



FRIENDSVILLE, TN, CITY HALL
UTILITY BOARD COMMISSION
MEETING

August 6, 2026
Immediately after City Meeting

Invocation:

Call to Order: Vice Mayor Newberry

Approval of Minutes: July 2, 2026, Meeting

**Thursday, August 6, 2026
Minutes**

Vice Mayor Newberry called the meeting to begin at 6:52 p.m.

Approval of the July 2, 2026, meeting.

- **Motion Made:** Commissioner Maze:
- **Seconded By:** Commissioner Wilkins
- **Motion Made:** All approved.

Public Comments:

- No comments

Discussion:

TN Comptroller – FY 2026–2027 Sewer Rates

Administrator Rogers discussed a recent conversation with TJ from TAUD regarding rate structures used by other municipal utilities. She explained that the Town currently uses one water rate structure rather than separate residential and commercial rate structures. TJ recommended that the Town consider establishing separate residential and commercial rates. While separate rate structures are not required, Administrator Rogers stated that this is an option the Town should consider as the utility continues to grow. She noted that other municipal utilities are moving toward separate residential and commercial rate structures to better account for costs associated with the different customer classifications.

For residential water rates, Administrator Rogers discussed maintaining the existing meter-size classifications for 5/8-inch, 1-inch, and 2-inch meters. For commercial water rates, she presented two potential options for future consideration. The first option would increase the commercial base rate by 3%. The second option would maintain the existing base rates while increasing the commercial usage rate by 3%. She explained that as the Town gains additional commercial customers, it may become appropriate to transition to distinct residential and commercial water rate structures.

Administrator Rogers stated that the more immediate concern is the sewer rate structure. When the sewer system was established, the residential flat rate was set at \$22.00, and the commercial flat rate was set at \$36.00. For active metered sewer accounts, the current residential sewer rate is \$22.00 for the first 1,000 gallons, plus \$10.18 for each additional 1,000 gallons. The current commercial sewer rate is \$36.00 for the first 1,000 gallons, plus \$10.18 for each additional 1,000 gallons.

Administrator Rogers explained that TJ with TAUD advised that, because sewer usage for active metered accounts is calculated based on metered water consumption, the Town should consider structuring those sewer rates in a manner that corresponds with the water rate structure. Administrator Rogers proposed adjusting the base sewer rates for active metered accounts according to the applicable water meter-size base rates while maintaining the additional usage charge of \$10.18 per 1,000 gallons.

Commissioner Maze asked whether the goal was to align the sewer rate structure with the water rate structure and, if the commercial water usage rate were increased to \$11.00 per 1,000 gallons, how that would affect the rates. Administrator Rogers stated that she presented the information for the Commission's consideration and wanted members to begin evaluating the available options.

Vice Mayor Newberry stated that he would prefer to postpone consideration of changes to the water rates until more members of the Board were present and additional information could be provided. He requested information regarding the number of commercial accounts and the amount of water used by those customers.

Administrator Rogers also noted that overall recorded water usage has increased because certain 4-inch and 6-inch meters had not functioned properly. As a result, some customers have received minimum bills for several years. Now that those meters are functioning correctly and accurately recording consumption, some customers have experienced significantly higher bills than they were accustomed to receiving. Administrator Rogers reiterated her recommendation that the active metered sewer rate structure be aligned more closely with the water rate structure. Vice Mayor Newberry asked whether increasing the commercial water usage rate from \$10.18 to \$11.00 per 1,000 gallons would also result in a change to the residential usage rate. He further stated that the Town should ultimately establish a clear sewer policy amendment addressing the applicable rate structure.

Administrator Rogers clarified that the immediate proposal concerned rates for customers with active metered sewer accounts. Under the proposal, the residential and commercial active metered sewer base rates would be adjusted to correspond with the applicable water meter-size base rate. For example, the residential sewer base rate for a 5/8-inch meter would increase from \$22.00 to \$34.94, matching the current 5/8-inch water base rate. Base rates for other applicable meter sizes would likewise correspond with the Town's water meter-size rates. The additional sewer usage charge would remain at \$10.18 per 1,000 gallons.

Vice Mayor Newberry asked how the proposed change would affect the sewer improvement fee and whether that fee would also increase to \$34.94. Administrator Rogers stated that the sewer improvement fee would be a separate decision for the Commission and noted that the Comptroller had previously indicated that the fee was supposed to be \$75.00.

Commissioner Maze asked whether an active residential sewer customer using more than 1,000 gallons would experience a \$12.94 increase in the base sewer charge under the proposed 5/8-inch meter rate. Administrator Rogers confirmed that the base charge would increase from \$22.00 to \$34.94, a difference of \$12.94, while the additional usage charge would remain unchanged at \$10.18 per 1,000 gallons.

Vice Mayor Newberry stated that, based on his understanding, property owners whose properties are passed by sewer service may be required to pay a monthly sewer-related fee even if they are not actively connected to the sewer system. He expressed concern about increasing costs for property owners who are not actively connected to sewer service. He also stated that when the Commission discusses changes to the sewer improvement fee, he would like to recuse himself from that discussion because the matter would affect him personally.

Attorney Rob Goddard advised that if the Commission were to vote on the matter during the meeting, three affirmative votes would be required for passage.

Vice Mayor Newberry clarified that the current discussion concerned rates for customers with active metered sewer service rather than the sewer improvement fee. Administrator Rogers agreed and reiterated that the discussion was focused on the rate structure applicable to active metered residential and commercial sewer accounts.

Vice Mayor Newberry summarized the proposal as establishing a residential sewer base rate of \$34.94 for a 5/8-inch meter, with the additional usage charge remaining at \$10.18 per 1,000 gallons. Administrator Rogers confirmed that this accurately reflected the proposal.

Administrator Rogers then provided clarification regarding the Town's current sewer accounts. The Town has 137 total sewer accounts, consisting of 115 residential accounts and 22 commercial accounts. Of the 115 residential sewer accounts, 40 are metered accounts, and 75 are flat-rate accounts. Of the 22 commercial sewer accounts, 6 are metered accounts, and 16 are flat-rate accounts. Administrator Rogers explained that the proposed rate adjustment currently under discussion would apply to the 48 active metered sewer accounts, whose sewer charges are based on metered water consumption. The 91 flat-rate sewer accounts are billed separately under the Town's existing flat-rate structure. She stated that additional usage information for the active metered accounts could be provided to the Commission to assist with evaluating the proposed rate structure.

Vice Mayor Newberry stated that the sewer improvement fee should be addressed separately at a later time and that the present discussion should remain focused on rates applicable to customers with active metered sewer service.

Administrator Rogers concluded by explaining that, due to grant requirements, the Comptroller has provided the Utility with a one-year period to combine the financial reporting of the water and sewer operations to determine whether doing so improves the sewer system's financial position. She cautioned that water revenues cannot continue to subsidize sewer expenses indefinitely without negatively affecting the financial condition of the water system.

Administrator Rogers further noted that with the help of the HUD grant, 39 additional active sewer accounts have been added, which has helped increase sewer revenues and improve the sewer system's overall financial position.

- **Motion Made:** Commissioner Maze made a motion to raise resident metered sewer rates from \$22.00 to \$34.94 for a 5/8 meter, as additional current water rates would apply to meter size, and keep the current rate of \$10.18 per additional thousand gals used.
- **Seconded By:** Commissioner Wilkins
- **Motion Made:** All approved.

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: current water rates, based on meter size
 - Each additional 1,000 gallons: \$10.18
- **Commercial**
 - First 1,000 gallons: current water rates, based on meter size
 - Each additional 1,000 gallons: \$10.18
- **Comments:** Vice Mayor Newberry discussed that we could go ahead and make that change convenient and discuss the water further, as well as a flat rate, with the board. Administrator Rogers said she might also request Nate from the Comptroller's Office to attend a meeting or hold a meeting so everyone can hear what he has told the Utility. Originally, the contract was agreed at \$75.00, and when mention of \$75.00 went out, customers disagreed. When Rogers stated to the Comptroller that our flat rate was \$22.00, he quoted that they did not agree to that. Vice Mayor Newberry said that the board was told one thing and we were voting, and the state was being told another thing, and there was a disconnect. What both parties were saying was not making it to one another. Vice Mayor Newberry stated that due to the previous administration and others involved, they were just trying to get through with disregard as to what the future held.

Administrator's Updates:

Grants: Administrator Rogers spoke and stated we had closed out the water (TDEC/ARPA) on August 6, 2026. We signed the certification of completion on August 6, 2026. Rogers stated they also gave us an additional \$15,000 to help pay for consolidation.

- **Comments:** None.

Financial Updates:

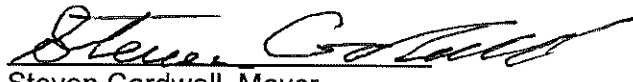
Commissioner Maze asked about water loss; Rogers stated water loss was 22% due to several leaks. Rogers also stated that Lane Dr is being replaced; that's where a leak is. Once asbestos is removed, it will help with the leak from Lane Dr to Allison's Catfish, and that is what we are replacing. Utility guys went out to dig and try to find the pipe that goes under the highway to expose for Nitzschke; it was determined that it is a 4" pipe that runs under the road, not an 8" like what was originally stated on the map. Rogers spoke we had to order additional material, and we would have to bore under 321 due to it not being cased in anything under 321 and that it is straight pipe. So that cost will be more than expected. Vice Mayor Newberry asked if we had enough room in the budget for the extra expense. Administrator Rogers said we do, because we have been trying to add to replace the asbestos as we go, but would not be able to go as far as planned due to this. Administrator Rogers said that they did go away with the information that supplies the GIS Platform, as the cost was \$4000.00/ year plus you had to pay for tokens as well. Once you used your tokens, you had to pay for additional tokens. Rogers said that we switched to Diamond Maps; it is web-based, extremely easy to navigate, and does the same thing that the previous GIS provided, and the cost is \$499/ year.

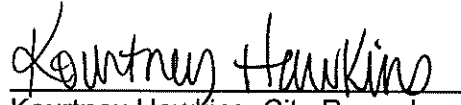
Rogers said the only downfall is that none of the lines, line sizes, or valves on the GIS are marked properly. The utility is making the correct changes to the map, personally verifying as they go. When Administrator Rogers submitted the Asset Management plan, the file containing all this information was very empty, resulting in the request to fix/update the mapping. Commissioner Dale Wilkins asked who was responsible for updating the lines in the system. Rogers stated she has Tyler, who is working to get it corrected. He has become familiar with the system already, and the downfall is that some of the lines have tracing wire and some do not due to previous leaks where they could have been cut and not repaired for it to work properly. Rogers said it will be hard to trace them and find the correct size. Commissioner Dale Wilkins asked what the urgency is to get this corrected. Rogers said that Tyler is our part-time guy, who works at the Fire Hall and does this when he is off, and that Chris has been focused on updating the materials list. Rogers spoke, saying we must show that we are actively working towards fixing the issue at hand.

- **Comments:** None

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

- **Motion Made:** Commissioner Dale Wilkins
- **Seconded By:** Commissioner Maze
- **Motion Made:** All approved
- **Meeting Ended:** 7:23 p.m.


Steven Cardwell, Mayor


Kourtney Hawkins, City Recorder