

The Vermont Drinking Water
State Revolving Fund
Intended Use Plan
for Federal Fiscal Year 2026

Prepared by:

The Water Investment Division

Vermont Agency of Natural Resources

Department of Environmental Conservation

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September 24, 2026

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1. Executive Summary

Vermont sends to the U.S. Environmental Protection Agency (EPA), as part of its annual application for Drinking Water Capitalization Grants under the Safe Drinking Water Act, a Drinking Water Intended Use Plan to meet the requirements of the Act and the Drinking Water Capitalization Grant Agreements. This Intended Use Plan covers the FFY 2026 General Grant, and the supplemental General and Emerging Contaminants Grants, created by the Infrastructure Investment and Jobs Act of 2021, also known as the Bipartisan Infrastructure Law. The Vermont Drinking Water State Revolving Loan Fund (DWSRF) Program will apply for the 2026 Lead Service Line Grant in the second year of the capitalization grant cycle; however, this Intended Use Plan includes subsidy and other information for existing Lead Service Line Grant funds.

DWSRF funds can be used for a wide variety of eligible activities, including public water system infrastructure improvements and water system management enhancements.

The Safe Drinking Water Act requires that each state prepare an Intended Use Plan every fiscal year that details how the DWSRF funds will be used. Once the Intended Use Plan has undergone public comment, it is submitted along with other supporting documents to the regional EPA office. These documents comprise the capitalization grant request for the DWSRF. While a variety of state agencies are involved in the process, the Water Investment Division (WID) of the Department of Environmental Conservation (DEC) is responsible for preparing and submitting these documents. WID and the Drinking Water and Groundwater Protection Division (DWGPD) share responsibility for implementation of the policies that are followed as part of the DWSRF, including the assurances and certifications contained in the capitalization grant request.

1.2. The Infrastructure Investment and Jobs Act and the Build America, Buy America Act

The Infrastructure Investment and Jobs Act, also known as the Bipartisan Infrastructure Law, passed November 15, 2021, provides two additional SRF grants: the General Supplemental, and the Emerging Contaminants Grants, to augment the existing General Grant, also known as the Base Grant. This is the final year of the Infrastructure Investment and Jobs Act grants. The Infrastructure Investment and Jobs Act is also known as the Bipartisan Infrastructure Law.

The Infrastructure Investment and Jobs Act expanded domestic sourcing requirements with the inclusion of the Build America, Buy America Act (BABA) requirements. For all projects receiving funding based on federal awards made to the State on or after May 14, 2022, all steel, iron, manufactured products, non-ferrous metals, plastic and polymer-based products (including polyvinylchloride, composite building materials, and polymers used in fiber optic cables), glass (including optic glass), lumber, and drywall used in infrastructure projects for federal financial assistance programs must be produced in the United States.

1.3. Notice of Nondiscrimination

The Vermont Agency of Natural Resources (ANR) operates its programs, services, and activities without discriminating on the basis of race, religion, creed, color, national origin (including limited English proficiency), ancestry, place of birth, disability, age, marital status, sex, sexual orientation, gender identity, or breastfeeding (mother and child). We will not tolerate discrimination, intimidation, threats, coercion, or retaliation against any individual or group because they have exercised their rights protected by federal or state law. To file a discrimination complaint, for questions, free language services, or requests for reasonable accommodation, please contact ANR's Nondiscrimination Coordinator at ANR.CivilRights@vermont.gov or visit ANR's online Notice of Nondiscrimination at <https://anr.vermont.gov/special-topics/equity-and-accessibility/notice-nondiscrimination>.



1.4. Language Access Services

Questions or Complaints/FREE LANGUAGE SERVICES | SERVICES LINGUISTIQUES GRATUITS | भाषासम्बन्धी निःशुल्क सेवाहरू | SERVICIOS GRATUITOS DE IDIOMAS | 免費語言服務 | BESPLATNE JEZIČKE USLUGE | БЕСПЛАТНЫЕ УСЛУГИ ПЕРЕВОДА | DỊCH VỤ NGÔN NGỮ MIỄN PHÍ | 無料通訳サービス | ነጻ የቋንቋ አገልግሎቶች | HUDUMA ZA MSAADA WA LUGHA BILA MALIPO | BESPLATNE JEZIČKE USLUGE | အခမဲ့ ဘာသာစကား ဝန်ဆောင်မှုများ | ADEEGYO LUUQADA AH OO BILAASH AH | خدمات لغة مجانية:
anr.civilrights@vermont.gov or 802-636-7827."

If you speak a language not listed or require additional help, we offer free language assistance services. Please reach out to ANR at 802-636-7827 and we can support getting you access to the State of Vermont's free language services. The State of Vermont contracts with several Translation Services organizations, and you can visit this page for more information. [Language Access Link](#)

2. DWSRF Mission and Program Goals

2.1. Mission of Vermont DWSRF:

To ensure the fund operates in perpetuity and provides continuing financial assistance to Vermont public water systems for drinking water project needs, and to effectively align

the DWSRF with other state and federal funding sources to support drinking water projects.

2.2. Long Term Goals

1. Through effective management, provide a self-sustaining funding program that will assist public water systems in achieving compliance with the Safe Drinking Water Act, maintaining the public health objectives of the Act, and ensuring the public has safe drinking water.
2. Implement the Infrastructure Investment and Jobs Act goal of increasing investment in disadvantaged communities by ensuring subsidy (loan principal forgiveness) is directed to disadvantaged communities, and by engaging in a multi-year sustained effort to increase our capacity to target assistance to disadvantaged communities.
3. Provide funding assistance to eligible public water systems for eligible projects associated with the improvement and maintenance of water treatment, storage and distribution facilities, and for consolidation or interconnection of water systems to improve service or develop capacity.
4. Use set-asides to improve source water protection and assessment efforts by providing technical and financial assistance.
5. Continue to update, develop, and implement administrative rules and guidance to carry out the DWSRF Program.
6. Continue to update, develop, and implement the capacity development strategy for existing systems.
7. Continue providing operator training by Drinking Water and Groundwater Protection Division staff and through grants and/or contracts with third-party technical assistance providers.

2.3. Short Term Goals

1. Secure the State's latest available capitalization grants to finance improvements for public water systems.
2. Administer the SRF Program for projects that have been determined to be the highest priority through the Priority List and Intended Use Plan to address contamination issues that pose the most serious risk to human health and to ensure compliance with the Safe Drinking Water Act requirements and maintain and/or improve water quality.
3. Provide timely assistance to public community and Non-Transient Non-Community water systems to replace lead service lines.

4. Ensure that at least 15% of the DWSRF Project Fund provides loans to municipally-owned and privately-owned non-profit public water systems with populations of fewer than 10,000 people.
 5. Provide support to small systems to conduct feasibility studies, preliminary engineering, and final designs for water system improvements as well as promotion of capacity development for disadvantaged and small systems that do not have adequate technical, managerial, or financial resources to come into or maintain compliance, and to provide safe drinking water.
 6. Coordinate DWSRF activities with enforcement activities of the State and EPA.
 7. Continue implementation of the statewide strategy to improve capacity for existing public water systems and ensure capacity for new public water systems.
 8. Use DWSRF set-aside funding to provide the additional resources required to manage the Vermont Drinking Water Program.
 9. Expend all federal funds within two years of grant award.
 10. Engage communities and other stakeholders in an evaluation of the Department's criteria for Disadvantaged Communities and Priority Ranking Criteria to increase investment to disadvantaged communities.
 11. Implement the SRF Program's Corrective Action Plan that is intended to improve performance related to several financial indicators.
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3. American Rescue Plan Act (ARPA) Grant Eligibility

ARPA grant awards are not SRF funds. The Department uses the Intended Use Plan to identify ARPA grant award eligibility criteria. The Village Wastewater and Drinking Water ARPA Grant, described below, applies to both wastewater and drinking water projects, and as such is included in both the Clean Water and Drinking Water Intended Use Plans. All funds have been awarded to qualifying Villages, and Village ARPA grants have been executed. ARPA Grant information is included here for informational purposes.

3.1. State Village Wastewater and Drinking Water ARPA Grant Eligibility

Villages form the heart of Vermont's rural communities, yet more than 200 villages lack community wastewater disposal systems, hampering revitalization. More than 100 Vermont villages do not have a public municipal drinking water system. While many communities have explored municipal water and wastewater solutions in the past, most could not proceed with the projects because users could not afford the new rates needed to cover the cost of the project.

However, \$36.2 million in ARPA funding was appropriated to help municipalities develop new public drinking water systems and community wastewater disposal systems where this critical infrastructure is lacking. This grant funding is intended to help bridge the affordability gap, protect public health, increase affordable housing, support economic development, and incentivize compact growth in Vermont's designated villages and neighborhoods.

The original funding goal was to support up to ten decentralized community wastewater solutions and/or public municipal water systems. Wastewater projects are eligible for funding per limitations set by SRF Guidance Document #38, dated March 28, 2024.

All funds have been awarded to qualifying Villages, and Village ARPA grants have been executed. Some villages have chosen to voluntarily rescind grants, allowing for DEC to reallocate those funds to the readiest projects, with the greatest need, and with the greatest potential to accommodate new housing. DEC reserves the right to rescind funding from grantees that are not making progress and where the funding may be at risk of recission from the Federal Treasury Department.

Municipalities should note that the reallocation of any Village ARPA grant dollars are subject to approval by the Vermont Agency of Administration pursuant to the Vermont's State Fiscal Recovery Process and Guidance. The intent of the Water Investment Division is to confirm award values with the Agency of Administration.

4. DWSRF Administration

DWSRF construction loans are currently issued at a 0% interest rate with an administrative fee (calculated like an annual interest rate over the entire loan term) of between 0% and 2.75%. Administrative fee proceeds are deposited into a dedicated account separate from the DWSRF project account, referred to as the administrative account. Fees are tracked as either program or non-program income to enable use of non-program income for a broader array of Safe Drinking Water Act eligible activities than is allowed with program income. All fee income is accounted for in a separate fund outside the SRF fund.

These funds are primarily used for administrative support of the SRF Program including staff salaries for financial, project development and engineering staff. Additionally, they have been used to fund costs associated with underwriting of loans and software support. The program reserves the right to use these funds for any eligible use of the fees as fund needs develop over the year.

4.1. Transfer of Funds

The Safe Drinking Water Act Amendments of 1996 (Section 302) allow a state to transfer up to 33% of the Drinking Water State Revolving Fund (DWSRF) capitalization grant from the DWSRF to the Clean Water State Revolving Loan Fund (CWSRF) or an equivalent amount from the CWSRF to the DWSRF for each open grant. This transfer is

at the Governor's discretion. The program reserves the right to reserve this amount for future need.

For this IUP, Vermont SRF intends to transfer approximately \$50,000,000 in repayment funds from the DWSRF to the CWSRF due to higher demand for funds by CWSRF projects. This transfer will allow for relatively proportional funding of total project demand for both Clean Water and Drinking Water projects. The transfer will be in accordance with 65 FR 60940 and shall be less than 33% of the accumulated value of the current and prior DWSRF base capitalization grants (i.e. General and General Supplemental Grants).

This transfer is intended to allow relatively proportional funding of projects on the priority list: the total available funds of the DWSRF and CWSRF were divided by total loan demand and the resulting percentage was applied to total project demand on each priority list. Vermont will advance any transferred funds to the appropriate projects in accordance with this Intended Use Plan, and the Municipal Pollution Control Priority System.

4.2. Future Program Impact

The proposed method and financial terms for distributing project funds presented in this Intended Use Plan should have a positive impact on the long-term financial status of the DWSRF while accounting for loan subsidy that reduces repayments. Principal and interest payments on loans plus the interest earnings on the fund balance are deposited into the DWSRF and made available for future water system capital improvement projects. Other than subsidy as loan principal forgiveness, the only other funds that do not revolve are those withdrawn for the following authorized Set-Aside uses: Administration; Technical Assistance; Program Management; and Local Assistance. Amongst the Set-Aside Uses, the DWGPD's Community Water System Outreach Initiative, which is implemented via contractor Quantified Ventures, targets public community water systems that historically missed out on state funding, helping them access subsidized loans and helps drive future demand for SRF funds.

Over the past year the SRF Program has worked with the Vermont Bond Bank and their contractor to develop a cash-flow model. This model allows the Program to forecast the effects that funding proposed in the IUP will have on the future availability of funds, as well as estimate the impacts on the fund based on varying levels of capitalization grants, which helps the Program establish funding lines that will make for timely and expeditious use of all funds.

The Bond Bank maintains a database of active loans and repayment schedules available for review by DEC in projecting future repayments into the program. Available funds are further influenced by interest earnings on the fund balances within the program. The Bond Bank manages these investments according to the Investment Policy Statement and holds quarterly update calls with the investment advisor, Wilmington Trust. Fund balances are managed to maintain sufficient liquidity for draws on loans. No investment

exceeds 180 days in duration and 90% of the investments are considered cash equivalents with a duration less than 90 days

Lending procedures used by Vermont Bond Bank for municipal loans and the Vermont Economic Development Authority for loans to private entities include safeguards structured to minimize unforeseen losses to the fund. Additionally, the placement of the DWSRF within the financial structure of the Vermont Bond Bank guarantees that the Program will benefit in the long-term from the management and financial planning expertise of this organization.

5. DWSRF Capitalization Grants Federal Fiscal Year 2026

5.1. Capitalization Grants

Vermont will receive a total of four Federal Fiscal Year (FFY) 2026 capitalization grants. The Department will submit to EPA an application for the Lead Service Grant after 7/12/2026, which is technically in year two of the capitalization grant schedule, due to existing sufficient balances from prior grant years.

The FFY 2026 Grants are as follows:

- General Grant : \$3,842,000
- General Supplemental Grant: \$24,888,000
- Emerging Contaminants Grant: \$7,640,000
- 2024 Reallotted Emerging Contaminants: \$29,000
- 2023 Reallotted Emerging Contaminants: \$1,000
- Lead Service Line Grant: \$27,456,000

The required state match for is as follows:

- General Grant (20% of grant federal share): \$768,400
- General Supplemental Grant (20% of grant federal share): \$4,977,600
- Emerging Contaminants Grants (no match requirement)
- Lead Service Line Grant (no match requirement)

The full match for the General and General Supplemental grants has been appropriated by the legislature and will be available beginning July 2026. The source of match for the General Supplemental Grant is the 2023 VT State Legislature, Act 78, Section B. 1105 (b)(1). The source of match for the General Grant is the 2026 VT State Legislature, H. 952, Sec. 9 (f)(11).

The Department is requesting pre-approval by EPA for fixed-cost contracts and sub-awards. This request is made pursuant to 2 CFR 200.333, where the EPA may allow pass-through entities to award subawards up to \$500,000 on a fixed amount or “lump sum” basis such that the subrecipient does not account for actual costs.

The Sources and Uses tables below assume the total needed match will be available. Sources of funds and uses are listed below.

5.2. Sources and Uses

The Sources and Uses tables below assume the total needed match will be available. Sources of funds and uses are listed below.

Sources	General	General Supplemental	Lead Service Lines	Emerging Contaminants*
FFY26 DWSRF Capitalization Grant	\$3,842,000	\$24,888,000	27,456,000	\$7,670,000
State Match Needed FFY26 Grant	\$768,400	\$4,977,600	N/A	\$0
FFY 25 Cap Grant Payments (7/1/25-6/30/26)	\$11,677,500	**	N/A	\$1,964,250
Repayments (anticipated 7/1/26-6/30/27)	\$7,377,912	**	**	N/A
Interest*** (anticipated 7/1/26-6/30/27)	\$3,600,000	**	**	N/A
Available Funds**** (Unobligated funds as of 7/1/2026)	\$76,161,736	**	\$6,767,289	\$4,866,886
TOTAL	\$103,427,548	\$29,865,600	\$34,223,289	\$14,501,136

*Including 2023 and 2024 Reallotted funds.

**Included in General Grant values.

***Approximately 4.9% of anticipated Interest will be derived from loan repayments where the loan included a interest charges (older loans only); the remaining interest is expected from investment earnings.

****Available funds consist of previous repayment, interest and cap grant funds that are not obligated as of 7/1/2026.

Uses	General	General Supplemental	Lead Service Lines	Emerging Contaminants*
Set-Asides	\$1,437,340	\$7,715,280	\$1,098,240	\$1,035,535
Pending Applications	\$24,957,979	**	\$3,523,964	\$900,000
Loan Obligations 7/1/26-9/10/26	\$4,358,339	--	\$2,492,793	\$5,000,000
Anticipated Loan Commitments	\$ 22,673,850	\$22,150,320	\$27,108,292	\$7,565,601
Transfer to CWSRF***	\$50,000,000	--	--	--
Total	\$103,427,548	\$29,865,600	\$34,223,289	\$14,501,136

* Including 2023 and 2024 Reallotted funds

**Included in General Grant values

***Funds transferred are repayment funds

For all grants, uses equal sources. The potential uses, as shown by the demand on the Priority List, exceed sources. Anticipated Commitments are the anticipated loan amounts to be funded during the year. Due to a range of factors including the need to procure voter approval, some projects will be delayed and will be bypassed according to the criteria in Section 10.1.2. The initial Funding Line in the General/General Supplemental Grant Priority Lists is set at 132% of the funds available for loans based on the likelihood of bypassing projects; the funding line for the Lead Service Line Grant includes all projects and is 108% of available funding; and the Emerging Contaminants Grant funding line is 100% of available funds.

The Drinking Water SRF Program anticipates applying for the 2026 Lead Service Line Grant later in 2026. Sources, Uses, and Priority List values include the anticipated 2026 Lead Service Line Grant.

Detailed project information is included in the attached Projects Priority Lists for state fiscal year 2027.

5.2.1 Program and Non-Program Fees Sources and Uses

Sources

	Program Fees	Non-Program Fees
Existing Balance (3/31/26)	\$1,957,320	\$3,902,141
Anticipated Fees (7/1/26-6/30/27)	\$408,200	\$813,955
Total	\$2,365,519	\$4,716,096

Anticipated Fee Uses (7/1/26-6/30/27)

Program Fees	\$1,135,086
Non-Program Fees	\$0

The Drinking Water SRF Program uses program and non-program fees to support the administration of the program including staffing and loan underwriting expenses. Anticipated additional future uses of fees include offsetting reductions in Set-Aside funds with the sunseting of the Supplemental IIJA Grants and potential reductions to the base grants.

5.3. EPA Federal Fiscal Year Payment Schedule

The State matching funds will be deposited into the DWSRF prior to the quarter when federal funds are requested. The schedule for entering into binding commitments and timing of cash draws is contained in the grant application submitted to EPA. The SRF Program will continue to comply with the Operating Agreement for Implementing and Managing the State Revolving Fund Program between the State of Vermont and U.S. Environmental Protection Agency, Region I.

SRF General

Payment No.	Quarter	Date	Federal Amount	State Amount
1	2027-1	10/1/2026-12/31/2026	\$960,500	\$192,100
2	2027-2	1/1/2027-3/31/2027	\$960,500	\$192,100
3	2027-3	4/1/2027-6/30/2027	\$960,500	\$192,100
4	2027-4	7/1/2027-9/30/2027	\$960,500	\$192,100
Total			\$3,842,000	\$768,400

SRF General Supplemental

Payment No.	Quarter	Date	Federal Amount	State Amount
1	2027-1	10/1/2026-12/31/2026	\$6,222,000	\$1,244,400
2	2027-2	1/1/2027-3/31/2027	\$6,222,000	\$1,244,400
3	2027-3	4/1/2027-6/30/2027	\$6,222,000	\$1,244,400
4	2027-4	7/1/2027-9/30/2027	\$6,222,000	\$1,244,400
Total			\$24,888,000	\$4,977,600

SRF Emerging Contaminants

Payment No.	Quarter	Date	Federal Amount	State Amount
1	2027-1	10/1/2026-12/31/2026	\$1,917,500	\$0
2	2027-2	1/1/2027-3/31/2027	\$1,917,500	\$0
3	2027-3	4/1/2027-6/30/2027	\$1,917,500	\$0
4	2027-4	7/1/2027-9/30/2027	\$1,917,500	\$0
Total			\$7,670,000	

Lead Service Line

Payment No.	Quarter	Date	Federal Amount	State Amount
1	2027-2	1/1/2027-3/31/2027	\$6,864,000	\$0
2	2027-3	4/1/2027-6/30/2027	\$6,864,000	\$0
3	2027-4	7/1/2027-9/30/2027	\$6,864,000	\$0
4	2028-1	10/1/2027-12/31/2027	\$6,864,000	\$0
Total			\$27,456,000	

5.4. EPA Estimated Disbursement Schedule: All Grants

Disbursement Quarter	General	General Supplemental	Emerging Contaminants	Lead
1QFFY2027	\$960,500	\$6,222,000	\$1,917,500	
2QFFY2027	\$960,500	\$6,222,000	\$1,917,500	\$6,864,000
3QFFY2027	\$960,500	\$6,222,000	\$1,917,500	\$6,864,000
4QFFY2027	\$960,500	\$6,222,000	\$1,917,500	\$6,864,000
1QFFY2028				\$6,864,000
Total	\$3,842,000	\$24,888,000	\$7,670,000	27,456,000

5.5. Local Assistance Water Planning Loan (LAWPL) Program Sources and Uses

This table summarizes the sources and uses for the Local Assistance Water Planning Loan (LAWPL) Program. Sources include capitalization from federal funds from prior grant years, and from loan repayments. Uses are new fully forgiven loans for Asset Management Plans as described in 6.2.4.1.

Sources – LAWPL	
Available Funds (Unobligated funds as of 7/1/2026)	\$5,304,590
Estimated interest (7/1/2026 – 6/30/2027)	\$180,000
Estimated repayments (7/1/2026-6/30/2027)	\$116,702
Total Sources	\$5,601,293

Uses - LAWPL	
Estimated loan commitments (7/1/2026-6/30/2027)	\$500,000
Total Uses	\$500,000

6. Set-Asides

The State of Vermont plans for set-asides are detailed in the tables below, including the proposed amount of authority to be banked. These activities are often vital to water systems so that they can develop and maintain the financial, technical, and managerial capacity to run their systems effectively. A portion of the set-aside money will be used to develop and implement programs within state government necessary to implement the DWSRF and the SDWA Amendments of 1996. The following outlines the allocations and provides a brief description of the proposed activities in each of the four set-asides.

General Grant	PROPOSED	Banked
TOTAL, ALL SET-ASIDES	\$ 1,437,340	
Program Mgmt	\$ 384,200	\$ -
Administrative	\$ 400,000	\$ -
Small Sys. Tech. Assist.	\$ 76,840	\$ -
Water System Operator Train Contract	\$ -	
TNC TA Contract	\$ -	
Rates Dashboard	\$ -	
Local Assistance	\$ 576,300	NA
Capacity	\$ 384,200	
Staff	\$ -	
Wellhead	\$ 192,100	
Staff	\$ -	

General Supplemental	PROPOSED FFY26	Banked Authority
TOTAL, ALL SET-ASIDES	\$ 7,715,280	\$ -
Program Mgmt	\$ 2,488,800	\$ -
14 FTE	\$ 2,488,800	
Administrative	\$ 995,520	\$ -
Small Sys. Tech. Assist.	\$ 497,760	\$ -
Op Cert Training	\$ 63,160	
RTCR	\$ 35,000	
TNC TA/RTCR	\$ 50,000	
Small system TMF with Rule implementation support	\$ 200,000	
Rates dashboard	\$ 124,600	
Memberships- ASDWA, AWWA, etc	\$ 25,000	
Local Assistance	\$ 3,733,200	NA
Capacity	\$ 2,450,000	
Leak Detection	\$ 150,000	
AMP Training	\$ 100,000	
Rates Training	\$ 100,000	
12 FTE	\$ 2,100,000	
Wellhead	\$ 1,283,200	
6 FTE	\$ 1,112,420	
USGS	\$ 150,780	
SPP	\$ 20,000	

Emerging Contaminants, Including Reallotments	PROPOSED	
	FFY26	Banked Authority
Total, All Set-Asides	\$ 1,035,535	\$ 1,342,165
Program Mgmt	\$ 519,935	\$ 247,065
3 FTE	\$ 519,935	
Administrative	\$ 305,600	\$ 1,200
Small Sys. Tech. Assist.	\$ -	\$ 153,400
Local Assistance	\$ 210,000	\$ 940,500
Capacity	\$ 210,000	
Cyanotoxin Monitoring Study	\$ 50,000	
PFAS Treatment Efficacy Study	\$ 60,000	
Ion Exchange Treatment pilot study	\$ 100,000	

Lead Service Line	PROPOSED	
	FFY26	Banked Authority
Total, All Set-Asides	\$ 1,098,240	\$ 3,294,720
Program Mgmt	\$ -	\$ 2,745,600
Administrative	\$ 1,098,240	\$ -
Small Sys. Tech. Assist.	\$ -	\$ 549,120
Local Assistance	\$ -	NA

6.1. General Grant Set-Asides

6.1.1. General Grant: Program Management Set-Aside

Up to 10% of the capitalization grant can be used for the SRF Program Management Set-Aside. We propose to take the full 10%, \$384,200, from FFY26 grant to support approximately 2 FTEs, and associated operating costs within the DWGPD. Duties of staff include capacity development, consumer confidence report assistance, adoption and implementation of new regulations, implementation of new and existing federal rules, source water assessment and protection, planning, outreach, data management, engineering, compliance supervision, and other drinking water program activities including the ability to provide up to \$10,000 in Emergency funding.

6.1.2. General Grant: Administrative Set-Aside

Up to 4% of the capitalization grant can be used for the DWSRF Administrative Set-Aside, 0.002 x total net position, or \$400,000. The program will be taking \$400,000 to support staff (2.5 FTE) within WID and Administration and Innovation Division (AID). These positions provide project development, construction oversight, loan administration, and financial management services for the operation of the DWSRF. Administrative funds are also used to pay for the services of the Vermont Bond Bank (VBB), which is responsible for the overall fund and is a party to all loan awards to municipal applicants, and the Vermont Economic Development Authority (VEDA), which is responsible for conducting creditworthiness reviews of loan applicants for privately-owned water systems and is a party to those loans.

6.1.3. General Grant: Small Systems Technical Assistance Set-Aside

Up to 2% of the capitalization grant can be used for the DWSRF Technical Assistance (TA) Set-Aside. TA funds may be used for systems serving populations under 10,000 people. The program will take 2% of the FFY26 grant, or \$76,840, to provide technical assistance to small public water systems. The following activities and allocations are proposed:

Water System Operator Training Contract: \$76,840 to contract to provide professional training to public water system owners and operators in Vermont. These training efforts support the Vermont Water Operator Certification Program administered by the DWGPD.

6.1.4. General Grant: Local Assistance Set-Aside

Up to 15% of the capitalization grant, or \$576,300, can be used for the DWSRF Local Assistance Set-Aside, with a further limitation that no more than 10% can be used to fund any one specific activity. The program will take 15%, or \$576,300 to fund local assistance activities. The following activities and allocations are proposed.

6.1.4.1. Capacity Activity

Local Assistance Capacity Program Positions: This set aside will support staff implementing the Vermont Capacity Strategy, as well as the Operator Certification Program. In total, this set aside will fund approximately 2 FTEs for a total of \$384,200.

6.1.4.2. Wellhead Protection Activity

Local Assistance Wellhead Protection Positions: DWGPD Water Resources staff will use this set aside to review and approve source protection plans and work with systems to update them, to review and approve source construction to ensure work meets technical requirements, to work with systems to ensure that proper testing occurs to ensure long-term viability of new sources, and to work with systems to develop new sources as needed. DWGPD Regional Office staff will use this set aside to support the technical review of soil-based wastewater system projects to ensure they do not contaminate public drinking water sources or groundwater supplies.

In total, this set aside will fund approximately 1 FTE and proposes to use \$192,100.

6.2. General Supplemental Grant Set-Asides

6.2.1. General Supplemental Grant: Program Management Set-Aside

Up to 10% of the capitalization grant can be used for the SRF Program Management Set-Aside. We propose to take 10% or \$2,488,800, from the FFY26 Supplemental grant to support approximately 14 FTEs and associated operating costs within the DWGPD. Duties of the FTEs include capacity development, adoption and implementation of new regulations, implementation of new and existing federal rules, planning, outreach, data management, engineering, compliance supervision, and other drinking water program activities.

6.2.2. General Supplemental Grant: Administrative Set-Aside

Up to 4% of the capitalization grant can be used for the DWSRF Administrative Set-Aside. The program will be taking 4% (\$995,520) to support staff (approximately 7 FTEs) within WID and the Administration and Innovation Division (AID) and DWGPD. The WID and AID positions provide project development, construction oversight, loan administration, and financial management services for the operation of the DWSRF. The DWGPD positions will be providing technical assistance to water systems of all sizes.

6.2.3. General Supplemental Grant: Small Systems Technical Assistance Set-Aside

Up to 2% of the capitalization grant can be used for the DWSRF Technical Assistance (TA) Set-Aside. TA funds may be used for systems serving populations under 10,000 people. The program will take 2% of the FFY26 General Supplemental grant, or \$497,760, to provide technical assistance to small public water systems. The following activities and allocations are proposed:

Water System Operator Training Contract: \$63,160 to contract to provide professional training to public water system owners and operators in Vermont. These training efforts support the Vermont Water Operator Certification Program administered by the DWGPD.

TNC Technical Assistance: \$50,000 to provide technical assistance and RTCR Level 2 Assessments to Transient Non Community Water Systems (TNCs).

RTCR Level 2 Assessments: \$35,000 to provide technical assistance to public water systems for the Revised Total Coliform Rule (RTCR) Level 2 compliance.

Small System TMF Capacity Support for new Rule Implementation: \$200,000 to support Vermont's small systems with implementation of new State and Federal Rules, like PFAS and LCRI.

Rates Dashboard/Study: \$124,600 to conduct surveys of water rates for community water system and update the Rates Dashboard based on the results of the survey. This dashboard will help Vermont water systems evaluate their financial performance and influence future planning to improve their financial and managerial capacity.

National Drinking Water Associations Memberships: \$25,000 to cover membership fees for representation and support by the ASDWA, AWWA, National Groundwater Association, etc.

6.2.4. General Supplemental Grant: Local Assistance Set-Aside

Up to 15% of the capitalization grant can be used for the DWSRF Local Assistance Set-Aside, with a further limitation that no more than 10% can be used to fund any one specific activity. The program will take 15%, or \$3,733,200 to fund local assistance activities.

The following activities and allocations are proposed:

6.2.4.1. Capacity Activity

Local Assistance Capacity Program Positions: \$2,100,000 to fund approximately 12 FTEs. Duties of staff include capacity development, adoption and implementation of new regulations, implementation of new and existing federal rules, source water assessment and protection, planning, outreach, data management, engineering, compliance supervision, and other drinking water program activities

Leak Detection Surveys: \$150,000 to provide leak detection surveys performed by a professional leak detection firm per American Water Works Association's standards. These surveys will be provided to community drinking water systems to promote water conservation efforts, reduce pumping and treatment costs, extend the useful life of assets, and minimize the risks of contamination.

Capacity Program Asset Management Initiatives: \$100,000 to extend the asset management training program funded through previous grants to promote the practice of infrastructure asset management at Vermont's public water systems.

Rates Training: \$100,000 water rates training program to promote the practice of infrastructure asset management and full-cost funding at Vermont's public water systems.

6.2.4.2. Wellhead Protection Activity

Local Assistance Wellhead Protection Positions: DWGPD Water Resources staff will use this set aside to review and approve source protection plans and work with systems to update them, to review and approve source construction to ensure work meets technical requirements, to work with systems to ensure that proper testing occurs to ensure long-term viability of new sources, and to work with systems to develop new sources as needed. DWGPD Regional Office staff will use this set aside to support the technical review of soil-based wastewater system projects to ensure they do not contaminate public drinking water sources or groundwater supplies.

In total, this set aside will fund approximately 5.1 FTEs and proposes to use \$978,515.

Groundwater Monitoring Program: \$284,585 to continue contract with USGS and Vermont Geological Survey to create a robust evaluation of a groundwater monitoring program and then design a monitoring program.

Source Protection Plans: \$20,000 to support community system water resource planning and mitigation assistance.

6.4. Emerging Contaminants Grant Set-Asides

6.4.1. Emerging Contaminants Grant: Program Management Set-Aside

Up to 10% of the capitalization grant can be used for the SRF Program Management Set-Aside. We propose to take 6.8%, or \$519,935 from FFY25 Emerging Contaminants grant to support approximately 3 FTEs and associated operating costs within the DWGPD. Duties of the FTEs include implementation of programs to address emerging contaminants in drinking water with a focus on perfluoroalkyl and polyfluoroalkyl substances. The remaining Program Management funds from the FFY26 Emerging Contaminant Grant will be reserved for banked authority.

6.4.2. Emerging Contaminants Grant: Administrative Set-Aside

Up to 4% of the capitalization grant can be used for the DWSRF Administrative Set-Aside. We propose to take 4% (\$305,600) to support staff (2 FTEs) within the WID and AID.

6.4.3. Emerging Contaminants Grant: Small Systems Technical Assistance Set-Aside

Up to 2% of the Emerging Contaminants capitalization grant can be used for the DWSRF Technical Assistance (TA) Set-Aside. TA funds may be used for systems serving populations under 10,000 people. The program will not take the TA Funds from Emerging Contaminants FFY26 grant, and instead the unused TA funds from the FFY26 Emerging Contaminant Grant will be reserved for banked authority.

6.4.4. Emerging Contaminants Grant: Local Assistance Set-Aside

Up to 15% of the Emerging Contaminants capitalization grant can be used for the DWSRF Local Assistance Set-Aside, with a further limitation that no more than 10% can be used to fund any one specific activity. The program will take a combined \$210,000, or 2.7% of the Emerging Contaminants grant, to fund local assistance activities. The following activities and allocations are proposed:

6.4.4.1. Capacity Activity

Cyanotoxin Monitoring Program: \$60,000 to support the ongoing cyanotoxin monitoring program.

GAC PFAS Treatment Efficacy Study: \$50,000 to support a study to understand the efficiency and lifespan of GAC units for small, medium and large size systems for PFAS removal.

Ion Exchange PFAS Treatment Pilot Study: \$100,000 to support a pilot study to understand the efficiency and lifespan of Ion Exchange units for small, medium and large size systems for PFAS removal.

6.4.4.2. Wellhead Protection Activity
None proposed.

6.5. Lead Service Line Grant Set-Asides

6.5.1. Lead Service Line Grant: Admin Set-Aside
Administrative Set-Aside

Up to 4% of the capitalization grant can be used for the DWSRF Administrative Set-Aside. The program will be taking 4% (\$1,098,240) to support staff (approximately 7 FTEs) within WID and the Administration and Innovation Division (AID) and DWGWPD. The WID and AID positions provide project development, construction oversight, loan administration, and financial management services for the operation of the DWSRF. The DWGPD positions will be providing technical assistance to water systems of all sizes.

6.6. Schedule for use of Set-Asides

The State intends to utilize the 2026 set-asides within the next 3-5 years. We will spend the set-asides in accordance with FIFO, as is required by EPA.

7. Banked Authority

The DWSRF reserves the right to use Banked Authority. Set-asides have been banked from the 2026 Grants as detailed in Section 6.

General Base Banked Authority			
IUP Year	Program Management	Administrative	Technical Assistance
FFY97	\$ 1,105,880	\$ -	\$ -
FFY98	\$ 592,130	\$ -	\$ -
FFY99	\$ 226,380	\$ -	\$ -
FFY00	\$ 275,700	\$ -	\$ -
FFY01	\$ 48,910	\$ -	\$ -
FFY03	\$ 177,410	\$ -	\$ -
ARRA	\$ 1,730,000	\$ -	\$ 300,000
FFY08	\$ -	\$ -	\$ 162,920
FFY09	\$ 43,965	\$ -	\$ -
Less prior transfers	\$ (780,505)	\$ -	\$ -
FFY09 Amendment	\$ (222,387)	\$ -	\$ -
FFY11	\$ (258,200)	\$ -	\$ -
FFY16	\$ (300,000)	\$ -	\$ (63,984)
FFY17	\$ (300,000)	\$ -	\$ -
FFY18	\$ (322,132)	\$ -	\$ 57,320
FFY19	\$ 9,900	\$ 3,960	\$ 1,980
FFY20	\$ -	\$ -	\$ -
FFY21	\$ -	\$ -	\$ 123,705
Reallocated WY FFY21	\$ 9,900	\$ 3,960	\$ 1,980
FFY22	\$ -	\$ -	\$ -
FFY23	\$ -	\$ -	\$ -
FFY24	\$ -	\$ -	\$ -
FFY25	\$ (1,017,026)	\$ -	\$ -
FFY26	\$ -	\$ -	\$ -
Total Available	\$ 1,019,925	\$ 7,920	\$ 583,921

General Supplemental Banked Authority			
IUP Year	Program Management	Administrative	Technical Assistance
FFY22	\$ -	\$ -	\$ -
FFY23	\$ -	\$ -	\$ -
FFY24	\$ -	\$ -	\$ 6,695
FFY25	\$0	\$0	\$0
FFY26	\$0	\$0	\$0
Total Available	\$ -	\$ -	\$ 6,695

Emerging Contaminant Banked Authority			
IUP Year	Program Management	Administrative	Technical Assistance
FFY22	\$ 476,394	\$ -	\$ 51,100
FFY23	\$ 467,566	\$ -	\$ 72,800
FFY24	\$ 394,934	\$ -	\$ 102,800
FFY25	\$ 273,009	\$ 8,200	\$ 107,140
FFY26	\$ 247,065	\$ 1,200	\$ 153,400
Total Available	\$ 1,611,903.00	\$ 8,200.00	\$ 333,840.00

Lead Service Line Banked Authority			
IUP Year	Program Management	Administrative	Technical Assistance
FFY22	\$ -	\$ -	\$ -
FFY26	\$ 2,745,600	\$ -	\$ 549,120
Total Available	\$ 2,745,600	\$ -	\$ 549,120

8. Criteria and Method for Distribution of Funds

The State of Vermont will continue to finance projects based on a point system that ranks eligible water supply projects that are ready to proceed. The priority criteria are described in Guidance Document 2, available at <https://dec.vermont.gov/water-investment/water-financing/srf/srf-guidance-documents>

Priority in funding will be given to projects that address the most serious risk to human health, are necessary to ensure compliance with the requirements of the Safe Drinking Water Act and the Vermont Water Supply Rule, and that assist systems most in need according to State affordability criteria.

Projects seeking planning funds are required to be scored using the priority point system and included on the Priority List. The Program was notified of this requirement by US EPA in fall 2025 and updated the 2025 priority lists and 2026 priority list applications accordingly.

8.1. Priority Lists

This IUP has three Priority Lists: General and General Supplemental; Lead Service Line Replacement; and Emerging Contaminants. These Priority Lists, shown in Section 14, identify the projects that submitted complete priority list applications and the total proposed construction funding awards.

Vermont will disburse 100% of its state match up front, followed by federal funds.

The anticipated construction loan recipients are those projects with the highest ranking that comply with the following:

- Under federal requirements, at least 15% of available funds must be used for projects serving communities with populations of less than 10,000 persons. Because the great majority of Vermont's public water systems serve populations <10,000, this requirement is readily met.
- As required in Vermont legislation, funds for private water systems are limited to 20% of the available funds, unless there are insufficient municipal projects ready to proceed and additional funds are available. Funds for private water systems on this priority list are below the 20% limit.

8.1.1. Priority Lists, Funding Eligibilities and Funding under Multiple Grants

Projects may be shown on more than one Priority List due to eligibility and funding considerations.

Notes on Project Priority Lists:

General and General Supplemental

Projects may be funded from either the General or General Supplemental Grants, or a combination of the two, as managed by the DWSRF Program, to meet grant requirements. The selection of the specific grant by the program has no effect on the borrower. The information on the Priority List relative to which grant is used to fund a given project is an estimate.

Emerging Contaminants

The SRF Program prioritizes use of Emerging Contaminants Grant funds to projects addressing PFAS in accordance with United States Environmental Protection Agency guidance. Depending on loan amount and whether all costs are eligible under the Emerging Contaminants Grant, projects may be funded solely under the Emerging Contaminants Grant, or also partially funded by the General Grant. Projects that are only partially eligible under the Emerging Contaminants Grant will need to track all costs according to eligibility.

Lead Service Line

Construction project expenses shown on the Lead Service Line Priority List are estimates of what may be eligible due to lead: full lead service line replacement (LSLR), partial LSLR (but not leaving partial LSL behind), galvanized SLR, lead connector replacement, temporary pitcher filters, and related service line inventory (SLI) creation and updates. Estimates of project expenses not eligible under this list but eligible on the general priority list are shown there. In some cases, overall project expenses will be prorated between the Lead Service Line and General funding sources according to EPA

guidance based on actual project costs (See section E.1. US EPA [2022 Implementation Memo](#) and [November 2025 Additional Eligibilities Memo](#)). Note that since the November 2025 memo, some projects involving both water main replacement and replacement of connected service lines can be funded under LSLR provided they meet certain integrated components requirements and the definition of disadvantaged community.

8.2. Federal Reporting

Environmental benefits will be reported at least quarterly for every loan transaction using the EPA Office of Water SRF reporting system (OWSRF) in Sam.Gov. Federal Funding Accountability and Transparency Act (FFATA) reporting is done via Sam.Gov.

All projects regardless of funding source will need to comply with National Environmental Protection Act (NEPA) review via the Drinking Water State Environmental Review Procedure (SERP), Disadvantaged Business Enterprises (DBEs) reporting, Davis-Bacon, American Iron and Steel and other federal crosscutters as well as applicable grant regulations in 2 CFR Part 200. All projects will comply with applicable signage requirements. Build America Buy America requirements apply to equivalency projects reported for purposes of Federal Funding Transparency Act (FFATA). The Program will identify such projects as necessary to comply with reporting requirements.

9. Subsidy (Loan Forgiveness)

The term “subsidy” refers to forgiveness of loan principal. Subsidy is available to municipalities and private water systems and is offered on a first-come, first-served basis to projects above the funding line. Eligibility requirements are discussed in “Requirements to Secure Additional Subsidy”, section 9.5, below.

9.1. Prior Years Subsidy

This Intended Use Plan makes unused subsidy from the following grants available under the terms of this Intended Use Plan:

2025 General Disadvantaged Subsidy: \$3,817,100

2025 General Additional Subsidy: \$886,123

2025 General Supplemental Disadvantaged Subsidy: \$8,520,698

2022 Lead Service Line Disadvantaged Subsidy: \$4,597,631

9.2. 2026 Subsidy Amounts

The following sections describe the amount of available subsidy and a description of the eligible categories. Subsidy amounts are stipulated per federal law and the Capitalization Grant agreements with EPA. The specific amounts of proposed subsidy are described below. If demand for Additional Subsidy is less than allocated it may be re-assigned for construction subsidy according to the criteria for Disadvantaged Communities.

9.2.1. General Grant

An amount equal to 14% of the grant must be provided as subsidy (“Additional Subsidy”) under eligibility terms set in the Intended Use Plan.

The State must use at least 12% but no more than 35% of the grant to provide subsidy to Disadvantaged Communities. The SRF Program intends to use the full amount of available Disadvantaged Subsidy (35%).

9.2.2. General Supplemental Grant

Per the Bipartisan Infrastructure Law, an amount equal to 49% of the grant shall be provided as subsidy to Disadvantaged Communities.

9.2.3. Lead Service Line Grant

Per the Bipartisan Infrastructure Law, an amount equal to 49% of the grant shall be provided as subsidy to Disadvantaged Communities.

9.2.4. Emerging Contaminants

Per the Bipartisan Infrastructure Law, an amount equal to 100% of the grant, net after set-asides, shall be provided as subsidy, with at least 25% going to Disadvantaged Communities or public water systems serving fewer than 25,000 persons.

9.2.5. Summary Table: Available Subsidy by 2026 Grant

Per the FFY25 appropriations language, subsidy shall be provided as follows.

2026 Grant	Subsidy Proposed	Eligibility Requirements Per EPA Grant Agreement
General	\$ 538,880	No Restrictions (Additional Subsidy)
	\$ 1,344,700	Disadvantaged Communities
General Supplemental	\$12,195,120	Disadvantaged Communities
Emerging Contaminants	\$ 6,634,465	At least 25% of subsidy to Disadvantaged Communities or systems serving < 25,000 persons
Lead Service Line	\$13,453,440	Disadvantaged Communities

9.3. Subsidy Categories

All loan forgiveness is offered on a first-come, first-served basis to projects above the funding line. Eligibility requirements are discussed in “Requirements to Secure Additional Subsidy”, Section 9.5, below.

9.3.1. Summary Table: Available Subsidy by Initiative Category (Inclusive of any Prior-Year Subsidy)

Grant	Initiative	Amount
General		
	Planning (Additional Subsidy)	\$ 1,424,003
	Construction (Disadvantaged Subsidy)	\$ 5,161,800
General Supplemental		
	Construction (Disadvantaged Subsidy):	\$ 16,012,220
Lead Service Lines		
	Planning and Construction (Disadvantaged Subsidy)	\$ 18,051,071
Emerging Contaminants		
	Planning and Construction (Additional Subsidy):	\$ 6,664,465

9.3.2. Planning Subsidy

Supports Short Term Goal #5: Financing of Planning Activities

Planning includes feasibility studies, asset management planning (where not funded under LAWPL set-aside), preliminary engineering reports, final design, and source exploration and development.

9.3.2.1. Planning Subsidy Category 1: General

Planning projects will receive loan forgiveness (Additional Subsidy) as follows:

- 25% loan forgiveness, up to \$100,000 per project, per loan step (i.e. Step 1, Step 2)

9.3.2.2. Planning Subsidy Category 2: Lead Service Lines

Planning and design for eligible Lead Service Line projects may receive loan forgiveness as follows:

- For water systems with a local Median Household Income (MHI) less than or equal to 125% of State Median Household Income, 100% loan forgiveness up to \$100,000 and 50% subsidy for the portion over \$100,000. The initial \$100,000 forgiveness is offered once per water system inclusive of all previously received Lead Service Line Grant subsidy for inventory, planning, and design phases. If the system received set-aside contract assistance, that is not counted against the \$100,000 forgiveness
- Depending on the availability of subsidy after all projects are funded and actual disbursements are reviewed, subsidy may be increased up to 100% of total approved costs.

9.3.2.3. Planning Subsidy Category 3: Emerging Contaminants

Planning and design loans are eligible for loan forgiveness as follows:

- 100% forgiveness.

9.3.3. Construction Subsidy

Construction subsidy is available based on the following grant categories.

9.3.3.1. Construction Subsidy Category 1: General and General Supplemental
Eligible Disadvantaged Community construction projects may receive loan forgiveness as follows:

- Disadvantaged Communities: Up to 50% loan forgiveness.

9.3.3.2. Construction Subsidy Category 2: Lead Service Lines
Eligible construction projects per Section 9.4.2.2. may receive loan forgiveness as follows:

- Disadvantaged Communities: 50% loan forgiveness.

9.3.3.3. Construction Subsidy Category 3: Emerging Contaminants
All construction projects may receive 100% loan forgiveness, with loans capped at \$5,000,000 in Emerging Contaminant Grant funds.

9.4. Disadvantaged Community Subsidy

The following sections describe the DWSRF Program's approach to the allocation of disadvantaged community subsidy under this Intended Use Plan.

9.4.1. General Grants Disadvantaged Community Subsidy

For purposes of this Intended Use Plan, construction projects eligible for funding under the General and General Supplemental grants are eligible to receive disadvantaged community subsidy if they meet the statutory definition of disadvantaged municipality in 24 VSA §4752(12). The definition includes municipal or service area Median Household Income (MHI) and calculations are described in Vermont DWSRF Guidance Document 10. Income measurements are determined using Median Household Income. This information will be obtained from the American Community Survey's most recent 5-year rolling average MHI using the most current data available on the date the corresponding Intended Use Plan year was finalized, or based on an approved income survey, or other method as approved by the Secretary. The procedures for conducting and approving income surveys and the requisite record keeping will be in accordance with the Vermont State Revolving Fund's established Guidance Document #11: Median Household Income Determination or as determined by an equivalent method. Disadvantaged community projects may receive longer loan terms up to 40 years depending on project useful life and may receive a lower administrative fee rate. A project may receive this subsidy, pending availability of this form of subsidy from this Intended Use Plan cycle, up to the level that would reduce the annual household user rate to 1% of MHI post-project, and not to exceed 50% principal forgiveness.

9.4.2. Lead Service Line Grant Disadvantaged Community Subsidy

The Infrastructure Investment and Jobs Act, requires states to provide 49% of the Lead Service Line grant to disadvantaged communities in the form of loan forgiveness.

Because communities with lead service lines are appropriately considered disadvantaged, and to ensure communities can take full advantage of the Lead Service Line Grant funds, the Department is hereby continuing the scope of disadvantaged community subsidy eligibility for purposes of the FFY 2026 Lead Service Line Intended Use Plan. To emphasize, because the subsidy requirement in the grant from EPA is a specific amount (49%), rather than a range or not to exceed amount, and because it is a large percentage of the grant, any underutilization of subsidy would limit the overall amount of available loan funds, and vice versa. It is in the public interest to ensure maximum utilization of Lead Service Line funds, including providing funding to disadvantaged communities.

9.4.2.1. Lead Service Line Planning Loans

For purposes of planning and design loans for lead service line inventories and replacements funded under the Lead Service Line IUP, “disadvantaged community” shall mean a municipality or served area of a municipality that has a median household income (MHI) less than or equal to 125% of the state median household income. These communities shall be eligible for loan forgiveness for lead service line inventories as described in section 9.3.2.2.

9.4.2.2. Lead Service Line Construction Loans

For purposes of construction loans funded under the lead service line IUP, “disadvantaged community” shall mean an applicant municipality or served area that:

- (1) has a median household income (MHI) less than or equal to 125%, of the State average median household income as determined by the Secretary.

These disadvantaged communities shall be eligible for 50% loan forgiveness for construction loans funded under the lead service line IUP.

The Department notes that for Lead Service Line construction loans the above eligibility criteria for disadvantaged community subsidy are similar to the definition of “disadvantaged municipality” in 24 VSA § 4752(12). The eligibility criteria for disadvantaged community subsidy differ from the §4752(12) definition of disadvantaged municipality in that there is an eligibility cap of 120% of the State average median household income under the eligibility criteria, and the amount of subsidy is based on a percentage (50%) of the loan. The above criteria for allocation of disadvantaged community subsidy apply only to construction projects funded by the Lead Service Line SRF.

9.5. Requirements to Secure Subsidy (Loan Forgiveness)

The Department establishes the amount of available subsidy on an annual basis in the Intended Use Plan, consistent with the requirements of the State’s capitalization grants. All subsidy is awarded to recipients and project types that are eligible for subsidy on a first-come, first-served basis.

Subsidy is considered reserved for a project once DWSRF has received the following:

- Complete funding application (see below for specifics for each loan type).
- Approved Engineering Services Agreement.

9.5.1. Funding Application Requirements

The list below identifies the required elements of a complete funding application for each step unless it is inapplicable to the project. The SRF Program will notify borrowers when they have secured additional subsidy.

Step 1 (Preliminary engineering)

- Complete loan application required
- Draft Engineering Services Agreement

Step 2 (Final design)

- Complete funding application
- Draft Engineering Services Agreement
- Preliminary Engineering Report Approval from DWGPD engineer

Step 3 (Construction)

- Complete funding application
- Draft Engineering Services Agreement
- Bond Vote Certification and Counsel Opinion letter
- All permits in place, including DWGPD Source, DWGPD Construction, Act 250, Wetlands and Stormwater, as required
- Environmental review determination complete
- All necessary prior step engineering approvals, including preliminary engineering

9.6. Municipal School Subsidy

Municipally owned non-transient, non-community school water systems are categorically disadvantaged per State statute and are eligible for up to \$25,000 in construction loan principal forgiveness; there is no further subsidy provided to these applicants with the exception of municipal school projects funded under the Emerging Contaminants Grant. Because all Emerging Contaminant Grants funds are required to be 100% forgiven the only applicable Emerging Contaminant subsidy limitations are those identified in this IUP.

10. Program Updates and Guidance

10.1. Priority List Ranking

A potential loan applicant must submit a priority list application during the open application period. Only construction projects that have previously submitted an administratively complete Preliminary Engineering Report (PER) or Permit to Construct (PTC), or the equivalent as determined by the DWGPD, will be scored and ranked for potential construction loan (step 3) funding. The program encourages those projects without a PER or PTC to apply for a planning/design loan. If additional loan funds are available and/or other projects are bypassed, the priority list may be reopened for priority

list applications and amended up to twice per fiscal year based on a public participation process. If a project has made progress since the original IUP adoption, it may reapply at that time; note that it will also likely receive a higher point score.

10.1.1. Continuing Projects

For purposes of this IUP, a continuing project shall mean a project that was listed on an earlier IUP year priority list, received prior approval for a construction loan or is expected to receive approval by the adoption date of this IUP, and applied in February 2026 to be on this priority list.

The funding request shown for continuing projects shall be the identified additional need beyond the current or anticipated loan (which may be \$0). Continuing projects shall be shown and ranked at the top of the priority list, in point order.

10.1.2. Readiness to Proceed and Priority List Bypass

Projects must meet the following readiness to proceed milestones by the following dates. The milestones are applicable to projects seeking construction funding unless otherwise specified.

Planning and Design Funding Dates:

- January 1, 2027: Submit a draft ESA and complete loan application for the applicable step (Step 1 or Step 2) for which the project is seeking funding.
- May 1, 2027: For projects that are not initially in the fundable range on the Priority List that are later notified of funds availability following bypass, they shall submit a draft ESA and complete loan application for the applicable step (Step 1 or Step 2) for which the project is seeking funding by this date.

Construction Funding Dates:

- December 1, 2026: Submit 90% design drawings to DWGPD. A project with a current construction permit for the same project scope already meets this milestone;
- January 1, 2027: Submit a signed and administratively complete Environmental Information Document (for SERP review);
- January 31, 2027: Schedule a bond vote and submit a copy of the warning to WID;
- May 1, 2027: Receive voter authorization via the bond vote, or board resolution for private borrowers; and,
- May 1, 2027: Submit complete Step III/Construction loan application (all required items have been completed and submitted).
- Projects above the funding line that do not meet the Construction Funding criteria may still apply for planning and design funding, subject to the bypass criteria for Planning and Design Funding, above.

Projects failing to meet these milestones will be bypassed and expected to reapply for the following funding cycle. This may make funding available for projects below the funding line. Further, any projects that confirm to SRF Program staff that they have secured funding through another source will receive notification of bypass.

10.1.3. Emergency Funding Procedure

Systems either on or off the Priority List that experience an emergency resulting in an imminent and substantial threat to the public health may bypass all other projects and may be assigned top priority. Emergency additions to the Priority List will result in the lower priority projects identified as Anticipated Loan Recipients being bypassed. The number of projects bypassed will depend upon the amount of funds needed to cover the emergency. The determination of an imminent and substantial health risk for cases involving chemical contamination or a potential disease outbreak is the responsibility of DEC in consultation with the Department of Health. The determination of an emergency resulting from a water system failure that requires immediate attention to protect the public health is the sole responsibility of DEC. Projects that may be required to address such a health risk could involve installation of treatment facilities, construction of a new water source, or replacement of a failed system element. The bypass procedure is detailed in the DWSRF Program's Guidance Document #16, available [here](#)

10.2. Planning Loans

Planning loans are not currently accepted on a rolling basis with the exception of Asset Management Plan (AMP) loans. Most AMPs are funded by the LAWPL set-aside described above, but an AMP can be funded under the general grants as a step 1 loan for private water systems or the portion of municipal AMPs in excess of \$50,000.

This IUP may be amended in the future to allow for planning loans to be funded via the LAWPL set-aside.

As of this 2026 Intended Use Plan, repayment of planning loans will begin three years following the loan agreement date. Previously, the repayment start date was five years. Under federal regulations loan repayment must begin with eighteen (18) months following completion of the project. The three-year period complies with this requirement; based on the Program's experience, when accounting for the time necessary to complete the planning project, including receiving DEC approval, entering repayment within three years of the loan agreement will effectively be no later than eighteen (18) months from project completion.

As of the 2025 Intended Use Plan, the SRF Program included planning loans on the Priority List. In previous years applications for planning loans were accepted on a rolling basis and funded through a put-aside on the Priority List. Although individual projects were not included on a priority list, they were identified on each year's Annual Report to US EPA.

10.3. ANR Online Funding Application

Loan applications and associated documentation must be submitted through ANR Online [ANR Online Link](#). A loan application will be considered complete when the form and all required documentation are uploaded to ANR Online and the applicant clicks the Submit button. The documentation required for loan applications varies by project step. Applicants with questions about required documentation are encouraged to reach out to a Drinking Water Project Developer with questions.

Applicants should begin the review process for their draft Engineering Services Agreement (ESA) prior to obtaining other documentation required to submit a complete loan application. Applicants may work directly with the relevant DEC engineering staff to secure review of their ESA, however no formal loan action will be taken prior to submittal of a complete loan application.

It should be noted that submittal of a completed application is not sufficient to lock in additional subsidy as the project needs relevant approvals as detailed in the additional subsidy portion of this Intended Use Plan.

10.4. Guidance Document Updates

The SRF Program attempts to continuously update Guidance Documents. Guidance Document 2 was updated in December, 2025 to account for the requirement that planning and design loans submit a Priority List application.

10.5. Administrative Fee and Disadvantaged Community Subsidy for Manufactured Home Communities, (MHCs)

This Intended Use Plan continues a maximum administrative fee of 1.5% for all non-profit or cooperatively-owned manufactured home communities (MHCs), also known as mobile home communities. Actual loan term, administrative fee, and any principal forgiveness are determined in accordance with Guidance Document 10. Guidance Document 10 will be updated upon adoption of the final Intended Use Plan.

As of June 17, 2026, Act 163 of the Vermont State Legislature amended state statute (24 V.S.A. §§ 4752 and 4771) to allow certain mobile home park water systems to more readily qualify for disadvantaged community subsidy. Under the revised statute, eligible systems are those privately owned nonprofit community type systems that serve a majority of the users who reside in a nonprofit- or resident-owned mobile home park registered with the Department of Housing and Community Development pursuant to 10 V.S.A. § 6254.

Eligible systems will qualify for a 40-year repayment schedules, 0% administrative fees and 50% loan principal forgiveness without the need to demonstrate conformance with the income level and household user cost requirements of 24 V.S.A. § 4771 nor are they limited to receiving principal forgiveness of no more than one percent of the median household income of the applicant water system.

10.6. US Environmental Protection Agency (EPA) Performance Evaluation Review

EPA undertakes an annual Performance Evaluation review for the Drinking Water SRF Program. The most recent Program Evaluation Review conducted by EPA Region 1 covered State Fiscal Year 2025. State Fiscal Year 2025, which runs from 7/1/2024 to 6/30/2025, was covered by the 2024 Intended Use Plan. The Program Evaluation Review identifies Action Items requiring follow up by the Drinking Water SRF Program. The following is a summary of open Action Items for the 2025 Performance Evaluation Review. As of the date of this draft Intended Use Plan, EPA's 2025 Performance Evaluation Review report was in draft form. The final Intended Use Plan will be revised to include any changes in the final version of the Performance Evaluation Review report. Additionally, the Drinking Water SRF Program issues an Annual Report to EPA that covers program operations and addresses action items identified by EPA in their Review.

2025 Program Evaluation Review (PER) Action Items from US EPA:

Follow Up from 2024 PER

1. **Action Item from last year Action Item 1 & Action Item 8:** The information used to calculate Lines 116 and 119 must be adjusted as the Set-Aside Spending Rate exceeded 100% SFY 2018 - 2022. The Set-Aside Spending Rate should not exceed 100%. To resolve this, the State will need to review their Annual SRF reporting data and determine what information needs to be revised. This is a repeat finding from FY21 and FY22 PER's.
 - a. **Status:** Resolved. The state sent the required adjustments to EPA in a timely fashion. The delay with the data being uploaded was due to EPA's workload as well as the government shutdown. The update is reflected in their NIMS data.
2. **Action Item from last year Action Item 2 & Action Item 9:** The State will provide EPA Region 1 with a Corrective Action plan by August 29, 2025. This corrective action plan should provide a detailed plan on how VT DEC plans to improve upon their Ratio of Undisbursed Project Funds compared to Disbursements (10yrs worth of disbursements on hand), Uncommitted Fund Ratio (2.5 years), Assistance provided as a percent of funds available (76.3%), and Disbursements as a percent of Assistance provided indicators. This plan should encompass the loan, disbursements, and commitments improvements that have been put in place along with the added staffing that has occurred recently.
 - a. **Status:** Ongoing - The Draft document was sent by the deadline of August 29, 2025. The document was finalized 02/26/2026. EPA staff believe the CAP will be an iterative document. The EPA and State discussed the plan during a meeting at the Annual Review. The agreement by both parties was for the State to come up with an optimized iteration for FY26 by September 30, 2026.

3. **Action Item from last year Action Item 10:** Review internal policies and procedures relating to the utilization of the FIFO method to better adhere to the National ULO Reduction Strategy. Multiple draws from both project funds and set asides for the FY22 and FY23 IIJA Supplemental grant, and the FY21, FY22, and FY23 base cap grants did not adhere to the FIFO method and is contributing to outstanding ULOs on more than 2 open capitalization grants at a given time. The state should provide the ULO Strategy improvements that will be implemented via the Corrective Action Plan.
 - a. **Status:** Ongoing – Draft document was sent by the August deadline. The document was finalized 02/26/2026. EPA staff believe the CAP will be an iterative document. The EPA and State discussed the plan during a meeting at the Annual Review. The agreement by both parties was for the State to come up with an optimized iteration for FY26 by September 30, 2026.
4. **Recommendation 3:** EPA recommends adding the following Cross Cutters and Acts to the state's bid documents and construction contracts:
 - a. The Age Discrimination Act of 1975
 - b. Section 13 of the Federal Water Pollution Control Acts Amendments of 1972
 - c. Section 504 of the Rehabilitation Act of 1973
 - d. Title VI of the Civil Rights Act
 - i. Status: Ongoing. The state is now reviewing these crosscutters. At the review this year, it was discussed that the state could streamline these efforts by creating front end documents or inserts for bid documents and construction contracts.
5. **Action Item 11:** Review and Correct OWSRF and/or the upcoming annual report to ensure commitment amounts are aligned between the two. Make any necessary corrections and updates to OWSRF by *September 30th, 2025*, and/or make any necessary corrections and updates to the upcoming annual report, which is due by *September 30th, 2025*. Note that **this is a repeat finding**.
 - a. **Status:** Complete
6. **Action Item 12:** The 2025 Annual Report must contain a plan that identifies the project(s) that will use the remaining 2022 IIJA Supplemental, EC, and LSLR, the 2023 Base, and the 2023 IIJA subsidy funds, along with milestones for each project showing the path to an executed agreement. If the subsidy commitment is met prior to *September 30th, 2025*, for any of these funding pots, please notify the EPA Region 1 at that time. The IUP for the 2025 capitalization grant should indicate any additional subsidy from previous years that still must be committed to projects.
 - a. **Status:** Ongoing. Obligation for 2022 and 2023 has been completed for IIJA EC grants. However, the state is still finding projects to commit for 2022 and 2023 general funds. This will be another action item this year.
7. **Recommendation 4:** Compare additional subsidy amounts with your project officer by September 30, 2025, to determine how much past additional subsidy is available for utilization.
 - a. **Status:** Due to EPA staffing changes, this was not completed. EPA will meet with the state in fall 2026 to compare reporting and additional subsidy amounts.

8. **Recommendation 5:** To assist with making continuous program improvements, EPA recommends attending in person SRF Project Management Training, Financial Literacy Trainings, CIFA, and NEWWA conferences
 - a. **Status:** Due to workload constraints, staff did not attend in-person training. EPA will continue to recommend this to help with making continuous program improvements.

Action Items and Recommendations for this Year's Review

1. **Action Item:** Display the funding sources and commitments of each project on the 2026 Annual Report.
2. **Action Item:** Report the projects receiving additional LSL funding through integrated components in the 2026 IUP by **July 12, 2026**. Should the binding commitments not be met, the IUP shall also include a plan to utilize the remaining funding.
3. **Action Item:** Notify EPA once VT DEC complies with the Memorandum of Agreement with VBB regarding quarterly reconciliations.
4. **Action Item:** The State will provide EPA Region 1 with an updated Corrective Action Plan by September 30, 2026. This corrective action plan should provide detailed status on how VT DEC has made improvements upon their ULO Strategy, Ratio of Undisbursed Project Funds compared to Disbursements (10yrs worth of disbursements on hand), Uncommitted Fund Ratio (3.1 years), Assistance provided as a percent of funds available (77.3%), Set-Aside usage, and Disbursements as a percent of Assistance provided indicators.
5. **Action Item:** The State will correct FFATA reporting in Sam.gov beginning with Fiscal year FY2022 and forward. The current method the State is using goes against the FFATA requirements.
6. **Action Item:** Ensure that all contracts for all projects include socioeconomic crosscutter requirements such as The Age Discrimination Act of 1975, Section 13 of the Federal Water Pollution Control Act Amendments of 1972, Section 504 of the Rehabilitation Act of 1973, and Title VI of the Civil Rights Act of 1964.
7. **Action Item:** Ensure that all contracts for all federal projects include federal crosscutter requirements such as Section 306 of the Clean Air Act, Section 508 of the Clean Water Act, DBE, Suspension and Debarment, Build America Buy America, and other crosscutters as applicable.
8. **Recommendation:** Work with EPA to develop front-end contract documents to standardize requirements for federally funded project contracts. Additional standard documents can also be developed for non-federally funded projects.

9. **Action item:** Ensure that equivalency projects including non-construction projects meet the signage requirements.
10. **Action item:** Incorporate the existing policy in the FY2027 IUP to include the justification and standard practice of 5 years to plan and/or design the project.
11. **Action Item:** The 2026 Annual Report must contain a plan that identifies the project(s) that will use the remaining 2022 IIJA Supplemental, 2022 IIJA LSL, 2023 Base, 2023 IIJA Supplemental funds, 2024 Base, 2024 IIJA Supplemental, and 2024 IIJA along with milestones for each project showing the path to an executed agreement. If the subsidy commitment is met prior to 9/30/26 for any of these funding pots, please notify the EPA Region 1 at that time. The IUP for the 2026 capitalization grants should indicate any additional subsidy from previous years that still must be committed to projects.
12. **Action Item:** Meet with EPA Region 1 in October 2026 to ensure OWSRF additional subsidy data matches what was provided in OWSRF.
13. **Recommendation:** Evaluate the existing staff needs and consider utilizing different roles (i.e. scientist, analysts, and other non-technical positions) to benefit the program.
14. **Recommendation:** Have state staff attend CIFA meetings, EPA workshops such as SRF Program Implementation Training and Financial Literacy Training, and SRF trainings run through other organizations.
15. **Recommendation:** Evaluate the SRF program and determine if their processes are still working for the current program.
16. **Recommendation:** Delay applying for the FY26 Capitalization Grants until the second year to obligate and expend existing funds.

11. Public Participation

The SRF Program recognizes that public participation is an integral element in the development of an effective program. Additionally, water systems are routinely directed to the DWSRF by DWGPD staff, especially when a deficiency or SDWA violation has been identified.

On January 8, 2026, the Department notified municipalities and other interested parties to submit a priority list application to be reviewed for possible inclusion on the Priority List for Federal Fiscal Year 2025 (State Fiscal Year 2026). Applications were due February 6, 2026.

The draft Intended Use Plan was released on July 16, 2026. A public hearing invitation to participate was sent via email to all entities in the contact list and directions to participate via Microsoft Teams, telephone, or in person were posted on the SRF website and on the state library public hearing calendar. A hybrid virtual/in-person public hearing was held on August 19, 2026, at 12:30 PM at the Catamount Room of the National Life Building, 1 National Life Drive, Montpelier. Public comments on the draft IUP were accepted at both the public hearing, and in writing until 5:00 PM on August 25, 2026.

12. Responsiveness Summary

The following responsiveness summary addresses comments received during the public comment period and during the public hearing. Where comments have potential applicability to both the draft Drinking Water IUP and draft Clean Water IUP the comments are included in the response summaries for both IUPs.

Comment 1: (Aldrich + Elliott, PC)

For the Town of Shelburne Route 7 Waterline Project a “2026-2027 Loan Estimate” was not provided in the IUP. The priority list application submitted by the Town stated an estimated loan amount of \$7,900,000. Please clarify the reasoning for this omission.

Response: The dollar amounts shown per project on the priority list are estimates based on the priority list application, as reviewed by DEC staff. Those estimates are not a maximum per project; actual loan amounts are based on loan applications and underlying loan approvals. To ensure that we are able to make full use of funds we avoid assigning dollar amounts to projects that are not likely to use funds in the current Intended Use Plan cycle. In the case of this project, Shelburne Water Commission minutes note that for the Rte 7 project “Proposed Start date moved From Spring 2027 to Spring 2028”. With that said, the project is ranked above the funding line based on priority points and may apply for construction phase funding if it is ready on this IUP cycle.

Comment 2: (Aldrich + Elliott, PC)

The Town of St. Albans submitted a priority list application for the “St. Albans Bay Water Extension” in the amount \$230,000 in planning funds. This project was not included in the IUP. Please clarify the reasoning for this omission.

Response: The project in question is not eligible for Drinking Water SRF funding under federal regulations because it is for water system expansion, without an

identified public health issue. This determination has been provided previously to A +E and the Town.

Comment 3: (Aldrich + Elliott, PC)

Please clarify the reasoning for the moving the Step III Construction Loan Application readiness to proceed milestone to May 1, 2027. The construction loan application is a major lift for many communities. If a bond vote passes in March, this leaves less than two (2) months for a community to draft a Step III Loan Application and present it to their municipal board for approval and execution. I would encourage the State to consider moving this back to June 30th or the previous milestone deadline of July 31st.

Response: The SRF Program is required to make timely and expeditious use of all available funds, meaning our goal is necessarily to fully obligate these funds during the IUP cycle, which ideally coincides with the state fiscal year. Past experience has shown that having the final bypass date coinciding with the end of the state fiscal year (6/30) means that for the projects that don't succeed in submitting their loan applications the SRF Program is not able to obligate those unused funds for other projects during the IUP cycle. We appreciate that this will require borrowers and their representatives to accelerate their process for developing their loan applications.

Comment 4: (Aldrich + Elliott, PC)

No longer accepting planning loan applications on a rolling basis is a monumental change. It seems premature to institute this change in FFY2026 without clearly defining how this would be managed and allowing communities the opportunity to submit planning loan application projects. It's counter to the SRF initiative enacted several years ago to encourage and prompt the use of DWSRF monies, by limiting priority list applications to projects only demonstrating readiness to proceed, which included either a finalized preliminary engineering report or a permit to construct. I would suggest this initiative be postponed until FFY2027 to allow for further discussion and planning with stakeholders.

Response: The SRF Program believes the previous practice of accepting planning loans on a rolling basis was successful in supporting these projects and developing a project pipeline. However, based on directives from US EPA loans funded from the SRF account need to be scored and ranked on our Priority List. We do not have the discretion to postpone implementation until the 2027 IUP. For this IUP (2026) the program did solicit applications for planning loans and there are planning projects ranking above the funding line. Due to the overall demand for funds there

will be a significant number of both construction and planning projects that may not be offered funding this year. The program will be evaluating options for developing a funding source dedicated to planning projects, or to otherwise find a means to ensure that they are not improperly disadvantaged in terms of priority when competing with construction projects, while maintaining compliance with federal Safe Drinking Water Act prioritization requirements related to serious health risk, compliance and affordability. One option may be to use existing Local Assistance Set-Aside funds that are currently dedicated to Asset Management Plan loans for planning. The SRF Program will be further evaluating this option in the near future and will amend this Intended Use Plan if we determine this approach is advisable.

Comment 5: (City of Burlington)

Issues related to the new requirement to rank planning/design phases of projects for the DWSRF:

a. We understand that this is not being driven by policy decisions made by VTDEC, but we urge VTDEC to take immediate action to ensure that early phase of projects are still able to access SRF funds.

b. Good capital projects derive from Good Planning. City Councils and Boards are not as supportive of "planning" projects because they want things BUILT. Having access to 0% borrowing has always made these planning stage borrowing requests "sail through" even without the same "appeal" of being a construction project.

c. Under State Law, borrowing authority is not required for the planning and final design phase of projects when SRF is being used. I believe that that is NOT the case when financing other than SRF is being used; our current bond authority was primarily focused on projects that are further along in the phasing and unfortunately did not plan for the current situation where we would need to access that borrowing authority for our ongoing planning costs. As such, we will potentially either need to defer known capital projects or try to gain additional vote approval for borrowing related to planning projects, which will not be easy. Beyond that, are the implications of using revenue bonds (with much higher borrowing costs) for planning.

d. At a minimum, the priority points MUST be updated to reflect this new reality and potentially to have different priority criteria for different phases of the project and different allocations of funds.

Response: Please see the response to Comment 5. Additionally, the SRF Program acknowledges the challenge that the change to planning loan prioritization brings to borrowers.

Comment 6: (City of Burlington)

Bypass criteria need to be updated and there need to be more frequent bypass milestones so that any project that does get ranked lower (due to construction projects likely always ranking higher) has a chance of moving up the list quicker and getting funded in a given year.

Response: The SRF Program supports further evaluating bypass (readiness) criteria as described in Section 10.1.2. For this IUP, the readiness dates were moved up compared to the 2025 IUP. Based on public comment on the draft IUP, we have added readiness criteria for planning loans as well. Looking ahead, the program will be evaluating these criteria in order to develop a Priority List that funds projects with a high degree of certainty of moving forward during the IUP year and to prevent projects from tying up funding that would otherwise go to other projects.

Comment 7: (City of Burlington)

Prior to publishing the final IUP, VTDEC should have some sort of readiness to proceed review of the projects on the priority list. For instance, Burlington has two fully executed ESA's for our planning work and that should be given some deference over a project that is higher on the list but for which NO pre-work has been done. Or, as mentioned above, there should be additional readiness to proceed criteria earlier on in the fiscal year so that other communities don't have to wait.

Response: Please see the response to Comment 6. The program supports this approach and will be looking to move further in this direction under the 2027 IUP. We also acknowledge that communities are very familiar with our current requirements and schedule so we will be making an effort to provide notice regarding changes.

Comment 8: (City of Burlington)

Given that the combination of factors - the requirement to rank planning projects, the transfer of \$50M of DWSRF to CWSRF etc. - has created an entirely different ball game, we request that the WID allow for updated priority list applications before they finalize the IUP so that the most up to date information on these projects can be evaluated to ensure the correct placement on the priority list. Furthermore, we request that the asset management points allowed in the IUP be more expansive than just an "approved asset management plan" – and consider whether or not a

community meets the requirements of Guidance #26 not through a stand alone document but through an evaluation of whether or not the municipality has a functional asset management PROGRAM which is an on-going, living process.

a. We are sending, under separate cover, our justification for Burlington projects receiving all or some portion of those points if WID is willing to consider updates to the priority list applications and a broader definition of those AMP points as part of this public comment period.

Response: For the sake of timeliness in adopting the Intended Use Plan the program is not re-soliciting priority list applications nor accepting revisions to submitted applications. We also note that solicitations for the 2026 Priority List application did include notification that projects seeking planning fund would need to submit an application. As noted, there are planning projects above the funding line as well as a significant percentage of both construction and planning projects below the funding line.

Comment 9: (City of Burlington)

The majority of the comments will also apply to the CSWRF program if the same process regarding planning projects happens in CWSRF. We look forward to working with WID to figure out how to approach these new rules and requirements while still ensuring a good pipeline of projects and providing some level of funding certainty to all communities in Vermont.

Response: The Clean Water SRF Program has more flexibility in terms of being able to dedicate a portion of funding to planning projects. In terms of priority list bypass/readiness, these comments will be addressed as part of the final Clean Water IUP.

Comment 10: (Dufresne Group)

I am concerned with the proposed change to rank planning and design projects together with construction projects for DWSRF funding. The project-readiness criteria inherently disadvantage planning projects because points are awarded for milestones such as permit issuance and bond authorization that generally have not occurred at the planning stage. As demonstrated by the draft Priority List, this results in many planning and design projects falling below the fundable line.

Access to DWSRF planning loans is critical to maintaining Vermont's pipeline of water infrastructure projects. Many small water systems do not have sufficient reserves to fund planning and design on their own. Without this funding,

communities may be unable to begin project development or may need to pursue voter-authorized borrowing simply to finance the work necessary to develop a construction-ready project.

Planning and design are what allow projects to become construction-ready and should not be required to compete with construction projects under criteria that favor projects already further along in development.

I strongly encourage WID to advocate to the EPA for restoration of a dedicated planning loan set-aside. In the interim, WID should establish a separate allocation or ranking approach that ensures planning and design projects have meaningful access to DWSRF funding. Maintaining accessible planning financing is essential to keeping Vermont's water infrastructure projects moving forward.

Response: Please see the responses to Comments 4 and 5. We also note that the SRF Program engaged US EPA exhaustively on the matter.

Comment 11: (Town of Stowe, Green Mountain Water Environment Association/GMWEA)

I wish to affirm my comments at the Public Hearing that that the \$50M transfer from DW to CW gives GMWEA great pause. Unfortunately, the timing of issuance of the IUP's and public comment period, in the middle of August and vacation season, does not allow sufficient time for us to more fully engage our membership and Board to meaningfully engage on this important policy choice of the WID. I did have a follow up conversation with Bryan Redmond who pretty much echoed your comments regarding Fed pressure to advance projects and it likely being prudent to advance CW projects apparently more shovel ready to satisfy those concerns. We hear that but also cannot help feeling a bit overwhelmed by various DW demands including PFAS and Lead and Copper Rule revisions, without currently recognized sources of adequate financial support, to feel comfort in the prudence of the proposed \$50M transfer from DW.

Response: The SRF Program appreciates that the transfer of funds from the Drinking Water SRF (DWSRF) to Clean Water SRF (CWSRF) is significant. Our general approach was guided by a goal of proportionally funding infrastructure needs across both the CWSRF and DWSRF priority lists. To meet this goal necessitates transferring funding from the DWSRF to the CWSRF. We also note that we are required to make timely and expeditious use of funds, meaning all available funds should be obligated during the year. Given that less than half of all projects on a given Priority List have typically moved forward we would have almost

no likelihood of being able to use all DWSRF funds this year without the transfer. As federal pressure to fully obligate our funds increases, we could be faced with not qualifying for the federal capitalization grants that sustain our program should we not make full use of funds. Allocating the available funds across both the CWSRF and DWSRF creates a consistent and competitive funding environment where we are providing funding for approximately 40% of identified demand. For the DWSRF we will still have approximately \$50MM available for loans and an additional \$27MM when the Department applies for the Lead Service Line Grant; full utilization of these funds will be a record for the Program. Finally, reserving funds for future needs is not a permissible option.

Comment 12: (MSK)

Reduction in Planning Loan Repayment Period

The draft IUP proposes to reduce the repayment start date for non-AMP planning loans from five years to three years following execution of the loan agreement. We respectfully oppose this change.

Drinking water projects funded through this program routinely require multiple years to complete planning, preliminary engineering, environmental review, final design, permitting, easement acquisition, public outreach and bond votes before construction funding can be secured. Many communities are already experiencing project development timelines that exceed three years through no fault of the applicant.

The five-year repayment period has historically recognized these realities and provided communities with sufficient time to advance projects from concept through construction financing. Requiring repayment after only three years may place financial pressure on communities before they could realize the benefits of the planning effort or secure construction funding. This may discourage municipalities from pursuing planning projects, particularly for exploratory or complex projects involving source development, storage improvements, interconnections, PFAS mitigation, or treatment upgrades.

The shortened repayment schedule will increase administrative burden for both borrowers and program staff by forcing more frequent repayment deferral, amendment, or exception requests for projects that are progressing in good faith but have not yet reached construction readiness. This concern is amplified by the fact that EPA Performance Evaluation Review action items cited in the draft IUP

reference the established practice of allowing up to five years to plan and design projects. We respectfully request that the Department retain the existing five-year repayment commencement period for planning loans or, alternatively, establish a clear extension process for projects demonstrating reasonable progress toward construction.

Requested revision: Retain the existing five-year planning loan repayment commencement period.

Response: We acknowledge the benefits of using a five-year repayment start date. The Program revised the planning loan repayment start date at the direction of US EPA. Because all Drinking Water loans are required under federal regulations to begin repayment with 18 months of completion of the funded deliverable, and because we lack evidence that a five-year repayment start date will meet that requirement, we revised it to three years. We note that the Vermont SRF Program was an outlier amongst SRF programs in applying a five-year repayment start date.

Comment 13: (MSK)

Ranking Planning Projects on the Priority List

The draft IUP indicates that planning loans are no longer accepted on a rolling basis and instead must compete through the annual Priority List process.

We understand that EPA requires projects receiving DWSRF assistance, other than emergency projects, to be ranked using the State's priority system and to go through public review prior to receiving assistance. However, that requirement does not appear to require Vermont to limit planning-loan access to a single annual application cycle, nor does it appear to prohibit periodic priority list amendments, a separate planning-loan priority list or rolling admission.

Historically, the rolling application process allowed municipalities to initiate planning activities when infrastructure deficiencies were identified, when grant opportunities became available, or when local circumstances created a need for immediate evaluation of potential solutions. Requiring planning projects to wait for annual application cycles could delay project development by many months and reduce the flexibility that has made Vermont's planning program successful.

Planning projects are fundamentally different from construction projects. Their purpose is to develop the necessary information to determine project scope, cost,

feasibility, and readiness. Ranking planning projects against one another for limited annual funding may inadvertently disadvantage communities that are attempting to proactively address emerging issues before they become compliance problems or infrastructure failures.

Planning assistance represents one of the most cost-effective investments the State can make because it develops the future pipeline of construction-ready projects. Reducing flexibility at the planning stage may ultimately decrease the number of projects that become eligible for construction funding in future years.

We encourage the Department to continue seeking mechanisms that preserve access to planning funding throughout the year, whether through dedicated funding set-asides, periodic priority list updates, supplemental application windows, or other approaches that maintain flexibility while satisfying EPA requirements. If planning projects must be ranked, we recommend that the Department develop a separate planning-loan priority list or planning-loan funding category, rather than requiring planning projects to compete directly within the construction funding list. This would be consistent with the IUP's use of separate lists or categories for distinct funding purposes, such as Lead Service Line and Emerging Contaminants projects.

We also strongly encourage the Division to provide more than one planning-loan submission deadline each year and to develop a planning-specific bypass procedure. The current bypass procedure appears focused on construction projects and does not adequately address planning projects and their potential readiness to proceed.

Requested revisions:

Preserve as much flexibility as possible for planning loan applications and funding.
Consider a planning project specific funding list if project prioritization is required.
Consider development of a planning bypass procedure.

Response: We agree with the comment's characterization of the efficacy of the DWSRF Program's prior approach to funding planning. The SRF Program is considering all comments received advocating for greater flexibility in terms of funding planning loans and may amend this IUP in the event additional funding approaches can be implemented. Please see also the responses to Comments 4 and 5. Additionally, bypass criteria for planning loans have been included in this final Intended Use Plan.

Comment 14: (MSK)

Transfer of Approximately \$50 Million from DWSRF to CWSRF

The draft IUP proposes transferring approximately \$50 million from the Drinking Water State Revolving Fund to the Clean Water State Revolving Fund due to higher demand for funds by CWSRF projects. This proposal raises significant concerns.

While we recognize the statutory authority to transfer funds between SRF programs and appreciate the goal of maintaining proportional funding availability, the magnitude of the proposed transfer risks adversely affecting drinking water projects that are currently below the funding line or may emerge during the funding year.

In addition, the proposed transfer appears inconsistent with the goal of encouraging more project development and improving disbursement performance. If planning loan access is simultaneously constrained through shorter repayment schedules and priority-list-based funding for planning projects while substantial capital resources are transferred out of the program, communities will encounter additional barriers moving projects from concept to construction. This transfer will exacerbate and prolong one of the reasons its being done in the first place, because of the belief that projects on the DWSRF priority list are not “real” projects and will not move forward, while failing to acknowledge the Program’s part in why that perception and perhaps reality exists. Instead of removing barriers to fix the issue the Program is implementing additional challenges.

We respectfully request that the Department reconsider the magnitude of the proposed transfer and evaluate whether a smaller transfer amount could achieve Clean Water program objectives while preserving greater funding flexibility for drinking water projects.

Response: The SRF Program acknowledges that the transfer of funds has a significant impact on the Drinking Water SRF. We believe the transfer is the most appropriate path forward in terms of providing adequate funding levels for both Clean Water and Drinking Water infrastructure and ensuring that the SRF Program meets federal requirements related to fully obligating all funds. As noted in the response to Comment 11, the DWSRF will still have approximately \$50MM available for loans and an additional \$27MM when the Department applies for the Lead Service Line Grant; full utilization of these funds will be a record for the Program.

Comment 15: (MSK)

Conclusion

The DWSRF has historically been one of Vermont's most successful infrastructure financing programs because it has balanced financial stewardship with the flexibility needed to help communities develop and implement critical drinking water projects in a small rural state. The proposed reduction in planning loan repayment terms, the movement away from rolling planning loan applications, and the transfer of approximately \$50 million from DWSRF to CWSRF collectively will slow and stymie project development and reduce opportunities for the many rural communities seeking to address drinking water infrastructure needs and regulatory requirements.

Thank you for your consideration of these comments and for your continued efforts to support Vermont's drinking water systems.

Response: As noted in earlier responses, the approaches proposed under this Intended Use Plan adapt to new federal requirements as best as we reasonably can and moves the program towards compliance with requirements related to timely and expeditious use of funds while maintaining historically high levels of funding for projects. The SRF Program is committed to continuing to work with communities and their representatives to remain a vital infrastructure funding program.

Comment 16: (Lamoille County Planning Commission)

Thank you for the opportunity to comment on the Draft FY 2026 Intended Use Plans (IUPs) for the Vermont Drinking Water State Revolving Fund (DWSRF) and Clean Water State Revolving Fund (CWSRF). The DWSRF and CWSRF provide financial resources that support infrastructure investments essential to vibrant, environmentally sustainable, and economically viable communities. As noted throughout the Lamoille County Regional Plan, many village centers and downtowns in our region have significant drinking water and/or wastewater infrastructure deficiencies or lack this critical infrastructure entirely. Lamoille County communities-and the region as a whole-cannot address these needs without continued support from the DWSRF and CWSRF.

To that end, we offer the following comments on the "Affordability Criteria" and "Disadvantaged Community" criteria used in the draft CWSRF and DWSRF IUPs, respectively. These criteria determine eligibility for loan forgiveness and subsidies.

As currently drafted these criteria are generally based on municipal level census data, or a "service area based on an income survey. " In many rural communities,

the actual service area of clean water and drinking water infrastructure is significantly smaller than the Town or even Village municipal boundary. Income surveys are unreliable and invasive in small rural settings and have generally been unusable due to low response rates.

To address this issue, LCPC recommends that the IUPs allow Census Designated Place (CDP) data to be used in determining eligibility for loan forgiveness and subsidies. CDPs identify locally recognized, unincorporated communities with distinct population concentrations that differ from surrounding areas in key affordability factors, including income, housing age, and infrastructure adequacy. Using CDP data would provide a more nuanced and accurate, Census Bureau vetted understanding of local demographics without relying on burdensome and often unreliable income surveys. In Lamoille County, the Census Designated Places of Jeffersonville, Johnson Village, North Hyde Park and Wolcott have notably lower median incomes, higher percentages of low- and middle-income households, and/or higher housing cost burdens than shown in townwide data.

In addition, the current "Affordability" and "Disadvantaged Community" criteria overlook a key factor: existing housing cost burdens. Vermont statute and federal HUD standards classify utility fees, including sewer and water charges, as housing costs. The Environmental Justice Analysis completed for the 2026 Lamoille County Regional Plan update found that 40% or more of households in many CDPs are cost burdened—well above town-level rates. Existing housing cost burden, and/or housing cost burdens resulting from increased utility rates, should also be a factor in determining loan forgiveness or subsidy.

We look forward to continuing to work with the Water Investment Division to meet the clean water and drinking water needs of Lamoille County communities.

Response: The SRF Program agrees that town or city level MHI data may not accurately characterize income levels of smaller communities within the larger municipality and that CDP data may be more accurate in these cases. As a result, the SRF Program does allow the use of CDP data where the CDP more accurately depicts the smaller community. We also acknowledge that even CDP data may miss that certain areas have significantly lower income than surrounding areas and also that income surveys are a suboptimal approach. We further agree that housing costs are a major factor in overall affordability. With that said, we do work closely with project advocates to ensure that qualifying communities are able to access disadvantaged community subsidy. We also look forward to developing means to readily and accurately assess income as well account for housing costs.

13. Revisions to the Final Intended Use Plan

The final Intended Use Plan includes the following revisions made relative to the draft Intended Use Plan.

Section 4.2. An expanded explanation of the financial planning process was added per EPA request.

Section 8.2. Requirements related to SERP and federal grant requirements at 2 CFR Part 200 were added per EPA comments.

Section 6.6. Added schedule for use of Set-Asides

Section 10.1.2. Bypass criteria were added for planning and design loans.

Section 10.2. The explanation of the planning loan repayment start date was revised. Additionally, text was added to indicate the IUP may be amended to allow for funding of planning loans via the LAWPL Set-Aside.

Priority Lists: Milton Town had their median household income corrected, resulting in a revised score and subsidy eligibility. The Hartford Nutt Ln project status was corrected to be a “continuing project”; this change had no impact on available funds.

Emerging Contaminants: Fundable line revised based on updated available funds information.

14. Project Priority Lists

The following Project Priority Lists are attached:

- General Grant Projects (General and General Supplemental)
- Lead Service Line Replacement and Service Line Inventories
- Emerging Contaminants Grant

The Priority List Application is available at [2026 DW Priority List Application](#)

VT DWSRF General & General Supplemental 2026 IUP draft priority list 9/23/26					Preliminary estimated loan terms			
Pts	WaterSystemName / Borrower*	WSID	PopIn	Project Title*	2026-2027 Loan Estimate**	Principal Forgiveness Estimate	Repayment Years***	% Admin Fee
Continuing construction project - construction loan agreement place or construction application in review on earlier IUP cycle								
220	Richford Town	5126	1700	Golf Course Rd booster station and main	\$ -	\$ -		
195	Bellows Falls Village	5298	4000	Kissell Hill & Colony Rd mains	\$ -	\$ -		
192	Shaftsbury Town	5469	950	Phase 1: replace asbestos-cement mains plus fittings and valves	\$ 450,000	\$ 225,000	40	0.0%
192	Middlebury Town	5004	9379	Chipman Hill additional storage tank	\$ -	\$ -		
185	Plainfield Town	5277	985	School St waterline	\$ -	\$ -		
185	Killington Town	21760	1500 (est)	New community system: Contract 5/6A main****	\$ 3,372,000	\$ 1,686,000	40	0.0%
182	East Thetford Water Co	5184	250	Connect well; iron/manganese treatment and corrosion control	\$ -	\$ -		
180	Fair Haven Town	5218	3076	Washington, Main, & Prospect St mains	\$ -	\$ -		
180	St Johnsbury Town	5045	5000	Bay St main	\$ -	\$ -		
165	North Hero Town	20562	2750	New storage tank and booster pump station	\$ -	\$ -		
155	Champlain Water District	5092	81623	SCADA upgrade	\$ -	\$ -		
125	St Albans City	5130	10200	Aldis Hill storage tank rehabilitation	\$ -	\$ -		
125	Brattleboro Town	5290	12200	Signal Hill pump station; Bridge, Depot, and Vernon mains; Black Mountain generator	\$ 500,000	\$ 250,000	40	0.0%
117	Round Top Mountain Property Owners Assoc	5462	240	Treatment plant, storage tanks, and pressure improvements	\$ -	\$ -		
115	Hyde Park FD 1	5153	275	Pumphouse upgrades incl. hydropneumatic tanks, booster pumps, and generator	\$ -	\$ -		
95	Brattleboro Town	5290	12200	Pleasant Valley redundant storage tank	\$ -	\$ -		
90	Grand Isle Consolidated Water District	20614	1600	Route 2, E Shore, and Hyde Rd area improvements	\$ -	\$ -		
90	Hartford Town	5319	7600	Nutt, Latham, and Harrison mains	\$ -	\$ -		
90	Hartford Town	5319	7600	Wilder main replacements	\$ -	\$ -		
90	Burlington City	5053	42000	Distribution rehabilitation Summit, Pine, Bennington, 2026	\$ -	\$ -		
				(end of continuing construction projects, new projects start on next page)				

Pts	WaterSystemName / Borrower*	WSID	PopIn	Project Title*	2026-2027 Loan Estimate**	Principal Forgiveness Estimate	Repayment Years***	% Admin Fee
Planning or design phase, or new to construction phase this IUP cycle								
235	Dorset FD 1	5020	530	New well	\$ 1,625,000	\$ -	30	0.0%
225	Wells River Village	5176	490	New source development, new pump station, and connection to system	\$ 1,035,711	\$ 517,856	40	0.0%
225	Brighton Town	5105	1200	North & South treatment plants; South transmission main; North reservoir liner	\$ 8,787,000	\$ 4,393,500	40	0.0%
212	Tri-Town Water District	5001	3800	Water filtration plant upgrade including fourth filter	\$ 1,250,000	\$ -	30	2.0%
195	Fairfax FD 1	5403	80	Supply alternatives analysis	\$ 40,000	\$ 10,000	5	0.0%
185	St Johnsbury Town	5045	5000	Portland St main	\$ 2,800,000	\$ 1,036,000	40	0.0%
185	St Johnsbury Town	5045	5000	Railroad St main	\$ 2,000,000	\$ 740,000	40	0.0%
172	Hyde Park Village	5154	462	Storage tank replacement	\$ 2,188,340	\$ 1,094,170	30	0.0%
172	Middlebury Town	5004	9379	Foote St waterline	\$ 1,515,000	\$ -	30	2.0%
170	Dorset FD 1	5020	530	Church St & Rte 30 mains	\$ 2,500,000	\$ -	30	0.0%
170	West Rutland Town	5244	2400	Replace water mains: well transmission, Pleasant Hts mains, Meadow Ln, and South Ln	\$ 2,260,000	\$ 1,130,000	40	0.0%
170	Chester Town	5318	3200	Wellhouse and source facilities	\$ 750,000	\$ -	30	2.0%
170	Vergennes Panton Water District	5010	5100	Monkton Rd main replacement and loop to New Haven Rd	\$ 2,200,000	\$ -	30	2.0%
160	Manchester Mobile Home Park	5023	100	Connect to Manchester system as a consecutive	\$ 150,000	\$ -	30	2.75%
160	Ludlow Village	5323	2818	Lower High St water main	\$ 670,000	\$ -	30	2.0%
160	Ludlow Village	5323	2818	Pleasant St Ext main	\$ 660,000	\$ -	30	2.0%
160	Ludlow Village	5323	2818	Orion & Thompson Ave water mains	\$ 60,000	\$ 15,000	5	0.0%
157	East Hardwick FD 1	5038	350	Springbox, chlorination, and transmission main upgrades	\$ 1,152,500	\$ -	30	2.0%
157	Berlin Municipal / Berlin Town	21202	1819	Scott Hill loop	\$ 3,702,000	\$ -	37	2.0%
155	East Calais FD 1	5262	200	Storage and chlorinator upgrade	\$ 348,000	\$ -	30	2.0%
147	Middlebury Town	5004	9379	Gorham Ln waterline	\$ 2,115,000	\$ -	30	2.0%
145	Jeffersonville Village	5150	700	Wellhouse for new source	\$ 440,000	\$ -	30	2.0%
145	Rutland City	5229	18500	Water treatment & disinfection modifications	\$ 877,700	\$ -	30	2.0%

Pts	WaterSystemName / Borrower*	WSID	PopIn	Project Title*	2026-2027 Loan Estimate**	Principal Forgiveness Estimate	Repayment Years***	% Admin Fee
145	Poultney Village	5227	2400	Wheeler and Norton Ave mains	\$ 25,000	\$ 6,250	5	0.0%
140	Highgate Town	tbd	200 (est.)	Village area source exploration due to arsenic in private wells	\$ 100,000	\$ 25,000	5	0.0%
140	St Albans City	5130	10200	Federal Street connector	\$ 2,033,400	\$ 1,016,700	40	0.0%
140	Champlain Water District	5092	81623	Raw water parallel transmission main	\$ 3,500,000	\$ -	30	2.0%
137	Hardwick Town	5039	1900	Wolcott St main	\$ 25,000	\$ 6,250	5	0.0%
132	Woodstock Town	5343	2473	Source evaluation	\$ 30,000	\$ 7,500	5	0.0%
132	Middlebury Town	5004	9379	Exchange St redundant main	\$ 1,787,000	\$ -	30	2.0%
132	Middlebury Town	5004	9379	Redundant well source	\$ 3,200,000	\$ -	30	2.0%
130	Shelburne Town	5087	5764	Meach Cove waterline	\$ 3,400,000	\$ -	30	2.0%
130	Shelburne Town	5087	5764	Route 7 waterline	\$ -	\$ -		
125	Champlain Water District	5092	81623	Chemical building addition	\$ 1,000,000	\$ 250,000	5	0.0%
120	Canaan FD 2	5107	350	River Rd main	\$ 653,888	\$ 326,944	40	0.0%
112	Union Water Co	5182	61	Install storage reservoir, replace distribution mains	\$ 35,000	\$ 8,750	5	0.0%
110	Ryegate FD 2	5043	131	Distribution system pressure and control improvements	\$ 70,000	\$ -	30	2.0%
105	Jeffersonville Village	5150	700	Water system PER	\$ 30,000	\$ 7,500	5	0.0%
				above line fundable as of 9/23/26				
				below line not fundable as of 9/23/26				
105	Burlington City	5053	42000	Treated water reservoir improvement project	\$ 9,155,000			
105	Rutland City	5229	18500	Center and Wales St mains	\$ 2,250,000			
105	Rutland City	5229	18500	Terrill St main	\$ 700,000			
100	Newport Center / Newport Town	5204	330	New well sources	\$ 20,000			
95	West Rutland Town	5244	2400	Skyline Dr asbestos-cement water main replacement and service lines	\$ 1,250,000			
92	Hardwick Town	5039	1900	Hideaway Acres storage tank roof	\$ 200,000			
92	Woodstock Town	5343	2473	Storage tank site evaluation PER	\$ 100,000			

Pts	WaterSystemName / Borrower*	WSID	PopIn	Project Title*	2026-2027 Loan Estimate**	Principal Forgiveness Estimate	Repayment Years***	% Admin Fee
90	Brandon FD 1	5211	3963	Birch Hill tank and main; Champlain and Carver mains	\$ 7,750,000			
90	Lyndonville / Lyndon Town	5040	4000	Passumpsic River waterline protection	\$ 1,019,500			
90	Barre City	5254	14000	East Cobble Hill transmission main	\$ 540,000			
87	Tri-Town Water District	5001	3800	East St booster pump station	\$ 750,000			
87	Tri-Town Water District	5001	3800	Water mains replacements for pressure	\$ 3,715,000			
82	Westons Mobile Home Park	5258	218	Contract 2 new water storage tank	\$ 885,000			
82	Troy Town	5206	315	South Pleasant St waterline	\$ 685,000			
80	Bellows Falls Village	5298	4000	Water treatment facility design	\$ 400,000			
80	Vergennes Panton Water District	5010	5100	Zebra mussel control	\$ 10,000			
80	Barre City	5254	14000	Ayers St main	\$ 1,800,000			
77	St George Community Coop	5095	420	Distribution upgrades and new source development	\$ 2,895,000			
77	Milton Town	5079	8260	Flanders development mains	\$ 295,700			
75	Irasburg FD 1	5200	200	Drill a new well	\$ 75,000			
75	Lazy Brook Hillside Manor MHP / Addison Housing Works	5007	205	Hillside MHC distribution system replacement and pumphouse upgrades	\$ 825,000			
75	Danville FD 1	5037	500	Village area mains (Brainerd, Walden Hill, Mountain View, Peacham)	\$ 3,220,000			
75	Fair Haven Town	5218	3076	Treatment works sand filters replacement	\$ 50,000			
75	Burlington City	5053	42000	Distribution rehabilitation multiple streets 2027-2030	\$ 5,692,000			
72	Stowe FD 4	5523	120	New source development	\$ 150,000			
70	Castleton FD 1	5212	1940	Sand Hill Rd main	\$ 441,491			
70	Burlington City	5053	42000	Treatment facility improvements plan	\$ 638,000			
70	Burlington City	5053	42000	Distribution and storage Master Plan	\$ 507,520			
65	Swanton Village	5132	4000	Hydraulic evaluation and PER update for Village Center	\$ -			
65	Bennington Town	5016	13250	Treatment plant pilot testing	\$ 200,000			
62	Woodstock Town	5343	2473	Distribution system PER	\$ 30,000			

62	Woodstock Town	5343	2473	Water meter replacements	\$ 250,000			
57	Milton Town	5079	8260	Railroad St main and redundant pressure sustaining valve vault	\$ 150,000			
57	Milton Town	5079	8260	Water storage evaluation	\$ 30,000			
Pts	WaterSystemName / Borrower*	WSID	Popln	Project Title*	2026-2027 Loan Estimate**	Principal Forgiveness Estimate	Repayment Years***	% Admin Fee
				Loan estimates full list:	\$ 106,016,750	\$ 12,752,420		
				Funding line drawn above as of 9/23/2026 at:	\$ 59,337,539	\$ 12,752,420		
Available for new loans and amendments (General + General Supplemental)					\$ 44,824,170	\$ 14,078,700		
* FD = Fire District (a type of municipality); PER = Preliminary Engineering Report								
** Some projects are shown with \$0 loan estimate for accurate estimates of funds we can obligate, for one of two reasons: (1) for continuing construction projects, they either have a loan agreement and are listed in case they need a loan amendment for higher construction costs, or they have a construction loan application in review and the loan agreement is expected soon; or (2) for projects with planning/design loans that may amend for construction funding, or new construction loans, or new/amending planning/design loans, they either have a loan agreement in place for the amount on the priority list application (overlapping application timelines), have a loan application in review, or are not expected to proceed on this funding cycle. All of those projects are listed in case they need a loan amendment or the project is able to proceed on this funding cycle.								
*** Construction loans start repayment 12mo after completion, with 20-40yrs of repayments. Planning/design loans start repayment 3yrs after loan agreement, with 5yrs of repayments.								
**** Killington Contract 5/6A project is also on the EC priority list for \$5,000,000 of funding, for a total loan of \$8,372,000.								

VT DWSRF Lead / Galvanized 2026 IUP priority list 9/11/26							Preliminary estimated loan terms		
Points	WaterSystemName / Borrower*	WSID	Popln	Project Title	2026-2027 Loan Estimate	Principal Forgiveness	Repayment Years**	% Admin Fee	
Continuing construction project									
225	Springfield Town	5333	9800	Contract I2 Clinton St and South St and service lines*	\$ 0***	\$ -	40	0%	
SLI update, design phase, and/or new to construction phase this IUP cycle									
210	Springfield Town	5333	9800	Contracts J1 & J2 Main St and River St and service lines*	\$ 8,083,000	\$ 4,041,500	40	0%	
185	Bristol Town	5002	2103	Bristol East waterlines*	\$ 4,333,841	\$ 2,166,921	30	2%	
180	Bethel Town	5315	1929	Route 107 galvanized steel main*	\$ 800,000	\$ 400,000	30	2%	
120	Lyndonville / Lyndon Town	5040	4000	Valley Ln Phase 1: replace galvanized steel main and curbstops*	\$ 600,000	\$ 300,000	30	2%	
120	Springfield Town	5333	9800	Commonwealth Ave main*	\$ 75,375	\$ 37,688	40	0%	
105	Bennington Town	5016	13250	Lead service line identification and replacement	\$ 100,000	\$ 100,000	n/a	0%	
100	Canaan FD 2	5107	350	Service line material identification and validation	\$ 54,211	\$ 54,211	n/a	0%	
90	Essex Town	5065	9734	Fort Ethan Allen mains phase 1	\$ 4,014,500	\$ -	30	2%	
90	Essex Town	5065	9734	Fort Ethan Allen mains phases 2 and 3	\$ 500,000	\$ -	5	0%	
90	Wilmington Town	5310	1400	Service line material identification and validation	\$ 0***	\$ -	5	0%	
85	Ludlow Village	5323	2818	Service line material identification and validation	\$ 1,407,208	\$ 703,604	5	0%	
72	East Hardwick FD 1	5038	350	Service line material identification and validation	\$ 664,601	\$ 382,301	5	0%	
67	Shaftsbury Town	5469	950	Service line material identification and validation	\$ 400,000	\$ 250,000	5	0%	
65	South Hero FD 4	20080	760	Service line material identification and validation	\$ 714,156	\$ -	5	0%	
65	Arlington Town	5013	1250	Service line material identification and validation	\$ 691,759	\$ 395,880	5	0%	
62	Woodstock Town	5343	2473	Service line material identification and validation	\$ 100,000	\$ 100,000	5	0%	
60	Vergennes Panton Water District	5010	5100	Service line material identification and validation	\$ 562,439	\$ 281,220	5	0%	
57	Milton Town	5079	8260	Service line material identification and validation	\$ 2,735,958	\$ 1,367,979	5	0%	
57	Essex Junction City	5066	9500	Service line material identification and validation	\$ 892,771	\$ 496,386	5	0%	
52	Colchester / Champlain Water Dist.	21810	11299	Service line material identification and validation	\$ 528,499	\$ 314,250	5	0%	
50	South Burlington City	5091	19500	Service line material identification and validation	\$ 2,000,000	\$ -	5	0%	
				Sum of loan estimates above	\$ 29,258,318	\$ 11,391,937			
Available for new loans and amendments (see sources / uses table 5.2 and 9.3.1)					\$ 27,108,292	\$ 18,051,071			
* Determined to meet integrated components eligibility criteria or expected to meet based on current information. See Section 8.1.1.									
** Construction loans start repayment 12 mo after completion, with 20-40 yrs of repayments. Planning/design loans start repayment 3 yrs after loan agreement, with 5 ys of repayments.									
*** Two projects are shown with \$0 loan estimate. The continuing construction project has a loan agreement and is listed in case they need a loan amendment for higher construction costs. The SLI loan has a loan agreement and a loan amendment application in review for the amount on the priority list application; that was taken into account in the available funds estimate so is listed as \$0 here.									

