

LEAN PROCESS IMPROVEMENT SERVICES
MASTER PRICE AGREEMENT #486
September 1, 2013 through August 31, 2016
AGENCY USER GUIDE
Amended August 26, 2014

The Division of Purchases issued RFP #7469369 for Lean Process Improvement Services on May 24, 2013. Five proposals were received on June 24, 2013, of which four were recommended for inclusion on MPA-486. On August 26, 2014 the Agency User Guide was amended to add instructional clarity to Agencies.

CONTRACT SUMMARY

This Master Price Agreement includes qualified firms to provide Lean Process Improvement Services on an “as needed” basis for one or more agency projects.

WHAT ARE LEAN PROCESS IMPROVEMENTS?

Lean is a systematic approach to eliminate waste and increase value-added activity to increase productivity and improve quality and customer service. Lean principles reinforce the State’s goal of improving customer service through systematic improvement of business processes. To that end, target outcomes for Lean process services include: improved quality; eliminating waste; reduced time to complete an activity from start to finish; and, reduced total costs.

For public agencies, Lean projects might examine the processes involved in delivering services, performing regulatory reviews, or coordinating enforcement actions. The Lean MPA is structured to include nine categories of service priced, organized and supervised by one vendor per project. The initial engagement may or may not have an activity-specific focus; more often, first encounters involve bureau-wide reviews that reveal areas in need of process improvements. The services include: six categories of training which progressively identify and investigate service families ripe for process improvement, and refine the tools and skills to analyze and improve the identified services; a Kaizen event, two to five days of intensive group assemblies producing rapid action-oriented improvements; and, two support stages for implementation, evaluation, adjustment and communicating the designed process improvements. Lean-generated improvements can have the cascading effect of efficiencies of time for managers and line staff alike, and generation of support for additional Lean activities. As the services include extensive training and establishment of employee Lean skillsets, agencies may choose to develop the capacity to internalize Lean processes in their ongoing operational decision-making structures.

HOW TO REQUEST LEAN PROCESS IMPROVEMENT SERVICES

Lean process improvement services may be selected when it is determined that the following criteria will be met:

- The Agency has contacted the Office of Management and Budget at the onset of LEAN planning;

- The Agency has the available financial resources to finance at least one Lean process project through all nine service categories;
- The Agency can designate five to eight employees for extensive training within standard business hours;
- The Agency can provide the meeting space and dedicate sufficient employees for two or more consecutive days to conduct a Kaizen event;
- The Agency Lean process improvement project has been approved by (for State Executive branch agencies), the Lean Review Committee established by the Department of Administration, Office of Management and Budget.

WHO CAN USE THIS CONTRACT?

This is a Master Price Agreement and, as such, has Statewide Applicability. Political Subdivisions (cities, towns, schools, quasi-public agencies), as authorized by law, may participate in this Agreement. All ordering and billing shall be between the vendor and the political subdivision (only).

INSTRUCTIONS FOR USE BY STATE AGENCIES

The state agency will obtain a minimum of three written quotes from MPA-486 vendors for a lump sum fixed-fee for a specific project. There is a cap of \$30,000. Requests for projects over \$30,000 require the approval of the State Purchasing Agent, must have available financing and must present a strong business case in order to proceed. The state agency will send a notification letter (sample attached) to the recommended vendor in which the following information is requested:

- An agreement outlining the scope and special terms & conditions covering the work, executed by both the Agency Chief Executive and the vendor's authorized agent (Sample Standard Form of Agreement is being drafted).
- A completed Minority Business Enterprise Plan.
- Certificates of Insurance showing minimum limits of coverage as follows:

Commercial General Liability Insurance: covering bodily injury, and property damage in a form and with coverage that are satisfactory to the State. Including personal and advertising injury liability, independent contractors, products completed operations, contractual liability and broad form property damage coverage. Coverage shall be written on an occurrence basis. A combined single limit of \$1,000,000 per occurrence and aggregate is required.

Errors and Omissions Insurance: covering any damages caused by an error, omission or any negligent acts of contractor, its subcontractors, agents, officers or employees under this Contract. Combined single limit per occurrence shall not be less than \$1,000,000. Annual aggregate limit shall not be less than \$1,000,000.

Auto Liability Insurance: covering all owned, non-owned, or hired vehicles. A combined single limit per occurrence of \$1,000,000 will be obtained.

Workers Compensation and Employers Liability: in compliance with the compensation laws of the State of Rhode Island. Coverage shall include Employers Liability Insurance

with minimum limits of \$100,000 each accident, \$500,000 disease or policy limit, \$100,000 each employee.

The Agency shall be defended, indemnified and held harmless to the full extent of any coverage actually secured by the contractor in excess of the minimum requirements set forth above. Independent contractors who are neither eligible for, nor entitled to workers compensation must file with the Department of Labor and Training, Division of Workers Compensation a "Notice of Designation as Independent Contractor" pursuant to R.I. Gen. laws § 28-29-17.1 naming the State of Rhode Island Department of Administration as the hiring entity.

The liability insurance coverage, except professional liability, errors and omissions, or workers compensation required for the performance of the contract shall include the State of Rhode Island, the Department of Administration, and its divisions, officers and employees as additional insured, but only with respect to the contractor's activities under any contract issued pursuant to MPA-486.

The insurance required under any contract issued pursuant to MPA-486, through a policy or endorsement shall include: A) a waiver of subrogation waiving any right to recovery the insurance company may have against the State. B) a provision that the contractor's insurance coverage shall be primary as respects any insurance, self insurance or self retention maintained by the State and that any insurance, self-insurance or self-retention maintained by the State shall be in excess of the contractor's insurance and shall not contribute.

There shall be no cancellation, material change, potential exhaustion of aggregate limits or non-renewal without thirty days (30) written notice from the contractor or its insurer(s). Failure to comply with the reporting provisions of this clause shall be grounds for immediate termination of any contract issued pursuant to MPA-486.

Successful MPA-486 contractors shall furnish Certificate(s) of Insurance to the state agency at least 48 hours prior to the commencement of work. A copy of additional insured wording from the commercial liability insurance policy will be sent along with the insurance certificate. Failure to comply with this provision shall result in cancellation of any contract issued pursuant to MPA-486.

Insurance coverage shall be obtained from insurance companies authorized by the Department of Business Regulation to transact business in Rhode Island.

MPA-486 contractors shall pay for all deductibles, self-insured retentions and/or self-insurance included hereunder.

The Purchasing Agent reserves the right to consider and accept alternative forms and plans of insurance or to require additional or more extensive coverage for any individual requirement.

When the above information has been obtained, the state agency will send the following documentation to the Division of Purchases and request that a purchase order be issued:

- A zero dollar requisition
- Scope of Work
- Quotes Received
- Memorandum Signed by Agency Summarizing Responses and Recommending Vendor
- Copy of notification letter (sample attached)
- Copy of signed agreement (Standard Form of Agreement sample to be available on Purchasing website in Agency Information Center)
- MBE Compliance
- Certificates of Insurance as detailed above

STATE AGENCIES PLEASE TAKE NOTE:

- In accordance with R.I. Gen. Laws § 37-2-54(c), “No purchase or contract shall be binding on the state or any agency thereof unless approved by the department [of Administration] or made under general regulations which the Chief Purchasing Officer may prescribe.” Under State Purchasing Regulation 8.2.1.1.2, “Any alleged oral agreement or arrangements made by a bidder or contractor with any agency or an employee of the Office of Purchases may be disregarded and shall not be binding on the state.”
- State Purchasing Regulation 8.7.1 – “All agreements and changes to scope of work, price, or other terms shall be incorporated into purchase orders via “change order” documents incorporating contract amendments.”
- State Purchasing Regulation 8.7.2 – “Change Orders issued by the Office of Purchases shall be the only binding documents which may create a change in a purchase order.”
- State Purchasing Regulation 8.7.3 – “Personnel shall not commit the state to technical / contractual changes to purchase orders without first securing all necessary approvals.”

SAMPLE NOTIFICATION LETTER - ON AGENCY LETTERHEAD

Date

Vendor Contact.
Vendor Company.
Street (PO).
City., State. ZipCode.

Vendor Email.

Re: 1) MPA# ### , MPA Title : Agency Project Name
2) Amount: Buyer insert the type of Quote/Estimate – ex. "lump-sum fixed-fee" \$Dollar Amount

Dear Mr./Ms. Vendor Contact.:

SAMPLE

This letter is to notify you that the Agency/Division "Agency" is authorized to begin contract negotiations with Vendor Company Name for the above referenced project. This tentative selection may be revoked by the "Agency" if your company fails to satisfy any of the requirements of this letter or the solicitation.

No work may commence until your company has received a Purchase Order issued by the Division of Purchases and, in addition, an authorization from the user Agency. Prior to issuance of a purchase order by the Division of Purchases, your company must provide the documentation listed below to the Agency by Calendar Date stated as "Week Day", "Month", "Date", "YYYY" – **requirement is 21 calendar days from date of letter.** Submit all documentation, to: Agency Staff Name, Agency Mailing Address, Email: Agency Staff Email. Failure to timely provide the required documentation may result in the revocation of this notification by the Agency.

Please provide the following documents indicated by a :

- 1) Agreement outlining the scope and special terms and conditions covering the work, *executed by both the Agency Chief Executive and an authorized representative of your firm* .
- 2) Vendor Awards of \$10,000 or more are required to submit a completed Minority Business Enterprise Plan. Submit Plan to Division of Purchases, Minority Business Office, One Capitol Hill, 2nd Floor, Providence, Rhode Island 02908. For further information, contact Dorinda Keene at (401) 574-8253 or dorinda.keene@doa.ri.gov .
- 3) Certificates of insurance in accordance with the MPA Bid Solicitation. When commercial general liability is required, ensure that the Agency is the Certificate Holder and Both the Agency and the State of Rhode Island are Additional Insured.
- 4) Minority Business Enterprise Plan. Submit plan to Division of Purchases, Minority Business Office, One Capitol Hill, 2nd Floor, Providence, Rhode Island 02908. For further information, contact Dorinda Keene at (401) 574-8253 or dorinda.keene@doa.ri.gov .

Please contact me if you have any questions regarding this letter.

Sincerely,

Agency Contact Name
Agency Contact Title
Telephone Number

cc: Dorinda Keene – MBE
RI Division of Purchases MPA Buyer