MEMORANDUM CIRCULAR
NUMBER 2018-025

SUBJECT : OPENING OF APPLICATIONS FOR THE ISSUANCE OF NEW CPCs TO OPERATE ADDITIONAL PUJ SERVICE IN CERTAIN ROUTES IN CAVITE TERMINATING AT PITX

WHEREAS, on 19 June 2017, the Department of Transportation (DOTr) issued Department Order No. 2017-011 (Re: Omnibus Guidelines on the Planning and Identification of Public Road Transportation Services and Franchise Issuance) adopting the rules and procedures for the issuance of franchises for public transport routes and services;

WHEREAS, the DOTr has given the LTFRB authority to deliberate and take appropriate action on proposed additional routes pursuant to the Public Utility Vehicle Modernization Program (PUVMP) and Memorandum Circular No. 2018-006;

WHEREAS, pursuant to Section 5(a) of Executive Order No. 202, dated June 19, 1987, the Land Transportation Franchising and Regulatory Board (LTFRB) shall have the power “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, xxx”;

WHEREAS, as part of the government’s Build, Build, Build program, the Department of Transportation (DOTr) has inaugurated the Parañaque Integrated Terminal Exchange (PITX) in Coastal Road, Parañaque. The Philippines’ first intermodal transport terminal, the terminal can accommodate train, jeepney and bus passengers and features passenger terminal buildings, loading and unloading bays, staging bays, ticketing and baggage handling facilities, as well as park-ride facilities. In addition, PITX offers free Wi-Fi, charging outlets and an online (on top of on-site) ticketing system for the use of passengers. The terminal’s southern location will reduce the number of provincial buses coming from Cavite and Batangas operating along major roads such as EDSA and Taft Avenue, among others.
WHEREAS, results from anti-colorum operations conducted by the Inter-Agency Council for Traffic (I-ACT) shows that there are numerous colorum vehicles operating along Cavite area going to Manila. The proliferation of colorum vehicles in the said area is attributable to the decade-long moratorium on CPC issuance despite the increase in public demand in Cavite for additional PUVs as a result of economic development in the area.

WHEREAS, the DOTr observed that in the operationalization of PITX, there is a demand for additional PUVs to facilitate the inter-modal transfer of passengers.

WHEREFORE, premises considered and in order to ensure that the commuting public has adequate, safe, convenient, environment-friendly and dependable public land transportation services, the Board hereby ACCEPTS Applications for the Issuance of New CPC to Operate PUJ Service for the new routes described below subject to the following:

1. Applications for the Issuance of New CPC to Operate PUJ Service and Motions for Issuance of Provisional Authority shall be filed with the LTFRB-RFRO NCR on the following new routes:

<table>
<thead>
<tr>
<th>Route Name</th>
<th>Route Distance</th>
<th>Number of Units</th>
<th>Denomination</th>
</tr>
</thead>
<tbody>
<tr>
<td>Brgy. Paliparan, Dasmariñas, Cavite to PITX via Molino</td>
<td>22.4 km</td>
<td>20</td>
<td>PUJ</td>
</tr>
<tr>
<td>Dasmariñas City, Cavite to PITX via Aguinaldo Highway</td>
<td>26.5 km</td>
<td>20</td>
<td>PUJ</td>
</tr>
</tbody>
</table>

2. The routes described above are defined as commuter routes of Metro Manila, shall be subjected to the results of the route rationalization study by the DOTr. All operators shall, upon filing of their Application, execute an undertaking stating that they will immediately comply with the approved DOTr route rationalization study.

3. Applicants for new CPC on the above-stated new routes shall consolidate under the one route-one operator-one franchise scheme consistent with the Industry Consolidation Component under the PUVMP. Preference shall be accorded to qualified and existing cooperatives/corporations whose area/s of operation is situated near/adjacent to the routes applied for.

4. VEHICLE SPECIFICATIONS

Only Class 2 or Class 3 PUJ units as determined by DTI-BPS and required under the OFG shall be authorized. The fare shall be based on existing modern PUJ fare rates as authorized by the Board.
5. **ROUTE FOR SELECTION**

Each route will be awarded to one (1) qualified Applicant.

A minimum of twenty five percent (25%) of the required units shall be in service within three (3) months from Notice of Selection. A minimum of fifty percent (50%) of the required units should be in service within six (6) months from Notice of Selection. The remainder of the required fleet should be in service within nine (9) months from Notice of Selection.

6. **QUALIFICATION REQUIREMENTS**

Applicants must submit all the Legal, Technical and Financial Capability Qualification Documents (collectively referred to as “Qualification Documents”) provided below:

6.1 **Legal Qualification**

a) A Filipino Citizen who is at least eighteen (18) years old:

a.1) Certified True Copy of Birth Certificate duly issued by the National Statistics Office (NSO)

b) Filipino domestic juridical entity with a primary purpose to provide transportation services:

b.1) If corporation or partnership including joint ventures or consortia of local firms, Certified True copies of Certificate of Incorporation, Articles and By-laws, and latest General Information Sheet duly received/issued by the Securities and Exchange Commission (SEC);

b.2) If consortium, the member or participants shall submit Certified True Copies of Certificate of Registration, Articles and By-laws and latest General Information Sheet duly received/issued by the SEC;

b.3) If cooperative, Certified True Copies of Certificate of Registration, Articles and By-laws, and latest Cooperative Annual Performance Report duly issued/received by the Cooperative Development Authority (CDA), if applicable, and the Certificate of Accreditation issued by the Office of Transport Cooperative.

6.2 **Technical Qualification**

The Applicant must provide the following:

a) Schematic Diagram of the unit with seating configuration;

b) Proposed delivery schedule of the units with notarized Certification from supplier, assembler or manufacturer, if based within the
Philippines; if based outside the Philippines, the Certification must be authenticated by a Philippine Consulate/Embassy;

c) Units under lease/lease to own shall be accepted pursuant to Memorandum Circular No. 2018-015;

d) Copies of Letters of Support from property owners/managers regarding access to, or use of, each off-street loading and unloading area in the route map and scale map showing the location and area of proposed garage/depot;

e) Evidence of access to proposed garage/depot space (land ownership papers; or Letter of Support from property owners/managers regarding access to, or use of, depot site).

6.3 Financial Capability

The Applicant must provide the following:

a) Original or Certified True Copy of the latest Audited Financial Statement and stamped “received” by the Bureau of Internal Revenue (BIR) or its Authorized Agent Banks;

b) Documents to prove that the Applicant has available financial equivalent to or exceeding the amount of two million pesos (P2,000,000.00) multiplied by the total number of vehicles for the route above that the Applicant is applying for. Proof of available resources is primarily determined by the Applicant’s Net Worth. If the Applicant’s Net Worth is insufficient to cover the financial requirement of the project that the Applicant intends to undertake, the same may be augmented by a credit line in favor of the Applicant issued by a domestic universal or commercial bank duly licensed by the Bangko Sentral ng Pilipinas (BSP) or a thrift bank with the approval of the Monetary Board and subject to the limitations under Section 11 of R.A. No. 7906. Said credit line shall expressly state that the same is earmarked to finance the required PUJ fleet under the route which the applicant intends to operate; and

c) In case of joint ventures or consortia, proof of ability to provide the financial capability requirement measured in terms of the combined net worth of the members or a set-aside deposit equivalent to or exceeding the financial capability requirement as above-mentioned. Said set-aside deposit dedicated for the project cannot be withdrawn unless used for the same and must be duly certified by the depository bank.

d) Financial projections for the first five (5) years of operations, showing detailed revenues and costs, as well as projected demand, including assumptions made.
6.4 Applicability of Prior Operator Rule

Existing or area-based operators shall be given preference and be evaluated ahead by the Pre-Qualification Committee with regard to their compliance to the Legal, Technical and Financial Capability qualifications.

7. THE PRE-QUALIFICATION COMMITTEE AND ITS PROCESS

A Pre-Qualification Committee for the Selection Process is created:

Chairperson : LTFRB Executive Director
Vice Chairperson : LTFRB Legal Division Chief or his/her duly authorized representative
Member : LTFRB Technical Division Chief or his/her duly authorized representative
Member : LTFRB ISMD Chief or his/her duly authorized representative
Observer : Representative from the Board

8. SUBMISSION OF QUALIFICATION DOCUMENTS

The Applicant shall submit one (1) original copy and two (2) photocopies containing a Table of Contents and bound together in ring binders or folders sealed in an envelope or a box and appropriately addressed and marked on January 11, 2019 at 2:00 p.m. Philippine Standard Time at the Office of the Executive Director. Late submission shall be rejected outright and shall be returned un-opened.

9. EVALUATION OF QUALIFICATION DOCUMENTS

The Committee shall examine the Qualification Documents within seven (7) days after the submission date of Qualification Documents. The detailed evaluation of the compliance by the Applicant with the Legal, Technical and Financial Capability qualification requirements shall be based solely upon the Qualification Documents submitted. The Committee may seek clarification from the Applicants on the form and contents of their Qualification Documents. The Committee may also make inquiries with any person, government authority, client organization, officer, director, employee or other agent of any Applicant or Affiliate of any of these for the purpose of clarifying any matter included in its Qualification Documents.

All submitted information and any clarifications requested by the Committee shall be assessed against the criteria for qualification as set out above and generally rated on a “PASS-or-FAIL” basis. An Applicant will be rated
as “QUALIFIED” if each criterion is rated “PASSED” and each required Qualification Document and attachment is completely submitted. The Applicant will be disqualified if any criterion is rated “FAILED” or if any required Qualification Document or attachment is missing.

The Pre-Qualification Documents submitted by existing or area-based operators shall be opened first, and if found qualified, shall be further processed for CPC issuance. Should there be more than one (1) qualified existing or area-based operators, a public lottery shall be conducted in the presence of the applicants to determine who will proceed with the CPC application. If no existing or area-based operators are found qualified, the Pre-Qualification Documents of other interested Applicants shall be processed/evaluated. If two (2) or more applicants are found qualified, a public lottery shall be conducted to determine who will proceed.

The Committee shall submit to the Board, as the case may be, its Recommendation for the latter’s approval which shall issue a Notice of Selection containing a directive to the LTFRB-RFRO NCR to accept the application for issuance of new CPC of the selected Applicant.

The Applicant selected for each of the routes will be directed to submit an Application for the Issuance of a Certificate of Public Convenience with the LTFRB-RFRO NCR together with all the documentary requirements for New CPC. Fifty percent (50%) of the allocated units per package should be available before the CPC shall be granted by the Board.

The Board shall issue a notice for the schedule of the pre-qualification conference to address the queries of the prospective applicants at a date prior to the conduct of the selection process.

10. ISSUANCE OF PROVISIONAL AUTHORITY

A Provisional Authority may be issued for a period of ninety (90) days upon the Acceptance of Application provided that a photocopy of the passenger insurance policy is submitted.

An additional amount of Two Hundred Sixty Pesos (Php 260.00) per unit shall be paid by applicants if they pray for the issuance of PA in the Application or in a separate motion.

All other issuances or parts thereof inconsistent herewith are hereby modified, amended, or superseded accordingly.

This Memorandum Circular shall take effect immediately following its publication in a newspaper of general circulation and the filing of three (3) copies hereof with the UP Law Center pursuant to Presidential Memorandum Circular No. 11, dated 09 October 1992.
SO ORDERED.

Quezon City, Philippines, 18 DEC 2018

EFFECTIVITY
DATE: 19 DEC 2018

Atty. MARTIN B. DELGRA III
Chairman

Engr. RONALDO P. CORPUS
Board Member

Attested by:

Atty. SAMUEL A.M. JARDIN
Executive Director
WHEREAS, results from anti-colorum operations conducted by the Inter-Agency Council for Traffic (I-ACT) shows that there are numerous colorum vehicles operating along Cavitex area going to Manila. The proliferation of colorum vehicles in the said area is attributable to the decade-long moratorium on CPC issuance despite the increase in public demand in Cavite for additional PUVs as a result of economic development in the area.

WHEREAS, the DOTr observed that in the operationalisation of PITX, there is a demand for additional PUVs to facilitate the inter-modal transfer of passengers.

WHEREFORE, premises considered and in order to ensure that the commuting public has adequate, safe, convenient, environment-friendly and dependable public land transportation services, the Board hereby ACCEPTS Applications for the issuance of New CPC to Operate PUJ Service for the new routes described below subject to the following:

1. Applications for the issuance of New CPC to Operate PUJ Service and Motions for issuance of Provisional Authority shall be filed with the LTFRB-RP/RO NCR on the following new routes:

<table>
<thead>
<tr>
<th>Route Name</th>
<th>Route Distance</th>
<th>Number of Units</th>
<th>Denomination</th>
</tr>
</thead>
<tbody>
<tr>
<td>Brgy. Paliparan, Dasmarinas, Cavitex to PITX via Molino</td>
<td>22.4 km</td>
<td>20</td>
<td>PUJ</td>
</tr>
<tr>
<td>Dasmarinas City, Cavite to PITX via Aguinaldo Highway</td>
<td>26.5 km</td>
<td>20</td>
<td>PUJ</td>
</tr>
</tbody>
</table>

2. The routes described above are defined as commuter routes of Metro Manila, shall be subjected to the results of the route rationalization study by the DOTr. All operators shall, upon filing of their Application, execute an undertaking stating that they will immediately comply with the approved DOTr route rationalization study.

3. Applicants for new CPC on the above-stated new routes shall consolidate under the one route-one operator-one franchise scheme consistent with the Industry Consolidation Component under the PUVMP. Preference shall be accorded to qualified and existing cooperatives/corporations whose area/s of operation is situated near/adjacent to the routes applied for.

4. VEHICLE SPECIFICATIONS

Only Class 2 or Class 3 PUJ units as determined by DTI-RPS and required under the ODI shall be authorised. The fare shall be based on existing modern PUJ fare rates as authorised by the Board.
Each route will be awarded to one (1) qualified Applicant.

A minimum of twenty-five percent (25%) of the required units shall be in service within three (3) months from Notice of Selection. A minimum of fifty percent (50%) of the required units should be in service within six (6) months from Notice of Selection. The remainder of the required fleet should be in service within nine (9) months from Notice of Selection.

6. QUALIFICATION REQUIREMENTS

Applicants must submit all the Legal, Technical and Financial Capability Qualification Documents (collectively referred to as "Qualification Documents") provided below:

6.1 Legal Qualification

a) A Filipino Citizen who is at least eighteen (18) years old:
   a.1) Certified True Copy of Birth Certificate duly issued by the National Statistics Office (NSO)

b) Philippine domestic juridical entity with a primary purpose to provide transportation services:
   b.1) If corporation or partnership including joint ventures or consortia of local firms, Certified True copy of Certificate of Incorporation, Articles and By-laws, and latest General Information Sheet duly received/issued by the Securities and Exchange Commission (SEC);
   b.2) If consortium, the member or participants shall submit Certified True Copies of Certificate of Registration, Articles and By-laws, and latest General Information Sheet duly received/issued by the SEC;
   b.3) If cooperative, Certified True Copies of Certificate of Registration, Articles and By-laws, and latest Cooperative Annual Performance Report duly issued/received by the Cooperative Development Authority (CDA), if applicable, and the Certificate of Accreditation issued by the Office of Transport Cooperative.

6.2 Technical Qualification

The Applicant must provide the following:

a) Schematic Diagram of the unit with seating configuration;

b) Proposed delivery schedule of the units with notarized Certification from suppliers, assembler or manufacturer, if based within the Philippines; if based outside the Philippines, the Certification must be authenticated by a Philippine Consulate/Embassy;

c) Units under lease/lease to own shall be accepted pursuant to Memorandum Circular No. 2018-015;

d) Copies of Letters of Support from property owners/managers regarding access to, or use of, each off-street loading and unloading area in the route map and scale map showing the location and area of proposed garage/depot;

e) Evidence of access to proposed garage/depot space (land ownership papers, or Letter of Support from property owners/managers regarding access to, or use of, depot site).

6.3 Financial Capability

The Applicant must provide the following:

a) Original or Certified True Copy of the latest Audited Financial Statement and stamped "received" by the Bureau of Internal Revenue (BIR) or its Authorized Agent Banker;

b) Documents to prove that the Applicant has available financial equivalent to or exceeding the amount of two million pesos (P2,000,000.00) multiplied by the total number of vehicles for the route above that the Applicant is applying for. Proof of available resources is primarily determined by the Applicant’s Net Worth. If the Applicant’s Net Worth is insufficient to cover the financial requirement of the project that the Applicant intends to undertake, the same may be augmented by a credit line in favor of the Applicant issued by a domestic universal or commercial bank duly licensed by the Bangko Sentral ng Pilipinas (BSP) or a thrift bank with the approval of the Monetary Board and subject to the limitations under Section 11 of R.A. No. 7906. Said credit line shall expressly state that the same is earmarked to finance the required PLU fleet under the route which the applicant intends to operate; and

c) In case of joint ventures or consortia, proof of ability to provide the financial capability requirement measured in terms of the combined net worth of the members or a set-aside deposit equivalent to or exceeding the financial capability requirement as above-mentioned. Said set-aside deposit dedicated for the project cannot be withdrawn unless used for the same and must be duly certified by the depository bank.

d) Financial projections for the first five (5) years of operations, showing detailed revenues and costs, as well as projected demand, including assumptions made.
6.4 Applicability of Prior Operator Rule

Existing or area-based operators shall be given preference and be evaluated ahead by the Pre-Qualification Committee in regard to their compliance to the Legal, Technical and Financial Capability Qualifications.

7. THE PRE-QUALIFICATION COMMITTEE AND ITS PROCESS

A Pre-Qualification Committee for the Selection Process is created:

Chairperson: LTFRB Executive Director
Vice Chairperson: LTFRB Legal Division Chief or his/her duly authorized representative
Member: LTFRB Technical Division Chief or his/her duly authorized representative
Member: LTFRB ISMD Chief or his/her duly authorized representative
Observer: Representative from the Board

8. SUBMISSION OF QUALIFICATION DOCUMENTS

The Applicant shall submit one (1) original copy and two (2) photocopies containing a Table of Contents and bound together in a ring binder or binder sealed in an envelope or a box and appropriately addressed and marked on January 11, 2019 at 2:00 p.m. Philippine Standard Time at the Office of the Executive Director. Late submission shall be rejected outright and shall be returned un-opened.

9. EVALUATION OF QUALIFICATION DOCUMENTS

The Committee shall examine the Qualification Documents within seven (7) days after the submission date of Qualification Documents. The detailed examination of the compliance by the Applicant with the Legal, Technical and Financial Capability Qualification requirements shall be based solely upon the Qualification Documents submitted. The Committee may seek clarification from the Applicants on the form and contents of their Qualification Documents. The Committee may also make inquiries with any person, government authority, client organization, officer, director, employee or any other agent of any Applicant or Affiliate if any of those for the purpose of clarifying any matter included in its Qualification Documents.

All submitted information and any clarifications requested by the Committee shall be assessed against the criteria for qualification as set out above and generally rated on a "PASS or FAIL" basis. An Applicant will be rated as "QUALIFIED" if each criterion is rated "PASSED" and each required Qualification Document is completed. An Applicant will be disqualified if any criterion is rated "FAILED" or if any required Qualification Document or attachment is missing.

The Pre-Qualification Documents submitted by existing or area-based operators shall be opened first, and if found qualified, shall be further processed for CPC issuance. Should there be more than one (1) qualified existing or area-based operators, a public lottery shall be conducted in the presence of the applicants to determine who will proceed with the CPC application. If no existing or area-based operators are found qualified, the Pre-Qualification Documents of other interested Applicants shall be processed/evaluated. If two (2) or more applicants are found qualified, a public lottery shall be conducted to determine who will proceed.

The Committee shall submit to the Board, as the case may be, its recommendation for the latter's approval which shall issue a Notice of Selection containing a directive to the LTFRB-RTFRD NCR to accept the application for issuance of new CPC of the selected Applicant.

The Applicant selected for each of the routes will be directed to submit an Application for the issuance of a Certificate of Public Convenience with the LTFRB-RTFRD NCR together with all the documentary requirements for New CPC. Fifty percent (50%) of the allocated units per package should be available before the CPC shall be granted by the Board.

The Board shall issue a notice for the schedule of the pre-qualification conference to address the queries of the prospective applicants at a date prior to the conduct of the selection process.

10. ISSUANCE OF PROVISIONAL AUTHORITY

A Provisional Authority may be issued for a period of ninety (90) days upon the Acceptance of Application provided that a photocopy of the passenger insurance policy is submitted.

An additional amount of Two Hundred Sixty Pesos (P260.00) per unit shall be paid by applicants if they pray for the issuance of PA in the Application or in a separate motion.

All other issuances or parts thereof inconsistent herewith are hereby modified, amended, or superseded accordingly.

This Memorandum Circular shall take effect immediately following its publication in a newspaper of general circulation and the filing of three (3) copies hereof with the UP Law Center pursuant to Presidential Memorandum Circular No. 11, dated 09 October 1992.