

another to avoid the appearance of pre-selection. If requested, indirect costs must be included as part of management costs and must be supported with a current Indirect Cost Rate approved by a Federal Cognizant Agency. However, in no case will the amount of funding awarded for management costs exceed 10 percent of the total amount awarded for mitigation planning and project sub-grants. There is no waiver to increase Applicant Management Costs.

Applicants that request management costs must submit a separate sub-application for their management costs. Management costs will not factor into the competitive evaluation of planning or project proposals submitted by the Applicant and do not need a Benefit Cost Analysis. Funding for Applicant management costs will not be awarded until all planning and project sub-applications have been awarded to ensure that Applicant management costs do not exceed 10 percent of the total planning and project sub-grant awards. Management costs will be cost shared with up to 75 percent of eligible costs provided by FEMA and at least 25 percent provided by a non-Federal source to the maximum Federal share approved by FEMA.

Sub-applicant Management Costs. Sub-applicants may request a maximum of 5 percent of the total grant funding requested for management costs to support approved planning activities or projects. Sub-applicant management costs must be included as part of the planning activity or project costs and, therefore, must be included in the Benefit Cost Analysis for projects. If requested, indirect costs must be included as part of the Management Costs and must be supported with a current Indirect Cost Rate approved by a Federal Cognizant Agency. However, in no case will the total Federal share for any project, including management costs, exceed \$3 million. There is no waiver to increase Sub-applicant Management Costs.

Ineligible Activities

Ineligible Mitigation Projects. The following mitigation projects are ineligible for the PDM program:

- Major flood control projects such as dikes, levees, floodwalls, seawalls, groins, jetties, dams, waterway channelization; beach nourishment or renourishment;
- Warning systems;
- Engineering designs that are not integral to a proposed project;
- Feasibility studies that are not integral to a proposed project;
- Drainage studies that are not integral to a proposed project;

- Generators that are not integral to a proposed project;
- Phased or partial projects;
- Flood studies or mapping; and,
- Response and communication equipment.

Cost Overruns. The PDM program is a competitive grant program and, therefore, award amounts are final. There are no cost overruns associated with this program.

Cost Share Requirement

FEMA will contribute up to 75 percent of the total amount approved under the grant award, to implement approved activities. At least 25 percent of the total approved under the grant award must be provided from a non-Federal source. Grants awarded to small, impoverished communities may receive a Federal share of up to 90 percent of the total amount approved under the grant award, to implement eligible approved activities. A small, impoverished community must meet all of the following criteria:

- It must be a community of 3,000 or fewer individuals that is identified by the State as a rural community, and is not a remote area within the corporate boundaries of a larger city;
- It must be economically disadvantaged, with residents having an average per capita annual income not exceeding 80 percent of national per capita income, based on best available data;
- It must have a local unemployment rate that exceeds by one percentage point or more, the most recently reported, average yearly national unemployment rate; and
- It must meet any other factors as determined by the State in which the community is located.

All non-Federal contributions, cash and in-kind, are accepted as part of the non-Federal share. Except as allowed by Federal statute, no other Federal funds can be used as a cost share. Requirements for in-kind contributions can be found in 44 CFR 13.24. In-kind contributions must be directly related to eligible program costs. The following documentation is required for third-party cash and in-kind contributions: record of source of donor, dates, rates, amounts, and deposit slips for cash contributions.

Evaluation and Award Processes

National Ranking. FEMA will score all eligible activities on the basis of predetermined, objective, quantitative factors to calculate a National Ranking Score. Mitigation planning activities will be scored separately from mitigation projects.

• Ranking factors for competitive mitigation planning activities, listed in order of importance, are:

(1) Sub-applicant's assessment of risks by hazard;

(2) The priority given to the sub-application by the Applicant;

(3) Community mitigation factors such as Community Rating System class, Cooperating Technical Partner, participation as a Firewise Community, and adoption of codes to include Building Code Effectiveness Grading Schedule, International Code Series and National Fire Protection Association 5000 Code;

(4) Status of FEMA-approved local, Standard State/Tribal and Enhanced State/Tribal mitigation plans; and,

(5) Status of the Sub-applicant as a small, impoverished community.

• Ranking factors for mitigation projects, listed in order of importance with the same importance given to numbers 5, 6, and 7, are:

(1) Benefit Cost ratio by hazard based on Applicant's Benefit Cost Analysis;

(2) The priority given to the sub-application by the Applicant;

(3) Community mitigation factors such as Community Rating System class, Cooperating Technical Partner, participation as a Firewise Community, and adoption of codes to include Building Code Effectiveness Grading Schedule, International Code Series and National Fire Protection Association 5000 Code;

(4) Status of FEMA-approved local, Standard State/Tribal and Enhanced State/Tribal mitigation plans;

(5) Percent of the population benefiting (equals the community population divided by the individuals directly benefiting);

(6) Status of the Sub-applicant as a small, impoverished community; and

(7) Whether the project protects critical facilities.

PDM is a competitive grant program in which Applicants compete for limited funds and, as such, the program must emphasize funding eligible cost-effective mitigation activities. Therefore, mitigation projects with higher benefit cost ratios will be more competitive. To enhance proposal competitiveness, Applicants are encouraged to conduct a thorough Benefit Cost Analysis in accordance with this Notice that demonstrates the maximum benefits associated with their mitigation project. Mitigation projects with a benefit cost ratio less than 1.0 will not be considered for the PDM competitive grant program.

Proposals will be ranked in descending order based on the National Ranking Scores, and the highest scored applications representing 150 percent of