

**[CPA MEMORANDUM CIRCULAR NO. 05-2002,
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2002]**

**REVISED GUIDELINES IN THE LEASING OF CPA REAL ESTATE
PROPERTIES & EQUIPMENT**

Pursuant to the pertinent provisions of RA 7621 and CPA Board Resolution No. 047-2002 adopted during the 2nd Special Meeting of the 3rd Cebu Port Commission held on 19 September 2002, and in the interest of maximizing the use of the CPA port real estate properties the following Revised Guidelines in the Leasing of CPA Real Properties and Equipment is hereby prescribed for the guidance of all concerned:

SECTION 1. *Declaration of Policies* — It is hereby the declared policy of the CPA that:

1.1 In the leasing out of its real estate properties and equipment, priorities shall be given to port related activities or to companies engaged mainly in port-related businesses, as follows:

1.1.1 Traditional maritime and primary port services, such as but not limited to, cargo handling services, storage, ro-ro and reefer service, passenger terminal services, shipping, and portage services;

1.1.2 Direct maritime/port operations support services, such as but not limited to, warehousing, cargo consolidation, handling, trucking, and brokerage;

1.1.3 Indirect maritime/port operations support services, such as but not limited to, fuel stations, canteens, and banks.

1.2 Operational areas may be leased only if all of the following are present:

1.2.1 When the purpose of the lease is for traditional maritime and primary port services as stated in par. 1.1.1 above;

1.2.3 Where the Authority will derive more benefit in terms of payment of rental or fees;

In the lease of operational areas, the lessee shall engage the services of a duly licensed cargo handling operator in the area.

1.3 Shipping Companies and cargo handling operators maybe allowed, subject to the issuance of Permit to Occupy (PTO) to occupy an area of not more than 50 sq.m. per PTO without rental upon approval of

the General Manager, for their operational use such as but not limited to temporary shelter of the passengers, clinic, checkers booth and canteen if operated by the portworkers' cooperative subject to the following conditions:

1.3.1 The structure to be put up shall be movable/not permanent in nature

1.3.2 The structures shall be for the safety and convenience of the port users

1.3.3 Where there are no alternative facilities offered by CPA

1.4 As a general rule, lease contracts/permits to occupy shall be on a year-to-year basis.

1.5 Medium term leases (2-5 years) and long-term leases may be granted subject to the approval of the Cebu Port Commission.

1.6 Rental charges or pricing shall take into consideration the current market prices of similar properties in the city and other nearby areas;

1.7 There shall be minimal leasing of areas or spaces for advertisement billboards and the like and the same shall take into consideration both safety and aesthetic factors. Management shall determine the specific areas where these billboards may be allowed to be installed.

1.8 Government offices performing functions directly related to port operations may be allowed to lease or occupy CPA premises without payment of rental but subject to terms and conditions as may be imposed by the Authority and approved by the Cebu Port Commission.

SECTION 2. Basic Conditions — Lease contracts/permits to occupy shall contain the following basic terms and conditions:

2.1 Late payments of rental dues shall be subject to interest charges of 1% per month, and to penalty charges of 1% per month;

2.2 The lessee shall be required to post a security deposit as follows:

2.2.1 For leases of CPA equipment:

Upon execution of contract, the lessee shall post a security deposit in cash equivalent to three (3) months deposit and one (1) month advance rental.

2.2.2 For leases of CPA owned buildings and structures:

Upon execution of contract, the lessee shall post a security deposit in cash equivalent to two (2) months deposit and one (1) month advance rental

2.2.3 For leases of open space or open storage areas:

Upon execution of contract, the lessee shall post a security deposit in cash equivalent one (1) month deposit and