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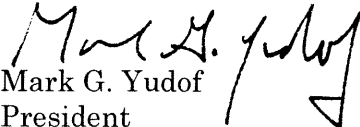
The Honorable Denise Moreno Ducheny  
Chair, Joint Legislative Budget Committee  
State Capitol, Room 5035  
Sacramento, California 95814

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 *2010 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](mailto:Debora.Obley@ucop.edu).

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: Ms. Sara Bachez)  
(Attn: Ms. 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)  
Executive Vice President Nathan Brostrom  
Vice President Dwaine Duckett  
Vice President Patrick Lenz  
Associate Vice President and Director Steve Juarez  
Associate Vice President Debora Obley  
Executive Director Jenny Kao

**Report on 2010 Contracting Out for Services at Newly Developed Facilities**

December 2010

Legislative Report

**An investment in UC pays  
dividends far beyond what  
can be measured in dollars.  
An educated, high-achieving  
citizenry is priceless.**

## UNIVERSITY OF CALIFORNIA

### Report on 2010 Contracting Out for Services at Newly Developed Facilities

Reporting Period: Calendar Year 2010 (1/1/10 - 12/31/10)

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, 2010 through December 31, 2010 for newly developed facilities defined as those that opened or began operations on or after January 1, 2010.

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 2010, there were a total of 20 contracts for services at newly developed facilities in the University system. No University staff was displaced at the campuses or medical centers as a result of this contracting out activity.

Of the 20 contracts for services, three contracts were reported by UC Davis campus and medical center: for custodial services at the new campus Student Health and Wellness Center; and at the medical center for temporary food service workers, operating nurses, and surgical technicians. Two contracts were reported by UC Irvine for custodial and janitorial services. Twelve contracts were reported by UC Los Angeles campus and medical center for services provided at off-campus facilities that included air conditioning maintenance, janitorial, locksmith, childcare, landscaping, carpet cleaning, apartment detailed cleaning, pest control, elevator maintenance and repair, litter pickup services, and parking lot sweeping. One contract was reported by UC Riverside for security monitoring for an off-campus location. Two contracts were reported by UC San Diego campus and medical center for operation and maintenance services for the campus Compressed Natural Gas Station and newly leased space for a medical center cardiology clinic that included basic facilities maintenance and custodial services.

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 Merced, UC San Francisco, UC Santa Barbara, UC Santa Cruz, and the Office of the President.

## APPENDIX

### UC Davis

UC Davis had three contracts to report, one at the campus and two at the medical center:

- (1) Student Health and Wellness Center - The campus expanded an existing custodial contract to include some areas of the newly opened Student Health and Wellness Center, while other areas of this same Center were serviced by existing UC custodial staff. The decision to contract out these custodial services was based on the Student Health Services' unique program needs that require flexibility in scheduling the number of hours and days of the week that housekeeping activities occur. The decision was also consistent with contracting practices for campus facilities having similar unique maintenance requirements. The contract period is through June 30, 2011. The contract covers approximately 1.5 to 2.0 FTE. No University staff was displaced as a result of this contract.
- (2) Surgery and Emergency Services Pavilion - The medical center opened the Surgery and Emergency Services Pavilion which generated a greater than expected customer volume in the cafeteria. This required the immediate hiring of temporary food service workers to supplement existing UC employees. This contract is temporary and was extended through November 30, 2010 to meet immediate staffing needs while finalizing an analysis of long-term staffing needs. The analysis will determine the possible need to increase UC staffing levels to support the new cafeteria service. No University staff was displaced as a result of this contract.
- (3) Surgery and Emergency Services Pavilion - The newly opened Surgery and Emergency Services Pavilion also had an urgent need for qualified operating room nurses and surgical technicians for six to ten months while training newly hired UC staff to fill these staff positions. Once UC staff employees are fully trained and the Operating Room is fully staffed, the contract for supplemental staff will be terminated. No University staff was displaced as a result of this contract.

### UC Irvine

UC Irvine had two contracts to report on behalf of the campus and medical center:

- (1) Medical Education Building – Custodial services were contracted out for the Medical Education building. There was already an existing contract in place that covered the entire campus and this contract had been expanded to include this new facility. This contract was consistent with how custodial services were provided throughout the campus since the inception of the campus. The decision to contract out was for cost saving measures. That decision had been reviewed which resulted in the decision to continue to contract out custodial services. The current contract period is from September 10, 2010 through September 9, 2013. No University staff was displaced as a result of this contract.
- (2) UC Irvine Medical Center Warehouse – Janitorial services at the old Distribution Center located in Anaheim had been extended to the new Medical Center Warehouse. The contract period is from May 20, 2010 through June 30, 2011. The decision to contract out these services was due to the facility being remotely located from the Irvine Medical Center -- no janitorial service and equipment were available, and it was cost effective to contract out these services. This type of contracted service had been in place for the past 15 years and it was also an established practice to contract janitorial services for off-site facilities. No University staff was displaced as a result of this contract.

## UC Los Angeles

UC Los Angeles had twelve contracts to report for four acquired off-campus facilities, one of which is a parking lot.

Off-Campus Facility at 2134 Granville Avenue, Los Angeles - The University expanded services to this facility as these same services were being provided at the UC Olympic Laboratory located next door to this off-campus facility. As with the Olympic Laboratory, the decision to contract for services was an operational decision for a remote facility located away from the UCLA campus and not a financial decision to save money. This decision was consistent with the acquisition of services at other remote facilities located away from the campus. No University staff was displaced as a result of these contracts. The contracts for services at this off-campus facility were:

- (1) ACCO – The same air conditioning maintenance services provided at the UC Olympic Laboratory was extended to this off-campus facility.
- (2) Keefe Plumbing – The UCLA Facilities employees perform routine plumbing and the contractor will be used for emergency plumbing services. This same contractor provides similar services to the UC Olympic Laboratory located next door to this off-campus facility.
- (3) S & S Maintenance – The same janitorial services provided at the UC Olympic Laboratory are extended to this off-campus facility.
- (4) Bundy Lock – The same locksmith services provided at the UC Olympic Laboratory are extended to this off-campus facility.

UC Los Angeles Early Care and Education - This leased facility space at 10861 Weyburn Avenue, 3<sup>rd</sup> Floor in Los Angeles accommodates a full-function childcare services provider to operate within its own business model.

- (5) UC contracted with Bright Horizons Children's Centers, LLC to manage and operate this new center. This service could not have been provided with current staffing levels or managed by current management. The decision to contract with a full-function childcare services provider operating within its own business model was because it supports the recruitment and retention of UCLA faculty, staff, and students by providing child development information and child care resources. This contract term is until March 22, 2019. No University staff was displaced as a result of this contract.

Hilgard Houses - UC Los Angeles has a portfolio of approximately 3,100 apartments in 30 different sites within five miles of the campus. Effective September 18, 2010, UCLA redeveloped the Hilgard Houses. UCLA had five existing campus-wide contracts for various services to maintain these off-campus apartments, including the redeveloped Hilgard Houses. The cost of these existing contracts is unchanged for the redeveloped Hilgard Houses except for the elevator maintenance and repair services. Contracted services for the redeveloped Hilgard Houses are:

- (6) Premier Building Maintenance Services – Landscaping services were provided to campus-wide apartments. This service was contracted out due to lack of expertise and experience in apartment complex landscaping and lack of internal equipment and vehicles required to accomplish this service. The start-up cost to deliver this service internally was deemed cost prohibitive. An analysis showed a crew of 10 to 15 individuals would be needed to provide this service, plus the purchase of additional equipment and vehicles. The existing contract for the Hilgard Houses remained at \$7,080 per year. No University staff was displaced as a result of this contract.

- (7) Stanley Steemer –Carpet cleaning was contracted out as this service was performed during seasonal move-out renovations of apartment units. Past analysis of these associated costs revealed this seasonal work does not justify hiring of full-time staff and deemed cost prohibitive. The existing contract for the Hilgard Houses remained at \$3,400 per year. No University staff was displaced as a result of this contract.
- (8) Premier Building Maintenance Services - Apartment detail cleaning services was performed during seasonal move-out renovations of the units. A past analysis of these associated costs revealed this seasonal work does not justify the hiring of full-time staff and deemed cost prohibitive. This service supplemented existing tasks of University Apartment Team employees because the existing team was unable to accomplish the work in the time frame necessary. The existing contract for the Hilgard Houses remained at \$11,000 per year. No University staff was displaced as a result of this contract.
- (9) Quintana Pest Control – Pest control services were contracted out due to an organizational lack of expertise and experience in apartment complex pest control and lack of internal equipment and certification required to accomplish this service. Past analysis of start up costs to undertake this service were deemed cost prohibitive. The existing contract for the Hilgard Houses remained at \$2,500 per year. No University staff was displaced as a result of this contract.
- (10) Reliable Elevator Company – Elevator maintenance and repair services were contracted out due to an organizational lack of expertise, certification, and equipment required to accomplish this service. Past analysis of start up costs to undertake this service for the Hilgard Houses was deemed cost prohibitive. The existing contract for providing this service at the Hilgard Houses was estimated to cost \$9,600 per year. No University staff was displaced as a result of this contract.

Parking Lot - The UCLA campus acquired a parking lot located on 1418 /1424 / 1428—16<sup>th</sup> Street, Santa Monica in which the campus contracted litter pickup and parking lot sweeping services based on an operational decision consistent with how other facilities located a distance from the campus are serviced, and not a financial decision. No University staff was displaced as result of these two contracts:

- (11) Springland Landscaping – Litter pickup services; and
- (12) ADCO – Weekly parking lot sweeping.

#### **UC Riverside**

The UC Riverside campus opened a new Culver Arts Center in downtown Riverside, a remote facility located away from the campus. The campus contracted with Protection One Alarm Monitoring for security installation of equipment and monthly security monitoring of the Culver Arts Center. This contract was awarded on September 17, 2010 and is subject to an annual review and renewal option through September 2015. This type of service is unavailable within the campus capabilities and there is no appropriate equipment on campus to perform this service. No University staff was displaced as a result of this contract.

## UC San Diego

UC San Diego had two contracts to report on behalf of the campus and medical center:

- (1) Compressed Natural Gas (CNG) Station – The UC San Diego campus opened a new CNG station and contracted with Operation and Maintenance (O&M) Services to operate and maintain the new CNG Station. The decision to contract these services was not based on cost saving measures but on the highly specialized nature of the work required to properly maintain and operate a CNG station. UC San Diego does not have personnel trained and certified to provide the required level of service and expertise. Services for this contract were included in the package for design, construction, and maintenance of the CNG Station. The term of this contract is 10 years. The standard market practice is to hire third-party vendors to provide these types of services except for very large transit operations. No University staff was displaced as a result of this contract.
  
- (2) Encinitas Cardiology Clinic – The UC San Diego medical center leased space for a new cardiology clinic at 477 N. El Camino Real, Encinitas. The leased space includes basic facilities maintenance and custodial services. The decision to include basic facilities maintenance and custodial services in the lease was based on the small size of operation and distance from the main campus. It was not cost effective to hire full time employees for travel to this location for the services required. The contract for basic facilities maintenance and custodial services was estimated to be \$24,216 for fiscal year 2010/2011. No University staff was displaced as a result of this contract.

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