BIG SKY COUNTY

WATER & SEWER DISTRICT 363

Monthly Operating Report

September 2026

Prepared by

BIG SKY COUNTY
WATER & SEWER
DISTRICT NO. 363

Executive Summary

September 2026 reflects strong operational performance and a favorable financial position for Big Sky County Water & Sewer District No. 363, while highlighting continued priorities related to cost management, preventative maintenance, infrastructure reliability, and long-term capital planning.

Financially, the District remains in a positive position. Fiscal year-to-date operating revenue reached $1.80 million, exceeding budget by approximately $300,740. September operating expenses totaled $588,732, with year-to-date expenses remaining $149,477 below budget. Although overall expenditures remain favorable, utilities, chemicals, insurance, and legal fees are running above budget. Increased energy costs at the Water Reclamation and Reuse Facility (WRRF) are being evaluated, while legal expenses are expected to remain elevated into November due to ongoing appeal proceedings and water-right matters. Continued monitoring of expenditures will be important as the District advances its capital and operational priorities.

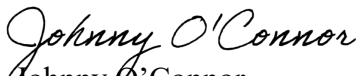
Operationally, the WRRF maintained strong treatment performance throughout September, producing Class A reclaimed water for beneficial reuse while remaining in regulatory compliance. Approximately 59.2 million gallons of reclaimed water storage capacity remained available, representing roughly 75% of total storage capacity. Staff continue developing asset management standards, critical equipment inventories, maintenance agreements, and process-control documentation to strengthen operational consistency and reduce the risk of unplanned equipment failures. The District also continued advancing the $4 million biosolids centrifuge project, a significant investment in long-term facility performance and reliability.

Water operations demonstrated measurable benefits from distribution system leak repairs in Meadow Village. September production declined to 16.35 million gallons in Meadow Village and 16.09 million gallons in Mountain Village, reflecting seasonal reductions in demand and improved water-use efficiency. Combined year-to-date production for the two systems reached a record 270.08 million gallons, 21.9% above 2025 levels. Mountain Village accounted for much of the increased summer demand, reinforcing the importance of continued monitoring, water accountability, and long-term supply planning.

Community engagement, permitting, and safety activities also progressed during the month. The District hosted its inaugural State of the District – On Tap event and continued outreach through newsletters, Community Week activities, and coordination with regional partners. Seven new permit applications received conditional approval, and staff completed seasonal heavy-equipment safety training in preparation for winter operations. No safety incidents were reported during September.

Overall, the District remains financially stable and operationally strong. Priorities for the coming months include managing emerging operating costs, advancing capital improvement projects, strengthening preventative maintenance and asset management programs, monitoring water demand and system efficiency, and continuing strategic infrastructure planning to support Big Sky's long-term needs.

Regards,



Johnny O'Connor
Executive Director | BSCWSD 363

Financial Spotlight

Full Financial Report: Please See Board Packet

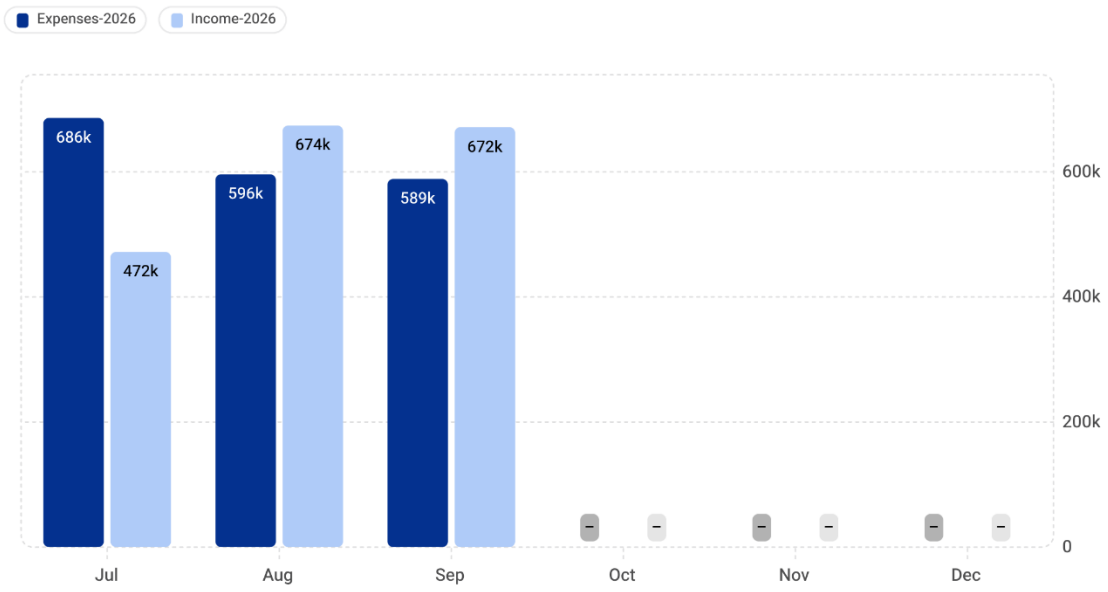
Key Takeaways

Operating revenues remain modestly favorable overall. The primary budget outliers are still legal expense, chemical and utility costs at the WRRF

Cash and investments are $18.55 million in restricted and unrestricted cash and investments as of Sept. 30th.

Accounts receivable balance of $1.73M is consisten with the District's quarterly billing cycle, bills mailed early in October.

Operating Revenue & Expenses by Month



Financial Update

September financial results remain favorable overall. Operating revenue was above budget, bringing FYTD operating revenue to $1.80 million, or $300,740 above budget. Operating expenses were $588,732 for September, FYTD expenses remain $149,477 below budget, with 25.1% of the annual operating budget used after 25% of the fiscal year.

Several individual expense categories continue to warrant attention. Utilities, chemicals, insurance, and legal fees are running above FYTD budget, while repairs and maintenance remain well below budget. Office expenses reflect the timing of the District’s annual event, and

chemical costs are elevated due to summer operational adjustments and are expected to moderate. Northwestern Energy costs have increased, and staff is reviewing WRRF operational and process changes that may be contributing to higher energy usage. Legal expenses are also expected to remain elevated into November due to ongoing appeal proceedings and water-right change-of-place-of-use work.

Financial Position Summary as of Sept. 30, 2026

Category	Amount	% of Budget
YTD Total Operating Revenue	$1.80M	30.0%
YTD Total Operating Expenses	$1.97M	25.1%
Unrestricted Cash on Hand	$1.25M	—
Asset Replacement/Restricted Operating Reserve	$4.32M	—
Sewer & Water Investment Funds	$10.73M	—

CIP Projects

Year	2026		
	Est. Cost	Distr. Share	Cost to Date
Reuse	**$70,000**	**$70,000**	**$59,273**
Capitalized			
Pony Pump	$70,000	$70,000	$59,273
Sewer	**$4,407,200**	**$4,407,200**	**$256,009**
Capitalized			
All MAX Ops 10 Data Mgmt.	$14,500	$14,500	$29,938
Manhole Rehabilitation	$35,000	$35,000	$28,149
Rate & WIC/SIC Study	$14,500	$14,500	$851
In Progress			
Centrifuge Engineering and Installation (Biosolids)	$4,000,000	$4,000,000	$192,589
Cleaning & Inspection of Sanitary Sewer Lines	$133,200	$133,200	
Maintenance Shop Design	$50,000	$50,000	$4,483
Sewer Line Repair Projects from CCTV Inspections	$60,000	$60,000	
Planned			
Critical WRRF Spare Equip.	$100,000	$100,000	
Water	**$800,450**	**$800,450**	**$240,013**
Capitalized			
All MAX Ops 10 Data Mgmt.	$14,500	$14,500	$29,938
Bulk Water Station Installation	$17,000	$17,000	$20,480
Rate & WIC/SIC Study	$14,500	$14,500	$851
Water Master Plan (Update 3-5 yrs)	$194,450	$194,450	$154,094
In Progress			
Maintenance Shop Design	$50,000	$50,000	
Meter Replacement	$15,000	$15,000	$34,651
Not Delivered			
Cascade Booster Meter	$50,000	$50,000	
Hill Booster Meter	$50,000	$50,000	
Well Master Meter Replacement	$50,000	$50,000	
Well Monitoring Equipment	$60,000	$60,000	
Planned			
Fire Hydrant Replacement	$35,000	$35,000	
Well Rehabilitation Meadow	$250,000	$250,000	
Grand Total	$5,277,650	$5,277,650	$555,296

Community Outreach & Engagement

Community outreach and engagement remain a priority for the District. This fall, we hosted our first annual **State of the District – On Tap** event, which provided a valuable opportunity to connect with the community and also gave us useful insight into how we can continue improving future outreach efforts. Building on that experience, our most recent newsletter included an educational feature explaining common water and sewer acronyms to help make District information more accessible.

Administrative staff and several Board members also participated in a number of Community Week events, including Pizza and Purpose, which featured discussion of TEDD/TIF; an evening in the park where community members voted on potential future beneficial reuse projects; and the groundbreaking for the Cold Smoke affordable housing project. The District also continues to distribute its monthly newsletter and collaborate with media outlets, conservation partners, state representatives, Big Sky Resort Tax, and the Big Sky Chamber of Commerce to educate and inform the community about water resources, infrastructure, and District initiatives.

September Monthly Newsletter

Legal Spotlight

- Boyne annexation
- MPWSS Edition 7 & BSCWSD Standards of Deviation

District Clerk Spotlight

Will Serve/Capacity Letters

- None

Permitting Activity

Seven (7) new permits were submitted for review since the last board meeting. 6 Spanish Peaks Resort single-family homes in Phase 8B and one home in Pinewood Hills that is already part of our sewer system, but now connecting to the water system. They have all been reviewed and given conditional use.

Total Applications Conditionally Approved

- Remodels: One
- New Construction: Six
- Irrigation: None

Permits Issued

RECENT PERMIT ACTIVITY						
YEAR	2026					
Fees Paid	(Multiple Items)					
Net SFEs						
Date Applied	Subdivision	Condo	Phase	Lot	PermitType	Total
1/26/2026	MEADOW VILLAGE	(blank)	-	2A-1	NEW	2.42
1/27/2026	WESTFORK MEADOWS	-	-	1&2	NEW	7.19
2/23/2026	SPANISH PEAKS RESORT	Settlement Cabins	-	-	REMODEL	0.31
2/25/2026	CASCADE	-	-	122A	NEW	2.29
2/25/2026	WESTFORK MEADOWS	-	-	4	REMODEL	0.30
3/3/2026	WESTFORK MEADOWS	Moose Ridge	-	1A	NEW	0.01
3/5/2026	MEADOW VILLAGE	-	-	23	NEW	1.95
3/10/2026	SPANISH PEAKS RESORT	-	-	67	NEW	4.37
3/31/2026	MEADOW VILLAGE	-	-	33	NEW	2.05
3/31/2026	TOWN CENTER	(blank)	1	2A	REMODEL	-1.17
4/1/2026	SOUTH FORK	-	-	01A	NEW	0.42
4/1/2026	SPANISH PEAKS RESORT	Branded Residences	3C	1A	NEW	-9.28
4/13/2026	MEADOW VILLAGE	Teton Condos	1	-	NEW	2.95
5/12/2026	MEADOW VILLAGE	Yellowtail Residences	1	4	IRRIGATION	0.00
6/1/2026	SPANISH PEAKS RESORT	-	-	5	NEW	3.43
6/1/2026		-	-	59	NEW	3.11
6/2/2026	MEADOW VILLAGE	-	-	1	NEW	1.92
6/2/2026	MOUNTAIN VILLAGE	Lake Condos	-	2B	IRRIGATION	0.00
6/16/2026	CASCADE RIDGE	Cascade Ridge	-	13A	NEW	2.02
6/16/2026		Cascade Ridge	-	13A	REMODEL	0.00
7/2/2026	MEADOW VILLAGE	-	-	18	NEW	1.87
7/16/2026	SPANISH PEAKS RESORT	-	1B/1C	37	NEW	3.88
7/27/2026	SOUTH FORK	-	6 & 7	26	NEW	1.74
8/3/2026	SPANISH PEAKS RESORT	-	1B	50	NEW	2.16
8/25/2026	TOWN CENTER	-	-	-	IRRIGATION	0.00
9/29/2026	PINEWOOD HILLS	-	1	7A	REMODEL	2.03
Grand Total						35.97

Conveyance

- Yellowtail Residences –waiting final inspection & acceptance
- Riverview in Progress
- Free West Hotel in Progress
- Spanish Peaks Resort Ph 10A – submitted
- Town Center Bathrooms not submitted

Safety & Compliance Spotlight

The district continues to implement and utilize compliance and safety measures.

- Safety Training platform and monthly safety meetings: 1
- Safety Compliance: Garrett Behrman has provided a safety training calendar and updated program for staff training. In September the District staff trained on heavy equipment in preparation for the snow duties and working with heavy equipment inclement weather.
- Incidents: 0

<u>Notable events during the month:</u>

- None

Water Reclamation and Reuse Operations Spotlight

Operations Summary – September 2026

September was an excellent month for WRRF operations, with the facility demonstrating strong and stable treatment performance throughout the reporting period.

The WRRF continued to reliably produce Class A reclaimed water for beneficial reuse applications throughout September. District staff continue to monitor process performance closely and maintain proactive oversight of facility operations, equipment performance, and reclaimed water management.

There were no non-compliance events, reportable injuries, or lost-time accidents during September. Overall, the District team operated at a high level, welcomed new staff to the team, completed the summer season and has prepared the WRRF and District for Fall and Winter. I am very pleased with the effort, professionalism, and dedication that our team is providing the community.

Key Administrative Highlights:

- Development of District Strategic Asset Management Plan (SAMP) and Facility Asset Management Standards (AMP)
- Asset Management development and implementation with Open Gov.
- WRRF inventory and Critical Equipment Inventory
- Continued development of Master Service agreements for district services required for proper operation of facilities.
- WRRF sampling plan and Operations process control documents.

Protecting Our Community Through Advanced Water Treatment

Our facility plays a vital role in keeping our community's water clean and safe. Every day, we treat hundreds of thousands of gallons of wastewater, removing harmful pollutants before water returns to the environment.

Here's what we accomplished this past Month:

16.3MG	98.8	99.8	1.02
Gallons Treated	**BOD Removal**	**TSS Removal**	**Total monthly Nitrogen Avg.**
Million gallons of wastewater processed to protect our water supply	Biological Oxygen Demand removed - harmful organic matter eliminated	Total Suspended Solids removed - particles and contaminants filtered out	

What We Received

31 tons of BOD (organic pollutants)
23.1 tons of TSS (Total Suspended Solids)

What We Removed

30.7 tons of BOD eliminated
23.02 tons of TSS filtered out

The Result

Nearly **100% of pollutants removed**, ensuring clean, safe water for our community

What does this mean? BOD (Biological Oxygen Demand) measures organic pollutants that can harm aquatic life. TSS (Total Suspended Solids) are particles that make water cloudy and unsafe. The facility 99%+ removal rates showcase the consistent wastewater treatment quality for our reclaimed reuse water program. The district WRRF continues to ensure that the water leaving our facility is of the highest quality, compliant with MDEQ and EPA regulations and will continue to protect our families and the environment here in Big Sky.

Pond Storage and Reuse Water Data

Reuse season began February 19th, 2026, with pumping operations sending reclaimed water to the Yellowstone Club. As of June 4th, reclaimed water is being sent to Spanish Peaks. A-1 compliance continues to be monitored and meets regulatory requirements, showcasing the value of this reclaimed resource. Irrigation to the Big Sky Resort Golf Course began in May of 2026. Data has been added to this report.

Current reclaimed water storage is being managed effectively. As of today, pond storage levels are:

- Pond 1: 3.0 ft
- Pond 3: 12.7 ft

Based on current pond elevations, the reclaimed water storage system has approximately 59.2 million gallons (MG) of available capacity, representing roughly 75% of total storage capacity remaining.

Month	Days Pumped to YC	YC AVG Gal/Day	YC Total GAL	Days Pumped to SP	SP AVG Gal/Day	SP Total Gal
1	-	-	-	-	-	-
2	8.00	377,234.00	3,017,872.00	-	-	-
3	31.00	414,652.00	12,854,212.00	-	-	-
4	30.00	416,974.00	12,509,220.00	-	-	-
5	31.00	419,991.00	13,019,721.00	-	-	-
6	4.00	377,817.00	1,511,268.00	21.00	461,063.00	9,682,323.00
7	-	-	-	18.00	442,440.00	7,963,920.00
8	-	-	-	-	-	-
9			-	2.00	214,895.00	429,790.00
10			-			-
11			-			-
12			-			
Totals	**104.00**	**401,333.60**	**42,912,293.00**	**41.00**	**372,799.33**	**18,076,033.00**

Total Days Pumped YC 2026	104.00
Total Gallons to YC 2026	42,912,293.00
Average GPD to YC 2026	401,333.60
Total Days to SP 2026	41.00
Total Gallons to SP 2026	18,076,033.00
Average GPD to SP 2026	372,799.33
Total Days Pumped	145.00
Total Gallons Pumped	60,988,326.00
Average Pumping Rate/Day	387,066.47

Month	Days Pumped to Golf Course	Irrigation Pump 1 FIT YTD	Irrigation Pump 2 FIT YTD	Irrigation Pump 3 FIT YTD	Irrigation BP 4 FIT YTD	Total Gallons Pumped	Days Pumped to Pasture	Meter 1	Meter 2	Total Gallons Pumped
1	-					-	-	-	-	-
2	-					-	-	-	-	-
3	-					-	-	-	-	-
4	-					-	-	-	-	-
5	20.00	138,970.00	31,786.00	3,178,853.00	1,109,728.00	4,459,337.00	-	-	-	-
6	30.00	45,697.30	3,198,018.00	5,327,099.70	1,429,759.00	10,000,574.00	-	-	-	-
7	31.00	508.40	5,322,214.00	6,793,873.00	1,413,436.00	13,530,031.40	-	-	-	-
8	31.00	19,099.00	5,062,512.00	7,333,940.00	2,195,439.00	14,610,990.00	-	-	-	-
9	31.00	947,682.00	567,757.00	764,757.00	5,127,835.00	7,408,031.00	-	-	-	-
10						-				-
11						-				-
12						-				-
Totals	**143.00**	**1,151,956.70**	**14,182,287.00**	**23,398,522.70**	**11,276,197.00**	**50,008,963.40**	**-**	**-**	**-**	**-**

Biosolids

Please see the table below that summarizes our biosolids operation year-to-date.

BSWSD Biosolids							
	Jan	Feb	March	April	May	June	July
Total Biosolids Produced (Dry Tons)	8.67	6.37	7.11	22.94	32.78	19.36	10.74
Total Biosolids Hauled (Dry Tons)	8.67	6.37	7.11	22.94	32.78	19.36	10.74
Total Sludge Pumped to Dewatering (Gallons)	207,840	152,743	170,615	550,218	786,124	464,325	257,620
Avg. Total Solids %	12.00	11.49	11.89	12.00	12.50	13.00	12.50

	Aug	Sept	Oct	Nov	Dec	YTD Total	YTD Avg.
Total Biosolids Produced (Dry Tons)	13.48	10.13				**132**	**14.62**
Total Biosolids Hauled (Dry Tons)	13.48	10.13				**132**	**14.62**
Total Sludge Pumped to Dewatering (Gallons)	323,176	242,814				**3,155,475**	**350,608**
Avg. Total Solids %	13.00	12.63					**12.33**

Water Operations Spotlight

Water Production Summary (January-September 2026)

Meadow Village (MV) water production was elevated during the first five months of 2026 compared to 2025, which aligned with the District's identification of several significant distribution system leaks. Following repair of those leaks, production decreased below 2025 summer levels and remained moderate through September. September production totaled **16.35 MG**, supporting the conclusion that leak detection and repair efforts were effective in reducing system water loss.

Mountain Village (MT) production remained generally consistent during the winter and spring months before increasing substantially during the summer season. Production peaked during July and August before declining to **16.09 MG** in September as seasonal irrigation and occupancy demands began to decrease.

Yellowstone Club (YC) production totaled **3.36 MG** during September and is included to provide a more complete overview of regional water demands.

Key Takeaway

System-wide production decreased substantially in September following peak summer demand. Meadow Village continues to demonstrate improved water use efficiency following leak repairs, while Mountain Village experienced the expected seasonal decline in demand. Staff will continue monitoring production trends across all systems to support leak detection, demand management, and long-term water supply planning.

Water Production Summary

Month	Meadow	Mountain	Total	Monthly Change
January	13.19 MG	10.94 MG	24.13 MG	Baseline
February	12.66 MG	10.75 MG	23.40 MG	-3.0%
March	13.63 MG	12.35 MG	25.97 MG	+11.0%
April	11.50 MG	7.29 MG	18.79 MG	-27.7%
May	15.08 MG	10.20 MG	25.28 MG	+34.5%
June	16.61 MG	17.86 MG	34.47 MG	+36.4%

July	20.15 MG	24.35 MG	44.50 MG	+29.1%
August	19.43 MG	22.29 MG	41.71 MG	-6.3%
September	16.35 MG	16.09 MG	32.44 MG	-22.2%

September Regional Production Including Yellowstone Club: 35.80 MG

Production Trend Summary

Total Meadow Village and Mountain Village production remained relatively steady through the first quarter, declined in April, then increased sharply during the summer months before declining in September. Combined production peaked in **July at 44.50 MG** and decreased to **32.44 MG** in September, representing a **27.1% reduction from the summer peak**.

Mountain Village accounted for most of the summer increase in production, while Meadow Village demonstrated a more moderate seasonal increase following completion of leak repairs. September production levels indicate both systems are transitioning toward shoulder-season demand conditions.

Operational Highlights

• Meadow Village leak repair efforts continue to demonstrate measurable reductions in water loss.

• Meadow Village production decreased from **19.43 MG in August** to **16.35 MG in September**, a **15.9% reduction**.

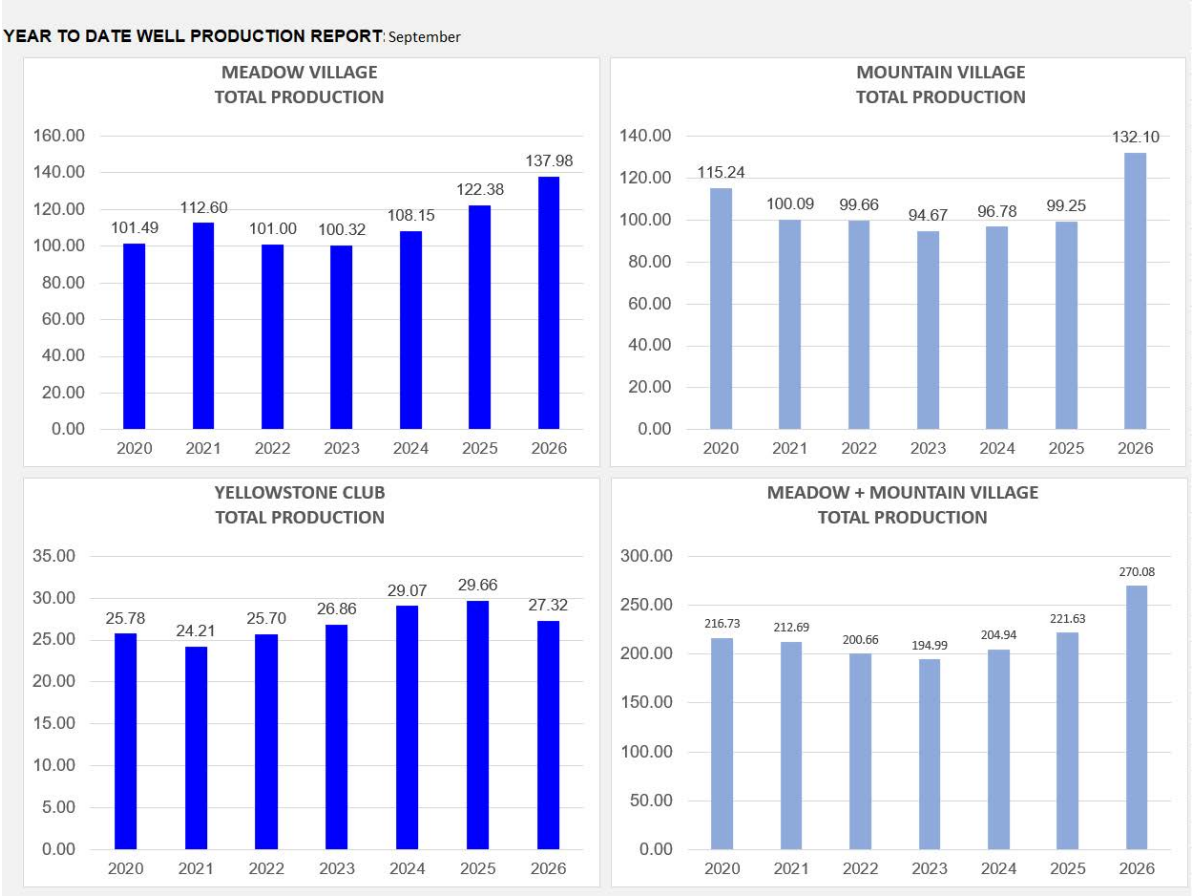
• Mountain Village production decreased from **22.29 MG in August** to **16.09 MG in September**, a **27.8% reduction**.

• Combined Meadow Village and Mountain Village production decreased **22.2%** from August to September.

• Yellowstone Club produced **3.36 MG** during September.

• Staff will continue evaluating production trends to support water accountability, proactive leak detection, capital planning, and system reliability

Water Operations Spotlight

Year-to-date water production through September 2026 reached a record **270.08 MG** for the combined Meadow Village and Mountain Village systems, a **21.9% increase** over 2025. Elevated Meadow Village production early in the year was associated with distribution system leaks that were subsequently repaired, with summer production trends indicating improved system efficiency. Mountain Village experienced significant summer demand growth and was the primary driver of increased water production. Yellowstone Club production remained consistent with recent historical levels.

Key Takeaway: Leak repair efforts in Meadow Village have improved system performance, while continued growth and seasonal demand in Mountain Village are driving higher overall water production. Staff will continue monitoring demand trends, water accountability, and system performance to support future planning and operational reliability.