

[MEMORANDUM CIRCULAR NO. 2018-009, May 31, 2018]

IMPLEMENTING RULES ON SELECTION OF TRANSPORT OPERATORS FOR LGU-PREPARED LPTRPS UNDER DEPARTMENT ORDER NO. 2017-011, OTHERWISE KNOWN AS THE OMNIBUS FRANCHISING GUIDELINES

*Adopted: 29 May 2018
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WHEREAS, the Department of Transportation ("DOTr") issued Department Order No. 011, series of 2017, otherwise known as the Omnibus Guidelines on the Planning and Identification of Public Road Transportation Services and Franchise Issuance or Omnibus Franchising Guidelines ("OFG"), which aims to provide a reliable, safe, accessible, environment-friendly, dependable, efficient, and comfortable public road transportation throughout the country;

WHEREAS, the Land Transportation Franchising and Regulatory Board ("LTFRB" and/or "Board"), a sectoral agency of the DOTr, is tasked to implement the OFG;

WHEREAS, Section 5 of Executive Order No. 202 mandates the LTFRB *"to prescribe and regulate routes of service, economically viable capacities and zones or areas of operation of public land transportation services provided by motorized vehicles in accordance with the public land transportation development plans and programs approved by the Department of Transportation and Communications" and "to formulate, promulgate, administer, implement and enforce rules and regulations on land transportation public utilities, standards of measurements and/or design, and rules and regulations requiring operators of any public land transportation service to equip, install and provide in their utilities and in their stations such devices, equipment facilities and operating procedures and techniques as may promote safety, protection, comfort and convenience to persons and property in their charges as well as the safety of persons and property within their areas of operations"; and "to perform such other functions and duties as may be provided by law, or as may be necessary, or proper or incidental to the purposes and objectives of this Department Order";*

WHEREAS, the following Implementing Rules on Selection of Transport Operators for LGU-Prepared LPTRPs are hereby promulgated:

I. DEFINITION OF TERMS

1. **Developmental or New Routes** – are routes designed to serve new residential, commercial, and other land use developments, with at most 25% overlap in length with existing routes, subject to

allowed exceptions.

2. **Existing Routes** – are routes which remain in existence as a result of the approved LPTRP.

3. **Local Public Transport Route Plan (LPTRP)** – refers to a plan detailing the route network, mode, and required number of units per mode per route for delivering public land transport services. This Plan is prepared by Local Government Units, approved by the Department/LTFRB, and shall serve as the basis of a comprehensive local transport plan.

4. **Rationalized Routes** – are existing routes modified by the approved LPTRP.

II. PRINCIPLES

1. This Memorandum Circular (MC) applies to existing, rationalized, and new/developmental routes identified in the LPTRPs. A separate MC will be issued to cover inter-regional, intra-regional, inter-provincial routes, and other metropolitan areas as identified by the DOTr.

2. Pursuant to the spirit of consolidation under the OFG, existing operators serving a particular route are to form a single legal entity that will collectively be responsible and accountable for delivery of transport services per route. Towards this end, a single consolidated legal entity with a fleet manager per route is encouraged. Should there be reasonable grounds to allow more than one (1) legal entity in a route, a common fleet manager is required.

3. For existing and rationalized routes, the existing operators, organized into a legal entity, shall have preference in the franchise processing, subject to franchise requirements and specifications.

III. SELECTION PROCESS

1. Operators in the existing route that consolidate into legal entities are eligible to apply for the franchise and shall be given preference in franchise processing, provided the following documents are submitted:

- a. Certified true copy of the franchise award duly issued by the LTFRB; and
- b. Qualification Documents specified under the Item III (6) hereof.

If all things are equal, existing operators that consolidate into cooperatives shall be given preference pursuant to RA No. 9520 of the "Philippine Cooperative Code of 2008".

2. Excess member-operators who are not accommodated in the route's rationalization shall be given priority in the nearest underserved

or new/developmental routes, provided the following documents are submitted:

- a. Certified true copy of the franchise award duly issued by the LTFRB; and
- b. Qualification Documents specified under the Item III (6) hereof.

The same applies to existing transport operators whose transport network may be affected by the introduction of a new transport mode or service (e.g., new rail line or BRT/LRT).

3. In case the existing operators in Item III (1) and excess member-operators in Item III; (2) comply with: a) consolidation with a fleet management system; b) OFG-compliant units; and 3) other requirements under the OFG and other related MCs, they may apply for the issuance of a CPC pursuant to existing rules and regulations of the LTFRB.

4. Otherwise, the LTFRB Office shall open the selection to any qualified applicant and the selection process shall proceed. The concerned LTFRB Office shall issue a call for applications specifying the following:

- a. Route name;
- b. Route length;
- c. Route code;
- d. Detailed map of the route with designated pick and drop points;
- e. Type of mode and service;
- f. Vehicle technical specifications as prescribed under the OFG;
- g. Vehicle color/branding and any guidelines on advertising, if any;
- h. Operating conditions as provided for under the OFG and related Memorandum Circulars;
- i. Frequency of service (headway) during peak and off-peak hours;
- j. Number of vehicles required (with allowance for driver breaks, vehicle downtime, maintenance, etc.);
- k. Minimum qualification requirements as stated in Item 6 (c) hereof; and
- I. Authorized fare.

5. The LTFRB office announcement will indicate the date, time, and venue for a pre-qualification meeting during which interested parties may obtain information on the selection process and ask for clarification of any points. The announcement will also indicate the deadline for the submission of qualification documents, including the time and venue where the same should be submitted.

6. The applicant shall submit all the Legal, Technical, and Financial