The Honorable Mark Leno  
Chair, Joint Legislative Budget Committee  
1020 N Street, Room 553  
Sacramento, California 95814

Dear Senator Leno:

Pursuant to Section 92611.9 of the Education Code, enclosed is the University of California's annual report to the Legislature on *2012 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 email at Debora.Obley@ucop.edu.

With best wishes, I am,

Sincerely yours,

Mark G. Yudof  
President

Enclosure

cc: Ms. Peggy Collins, Joint Legislative Budget Committee  
Ms. Tina McGee, Legislative Analyst's Office  
Ms. Amy Leach, Office of the Chief Clerk of the Assembly  
Mr. Jim Lasky, Legislative Counsel Bureau  
Mr. Gregory Schmidt, Secretary of the Senate  
Mr. E. Dotson Wilson, Chief Clerk of the Assembly  
Ms. Ana J. Matosantos, Director of Finance  
Ms. Sara Swan, Department of Finance  
Executive Vice President Nathan Brostrom  
Senior Vice President Dan Dooley  
Vice President Patrick Lenz  
Vice President Dwaine Duckett  
Associate Vice President and Director Steve Juarez  
Associate Vice President Debora Obley  
Executive Director Jenny Kao
2012 Contracting Out for Services at Newly Developed Facilities

February 2013

Legislative Report
Section 92611.9 of the Education Code states:

It is the intent of the Legislature that the University of California carefully monitors 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, 2012 through December 31, 2012 for newly developed facilities defined as those that opened or began operations on or after January 1, 2012.

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 2012, there were a total of twenty-eight (28) 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.

The 28 contracts for service at newly developed facilities are as follows:

- At Berkeley, there was one contract for custodial services at the newly renovated and reopened California Memorial Stadium, and one contract for custodial services at the Simpson Center for Student Athlete High Performance.
- At Davis, contracts for custodial services were entered into at the Western Cooling Efficiency Center and at the University Extension on Galileo Drive, where in both cases, campus custodial services were not available. Additionally, a contract for services at the new Student Community Center was extended from a prior contract.
- At Irvine, a single contract for custodial services was secured for an off-site medical office, maintaining the prior services from the previous tenant.
- At UCLA, three newly renovated or newly developed facilities had contracts: one on campus (Pauley Pavilion), and two off campus (924 Westwood Blvd & 1223 16th St, Santa Monica). The Pauley Pavilion has three contracts for service, 924 Westwood has 11 contracts for service, and 1224 16th has three contracts for service. The off-campus facilities largely had contracts picked up as UCLA assumed leases and existing contracts for services.
• At San Francisco, the Mt. Zion parking garage has contracts for services for valet parking and custodial services, due to the potentially temporary nature of the parking garage service.
• At Santa Barbara, leased space and food service for “Wahoo’s Fish Taco” was contracted out. The University Center cannot hold a beer & wine license, which was a requirement.
• At Santa Cruz, the Biomedical Sciences building has two contracts – one for chiller repair and maintenance, the other for elevator repair and maintenance. In both cases, repair or maintenance requires specialized equipment and/or licensing, and is only needed on a sporadic and sometimes emergency basis.

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 Merced, UC San Diego, UC Riverside, the Division of Agriculture and Natural Resources, or the Office of the President.
APPENDIX

UC Berkeley

UC Berkeley has two contracts for services:

UC Berkeley extended their existing contract with Performance First custodial company to work in the new Simpson Center for Student Athlete High Performance. The original contract providing custodial services was extended to provide service to the Simpson Center. This allowed for better supervision of the custodial services, and reduced costs to the University. No UC staff were laid off or reassigned as a result of this contract.

Additionally, UC Berkeley extended the aforementioned contract to include custodial services at the newly reopened California Memorial Stadium. Again, this decision allowed for better supervision of the custodial services, and reduced costs to the University. No UC staff were laid off or reassigned as a result of this contract.

UC Davis

UC Davis has three contracts for services:

Western Cooling Efficiency Center – Custodial services were leased along with this off-campus center, as it was understood at that time that campus custodial services were not available. No UC staff were laid off or reassigned as a result of this contract.

University Extension, Galileo Drive – Off-campus custodial services were not available at the time, and no UC staff were laid off or reassigned as a result of this contract.

Student Community Center – Student Affairs (who operate the new Student Community Center) appraised the operational requirements, and found that campus resources were unable to provide the level of service needed. An existing custodial service contract was thus extended. Again, no UC staff were laid off or reassigned as a result of this contract.

UC Irvine

UC Irvine has one contract for services:

UC Irvine Medical Center leased an off-site medical space in Newport Beach. Due to the distance from campus and small size, it was determined that contracted custodial services would be most appropriate. No UC staff were laid off or reassigned as a result of this contract.

UC Los Angeles

UC Los Angeles has 17 contracts for services at three newly renovated or newly developed facilities:

1) Pauley Pavilion – on campus sports venue (reopened following extensive renovation)
   a) Valet Parking – This decision was made due to the sporadic nature of the service needed
   b) Security Services – This decision was made due to the sporadic need for specialized and trained personnel for security services
   c) Special Custodial – The need for special/additional custodial services post-game and/or during seasonal athletics cannot be met with campus custodial services. General and day-to-day custodial service is provided by campus custodial services
2) **924 Westwood Blvd – off-campus medical offices**
   a) Engineering Services – Engineering services were retained as part of the existing contract picked up from the acquisition of the new facility
   b) Janitorial Services - Janitorial services were retained as part of the existing contract picked up from the acquisition of the new facility
   c) Security Services - Security services were retained as part of the existing contract picked up from the acquisition of the new facility
   d) HVAC Maintenance - HVAC Maintenance services were retained as part of the existing contract picked up from the acquisition of the new facility
   e) Building Management Services – Building Management services were retained as part of the existing contract picked up from the acquisition of the new facility
   f) Exterior Landscape Services - Exterior Landscape services were retained as part of the existing contract picked up from the acquisition of the new facility
   g) Pest Control Services - Pest Control services were retained as part of the existing contract picked up from the acquisition of the new facility
   h) Window & Power Washing Services - Window & Power Washing services were retained as part of the existing contract picked up from the acquisition of the new facility
   i) Interior Landscape Services - Interior Landscape services were retained as part of the existing contract picked up from the acquisition of the new facility
   j) Parking Services - Parking services were retained as part of the existing contract picked up from the acquisition of the new facility
   k) Water Treatment - Water Treatment services were retained as part of the existing contract picked up from the acquisition of the new facility

3) **1223 16th Street – off-campus medical offices**
   a) Elevator Services – Elevator services were contracted out due to the remote location from campus and sporadic need
   b) Landscaping Services – Landscaping services were contracted out due to the remote location from campus, and the part-time need
   c) Pest Control Services – Pest Control services were contracted out due to the remote location from campus, and the sporadic need

   In all of the above cases, the decisions to contract out reflected a business need to maintain a continuity of service, or provide sporadic and specialized services to remote locations. None of the decisions to contract out caused layoff or displacement of UC staff.

**UC San Francisco**

UC San Francisco has two contracts for services:

UC San Francisco has assumed responsibility for the Mt. Zion Garage at 2420 Sutter Street, San Francisco. Two contracts for services were retained at the garage – one for custodial services, and one for valet parking services. In both cases, the rationale for contracting out was for efficiency purposes, and furthermore, the responsibility for the Mt. Zion Garage may be temporary, thus moving to a permanent service arrangement did not make sense. No UC staff were laid off or reassigned due to these contracts for service.

**UC Santa Barbara**
UC Santa Barbara has one contract for services:

UC Santa Barbara leases space in the University Center to various food vendors. This particular contract was for food services provided by Wahoo’s Fish Taco, which leased a space (with build-out) in the University Center from February 2012 to January 2017. Leasing the space to this outside vendor saved the University approximately $250,000 because the vendor paid for the build-out. Additionally, the University Center cannot hold a wine and beer license, which was a requirement to lease the space. No UC staff were laid off or reassigned as a result of this contract.

**UC Santa Cruz**

UC Santa Cruz has two new contracts for services, at the new Biomedical Sciences Building:

1) **Chiller Repair/Maintenance** – Chiller repair and maintenance requires special expertise not available to be provided by University employees. Additionally, these are services not required on a regular, but rather, on an “as needed” basis.

2) **Elevator Repair/Maintenance** – The existing contract for elevator repair/maintenance for the campus was extended to this building as well. As with the chiller repair and maintenance, special expertise and equipment is not available to be provided by University employees.

Neither contract resulted in layoff or reassignment of UC staff.

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