



DEC Proposed SFY26-27 Capital Budget Adjustment Policy Items

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*House Committee on Corrections & Institutions
March 19, 2026*



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Outline

Overview of DEC Proposed Policy Proposals

- Disadvantaged Communities (Section 8)
- Chapter 2 Demonstration Requirements (Section 9)

Section 8. 24 V.S.A. § 4752

“Disadvantaged Municipality”

If “disadvantaged” a borrower may qualify for:

- Longer loan term (up to 40 years)
- Lower admin fee (down to 0%)
- Up to 50% loan forgiveness

Section 8. 24 V.S.A. § 4752

(12) “Disadvantaged municipality” means a municipality or the served area of a municipality that...

- (A) Median Household income is less than state average and user rates are greater than 1% of median income; or
- (B) Median Household income equal to or greater than the state average and user rates are greater than 2.5% of median income.

Section 8. 24 V.S.A. § 4771 (Private Loans)

- (5)(A) Notwithstanding subdivision (4) of this subsection, a privately owned nonprofit community type system may qualify for a 40-year loan term at an interest rate, plus administrative fee, to be established by the Secretary of Natural Resources that shall be not more than three percent or less than minus three percent, provided that the applicant system meets the income level and annual household user cost requirements of a disadvantaged municipality as defined in subdivision 4752(12)(A) of this title, or serves a majority of users that reside in a nonprofit and resident owned manufactured housing communities registered with the Department of Commerce and Community Development pursuant to 10 V.S.A. § 6254, and at least 80 percent of the residential units served by the water system is continuously occupied by local residents and at least 80 percent of the water produced is for residential use.

Section 8. 24 V.S.A. § 4771 (Private Loans)

- (C) If the Secretary determines that a privately owned nonprofit community type system qualifies for a loan under this subdivision, the Secretary shall certify the loan term and interest rate to VEDA. ~~In no instance shall~~ Except for a system that serves a majority of users that reside in a nonprofit and resident owned manufactured housing communities registered with the Department of Commerce and Community Development pursuant to 10 V.S.A. § 6254, the annual interest rate, plus an administrative fee, shall not be less than is necessary to achieve an annual household user cost equal to one percent of the median household income of the applicant water system computed in the same manner as prescribed in subdivision 4763c(b)(2) of this title.

Section 9. 10 V.S.A. §1628

Ch. 2 Environmental Protection Rule (Pollution Control Priority System), Subchapter 300

- Subchapter 300: “Municipality to Demonstrate that the POTW or MSPOWS Project will Serve a Designated Center and that Scattered Development Will Not Occur “
- Current Requirement:
New wastewater treatment plant or service outside Designated Center, must demonstrate:
No reasonable alternatives and there are rules in place to prevent “scattered development”
Significant health problem most cost-effectively addressed by new service.
- Proposal:
Allows requirements to be satisfied for projects that include service to new housing or that reserve wastewater capacity for new housing.

Thank you!

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<https://dec.vermont.gov/water-investment/water-financing/srf>

Back-up Slides

Governor Recommended Section 9 and 10 Budget Adjustment Requests

Section 9: Agency of Natural Resources (DEC lines only)

Row #	Activity	SFY26	SFY27	SFY27 BA	Total
73	State 20% match to federal EPA DWSRF capitalization grant	-	590,000	2,498,000	3,088,000
75	Waterbury Dam Penstock Project Cost Overruns - Monitoring Equipment	-	-	150,000	150,000

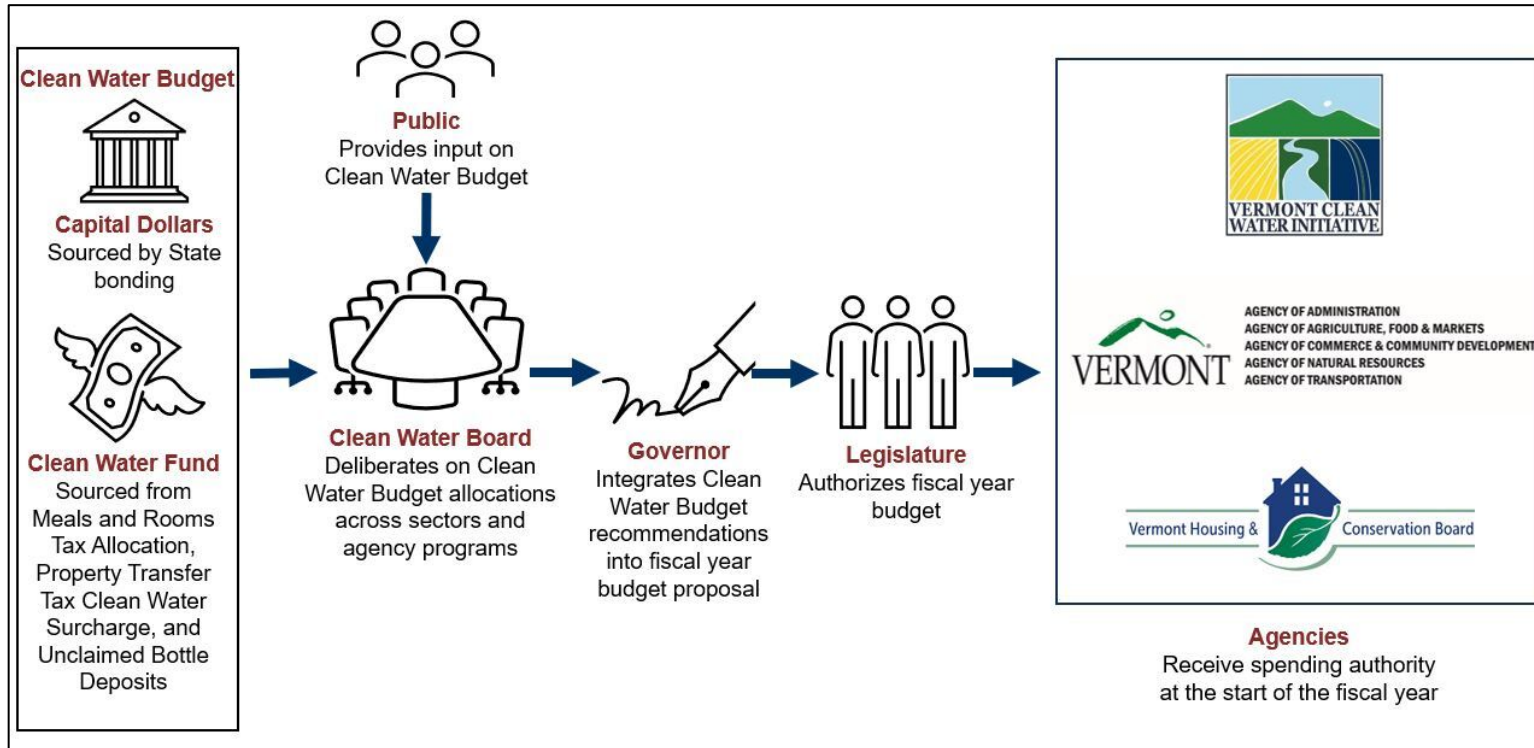
Section 10: Clean Water (DEC lines only)

Recommended through the Clean Water Board process

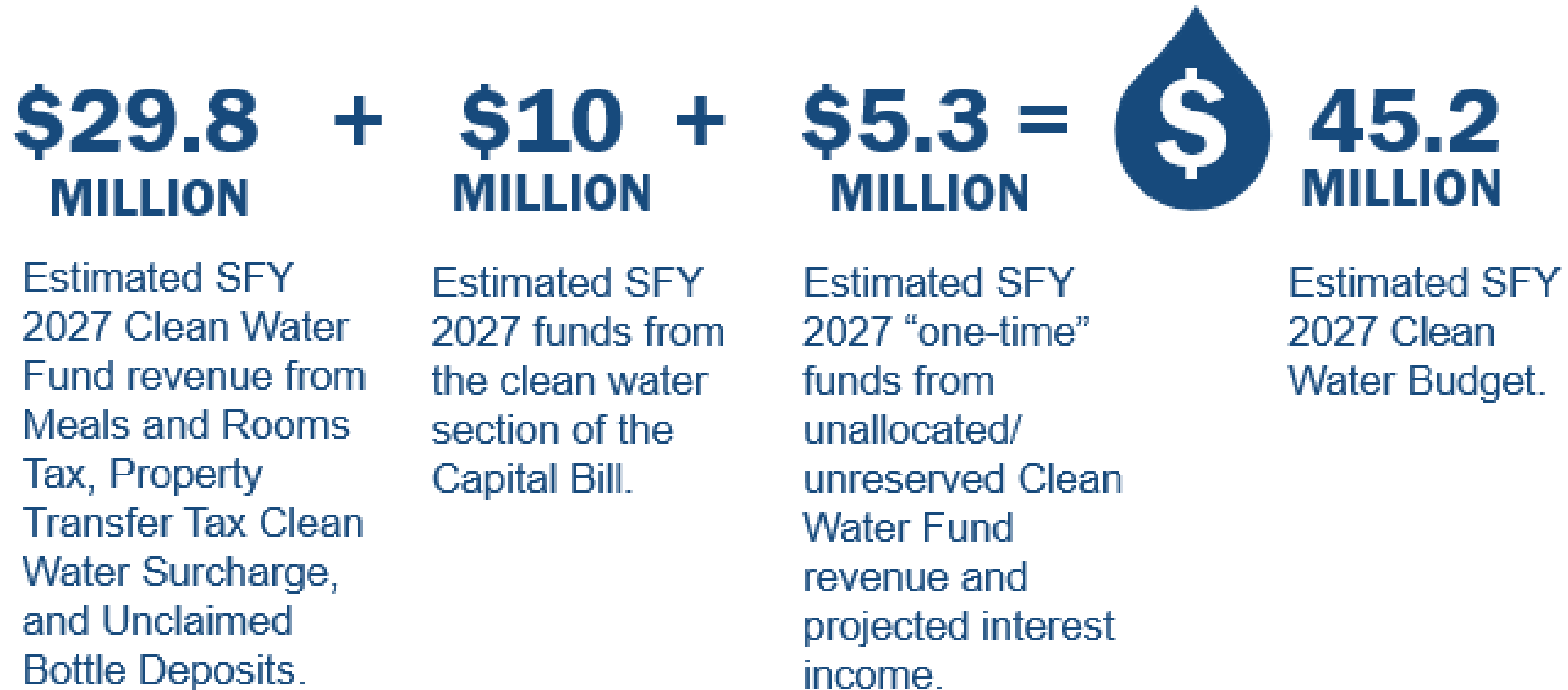
Row #	Activity	SFY26	SFY27	SFY27 BA	Total
88	State Match to Clean Water State Revolving Fund Federal Grant	-	-	1,577,600	1,577,600
89	Municipal Pollution Control Grants	4,000,000	-	3,922,400	7,922,400

Section 10: Clean Water

Recommended through the Clean Water Board process



SFY 2027 Clean Water Budget Totals by Funding Source

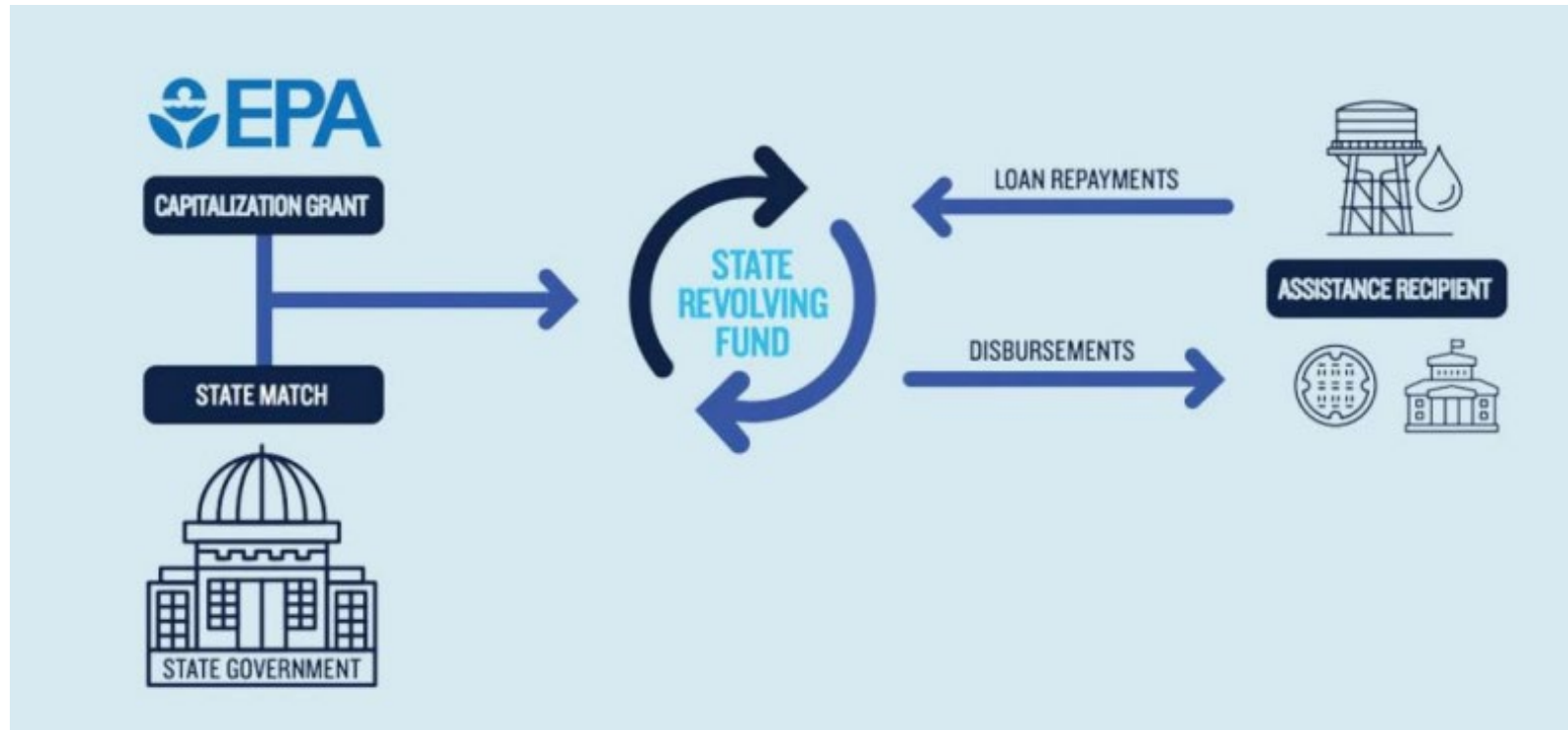


VT Clean Water and Drinking Water State Revolving Funds (CWSRF and DWSRF)



- Essential Funding for Infrastructure Projects
- Low interest loans (0-2.75%) to municipalities and private entities.
- Some loan forgiveness, i.e. “subsidy”
- May be combined with other state, local and federal funding
- All projects ranked based on priority system criteria

VT Clean Water and Drinking Water State Revolving Funds (CWSRF and DWSRF)





Clean Water Projects

- Planning, Design and Construction
- Municipal
 - Wastewater Treatment
 - Stormwater
- Private
 - Wastewater and Stormwater



Drinking Water Projects

- Planning, Design and Construction
- Public Water Systems
 - Wells (sources)
 - Treatment
 - Infrastructure -pipes



The Vermont Clean Water
State Revolving Fund
Intended Use Plan
for Federal Fiscal Year 2025

Prepared by:

The Water Investment Division

Vermont Agency of Natural Resources

Department of Environmental Conservation

1 National Life Drive, Davis 3 | Montpelier, VT 05620-3510

September 17, 2025

Annual Intended Use Plans (IUP)

- Funding Amounts
- Priority System
- Identify funding-eligible projects
- Links to current IUPs:
 - [Adopted FFY25/SFY26 CWSRF IUP](#)
 - [Adopted FFY2025 DWSRF IUP](#)

Clean Water and Drinking Water SRF Assistance to VT Communities: 2021-2025

Clean Water

\$105MM in Loans

120 Loans

Drinking Water

\$154MM in Loans

172 Loans

SRF Federal Capitalization Grants and State Match (Rows 73 & 88)

- EPA Capitalization Grants require 20% match
- Every \$1 of match results in \$5 of federal grant

- Total EPA Grants 2021-2025
- Clean Water SRF: \$74.8MM
- Drinking Water SRF: \$187.6MM

Adjustments to SRF Grant Match Needs

- Estimated match requested is based on anticipated federal grant
- Grants were typically consistent one year to next
- Congressionally Directed Spending (“CDS”) or “earmarks” are deducted from national SRF allocation before the allocation is apportioned to the states
- FFY25 budget/continuing resolution did not include CDS projects as anticipated; resulted in higher SRF grants and associated match need than anticipated
- SFY27 budget adjustment request includes outstanding FFY25 match need and projected FFY26 match need

Municipal Pollution Control Grants (Row 89)



- Provides funding to municipalities
- Funds Wastewater Treatment Plants and collection systems and Stormwater Projects
- Grants are used to offset up to 35% of project cost