

[MEMORANDUM CIRCULAR NO. 2018-008, March 19, 2018]

CONSOLIDATION OF FRANCHISE HOLDERS IN COMPLIANCE WITH DEPARTMENT ORDER NO. 2017-011, OTHERWISE KNOWN AS THE OMNIBUS FRANCHISING GUIDELINES (OFG)

*Adopted: 16 March 2018
Date Filed: 19 March 2018*

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, as a basic policy declared under DO No. 2017-011, the Land Transportation Franchising and Regulatory Board (LTFRB) is tasked to implement DO No. 2017-011 and to encourage and require the consolidation of operators and the establishment of bigger coordinated fleets of PUVs.

WHEREAS, Section 5(b) of Executive Order No. 202 provides that among the powers and functions of the LTFRB is "to issue, amend, revise, suspend or cancel Certificates of Public Convenience or permits authorizing the operation of

public land transportation services provided by motorized vehicles, and to prescribe the appropriate terms and conditions therefor."

WHEREAS, Section 5(i) of Executive Order No. 202 provides that among the powers and functions of the LTFRB is "to promulgate rules and regulations governing proceedings before the Board and the Regional Franchising and Regulatory Office."

WHEREAS, the LTFRB encourages individual franchise holders to group themselves together and operate their units under a single juridical entity to gain access to common resources, better fleet management system, efficient collection and ensure a more effective franchise records management system.

WHEREAS, realizing the advantage and benefits to be derived from industry consolidation, various transport groups and operators have signified their willingness to consolidate ownership and operation to ensure profitability and longevity in the operation of public land transportation utilities.

NOW THEREFORE, consistent with the full implementation of DO No. 2017-011 and pursuant to the LTFRB's mandate under DO No. 2017-011 to encourage and require the consolidation of operators and the establishment of bigger coordinated fleets of PUVs and pursuant to Section 5 (b) and (i) of Executive Order No. 202,

the Board hereby adopts the following rules and procedure on the issuance of franchises for the operation of public land transportation services:

1. Priority in the issuance of updated franchise shall be extended to applicants who shall consolidate into a single juridical entity for the operation of public land transportation services. Petitions of individual franchise holders who voluntarily applied for cancellation of their individual franchises and conversion under a single juridical entity (i.e. cooperative or corporation) shall be accepted and processed by the LTFRB subject to the rules and regulations herein prescribed.

For purposes of this provision, "Existing Individual Franchise Holders" shall refer to franchise holders with valid and subsisting franchises with less than 1/3 of total number of units operating in a an authorized route or less than fifteen (15) units that are confirmed and registered for the current year or on the immediate preceding registration year with the Land Transportation Office (LTO).

2. Existing individual franchise holders who form a single juridical entity shall file a Petition for Consolidation of CPCs with the LTFRB indicating the individual Case Nos. of the franchises for consolidation and the route applied for. The Petition for Consolidation of CPCs shall be filed with the LTFRB Central Office for inter-regional routes or its Regional Franchising Regulatory Offices (RFROs) for intra-regional routes, as the case may be, subject to the rules and regulations prescribed by the Board.

3. The Petitioner shall submit the following documents:

3.1 SEC Certificate of Incorporation (for corporations) / CDA Certificate of Registration and OTC Certificate of Accreditation (for cooperatives);

3.2 Management Agreement between cooperative and its members (for cooperatives);

3.3 Latest Financial Statement;

3.4 Proof of Operation of "Off-Street" Terminal at both ends of the routes consistent with item 5.3 of D.O. No. 2017-01;

3.5 Proof of Garage (TCT if owned, Contract of Lease/ Authority to Use with TCT of Lessor if leased) with LGU Zoning Clearance;

3.6 OR/CR of the authorized units

3.7 New Format Operator's Data Sheet

The Legal Division shall issue a Notice of Hearing and set the case for hearing to determine compliance with jurisdictional, citizenship, financial, garage requirements and proof of public need, if applicable. The Petitioner shall also present