There is no question that innovation can drive a host of benefits within water utilities—from improving efficiency to lowering energy use—and all of these changes can add up to increased value and savings. But a lack of available funding often keeps many projects from even getting off the ground. While more than 90% of water utilities believe that innovation is critical to their future, most struggle with identifying the funds to make it happen. So how can utilities keep innovation from stalling out and stagnation from setting in? Many are swapping out old business models for fresh funding approaches to infuse innovation into their daily operations.

**Start Small & Reallocate**

It’s easy for an organization to dismiss new technologies and practices because the cost seems beyond their budget, but utilities are increasingly finding the opposite to be true. When they take a closer look, utilities find that even small changes to their day-to-day operations can add up, saving them money. In effect, it costs more not to innovate.

Mike Lund of the City of Grand Rapids credits these small changes with driving the momentum for more robust transformations at his facility. “We did simple things at the beginning—simple energy projects, like switching to LED lights, replacing blowers with turbo blowers. Just a simple change to your business process can save you a lot of money.”

Although a utility might not have a big budget to commit to innovation, they might be able to commit smaller amounts. Many utilities are starting to incorporate innovation projects with budgets somewhere between $0 and $150,000, and a recent survey suggests there is little correlation between funding levels and program success. Sometimes smaller budgets can pay off down the line—demonstrating small successes can boost management’s commitment to fund further innovation. At the end of the first year, program resources can always be reevaluated. Many utilities have successfully found extra funds and launched innovation programs starting with a few basic changes:

1. Reallocating Funds
2. Reducing Electricity Costs
3. Upgrading Infrastructure Efficiency

**Explore Grants & Government Sources**

Utilities are also looking beyond their internal budgets and finding funds through previously overlooked government sources and untapped grants. Federal and state agencies, such as the U.S. Bureau of Reclamation, Army Corp of Engineers, U.S. Fish and Wildlife Services, and U.S. Department of Energy, are just a few of the organizations that can be fruitful sources for financing innovation projects.
The City of Boulder recently leveraged grant funding from the Colorado Department of Public Health and Environment to study carbon sources so they could better meet regulatory limits for nitrogen.

Small to mid-sized utilities could soon see a new source of funding through the Water Innovation Fund. The program, currently in development with a handful of states being considered for pilot testing as early as 2018, would be funded through a combination of State Revolving Funds and philanthropic capital. The Fund hopes to help offset the financial barriers that often block the adoption of innovation.

**Leverage Partnerships**

Beyond a utility’s doors, there are countless opportunities to fund innovation by partnering with other organizations. These relationships can be natural tools for shepherding a project from start to finish, and often garner better results than a utility could produce on their own.

Partnerships can be formed regionally around a common interest or span multiple countries. Many utilities have launched successful innovation projects by collaborating with other utilities, for- and non-profit organizations, developers, universities, or even members of the community, like local farmers.

**Ideal partners are those that:**
- Add value
- Have a mutual interest in success
- Share resources and risk

Although by and large the water sector hasn’t taken advantage of private funding, it can also be an option that makes sense for a variety of reasons. From wanting to lock in the full cost of a project at the onset to seeking the capacity or general knowledge that an organization lacks, relationships with private companies can bring much-needed resources to the table.

**Public-private partnerships offer:**
- Shared risk
- Access to capital
- Increased capacity
- Cost and schedule certainty
- Process optimization (and lower life-cycle costs)

A recent public-private partnership between the San Diego County Water Authority (SDCWA) and Poseidon Resources highlights just how successful the right collaboration can be. Poseidon financed and built a nearly $1 billion project, which measures up as the largest desalination plant in the western hemisphere and includes 10 miles of pipeline. In exchange, SDCWA agreed to purchase the fresh water it produces for 30 years. This gave SDCWA the water it needs, while eliminating the project risk.

Whatever funding avenue a utility takes to get their innovation process started, it’s important to measure, document, and communicate success. This can help evaluate effectiveness and ensure that achievements are shared with the community, managers, and other decision makers—fueling program momentum, and generating more funds to get started on the next innovation.

**Partnering with Success**

The Leader’s Innovation Forum for Technology (LIFT) provides other opportunities for utilities to find partners and leverage funds. With more than 500 participants, the program serves as an expansive peer-to-peer networking forum on technology, and it has already helped form many partnerships and facilitated the funding of numerous innovations.

The collaboration between the cities of Denver and Chicago on sidestream deammonification is a model for how a strategic partnership built around a new innovation can save time and money. Both cities realized they were planning to pilot the same two technologies. Instead, Denver piloted one of the technologies, Chicago piloted the other, and then they exchanged information. Working together, the utilities were able to save hundreds of thousands of dollars and shorten the process by six to nine months—and in the end, choose the path that best suited their utility.