

NOTICE TO PARTIES INTERESTED IN THE PRIVATIZATION OF ARMY
LODGING (PAL)
SOLICITATION NO. W912DR-04-R-0082

The Army intends to privatize Army lodging at selected installations using a Request for Qualifications (RFQ) solicitation process. The Army will employ the RFQ process to identify the best value partner who will, in collaboration with the Army, create a Lodging Development and Management Plan (LDMP) that applies to the lodging assets at the select installations. It is the Army's intent to implement the LDMP with the best value partner subject to satisfaction of certain milestones and hurdles identified in the RFQ. The intent of this Draft RFQ is to obtain feedback and input from industry to the Army's acquisition approach for the Privatization of Army Lodging (PAL) Group A Project. The Army seeks input from industry before the RFQ is finalized to assess whether the selection process, the information sought in the solicitation and the evaluation process will enable selection of the best possible partner for this potential long-term relationship. Privatization seeks to apply the best practices of the private sector to achieve improved Army lodging. The questions and focus areas below are of specific concern to the Army. However, the Army encourages respondents to communicate any compliments, criticisms or suggestions about the entire selection process.

Statement of Qualifications: The RFQ uses a Two Step process where prospective offerors initially respond with information that allows the Army to assess their overall qualifications. Offerors submit a Statement of Qualifications (SOQ) which is intended to provide the Army with an opportunity to learn significant detail regarding all principal members of the prospective offeror. Is the intent of this section clear? Is it clear that one or more companies may elect to compete as a team and that each principal member does not have to singularly meet all qualification requirements, but rather that collectively the team may qualify by the sum of the experience contributed by each of the team members? Identify and explain what elements of the SOQ and the Army's evaluation of the SOQ do not promote a useful understanding of the qualifications of an excellent privatization partner. Identify and explain what additional information the Army should request in the SOQ to better focus on the pertinent qualifications.

Debt Structure: The Army believes that debt will be a necessary part of the project financing. The Army expects to compete the debt financing of the project jointly with the successful awardee to achieve the lowest cost debt. The desired result is likened to a public debt and bond offering. The Army believes there are several economies to structuring the debt in this manner. At the same time the Army is seeking private sector expertise as to how the offeror would propose to structure the debt. Has the Army been sufficiently clear that each offeror is required to present debt formation strategies in its response to the RFQ?

Business Structure: The Army intends to pursue a business relationship that is likely to involve a development and or hotel management company. The business structure currently favored by the Army is a Limited Liability Company (LLC) or a Limited Liability Partnership (LLP) wherein the Army is a limited liability partner and the

developing entity is the managing member or general partner of the business relationship. As a prospective PAL program participant, would this concept meet your business needs, or are there alternative solutions for The Army to consider?

Due Diligence: The Army has put forth a significant effort to aggregate data it believes will be of assistance to the due diligence efforts of prospective offerors. The Army wants a project proposal made on the basis of the offeror's self-generated research and due diligence efforts. Is it clear that the Army is providing data only as a convenience to interested program participants?

Timeline: The Army believes that the list of "highly qualified" offerors will be identified after evaluating both the Minimum Experience Requirements (MERS) and Statement of Qualifications (SOQs). It is anticipated this short-list of "highly qualified" offerors will be provided sixty - (60) days in order to prepare for the oral presentations. Is this sufficient time for offerors to access each of the eight installations, perform market analysis, develop program recommendations, and complete financial projections that will span the 50-year business relationship? If this is not a sufficient length of time for due diligence, identify and explain the proper number of days necessary to complete tasks necessary to prepare for oral presentations.

Specific Comments: The Army is encouraging you to comment and offer recommendations on all aspects of this draft of the RFQ. The Army will carefully examine all comments for the potential value to this selection process. The Army also requests that respondents indicate whether, following review of this draft RFQ, they are (or are not) inclined to propose on the actual RFQ when it is issued and explain the reason for that conclusion. Comments, questions, and recommendations should be forwarded via email to Mark Piedmonte, Contract Specialist, mark.piedmonte@hqda.army.mil.