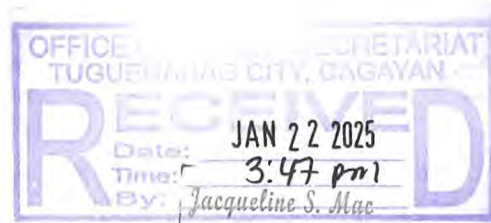




BAGONG PILIPINAS

Republic of the Philippines  
Province of Cagayan  
TUGUEGARAO CITY

Phone number: 0953-588-3721 | email address: [cmotuguegarao@gmail.com](mailto:cmotuguegarao@gmail.com)



## OFFICE OF THE CITY MAYOR

21 January 2025

### THE PRESIDING OFFICER AND MEMBERS


Sangguniang Panlungsod  
This City

Dear *Presiding Officer and Members of the Sanggunian*:

Herewith are the Service Contract Agreements between the Tuguegarao City Government, Land Transportation Franchising and Regulatory Board, Global Positioning System (GPS) Providers and various Transport Service Entities relative to the implementation of Public Utility Vehicle Service Contracting (PUVSC) Program of the LTFRB, for your information and appropriate action.

Thank you!

In the name of public service,

  
**MAILA ROSARIO S. TING-QUE**  
City Mayor

Copy furnished:

- City Legal Office





RECEIVED

Date: JAN 21 2025  
Time: 2:40 PM  
By: [Signature]

MEMORANDUM CIRCULAR  
NUMBER - 2025-02

SUBJECT: GUIDELINES IN THE IMPLEMENTATION OF PUBLIC UTILITY VEHICLE SERVICE CONTRACTING (PUVSC) PROGRAM WITH IDENTIFIED AND QUALIFIED LOCAL GOVERNMENT UNITS PURSUANT TO REPUBLIC ACT NO. 11975 OTHERWISE KNOWN AS THE GENERAL APPROPRIATIONS ACT (GAA) OF 2024

WHEREAS, under Republic Act (R.A.) No. 11975, otherwise known as the *General Appropriations Act (GAA) of 2024*, appropriated One Billion Three Hundred Million Pesos (PhP1,300,000,000) to enhance the level of service provided on routes by offering performance-based payouts to Public Utility Vehicle (PUV) operators, aiming to encourage high service standards and enhance the overall commuting experience for the public through the implementation of Public Utility Vehicle Service Contracting (PUVSC) Program;

WHEREAS, the said program is to be implemented in partnership with Local Government Units (LGUs) to facilitate the broad engagement of public transport cooperatives, associations, or corporations operating within their jurisdiction;

WHEREAS, pursuant to Joint Memorandum Circular No. 003, Series of 2024 or the *Revised Guidelines in the Implementation of the Public Utility Vehicle (PUV) Service Contracting Program on Identified and Qualified Local Government Units*, under GAA 2024, the aforesaid Memorandum shall cover and govern the localized implementation of the program, which applies to all partnerships between concerned agencies, its regional offices, partner institutions, and the LGUs wherein the program will be implemented;

WHEREAS, in a Memorandum of Agreement entered into between the Department of Transportation (DOTr) and the Land Transportation Franchising and Regulatory Board (LTFRB) dated 23 July 2024, the former shall transfer the funds to the latter amounting to One Billion Two Hundred Ninety-Three Million Pesos (PhP 1,293,000,000) to be used exclusively for the implementation of the PUVSC Program.

NOW THEREFORE, for and in consideration of the foregoing, the Board hereby prescribes the following guidelines and criteria for the effective implementation of the PUVSC with identified and qualified LGUs, and the corresponding payment scheme:

I. GENERAL GUIDELINES:

A. Objectives

In line with the LTFRB's vision and Public Transport Modernization Program's (PTMP) principles of a "comfortable, accessible, safe, sustainable, and affordable" mode of public transportation, the PUVSC aims:

- (a) to incentivize PUV operators to maintain routes, adhere to the approved Service Plan, and provide safe and reliable transportation to commuters; and

- (b) to address various challenges in the public transportation sector, such as, but not limited to, low (or insufficient) revenues for operators, low ridership, inadequate maintenance of vehicles, and irregular service frequencies.

By providing financial incentives and support to PUV operators through a performance-based payout, the PUVSC 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.

**B. Type of Service Contract**

**Net Service Contract** - Onboarded PUV operators shall operate under a farebox collection scheme. In addition, they shall be paid based on the actual trips served and maximum allowable trips per day as provided in the approved Service Plan, contract, and existing policy. The PUV operators must strictly operate on their authorized and existing route.

**C. Definition of Terms**

For the purpose of implementing this Memorandum Circular for the PUVSC, the following definitions shall be set forth herein:

- |   |  |
|---|--|
| 1. Public Utility Vehicle Service Contracting (PUVSC) Program | It is a form of program subsidizing transportation operations by contracting Transport Service Entities (TSEs) and paying the services they rendered on a "per trip" basis.                              |
| 2. Transport Service Entity (TSE)                             | It refers to transport operators who formed cooperatives and corporations under the Public Transportation Modernization Program (PTMP), and shall be eligible operators of Public Utility Vehicle (PUV). |
| 3. Public Utility Vehicles (PUVs)                             | These are modes of services operating on a fixed route such as Public Utility Jeepney (PUJ) and Utility Vehicle Express (UVE).   |
| 4. Public Utility Jeepney (PUJ)                               | It refers to either traditional, modern or FILCAB which operates along fixed intra- and inter-city routes, picking up and dropping off passengers at designated stops.                                   |
| 5. Utility Vehicle Express (UVE)                              | It refers to either a traditional or modern unit, just like a PUJ, that is authorized by the government to operate along   |

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*Republic Act No. 11975 otherwise known as the General Appropriations Act (GAA) of 2024*

fixed intra- and inter-city routes, picking up and dropping off passengers at designated points.

**6. Identified and Qualified LGU**

The identified and qualified LGUs include all cities and municipalities that met the criteria and guidelines formulated by the Technical Working Group (TWG).

**7. Intra-city Routes**

Intra-city routes refer to transportation pathways or roads that involve travel from one point within a city to another, regardless of road or highway connections, as long as the destination remains within the same city.

**8. Inter-city Routes**

Inter-city routes refer to transportation pathways or roads that connect two or more distinct cities, regardless of whether the PUV traverses a municipality or a city outside the qualifications provided herein. The determining factor is that the PUV starts its trip from a particular LGU that meets the criteria set forth by this Memorandum Circular and travels to another city with the same qualifications.

**II. PROGRAM COVERAGE**

The program shall cover the following:

**A. Local Government Units**

The LTFRB shall enter into an Agreement with the identified and qualified LGUs, which can be any of the following:

1. Highly Urbanized Cities (HUCs);
2. Independent Component Cities (ICCs);
3. Component Cities (CCs); and
4. Municipalities, provided that only modern units shall be onboarded (with routes utilizing modern units).

**B. PUV Operators/Units**

Qualified TSE operating PUJ (Traditional, Modern, or FILCAB) and UV Express Service (Traditional and Modern) shall enter into a Service Contract Agreement (SCA) with the LTFRB, the identified and qualified LGU, Global Positioning System (GPS) providers under a Net Service Contract.

The participating TSE in the program shall render the services strictly in accordance with the Agreement and the provisions stipulated therein.

### C. Route Qualifications

The route shall be qualified as follows:

1. Intra-city and Intra-municipality Routes;
2. Inter-city Routes within MUCEP Area;
3. Inter-city and inter-municipality routes within the province; and
4. Inter-city and inter-municipality routes among provinces within the same region.

provided further that the maximum route length of 100 kilometers (one-way) shall be observed.

The maximum allowable kilometer-run per unit per day is 164 kms for PUJs (Traditional and FILCAB) and Traditional UV Express Service; while the maximum allowable kilometer-run per unit per day is 182 kms for Modern PUJ and Modern UV Express Service.

However, existing UV Express Service with routes more than 100 kms shall be allowed to be onboarded, provided it shall be paid only in respect to the actual kilometers per trip; provided further that the actual kilometers ran shall not exceed to 164 kms for Traditional UV Express Service, and 182 kms for Modern UV Express Service.

### D. Contracting Party

For inter-city routes (HUC, ICC, or CC), and inter-municipality routes, the contracting party can be either the origin or destination LGUs, subject to the following conditions:

1. If the inter-city route links two cities, the contracting party shall be the LGU where the TSE obtained its business permit or where its business address is situated.

If the TSE's permit is obtained from the other LGU or its address is in a different location, the contracting party must be the identified and qualified LGU nearest to the identified business address or the place where the business permit is secured, either origin or destination. However, in both instances, should the concerned LGU opt not to participate, the contracting party will be the other LGU;

2. If the inter-city route links a city to a municipality, the contracting LGU shall be the HUC, ICC or CC. However, should the city opt not to participate, the municipality shall be the contracting party.
3. In case of inter-municipality routes, the following shall govern:

- (a) Only qualified routes with consolidated modern units shall be onboarded, and the contracting party shall be the LGU where the TSE obtained its business permit or where its business address is situated.
- (b) If the TSE's permit is obtained from the other LGU or its address is in a different location, the contracting party must be the identified and qualified LGU nearest to the identified business address or the place where the business permit is secured, either origin or destination. However, should the latter opt not to participate, the contracting party will be the other LGU.
- (c) Traditional units are disqualified from participating in the program.

### III. QUALIFICATION OF PROGRAM BENEFICIARIES

The TSE must:

- 1. be an existing consolidated PUJ (Traditional, Modern, or FILCAB) and UV Express Service (Traditional and Modern) operator and/or shall have an Application for Consolidation duly received by the LTFRB, or individual operators authorized under Board Resolution No. 2024-053;
- 2. be holders of valid and existing Certificate of Public Convenience (CPC) or Provisional Authority (PA);
- 3. have current Land Transportation Office (LTO) registration and Personal Passenger Accident Insurance (PPAI); and
- 4. have an installed functioning GPS device with prior accreditation in accordance with the memorandum, attached herein as Annex "A".

### IV. RESPONSIBILITIES OF PARTIES IN THE PROGRAM IMPLEMENTATION

A. The LTFRB shall have the following responsibilities:

- 1. Enter into an Agreement with LGU, TSE, and GPS provider;
- 2. Coordinate with the LGUs which submitted letters of confirmation as co-implementers of the program;
- 3. Review and provide a list of routes subject to the implementation of the program;
- 4. Assess and identify eligible TSE to be contracted for the program;
- 5. Provide a Service Plan for onboarded TSE;
- 6. Spearhead the coordination with members of the Technical Working Group (TWG) and other concerned agencies, such as but not limited to conduct of consultation and coordination meetings;
- 7. Facilitate the release of payouts for the contracted TSE;
- 8. Maintain and operate a dashboard for the program for the purpose of monitoring outputs, outcomes, and generating data reports; and
- 9. Perform such other functions and conduct activities necessary for the proper administration and efficient operations of the program, subject to the guidance of the Department of Transportation (DOTr) and the TWG.

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**B. The LGU shall have the following responsibilities:**

1. Enter into an Agreement with LTFRB, TSE, and GPS provider;
2. Designate a focal person for the effective implementation of the program;
3. Participate in the monitoring of the subject routes and authorized vehicles indicated in the Agreement in coordination with the LTFRB for proper implementation;
4. Coordinate with the LTFRB, in the strict monitoring of the deployment of the TSE during the implementation of the program within their respective jurisdictions;
5. Coordinate with the LTFRB and provide certification of temporary rerouting plan or modified route structure, if any; and
6. Participate in stakeholders' consultations in order to determine the needs and requirements of the contracted TSE, and to coordinate with the relevant government agencies that can provide the needed assistance in order to ensure the seamless implementation of the program.

**C. The TSE shall have the following responsibilities:**

1. Enter into an Agreement with LTFRB, LGU, and GPS provider;
2. Undergo orientation to be conducted by the LTFRB-Central Office and/or RFRO, and communicate or disseminate the details to its drivers;
3. Provide the LTFRB the following:
  - a. List of authorized units for onboarding;
  - b. List of names of drivers per TSE; and
  - c. Other information the LTFRB may require to implement, monitor, and evaluate the program;
4. Be solely responsible for their respective drivers and other personnel such as but not limited to Passenger Assistance Officers (PAO) or conductors, inspectors, and dispatch controllers' salaries and wages;
5. Ensure that all drivers of authorized units are holders of valid Professional Driver's License with appropriate restriction code;
6. Ensure that only those authorized units with current registration, valid PPAI, and roadworthy are enrolled in the program;
7. Ensure the availability of the units on a daily basis for at least 80% of the total number of authorized onboarded units, subject to the exception under Section VII. A(a) of this Memorandum;
8. Strictly comply with existing and subsequent issuances/policies of the LTFRB relative to their CPC or PA, and to any other matters that the LTFRB may issue in the future which may govern the responsibility of the TSE under the program;
9. Ensure that the authorized units comply with existing LTFRB policies in the operation of public transportation, specifically in the allowable passenger capacity;
10. Acknowledge receipt of all emails communicated by the LTFRB in relation to the implementation of the program;
11. Provide the reports on the estimated number of passengers served on a daily basis; and
12. Submit the Certificate of Payment of Payout to the LTFRB within three (3) working days from the receipt of the liquidation report sent via email using the provided template.

V. REQUIREMENTS

A. Local Government Unit Program Participant

Documents	Description	Signatories
Letter of confirmation to participate in the program  <i>Note: Local Government Units (LGUs) that have previously submitted a Letter of Conforme are not anymore required to furnish it for future implementations.</i>	To signify willingness of the LGU to co-implement the program	City/Municipal Mayor or any duly Authorized Representative
Signed Service Contract Agreement with LTFRB, LGU, TSE, and GPS provider	To accept the obligations between LTFRB, LGU, TSE, and GPS provider in the implementation of the program	LTFRB Executive Director or Regional Director, City/Municipal Mayor or any duly Authorized Representative, Chairman / President or duly Authorized Officer of the TSE, and Chairman / President or duly Authorized Officer of the GPS Company or Provider

B. Transport Service Entities

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

VI. PROCEDURES

A. Local Government Unit Program Participant

The Department of Interior and Local Government (DILG) may issue a Memorandum Circular to the identified and qualified LGUs. The LTFRB-CO/RFRO shall send a letter to the said LGUs, inviting them to participate in the program. Thereafter, the LGU shall confirm its participation through a letter of confirmation to be submitted to LTFRB-CO/RFRO for the evaluation and assessment of the qualified routes and TSEs within their jurisdiction.

*Note: Local Government Units (LGUs) that have previously submitted a Letter of Conformance are not anymore required to furnish it for future implementations.*

The LGU will be notified if the said routes and the TSEs are qualified to the program for the execution of the SCA upon completion of the requirements.

Should the LGU opt not to participate in the program, the funds originally allocated to its respective qualified TSEs, shall be reallocated to all the onboarded TSEs within the region regardless of denomination, subject to the usual accounting and auditing procedures.

B. Transport Service Entities

The TSEs shall accomplish a TSE Assessment Form provided, assessed, and approved by the LTFRB-CO/RFRO.

Once approved, the qualified TSEs shall submit the original/certified true copies of the abovementioned requirements to the LTFRB-CO/RFRO.

For auditing purposes, all documents listed above shall be submitted and evaluated by the LTFRB-CO/RFRO prior to the onboarding of the TSEs into the program. Once validated, the LTFRB-CO and/or RFRO and the LGU shall provide onboarding orientation to the qualified TSEs before the LTFRB-CO/RFRO sends the onboarding notice.

VII. SERVICE PLAN

The LTFRB-CO/RFRO will develop a comprehensive Service Plan that must be strictly adhered to by the Transport Service Entities (TSEs) qualified for the Public Utility Vehicle Service Contracting (PUVSC) Program. This Service Plan will include detailed route information, the permitted number of trips, and the required number of deployed units, subject to the approval of the Franchise Planning and Monitoring Division (FPMD) for the LTFRB-CO, and respective Regional Directors for the RFRO.

A. Guidelines

- a. Minimum number of units to be deployed per day for TSEs with six (6) or more consolidated units onboarded shall be at least 80%; whereas, in cases where the number of onboarded units is less than six (6), it is required that all onboarded units are deployed daily;
- b. Minimum number of trips per unit on a specific day shall be in accordance with the approved Service Plan which provides for a 100% unit trip;
- c. Actual number of trips shall be determined by the actual kilometer-run but not more than the prescribed allowable kilometer-run;
- d. TSEs are not entitled to increase trips on their own, as unauthorized trips will not be considered for payment;
- e. Any route exceeding the prescribed maximum route length of 100 kilometers shall not be qualified in the program; and

*Note: However, existing UV Express Service with routes more than 100 kms shall be allowed to be onboarded, provided it shall be paid only in respect to the actual kilometers per trip; provided further that the actual kilometers ran shall not exceed to 164 kms for Traditional UV Express Service, and 182 kms for Modern UV Express Service.*

- f. Any excess from the maximum allowable kilometer-run per unit per day shall not be paid.

Below is the set maximum allowable kilometer-run per unit per day under the Service Plan:

Denomination	Maximum Kilometer-run per Unit per Day	
	Modern	Traditional
PUJ	182 kms	164 kms
UV Express Service		

B. Route Structure

- 1. Route structure may be considered for modification for any of the following reasons:
  - a. Road closure;
  - b. Re-routing; and
  - c. Other similar or analogous reasons.

2. Evidence such as memorandum, local ordinances, and other relevant issuances citing the reasons shall be submitted to the LTFRB-CO/RFRO to support the request for route modification; and
3. In case of route modification, a new Service Plan will be issued.

## VIII. MONITORING SCHEME

Payouts should be based on the report of kilometer-run generated from the appropriate GPS device installed in the onboarded authorized unit.

## IX. RATE

The Net Service Contract rate shall be:

- a. PUJ (Traditional and FILCAB) and TUVE = Php 20.00 per kilometer run; and
- b. Modern PUJ and UV Express Service = Php 26.00 per kilometer run.

## X. 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 TSEs 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 TSE meets the required percentage of deployment for the day, based on the Service Plan guidelines, the non-compliant unit shall be disqualified to 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.

#### **XI. PERFORMANCE-BASED INCENTIVES AND PENALTIES**

A performance-based incentive equivalent to two percent (2%) of the regular payout of the unit shall be paid on top of the computed regular payout to the specific unit of TSEs 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.

#### **XII. ACCOUNTING, PAYMENT SYSTEM AND LIQUIDATION**

The LTFRB, through the Technical Working Group (TWG), Financial and Management Division (FMD) and Program Implementing Unit (PIU), shall ensure that funds allocated for the program are properly utilized, liquidated, and accounted exclusively for the implementation of this program in accordance with the existing accounting and auditing rules and procedures.

To facilitate payment under the program, the following procedures shall be observed:

- a. The LTFRB-CO/RFRO shall prepare the payroll based on the originally signed GPS Trip Report from the GPS providers, and submit other related supporting documents for the eligible TSE;
- b. The LTFRB-CO/RFRO shall ensure correctness, accuracy, and completeness of the payrolls;
- c. The LTFRB-CO/RFRO shall prepare the corresponding Budget Utilization Request and Status (BURS) and Disbursement Voucher (DV) to be endorsed to the FMD (if processed in the Central Office) or Accounting and Budget Unit (if processed in RFRO) for validation and approval of disbursement; and
- d. The LTFRB-CO/RFRO shall ensure that the disbursement of funds will strictly comply with existing accounting and auditing procedures.

#### **XIII. 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.

#### **XIV. CREATION OF LTFRB TECHNICAL WORKING GROUP (LTFRB-TWG)**

An LTFRB Technical Working Group (TWG) shall be formed to provide expertise, guidance, and recommendations on complex or specialized topics concerning the PUVSC that may require in-depth technical knowledge and analysis. With this, the TWG shall compose of the following:

<b>Chairman</b>	:	LTFRB Division Chief/Division Officer-in-Charge
<b>Vice-Chairman</b>	:	LTFRB Division Chief/Division Officer-in-Charge
<b>Members</b>	:	Representative, Administrative Division
		Representative, Financial and Management Division
		Representative, Technical Division
		Representative, Legal Division
		Representative, Franchise Planning and Monitoring Division
		Representative, Information Systems Management Division
		Representative, NCR Regional Office
		Head, LTFRB Program Implementing Unit (PIU)

The TWG shall closely monitor the proper implementation of the program, with the following functions:

1. Implement and recommend policies to the Board relative to the implementation 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 subject to existing policies, rules, and regulations;
4. Oversee and supervise the operations of the PIU through the Office of the Executive Director (OED), as the end user. The representative of each division shall supervise the corresponding sub-section of the PIU on the proper implementation of the program, in coordination with OED;

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5. Monitor timely accomplishment of all other procurement activities as may be necessary to implement the program;
6. Supervise in the preparation and signing of documents relative to the disbursement of funds for the program;
7. Coordinate with other agencies as may be necessary for the execution of the program; and
8. Perform such other functions as may be required in the implementation of the program.

#### **XV. AUTHORITY OF CONCERNED LTFRB PERSONNEL**

For the prompt, expeditious, and efficient processing of the documents relative to the implementation of the PUVSC, the Board authorizes the following concerned personnel to perform the following functions, as hereby delegated, to wit:

- a. The LTFRB Executive Director (for LTFRB-CO) and all Regional Directors/OIC-Regional Directors (for their respective RFRDs) to sign Service Contracts of TSEs enrolled in the program, Disbursement Vouchers and other related documents for payment of services rendered by the onboarded TSEs; and
- b. All other personnel may be assigned through Office Order to assist them, and sign all necessary documents for the proper implementation of the PUVSC, as well as to coordinate with their respective Land Bank of the Philippines (LBP) servicing branch for the processing of the payments to the TSEs.

#### **XVI. GRIEVANCE MECHANISM**

All grievances related to the program implementation will be managed and monitored by the LTFRB in coordination with the appropriate LGUs.

#### **XVII. EVALUATION OF THE PROGRAM**

Within sixty (60) days from the termination of the program, the LTFRB shall conduct an evaluation of the program and shall prepare a report relative thereto. Any onboarded TSE that fails to comply with the post-documentary requirement of the program shall not be eligible to participate in the succeeding similar programs.

#### **XVIII. SEPARABILITY CLAUSE**

If, for any reason, a provision of this Memorandum Circular is declared unconstitutional or void by a court of competent jurisdiction, the remaining provisions shall continue to be in full force and effect.

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**XIX. EFFECTIVITY CLAUSE**

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

**SO ORDERED.**

**APPROVED AND ADOPTED on** January 13, 2025 **in** Quezon City, Philippines.



  
**ATTY. TEOFILO E. GUADIX III, CESO V**  
*Chairperson*



  
**ENGR. ISAGANI M. VICTORIO, DPA**  
*Board Member*

  
**ATTY. JOSHUA V. VIRAY**  
*Board Member*

Attested by:

  
**ATTY. ROBERT D. PEIG, CESO V**  
*Executive Director*

NAME OF TRANSPORT SERVICE ENTITY	ROUTE NAME	CHAIRPERSON
1. AMULUNG WEST TRANSPORT COOPERATIVE	<ul style="list-style-type: none"> <li>TUGUEGARAO CITY – AMULUNG WEST</li> </ul>	EDITO TINAYA
2. BRICKSTONE TRANSPORT INC	<ul style="list-style-type: none"> <li>TUGUEGARAO CITY - APARRI</li> </ul>	NARCISO JUANAY JR.
3. CAGAYAN VALLEY KALINGA APAYAO TRANSPORT COOPERATIVE (CVKATCO)	<ul style="list-style-type: none"> <li>TUGUEGARAO CITY – LASAM</li> <li>TUGUEGARAO CITY – BRGY. CUMAO, GATTARAN</li> <li>TUGUEGARAO CITY – APARRI</li> <li>TUGUEGARAO CITY – SANTIAGO CITY VIA ROXAS</li> </ul>	BENIGNO BAWET
4. CLAVERIA STA. PRAXEDES VAN TRANSPORT COOPERATIVE (CSVTC)	<ul style="list-style-type: none"> <li>TUGUEGARAO CITY – CLAVERIA</li> <li>TUGUEGARAO CITY – STA. PRAXEDES</li> </ul>	WILLIEMAR P. CARDENAS
5. CLAVERIA VAN AND DRIVERS TRANSPORT COOPERATIVE (CLAVODTCO)	<ul style="list-style-type: none"> <li>TUGUEGARAO CITY - CLAVERIA</li> </ul>	JOHNSON A. MESA
6. CONNER APAYAO MOVEMENT TRANSPORT SERVICE COOPERATIVE (CAMTRANSCO)	<ul style="list-style-type: none"> <li>TUGUEGARAO CITY – RIZAL</li> <li>TUGUEGARAO CITY - TUAO</li> </ul>	JERRY M. MOYAEN
7. ILOCOS CAGAYAN TRANSPORT COOPERATIVE (ILOCAT)	<ul style="list-style-type: none"> <li>TUGUEGARAO CITY - STA. ANA</li> </ul>	EMILIO A. TORIBIO
8. LASAM VAN OPERATORS TRANSPORT COOP.	<ul style="list-style-type: none"> <li>TUGUEGARAO CITY - LASAM</li> </ul>	ERIVERTO OBISPO
9. MALAUËG JEEPNEY OPERATORS TRANSPORT COOPERATIVE	<ul style="list-style-type: none"> <li>TUGUEGARAO CITY – RIZAL</li> <li>TUGUEGARAO VIA TUAO - RIZAL</li> </ul>	LILIBETH GONZALES
10. NORTHERN CAGAYAN TRANSPORT COOPERATIVE (NCTC)	<ul style="list-style-type: none"> <li>TUGUEGARAO CITY - ALCALA</li> </ul>	MILAGROS L. ESPEJO
11. NORTH-EAST RAINBOW TRANSPORT SERVICE COOPERATIVE (NERTSC)	<ul style="list-style-type: none"> <li>TUGUEGARAO CITY – ABULUG</li> <li>TUGUEGARAO CITY – ALLACAPAN</li> <li>TUGUEGARAO CITY – APARRI</li> <li>TUGUEGARAO CITY – BALLESTEROS</li> <li>TUGUEGARAO CITY – GONZAGA</li> <li>TUGUEGARAO CITY – JUNCTION LUNA</li> </ul>	BETTYLOU G. DOMINGO

12. NORTHERN LUZON TRANSPORT OPERATORS AND DRIVERS, MPC (NOLTRANSCO)	<ul style="list-style-type: none"><li>• TUGUEGARAO CITY – ALCALA</li><li>• TUGUEGARAO CITY – SANCHEZ MIRA</li></ul>	CARLOS P. GOMEZ
13. SOLANA TRANSPORT COOPERATIVE	<ul style="list-style-type: none"><li>• TUGUEGRAO CITY - ENRILE EAST</li><li>• TUGUEGARAO CITY - NORTH EASTERN SOLANA</li><li>• TUGUEGARAO CITY - SOLANA NORTH</li><li>• TUGUEGARAO CITY – STA. MARIA</li><li>• TUGUEGARAO CITY - WESTERN SOLANA</li></ul>	SANTIAGO C. ADDURU
14. STA.ANA VAN TRANSPORT OPERATORS SERVICE COOPERATIVE (SAVTOSCO)	<ul style="list-style-type: none"><li>• TUGUEGARAO CITY – STA.ANA</li></ul>	ROWENA D. LOMBO
15. STO. NIÑO TRANSPORT COOPERATIVE (SNTC)	<ul style="list-style-type: none"><li>• TUGUEGRAO CITY – STO. NIÑO</li></ul>	RUSSELL A. ROBLES
16. TUAO UNITED BUILDERS TRANSPORT COOPERATIVE	<ul style="list-style-type: none"><li>• TUGUEGARAO CITY – TUAO VIA PIAT</li></ul>	WILFREDO C. BALIGOD
17. TUMAUNI TRANSPORT COOPERATIVE	<ul style="list-style-type: none"><li>• TUGUEGARAO CITY – CAUAYAN CITY VIA ILAGAN</li><li>• TUGUEGARAO CITY VIA CANSAN – DELFIN ALBANO</li><li>• TUGUEGARAO CITY – SANTIAGO CITY VIA ILAGAN</li></ul>	JAMESON D. HIDALGO
18. TUGUEGARAO CSU CARIG TRANSPORT COOPERATIVE	<ul style="list-style-type: none"><li>• TUGUEGARAO CITY – CSU VIA CARIG</li></ul>	FRANKLIN VALDEZ
19. NORTH EAST LUZON VAN TRANSPORT COOP (NELVTCO)	<ul style="list-style-type: none"><li>• TUGUEGARAO CITY - APARRI</li></ul>	WARREN ABINAN



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.

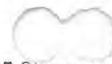
## VIII. DATA PRIVACY ACT

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.

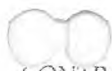
BEFORE ME, Notary Public for and in the City of TUGUEGARAO, personally appeared the following individuals:

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.



## 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:

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HON. MAILA ROSARIO TING QUE		

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