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January 6, 2014

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 *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.

Yours very truly,

Janet Napolitano
President

Enclosure

cc: The Honorable Marty Block, Chair
Senate Budget and Fiscal Review Subcommittee #1
(Attn: Mr. Joe Stephenshaw)
(Attn: Ms. Cheryl Black)
The Honorable Das Williams, Chair
Assembly Budget Subcommittee #2
(Attn: Mr. Mark Martin)
(Attn: Ms. Amy Rutschow)
Mr. Michael Cohen, Department of Finance
Mr. Mac Taylor, Legislative Analyst's Office
Ms. Peggy Collins, Joint Legislative Budget Committee
Mr. Gregory Schmidt, Secretary of the Senate
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. E. Dotson Wilson, Chief Clerk of the Assembly
Executive Vice President Nathan Brostrom
Senior Vice President Dan Dooley
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Vice President Patrick Lenz
Associate Vice President and Director Steve Juarez
Associate Vice President Debora Obley
Executive Director Jenny Kao
Deputy Marsha Sato

Contracting Out for Services at Newly Developed Facilities

January 2014

Legislative Report



UNIVERSITY *of* CALIFORNIA

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Contracting Out for Services at Newly Developed Facilities

Reporting Period: Calendar Year 2013 (1/1/13 - 12/31/13)

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, 2013 through December 31, 2013 for newly developed facilities defined as those that opened or began operations on or after January 1, 2013.

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 2013, there were a total of thirty two (32) contracts for services at newly developed facilities in the University system. Additionally, Santa Cruz reported three (3) contracts for services at a newly developed facility that opened in late 2012, and missed the reporting deadline for last year's report. No University staff was displaced at the campuses or medical centers as a result of this contracting out activity.

The 32 contracts for service at newly developed facilities for 2013 are as follows:

- At ANR, 2801 Second Street, Davis, CA 95618 is in the process of securing one contract for property management services.
- At UC Davis, five facilities had contracts for custodial services –
 - Western Institute Food Safety & Security, 1477 Drew Avenue, Davis, CA 95618
 - Institute of Transportation Studies, 1590 Tilia St. and 215 Sage St., Davis, CA 95616
 - Rod Shippey Educational Facility, 4070 University Road, Hopland, CA 95449
 - Dairy Outdoor Recreation Complex - Restroom only
 - UC Davis Welcome Center
- At UCLA, eight newly renovated or newly developed off campus facilities had 23 total contracts –
 - 707 Garfield Avenue #304, Alhambra, CA 91801 has 2 contracts (janitorial, HVAC)
 - 5865 Campus Center Drive Bldg 14, Los Angeles, CA 90094 has 1 contract (janitorial)
 - 510 Landfair Avenue, Los Angeles, CA 90024 has 6 contracts (carpet installation, carpet cleaning, apartment cleaning, apartment painting, pest control, trash chute cleaning)
 - 10918 & 10924 Le Conte Avenue, Los Angeles, CA 90024 has 1 contract (janitorial)

- Weyburn Terrace Phase II, 11000 Weyburn Drive, 11020 Weyburn Drive, Los Angeles, CA 90024 has 6 contracts (carpet installation, carpet cleaning, apartment cleaning, apartment painting, pest control, trash chute cleaning)
- 23815 Stuart Ranch Road #300, Malibu, CA 90265 has 1 contract (janitorial)
- 19550 Rinaldi Street #300, 310, Porter Ranch, CA 91326 has 1 contract (janitorial)
- 14250 Arminta Street, Van Nuys, CA 91402-6871 has 5 contracts (HVAC, elevator maintenance, janitorial, landscaping, pest control)
- At Office of the President, the UC PATH Center in Riverside has one contract – retained incumbent building management company.
- At Santa Barbara, Upper Devereux Slough Open Space has two contracts – one for landscape maintenance and one for irrigation repair.

The additional 3 contracts for service at newly developed facilities for 2012 were:

- At Santa Cruz, Cooling Tower 4 (which opened in 2012 but missed the reporting deadline) has three contracts – one for heat exchanger repair and maintenance, one for water testing, and one for roof and gutter cleaning.

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 Berkeley, UC Irvine, UC Merced, UC Riverside, UC San Diego, or UC San Francisco.

APPENDIX

Agriculture and Natural Resources (ANR)

ANR is in the process of securing one contract for service:

ANR is currently bidding property management services for its new building (2801 Second Street, Davis, CA 95618) to begin in November 2013. Prior to the opening of the new building in November 2013, ANR personnel were disbursed throughout the UC Davis campus and other nearby areas and contracted with UC Davis to fulfill janitorial and other property management needs. No UCD personnel will be displaced as a direct result of ANR's move to an off-campus location (since the former on-campus building will continue to be occupied by UC personnel, it will continue to be serviced by UCD, hence no displacement of UCD workers).

UC Davis

UC Davis has 5 contracts for custodial services:

- 1) Western Institute Food Safety & Security, 1477 Drew Avenue, Davis, CA 95618
Campus custodial services are not available at this off-campus location. The contracting practice is the same as at other off-campus locations.
- 2) Institute of Transportation Studies, 1590 Tilia St. and 215 Sage St., Davis, CA 95616
This building in the West Village development is privately owned and not considered campus property. Campus custodial services are not available at this location. The contracting practice is the same as at other off-campus locations.
- 3) Rod Shippey Educational Facility, 4070 University Road, Hopland, CA 95449
Campus custodial services were not available at this facility until April 2013, when a Senior Custodian was hired. Services were added to a contract that was in force through April 2013.
- 4) Dairy Outdoor Recreation Complex - Restroom only
Campus Custodial Services determined that services would not be provided at this location and directed Student Affairs to contract out for the services. Services were added to an existing contract that is in force through December 2013.
- 5) UC Davis Welcome Center
Campus Custodial Services determined that services would not be provided at this location and directed Student Affairs to contract out for the services. Services were added to an existing contract that is in force through December 2013.

None of the contracts resulted in layoff or reassignment of UC staff.

UC Los Angeles

UC Los Angeles has 23 contracts for services at eight newly renovated or newly developed facilities:

- 1) 707 Garfield Avenue #304, Alhambra, CA 91801
 - a. Janitorial – Janitorial services were contracted out due to the remote location from campus and use of campus employees to perform these tasks would be difficult to supervise and not cost effective.
 - b. HVAC – HVAC was contracted out due to the remote location from campus and use of campus employees to perform these tasks would be difficult to supervise and not cost effective.
- 2) 5865 Campus Center Drive Bldg 14, Los Angeles, CA 90094
 - a. Janitorial – Janitorial services were contracted out due to the remote location from campus and use of campus employees to perform these tasks would be difficult to supervise and not cost effective.

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- 3) 510 Landfair Avenue, Los Angeles, CA 90024
- a. Carpet installation – Carpet installation is a specialized service of a sporadic as well as peak-driven nature for when apartment units turn over, and is a service that University Apartments does not self-perform. Contracts for services were in existence for other University Apartments locations, and the scope of work for this facility was added to the agreement.
 - b. Carpet cleaning – Carpet cleaning is a specialized service of a sporadic as well as peak-driven nature for when apartment units turn over, and is a service that University Apartments does not self-perform. Contracts for services were in existence for other University Apartments locations, and the scope of work for this facility was added to the agreement.
 - c. Apartment cleaning – Apartment cleaning is a specialized service of a sporadic as well as peak-driven nature for when apartment units turn over, and is a service that University Apartments does not self-perform. Contracts for services were in existence for other University Apartments locations, and the scope of work for this facility was added to the agreement.
 - d. Apartment painting – Apartment painting is a specialized service of a sporadic as well as peak-driven nature for when apartment units turn over, and is a service that University Apartments does not self-perform. Contracts for services were in existence for other University Apartments locations, and the scope of work for this facility was added to the agreement.
 - e. Pest control – Pest control requires special expertise and equipment that the University does not have. Contracts for services were in existence for other University Apartments locations, and the scope of work for this facility was added to the agreement.
 - f. Trash chute cleaning – Trash chute cleaning is a specialized service that University Apartments does not self-perform. Contracts for services were in existence for other University Apartments locations, and the scope of work for this facility was added to the agreement.
- 4) 10918 & 10924 Le Conte Avenue, Los Angeles, CA 90024
- a. Janitorial – Janitorial services were contracted out as this is the standard practice for leased off campus office space.
- 5) Weyburn Terrace Phase II, 11000 Weyburn Drive, 11020 Weyburn Drive, Los Angeles, CA 90024
- a. Carpet installation – Carpet installation is a specialized service of a sporadic as well as peak-driven nature for when apartment units turn over, and is a service that University Apartments does not self-perform. Contracts for services were in existence for other University Apartments locations, and the scope of work for this facility was added to the agreement.
 - b. Carpet cleaning – Carpet cleaning is a specialized service of a sporadic as well as peak-driven nature for when apartment units turn over, and is a service that University Apartments does not self-perform. Contracts for services were in existence for other University Apartments locations, and the scope of work for this facility was added to the agreement.
 - c. Apartment cleaning – Apartment cleaning is a specialized service of a sporadic as well as peak-driven nature for when apartment units turn over, and is a service that University Apartments does not self-perform. Contracts for services were in existence for other University Apartments locations, and the scope of work for this facility was added to the agreement.
 - d. Apartment painting – Apartment painting is a specialized service of a sporadic as well as peak-driven nature for when apartment units turn over, and is a service that University Apartments does not self-perform. Contracts for services were in existence for other University Apartments locations, and the scope of work for this facility was added to the agreement.
 - e. Pest control – Pest control requires special expertise and equipment that the University does not have. Contracts for services were in existence for other University Apartments locations, and the scope of work for this facility was added to the agreement.
 - f. Trash chute cleaning – Trash chute cleaning is a specialized service that University Apartments does not self-perform. Contracts for services were in existence for other University Apartments locations, and the scope of work for this facility was added to the agreement.
- 6) 23815 Stuart Ranch Road #300, Malibu, CA 90265
- a. Janitorial – Janitorial services were contracted out due to the remote location from campus and use of campus employees to perform these tasks would be difficult to supervise and not cost effective.

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- 7) 19550 Rinaldi Street #300, 310, Porter Ranch, CA 91326
- a. Janitorial – Janitorial services were contracted out due to the remote location from campus and use of campus employees to perform these tasks would be difficult to supervise and not cost effective.
- 8) 14250 Arminta Street, Van Nuys, CA 91402-6871
- a. HVAC – HVAC was contracted out due to the remote location from campus and use of campus employees to perform these tasks would be difficult to supervise and not cost effective.
 - b. Elevator maintenance – Elevator maintenance was contracted out due to the remote location from campus and use of campus employees to perform these tasks would be difficult to supervise and not cost effective.
 - c. Janitorial – Janitorial services were contracted out due to the remote location from campus and use of campus employees to perform these tasks would be difficult to supervise and not cost effective.
 - d. Landscaping – Landscaping services were contracted out due to the remote location from campus and use of campus employees to perform these tasks would be difficult to supervise and not cost effective.
 - e. Pest control – Pest control was contracted out due to the remote location from campus and use of campus employees to perform these tasks would be difficult to supervise and not cost effective.

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 Office of the President

UC Office of the President has one contract for service:

UC Office of the President (UCOP) retained the incumbent building management company when it occupied the new UC PATH Center (14350 Meridian Parkway, Riverside, CA 92518-3035) in April 2013. UCOP does not have the infrastructure to operate and maintain the facility, and it was an operating decision to retain the building management company. No UC staff were laid off or reassigned as a result of this contract.

UC Santa Barbara

UC Santa Barbara assumed responsibility to maintain Upper Devereux Slough Open Space (formerly Ocean Meadows Golf Course), when the lease expired on the golf course in 2013. The area will be restored to a wetland in the next several years; however, the University must maintain it until that time. UC Santa Barbara has two contracts for services:

- 1) Landscape Maintenance – The University does not have the appropriate equipment or staff time to maintain the 63 acres of land, which requires mowing every 2 weeks. Two FTE would be required to provide the level of service desired for this land, and given the temporary nature of the maintenance, it was found to be more cost effective to contract out maintenance in this area.
- 2) Irrigation Repair – The existing irrigation system requires a one-time modification and specialized repair needs that the University does not have the staff time to allocate for. It was found to be more cost effective to utilize bid work versus in house labor.

None of the contracts resulted in layoff or reassignment of UC staff.

UC Santa Cruz

UC Santa Cruz has three new contracts for services (for 2012), at the new Cooling Tower 4:

- 1) Heat Exchanger Repair/Maintenance – Heat exchanger repair and maintenance requires special expertise not available to be provided by University employees.
- 2) Water Testing – Water testing requires special expertise, as well as licensing and specialized equipment that are not available to be provided by University employees.
- 3) Roof/Gutter Cleaning – The existing contract for roof and gutter cleaning for the campus was extended to this building as well. As with heat exchanger repair and maintenance, special expertise is not available to be provided by University employees.

None of the contracts resulted in layoff or reassignment of UC staff.