



UTILITY **STRATEGIC** **PLAN**

2025



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Letter of Introduction

The City of Palm Coast Utility Department is committed to delivering safe, reliable, and high-quality water and wastewater services to our community.

As we all know by now, Palm Coast is one of the fastest-growing cities in Florida, and with that comes a lot of responsibility—making sure our water stays clean, safe, and reliable for everyone.

Our Utility Department works hard every day to protect public health, care for the environment, and keep our water systems running smoothly. But as our city grows, we need to plan ahead. That's why we've created a strategic plan to guide us through the challenges ahead and make sure we're prepared for the future.

○ To address these complexities, we have developed a comprehensive strategic plan that will serve as a roadmap for the department's future.

This plan focuses on seven key pillars:

- | | |
|--|-----------------------------------|
| 1. Workforce Culture | 5. Communication and Coordination |
| 2. Customer Engagement | 6. Financial Stewardship |
| 3. Operational Optimization | 7. Regulatory and Product Quality |
| 4. Infrastructure Planning and Improvement | |

This plan is built with input from our City Council, local businesses, city staff, and—most importantly—our residents. It's a shared effort to make sure Palm Coast is ready for what's next.

As we move forward, we will continue investing in new technology, better infrastructure, and smart solutions to keep our water services strong. Water is one of our most valuable resources, and we must protect it.

Thank you for being part of this community. Together, we'll keep Palm Coast a great place to live—now and for future generations.

Mike Norris
Mayor, City of Palm Coast



Community Profile

Palm Coast is a vibrant paradise in Flagler County, Florida, situated along 70 miles of saltwater and freshwater canals, just minutes from Atlantic Ocean beaches.

Quality of life is paramount in Palm Coast, where the active lifestyle goes hand in hand with the appreciation for the natural environment. The city offers dozens of beautiful parks, 130+ miles of recreational trails and pathways, abundant fishing and boating, and world-class tennis and golf. Lined with historic oaks, towering pines, and indigenous vegetation, Palm Coast's parks and trails showcase the beauty of the native Florida landscape.

The City of Palm Coast began as a planned city of 42,000 residential lots and had fewer than 35,000 residents in 2000. Since the start of the century, the population has more than doubled in size to over 100,000 residents in 2024. According to the American Community Survey, Palm Coast has a median household income of \$71,840. The City is a popular retirement destination, and the overall population skews older, with almost 30% of residents at or above age 65.

The Palm Coast Utility Department supplies water and wastewater services to 54,000 customers within the city limits, as well as in the surrounding areas of Marineland, Beverly Beach, and the airport. The city is situated on one of

the largest aquifers in the southeastern United States, the Floridan Aquifer. Over 90 percent of northeast and east-central Florida residents rely on groundwater from this aquifer for their water supply. The City of Palm Coast operates more than 60 wells that draw fresh groundwater from the Confined Surficial Aquifer in northern Palm Coast and the deeper Upper Floridan Aquifer in southern Palm Coast. The water supply in Palm Coast is replenished locally by rainwater. The drainage system, which includes swales, ditches, and canals, is designed to capture rainwater, allowing it to seep back into the ground and help recharge the aquifer.

About the Palm Coast Utility Department

The Palm Coast Utility Department was established in 1970 by the ITT Community Development Corporation. The initial system included wells, a storage tank, chlorination systems, and pipelines to supply water to new homes.

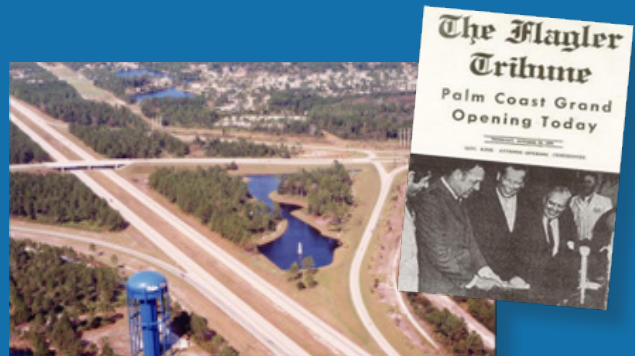
A wastewater collection system and a wastewater treatment facility were also built to supply service to residents. In 1999, Florida Water Services, Inc. purchased the utility from ITT Corporation, and in 2003, the City of Palm Coast acquired it. As the population has increased over the years, there have been expansions to water and wastewater facilities and the construction of new facilities, as shown in the timeline on this page.

The City of Palm Coast's Utility Department oversees approximately 830 miles of water transmission lines, primarily within the city limits. The Department is responsible for the maintenance and installation of water lines, fire hydrants, isolation shut-off valves, water meters, and backflow prevention devices. Additionally, the wastewater collection system includes 165 pump stations, 700 miles of conventional gravity wastewater lines, and over 17,000 Pre-Treatment Effluent Pumping (PEP) tanks.



MILESTONES

- 1970 ○ Started providing water and sewer service
- 1979 ○ The old water softening facility is dismantled and replaced with the first full-scale water treatment plant, Water Treatment Plant #1, to treat 2 million gallons per day (MGD)
- 1992 ○ Water Treatment Plant #2 is constructed and goes online at 2 MGD
- 1999 ○ Florida Water Service, Inc., a large multi-system owner operating throughout the State of Florida, purchases the utility from ITT corporation
- 2003 ○ The City of Palm Coast purchases the assets of the Palm Coast water and sewer systems for \$83 million and establishes a new City department
- 2020 ○ Palm Coast receives 2020 Drinking Water Plant Operations Excellence Award



Industry Trends

To achieve continued success, the Palm Coast Utility Department must address national, state, and local trends as it implements its Strategic Plan. To do so, the Leadership Team reviewed industry-wide trends and determined how each trend currently impacts the organization by either supporting or inhibiting it and how those trends might affect the utility in the future.

The following key trends helped guide the development of the Strategic Plan.



TREND 1: ENVIRONMENTAL ISSUES & REGULATIONS

- > The department must comply with many current and future regulations, while state and federal requirements continue to evolve and expand. The timing of these regulatory changes is often uncertain, and inconsistencies in local enforcement create additional challenges in resource planning.
- > To effectively navigate these complexities, the department must proactively assess environmental and financial impacts and ensure compliance with both current and emerging regulations.

TRENDS 2: FINANCIAL CONSIDERATIONS

- > Utility impact fees were recently increased and the utility intends to bring rate study results for consideration to the new City Council for the fiscal year 2025.
- > The utility will focus on engaging the new City Council to better communicate utility needs and generate support as funding is critical for infrastructure improvements and meeting demand related to growth.
- > Utility staff is proactively seeking grant opportunities as an approach to provide the financial resources needed to address pressing issues. By securing grants, the Utility can stretch the financial resources further, ensuring that ratepayer dollars are used effectively and efficiently.

TREND 3: POPULATION

- > Palm Coast's population has more than doubled over the last 20 years, and the City expects a similar growth rate in the future.
- > Increased water and wastewater capacity, water source supply expansion, and master planning will be needed as the City continues to grow.
- > While an increase in permanent residents can stimulate local economies and provide a more diverse community, it also necessitates strategic planning. This involves investing in the utilities, customer engagement services, and environmental protection to maintain a high quality of life for all residents.

TREND 4: WORKFORCE

- > Despite a successful utility operator apprenticeship program, the Department faces challenges competing with other utilities for operator hiring and retention.
- > There is insufficient staffing to keep up with increased growth and service level expectations within the City, especially given recent turnover and imminent retirements.
- > Operations and maintenance responsibilities are expected to increase as the City continues to develop, and aligning employee skillsets with positions will be increasingly important.

TREND 5: CUSTOMER EXPERIENCE & TECHNOLOGY

- > The Utility has a relatively new customer service portal, Palm Coast Connect, which allows customers to submit issues and service requests.
- > The Utility Bill can be confusing for customers as it is not always clear that all City services are included on the bill (stormwater, solid waste, water, and wastewater).
- > Additional instrumentation and technology are required to monitor operations effectively, which will also necessitate more in-house technical staff for maintenance.
- > The Utility has seen a 250% increase in Palm Coast Connect cases through the portal since 2019, yet call volumes remain high at over 126,000 annually. Requests cover water, wastewater, stormwater, and trash services. Many cities include stormwater and trash fees in property taxes, which lowers utility bills and encourages water conservation.

TREND 6: INCREASED RISK PROFILE

- > Florida's storm events present challenges to the wastewater system, with lift stations working hard to keep up, power outages affecting operations, and PEP system disruptions requiring quick response. While utility staff proactively monitor high water levels and ensure backup generators are ready at stations, heavy rain can still put a strain on the system. As time goes on, aging mains may experience occasional breaks, temporarily affecting service. However, utility crews are well-prepared to respond swiftly, minimizing disruptions and restoring service as quickly as possible. Ongoing investments in infrastructure and monitoring improvements will further enhance the system's resilience, ensuring reliable service for residents.
- > A cybersecurity risk assessment was completed in 2020 as part of America's Water Infrastructure Act, with an update due March 2025.



Strategic Planning Process

In November 2024, the Utility Department initiated a process to develop an updated Strategic Plan. This plan outlines the organization's top priorities for the next few years, acting as a roadmap to drive the Department toward its desired future state by aligning resources with long-term goals.



The Department's strategic planning process was designed to ensure:

- Awareness of the needs of the organization and the community, both now and in the future.
- A shared understanding of the perceptions and values of both internal and external stakeholders, as well as their views on the Department's role within the community.
- Strong employee engagement and commitment to the Strategic Plan.
- The development of a plan that captures the utility's efforts and intentional use of resources and can be implemented for years to come.

To achieve this, the Utility Department's strategic planning process included:

- A kick-off meeting with the Utility leadership team to identify goals for the strategic planning process and discuss key trends in the industry impacting the organization.
- Engagements with both internal and external stakeholders to gather insights used to shape the Strategic Plan, including one-on-one interviews with the City Council and the Utility Leadership Team, focus groups with employees and leadership from other departments, and a public engagement and education session to share utility decisions and trade-offs.
- A strategic planning workshop where the Leadership Team reviewed stakeholder input to guide the establishment of the strategic framework.
- A strategic plan implementation workshop in which the Leadership Team identified strategies and key performance indicators to ensure progress can be tracked and measured.

Input from Stakeholders

Development of the utility's strategic plan was informed by stakeholder insights. Gathering that feedback included facilitating one-on-one interviews with the City Council members, utility leadership, leadership from other City departments, and employee focus groups to assess aspirations, strengths, and critical issues.



Themes that arose from across the different stakeholder groups are captured below.

ASPIRATIONS

- > Strong financial stewardship by utilizing resources effectively and spending conservatively.
- > Effectively serving the needs of our rapidly growing community.
- > Support for leadership within the utility.
- > Optimizing the capital projects process, ensuring alignment, and addressing community needs.
- > Increased awareness of utility services and needs through community education, engagement, and outreach.

STRENGTHS

- > High-performing staff with strong technical knowledge.
- > Teamwork and collaboration
- > Effective utilization of available resources
- > Proactive maintenance practices
- > Creative problem-solving.

CRITICAL ISSUES

- > Managing capacity and aging infrastructure to support demand from rapid growth and economic development.
- > Resource constraints and financial challenges
- > Technology implementation and integration
- > Employee retirements and turnover of key leadership positions
- > Compliance with state and federal regulatory requirements



Vision

Committed to providing safe, reliable water services, continuously improving our operations, and protecting water resources while preparing for the future.



Mission

The Utility Department provides essential, high-quality water services, meeting community needs while protecting public health and the environment.



Values

The Utility Department's team is dedicated to:

- › Customer Care
- › Education
- › Quality
- › Safety
- › Stewardship



Priorities

Priorities represent the most important issues that must be addressed to achieve the desired future. The following categories represent the Department's priorities and what success looks like in each area.

WORKFORCE AND CULTURE



Providing a positive environment with opportunities for training, mentoring and advancement, that support attracting and retaining dedicated, professional employees.

STRATEGIES

1. Develop a Utility Department Leadership Program to support succession management
2. Review and update onboarding and development roadmaps
3. Research with the City to support competitive compensation for utility employees
4. Expand the internship and apprenticeship programs to increase the recruitment pipeline
5. Expand recognition and celebration of individual and group achievements

MEASURES

- > Vacancy rate
- > Average tenure
- > Voluntary turnover rate by position
- > Hours of safety / technical training per employee

CUSTOMER ENGAGEMENT



Promoting awareness, confidence, and trust by optimizing the customer experience and communicating the value of water services and resources.

STRATEGIES

1. Evaluate, update, and communicate service level expectations for customers, including after-hours processes
2. Implement a new customer service portal and other self-service channels
3. Expand customer education related to water services and utility activities
4. Regularly engage customers to understand their experience

MEASURES

- > Call wait-times
- > Customer satisfaction levels
- > Engagement events (# and participation)
- > Portal usage
- > Paperless bill sign-ups
- > Call/walk-in volume

OPERATIONAL OPTIMIZATION



Enhancing resiliency by increasing staff capacities, leveraging data effectively, and improving workflows by embracing new technology, best management practices, and innovation.

STRATEGIES

1. Conduct system-wide master plan assessments and update the reuse master plan
2. Integrate and expand the use of AMI and SCADA
3. Regularly review and improve emergency response plans
4. Attend essential trainings to increase knowledge related to industry standards and current technologies
5. Ensure adequate staffing and balance workloads to maintain quality and continuous operations under routine and emergency conditions

MEASURES

- > Overtime (hours / \$)
- > Ratio of hours spent on reactive vs. preventative maintenance
- > Water demand
- > Water loss
- > Number of industry events attended
- > Wait time for service installations

INFRASTRUCTURE PLANNING AND IMPROVEMENT



Regularly planning for and prioritizing system maintenance, resiliency, and improvements to address current challenges and prepare for future growth.

STRATEGIES

1. Implement capacity upgrades for water and wastewater systems
2. Complete AMI system implementation and install final tower and transmitters
3. Invest in outdated facilities/equipment and aging infrastructure, to include upgrades to SCADA, electrical systems, instrumentation, and generators

MEASURES

- > Specific capacity by individual well (track)
- > Overall demand vs. permitted limits vs. actual treatment
- > # and duration of planned/unplanned disruptions
- > Gravity lining
- > Manhole rehabilitations (#)
- > Number of meters beyond useful life

COMMUNICATION AND COORDINATION



Fostering partnerships for utility improvements and policies through active engagement and effective collaboration channels.

STRATEGIES

1. Initiate enhanced coordination with engineering staff project managers and relevant team members to discuss overall project execution processes
2. Initiate weekly meetings with the Utility Development Specialists and project inspectors to provide updates and ensure all requirements are met before project completion
3. Enhance coordination through cross-training meets with field inspectors to ensure compliance with Utility Standards on completed projects
4. Improve coordination, communication, and response to City-wide emergencies
5. Consider the implementation of a service line warranty program to help residents with leak repairs

MEASURES

- > Number of operations coordination meetings
- > Time savings
- > Contract Time vs. actual Project Time (cap.)



FINANCIAL STEWARDSHIP



Funding and supporting utility operations and infrastructure needs while balancing customer affordability impacts and strong financial policies.

STRATEGIES

1. Complete and implement the results of the 2025 rate study
2. Regularly evaluate and review opportunities for cost savings
3. Dedicate resources to support alternate funding sources, including grants
4. Effectively communicate utility needs and associated costs

MEASURES

- > Cost savings annually (\$)
- > Non-revenue water (%) / Unaccounted for Water
- > Funds from alternate sources (\$)
- > Costs recovery from rates (%)

REGULATORY AND PRODUCT QUALITY



Ensuring high-quality water services while adhering to evolving regulatory requirements through teamwork and operational diligence.

STRATEGIES

1. Reduce I&I to limit SSOs and WWTP exceedances
2. Convert WWTP I to advanced wastewater treatment
3. Expand source water capacity and treatment processes at Water Plant III
4. Locate and design WWP III
5. Monitor and respond to upcoming regulatory requirements

MEASURES

- > Cost per gallon treated (w/ww)
- > Regulatory compliance
- > Run-time vs volume pumped for wells and lift stations
- > System efficiency



Key Projects to Advance

The following projects represent just a few of the big initiatives that the Utility Department is working to advance on behalf of the Palm Coast community.

EXPANDING CAPACITY TO MEET COMMUNITY DEMANDS, NOW AND IN THE FUTURE

Priorities: Regulatory and Water Quality, Infrastructure Planning and Improvement

In 2024, the State of Florida issued a consent decree to ensure increased sewer capacity in the Utility Department's system by 2028. Wastewater Treatment Plant 1 is a 50-year-old plant with a capacity of 6.83 million gallons per day (MGD). Wastewater Treatment Plant 2 has a capacity of 2 MGD, with an additional 2 MGD of capacity expected in 2025. The wastewater system is already operating over capacity, especially during periods of wet weather, which increases the risk of sanitary sewer overflows. While complying with the consent decree will require significant investment, doing so helps to ensure that the utility can continue to meet community needs both now and as its customer base expands.

STRATEGIC OUTREACH PROGRAM - ENHANCING COMMUNITY UNDERSTANDING OF WATER AND WASTEWATER SERVICES

Priority: Customer Engagement

The Department is dedicated to fostering a deeper understanding of the critical water and wastewater services provided to the community. This program educates residents about the complexities of water distribution and wastewater management, emphasizing conservation, system sustainability, and homeowner responsibilities. Outreach includes digital/social media campaigns, workshops and events, and print materials. By promoting informed and engaged citizenship, the program supports the long-term protection and efficiency of these essential resources.

AUTOMATED METERING INFRASTRUCTURE (AMI) SUPPORTS EFFICIENCY AND THE CUSTOMER EXPERIENCE

Priorities: Operational Optimization, Customer Engagement

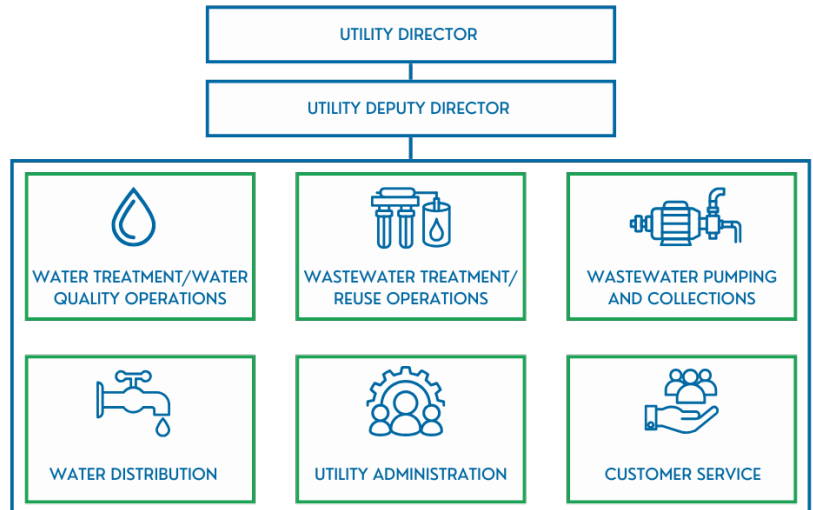
Like many progressive utilities, the Department is excited to be implementing automated metering infrastructure, which offers customers more accurate and timely water usage data. With AMI, customers will enjoy real-time tracking, enabling quicker detection of leaks and preventing unnecessary water loss. This advanced system also allows for streamlined billing, ensuring that customers only pay for what they use. Embracing this innovative technology represents a significant step towards efficiency, sustainability, and smarter water management for our community.

Resourcing Strategic Plan Implementation

In developing the strategic framework to guide decision-making over the next five years, the utility recognizes that additional resources will be necessary to ensure implementation progress and, ultimately, success.

As an enterprise fund, the utility relies on water and wastewater rates and works to make responsible decisions to maximize the value of the funds available and to invest those funds in ways that benefit our customers, community, and environment.

In addition to considerable infrastructure investments, the utility is working to propose and invest in key positions that will support successful strategic plan implementation over the next five years.



LONG-TERM, THE UTILITY ANTICIPATES INVESTING IN THE FOLLOWING ROLES TO ENSURE RESPONSIVE AND RESILIENT OPERATIONS:

- To support the expansion of the water and wastewater facilities, the need for skilled operators becomes even more critical. They ensure that systems operate smoothly, efficiently, and in compliance with regulations, safeguarding public health, the environment, and the continued success of treatment efforts. As treatment plants grow, operators are responsible for regular monitoring, maintenance, and troubleshooting equipment and systems. Additional positions will be essential to prevent breakdowns, mitigate risks, and maintain continuous service.
- Modern water and wastewater facilities are focusing more on best available technology including Supervisory Control and Data Acquisition (SCADA). Operators must be skilled in implementing modern practices and utilizing technologies to allow for the recovery of resources and keep the operational costs low.
- As water and wastewater systems grow or change, new appurtenances may need to be added, and existing ones may need to be updated. Whether addressing manhole deficiencies, upgrading lift stations, or installing new water meters to accommodate demand, additional personnel will be needed to ensure these modifications are completed accurately and efficiently.



Fast Facts

17,491

PEP Tanks Maintained

23,306

Total Water Work
Orders Annually

11,119

Total Annual
Backflow Testing

2,154

Total Number of
Meter Installations

2,889

Valves Maintained

21,255

Total Wastewater
Cases

621

Number of PEP Tank
Installations Annually

126,000

Number of Call Center
Calls Annually

56,480

Total Revenue
Meters Maintained

830+

Miles of Water Mains

700+

Miles of Sewer Mains

75+

Miles of Reclaim Mains

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