



Annual Report 1986



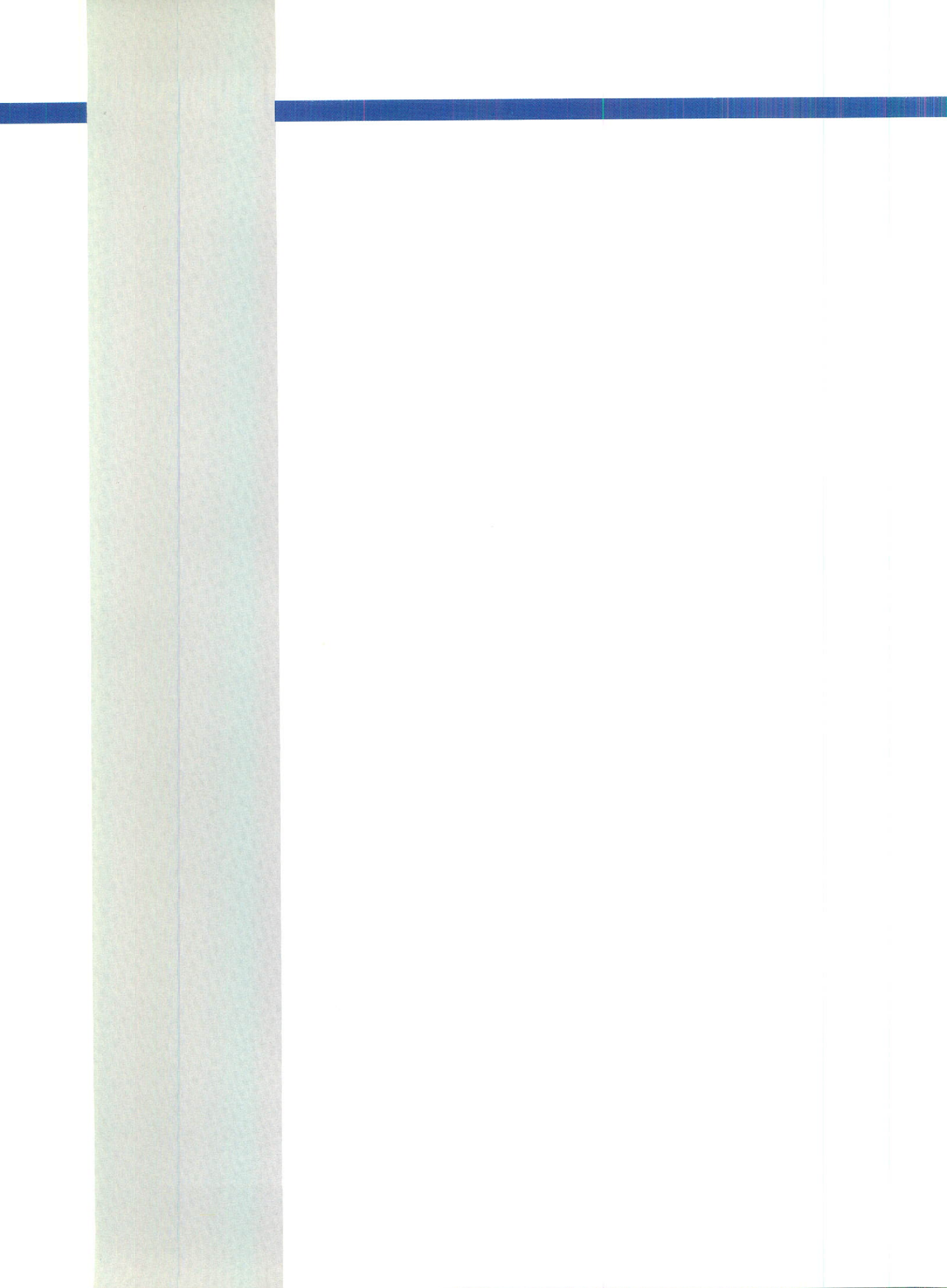
Société de transport
de la Communauté urbaine de Montréal



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Message from the Chairman of the Board



The Société de transport de la Communauté urbaine de Montréal has been progressing and growing in response to its corporate mandate. As a public-sector organization serving a thriving urban community, it strives to act as an agent of change and development.

The S.T.C.U.M. has many tools at its disposal to help it meet this ongoing challenge. First and foremost, its employees and their specialized expertise are its most important assets. Secondly, its technological expertise is world-renowned, and enables it to run efficiently while still permitting a humanistic work setting.

These assets make the Board of Directors' task that much easier. But the Board remains very conscious of its important role, which is to make intelligent decisions fostering maximal use of the available resources, while maintaining an openness toward the public.

The municipalities of the MUC lend their full cooperation to the Board, and one of the results was that a fare freeze was quickly established for 1987.

In the coming months, however, with the holding of the Commission parlementaire sur le transport en commun

(parliamentary commission on mass transit), we will be examining the basic principles of public transit financing. This analysis will be our prime focus over the next few months. We will also be continuing to emphasize the customer orientation adopted as S.T.C.U.M. policy last year, to ensure that everyone at the S.T.C.U.M. reflects this concern for customer satisfaction.

I would like to extend my thanks to Yves Ryan, the former Chairman of the Board, and to the Board's constituent members, who have worked together to direct the S.T.C.U.M. with skill and foresight. I would also like to welcome the following new members to the Board: Raymond Renaud, Mayor of St-Léonard, Abe Limonchik, Montreal City Councillor, and Ginette L'Heureux, Montreal City Councillor. On behalf of all the Members of the Board, I would like to express our confidence that the next few years will firmly establish the S.T.C.U.M.'S leadership role in the socio-economic prosperity of our city.

A handwritten signature in dark ink, appearing to read 'Yves Ryan'. The signature is fluid and cursive, written over a light background.

Message from the President and General Manager



The S.T.C.U.M. had a very good year in 1986, particularly with respect to ridership. Over 388 million passengers used the system, representing an increase of 4.2% over 1985.

The S.T.C.U.M. offers an increasingly viable alternative to the automobile, and the events of 1986 constituted yet another step in the right direction. The partial opening of the new metro Line 5 and the inauguration of the Côte-Vertu station should also help attract passengers to public transit.

On the West Island, the bus network was reorganized in response to requests by the various municipalities and to work more effectively with the commuter rail service. Providing efficient service in suburban areas is a major challenge, particularly where a high percentage of the population owns an automobile.

To continue improving relations with our passengers, we set up a customer relations division in 1986, as well as a special section responsible for receiving and processing comments and complaints from the travelling public.

The primary activities of this new section include providing personalized attention, replying to passenger mail, and following up with the appropriate departments.

Our employees who deal with the public are largely responsible for promoting a favourable image of the S.T.C.U.M.

Improved information services have been very well received by the public. These include the publication of schedules for all bus routes and the announcing of upcoming metro stations which is especially appreciated by blind and amblyopic individuals. This year the S.T.C.U.M. also extended taxi service for the handicapped throughout the Island of Montreal.

In 1986, we continued to tighten control over fare collection. A new format for the monthly pass was introduced for better visual identification. In addition, we have hired a firm with special expertise in the field to review the entire fare collection system and make appropriate recommendations to the S.T.C.U.M.

While we continued to keep a close watch over revenues, we also implemented tighter expenditure controls and explored new operating methods. As a result, the Castelnau/St-Michel section of the new Line 5 is now being run by a single operator, without any risk to the safety of our passengers and employees. We have also begun upgrading the computer system that monitors the movement of metro cars, so that we can operate short lines; this will allow us to make better use of our rolling stock and provide improved service on certain sections with particularly high ridership.

The attendance acknowledgement program offered in 1986 resulted in an overall drop in absenteeism, which translated into 9,064 fewer days of absence than in 1985. Our efforts in this area must continue in the coming years.

The safety of our employees and passengers constitutes an ongoing priority for the S.T.C.U.M. All buses are now equipped with the "POLICE 911" sign on the front, which can be

turned on by the driver to alert the public to a problem on the bus; the police can then be notified immediately.

We have also modified our criteria for hiring bus drivers, by eliminating the stipulation that applicants must possess five (5) years' experience driving a commercial vehicle. This was done following an analysis of transit commissions throughout North America, and eliminates one of the obstacles to hiring female bus drivers.

In the area of labour relations, 1986 was marked by the signing of a collective agreement, without a strike, with the *Fraternité des constables et agents de la paix de la S.T.C.U.M.*, and by the commencement of negotiations with all our other unions. We also reached agreements with the *Fraternité des cadres conventionnés du service du Transport* and the *Syndicat des contremaîtres et contremaîtres adjoints*, extending the existing agreement by one year.

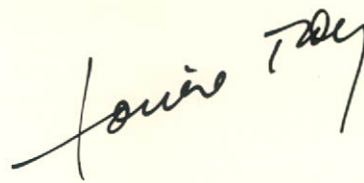
This was also the first year that our Board of Directors held public meetings. Some 10 or 12 regular meetings were held throughout the year in various municipalities within M.U.C. territory. These meetings made it possible for members of the public to express their views and demands vis a vis the S.T.C.U.M. They also brought members of management and the Board of Directors closer to the public.

Financially speaking, we succeeded this year in operating within our allocated budget, despite the major revenue shortfall resulting from the tightening of subsidies by the Quebec government. In order to do so, we implemented controls that kept expenditures down to \$465.3 million.

In 1986, we conducted surveys among our passengers and employees to gauge the situation within the Corporation and poll people's opinions of the quality of the service we provide. These sur-

veys confirm that our main focus over the coming years must be to improve employee relations, simplify the decision-making hierarchy, and make transportation services more efficient, particularly with respect to reliability. Management has made a commitment to make the necessary changes to correct any shortcomings within the Corporation and make optimal use of all its assets.

We are proud to have the energy of 8,000 people to help us achieve these goals, building together to enhance what is already a thriving service organization.

A handwritten signature in black ink, appearing to read "Louis Roy". The signature is written in a cursive, flowing style with a long horizontal stroke at the beginning and a vertical stroke at the end.



Highlights

Year	1986	1985
No. of passengers (in millions)	388.1	372.1
Operating expenses (in millions)	465.3	462.3
Revenue from fares (in millions) (MUC territory)	197.1	176.5
Hours of service (in millions)		
• Buses	4.9	5.0
• Metro	2.1	2.2
• TOTAL	7.0	7.2
Number of kilometres (in millions)		
• Buses	78.9	82.0
• Metro	63.2	64.0
• TOTAL	142.1	146.0
Number of vehicles		
• Buses	1859	2066
• Metro	759	759
• TOTAL	2618	2825
Number of employees (as at December 31)	7964	7902

Financial Results

Operating Expenses

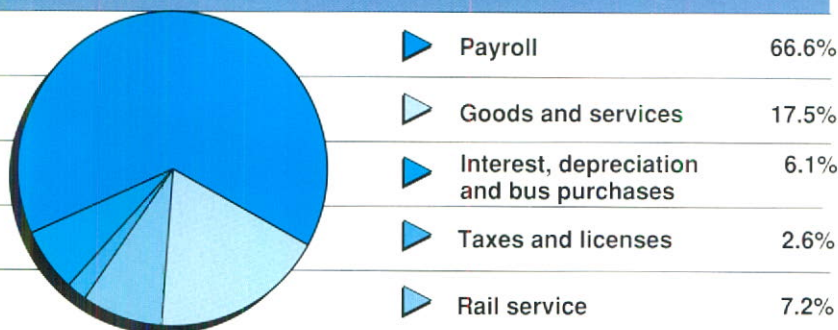
Operating costs for the Société de transport de la Communauté urbaine de Montréal totalled \$465.3 million for the fiscal year ended December 31, 1986, as compared to \$462.3 million for the previous fiscal year. This represents only a slight rise over 1985 levels (\$3 million, or 0.6%).

Various financial controls were implemented, with successful results. This enabled the S.T.C.U.M. to deal with revenues that were \$14 million below projected figures, and to carry over as income to fiscal year 1987 a surplus of \$2.1 million coming from municipalities' contributions to the actual operating deficit for fiscal year 1986.

Falling oil prices in early 1986 generated a savings of \$3 million in fuel and heating costs, while a rationalization of

exterior contracts brought about a reduction of \$5.7 million of such expenses. In addition, the hiring freeze maintained total salaries below forecast levels for 1986, resulting in a reduction of \$5.3 million. The only item that came in over 1985 figures was taxes and licenses, which rose by \$1.9 million in 1986, due mainly to higher C.S.S.T. assessments.

Breakdown of operating expenses (in percentages)



Breakdown of operating expenses

(in millions of dollars)

	1986	1985
Payroll	309,9	93,8
Goods and services	81,6	93,8
Fuel	14,4	16,9
Electricity	12,3	11,7
Heating	2,5	3,0
Purchase and leasing of tires - bus	0,8	1,0
Purchase of tires - metro	1,5	2,0
Outside contracts	4,7	10,4
Consumer goods	25,8	28,5
Services	12,5	14,1
Miscellaneous	7,1	6,2
Interest, depreciation and bus purchases	28,6	31,6
Taxes and licenses	11,9	10,0
Rail service	33,3	30,6
Montreal - Rigaud line	14,3	13,0
Montreal - Deux-Montagnes line	19,0	17,6
TOTAL	465,3	462,3

Operating Income

Total operating income was \$211.3 million; \$197.1 million of this amount came from passenger fares, which climbed by 11.7% over 1985 levels. Fares rose between 9.6% and 14.3% in 1986, and ridership went up by 4.2%.

Revenue from passenger fares was 5% (\$10.3 million) lower than forecast levels for the bus and metro network, and 15% lower (\$1.1 million) for rail service, despite the fact that actual ridership surpassed predicted levels by 1.8%. This is mainly due to the fact that a higher proportion of passengers bought monthly passes. In 1985, 18.9% of passengers paid their fares in cash, 18.2% used tickets, and 62.9%

used monthly passes. In 1986, these percentages changed, with a higher proportion of people using the monthly pass; 18.1% paid the cash fare, 14.7% used tickets, and 67.2% bought passes. Although bus and metro ridership rose between 1985 and 1986 by 4.2% (this is a weighted average), more of these additional riders travelled at reduced fare (+12%) than at regular fare (+1.6%).

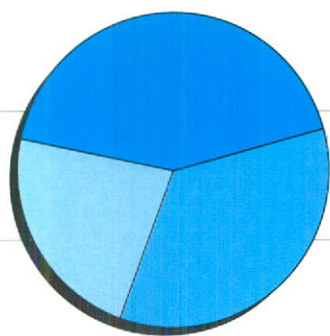
As for rail service, the new four-zone fee system proved extremely successful and generated an increase in ridership. Miscellaneous income plus income from rail services rose by a total of \$3.3 million.

Quebec Government Subsidies

Subsidies from the Quebec government totalled \$156.7 million in 1986, as compared to \$159.2 in 1985, representing a drop of 2%.

As a result of the belt-tightening policy set in 1985, there was a \$5.6 million decrease in operating funds. The amount that had to be made up due to a reduction in subsidies for monthly passes was \$3 million. Subsidies for fixed assets were \$2.5 million less than in 1985, and the subsidy for rail transportation and service for the handicapped was \$1.5 million lower than the forecast amount.

Sources of revenue (in percentages)



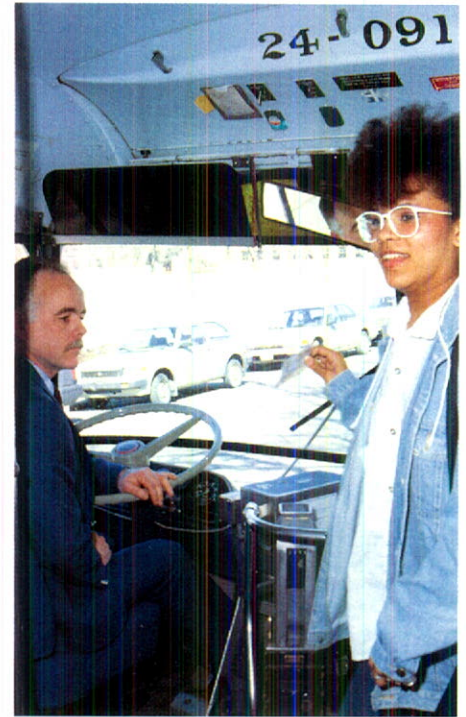
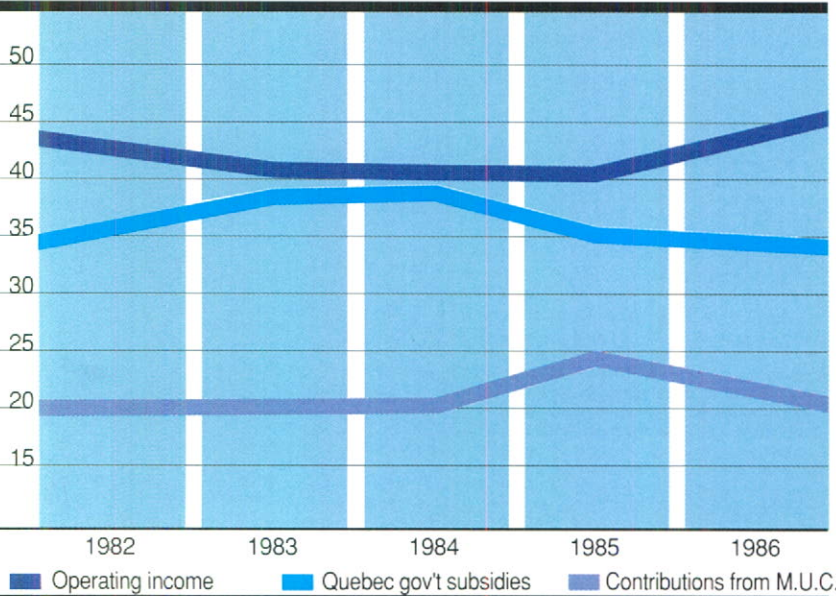
▶ Operating income (including revenue carried over from previous year)	45.4%
▶ Quebec gov't subsidies (including interest owed by Quebec gov't)	34.2%
▶ Contributions from M.U.C. municipalities	20.4%

Sources of revenue

(in millions of dollars)

	1986	1985
Operating income	211.3	188.5
• Revenue from fares (M.U.C. territory)	197.1	176.5
• Rail service	5.0	4.4
• Other transportation income	2.3	2.6
• Other operating income	6.9	5.0
Quebec government subsidies	156.7	159.3
• For operations		
• S.T.C.U.M. territory	80.1	85.7
• Rail service	2.6	2.3
• For passes		
• C.A.M. (bus and metro pass)	31.1	29.3
• C.T.A.M. (bus, train and metro pass)	1.5	1.4
• For fixed assets	18.5	19.9
• Other subsidies		
• Transportation for the handicapped	6.0	5.9
• Residual deficit - rail service	16.3	14.8
• Studies and projects	0.6	—
Interest owed by Quebec gov't re. 1979 deficit	2.2	3.4
Revenue carried over from previous year	—	13.2
Deficit assumed by M.U.C. municipalities	95.1	97.9
• Bus and metro	87.1	90.2
• Trains	8.0	7.7
TOTAL	465.3	462.3

Sources of revenue
(in percentages)



Changes to the Fee Structure

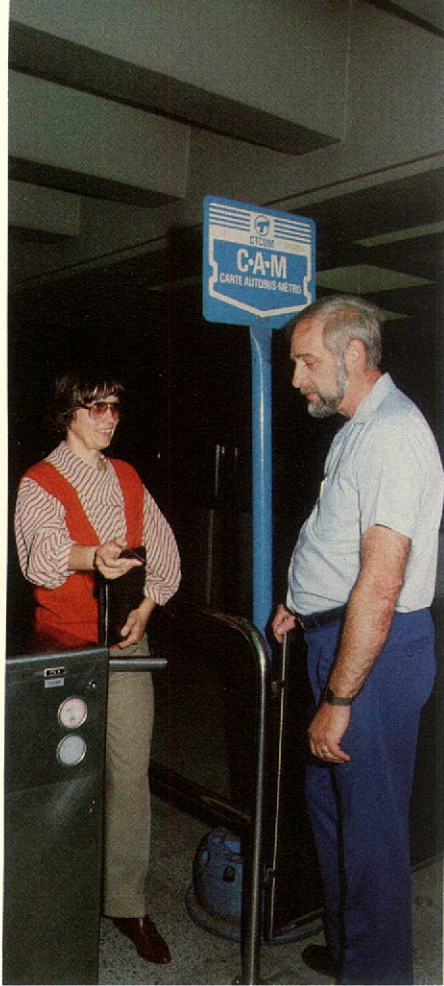
Fees were raised in January 1986, but the increases were no more than 10 cents per trip for fares paid in cash or tickets.

For regular-fare travellers, the cash fare went from 90¢ to \$1; the price of tickets, which was \$11 for 15 tickets, rose to \$5 for 6 tickets. The monthly pass went up from \$26 to \$28.50.

Reduced-fare passengers paid 5¢ more for the cash fare, bringing the cost per trip to 40¢; the price of their tickets went up by 3¢, from 10 tickets for \$3 to 6 tickets for \$2. Their monthly pass, which was \$10, now costs \$11.

The new single-ticket fare system in the metro eliminated the need to collect a lot of change, or to receive one-dollar bills — which used to block up the ticket boxes. The use of these tickets reduced the incidence of fraud; in addition, the boxes no longer have to be replaced as often, since the only thing placed in them now is tickets.

The monthly pass was redesigned in 1986 to make fare collection easier, and is now sporting a new look. The new version came out in October 1986.



Fare structure	1986	1985
Single fare	\$1.00	\$0.90
Reduced fare	\$0.40	\$0.35
Tickets • regular fare	\$5.00 (6 tickets)	\$11.00 (15 tickets)
Tickets • reduced fare	\$2.00 (6 tickets)	\$11.00 (10 tickets)
C.A.M.	\$28.50	\$26.00
C.A.M. • reduced fare	\$11.00	\$10.00

Operating Results

Use of the Urban Transit System

Ridership on the bus and metro network rose considerably, from 372.3 million passengers in 1985 to 388.1 million in 1986, signifying an increase of 15.8 million. During the year, a survey was taken on the number of people using the monthly pass, and the results enabled the S.T.C.U.M. to compile more precise annual ridership figures. Holders of the pass (65% of users) make an average of 62 trips per month on the regular-fare pass, and 65 trips with the reduced-fare version.

Hours of Service Provided

In 1986, 4.9 million hours of service were provided by the buses, as compared to 5 million in 1985; this figure excludes tourist services, rentals, and service for the handicapped. The withdrawal of service to Longueuil in January 1986 reduced the total number of bus service hours by 145,000. Cost-control measures were also partially responsible for the 3.4% decrease in hours of service provided by the buses.**

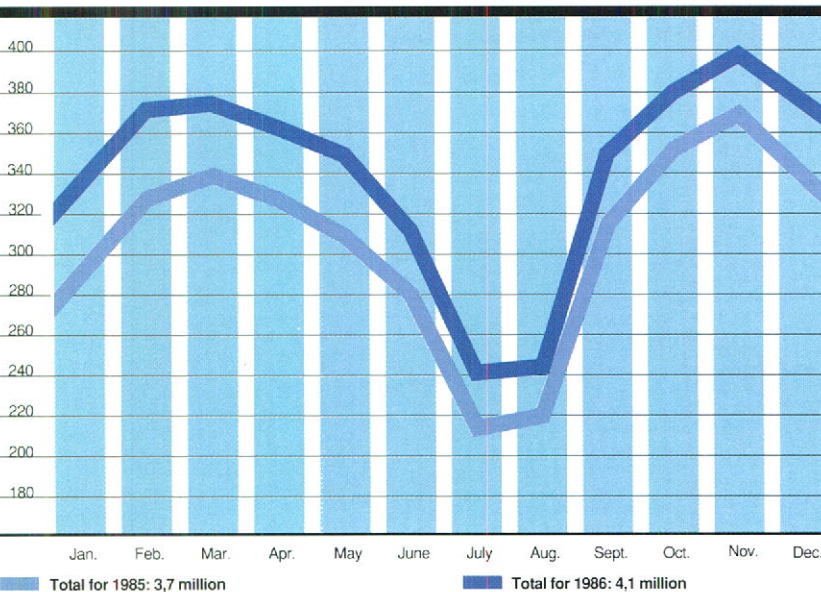
The metro provided 2.1 million hours of service in 1986, as compared to 2.2 million hours in 1985.

The average speed of buses and metro trains dropped slightly, by 0.5%. Total kilometrage covered was 1.3% less than in 1985, and 2.3% lower than the forecast levels.

The buses travelled a total of 78.9 million kilometres in 1986, compared with 82 million in 1985. This reduction was due to the opening of metro line 5 in June and Côte-Vertu station (line 2) in October, as well as the cost-control measures taken since 1985.

The metro logged a total of 63.2 million kilometres in 1986, in contrast to 64 million kilometres in 1985. The opening of line 5 and the Côte-Vertu station had little impact on the total number of kilometres covered by metro trains, since line 5 required only a single three-car train. Total kilometrage for this line was only 372,000, or 0.6% of the total figure for 1986.

Number of bus and metro passes sold
(in thousands)



An effort to control costs for line 4 was one of the factors responsible for the reduction in total metro kilometrage; 6 cars were used on line 4 trains, as opposed to the 9 cars used on the other lines. In fact, the total number of kilometres travelled on this line was 30.6% lower than in 1985.

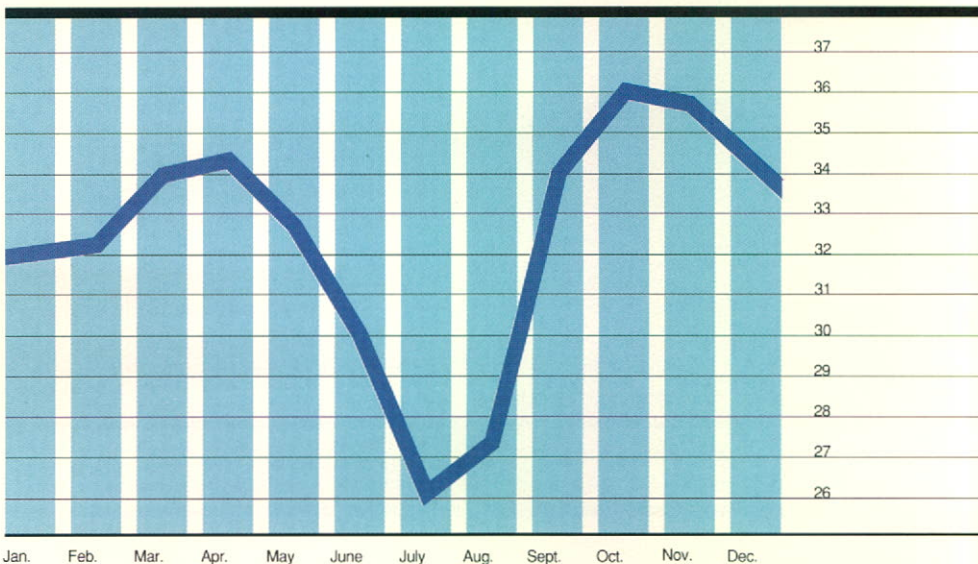
Kilometrage was also lower for the other lines; it fell by 0.3% for line 1, and 0.2% for line 2.

On June 16, trains started running on the initial section of line 5, with three-car trains driven by a single operator. This operating method was devised in light of forecast ridership, and provides better service since there is less time between trains.

Metro operations were more efficient in 1986 than in 1985, with fewer service interruptions and accidents. There is some concern, however, regarding the bus system, as traffic and passenger accidents rose by 17.2%. Efforts have nevertheless been made to reduce the number of incidents.

Closer surveillance has reduced the number of acts of violence committed against bus drivers, and led to an increase in charges pressed as a result of incidents involving surveillance officers in the metro. In 1986, 4,908 people committed infractions in the metro; 5,287 charges were laid under S.T.C.U.M. regulations and the penal code, as compared to 4,293 in 1985.

Total ridership for 1986
(in millions)



Transportation Service for the Handicapped

The transportation service for the handicapped had an overall increase in ridership of 25.7% over 1985. In total, 342,000 trips were recorded for 1986, as compared to 274,500 for the previous year.

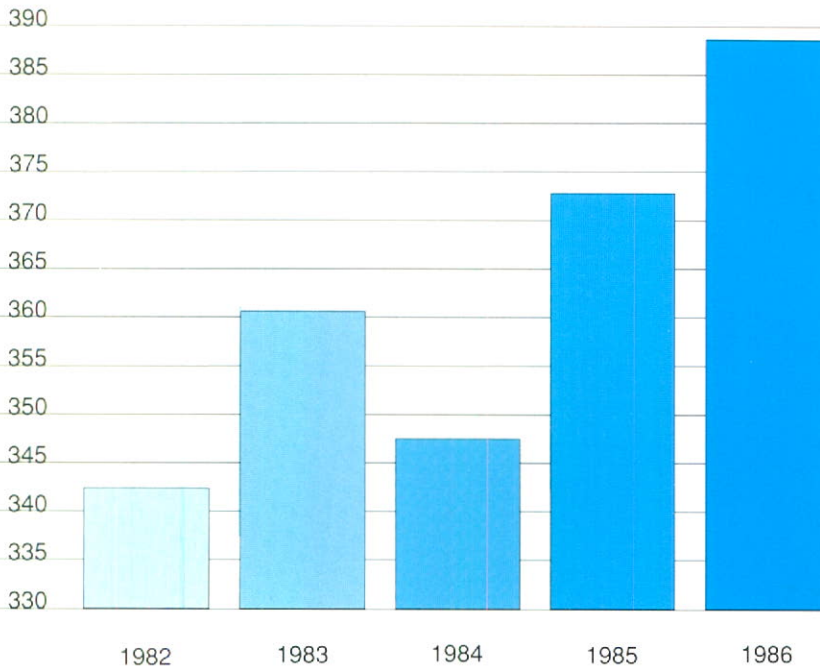
In 1986, the S.T.C.U.M. purchased 16 new minibuses to improve service. These vehicles replaced the initial fleet of Forest minibuses, whose advancing age had become a concern. The new minibuses were chosen with the needs of the handicapped in mind, based on the recommendations of the Comité consultatif usagers-transporteur (an

advisory committee composed of users and S.T.C.U.M. management). In all, 170,500 trips were made on S.T.C.U.M. minibuses, in contrast to 203,900 in 1985.

The reduction in trips made on minibuses was due to the fact that more handicapped persons chose to use the S.T.C.U.M.'s taxi service. Taxi trips rose by 143%, from 70,400 in 1985 to 171,200 in 1986. The introduction on August 25, 1986 of taxi service in the central area of the Island of Montreal contributed substantially to the increase, since this area contains the largest concentration of handicapped people in S.T.C.U.M. territory.

The resounding success of the various pilot projects conducted since 1984 on taxi transportation led the S.T.C.U.M. to gradually phase in service on a permanent basis throughout the MUC. This mode of transportation has enabled the transit corporation to respond to a greater number of requests for transportation from the handicapped.

S.T.C.U.M. ridership since 1980
(in millions)



Rail Service

Ridership on the CN Montreal/Deux Montagnes line rose by 11.1%. During the year, 3.8 million trips were taken, as compared to 3.4 million in 1985. Ridership on the CP Montreal/Rigaud line rose by 20.8%. Improved rolling stock, facilities and schedules were responsible for this increase. A total of 2.6 million trips were taken in 1986, compared with 2.2 million the previous year.

The abolition of double fares was responsible for this jump in ridership. As of January 1986, passengers were no longer required to pay bus/metro fare

plus train fare if they wanted to take a train from a station near downtown (Portal Heights to Val Royal, as well as Vendôme and Montreal West). The opening of the intermodal station at Vendôme also led to an increase in rail service ridership.



Human Resources

Employees as at December 31, 1986

	1986
Bus drivers and metro operators	4005
Including bus drivers, metro operators, shunters, terminus officers, schedule officers, fare collectors in the metro, information officers.	
Maintenance staff	2110
Including all tradespersons and all support staff in the Engineering, Supplies, and Vehicle Maintenance Departments	
Office workers	554
Unionized and non-unionized	
Upper-level management	221
Middle management and professional staff	167
First-level management	548
Including unionized Transportation employees, forepersons and assistant forepersons	
Cashiers	206
Including all employees who collect fares, as well as all division clerks	
Surveillance officers	152
Including all employees who carry out surveillance of S.T.C.U.M. buildings and the metro	
TOTAL	7963

Personnel

As at December 31, 1986, the S.T.C.U.M. employed 7,964 people, which is slightly higher than the figure for the previous year (7,902).

The number of permanent staff hired this year was lower than last year (274 versus 424), due to the hiring freeze imposed by management. In addition, 209 permanent employees left the company, representing a turnover rate of 3%. There were 643 transfers and 455 promotions, for an internal mobility rate of 14%.

Among the ranks of management, a single appointment was announced in 1986. Michel Sainte-Marie was named Manager, Human Resources, in April 1986.

Payroll

Total remuneration including salaries and benefits came to \$309.8 million, as compared to \$293.5 million in 1985; this represents an increase of 5.6%. The rise was due in large part to cost-of-living adjustments in salaries.



Labour Relations

The collective agreement of the *Fraternité des constables et agents de la paix de la S.T.C.U.M.* was signed on March 21, 1986, and covers a three-year period. Collective agreements for the forepersons and the unionized executives in the Transportation Department were extended by one year in early autumn.

A considerable amount of time was spent this year preparing for negotiations on the collective agreements of four major unions. Operation Negotiation 1986-1987 called for bargaining committees to be set up. By the end of 1986, an agreement was imminent with the *Syndicat des employé(e)s de bureau*, and negotiations were continuing with the three other unions: The *Fraternité des chauffeurs d'autobus, opérateurs de métro et employés des services connexes au transport*, the *Syndicat du transport de Montréal*, and the *Syndicat des employés du transport en commun*.



Training Program Improvements

A professional development program was established to improve first-level managers' expertise in the area of human resource management. In the Engineering Department, the program is geared mainly to forepersons, and was launched in November. In the Vehicle Maintenance Department, there are some 12 stages to implement; the first module encompasses the design and preparation of the program, as well as the commencement of training for all first-level managers.

Programs

In 1986, there was a slight decrease in work-related accidents. There was also a considerable reduction in the seriousness of accidents; the result was 5,000 less working days lost during the year.

The total number of acts of violence toward S.T.C.U.M. drivers fell by 18% (from 214 in 1985 to 175 in 1986). There was a trend toward more serious injuries, however, especially during the summer period. In response, the S.T.C.U.M. established various measures to improve safety for passengers and drivers. These measures include the implementation of the new "Police 911" emergency alert system during the summer of 1986, and a more rigorous surveillance system for certain bus routes.

Since mid-January 1986, all accident-related data reported to the Engineering Department have been entered into a computer system. In an effort to obtain a more accurate picture of the situation, all accidents that have occurred since June 1983 have also been entered. The resulting data bank is an invaluable tool for making decisions relating to health and safety.

This year also saw the implementation of a system for scheduling holidays for unionized executives in the Transportation Department. This system constitutes a more equitable way of determining working conditions and weekly time off. In the Vehicle Maintenance Department, flexible schedules have been established in the three departments at the Crémazie facility; this has improved working conditions and the work climate.



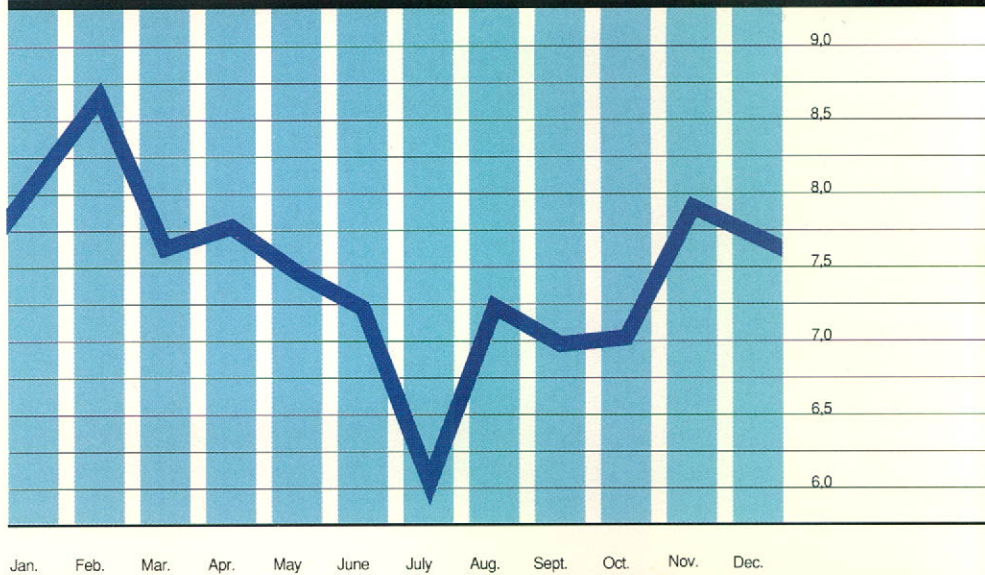
Preliminary reports on bus drivers' health and the ergonomic aspects of their workstations were tabled in 1986. These reports contain recommendations which are currently under study.

The efforts undertaken in 1986 to reduce absenteeism led to a 9,064-day reduction in absences over 1985. In 1986, there were 155,620 days of absence, whereas the year before there were 164,684; this translates into a 2% decrease. In the Engineering, Transportation and Vehicle Maintenance Departments, the new attendance acknowledgement system brought excellent results.

To improve the assistance program for employees experiencing difficulties, two additional members were added to the Employee Assistance Team. A new approach was also developed for the program, whereby a complete package is now available to employees with problems.

The S.T.C.U.M. also set up eight insurance plans. Some of them expanded coverage for several categories of employees. For those who are non-unionized, there is now dental, life and health insurance, as well as coverage for business travel. For unionized staff, the plans now include life and health insurance, as well as income-replacement protection for office workers.

Absenteeism
(in percentages)



Activities

New Developments in Communications

Large numbers of local and international visitors came to see our facilities and equipment this past year. Over 2,500 visitors from 19 countries learned about various aspects of our operating methods, and expressed their admiration for the S.T.C.U.M.'s expertise. These visits were part of our active involvement on the national and international scenes.

Emphasis was placed on community relations, to establish closer contact with the various passenger groups we serve. For example, the S.T.C.U.M. participated in a dozen or so shows and exhibitions. At the Montreal International Consumer Trade Fair, the S.T.C.U.M., in collaboration with Bombardier's Mass Transit Division and

Michelin Tires Ltd. of Canada Limited, set up a booth on the theme of the metro's 20 years of operation. The S.T.C.U.M. also participated in an exhibition on the 125-year history of Montreal's mass transit system, in cooperation with the Centre d'histoire de Montréal.

Improvements to passenger information included the distribution of various brochures and flyers to facilitate travel; these include the metro guide, suburban train schedules, and the brand-new "Planibus," which contains bus routes and schedules. In addition, information campaigns were conducted on the subjects of pick-pockets, fraud and fires, to inform people as to what they can do to increase safety and security.

The Public and Community Relations Department set up a Comments and Complaints unit, which received 7,971 complaints in 1986, as well as 923 requests, thank-you's and suggestions. Passengers and the public thus have direct access to channels through which they can express their views. The S.T.C.U.M. now has the necessary mechanisms to give full attention to complaints from all categories of passengers. General information on S.T.C.U.M. service continues to be provided by the Information Centre. By dialing A-U-T-O-B-U-S, the public can obtain all the information it needs regarding travel on the mass transit system.



Customer Service

The Network Planning Department finalized the reorganization of the West Island bus network in August of 1986. The new arrangement applies to the twelve municipalities within this area, which is served by eleven regular bus lines and three rush-hour lines. This reorganization increases the accessibility of the transit system, improves service on certain lines, and makes for better integration of the bus and train lines.

In addition, certain bus lines were changed to take into account the addition of the Côte-Vertu metro station in Ville St-Laurent and the opening of a section of metro line 5.

In an effort to improve the health of its employees and the public, the S.T.C.U.M. conducted a study in May and June of 1985 on air quality in the metro. The results show that the concentrations of all the contaminants studied were below the levels prescribed in the by-laws.

On September 14, 1986, several departments got together to organize a large fire simulation on metro line 5. The results led to several recommendations on fire safety in metro, and confirmed that existing fire-fighting procedures are adequate. This exercise was the fourth of its kind for the S.T.C.U.M., and has helped maintain its excellent record for fire safety in the underground network. Urgences-Santé and the City of Montreal's Fire Depart-

ment (Prevention Division) worked together on the fire simulation, and representatives from European and American transit authorities attended the event.

The transit corporation passed a new by-law (CA-3) to ensure the safety of the travelling public. In effect as of July 27, 1986, this code of ethics is enforced by the surveillance officers, who also provide assistance to passengers. They work to assure the comfort and well-being of each passenger, and provided 200,000 hours of metro surveillance in 1986.

A contract for the installation of 100 new bus shelters was granted in 1986. Fifty-five have already been installed, bringing the total number of shelters to 824. The other 45 new shelters will go up in early 1987.

Improving cleanliness in metro stations, shelters and S.T.C.U.M. vehicles remained a priority. The Engineering Department, which is responsible for cleaning stations and shelters, was successful in meeting its objectives for the most part. Cleanliness in the metro improved because of a reorganization of staff duties. This goal was reached despite the fact that six new stations were added to the network but no additional maintenance staff was hired. Efforts to remove graffiti in the underground network continued, and the staff tries to clean off all graffiti within 24 hours.

The Vehicle Maintenance Department improved the appearance of the buses and metro cars by washing them more often. The goal of thoroughly washing the inside and outside of metro cars for each inspection was largely achieved.

In an attempt to make the metro easier to use for blind people, those with impaired vision, the elderly, the illiterate, tourists, and users in general, the S.T.C.U.M. has instituted a policy whereby the name of each station is announced before the metro train arrives there. The metro operators have been announcing station names in metro cars on all lines since December 8, 1986.

A survey and classification of agents selling tickets and passes led to an information campaign addressed to the public. The Marketing Department devised the program so that people would be able to recognize these agents more readily. In addition, the sale of tickets and passes by agents has helped reduce line-ups at the ticket sellers' booths in the metro at the beginning and end of every month.

The S.T.C.U.M. launched an experiment with articulated buses in early 1986. This project was set up by the ministère des Transports du Québec, and the S.T.C.U.M. acted as coordinator. The other participants were the South Shore Transit Commission, the Commission de transport de la Communauté urbaine de Québec, and the Corporation métropolitaine de transport de Sherbrooke. The performance of four different European-made articulated buses was evaluated.



Improved Management

The Board of Directors formed an Audit Committee, chaired by a Member of the Board. The mandate of this committee covers all areas related to S.T.C.U.M. controls. More specifically, it relates to the scope of work, audit results, and the letter of recommendation for external auditors.

The committee held eleven meetings in 1986, chaired by Board Member Henri Bessette.

The Management Systems Department accelerated progress on the main projects relating to development of office automation and computer systems. Electronic mail service is now available to over 500 users, and improves inter-departmental communication. Eight of the projects being worked on relate to management tools; development efforts for one of these, the *Système intégré de budgets, programmes et engagements financiers* (integrated budget, programs and financial commitments system) continued throughout the year. This system is being used to review accounting and budgeting systems, and to design a financial commitments system.

Improved cooperation between the Transportation and Surveillance Departments helped to maintain stricter control over fare collection. The surveillance officers kept closer watch over the fare collectors in the metro, to help them enforce compliance with the current fee structure.

Vandalism was a topic of ongoing concern for the S.T.C.U.M. and its Vandalism Prevention Committee. A report on the nature and characteristics of vandalism led to recommendations for concrete measures to prevent and eliminate this problem. The surveillance officers increased the number of talks given to young people in the schools, which helped to reduce the

incidence of vandalism. In 1985, 10,231 bus seats were vandalized, whereas the number dropped to 4,557 in 1986, a reduction of 55%.

The property protection program also gained momentum in 1986. The S.T.C.U.M. obtained a universal number for its exclusive use, and the Surveillance Department started to engrave it on company property with the assistance of all departments. All company property will be engraved with this number by the end of 1987.

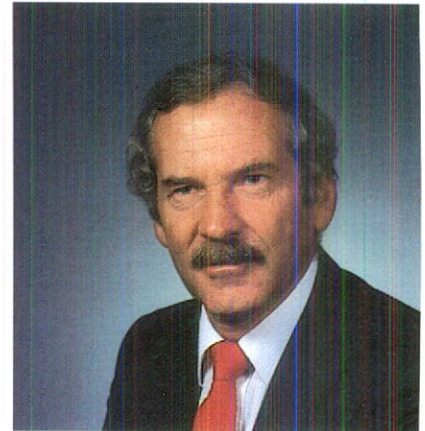
As a public-sector body, the S.T.C.U.M. is subject to the Act respecting access to documents held by public bodies and the Protection of personal information. During 1986, the Office of the Secretary and Legal Department, with the collaboration of all departments, put in place the appropriate measures to gather, process, and provide access to information.



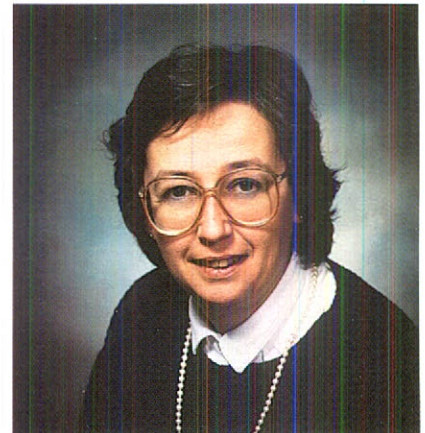
The Board of Directors



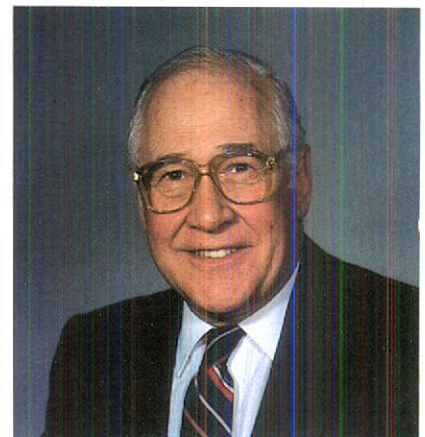
Robert Perreault, Chairman
Vice-Chairman of the Executive
Committee, City of Montreal



Michel Leduc, Vice-Chairman
Mayor of LaSalle



Ginette L'Heureux
Montreal City Councillor



Malcolm C. Knox
Mayor of Pointe-Claire



Michel Hamelin MUC Chairman
of the Executive Committee



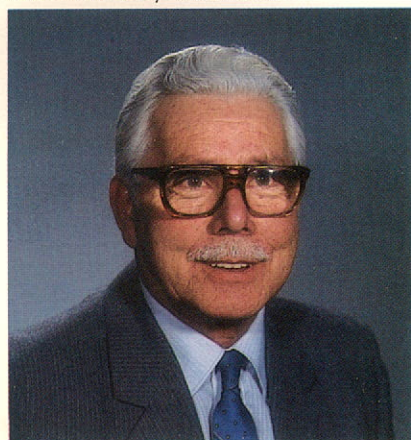
Raymond Renaud
Mayor of St-Léonard



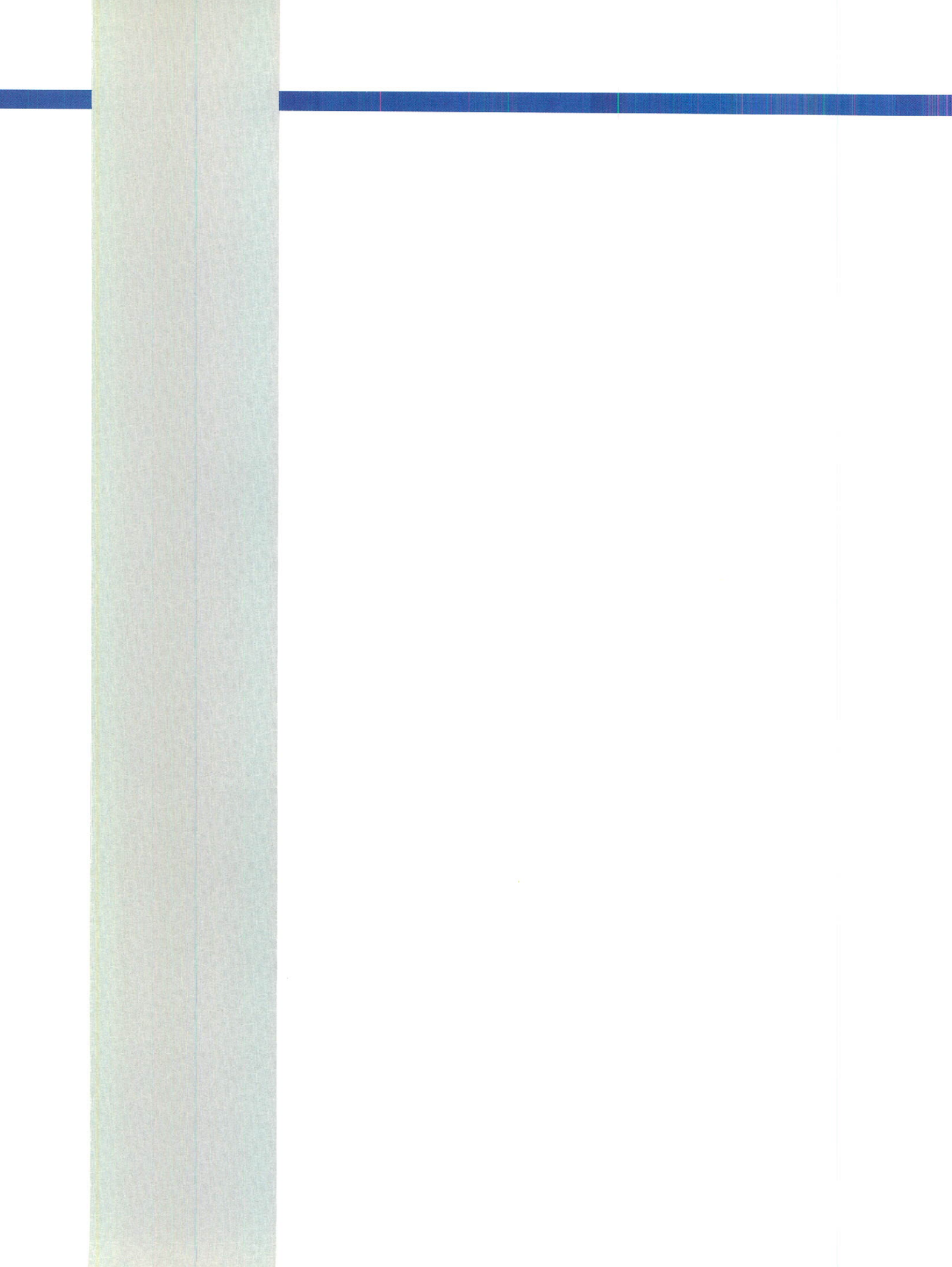
Abe Limonchik
Montreal City Councillor



Henri Bessette
Montreal Citizen Representative



Albert Beauregard
MUC Citizen Representative





The 1986 Management Team

Louise Roy
President and General Manager

Gerry Snyder
Executive Assistant

Grégoire Tremblay
Executive Assistant

Jean-Jacques Bouvrette
General Manager, Operations

Jean-Paul Charland
General Manager, Customer Service

Jean Bouchard
Manager, Surveillance

Marc Labbé
Manager, Marketing

Georges Donato
Manager, Engineering

Guy Lafontaine
Manager, System Planning

Guy Hearson
Manager, Supplies

Claude-J. Marier
Manager, Public and Community
Relations

Jacques Rompré
Manager, Vehicle Maintenance

Francis Therrien
Manager, Transportation

Claude Dalphond
Pension Fund Administrator

Ronald F. David
Internal Auditor

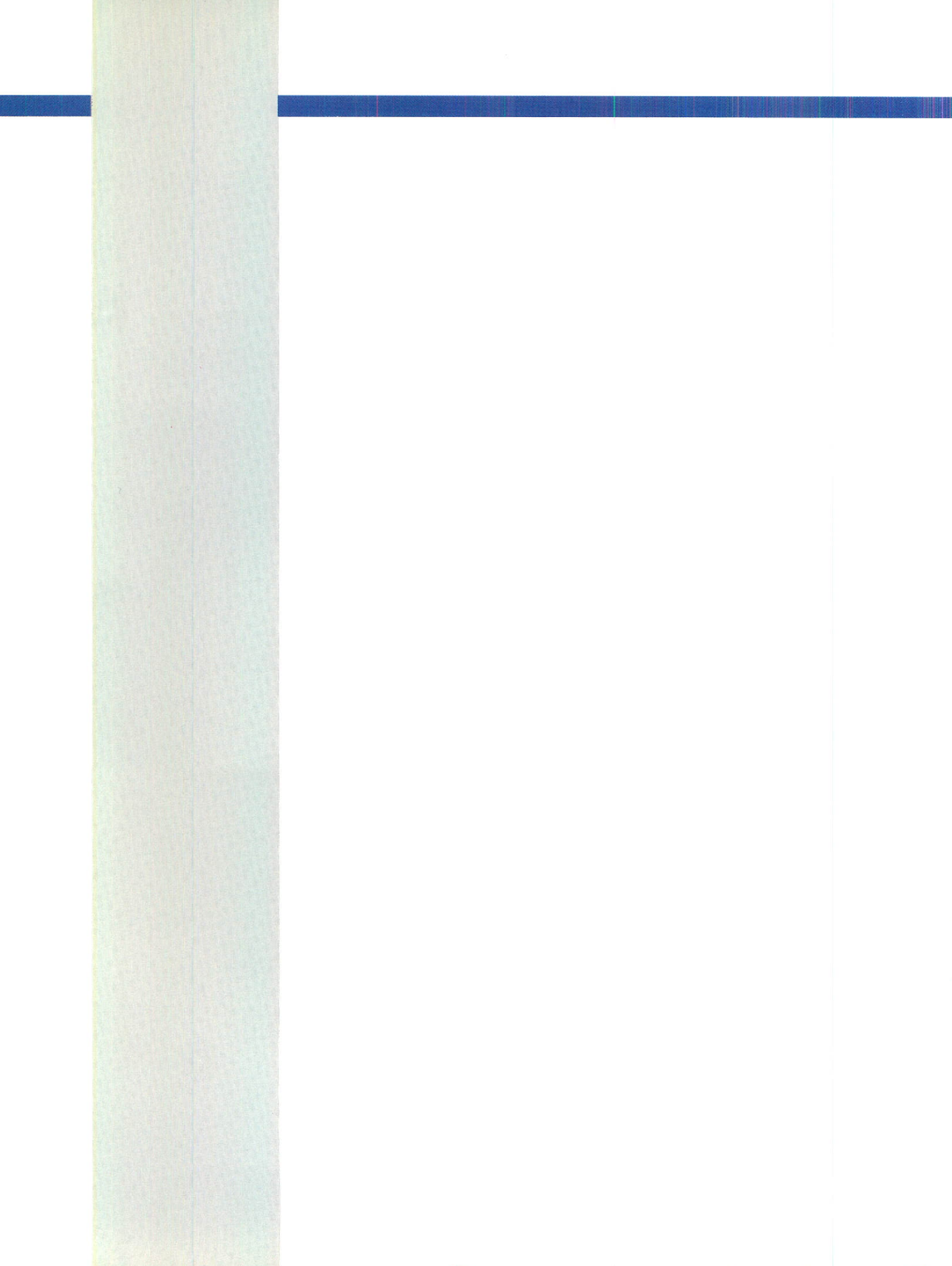
Robert Dion
Treasurer/Controller

Jules Gagné
Manager, General Planning

Gilles Guévremont
Manager, Management Systems

Jean Y. Nadeau
Manager, Secretary and Legal
Department

Michel Ste-Marie
Manager, Human Resources





Auditors' report

To the Members of the Board of Directors
Société de transport de la
Communauté urbaine de Montréal

We have examined the balance sheets of the operating fund, the sinking fund, the fixed assets fund and the long-term debt fund of the Société de transport de la Communauté urbaine de Montréal as at December 31, 1986 and the statements of revenue and expenditures of the operating fund and changes in the reserve for the redemption of debentures of the sinking fund for the year then ended. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as we considered necessary in the circumstances.

In our opinion, these financial statements present fairly the financial position of the Société as at December 31, 1986, and the results of its operations for the year then ended in accordance with generally accepted accounting principles and fund accounting practices applied on basis consistent with that of the preceding year.

Raymond, Chabot, Martin, Paré & Associés

Chartered Accountants

Montréal
March 20, 1987

Balance Sheets as at December 31, 1986

Assets

(stated in thousands)

	1986	1985
Operating Fund		
Cash	3 714 \$	351 \$
Receivables	7 582	11 019
Subsidies receivable from the Quebec Government	72 524	87 684
Operating deficit for the year to be recovered from municipalities	-	6 159
Deficits to be recovered from municipalities outside the territory (Note 4)	2 959	3 104
Advances to long-term debt fund	-	11 614
Inventory of supplies and replacement parts	11 621	11 011
Deposit for insurance fund	201	201
	<u>98 601 \$</u>	<u>131 143 \$</u>
Sinking Fund		
Investments:		
Deposit certificate	1 035 \$	1 035 \$
Bonds, at unamortized cost (market value 8 779 \$, 3 349 \$ in 1985)	7 429	3 142
	<u>8 464</u>	<u>4 177</u>
Due from operating fund	3 758	2 939
	<u>12 222 \$</u>	<u>7 116 \$</u>
Fixed Assets Fund		
Fixed assets, at cost (Note 6)	329 737 \$	312 906 \$
Due from operating fund	4 621	1 107
	<u>334 358 \$</u>	<u>314 013 \$</u>
Long-Term Debt Fund		
Amount available in sinking fund for redemption of debt debentures	12 222 \$	7 116 \$
Amounts of revenue to be provided for the redemption of long-term debt assumed by:		
Municipalities served	17 037	10 191
Quebec Government	93 741	90 557
	<u>123 000 \$</u>	<u>107 864 \$</u>

The accompanying notes are an integral part of the financial statements.

Liabilities*(stated in thousands)*

	1986	1985
Operating Fund		
Short-term loans	23 500 \$	46 100 \$
Loan payable (Note 5)	20 097	30 146
Payables	44 487	50 851
Due to sinking fund	3 758	2 939
Excess of municipalities contributions over operating deficit for the year	2 138	-
Due to fixed assets fund	4 621	1 107
	<u>98 601 \$</u>	<u>131 143 \$</u>

Sinking Fund

Reserves for the redemption of debentures	12 222 \$	7 116 \$
	<u>12 222 \$</u>	<u>7 116 \$</u>

Fixed Assets Fund

Method of financing:

Fixed assets acquired and financed by:		
Operating fund	189 700 \$	185 368 \$
Subsidies	21 658	20 781
Long-term debt	123 000	107 864
	<u>334 358 \$</u>	<u>314 013 \$</u>

Long-Term Debt Fund

Due to operating fund	-	11 614 \$
Debentures (Note 7)	123 000	96 250
	<u>123 000 \$</u>	<u>107 864 \$</u>

Revenue and Expenditures of Operating Fund Year Ended December 31, 1986

Revenue

(stated in thousands)

	1986		1985
	Budget Revised	Actual	Actual
Transportation			
Passengers - S.T.C.U.M. territory	207 396 \$	197 099 \$	176 518 \$
Outside the territory services	943	903	833
Sight-seeing and charter services	1 870	1 419	1 743
Railway services	5 800	4 974	4 422
	216 009	204 395	183 516
Other Operating Revenue	6 768	6 877	5 018
Total Operating Revenue	222 777	211 272	188 534
Subsidies (Note 3)			
Operating:			
S.T.C.U.M. territory	80 125	80 125	85 741
Railway services	3 000	2 550	2 269
Related to passes (bus and metro)	30 701	31 160	29 253
Related to passes (railway)	2 000	1 471	1 430
Capital expenditures	20 374	18 482	19 882
Transportation for the handicapped	6 600	5 995	5 870
Study and demonstration projects	100	572	-
Railway services residual deficit	13 653	16 328	14 801
	156 553	156 683	159 246
Interest Recoverable from Quebec Government	2 709	2 196	3 351
Deferred Income from Previous Year	-	-	13 232
Deficit Assumed by Municipalities Served			
Bus and metro services	89 028	87 141	90 254
Railway services	8 260	8 009	7 686
	97 288	95 150	97 940
Total Revenue	479 327 \$	465 301 \$	462 303 \$

The accompanying notes are an integral part of the financial statements.

Expenditures*(stated in thousands)*

	1986		1985
	Budget Revised	Actual	Actual
Operating			
General management of operation	379 \$	286 \$	274 \$
Transportation department	190 288	188 897	177 074
Vehicle maintenance department	90 340	88 129	94 960
Engineering department	69 619	67 954	70 479
Surveillance department	8 162	7 963	7 139
Supplies department	5 722	5 682	6 190
	364 510	358 911	356 116
Administration			
General management of customer services	5 231	4 343	4 495
Treasury and control department	9 119	8 896	7 878
General administration	2 412	2 352	2 509
Other departments	13 008	12 995	12 605
	29 770	28 586	27 487
Taxes, Permits and Contributions	11 921	11 913	10 026
Financing Costs	29 940	28 713	30 306
Purchase of Buses	-	-	4 137
Capital Expenditures	2 750	2 104	3 120
Railway Services	33 353	33 332	30 608
Contingencies	7 083	1 742	503
Total Expenditures	479 327 \$	465 301 \$	462 303 \$

Changes in the Reserve for the Redemption of Debentures Year Ended December 31, 1986

(stated in thousands)

	1986	1985
Balance, beginning of year	7 116 \$	6 187 \$
Contributions and Interest	5 106	4 486
Redemption of Debentures	12 222 -	10 673 (3 557)
Balance, end of year	12 222 \$	7 116 \$

The accompanying notes are an integral part of the financial statements.

Notes to Financial Statements as at December 31, 1986

1 - Governing Statute

The Société de transport de la Communauté urbaine de Montréal is incorporated under the Act of the Communauté urbaine de Montréal. Under Section 301 of the Act, all property, including the metro, belongs to the Société as agent of the Communauté urbaine de Montréal.

2 - Summary of Accounting Policies

Financial Statements:

The financial statements of the Société do not include the metro assets and related borrowings. The cost of servicing this debt is an obligation of the municipalities of the Société territory.

Fund Accounting:

In accordance with fund accounting practices, the Société uses an operating fund to record regular budget transactions, a sinking fund to provide for the redemption of certain debentures upon maturity, a fixed assets fund to record all fixed assets and a long-term debt fund to record debt relating to the acquisition of fixed assets.

Inventory of Supplies and Replacement Parts:

The inventory of supplies and replacement parts is valued at the lower of cost and replacement cost. Cost is determined by the average cost method.

Commitments Payable:

Commitments are accounted for as expenditures at year-end when the Société is committed to third parties or when asset expenditures have been accepted by the Board of Directors by way of a resolution, thereby allowing for budgetary control. Commitments payable have been recorded as accounts payable in the liabilities of the operating fund.

Revenue and Expenditures:

Revenue and expenditures are recorded on the accrual basis with the exception of employee sickness benefits and contribution to the supplemental pension plan which are recorded on a cash basis. In addition, financing expenses include principal and interest payments on long-term debt.

Fixed Assets:

Acquisitions of fixed assets pursuant to borrowing By-Laws or from the operating fund are accounted for in the fixed assets fund. Depreciation for year and tear and obsolescence of the fixed assets has not been provided in the accounts.

3 - Subsidies and Allocation of Deficit

Subsidies:

Pursuant to the Quebec Government's Public Transportation Aid Program, the Société is eligible to receive certain subsidies for 1986. The principal subsidies are:

An operating subsidy subject to a ceiling related to the contribution of the municipalities and limited to a maximum of 40% of revenue earned by the regular mass transit system and loss of revenue due to reduced rates;

A subsidy related to the sale of monthly passes based on the reduction extended to users of regular and railway services;

Notes to Financial Statements as at December 31, 1986

A subsidy equivalent to 75% of the capital cost or the financing cost of related debt for the purchase of buses and the construction of buildings;

A subsidy equivalent to 75% of the cost of special transportation for the handicapped. However these costs must obtain the prior approval of the Minister of Transport;

A subsidy equivalent to the residual deficit of railway services.

Allocation of the Deficit:

The Société's deficit is assumed by the municipalities served.

4 - Deficit to be Recovered from Municipalities Outside the Territory

A number of municipalities have contested the allocation of the operating deficit to municipalities outside the territory for services provided during 1980 to 1983 inclusively before the Commission Municipale du Québec. The decisions rendered by the Commission Municipale du Québec have confirmed the merits of the allocation of this deficit. The municipalities in question have appealed these decisions in Superior Court.

5 - Loan Payable

A loan in the amount of 70 339 813 \$ was borrowed from a Canadian chartered bank on December 1, 1981, to finance the Government's share of the 1979 deficit of which 20 097 000 \$ is outstanding as at December 31, 1986. This loan is renewable annually. The corresponding subsidy receivable is recorded in subsidies receivable from the Quebec Government in the assets of the operating fund.

The Quebec Government is committed under the above credit agreement to subsidize the entire cost of debt service.

6 - Fixed Assets Fund

(stated in thousands)

	1986	1985
Fixed assets acquired prior to 1966	24 025 \$	25 292 \$
Fixed assets acquired since 1966:		
Land	2 060	2 060
Buildings	37 985	37 460
Office furniture and equipment	32 822	30 070
Automotive equipment, buses	210 580	195 301
Automotive equipment, other	13 413	12 881
Expropriated property	4 679	4 679
Encombered assets	4 173	5 163
	329 737 \$	312 906 \$

Notes to Financial Statements as at December 31, 1986

7 - Debentures

(stated in thousands)

	Autorized and issued	1986	1985
Serial debentures:			
9,25 %, 9,50 %, 9,75 %, 1 500 000 \$ maturing per annum, due March 15, 1987	15 000 \$	1 500 \$	3 000 \$
Prime rate, 4 500 000 \$ maturing per annum, due September 15, 1992	36 000	27 000	31 500
Sinking Fund Debentures:			
8 %, due December 1, 1992	2 500	1 500	1 750
12,75 %, due April 25, 1992	20 000	20 000	20 000
12,50 %, due April 7, 1990	20 000	20 000	20 000
12,125 %, due March 27, 1991	20 000	20 000	20 000
Debentures 33 000 000 \$			
8,50 %, due November 19, 1987	2 070	2 070	-
8,75 %, due November 19, 1988	2 277	2 277	-
9,25 %, due November 19, 1989	2 506	2 506	-
9,50 %, due November 19, 1990	2 756	2 756	-
9,75 %, due November 19, 1991	14 069	14 069	-
10 %, due November 19, 1996	9 322	9 322	-
		123 000 \$	96 250 \$

These debentures are a direct and general obligation of the municipalities of the Société territory. These municipalities are jointly and severally liable with the Société for the principal of the debentures and interest thereon.

8 - Sickness Benefits

As at December 31, 1986, accumulated sickness benefits are estimated at 28 900 000 \$ on the basis of salaries paid as of that date. Employees are entitled to receive in cash the value of their accumulated sickness benefits when they leave the Société.

Writing and coordination
Public Relations Department

Design, photography and typography
Audio-visual and Graphic Arts Division

1870

1871

