

5% Corporate Partner Financial Policy

Applicable to:

Partners occupying 5% or more of the total square footage of used space in the Health Science Center (HSC).

Not Applicable to:

- (a) Partners occupying less than 5% of the total square footage of used space in the HSC,
or
- (b) Non-partners.

Policy:

It is the policy of the La Crosse Medical Health Science Consortium (LMHSC) that partners utilizing 5% or more of the HSC will assume a percentage of the financial responsibility of the HSC operating budget **AND** the 5% Partner Occupancy Share (previously referred to as the “unfunded delta”). The “5% Corporate Partner Financial Policy” defines the methodology for determining the percentage of financial responsibility. The percentage is based upon the partners’ respective percentage of usage. This same percentage will be used to determine the partners’ financial responsibility of the 5% Partner Occupancy Share.

Definitions:

1. Partners

The Partners are the five founding organizations that are named in the LMHSC Bylaws: Franciscan Skemp Healthcare, Gundersen Lutheran, Inc., University of Wisconsin-La Crosse, Western Technical College, and Viterbo University.

2. HSC Operating Budget

The HSC operating budget is the “Net Operating Expenses after Revenue Offset.”

Operating revenue includes all revenues billed by the HSC with the exception of revenues designated as contributions to reserves. Operating revenue includes, but is not limited to: copy machine income, vending machine income, other revenue and parking revenue.

Reserves are designated for equipment replacement, building remodeling, parking lot maintenance and the 5% Partner Occupancy Share. The allocation to reserves will be reviewed annually and adjusted, as deemed appropriate, to meet the needs of the HSC operations. Rental income from 3rd parties (non-partner tenants or partners not at 5% occupancy) is currently designated with 85% to the 5% Partner Occupancy Share reserve and 15% for equipment replacement reserve. Rental Income from LMHSC is currently designated 100% to the 5% Partner Occupancy Share.

HSC operating expenses includes, but is not limited to: supplies, electricity, heat, air, a portion of the Information Desk’s salary, operations & management contract, technology contracts, copy machine contracts, repairs and maintenance, internet expenses and contributions to reserves.

The HSC operating expenses exclude depreciation, interest expense and the LMHSC operating expenses of staff, office rent and other standard office expenses.

3. 5% Partner Occupancy Share

The LMHSC Board agreed that the annual building debt payment would be distributed evenly among Franciscan Skemp Healthcare, Gundersen Lutheran, Inc., University of Wisconsin-La Crosse, Western Technical College and the Partners occupying 5% or more of the total square footage or used space in the HSC (ie: 5% Partner Occupancy Share).

The partners occupying 5% or more of the total square footage of the HSC will be financially responsible for a portion of the current year's debt payment, based upon their respective percentage of used space. The financial obligation to the 5% Partner Occupancy Share will be reduced by the budgeted contributions to the 5% Partner Occupancy Reserve.

4. Total Square Footage of Used Space

The total amount of square footage actually used by the partners is identified and calculated to determine space usage.

5. Used Space

"Used Space" is space allocated to the Partner organizations occupying the HSC.

Implementation:

1. HSC Partner Space Utilization will be determined by January 15th each year. Room utilization is determined by using room reservation data from January through December of the previous year.

2. Any Partner that is renting HSC space on a square foot basis and increases their space utilization to 5% or more, would transfer from a rental lease financial arrangement to the 5% Partner Financial Policy, at the start of the next HSC fiscal year. Any dedicated teaching classrooms that were part of a rental lease financial arrangement, would become shared space. Any other space that is defined as 100% dedicated space, such as 5th floor research labs, would remain dedicated space of that Partner. If a 5% Partners total space usage decreases to 3% or less, the Partner would transfer back to a rental lease financial arrangement for dedicated space, at the start of the next HSC fiscal year. However, teaching classrooms would remain shared space for scheduling purposes, with the rental fees based upon a rental lease financial arrangement.

3. HSC Partner Space Utilization will be based upon the total dedicated space and the shared use space among organizations.

(a) Any partner with dedicated space will be assigned the full square footage of the room. No specific hours of usage will be calculated. For example:

(1) Space used solely by one program or organization (ie: UW-L Bio-mechanics Lab or UW-L Research Lab), or

(2) Space rented solely by one program or organization (ie: Gundersen Lutheran Research Lab).

(b) Any partner utilizing shared space with other organizations will be assigned a portion of the square footage. (ie: Classrooms, teaching labs such as OT/OTA Labs)

(1) The square footage for each room will be calculated.

(2) The square footage will be multiplied by the percentage of time that each organization utilized the space. The percentage of time is calculated by determining the total number of hours that the room was used and divided by the total number of hours each organization used the room. For example: If a classroom is used for a total of 10 hours (7 UW-L and 3 Western) then UW-L would be charged for 70% and Western for 30% of the square footage).

(c) Office space usage will be calculated per square footage.

(1) If office space is part of a dedicated space (ie: Student Health Center or any other area where office space is part of an organizations dedicated space), then the office space would be calculated in the square footage of that dedicated space.

(2) An exception is the Dental Lab. The office space used by Western is part of their square footage calculation for their dedicated space. However, Three Rivers leases an office within this dedicated space, so that office space is not part of Western's usage. Three Rivers is charged for this office space through their lease.

4. Areas not included in the space utilization calculation are:

a) Hallways and corridors are considered "common space" and therefore not included in square footage. However, if a corridor is part of a dedicated space (ie: Dental Lab and Student Health Center), then the hallway and corridors are calculated as part of square footage for that partner.

b) Storage Space, Restrooms, Locker Rooms, Libraries, Conference Rooms, and Maintenance/Mechanical Rooms will be considered "common areas" and are not part of total usage calculation.

c) Any "Unused Space" that the HSC is not currently using will not be part of total usage calculation (ie: lower level "incubator" space).

5. Determination of Partner Space Utilization Percentage

To determine an individual Partners space percentage, the individual Partners' square footage usage is divided by the Total Square Footage of Used Space by the Partners. If any partner utilizes less than 5% of the total square footage, their respective square footage usage will not be used in the denominator when determining their percentage of financial responsibility for the HSC operating budget and the 5% Partner Occupancy Share.

6. HSC Management Group

The Partners occupying 5% or more of the space in the HSC are eligible to have three (3) individuals as voting members on the HSC Management Group Committee. An annual recommendation of the building, equipment and 5% Occupancy Share Reserves is made by the HSC Management Group. The recommendation will be reviewed by the LMHSC Finance Committee and approved by the LMHSC Board of Directors. See Attachment A (*being revised 11-06*)