



1111 Franklin Street
Oakland, California 94607-5200
Phone: (510) 987-9074
Fax: (510) 987-9086
<http://www.ucop.edu>

December 18, 2014

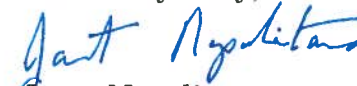
The Honorable Mark Leno
Chair, Joint Legislative Budget Committee
1020 N Street, Room 553
Sacramento, California 95814

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: Senate Budget and Fiscal Review
The Honorable Marty Block, Chair
Senate Budget and Fiscal Review Subcommittee #1
(Attn: Mr. Joe Stephenshaw)
(Attn: Ms. Cheryl Black)
Assemblymember Kevin McCarty, Chair
Assembly Budget Subcommittee #2
(Attn: Mr. Mark Martin)
(Attn: Ms. Amy Rutschow)
Mr. Michael Cohen, Department of Finance
Ms. Peggy Collins, Joint Legislative Budget Committee
Mr. Daniel Alvarez, 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
Vice President Dwaine Duckett
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

Legislative Report

January 2015



UNIVERSITY *of* CALIFORNIA

UNIVERSITY OF CALIFORNIA

Contracting Out for Services at Newly Developed Facilities Reporting Period: Calendar Year 2014 (1/1/14 - 12/31/14)

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, 2014 through December 31, 2014 for newly developed facilities defined as those that opened or began operations on or after January 1, 2014.

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 2014, there was a total of twenty-one (21) contracts for services at newly developed facilities in the University system. Additionally, San Francisco reported six (6) newly leased facilities that included predetermined services in the overall lease agreement. No University staff was displaced at the campuses or medical centers as a result of this contracting out activity.

The 21 contracts for service at newly developed facilities for 2014 are as follows:

- At UC Irvine, 1640 Newport Blvd., Ste. 240/400, Costa Mesa, CA 92627 has one contract (custodial service)
- At UC Los Angeles, seven newly renovated or newly developed facilities have 11 total contracts –
 - Hitch Suites has three contracts (carpet cleaning, resident hall cleaning, and window cleaning)
 - 558-564 Glenrock Avenue, Los Angeles, CA 90024 has two contracts (apartment cleaning and carpet cleaning)
 - 625-641 Landfair Avenue, Los Angeles, CA 90024 has two contracts (apartment cleaning and carpet cleaning)
 - 335 & 341 N. La Brea Avenue, Los Angeles, CA 90036 has one contract (custodial service)
 - 1950 Sawtelle Blvd, Los Angeles, CA 90025 has one contract (custodial service)
 - 25751 McBean Parkway #200/210, Valencia, CA 91355 has one contract (custodial service)
 - 25775 McBean Parkway #115/214/215, Valencia, CA 91355 has one contract (custodial service)

- At UC Merced, the Science & Engineering Building (S&E II) has one contract for pest control services.
- At UC Riverside, the Student Recreation Center (SRC) has two contracts for pool service.
- At UC Santa Barbara, North Campus Faculty Housing has five contracts – real estate brokerage, moving services, warranty management, homebuilding documentation, and contractor/repairs service.
- At UC San Francisco, Mission Hall has one contract for stationary engineers. *(Please note that the Mission Bay Hospital Complex is due to open for operation in 2015 and will therefore be covered by reporting requirements, if any, for next calendar year.)*

Brief summaries of the twenty-one (21) contracts for service are found in the attached Appendix to this report.

The six newly leased facilities that included predetermined services are:

- At San Francisco, six new facilities had predetermined services which included cleaning, maintenance, and security as part of the overall lease –
 - 6425 Christie Avenue, Suite 240, Emeryville, CA 94608
 - 1444 Florida Avenue, Suite 100, Modesto, CA 95350
 - 1725 Montgomery Street, Suite 250, San Francisco, CA 94133
 - 350 Parnassus Avenue, Suite 304-A, San Francisco, CA 94117
 - 2000 Powell Street, Suite 1100, Emeryville, CA 94608
 - 101 So. San Mateo Drive, Suite 205, San Mateo, CA 94401

In these situations, the University is not contracting out for services directly.

No services were reported to be contracted out at newly developed facilities at Agriculture and Natural Resources (ANR), Office of the President, UC Berkeley, UC Davis, UC San Diego, and UC Santa Cruz.

APPENDIX

UC Irvine

UC Irvine has one contract for custodial services:

- 1) 1640 Newport Blvd, Ste. 240/400, Costa Mesa, CA 92627
Shine It Up Clean It Up provides custodial service at this leased facility. The agreement is effective from January 2014 – June 2015.

The lease is for small suites in professional buildings off-site from the main campus and medical center. The locations are not large enough to support full-time custodial staff and it is not practical to send equipment and employees to drive back and forth on a regular basis. None of the contracts resulted in layoff or reassignment of UC staff.

UC Los Angeles

UC Los Angeles has 11 contracts for services at seven newly renovated or newly developed facilities:

- 1) Hitch Suites, 250 DeNeve Drive, Los Angeles, CA 90024
 - a. Coit provides carpet cleaning services. It is a specialized service of a sporadic as well as peak-driven nature for when students move in/out. Contracts for services were in existence for other On-Campus Housing locations, and the scope of work for this facility was added to the agreement. The initial agreement was effective 6/25/12, and has since been extended through 6/24/17.
 - b. Elite Building Management, Inc. provides resident hall cleaning services. It is a specialized service of a sporadic as well as peak-driven nature for when students move in/out. Contracts for services were in existence for other On-Campus Housing locations, and the scope of work for this facility was added to the agreement. The initial agreement was effective 6/26/13, and has since been extended through 6/30/16.
 - c. Southland Exterior provides window cleaning services. It is a specialized service utilizing specialized equipment that the University does not own, and it calls for specialized safety training. Contracts for services were in existence for other On-Campus Housing locations, and the scope of work for this facility was added to the agreement. The initial agreement was established in 2007, and has since been extended through 10/30/15.
- 2) 558-564 Glenrock Avenue, Los Angeles, CA 90024
 - a. Elite Building Management, Inc. provides apartment cleaning services. It 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. The agreement is in effect from 5/1/12 through 4/30/15, with two one-year options to renew.
 - b. Stanley Steemer provides carpet cleaning services. It 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. The initial agreement was effective 8/1/09, and has since been extended through 12/31/14.

- 3) 625-641 Landfair Avenue, Los Angeles, CA 90024
 - a. Elite Building Management, Inc. provides apartment cleaning services. It 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. The agreement is in effect from 5/1/12 through 4/30/15, with two one-year options to renew.
 - b. Stanley Steemer provides carpet cleaning services. It 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. The initial agreement was effective 8/1/09, and has since been extended through 12/31/14.

- 4) 335 & 341 N. La Brea Avenue, Los Angeles, CA 90036
 - a. Danish Environment, Inc. provides custodial services. Leases for the two buildings at this location were acquired by UCLA in the acquisition of the Motion Picture & Television Fund (MPTF) physician practice by the UCLA Faculty Practice Group on June 1, 2014. MPTF held a contract for custodial services with Danish Environment prior to the acquisition. The decision was made during the due diligence process in March 2014 to maintain existing contracts to minimize disruption to facility operations. The agreement is for one year, through 5/31/15.

- 5) 1950 Sawtelle Blvd, Los Angeles, CA 90025
 - a. Danish Environment, Inc. provides custodial services. The lease for this building was acquired by UCLA in the acquisition of the Motion Picture & Television Fund (MPTF) physician practice by the UCLA Faculty Practice Group on June 1, 2014. MPTF held a contract for custodial services with Danish Environment prior to the acquisition. The decision was made during the due diligence process in March 2014 to maintain existing contracts to minimize disruption to facility operations. The agreement is for one year, through 5/31/15.

- 6) 25751 McBean Parkway #200/210, Valencia, CA 91355
 - a. Danish Environment, Inc. provides custodial services. Leases for suites at this location were acquired by UCLA in the acquisition of the Motion Picture & Television Fund (MPTF) physician practice by the UCLA Faculty Practice Group on June 1, 2014. MPTF held a contract for custodial services with Danish Environment prior to the acquisition. The decision was made during the due diligence process in March 2014 to maintain existing contracts to minimize disruption to facility operations. The facility is located at distance (30+ miles) from the UCLA campus, and use of campus employees to perform these tasks would be difficult to supervise and not cost effective. The agreement is for one year, through 5/31/15.

- 7) 25775 McBean Parkway #115/214/215, Valencia, CA 91355
 - a. PFG's Maintenance provides custodial service. Leases for two of these three suites for a surgery center in Valencia / Santa Clarita were acquired when 2 small physician practices were acquired by UCLA. Suite 115 commenced operations 7/1/2014. Suites 214 and 215 commenced operations 9/15/2014. The contract for custodial services was in existence prior to the acquisition. The facility is located at distance (30+ miles) from the UCLA campus, and use of campus employees to perform these tasks would be difficult to supervise and not cost effective. The agreement is for one year, with options to renew.

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. None of the decisions to contract out caused layoff or displacement of UC staff.

UC Merced

UC Merced has one contract for service:

Bob's Community Pest Control provides pest control services at the Science and Engineering Building (S&E II). UC Merced does not have the resources to provide pest control services so their contracted supplier was brought in to do the initial pest clean out and the building was added to the existing pest control contract. The agreement is effective through 1/31/16. No UC staff were laid off or reassigned as a result of this contract.

UC Riverside

UC Riverside has two contracts for pool service at the newly developed Student Recreation Center (SRC).

- 1) Aquatic Balance Inc. provides chemical feed, control and heating system maintenance. The SRC decided to contract out for this service because of the lack of expertise of University staff to maintain the new aquatic center. The agreement is in effect from 8/1/14 through 7/31/15.
- 2) Knorr System, Inc. provides maintenance on the heating and chemical feed system. The SRC had to contract out this service to Knorr for one year or the warranties to the pool heating system would be void. Knorr contained the necessary expertise and manufacturer service support and certifications. The agreement is in effect from 9/1/14 through 8/31/15.

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

UC Santa Barbara

UC Santa Barbara has five contracts for service at North Campus Faculty Housing.

- 1) Triad Real Estate provides real estate brokerage services. UC Santa Barbara required a licensed professional real estate brokerage to administer the sales of new faculty homes at North Campus Faculty Housing. The agreement was effective from May 2013 – June 2014.
- 2) Move Green provides moving services. UC Santa Barbara required a professional moving company to provide services related to furniture installations at model homes for the new residential development. The moving services provided within campus did not accommodate the requirements for new furniture installations. The agreement is effective from August 2013 – April 2015.
- 3) ProHome Services provides warranty management services. UC Santa Barbara required the expertise of a professional firm to administer, coordinate emergency/non-emergency warranty repairs, and provide documentation for all developer/builder warranty claims for the new residential development. The agreement is effective from September 2013 – June 2015.
- 4) Compendia Inc. provides homebuilding documentation services. UC Santa Barbara required the expertise of a professional firm to develop the Homeowner's Manuals and Homeowner's Website materials for the sales of the newly constructed faculty housing units. The agreement was effective from May 2013 – April 2014.
- 5) Newton Construction provides licensed contractor/repair services. UC Santa Barbara required a licensed professional contractor to perform emergency/non-emergency warranty repairs associated with the new faculty housing development. The repairs services are mandatory and must be provided by the developer/builder to address warranty claims (per California Civil Code) for new homes up to one year after close of escrow. The agreement is effective from September 2014 – September 2015.

These particular services are specialty trades, and only required during the sales period for new construction/residential developments undertaken by the University. None of the contracts resulted in layoff or reassignment of UC staff.

UC San Francisco

UC San Francisco has one contract for service:

Able Engineering Services provides stationary engineers for Mission Hall (550 16th St, San Francisco, CA 94518). The contract for stationary engineers is a part of the overall contract at UCSF facilities for this type of work. Able Engineering Services employs union represented stationary engineers through the International Union of Operating Engineers Local 39 of San Francisco. This practice of employing stationary engineers through a unionized third party is consistent with historical practice and meets the needs of the operation for servicing rotating equipment. The agreement is in effect from 10/1/11 through 9/30/16. No UC staff were laid off or reassigned as a result of this contract.

Contact information:

University of California

Budget Analysis and Planning

1111 Franklin Street, 6th Floor

Oakland, CA 94607-5200

Office website: <http://www.ucop.edu/budget-capital-resources/>

Report website: <http://www.ucop.edu/operating-budget/budgets-and-reports/legislative-reports/index.html>