August 2026

CITY OF BRECKENRIDGE, TEXAS
WATER & WASTEWATER RATE STUDY

NewGen Strategies & Solutions

OBJECTIVES – BUSINESS FUNDAMENTALS

Revenue Sufficiency

Revenues must match or exceed expenses

Reserves

Must plan for future needs and liabilities

Reinvestment

Must repair, expand, and reinvest in infrastructure

Continuation of 2021 Financial Planning Efforts

The 2021 rate study built needed financial capability; the 2026 study seeks to sustain and expand it.

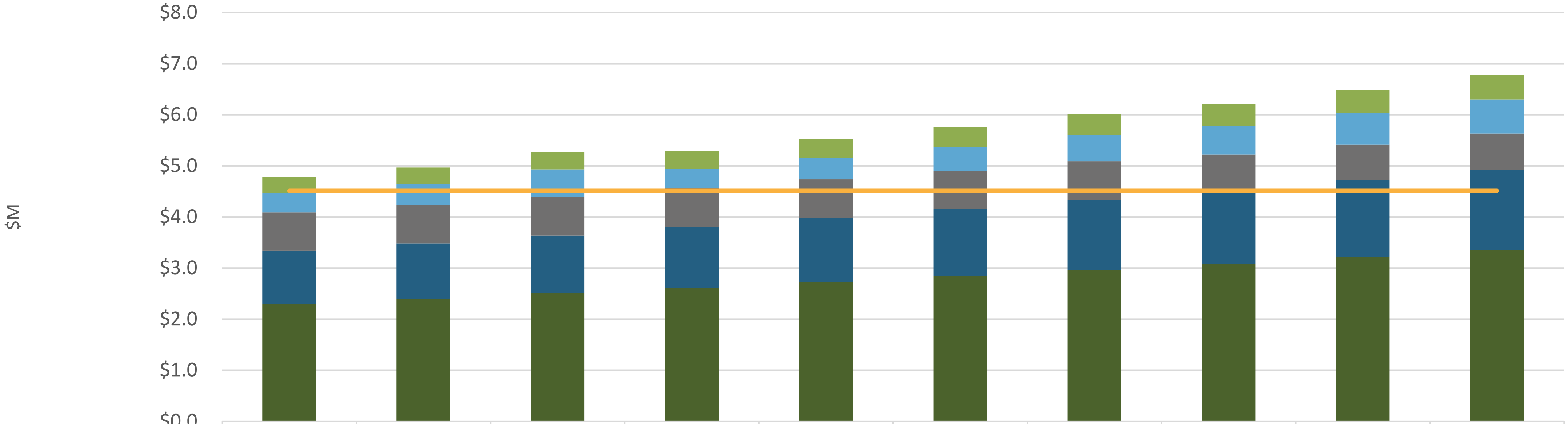
2021 STUDY – INITIAL FINANCIAL PLAN

- Recommended multi-year rate plan; phased increases beginning in FY 2022
- Focus on critical capital projects: WTP improvements, lift station and collection line rehabilitation (TWDB)
- Recommended replacement of ~2,400 aging water meters to protect billed revenue
- Business need to invest in people; market pay and additional Water Department staff
- Need to ensure General Fund transfer to properly recover costs

2026 STUDY – SUSTAIN AND EXPAND FUNDING

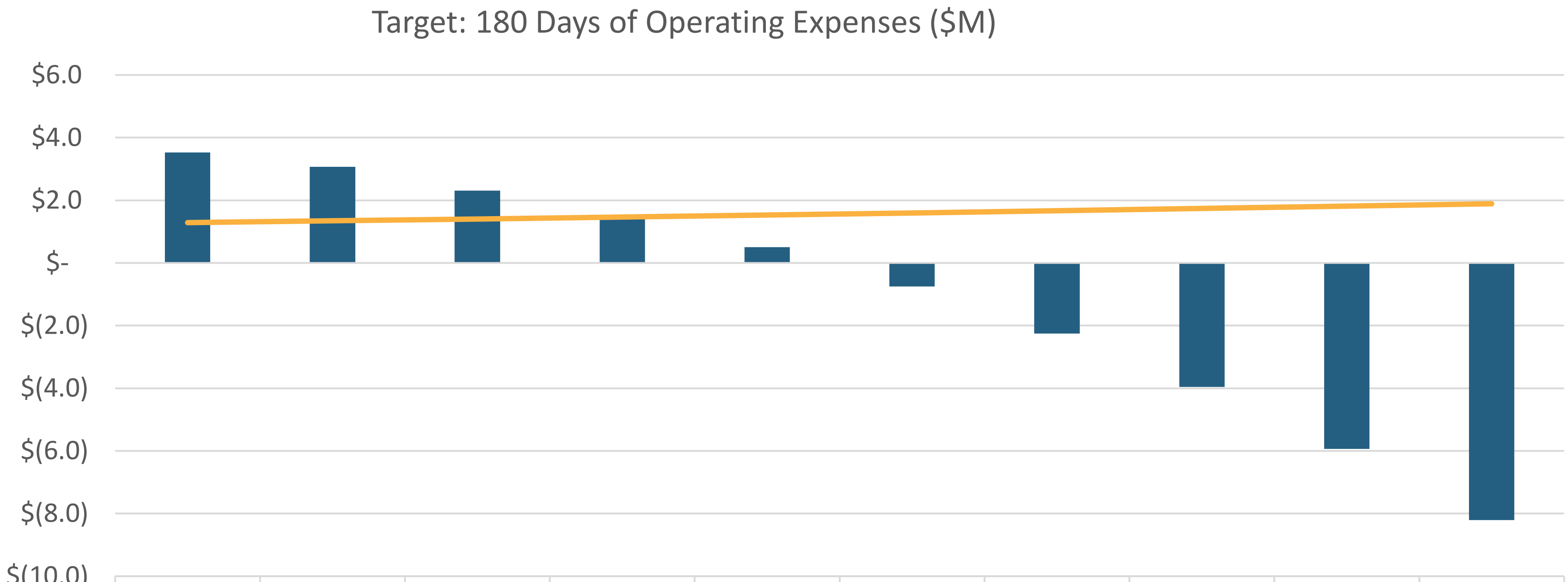
- Costs continue to rise - wholesale water, chemicals, supplies, and labor
- Continued renewal and replacement of aging equipment
- Need to maintain target fund balance and debt service coverage
- Modest, planned adjustments, with rate increase options to choose from
- Keep customer bills competitive with regional peers

PROJECTED BASELINE FINANCIAL PERFORMANCE BASED ON CURRENT RATES AND COSTS



	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036
Water Purchases	$0.3	$0.3	$0.3	$0.4	$0.4	$0.4	$0.4	$0.4	$0.5	$0.5
Capital Outlay	$0.4	$0.4	$0.5	$0.4	$0.4	$0.5	$0.5	$0.6	$0.6	$0.7
Debt	$0.8	$0.8	$0.8	$0.8	$0.8	$0.8	$0.8	$0.7	$0.7	$0.7
Transfers	$1.0	$1.1	$1.1	$1.2	$1.2	$1.3	$1.4	$1.4	$1.5	$1.6
O&M	$2.3	$2.4	$2.5	$2.6	$2.7	$2.8	$3.0	$3.1	$3.2	$3.4
Total Revenue	$4.5	$4.5	$4.5	$4.5	$4.5	$4.5	$4.5	$4.5	$4.5	$4.5

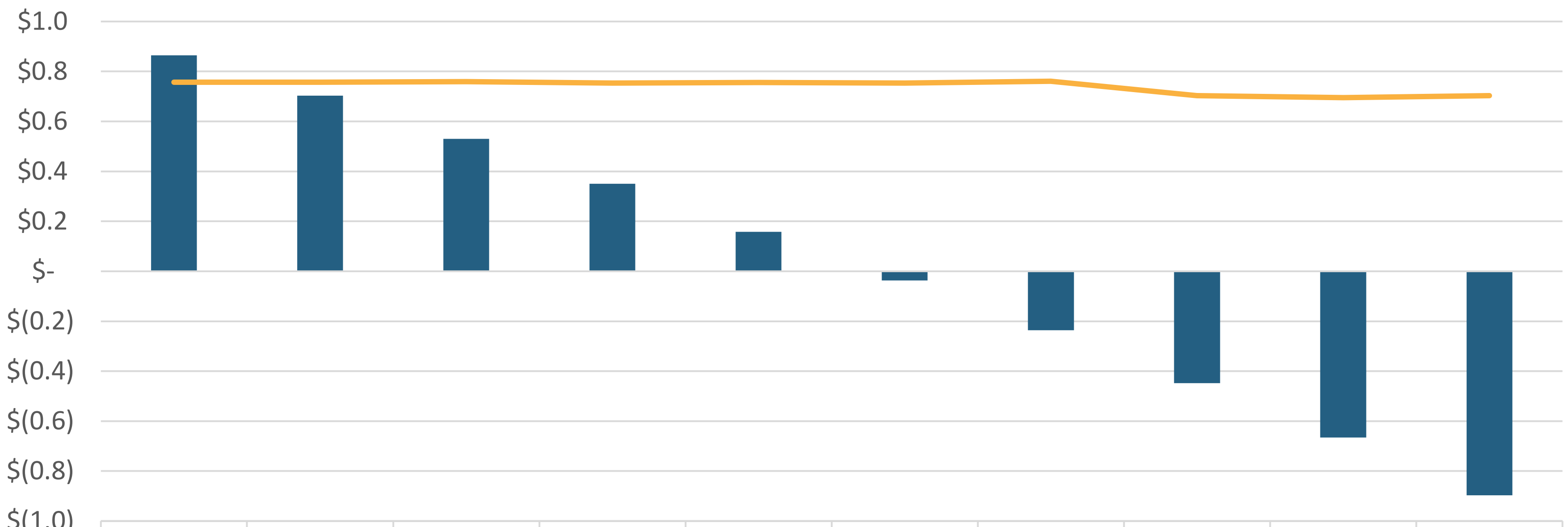
PROJECTED BASELINE FINANCIAL PERFORMANCE
FUND BALANCE – CURRENT RATES AND COSTS



	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036
Ending Fund Balance	$3.5	$3.1	$2.3	$1.5	$0.5	$(0.7)	$(2.3)	$(4.0)	$(5.9)	$(8.2)
Fund Balance Requirement	$1.3	$1.3	$1.4	$1.5	$1.5	$1.6	$1.7	$1.7	$1.8	$1.9
Days of Cash	494	412	297	187	59	(84)	(244)	(410)	(590)	(782)
Days of Cash Target	180	180	180	180	180	180	180	180	180	180

PROJECTED BASELINE FINANCIAL PERFORMANCE
DEBT SERVICE COVERAGE – CURRENT RATES AND COSTS

Target: 1.1X Coverage of Annual Debt Service ($M)



	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036
Revenues Less O&M	$0.9	$0.7	$0.5	$0.4	$0.2	$(0.0)	$(0.2)	$(0.4)	$(0.7)	$(0.9)
Debt Service Requirement	$0.8	$0.8	$0.8	$0.8	$0.8	$0.8	$0.8	$0.7	$0.7	$0.7
Debt Service Ratio (DSR)	1.1	0.9	0.7	0.5	0.2	(0.0)	(0.3)	(0.6)	(1.0)	(1.3)
DSR Requirement	1.1	1.1	1.1	1.1	1.1	1.1	1.1	1.1	1.1	1.1

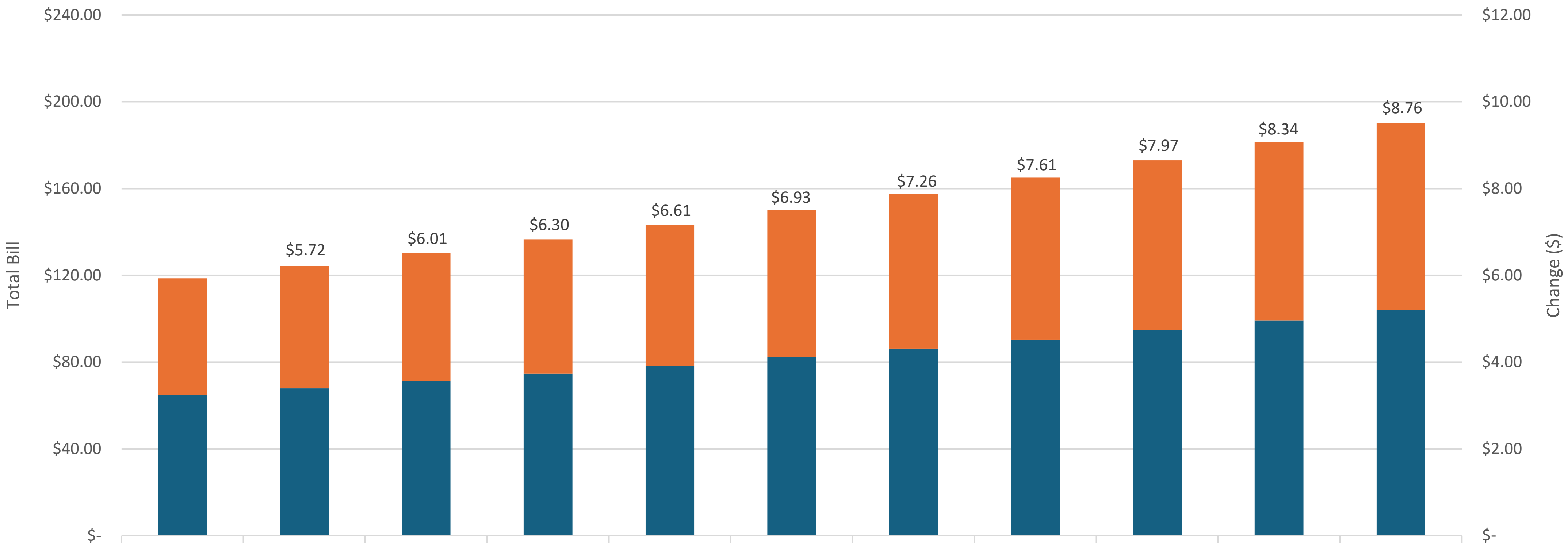
THREE RATE SCENARIOS MAPPED TO RESERVE TARGETS

SCENARIO 1	SCENARIO 2	SCENARIO 3
4.83%	**4.48%**	**4.14%**
Annual rate increase Water & Wastewater	Annual rate increase Water & Wastewater	Annual rate increase Water & Wastewater
TARGET COMBINED RESERVE	**TARGET COMBINED RESERVE**	**TARGET COMBINED RESERVE**
$3,831,769	**$2,834,459**	**$1,889,639**
365 days of cash	270 days of cash	180 days of cash

SCENARIO 1 – 4.83% INCREASE
RESIDENTIAL BILL IMPACT (2,000 GALLONS)

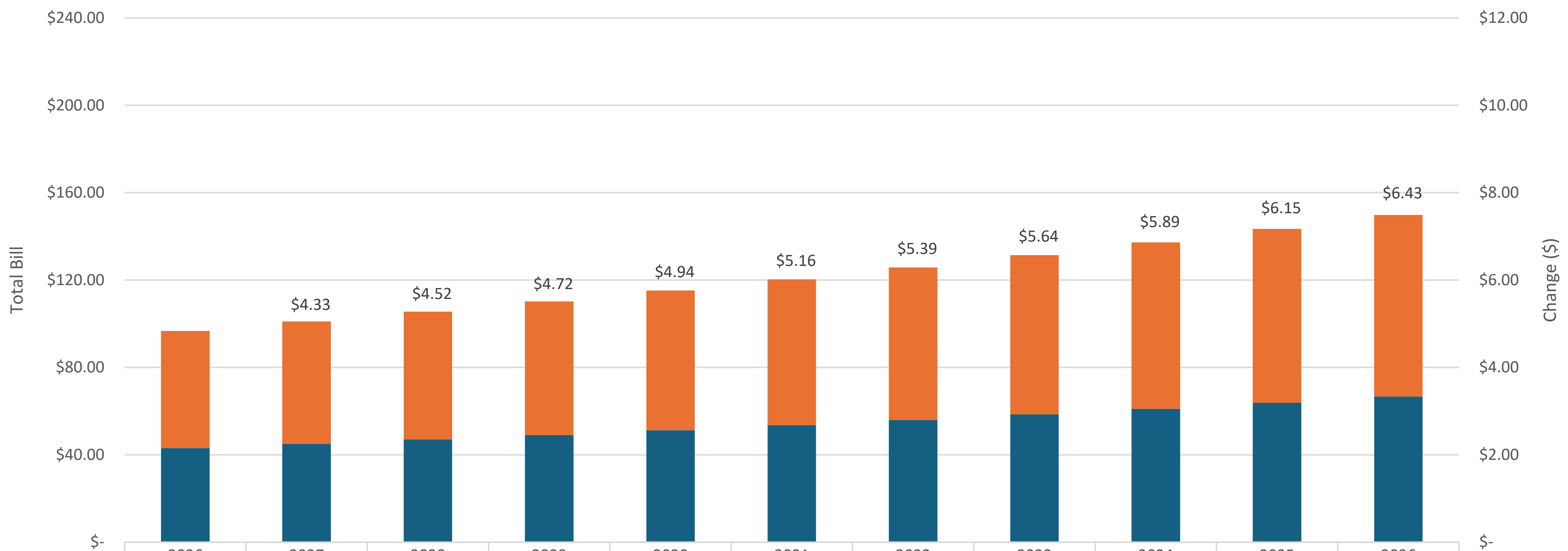
	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036
Wastewater	$53.67	$56.26	$58.98	$61.83	$64.82	$67.95	$71.23	$74.67	$78.28	$82.06	$86.02
Water	$43.02	$45.10	$47.28	$49.56	$51.95	$54.46	$57.09	$59.85	$62.74	$65.77	$68.95
Total Bill	$96.69	$101.36	$106.26	$111.39	$116.77	$122.41	$128.32	$134.52	$141.02	$147.83	$154.97
Change ($)		$4.67	$4.90	$5.13	$5.38	$5.64	$5.91	$6.20	$6.50	$6.81	$7.14
Change (%)		4.8%	4.8%	4.8%	4.8%	4.8%	4.8%	4.8%	4.8%	4.8%	4.8%

SCENARIO 1 – 4.83% INCREASE
RESIDENTIAL BILL IMPACT (**5,000** GALLONS)



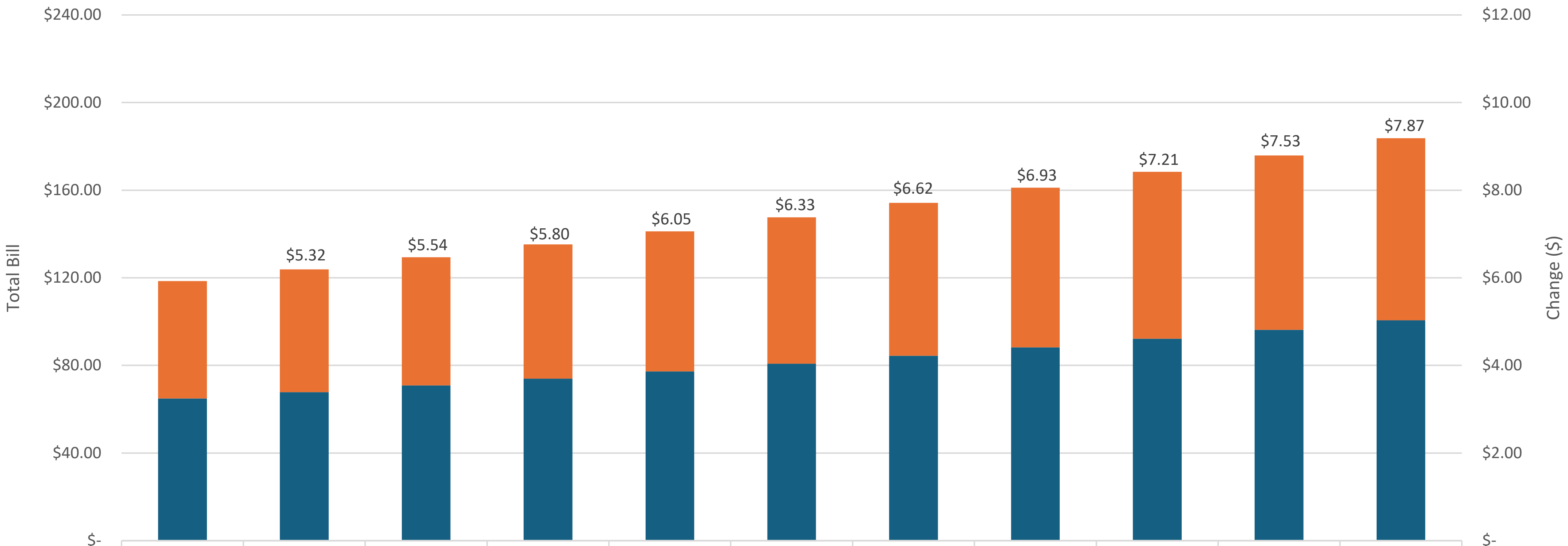
	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036
Wastewater	$53.67	$56.26	$58.98	$61.83	$64.82	$67.95	$71.23	$74.67	$78.28	$82.06	$86.02
Water	$64.89	$68.02	$71.31	$74.76	$78.38	$82.18	$86.16	$90.33	$94.69	$99.25	$104.05
Total Bill	$118.56	$124.28	$130.29	$136.59	$143.20	$150.13	$157.39	$165.00	$172.97	$181.31	$190.07
Change ($)		$5.72	$6.01	$6.30	$6.61	$6.93	$7.26	$7.61	$7.97	$8.34	$8.76
Change (%)		4.8%	4.8%	4.8%	4.8%	4.8%	4.8%	4.8%	4.8%	4.8%	4.8%

SCENARIO 2 – 4.48% INCREASE
RESIDENTIAL BILL IMPACT (**2,000** GALLONS)



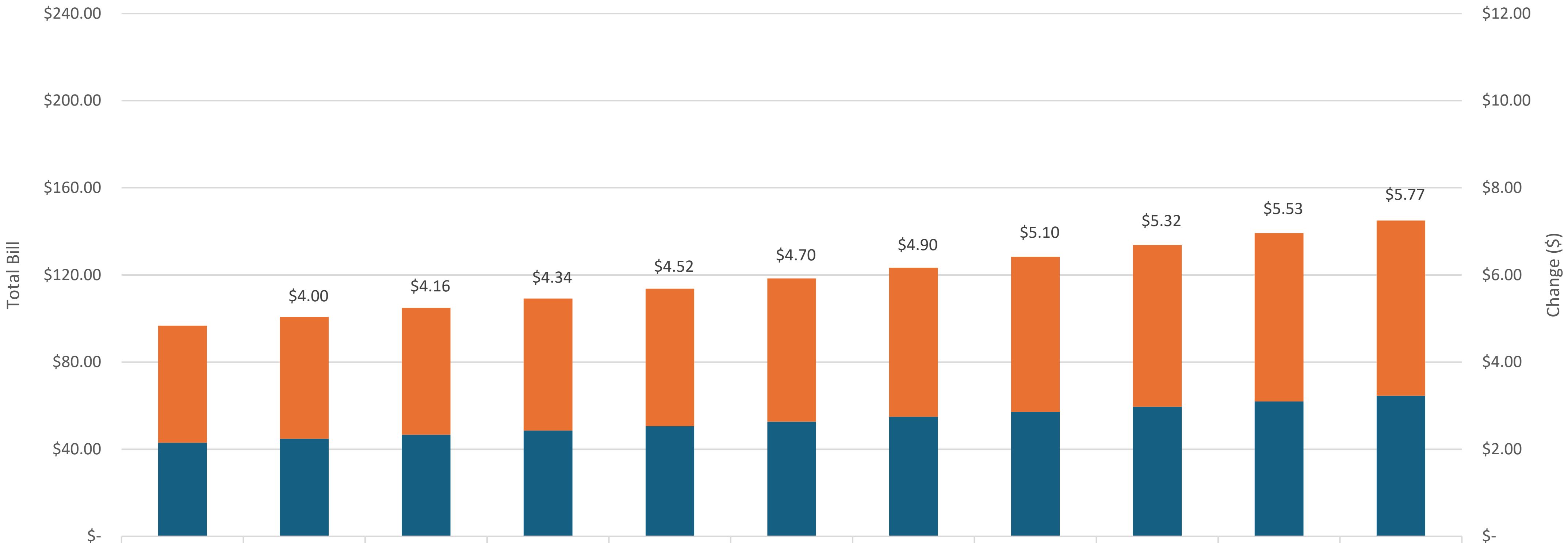
	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036
Wastewater	$53.67	$56.07	$58.58	$61.20	$63.94	$66.80	$69.79	$72.92	$76.19	$79.60	$83.17
Water	$43.02	$44.95	$46.96	$49.06	$51.26	$53.56	$55.96	$58.47	$61.09	$63.83	$66.69
Total Bill	$96.69	$101.02	$105.54	$110.26	$115.20	$120.36	$125.75	$131.39	$137.28	$143.43	$149.86
Change ($)		$4.33	$4.52	$4.72	$4.94	$5.16	$5.39	$5.64	$5.89	$6.15	$6.43
Change (%)		4.5%	4.5%	4.5%	4.5%	4.5%	4.5%	4.5%	4.5%	4.5%	4.5%

SCENARIO 2 – 4.48% INCREASE
RESIDENTIAL BILL IMPACT (**5,000** GALLONS)



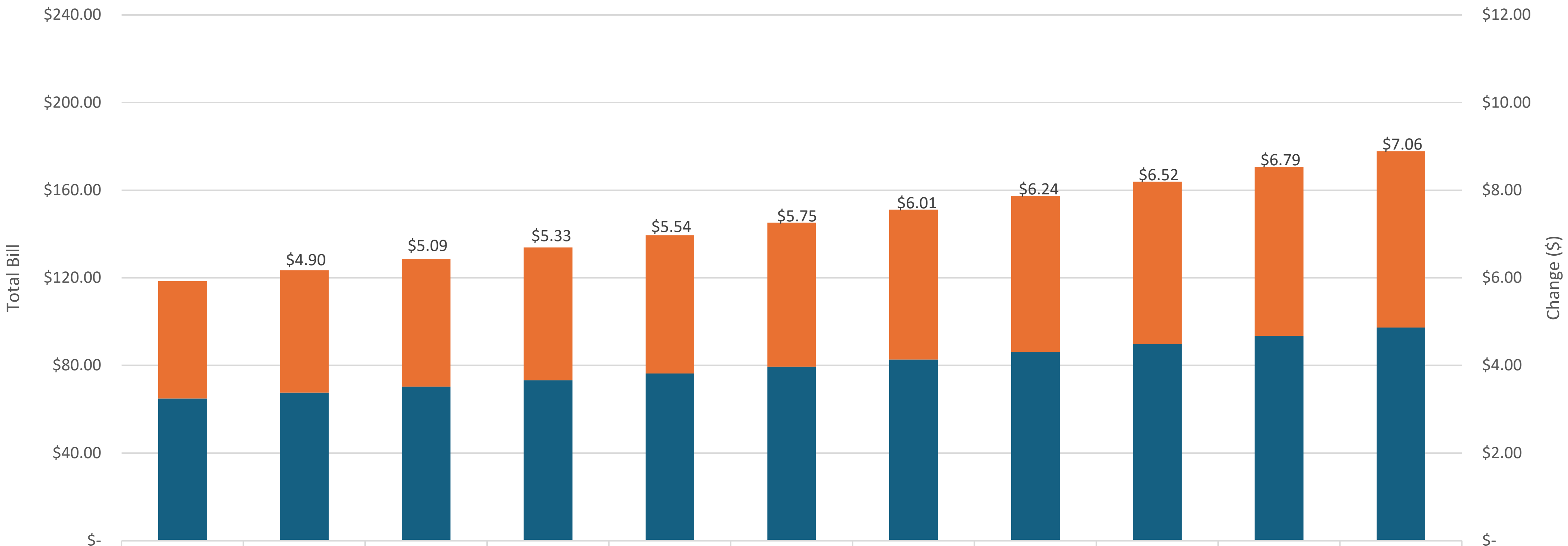
	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036
Wastewater	$53.67	$56.07	$58.58	$61.20	$63.94	$66.80	$69.79	$72.92	$76.19	$79.60	$83.17
Water	$64.89	$67.81	$70.84	$74.02	$77.33	$80.80	$84.43	$88.23	$92.17	$96.29	$100.59
Total Bill	$118.56	$123.88	$129.42	$135.22	$141.27	$147.60	$154.22	$161.15	$168.36	$175.89	$183.76
Change ($)		$5.32	$5.54	$5.80	$6.05	$6.33	$6.62	$6.93	$7.21	$7.53	$7.87
Change (%)		4.5%	4.5%	4.5%	4.5%	4.5%	4.5%	4.5%	4.5%	4.5%	4.5%

SCENARIO 3 – 4.14% INCREASE
RESIDENTIAL BILL IMPACT (**2,000** GALLONS)



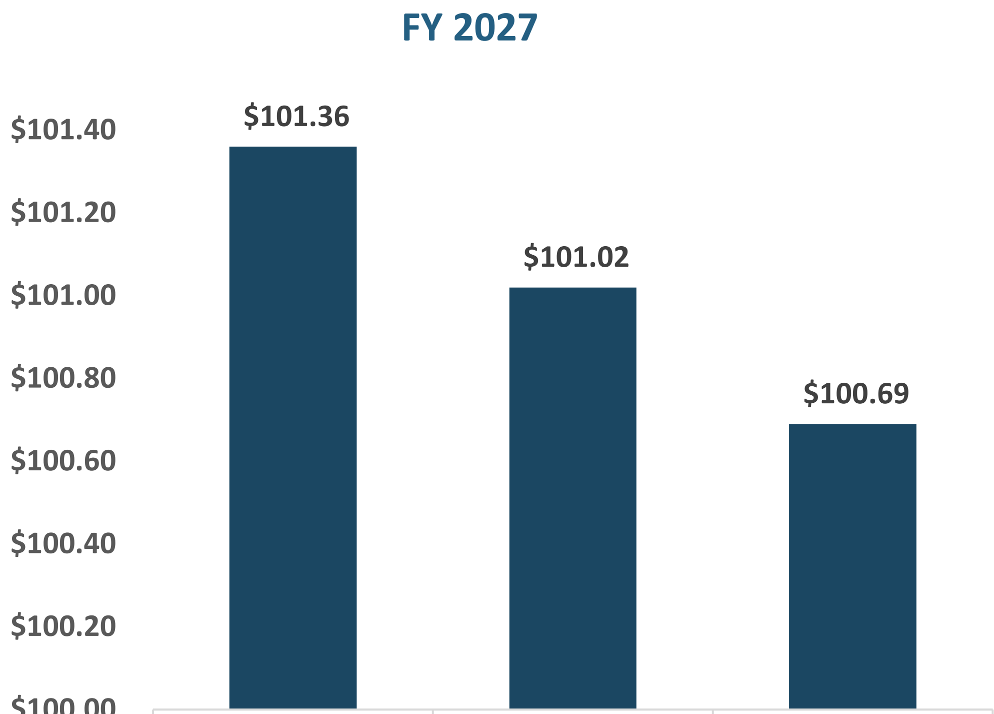
	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036
Wastewater	$53.67	$55.89	$58.20	$60.61	$63.12	$65.73	$68.45	$71.28	$74.23	$77.30	$80.50
Water	$43.02	$44.80	$46.65	$48.58	$50.59	$52.68	$54.86	$57.13	$59.50	$61.96	$64.53
Total Bill	$96.69	$100.69	$104.85	$109.19	$113.71	$118.41	$123.31	$128.41	$133.73	$139.26	$145.03
Change ($)		$4.00	$4.16	$4.34	$4.52	$4.70	$4.90	$5.10	$5.32	$5.53	$5.77
Change (%)		4.1%	4.1%	4.1%	4.1%	4.1%	4.1%	4.1%	4.1%	4.1%	4.1%

SCENARIO 3 – 4.14% INCREASE
RESIDENTIAL BILL IMPACT (**5,000** GALLONS)

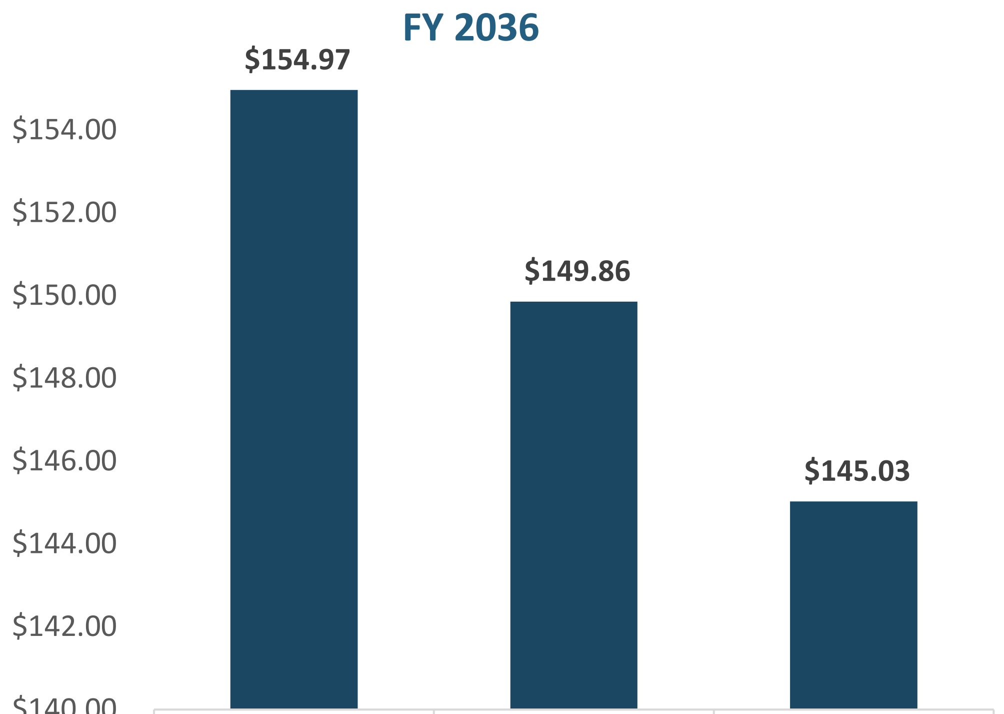


	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036
Wastewater	$53.67	$55.89	$58.20	$60.61	$63.12	$65.73	$68.45	$71.28	$74.23	$77.30	$80.50
Water	$64.89	$67.57	$70.35	$73.27	$76.30	$79.44	$82.73	$86.14	$89.71	$93.43	$97.29
Total Bill	$118.56	$123.46	$128.55	$133.88	$139.42	$145.17	$151.18	$157.42	$163.94	$170.73	$177.79
Change ($)		$4.90	$5.09	$5.33	$5.54	$5.75	$6.01	$6.24	$6.52	$6.79	$7.06
Change (%)		4.1%	4.1%	4.1%	4.1%	4.1%	4.1%	4.1%	4.1%	4.1%	4.1%

ALL SCENARIOS - FY 2027 & FY 2036
RESIDENTIAL BILL IMPACT (2,000 GALLONS)

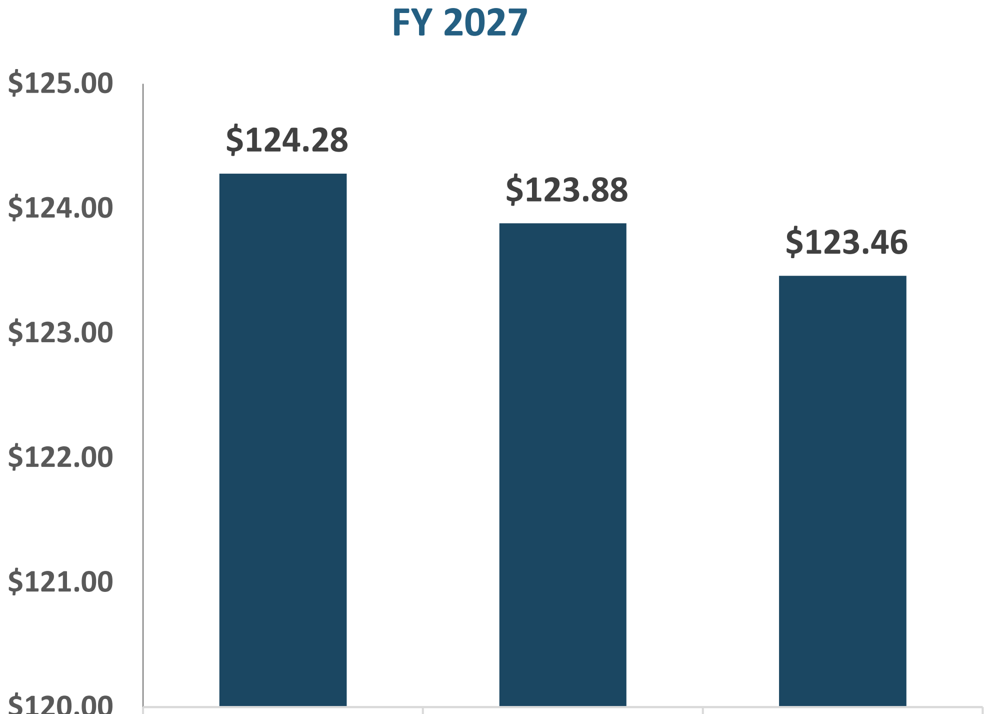


	Scenario 1	Scenario 2	Scenario 3
■ Total Bill	$101.36	$101.02	$100.69
Change ($)	$4.67	$4.33	$4.00
Change (%)	4.8%	4.5%	4.1%

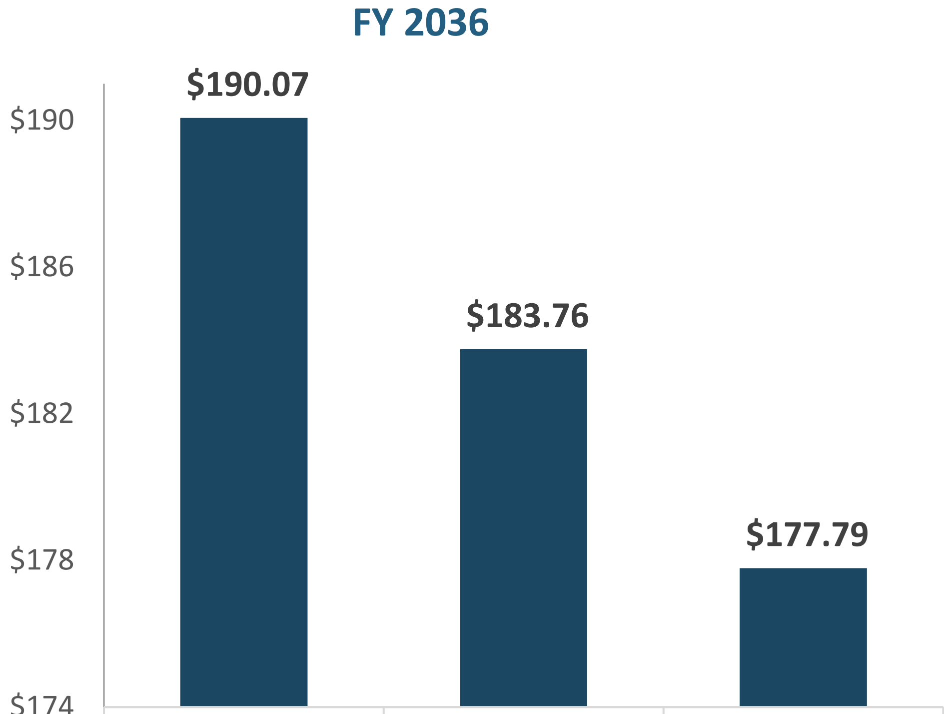


	Scenario 1	Scenario 2	Scenario 3
■ Total Bill	$154.97	$149.86	$145.03
Change ($)	$7.14	$6.43	$5.77
Change (%)	4.8%	4.5%	4.1%

ALL SCENARIOS - FY 2027 & FY 2036
RESIDENTIAL BILL IMPACT (**5,000** GALLONS)



	Scenario 1	Scenario 2	Scenario 3
Total Bill	$124.28	$123.88	$123.46
Change ($)	$5.72	$5.32	$4.90
Change (%)	4.8%	4.5%	4.1%

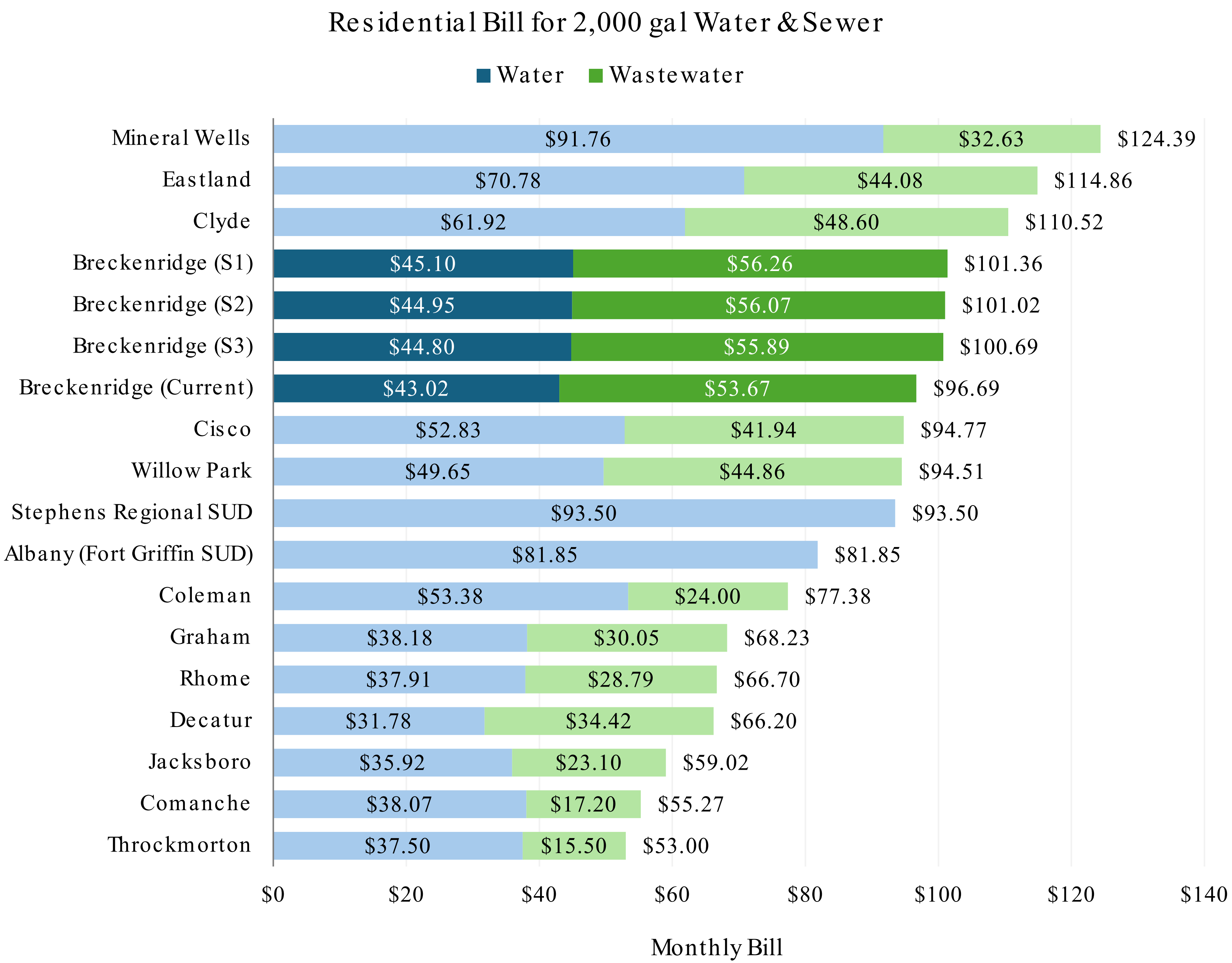


	Scenario 1	Scenario 2	Scenario 3
Total Bill	$190.07	$183.76	$177.79
Change ($)	$8.76	$7.87	$7.06
Change (%)	4.8%	4.5%	4.1%

RESIDENTIAL BILL COMPARISON

2,000 gallons of water and wastewater use

¾" or less meter size

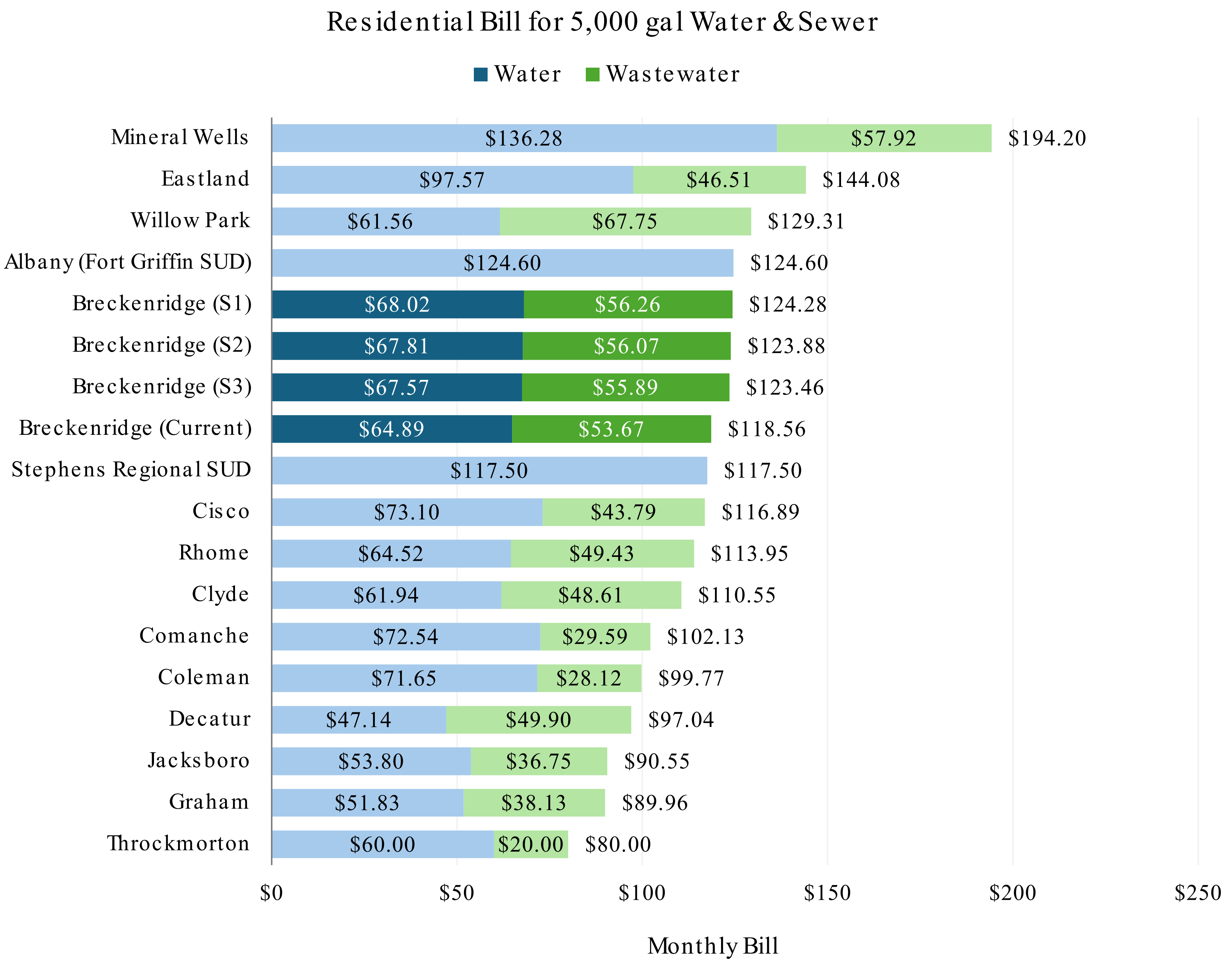


Bill comparisons are based on publicly available data and NewGen's understanding and interpretation of this data.

RESIDENTIAL BILL COMPARISON

5,000 gallons of water and wastewater use

¾" or less meter size

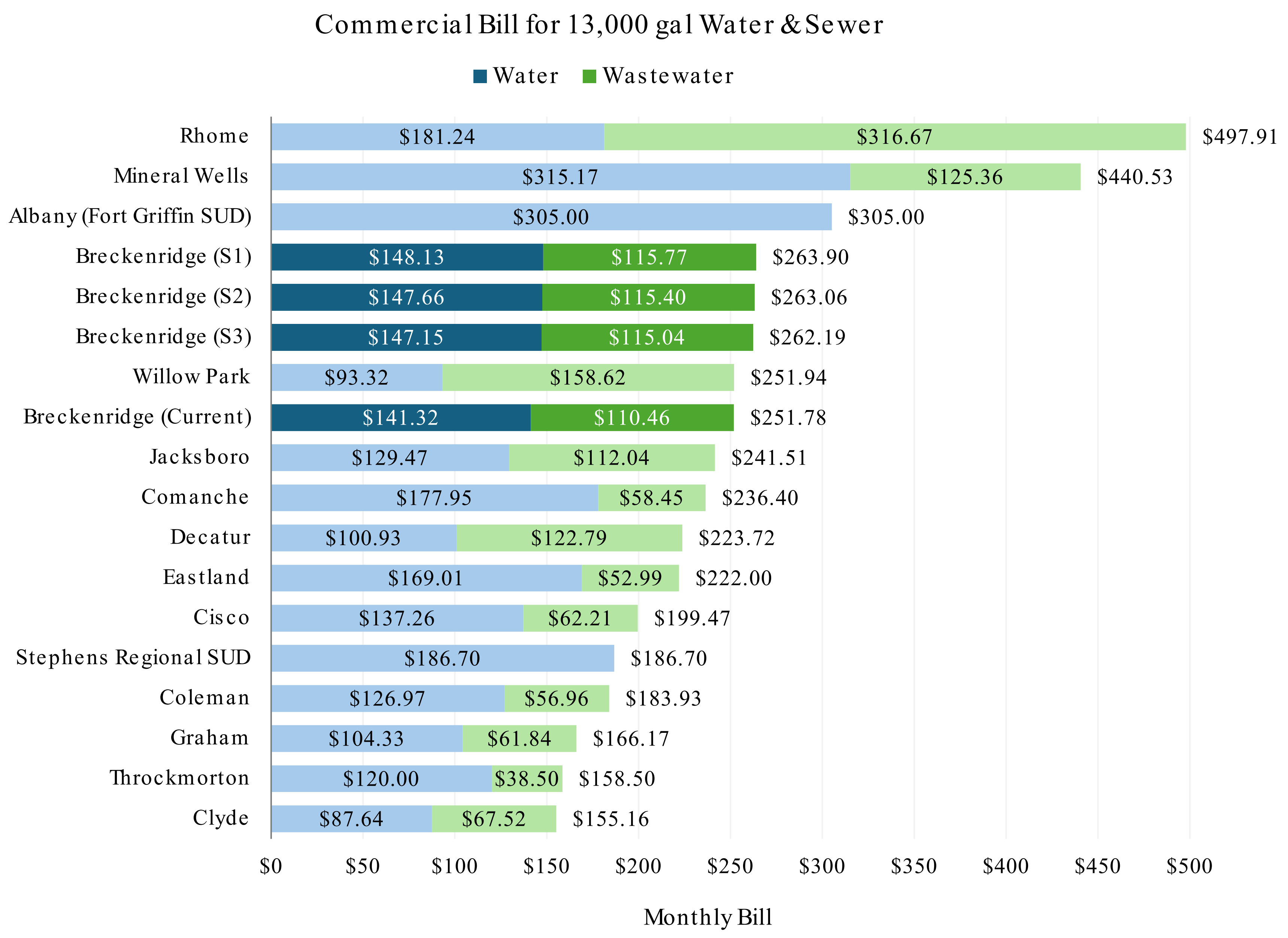


Bill comparisons are based on publicly available data and NewGen's understanding and interpretation of this data.

COMMERCIAL BILL COMPARISON

13,000 gallons of water and wastewater use

¾" or closest meter size



Bill comparisons are based on publicly available data and NewGen's understanding and interpretation of this data.

NEXT STEPS

- Council to review rate increase scenarios and identify a preferred option
- New rates are assumed to be adopted in October 2026
- Future rate increases are expected but may differ from those projected here. Required rate increases are subject to weather, wholesale costs, capital plans, interest rates, inflation, and other variables
- It is recommended that rates be reviewed annually and adjusted based on updated assumptions

THANK YOU

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