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STATE HEALTH PLANNING  
AND DEVELOPMENT AGENCY

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May 1, 2014

VIA E-MAIL & FEDERAL EXPRESS

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

**Re: Project Modification Request  
ISD Renal, Inc. d/b/a Walker County Dialysis  
Project No. AL 2013-013  
CON 2616-ESRD**

Dear Mr. Lambert:

This Project Modification Request is hereby filed on behalf of our client, ISD Renal, Inc. d/b/a Walker County Dialysis ("Walker County Dialysis"), to modify Project No. AL 2013-013 and the approval thereof as set forth in CON 2616-ESRD related to the relocation of Walker County Dialysis to a new facility approximately two (2) miles from its current location and the expansion of its operations by adding one (1) home training station, to be used alternately for home hemodialysis training and home peritoneal dialysis training ("Project").

Pursuant to CON Rule § 410-1-10-.03, Walker County Dialysis respectfully requests the approval of this Project Modification Request by the Executive Director of the State Health Planning and Development Agency ("SHPDA") to increase the total estimated cost for Project No. AL 2013-013, and CON 2616-ESRD issued pursuant thereto, from \$3,510,876 to \$4,554,629 which is a net increase of only \$1,043,753.

This Project Modification Request is necessary, in part, because Walker County Dialysis estimated in good faith in its CON Application that the Project would involve only a 10-year lease with an annual rent of \$90,000 for a total estimated lease cost of \$900,000; the actual lease, however, ended up being a 15-year lease with a higher annual rent of \$116,328 for a total actual lease cost of \$1,744,920, which is \$844,920 above the estimate. In addition, the increase in rent will result in an increase in first year annual operating cost. The actual cost for equipment was also slightly higher than estimated. Because the actual cost for construction, however, was lower than expected, as reported in the Progress Report being filed simultaneously with SHPDA, the net increase in total estimated cost for Project No. AL 2013-013 is anticipated to be only \$1,043,753.

Hence, this Project Modification Request falls below the financial thresholds for review provided in CON Rule § 410-1-4-.01; does not involve a physical relocation of the facility to a location other than that generally designated in the CON (i.e., Walker County); does not involve a change in bed capacity; and does not involve



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the provision of new services. Thus, this Project Modification Request is due to be approved by the Executive Director of SHPDA only under CON Rule § 410-1-10-.03(2).

As required, enclosed are the revised pages to the original CON Application reflecting these new estimated costs for Project No. AL 2013-013, including a new executed Signature Page. Also enclosed is a filing fee of \$5,635.75 which is 25% of the original CON Application fee for this Project (\$22,543.00). As there was no opposition to this Project, 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 Walker County Dialysis reflecting the increase in estimated Project cost. If you have any questions, please give me a call immediately.

Very truly yours,

  
~~Lenora W. Pate~~  
FOR THE FIRM

LWP/lc  
Enclosures

c: Malia Chapman  
Gayle Ozbirn  
Kelli F. Robinson, Esq.

IV. COST

A. Construction (includes modernization expansion)		
1.	Predevelopment	_____
2.	Site Acquisition	_____
3.	Site Development	_____
4.	Construction	\$658,019
5.	Architect and Engineering Fees	\$56,063
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>\$714,082</b>
B. Purchase		
1.	Facility	_____
2.	Major Medical Equipment	\$148,207
3.	Other Equipment	\$177,436
<b>TOTAL COST OF PURCHASE</b>		<b>\$325,643</b>
C. Lease		
1.	Facility Cost Per Year \$116,328 x 15 Years =	\$1,744,920
2.	Equipment Cost per Month	
	_____ x _____ Months =	_____
3.	Land-only Lease Cost per Year	_____
	_____ x _____ Years	_____
<b>TOTAL COST OF LEASE(s)</b>		<b>\$1,744,920</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</b>		<b>\$1,769,984</b>
E.	<b>Total Cost of this Project (Total A through D)</b> (should equal V-C on page A-5)	<b>\$4,554,629</b>

**IV. COST (continued)**

<b>F. Proposed Finance Charges</b>		
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>B. Non-Federal</b>		
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	\$4,554,629	Applicant and/or
7. Other	_____	DaVita, Inc.
<b>C. TOTAL (should equal IV-E on page A-3)</b>		<b>\$4,554,629</b>

**VI. TIMETABLE**

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

I. CERTIFICATION

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

ISD RENAL, INC.  
D/B/A WALKER COUNTY DIALYSIS

("APPLICANT")

Malia Chapman ROD  
By: Malia Chapman  
Its: Regional Operations Director

DAVITA, INC.

("PARENT COMPANY")

Malia Chapman ROD  
By: Malia Chapman  
Its: Regional Operations Director

16 day of April, 2014

Molly Meade  
Notary Public (Affix seal on Original)

MY COMMISSION EXPIRES AUGUST 3, 2014

Author: Alva M. Lambert

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

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