

# News Release

Contact: Michael Henderson  
Marketing Communications Administrator  
Phone: (671) 477-5931 ext. 315  
e-mail: [pag4@netpci.com](mailto:pag4@netpci.com)

**FOR IMMEDIATE RELEASE**

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## **PORT BOARD APPROVES ISSUANCE OF PRIVATIZATION RFP**

The Board of Directors of the Port Authority of Guam today approved the issuance of a Request For Proposals for the privatization of its cargo terminal operations. The RFP will be issued Wednesday and will remain open for responses for 60 days.

The Port was directed to privatize the cargo terminal operations when Public Law 27-60 lapsed into law without the Governor's signature in December 2003. Following the implementation of the law, the Port entered into a contract with Mercator Transportation Group in August of 2004 to develop the RFP and help with the awarding of the privatization contract.

After the issuance of the RFP, prospective responders will have 60 days to submit a proposal. The Port will review the proposals for another 30 days and will begin negotiations with the highest ranked offeror. That process is expected to take another 30 days. Once an agreement is reached, the contract will be submitted to the Governor's Office for submittal to the Legislature. Under Public Law 27-60, the Legislature must approve the contract within 60 days after they receive it or it will be considered disapproved. The Port expects the whole process to be completed by the end of December of this year.

Under the Public Law, the contract with a Terminal Operator must be for a period not less than five (5) years and not more than twenty (20) years, with options to renew. The contract will be for the terminal operations, maintenance and the lease of the land known as the Commercial Port Area, as well the existing buildings, and operational machinery, vehicles, tools and equipment with the permit to operate the same as a common user port. All prospective offerors must have a minimum of 5 years experience as a Terminal Operator.

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**Privatization News Release**

**April 1, 2005**

**Page 2**

The successful operator must provide an employee Arrangement Plan in which all public Port employees will remain Government employees until they separate from public service and will retain all of their Civil Service protections. The employees will also have the right of first refusal as positions open under the Terminal Operator.

The successful operator will also be required to develop a plan for primary cargo handling equipment replacement and/or upgrade. They must also develop a Financial Plan for the seaport to increase efficiency resulting in the reduction of the port tariff charges or the abatement of port tariff increases, all in line with Public Law 27-60.

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