

**SPARTANBURG REGIONAL HEALTHCARE SYSTEM**

**POLICY STATEMENT**

**TITLE:**

Procurement of Construction Services, Design Services, Goods, and other Capital Expenditures

**PURPOSE:**

To periodically review and set forth purchasing and bid procedures and practices governing the procurement of goods, construction, design, facility maintenance and other related services for Spartanburg Regional Health Services District, Inc. (the "District"), ensuring continued practices embodying sound principles of competitive procurement. This Policy exists for the benefit of the District and its employees to ensure reasonably competitive practices; it is not intended to and does not confer any rights or create any basis of claim or private cause of action in favor of any third party.

**KEYWORDS:**

Purchasing - Bid Procedure; Bid Procedure

**RESPONSIBILITY:**

All Departments

**POLICY:**

1. To review, update and reinforce the procedures and practices for procuring Goods and Services (as defined herein) for the District;
2. To reinforce clear lines of procurement authority and accountability; and
3. To clearly state the monetary thresholds above which multiple officer and/or Board approvals are required to ensure appropriate checks and balances in Procurement practices.

I. Definitions:

- A. "Bid" means any bid or proposal submitted by a qualified Vendor under a proposed contract with the District.
- B. "Contract" means all types of District agreements for the procurement of Goods and Services, as defined herein.
- C. "Contractor" means any person having a Contract with the District for any of the Goods or Services described in this policy.

- D. "Construction" means the process of building, altering, repairing, remodeling, improving or demolishing any structure or building or other improvements of any kind to any real property owned, leased or occupied by the District. This term does not include routine repair or replacement of fixtures valued at under \$10,000.00, or periodic maintenance, painting and upkeep of existing facilities.
- E. Department "Director" means the head of any District department involved in procuring a given contract.
- F. "Design Services" are those professional services associated with the practice of architecture, professional engineering, landscape architecture, and interior design pertaining to construction or other real property improvement, as well as incidental services that members of these professions and those in their employ may logically or justifiably perform, including without limitation planning, programming, conceptual design, plans and specifications, construction documents, cost estimates, construction observations, shop drawing reviews, sample recommendations, preparation of operating and maintenance manuals and other related services.
- G. "Goods" mean any tangible items purchased by the District.
- H. "Hospital" means Spartanburg Regional Health Services District, Inc.
- I. "Procurement" means buying, purchasing, renting, leasing or otherwise acquiring any Goods or Services. It also includes all functions that pertain to the obtaining of any Good or Service, including description of requirements, selection and solicitation of sources, preparation and award of contracts, and all phases of contract administration.
- J. "Services" means the furnishing of labor, time, or effort by a Contractor for design, construction, facility maintenance and related services.
- K. "Value Analysis Team" means a committee of the District's Materials Management Office that offers advice in the selection of a qualified bidder.
- L. "Vendor" means any entity contracting with the District to supply Goods or Services.
- M. "Written approval" means having obtained the signature of the approving officer.

### III. Exceptions to the Preference to Solicit Bids

The following are exempt from the Bid requirement otherwise set forth in this policy:

Procurement through a Group Purchasing Organization. It is customary for the District to purchase Goods or Services through Group Purchasing Organizations ("GPO"). It should not be necessary to solicit additional bids in cases where a State contract exists, a Premier contract

exists, a MedAssets Contract exists or any other GPO or similar contract exists, given that a third party is responsible for negotiating group discount and beneficial terms language on behalf of their member hospitals.

Compatibility or Replacement Procurement. It is customary for the District to purchase parts, equipment, or software in order to replace or supplement existing equipment and systems which are supplied only by authorized dealers, vendors or the original equipment manufacturer (some of which must be supplied by authorized dealers in order to maintain warranty coverage), or where purchase decisions are influenced by compatibility requirements, without bid formality. Where such compatibility requirements are not present, then the Department Director seeking to make the expenditure shall submit a requisition or other request to the Department of Materials Management, which shall be responsible for negotiating terms with a Vendor.

Design-Build Construction. Contracts for the construction of Hospital facilities may be negotiated and entered into without a call for formal bids where time constraints or other limiting project factors require that a project be completed under a design-build or similar model (given that there are necessarily no fully completed design drawings on which to base a competitive bid); provided, however that any such Contracts must be approved by at least one Vice President (or the President), and must be subject to a Guaranteed Maximum Price from the general contractor. The Hospital should additionally evaluate on a case by case basis whether it should separately retain an architect or third party contractor in order to maintain oversight of the Hospital's interests on such projects.

Self-Performed Work. Any construction projects that the District self-performs may be performed without bid formality.

Hourly Work Bid within the Previous Year. Certain types of Service Contracts may be needed periodically, including without limitation periodic landscaping or facility maintenance or trade work (such as plumbing, electrical, dry wall, etc.). In the absence of an annual Contract, the Director in his or her discretion may elect to solicit an annual bid rate for such recurring work in order to (a) avoid the necessity of a lengthy formal bid process for routine and recurring contractor work; and (b) encourage more competitive bid rates. In such event, the Director must ensure that (a) such rates are bid at least annually (i.e., that no Contract be awarded based on rates more than one year old); and (b) the bidding formalities otherwise required of expenditures between \$10,000 and \$50,000 are followed.

Sole Source Procurement. Contracts may be awarded without bid formality when the Director determines in writing that there is only one appropriate, practicable source for the required supply the Goods or Services, and documents any efforts to identify appropriate qualified alternate sources. Any award made to a sole source shall be preapproved in writing by a Vice President or the President of the District.

Emergency Procurement. In the case of an emergency (including but not limited to immediate threat to public health, critical economy and efficiency, immediate patient or personnel safety or other emergency conditions) and where there may not be sufficient time

to follow established bidding procedures, any purchases may be made using a check request. The reason(s) for failing to bid should be clearly stated on the check request. Approval of the purchase should be made by the appropriate Vice President.

#### IV. Invitation for Bids

Qualification of Bidders. The Director of Materials Management or his designee shall determine the required qualification criteria for bidders on any given proposal, taking into account such criteria as he or she deems to be in the District's best interests given the nature of the project or need, including without limitation the Contractor's ability to fulfill the contract; claims history; evidence of insurance; references; the Vendor's past performance with the District and with third parties; the Contract price; the Contractor's demonstrated ability to comply with CMS or other regulatory requirements that may affect performance of the work; and any clinical or other unique requirements based on the nature of the project or need.

The notice of opportunity to bid shall set forth the criteria (or state where such criteria are to be made available) by which the qualifications and appropriateness of prospective bidders shall be determined. The Director of Materials Management or his designee shall make all qualification decisions in the exercise of his reasonable discretion and shall make a written record of the basis for his qualification determinations.

Notice of Invitation for Bids. An Invitation for Bids shall include (or state where such information is to be made available) a description of the Goods or Services to be supplied under the Contract, and all contractual terms and conditions applicable to the procurement.

Receipt and Opening of Bids. All bids (whether or not sealed) received prior to the Bid opening shall be submitted to the Department of Materials Management and kept secure and unopened. Bids may be opened publicly or privately, as determined by the Materials Management Director, in the presence of one or more witnesses at the time and place designated in the invitation for bids.

Tie Bids. In the event two or more bidders are tied in price while otherwise meeting all of the required conditions, an award shall be determined in the discretion of the Director of Materials Management. Provided, however, that nothing contained in this provision is intended to bind the Director of Materials Management or District to select the lowest bid to the extent that other factors outlined in this Policy would result in the selection of a higher Bid.

Both the Department Director who initiated the Good or Service requisition or request, and the Director of Materials Management or his designee who negotiated the Contract for the requisition or request, are prohibited from being the individual that signs any resulting Contract(s) to bind the District to any resulting terms and conditions.

After the Department of Materials Management has approved the terms of any proposed Contract(s), they shall then be submitted to the Office of General Counsel for review and approval.

Once reviewed and stamped as approved by the Office of General Counsel, Contracts may only be signed by the District's CEO, COO or CFO.

**ASSOCIATED FORMS:**

**COMMITTEE/DEPARTMENT APPROVALS:**

Purchasing