



April 2, 2021

To the Members of Community Water Company of Green Valley
(An Arizona nonprofit corporation with members)

Community Water updated its branding in 2015 to contain our basic ideals SAFE • LOCAL • SUSTAINABLE to convey our utility service's value to our community. Our mission is to reliably deliver drinking water to our customers that meets all regulatory standards and to maintain a sustainable water supply.

SAFE – 2020 had presented some historical challenges due to the COVID-19 pandemic. In mid-March 2020, mindful of the necessity to keep our system functional, we took decisive action that included implementing safety protocols to keep our customers and employees safe, closing the administrative building to face-to-face contact, and expanding communication services. We remain diligent and steadfast in our efforts to maintain our high level of service and express our thanks to our members for their continued support.

Community Water continues delivery of water that meets or surpasses all applicable health and safety measures. We conduct all of the required tests to check delivered water quality and report our test results in June of each year. Our Water Quality Report is available on our website at <http://www.communitywater.com/wqr.pdf>.

LOCAL – On June 10, 1977, upon acquisition of the water utility serving the Green Valley area, Community Water began operations as an Arizona nonprofit corporation with members with the goal of maintaining local control of our water services. Since then, we have continued to grow and provide reliable water delivery service for 44 years.

SUSTAINABLE – Community Water strives for financial sustainability and the sustainability of our local water supplies. We continue to focus on water delivery while reducing operating and maintenance costs where appropriate. Current water delivery rates were approved by the Arizona Corporation Commission in 2016. Our costs continue to increase, and we are evaluating filing for an increase in water delivery rates with the Arizona Corporation Commission in 2022. Sufficient revenues are necessary to fully cover our expenses, maintain funds for doing scheduled equipment maintenance, repair unexpected equipment breakage, and develop sufficient reserves to support appropriate borrowing of funds to replace worn-out plant. Rate increases are necessary to generate the required revenues that ensure our financial sustainability.

Community Water is committed to maintaining a sustainable water supply. Local water supplies are not sustainable as long as they continue to decline. Even though it can be decades before we feel the impact, it is important to invest in solutions for future generations to build upon. Development of Project Renew's was started in 2007 to bring renewable water supplies to the Green Valley Sahuarita area. Project Renew's construction continued in 2020 and segments of pipeline construction will continue in 2021.

Project Renew's construction has included completing the acquisition of pipeline rights-of-way, installing segments of the pipeline from the CAP Terminus along Pima Mine Road towards Nogales Highway and under the Nogales Highway intersection with Sahuarita Road. We secured a 99-year lease on State Land in Sahuarita for a site to recharge CAP water. In 2019, under management by Project Renew's and as part of a joint effort with FICO, the Project installed two pipelines for about two miles along Pima Mine Road. Project Renew's connected to the Central Arizona Project pipeline at the CAP Terminus and extended eastward under I-19 at Pima Mine Road. We are delighted that at this time, to have CAP water near Nogales Highway at Pima Mine Road.

Sustainability also requires the protection of our local water supplies from contamination. As noted in our recent Water Quality Report, sulfate contamination from the local mine is not affecting our wells. A Community Advisory

Group ("CAG") is part of the Arizona Department of Environmental Quality ("ADEQ") sulfate mitigation order to report on the local sulfate mitigation efforts. We continue to participate in the CAG meetings and provide feedback to the Arizona Department of Environmental Quality.

At year-end 2020, Community Water had 12,799 active residential units connected to the water delivery system compared with 12,776 at year-end 2019. Commercial customers remained relatively close to 390. We pumped 2,431.3 acre-feet of water from our aquifer – an increase of 6% from the prior year. Total rainfall in 2020 was significantly lower, with about 11 inches, compared to 2019's 20 inches. We attribute the increase in water use to the dry weather and our customers staying longer in the area. We encourage you to fix any leaks quickly and look for ways to save water.

Customer satisfaction with Community Water remains high based on our January 2021 survey. Please congratulate our employees for their exemplary service. They are the heart of Community Water, and their excellent stewardship has resulted in superb customer service while providing a reliable and robust water delivery system.

Identity theft remains an essential concern to us all. Community Water has worked to improve our computer security systems and maintain the latest protection software. However, the best cure is an ounce of prevention, so when in doubt, call us at 520-625-8409 to confirm any utility transaction. Also, we encourage you to join our EZPay program; applications are available on our website <http://www.communitywater.com>.

Community Water is proud of its annual support of the Green Valley Council Median Green Project. We provide water that the Green Valley Fire District has delivered to Median Green medians over the past decade. Their mission is to replant and beautify the public medians in Green Valley, reflecting the pride we take in our community.

During the COVID-19 pandemic, several of our customers have hit hard times; we are delighted to report that the Round-Up program continues to be a tremendous success and lifesaver. It is a program that rounds up water bills to the next whole dollar; these pennies can make a difference to those in need. This Community Water program is voluntary for our customers, and the Salvation Army administers our program. It provides support for our water utility customers. Please provide your support by signing up for Round-Up; applications are available on our website.

A strong thank you to our volunteer directors who represent our members' interests. Their knowledge of the community and local water issues is valuable, and we continue to be delighted with the directors' expertise serving your company.

We also recognize the contributions of two individuals who are stepping down as board members. Each has contributed significantly to our success. We appreciate that both will continue to serve as board consultants. Mr. Virgil W. Davis, who has served on the Board since February 2003 and chair since April 2010, has chosen not to stand for election and is recognized as Chair Emeritus. Ms. Donna J. Severidt served as board consultant from 2008 to 2013; in April 2013, she was elected to the Board and is recognized as Treasurer Emeritus.

SAVE THE DATE - our annual meeting of members will be held virtually over the internet on Wednesday, April 28, 2021, at 9:30 AM, with login instructions to follow. We look forward to seeing you at our annual meeting.

Sincerely,



Virgil W. Davis
Chair of the Board



Arturo R. Gabaldón
General Manager and President of the Board