

BIG SKY COUNTY

WATER & SEWER DISTRICT 363

Monthly Operating Report



December 2025

Prepared by



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

Executive Summary

The December 2025 Monthly Operating Report reflects a District that remains financially resilient, operationally effective, and strategically focused on long-term infrastructure reliability, regulatory compliance, and community stewardship. Despite elevated costs associated with legal defense and year-end operational demands, the District closed the month and calendar year in a strong overall position, supported by substantial cash reserves, low customer delinquency, and continued progress across capital, operational, and planning initiatives.

Financially, the District continues to demonstrate stability and prudent fiscal management. While December operating revenues were slightly below monthly projections, year-to-date revenues remained modestly favorable, and expenditures tracked consistently with budgeted expectations when accounting for timing and non-operating revenues. Legal defense costs remained a notable driver of expense; however, cash balances increased to approximately \$19.85 million at year-end, with all funds fully collateralized and compliant with state requirements. Accounts receivable declined, largely due to Resort Tax timing, while customer delinquency levels remained minimal. Overall liquidity and reserve strength position the District well to absorb short-term fluctuations while advancing long-term capital priorities.

A major legal milestone was achieved with the unanimous jury ruling in favor of the District and Boyne USA in the Cottonwood lawsuit related to recycled water use. This outcome affirms the District's Class A-1 reclaimed water program, reinforces Big Sky's status as Montana's largest zero-discharge community, and validates years of investment in high-quality treatment and reuse systems. Annexation efforts also continued during the reporting period, with multiple agreements in progress, supporting regional coordination and improved system integration.

Operationally, District teams maintained high performance levels during a seasonally variable and demanding month. Water and wastewater operations responded effectively to fluctuating flows driven by holiday tourism and weather conditions, consistently producing high-quality effluent while advancing critical process improvements. Significant progress was made on developing Standard Operating Procedures, process control documentation, sampling plans, and asset management framework initiatives that will reduce long-term risk, improve defensibility, and enhance operational efficiency. Continued work toward integrated data management systems and OpenGov implementation further supports informed decision-making and transparency.

Water production increased across most sources compared to the prior year, while precipitation totals far exceeded historical averages, improving drought conditions statewide and strengthening longer-term water supply outlooks. Field crews completed a wide range of maintenance, inspections, meter troubleshooting, and system coordination efforts, ensuring service reliability through winter conditions. Collection and distribution activities shifted seasonally toward snow removal, safety tasks, fleet readiness, and asset organization, reflecting adaptive operational planning.

Community engagement and public communication remained a priority, with strong newsletter participation, proactive public education on salinity reduction, and transparent reporting on unregulated contaminant testing results. Collectively, these efforts reinforce public trust and underscore the District's commitment to protecting both public health and the environment.

In summary, the District concluded 2025 in a position of strength—financially secure, operationally capable, legally affirmed, and strategically aligned to meet the evolving needs of the Big Sky community.



Regards,

Johnny O'Connor

Johnny O'Connor

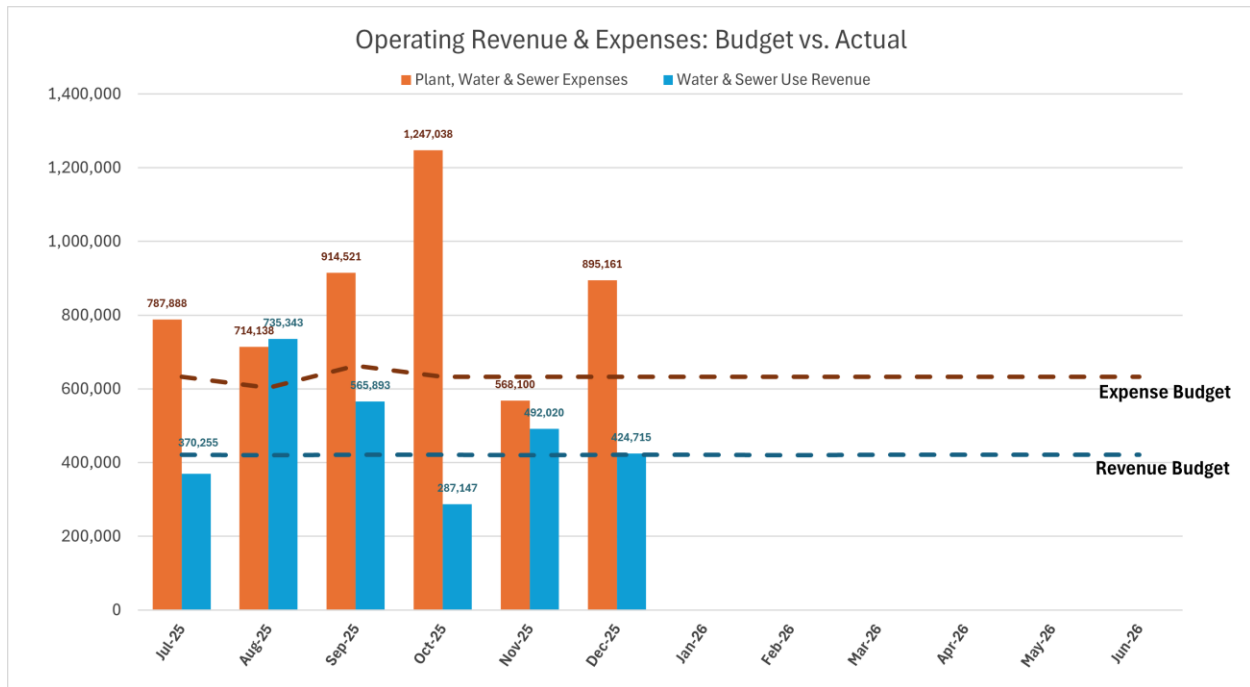
Executive Director | BSCWSD 363

Table of Contents

.....	0
Executive Summary	0
Table of Contents	3
Financial Spotlight	4
Legal Spotlight.....	6
District Clerk Spotlight.....	7
Safety & Compliance Spotlight	8
Water Reclamation and Reuse Operations Spotlight.....	9
Water Operations Spotlight.....	16
Collection & Distribution Maintenance Spotlight	21

Financial Spotlight

Full Financial and Audit Report: Please See Board Packet



Current CIP projects

	2025	2026	Cost To Date	%
District CIP				
Fleet	\$192,500		\$167,647	
Complete				
908M Cat Wheeled Loader	\$130,000		\$105,147	81%
Vac Trailer	\$62,500		\$62,500	100%
Sewer	\$3,167,730	\$1,391,000	\$913,149	
Approved				
Centrifuge Engineering and Installation	\$1,580,000		\$34,043	2%
Flume Removal	\$7,500			
Maintenance Shop Design	\$50,000			
Membrane Replacement				
YC1 Redundant Pumps	\$55,000			
Complete				
Aerial Mapping	\$5,230			
Chief Joseph East Side Sewer Main Replacement	\$175,000		\$14,606	8%
In Progress				
Cleaning & Inspection of Sanitary Sewer Lines	\$150,000	\$150,000	\$64,500	43%
Manhole Rehabilitation	\$35,000	\$35,000		
Pond 2 Cleanout, Dewatering and Relining	\$800,000	\$906,000	\$800,000	100%
Sewer Line Repair Projects from CCTV Inspections	\$300,000	\$300,000		
Postponed				
Reuse Signage District Wide	\$10,000			
Water	\$711,450	\$351,000	\$414,382	
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	62%
Relocate Water Line - Sioux Road	\$250,000		\$85,000	34%
In Progress				
Bulk Water Station	\$37,000	\$6,000	\$36,000	97%
Fire Hydrant Replacement	\$35,000	\$35,000	\$35,000	100%
Meter Replacement	\$15,000	\$15,000	\$48,244	322%
Water Master Plan (Update 3-5 yrs)	\$194,450		\$182,330	94%
Postponed				
Lead Service Line Inventory	\$25,000			
Reuse Signage District Wide	\$10,000			
Grand Total	\$4,071,680	\$1,742,000	\$1,495,178	

Closing Summary

The District's financial position remains strong through December 2025. While operating revenues for the month came in slightly below budget, year-to-date revenues remain modestly favorable. Operating expenses continue to reflect elevated costs associated with legal defense and maintenance activities, though spending is beginning to normalize as winter operations progress. The District posted a year-to-date operating deficit of \$2.25 million, which is consistent with budgeted expectations when accounting for timing and non-operating revenues. Cash balances increased to \$19.85 million at year-end, and all deposits remain fully collateralized and compliant with state requirements. Accounts receivable declined to \$12.35 million, driven primarily by Resort Tax receivables, with customer delinquencies remaining minimal.

Community Outreach & Engagement

This month's newsletter introduced the District's Salinity Reduction education campaign, aimed at increasing community awareness of how everyday actions impact wastewater treatment and long-term infrastructure performance. The newsletter also shared results from the District's recent testing for a suite of unregulated contaminants, **including PFAS**. All test results came in **well below EPA's current screening levels**, with negligible findings, confirming no identified concerns for the District's drinking water supply at this time. 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.

December Newsletter [[Click Here](#)]

Legal Spotlight

- **Cottonwood vs. Boyne Lawsuit Resolution**

The long-running Cottonwood vs. Boyne lawsuit concerning the use of recycled water for golf course irrigation concluded in November, with a unanimous jury ruling against Cottonwood. This outcome marks yet another in Cottonwood's extensive history of unsuccessful litigation targeting businesses, taxpayers, and local government in the Big Sky community.

Originally filed in 2020 against the Big Sky Water & Sewer District—and expanded in 2022 to include Boyne—the case has been referenced in multiple news stories, including recent coverage of sanctions issued against Cottonwood. Throughout the proceedings, our Class A-1 reclaimed water program served as a key element of the defense. The ruling reinforces Big Sky's position as Montana's largest zero-discharge community and highlights our role as a model for responsible water reuse across the state.

Our reclaimed water supports critical community needs such as irrigation, snowmaking, and even potential wildland firefighting applications, all while advancing our commitment to protecting and enhancing a truly pristine watershed. Although several systems—such as those in

Firelight and the Gallatin River Canyon—continue to operate with substandard treatment, we are actively working to integrate them into the District’s system so they can meet Big Sky’s high water-quality standards.

- Flat Iron Annexation Agreement in progress
- Boyne USA Annexation Agreement in progress

Fiscal Year	Legal Defense	Total Operating Expenses	Legal % of Operating	Annual Legal Cost / Rate Payer
2020–21	\$397,757	\$3,945,154	10%	\$113.64
2021–22	\$1,109,731	\$4,865,599	23%	\$317.07
2022–23	\$426,459	\$4,899,652	9%	\$121.85
2023–24	\$230,927	\$5,481,514	4%	\$65.98
2024–25	\$850,916	\$7,826,876	11%	\$243.12
2025–26 YTD	\$808,433	\$5,126,846	16%	\$230.98

*Avg legal defense expense 2015-2020 was less than 1% of operating expenses.

Notable events during the month:

- August- had several meetings and phone conversations with legal counsel to complete items that are being worked on.

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 were two permits submitted in mid-November and one in December. One irrigation pit for Black Eagle Units 19 & 20 and a Remodel on 37 Middle Rider Rd. The following summary highlights recent reviews and notable submissions:

Total Applications Reviewed

- Remodels: One
- New Construction: None

- Irrigation: One

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	
Grand Total						144.81	

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 has slowed down significantly with winter months, but still receive phone calls asking about the process, so I suspect some will continue to be submitted in the upcoming months. 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 was postponed due to the holidays.

Closing Summary

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

Water Reclamation and Reuse Operations Spotlight Summary – December 2025

December marked a successful month for the Operations department. Flow and influent loadings were variable throughout the month with holiday tourism and less than desirable snow levels. Population influx to the district is difficult to forecast; however, the team performed exceptionally and managed to ensure highly treated effluent from the facility.

The operations team continues to develop new Standard Operating Procedures (SOPs), Operational Process Control guidelines to ensure future and improved management of the WRRF. Many processes are changing within the Operations department; daily facility rounds, preventative and proactive maintenance, process control and laboratory testing are just a few of the areas under change. Developing the guiding documents for the facility, such as the WRRF sampling plan are large lifts for the Operations team; however, the benefits to staff and the district are significant. Each of the projects under way are designed to save the district costs, reduce liability, provide a defensible ground and increase efficiency and productivity within the district departments. Large lifts for the month included the:

- BSWSD Permit and Process Sampling plan development
- Process control: Rounds, daily inspections, and process control meetings.
- All MAX data management software. Almost exclusively the data for the WRRF and district is contained in numerous MS Excel spreadsheets that are cumbersome and require a large amount of time to maintain. This is a large area of risk for the district, and data management policies should be improved upon. The district team will significantly benefit from a single source of software, protecting and validating our data.

Efforts continue to be made for the Asset Management program development; collection of the information was led by Operator Matt Foley. A large lift for December was meeting with numerous contractors as we look to bid out Master Service Agreements to support the facility. Electrical, mechanical, HVAC, heavy Equipment, Engineering,

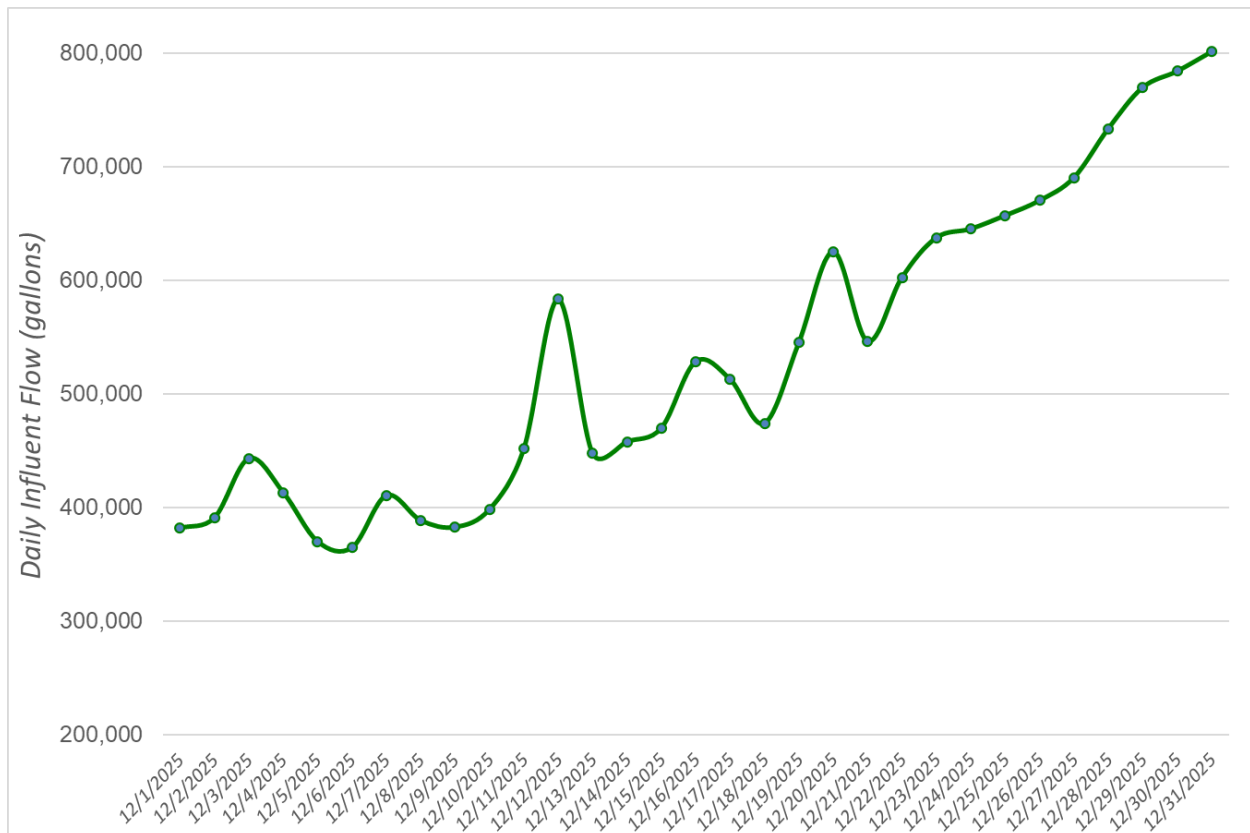
Scada and instrumentation all require qualifications that must be outsourced to maintain the facility set forth by our standards, reduce liability and ensure that our team is safe. Over the next few months, we will work to deliver district wide contracts to streamline this work, reduce the number of contractors working onsite and begin to internally train our team to grow into handling more work in house to reduce costs.

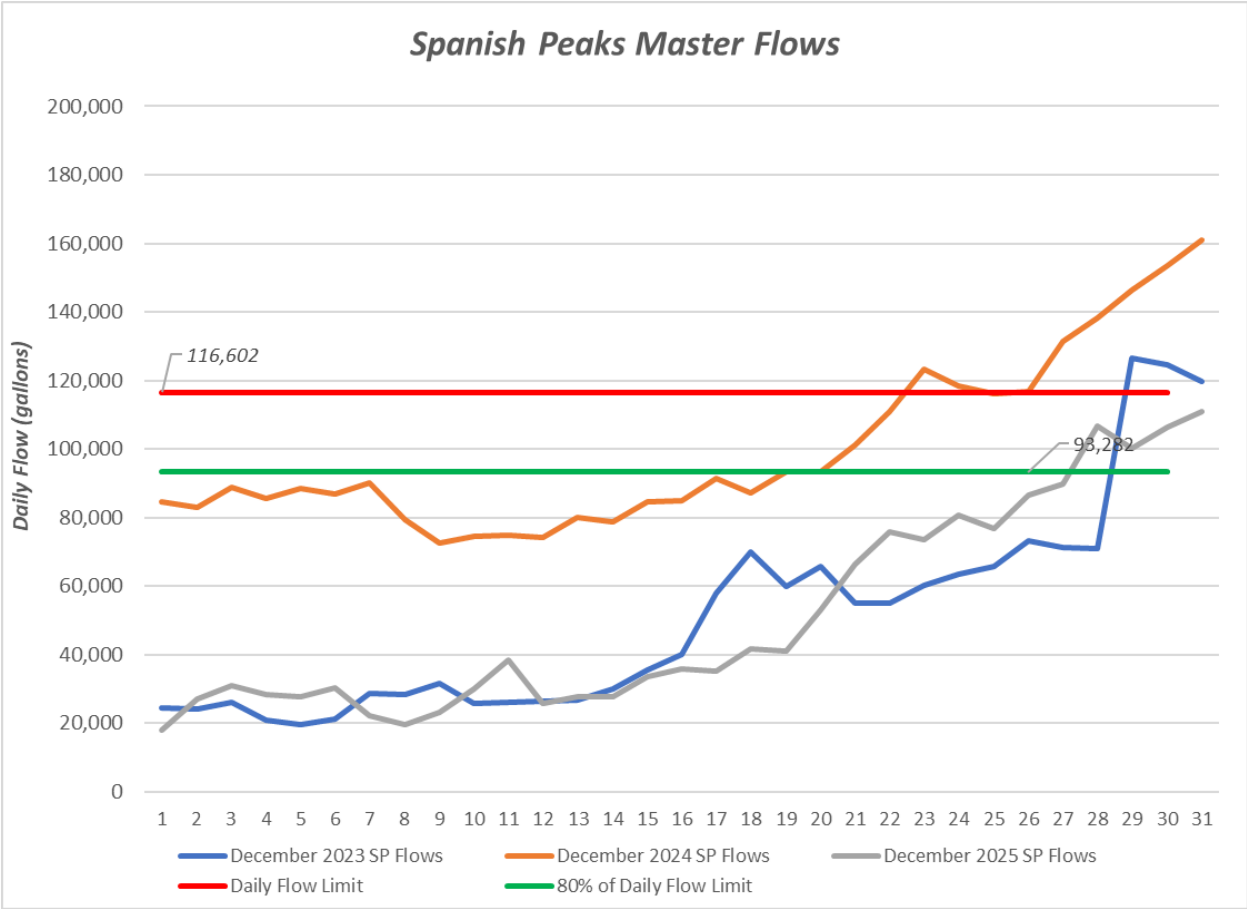
Continued and new lifts for the Operations team were:

- Development of District Strategic Asset Management Plan (SAMP) and Facility Asset Management Standards (AMP)
- Open Gov Am development
- WRRF Inventory.

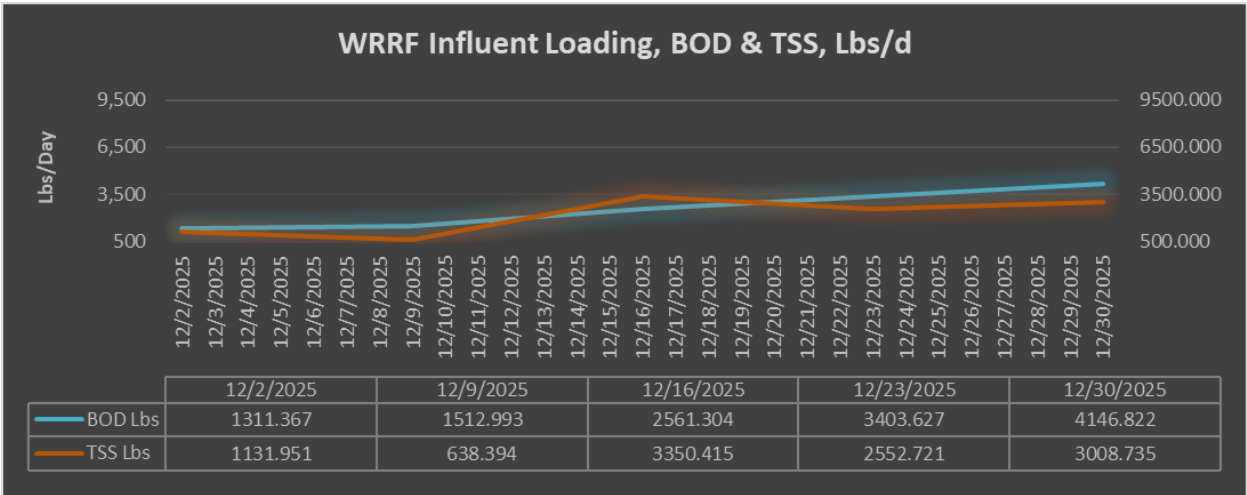
As 2025 comes to an end, a large and heartfelt thank you goes out to the Operations team for their dedication to the district goals and purpose. The team has worked diligently this last year to serve our district, rate payers, and environment well.

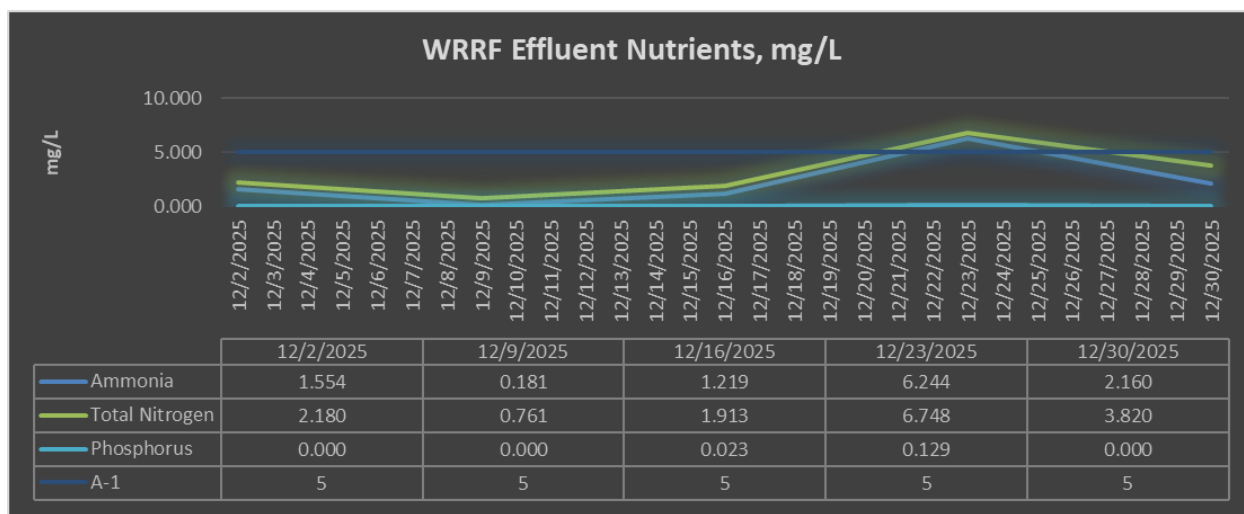
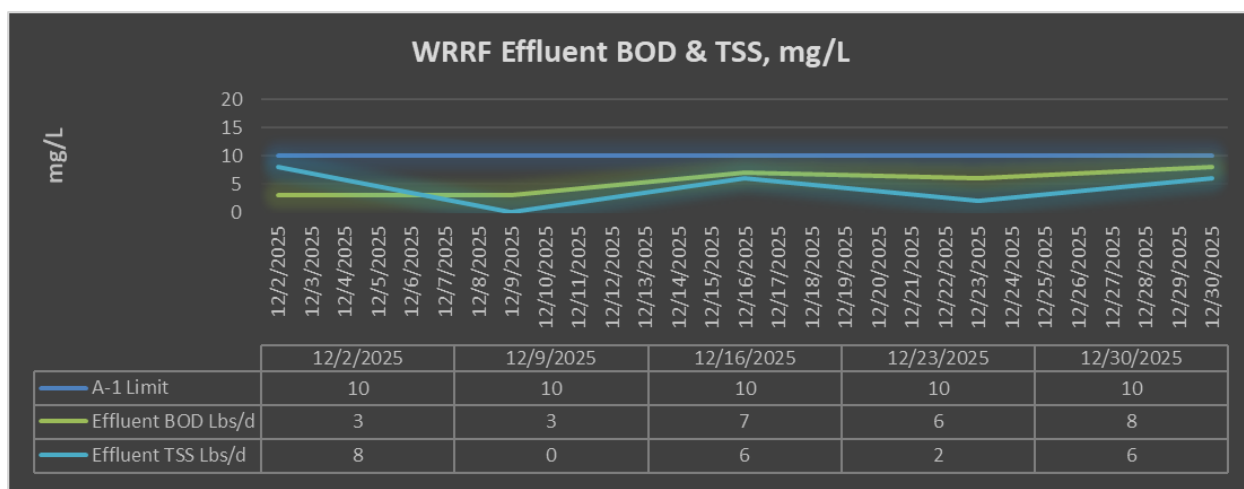
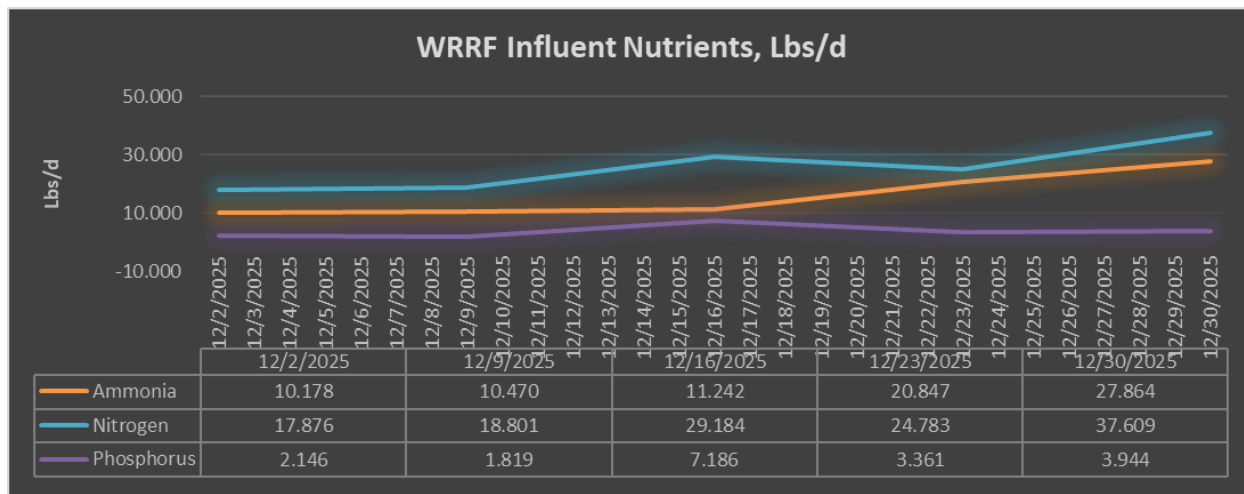
Flow Data

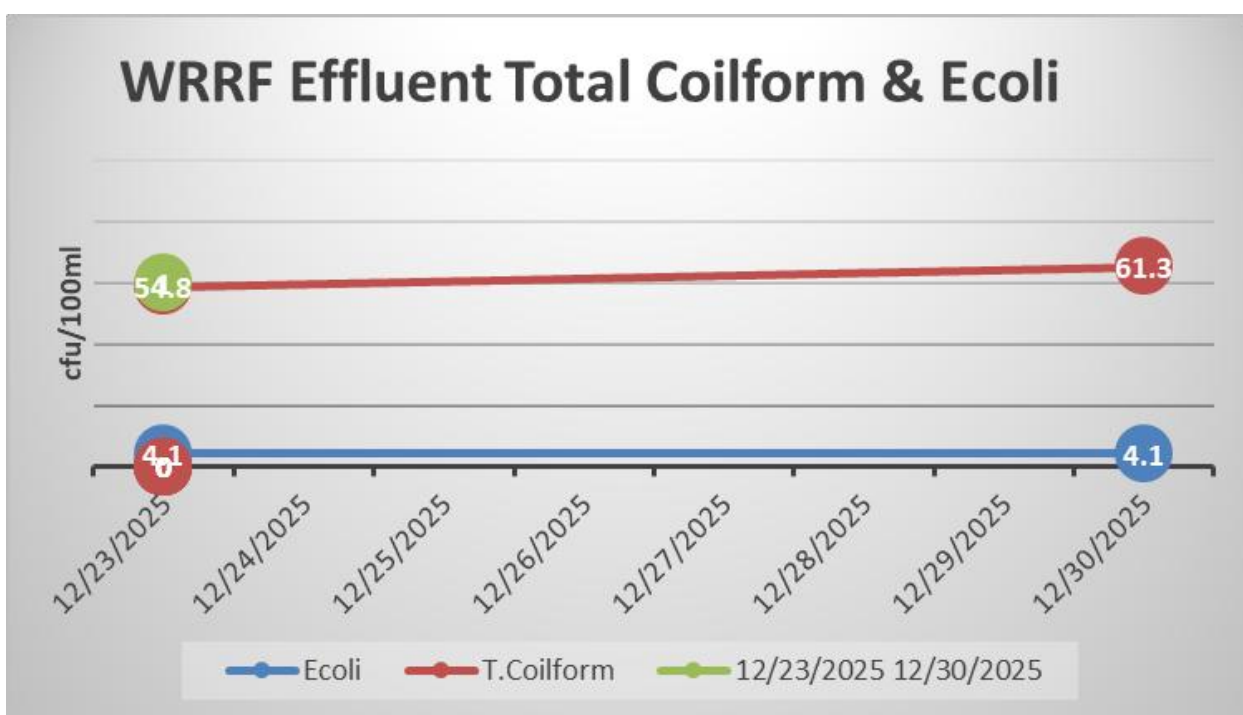
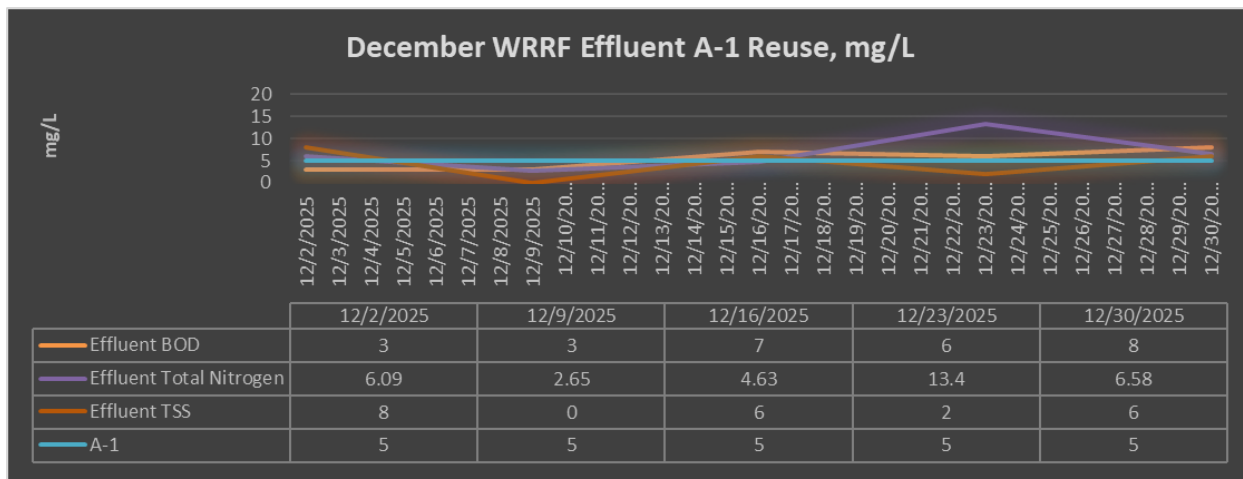




Treatment Performance Data





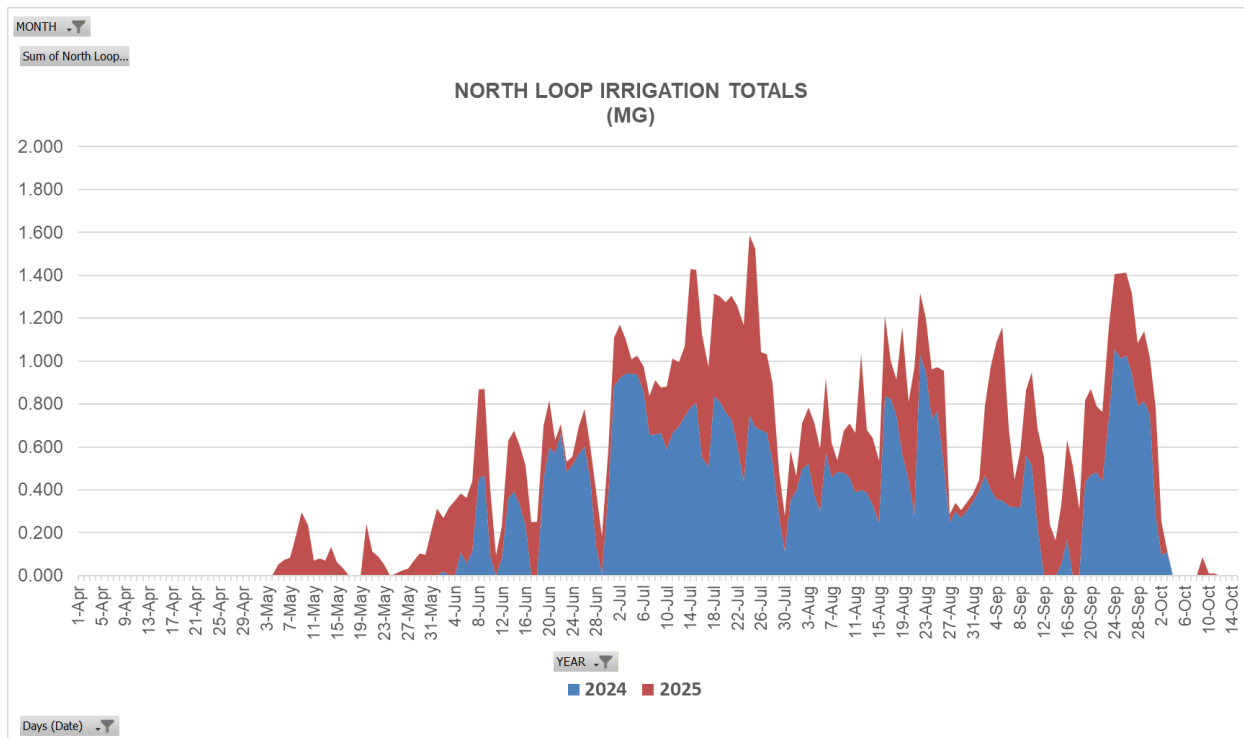


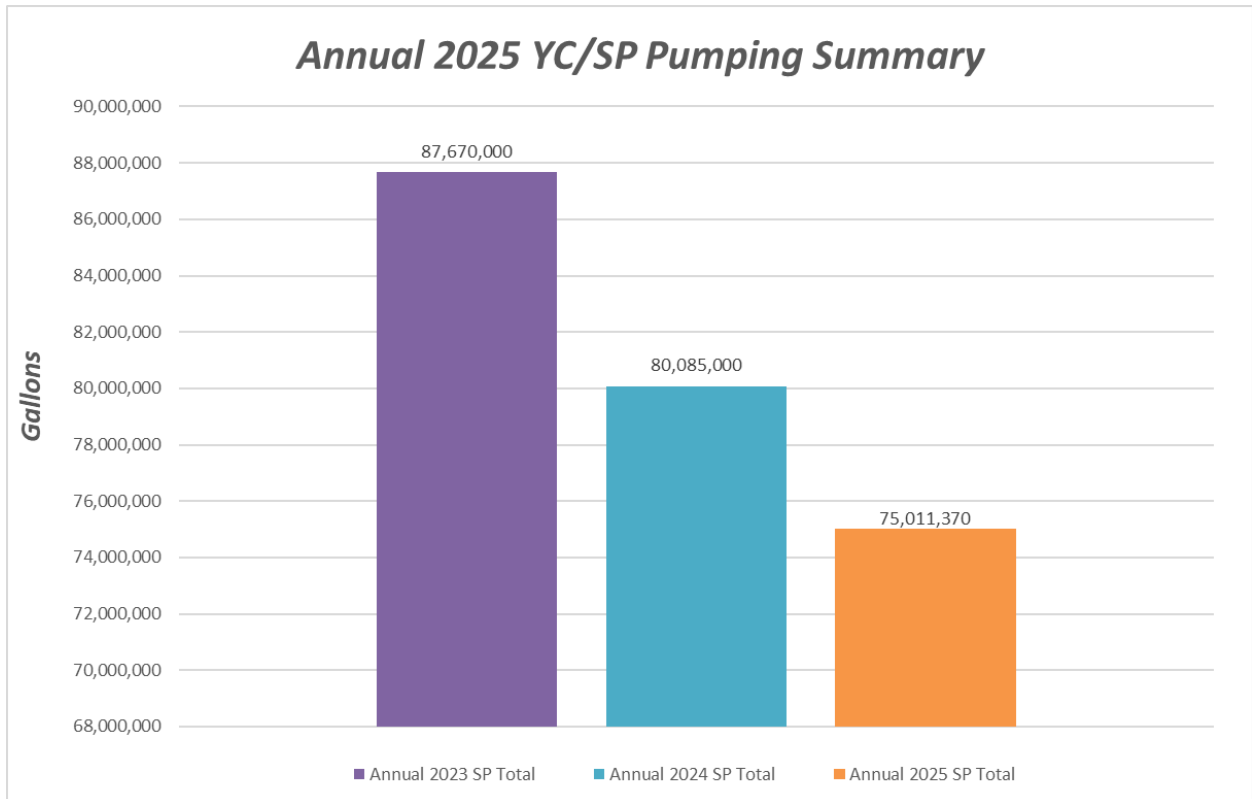
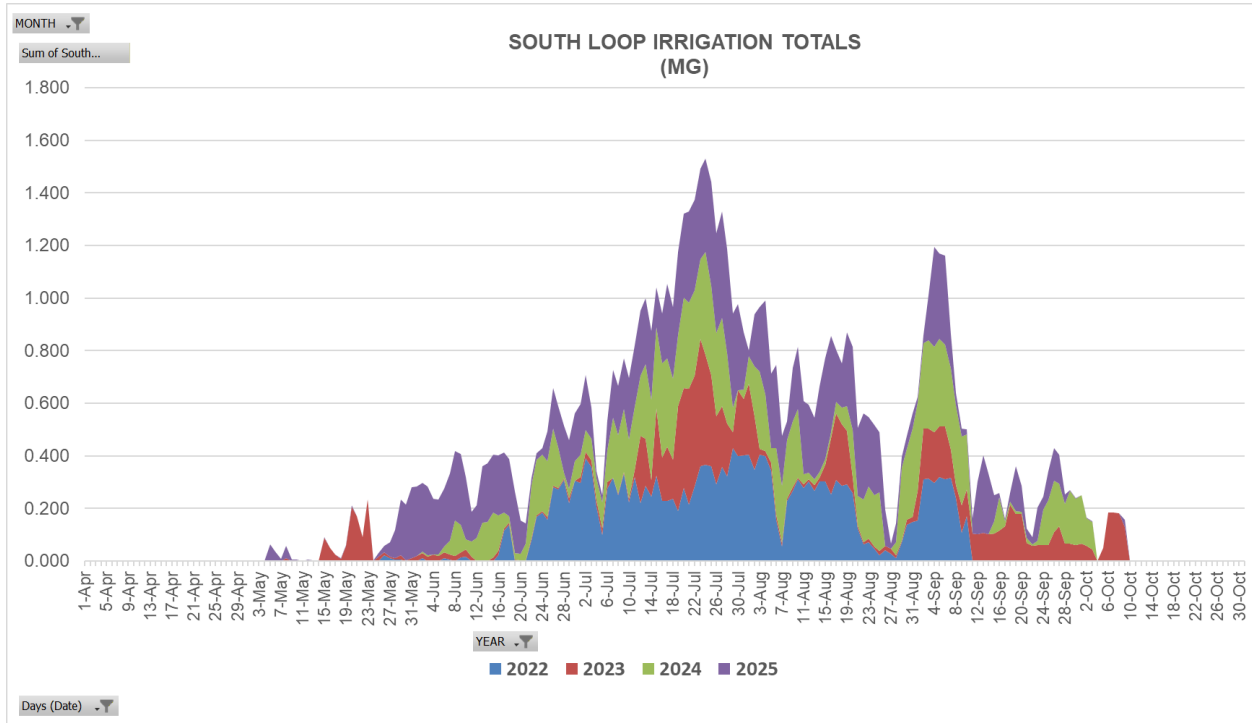
Biosolids and Composting

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

	Jan	Feb	March	April	May	June	July
Total Biosolids Produced (Tons)	30.50	40.50	46.00	134.70	193.25	152.75	167.34
Total Biosolids Hauled (Tons)	30.50	40.50	46.00	134.70	193.25	152.75	154.50
Total Compost Produced (Tons)	0.00	0.00	0.00	0.00	0.00	12.84	11.35
Total Sludge Pumped to Dewatering (Gallons)	81,314	140,885	299,930	366,748	316,605	605,487	422,781
Avg. Total Solids %	12.78	11.44	10.14	10.88	9.28	11.48	11.14
	Aug	Sept	Oct	Nov	Dec	YTD Total	YTD Avg.
Total Biosolids Produced (Tons)	130.60	125.60	128.60	48.20	32.00	1,230	102.50
Total Biosolids Hauled (Tons)	119.25	125.60	117.25	36.85	20.24	1,171	97.62
Total Compost Produced (Tons)	11.35	0.00	11.35	11.35	11.35	70	11.65
Total Sludge Pumped to Dewatering (Gallons)	288,524	263,120	242,696	93,622	164,659	3,286,371	273,864
Avg. Total Solids %	12.23	11.45	12.69	12.35	11.49		11.45

Pond Storage and Reuse Water Data



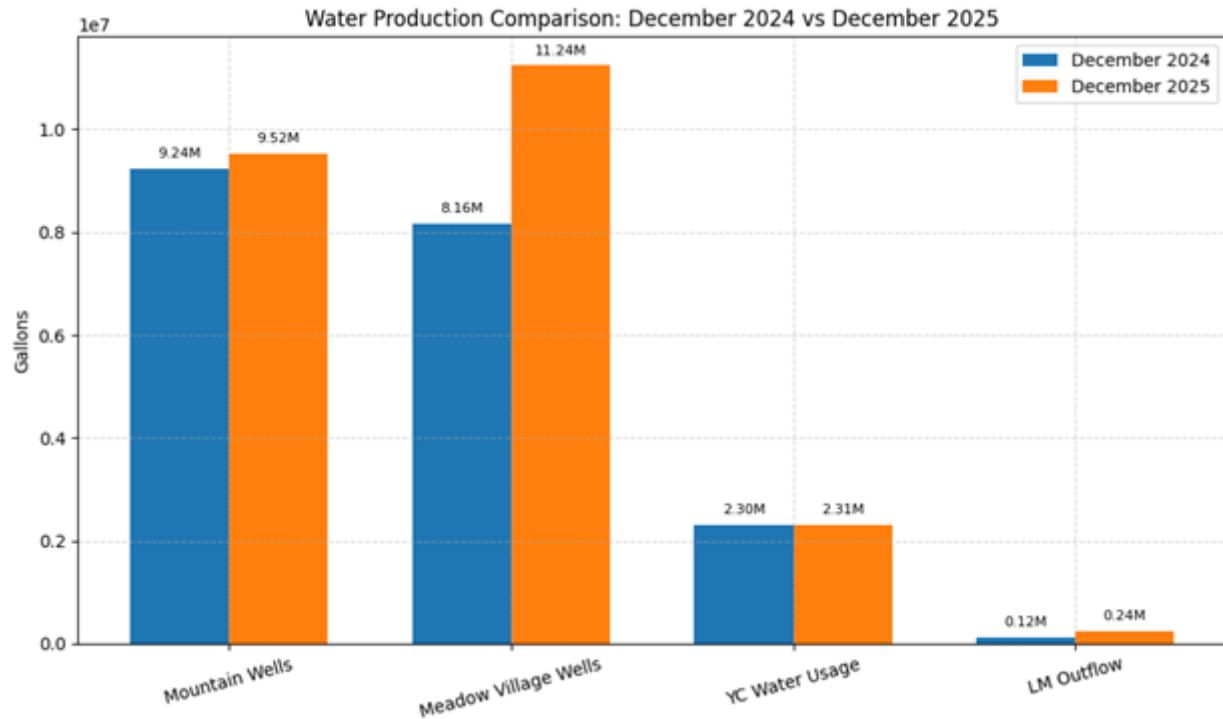


Note: There was no pumping to YC in August 2024 or 2025.

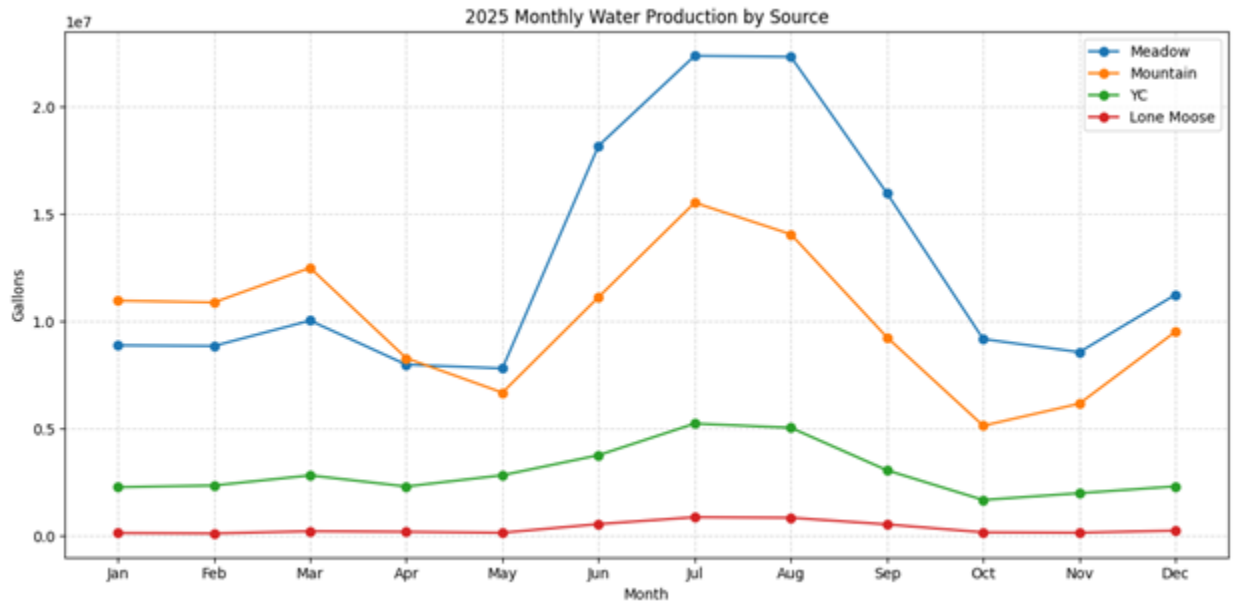
Water Operations Spotlight

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:

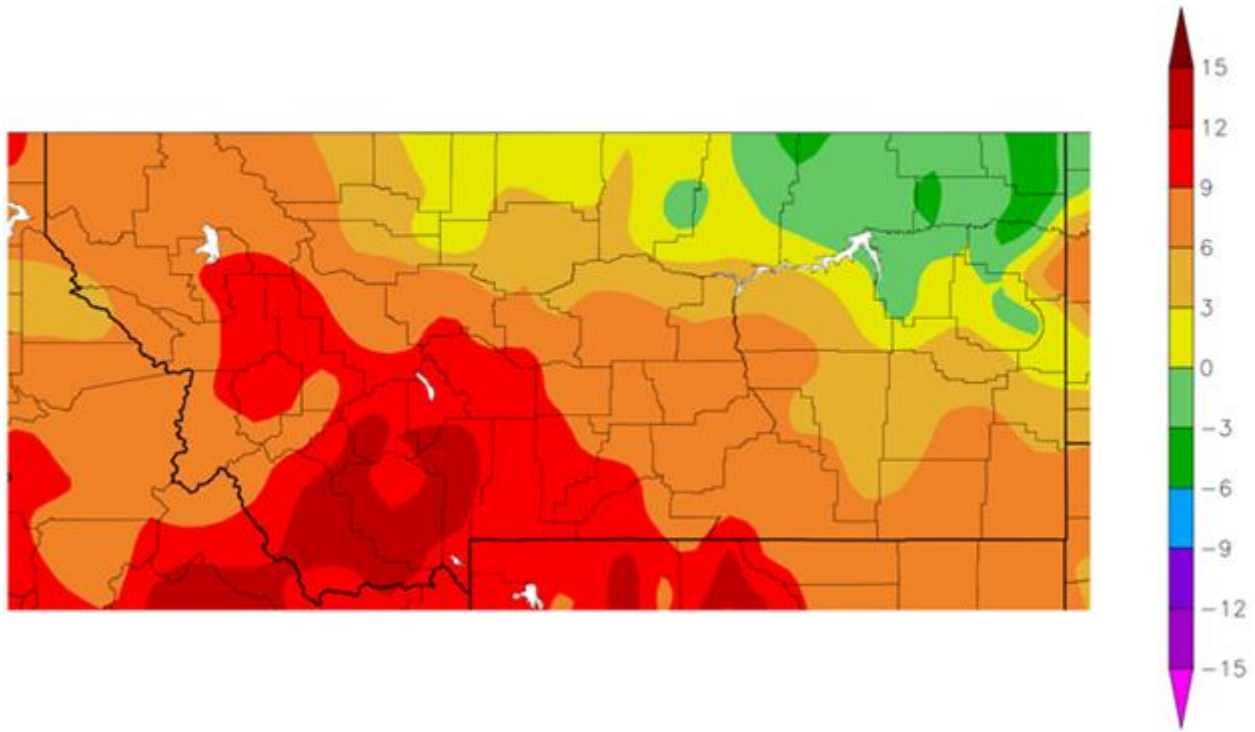
Gallatin Basin recorded 203% of normal monthly precipitation, with 53% of average snowpack and a Snow Water Equivalent (SWE) of 107%.

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.



Load testing at the Gondola Terminal

- 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, C&D tried internally to fix, Advanced Lining also tried to stop the I & I with no success. Working on a solution.
- Plowed 5x
- Purchased fire extinguisher & first Aid kits for all vehicles. Took to FE to Summit to get certified. Installed in vehicles
- Core and Main refund \$10k return excessive parts
- Backhoe Ordered hoe pack parts and repaired
- Working with Rau Designs on truck decals
- CIP item prepared

Work Orders

Planned Work Orders

- Locates on going
- Sewer Asset Management Survey/Locations
- Sewer Inspections Ongoing
- 4 I & I MH serviced

Reactive Work Orders

- None

Completed Work Orders

- 12 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 will resume



Fire extinguishers in each vehicle



Updated safety equipment in each vehicle



Fleet numbered for asset management

Closing Summary

Construction season is slowing down, and winter tasks such as snow removal, FOG inspections, safety tasks and training have taken the place of locates and inspections.