MEMORANDUM CIRCULAR
NO. 2020-059

SUBJECT: IMPLEMENTING GUIDELINES ON THE PUV SERVICE CONTRACTING PROGRAM PURSUANT TO DEPARTMENT ORDER NO. 2020-017

WHEREAS, on September 15, 2020, President Rodrigo Roa Duterte signed into law Republic Act No. 11494, otherwise known as Bayanihan to Recover as One Act, which mandates a comprehensive program to address multifarious needs of the Filipino people to recover from the COVID-19 pandemic which includes the adversely affected transport sector;

WHEREAS, as part of the COVID-19 Response and Recovery Interventions under Section 4, paragraph (fff) of said Act, the DOTr is directed to coordinate and negotiate for partially subsidized service contracting of public utility vehicles (PUVs) as a form of temporary relief to critically impacted workers in the public transportation sector, which at the same time raising the level of service of the modes of public transport covered by this program;

WHEREAS, for the effective implementation of cited provision in the immediately preceding paragraph, under Section 10, paragraph (g) under the same Act, it allocated specifically Five Billion Five Hundred Eighty Million Pesos (P5,580,000,000.00) to provide temporary livelihood to negatively affected workers in the industry through service contracting, regardless of quarantine levels, of public utility vehicles;

WHEREAS, on 26 September 2020, the Secretary of the Department of Transportation issued Department Order No. 2020-017 which provides for the Implementation of the PUV Service Contracting Program and Other Related Activities, and which designated the Land Transportation Franchising and Regulatory Board (LTFRB) as the implementing Agency for said Program;

WHEREAS, the Board, in compliance with said Department Order deems it necessary to set forth the procedure for the proper implementation of the Program;

NOW THEREFORE, for and in consideration of the foregoing, the Board hereby sets forth the following Implementing Guidelines for the Service Contracting Program (referred herein as the “Program”) for Drivers of Public Utility Vehicles (PUVs) as follows:
I. COVERAGE:

Participants to the Program shall come from the drivers of Public Utility Vehicles with valid and existing Certificates of Public Convenience (CPC) and Provisional Authority (PA) currently plying the routes as may be determined by the Board.

II. CREATION OF THE TECHNICAL WORKING GROUP (TWG)

To closely monitor the proper implementation of the Program, a Technical Working Group (TWG) is hereby created composed of the following:

Committee Chairperson: Executive Director
Vice Chairperson: Regional Director for National Capital Region (NCR)
Members: Representatives from
- Technical Division
- Information Systems Management Division
- Franchise Planning and Monitoring Division
- Finance Division
- National Capital Regional Office
- PUVMP-Project Management Office

The TWG shall be allowed to add personnel as may be necessary to act as Secretariat for the Program.

III. DUTIES AND RESPONSIBILITIES OF THE TWG:

The TWG shall perform the following functions:

1. Implement and recommend policies to the Implementation Committee relative to the implementation of the Program and compliance with the identified Key Performance Indicators (KPIs) of the Program.
2. Monitor timely accomplishment of the strategies and activities set forth in the Program.
3. Establish the Program Implementing Unit (PIU) for the implementation of the Program, and hire additional personnel for the Program subject to existing policies, rules, and regulations.
4. Oversee and supervise the operations of the Program Implementing Unit (PIU).
5. Monitor procurement activities of the Bids and Awards Committee (BAC) with respect to the procurement of the services of a Systems Manager.
6. Coordinate and monitor the activities of the Systems Manager.
7. Monitor timely accomplishment of all other procurement activities as may be necessary to implement the Program.
8. Monitor timely accomplishment of all procurement activities of the Systems Manager.
9. Supervise the preparation and sign documents relative to the disbursement of funds for the Program.
10. Submit weekly reports to the Implementation Committee.
11. Coordinate with other agencies as may be necessary for the execution of the Program
12. Perform such other functions as may be given by the Implementation Committee.

IV. CREATION OF PROGRAM IMPLEMENTING UNIT (PIU)

The TWG shall create a Program Implementing Unit (PIU), which shall monitor the daily operations of the Program. To this end, the TWG shall be allowed to hire additional personnel for the PIU.

V. DUTIES AND RESPONSIBILITIES OF THE PIU

The Program Implementing Unit (PIU) shall perform the following functions:

1. Coordinate with the TWG for proper implementation of the Program.
2. Act as liaison between LTFRB and the other participants to the Program.
3. Perform logistical requirements for the proper implementation of the Program.
4. Prepare and coordinate with the participants, including but not limited to the signing of Service Contract for the Program.
5. Maintain and keep records of all activities and transaction (both hard copies and electronic files) of the Program.
6. Closely coordinate with Systems Manager to monitor compliance of the participants of the KPIs of the Program as indicated in the of the Service Contract. Relative thereto, the PIU shall establish a Monitoring System, together with Systems Manager, which shall include the following:
   a. Compliance with the terms and conditions of the Service Contract.
   b. Daily evaluation of the operations of routes covered by the Program.
   c. Monitoring of KPI compliance by the Participants.
   d. Identification of automatic deviation of route, trip cutting, or speeding by the authorized unit of the Participant.
   e. Determination of boarding and alighting stations, and dwell time at stations.
   f. Ability to measure headway or distance from each vehicle.
   g. Compliance with existing Health Protocols by the Participants.
   h. Implementation of a Passenger Information and Feedback Component as may be established by the Systems Manager.

   Additional scope of the Monitoring System may be included as deemed necessary by the TWG as approved by the Implementation Committee.

7. Conduct random Systems Audit on Systems Manager with respect to the implementation of its monitoring systems
8. Coordinate with the Finance and Administrative Divisions for the processing of payment to participants of the Program, under the direct supervision of the TWG.
9. Ensure payments are timely and properly made and accounted for by the Systems Manager according to existing accounting and auditing rules and regulations.
10. Coordinate with the PUVMP-Project Management Office.
11. Submit weekly reports to the TWG.
12. Perform such other functions as may be given by the TWG.

VI. SELECTION OF SYSTEMS MANAGER

The corresponding Terms of Reference (TOR) shall be issued by the Board for the selection and qualifications of a Systems Manager for the Program.

The Systems Manager should have strong on-the-ground experience, a proven track record in planning, executing, and managing large-scale fleet management, and monitoring platforms in the public transport sector. It must have access to proven software systems for the monitoring, optimization and dissemination of public transport information which shall include but not limited to GPS installation and real-time tracking system, fleet management and monitoring, route optimization and monitoring (such as actual trips, actual kilometers travelled, trip deviations, headways), automated fare collection system, electronic payment platform for the participants, passenger feedback mechanism, and public information dissemination capacity.

The Systems Manager should not be an operator of any public utility vehicle (PUV).

VII. DUTIES AND RESPONSIBILITIES OF THE SYSTEMS MANAGER

The Systems Manager selected shall perform the following tasks:

1. Comply with the stipulations in the Terms of Reference (TOR) for the Program.
2. Coordinate with the participants (PUV operators/drivers) to the Program.
3. Relative to Item V.6 herein, monitor and enforce compliance of the participants to the KPIs identified for the Program.
4. Submit weekly monitoring reports to the PIU on the implementation of the Program. The reports shall include:
   a. Performance/accomplishments of the participants based on identified KPIs which shall include monitoring of the free rides to medical/health workers
   b. Performance/accomplishments as Systems Manager based on the TOR for the Program,
   c. Passenger feedback on the level of service provided by the participants of the Program as part of the KPIs.
   d. Other inputs/suggestions/concerns necessary to improve the Program
5. Submit weekly report on kilometer run and computation on merit and demerit system as basis for payment to the PIU.
6. Submit disbursement report on proof of payout to the participants.
7. Conduct training to all participants on the details of the program, including monitoring device and payout process.
8. Ensure confidentiality of data gathered as part of the Program which shall be made available to LTFRB at any time before, during, after the Program. All data shall be transferred, with full access thereto, to LTFRB upon termination of the Program.

9. Submit full and consolidated report upon termination of the Program.

10. Perform other tasks as needed or as may be assigned by the TWG.

VIII. PROCEDURE FOR THE SELECTION OF PARTICIPANTS TO THE SERVICE CONTRACTING PROGRAM:

Participants to the Program shall be determined by the TWG from the list of routes allowed to operate during the period of Community Quarantine (CQ).

To qualify, participants should meet the following parameters:

1. Participants shall be composed of drivers of authorized units in routes identified by the TWG, and approved by the Implementing Committee.
2. Participants should be holders of valid and existing Professional Driver’s License with appropriate restriction code.
3. Participant should be the authorized driver of an existing PUV operator. The corresponding endorsement by the operator shall be required.
4. The participant’s PUV unit should be roadworthy, in accordance with OFG and LTO guidelines. The unit should be fitted with appropriate GPS or similar device for monitoring.
5. Participant should not be involved in any road crash incident considered as fatal or have caused destruction to property for the last two years.
6. Participants should undergo training to be conducted by the LTFRB, through the Systems Manager, prior to their participation to the Program.
7. Participants shall execute a Service Contract Agreement in line with the implementation of the Program.

IX. SERVICE CONTRACT

For traditional PUJs, a Service Contract shall be prepared and executed between the LTFRB (as Implementing Agency) and qualified PUV Drivers covered by the Program.

As regards PUBs and Modern PUJs, a Service Contract shall be prepared and executed among the LTFRB (as Implementing Agency), the concerned operator, and the participating PUV Driver covered by the Program.

A copy of the Agreement is hereto attached as Annex “A”.

Any breach or non-compliance with the provisions of the Service Contract by the qualified Driver shall result in the exclusion as participant to the Program.
X. MONITORING SYSTEM

As part of its duties and responsibilities under Item V.6 herein, the PIU, in coordination with the Systems Manager, shall establish a monitoring system for the implementation of the Program. Weekly monitoring report shall be submitted to the TWG.

XI. ACCOUNTING, LIQUIDATION & PAYMENT SYSTEM

The TWG, through the PIU, shall ensure that funds for the Program are properly utilized, liquidated, and accounted for according to existing accounting and auditing procedures. Monthly financial report shall be submitted by the TWG, through the PIU, to the Finance Division.

For payment under the Program, the specific pay-out mechanism shall be indicated in the Service Contracts of qualified PUV drivers covered by the Program, as may be approved by the Implementation Committee.

To facilitate payment, the following procedure shall be observed:

a. Based on the daily monitoring of the Participants, the Systems Manager shall prepare and certify a summarized report on the actual kilometer-travel per eligible participant, including compliance with identified KPIs, which shall be the basis of the payroll.

b. The PIU shall prepare and provide the payroll for the eligible participants.

c. The PIU shall prepare the corresponding Obligation Request and Status and Disbursement Voucher to be endorsed to the TWG and eventually to the Finance Division for the processing of payment to the third-party electronic payment provider.

d. The third-party electronic payment provider shall submit weekly to the Finance Division and Systems Manager proof of payment to participants.

e. The Systems Manager shall verify actual payments to participants and submit a report thereof to the PIU.

f. The PIU shall verify the report of the Systems Manager and submit the report to the TWG and Finance Division.

g. The Finance Division shall submit monthly reports of fund disbursement to the Implementation Committee.

h. Disbursement of funds shall strictly comply with existing accounting and auditing procedures.

XII. EVALUATION OF THE PROGRAM

Within thirty (30) days from the termination of the Program, the TWG shall conduct an evaluation of the Program and shall submit a Report relative thereto to the Implementation Committee.
All other issuances inconsistent herewith are deemed modified or superseded accordingly.

This Memorandum Circular shall take effect immediately following its publication in at least one (1) newspaper of general circulation. Let three (3) copies hereof be filed with the UPLaw Center – Office of National Administrative Registrar (ONAR).

SO ORDERED. OCT 08 2020

Adopted and Approved Through Teleconference on OCT 05 2020, Quezon City, Philippines

ATTY. MARTIN B. DELGRA III
Chairman

ENGR. RONALDO F. CORPUS
Board Member

P/COL. JOEL C. PERNITO (Ret.)
Board Member

Attested by:

CPL. RENWICK K. RUTAQUIO (Ret.)
OIC Executive Director