The Honorable Denise Moreno Ducheny  
Chair, Joint Legislative Budget Committee  
State Capitol, Room 5035  
Sacramento, California 95814

Dear Senator Ducheny:

Pursuant to Item 6440-001-001 of the Supplemental Report of the 2002 Budget Act, enclosed is the University of California’s annual report to the Legislature on 2008 Contracting Out for Services at Newly Developed Facilities.

If you have any questions regarding this report, Associate Vice President Debora Obley would be pleased to speak with you. She can be reached by telephone at (510) 987-9112, or by e-mail at Debora.Obley@ucop.edu.

Sincerely,

Mark G. Yudof  
President

Enclosure

cc: Senate Budget and Fiscal Review Subcommittee #1  
(Attn: Ms. Amy Supinger)  
(Attn: Ms. Cheryl Black)  
The Honorable Julia Brownley, Chair  
Assembly Budget Subcommittee #2  
(Attn: Ms. Sara Bachez)  
(Attn: Ms. Amy Rutschow)  
Mr. Mac Taylor, Legislative Analyst  
Mr. Mike Genest, Director of Finance  
Mr. E. Dotson Wilson, Chief Clerk of the Assembly  
Mr. Gregory Schmidt, Secretary of the Senate  
Ms. Diane Boyer-Vine, Legislative Counsel  
Ms. Sara Swan, Department of Finance  
Mr. Steve Boilard, Legislative Analyst’s Office  
Joint Legislative Budget Committee (18)  
Interim Provost and Executive Vice President Robert Grey  
Executive Vice President Katherine N. Lapp  
Vice President Patrick Lenz  
Associate Vice President and Director Steve Juarez  
Acting Associate Vice President John Cammidge  
Associate Vice President Debora Obley
UNIVERSITY OF CALIFORNIA

2008 Contracting Out for Services at Newly Developed Facilities
Legislative Report

2008-09 Legislative Session

University Budget Office
December 2008
UNIVERSITY OF CALIFORNIA

Report on Contracting Out for Services at Newly Developed Facilities
Reporting Period: Calendar Year 2008 (1/1/08 - 12/31/08)

Item 6440-001-0001 of the Supplemental Report of the 2002 Budget Act states:

It is the intent of the Legislature that UC carefully monitor the use and effects of contracting out for services at newly developed facilities. In order to assist in an improved understanding of such impacts, UC shall report annually to the fiscal committees of the Legislature no later than January 15 the extent to which it has chosen to contract out for services, the rationale for such decisions, the cost implications of such decisions, the impact on hiring, and the extent to which such hiring and contracting practices are at variance with such practices at existing facilities.

The University of California submits this report in response to the above request of the Legislature. This report covers activities from January 1, 2008 through December 31, 2008 for newly developed facilities defined as those that opened or began operations on or after January 1, 2008.

Campuses and medical centers view contracting out for services as an important supplement to existing University resources. Maintaining a balance of contract and campus-based services assists locations in maximizing efficiency within resource constraints, while allowing for the introduction of new methods and best practices in service delivery.

The current Guidelines on Contracting for Services at the University of California acknowledge the circumstances under which the University may need to contract for services. Included in the Guidelines is a provision for advance review by the Office of the President for those contracts that may result in the displacement of University staff and that exceed $100,000 per year. The Guidelines also require compliance with the specific provisions of personnel policies and/or collective bargaining agreements that apply to any particular employee group that may be affected.

During calendar year 2008, there were a total of twenty-one contracts for services at newly developed facilities in the University system. No University staff were displaced at the campuses or medical centers as a result of this contracting out activity.
Of the twenty-one contracts for services, one was reported by UC Berkeley for custodial services for expanded library space; fifteen contracts were reported by UC Los Angeles for pest control, landscaping, a continuation of services for a leased facility, services for a new nitrate film storage facility, and contracts for the new Ronald Reagan UCLA Medical Center; two contracts were reported by UC San Diego for temporary, short term custodial and bussing services; two contracts were reported by UC Santa Barbara for grounds maintenance and landscaping of newly acquired property; and one contract was reported by UC Santa Cruz for custodial services at an off-campus leased facility.

Brief summaries of these contracts are found in the attached Appendix to this report. No services were reported to be contracted out at newly developed facilities at UC Davis, UC Merced, UC Irvine, UC Riverside, UC San Francisco, and the Office of the President.
APPENDIX

UNIVERSITY OF CALIFORNIA

Report on Contracting Out for Services at Newly Developed Facilities

Calendar Year 2008

UC Berkeley

UC Berkeley has expanded an existing custodial contract for the campus libraries to provide additional services for expanded space at the Starr East Asian Library and the Bancroft Library. The base contract is in its second year of a five-year agreement. The campus used the business model that applies to their current custodial contract for the libraries; UCB receives no new funding for services at the facilities and would only be able to provide cursory service by absorbing the space with the current contract staffing level. The campus wished to remain consistent with its current contract’s level of service and it will also provide more efficiency in scheduling custodians since the libraries are cleaned on the night shift.

UC Los Angeles

UCLA has a total of fifteen contracts to report, of which one is for a leased facility; three are for offsite locations; three are for services at a nitrate film storage facility (also offsite) that require specialized services; and eight are for services at the new Ronald Reagan UCLA Medical Center.

Leased facility:

(1) Held Properties provides contracted services for property management (janitorial and security guard services) of its leased medical offices at Med Plaza that also houses other, non-university tenants (of its 57 leases at Med Plaza, 35 are with non-UC tenants). The contract will run for approximately 6 months for the service requirements to be assessed. The campus utilizes UC staff for most of its janitorial services and currently, this is the only campus facility under external ownership. The reason to contract out is to maintain continuity of services until an evaluation is made when UCLA Real Estate may assume the existing contract as part of the possible purchase of the location. During the assessment period, UCLA will consider whether services will be provided in the future by UC staff who may replace contracted service staff on a phased in basis.
Offsite Locations:

(2) Dewey Pest Control provides pest abatement services at the Hoefflin Building, which is a medical office building located offsite across the street from the Santa Monica Hospital in Santa Monica. The contract is an expansion of an existing UCLA-Santa Monica Hospital agreement with this service. UCLA does not provide pest control services due to the special expertise and equipment required.

(3) In addition to contracting out for pest control services at the Hoefflin Building, UCLA has contracted for landscaping maintenance services with Williams Landscape. The contract is an expansion of their existing Santa Monica Hospital agreement with this service. UCLA does not provide this service with University staff due to its offsite location, and the special expertise and equipment required.

(4) Additional landscaping maintenance is contracted out to Premier Building Maintenance for services at University Apartments located offsite from the campus. Due to the offsite location and small size of the area, UCLA decided to contract for the services for one year at a relatively low cost, while on-campus landscaping services will continue to be provided by existing UC staff.

Nitrate Film Storage Facility:

(5) UCLA acquired a new nitrate film storage facility as a gift to the campus for housing its film and TV archives located offsite in Santa Clarita, California. At this facility, one contract is for part time technical engineering services for the heating/ventilation/air conditioning (HVAC) and electrical systems maintenance requiring sporadic hours. The decision to contract out was made based upon the offsite location and the lack of full time work.

(6) The facility also requires basic maintenance and repair of the HVAC system that was custom built to protect the environment for the Film & Archives facility. A contract with ACCO Engineering Systems for HVAC maintenance was established for optimum functionality and proper maintenance which requires specialized equipment and expertise.

(7) Janitorial services for this offsite facility have been contracted out with Diversified Maintenance Services as the facility only requires a one day a week schedule.
Ronald Reagan UCLA Medical Center:

(8) UCLA has a valet parking service contracted with Ampco System Parking for patients and visitors to the new Ronald Reagan UCLA Medical Center. The major influencing factors in contracting out for this service were the deferral of University liability costs associated with vehicle damage, and the opportunity to leverage industry expertise in providing experienced and professional hospital valet service. Outsourcing valet services is a standard practice at medical centers of similar size and complexity as discovered through benchmark research and site visits conducted at Stanford University Medical Center, St. Johns Hospital, and Cedars Sinai Medical Center, all of which outsource valet parking services.

(9) Anthony’s Window Cleaning Service provided interior and exterior window cleaning services for the new hospital on a one time basis. Ongoing window cleaning services will be required and a vendor will eventually be selected through a competitive bid process. The Medical Center does not have the internal resources or expertise to provide this service.

(10) AWC Window Covering is a contracted service providing specialized patient cubicle curtain cleaning for the new Medical Center. Prior to contracting these services, patient cubicle curtains were laundered on-site. However, the Medical Center’s on-site services were unable to meet the standards for laundering of patient cubicle curtains regulated by the Department of Public Health. The Medical Center was required to improve the quality of services and chose services through an outside contractor.

(11) Sodexho Health Care also provides a laundry and linen distribution service by contract for the new Medical Center. As previously stated, the prior on-site services were unable to meet the standards so an RFP was conducted to identify a vendor. This is a transfer of services from the former Medical Center to the new Medical Center with an agreement that expires in June 2009.

(12) An existing agreement to contract out for medical records services through Certus Corporation was also transferred from the former facility to the new Medical Center. This is a transfer of an existing agreement to continue to provide the services under contract until June 2009.

(13) The services providing grounds-keeping and gardening by Mariposa Horticulture Enterprise was also transferred from the former Medical Center to the new facility. This is a transfer of an existing contract in place until June 2010.
(14) The Medical Center has also contracted out for deodorizer replacement services from Rochester Midland Corporation. The services are conducted only once per month for the replacement of deodorizers throughout the Medical Center but not at any other UCLA Health System Facility. This contract was transferred from the former, to the new Medical Center with an agreement that expires in July 2009.

(15) An expansion of a security contract that was in place for the former Medical Center was transferred to the new Medical Center providing loading dock security services from Universal Protection Service. For the new facility, it was determined that a security guard was needed for the loading dock and security was needed on an ongoing basis. There are no internal resources available to provide this service. This is a transfer and expansion of a pre-existing security contract from the former, to the new Medical Center with an agreement that expires in June 2009.

UC San Diego

The UC San Diego campus has contracted out with two contracts: one with Rhino Building Services for part time, temporary custodial services and another with Partnerships with Industry for part-time, temporary food-service bussing staff. Both of these services are required to accommodate the expansion of the Price Center which houses the UC San Diego Student Center facilities.

The reason for contracting out these two services is that there is an occasional need for temporary custodial services, such as for deep cleaning of the food court floors, and bussing services requiring three to four additional staff for a couple of days to fill in when there are short-term, immediate vacancies in the permanent custodial and bussing team. These additional temporary services are required to fill in or for special project work only and not to replace university custodians or bussing staff.

UC Santa Barbara

UC Santa Barbara acquired the Devereux property consisting of 33 acres located adjacent to the west campus. The property is operated by the Devereux Foundation, which has two contracts with Cicileo Landscape for grounds landscaping and maintenance. The quantity and type of tree removal (a total 54 trees), tree trimming (requiring tree climbers) and full canopy pruning requires special expertise and equipment unavailable currently through in-house services. The ongoing maintenance contract includes equipment, such as all mowers, string-line trimmers, debris boxes, trucks and fuel that UCSB does not have. As the property becomes developed, UCSB will phase in
maintenance of the grounds with in-house support and has already begun this process with the grounds surrounding a residence located on the property occupied by UCSB’s Housing and Residential Services. Devereux will add approximately 30 acres of total area to the grounds-keeping workload and eventually, UCSB will have responsibility for approximately 137,600 square feet of building space.

**UC Santa Cruz**

UC Santa Cruz has contracted out custodial services for off-campus leased space for the University’s Institute on Science for Global Policy. The University’s physical plant does not have the funding or staffing to provide custodial services to off-campus leased facilities. Instead, the services are funded by the unit occupying the leased space (Institute on Science for Global Policy). The services provided are for daytime, sporadic, and off-hour schedules that would be difficult to accommodate with UC staff. At this facility, there is a lease contract arrangement which requires the tenant to also acquire outside custodial services for the leased space.