



PANAMA CANAL NEWS

September 2009

ACP awards largest expansion contract

In July, the Panama Canal Authority (ACP) marked an important Expansion Program milestone with the awarding of the contract for the design and construction of the new set of locks to *Grupo Unidos por el Canal*. The consortium, formed by Sacyr Vallehermoso, S.A. from Spain; Impregilo S.p.A. from Italy; Jan de Nul from Belgium; and Constructora Urbana, S.A. (CUSA) from Panama, obtained the highest combined technical and price proposal scores among the pre-qualified consortia that submitted bids for the project. Moreover, the base price of US\$3,118,880,001.00 offered by *Grupo Unidos por el Canal* did not exceed the ACP's owner's allocated price of US\$3,481,000,000.00. This contract represents the largest and most critical in the US\$5.25 billion Expansion Program.

The ACP issued a Notice to Commence work on the project August 18 after receipt of the consortium's US\$400 million performance bond and US\$50 million payment bond. Based on the date of the Notice to Commence, the consortium has 1,883 days to complete the job.



The Canal's expansion continues to move ahead on time and on budget.

A fair, rigorous and transparent contracting process

The ACP conducted an airtight process for the selection of the contractor for the design and construction of the new locks, setting a new standard in contracting fairness, rigorousness and transparency.

The timeline, which started August 2007, included the pre-qualification of potential bidders, numerous meetings with the pre-qualified consortia to clarify and improve contract requirements and visits to the construction site. On March 3, 2009 – the date of receipt of the proposals – three of the four pre-qualified consortia submitted price and technical proposals. The envelopes containing the price proposals, including the ACP's price proposal, were signed by the Notary Public, the ACP's Contracting Officer, and the ACP's Inspector General. These envelopes then were placed in a box and secured in the vault of the *Banco Nacional de Panama*, where they remained unopened until the technical evaluation was complete.

In accordance with the ACP's acquisition regulations, a Technical Evaluation Board (TEB), formed by 15 ACP engineers from a wide array of fields of expertise, was designated to evaluate the technical proposals. The TEB reviewed, analyzed, and scored the different technical aspects of the proposals. To support the task assigned to the TEB, a group of more than 50 ACP and international experts was summoned to provide technical advice.

Everyone involved in the process signed confidentiality agreements and conflict of interest disclosure documents. External auditor, Deloitte, reviewed the entire evaluation process. On July 8, 2009 a second public ceremony was held during which the Contracting Officer disclosed the consortia's technical scores and revealed the price proposals for the first time. As established in the contracting procedures, technical proposals were weighted 55 percent of the overall score and price proposals were weighted 45 percent. After verification of compliance with the contracting requirements, the ACP awarded the contract to *Grupo Unidos por el Canal*, which presented the "best value" proposal, on July 15, 2009.

As the Canal's historic expansion progresses, the ACP continues to keep the industry apprised of the latest developments and insight on what is up ahead. On August 13, 2009 during the panel session entitled "Moving the World's Cargo", at the 12th Annual Transportation & Infrastructure Summit hosted by the City of Irving, Texas, ACP Administrator/CEO Alberto Alemán Zubieta briefed the audience on the ACP's innovative Expansion Program contracting process. This contracting process has received praise from the maritime industry and other international organizations for its proven effectiveness in awarding contracts for the waterway's expansion.



Progress on the new access channel

The Canal's expansion continues to move ahead on time and on budget. Three of the four phases of the dry excavation work for the creation of the access channel that will join the new Pacific locks with the Gaillard Cut are underway, with the first phase scheduled for completion by October 2009.

The bidding process for the fourth dry excavation contract began July 30 with a closing date scheduled for October 30. The project calls for the construction of the last portion of the Pacific access channel and involves the excavation of approximately 27 million cubic meters of unclassified material, representing more than 50 percent of the total excavation for the new access channel. It also includes the construction of an approximately 1.8 kilometer-long backfilled cofferdam and a 3.5 kilometer-long rock-core clay fill dam. URS Holding Inc., the company responsible for designing Borinquen Dam, completed the design in June.

The Panama Canal celebrates its 95th anniversary

On August 15, the Panama Canal marked its 95th anniversary. This magnificent work of engineering, built by the United States from 1904 through 1914, has been maintained in top condition since its inauguration.

Today, five years shy of reaching 100 years of operation, the Canal workforce, of approximately 9,500 employees, continues to provide safe, reliable and efficient service to the maritime industry and vessels of all nations 24 hours a day, 365 days a year.

The existing Canal will remain operational after the expected completion of the waterway's expansion in 2014. With this in mind, from 2000 to 2009, the ACP invested more than US\$1.8 billion to improve and enhance the waterway and provide it with modern, innovative equipment, and new technology.

One of the latest maintenance jobs included the Pedro Miguel Locks' east lane miter gate dry chamber work, conducted as part of the fiscal year 2009 Locks Overhaul Program.

Memorandum of Understanding with Port Everglades

On August 4, ACP Administrator/CEO Alberto Alemán Zubieta and Port Everglades Director Phillip C. Allen signed a Memorandum of Understanding (MOU) to jointly promote the "All-Water Route," (the route from Asia to the U.S. East Coast via the Panama Canal) to Port Everglades.

As part of the MOU, the ACP and Port Everglades will exchange information about modernization efforts, maritime trade and competitive market analyses of the shipping industry. Port Everglades' trade through the Panama Canal with the far East and West Coast of South America reached 909,893 short tons in fiscal year 2008 or 15 percent of Port Everglades' containerized cargo throughput. Currently, the Port is working toward increasing capacity to handle the larger ships that will transit the Canal post expansion.

"East Coast ports, especially ports in Florida, Georgia, South Carolina, and Virginia, are uniquely positioned to take advantage of shifting trade patterns, which will take place because of Panama's visionary expansion plans. Consequently, for Southeast ports, it will be crucial to expand ship berths and ensure adequate harbor depth, as these larger ships will be the norm," said Port Everglades Director, Phillip C. Allen.



ACP Administrator/CEO Alberto Alemán Zubieta and Port Everglades Director Phillip C. Allen.

ONE YEAR SCHEDULE OF LOCKS MAINTENANCE WORK

DATES	DAYS	MIRAFLORES	PEDRO MIGUEL	GATUN	ESTIMATED TRANSIT CAPACITY	STATUS
Oct. 14-16, 2009	2			East Lane	26-28	Tentative
Sept. 8-17, 2010	10			Centerwall Culvert	29-33	Tentative

We want your comments

Your comments and suggestions are very important to us. If you need additional copies mailed to other officials within your corporation, please contact us at the address indicated in the next box.

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