

[Commonwealth Act No. 125, November 05, 1936]

AN ACT TO CREATE A REVOLVING FUND OF TWO MILLION PESOS FOR THE CONSTRUCTION OF WATERWORKS IN THE PHILIPPINES.

Be it enacted by the National Assembly of the Philippines:

SECTION 1. The sum of two million pesos is hereby appropriated out of any funds in the Philippine Treasury not otherwise appropriated, to constitute a revolving fund for the construction of provincial and municipal waterworks systems in the Philippines, which shall be expended under the supervision of the Secretary of Public Works and Communications. The cost of waterworks systems constructed under this Act shall be reimbursable within a period not exceeding twenty years with interest at the rate of four *per centum per annum*, payable annually. To administer said waterworks, there is hereby created a board to be known as the National Waterworks Board, composed of the Secretary of Public Works and Communications as chairman, and the Secretary of Finance and the Secretary of the Interior as members, which Board shall fix the rates to be collected from the water consumers: *Provided*, That the rates fixed by said Board shall not be subject to revision by the Public Service Commission.

SEC. 2. It shall be the duty of the Director of Public Works to make an examination of streams, springs, lakes or other possible sources of supply for waterworks to be constructed under this Act and to make surveys and investigations for the purpose of determining the feasibility of carrying out any project and recommend to the National Waterworks Board, through the Secretary of Public Works and Communications, the construction of such projects which, from the results of the said surveys and investigations, would produce sufficient income to repay their cost of construction within a period of not more than twenty years: *Provided*, That the cost of the preliminary surveys and investigations shall be borne by the municipality or province concerned.

Whenever the National Waterworks Board should deem it advisable to construct any project recommended by the Director of Public Works, it shall authorize the release of such sum or sums from the revolving fund herein created as are necessary for construction purposes: *Provided*, That the province, municipality or municipalities concerned in a project shall appropriate such part of the estimated cost thereof as in the opinion of said Board the condition of its finances warrants: *Provided, further*, That the construction of a project shall not be started until the provincial board, municipal council or councils concerned shall have adopted a resolution guaranteeing the annual payment of such amounts as are calculated to reimburse the funds invested by the National Government with interest at four *per centum per annum*, within a period of not more than twenty years: And provided, finally, That if the regular income of a municipality is not sufficient to warrant such guaranty, said municipality shall levy a special assessment upon the real estate especially benefited by the waterworks, pursuant to the provisions of Act Numbered Three thousand nine hundred and ninety-five, as amended, to provide a part of the funds required for that purpose.

SEC. 3. The provincial treasurer of the province or the municipal treasurer of the municipality wherein a water-works system under this Act is constructed shall be in charge of the collection of the water charges and with the approval of the Secretary of Public Works and Communications, he shall appoint duly bonded collectors at salaries which shall be chargeable to waterworks collections or receipts. After deducting the expenses for the maintenance and operation of a system, including the salaries of the necessary personnel, the provincial or the municipal treasurer, as the case may be, shall turn over the balance of collections to the Treasurer of the Philippines to be applied as annual reimbursement of the sum or sums invested from the revolving fund herein created, including interest of four *per centum per annum*; *Provided*, That if the collections turned over to the Treasurer of the Philippines, in any year, are not sufficient to cover the amount corresponding to that year for the reimbursement of the sum or sums invested from the revolving fund and interest of four *per centum per annum*, the provincial board, municipal council or councils concerned shall appropriate the necessary funds to cover the deficiency.

The annual reimbursement and interest paid shall form part of the revolving fund herein created and shall be available for investment in the construction of other waterworks systems under this Act.

SEC. 4. Except as provided in section five hereof, the district engineer of the province concerned shall be in charge of the operation of the waterworks systems constructed under this Act subject to such regulations as may be promulgated by the Director of Public Works and approved by the National Waterworks Board, and to the provisions of Act Numbered Thirty-nine hundred and seventy-eight. The necessary personnel for the maintenance and operation of systems shall be appointed by the Director of Public Works with the approval of the Secretary of Public Works and Communications, and the cost of such maintenance and operation, including the salaries of the necessary personnel, shall be charged against the receipts and collections from the said system.

SEC. 5. When a province or a municipality has completely reimbursed the National Government the total amount invested by the latter in a waterworks system constructed in accordance with the provisions of this Act, including interest at four *per centum per annum*, the National Water-works Board shall so certify to the President of the Philippines who, by means of an Executive Order, shall turn over the system to the province or municipality concerned, for administration, maintenance, and operation in accordance with the existing regulations and with the provisions of section nineteen hundred and sixteen of the Administrative Code as amended by Act Numbered Thirty-nine hundred and seventy-eight: *Provided*, That the said province or municipality may, at any time after construction work is completed and before the twenty-year period of reimbursement provided in this Act expires, totally reimburse the funds invested in the system by the National Government, including interest at four per centum per annum.

SEC. 6. When all the waterworks systems contemplated to be constructed under this Act have been completed and the cost thereof duly reimbursed, the revolving fund created under this Act, including the accrued interest and earnings, shall revert to the general funds in the Treasury of the Philippines.

SEC. 7. The construction of waterworks systems under this Act shall be carried out in accordance with section nineteen hundred and seventeen of the Administrative