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| Wet Lab Rent for Space 101 | **FY20 Updates** |

Revised April 2020

**Overview**

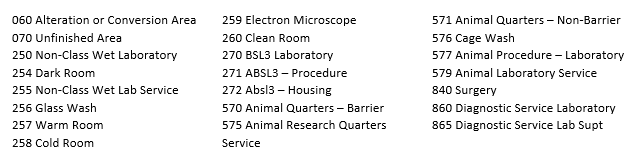
In FY20, an updated wet lab Rent for Space model replaced the previous wet lab rent model. This new model is phase one of three that will eventually include all space across the School of Medicine.

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

**Rent for Space Phase 1 – Wet Lab**

* Designed to provide an economic incentive for using space productively or relinquishing space when there is no near-term use
* 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 for 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 EF Space Committee serves as an advisory panel on the policy and its implementation

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



**Exclusions from "Lab Space Model" rent**

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

* Where a Department pays rent through a separate lease

Any lab space coded as Patient Care (IDC code 95) as this space is in the clinical space charge. Future – any portion of a room coded Patient Care that falls into a wet lab category will roll into the on campus Ambulatory (patient care) and Office Space (office supporting clinical activities) Model

* Any space deemed a Core facility:
  + Must be a Recharge Center with three or more user departments
  + Must have annual billings > $20k
  + Reviewed annually by the EF 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 Adjustments 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.

(i.e. the FY 2020 DCM billing information determines the space allocation and rent for that DCM space in FY 2021. The DCM space allocation data is uploaded annually after the University space survey is closed).

* Adjustment for **Interdisciplinary Research Centers (IRCs)**:
  + 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, it is assigned to the occupant's department. The occupant department is responsible for the rent

(and is credited with the IDR from the occupant).

* **Teaching space:** laboratory room types used exclusively for the 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 are excluded from the rent model

**How is my Wet Lab Rent Charge determined?**

* Each included room was evaluated to determine the quality (A, B, C, or shell)
* Each quality classification has a different rental rate. The rate is applied to the room NASF.
* 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 – FY21:**

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| A Space @ $44.96/nasf |
| B Space @ $39.96/nasf |
| C Space @ $29.97/nasf |
| Shell @ $24.97/nasf |

Note that rents are updated annually based on actual O&M costs

**Adjustments to Rental Rate:**

**Investments in space**

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

**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 $10.71/NASF credit (FY21), 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 $16.51/NASF credit (FY21) on space that they paid to fit out in the building. This is equal to the depreciation portion of the rent on space 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**

* To offset rent charges, departments receive a percentage of their F&A funds (indirects) on organized research.
* **Included Funds:**
* 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)

It 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 was 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.

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

**Billing Methodology:**

* Space changes and F&A funds are tracked every month
* Rent rates (O&M) are projected at the beginning of the fiscal year and trued up annually the following fiscal year
* The amount owed or charged is billed to the department's operating fund quarterly.

**Program Resources and Contacts:**

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**Link to Departmental Rent for Space Reports:**

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