



FRIENDSVILLE, TN, CITY HALL
UTILITY BOARD COMMISSION
MEETING

July 2, 2026
Immediately after City Meeting

Invocation:

Call to Order: Mayor

Approval of Minutes: June 4, 2026, Meeting

**Thursday, July 2, 2026
Minutes**

Mayor Cardwell called the meeting to begin at 6:53 p.m.

Approval of the June 4, 2026, meeting.

- ✓ **Motion Made:** Vice Mayor Newberry to approve:
- ✓ **Seconded By:** Commissioner Rogers.
- ✓ **Motion Made:** All approved.

Public Comments:

No comments

Discussion:

TN Comptroller- Budget 2026-2027 Sewer Rates. Administrator Rogers discussed conversations with Ross Colona of the Tennessee Comptroller's Office regarding the City's sewer department. She explained that at the beginning of the FY 2025–2026 budget process, the Comptroller's Office approved combining the water and sewer funds into a single Utility Fund to help offset the operating costs of the sewer department.

She explained that Mr. Colona stated that during the initial discussions with former Mayor Andy Lawhorn regarding the establishment of the City's sewer department, the State was informed of the significant need for public sewer service due to failing septic systems. At that time, it was represented that the sewer department would generate sufficient revenue to sustain its operations because many residents had expressed interest in connecting to the system. Mr. Colona further advised that, when establishing a new utility department, adequate start-up funding should have been available to help offset operating costs until enough customers were connected to make the system financially self-supporting.

According to Mr. Colona, the Tennessee Comptroller's Office instructed that a sewer improvement fee be established to help fund the department. He stated that the approved fee was \$75.00. However, the Friendsville Utility Board was advised to implement rates of \$22.00 for residential customers and \$36.00 for commercial customers.

She reported that the following actions have been taken to improve the financial stability of the sewer department.

1. The water and sewer funds were combined into a single Utility Fund.
2. Through the HUD grant, the city focused on assisting existing residents with connecting to the sewer system rather than extending additional sewer lines that would provide little benefit if residents could not afford the connection costs.
3. At the beginning of FY 2025–2026, the utility had seven (7) active metered sewer accounts and seventy-six (76) flat-rate sewer accounts. By the end of the fiscal year, the utility had increased to forty-six (46) active metered sewer accounts and ninety-two (92) flat-rate sewer accounts.

She noted that she has kept Mr. Colona informed throughout the past fiscal year and has not received any negative feedback regarding the City's progress. However, one remaining concern from their initial discussions is the sewer rate structure and the difference between the rates originally recommended by the Tennessee Comptroller's Office and those ultimately adopted by the Utility Board.

She further explained that, while the HUD grant allowed the City to make significant progress by helping residents connect to the sewer system, funding was not sufficient to assist every eligible property. She continues to actively pursue additional grant opportunities to help offset customer connection costs; however, many available programs require a 50/50 local match or are structured as loans that the utility would be responsible for repaying, which is not financially feasible at this time.

She stated that she will schedule a meeting with Mr. Colona to review the progress made over the past year, discuss the continued growth in active sewer customers, and seek guidance regarding the department's financial sustainability for FY 2026–2027.

She advised that the only remaining recommendation discussed by Mr. Colona is a sewer rate adjustment. According to Mr. Colona, the Utility Board was advised to adopt rates that differed from those originally required by the Tennessee Comptroller's Office in 2018. She further advised that the Utility Board may begin reviewing potential sewer rate increases. If sufficient action is not taken to ensure the financial sustainability of the sewer system, the Tennessee Comptroller's Office has the authority to require the utility to implement rates adequate to support its operations.

Current Sewer Rates

Flat Rate (*Applicable to properties where a sewer main is available in front of the property, allowing the property owner to connect to the sewer system.*)

- Residential: \$22.00
- Commercial: \$36.00

Metered Sewer Rate (*Sewer charges are based on water consumption using the principle that "what goes in must come out."*)

- **Residential**
 - First 1,000 gallons: \$22.00
 - Each additional 1,000 gallons: \$10.18
- **Commercial**
 - First 1,000 gallons: \$36.00
 - Each additional 1,000 gallons: \$10.18

✓ **Comments:** Board members discussed whether the minimum charge for the first 1,000 gallons of metered sewer service should remain equal to the current flat sewer rate or whether it should instead align with the minimum water rate, since sewer charges are calculated based on water consumption.

Commissioner Rogers stated that he would prefer to wait until Administrator Rogers meets with Mr. Colona and receives additional guidance from the Tennessee Comptroller's Office before considering any changes to the sewer rate structure. Vice Mayor Newberry agreed.

Mayor Cardwell recommended tabling the discussion until the next Utility Board meeting to allow time for the meeting with the Tennessee Comptroller's Office. The Board expressed agreement with postponing the matter until additional guidance is received.

✓ **Motion Made:** Vice Mayor Newberry to approve.

✓ **Seconded By:** Commissioner Maze.

✓ **Motion Made:** All approved.

Administrator's Updates:

Grants: Administrator Rogers reported that both the HUD Sewer 2022 grant and TDEC/ARPA- Blount County grant were completed, but neither grant had been closed out.

✓ **Comments:** None.

Upcoming Projects: Currently waiting on a few materials to be able to start the rehab line on Perkins Way and adding a Hydrant on the corner of Perkins Way and Miser Station Rd.

✓ **Comments:** None.

Financial Updates: Mayor Cardwell, since Janet Ledbetter was on vacation, to please email her any questions they may have on the financial report that was provided for this month's meeting.

✓ **Comments:** No comments.

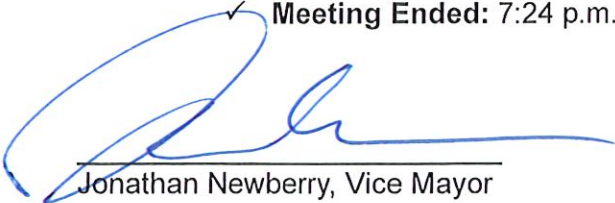
Adjournment: Mayor Cardwell asked if anyone had anything to discuss; if not, he needed a motion to adjourn.

✓ **Motion Made:** Commissioner Rogers to approve:

✓ **Seconded By:** Commissioner Maze.

✓ **Motion Made:** All approved

✓ **Meeting Ended:** 7:24 p.m.



Jonathan Newberry, Vice Mayor



Kourtney Hawkins, City Recorder