

How a gain sharing agreement changed everything for the STM

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2012 TRANSIT CEOs SEMINAR



The STM

- 9,300 employees
- 4 métro lines; 68 stations; 759 métro cars
- 212 bus lines; 1,680 buses
- A \$1.26 B budget
- Customer satisfaction: 90%

STM background in 2007

- Governments committed to making substantial investments in public transit
- The STM seeks to increase service
- Métro results are good whereas bus services are poor



2007 background - bus maintenance



- Tense work climate
- Strong distrust between management and union
- Critical shortage of buses
- High maintenance costs

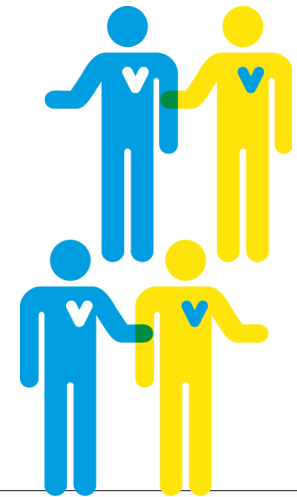
Collective agreement negotiation

- Very restrictive financial framework
 - 0%, 2%, 2%, 2%, 2%
- Better offers negotiated by neighbouring public transit authorities
- Salaries for maintenance employees not as competitive as in private sector
- Difficulty in recruiting mechanics
- Very radical union



Situation review during negotiations

- We were facing a major impasse
- Union went on strike in 2007
- Transport minister threatening to impose special legislation to end strike
- Unhealthy work climate when employees returned to work
- A **different** solution had to be found



Objectives of gain sharing agreement reached with maintenance employees

- Achieve savings by improving performance of bus network
- Improve maintenance performance to provide planned service for customers
- Improve labour relations with a win-win agreement
- Improve employee salaries without adding new funds

Principles

- Equal sharing of savings achieved between the STM and all maintenance employees
- External Audit on savings before payments are dispensed
- 2 factors were considered to establish value of savings:
 - Maintenance cost per mile traveled
 - Bus service availability rate
- 1 factor taken into account to dispense funds to employees:
 - Rate of service delivered (maintenance)
- Targets for service delivery increase every year

How it works

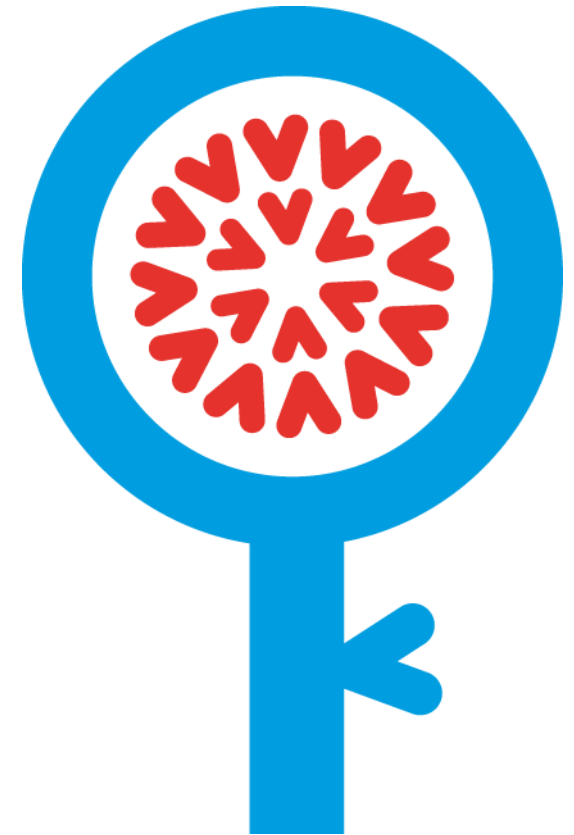
- The reference year being 2007, calculations are made at the end of each year to establish:
 - Maintenance cost per mile (labour and parts)
 - Savings achieved by better availability of buses
- Adding both sums and comparing with the year of reference, we obtain total savings
- Service delivery results obtained are measured:
 - If the result is inferior to expected target, employees do not receive anything
 - If the result achieved is equal or higher than target, savings are shared with employees
- The following year, we start over



Savings

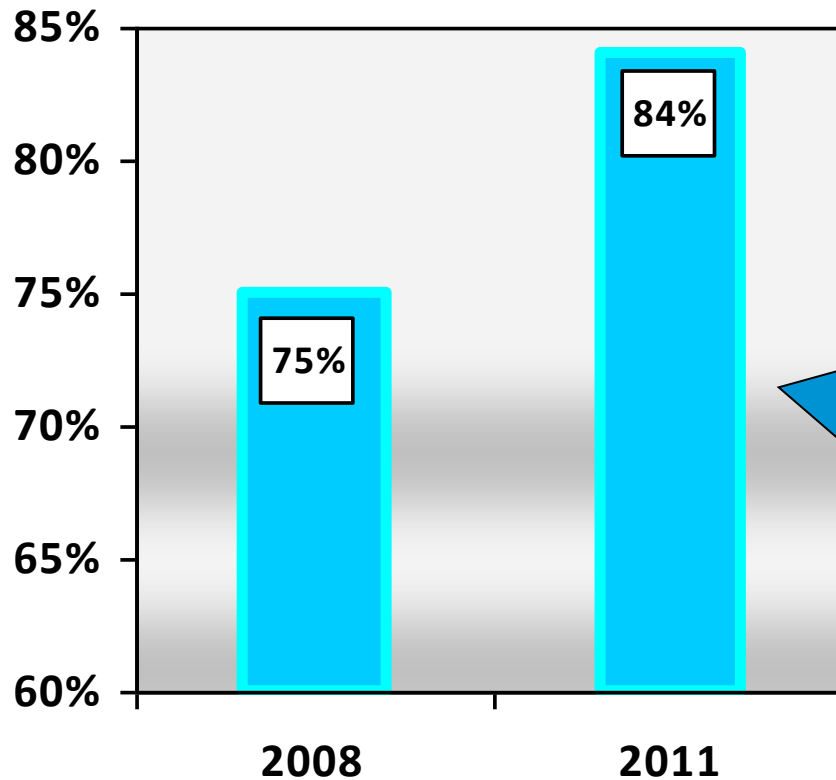
(50% for the STM and 50% for the union)

- 2009: \$3.8 M
- 2010: \$11.9 M
- 2011: \$19.0 M (est)



More buses on the road

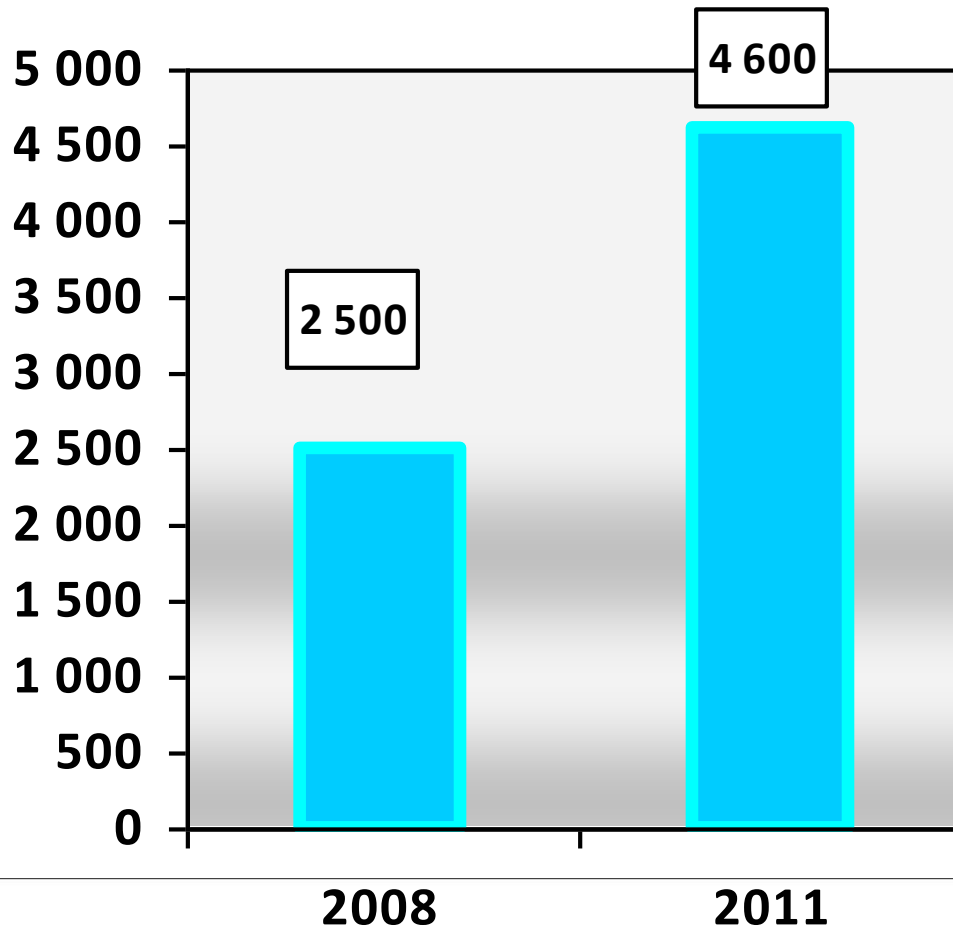
Availability



*An average of
150 additional
buses are
available each
day*

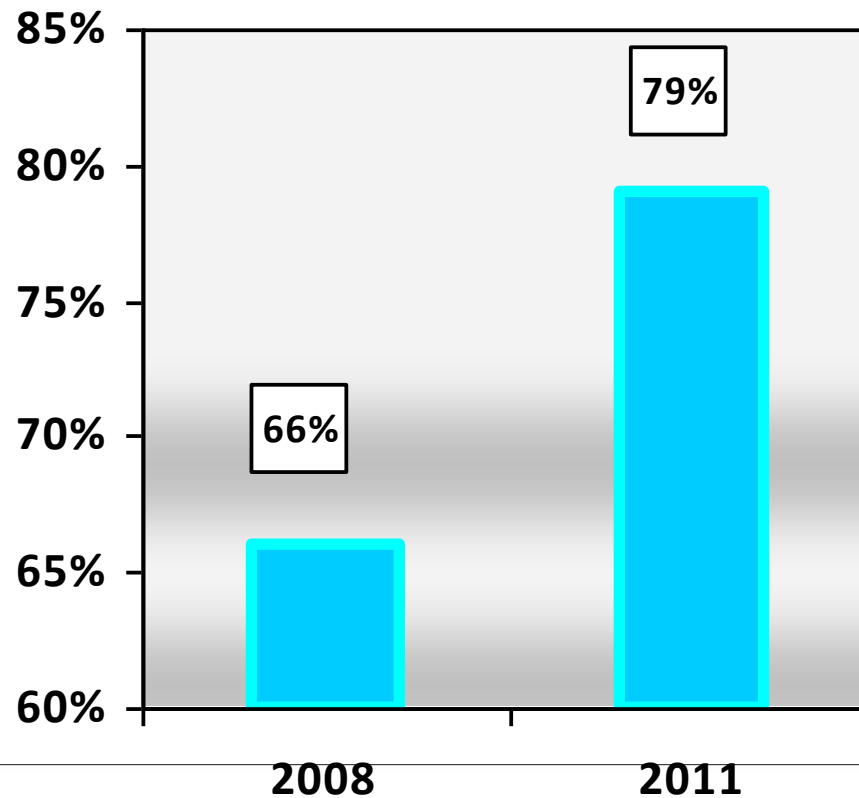
Reliability on the rise

Bus reliability (mdbf)



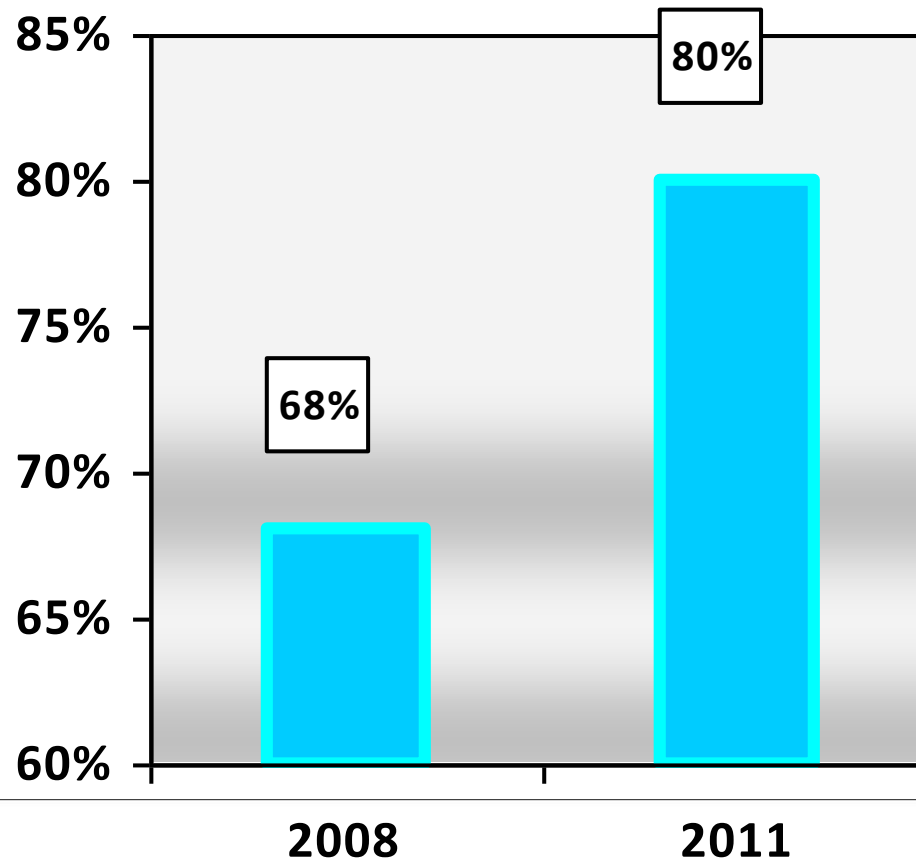
Cleaner buses

Satisfaction regarding bus cleanliness



More satisfied customers

Global satisfaction (Bus service)



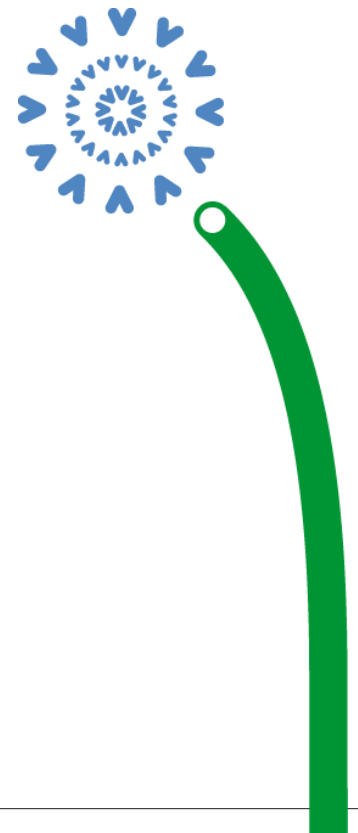
Surprising findings

- Improvements were achieved more quickly than expected
- We overestimated management's capacity to adapt
- Impact of agreement exceeded the financial aspect



Conclusion

- It is a good deal
- Labour relations have improved considerably
- Change in mindset (business relations with the union)
- The goal is to continue in this direction
- **Last but not least, the customer is the winner!**





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