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MEMORANDUM CIRCULAR NO. 2020-2200

Date : 21 July 2020

Subject : **GUIDELINES IN THE CREATION OF LTO DISTRICT OFFICES (DO),
CONVERSION OF EXTENSION OFFICES (EO) INTO DO / UPGRADING
OF DO CLASSIFICATION LICENSING EXTENSION OFFICES (LEO)
INTO LICENSING CENTERS (LC)**

These guidelines rationalizes the creation of LTO District Offices (DO), conversion of Extension Offices (EO) into DO/upgrading of DO classification and Licensing Extension Offices (LEO) into Licensing Centers (LC) in the interest of bringing the necessary services of LTO closer to the public, on top of ensuring adequate number of LTO Offices vis-à-vis the increasing volume of transactions.

I. GUIDING PRINCIPLES

A. Public Service

Each province should have a minimum one (1) regular district office and licensing center to serve the needs and requirements of the people in the area.

B. Scale of Operation

The number of offices to be established for each province shall be proportionate to its corresponding volume of transactions taking into account the geographical location of far flung areas where LTO services are necessary.

II. METHODOLOGY

The following procedures substantially involve ways to obtain the optimum number of LTO district offices per province, the conversion of Extension Offices into regular DOs and the upgrading of existing DOs.

1. Optimum Number Per Province/Conversion

- 1.1. Make sure that each province has one regular DO. Compute for the optimum number of LTO district office per province using the formula given below:

$$N_{ij} = V_{ij} / C_{ij} \times U_f \times V_f$$

Where:

N_{ij} = optimum number of DO per province i for the year j ;

V_{ij} = projected volume of transactions for province i for the year j ;

C_{ij} = standard volume capacity of a regular DO in province i for the year j , or equal to 6,000 x ave. no of LTO personnel per province;

U_f = utility factor = 80%

V_f = viability factor = 70%

- 1.2. Compare the existing number of regular LTODDO per province against the computed value of N_{ij} . If the existing number is greater than or equal to the computed value of N_{ij} , no extension office shall be created or converted into a regular LTODDO. Otherwise, proceed to the next step.
- 1.3. Prioritization of extension office by computing the benefit/cost, as follows:

$$B/C_{ij} = B_{ij} / C_{ij}$$

Where:

B_{ij}/C_{ij} = benefits/costs ratio of an extension office i , for the year j ;

B_{ij} = summation of all the benefits derived from the operation of extension office i , as of the year j (e.g. average annual collection since the start of its operation); and

C_{ij} = summation of all average annual operation costs incurred by Extension office i , as of the year j (e.g. personal services, MOOE, etc.)

An extension office with $B/C > 1$ shall be considered economically viable and those with higher B/C shall be prioritized.

- 1.4. Categorize the extension offices which are recommended for conversion as A, B, C and D according to the established criteria for upgrading of LTO-DO's classification.

- 1.5. For LTO District Office newly created by legislation, it shall be initially categorized as a "Class D" District Office.

2. Upgrading of LTODOs' Classification

- 2.1. Identify the annual volume of transactions and revenue collections per LTO office for the last three (3) years.
- 2.2. Get the average for each volume of transactions and revenue collections).
- 2.3. Divide the average by the number of classifications or 4 (A, B, C and D) to get the class limits.
- 2.4. Based on the class limits, establish the class interval (each for volume of transactions and revenue collections), up to four classes.
- 2.5. Assign a point score for each class interval and multiply by 70% (for the volume) and 30% (for the revenue collections) to get the equivalent point score. A higher percentage weight shall be given to the volume of transactions for this would determine the number of personnel for each LTO office.
- 2.6. Add the equivalent point score for each volume and revenue collections to get the overall point score per LTO office.
- 2.7. Assign the classification (A, B, C, D) for each class interval in the overall point score.

III. OVERALL POINT SCORE/CLASSIFICATION OF LTODOs

Guided by the procedures as cited in 2.2 hereof, and using the latest available Annual Statistical Data, the following are hereby presented:

VOLUME OF TRANSACTIONS (Annual)	POINT SCORE	EQUIVALENT POINT SCORE (70%)
36,000 and below	25	17.5
36,001 – 74,000	50	35
74,001 – 111,000	75	52.5
111,001 and above	100	70
REVENUE COLLECTIONS	POINT SCORE	EQUIVALENT POINT SCORE (30%)
21,981,863 and below	25	7.5
21,981,864 – 45,183,688	50	15
45,183,689 – 67,774,618	75	22.5
67,774,619 and above	100	30

CLASSIFICATION	OVERALL POINT SCORE
D	25
C	26-50
B	51-75
A	76-100

IV. CONVERSION OF LEOs INTO LICENSING CENTERS (LC)

1. LEOs established pursuant to Circular No. 82-049, dated 21 December 1982, recommended for conversion to LC must be provided with sufficient office area and facility for the conduct of instruction and examination (classroom and adjacent test track) including motor vehicles, to ensure that only qualified applicants are issued driver's licenses.
2. The test track shall be at least 6,000 m² exclusively for the conduct of actual/practical driving examination.
3. A licensing center shall be manned by personnel with permanent positions specially trained to conduct theoretical and practical driving lecture and examination.
4. A Licensing Extension Office exceeding an average number of 200 applicants per day or an average annual volume of 52,800 transactions may be recommended for conversion to Licensing Center.

All circulars and orders inconsistent herewith are deemed superseded.


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