

Establishment of a Dental Clinic at North York Civic Centre

Date:	February 9, 2007
To:	Board of Health
From:	Medical Officer of Health
Wards:	8, 10, 23, 24, 25, 33, 34,
Reference Number:	

SUMMARY

At its September 14, 2006 meeting, the Board of Health requested the Medical Officer of Health (MOH) to report back on alternative solutions to establishing a dental clinic at the North York Civic Centre (NYCC).

After examining the issues and the possible alternatives to locating the dental clinic elsewhere, the NYCC is recommended as the best option. The site is accessible by public transit, is known to the community and will be less costly in the long term. This report recommends that additional funds totalling \$480,000 be included in the 2007 TPH Capital Budget to complete the construction of the dental clinic at the North York Civic Centre. The amount required is larger than previously anticipated and is based on the results of the Request for Quotations (RFQ) process. It is also recommended that the repayment of the project cost be extended to 2009.

RECOMMENDATIONS

The Medical Officer of Health recommends that:

1. City Council approve an additional \$480 thousand in the 2007 Toronto Public Health Capital Budget to establish a dental clinic at the North York Civic Centre;
2. that the additional funds of \$480 thousand be repaid in the year 2008 (\$240 thousand) and 2009 (\$240 thousand) as summarized in Table 1; and

3. this report be forwarded to the Budget Committee.

Financial Impact

The Request for Quotation (RFQ) to establish a dental clinic in the NYCC confirms previous findings of an earlier RFQ that the \$300,000 in the 2006 TPH Capital Budget is insufficient to renovate the space allocated for the dental clinic at the NYCC. The lowest qualifying bid from the current RFQ is \$621,239. The bids submitted range from \$614,500 to \$891,000. The total required renovation costs, including design, construction and project management fees, will be \$780,000. Therefore, an additional \$480,000 will be required in the TPH Capital Budget to complete this project. If the requested additional funds are approved, the repayment of the project cost would be extended to 2009. Repayment of the loan will be made using the savings realized from restructuring the delivery of services in the North York dental treatment program.

Table 1
Revised Capital Budget for North York Dental Clinic

Year	2006	2007	2008	2009	Total
(\$000s)					
Original Council Approved Budget:					
Project Cost	300.0	0.0	0.0	0.0	300.0
Contribution from operating savings to capital	(120.0)	(180.0)	0.0	0.0	(300.0)
Net Impact	180.0	(180.0)	0.0	0.0	0.0
Revised Budget					
Project Cost	300.0	480.0	0.0	0.0	780.0
Contribution from operating savings to capital	(120.0)	(180.0)	(240.0)	(240.0)	(780.0)
Net Impact	180.0	300.0	(240.0)	(240.0)	0.0

The Deputy City Manager and Chief Financial Officer has reviewed this report and agrees with the financial impact information.

DECISION HISTORY

At the July 11, 2005 meeting, the Board of Health approved the establishment of a TPH dental clinic at the NYCC to replace the North York school mobile dental treatment program with an approved budget of \$300,000. The results of an RFQ issued in June 2006 indicated that this budget was insufficient to complete the renovations necessary to establish the clinic. TPH requested additional funds of \$411,860 to be included in the 2007 Capital Budget to complete the project in 2007. However, the BOH requested the

Medical Officer of Health to report back on alternative solutions to establishing a dental clinic in NYCC.

ISSUE BACKGROUND

Dental services in North York are currently delivered using aging, mobile dental equipment in schools. This method of service delivery means that other groups such as seniors, adolescents and perinatal clients, have to travel to other areas of the City to obtain dental care. In addition, some schools are experiencing space shortages and have requested that TPH give up the space used by dental staff.

Establishment of a dental clinic at the NYCC will complete harmonization of the TPH dental program citywide and will address issues of equitable access to dental care for eligible residents in North York as well as the space shortage in affected schools. If the requested funds are approved, the project will be completed by September 2007.

COMMENTS

To examine alternative solutions to establishing a dental clinic at NYCC, TPH staff from Facilities and Real Estate (F&RE) and the design architect examined ways to reduce the cost of the project and/or relocate the clinic. The findings from these discussions are as follows:

- a) there is little comparable available commercial space in North York. F&RE have been unsuccessful in trying to find space in the area for other City Divisions;
- b) leasing rates in surrounding areas in North York are \$30-\$40 per sq.ft. The costs to lease comparable space for \$35/sq.ft. would be \$79,520 annually. These costs do not include required leasehold improvements.
- c) if commercial space were found, leasehold improvements would be required. The best current estimate provided for these improvements is \$132 per sq.ft. Total cost in renovating 2272 sq. ft. for the clinic would be \$299,904. The break even point between leasing in the private market (with leasehold improvements) and renovating the space at NYCC would be five years. After that time, leasing costs will have to be absorbed in the dental operating budget on an ongoing basis;
- d) currently there are no surplus City properties in North York;
- e) \$37,812 has been spent in architectural fees to date for the NYCC space; and suitable fixed dental equipment was purchased in 2006;
- f) costs in the RFQ's reflect current market conditions, in which there is a shortage of qualified contractors who meet City requirements;

- g) the original 2005 estimate was based on 2,272 sq.ft. The current plan is for 2,687 sq.ft. This increase in space allocation resulted from the need to construct a new board room for City use to replace the existing boardroom which will become part of the dental clinic.

The following table compares the estimate provided by F&RE and the costs in the most recent RFQ.

Table 2
Comparison of F&RE Estimate and RFQ Results

	Original F&RE	Current RFQ	Cost
	Estimate	Estimate	Difference
Space (sq.ft.)	2,272	2,687	415
Cost per sq.ft. (\$)	132.00	290	158
Total Cost (\$)	300,000	780,000	480,000
Architectural Design & Consulting	14,600	49,500	34,900
General	67,600	244,000	176,400
Electrical	35,700	113,000	77,300
Plumbing	35,800	95,000	59,200
HVAC	21,300	10,000	(11,300)
Finishes	66,800	52,000	(14,800)
Management Fees	30,000	69,100	39,100
Insurance/Bonds & Contingency Allowances	18,200	107,200	89,000
Permits & Printing	10,000	20,200	10,200
Night Work Between 6pm to 6am	Not Included	20,000	20,000
Total Cost (\$)	300,000	780,000	480,000

It should be noted that architectural fees and one instalment on the debt were paid in 2006.

Summary of Options for North York Dental Clinic:

Options include:

- 1) Maintaining the status quo of service delivery in North York.

Some schools are anxiously waiting to take back the dental clinic space in the school. Current service delivery in schools requires other groups such as seniors, adolescents and perinatal clients, to travel to other areas of the City to obtain dental care. Aging mobile dental equipment dating back to the 1970s would require replacement at a cost of approximately \$250,000.

- 2) Finding leased commercial space and including the capital costs as leasehold improvements.

This option would result in an unpredictable delay due to the shortage of suitable commercial space. Savings from program restructuring after capital costs are repaid would be needed for ongoing lease costs, and would not be available for reinvestment in services to institutionalized seniors.

- 3) Renovating NYCC to accommodate the dental clinic.

This would require additional funds as described in this request. This option would mean locating the clinic in an accessible site that the community uses for other city services.. Repayment of capital costs and reinvestment of savings in dental services for institutionalized seniors would be delayed by two years.

If the Board of Health is to achieve its objective of harmonizing dental services city-wide to enable equitable access to dental services across the city, then it is apparent that locating the clinic at the NYCC is the most appropriate option despite the increased renovation costs.

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SIGNATURE

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