



Société de transport  
de la Communauté urbaine  
de Montréal

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# ANNUAL REPORT 1988

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Laying New Foundations  
for Excellence

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de la Communauté urbaine  
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*The Société de transport de la Communauté urbaine de Montréal (S.T.C.U.M) is the largest urban transit corporation in Quebec, and one of the most extensive in North America.*

*It is a public-sector corporation whose Board of Directors includes representatives from the Montreal Urban Community, the City of Montreal, suburban municipalities, and public transit users. Almost fifty percent of its eight thousand employees work directly with the public, making the Corporation very visible. Its social role is all the more important, given the essential nature of the services it provides.*

*At the beginning of 1988, the S.T.C.U.M. assumed a new mandate that clearly reflected the Corporation's intentions to become more customer-oriented, improve its operations and services, and promote the active participation of its employees.*



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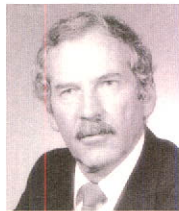
# THE BOARD OF DIRECTORS

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## **Robert Perreault**

Chairman

Vice-Chairman of the Executive Committee, City of Montreal



**Michel Leduc**  
Vice-Chairman  
Mayor of LaSalle



**Abe Limonchik**  
Montreal City Councillor



**Michel Hamelin**  
Chairman of the Executive Committee,  
MUC



**Ginette L'Heureux**  
Montreal City Councillor



**Raymond Renaud**  
Mayor of Saint-Léonard



**Sybil Murray-Denis**  
Montreal Citizen Representative



**Malcolm C. Knox**  
Mayor of Pointe-Claire



**Yvon Marsolais**  
MUC Citizen Representative



# MESSAGE FROM THE CHAIRMAN OF THE BOARD

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Public transit has become a pivotal issue in contemporary society, one that marked the year 1988. It received a great deal of news coverage and was the subject of much public debate, reflecting the crucial role of public transit in the development of our community.

This past year, we have succeeded in meeting one of our main objectives: to ensure that the costs of public transit would be shared more equitably between users, the provincial government and the municipalities served. The Quebec Minister of Transport has formally acknowledged the existence of the "overflow effect" and the need to compensate the S.T.C.U.M. for it; we are very pleased with this development. There are still differences in opinion regarding how to calculate the amount of compensation, but a consensus will have to be reached, as there can be no going back on this issue.

We have expanded our services, while maintaining a fare structure that gives the entire population access to public transit and encourages people to use the system. We intend to continue pursuing such a policy in the future.

At the same time, we have maintained our concerted efforts to propose new ways to both increase the Corporation's investment in infrastructure maintenance and enable it to complete the network. The time has come to think in terms of regional development. This requires a collaborative approach, which is precisely the direction we are taking.

The S.T.C.U.M. has many valuable assets. It relies on the considerable skills and commitment of its employees and the strong will of management to contribute to social change. But that is not enough. To fulfil its mandate as a public service corporation, the S.T.C.U.M. needs the means and conditions that will ensure its development. In 1989, we should be able to complete the work already under way, and lay the solid foundations for progress in the years to come.



Robert Perreault



# THE MANAGEMENT TEAM

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**Louise Roy**  
President and General Manager

**Jean Bouchard**  
Manager, Surveillance

**Roger C. Choquette**  
Interim Manager, Engineering

**Xavier Ceccaldi**  
Interim Manager, General Planning

**Claude Dalphond**  
Supplementary Pension Plan  
Administrator

**Ronald F. David**  
Internal Auditor

**Robert Dion**  
Treasurer/Controller

**Guy Hearson**  
Manager, Supplies

**Marc Labbé**  
Manager, Marketing

**Guy Lafontaine**  
Manager, System Planning

**Jean Y. Nadeau**  
Secretary and Manager,  
Legal Department

**Serge Pagé**  
Manager, Management Systems

**Jacques Rompré**  
Manager, Vehicle Maintenance

**Hubert Sacy**  
Manager, Communications

**Michel Ste-Marie**  
Manager, Human Resources

**Francis Therrien**  
Manager, Transportation

# MESSAGE FROM THE PRESIDENT AND GENERAL MANAGER

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This past year was the first of a three-year corporate plan, and the highlight was on structural reorganization. It was also a year in which the S.T.C.U.M. focused increased attention on the community it serves, becoming more actively involved. A number of major projects were undertaken in 1988; these, however, did not prevent other fundamental plans from being carried out. It was a year of considerable achievements...and considerable difficulty — in all, a very exciting one. It now gives me great pleasure to report on the events of 1988.

Our commitment to carry out the various aspects of the corporate plan started to take form right from the beginning of the year. As part of our **customer service strategy**, all the stations on line 5 — the blue line that runs from Snowdon to Saint-Michel — became fully operational. In addition, 27 night-service bus lines were introduced and several bus routes were modified to adapt to changing requirements. There was also a major improvement in transportation service for the handicapped, to meet the growing needs of this clientele.

The success of our **human resource management strategy** was publicly recognized: the Corporation was awarded a special "Iris" for its affirmative action plan, as well as a first prize in the field of occupational health and safety. But most important, a great deal of basic work was done in all departments. Programs and projects dealing with quality management, employee attendance, health and safety, training and positive reinforcement were implemented throughout the Corporation.

These accomplishments were even more noteworthy in view of the S.T.C.U.M.'s ongoing **financial difficulties**, which, despite the fact that they were foreseen and publicized, continued to affect services, employees, management, public perception and the image of the Corporation. The S.T.C.U.M. is a veritable window on society, working in a strategic and extremely sensitive sector. As such, it faced some very difficult situations. The year ended with budget cut-backs, the ramifications of which were felt within the Corporation and by the public; this is certainly an issue we shall continue to face in the future.

The Corporation's **communications strategy** had a visible impact on the community. The S.T.C.U.M. carried out the most extensive cleanliness campaign ever, and achieved measurable concrete results. In addition, it opened its doors and tunnels for two days and one night to those who truly own them — the people of the Montreal Urban Community. Lastly, the S.T.C.U.M. hosted the sizeable annual conference of the American Public Transit Association, turning Montreal into the public-transit capital of North America for a period of five days.



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The **reorganization** of the S.T.C.U.M. took a great deal of energy and creativity. In an immense collective effort, the management team worked to develop corporate structures that are better equipped to meet the challenges posed by the new corporate plan. In so doing, we achieved the most important result of all: the development of a new corporate culture.

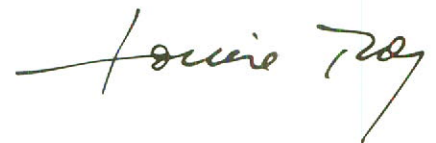
The involvement of management personnel in this corporate culture has helped the S.T.C.U.M. carry out its commitment to a more open and participatory approach. The challenge was a demanding one, but it brought managers closer together, building a modern and cohesive corporation based on cooperation.

The Corporation has been completely restructured. It has moved from an organizational model based on category of employment to one based on sector of activity. Six major executive departments have thus been created: Surface Transportation; Metro and Commuter Trains; Construction and Major Repairs; Planning and Marketing; Finance; and Quality and Resource Development. As of 1989, these six departments will form the framework for the new organizational structure, focusing on the customer-service approach. Indeed, the integration of operational and maintenance expertise in each executive department will lead to further concentration of S.T.C.U.M. efforts to provide excellent service.

The new organizational model will decentralize activities and bring them as close as possible to operations. It will reduce the number of hierarchical levels, decrease the number of individuals reporting directly to the President and General Manager, and broaden the responsibilities of first-level managers. We should also see a decentralization of the decision-making process and the establishment of new performance indicators in 1989.

Through this reorganization process, we have sought to make the Corporation more efficient, more accessible and more service-oriented. The executive appointments made this past year have helped us form a dynamic and competent team deeply committed to the values we hope to pursue into the future.

Looking back on 1988, we can thus confidently state that despite the difficulties we faced, substantial progress has been achieved. By managing change, we have succeeded in laying new foundations for excellence.



Louise Roy

# HIGHLIGHTS

|  | 1988  | 1987  | Change<br>% |
|--|-------|-------|-------------|
| <b>Number of passengers (in millions)</b>          |       |       |             |
| Buses and metro                                    | 394.2 | 366.2 | +7.6        |
| CN Trains  | 4.4   | 4.3   | +1.9        |
| CP Trains  | 3.3   | 3.1   | +8.2        |
| <b>Kilometres travelled (in millions)</b>          |       |       |             |
| Buses  | 76.2  | 73.3  | +4.0        |
| Metro  | 64.8  | 60.0  | +8.0        |
| <b>Hours of service (in millions)</b>              |       |       |             |
| Buses  | 4.8   | 4.6   | +3.9        |
| Metro  | 2.3   | 2.1   | +8.4        |
| <b>Number of Employees (as at 31 December)</b>     |       |       |             |
|  | 7,851 | 7,932 |             |
| <b>Number of Vehicles</b>                          |       |       |             |
| Urban buses  | 1,744 | 1,759 |             |
| Minibuses for the handicapped                      | 50    | 50    |             |
| Metro  | 759   | 759   |             |
| CN Trains  |       |       |             |
| Locomotives  | 14    | 14    |             |
| Passenger cars                                     | 65    | 65    |             |
| CP Trains  |       |       |             |
| Locomotives  | 7     | 7     |             |
| Passenger cars                                     | 50    | 50    |             |
| <b>Network</b>                                     |       |       |             |
| Metro stations                                     | 65    | 60    |             |
| Bus lines  | 141   | 141   |             |
| Night-service bus lines                            | 27    | 0     |             |
| CN Stations  | 13    | 13    |             |
| CP Stations  | 17    | 17    |             |
| <b>Operating Expenses (in millions of dollars)</b> |       |       |             |
|  | 527.2 | 488.2 | +8.0        |
| <b>Income from Users (in millions of dollars)</b>  |       |       |             |
|  | 205.6 | 188.2 | +9.2        |



# REPORT ON ACTIVITIES

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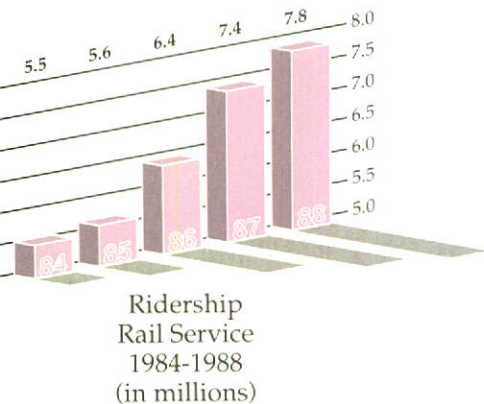
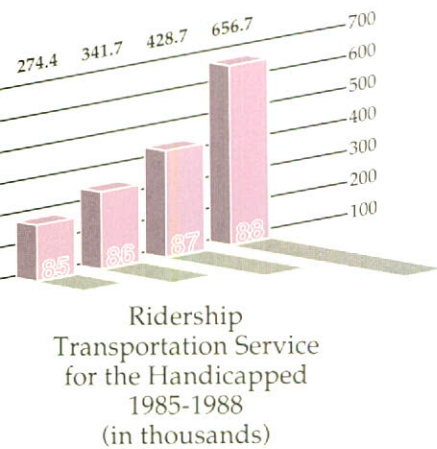
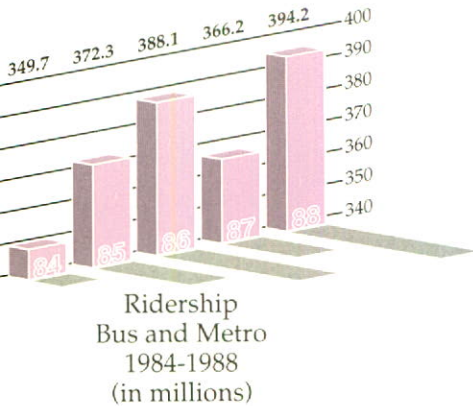
In 1988, a three-year plan was undertaken to implement our recently adopted customer-service strategy and significantly increase employee participation.

This plan, based on three major strategies involving customer service, human resource management and finances, reflects a major change in direction: in the medium term, the S.T.C.U.M. intends to evolve from the operations- and production-oriented organization it has been for many years, into a truly service-oriented organization.

This annual report reflects the efforts made throughout the Corporation to achieve this change. Our accomplishments clearly demonstrate that 1988 has been a year of laying new foundations for excellence.

# OPERATIONS AND NETWORK IMPROVEMENTS

## Ridership



- A total of 394.2 million passengers used the S.T.C.U.M. bus and metro services in 1988. This represents an increase of 7.6% over the previous year, when ridership was negatively affected by interruptions due to labour conflicts. This past year, ridership regained 1986 levels and surpassed them by 1.6%, with activity increasing slowly during the first quarter, then accelerating in April and May.

- Transportation service for the handicapped showed spectacular growth in 1988, in terms of both minibuses and taxi trips. The S.T.C.U.M. served a total of 656,709 passengers, or 53.2% more than last year. Taxi transportation was up by 58.3%, and minibus transportation by 42.6%. This means that in 1988, more than two-thirds of those who used the service travelled by taxi. The number of trips taken by the handicapped has almost doubled in two years, a remarkable development that shows how hard the Corporation has worked to improve the services it provides to this clientele.

- S.T.C.U.M. rail service carried 340,139 more passengers than in 1987. This 4.6% increase brought the number of passengers that used the train to 7.8 million. A total of 4.4 million passengers used the CN Central Station/Deux-Montagnes rail line, for an increase of 1.9% over last year. Ridership on the CP Windsor Station/Rigaud line climbed by 8.2%, reaching a total of 3.4 million passengers.

- As part of its plan to modernize the Montreal-Rigaud line, the S.T.C.U.M. acquired 24 new cars from the Bombardier public transit division, manufactured at the Bombardier plant in La Pocatière. By bringing some of the new cars into service in the early summer of 1989, the Corporation will be able to maintain the current level of service during the time required to modernize its 41 B-800 passenger cars.



## Fares

- The S.T.C.U.M. sold 4.3 million monthly passes in 1988, an increase of 8.1% over 1987. The 8.4% increase in sales of regular-fare passes was slightly higher than the increase in reduced-fare passes, which was about 7.2%. During that same period, passengers purchased 73.2 million tickets, 21% of which were reduced-fare; 45.7 million trips were paid for in cash.

- The fare collection system was changed at the end of the year with the installation of 83 magnetic pass readers in 16 metro stations. Users simply slide their cards through the slot on the device which scans a magnetic strip on the pass. The procedure speeds up the process of passing through the metro turnstiles, making fare collection more efficient. Also, since fare collectors no longer have to check passes, they have more time to answer passengers' questions.

- The price of a monthly bus and metro pass rose from \$28.50 to \$29.75 in 1988, an increase of 4.4%. The last increase had been in 1986.

### FARE STRUCTURE

|                                | 1988    | 1987        |
|--------------------------------|---------|-------------|
| Cash - regular fare            | \$ 1.00 | \$ 1.00     |
| Cash - reduced fare            | .45     | .40         |
| Tickets - regular fare         | 5.50    | 5.00        |
|                                |         | (6 tickets) |
| Tickets - reduced fare         | 2.50    | 2.00        |
|                                |         | (6 tickets) |
| Monthly pass                   | 29.75   | 28.50       |
| Monthly pass<br>- reduced fare | 11.50   | 11.00       |
| Conference card                | 1.70    | 1.70        |

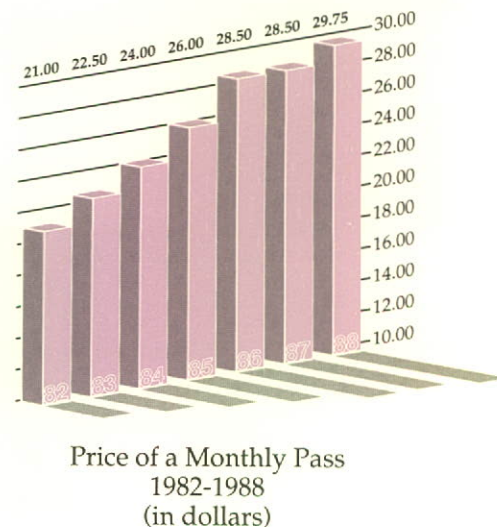
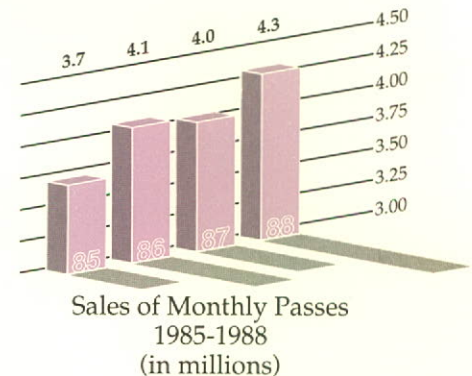
- The gold pass, which gives senior citizens access to public transit at a reduced fare, was made available at the Fairview and Galeries d'Anjou shopping centres this past year, allowing people to purchase their passes closer to home. Over 20,000 gold passes were issued by the S.T.C.U.M. in 1988.

- The student pass gives reduced rates to young people under age eighteen who are attending high school or CEGEP. In a huge distribution operation organized during September and October, 84,685 passes were issued, bringing the total number to 101,339 for 1988.

- The new convention pass, which first went on sale in 1987, earned the S.T.C.U.M. a "Ulysse" honourable mention from the Greater Montreal Convention and Tourism Bureau for its contribution to the development of tourism in the region. The pass, intended for conference delegates and tour groups visiting Montreal, was extremely well received by the Montreal tourism industry.



The magnetic pass readers installed in 16 stations at the end of the year improve access to the metro and simplify fare collection.



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## Service

- **The S.T.C.U.M. increased its service in 1988.** The utilization rate for both bus and metro (i.e., the ratio of ridership to the number of kilometres travelled) was up from 2.75 to 2.80, an increase of 1.7%.

- **The number of kilometres covered** by buses and metro cars rose considerably. Buses travelled a total of 76.2 million kilometres, up 4% over 1987, while metro cars travelled a total of 64.8 million kilometres, an 8% increase. The significantly greater increase in the distance covered by the metro cars was largely due to the opening of five stations on line 5 during the year, as well as to changes to certain bus lines.

- **The number of hours of service** rose at about the same rate as the distance travelled. Surface transportation was in operation for a total of 4.8 million hours of service, up 3.9% over 1987 figures. As for the metro, the S.T.C.U.M. registered close to 2.3 million hours of service, for an increase of 8.4%.

- **Improving the reliability of bus service** was one of the S.T.C.U.M.'s objectives for 1988. To achieve a 5% increase in the average distance covered by buses between breakdowns, inspections were conducted more frequently, inspection procedure was changed, and coordination between the divisions and the garages was improved. By the end of the year, the S.T.C.U.M. had achieved a 95% success rate. The number of breakdowns reported by buses in service fell from 23,180 to 22,118, a 4.2% reduction. The rate of breakdowns was reduced by 16%, from 35 to 29 per 100,000 kilometres. In its ongoing effort to improve bus reliability, the S.T.C.U.M. also established a quality control program for vehicle maintenance in 1988, and, by the end of the year, had begun developing a quality management program. A total of 653 interruptions in metro service was recorded in 1988, a 21% increase over 1987; on the other hand, metro cars were down less frequently than in the previous year. The Corporation intends to pay particular attention to this issue in 1989.

- **Traffic accidents** were down by 14% in surface transportation, dropping from 4,351 to 3,729. The accident rate per 100,000 kilometres was 4.89 for 1988, compared to 5.92 in 1987. In the metro, the rate of accidents involving passengers on board the trains or in the stations rose slightly, from 1.22 to 1.26, for a total of 816 accidents.

## New Service

- **Five new metro stations** were opened in 1988 on the western section of line 5, which is an east-west line, 9.7 kilometres long. The new stations are Acadie, Outremont, Édouard-Montpetit, Université de Montréal, and Côte-des-Neiges. They cover a total of 5.8 kilometres, and connect two transfer points — Snowdon and Jean-Talon — thereby providing easier access to the north-south metro line. The metro now boasts 65 stations. To better integrate surface transportation with the extended metro line 5, the “160 Barclay” bus route was modified, while the “128 Avenue du Parc” and “151 Polytechnique” buses were cancelled. Changes were also made to the bus lines in the areas feeding the new section of metro line 5.

- **A new night service came into operation** at the beginning of 1988 to meet passenger needs more effectively. Between 1:00 a.m. and 5:00 a.m., the S.T.C.U.M. operates 27 bus lines; the stops for these lines are indicated by a crescent moon. The time between buses is anywhere from 30 to 60 minutes, and on average, users are not more than 3,000 feet from the nearest stop on the line.

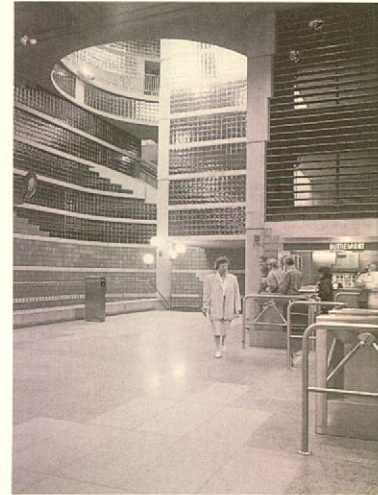
- **The new Dorval intermodal station**, opened in August 1988, is designed to improve connections between the bus terminal and the railway station, while providing passengers with a more modern and efficient link-up. The station facilities include a pedestrian walkway, two parking lots and a new bus terminal. The bus lines in the surrounding areas have been reorganized accordingly.

## System Planning

- **Twenty bus routes** were changed in 1988 to accommodate the wishes expressed by public transit users and residents of the streets on which the buses travel. Schedules for several bus lines were also modified to account for changing passenger needs.

- **Reorganization of the Ville d’Anjou network**, carried out following a study of user needs, resulted in changes to the “18 Beaubien” and “85 Hochelaga” bus lines and modifications to operations in the Anjou area. An analysis of the Point-aux-Trembles area led to route changes and an extension of the hours of service. Other districts studied with a view to reorganization were the downtown area, Saint-Léonard, Montreal North and Rivière-des-Prairies.

- **The point of origin-destination survey** begun in 1987 with a comprehensive survey of 54,636 persons reached the data processing stage in 1988. By the end of the year, the Corporation had carried out preliminary analyses of factors that have had a major effect on transportation planning in greater Montreal since 1982. This valuable information will help the S.T.C.U.M. in making future improvements to the system.



*In 1988, the opening of five new metro stations on line 5 and a new intermodal station in Dorval made it possible for the S.T.C.U.M. to better meet its customers' needs.*

# CUSTOMER SERVICES

## Contact with the Public and Information Services



*The new information tools put at employees' disposal, and better training for telephone information personnel reflect the priority the S.T.C.U.M. gave to customer service this year.*

- The "Ambassador" project, a program to help transport personnel carry out S.T.C.U.M.'s customer service policy, was developed in 1988 and will be communicated to management in 1989-90. It is a major project designed to support employees who deal with the public. It covers a variety of aspects, including new rules and procedures, increased awareness of multicultural issues, courtesy, sensitivity, etc. The program will also be made available to a number of drivers in 1989.

- Neighbourhood maps have been posted in eight metro stations specially chosen for this project. The maps show the main shopping areas, industrial facilities and tourist attractions in the neighbourhood, as well as local public services, walkways, S.T.C.U.M. installations and streets in the vicinity of the station. They provide public transit users with quick information about bus transfer points and help people get their bearings when they exit the metro.

- A variety of information tools have also been made available to users in 1988: the night service map, the downtown map and the network map, which won this year's Adweel Award from the American Public Transit Association.

- A-U-T-O-B-U-S Information Centre officers handled 1.7 million telephone inquiries in 1988; 31 people, including 24 information officers, received training designed to increase their attention, patience and courtesy when dealing with customers. As a result, employees have shown greater interest in their work and service has improved. The S.T.C.U.M. also responded to more than 93,000 requests for bus route maps, metro guides and annual reports. Employees working in transportation for the handicapped took part in a program to improve the quality of information given by telephone to handicapped users. Lastly, two-thirds of all surveillance officers took a course on how to defuse potentially dangerous situations and handle different kinds of passengers more effectively.

- Some 23,000 items were found and categorized by the S.T.C.U.M. in 1988. Of these, 4,350, or 19%, were returned to their owners; unclaimed items were sold in lots at public auction. During the year, the S.T.C.U.M. extended its lost and found business hours at both ends of the normal working day so as to better serve its customers. More than 5,600 lost student bus passes were returned to their owners, as were 563 gold passes.

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## Security

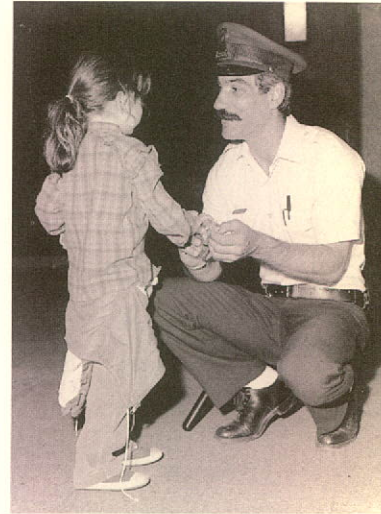
- **Metro security officers** assisted 1,489 people who were ill or hurt during 1988; they also helped some fifty people get to hospital for treatment (suicide prevention). Officers stopped 3,415 people who, by placing passengers in danger, disturbing the peace or delaying service, were contravening metro regulations. Security officers assigned to surface transportation intervened in 3,212 incidents, and acted as escorts 887 times to protect drivers and respond to complaints. In all, 207 people were apprehended during the year.

- **New pictograms** were installed on all escalators to remind people to hold the handrail and not to use baby strollers.

- **A total of 154 fire prevention inspections** were carried out in metro stations in 1988.

- **All new MUC and Longueuil police officers** attended S.T.C.U.M. information sessions on how to best handle calls from metro users.

- **Surveillance officers** gave a total of 51 talks in 1988 to the students in 110 COFI (orientation and training centres for immigrants) classes, explaining how to use the public transit system safely. Ten similar meetings were held in senior citizens' centres. Surveillance officers also disseminated information on the topic at booths set up inside and outside metro stations.



*The Corporation's surveillance officers assisted nearly 1,500 people in 1988.*



*Fifty new bus shelters were installed during the year to help make the network more comfortable for customers.*

## Cleanliness in Trains and Metro Stations

- **Cleanliness in metro cars** was greatly improved in 1988 as a result of the use of fibreglass seats, a program for the systematic cleaning of the fibreglass seat frames and renovation work on certain kinds of cars. Steps were also taken to ensure that all cars that came back dirty were cleaned for the next morning's rush hour. Furthermore, a new cleanliness index was instituted to assess the state of the cars.

- **The overall level of cleanliness in the metro** similarly improved. Twelve so-called "critical" stations received special attention, supported by a public awareness campaign designed particularly to teach school children about cleanliness in the metro.

## User Comfort

- **Fifty new bus shelters** were installed in 1988 at stops frequented primarily by senior citizens, and a second contract was granted in November for an additional 50 shelters to be set up, starting in 1989. Broken glass and panels were also repaired much more quickly.

- **The visually handicapped** now have easier access to the underground network, due to changes made to 15 stations as part of the program to adapt metro stations for the blind and partially blind.

## Complaints Committee

- The S.T.C.U.M. set up a **Complaints Committee in 1988** made up of four transit users acting on behalf of different groups served by the S.T.C.U.M. network, and three representatives of those departments that have direct, daily contact with the public. The committee's mandate is to protect the interests of public transit users by ensuring that each serious, well-founded complaint is meticulously investigated, a process involving thorough questioning of the complainant and the employee. The committee also sees that any corrective measures taken are satisfactory to all concerned. The S.T.C.U.M. has thus become the first public transit corporation in North America to have a watch-dog agency with user representation. The Complaints Committee handled 169 cases in 1988.

- **User comments and complaints** resulted in more than 12,000 files being opened in 1988. All of these were dealt with in close collaboration with those in charge of handling complaints about the metro and surface networks.

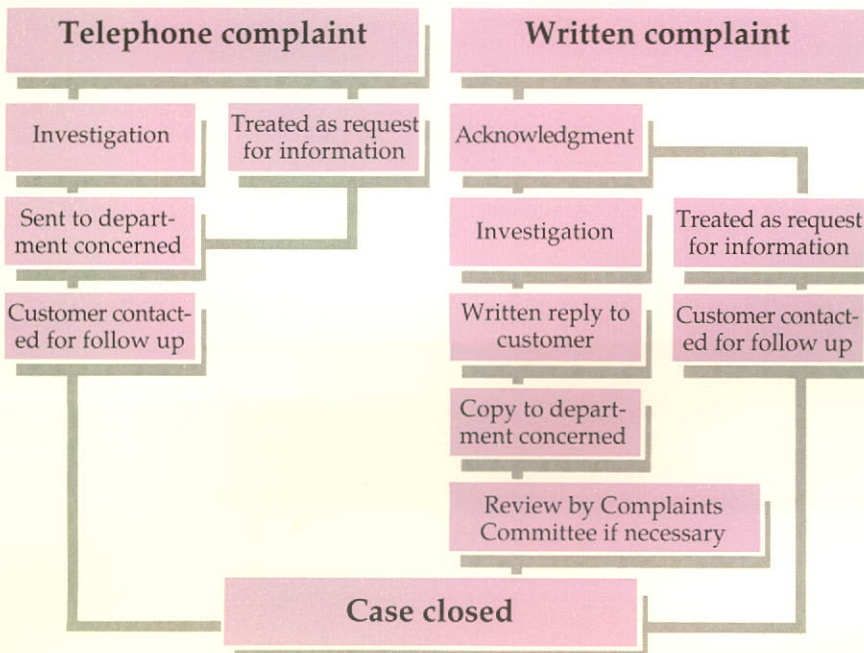
## Transportation Service for the Handicapped

- A conference on transportation for the handicapped in the MUC drew representatives from concerned groups on April 19 and 20. The S.T.C.U.M. invited 125 people and three main issues were discussed: availability of service, its quality and efficiency, and measures to adapt the regular network. As a result of the conference, the Corporation developed a three-year plan for transportation service for the handicapped that was made public in December 1988. The plan proposes measures designed primarily to maintain, and in some cases improve, the quality of service to the handicapped, while reducing the unit cost of such transportation through rationalization of operations. In particular, the S.T.C.U.M. intends to maximize the use of its own minibuses, which are operated in conjunction with taxi service.

- **Fifteen new minibuses were acquired** to replace those withdrawn from the fleet of 50 specially adapted vehicles. All the new minibuses have pneumatic suspension for greater passenger comfort.



The S.T.C.U.M. plans to increase the use of its own minibuses to transport the handicapped. The three-year plan made public in late 1988 proposes other measures designed to improve transportation services for the handicapped.



## Internal Communications

- **Major developments in communications** throughout the corporation marked 1988. These included a significant number of internal communications campaigns carried out during the year. Communications professionals in every major department provided constant support to management and employees.

- **The S.T.C.U.M. completely revamped all its publications.** The company paper Promenade was redefined and an employee newsletter called Ligne Directe was created for distribution in the workplace. All publications for management, professionals and supervisory personnel were merged into one new bulletin called L'Inter. On the other hand, six new newsletters for specific departments were developed and distributed: En commun (Transportation), L'heure de pointe (Vehicle Maintenance), Le Géniescope (Engineering), La mémoire vive (Management Systems), La parenthèse (Human Resources) and Correspondance (Communications). One graphic concept was adopted for all publications.

- **Occupational Health and Safety Week** saw some intensive internal communications action on the theme "Health and Safety Can Be Learned." Hundreds of employees took part in a variety of activities, visited the booths and learned how important it is to always be aware of health and safety, no matter what the job.

- **Support for and follow-up of 1988 action plans** gave operations departments a better understanding of S.T.C.U.M. objectives and encouraged them to work towards achieving them.

- **Internal information campaigns** flourished. The Vehicle Maintenance Department's quality management program was supported by the campaign "On excelle ensemble." The resource pooling program encouraged the recognition of employee accomplishments and resulted in more than 80 local work-improvement projects.

- **Internal communications projects** were successful throughout the corporation: attendance programs, the concourodéo (a contest for bus and metro drivers), the mécanorodéo (a contest for mechanics), systematic trouble-shooting, the metro-cleaning robot, "Soulignons le génie," the night linesman's study, the entering of operations department projects in various contests and the PRPC slide show are just some of the achievements worth mentioning.

- **Transportation employees**, who make up close to half of all S.T.C.U.M. personnel, benefitted from some intensive information activities during the five weeks of "general booking." Employees came, in order of seniority, to choose their assignments in huge halls set up with thematically arranged information booths that provided answers to questions on such topics as retirement, fringe benefits, insurance, training, system planning, etc.



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## Information Campaigns and Activities

- **A video** to help in the hiring of bus drivers was conceived, produced and shot, proving that communications can also be most useful to management. Communications and Human Resources personnel were responsible for the production, while dozens of employees participated as actors.

- **Reorganization activities** received continuous support in the form of verbal and written communications dealing with various aspects of this major project. Management projects and input from the departments also contributed in this domain.

- **Communications** were systematically included as a part of every S.T.C.U.M. activity involving the public. People were thus kept informed about the opening of the five new stations on metro line 5, changes to bus routes, the establishment of night service, the inauguration of the Dorval Intermodal Complex and the creation of the Complaints Committee.

- **Media relations** were intensive and ongoing. In this way, the public received essential information about service, as well as accurate, current details on the Corporation's activities and updates on topical issues.

- **An extensive cleanliness campaign** was undertaken during April and May, in collaboration with the City of Montreal and a number of suburban communities. Under the theme "Moi j'embellis...(mon autobus or mon metro)", this public awareness campaign was carried out in a variety of ways: with 30,000 buttons, more than 25,000 different kinds of posters (on buses and in metros, in stores, apartment buildings and schools, and on trash cans), and 300,000 biodegradable garbage bags. In conjunction with the poster campaign, a public relations operation was created specifically for young school children, who account for 20% of all daily users. About 4,200 of these children were invited to a dozen strategically located metro stations and eight bus garages where maintenance problems are common. Employees showed them the consequences of vandalism and lack of civic pride: older children were encouraged to roll up their sleeves and help out, while the younger ones drew pictures based on the campaign theme. These are to be exhibited in metro stations.



*Approximately 4,200 Montreal schoolchildren participated in the Corporation's 1988 cleanliness campaign.*

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## Events and Promotions

- **A safety campaign** using the slogan “bord ou au quai, sécurité d’abord, OK?” was created at the end of 1988 for use in early 1989. Radio ads were produced for the campaign and 600,000 flyers will be distributed to the public. The main topics covered are the 9-1-1 emergency service, escalators, metro and bus doors and using baby strollers on the public transit system.

- **Vandalism prevention** continued in 1988 in the form of a program of educational visits to schools. This campaign was begun in 1987 with the theme “Ménage tes transports”; a special music video and record were produced specifically for it. During the year, the S.T.C.U.M. held 66 such information sessions, reaching 1,850 young people aged 11 to 18. Another 6,000 teenagers watched the video at the Salon de la jeunesse.

- **The “Lunch box” program** made it possible for 630 children aged 9 to 12 to see what it was like to work in a bus garage. Twenty-six visits were arranged, during which the S.T.C.U.M. was able to help children from different cultural minorities learn more about our society.

- **A media advertising campaign** in the fall of 1988 told people about the changes to the monthly pass and explained how the new scanning system worked.

- **Several joint promotions** took place in 1988, as well as a number of events in the metro. These were designed to entertain subway users and make public transit more fun. Some of the major promotions included “Vitrines sur la mode,” which was organized in March in collaboration with CKAC and CEDIM; “Métro, boulot, tennis,” at the McGill station, in conjunction with the Players Challenge; “Art et culture sur toute la ligne,” held in six stations, complementing the thematic exhibitions at the Palais de la civilisation; and “Le train du Père Noël.” The S.T.C.U.M. also took an active part in Mental Health Week, the hire-a-student campaign, Fire Prevention Week, Crime Prevention Week and the promotion of the World Philharmonic Orchestra concerts.

- **Promotional items** bearing the S.T.C.U.M. logo and the slogan “...en flèche” were developed during the year for sale to users and employees. An assortment of T-shirts, caps, coffee cups, school supplies, key chains and ties was produced.

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## Open House

- **More than 20,000 people** toured the more important S.T.C.U.M. facilities and met some 400 employees from all departments and fields during the "Open House" on June 18 and 19, 1988. This unprecedented event in North American public transit history made it possible for employees (who volunteered in great numbers) to make a different kind of contact with the public, as well as to explain the corporation and the duties they perform.

- **The tour** was conducted on a 5-kilometre route and took an average of four hours, including stops for chatting with employees, attending the various presentations and visiting booths. Nighttime access to maintenance sites along the metro line was the most spectacular part of the tour and was a first in S.T.C.U.M. history.

- **Generous media participation**, through gracious donations of air time and print space, along with contributions by a number of sponsors, helped make this operation a great success. The event showed the kind of support the S.T.C.U.M. really has in the community.

## Conventions and Shows

- **The American Public Transit Association** held its annual convention in Montreal from October 2 to 6, 1988. More than 3,300 people attended this major event, hosted for the first time by the S.T.C.U.M. In recognition of the quality and relevance of several projects presented by the Corporation, the APTA invited a dozen S.T.C.U.M. representatives to speak at the convention.

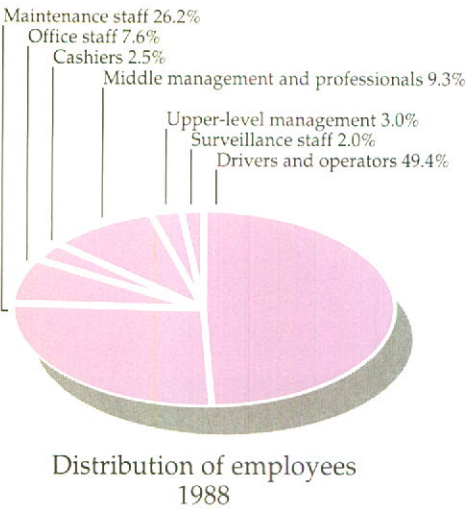
- **Participation in a number of shows** helped the Corporation make its users aware of the various facets of its mandate and services. The Salon de la jeunesse provided an opportunity to meet 125,000 young people and the Salon des aînés drew more than 10,000 visitors. The S.T.C.U.M. also attended the Alliance des professeurs de Montréal conference, which promoted discussion with some 5,000 local teachers.



*The S.T.C.U.M. educated thousands of people about various aspects of its mandate and services during its Open House and through participation at shows such as the Salon de la Jeunesse.*

# HUMAN RESOURCES

## Employees



• The S.T.C.U.M. had 7,851 permanent employees at the end of 1988. Close to one half of them were drivers and operators, while one quarter were

maintenance staff; these employees are assigned to the various corporation garages.

|  | 1988  | 1987  |
|--|-------|-------|
| <b>Drivers and operators</b><br>Includes bus drivers, metro operators, shunters, terminus officers, schedule officers, fare collectors and information officers. | 3,875 | 3,925 |
| <b>Maintenance staff</b><br>Includes all tradespersons and all Engineering, Supply and Vehicle Maintenance support staff.  | 2,061 | 2,105 |
| <b>Office staff</b>  | 598   | 590   |
| <b>Upper-level management</b>  | 234   | 232   |
| <b>Middle management and professional staff</b>  | 729   | 723   |
| <b>Cashiers</b><br>Includes all those whose work is related to fare and money collection, as well as division clerks.  | 193   | 196   |
| <b>Surveillance staff</b><br>Includes all employees assigned to surveillance in the metro and S.T.C.U.M. buildings.  | 161   | 161   |
| <b>TOTAL</b>   | 7,851 | 7,932 |

• **Employee turnover** remained very low in 1988, with a separation rate of less than 5%. Close to half of those who left were retiring employees. Over the year, 328 positions were filled by new employees, 119, or 36.3%, of whom were women; 70% of these positions are considered non-traditional.

• **As of this year, candidates for the position of bus driver** are required to show how they would react under simulated circumstances that represent real situations they might encounter on the job. A video test was developed by the S.T.C.U.M. specifically for this purpose: candidates are shown 92 situations and must choose the most appropriate reaction to each from among the possible responses presented. This test was created to guarantee the highest level of professionalism among new drivers, thereby ensuring that the corporation's high standards of customer service are met.

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## Affirmative Action Plan

- **Women made up 45.8% of all bus drivers hired in 1988.** By hiring 77 women, the S.T.C.U.M. exceeded the objective it had set as part of the Affirmative Action Plan it adopted in June 1987. The position of bus driver was top priority in the first year of the program, with a goal of 40%. In the long term, the corporation is aiming for the same ratio of women to total number of employees as currently exists in the skilled labour market. At the end of 1988, 7% of all S.T.C.U.M. personnel were women, while women make up 39% of skilled labour and 60% of users.

- **Promotions, transfers and temporary assignments** were the object of new rules and regulations designed in 1988 to meet the goals of the Affirmative Action Plan.

- **A prestigious award** crowned the S.T.C.U.M.'s affirmative action efforts in 1988: the corporation earned a special Iris from the Association of Human Resource Professionals of the Province of Quebec in the "Integration of a target group" category.

## New Management Style

- **Management by objective and the customer service approach** are central to the direction the S.T.C.U.M. is currently taking. At the end of 1988, all departments were operating according to these principles; employees could thus work towards clearly stated goals, defined in terms of the supplier-customer relationship. For example, one of the Maintenance Department's objectives was to meet 100% of the Transportation Department's daily demand for vehicles: they were able to do so with metro cars, and were 70% successful with buses.

- **First-level managers** in all departments saw their responsibilities extended. This process, which will be accelerated in 1989, is supported by training programs focusing primarily on the customer service approach, management by results and time management, as well as by closer contact with immediate superiors. From March to October, 1988, a pilot group of mid-level managers participated in the FIGE integrated management program run by ENAP.

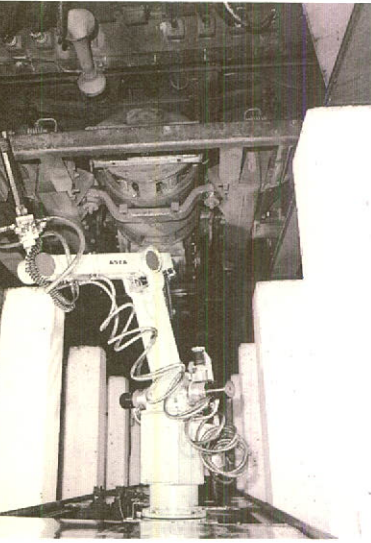
- **The PMCC resource pooling program**, designed to put employees' good ideas into practice, was expanded this year and more than 50 employees joined the program. Aside from its positive effects on efficiency, occupational health and safety, the quality of work and working conditions, the program has motivated employees and strengthened employee-supervisor relations.

- **A positive reinforcement program** was begun in 1988. Its purpose is to recognize employee contributions in terms of both performance and attitudes that help the S.T.C.U.M. achieve its objectives and improve the quality of service.



*While women make up 60% of public transit users and 39% of skilled labour, they account for only 7% of S.T.C.U.M. personnel. Thanks to the Corporation's Affirmative Action Plan, almost half of bus drivers hired in 1988 were women.*

## Occupational Health and Safety



*The «Mistral» robot, an avant-garde system for cleaning metro cars, has freed maintenance employees of this task which is considered dangerous to their health.*

- **Work accident frequency** dropped considerably in 1988 from 22 to 20.5 accidents per 200,000 hours. The number of serious accidents also fell from 698 to 490. A total of 35,015 work days were lost because of work accidents, compared to 48,241 in 1987. Such significant improvement can be attributed to effective prevention programs. Consequently, the S.T.C.U.M.'s 1989 contribution to the Commission de la santé et de la sécurité du travail has been reduced from \$5.49 per \$100 of insurable earnings to \$4.48.

- **The positive action program** was continued this year. It aims to systematically sensitize all employees to a variety of occupational health and safety issues. The S.T.C.U.M. also played an active part in Occupational Health and Safety Week: it was awarded the CSST "Quality of life in the workplace" prize, which recognizes the initiatives and achievements of a company and its employees, with regard to occupational health and safety.

- **Working with the IRSST** (the occupational health and safety research institute), the Corporation helped set up a system of diesel emission controls for the "locomotives" used in the Track Division; it also developed an air purity index for its garages.

- **Chemical product control** was the object of particular attention. Some 150 specification sheets were issued, and training staff in the various departments were instructed about the SIMDUT information system on hazardous materials. Work was reorganized to include SIMDUT considerations and a formal request for information was made to all chemical product manufacturers and suppliers.

- **Mechanization of the work station** where escalator parts are assembled, disassembled and verified earned the Corporation another CSST award for "Adaptation of a work station." These changes allowed for the reinstatement of an injured worker in his previous job, while reorganization reduced the risk of accident for the other shop employees. Modifications were also made to the bus driver's work station to provide greater comfort to drivers with back problems. A tripartite committee made up of the S.T.C.U.M., the Canadian Union of Public Employees and the IRSST coordinated the study that led to these modifications, which will be completed by the summer of 1989.

- **The "Mistral" robot**, a futuristic system for cleaning the undercarriage of metro cars, has been in use since the end of 1988. Maintenance employees no longer have to perform this job, which has been recognized as dangerous because of the excessive noise and high concentration of dust. The new system — the first of its kind in North America — was designed by S.T.C.U.M. engineers, in collaboration with the Centre de recherche industrielle du Québec.

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## Attendance

- **The rate of attendance at work** continued to improve in 1988, as absenteeism dropped from 7% to 5.6%. The S.T.C.U.M. recorded 112,638 days of absence, which is 22.8% less than in 1987. These very positive results are largely due to the company's awareness campaigns on work attendance, its employee assistance programs and the significant improvement with regard to work accidents.

## Labour Relations

- **In 1988, collective agreements were signed** with the Fraternité des cadres conventionnés du Service du transport (383 employees) and with the Syndicat des contremaîtres adjoints de la S.T.C.U.M. (169 employees). Both agreements expire on October 15, 1989.

- **Relations with unions and associations** were more sustained this year. A number of union and management meetings were organized by the Human Resources Department; these dealt primarily with policies regarding affirmative action, the plan of action, the budget and remuneration. The Engineering Department held three meetings between management and maintenance employees, while five days of discussion helped settle some one hundred grievances. Meetings were also held in Vehicle Maintenance, where the number of grievances dropped by half in 1988.

- **Several meetings took place** with the Fraternité des chauffeurs d'autobus, opérateurs de métro et employés des services connexes in order to examine working conditions in relation to assignment lists.

## Quality of Life at Work

- **The flexible hours experiment** begun in 1987 was continued this year. The system was instituted in the Vehicle Maintenance Department for all employees who requested it; in the Engineering Department, flexible hours are in effect for seven groups of maintenance employees.

- **The effects of night work** on Track Division employees was the object of a study examining their working conditions. Three objectives were established as a result of this study: improve the quality of life of the night worker, reduce the adverse effects on performance and increase the worker's opportunities to switch to daytime work.

- **Preparing for retirement** was the focus of an extremely popular series of courses. Four groups of 25, including employees and their spouses, registered for the first 30-hour session and attendance was 100%. This new program was organized in conjunction with Cégep Édouard-Montpetit.



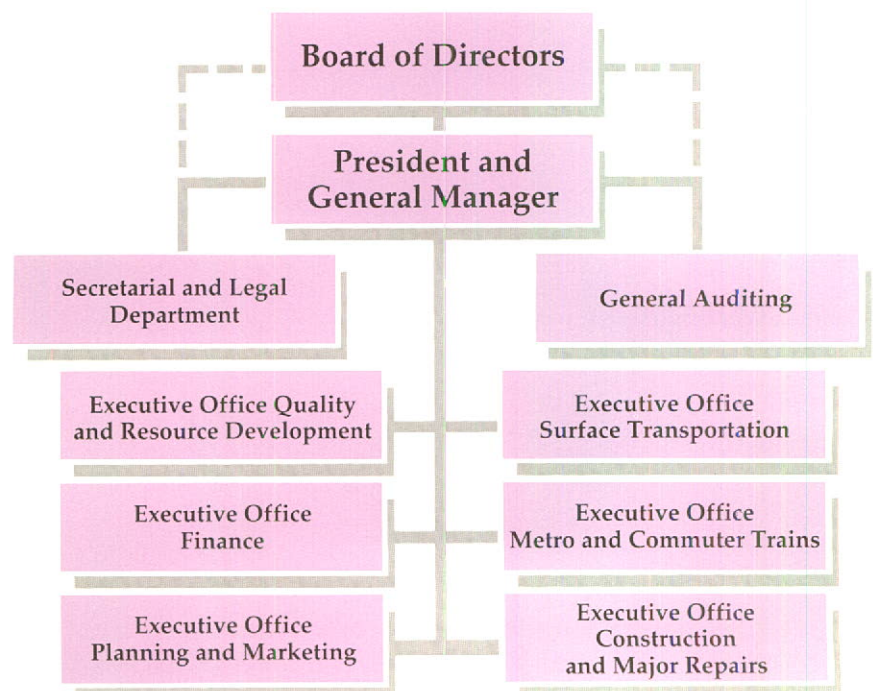
*Preparing for retirement was the subject of a series of courses that was a great success among employees.*

# CORPORATE MANAGEMENT

## Reorganization

- **The reorganization of the S.T.C.U.M.** is set out in its 1988-1990 three-year plan, which calls for the development of a new structure to help the Corporation carry out its corporate plan. The main goals of this plan are to improve customer service and human resources management, increase the responsibilities of lower-level managers, follow up financial results more effectively and promote more independent management. The plan was followed according to schedule in 1988: the situation was defined and examined in January; task forces on the metro, surface transportation and corporate mandates were at work in February and March; organizational concepts were developed in April; and operational and administrative reorganization was planned from May to July. By the end of the year, implementation was well under way.

- **The corporate restructuring** announced in October 1988 will make it possible for the Corporation to move from an organizational model based on category of employment to one based on sector of activity. Six major executive departments will form the framework of the new organizational structure. Three of them are at the corporate level: Finance; Quality and Resource Development; and Planning and Marketing. The other three are operational: Surface Transportation; Metro and Commuter Trains; and Construction and Major Repairs. These six executive departments are joined by the Secretarial and Legal Department, and by General Auditing. The new organizational model makes it possible to decentralize activities and bring them as close as possible to the operational level. It also decentralizes the decision-making process, reduces the number of levels in the hierarchy and broadens the responsibilities of first-level managers. The Corporation will thus be able to focus more on customer service, efficiency and employee support.





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## Meetings of the Board of Directors

- **Thirteen public meetings of the S.T.C.U.M. Board of Directors**, one of which was special, were held in 1988, and a total of 262 resolutions were passed. The meetings are always held at different locations in the MUC in order to reach the greatest possible number of public transit users and discuss their particular problems. Readers are reminded that the Board of Directors is made up of representatives from the MUC, the City of Montreal, suburban municipalities and public transit users.

## Working with Others

- **In 1988, the S.T.C.U.M. sat on a variety of committees** whose purpose was to promote working together with the Quebec Ministère des Transports, the Société de transport de la rive sud de Montréal and the Société de transport de Laval. These committees include: the Comité technique sur le transport interréseaux, set up to assess the financial impact of having outside users travel on S.T.C.U.M. services; the Comité technique sur le transport adapté interrives, which is evaluating the travel needs of the handicapped on and off the Island of Montreal, as well as related financial and technical issues; and the Comité technique sur les interfaces, which is working to integrate the various public transit networks and make travel easier for users.

- **A paper on strategies for the central core of Montreal** was prepared by the S.T.C.U.M. and submitted to the City of Montreal Advisory Committee. It focused primarily on different proposals for making public transit a priority in this area. A second paper was presented to the same committee, dealing with aerial rights for the Henri-Bourassa station; applying its recommendations would allow additional independent income to be generated.

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## Management Systems



*The future Los Angeles subway signed an agreement for the S.T.C.U.M.'s «Ener-Aux» software program, which it will use to distribute electric power and control auxiliary equipment.*

- **The development of a master computer plan** to support corporate strategy was completed in May 1988; it covers the period ending December 1991.
- **Computerization of the S.T.C.U.M.** continued throughout the year; new microcomputer hardware and software purchases have doubled the amount of equipment already in use. Office automation has now reached 25%, with more than 400 microcomputer work stations for close to 1,600 potential users.
- **The data-processing centre moved to a new location**, equipped with closed-circuit surveillance. Aside from housing computer equipment, the new centre includes a microcomputer laboratory, a training room and telecommunications facilities.
- **The GOUSIN inventory management system** set up in February 1988 has improved inventory control and purchasing procedure. The SIBE accounting and budgeting system is 80% complete. This major reorganization of the S.T.C.U.M.'s financial systems is being done in three areas: General Ledger, Budget and Commitments. The General Ledger was set up in the Treasury and Control Department, giving it faster, more direct access to reliable, up-to-date financial data.
- **The first phase of the PRPC** (Plan to Replace the Providence Computers) was completed this year. The Providence computers must meet all metro operational needs, and the new system will bring significant improvements: it will allow the command and control of a greater number of functions related to network operation; information and statistics will be compiled for better overall management; maintenance and repairs will be programmed more effectively; and training programs that more accurately represent real operating conditions can be prepared.
- **The future Los Angeles subway** will use a software program for distributing electric power and controlling auxiliary equipment that was developed by the S.T.C.U.M. through an agreement between the Corporation and Sodetag-T.A.I. The Ener-Aux program is the result of four years of work by a group of Montreal metro operations experts. The contract, worth three-quarters of a million dollars, confirms the S.T.C.U.M.'s role as an exporter of technology, expertise and knowledge in the field.

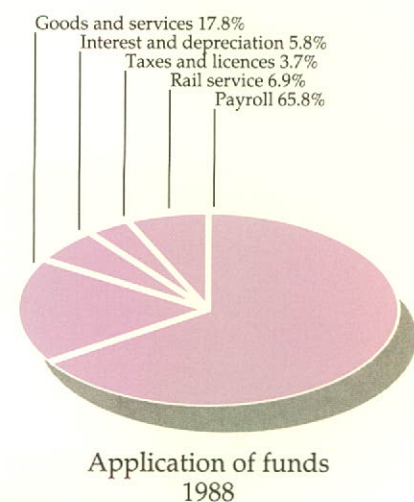
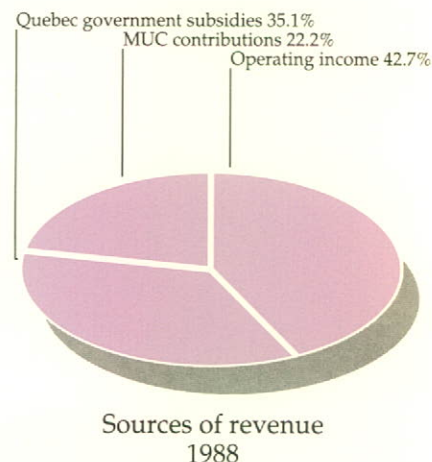
# FINANCIAL RESULTS

- **Total S.T.C.U.M. expenditures** of \$527.2 million were recorded in 1988, up 8% over the previous year.

- **Operating income** for the fiscal year ended December 31, 1988 totalled \$225.1 million, a 10% increase over 1987. To this income can be added \$184.7 million in subsidies and interest payable by the Government of Quebec, and \$0.2 million from income carried forward from the previous fiscal year. The resulting operating deficit of \$117.2 million corresponds to the contribution of municipalities served by the S.T.C.U.M. in 1987.

- **Income from users** accounted for 91.3% of all S.T.C.U.M. operating income. In 1988, this income rose 9.2% to reach a total of \$205.6 million. During this period, fares increased an average of 4.75%, while passenger use of the bus and metro increased 7.6%.

- **Expenditures per passenger** remained the same as in 1987, at a unit cost of \$1.33. In constant dollars, this nevertheless represents a distinct improvement in the order of 3.6%. Similarly, expenditures per kilometre, which dropped from \$3.79 to \$3.73, represent an improvement of 1.6% in constant dollars.





# FINANCIAL STATEMENTS

## DECEMBER 31, 1988

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# AUDITORS' REPORT

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## To the Members of the Board of Directors of 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 Société de transport de la Communauté urbaine de Montréal as at December 31, 1988 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, 1988 and the resd accounting principles applied on a basis consistent with that of the preceding year.

*Raymond Chabot, Martin, Paré*

Chartered Accountants

Montréal

March 17, 1989

## OPERATING FUND

### REVENUE AND EXPENDITURES YEAR ENDED DECEMBER 31, 1988

(Stated in thousands of dollars)

#### REVENUE

|  | 1988                    |              | 1987         |
|--|-------------------------|--------------|--------------|
|  | Initial<br>budget<br>\$ | Actual<br>\$ | Actual<br>\$ |
| <b>Transportation</b>                              |                         |              |              |
| Passengers - S.T.C.U.M. territory                  | 211 957                 | 205 564      | 188 222      |
| Outside the territory services                     | 988                     | 1 009        | 912          |
| Sight-seeing and charter services                  | 1 000                   | 1 854        | 1 184        |
| Railway services                                   | 5 674                   | 6 043        | 5 419        |
|  | 219 619                 | 214 470      | 195 737      |
| <b>Other operating revenue</b>                     | 6 399                   | 10 605       | 8 973        |
| <b>Total operating revenue</b>                     | 226 018                 | 225 075      | 204 710      |
| <b>Subsidies (Note 3)</b>                          |                         |              |              |
| Operating  |                         |              |              |
| S.T.C.U.M. territory                               | 128 192                 | 128 192      | 120 287      |
| Railway services                                   | 6 337                   | 6 337        | 4 460        |
| Capital expenditures                               | 23 143                  | 20 211       | 20 582       |
| Transportation for the handicapped                 | 7 914                   | 9 291        | 7 507        |
| Study and demonstration projects                   | 100                     | 324          | 147          |
| Railway services resulting deficit                 | 14 643                  | 15 127       | 15 603       |
| Special contribution for the effects of overflow   | 5 000                   | 5 000        |              |
|  | 185 329                 | 184 482      | 168 586      |
| <b>Interest recoverable from Quebec Government</b> | 250                     | 244          | 1 079        |
| <b>Deferred income from previous year</b>          | —                       | 235          | 2 138        |
| <b>Deficit assumed by municipalities served</b>    |                         |              |              |
| Bus and metro services                             | 110 657                 | 108 461      | 103 260      |
| Railway services                                   | 8 746                   | 8 748        | 8 424        |
|  | 119 403                 | 117 209      | 111 684      |
| <b>Total revenue</b>                               | 531 000                 | 527 245      | 488 197      |



## EXPENDITURES

|   | 1988                  | 1987                  |                       |
|---|-----------------------|-----------------------|-----------------------|
|   | Initial<br>budget     | Actual                | Actual                |
|   | \$                    | \$                    | \$                    |
| <b>Operating</b>                        |                       |                       |                       |
| Transportation department               | 202 424               | 206 645               | 191 373               |
| Vehicle maintenance department          | 82 855                | 82 905                | 75 573                |
| Engineering department                  | 61 749                | 61 618                | 58 408                |
| Surveillance department                 | 8 824                 | 9 179                 | 9 073                 |
| Supplies department                     | 6 911                 | 7 215                 | 6 531                 |
|   | <u>362 763</u>        | <u>367 562</u>        | <u>340 958</u>        |
| <b>Administration</b>                   |                       |                       |                       |
| General management of customer services | 6 864                 | 7 069                 | 6 671                 |
| Treasury and control department         | 9 999                 | 10 893                | 9 252                 |
| General administration                  | 2 865                 | 2 723                 | 2 912                 |
| Other departments                       | 19 129                | 18 192                | 17 015                |
|   | <u>38 857</u>         | <u>38 877</u>         | <u>35 850</u>         |
| <b>Taxes, permits and contributions</b> | <u>18 287</u>         | <u>19 369</u>         | <u>13 938</u>         |
| <b>Financing costs</b>                  | <u>33 026</u>         | <u>30 530</u>         | <u>30 502</u>         |
| <b>Energy</b>                           | <u>32 320</u>         | <u>30 064</u>         | <u>30 745</u>         |
| <b>Capital expenditures</b>             | <u>2 500</u>          | <u>2 446</u>          | <u>1 954</u>          |
| <b>Railway services</b>                 | <u>35 400</u>         | <u>36 255</u>         | <u>33 906</u>         |
| <b>Contingencies</b>                    | <u>7 847</u>          | <u>2 142</u>          | <u>344</u>            |
| <b>Total expenditures</b>               | <u><u>531 000</u></u> | <u><u>527 245</u></u> | <u><u>488 197</u></u> |

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

# OPERATING FUND

## BLANCE SHEET DECEMBRE 31, 1988

(Stated in thousands of dollars)

|  | <u>1988</u>    | <u>1987</u>    |
|--|----------------|----------------|
|  | \$             | \$             |
| <b>ASSETS</b>  |                |                |
| Cash   | 778            | 4 953          |
| Receivables  | 9 481          | 9 296          |
| Subsidies receivable from the Québec Government                                | 81 769         | 72 124         |
| Deficit to be recovered from municipalities<br>outside the territory (Note 4)  | 2 959          | 2 959          |
| Inventory of supplies and replacement parts                                    | 13 069         | 13 970         |
| Deposit for insurance fund   | 201            | 201            |
| Due from fixed assets fund   | <u>4 909</u>   |                |
|  | <u>113 166</u> | <u>103 503</u> |
| <b>LIABILITIES</b>   |                |                |
| Short-term loans   | 61 200         | 40 500         |
| Loan payable   |                | 10 049         |
| Accounts payable   | 42 956         | 48 209         |
| Due to sinking fund  | 6 816          | 4 376          |
| Excess of municipalities' contributions<br>over operating deficit for the year | 2 194          | 235            |
| Due to fixed assets fund   |                | <u>134</u>     |
|  | <u>113 166</u> | <u>103 503</u> |

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

# SINKING FUND

## BALANCE SHEET DECEMBRE 31, 1988

(Stated in thousands of dollars)

|   | <u>1988</u>          | <u>1987</u>          |
|---|----------------------|----------------------|
|   | \$                   | \$                   |
| <b>ASSETS</b>   |                      |                      |
| <b>Investments</b>  |                      |                      |
| Deposit certificates, at cost   | 3 200                | 1 200                |
| Bonds, at unamortized cost<br>(market value \$ 13,790; \$ 11,946 in 1987) | <u>13 684</u>        | <u>12 141</u>        |
|   | 16 884               | 13 341               |
| Due from operating fund   | <u>6 816</u>         | <u>4 376</u>         |
|   | <u><u>23 700</u></u> | <u><u>17 717</u></u> |
| <b>LIABILITIES</b>  |                      |                      |
| Reserve for the redemption of debentures                                  | <u><u>23 700</u></u> | <u><u>17 717</u></u> |

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

## FIXED ASSETS FUND

### BALANCE SHEET DECEMBRE 31, 1988

(Stated in thousands of dollars)

|                                       | 1988           | 1987           |
|---------------------------------------|----------------|----------------|
|                                       | \$             | \$             |
| <b>ASSETS</b>                         |                |                |
| Fixed assets, at cost (Note 5)        | 327 573        | 336 159        |
| Due from operating fund               |                | 134            |
|                                       | <u>327 573</u> | <u>336 293</u> |
| <b>LIABILITIES</b>                    |                |                |
| Method of financing                   |                |                |
| Due to operating fund                 | 4 909          |                |
| Fixed assets acquired and financed by |                |                |
| Operating fund                        | 192 859        | 199 777        |
| Subsidies                             | 22 152         | 21 836         |
| Long-term debt                        | <u>107 653</u> | <u>114 680</u> |
|                                       | <u>327 573</u> | <u>336 293</u> |

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

# LONG-TERM DEBT FUND

## BALANCE SHEET DECEMBRE 31, 1988

(Stated in thousands of dollars)

|   | <u>1988</u>    | <u>1987</u>    |
|---|----------------|----------------|
|   | \$             | \$             |
| <b>ASSETS</b>   |                |                |
| Amounts available in sinking fund<br>for redemption of debt debentures  | 23 700         | 17 717         |
| Amounts of revenue to be provided<br>for the redemption of long-term debt assumed by<br>Municipalities served | 15 831         | 17 708         |
| Québec Government   | <u>68 122</u>  | <u>79 255</u>  |
|   | <u>107 653</u> | <u>114 680</u> |
| <b>LIABILITIES</b>  |                |                |
| Debentures (Note 6)   | <u>107 653</u> | <u>114 680</u> |

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

# SINKING FUND

## CHANGES IN THE RESERVE FOR THE REDEMPTION OF DEBENTURES YEAR ENDED DECEMBRE 31, 1988

(Stated in thousands of dollars)

|                            | <u>1988</u>          | <u>1987</u>          |
|----------------------------|----------------------|----------------------|
|                            | \$                   | \$                   |
| Balance, beginning of year | 17 717               | 12 222               |
| Contributions and interest | <u>5 983</u>         | <u>5 495</u>         |
| Balance, end of year       | <u><u>23 700</u></u> | <u><u>17 717</u></u> |

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

# NOTES TO FINANCIAL STATEMENTS

## DECEMBRE 31, 1988

### 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.

#### Revenue and expenditures

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

#### Inventory of supplies and replacements 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 assets 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.

#### Fixed assets

Acquisitions of fixed assets pursuant to borrowing by-laws or from the operating fund are accounted for progressively in the fixed assets fund. Depreciation for wear and tear and obsolescence of fixed assets has not been provided in the accounts.

### 3 - SUBSIDIES AND ALLOCATION OF DEFICIT

#### Subsidies

Pursuant to the Québec Government's Public Transportation Aid Program, the Société is eligible to receive certain subsidies for 1988. The principal subsidies are:

- An operating subsidy indexed annually and a subsidy equivalent to the residual deficit of railway services;
- A subsidy equivalent to 75% of the financing cost of related debt for the purchase of buses and the construction of buildings;
- A subsidy for studies and special projects;
- In accordance with the powers granted to the Ministère des Transports by order in council 2071-79, a subsidy equivalent to 75% of the budgeted costs for special transportation for the handicapped. However, these costs must obtain the prior approval of the Minister of Transport.

#### 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 - FIXED ASSETS FUND

(Stated in thousands of dollars)

|                                  | <u>1988</u>    | <u>1987</u>    |
|----------------------------------|----------------|----------------|
|                                  | \$             | \$             |
| Fixed assets acquired prior 1966 | 24 025         | 24 025         |
| Fixed assets acquired since 1966 |                |                |
| Land                             | 2 060          | 2 060          |
| Buildings                        | 45 891         | 41 468         |
| Office furniture and equipment   | 39 363         | 36 942         |
| Automotive equipment, buses      | 195 115        | 210 569        |
| Automotive equipment, other      | 14 573         | 14 023         |
| Expropriated property            | 4 679          | 4 679          |
| Encumbered assets                | <u>1 867</u>   | <u>2 393</u>   |
|                                  | <u>327 573</u> | <u>336 159</u> |

## 6 - Debentures

(Stated in thousands of dollars)

|                                       | Authorized and issued |                |                |
|---------------------------------------|-----------------------|----------------|----------------|
|                                       | <u>1988</u>           | <u>1987</u>    |                |
|                                       | \$                    | \$             |                |
| Retractable debentures                |                       |                |                |
| Prime rate, due on September 15, 1992 | 36 000                | 18 000         | 22 500         |
| Sinking fund debentures               |                       |                |                |
| 8 %, due on December 1, 1992 (1)      | 2 500                 | 1 000          | 1 250          |
| 12,75 %, due on April 25, 1992        | 20 000                | 20 000         | 20 000         |
| 12,50 %, due on April 7, 1990         | 20 000                | 20 000         | 20 000         |
| 12,125 %, due on March 27, 1991       | 20 000                | 20 000         | 20 000         |
| Debentures \$ 33,000,000              |                       |                |                |
| 8,75 %                                | 2 277                 |                | 2 277          |
| 9,25 %, due on November 19, 1989      | 2 506                 | 2 506          | 2 506          |
| 9,50 %, due on November 19, 1990      | 2 756                 | 2 756          | 2 756          |
| 9,75 %, due on November 19, 1991      | 14 069                | 14 069         | 14 069         |
| 10 %, due on November 19, 1996        | 9 322                 | <u>9 322</u>   | <u>9 322</u>   |
|                                       |                       | <u>107 653</u> | <u>114 680</u> |

(1) Rather than making the required payment to the sinking fund, the Société may redeem and has been redeeming debentures in the amount of \$250,000 annually from this issue since 1983.

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.

## 7 - COMMITMENTS

### a) Sickness benefits

As at December 31, 1988, accumulated sickness benefits are estimated at \$27,624,000 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.

### b) Supplementary pension plan

According to an actuarial valuation carried out subsequent to year-end, the supplementary pension plan's experience loss as the January 1, 1988 was \$14,795,600. This amount is amortized over a 15-year period from the employer's contribution of 12%.

### c) Long-term leases

The Société has entered into long-term leases which call for lease payments aggregating \$9,106,683 for office space and equipment.

Leases for office space expire from January 31, 1989 to December 31, 1994. Leases for equipment expire from June 30, 1990 to October 31, 1992.

Lease payments for the next five years are as follows:

|      |           |
|------|-----------|
|      | <u>\$</u> |
| 1989 | 3,092,888 |
| 1990 | 2,175,871 |
| 1991 | 1,489,323 |
| 1992 | 1,222,535 |
| 1993 | 693,470   |

### d) Fixed assets acquisition contract

The Québec Government acquired 24 new automobiles and spare parts for the Montréal-Rigaud line and sold them to the Société at a cost of approximately \$32,000,000. This acquisition will be financed in 1989 over a 10-year period from a duly adopted loan by-law of the Société. The debt service on this loan by-law will be completely assumed by the Québec Government pursuant to an agreement to this effect.

## 8 - CONTINGENCIES

The total amount of claims for bodily injuries, damage to equipment and other litigations is \$4,044,000. The Société has made a provision as at December 31, 1988 for these claims and all additional payments to the provision which may result from the settlement of these claims will be charged to earnings in the year in which they occur.

## 9 - COMPARATIVE FIGURES

Certain comparative figures have been reclassified to conform with the presentation adopted in the current year.



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