Funding Opportunities for Drinking Water System Planning

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Good planning helps communities make informed decisions about their drinking water systems and prepare for future investments. Funding may be available to help assess system needs, evaluate options, develop plans and designs, and prepare for construction. This page highlights grants, loans, and other financial resources that can support drinking water system 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

VRWA Circuit Rider – Vermont Rural Water Association (VRWA), through a USDA grant, can provide for Board training, management/finance, operations/maintenance, water treatment, regulatory compliance, facility security, loan application and reporting, and disaster/emergency assistance on an as-needed basis. Eligible applicants are public bodies, non-profit corporations or Indian tribe with the legal authority to own and operate a water facility and serving an area with a population of 10,000 or less. Contact VRWA at 802-660-4988 or info@vtruralwater.org.

RCAP Solutions Water Services – RCAP Solutions, through a USDA grant, can provide for Board training, management/finance, operations/maintenance, drinking water treatment, rates studies and recommendations, regulatory compliance, facility security, loan application and reporting, and disaster/emergency assistance on an as-needed basis. Eligible applicants are public bodies, non-profit corporations or Indian tribe with the legal authority to own and operate a water facility and serving an area with a population of 10,000 or less. Contact John Kiernan, Vermont State Manager, at 802-377-5938 or jkiernan@rcapsolutions.org.

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Vermont Small, Rural Drinking Water System Technical Assistance Program – Through this grant of technical services, small, rural public community water systems that have historically not applied for state funding are provided technical assistance and support for applying for and securing funding. Services include asset management planning, developing Drinking Water State Revolving Fund applications, financial assessments, and assistance with compliance requirements. See the Vermont Small, Rural Drinking Water Technical Assistance (PDF)(opens in a new tab) for information.

New England Water Infrastructure Network Technical Assistance - Provides free technical assistance to achieve safe, affordable, resilient drinking water, wastewater, and stormwater systems by developing projects and securing funding. Assistance includes community engagement and partnerships, planning and assessment of systems, project development, funding and financial management, and implementation support. Submit a water technical assistance request online at www.neefc.org/water-infrastructure or contact Laura Collins at laura.collins@maine.edu or 207-780-5717.

DEC Free Leak Detection Surveys - The Capacity Development Program, in conjunction with the Drinking Water State Revolving Fund (DWSRF) Program, are offering free leak detection surveys to public community water systems (CWSs). The online application is emailed to the Administrative Contacts and Designated Operators of CWSs in the spring. Once the water systems are selected, the contractor will reach out to coordinate services. Leak detection surveys run from July through to October. Contact Carmen Zwack at carmen.zwack@vermont.gov or 802-261-5604.

VHCB Rural Economic Development Initiative - REDI provides consultant-based services to rural communities and working lands businesses interested in applying for federal funds and other funding sources when applicable. REDI helps you take one step forward. It can hire a grant writer, complete a necessary step to make a grant application more competitive (such as a business plan, archeological assessment, or

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engineering). It also helps make a fundraising plan for a project in some instances. Municipalities in communities of 5,000 people or less are eligible for services.

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. Project priorities vary each year.

EPA RealWaterTA Services – This suite of programs for small and disadvantaged drinking water utilities includes grants of consultant services rather than direct funding. Services may include: conducting an assessment of the community's drinking water needs; evaluating the feasibility of drinking water solutions, including performing a rate study; service line inventories and public outreach plans related to lead line replacement, identifying funding options, such as grants and financing; helping with completing the preliminary engineering and paperwork requirements for funding applications; assessing and addressing drinking water contamination from emerging contaminants and perfluoroalkyl and polyfluoroalkyl substances (PFAS); conducting trainings to identify funding and support structures for the long-term operations and maintenance of a drinking water system; assisting interested entities in applying for federal funding to make solutions a reality; and increase system resilience to natural hazards and disasters.

DEC Drinking Water State Revolving Fund - Provides low-cost financing to public water systems for planning, capital improvements, and water source protection that improve public health protection and facilitate compliance with the Safe Drinking Water Act. Purchase of a part or all of an existing water system may be an eligible project cost with advance approval from DEC. Projects must be listed in the Vermont Intended Used Plan (a.k.a. IUP or state priority list) to be eligible for funding. To be listed in the IUP, projects must be submitted/resubmitted annually by March 1.

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Planning loans include preliminary engineering and final design but also can include source exploration, hydraulic evaluation, an asset management plan, or a service line inventory. Contact Padraic Monks at Padraic.Monks@Vermont.gov or 802-490-6169.

DEC Asset Management Planning Loans - A municipality may receive up to $50,000 in planning loan forgiveness to develop and implement a DEC-approved asset management plan that meets the guidelines in Guidance 26 (PDF)(opens in a new tab) . Systems with asset management plans receive 75 additional priority points on the Drinking Water State Revolving Fund priority funding list for funding construction projects. Contact Cheryl at cheryl.choge@vermont.gov or Carmen Zwack at carmen.zwack@vermont.gov.

DEC Engineering Planning Advance - Municipalities without existing water or sewer rate payers wishing to plan for a community-based drinking water or wastewater solution, can receive an Engineering Planning Advance to finance the costs of a Feasibility Study or a Preliminary Engineering Report. Repayment does not start unless and until the project goes to construction, if no project is built, no repayment is obligated. No maximum grant. 25% of the amount borrowed can be used to pay for managerial assistance from the Regional Planning Commission. Applications are first come, first serve. Contact Lynnette Claudon, Engineering Planning Advance Lead at Lynnette.Claudon@Vermont.gov.

Vermont Only Drinking Water Loan - Provide loans to a municipality for the design, land acquisition, if necessary, and construction of a potable water supply when a household in the municipality has been disconnected involuntarily from a public water supply system for reasons other than nonpayment of fee. The loan is to the municipality, not individual homeowners. Contact Padraic Monks at Padraic.Monks@Vermont.gov or 802-490-6169.

USDA Rural Development Predevelopment Planning Grants - This program helps eligible low-income communities plan and develop applications for proposed USDA

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Rural Development water or waste disposal projects. Rural areas and towns with populations of 10,000 or less are eligible. These grants do not have to be paid back if the application for USDA assistance is not successful. Up to $25,000 or 75% of the predevelopment planning costs. 25% match required. Rolling applications.

USDA Rural Development SEARCH Grants - Helps very small, financially distressed rural communities with predevelopment feasibility studies, design and technical assistance on proposed water and waste disposal (wastewater, solid waste, stormwater) projects. Supports predevelopment planning costs, including feasibility studies to support funding applications, preliminary design and engineering analysis, and technical assistance for developing a funding application. Areas to be served must have a rural population of 2,500 or less and a median household income below the poverty line or less than 80% of the statewide non-metropolitan MHI based on the latest Census data. Applications are accepted year-round.

USDA Emergency Community Water Assistance Grants– Helps eligible communities prepare, or recover from, an emergency that threatens the availability of safe, reliable drinking water. A federal disaster declaration is not required. Applicants must show that a major decline in quantity or quality of water occurred within two years of the date of the application. Grants are also awarded when a significant decline in quality and quantity of water is imminent. Provides water transmission link grants up to $150,000 and water source grants up to $1 M. Rural areas and towns with populations of 10,000 or less are eligible. The area to be served must also have a median household income less-than the state's median household income for non-metropolitan areas. Rolling applications. Contact Dianne Drown, Dianne.Drown@usda.gov.

Northern Borders Regional Commission Catalyst – Supports projects that address transportation, telecommunications, energy, and basic public infrastructure; business and workforce development; health care, nutrition and food security, and other public services; resource conservation; tourism; recreation; and open space preservation

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consistent with economic development. This grant will fund basic public infrastructure, including public meeting spaces. Incorporating the project's relationship to economic activity will increase application competitiveness.

Applications are accepted in the spring and fall. NBRC prioritizes construction-ready projects and prefers job-creation projects that help reduce poverty, unemployment, and outmigration. Focusing on project benefits in these areas helps an application be more competitive. Letters from businesses that support job creation or retention provide excellent supporting documentation. Other elements that can increase a project's competitiveness include a project's listing as a Regional Project Priority as and incorporating the project's relationship to job retention in the Designated Village Center.

ACCD Community Development Block Grants – Supports planning ($3,000 to $60,000), accessibility modifications ($5,000-$150,000), and implementation ($50,000 to $1 million – max $500,000 for community public facilities) for projects related to housing, economic development, public facilities, public services, and handicapped accessibility. Match for economic development loans, accessibility modifications, and slums and blight is 10%. For municipally owned facilities, no match amount is prescribed, but municipalities must contribute. The amount has bearing on an application's competitiveness. Funds must primarily benefit persons of low and moderate income. See HUD Low-and Moderate-Income Area Data for eligibility. Accessibility projects automatically qualify under this criterion. Both the Selectboard and Planning Commission must sign an application resolution.

VEPC Community and Housing Infrastructure Program (CHIP) is a new statewide tax increment financing tool designed to help Vermont communities unlock housing opportunities by investing in critical public infrastructure. CHIP enables municipalities to finance essential infrastructure (like water, sewer, roads, and stormwater systems) that supports new housing development, with the preferential consideration of affordable and moderate-income primary housing. CHIP allows municipalities to

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retain a portion of the property tax revenue resulting from increased values within a defined Housing Development Site. These funds may be used to repay the debt incurred for, or otherwise pay for, eligible infrastructure improvements. For inquiries related to CHIP, please email ACCD.CHIP@vermont.gov. Municipalities may access technical assistance through VLCT's CHIP IN VT service through 2029.

US ACOE Watershed Restoration Project Program - Provides assistance with planning, designing and implementation of large-scale projects that protect and enhance water quality, water supply, ecosystem integrity and other water related issues within the Lake Champlain watershed. The Lake Champlain Basin Program is the administrative partner of the USACE to implement this program. Through this program, the USACOE designs and/or builds the project. ACOE must review and accept project design from another source; the review process will increase the project cost. Projects must cost at least $500,000; projects costing at least $1.5 to $2 million are best. Local match is 35% although it can be lowered to 10% for economically disadvantaged communities. Berlin won't qualify, but you can ask if an income survey could be done for the community to qualify it for services. USACE benefit-cost analysis required. Other federal funding sources can be used as local match with permission of the other funder. Contact Jennifer Curran at jennifer.l.curran@usace.army.mil or 917-790-6202 or Maya Dehner at maya.e.dehner@usace.army.mil or 917-790-8630.

FEMA Hazard Mitigation Funding Opportunities - Hazard mitigation funds are available to municipalities and other organizations to help reduce or eliminate loss of life and property by taking measures to reduce the impacts of future disasters. Water systems are eligible. Funding for these programs has been in flux since 2025, so contact Vermont Emergency Management at DPS.HazardMitigation@vermont.gov.

Vermont Bond Bank Pooled Loan Program – This program provides low-cost loans to Vermont governmental units for long-term capital projects. Loans are primarily funded through the issuance of highly rated tax-exempt bonds by the Bond Bank. Common uses of loans issued through the program include facilities renovation and

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construction projects, road and highway improvements, energy efficiency upgrades, equipment purchases, and general infrastructure. Voter approval is required. The Bond Bank assists municipalities with determining their debt capacity. Contact Ken Linge at ken@vtbondagency.org for assistance.

Vermont Bond Bank Housing Infrastructure Loan Program - Provides low-cost and flexible capital for municipalities to extend and increase the capacity of water, sewer, transportation, and other public infrastructure where a lack of capacity or extension is a barrier to new housing development. Can be used for preliminary engineering and planning, engineering design and bid specifications, construction of improvements, and purchase/conveyance of eligible improvements. Loans up to $3.5 million. Applications reviewed quarterly. Contact Ken Linge at ken@vtbondagency.org.

US Economic Development Administration Disaster Supplemental Funding - Supports disaster recovery in areas where a Presidential disaster declaration was issued. Eligible activities including economic recovery strategic planning grants, public works construction projects including broadband and resiliency projects, workforce development, capitalization of revolving loan funds, and economic development projects that enhance density in the vicinity of other economic development. In calendar years 2023 and 2024, Vermont had multiple qualified declarations making projects in the following counties eligible for funding: Addison, Caledonia, Chittenden, Essex, Franklin, Lamoille, Orange, Orleans, and Washington. Projects in Rutland, Windsor, and Windham Counties may be eligible and should verify this with US EDA. A project does not have to be related to those disasters for an application to qualify, but it should discuss disaster impacts. Water and wastewater system projects that catalyze private investment and regional prosperity score well. It is helpful to discuss projects with Katherine Trapani, EDA's Vermont representative, prior to initiating an application. She can be reached at 215-514-6572 or ktrapani@eda.gov.

US ACOE Watershed Restoration Project Program - Provides assistance with planning, designing and implementation of large-scale projects that protect and enhance water

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quality, water supply, ecosystem integrity and other water related issues within the Lake Champlain watershed. The Lake Champlain Basin Program is the administrative partner of the USACE to implement this program. Through this program, the USACOE designs and/or builds the project. ACOE must review and accept project design from another source; the review process will increase the project cost. Projects must cost at least $500,000; projects costing at least $1.5 to $2 million are best. Local match is 35% although it can be lowered to 10% for economically disadvantaged communities. Berlin won't qualify, but you can ask if an income survey could be done for the community to qualify it for services. USACE benefit-cost analysis required. Other federal funding sources can be used as local match with permission of the other funder. Contact Jennifer Curran at jennifer.l.curran@usace.army.mil or 917-790-6202 or Maya Dehner at maya.e.dehner@usace.army.mil or 917-790-8630.

US EPA Water Infrastructure Financing (WIFIA) Program – This federal credit program administered by the US Environmental Protection Agency provides loans to projects with national or regional significance. There is a minimum project size of $5 million for small communities with populations of 25,000 or less. WIFIA can fund up to 49 percent of eligible project costs. Loan repayment may be deferred up to five years after substantial completion of the project. Maximum loan life is 35 years from substantial completion.

US EPA Water Infrastructure Finance and Innovation (WIFI)– This federal loan program will fund up to 49% or 80% of eligible project costs (whichever is less). The minimum project size is $5 million. To date, there have been no Vermont borrowers.

NRWA Rural Water Loan Fund – Funds small, public water and wastewater utilities serving up to 10,000 persons or in rural areas with no population limits via low-cost loans. Eligible activities include for short-term repair costs, small capital projects, pre-development (planning) costs associated with larger projects, energy efficiency projects, and disaster recovery or other emergency projects. Funds up to $200,000 or 75% of total project cost, whichever is less. 10 -year minimum repayment period.

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Emergency loans are no interest with immediate turnaround on applications. No administrative or processing fees. Vermont applicants may contact Vermont Rural Water Association for assistance in preparing and submitting the required documents.

Live Oak Bank Water and Environmental Programs - Live Oak Bank provides USDA-guaranteed funding for rural communities and utilities looking to construct, enlarge, extend or otherwise improve rural drinking water, sanitary sewage (wastewater), solid waste disposal and stormwater drainage facilities. USDA guaranteed loans support rural communities with populations up to 50,000. USDA-guaranteed loans provide fixed rates and terms up to 40-years, along with federal 1926(b) protection against unauthorized annexation. The bank is headquartered in North Caroline, but it lends in Vermont.

Where to Find Help

Need one-on-one help advancing your local project or to narrow funding opportunities? If so, you can schedule a convenient time to meet with our Project & Funding Specialist by booking time directly into her calendar or emailing bwaninger@vlct.org. Whether your project is just in the idea phase, has started to gain momentum, has stalled completely, or you just need help prioritizing projects before you get started, let us help you.

Many municipalities lack capacity for grant writing and administration. VLCT's resource, *Increasing Municipal Capacity for Grants*, offers ideas for assistance with grants. Many of the capacity builders also provide project management services. Hiring experienced project management services can increase the speed of project development and help avoid cost, permitting, and other development surprises.

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