

**DWSRF Guidance Document Number 2: Priority List Development
Updated 12/5/2025**

The Vermont Drinking Water State Revolving Fund (DWSRF) loan programs use point scoring systems to rank **eligible projects** for competitive funding. The scores and rankings are documented in priority lists that are part of the annual [Intended Use Plan](#) (IUP). To be eligible, projects must be necessary to maintain or facilitate compliance with drinking water regulations or further the protection of public health; and the proposed type, size, and estimated cost of the project must be suitable for its intended purpose. Additionally, the water system must have the technical, financial, and managerial capacity to operate the system in compliance with federal and state law or gain this capacity via the project; and the system must not be or become in significant noncompliance with the regulations. See the federal [DWSRF eligibility handbook](#) and [Vermont DWSRF Guidance Document 8](#) for eligible borrowers, projects, and costs.

Priority in funding will be given to projects that address the most serious risks to human health, are necessary to ensure compliance with the requirements of the Safe Drinking Water Act (SDWA) and the Vermont Water Supply Rule (WSR), and assist systems most in need per State affordability criteria. When two or more projects score equally under the project priority system, the project with the higher score under the system facility deficiencies criteria will be prioritized. If the projects are still tied, the system serving the fewer number of service connections will be given priority. Scores are based on information submitted by applicants, information from the SDWIS compliance database, and consultation with Drinking Water and Groundwater Protection Division (DWGPD) staff. A priority list includes a funding line based on the cost estimates of projects in rank order relative to the funds available.

For the 2022-2026 IUPs, projects are ranked on three separate priority lists based on eligibility: Emerging Contaminants (PFAS); Lead/galvanized service line replacement and service line inventories; or General funding. When IJA funding has been disbursed, the program will return to a single General priority list.

Planning/design stage projects will be ranked and added to the current, FFY 2025, priority list periodically through 2/6/2026 as Loan Applications are received as long as funds are available.

As of the 2026 IUP cycle, a [priority list application](#) is required for all stages of funding (planning, design, and construction). Planning/design stage projects that expect to submit a Loan Application after 2/6/2026 need to submit a priority list application by the deadline, which is typically in winter for the next summer to summer cycle.

Construction loan stage funding is only allocated for projects that have



previously submitted an administratively complete Preliminary Engineering Report (PER), Permit to Construct (PtC), or an adequate equivalent as determined by the DWGPD. Continuing construction projects are defined in 10.1.1 of the IUP and should submit annual priority list applications for further incremental funding if it may be needed. Projects will be broken into phases with separate loans if appropriate based on timelines, contracting, or eligibility. If a project does not meet progress deadlines during the IUP cycle, its construction phase funding may be bypassed to fund more projects further down a priority list as described in [Guidance Document 4](#) and the IUP.

Priority List Application Scoring Criteria

See the current priority list application for current criteria and possible points. Some criteria have multiple choices for the score depending on the highest eligible item (e.g., most urgent deficiency) or the bin in which a water system characteristic (e.g., number of service connections) falls. Some criteria are yes for full points (e.g., having the construction permit already) or no with no points.

A) Number of Service Connections

DWSRF staff will review these points based on SDWIS regulatory data maintained by the DWGPD. Smaller system size categories score higher points.

B) Affordability as Relative MHI of Service Area

The median household income (MHI) of the water system users or the town(s) in which the system is located is divided by the state community median household income (SCMI, the median of community median household incomes within the state) and assigned points based on percentage brackets. For water systems that encompass more than one town, the MHI is based on the weighted number of household connections in each town. MHI data is obtained using the currently available [data](#) from the 5-year American Communities Survey (ACS). A water system may also complete an [income survey](#). Lower incomes score higher points.

C) Facility Deficiencies and Compliance Concerns

Facility deficiencies must be identified in a survey letter, notice of alleged violation (NOAV), operating permit, or other DWGPD document. Points are awarded for the deficiency corrected by the project that addresses the highest health risk and compliance concern and represents a significant portion of the total project cost. The Secretary may split projects for priority scoring purposes when more than one deficiency is being corrected, the associated cost of correcting each deficiency is significant, and the relative public health risk and compliance concern of the deficiencies are significantly different. Deficiency subcategories include disinfection, water quantity, water quality, critical components, and general upgrades.

D) Chemical contaminant present below MCL, AL, VAL, or VHA

To treat or eliminate a regulated contaminant present at a lower concentration.





E) Physical Consolidation of Water Systems

Adds points for interconnection or consolidation of regulated public water systems. Physical consolidation of small water systems is encouraged to increase the capability of small systems to protect public health and comply with regulations.

F) Other Project Characteristics

Points are awarded for other project characteristics that demonstrate readiness to proceed, formal project prioritization, or other desirable project features.

Construction Permit already issued.

Improves flood resilience of existing water system infrastructure.

Voter authorization to incur debt (bond vote for municipal; board resolution for privately owned systems).

Project is high priority on a routinely updated DWGPD-approved [Asset Management Plan](#) (see [Guidance Document 26](#) for requirements). To receive these points, you must submit at the same time as your priority list application the “Funding Strategies” section of the your current AMP showing (1) the specific project listed and (2) its priority. The AMP should have been updated within the last two years.

