



Department for Local Government Office of State Grants

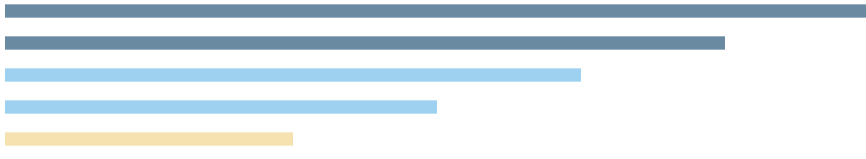
State Grant Programs

- Local Government Economic Assistance Fund (LGEAF)
- Local Government Economic Development Fund (LGEDF)
- Flood Control - Local Match Participation Program (LMPP)
- Regional Development Agency Assistance Program (RDAAP)



Office of State Grants Staff

- Billie Johnson, Executive Director
- Aaron Jones, Branch Manager
- Laura Redmon, Budget Manger
- Troy Shrout, Budget Specialist
- Jessica Wagoner, Local Government Advisor
- Wendy Thompson, Local Government Advisor
- Lisa Dale, Local Government Advisor



Coal Development Branch & Special Programs Branch

Coal Development Branch administers the following:

- Local Government Economic Development Fund (LGEDF) Single-County Coal Severance Program
- Local Government Economic Assistance Fund (LGEAF) Coal and Mineral Severance Program

Special Programs Branch administers the following:

- Regional Development Agency Assistance Program (RDAAP)
- Flood Control Local Match Participation Program (LMPP)



Local Match Participation Program (Flood Control)

- **KRS 147A.029** Disbursement of funds for Local Match Participation Program
- **LMPP** - system of grants used to assist local governments to meet cost-share match requirements for flood-related projects, flood control planning, and mitigation activities.
- HB 6 allocates \$6,000,000.00 for each fiscal year (FY24-26).
- Eligible applicants “Local Communities”: city governments, county governments, joint applicants (city-county), and multiple counties.
- Competitive grant.



LMPP (Flood Control)

*****ONE MAIN REQUIREMENT*****

- **Project must have funding by a federal agency or sponsor.**
- DLG will not fund more than 50% of the total project.
- **Federal Agencies:** U.S. Army Corps of Engineers (USACE), Federal Emergency Management Agency (FEMA), U.S. Geological Survey (USGS), Natural Resources Conservation Service (NRCS), U.S. Department of Agriculture Rural Development (RD)
- **Federal Sponsored Funding:** Kentucky Transportation Cabinet (KYTC), Kentucky Emergency Management (KYEM)



LMPP (Flood Control)

Types of Projects

▪ Structural

- Local cost-share match requirements for federal Disaster Recovery (public property).
- Demolition or re-location of public property in flood prone areas.
- Construction, reconstruction or demolition of floodwalls, floodgates, levees, small dams.
- Floodwater diversion and storage.
- Debris removal from creeks and small rivers.

▪ Non-Structural

- Acquisition of property in flood prone areas.
- Flood inundation mapping.
- Elevation studies.
- Stream flow gauges.



LMPP (Flood Control)

Application Process

- Applications accepted year-round.
- Must submit:
 - 1) Application
 - 2) Authorizing Resolution
 - 3) Copy of executed legally binding agreement or commitment letters with federal sponsor agency.
- Applications can be located on DLG's website:
<https://dlg.ky.gov/grants/state/Pages/default.aspx>
- Applications may be submitted via email to **Aaron Jones**: aaronj.jones@ky.gov



Regional Development Agency Assistance Program (RDAAP)

Regional Development Agency Assistance Program (RDAAP):

system of grants used to assist agencies, designated by the fiscal courts of each Tennessee Valley Authority (TVA) county, for the purpose of economic development and job creation activities.

- **KRS 96.895** – defines the program, tax collection and transfers, allocations of funds.
- **KRS 96.905** – use of funds, administration of funds, certification of proper use of funds.



RDAAP

□ Per KRS 96.895:

- HB 6 allocates \$6,000,000.00 for each fiscal year FY 2024-2026, which is divided equally among the 39 TVA counties.
- FY 2025, each TVA county will receive a deposit of **\$153,846.15**.
- Regional development agencies shall be a ***Special Purpose Governmental Entity (SPGE)***, as defined in KRS 65A.010(9).
 - Industrial Development Authorities are already registered as SPGE's



RDAAP Eligible Activities

□ Per KRS 96.905:

- Grants obtained under this program shall be used for:
 1. **Economic development and job creation activities;**
 2. **Acquiring federal, state, or private matching funds; and**
 3. **Debt service for approved projects.**
- Grants shall **NOT** be used for:
 1. **Salaries;**
 2. **Consulting fees; or**
 3. **Operational expenses.**



RDAAP Access Funding

□ **County Fiscal Court is the Applicant.**

- **KRS 96.895** requires the legislative body of an eligible county to submit an application to access the funds for an eligible project. Counties may submit joint applications.

□ **Designated SPGE is the Recipient of funds.**

1) **Authorizing Resolution**

- Authorizes both the submittal of application and designated SPGE to provide required documentation for the project.

2) **SPGE Designation Resolution**

- Must be in good standing with DLG's SPGE Branch.
- Designates SPGE as Recipient of funds, authorizes the SPGE CEO to execute MOA, and provide required documentation to administer the project.



RDAAP Access Funding

Application Process

- Applications accepted year-round (Finance & Administration Cabinet OPS Deadline for each fiscal year is **May 1st**).
- Must submit:
 - 1) **Project Scope & Budget**
 - 2) **Legislative Concurrence Letters (each county's legislators)**
 - 3) **Authorizing & SPGE Designation Resolution.**
- Applications can be located on DLG's website:
<https://dlg.ky.gov/grants/state/Pages/default.aspx>
- Applications may be submitted via email to **Aaron Jones**:
aaronj.jones@ky.gov



RDAAP Memorandum of Agreement & Request for Disbursement

- Memorandum of Agreement (MOA) is issued after all required application items are received.
- MOA's are sent electronically via email to designated SPGE recipient.
- Require signature from SPGE CEO.
- Return signed MOA to DLG electronically via email, DLG Counsel and Commissioner add signatures.
- DLG submits executed MOA to Finance & Administration Cabinet for final approval (5-7 business days).
- DLG sends final approved MOA and RFD form.
- Upon receipt of signed RFD form, DLG issues funding.



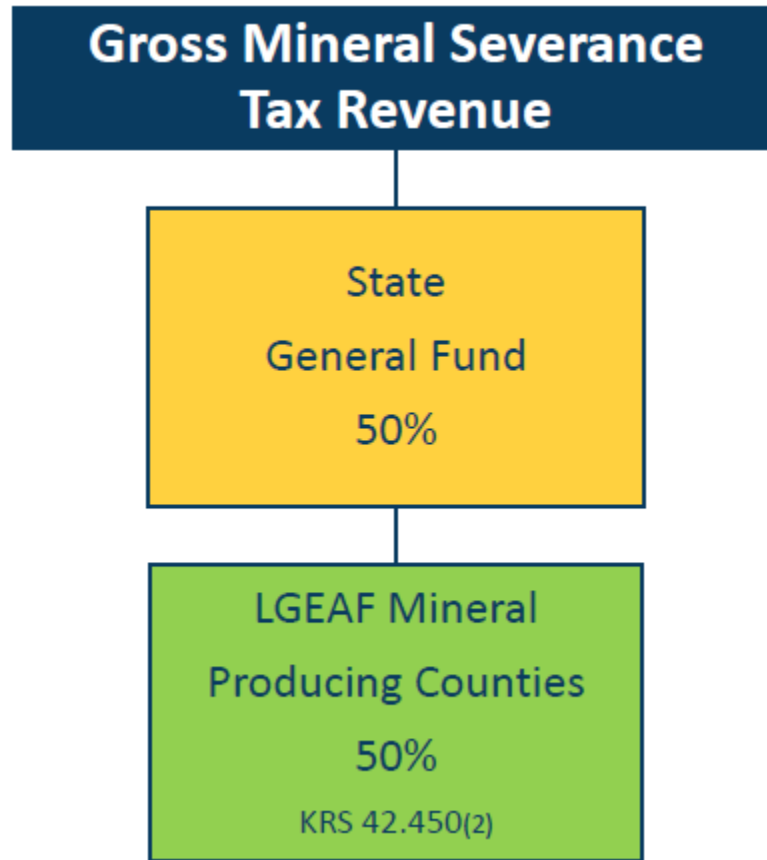
Severance Fund Programs

Each quarter, coal and mineral severance tax revenue is disbursed through two programs:

- Local Government Economic Assistance Fund (LGEAF)
- Local Government Economic Development Fund (LGEDF)

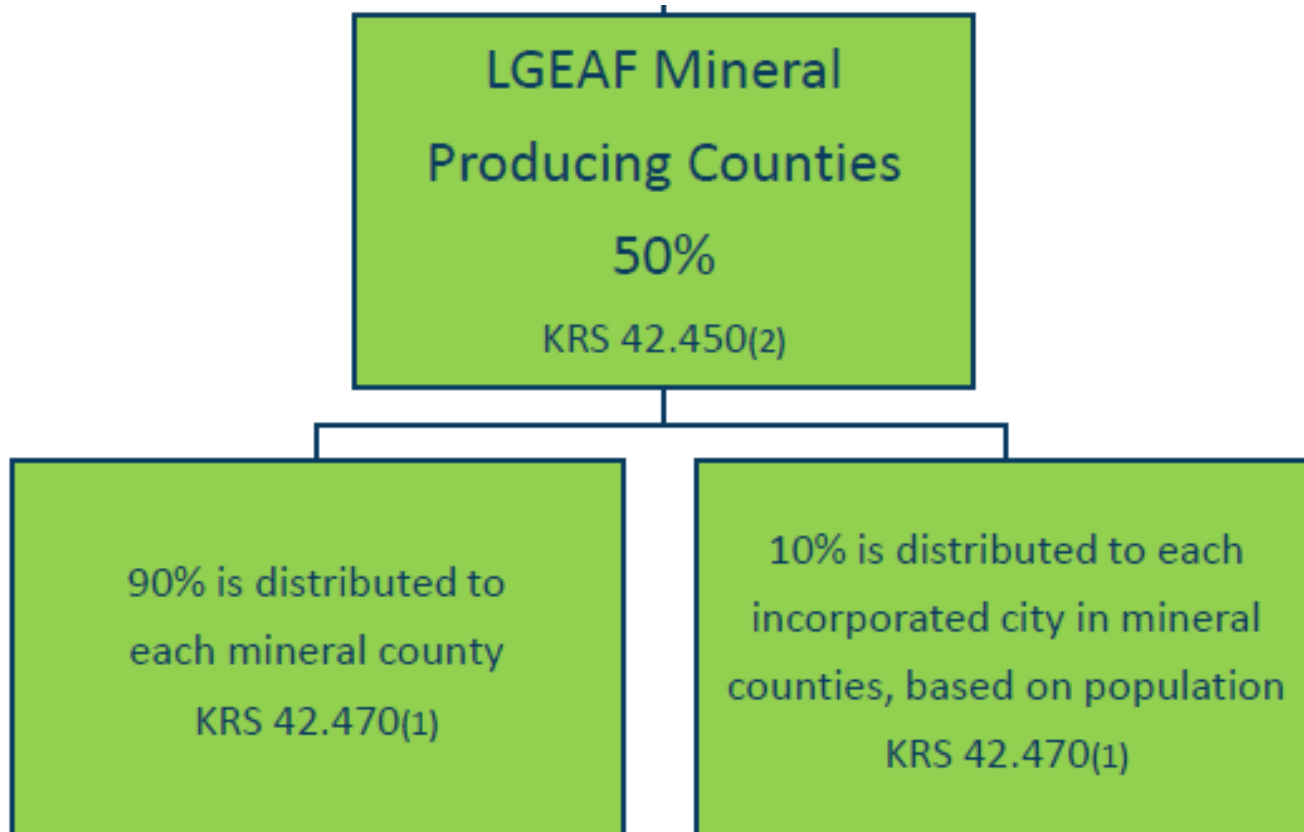


LGEAF Mineral Severance Distribution





LGEAF Mineral Severance Distribution





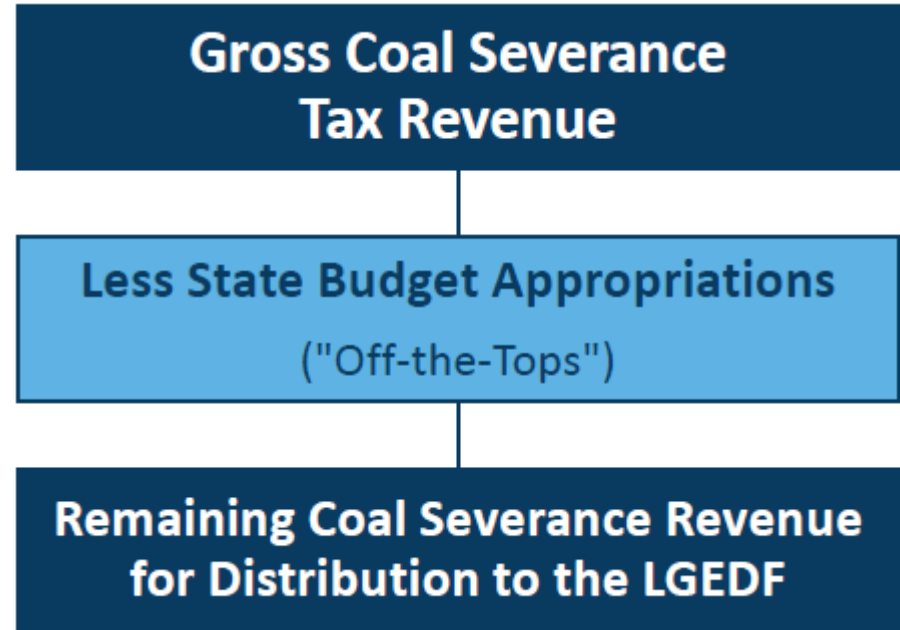
LGEAF Mineral Severance Distribution

- If a refund of tax occurs, and a county's allocated share of the refund amount is greater than 50% of the quarterly distribution due to the county and its incorporated cities, the distribution will be reduced no more than 50% and the remainder will carry forward to be offset in successive quarters until it is satisfied in full (KRS 42.470).
- If any city allocation is less than \$25 in any given quarter, the allotment will be distributed to the county (KRS 42.475(2)).



Coal Severance Tax Revenue Programs

- The only “off-the-top” allocations deducted are debt service and program administration costs to DLG.
- 100% of remaining funds are distributed to local governments through the LGEDF program, and to the LGEAF programs.



Coal Severance Tax Revenue Programs

Remaining Coal Severance Revenue for Distribution to the LGEDF

LGEAF
30%

LGEDF
70%

70% of funds are distributed based on ratio of coal severed in county
KRS 42.470(1)(c), per HB 192

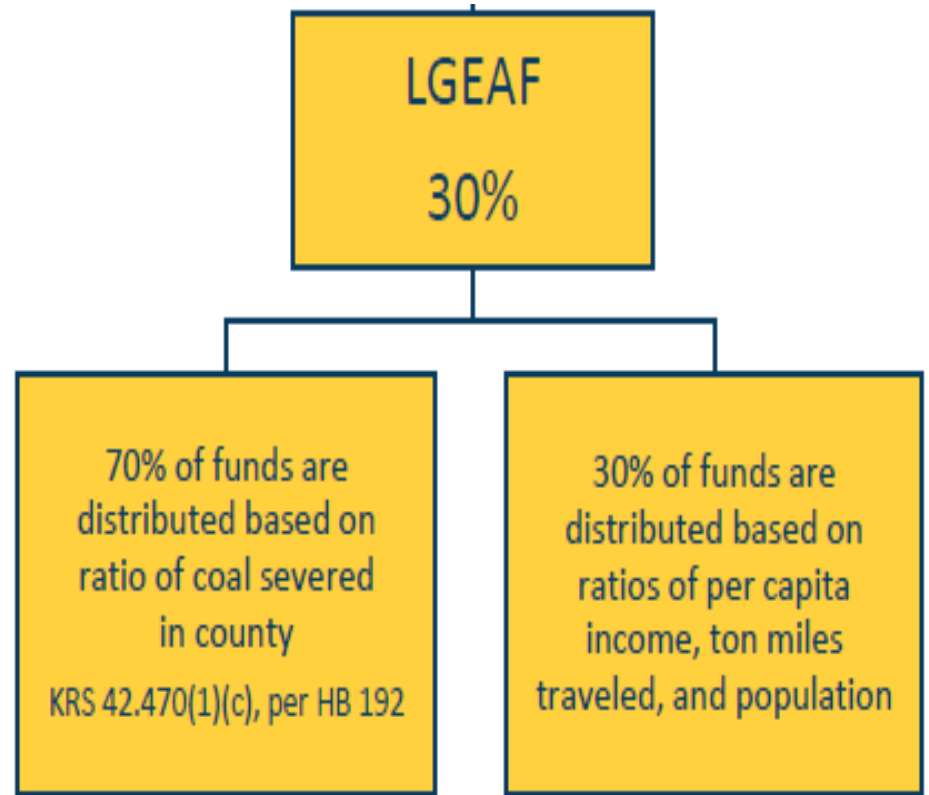
30% of funds are distributed based on ratios of per capita income, ton miles traveled, and population

50% of funds are distributed based on ratio of coal severed in county
KRS 42.4592(1)(a)

50% of funds are distributed based on ratios of mining employment, mining income, and surplus labor
KRS 42.4592(1)(b)

LGEAF Coal Severance Distribution

- FY's 24-26 biennium budget (HB 6), provides 30% of the coal severance tax revenue available for distribution to the LGEAF.
- HB 6, LGEAF Coal funds are for “*producer*” counties only. **No allocation of funds** for “*impact*” counties, which are counties that have roads impacted by the transportation of coal.





LGEAF Eligible Activities

Per KRS 42.455, LGEAF Coal and Mineral eligible activities include:

a. Public Safety

g. Social Services

b. Environmental Protection

h. Industrial or Economic

c. Public Transportation Development

i. Vocational Education

d. Health

j. Workforce Training

e. Recreation

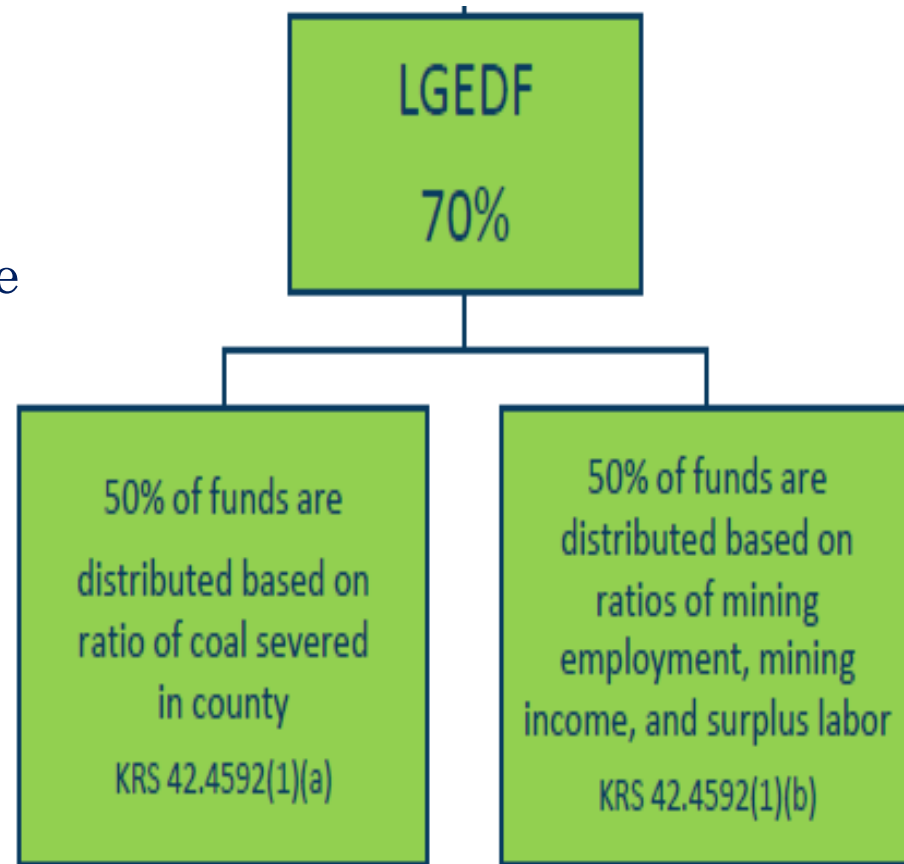
k. Secondary Wood Industry

f. Educational Facilities

- *Per HB 1, funds are **not** required to be used on coal haul roads.*
- *Grants shall not be used for expenses related to administration of government.*

LGEDF Coal Severance Distribution

- The FY 2025 executive branch budget, HB 6, provides 70% of the coal severance tax revenue available for distribution to the LGEDF “single-county” program.
- The LGEDF eligible counties are those counties that currently have had coal production in the current or any one of the four (4) preceding years.





LGEDF Eligible Activities

- **HB 6 provides flexibility for LGEDF project activities.**
- Funds shall be allocated to projects with the **concurrence of the County Judge/Executive, State Senator(s), and State Representative(s) of each county.**
- If concurrence is not achieved, the fiscal court may apply for grants for industrial development projects, **per KRS 42.4588.** Projects include the acquisition, development, and/or improvement of real estate for conveyance or lease to industrial firms to be used for manufacturing, processing, assembling, or other approved use by industrial entities.



LGEDF Access Funding

Application Process

- Applications accepted year-round (Finance & Administration Cabinet OPS
Deadline for each fiscal year is **May 1st**).
- Required Correspondence:
 - 1) **Project Scope & Budget**
 - 2) **Authorizing Resolution**
 - 3) **Legislative Concurrence Letters (each county's legislators)**
- Applications may be submitted via email to **Wendy Thompson**:
wendy.thompson@ky.gov
- Application forms can be located on DLG's website:
<https://dlg.ky.gov/grants/state/Pages/default.aspx>

LGEDF Guideline Update

Additional Application Requirement

- Application will require expenditure invoices and/or quotes.
- Memorandum of Agreement (MOA) will not be issued until disbursement documentation is provided with application items.
- Disbursement documentation include: **Estimates/Quotes, Invoices, Receipts, Canceled Checks, Electronic Bank Statements, etc.**
- **Fire Department Projects** must have canceled checks and invoices submitted with application – **NO EXCEPTIONS.**
- MOA's issued without disbursement documentation will require pre-approval.



LGEDF Memorandum of Agreement

- Memorandum of Agreement (MOA) is issued after all required application items are received.
- MOA's are sent electronically via email.
- Require signatures from Judge/Executive and County Counsel.
- Return signed MOA to DLG electronically via email, DLG Counsel and Commissioner add signatures.
- DLG submits executed MOA to Finance & Administration Cabinet for final approval (5-7 business days).
- DLG sends final approved MOA and RFD form.



LGEDF Request for Disbursement

- Request for Disbursement (RFD) form sent electronically via with copy of final MOA.
- RFD form is editable excel format.
- Require signature from Judge/Executive or designated signatory on behalf of county fiscal court.
- Return signed RFD along with any additional documentation.
- **RFD may be submitted via email to Jessica Wagoner:**
jessica.wagoner@ky.gov
- RFD forms can be located on DLG's website:

<https://dlg.ky.gov/grants/state/Pages/default.aspx>



LGEDF Quarterly Reports

- Quarterly Reports (QR) are due on the 30th of the month following the end of each quarter period.
 - 1st Quarter (July-September) Due October 30th
 - 2nd Quarter (October-December) Due January 30th
 - 3rd Quarter (January-March) Due April 30th
 - 4th Quarter (April-June) Due July 30th
- Purpose is to ensure project is compliant with program guidelines and financial accounting documentation remain accurate and updated for active projects.
- Required for all active projects (even if funds have not been drawn).
- Missing documentation (**canceled checks**) should be included with QR.
- Failure to include delinquent documentation will result in a hold placed on any future disbursements for the project.
- QR may be submitted via email to **Jessica Wagoner**: jessica.wagoner@ky.gov



Questions?

Office of State Grants

Department for Local Government

100 Airport Road, 3rd Floor

Frankfort, Kentucky 40601

(502) 573-2382 or (800) 346-5606

<https://dlg.ky.gov/Pages/index.aspx>