

BIG SKY COUNTY

WATER & SEWER DISTRICT 363

Monthly Operating Report



January 2026

Prepared by



**BIG SKY COUNTY
WATER & SEWER
DISTRICT NO. 363**

Executive Summary

The District enters 2026 in a strong financial and operational position, with continued progress on capital planning, asset management, and community engagement. Revenues remain modestly ahead of budget, expenses have stabilized following prior legal and seasonal costs, and cash and investments total approximately \$18.2 million, fully collateralized and aligned with debt obligations. Accounts receivable remains stable with minimal delinquencies. Capital Improvement Plan (CIP) projects continue as scheduled, and upgrades to billing software and merchant services are underway to improve efficiency and customer experience.

The Water Reclamation and Reuse Facility maintained full regulatory compliance in January, with optimized process control ensuring reliable, high-quality effluent for reuse. Key initiatives include development of the Strategic Asset Management Plan, OpenGov integration, critical equipment inventory updates, and biosolids planning. Infrastructure work progressed on pump and blower replacements and generator servicing, strengthening long-term reliability.

Water operations in December reflected increased production across several sources and significantly above-average regional precipitation, improving short-term drought conditions. However, sustained snowpack remains critical for aquifer recharge and long-term supply stability. Staff focused on 2026 CIP budgeting, GIS integration, meter troubleshooting, water rights coordination, and development support.

Collection and Distribution Maintenance shifted to winter priorities, including snow removal, equipment servicing, inspections, and asset documentation.

Community outreach remains proactive through newsletters, public meetings, media coordination, and preparation for the 2026 “District on Tap” event and website updates.

Overall, the District remains financially sound, operationally effective, and strategically positioned to meet current service demands while advancing long-term infrastructure, compliance, and water stewardship goals.



Regards,

Johnny O'Connor

Johnny O'Connor

Executive Director | BSCWSD 363

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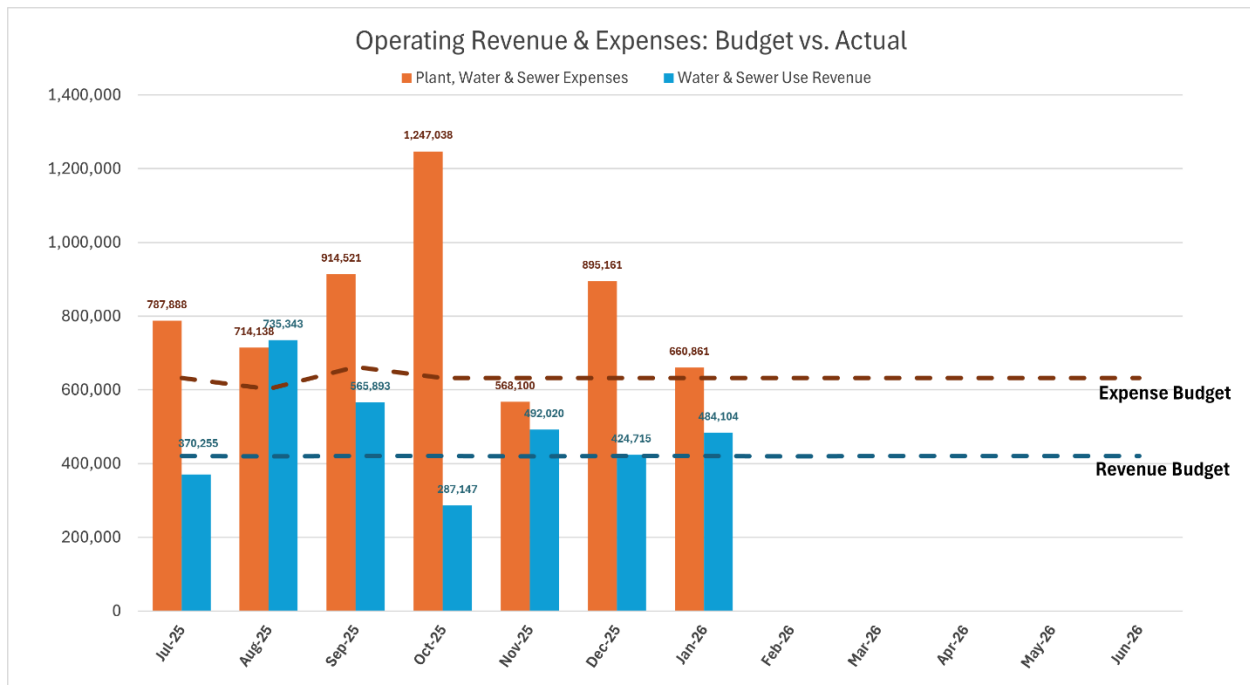
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Financial Spotlight

Full Financial and Audit Report: Please See Board Packet

Key Takeaways

- Operating revenues remain modestly favorable year-to-date, with expenses have leveled off including legal fees and pond cleanout expenses.
- Cash and investments ended in January at \$18.20 million, reflecting scheduled debt service and loan payments.
- Accounts receivable remains stable, driven primarily by Resort Tax receivables, with minimal customer delinquencies.



Current CIP projects

	2025	2026	Cost To Date	%
District CIP				
Sewer	\$3,167,730	\$1,391,000	\$925,133	
Approved				
Centrifuge Engineering and Installation	\$1,580,000		\$41,786	2.64%
Flume Removal	\$7,500			
Maintenance Shop Design	\$50,000			
Membrane Replacement				
YC1 Redundant Pumps	\$55,000			
Complete				
Aerial Mapping	\$5,230		\$4,241	81.09%
Chief Joseph East Side Sewer Main Replacement	\$175,000		\$14,606	8.35%
In Progress				
Cleaning & Inspection of Sanitary Sewer Lines	\$150,000	\$150,000	\$64,500	43.00%
Manhole Rehabilitation	\$35,000	\$35,000		
Pond 2 Cleanout, Dewatering and Relining	\$800,000	\$906,000	\$800,000	100.00%
Sewer Line Repair Projects from CCTV Inspections	\$300,000	\$300,000		
Postponed				
Reuse Signage District Wide	\$10,000			
Water	\$711,450	\$351,000	\$426,487	
Approved				
Cascade Booster Meter		\$50,000		
Hill Booster Meter		\$50,000		
Maintenance Shop Design	\$50,000			
Well Abandonment		\$85,000		
Well Master Meter Replacement	\$50,000	\$50,000		
Well Monitoring Equipment		\$60,000		
Complete				
Monitor for Wells - In-Situ Quote - Q-133799	\$45,000		\$27,808	61.79%
Relocate Water Line - Sioux Road	\$250,000		\$85,000	34.00%
In Progress				
Bulk Water Station	\$37,000	\$6,000	\$36,000	97.30%
Fire Hydrant Replacement	\$35,000	\$35,000	\$35,000	100.00%
Meter Replacement	\$15,000	\$15,000	\$48,244	321.63%
Water Master Plan (Update 3-5 yrs)	\$194,450		\$194,436	99.99%
Postponed				
Lead Service Line Inventory	\$25,000			
Reuse Signage District Wide	\$10,000			
Grand Total	\$3,879,180	\$1,742,000	\$1,351,620	

Closing Summary

Overall, the District remains financially stable through January 2026, with revenues modestly ahead of budget, strong cash reserves of \$18.2 million, full collateral compliance, and stable receivables. Capital improvement projects continue to advance as planned, with work

progressing across key sewer and water initiatives while expenditures remain aligned with project milestones and delivery schedules.

We are in the first stages of upgrading our billing software and merchant services. Please stay tuned as we roll out our new and very much improved billings process.

Community Outreach & Engagement

Community outreach and engagement remain a priority for the District. Over the past six months, the District has actively communicated with residents, stakeholders, and community partners through public meetings, newsletters, presentations, and direct outreach. We have shared updates on water quality, system performance, long-term planning efforts, and major infrastructure projects, while also addressing and correcting misinformation as it arises.

In addition to direct engagement, the District has worked with local media outlets, including *Explore Big Sky* and the *Bozeman Chronicle*, to provide accurate information and context regarding recent misstatements about the Gallatin Canyon Sewer Project. These efforts reflect the District's commitment to transparency, public involvement, and ensuring the community has access to clear, information about how water and sewer services are managed now and into the future.

In addition, planning has begun for the District's annual **"District on Tap"** community event scheduled for **September 2026**, which will provide an opportunity to highlight District successes and discuss ongoing challenges related to water resources in Big Sky. Finally, we are in the final stages of updating our website....coming soon!

January Newsletter [[Click Here](#)]

Legal Spotlight

- **All legal issues concerning Cottonwood have been won by the District and all other parties that were sued by Cottonwood.**
- **Cottonwood has been charged with misconduct**

Closing Summary

Work on annexation agreements and other items listed above continues to move forward.

District Clerk Spotlight

Will Serve/Capacity Letters

- None

Permitting Activity – December 2025 Update

- There was one permit submitted in January. There are a couple more in the review process. The following summary highlights recent review and notable submissions:

Total Applications Reviewed

- Remodels: One in Spanish Peaks Mountain Club
- New Construction: None
- Irrigation: None

Net SFEs							
Date Applied	Subdivision	Condo	Phase	Lot	PermitType	Total	
12/2/2024	WESTFORK MEADOWS	-	3A Unit 7	Unit 7	NEW	6.87	
1/31/2025	WESTFORK MEADOWS	-	-	4	REMODEL	-1.40	
2/28/2025	SOUTH FORK	-	-	23	NEW	2.60	
3/5/2025	MEADOW VILLAGE	-	-	9	NEW	1.93	
3/5/2025	TOWN CENTER	-	-	3A	NEW	73.29	
3/11/2025	SPANISH PEAKS RESORT	-	-	1	NEW	3.48	
3/13/2025	MEADOW VILLAGE	-	-	13	REMODEL	0.66	
3/19/2025	MEADOW VILLAGE	-	-	45	NEW	1.89	
3/21/2025	SPANISH PEAKS RESORT	-	6B	2	NEW	4.21	
3/25/2025	TOWN CENTER	Franklin Building	-	-	REMODEL	-0.01	
3/28/2025	ASPEN GROVES	-	2	1	REMODEL	-0.03	
4/3/2025	MEADOW VILLAGE	-	-	44	REMODEL	0.07	
4/8/2025	SPANISH PEAKS RESORT	-	1B	28	NEW	3.78	
5/8/2025	WESTFORK MEADOWS	-	-	3	REMODEL	2.97	
6/9/2025	MOUNTAIN VILLAGE	Cascade Ridge	-	13A	NEW	1.70	
6/23/2025	MOUNTAIN VILLAGE	-	-	342	NEW	1.97	
6/25/2025	POWDER LIGHT	Powder Light	-	4A	NEW	23.37	
6/26/2025	MEADOW VILLAGE	-	-	1A	REMODEL	0.78	
7/14/2025	WESTFORK MEADOWS	Jefferson Building	-	3	REMODEL	2.47	
7/15/2025	SOUTH FORK	-	1	13	NEW	2.90	
7/29/2025	WESTFORK MEADOWS	Jefferson Building	-	3	REMODEL	-7.78	
8/11/2025	MOUNTAIN VILLAGE	Cascade Ridge	-	13A	NEW	2.02	
8/15/2025	SPANISH PEAKS RESORT	-	-	15	NEW	3.56	
8/19/2025	MOUNTAIN VILLAGE	Cascade Ridge	-	13A	NEW	1.98	
8/19/2025	SOUTH FORK	-	-	13	NEW	1.83	
9/8/2025	MEADOW VILLAGE	-	-	30	REMODEL	1.87	
9/19/2025	MEADOW VILLAGE	-	-	33	REMODEL	0.20	
10/15/2025	SPANISH PEAKS RESORT	-	3	1	NEW	3.43	
10/17/2025	ASPEN GROVES	-	2	1	NEW	1.66	
10/28/2025	SPANISH PEAKS RESORT	-	-	10	NEW	2.87	
12/5/2025	MOUNTAIN VILLAGE	-	-	223A	REMODEL	-0.32	
1/21/2026	SPANISH PEAKS RESORT	Homestead Cabins	-	-	REMODEL	-0.31	
Grand Total						144.50	

Board Approval Requested

No projects currently need approval.

Conveyance

- Yellowtail Residences –waiting final inspection & acceptance
- Riverview in Progress
- Free West Hotel in Progress

- Spanish Peaks Resort Ph 10A – engineering reports submitted
- Town Center Bathrooms in Progress

Closing Summary

Permitting work continues to be slow with winter months but still receive phone calls and emails asking about the process, and there are a couple that will be fully submitted in the next month. As we move into the next quarter, the team continues to emphasize compliance, efficiency, and community connection. Continuing to help with AP and AR, customer billing and customer service.

Safety & Compliance Spotlight

- Safety Training platform and monthly safety meetings
- Safety Compliance
- Incidents: 0

Notable events during the month:

- Monthly safety meeting subject: Fire Extinguishers

Closing Summary

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

Water Reclamation and Reuse

Operations Spotlight

Summary – January 2026

January marked another successful month for the WRRF Operations team and facility performance. Treatment analysis is within regulatory requirements; process control continues to be optimized ensuring WRRF effluent is available for reuse within the district.

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
- Fiscal planning for budget year 2026-2027
- Capital improvement projects identification for upcoming fiscal year.
- Proposal for new data management software through All MAX for Water and Wastewater.
- Technical Memorandum for Biosolids planning with AE2S.

- Continued development of Master Service agreements for district services required for proper operation of facilities.
- WRRF sampling plan and Operations process control documents.

Field Operations & Maintenance

- Maintenance planning for MBR.
- Continued development of WRRF sampling plan.
- Continued development Operations process control documents.
- Calibrations and probe refurbishment within the treatment processes.
- Isolation and shutdown of composting equipment and processes.

WRRF Projects

- Irrigation booster pump replacement
- Pond blower replacement
- Standby Generator annual service

Protecting Our Community Through Advanced Water Treatment

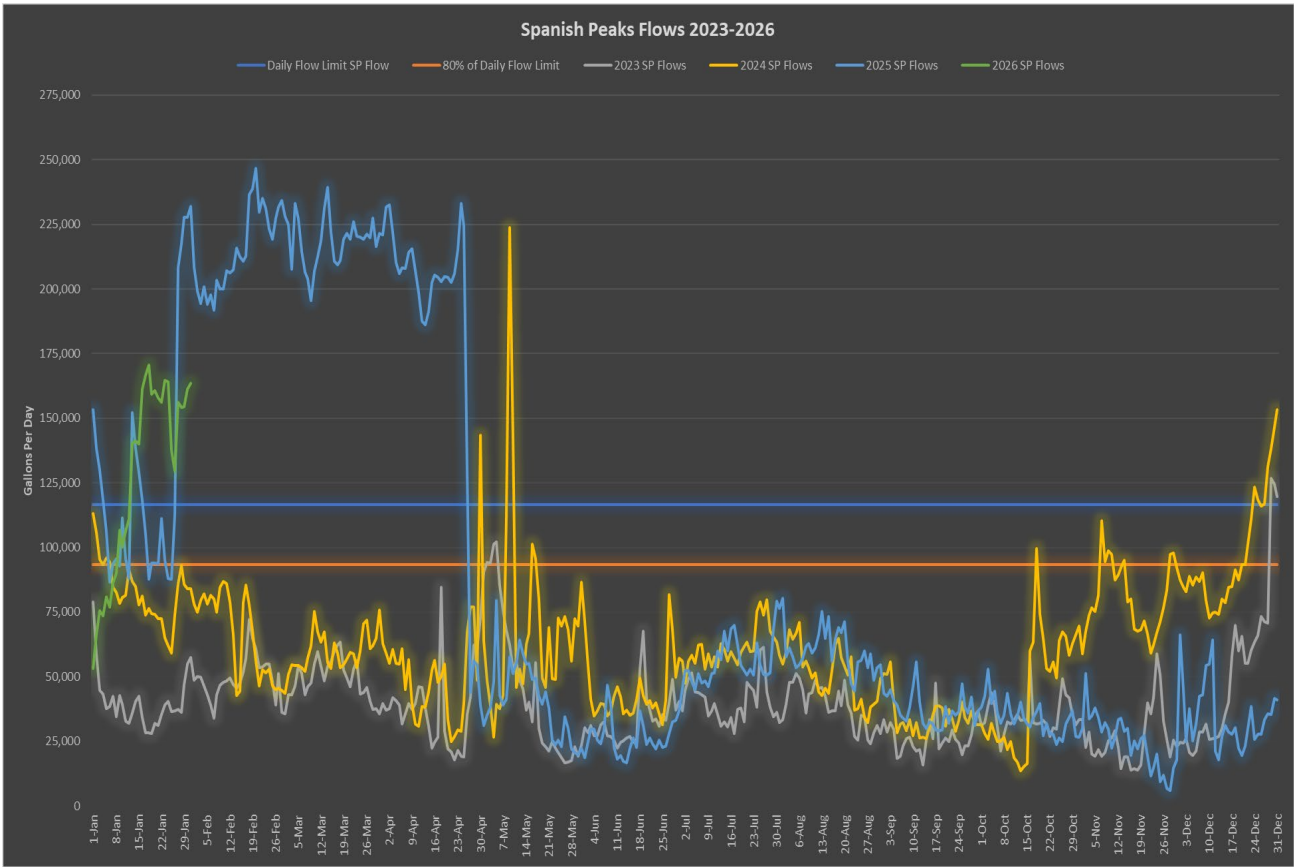
Our facility plays a vital role in keeping our community's water clean and safe. Every day, we treat hundreds of thousands of gallons of wastewater, removing harmful pollutants before water returns to the environment.

Here's what we accomplished this past Month:

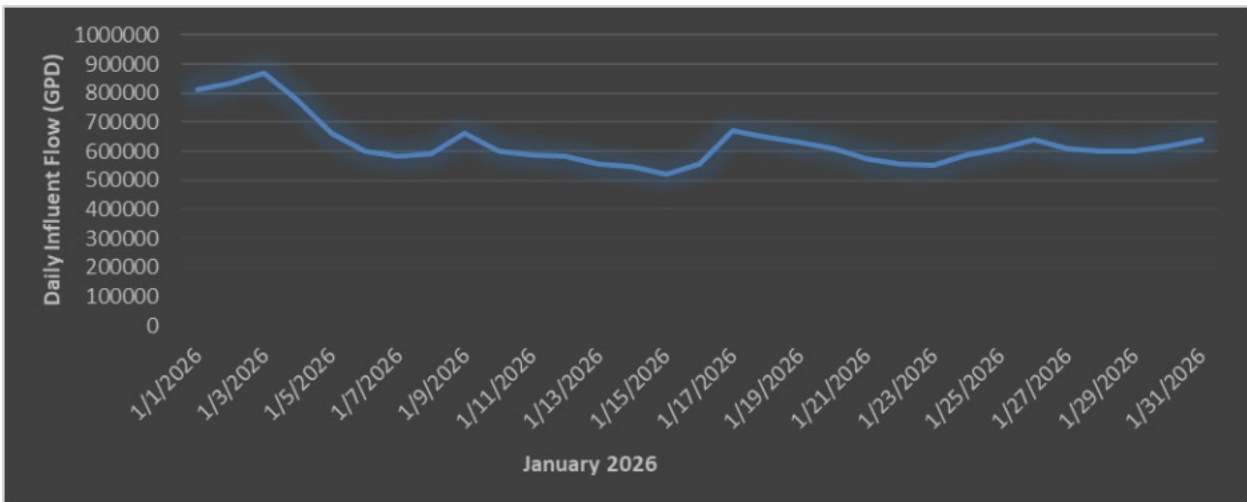
19.4MG	98.9%	99.0%	3.05 mg/L
Gallons Treated	BOD Removal	TSS Removal	Total monthly Nitrogen
Million gallons of wastewater processed to protect our water supply	Biological Oxygen Demand removed – harmful organic matter eliminated	Total Suspended Solids removed – particles and contaminants filtered out	Well below the 5 mg/L Class A-1 Reuse limit – meeting reuse water quality standards
What We Received	What We Removed	The Result	
45.2 tons of BOD (organic pollutants)	44.65 tons of BOD eliminated	Nearly 100% of pollutants removed , ensuring clean, safe water for our community	
27.4 tons of TSS (solid particles)	27.08 tons of TSS filtered out		

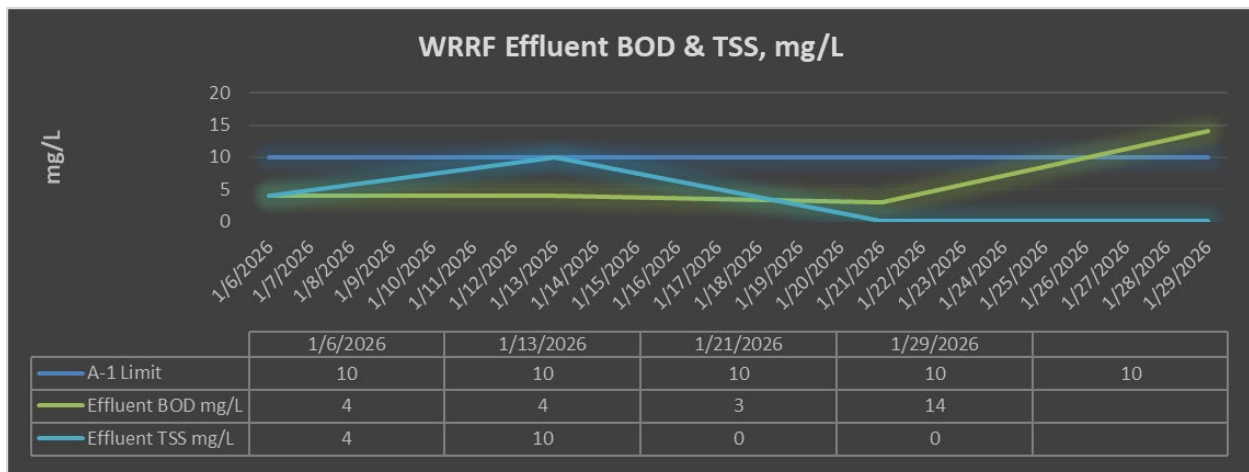
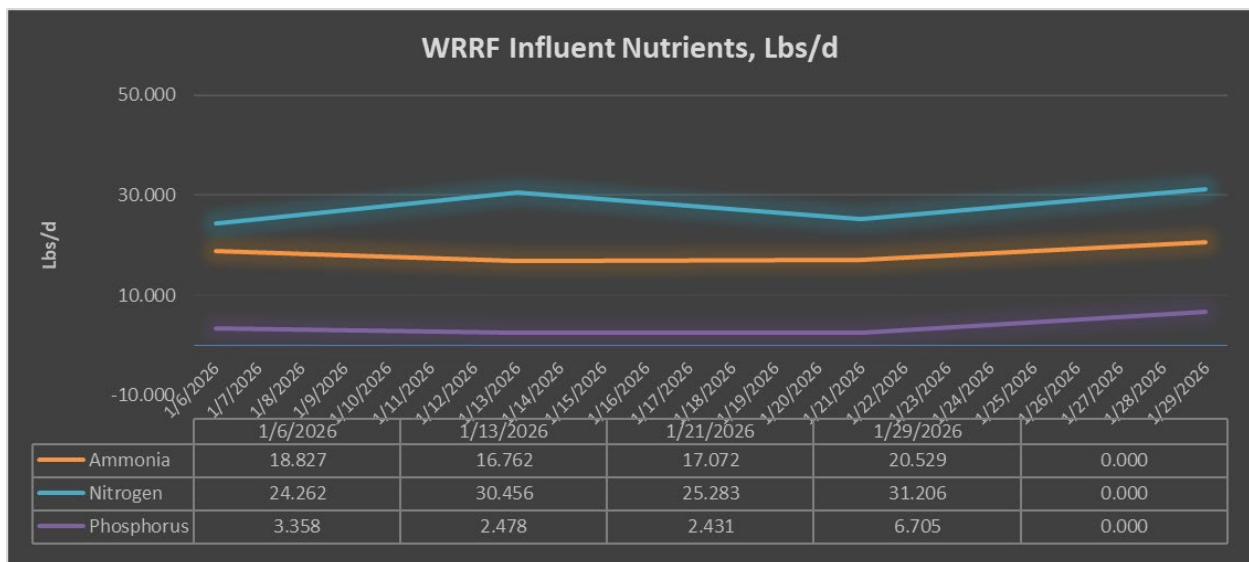
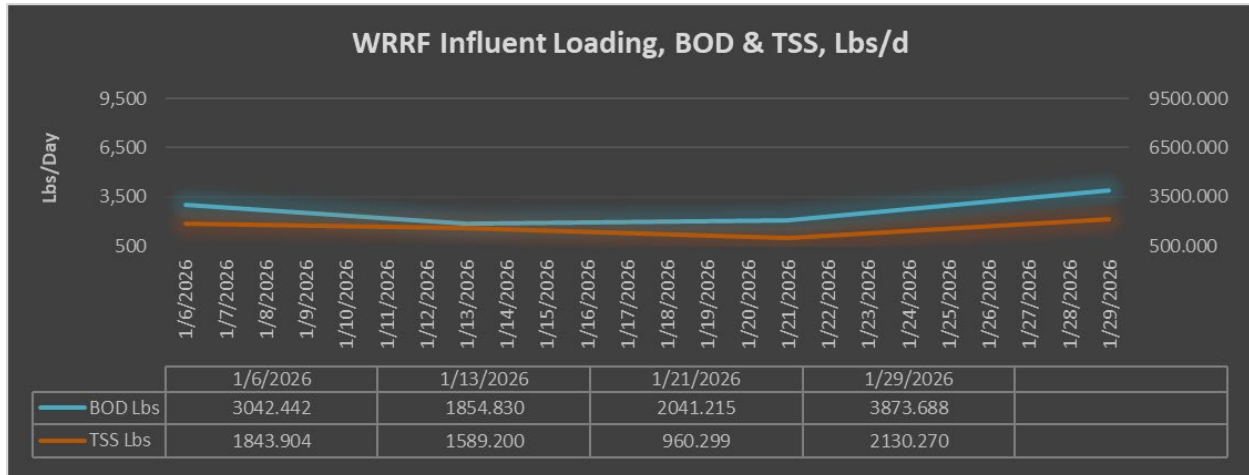
- ❑ **What does this mean?** BOD (Biological Oxygen Demand) measures organic pollutants that can harm aquatic life. TSS (Total Suspended Solids) are particles that make water cloudy and unsafe. The facility 99%+ removal rates showcase the consistent wastewater treatment quality for our reclaimed reuse 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.

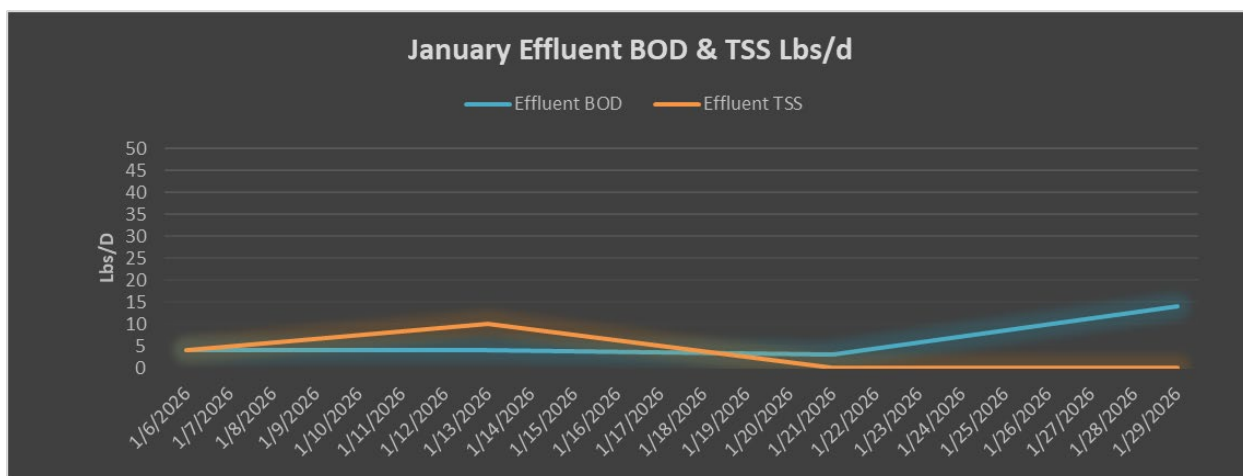
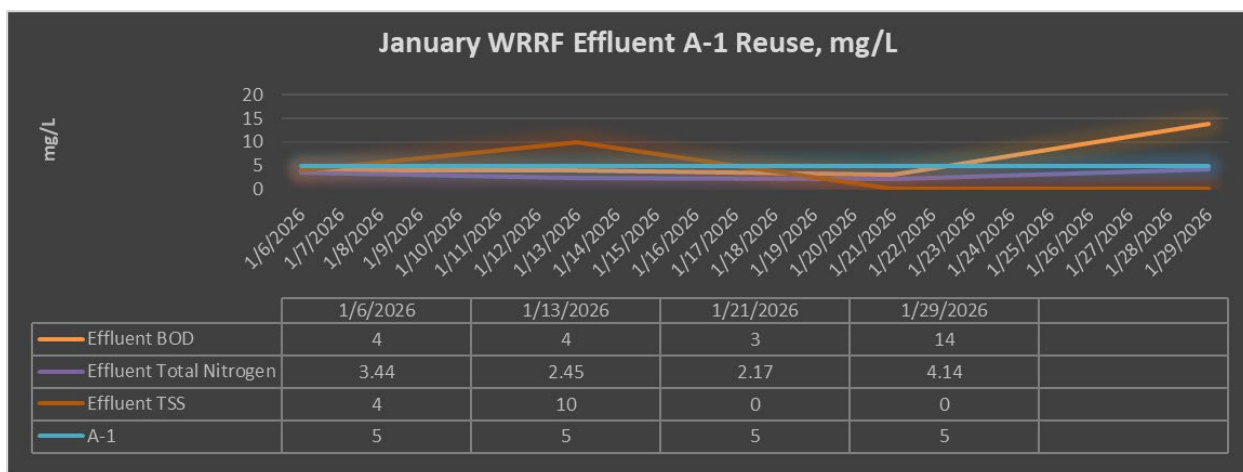
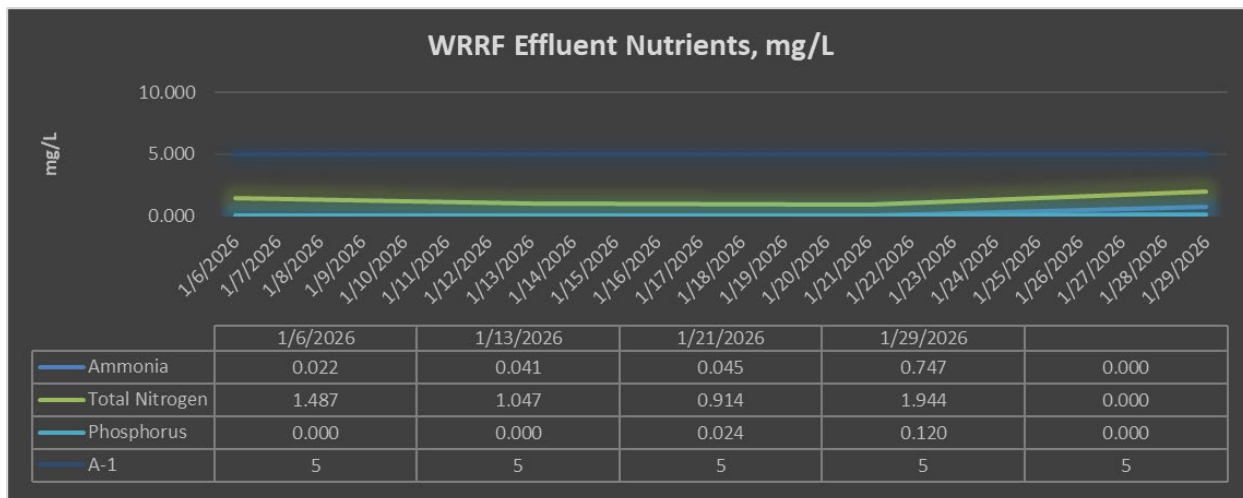
Spanish Peaks Flow Graphs

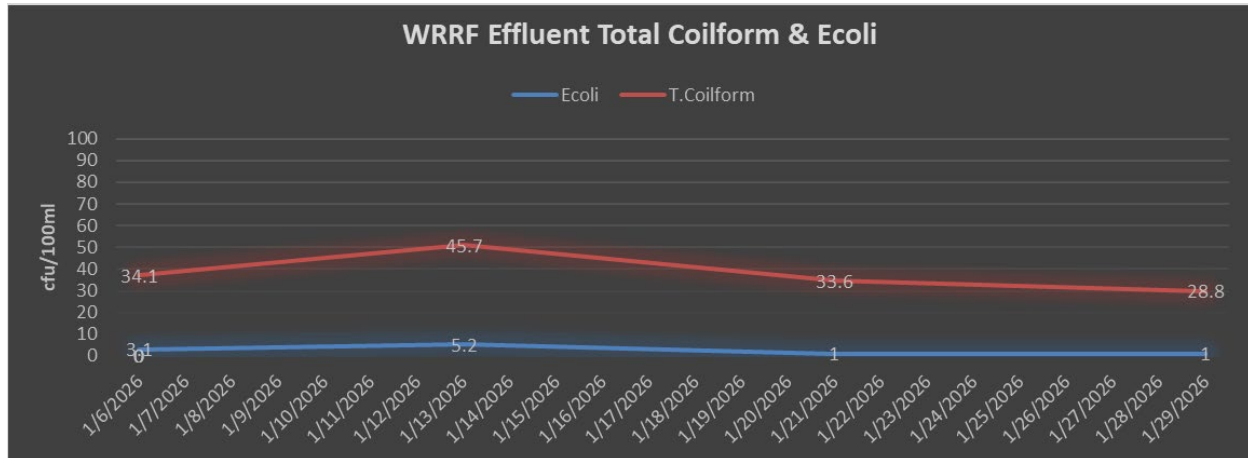


WWRF Performance Graphs









Biosolids

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

	Jan	Feb	March	April	May	June	July
Total Biosolids Produced (Tons)	104.00						
Total Biosolids Hauled (Tons)	104.00						
Total Compost Produced (Tons)	0.00						
Total Sludge Pumped to Dewatering (Gallons)	207,840						
Avg. Total Solids %	12.00						
	Aug	Sept	Oct	Nov	Dec	YTD Total	YTD Avg.
Total Biosolids Produced (Tons)						104	104.00
Total Biosolids Hauled (Tons)						104	104.00
Total Compost Produced (Tons)						0	0.00
Total Sludge Pumped to Dewatering (Gallons)						207,840	207,840
Avg. Total Solids %							12

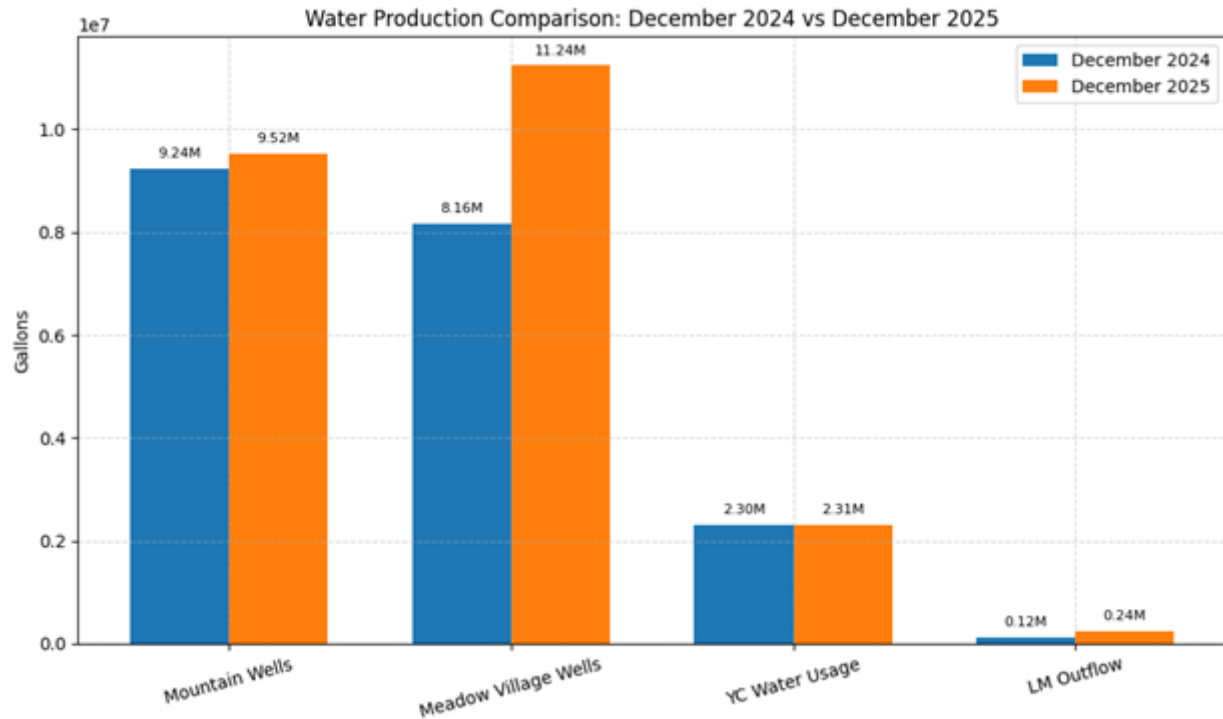
Pond Storage and Reuse Water Data

Water Operations Spotlight

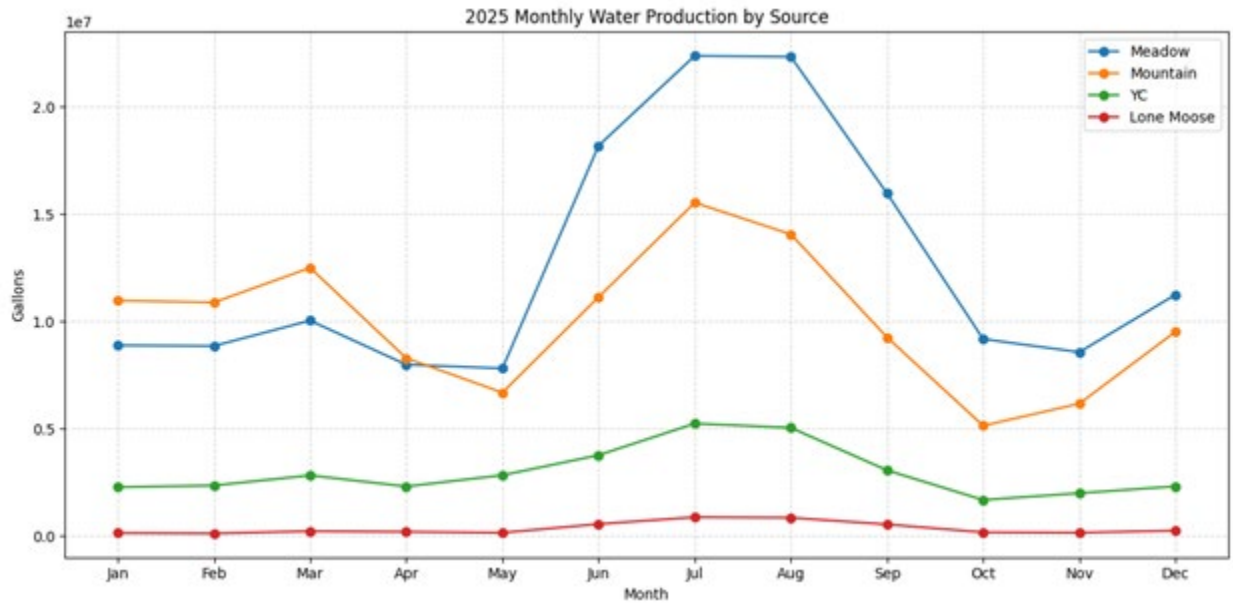
Staff was not available to update the water operations summary for January

Operations Summary – December 2025

Water Production & Precipitation Summary



Mountain Well Production increased by 3% over last December, totaling 9,516,000 gallons (up from 9,238,000 gallons). • Meadow Village Wells saw a staggering 37.7% increase, producing 11,240,000 gallons (up from 8,162,000 gallons). • YC Water usage inched up by 0.26%, reaching 2,309,000 gallons (up from 2,303,000 gallons). • LM Outflow went way up by 100.8% to 245,000 gallons, compared to 122,000 gallons last year.



Total Yearly Usage 2025

December 2025 brought significant moisture to both the Gallatin and Madison River Basins, far exceeding historical averages:

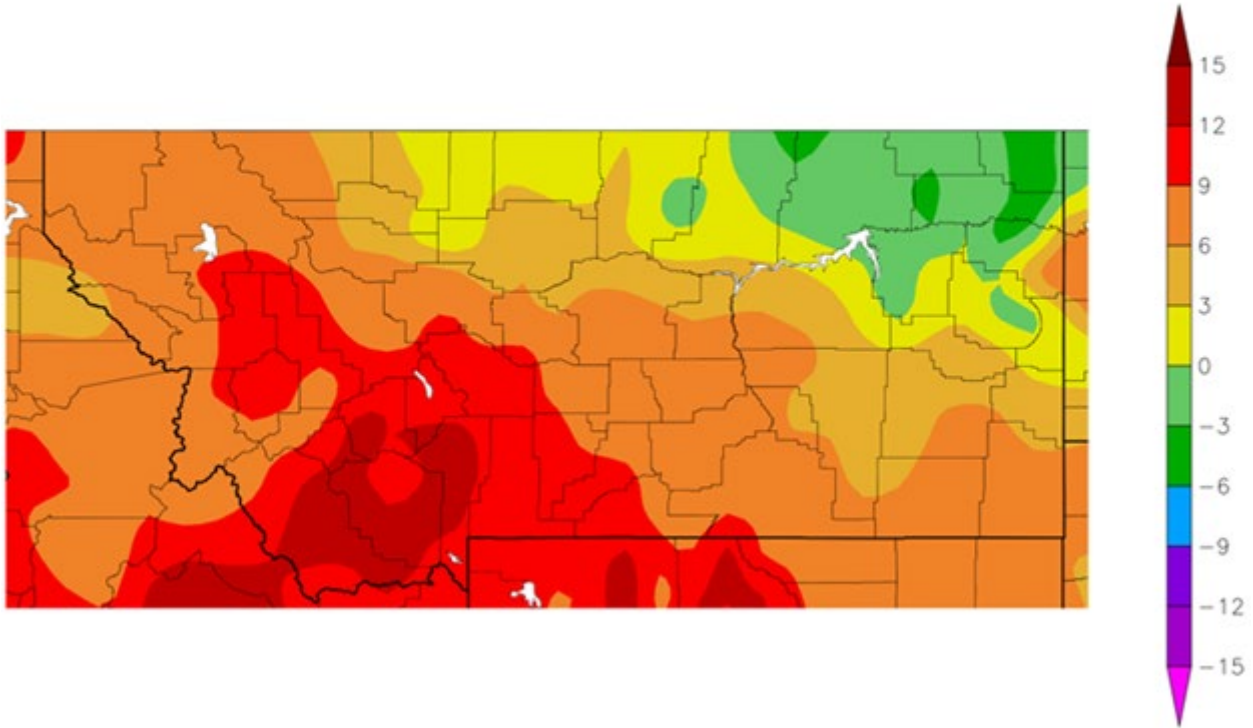
Gallatin Basin recorded 203% of normal monthly precipitation, with 53% of average snowpack and a Snow Water Equivalent (SWE) of 107%.

Madison Basin saw 198% of average monthly precipitation, 43% snowpack, and 96% SWE.

These totals reflect one of the wettest Decembers on record across the state. 33 Montana SNOTEL sites reported all-time record December precipitation. 37 additional sites recorded their second-highest December totals. Water year-to-date precipitation ranged from 150–180% of median in the northwest to 115–150% in the rest of the state.

Importantly, 48.6% of Montana is nearly drought-free, compared to just 6.7% a year ago—indicating a nice shift in drought conditions. While snow depths may not appear exceptional to residents, the density of the snowpack is unusually high, increasing both soil moisture and potential runoff efficiency in spring. However, sustained snowpack accumulation at all elevations will remain critical for aquifer recharge and long-term water supply.

Departure from Normal Temperature (F) 12/1/2025 – 12/31/2025



December temperatures were over 12°F warmer than normal, which affected snow retention at lower elevations.

Monthly Operations Summary – December 2025

December 2025 marked a productive end to the calendar year with a focus on CIP budgeting, meter system troubleshooting, water rights coordination, and OpenGov system integration.

Planning, Budgeting & Administration

The team dedicated a significant portion of the month to developing the 2026 Capital Improvement Plan (CIP) and software integration efforts between ArcGIS and OpenGov. This included multiple administrative and staff meetings, budgeting sessions, and coordination with engineers and vendors. Staff also participated in aiming to streamline workflows and improve digital infrastructure.

Key Administrative Highlights:

- Continued OpenGov GIS integration and training to improve asset management systems.
- Water rights data acquisition in preparation for DNRC technical analysis and Preapplication Meeting.
- Emergency Response Drinking Water Sampling audit coordination with Gallatin County Emergency Services.

- CIP budgeting and planning.

Field Operations & Maintenance

Water system operations included several key site investigations, repairs, and field activities:

- Hydrant flow testing at Riverview and Upper Whitefish developments for conveyance coordination.



- Worked with Big Sky Resort Lift Maintenance with load testing at the Gondola terminal.
- Coordination with Genesis Engineering with the Cold Smoke development infrastructure planning.
- Numerous meter reading and communication error investigations and manual end-of-quarter reads, ensuring accurate billing data heading into 2026.
- Troubleshooting and replacement of non-functioning 2” meters, including afterhours coordination with local businesses to minimize service disruptions.
- Service valve locates and coordination with plumbing and fire suppression companies with water service shutdowns and return to service.
- Numerous other water-centric locates
- Monthly sampling

Technical Support & Vendor Coordination

- Worked with SENSUS to troubleshoot special meter register programming.
- Coordinated with AE2S on the Sweetgrass water storage project task order.
- Assisted Jackson Group with meter assembly for the Gondola project.
- Identified and sourced specialized meter components, saving the District over \$3,000.

Staff Appreciation

I want to take a moment to recognize the outstanding work of our entire water operations team. December was another busy and productive month, with staff juggling end-of-year meter reads, CIP budgeting, water rights coordination, and multiple system inspections—all while continuing to support development projects, GIS integration and respond to customer needs. More importantly, the dedication, adaptability, and technical expertise shown throughout the year have been exceptional. Their collective efforts ensured reliable service, improved system performance, and advanced our long-term goals for water stewardship and operational excellence. I want to thank both Jeb and Todd for their hard work, professionalism, and continued commitment to the District’s mission.

Collection & Distribution Maintenance Spotlight

Spotlight/Major Projects

- MH 7013 on Lake Levinsky, Working on a proposal for the fix of I & I
- Plowed 1x
- Numbered all vehicles and equipment, verified vin #'s, installed all First Aid kits and Fire Extinguishers
- Arrowhead valve box fixed
- Backhoe serviced, had a bad relay fixed
- 908 Loader had bad relay, fixed
- Working with Rau Designs on truck decals

- CIP items prepared
- Broken valve box riser at Rock's
- Installed 39 Ballard covers Upper Whitefish & Partridge
- Material inventory
- Fixed Hottie reel
- Open gov meetings

Work Orders

Planned Work Orders

- Locates on going
- Sewer Asset Management Survey/Locations
- Sewer Inspections Ongoing

Reactive Work Orders

- None

Completed Work Orders

- 13 Locates completed in December
- Sewer Inspections: 1
- Spanish Peaks Flum MH Weekly Check
- Monthly Vehicle checks

Outstanding Work Orders

- Continued Organization of Maintenance Shop
- FOG Inspections

Closing Summary

Construction season has slowed down, and winter tasks such as snow removal, FOG inspections, safety tasks and training have taken the place of locates and inspections. We have also been completing general service on small equipment. The team is moving along with daily reasonability and preparing for the next months ahead.