Turning Setbacks into Comebacks: Understanding FEMA's Updated Appeals Process Rules

FLORIDA GOVERNOR'S HURRICANE CONFERENCE MAY 2025

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WHAT - WHEN - HOW...

Do I Appeal?

"Enduring Together – Persevering with Purpose"

FEMA APPEAL PROCESS OVERVIEW

Stafford Act Sec. 423; 44 C.F.R. 206.206 and 209; <u>www.CBCA.gov</u>

First Appeal – FEMA Region

- Must file with Recipient **OR in Grants Portal** within 60 days of earliest receipt of FEMA Determination
- Recipient must transmit to FEMA Region within 60 days of receipt **OR 120 days of issuance of FEMA decision**
- FEMA Region has 90 days to request more information or issue decision

Second Appeal – FEMA HQ

- Must file with Recipient **OR in Grants Portal** within 60 days of earliest receipt of First Appeal Determination
- Recipient must transmit to FEMA Region within 60 days of receipt OR 120 days of issuance of FEMA decision;
 Region transmits to HQ
- FEMA HQ has 90 days to request more information or issue decision

Arbitration – Civilian Board of Contract Appeals

- IF eligible disaster and Project/dispute
- Must file within 60 days from the date of the Regional Administrator's First Appeal Decision, OR
- May file 180 days after FEMA receives First Appeal (requires withdrawal of Appeal)

APPLICANT'S RIGHT OF APPEAL

Section 423 of the Stafford Act

SEC. 423. APPEALS OF ASSISTANCE DECISIONS.

(a) RIGHT OF APPEAL.—Any decision regarding eligibility for, from, or amount of assistance under this title may be appealed within 60 days after the date on which the applicant for such assistance is notified of the award or denial of award of such assistance.

WHAT CAN YOU APPEAL?

Basic eligibility for assistance

- Applicant eligibility: tribe, local government, non-profit;
- Scope of damage, cause of damage;
- Repair vs. replacement: 50 percent rule;
- Relocation; and
- Documentation: sufficiency, compliance with DI/DDD.

Reasonable cost and procurement

- Competitive bids or forms of contract;
- Change orders; and
- Failure to take affirmative steps or use of a local preference.

After closeout: Deobligation of funds spent

- Department of Homeland Security Office of Inspector General (OIG) audit; and
- Change in FEMA policy.



WHEN? TIMELINE FOR SUBMISSION

For Disasters Declared Before Jan. 1, 2022:

- Applicant must submit appeal to recipient within 60 days of receipt of appealable decision;
- Recipient must forward appeal to FEMA within 60 days of receipt of the appeal from applicant;
- FEMA has 90 days from receipt of the appeal from the Recipient to issue a decision or RFI; and
- No specified method of submission.

For Disasters Declared Jan. 1, 2022 and Later:

- Applicant must submit appeal to Recipient within 60 days of the date of the appealable decision:
 - Count from the date FEMA electronically transmits the decision to the applicant and recipient;
- Recipient must forward appeal to FEMA with recommendation within 120 days of the date of the appealable decision;
- FEMA has 90 days from receipt of the appeal from the recipient to issue a decision or RFI;
 and
- Appeals must be submitted electronically via Grants Portal.

DEADLINES ARE STRICTLY ENFORCED

Sec. 423. Appeals of Assistance Decisions (42 U.S.C. 5189a)

- (a) RIGHT OF APPEAL Any decision regarding eligibility for, from, or amount of assistance under this title may be appealed within 60 days after the date on which the applicant for such assistance is notified of the award or denial of award of such assistance.
- (b) Period for Decision A decision regarding an appeal under subsection (a) of this section shall be rendered within 90 days after the date on which the Federal official designated to administer such appeals receives notice of such appeal.
- 4. Time Limits. For disasters declared on or after January 1, 2022:
 - a. Applicants must appeal FEMA eligibility determinations or first appeal decisions within 60 calendar days of the date of the determination or first appeal decision that is the subject of the appeal.¹⁰
 - b. "Date of the FEMA determination" and "date of the Regional Administrator's first appeal decision" as used in 44 C.F.R. § 206.206 means the date FEMA electronically transmits its determination or first appeal decision to the Applicant and Recipient.
 - Recipients must forward Applicants' appeals to FEMA, including the Recipient's written recommendation, within 120 calendar days of the date of the subject determination or first appeal decision.¹¹
 - FEMA will deny any appeals that do not meet the respective 60 calendar day and 120 calendar day deadlines.¹²

https://www.fema.gov/sites/default/files/documents/fema-public-assistance-appeals-arbitration-policy.pdf

HOW? FIRST THINGS FIRST: REVIEW THE DENIAL

- Notification: Monitor Grants Portal, ensure the proper staff are linked to your account, maintain good communication with State and FEMA
- Confirm Deadline
- Confirm Applicable Submission Protocol



- Note each reason FEMA is denying the claimed work/costs.
- Note the things that FEMA says it has reviewed.
- If any *MISTAKES*, reach out immediately.

MINIMAL REQUIREMENTS

44 CFR 206.206

The Appeal MUST:

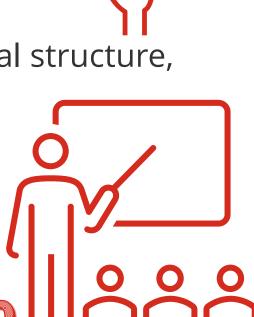
- Be in writing,
- In response to an appealable determination,
- Filed with applicable recipient,
- Contain documented justification supporting your position,
- Specify the monetary figure in dispute,
- State the provisions of Federal law, regulation, or policy with which you believe FEMA's initial action was inconsistent.



WORKING WITH FEMA

MINDSET

- FEMA wants to be consistent.
- Show them how to get to yes.
- Big Brother has a Big Brother.
- Do not expect them to know your industry, community, legal structure, agreements, etc.
- It is one FEMA with many offices.
- You must justify overturning the prior denial
 - (especially with respect to Second Appeals).





DRAFTING THE APPEAL: SOURCES

- Stafford Act, Code of Federal Regulations, Agency Policy
- FEMA Second Appeal Database / Prior Arbitration decisions
- GAO reports, Red Book
- DHS OIG reports
- Case law (there are a few FEMA PA court cases)
- Legislative intent
- Other Federal Agency decisions
- Affidavits
- Statements included in Grants Portal



RESOURCES

- First Appeals in other States
 - These are not published, but are public record
- Talk to other similar applicants in your field
- Use other State regulating agencies for support
- Talk to your COLLEAGUES



APPEAL EVIDENCE

Emails Photos and Videos Declarations/Affidavits Logs Policies, Procedures, News Clips Meeting Minutes **Local Law** and Budgets **Documents From** Other State and Budgets Contract Amendments Be Creative! Federal Agencies

AFTER SUBMITTAL

THE REQUEST FOR INFORMATION (RFI) PROCESS

- RFI: A request for specific information needed to consider the appeal. Should be in writing, provide sufficient detail to describe the documentation needed, and include a deadline for response.
- In general, an RFI should establish a 30-day deadline from receipt to respond.
 An RFI deadline may be extended at the Regional Administrator's discretion.
- The 90-day processing timeline for the appeal resets upon receipt of the information or passing of the deadline to respond.

What are my options if FEMA has missed its deadline?



SECOND APPEAL AND ARBITRATION DEADLINES

Second Appeal:

 Same process and timeline as First Appeal except FEMA Region forwards package with recommendation to Headquarters for action.

Arbitration:

- Only for disasters declared on or after 1/1/2016 with disputes over \$500,000 (\$100,000 for rural areas)
- Must fil request to Civilian Board of Contract Appeals via their Electronic Docketing System either:
 - within 60 days of FEMA First Appeal Decision OR
 - 180+ days after FEMA receives the First Appeal (withdrawal of First Appeal required)

SECOND APPEAL STATISTICS

In 2023, Applicants filed:

- 226 Second Appeals;
- Of these, FEMA:
 - Denied 129 (57 percent);
 - Granted & partially granted 35 (15%);
 - Remanded 1;
 - Rescinded 2;
 - 2 were withdrawn; and
 - 57 were still under review as of February 27, 2024.

In 2024, Applicants filed:

- 201 Second Appeals;
- Of these, FEMA:
 - Denied 161 (80 percent);
 - Granted & partially granted: 31 (15%);
 - Remanded 1;
 - 1 Withdrawn; and
 - 7 still under review as of 4/1/2025.

SECOND APPEAL PROS

2ND APPEAL OR ARBITRATION

Second appeal may be a good option for Applicants who:

- Have new documentation since First Appeal;
- Engaged counsel to assist, and they have a new legal argument to present;
 or
- Have had productive discussions with FEMA and the Recipient and feel confident that FEMA now has what it needs (i.e., a new cost estimate, a new contract document, inspection records, etc.)

PANEL CONSIDERATION – STANDARD OF REVIEW

- CBCA-6716, Monroe County: "The panel is not expected to defer to the decision making of lower level FEMA officials, but instead exercises de novo review."
- CBCA-6909, Livingston Parish: "The panel makes decisions as FEMA would, by examining the facts in the arbitration record and fairly and impartially applying the applicable law."
- CBCA 7222, City of Beaumont: It is well-established that the arbitration panel, "as the final executive branch decision-maker, is not bound by a deferential standard of review."
- CBCA-3872, St. Tammany Parish: "The applicant bears the burden of establishing cost reasonableness."

ARBITRATION STATISTICS

- There have been 164 CBCA decisions since the start of 2021 (41 Arbitrations were from Florida)
 - Win statistics: 96 (FEMA) / 28 (Applicant)
 - 29 withdrawn by applicant
 - 11 remands back to FEMA
- 32 states or territories involved
- Recent shift in procedure
 - Hearings (57)
 - Decided on the written record (59)
 - Oral argument only plus briefs (4)
 - NA/Withfdrawn (28)
 - Unsure (16)



SECOND APPEAL OR ARBITRATION?

Consideration	Appeal	Arbitration
Transparency	None at First Appeal Second Appeals are published	All decisions published on CBCA website
Speed	No way to enforce FEMA's deadlines	Decision within months
Independence	FEMA is the fact finder and arbiter	Neutral three-judge panel
Cost	May be reimbursable as management cost	Not reimbursable; no fee awards; costs are likely higher than appeal
Supplemental Information	Paper process only	Option to present case at hearing
Collaboration	Not typical; FEMA may issue RFIs, but no longer allows meetings	Opportunity for negotiation
Chance of Winning	~14%	~35%



RIGHT OF ARBITRATION

Stafford Act Section 423

- (d) RIGHT OF ARBITRATION -
 - (1) In General. Notwithstanding this section, an applicant for assistance under this title may request arbitration to dispute the eligibility for assistance or repayment of assistance provided for a dispute of more than \$500,000 for any disaster that occurred after January 1, 2016. Such arbitration shall be conducted by the Civilian Board of Contract Appeals and the decision of such Board shall be binding.

THREE CRITICAL COMPONENTS

TIME OF THE DISASTER, AMOUNT AT DISPUTE, TIME OF FILING

- Only available for disasters that occurred after January 1, 2016 doesn't matter when the denial occurred, just the disaster.
- \$500,000 is the minimum in dispute UNLESS you are a rural applicant.
- You MUST file timely.

SEEMS SIMPLE, RIGHT?

AMOUNT IN DISPUTE - CHANGES

- \$500,000 in dispute The language used for current process is different from original.
- "Applicants may consolidate more than one appeal to be heard before the CBCA for the purposes of efficiency." CBCA 2316, St. Stanislaus College (2013)
- **BUT** consolidation does NOT necessarily equate to authority to consider the dispute.
 - Consider how/why the PWs were written "PW is a logical grouping of work"
 - CBCA 6728, City of Lakeport (2020)
 - "consolidation of the PWs to maintain arbitration authority would be inconsistent with the choices that the parties made prior to this appeal" – granted MTD
 - CBCA 7952 and 7997, St. Cloud Florida (April 2024)
 - "By statute, the Board arbitrates disputes, not project worksheets as such." denied MTD
 - "Consolidation is a procedural step, not a substantive one."

AMOUNT IN DISPUTE - CHANGES

• \$500,000 in dispute

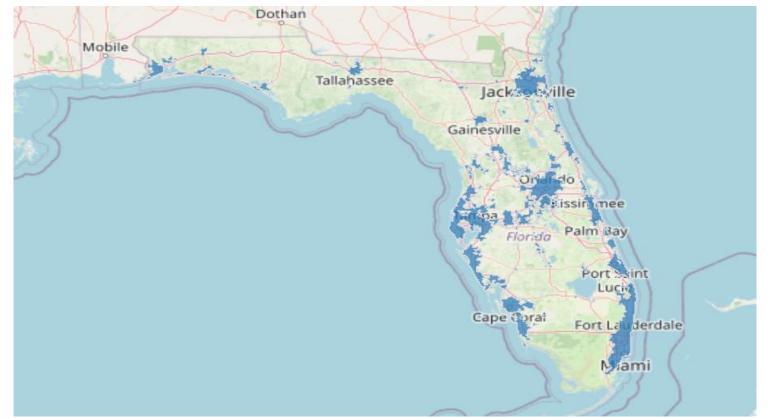
- Needs to be "in good faith dispute", CBCA 6821, Metro St. Louis Sewer
- "A distinction must be made, however, between subsequent events that change the amount in controversy and subsequent revelations that, in fact, the required amount was or was not in controversy at the commencement of the action." CBCA 6821, Metro St. Louis Sewer
 - Consider impact of voluntary change in amount in dispute CBCA 7205,
 Miami-Dade County
 - Submission of information that existed prior?
 - What if FEMA agrees to approve more as part of process? (CBCA 6821)

AMOUNT IN DISPUTE – RURAL AREA

- \$100,000 in dispute "for an applicant for assistance in a rural area"
 - Stafford Act defines rural area as "an area with a population of less than 200,000 outside an urbanized area"
 - FEMA used to utilize the Am I Rural tool online
 - FEMA regulations now define an urbanized area as one that "consists of densely settled territory that contains 50,000 or more people"
- CBCA 6590, Cabo Rojo
- CBCA 7282, First Presbyterian Church, Panama City

AMOUNT IN DISPUTE - RURAL AREA

FEMA position: an applicant must have a population of under 200,000 **and** not be located within a densely settled territory that contains 50,000 or more people (an urbanized area)



AMOUNT IN DISPUTE – RURAL AREA

• CBCA 7889, Bay County Schools (Feb. 2024):

 "FEMA should not mislead applicants about its position on the urban/rural issue and then collaterally attack its own advice in arbitration after it is too late for applicants to change course and obtain further agency review"

TIMELY FILING OF RFA

- MUST meet the filing deadline, there are no extensions.
- File via the CBCA's Electronic Docket System.
 - "Filers are **required** to use the Electronic Docketing System (EDS)
 (https://www.eds.cbca.gov) for all filing in . . . Federal Emergency management Agency (FEMA) arbitrations."
 - No more filing by email!
 - You will have to create a user account in order to file.
 - All documents, including exhibits, should be included in the filing.
 - Only PDFs accepted
 - Files must be under 20MB each and 450MB total.

TIMELY FILING OF RFA

Possible Issues:

- Impact of State's untimely forwarding of First Appeal (CBCA 7222, Beaumont)
- Applicant late filing of First Appeal (CBCA 8307,City of Chicago)
- Applicant appealing based on obligated project (CBCA 7418, Bay Medical)
- Applicant or State using improper process
- File within 60 days of from the date of the Regional Administrator's first appeal decision (CBCA-8264, City and County of Denver)
- Authority of Board: Arbitrate Arbitrability?

CBCA AUTHORITY

- CBCA 7826, Bay Medical Center
- CBCA 8307, City of Chicago:
- "The panel takes this opportunity to disapprove specifically of an argument we have seen FEMA make repeatedly and which it repeats here—namely, that applicants who do not file timely first appeals are categorically "not eligible for arbitration."

TIMELINE OF ARBITRATION

- Docketed almost immediately, Docketing will include assigned Panel.
- FEMA Response typically due within 30 days of Docketing.
- Telephonic scheduling conference within 14 calendar days of Docketing.
- IF REQUESTED, Hearing held within 60 days of the scheduling conference.
- Decision issued 60 days after record closes.

PRESENTING YOUR CASE – WRITTEN RECORD

- FEMA Second Appeal Database
- DHS OIG Reports (Harris County)
- Legislative Intent (New Orleans, Beaumont, Mattamuskeet, Bay Medical)
- FOIA/Public Records Act Request (FKEC)
- Cost Analysis (FKEC)
- CBCA Decisions https://www.cbca.gov/decisions/fema.html
- Affidavits
- Statements included in Grants Portal (Beaumont, Hobby Center, Panama City)
- State Agency Support (FKEC, SJWD, VDEM, Beaumont, Larimer County)
- Federal rules/cases (extenuating circumstances)
- Common definitions (HOW)

PRE-HEARING NEGOTIATION

- The arbitration process allows for direct dialogue between the applicant and FEMA's arbitration attorneys.
- This is an initial opportunity to work with FEMA to resolve some or all of the issues included
 in the Request for Arbitration.
- Example from FEMA's Response Briefs:
 - CBCA 7889-FEMA: "Since the filing of the RFA, FEMA and the Applicant have worked together to resolve several items at issue in the RFA. . . . As such, FEMA will be adding funding to this project in the amount of \$142,966.153, which the Applicant has agreed will resolve the claims associated with the Facility's roofs that are argued in the RFA."
 - CBCA 7872-FEMA: "While FEMA has already determined \$668,996.50 in reasonable costs [is eligible], it has also determined that an additional \$306,191.89 in FEMA PA funding is eligible based on additional documentation provided in its RFA."

PRESENTING YOUR CASE - HEARING

- Opening Statement
- Strong Exhibits Video; Cost Analysis; Maps; Photos
- Alternative Exhibits Affidavits, Created Reports, PowerPoints, Written Direct Testimony
- Your Witnesses
 - Fact To Personalize; Build Credibility
 - Expert May Require Expert Report
 - State Witnesses
 - Cross Examination Preparation *NEW trend* Cross Examination May Be the Only Allowed Testimony
 - Focus on why you are right, not necessarily why FEMA in wrong.
- FEMA's Witnesses Do Your Research; Know Background
 - Prepare for Cross; Use Exhibits to Support Your Case

PRESENTING YOUR CASE - HEARING cont.

FEMA's Turn

- Pay attention to Declarations, Seek out assigned FEMA team/reviewers
- Do Your Research; Know Background
- Impact of location/licensure?
- Prepare for Cross but do not base your whole world on this
- Use Exhibits to Support Your Case

Be Prepared for the Panel

- Panel is allowed to ask questions of witnesses
- Possible Counsel session (highly dependent of assigned Panel)
- Closing Brief? Transcript?



IN THE MATTER OF FLORIDA KEYS ELECTRIC COOP

Eligibility for Emergency Work - Base Camp Costs

- Decision November 2020 re: Irma (2017).
- FEMA Offer to Resolve (Rejected).
- Hearing Done Right:
 - FOIA Request;
 - Cost Analysis;
 - Affidavits; and
 - State Support.
- 84 Percent Amount at Issue Granted.



IN THE MATTER OF THE CITY OF BEAUMONT

Intent of Statute/Authority

- Decision January 2022 Re Hurricane Harvey (2017)
- FEMA Motion to Dismiss
 - Right to Appeal (Arbitrate?)
 - FEMA Appeal Process Timelines
 - Standard of Review/Panel Authority
- Pre-existing Condition/Maintenance
- Direct Result of the Disaster



IN THE MATTER OF LARIMER COUNTY, COLORADO

State Role / Surprise Attack by FEMA

- Decision January 2023 Re Cameron Peak Fire (2020)
- FEMA Motion to Dismiss
 - Right to Appeal (Arbitrate?)
- Eligibility of PPDR Hazardous Trees
- Immediate Threat to Public Health/Safety
- Read the Judge
- State Support
- Be Ready for Ambush Get the Last Word



IN THE MATTER OF SAWNEE ELECTRIC

Allocation of costs across declared/undeclared counties using estimates/averages

- Decision April 2023; Tropical Storm Zeta (2020)
- MTD: Untimely Grantee forwarding of First Appeal (Citing Beaumont and Larimer)
- "An interpretation that is faithful to the plain meaning of the statute will not be deterred by speculation or innuendo about how future regulators or applicants might behave."
- Impact of change in FEMA position
- Prior Disasters vs. New Policy
- Gave FEMA 90 days to review documentation
- See also IN THE MATTER OF MATTAMUSKEET ASSOCIATION

IN THE MATTER OF CITY OF MIAMI BEACH, CBCA 8205

Force Account Labor - COVID-19; Decision February 2025 (Volk)

- "Split the baby" decision.
- "The social distancing requirements that the City's officers enforced would not have existed **but for** COVID-19."
- "While FEMA's position in this arbitration may be entirely consistent with the position it has taken in other matters, we are not persuaded that its position comports with a plain reading of the applicable guidance."
- or the applicable galaantee.
- Increased Operating Costs
 - Returned for review of documentation.

IN THE MATTER OF EARLY EDUCATION AND CARE, INC.

Mixed Use Analysis - Two Trips to Board

- Eligibility of PNP (February 2022) and Facility (August 2025)
- Hurricane Michael 2018
- "Arbitration panels do not prepare MUAs in the first instance; rather, panels only review MUAs prepared by the parties."
- Consideration of administrative/support facilities
- Follow Up Questions from Panel
- Considered Options



IN THE MATTER OF... COVID-19 PANDEMIC

- Eligibility of Premium Pay/OT
- Re-Assigned Employees
- Increased Operating Costs
- Duplication of Benefits
- Documentation of Need/Use
- Missed Deadlines
- Reasonableness
- Sheltering



IN THE MATTER OF MATRIX COMMUNITY OUTREACH CENTER, INC.



Ability to reimburse PNP for Emergency Work - COVID-19

- Decision April 2025, "While the panel is sympathetic ... FEMA's policies for the COVID-19 pandemic ... clearly stated that FEMA would reimburse the legally responsible government entity which in this case is Walton County."
- "We do not address the cost eligibility issues briefed by FEMA or whether Walton County now may submit a request for funds on behalf of Matrix."
- Compare IN THE MATTER OF BALDWIN ELECTRIC (CBCA 7914) Panel approved because Baldwin EMC was legally responsible for the service at issue.
- "Matrix may not receive direct reimbursement of its costs from FEMA."

COVID-19 PANDEMIC - THE WIN

CBCA 7407, Joint Meeting of Essex and Union Counties, New Jersey

- Eligibility of OT for a Wastewater Plant WON (2-1)
- Increased Operating Costs
- "It seems somewhat awkward to attempt to apply the PAPPG to the type of disaster that is before us now, as the PAPPG clearly was not written with a pandemic in mind."
- "In the circumstances here, FEMA's insistence on using a strict and narrow interpretation of the PAPPG's imposition of an "increased demand" requirement, which is not found in the implementing statute, seemsto conflict with the intent behind the original COVID-19 disaster declaration and the early guidance implementing it.



IN THE MATTER OF BAY MEDICAL CENTER

CBCA 7418; OPC1 - Trigger for Appeal/Arbitration

- September 2022 Re Michael (2018)
- DM vs. Obligation of Project
- Impact of Working with FEMA to Resolve
- Scope of Decision Remanded for Merits

CBCA 7826; Surgery Center - Decision issued January 9, 2024

- FEMA Motion to Dismiss Interlocutory Decision?
- Panel Authority Four Step Process
 - Standing Applicant
 - Authority or Arbitrability Issue
 - Procedural Eligibility Timing/Amount
 - Deference to FEMA?
- Timing Issues



IN THE MATTER OF SCHOOL BOARD OF BAY COUNTY

"We ask primarily whether the applicant is right and not whether FEMA wrong."

- "First, the School Board hired an architect to document disaster-related activities requiring repair."
- "Second, at FEMA's request . . . the School Board provided a project cost breakdown to FEMA."
- "Third, the contractor's notarized payment application included two certifications . . ."
- "Fourth, the "Scope of Work and Cost Matrices" produced by the School Board in this arbitration tie work items in the SOW to itemized costs on the contractor's payment application."

Result? The School Board won its entire \$4.9 million request.

Parting Thoughts

Cost considerations

FEMA only uses attorneys

Formality is judge dependent

Judges ask questions

Zoom or inperson hearings

Demonstratives

Experts with firsthand knowledge are key New documentation allowed!

Withdrawing the First Appeal

WHAT NEXT?

FEMA's Decisions

 A FEMA final agency determination or a decision of the Assistant Administrator for the Recovery Directorate on a second appeal constitutes a final decision of FEMA. Final decisions are not subject to further administrative review. 44 CFR 206.206(c)



CBCA's Decisions

 The decision of a panel majority is the final administrative action on the arbitrated dispute and is judicially reviewable only to the limited extent provided by the Federal Arbitration Act (9 U.S.C. 10). 48 CFR § 6106.613



Q&A DISCUSSION



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