

Annex 7

Quality Control – The Contractor Model

Main principles and application

It is HUR's aim to constantly provide a good product that meets customer quality requirements. HUR's quality control is therefore developed only on customers' views and experiences of the quality.

Main principles of The Contractor Model

HUR's quality assessment system – The Contractor Model – is a system for monitoring and measuring the quality of the contractor's services.

The quality is assessed by means of 10 assessment points. 9 of these are based on customer surveys conducted on the buses. The other is based on the contractor's own statement on deleted services (degree of service).

Application of results

The quality measurements will act as the basis of a periodic assessment of the provided service, which will form the basis for the payment of the quality bonus, as well as the regular quality and quality development dialogue with the contractor.

The results will be continuously available to the contractors – via the Internet – to use for their own quality assessments.

The results will also be made public in connection with customer and public views as well as in HUR's marketing.

Assessment of the quality of services

The quality assessments are conducted by means of customer surveys on the buses. The collection of data is out-sourced.

The customers grade the quality of 9 assessment points and state how satisfied they are with the quality for each individual assessment point.

Points of measurement

The 10 assessment points included in the system are factors that the contractor can influence, and they have been chosen because the customers feel that they are the most important.

HUR asks for customer rating on the following 9 assessment points:

- External cleaning and maintenance of the bus
- Internal cleaning of the bus
- Internal maintenance of the bus
- Temperature in the bus
- Ventilation
- Confinement of noise inside the bus
- Keeping to the timetable
- Driver's driving
- Driver's service and appearance

In addition to this, the contractor submits a statement comprising the degree of performed services.

Objectives

HUR has determined targets for the individual assessment points. A contract target, as well as a minimum target for customer satisfaction, has been determined. The contract targets specify the levels of quality which HUR requires are attained.

The exact contract and minimum targets for each tender unit are specified on the last page of this annex. This tender stipulates targets for:

- A-bus services
- City bus services
- Other services

It is possible to "reset" an assessment point for a short period due to conditions over which the contractor has no influence. The resetting can be made possible following immediate written application by the contractor, with an explanation and documentation of the circumstances.

Satisfaction

The customers state their satisfaction on a scale of 5 possibilities, which will subsequently be “translated” to the quality system with the below weightings:

| Customer satisfaction | Weight in The Contractor Model |
|------------------------------|---------------------------------------|
| Very satisfied | 100 |
| Satisfied | 83.33 |
| Indifferent | 66.67 |
| Dissatisfied | 50 |
| Very dissatisfied | 0 |

The reason for the choice of this scale is that it is important for HUR not to have “very dissatisfied” customers. We have therefore decided that the weighting for “very dissatisfied” customers must be very heavy.

Below is an example of the calculation of the satisfaction points that must comply with the objectives:

| Customer satisfaction | Share of answers | Weight | Contribution to result |
|------------------------------|-------------------------|---------------|-------------------------------|
| Very satisfied | 33 % | 100 | 33.0 |
| Satisfied | 50 % | 83.33 | 41.7 |
| Indifferent | 10 % | 66.67 | 6.7 |
| Dissatisfied | 5 % | 50 | 2.5 |
| Very dissatisfied | 2 % | 0 | 0.0 |
| | 100 % | | 83.9 |

The satisfaction point of 83.9 will be compared with the stipulated targets for the individual assessment points.

Importance

HUR carries out a customer survey as and when needed (though not more than once every other year) in order to determine the customers' evaluation of the relative importance of the assessment points (see relative importance on the next page of this annex).

Calculation of degree of service

The service degree is attained by calculating the executed services as a percentage of the scheduled bus hours.

The payment made from the quality bonus is dependent on the service degree.

Quality Bonus and setoff in payment

The quality fund constitutes 1.5% of the contract sum – calculated in the payment period. Similarly, if the contractor does not meet the minimum objectives, then his payments can be offset by up to 1.5%

Calculation of the Quality Bonus

Payments of bonuses are only made on the condition that the planned service is executed. The quality bonus will therefore be weighted according to the service degree. If the measurement has a service degree of 99.96 or above, the bonus payment will be increased to 120%. If the service degree is less than 99.96, the bonus will be reduced according to the following standards:

| Service degree | Bonus value |
|-----------------------|--------------------|
| 99.91-99.95 | 90 % |
| 99.86-99.90 | 60 % |
| 99.81-99.85 | 30 % |
| 99.76-99.80 | 10 % |
| 99.75 and below | No payment |

Setoffs in payment

If the contractor does not meet the minimum objectives on the customer assessment points, up to 1.5% of the contract sum will be set off in payments per year.

The setoff will be calculated in respect of the non-fulfilment of the objective as well as the importance of the assessment points to the customers.

The following formula will be used for the calculation of the setoff:

Contract sum x actual importance of assessment point x non-fulfilment x 1,5 %

Total importance of assessment points

Example

A contractor's contract sum for one year is DKK 24 m. The assessment point "internal maintenance" has an importance of 1.17, and has scored 80.2 satisfaction points. The minimum target is 81.3. The total importance is 10.00.

The calculation of the set off in payment will be the following:

$$\frac{\text{DKK } 24,000,000 \times 1.17 \times (81.3 - 80.2) \times 0.015}{10.00} = \text{DKK } 46,332$$

The setoff does not release the contractor from ensuring that the unsatisfactory conditions are rectified, and similarly, if the conditions are otherwise met, there is entitlement to claim compensation/offset payments in respect of the other stipulations of the Tender Terms and Conditions, cf. Annex 3.

Suspension of the quality bonus/setoff

HUR is entitled to suspend the quality measurements for a period of time, in case of force majeure. This may result in an unequal distribution of the assessment results during a particular year.

HUR will inform the contractor as quickly as possible when a situation of force majeure has arisen.

Foundation for the quality results

The surveys are carried out regularly during the year, and they are timed and targeted on the individual types of traffic, in relation to the contractor's customer transportation.

The scope of the assessments is a minimum of 200 interviews per unit per assessment period. One unit consists of a minimum of 10-15 buses. The routes that are included in the individual assessment units will be agreed upon between HUR and the contractor. The quality results, which are decisive for the bonus/setoff, will be announced to the contractor no later than 01.09 in the year in question.

The assessment period will be as follows:

14.12.2003 – 30.6.2004 – result is announced no later than 1.9.2004

1.7.2004 – 30.6.2005 – result is announced no later than 1.9.2005

Etc.

Quality targets and importance for 13th Tender

| A-buses, City buses and other buses | | | |
|--|------------------------|-----------------------|-------------------|
| Assessment point | Contract target | Minimum target | Importance |
| Exterior cleaning and maintenance | 83.3 | 81.3 | 0.74 |
| Internal cleaning | 83.3 | 81.3 | 1.17 |
| Internal maintenance | 83.3 | 81.3 | 1.17 |
| Temperature | 83.3 | 81.3 | 1.12 |
| Ventilation | 83.3 | 81.3 | 1.15 |
| Confinement of noise | 81.0 | 79.0 | 0.96 |
| Keeping to the timetable | 83.3 | 81.3 | 1.30 |
| Driver's driving | 83.3 | 81.3 | 1.23 |
| Driver's service and appearance | 83.3 | 81.3 | 1.16 |