

**[CPA MEMORANDUM CIRCULAR NO. 02-99,
January 13, 1999]**

POLICY AND GUIDELINES IN THE LEASING OF CPA REAL ESTATE PROPERTIES

Pursuant to the pertinent provisions of RA 7621 and CPA Board Resolution No. 41-99, in the interest of maximizing the use of CPA port real estate in the Port of Cebu, the following policy and guidelines in the leasing of CPA Real Estate Properties are 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, priority 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 portorage services;

1.1.2. direct maritime/port operations support services, such as but not limited to, warehousing, cargo consolidation, chandling, 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 (for any term) 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;

1.2.2. where port services will be enhanced thereby;

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

1.4 Medium-term leases (2-5 years) and long-term leases (6-15 years) shall be

subjected to public bidding, where any of the following instances are present:

1.4.1 when the area involved is operational in nature;

1.4.2 when the area involved is more than 1,000 sq. meters;

1.4.3 when the minimum rental involves an amount of at least P50,000 per month;

1.4.4 when there is more than one applicant for a particular area or lot;

1.5 lease of open spaces or properties used as passenger terminal by shipping companies shall, in addition to the rental, be charged at least 20% of the terminal/service fee collected for every passenger or user thereof or Two Pesos (P2.00), whichever is higher, whether such terminal/service fee is collected separately or otherwise by the terminal operator. Where no terminal/service fee is collected, a minimum of two pesos (P2.00) per passenger or user shall nevertheless be charged on the terminal operator in addition to the rental.

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 put.

1.8 only government officer performing functions directly related to port operations may be allowed to lease or occupy CPA premises and they shall be charged 50% of the applicable rental.

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 before occupying the leased area, the lessee must make an advance rental for two (2) months and for one (1) month deposit;

2.3 all rental rates shall be subject to increase at the rate of not less than 15% of the annual rental;

2.4 the lessee shall not, without the written consent of CPA, sublease or assign in whole or in part the property under lease;

2.5 the lessee shall be responsible for the maintenance and upkeep of the leased premises;

2.6 the lessee shall not store flammable or hazardous materials within the leased premises;

2.7 the lessee shall not engage in illegal or unlawful activities within the leased