



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

January 12, 2012

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 *2011 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. Jody Martin, Joint Legislative Budget Committee
Ms. Tina McGree, 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. 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
Vice President Dwaine Duckett
Vice President Patrick Lenz
Associate Vice President and Director Steve Juarez
Associate Vice President Debora Obley
Executive Director Jenny Kao

2011 Contracting Out for Services at Newly Developed Facilities

January 2012

Legislative Report



UNIVERSITY *of* CALIFORNIA

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2011 Contracting Out for Services at Newly Developed Facilities **Reporting Period: Calendar Year 2011 (1/1/11 - 12/31/11)**

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, 2011 through December 31, 2011 for newly developed facilities defined as those that opened or began operations on or after January 1, 2011.

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 2011, there were a total of eight (8) 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.

Of the eight (8) contracts for services, UC Irvine reported one (1) contract for custodial and janitorial services. Four (4) contracts were reported by UC Los Angeles campus and medical center for custodial and janitorial services for newly acquired buildings. One (1) contract was reported by UC Santa Cruz for a number of building services, which are included in a lease agreement, including pest control, janitorial service, and landscaping. Two (2) contracts were reported by UC Santa Barbara for interior design services and the development of a homeowner's manual and website.

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 Berkeley, UC Riverside, UC Davis, UC San Francisco, the Division of Agriculture and Natural Resources, or the Office of the President.

APPENDIX

UC Irvine

UC Irvine continues to have the same contract as filed in last year's report, with a duration of September 2010 - 2013:

- (1) The space covered by the existing contract was expanded this year to include five (5) additional sites:
 - a) Owned
 1. UCI Stem Cell Research Center
 2. Fine Arts Building
 - b) Leased
 1. 62 Corporate Park Suite 115 – ENT Medical Office
 2. 100 Theory, Suites 200 and 250 – Advancement & Communications
 3. 110 Theory, Suite 250 - UNEX

The decision to include the five additional sites in the existing contract was attributable to cost saving measures. No University staff were displaced as a result of this contract.

UC Los Angeles

UC Los Angeles had four (4) Custodial Service contracts to report for four acquired off-campus facilities.

- (1) The decision to contract for services was an operational decision for facilities remotely located from the UCLA campus and not a financial decision to save money. This decision was consistent with the acquisition of services at other facilities remotely located from the campus. No University staff were displaced as a result of these contracts. The location of the off-campus facilities are:
 - a. 2424 Wilshire Boulevard, Santa Monica
 - b. 4560 Admiralty Way, Suite 100, Marina Del Rey
 - c. 804 7th Street, Santa Monica
 - d. 524 Colorado Boulevard, Santa Monica

UC Santa Barbara

UC Santa Barbara had two (2) contracts to report on behalf of the campus:

- (1) The campus required the expertise of an interior designer to provide design services for home staging for the sales of the newly constructed faculty housing units. The decision was made not to save money, but out of necessity. This particular service is a specialty trade, and only required during the sales period for the new construction/residential development undertaken by the University. Due to the limited and specialized scope, and timeframe in which this service was required, it was not feasible to assign an existing staff member. No University staff were displaced as a result of this contract.
- (2) The campus also required the expertise of a professional firm to develop the Homeowner's Manuals and Homeowners Website materials for the sales of the newly constructed faculty housing units. The decision was made not to save money, but out of necessity. This particular service is a specialty trade, and only required during the sales period for the new construction/residential development undertaken by the University. Due to the limited and specialized scope, and timeframe in which this service was required, it was not feasible to assign an existing staff member. No University staff were displaced as a result of this contract.

UC Santa Cruz

UC Santa Cruz had one (1) contract to report on behalf of the campus:

- (1) UC Santa Cruz leased an off-campus space at 2505 Augustine Drive, Santa Clara. Under the current lease agreement, the Landlord is responsible for the general maintenance of the building. A number of building services are included in the lease agreement including pest control, janitorial services, landscaping, etc. No University staff were displaced as a result of this contract.

Contact information:

University of California

Budget and Capital Resources

1111 Franklin Street, 6th Floor

Oakland, CA 94607-5200

Office website: <http://budget.ucop.edu>

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