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STATE HEALTH PLANNING  
AND DEVELOPMENT AGENCY

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July 3, 2012

**VIA E-MAIL & HAND DELIVERY**

Alva M. Lambert  
State Health Planning & Development Agency  
100 North Union Street, Suite 870  
Montgomery, AL 36130

**Re: Project Modification Request  
Renal Treatment Centers – Southeast, LP d/b/a Phenix City Dialysis Center  
Project No. AL 2011-025  
CON 2546-ESRD**

Dear Mr. Lambert:

This Project Modification Request is in regards to CON 2546-ESRD issued to Renal Treatment Centers – Southeast, LP d/b/a Phenix City Dialysis Center (“Phenix City Dialysis Center”) on September 1, 2011, to relocate the existing facility and add one (1) home training station to be used alternately for home hemodialysis training and home peritoneal dialysis training (“Project”).

Phenix City Dialysis Center respectfully requests the issuance of a project modification for an increase in estimated costs for this Project as set forth in the attached replacement CON Application pages. This Project Modification Request proposes a change in Total Project Cost from \$5,686,170 to \$6,164,229 which is an increase of \$478,059.

This Request is necessary as Phenix City Dialysis Center was unable to secure its original proposed location, and its new leased space will include more space than originally proposed. As a result, Phenix City Dialysis Center’s actual lease cost is now higher than estimated in its original CON Application. A copy of the fully signed and executed enforceable Lease Agreement was provided to the State Health Planning and Development Agency (“SHPDA”) in a letter dated June 27, 2012, as evidence of Phenix City Dialysis Center’s firm commitment to this Project.

In addition, Phenix City Dialysis Center anticipates an increase in the cost of leasehold improvements due to the larger facility; an increase in the cost of first year annual operating cost due to the increase in rent for the first year of operations; and an increase in the cost of equipment due to updated pricing.

As reported to SHPDA in our letter dated June 27, 2012, we have confirmed that the new location for Phenix City Dialysis Center is approximately five (5) miles from the existing location, as represented in the CON Application.



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Pursuant to CON Rule 410-1-10-.03, we request that Project AL 2011-025 and CON 2546-ESRD be modified as follows:

1. Change Location of Office in Section I(7) of the CON from "4351 River Chase Drive, Phenix City, AL 36867" to "Russell County, Alabama." Although a legal description of the property was provided to SHPDA as an exhibit to the executed Lease Agreement, a specific address is still to be determined and will be provided to SHPDA as soon as it is confirmed.
2. Change Estimated Cost in Section I(10) of the CON from "\$5,686,170.00" to "\$6,164,229.00".
3. Change the Services to be provided in Section I(11) of the CON from:

*The applicant proposes to relocate the existing facility to 4351 River Chase Drive, Phenix City, AL and add one (1) home training station to be used alternately for home hemodialysis training and home peritoneal dialysis training. The existing facility is currently licensed with twenty (20) stations; eighteen (18) hemodialysis stations, one (1) isolation station, and one (1) home peritoneal dialysis training station.*

to

*The applicant proposes to relocate the existing facility to a new location in Russell County, Alabama, and add one (1) home training station to be used alternately for home hemodialysis training and home peritoneal dialysis training. The existing facility is currently licensed with twenty (20) stations; eighteen (18) hemodialysis stations, one (1) isolation station, and one (1) home peritoneal dialysis training station.*

As required, enclosed are the replacement CON Application pages impacted by this Project Modification Request including a new executed Signature Page. As there was no opposition to the approved CON, there are no parties of record in the underlying administrative proceeding that must be notified regarding this Project Modification Request.

As always, we appreciate your assistance and look forward to receiving a modified CON for the relocation and expansion of Phenix City Dialysis Center as set forth above. If you have any questions, please give me a call immediately.

Very truly yours,

Lenora W. Pate  
FOR THE FIRM

LWP/lc  
Enclosures



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c:     Damon Green  
       Sarah Shrouder  
       Kelli F. Robinson, Esq.

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IV. COST

A. Construction (includes modernization expansion)		
1.	Predevelopment	_____
2.	Site Acquisition	_____
3.	Site Development	_____
4.	Construction	\$841,900
5.	Architect and Engineering Fees	\$60,600
6.	Renovation	_____
7.	Interest during time period of construction	_____
8.	Attorney and consultant fees	_____
9.	Bond Issuance Costs	_____
10.	Other _____	_____
11.	Other _____	_____
<b>TOTAL COST OF CONSTRUCTION</b>		<b>\$902,500</b>
B. Purchase		
1.	Facility	_____
2.	Major Medical Equipment	\$223,457
3.	Other Equipment	\$95,181
<b>TOTAL COST OF PURCHASE</b>		<b>\$318,638</b>
C. Lease		
1.	Facility Cost Per Year \$128,493 x 15 Years =	\$1,927,395
2.	Equipment Cost per Month	
	_____ x _____ Months =	_____
3.	Land-only Lease Cost per Year	
	_____ x _____ Years	_____
<b>TOTAL COST OF LEASE(s)</b>		<b>\$1,927,395</b>
(compute according to generally accepted accounting principles)		
Cost if Purchased		N/A
D. Services		
1.	_____ New Service	
2.	X Expansion	
3.	_____ Reduction or Termination	
4.	X Other (Relocation)	
<b>FIRST YEAR ANNUAL OPERATING COST<sup>2</sup></b>		<b>\$3,015,696</b>
E. Total Cost of this Project (Total A through D)		
(should equal V-C on page A-5)		<b>\$6,164,229</b>

<sup>2</sup> Phenix City Dialysis Center estimates that its annual operating cost will increase by \$350,080 with the relocation and addition of one (1) home training station. The total estimated operating cost for Phenix City Dialysis Center after relocation and expansion will be \$3,015,696, which includes this increase of \$350,080.

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IV. COST (continued)

- F. Proposed Finance Charges
1. Total Amount to Be Financed \$ \_\_\_\_\_
  2. Anticipated Interest Rates \_\_\_\_\_
  3. Term of Loan \_\_\_\_\_
  4. Method of Calculating Interest on Principal Payment \_\_\_\_\_

\_\_\_\_\_  
\_\_\_\_\_

V. ANTICIPATED SOURCE OF FUNDING

A.	Federal	Amount	Source
1.	Grants	\$ _____	_____
2.	Loans	_____	_____
B.	Non-Federal		
1.	Commercial Loan	_____	_____
2.	Tax-exempt Revenue Bonds	_____	_____
3.	General Obligation Bonds	_____	_____
4.	New Earning and Revenues	_____	_____
5.	Charitable Fund Raising	_____	_____
6.	Cash on Hand	\$6,164,229	Applicant and/or
7.	Other	_____	DaVita, Inc.
C.	TOTAL (should equal IV-E on page A-3)		\$6,164,229

VI. TIMETABLE

- A. Projected Start/Purchase Date Upon award of CON
- B. Projected Completion Date Within 12 months of receipt of CON

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**PART THREE: CONSTRUCTION OR RENOVATION ACTIVITIES**

Complete the following if construction/renovation is involved in this project. Indicate N/A for any questions not applicable.

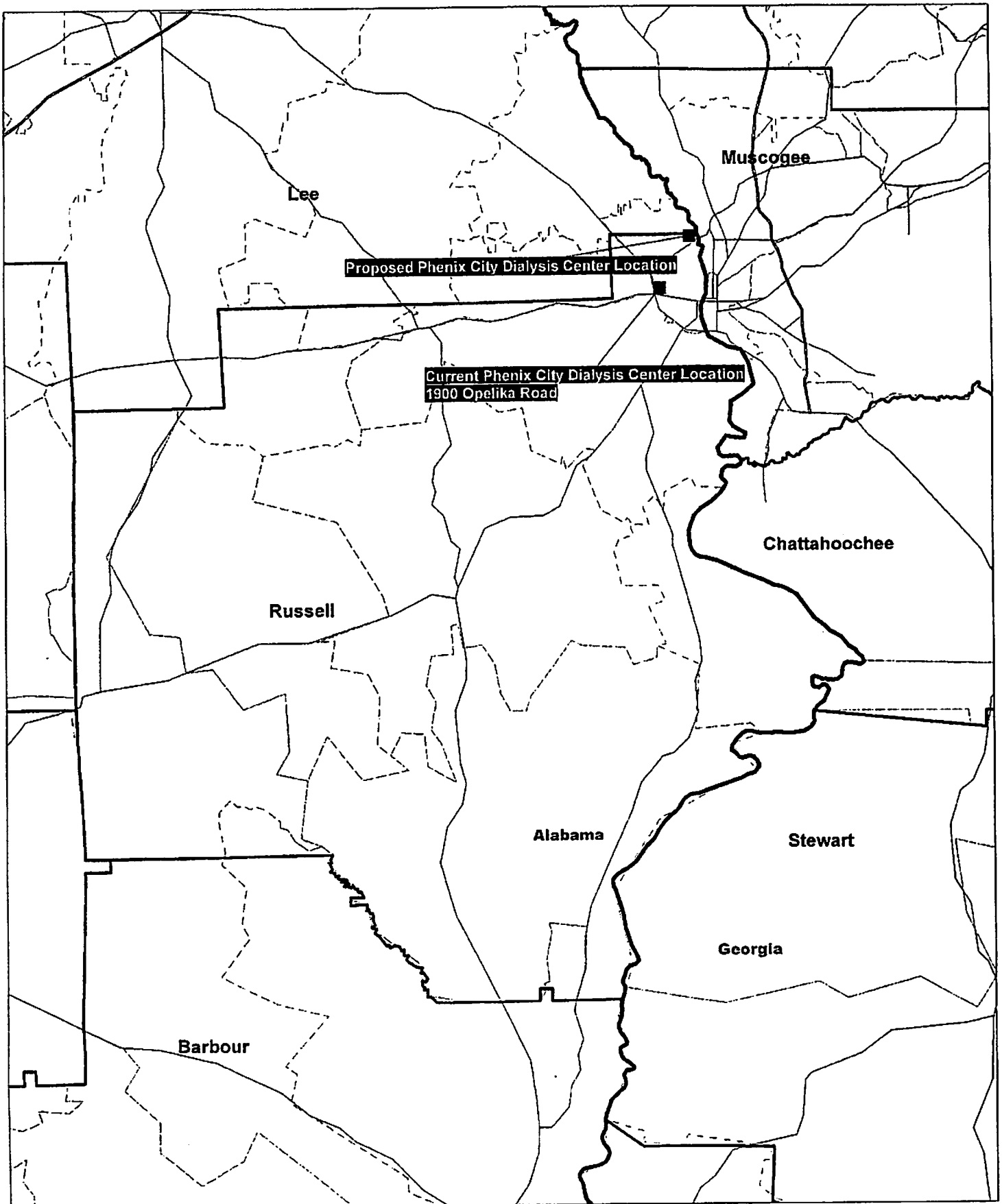
I. ARCHITECT Alex Roush  
Firm Alex Roush Architects Inc.  
Address 2255 Cumberland Parkway, Building 100  
City/State/Zip Atlanta, GA 30339  
Contact Person Alex Roush  
Telephone 770-333-7878  
Architect's Project Number

II. ATTACH SCHEMATICS AND THE FOLLOWING INFORMATION

- A. Describe the proposed construction/renovation: Leasehold improvements to facility consisting of 18 hemodialysis stations; 1 isolation station; 2 home training stations.
- B. Total gross square footage to be constructed/renovated 8,500 square feet
- C. Net useable square footage (not including stairs, elevators, corridors, toilets) 8,500 square feet
- D. Acres of land to be purchased or leased 1.5 acres
- E. Acres of land owned on site 1.5 acres
- F. Anticipated amount of time for construction or renovations 12 months
- G. Cost per square foot \$106.18 (\$902,500/8500 sf)
- H. Cost per bed (if applicable) N/A

**Exhibit A:**  
**Health Service Area Map**

**Exhibit A**  
**Health Services Area Map**





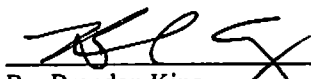
I. CERTIFICATION

The information contained in this application is true and correct to the best of my knowledge and belief.

**RENAL TREATMENT CENTERS –  
SOUTHEAST, LP  
D/B/A PHENIX CITY DIALYSIS CENTER**

(“APPLICANT”)

**By: Renal Treatment Centers, Inc.  
Its: General Partner**

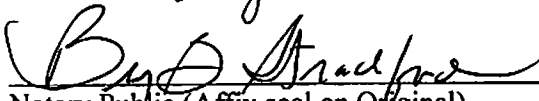
  
\_\_\_\_\_  
By: Brandon King  
\_\_\_\_\_  
Its: Regional Operations Director

**DAVITA, INC.**

(“PARENT COMPANY”)

  
\_\_\_\_\_  
By: Brandon King  
\_\_\_\_\_  
Its: Regional Operations Director

3<sup>rd</sup> day of July, 2012

  
\_\_\_\_\_  
Notary Public (Affix seal on Original)

my commission expires 6/26/15

**Author:** Alva M. Lambert

**Statutory Authority:** § 22-21-267, 271, 275, Code of Alabama, 1975

**History:** Amended March 19, 1996 and July 25, 2002