

Republic of the Philippines  
Province of Cagayan  
**TUGUEGARAO CITY**

**NINTH CITY COUNCIL**

**COMMITTEE REPORT**

February 04, 2025

**COMMITTEE ON TRANSPORTATION – LEAD  
COMMITTEE ON RULES, LAWS AND ETHICS**

**PRESENT:**

<b>HON. ARNEL T. ARUGAY</b>	- Chairperson (Transportation) Member (Rules)
<b>HON. RESTITUTO C. RAMIREZ</b>	- Member (Transportation)
<b>HON. TIRSO V. MANGADA</b>	- Member (Transportation) (via zoom)
<b>HON. JUDE T. BAYONA</b>	- Vice Chairperson (Rules)
<b>HON. MARIA ROSARIO B. SORIANO</b>	- Member (Rules) (via zoom)
<b>HON. GRACE B. ARAGO</b>	- Member (Rules) (via zoom)

**RESOURCE PERSONS:**

<b>ATTY. RODERICK IQUIN</b>	- City Legal Officer
<b>LTFRB REPRESENTATIVE</b>	(see attached attendance)

**FOR THE PRESIDING OFFICER:**

The joint committees met and deliberated on the referral:

**COMMITTEE REPORT NO. 45-2025**

**SUBJECT:**

Indorsement of the City Mayor, Hon. Maila Rosario S. Ting-Que on the draft Service Contract Agreement between and among the Tuguegarao City Government, Land Transportation Franchising and Regulatory Board (LTFRB), Global Positioning System (GPS) Providers and various Transport Service Entities relative to the implementation of Public Utility Vehicle Service Contracting (PUVSC) Program of LTFRB.

**FINDINGS:**

1. Hon. Maila Rosario S. Ting-Que indorsed to the Ninth City Council on the draft Service Contract Agreement between and among the Tuguegarao City Government, Land Transportation Franchising and Regulatory Board (LTFRB), Global Positioning System (GPS) Providers and various Transport Service Entities relative to the implementation of Public Utility Vehicle Service Contracting (PUVSC) Program of LTFRB.
2. Pursuant to the special provisions of Republic Act (R.A.) No. 11975, otherwise known as the *General Appropriations Act of 2024* (GAA 2024), the Public Utility Vehicle Service Contracting (PUVSC) Program shall be implemented in partnership with identified and qualified Local Government Units (LGUs) to facilitate the broad engagement of public transport cooperatives, associations or corporations operating within their jurisdiction.
3. By providing financial incentives and support to Public Utility Vehicles (PUV) operators through a performance-based payout, the Public Utility Vehicle Service Contracting (PUVSC) Program seeks to enhance the overall commuting experience for the passengers,

promote the use of public transit, and contribute to the development of a more efficient and reliable transportation system.

4. All onboarded Public Utility Vehicles (PUV) Operators who meet 80% deployment and required number of trips within a week (6 units and above) and 100% deployment and required trip within a week (5 units below), will receive a 2% performance-based incentive, while those who fail to meet these requirements will not receive the incentives.
5. Payouts will be based on the report of kilometer-run generated from the appropriate Global Positioning System (GPS) installed in the onboarded authorized unit.

**RECOMMENDATION:**

Finding the terms and conditions of the Service Contract Agreement to be in order and beneficial to the constituents of Tuguegarao City, the joint committees recommend the approval of Draft Service Contract Agreement between and among the Tuguegarao City Government, Land Transportation Franchising and Regulatory Board (LTFRB), Global Positioning System (GPS) Providers and various Transport Service Entities relative to the implementation of Public Utility Vehicle Service Contracting (PUVSC) Program of LTFRB and authorizing the City Mayor Hon. Maila Rosario S. Ting-Que, to sign for and on behalf of the Tuguegarao City Government the said Contract of Service Agreement.

**Respectfully submitted:**



**HON. ARNEL T. ARUGAY**  
Chairperson, Committee on Transportation  
Member, Committee on Rules, Laws and Ethics



**HON. RESTITUTO C. RAMIREZ**  
Member, Committee on Transportation



**HON. TIRSO V. MANGADA**  
Member, Committee on Transportation



**HON. JUDE T. BAYONA**  
Vice Chairperson, Committee on Rules, Laws and Ethics



**HON. MARIA ROSARIO B. SORIANO**  
Member, Committee on Rules, Laws and Ethics



**HON. GRACE B. ARAGO**  
Member, Committee on Rules, laws and Ethics



**DRAFT RESOLUTION APPROVING THE SERVICE CONTRACT AGREEMENT  
BETWEEN AND AMONG THE TUGUEGARAO CITY GOVERNMENT, LAND  
TRANSPORTATION FRANCHISING AND REGULATORY BOARD (LTFRB),  
GLOBAL POSITIONING SYSTEM (GPS) PROVIDERS AND VARIOUS TRANSPORT  
SERVICE ENTITIES (TSE) RELATIVE TO THE IMPLEMENTATION OF PUBLIC  
UTILITY VEHICLE SERVICE CONTRACTING (PUVSC) PROGRAM OF THE  
LTFRB AND GRANTING AUTHORITY TO THE CITY MAYOR, HON. MAILA  
ROSARIO S. TING-QUE, TO SIGN FOR AND ON BEHALF OF THE TUGUEGARAO  
CITY GOVERNMENT THE SAID SERVICE CONTRACT AGREEMENT**

**WHEREAS**, Section 22(c) of Republic Act No. 7160, otherwise known as the Local Government Code, grants the power to the Local Chief Executive to enter into contracts on behalf of the local government unit with prior authorization by the sangguniang panlungsod;

**WHEREAS**, Pursuant to the special provisions of Republic Act (R.A.) No. 11975, otherwise known as the *General Appropriations Act of 2024* (GAA 2024), the Public Utility Vehicle Service Contracting (PUVSC) Program shall be implemented in partnership with identified and qualified Local Government Units (LGUs) to facilitate the broad engagement of public transport cooperatives, associations or corporations operating within their jurisdiction.

**WHEREAS**, by providing financial incentives and support to Public Utility Vehicle (PUV) operators through a performance-based payout, the Public Utility Vehicle Service Contracting (PUVSC) Program seeks to enhance the overall commuting experience for the passengers, promote the use of public transit, and contribute to the development of a more efficient and reliable transportation system;

**WHEREAS**, all onboarded Public Utility Vehicles (PUV) Operators who meet the 80% deployment and required number of trips within a week (6 units and above) and 100% deployment and required trip within a week (5 units below) will receive a 2% performance-based incentive while those who fail to meet these requirements will not receive the incentives;

**WHEREAS**, payouts will be based on the report of kilometer-run generated from the appropriate Global Positioning System (GPS) installed in the onboarded authorized unit;

**WHEREAS**, it is necessary for Land Transportation Franchising and Regulatory Board (LTFRB), Global Positioning System (GPS) Providers and Various Transport Service Entities (TSE) to enter into a Service Contract Agreement with the Tuguegarao City Government to make the Service Contract Agreement legally binding;

**WHEREAS**, the City Mayor, Hon. Maila Rosario S. Ting-Que, requested the Ninth City Council to grant her an authority to sign for and on behalf of the Tuguegarao City Government the said Service Contract Agreement;

**WHEREAS**, after a deliberation in a committee meeting held for the said purpose, the said Committees found the request to be in order and beneficial to the constituents of Tuguegarao City;

**WHEREAS**, after the approval of the concomitant committee report, the Ninth City Council during its 125<sup>th</sup> Regular Session held on February 11, 2025 deemed it proper and necessary to approve the herein resolution.

**NOW, THEREFORE, RESOLVE** as it is hereby **RESOLVED** to approve the Service Contract Agreement between and among the Tuguegarao City Government, Land Transportation Franchising and Regulatory Board (LTFRB), Global Positioning System (GPS) Providers and Various Transport Service Entities (TSE) relative to the Implementation of Public Utility Vehicle Service Contracting (PUVSC) Program of the LTFRB and to grant authority to the City Mayor, Hon. Maila Rosario S. Ting-Que, to sign for and on behalf of the Tuguegarao City Government the said Service Contract Agreement.

**RESOLVED FURTHER**, to furnish a copy of this Resolution to Land Transportation Franchising and Regulatory Board (LTFRB), Global Positioning System (GPS) Providers and Various Transport Service Entities (TSE) for information and proper action.





Republic of the Philippines  
DEPARTMENT OF TRANSPORTATION  
LAND TRANSPORTATION FRANCHISING AND REGULATORY BOARD  
Regional Office No. 2, Regional Government Center  
Carig Sur, Tuguegarao City, 3500, Cagayan

## SERVICE CONTRACT AGREEMENT (FOR THE CITY GOVERNMENT OF TUGUEGARAO)

This Service Contracting Agreement (SCA) is executed and entered into for all purposes and in all respects into this \_\_\_\_ day of \_\_\_\_\_, by and between:

The LAND TRANSPORTATION FRANCHISING AND REGULATORY BOARD, a national government agency created and existing under the laws of the Republic of the Philippines, pursuant to Executive Order No. 202, s. 1987, with principal office address at East Avenue, Diliman, Quezon City 1100, Philippines, herein represented by ATTY. RICHARD G. DAYAG, in his capacity as the REGIONAL DIRECTOR OF REGION II, (CARIG Regional Center, Tuguegarao, 3500, Cagayan) and hereinafter referred to as "LTFRB";

-and-

The LOCAL GOVERNMENT UNIT of Tuguegarao City, with city address at Linao-Carig Rd., Tuguegarao City, Cagayan Province herein represented by HON. MAILA ROSARIO TING QUE, in his capacity as the CITY MAYOR, herein referred to as "LGU";

-and-

NORTHERN CAGAYAN TRANSPORT COOPERATIVE (NCTC), with SEC/CDA registration number 9520-1020000000045815, with principal business address at TUPANG ALCALA, CAGAYAN, herein represented by its duly authorized representative, MILAGROS L. ESPEJO acting for and on behalf of the Cooperative/Corporation, and hereinafter referred to as the "OPERATOR";

-and-

\_\_\_\_\_ a domestic corporation registered under Philippine Laws with principal office address at \_\_\_\_\_ as represented herein by its duly authorized representative, \_\_\_\_\_ and hereinafter referred to as the "GPS PROVIDER";

The LTFRB, LGU, OPERATOR, and the GPS PROVIDER are herein collectively referred to as "PARTIES" and individually as "PARTY".

### WITNESSETH:

WHEREAS, pursuant to the special provisions of Republic Act (R.A.) No. 11975, otherwise known as the *General Appropriations Act of 2024 (GAA 2024)*, the Public Utility



Vehicle Service Contracting (PUVSC) Program shall be implemented in partnership with identified and qualified Local Government Units (LGUs) to facilitate the broad engagement of public transport cooperatives, associations, or corporations operating within their jurisdiction;

WHEREAS, the LTFRB is mandated under R.A. No. 11975, or the GAA 2024, to be the principal implementing Agency of the program;

WHEREAS, the LGU is mandated under Joint Memorandum Circular No. \_\_\_\_ and LTFRB Memorandum Circular No. \_\_\_\_\_, to act as a co-implementer of the program within their respective jurisdiction; and

WHEREAS, the OPERATOR is authorized, pursuant to Case No. 2023-0183, to operate on the TUGUEGARAO CITY - ALCALA

NOW THEREFORE, premises having been considered and with acknowledgment of the mutual promises herein contained, the PARTIES, intending to be legally bound, hereby agree as follows:

## I. DUTIES OF THE PARTIES

### A. The LTFRB shall:

1. Provide a Service Plan for onboarded PUV operators;
2. Monitor the submission of PUVSC reports submitted by the LGU, PUV operator, and GPS provider;
3. Coordinate with the LGU for the proper implementation of the program;
4. Ensure payment to the PUV operators based on the Payment Scheme have been complied with in accordance with the labor laws and other prevailing laws; and
5. Conduct activities, and perform such other functions as necessary for the proper implementation of the program, subject to the guidance of the Department of Transportation (DOTr) and the TWG.

### B. The LGU shall:

1. Designate a focal person for the effective implementation of the program;
2. Coordinate with the LTFRB, in the strict monitoring of the deployment of the PUV operator during the implementation of the program within their respective jurisdiction;
3. Coordinate with the LTFRB and provide certification of temporary rerouting plan or modified route structure, if any;
4. Assist in the resolution of issues and challenges encountered by the PUV operators, in connection with the implementation of the program;
5. Participate in stakeholders' consultations in order to determine the needs and requirements of the contracted PUV operator, and to coordinate with the relevant government agencies that can provide the needed assistance in order to ensure the seamless implementation of the program; and
6. Perform such other functions necessary for the proper administration and efficient operations of the program, subject to the guidance of the Department of Transportation (DOTr) and the TWG.

**C. The OPERATOR shall:**

1. Undergo orientation to be conducted by the LTFRB Central Office (CO) and/or RFRO, prior to their participation in the program and communicate the details of the Service Plan or authorized route to its drivers;
2. Provide the LTFRB the following:
  - a. List of authorized units for onboarding;
  - b. List of names of drivers per PUV operator; and
  - c. Other information the LTFRB may require to implement, monitor, and evaluate the program;
3. Ensure payment of salaries and wages to respective drivers and other personnel such as but not limited to Passenger Assistance Officers (PAO) or conductors, inspectors, and dispatch controllers in accordance with the existing Labor Laws and Standards;
4. Execute and submit to the LTFRB an Affidavit of Undertaking to comply with the conditions of the program such as but not limited to the payment of salaries and wages to the transport workers participating in the program, and the PUVSC Service Plan;
5. Ensure that all drivers of authorized units are holders of Valid Professional Driver's License with appropriate restriction code, and ensure that only those authorized units with current registration and valid Private Passenger Accident Insurance (PPAI) are enrolled in the program;
6. Ensure that the onboarded units are in good condition, roadworthy, and strictly comply with the GPS monitoring requirement during the implementation of the program;
7. Ensure the availability of 100% of the total number of unit trip onboarded for every executed Agreement;
8. Strictly comply with existing and subsequent issuances/policies of the Board relative to their Certificate of Public Convenience (CPC) or Provisional Authority (PA), and to any other matters that the Board may issue in the future which governs the responsibility of the PUV operators under the program;
9. Ensure availability and storage of all submitted log reports, GPS trip report, and historical data of the TSEs.
10. Ensure that the authorized units comply with existing LTFRB policies in the operation of public transportation; and
11. Submit the Certificate of Payment of Regular Payout to the LTFRB within three (3) working days from the receipt of the liquidation report sent via email.

**D. The GPS PROVIDER shall:**

1. Provide the PUV operator a certification that the GPS device installed in the onboarded vehicle is at fully operational state and able to provide accurate and reliable data signed by the Chairman/President, or duly Authorized Officer of the GPS Company or Provider;
2. Provide the LTFRB and LGU, through its authorized representative/s, access to its Dashboard/Platform for monitoring purposes and/or real time monitoring anytime of the day for the entire duration of the program;
3. Monitor that authorized units run within their authorized route structure and report any deviation therefrom;
4. Timely submit the hard copies of the GPS Trip Report Certification on/or before Tuesday, 5:00 PM directly to LTFRB CO/RFRO which include the





following data: (a) the Daily kilometer Run; and (b) the Number of Trips; and

5. Ensure availability and storage of all submitted log reports, GPS trip report, and historical data of the TSEs.

## II. TERMS OF AGREEMENT

This Agreement shall become effective upon the signing of the contract and shall remain in full force and effect until all the funds allocated are fully utilized. The LTFRB shall send a Notice of End of Operation once the funds are fully utilized.

In case this Agreement is extended by reason of a subsequent enactment of a law affecting the validity and utilization of the funds under GAA 2024, a Notice of Extension shall be given. Accordingly, this Agreement shall be amended and, therefore, be extended as agreed upon by Parties.

## III. DOCUMENTARY REQUIREMENTS

The PUV operator agrees to comply with the following documentary requirements, to be submitted to the LTFRB:

Document	Type of Document (Photocopy or Original)	Number of Copies
Duly Accomplished Registration Form with List of Authorized Units and Authorized Drivers	Original	3
Application for Consolidation duly received by the LTFRB and/or valid CPC or PA of the TSE	Photocopy	3
Valid OR/CR of the Authorized Units issued by the LTO	Photocopy	3
Valid Personal Passenger Accident Insurance (PPAI)	Photocopy	3
Board Resolution/Secretary's Certificate authorizing the General Manager and/or Chairman/President to represent the cooperative/corporation to sign the SCA	Original	3
Valid primary ID of Operator's General Manager and/or Chairman/President with three (3) original specimen signatures	Photocopy	3
Bank Certificate [preferably Land Bank of the Philippines (LBP)] containing Operator's Bank Account details	Original or Certified True Copy	3



Certification of a GPS installed duly signed by the Chairman/President, or duly Authorized Officer of the GPS Company or Provider	Original	3
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The LTFRB shall review the submitted documents promptly upon receipt. If any discrepancies or concerns are identified, the LTFRB CO/RFRO shall notify the PUV operator in writing, specifying the issues to be addressed. The PUV operator shall, in good faith, work to resolve such discrepancies within a reasonable period of time.

Should there be non-submission of the aforementioned documents, the LTFRB reserves the right to outrightly deny the application.

#### IV. PAYMENT SCHEME

Regular payouts shall be computed on a weekly basis, from Sunday to Saturday. The payout shall only be processed by the LTFRB CO/RFRO upon compliance with the following:

1. required submission of the onboarding documents;
2. Service Plan as determined by the LTFRB CO/RFRO; and
3. submission of the GPS Trip Report, which shall be certified by their duly accredited GPS Provider.

The regular payout shall be computed based on the following computation:

1. Regular Payout = number of complete trips per week x rate per trip
2. Rate per trip = route length x rate per kilometer
3. Rate per kilometer = Php 20.00 (TPUJ, FILCAB, and TUVE), Php 26.00 (MPUJ and MUVE)

Trip-cutting, fractional or uncompleted trips shall not be considered as one (1) trip; thus, shall not be paid.

Moreover, (a) should the PUV operators fail to render the required percentage of deployment per day, the same shall not be qualified to the payout for that particular day; (b) should a unit fail to render the required number of trips on a specific day, even when the PUV operator meets the required percentage of deployment for the day, based on the Service Plan guidelines, the non-compliant unit shall be disqualified from the payout of that particular day; (c) should a PUV unit encountered mileage discrepancy due to GPS device problem or loss of signal, the trip/s rendered shall only be paid if the mileage between the data captured by the GPS device and the route does not exceed the threshold of twenty percent (20%) or one (1) kilometer (km) of the route length, whichever is lower, and the PUV must have reached the end point of the route and completed trip. Any discrepancies exceeding the threshold shall not be paid.

Furthermore, Transport Service Entities (TSEs) which participated during the previous implementation of the Service Contracting Program (SCP) and have currently unpaid previous balance or obligation as a result of excess payment thereof shall execute an Affidavit of Undertaking that it will pay the balance within three (3) days upon receipt of payouts for this Phase 5 under GAA 2024 implementation of the PUVSC.



## V. PERFORMANCE-BASED INCENTIVES AND PENALTIES

A performance-based incentive equivalent to two percent (2%) shall be paid on top of the computed regular payout to the specific unit of PUV operators who complies with the following: (a) the required daily deployment of units; and (b) the required daily number of trips (one-way) per unit per week (Sunday to Saturday) as per approved Service Plan.

Failure to render the required percentage of deployment and trips per unit per day precludes entitlement to performance-based incentives.

## VI. PENALTY FOR NON-COMPLIANCE

Failure of the onboarded TSE to adhere to any terms and conditions of the entered Agreement and any provisions of this Memorandum Circular shall be penalized in accordance with the existing policies of the LTFRB. The same shall be a ground for the disqualification of the said TSE from similar programs of the Agency.

Submission by the TSE or GPS company of forged documents, misrepresentation, fake, counterfeit or manufactured documents, altered raw data from the GPS device reports (as basis for their certification), and other analogous cases shall be grounds for disqualification of the TSE to join the program and revocation of GPS accreditation.

## VII. NO AMENDMENT CLAUSE

No amendment or modification of any of the terms and conditions of this Agreement shall be valid unless evidenced by a written Agreement executed by the authorized representatives of all concerned Parties.

## VIII. DATA PRIVACY ACT

Pursuant to the Republic Act (R.A.) No. 10173, or the *Data Privacy Act of 2012*, the LTFRB shall be authorized to collect, process, record, organize, update, use, consolidate, or disclose their personal data as part of their personal information relative to the implementation of the PUVSC, and for purposes related to the said program such as but not limited to the establishment of the PUVSC Dashboard. In view thereof, a PUV operator hereby consents for the processing of personal data that will be used for the implementation of the program.

The PUV operators hereby confirm their awareness of their rights under the Data Privacy Act, including the right of the LTFRB to terminate the contract should the PUV operators withdraw its consent or request the removal of its personal information.

The Parties hereby agree to conform to the provisions of the Data Privacy Act, its Implementing Rules and Regulations, and related issuances.

Further, insofar as the implementation of the provisions of this Agreement shall entail exchange of personal data, the Parties hereby agree to execute the necessary Data Sharing Agreement pursuant to the Data Privacy Act.

## VIII. SEPARABILITY CLAUSE

If any provision of this Agreement is declared unconstitutional or void, the rest of the Agreement shall nevertheless remain in full force and effect.

## IX. ENTIRE AGREEMENT

All Parties acknowledge that this Agreement constitutes the entirety of their intent and shall completely supersede all other prior understandings, previous communications or contracts, oral or written, between the Parties relating to the subject matter hereof.

IN WITNESS WHEREOF, the Parties hereto have signed this Agreement on \_\_\_\_ day of \_\_\_\_\_ 2025 at the City of TUGUEGARAO.

**ATTY. RICHARD G. DAYAG**  
*Regional Director*  
Regional Franchising and Regulatory  
Office No. II

**HON. MAILA ROSARIO TING QUE**  
*City Mayor*  
City Government of TUGUEGARAO

**MILAGROS L. ESPEJO**  
*Compliance Officer*  
NORTHERN CAGAYAN TRANSPORT  
COOP. (NCTC)

*Authorized Representative*

Signed in the presence of:

**GERALDINE S. CALLANGAN**  
*Chief Transportation Development Officer*  
Regional Franchising and Regulatory  
Office No. II

*Position*  
NORTHERN CAGAYAN TRANSPORT  
COOP. (NCTC)



**ACKNOWLEDGMENT**

Republic of the Philippines    )  
City of TUGUEGARAO    ) S.S.

BEFORE ME, Notary Public for and in the City of TUGUEGARAO, personally appeared the following individuals:

NAME	IDENTIFICATION	DATE ISSUED/EXPIRY
ATTY. RICHARD G. DAYAG		
NORTHERN CAGAYAN TRANSPORT COOPERATIVE (NCTC)		

All known to me to be the same person/s who presented and executed the said the foregoing Service Contract Agreement, consisting of nine (9) pages including this page where this Acknowledgement is written and signed by the Parties in every page hereof.

WITNESS MY HAND AND SEAL.

**Notary Public**

Doc. No. \_\_\_\_\_

Page No. \_\_\_\_\_

Book No. \_\_\_\_\_

Series of 2025.