



UNIVERSITY OF CALIFORNIA

Michael V. Drake, MD
President

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DIVISION OF AGRICULTURE AND NATURAL RESOURCES

January 15, 2025

The Honorable Scott D. Wiener
Chair, Joint Legislative Budget Committee
1020 N Street, Room 553
Sacramento, California 95814

Dear Senator Wiener:

Pursuant to Section 92611.9 of the Education Code, enclosed is the University of California's annual report to the Legislature on 2024 Contracting of Services at Newly Developed Facilities.

If you have any questions regarding this report, Associate Vice President Cain Diaz would be pleased to speak with you. Cain can be reached by telephone at (510) 987-9350, or by e-mail at Cain.Diaz@ucop.edu.

Sincerely,

Michael V. Drake, MD
President

Enclosure

cc: Senate Budget and Fiscal Review
The Honorable John Laird, Chair
Senate Budget and Fiscal Review Subcommittee #1
(Attn: Mr. Diego Lopez)
(Attn: Mr. Kirk Feely)
The Honorable David A. Alvarez, Chair
Assembly Education Finance Subcommittee #3
(Attn: Mr. Mark Martin)
(Attn: Ms. Sarah Haynes)
Mr. Hans Hemann, Joint Legislative Budget Committee
Ms. Jessica Holmes, Department of Finance
Ms. Jessica Deitchman, Department of Finance
Ms. Gabriela Chavez, Department of Finance
Mr. Gabriel Petek, Legislative Analyst Office
Ms. Jennifer Pacella, Legislative Analyst Office
Mr. Ian Klein, Legislative Analyst's Office

Executive Vice President and Chief Operating Officer Rachael Nava
Executive Vice President and Chief Financial Officer Nathan Brostrom
Senior Vice President Meredith Turner
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2024 Contracting for Services at Newly Developed Facilities Reporting Period: Calendar Year 2024 (1/1/24 - 12/31/24)

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, 2024 through December 31, 2024 for newly developed facilities defined as those that opened or began operations on or after January 1, 2024. The university is dedicated to the insourcing principles articulated in its policies and collective bargaining agreements (CBAs).

Certain limits apply to when the University can contract for services. Considerations that must be taken into account are:

- Regent's Policy 5402: Policy Generally Prohibiting Contracting for Services,
- compliance with other university policies and CBAs,
- compliance with applicable Business and Finance Bulletins governing service contracts and professional agreements,
- compliance with requirements of personnel policies,
- 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.

In 2023 and 2024 the University of California Health Systems acquired additional hospitals at multiple locations. Access to health care is a fundamental need for all people in California. These acquisitions by UC Health locations will expand UC-provided care provided to more communities and patients. They will also create new models that help patients get a full spectrum of care through a comprehensive, integrated network.

No University staff were displaced as a result of these acquisitions, and they are not expected to result in reductions in jobs at UC or at the newly acquired facilities. In fact, projections for the resulting combined organizations generally show growth in positions in the years following the acquisitions. Although there are many contracts for services with these facilities, each UC location is managing those agreements closely to determine the appropriate strategy to address near-term and long-term staffing needs. Some contracts will be insourced, and others extended, all with an eye to compliance with UC's labor relations obligations as well as our commitment to quality patient care and safety.

Report Results

Per University guidelines on contracting activities, contracts that may result in the displacement of University staff and that exceed \$100,000 per year require advance review by the Office of the President prior to any contracting commitments. In calendar year 2024 no such contracts were sent by locations for review.

No service contracts were reported at newly developed facilities at UC Agriculture and Natural Resources, UC Berkeley, UC Merced, UC Santa Barbara, UC Santa Cruz, and UC Office of the President.

Summary of Non-Hospital Acquisition Facilities:

During calendar year 2024, one (1) UC location reported a total of seven (7) contracts for services at newly developed/leased non-hospital acquisition facilities in the University system and no University staff were displaced as a result of these activities.

The 7 contracts (excluding lease agreements with predetermined services) for services at newly developed facilities for 2024 are as follows:

- UC Riverside reported three (3) newly developed/leased facilities with seven (7) contracts in place for elevator maintenance, custodial, high rise window cleaning, exterior pest control, and waste removal services.

Brief summaries of these contracts for services are found in Appendix A attached to this report.

Additionally, four (4) locations reported ten (10) total newly leased facilities that included predetermined services in the overall lease agreement. No University staff were displaced at the campuses or medical centers as a result of these contracting activities.

UC San Diego reported two (2) newly leased facilities which included predetermined services (such as janitorial, maintenance, and groundskeeping) as part of the overall lease:

- 6699 Alvarado Rd, Suite 2309, San Diego, CA 92120
- 8980 Villa La Jolla Dr, San Diego, CA 92037

UC Davis reported six (6) newly leased facilities which included predetermined services (such as janitorial and groundskeeping) as part of the overall lease:

- UCDH (SPINE/Infusion) – 3301 C Street, Suites 800 & 1500, Sacramento, CA 95816
- UCDH (Pharmacy) – 3575 Business Dr, Sacramento, CA 95820
- Office of Chancellor & Provost – 207 3rd St, Suites 120, 130 & 140, Davis, CA 95616
- Office of Chancellor & Provost – 207 3rd St, Suite 210, Davis, CA 95616
- Office of Chancellor & Provost – 207 3rd St, Suite 220, Davis, CA 95616
- School of Medicine – 260 Cousteau Pl, Suite 120, Davis, CA 95618

UC San Francisco reported one (1) newly leased facility which included predetermined services (such as custodial services) as part of the overall lease:

- 1263 Mission Street, San Francisco, CA 94103

UC Irvine reported one (1) newly leased facility which included predetermined services (such as maintenance, landscaping, pest control, trash disposal) as part of the overall lease:

- Orangewood Children and Family Center – 401 The City Dr. South, Orange, CA 92868

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

Summary of Hospital Acquisitions:

During calendar year 2024, three (3) UC locations reported a total of one thousand seventy-nine (1,079) contracts for services at newly developed/leased hospital acquisition facilities in the University system and no University staff were displaced as a result of these activities.

The 1,079 contracts (excluding lease agreements with predetermined services) for services at newly developed facilities for 2024 are as follows:

- UC Irvine reported fourteen (14) newly developed/leased facilities with one thousand sixty-eight (1,068) contracts in place, which include biomedical maintenance/repairs, instrument/scope repairs, electrician services, HVAC maintenance, plumbing, nurse staffing, etc.
- UC Los Angeles reported one (1) newly developed/leased facility with seven (7) contracts in place for security, EEG, neuromonitoring, landscaping, perfusion, and housekeeping services.
- UC San Francisco reported two (2) newly developed/leased facilities with four (4) contracts in place for patient chart audit services, radiation therapy consulting, and retrospective and registry abstraction.

Brief summaries of these contracts for services are found in an Excel spreadsheet transmitted with this report, in the tab labeled "Appendix B."

Additionally, one (1) location reported twenty-four (24) total newly leased facilities as part of the hospital acquisitions that included predetermined services in the overall lease agreement. No University staff were displaced at the medical centers as a result of these contracting activities.

UC Irvine reported twenty-four (24) newly leased facilities which included predetermined services (such as janitorial, maintenance, custodial services, medical assistants, and trash disposal) as part of the overall lease:

- Yorba Linda Medical Plaza – 16671 East Yorba Linda Blvd., Yorba Linda, CA 92886, Suite(s) #100, #200, & #210
- Los Alamitos Medical Arts Pavilion MOB III – 3771 Katella Ave, Los Alamitos, CA 90720, Suite #100
- Los Alamitos Medical Arts Pavilion MOB III – 3771 Katella Ave, Los Alamitos, CA 90720, Suite #110
- Los Alamitos Medical Arts Pavilion MOB III – 3771 Katella Ave, Los Alamitos, CA 90720, Suite #111
- MedPost - Cypress East II – 10165 Vallevue St., Cypress, CA 90630
- UCI Health - Los Alamitos Outpatient Center MOB IV – 3851 Katella Ave., Los Alamitos, CA 90720, Suite #100
- UCI Health - Los Alamitos Outpatient Center MOB IV – 3851 Katella Ave., Los Alamitos, CA 90720, Suite #220
- UCI Health - Los Alamitos Outpatient Center MOB IV – 3851 Katella Ave., Los Alamitos, CA 90720, Suite #300
- Los Alamitos Medical Professional Building – 10861 Cherry St., Los Alamitos, CA 90720
- 11190 Warner Ave., Fountain Valley, CA 92708, Suites #106 & 108
- 11190 Warner Ave., Fountain Valley, CA 92708, Suites #212
- 11190 Warner Ave., Fountain Valley, CA 92708, Suites #214
- 11190 Warner Ave., Fountain Valley, CA 92708, Suites #320
- Rose Medical Plaza – 1325 N. Rose Dr., Placentia, CA 92870, Suite #101
- Rose Medical Plaza – 1325 N. Rose Dr., Placentia, CA 92870, Suite #200
- Linda Vista Professional Center – 1041 E. Yorba Linda Blvd., Placentia, CA 92870, Suite #203
- UCI Health - Fullerton Outpatient Center – 680 Langsford Dr., Fullerton, CA 92831, Suite #103 & #104
- UCI Health - Yorba Linda Outpatient Center Linda Vista – 16611 E. Yorba Linda Blvd., Yorba Linda, CA 92886
- UCI Health - Brea Outpatient Center – 380 W. Central Ave., Brea, CA 92821, Suite #400
- UCI Health - Fountain Valley OPC – 11180 Warner Ave., Fountain Valley, CA 92708, Suites #163 & 165 & 167
- Lakewood MOB I – 3650 E. South St., Lakewood, CA 90712, Suite #404
- Lakewood MOB I – 3650 E. South St., Lakewood, CA 90712, Suite #405
- Southern Steel Brea Center – 2874, 2876, 2882, 2884 E. Imperial Highway, Brea, CA 92821
- UCI Health - Anaheim Hills Outpatient Center – 751 S. Weir Canyon Rd., Anaheim, CA 92808, Suites #167 & 167B

Amendment to 2023 Report:

Summary of Hospital Acquisitions:

One (1) location reported twenty-five (25) contracts (that do not include pre-determined services) for services at newly developed hospital acquisition facilities in the University system which should have been reported in 2023. These totals are not included in the 2024 contract counts. No University staff were displaced at the campuses or medical centers as a result of these activities.

- UC San Diego reported one (1) newly developed/leased facility with twenty-five (25) contracts in place for maintenance, custodial, groundskeeping, and security services.

A brief summary of the contracts for service can be found in an Excel spreadsheet transmitted with this report, in the tab labeled "Appendix C."

Appendix A

UC Riverside

UC Riverside (UCR) entered into seven (7) contracts at three (3) newly developed/leased facilities:

1. 1420 Iowa Ave, Riverside 92507
 - a. The location entered into a contract for elevator maintenance with Kone, as facilities staff does not provide this service. The services are contracted to run from January 1, 2024 through December 31, 2024. No UC staff were laid off or reassigned as a result of this contract.
 - b. The location entered into a contract for custodial (floor care) with Max Steam, as facilities did not have the proper equipment to provide this service. This was a one-time cleaning related to a project to renovate a large office area. The services were contracted to run on November 20, 2023. No UC staff were laid off or reassigned as a result of this contract.
 - c. The location entered into a contract for high rise window cleaning with Dutch Touch, as facilities did not have the proper equipment to provide this specialty service. The services were contracted to run on October 15, 2024. No UC staff were laid off or reassigned as a result of this contract.
 - d. The location entered into a contract for exterior pest control with Western Exterminator, as facilities staff does not provide this service. The services are contracted to run from January 1, 2024, with no contract end date. No UC staff were laid off or reassigned as a result of this contract.
 - e. The location entered into a contract for waste removal with Burtec, as facilities staff does not support off site waste removal. The services are contracted to run from January 1, 2024, with no contract end date. No UC staff were laid off or reassigned as a result of this contract.
2. School of Medicine Education II, 900 University Ave, Riverside 92507
 - a. The location entered into a contract for elevator maintenance and repairs with Kone, as facilities staff does not provide this service. The services are contracted to run from August 1, 2024 through December 31, 2024. No UC staff were laid off or reassigned as a result of this contract.
3. Student Health & Counseling, 900 University Ave, Riverside 92507
 - a. The location entered into a contract for elevator maintenance and repairs with Kone, as facilities staff does not provide this service. The services are contracted to run from August 1, 2024 through December 31, 2024. No UC staff were laid off or reassigned as a result of this contract.

Contact information:

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