

### Title:

City of Baguio vs. The National Waterworks and Sewage Authority: A Property Rights Clash

### Facts:

In April 1956, the City of Baguio initiated a complaint for declaratory relief against the National Waterworks and Sewage Authority (NAWASA), sparked by Republic Act No. 1383. The law sought to consolidate control of waterworks systems under NAWASA, including Baguio's Waterworks System. Baguio argued that the Act did not apply to it, was unconstitutional if it did, as it deprived the city of property without due process or just compensation, and was oppressive. NAWASA countered, deeming the Act a valid exercise of police or eminent domain powers, and contended that Baguio's waterworks were public works rather than private property. Without resolution at lower courts, the case escalated to the Supreme Court on grounds including the propriety of declaratory relief and constitutional compliance concerning eminent domain.

### Issues:

1. Was the action for declaratory relief appropriate, given the situation?
2. Does Republic Act No. 1383 constitute an exercise of the police power or eminent domain?
3. If it involves eminent domain, does it violate the Constitution by not providing just compensation?

### Court's Decision:

1. **\*\*Declaratory Relief Appropriateness:\*\*** The Supreme Court affirmed the trial court's finding of proper use of declaratory relief, noting no breach of Republic Act No. 1383 had occurred since no actual transfer of the Baguio Waterworks System had taken place.
2. **\*\*Nature of Act No. 1383 - Police Power vs. Eminent Domain:\*\*** The Court established that Act No. 1383 did not merely adjust administrative control but aimed for a genuine transfer of ownership to NAWASA, constituting an exercise of eminent domain rather than police power.
3. **\*\*Constitutional Violation Through Lack of Just Compensation:\*\*** The Court concluded that, as there was no provision or action taken to effectively provide just compensation for the expropriation of the waterworks, Republic Act No. 1383 violated the Constitution, making the transfer unlawful.

### Doctrine:

This case reaffirmed the principle that municipal property of a proprietary nature, such as waterworks, is protected under the Constitution against expropriation without just compensation, distinguishing between administrative control shifts and actual transfer of ownership as falling under the realm of eminent domain.

**### Class Notes:**

- **\*\*Declaratory Relief:\*\*** Appropriate when there's a need to determine rights under a law or contract before breaches occur.
- **\*\*Eminent Domain vs. Police Power:\*\*** Transfer of ownership for public use requires just compensation (eminent domain); regulatory adjustments without ownership change fall under police power.
- **\*\*Constitutional Safeguard:\*\*** Private property cannot be taken for public use without just compensation (Sec. 1(2), Article III; Sec. 6, Article XIII of the Philippine Constitution).

**### Historical Background:**

This case underscores a critical period in Philippine legal history where the centralization of utility management was tested against constitutional limits of property rights. It highlighted the tensions between national development initiatives and local autonomy, a recurring theme in the post-war era's nation-building efforts.