

Rent for Space 101

FY20
Updates

Revised 6/21/19

Overview

Beginning in FY20, an updated wet lab Rent for Space model will replace the previous model in place for wet lab space. This new model will represent phase one of three that will eventually include all space types across the School of Medicine.

Once fully implemented, the new model will be a cost recovery model, meaning rent will be based on the cost of space and will include operations and maintenance (O&M) costs and 2.63% of the Current Replacement Value of buildings in lieu of depreciation.

Rent for Space Phase 1

This policy is designed to provide an economic incentive for using space productively or relinquishing space when there is no near-term use. The policy charges rent for wet lab space and returns a portion of F&A funds supporting wet lab research to the departments to pay for it.

- Departments where the value of the rent exceeds the allocation of indirect dollars pay a net rent
- Departments where the allocation of indirect dollars exceeds the value of the rents keep the difference as a profit
- The Dean manages, and pays rent on the 'Space Bank' to a seven percent vacancy factor.
 - If the vacant space is greater than seven percent, the Dean is at risk for the rent
- The Space Committee oversees policy and its implementation

What is "Lab Space"? Room types included in phase one of the model:

060 Alterations or Conversion Area	257 Warm Room	575 Animal Research Qtrs Service
070 Unfinished Area	258 Cold Room	576 Cage Wash
220 Open Laboratory	259 Electron Microscope	577 Animal Procedure - Lab
225 Open Laboratory Service	260 Clean Room	579 Animal Lab Services
250 Non-Class Wet Lab	270 BSL3	840 Surgery
254 Dark Room	271 BSL3 + Ag	860 Diagnostic Service Lab
255 Non-Class Wet Lab Service	570 Animal Research Qtrs	865 Diagnostic Service Lab Support
256 Glass Wash	571 Animal Qtrs – Non Barrier	

Exclusions from "Lab Space Model" rent

In phase one, the model excludes some rooms associated with a department from paying rent:

- Where a Department is paying rent through a separate lease
- Any lab space coded as Patient Care (IDC code 95) as this space is in the clinical space charge
- Any space deemed a Core facility:
 - Must be a Recharge Center with 3 or more user departments
 - Must have annual billings > \$20k
 - Reviewed annually by the Space Committee
- Some Business Units are not included in this model and space is paid for using a different methodology (e.g., CFU departments, BJH, MGI)
 - Note: The McDonnell Genome Institute has been removed from the model because the higher \$\$\$ intensity of its space use would create a distortion reducing the IDR allocation to all the other departments.

Other Adjustment to Wet Lab Rent for Space

- **DCM space assigned to PI's:** This space is added to departmental space based upon the annual animal census billing from DCM for the previous year. Space is allocated at the PI level.
 - (ie. the FY 2018 DCM billing information determines the space allocation and rent for that DCM space in FY 2019. The DCM space allocation data is uploaded annually after the University space survey is closed).
- Adjustment for **Interdisciplinary Research Centers:**
 - If a room is assigned to a Center and it is unoccupied then it is assigned to the Dean who covers the rent
 - If a room is assigned to a Center and is occupied then it is assigned to the department of the occupant and the department is responsible for the rent (and is credited with the IDR from the occupant).
- **Teaching space:** laboratory room types where the space is used exclusively for instruction of WUSM students and trainees (e.g. the Anatomy labs, animal medical space used for surgery teaching) and which is not exclusive to a departments trainees is excluded from the rent model

How is my Wet Lab Rent Charge determined?

Each room with a wet lab room type is evaluated to determine whether the quality of the space is A, B, C or shell. Each quality classification has a different rental rate. The rate is then applied to the NASF associated with the room. Factors included in the determination of the quality rating:

- Age of the building or renovation

- Condition of the Interior Space Components
- Design/Configuration of the Interior Space
- Condition of Interior Finishes
- Floor to Floor Height of the building
- Central Systems (RO/DI/Lab Air and Vacuum)
- Building Geography

Wet Lab Rental Rates – FY20: Note that rents will be updated annually based on actual O&M costs

A Space @ \$44.51/nasf
B Space @ \$39.57/nasf
C Space @ \$29.68/nasf
Shell @ \$24.73/nasf

Adjustments to Rental Rate:

Unit investments in space

- Units are encouraged to make investments in their space. Departments receive rent credits for either investment in core and shell of a new building or for gut renovating existing space.
- The credit given is equal to the depreciation portion of the rent over the full depreciation period, or until the investment is repaid.
- O&M cost remains a constant in all rent calculations.

Example:

In Couch Research Building, Radiology funded 100% Core/Shell for a floor and fit out a portion of the space.

Shell Space

Department will receive a \$9.31 credit (FY20), which is equal to the depreciation portion of rent on shell space, for the full depreciation period of the core/shell (38 years), or until the investment is paid back or the department vacates the space.

Fit out Space

Department will receive an additional \$17.37 credit (FY20) on space that they paid to fit out in the building. This is equal to the depreciation portion of the rent on space that has been fit out to A quality. This credit applies for the full depreciation period of the fit out space (20 years), or until the investment is paid back or the department vacates the space.

Funds to offset rent charges – F&A Distribution

In order to offset rent charges, departments will receive an annual allocation that is based on a percentage of their indirect recovery (IDR) on organized research funds. Note: Funds that support both wet and dry research should be split into two fund accounts and allocated appropriately in order for the wet lab portion to be included in the calculation.

What is Included:

- Funds that support wet laboratory research
- Funds with the expense code of “organized research” for all purposes except cost sharing
- Funds with the expense code of “Instruction/clinical/department research” with the purpose of research.
- IDR from training grants (e.g., F’s, K’s, and T’s)

Does not include gifts and endowments without a specific purpose as these could be used for many purposes.

Percentage of F&A dollars returned:

The percent of F&A dollars returned to the departments will be determined in FY20, and will remain constant through FY25. The percentage is calculated by equating the total rent charged in the model to the F&A dollars returned.

$$\% \text{ F\&A Returned} = \frac{\textit{Total Rent Projected} - 7\% \textit{ for Space Bank}}{\textit{Total Wet Lab F\&A Projected}}$$

The distribution rate will be reviewed by the Space Committee in the case of an event that would significantly change the distribution.

Billing Methodology:

The IDR assessment for FY20 will be budgeted based on the three year average from the previous fiscal years, and is reconciled to actuals quarterly by WUSM office of Finance. Space changes are tracked on a monthly basis, and rent rates (O&M) are projected at the beginning of the fiscal year and trued up annually for the following fiscal year. The amount owed or charged annually will be billed to the department’s operating fund.

Program Resources and Contacts:

Alex Evers, Chair, EF Space Committee

Policy Guidance, Approvals, Sub-Committee Management
314 454-8702 eversa@wustl.edu

Rick Stanton – Finance Oversight

314 362-1218 richard.stanton@wustl.edu

Brent Ray – IDR Distribution

314 273-2699 rayb@wustl.edu

Michele Grunwald - DCM Space Charges

314 362-3704 grunwaldm@wustl.edu

Melissa Hopkins - EF Space Committee Support

314 362-4970 hopkinsm@wustl.edu

Kelsy Haddock – EF Space Committee Support, Space Decommissioning and Return

314 362-3931 haddockk@wustl.edu

Omar Memon – EF Space Committee Support, Rent Reports and Reconciliation

314 362-3931 haddockk@wustl.edu

Cheryl Kilwin - Space Utilization Change Requests

314 362-8317 kilwinc@wustl.edu

Link to Available Lab Space:

<https://wustl.box.com/SpaceBankReports>

Link to Departmental Rent for Space Reports:

<https://wustl.box.com/v/rentforlabspace>