



To the Members of Community Water Company of Green Valley

*COMMUNITY WATER COMPANY PROVIDING
RELIABLE WATER DELIVERY SERVICE SINCE 1977*

Community Water is committed to its mission of reliable water delivery. Our strengths include an excellent team of highly skilled water professionals and board directors, a robust water delivery system, an excellent financial position, and a reputation as a professional water utility. We take pride in our safety record, and our outreach efforts to keep you better informed of the local water issues.

As we look to the future, we would like to share a thought on the sustainability of our local water supply – is there enough water? Our local water supply is not sustainable if the source aquifer continues to decline. Even though it can be decades before we feel the impact, it is critical to invest in solutions for future generations to capitalize upon. Community Water is committed to developing a sustainable water supply and joined with Rosemont Copper Company to develop Project Renewals in 2007. Project Renewals will bring renewable water supplies to the Green Valley-Sahuarita area. It has the approval of the Bureau of Reclamation and development is at no cost to our members. In 2017, we connected to the Central Arizona Project pipeline and extended Project Renewals under I-19 at Pima Mine Road; also, we have completed the acquisition of the Project Renewals pipeline rights-of-way and have installed segments of pipe under the Pima Mine Road Bridge and under the Nogales Highway intersection with Sahuarita Road.

Sustainability requires diligence in the monitoring of our water quality. Community Water continues delivery of water that meets or surpasses all applicable health and safety measures. We conduct all required tests to check water quality and report our test results each June. Our Water Quality Report is available on our website at <http://www.communitywater.com/wqr.pdf>. Please visit our office for a paper copy.

Based on our December 2017 survey, customer satisfaction with Community Water remains high; this is attributed to the outstanding work by our well-trained staff. Our existence depends on their working in a safe environment. Hence, our team continually updates our safety programs to secure a safe work environment, and regular staff participation in safety-related training is key to low accident rates and maintaining reliable delivery of our drinking water.

The Arizona Department of Environment Quality (ADEQ) has established a sulfate mitigation order with a local mine. This order includes two action levels for sulfate in our drinking water; increased monitoring at 135 ppm and other action at 250 ppm. Community Water's highest sulfate level as reported in our June 2017 Water Quality Report is 52.6 ppm. A Community Advisory Group (CAG) meets to receive updates on the local mine's efforts and the current sampling results. The CAG meetings are open to the public, and the location, date and time are published in the local newspaper. Community Water participates in the CAG meetings and provides feedback to ADEQ.

Financial sustainability is also essential for the safe and reliable delivery of our drinking water. We continue to focus on excellent water delivery while reducing operating and maintenance costs where appropriate. Current rates for water delivery were approved by the Arizona Corporation Commission

in 2016. Rate increases are required to generate the necessary revenues that support financial sustainability and are an essential step in providing sufficient revenues to cover expenses, maintain funds for scheduled equipment maintenance, repair unexpected equipment breakage, and develop reserves to support borrowing to make appropriate system upgrades.

Community Water had 12,677 active residential units connected to the water delivery system at year-end 2017, compared with 12,611 at year-end 2016. Commercial customers had a slight increase to 385, from 378 a year ago. The amount of water pumped from the aquifer in 2017 was 2,403 acre-feet, an increase of 2.6% from the prior year's 2,342 acre-feet. Total 2017 rainfall of fewer than 9 inches was below the average of the past decade, and a significant decrease from the record rainfall of 22 inches in 2015.

We are grateful and indebted to our volunteer directors and board consultants for lending their knowledge and assistance to working on our local water issues. Their service adds value, and we continue to be delighted with the expertise of those serving. Also, their participation in representing Community Water at various water-related meetings enables Community Water to be effective in local water issues.

Community Water is proud of its annual support of providing water over the past eight years to the MedianGreen Project. This water contribution supports the mission of the MedianGreen Project to replant and beautify the public road medians in Green Valley; reflecting the pride we take in our community.

Community Water is pleased that our Round-Up program continues to function well and is providing limited assistance to our water utility customers in need. Round-Up is a program that rounds up water bills to the next whole dollar, and pools the roundup dollars for assistance to our water utility customers. Our Round-Up program is administered by the Salvation Army. Community Water's Round-Up program is voluntary for our customers. Round-Up applications are available at our office or on our website.

Our annual meeting of members is on Thursday, April 26, 2018, at 9:30 a.m., in the GVR East Center, at 7 South Abrego Drive, Green Valley, AZ. Registration begins at 9:00 a.m. We look forward to seeing you at our annual meeting.

Sincerely,



Virgil W. Davis
Chair of the Board



Arturo R. Gabaldón
President

Community Water Company of Green Valley
*(An Arizona nonprofit corporation with members
operating a water utility regulated as a public service
corporation by the Arizona Corporation Commission)*