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February 8, 2016


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](mailto: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: Ms. Anita Lee)  
(Attn: Ms. Cheryl Black)  
The Honorable Kevin McCarty, Chair  
Assembly Budget Subcommittee #2  
(Attn: Mr. Mark Martin)  
(Attn: Ms. Amy Rutschow)  
Ms. Peggy Collins, Joint Legislative Budget Committee  
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  
Mr. Daniel Alvarez, Secretary of the Senate

Mr. Michael Cohen, Department of Finance  
Mr. Christian Osmena, Department of Finance  
Ms. Tina McGee, Legislative Analyst's Office  
Mr. Mac Taylor, Legislative Analyst's Office  
Mr. Jason Constantouros, Legislative Analyst's Office  
Provost and Executive Vice President Aimée Dorr  
Executive Vice President and Chief Financial Officer Nathan Brostrom  
Executive Vice President and Chief Operating Officer Rachael Nava  
Senior Vice President Nelson Peacock  
Associate Vice President Debora Obley  
Associate Vice President and Director Steve Juarez  
Vice President Dwaine Duckett  
Executive Director Jenny Kao  
Executive Director Kieran Flaherty  
Director David Alcocer  
Manager Bruce Kennedy  
Executive Advisor Marsha Sato

Contracting Out for Services at Newly Developed Facilities

Legislative Report

January 2016



UNIVERSITY *of* CALIFORNIA

## UNIVERSITY OF CALIFORNIA

### **Contracting Out for Services at Newly Developed Facilities**

Reporting Period: Calendar Year 2015 (1/1/15 - 12/31/15)

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, 2015 through December 31, 2015 for newly developed facilities defined as those that opened or began operations on or after January 1, 2015.

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 2015, there were a total of forty-three (43) contracts for services at newly developed facilities in the University system. Irvine also reported one (1) contract for service at a newly developed facility that opened in late 2014, and missed the reporting deadline for last year's report. 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 43 contracts for service at newly developed facilities for 2015 are as follows:

- At UC Irvine, three facilities have contracts for janitorial services –
  - 341 Magnolia Avenue, Suite 205, Corona, CA 92879
  - 1640 Newport Boulevard, Suite 350, Costa Mesa, CA 92626
  - 5141 California Avenue, 2<sup>nd</sup> Floor, Irvine, CA 92617
- At UC Los Angeles, six newly renovated or newly developed facilities have 15 total contracts –
  - 501 Deep Valley Drive, Suite 100, Rolling Hills Estate, CA 90274 has 1 contract (janitorial service)
  - Engineering 6 Phase 1 has 1 contract (Aircuity sensor maintenance and calibration)
  - Occidental Petroleum Building (10899 Wilshire Blvd, Los Angeles, CA 90024) has 8 contracts (janitorial service, pruning/landscaping, parking facility management, computer room cleaning and decontamination, window cleaning, elevator maintenance and safety, parking structure degreasing, and water conservation/native landscape design services)
  - 24302 Paseo De Valencia, 2<sup>nd</sup> Floor, Laguna Hills, CA 92653 has 1 contract (janitorial service)
  - 6344 Topanga Canyon Boulevard, Woodland Hills, CA 91367 has 1 contract (janitorial service)

- Saxon Suites (325 DeNeve Drive, Los Angeles, CA 90024) has 3 contracts (carpet cleaning, residence hall cleaning, and window cleaning services)
- At UC Santa Cruz, seven newly developed facilities have 17 total contracts –
  - Cogen Mechanical Electrical Structure (MES) has 3 contracts (fire extinguisher service, gas compressor service, and fire sprinkler service)
  - Cowell Surge Trailer 1 has 1 contract (fire extinguisher service)
  - Cowell Surge Trailer 2 has 1 contract (fire extinguisher service)
  - EHS Storage Unit 1 has 2 contracts (hazardous waste packaging service and fire extinguisher service)
  - EHS Storage Unit 2 has 2 contracts (hazardous waste packaging service and fire extinguisher service)
  - Fackler Cogeneration Plant has 4 contracts (fire extinguisher service, gas turbine service, plant control system service, and fire sprinkler service)
  - Merrill College Plaza has 4 contracts (elevator maintenance service, grease interceptor pumping service, fire extinguisher service, and fire sprinkler inspection/maintenance service)
- At UC San Francisco, the Mission Bay Hospital Complex (1825, 1855, and 1975 Fourth Street, San Francisco, CA 94158) has 8 contracts (supplemental staff, high cleaning and floor care services, security services, landscaping services, window/canopy/skylight cleaning, supplemental healthcare staffing, patient valet parking services, and stationary engineers)

The additional contract for service at newly developed facilities for 2014 was:

- At UC Irvine, 293 S. Main St., 2<sup>nd</sup> floor, Orange, CA 92868 (which opened in 2014 but missed the reporting deadline) had one contract for janitorial services.

Brief summaries of these contracts for service are found in the attached Appendix to this report.

The 6 newly leased facilities that included predetermined services are:

- At UC San Francisco, six new facilities had predetermined services which included cleaning, maintenance, and security as part of the overall lease –
  - 6425 Christie Avenue, Suite 400, Emeryville, CA 94608
  - 6475 Christie Avenue, Suite 300, Emeryville, CA 94608
  - 1100 S Eliseo Drive, Suite 1, Greenbrae, CA 94904
  - 185 Berry Street, Suite 120, San Francisco, CA 94107
  - 1550 Bryant Street, Suites 600 & 675, San Francisco, CA 94103
  - 2320 Sutter Street, Suites 201, 203, 301, 401, San Francisco, CA 94115

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 Merced, UC Riverside, UC San Diego, or UC Santa Barbara.

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APPENDIX

**UC Irvine**

UC Irvine has 3 contracts for janitorial services in 2015:

- 1) 341 Magnolia Avenue, Suite 205, Corona, CA 92879  
Ron Fierro provides janitorial services at this leased facility. The leased building is the site of a new physician's practice and approximately 28 miles from the medical center. The agreement is effective from October 1, 2015 – December 31, 2015.
- 2) 1640 Newport Boulevard, Suite 350, Costa Mesa, CA 92626  
Shine It Up Clean It Up provides janitorial service at this leased facility. UC Irvine Environmental Services was not available for this off-site location, which is over 10 miles from the medical center. The contractor selected was already established with another UCI practice within the same building. The agreement is effective from May 1, 2015 – May 1, 2016.
- 3) 5141 California Avenue, 2nd Floor, Irvine, CA 92617  
Beneficial Maintenance Services, Inc provides janitorial services at this newly developed facility in the University Research Park. UCI Applied Innovations uses this facility to host multiple events daily. Since events also occur on weekends and after business hours, they require cleaning services immediately afterwards to turn the space around for other events the next morning. The current agreement expires June 30, 2016.

UC Irvine also reported one contract for janitorial services for a newly developed facility that opened in late 2014 and missed the reporting deadline for the previous report:

- 1) 293 S. Main St., 2<sup>nd</sup> Floor, Orange, CA 92868  
Executive Maintenance, Inc provides janitorial services at this leased facility. The lease is for a small suite in a professional building off-site from the main campus and medical center. It houses two family practices and two internal medicine practices. Memorial Care manages the operations for this facility and utilizes Executive Maintenance for all their janitorial services. The agreement is effective from November 1, 2014 – December 31, 2015.

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

**UC Los Angeles**

UC Los Angeles has 15 contracts for services at six newly renovated or newly developed facilities:

- 1) 501 Deep Valley Drive, Suite 100, Rolling Hills Estate, CA 90274
  - a. Vital Care provides janitorial services. The facility is for UCLA Health Internal Medicine and located approximately 25 miles from the UCLA medical center. UCLA leases this space and has contracted with Vital Care because the contractor provides janitorial services to the entire building. The decision to contract for services at this location is consistent with the practice for facilities at a distance from UCLA. The agreement was effective February 2015, with no termination date specified.
- 2) Engineering 6 Phase 1
  - a. Siemens provides maintenance and semi-annual calibration of Aircurity sensors. It is a specialized service that requires technical expertise. This is the first and only facility on campus with this sophisticated HVAC system. The agreement was effective from May 2015 for a five year term.

- 3) Occidental Petroleum Building (10899 Wilshire Blvd, Los Angeles, CA 90024)  
UCLA Real Estate Asset Management has assumed existing contracts as part of the 2015 purchase of this off-campus building to ensure continuity of operations and to maintain the current service levels. They are evaluating each functional area and over time, contracts will be aggregated over properties managed by UCLA Real Estate Asset Management to be consistent with their operating practices.
- a. ABM Janitorial Services provides janitorial services. The agreement, in place since June 1, 2001, was for one year, then month to month.
  - b. Above and Beyond Tree Service, Inc provides fine ornamental pruning, tree landscaping, and clearance. The agreement is for one year, effective September 25, 2015.
  - c. APCOA/Standard Parking provides parking facility management services. The agreement, in place since November 19, 2001, was for one year, then successive one year periods.
  - d. Data Clean Corporation provides computer room cleaning and decontamination services. The agreement is for one year, effective January 30, 2015.
  - e. HSG Professional Window Cleaners provide high pressure window cleaning services. The agreement was effective January 27, 2015.
  - f. Otis Elevator Company provides elevator maintenance and safety tests. The agreement, in place since July 23, 2007, has one year terms.
  - g. Peerless Building Maintenance provides high pressure parking structure degreasing services. The agreement was effective March 5, 2012.
  - h. Pierre Sprinkler and Landscape provides water conservation and native landscape design services. The agreement, in place since November 8, 2005, has one year terms.
- 4) 24302 Paseo De Valencia, 2nd Floor, Laguna Hills, CA 92653
- a. Performance Building Services provides janitorial services for the whole facility. UCLA is leasing this space for the Oncology Department. The facility is located approximately 60 miles from the UCLA campus. The decision to contract for services at this location is consistent with the practice for facilities at a distance from the UCLA campus. The agreement is for one year.
- 5) 6344 Topanga Canyon Boulevard, Woodland Hills, CA 91367
- a. KBM provides janitorial services for the whole facility, which is located approximately 18 miles from the UCLA campus. The facility provides primary care services. The decision to contract for services at this location is consistent with the practice for facilities at a distance from the UCLA campus. The agreement is for one year.
- 6) Saxon Suites (325 DeNeve Drive, Los Angeles, CA 90024) – on campus housing  
The following contracts for services are supplemental to day-to-day duties already performed by UCLA employees:
- 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 agreement is for three years and expires in December 2015.
  - b. Elite Building Management, Inc provides residence 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 agreement is for one year and expires in 2016.
  - c. Southland Exterior provides window 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 agreement is for two years and expires in 2016.

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 Santa Cruz**

UC Santa Cruz has 17 contracts for services at seven newly developed facilities:

- 1) Cogen Mechanical Electrical Structure (MES)
  - a) Santa Cruz Fire Equipment Company provides fire extinguisher service. The agreement is from January 2015 – December 2015.
  - b) UE Compression provides gas compressor services. The agreement is from January 2015 – December 2015.
  - c) Cosco Fire Protection provides fire sprinkler service. The agreement is from January 2015 – December 2015.
- 2) Cowell Surge Trailer 1
  - a) Santa Cruz Fire Equipment Company provides fire extinguisher service. The agreement is from January 2015 – December 2015.
- 3) Cowell Surge Trailer 2
  - a) Santa Cruz Fire Equipment Company provides fire extinguisher service. The agreement is from January 2015 – December 2015.
- 4) EHS Storage Unit 1
  - a) Clean Harbor Environmental Services provides hazardous waste packaging service. The packaging work as part of the hazardous waste contract is the most cost effective means of safety and compliance considering the work is not required every day. The shipping and disposal is required as UCSC does not have a permit to perform these tasks. This is part of a renewable system-wide agreement for hazardous waste packaging, shipping, and disposal, and expires on 12/31/2015.
  - b) Santa Cruz Fire Equipment Company provides fire extinguisher service. The agreement is from January 2015 – December 2015.
- 5) EHS Storage Unit 2
  - a) Clean Harbor Environmental Services provides hazardous waste packaging service. The packaging work as part of the hazardous waste contract is the most cost effective means of safety and compliance considering the work is not required every day. The shipping and disposal is required as UCSC does not have a permit to perform these tasks. This is part of a renewable system-wide agreement for hazardous waste packaging, shipping, and disposal, and expires on 12/31/2015.
  - b) Santa Cruz Fire Equipment Company provides fire extinguisher service. The agreement is from January 2015 – December 2015.
- 6) Fackler Cogeneration Plant
  - a) Santa Cruz Fire Equipment Company provides fire extinguisher service. The agreement is from January 2015 – December 2015.
  - b) Solar Turbines provides gas turbine services. The agreement is from January 2015 – December 2015.
  - c) Thermo Systems LLC provides plant control system (PCS) services. The agreement is from January 2015 – December 2015.
  - d) Cosco Fire Protection provides fire sprinkler service. The agreement is from January 2015 – December 2015.
- 7) Merrill College Plaza
  - a) Otis Elevator Company provides elevator maintenance services. The agreement is from January 2015 – December 2015.
  - b) Green Line Liquid Waste provides grease interceptor pumping services. The agreement is from January 2015 – December 2015.



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- c) Santa Cruz Fire Equipment Company provides fire extinguisher service. The agreement is from January 2015 – December 2015.
  - d) Cosco Fire Protection provides fire sprinkler inspection and maintenance services. The agreement is from January 2015 – December 2015.

The above services were identified in the requirements and evaluation stages of not being within the scope and capabilities of current staff. Contracting out in these areas is consistent with service provision at other campus facilities. None of the contracts will result in layoff or reassignment of UC staff.

### **UC San Francisco**

UC San Francisco has eight contracts for service at the Mission Bay Hospital Complex (1825, 1855, and 1975 Fourth Street, San Francisco, CA 94158):

- a) ZeroChaos provides supplemental staffing services. Supplemental staff provides for flexibility to fill needs while in the process of hiring employees or during fluctuations in business needs. This is an extension of the existing contract in place to cover supplemental staffing needs at new facilities. This practice is consistent with how supplemental staffing needs have historically been met at UCSF Medical Center. The agreement, in place since February 24, 2009, is ongoing.
- b) A&E Building Maintenance provides high cleaning and floor care services. The contract is similar to services provided at other UCSF Medical Center facilities with this vendor. This practice is consistent with how high cleaning and floor care needs have historically been met at UCSF Medical Center. The agreement is effective from May 1, 2015 – April 30, 2016.
- c) Allied Barton provides security services. Supplemental security staff provides for flexibility to fill needs while in the process of hiring employees or during fluctuations in business needs. The extension of this contract to include the new hospital complex provides for supplemental security services consistent with how this has been performed at other UCSF Medical Center sites. The agreement, in place since January 1, 2009, expires on December 31, 2015.
- d) Jensen Landscaping provides landscaping services. As a part of the creation of the grounds at the new hospital complex, this contract was entered into and is also consistent with how this type of work has been performed at other UCSF Medical Center sites. The agreement was effective from October 24, 2014 – October 23, 2015.
- e) Mastercare Window Washing provides window, canopy, and skylight cleaning services. This work requires special expertise, services and equipment. The contract is similar to services provided at other UCSF Medical Center facilities with this vendor. This practice is consistent with how window washing needs have historically been met at UCSF Medical Center. The agreement is effective from January 1, 2015 – December 31, 2015.
- f) MedAssets provides supplemental healthcare staffing services. Supplemental healthcare staff provides for flexibility to fill needs while in the process of hiring employees or during fluctuations in business needs. This is an extension of the existing contract in place to cover supplemental healthcare staffing needs at new facilities. This practice is consistent with how supplemental staffing needs have historically been met at UCSF Medical Center. The agreement, in place since June 12, 2014, expires on June 11, 2019.
- g) Peninsula Parking provides patient valet parking services. The extension of this contract to include the new hospital complex provides for consistency with how this service has been performed at other UCSF Medical Center sites. The agreement is effective from January 2, 2015 – February 1, 2018.

- h) Able Engineering Services provides stationary engineers for the new facility. 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, in place since October 1, 2011, expires on September 30, 2016.

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

**Contact information:**

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Report website: <http://www.ucop.edu/operating-budget/budgets-and-reports/legislative-reports/2015-16-legislative-session.html>