

TWENTIETH CONGRESS )  
REPUBLIC OF THE PHILIPPINES )  
First Regular Session )



HOUSE OF REPRESENTATIVES

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*Introduced by Representative Rufus B. Rodriguez and  
Representative Maximo B. Rodriguez, Jr.*

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House Bill No. 5355

**EXPLANATORY NOTE**

Cagayan de Oro River is one of the rivers draining the northern central part of Mindanao. The river has its headwaters in the Kalatungan Mountain Range in Bukidnon. It traverses the municipalities of Talakag, Baungon and Libona, picking up tributaries (Kalawaig River, Tagite River Bubunaoan River) along the way. It finally empties into the Macajalar Bay at Cagayan de Oro City. It serves as the natural boundary between the Bukidnon and Lanao del Sur and between Bukidnon and Cagayan de Oro City. It is popular for whitewater rafting and is the main tourist attraction of Cagayan de Oro City.

Just recently, Cagayan de Oro River overflowed and the whole city suffered from flashfloods. The flashfloods destroyed not just properties but agricultural areas and farm-to-market roads as well. Based on the Progress Reports of the Regional Disaster Coordinating Council of Region 10 based in Cagayan de Oro City, the flashfloods of January 3, 2009 have affected 21,605 persons or 5,223 families in the city and have damaged houses with 141 totally damaged and 1,410 partially damaged in an estimated cost of 1.9 million as of January 8, 2009 only.

In the January 11, 2009 floods that befell Cagayan de Oro City, 37,086 persons or 7,410 families were affected with 94 houses totally damaged and 71 partially damaged.

To prevent flashfloods from recurring, there is a need for a more comprehensive flood control and drainage system along Cagayan de Oro River, its tributaries and natural waterways. Hence, this bill which seeks to create the Cagayan de Oro River Basin Development Authority which shall oversee the preservation, protection and development of the waterways flowing into it.

In view thereof, immediate approval of this Bill is sought.

  
RUFUS B. RODRIGUEZ

  
MAXIMO B. RODRIGUEZ, JR.

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AN ACT

**CREATING THE CAGAYAN DE ORO RIVER BASIN DEVELOPMENT AUTHORITY,  
DEFINING ITS POWERS AND FUNCTIONS AND APPROPRIATING FUNDS THEREFOR**

*Be it enacted by the Senate and House of Representatives of the Philippines in Congress assembled:*

**SECTION 1. *Short Title.*** – This Act shall be known as the “*Cagayan De Oro River Basin Development Authority*”.

**SEC. 2. *Declaration of Policy.*** – It is hereby declared the policy of the State to promote and accelerate the preservation, protection, development and balanced ecology of the Cagayan de Oro River Basin and its tributaries, including its surrounding provinces, cities and municipalities, within the context of the national plans and policies for social and economic development. Towards this end, the State shall focus its resources and capability to implement, manage and oversee the necessary measures and programs on flood control and drainage system in all the river systems in the region in order to eliminate the adverse effects of typhoons and floods during rainy seasons on the lives and properties of people residing along the area traversed by the Cagayan de Oro River.

**SEC. 3. *Cagayan de Oro River Authority.*** – There is hereby created a corporate body to be known as the CAGAYAN DE ORO RIVER BASIN DEVELOPMENT AUTHORITY, hereinafter referred to as the “CDO RIVER AUTHORITY,” which shall be organized within one hundred (100) days after the approval of this Act.

The CDO River Authority shall be under the supervision of the Office of the President. All policies and programs, orders, rules and regulations promulgated, all appointments made and all transactions entered by CDO River Authority shall be subject to the approval of the President of the Philippines.

**SEC. 4. *Mandate.*** – The CDO River Authority shall exercise the following mandates:

- a) Prepare a master plan to preserve, protect and develop the Cagayan de Oro River and its major tributaries which shall include the Kalawaig River, Tagite River, and Bubunaoan River and other rivers or river systems within the territorial jurisdiction of the CDO River Authority;
- b) Conduct engineering surveys of the major rivers and river systems, assess and monitor water quality, pinpoint pollution sources and identify the rivers that need to be developed for exploitation or rehabilitation;
- c) Plan, program, finance and undertake infrastructure projects such as river, flood and tidal control, waste and sewerage system, water supply, roads, port, irrigation, housing and related public works which are required within the context of its development plans and programs, including the readjustment, relocation or resettlement of population as may be deemed necessary and beneficial by the CDO River Authority;

- d) Initiate and facilitate planning, implementation, monitoring and evaluation of pertinent projects with positive impact on environment and development, including dredging, widening and deepening of river channels and improvement of river alignments, revetments, construction of dams and reforestation;
- e) Prioritize rivers positively identified for development and rehabilitation and prepare a river-specific plan of operation for the development, rehabilitation and general improvement of environmentally degraded rivers;
- f) Initiate funding arrangements with local and foreign donors, including fund-raising, to finance priority development projects and provide direct funding of minor initiatives expected to create a positive impact on the environment in the projected area;
- g) Recommend to the proper agencies offering financial support, technical and physical assistance about the level of priority to be accorded to river systems development and rehabilitation projects;
- h) Coordinate and integrate such projects or operations of local governments, government agencies, public corporations and, where clearly necessary and feasible, those of private entities, as will bear directly upon the plans and activities of the CDO River Authority so as to make possible the accelerated and intensive development and rehabilitation of the rivers and river systems within the context of the master plan and to set up a compact and well-trained staff for effective liaison and consultation or joint planning and implementation with such government and private entities;
- i) Investigate, identify natural washes and gullies, study the lay of the land, improve, construct and administer all flood control and drainage systems in the areas covered;
- j) Investigate and identify available and possible water resources for the purpose of utilizing the same and implement the acquisition thereof;
- k) Set the minimum depth and slope and standard of flood control and drainage systems so that water will reach their natural outfalls; and
- l) Plan, design, construct the necessary flood control and drainage systems for the next twenty (20) years following the approval of this Act.

**SEC. 5. Powers and Functions.** – The CDO River Authority shall exercise the following powers and functions:

- a) Cause, oversee, coordinate and monitor the implementation of, and periodically update the master plan to preserve, protect, develop and exploit the physical and natural resources of the Cagayan de Oro River and its major tributaries and areas along such rivers and tributaries;
- b) Exercise supervision, control and regulation over the implementation of the infrastructure projects such as river, flood and tidal control, waste water and sewerage system, water supply, roads, port, irrigation, housing and related public works within its master plans and programs;
- c) Exercise the right of eminent domain whenever the Commission deems it necessary to attain the mandate under this Act;
- d) Enter into contracts of any kind and description to enable it to carry its mandate and functions;
- e) Acquire, buy, purchase, hold or lease, such personal and real property as it deems necessary or convenient in the transaction of the business or in carrying out its mandate and to lease, mortgage, sell, alienate or otherwise encumber or dispose of any personal and real property held by the CDO River Authority;
- f) Sue and be sued in its corporate name;
- g) Borrow funds from any local or foreign financial institutions, independent of the bonds it may issue or may continue to issue to carry out the purposes of the CDO River Authority under this Act;

- h) Collect from the users of drainage system such fees as may be necessary to finance the continuous operation and reimburse within a period of not less than twenty-five (25) years the cost of construction thereof;
- i) Report annually to the President and the Congress of the Philippines of its activities including those in collaboration with the various government and private entities engaged in the implementation of the projects and programs. The report shall include, among others, a comparison of the developmental and rehabilitation targets as set for the year ending, the extent to which actual accomplishments measure up to such targets and the appropriate administrative and legislative recommendations; and
- j) Perform such other functions as may be necessary to carry out the provisions of this Act.

SEC. 6. **Principal Office.** – The CDO River Authority shall have its principal office in Cagayan de Oro City but it may have branch offices in such other places within the territorial jurisdiction of the CDO River Authority as are necessary for the proper conduct of its business.

SEC. 7. **Territorial Jurisdiction.** – The territorial jurisdiction of the CDO River Authority shall include the Cagayan de Oro River, its tributaries and the areas adjacent to them in Cagayan de Oro in the Provinces of Bukidnon and Lanao del Sur.

SEC. 8. **Board of Directors.** – The duties and functions of the CDO River Authority shall be directed, its properties managed and preserved and its corporate powers exercised, unless otherwise provided in this Act, by a Board of Directors which shall be composed of the following:

- a) Secretary of Public Works and Highways;
- b) Director-General of the National Economic Development Authority;
- c) Secretary of Environment and Natural Resources;
- d) Secretary of Agriculture;
- e) Secretary of the Interior and Local Government;
- f) Secretary of Finance;
- g) Secretary of Tourism;
- h) Administrator of the National Irrigation Administration;
- i) Representative from the private sector;
- j) Congressman of the 1<sup>st</sup> District of Cagayan de Oro City;
- k) Congressman of the 1<sup>st</sup> District of Cagayan de Oro City; and
- l) Mayor of Cagayan de Oro City.

The Board of Directors shall elect from among themselves a chairman and a vice-chairman.

The representative of the private sector shall be appointed by the President of the Philippines from among the list of recommendees to be submitted by the private sector.

The officials next in rank to the above-mentioned members shall serve as permanent alternate members and shall attend meetings of the Board in the absence of their principals and shall receive the corresponding per diems.

The representative of the private sector shall be a Filipino citizen, of good moral character, and with recognized competence in the field of public administration or directly related to water works management and engineering or allied services.

The members of the Board shall be reimbursed by the CDO River Authority for actual expenses, including traveling and subsistence, incurred by them in the performance of their duties.

No member of the Board shall have financial or pecuniary interest, directly or indirectly, in any business contract or transaction entered into by the CDO River Authority or in any privilege granted by it. Neither shall a member have any interest, financial or otherwise, in any undertaking or business with an inherent conflict of interest with the CDO River Authority.

SEC. 9. **Powers and Duties of the Board of Directors.** – The Board of Directors shall exercise the following powers and duties:

- a) Formulate, prescribe, amend and repeal rules and regulations to govern the conduct and operation of the CDO River Authority;
- b) Provide comprehensive policy guidance for the preservation, protection and development of the Cagayan de Oro River and its other tributaries as provided in this Act;
- c) Decide the objectives, strategies and policies to be followed by the CDO River Authority;
- d) Ensure that the CDO River Authority performs its functions in a proper, efficient and effective manner;
- e) Determine the organizational structure of the CDO River Authority, establish a human resources management system based on merit and fitness, and adopt a rational compensation and benefits scheme;
- f) Suspend, remove or otherwise discipline for just cause any staff member appointed by the Board;
- g) Approve the annual and supplementary budgets for submission to the Congress of the Philippines;
- h) Submit an annual report to the President of the Philippines; and
- i) Perform such other functions as may be necessary to carry out the purpose of this Act.

SEC. 10. **Meetings.** – The Board shall meet regularly once a month and may hold special meetings to consider urgent matters upon call of the Chairman or any of its three (3) members. The majority of the Board shall constitute a quorum and the decisions of the Board shall require the concurrence of at least five (5) members. The internal rules of procedure in the conduct of Board meetings shall be prescribed by the Board.

SEC. 11. **Administrator.** – The CDO River Authority shall be headed by an Administrator who shall be the chief executive officer (CEO) of the CDO River Authority and shall be responsible for the general administration and management of the agency. The Administrator must be a natural born citizen of the Philippines, at least forty-five (45) years of age, with at least ten (10) years experience in the field of public administration or the management of agricultural, industrial or commercial enterprises and a recognized authority on flood control and drainage or related fields.

The Administrator shall be appointed by the President of the Philippines upon the recommendation of the Board for a term of three (3) years unless earlier removed for cause by the President.

For purposes of law enforcement functions, the Administrator is deemed a person in authority. All subordinate officials and personnel are deemed agents of persons in authority.

SEC. 12. **Powers and Functions of the Administrator.** – The Administrator shall exercise the following powers and functions:

- a) Execute, administer and implement the objectives, policies and programs of the CDO River Authority and enforce decisions, orders, rules and regulations approved or prescribed by the Board of Directors;
- b) Prepare the agenda for the meeting of the Board and submit for consideration thereof the policies and measures which he believes necessary to carry out the provisions of this Act;
- c) Direct and supervise the operation and internal administration of the CDO River Authority. The Administrator may delegate certain administrative responsibilities to other officers of the CDO River Authority subject to the rules and regulations of the Board; and
- d) Exercise such other powers as may be directed by the Board.

SEC. 13. **Compensation.** – The Administrator shall receive a compensation to be determined by the Board which shall be charged against the annual appropriation of the CDO River Authority. The Board of Directors shall provide the per diems and allowances for the Administrator.

SEC. 14. **Residence.** – The Administrator shall establish his residence within the territorial jurisdiction of the CDO River Authority. The Administrator shall not, during his term of office, engage in any business or profession other than those connected in the performance of his official duties as Administrator.

SEC. 15. **Administrative Staff.** – The activities of the CDO River Authority shall be carried under the supervision and control of the Administrator through the following administrative officials:

- a) An Assistant Administrator who shall be appointed by the President of the Philippines upon the recommendation of the Board. He shall exercise such powers, duties and functions that may be delegated by the Administrator and shall act as Administrator in the absence of or during the temporary incapacity of or until such time a new Administrator is duly appointed;
- b) An Administrative Officer who shall be responsible for providing services related to personnel, training, information, records, supplies, general services, equipment and security;
- c) A Planning and Management Development Officer who shall be responsible for providing services to planning, programming, statistics and project development;
- d) A Budget and Finance Officer who shall be responsible for providing staff advice and assistance on budgetary matters and safekeeping of corporate assets;
- e) A Legal Officer who shall represent the CDO River Authority in legal actions and proceedings;
- f) An Engineering and Construction Officer who shall be responsible for providing services related to detailed engineering plans and construction and maintenance of projects facilities; and
- g) An Information Officer who shall take charge of re-orientation and education of personnel and the communities living along the river banks.

SEC. 16. **Structure, Staffing and Pay Scale.** – The Board of Directors of CDO River Authority shall determine the organizational structure and staffing pattern of CDO River Authority and pay scales of the officers and employees thereof conforming to that of existing government-owned or controlled corporations and subject to the evaluation or screening by the Civil Service Commission and of the Organization Position Classification and Compensation Bureau of the Department of Budget and Management. The Board may reorganize said structure, modify such pattern, or alter the same scale and create or abolish division, sections or units and any of its subsidiaries.

SEC. 17. **Merit System.** – All officials, agents and employees of the CDO River Authority shall be selected and appointed on the basis of merit and fitness in accordance with a comprehensive and progressive merit system to be established by the CDO River Authority immediately upon its organization. The recruitment, transfer, promotion and dismissal of all its personnel including temporary workers shall be governed by such merit system.

SEC. 18. **Appointment by the Board.** – The administrative officers and employees shall be appointed by the Board upon the recommendation of the Administrator.

SEC. 19. **Authorized Capital Stock.** – The authorized capital stock of CDO River Authority shall be Five Hundred Million Pesos (P500,000,000.00) divided into Two Million Five Hundred

Thousand (2,500,000.00) par value shares of Two hundred pesos (P200.00) each: *Provided*, That eighty percent (80%) of the authorized capital shall be fully subscribed by the National Government to be appropriated out of any funds in the National Treasury not otherwise appropriated of which at least fifty percent (50%) shall have been fully paid: *Provided*, That twenty percent (20%) thereof shall be subscribed and paid for by the City Government of Cagayan de Oro

SEC. 20. **Operating Expenses.** – For the operating expenses of the CDO River Authority, the sum of Twenty Million Pesos (P20,000,000.00) is hereby authorized to be appropriated annually for two (2) years. Thereafter, the Board of Directors shall appropriate out of the funds of the CDO River Authority such sums as may be needed for its operating expenses.

SEC. 21. **Tax Exemption.** – CDO River Authority shall be exempt from the payment of income taxes, franchise taxes, realty taxes and all kinds of taxes and licenses of the National Government, its provinces, cities, municipalities and other government agencies and instrumentalities: *Provided*, That its subsidiary corporations shall be subject to all said taxes five (5) years after their establishment. Such exemption shall include any tax or fee imposed by the government on the sale, purchase or transfer of foreign exchange and all notes, bonds and debentures, and other obligations issued by CDO River Authority both as to principal and interests.

The importation of machinery, equipment, materials, and supplies by CDO River Authority paid from the proceeds of any loan, credit or indebtedness incurred under this Act shall be exempt from all taxes, fees, imposts, other charges and restrictions imposed by the government of the Republic of the Philippines or any of its agencies and political subdivisions.

SEC. 22. **Audit.** – The Chairman of the Commission on Audit shall appoint a representative who shall be the resident auditor of the CDO River Authority. He shall likewise appoint the necessary personnel to assist said representative in the performance of his duties. The salaries of the auditor and his staff shall be fixed by the Chairman of the Commission on Audit. The salaries and other expenses for the auditor's office shall be included in the budget of the Commission on Audit. The auditor of the CDO River Authority and personnel under him may be removed only for cause by the Chairman of the Commission on Audit.

SEC. 23. **Annual Audit Report.** – An annual audit report shall be submitted by the Commission on Audit to the Board of Directors of the CDO River Authority and copies thereof shall be furnished to the President of the Philippines. The report shall set forth the scope of the audit and shall include a statement of assets and liabilities, capital and surplus or deficit; a statement and surplus or deficit analysis; statement of income and expenses; a statement of sources and application of funds; and such comments and information as may be necessary, together with such recommendations with respect thereto as may be advisable, including a report of any impairment of capital noted in the audit. The report shall also show specifically any program, expenditures or other financial transaction or undertaking observed in the course of audit, which in the opinion of the auditor, has been carried out or made without authority of law.

SEC. 24. **Applicability of the Corporation Code.** – The provisions of the Corporation Code, as amended, insofar as they are not inconsistent with this Act, shall be applicable to CDO River Authority.

SEC. 25. **Repealing Clause.** – All laws, decrees, executive orders, rules and regulations and other issuances, or parts thereof, inconsistent with the provisions of this Act, are hereby repealed or modified accordingly.

SEC. 26. **Separability Clause.** – If any part or provision of this Act is declared unconstitutional, other parts or provisions hereof which are not affected thereby shall continue to be in full force and effect.

SEC. 27. **Effectivity.** – This Act shall take effect fifteen (15) days after its publication in at least two (2) national newspapers of general circulation.

Approved,