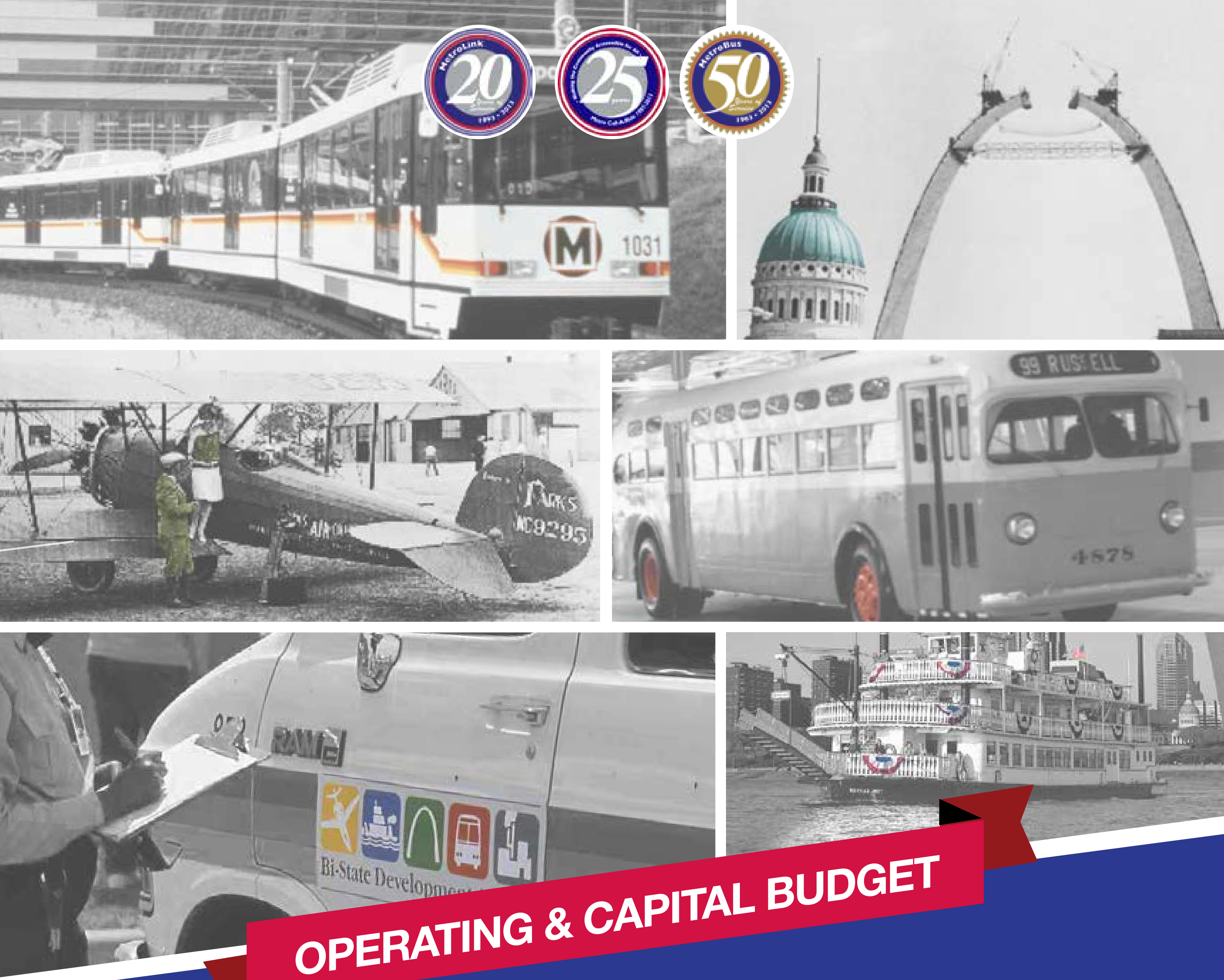

OPERATING & CAPITAL BUDGET

Fiscal Year 2015

Metro

Bi-State Development

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GOVERNMENT FINANCE OFFICERS ASSOCIATION

Distinguished Budget Presentation Award

PRESENTED TO

Bi-State Development d.b.a. Metro

Missouri / Illinois

For the Fiscal Year Beginning

July 1, 2013

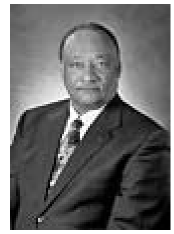
Executive Director

Board of Commissioners

Illinois

Michael Buehlhorn
Treasurer

David A. Dietzel
Chair



Fonzy Coleman

Tadas Kicielinski

Jeffery Watson

Missouri

Constance Gully
Vice Chair

Kevin S. Cahill
Secretary

Aliah Holman

Vincent C.
Schoemehl, Jr.

Hugh Scott, III

Authority and Government

The Board is comprised of five members from Illinois and five from Missouri. In Illinois, the Chairman of the Board of both St. Clair and Madison Counties appoint their representatives. Missouri Board members are appointed by the Governor of Missouri. The commissioners are required to be resident voters of their respective states and must reside within the Bi-State Metropolitan District. Each term is for five years and each serves without compensation.

Executive Officers

John M. Nations
President & Chief Executive Officer

Raymond A. Friem
Chief Operating Officer
Transit Operations

Kathy S. Klevorn
Senior Vice President
Chief Financial Officer

Jennifer S. Nixon
Senior Vice President
Business Enterprises

Christopher C. Poehler *
Senior Vice President
Engineering & New System Development

Melva R. Pete
Vice President
Human Resources

John R. Langa
Vice President
Economic Development

Debra Erickson
Vice President
Information Systems Management

Larry B. Jackson
Vice President
Procurement, Inventory Management

Dianne Williams
Vice President
Marketing

* Chris Poehler is on a temporary assignment and upon his return will resume the duties of Senior Vice President of Engineering & New Systems.

Bi-State Development Agency
707 North First Street
St. Louis, Missouri 63102-2595
PH: 314.982.1400
www.metrostlouis.org

March 14, 2014

Message from the President

The Bi-State Development Agency (BSDA) of the Missouri-Illinois Metropolitan District presents to the Board of Commissioners for approval the Fiscal Year (FY) 2015 Operating and Capital Budget. Included in this document is the federally required three-year Transportation Improvement Plan (TIP), which identifies operating and capital resources necessary to serve our regional stakeholders and meet the St. Louis metropolitan area's economic needs. BSDA's TIP will be incorporated in the region's list of priorities and projects eligible for federal financial assistance that will be developed by the East-West Gateway Council of Governments (EWGCOG), the region's Metropolitan Planning Organization (MPO).

BSDA is a fundamental community partner in the economic landscape of the St. Louis region. As St. Louis' iconic Gateway Arch celebrates its 50th anniversary in 2015, Bi-State Development is proud to say it has been in partnership with the National Park Service (NPS) from the Arch's inception. BSDA signed a new service agreement with the NPS in January 2014 which extends our cooperative arrangement into the future. Bi-State Development is a member of CityArchRiver, a public-private partnership dedicated to enhancing the Gateway Arch grounds, the St. Louis riverfront and the surrounding city landscape.

The development of the Arch grounds and the St. Louis riverfront is vital for creating a prosperous visitor destination in downtown St. Louis. The construction phase of this much needed project has the potential to negatively impact Bi-State Development's Riverfront Attraction operations in 2015. The Agency recognizes visitor access to the riverboats will be hampered and is anticipating declining revenues during the construction's progression. Bike rental operations along the riverfront have already been suspended.

BSDA is continuing its work on the historic Eads Bridge which MetroLink trains use to cross over the Mississippi River between Missouri and Illinois stations. The project is a comprehensive rehabilitation of the main spans of the bridge including structural steel repairs, track superstructure replacement, removal and replacement of track, ties, rail, and walkway, removal of abandoned utilities, removal of the existing coating system, and application of a corrosion protection painting system. The bridge rehabilitation requires MetroLink trains to single track over Eads Bridge. To avoid any light rail delays, an interlocking was built on the Illinois riverfront prior to beginning the project. The East Riverfront Interlocking project was awarded Project of the Year by the St. Louis Chapter of the American Society of Civil Engineers.

Other transit related projects include the development of the North County Transit Center and the Downtown Transfer Center. Bi-State Development project teams are currently working on smart card technology integration and bus rapid transit corridors. Metro Transit is procuring articulated buses for our Grand Avenue MetroBus route, the most utilized route in the bus system. The articulated buses will have greater capacity and seating for a more enjoyable customer ride.

The bus rapid transit corridors are being evaluated as a component of Bi-State Development's 30-year comprehensive strategic plan, *Moving Transit Forward*. The strategic plan was adopted in February 2010, and calls for a modest fare increase every other year. Metro Transit's FY 2015 budget calls for the implementation of a fare increase on weekly, monthly and semester passes beginning July 1, 2014.

The Bi-State Development Agency is one of 11 stakeholder agencies partnering with East-West Gateway Council of Governments on the development of a Regional Plan for Sustainable Development (RPSD). As part of this plan, Metro Transit works with local communities to craft strategies and encourage Transit-Oriented Development around the MetroLink stations. Transit-Oriented Development plans and reformulates how the St. Louis region designs its communities to incorporate intelligent transportation solutions. Concerning MetroLink, this means making the transit station the heart of the community, increasing population density nearer to the station and making the neighborhood more walkable and economically vibrant.

Metro Transit is a leader in innovation and dedication. MetroBus smart bus maintenance technology is the industry leader and has been recognized nationally in trade publications for its results on miles between road calls. MetroBus recently implemented web based technologies which allow bus riders waiting at a stop to track the arrival time of the next bus.

The Agency and its employees' commitment to safety and the customer experience was exemplified this past year by 14 Call-A-Ride van operators and 105 MetroBus operators who were honored by the National Safety Council for driving 10 or more years with no preventable accidents on their records.

Also, eight frontline employees of the Gateway Arch were honored by the St. Louis Convention and Visitor's Commission for their high quality service, professionalism, positivity, and the ability to provide visitors with a memorable experience.

The operating and capital budgets are presented by business segment, unit and division as appropriate. The operating budget is also presented in a consolidated format which mirrors financial statement requirements presented in the Comprehensive Annual Financial Reports (CAFR). Upon approval by the Agency's Board of Commissioners, the FY 2015 capital and operating budgets continue through a vetting process that includes the St. Louis County Public Transportation Commission for recommendation 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.

The FY 2015 Operating and Capital Budget has been prepared to effectively and efficiently allocate resources to accomplish regional transportation goals:

- BSDA's Transit System operating expenses before depreciation = $274.0 million

- Three-year Transit System capital funding plan:
  - Local funds $ 151.3 million
  - Federal and State funds 434.5 million
  - Total $ 585.8 million

- Executive Services operating expenses before depreciation = $3.9 million

- Business Enterprises operating revenue budget :
  - Gateway Arch $ 5.5 million
  - Riverfront Attractions 1.6 million
  - St. Louis Downtown Airport 1.8 million
  - Gateway Parking Facility 1.4 million
  - Total $ 10.3 million

- Business Enterprises capital funding budget :
  - Gateway Arch $ 7.5 million
  - Riverfront Attractions 0.2 million
  - St. Louis Downtown Airport 9.3 million
  - Gateway Parking Facility 0.0 million
  - Total $ 7.0 million

In fiscal year 2015, Bi-State Development Agency is looking forward to developing more business opportunities and growth in the region. Passenger growth trends of the transit system underscore how important and needed the services are in the St. Louis metropolitan area. We will continue to manage our resources, physical and financial, to the best of our abilities to assure that the Agency will be here for future generations and that it continues to play an important role in the economic development of the region.

John M. Nations
President and CEO

Executive Summary

2014 Financial Overview

Regional economic recovery continues in 2014 as employment and sales tax growth both move in a positive direction. Approval of a half percent sales tax in St. Louis County in 2010, allowed the Agency to stabilize its finances and restore its services. With the continued economic recovery, higher employment and strong public transit product delivery translates to higher ridership. Metro has experienced growth in ridership over the last four years. That growth has continued into 2014 with a 2.4% growth in ridership in the first six months of this year. Higher ridership drives increases in passenger revenue. For the first six months of 2014, passenger revenue improved 1.9% over the prior year. Overall, the Metro Transit System is funded by revenue appropriations from jurisdictions we serve (77.8%), the farebox (18.6%) and auxiliary revenues related to advertising, concessions, rental and other (3.6%). The Bi-State Development Agency is not a taxing authority; therefore, it does not have the power to directly collect taxes for operations. Annually, St. Louis City, St. Louis County and St. Clair County determine the level of service they will support based on the resources at their disposal. Each jurisdiction goes through a formal appropriation process to annually fund the services they determine to be desirable to meet the needs of their region.

The Business Enterprises Division, which predominantly supports tourism and air travel, has struggled in this economy; however, they have had consistent financial performances in recent years. The first six months of FY 2014 moderate weather conditions made for stronger Riverfront Attraction and Airport activity compared to the prior year. The mild weather contributed to strong showings for the Airport special activities in FY 2014 and helped increase fuel sales. Riverboat passengers increased over the prior year. The Arch tram ridership was helped by the weather and conventions, but was offset by the CityArchRiver construction. Early this fiscal year garage transactions were strong; however, the Parking Garage is beginning to feel the effects of the street construction around the downtown and Arch area.

In a world of constant change and transition, BSDA has been very proactive in pension and paid time off (PTO) reform. BSDA has successfully negotiated movement to a 401K structure for the Salaried workforce and two of its bargaining units and remains very optimistic these changes will ultimately be negotiated for all bargaining employees in the near future. Retiree medical reform, designed to reduce OPEB liabilities yet continue to ensure medical coverage for retired employees, is in the process of transition as well. As a result of several retirements in 2014, the Agency has experienced greater than average turnover. BSDA has remained strong through this transition period. With significant attention to life cycle "just in time" vehicle maintenance, fuel hedging, maturing wellness programs and safety focus, BSDA takes steps to control cost yet provide reliable services to the region. It is expected that all BSDA enterprises will end 2014 with lower expenses and higher operating income than budgeted for FY 2014.

Agency Awards and Recognition:

- Achievement of Excellence in Procurement Award - presented by the National Procurement Institute. Bi-State Development is only one of 23 special districts in the U.S. and just one of two agencies in Missouri to receive this award.
- 2013 Project of the Year Award for the East Riverfront Interlocking: East Tower Railroad Span Replacement Project - presented by the American Society of Civil Engineers (St. Louis Chapter).
- St. Louis Green Business Challenge Award - presented by the St. Louis Regional Chamber. The Bi-State Development Agency was acknowledged for several programs including: creating the Metro Lean & Green Team; donating 3 buses to Wings of Hope to be converted into mobile hospitals; recycling cell phones, holiday lights and medical equipment; and switching to recycled office paper. Metro was also recognized for its ongoing “smart” bus initiative that has produced a strong fleet of vehicles that can spend more time on the streets between major repairs, burn less fuel and last longer before being taken out of service.
- The Gateway Arch Brochure won the “Best Brochure in the Midwest Region Award” from the national media group, CTM Media Group, Inc. Criteria for receiving the award included layout and design, content, and visitor appeal.
- The Government Finance Officers Association awarded Bi-State Development the Certificate of Achievement for Excellence in Financial Reporting for the 18th consecutive year.
- The Government Finance Officers Association awarded Bi-State Development the Distinguished Budget Presentation Award for the eighth time for its operating and capital budget.
- Finalist for the 2013 Healthiest Employers Award - presented by St. Louis Business Journal.
- Finalist for the Arcus Award for Achievement in Economic Inclusion - presented by the St. Louis Regional Chamber.
- Eight BSDA employees were recognized by St. Louis Convention and Visitors Commission (CVC) President Kathleen Ratcliffe and City of St. Louis Mayor Francis Slay for providing high quality customer service. The eight Gateway Arch employees were recognized for exhibiting professionalism, positivity, reliability, courteousness, attentiveness and the ability to provide St. Louis visitors with a “memorable” experience.
- Metro Transit and the National Safety Council celebrated 105 MetroBus and 14 Metro Call-A-Ride Van Operators whose safe driving records included 10 or more years with no preventable accidents and who had excellent attendance.

Major Events During Fiscal Year 2014 Include the Following:

July 2013

- MetroLink Celebrates 20th Anniversary. MetroLink debuted in the St. Louis area in July 1993 with stations stretching from Lambert-St. Louis International Airport to East St. Louis, Illinois.
- BSDA employees volunteered as ambassadors for the Fair St. Louis celebration.

August 2013

- Bus Rapid Transit (BRT) explored by Metro and regional partners -- the Missouri Department of Transportation (MoDOT), East-West Gateway Council of Governments, City of St. Louis, and St. Louis County. The partnership conducted a St. Louis Rapid Transit Connector Study and requested public input.

September 2013

- The St. Louis Downtown Airport held a Labor Day Aviation Charity Event which included tours of the Greater Air & Space Museum, aviation demonstrations and bi-plane rides.
- Children and adults were invited to help paint two colorful eco-murals on a MetroBus vehicle as part of the Green Homes and Great Health Festival at the Missouri Botanical Garden.
- BSDA introduced multi-language posters on MetroBus and MetroLink to welcome St. Louis' foreign-born population to the region's transit system.
- BSDA employees volunteered as Ambassadors to help educate Metro transit customers and the St. Louis region about the importance of being prepared for emergencies and disasters during Emergency Preparedness Month.

October 2013

- The Gateway Arch was closed between October 1 and October 16, 2013, due to federal budget negotiations.
- Bi-State Development Agency (BSDA) announced it was honored with two prestigious awards recognizing its organizational excellence in procurement and its creative engineering approach to the East Riverfront Interlocking Project for the Eads Bridge.
- Metro Transit provided extra MetroLink service for National League Championship Series and the World Series games.
- Metro donated three buses to Wings of Hope, an organization twice nominated for the Nobel Peace Prize. One bus is being sent to Burma, after it is turned into a mobile hospital, complete with surgical and clinical wards.
- Metro installed new fareboxes on all MetroBus vehicles.

November 2013

- St. Louis Downtown Airport conducted an emergency training exercise for Metro East emergency responders and public health crews. The drill included a simulated plane crash and fire, as well as a simulated biological hazard scenario.
- In partnership with Beyond Housing, Rebuild Foundation, the Des Lee Collaborative Vision, and the City of Pagedale, the Bi-State Development Agency installed a community art piece at the Rock Road MetroLink Station.
- BSDA installed a 12-foot-tall public art sculpture at the Union Station MetroLink Station.
- Regional officials break ground to raise Leonor K. Sullivan Boulevard as part of phase two of the Gateway Arch renovation. The river road will get a redesign, with bicycle and pedestrian paths, and be raised 30 inches to elevate it largely above the Mississippi River floodplain.
- St. Louis Mayor Francis Slay announced a new funding priority for the Affordable Housing Commission (AHC) of the City of St. Louis. One-million dollars of the Affordable Housing Trust Fund will be invested to spur the development of affordable housing near MetroLink stations and MetroBus lines. This amount represents one-quarter of AHC's annual budget.

December 2013

- Transit System commuters were once again treated to the Holiday Magic Train. In addition to the Holiday Magic Train concerts, BSDA added musical performances by area schools at several BSDA Transit Centers throughout the holiday season.
- Erick Dahl is introduced as the incoming director of St. Louis Downtown Airport. Mr. Dahl comes to Bi-State Development after serving as Airport Manager at South Dakota's Watertown Regional Airport where he was responsible for overall airport operations and employee training.
- The East-West Gateway Council of Governments' Board of Directors approved OneSTL, a regional plan for sustainable development that provides a framework for collaboration among local governments as they adapt to the changing needs of the area's communities.

January 2014

- The National Park Service and Bi-State Development Agency renewed agreements for services and fee management regarding the development and operation of the Jefferson National Expansion Memorial.
- In partnership with Lambert-St. Louis International Airport, BSDA dedicated two public art murals at the Terminal 1 MetroLink Station as part of a commitment to upgrade MetroLink stations on the original section of the light rail alignment.
- Metro Transit installed new technology to track bus time arrivals. Customers may access the MetroStLouis.org web page on the internet from a mobile device where the arrival time of the next bus can be found. A smart phone application with the same web based capability is expected in the future.

February 2014

- Metro operated special bus shuttles for the Stan Musial Veterans Memorial Bridge grand opening.
- Bi-State Development is contributing to a 1,500 square foot indoor playground for children at Lambert International Airport. The project is being sponsored by a partnership between The Magic House St. Louis Children's Museum and Lambert Airport.
- St. Louis celebrates its 250th anniversary.

2015 Preview

Metro Transit

Metro Transit continues to attract riders. Between FY 2010 and FY 2013, Metro Transit passenger boardings were up 15.8%, which included a 7.1% ridership increase in 2012 and recognition by APTA that Metro led the nation in ridership growth during that time frame. Moving Transit Forward, the region's 30-year plan for transportation, programmed a fare increase every two years; therefore, Metro has programmed a moderate fare increase to be effective July 1, 2014, and continues to expect a 1.6% ridership even with higher pricing.

On August 1, 2013, BSDA completed restructuring of its debt. Debt restructuring accomplished several goals including improving debt coverage and ratings, moving subordinate lien debt to senior lien status, and ultimately generating savings. BSDA entered into an agreement with St. Louis County to borrow excess Prop A funds at advantageous rates to both parties to accelerate debt retirement. For FY 2015, savings from the debt expense assists the Agency with additional funds to combat inflationary pressure.

With an eye always on the future, Metro is advancing projects and programs outlined in the 30-year strategic plan to advance public transit in the region. Modernization of its fare collection system includes the installation of new fareboxes and progress toward implementation of smart card technology, which is expected to be operational in FY 2016. Metro is moving forward with plans for a new Downtown Transfer Center near the Civic Center MetroLink Station and a North County Transfer/Transit center which will enhance the customer experience. FY 2015 will see the continuation of Bus Rapid Study Planning. Articulated buses are currently on order and expected to go into service in FY 2015 on the most utilized MetroBus route, Grand Avenue. These buses are expected to improve overcrowding issues more economically than adding more standard size buses to the route.

The Eads Bridge rehabilitation is the most significant infrastructure project currently underway on the MetroLink alignment. Other major projects include the radio project, revenue vehicle routine replacement, and information technology upgrades on the telephone system and PC replacement.

Economic Development within the Agency is designed to provide regional leadership, involving itself in large scale infrastructure and regional economic development initiatives, Transit

Oriented Development around the MetroLink stations, and managing BSDA's Real Estate Division activities. The department's involvement in regional economic development and large scale infrastructure efforts include CityArchRiver/SLDC Steering Committee, CORTEX Station Feasibility Study and Downtown Partnership Streetcar Project Steering Committee.

St. Louis Gateway Arch, Gateway Arch Parking Facility and Riverfront Attractions

The Bi-State Development Agency signed a new service agreement with the National Park Service in January 2014 to continue operating the Gateway Arch Tram System. The Agency is expected to assist the National Park Service with bond issuance to replace antiquated equipment in 2015. Planned ground and equipment renovation at the Gateway Arch is part of a larger economic development project that extends into the downtown district. The project is being undertaken by a public-private partnership, CityArchRiver, of which Bi-State is a member.

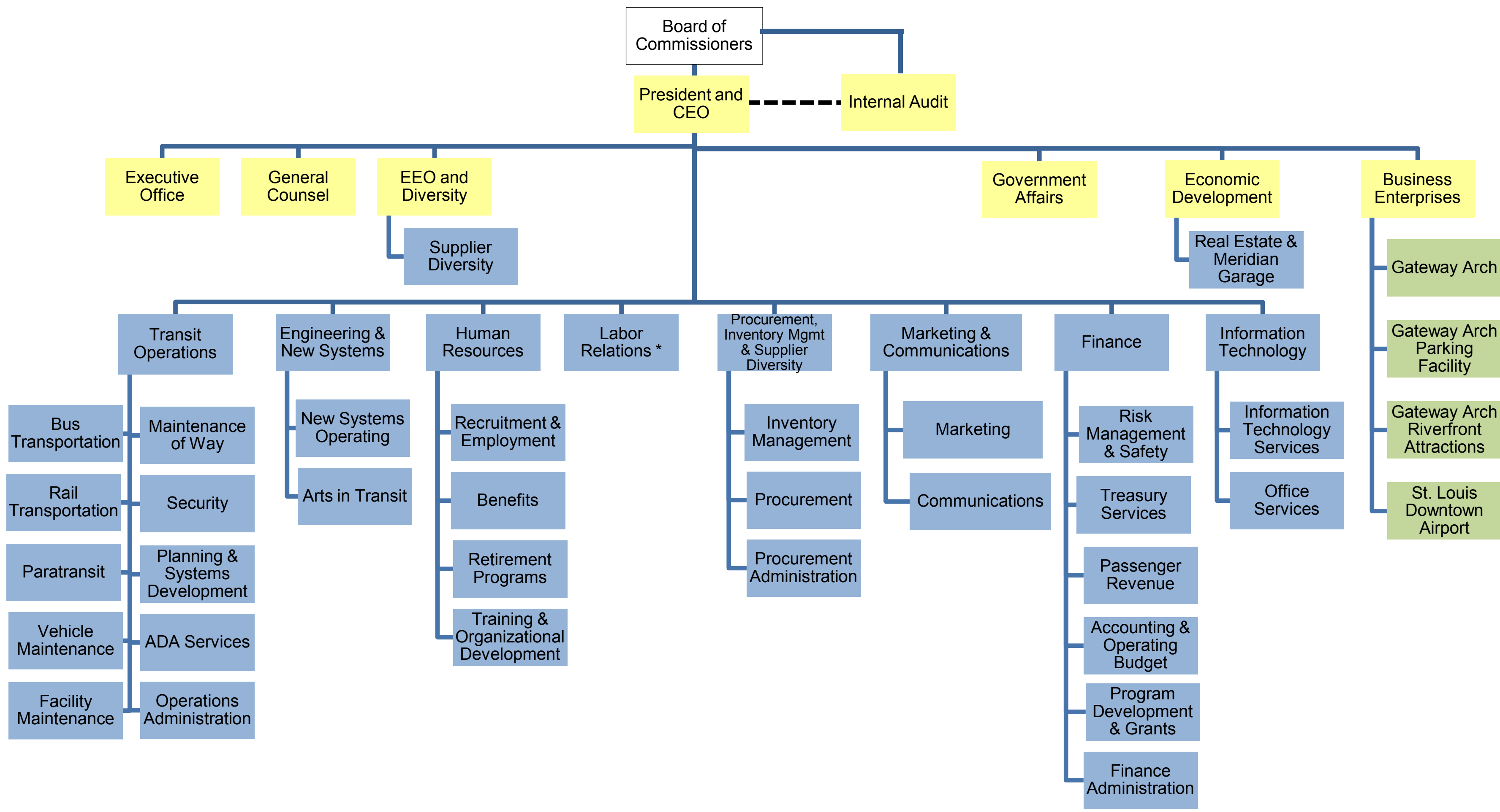
The Gateway Arch, Arch Parking Garage and Riverfront Attractions business operations will be negatively impacted by construction on the Arch grounds and the street closure of Leonor K. Sullivan Boulevard as it raises the road three feet and improves bike path access. Discussion continues regarding the Arch ground's renovation and the impact on the demolition of the Gateway Arch Parking Facility. The impact of these business disruptions on the Business Enterprise companies can be seen in their respective FY 2015 budgets.

Additional FY 2015 capital projects for the Gateway Arch include redesigning and implementing exhibits, rehabilitating the Arch Lobby and two nearby MetroLink stations; repairing and rehabilitating sewage pipe lines; designing and installing a Distributed Antennae System; and creating the design and engineering documents for the replacement Arch Transportation System and Motor Generator sets.

St. Louis Downtown Airport

The St. Louis Downtown Airport introduced a new Director, Erick Dahl, in December 2013 after the retirement of its previous Director, Bob McDaniel. The airport continues to grow and expand its business. FY 2015 capital projects include the reconstruction of a taxiway, acquisition of a rapid intervention vehicle, and a land acquisition for future expansion.

As we head into FY 2015, the entire Bi-State team is committed to delivering a safe, satisfying customer experience, whether it be a bus ride, a train ride, a tram ride, a plane ride or a dinner cruise.



Executive Services

Transit System

Business Enterprises

* In FY 2013 Labor Relations reported directly to the Human Resources Division. In FY 2014 Labor Relations became a function of its own reporting directly to the CEO.

Bi-State Development Agency Personnel

The Bi-State Development Agency remains committed to maintaining a personnel position count at a responsible level. The total organization for the FY 2015 budget includes 2,247 positions which is an increase of 11 compared to the budgets for FY 2014. Changes predominately relate to operator, mechanic and security resource requirements. The breakdown by division consists of 2,186 positions for the Transit System, 21 in Executive Services and 40 for Business Enterprises.

Transit System

The Transit System budget of 2,186 positions is an increase of 13 compared to the budgets for FY 2014. Further breakdown is discussed in the paragraphs that follow.

Transit Operations

Position count includes full-time and part-time bus operator personnel. In FY 2015, Metro continues the use of part-time bus operators that were restored in 2009. The Division 788 Amalgamated Transit Union contract for operators and maintenance personnel states that part-time operators can work up to 7% of all platform hours, but each position may only work up to 28 hours a week. To take advantage of the cost efficiencies of using part-time operators, the number of part-time operators has increased to 84 in FY 2015, from 75 in FY 2013 and 83 in FY 2014. In turn, full-time operators are budgeted at 788 in FY 2015, which is up one from last year's budget and six from the FY 2013 budget. The bus operator position counts are included in the Bus Transportation function as displayed on the Personnel by Division and Function table.

MetroLink position increases relate to light rail vehicle operators and have resulted from slight service adjustments. The number of operators budgeted for FY 2015 is 102, an increase of three from FY 2014 and five from the FY 2013 Budget.

Vehicle Maintenance has added three mechanics in order to cover the additional workload created from the support of the St. Louis City fire truck program. BSDA is reimbursed for the fire truck maintenance services provided to the City.

An additional four positions are required in Security to staff the new bus enforcement program. The new enforcement program is an effort to increase the visibility of our officers on buses and deter criminal activity. This would be in addition to the "normal" duties and responsibilities of our officers. The bus visibility program has just begun and has been very popular with customers and operators. It has helped deter overall criminal activity and assaults against Metro operators in particular. The additional personnel will bring this program to the level desired resulting in a better transit environment for our customers and staff.

Information Technology

The Information Technology Applications Development area has requested a manager to support the Operations portfolio of applications. The number of vendors, software packages and custom development, coupled with the large customer base make it difficult for a single manager to ensure proper care and progress. The Operations Applications team will be split into sub groups to allow better focus and attention on application customers and issues.

Business Enterprises

St. Louis Downtown Airport reduced staffing needs by one. Personnel changes have allowed for a previous budgeted open position to be eliminated.

The Arch Parking Facility reduced its salaried staffing needs by one. A supervisor position was eliminated as part of an expense reduction initiative which is being enacted in response to declining revenues.

Bi-State Development Agency Employees by Division and Function

On the following page is a table comparing the number of BSDA's personnel in the FY 2015, FY 2014 and FY 2013 budgets.

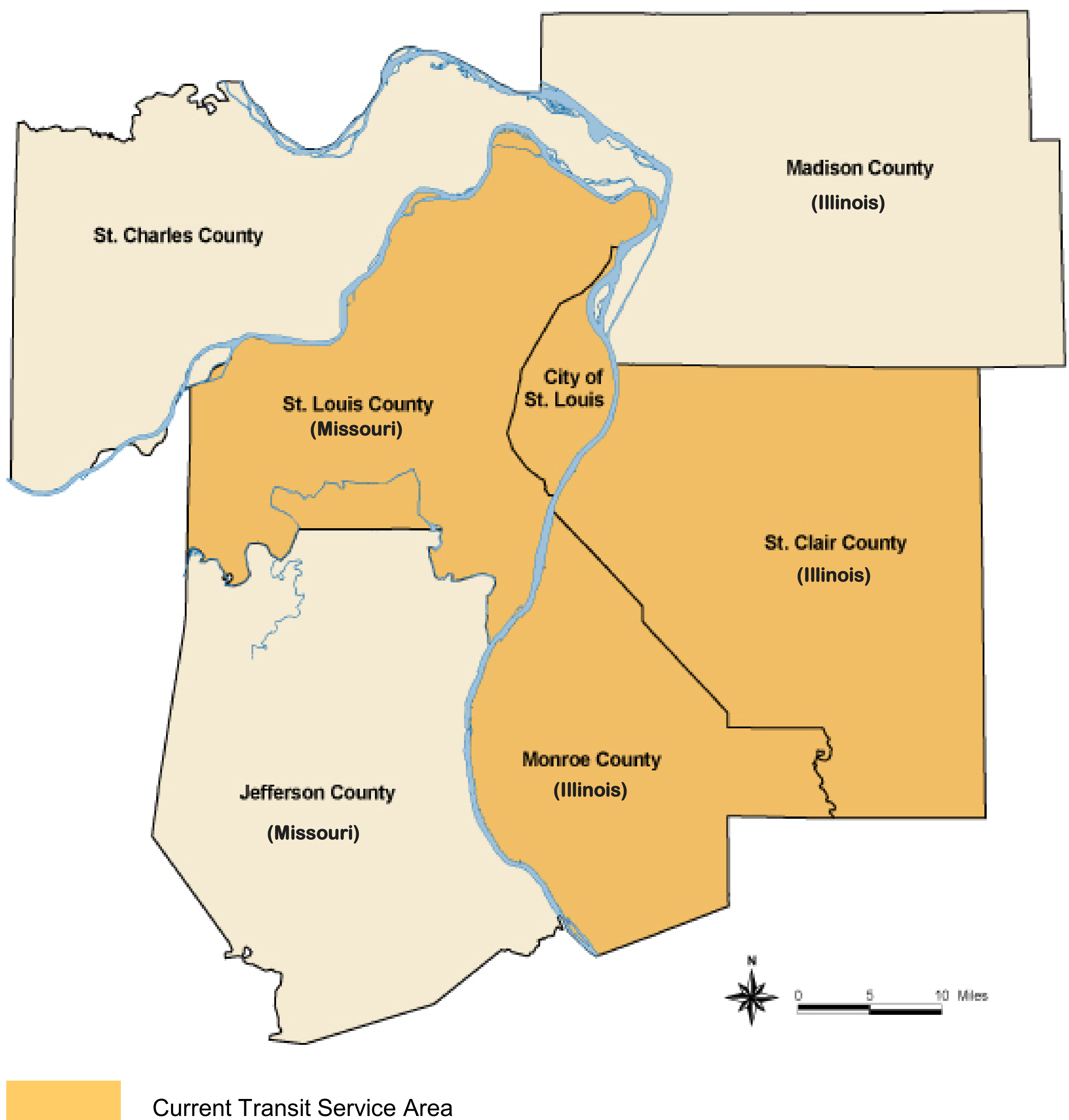
Note:
In the Organizational Units section of this document, you will find detailed organizational charts for the FY 2015 budget for all Transit divisions. The organizational charts for the Gateway Arch, Gateway Arch Parking Facility, Riverfront Attractions, St. Louis Downtown Airport, and Executive Services may be found in those respective sections of this document.

Bi-State Development Agency Personnel by Division & Function

	FY 2015 Budget	FY 2014 Budget	Variance	FY 2013 Budget
Transit System				
Transit Services				
Bus Transportation	945	943	2	930
Rail Transportation	141	138	3	136
Paratransit Transportation	249	249	-	249
Vehicle Maintenance	342	339	3	336
Maintenance of Way	149	149	-	138
Facility Maintenance	32	32	-	32
Security	38	34	4	34
ADA Services	7	7	-	7
Service Planning	39	39	-	39
Operations Administration	2	2	-	2
Total Operations	**1,944**	**1,932**	**12**	**1,903**
Finance				
Passenger Revenue	33	33	-	33
Risk Management and Safety	21	21	-	21
Accounting & Operating Budget	23	23	-	23
Capital Budgeting and Grants	5	5	-	5
Treasury	2	2	-	2
Finance Administration	3	3	-	3
Total Finance	**87**	**87**	**-**	**87**
Procurement	57	57	-	57
Information Technology	44	43	1	31
Engineering and New Systems	18	18	-	18
Human Resources	19	19	-	19
Marketing	15	15	-	14
Economic Development	2	2	-	2
Total Transit System	**2,186**	**2,173**	**13**	**2,131**
Executive Services	**21**	**21**	**-**	**20**
Business Enterprises				
Gateway Arch	12	12	-	11
St. Louis Downtown Airport	11	12	(1)	12
Gateway Arch Parking Facility	5	6	(1)	6
Riverfront Attractions	12	12	-	12
Total Business Enterprises	**40**	**42**	**(2)**	**41**
Total Bi-State Development Agency	**2,247**	**2,236**	**11**	**2,192**

Bi-State Development Agency of the Missouri – Illinois Metropolitan District

Jurisdiction Authority Area



Bi-State Development Agency Profile

Organizational History and Significant Events

Bi-State Development Agency (BSDA) was established on September 20, 1949, by an interstate compact passed by the state Legislatures of Illinois and Missouri, and then approved by the Governors of the two states. The compact was approved by the United States Congress and signed by President Harry S. Truman on August 31, 1950. The compact created an organization that has broad powers with 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. Bi-State Development Agency does not have the power to tax. Funding is received from local, state and federal sources. However, it is authorized to collect fees from the operation of its facilities.

History	
1949	Bi-State Development Agency created and approved by states of Illinois and Missouri.
1950	Interstate compact approved by US Congress.
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 opened (Arch opened in 1965).
1983	Gateway Arch Parking Facility bonds issued.
1986	Gateway Arch Parking Facility opened. Management Innovation Award from APTA.
1988	Call-A-Ride begins demand response service
1990	MetroLink construction began.
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.
1995	Best Large Transit System in North America award from APTA received.
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.
2004	Bus Transit Access Center opened.
2006	Cross County MetroLink branch opened.
2010	St. Louis County approved Prop A ½ cent sales tax.
2012	Restoration of the historic Eads bridge began.
2013	Missouri voters passed Proposition P, a 3/16 cent sales tax ,to help fund updating and expanding of Gateway Arch park grounds and riverfront attractions.

In the first years of existence, the BSDA participated in, or conducted several studies which included a comprehensive plan for development of the Missouri-Illinois Metropolitan District, sponsored a survey of chemical and biological pollution of the Mississippi River, and an exhaustive study of the St. Louis County sewer problem that led to a new sewer law which created the Metropolitan St. Louis Sewer District. Bi-State Development Agency also sponsored a coordinated interstate highway planning action related to surveying highways and expressways. The most significant project undertaken in the early years was the construction of a 600-foot wharf at Granite City, Illinois in 1953.

Today, the Bi-State Development Agency is organized into two main operations: Business Enterprises and Transit System. Included in the Business Enterprises Division is the Gateway Arch Tram System, the St. Louis Downtown Airport, the Gateway Arch Parking Facility, and the Riverfront Attractions. The Transit System Division is comprised of three modes of public transportation which includes MetroBus, bus operations; MetroLink, light rail operations; and Call-A-Ride, demand response operations.

The diversified Business Enterprises Division began in 1962, when Bi-State Development Agency was asked to fund and operate the tram system that would carry visitors to the top of the Gateway Arch Monument. A $3.3 million revenue bond issue was completed in July 1962, and the relationship with the Gateway Arch and National Park Service began.

An agreement was reached in October 1962 where BSDA would assist in the re-opening of Parks Metropolitan Airport at Cahokia, Illinois. After a series of approvals and resolutions, the Agency purchased the Airport in 1964 for $3.4 million, and later renamed it St. Louis Downtown Airport.

In 1983, Bi-State Development Agency issued a $10 million revenue bond for construction of the Gateway Arch Parking Facility. This is a multi-level 1,141 space parking facility located on the grounds of the Jefferson National Expansion Memorial.

In July 2001, Bi-State Development Agency purchased the Becky Thatcher and Tom Sawyer Riverboats to preserve the St. Louis Riverfront experience. Since 2001, the Riverfront Attractions have expanded to include the Arch View Café, a gift shop, bike rentals, concessions and a heliport barge from which helicopter tours over downtown St. Louis are provided.

The Transit Division began in 1963 when the Bi-State Development Agency purchased and consolidated 15 privately owned transit operations using a $26.5 million bond issue. Today BSDA is best known for providing three modes of mass transportation services in the Greater St. Louis Region. In 2013, MetroBus celebrated 50 years of service to the Bi-State region.

In 1987, BSDA's Call-A-Ride began demand response service to fill a need for alternative transportation service to customers with disabilities and those who were unable to use regular fixed route bus or light rail service. Since then, Bi-State Development Agency has created programs to educate and certify all paratransit users. BSDA 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. In 2012, Call-A-Ride celebrated its 25th anniversary of operations.

Bi-State Development Agency 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 through Clayton south to Shrewsbury, Missouri. Today, MetroLink operates 46 miles of alignment with 37 stations and 20 Park and Ride lots. Also in 2013, MetroLink celebrated 20 years of serving the St. Louis region.

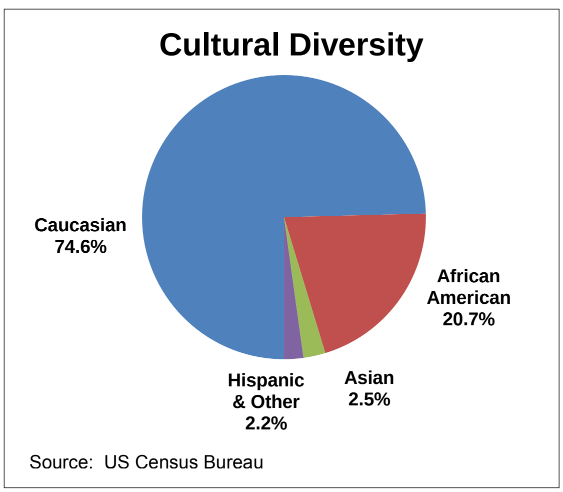
Community Profile

Population and Culture

The most recent census data estimates approximately 2.5 million people live in the Greater St. Louis region served by the Bi-State Development Agency (BSDA). Overall, the Greater St. Louis region is experiencing minimal growth with a continuing shift in population from the City of St. Louis to St. Louis County to the suburban communities in Missouri and Illinois. This is creating a growing need for public transportation outside the City of St. Louis.

Estimated Population Comparison			
Region	**2010**	**2012**	**% Change**
St. Louis City	319,294	318,172	-0.4%
St. Louis County	998,954	1,000,438	0.1%
St. Charles County	360,485	368,666	2.3%
Jefferson County	218,728	220,209	0.7%
St. Clair County	270,056	268,858	-0.4%
Madison County	269,282	267,883	-0.5%
Monroe County	32,957	33,357	1.2%
Total	**2,469,756**	**2,477,583**	**0.3%**
United States	**308,747,716**	**313,873,685**	**1.7%**

Today, the Transit System service area includes the City of St. Louis, St. Louis County, and portions of St. Clair and Monroe Counties in Illinois. Residents from Madison County in Illinois enjoy the benefits of the Transit System through coordinated services with the local services in that area. 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 Greater St. Louis region is a culturally diverse community with much to offer. In the region, you will find the cosmopolitan atmosphere of a large city commingling with an energetic urban lifestyle.

Three professional sports teams – Cardinals baseball, Rams football and Blues hockey – play in downtown St. Louis. Downtown Washington Avenue, lined with eclectic restaurants and boutiques, beautiful lofts and exciting nightlife, was recently named among the "10 Best Streets in America" by the American Planning Association. The Mississippi riverfront district includes Laclede's Landing which features restaurants, entertainment and a casino, the Gateway Arch, Bi-State Development Agency Headquarters and National Park complex. Union Station is a national historic landmark housing a hotel, restaurants and special shops. The Delmar Loop is a vibrant, diverse six-block entertainment and shopping district. Historic Soulard features an open-air farmers' market and beautifully restored homes around the In-Bev Anheuser-Busch brewery. The Hill is home to Italian neighborhoods, shops and restaurants. The Central West End is famous for its eateries, antique shops and grand old homes.

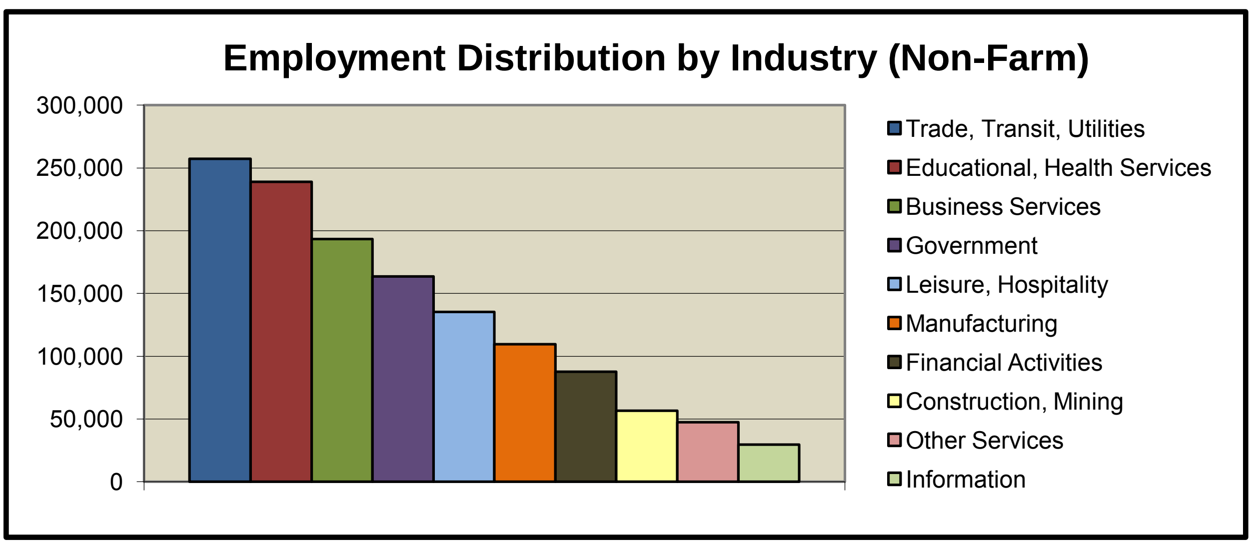
St. Louis' famous Forest Park was site of the 1904 World's Fair. It is frequented by runners, bicyclists, and picnickers and hosts some of the region's favorite cultural and educational institutions including the St. Louis Art Museum, St. Louis Zoo, St. Louis Science Center and Missouri History Museum. Additionally, the 12,000-seat outdoor Municipal Opera amphitheatre, known as "the Muny," offers summer theater productions in Forest Park. The bi-state region boasts five state parks and hundreds of neighborhood parks making it a beautiful place to visit.

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

Centrally located, St. Louis is a convenient destination from anywhere in the country. Transportation access includes four major interstates, Lambert St. Louis International Airport, several regional airports, Greyhound Bus and Amtrak. Once in St. Louis, a major part of the region is served by BSDA's MetroBus, MetroLink and Call-A-Ride Operations. The same attractions, cultural institutions and negotiability that make the St. Louis region a great place to visit also make it a great place to live.

Employment by Industry

The Greater St. Louis region is home to a very diverse industrial base. Hospitality is an important segment within our service industry, supporting 22.3 million visitors annually.



Source US Bureau of Labor Statistics

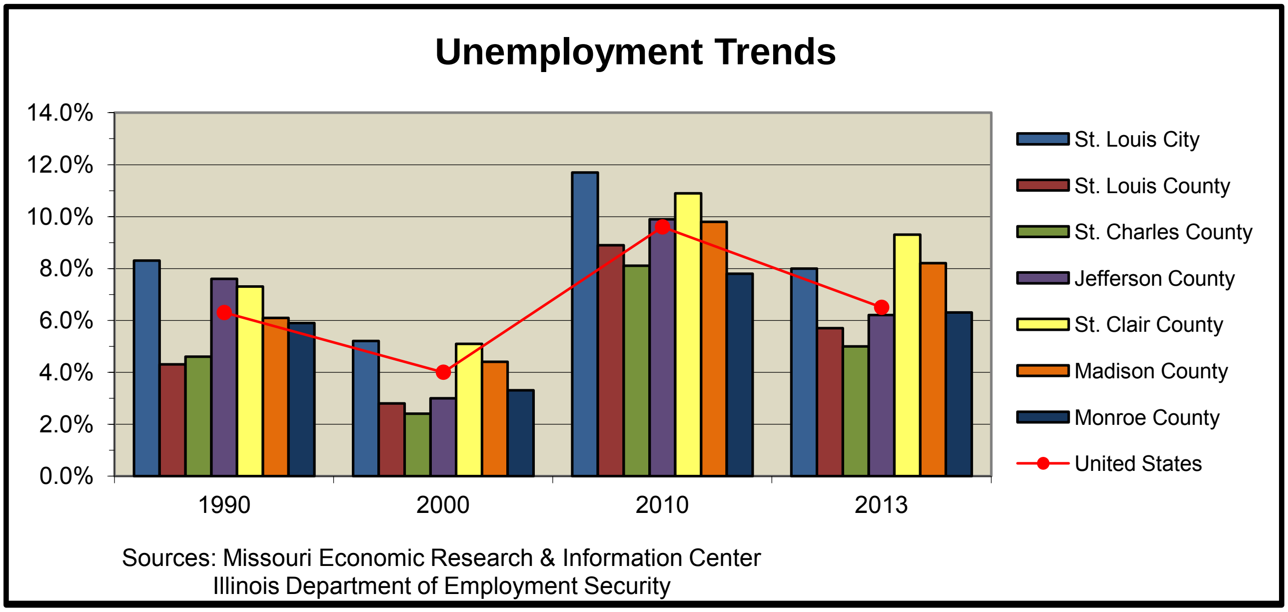
The America's Center Convention Complex welcomes some of the country's largest meeting groups to its user-friendly facility. The services industry also includes healthcare and education.

The five largest employers in the region include BJC HealthCare, Boeing Integrated Defense Systems, Washington University, SSM Healthcare, and Scott Air Force Base.

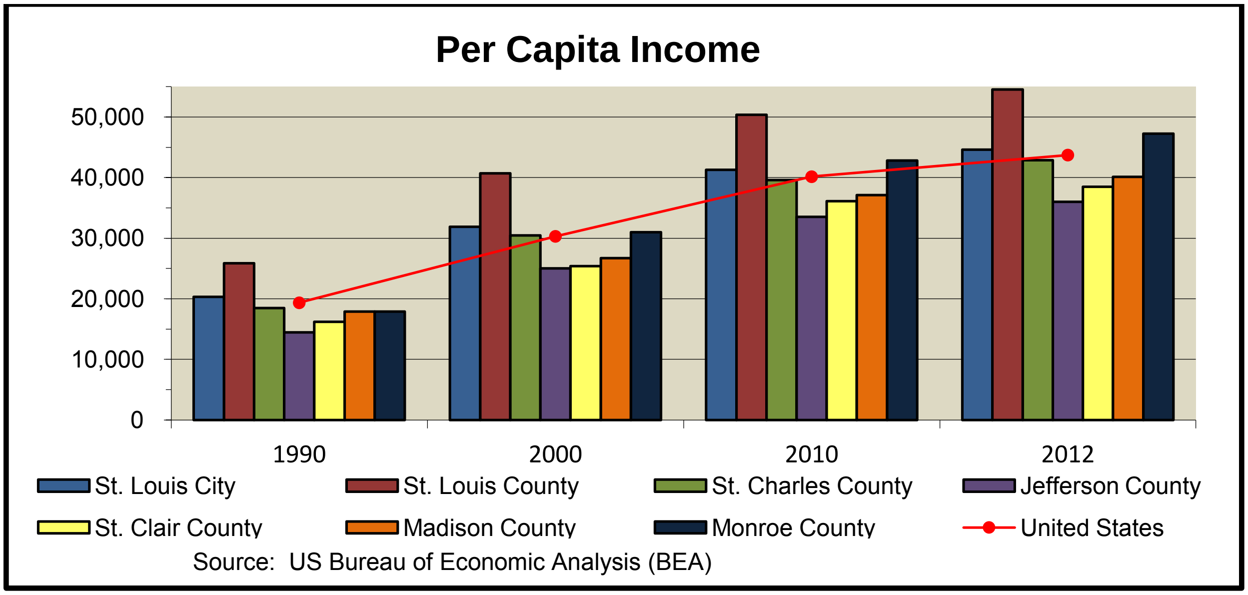
Economic Trends

In 2013, the economy in the Greater St. Louis region closely followed improving national trends. In December 2013, The Missouri Economic Research and Information Center reported the national average unemployment rate was 6.5%. Within the bi-state area, the average unemployment rate was 6.9%. The City of St. Louis and St. Clair County in Illinois generally track worse than the national unemployment statistics. In 2013, the City of St. Louis reported an 8.0% unemployment rate while St. Clair and Madison Counties in Illinois reported 9.3% and 8.2%, respectively.

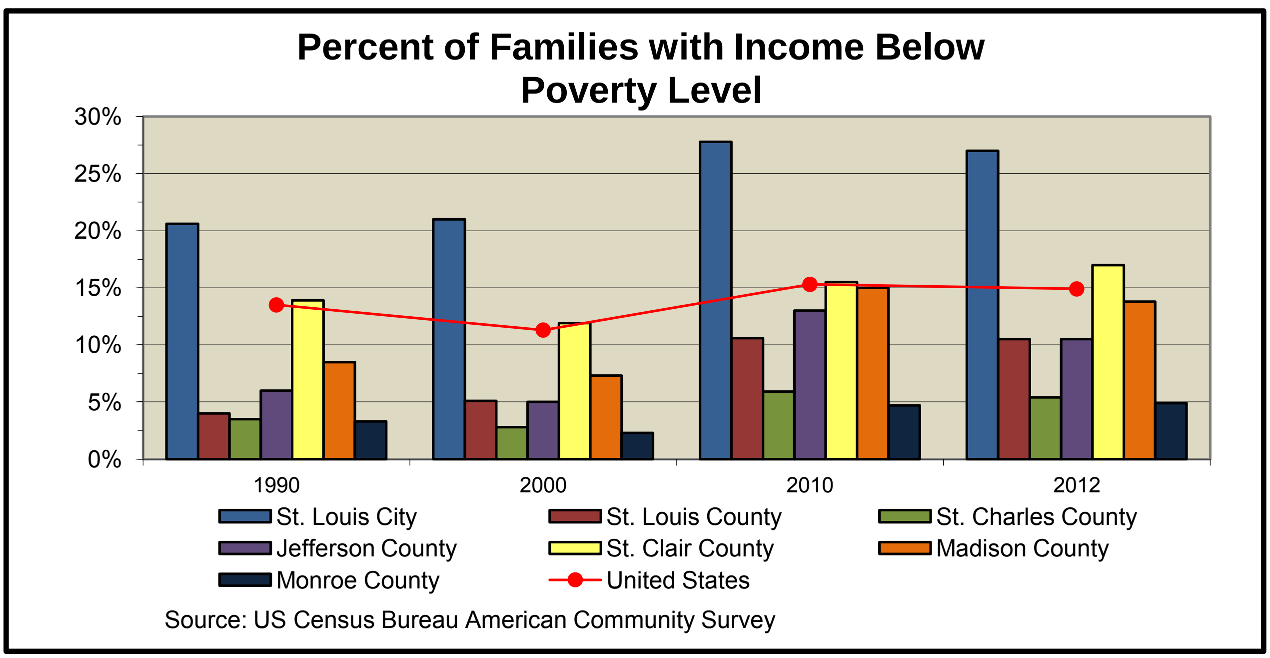
The graph below displays the unemployment rates in the bi-state area. Since a significant portion of the Transit System's ridership is composed of business commuters, unemployment clearly impacts Bi-State Development Agency's operations.



Other statistics which have a direct correlation to Bi-State Development Agency operations are per capita income and poverty levels. Per Capita Income is defined as the income computed for every man and woman in a geographic area age 16 and over. This statistic 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. According to the chart on the next page, St. Louis County has exceeded national trends for per capita income over the last 20 plus years, with a couple bi-state counties reaching the national average. The City of St. Louis, as well as, St. Clair and Madison counties in Illinois are currently below the defined per capita income level.



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 2012 US Census Bureau, the national average of families living below the poverty level was 14.9%. Shown on the chart below the Bi-State region includes poverty level trends that are both better and worse than the national average. The City of St. Louis has nearly double the national average. These trends may be influenced by socioeconomic factors relating to environment and education and the lasting effects of long-term high unemployment.



Strategic Plan Overview - Transit Operations

Purpose of Strategic Plan

The purpose of the strategic plan is to provide the Board of Commissioners and stakeholders with a comprehensive summary of the Bi-State Development Agency (BSDA) plan and vision to improve the region's quality of life by providing excellent public transportation and promoting economic development across the bi-state region. BSDA public transit meets the region's needs through safe, reliable, accessible, customer-focused service in a fiscally responsible manner.

Long-term Strategic Plan

Bi-State Development Agency's management team and community leaders recognized the need to develop a comprehensive long term strategic plan for public transportation in the Greater St. Louis Region. A cooperative planning process was begun involving BSDA management, East West Gateway Council of Governments (EWGCOG), community leaders and users of public transportation. Following numerous meetings with all stakeholders and diligent transportation research, a comprehensive strategic long range plan named "Moving Transit Forward" was developed and approved by EWGCOG and Agency's Board of Commissioners on February 24, 2010. The "Moving Transit Forward" plan may be viewed on the BSDA website at: www.MovingTransitForward.org

"Moving Transit Forward" long-range strategic plan offers options EWGCOG, the region's planning agency, can use when deciding next steps for public transit in the Greater St. Louis Region. As EWGCOG makes those decisions on public transit service, Bi-State Development Agency will implement and operate those services.

The "Moving Transit Forward" plan was developed to document a fiscally responsible, community-driven vision for restoring, enhancing, and expanding the Metro Transit System and will:

- Promote regional economic development
- Strengthen the Metro Transit System as a vital regional asset
- Provide quality public transit access to more people
- Improve service to low-income, elderly, and disabled residents
- Include projects that are cost-effective.

With the adoption of the long-term plan and approval of a new tax subsidy, the region can confidently proceed with implementation of the long-term plan.

Strategic Alignment

Vision Statement – Bi-State Development Agency's vision statement defines its primary business objective.

> ***To improve the region's quality of life by providing excellent public transportation and promoting economic development.***

Mission Statement – Bi-State Development Agency's mission statement defines its fundamental purpose and informs of the desired level of performance.

> ***Meeting the region's public transit needs by providing safe, reliable, accessible, customer-focused service in a fiscally responsible manner.***

Core Values – BSDA's core values impact every aspect of our organization and guide the personal work behaviors, decision making, and interpersonal interactions of all employees.

Safety & Security **–** The safety and security of our customers, general public, and employees is our most important priority.

Customer Focus **–** We strive not only to meet but exceed our customers' needs and expectations.

Character **–** We value and practice honesty, integrity, respect, courtesy, teamwork, trust, directness, accountability, being receptive to other viewpoints and committed to the success of others, including, Bi-State Development Agency.

Ethical Practices **–** We adhere to our code of ethics and other Bi-State Development Agency standards of conduct and behavior. We practice and enforce these standards throughout BSDA and in all our dealings with the public.

Communication **–** We are committed to providing clear and accurate information and being transparent at all times.

Recognition of Employee Contributions **–** We recognize our employees who create, innovate, consistently support the day-to-day business requirements, and contribute to the success of Bi-State Development Agency.

Goals and Objectives

To achieve the coordinated strategic plan, Bi-State Development Agency has identified four primary organization level goals. These goals will guide the strategic initiatives of the organization through FY 2015. With each new year, these goals will be evaluated for change. Each goal is broken down into key objectives that contribute to the accomplishment of the goal.

Goal		Objective	
1	Build an effective and efficient publically-supported organization that is viewed as a transparent and accountable steward of public funds	A	Establish and manage communications plan that improves public perception of Bi-State Development Agency programs and credibility of management
		B	Establish a planning, policy, financial, and operational framework for developing and delivering Metro Transit service, projects, and programs over the next 10 years, and introduce potential service concepts that could be implemented over the next 10-30 years
2	Ensure cost-effective and efficient use of resources and aggressively pursue funding partnerships to supplement existing resources	A	Implement internal process improvements
		B	Implement cost reduction strategies
		C	Implement revenue enhancement strategies
		D	Identify and implement shared services programs with other entities where beneficial
		E	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	A	Continue to develop a safety conscious culture throughout Bi-State Development Agency, its customers, and business partners
		B	Invest in employee development
		C	Strengthen the labor – management working relationship
		D	Provide timely, honest feedback on performance through EADS program
4	Deliver a high quality transit experience that is recognized by its customers, industry peers, and regional stakeholders for its excellence	A	Efficiently and effectively operate service sectors
		B	Improve service quality and capacity for Metro van, bus, and rail systems
		C	Implement innovative technologies
		D	Improve transit security of Metro van, bus, and rail systems

Linking Strategic Plan to Budgets - The strategic plan is the primary driver for annual operating and capital budgets. The annual operating and capital budgets reflect updated short-term goals and objectives identified in the strategic plan by quantifying expected revenues and expense needed to meet the short-term goals. The Company's organizational units play a vital role in achieving these goals. The strategies, steps and performance measures of the organizational units are documented under the functions and activities of the "Organizational Units" section of this document.

Transit Key Performance Metrics

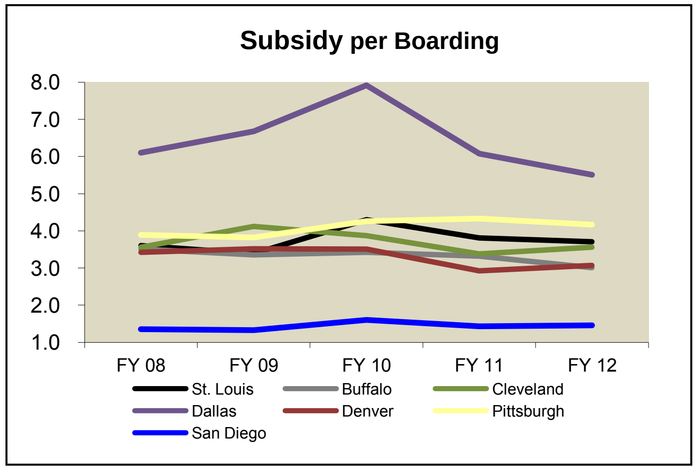
Our success in meeting our strategic goals and objectives is measured by key performance indicators. These metrics relate to elements of the transit system that directly influence our customers or the financial and operational measures that impact our bottom line. Management's goal is to develop business and information systems that provide critical management information regarding leading indicators to key personnel so preventive or corrective action can be taken as soon as possible. Lagging indicators are also monitored in order to measure historical results for further analysis and comparison. Key system performance indicators comparing the FY 2015 targets to previous years are as follows:

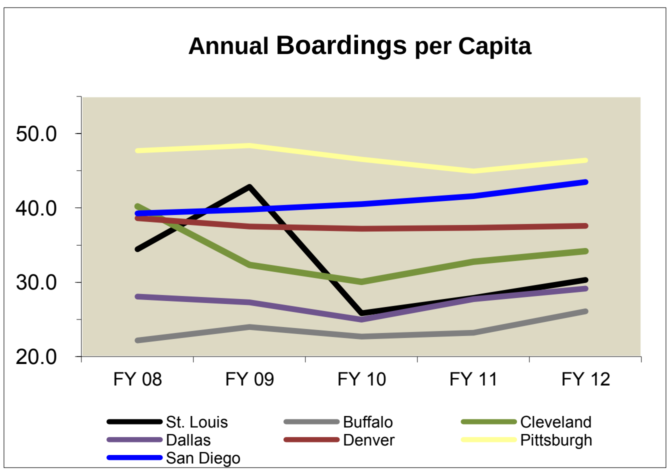
Key Performance Indicators	FY 2015	FY 2014		FY 2013
	Target	Projection	Target	Actual
Customer Measures				
Passenger Boardings (millions)	48.2	47.5	47.2	47.1
Average Weekday Ridership (thousands)	150.0	148.0	141.0	148.2
Passenger Injuries per 100,000 Boardings	1.1	1.1	1.2	1.4
Customer Complaints per 100,000 Boardings	10.0	13.1	10.0	14.1
Security Complaints	375	384	375	361
Business Measures				
Farebox Recovery	19.5%	19.9%	19.4%	21.0%
Operating Expense per Revenue Hour	$147.75	$142.51	$143.78	$134.07
Operating Expense per Passenger Boarding	$5.68	$5.44	$5.60	$5.12
Subsidy per Passenger Boarding	$4.35	$4.15	$4.29	$3.84
Operating Measures				
Passenger Boardings per Revenue Mile	1.7	1.7	1.7	1.8
Passenger Boardings per Revenue Hour	26.0	26.2	25.7	26.2
Vehicle Accidents per 100,000 Vehicle Miles	2.0	1.6	2.0	1.6
Unscheduled Absenteeism	3.6%	3.5%	3.6%	3.4%
On-Time Performance	94.7%	94.2%	94.7%	94.5%

The above key performance indicators represent the entire Metro Transit System. Indicators by mode of transportation can be found in the "Supplementary" section and organizational group indicators are detailed within the "Organizational Units" section.

The following graphs depict performance metrics of Bi-State Development Agency's Transit System compared to peer transit agencies in the United States from FY 2008 through FY 2012. The source of this data is the Federal Transit Administration National Transit Database.

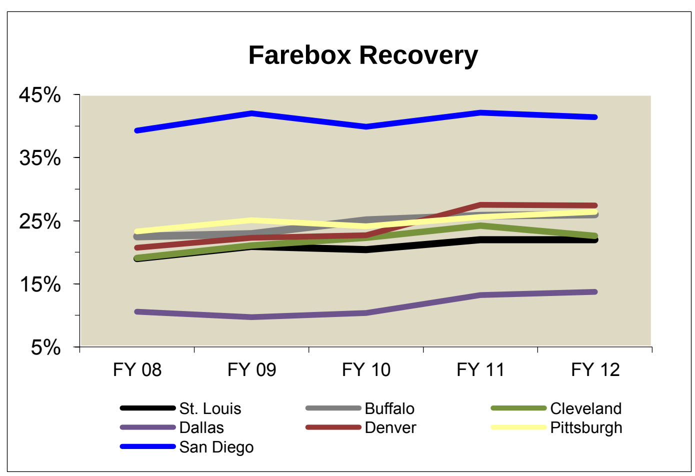
St. Louis maintains an above average position among its peer transit agencies in subsidy per boarding. Subsidy per boarding measures how much outside funding assistance is required per passenger trip. As boarding subsidy has increased recently, BSDA has minimized this growth through increasing ridership, cost containment and a modest fare increase on discount fare media in FY 2013. BSDA has also seen an increase in other operating revenue, which helps offset the subsidy per boarding.





Since the St. Louis transit service cuts in FY 2010 that are reflected in the Annual Boardings per Capita chart by the downturn in passenger ridership, BSDA has continued to rebound. The return and improvements in service is reflected in the upswing in boardings mainly through the return of the core ridership. Continued improvements throughout the system are being shown with increasing ridership numbers.

Bi-State's farebox recovery has remained average compared to its peer transit agencies. With recent increases in ridership and a limited fare increase during FY 2013, BSDA is beginning to see a higher farebox recovery ratio. Farebox recovery ratio is passenger revenue as a percent of total operating expenses. As in subsidy per passenger, we are maintaining steady rates as a result of increased passengers and containing operating costs.



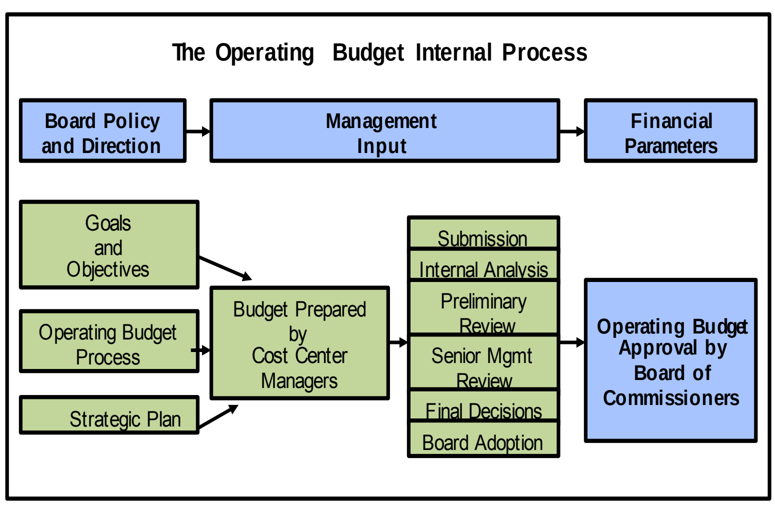
The Budget Process and Stakeholder Interface

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. Other Post Employment Benefit expense and depreciation and amortization of capital assets are not required to be covered by annual revenues to be considered a balance budget. The budget is a financial and strategic plan for the upcoming year developed in accordance with Agency policies. It seeks to optimize resources and maintain consistency with defined organizational objectives and the Agency's Strategic Plan.

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

Operating Budget Internal Preparation

Each year the budget begins with a budget message to the Agency's cost center managers imparting objectives for the upcoming budget year, including indications of the Agency's expected financial condition for the coming year and details of procedures to be followed in preparation of the budget.



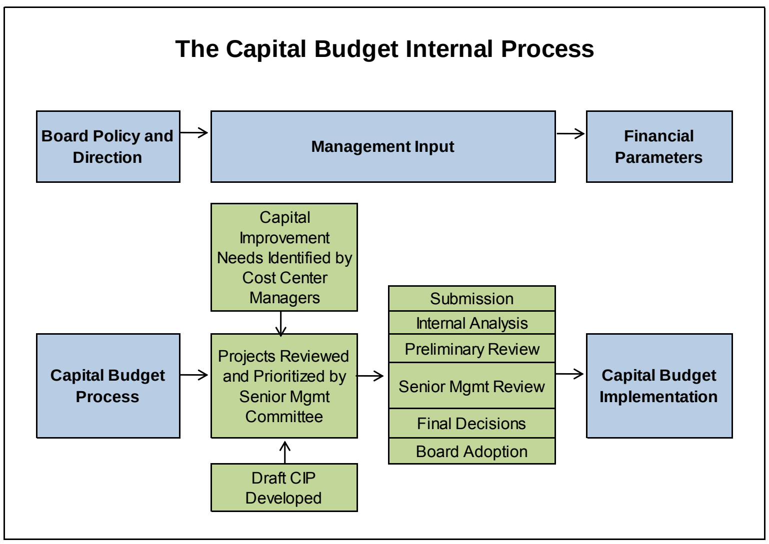
The cost center managers submit operating requests to the budget department using an online application. The Agency's senior management reviews these preliminary operating budgets and sets parameters for the coming year. Through a series of meetings, cost center managers refine their preliminary operating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

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, the Agency'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, the Agency contracts with the St. Clair County Transit District for funds for operations.

Capital Budget Internal Preparation



The preparation and eventual approval of the tri-annual capital budget is both an internal and external process. Each year the capital budget process begins with a meeting of the Agency 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 the Agency's cost center managers is communicated regarding the Agency's 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 (TIP), which documents all federal transit grants for which the Agency 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 the Agency's President and CEO to allow the budget document to be prepared and presented to the Board. The approval of the Board of Commissioners' 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, the Agency'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, the Agency contracts with the St. Clair County Transit District (District) for funds for operations and capital acquisition. The Agency, with approval of the District, applies for grants from the Illinois Department of Transportation.

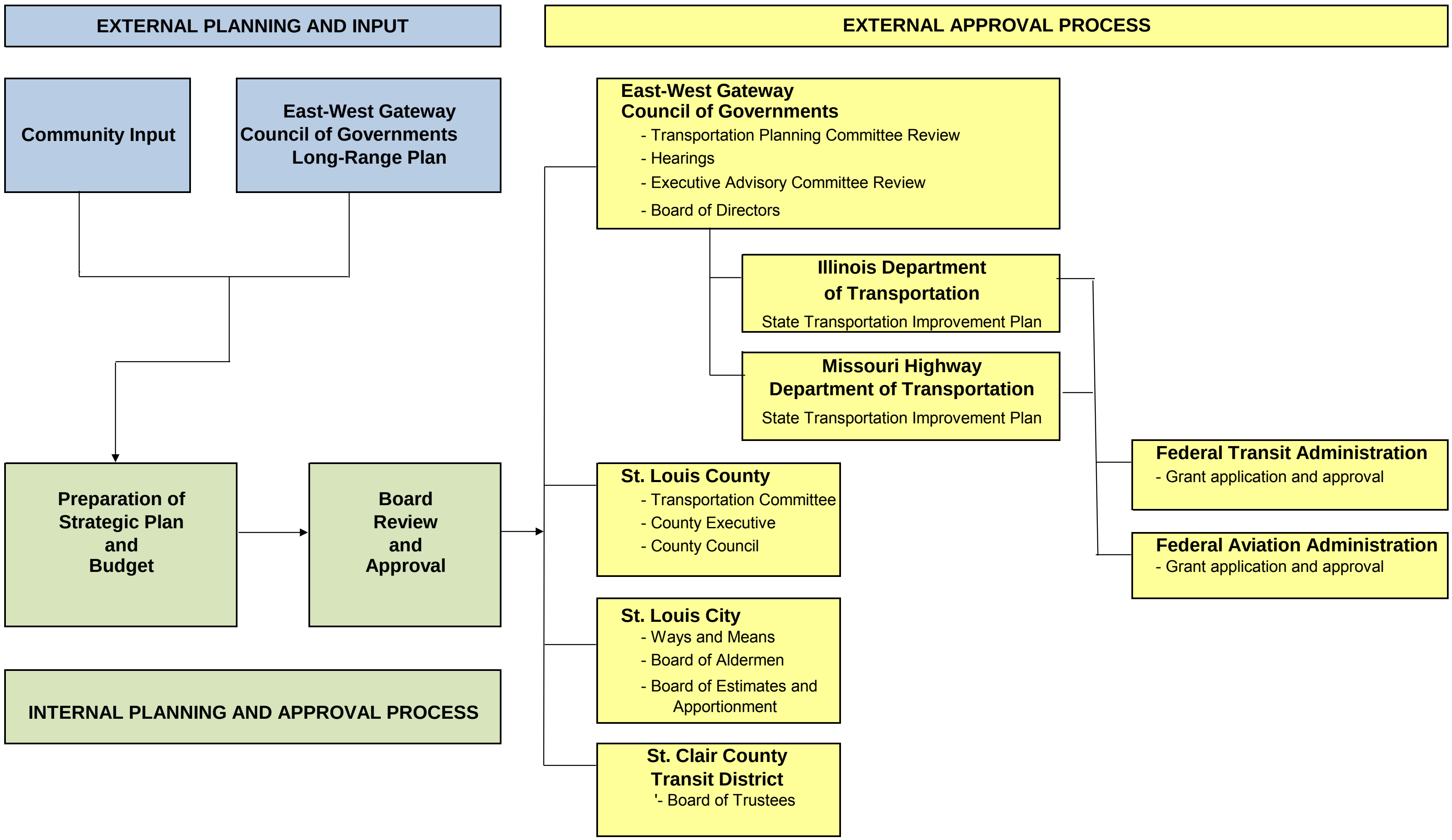
East-West Gateway has a rigorous review process for the TIP, an important part of the Agency's overall budget. That process includes public hearings and committee review prior to consideration for approval by its Board of Commissioners. After Council approval, the TIP is forwarded to the Illinois Department 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

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 2015 Operating Budget Calendar

Sep 2013

- 09.01-30 - Budget Team to update system and request various projections
- 09.24 - Operating Baseline Budget assumptions approved

Oct 2013

- 10.07 - Baseline Budget completed
- 10.17 - "Budget Kick-off meeting" conducted and Budget System opened to management
- 10.28 - Budget key performance indicators reviewed and updated
- 10.31 - Miles, hours, passengers, passenger revenue and operator manpower schedules completed.
- 10.31 - Medical, Dental and Pension projections submitted.

Nov 2013

- 11.05 - Vice Presidents' new position forms submitted to budget
- 11.07- Sales tax revenue, interest revenue & interest expense projections received
- 11.08 - Managers submit/lock all budget requests in budget system
- 11.15 - Vice Presidents approve submitted budget requests

Dec 2013

- 12.09 - Budget summary reports and assumptions sent to President for reveiw
- 12.09 - Vice Presidents submit division goals & objectives for FY 2015
- 12.16 - Organizational Leaders submit updated strategies, action steps and performance measures
- 12.19 - Organizational Leaders submit FY 2015 Target Performance indicator measures
- 12.19-27 - Budgets reviewed with cost center managers and appropriate changes made

Jan 2014

- 01.03 - Internal analysis reports prepared and sent to President & Vice Presidents
- 01.17 - Budgets reviewed with President and Vice Presidents
- 01.20-27 - Changes incorporated into Budget System & reports prepared
- 01.30 - Long-term operating budget assumptions written

Feb 2014

- 02.01-21 - Annual budget documents finalized
- 02.28 - Budget document sent to print shop

Mar 2014

- 03.03-07 - PowerPoint presentation created
- 03.07 - Budget documents mailed to Board of Commissioners
- 03.14 - Operating & Capital Budget document presented at the Special Board Meeting Workshop
- 03.28 - Operating & Capital Budget document to the Board of Commissioners for approval

Financial Policies, Fund Balances, Debt Obligations

All fiscal policies apply to all operations of the Bi-State Development Agency (BSDA).

Planning and Budgeting Policies

Balanced Budget

Each year the President and Chief Executive Officer (CEO) prepares 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 the Agency's 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 Agency 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 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 the policy of the Agency to employ an Internal Auditor who shall 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 Agency divisions with internal Agency rules and regulations. The Internal Audit Department shall at all reasonable times have access to the accounts, books, and records of the Agency, and the Internal Audit Department may interview the President and CEO and other employees of the Agency as necessary.

External Audit

It is the policy of the Agency to submit its books and records to 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 Agency is responsible. These functions include: Executive Services, Gateway Arch Tram System, Gateway Arch Parking Facility, Gateway Arch Riverfront Attractions, St. Louis Downtown Airport, and the Transit System.

Additionally, Bi-State Development Agency 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. BSDA has a retiree medical trust and a not-for-profit which are component units: however, BSDA is not a component unit of any other entity or government. 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 the Agency and have limited responsibility for the Agency'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.

Interim Reporting

Monthly and year-to-date financial reports are prepared for BSDA managers to compare actual financial results to the budget. Monthly operating performance indicator reports are prepared for St. Clair County, and quarterly operating performance indicator reports are prepared for the Board of Commissioners, East West Gateway Council of Governments, the City of St. Louis and St. Louis County, the Missouri Department of Transportation and the Illinois Department of Transportation. Review of the financial reports is conducted quarterly by the senior management team.

Fund Accounting

Bi-State Development Agency maintains its 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 equities balances and changes therein are segregated for the purpose of carrying on the specific activities or attaining certain objectives in accordance with special regulations, restrictions or limitations.

The fund financial statements provide information about the Agency's finances, including fiduciary resources. The emphasis of fund financial statements is on the enterprise funds. There are two types of proprietary funds: enterprise funds and internal service funds. Bi-State Development uses enterprise funds. Fiduciary funds are used to account for assets held in trust by the government for the benefit of individuals or other entities.

All funds used in accounting for the financial operations of BSDA are enterprise funds or fiduciary funds. For financial reporting purposes, BSDA is considered a single enterprise fund in which all subsidiary enterprise funds are combined and interfund transactions are eliminated.

Fund Equity (Net Assets)

Fund equity is calculated by deducting the liabilities and deferred inflows from the assets and deferred outflows. In its simplest terms, it is what would be left over if all liabilities were paid at fiscal year-end. Fund equity is one indicator of financial health.

Enterprise Funds

Bi-State Development Agency's enterprise funds are used to account for operations that are financed and operated in a manner similar to private business enterprises.

The business purposes of the various enterprise funds of the Agency are as follows:

- **General Executive Services Fund -** performs certain developmental activities and acts as the administrative head of the Bi-State Development Agency.
- **Gateway Arch Tram System Fund -** operates and maintains the transportation system within the Gateway Arch, at the Jefferson National Expansion Memorial Park in accordance with a cooperative agreement with the United States Government.
- **Gateway Arch Parking Facility Fund -** operates and maintains the parking garage at the Jefferson National Expansion Memorial Park in accordance with a cooperative agreement with the United States Government.
- **Gateway Arch Riverboat 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.
- **Metro Transit System Fund** – owns, operates and maintains the St. Louis metropolitan area mass transportation system which includes MetroBus, MetroLink and Call-A-Ride services.

Estimates and Assumptions

The preparation of the financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities; 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.

Bi-State Development Agency Operating Revenues and Expenses

Operating revenues and expenses generally result from providing services in connection with BSDA'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 Bi-State Development Agency are as follows:

- **General Agency Fund** – interfund charges for management services.
- **Gateway Arch Tram System Fund** – charges to tourists for admissions to attractions at the Jefferson National Expansion Memorial and rentals.
- **Gateway Arch Parking Facility Fund** – charges to customers for parking fees.
- **Gateway Arch Riverfront Attractions Fund** – charges to tourists for riverboat excursions along the Mississippi, bike rental, heliport rental and memorabilia sales.
- **St. Louis Downtown Airport Fund** – charges to customers for aviation and runway services provided, including hangar rentals and fuel flowage.
- **Metro Transit System Fund** – fares charged to passengers for public transportation, advertising, and rentals.

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 Agency 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	Unlimited

Additional expenditure control tools utilized include purchase orders, procurement cards, and work orders for project related expenditures, service contracts and labor contracts. Monitoring tools utilized include budget variance reports by cost center, and quarterly performance indicator reports.

Cash and Cash Equivalents

Bi-State Development Agency pools cash for investment purposes when most beneficial. Investment earnings are allocated to each individual fund on the basis of their investment or equity in the pooled amount. BSDA considers cash equivalents to be highly liquid investments with original maturities of three months or less. The Agency carries all cash equivalents at cost, which approximates fair value.

Investments Policies

Funds of Bi-State Development Agency shall be invested pursuant to the Board approved Investment Policy and Trust Indentures.

When beneficial, Bi-State Development pools funds for investment purposes. For pooled investments, investment earnings are allocated proportionately according to each fund's equity in the investment. Investments consist of U.S. Treasuries, U.S. Agencies, bankers' acceptances, commercial paper, repurchase agreements and certificates of deposits with original maturities greater than three months. These investments are carried at fair market value unless their remaining maturity at the time of purchase is one year or less, in which case they are carried at cost. BSDA determines fair market value to be the amount at which financial instruments could be exchanged in a current transaction between willing parties, at quoted market prices.

Interest Rate Risk

Interest rate risk is the risk that the fair market 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 should 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, interest rate risk is not deemed significant to the Bi-State Development Agency.

Credit Risk

Credit risk is the risk that the financial counterparty will fail to meet its defined obligations. The Agency's investment policy authorizes the unlimited purchase of direct obligations of the U.S. Government or its agencies, repurchase agreements secured by U.S. Government obligations, and institutional money market funds having over $500 million in net assets and rated AAA by S&P, Moody's, and/or Fitch. The investment policy further defines acceptable credit ratings for each investment category and limits investment purchases of bankers acceptances, commercial paper and negotiable certificates of deposits to a par value of $5 million per issuer. 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. The policy is not applicable to restricted investments, collateral securities related to lease finance obligations, or bond indentures. Provisions of the lease agreements or bond indentures define investment categories and requirements.

As of June 30, 2013, Bi-State Development Agency's non-lease or other fiduciary related money market funds and other broker accounts were in the amounts of $82,260,560. BSDA's investments in U.S. Treasury and Government Agency securities all had ratings of Aaa from Moody's and AA+ from S&P as of June 30, 2013.

Custodial Credit Risk

Custodial credit risk is the risk that a counter party will fail and deposits and securities will not be returned to the Agency. The Agency's investment policy specifies that securities purchased are held in a custodian safekeeping account 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, 2013, all of the Agency's non-lease or bond related investment securities were held in safekeeping accounts in the name of Bi-State Development. Bi-State Development's investment policy states that if a repo term is longer than an overnight maturity, collateral must be delivered to a third party custodian, and priced-to-market weekly to assure the correct collateral value coverage. At June 30, 2013, the Agency only purchased overnight repurchase agreements.

Fair Value of Financial Instruments

The following table presents the carrying amounts and estimated fair values of Bi-State Development Agency's financial instruments at June 30, 2013 and 2012. 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.

	2013		**2012**	
	Carrying Value	Fair Value	Carrying Value	Fair Value
	(in millions)		(in millions)	
Financial Liabilities				
Total long-term debt	$ 559.4	$ 579.0	$ 573.2	$ 599.5

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

Materials and Supplies

Bi-State Development Agency transit inventories of materials and supplies are recorded at cost, using the moving weighted average method and are expensed when inventories are consumed in operations. Business Enterprise inventory counts are completed midyear to accommodate seasonality and maritime regulations. Purchases made between the midyear inventory count and fiscal yearend are expensed as incurred.

Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets, are recorded at cost, when acquired or constructed. Capital assets are defined by the Agency as assets with an initial, individual cost of more than $5,000 and an estimated useful life of one year or more. Improvements to existing plant and equipment, which extend the useful lives of the related assets, are capitalized. Donated capital assets are recorded at their fair value at the time of donation.

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 and 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, respectively.

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 are as follows:

	Years
Airport runways, airframes and related facilities	15-25
Buildings and improvements	15-25
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

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 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. Liabilities include an amount for claims that have been 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 Agency sponsors four defined-benefit pension plans. It is the policy of BSDA's Board of Commissioners to see that each pension plan is funded to the fullest extent feasible through a combination of investments and contributions. 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 Chief Executive Officer maintains authority over the appointment of the Trustees on the Salaried Employees Administrative Pension Committee, and over one-half of the Trustees on the three 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 other one-half of the Trustees on those three 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 plan's assets, determine eligibility for benefits under the plan and to construe the plan's terms. There are separate audited financial statements for the four pension plans. The independent audit firm who performs the work is hired by each respective pension committee.

The Pension Plan for Salaried Employees of Bi-State Development Agency has historically been a noncontributory single employer defined benefit pension plan (Salaried Plan). On March 22, 2013, the Board of Commissioners approved a series of changes to the pension/retirement and benefits packages for salaried employees. These changes took effect on January 1, 2014. The changes to the salaried pension/retirement benefit included returning the normal retirement age to 60 from 65 and converting the salaried plan to a 3.0% employee contributory plan. The defined benefit plan was closed to new salaried employees beginning July 1, 2013. The plan will remain for eligible active employees who contribute, while new hired employees have been directed to a defined contribution plan.

Salaried 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 multiplied by 1.5% years of credited service. Final 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 ten years of credited service may retire and receive reduced benefits. The Salaried Plan also provides death and disability benefits.

The newly signed collective bargaining agreement for IBEW contract also contained modifications to future pension benefits. IBEW employees also closed their defined benefit pension plan to new employees on January 1, 2014. The defined benefit plan will remain for eligible active employees, while new hired employees have been directed to a defined contribution plan. The IBEW plan is:

- Bi-State Development Agency Missouri-Illinois Metropolitan District and Locals No. 2 and No. 309 of the International Brotherhood of Electrical Workers Employees' Pension Plan and Agreement (IBEW Plan)

The IBEW Plan members are eligible for retirement benefits at (a) age 65 with 12 years of credited service or (b) the completion of 25 years of credited service. A contract was recently negotiated where new hires would enter a defined contribution plan.

All Bi-State Development Agency full-time employees who are included in the ATU 788 collective bargaining units recognized by BSDA are required to participate in the applicable Union Plan. The ATU 788 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 BSDA with at least 10 years credited service. The ATU 788 Union Plans are as follows:

- Bi-State Development Agency Missouri-Illinois Metropolitan District and Division 788 Amalgamated Transit Union, AFL-CIO Employees' Pension Plan and Agreement ("788 O&M Plan")
- Bi-State Development Agency Missouri-Illinois Metropolitan District and Division 788, Clerical Unit, Amalgamated Transit Union, AFL-CIO Employees' Pension Plan and Agreement (788 Clerical Plan)

The 788 O&M Plan members 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 years of credited service. Participants who have attained age 55 with 15 years of credited service may retire and receive reduced benefits.

Under the 788 Clerical Plan, members are eligible for retirement benefits at (a) age 65 with 10 years of credited service or (b) the completion of 25 years of credited service. Participants in the Clerical Unit Plan who have attained age 55 with 15 years credited service may retire and receive reduced benefits.

All 788 and IBEW Union employees participating in the defined benefit plans are required to make plan contributions by payroll deduction each week. If a union employee leaves the employment of BSDA 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.

Each plan has an annual actuarial valuation that includes financial statements and required supplementary information for that plan. The actuarial valuation is publicly available. Those reports may be obtained from the Benefits Section, Bi-State Development Agency, 707 North First Street, Mail Stop #125, St. Louis, MO 63102, or by calling 314-982-1471.

Below are the total employees and retirees covered under the Salaried Plan for plan years ending May 31, 2013 and 2012 and for the Union Plans for plan years ending March 31, 2013 and 2012.

	Salaried Plan		Union Plans: 788 O&M		Union Plans: 788 Clerical		Union Plans: IBEW		Total	
	2013	**2012**	**2013**	**2012**	**2013**	**2012**	**2013**	**2012**	**2013**	**2012**
Retirees and Beneficiaries	278	264	1,011	996	69	66	7	7	1,365	1,333
Vested Long-Term Disability Claimants	8	6	6	6	-	-	-	-	14	12
Terminated Vested	194	188	43	24	4	2	2	3	243	217
Terminated Non-Vested (due refund)	-	-	28	35	1	1	2	1	31	37
Fully Vested Active	328	311	619	662	27	33	23	17	997	1,023
Non-Vested Active	155	179	669	653	23	16	36	40	883	888
Total Participants	963	948	2,376	2,376	124	118	70	68	3,533	3,510

Changes to prior year reports are based on the latest actuarial reports.

Funding Policy, Annual Pension Cost and Actuarial Assumptions

For periods before January 1, 2014, the Bi-State Development Agency contributed the actuarially recommended contribution (ARC) for the Salaried Plan. After January 1, 2014, BSDA began contributing a portion of the ARC and salaried employees who elected to remain in the plan began contributing a portion of the ARC.

For the 788 O&M and Clerical Union Plans, BSDA has agreed within each collective bargaining agreement, to fund a portion of the ARC. Although the IBEW Union Plan has been closed to newly hired employees, BSDA continues to fund a portion of the ARC for IBEW employees who remain in the plan.

Following is the Agency's annual pension cost for the current year and related information for each plan.

	Salaried Plan	Union Plans: 788 O&M	Union Plans: 788 Clerical	Union Plans: IBEW
Actuarial valuation date	June 01, 2012	April 01, 2012	April 01, 2012	April 01, 2012
Contributions				
Employee	$ -	$ 2,345,111	$ 107,739	$ 62,343
Employer	3,129,976	6,904,988	402,107	145,805
Total contributions made	$ 3,129,976	$ 9,250,099	$ 509,846	$ 208,148
Contribution rates (as percent of covered payroll)				
Employee	0.0%	4.3%	6.9%	2.0%
Employer	11.9%	12.7%	25.8%	4.7%
Employer Annual Pension Cost	$ 3,129,976	$ 6,904,988	$ 402,107	$ 145,805
Actuarial cost method	Projected Unit Credit Cost *	Entry Age	Entry Age	Entry Age
Amortization method	30 years, * Level dollar, if greater than $0	30 years Level dollar, fixed period	30 years Level dollar, fixed period	30 years Level dollar, fixed period
	Amortization period is closed	Amortization period is closed	Amortization period is closed	Amortization period is closed
Remaining amortization period	28 years	21 years	22 years	23 years
Amortization reset date	June 01, 2010	April 01, 2003	April 01, 2004	April 01, 2005
Asset valuation method	Expected Return Method w/o Phase-in	Expected Return Method w/o Phase-in	Expected Return Method w/o Phase-in	Expected Return Method w/o Phase-in
Actuarial assumptions:				
Investment rate of return	7.50%	7.25%	7.25%	7.25%
Inflation rate of return	2.75%	2.75%	2.75%	2.75%
Projected salary increases	4.50%	not applicable	not applicable	not applicable
Post-retirement benefit increases	not applicable	not applicable	not applicable	not applicable

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, 2013, 1,264 union and salaried retirees, respectively, met those requirements. There is not a separate GAAP based audited set of financial statements for OPEB.

Three plan options are offered, and retiree contributions are three-tiered based on retirement date. The retiree contributions range from $2.20 per month Tier 1 Economy Plan retiree only coverage to $427.60 per month for family Tier 3 Premium Plan coverage. Bi-State Development reimburses a minimum of eighty percent of the amount of validated claims for medical and hospitalization costs incurred by retirees and their dependents for the base Preferred Plan option.

For each retiree eligible for Medicare, Bi-State Development's Plan coordinates benefits with Medicare. Expenditures for post-employment health care benefits are recognized as retirees report claims and include a provision for estimated claims incurred but not reported (IBNR) to

Bi-State Development. In addition, some retirees are included in health maintenance organizations for which Bi-State Development pays fixed premiums.

In addition to health care benefits, a flat dollar life insurance amount is provided at a $6,000 benefit level for union and a $5,000 benefit for salaried retirees.

Plan Description

Bi-State Development Agency Self-Insured Comprehensive Medical Plan is a single-employer healthcare plan. BSDA provides healthcare benefits to retirees, their spouses and their eligible dependents, and life insurance benefits to its retirees.

Other Post Employment Benefit Policies

GFOA Reporting Requirements

Bi-State Development Agency's annual OPEB cost (expense) is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameters of GASB No. 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed 30 years.

Meeting Budgeting and Funding Challenges

For budgeting purposes, Bi-State Development Agency 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

The Agency will engage only in financial hedge transactions that are consistent with prudent risk management practices related to the Agency'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 Agency has adopted GASB No. 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 No. 53, the unrealized gain (loss) on the fuel hedge is reported on the Statement of Net Position as an investment and a deferred inflow/outflow. The hedging instruments affected are weekly fuel hedge contracts with a notional amount of 42,000 gallons each with an index of ultra low sulfur diesel. There were 132 open contracts at June 30, 2013. The aggregate fuel hedge contracts cover a rolling 16- to 18-month period.

Basis risk -- The Agency 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 ultra low sulfur diesel. There is no termination or interest rate risk associated with the hedging policy.

Debt Policies

Legal Debt Limits

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

Bi-State Development Agency 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 Agency 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 Agency 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 by 1.8 times and financing lease payments by 1.0 times. 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 Agency passengers cover only a portion of the cost to operate the Metro transit system. Consequently, the Agency seeks to broaden and diversify its sources of revenue when possible. BSDA 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.
- **Agency (Executive Services)** - Management fees from each operating unit.
- **Gateway Arch Tram System** - Passenger ticket sales and site rental for special receptions.
- **Gateway Arch Parking Facility** - Daily and monthly parking and special event parking fees.
- **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.

Establishing Fares and Fees

- **Transit System --** Passenger fares require approval by the Board of Commissioners and 30-day public notice prior to implementation.
- **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. 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 deferred revenue. These deferred revenues are recognized as income 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 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 nonoperating 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. The terms and conditions of capital grants require that a portion of the project costs be funded locally.

Capital and Operating Assistance Grants

The purpose of the Capital Assistance Grants is to provide financial assistance in the 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 Agency is the recipient of the following type of assistance grants.

- **Federal Transit Administration** -- Bi-State Development Agency 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. BSDA began receiving this assistance in July 1996. The grant was renewed for fiscal year 2014 and is expected to be renewed in fiscal year 2015.
- **Illinois Department of Transportation Grants --** The Illinois Department of Transportation 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 BSDA. Bi-State Development Agency 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

There are three local Missouri sales taxes that fund Bi-State Development Agency transit services.

<u>Half Cent</u>
In 1973, the 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 the Agency, but authorizes the collecting agencies to appropriate such revenues for transportation purposes. A minimum of two percent of any appropriation for public mass transportation must be passed through to the St. Louis Office for Developmentally Disabled Resources (City Board) and Productive Living Board for the Developmentally Disabled (County Board). Bi-State Development Agency began receiving revenue from the Half Cent sales tax in FY 1974. 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 combined statement of revenues, expenses and change in position of BSDA.

<u>Prop M</u>
A ¼ cent sales tax Prop M was approved by the voters in the City of St. Louis and St. Louis County in 1994, with the Agency first receiving the revenue in FY 1995. This tax is restricted to

mass transit use and is forwarded to the Board of Trustees of Bi-State Development Agency based upon annual appropriations from the City of St. Louis and St. Louis County.

Prop A and Prop M2

Prop A, a ½ cent sales tax, was established in St. Louis County in 2010. It is appropriated to Bi-State Development Agency. This sales tax triggered a similar tax in the City of St. Louis, a ¼ cent sales tax passed in 1997 that was contingent on a reciprocal tax passage in St. Louis County. The City of St. Louis ¼ cent sales tax is referred to as Prop M2. BSDA began receiving both of these tax revenues in FY 2011.

Illinois Service

Bi-State Development Agency 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 2015, 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 6.5% are restricted for capital. If additional capital projects are required and immediate, additional operating funds may be restricted by order of the CEO and CFO.

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 Agency 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.

As of June 2013, the Agency had restricted investments of $12,016,556, which is recorded in the restricted Sales Tax Capital Account. These restricted funds will be used for the purchase or construction of new transportation equipment or facilities.

Cash, Cash Equivalents and Investments

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

Restricted Assets

At June 30, 2013 and 2012, the following assets were restricted to the purposes for which the funds were created.

	2013	2012
Restricted Assets		
Restricted accounts receivable	$ 42,872	$ 51,901
Restricted under Cooperative Agreement	14,476,933	9,770,402
Restricted under Revenue Bond Indenture	-	1,351,165
Sales tax capital	12,016,556	10,732,307
Capital lease obligations	92,625,737	88,474,317
Mass transit sales tax bond indenture	54,146,621	54,645,249
Other	67,430,915	63,993,035
Total Restricted Assets	$ 240,739,634	$ 229,018,376

Operating Agreement

Gateway Arch Cooperative Agreement

According to a cooperative agreement (Agreement) dated May 14, 1962, 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. A new service agreement was signed in January 2014 and became effective February 1, 2014. Under the new agreement, 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.

Through the Agreement, Bi-State Development constructed and operates a 1,141 space parking facility on the Jefferson National Expansion Memorial site. The United States Government retains legal title to the Gateway Arch Parking Facility. Bi-State Development is required to establish parking rates, fees and charges to operate and maintain the parking garage and to pay debt service on the Arch Parking Facility Revenue Refunding Bonds, Series 1997. The Revenue Bonds were paid off in December 2012, and subsequently, the assets related to the Gateway Arch Parking Facility were transferred to the United States Government. Despite the property transfer, Bi-State Development continues to oversee and manage the parking facility daily operations.

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 Agency 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, BSDA 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 BSDA's financial position. However, in the event of an unfavorable outcome in one or more of these matters, the impact could be material to the Agency'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 special revenue bond issuances. These bonds are not general obligations of Bi-State Development. The bonds 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 outstanding special facility revenue bond issuances:

St. Clair County MetroLink Extension Project Refunding Revenue Bonds, Series 2004 – The $5,590,000 Series 2004 Bonds, issued April 15, 2004 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 2004 bonds provide funds to refund a portion of the Series 1998 A bonds on July 1, 2004 through July 1, 2008. As of June 30, 2013, $5,065,000 remains outstanding.

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 provide funds to refund a portion of the Series 1998 A bonds on July 1, 2009 through July 1, 2028. As of June 30, 2013, $37,645,000 remains outstanding.

Financing Instruments, Obligations and Debt

Finance Obligations Under Lease

In 2001, Bi-State Development entered into transactions to lease thirty-four of its Series 2000 and Series 3000 LRVs. The Series 2001 Lease/Leaseback consisted of three tranches: F1 and C1 dated August 30, 2001 and then C2 dated November 30, 2001. The F1, C1 and C2 tranches involved transactions for seven (7), twenty-three (23) and four (4) LRVs, respectively.

On June 10, 2009, Bi-State Development terminated the agreement with AIG F1 payment obligation and deposited securities sufficient to meet Bi-State Development's obligations under the sublease. Upon early termination of the F1 Tranche, the securities were sold and the proceeds used as part of the required termination payment. The St. Clair County Transit District (SCCTD, one of Bi-State Development's funding partners), which participated in the lease, contributed approximately 70.0% of the termination payment of the F1 Tranche.

Under the lease transactions still outstanding, Bi-State Development maintains the right to continue to use and control the assets through the end of the leases and is required to insure and maintain the assets.

All the leases mentioned are recorded as capital leases for accounting purposes. The following table highlights pertinent information on the subleases for 2013:

	Capital Lease Obligation
Sublease balances, 6/30/12	$ 80,783,003
Interest accrued in 2013	5,233,212
Lease payments and reductions	(1,927,505)
Total sublease balances, 6/30/13	$ 84,088,710
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, 2013:

	Payments
2014	$ 3,472,844
2015	-
2016	-
2017	-
2018	-
2019-2023	-
2024-2025	217,541,618
Total future lease payments	221,014,462
Less amount representing interest	(136,925,752)
Net obligation at June 30, 2013	$ 84,088,710

Long-Term Debt

Debt and capital lease obligations at June 30, 2013, consisted of the following:

	2012 Beginning Balance	Borrowings	Amortization, Payments and Other Adjustments	2013 Ending Balance	Due Within One Year
Capital Lease Obligations	$ 80,783,003	$ 5,233,212	$ (1,927,505)	$ 84,088,710	$ 3,472,844
Mass Transit Sales Tax Appropriation Bonds, Series 2002 A, B, C	301,246,761	-	(10,637,000)	290,609,761	11,185,000
Plus: Unamortized debt premium	1,090,915	-	(876,761)	214,154	-
Mass Transit Sales Tax Appropriation Bonds, Series 2007	20,820,000	-	-	20,820,000	-
Plus: Unamortized debt premium	31,446	-	(1,480)	29,966	-
Mass Transit Sales Tax Appropriation Bonds, Series 2009	97,220,000	-	-	97,220,000	-
Less: Unamortized debt discount	(194,453)	-	7,135	(187,318)	-
Mass Transit Sales Tax Appropriation Bonds, Series 2010 A	75,000,000	-	-	75,000,000	-
Bonds, Series 2010 B	70,290,000	-	-	70,290,000	70,290,000
Plus: Unamortized debt premium	1,966,955	-	(1,570,982)	395,973	-
Missouri Finance Transit Commission Debt Service Reserve Borrowing	5,000,000	-	-	5,000,000	-
Gateway Arch Parking Facility Revenue Refunding Bonds, Series 1997	720,000	-	(720,000)	-	-
Debt and capital lease obligations	$ 653,974,627	$ 5,233,212	$ (15,726,593)	$ 643,481,246	$ 84,947,844

Arch Parking Facility Revenue Refunding Bonds

Construction of the Arch Parking Facility was financed with revenue bonds. The original revenue bonds were refunded for interest savings, and the final principal payment ($720,000) of the 1997 Arch Garage Revenue Refunding Bonds was made in December 2012. As a result of the bonds termination, the capital assets of the Gateway Arch Parking Facility were transferred to the United States government.

Mass Transit Sales Tax Appropriation Bonds

Series 2013

On August 1, 2013, Bi-State Development Agency restructured the majority of the Agency's short and long term debt obligations. The Agency issued approximately $381 million in Series 2013A sales tax appropriation refunding bonds. An additional $22.2 million was received net premiums and discounts on the bonds sold and the Agency contributed $17.6 million from the trustee accounts associated with the old bonds that were refunded by this deal. Simultaneously, the Agency also entered into loan agreement between the Agency and St. Louis County. The County agreed to loan the Agency on annual or semi-annual basis, a total amount not to exceed $400 million. On August 1, 2013, St. Louis County loaned the Agency the principal amount of $75 million known as the Series 2013B super subordinated lien indebtedness.

The bond proceeds were used as follows:

- Approximately $96 million was used to redeem the Series 2007 and 2010A Bonds on August 1, 2013.
- Approximately $372 million was used to call or defease to maturity the 2002 A, 2002 B, 2002 C, and the 2010 B bonds.
- Approximately $26 million was used to create a Debt Service Reserve Fund for the Series 2013A refunded bonds.
- Approximately $1.8 million was used for the cost of issuance and the underwriting discount for the 2013 refunding.

Series 2009

In October 2009, Bi-State Development Agency issued $97 million in Mass Transit Sales Tax Appropriation Bonds. The transaction closed on November 9, 2009. The bond proceeds were used as follows:

- Approximately $75 million was used to refund the remaining $75 million of the $100 million par Series 2002A Variable Rate Bonds.
- Approximately $10 million was used to terminate (net) two interest rate swaps BSDA had in connection with the Series 2002A Variable Rate Bonds.
- Approximately $9 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 for the underwriter’s discount and for the costs of issuance.

Bi-State Development Agency Financial Summary

Combined Revenue and Expenses

The following is the combined Bi-State Development Agency (BSDA) operating budget summary, comparing the FY 2015 budget, the FY 2014 projection and budget, and the FY 2013 actual. By applying Bi-State Development Agency's planning and budgeting financial policies, this report consolidates the Transit System, Business Enterprises and Executive Services major revenues, expenditures and other non-operating funds to show the BSDA entity Net surplus/(deficit); however, it does not show interfund eliminations, which have zero impact on Net surplus/(deficit), as shown in our Comprehensive Annual Financial Report.

Below is the operating revenue detail for Bi-State Development Agency Combined.

Bi-State Development Agency
Combined Operating Revenue Summary
Fiscal Year Ending June 30, 2015

	FY 2015	FY 2014		15 Bgt vs. 14 Bgt		FY 2013
	Budget	Projection	Budget	$ Change	% Change	Actual
Operating revenue:						
Transit System						
Passenger revenue	$ 53,484,992	$ 51,376,500	$ 51,168,639	$ 2,316,353	4.5%	$ 50,725,441
TMA revenue	1,431,720	1,434,929	1,417,545	14,175	1.0%	1,377,905
Paratransit contracts	3,980,425	3,634,234	4,034,000	(53,575)	-1.3%	3,451,127
Other operating revenue	4,845,957	4,465,120	4,791,962	53,996	1.1%	4,263,071
Total operating revenue	63,743,095	60,910,782	61,412,146	2,330,949	3.8%	59,817,545
Executive Services						
Management fees	3,911,310	3,811,021	3,783,994	127,316	3.4%	3,939,993
Gateway Arch						
Ticket sales/discounts	5,467,518	5,440,668	5,628,573	(161,055)	-2.9%	5,812,467
Site rental/other	40,199	41,437	40,199	-	0.0%	28,766
Total operating revenue	5,507,717	5,482,106	5,668,772	(161,055)	-2.8%	5,841,233
St. Louis Downtown Airport						
Aircraft parking	133,214	137,272	133,214	-	0.0%	146,170
Leased acreage	435,287	435,376	435,287	-	0.0%	433,817
Hangar rental	820,355	818,686	820,355	-	0.0%	875,852
Aviation sale flowage fee	177,365	176,511	177,335	30	0.0%	156,726
Airport Concessions	128,730	129,564	128,730	-	0.0%	115,464
Other operating revenue	90,287	87,735	85,653	4,634	5.4%	92,788
Total operating revenue	1,785,239	1,785,143	1,780,575	4,664	0.3%	1,820,818
Gateway Arch Parking Facility						
Garage parking receipts - daily/special	1,180,978	1,366,653	1,348,170	(167,193)	-12.4%	1,383,736
Garage parking receipts - monthly	121,200	133,165	147,600	(26,400)	-17.9%	171,110
Other operating revenue	65,850	83,890	71,894	(6,044)	-8.4%	77,017
Total operating revenue	1,368,027	1,583,708	1,567,664	(199,637)	-12.7%	1,631,863
Riverfront Attractions						
Cruise revenue	830,329	1,277,595	1,275,500	(445,171)	-34.9%	1,134,525
Food and beverage revenue	614,180	898,315	920,107	(305,927)	-33.2%	796,517
Retail revenue	62,330	94,460	98,900	(36,570)	-37.0%	106,589
Other operating revenue	104,261	186,751	169,190	(64,929)	-38.4%	167,018
Total operating revenue	1,611,100	2,457,122	2,463,697	(852,597)	-34.6%	2,204,649
Total Operating revenues *	**$ 77,926,487**	**$ 76,029,882**	**$ 76,676,847**	**$ 1,249,640**	**1.6%**	**$ 75,256,102**

The following page has the operating expenses, non-operating revenue and expense and a breakdown of operating expense by division.

Bi-State Development Agency
Combined Expense & Net Income (Loss) Summary
Fiscal Year Ending June 30, 2015

	FY 2015 Budget	FY 2014 Projection	FY 2014 Budget	15 Bgt vs. 14 Bgt $ Change	15 Bgt vs. 14 Bgt % Change	FY 2013 Actual
Operating expense:						
Wages and benefits w/o OPEB	$ 178,708,220	$ 168,006,259	$ 171,877,772	$ 6,830,448	4.0%	$ 155,504,735
OPEB	9,971,648	9,382,547	10,000,000	(28,352)	-0.3%	9,045,000
Wages and benefits	188,679,868	177,388,806	181,877,772	6,802,095	3.7%	164,549,735
Services	34,064,756	32,333,797	31,179,740	2,885,016	9.3%	30,804,571
Fuel and lubrications	19,842,853	19,319,148	20,371,863	(529,010)	-2.6%	18,271,683
Parts & supplies	22,723,222	21,551,832	23,531,635	(808,413)	-3.4%	19,892,696
Casualty and liability costs	5,216,197	5,324,834	4,710,846	505,351	10.7%	4,698,093
Interfund administrative charges	3,523,481	3,373,640	3,350,375	173,106	5.2%	3,490,790
Utilities	8,897,504	8,333,497	8,489,414	408,089	4.8%	7,694,910
Leases and other expenses	4,167,373	3,324,132	3,973,554	193,820	4.9%	3,058,326
Total operating expenses *	**287,115,252**	**270,949,687**	**277,485,200**	**9,630,053**	**3.5%**	**252,460,803**
Operating income (loss)	**(209,188,765)**	**(194,919,805)**	**(200,808,352)**	**(8,380,413)**	**-4.2%**	**(177,204,702)**
Non-operating revenue/(expense):						
State and local assistance	203,136,522	201,131,734	198,274,782	4,861,740	2.5%	186,826,551
Federal assistance	20,130,055	19,128,305	17,741,218	2,388,837	13.5%	19,282,927
Total grants & assistance	223,266,577	220,260,039	216,016,000	7,250,577	3.4%	206,109,477
Interest revenue	5,943,796	5,721,707	5,744,106	199,690	3.5%	5,563,210
Interest expense	(27,006,783)	(28,896,846)	(24,921,852)	(2,084,931)	-8.4%	(26,495,268)
Contributions from (to) outside entities	(1,726,134)	(3,517,754)	(3,906,524)	2,180,390	55.8%	(5,274,500)
Other non-operating revenue (expense)	-	96,253	-	-	-	17,744
Gain (loss) on disposition of assets	-	40,964	-	-	-	(272,307)
Total nonoperating revenues (expenses)	**200,477,456**	**193,704,362**	**192,931,730**	**7,545,726**	**3.9%**	**179,648,357**
Net Income before depreciation	**(8,711,309)**	**(1,215,443)**	**(7,876,623)**	**(834,687)**	**-10.6%**	**2,443,655**
Depreciation and amortization	73,064,710	71,189,751	72,176,505	888,206	1.2%	72,309,769
Net income (loss)	**$ (81,776,020)**	**$ (72,405,195)**	**$ (80,053,127)**	**(1,722,892)**	**-2.2%**	**$ (69,866,113)**
*** Operating expense by Division**						
Transit System	273,986,101	258,596,207	264,366,862	9,619,239	3.6%	241,034,880
Executive Services	3,867,873	3,308,260	3,628,607	239,266	6.6%	2,722,053
Gateway Arch	4,288,314	3,815,529	4,131,229	157,085	3.8%	3,809,050
St. Louis Downtown Airport	1,472,222	1,460,027	1,507,936	(35,714)	-2.4%	1,350,919
Gateway Arch Parking Faciltiy	1,211,328	1,307,248	1,262,191	(50,863)	-4.0%	1,237,671
Riverfront Attractions	2,289,414	2,462,415	2,588,374	(298,960)	-11.6%	2,306,231
Total Bi-State Development Agency	**$ 287,115,252**	**$ 270,949,687**	**$ 277,485,200**	**$ 9,630,053**	**3.5%**	**$ 252,460,803**

* Does not include intercompany eliminations.

In the Supplementary section of budget book is the consolidating financial report for the FY 2015 budget that shows the Transit System, Business Enterprise and Executive Services divisions rolling into a combined entity and compares to the FY 2014 budget. Discussions of differences are detailed in the divisional sections of the budget book.

Bi-State Development Agency Funds, Sources and Uses

The FY 2015 budget sources and uses of cash report is detailed by division and contains the operating and capital beginning funds and the sources and uses of those funds to arrive at the ending balances. The report also shows the dollar and percent change in balances from the beginning to the end of the period. The following is a discussion on those changes in balances by division.

Executive Services

Operating revenue is expected to exceed expenses which will create additional funds of $208 thousand. Any additional funds in Executive Services are used at the direction of the CEO and the Board. There is no capital activity planned for the Executive Services in FY 2015.

Gateway Arch

Both operating and capital funding at the Gateway Arch is expected to decrease 36.1% and 38.7%, respectively in FY 2015. The operating funds from Arch Tram operations alone is positive, however, there are one-time contributions of $630 thousand to be made to the National Park Service in FY 2014. The Arch Trams also have several capital projects totaling $7.5 million, which are creating negative cash flow in capital funding. These projects include a Storm Water Drainage Project ($2.3 million); Arch Tram System Load Zone and Exhibit updates ($4.2 million); Arch Transportation System Motor Generator Set Replacement design $721 thousand); an antenna system ($300 thousand); and a copier ($5 thousand). The funding for these projects will come from the Jefferson National Expansion Memorial capital improvement fund and other Project Account Funds. This creates a reduction in capital funds of $6.3 million.

Arch Parking Facility

The Parking facility is expected to create positive cash flow of $174 thousand in FY 2015. The bond debt associated with the parking facility was paid off in FY 2013. Therefore, cash payments of principal and related interest are no longer required. This enhances the parking facilities future operating cash flows. There are no capital projects in FY 2015 for the parking facility.

Riverfront Attractions

The Riverfront Attractions is expected to operate at a loss in FY 2015 due to planned lost cruising days because of limited access during the CityArchRiver construction or flooding. The construction will require the riverboats to shut down when the river level reaches approximately 23 feet, which is 7 feet less than the normal 30 feet level. This is the primary reason there is a decrease of 185.1% in operating funds. There are two capital project planned for FY 2015.

St. Louis Downtown Airport

The St. Louis Downtown Airport is planned to have operating income in FY 2015. Capital spending planned in FY 2015 results in a negative operating and capital funds flow. Funds will drop $257 thousand for the year. There are several capital projects that total $9.3 million dollars. These will be primarily funded through federal, state, and local grants.

Transit System

Metro Transit System operating funds are expected to decrease by approximately $6.7 million. This decrease is primarily related to debt service interest and principal payments. The capital projects planned for 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.

Bi-State Development Agency
Operating and Capital Budget
Projected Sources and Uses of Funds
Fiscal Year 2015

(in thousands)

	Executive Services		Gateway Arch Tram		Arch Parking Facility		Riverfront Attractions		St. Louis Downtown Airport		Transit System		Totals	
	Operating	Capital	Operating	Capital	Operating	Capital	Operating	Capital	Operating	Capital	Operating	Capital	Operating	Capital
Beginning available funds	**$2,835**	**$0**	**$1,471**	**$16,360**	**$460**	**$965**	**$420**	**$0**	**$247**	**$324**	**$60,659**	**$145,000**	**$66,092**	**$162,649**
Intercompany transfers	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Sources of funds:														
State and local assistance	-	-	-	-	-	-	-	-	-	1,445	203,137	122,725	203,137	124,170
Passenger and service fees	3,911	-	4,308	1,200	1,368	-	1,456	155	1,354	431	63,743	-	76,140	1,786
Federal assistance	-	-	-	-	-	-	-	-	-	7,236	20,130	314,616	20,130	321,852
Other (adm. fees, interest & misc.)	3	-	14	-	2	-	-	-	0	-	304	-	323	-
Total Sources	**3,914**	**-**	**4,322**	**1,200**	**1,370**	**-**	**1,456**	**155**	**1,354**	**9,112**	**287,314**	**437,341**	**299,730**	**447,808**
Uses of funds:														
Wages and benefits	2,425	-	1,718	-	416	-	1,061	-	869	-	172,221	-	178,709	-
Services	904	-	933	-	488	-	213	-	75	-	31,451	-	34,064	-
Materials and supplies	25	-	246	-	40	-	470	-	92	-	21,851	-	22,724	-
Utilities and fuel	7	-	117	-	89	-	169	-	194	-	28,163	-	28,739	-
Casualty and liability costs	-	-	53	-	41	-	174	-	65	-	4,883	-	5,216	-
Other	345	-	1,786	-	122	-	147	-	117	-	6,898	-	9,415	-
Capital Projects - Metrolink	-	-	-	-	-	-	-	-	-	-	-	121,087	-	121,087
New revenue & support vehicles	-	-	-	-	-	-	-	-	-	-	-	98,267	-	98,267
Capital projects, equipment,												-	-	-
and other capital	-	-	-	7,536	-	-	-	155	-	9,312	-	217,988	-	234,991
Debt service	-	-	-	-	-	-	-	-	-	-	28,556	-	28,556	-
Total Uses	**3,706**	**-**	**4,853**	**7,536**	**1,196**	**-**	**2,234**	**155**	**1,412**	**9,312**	**294,023**	**437,342**	**307,423**	**454,345**
Ending available funds	**$3,043**	**$0**	**$940**	**$10,024**	**$634**	**$965**	**($358)**	**$0**	**$190**	**$124**	**$53,950**	**$144,999**	**$58,400**	**$156,112**
Change in Balance	**$208**	**$0**	**($531)**	**($6,336)**	**$174**	**$0**	**($778)**	**$0**	**($57)**	**($200)**	**($6,709)**	**($1)**	**($7,692)**	**($6,537)**
Percent Change	**7.3%**	**-**	**-36.1%**	**-38.7%**	**37.9%**	**-**	**-185.1%**	**-**	**-23.2%**	**-61.6%**	**-11.1%**	**0.0%**	**-11.6%**	**-4.0%**

(Totals may not sum due to rounding.)

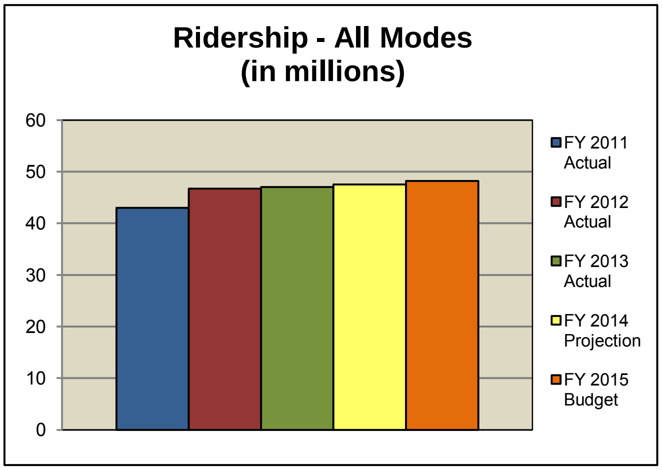
Total System

Overview:

The Transit System 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 2013 Actuals):

47.1 million passenger boardings
147,590 average weekday ridership
26.8 million revenue miles
1.8 million revenue hours
1.4 million customer calls answered
5,579,107 diesel gallons consumed



Service area (558 square miles):

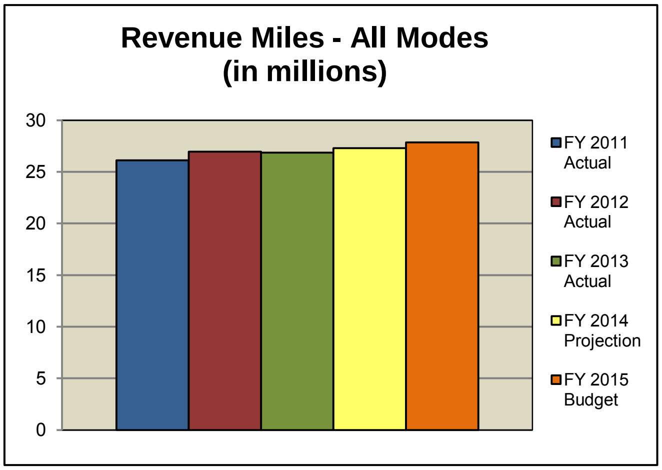
Missouri:
- City of St. Louis
- St. Louis County

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.metrostlouis.org
www.MovingTransitForward.org
www.nextstopstl.org
www.facebook.com/STLMetro
www.tripfinder.metrostlouis.org
www.twitter.com/STLMetro
www.bi-state.org
www.artsintransit.org

Transit System

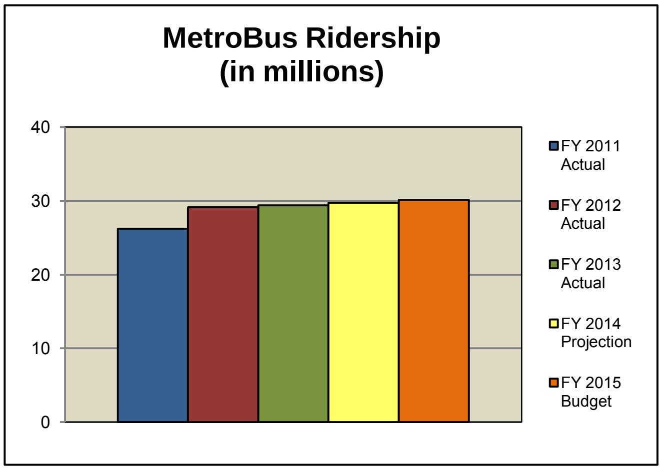
MetroBus

Overview:

Since 1963, the Bi-State Development Agency (BSDA) has continuously provided bus service in the Greater St. Louis Region. BSDA currently operates 59 fixed bus routes in Missouri and 17 fixed bus routes in Illinois. Special bus service is provided in Missouri for New Year's Eve and Mardi Gras festivities. Additional special bus service is offered in Illinois for all St. Louis Cardinals home baseball games, St. Louis Rams home football games and the Muny Opera.

Service levels (FY 2013 Actuals):

29.4 million passenger boardings
92,446 average weekday ridership
18.5 million revenue miles
1.4 million revenue hours
382 buses (314 used at peak)
4,823,773 diesel gallons consumed
76 bus routes at the end of FY 2013

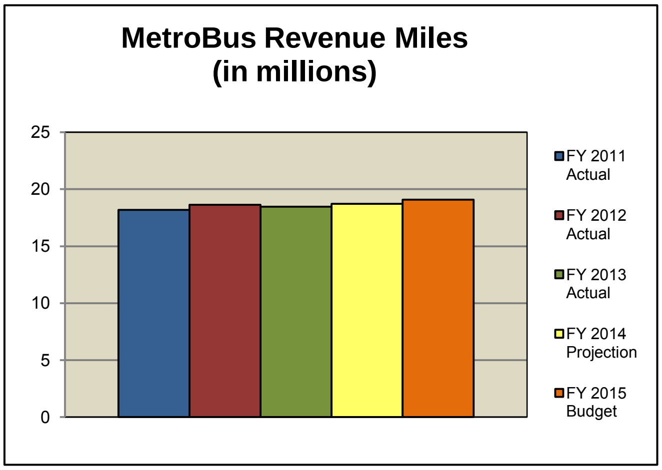


Facilities:

3 garages and 1 maintenance facility
13 free park – ride lots

Development:

Completed:
- Brentwood Meridian (June 2007)
- Catalan Bus Loop Improvements (2008)
- Maplewood Bus Loop (2009)
- Delmar Transit Plaza (2009)
- North Hanley Parking Lots & Bus Loops
- St. Charles Rock Road Park n Ride (2010)
- Scott Avenue Transit Plaza (2012)



Transit System

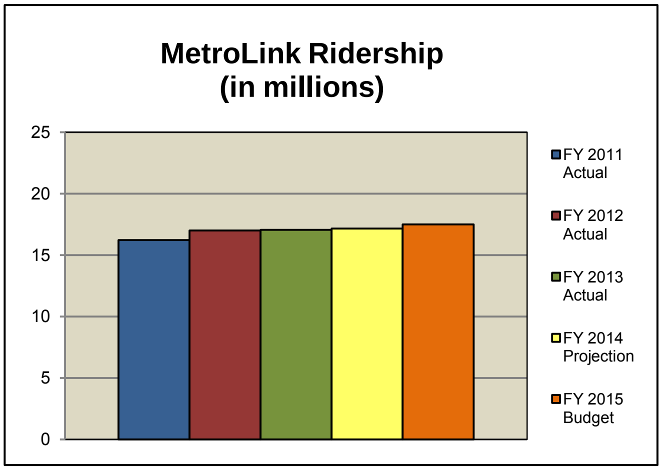
MetroLink

Overview:

Since 1993, the Bi-State Development Agency 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 2013 Actuals):

17.1 million passenger boardings
53,123 average weekday ridership
3.1 million revenue miles
132,150 revenue hours
87 rail cars (50 used at peak)

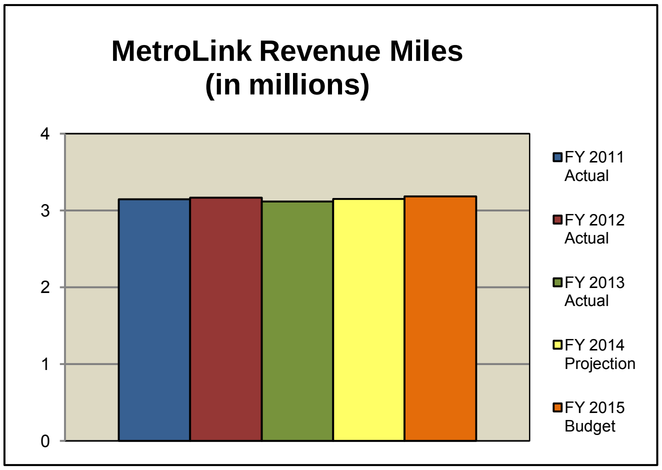


Facilities:

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

Development:

Original alignment, July 1993 (17 miles)
St. Clair corridor, May 2001 (17.5 miles)
Shiloh-Scott Station, June 2003 (3.5 miles)
Cross County, August 2006 (8.0 miles)
Illinois Bike Trail Extension dedicated, Fall 2011
Renovation of the Grand Station, August 2012



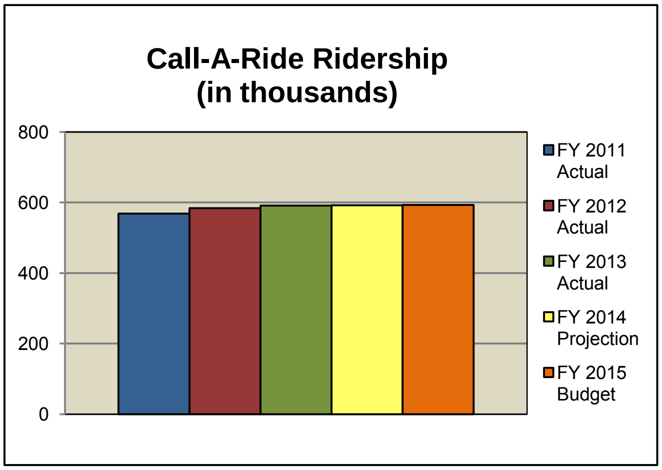
Call-A-Ride

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 the Bi-State Development Agency meets the federal mandate of full ADA compliance.

Service levels (FY 2013 Actuals):

591,197 passenger boardings
94.6% ADA passenger boardings
2,021 average weekday ridership
5.2 million revenue miles
310,857 revenue hours
552,528 reservation/assistance calls
755,334 gallons of diesel consumed
116 vans (97 used at peak)

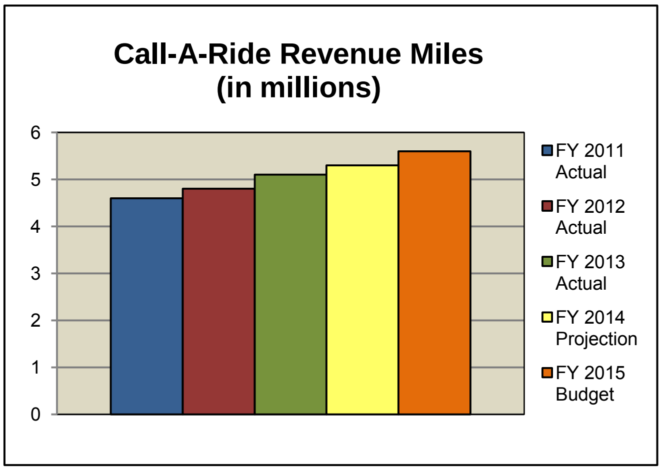


Facilities:

Paratransit maintenance facility at Main Shop

Development:

ADA Training Center, February 2004



Metro Transit System
Budget Summary
Fiscal Year Ending June 30, 2015

	2015 Budget	FY 2014 Projection	FY 2014 Budget	2013 Actual	15 Bgt vs. 14 Proj $ Change	% Change
Operating revenue:						
Passenger revenue						
Bus/Rail revenue	$ 52,477,589	$ 50,281,259	$ 50,124,475	$ 49,624,444	$ 2,196,330	4.4%
C-A-R revenue	1,007,403	1,095,242	1,044,164	1,100,998	(87,839)	-8.0%
Total Passenger Revenue	**53,484,992**	**51,376,500**	**51,168,639**	**50,725,441**	**2,108,492**	**4.1%**
TMA revenue	1,431,720	1,434,929	1,417,545	1,377,905	(3,208)	-0.2%
Other operating revenue	4,845,957	4,465,120	4,791,962	4,263,071	380,838	8.5%
Paratransit contracts	3,980,425	3,634,234	4,034,000	3,451,127	346,191	9.5%
Total operating revenue	**63,743,095**	**60,910,782**	**61,412,146**	**59,817,545**	**2,832,312**	**4.6%**
Operating expenses:						
Compensation & Benefits	172,210,686	161,968,389	165,533,751	150,014,619	10,242,297	6.3%
Other post-employment benefits (OPEB)	9,619,849	9,061,871	9,638,000	8,750,662	557,977	6.2%
Services	31,450,951	29,735,691	28,467,413	28,637,959	1,715,260	5.8%
Realized gain fuel hedging	(2,262,164)	(1,230,658)	(1,620,996)	(595,396)	(1,031,506)	-83.8%
Fuel and lubrications	22,006,182	20,432,024	21,875,000	18,761,123	1,574,158	7.7%
Parts & supplies	21,851,499	20,752,177	22,686,325	19,033,924	1,099,323	5.3%
Casualty and liability costs	4,882,761	5,047,269	4,408,963	4,408,443	(164,508)	-3.3%
Utilities	8,418,887	7,883,486	8,021,818	7,248,293	535,401	6.8%
Lease and other expenses	3,007,449	2,395,957	2,806,588	2,175,254	611,492	25.5%
Agency fees	2,800,000	2,550,000	2,550,000	2,600,000	250,000	9.8%
Total operating expenses	**273,986,101**	**258,596,207**	**264,366,862**	**241,034,880**	**15,389,894**	**6.0%**
Operating income (loss)	**(210,243,007)**	**(197,685,425)**	**(202,954,716)**	**(181,217,335)**	**(12,557,581)**	**-6.4%**
Non-operating revenue (expense):						
Grants & assistance	223,266,577	220,259,039	216,016,000	206,108,977	3,007,538	1.4%
Investment income	304,375	301,505	322,040	305,446	2,870	1.0%
Capital lease revenue	5,619,853	5,402,198	5,402,198	5,233,212	217,655	4.0%
Capital lease expense	(5,619,853)	(5,402,198)	(5,402,198)	(5,233,212)	(217,655)	-4.0%
Interest expense	(21,386,930)	(23,494,648)	(19,519,654)	(21,247,046)	2,107,718	9.0%
Sheltered workshop	(1,134,134)	(1,124,346)	(1,119,804)	(1,106,756)	(9,788)	-0.9%
Contributions from (to) outside entities	43,000	(874,250)	43,000	(3,497,622)	917,250	104.9%
Other misc non-operating revenue	-	137,177	-	(148,939)	(137,177)	-100.0%
Total non-operating revenues	**201,092,888**	**195,204,476**	**195,741,582**	**180,414,060**	**5,888,412**	**3.0%**
Net Income (deficit) before depreciation & amortization	**(9,150,119)**	**(2,480,949)**	**(7,213,134)**	**(803,275)**	**(6,669,170)**	**-268.8%**
Depreciation and amortization	70,895,333	68,702,246	69,604,352	69,947,404	2,193,087	3.2%
Net Transfers	-	(22,184)	-	(36,805)	22,184	100.0%
Net surplus (deficit)	**$ (80,045,452)**	**$ (71,161,012)**	**$ (76,817,486)**	**$ (70,713,874)**	**$ (8,884,440)**	**-12.5%**

Metro Transit System
Detail of Grants and Assistance
Budget Summary
Fiscal Year Ending June 30, 2015

	2015 Budget	FY 2014 Projection	FY 2014 Budget	2013 Actual	15 Bgt vs. 14 Proj $ Change	15 Bgt vs. 14 Proj % Change
Missouri subsidies:						
City of St. Louis 1/2 cent sales tax	$ 17,236,670	$ 17,170,916	$ 17,164,934	$ 16,987,017	$ 65,754	0.4%
City of St. Louis 1/4 cent sales tax	7,979,599	8,058,402	7,513,569	7,480,188	(78,803)	-1.0%
City of St. Louis Prop M2 sales tax	6,410,830	6,378,936	6,292,391	6,310,344	31,894	0.5%
Total City of St. Louis	**31,627,099**	**31,608,254**	**30,970,894**	**30,777,548**	**18,845**	**0.1%**
St. Louis County 1/2 cent sales tax	38,335,872	37,573,305	37,705,459	36,783,264	762,567	2.0%
St. Louis County 1/4 cent sales tax	32,991,808	33,049,448	30,152,296	28,718,512	(57,640)	-0.2%
St. Louis County Prop A sales tax	48,056,087	47,360,266	48,334,847	42,976,990	695,821	1.5%
Total St. Louis County	**119,383,767**	**117,983,020**	**116,192,602**	**108,478,767**	**1,400,747**	**1.2%**
Other Local Match - MO	510,000	718,553	347,775	1,056,173	(208,553)	-29.0%
Planning and demo reimbursement	160,000	160,000	160,000	160,000	-	0.0%
Total Other Local MO	**670,000**	**878,553**	**507,775**	**1,216,173**	**(208,553)**	**-23.7%**
General Operating MODOT	409,522	439,208	196,671	245,592	(29,686)	-6.8%
Total State of Missouri	**409,522**	**439,208**	**196,671**	**245,592**	**(29,686)**	**-6.8%**
Total Missouri local & state subsidies:	**152,090,388**	**150,909,035**	**147,867,942**	**140,718,080**	**1,181,353**	**0.8%**
Illinois subsidies:						
Madison County	-	-	-	-	-	
St. Clair County	49,122,299	46,789,795	47,020,342	42,568,974	2,332,504	5.0%
Other Local Match - IL	1,923,835	3,431,904	3,386,498	3,538,997	(1,508,069)	-43.9%
Total Illinois local & state subsidies:	**51,046,134**	**50,221,699**	**50,406,840**	**46,107,971**	**824,435**	**1.6%**
Total local & state subsidies:	**203,136,522**	**201,130,734**	**198,274,782**	**186,826,051**	**2,005,788**	**1.0%**
Federal assistance:						
Vehicle maintenance subsidy	16,000,000	16,000,000	16,000,000	14,016,031	-	0.0%
CMAQ grant	-	-	-	80,503	-	-
Non-capitalized project subsidy	4,130,055	3,128,305	1,741,218	5,186,393	1,001,750	32.0%
Total Federal assistance:	**20,130,055**	**19,128,305**	**17,741,218**	**19,282,927**	**1,001,750**	**5.2%**
Total grants & assistance	**$ 223,266,577**	**$ 220,259,039**	**$ 216,016,000**	**$ 206,108,977**	**$ 3,007,538**	**1.4%**

Transit Operating - FY 2015 Budget

Priorities

The short-term priorities for the Transit operating budget are to maintain and build ridership, effectively manage resources of the system and provide future stability and growth.

Assumptions

The FY 2015 budget projects a $9.2 million deficit before depreciation, which is within the unfunded other post employment benefit (OPEB) obligation. Government Accounting Standards Board (GASB) ruling number 45 requires the accruing of other post-employment benefits. GASB 45 dictates recording the OPEB liability and expenses, but leaves the method of funding to the discretion of the entity. Bi-State Development currently funds the annual normal cost portion of this obligation using “pay as you go” methodology. Furthermore, for the past four years BSDA has made an annual contribution of $3.0 million to its OPEB trust.

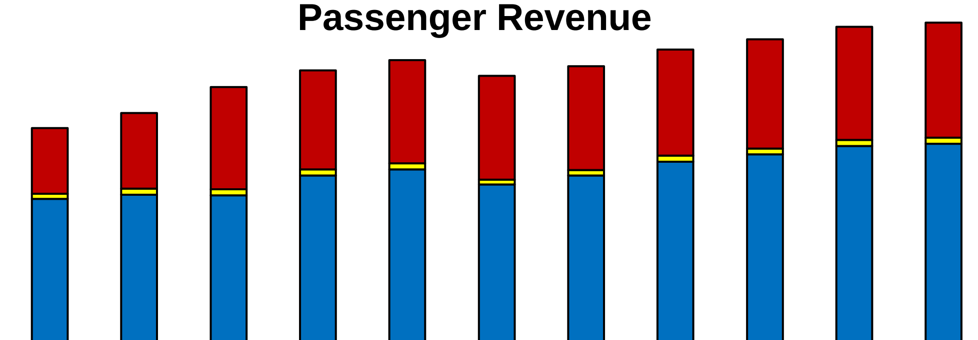
Service miles and hours for all three modes are planned with minimal increased levels for route adjustments and efficiencies and to accommodate passenger requirements.

Passenger boardings on MetroBus, MetroLink and Call-A-Ride show a 2.0% growth compared to FY 2014 budget and an expected 1.5% increase over the FY 2014 projection.

Operating Revenue

Passenger revenue is budgeted at $53.5 million for FY 2015 which is a $2.3 million or 4.5 % increase from the 2014 budget. The anticipated increase in passenger revenue is due to a planned fare increase and expected growth in ridership. The increase in ridership is anticipated as people return to the workforce and reliable transit service.

Passenger Revenue

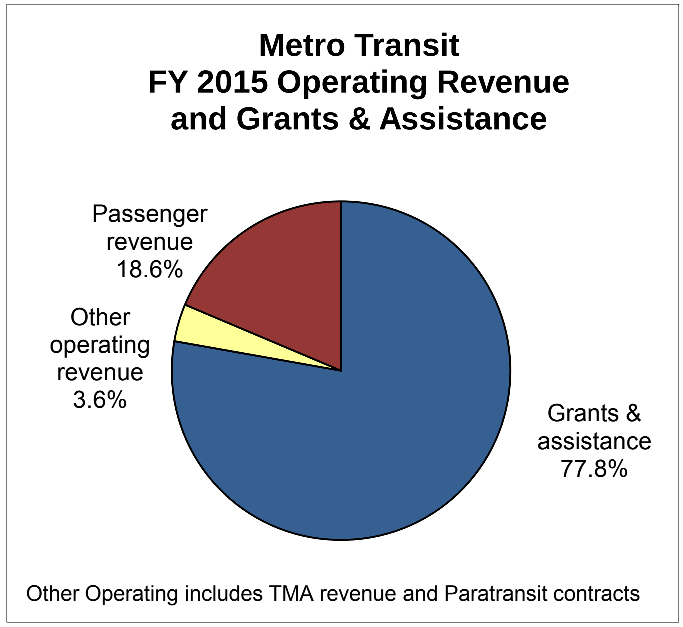


(in millions)	2005 Actual	2006 Actual	2007 Actual	2008 Actual	2009 Actual	2010 Actual	2011 Actual	2012 Actual	2013 Actual	2014 Projection	2015 Budget
Rail	11.0	12.6	17.1	16.5	17.2	17.3	17.3	17.7	18.2	18.9	19.2
Paratransit	0.9	1.0	1.0	1.0	1.0	0.8	0.9	1.0	1.0	1.0	1.0
Bus	24.1	24.8	24.7	28.0	29.0	26.5	28.0	30.3	31.5	32.9	33.3

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 2015 will mark the 16th year of the TMA. The FY 2015 budget of $1.4 million is flat compared to the FY 2014 projection and budget and a 3.8% increase over FY 2013 actual.

Paratransit contracts include Medicaid and dialysis revenue, and other contractual receipts related to trips provided by Paratransit Operations. A 1.3% decrease is expected compared to the FY 2014 budget and flat compared to the FY 2014 projection.

Other operating revenue includes advertising on revenue vehicles, bus shelters, and MetroLink stations; provided maintenance service, pay phone and vending machine concessions; rental income and other revenue. Other operating revenues are expected to increase 1.1% compared to the FY 2014 budget.



Expenses

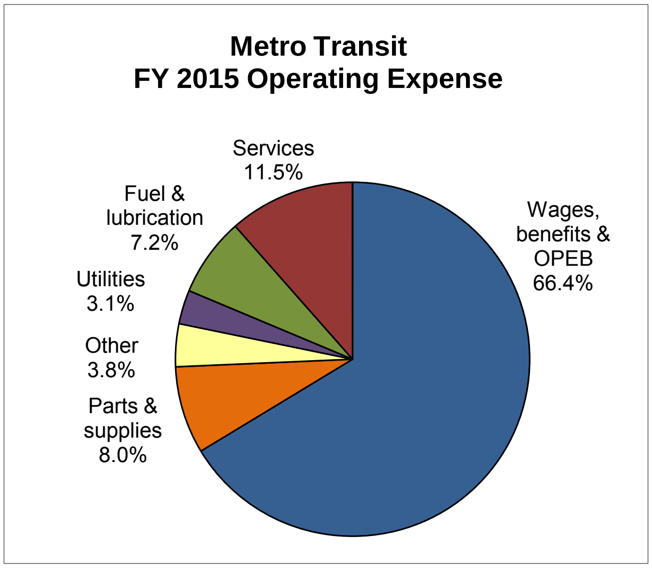
Wages & benefits budgeted for FY 2015 is expected to be 4.0% higher than FY 2014 budget. This budget reflects service enhancements to mitigate overcrowding on bus routes and wage rate adjustments. After several years of greater than inflationary increases in benefit costs, the FY 2015 budget reflects nominal adjustments.

Other post-employment benefits (OPEB) 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 payments, contributions to the OPEB trust and the unfunded portion. As the pay-as-you-go expenses increase, the unfunded portion decreases. For FY 2015, the unfunded, OPEB cost is expected to be 0.3% lower than the FY 2014 budget level because funded retiree benefits are increasing rapidly.

Services increased 10.5% from the FY 2014 budget and 5.8% from the FY 2014 projection. These increases are primarily due to outside services related to non-capital projects, which are offset in revenue. Increases in contracted police and maintenance services also contribute to the rise in expense.

Fuel hedging (realized) helps neutralize the outcome of a rise in the price of diesel fuel. The fuel hedging program involves purchasing heating oil contracts up to 18 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. The projected realized gain on the hedging program is $2.3 million in FY 2015. However, it is important to note that if diesel fuel prices drop BSDA would book a loss on the hedging.

Fuel & lubrications expense for the FY 2015 budget is anticipated to increase 0.6% compared to the FY 2014 budget and 7.7% compared to the FY 2014 projection. Increases from current diesel prices and usage are driving these changes.



Parts & supplies expense is expected to increase 5.3% between FY 2015 and FY 2014 projection and a 3.7% decrease from FY 2014 budget. Revenue and non-revenue vehicle parts and tires are the main factors for the changes. Increase from FY 2014 projection is due to increased tire and non-revenue vehicle parts expense. Due to the life cycle maintenance of our fleet less revenue equipment parts have been budgeted in FY 2015 when compared to the prior year budget. BSDA plans to continue its award-winning predictive vehicle maintenance program.

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 and injuries. There is a 10.7% increase over the FY 2014 budget and a 3.3% decrease from the FY 2014 projection.

Utilities, including electric propulsion, are budgeted to increase 4.9% compared to the FY 2014 budget. This increase is primarily due to the higher anticipated cost of electric and greater telephone expenses.

Other expenses for FY 2015 reflect an increase of 7.2% compared to the FY 2014 budget. Other expenses consist of taxes, leases, advertising, travel, staff development and other expenses. The increase in the FY 2015 budget is due to the increase in self insurance tax.

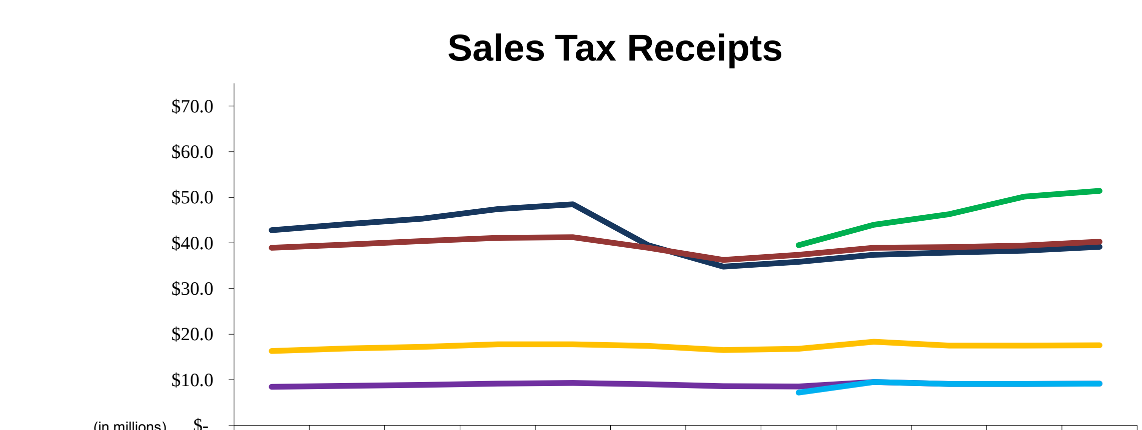
Agency fees are payments to Executive Services for providing management services to the Transit System. For FY 2015, Transit's portion will increase $250 thousand to $2.8 million compared to $2.55 million in FY 2014.

Grants and Assistance

City of St. Louis and St. Louis County sales taxes include ½ cent for transportation and ¼ cent for light rail development, operation and maintenance. The Prop M ¼ cent levy began in the middle of FY 1995. Only the ½ cent tax is subject to deductions for Tax Increment Financing (TIF). St. Louis City forwards to BSDA all taxes collected net of TIF's. St. Louis County appropriates a portion of the ½ cent tax and all of the ¼ cent tax to Bi-State Development Agency.

On April 6, 2010 St. Louis County voters passed Prop A, a ½ cent sales tax 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 a portion of the Prop A ½ cent tax for annual operating, capital and debt service while St. Louis City appropriates all of the Prop M2 ¼ cent sales tax to Bi-State Development Agency.

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



	2004 Actual	2005 Actual	2006 Actual	2007 Actual	2008 Actual	2009 Actual	2010 Actual	2011 Actual	2012 Actual	2013 Actual	2014 Proj.	2015 Budget
County 1/2 cent	42.80	44.10	45.30	47.40	48.48	39.50	34.78	35.82	37.37	37.86	38.34	39.12
County 1/4 cent	38.92	39.61	40.42	41.11	41.26	38.97	36.28	37.41	38.97	39.07	39.46	40.25
County Prop A								39.50	44.00	46.30	50.12	51.42
City 1/2 cent	16.32	16.84	17.20	17.77	17.74	17.45	16.52	16.78	18.32	17.47	17.50	17.59
City 1/4 cent	8.46	8.66	8.90	9.18	9.27	9.01	8.61	8.51	9.51	9.11	9.11	9.16
City Prop M2								7.21	9.51	9.11	9.11	9.16

Slow growth in the local economy translates to relatively minimal growth in sales tax receipts for FY 2015 in the St. Louis City and a moderate growth for the St. Louis County sales taxes. Budgeted sales tax receipts are allocated between operating needs and capital programs.

State of Missouri assistance is expected to increase for FY 2015 with their annual appropriation of $410 thousand.

St. Clair County, Illinois assistance is based on a service agreement between St. Clair County Transit District and BSDA. The St. Clair County Transit District administers St. Clair County tax collections and Illinois Department of Transportation subsidies and contracts with BSDA for services. This assistance is expected to increase 4.5% compared to the FY 2014 budget to reflect St. Clair County Transit District's portion of increased transit service and operating expenses.

Federal vehicle maintenance assistance represents federal capital formula funds that the Agency chooses to program for vehicle maintenance per the Federal Transit Administration's guidelines. BSDA is planning to use $16 million of their 5307 Federal Formula Funds in the FY 2015 operating budget for preventive maintenance.

Non-Capital Federal assistance grants anticipated funding is expected to be $4.1 million for FY 2015 to be used for soil erosion repair project along Illinois MetroLink track segment and various Missouri projects.

Non-Operating Revenue (Expense)

Investment income, which includes interest earned on invested funds, is expected to decrease by 5.5% in FY 2015 compared to the prior year budget due to unattractive money market rates. Investment income is expected to increase 1.0% over the FY 2014 projection.

Capital lease revenue and expense recognize the revenue and expense associated with capital leases. The revenue and expense offset exactly. For FY 2015, these amounts are $5.6 million in both revenue and expense.

Interest on debt results primarily from interest paid on bonds issued to finance the Cross County expansion. The decrease in interest expense reflects the consolidation of the bond Series 2002, Series 2007 and Series 2010 being retired and reissued as new Series 2013 bonds and a loan from St. Louis County. The lower interest rates result in a 9.6% decrease when compared to the FY 2014 budget.

Sheltered workshop expense is 2% of the 1974 Missouri ½ cent sales tax and is budgeted at $1.1 million in FY 2015. This expense decreased 0.9%, when compared to the FY 2014 projection.

Depreciation and Amortization

Depreciation and amortization in public transit systems is generally not funded by operating income, which is different than private industry that must generate profits for purchase/replacement of property and equipment. Depreciation is presented as required by generally accepted accounting principles. Depreciation is not funded to provide equity for capital replacements because such capital assets are predominately funded by federal grants. For FY 2015, depreciation is expected to increase 3.2% and 1.9% compared to the FY 2014 projection and FY 2014 budget respectively as a result of minimal capital spending and maturing assets.

Transit Company - Operating Expense

	FY 2015	FY 2014		15 Bgt vs. 14 Proj		FY 2013
	Budget	Projection	Budget	$ Change	% Change	Actual
By type of expense:						
Wages & benefits without OPEB	**$ 172,210,686**	$ 161,968,389	$ 165,533,751	$ 10,242,297	6.3%	$ 150,014,619
Other post-employment benefits	**9,619,849**	9,061,871	9,638,000	557,977	6.2%	8,750,662
Services	**31,450,951**	29,735,691	28,467,413	1,715,260	5.8%	28,637,959
Fuel & lubrications	**19,744,018**	19,201,367	20,254,004	542,652	2.8%	18,165,727
Parts & supplies	**21,851,499**	20,752,177	22,686,325	1,099,323	5.3%	19,033,924
Casualty & liability	**4,882,761**	5,047,269	4,408,963	(164,508)	-3.3%	4,408,443
Utilities	**8,418,887**	7,883,486	8,021,818	535,401	6.8%	7,248,293
Leases and other expense	**3,007,449**	2,395,957	2,806,588	611,492	25.5%	2,175,254
Agency fees	**2,800,000**	2,550,000	2,550,000	250,000	9.8%	2,600,000
Total operating expense	**$ 273,986,101**	**$ 258,596,207**	**$ 264,366,862**	**$ 15,389,895**	**6.0%**	**$ 241,034,880**

By function:						
Transit Operations	**$ 217,110,560**	$ 205,990,521	$ 211,104,155	$ 11,120,039	5.4%	$ 193,207,359
Engineering & New Systems	**6,544,013**	4,709,212	3,581,393	1,834,801	39.0%	4,426,683
Human Resources *	**13,032,806**	12,392,385	13,669,603	640,421	5.2%	11,005,293
Labor Relations	**521,044**	719,033	527,935	(197,989)	-27.5%	733,870
Procurement, Inventory Management	**5,170,771**	4,809,309	5,053,147	361,462	7.5%	4,325,819
Finance **	**20,465,910**	19,777,233	19,688,303	688,677	3.5%	18,432,878
Information Technology	**7,835,054**	7,470,096	7,618,462	364,959	4.9%	6,822,417
Marketing & Communications	**2,632,794**	2,058,612	2,429,874	574,181	27.9%	1,535,851
Economic Development (Transit portion)	**673,149**	669,807	693,989	3,342	0.5%	544,708
Total Transit System	**$ 273,986,101**	**$ 258,596,207**	**$ 264,366,862**	**$ 15,389,895**	**6.0%**	**$ 241,034,880**

* Human Resources includes $10.0 million of retiree benefits

** Includes Risk Management and Passenger Revenue in addition to traditional finance functions

(Sums may not equal Total due to rounding)

Transit Operations

Operational overview:

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

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, the paratransit facility, and Bi-State Development Agency headquarters.

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.

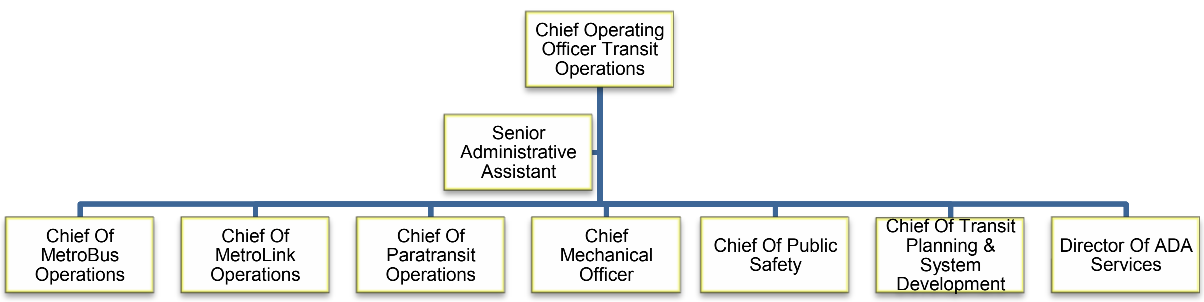
Security is responsible for the safeguarding of Bi-State Development Agency's customers, personnel, and property as well as fare enforcement. The Bi-State Development Agency utilizes certain employees, jurisdictional police officers, outside security service guards, and undercover police officers.

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 also administers and coordinates the ADA activities related to Bi-State Development Agency's Call-A-Ride paratransit service including certification of customers as eligible for ADA complementary paratransit service, monitors service to the disability community, and actively participates 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.

Operations Administration provides overall management of the Transit Operations functions.

Organization:



Goals and Objectives Action Plan: Transportation Operations

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

Goal: Build an effective and efficient publically-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 transit service, projects, and programs over the next 10 years, and introduce potential service concepts that could be implemented over the next 10-30 years		
Strategy	**Action Steps**	**Performance Measurements**
Develop expanded, modern communications mechanism to engage employees and customers in conversations about services, needs, wants, etc.	• Establish e-mail and cell phone outreach programs for customers and employees • Expand the use of live chat media opportunities	• Maintain customer and employee contact database • Maintain communication mechanism for transit customers including service updates • Ongoing customer contacts

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		
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	• Integrate bus stop amenity improvement plan in “Moving Transit Forward” long-range plan • Created / released communications plan for accessibility programs
Objective: Implement innovative technologies		
Strategy	**Action Steps**	**Performance Measurements**
Utilize Computer Aided Dispatch/Automated Vehicle Locator (CAD/AVL) technology to promote early identification of service issues which will allow for quicker field response to issues effecting customer service	• Identify interface methodologies to support real-time customer notifications of schedule and location data from AVL	• Deploy customer outreach (Dec 2014)

Objective: Improve transit security of van, bus, and rail

Strategy	Action Steps	Performance Measurements
Engage independent security specialist to evaluate existing combination of internal personnel, local police, and security contractors and analyze security deployment options	• Recommendations to senior management & Board Operations Committee in review process	• Development of FY 2015 Legislative Agenda

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

Objective: Implement internal process improvements

Strategy	Action Steps	Performance Measurements
Develop standards and system to accommodate electronic storage and archiving of procurement contract files	• Evaluate current file management practices and establish format for electronic archival • Transition new contracts and solicitations to new standards	• Review of requirements completed and management recommendation submitted for approval (ongoing) • Process in place and in use for new solicitations and contracts

Objective: Identify and implement shared services programs with other entities where beneficial

Strategy	Action Steps	Performance Measurements
Manage the preventative, and break down repair activities for the City of St. Louis Fire Department in order to maximize our building and system resources while developing a positive relationship with the City of St. Louis and their Fire Department	• Review all current procedures and training necessary for the successful repair and maintenance of fire trucks and ancillary equipment or systems • Prepare work areas, recruit and train mechanic and supervisory personnel, prepare inventory and set up procurement and accounting systems in order to maintain auditable systems. • Schedule and complete inspection, grief and breakdown repair of fire trucks and systems	• Contract Renewed by City through FY 2016

Performance Indicators – Transit Operations

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 2015	FY 2014		FY 2013
	Target	Projection	Target	Actual
Bus Transportation:				
On-time performance	91.0%	91.2%	91.0%	92.3%
Accidents per 100,000 vehicle miles	2.3	2.1	2.3	2.1
Passenger injuries per 100,000 boardings	1.2	1.5	1.2	1.8
Customer complaints per 100,000 boardings	15.0	15.0	15.0	15.3
Rail Transportation:				
On-time performance	98.0%	97.0%	98.0%	97.4%
Accidents per 100,000 vehicle miles	0.1	0.1	0.1	0.0
Passenger injuries per 100,000 boardings	0.7	0.6	0.7	0.5
Customer complaints per 100,000 boardings	1.8	1.7	1.8	1.5
Paratransit Transportation:				
On-time performance	95.0%	94.2%	95.0%	93.9%
Accidents per 100,000 vehicle miles	1.8	1.7	1.8	1.2
Passenger injuries per 100,000 boardings	4.5	6.5	4.5	6.6
Customer complaints per 100,000 boardings	15.0	17.4	15.0	14.4
Vehicle Maintenance:				
Average revenue miles between incidents:				
MetroBus roadcalls	22,000	21,730	22,000	21,239
MetroLink failures	31,000	30,193	30,000	32,150
Call-A-Ride roadcalls	50,000	47,397	50,000	44,090
Maintenance of Way (MOW):				
MOW system reliability (on-time performance)	98.6%	98.0%	98.5%	97.5%
Elevator and escalator availability	98.0%	98.0%	97.0%	99.4%
On-time performance of equipment inspections	98.0%	94.0%	95.0%	96.3%
Security:				
Security Complaints	375	364	375	361
ADA Services:				
Percent of incoming calls answered	95.0%	94.9%	95.0%	95.3%

Transit Operations - Operating Expense

		FY 2015 Budget	FY 2014 Projection	FY 2014 Budget	15 Bgt vs. 14 Proj $ Change	15 Bgt vs. 14 Proj % Change	FY 2013 Actual
Transit Operations	Wages & benefits without OPEB	**$ 140,477,137**	$ 133,047,925	$ 134,300,282	$ 7,429,212	5.6%	$ 124,268,167
	Other post-employment benefits	**8,324,791**	7,851,313	8,342,943	473,478	6.0%	7,599,005
	Services	**19,975,381**	19,104,216	19,248,012	871,166	4.6%	18,003,329
	Fuel & lubrications	**19,744,018**	19,201,367	20,254,004	542,652	2.8%	18,165,727
	Parts & supplies	**19,992,983**	18,988,691	20,692,959	1,004,292	5.3%	17,898,578
	Utilities	**7,622,037**	7,044,564	7,271,918	577,473	8.2%	6,507,023
	Leases and other expense	**974,213**	752,446	994,038	221,766	29.5%	765,529
	Operating expense	**$ 217,110,560**	**$ 205,990,521**	**$ 211,104,155**	**$ 11,120,039**	**5.4%**	**$ 193,207,359**
Bus Transportation	Wages & benefits without OPEB	**68,417,446**	64,180,517	65,234,697	4,236,929	6.6%	60,797,048
	Other post-employment benefits	**4,417,959**	4,144,625	4,417,959	273,334	6.6%	4,007,973
	Services	**227,681**	182,721	213,860	44,960	24.6%	128,508
	Parts & supplies	**280,014**	208,529	269,595	71,485	34.3%	152,301
	Utilities	**35,604**	25,721	30,000	9,883	38.4%	25,408
	Leases and other expense	**129,147**	76,847	120,347	52,300	68.1%	60,359
	Operating expense	**$ 73,507,851**	**$ 68,818,959**	**$ 70,286,459**	**$ 4,688,892**	**6.8%**	**$ 65,171,597**
Rail Transportation	Wages & benefits without OPEB	**11,197,734**	10,854,144	10,774,804	343,590	3.2%	10,076,586
	Other post-employment benefits	**713,029**	672,027	713,029	41,002	6.1%	643,175
	Services	**4,750**	3,845	4,714	905	23.5%	4,836
	Parts & supplies	**22,879**	18,854	21,430	4,025	21.3%	16,048
	Utilities	**29,340**	19,482	27,000	9,858	50.6%	12,436
	Leases and other expense	**111,300**	59,397	95,500	51,903	87.4%	77,478
	Operating expense	**$ 12,079,032**	**$ 11,627,762**	**$ 11,636,477**	**$ 451,271**	**3.9%**	**$ 10,830,574**
Paratransit Transportation	Wages & benefits without OPEB	**13,471,424**	12,548,278	12,647,103	923,146	7.4%	11,379,869
	Other post-employment benefits	**172,546**	165,965	172,546	6,581	4.0%	171,825
	Services	**166,500**	175,962	244,920	(9,462)	-5.4%	164,230
	Parts & supplies	**32,400**	31,158	41,007	1,242	4.0%	18,141
	Utilities	**22,800**	18,043	22,800	4,757	26.4%	12,347
	Leases and other expense	**45,300**	49,318	45,300	(4,018)	-8.1%	30,086
	Operating expense	**$ 13,910,969**	**$ 12,988,724**	**$ 13,173,675**	**$ 922,246**	**7.1%**	**$ 11,776,498**
Vehicle Maintenance	Wages & benefits without OPEB	**26,634,365**	25,221,849	25,529,866	1,412,516	5.6%	23,668,662
	Other post-employment benefits	**1,788,805**	1,674,788	1,788,805	114,016	6.8%	1,631,667
	Services	**2,631,635**	2,132,506	2,365,011	499,128	23.4%	2,056,016
	Fuel & lubrications	**19,741,713**	19,198,276	20,251,744	543,437	2.8%	18,164,844
	Parts & supplies	**16,329,502**	15,644,552	17,226,165	684,950	4.4%	14,854,295
	Utilities	**109,284**	17,606	22,200	91,678	520.7%	12,944
	Leases and other expense	**163,579**	128,877	148,097	34,702	26.9%	152,660
	Operating expense	**$ 67,398,881**	**$ 64,018,455**	**$ 67,331,888**	**$ 3,380,427**	**5.3%**	**$ 60,541,088**
Facility Maintenance	Wages & benefits without OPEB	**2,438,660**	2,475,129	2,395,079	(36,469)	-1.5%	2,433,534
	Other post-employment benefits	**162,920**	153,355	162,920	9,566	6.2%	152,500
	Services	**2,195,271**	2,019,275	2,120,178	175,997	8.7%	1,993,995
	Fuel & lubrications	**2,305**	3,050	2,260	(745)	-24.4%	812
	Parts & supplies	**897,472**	853,671	897,038	43,801	5.1%	894,141
	Utilities	**2,713,054**	2,416,476	2,633,603	296,578	12.3%	2,148,458
	Leases and other expense	**34,891**	26,259	32,521	8,632	32.9%	37,784
	Operating expense	**$ 8,444,573**	**$ 7,947,215**	**$ 8,243,600**	**$ 497,358**	**6.3%**	**$ 7,661,224**
Maintenance of Way	Wages & benefits without OPEB	**10,977,379**	11,179,005	10,683,535	(201,627)	-1.8%	10,162,883
	Other post-employment benefits	**672,037**	655,916	672,037	16,121	2.5%	627,528
	Services	**7,114,826**	6,730,543	6,789,026	384,283	5.7%	5,693,398
	Parts & supplies	**2,036,581**	1,994,532	1,875,916	42,049	2.1%	1,567,866
	Utilities	**4,635,635**	4,499,824	4,482,132	135,811	3.0%	4,245,882
	Leases and other expense	**129,250**	77,286	123,850	51,964	67.2%	97,868
	Operating expense	**$ 25,565,708**	**$ 25,137,133**	**$ 24,626,496**	**$ 428,575**	**1.7%**	**$ 22,395,425**
Security	Wages & benefits without OPEB	**3,526,799**	3,092,451	3,304,932	434,348	14.0%	2,614,548
	Other post-employment benefits	**144,727**	128,996	132,413	15,731	12.2%	126,489
	Services	**7,161,000**	7,264,986	7,171,779	(103,986)	-1.4%	7,307,584
	Parts & supplies	**33,558**	10,361	8,475	23,196	223.9%	94,603
	Utilities	**33,600**	26,145	30,000	7,455	28.5%	29,218
	Leases and other expense	**70,366**	51,741	53,365	18,625	36.0%	122,598
	Operating expense	**$ 10,970,050**	**$ 10,574,681**	**$ 10,700,964**	**$ 395,369**	**3.7%**	**$ 10,295,061**
Planning & System Development	Wages & benefits without OPEB	**2,832,493**	2,600,807	2,770,278	231,687	8.9%	2,333,664
	Other post-employment benefits	**223,376**	203,494	223,376	19,882	9.8%	196,290
	Services	**239,609**	444,990	204,724	(205,381)	-46.2%	510,709
	Parts & supplies	**295,381**	190,837	291,362	104,544	54.8%	253,494
	Utilities	**26,400**	5,954	6,600	20,446	343.4%	5,985
	Leases and other expense	**36,781**	90,257	163,381	(53,475)	-59.2%	23,639
	Operating expense	**$ 3,654,041**	**$ 3,536,339**	**$ 3,659,721**	**$ 117,702**	**3.3%**	**$ 3,323,817**
ADA Services	Wages & benefits without OPEB	**675,380**	607,036	668,617	68,344	11.3%	492,649
	Other post-employment benefits	**10,201**	32,675	40,667	(22,474)	-68.8%	24,143
	Services	**23,500**	31,920	23,500	(8,420)	-26.4%	41,513
	Parts & supplies	**26,500**	17,239	24,500	9,261	53.7%	15,679
	Utilities	**15,120**	14,150	16,383	970	6.9%	13,233
	Leases and other expense	**222,828**	167,957	180,906	54,872	32.7%	154,149
	Operating expense	**$ 973,529**	**$ 870,978**	**$ 954,572**	**$ 102,552**	**11.8%**	**$ 741,367**
Operations Administration	Wages & benefits without OPEB	**305,457**	288,709	291,369	16,748	5.8%	308,724
	Other post-employment benefits	**19,192**	19,471	19,192	(279)	-1.4%	17,415
	Services	**210,609**	117,468	110,300	93,141	79.3%	102,538
	Parts & supplies	**38,697**	18,957	37,472	19,740	104.1%	32,009
	Utilities	**1,200**	1,162	1,200	38	3.3%	1,112
	Leases and other expense	**30,770**	24,509	30,770	6,261	25.5%	8,909
	Operating expense	**$ 605,925**	**$ 470,275**	**$ 490,303**	**$ 135,649**	**28.8%**	**$ 470,708**

Engineering & New Systems Development

Operational overview:
Engineering and New Systems design, engineer, and construct capital projects of the rail and bus systems. Capital projects are typically funded from capital grants. Engineering & New Systems include:

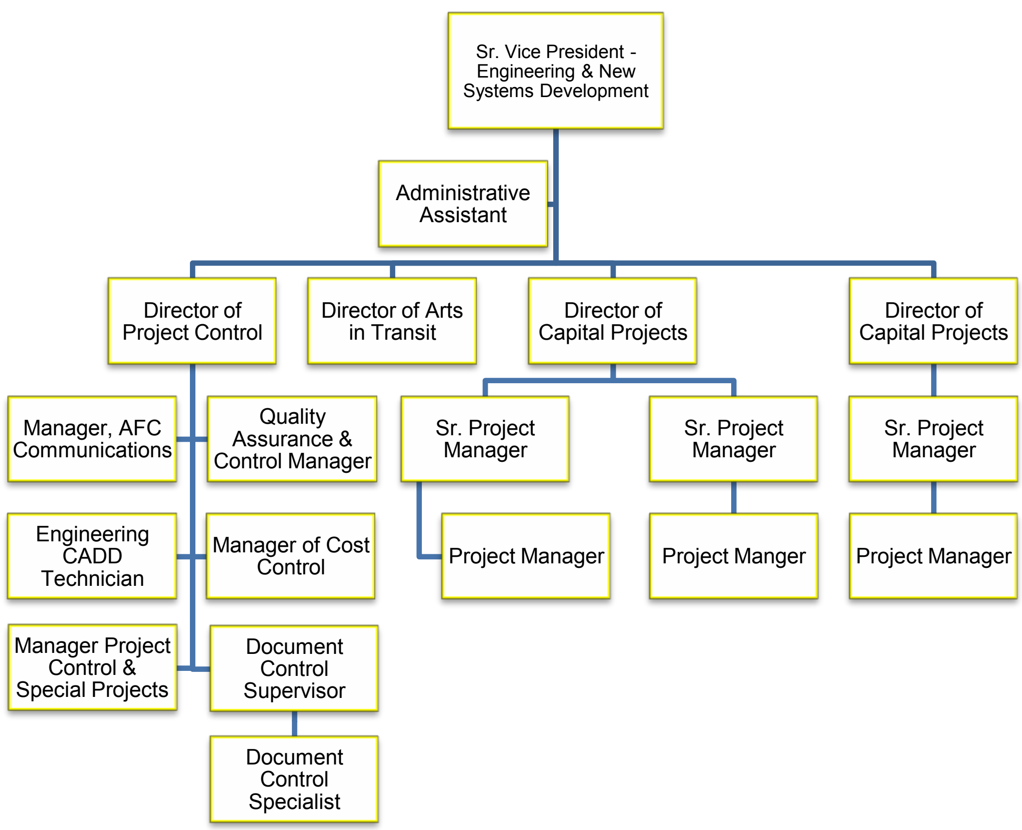
New Systems Development is responsible for the design and engineering of emerging transit technologies including:

Capital Projects manage the design and construction of projects that repair, upgrade or expand the MetroLink and MetroBus facilities.

Project Controls track and monitor project schedules and budgets and provides quality assurance. All project documents are maintained within this department.

Arts in Transit creates customer-friendly, aesthetically-appealing, community-oriented environments at transit properties by integrating art into the construction design process of new properties and projects.

Organization:



Goals and Objectives Action Plan: Engineering and New Systems Development

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 Agency 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**: 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**
Implement the new Fare Collection System	• Continue to develop and manufacture software, hardware and equipment • Complete installation of service systems • Develop and implement customer information program • Perform smart card backend pilot and acceptance testing	• All equipment delivered and installed (July 2014) • Pilot testing of Smart card system on rail (July 2014) • Smart card functionality added to Fareboxes (August 2014) • Smart card system operational (Dec 2014) • Start full scale smart card roll out (Feb. 2015)
Completion of the Eads Bridge Rehabilitation Project	• Abide by the requirements and restrictions of the ARRA Program	• Achieve 50% completion of the project (May 2014) • Exhaust all ARRA funds by Spring 2015 • Complete project in 2015
Downtown Transfer Center	• Schematic Design & Design Development • Procure Construction Services • Construct Project	• Complete Final Design (Apr 2014) • Award Construction Contract (Aug 2014) • Complete Construction (Sep 2015)
North County Transfer Center	• Schematic Design & Design Development • Procure Construction Services • Construct Project	• Complete Final Design (Apr 2014) • Award Construction Contract (Aug 2014) • Complete Construction (Aug 2015)
Illinois Slopes II	• NTP issued and construction commences July 2013. • Continue implementation	• Complete Construction (June 2015)

Performance Indicators - Engineering & New Systems Development

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

	FY 2015	FY 2014		FY 2013
	Target	Projection	Target	Actual
New Systems Operating:				
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%
Projects completed on-time	90%	80%	90%	80%
Missouri Metrolink Station ADA Improvements		Mar 2014	Mar 2014	
Illinois Slope Project	Jun 2015			
North County Transfer Center	Aug 2015			
Downtown Transfer Center	Sep 2015			

Engineering and New Systems - Operating Expense

			FY 2015 Budget		FY 2014 Projection		FY 2014 Budget		15 Bgt vs. 14 Proj $ Change	15 Bgt vs. 14 Proj % Change		FY 2013 Actual
Engineering & New Systems	Wages & benefits without OPEB	**$**	**1,330,698**	$	1,240,826	$	1,247,812	$	89,872	7.2%	$	1,160,276
	Other post-employment benefits		**76,591**		76,167		76,591		424	0.6%		80,581
	Services		**5,045,527**		3,320,580		2,169,435		1,724,947	51.9%		3,142,822
	Parts & supplies		**32,765**		24,143		32,363		8,622	35.7%		4,925
	Utilities		**13,200**		9,836		8,400		3,364	34.2%		11,182
	Leases and other expense		**45,233**		37,661		46,793		7,572	20.1%		26,899
	Operating expense	**$**	**6,544,013**	**$**	**4,709,212**	**$**	**3,581,393**	**$**	**1,834,801**	**39.0%**	**$**	**4,426,683**
New Systems	Wages & benefits without OPEB		**1,284,051**		1,161,045		1,197,554		123,006	10.6%		1,096,353
	Other post-employment benefits		**73,466**		70,607		73,466		2,859	4.0%		76,031
	Services*		**5,015,527**		3,288,380		2,139,435		1,727,146	52.5%		3,132,932
	Parts & supplies		**30,874**		22,634		30,236		8,240	36.4%		4,317
	Utilities		**12,400**		8,938		7,200		3,462	38.7%		10,632
	Leases and other expense		**45,231**		33,657		44,381		11,575	34.4%		26,648
	Operating expense	**$**	**6,461,549**	**$**	**4,585,261**	**$**	**3,492,271**	**$**	**1,876,288**	**40.9%**	**$**	**4,346,913**
Arts In Transit	Wages & benefits without OPEB		**46,647**		79,781		50,259		(33,134)	-41.5%		63,923
	Other post-employment benefits		**3,125**		5,560		3,125		(2,434)	-43.8%		4,550
	Services		**30,000**		32,200		30,000		(2,200)	-6.8%		9,890
	Parts & supplies		**1,890**		-		2,127		1,890	-		607
	Utilities		**800**		898		1,200		(98)	-10.9%		549
	Leases and other expense		**2**		4,005		2,412		(4,003)	-100.0%		251
	Operating expense	**$**	**82,465**	**$**	**123,951**	**$**	**89,122**	**$**	**(41,487)**	**-33.5%**	**$**	**79,770**

* Services may include non-capital project expense supported by Federal grants and recorded under operating grants and assistance

Human Resources

Operational overview:

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

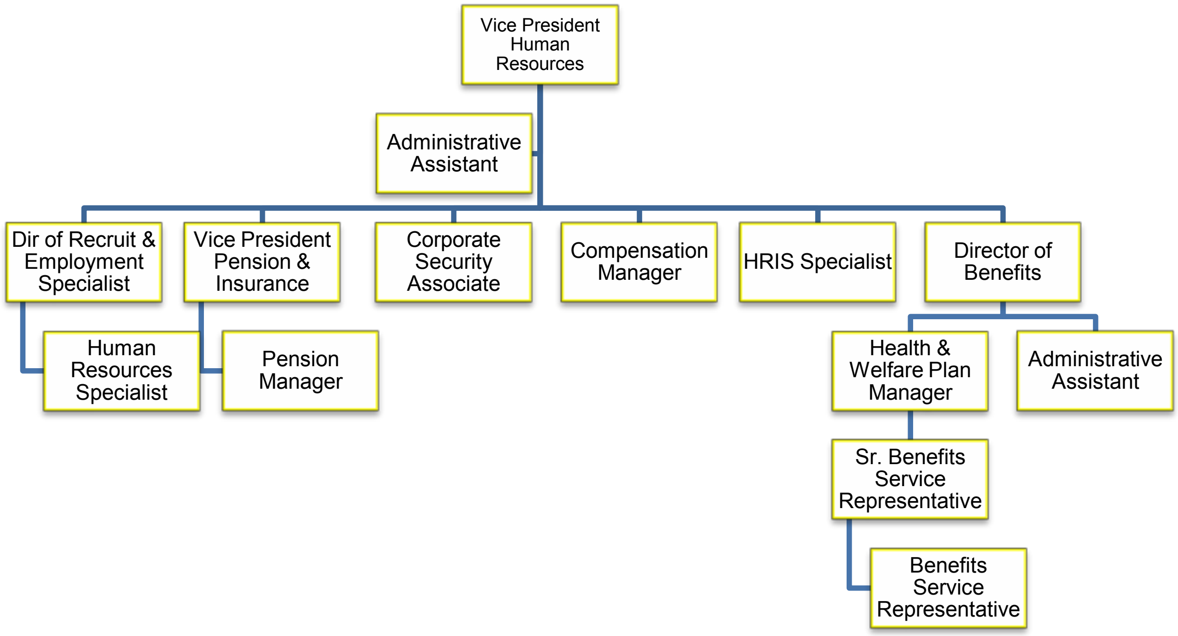
Human Resources Management includes the staff of the Vice President of Human Resources, employee relations and performance management, compensation, human resources data maintenance, and the three specialty areas that follow:

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 Agency's workforce staffing requirements.

Benefits department develops and administers employee benefit plans for both active employees and retirees. The department advocates for a range of health benefits including Medical with Specific Claim Stop Loss Insurance, Medicare Retiree Replacement Options, Dental, Prescription Drug, Employee Assistance Plan/Behavioral Health, Vision, Health and Dependent Care Flexible Spending Accounts, Basic and Supplemental/Dependent Life, Accidental Death and Dismemberment, Short and Long Term Disability, Pension Disability, and the administration of retirement programs related to four Defined Benefit Pension Plans and a 401K program.

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

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 Agency 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**
Reduce costs and impact on productivity associated with absenteeism	• Implementation of a structured absence management program	• Implemented Absence Management program (FMLA, STD and other leaves of absence) in partnership with case management vendor (Jan 2014)

<table>
<tr><td colspan="3">Goal: Value all members of our staff and endeavor to help all of our employees develop to their fullest potential</td></tr>
<tr><td colspan="3">Objective: Implement a competitive Compensation System that supports effective recruitment, retention, motivation and recognition of a skilled, and diverse workforce.</td></tr>
<tr><th>Strategy</th><th>Action Steps</th><th>Performance Measurements</th></tr>
<tr><td>Conduct a Compensation and Classification study of all salaried positions, in partnership with experienced compensation consultants.</td><td>• Develop a competitive compensation program that recognizes and rewards desired performance and contributes to the overall success of Metro.
• Establish a compensation philosophy that maintains a competitive market position</td><td>• Implementation of a new Compensation and Classification System by Jun 2014.</td></tr>
<tr><td colspan="3">Objective: Implement A Performance Management System that provides valuable feedback and drives performance that supports the Agency's Goal and Objectives</td></tr>
<tr><th>Strategy</th><th>Action Steps</th><th>Performance Measurements</th></tr>
<tr><td>Evaluate current BSDA employee measurement and feedback systems and develop approach to improve performance management</td><td>• Develop or Re-design the Agency's performance management system</td><td>• New Performance Management System implemented by Feb 2015.</td></tr>
</table>

Performance Indicators – Human Resources

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

	FY 2015 Target	FY 2014 Projection	FY 2014 Target	FY 2013 Actual
Human Resources Management				
Implement programs that re-balance the employer/employee cost ratio	100%	On Target	100%	Met
Executive Dashboard provided quarterly 45 days following close of prior period	100%	On Target	100%	Met
Continuously review Rx rebates and retiree programs to reduce Metro's costs where government subsidies are available – Baseline 2010 RDS payment of $375,273.64 increased by 85% + Rebates	$800,000	Plan Yr. Est. (1-1-13 to 12-31-13) $935,639	+85% $700,000	Medicare D 1-1-12 to 12-31-12 Reimb. + Rebates $792,104
Benefits				
Medical/Rx Spent on Budget (Quarterly Aon Hewitt Monitoring Review)				
Contribution Budget (Accrual Rates + COBRA Premium)	$31,500,000	$30,000,000	$31,169,385	$28,543,393
Percent Expenses to Budget	99%	97%	100%	93.4%
Prescription Drug Plan performance:				
Plan cost per member per month (Paid Basis)	$82.95	$79.00	$72.83	$66.70
Generic fill rate	79%	79%	78%	77.5%
Home delivery utilization rate	4.0%	3.5%	7.0%	3.9%

Human Resources - Operating Expense

		FY 2015 Budget	FY 2014 Projection	FY 2014 Budget	15 Bgt vs. 14 Proj $ Change	15 Bgt vs. 14 Proj % Change	FY 2013 Actual
Human Resources	Wages & benefits without OPEB	**$ 11,927,430**	$ 11,122,753	$ 12,474,460	$ 804,677	7.2%	$ 10,334,143
	Other post-employment benefits	**96,573**	95,901	96,573	672	0.7%	96,900
	Services	**861,164**	1,041,465	920,000	(180,302)	-17.3%	521,885
	Parts & supplies	**22,779**	21,488	22,900	1,291	6.0%	16,950
	Utilities	**2,160**	2,054	2,400	106	5.2%	1,905
	Leases and other expense	**122,700**	108,723	153,270	13,977	12.9%	33,511
	Operating expense	**$ 13,032,806**	**$ 12,392,385**	**$ 13,669,603**	**$ 640,421**	**5.2%**	**$ 11,005,293**
Benefits*	Wages & benefits without OPEB	**10,943,600**	10,141,801	11,443,557	$ 801,799	7.9%	9,466,613
	Other post-employment benefits	**34,275**	36,167	34,275	(1,892)	-5.2%	39,171
	Services	**714,300**	814,140	740,550	(99,840)	-12.3%	446,947
	Parts & supplies	**-**	5,736	3,000	(5,736)	-100.0%	6,969
	Utilities	**720**	556	600	164	29.6%	549
	Leases and other expense	**28,145**	24,271	29,245	3,874	16.0%	18,673
	Operating expense	**$ 11,721,041**	**$ 11,022,670**	**$ 12,251,227**	**$ 698,371**	**6.3%**	**$ 9,978,922**
Training & Development	Wages & benefits without OPEB	**42,114**	24,043	25,983	18,071	75.2%	19,753
	Services	**55,000**	12,500	25,000	42,500	340.0%	-
	Parts & supplies	**17,604**	4,294	8,400	13,310	310.0%	1,555
	Utilities	**1,440**	-	-	1,440	-	-
	Leases and other expense	**69,805**	32,100	64,200	37,705	117.5%	-
	Operating expense	**$ 185,963**	**$ 72,937**	**$ 123,583**	**$ 113,026**	**155.0%**	**$ 21,308**
Human Resources Management	Wages & benefits without OPEB	**941,716**	956,909	1,004,921	(15,193)	-1.6%	847,777
	Other post-employment benefits	**62,298**	59,734	62,298	2,563	4.3%	57,730
	Services	**91,864**	214,825	154,450	(122,962)	-57.2%	74,938
	Parts & supplies	**5,175**	11,459	11,500	(6,284)	-54.8%	8,426
	Utilities	**-**	1,498	1,800	(1,498)	-100.0%	1,355
	Leases and other expense	**24,750**	52,353	59,825	(27,603)	-52.7%	14,838
	Operating expense	**$ 1,125,802**	**$ 1,296,778**	**$ 1,294,793**	**$ (170,976)**	**-13.2%**	**$ 1,005,063**

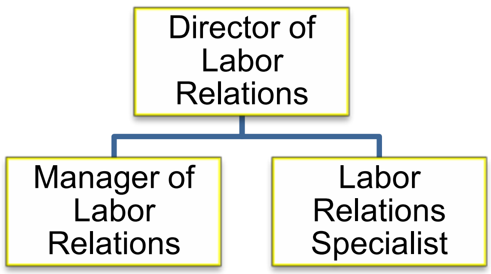
***The Benefits function includes all current period retiree expense while future other post-employment benefits are allocated to each BSDA cost center**

Labor Relations

Operational overview:
The Labor Relations division endeavors to help provide positive management-workforce relationships.

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

Organization:



Goals and Objectives Action Plan: Labor Relations

The Labor Relations 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 Agency 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**
Reduce costs and impact on productivity associated with absenteeism	• Implementation of a structured absence management program	• Established attendance program review committee including Labor Relations and facilities management for bus, rail and van in 2013 • Implemented Absence Management program (FMLA, STD and other leaves of absence) in partnership with case management vendor in 2013

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**
Maintain a positive working relationship with union management to ensure an open communication process for resolving work related issues.	• Develop a joint complaint and grievance review committee with Local 788 to address issues for operations and maintenance • Develop and implement grievance/arbitration training for first line supervisors in operations and maintenance	• Joint Committee formed by Sep 2014 • Training completed by Dec 2014

Performance Indicators – Labor Relations

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

	FY 2015	FY 2014		FY 2013
	Target	**Projection**	**Target**	**Actual**
Labor Relations				
Employee/Retiree Outreach				
Education events	30	32	30	32
Communications	6	6	6	6
Reduce labor grievances by 25%	144	192	192	192

Labor Relations - Operating Expense

		FY 2015	FY 2014		15 Bgt vs. 14 Proj		FY 2013
		Budget	Projection	Budget	$ Change	% Change	Actual
Labor Relations	Wages & benefits without OPEB	**183,739**	269,760	180,444	(86,021)	-31.9%	125,978
	Other post-employment benefits	**10,767**	15,623	10,767	(4,856)	-31.1%	8,316
	Services	**325,969**	429,524	331,475	(103,555)	-24.1%	597,489
	Parts & supplies	**569**	280	550	289	103.5%	1,288
	Utilities	**-**	670	600	(670)	-100.0%	-
	Leases and other expense	-	3,176	4,100	(3,176)	-100.0%	799
	Operating expense	**$ 521,044**	**$ 719,033**	**$ 527,935**	**$ (197,989)**	**-27.5%**	**$ 733,870**

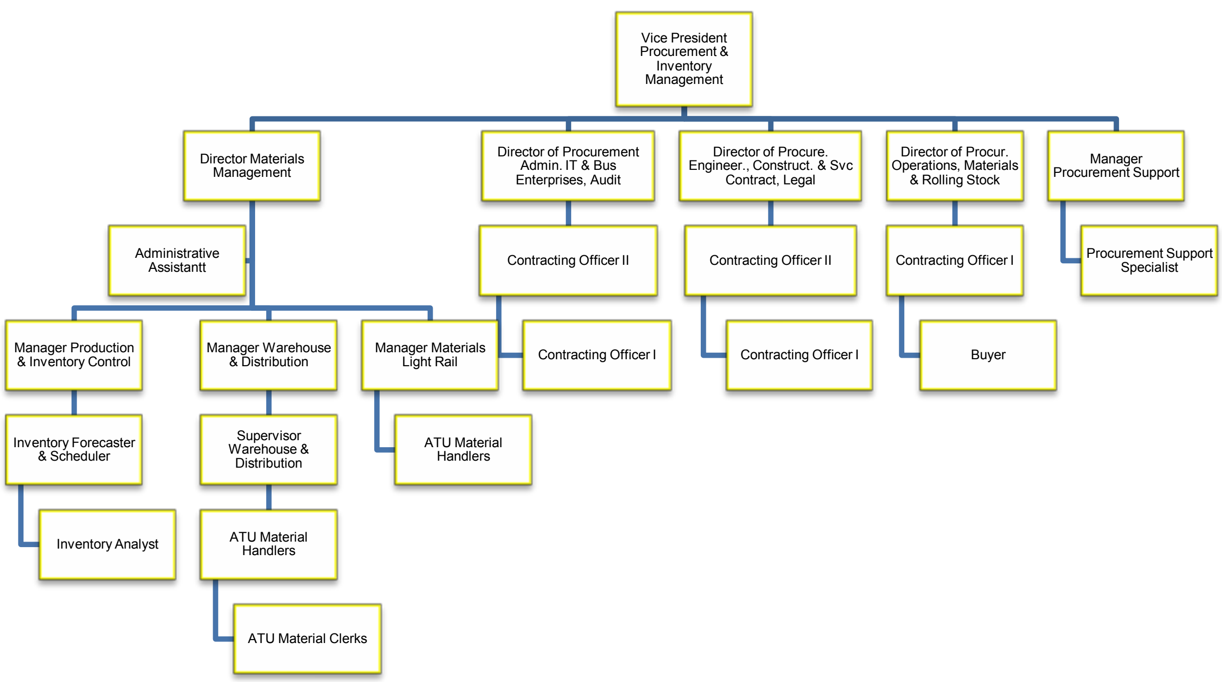
Procurement & Inventory Management

Descriptions of organization:

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 Agency (BSDA) requires for operations and expansion. The department is also responsible for ensuring compliance with all federal, state, and local laws and regulations and BSDA Board policy requirements relating to procurement.
>
> **Procurement Administration** provides overall management of the procurement and inventory management functions.

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 Agency achieve its goals and objectives as outlined in the Strategic Plan section of this document.

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 MetroLink warehouse and materials management processes	• Identify and categorize parts and supplies • Identify ML critical spares • Evaluate inventory item attributes • Implement recommendations	• Parts identification completed for all operating systems • Process recommendations and implementation schedule completed
Objective: Implement internal process improvements		
Strategy	**Action Steps**	**Performance Measurements**
Improve transparency of the Agency's procurement and contracting actions	• Expand online supplier registration and sourcing beyond inventory purchases to include expense and project sourcing requirements	• All solicitations conducted via BSDA e-sourcing tools where feasible
Improve equipment and parts availability and supplier performance	• Develop and implement supplier performance measurement program	• Performance measurement program in place and scorecards are created and reviewed with key suppliers
Implement planned maintenance process in partnership with maintenance for all Agency divisions as mirrored with bus maintenance	• Establish project teams • Evaluate current maintenance and material requirement plans • Develop process improvement recommendations • Implement recommendations	• 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

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 2015	FY 2014		FY 2013
	Target	Projection	Target	Actual
Inventory Management:				
Accuracy of bus parts inventory	98.0%	97.5%	98.0%	97.6%
Accuracy of rail parts inventory	98.0%	97.5%	97.0%	97.8%
Bus parts inventory turnover	3.00	2.65	3.00	2.32
Rail parts inventory turnover	1.00	0.95	1.00	0.92
Procurement:				
Percent of purchases competitively sourced	90.0%	90.0%	90.0%	93.2%

Procurement, Inventory Management - Operating Expense

		FY 2015 Budget	FY 2014 Projection	FY 2014 Budget	15 Bgt vs. 14 Proj $ Change	15 Bgt vs. 14 Proj % Change	FY 2013 Actual
Procurement, Inventory Management	Wages & benefits without OPEB	**$ 4,455,409**	$ 4,176,932	$ 4,329,276	$ 278,477	6.7%	$ 3,969,761
	Other post-employment benefits	**281,204**	265,140	281,204	16,064	6.1%	262,176
	Services	**42,059**	29,538	42,800	12,521	42.4%	18,568
	Parts & supplies	**289,358**	239,878	304,337	49,481	20.6%	9,088
	Utilities	**5,820**	3,510	4,200	2,310	65.8%	3,039
	Leases and other expense	**96,921**	94,312	91,329	2,610	2.8%	63,188
	Operating expense	**$ 5,170,771**	**$ 4,809,309**	**$ 5,053,147**	**$ 361,462**	**7.5%**	**$ 4,325,819**
Inventory Management	Wages & benefits without OPEB	**2,828,411**	2,563,411	2,678,898	$ 264,999	10.3%	2,511,154
	Other post-employment benefits	**185,042**	169,822	185,042	15,219	9.0%	171,471
	Services	**-**	2,983	2,500	(2,983)	-100.0%	2,207
	Parts & supplies	**274,783**	227,096	292,637	47,687	21.0%	(959)
	Utilities	**1,500**	1,682	2,400	(182)	-10.8%	1,336
	Leases and other expense	**21,710**	16,588	16,128	5,122	30.9%	8,629
	Operating expense	**$ 3,311,445**	**$ 2,981,582**	**$ 3,177,605**	**$ 329,863**	**11.1%**	**$ 2,693,838**
Procurement	Wages & benefits without OPEB	**1,079,609**	1,014,478	1,039,584	65,131	6.4%	917,001
	Other post-employment benefits	**59,859**	58,915	59,859	944	1.6%	55,394
	Services	**15,450**	13,785	15,000	1,665	12.1%	15,000
	Parts & supplies	**-**	1,379	-	(1,379)	-100.0%	-
	Leases and other expense	**-**	39	-	(39)	-100.0%	$ 36
	Operating expense	**$ 1,154,918**	**$ 1,088,596**	**$ 1,114,443**	**$ 66,322**	**6.1%**	**987,431**
Supplier Diversity	Wages & benefits without OPEB	**206,883**	269,089	282,422	(62,205)	-23.1%	227,144
	Other post-employment benefits	**15,771**	15,427	15,771	344	2.2%	14,562
	Services	**1,000**	-	-	1,000	-	1,000
	Parts & supplies	**3,900**	1,278	-	2,622	205.1%	3,372
	Utilities	**3,480**	1,221	1,200	2,259	185.0%	1,071
	Leases and other expense	**54,600**	52,185	46,590	2,415	4.6%	42,801
	Operating expense	**$ 285,634**	**$ 339,199**	**$ 345,983**	**$ (53,565)**	**-15.8%**	**$ 289,951**
Procurement Administration	Wages & benefits without OPEB	**340,506**	329,954	328,372	10,551	3.2%	314,462
	Other post-employment benefits	**20,533**	20,976	20,533	(443)	-2.1%	20,749
	Services	**25,609**	12,770	25,300	12,839	100.5%	361
	Parts & supplies	**10,675**	10,125	11,699	550	5.4%	6,674
	Utilities	**840**	607	600	233	38.5%	631
	Leases and other expense	**20,611**	25,500	28,611	(4,889)	-19.2%	11,722
	Operating expense	**$ 418,774**	**$ 399,931**	**$ 415,115**	**$ 18,843**	**4.7%**	**$ 354,599**

Finance

Operational overview:

The Finance Division, under the direction of the CFO, is a diverse operation. Finance is responsible for customary functions such as Treasury, Program Development and Grants, Accounting, Payroll, Accounts Receivable and Accounts Payables. However, it is also responsible for passenger revenue collection, passenger ticket sales, risk management, and in-house claims department and safety.

Risk Management, Claims and Safety is responsible for the Agency-wide 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 program including random testing, coordinates emergency response planning with federal, state and local authorities, and provides training for local emergency first responders. Finally, it is also responsible for the review of contracts and agreements and oversees contractor safety programs. It's most recent initiative was the implementation of the agency-wide health and wellness initiative.

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.

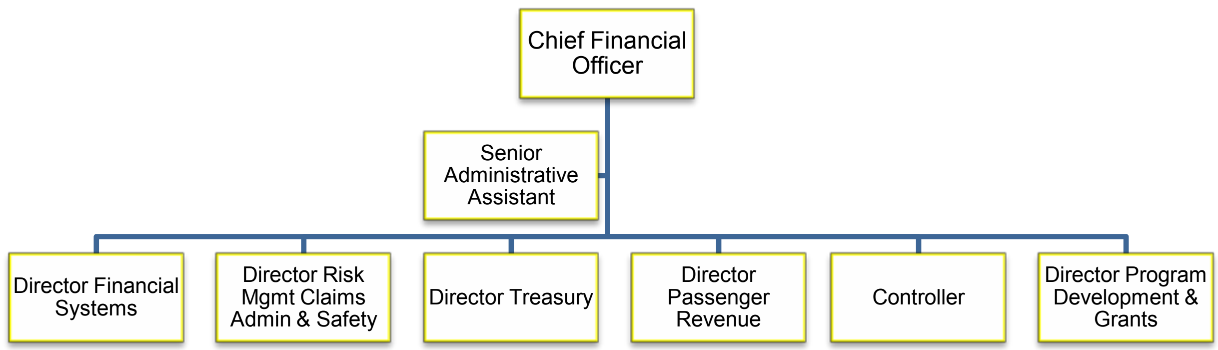
Passenger Revenue is responsible for the overall management and maintenance of fare collection and bus headsign equipment in addition to Ticket Vending Machines and Validation equipment employed on the MetroLink alignment. The department is in charge of the collection and processing of Agency revenues and ensures that 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 the Agency. The department sets financial policies, and oversees the activities of the Accounting, Budgeting, Payroll 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 the Agency.

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 municipal planning organization.

Finance Administration provides overall management of all financial functions.

Organization:



Goals and Objectives Action Plan: Finance

Strategies and action steps help Bi-State Development Agency (BSDA) achieve its goals and objectives as outlined in the Strategic Plan Overview.

<table>
<tr><td colspan="3">Goal: Build an effective and efficient publically-supported organization that is viewed as a transparent and accountable steward of public funds</td></tr>
<tr><td colspan="3">Objective: Establish and manage communications plan that improves public perception of Bi-State Development Agency programs and credibility of management</td></tr>
<tr><th>Strategy</th><th>Action Steps</th><th>Performance Measurements</th></tr>
<tr><td>Expand public outreach efforts in safety, security and emergency management</td><td>• Public service announcement through bus and LRV poster program and literature about safety, security and emergency preparedness
• Provide safety, security and emergency preparedness information for new Metro website
• Perform MetroLink station blitzes to remind customers to “Stop, Look, and Live” before crossing the MetroLink railroad tracks.</td><td>• Safety, Security and Emergency Preparedness posters on MetroBus and MetroLink
• MetroLink evacuation poster and brochure available
• Safety, Security and Emergency Preparedness information posted to website</td></tr>
</table>

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**
Continue six year trend to reduce accidents and injuries (Risk Management and Safety)	• Design training module to address broken switches and red signal violations (i.e., human factors)	• Red signal violation and broken switch training module completed • Wellness training program in place • Healthcare representative residing on-site • Agency accident and injury metrics

Goal: Value all members of our staff and endeavor to help all of our employees develop to their fullest potential		
Objective: Continue to develop a safety conscious culture throughout BSDA, its customers, and business partners		
Strategy	**Action Steps**	**Performance Measurements**
Improve employee health while maintaining or reducing medical plan costs	• Develop and implement an incentive based, wellness oriented medical plan to complement the health & wellness initiative	• Continue wellness initiatives • Developed and implemented premium-based incentive plan in 2014 • Instill health and wellness as a cultural norm

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	• Review investment policy to determine if authorized investment categories are overly restrictive • Develop more sophisticated cash flow analysis to enable funds to be invested longer term	• Develop various cash flow scenarios\models. Develop a "worst case" scenario wherein Metro would still have some reserves that could be invested long term
Conduct the first of a series of management and operations audits pursuant to the trustee agreement of the Cross County MetroLink project and the St. Louis County Prop A sales tax ordinance	• Engage consultants • Review management and operating policies • Develop report of audit findings	• Implemented audit recommendations in FY 2013 • Completed three of five audits under terms of contract

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 agency'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	• In conjunction with TAM consultant, develop hierarchical structure of Metro's assets including facilities, rolling stock, right-of-way, and other infrastructure • Develop Transit Asset Management Plan and design and implement Transit Asset Software to support agency oversight of all assets, asset condition and capital and operating costs	• Fixed Asset, M5 and Oracle systems will be updated with asset condition information and lifecycle costs. • Draft Transit Asset Management Plan by Q3 FY2014 • Transit Asset Management Software design by Q1 FY2015; implementation in late FY2015
Objective: Implement cost reduction strategies		
Strategy	**Action Steps**	**Performance Measurements**
Improve bank fee analysis process	• In addition to fee analysis now performed, develop a survey of bank services for BSDA bank users to complete. The purpose of the survey will be to identify customer service issues, unnecessary or redundant fees, and if there is a more efficient mix of services. • Meet with bank personnel on at least a semi-annual basis to review survey results	• Survey format completed by Dec 2014 • First survey results compiled by Mar 2015 • Meeting with bank staff by late Apr 2015

Strategy	Action Steps	Performance Measurements
Evaluate alternatives and cost containment measures for Other Post Employment Benefits (OPEB) in order to utilize for collective bargaining activities	• Engage financial consultant to provide guidance on how to reduce the unfunded liabilities • Establish a baseline cost and examine the true cost of retiree health care benefits • Survey current market strategies • Evaluate each strategy's cost implications • Determine appropriate implementation strategy, collective bargaining and other elements of post employment benefits	• Project has begun to identify and evaluate the all inclusive costs associated with the self funded health care program. (Fall 2014) • Proposed cost containment strategies to be negotiated with collective bargaining units (Dec 2014)

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 2015	FY 2014		FY 2013
	Target	Projection	Target	Actual
Risk Management:				
Lost work days due to employee injury	2,200	2,250	2,200	1,987
Employee injuries	190	205	180	191
MetroBus preventable accidents per 100,000 miles	0.80	0.88	0.75	0.89
Call-A-Ride preventable accidents per 100,000 miles	0.80	0.66	0.90	0.88
Passenger injuries per 100,000 boardings	0.90	1.10	1.00	1.00
Liability & WC subrogation recoveries	$375,000	$405,000	$450,000	$398,887
Treasury:				
Percent of months in which:				
Yield on working capital funds equal 90-day T-Bill	83%	75%	83%	75%
Yield on long term investments exceed one year T-Bill by ten basis points	100%	92%	100%	100%
Treasury Module closed within three working days after month end	100%	100%	100%	92%
All EFTs timely made with no errors	100%	100%	100%	100%
Positive pay issue files transmitted in a timely manner	99%	99%	99%	99%
Monthly Treasurer's Report completed before Board deadline	100%	100%	100%	100%

	FY 2015	FY 2014		FY 2013
	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%	100%	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%
Controller's Group:				
GFOA Certificates of Achievement:				
1.) Comprehensive Financial Report	Yes	Yes	Yes	Yes
2.) Budget Presentation	Yes	Yes	Yes	Yes
Percent of months in which the general ledger was closed within 7 days or less	100%	100%	100%	100%
Percent of invoices paid within supplier payment terms	95.0%	92.0%	89.0%	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	0%	0%	0.05%	0%
Percent of employees using direct deposit	100%	99.98%	100%	99.98%

Finance - Operating Expense

		FY 2015 Budget	FY 2014 Projection	FY 2014 Budget	15 Bgt vs. 14 Proj $ Change	15 Bgt vs. 14 Proj % Change	FY 2013 Actual
Finance	Wages & benefits without OPEB	$ 7,481,415	$ 7,137,300	$ 7,222,124	$ 344,115	4.8%	$ 6,531,134
	Other post-employment benefits	463,918	440,103	463,918	23,815	5.4%	444,650
	Services	2,740,717	2,958,724	3,169,918	(218,006)	-7.4%	3,020,822
	Parts & supplies	772,927	668,189	834,300	104,739	15.7%	532,820
	Casualty & liability	4,864,761	5,027,822	4,388,963	(163,061)	-3.2%	4,392,828
	Utilities	264,050	236,470	261,200	27,580	11.7%	58,055
	Leases and other expense	1,078,121	758,626	797,879	319,495	42.1%	852,570
	Agency fees	2,800,000	2,550,000	2,550,000	250,000	9.8%	2,600,000
	Operating expense	**$ 20,465,910**	**$ 19,777,233**	**$ 19,688,303**	**$ 688,677**	**3.5%**	**$ 18,432,878**
Risk Management, Claims & Safety	Wages & benefits without OPEB	2,214,764	1,987,296	2,085,203	227,468	11.4%	1,797,460
	Other post-employment benefits	113,238	106,031	113,238	7,207	6.8%	102,679
	Services	945,140	981,774	874,761	(36,634)	-3.7%	923,559
	Parts & supplies	264,814	236,340	257,032	28,474	12.0%	191,458
	Casualty & liability	4,806,761	5,000,460	4,388,963	(193,699)	-3.9%	4,338,252
	Utilities	58,650	30,826	54,600	27,824	90.3%	52,281
	Leases and other expense	611,388	358,906	332,999	252,482	70.3%	376,844
	Operating expense	**$ 9,014,756**	**$ 8,701,632**	**$ 8,106,797**	**$ 313,124**	**3.6%**	**$ 7,782,534**
Treasury	Wages & benefits without OPEB	246,828	352,156	282,049	(105,329)	-29.9%	259,994
	Other post-employment benefits	15,224	11,514	15,224	3,710	32.2%	14,717
	Services	634,000	630,846	877,731	3,154	0.5%	1,062,724
	Parts & supplies	1,500	660	1,000	840	127.4%	423
	Casualty & liability	58,000	27,363	-	30,637	112.0%	54,576
	Utilities	200,000	200,000	200,000	-	0.0%	-
	Leases and other expense	24,200	15,646	21,200	8,554	54.7%	62,987
	Agency fees	2,800,000	2,550,000	2,550,000	250,000	9.8%	2,600,000
	Operating expense	**$ 3,979,751**	**$ 3,788,184**	**$ 3,947,204**	**$ 191,568**	**5.1%**	**$ 4,055,421**
Passenger Revenue	Wages & benefits without OPEB	2,360,429	2,296,010	2,302,596	64,419	2.8%	2,195,315
	Other post-employment benefits	164,047	155,783	164,047	8,264	5.3%	158,747
	Services	926,697	950,142	876,426	(23,445)	-2.5%	915,391
	Parts & supplies	444,233	385,547	513,168	58,686	15.2%	302,583
	Utilities	4,800	5,264	6,000	(464)	-8.8%	5,245
	Leases and other expense	303,370	304,160	309,443	(789)	-0.3%	298,112
	Operating expense	**$ 4,203,576**	**$ 4,096,905**	**$ 4,171,680**	**$ 106,671**	**2.6%**	**$ 3,875,393**
Controller's Group	Wages & benefits without OPEB	1,816,500	1,716,396	1,776,321	100,104	5.8%	1,571,086
	Other post-employment benefits	123,969	117,793	123,969	6,177	5.2%	117,010
	Services	31,600	16,339	23,300	15,261	93.4%	21,218
	Parts & supplies	32,741	27,871	37,960	4,869	17.5%	19,780
	Leases and other expense	29,833	18,209	27,957	11,624	63.8%	11,905
	Operating expense	**$ 2,034,643**	**$ 1,896,607**	**$ 1,989,507**	**$ 138,035**	**7.3%**	**$ 1,740,999**
Program Development & Grants	Wages & benefits without OPEB	431,505	411,272	410,646	20,234	4.9%	350,745
	Other post-employment benefits	23,843	24,159	23,843	(315)	-1.3%	25,324
	Services	2,000	115,038	2,200	(113,038)	-98.3%	7,334
	Parts & supplies	8,288	5,531	6,800	2,757	49.8%	9,965
	Leases and other expense	83,980	42,977	83,830	41,003	95.4%	89,354
	Operating expense	**$ 549,617**	**$ 598,976**	**$ 527,319**	**$ (49,360)**	**-8.2%**	**$ 482,722**
Finance Administration	Wages & benefits without OPEB	411,388	374,170	365,309	37,218	9.9%	356,533
	Other post-employment benefits	23,597	24,824	23,597	(1,227)	-4.9%	26,174
	Services	201,280	264,586	515,500	(63,306)	-23.9%	90,595
	Parts & supplies	21,352	12,240	18,340	9,112	74.4%	8,611
	Utilities	600	380	600	220	57.9%	529
	Leases and other expense	25,350	18,729	22,450	6,621	35.4%	13,368
	Operating expense	**$ 683,567**	**$ 694,929**	**$ 945,796**	**$ (11,361)**	**-1.6%**	**$ 495,810**

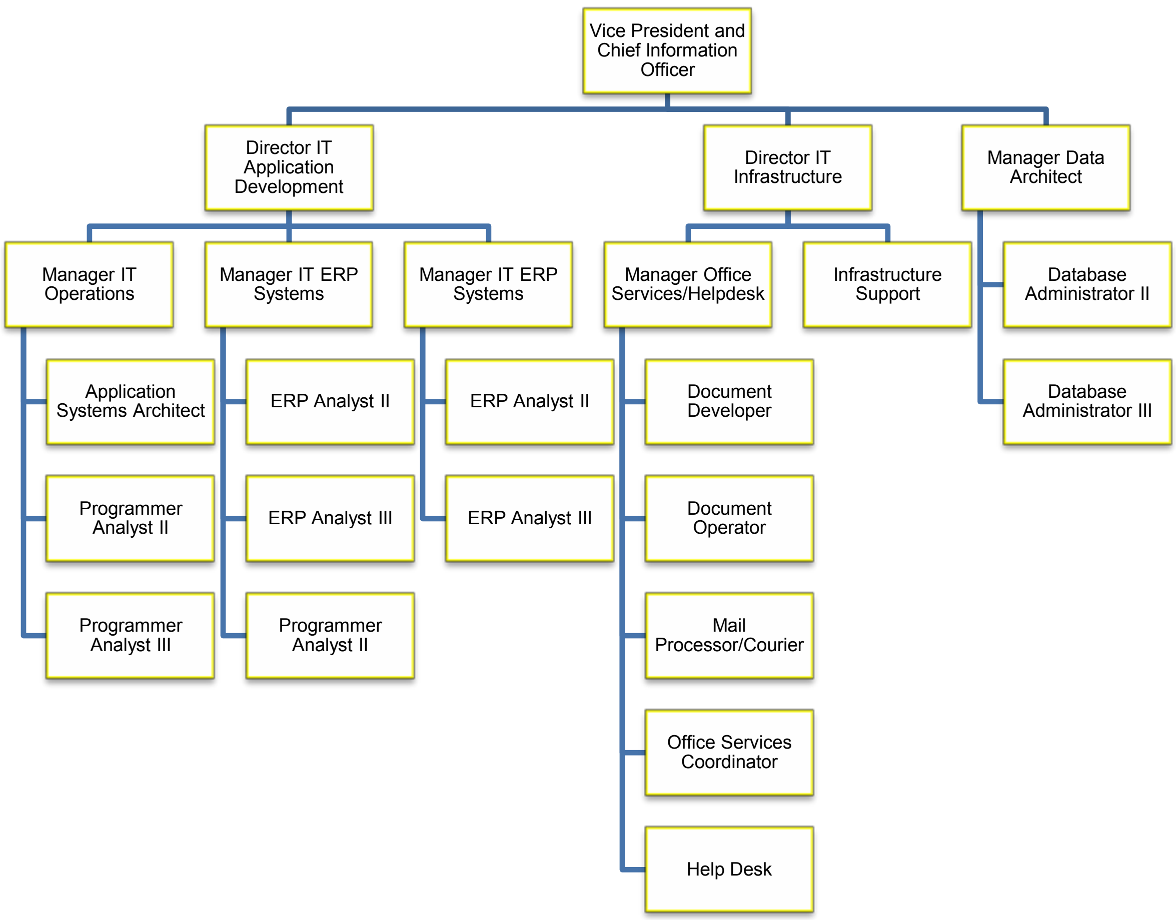
Information Technology

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 the Bi-State Development Agency.

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 Agency achieve its goals and objectives as outlined in the Strategic Plan section of this document.

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**
Implement IT tasks for Fare Collection project per schedule and within budget	• Completion by Jan 2016 • Budget: See Fare Collection Project	• Deadlines met • Budget met
Complete Transit Operations Improvements project per schedule and within budget	Completion By: • Bus Stop Manager, Trapeze-IPA, Para Run Cutter – Oct 2014 • INFO-IVR, SMS/EMAIL, Transit Now – Apr 2015 • OPS-Core, OPS-Sign In Terminal – Apr 2016 • OPS-Web, OPS-IVR – Dec 2016 • Viewpoint – Apr 2017 • Budget: $4.5M	• Deadlines met • Budget 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 2015	FY 2014		FY 2013
	Target	Projection	Target	Actual
Information Technology:				
Information Technology personnel turnover	<10%	0%	<10%	4%
Office Services:				
System uptime	98.7%	98.9%	98.7%	98.5%

Information Technology - Operating Expense

		FY 2015	FY 2014		15 Bgt vs. 14 Proj		FY 2013
		Budget	Projection	Budget	$ Change	% Change	Actual
Information Technology	Wages & benefits without OPEB	**$ 4,751,462**	$ 3,695,178	$ 4,279,259	$ 1,056,284	28.6%	$ 2,722,213
	Other post-employment benefits	**276,926**	240,581	276,926	36,345	15.1%	203,402
	Services	**1,800,192**	2,352,868	1,970,055	(552,676)	-23.5%	2,832,895
	Parts & supplies	**485,618**	598,962	560,916	(113,344)	-18.9%	407,616
	Utilities	**432,720**	492,220	387,000	(59,500)	-12.1%	597,677
	Leases and other expense	**88,136**	90,287	144,306	(2,151)	-2.4%	58,615
	Operating expense	**$ 7,835,054**	**$ 7,470,096**	**$ 7,618,462**	**$ 364,959**	**4.9%**	**$ 6,822,417**

Marketing and Communications

Organizational overview:

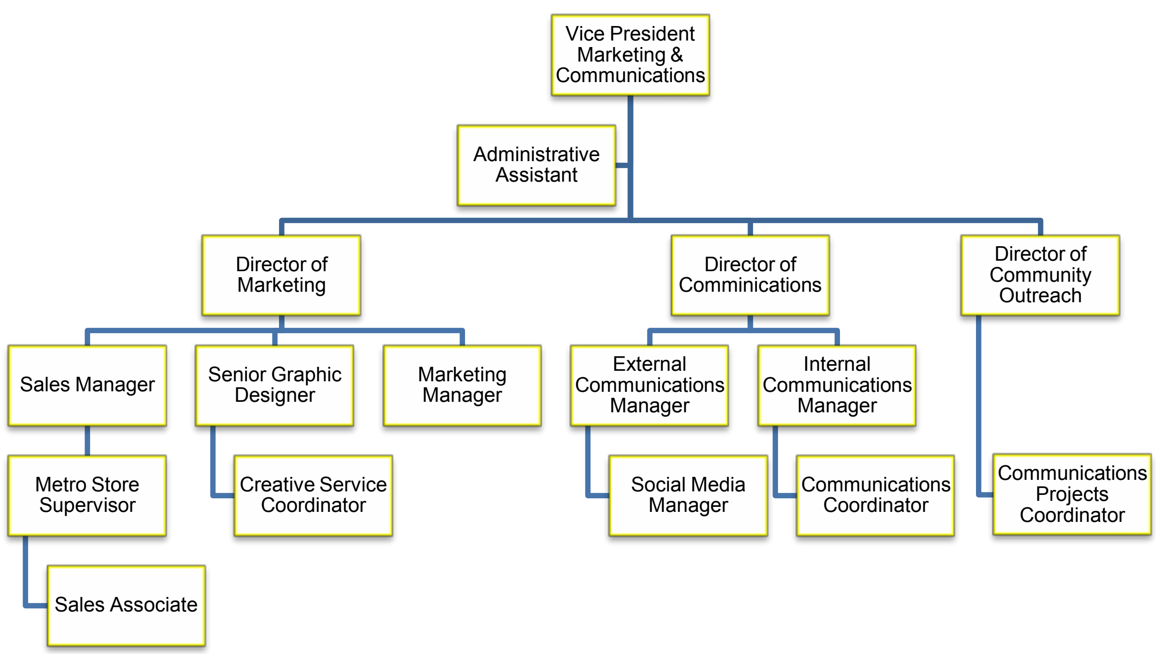
Marketing and Communications is responsible for developing and executing strategic and tactical marketing, sales, community outreach and public relations plans for the Bi-State Development Agency and its Divisions.

Marketing develops and implements marketing, sales and graphic communication strategies and programs to support the Agency and all its business units. The MetroStore, also managed through the Marketing Department, is Bi-State Development Agency's "owned and operated" consignment location positioned to generate tourism and corporate sales for transit.

Communications is responsible for the development and implementation of messages, programs, activities, materials, presentations and media relations designed to enhance employee and public awareness, understanding and support for Bi-State Development Agency's policies, plans, services and initiatives.

Community Outreach executes proactive strategic community outreach programs to build relationships with civic, business and community groups that advance understanding of Bi-State Development Agency's role in driving economic activity in the region.

Organization:



Goals and Objectives Action Plan: Marketing and Communications

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

Goal: Build an effective and efficient publically 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 the Bi-State Development Agency programs and credibility of management		
Strategy	**Action Steps**	**Performance Measurements**
Execute strategic external public relations strategies and tactics to raise awareness and support for BSDA goals, achievements and contributions to the region.	• Promote awareness about BSDA commitment to excellence by promoting media stories about agency initiatives and leaders, emphasizing the value they bring to the region • Circulate Annual Report to a wider audience through business publications • Create BSDA Annual Meeting to promote collaboration regarding regional economic development • Increase external web and social media presence	• Execute and Communicate re-brand of Bi-State Development Agency • Increased positive media reports about the Agency • Publish in Business Journal and use electronic and hard copy to push to greater number of constituents • Secure sponsorships for first annual event • Host Annual Regional Economic Development Meeting

Goal: Value all members of our staff and endeavor to help all of our employees develop their fullest potential		
Objective: Invest in employee development		
Strategy	**Action Steps**	**Performance Measurements**
Develop and execute internal communications plans that improve employee knowledge and engagement	• Develop new features and add functionality to MetroWeb. • Launch and manage electronic message boards • Ensure consistency between internal and external messaging • Survey employees to assess communications effectiveness, measure usage and uncover other communications needs.	• Establish benchmarks for measurement of employee engagement by Summer 2014

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**
Drive revenue by creating a thriving transit benefit program.	• Establish program baseline & growth goals • Develop product strategy • Create collateral materials • Create CRM system • Develop specific and trackable sales plan including client categories • Execute program based on plan, adjust as needed.	• Improved monthly average revenue over FY 2014 actual • Improved monthly average pass sales over FY 2014 • Reach FY 2015 Corporate participation goal
Drive revenue through New Product Development aimed at Tourism, Convention and Recreation markets.	• Rebrand multi-day pass (1 & 5 day and create 3 day) appealing to the tourist marketplace • Establish hospitality distribution partnership • Create and execute marketing & communications plan • Develop and distribute collateral materials & digital platform	• Pass sales • Downtown & Forest Park Shuttle Ridership, MetroLink Ridership

Drive revenue through Special Event Passes	• Develop and execute plan to target special events easily accessed by transit system • Engage event planners to create partnership for opportunities such as packaging event & Metro tickets, creation of specialty passes, marketing & social media programs	• Pass Sales • Special event ridership • Marketing & Social Media awareness for "Taking Metro to the..." campaigns.
Drive revenue through improved advertising opportunities	• Maximize revenue through closer management of existing advertising contracts • Expand sales opportunities using internal staff to sell unused inventory • Develop sales strategy targeting corporate clients with multi-year advertising and naming right programs	• Indirect Revenue - Increased sales from advertising contracts • Direct Revenue - trackable sales by Marketing department

GOAL: Build an effective and efficient publically 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 transit service, projects, and programs over the next 10 years, and introduce potential service concepts that could be implemented over the next 10-30 years.		
Strategy	**Action Steps**	**Performance Measurements**
Continue building awareness of Bi-State Development and all its Divisions as an effective public organization; recognized for influential engagement within regional public & private development planning.	• Develop and execute brand strategy for Bi-State Development and operating entities, including brand identities for the parent organization and its operating entities. • Create and execute series of opportunities designed to engage potential strategic community and organizational leaders throughout the region • Support active Speaker's Bureau • Support smooth implementation of Smart Card roll out	• Bi-State Development brand is reintroduced to the region • Launch Bi-State Development website • Represent Bi-State Development Agency at business to business events

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 community outreach:

	FY 2015	FY 2014		FY 2013
	Target	**Projection**	**Target**	**Actual**
Increase public awareness and support for Agency policies, plans, services and initiatives through effective media relations. Media reports accomplishing that goal:	1,500	1,488	1,566	1,514
Estimated media exposures:	231,000,000	228,746,700	N/A	232,743,665
$ value of comparable advertising:	$3.4M	$3.2M	N/A	$3.0M
Increase public awareness and support for Agency policies, plans, services and initiatives through growing effective social media.				
• Facebook likes	3,450	2,950	2,600	2,500
• Twitter followers	11,000	8,000	6,000	5,600
Develop and execute strategic and tactical marketing and sales plans that meet business targets for Transit				
• Advertising Revenue	$1.3M	$1.1M	$1.3M	$0.9M
• MetroStore Sales	$2.4M	$2.4M	$2.3M	$2.0M
• Transit Benefit Program corporate participants	178	128	123	113
• Transit Benefit Program passes purchased -- monthly average	6,500	6,166	6,500	6,199
Community events participation:	35	31	31	26

Marketing & Communications - Operating Expense

		FY 2015 Budget	FY 2014 Projection	FY 2014 Budget	15 Bgt vs. 14 Proj $ Change	15 Bgt vs. 14 Proj % Change	FY 2013 Actual
Marketing & Communications	Wages & benefits without OPEB	**$ 1,383,572**	$ 1,060,496	$ 1,284,994	$ 323,076	30.5%	$ 722,763
	Other post-employment benefits	**75,679**	63,628	75,679	12,051	18.9%	44,322
	Services	**387,943**	258,696	325,103	129,247	50.0%	263,849
	Parts & supplies	**236,500**	199,543	217,500	36,957	18.5%	148,714
	Utilities	**8,400**	4,959	5,400	3,441	69.4%	8,042
	Leases and other expense	**540,700**	471,291	521,198	69,409	14.7%	348,162
	Operating expense	**$ 2,632,794**	**$ 2,058,612**	**$ 2,429,874**	**$ 574,181**	**27.9%**	**$ 1,535,851**

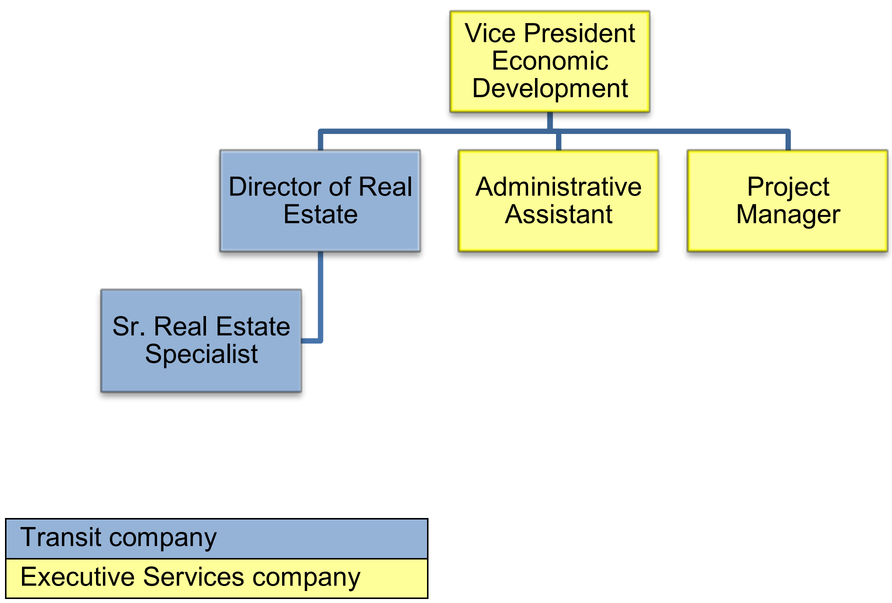
Economic Development and Real Estate

Operational Overview:

Economic Development is responsible for working with regional public partners and private developers to increase public and private investment adjacent and proximate to Bi-State Development Agency (BSDA) infrastructure and systems assets; working with regional partners on identifying and funding large-scale public infrastructure; monetizing BSDA assets, where possible, to support BSDA budgeting and project requirements; supporting the region's effort for job creation and socio-economic fabric improvement; and, managing BSDA's Real Estate group.

Real Estate acquires and conveys property for BSDA transit and additional public projects and services made eligible through the BSDA Organizational Compact.

Organization:



Goals and Objectives Action Plan: Economic Development and Real Estate

The following strategies and action steps help BSDA achieve its goals and objectives as outlined in the Strategic Plan section of this document.

Goal: Build an effective and efficient publically-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 the Bi-State Development Agency programs and credibility of management		
Strategy	**Action Steps**	**Performance Measurements**
Continual improvement of BSDA's economic development services, confirming program goals and continually updating and refining BSDA's economic development direction	• BSDA Board and CEO provide oversight for economic development efforts • Economic Development staff interacting with BSDA engineering, planning, transit, grants, business enterprise, legislative, finance, marketing and communication on BSDA projects • Economic Development staff interacting with local and national economic development groups for information and best practices • Work with BSDA leadership regarding the potential establishment of 501c (3) for economic development purposes	• Thoughtful, short and long-term economic development projects/programs for the regional community (on-going) • Increased perception in the region as BSDA being a key part of the community fabric (on-going) • Improved community and private partnerships for BSDA and BSDA projects (on-going)
Support regional development via BSDA's transit system and compact powers by leading the economic development component of TOD and BRT and economic development support for regional infrastructure.	• Interface with BSDA planning staff regarding TOD • Interface with community partners on TOD planning/ finance/ development • Interface with property owners and planning staff on BRT • Focus regional efforts to secure large scale public infrastructure, such as High Speed Rail and Freight Districts	• Ongoing TOD, improving quality of transit station experience • Work on all 37 Metrolink stations for potential TOD improvements • Initiate economic development related to BRT • On-going work for high speed rail and bridge improvements for the greater St. Louis region

Objective: Establish and manage communications plan that improves public-perception of the Bi-State Development Agency programs and credibility of management (cont.)		
Continual improvement of BSDA's real estate services by supporting BSDA'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 the community and community partners on BSDA projects and initiatives • Interface with FTA on property conveyance and systems licensing issues	• Ongoing offers, negotiations on properties and assets that support BSDA's efforts • Maintaining individual real estate certifications

Performance Indicators – Economic Development and Real Estate

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

	FY 2015	FY 2014		FY 2013
	Target	Projection	Target	Actual
Economic Development (also found under Executive Services)				
Transit Oriented Development (TOD) project efforts at 37 stations	100%	100%	100%	100%
Bus Rapid Transit pre-development support	Yes	Yes	Yes	Yes
Grow regional project/funding partnership	Yes	Yes	Yes	Yes
Regional Urban Land Institute Technical Assistance Panel	1	2	1	1
Create opportunities for use of Bi-State compact	Yes	Yes	Yes	Yes
Create 501c (3) for program leveraging	Yes	Yes	No	No
Real Estate:				
BSDA strategic property analysis	Yes	Yes	Yes	Yes
Engineering department support	Yes	Yes	Yes	Yes
BSDA leases accounts receivable current	95%	95%	90%	85%
BSDA leases accounts payable current	100%	100%	100%	100%
Operations department support	Yes	Yes	Yes	Yes

Economic Development & Real Estate - Operating Expense

		FY 2015 Budget	FY 2014 Projection	FY 2014 Budget	15 Bgt vs. 14 Proj $ Change	15 Bgt vs. 14 Proj % Change	FY 2013 Actual
Economic Development & Real Estate	Wages & benefits without OPEB	**$ 219,825**	$ 217,220	$ 215,100	$ 2,605	1.2%	$ 180,185
	Other post-employment benefits	**13,399**	13,416	13,399	(17)	-0.1%	11,311
	Services	**272,000**	240,081	290,615	31,919	13.3%	236,302
	Parts & supplies	**18,000**	11,005	20,500	6,995	63.6%	13,945
	Casualty & liability	**18,000**	19,447	20,000	(1,447)	-7.4%	15,615
	Utilities	**70,500**	89,204	80,700	(18,704)	-21.0%	61,371
	Leases and other expense	**61,425**	79,435	53,675	(18,010)	-22.7%	25,981
	Operating expense	**$ 673,149**	**$ 669,807**	**$ 693,989**	**$ 3,342**	**0.5%**	**$ 544,708**

Transit Improvement Plan Assumptions

The three-year Transit Improvement Plan reflects known factors currently in existence to estimate net income/(deficit) before depreciation and were prepared using the FY 2015 Budget as the basis, identifying the company goals and objectives and applying the TIP assumptions to complete the plan. Deficits projected for FY 2016 through FY 2018 represent the unfunded portion of OPEB obligations.

Operating Revenue

Passenger revenue for FY 2016 through FY 2018 reflects consistent service levels as planned in the FY 2015 budget. Passenger revenue projections include a 2.0% increase in 2016 as a result of ridership growth. A fare increase and the continued core ridership in 2017 yields a 3.5% increase. Planned regional development and an improved economy allows a 2.0% growth in ridership in FY 2018.

TMA revenue to be received from Transit Management Association participants is expected to grow at 3.0% annually for FY 2016 through FY 2018.

Paratransit contract revenues are associated with Call-A-Ride operations primarily due to Missouri Medicaid customers. These revenues are expected to increase 3.0% for the three year period FY 2016 through FY 2018.

Other operating revenue consists of advertising on revenue vehicles, shelters and MetroLink stations; property rental; contracted maintenance for St. Clair ATS service and the City of St. Louis fire truck maintenance; concessions; and other revenue. For FY 2016 through FY 2018, other operating revenues are expected to increase 3.0% annually.

Operating Expense

Operating expenses are projected to increase at the rate of 3.0% for FY 2016 through FY 2018. Moderate inflation demands will increase wages, materials and parts, services and utilities costs.

Grants and Assistance

City of St. Louis ½ cent sales tax assumes a modest growth of 1.0% in FY 2016 through FY 2018.

St. Louis County ½ cent sales tax assumes that the county will continue to appropriate to the Bi-State Development Agency 50.0% of collections for FY 2016 through FY 2018. Tax receipts from St. Louis County are projected to increase 2.5% in FY 2016 , FY 2017 and FY 2018 from regional development and an improved economy.

City of St. Louis and St. Louis County 1/4 cent sales tax (Prop M) incorporates the regional plan for funding MetroLink. This sales tax is pledged for bond debt (principal and interest) requirement. Prop M sales tax receipts from the City of St. Louis are projected to increase 1.0% annually for the TIP period. St. Louis County Prop M sales tax receipts are projected to increase 2.5% for the TIP period.

St. Louis County ½ cent sales tax (Prop A) assumes that St. Louis County will appropriate between 63.5% and 66.5% of projected Proposition A sales tax receipts to fund Metro operations, capital and debt requirements between FY 2016 and FY 2018. Revenues from this sales tax are projected to increase 2.5% annually. Per an agreement with St. Louis County, remaining tax receipts can be borrowed at mutually advantageous rates to accelerate debt repayment of the 2013 bonds.

City of St. Louis ¼ cent sales tax (Prop M2) tax receipts from the City of St. Louis are projected to increase 1.0% from FY 2016 through FY 2018.

All sales taxes must support operation and capital requirements of the system. Prop M, Prop M2 and Prop A sales tax receipts must also support principal and interest expense (debt service) on bonds in addition to the operating and capital requirements. Approximately $8.2 million annually is required to be reserved for local match to attract federal funding for capital projects.

State of Missouri revenue and the EWGCOG reimbursement for FY 2016 through FY 2018 are expected to remain at the FY 2015 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 2015 budget. The projected increase will change at the 3.0% rate as overall operating expenses from FY 2016 through FY 2018.

State of Illinois revenue for the non-capital soil erosion and other non-capital projects are expected to inflate at approximately 3.0% from FY 2016 through FY 2018.

Federal vehicle maintenance (Federal Formula Funds) is budgeted at $16 million for FY 2016 through FY 2018. 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 our investment in assets which the FTA expects Bi-State Development Agency to keep in good condition. Examples of projects that should be funded with 5307 money include technology and infrastructure. Most of transit's facilities are 20-plus years of age.

Federal assistance JARC – the West County Reverse Commute Program has planned revenues of $300 thousand for FY 2015 through FY 2018.

Other non-capital projects Federal assistance is projected at approximately $1.3 million for the TIP period.

Federal non-capital Grants administration is $2.6 million in FY 2015 and moves to $2.8 million by FY 2018.

Non-Operating Revenue (Expense)

Investment income is projected to increase 3.0% annually. Rates are expected to remain low; however, an increase in the amount available to investment accounts for the modest growth year over year.

Interest on debt decreased in FY 2015 levels as a result of refinancing. For FY 2016 through FY 2018 interest expense is expected to remain unchanged.

Deficit before Depreciation

Net deficits projected for FY 2016 through FY 2018 represent annual unfunded OPEB obligations. 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 and Assistance detail.

Transit System
Transit Improvement Plan
Three Year Financial Summary

(Dollars in thousands)

	FY 2015	FY 2016		FY 2017		FY 2018	
	Budget	Projection	Change	Projection	Change	Projection	Change
Operating revenue:							
Passenger revenue	$ 53,485	$ 54,555	2.0%	$ 56,464	3.5%	$ 57,593	2.0%
TMA revenue	1,432	1,476	3.0%	1,520	3.0%	1,567	3.0%
Paratransit contracts	3,980	4,100	3.0%	4,223	3.0%	4,350	3.0%
Other	4,846	4,993	3.0%	5,143	3.0%	5,297	3.0%
	63,743	**65,123**	**2.2%**	**67,350**	**3.4%**	**68,807**	**2.2%**
Operating expense	**273,986**	**282,071**	**3.0%**	**290,395**	**3.0%**	**298,965**	**3.0%**
Operating income (loss)	**(210,243)**	**(216,948)**	**(3.2)%**	**(223,045)**	**(2.8)%**	**(230,158)**	**(3.2)%**
Non-operating revenue (expense):							
Grants & assistance	223,267	229,449	2.8%	234,945	2.4%	241,177	2.7%
Investment income	304	313	3.0%	323	3.0%	332	3.0%
Interest on debt	(21,387)	(21,000)	(1.8)%	(20,500)	(2.4)%	(20,000)	(2.4)%
Sheltered workshop	(1,134)	(1,154)	1.8%	(1,175)	1.8%	(1,196)	1.8%
Other non-operating revenue/expense	43	44	3.0%	46	3.0%	47	3.0%
	201,093	**207,652**	**3.3%**	**213,638**	**2.9%**	**220,360**	**3.1%**
Net income (deficit) before depreciation	**$ (9,150)**	**$ (9,296)**	**(1.6)%**	**$ (9,407)**	**(1.2)%**	**$ (9,798)**	**(4.2)%**

Totals may not sum due to rounding.

Transit System
Transit Improvement Plan
Three Year Grants and Assistance Detail

(Dollars in thousands)

	FY 2015	FY 2016		FY 2017		FY 2018	
	Budget	**Projection**	**Change**	**Projection**	**Change**	**Projection**	**Change**
Local & state subsidies:							
Missouri subsidies:							
City of St. Louis 1/2 cent sales tax	$ 17,237	$ 17,409	1.0%	$ 17,591	1.0%	$ 17,775	1.0%
City of St. Louis 1/4 cent sales tax	7,980	8,063	1.0%	8,147	1.0%	8,232	1.0%
City of St. Louis Prop M2 sales tax	6,411	6,478	1.0%	6,546	1.0%	6,614	1.0%
Total City of St. Louis	31,627	31,950	1.0%	32,284	1.0%	32,621	1.0%
St. Louis County 1/2 cent sales tax	38,336	39,310	2.5%	40,308	2.5%	41,336	2.5%
St. Louis County Prop M 1/4 cent sales tax	32,992	33,830	2.5%	34,689	2.5%	35,573	2.5%
St. Louis County Prop A 1/2 cent sales tax	48,056	50,421	4.9%	51,970	3.1%	54,144	4.2%
Total St. Louis County	119,384	123,560	3.5%	126,967	2.8%	131,053	3.2%
Other local match - MO	510	525	3.0%	541	3.0%	557	3.0%
State of Missouri	410	422	3.0%	434	3.0%	447	3.0%
Planning & demonstration reimbursement - EWGCOG	160	160	0.0%	160	0.0%	160	0.0%
Total Missouri local & state subsidies:	**152,090**	**156,617**	**3.0%**	**160,387**	**2.4%**	**164,839**	**2.8%**
Illinois subsidies:							
St. Clair County	49,122	50,596	3.0%	52,136	3.0%	53,723	3.0%
State of Illinois	1,924	1,982	3.0%	2,041	3.0%	2,102	3.0%
Total Illinois local & state subsidies:	**51,046**	**52,578**	**3.0%**	**54,177**	**3.0%**	**55,825**	**3.0%**
Total local & state subsidies	**203,137**	**209,195**	**3.0%**	**214,564**	**2.6%**	**220,664**	**2.8%**
Federal assistance:							
Vehicle maintenance	16,000	16,000	0.0%	16,000	0.0%	16,000	0.0%
JARC West County reverse commute expres	300	309	3.0%	319	3.0%	328	3.0%
Non-capital projects- other	1,210	1,246	3.0%	1,283	3.0%	1,322	3.0%
Non-capital grants administration	2,620	2,699	3.0%	2,780	3.0%	2,863	3.0%
Total federal assistance	**20,130**	**20,254**	**0.6%**	**20,382**	**0.6%**	**20,513**	**0.6%**
Total grants & assistance	**$ 223,267**	**$ 229,449**	**2.8%**	**$ 234,945**	**2.4%**	**$ 241,177**	**2.7%**

Transit System

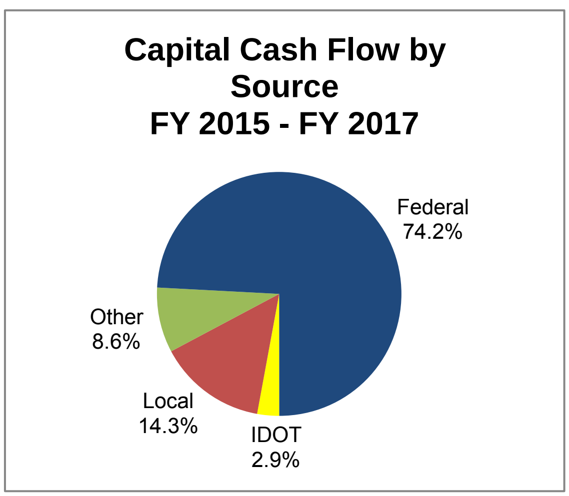
Capital Revenue Assumptions FY 2015 – FY 2017

Federal Funding

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

MAP-21 is a two year bill signed into law by President Obama on July 6, 2012. MAP-21 became effective October 1, 2012 and authorizes transportation programs through the federal fiscal year ending September 30, 2014. The new law authorizes $10.6 billion in FY 2013 and $10.7 billion in FY 2014 for public transportation. For the purposes of this three-year capital plan, the FY 2015 – FY 2017 planned revenue assumes the transportation law will remain in effect under the congressional continuing resolution process or full reauthorization of the law.

MAP-21 supports many of the Agency's capital program goals, including safety, state of good repair, performance, and program efficiency. MAP-21 also improves the efficiency of administering grant programs by eliminating and consolidating several programs. Through funding apportioned under MAP-21, the Agency's capital program is planned primarily through the Section 5307 Urbanized Area Formula program which consolidates the Job Access and Reverse Commute (JARC) program activities; Section 5337 State of Good Repair Formula Program which replaces the Fixed Guideway Modernization program, and a new Section 5339 Bus and Bus Facility Formula program, which formulizes previous bus discretionary funds.



Beginning with the FY 2013 apportionment under MAP-21, the Urbanized Area Formula funds will be 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, bus operating costs, fixed guideway vehicle revenue 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.

The Agency's FY 2015 – FY 2017 capital budget totals $585.8 million. Funding is planned through the MAP-21 programs as well as previously authorized and apportioned programs under SAFETEA-LU. Federal discretionary programs such as Congestion Mitigation & Air Quality (CMAQ) funds and Surface Transportation Program (STP) funds are continued under the MAP-21 law and are planned in this capital program. Under the MAP-21 transportation law, capital projects are planned with an 80% federal investment and 20% local match. In the case of revenue vehicles and facilities which seek to meet Clean Air regulations and ADA compliance, MAP-21 authorizes an 85% federal investment with a 15% local match.

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.

The Agency's primary funding through SAFETEA-LU is from the 5307 Urbanized Area Formula program and the Fixed Guideway Modernization program. In most cases, capital formula and fixed guideway dollars are used to fund 80% of capital projects with a 20% local match. Formula funds apportioned to urbanized areas are based on population, population density, and other criteria. Fixed Guideway Modernization funds allocated by formula to urbanized areas are based on systems with exclusive or controlled rights-of-way that have been in operation for at least seven years.

Other programs authorized under SAFETEA-LU include Section 5309 Capital Investment discretionary funding such as Bus and Bus Facilities, Bus Livability, State of Good Repair and Clean Fuels programs for bus purchases, construction or rehabilitation of related facilities, and projects that support reduced emissions activities. In addition, several formula based regional programs were established through SAFETEA-LU including the New Freedom and Job Access Reverse Commute (JARC) programs. Programs and funding authorized under SAFETEA-LU will continue until fully implemented and funds expended.

The American Recovery and Reinvestment Act, 2009 (ARRA); (The Recovery Act) [Pub. L. 111-5]; was signed into law on February 17, 2009 and includes $8.4 billion for transit capital improvements. The goals of the statute include the preservation or creation of jobs and promotion of an economic recovery, as well as the investment in transportation, environmental protection and other infrastructure that will provide long-term economic benefits.

Funds appropriated through the ARRA for public transportation have been apportioned for three different programs: Transit Capital Assistance, Fixed Guideway Infrastructure Investment, and Capital Investment Grants (New/Small Starts). The Agency has received an allocation of funding through the Transit Capital Assistance program under the Section 5307 Urbanized Area Formula program for $45,792,022 [$4,130,901 was passed through to Madison County Transit District based on their reporting of regional transportation data to the National Transit Database (NTD)]. The Agency also received ARRA funds through the Fixed Guideway Infrastructure Investment/Modernization program for $1,289,449.

As a result of the ARRA funding, the Agency has obligated $42,950,570 in additional 5307 Urbanized Area Formula and 5309 Fixed Guideway Modernization funds to implement critical regional projects that have been deferred due to funding. Fixed Guideway funding through this revenue source has been expended 100%. Funding through the 5307 Formula program is ongoing and will be expended though FY 2015.

Department of Homeland Security Transit Security Grant Program (TSGP)

The Transit Security Grant Program continues to be an important funding source for the Agency. These funds provide for the critical hardening of the Agency'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 2015 – FY 2017 period.

State Funding

Illinois Department of Transportation (IDOT)

IDOT funds are used to support various capital projects located in Illinois. The Agency also uses Illinois funds for a share of the cost of capital projects that benefit Illinois but are located in Missouri.

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

The Agency uses a combination of ½ cent and ¼ 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 ½ cent sales tax receipts will be used for operating purposes for FY 2015 - FY 2017.

Funds generated by the ¼ 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 ½ 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 ¼ 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

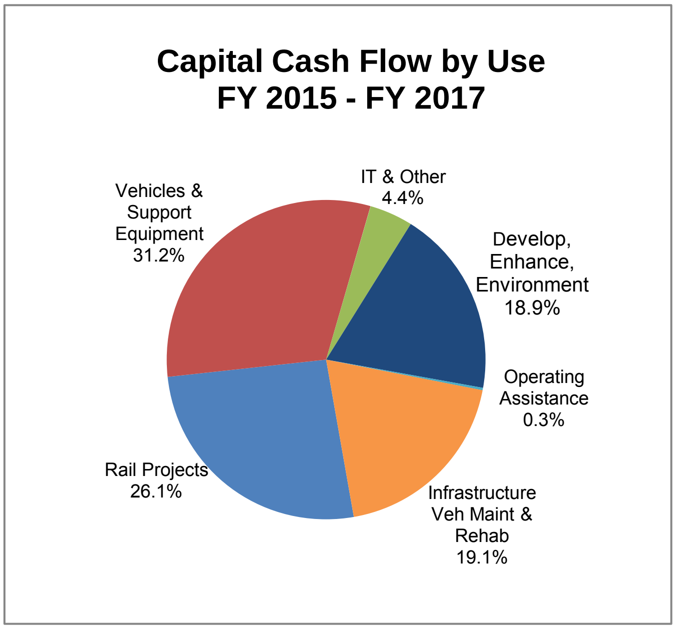
Other financing is made up of operating dollars used to match capital projects such as preventive maintenance of vehicles and facilities. From time to time, funding is also identified from sources other than local sales taxes.

Capital Expenditure Assumptions FY 2015 – FY 2017

Capital Expenditures

The capital expenditure program for FY 2015 – FY 2017 encompasses a wide range of initiatives over the next three years meeting the Agency's major capital projects and priorities and incorporates the federal program changes reflected in the new transportation law Moving Ahead for Progress in the 21st Century (MAP-21).

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 FY 2015 is $437.3 million. Total capital expenditures planned for the three-year capital program is $585.8 million. The FY 2015 – FY 2017 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.



One Percent of planned FY 2015 – FY 2017 Section 5307 Formula funds will be used to provide associated transit improvements to enhance MetroBus and MetroLink facilities as a part of the Agency's recurring capital activities. As part of the redefined FTA enhancement program under MAP-21, public art activities are no longer eligible under the Urbanized Area Formula 1% enhancement program; however one percent of remaining funds authorized under SAFETEA-LU as well as other capital funds will be designated for the Arts in Transit Program as directed by Board policy.

The three-year capital budget assumes approximately $152.6 million for MetroLink infrastructure projects, $1.4 million for JARC operating assistance, $5.7 million for safety and security enhancements, and $18.5 million for information technology improvements. Vehicles and supporting equipment needs assume $182.9 million; infrastructure and vehicle maintenance needs assume $112.1 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 the transit's bus and light rail facilities.

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 all MetroLink stations as well as improved access to bus stops and the installation of passenger benches at various bus stop locations throughout the system. In addition, a Travel Training program is planned to continue to support persons with disabilities in using the fixed guideway and bus systems.

Various technological advancements are planned over the next three years to support the Agency's premiere transit operations. Hardware and software upgrades will be implemented throughout the system.

Associated Transit Improvement projects will be undertaken to provide increased passenger amenities including upgrades to passenger shelters, signage and other station improvements. The Arts in Transit Department works closely with community groups and organizations in the development of these projects.

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, MetroLink infrastructure projects over the next three years include bridge and tunnel repairs, surface and alignment of the mainline track, substations and catenary insulators.

Non-Routine Capital Expenditures

There are a number of non-recurring capital expenditures planned in the FY 2015 – FY 2017 capital budget. These non-recurring expenditures are intended to address an immediate capital need within the Agency's transit system. These non-recurring capital expenditures may impact the operating budget after initial capitalization. Included in this budget are funds appropriated through the American Recovery and Reinvestment Act (ARRA) of 2009 to rehabilitate critical infrastructure within the system. Planned projects include the rehabilitation of the historic Eads Bridge and the replacement of rail ties and track along the Phase I portion of the MetroLink system. In addition to regionally significant economic stimulus projects, additional major enhancements of the system infrastructure include the construction of a new bus transfer center in Downtown and new bus transfer center and maintenance facility in the North County portions of the service area. These planned improvements total $37.2 million.

Additionally, the Agency plans 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 $34.0 million. During this FY 2015 – FY 2017 capital program period, funds totaling $23.2 million are planned for expenditure to complete this project. A total of $14.7 million in expenditures is planned for the FY2015 – FY1017 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 2015 – FY 2017 capital program period, $48.0 million will be allocated to the vehicle maintenance program through Federal Formula funds. A total of $16.0 million in Federal Formula funds annually will be allocated to the program for FY 2015 - FY 2017.

Under MAP-21 the Fixed Guideway program was eliminated and a new formula program known as State of Good Repair has been authorized. During the FY 2015 – FY 2017 capital investment program projects will continue to be administered and funds expended under the previously authorized Fixed Guideway program. In addition, funds totaling $18 million dollars will be returned to the capital budget from the Agency's debt service reserve fund and applied to fixed guideway eligible projects. A total of $64.0 million in federal State of Good Repair funds are planned over this FY 2015 – FY 2017 to support light rail facility and right-of-way improvements throughout the system. As a part of the Agency's overall state of good repair efforts, the Agency has programmed funding to develop a Transit Asset Management (TAM) Plan which will further establish standards for the state of good repair of the Agency's transportation infrastructure and vehicles; and to develop a Transit Asset Management database to more efficiently manage all assets.

As a part of the Agency'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 $585.8 million addresses all major elements of the Agency. Included within this plan are eight significant non-routine capital expenditures. They include:

	(in millions)
Integrated Fare System Upgrade	$ 29.5
Radio Replacement	34.0
MetroLink Right-of-Way Improvements	50.0
Union Station Tunnel Rehabilitation	35.0
Downtown Transfer Center	7.1
North County Bus Transfer Center\Maintenance Facility	30.1
Light Rail Vehicle Upgrades	32.0
Information Technology Upgrades	4.7
Total non-routine projects	$ 222.5

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

Non-Routine Capital Grant Administration Agreements

In FY 2005, the Agency 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 the Agency. As a part of the SAFETEA-LU authorization the JARC funding was changed to a formula program. Under MAP-21 the JARC program has been eliminated and the JARC related activities are now incorporated as a part of eligible activities under the Federal Urbanized Area Formula funding. The New Freedom program was introduced in SAFETEA-LU as a formula program. Under MAP-21 the program has been 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 East-West Gateway Council of Governments (EWGCOG) was identified as the designated recipient for JARC and New Freedom funds through SAFETEA-LU. Under MAP-21 a new designated recipient will be identified for the Section 5310 funds; it is expected that East-West Gateway Council of Governments will assume this role. The Agency will continue to administer funds remaining under the SAFETEA-LU authorization through the FY 2015 – FY 2017 program period.

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

	(in millions)
Jefferson County Community Partnership	$ .22
Paraquad	.02
Independence Center	.36
Madison County Transit District	.06
St. Clair County Transit District	.01
Challenge Unlimited	.18
Jefferson County Developmental Disabilities Resource Board	.12
Total non-routine capital grant administration agreements	$ .97

Impact of Capital Improvements on Operating Budget

Included in the capital budget is a three-year program designed to build, maintain or replace the Bi-State Development Agency's (Agency) 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 2015 – FY 2017 capital program period and that directly affect the FY 2015 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 is currently funded and rehabilitation efforts are on-going through FY 2015. The Eads Bridge rehabilitation project will return the bridge to a state of good repair and reduce operating related maintenance expenses. In addition, the capital budget plans for a significant upgrade of the Union Station MetroLink Tunnel. This project is projected to cost $35 million. Full funding is planned through the FY 2016 capital plan. This tunnel has experienced significant repairs over the past three years. The $35 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 2015 – FY 2017 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 76 buses. Of this total, the Agency expects to purchase 15 articulated buses to support the increased demands in some service areas.

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 to be in place by 2015. 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

Design is underway for the expansion of a downtown bus transfer center and a transfer center in the North County portion of our service area. With the construction of these two new 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 the Agency created nine 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 14th and Spruce, Shrewsbury, Riverview and Meridian MetroBus Center. These centers permit improved transfers between bus routes in a safe and secure location. Those maintenance contracts, utilities, additional positions, and landscaping have added $160,000 annually for these facilities.

Parking lot upgrades and ADA improvements at our MetroLink stations will decrease current maintenance efforts. A new maintenance facility is planned to support state of good repair needs for revenue vehicles operating from the planned North County Transfer Center. Additional 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 2015 – FY 2017

Description	Capital Investment (in millions)	Annual Impact FY	Operating $
North County Transfer Center	$5.1	2016	$0.3
Downtown Transfer Center Expansion	$7.1	2016	-
North County Maintenance Facility	$25.0	2017	$0.3
MetroLink Station Parking Lot Improvements	$1.4	2016	($0.3)
Radio/CAD/AVL Upgrades	$34.0	2016	($0.5)
Replacement Rolling Stock	$135.7	2015-2017	($3.0)

Transit System

Federal Programming Needs
FY 2015 – FY 2017

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.

MAP-21 is a two year bill signed into law by President Obama on July 6, 2012. MAP-21 became effective October 1, 2012 and authorizes transportation programs through the federal fiscal year ending September 30, 2014. The new law authorizes $10.6 billion in FY 2013 and $10.7 billion in FY 2014 for public transportation. This three-year capital plan assumes the transportation law will remain in effect through congressional reauthorization or continuing resolution process.

MAP-21 continues to addresses 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. MAP-21 also emphasizes rehabilitation and replacement of aged infrastructure by establishing new asset management requirements and performance-based planning requirements.

Projects identified in the Agency's FY 2015 – FY 2017 capital plan seek to meet the requirements detailed in the MAP-21 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. The Agency'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 Congestion Mitigation & Air Quality and Surface Transportation Program funds.

The Agency 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. Under MAP-21 the Agency will seek funding under the Fixed Guideway Capital Investments program which includes streamlined guidance for the New Starts and Small Starts programs as well as a new Core Capacity program. These funding sources will support new or expanded fixed guideway systems as well as bus rapid transit efforts.

Transit System Transportation Improvement Plan
FY 2015 - FY 2017
Capital Cash Flow Summary

Sources of Funds	FY 2015	FY 2016	FY 2017	TOTAL
Economic Stimulus Funding				
Federal Formula Funds - ARRA*	$ 8,232,710	$ -	$ -	$ 8,232,710
Federal Formula Funds - New	32,357,501	32,681,074	33,007,886	98,046,461
Federal Formula Funds - Carryover	79,209,056	-	-	79,209,056
Fixed Guideway Funds - Carryover	35,472,877	-	-	35,472,877
State of Good Repair - New	12,853,837	12,982,376	13,112,199	38,948,412
State of Good Repair - Carryover	25,273,926	-	-	25,273,926
Bus and Bus Facility - New	3,013,608	3,043,744	3,074,182	9,131,534
Bus and Bus Facility - Carryover	5,937,998	-	-	5,937,998
Approved Federal Discretionary Funds	60,184,752	-	-	60,184,752
Planned Federal Discretionary Funds	52,029,968	11,000,000	11,000,000	74,029,968
IDOT Funding	13,950,468	1,394,887	1,640,950	16,986,305
Missouri Local Sales Tax Capital Funding	3,783,265	-	-	3,783,265
Missouri Local Prop M Sales Tax Funding	58,148,792	8,739,976	8,551,184	75,439,952
St. Clair County Transit District Funds	4,500,696	47,953	126,922	4,675,571
Other Financing	42,392,077	4,040,243	4,040,243	50,472,563
Grand Total	**$ 437,341,531**	**$ 73,930,253**	**$ 74,553,566**	**$ 585,825,350**

***** ARRA - The American Recovery and Reinvestment Act, 2009

FY 2015 Capital Programs and Projects

Current and Future Rail Projects		
Track, Catenary, Alignment, Bridge, Tunnel and Maintenance Projects	$ 121,086,777	
		121,086,777
Operating Assistance		
Job Access/Reverse Commute Service	1,473,334	
		1,473,334
Vehicles and Supporting Equipment		
Peripheral Equipment	14,388,621	
Peripheral Support	23,294,891	
Revenue Vehicles	95,399,396	
Support Vehicles	2,867,554	
		135,950,462
New Development, Enhancement, Environmental Projects		
Bike Trail	951,252	
Community Development Projects	8,354,919	
Enhancement Projects	6,637,458	
Transit Development-Facility, Centers, Stations, Parking Lots, Loops, Other	87,463,987	
		103,407,616
Information Technology Improvements		
Hardware and Software Data Systems	14,167,049	
Office Equipment	468,300	
		14,635,349
Infrastructure, Vehicle Maintenance and Rehab Programs		
Existing Facilities - Maintenance and Rehab	6,596,328	
Maintenance Equipment - Fleet, Warehouse, Facilities, Storeroom	4,094,873	
Preventative Maintenance	20,000,000	
Vehicle Maintenance, Rehab, Overhaul Programs	26,400,303	
		57,091,504

FY 2015 Capital Programs and Projects (Cont'd)

Health, Safety, and Security		
Health, Safety and Security Projects	2,755,376	
		2,755,376
Program Administration		
Program Administration	941,113	
		941,113
	Grand Total	**$ 437,341,531**

FY 2015 - FY 2017 Capital Program and Project Requests

Current and Future Rail Projects		
Track, Catenary, Alignment, Bridge, Tunnel, and Maintenance Projects	$ 152,621,524	
		152,621,524
Operating Assistance		
Job Access/Reverse Commute Service	1,473,334	
		1,473,334
Vehicles and Supporting Equipment		
Peripheral Equipment	15,757,503	
Peripheral Support	23,294,891	
Revenue Vehicles	135,701,307	
Support Vehicles	8,148,354	
		182,902,055
New Development, Enhancement, Environmental Projects		
Bike Trail	951,252	
Community Development Projects	8,354,919	
Enhancement Projects	7,610,476	
Transit Development-Facility, Centers, Stations, Parking Lots, Loops, Other	94,067,410	
		110,984,057
Information Technology Improvements		
Hardware and Software Data Systems	17,874,759	
Office Equipment	637,300	
		18,512,059
Infrastructure, Vehicle Maintenance and Rehab Programs		
Existing Facilities - Maintenance and Rehab	12,776,028	
Maintenance Equipment - Fleet, Warehouse, Facilities, Storeroom	7,128,043	
Preventative Maintenance	60,000,000	
Vehicle Maintenance, Rehab, Overhaul Programs	32,216,611	
		112,120,682

FY 2015 - FY 2017 Capital Program and Project Requests (Cont'd)

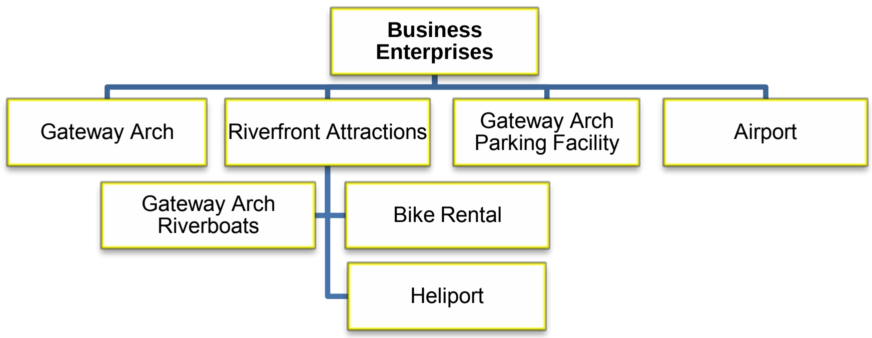
Health, Safety, and Security		
Health, Safety and Security Projects	5,770,526	
		5,770,526
Program Administration		
Program Administration	1,441,113	
		1,441,113
	Grand Total	**$ 585,825,350**

Transit System Transportation Improvement Plan
FY 2015 - FY 2017
Capital Cash Flow Summary

Uses of Funds	FY 2015	FY 2016	FY 2017	TOTAL
Track, Catenary, Alignment, Bridge, Tunnel, and Maintenance Projects	$ 121,086,777	$ 11,285,367	$ 20,249,380	$ 152,621,524
Job Access/Reverse Commute Service	1,473,334	-	-	1,473,334
Peripheral Equipment	14,388,621	1,368,882	-	15,757,503
Peripheral Support	23,294,891	-	-	23,294,891
Revenue Vehicles	95,399,396	20,124,697	20,177,214	135,701,307
Support Vehicles	2,867,554	2,180,300	3,100,500	8,148,354
Bike Trail	951,252	-	-	951,252
Community Development Projects	8,354,919	-	-	8,354,919
Enhancement Projects	6,637,458	484,288	488,730	7,610,476
Transit Development - Facility, Centers, Stations, Parking, Lots, Loops, Other	87,463,987	6,603,423	-	94,067,410
Hardware and Software Data Systems	14,167,049	2,691,210	1,016,500	17,874,759
Office Equipment	468,300	-	169,000	637,300
Existing Facilities - Maintenance and Rehab	6,596,328	2,873,696	3,306,004	12,776,028
Preventative Maintenance	20,000,000	20,000,000	20,000,000	60,000,000
Maintenance Equipment - Fleet, Warehouse, Facilities, Storeroom	4,094,873	148,670	2,884,500	7,128,043
Vehicle Maintenance, Rehab, Overhaul Programs	26,400,303	4,783,720	1,032,588	32,216,611
Health, Safety and Security Projects	2,755,376	1,136,000	1,879,150	5,770,526
Program Administration	941,113	250,000	250,000	1,441,113
Grand Total	**$ 437,341,531**	**$ 73,930,253**	**$ 74,553,566**	**$ 585,825,350**

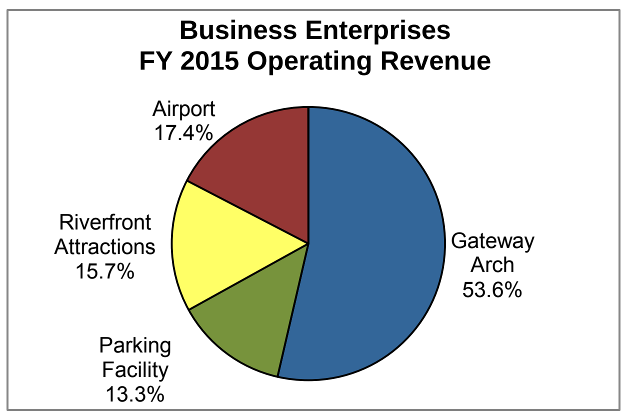
Business Enterprises

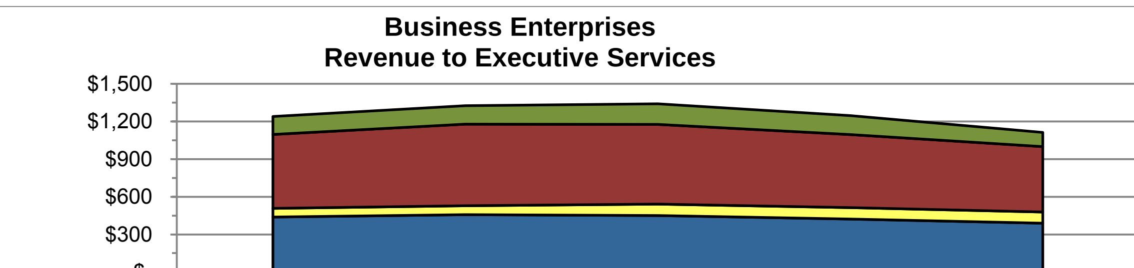
The Business Enterprise Operating Units function as a stand-alone, revenue-generating and business development entity. The Business Enterprises division includes the Gateway Arch Tram ticketing and reservation systems, Gateway Arch Parking Facility, Gateway Arch Riverfront Attractions and the St. Louis Downtown Airport. Each of these companies operates separate from Bi-State's Transit System from managerial, financial and policy standpoints.



The graph to the right summarizes the sources of Business Enterprise's operating revenues. The largest provider of revenue is the Gateway Arch, which is expected to provide 53.6% of those revenues in FY 2015.

Business Enterprises reimburses Executive Services for various administrative services. The chart below shows the payments made over the past several years, as well as, estimated future payments.





(in thousands)	2011 Actual	2012 Actual	2013 Actual	2014 Projection	2015 Budget
Parking Facility	143	147	164	151	113
Gateway Arch	589	650	635	582	521
Airport	69	71	91	91	89
Ticket Center (NPS)	437	456	449	421	388
Total	1,238	1,324	1,339	1,245	1,111

Business Enterprises
Operating Budget Summary
Fiscal Year Ending June 30, 2015
(Dollars in thousands)

	FY 2015 Budget						
	Gateway Arch			St. Louis			
	Tram Operations	Parking Facility	Riverfront Attractions	Downtown Airport	FY 2015 Total	FY 2014 Budget	Percent change
Operating revenue:							
Business Enterprises operations revenue	$ 5,508	$ 1,368	$ 1,611	$ 1,785	$ 10,272	$ 11,481	-10.5%
	5,508	**1,368**	**1,611**	**1,785**	**10,272**	**11,481**	**-10.5%**
Operating expense:							
Compensation & benefits	1,718	416	1,061	869	4,063	4,224	-3.8%
Other post-employment benefits (OPEB)	65	20	55	60	200	200	0.0%
Services	933	488	213	75	1,710	1,736	-1.5%
Fuel & lubrications	-	-	70	27	97	116	-16.4%
Parts & supplies	246	40	470	92	848	822	3.2%
Casualty & liability	54	41	174	65	333	302	10.5%
Utilities	117	89	99	166	471	462	2.1%
Taxes, leases & other	635	4	148	28	815	827	-1.5%
Agency fees	521	113	-	89	723	800	-9.6%
	4,288	**1,211**	**2,289**	**1,472**	**9,261**	**9,490**	**-2.4%**
Operating income (loss)	**1,219**	**157**	**(678)**	**313**	**1,011**	**1,991**	**-49.2%**
Non-operating revenue (expense):							
Investment income	14	2	-	0.3	17	17	**-1.7%**
Interest on debt	-	-	-	-	-	-	
Contributions from (to) other entities	(630)	(5)	-	-	(635)	(2,830)	**-77.6%**
	(616)	**(3)**	**-**	**0.3**	**(618)**	**(2,813)**	**78.0%**
Net income (deficit) before depreciation	**604**	**154**	**(678)**	**313**	**393**	**(822)**	**-147.8%**
Depreciation & amortization	(324)	-	(239)	(1,604)	(2,167)	(2,570)	-15.7%
Net surplus (deficit)	**$ 280**	**$ 154**	**$ (917)**	**$ (1,291)**	**$ (1,774)**	**$ (3,391)**	**-47.7%**

Totals may not add due to rounding.

Business Enterprises

Gateway Arch

Overview:

In 1962, as the construction of the Gateway Arch was beginning, National Park Service officials recognized that existing funds were insufficient to construct a tram system to carry visitors to the top of the monument. Bi-State Development Agency (BSDA) 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, Bi-State has overseen the tram system operation. Today, BSDA employees also handle all aspects of ticketing and reservations and provide marketing support for the monument in partnership with the National Park Service. Currently, negotiations are ongoing to extend this Cooperative Agreement with the NPS.

Strategic focus:

The Gateway Arch is a premier tourist destination in the Midwest and one of the most visited monuments in the United States. Our 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. Bi-State Development Agency 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 our 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:

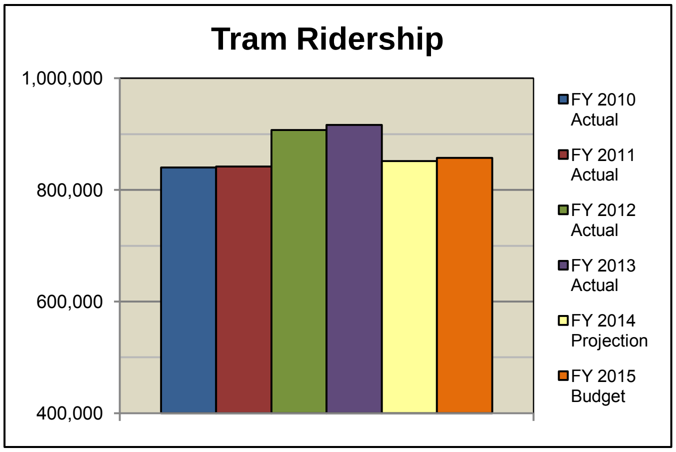
Journey to the Top
The North tram load zone recalls "Fitting the Final Piece"; the South load zone area, "When Riverboats Ruled"

Westward Expansion Museum
Commemorates Native Americans, Lewis and Clark, pioneers, and the American West

Odyssey Theatre
Four-story tall screen showing the giant-screen film "Lewis and Clark: Great Journey West"

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

Museum Stores Includes museum gift shop and nostalgic recreation of 1870's general store

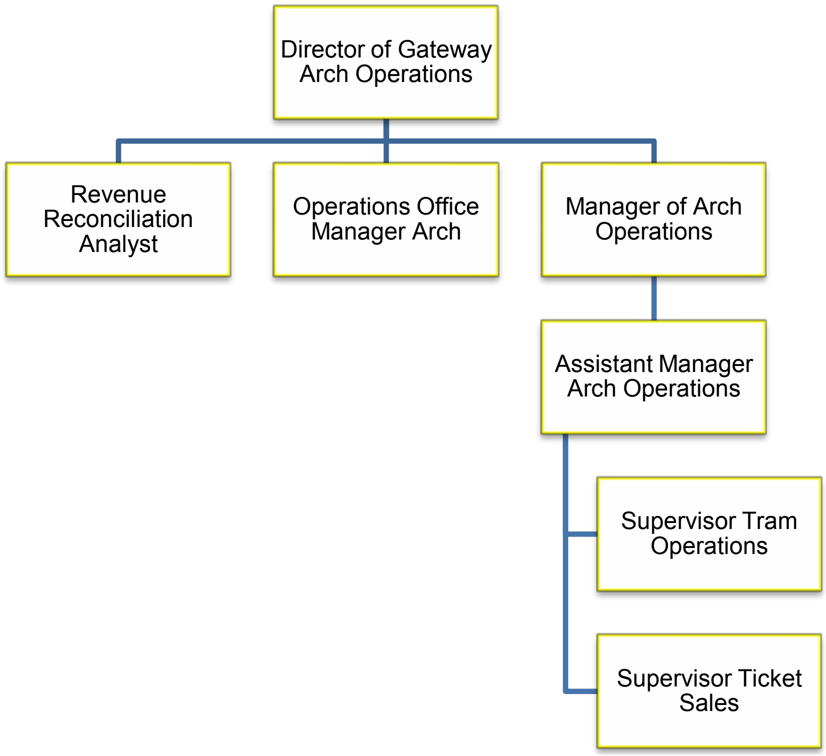


Also on the St. Louis Riverfront:
Gateway Arch Parking Facility, Old Courthouse, Gateway Arch Riverboats, helicopter tours, bike rentals, Laclede's Landing MetroLink station

Website: www.gatewayarch.com

Gateway Arch

Organization:



Total Personnel:

Full-Time - 12

Part-Time - Seasonal employee count varies throughout the year

Gateway Arch
Operating Budget Summary
Fiscal Year Ending June 30, 2015

	FY 2015	FY 2014		FY15 Bgt vs. FY14 Proj		FY 2013
	Budget	**Projection**	**Budget**	**$ Change**	**% Change**	**Actual**
Operating revenue:						
Arch ticket sales	$ 5,544,898	$ 5,513,064	$ 5,703,673	$ 31,834	0.6%	$ 5,893,234
Sales discounts and allowances	(77,380)	(72,396)	(75,100)	(4,984)	-6.9%	(80,766)
Site rental and other revenues	40,199	41,437	40,199	(1,238)	-3.0%	28,766
Total operating revenue	**5,507,717**	**5,482,106**	**5,668,772**	**25,611**	**0.5%**	**5,841,233**
Operating expense:						
Compensation & Benefits	1,717,562	1,555,968	1,671,397	161,594	10.4%	1,383,096
Other post-employment benefits (OPEB)	65,000	57,762	65,000	7,238	12.5%	50,916
Services	932,950	876,451	909,613	56,500	6.4%	809,970
Materials and supplies	246,033	129,862	131,231	116,171	89.5%	254,952
Utilities	116,965	116,142	111,046	823	0.7%	119,782
Casualty & liability	53,566	44,301	41,541	9,265	20.9%	39,837
Other expenses	1,156,238	1,035,044	1,201,401	121,194	11.7%	1,150,497
Total operating expenses	**4,288,314**	**3,815,529**	**4,131,229**	**472,786**	**12.4%**	**3,809,050**
Operating income (loss)	**1,219,403**	**1,666,577**	**1,537,543**	**(447,174)**	**-26.8%**	**2,032,184**
Non-operating revenue (expense):						
Investment income	14,293	13,458	14,293	836	6.2%	20,217
Contributions from (to) outside entities	(630,000)	(1,519,158)	(2,829,720)	889,158	58.5%	(445,014)
Total non-operating revenue (expense)	**(615,707)**	**(1,505,701)**	**(2,815,427)**	**889,994**	**59.1%**	**(424,796)**
Net income (loss) before depreciation	**603,696**	**160,876**	**(1,277,884)**	**442,820**	**275.3%**	**1,607,388**
Depreciation & amortization	323,970	551,669	551,669	(227,699)	-41.3%	405,693
Net Transfers	-	22,184	-	(22,184)	-100.0%	(1,179,384)
Net income (loss)	**$ 279,726**	**$ (412,977)**	**$ (1,829,553)**	**$ 692,703**	**167.7%**	**$ 2,381,079**

Gateway Arch - FY 2015 Budget

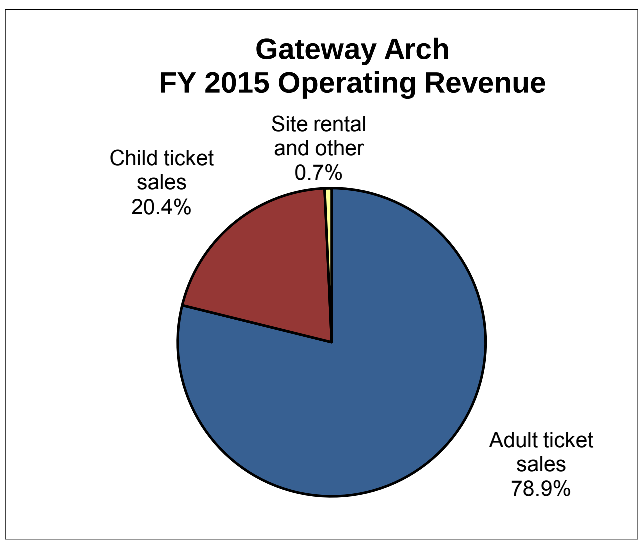
In FY 2015, the Gateway Arch and its partners will continue to shape the future of the Jefferson National Expansion Memorial (JNEM) and the surrounding area through the implementation of major capital projects and participation in the CityArchRiver project. Bi-State Development Agency has been an active participant in the project and will continue to be involved during the heavy construction period anticipated in FY 2015.

FY 2015 includes the beginning of significant construction throughout the JNEM, which will result in the closure of multiple visitor amenities. The Museum of Westward Expansion, the Odyssey Theatre, the Arch Parking Garage, surrounding streets, and portions of the grounds will all be closed temporarily or permanently during this period of construction. Because the schedules and project phasing are not yet finalized, there exists a significant amount of uncertainty in this budget cycle. The closures described here are expected to negatively impact visitation to the monument and its revenue streams until construction is complete in late 2016.

FY 2015 will also include new branding efforts associated with the 50th anniversary of the Gateway Arch. The Gateway Arch will work with its newly contracted marketing and communications partners to develop a brand identity for the 50th anniversary and reinvigorated park, emphasizing mobile and web-based technologies.

Revenue

Arch ticket sales in FY 2015 result from a budgeted 857,266 tram passengers which is 0.6% greater than the 851,944 passengers projected for FY 2014. FY 2013 experienced a record level of 916,611 Arch tram passengers. The current tram fares are $7.00 for adults and $5.00 for children.



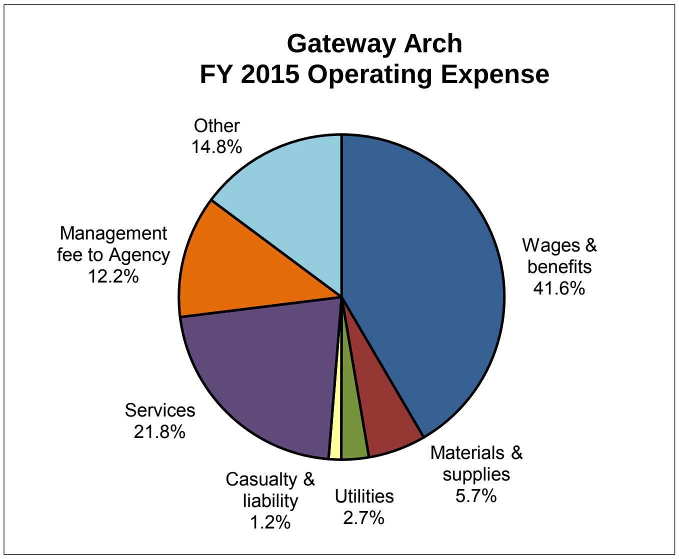
Site rental and other revenues represent tram rental fees for receptions held at the Gateway Arch.

Expense

Wages and benefits including OPEB are budgeted in FY 2015 at 10.5% higher than the FY 2014 projection due to a greater number of seasonal and part-time hours planned. Changes to the Arch campus will require additional staffing for visitor orientation and guidance.

Services increased 6.4% over the FY 2014 projection and 2.6% over the FY 2014 budget primarily due to National Park Service maintenance mechanics services, website development and maintenance and other maintenance services. Services include the following (in thousands):

Mechanics employed by the National Park Service to service and repair the Gateway Arch transportation system	$ 672
Credit card fees, banking service charges	155
Legal	25
Internet web site maintenance and development	30
Maintenance Services	40
Other	11
	$ 933



Materials and supplies are budgeted at $246,033, which is $114,802 greater than the FY 2014 budget. The increase is primarily associated with the Arch Tram cable replacement..

Utilities are primarily electricity costs which are $113,565 of the overall $116,965 utility budget in FY 2015.

Casualty and liability cost is budgeted in FY 2015 at 20.9% greater than the FY 2014 projection due to anticipated increases in casualty and property insurance.

Other expense includes the following (in thousands):

Management fee to the Agency	$ 521
Advertising and promotion	575
Travel, training, lease expense and other	60
	$ 1,156

Other expense is budgeted in FY 2015 to be 11.7% higher than the FY 2014 projection and 3.8% lower than the FY 2014 budget.

Contributions to outside entities for FY 2015 include contributions to the National Park Service for the following (in thousands):

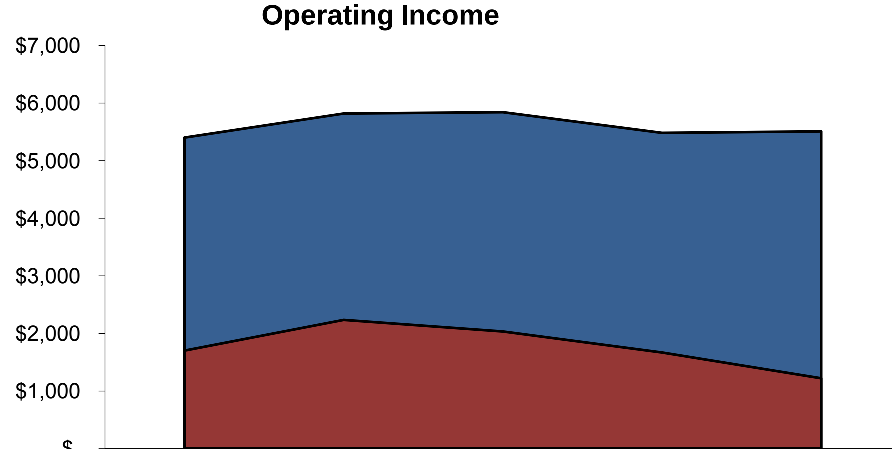
Arch Staining Remediation	$ 300
CityArchRiver redesign project	300
Arch Bike Trail Improvements	30
	$ 630

Income

Operating Income for FY 2015 is $318,140 less than the FY 2014 budget due to less visitors at the Arch resulting in lower revenue, this along with more repairs creating higher material and supply expenses.

Net income before depreciation of $603,696 is net of the $630,000 contribution to the Jefferson National Expansion Memorial Beneficial Fund (JNEMBF). Any income the Gateway Arch generates is held in the JNEMBF to fund capital improvements. The capital budget for FY 2015 is $7,536,000.

Gateway Arch
Operating Income



(In thousands)	FY 2011 Actual	FY 2012 Actual	FY 2013 Actual	FY 2014 Projection	FY 2015 Budget
Operating revenue	5,400	5,818	5,841	5,482	5,508
Operating Income	1,700	2,233	2,032	1,667	1,219

Gateway Arch Goals and Objectives Action Plan

The following goals and objectives are consistent with the four primary organization level goals used to achieve Bi-State Development Agency'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: Deliver a high quality experience that is recognized by its customers, industry peers, and regional stakeholders for its excellence

Objective: Improve service quality

Strategy	Action Steps	Performance Measurements
Understand our customers' expectations and take steps to exceed them	• Update the Arch Tram Transportation System by replacing the Motor Generator Sets • Redesign Load Zones for the "Journey to the Top" experience to focus on park themes, lower maintenance costs, and improved pre-boarding processes	• Increase reliability of Arch Tram Transportation System • Enhance the customer experience of the product • Increase efficiency of the "Journey to the Top" experience and improve customer satisfaction with the overall experience

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
Increase ticket sales	• Increase revenue opportunities through advance ticket sales by expanding existing partnerships and by establishing new relationships for ticket sales • Increase participation and add revenue generating events • Track the effectiveness of advertising promotions	• Create and continue events such as River City Music Days and Night at the Museum, which result in premium revenue opportunities beyond our standard product offerings • Continue partnerships with the St. Louis Convention and Visitors Commission and area hotels to sell packages, which increase exposure and pre-visit buying opportunities • Determine the most effective promotions strategies through system tracking and evaluation

Objective: Identify and implement shared services programs with other entities where beneficial		
Strategy	**Action Steps**	**Performance Measurements**
Work closely with local communities and organizations to ensure the success of all as we are a regional cooperative partner that supports regional economic development	• Maximize public relations and public awareness opportunities	• Renew Cooperative Agreement with National Park Service • Partner with the NPS to coordinate and promote on-site activities • Coordinate financial resources and strategic partnerships in preparation for implementation of JNEM Design Competition
Objective: Deliver quality capital projects on time and within budget		
Strategy	**Action Steps**	**Performance Measurements**
Aggressively pursue and complete capital projects	• As determined from guest research and in conjunction with the National Park Service General Management Plan, address key guest experience issues through capital investments	• Design, construct, and install Arch Load Zone and lobby exhibits to improve the guest experience • Complete Arch Tram Transportation System Motor Generator study, design, and bid review

Gateway Arch: Performance Indicators				
	FY 2015	**FY 2014**		**FY 2013**
	Target	**Projection**	**Target**	**Actual**
Operating income ($ in thousands)	$1,219	$1,667	$1,538	$2,032
Tram ridership	857,266	851,944	883,757	916,611

Gateway Arch
FY 2015 Capital Project Summary

(in thousands)

Sources of Funds:

Exhibit Rehabilitation Project Account	$ 4,165
Gateway Arch Drainage Project Account	2,345
Motor Generator Sets Design Account	721
Jefferson National Expansion Memorial Beneficial Fund	305
Total Sources of Funds	**$ 7,536**

Uses of Funds:

ATS Load Zone and Exhibit Rehabilitation Project

Redesign and implement updated exhibits in both sides of Arch Journey to the Top experience, the Arch lobby, and two MetroLink stations. The new lobby designs will focus on better efficiency in the operating process, more integration with NPS themes, and easier-to-maintain / more durable exhibits. The design will complement the other upgrades and enhancements related to the CityArchRiver 2015 project. The MetroLink station updates will provide welcoming locations for visitors to the vicinity of the Arch. $ 4,165

Storm Water Drainage Project

Repair, rehabilitate, and enhance the sewage pipe lines and trench drains in and around the Gateway Arch underground facility. 2,345

Arch Transportation System (ATS) Motor Generator (MG) Set Replacement Design

This project includes all design and engineering related to the drawings and bid documents to be used for the replacement of the MG sets for the ATS. The resulting construction project is expected to be funded through revenue bonds. 721

Uses of Funds (continued):

Gateway Arch Visitor Facility Distributed Antenna System	
Design, procure, and install a centralized, modular Distributed Antenna System capable of providing commercial cellular services and Radio-Frequency based services throughout the Gateway Arch underground facility.	300
Copier for Gateway Arch Sales Office	
Copy/printer machine for Gateway Arch Sales Office	5
Total Uses of Funds	**$ 7,536**

Gateway Arch Parking Facility

Overview:

In 1983, Bi-State Development Agency (BSDA) issued the bonds to build and operate the Gateway Arch Parking Facility, extending its original Cooperative Agreement with the National Park Service that began with the funding of the Arch Tram Transportation System. These bonds were retired in FY 2013. Completed in 1986, the facility contains three levels of parking, the offices of BSDA garage personnel and the National Park Service law enforcement and safety division which patrols the Gateway Arch grounds.

The Gateway Arch Parking Facility was built for visitors to the Gateway Arch and surrounding areas. Additionally, the facility provides a monthly parking option for employees in Laclede's Landing and the Downtown St. Louis central business district. Through the St. Louis Convention and Visitors' Commission and the Laclede's Landing Merchants Association, the facility is an advertised parking location for events at the America's Center, the Edward Jones Dome and Busch Stadium. The parking facility entrance is located on the north end of the Arch campus on Washington Avenue and also has direct pedestrian access to the Gateway Arch grounds.

Strategic focus:

The goal of the Gateway Arch Parking Facility is to provide a high quality of guest services and amenities consistent with its role as the entrance to the Gateway Arch campus. Additionally, it seeks to offer a competitive alternative for parking to employees of businesses in the St. Louis downtown area.

Date of Operation:

Officially opened May 6, 1986

Parking Spaces:

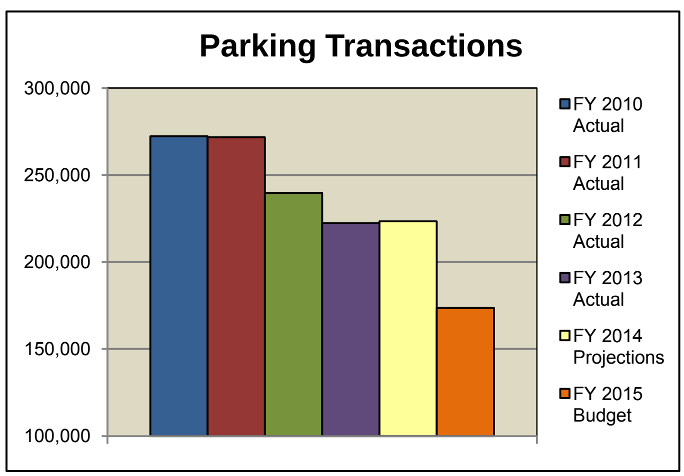
1,141

Daily vehicle transactions (FY 2013):

609

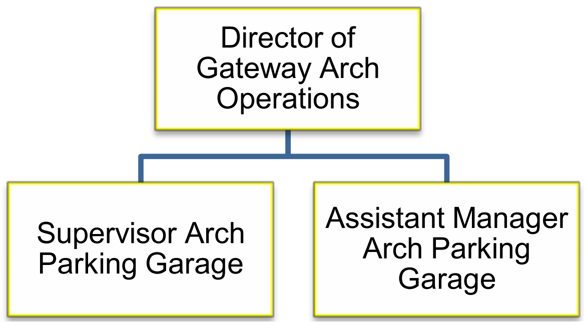
Yearly vehicle transactions (FY 2013):

222,239



Arch Parking Facility

Organization:



Total Personnel:

Full-Time - 5
Part-Time - Seasonal employee count varies throughout the year

Gateway Arch Parking Facility
Operating Budget Summary
Fiscal Year Ending June 30, 2015

	FY 2015 Budget	FY 2014 Projection	FY 2014 Budget	FY15 Bgt vs. FY14 Proj $ Change	FY15 Bgt vs. FY14 Proj % Change	FY 2013 Actual
Operating revenue:						
Daily parking & special events	$ 1,180,978	$ 1,366,653	$ 1,348,170	$ (185,675)	-13.8%	$ 1,383,736
Monthly parking	121,200	133,165	147,600	(11,965)	-8.1%	171,110
Other revenue	65,850	83,890	71,894	(18,041)	-25.1%	77,017
Total operating revenue	**1,368,027**	**1,583,708**	**1,567,664**	**(215,681)**	**-13.8%**	**1,631,863**
Operating expense:						
Compensation & Benefits	415,683	430,626	461,264	(14,943)	-3.2%	363,311
Other post-employment benefits (OPEB)	20,000	18,610	20,000	1,390	6.9%	20,294
Services	488,362	546,493	475,304	(58,131)	-12.2%	540,328
Materials & supplies	40,090	39,310	37,645	780	2.1%	26,931
Utilities	88,897	84,581	85,116	4,315	5.1%	89,223
Casualty & liability	41,129	35,070	36,789	6,059	16.5%	32,156
Other expenses	117,168	152,557	146,073	(35,389)	-24.2%	165,428
Total operating expense	**1,211,328**	**1,307,248**	**1,262,191**	**(95,920)**	**-7.6%**	**1,237,671**
Operating income (loss)	**156,699**	**276,460**	**305,473**	**(119,761)**	**-39.2%**	**394,192**
Non-operating revenue (expense):						
Investment income	2,291	1,931	2,291	360	15.7%	1,433
Contribution from (to) outside entities	(5,000)	-	-	(5,000)	-	(650,108)
Interest expense	-	-	-	-	-	(15,009)
Other non-operating revenue (expense)					-	(69,946)
Total non-operating revenue (expense)	**(2,709)**	**1,931**	**2,291**	**(4,640)**	**-202.6%**	**(733,631)**
Net income before depreciation	**153,990**	**278,391**	**307,764**	**(124,401)**	**-40.4%**	**(339,438)**
Depreciation & amortization	-	-	58,087	-	0.0%	35,147
Net Transfers	-	-	-	-	-	1,216,189
Net income (loss)	**$ 153,990**	**$ 278,391**	**$ 249,677**	**$ (124,401)**	**-49.8%**	**$ (1,590,775)**

Business Enterprises

Gateway Arch Parking Facility - FY 2015 Budget

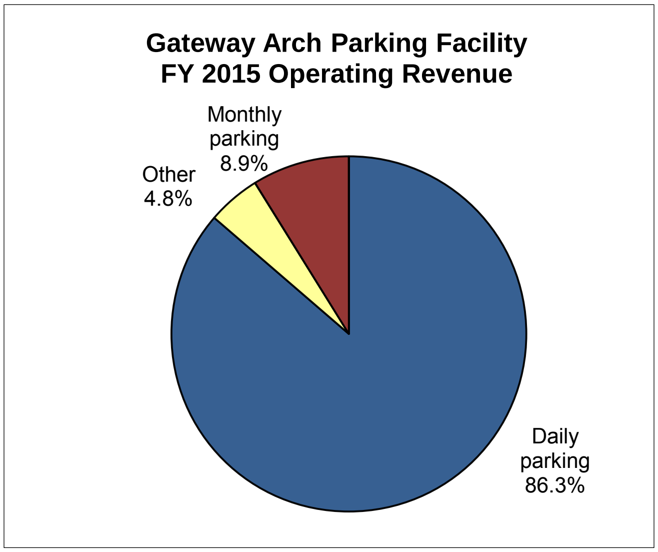
The Gateway Arch Parking Facility (Arch Garage) will continue to work with its partners to determine the long term role of parking at the Jefferson National Expansion Memorial as the CityArchRiver project is further refined and implemented.

FY 2015 brings some significant challenges to the budget process. Though the CityArchRiver project design includes the demolition of the Arch Garage, plans have not yet been finalized. The operation of the Arch Garage remains integral to the overall operation and use of the Arch grounds and Laclede's Landing until substitute parking and funding are identified. During particular phases of construction, this facility will serve as the only universally accessible entry for the Gateway Arch visitor. To this end, the Arch Garage is committed to operating and serving downtown employees and visitors.

Significant changes to traffic patterns and road closures will negatively impact parking revenues at the Arch Garage throughout FY 2015.

Revenue

Daily parking and special events revenue in FY 2015 is budgeted at 173,548 transactions. The early bird customer rate is $4.00. Customers arriving after 9:00 a.m. are charged a $6.00 flat rate for a maximum of nine hours. Seasonal fluctuations of budgeted daily parking revenues with greater volume in the summer coincide with the tourist season, sports events, conventions and concerts on the Gateway Arch grounds to the lows of winter inactivity.



Monthly parking rates are $60.00 per month. The monthly rates are very competitive in the downtown St. Louis market.

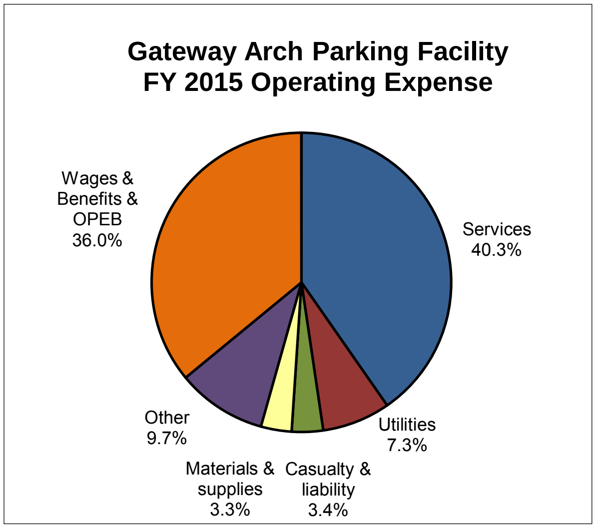
Other revenue includes revenue from the internet parking promotion which adds an internet service fee to the online purchase of Arch tram ticket purchases. This internet service fee can be redeemed for parking in the Arch Garage.

Expense

Wages & benefits including OPEB are budgeted to decrease 3.0% from the FY 2014 projection primarily due to the reduction in budgeted hours.

Services include the following (in thousands):

National Park Service security	$ 321
Contract maintenance	57
Custodial services	80
Money collection	15
Legal	10
Temporary help	4
Other	1
	$ 488



Materials and supplies include the following (in thousands):

Repair parts & small tools	$ 33
Facility parking tickets	4
Other	3
	$ 40

Utilities are budgeted in FY 2015 at 4.4% higher than the FY 2014 budget. The total budget for utilities is $88,897, of which $80,865 is for electricity.

Casualty and liability costs are budgeted in FY 2015 at 11.8% higher than the FY 2014 budget due to higher property insurance cost.

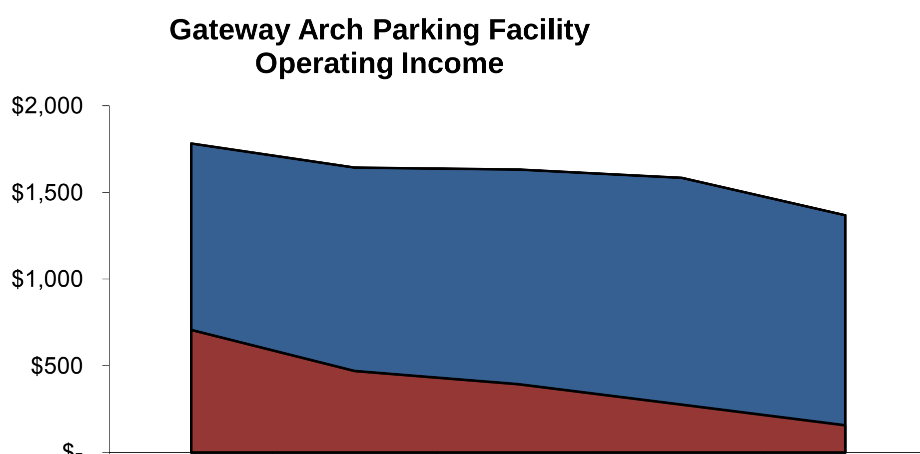
Other expenses are budgeted in FY 2015 at 19.8% less than the FY 2014 budget primarily due to lower management fees to Bi-State Development Agency. The management fees of $113,173, which are revenues to Bi-State Development Agency's Executive Services, are 7% of Parking Facility revenues and 10% of net income.

Non-operating revenue (expense)

Contributions from (to) outside entities are funds transferred from the Parking Facility Reserve Fund account to the Arch Jefferson National Expansion Memorial Improvement Fund. The $5,000 budgeted in FY 2015 is for the purchase of a copier to be used at the Garage facility.

Income (loss)

Net income (loss) before depreciation of $153,990 in FY 2015 will provide cash flow for funding future capital improvements. This is 50.0% lower than the FY 2014 budget as a result of lower revenue from less parking transactions.



(In thousands)	FY 2011 Act	FY 2012 Act	FY 2013 Act	FY 2014 Proj	FY 2015 Bud
Operating revenue	1,782	1,643	1,632	1,584	1,368
Operating income	707	470	394	276	157

Gateway Arch Parking Facility Goals and Objectives Action Plan

The following goals and objectives are consistent with the four primary organization level goals used to achieve Bi-State Development Agency'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**
Identify and complete revenue creation opportunities	• Improve pre-purchase opportunities to internal and external customers • Take advantage of validation system to track usage of pre-purchased and packaged parking events • Provide online payment option for monthly cardholders.	• Increase pre-sales and repeat visitation • Increase business-to-business sales
Objective: Identify and implement shared services programs with other entities where beneficial		
Work closely with local communities and organizations to ensure the success of all stakeholders	• Improve way-finding signage to the Jefferson National Expansion Memorial parking facilities • Improve signage throughout facility • Determine role of the parking facility as the CityArchRiver 2015 project is refined and implemented	• Partner with the St. Louis Convention & Visitors Commission to implement a new city-wide attraction signage program • Partner with the National Park Service to utilize its master signage plan to implement a uniform system of signage • Take steps to protect the best interest of the National Park and the Agency

Gateway Arch Parking Facility: Performance Indicators				
	FY 2015	**FY 2014**		**FY 2013**
	Target	**Projection**	**Target**	**Actual**
Operating income to exceed 33% of operating revenue ($ in thousands)	$157	$276	$305	$394
Vehicle transactions	173,548	223,282	193,170	222,239

Riverfront Attractions

Overview:

The Gateway Arch Riverboats is the oldest excursion boat company to continuously operate on the Mississippi River. In July 2001, Bi-State Development Agency 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 style-jazz music, and magnificent views of the St. Louis skyline. In addition, they offer popular Blues cruises, Brunch cruises, Lock & Dam cruises, Ocktoberfest cruises and Fireworks 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, bike rentals and a public use heliport barge offering helicopter tours. The bike rental concessions will not be in operation in FY 2015 due to the Arch riverfront construction but will return in FY 2016.

Strategic focus:

The goal of the Gateway Arch Riverboats is to complement the unique entertainment and educational opportunities at the Gateway Arch while generating additional revenue. This requires the combined efforts of Bi-State Development Agency and the National Park Service through creative and aggressive marketing strategies. The Riverboats and the National Park Service will continue their National Award winning Riverboat Educational Programs. In FY 2015, our goal is to retain passenger revenue during major riverfront construction.

Number of passengers yearly (FY 2013 Actual):

Sightseeing	89,368
Dinner cruise	8,126
Charter cruise	10,628

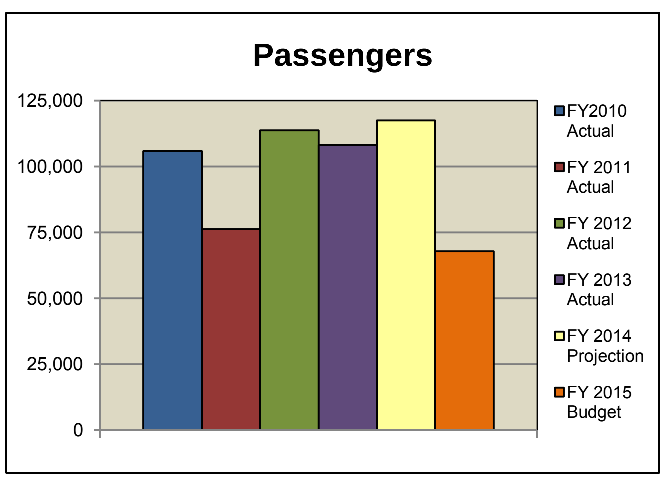
Tom Sawyer Riverboat:

Passenger capacity	350
Year built	1966

Becky Thatcher Riverboat:

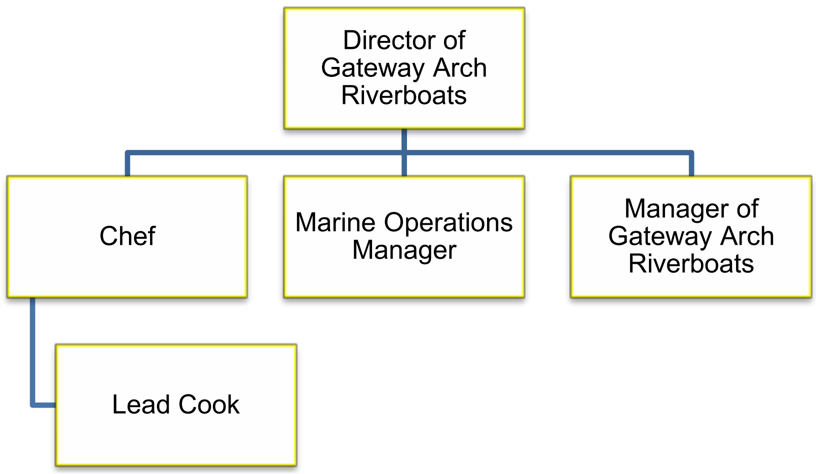
Passenger capacity	300
Year built	1963

Website: www.gatewayarchriverboats.com



Riverfront Attractions

Organization:



Total Personnel:

Full-Time -	12
Part-Time -	Seasonal employee count varies throughout the year

Riverfront Attractions
Operating Budget Summary
Fiscal Year Ending June 30, 2015

	FY 2015	FY 2014		FY15 Bgt vs. FY14 Proj		FY 2013
	Budget	Projection	Budget	$ Change	% Change	Actual
Operating revenue:						
Cruise	$ 830,329	$ 1,277,595	$ 1,275,500	$ (447,266)	-35.1%	$ 1,134,525
Food	438,750	656,693	668,416	(217,943)	-32.6%	587,864
Beverage	175,430	241,623	251,691	(66,193)	-26.3%	208,653
Retail	62,330	94,460	98,900	(32,130)	-32.5%	106,589
Other	104,261	186,751	169,190	(82,490)	-48.8%	167,018
Total operating revenue	**1,611,100**	**2,457,122**	**2,463,697**	**(846,022)**	**-34.3%**	**2,204,649**
Operating expense:						
Compensation & Benefits	1,060,602	1,181,906	1,175,529	(121,304)	-10.3%	1,166,834
Other post-employment benefits (OPEB)	55,000	51,528	55,000	3,472	6.3%	50,083
Services	213,033	255,429	273,530	(42,396)	-15.5%	198,954
Materials and supplies	470,311	518,005	561,878	(47,694)	-8.5%	430,976
Fuel & lubrications	70,000	88,607	89,040	(18,607)	-20.9%	81,699
Utilities	99,228	87,255	103,713	11,973	11.5%	79,499
Casualty & liability	173,715	142,260	166,854	31,455	18.9%	159,471
Other expenses	147,525	137,426	162,830	10,099	6.2%	138,715
Total operating expense	**2,289,414**	**2,462,415**	**2,588,374**	**(173,001)**	**-6.7%**	**2,306,231**
Operating income (loss)	**(678,314)**	**(5,294)**	**(124,677)**	**(673,020)**	**-539.8%**	**(101,582)**
Non-operating revenue (expense):						
Investment income	-	150	300	(150)	-50.0%	10
Total non-operating revenue (expense)	**-**	**150**	**300**	**(150)**	**-50.0%**	**10**
Net income(loss) before depreciation	**(678,314)**	**(5,144)**	**(124,377)**	**(673,170)**	**-541.2%**	**(101,572)**
Depreciation & amortization	238,689	240,862	237,174	(2,173)	-0.9%	253,050
Net income (loss)	**$ (917,003)**	**$ (246,006)**	**$ (361,551)**	**$ (670,997)**	**-185.6%**	**$ (354,622)**

Totals may not sum due to rounding

Business Enterprises

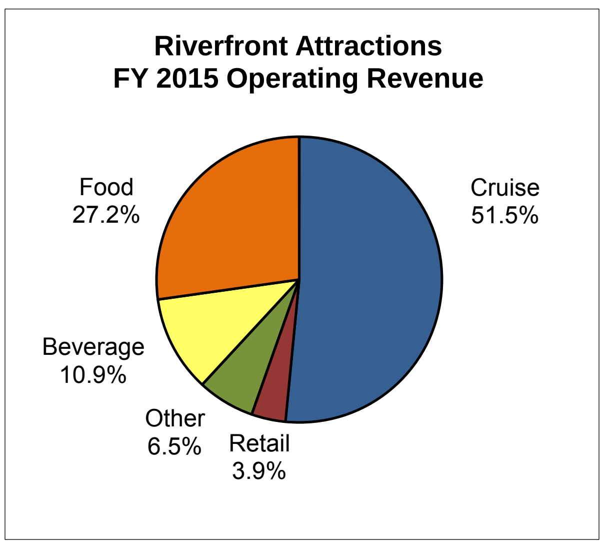
Riverfront Attractions – FY 2015 Budget

The Riverfront Attractions, which include the Gateway Arch Riverboats, Arch View Café, gift shop, bike rental concession, 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 2015, the Gateway Arch Riverboats will be continuing the pricing strategy of "combo pricing" by reducing cruise fares by $2 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. In addition, the popular All Access Passes packages several offerings in a single pass, including the one-hour sightseeing cruise and lunch at the Arch View Café. This same strategy has proven successful in attracting over 1,500 music school participants in our River City Days. With these partnerships and promotions, it is the goal of the Riverfront Attractions to increase awareness and revenues of Bi-State Development Agency's operations on the riverfront.

In FY 2015, the Gateway Arch Riverboats, with the combined efforts and aggressive marketing strategies of the Bi-State Development Agency and the National Park Service, will continue their efforts to maximize revenues and passenger counts during this major construction period at the Arch and along the riverfront. We will continue the award winning Riverboat Educational Program; however, next year's construction effects are expected to negatively impact business operations and generate a loss of $678,000.

Revenue

Cruise revenue is based on the FY 2015 budget of 67,900 passengers. Cruise revenue for FY 2015 is budgeted at $830,329, which is 34.9% lower than the FY 2014 budget. The FY 2015 Riverboats passenger counts and revenues are conservatively budgeted with 98 cruising days lost to high water of the Mississippi River. The City-Arch-River project riverfront construction has reduced the high water level mark by 8 feet resulting in more lost cruising days. An adult sightseeing ticket can be purchased for $14.00 and the child sightseeing fare is $8.00. A base dinner cruise ticket is $42.00 for adults.



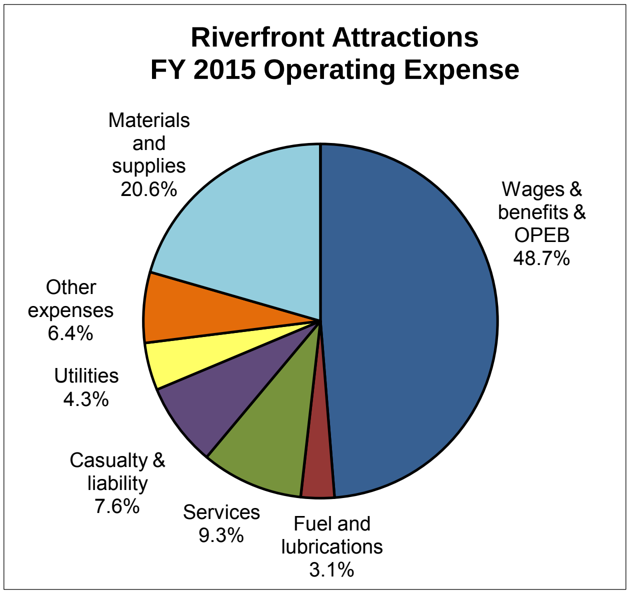
Food revenue includes food sold on dinner dance cruises and at the concession stands on the dock and boats. Food revenue is budgeted in FY 2015 to decrease by 34.4% from the FY 2014 budget and be 32.6% lower than the FY 2014 projection.

Beverage revenue for FY 2015 is generated from beverage sales on the various types of cruises and from the Arch View Café. Beverage revenue is budgeted at 30.3% lower than the FY 2014 budget and 26.3% lower than the FY 2014 projection.

Retail revenue is generated from gift shop sales. These revenues are budgeted 37.0% lower than the FY 2014 budget and 32.5% less than the FY 2014 projection.

Other miscellaneous revenue in FY 2015 includes revenues from helicopter tours and concessions and a contracted passenger cruise photography service.

Expense



Wages and benefits including OPEB are budgeted in FY 2015 at 9.6% lower than the FY 2014 projection as a result of less seasonal and part-time wages due to less cruising days.

Services in FY 2015 are budgeted to decrease 15.5% from the FY 2014 projection and 22.1% from the FY 2014 budget primarily due to less entertainment and maintenance services.

Materials and supplies are budgeted 8.5% lower than the FY 2014 projection and 16.3% less than the FY 2014 budget. The FY 2015 budget materials and supplies include the following (in thousands):

Cost of food	$ 250
Cost of beverages	71
Cost of retail shop items	47
Other marine operations supplies	39
Food and beverage service supplies	28
Office supplies, other	35
	$ 470

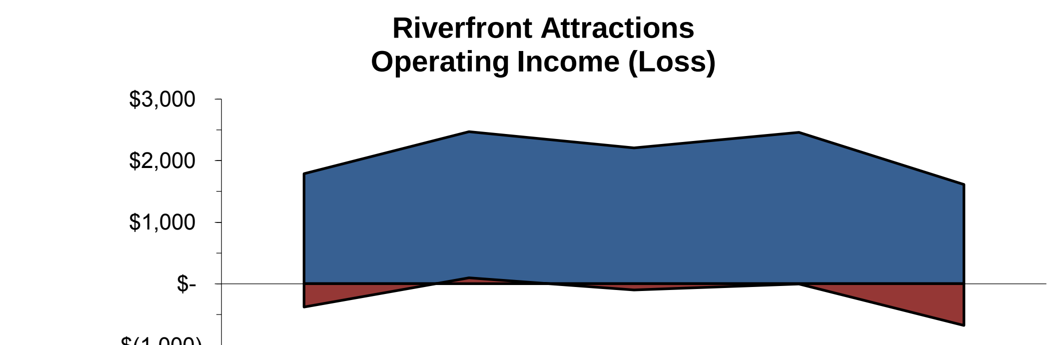
Fuel and lubrications expense is budgeted to decrease 20.9% in FY 2015 from the FY 2014 projection and 21.4% from the FY 2014 budget due less fuel usage in FY 2015.

Utilities are comprised of $56,568 for electricity, $10,200 for telephone, $10,000 for natural gas, $8,400 for waste removal, and $14,060 for water and sewer.

Casualty and liability costs are budgeted at 4.1% greater than the FY 2014 budget due to higher anticipated self-insured losses expense.

Other expense is 6.2% higher than the FY 2014 projection, but 9.4% less than the FY 2014 budget and includes $110,000 in advertising fees. Following the practice since FY 2008, a 5% management fee to the Bi-State Development Agency is being waived in the FY 2015 budget.

Net income (loss) before depreciation is budgeted at a loss of $687,314 due to lost revenue as a result of planned flood days but more significantly, from business disruption as a result of riverfront and Arch ground construction. If the river, weather, and economic conditions are more favorable, then any income generated in FY 2015 will assist in funding future Riverfront Attractions capital improvements.



(In thousands)	FY 2011 Actual	FY 2012 Actual	FY 2013 Actual	FY 2014 Proj	FY 2015 Budget
Operating revenue	1,786	2,468	2,205	2,457	1,611
Operating income (loss)	(379)	95	(102)	(5)	(678)

Riverfront Attractions Goals and Objectives Action Plan

The following goals and objectives are consistent with the four primary organization level goals used to achieve Bi-State Development Agency'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		
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

Gateway Arch Riverfront Attractions: Performance Indicators				
	FY 2015	**FY 2014**		**FY 2013**
	Target	**Projection**	**Target**	**Actual**
Passengers	67,900	117,466	106,300	108,122
Cruises	675	955	1,030	1,000
Days of operation	188	261	268	245

Business Enterprises

Riverfront Attractions
FY 2015 Capital Project Summary

(in thousands)

Sources of Funds:

Riverboat Renewal and Replacement Fund	$ 155
Total Sources of Funds	**$ 155**

Uses of Funds:

Tom Sawyer Riverboat Dry Docking	
The United States Coast Guard requires all passenger vessels to have a drydock hull inspection every five years at which time it is determined if any work is needed for the vessel to pass inspection. Location of the drydock facility will be determined by a bid process. Project cost is difficult to determine until actual drydocking and inspections.	$ 150
Copy Machine	
Scheduled replacement of copy machine at Riverboat office barge.	5
Total Uses of Funds	**$ 155**

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.

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.

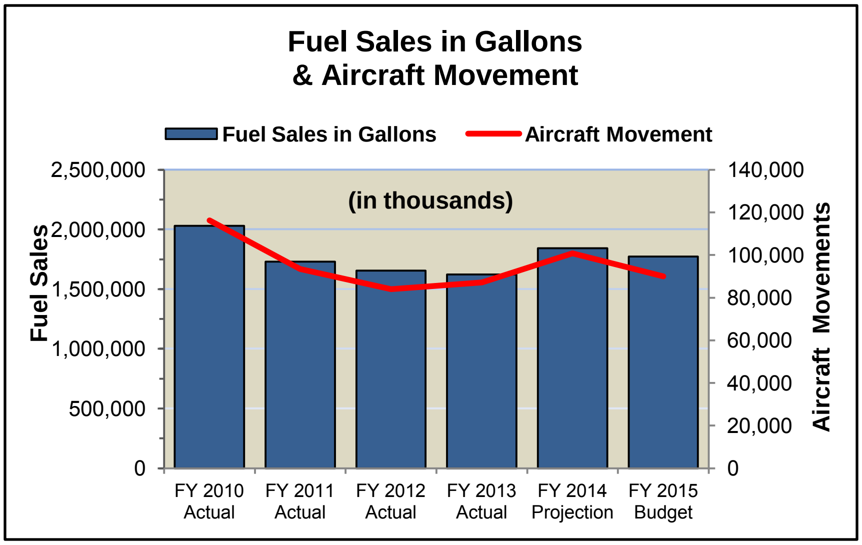
Our vision is to set the standard for reliever airports and continue to be the general aviation "airport of choice" for people traveling to and from downtown St. Louis and the Bi-State region. This vision is reflected in our motto, "A World Class Reliever Airport Serving Downtown St. Louis and the People of 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 2013):
1.6 million gallons of fuel sold
87,091 aircraft movements
322 based aircraft
Location of Flight Training Dept., 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
Illinois 2009 Reliever Airport of Year



Website:
www.stlouisdowntownairport.com

Downtown Airport

Organization:

Total Personnel:

Full-Time - 11
Part-Time - 3

St. Louis Downtown Airport
Operating Budget Summary
Fiscal Year Ending June 30, 2015

	FY 2015	FY 2014		15 Bgt vs. 14 Proj		FY 2013
	Budget	Projection	Budget	$ Change	% Change	Actual
Operating revenue:						
Aircraft parking	$ 133,214	$ 137,272	$ 133,214	$ (4,058)	-3.0%	$ 146,170
Leased acreage	435,287	435,376	435,287	(89)	0.0%	433,817
Hangar rentals	820,355	818,686	820,355	1,669	0.2%	875,852
Aviation fuel sale - flowage fee	177,365	176,511	177,335	854	0.5%	156,726
Concession fees	128,730	129,564	128,730	(834)	-0.6%	115,464
Other revenues	90,287	87,735	85,653	2,553	2.9%	92,788
Total operating revenue	**1,785,239**	**1,785,143**	**1,780,575**	**95**	**0.0%**	**1,820,818**
Operating expense:						
Compensation & Benefits	868,973	889,837	915,897	(20,864)	-2.3%	787,841
Other post-employment benefits (OPEB)	60,000	52,658	60,000	7,342	13.9%	47,231
Services	75,249	60,019	77,661	15,230	25.4%	20,875
Materials and supplies	91,950	94,471	91,418	(2,521)	-2.7%	127,218
Fuel & lubrications	27,250	27,904	27,265	(654)	-2.3%	23,034
Utilities	166,327	155,779	161,720	10,548	6.8%	151,784
Casualty & liability	65,026	55,934	56,699	9,092	16.3%	58,187
Other expenses	117,447	123,426	117,275	(5,979)	-4.8%	134,750
Total operating expense	**1,472,222**	**1,460,027**	**1,507,935**	**12,194**	**0.8%**	**1,350,919**
Operating income (loss)	**313,017**	**325,116**	**272,640**	**(12,099)**	**-3.7%**	**469,898**
Nonoperating revenue (expense):						
State and local assistance	-	1,000	-	(1,000)	-100.0%	500
Investment income	334	271	334	64	23.5%	333
Other income (expense)	-	40	-	(40)		408,354
Total nonoperating revenue (expense)	**334**	**1,311**	**334**	**(976)**	**-74.5%**	**409,187**
Net income before depreciation	**313,351**	**326,427**	**272,974**	**(13,076)**	**-4.0%**	**879,085**
Depreciation & amortization	1,604,286	1,692,541	1,722,790	(88,255)	-5.2%	1,666,041
Net income (loss)	**$ (1,290,935)**	**$ (1,366,114)**	**$ (1,449,816)**	**$ 75,180**	**5.5%**	**$ (786,956)**

Totals may not sum do to rounding

St. Louis Downtown Airport – FY 2015 Budget

As the aerial front door to downtown St. Louis and the primary general aviation reliever for Lambert International Airport, St. Louis Downtown Airport makes an annual economic impact to the region of approximately $584 million. In FY 2015, 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 99,812 in FY 2014 and 90,000 in FY 2015. Aircraft movements have been adversely impacted nationwide because of contraction in industry activity due to economic conditions.

Revenue

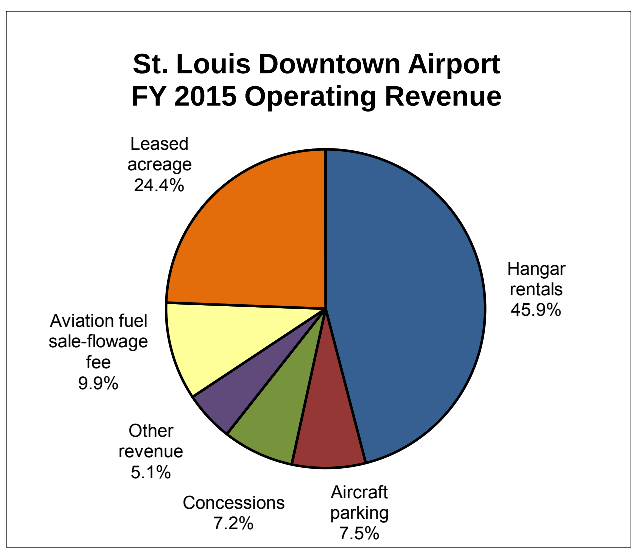
Aircraft parking revenue for FY 2015 is budgeted at the same levels as the FY 2014 budget and 3.0% below the FY 2014 projection.

Leased acreage revenue is airport land leased for private investment or farm income and is also budgeted in FY 2015 to be at essentially the same levels as the FY 2014 budget and slightly below the FY 2014 projection.

Hangar rentals in FY 2015 are budgeted the same amount as the FY 2014 budget and slightly above the FY 2014 projection.

Aviation fuel sale-flowage fee revenues are budgeted to increase by 0.5% from the FY 2014 projection and the same levels as the FY 2014 budget.

Concession fees include crop income, rentals for the concourse from Jet Aviation and the restaurant, and rental space in the administrative building. The FY 2015 budget is slightly lower than the FY 2014 projection and the same level as the FY 2014 budget.



Other revenues include reimbursements from tenants for contract security, utilities and trash removal services. The FY 2015 budget is 5.4% greater than the FY 2014 budget and 2.9% greater than the FY 2014 projection as a result of increased revenue from After Hours ARFF Services billing.

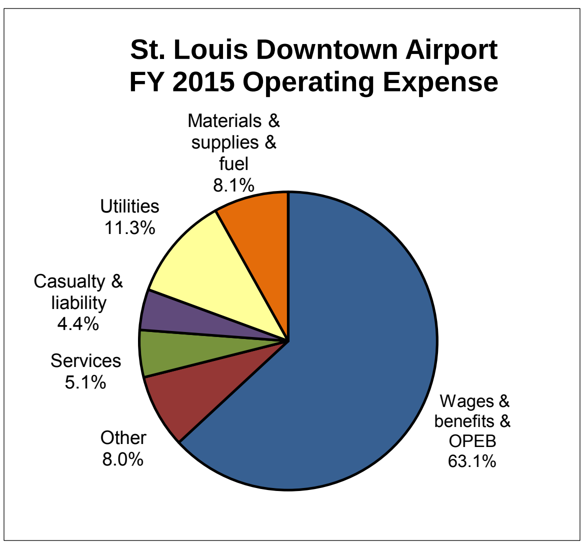
Expense

Wages and benefits including OPEB are budgeted at 1.4% lower than the FY 2014 projection and 4.8% lower than the FY 2014 budget due to one less position and stable employee benefit costs.

Services include the following (in thousands):

Legal and consultants fees	$ 33
Contract maintenance	42
	$ 75

Services are budgeted 3.1% lower than the FY 2014 budget. The key items in the FY 2015 budget are consultant fees for general services, firehouse elevator maintenance, emergency phone system, and sewer station maintenance. The decrease is due to less consulting fees planned in FY 2015.



Materials, supplies and fuel are budgeted in FY 2015 to be lower than the FY 2014 projection by 2.7% and 0.6% greater than the FY 2014 budget.

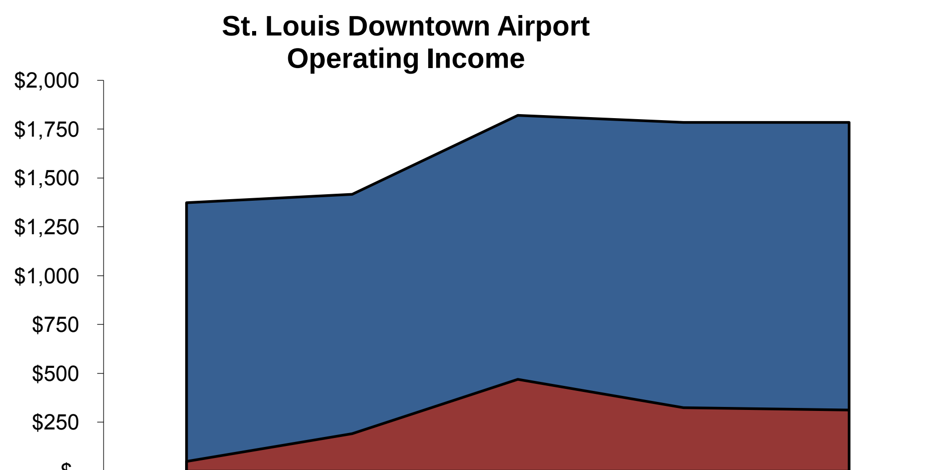
Utilities include electricity, gas, telephone, waste removal and water and are budgeted in FY 2015 to be 6.8% higher than the FY 2014 projection and 2.8% higher than the FY 2014 budget on the high probability of rate increases.

Casualty and liability costs are budgeted at 16.3% above the FY 2014 projection due to the increase in casualty costs.

Other expense includes the following (in thousands):

Management fees to the Agency	$ 89
Travel, training, and meetings	18
Other	10
	$ 117

The FY 2015 budget is 4.8% lower than the FY 2014 projection. The FY 2015 budget reflects lower travel, training and dues and subscription expenses.



(in thousands)	FY 2011 Actual	FY 2012 Actual	FY 2013 Actual	FY 2014 Proj.	FY 2015 Budget
Operating revenue	1,374	1,417	1,821	1,785	1,785
Operating Income	50	192	470	325	313

Income

Net income before depreciation will provide cash flow to assist in funding capital improvements. The net income before depreciation of $313,351 budgeted in FY 2015 is 14.8% greater than the FY 2014 budget.

St. Louis Downtown Airport Goals and Objectives Action Plan

The following goals and objectives are consistent with the four primary organization level goals used to achieve Bi-State Development Agency'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

St. Louis Downtown Airport: Performance Indicators				
	FY 2015	**FY 2014**		**FY 2013**
	Target	**Projection**	**Target**	**Actual**
Operating income ($ in thousands)	$313	$325	$273	$470
Fuel sales in gallons (thousands)	1,774	1,812	1,750	1,623
Aircraft movement	90,000	99,812	90,000	87,091
Based aircraft	320	323	320	322

St. Louis Downtown Airport
FY 2015 Capital Project Summary

(in thousands)

Sources of Funds:

Federal Grants	$ 7,236
Airport Fund	631
Illinois State and Local Grants	1,445
Total Sources of Funds	**$ 9,312**

Uses of Funds:

Construction:		
Terminal Roof Replacement	$ 25	
Reconstruct Taxiway B, Phase 1	3,750	
Improve 4-way Intersection	900	4,675
Equipment and Facilities Replacements:		
Rapid Intervention Vehicle	500	
New Pick-Up Truck with Snow Blade	30	
New Bush Hog Mower	25	
Copier for Airport Fire Station	5	560
Land and Land Improvements:		
Land Acquisition	3,590	
Rehabilitate and Resurface Parking Lot	312	
Taxiway B Northside Environmental Assessment	125	
Wildlife Hazard Assessment	50	4,077
Total Uses of Funds		**$ 9,312**

Executive Services

Descriptions of organization:

Executive Services is a service company that supports the other Bi-State Development Agency companies including Transit System, Gateway Arch, Gateway Arch Parking Facility, Riverfront Attractions, and St. Louis Downtown Airport, and is supported by management fee revenue collected from each of the other companies. Functional areas of Executive Services include:

Executive Office is responsible for the management of the Agency 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 Agency programs and operations, identifying problem areas and developing recommendations for improved control mechanisms or organizational performance.

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

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

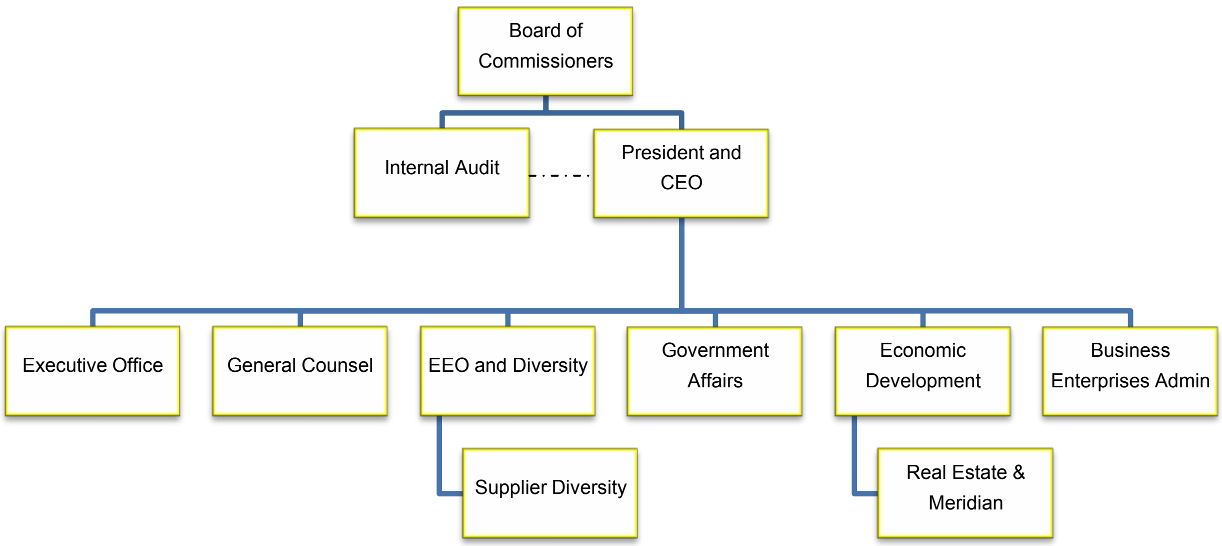
Workforce Diversity and EEO is responsible for monitoring and promoting positive and fair employment practices to ensure a diverse workforce in a discrimination/harassment free environment.

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

Business Enterprises Administration provides management overview for the Business Enterprises companies (Gateway Arch, Gateway Arch Parking Facility, Riverfront Attractions, and St. Louis Downtown Airport) and explores business opportunities.

Executive Services

Organization:



Executive Services
Operating Budget Summary
Fiscal Year Ending June 30, 2015

	FY 2015	FY 2014		FY15 Bgt vs. 14 Proj		FY 2013
	Budget	Projection	Budget	$ Change	% Change	Actual
Operating revenue:						
Management fees:						
Transit System	$ 2,800,000	$ 2,550,000	$ 2,550,000	$ 250,000	9.8%	$ 2,600,000
Gateway Arch	521,029	581,866	567,652	(60,837)	-10.5%	635,334
Gateway Arch Parking	113,173	150,989	143,678	(37,816)	-25.0%	164,398
National Park Service	387,829	420,567	433,619	(32,738)	-7.8%	449,204
Airport	89,279	90,765	89,045	(1,486)	-1.6%	91,058
Total operating revenue	**3,911,310**	**3,794,187**	**3,783,994**	**117,123**	**3.1%**	**3,939,993**
Operating expense:						
Compensation & Benefits	2,424,513	1,979,533	2,119,934	444,980	22.5%	1,789,034
Other post-employment benefits (OPEB)	162,000	140,118	162,000	21,882	15.6%	125,815
Services	904,210	859,714	976,220	44,496	5.2%	596,484
Parts & supplies	24,922	19,280	24,691	5,643	29.3%	19,919
Utilities	7,200	6,254	6,000	946	15.1%	6,328
Other expense	345,028	303,362	339,762	41,666	13.7%	184,473
Total operating expenses	**3,867,873**	**3,308,260**	**3,628,607**	**559,612**	**16.9%**	**2,722,053**
Operating income (loss)	**43,437**	**485,927**	**155,387**	**(442,490)**	**-91.1%**	**1,217,941**
Nonoperating revenue (expense)						
Investment income	2,649	2,194	2,649	455	20.7%	2,558
Total nonoperating revenue (exp)	**2,649**	**2,194**	**2,649**	**455**	**20.7%**	**2,558**
Net income (loss) before depreciation & amortization	**46,086**	**488,121**	**158,036**	**(442,035)**	**-90.6%**	**1,220,499**
Depreciation & amortization	2,433	2,433	2,433	-	0.0%	2,433
Net surplus (deficit)	**$ 43,654**	**$ 485,689**	**$ 155,603**	**$ (442,035)**	**-91.0%**	**$ 1,218,067**

Executive Services – FY 2015 Budget

Executive Services is a service company that represents Bi-State Development Agency's headquarters and provides support for the five Bi-State Development Agency operative companies (Transit System, Gateway Arch, Gateway Arch Parking Facility, Riverfront Attractions, and St. Louis Downtown Airport).

Revenue

Transit System management fee is a $2.8 million assessment representing services provided by Executive Services to the Metro Transit System.

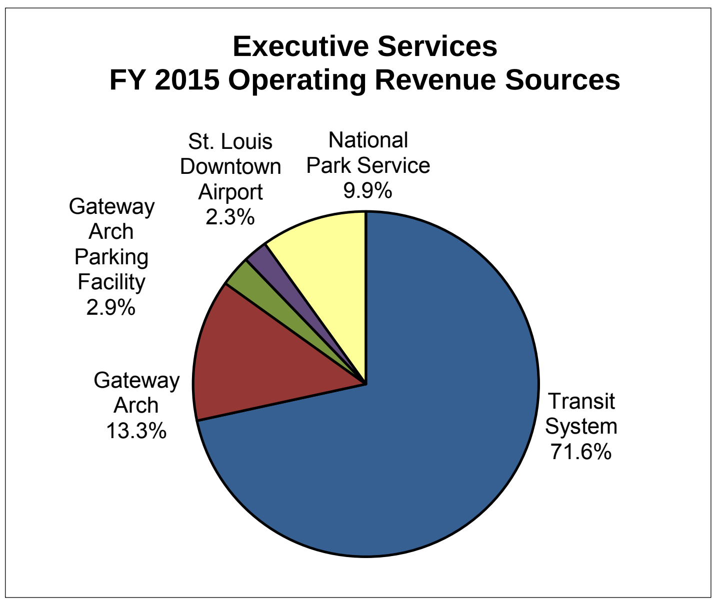
Gateway Arch management fee is calculated based on a formula negotiated with the National Park Service including seven percent of total Arch revenues and ten percent of revenue net of expenses.

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

Riverfront Attractions management fee was initiated in FY 2004. Because of extensive hull repairs in FY 2009 and 2010, the fee was waived and will continue to be waived for FY 2015.

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

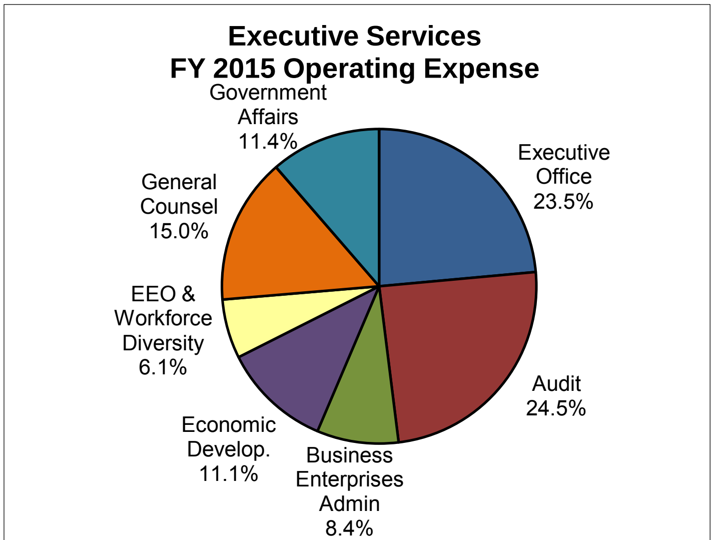
National Park Service management fee is calculated at twenty percent of Arch entrance fees and movie admissions.



Expense

Compensation and benefits for the FY 2015 budget increased from the FY 2014 budget due to the addition of an Workforce Diversity/EEO Specialist, an increase in part-time hours in Internal Audit and salary adjustments.

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

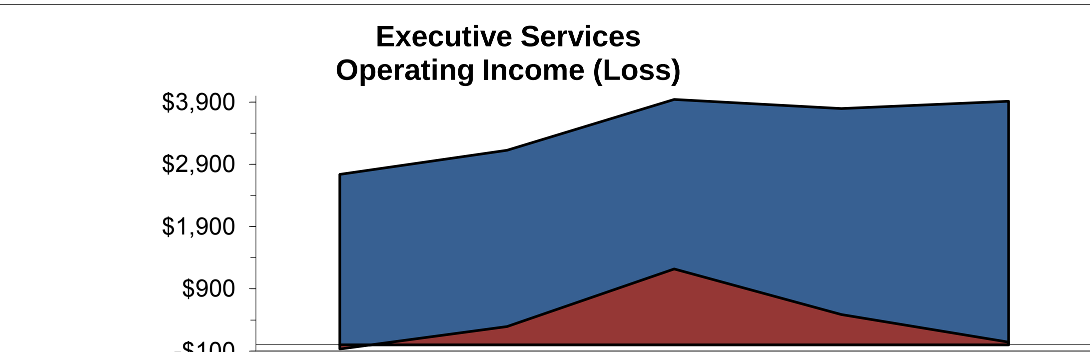


Services primarily consist of fees for outside consultants, auditors, lawyers, lobbyists and temporary help. Consulting has decreased for internal audit contracts and general services for transit economic development opportunities. Legal costs have increased in the Executive Office and Economic Development groups.

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

Utilities consist of mobile devise usage.

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



(In thousands)	Actual 2011	Actual 2012	Actual 2013	Projected 2014	Budget 2015
Operating revenue	2,737	3,124	3,940	3,794	3,911
Operating income (loss)	(68)	293	1,218	486	43

Executive Services

Executive Services Goals and Objectives Action Plan

The following goals and objectives are consistent with the four primary organization level goals used to achieve Bi-State Development Agency'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: To be an effective and efficient publically-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 Agency programs and credibility of management		
Strategy	**Action Steps**	**Performance Measurements**
Economic Development		
Continual improvement of BSDA's economic development services. BSDA CEO confirm program goals and continually update and refine BSDA's economic development direction	• BSDA Board and CEO providing oversight for economic development efforts • Economic development staff interacting with BSDA engineering, planning, transit, grants, business enterprise, legislative, finance, marketing and communication on BSDA projects • Economic development staff interacting with local and national economic development groups for information and best practices • Work with BSDA leadership regarding the potential establishment of a 501c 3 for economic development purposes	• Thoughtful, short and long-term economic development projects/programs for the regional community (on-going) • Increased perception in the region as BSDA being a key part of the community fabric (on-going) • Improved community and private partnerships for BSDA and projects (on-going) • Bi-State Property Holding, Strategic Analysis (on-going)
Support regional development via BSDA's transit system and compact powers. Lead economic development component of TOD and BRT	• Interface with BSDA planning staff regarding TOD • Interface with community partners on TOD planning/ finance/ development • Interface with property owners and BSDA staff on BRT • Focus regional efforts to secure large scale public infrastructure	• Ongoing TOD, improving quality of BSDA station experience • Work on all 37 stations for potential TOD improvements • Initiate economic development related to BRT • On-going work for high speed rail and bridge improvements for the region

Strategy	Action Steps	Performance Measurements
Continual improvement of BSDA's real estate services by supporting BSDA's real estate requirements in a professional and fiduciary manner	• Interface with BSDA engineering, transit, planning, operations, finance, grants, business enterprises, economic development, legal and communications on projects • Interface with the community and community partners on BSDA projects and initiatives • Interface with FTA on property conveyance and systems licensing issues	• Ongoing offers, negotiations on properties and assets that support BSDA's efforts • Maintaining individual real estate certifications
General Counsel		
Ensure Agency compliance with all applicable legal and regulatory compliance requirements	• Maintain agency-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 requirements audits (October 2014 and April 2015) • Include results in annual State of the Agency report present to Board of Commissioners by March 2015
Maintain an agency-wide employee compliance and ethics training program	• Conduct training for all new employees • Conduct training for all existing transit operators during annual refresher training • Conduct annual employee Code of Conduct review and attestation	• Complete training for all bus operators by June 2015 • Complete Code of Conduct attestation by February 2015
Maintain an agency-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 2015

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 Quality Assurance Review (QAR) of the Internal Audit Department	• Implement the Institute of Internal Auditors QAR process	• Complete the QAR in 2^{nd} quarter of fiscal year 2015
Integrate more technology in the performance of internal audits	• Obtain training on the use of ACL data mining software	• Audit reports will incorporate audit findings based upon a higher number of transaction tests
Objective: Implement revenue enhancement strategies		
Strategy	**Action Steps**	**Performance Measurements**
Executive Office		
Address federal, state, and local policies to include better transit funding, planning, & infrastructure	• Identify the uses of the current transit sales tax revenue collections • Prepare detailed financial reports showing the uses of the transit sales tax revenue for road construction, road maintenance, TIF's, debt service and public transit operations	• Publish a quarterly report of transit sales tax collections and expenditures

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 2015	FY 2014		FY 2013
	Target	Projection	Target	Target
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	Yes	Yes	Yes	Yes
Respond to all EEO/AAP complaints within the prescribed timeframe	100%	100%	100%	100%
Ensure Agency-wide legal and regulatory compliance	100%	100%	100%	100%
Close 90% of new Compliance and Fraud incident reports within 30 days	Yes	Yes	Yes	Yes

	FY 2015	FY 2014		FY 2013
	Target	**Projection**	**Target**	**Target**
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	32	10	21	19
Audits completed	32	10	20	13
Audit recommendations accepted by Management	10	10	20	17
Audit recommendations implemented	10	10	24	17
Economic Development:				
Transit Oriented Development (TOD) project efforts at 37 stations	100%	100%	100%	NA
Bus Rapid Transit pre-development support	Yes	Yes	Yes	NA
Grow regional project/funding partnership	Yes	Yes	Yes	Yes
Regional Urban Land Institute Technical Assistance Panel	1	2	1	1
Create opportunities for use of Bi-State compact	Yes	Yes	Yes	Yes
Create 501c (3) for program leveraging	Yes	No	No	No
Real Estate (also found under Transit company)**:**				
BSDA Transit strategic property analysis	Yes	Yes	Yes	Yes
Engineering department support	Yes	Yes	Yes	Yes
BSDA leases accounts receivable current	95%	90%	85%	85%
BSDA leases accounts payable	100%	100%	100%	100%
Operations department support	Yes	Yes	Yes	Yes
Transit department support	Yes	Yes	Yes	Yes

Executive Services - Operating Expenses

	FY 2015	FY 2014		15 Bgt vs. 14 Proj		FY 2013
	Budget	Projection	Budget	$ Change	% Change	Actual
By type of expense:						
Wages & benefits without OPEB	**$ 2,424,513**	$ 1,979,533	$ 2,119,934	$ 444,980	22.5%	$ 1,789,034
Other post-employment benefits	**162,000**	140,118	162,000	21,882	15.6%	125,815
Services	**904,210**	859,714	976,220	44,496	5.2%	596,484
Fuel & lubrications	**1,584**	1,148	1,553	436	38.0%	1,004
Parts & supplies	**23,338**	18,131	23,138	5,207	28.7%	18,916
Utilities	**7,200**	6,254	6,000	946	15.1%	6,328
Leases and other expense	**345,028**	303,362	339,762	41,666	13.7%	184,473
Operating expense	**$ 3,867,873**	**$ 3,308,260**	**$ 3,628,607**	**$ 559,612**	**16.9%**	**$ 2,722,053**

	FY 2015 Budget	FY 2014 Projection	FY 2014 Budget	$ Change	% Change	FY 2013 Actual
By function:						
Executive Office	**$ 910,820**	$ 757,446	$ 852,101	$ 153,374	20.2%	$ 571,432
Internal Audit	**946,394**	809,590	799,642	136,804	16.9%	655,033
Government Affairs	**439,529**	332,690	467,550	106,839	32.1%	212,391
General Counsel	**579,945**	530,967	559,684	48,979	9.2%	488,398
Economic Development	**431,412**	405,819	473,257	25,593	6.3%	252,857
Business Enterprises Administration	**324,637**	335,670	334,197	(11,033)	-3.3%	406,927
Workforce Diversity and EEO	**235,136**	136,080	142,177	99,057	72.8%	135,014
Operating expense	**$ 3,867,873**	**$ 3,308,260**	**$ 3,628,607**	**$ 559,612**	**16.9%**	**$ 2,722,053**

Totals may not sum due to rounding.

Executive Services - Operating Expense

		FY 2015 Budget	FY 2014 Projection	FY 2014 Budget	FY 2013 Actual	Change 15 Budget vs. 14 Proj
Executive Office	Wages & benefits without OPEB	**448,977**	417,885	450,695	364,507	7.4%
	Other post-employment benefits	**35,862**	31,963	35,862	29,926	12.2%
	Services	**201,500**	95,742	153,750	15,905	110.5%
	Fuel & lubrications	**156**	77	153	-	104.0%
	Parts & supplies	**4,700**	3,864	4,700	11,256	21.6%
	Utilities	**1,200**	607	600	545	97.8%
	Leases and other expense	**218,425**	207,310	206,340	149,293	5.4%
	Operating expense	**910,820**	**757,446**	**852,101**	**571,432**	**20.2%**
Internal Audit	Wages & benefits without OPEB	**630,612**	347,127	366,936	301,236	81.7%
	Other post-employment benefits	**26,891**	22,814	26,891	19,100	17.9%
	Services	**248,308**	408,774	366,250	325,701	(39.3)%
	Parts & supplies	**9,066**	5,406	8,288	959	67.7%
	Leases and other expense	**31,518**	25,468	31,277	8,037	23.8%
	Operating expense	**946,394**	**809,590**	**799,642**	**655,033**	**16.9%**
Government Affairs	Wages & benefits without OPEB	**130,290**	78,097	157,085	4,177	66.8%
	Other post-employment benefits	**11,825**	5,845	11,825	356	102.3%
	Services	**275,267**	229,530	275,205	199,762	19.9%
	Parts & supplies	**1,160**	575	1,150	197	101.7%
	Utilities	**600**	300	600	396	100.0%
	Leases and other expense	**20,387**	18,343	21,685	7,503	11.1%
	Operating expense	**439,529**	**332,690**	**467,550**	**212,391**	**32.1%**
General Counsel	Wages & benefits without OPEB	**448,775**	438,302	431,029	433,312	2.4%
	Other post-employment benefits	**33,360**	31,100	33,360	31,327	7.3%
	Services	**59,530**	30,170	56,015	10,668	97.3%
	Parts & supplies	**1,000**	1,213	1,000	402	(17.5)%
	Utilities	**1,800**	1,777	1,800	1,731	1.3%
	Leases and other expense	**35,480**	28,405	36,480	10,958	24.9%
	Operating expense	**579,945**	**530,967**	**559,684**	**488,398**	**9.2%**
Economic Development	Wages & benefits without OPEB	**277,758**	279,870	307,503	204,941	(0.8)%
	Other post-employment benefits	**23,054**	21,344	23,054	15,916	8.0%
	Services	**115,000**	89,191	120,500	24,106	28.9%
	Parts & supplies	**3,300**	4,885	4,000	1,682	(32.4)%
	Utilities	**1,800**	1,721	1,200	943	4.6%
	Leases and other expense	**10,500**	8,807	17,000	5,271	19.2%
	Operating expense	**431,412**	**405,819**	**473,257**	**252,857**	6.3%
Business Enterprises Administration	Wages & benefits without OPEB	**287,537**	306,422	297,813	378,301	(6.2)%
	Other post-employment benefits	**22,754**	19,233	22,754	20,773	18.3%
	Services	**-**	563	-	478	(100.0)%
	Fuel & lubrications	**1,428**	1,072	1,400	1,004	33.3%
	Parts & supplies	**800**	558	800	1,283	43.4%
	Utilities	**1,800**	1,549	1,200	1,890	16.2%
	Leases and other expense	**10,318**	6,273	10,230	3,197	64.5%
	Operating expense	**324,637**	**335,670**	**334,197**	**406,927**	**(3.3)%**
Workforce Diversity and EEO	Wages & benefits without OPEB	200,565	111,829	108,873	102,560	79.3%
	Other post-employment benefits	8,254	7,819	8,254	8,417	5.6%
	Services	4,605	5,743	4,500	19,863	(19.8)%
	Parts & supplies	3,312	1,631	3,200	3,137	103.1%
	Utilities	-	300	600	822	(100.0)%
	Leases and other expense	18,400	8,757	16,750	215	110.1%
	Operating expense	**235,136**	**136,080**	**142,177**	**135,014**	**72.8%**

Totals may not sum due to rounding.

Bi-State Development Agency
Combined Operating Budget Summary
Fiscal Year Ending June 30, 2015
(Dollars in thousands)

	FY 2015 Budget					
	Transit System	Business Enterprises	Executive Services	FY 2015 Total	FY 2014 Budget	Percent change
Operating revenue:						
Transit passenger revenue	$ 53,485	-	-	$ 53,485	$ 51,169	4.5%
TMA revenue	1,432	-	-	1,432	1,417	1.0%
Paratransit contracts	3,980			3,980	4,034	3.4%
Other Transit	4,846	-	-	4,846	4,792	1.1%
Business Enterprises operations revenue	-	10,272	-	10,272	11,481	-10.5%
Agency management fees	-	-	3,911	3,911	3,784	3.4%
	63,743	**10,272**	**3,911**	**77,926**	**76,677**	**1.6%**
Operating expense:						
Compensation & Benefits	172,221	4,063	2,425	178,708	171,878	4.0%
Other post-employment benefits (OPEB)	9,610	200	162	9,972	10,000	-0.3%
Services	31,451	1,710	904	34,065	31,180	9.3%
Fuel & lubrications	19,744	97	2	19,843	20,372	-2.6%
Parts & supplies	21,851	848	23	22,723	23,532	-3.4%
Casualty & liability	4,883	333	-	5,216	4,711	10.7%
Utilities	8,419	471	7	8,898	8,489	4.8%
Lease and other expenses	3,007	815	345	4,167	3,973	4.9%
Agency fees	2,800	723	-	3,523	3,350	5.2%
	273,986	**9,261**	**3,868**	**287,115**	**277,485**	**3.5%**
Operating income (loss)	**(210,243)**	**1,011**	**43**	**(209,189)**	**(200,808)**	**-4.2%**
Non-operating revenue (expense):						
Grants & assistance	223,267	-	-	223,267	216,016	3.4%
Investment income	304	17	3	324	342	-5.3%
Capital lease revenue	5,620	-	-	5,620	5,402	4.0%
Capital lease expense	(5,620)	-	-	(5,620)	(5,402)	4.0%
Interest on debt	(21,387)	-	-	(21,387)	(19,520)	9.6%
Sheltered workshop	(1,134)	-	-	(1,134)	(1,120)	1.3%
Contributions from (to) other entities	43	(635)	-	(592)	(2,787)	-78.8%
	201,093	**(618)**	**3**	**200,477**	**192,931**	**3.9%**
Net income (deficit) before depreciation	**(9,150)**	**393**	**46**	**(8,711)**	**(7,877)**	**10.6%**
Depreciation & amortization	(70,895)	(2,167)	(2)	(73,065)	(72,177)	1.2%
Net surplus (deficit)	**$ (80,045)**	**$ (1,774)**	**$ 44**	**$ (81,776)**	**$ (80,054)**	**2.2%**

Totals may not sum due to rounding

Performance Indicators: Transit System

		FY 2015	FY 2014		FY 2013
		Budget	Projection	Budget	Actual
Passenger boardings:	**System**	**48,205,970**	**47,498,810**	**47,247,100**	**47,054,481**
	MetroBus	30,123,895	29,744,334	29,690,565	29,408,800
	MetroLink	17,489,485	17,162,713	16,936,853	17,054,484
	Call-A-Ride	592,590	591,763	619,682	591,197
Revenue miles:	**System**	**27,855,908**	**27,285,684**	**27,764,746**	**26,843,565**
	MetroBus	19,090,410	18,726,054	19,010,748	18,478,303
	MetroLink	3,185,054	3,152,823	3,187,108	3,118,537
	Call-A-Ride	5,580,444	5,406,807	5,566,890	5,246,725
Revenue hours:	**System**	**1,854,329**	**1,814,525**	**1,838,686**	**1,797,806**
	MetroBus	1,396,337	1,368,324	1,389,288	1,354,799
	MetroLink	134,702	133,425	134,702	132,150
	Call-A-Ride	323,290	312,776	314,696	310,857
Passenger revenue (excluding TMA and contractual)	**System**	**$ 53,484,992**	**$ 51,376,500**	**$ 51,168,639**	**$ 50,725,442**
	MetroBus	33,239,155	32,017,094	31,917,358	31,452,624
	MetroLink	19,238,434	18,264,164	18,207,117	18,171,820
	Call-A-Ride	1,007,403	1,095,242	1,044,164	1,100,998
TMA (regional van services) & contractual Medicaid services		**$ 5,412,145**	**$ 5,069,163**	**$ 5,451,545**	**$ 4,829,032**
Operating expense by mode:	**System**	**$ 273,986,102**	**$ 258,596,207**	**$ 264,366,862**	**$ 241,034,880**
	MetroBus	172,428,918	160,968,774	166,855,782	151,590,522
	MetroLink	75,203,573	72,732,660	71,857,011	66,914,929
	Call-A-Ride	26,353,611	24,894,773	25,654,069	22,529,429
Passenger boardings per revenue mile:	**System**	**1.7**	**1.7**	**1.7**	**1.8**
	MetroBus	1.6	1.6	1.6	1.6
	MetroLink	5.5	5.4	5.3	5.5
	Call-A-Ride	0.1	0.1	0.1	0.1
Operating expense:					
Per revenue mile:	**System**	**$ 9.84**	**$ 9.48**	**$ 9.52**	**$ 8.98**
	MetroBus	9.03	8.60	8.78	8.20
	MetroLink	23.61	23.07	22.55	21.46
	Call-A-Ride	4.72	4.60	4.61	4.29
Per revenue hour:	**System**	**$ 147.75**	**$ 142.51**	**$ 143.78**	**$ 134.07**
	MetroBus	123.49	117.64	120.10	111.89
	MetroLink	558.30	545.12	533.45	506.36
	Call-A-Ride	81.52	79.59	81.52	72.48
Per passenger boarding	**System**	**$ 5.68**	**$ 5.44**	**$ 5.60**	**$ 5.12**
	MetroBus	5.72	5.41	5.62	5.15
	MetroLink	4.30	4.24	4.24	3.92
	Call-A-Ride	44.47	42.07	41.40	38.11
Farebox recovery:	**System**	**19.5%**	**19.9%**	**19.4%**	**21.0%**
	MetroBus	19.3%	19.9%	19.1%	20.7%
	MetroLink	25.6%	25.1%	25.3%	27.2%
	Call-A-Ride	3.8%	4.4%	4.1%	4.9%
Subsidy per passenger boarding:	**System**	**$ 4.35**	**$ 4.15**	**$ 4.29**	**$ 3.84**
	MetroBus	4.51	4.23	4.43	3.98
	MetroLink	3.09	3.07	3.06	2.76
	Call-A-Ride	33.53	31.55	30.80	27.98

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).

ACL (data mining) - A software used to automate audit testing procedures. The technical audit term for using this type of audit software is called data mining, because the software is programmed by the individual auditor to find certain patterns and/or discrepancies in the data being tested.

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 Agency in response to ADA legislation.

ADA paratransit service - Call-A-Ride van service provided to ADA-eligible passengers.

Administration - Bi-State Development Agency's human resources, communications, purchasing, material management, information technology, finance and ADA services cost centers.

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. Bi-State Development Agency disbursements may not exceed appropriations. Generally, Bi-State Development Agency 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 Agency 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 Agency to prepare and adopt an annual operating budget. A balanced operating budget shall be defined as revenues to equal expenditures except for depreciation and OPEB expenses. (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.

Business Enterprises - Bi-State Development Agency operating companies other than Transit System; includes Gateway Arch, Gateway Arch Parking Facility, Gateway Arch Riverboats, and St. Louis Downtown Airport.

Call-A-Ride - Bi-State Development Agency service name for demand-response van service.

Capital assets - Assets of a material 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 Agency, all investments readily convertible into cash with original maturity of 3 months 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 and salaries including overtime 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 Agency 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 Agency's employee evaluation and development program.

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.

Engineering & New System Development (ENSD) - Bi-State Development Agency's engineering, construction, and rail and facilities management cost centers.

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 Agency service supporting the other Bi-State Development Agency 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 Agency.

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 Agency's accounting, budget, grants, passenger revenue, risk management, safety, and treasury cost centers.

Fiscal policies - guidelines providing a framework for the financial responsibilities associated to the operation of Bi-State Development Agency.

Fiscal year (FY) - The fiscal year for Bi-State Development Agency ends on June 30 of each year. FY 2015 ends on June 30, 2015. FY 2015 of the federal government extends from October 1, 2014, through September 30, 2015.

Fixed asset - Assets of long-term character which are intended to continue to be held or used, such as land, buildings, machinery and furniture.

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 Agency 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 Agency, the tram system and ticketing operation managed by Bi-State Development Agency under contract with the National Park Service.

Gateway Arch Riverboats - Becky Thatcher and Tom Sawyer riverboats owned and operated by Bi-State Development Agency adjacent to the Gateway Arch park grounds.

General Agency - See Executive Services.

General Fund - It is the principal operating fund for Bi-State Development Agency.

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 Agency 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.

MetroBus - Bi-State Development Agency service name for bus service.

MetroLink - Bi-State Development Agency service name for light rail service.

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 Agency's vehicle operator and maintenance, security, custodial, service planning, and customer service cost centers.

Organizational unit - A major administrative unit of Bi-State Development Agency 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 Agency 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 Arch Riverboats and bike rentals, operated by Bi-State Development Agency, and a heliport owned by Bi-State Development Agency 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 Agency'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 Agency locations. Also includes reported violent crime and property crime even if there was no arrest.

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 ½ cent sales tax (City of St. Louis and St. Louis County) when received by Bi-State Development Agency 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 Agency'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 Agency.

TIP - Transit Improvement Plan, a planning document prepared by Bi-State Development Agency 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 Agency'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).

Tranche - one of a number of related securities offered as part of the same transaction.

Transit System - The Bi-State Development Agency 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 an Agency 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, Inc.
AMBAC	American Municipal Bond Assurance Corporation
APC	Automatic Passenger Counter
APTA	American Public Transportation Association
ARC	Actuarially Recommended Contribution
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. Bi-State Development Agency 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
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	A federal Congestion Mitigation/Air Quality grant program designed to support transportation projects that reduce traffic congestion.
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
ESGR	Employer Support of the Guard and Reserve
EWGCOG	East-West Gateway Council of Governments
FAA	Federal Aviation Administration
FASB	Financial Accounting Standards Board
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
IBEW	International Brotherhood of Electrical Workers
IDOT	Illinois Department of Transportation
IDS	Intrusion Detection System
IT	(Bi-State Development Agency'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	Operators and Maintenance
OATS	Older Adults Transportation Service
OPEB	Other Post-Employment Benefits
PTO	Paid Time Off
RAC	Regional Arts Commission
RCGA	Regional Chamber and Growth Association
RFP	Request for Proposal
ROMIS	Rail Operations Management Information System
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)
SLU	St. Louis University
SMSA	Standard Metropolitan Statistical Area
SOP	Standard Operating Procedures
STP	Surface Transportation Program
STIP	State Transportation Improvement Program
STRIP	Separate Trading of Registered Interest and Principal Securities
TAM	Transit Asset Management
TIF	Tax Increment Financing
TIGER	Transportation Investment Generating Economic Recovery - supplemental discretionary grant program managed by the DOT.
TIP	Transportation Improvement Plan
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
UZA	Urbanized Area
YTD	Year to Date

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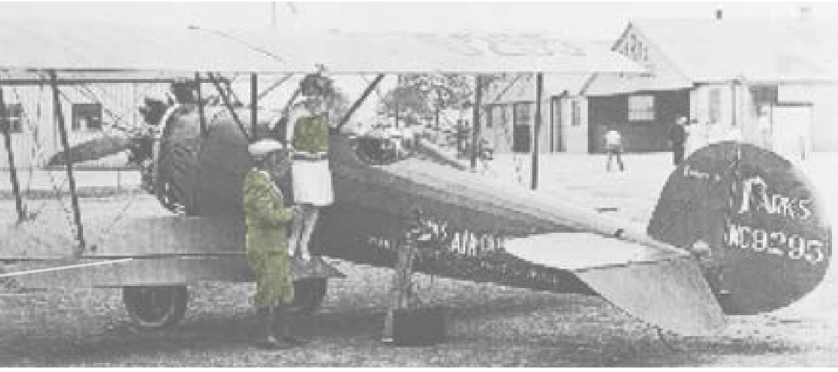

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