Funding Opportunities for Capital Planning

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Municipal budgets often include capital costs – constructing a new fire station or garage, repairing or replacing the town office, purchasing a new vehicle, water or wastewater system replacement, repairing or replacing recreation facilities, etc. Capital plans help municipalities stabilize tax rates by ensuring that capital expenditures are planned and financed in a way that does not lead to immediate tax increases.

A multi-year capital plan lays out your municipality's needs over 5–20 years. The capital budget is the annual piece - the projects and purchases funded this year. Together, they make sure today's spending fits into tomorrow's goals.

Municipalities can use the funding opportunities below to support capital planning. Consult program-specific guidance for additional information. Links to other sites offered in this document are provided to assist municipalities. The inclusion of a link does not imply endorsement or approval of the linked site or product.

Funding Opportunities

ACCD Municipal Planning Grant – This annual State program supports planning and revitalization for municipalities. The program usually is announced in July with applications due in November/December. Single municipalities can apply for an amount between $2,500 and $50,000. A consortium (group) of municipalities may apply for a grant of any amount between $2,500 and $65,000. A cash match of 10% of total project cost is required for both. Program priorities vary each year. Capital plan development is very competitive.

VTrans Better Roads – Provides funds for planning and erosion control projects that improve water quality and reduce maintenance costs. Category A grants are for conducting a road erosion inventory, prioritizing identified projects, and developing a budget plan (highway capital budget) to implement the projects over time. Category

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B, C, and D grants are for construction projects. A 20% match is required.

VTrans Transportation Planning Initiative (TPI) – Regional Planning Commissions receive funding from the Vermont Agency of Transportation to solicit local input, identify needs, develop regional transportation plans and prioritize regional transportation needs, and otherwise provide planning capacity to VTrans on an ongoing basis. Through this program, the RPC can assist its member municipalities with local planning and transportation issues. Some RPCs invest a portion of these funds in specials studies, like capital plans, and use the funds for 1:1 municipal staff assistance. Ask your RPC whether it can assist with your capital plan efforts.

Vermont DEC Clean Water State Revolving Fund – Provides funds for water, wastewater, and stormwater system asset management plans that meets DEC's Guidance 26. Currently, these planning loans are eligible for 50% loan forgiveness up to $100,000 on a 0% interest loan. The loan term is based on the loan amount, usually less than a 5-year term. DEC also provides free leak detection surveys to public community water systems. Applications can be submitted at any time. Drinking water systems with asset management plans receive 75 bonus points on DEC's priority project list for construction projects.

Resources for Getting Started

Your capital planning can start small (just buildings or flood resilience, only the highway department's assets, etc.) or you can invest resources to develop a complete capital plan. Best practice is to start your capital planning effort by developing the policies you need - asset management policy, capital program and budget policy, and debt management policy to support decision making.

VLCT has Tools and Tips and model policies to jumpstart your efforts. Contact Marguerite Ladd, VLCT's Government Finance Specialist, at mladd@vlct.org.

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The Vermont Bond Bank has a capital planning page with videos and sample templates, policies, and plans from Vermont and other states. The Bond Bank assists municipalities with determining their debt capacity. Contact Ken Linge at ken@vtbondagency.org for assistance with debt capacity determinations.

Disclaimer: This resource was created by Municipal Operations Support (MOS) staff of non-legal professionals with expertise of the subject matter. It is only intended to provide information and does **NOT** constitute legal advice. Readers with legal questions are encouraged to contact an attorney. The use or downloading of this resource does **NOT** create an attorney-client relationship and will not be treated in a confidential manner. Non-legal questions about this resource can be directed to MOS staff at mos@vlct.org.

Publication Date
11/18/2025

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Current as of: 10/30/2026