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

Dear Senator Ducheny:

Pursuant to Section 92611.9 of the Education Code, enclosed is the University of California’s annual report to the Legislature on 2009 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.

With best wishes, I am,

Sincerely yours,

Mark G. Yudof  
President

Enclosure

cc:  The Honorable Gloria Romero, Chair  
Senate Budget and Fiscal Review Subcommittee #1  
(Attn: Ms. Seija Virtanen)  
(Attn: Ms. Cheryl Black)  
The Honorable Wilmer Amina Carter, Chair  
Assembly Budget Subcommittee #2  
(Attn: Sara Bachez)  
(Attn: Amy Rutschow)  
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  
Joint Legislative Budget Committee (18)  
Interim Provost and Executive Vice President Lawrence Pitts  
Interim Executive Vice President Nathan Brostrom  
Senior Vice President Daniel Dooley  
Vice President Patrick Lenz  
Associate Vice President and Director Steve Juarez  
Associate Vice President Debora Obley  
Executive Director Jenny Kao
UNIVERSITY OF CALIFORNIA

Report on Contracting Out for Services at Newly Developed Facilities Legislative Report

2009-10 Legislative Session

Budget and Capital Resources
December 2009
UNIVERSITY OF CALIFORNIA

Report on Contracting Out for Services at Newly Developed Facilities
Reporting Period: Calendar Year 2009 (1/1/09 - 12/31/09)

Section 92611.9 of the Education Code states:

It is the intent of the Legislature that the University of California carefully monitor the use and effects of the contracting of services at newly developed facilities. In order to assist in an improved understanding of such impacts, the university is requested to report annually to the fiscal committees of the Legislature, on or before January 15 of each year, the extent to which it has chosen to contract for services, the rationale for those decisions, the cost implications of those decisions, the impact on hiring, and the extent to which the hiring and contracting practices are at variance with the 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, 2009 through December 31, 2009 for newly developed facilities defined as those that opened or began operations on or after January 1, 2009.

Campuses and medical centers view contracting out for services as an important supplement to existing 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 2009, there were a total of thirty-nine 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 thirty-nine contracts for services, one was reported by UC Berkeley for custodial services for expanded library space; one was reported by UC Irvine for custodial services; sixteen contracts were reported by UC Los Angeles campus and medical center for services associated with custodial, security, engineering, locksmith, pest control, indoor plant maintenance, linen laundering, landscape maintenance, disposal and recycling, medical waste disposal, telephone system maintenance and window washing services associated with their on- and off-campus facilities acquired during the current calendar year. Specifically for the Vine Street and Medical Plaza facilities, UCLA retained the existing contracts to ensure continuity of service and was required to contract for new services when the services were not available to be provided by University employees. Two contracts were reported by UC Riverside for pest control and waste recycling; two contracts were reported by UC San Diego campus and medical center for landscaping and custodial services; four contracts were reported by UC San Francisco medical center for janitorial
services that are required as a tenant of four leased facilities; and thirteen contracts were reported by UC Santa Cruz at two newly developed facilities for janitorial services, electronic security monitoring, pest control, HVAC, elevator, fire sprinklers, fire alarm, parking lot lighting, landscaping and security.

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 Santa Barbara, and the Office of the President.
APPENDIX

UC Berkeley
UC Berkeley has expanded its existing base contract for custodial services for all of its campus library facilities to the expanded space at the newly renovated Bancroft Library. Prior to the renovation, the space cleaning was split between in-house and contract personnel. The campus used the business model that applies to their current custodial contract for the libraries; UCB received no new funding for services at the facilities and would only be able to provide cursory service by absorbing the new space with the current contract staffing level. The campus wished to remain consistent with the current contract’s level of service, which will also provide more efficiency in scheduling custodians since the libraries are cleaned on the night shift. The base contract for all of the campus library facilities is in its third year of a five-year agreement.

UC Irvine
UC Irvine has expanded an existing custodial contract to include additional campus facilities: Engineering Unit 3; Humanities Gateway; Social and Behavioral Sciences; and Administrative Modular. The original campus contract has been extended for one year. Custodial services have been contracted out for much of the campus’s existence because the location does not have the developed physical space, equipment, tools, or finances in place to provide the services. The original decision to contract was based on cost savings, and subsequent evaluations which have supported the decision.

UC Los Angeles
UCLA has a total of sixteen contracts to report, of which six are for an onsite facility that was acquired by UCLA on May 29, 2009; the remaining ten contracts are divided between the three offsite facilities that are leased by the University.

For the acquired facility at 100 UCLA Medical Plaza, the University retained several service contracts from the previous owner as part of the purchase to ensure continuity of service to the existing tenants of the building. Following closing of the purchase, UCLA Real Estate Asset Management will evaluate each functional area for continuation of the contracts. The contracts that were purchased in the acquisition of the building follow:

1. Able Engineering Services - to ensure continuity of engineering services to existing tenants. The current utility worker is familiar with the building.
2. Ambius Plant Service - to service the interior plants in the building. This contract will maintain the service levels for current tenants, their visitors and their patients. The University does not offer this service.
3. Diversified Maintenance Services - to maintain service levels of custodial services for current tenants and to prevent displacing current union workers with new union workers.
4. Emerson Locksmith - to ensure the continuity of locksmith services for existing tenants. The current locksmiths are familiar with the building and the type of hardware and keying system of the previous owner.
5. Orkin Pest Control - to maintain the service levels for current tenants, their visitors and their patients. The University does not offer this service.
(6) Universal Protection Services - to maintain service levels for the current tenants and to prevent displacing current union workers with new union workers.

The following offsite facilities are considered remote locations from UCLA, therefore requiring the facility to contract for their own services:

(1) The 2200 Sepulveda Boulevard facility in Manhattan Beach, CA, has reported four contracts with terms for one year: Vangard Housekeeping for custodial services; Bennett Landscape for landscaping maintenance; Medico Professional Linen Service for laundering services; and Western Exterminator Company for exterminator services.

(2) The 912 N. Vine Street facility in Hollywood, CA, has reported five contracts. The terms of the contracts with the following vendors are terminable at any time by either party: ADT for security; Capital Contractors for custodial services; Consolidated Disposal for garbage and recycling services; and Stericycle for biohazard waste disposal services. The University contracted for one year with Shared Technologies for telephone system maintenance services.

(3) 1221 2nd Street, Suite 100 in Santa Monica, CA, has reported their intent to contract for custodial services that will provide window washing services because the service is not provided by the lease arrangement. The selection of the vendor and completion of work is expected to occur before December 12, 2009.

UC Riverside
The UC Riverside campus has expanded two of its existing contracts. The pest/rodent control services contract was expanded to include the Child Development Center due to the special expertise that is required and is not available within the campus workforce. This service requires an applicator’s license and continued educational hours to maintain licensing, specialized equipment, and the purchase and storage of hazardous chemicals. The existing waste recycling contract was expanded to include the HUB Coffee Pavilion. The contract was awarded to a firm that specializes in recycling to assist and enable UC Riverside’s ability to meet the State/UC mandates of diverting campus waste from landfill. The existing contract is subject to annual review and terminates in March 2016.

UC San Diego
The UC San Diego campus has expanded two existing contracts. The current five-year contract for custodial services with Professional Maintenance Services to maintain the Birch Aquarium was expanded to include the Robert Paine Scripps Forum for Science, Society and the Environment. The Forum possesses operational needs and unique demands similar to the Birch Aquarium, which the Campus Custodial Department determined that it would be unable to meet. The landscaping contract with Bergensons Property Services, Inc. was expanded to include the Linear Accelerator PET CT in the medical center building which is part of the east campus medical center footprint. East campus landscaping has been under contract since it was developed. The San Diego Campus Landscape Department participated in the RFQ process, but their bid was considerably higher than the winning bidder.
UC San Francisco
UC San Francisco acquired four newly leased spaces for its medical center’s use:
333 Gellert #114/115, which is expanded space; 1500 Owens, which is a newly constructed building; 521 Parnassus, which is a UCSF owned space; and
5565 W. Las Positas #140, which is expanded space. The landlord of the facilities has independently contracted for the custodial services at each of these facilities and has included the cost of the services in the lease agreement.

UC Santa Cruz
UC Santa Cruz has thirteen contracts for services to report, all of which are for two newly developed facilities off-campus. These facilities do not fall within the purview of campus Physical Plant Management, which impedes their ability to provide service to these facilities without incurring higher costs. The University’s physical plant does not have the funding or staffing to provide services to off-campus leased facilities (1201 Schaefer Road and 2505 Augustine). The services provided are for daytime, sporadic, and off-hour schedules that would be difficult to accommodate with UC staff.

1. 1201 Schaefer Road, Santa Cruz, CA
   Full Janitorial Services provides custodial services for the Staff Human Resources Unit. First Alarm provides two separate electronic security monitoring contracts, for the Staff Human Resources and Library Units.

2. 2505 Augustine, Santa Cruz, CA
   As a tenant, the Santa Cruz campus is required to contract for the following services as an occupant of the facility: Universal Maintenance (sweeping services); Universal Janitorial (custodial services); Crane Pest Control; J&J Air Conditioning (HVAC); Otis Elevator; Nor Cal Fire Protection Services (fire sprinklers); Fire Detection Unlimited (fire alarm); Wil-Cal (parking lot lighting); Dinsmore Landscape Company (landscape maintenance); and Creative Security Company (security monitoring).

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