017 Budget	FY 2017 Projection	FY 2018 Budget	FY 18 Bgt vs. FY 17 Proj $ Change	FY 18 Bgt vs. FY 17 Proj % Change	FY 2019 Budget	FY 2020 Budget
Operating Revenue:								
Cruise	$ 1,398,133	$ 1,675,695	$ 1,558,374	$ 1,976,850	$ 418,476	26.9%	$ 2,026,350	$ 2,036,600
Food	474,719	565,955	504,699	636,150	131,452	26.0%	642,150	643,000
Beverage	158,032	246,197	251,887	262,275	10,388	4.1%	265,726	264,451
Retail	84,777	87,850	97,009	87,850	(9,159)	-9.4%	87,850	87,850
Other	258,134	76,209	116,825	85,201	(31,624)	-27.1%	92,552	92,844
Total Operating Revenue	**2,373,796**	**2,651,906**	**2,528,794**	**3,048,326**	**519,531**	**20.5%**	**3,114,628**	**3,124,745**
Operating Expense:								
Compensation	816,727	905,778	914,568	958,199	43,631	4.8%	962,551	984,794
Benefits excluding OPEB	360,963	433,196	398,125	476,021	77,896	19.6%	494,949	515,555
Other post-employment benefits	4,593	22,000	16,453	22,000	5,547	33.7%	22,000	22,000
Services	265,814	245,320	252,245	272,698	20,453	8.1%	277,906	283,010
Parts and supplies	408,354	486,454	420,214	497,182	76,968	18.3%	521,613	533,663
Fuel and lubrications	43,748	60,000	56,150	51,000	(5,150)	-9.2%	52,500	54,000
Casualty and liability	148,285	175,542	156,986	169,675	12,688	8.1%	174,702	179,555
Utilities	72,122	84,661	86,867	90,880	4,013	4.6%	93,402	95,002
Other expense	129,641	143,348	142,235	148,046	5,811	4.1%	151,446	151,446
Total Operating Expense	**2,250,247**	**2,556,299**	**2,443,843**	**2,685,702**	**241,859**	**9.9%**	**2,751,070**	**2,819,024**
Net Income (Deficit) Before Depreciation	**123,549**	**95,607**	**84,951**	**362,624**	**277,672**	**326.9%**	**363,558**	**305,720**
Depreciation	333,309	315,412	287,406	315,412	28,006	9.7%	315,412	315,412
Net Income (Deficit)	**$ (209,759)**	**$ (219,806)**	**$ (202,455)**	**$ 47,212**	**$ 249,667**	**123.3%**	**$ 48,146**	**$ (9,692)**

Tourism Innovation

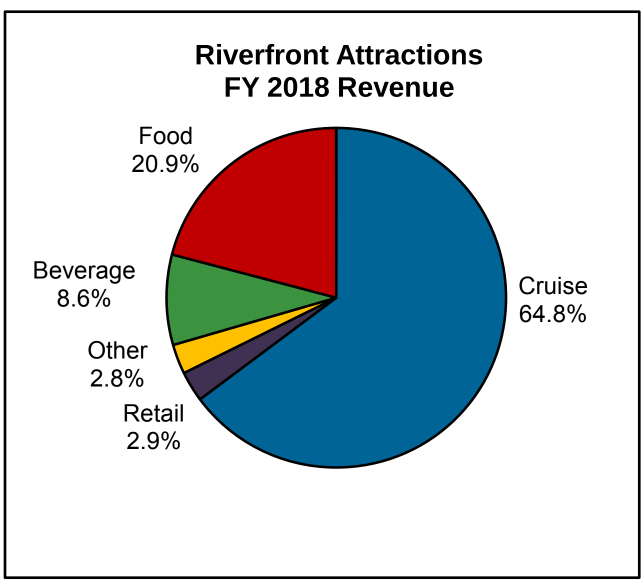
Riverfront Attractions – FY 2018 Budget

The Riverfront Attractions, which include the Gateway Arch Riverboats, Arch View Café, gift shop, and the heliport, create a complete family and tourist destination. The ability to provide these additional offerings to guests has created cross-promotional marketing opportunities, which leverage the success of the Gateway Arch Journey to the Top and increase per capita revenues. In FY 2018, the Gateway Arch Riverboats will be continuing the pricing strategy of "combo pricing" by reducing cruise fares in combination with the ticket purchases of other Arch attractions. This "combo pricing" will increase passenger volume and thus, greater exposure to other revenue generators such as the Gift Shop, Arch View Café and photography. With these partnerships and promotions, it is the goal of the Riverfront Attractions to increase awareness and revenues of Bi-State Development operations on the riverfront.

In FY 2018, the Gateway Arch Riverboats, with the combined efforts and aggressive marketing strategies of BSD and the National Park Service, will continue to regain revenues and passenger counts after a major construction period at the Arch and along the riverfront. BSD will continue the award winning Riverboat Educational Program.

Revenue

The following summarizes revenue by category. Revenues are expected to increase after the construction period at the Arch and along the riverfront.



Cruise revenue is based on the FY 2018 budget of 115,600 passengers. Cruise revenue for FY 2018 is budgeted at $1,976,850, which is 18.0% higher than the FY 2017 budget. In FY 2018, revenues are expected to increase with a full year of Leonor K. Sullivan Boulevard open to traffic and an increase of visitors to the Arch grounds. In FY 2018, an adult sightseeing ticket is priced at $20 and a child ticket at $10. A base dinner cruise ticket will be $48.

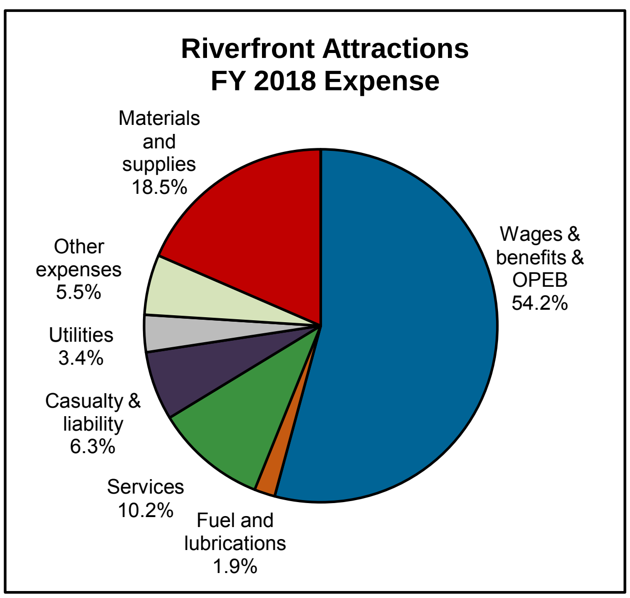
Food revenue includes food sold on dinner dance cruises and at the concession stands on the dock and boats. Food revenue is budgeted in FY 2018 to increase by 12.4% from the FY 2017 budget and is 26.0% higher than the FY 2017 projection.

Beverage revenue for FY 2018 is generated from beverage sales on the various types of cruises and from the Arch View Café. Beverage revenue is budgeted at 6.5% higher than the FY 2017 budget.

Retail revenue is generated from gift shop sales. These revenues are budgeted at the same level as the FY 2017 budget.

Other miscellaneous revenue in FY 2018 includes revenues from helicopter tours and concessions and a contracted passenger cruise photography service.

Expense



Wages and benefits including OPEB are budgeted in FY 2018 at 9.6% higher than the FY 2017 projection as a result of higher salary rates, seasonal and part-time wages due to more passengers and increased pension and other benefit costs.

Services in FY 2018 are budgeted to increase 8.1% from the FY 2017 projection and 11.2% from the FY 2017 budget primarily due to higher credit card bank fees and boat entertainment costs.

Parts and supplies are budgeted 18.3% higher than the FY 2017 projection and 2.2% higher than the FY 2017 budget. The FY 2018 budget materials and supplies include the following (in thousands):

Cost of food	$ 260
Cost of beverages	76
Cost of retail shop items	47
Other marine operations supplies	46
Food and beverage service supplies	36
Office supplies, other	32
	$ 497

Fuel and lubrications expense is budgeted in FY 2018 at 9.2% lower than the FY 2017 projection and 15.0% lower than the FY 2017 budget due to lower fuel prices.

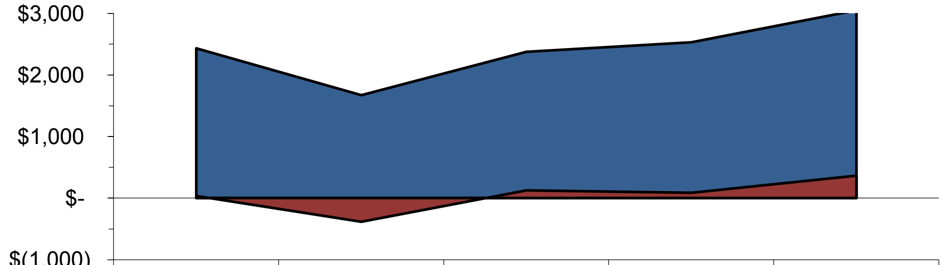
Casualty and liability costs are budgeted at 3.3% lower than the FY 2017 budget, but 8.1% greater than the FY 2017 projection that has lower property loss expense.

Utilities are comprised of $55,779 for electricity, $7,600 for telephone, $10,000 for natural gas, $8,000 for waste removal, and $9,501 for water and sewer.

Other expense is 4.1% higher than the FY 2017 projection and 3.3% higher than the FY 2017 budget and includes $113,000 in advertising fees. The 5% management fee to Bi-State Development is being waived in the FY 2018 budget.

Net income (deficit) before depreciation is budgeted to increase to $362,624 due to an expected increase in passengers. An increase in passengers and cruises are budgeted in FY 2018 over expectations in FY 2017. FY 2018 will continue to benefit from the completion of Leonor K. Sullivan Blvd allowing easier access to the riverboats. If the river, weather, and economic conditions are more favorable, then any income generated in FY 2018 will assist in funding future Riverfront Attractions capital improvements.

Riverfront Attractions
Net Income (Deficit) Before Depreciation



(In thousands)	FY 2014 Actual	FY 2015 Actual	FY 2016 Actual	FY 2017 Proj	FY 2018 Budget
Revenue	$2,431	$1,670	$2,374	$2,529	$3,048
Net income (deficit) before depreciation	$33	($386)	$124	$85	$363

Goals and Objectives Action Plan: Riverfront Attractions

The following goals and objectives are consistent with the four primary organization level goals used to achieve Bi-State Development's Strategic Plan. Progress in attaining these goals and objectives are measured through performance indicators. A list of performance indicators follows the Goals and Objectives Action Plan.

Goal: Ensure cost-effective and efficient use of resources and aggressively pursue funding partnerships to supplement existing resources		
Objective: Implement revenue enhancement strategies		
Strategy	**Action Steps**	**Performance Measurements**
Seek increasing revenue from all available sources	• Increase revenue opportunities by offering variety of cruise, food, beverage, retail options to meet entertainment need of Riverfront visitors • Continue availability of vessels for revenue service through on-going compliance with United States Coast Guard (USCG) regulations • Increase community awareness of operation through continued involvement in regional Homeland Security drills • Develop and implement programmable-based and seasonal event offerings • Develop a working relationship with the various partners involved with the reconstruction of the St. Louis Riverfront to insure that our guests are provided a pleasant and safe experience	• Increased attendance on cruises offered • Increased sales of food items • Increased sales of beverage items • Increased sales of retail items • Increased cross sales of other riverfront partners (i.e. increased carriage rides) • USCG Certification: Vessels meet all requirements; crew is properly trained; vessels comply with USCG regulations related to Americans with Disabilities Act • Press release to local media about Homeland Security preparedness • Participation in U.S. Coast Guard harbor safety drills • Participate in Transportation Safety Administration drills • Lower cost of supplies • Lower equipment replacement costs • Improved maintenance support • Improved rental equipment quality • Better product mix to meet guest demands • Work with heliport concessionaire to develop and implement seasonal trip offerings • Provide easy access for our guests to riverboat venues during riverfront reconstruction

Goal: Deliver a high quality experience that is recognized by its customers, industry peers, and regional stakeholders for its excellence		
Objective: Improve service quality and make the guest experience as pleasant as possible during construction of surrounding area		
Strategy	**Action Steps**	**Performance Measurements**
Understand and take steps to meet or exceed our customers' expectations despite the challenges presented by the reconstruction of the St. Louis Riverfront	• Continue to insure safety and quality of food and service by exceeding Federal, State and local safety and health guidelines • Given changes due to riverfront reconstruction, assess the degree to which product offerings match client needs	• High scores from Food and Drug Administration with regard to training of employees and safety/health inspections • High scores from City of St. Louis Health Department with regard to training of employees and safety/health inspections • Reduced number of guest food and service complaints • Conduct email-based product assessment with previous and current clients • Maintain the ability to make scheduling and operational changes to adapt to the challenges presented during reconstruction to meet quality and financial goals

Performance Indicators – Riverfront Attractions

Progress in meeting the goals and objectives are measured through performance indicators. Following is a list of the performance indicators:

Riverfront Attractions:	FY 2018 Target	FY 2017 Projection	FY 2017 Target	FY 2016 Actual
Passengers	115,600	100,940	105,795	87,588
Cruises	1,007	900	914	790
Days of operation	252	248	252	239
Passengers per cruise	115	112	116	111
Revenue per passenger	$25.80	$24.37	$24.39	$25.66
City health inspection score				
Becky Thatcher boat	100	100	100	100
Tom Sawyer boat	100	100	100	100
Main Galley	100	100	100	99

Riverfront Attractions
FY 2018 - 2020 Capital Project Summary

(in thousands)

	FY 2018	FY 2019	FY 2020
Sources of Funds:			
Riverboat Renewal and Replacement Fund	$ 175	$ -	$ 175
Total Sources of Funds	**$ 175**	**$ -**	**$ 175**
Uses of Funds:			
FY 2018 - Becky Thatcher 5-year USCG Inspection/Dry Docking (February 2018)	$ 175	$ -	$ -
FY 2020 - Tom Sawyer 5-year USCG Inspection/Dry Docking (February 2020)	-	-	175
Total Uses of Funds	**$ 175**	**$ -**	**$ 175**

St. Louis
Downtown Airport

St. Louis Downtown Airport

Overview:

Purchased in 1964 for $3.4 million, today the St. Louis Downtown Airport is a full-service aviation center offering an extensive line of general aviation services just eight minutes from downtown St. Louis in Cahokia/Sauget, Illinois. As the primary general aviation reliever airport for Lambert International Airport, St. Louis Downtown Airport is the busiest Illinois airport outside the Chicago area and provides a $584 million economic impact to the St. Louis region annually.

Strategic focus:

St. Louis Downtown Airport supports the National Aviation System Plan and the St. Louis region through its mission, which is to provide world-class airport facilities and services to the public. St. Louis Downtown Airport does this by providing the best possible infrastructure with the highest-quality benchmark services provided through our employee team and airport tenant businesses.

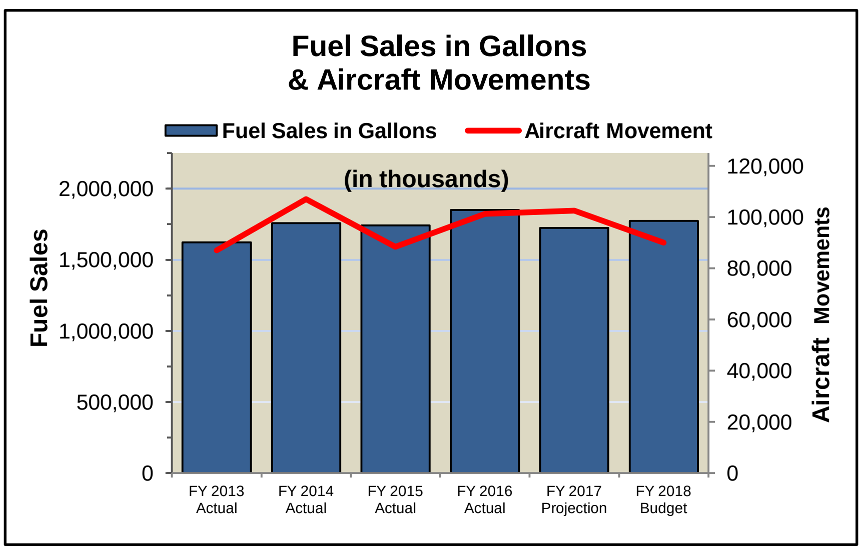
Our vision is to set the standard for reliever airports and continue to be the general aviation "airport of choice" for people traveling to and from downtown St. Louis and the Bi-State region.

Our primary goals are safety and security, infrastructure preservation and enhancement, and organizational excellence. Our goals support the "National Plan of Integrated Airport Systems" by providing the general aviation flying public with a safe, secure, convenient, and well-equipped facility and by providing the local community with over 3,731 high-paying jobs and acting as a catalyst for economic growth and development in the region. Our short-term goals include improving economic performance by increasing land lease revenue, fuel flowage revenue, transient aircraft operations and enhancing airport services and capabilities.

Operations (FY 2016):
1.8 million gallons of fuel sold
101,227 aircraft movements
326 based aircraft (Mo. Avg.)
Location of Flight Training
Dept. of St. Louis University

Facilities:
95 small, 42 mid and
21 large hangers
1,013 acres

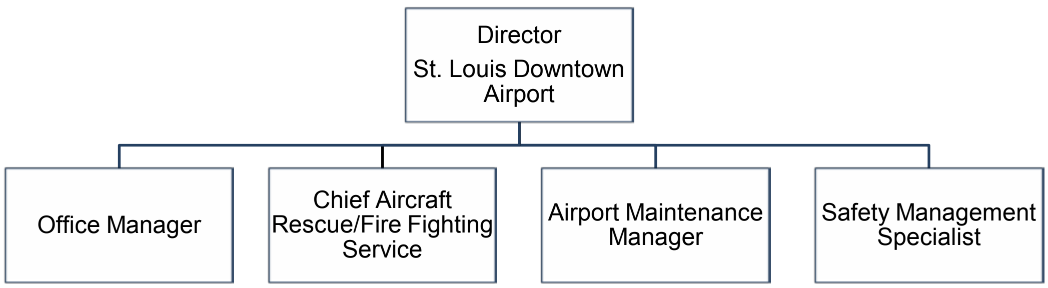
Airport recognition:
Busiest general aviation airport
in St. Louis region
Busiest airport in Illinois
outside Chicago
Two hangars named to
National Register of Historic Places



Website: www.stlouisdowntownairport.com

St. Louis Downtown Airport

Organization:



Total Personnel:

Full-Time - 12
Part-Time - 2

St. Louis Downtown Airport
Statement of Revenue and Expense
FY 2016 - FY 2020

	FY 2016 Actual	FY 2017 Budget	FY 2017 Projection	FY 2018 Budget	FY 18 Bgt vs. FY 17 Proj $ Change	FY 18 Bgt vs. FY 17 Proj % Change	FY 2019 Budget	FY 2020 Budget
Operating Revenue:								
Aircraft parking	$ 139,350	$ 139,410	$ 139,300	$ 141,756	$ 2,456	1.8%	$ 143,615	$ 145,624
Leased acreage	347,891	172,677	261,416	593,651	332,235	127.1%	618,331	646,214
Hangar rentals	670,764	810,212	773,628	522,375	(251,253)	-32.5%	525,729	529,193
Aviation fuel sale-flowage fee	172,239	177,365	169,175	188,737	19,562	11.6%	190,536	192,371
Concession fees	97,066	115,159	114,252	117,144	2,892	2.5%	117,144	117,144
Other revenues	112,481	90,254	95,446	167,912	72,466	75.9%	167,912	167,912
Total Operating Revenue	**1,539,792**	**1,505,078**	**1,553,218**	**1,731,575**	**178,357**	**11.5%**	**1,763,267**	**1,798,458**
Non-Operating Revenue:								
Investment income	2,803	334	897	2,025	1,128	125.7%	2,625	3,000
Total Non-Operating Revenue	**2,803**	**334**	**897**	**2,025**	**1,128**	**125.7%**	**2,625**	**3,000**
Total All Revenue	**1,542,594**	**1,505,413**	**1,554,115**	**1,733,600**	**179,485**	**11.5%**	**1,765,892**	**1,801,458**
Operating Expenses:								
Compensation	583,699	580,186	565,214	607,794	42,580	7.5%	627,475	648,284
Benefits excluding OPEB	349,335	399,951	397,851	453,419	55,569	14.0%	475,023	497,210
Other post-employment benefits	4,715	24,000	16,318	24,000	7,682	47.1%	24,000	24,000
Services	183,029	115,779	179,625	116,321	(63,304)	-35.2%	116,535	116,625
Parts and supplies	136,764	154,402	136,120	160,315	24,194	17.8%	166,458	166,458
Casualty and liability	64,548	71,602	61,661	60,305	(1,356)	-2.2%	62,109	63,939
Utilities	180,288	183,160	179,315	178,285	(1,030)	-0.6%	185,741	185,741
Other expenses	100,642	98,547	93,616	109,994	16,378	17.5%	111,533	113,416
Total Operating Expense	**1,603,020**	**1,627,627**	**1,629,719**	**1,710,434**	**80,715**	**5.0%**	**1,768,875**	**1,815,674**
Non-Operating Expense:								
Other expense	128,565	-	-	-	-	-	-	-
Total Non-Operating Expense	**128,565**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Total All Expense	**1,731,585**	**1,627,627**	**1,629,719**	**1,710,434**	**80,715**	**5.0%**	**1,768,875**	**1,815,674**
Net Income (Deficit) Before Depreciation	**(188,991)**	**(122,214)**	**(75,604)**	**23,166**	**98,770**	**130.6%**	**(2,983)**	**(14,216)**
Depreciation	1,557,946	1,562,377	1,519,350	1,562,377	43,027	2.8%	1,562,377	1,562,377
Net Income (Deficit)	**$ (1,746,937)**	**$ (1,684,591)**	**$ (1,594,954)**	**$ (1,539,211)**	**$ 55,743**	**3.5%**	**$ (1,565,360)**	**$ (1,576,593)**

St. Louis Downtown Airport – FY 2018 Budget

In FY 2018, the Airport is proposing continued airport master planning efforts in preparation for future expansion and pavement rehabilitation projects.

Aircraft movements, or takeoffs and landings, are projected to be 102,578 in FY 2017 and 90,000 in FY 2018. Airport activity varies because of the economy, special events and weather conditions.

Revenue

Aircraft parking revenue for FY 2018 is budgeted at 1.7% above the FY 2017 budget and also 1.8% above the FY 2017 projection.

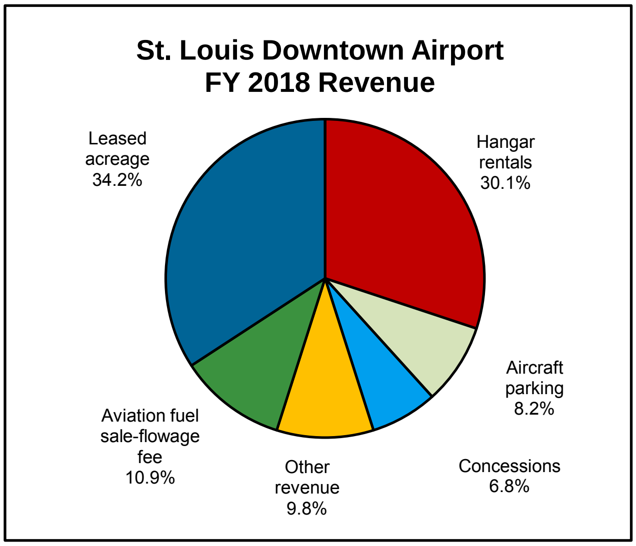
Leased acreage revenue is airport land leased for private investment. In FY 2018, there is a reclassification of revenue from leased acreage sources to be categorized going forward as hangar rentals revenue.

Hangar rentals in FY 2018 reflect the reclassifying of revenue from leased acreage.

Aviation fuel sale-flowage fee revenues are budgeted in FY 2018 to increase by 11.6% from the FY 2017 projection and are 6.4% higher than the FY 2017 budget.

Concession fees include crop income and rentals for the concourse from Jet Aviation. The FY 2018 budget is 2.5% greater than the FY 2017 projection and 1.7% higher than the FY 2017 budget. The FY 2018 budget is slightly higher than the FY 2017 budget because of farm income.

Other revenues include reimbursements from tenants for contract security, utilities and trash removal services. The FY 2018 budget is 75.9% greater than the FY 2017 projection and 86.0% greater than the FY 2017 budget as a result of a planned rate increase charged for After Hours Airport Rescue and Fire Fighting Services.



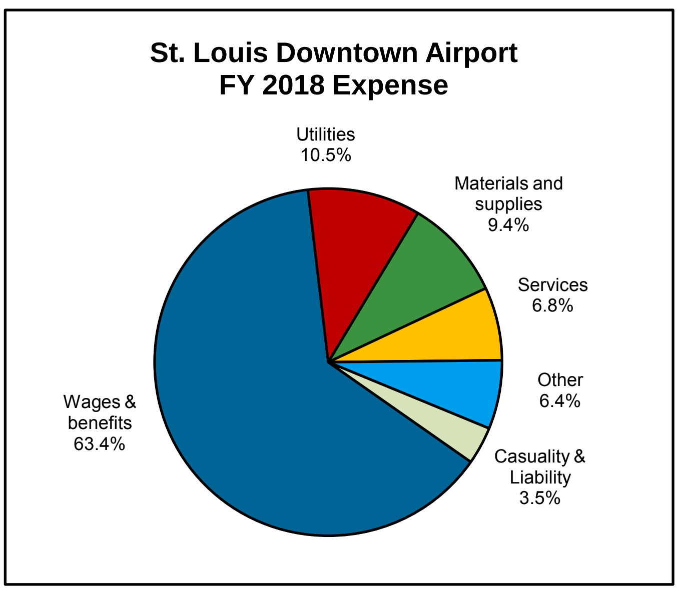
Expense

Wages and benefits including OPEB are budgeted 10.8% higher than the FY 2017 projection and 8.1% higher than the FY 2017 budget due to an additional position.

Services include the following (in thousands):

Legal and consultants fees	$ 78
Contract maintenance	27
Other	11
	$ 116

Services are budgeted in FY 2018 to be 35.2% lower than the FY 2017 projection. The FY 2017 projection includes higher consulting fees for hangar rate surveys. Services also include legal fees for lease review and consultation, consultant fees for general engineering services, firehouse elevator and extinguisher maintenance, fire alarm maintenance, emergency phone system, and firefighting truck inspection and maintenance and HVAC controls system support.



Parts and supplies are budgeted in FY 2018 to be higher than the FY 2017 projection by 17.8% due to Aircraft Rescue and Firefighting (ARFF) supplies and vehicle and grounds repair parts.

Casualty and liability costs are budgeted at 2.2% below the FY 2017 projection due to the decrease in casualty insurance premiums. The aviation liability policy was reduced by switching insurance carriers.

Utilities include electricity, gas, telephone, waste removal and water and are budgeted in FY 2018 to be 0.6% lower than the FY 2017 projection and 2.7% lower than the FY 2017 budget.

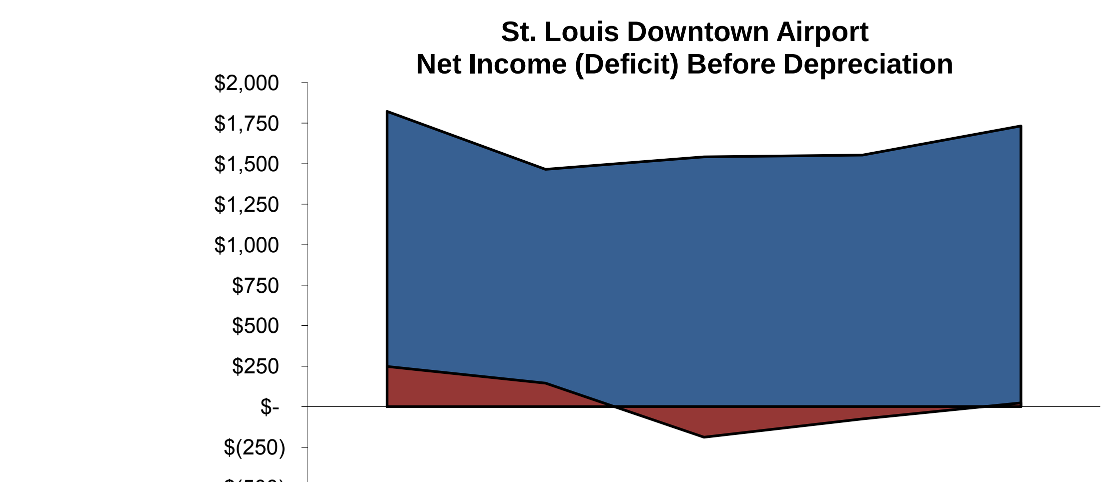
Other expense includes the following (in thousands):

Management fees to the Agency	$ 87
Travel, training, meetings, dues	21
Other	2
	$ 110

The FY 2018 budget for other expenses is 17.5% greater than the FY 2017 projection.

Income

Net income (deficit) before depreciation normally provides cash flow to assist in funding capital improvements. The net income before depreciation of $23,166 budgeted in FY 2018 is $98,770 higher than the FY 2017 projection.



(in thousands)	FY 2014 Actual	FY 2015 Actual	FY 2016 Actual	FY 2017 Projection	FY 2018 Budget
Revenue	$1,824	$1,466	$1,543	$1,554	$1,734
Net income (deficit) before depreciation	$248	$145	($189)	($76)	$23

Goals and Objectives Action Plan: St. Louis Downtown Airport

The following goals and objectives are consistent with the four primary organization level goals used to achieve Bi-State Development's Strategic Plan. Progress in attaining these goals and objectives are measured through performance indicators. A list of performance indicators follows the Goals and Objectives Action Plan.

Goal: Ensure cost-effective and efficient use of resources and aggressively pursue funding partnerships to supplement existing resources		
Objective: Implement revenue enhancement strategies		
Strategy	**Action Steps**	**Performance Measurements**
Ensure cost-effective and efficient use of resources for revenue enhancement	• Promote the Airport's Commercial Airport Operating Certificate and Aircraft Rescue and Firefighting (ARFF) capabilities to attract new customers and increase revenues • Continue to increase revenue through airport tenant business growth and expansion • Increase transient aircraft operations by promoting aviation group activities and local events	• Increased operations by large aircraft charter operators such as those carrying professional sports teams resulting in increased fuel sales • Personnel training, customer education, and safety inspections which result in a positive safety-awareness environment • Continued construction of new facilities on existing leased parcels that are not fully developed • Conversion of existing option-to-lease agreements to lease agreements • Local aviation organizations conduct more flying events at the airport (e.g., Experimental Aircraft Association conducts more Young Eagle rallies, Parks College hosts flying competitions, the Greater St. Louis Air & Space Museum conducts additional special events) • Transient aviation organizations select the airport and the St. Louis region for their annual conventions

Objective: Deliver quality capital projects on time and within budget		
Strategy	**Action Steps**	**Performance Measurements**
Aggressively pursue funding, and deliver quality capital projects	• Maintain and enhance Airport infrastructure and services through continued capital investments in infrastructure and equipment	• Improve runway safety areas and reduce wildlife strike hazards through improved storm water drainage • Conduct environmental assessments and other planning efforts necessary to rehabilitate aging pavements and improve the airport's ability to efficiently handle large charter aircraft • Enhance airport security through improved perimeter fencing • Maintain and improve the airport vehicle and equipment inventory through timely replacement and additions • Continued construction of public infrastructure (parking lots, ramps, taxi lanes, and roadways) on public airport property • Expand airport property available for expansion and growth of new tenant facilities

Performance Indicators – St. Louis Downtown Airport

Progress in meeting the goals and objectives are measured through performance indicators. Following is a list of the performance indicators:

St. Louis Downtown Airport:				
	FY 2018	**FY 2017**		**FY 2016**
	Target	**Projection**	**Target**	**Actual**
Net income (deficit) before depreciation ($ in thousands)	$23.2	($75.6)	($122.2)	($189.0)
Fuel sales in gallons (in thousands)	1,774	1,724	1,774	1,850
Aircraft movement	90,000	102,578	90,000	101,227
Based aircraft (monthly average)	320	320	320	326

St. Louis Downtown Airport
FY 2018 - 2020 Capital Projects Summary

Sources of Funds:	FY 2018	FY 2019	FY 2020	Total
Federal Grants	$ 4,517,393	$ 5,620,010	$ 6,852,117	$ 16,989,520
Airport Fund	535,748	5,892,747	1,501,125	7,929,620
Total Sources of Funds	**$ 5,053,141**	**$ 11,512,757**	**$ 8,353,242**	**$ 24,919,140**

Uses of Funds:

	FY 2018	FY 2019	FY 2020	Total
Construction:				
Taxiway Bravo - Phase 1	$ 4,755,151	$ -	$ -	$ 4,755,151
Taxiway Bravo - Phase 2	-	4,840,200	-	4,840,200
Curtiss Steinberg from Vector to Archview	-	322,680	-	322,680
Taxiway Bravo - Phase 3	-	-	4,925,251	4,925,251
Vector Ave. - Phase 1 (Overpass to Airflight)	-	-	437,800	437,800
SW Development Area - North of Runway 5	-	-	952,215	952,215
SW Development Area - South of Runway 5	-	-	952,215	952,215
Pavement Project - Location Dependent	-	-	383,075	383,075
Runup taxiway, pad, enclosure *	-	5,000,000	-	5,000,000
Equipment and Facilities Replacements:				
A/C Units on Terminal (6200)	52,835	-	-	52,835
Airport Terminal Roof - Phase 2	47,552	-	-	47,552
Replace Airport Terminal Restaurant Sewer	95,103	-	-	95,103
80' Man lift	84,536	-	-	84,536
Zero-Turn Mower	17,964	-	-	17,964
Airport Terminal Roof - Phase 3	-	48,402	-	48,402
ARFF / Operations Vehicle	-	37,646	-	37,646
Tandems Dump Truck with 12' Snow Blade	-	188,230	-	188,230
Maintenance Utility Vehicle	-	-	27,363	27,363
Bulk Storage Sand / Salt	-	-	164,175	164,175
Land and Land Improvements:				
Drainage Improvements	-	1,075,599	-	1,075,599
Utility Project (W/S) - Location Dependent	-	-	511,148	511,148
Total Uses of Funds	**$ 5,053,141**	**$ 11,512,757**	**$ 8,353,242**	**$ 24,919,140**

* Pending funding

St. Louis
Regional Freightway

St. Louis Regional Freightway

Overview

Founded in 2014, the St. Louis Regional Freightway further enhances the St. Louis region's standing as a premier international freight hub. The Freightway coordinates regional freight development efforts, tightly connecting the private and public sectors while advocating the region's greatest freight and site selection strengths.

The St. Louis Regional Freightway was created as a public-private partnership to optimize the region's freight transportation network. The goal is to produce results that strengthen the St. Louis region by increasing job growth and improving the local economy. The cooperative effort will determine how the region manages the movement of freight on the roads, rails, rivers, airports, and pipelines. Partnerships will be developed in order to create the foundation for planning, marketing, and advocacy of the bi-state region as a national freight hub.

The St. Louis Regional Freightway has established a working group consisting of partners from East-West Gateway Council of Governments, Mid-America Airport, Leadership Council of Southwestern Illinois, St. Charles County, St. Louis County, Monroe County Illinois, the City of St. Louis and the Terminal Railroad Association. The Regional Freightway is working to identify funding sources for capital investments in freight-related infrastructure and to promote the St. Louis region.

Strategic Focus

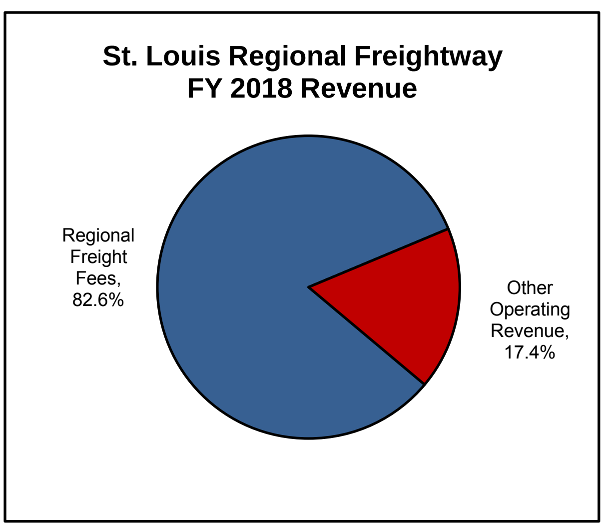
The Executive Director of St. Louis Regional Freightway will evaluate the freight needs and identify opportunities to create a freight district environment in the bi-state region. The strategy is to develop public-private partnerships and create the foundation for planning, marketing and advocating for the bi-state region as a national freight hub. The cooperative effort will determine how the region manages the movement of freight on the roads, rails, rivers airports and pipelines, how to coordinate the work of a variety of jurisdictions and how to market the Greater St. Louis region's freight capacity to the nation.

St. Louis Regional Freightway
Statement of Revenue and Expense
FY 2016 - FY 2020 Fiscal Years

	FY 2016 Actual	FY 2017 Budget	FY 2017 Projection	FY 2018 Budget	FY18 Bgt vs. FY17 Proj $ Change	FY18 Bgt vs. FY17 Proj % Change	FY 2019 Budget	FY 2020 Budget
Revenue:								
Regional Freight Fees	$ 259,611	$ 175,000	$ 187,500	$ 190,000	2,500	1.3%	$ 220,000	$ 255,000
Other Operating Revenues	5,400	40,000	20,750	40,000	19,250	92.8%	40,000	40,000
Total Revenue	**265,011**	**215,000**	**208,250**	**230,000**	**21,750**	10.4%	**260,000**	**295,000**
Expense:								
Compensation	152,472	162,572	199,150	207,145	7,995	4.0%	213,335	221,170
Benefits	59,098	69,668	68,979	94,907	25,928	37.6%	99,321	104,130
Other post-employment benet	1,288	-	1,810	1,250	(560)	-30.9%	1,260	1,275
Services	212,377	545,000	373,458	545,000	171,542	45.9%	545,000	545,000
Materials & supplies	13	1,500	3,632	1,500	(2,132)	-58.7%	1,500	1,500
Utilities	-	600	300	600	300	100.0%	600	600
Other Operating Expense	63,225	72,500	56,538	97,500	40,962	72.5%	109,500	124,500
Total Expense	**488,472**	**851,840**	**703,866**	**947,902**	**244,036**	34.7%	**970,516**	**998,175**
Net surplus (deficit)	**$ (223,461)**	**$ (636,840)**	**$ (495,616)**	**$ (717,902)**	**$ (222,286)**	-44.9%	**$ (710,516)**	**$ (703,175)**

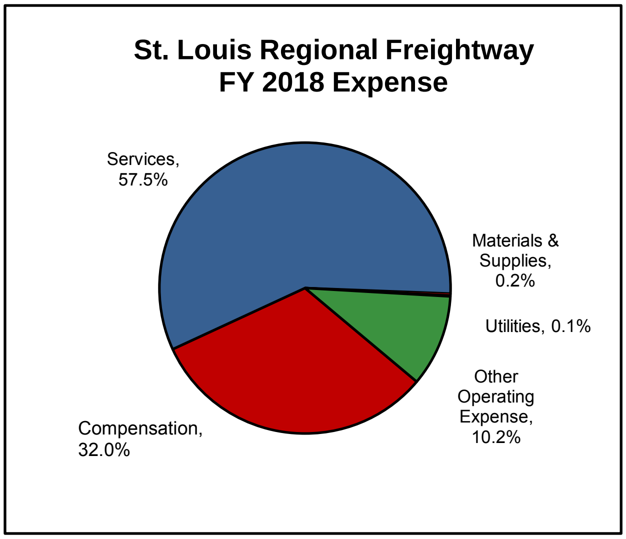
Revenue

In FY 2018, contributions and fees for service provided are expected to generate $190,000 in operating revenue. These funds are projected to come from East-West Gateway Council of Governments and the Leadership Council of Southwestern Illinois. Other Operating Revenue is budgeted at $40,000. Other sources of revenue include meeting sponsorships and member fees.



Expense

Total FY 2018 budget operating expense is expected to be $947,902, resulting in net deficit before depreciation of $717,902. The majority of operating expense is for personnel costs and outside consulting services. The BSD management fee for the St. Louis Regional Freightway is waived for the FY 2018 budget.



Goals and Objectives Action Plan: St. Louis Regional Freightway

The following goals and objectives are consistent with the four primary organization level goals used to achieve Bi-State Development's strategic plan. Progress in attaining these goals and objectives are measured through performance indicators. A list of performance indicators follows the goals and objectives action plan.

Goal: Build an effective and efficient publicly-supported organization that is viewed as a transparent and accountable steward of public funds.		
Objective: Establish and manage a marketing and business development plan that creates a cohesive brand identity for St. Louis Regional Freightway.		
Strategy	**Action Steps**	**Performance Measurements**
Execute strategic external public relation strategies and build partnerships with the freight industry and regional stakeholders to be recognized as a premier freight hub. To be recognized for excellence in state and national level freight planning. Continue to build awareness for freight related economic growth	• Promote awareness for freight related economic growth through media stories about the region's logistic and multi-modal assets and the value they bring to the region • Create a St. Louis Regional Freightway annual event to promote collaboration regarding economic development • Develop a website that promotes the regions freight network, real estate opportunities and economic development • Develop relationships and collaborate with the freight industry and regional stakeholders to accelerate regional economic growth through the region's freight network and supply chain • Create and execute a series of opportunities designed to engage industry leaders and help drive economic development as it relates to the freight industry	• Roll-out brand strategy for St. Louis Regional Freightway • Increase positive media reports and awareness about the following: o St. Louis Regional Freightway o The Region's logistic and freight capabilities to grow and attract manufacturing and distribution facilities o The Region's freight bulk commodity capabilities • Publish in the St. Louis and Illinois Business Journal and use electronic and hard copies to push to greater number of constituents • Represent the St. Louis Regional Freightway at business to business events. • Increase external website users and social media presence

Bi-State Development Research Institute

Overview

The Bi-State Development Research Institute is a 501(c)(3) non-profit corporation under the organizational umbrella of Bi-State Development. The Board of Commissioners granted approval to establish the Institute on March 28, 2014. The Board subsequently approved the organization's bylaws on May 23, 2014.

The BSD Research Institute is a non-profit organization that researches and develops data and information about the return on investment of local programs, public infrastructure and public/private real estate improvements. This, in turn, is meant to provide economic development leaders in the St. Louis region with information and tools they need to make informed decisions that advance the region. The BSD Research Institute has a separate board from BSD and is a component unit. The financials for the Research Institute are presented as a blended component unit.

The Research Institute seeks grants to support research that develops data about the return on investment for local infrastructure improvements. The Institute is also charged with making real estate investments that support the economic development of the region.

Strategic Focus

The primary goals of the 501(c)(3) BSD Research Institute are to:

- Focus on real estate acquisition and conveyance in support of Transit-Oriented Development ("TOD") and regional economic development; and
- Plan, study and evaluate regional land use, public policy, economic and community development and infrastructure investment, including, but not limited to transit activities; and
- Insure that the Institute is self-sustaining and able to fiscally support itself; that is serve as a conduit for charitable donations supporting Institute goals and specific community support, such as providing transit tickets for deserving youth and as a fund raising conduit for events.

Bi-State Development Research Institute
Statement of Revenue and Expense
FY 2016 - FY 2020

	FY 2016 Actual	FY 2017 Budget	FY 2017 Projection	FY 2018 Budget	FY18 Bgt vs. FY17 Pro $ Change	FY18 Bgt vs. FY17 Pro % Change	FY 2019 Budget	FY 2020 Budget
Operating Revenue:								
Not-for-profit (NFP) revenue	$ 39,805	$ 62,500	$ 31,679	$ 64,000	$ 32,321	102.0%	$ 84,000	$ 84,000
Total Operating Revenue	**39,805**	**62,500**	**31,679**	**64,000**	32,321	102.0%	**84,000**	**84,000**
Total Non-operating revenue	-	-	-	-	-	-	-	-
Total Revenue	**39,805**	**62,500**	**31,679**	**64,000**	**32,321**	102.0%	**84,000**	**84,000**
Operating Expense:								
Services	296	110,829	100,986	110,360	9,374	9.3%	110,475	110,475
Parts & supplies	-	1,000	1,300	1,000	(300)	-23.1%	1,000	1,000
Other operating expenses	-	4,000	2,358	4,600	2,242	95.1%	4,600	4,600
Total Operating Expense	**296**	**115,829**	**104,643**	**115,960**	**11,317**	**10.8%**	**116,075**	**116,075**
Total Non-Operating Expenses	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Total Expense	**296**	**115,829**	**104,643**	**115,960**	**11,317**	**10.8%**	**116,075**	**116,075**
Net Income (Deficit) Before Depreciation & Amortization	**39,509**	**(53,329)**	**(72,964)**	**(51,960)**	**21,004**	**28.8%**	**(32,075)**	**(32,075)**
Net Income (Deficit)	**$ 39,509**	**$ (53,329)**	**$ (72,964)**	**$ (51,960)**	**$ 21,004**	**28.8%**	**$ (32,075)**	**$(32,075)**

Revenue

In FY 2018, contributions and consulting fees are expected to generate $64,000 in operating revenue.

Expense

Total operating expense is budgeted at $115,960, resulting in net deficit of $51,960. The operating expense includes consulting and legal fees, outside consulting services, office supplies and travel and meeting expenses.

Goals and Objectives Action Plan - BSD Research Institute

The following goals and objectives are consistent with the goals used to achieve Bi-State Development's strategic plan. Progress in attaining these goals and objectives are measured through performance indicators. A list of performance indicators follows the goals and objectives action plan.

Goal: Build an effective and efficient publicly-supported organization that is viewed as a transparent and accountable steward of public funds		
Objective: Establish a planning, policy, financial, and operational framework for developing and delivering economic development opportunities		
Strategy	Action Steps	Performance Measurements
Leverage public transit resources using Research Institute resources.	• Deploy St. Louis County Mobile Medical Unit at North County MetroLink stations • Initiate Food Kiosk program at North County MetroLink stations • Apply for additional grants on behalf of the Research Institute and BSD	• Number of patients seen at the Mobile Medical unit • Sales and number of customers at Food Kiosks • Number of additional grants awarded.
Work with BSD to begin and develop Strategic Planning process.	• Become member of process committee • Meet as committee to discuss creating process	• Preliminary discussions completed by August 2017 • Process in place June 2018

Performance Indicators – BSD Research Institute

Progress in meeting the goals and objectives are measured through performance indicators.

	FY 2018	FY 2017		FY 2016
	Target	**Projection**	**Target**	**Actual**
BSD Research Institute				
Apply for at least four (4) additional grants	4	N/A	N/A	N/A
Increase the number of community partnerships	25%	N/A	N/A	N/A
Community buy-in/acceptance of implementation activities	Yes	N/A	N/A	N/A

Arts In Transit

Arts In Transit, Inc.

Overview

In 1986, the Arts In Transit initiative took shape as an innovative effort to develop the look and feel of the light rail system in the region. In April 1999, Bi-State Development's Board of Commissioners adopted a policy that emphasized the importance of design excellence and established a one-percent-for-art funding mechanism.

The original initiative is now Arts In Transit, Inc., a non-profit 501(c)(3). Although the non-profit has a separate Board, it is considered a blended component unit of Bi-State Development.

Strategic focus

AIT's primary role is to establish and coordinate a collaboration of artists, engineers and architects on the design of the transit system. The result is a system where the art is integrated into the structure of the system. Additionally, Arts In Transit, Inc. helps to enrich the experience of our Metro transit passengers and enhance the St. Louis regional community's appreciation of the arts through the creation of Art Buses, MetroScapes posters in bus shelters, and MetroLines poetry in buses and trains.

Cotton Belt Building by Andrew Bandmeyer

Arts In Transit, Inc.
Statement of Revenue and Expense
FY 2016 - FY 2020

	FY 2016 Actual	FY 2017 Budget	FY 2017 Projection	FY 2018 Budget	FY18 Bgt vs. FY17 Proj $ Change	FY18 Bgt vs. FY17 Proj % Change	FY 2019 Budget	FY 2020 Budget
Revenue:								
Contributions - Not for Profit	$ 388	$ -	$ 4,507	$ -	$ (4,507)	-100.0%	$ -	$ -
Art Council Awards	26,500	47,500	40,000	50,000	10,000	25.0%	100,000	150,000
Total Revenue	**26,888**	**47,500**	**44,507**	**50,000**	**5,493**	**12.3%**	**100,000**	**150,000**
Expense:								
Services	6,575	45,000	39,377	100,000	60,623	154.0%	100,000	100,000
Parts & supplies	-	1,400	700	1,000	300	42.9%	5,000	5,000
Other operating expense	-	250	125	250	125	100.0%	250	250
Total Expense	**6,575**	**46,650**	**40,202**	**101,250**	**61,048**	**151.9%**	**105,250**	**105,250**
Net Income (deficit)	**$ 20,312**	**$ 850**	**$ 4,305**	**$ (51,250)**	**$ (55,555)**	**-1290.5%**	**$ (5,250)**	**$ 44,750**

Revenue

Revenue for Arts In Transit is received from the Missouri Arts Council and the Regional Arts Commission. Revenue is also generated from the sale of MetroScapes posters and other artwork.

Expense

Arts in Transit incurs expense from consulting fees, art material and supplies and the use of outside services to assist in the various art projects. The increase over the FY 2017 Projection expense is due to added consulting fees allocation in FY 2018 through FY 2020 budgets.

Goals and Objectives Action Plan: Arts In Transit, Inc.

The following goals and objectives are consistent with the four primary organization level goals used to achieve Bi-State Development's Strategic Plan. Progress in attaining these goals and objectives are measured through performance indicators. A list of performance indicators follows the Goals and Objectives Action Plan.

<table>
<tr><td colspan="3">Goal: Deliver a high quality transit experience that is recognized by its customers, industry peers and regional stakeholders for its excellence</td></tr>
<tr><td colspan="3">Objective: Improve the value of regional transit infrastructure and the quality of the transit experience through aesthetic enhancement</td></tr>
<tr><th>Strategy</th><th>Action Steps</th><th>Performance Measurements</th></tr>
<tr><td>Support the regional transit system and the community aesthetic through an effective Arts In Transit program</td><td>• Secure and maintain grants and sponsorships, and other earned income that support Arts In Transit programs
• Review organizational structure and bylaws of Arts In Transit, Inc. to become more competitive for securing grant funds
• Host annual Art Bus, MetroLines poetry competition, and MetroScapes bus shelter poster competition, and other relevant community-based arts programs
• Explore Arts In Transit potential contribution in future projects like the MetroLink stations at Civic Center and Boyle Street</td><td>• Increased number and amount of grants
• Increased revenue from Art Bus sponsorships
• Increased sales of MetroScapes posters
• Increased participation in Art Bus, MetroLines, and MetroScapes events and competitions; and enhanced reputation within the general community due to Arts In Transit programs
• Increased public awareness of Metro Arts In Transit program
• Plan in place for improved way finding throughout the Metro transit system</td></tr>
</table>

Performance Indicators – Arts In Transit, Inc.

Progress in meeting the goals and objectives are measured through performance indicators. Following is a list of the performance indicators

	FY 2018	FY 2017		FY 2016
	Target	Projection	Target	Actual
Arts In Transit, Inc				
Grant applications	6	6	6	2
Art bus sponsorships	6	4	4	2
MetroScapes poster sales	$2,000	$1,200	$1,200	$1,200
MetroLines poetry contests	1	1	1	0

Self-Insurance Funds

Health Self-Insurance Fund

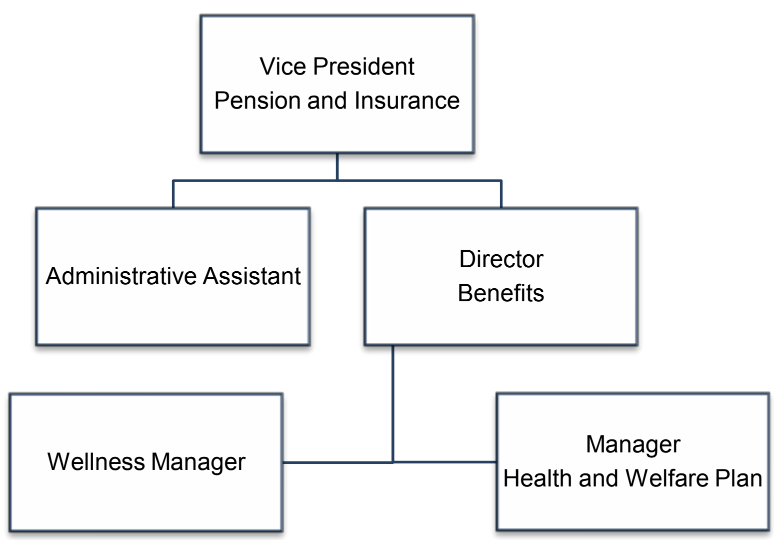
Overview

The Health Self-Insurance Fund (SIF) encompasses expenses related to providing medical, prescription drug and dental employee benefit programs. These self-funded benefit programs are a significant expense category for Bi-State Development (BSD). A self-insurance fund has been established to account for health plan related expenses such as medical, prescription drug and dental claims along with internal and external service expenses incurred to administer these programs on a cost-reimbursement basis.

The Health SIF provides the Board of Commissioners and Management with greater visibility and enhanced financial reporting for BSD's $30 million self-funded health and welfare insurance activities which include, managing benefits and enrollment, monitoring claims, managing third party health related contracts, proposing cost controlling measures and the in-house wellness program. The wellness program is an active part of BSD cost control environment.

The Vice President of Pension and Insurance is responsible for the Health SIF, including the Benefits and Wellness Departments. The Vice President is a direct report to the President and Chief Executive Officer of BSD.

Organization



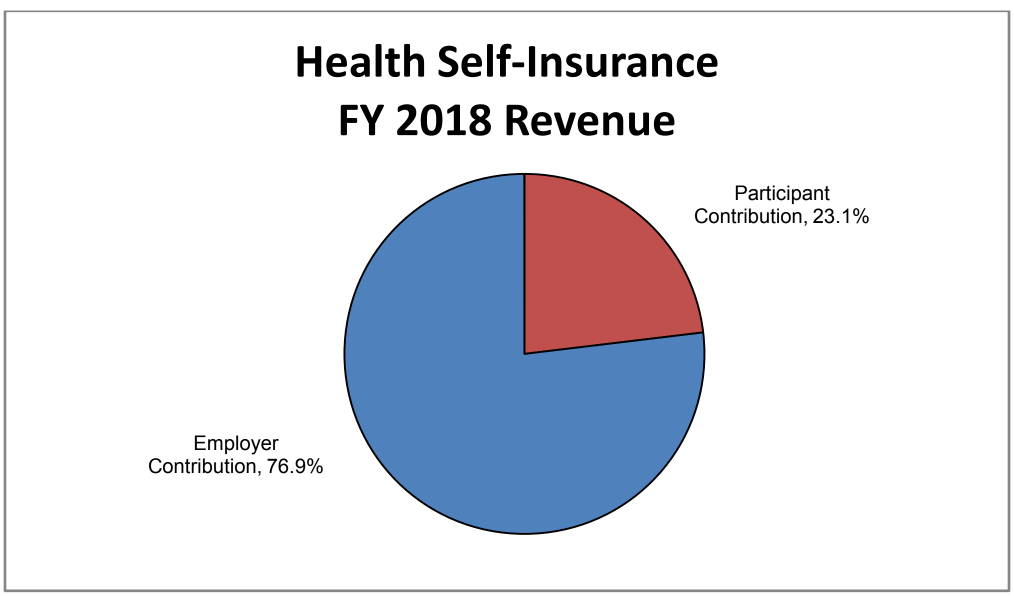
Financial Statements

Health Self-Insurance Fund
Statement of Revenue and Expense
FY 2016 - FY 2020

	FY 2016 Actual	FY 2017 Budget	FY 2017 Projection	FY 2018 Budget	FY18 vs FY17 Projection $ Change	FY18 vs FY17 Projection % Change	FY 2019 Budget	FY 2020 Budget
Revenue:								
Employee Contribution	$ 6,924,843	$ 7,474,706	$ 7,117,512	$ 7,362,078	$ 244,566	3.4%	$ 7,935,797	$ 8,359,411
Employer Contribution	23,037,544	27,384,103	25,026,853	24,528,023	(498,830)	-2.0%	26,543,023	27,192,368
Total Revenue	29,962,388	34,858,809	32,144,365	31,890,101	(254,264)	-0.8%	34,478,820	35,551,779
Expense:								
Compensation and benefits	848,760	951,559	841,619	990,361	148,742	17.7%	995,680	1,033,960
Other post-employment benefits	3,965	5,701	7,066	6,111	(954)	-13.5%	6,582	6,582
Services	170,327	438,925	707,401	438,100	(269,301)	-38.1%	441,175	442,525
Part and supplies	11,964	41,400	28,053	43,700	15,647	55.8%	46,400	46,200
Utilities	3,660	2,980	3,731	2,980	(751)	-20.1%	2,980	2,980
Other expense	28,502	33,377	25,964	53,815	27,851	107.3%	54,227	55,327
Health and welfare	28,952,764	33,384,867	30,534,874	30,355,034	(179,840)	-0.6%	32,931,777	33,964,205
Total Income (Deficit)	30,019,942	34,858,809	32,148,707	31,890,101	(258,606)	-0.8%	34,478,820	35,551,779
Net surplus(deficit) before transfers	(57,554)	-	(4,342)	-	4,342	100.0%	-	-
Net Transfers	-	-	-	-	-	-	-	-
Net Income (Deficit)	$ (57,554)	$ -	$ (4,342)	$ -	$ 4,342	100.0%	$ -	$ -

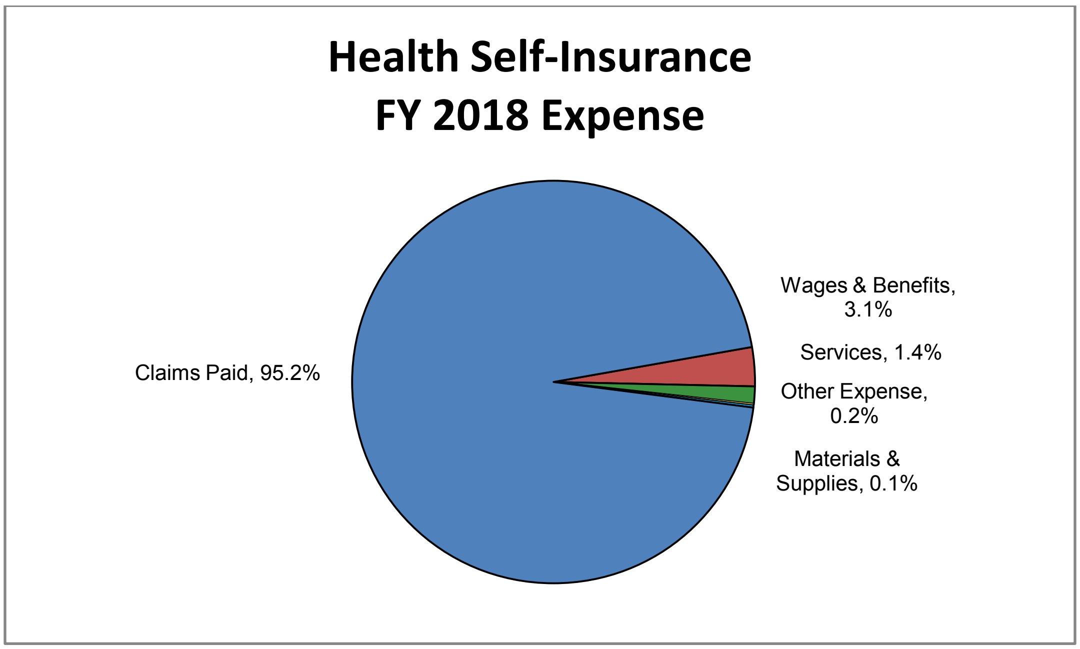
Revenue

Revenue for the Health SIF is generated by charges for services provided to other business units within BSD and to related parties. The majority of revenue is remitted from BSD business units who pay for the company portion of health plan costs for each units' respective employees. Other funding comes from the employee and pensioner contributed portion of health related benefits provided by the fund.



Expense

The majority of total operating expense for the Health SIF consists of claims paid for medical, prescription and dental. Other operating expenses include compensation for staff to operate the programs, consultant fees, third party administrator fees and premiums for excess insurance coverage. Claims paid are the largest single expense for the self-insurance fund and represent claims paid on a cash basis.



Goals and Objectives Action Plan: Health Self-Insurance Fund

Strategies and action steps help Bi-State Development achieve its goals and objectives as outlined in the strategic plan overview.

Goal: Build an effective and efficient publicly supported organization that is viewed as a transparent and accountable steward of public funds		
Objective: Accountability		
Strategy	**Action Steps**	**Performance Measurements**
Improve the overall accountability and governance for BSD's Self-Funded Health Plan, as recommended by the Internal Audit Department to the Board of Commissioners	• Create the ability in the Oracle system to report on financial information	• Confirm and complete financials
Structure and implement the processes, procedures and the accounting and reporting systems necessary to capture and report all expenses associated with the self-funded health plan	• Integrate and align annual employer and employee contribution rate setting with annual fiscal budget process	• Review monthly Health SIF financial statements with health and welfare plan consultants and compare to plan year contribution rates for over-all budget monitoring
Provide Management and the Board of Commissioners with greater visibility and enhanced financial reporting for the self-funded health plan activities	• Monitor all expenses and ensure proper reporting	• Provide quarterly financial reporting to the Board of Commissioners
Make recommendations to Management and the Board of Commissioners on enhancements to health plan programs and their administration to provide employee benefits at an acceptable cost	• Maintain or reduce medical third party administration fees • Implement cost containment programs • Maintain or reduce dental plan third party administration fees • Increase employee awareness of cost and value of non-cash compensation benefits	• Negotiated contracts with improved fee structures and programs to appropriately manage health care utilization • Implement annual total compensation statement and utilize wellness program to educate on informed health care consumption

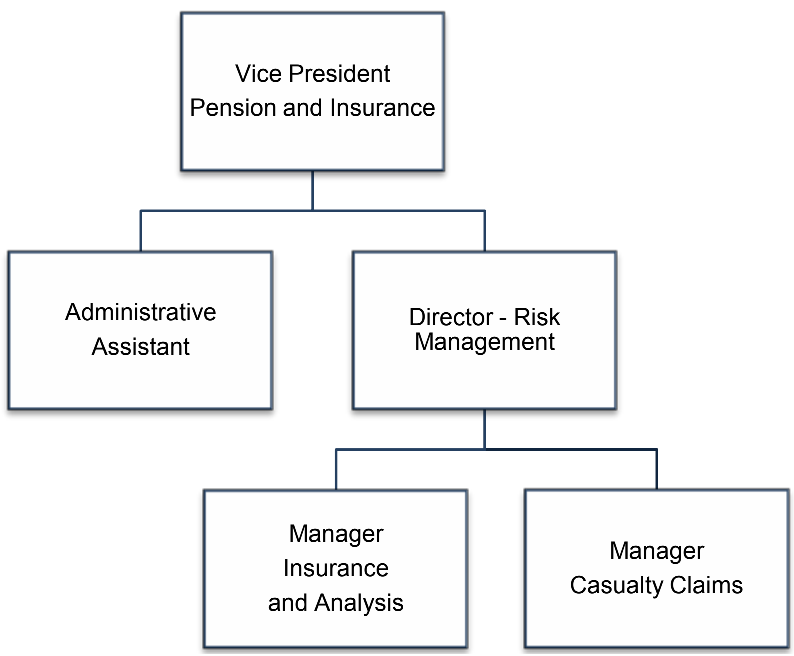
Casualty Self-Insurance Fund

Overview

The Casualty Self-Insurance Fund (SIF) at BSD includes the in-house Casualty Claims personnel and some Risk Management personnel. The expenses are personnel costs, services, claims, insurance premiums and other claim related expenses. The fund's inaugural year was FY 2017. The Vice President of Pension and Insurance is responsible for the Casualty Self-Insurance Fund. The Vice President oversees the Director of Risk Management, the Manager Casualty Claims and the Casualty Claims Department.

The Casualty Self-Insurance Fund reports on BSD's $3 million self-funded risk activities. The fund is primarily responsible for managing premiums, reporting claims and controlling cost.

Organization



Financial Statements

Casualty Self-Insurance Fund
Statement of Revenue and Expense
FY 2016 - FY 2020

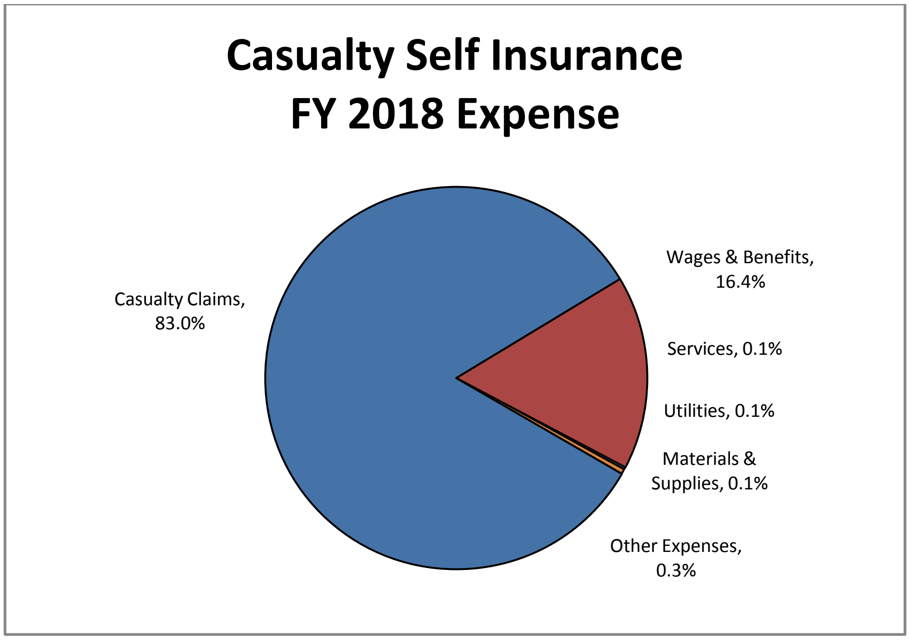
	FY 2016 Actual	FY 2017 Budget	FY 2017 Projection	FY 2018 Budget	FY18 vs FY17 Projection $ Change	FY18 vs FY17 Projection % Change	FY 2019 Budget	FY 2020 Budget
Revenue:								
Charges for services	$ -	$ 3,633,502	$ 3,183,669	$ 2,884,000	$ (299,669)	-9.4%	$ 3,028,200	$ 3,179,575
Total Revenue	-	3,633,502	3,183,669	2,884,000	(299,669)	-9.4%	3,028,200	3,179,575
Expense:								
Compensation and benefits	-	559,297	515,312	568,838	53,526	10.4%	536,188	557,274
OPEB	-	-	2,914	-	(2,914)	-100.0%	-	-
Services	-	106,000	68,352	3,250	(65,102)	-95.2%	3,250	3,250
Materials and supplies	-	8,000	4,286	3,750	(536)	-12.5%	4,000	4,000
Utilities	-	-	-	2,800	2,800	-	2,800	2,800
Casualty & Liability	-	733,502	804,229	885,000	80,771	10.0%	890,000	895,000
Other expense	-	-	1,090	11,500	10,410	955.0%	11,500	11,500
Casualty claims	-	2,900,000	2,379,440	1,999,000	(380,440)	-16.0%	2,138,200	2,284,575
Total Expense	-	4,306,799	3,775,623	3,474,138	(301,485)	-8.0%	3,585,938	3,758,399
Net surplus(deficit) before transfers	-	(673,297)	(591,954)	(590,138)	1,816	0.3%	(557,738)	(578,824)
Net Transfers	-	673,297	591,954	590,138	(1,816)	-0.3%	557,738	578,824
Net surplus (deficit)	$ -	$ -	$ -	$ -	$ -	-	$ -	$ -

Revenue

Revenue for the SIF is generated by charges for services provided to other business units within BSD. As insurance claims are incurred, the affected business unit within BSD is charged for the incurred claim and offsetting revenue is generated within the SIF. The incurred amount charged to each business unit represents the claim amount and insurance premiums. There is a secondary charge to the business units for administrative services provided. The secondary fee covers personnel compensation and general office expenses to operate the fund.

Expense

Total operating expense for the self-insurance fund consists of compensation for staff to operate the programs, consultant fees, premiums for excess insurance coverage, office supplies and claims paid. Claims paid are the largest single expense for the self-insurance fund and represents claims paid on a cash basis.


Casualty Self Insurance
FY 2018 Expense
Casualty Claims, 83.0%
Wages & Benefits, 16.4%
Services, 0.1%
Utilities, 0.1%
Materials & Supplies, 0.1%
Other Expenses, 0.3%

Goals and Objectives Action Plan: Casualty Self-Insurance Fund

Strategies and action steps help Bi-State Development achieve its goals and objectives as outlined in the strategic plan overview.

Goal: Build an effective and efficient publicly supported organization that is viewed as a transparent and accountable steward of public funds

Objective: Accountability

Strategy	Action Steps	Performance Measurements
Improve the overall accountability and governance for BSD's Self-Funded Casualty, as recommended by the Internal Audit Department to the Board of Commissioners	• Create the ability in the Oracle system to report on financial information	• Confirm and complete financials
Structure and implement the processes, procedures and the accounting and reporting systems necessary to capture and report all expenses associated with the self-funded casualty	• Integration of Risk Master - Claims Management System	• Target date to complete implementation is June 30, 2017
Provide Management and the Board of Commissioners with greater visibility and enhanced financial reporting for the self-funded casualty activities	• Monitor all expenses and ensure proper reporting	• Provide quarterly financial reporting to the Board of Commissioners
Make recommendations to Management and the Board of Commissioners on enhancements to the casualty program and their administration to provide casualty at an acceptable cost	• Monitor budget and expenses • Develop claim reports to analyze trends	• Adequacy of budget • Work with Safety and Operations to address trends identified

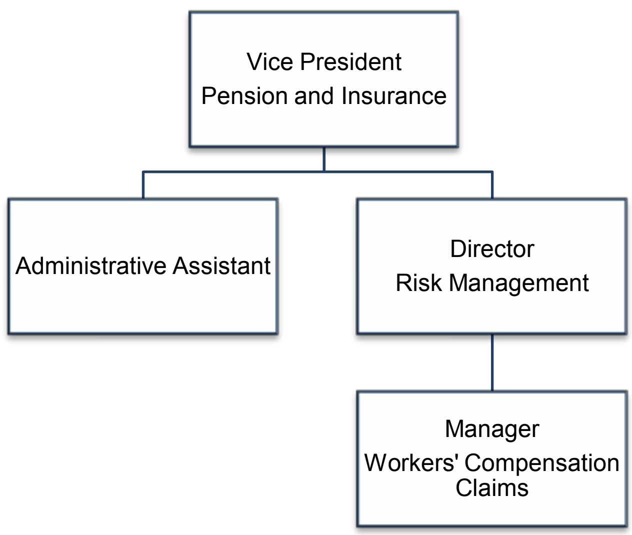
Workers Compensation Self-Insurance Fund

Overview

The Workers' Compensation Self-Insurance Fund (SIF) at BSD includes in-house Workers' Compensation claims personnel and a portion of Risk Management personnel. The expenses are claims, insurance premiums and other claim related expenses. The fund's inaugural year was FY 2017. The Vice President of Pension and Insurance is responsible for the Worker's Compensation Self-Insurance Fund. The Vice President oversees the Director of Risk Management, the Manager of Workers' Compensation Claims and the Workers' Compensation Claims Department.

The SIF provides greater visibility and financial reporting for BSD's $4 million self-funded activities. The fund is primarily responsible for managing premiums, reporting claims and controlling cost.

Organization



Financial Statements

Workers Compensation Self-Insurance Fund
Statement of Revenue and Expense
FY 2016 - FY 2020

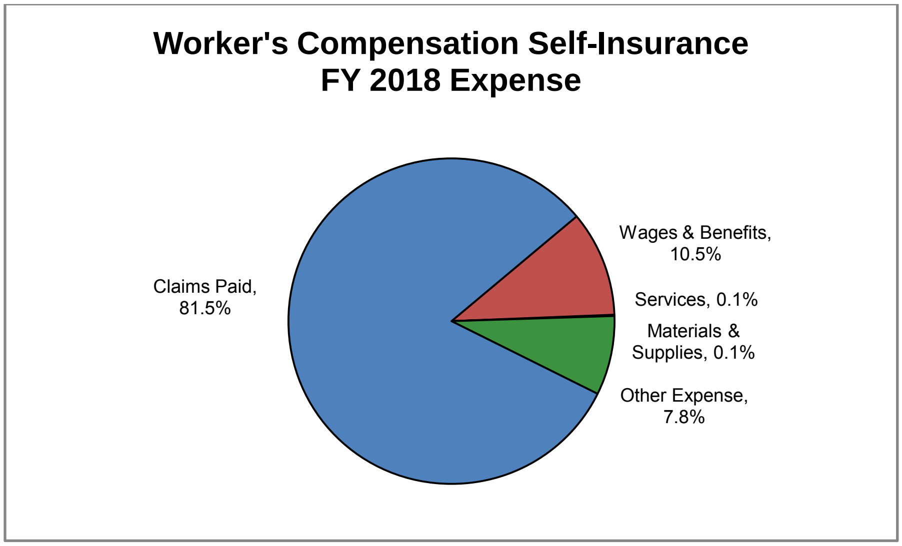
	FY 2016 Actual	FY 2017 Budget	FY 2017 Projection	FY 2018 Budget	FY18 vs FY17 Projection $ Change	FY18 vs FY17 Projection % Change	FY 2019 Budget	FY 2020 Budget
Revenue:								
Workers Comp Revenues	$ -	$ 3,874,730	$ 3,745,967	$ 3,986,239	$ 240,272	6.4%	$ 4,115,109	$ 4,117,109
Total Revenue	-	3,874,730	3,745,967	3,986,239	240,272	6.4%	4,115,109	4,117,109
Expense:								
Compensation and benefits	-	468,102	387,754	541,476	153,722	39.6%	501,837	514,503
Other post-employment benefits	-	-	1,767	-	(1,767)	-100.0%	-	-
Services	-	-	6,077	3,250	(2,827)	-46.5%	3,250	3,250
Part and supplies	-	3,000	1,500	2,500	1,000	66.7%	2,500	2,500
Utilities	-	-	-	600	600	-	600	600
Casualty & Liability	-	-	274,441	225,000	(49,441)	-18.0%	230,000	235,000
Other expense	-	500,000	277,534	405,200	127,666	46.0%	455,200	505,200
Workers compensation	-	3,874,730	3,745,967	3,986,239	240,272	6.4%	4,115,109	4,117,109
Total Income (Deficit)	-	4,845,832	4,695,040	5,164,265	469,225	10.0%	5,308,496	5,378,162
Net surplus(deficit) before transfers	-	(971,102)	(949,073)	(1,178,026)	(228,953)	-24.1%	(1,193,387)	(1,261,053)
Net Transfers	-	971,102	949,073	1,178,026	228,953	24.1%	1,193,387	1,261,053
Net surplus (deficit)	$ -	$ -	$ -	$ -	$ -	-	$ -	$ -

Revenue

Revenue for the SIF is generated by charges for services provided to other business units within BSD. As insurance claims are incurred, the affected business unit within BSD is charged for the incurred claim and an offsetting revenue is generated within the SIF. The incurred amount charged to each business unit represents the claim amount and insurance premiums. There is a secondary charge to the business units for administrative services provided. The secondary fee covers personnel compensation and general office expenses to operate the fund.

Expense

Total operating expense for the internal service funds consist of compensation for staff to operate the programs, consultant fees, premiums for excess insurance coverage, office supplies and claims paid. Claims paid are the largest single expense for the self-insurance fund and represents claims paid on a cash basis.


Worker's Compensation Self-Insurance
FY 2018 Expense
Claims Paid,
81.5%
Wages & Benefits,
10.5%
Services, 0.1%
Materials &
Supplies, 0.1%
Other Expense,
7.8%

Goals and Objectives Action Plan: Workers' Compensation Self-Insurance Fund

Strategies and action steps help Bi-State Development achieve its goals and objectives as outlined in the strategic plan overview.

Goal: Build an effective and efficient publicly supported organization that is viewed as a transparent and accountable steward of public funds		
Objective: Accountability		
Strategy	**Action Steps**	**Performance Measurements**
Improve the overall accountability and governance for BSD's Self-Funded Workers' Compensation, as recommended by the Internal Audit Department to the Board of Commissioners	• Create the ability in the Oracle system to report on financial information	• Confirm and complete financials
Structure and implement the processes, procedures and the accounting and reporting systems necessary to capture and report all expenses associated with the self-funded workers' compensation	• Integration of Risk Master - Claims Management System	• Target date to complete implementation is June 30, 2017
Provide Management and the Board of Commissioners with greater visibility and enhanced financial reporting for the self-funded workers' compensation activities	• Monitor all expenses and ensure proper reporting	• Provide quarterly financial reporting to the Board of Commissioners
Make recommendations to Management and the Board of Commissioners on enhancements to the workers' compensation program and their administration to provide workers' compensation at an acceptable cost	• Monitor budget and expenses • Develop claim reports to analyze trends	• Adequacy of budget • Work with Safety and Operations to address trends identified

Executive Services

Bi-State Development

Executive Services

Overview

Executive Services is a service company that supports the other Bi-State Development companies including Metro, Tourism Innovation, St. Louis Downtown Airport, St. Louis Regional Freightway, Arts In Transit, Inc., and the Bi-State Development Research Institute. Executive Services is supported by management fee revenue collected from the other business units. Functional areas of Executive Services include:

Executive Office is responsible for the management of all Bi-State Development operating business units in support of the goals and objectives of the Board of Commissioners.

Internal Audit performs internal audits and assists with independent outside audits. Internal Audit plans and conducts audits of BSD programs and operations, identifying problem areas and developing recommendations for improved control mechanisms or organizational performance.

Government Relations establishes and maintains working relationships with government officials that support BSD's funding, legislative program, policies, and services.

General Counsel is responsible for managing and coordinating the Bi-State Development's legal activities; ensuring corporate compliance with all laws and regulations; maintaining agency record retention and information security; and managing agency ethics and compliance including providing employee compliance and ethics training.

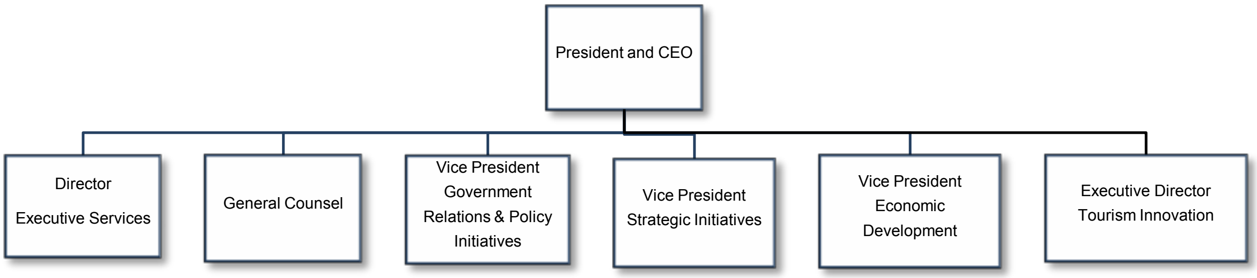
Economic Development is responsible for identifying alternative sources of funding and partners for regional initiatives, including real estate development around transit stations and Bus Rapid Transit initiatives. These initiatives promote regional infrastructure via the Bi-State Development charter in support of job creation and new private investment; and, managing BSD's Real Estate group.

Strategic Initiatives is responsible for developing and implementing new regional economic development projects and supporting BSD policy-related initiatives that currently include agency strategic planning, strengthening community and local government partnerships, and participating in regional economic development networks.

Tourism Innovation Administration provides management overview for the Gateway Arch Tram Systems and the Riverfront Attractions.

Executive Services

Organization



Financial Summary

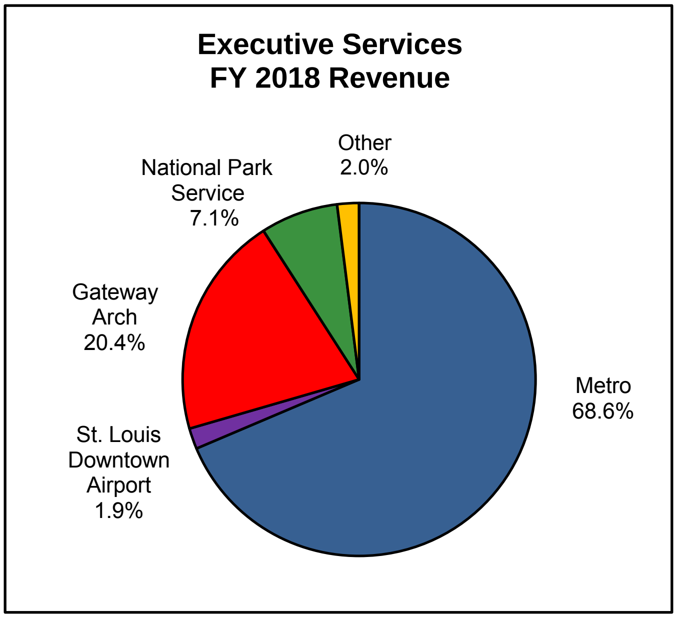
Executive Services
Statement of Revenue and Expense
FY 2016 - FY 2020

	FY 2016 Actual	FY 2017 Budget	FY 2017 Projection	FY 2018 Budget	FY18 Bgt vs. 17 Proj $ Change	FY18 Bgt vs. 17 Proj % Change	FY 2019 Budget	FY 2020 Budget
Operating Revenue:								
Management fees:								
Metro	$ 2,385,006	$3,014,162	$ 2,863,363	$ 3,171,763	$ 308,400	10.8%	$ 3,289,214	$3,388,666
Gateway Arch	600,346	803,307	804,328	940,498	136,170	16.9%	1,028,764	873,550
St. Louis Downtown Airport	77,130	75,271	75,373	86,680	11,307	15.0%	88,180	90,063
National Park Service	260,750	283,784	284,955	327,545	42,590	14.9%	342,144	335,301
Other operating revenue	172,800	90,579	240,990	93,296	(147,694)	-61.3%	96,095	96,095
Total Operating Revenue	**3,496,031**	**4,267,103**	**4,269,009**	**4,619,782**	**350,773**	**8.2%**	**4,844,397**	**4,783,675**
Non-Operating Revenue								
Investment income	4,548	2,700	4,525	1,125	(3,400)	-75.1%	1,500	1,875
Total Non-Operating Revenue	**4,548**	**2,700**	**4,525**	**1,125**	**(3,400)**	**-75.1%**	**1,500**	**1,875**
Total All Revenue	**3,500,579**	**4,269,803**	**4,273,534**	**4,620,907**	**347,373**	**8.1%**	**4,845,897**	**4,785,550**
Operating Expense:								
Compensation	1,532,792	1,740,006	1,710,482	1,886,257	175,775	10.3%	1,958,313	1,949,527
Benefits excluding OPEB	701,963	691,637	694,374	800,355	105,981	15.3%	853,792	964,893
Other post-employment benefits	12,776	61,688	43,229	61,688	18,459	42.7%	61,688	61,688
Services	649,563	1,132,305	983,180	1,065,963	82,783	8.4%	1,092,865	1,118,337
Parts and supplies	21,025	27,870	24,322	31,737	7,415	30.5%	29,626	29,188
Utilities	6,344	8,649	6,158	8,685	2,527	41.0%	8,685	8,685
Other expense	262,824	356,727	356,073	374,332	18,259	5.1%	380,650	385,902
Total Operating Expense	**3,187,287**	**4,018,882**	**3,817,818**	**4,229,017**	**411,199**	**10.8%**	**4,385,619**	**4,518,221**
Net Income (Deficit) Before Depreciation	**313,291**	**250,921**	**455,716**	**391,890**	**(63,826)**	**-14.0%**	**460,278**	**267,329**
Depreciation	1,937	1,941	1,177	1,941	764	64.9%	1,941	1,941
Net Income (Deficit)	**$ 311,354**	**$ 248,980**	**$ 454,539**	**$ 389,949**	**$ (64,590)**	**-14.2%**	**$ 458,337**	**$ 265,389**

Executive Services – FY 2018 Budget

Executive Services is a service company that provides support to all BSD business operating units.

Revenue



Metro management fee is calculated at 75% of Executive Services operating expenses. This assessment represents services provided by Executive Services to Metro.

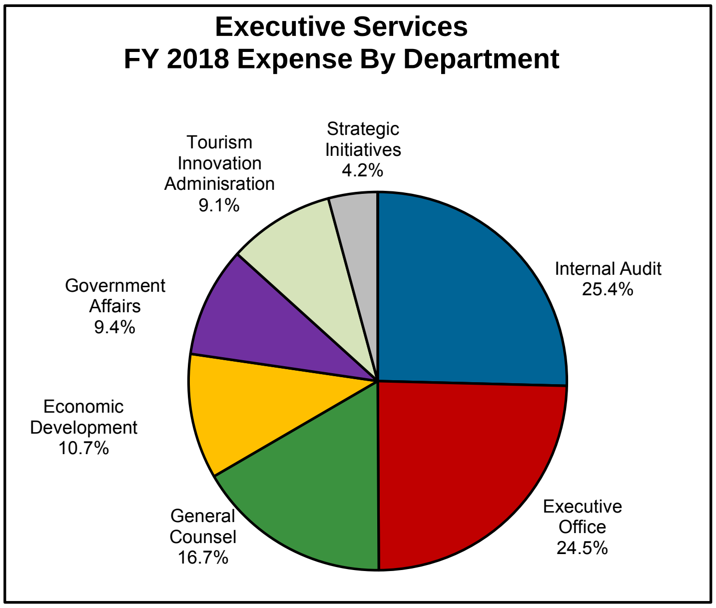
Gateway Arch management fee is calculated based on a formula negotiated with the National Park Service including seven percent of total Arch revenues and ten percent of revenue net of expenses.

St. Louis Downtown Airport management fee is calculated at five percent of the Downtown Airport operating revenue and interest income.

National Park Service is calculated at twenty percent of Arch entrance fees. The National Park Service charges a $3 entrance fee per adult ticket. Children 15 years old and younger and educational groups are exempt from the fee. Revenue from the Arch documentary movie is not applicable in FY 2018 as the movie is now included with an entry-only ticket or tram ticket.

St. Louis Regional Freightway, Bi-State Development Research Institute, Riverfront Attractions and Arts In Transit, Inc. are not being assessed a management fee in FY 2018.

Expense



Compensation and benefits for the FY 2018 budget increased 10.5% when compared to the FY 2017 budget due to Executive Services investing additional resources in Strategic Initiatives and also because of pension and other benefit cost increases.

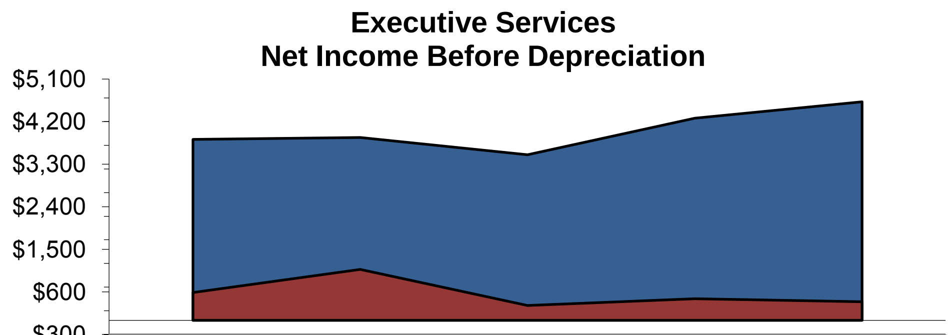
Other post-employment benefits (OPEB) are primarily retiree medical expenses related to the implementation of GASB Statement No. 45.

Services are budgeted at 5.9% less than the FY 2017 budget and consist of fees for outside consultants, auditors, lawyers, and lobbyists.

Parts and supplies include office supplies and equipment, training materials, and data processing supplies.

Utilities consist of mobile device usage.

Other expense includes employee and commissioner travel, employee training and dues for regional, state, and national transportation and economic organizations.



	Actual 2014	Actual 2015	Actual 2016	Projected 2017	Budget 2018
Revenue	$3,826	$3,866	$3,501	$4,274	$4,621
Net income before depreciation	$587	$1,076	$313	$456	$392

Executive Services

Goals and Objectives Action Plan: Executive Services

The organizational unit develops its strategic plan based on the company's goals and Objectives. This Strategic Plan is detailed into strategies and action steps that help Bi-State Development achieve its goals and objectives as outlined in the Strategic Plan section of this document.

Goal: To be an effective and efficient publicly-supported organization that is viewed as a transparent and accountable steward of public funds**.**		
Objective: Establish and manage communications plan that improves public perception of Bi-State Development programs and credibility of management		
Strategy	**Action Steps**	**Performance Measurements**
Economic Development		
Continual improvement of BSD's economic development services, confirming program goals and continually updating and refining BSD's economic development direction	• BSD Board and Chief Executive Officer provide oversight for economic development efforts • Economic Development staff interacting with BSD engineering, planning, transit, grants, business enterprise, airport, legal, procurement, finance, marketing and communication on BSD projects • Economic Development staff interacting with local and national economic development groups for information and best practices • Grow the project reach and revenue potential of the BSD Research Institute • Continue to support the operating requirements of the St. Louis Regional Freightway • Interface with the public and regional partners on region-wide economic development needs	• Purposed, short and long-term economic development projects/programs for the regional community (on-going) • Increased perception in the region as BSD being a key part of the community fabric (on-going) • Improved community and private partnerships for BSD and BSD projects (on-going) • Wise stewardship of public resources leveraging private investment

Goal: To be an effective and efficient publicly-supported organization that is viewed as a transparent and accountable steward of public funds.

Objective: Establish and manage communications plan that improves public perception of Bi-State Development programs and credibility of management

Strategy	Action Steps	Performance Measurements
Economic Development		
Support regional development via BSD's transit system and compact powers by leading the economic development component of TOD and economic development support for regional infrastructure	• Interface with community partners on TOD planning, financing and development • Interface with property owners and planning staff on BRT • Focus regional efforts to secure large scale public infrastructure, such as those through the regional Freight District and SITE • Undertake econometric analysis for light rail expansion	• Increased square feet of private development and increased private investment dollars around MetroLink stations • Planning work on all 38 MetroLink stations for potential TOD investments • Initiate economic development related to BRT • On-going work for high speed rail and bridge improvements for the greater St. Louis region • Assigning economic value to areas of the region undergoing light rail expansion
Continual improvement of BSD's real estate services for BSD's real estate requirements in a professional and fiduciary manner	• Interface with engineering, transit, planning, grants operations, finance, business enterprises, economic development, legal and communications on projects • Interface with property owners and community partners on BSD projects and initiatives • Interface with FTA on property conveyance	• Managing ongoing offers and negotiations on properties and assets that support BSD's efforts • Maintaining individual real estate certifications • Managing real estate data and documents in a timely fashion for the acquisition or deposition of property • Successful annual excess property report to the BSD Board and Triennial Review with FTA • Timely processing of BSD real estate payments and collections • Improved BSD revenues from BSD real estate assets

Goal: To be an effective and efficient publicly-supported organization that is viewed as a transparent and accountable steward of public funds.		
Objective: Establish and manage communications plan that improves public perception of Bi-State Development programs and credibility of management		
General Counsel		
Ensure BSD compliance with all applicable legal and regulatory compliance requirements	• Maintain company-wide corporate compliance requirements list; • Conduct semi-annual department requirements audits; revise when laws/ regulations change • Research and update all applicable federal, state, and local laws and regulations • Ensure reporting and auditing open action items are closed	• Complete semi-annual requirement audits (April 2017) • Include results in annual State of the Agency report present to Board of Commissioners by March 2017
Maintain a company-wide employee compliance and ethics training program	• Conduct training for new employees • Conduct training for existing transit operators during refresher training • Conduct annual employee Code of Conduct review and attestation	• Complete training for all bus operators by June 2017
Maintain a company-wide employee compliance fraud helpline incident reporting system	• Assign investigations for all incident reports • Track incident reports to closure • Ensure incident reports are thoroughly documented	• Close all incident reports within 30 days for at least 90% of all new incident reports • Include results in annual State of the Agency report and present to Board of Commissioners by March 2017

Goal: Ensure cost-effective and efficient use of resources and aggressively pursue funding partnerships to supplement existing resources		
Objective: Implement internal process improvements		
Strategy	**Action Steps**	**Performance Measurements**
Internal Audit		
Perform a company-wide risk assessment	• Perform a detailed review of the current "process control memos	• Use the results of the Risk Assessment to develop the FY 2018 Annual Audit Program
Assist in the implementation of the development of the Internal Service Funds for the BSD's self-funded insurance programs	• Develop the implementation guidelines for the financial statement presentation for the Health, Casualty, and Workers Compensation self-insurance programs	• Review Self-Insurance Fund financial statements monthly, quarterly and annually

Performance Indicators – Executive Services

Progress in meeting the goals and objectives are measured through performance indicators. Following is a list of the performance indicators.

	FY 2018	FY 2017		FY 2016
	Target	Projection	Target	Actual
Executive Office and General Counsel:				
Timely preparation of Board Resolutions	Yes	Yes	Yes	Yes
Timely preparation of Board Minutes	Yes	Yes	Yes	Yes
Respond to all Sunshine Law requests within 3 days	100%	100%	100%	100%
Ensure company-wide legal and regulatory compliance	100%	100%	100%	100%
Close 90% of new Compliance and Fraud incident reports within 30 days	100%	100%	100%	100%
Government Affairs:				
Actively participate in regional and national transit organizations	Yes	Yes	Yes	Yes
Actively participate in regional economic development and transportation planning	Yes	Yes	Yes	Yes
Internal Audit:				
Audits planned	35	10	35	19
Audits completed	35	10	35	13
Audit recommendations accepted by mgmt	25	10	25	17
Audit recommendations implemented	25	10	25	17
Economic Development:				
Transit Oriented Development (TOD) project efforts at 38 stations	100%	100%	100%	100%
Bus Rapid Transit pre-development support	Yes	Yes	Yes	Yes
Grow regional project/funding partnership	Yes	Yes	Yes	Yes
Create opportunities for use of Bi-State compact	Yes	Yes	Yes	Yes
Expand BSD Research Institute projects	Yes	Yes	Yes	No
Real Estate:				
BSD strategic property analysis	Yes	Yes	Yes	Yes
BSD Engineering, etc. departmental support	Yes	Yes	Yes	Yes
BSD real estate accounts receivable current	98%	98%	98%	95%
BSD real estate accounts payable current	100%	100%	100%	100%
Manage BSD real estate assets to maximize value	Yes	Yes	Yes	Yes

Executive Services - Operating Expenses - Summary

	FY 2016 Actual	FY 2017 Budget	FY 2017 Projection	FY 2018 Budget	18 Bgt vs. 17 Proj $ Change	18 Bgt vs. 17 Proj % Change	FY 2019 Budget	FY 2020 Budget
By type of expense:								
Wages & benefits without OPEB	$ 2,234,755	$ 2,431,644	$ 2,404,856	**$ 2,686,612**	$ 281,756	11.7%	$ 2,812,104	$ 2,914,420
Other post-employment benefits	12,776	61,688	43,229	**61,688**	18,459	42.7%	61,688	61,688
Services	649,563	1,132,305	983,180	**1,065,963**	82,783	8.4%	1,092,865	1,118,337
Fuel & lubrications	835	1,464	732	**-**	(732)	-100.0%	-	-
Parts & supplies	20,191	26,406	23,590	**31,737**	8,147	34.5%	29,626	29,188
Utilities	6,344	8,649	6,158	**8,685**	2,527	41.0%	8,685	8,685
Leases and other expense	262,824	356,727	356,073	**374,332**	18,259	5.1%	380,650	385,902
Operating expense	$ 3,187,287	$ 4,018,882	$ 3,817,818	**$ 4,229,017**	$ 411,199	10.8%	$ 4,385,619	$ 4,518,221

	FY 2016 Actual	FY 2017 Budget	FY 2017 Projection	FY 2018 Budget	18 Bgt vs. 17 Proj $ Change	18 Bgt vs. 17 Proj % Change	FY 2019 Budget	FY 2020 Budget
By function:								
Executive Office	$ 725,380	$ 1,020,273	$ 1,043,386	$ 1,035,504	$ (7,881)	-0.8%	$ 1,060,465	$ 1,084,403
Internal Audit	705,969	1,094,260	955,840	1,074,535	118,694	12.4%	1,168,877	1,213,360
Government Affairs	335,039	370,597	369,587	397,962	28,375	7.7%	394,175	400,673
General Counsel	556,534	625,283	577,373	705,392	128,019	22.2%	724,197	745,268
Economic Development	347,788	545,612	473,460	450,427	(23,033)	-4.9%	459,676	475,530
Tourism Innovation Administration	354,355	362,858	367,570	385,917	18,347	5.0%	393,439	407,604
Workforce Diversity and EEO	162,222	-	-	-	-	-	-	-
Strategic Initiatives	-	-	30,602	179,280	148,678	485.8%	184,790	191,384
Operating expense	$ 3,187,287	$ 4,018,882	$ 3,817,818	$ 4,229,017	$ 411,199	10.8%	$ 4,385,619	$ 4,518,221

Totals may not sum due to rounding.

Executive Services - Operating Expense by Functional Area

		FY 2016 Actual	FY 2017 Budget	FY 2017 Projection	FY 2018 Budget	18 Bgt vs. 17 Proj $ Change	18 Bgt vs. 17 Proj % Change	FY 2019 Budget	FY 2020 Budget
Executive Office	Wages & benefits without OPEB	$547,115	$563,752	$539,532	$580,378	40,847	7.6%	$600,089	$624,027
	Other post-employment benefits	3,062	14,389	9,711	14,389	4,678	48.2%	14,389	14,389
	Services	10,062	202,000	230,501	207,000	(23,501)	-10.2%	212,000	212,000
	Parts & supplies	3,454	5,500	3,307	5,500	2,193	66.3%	5,500	5,500
	Utilities	944	1,200	600	1,200	600	100.0%	1,200	1,200
	Leases and other expense	160,744	233,432	259,735	227,037	(32,698)	-12.6%	227,287	227,287
	Operating expense	**$ 725,380**	**$ 1,020,273**	**$ 1,043,386**	**$ 1,035,504**	**$ (7,881)**	**-0.8%**	**$ 1,060,465**	**$ 1,084,403**
Internal Audit	Wages & benefits without OPEB	474,807	550,763	527,725	588,678	60,953	11.6%	644,041	660,949
	Other post-employment benefits	2,898	10,790	8,011	10,790	2,779	34.7%	10,790	10,790
	Services	190,949	471,310	368,519	404,043	35,524	9.6%	430,894	450,894
	Parts & supplies	3,837	10,147	5,546	10,239	4,692	84.6%	10,832	11,332
	Leases and other expense	33,478	51,250	46,040	60,785	14,745	32.0%	72,320	79,395
	Operating expense	**$ 705,969**	**$ 1,094,260**	**$ 955,840**	**$ 1,074,535**	**$ 118,694**	**12.4%**	**$ 1,168,877**	**$ 1,213,360**
Government Affairs	Wages & benefits without OPEB	-	135,795	100,390	152,716	52,326	52.1%	158,068	164,456
	Other post-employment benefits	-	4,745	2,805	4,745	1,939	69.1%	4,745	4,745
	Services	333,639	215,345	256,521	220,650	(35,871)	-14.0%	215,445	215,645
	Parts & supplies	-	1,175	2,670	1,375	(1,295)	-48.5%	1,180	1,190
	Utilities	-	600	300	600	300	100.0%	600	600
	Leases and other expense	1,400	12,937	6,901	17,877	10,976	159.1%	14,137	14,037
	Operating expense	**$ 335,039**	**$ 370,597**	**$ 369,587**	**$ 397,962**	**$ 28,375**	**7.7%**	**$ 394,175**	**$ 400,673**
General Counsel	Wages & benefits without OPEB	463,593	483,461	494,371	555,451	61,079	12.4%	575,599	599,199
	Other post-employment benefits	2,291	13,385	9,454	13,385	3,931	41.6%	13,385	13,385
	Services	58,627	92,650	47,884	96,270	48,386	101.0%	96,526	96,798
	Parts & supplies	6,395	5,300	4,602	7,050	2,448	53.2%	7,250	6,250
	Utilities	-	1,800	900	1,236	336	37.3%	1,236	1,236
	Leases and other expense	25,628	28,687	20,162	32,000	11,838	58.7%	30,200	28,400
	Operating expense	**$ 556,534**	**$ 625,283**	**$ 577,373**	**$ 705,392**	**$ 128,019**	**22.2%**	**$ 724,197**	**$ 745,268**
Economic Development	Wages & benefits without OPEB	277,758	361,216	364,290	292,980	(71,311)	-19.6%	302,115	312,840
	Other post-employment benefits	1,627	9,250	6,619	9,250	2,631	39.8%	9,250	9,250
	Services	51,972	151,000	79,755	126,000	46,245	58.0%	126,000	131,000
	Parts & supplies	743	3,384	4,719	3,423	(1,296)	-27.5%	3,464	3,516
	Utilities	2,682	3,249	2,754	3,249	495	18.0%	3,249	3,249
	Leases and other expense	13,007	17,513	15,323	15,525	202	1.3%	15,598	15,675
	Operating expense	**$ 347,788**	**$ 545,612**	**$ 473,460**	**$ 450,427**	**$ (23,033)**	**-4.9%**	**$ 459,676**	**$ 475,530**
Tourism Innovation Administration	Wages & benefits without OPEB	344,596	336,657	349,333	358,429	9,096	2.6%	368,702	382,866
	Other post-employment benefits	1,876	9,130	6,247	9,130	2,882	46.1%	9,130	9,130
	Services	114	-	-	-	-	-	-	-
	Fuel & lubrications	835	1,464	732	-	(732)	-100.0%	-	-
	Parts & supplies	2,752	900	1,740	3,650	1,910	109.8%	900	900
	Utilities	1,673	1,800	1,605	1,800	195	12.2%	1,800	1,800
	Leases and other expense	2,510	12,908	7,913	12,908	4,995	63.1%	12,908	12,908
	Operating expense	**$ 354,355**	**$ 362,858**	**$ 367,570**	**$ 385,917**	**$ 18,347**	**5.0%**	**$ 393,439**	**$ 407,604**
Workforce Diversity and EEO	Wages & benefits without OPEB	126,885	-	-	-	-	-	-	-
	Other post-employment benefits	1,023	-	-	-	-	-	-	-
	Services	4,200	-	-	-	-	-	-	-
	Parts & supplies	3,011	-	-	-	-	-	-	-
	Utilities	1,045	-	-	-	-	-	-	-
	Leases and other expense	26,057	-	-	-	-	-	-	-
							-		
	Operating expense	**$ 162,222**	**$ -**	**$ -**	**$ -**	**$ -**	**-**	**$ -**	**$ -**
Strategic Initiatives	Wages & benefits without OPEB	-	-	29,214	157,980	128,766	440.8%	163,490	170,084
	Other postemployment benefits	-	-	382	-	(382)	-100.0%	-	-
	Services	-	-	-	12,000	12,000	-	12,000	12,000
	Parts & supplies	-	-	1,006	500	(506)	-50.3%	500	500
	Utilities	-	-	-	600	600	-	600	600
	Leases and other expense	-	-	-	8,200	8,200	-	8,200	8,200
	Operating expense	**$ -**	**$ -**	**$ 30,602**	**$ 179,280**	**$ 148,678**	**485.8%**	**$ 184,790**	**$ 191,384**

Totals may not sum due to rounding.

Appendix

Bi-State Development Funds, Sources and Uses

The FY 2018 budget sources and uses of cash report is detailed by operating business unit. The report shows the beginning balances, sources and uses of those funds and the final ending balances. The report includes the dollar and percent change in balances from the beginning to the end of the period. On the following page is combined Operating and Capital report. Below is a discussion of the changes in cash by business unit.

Metro Transit

Metro transit funds are expected to decrease by approximately $4.3 million or 2.4%. This decrease is primarily related to debt service interest and principal payments. The capital projects planned for Metro transit are extensive and are detailed in the capital section of the annual budget book. The funding for these projects will come from local sales tax money, which has been restricted for capital expenditures, and federal funding.

Executive Services

Sources of funds from operating revenue are greater than expenses that will create an increase of $454 thousand. Any available funds in Executive Services are used at the direction of the President and Chief Executive Officer and the Board of Commissioners. There is no capital activity planned for the Executive Services in FY 2018.

Gateway Arch

The Gateway Arch Tram is expected to operate at a positive cash flow of $1.6 million or 10.8%. The additional funds can be attributed to the completed renovation of the Arch grounds and its positive impact on tourism. The Arch Trams have several capital projects totaling $890 thousand. These projects include the design and audio visual programming for the Tucker Theatre experience project for $300 thousand and Jefferson National Expansion Memorial park identifying signage for $590 thousand. The funding for these projects will come from the Jefferson National Expansion Memorial capital improvement fund.

Riverfront Attractions

The Riverfront Attractions is planned to have operating income and a positive cash flow in FY 2018. Revenue is expected to increase at the completion of the riverfront and Arch grounds construction. The capital project planned for FY 2018 is for the riverboat Becky Thatcher 5-year hull inspection and overhaul. The source of funds is the Riverboat Renewal and Replacement Fund.

St. Louis Downtown Airport

The St. Louis Downtown Airport is expected to operate at an 8.2% negative cash flow. Operating and Capital spending planned in FY 2018 result in negative funds flow. Capital projects are expected to total $10.1 million dollars. The construction of a run-up taxiway, pad and enclosure accounts for $5.0 million and construction of Taxiway Bravo - Phase 1 accounts for $4.8 million of the capital projects. The projects will be primarily funded through federal, state and local grants.

St. Louis Regional Freightway

St. Louis Regional Freightway will continue to be in start-up operation mode in the FY 2018. This will result in a negative cash flow of $718 thousand. The President and Chief Executive Officer of Bi-State Development and the Executive Director of St. Louis Regional Freightway will pursue regional support to fund the deficit through private sector partners. There is no capital spending in the FY 2018 budget.

Self-Insurance Funds

The three Self-Insurance Funds have a combined source of funds of $40.6 million. The source of funds for Health, Casualty and Workers' Compensation funds are $31.9 million, $3.5 million and $5.2 million respectively. The use of funds is equal to the source of funds resulting in a breakeven operating cash flow. There is no Self-Insurance Funds capital spending in the FY 2018 budget.

Bi-State Development Component Units

The two remaining BSD component units, BSD Research Institute and Arts In Transit, Inc. have minimal impact on BSD's overall cash flow activities. The combined total for these business units result in a negative cash flow of $103 thousand.

Bi-State Development

Capital and Operating Budget

Projected Sources and Uses of Funds

Fiscal Year 2018

(in thousands)

	Metro Transit	Executive Services	Gateway Arch Tram	Riverfront Attractions	St. Louis Downtown Airport	St. Louis Regional Freightway	BSD Research Institute	Arts In Transit, Inc.	Health Self-Insurance Fund	Casualty Self-Insurance Fund	Workers Comp Self-Insurance Fund	Total
Beginning available funds*	**$179,847**	**$ 5,364**	**$ 14,306**	**$ 17**	**$ 228**	**$ 3**	**$ 421**	**$ 38**	**$ 1,380**	**$ 5,098**	**$ 4,830**	**$ 211,532**
Sources of funds:												
Operating revenue	54,365	4,620	8,742	3,048	1,732	-	-	-	-	-	-	72,507
State and local assistance	335,621	-	890	-	-	-	-	-	-	-	-	336,511
Federal assistance	374,501	-	-	-	4,517	-	-	-	-	-	-	379,018
Investment Income **	1,060	1	11	-	2	-	-	-	-	-	-	1,074
Other	46,435	-	-	-	5,470	230	64	50	31,890	3,474	5,164	92,777
Total Sources	**811,982**	**4,621**	**9,643**	**3,048**	**11,721**	**230**	**64**	**50**	**31,890**	**3,474**	**5,164**	**881,887**
Uses of funds:												
Wages and benefits ***	192,334	2,687	2,402	1,434	1,061	302	-	-	990	569	541	202,320
Services	54,267	1,066	1,096	245	116	545	111	100	438	3	3	57,990
Materials and supplies	25,431	32	246	486	160	2	1	1	44	4	3	26,410
Utilities and fuel	20,932	9	124	145	178	1	-	-	3	3	1	21,396
Casualty and liability costs	5,580	-	60	176	60	-	-	-	-	885	225	6,986
Other	6,796	374	2,147	143	110	98	4	-	30,409	2,010	4,391	46,482
Contributions to Others	110,449	-	826	-	-	-	-	-	-	-	-	111,275
New revenue & support vehicles	125,576	-	-	-	-	-	-	-	-	-	-	125,576
Facilities new and rehab	87,892	-	-	-	-	-	-	-	-	-	-	87,892
Construction - land improvement	48	-	-	-	9,755	-	-	-	-	-	-	9,803
Capital projects, equipment,	160,130	-	-	-	-	-	-	-	-	-	-	160,130
and other capital	-	-	890	175	298	-	-	-	-	-	-	1,363
Debt service (interest and principal) **	26,886	-	300	-	-	-	-	-	-	-	-	27,186
Total Uses	**816,321**	**4,168**	**8,091**	**2,804**	**11,738**	**948**	**116**	**101**	**31,884**	**3,474**	**5,164**	**884,809**
Ending available funds	**$175,509**	**$ 5,817**	**$ 15,858**	**$ 261**	**$ 209**	**$ (715)**	**$ 369**	**$ (13)**	**$ 1,386**	**$ 5,098**	**$ 4,830**	**$ 208,611**
Change in Balance	**$ (4,338)**	**$ 453**	**$ 1,552**	**$ 244**	**$ (19)**	**$ (718)**	**$ (52)**	**$ (51)**	**$ 6**	**$ -**	**$ -**	**$ (2,922)**
Percent Change	**-2.4%**	**8.4%**	**10.8%**	**1435.3%**	**-8.3%**	**-23933.3%**	**-12.4%**	**-134.2%**	**0.4%**	**-**	**-**	**-1.4%**

* Beginning balances are from the January 31, 2017 balance sheet for each enterprise.

Financial Policies, Fund Balances, Debt Obligations

All fiscal policies apply to all operations of Bi-State Development.

Planning and Budgeting Policies

Balanced Budget

Each year the President and Chief Executive Officer prepare an annual budget for the forthcoming fiscal year that will be presented to the Board of Commissioners. The President and CEO will work with the Board in setting strategic objectives, update BSD long range planning document, and prepare both operating and capital budgets. The operating budget shall include proposed expenditures for current operations during the ensuing fiscal year and the method of financing such expenditures. The capital budget shall include capital expenditures during the ensuing fiscal year and the proposed method of financing such expenditures.

Basis of Budgeting

Bi-State Development budgets expenses on the ***accrual basis of accounting*** that is consistent with accounting policy whereby revenues are recognized when earned and expenses are recognized at the time the liability is incurred.

Balanced Budget Guideline

For purposes of the Metro transit operating budget, a balanced budget shall be where revenues equal expenditures except for depreciation, amortization and unfunded other post-employment benefit expenses.

Bi-State Development is required to adopt a balanced operating budget; however, it is not required to adopt legally enforceable budgets and does not adopt such budgets.

Audit Policies

Internal Audit

It is BSD policy to employ an Internal Auditor who will report directly to the Board of Commissioners. The Internal Auditor shall supervise and direct the staff of the Internal Audit Department. The Internal Audit Department shall provide independent, objective analysis and recommendations to assist the President and CEO and management in effectively discharging their administrative responsibilities. The Internal Audit Department shall perform routine audits of compliance of BSD divisions with internal BSD rules and regulations. The Internal Audit Department shall, at all reasonable times, have access to the accounts, books, and records of

Bi-State Development. The Internal Audit Department may interview the President and CEO and other employees of BSD as necessary.

External Audit

It is the policy of Bi-State Development to submit its books and records to an annual audit by a qualified recognized CPA firm. The firm shall have broad experience in auditing large local government and/or agencies in compliance with relevant federal rules and regulations such as the Single Audit Act.

Accounting Policies

Financial Reporting Entity

The basic financial statements encompass all proprietary functions for which Bi-State Development is responsible. These functions include: Executive Services, St. Louis Regional Freightway, Gateway Arch Tram System, Riverfront Attractions, St. Louis Downtown Airport, Bi-State Development Research Institute, Arts In Transit, Inc. and Metro Transit.

Additionally, Bi-State Development evaluated whether there were any potential component units, which should be included in these financial statements based on the following criteria: financial accountability, access to resources, responsibility for debts and deficits, and fiscal independence. Bi-State Development did not have any component units. The City of St. Louis, Missouri, the Missouri counties of St. Louis, St. Charles and Jefferson, the Illinois counties of Madison, St. Clair, and Monroe and the States of Illinois and Missouri have limited decision-making authority over Bi-State Development and have limited responsibility for Bi-State Development's debts or deficits except as provided in the Memorandum of Agreement.

Basis of Accounting

Bi-State Development follows the accrual basis of accounting and uses the economic resources measurement focus for all of its enterprise funds and fiduciary funds. Revenues are recognized when earned and expenses are recognized at the time liabilities are incurred regardless of the timing of related cash flows.

Estimates and Assumptions

The preparation of the financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, and deferred inflows and outflows of resources; the disclosure of contingent assets and liabilities at the date of the financial statements; and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Fund Accounting

Bi-State Development maintains its internal accounting records on the basis of funds. A fund is a fiscal and accounting entity with a self-balancing set of accounts. Cash and other financial resources, together with all related liabilities and residual fund balances and changes therein are segregated for the purpose of carrying on the specific activities or attaining certain objectives in accordance with Board or external special regulations, restrictions or limitations.

All funds used in accounting for the financial operations of Bi-State Development are enterprise funds or fiduciary funds. For financial reporting purposes, Bi-State Development is considered a single enterprise fund in which all subsidiary enterprise funds are combined and interfund transactions are eliminated. Bi-State Development is required to adopt an overall balanced operating budget; however, it is not required to adopt legally enforceable budgets and does not adopt such budgets.

Fiduciary funds are used to account for assets held in trust by the government for the benefit of individuals or other entities.

New Accounting Standards

GASB Statement No. 72 Fair Value Measurement and Application: Bi-State Development adopted the Statement in the current year. This statement addresses accounting and financial reporting issues related to fair value measurements. The definition of fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. This Statement provides guidance for determining a fair value measurement for financial reporting purposes. This Statement also provides guidance for applying fair value to certain investments and disclosures related to all fair value measurements. The adoption of this statement had no effect on Bi-State Development' net position or changes therein.

Proprietary Funds

Enterprise Funds

Bi-State Development's enterprise funds are used to account for operations that are financed and operated in a manner similar to private business enterprises. Enterprise funds operate by creating a cash flow to pay for the services by issuing fees and charges.

The business purposes of the various enterprise funds of Bi-State Development are as follows:

- Executive Services Fund – performs certain developmental activities and acts as the administrative head of Bi-State Development;
- St. Louis Regional Freightway Fund – operates and develops freight and freight related business opportunities in the St. Louis bi-state region;

- Gateway Arch Tram System Fund – operates and maintains the transportation system within the Gateway Arch in accordance with a cooperative agreement with the National Park Service and the United States Government;
- Gateway Arch Riverfront Attractions Fund – owns, operates and maintains both the Tom Sawyer and Becky Thatcher Riverboats docked along the Mississippi River just below the Gateway Arch;
- St. Louis Downtown Airport Fund – owns, operates and maintains the St. Louis Downtown Airport and an adjacent business park located in Cahokia, Illinois;
- Bi-State Development Research Institute Fund – generates economic opportunities for Bi-State Development in the region;
- Arts In Transit, Inc. Fund – plans, funds and acquires artwork for the transit alignment to enhance the ridership experience;
- Transit System (Metro) Fund – owns, operates and maintains the St. Louis metropolitan area mass transportation system which includes MetroBus, MetroLink and Metro Call-A-Ride services;

Self-Insurance Fund

The Internal Service Fund is used to report activities and accumulate and allocate costs of services that are provided to Bi-State Development's various enterprises. This fund accounts for payroll and risk management, which includes self-insurance general liability and worker's compensation. Bi-State Development's internal service funds are used for operations serving other funds or departments within BSD.

The three components of BSD’s self-insurance funds are as follows:

- Health Self-Insurance Fund – operates the self-funded health programs and charges for services to other operating units within Bi-State Development.
- Casualty Self-Insurance Fund – operates the self-funded risk program and charges for services to other operating units within Bi-State Development.
- Workers Compensation Self-Insurance Fund – operates the self-funded workers’ compensation program and charges for services to other operating units within Bi-State Development.

Fiduciary Fund

Fiduciary funds are used to account for assets held by Bi-State Development as a trustee or as an agent for others and which the assets cannot be used to support its own programs. The key fiduciary fund is the trust fund for the Bi-State Development Agency Other Post Employment Benefit Trust.

Cash and Cash Equivalents

When beneficial, Bi-State Development pools all cash for investment purposes. Each fund has equity in the pooled amount. Investment earnings are allocated to each individual fund on the basis of their investment or equity in the pooled amount. All highly liquid investments readily convertible into cash with original maturities of 90 days or less are treated as cash equivalents.

Bi-State Development Operating Revenues and Expenses

Operating revenues and expenses generally result from providing services in connection with Bi-State Development's ongoing operations. Revenues are recorded as income in a manner consistent with the timing of the provided service. The principal operating revenues of the various funds of BSD are as follows:

- Executive Services Fund – inter-fund charges for management services;
- Gateway Arch Tram System Fund – charges to tourists for admissions to attractions at the Jefferson National Expansion Memorial and rentals
- Riverfront Attractions Fund – charges to tourists for riverboat excursions along the Mississippi, memorabilia sales and heliport and bicycle rentals;
- St. Louis Downtown Airport Fund – charges to customers for aviation and runway services provided, including hangar rentals and fuel;
- Arts In Transit, Inc. Fund – contributions for bus paintings, art services and donations;
- Bi-State Development Research Institute Fund – contributions for services and donations;
- Metro Transit Fund – fares charged to passengers for public transportation, advertising, and rentals;
- St. Louis Regional Freightway Fund - public and private contribution fees.

Operating expenses include the cost of personnel wages and benefits, services, materials, utilities and administrative expenses. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

Expenditure Controls

Bi-State Development utilizes several different methods for controlling expenditures. A tiered approval system is utilized to secure management approval on various levels of expenditures. The approval tiers are applied as follows once the budget is adopted:

Supervisors	$ 5,000 and under
Managers	$ 10,000 and under
Directors	$ 25,000 and under
Vice Presidents	$ 100,000 and under
Chief Executive Officer	$ 500,000 and under

Investments

Bi-State Development's investments consist of collateralized repurchase agreements; Triple A rated money market funds, collateralized certificates of deposit, commodities, investment contracts, municipal bonds, and U.S. Treasury and U.S. Government Agency securities. Additional information regarding valuation of investments can be found in Footnote 4: Fair Value of Financial Instruments.

Parts and Supplies

Metro inventories of materials and supplies are recorded at cost, using the weighted-average method and are expensed when inventories are consumed in operations.

The Gateway Arch Riverboats gift shop and food inventory counts are completed midyear to accommodate seasonality and maritime regulations. Purchases made between the midyear inventory count and fiscal year end are expensed as incurred.

The St. Louis Downtown Airport inventory of firefighting chemicals is recorded at cost, using the first-in-first-out method to expense as the chemicals are used.

Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets, are recorded at cost, when acquired or constructed. Capital assets are defined under Bi-State Development policy as assets where the initial cost is more than $5,000 and there is an estimated useful life more than one year. Improvements to existing plant and equipment, which extend the useful lives of the related assets, are also capitalized. Donated capital assets are recorded at acquisition value.

Expenditures for maintenance and repairs are charged to expense as incurred. When capital assets are retired or otherwise disposed of, the cost of the assets and the related accumulated depreciation are removed from the accounts, and gains or losses on disposals are recorded. Prorated shares of the proceeds from the sale of property and equipment, which were acquired with federal or state funds, are returned to the United States Department of Transportation – Federal Transit Administration or the related state Department of Transportation.

Depreciation and Amortization

Depreciation of capital assets is calculated using the straight-line method over the estimated useful lives of the assets. The estimated useful lives by categories are as follows

	Years
Airport runways, airframe and related facilities	15-25
Buildings and improvements	15-40
Gateway Arch tram facilities	15-25
Riverboats and barges	15-20
Light rail structures and improvements	12-30
Autos and trucks	5-10
Buses, vans, light rail and other revenue vehicles	3-25
Furniture, fixtures, computers and other equipment	3-10

Investment Policies

Restricted investments are made in accordance with investment policies specific to their restriction. Unrestricted investments are made in accordance with Bi-State Development's general investment policy.

Credit Risk

Credit risk is the risk that the financial counterparty will fail to meet its defined obligations. Bi-State Development's investment policy authorizes the unlimited purchase of direct obligations of the U.S. Government or its agencies repurchase and reverse repurchase agreements, commercial paper, banker's acceptances, and money market funds. Repurchase and reverse repurchase agreements are entered into only with pre-approved credit-worthy banks or dealers, and a written repurchase agreement is completed for each bank or dealer. Repurchase agreements are collateralized with direct obligations of the U.S. Government or its agencies and sponsored enterprises. Securities are held in segregated customer accounts or at the Federal Reserve. Bi-State Development's investment policy limits investments in commercial paper, negotiable (uncollateralized) certificates of deposit, and banker's acceptances to the top two ratings issued by nationally recognized credit rating organizations, and further limit these instruments to five million per issuer. The policy also stipulates that money market funds have over $500 million in assets and carry the highest rating issued by a nationally recognized credit rating organization. The policy is not applicable to restricted investments, or collateral securities related to lease finance obligations or bond indentures. Provisions of the lease agreements or bond indentures stipulate that financial counterparties must maintain the highest rating issued by a nationally recognized credit rating organization. If the counterparty does not maintain the required credit rating, it must collateralize the investment with securities carrying the highest rating issued by a nationally recognized credit rating organization. (In the case of the investment contracts listed above, the rating requirement is applicable to the senior debt rating of the issuer of the contract; the contracts themselves are not rated separately.)

As of June 30, 2016, Bi-State Development's non-lease or other fiduciary related money market funds and commodities accounts at market value were $76,564,963. Bi-State Development's investments in U.S. Treasury and Government Agency securities all had ratings of AA+ from S&P and Aaa from Moody's as of June 30, 2016.

Custodial Credit Risk

Custodial credit risk is the risk that, in the event of the failure of the counter-party, Bi-State Development will not be able to recover its investments or collateral securities that are in possession of an outside party. Bi-State Development's investment policy specifies that all investments be delivered to Bi-State Development's securities safekeeping agent and held in the name of Bi-State Development. The policy is not applicable to restricted investments or collateral securities related to lease finance obligations or bond indentures, which generally are held in trust according to specific provisions of the lease agreement or bond indenture. As of June 30, 2016, Bi-State Development's investment safekeeping agent held, in Bi-State Development's name, all of Bi-State Development's non-lease or bond related investments in treasury securities or government agency securities. As of June 30, 2016, collateral for repurchase agreements was either being held by Bi-State Development's agent or by the financial counterparty in a segregated customer account in the name of Bi-State Development. Bi-State Development's investment policy specifies that collateral for repurchase agreements with a term of longer than 14 days be placed in joint custody with Bi-State Development at the Federal Reserve Bank or other third party custodian. No repurchase agreements in effect at June 30, 2016 had a term of longer than 14 days.

Concentration of Credit Risk

Concentration of credit risk is the risk associated with the magnitude of investment in any one issuer. Bi-State Development maintains an investment policy that establishes thresholds for holdings of individual securities. As of June 30, 2016, more than 5 percent of Bi-State Development's investments were in the Federal Home Loan Bank and Federal Farm Credit Banks, totaling $30,359,122 and $41,455,380, respectively.

Interest Rate Risk

Interest rate risk is the risk that the fair value of an investment will decline as interest rates increase, and if it is sold before its maturity a loss will result. Bi-State Development's investment policy specifies that all funds may be invested in maturities that match anticipated obligations to a maximum of five years. The policy is not applicable to restricted investments or collateral securities related to lease finance obligations or bond indentures, for which investment maturities are generally matched to specific debt amortization requirements. Due to the short duration of the majority of Bi-State Development's non-lease or bond related investments at June 30, 2016, interest rate risk is not deemed significant to Bi-State Development.

Self-insurance Liability

Self-insurance liabilities for workers' compensation, employee medical and dental insurance claims, and public liability and property damage claims are recognized when incurred and on the basis of the estimated cost to Bi-State Development upon resolution.

Workers' compensation benefits are awarded as determined by the appropriate governmental authority in each state in which Bi-State Development operates. Estimated liabilities for injury and damage claims and medical and dental insurance claims are charged to the appropriate operations expenses in the year the claim events occur. Estimated liabilities for outstanding claims are made by management, as needed.

Self-insured liabilities are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. These liabilities include an amount for claims that have incurred, but not reported.

Since self-insured claims depend on complex factors such as inflation, changes in legal doctrines, and damage awards, the process used in computing claims liability does not necessarily result in an exact amount. Claims liabilities are evaluated on a case-by-case basis and are re-evaluated periodically to take into consideration historical experience of recently settled claims, the frequency of claims, and other economic and social factors.

Pension Plans

Bi-State Development has sponsored three defined-benefit pension plans; one Salaried plan and two Union plans. All three plans are single employer plans.

It is the policy of Bi-State Development's Board of Commissioners to see that each pension plan is funded to the fullest extent feasible through a combination of investments and funding the actuarially determined contribution each year. Each plan is administered by an Administrative Pension Committee comprised of Trustees who are selected, at least in part, by the Board. Under Sections 70.050 A and B of its Collected Board Policies, the Board maintains authority over the appointment of the Trustees on the Salaried Employees Administrative Pension Committee, and over one-half of the Trustees on the Pension Committees that administer the plans for the employees who are represented by the Amalgamated Transit Union (ATU) and the International Brotherhood of Electrical Workers (IBEW). The ATU and the IBEW select the remaining Trustees on those Committees.

Required contributions and benefit provisions are established and amended by the Administrative Pension Committees. The Administrative Pension Committees are authorized to administer their respective plans' assets, determine eligibility for benefits under the plan and to construe the plans' terms.

There are separate audited financial statements for each of the pension plans. The independent audit firm who performs the work is hired by each respective Administrative Pension Committee. Like many other governments and public entities in Missouri, Bi-State Development's pension plans are monitored by the Joint Committee on Public Employee Retirement (JCPER) – a permanent oversight body created by the Missouri General Assembly in 1983.

Salaried Plan

The Salaried Plan was closed to new entrants effective July 1, 2013 and all subsequently hired salaried employees were put in a 401k plan. As of January 1, 2014, the Salaried Plan became a 3% contributory single employer defined benefit pension plan for salaried employees who remain in the plan.

Employees who retire after attaining the normal service retirement age as defined in the plan, provided the employees have five years of credited service, are entitled to normal retirement benefits, payable monthly for life, based upon final average monthly earnings and years of credited service. Final employee average monthly earnings are the employee's average monthly earnings for the three consecutive Plan years preceding cessation of employment producing the highest average. Participants who have attained age 55 and completed 10 years of credited service may retire and receive reduced benefits. The Salaried Plan also provides death and disability benefits. The amortization period for the Salaried Plan is closed.

Union Plans

All Bi-State Development full-time employees who are included in one of the collective bargaining units recognized by Bi-State Development are required to participate in an applicable Union Plan. The Union Plans are contributory single employer defined benefit pension plans. Participants must satisfy minimum age and service requirements for retirement and are eligible for a deferred vested pension if they leave the service of Bi-State Development with at least 10 years credited service. The Union Plans are as follows:

- Bi-State Development Agency of the Missouri-Illinois Metropolitan District and Division 788 Amalgamated Transit Union, AFL-CIO, Employees' Pension Plan and Agreement (788 ATU Plan)
- Bi-State Development Agency of the Missouri-Illinois Metropolitan District and Locals No. 2 and Local No. 309 of the International Brotherhood of Electrical Workers Employees' Pension Plan and Agreement (IBEW Plan)

Beginning April 1, 2015, the Bi-State Development Agency Division 788 ATU Operations Pension Plan and Bi-State Development Agency Division 788 ATU Clerical Pension Plan merged after a vote by the union membership and acceptance by the respective administrative pension committees to create the Bi-State Developments Agency Division 788 ATU Pension Plan. The combined 788 ATU Plan is being presented and any prior years' data shown as combined is based upon the total of the two individual plans. Despite the merger, both plans have grandfathered in the benefit structures for their respective employees.

The 788 ATU Plan members hired on or after April 1, 2015 are eligible for full retirement benefits at (a) age 65, (b) the completion of 25 years of credited service or (c) age 55 with 20 or more years of credited service. Participants who have attained age 55 with 15 years of credited service may retire with reduced benefits.

Under the 788 Clerical Plan, members hired prior to April 1, 2015 are eligible for full retirement benefits at (a) age 65 or (b) the completion of 25 years of credited service. Former participants in the 788 Clerical Plan are eligible for reduced retirement benefits at (a) age 62 with 10 or more years credited service or (b) age 54 to 62 with 15 years or more of service.

For the 788 ATU and Clerical Plan, the retirement benefit is $40 times the years of credited service up to 25 years. A participant with more than twenty-five years of service receives a retirement benefit of $55 times years of credited service. The pension plans provide payments for retirement and Bi-State Development provides medical insurance.

Eligible IBEW Plan members who retire after December 31, 2013 are eligible for full retirement benefits at (a) age 65 with 10 or more years of credited service or (b) the completion of 25 years of credited service. IBEW employees closed their defined benefit pension plan to new employees effective January 1, 2014. Newly hired employees are directed to a defined contribution plan or the National Electric Benefit Funds pension plan. For the IBEW plan, the retirement benefit is $60 times the years of credited service. The pension plan provides payment and no medical services.

All Union employees are required to make plan contributions by payroll deduction each week. If a union employee leaves the employment of Bi-State Development prior to being eligible to receive a monthly benefit, he or she is eligible for a refund of contributions. Upon retirement, employees are entitled to a monthly pension benefit, payable for life. The Union Plans also provide survivor and disability benefits.

All three pension plans do not include cost of living adjustments for pension plan benefit payments.

The Union Plans' benefit terms can only be changed through the negotiation of a labor contract and the approval of the Board of Commissioners. The Salaried Plan benefits can be changed with the approval of the Board only.

Funding Policy, Annual Pension Cost and Actuarial Assumptions

For the Salaried Plan, Bi-State Development contributes the actuarial required contribution less the amount contributed by the employees. Employer contributions to the Salaried Plan were $2,752,597 for the year ended June 30, 2016. For the Union Plans, Bi-State Development has agreed within each collective bargaining agreement to fund a portion of the actuarial determined contribution (ADC) to the plans. Employer contributions for the ATU and IBEW Plans were $9,399,119 and $315,311, respectively, for the year ended June 30, 2016. Pension expense is determined by an actuarial report prepared by an independent third party actuary. Contribution rates are approved by the respective pension committees and the Board of Commissioners.

For the 788 ATU employees hired after April 1, 2015 and IBEW plans, Bi-State Development funds 70% of the ADC. For the 788 ATU employees hired prior to April 1, 2015, Bi-State Development funds 68% of the ADC. The remaining percentages of each plan’s ADC are funded from the employee contributions.

The Union Plans’ measurement date and fiscal year end is March 31, 2016 and the Salaried Plan’s is May 31, 2016.

Other Post-Employment Benefits

In addition to the pension benefits described above, Bi-State Development provides other post-employment health care benefits to all employees who meet retirement requirements and provide an employee share of premiums for health coverage. The benefits for union retirees are determined by contractual agreement and the benefits for salaried retirees represent a voluntary payment. As of June 30, 2016, 1,859 union and salaried retirees met those requirements. There is not a separate GAAP based audited set of financial statements for OPEB.

For budgeting purposes, Bi-State Development budgets OPEB costs in two categories. The annual normal OPEB costs are budgeted as retiree medical expense. This portion is funded on a pay-as-you-go basis. The current year portion of the OPEB unfunded liability is accrued and shown as OPEB expense in the financial statements.

OPEB benefits include medical and pharmaceutical coverage along with basic life coverage for an employee retiring from active service with ten years of credited service. Contributions from retirees are required and are dictated by Board policy or union contract for the medical/pharmacy benefit. Basic life insurance is non-contributory for the retiree.

Hedging Policy

Bi-State Development will engage only in financial hedge transactions that are consistent with prudent risk management practices related to Bi-State Development's principal business. The hedge is a financial tool used to reduce the risk associated with buying diesel fuel, electricity and natural gas as well as financial lending or borrowing activities.

Bi-State Development has adopted GASB 53 to account for their investment in oil future contracts to hedge against the volatility in diesel fuel prices. Because the fuel hedge is an effective hedge as defined by GASB 53, the accumulated unrealized gain (loss) on the fuel hedge is reported on the Statements of Net Position as an investment and a deferred inflow/outflow. The hedging instruments affected are weekly fuel hedge contracts with a speculative amount of 42,000 gallons each with an index of New York Harbor Heating Oil #2 as listed on the NYMEX.

Basis risk

Bi-State Development is exposed to basis risk on its fuel hedge contracts because the future fuel purchases are based on a pricing point different from the pricing point at which the future contracts are expected to settle (New York Harbor Heating Oil #2). There is no termination or interest rate risk.

Debt Policies

Legal Debt Limits

Currently, Bi-State Development is not subject to legal debt limits. Bi-State Development is not required to obtain voter approval to issue debt or refinance bonds.

Bi-State Development Debt

Debt may be incurred only by the specific authority of the Board of Commissioners. Notwithstanding funds specifically identified by Board Policy to be exempt, all funds under such debt resolutions or indentures of trust shall be controlled by the investment policies set forth in such documents.

Bi-State Development may not enter into a debt or financing arrangement unless the transaction is in full compliance with all state and federal laws.

Reserve Funds

Reserve funds may be required by the financial markets. These reserves may be funded by cash and securities, insurance, or surety bonds, but shall not be accessed unless there are insufficient funds to make the principal and interest payments as due. For financial planning purposes, reserve projections shall be based on the maximum annual debt service or 10% of principal outstanding on projected debt.

Legal Security Structure

Bi-State Development shall establish a legal security structure of liens, agreements, pledged revenues, and other covenants which will be sufficient to secure credit enhancement from a financial institution with a rating of “AA” or better from Standards and Poor’s and a rating of “Aa” or better from Moody’s.

Debt Coverage Ratios

Certain debt service coverage ratios are required to access the financial markets. For financial planning purposes, long-term and short-term debt, sales tax revenues, operating revenues, interest income, less operating expenses (excluding debt service and depreciation), for the prior twelve months, must be sufficient to cover maximum annual debt service and financing lease payments. The same calculation for future years must be sufficient to cover maximum annual debt service and lease payments, including payments on any debt to be issued, varying with each financing.

Revenue Policies

Revenue Diversification

As is the case with other large U.S. mass transit systems, the fares paid by Bi-State Development passengers cover only a portion of the cost to operate the Metro transit system. Consequently, BSD seeks to broaden and diversify its sources of revenue when possible. Bi-State Development operates a number of enterprises, each a separate business entity with its own assets and liabilities, including separate and distinct cash reserves. Various subsidies and grants received for transit operations, including monies from federal, state and local sources, are not comingled with those of other operating units. Revenues, subsidies, or grants received for other operating units are not used for transit operations.

Operating Revenues

Operating revenues are recorded in the accounting period in which they become earned and measurable.

- **Transit System-** Passenger fares, bus and shelter advertising, real property rental income, and miscellaneous non-capital project billings.
- **Executive Services** - Management fees from each operating unit.
- **Gateway Arch Tram System** - Passenger ticket sales and site rental for special receptions.
- **Riverfront Attractions** - Riverboat cruise fee revenues, food, beverage and gift shop sales associated with riverboat cruises, bicycle rentals, helicopter tours and concession revenues.

- **St. Louis Downtown Airport -** Aircraft parking, leased acreage, hangar rentals, aviation fuel sales, concession revenues, and other revenues for security, utilities and trash removal.
- **Arts In Transit, Inc. Enterprise Fund** – contributions and donations to establish and develop artwork projects.
- **Bi-State Research Institute Enterprise Fund** – fees for services provided and contributions.
- **Freight District Enterprise Fund –** fees for services provided.
- **Internal service Funds** – charges for services provided internally to BSD units.

Establishing Fares and Fees

- **Transit System -** Passenger fares require approval by the Board of Commissioners and 30-day public notice prior to implementation.
- **Non-Transit Business Enterprises –** Service fares require approval by the Board of Commissioners.

Transit Passenger Fares

Farebox revenues are recognized at the time services are purchased and revenue passes through the bus farebox and MetroLink ticket vending machines. Sales of monthly passes, ten two-hour passes, 30-day passes and other tickets types are also recorded as revenue at the time of purchase.

Sales of University passes, Universal passes and Student Tickets, which are valid for a specific academic term, are recorded initially as unearned revenue. These unearned revenues are recognized as operating revenue monthly. The amount recognized in each month is determined by calculating a daily weighted average proration factor. The weighted average proration factor is calculated by considering total number of students, employees, and days specified in the contract

Non-Operating Revenues

Non-operating revenues are recorded in the accounting period in which they become earned and measurable. There are primarily three sources of non-operating income; grants, assistance (local, state, federal), and sales tax appropriations.

Sales Taxes

Missouri state and local sales taxes are imposed on the purchase price of tangible personal property and taxable services sold. These taxes are forwarded to the State of Missouri Department of Revenue either monthly or quarterly depending on the sales volume of the vendor. The Missouri Department of Revenue distributes the local sales tax collected back to the applicable city and county. The Missouri sales tax subsidies to Bi-State Development are generated from a portion of the local City of St. Louis and St. Louis County sales taxes collected. These funding jurisdictions distribute the sales tax subsidies via an appropriation process to Bi-State Development or the Bond Trustee, as applicable.

Grants and Contractual Revenue

All capital grants and assistance are recorded in the accounting period in which they become earned and measurable. Unrestricted, irrevocable operating assistance grants are recorded as non-operating income. Capital grants and assistance, which are restricted to use for payments of debt service or acquisitions of capital assets, are credited directly to fund equity (capital grants and assistance).

Capital projects are defined as expenditures or projects with an estimated useful life of one year or more and a total cost of at least $5,000. Types of capital projects include construction of new transit facilities, purchase of rolling stock or support equipment and enhancements to the transit system for passenger comfort and safety. More information on grants and capital projects may be found in the Transit Capital Budget section of this document.

Federal Aviation Administration Capital Improvement Grants

Capital improvement projects for airport engineering and construction costs at the St. Louis Downtown Airport are funded by capital improvement grants from the Federal Aviation Administration and the Illinois Department of Aeronautics and the Illinois Department of Transportation (IDOT). The St. Louis Downtown Airport provides additional funds from operating revenues. The terms and conditions of capital grants require that a portion of the project costs be funded locally.

Capital and Operating Assistance Grants

Bi-State Development receives federal and state capital assistance grants for undertaking of urban mass transportation capital improvement projects. Additionally, beginning in fiscal year 1999, a portion of the capital assistance grants may be used for fleet maintenance. The terms of the capital assistance grants require that a portion of the project costs be funded locally. The local share of the capital assistance grants has been funded by grants from the State of Illinois and by application of local Missouri sales tax appropriations. Bi-State Development receives the following type of assistance grants:

- **Federal Transit Administration -** Bi-State Development is the recipient of several Federal Transit Administration Assistance Grants awarded by the United States Department of Transportation under the Federal Transit Act of 1964, as amended.
- **State of Missouri -** In 1996, the Governor of the State of Missouri approved temporary transit operating assistance grant funding through the Missouri Department of

Transportation. Bi-State Development began receiving this assistance in July 1996. The grant was renewed January 2015.

- **Illinois Department of Transportation Grants -** IDOT is authorized under provisions of Illinois Revised Statutes, Chapter 127, Section 49 through 51 and Illinois Revised Statues, Chapter 127, Section 701 (Illinois Acts) to provide capital assistance to Bi-State Development. Bi-State Development uses a portion of the Illinois capital assistance grants to meet local share requirements on certain federal transit administration capital improvement projects.

Sales Tax Appropriations

Six local Missouri sales taxes fund Bi-State Development. This includes three from St. Louis City and three from St. Louis County.

Missouri Legislature has authorized certain cities and counties to levy a ½ cent sales tax to be used for transportation purposes. Missouri law does not require that revenues from the ½ cent sales tax be paid directly to Bi-State Development, but authorizes the collecting agencies to appropriate such revenues for transportation purposes. A minimum of 2% of any appropriation for public mass transportation must be passed through to the St. Louis Office of the Developmentally Disabled Resources Board (City Board) and the Productive Living Board for the Developmentally Disabled (County Board). Sales tax receipts that are passed through to the City and County Boards are recorded as operating assistance, and the corresponding expense is recorded as a contribution to outside entities in the Statements of Revenues, Expenses and Changes in Net Position of Bi-State Development.

A ¼ cent sales tax Prop M was established and is restricted to mass transit use. The tax is forwarded to Bi-State Development based upon annual appropriations from the City of St. Louis and St. Louis County. There is an additional ½ cent sales tax known as Prop A levied in St. Louis County and a corresponding additional ¼ sales tax cent levied in St. Louis City.

Illinois Service

Bi-State Development contracts with the St. Clair County Transit District to provide public mass transportation services for the Illinois Counties of St. Clair and Monroe. The contract specifies the amount of services to be provided and the method of reimbursement for operating costs associated with the services provided in these counties.

Financial Reserve Policies

Restricted Funds Policies

During the annual capital budget process, the total capital funding amount needed for projects during the upcoming year is determined. After the needs are determined, a sufficient percentage of incoming funding is then required to be restricted to meet these capital funding needs. The percent restricted is stated in the annual budget document and dictates how the funds are handled. For FY 2017, 3.0% of St. Louis County and City of St. Louis Prop M funds, 30.0% of City of St. Louis Prop M2 funding and for St. Louis County Prop A 7.0% are restricted for capital. If additional capital projects are required and immediate, additional operating funds may be restricted by order of the President and Chief Executive Officer.

The portion of the sales tax receipts which is restricted for capital expenditures, for improvements to properties used in providing public mass transportation, for parts inventory, or for debt related payments is recorded as a restricted asset in the sales tax capital accounts, with a corresponding credit to capital grants and assistance. The restricted asset balance is reduced as funds are expended for the authorized purposes.

Bi-State Development has restricted funds, which are recorded in the Sales Tax Capital Account, for the purchase or construction of new transportation equipment or facilities. Temporary advances for operating purposes are allowed from the fund, to be repaid when federal, state or local operating assistance is received.

Cash, Cash Equivalents and Investments

Cash, cash equivalents and investments of Bi-State Development are presented on the combined statements of net position as restricted cash and cash equivalents and restricted investments.

Operating Agreement

Gateway Arch Cooperative Agreement

According to a cooperative agreement (Agreement) dated May 14, 1962, as amended, with the United States Government acting through the National Park Service, Bi-State Development agreed to construct and operate a transportation system (Tram) in the Gateway Arch. The agreement was renewed on January 31, 2014. Bi-State Development is to receive a monthly management fee based upon the current month's operating results. The United States Government retains legal title to the Tram. Upon the future termination of the Agreement, Bi-State Development is required to transfer to the United States Government all remaining assets from the operations of the Tram after discharge of all liabilities.

Commitments and Contingencies

Expenditures financed by state and federal grants are subject to audit by the granting agencies to verify compliance with conditions of the grants. Management believes that Bi-State Development is in compliance with the terms of such grants and that no significant liability will arise from audits previously performed or to be performed.

In the ordinary course of business, a number of claims and lawsuits arise from individuals seeking compensation for personal injury, death, and/or property damage resulting from accidents occurring in the operation of the system. In addition, Bi-State Development has been named as a defendant in a number of lawsuits relating to personnel and contractual matters. Management does not believe that the outcome of these claims will have a material adverse effect on Bi-State Development's financial position. However, in the event of an unfavorable outcome in one or more of these matters, the impact could be material to Bi-State Development's financial position or results of operations.

Conduit Debt Obligations

From time to time, Bi-State Development has been associated with the issuance of Industrial Development Bonds and Special Facility Revenue Bonds to provide financial assistance for the acquisition and construction of facilities deemed to be in the public interest.

Special Facility Revenue Bonds

For the construction of the second phase of the MetroLink system, Bi-State Development utilized funds provided by the proceeds from two special revenue bond issuances. These bonds are not general obligations of Bi-State Development as they are to be repaid by a party other than Bi-State Development. Accordingly, the bonds are not reported as liabilities in the accompanying financial statements. The following is a description of the two special facility revenue bond issuances:

St. Clair County MetroLink Extension Project Refunding Revenue Bonds, Series 2006 – The $39,155,000 Series 2006 Bonds, issued December 20, 2006 are special, limited obligations of Bi-State Development, payable solely from revenue and other sources provided in the indenture, and are not general obligations of Bi-State Development. These bonds mature serially in varying amounts through 2028. The Series 2006 bonds provided funds to refund a portion of the Series 1998 A bonds on July 1, 2009 through July 1, 2028. As of June 30, 2016, $32,665,000 remain outstanding.

St. Clair County Metrolink Extension Project Refunding Revenue Bonds, Series 2014 – The $4,160,000 Series 2014 Bonds, issued on December 4, 2014 are special, limited obligations of Bi-State Development, payable solely from revenue and other sources provided in the indenture, and are not general obligations of Bi-State Development. These bonds mature serially in varying amounts through 2027. The Series 2014 bonds provide funds to refund the Series 2004 Bonds which refunded the Series 1998 A bonds on July 1, 2004 through July 1, 2008. As of June 30, 2016, $3,895,000 remain outstanding.

In 2001, Bi-State Development entered into transactions to lease thirty-four of its Series 2000 and Series 3000 LRVs. There are only two Series 2001 Lease/Leaseback tranches remaining: C1 dated August 30, 2001 and C2 dated November 30, 2001. The C1 and C2 tranches involved transactions for twenty-three (23) and four (4) LRVs, respectively. The required collateral has been approximately $7.8 million for the past two years and is invested in U.S. Treasuries. The collateral amount will be returned in entirety to Bi-State Development (and the SCCTD) at the end of the lease. It is expected that as the lease termination date approaches, the collateral amount will be reduced.

The following table highlights pertinent information on the subleases for 2016:

	Capital Lease Obligation
Sublease balances, June 30, 2015	$ 91,637,924
Interest accrued in 2016	5,990,756
Lease payments and reductions	-
Total sublease balances, June 30, 2016	$ 97,628,680
Purchase option dates	January 2025
Sublease termination dates	January 2025

The following is a schedule by fiscal year of future lease payments and purchase option payments, to the extent they are exercised, and interest expense for the above transactions as of June 30, 2016

	Payments
2017	$ -
2018	-
2019	-
2020	-
2021	-
2022-2025	217,541,618
Total future lease payments	217,541,618
Less amount representing future interest	(119,912,938)
Net obligation at June 30, 2016	$ 97,628,680

Long-Term Debt

Debt, capital lease obligations and non-current liabilities at June 30, 2016, consisted of the following:

	2015 Beginning Balance	Additions	Reductions	2016 Ending Balance	Due Within One Year
Capital Lease Obligations	$ 91,637,924	$ 5,990,756	$ -	$ 97,628,680	$ -
Mass Transit Sales Tax Appropriation Bonds, Series 2009	97,220,000	-	-	97,220,000	-
Less: Unamortized debt discount	(173,046)	-	7,130	(165,916)	-
Mass Transit Sales Tax Appropriation Bonds, Series 2013A	344,210,000	-	(37,220,000)	306,990,000	7,880,000
Plus: Unamortized debt premium	17,918,326	-	(2,598,655)	15,319,671	-
Less: Unamortized debt discount	(903,895)	-	28,451	(875,444)	-
St. Louis County Missouri Series 2013B	105,000,000	30,000,000	-	135,000,000	-
Gateway Arch Revenue Bonds 2014	7,656,000	-	-	7,656,000	147,486
Other Post-Employment Benefits	53,171,635	2,090,365	(3,000,000)	52,262,000	-
Long Term Self-Insurance Liability	17,243,654	42,139,253	(41,814,536)	17,568,371	9,691,794
Net Pension Liability	89,160,637	22,952,156	-	112,112,793	-
Other Liabilities	36,986,612	151,540,245	(153,063,770)	35,463,087	5,720,928
Total	$ 859,127,847	$ 254,712,775	$ (237,661,380)	$ 876,179,242	$ 23,440,208

Mass Transit Sales Tax Appropriation Bonds

Series 2009

In October 2009, Bi-State Development issued $97.2 million in Mass Transit Sales Tax Appropriation Bonds. The transaction closed on November 9, 2009. A total of $97.2 million in fixed rate serial and term bonds were issued at an average rate of 4.97%. The bonds were issued at a discount and mature in fiscal year 2040. The discount amount of $213,454 is being recognized over the 30 year term of the bonds. The amount unrecognized at June 30, 2016 was $165,916. The bond proceeds were used as follows:

- Approximately $75.0 million was used to refund the remaining $75.0 million of the $100.0 million par Series 2002A Variable Rate Bonds.
- Approximately $9.9 million was used to terminate (net) two interest rate swaps Bi-State Development had in connection with the Series 2002A Variable Rate Bonds.
- Approximately $9.1 million was used to create a Debt Service Reserve Fund for the bonds.
- The balance of approximately $2.5 million was used to purchase a bond insurance policy ($1.6 million), for the underwriter's discount ($.45 million), and for other costs of issuance ($.55 million). The total cost of the bond insurance policy is being amortized over the 30 year term of the bonds. At June 30, 2016, the remaining balance was $1.3 million.

- The deferred amount of refunding was approximately $0.8 million. This amount was being amortized over the original remaining life of the Series 2002A Bonds, but the remaining balance was eliminated with the bond refunding on August 1, 2013.

Series 2013

On August 1, 2013, Bi-State Development issued its $381.2 million par Series 2013A Bonds. The bonds were issued at a premium of approximately $23.2 million and a discount of $1.0 million. The bond proceeds were used to:

- Refund all of Bi-State Development's Cross County Bonds, with the exception of the Series 2009 Bonds;
- Establish a Debt Service Reserve Fund (DSRF) in the amount of $26.5 million;
- Pay costs of issuance of approximately $1.7 million.

The bonds were issued at fixed rate coupons ranging from 3.0 percent to 5.0 percent, and mature from 2014 through Fiscal Year 2054. The effective true interest cost for the bonds is 4.44 percent. The average annual debt service will be approximately $25.0 million, with a maximum annual debt service of $33.0 million.

A unique feature of the deal was the participation of St. Louis County, which at closing loaned Bi-State Development Prop A ½ cent sales tax funds (Series 2013B Subordinate Bonds), which had been retained by the County for future transit capital projects. The County has also agreed to provide future Prop A funds to Bi-State Development to allow for optional retirement of the Series 2013 Bonds. The County's participation in the project brought the effective yield to approximately 3.7 percent. As of June 30, 2016, the County has loaned Bi-State Development $135.0 million of Prop A funds.

Series 2014

On December 3, 2014, Metro closed on the Series 2014 Taxable Gateway Arch Revenue Bonds. These bonds have a par value of $7,656,000 and a 30-year term. The initial fixed rate term is 10 years with a fixed interest rate of 4.016%. The annual debt service requirement is approximately $454,000 and the cost of issuance was $156,000. The bond proceeds were used as follows:

- Replace the tram motors of the visitor transportation system located within the Gateway Arch, consisting of trains, stairs, elevators and associated exhibits, generators, loading areas, and electrical, communication and other accessory equipment or devices;
- Improve to a portion of the visitors' center roof located at the Jefferson National Expansion Memorial;
- Pay costs of issuance with respect to the Arch tram Revenue Bonds.

The total interest expense for the year was $25.4 million. The interest expense breakdown is as follows:

•	Series 2009	$ 4,775,104
•	Series 2013	14,290,369
•	Series 2014	307,465
•	Capital lease/leaseback	5,990,757
•	Tower lease	44,815

The following chart shows projected debt service for Bi-State Development's bonds, based on mandatory principal maturities:

Projected Debt Service by Fiscal Year									
	Senior Bonds				Subordinate Bonds				Total
	Series 2009		Series 2013A		Series 2013B		Series 2014		Principal and
Fiscal Year	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Interest
2017	$ -	$ 4,767,975	$ 7,880,000	$ 14,937,913	$ -	$ 1,413,000	$ 147,486	$ 305,999	$ 29,452,373
2018	-	4,767,975	8,275,000	14,573,438	-	1,413,000	153,468	300,016	29,482,897
2019	-	4,767,975	9,030,000	14,140,812	-	1,413,000	159,693	293,791	29,805,271
2020	-	4,767,975	9,630,000	13,674,312	-	1,413,000	166,171	287,314	29,938,772
2021	-	4,767,975	10,445,000	13,172,438	-	1,413,000	172,911	280,573	30,251,897
2022-2026	8,555,000	23,302,463	49,850,000	58,057,063	-	7,065,000	975,631	1,291,792	149,096,949
2027-2031	10,035,000	20,620,906	56,790,000	46,004,813	-	7,065,000	1,190,222	1,077,201	142,783,142
2032-2036	31,745,000	17,835,919	41,420,000	31,479,781	-	7,065,000	1,452,012	815,411	131,813,123
2037-2041	46,885,000	4,376,875	19,760,000	26,387,000	-	7,065,000	1,771,383	496,040	106,741,298
2042-2046	-	-	60,275,000	16,723,106	-	7,065,000	1,467,023	120,173	85,650,302
2047-2051	-	-	33,635,000	3,034,653	-	7,065,000	-	-	43,734,653
2052-2055	-	-	-	-	135,000,000	3,179,250	-	-	138,179,250
	$ 97,220,000	$ 89,976,038	$ 306,990,000	$ 252,185,329	$ 135,000,000	$ 52,634,250	$ 7,656,000	$ 5,268,310	$ 946,929,927

Other Non-Current Liabilities

The classification of other non-current liabilities for BSD includes various types of commitments which are due in longer than one year. There is FTA funds committed for future rehabilitation of MetroLink light rail cars. There is also the long term portion of accrued sick time. Since sick time is allowed by union contract to be carried forward and applied in future periods, seventy-five percent of the balance is classified long term. The short term portion of accrued sick leave is in other current liabilities.

There is also an amount due to St. Clair County Transit District for additional funds contributed from SCCTD to BSD which were used for additional collateral related to 2001 LRV leases. The combined funds from BSD and SCCTD used for the additional collateral are returnable in the future under certain conditions. If the funds are returned to BSD in part or in full, then BSD would refund the pro rata portion of the returned collateral to SCCTD.

Derivative Financial Instruments

Bi-State Development utilizes commodity hedging to reduce the volatility in fuel costs. Hedging techniques are traditionally used to limit exposure to price fluctuations. Management recognizes that fluctuations in fuel prices could have an overall negative impact on Bi-State Development's financial affairs. Accordingly, futures contracts are used to manage this exposure.

GASB requires the gain or loss on the sale of fuel hedges to be recorded in the statement of revenues, expenses and changes in net position. The change in fair value of the derivative is recorded as a deferred inflow/outflow, as appropriate. The investment in derivative instruments is recorded in the statement of net position as part of current assets or liabilities and other non-current assets or liabilities, as appropriate.

Net Position

GASB requires the classification of net position into three components – net investment in capital assets; restricted; and unrestricted. These net position classifications are defined as follows:

- **Net investment in capital assets -** This component consists of capital assets, net of accumulated depreciation reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings or debt-related deferred inflows or outflows of resources that are attributable to the acquisition, construction, or improvement of those assets.

- **Restricted net position -** This component consists of external constraints placed on net position imposed by creditors (such as through debt covenants), contributors, or laws or regulations of other governments or constraints imposed by law through constitutional provisions or enabling legislation.

- **Unrestricted net position -** This component of net position consists of amounts that do not meet the definition of "restricted" or "net investment in capital assets."

Bi-State Development typically utilizes restricted sources of funding first and then unrestricted sources of funding for its programs.

Operating Revenues and Expenses

Operating revenues and expenses generally result from providing services in connection with ongoing operations. Revenues are recorded as income in a manner consistent with the timing of the provided service. The principal operating revenues of the various funds of Bi-State Development are as follows:

- Executive Services Fund – interfund charges for management services;
- St. Louis Regional Freightway Fund – contributions and reimbursement of expenses related to operating costs;
- Gateway Arch Tram System Fund – charges to tourists for admissions to attractions at the Jefferson National Expansion Memorial and rentals;
- Gateway Arch Riverfront Attractions Fund – charges to tourists for riverboat excursions along the Mississippi, memorabilia sales and heliport and bicycle rentals;
- St. Louis Downtown Airport Fund – charges to customers for aviation and runway services provided, including hangar rentals and fuel;
- Arts In Transit, Inc. Fund – contributions for bus paintings, art services and donations;
- Bi-State Development Research Institute Fund – contributions for services and donations;
- Transit System (Metro) Fund – fares charged to passengers for public transportation, advertising, and rentals.

Operating expenses include the cost of delivering services, administrative expenses and depreciation expenses on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

Revenue Recognition

Farebox revenues are recognized at the time services are purchased and revenue passes through the bus farebox and MetroLink ticket vending machines. Sales of monthly passes, ten two-hour passes, 30-day passes and other tickets types are also recorded as revenue at the time of purchase.

Sales of University passes, Universal passes and Student Tickets, which are valid for a specific academic term, are recorded initially as unearned revenue. These unearned revenues are recognized as operating revenue monthly. The amount recognized in each month is determined by calculating a daily weighted average proration factor. The weighted average proration factor is calculated by considering total number of students, employees, and days specified in the contract.

Sales Tax Revenues

Missouri state and local sales taxes are imposed on the purchase price of tangible personal property and taxable services sold. These taxes are forwarded to the State of Missouri Department of Revenue either monthly or quarterly depending on the sales volume of the vendor. The Missouri Department of Revenue distributes the local sales tax collected back to the applicable city and county. The Missouri sales tax subsidies to Bi-State Development are generated from a portion of the local City of St. Louis and St. Louis County sales taxes collected. These funding jurisdictions distribute the sales tax subsidies via an appropriation process to Bi-State Development or the Bond Trustee, as applicable.

Capital Grants and Assistance

All capital grants and assistance are recorded in the accounting period in which they become earned and measurable. Unrestricted, irrevocable operating assistance grants are recorded as non-operating revenue. Capital grants and assistance that are restricted to use for payments of debt service or acquisitions of capital assets are recorded as capital contributions in the statement of revenues, expenses and changes in net position.

Compensated Absences

Substantially all employees receive compensation for vacations, holidays, illness, and certain other qualifying absences. The number of days compensated in the various categories of absence is based generally on length of service. Compensated absences, which have been earned but not paid, have been accrued in the accompanying financial statements.

Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of Bi-State Development's pension plans (Salaried Plan and Union Plans) and additions to/deductions from the pension plans' fiduciary net position have been determined on the same basis as they are reported by the pension plans. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Cash and Investment Policies

Cash, cash equivalents and investments are presented on the statement of net position as either restricted or unrestricted cash and cash equivalents and investments. Restrictions are disclosed in Note 3.

Deposits and investments are segregated based upon GASB Statement No. 3, *Deposits with Financial Institutions, Investments (including Repurchase Agreements), and Reverse Repurchase Agreements*, as amended by GASB Statement No. 40.

Balances of cash, cash equivalents, and investments as of June 30, 2016 were as follows:

Unrestricted cash and cash equivalents	
Cash on hand	$ 698,195
Cash deposits	15,808,490
Cash equivalents	40,828,095
Total unrestricted cash and cash equivalents	57,334,780
Restricted cash and cash equivalents	65,145,657
Total cash and cash equivalents	122,480,437
Unrestricted investments	77,539,896
Restricted investments	53,034,440
Restricted investments held to pay capital lease	97,643,652
Total restricted investments	150,678,092
Total investments	228,217,988
Total cash, cash equivalents and investments	$ 350,698,425

Cash on Hand

Cash on hand, which includes petty cash, working funds (including funds in ticket vending machines) and undeposited receipts, was $698,195 at June 30, 2016.

Cash Deposits

At June 30, 2016, the carrying amounts of Bi-State Development's restricted and unrestricted deposits were $21,918,613 and the bank balances were $23,156,201, respectively.

As of June 30, 2016, Bi-State Development's total bank balance was $23,156,201. Bank balances are insured by FDIC insurance for balances up to $250,000 per financial institution. Any balances over the FDIC limit are collateralized with securities held in a joint custody account at the Federal Reserve Bank, or with securities held in a segregated account with a third party custodian.

As of June 30, 2016, Bi-State Development had the following maturities of cash, cash equivalents and investments:

	Credit Rating (S&P/Moody's)	Balance	Overnight	2-90 days	90-365 days	1-5 years	+5 years
Cash	-	22,621,058	22,621,058	-	-	-	
CDs	-/Aa2	5,659,952	-	650,000	1,509,952	-	3,500,000
Money Market Funds							
& Other Broker Accounts	AAAm/Aaa-mf	72,170,145	72,170,145	-	-	-	-
Commodities Account	-	5,006,258	5,006,258	-	-	-	-
Repurchase Agreements							
Jefferson Bank & Trust	-	2,518,488	2,518,488	-	-	-	-
UMB	-	20,164,490	20,164,490	-	-	-	-
U.S. Treasury Bills	AA+/Aaa	28,703,294	-	-	28,703,294	-	-
U.S. Treasury Notes	AA+/Aaa	4,357,202	-	2,358,608	1,998,594	-	-
Government Agencies:							
FHLB Discount Notes	AA+/Aaa	9,132,888	-	9,132,888	-	-	-
FHLB Bonds	AA+/Aaa	21,226,234	-	2,763,450	6,648,588	11,814,196	-
FCB Discount Notes		9,967,510	-	9,967,510	-	-	-
FCB Bonds	AA+/Aaa	31,487,840	-	-	7,491,340	23,996,500	-
PEFCO Bonds	-/Aaa	10,763,564	-	-	-	-	10,763,564
Municipal Bonds	See Below	9,275,850	-	313,974	-	2,865,492	6,096,384
Investment Contracts:							
AIG	A-/Baa1	14,773,174	-	-	-	-	14,773,174
Assured Guaranty	AA/A2	82,870,478	-	-	-	-	82,870,478
Total		$ 350,698,425	$ 122,480,439	$ 25,186,430	$ 46,351,768	$ 38,676,188	$ 118,003,600

A breakdown of municipal bonds is as follows:

	Credit Rating (S&P/Moody's)	Balance	Overnight	2-90 days	90-365 days	1-5 years	+5 years
California State	AA/Aa3	140,561	-	-	-	-	140,561
California Economic Recover	AA+/Aaa	655,998	-	-	-	-	655,998
Florida Hurricane Catastroph	AA/Aa3	313,209	-	-	-	313,209	-
Illinois State	BBB+/Baa2	848,836	-	313,974	-	-	534,862
Massachusetts State	AA+/Aa1	5,058,045	-	-	-	1,240,413	3,817,632
Nevada State	AA/Aa2	796,464	-	-	-	-	796,464
City of Newton Kansas	NA/A1	150,867	-	-	-	-	150,867
Washington State	AA+/Aa1	1,311,870	-	-	-	1,311,870	-
Total		$ 9,275,850	$ -	$ 313,974	$ -	$ 2,865,492	$ 6,096,384

Cash, Cash Equivalents and Investments of the Fiduciary Fund

At June 30, 2016, Bi-State Development's fiduciary activities had the following cash and investment maturities:

		June 30, 2016 Cash and Investment Maturities				
	S&P Credit Rating	Balance	Overnight	Less Than One Year	1-5 years	+ 5 years
Money Market	n/a	$ 3,088,437	$ 3,088,437	$ -	$ -	$ -
U.S. Equity						
Artisan Partners Mid Cap Funds	n/a	1,105,825	1,105,825	-	-	-
Vanguard 500 Index Fund	n/a	4,501,402	4,501,402	-	-	-
DFA Investment Dimensions Group	n/a	1,121,263	1,121,263	-	-	-
Non-U.S. Equity						
Neuberger Berman International	n/a	2,138,777	2,138,777	-	-	-
Harbor International Fund	n/a	2,104,730	2,104,730	-	-	-
Fixed Income						
Metropolitan West Funds	AA	3,648,997	3,648,997	-	-	-
Hedge Funds						
Blackstone Hedged Equity Offshore Fund Limited, Series 1	n/a	1,599,633	-	-	1,599,633	-
Blackstone Hedged Equity Offshore Fund Limited, Series 4	n/a	173,212	-	-	173,212	-
Blackstone Park Avenue Non-Taxable Fund L.P.	n/a	2,058,814	-	-	2,058,814	-
Total		$ 21,541,090	$ 17,709,431	$ -	$ 3,831,659	$ -

Restricted Cash, Cash Equivalents and Investments

Assets are considered restricted when they are subject to constraints that are either externally imposed or imposed by law through constitutional provisions or enabling legislation. As of June 30, 2016, Bi-State Development had $65.1 million in restricted cash and cash equivalents and $150.7 million in restricted investments, respectively.

Restricted cash, cash equivalents, and investments for Bi-State Development as of June 30, 2016 were the following:

2016 Restricted cash, cash equivalents and investments

	Cash & Cash Equivalents	Investments	Total
Cross county debt service reserve	$ 11,573,352	$ 32,737,922	$ 44,311,274
Arch debt service reserve, project fund	5,687,040	-	5,687,040
Self-insurance	11,258,919	12,482,178	23,741,097
Capital lease - collateral	1,633	7,814,340	7,815,973
Capital tower lease - collateral	1,317,593	-	1,317,593
National Park Service	12,300,862	-	12,300,862
Federal Transit Authority	18,000,000	-	18,000,000
Fuel hedge program	5,006,258	-	5,006,258
Total restricted cash and Investments	$ 65,145,657	$ 53,034,440	$ 118,180,097
Restricted investments held to pay capital lease / leaseback liabilities	-	97,643,652	97,643,652
Total restricted cash, cash equivalents and investments	$ 65,145,657	$ 150,678,092	$ 215,823,749

Cross County debt service reserve funds: The trustee holds the debt service and the debt service reserve funds in restricted trustee accounts determined by the bond indenture. The debt service funds are used to pay current principal and interest on debt. The debt service reserve fund represents the highest annual debt service required over the life of the bond. The debt service reserve fund protects the bondholder in the event of impairment.

Arch debt service reserve, and project funds: In December 2014, Bi-State Development issued taxable arch tram revenue bonds. The financing funds the cost of new motor generator sets and half of the cost of the visitor center roof, a cost of issuance fund, and a debt service reserve fund. These trustee accounts are restricted per the bond indenture.

Self-insurance funds: These are funds used to pay claims incurred by Bi-State Development's self-insurance plan. The funds are used for workers' compensation, casualty, and medical and dental claims. Funds withheld from employees' wages for the flexible spending account program are also restricted in this category. The funds are restricted based upon the vendor contracts and obligations.

Capital lease collateral funds: In February 2011, Bi-State Development cured a technical default on the C1 and C2 tranches of the 2001 LRV lease. The transaction required Bi-State Development to purchase collateral. Each year an evaluation of the supplemental collateral is performed to establish the requirement. For 2016, the collateral requirement is $7.8 million and is restricted under the contract agreement.

Capital tower lease funds: The FTA has remitted funds to Bi-State Development which will be used to pay capital lease obligations in the future.

National Park Service funds: Funds are reserved for future NPS projects, which include a drainage project, exhibit rehabilitation, design of the motor generator sets and a corrosion study. The Jefferson National Expansion Memorial Beneficial fund and a $500,000 emergency fund are also restricted under the current contract with the NPS.

Federal Transit Authority funds: The FTA initially funded $18.0 million of the debt service reserve on the 2010 debt. When the debt was paid off on August 1, 2013, the funds were designated and restricted to be used for the Illinois MetroLink upgrade project by the FTA.

Fuel hedge program funds: These funds are restricted for use in conducting the fuel hedging program.

Restricted investments held to pay capital lease / leaseback liabilities: In 2001, Bi-State Development entered into transactions to lease multiple LRVs. Bi-State Development received a prepayment equivalent to the net present value of the headlease obligations totaling approximately $120.0 million. Approximately $93.6 million was deposited with AIG, to partially meet Bi-State Development’s rent obligations under the sublease and to set aside funds to enable Bi-State Development to exercise its repurchase option.

Fair Value of Financial Instruments

The following table presents the carrying amounts and estimated fair values of Bi-State Development's financial instruments at June 30, 2016. The fair value of a financial instrument is defined as the amount at which the instrument could be exchanged between willing parties in a current open market transaction.

Debt

The fair value of Bi-State Development's total debt is estimated based on the quoted market prices for similar issues or by discounting expected cash flows at the rates currently offered to Bi-State Development for debt of the same remaining maturities, as advised by Bi-State Development's bankers.

Total debt at fair value as of June 30, 2016 was the following:

	Carrying Value	Fair Value
	(in millions)	
Financial liabilities		
Total debt	$ 561.1	$ 609.9

Investments

Bi-State Development categorizes its fair value measurements within the fair value hierarchy established by GASB Statement No. 72. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted market prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

Bi-State Development's investments at fair value as of June 30, 2016 were as follows:

		Fair Value Measurements Using		
	Fair Value as of June 30, 2016	**Quoted Prices in Active Markets for Identical Assets (Level 1)**	**Significant Other Observable Inputs (Level 2)**	**Significant Unobservable Inputs (Level 3)**
Investments by fair value level				
U.S. Treasury bills	28,703,294	28,703,294	-	-
U.S. Treasury notes	4,357,202	4,357,202	-	-
Government Agencies:				
FHLB discount Notes	9,132,888	-	9,132,888	-
FHLB bonds	21,226,234	-	21,226,234	-
FCB discount notes	9,967,510	-	9,967,510	-
FCB bonds	31,487,840	-	31,487,840	-
PEFCO bonds	10,763,564	-	10,763,564	-
Municipal bonds	9,275,850	-	9,275,850	-
Total Investments by fair value level	124,914,382	33,060,496	91,853,886	-

In the chart above, the U.S. Treasury bills and notes are classified in Level 1 of the fair value hierarchy are valued using prices quoted in active markets for those securities.

Investments in government agencies are classified as Level 2. These securities are pricing and yield bonds whose market value is based upon a matrix pricing. Matrix pricing is used to value securities based upon on the securities relationship to benchmark quoted prices.

Non-negotiable CDs and money market funds are valued at cost. Repurchase agreements, commodities accounts, and investment contracts are valued at amortized cost.

Investments - Bi-State Development Other Post-Employment Benefit Trust

		Fair Market Value Using		
	Fair Value as of June 30, 2016	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Investments by fair value level				
Mutual funds				
Money market mutual fund	$ 3,088,437	$ 3,088,437	$ -	$ -
Corporate bond mutual fund	3,648,997	3,648,997	-	-
Domestic equity mutual funds	6,728,490	6,728,490	-	-
International equity mutual fund	4,243,507	4,243,507	-	-
Total Investments by fair value level	17,709,431	17,709,431	-	-
Investments measured at the net asset value (NAV)				
Equity long / short hedge fund	2,232,025			
Multi-strategy hedge fund	1,599,634			
Total Investments measured at the net asset value (NAV)	3,831,659			
	$ 21,541,090			

In the chart above, mutual funds and the hedge funds are classified in Level 1 of the fair value hierarchy are valued using prices quoted in active markets for those securities.

The corporate bond mutual fund is invested at least 70 percent in highly rated fixed income securities or unrated securities and up to 30 percent in securities rated below highly rated securities. Not more than 20 percent of the holdings may be below investment grade. The fund also invests at least 80 percent of its net assets plus borrowings for investment purposes in fixed income securities it regards as bonds.

There are three mutual funds which comprise the domestic equity mutual funds total. One fund invests in the 500 largest U.S. companies, which spans various industries and accounts for approximately three-fourths of the U.S. stock market's value. This one fund represents 67 percent of the total $6.7 million investment in the domestic mutual funds. The other two funds equally represent the remaining 33 percent of the balance. One of these two funds is invested in a diverse group of U.S. small and midcap companies and the third fund invests more than 80 percent in the common stocks of medium-sized companies.

The international equity mutual fund is invested in a minimum of ten countries, focusing on Europe, the Pacific Basin and emerging industrialized countries whose economies and political regimes appear stable. It invests approximately 65 percent in common and preferred stocks of foreign companies.

The equity long / short hedge fund is Blackstone Park which is invested in approximately 80% equities and 20% in an allocation of diversified strategies. The investment seeks to produce an attractive long term, risk adjusted returns. The investments are broken down geographically with approximately 50% U.S. investments and about 20% each in Europe and Asia. There are asymmetric investments which protect capital in down markets. The entire portfolio composition is in excess of $1.0 billion. The fund has had annualized returns of 7.9% since its January 1, 1999 inception date.

The multi-strategy hedge fund is Blackstone Offshore which is invested in approximately 100% equities. The investment seeks to produce an attractive long term, risk adjusted returns. There are asymmetric investments which protect capital in down markets. The investments are approximately 60% in the U.S. and 40% overseas. The fund has had annualized returns of 5.9% since its January 1, 2004 inception date.

The Blackstone Park and Offshore fund do not have upper or lower dollar restrictions on redemptions nor do the investments need to be held for a specific time period. However, the investments can only be bought and sold on the calendar quarter end.

Capital Assets

Capital asset activity for the year ended June 30, 2016 was as follows (in thousands):

	Totals June 30, 2015	Additions and Transfers	Deletions, Retirements, and Transfers	Totals June 30, 2016
Depreciable Capital Assets				
Buildings and improvements	$ 181,439	$ 8,662	$ (10,720)	$ 179,381
Airport runways	36,076	76	-	36,152
Riverboats and barges	4,731	58	-	4,789
Light rail, right-of way, facility and improvements	1,273,211	50,353	-	1,323,564
Revenue vehicles	353,939	23,696	(5,439)	372,196
Autos and trucks	11,596	182	(150)	11,628
Furniture, fixtures equipment and intangibles	127,092	7,222	(2,990)	131,324
Total depreciable capital assets	1,988,084	90,249	(19,299)	2,059,034
Accumulated Depreciation				
Buildings and improvements	(142,117)	(1,949)	8,566	(135,500)
Airport runways	(23,602)	(976)	-	(24,578)
Riverboats and barges	(2,943)	(326)	-	(3,269)
Light rail, right-of way, facility and improvements	(619,739)	(45,725)	1,837	(663,627)
Revenue vehicles	(193,194)	(18,620)	5,439	(206,375)
Autos and trucks	(8,939)	(718)	150	(9,507)
Furniture, fixtures, equipment and intangibles	(109,806)	(5,713)	2,990	(112,529)
Total accumulated depreciation	(1,100,340)	(74,027)	18,982	(1,155,385)
Net depreciable capital assets	887,744	16,222	(317)	903,649
Non-depreciable Capital Assets				
Land	100,939	992	(189)	101,742
Construction in progress	62,095	61,624	(90,158)	33,561
Total	$ 1,050,778	$ 78,838	$ (90,664)	$ 1,038,952

Liability, Claims and Litigation

Bi-State Development is exposed to liability for bodily injury and property damage; liability for financial loss suffered by employees and others as a result of decisions and judgments made by Bi-State Development; and physical damage to and loss of its property.

Bi-State Development self-insures and adjusts:

- Third party bodily injury or property damage liability claims up to $5.0 million per occurrence
- Employment practices liability claims up to $5.0 million per wrongful act
- Workers compensation claims up to $1.0 million each accident or each employee for disease

Under Missouri law, on August 28, 2005, Bi-State Development became entitled to Sovereign Immunity for torts, except for negligent acts or omissions by Bi-State Development employees relating to the operation of motor vehicles while in the scope of their employment, and injuries caused by dangerous conditions of Bi-State Development property. For the calendar year 2015, Bi-State Development's liability for these claims is limited to $410,185 for any one person in a single accident or occurrence and $2,734,567 for all claims arising out of a single accident or occurrence.

Bi-State Development purchases primary insurance for first party property or business interruption loss subject to a $100,000 per occurrence deductible for direct damage and a $250,000 per occurrence deductible for transit vehicle collision, upset or derailment.

Annually, Bi-State Development purchases Excess Liability insurance with an annual aggregate limit of $65.0 million for claims whose value exceeds the maximum of $5.0 million per occurrence covered by the self-insured retention. This includes excess coverage for Errors and Omissions Liability, Employment Practices Liability and Employee Benefit Liability.

Claim settlements/judgments have not penetrated into the attachment point of Excess Liability or Excess Workers Compensation insurance during any of the past three fiscal years.

Loss occurrences are reported to the excess insurance carriers when it is determined that a loss is likely to exceed 50% of the Self-Insured Retention or if a bodily injury is categorized as severe (fatality, multiple persons injured in one occurrence, brain or spinal injury, major amputation). When a third party liability or workers' compensation claim is made against Bi-State Development or when there is sufficient reason to believe that Bi-State Development may be liable for the loss, a dollar amount is reserved for that claim (i.e., a case reserve is established). Case values are adjusted as the claims develop. Total case reserves are evaluated by an independent actuary who develops the total liability to be included in the financial statements.

Changes in the balances of self-insured claims liabilities for the year ending June 30, 2016 are as follows:

Fiscal Year 2016

	Injury, Damage and Personal Liabilities	Workers' Compensation	Employee Medical and Dental	Total Self-Insured Liabilities
Balance:				
At beginning of fiscal year	$ 9,411,483	$ 5,576,915	$ 2,255,256	$ 17,243,654
Add:				
Claims and changes in estimate	5,967,835	5,387,808	30,783,610	42,139,253
Less:				
Claim payments	(6,886,564)	(4,144,360)	(30,783,612)	(41,814,536)
Balance:				
At end of fiscal year	$ 8,492,754	$ 6,820,363	$ 2,255,254	$ 17,568,371

Fiscal Year 2015

	Injury, Damage and Personal Liabilities	Workers' Compensation	Employee Medical and Dental	Total Self-Insured Liabilities
Balance:				
At beginning of fiscal year	$ 6,905,368	$ 5,914,329	$ 2,507,999	$ 15,327,696
Add:				
Claims and changes in estimate	6,851,267	3,625,397	30,924,284	41,400,948
Less:				
Claim payments	(4,345,152)	(3,962,811)	(31,177,027)	(39,484,990)
Balance:				
At end of fiscal year	$ 9,411,483	$ 5,576,915	$ 2,255,256	$ 17,243,654

Bi-State Development management believes that the estimated liabilities for unsettled injury claims, workers' compensation benefits, and employee medical and dental insurance claims at June 30, 2016 are adequate to satisfy claims for events that have occurred through those respective dates. At June 30, 2016, Bi-State Development held $23.7 million in cash, cash equivalents, and investments that are Board restricted for payment of these claims.

The lag payout of medical and dental claims average approximately eight weeks; therefore, all of the June 30, 2016 balance of $2.3 million for medical and dental liability is expected to be paid the following year. At June 30, 2016, management estimates approximately $7.4 million of the workers' compensation and casualty liabilities are payable within one year. Of the $7.4 million payable on June 30, 2016, $4.1 million relates to injury, damage, and personal liabilities and $3.3 million relates to workers' compensation.

Bi-State Development is also the defendant in several lawsuits arising from matters other than workers' compensation and personal injury litigation. These matters principally relate to environmental cleanup, breach of contract, and alleged violations of equal protection and credit protection requirements. In the opinion of management, including its General Counsel, the ultimate resolution of these matters is not likely to have a material effect on Bi-State Development's financial position.

Operating Lease Obligations

Bi-State Development leases office space and equipment under operating leases that expire between years 2017 and 2099. Rent expense was $584,180 for 2016. Based on the new lease, future minimum lease commitments as of June 30, 2016 for the next five years are as follows:

Fiscal Year	Future Minimum Lease Payments
2017	850,713
2018	1,219,790
2019	1,619,076
2020	1,598,294
2021	1,534,980
2022-2026	7,542,323
2027-2031	7,343,474
2032-2036	6,871,540
2037-2041	794,380
2042-2046	104,096
2047-2051	104,096
2052-2056	104,096
2057-2061	104,096
2062-2066	104,096
2067-2071	104,096
2072-2076	104,096
2077-2081	104,096
2082-2086	104,096
2087-2091	104,096
2092-2096	104,096
2097-2099	98,614
	$ 30,618,240

Operating Leases of a Lessor

Bi-State Development is engaged in leasing airport hangar space, along with various other buildings and properties, to tenants under operating leases that expire between years 2017 and 2099. The approximate future minimum lease receipts in each of the five succeeding years and thereafter under non-cancelable operating leases are as follows:

Fiscal Year	Future Minimum Lease Receipts
2017	1,474,932
2018	1,376,702
2019	1,323,212
2020	1,051,587
2021	709,409
2022-2026	2,533,975
2027-2031	289,390
2032-2036	206,395
2037-2041	171,413
2042-2046	171,413
2047-2051	171,413
2052-2056	171,285
2057-2061	170,774
2062-2066	170,774
2067-2071	170,774
2072-2076	170,774
2077-2081	170,774
2082-2086	170,774
2087-2091	170,774
2092-2096	170,774
2097-2099	157,707
	$ 11,175,025

Capital Lease/Leaseback Obligations

In 2001, Bi-State Development entered into transactions to lease thirty-four of its Series 2000 and Series 3000 LRVs. There are only two Series 2001 Lease/Leaseback tranches remaining: C1 dated August 30, 2001 and C2 dated November 30, 2001. The C1 and C2 tranches involved transactions for twenty-three (23) and four (4) LRVs, respectively. The required collateral has been approximately $7.8 million for the past two years and is invested in U.S. Treasuries. The collateral amount will be returned in entirety to Bi-State Development (and the SCCTD) at the end of the lease. It is expected that as the lease termination date approaches, the collateral amount will be reduced.

The following table highlights pertinent information on the subleases for 2016:

	Capital Lease Obligation
Sublease balances, June 30, 2015	$ 91,637,924
Interest accrued in 2016	5,990,756
Lease payments and reductions	-
Total sublease balances, June 30, 2016	$ 97,628,680
Purchase option dates	January 2025
Sublease termination dates	January 2025

The following is a schedule by fiscal year of future lease payments and purchase option payments, to the extent they are exercised, and interest expense for the above transactions as of June 30, 2016

	Payments
2017	$ -
2018	-
2019	-
2020	-
2021	-
2022-2025	217,541,618
Total future lease payments	217,541,618
Less amount representing future interest	(119,912,938)
Net obligation at June 30, 2016	$ 97,628,680

Metro Transit Peer Performance Comparison

Peer Groups

The following analysis compares Metro's transit performance to a select group of peers. This peer group includes transit agencies with similar service characteristics including regional demographics, system size and modes of transportation.

The BSD's transit peer group includes the follow systems:

Buffalo	Niagara Frontier Transportation Authority (NFT Metro)
Cleveland	The Greater Cleveland Regional Transit Authority (GCRTA)
Dallas	Dallas Area Rapid Transit (DART)
Pittsburgh	Port Authority of Allegheny County (Port Authority)
Portland	Tri-County Metropolitan Transportation District of Oregon (Tri-Met)
San Diego	San Diego Metropolitan Transit System (MTS)
San Jose	Santa Clara Valley Transportation Authority (VTA)

Performance Indicators

Performance was measured against six performance criteria as reported by the Federal Transportation Administration (FTA) in their National Transit Database (NTD) for 2015. The following performance measures were reviewed:

Service Efficiency

- Operating Expense per Revenue Hour
- Operating Expense per Revenue Mile

Cost Effectiveness

- Operating Expense per Passenger
- Operating Expense per Passenger Mile

Service Effectiveness

- Passengers per Revenue Hour

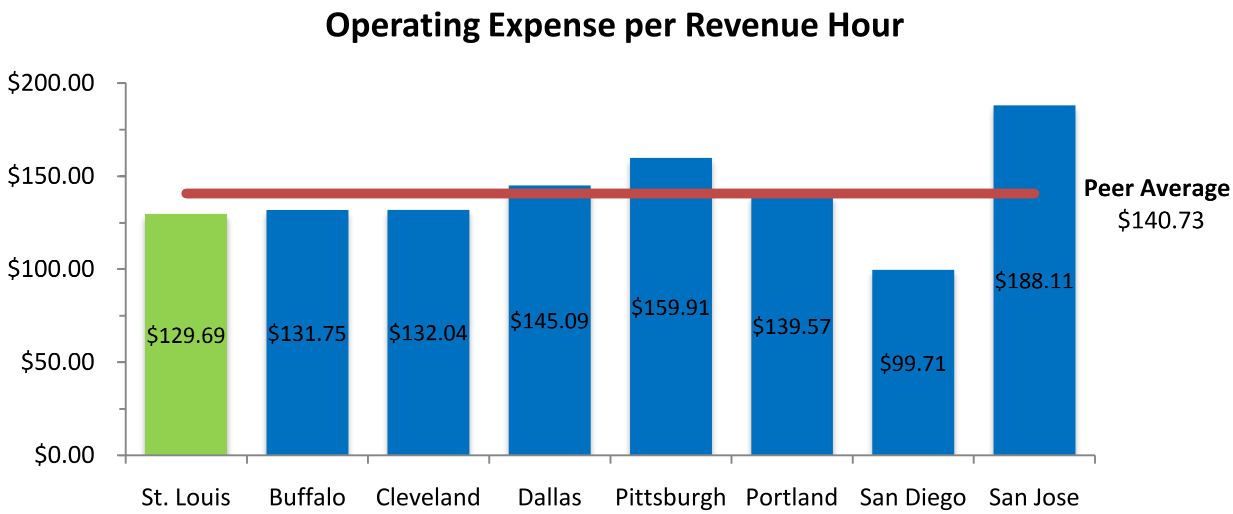
Operational Efficiency

- Farebox Recovery (Fare Revenue per Operating Expense)

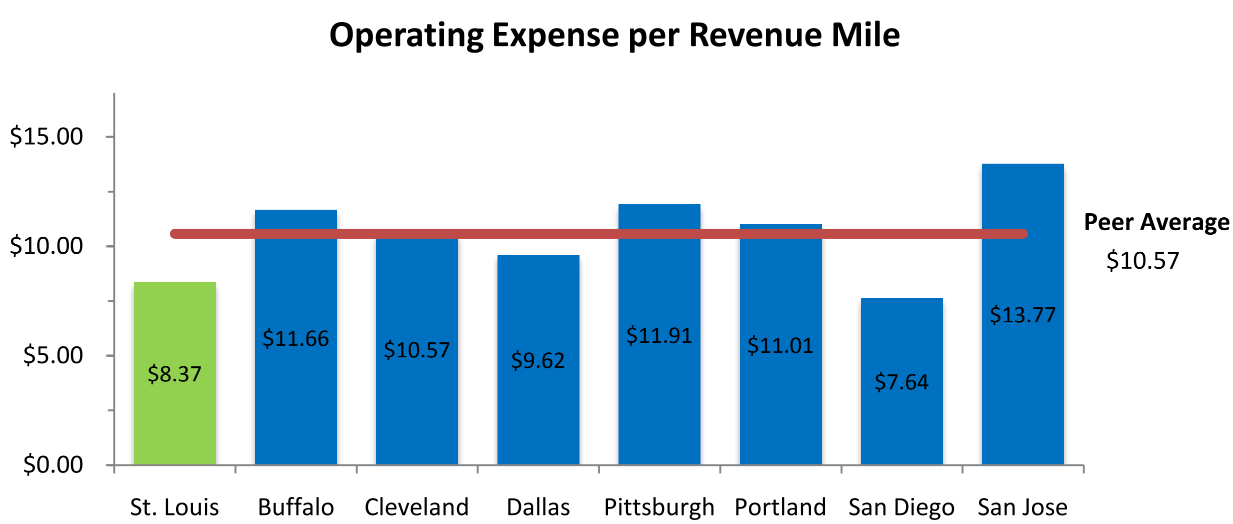
The following charts are prepared using 2015 National Transit Database system data, which is the latest data available at this writing.

Peer Performance Comparison

Service Efficiency



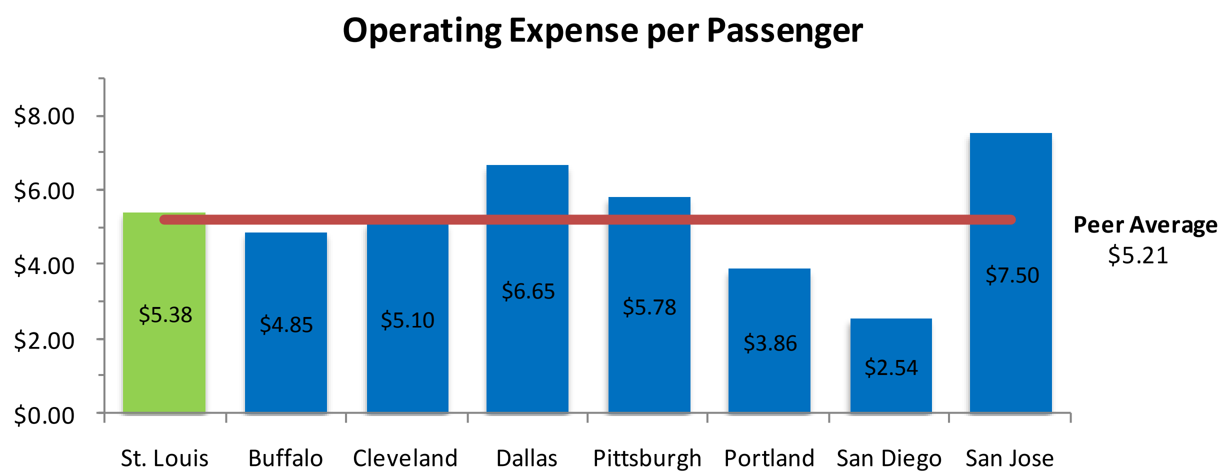
Operating Expenses are the costs associated with the operation of the transit agency and goods and services purchased for system operation. The cost efficiency performance ratio of operating expense per revenue hour shows Bi-State Development transit's cost per hour at 7.8% below the peer average and ranking the second most efficient of the peer group behind only San Diego.



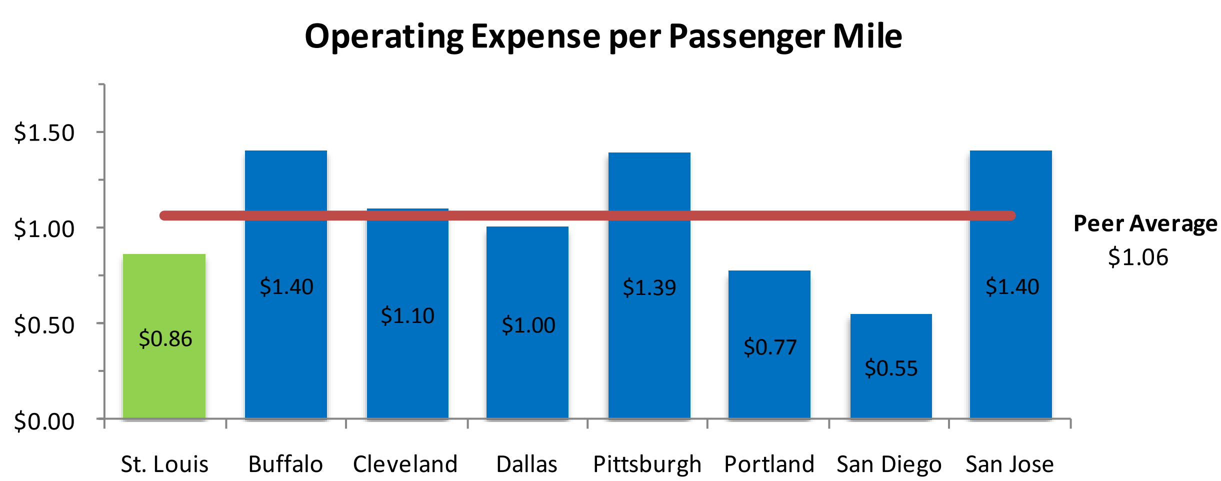
The performance ratio of operating expense per revenue mile has Bi-State Development transit's cost per mile ranking the second lowest of the peer group only behind San Diego and 20.8% below the peer average.

Peer Performance Comparison

Cost Effectiveness



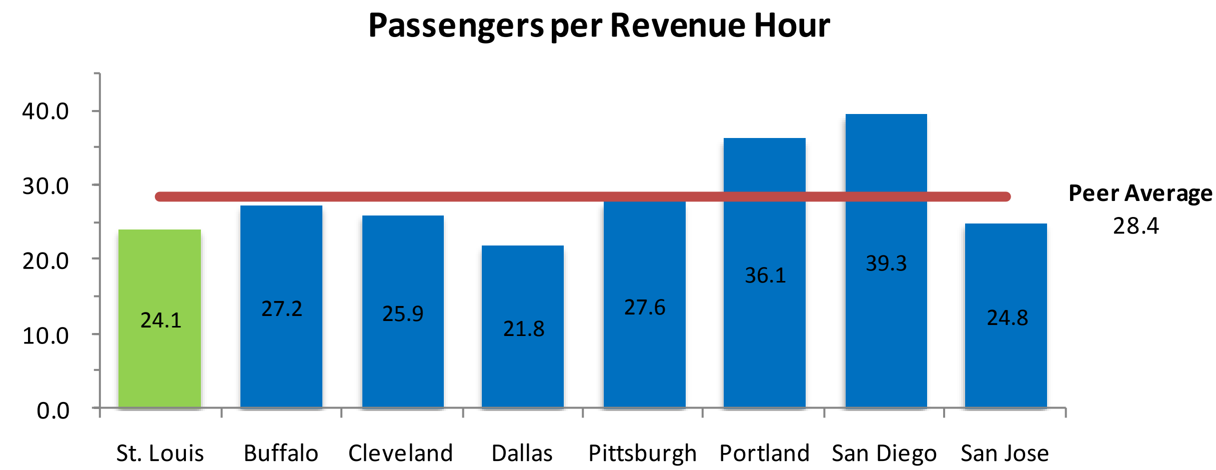
The cost effectiveness performance ratio of operating expense per passenger shows Bi-State Development transit consistent with the average expense for agencies within this peer group. BSD at $5.38 operating expense per passenger is ranked near the middle of the peer group and just above the peer average of $5.21.



The performance ratio of operating expense per passenger mile has Bi-State Development transit ranked behind San Diego and Portland. BSD transit's operating cost of $0.86 per passenger mile is 18.9% better than the peer average. BSD prides itself on controlling costs beginning with the effective preventive maintenance program.

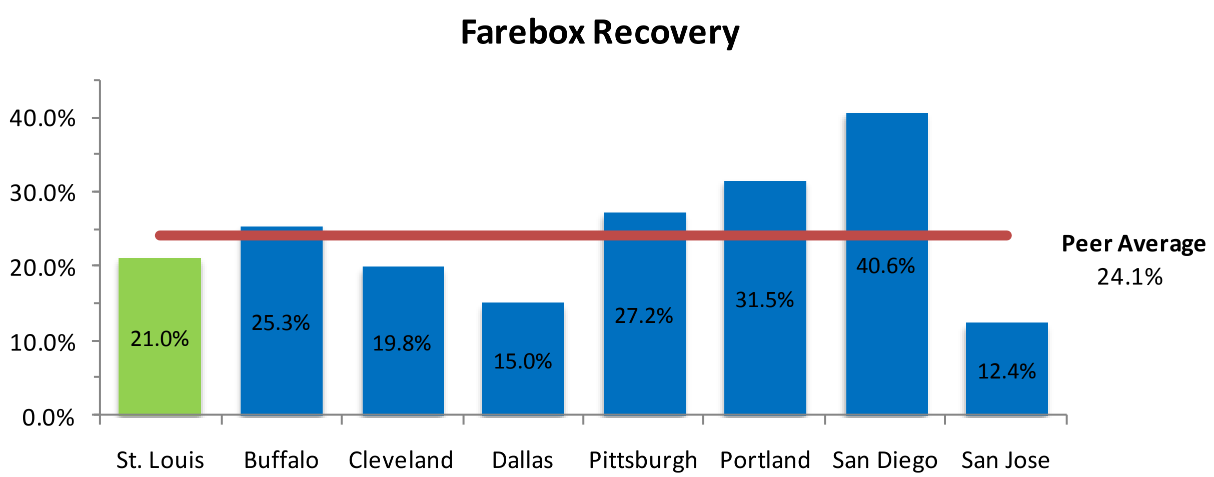
Peer Performance Comparison

Service Effectiveness



Passenger per revenue hour indicates the system is widely used and a higher quotient is more desirable. Service effectiveness as measured by the performance ratio of passengers per revenue hour shows Bi-State Development transit below the peer average. The Bi-State Development service area population and low residential and employment density affects this performance indicator. BSD remains committed to serve the St. Louis region with an affordable and efficient transit system.

Operational Efficiency



Farebox recovery is a measurement of how much of operating costs are covered by passenger revenue. A higher percentage ensures the transit system will be less dependent on other revenue sources. Bi-State Development transit's system farebox recovery of 21.0% is below the peer average, but exceeds Cleveland, Dallas and San Jose. Declining trends in ridership have contributed to Metro’s lower farebox recovery percentage.

Glossary

501(c)3 - is an American tax-exempt nonprofit organization.

Accounting system - The total set of records and procedures which are used to record, classify and report information on the financial statements and operations of an entity.

Accrual basis accounting - The method of accounting under which revenues are recognized when earned and expenses are recognized at the time the liability is incurred (whether or not cash is received at that time or disbursements are made at that time).

AAP - Annual Audit Program - Internal Audit annual review of current company processes.

ADA - The Americans with Disabilities Act of 1990 – A federal act which prohibits discrimination against people with disabilities thereby promoting access to jobs, public accommodations, telecommunications, and public services, including public transit. Both operating and capital programs have been initiated by Bi-State Development in response to ADA legislation.

ADA paratransit service - Call-A-Ride van service provided to ADA-eligible passengers.

Administration - Bi-State Development's human resources, marketing and communications, procurement and material management, information technology and finance.

Aircraft movement - Takeoff or landing recorded by the St. Louis Downtown Airport tower. Movements when the tower is closed are not included.

Airport fuel sales - Number of gallons of aviation fuel delivered to the fixed base operators.

Amortization - the allocation of a lump sum amount to different time periods, particularly for loans and other forms of finance, including related interest or other finance charges.

Appropriation - A law enabling and limiting availability of funds from a funding jurisdiction. Generally, Bi-State Development budgets precede appropriation.

Arch tram ridership - Number of adult and child tickets sold.

ATS - Alternative Transportation Service, paratransit service provider in St. Clair County, IL. Bi-State Development is contracted by SCCTD for maintenance of the ATS vehicles.

Average weekday ridership - Average passenger boardings for weekday service. Excludes Saturdays, Sundays, and scheduled holidays.

Balanced budget - The Approved Organizational Compact between the states of Missouri and Illinois requires Bi-State Development to prepare and adopt an annual operating budget. A balanced operating budget shall be defined as one where cash sources are greater or equal to the cash usage. (see also Operating Budget)

Based aircraft - Number of aircraft stored in owned or leased hangars or outside ramps at St. Louis Downtown Airport at end of each month.

Benefits - Fringe benefit expenses including health, life, and disability insurance; social security; vacations; holidays; sick leave; Paid Time Off (PTO); unemployment; workers' compensation, and employer's 401(k) contribution.

Board of Commissioners - Ten-member board that sets policy and direction for the Agency. The governor of Missouri appoints five commissioners and the County Boards of St. Clair and Madison Counties in Illinois appoint five.

Bond - A debt investment in which an investor loans money to an entity (corporate or governmental) that borrows the funds for a defined period of time at a fixed interest rate.

Call-A-Ride - Bi-State Development service name for demand-response van service.

Capital assets – An asset purchased $5,000 or greater value and having a useful life of more than one year. Also called fixed assets.

Capital budget - A component of the annual budget that serves as a guide for efficiently and effectively undertaking capital projects. The capital budget includes the Capital Improvement Program (CIP).

Capital Improvement Program (CIP) - A plan of major capital projects. It includes the funds required for the completion of the projects and the sources for funding these projects.

Capital project - Projects with an estimated useful life of 1-year or more and a total cost of at least $5,000.

Cash equivalent - Per Bi-State Development, all investments readily convertible into cash with original maturity of 90 days or less.

CMAQ grant - A federal Congestion Mitigation/Air Quality grant program designed to support transportation projects that contribute to air quality improvements and provide congestion relief.

Compensation - The cost of wages, salaries, overtime and benefits for the performance of work.

Complaint - Passenger or general public dissatisfaction expressed to Customer Service by phone call, letter or email for which there is no immediate, satisfactory explanation; includes operator behavior, service, equipment maintenance or suitability, or other concerns.

Continuing resolution - Legislation that allows a government organization to operate while its budget is still yet to be approved.

Cross County - MetroLink corridor extending through Clayton, Missouri and ending at Shrewsbury, Missouri, adding eight miles and nine stations to the system.

Cost center - An operating unit within Bi-State Development for which an annual budget is approved by the Board of Commissioners.

Customer complaint - See complaint.

Deadhead - The time and distance in which a transit vehicle is traveling toward a yard, shop, or the start of a run but is not in revenue service.

Debt Service Fund - A fund used to account for resources set apart for the payment of principal, interest, and any service charges on long-term debt.

Depreciation - The decrease in value of assets and/or the allocation of the cost of assets to periods in which the assets are used.

DMH - Missouri Department of Mental Health, which subsidizes Call-A-Ride paratransit passenger trips.

EADS - Employee Accountability and Development System, Bi-State Development's employee evaluation and development program.

EAM – Enterprise Asset Management. The optimal lifecycle management of the physical assets of an organization.

EEO - Equal Employment Opportunity

Economic Stimulus Funds - Funds created when the government changes its fiscal policy of spending and taxation in order to bolster and revive an economy that is in a recession. By spending money on state and federal infrastructure, the government hopes to provide jobs, and jump-start the failing economy.

EWGCOG - The East-West Gateway Council of Governments is designated by federal, state, and local officials as the Metropolitan Planning Organization (MPO) for the greater St. Louis region. The MPO is responsible for carrying out the urban transportation planning process in this region.

Executive Services - A Bi-State Development service supporting the other Bi-State Development companies.

Expense (operating) - Excludes depreciation, amortization, debt expense and sheltered workshop expense. Allocations by mode are based on a management-developed model.

Failure - Call-A-Ride and MetroBus: Revenue service interruption whereby a vehicle is unable to complete the assigned run and must be removed from service because of a mechanical, wheelchair lift, or other equipment failure. Road hazard tire failures, vandalism, accidents, and other failures not related to maintenance of vehicles are not reported. MetroLink revenue service interruption whereby a train is delayed by five minutes or more or removed from service because of a mechanical reason.

Fair value - Unbiased estimate of the potential market price.

Farebox recovery - Passenger revenue as a percent of operating expense.

Fares - The amount charged to passengers for use of various services provided by Bi-State Development.

FAST ACT – Fixing America's Surface Transportation Act. The surface transportation law that authorizes funding for various transportation programs. The law was signed by President Obama on December 4, 2016 and became effective October 1, 2016 and is effective for five years, through September 30, 2020. It replaces MAP-21.

Federal Discretionary Funds - Programs funds allocated for specific projects. Each program has its own eligibility and selection criteria that are established by law, by regulation, or administratively.

Federal Formula Fund - Is a grant program created by the Congress to distribute funding to states using a specific formula for the distribution of the funds. The formula tells the recipient of the funding how much aid the agency qualifies for.

Finance - Bi-State Development's accounting, budget, grants, passenger revenue and treasury cost centers.

Fiscal policies - guidelines providing a framework for the financial responsibilities associated to the operation of Bi-State Development.

Fiscal year (FY) - The fiscal year for Bi-State Development ends on June 30 of each year. FY 2018 ends on June 30, 2018. FY 2018 of the federal government extends from October 1, 2017, through September 30, 2018.

Fixed asset - Assets of long-term character which are intended to continue to be held or used, such as land, buildings, machinery and furniture. See also Capital Assets

Fixed guideway funds - Provides grants for new and expanded rail, bus rapid transit, and ferry systems that reflect local priorities to improve transportation options in key corridors.

Fixed guideway system – Any transit service that uses and occupies a separate right–of-way or rails for the exclusive use of public transportation and other high occupancy vehicles or uses a fixed catenary system.

Fixed route service - MetroBus and MetroLink vehicles that operate according to fixed schedules and routes.

Fleet size – Number of revenue vehicles at the end of the reporting period.

FTA - (Federal Transit Administration) – The federal agency that helps cities and communities provide mobility to their citizens. Through its grant programs, FTA provides financial & planning assistance to help plan and build public transit systems. Since 1988, the only FTA funding available to Bi-State Development has been for capital projects.

Fund - A fiscal and accounting entity which is comprised of a self-balancing set of accounts which reflect all assets, liabilities, equity, revenue and expenditures (or expenses) necessary to disclose financial position and the results of operations. Funds are established as individual entities in order to segregate financial records for the purpose of legal compliance, different natures of the activities performed, measurement of different objectives, and to facilitate management control.

Fund accounting - An accounting system emphasizing accountability rather than profitability, used by non-profit organizations and governments.

Fund balance - Refers to the excess of current assets over current liabilities.

Gateway Arch - Jefferson National Expansion Memorial and park grounds operated by the National Park Service in downtown St. Louis. In reference to Bi-State Development, the tram system and ticketing operation managed by Bi-State Development under contract with the National Park Service.

Gateway Riverboats - Becky Thatcher and Tom Sawyer riverboats owned and operated by Bi-State Development adjacent to the Gateway Arch park grounds.

GAAP or Generally Accepting Accounting Principles (US) - A collection of commonly-followed accounting rules and standards for financial reporting.

Governmental Accounting Standards Board 45: *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions* - This pronouncement establishes standards for the measurement, recognition, and display of other post-employment benefits expense/expenditures and related liabilities (assets) and note disclosures.

Governmental Accounting Standards Board 68: *Accounting and Financial Reporting for Pensions—an amendment of GASB Statement No. 27* – This pronouncement establishes standards for measuring and recognizing liabilities, deferred outflows of resources, and deferred inflows of resources, and expense/expenditures of pensions.

General Fund - It is the principal operating fund for Bi-State Development.

Hedging - An investment position intended reduce any substantial losses/gains suffered by an individual or an organization

Half cent sales tax - One-half of a cent sales tax collected in St. Louis City and St. Louis County, enacted in 1973, to be used for transportation purposes

IDOT - Illinois Department of Transportation.

Infrastructure - Basic installations and facilities (e.g., roads, bridges) upon which the continuance and growth of a community depend.

IT - Information technology including hardware and software management and office services.

JARC - Job Access and Reverse Commute Program - FTA grant program to provide funding for local programs that offer job access and reverse commute services to provide transportation for low income individuals who may live in the city core and work in suburban locations.

Liability - Debt or other legal obligations arising out of transactions in the past which must be liquidated, renewed, or refunded at some future date. This term does not include encumbrances.

Management fee - Assessment by Executive Services to other Bi-State Development companies to finance Executive Services company expenses.

MAP-21 (Moving Ahead for Progress in the 21st Century Act) - The surface transportation law that authorizes funding for various transportation programs. The law was signed by President Obama on July 6, 2012 and became effective October 1, 2012 and is effective for two years, through September 30, 2014. It replaces SAFETEA-LU.

Media Exposures - Potential audience reached based on print media circulation, unique social media viewers, and broadcast audience size.

MetroBus - Bi-State Development service name for bus service.

MetroLink - Bi-State Development service name for light rail service.

MetroScapes - An Arts in Transit program that publishes local artists' images for use in Metro bus shelters and a limited edition of posters. Posters are offered for sale at the MetroStore.

New Freedom - FTA formula grant program that aims to provide additional tools to overcome existing barriers facing Americans with disabilities seeking integration into the work force and full participation in society.

New Start - FTA grant program that is the primary funding option for local “guideway” transit projects, such as rapid rail, light rail, commuter rail, people movers, and exclusive facilities for buses and other high-occupancy vehicles (such as bus rapid transit).

OATS, Inc. - A not-for-profit 501(c)3 corporation providing specialized public transportation for senior citizens, people with disabilities and the rural general public in 87 Missouri counties.

On-time performance - MetroBus and MetroLink: Automated passenger counters record early and late departures for selected MetroBus routes and MetroLink runs compared to published schedules. A trip is considered “on-time” if the vehicle departs within the time frame of 59 seconds before schedule or arrives within 4:59 minutes after schedule. Deleted from the results are no-shows or extreme weather days. Call-A-Ride: Appointments are made giving the passenger an estimated arrival time. A trip is considered on time if arrival for the appointment is within 20 minutes before or after the appointment time.

Operating budget - The portion of the budget pertaining to daily operations that provide basic governmental services. The operating budget contains appropriations for such expenditures as personnel, supplies, utilities, travel, fuel, and capital outlay.

Operating expense - See Expense (operating)

Operating revenue - See Revenue (operating)

Operations - Bi-State Development’s vehicle operator and maintenance, security, custodial, service planning, and customer service cost centers.

Organizational unit - A major administrative unit of Bi-State Development with overall management responsibility for an operation or a group of related operations within a functional area.

Paraquad - A St. Louis center for independent living for people with disabilities.

Parking facility vehicle transactions - Number of vehicles exiting the facility excluding monthly parkers.

Passenger boardings - Includes original revenue vehicle boardings and all transfers based on MetroBus farebox counts, MetroLink ridership modeling using Automatic Passenger Counter (APC) technology, and actual Call-A-Ride passengers.

Passenger injury - Physical harm or alleged physical harm to a passenger or bystander involved in an Bi-State Development accident. One vehicle accident may result in multiple injuries.

Peer - City which management considers to be comparable to St. Louis. Certain cities report more than one agency in which case the agency results have been combined.

Per capita income - income computed for every man and woman in a geographic area age 16 and over.

Performance indicators - Specific quantitative and qualitative measures of work performed as an objective of the department or cost center.

Performance measurements - See Performance Indicators

Peripheral equipment - Computer input/output devices

Prop A - One-half of a cent sales tax collected in St. Louis County, enacted in 2010, primarily used to fund transit operating activity with the remainder applied to capital.

Prop M - One-quarter of a cent sales tax collected in St. Louis City and County used for mass transit development and operations.

Prop M2 - One-quarter of a cent sales tax collected in St. Louis City, approved in 1997 and began collecting in 2010 with the passage of the St. Louis County Prop A tax, used for operations and capital development.

Restricted funds - Grants or donations that require that the funds be used in a specific way or for a specific purpose.

Revenue (operating) - The term designates an increase to a fund's assets which does not increase a liability, represent a repayment of an expenditure already made, represent a cancellation of certain liabilities or represent an increase in contributed capital.

Revenue bond - a special type of bond distinguished by its guarantee of repayment solely from revenues generated by a specified revenue-generating entity associated with the purpose of the bonds.

Revenue hours - Time that MetroBus/Call-A-Ride vehicles or MetroLink trains operate in passenger service including special service and layover/recovery time.

Revenue miles - Distance that MetroBus/Call-A-Ride vehicles or MetroLink trains operate in passenger service including special service.

Revenue recovery - Passenger revenue, Transit Management Association revenue, and paratransit contractual revenue as a percent of expense.

Reverse commute - City-to-suburb commute. This phrase refers to the fact that most riders commute from the suburbs to the city.

Ridership - Transit System: Total passenger boardings. Gateway Arch tram: Number of adult and child tickets sold. Riverboats: Number of cruise tickets sold to adults and children.

Riverfront attractions - Includes the Gateway Riverboats and bike rentals, operated by Bi-State Development, and a heliport owned by Bi-State Development but operated under a lease agreement with a helicopter tour company.

Roadcall - MetroBus or Call-A-Ride revenue service interruption whereby the vehicle is delayed because of mechanical, tire, farebox, wheelchair or other equipment failure. A delay is not counted as a roadcall unless the delay is five minutes or more for MetroBus or fifteen minutes or more for Call-A-Ride.

SAFETEA-LU - Safe, Accountable, Flexible, and Efficient Transportation Equity Act – A Legacy for Users was signed into law August 10, 2005 for federal transit programs for FY 2005 through FY 2009. The law was extended under a series of continuing resolutions until its' final expiration on September 30, 2012.

SCORE - (Systems Connectivity Opportunity Responsiveness Efficiency) – Bi-State Development's state of the art business information system that brings a new level of integration of automation between business functions.

Security incident - Primarily disorderly conduct, fare evasion, trespassing, drunkenness and other arrests at Bi-State Development locations. Also includes reported violent crime and property crime even if there was no arrest.

Self-Insurance Funds - Self-insurance programs operated by Bi-State Development that includes medical and dental, casualty insurance and workers' compensation insurance.

Service hours - see total hours

Service miles - see total miles

Sheltered workshop - Vocational programs designed to provide work for persons with mental retardation/developmental disabilities. Two percent of the Missouri one-half cent sales tax (City of St. Louis and St. Louis County) when received by Bi-State Development is forwarded to support these programs.

Single Audit Act - provides audit requirements for ensuring all non-Federal entities that expend $500,000 or more of Federal awards in a year are expended properly

Smart card - Pocket-sized card with embedded integrated circuits which can process data to be used for transit fare collection.

STIP - State Transportation Improvement Program - A statewide prioritized listing/program of transportation projects covering a period of four years that is consistent with the long-range statewide transportation plan metropolitan transportation plans and transportation improvement plans (TIPs), and is required for projects to be eligible for funding.

STP - Surface Transportation Program; provides funds for projects that include road maintenance and construction, public transit projects, bridge improvements, traffic flow improvement projects, and bicycle and pedestrian projects.

Straight-line method - the purchase or acquisition price of an asset subtracted by the salvage value divided by the total productive years the asset can be reasonably expected to benefit the company

Strategic plan - Comprehensive summary of Bi-State Development's plan and vision to improve quality of life through public transportation.

Subsidy per passenger - Operating subsidies related to transit operations divided by passenger boardings.

TIF - Tax increment financing which creates tax incentives for business redevelopment. TIF programs may reduce sales tax receipts for Bi-State Development.

TIP - Transit Improvement Program, a planning document prepared by Bi-State Development for review and approval by state Departments of Transportation and the Federal Transit Administration to enable grant applications and receipt of federal funds.

TMA - Transit Management Association, which coordinates paratransit operations in the region using Bi-State Development's reservation and dispatching system.

TOD - Transit Oriented Development, is the growing trend in creating vibrant, livable communities. Also known as Transit Oriented Design, it is the creation of compact, walkable communities centered around high quality train systems. This makes it possible to live a higher quality life without complete dependence on a car for mobility and survival.

Total hours - Revenue hours plus deadhead hours (e.g., from the facility to the start of a revenue trip).

Total miles - Revenue miles plus deadhead miles (e.g., from the facility to the start of a revenue trip).

Tourism Innovation - The division responsible for the sales, marketing and operation of the Gateway Arch and Gateway Riverfront Attractions.

Tranche - one of a number of related securities offered as part of the same transaction.

Transit Asset Management (TAM) is a model that uses asset condition to help prioritize funding to achieve or maintain transit networks in a state of good repair.

Transit System - The Bi-State Development company that provides transit services under service names MetroBus, MetroLink, and Call-A-Ride.

Trapeze - Trapeze Software, a major software provider specializing in transportation systems.

TRIP - Transit in the Park - (Paul S. Sarbannes) - Program goals are to conserve natural, historical, and cultural resources; reduce congestion and pollution; improve visitor mobility and accessibility; enhance visitor experience; and ensure access to all, including persons with disabilities through alternative transportation projects.

TVM - Ticket Vending Machines located at each MetroLink station

Unscheduled absenteeism - Operator, mechanic and facility support sick time and unauthorized leave as a percent of current staffing, excluding overtime.

Vehicle accident - Incident in which Bi-State Development vehicle makes physical contact with another vehicle, a fixed object or a person. It also includes derailments or leaving the road.

Vehicle miles - For MetroBus and Call-A-Ride, total miles and vehicle miles are the same. For MetroLink, total mileage for each car of a two-car train is included.

Vehicle transactions - Number of vehicles exiting the Gateway Arch Parking Facility.

UZA - A Census-designated urban area with 50,000 residents or more (Urbanized Area).

Glossary of Acronyms

ADA	Americans with Disabilities Act
AFL-CIO	American Federation of Labor and Congress of Industrial Organizations
AIG	American International Group
AIT	Arts in Transit
AMBAC	American Municipal Bond Assurance Corporation
APC	Automatic Passenger Counter
APTA	American Public Transportation Association
ARC	Actuarially Recommended Contribution
ArcGIS	Collection of software products that runs on standard desktop computers to create, import, edit, query, map, analyze and publish geographic information.
ArcGIS Server	ArcGIS Server delivers dynamic maps and GIS data and services via the Web.
ARFF	Aircraft Rescue and Firefighting
ARRA	American Recovery and Reinvestment Act of 2009
ATS	Alternative Transportation Service, paratransit service provider in St. Clair County, IL. Metro is contracted by SCCTD for maintenance of the ATS vehicles
ATU	Amalgamated Transit Union
AVL	Automated Vehicle Locator
BJC	Barnes Jewish Childrens Healthcare Centers
BRT	Bus Rapid Transit
BSD	Bi-State Development
CAD/AVL	Computer Aided Dispatch / Automated Vehicle Location
CAFR	Comprehensive Annual Financial Report
CCC	Cross County Collaborative
CCTV	Closed Circuit Television (Cameras)
CIP	Capital Improvement Program
CMAQ	Congestion Mitigation&Air Quality
CMS	Constant Maturity Swap

DBE	Disadvantaged Business Enterprise
DHS	Department of Homeland Security
DMH	Department of Mental Health
DOT	United States Department of Transportation
EADS	Employee Accountability and Development System
ERS	Evaluated Receipt Settlement
ESGR	Employer Support of the Guard and Reserve
EWGCOG	East-West Gateway Council of Governments
FAA	Federal Aviation Administration
FASB	Financial Accounting Standards Board
FAST Act	Fixing America's Surface Transportation Act
FCC	Federal Communications Commission
FEMA	Federal Emergency Management Agency
FSA	Financial Security Assurance Company (now Assured Guaranty)
FTA	Federal Transit Administration
FY	Fiscal Year
GAAP	Generally Accepted Accounting Principles
GASB	Governmental Accounting Standards Board
GFOA	Government Finance Officers Association
GIC	Guaranteed Investment Contract
GIS	Geographic Information System
HCMS	Human Capital Management System
HPS	High Pressure Sodium
IBEW	International Brotherhood of Electrical Workers
IDOT	Illinois Department of Transportation
IDS	Intrusion Detection System
ISF	Internal Service Fund
IT	BSD's Information Technology Division
JARC	Job Access and Reverse Commute Program
LIBOR	London Interbank Offering Rate

LOC	Letter of Credit
LRV	Light Rail Vehicle
MAC	Missouri Arts Council
MAP-21	Moving Ahead for Progress in the 21st Century Act
MoDOT	Missouri Department of Transportation
MOW	Maintenance of Way
MPO	Metropolitan Planning Organization
MTIA	Major Transportation Investment Analysis
NOFA	Notice of Funding Availability
NPS	National Park Service
NTD	National Transit Database
O&M	Operations and Maintenance
OATS	Older Adults Transportation Service
OPEB	Other Post Employment Benefits
PAPIs	Precision Approach Indicators
RAC	Regional Arts Commission
RCGA	Regional Chamber and Growth Association
RFP	Request for Proposal
ROMIS	Rail Operations Management Information System
RTC	Resolution Trust Corporation
SAFETEA-LU	Safe, Accountable, Flexible and Efficient Transportation Equity Act - A Legacy for Users
SCADA	Supervisory Control and Data Acquisition
SCCTD	St. Clair County Transit District (Illinois)
SCORE	Systems Connectivity Opportunity Responsiveness Efficiency (Business System)
SIF	Self-Insured Fund
SMSA	Standard Metropolitan Statistical Area
SOP	Standard Operating Procedures
SSM	Sisters of St. Mary Healthcare
STP	Surface Transportation Program

STIP	State Transportation Improvement Program
STRIP	Separate Trading of Registered Interest and Principal Securities
TAM	Transit Asset Management
TAMP	Transit Asset Management Plan
TEA-21	Transportation Equity Act for the 21st Century
TFLEX	Transit Finance Learning Exchange
TIF	Tax Increment Financing
TIGER	Transportation Investment Generating Economic Recovery - supplemental discretionary grant program managed by the DOT.
TIP	Transportation Improvement Program
TMA	Transportation Management Association
TSA	Transportation Security Administration
TSGP	(Department of Homeland Security) Transit Security Grant Program
TVM	Ticket Vending Machines
UMSL	University of Missouri - St. Louis
USCG	United States Coast Guard
USO	United Services Organization
Wash-U	Washington University
YTD	Year to Date

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