



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

SAFE • LOCAL • SUSTAINABLE To the Members of Community Water Company of Green Valley

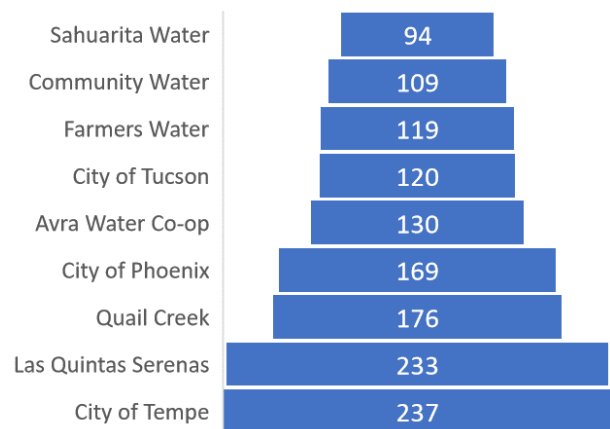
This summer will mark the 42nd year this utility has provided reliable water delivery service to its members. Since 1977, the population we serve has increased from less than 3,500 to over 24,000. We deliver an annual average of 2.2 million gallons of water daily, all drawn from our aquifer. Over the years we have been successful in meeting the challenges of our short and long-term needs through careful planning and investment in the utility infrastructure. We take a long-view when we evaluate our options for system stewardship, water resource management, and our utility practices.

The average bill for our residential customer is about \$22 a month. Community Water had 12,741 active residential units connected to the water delivery system at year-end 2018, compared with 12,677 at year-end 2017. Commercial customers had a slight increase to 394, from 385 a year ago. The amount of water pumped from the aquifer in 2018 was 2,383 acre- feet, a decrease of .8% from the prior year's 2,403 acre-feet. Total 2018 rainfall of 20.8 inches was above the average of the past decade of about 12.9 inches per year.

A measure for comparing water use between communities is called "Gallons Per Capita Day" or GPCD for short. The GPCD calculation results in higher values for areas with significant industrial and commercial uses.

We encourage the State of Arizona to continue working on addressing the issues of long-term water supply availability. Drought contingency planning has been an important effort to prioritize the use of the Colorado River water. The Arizona Department of Water Resources has reported that the Green Valley-Sahuarita area continues to experience a decrease in our water tables. We are fortunate to have a substantial aquifer beneath us that can minimize the impact of possible long-term droughts.

2017 GPCD Per Arizona
Department of Water Resources



Our local water supply is not sustainable if the source aquifer continues to decline. Even though it can be decades before we feel the effect, it is critical to minimize our impact on the present water supply. Community Water is committed to developing access to an alternate water supply as part of the 1980 Ground Water Act that sets safe yield goals for the Tucson Active Water Management Area. We joined with Rosemont Copper Company in 2007 to develop Project Renew. Project Renew 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 2018, we secured a 99-year lease on State Land in Sahuarita for the purposes of recharging our Central Arizona Project water and have begun preparing for the installation of mains along Pima Mine Road. We have already connected Project Renewals to the Central Arizona Project pipeline and extended the pipeline eastward under 1-19 at Pima Mine Road. Acquisition of the Project Renewals pipeline rights-of-way has been completed, and we have installed segments of pipe under the Pima Mine Road Bridge and under the Nogales Highway intersection with Sahuarita Road.

The Company has been working on developing financial reserves necessary for replacement of an aging infrastructure and to improve the redundancy of our water delivery system. In 2018, there were some challenging main breaks that kept our crews working long hours over several days complicated by access to and the depth of the mains. Please congratulate our employees for their exemplary service; their excellent stewardship has resulted in a reliable and robust water delivery system supported by superb customer service.

Periodic rate increases are required to generate the necessary revenue, and regular borrowing helps support financial sustainability and are an essential step in providing sufficient cash flow to cover expenses, maintain funds for scheduled equipment maintenance, repair unexpected equipment breakage, and develop reserves to support borrowing to make appropriate system replacements and upgrades.


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.

A strong thank you to our volunteer directors and board consultants who represent our members' interests. Their knowledge of the community and local water issues is valuable, and we continue to be delighted with the expertise of the directors serving our company. Customer satisfaction with Community Water remains high based on our 2018 survey.

Community Water is proud of its annual support of providing water over the past decade 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.

Our annual meeting of members is on Thursday, April 25, 2019, 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)