

Source Protection Loan Program

Eligible organizations: Municipal Water Systems utilizing groundwater, including fire districts.

Eligible Projects:

- For purchasing land or conservation easements to protect existing and future public water sources utilizing groundwater to ensure compliance with state and federal drinking water standards. Surface water sources are not eligible for funding under this program.
- Water systems must have a current and approved Source Protection Plan or have submitted the plan update that is due to the Drinking Water and Groundwater Protection Division (DWGPD) prior to loan application.

Loan Terms and Rates:

- Annual interest rate of 0% on loan amount.
- Maximum 20-year term.
- 50% loan forgiveness.

Bond Vote required for amount of actual debt (loan amount, not including loan forgiveness amount)

Loan Amounts:

- Maximum loan amount is subject to change. Please check the DWSRF Intended Use Plans or consult with DWGPD staff about currently available funding.
- There is no minimum loan amount.
- Purchase costs and other approved expenses can be reimbursed after the loan agreement is signed.

Administration Fee: None

Project Ranking:

A project priority list is maintained by the Drinking Water and Groundwater Protection Division. A priority score is calculated for each eligible project by assigning points based on established criteria. The criteria include the Source Protection Loan - Land Purchase of Conservation Easement.

Source Protection Loan - Land Purchase of Conservation Easement is further broken down:

- Land Location
 - Project achieving control of 200 feet around the water source (for existing source).
 - Project achieving control of lands for future source development.
 - Project achieving control of lands in existing source protection area (SPA) outside of the 200 feet radius around the water source.
- Quality or Quantity Deficiency Addressed
 - Project addressing water quantity issues with existing source(s)
 - Project addressing water quality issues with existing source(s).
- Potential Added Benefits
 - Project including partnerships; water systems actively collaborating with partners e.g., non-profits, land trusts, conservation districts.
 - Project including benefits to other water systems; proposed land for acquisition includes other public drinking water sources.

For more information on criteria and scoring, see the [Source Protection Loan Program Application](#).

Loan Application: Applications are accepted online only. For information on application submission and procurement requirements, see the [Source Protection Loan Program Application](#).

Applications are reviewed three times a year and are subject to fund availability.

- Funding Cycle 1, Application Deadline March 15th
- Funding Cycle 2, Application Deadline July 15th
- Funding Cycle 3, Application Deadline November 15th

Loan Recipients: The highest priority projects are based on fund balance availability.

Loan Conditions:

- Renew Source Protection Plan as required per the VT Water Supply Rule.
- Prohibition of sale as long as source remains a state-permitted public water source.
- Procurement Requirements:
 - One appraisal is required for evaluation purposes.
 - Proposed easements and purchase agreements require review and approval by the Water Investment Division;
- Normal closing requirements, such as title search, apply.
- Purchase must be from a willing seller.
- Bond Vote required for amount of actual debt (loan amount, not including loan forgiveness amount).
- Prohibition of use of funding as a match in another federal grant or loan application/project.

Repayment: Payments begin one year after the loan agreement is signed.

More Information:

Program Information Contact:

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This fact sheet and related environmental information are available electronically at:
www.dec.vermont.gov/water

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