

Chapter 78 – Hospital District

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ARTICLE I. - IN GENERAL

Secs. 78-1—78-30. - Reserved.

ARTICLE II. - PURCHASING²

DIVISION 1. - GENERALLY

Sec. 78-31. - Control and responsibility.

- (a) The ultimate control and responsibility for the county hospital district purchasing lies with the county commissioners court pursuant to V.T.C.A., [Health and Safety Code § 281.049](#). It has, by court order, established purchasing policies and delegated the enforcement and administration of such policies to the hospital district board of managers. The purchasing department staff has primary responsibility for purchasing goods and services from all funding sources not specifically excluded by the Fiscal Manual, including bond funds. Those exclusions include, but are not limited to, the check request and petty cash policies.
- (b) The board of managers may contract for auditors, legal counsel, consultants, and other property and services by the methods and procedures it deems appropriate under the circumstances allowed by law.
- (c) Exceptions to the article must be authorized by the chief operating officer or the chief executive officer and be filed with the board of managers at its next meeting. Exceptions will be included in the minutes of the board, and the chief executive officer will maintain year-to-date totals on such exceptions.

(Ord. No. 99-1076, 6-8-1999)

Sec. 78-32. - Compliance with article provisions.

- (a) Compliance with purchasing policies by hospital employees shall be monitored and enforced by the purchasing department staff during the normal course of business. Instances of intentional and unintentional noncompliance shall be filed with the compliance officer at least monthly.
- (b) Compliance with purchasing policies by the purchasing department staff shall be monitored during regularly scheduled audits. These audit reports shall be filed with the board of managers.

(Ord. No. 99-1076, 6-8-1999)

Sec. 78-33. - Purchasing requisitions.

- (a) All purchases of equipment, supplies and services must be initiated by the completion of a properly authorized purchasing requisition. The check request policy 8311-6-01 is an exception to this article provision.

¹ **State Law reference**— County Hospital Authority Act, V.T.C.A., [Health and Safety Code § 264.001](#) et seq.; Dallas County Hospital District, V.T.C.A., [Health and Safety Code § 281.057](#).

² **State Law reference**— Authority to adopt purchase and expenditure procedures, V.T.C.A., [Health and Safety Code § 281.049](#).

- (b) Any exceptions to this article must be approved by the chief operating officer or chief executive officer and filed with the board of managers at its next meeting. All exceptions shall be noted in the board of managers minutes, and the chief executive officer shall maintain a list of such exceptions.

(Ord. No. 99-1076, 6-8-1999)

Sec. 78-34. - Emergency purchases.

- (a) An emergency purchase may arise when there is an immediate need for supplies or equipment and the delay resulting from the normal purchasing process would jeopardize patient care and/or hospital operation.
- (b) Emergency purchases during normal business hours shall be placed by the purchasing department staff upon receipt of a purchasing requisition documenting the nature of the emergency. Telephone or facsimile bids shall be taken, and the order shall be placed with the vendor quoting the lowest price meeting all specifications, including delivery. After normal working hours, emergency purchases may be authorized by a department director. A requisition signed by the director requesting and receiving emergency supplies must be forwarded to the vice-president of materials management on the next working day for entering into the purchasing system. Emergency purchase requisitions in excess of \$15,000.00 shall be authorized by a vice-president. Exceptions for emergency purchases will be included in the minutes of the board of managers, and the chief executive officer will maintain a year-to-date total on such exceptions.

(Ord. No. 99-1076, 6-8-1999)

Sec. 78-35. - Requirements.

- (a) The purchasing department is responsible for coordinating all purchase descriptions, specifications or statements of work with the user department.
- (b) The purchase descriptions, specifications and statements of work shall be prepared in a manner which maximizes competition among vendors, does not discriminate for or against any product or vendor, excludes personal preference, and clearly specifies the functional and categorical needs of the user department.
- (c) The purchasing manager and/or the vice-president of materials management is responsible for determining the appropriateness of specifications and compliance with the purchasing policies.

(Ord. No. 99-1076, 6-8-1999)

Sec. 78-36. - Minority and small business development.

- (a) *Definitions.* The following words, terms and phrases, when used in this section, shall have the meanings ascribed to them in this section, except where the context clearly indicates a different meaning:

Minority business means a business concern:

- (1) Which is at least 51 percent owned by minority persons, or in the case of publicly owned businesses, at least 51 percent of stock is owned by one or more minorities.
- (2) Whose management and daily operations are controlled by one or more of the minority individuals who own it.

Minority persons include Black, Hispanics, Asian-Pacific Americans, Asian-Indian Americans and Native Americans.

Small business means a business with 50 employees or less and/or less than \$1,000,000.00 in annual gross sales.

Woman-owned business means a business concern:

- (1) Which is at least 51 percent owned by women, or in the case of any publicly owned business, at least 51 percent of the stock owned by one or more women.
 - (2) Whose management of daily business operations is controlled by one or more of the women who own it.
- (b) *Policy.* It is the policy of the county hospital district to provide opportunities for minority-owned, woman-owned and small businesses to participate in the procurement activities. The district is committed to seeking out, identifying and assisting minority and small businesses in becoming familiar with the district's requirements for goods and services. The district, its contractors and subcontractors shall not discriminate on the basis of race, color, religion, national origin, sex, age or physical handicap in the award and/or performance of contracts.

(Ord. No. 99-1076, 6-8-1999)

Sec. 78-37. - Group purchasing.

- (a) As an alternative to conducting its own competitive process, the county hospital district (DCHD) may utilize group purchasing contracts, provided that contracts by the group purchasing organization are awarded as a result of a competitive invitation for bid (IFB) or request for proposal (RFP) process. The DCHD shall not enter into any agreement providing for exclusive purchasing arrangements with a group purchasing organization.
- (b) This article allows the DCHD to purchase through a group purchasing organization providing the group purchasing organization (GPO) is among the top ten national or regional GPO's based on dollar volume of contracts in force, has at least 100 member hospitals or health systems and awards contracts through a competitive process.
- (c) Annually the board will be informed of the districts's GPO activities for the prior year, as well as an estimate of the current year's activities.

(Ord. No. 99-1076, 6-8-1999)

Sec. 78-38. - Shared government services.

- (a) Government surplus supplies or equipment may be purchased for hospital district use without competitive bids.
- (b) Goods or services may be purchased from contracts established by other political subdivisions as well as the state.
- (c) Such purchases shall be made only after considering current market prices, acceptability of the product or service and the need for the product or service by the hospital district.

(Ord. No. 99-1076, 6-8-1999)

Sec. 78-39. - Architectural and engineering vendors.

The selection of architectural and engineering vendors will be made by the vice-president of facilities development in accordance with the policies of this article and reported to the board of managers as a matter of information.

(Ord. No. 99-1076, 6-8-1999)

Sec. 78-40. - Product evaluation; supplies and equipment.

- (a) *Purpose.* The purpose of this section is to set forth a policy statement governing the evaluation of supplies and equipment.
- (b) *Policy.* Evaluations of supplies and equipment shall be coordinated through the purchasing department.
- (c) *Procedure.*
 - (1) Supply and/or equipment evaluations will be prepared in writing by the evaluating department. If necessary, biomedical engineering will further evaluate each item involved.
 - (2) Upon completion, the evaluations will be submitted to the purchasing department.
 - (3) Product evaluation forms supplied by the vendors and manufacturers will not be used by Parkland Health & Hospital System.
 - (4) The value analysis method and procedure will be followed.

(Ord. No. 99-1076, 6-8-1999)

Sec. 78-41. - Bond requirements for construction contracts.

Contracts entered into by the county hospital district shall contain requirements sufficient to cover any financial liability incurred by the hospital district if a contractor withdraws their bid or proposal or fails to perform in accordance with his contract. These conditions include the following:

- (1) For contracts under \$25,000.00, the invitation for bids or request for proposals may require the contractor to furnish a good and sufficient bid bond or cashier's check in the amount of five percent of the total contract price but not less than \$1,500.00. This is to be furnished with the response. In addition, the invitation for bids or request for proposals may provide that no money is paid to the contractor until completion and acceptance of the work.
- (2) The invitation for bids or request for proposals for contracts over \$25,000.00 shall require the vendor to furnish a good and sufficient bid bond or cashier's check in the amount of five percent of the total contract price. This is to be furnished with the response or contract.
- (3) For contracts over \$25,000.00, the prime contractor shall be required to furnish a good and sufficient performance bond in the amount of 100 percent of the total contract price. This is to be done at the award of the contract. Failure to do so shall cause the hospital district to file a claim against the bid bond.
- (4) For contracts over \$25,000.00, a payment bond in the amount of 100 percent of the contract price shall be required for the prime contractor. This is to be done at the execution of the contract. Failure to do so shall cause the hospital district to file a claim against the bid bond.
- (5) For contracts between \$25,000.00 and \$50,000.00, a performance bond may not be required if a single payment is stipulated to be made upon completion and acceptance of the work. This determination is at the discretion of the hospital district.
- (6) All bonds must be executed with a surety company authorized to do business in the state and approved by the hospital district.
- (7) Cashier's checks/bid bonds will be returned as soon as possible after the prime contractor has executed the contract. If no award has been made within 90 days of the bid or proposal opening date, vendors may demand the return of their checks/bonds. If a vendor has been notified that he is one of two vendors selected to execute the contract if the prime contractor defaults on that

contract, he may not demand the return of his check/bond until the prime contractor executes the contract.

(Ord. No. 99-1076, 6-8-1999)

Sec. 78-42. - Vendor relations.

- (a) *Purpose.* The purpose of this section is to set forth a policy statement governing relationships between vendors, employees and the hospital district.
- (b) *Policy.*
 - (1) *Employees.*
 - a. As employees of a public/governmental institution, DCHD employees, including house staff officers, are subject to all laws and regulations, including the state penal code, with respect to relationships with vendors and suppliers.
 - b. It shall be the policy of the hospital district that employees shall not accept individual gratuities from vendors.
 - (2) *Institutional.*
 - a. Vendor samples shall not be accepted by any hospital staff member until approved by the purchasing department staff.
 - b. All information pertinent to IFBs, RFPs, contract award or product evaluation shall be provided to vendors by the purchasing department staff only and in accordance with purchasing department procedures and the state Public Information Act.
 - c. Drug and pharmaceutical samples must be approved by the state department of pharmacy services.

(Ord. No. 99-1076, 6-8-1999)

Sec. 78-43. - Capital equipment acquisition by supply purchase.

- (a) *Purpose.* The purpose of this section is to establish the guidelines and conditions under which capital equipment may be acquired at a discounted cost as a result of contracting for disposable supplies.
- (b) *Policy.* Each request will be reviewed and considered on its individual merits, based on certain standard financial comparisons.
- (c) *Procedure.*
 - (1) All requests for products in this category shall be submitted to the purchasing department with a memorandum which fully discloses the nature of the proposed equipment acquisition and type of supply required. The equipment shall be specified on an equipment requisition, and the supplies shall be specified on a purchasing requisition. If the request involves the trade-in of existing hospital owned equipment, a properly completed property transfer record shall be included in the request packet.
 - (2) The purchasing department will process the request in accordance with established purchasing procedures.
 - (3) Prior to actual release of the IFB or RFP, the vice-president of materials management will review the request packet, including the purchasing department's recommendation.
 - (4) The IFB or RFP may require:
 - a. Purchase of disposables only;

- b. Purchase of both disposables and equipment;
- c. Purchase of disposables with equipment leased;
- d. Purchase of disposables with equipment provided by the vendor at no charge.

The area vice-president will submit a comparative financial analysis accompanied by the purchasing department's recommendation to the chief operating officer for contract award approval.

(Ord. No. 99-1076, 6-8-1999)

Secs. 78-44—78-60. - Reserved.

DIVISION 2. - COMPETITIVE BID PROCEDURE

Sec. 78-61. - Generally.

Except as otherwise authorized by the purchasing policies of this article, all purchases shall be made by competitive bids. Purchases greater than \$50,000.00 shall be made by an invitation for bids and advertised.

(Ord. No. 99-1076, 6-8-1999; Ord. No. 2012-2135, 12-18-2012)

Sec. 78-62. - Sealed bids.

- (a) A purchase by competitive sealed bidding shall be initiated by an invitation for bids (IFB), which shall include the purchase description, specifications or statement of work, and all contractual and other terms and conditions applicable to the purchase.
- (b) Notice of the IFB shall be given in accordance with the advertising requirements of these purchasing policies.
- (c) The IFB shall be mailed in response to all requests, and copies shall be made available to the public in the purchasing department. All amendments to the IFB shall require acknowledgment by bidders and shall be mailed to all persons to whom the original IFB was mailed or who received a copy from the purchasing department.
- (d) Bids shall be opened publicly in the presence of one or more witnesses at the time and place designated in the IFB. The amount of each bid and the name of each bidder shall be recorded, and the record and each bid shall be open to public inspection under the supervision of a purchasing department representative. Bids received in the office designated by the IFB after the exact time and date set for public opening are late bids and shall be returned unopened. Bids may be modified or withdrawn prior to public opening by any method authorized by the IFB.
- (e) Bids shall be evaluated without discussion solely on the basis of price and the price-related factors set forth in the IFB, and shall be unconditionally accepted without alteration or correction (unless correction for mistakes is authorized under this article).
- (f) The award shall be made by written notice to the lowest responsive and responsible bidder.
 - (1) A "responsive" bidder means a person who has submitted a bid that conforms in all material respects to the IFB.
 - (2) A "responsible" bidder means a person who has the capability in all respects to perform the contract requirements fully and satisfactorily and with the integrity and reliability that will ensure good faith performance.

(Ord. No. 99-1076, 6-8-1999)

Sec. 78-63. - Procedures for purchases less than \$50,000.00.

The following procedures will be followed for documenting competition for purchases less than \$50,000.00.

- (a) \$0.01—\$2,499.99. If an M/WBE firm is available, two phone or written quotes will be obtained (one of which must be an M/WBE firm) and documented in the procurement file; otherwise, one phone or written quote is acceptable.
- (b) \$2,500.00—\$9,999.99. A minimum of three phone or written quotes will be obtained (one of which must be an M/WBE firm) and documented in the procurement file. If the above requirements cannot be satisfied, a justification must be provided as to why three quotes could not be obtained.
- (c) \$10,000.00—\$24,999.99. A minimum of four written quotes will be obtained (two of which must be from M/WBE firms) and documented in the procurement file. If the minimum number of quotes cannot be obtained, an explanation must be furnished and kept in the procurement file with the purchase order.
- (d) \$25,000.00—\$49,999.99. A minimum of five written quotes will be obtained (three of which must be from M/WBE firms) and documented in the procurement file. If the minimum number of quotes cannot be obtained, an explanation must be furnished and kept in the procurement file with the purchase order.
- (e) Regardless of value of items requested, all requisitions and purchase orders must have supporting price documentation. Documentation can include but not be limited to: price lists, catalog pricing, telephone documentation, vendor quote sheet, etc. A price list or catalog price does not exclude the requirement for obtaining more than one quote.

(Ord. No. 99-1076, 6-8-1999; Ord. No. 2012-2135, 12-18-2012)

Sec. 78-64. - Solicitations.

For invitations for sealed bids, bids must be solicited from a minimum of five vendors. In keeping with good faith efforts to promote opportunities for minority-owned businesses, every effort will be made to solicit responses from at least two minority vendors.

(Ord. No. 99-1076, 6-8-1999; Ord. No. 2012-2135, 12-18-2012)

Sec. 78-65. - Notice and advertising.

- (a) A notice of a proposed invitation for bids or request for proposals with an estimated value of \$50,000.00 or more shall be published at least 14 days prior to the closing date. The advertisement shall be published in the Dallas Morning News and/or other publications approved by the board. Perishable foods are excepted. The notice shall include:
 - (1) The purchase description, specifications or statement of work describing the items to be purchased, or a statement of where such information may be obtained;
 - (2) The time and place for the bid opening;
 - (3) The official or employee to whom the bids or proposals are to be sent;
 - (4) The invitation for bids or request for proposals number; and
 - (5) The type of bond, if required.
- (b) All items that are not routinely advertised, such as perishable foods, will be advertised at least semiannually. The advertisement shall include:
 - (1) A list of goods and services that are purchased and are not routinely advertised; and

- (2) Instructions on how potential vendors may contact the hospital district in order to seek application to be listed as a potential vendor.

(Ord. No. 99-1076, 6-8-1999; Ord. No. 2012-2135, 12-18-2012)

Sec. 78-66. - Exceptions to the competitive process.

The following purchases of goods and services are exempt from the competitive process:

- (1) Skin, marrow, blood and blood products, heart valves and other human organs.
- (2) Purchases for items approved for processing in accordance with the check request policy 8311-6-01.
- (3) Emergency purchases for the protection of human life or hospital property in accordance with policy 8311-2-08.
- (4) Land or right-of-way.
- (5) Perishable foods that are purchased by telephone or facsimile quote on a daily basis.
- (6) Certain professional services including physician/professional medical services, or consultants, where obtaining these services through the competitive process is not practical.
- (7) Sole source procurements. A sole source procurement is one where there is only one acceptable product or vendor of a particular good or service. Examples of sole source procurements include:
 - a. Patient care devices such as implants, heart valves, bone screws, prosthetics, etc.
 - b. Items with documented size, weight or other physical restrictions.
 - c. Additions or modifications to existing systems or equipment where there are no substitute or interchangeable components, software, etc.
 - d. Limitations imposed by copyrights, patents, warranty, service or other agreements.
- (8) All sole source purchases must be documented and justified based on objective and rational clinical or business needs and approved by the area vice-president and vice-president for materials management. This documentation will be maintained in purchasing department records and available for review. Sole source purchases will be reported to the board of managers at their next regular meeting.

(Ord. No. 99-1076, 6-8-1999)

Sec. 78-67. - Public bid opening.

- (a) All bids shall be opened, recorded and read publicly at a specified time and place as described in the advertisement and posting. Proposals responding to RFPs will not be available until after the award.
- (b) After a contract is awarded, all information contained in any bid or proposal shall be made available for public review. The exception is proprietary information in proposals excepted from disclosure under the Texas Public Information Act. The term "public" in this article refers to any and all persons requesting the information in writing and/or paying all expense fees quoted by the DCHD to receive copies.
- (c) The purchasing department shall file with the board of managers a location where all bids will be received and opened. Bid openings shall, to the extent practical, be opened on a regular day and time. Proposals will be received and opened at a particular time, but not subject to a public opening.

(Ord. No. 99-1076, 6-8-1999)

Secs. 78-68—78-90. - Reserved.

DIVISION 3. - REQUESTS FOR PROPOSALS

Sec. 78-91. - Circumstances for use of procedure.

When it is not practical to procure products or services by competitive sealed bidding, and as authorized by this article, the county hospital district may utilize request for proposals (RFP) under full and open competition permitting all responsible offerors to submit competitive sealed proposals. An RFP may be used for the purchase of insurance, programs requiring professional services, high technology systems and other intangibles, as approved by the chief operating officer or a senior vice-president.

(Ord. No. 99-1076, 6-8-1999)

Sec. 78-92. - Content; notice.

Purchases based on competitive sealed proposals shall be initiated by an RFP, which shall include the purchase description, specifications or statement of work, and other terms applicable to the purchase. The RFP shall specify all evaluation factors (including price) and subfactors, which shall be objective to the maximum practical extent, and the relative importance of each and whether or not award will be made without discussions. Notice of the RFP shall be given in accordance with the advertising requirements of this article, and copies of the RFP shall be made available to the public in the purchasing department. All amendments to the RFP shall require acknowledgment by offerors and shall be mailed to all persons to whom the original RFP was mailed or who receive a copy from the purchasing department.

(Ord. No. 99-1076, 6-8-1999)

Sec. 78-93. - Reception of proposal.

Any proposal received in the office designated in the RFP after the exact time and date set for receipt of proposals is a late proposal and shall be returned unopened. In extenuating circumstances, and providing no proposals have been opened, a late proposal may be accepted at the discretion of the senior vice-president responsible for procurement. The reasons for accepting a late proposal will be documented, and the documentation shall be maintained in the purchasing records. Proposals shall be opened so as to preclude disclosure of contents to competing offerors and shall not be publicly disclosed prior to award. Offerors shall be permitted to mark each part in the proposals they contend contain information exempt from disclosure after award under the Texas Public Information Act.

(Ord. No. 99-1076, 6-8-1999)

Sec. 78-94. - Discussions; modifications.

If written or oral discussions are conducted with one offeror, they will be conducted with all offerors within the competitive range (i.e., the most highly rated proposals having a reasonable chance for award). Unless prohibited by the RFP, and if discussions are conducted, offerors may modify their proposals at any time before the time and date set forth in a written notice to all offerors in the competitive range by which a final modification to the proposal (i.e., a best and final offer) may be submitted.

(Ord. No. 99-1076, 6-8-1999)

Sec. 78-95. - Evaluation; award.

- (a) Evaluation of proposals shall be based solely on the evaluation factors contained in the RFP. If award is to be made based on a proposal that does not offer the lowest price, written justification for the award decision must be maintained in the purchasing department files and be available for review.
- (b) Award shall be made to the responsible offeror whose proposal is determined in writing to be most advantageous to the county hospital district, taking into consideration price and the other evaluation factors set forth in the RFP, or allowed by law. A responsible offeror means a person who has the capability, in all respects, to perform the contract requirements fully and satisfactorily, and with the integrity and reliability that will ensure good faith performance.

(Ord. No. 99-1076, 6-8-1999)

Sec. 78-96. - Solicitations.

Proposals must be solicited from a minimum of five vendors. In keeping with good faith efforts to promote opportunities for minority-owned businesses, every effort will be made to solicit responses from at least two minority vendors.

(Ord. No. 99-1076, 6-8-1999)

Secs. 78-97—78-120. - Reserved.

DIVISION 4. - CONTRACT AWARD APPEAL

Sec. 78-121. - Notice; appeal reviews.

Contracts are awarded to the vendor meeting requirements whose bid or proposal for products and/or services and cost is the most advantageous to the hospital district. Price shall be a factor in the award, but not the only factor. Other evaluation factors in the solicitation may include acceptability, service, quality, delivery and other factors. If the vendor recommended to receive the award is not the lowest offeror, each lower priced offeror is given notice of the proposed award and an opportunity to meet with the vice-president over purchasing to present information concerning the low offeror's responsiveness to the specifications and/or needs of the hospital district. Notice of appeal must be submitted within three working days of the contract award. If after this meeting further action is required, the vendor may continue the appeal process. Appeal reviews are conducted in the following order:

- (1) The senior vice-president with responsibility for purchasing or designee, and the director of legal affairs or designee.
- (2) The hospital district board of managers.

Appeal decisions rendered by the board of managers are final.

(Ord. No. 99-1076, 6-8-1999)

Sec. 78-122. - Users of appeal process not to be penalized; contingency awards.

- (a) It is the policy of DCHD that a vendor who utilizes this appeal process shall not be subject to retaliation for taking such action.
- (b) The hospital district reserves the right to award a contested bid or proposal on a contingency basis prior to conclusion of the appeal process, if it is deemed to be in the best interest of the hospital district. A contingency award permits performance to begin and will provide for a payment of reasonable termination costs if the award is invalidated on appeal.

(Ord. No. 99-1076, 6-8-1999)