

Emergency.

SEC. 15. This act is necessary for the immediate preservation of the public peace, health and safety, the support of the state government, and its existing public institutions and shall take effect immediately.

Passed the Senate February 13, 1923.

Passed the House February 21, 1923.

Permitted to become a law without the signature of the Governor.

J. GRANT HINKLE,
Secretary of State.

CHAPTER 52.

[S. B. 44.]

WATER WORKS BONDS.

AN ACT relating to bonds of cities of the third class, exchanging such bonds for bonds of local improvement districts issued for the construction of water systems, providing for their payment out of the water revenues of such city, fixing the portion of the charges for water sold to be applied to their payment, declaring certain violations of said act to be void and fixing a liability for the violation thereof.

Be it enacted by the Legislature of the State of Washington:

SECTION 1. Wherever any public water system shall have been constructed within any local improvement district of any city of the third class for the construction of which bonds of such local improvement district have been issued and are outstanding and unpaid, and such city shall have taken over such system or shall be operating the same as a public utility, or shall have incorporated or connected such system into or with any system operated by such city as a public utility, and from the operation of which such city derives a revenue, such city may by resolution of its city council authorize the issue of bonds to an amount not exceeding the amount of the local improvement bonds issued for

Local
improvement
district,
bonds
outstanding.

the construction of such water systems then outstanding and unpaid with interest due and unpaid, and may redeem such outstanding local improvement bonds by exchanging therefor an equal amount at par of the bonds authorized by this act.

SEC. 2. Such bonds shall be denominated water redemption bonds of such city, and shall be in denominations of not more than one thousand nor less than one hundred dollars each, and shall bear interest at a rate of not to exceed six per cent per annum, payable semi-annually, and shall bear a serial number and shall be signed by the mayor of such city, and shall be otherwise executed in such manner and payable at such time and place not exceeding twenty years after the date of issue as the city council of such city shall determine, and such bonds shall be payable only out of the special fund created by this act, and shall be a valid claim of the holder thereof only against such fund and the fixed portion or amount of the revenues of such water system pledged to such fund, and shall not constitute an indebtedness of such city.

Redemption
bonds.

SEC. 3. No bonds issued under the authority of this act shall be sold nor disposed of except in exchange for an equal amount in par value of principal and interest of the local improvement district bonds issued for the construction of water systems taken over and operated by such city, or incorporated into or connected with a water system operated by such city, and upon the exchange by such city of the bonds authorized by this act for such local improvement district bonds the city shall be subrogated to all the rights of the owners and holders of such local improvement district bonds against the property of such local improvement district and as against any person or corporation liable thereon, and any monies derived by such city from the sale or enforcement

Sale and
exchange.

of such local improvement district bonds shall be paid into the water redemption fund of such city.

Water
redemption
fund.

SEC. 4. The city council of such city before issuing such bonds shall by ordinance establish a fund for the payment of such bonds at maturity and of interest thereon as it matures to be designated the water redemption fund.

Regulation
and control
of water.

SEC. 5. Such city shall have power to regulate and control the use and price of water supplied through such water system and shall establish for the use and sale thereof such rates and charges as shall be sufficient to provide for the operation and maintenance of such system and for the payment of the bonds issued under this act at maturity and of interest thereon as it matures, and such portion shall be included in and collected as a part of the charges made by such city for water supplied through such water system and paid into the water redemption fund.

Interest
paid.

SEC. 6. The city treasurer of such city shall pay the interest on the bonds authorized by this act out of the monies in the water redemption fund.

Call bonds
for payment.

SEC. 7. Whenever there shall be sufficient money in such fund, over and above the amount that will be required to pay the interest on such bonds up to the time of maturity of the next interest payment, to pay the principal of one or more bonds, the city treasurer shall call in and pay such bonds. Such bonds shall be called and paid in their numerical order, and such call shall be made by publication in the official newspaper of such city and shall state the total amount and the serial number or numbers of the bonds called and that they will be paid on the date when the next semi-annual payment of interest will be due, and interest on the bonds called shall cease from such date.

SEC. 8. All monies paid into or collected for the water redemption fund shall be used for the payment of principal and interest of the bonds issued under the authority of this act, and no part thereof while any of said bonds are outstanding and unpaid, shall be diverted to any other fund or use.

Use of
monies.

Provided, however, That when both principal and interest on all bonds issued and outstanding shall have been paid, any unexpended balance remaining in said fund may be transferred to the general fund of the city or such other fund thereof as the city council shall direct.

SEC. 9. Every ordinance, resolution, order or action of any city council, board or officer of any such city, and every warrant or other instrument made, issued, passed or done in violation of this act shall be void, and every officer, agent, employee or member of the city council of such city, and every person or corporation who shall knowingly commit any violation of this act, or knowingly aid in such violation, shall be liable to such city for all monies transferred, diverted or paid out in violation of this act, and such liability shall attach to and be enforceable against the official bond, if any, of such official agent, employee or member of the city council.

Ordinances,
orders,
resolutions,
void.

Penalty.

SEC. 10. The term water system as used in this act shall be construed to include and be applicable to all reservoirs, storage and clarifying tanks, conduits, mains, laterals, pipes, hydrants and other equipment used or constructed for the purpose of supplying water for public or domestic use, and shall include not only water systems constructed by local improvement districts, but also any system with which the same may be incorporated or connected.

Water
system
defined.

Passed the Senate February 6, 1923.

Passed the House February 23, 1923.

Approved by the Governor March 5, 1923.