

# **City Suing Santa Fe Country Club for Breach of Contract Over Excessive Free Water Usage**

## ***City Hopes to Strike New Agreement with Country Club***

SANTA FE, July 26, 2022 --The City of Santa Fe filed suit in the First Judicial District against the Santa Fe Country Club for breach of contract related to effluent water use and is asking the court to find that the Club has materially breached its contract for treated effluent and that the contract is subject to termination.

The City does not desire to end the Santa Fe County Club's access to water. The City seeks a new contractual arrangement that is fair and reasonable.

The City has been providing free, treated effluent to the Santa Fe Country Club since 1959, pursuant to a contract that is over 60 years old. In exchange for the treated effluent (up to 700,000 gallons per day), the contract requires public access to the Country Club with reduced greens fees.

Over the lifetime of this Contract, the City has given the Santa Fe County Club over five billion gallons of treated effluent, free of charge, with an approximate total current value in the tens of millions of dollars. Since 1998, the City has provided approximately \$7.6 million worth of treated effluent to the Santa Fe County Club. From 2018 through 2021, the Santa Fe County Club exceeded the 700,000 per day limit on 143 different days, occasionally even using more than three times its daily limit of treated effluent. Over that time, the Santa Fe Country Club exceeded its daily allotment of water by over 22 million gallons.

The City has tried repeatedly to collaborate with the Santa Fe Country Club to enter a contract that is consistent with other City contracts for treated effluent, including a fixed duration and payment. The Club refuses to discuss any contract revision that would include payment or a definite term.

The contract no longer represents a fair agreement for the City's ratepayers, and it conflicts with current City Code. The Code requires large effluent users to pay for effluent and limits contracts' duration. The Santa Fe Country Club consumes a finite and increasingly precious public resource, thereby threatening the City's ability to effectively manage its water portfolio. Moreover, the Country Club has taken water exceeding its contractual right and exceeding its permit from the NM Environment Department.

Over the past decades and up to the present time, the City has fulfilled its obligations to the Santa Fe Country Club, consistently providing the SFCC with treated effluent totaling over five billion gallons over the lifetime of the agreements.