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January 20, 2017

Chair
Joint Legislative Budget Committee
1020 N Street, Room 553
Sacramento, California 95814

Attention: Ms. Peggy Collins

Dear Chair:

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, Interim Associate Vice President David Alcocer would be pleased to speak with you. He can be reached by telephone at (510) 987-9113, or by email at David.Alcocer@ucop.edu.

Yours very truly,

A handwritten signature in black ink, appearing to read "Janet Napolitano".

Janet Napolitano
President

Enclosure

cc: Senate Budget and Fiscal Review
Chair, Senate Budget and Fiscal Review Subcommittee #1
(Attn: Ms. Anita Lee)
(Attn: Ms. Cheryl Black)
Chair, Assembly Budget Subcommittee #2
(Attn: Mr. Mark Martin)
(Attn: Ms. Amy Rutschow)

Chair, Joint Legislative Budget Committee

January 20, 2017

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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
Executive Vice President and Chief Financial Officer Nathan Brostrom
Executive Vice President and Chief Operating Officer Rachael Nava
Senior Vice President Nelson Peacock
Vice President Dwaine Duckett
Interim Associate Vice President David Alcocer
Deputy to the Chief Financial Officer Kieran Flaherty
Executive Director Jenny Kao
Manager Bruce Kennedy

Contracting Out for Services at Newly Developed Facilities

Legislative Report

January 2017



UNIVERSITY *of* CALIFORNIA

UNIVERSITY OF CALIFORNIA

Contracting Out for Services at Newly Developed Facilities Reporting Period: Calendar Year 2016 (1/1/16 - 12/31/16)

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, 2016 through December 31, 2016 for newly developed facilities defined as those that opened or began operations on or after January 1, 2016.

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.

Certain limits apply to when we can outsource. Considerations that must be taken into account are:

- compliance with applicable Business and Finance Bulletins governing service contracts and professional agreements
- compliance with requirements of personnel policies
- compliance with collective bargaining agreements
- business and financial necessity,
- level and quality of service required (including special skills and expertise),
- impact on the local business community, and
- impact on the core University functions of teaching, research, service, and patient care.

For those contracts that may result in the displacement of University staff and that exceed \$100,000 per year, advance review by the Office of the President is required prior to any contracting commitments.

University collective bargaining agreements often specifically set limits on contracting for services. These limits vary by union. Generally, they allow for the practice under certain circumstances such as the need for special services and equipment, the need for special expertise, or financial necessity. The AFSCME collective bargaining agreements allow for contracting for services when the facility is outside a 10 mile radius of the contracting campus, medical center, or laboratory. Other circumstances may also be allowable depending on the collective bargaining agreement.

During calendar year 2016, there were a total of thirty (30) contracts for services at newly developed facilities in the University system. Additionally, five locations reported twenty-nine (29) 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 30 contracts for service at newly developed facilities for 2016 are as follows:

- At UC Irvine, five newly leased facilities have 5 total contracts –
 - 341 Magnolia Avenue, Suite 207, Corona, CA 92879 (environmental services)
 - 401 Old Newport Blvd, Suite 201, Newport Beach, CA 92663 (janitorial services)
 - 1451 Irvine Blvd, Tustin, CA 92780 (janitorial services)
 - 1640 Newport Boulevard, Suite 450 & 455, Costa Mesa, CA 92626 (janitorial services)
 - 1640 Newport Boulevard, Suite 330, Costa Mesa, CA 92626 (janitorial services)

- At UC Los Angeles, three newly developed/leased facilities have 6 total contracts –
 - Meyer and Renee Luskin Conference Center (425 Westwood Plaza, Los Angeles, CA 90095) has 4 contracts (grease duct & trap pumping, HVAC, pest control, and window cleaning services)
 - 250 E. Yale Loop #A, Irvine, CA 92385 has 1 contract (janitorial service)
 - 25775 McBean Parkway #108, Valencia, CA 91655 has 1 contract (hazardous waste removal)

- At UC Santa Cruz, the Silicon Valley Campus (3175 Bowers Avenue, Santa Clara, CA 95054) has 17 contracts (facilities management services, janitorial services, general facility support services, fire alarm testing, monitoring, service and support, elevator maintenance, locksmith services, environmental consulting services, water fountain maintenance, HVAC equipment maintenance, pest control services, facilities maintenance services, landscape maintenance services, parking lot sweeping services, sewer line inspection services, electrical lighting install and repair services, building automation support services, and gas meter replacement)

- At UC San Francisco, two newly leased facilities have contracts for janitorial services –
 - 3490 California Street, Suite 209, San Francisco, CA 94118
 - 1569 Sloat Boulevard, #333A, San Francisco, CA 94132

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

The 29 newly leased facilities that included predetermined services are:

- At UC Berkeley, five new facilities had custodial services as part of the overall lease –
 - 2470 Telegraph Avenue, Suite 301, Berkeley, CA 94704
 - 1918 University Avenue #3B-1, Berkeley, CA 94704
 - 2441 Haste Street, Berkeley, CA 94704
 - 2201 Dwight Way, Berkeley, CA 94704
 - 2451 Ridge Road, Berkeley, CA 94709

- At UC Davis, one new facility had parking, janitorial, and security services as part of the overall lease –
 - Midtown Ambulatory Care Center, 3160 Folsom Boulevard, Sacramento, CA 95816

- At UC Los Angeles, fifteen new facilities had predetermined services as part of the overall lease –
 - 30301 Agoura Road #100, Agoura Hills, CA 91301
 - 8641 Wilshire Boulevard #115, 210, Beverly Hills, CA 90211
 - 15503 Ventura Boulevard #240, Encino, CA 91436
 - 3691 Lenawee, Los Angeles, CA 90016
 - 5757 W. Century Boulevard #425, Los Angeles, CA 90045
 - 10960 Wilshire Boulevard #960, Los Angeles, CA 90024
 - 10 Congress Street #505, Pasadena, CA 91105
 - 1245 16th Street #120, 125, 303, Santa Monica, CA 90404
 - 3500 Lomita Boulevard #302, #303, Torrance, CA 90505

- 7625 Havenhurst Avenue #9, Van Nuys, CA 91406
 - 6633 Telephone Avenue #200, 210, Ventura, CA 93003
 - 7345 Medical Center Drive #420, West Hills, CA 91307
 - 7320 Woodlake Avenue #320, West Hills, CA 91307
 - 23388 Mulholland Drive, Brown Pavilion, Woodland Hills, CA 91360
 - 21650 Oxnard Street #200, Woodland Hills, CA 91367
- At UC Riverside, three new facilities had predetermined services (such as custodial and grounds services) as part of the overall lease –
 - 18881 Von Karman, Irvine, CA 92612
 - 3390 University Avenue, Riverside, CA 92501
 - 4500 Brockton Avenue, Suite 205, Riverside, CA 92501
 - At UC San Francisco, five new facilities had predetermined services (such as cleaning, maintenance, and security) as part of the overall lease –
 - 6475 Christie Avenue, Suite 500, Emeryville, CA 94608
 - Facility was occupied in December 2015, but missed the deadline for last year's report.
 - 387 Golden Gate Avenue, San Francisco, CA 94102
 - 1900 Mowry Avenue, Fremont, CA 94538
 - 1635 Divisadero Street, Suite 135, San Francisco, CA 94115
 - 1 Daniel Burnhan Court, Suite 250, San Francisco, CA 94109

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.

APPENDIX

UC Irvine

UC Irvine has 5 contracts for services at five newly leased facilities:

- 1) 341 Magnolia Avenue, Suite 207, Corona, CA 92879
Ron Fierro provides environmental services at this leased facility, which is over 26 miles from the medical center. The contractor selected had been providing services for this facility for the past 30 years and was already established within the facility. The agreement is effective from August 1, 2016 – June 30, 2017.
- 2) 401 Old Newport Blvd, Suite 201, Newport Beach, CA 92663
Shine It Up Clean It Up provides janitorial service at this leased facility, which is over 16 miles from the medical center. The contractor selected was already established with other UCI facilities in the same area. The agreement is effective from April 11, 2016 – June 30, 2017.
- 3) 1451 Irvine Blvd, Tustin, CA 92780
Executive Maintenance, Inc. provides janitorial services at this leased facility. This facility is off-site from the main campus and medical center and it is unable to support a full-time custodial unit, nor is it practical to send equipment and employees to drive back and forth on a regular basis. The agreement is effective from July 18, 2016 – June 30, 2017.
- 4) 1640 Newport Boulevard, Suite 450 & 455, Costa Mesa, CA 92626
Shine It Up Clean It Up provides janitorial service at this leased facility, which is over 10 miles from the medical center. The contractor selected was already established with another UCI practice within the same building, and the scope of work for these additional spaces were added to the agreement. The agreement is effective from July 1, 2016 – June 30, 2017.
- 5) 1640 Newport Boulevard, Suite 330, Costa Mesa, CA 92626
Shine It Up Clean It Up provides janitorial service at this leased facility, 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 October 12, 2016 – June 30, 2018.

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

UC Los Angeles

UC Los Angeles has 6 contracts for services at three newly developed or newly leased facilities:

- 1) Meyer and Renee Luskin Conference Center (425 Westwood Plaza, Los Angeles, CA 90095)
The decisions to contract for the following services are consistent with the practice for other UCLA Housing & Hospitality facilities:
 - a. AAA provides grease duct and trap pumping services. This is a specialized service that UCLA does not have the expertise or the equipment to complete. Contracts for services were in existence for other UCLA Housing & Hospitality Services' departments, and the scope of work for this facility was added to the agreement. The agreement was established in April 2014 and expires in April 2019.
 - b. Penn Air Group provides HVAC services. This is a specialized service that UCLA does not have the expertise to complete. The agreement is effective for one year, from January 2016 – January 2017.

- c. AIPM provides pest control services. This is a specialized service that UCLA does not have the expertise or the equipment to complete. Contracts for services were in existence via a campus wide agreement, and the scope of work for this facility was added to the agreement. The agreement was established on January 25, 2016 and expires on July 1, 2018.
 - d. Anthony's Window Cleaning provides window cleaning services. This is a specialized service that is required seasonally (from 2-4 times a year). UCLA does not have employees perform window cleaning above the first floor. Contracts for services were in existence for On-Campus Housing locations. The agreement is for one year.
- 2) 250 E. Yale Loop #A, Irvine, CA 92385
- a. Performance Building Services provides janitorial services at this leased facility, which is located approximately 50 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.
- 3) 25775 McBean Parkway #108, Valencia, CA 91655
- a. Stericycle provides hazardous waste removal services at this leased facility, which is located approximately 30 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 and reflected a business need to maintain a continuity of service, as the company provides this service to all of the UCLA suites in this facility. The agreement was effective on September 1, 2016, and has a five year term.

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

UC Santa Cruz

UC Santa Cruz has seventeen contracts for service at the Silicon Valley Campus (3175 Bowers Avenue, Santa Clara, CA 95054):

- a) FaciliCorp provided facilities management services. The agreement was effective from March 9, 2016 – May 31, 2016.
- b) Platinum Facility Services provided janitorial services. The agreement was effective from April 17, 2016 – October 31, 2016.
- c) Flagship Facility Services, Inc. provides general facility support services. The agreement is effective from April 18, 2016 – April 17, 2017.
- d) RTS Systems & Design Inc. provides fire alarm testing, monitoring, service and support. The agreement is effective from May 3, 2016 – May 2, 2017.
- e) Otis Elevator Company provided elevator maintenance. The agreement was effective from May 4, 2016 – December 31, 2016.
- f) Industrial Lock Services provided locksmith services. The agreement was effective from May 1, 2016 – October 31, 2016.
- g) Erler & Kalinowski Inc. provides environmental consulting services. The agreement is effective from May 16, 2016 – May 15, 2017.
- h) Pacific Water Art, Inc. provides water fountain maintenance. The agreement is effective from July 1, 2016 – June 30, 2017.
- i) California United Mechanical, Inc. provides HVAC equipment maintenance. The agreement is effective from July 1, 2016 – June 30, 2017.
- j) Ecolab Inc. provides pest control services. The agreement is effective from July 1, 2016 – June 30, 2017.
- k) Flagship Facility Services, Inc. provided facility maintenance services. The agreement was effective from July 8, 2016 – December 31, 2016.

- l) BrightView Landscape Services, Inc. provides landscape maintenance services. The agreement is effective from August 1, 2016 – June 30, 2017.
- m) BrightView Landscape Services, Inc, provides parking lot sweeping services. The agreement is effective from August 1, 2016 – June 30, 2017.
- n) Flagship Facility Services, Inc. provided sewer line inspection services. The agreement was effective from August 23, 2016 – December 30, 2016.
- o) Sprig Electrical provides electrical lighting install and repair services. The agreement is effective from September 12, 2016 – June 30, 2017.
- p) Automated Solutions Group provides building automation support services for the Distech/Tridium Building Management System. The agreement is effective from September 9, 2016 – September 7, 2018.
- q) Pacific Gas & Electric provided gas meter replacement. The agreement was effective from September 22, 2016 – December 22, 2016.

This facility is located over 30 miles from the main campus and some of the services were identified during the requirements and evaluation stages as not being within the scope and capabilities of current staff. The decision to contract out for these services was based on operational necessity and consistent with service provisions at other campus facilities. None of the contracts resulted in layoff or reassignment of UC staff.

UC San Francisco

UC San Francisco has 2 contracts for services at two newly leased facilities:

- 1) 3490 California Street, Suite 209, San Francisco, CA 94118
A&E Building Maintenance provides janitorial services at this leased facility. The agreement is effective from May 1, 2016 – June 30, 2017.
- 2) 1569 Sloat Boulevard, #333A, San Francisco, CA 94132
Custodian Janitorial provided janitorial service at this leased facility. The agreement was effective from July 1, 2015 – June 30, 2016.

In both of the above facilities, contracts for services were in existence with the specified vendors for other UCSF offices in the same facility, and the scope of work for these additional spaces were added to the agreements. None of the contracts resulted in layoff or reassignment of UC staff.

Contact information:
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