

PRIVATIZATION OF ARMY LODGING (PAL) GROUP A PROJECT

**REDSTONE ARSENAL, ALABAMA
FORT RUCKER, ALABAMA
FORT LEAVENWORTH, KANSAS
FORT RILEY, KANSAS
FORT POLK, LOUISIANA
FORT SILL, OKLAHOMA
FORT HOOD, TEXAS
FORT SAM HOUSTON, TEXAS**

**REQUEST FOR QUALIFICATIONS (RFQ)
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1.0 INTRODUCTION

a. The Army needs to improve the quality of transient lodging for Soldiers and families on temporary duty and permanent change of station travel. Based upon a recent study, approximately 80% of Army Lodging's on-post inventory does not meet minimum quality standards. The primary cause of this problem is rooted in a severe and persistent funding shortfall resulting in failure to adequately revitalize facilities through appropriate levels of construction (replacement) and/or major maintenance and repair. The Army concluded that the preferred method to help solve the transient lodging upgrade problem, along with the issue of long-term facility sustainment, would be to leverage existing transient lodging and land assets in partnership with the private sector. This program, called the Privatization of Army Lodging (PAL), seeks to apply private sector expertise, resources, and market-based incentives to improve the quality of life for soldiers and their families while in a transient status. The objective is to provide quality, on-post hotel accommodations that meet the varying needs of a mobile military community through improvements to the on-post lodging inventory and/or new construction where indicated.

b. The PAL program was developed and is managed under the oversight and direction of the Office of the Assistant Secretary of The Army (Installations and Environment), (OASA (I&E)) on behalf of the Secretary of The Army. The Army believes that lodging privatization provides an excellent opportunity for addressing the transient needs of America's soldiers and their families while providing an attractive business opportunity for its private partners. The PAL program will be approached in phases, each phase consisting of a single project group encompassing multiple installations. This RFQ is specific to phase one of PAL implementation – the Group A project.

1.1 Overview

a. This requirement is being pursued under the Alternative Authority for Acquisition and Improvement of Military Housing legislation (10 USC 2871-2885) enacted by Congress in 1996. This legislation, commonly referred to as the Military Housing Privatization Initiative (MHPI) legislation, allows the military services to leverage scarce appropriated funds and extensive existing assets (land and improvements). Additional information regarding the PAL program can be found at the following website:
<http://www.pal.army.mil/pal>.

b. This solicitation is structured as a Request for Qualifications (RFQ). The RFQ process will identify the best value offeror determined to be the most highly qualified to enter into a long-term business relationship with The Army to upgrade, operate and maintain transient lodging at all of the installations identified for the Group A project. Selection will be based upon the qualifications of the offerors as outlined by the evaluation factors and upon the basis of best value to the government.

c. In Step One of the solicitation process, The Army will issue an RFQ which establishes specific Minimum Experience Requirements (MERs) and seeks discussion

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of five general evaluation factors in a Statement of Qualifications (SOQ). The MERs have been established to address the skill sets of development, hotel management, and financial capability. Offerors who meet the MERs will be further evaluated in terms of their SOQs. Both the MERs and SOQs should be submitted together in Step One. This first step of the RFQ process will identify those offerors determined to be highly qualified and thus eligible for further consideration for potential long-term business relationships. The determination of this highly qualified competitive group will be based on the offeror's experience, financial capability, organizational capabilities (corporate level), past performance, and small business utilization (general history). The offerors comprising the highly qualified competitive group will be invited to participate in Step Two of the RFQ process.

d. During Step Two of the RFQ process, offerors in the highly qualified competitive group will compete based on the Group A project specifics. If an offeror competes for this project, the offeror must compete for the entire project and not individual sites within the project. Step Two submissions are expected to be in the form of an oral presentation with written documentation. The offeror will be evaluated based on its proposal addressing expected financial return, specific preliminary project concept statement, organizational capabilities (project level), and small business utilization and plan (project level). Offerors should not change principle members during the solicitation.

The offeror will be expected to identify, in detail, its plan to achieve the following goals for each installation within the project:

- 1) Ensuring that soldiers and their families have access to high quality, safe, attractive, and affordable transient lodging by upgrading or replacing existing transient lodging and, if necessary, by building new lodging to meet the transient demand at each installation in the Group A project.
- 2) Providing consideration for preservation of existing historic character and military culture, while protecting cultural resources and meeting environmental stewardship responsibilities.
- 3) Maintaining positive relations with all stakeholders and communities that surround the installation.
- 4) Providing for the effective long-term, high quality management and operation of the transient lodging inventory, and any ancillary supporting facilities proposed.
- 5) Providing for realistic financial management of the assets including viable reserves and earning a mutually acceptable return on investment for the offeror and The Army.

f. To achieve these goals, the developer will be expected to assume ownership of any transient lodging facilities that are transferred per mutual agreement between the

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developer and The Army following final acceptance of the Lodging Development and Management Plan (LDMP). The developer will be provided a long-term interest in the underlying land.

g. Although the focus of the PAL Project is on transient lodging, the MHPI authorities also permit the construction and/or operation of ancillary supporting facilities and activities that relate to and support the accommodation of transient soldiers and families. Such facilities/activities may include food and beverage operations, conference/meeting support functions, limited retail space, tot lots, hotel swimming pools, limited fitness facilities, kennels/pet runs, and other similar facilities for the support of Army transient lodging guests. Offerors are encouraged to evaluate the potential for any appropriate ancillary activities and to include such activities in their proposals where feasible.

h. The private partner's return on the project is expected to come from developing, operating, and managing existing, renovated, and/or newly constructed lodging units. The private partner's main source of revenue will be room rates paid by military service members on official travel with or without family members. **Room rates for official travelers should be targeted at an average across the portfolio of 75% of local per diem rates. At no time may room rates for official travelers exceed the local lodging portion of per diem.**

i. Recognizing the complexity and breadth of issues that arise in planning and executing a project of this size and scope across multiple military installations, the project will be organized into two phases:

- 1) **Phase 1 – Project Planning.** During Phase 1, the awardee (“developer”) will work closely with The Army to craft the LDMP. This will be the business plan for the project and will set forth the terms of the developer's long-term relationship with The Army. Payment for Phase 1 is discussed in Section 2.1.4 of this solicitation.
- 2) **Phase 2 – Project Implementation.** During Phase 2, the developer will implement the LDMP, provided the Headquarters Department of The Army (HQDA), Office of the Secretary of Defense (OSD), Office of Management and Budget (OMB), and the Congress approve the plan, and approval is given to consummate the LDMP and begin the transition / transfer of assets and operations.

j. A major benefit of the LDMP process is that it allows The Army, its associated consultants, and the developer to work through issues collaboratively, and to ensure that important issues are anticipated and addressed before executing the plan. It also provides an opportunity for The Army to consider proposals from the developer concerning the use of specific MHPI authorities, such as constructing certain ancillary supporting facilities. Finally, this process gives The Army a mechanism for periodically conferring with Congressional oversight committees during project planning, as well as with representatives from the local communities and Army-related organizations who are essential to the success of the project.

1.2 Administrative Information

1.2.1 Applicability of the Federal Acquisition Regulation (FAR)

The Federal Acquisition Regulation (FAR) applies to Phase 1 of the project. Appendix D contains a listing of the FAR and Defense FAR Supplement (DFARS) clauses that apply to Phase 1. The Army considers the deliverable for Phase 1 to be a commercial item. (See FAR Part 12). Offerors should also take note of Section 6.0 of this RFQ, concerning additional terms and conditions that apply to the project.

1.2.2 Documents

Prior to the submission date for Step Two of the RFQ, those offerors who are deemed to be in the competitive range and who elect to participate in Step Two of the RFQ may review pertinent information regarding existing lodging assets in the document room located at the Pentagon. Document room data will also be available electronically through the Internet. Password access will be provided to those offerors who meet these criteria.

1.2.3 Inquiries

- a. The Army PAL website (<http://www.pal.army.mil/pal>) contains the Draft RFQ which may be viewed by clicking on PAL Group A Draft RFQ.
- b. The Army will not respond to questions about the Draft RFQ. However, all comments or questions should be e-mailed to Mark.Piedmonte@hqda.army.mil.

1.2.4 Industry Forum

An Industry Forum was held on 24-25 May 2004 in Vienna, Virginia for this project. The forum included a PAL program overview, RFQ procurement process overview, and general project information. Specific information can be found at the PAL website at <http://www.pal.army.mil/pal>.

1.2.5 Site Visits:

All installations have Restricted Access. Offerors may request access to the installations included in the Group A Project by calling the applicable PAL Project POC. To gain access, each visitor must provide a Social Security number and photo identification, i.e., driver's license. Appointments must be made at least one week in advance.

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- 1) **Redstone Arsenal:** To gain access to the site visit, each visitor must contact XXXX by email at XXXX. For additional information, contact XXXX at (phone).
- 2) **Fort Rucker:** To gain access to the site visit, each visitor must contact XXXX by email at XXXX. For additional information, contact XXXX at (phone).
- 3) **Fort Leavenworth:** To gain access to the site visit, each visitor must contact XXXX by email at XXXX. For additional information, contact XXXX at (phone).
- 4) **Fort Riley:** To gain access to the site visit, each visitor must contact XXXX by email at XXXX. For additional information, contact XXXX at (phone).
- 5) **Fort Polk:** To gain access to the site visit, each visitor must contact XXXX by email at XXXX. For additional information, contact XXXX at (phone).
- 6) **Fort Sill:** To gain access to the site visit, each visitor must contact XXXX by email at XXXX. For additional information, contact XXXX at (phone).
- 7) **Fort Hood:** To gain access to the site visit, each visitor must contact XXXX by email at XXXX. For additional information, contact XXXX at (phone).
- 8) **Fort Sam Houston:** To gain access to the site visit, each visitor must contact XXXX by email at XXXX. For additional information, contact XXXX at (phone).

2.0 WORK STATEMENT

2.1 Phase 1 – Project Planning

a. The project will occur in two phases. During Phase 1, the developer will work closely with The Army to craft a LDMP that is acceptable to the Government and that offers the best value for transient lodging for each installation included in the project group. The LDMP process is expected to require no more than six months of coordinated, intensive effort between The Army and the developer. The LDMP coordination will take place at a location deemed mutually acceptable for the developer and The Army.

b. The deliverable is the LDMP, which consists of three main components acceptable to the Government:

- 1) Financial Plan and Transactional Instruments (to include a Small Business Plan)(section 2.1.2)
- 2) Development Plan
- 3) Operations, Maintenance, and Property Management Plan

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As part of the financial plan, a transition budget will be developed that identifies those items that are considered to be reimbursable during the period from LDMP acceptance to transition/financial closing.

c. The LDMP will be provided in sufficient detail to allow the US Army (USA) Installation Management Agency (IMA), and Headquarters, Department of Army (HQDA) to make a determination as to the LDMP effectiveness. An outline of the LDMP can be found at Appendix F. A general description of these components is provided below. The Army and developer will establish specific elements for each component jointly during Phase 1 of the project.

d. During Phase 1 – Project Planning, the developer will be allowed access to facilities on the installation and will be able to schedule interviews with installation personnel as necessary to create the project plan. All travel and travel related expenses for such visits are at the developer's expense. During Phase 1, the developer may be permitted to physically test its pro-forma estimates at its own expense provided the developer complies with appropriate laws, regulations, and policies.

2.1.1 LDMP Development Plan

a. The development plan will address all aspects of the development effort at each of the eight installations included in the project group, with a specific focus on long-term master planning and environmental stewardship. Renovation and/or construction of lodging units to ensure upgrade to acceptable standards are expected to take place as soon as possible during the initial development period (2-5 years). Further renovation and/or construction of lodging units, and/or construction of ancillary facilities (if approved), is expected to take place throughout the life of the project.

b. At a minimum, the development plan will specify the number, type, and size of lodging units that are to be renovated, rehabilitated, or newly constructed at each installation included in the Group A project. The plan will indicate the life-cycle (50-year) schedule under which initial and subsequent renovation and/or new construction will occur. In the development plan, the developer will be expected to provide proposed land-use maps, model floor plans, and exterior architectural sketch renderings of the proposed lodging facilities. The plan will specify appropriate performance standards and incentives to ensure sufficient attention to design, construction, and finish standards and details to achieve planned completion schedules and budgets.

c. A development plan that attempts to satisfy only the minimums expressed in paragraph b above will be deemed unacceptable. The Army expects the developer to employ its expertise to craft a plan that goes beyond the minimums and takes full advantage of the assets and revenues for benefit of soldiers and their families.

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d. The following is a breakdown of the lodging inventory including rooms that are both adequate and inadequate and rooms that are both for sale and diverted as of September 2003 at the eight (8) installations in the Group A project:

REDSTONE ARSENAL	185 rooms
FORT RUCKER	663 rooms
FORT LEAVENWORTH	774 rooms
FORT RILEY	90 rooms
FORT POLK	735 rooms
FORT SILL	802 rooms
FORT HOOD	469 rooms
FORT SAM HOUSTON	<u>706</u> rooms
	4,424 rooms

Detailed information on existing inventory and market data for each installation can be found at Appendix A and on the PAL website.

e. Life-cycle renovation or replacement of the inventory will take place during the course of the project on a schedule to be agreed upon by The Army and the developer. In the future, the government may contract with a third party to conduct periodic market analyses aimed at determining necessary adjustments to on-post transient lodging needs. The potential for adjustments to the inventories, and subsequent actions / procedures, will be addressed in the LDMP.

f. To further The Army's goals, The Army may authorize the developer to construct and operate one or more ancillary supporting facilities. Such facilities/activities may include but are not limited to: food and beverage operations, conference/meeting support functions, limited retail space, tot lots, hotel swimming pools, limited fitness facilities, kennels/pet runs. These and other similar facilities would be intended primarily to support Army transient lodging and complement business operations in the local community. However, such facilities may not be in direct competition with the activities of the Boards of Directors for Army Morale, Welfare and Recreation (MWR) organizations, The Army and Air Force Exchange Service (AAFES), and the Defense Commissary Agency (DeCA) without the approval of these organizations. In their proposal, the developer will be expected to include the type, size, location, and features of each ancillary supporting facility/activity they propose to build and/or operate. Specific details will be addressed in the LDMP. Developers should take care to differentiate between services that are lodging-related and are funded through room rates (i.e., continental breakfast for guests) versus commercial/retail/MWR activities that generate revenue separate from base room rates through the discretionary spending of the user.

g. The developer must be aware that private competition on a military installation with AAFES, DeCA and MWR is strictly prohibited per Sec. 2804, pages 346-347, of the National Defense Authorization Act for Fiscal Year 2000, Conference Report to

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Accompany S. 1059, unless approved by the Office of Assistant Secretary of the Army for Manpower and Reserve Affairs (OASA (M&RA)).

- 1) The developer must work with the Installation Commander (or his / her staff, if so directed) to determine requirements and feasibility of ancillary services.
 - 2) The developer must submit a letter (as soon as the requirement/feasibility is known) to the Installation Commander of their intent to contact the relevant commander(s) of MWR, AAFES, or DeCA Commissaries. The Installation Commander will then endorse the request and forward it through Army channels to the PAL office. The letter is intended to seek approval for private revenue or non-revenue producing activities, hubs, centers, facilities, or services. Approval authority for these types of activities is vested with the OASA (M&RA). The PAL office will forward the letter of intent to OASA (M&RA) following coordination with the appropriate agencies.
- h. The developer is responsible for working with the Commanders of AAFES, DeCA, and / or US Army Community and Family Support Center (CFSC) on specified types of ancillary support projects. The PAL office will assist the developer with this coordination. The developer will submit command approved final proposals regarding construction and maintenance of revenue producing and non-revenue producing endeavors related to these programs, through the commander(s) of AAFES, DeCA and / or CFSC to OASA (M&RA). OASA (M&RA) has final jurisdictional authority to approve the developer's proposed revenue producing and non-revenue producing endeavors. The OASA (M&RA) will inform the PAL Program Manager of the decision on the proposed requirement, terms and scope.
- i. The Army will prepare an Environmental Baseline Survey (EBS) and National Environmental Policy Act (NEPA) documentation in support of the PAL program for the Group A installations included in this RFQ. The selected developer will be provided draft and final EBS and NEPA documents as they are prepared. These documents will be used in the preparation of the LDMP. The Army will also perform and document all necessary coordination/consultations pursuant to Section 106 of the National Historic Preservation Act and Section 7 of the Endangered Species Act and document these efforts for inclusion in the LDMP. The cost for performing additional site characterization or preparing additional environmental documentation will be the responsibility of the selected developer. The Army will disclose the information that it has collected on existing environmental hazards through the NEPA and EBS documents and the preparation of the Finding of Suitability to Transfer (FOST) and Finding of Suitability to Lease (FOSL). Upon implementation of the LDMP, the selected developer will assume agreed upon oversight and management responsibilities for mitigation and remediation of any identified environmental hazards (e.g. asbestos, lead, Paris green, chlordane, PCBs, etc.) using project funds.
- j. The LDMP will include a subcontracting plan describing the developer's standards for selecting subcontractors to work on the project, and will provide details about the

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developer's goals for subcontracting with small businesses. Developers will be expected to outline plans and schedules for conducting small business outreach events.

k. The LDMP will specify schedules for the performance of all development activities related to the project throughout the term of the lease.

2.1.2 LDMP Financial Plan and Transactional Instruments

The financial plan and transactional instruments will describe the offeror's plan for financing projected short and long-term expenses associated with the project, and the transactional instruments required to execute the project. At a minimum, this plan will include:

1. An integrated financial pro-forma analysis covering expected income and expenses over the life of the project to ensure quality long-term operation, maintenance, and property management for the lodging operation. The pro forma analysis will incorporate development and operational elements.
2. A detailed statement of sources and uses of funds and cash flows, identifying any applicable MHPI financial tools that the offeror proposes to use in conjunction with the project (see Section 3.0).
3. Drafts of legal documents describing the relationship between The Army and offeror, and the rights and obligations of each party for implementing the project (e.g., drafts of limited partnership agreement, ground lease, management and incentive agreements, and / or other appropriate instruments).
4. A transition budget specifying reimbursable items and the timeline for the transition to project implementation.

2.1.3 LDMP Operations, Maintenance, and Property Management Plan

The operations, maintenance, and property management plan will describe the offeror's concept, and approach to, operating, maintaining, and managing the lodging activity. At a minimum, the plan will specify appropriate performance standards and incentives designed to ensure that the lodging activity, including any historic buildings if applicable, is effectively operated, managed and maintained at high levels of quality and repair. Compliance with Section 106 of the National Historic Preservation Act and Section 7 of the Endangered Species Act is required. Compliance with applicable local, state, and Federal environmental regulations is required. The operations, maintenance, and property management plan should also describe the offeror's strategy for making capital improvements to the lodging facilities throughout the life of the project.

2.1.4 Completion of Phase 1 – Project Planning

a. The Army will pay the developer a fixed sum of \$350,000 upon completion of the project's Phase 1, as described in Appendix E. LDMP completion is defined by the acceptance of the LDMP by HQDA, OSD, Office of Management and Budget (OMB), and the Congress. In return for this payment, The Army will be granted full and unlimited rights to use the LDMP, including the right to provide the LDMP to other developers in this or other lodging privatization projects. At this point, the contract will be complete and the developer will have no right, title, or interest in Phase 2 by virtue of its participation in Phase 1.

b. If The Army and developer are unable to reach agreement on the LDMP, or the plan is not otherwise acceptable to The Army, or the offeror fails to provide the LDMP within the agreed time, The Army may terminate the developer's work on the project. Termination under this paragraph will be deemed a termination for cause. At its own discretion, The Army may at that time continue to proceed with the project by working with another developer deemed most advantageous to the government or by seeking new RFQ responses. Therefore, offerors within the highly qualified competitive group are requested to keep their responses to this RFQ open for 12 months (365 calendar days) following the LDMP contract award.

2.2 Phase 2 – Project Implementation

a. The Army desires to have the successful LDMP developer implement the approved plan. Once HQDA, OSD, OMB, and the Congress approve the LDMP, the developer and installations may be given approval to begin transition toward project implementation. Once the LDMP is accepted The Army expects transition to project implementation to occur within 90 days or less. Inability to transition in a timely manner may be justification for offering the implementation opportunity to another development entity. This approval will mark the beginning of Phase 2 of the project. During Phase 2, the developer will implement the approved LDMP. The Army, in conjunction with other agencies who have a vested interest in the land, will transfer ownership of the existing lodging assets (as applicable) and provide an appropriate interest in the underlying land to the developer to facilitate implementation in a manner consistent with the approved LDMP and with prudent business practices.

b. The privatization partner should not expect, and will not be compensated by the Government for costs they incur following submission of the LDMP and payment of the contracted price. Additional costs to the offeror may arise between LDMP submission, acceptance and financial closing. These costs remain the sole obligation of the privatization implementation partner regardless of the amount and purpose and will not be reimbursed through appropriated funds. During negotiation of the LDMP, The Army and the successful offeror will develop a transition period budget to identify those transition costs which may be reimbursed by the project at closing. The LDMP is not considered accepted until acceptance by Congress. The 90-day timeline for the

transition, prior to transfer of assets and operations, must provide specific implementation details.

3.0 MILITARY HOUSING PRIVATIZATION INITIATIVE (MHPI) LEGISLATION

The MHPI legislation (10 U.S.C. §§ 2871-2885) provides special authorities for the construction and improvement of military housing, unaccompanied personnel housing, and transient lodging. It was specifically enacted to enable the Military Services to leverage housing, barracks, and transient lodging assets (land and buildings) and limited financial resources in an effort to obtain private sector capital and expertise to improve the quality of life for Service Members and their families. Although these authorities are listed for information purposes and as a point of reference, **offeror's should bear in mind that The Army does not intend to provide direct loans, loan guarantees, or any guarantees of occupancy or revenue for PAL projects.**

3.1 MHPI Authorities

The MHPI provides four main financing tools that can be used together or separately. This summary is provided to help the offeror gain a general understanding of the MHPI legislation, but reference should be made to the actual MHPI language in order to fully understand this law. The offeror should consider the effect of OMB scoring on each financing tool (information on OMB scoring can be found in Section 3.3).

3.1.1 Direct Loans and Guarantees

The Secretary of The Army can provide direct loans to private firms in the form of second mortgages when external financing is not adequate to make a project financially feasible. Loan guarantees can be used to help a developer obtain private sector financing by reducing project risks that are specific to military installations, such as base closure, downsizing, or extended deployments. The selected developer will be expected to assume normal business and market risks, such as construction delays.

3.1.2 Conveyance or Lease of Existing Property and Facilities

The Army can convey lodging and related facilities and lease existing Army land to the developer for the purposes of privatizing transient lodging.

3.1.3 Differential Lease Payments

The Army can enter into an agreement to pay a subsidy to the developer. However, this authority will be used only in unusual cases such as, when the total income stream is insufficient to ensure a reasonable return on investment.

3.1.4 Investments

The Army can make investments in nongovernmental entities carrying out authorized privatization activities. Such investments may take the form of acquiring a limited partnership interest, purchasing stock or other equity instruments, purchasing bonds or other debt instruments, or any combination of these. The Army's cash contribution is limited to one-third (33 1/3 percent) of the project's capital cost. If land and facilities are leased and conveyed, respectively, to the developer as part of the investment, the value of the land and facilities together with any cash contribution cannot exceed 45 percent of the project's total capital cost.

3.2 Other Provisions and Considerations

3.2.1 Local Standards

The MHPI legislation allows developers to build to local market standards and exempts the project from all MILCON standards. However, if one submission proposes to provide a higher level of quality than another, the higher quality submission would receive a more favorable evaluation. In addition, the developer will be required to comply with applicable criteria as set forth in the installation design guidelines for sites included in the Group A project. These guidelines will be available in the document room data for the project.

3.2.2 Per Diem Rates

The General Services Administration (GSA) establishes travel per diem for all federal employees and federal travelers. There are two components to the total per diem rate for an area: lodging, and meals and incidental expenses. **References to room rates as a percentage of per diem are relative to the lodging portion of per diem only.** Per diem travel rates are set each October 1 and remain fixed for the subsequent 12-month period. The Department of the Army has no role in setting per diem rates. It has been estimated that the majority of Army posts currently charge a room rate equal to approximately 50% of the lodging portion of per diem. Privatized hotels operated by an Army-Developer partnership are expected to operate at a room rate for official travelers not to exceed an average of 75% of lodging per diem across the portfolio. Under no circumstances may the room rate for official travelers exceed 100% of the local lodging portion of per diem. As the hotel rate for official travelers is tied to the per diem, it is vital that all parties understand the methodologies by which those per diems are calculated. Information on the GSA methodology for establishing per diem rates is available at <http://www.pal.army.mil/pal>.

3.2.3 Mandatory Allotments and Assignments

The MHPI legislation also enables The Army to mandate use of specified transient lodging facilities. **The Army does not intend to use mandatory assignments as part**

of the PAL program. Rather, the development partner should market these lodging units to attract service members and their families as in the private market. It should be noted, however, that contractual arrangements with separate government entities entered into subsequent to transition of operations to the private developer could result in a situation where Soldiers are assigned to privatized lodging on a mandatory basis. An example would be execution of a contractual arrangement with a Unit or Agency to provide lodging to students in training. Under such a contract, payment for lodging services would be provided directly to the developer by the authorized government agent and not individually by the travelers occupying the lodging rooms. Under such an arrangement the lodging would be considered Government provided quarters, for which individual travelers are not provided reimbursement for lodging.

3.2.4 Non-Military and/or Unofficial Occupants

Non-military personnel and military members in an unofficial travel status will be allowed to occupy privatized lodging. Together with the developer during the LDMP development, The Army will establish a priority order of use much like that in Army Regulation (AR) 215-1. Non-military occupants and military members in an unofficial travel status may pay market rates. Arrangements for access to the installation for non-military occupants during times of heightened security will be addressed during the development of the LDMP.

3.2.5 Real Estate Taxes

The requirement to pay local real estate or other *ad valorem* taxes will vary from locality to locality. Each prospective developer must make its own assessment of the likelihood that the project will be required to pay such taxes. The partnership will be responsible for any real estate or other *ad valorem* taxes assessed on the project. Any agreement between The Army and the selected developer reached as a result of this RFQ will not relieve the developer of the obligation to pay taxes if required by appropriate law.

3.2.6 Ancillary Supporting Facilities

Lodging projects developed under this legislation can include facilities related to transient lodging services. Final approval authority for such facilities related to MWR, AAFES, or DeCA rests with the ASA (M&RA). Instructions to request approval for such facilities can be found in section 2.1.1 (g).

3.2.7 Utilities

a. The partnership will be responsible for all costs of utilities provided during the entire project period for all buildings included in the project. Details of utility costs will be developed during the LDMP process.

b. The developers will be responsible to coordinate with installation Directorate of Public Works and the owner of any privatized utility infrastructures on the installation to

identify rights and responsibilities with infrastructure requirements and cost of capital improvements to the distribution systems.

3.3 Office of Management and Budget (OMB) Scoring

Each MHPI agreement entered into by The Army with a private developer may be “scored” by OMB for budget purposes prior to approving the LDMP. Scoring is an accounting convention that measures the value of a potential future financial obligation of The Army, recognizes it for budget purposes, and records it as a Department of Army obligation at the time an agreement is signed. Sufficient appropriations must be available to cover the scored amount for each agreement. Therefore, OMB scoring rules may affect the attractiveness of using available MHPI tools in conjunction with a lodging privatization project. OMB guidelines on scoring are provided in Appendix G. The effect of OMB scoring should be taken into account when considering how best to leverage The Army’s assets at the installations included in the Group A project.

4.0 CONTRACTOR SELECTION PROCESS

The Army will evaluate each offeror’s submission in accordance with the process, procedures, and evaluation factors set forth in this RFQ. An offeror’s submission must first demonstrate satisfaction of the Minimum Experience Requirements (see Section 4.2). In Step One, offerors who submit both MERs and SOQs, and who satisfy the MERs as determined by the Government, shall then be evaluated based on their SOQs (See Section 4.3). The Evaluation Team’s assessment of SOQ responses to Sections 4.3.1 through 4.3.5 will establish a highly qualified competitive group of offerors. The offerors selected for the highly qualified competitive group will be the firms whose submissions, in The Army’s judgment, are determined to be highly qualified and thus eligible for further consideration for potential long-term business relationships designed to achieve the goal of improving installation transient lodging. Offerors on the highly qualified competitive group will then compete on Step Two. Final selection will be based upon the qualifications exhibited by the offerors as outlined by the evaluation factors and upon the basis of best value to the Government. The Army reserves the right, however, to reject all responses to the RFQ and re-solicit.

STEP ONE

4.1 Information Request Instructions

a. Both single-firm offerors and joint venture offerors are required to furnish information to The Army in accordance with the instructions provided below. For the purposes of this RFQ, a single-firm offeror would manage the project under the direction of a single principal member (defined below). By contrast, a joint venture is a single business entity such as a partnership, Limited Liability Company, or other legal entity consisting of two or more principal members. A legally capable partnership (joint venture) can also include one or more members of the partnership that is a 501c3 corporation or other non-profit organization. The percentage of ownership of each of the principal members

of the joint venture should be specifically identified. This language is intended to illustrate one means by which a tax-exempt entity may participate in the process, i.e. as a member of a joint venture. However, this language does not prevent an entity, which is capable of meeting the MERs and SOQs outlined in the RFQ, from submitting a proposal as a single offeror. **To compete for this requirement, a joint venture must commit to work with The Army as a single business entity. The offeror will be required to provide information concerning both the joint venture itself, as a single business entity, and on the joint venture's principal members. An offeror should have a formally established legal single business entity or it may be excluded from further consideration.**

b. The term "principal member" means a legal entity that has an identified ownership interest in the single business entity that is responding to this RFQ. In this RFQ, the term "offeror" is synonymous with "single business entity". The principal member concept allows newly formed joint ventures to compete based on the experience of their principal members. Additional information on this aspect of The Army's evaluation is provided in Section 4.5.1. However, only experience of principal members will be used to evaluate any proposals. Single business entities planning to use a non-profit structure are advised to clearly demonstrate the experience of each principal member.

4.1.1 Submission Instructions

a. Minimum Experience Requirements (MERs) Step One, Part A, must be signed and submitted in a clearly identified original hardcopy version (plus five copies), and provided electronically on compact disk (CD). The MERs must be formatted in conformance with paragraph 4.1.1 c. The Army must receive signed submissions no later than XXXXX, 2004 at 1500 hrs (3:00 PM), Eastern Time (ET) to the location specified in Section 4.1.1 (g).

b. Statement of Qualifications (SOQ). Step One, Part B, must be signed and submitted at the same time as submission of the MERs. Only the SOQ of those offerors who meet the MERs will be evaluated. The SOQ, as well as completed representations and certifications required from Appendix D and paragraph 7.0 of the RFQ should be submitted in a clearly identified original hardcopy version (plus five copies), and provided electronically on compact disk (CD). The Statement of Qualifications and required representations must be formatted in conformance with paragraph 4.1.1c.

c. All original text must be readable in Microsoft™ Word (no exceptions), 8 ½" x 11" format (no exceptions), Arial font 12 point. Spreadsheets must be produced in Microsoft™ Excel (no exceptions), 8 ½" X 11" format (no exceptions) and be functional in the electronic format. Tables, charts, and 3rd party documentation may be in any format, type and size format. Third party generated documents may be reproduced without format change and entered on the CD using any readily available format. Submissions failing to arrive by the established deadline will be disqualified and not be evaluated as outlined in Appendix E, FAR Clause 52.212-1.

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d. The Government requests the DUNS Number (Data Universal Numbering System) for the single business entity at time of award, however as a minimum at Step One, Part B, the Offeror shall provide the DUNS number of at least one principal member at time of submission.

e. To be eligible for Department of Defense (DOD) contract award, offerors must be registered with the Department of Defense Central Contractor Registry, which can be accomplished through <http://www.ccr.gov>.

f. Executive Order 13101 (Greening the Government through Waste Prevention, Recycling, and Federal Acquisition) must be followed for submission of hard copy proposals. Executive Order 13101 is included at Appendix E.

g. Submission Delivery Instructions:

If Sent by U.S. Mail:

Army PAL Office
US Army Corps of Engineers, Baltimore District
Attn: Mark Piedmonte, CENAB-CT
PO Box 1715
Baltimore, MD 21201-1715
Reference: RFQ No. W912DR-04-R-0082
(Does not apply to Draft RFQ)

If Hand-carried (or sent via overnight delivery):

Army PAL Office
US Army Corps of Engineers, Baltimore District
Attn: Mark Piedmonte, CENAB-CT
10 South Howard Street, Room 7000
Baltimore, MD 21201
Reference: RFQ No. W912DR-04-R-0082
(Does not apply to Draft RFQ)

**4.1.2 Submission of Step One, Part A
(Minimum Experience Requirements)**

The Minimum Experience Requirements (MERs), (Part A) Section 4.2, information shall stand alone in determining an offeror's ability to satisfy the MERs. This information serves to insure that offerors meet a basic level of experience prior to being further evaluated. Submissions for the MERs shall not exceed a total of five (5) single-spaced pages. Page tabs shall not be used in Part A. Information beyond five pages will not be considered. The offeror's cover page, table of contents, acronym list or transmittal letter will not count toward the page count for the MERs. Only the information contained in

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Part A will be considered in determining if an offeror meets the MERs. However, information in Part A will be considered when evaluating Part B.

4.1.3 Submission of Step One, Part B (Statement of Qualifications (SOQ))

a. Only those Offerors satisfying the MERs will be further evaluated based on their Statement of Qualifications (SOQs). SOQs of offerors the Government determines do not meet the MERs will not be evaluated.

b. The Statement of Qualifications (SOQ), Part B, should be submitted in sufficient detail to:

1) Permit the Evaluation Team and Source Selection Authority (SSA) to reach a reasonable judgment regarding the offeror's qualifications.

2) Distinguish the offeror from other candidates.

c. Step One, Part B, submissions are limited to a total of 75 single-spaced pages, including tables or charts where appropriate. Anything beyond the 75-page limit will not be evaluated / reviewed. The following are not included in the 75-page limit: blank tab pages, tables of contents, transmittal letter, information requested in Section 4.2 (Minimum Experience Requirements); audited financial statement(s) (or 10K(s) if the entity is publicly owned) requested under Section 4.3.3; signed Section 7.0; and "Offeror Representations and Certifications" requested in Appendix D.

RFQ STEP ONE, PART (A)

4.2 Minimum Experience Requirements (MERs)

The single-firm offeror or a principal member in a joint venture must submit a list of projects with sufficient detail to demonstrate satisfaction of the below listed MERs. This information shall stand alone in determining an offeror's ability to satisfy the MERs. Questions arising as a result of interpretation of the requirements of Section 4.2 should be resolved with the Contracting Officer prior to responding to the MERs. An offer that fails to satisfy the MERs will not be eligible for further consideration and will be eliminated from competition. At least one principal member must meet each separate MER, although each need not be the same principal member. The MERs are:

1. Development Experience: Demonstrate successful completion of major real property asset development project(s) during the past ten years that have cumulatively reached a **minimum** of \$100 million. Note: There is no maximum as to the number or dollar value of projects that may be reported under this MER. Only the 5-page maximum submission requirement for addressing all MER areas as addressed in section 4.1.2 need be considered. A completed project has obtained a

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certificate of occupancy or its equivalent. The term *project* is defined as a real estate asset development in which the offeror has or had an ownership equity interest and was or is the developer of record. A *major project* is further identified as a new build or renovation of a real property asset with a total cost of more than \$5 million dollars. In the event projects are identified as mixed use in nature or have been developed in phases, each component part of the development greater than \$5 million dollars may be identified as an individual project. For residential projects, each “substantial” phase greater than \$5 million dollars may be identified. For each major project identified, provide the following information: Name of project; location; total project cost; brief description (i.e., commercial hotel, 150 units, limited service); and nature of project (i.e., new build, moderate renovation, substantial rehabilitation, and/or redevelopment).

2. Hotel Management Experience: At least one principal member must possess hotel management experience. This experience may be direct, as a result of partnership with an experienced hotel management company, or through contracting for hotel management expertise by management contract. If no principal member has in-house hotel management expertise then a non-binding letter of intent from a professional hotel management company must be submitted. The Group A project consists of approximately 4,000 guestrooms on eight separate Army installations, located in six separate states. The Army is therefore seeking a partner capable of providing professional hotel management expertise (multi-unit) to a geographically dispersed portfolio of lodging facilities.

3. Financial Capability: Offerors may use the combined financial strength of all principal members and recourse partners, but may not use the financial capabilities of non-recourse partners and/or contracted hotel management companies that do not offer credit enhancements. Minimum financial thresholds are illustrated in the table below. Offeror must identify any bankruptcy actions and/or litigation that occurred during the past ten years. Present bankruptcy filings and litigation must also be detailed.

FINANCIAL CAPABILITY – MINIMUM THRESHOLDS		
	Indicator	Value Greater Than
1.	Balance Sheet	\$175,000,000.00
2.	Annual Revenues	\$50,000,000.00
3.	Net Operating Income	\$10,000,000.00
4.	Cash Flow To Debt Ratio	11%
5.	Equity	\$17,500,000.00

RFQ STEP ONE, PART (B)

4.3 Statement of Qualifications

The Statement of Qualifications (Step One, Part B of this RFQ) should include the following information:

4.3.1 Experience

a. Offeror should provide a summary of its major real estate projects (commercial or residential) completed during the past three (3) years as well as those currently being developed by its principal members but not yet completed. A *major project* is defined as the new build or renovation of a real property asset with a total cost of more than \$5 million dollars and in which the offeror has an ownership equity interest and is the developer of record. For identified major development projects, provide the following information: Name of project; location; total project cost; brief description (i.e., commercial hotel, 150 units, limited service); nature of project (i.e., new build, moderate renovation, substantial rehabilitation, and/or redevelopment); project start date, and actual or estimated completion date (as applicable). When commercial development is identified indicate whether the project is retail, office, industrial, hotel, and other. When hotel projects are identified, further indicate class of service (e.g., limited serve, extended stay, focused serve, or full serve).

b. Offeror is to provide significant detail on the five (5) projects most relevant to the development of transient lodging facilities on Army installations under the PAL process. It is the responsibility of the offeror to determine which five example projects it considers most relevant to the PAL process. The projects identified may be either commercial or residential real estate developments, although commercial real estate project experience is preferred. Within the commercial real estate development sector, hotel development projects are preferred. Relevant projects may include, but are not limited to, those in which a principal member currently retains an ownership interest. Provide the following information for each of the five projects selected as the most relevant:

1. Name of project and brief description including the number of units;
2. Location (address, city or town, county, state);
3. Land-use program/type (identify single use, mixed use, and/or campus-style development)
4. Project Economics and Finance:
 - a) The initial development cost budget, including “hard” and “soft” costs

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- b) Actual development costs at completion, including “hard” and “soft” costs
- c) Financing, including amount of debt portion of the project, debt (short and long-term) and equity (developer and investors) financing
- d) Description of ownership structure, including percentage of ownership by principal member(s)
- e) Provide an income statement for the project that covers the most recently completed 12-month annual operating period

c. For any previously completed or ongoing major projects, briefly describe as applicable (by principal member), experience with the following: partnerships, joint ventures, collaborations, and/or public-private partnerships (especially those involving affordability objectives).

d. For any previously completed or ongoing major projects, briefly describe as applicable (by principal member), experience with unique/complex issues that were encountered and successfully resolved. Such issues may include but are not limited to the following: Environmental activities and remediation (such as lead based paint, asbestos, radon, chlordane, mold, and underground storage tank analysis); historic preservation (including minor renovations, major renovations, conversions and/or landscaping); Community concerns/obstacles; Quality assurance and control issues.

e. Offeror is to identify the proposed hotel management company for the Group A PAL project and submit a non-binding letter of intent from the management company as documentation of their intent. Provide contact information for the hotel management company’s key person (title, address, telephone number, and e-mail). Indicate whether or not the management company has a regional or corporate office located in the South Central part of the United States. If so, indicate location.

f. Offeror is to identify those hotels currently operated by the proposed hotel management company proximate to in eight Group A installations. Identify the hotels by name, affiliation, location, number of rooms, class of hotel (upper upscale, upscale, midscale, economy, and budget as commonly classed by Smith Travel Research), and type of hotel (e.g., limited service, extended stay, focused serve, and full service). Indicate if the proposed hotel management company has regional and/or national operating experience and/or name recognition. Identify if the proposed hotel management company commonly provides third-party management contract services. If applicable, identify the extent to which the proposed hotel management company has made an equity or operating loan contribution to hotel projects.

4.3.2 Financial Capabilities

a. Among other items described in this RFQ, The Army is seeking a firm that demonstrates a strong financial structure. This can be demonstrated through audited financial statements. Total net worth is considered in the evaluation. Offeror is to

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provide documentation and statements relevant to appropriate principal member(s) as identified below:

1. Most recent three (3) years of Audited Financial Statements from the entity performing the work as well as the Parent or Holding Company of the entity. The Financial Statements should be prepared in accordance with Generally Accepted Accounting Principles (GAAP) (See Note below) and the Financial Auditor must be a nationally recognized firm in the accounting industry. And submission must include an assertion as to accuracy made by the auditor. Auditor contact information should also be provided.

NOTE: A private company may not prepare audited financial statements in accordance with GAAP. However, the financial statements should be audited on the basis that they have been prepared (i.e. current value accounting) and certified as accurate by the preparer.

2. Payment and Performance (P&P) Bonding Capacity: Offeror should quantify bonding capacity and outline methodology for calculation. In the event that an alternative to bonding is being proposed provide information on the alternative and explain how it better protects the government's interests versus P & P bonds.

3. Offeror should address the economics of sharing arrangements between the principal members and investors, including identification of all sources of return to the owners and investors.

4. Joint ventures should submit audited financial statements and documentation demonstrating financial capabilities and bonding capacity only for the single business entity itself, unless the single business entity has been newly formed for the project or if principal members of the single business entity will be independently responsible for financial commitments. In the latter cases, audited financial statements and documentation relating to financial capability and bonding capacity should be submitted for the single business entity and, individually, for all principal members of the offeror responsible for obtaining financing for the project.

b. The financial statements and other financial information submitted will be reviewed individually. The review will include a financial ratio analysis, i.e. debt to equity, current assets to current liabilities, debt coverage ratio, etc. A primary focus of the financial statement review will be off balance sheet liabilities, guarantees and contingent liabilities provided by the entity as well as a review of the current value assessment of the assets held by the entity. The proposal should also include contact information with the entity's independent accounting firm and permission to speak with this firm during the financial review.

c. All financial information submitted for this RFQ will be protected from public disclosure if the provider identifies and justifies the information as proprietary, and requests such protection at the time of submission. Information that is considered proprietary should be clearly marked as such on each page. Prospective developers should be aware, however, that The Army may share financial information with financial consultants assisting The Army with this initiative as well as Congressional committees, if requested by the committees as part of their legislative oversight function.

4.3.3 Organizational Capabilities (Corporate Level)

a. Provide basic background information on the offeror's history and background, to include structure of the offeror's organization.

b. The offeror is to quantify, for each principal member, the expertise available for the following functions: land planning, architecture, design, construction, accounting, risk management, purchasing, management information systems, pre-opening staffing and training, human resources, legal, and reservation and marketing systems. Indicate whether these functions are available in-house or are out-sourced. Indicate employee skill and/or certification requirements, as applicable.

c. The offeror is to describe, for each principal member as applicable, in-house asset management experience, assets currently managed, and the number of people dedicated to this function.

d. Provide full contact information (name, address, telephone number, and e-mail address) of the key person who will have full authority to represent the offeror in coordinating and integrating all functional elements throughout the partner selection and LDMP development processes for the PAL Group A project.

4.3.4 Past Performance

The Army uses an automated past performance data collection system. A printed version of that web-based data collection template is included at Appendix I. Offerors who meet the MERs will be provided with 50 unique individual control numbers that the offeror should provide to applicable references. Each reference who receives a control number will be able to use that number to access and provide input to the web-based past performance data collection system. Once a survey response is complete, that control number will identify that survey even if the same reference completes another survey on a future RFQ. The offeror is solely responsible for distributing control numbers to its references. The Army will not provide any information to Offerors regarding which reference has actually responded. The Army will not release survey responses under any circumstances.

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The offeror should:

a. Provide names, titles, organizational affiliations, addresses, e-mail address, fax, and telephone numbers of individuals who will serve as references for each of the five projects identified as most relevant to the development and management of transient lodging on Army installations (those for which you provided information pursuant to Section 4.3.1). Your references should include: financial institutions, local government agencies, business partners, major customers, and/or major contractors.

b. If applicable, list any of the firm's (in the case of joint ventures, any principal member's) projects, over the last 10 years, in which:

- 1) The ownership has been restructured due to adverse circumstances (including default, need for new capital renovations, material negative cash flow, change of controlling partner);
- 2) The management company has been replaced at the instigation of the owner, the lender, or a regulator; and/or
- 3) Any action was initiated by a lender to replace, sanction, or suspend any of the principals from future participation in lending activities. Describe the circumstances of such restructuring.

If no principal member has had a project restructured because of financial difficulties, provide an affirmative statement so indicating.

c. List all material instances of litigation or formal Alternative Dispute Resolution (ADR) processes (e.g., binding arbitration) during the last ten (10) years, involving a claim in excess of \$50,000 and relating to partnering, financial performance, and/or treatment of occupants, to which any principal member has been a party. For those matters involving a claim equal to or in excess of \$500,000, provide a detailed description and outcome of the litigation or ADR process.

4.3.5 Small Business Utilization (General History)

a. Offeror should provide information concerning use of small businesses that:

- 1) Describes the offeror's documented policies relating to small business participation and the extent of participation of small businesses in past and current projects. For joint venture offerors, information should be provided separately for each principal member.
- 2) Provides a point of contact that can validate use of small business subcontractors for each project performed within the last three years. If multiple subcontractors were on each project, a point of contact is only required for one subcontractor, to include small businesses, per project.

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b. As a point of reference in providing this information, the term small business refers to Small Businesses, Small Disadvantaged Businesses, Women-Owned Small Businesses, Veteran-Owned Small Businesses and Service-Disabled Veteran-Owned Small Businesses. Information concerning the specific definition and size standards for small businesses may be found at 13 Code of Federal Regulations (CFR) Parts 121 and 124. Or visit the Army's Office of Small and Disadvantaged Business Utilization at <http://www.sellingtoarmy.info>.

c. In general, a small business is defined as an independently owned and operated business, not dominant in its field of operation and generally restricted by number of employees or average annual gross revenue. For instance, for many service industries, the firm must have less than \$5 million in average annual gross revenue over a three-year period to be considered small. For other service industries, the firm must employ less than 500 employees. A small disadvantaged business must, in addition to being small, also be at least 51 percent unconditionally and directly owned by one or more socially and economically disadvantaged individual(s) who is/are a citizen(s) of the United States. A woman-owned small business is a small business that is at least 51 percent owned and controlled by one or more women. A veteran-owned small business is a small business that is at least 51 percent owned and controlled by one or more veterans (as defined at 38 U.S.C.101 (2)) and management and daily business operations of which are controlled by one or more veterans. A service-disabled veteran-owned small business is a small business that is at least 51 percent owned and controlled by one or more service-disabled veterans (service-disabled veteran means a veteran with a disability that is service connected as defined in 38 U.S.C.101 (16)).

STEP TWO

4.4 Submission of Step Two

a. Those offerors determined to be highly qualified and thus eligible for further consideration for potential long-term business relationships designed to achieve the goal of improving transient lodging on Army installations, will comprise a highly qualified competitive group. For Step Two, offerors who have been selected for the highly qualified competitive group must supply information as outlined in the following sections.

b. Only the offerors in the highly qualified competitive group will be considered for Step Two of the RFQ. Step two will be issued via an amendment to the RFQ. Responses to the amendment will be used to select an awardee whose submission, in The Army's judgment, is determined to offer the best value for improving transient lodging for this project (inclusive of all eight identified installations).

c. Along with the Step Two submittals, offerors shall provide the legal jurisdiction under which the firm is organized and operating by submitting proof of existence as an established legal entity, providing a proper Data Universal Numbering System (DUNS) number (<http://www.dnb.com>), tax identification number (TIN) and providing a Commercial and Government Entity (CAGE) Code with the submission. Offerors not

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providing this information by Step Two, Part B will be considered unresponsive and eliminated from further consideration.

d. The offeror will be selected based on a four-factor evaluation during Step Two of the solicitation process. In Step Two, the offeror will be evaluated on its project specific financial return, preliminary project concept statement, organizational capabilities (both on-site and off-site, including a detailed organizational chart and a description of operational, management, and financial controls), and small business utilization and plan (on-site). The details of the winning proposal will provide the baseline for negotiation of the LDMP. Step Two submissions will be made in an oral presentation format with written documentation. The oral presentation allows offerors, among other things, to explain and display how they satisfy the Step 2 evaluation factors. The offeror's written portion of the oral presentation should detail the information that is described and discussed during oral presentation period. The date, time, and location for the oral presentations will be provided to those firms within the highly qualified competitive group following the Step Two Amendment (see section 4.5.2).

4.4.1 Project Finance

a. The Army understands that rates of return differ based on a number of variables. For purposes of this solicitation, an industry standard range of fees for a typical project is provided at <http://www.pal.army.mil/pal> (not available for Draft RFP). These cited fees will not be considered in isolation and will in no way be a determinant of actual fees or fee structures negotiated during the LDMP. Provision of these fee guidelines is for informational purposes only. The fee and equity structure included in the offeror's submittal will form the starting point for negotiations during the LDMP collaboration phase and is expected to form the ceiling for LDMP discussion purposes. Both the dollar and percentage amounts of fees in the offeror's submittal will be considered in the LDMP collaboration phase.

b. Detail the proposed ownership structure (limited liability partnership, limited liability corporation, etc.). Identify why this structure is competitive and reasonable. Identify the firm's proposed fee structure and fee position, including incentive fees (if any), as well as any other sources of financial return to the principal member or investors that will be generated by the project.

c. Implementation of the Group A project consists of the following phases:

1) The Transition Period: The period from the signing of the LDMP until the actual start date of the partnership's business activities. The transition period is expected to last approximately two to four months.

2) The Initial Development Period: The period that commences when the managing partner accepts direct control of the conveyed Army assets and concludes when all initial renovation and new build objectives have been completed. This period is anticipated to last between two and five years.

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3) The Stabilized Operating Period: The period that commences at the completion of the initial development period and ends at the termination of the ground lease period (year 50).

d. Detail the proposed capital structure. Identify the anticipated sources of capital (debt and equity) that will be used to finance short and long-term project expenses. This should include the firm's plan for competing both the debt and underwriting during the initial development phase of the LDMP.

e. Submit a 50-year working pro forma analysis (Excel format with functional cell formula in place) depicting all renovation/construction budgets and 50-year operating cash flow. This pro forma will be a roll-up of the entire Group A portfolio. Include all implementation periods, all derived income, room rate(s) and/or per diem growth, and all other assumptions and limitations. Expected sources and uses of funds must be clearly explained in the pro forma. Projections should be stated in current year dollars and inflation assumptions should be detailed. In addition, provide a cash waterfall diagram, a summary of key assumptions with footnotes, and an accompanying explanation of the lock box accounts. A similar pro forma should be prepared for each of the eight installations in the Group A project as back-up for the Group A consolidated pro forma.

f. Provide the following information:

- 1) Define the initial development period for each installation (i.e., the period of time during which all lodging guestrooms on the installation to be retained by the partnership will be either replaced or renovated)
- 2) Identify the number of guestrooms proposed for each installation at the end of the initial development period
- 3) Identify the occupancy projections for each installation throughout the initial development period
- 4) Identify the consolidated Group A initial and stabilized occupancy rates
- 5) Identify the average room rate projection for each installation
- 6) Identify the proposed management and other fees throughout the 50-year operating period. **Detail how these fees are calculated.**
 - a) Base hotel management fee
 - b) Incentive hotel management fee
 - c) Corporate services fees (identify by type and amount, if any)
 - d) Franchise fees (if any)
- 7) Identify the expense ratio used for each of the following revenue and expense line items **in the first year of stabilized occupancy.**

a) Telephone revenue	POR
b) Telephone expense	% of Telephone revenue
c) Other Operated Department Revenue	% of Other Income
d) Rooms Department Expense	POR

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e) Administrative & General Expense	PAR
f) Marketing Expense	PAR
g) Franchise Expense (as applicable)	% to Room Revenue
h) Base Management Fee	% of Total Revenue
i) Property Operations and Maintenance	PAR
j) Utilities	PAR
k) Taxes (all applicable)	PAR
l) Building & Contents Insurance	PAR
m) Reserve For Replacements	% of Total Revenue

g. Discuss in detail the plan for expenditures on capital improvements during both the initial development period and stabilized operating period. Identify the life-cycle periods and budgeted amounts for the following: FF&E replacements; periodic major capital improvements; and complete replacement of older assets (currently existing assets that were renovated during the initial development period). Detail time required for new construction (replacement of existing assets), how capital improvement budgets are determined, and the capital improvement budget approval process.

h. Demonstrate that cash flows are sufficient to provide a suitable return to the development partner while insuring the continued improvement of transient lodging assets for the benefit of Soldiers and their families.

i. Describe the proposed methodology to measure customer satisfaction and any incentives provided to the management company for consistently delivering high levels of guest satisfaction.

j. Describe the methodology to measure maintenance excellence and any incentives provided to the management company for consistently delivering high levels of asset maintenance.

k. If applicable, describe proposed use of available MHPI authorities to include a discussion of how use of the authorities would affect the quality of improvements to transient lodging. **Note: The Army will not provide cash contributions or direct loans to the project.**

l. Describe the firm's strategy for financing the project on a long-term basis including anticipated costs, discussion of the risks and benefits of the structure, and why this strategy offers the best value to the government. Specifically, discuss the assumed placement and closing costs, the debt structure, the interest rate locking approach and associated risks, and the assumed interest rates included in the offeror's submittal. Identify the anticipated impact of changes in interest rates on the preliminary project concept. In addition, provide detail on the firm's approach to securing debt through a competitive process.

m. Provide a discussion of the firm's approach to balancing initial and out-year development expenditures, development scope and operations funding, financial return

and project risk. Include in this discussion a summary of the firm's approach to reinvestment and out-year development. Additionally, provide a summary of the relationship, if any, between the offeror's expected financial return and its approach to ensuring that the assets are preserved and high service levels are maintained over the life of the project. Any refinancing plans should be included in this discussion.

4.4.2 Preliminary Project Concept Statement

It is critical that the LDMP meets the needs of The Army. Specifically, the plan must provide for high-quality guestrooms for Soldiers and their families; room rates across the project must average 75 percent of local area lodging per diem rates for official travelers; all operated guestrooms must be renovated/constructed to acceptable quality levels within the initial development period (defined at 4.4.1(c)); all currently existing guestrooms that are retained by the partner (other than historic structures) must be replaced during the 50-year lease term; the plan must be responsive to concerns of installation stakeholders and the local community; and the plan must identify an effective long-term plan to provide quality management and maintenance of the portfolio. All existing lodging facilities are available for inclusion in the project. The offeror will determine which (if any) existing facilities will be retained throughout the lease term. If new construction is envisioned, existing facilities may be transferred to the partner on an interim basis. These facilities may then be returned to the installation for alternate use once new construction is complete if the partner has no desire to retain the facilities.

a. The offeror should provide a preliminary project concept statement, the purpose of which is to give The Army illustrative information about the offeror's overall vision, strategy, and approach to improving and/or maintaining the transient lodging at each of the eight installations included in the Group A project. The detailed LDMP, which is the lodging development and management plan for the project, will be negotiated and formalized during Phase 1 of the contract (section 1.1(i)).

b. In crafting the preliminary project concept statement, offerors should assume that their firm is selected as the developer for the project. Beginning from the time of selection, describe the transient lodging vision for the total project, addressing any installations-specific considerations or unique requirements as necessary. The preliminary project concept statement should also describe the approach to accomplishing the vision. The project concept statement should be described in terms of the following three activity periods:

- 1) The Transition Period: The period from the signing of the LDMP until the actual start date of the partnership's business activities. The transition period is expected to last approximately two to four months.
- 2) The Initial Development Period: The period that commences when the managing partner accepts direct control of the conveyed Army assets and concludes when all initial renovation and new build objectives have been completed. This period is anticipated to last between two and five years.

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3) The Stabilized Operating Period: The period that commences at the completion of the initial development period and ends at the termination of the ground lease period (year 50).

c. Include an assessment of Army transient lodging needs at the identified installations and how you propose to address those needs. The concept should include an analysis of existing lodging units and the strategy for creating quality accommodations. The concept statement should describe service standards, facility characteristics, and guestroom amenities. For each installation in Group A, describe proposed number of guestrooms by type (standard stay, extended stay, and extended stay family) and size (in square feet). Include a description of how quality operation, maintenance, and property management services will be ensured over the life of the project. The statement should consider elements of guest safety and satisfaction. It should also include items such as conceptual land-use plans and general descriptions of potential ancillary services. Detailed drawings, specifications, or other detailed technical information are not required as part of the preliminary project concept statement. However, schematics that help explain your vision may add value to your presentation.

d. Describe (as applicable) the incorporation of existing on-base community assets and design principles. Identify all sites selected for new construction. If ancillary supporting facilities are proposed, describe the general nature of these facilities/operations and how they support transient lodging / the installation. Detail potential impact (positive or negative) on the installation and/or the surrounding civilian communities.

e. The preliminary project concept statement should describe the approach to building a long-term working relationship with The Army and other community stakeholders. It should also summarize your methodology for successfully completing the LDMP planning process, and undertaking the ensuing development and management.

f. Provide a description and milestone schedule for opening and staffing, inclusive of all installation operations identified in the Group A project.

g. The preliminary project concept statement should include the general work plan for bringing the proposed number of guestrooms at each Group A installation to an adequate condition during the initial development period (two - five years from the date of transfer of operations). Indicate methodology to ensure this milestone is reached and that the identified project scope is maintained.

4.4.3 Organizational Capabilities (On-Site, Project Specific)

Provide basic background information on key personnel to be assigned to the LDMP development and implementation process and their anticipated roles throughout all phases of the required work effort. Key personnel are those who are considered critical to the accomplishment of the required services. For each key person identified, submit a

one-page resume that, at a minimum, describes the key person's duties and responsibilities, his/her education, knowledge, skills, expertise, and other qualifications relevant to the accomplishment of the project. Your response should include an organization chart that depicts the relationship between the key people, specifying which personnel will be dedicated full-time during the LDMP development, transition, and implementation. Also, as an attachment, indicate the extent to which key personnel have previously worked together on similar projects. Include participants from the development entity and the hotel management company.

4.4.4 Small Business Utilization Plan (On-Site, Project Specific)

Provide your plan for how much (either in dollars or as a percentage) of the project's subcontracted cost will be allocated to small business concerns (See 4.3.5 b.). Detail your plan and schedule for conducting small business outreach events. Describe your method of fulfilling your commitment to small business for this project.

4.5 Evaluation Process

The Army will establish an evaluation team to review responses to this RFQ in order to select the awardee for the Group A project. The evaluation team will include Army executives and other Government personnel and will seek advice from consultants with specific expertise in large-scale hotel development, historic preservation projects, environmental issues, financing, operations, and management services. An initial review will be conducted to ascertain whether offerors have met the MERs as outlined in the solicitation. Those offerors who have met the MERs will be further evaluated on their SOQ response (Step One, Part B) in order to establish a highly qualified competitive group. Additional communication with prospective offerors, as well as independent background analyses, may be conducted at the discretion of the Contracting Officer. References identified by prospective offerors in their submissions and other third parties may also be contacted.

4.5.1 Highly Qualified Competitive Group Based on Initial Submissions (Step One)

The Army intends to evaluate submissions received in response to this RFQ without providing prospective offerors the opportunity to revise their submissions during Step One (Parts A and B). Consequently, the offeror's initial submission should contain all information that the offeror thinks is needed to demonstrate to The Army that the offeror is qualified to advance to Step Two. While the government does not intend to meet with offerors to encourage revisions to their submissions, The Army may contact offerors to clarify certain aspects of their submission or to correct clerical errors. As an example, The Army may contact an offeror to clarify the scope of the offeror's involvement in a past development project. The number of firms included in the highly qualified competitive group may be limited in order to make the evaluation process as efficient as possible. Additional details concerning the highly qualified competitive group and its formation may be found in Appendix E.

4.5.2 Award Based on Oral Presentation (Step Two)

- a. The Army intends to select the awardee for the PAL Group A project following oral presentations. Offerors in the highly qualified competitive group will be notified in order to properly arrange for their oral presentations. Offerors electing to compete for this project shall notify the Contract Specialist of their intent to participate according to the instructions provided in the notice inviting them to participate. Each offeror choosing to participate will then be assigned one presentation date within a number of consecutive available dates. The order of appearance will be selected on a random basis. Offerors within the highly qualified competitive group agree to hold their proposals open for one year (365 calendar days) from the date of closing for receipt of their Step One proposal in the event issuance of Step Two is delayed.
- b. Absent specific instructions in the Army notification identified in Paragraph a. above, notice of intent to participate in Step Two shall be delivered electronically to Mark.Piedmonte@hqda.army.mil and identify this solicitation by number.
- c. During Step Two, each offeror will be allowed a maximum of six (6) hours to make an oral presentation, which will be recorded on videotape. One copy of the videotape will be provided to the offeror. Offerors will be given approximately 60 days to prepare for their oral presentation.
- d. Submissions failing to arrive by the established deadline will be disqualified and not evaluated as outlined in Appendix E, FAR Clause 52.212-1. Refer to Section 4.1.1 for Submission instructions.
- e. Offerors will have 72 hours after the conclusion of the oral presentation to submit further clarifications and responses to questions, not to exceed 25 pages, to the contract specialist listed in section 4.1.1 (g) of this RFQ. This final submittal document must be signed by the offeror's principal members and be submitted in a clearly identified original hardcopy version (plus five copies), and provided electronically on compact disk (CD). Blank tab pages do not count toward the 25-page count. Submissions shall be in Microsoft Word format, 12-point type in the Arial font, except that tables, charts and 3rd party documentation may be in any format, type and size font.

4.5.3 Source Selection Decision.

At the conclusion of the oral presentation (as described above) and subsequent evaluation, the evaluation team will present its consensus evaluation of all offerors through the Contracting Officer to the Source Selection Advisory Committee (SSAC). The SSAC shall review the evaluation team's analysis and make a comparative assessment of proposals against all source selection criteria in the solicitation. The report of the SSAC shall be briefed to the Source Selection Authority (SSA) who will make the final analysis resulting in an award recommendation. While the SSA may use reports and analyses prepared by others, the source selection decision will represent

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the SSA's independent judgment. Upon receipt of the SSA's decision, the Contracting Officer will make the award.

4.6 Evaluation Factors

- a. The Evaluation Team will use five factors to evaluate the information provided in response to this RFQ for Step One, Part B. These factors are listed in descending order of importance: (1) Experience, (2) Financial Capability, (3) Organizational Capability (Corporate Level), (4) Past Performance, and (5) Small Business Concerns as Subcontractors (General History).
- b. The Evaluation Team will use four factors to evaluate the information provided in response to this RFQ For Step Two. These factors are listed in descending order of importance: (1) Project Finance (2) Preliminary Project Concept (3) Organizational Capabilities (On Site, Project Specific) (4) Small Business Utilization Plan (On Site, Project Specific)
- c. The assessment of Past Performance will be used in making the "Best Value" selection. Past Performance enables The Army to better predict the quality of, and customer satisfaction with, future work. The developer in this initiative must deliver the same high quality of service to The Army as it delivers to its best private sector customers. The emphasis placed on past performance demonstrates The Army's commitment to select the offeror that will accomplish, at a minimum, what was presented in the RFQ response and negotiated during the LDMP for the entire term of the project. Accordingly, offerors will be required to submit project past performance information as stated in Section 4.3.4.
- d. The Past Performance Questionnaire (Appendix C) will be used by the Evaluation Team to obtain customer input on the projects submitted and this information will be consolidated into an overall Past Performance rating. The evaluation team may consider information about other projects performed by offerors and identified through any and all means, including but not limited to customer surveys and comments from Government agencies.
- e. The elements and questions for each factor will be evaluated comprehensively to determine an overall rating for that factor, which will be used to analyze the offeror's ability to plan and implement the project.
- f. Each individual evaluation factor will be rated as indicated below. The evaluators will assign one of the following ratings to each factor:
 - 1) Exceptional Plus (E+): The offeror has addressed substantially all of the elements in this factor in a manner that demonstrates superior added value above a satisfactory response for substantially all of the elements.

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- 2) Exceptional (E): The offeror has addressed many of the elements of this factor in a manner that demonstrates superior added value above a satisfactory response and has addressed substantially all of the remaining elements in this factor in a manner that demonstrates high added value above a satisfactory response.
- 3) Exceptional (E-): The offeror has addressed some of the elements of this factor in a manner that demonstrates superior added value above a satisfactory response, has addressed many of the elements in this factor in a manner that demonstrates high added value above a satisfactory response and has addressed substantially all of the remaining elements in this factor in a manner that demonstrates a satisfactory response.
- 4) Acceptable Plus (A+): The offeror has addressed many of the elements in this factor in a manner that demonstrates some added value above a satisfactory response and has addressed substantially all of the remaining elements in this factor in a manner that demonstrates a satisfactory response.
- 5) Acceptable (A): The offeror has addressed substantially all of the elements in this factor in a satisfactory manner.
- 6) Acceptable (A-): The offeror has addressed many of the elements in this factor in a satisfactory manner and has addressed substantially all of the remaining elements in this factor in a marginal manner.
- 7) Unacceptable (U): The offeror has failed to address substantially all of the elements of this factor in a satisfactory manner or has simply failed to address substantially all of the elements in this factor.
- 8) Neutral: This rating will only be used to evaluate an offeror in the past performance evaluation factor (4.3.4). The offeror did not have a sufficient history that could be evaluated in a level of detail that allowed the evaluation team to draw a conclusion about the offeror's past performance.

g. In addition, the evaluators will assign an overall rating to each proposal as indicated below:

- 1) Exceptional Plus (E+): The offeror has addressed substantially all of the factors in a manner that demonstrates superior added value above a satisfactory response.
- 2) Exceptional (E): The offeror has addressed many of the factors in a manner that demonstrates superior added value above a satisfactory

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response and has addressed substantially all of the remaining factors in a manner that demonstrates high added value above a satisfactory response.

- 3) Exceptional (E-): The offeror has addressed some of the factors in a manner that demonstrates superior added value above a satisfactory response, has addressed many of the factors in a manner that demonstrates high added value above a satisfactory response and has addressed substantially all of the remaining factors in a manner that demonstrates a satisfactory response.
- 4) Acceptable Plus (A+): The offeror has addressed many of the factors in a manner that demonstrates some added value above a satisfactory response and has addressed substantially all of the remaining factors in a manner that demonstrates a satisfactory response.
- 5) Acceptable (A): The offeror has addressed substantially all of the factors in a satisfactory manner.
- 6) Acceptable (A-): The offeror has addressed many of the factors in a satisfactory manner and has addressed substantially all of the remaining factors in a marginal manner.
- 7) Unacceptable (U): The offeror has failed to address substantially all of the factors in a satisfactory manner or has simply failed to address substantially all of the factors.

h. The evaluators will use the rating of each evaluation factor to determine a composite rating for the submission. The evaluation team chairperson will prepare the evaluation team consensus report based on the details of the individual reports, recording dissenting votes as a minority opinion. The evaluation team consensus report shall deal specifically with the facts of each offeror's submission. It will not include a recommendation as to the offeror who shall receive award, nor a rank order or order of merit list of those offerors being evaluated. The SSEB will present its consensus evaluation of all offerors through the Contracting Officer to the SSAC. The SSAC shall review the SSEB analysis and make a comparative assessment of proposals against all source selection criteria in the solicitation. The assessment of the SSAC shall be briefed to the SSA who will make the final analysis resulting in a recommendation to award. While the SSA may use reports and analyses prepared by the others, the source selection decision for selection of the contractor will represent the SSA's independent judgment. The SSA will select the primary and secondary offers that provide the best value to the Government.

i. In addition to the adjectival ratings above, a risk rating will be assigned to the overall proposal. The purpose of this rating is to assess the level of risk associated

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with selecting the contractor to perform Phase 1, Project Planning and Phase 2, Project Implementation.

j. The evaluators will assign one of the following risk ratings to the offerors' submittal:

- 1) Low Risk: Any weaknesses identified by the evaluators in the experience, approach, capabilities, and/or past performance record of the developer that have little potential to cause disruption to the planning and implementation phases. Normal contractor/government effort and monitoring will probably minimize any difficulties.
- 2) Moderate Risk: There are weaknesses identified by the evaluators in the experience, approach, capabilities, and/or past performance record of the offeror that can potentially cause disruption to the planning and implementation phases. Special contractor/government emphasis and close monitoring will probably minimize any difficulties.
- 3) High Risk: There are weaknesses identified by the evaluators in the experience, approach, capabilities, and/or past performance record of the developer that have the potential to cause significant disruption to the planning and implementation phases even with special contractor/government emphasis and close monitoring.

k. The evaluators will document the weaknesses and their potential impact on disruption to the planning and implementation phases of the project to justify the contractor selection rating.

STEP ONE EVALUATION

4.6.1 Experience

a. For firms that meet the minimum experience requirements, the following questions and elements will aid the Evaluation Team in evaluating the experience factor.

Does the offeror possess the experience necessary to plan, design, finance, partner, and implement projects such as that identified in this solicitation?

- 1) To what extent has the offeror demonstrated through experience the ability to plan, develop, redevelop, manage, and maintain large-scale real estate projects, including providing for their construction, financing, environmental management, and long-term operation, as well as recognizing and mitigating environmental conditions? Projects identified may be either commercial or residential real estate developments, although commercial real estate project experience is

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preferred. Within the commercial real estate development sector, hotel development projects are preferred.

2) To what extent has the offeror demonstrated through experience the ability to address environmental and historic property treatment issues and conform to restrictions and guidelines for the environmental remediation and preservation of these property types?

3) To what extent has the offeror demonstrated the ability through experience to renovate hotel or similar units while units in another portion of the same development project are occupied?

4) To what extent has the offeror demonstrated through experience the ability to serve as a contractor and partner in working with the federal government, state or local governments, or non-profit institutions?

5) To what extent has the offeror demonstrated through experience, and in relation to its approach to managing projects, the ability to work successfully in cooperation with other business entities or organizations on complex projects requiring long-term real estate operation, maintenance, and property management?

b. This last factor element evaluates the extent to which a single-firm offeror has worked with other organizations (e.g., subcontractors, financial institutions) on projects requiring long-term real estate operation, maintenance, and property management functions. In the case of a joint venture, this last factor element also evaluates the extent to which the joint venture's principal members have experience working together or with other organizations on joint venture projects or similar business relationships.

4.6.2 Financial Capabilities

The following questions and elements will aid the Evaluation Team while evaluating the Financial Capabilities factor.

Can the offeror structure, arrange, and manage the financing required for the successful development and long-term operation of a large, complex residential project?

Does the offeror possess the financial capability, bonding capacity, and institutional relationships necessary to obtain financing for a project of this size and scope and to endure temporary or near-term cash flow shortfalls?

4.6.3 Organizational Capabilities (Corporate Level)

a. The following questions and elements will aid the Evaluation Team in evaluating the organizational capabilities factor.

To what extent can the offeror field a qualified, experienced project team with the expertise and workload capacity necessary to manage all of the disciplines required to plan, develop, redevelop, manage, and maintain a large-scale, long-term, quality lodging development project?

- 1) Does the offeror possess the organizational capability to field a team that possesses the skills necessary to make the LDMP creation process successful. Some of these disciplines include business planning, master planning, financing, public approvals, community and governmental relations, construction, environmental management, marketing, sales, historic preservation (architecture, landscape, and archeology) and long-term property management and maintenance.
- 2) Does the offeror present an organizational structure that allows for successful oversight and creation of an LDMP?
- 3) Does the offeror successfully demonstrate the workload capacity to incorporate the proposed PAL project into their current and planned business operations?

b. This factor considers the prospective offeror's ability to manage and integrate various functional disciplines relevant to the successful planning of the project. In the case of joint ventures, this factor evaluates the organizational capabilities of each member of the joint venture in their assigned areas of responsibility (see Section 4.3.3) and any previous or current third-party certification of such ability. Resumes for individual personnel are not required until Step Two.

4.6.4 Past Performance

The following questions and elements will aid the Evaluation Team in evaluating the past performance factor.

How acceptable is the offeror's risk of non-performance or poor performance in either crafting or implementing the LDMP for the project, based on past performance?

- 1) The Army's evaluation of past performance will be based on information provided by the prospective offeror as required in Section 4.3.4, as well as on independent background analyses. The Past Performance Questionnaire (Appendix C) will be used by the evaluation team to obtain customer input on the projects submitted, and this information will be consolidated into an overall performance rating. References identified in the submission, and by third parties, may be contacted as part of this evaluation. The Army's analysis of the offeror's past performance will take into account the currency and relevancy of

information examined, the context of the data, and general trends in the offeror's performance.

2) Consistent with Section 4.3.4, the past performance for a joint venture will consider both the joint ventures' past performance as well as that of its principal members. Offerors and principal members in a joint venture that lack a past performance history will be given a neutral past performance evaluation.

4.6.5. Small Business Utilization (General History)

The following questions and elements will aid the Evaluation Team in evaluating the Small Business Utilization (General History) factor.

**How has the offeror used small businesses in past projects?
Does the offeror have proactive policies with regard to the use of small businesses and can the offeror demonstrate that small business utilization has been emphasized, even when not required by the government?**

This factor considers the participation of small businesses in the offeror's past and current projects. Evaluation include type of work subcontracted to small businesses, percentage of the dollar amount of work that was subcontracted to small businesses per project compared to the overall cost of the project, goals for small business utilization and if those goals were met (by what percentage), etc. In the case of a joint venture, information on the use of small businesses on past/current projects should be provided separately for each principal member.

STEP TWO EVALUATION

4.6.6 Project Finance

a. The following questions and elements will aid the Evaluation team in evaluating the financial factor.

How and to what extent will the offeror's expected capital structure and financial return (taking into account the proposed ownership structure, reinvestment plan, etc.) support the proposed preliminary project concept, promote improvement in the quality of transient lodging at the identified installations, and enhance the quality of life for traveling Soldiers and families?

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- 1) Does the offeror's proposed approach to generating a financial return provide incentives to reward good service and high-quality maintenance over the life of the project?
- 2) Does the offeror outline a plan for securing the most efficient debt [lowest cost debt with the most flexible terms], through a competitive process? Does the offeror identify the risks and benefits of the overall capital structure, including a plan to mitigate any potential risk?
- 3) Does the offeror's pro forma financial model accurately reflect the project concept and financial plan outlined in the proposal? Does the offeror demonstrate an ability to integrate the financing, development and operations plans?
- 4) Does the offeror demonstrate an understanding of the opportunities for and limitations on the revenue and expenses associated with the project?
- 5) Does the offeror identify appropriate levels of equity and detail sources?
- 6) Does the offeror have a viable strategy for financing the project on a long-term basis, and is the strategy supported by the offeror's identified capabilities?
- 7) Does the offeror identify viable sources of equity to be used in the project and for the duration of this equity investment?
- 8) (As applicable) Does the offeror demonstrate an understanding of the MHPI authorities? Does the offeror adequately and accurately explain the use of MHPI authorities?

b. The effect of implementing an offeror's concept under OMB scoring rules will be taken into account by The Army and will affect offeror evaluations. However, cost or price will not be the primary determinant of contractor selection.

4.6.7 Preliminary Project Concept Statement

This factor considers the prospective offeror's overall project concept for long-term development, operation, maintenance, and property management, as well as the offeror's creativity in meeting The Army's objectives. The following questions and elements will aid the evaluation team in evaluating the Preliminary Project Concept factor.

Has the offeror provided a creative, robust vision that can realistically meet The Army's transient lodging needs?

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- 1) Does the prospective offeror understand The Army's goals and needs as identified in Section 1.1 of this solicitation?
- 2) Is the offeror's approach to the project, including its plan for reinvestment and its plan for providing quality long-term operation, maintenance, and property management, practical and likely to succeed from a long-term business and financial standpoint?
- 3) Does the offeror's approach adequately consider installation information, including the vision and goals for the PAL Project as summarized in Sections 1.1, 2.1.1 and the Appendices?
- 4) Do all ancillary supporting facilities proposed as part of the overall project concept relate to and support transient accommodations? To what extent are proposed ancillary supporting facilities incorporated into an overall development vision that seeks to complement (and not compete with) business operations in the local community or on-post operations such as those run by MWR activities and organizations such as AAFES or DeCA (see Section 2.1.1)?

4.6.8 Organizational Capabilities (On-Site, Installation Specific)

a. The following questions and elements will aid the evaluation team in evaluating the organizational capabilities (On-Site, Project Specific) factor.

To what extent can the offeror field a qualified, experienced project team with the expertise and workload capacity necessary to manage all of the disciplines required to develop, redevelop, manage, and maintain a large-scale, long-term, quality transient lodging project spanning eight separate installations located in five different states?

- 1) Does the offeror possess the organizational capability to field a team that possesses the skills necessary to make the LDMP creation process successful, to cover all of the disciplines required to successfully implement the LDMP over the long-term, and to maintain high standards of development, redevelopment, service and operations? Some of these disciplines include: public approvals, community and governmental relations, construction, environmental management, seismic mitigation, marketing, sales, historic preservation (architecture, landscape, and archeology) and long-term property management and maintenance.
- 2) Does the offeror successfully demonstrate the long-term workload capacity to implement the proposed PAL project?
- 3) Does the offeror propose that a professional, nationally recognized hotel management company manage the portfolio? Will the management company provide services as an at-risk member of the offeror or will management be

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provided on a contractual basis? Does the proposed management company have experience operating in multiple state jurisdictions and does it effectively operate the type of hotels that are likely to be developed on Army installations?

c. This factor considers the offeror's ability to manage and integrate various functional disciplines relevant to the successful implementation of the project. Offeror's should address their joint venture's workload and bonding capacity and how they would successfully incorporate award of this project into their other business operations. In the case of joint ventures, this factor evaluates the organizational capabilities of each member of the joint venture in their assigned areas of responsibility (see Section 4.4.3) and any previous or current third-party certification of such ability. One-page resumes for individual personnel who have been identified as key participants in this project should be included in the hard copy submission but will not count against the page limit.

4.6.9 Small Business Utilization Plan (On Site, Project Specific)

The following questions and elements will aid the evaluation team in evaluating the Small Business Utilization factor.

How will the offeror use small businesses for this project?

It is Army policy to ensure that small businesses have the maximum practicable subcontracting opportunity to participate during Phase 2 (implementation of the LDMP). This factor considers the offeror's plan (i.e., illustrative list of work areas) for utilization of small businesses during Phase 2 of this project, as well as percentage of work or dollars that will be subcontracted to small businesses.

5.0 ADVISORS

Representatives from Jones Lang LaSalle and Group Seven Associates, LLC have been retained to assist The Army in planning and implementing the PAL program. This entity and their subcontractors are precluded from working with prospective offerors on their submissions for PAL Projects.

6.0 ADDITIONAL TERMS AND CONDITIONS

Prospective offerors interested in pursuing this opportunity should also review the provisions set forth in Appendix D of this document and include with their submissions the requested representations and certifications. Depending on the specific terms of the LDMP, the selected contractor may be required to comply with other applicable public laws and regulations as a condition of proceeding with implementation. Clauses

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required to implement the LDMP will be added or deleted by The Army as appropriate. A glossary of terms, Appendix H, is provided to assist in the preparation of your submissions.

7.0 SOLICITATION, OFFER, AND AWARD

The Army will treat all submissions received in response to this RFQ as offers. If an offer is accepted by The Army, the undersigned agrees to perform all work required in the Work Statement for the project (Section 2.0) and to comply with all other provisions of the solicitation, including all clauses incorporated by reference (see Appendix E). The undersigned further warrants that, to the best of its knowledge and belief, all information provided in their submission is accurate and may be relied on by The Army for the purposes of selecting a contractor for contract award. Prior to acceptance, the respondent may withdraw its submission. However, unless withdrawn by written notice, the offeror agrees to leave its offer open and capable of being accepted by the government for 12 months (365 calendar days) from the date of LDMP contract award (see Section 2.1.4). The offeror understands that the details of the winning submissions will be the baseline for negotiation of the LDMP with The Army.

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Solicitation W912DR-04-R-0082

[Department of The Army]

Name _____ Title _____
(Print or Type)

By: _____ Date signed _____
(Signature of person authorized to sign on behalf of the U.S. Army)

Offeror

Name _____ Title _____
(Print or Type)

Firm Name _____

By: _____ Date signed: _____
(Signature of person authorized to sign on behalf of the offeror)