



FAQs:

Kentucky Product Development Initiative (KPDI) Program of 2024

September 2024

The purpose of this document is to address various questions about the Kentucky Product Development Initiative (KPDI) Program of 2024 and its process. The Kentucky Cabinet for Economic Development (Cabinet) staff is available and happy to discuss any potential project to determine if the KPDI Program of 2024 is the best approach and if any other incentive programs align with the potential project. Any term not defined in this FAQ document will have the same meaning as in the Fact Sheet (a link to which can be found at the bottom of this document).

What entities may apply as Eligible Grant Recipients of the KPDI Program of 2024 grant funds?

A local government or an economic development authority in Kentucky planning to engage in an Economic Development Project (as defined on the fact sheet) in Kentucky. Examples include cities, counties, riverport authorities, industrial development authorities, public entities, and other special purpose government entities.

If an Eligible Grant Recipient received funding under the KPDI Program of 2022, is the Eligible Grant Recipient also eligible to apply for funds under KPDI Program of 2024?

Yes. Receipt of KPDI Program of 2022 Funding does not exclude an Eligible Grant Recipient from applying under the KPDI Program of 2024. Please note if any two Eligible Projects receive the same score from the independent consultant and one Eligible Project was previously awarded funding under the KPDI Program of 2022, the other Eligible Project not previously awarded funding will have the priority if funding is only available for one of the Eligible Projects with the same score.


What is required if a local government or economic development entity does not currently own the land?

A legally binding letter of intent, option for the sale or sale agreement. Projects on privately owned property that will benefit the public are not eligible for the KPDI Program of 2024.

What are the Eligible Uses of the grant funds?

Eligible Uses may include expenditures in any of the following categories or some combination thereof, subject to Cabinet review:

- Due diligence studies
 - Must validate the property is free from impediments listed in the Property Development Ability evaluation criteria

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- Property acquisition
 - Appraisal required to be provided
 - Infrastructure extension or improvement
 - Site preparation work
 - Building construction or renovation
 - Road improvements
 - Spec Buildings
 - Utility extension to a publicly owned site

Can the grant funds be used to expand utilities to properties with existing industries?

Yes, the utility expansion would be considered an Eligible Use/cost for the program if it is for an Eligible Grant Recipient on publicly owned property. Please note the independent consultant would still need to evaluate and score the application for such a project.

Will an applicant be limited in how much KPDI Program of 2024 funding can be used for property acquisition?

Funding for each Eligible Project requires local matching funds based on the county population ranking and is limited to \$2,000,000, except if the Eligible Project is participating in a Regional Project. Regional Projects may pool the potential allocation of funds available for each county to determine the potential maximum KPDI Program of 2024 funding available. Additionally, the maximum funding available for each county shall not exceed \$2,000,000.

If there are expenses that would be required before the RFI spreadsheet, can those be reimbursed with grant funds later?

The Eligible Grant Recipient may begin incurring costs for the Eligible Project after the RFI spreadsheet deadline submission date to KAED at its own risk. Should a KPDI Program of 2024 funding award occur, costs incurred for the Eligible Project after the RFI spreadsheet submission date to KAED may be considered eligible as matching funds or for reimbursement.

If an Eligible Project includes an Eligible Use of property acquisition, then eligible due diligence costs incurred after the RFI spreadsheet deadline submission date to KAED may qualify for local matching funds should a KPDI Program of 2024 funding award occur.

If the cost of land is more than what KPDI Program of 2024 can contribute, will the program still contribute if other third parties agree to fund the difference (capital stack)?

Yes. KPDI Program of 2024 may fund up to the maximum funding limitations outlined above.

What is considered an eligible “Local Match?”

Funding may be provided from local governments, companies, organizations, utilities, non-profits, federal funds, etc. to assist with the project costs. In-kind services and state funds are not permissible for matching funds or disbursement requests. In-kind fee simple donations are permissible as matching funds if value of the donated asset may be independently determined.



Are TVA in lieu of funds, ARPA, CDBG or other grant funds held by the local government eligible for the “Local Match?”

Yes, as long as the applicant can demonstrate that the matching funds meet all of the following:

- (1) Funds may be used at the discretion of the applicant
- (2) Funds are available
- (3) Funds are permitted for such use.

Eligible Projects will be required to provide invoices and proof of payment for the expenditures and investment incurred. Thus, in-kind services and state funds are not permissible for matching funds or disbursement requests.

What are the best partnerships for the local match? Do those partnerships need to be in place before the RFI spreadsheet submission?

Communities are encouraged to have a letter of commitment for the funds to have a stronger application. Area Development Districts, utilities, rail providers, riverports and local governments are encouraged to be considered for a partnership on the project. The match funding source should be identified as part of the application. If the project is for a Regional Industrial Authority, the Regional Industry Authority is required to already be established and provide its articles of incorporation and interlocal agreement.

Can option payments made during the due diligence phase, count towards the match?

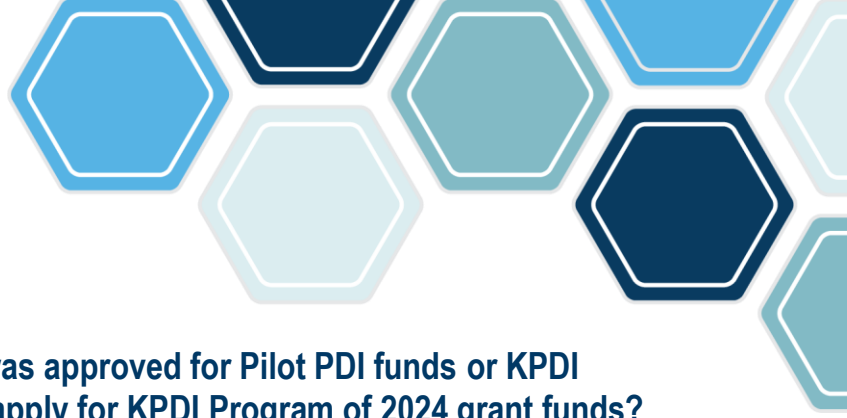
No.

If an Industrial Development Authority (IDA) applies for KPDI Program of 2024 to cover expenses related to due diligence, engineering, design, and a small amount of infrastructure upgrade, could purchasing the land be the IDA’s required local match?

Due diligence expenses as an Eligible Use for an Eligible Project should occur prior to any property acquisition to determine if the property should be acquired. Thus, the IDA would need to be able to match the KPDI Program of 2024 funds as required by the program to cover the due diligence costs. If the due diligence is positive, the IDA funds to purchase the property may be used as matching funds for the infrastructure upgrade. KPDI Program of 2024 funds may also be used for the property acquisition as long as the required match is provided.

Are projects bound to Davis-Bacon wages?

No, not for the KPDI Program of 2024. However, an applicant is encouraged to assess whether other sources of funds for the proposed project may have this requirement.



If a local economic development authority was approved for Pilot PDI funds or KPDI Program of 2022 funds, will it be eligible to apply for KPDI Program of 2024 grant funds?

Yes.

Is the funding appropriated for mega-development projects available for the KPDI Program of 2024?

No. HB 1 of the 2024 Regular Session appropriated \$35 million in each fiscal year for the KPDI Program of 2024. Additionally, SB 91 of the 2024 Regular Session appropriated another \$65 million per fiscal year for a separate and distinct program. The separate program may provide funding for a “mega-development project of at least \$10,000,000.” Note that a mega economic development project is one that is already of interest to a company seeking to locate or expand in Kentucky and that has infrastructure costs exceeding \$10,000,000 at the potential location.

What population estimates were used to calculate the county population ranking for each county?

Per the legislation, the most recent available five year American Community Survey as published by the United States Census Bureau is used to calculate the county population ranking.

For a regional project, does the land have to cross county lines or can it be in one county with sharing of the available funding?

The land may be located in one county and multiple counties agree to apply together and combine the available funds for each county. If the project is for a Regional Industrial Authority, the Regional Industry Authority is required to already be established and provide its articles of incorporation and interlocal agreement.

Is there an RFI spreadsheet submission fee and how is that applied with multiple submissions?

Yes. There is a \$1,000 submission fee which is required for each RFI spreadsheet submitted.

Can a county be part of multiple applications? Example, a regional and single project application?

Yes. Regional collaboration is strongly encouraged.



Can grant awards be amended if the project costs significantly increase from the RFI spreadsheet submission deadline to the point of construction?

No.

Is there an opportunity for updated project costs after the grant recommendation but before KEDFA approval begins?

At the conclusion of the independent site consultant's review, a list of recommended projects will be provided to the Cabinet for consideration. The Cabinet has an application and approval process for projects recommended for grant funding. The project may update the costs of the project on the application submitted to the Cabinet, but a request to increase the grant funding amount cannot be made.

Once a KPDI Program of 2024 project is recommended by the independent site consultant, can the project change?

No. Once a project has been reviewed and scored by the independent site consultant, the planned project cannot be modified.

How is utility adequacy taken into account in the scoring process?

The legislation states that the property the Eligible Project occupies or is proposed to occupy shall have access to adequate utilities and shall be served or able to be served by the following: i) electric infrastructure, ii) natural gas, iii) water infrastructure and a public water system, iv) wastewater infrastructure and a public wastewater treatment plant, excluding septic wastewater treatment system, and v) fiber telecommunications infrastructure.

Can grant funds be used to expand utilities to privately owned sites?

No. Utility expansion on publicly owned land or right of way to service privately owned sites does not qualify as an Eligible Project.

Fact Sheet

See [CED.KY.GOV/KPDI](https://ced.ky.gov/kpdi) for additional resources and the KPDI Fact Sheet.

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