



TORONTO STAFF REPORT

March 20, 2003

To: Board of Health

From: Dr. Sheela Basrur, Medical Officer of Health
Eric Gam, Commissioner of Community and Neighbourhood Services
Joseph P. Pennachetti, Chief Financial Officer & Treasurer

Subject: Dental Laboratory Services
Quotation Request No. 0502-03-0024

Purpose:

The purpose of this report is to advise on the results of the Request for Quotation issued for Dental Laboratory Services for the City of Toronto, Toronto Public Health, Dental and Oral Health Services, for the period June 1, 2003 to May 31, 2005 with the option to renew for one (1) additional one (1) year period under the same terms and conditions, in accordance with the specifications required by Toronto Public Health, Dental and Oral Health Services and to request the authority to issue a contract to the recommended bidder.

Financial Implications and Impact Statement:

Funds totalling \$235,693.00 are in the Dental and Oral Health Services' 2003 approved Operating Budget cost centre PH 3601, cost elements 4447 and 4699, for the 2003 requirement of the contract. The balance of the funds, in the amount of \$993,307.00, will be included in subsequent years' budget submissions for each required portion of the Contract period. The total estimated funds required for this contract are \$1,229,000.00.

Recommendations:

It is recommended that:

- (1) The Quotation submitted by the lowest bidder, C & B Dental Laboratories Inc. in the total amount of \$804,000.00 including all charges and applicable taxes for the supply of Dental Laboratory Services be accepted for the period of June 1, 2003 to May 31, 2005;
- (2) The option to renew for one (1) additional one (1) year period, in the estimated amount of \$425,000.00 including all charges and applicable taxes for the supply of Dental Laboratory

Services, under the same terms and conditions, and pricing be reviewed by the Commissioner of Community and Neighbourhood Services, in cooperation with the Purchasing Agent to ensure it is feasible to extend the contract, provided the supply of these services were performed at a satisfactory level, and that funds are available in the Public Health operating budget for the two renewal periods; and

- (3) Provided that there is a favourable review, in accordance with Recommendation No. 2, the Commissioner of Community and Neighbourhood Services be delegated the authority to exercise the option to renew on the terms and conditions set out above and be authorized to instruct the Purchasing Agent to process the necessary contract.

Background:

In March 2001, a two year contract was awarded to C & B Dental Laboratory through the City's quotation process. The City cost for this contract at that time was \$350,000 for the two year period, with clients paying half of the fees. In order to reflect the recovery from clients, the budget was adjusted to show a \$350,000.00 recovery and the \$700,000.00 full value of the contract over the two year period, with no net impact to the City costs.

At the February 4, 5, 6, 7, 10 and 11, 2003 Toronto City Council meeting, an extension of this contract to May 31, 2003 was approved. This extension was necessary to allow Toronto Public Health and the Purchasing and Materials Management Division time to prepare and issue a new Quotation Request. The 2003 budget includes \$164,336.00 gross (\$82,168.00 net) to cover the January to May costs under the terms of the existing contract and \$235,693.00 gross (\$117,847.00 net) to cover the June to December costs under the terms of the new contract.

Comments:

Seven firms on the City's Mailing List were invited to submit quotations and the Request for Quotation was advertised on the City's Internet Website. Three bids were received in response to Quotation Request No. 0502-03-0024 for the provision of Dental Laboratory Services for Toronto Public Health, Dental and Oral Health Services, for the period June 1, 2003 to May 31, 2005 summarized below:

C & B Dental Laboratories was the lowest bidder meeting specifications and will ensure the use of environmentally preferred products and services in compliance with the City of Toronto Environmentally Responsible Procurement Policy.

<u>Firm Name</u>	Estimated Total For 2 Years for Period June 1, 2003 to May 31, 2005*
C & B Dental Laboratories	\$804,000.00
Exquisite Dental Laboratories	\$918,776.00
Baluke Dental Studios	\$1,314,432.00

* Quoted prices were estimated based on the bidder submission of unit prices for the eleven most common services used by the City of Toronto Dental and Oral Health Services.

A price comparison of the optional renewal prices for Year 3 against the pricing of Year 2 is listed below which includes all charges and applicable taxes:

<u>Firm Name</u>	<u>Total Estimated Annual Expense</u>	<u>Price Difference</u>	<u>Percentage Difference**</u>
C & B Dental	\$425,000.00	+ \$23,000.00	+ 5%
Exquisite Dental	479,623.00	+ 20,235.00	+ 4%
Baluke Dental Studios	690,228.00	+ 33,012.00	+ 5%

** The price increase in Year 3 is due to anticipated cost escalations for fuel, energy, packaging, labour, transportation and distribution.

The following is a comparison of the estimated price for two years under the existing contract (2001 to 2003) and under the recommended contract (2003 to 2005):

	Existing 2001 to 2003*	Recommended 2003 to 2005*	Price Difference	Percentage Difference
	\$794,470.00	\$804,000.00	+9,530.00	+1.2%

* Quoted prices were estimated based on the bidder submission of unit prices for the eleven most common services used by the City of Toronto Dental and Oral Health Services.

The increase in the 2003 to 2005 pricing compared to the 2001 to 2003 pricing is attributed to an increase in costs for raw materials and transportation.

The quotation documents submitted by the recommended bidder were reviewed by the Medical Officer of Health and found to be in conformance with the Quotation Request requirements.

The Medical Officer of Health has compared the bids to previous years' spending and to the Schedule of Recommended Fees from Association of Dental Technologists of Ontario and found the prices of the recommended bidder to be reasonable at an increase of 1.2% over the prices the last time this service was contracted in March 2001.

The Fair Wage and Labour Trades Office has reported favourably on the firm recommended.

Conclusion:

This report requests the authority to award the contract for the provision of Dental Laboratory Services for Toronto Public Health, Dental and Oral Health Services, for two years from June 1, 2003 to May 31, 2005 with an option to renew for one (1) additional one (1) year period, under the same terms and conditions to C & B Dental Laboratories Inc. The quotation from C&B Laboratories was the lowest quotation received, meeting all required specifications. This will allow the Toronto Public Health Dental Program to continue to offer denture services to eligible low-income seniors.

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