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**Recommendation #13: Policies and procedures for assigning General University building space**

**Issue number: E-18, E-19, E-20, E-21, E-22, E-23, E-29, E-30, E-32, E-33, E-37**

***Background***

The Budget Model Review and Implementation Committee recommended that the distribution of utility expenses and the allocation of the Facility Services expense pool would be based on the net assignable square feet that is assigned to a unit. Facilities Planning and Management currently manage a central space inventory database that records the net assignable square feet to a specific unit.

Due to the lack of appropriate on-campus space, several units are housed in off-campus lease space or in space associated with university auxiliary operations. Where allowed, the unit pays the rent directly. However, in several cases, Iowa State's costing policies and federal guidelines required that the university pay the rent through a central General Fund account. This rent paid through the General Fund currently is sourced from a single fund account that is managed by the Division of Business and Finance.

There are over 200 general university classrooms at Iowa State. The space is currently assigned to Facilities Planning and Management which is responsible for scheduling classes in the classroom space.

***Recommendation***

Because building space will be the basis for distributing utility expenses and the allocation of the Facility Services expense pool, several policy and procedures will be needed to ensure that the space inventory database is accurate.

For the purpose of distributing utility expenses and allocating the Facility Services expense pool, October 31<sup>st</sup> will be the "strike date" for capturing the net assignable square feet data from the Facilities Planning and Management's space inventory. Any adjustments made during the fiscal year to the space inventory will be reflected in the subsequent October 31<sup>st</sup> data.

***Building Services***

Space within a building that provide services/resources for the benefit of the occupants such as circulation space, stairwells, restrooms, custodial closets and mechanical rooms, will not be assigned to a specific unit, but considered general university space.

***Building Amenities***

Space occupied by building amenities will be included in the net assignable square feet data. Building amenities include café's, copy centers and library reading rooms. The

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costs associated with the building amenity space (utilities and facility services) will be the responsibility of the occupants of the building.

Leasing space from outside entities

The leased costs for off-campus space or space associated with university auxiliary operations will become the responsibility of the resource unit that occupies the space. In the base year, the resource unit will be given an allocation of state appropriation, via the Resource Management Fund, that covers the rental cost. In subsequent years, units in leased space will be responsible for any inflationary increase in leased costs. Funding to support these inflationary increases will need to come from the primary resource unit administrator.

Leasing space to other organizations or units

A university unit wanting to lease space to an organization that is not a unit within the university will require approval from the Vice President of Business and Finance. Leasing space to outside entities is not a common practice across the higher education industry. Leasing space could cause a conflict of interest and an inherent increase in liability for the university.

The practice of a university unit charging a fee to another university unit for the temporary use of space is not allowed. University auxiliary units and service centers that currently charge a fee for short-term use of space is an exception to this policy (ex: Memorial Union, ISU Center). Any additional exceptions to this policy must be approved by the Office of the Provost. If the short-term use results in an additional cost (example: additional custodial service) then it will be up to the unit administrators to negotiate who will be responsible for funding the additional costs.

Transferring space

The transfer of space would be captured in the subsequent annual space inventory count (October 31<sup>st</sup>). This would mean that the unit that gives up the space would continue to be charged for utilities and facility services associated with the space for the remainder of the fiscal year. Resource units involved in the transfer may negotiate a transfer of funding during the fiscal year to cover these costs.

Abandoning space

Facilities Planning and Management will be responsible for determining when space is abandoned and taken off-line. If Facilities Planning and Management determines that space should be abandoned, the space will be removed from the net assignable square feet inventory. If Facilities Planning and Management determines that the space is usable but the unit that is assigned the space considers the space unusable, the space will continue to be assigned to the unit and will continue to be responsible for the cost of the space. The space would be designated in the space inventory database as unused and this indicator will be used to identify available space for other university units wanting additional space.

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Adding space

When a unit occupies new university space, the associated utilities of the new space will be directly billed to the resource unit when they begin occupying the space. The Facility Services expense pool will be allocated to the resource unit that occupies the new space based on a prorated “standard rate”. This standard rate is defined as the dollar per net assignable square feet as determined by the initial allocation of Facility Services at the beginning of the fiscal year.

The operating costs associated with adding space raise the issue of how these costs will be funded. This funding issue will need to be reviewed by central administration and unit administrators for each building project that is currently in the planning or construction stage.

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**Illustration of the allocation of the Facility Services expense pool to a resource unit when new building space is added.**

A resource unit begins to occupy new university space in January of 2009. The budgeted expenses for Facility Services for fiscal year 2009 are \$20 million to service 5 million square feet of space.

The “standard rate” is determined as follows:

Fiscal Year 2009 Facility Services Expense Pool	\$20,000,000
General University’s Net Assignable Square Feet (October 31, 2007)	5,000,000 nasf
Annual Standard Rate	\$4.00/nasf

The allocation of Facility Services for the new space is as follows:

January 2009, College of Business adds 100,000 nasf	100,000 nasf
Annual Standard Rate	\$4.00/nasf
Annualized Facility Services expense	\$400,000
Prorated Facility Services expense ( $\$400,000 * 6/12$ )	\$200,000

Therefore, the College of Business would be allocated \$200,000 for Facility Services for services rendered from January to June of 2009.