

[MEMORANDUM CIRCULAR NO. 2018-010, June 07, 2018]

**IMPLEMENTING GUIDELINES DURING THE TRANSITION PERIOD
PURSUANT TO DEPARTMENT ORDER NO. 2017-011, OTHERWISE
KNOWN AS THE OMNIBUS FRANCHISING GUIDELINES**

*Adopted: 30 May 2018
Date Filed: 07 June 2018*

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 11.2 of the OFG mandates the LTFRB to provide the mechanism for transitioning existing and new franchisees such that the transition will be completed within the specified three (3) year period;

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 Guidelines during the Transition Period are hereby promulgated:

I. COVERAGE

A. This Memorandum Circular (MC) shall apply to Public Utility Buses (PUBs), Mini-

buses, Public Utility Jeepneys (PUJs), UV Express Services, Filcabs, School Services, Taxis, Transportation Network Vehicle Services (TNVS), Tourist Transport Services, and Shuttle Services as specified in the OFG.

II. PRINCIPLES

A. After the transition period, all routes throughout the country must be rationalized. Said rationalization shall be tantamount to the cancellation of all existing Certificates of Public Convenience (CPCs).

B. During the same period, existing operators must comply with all OFG requirements such as: 1) consolidation into a legal entity; 2) fleet management; and 3) OFG-compliant units, among others. Failure to comply with any of the said requirements shall render the operator ineligible to apply for a new CPC and the rationalized route shall be opened to all interested applicants. Compliant operators within the transition period may be given incentives (e.g., extended franchise validity) as deemed appropriate by the DOTr/LTFRB.

III. TRANSITORY PROVISIONS

The following mechanism for transitioning existing and new franchises shall be adopted in order to achieve the principles herein stated:

A. Existing Valid Franchises in Areas with LPTRP

1. With approved Local Public Transport Route Plan (LPTRP), existing operators may be allowed to operate under their old individual franchises prior to their consolidation into a legal entity in consonance with MC 2018-008 on consolidation of franchise holder and application for a CPC.
2. The use of their old units is allowed subject, however, to the road- worthiness test of the Land Transportation Office (LTO).
3. Petition for Dropping and Substitution (DS) may also be filed with the LTFRB, pursuant to MC 2017-021, Board Resolution 2018-007 and MC 2018-012.

B. Existing Valid Franchises in Areas without LPTRP

1. For those with valid franchises expiring before the LPTRP approval, they may be allowed to file an Application for Provisional Authority (PA) with the LTFRB. The said PA shall be valid for one (1) year.
2. Existing operators are to consolidate into a legal entity in consonance with MC 2018-008. Units for operation are subject to Item III (A) (2) and Item III (A) (3) of this MC.

C. New Applications for New Franchises in Accordance with the Approved LPTRP