

PRESS RELEASE

City of New Orleans Gets Big Win on 8th Anniversary of Hurricane Katrina

September 5, 2013

(New Orleans, Louisiana / September 5, 2013) In a decision handed down on the 8th anniversary of Hurricane Katrina, a three-judge arbitration panel of the Civilian Board of Contract Appeals (CBCA) in Washington, D.C. handed a significant legal victory to the City of New Orleans, directing the Federal Emergency Management Agency (FEMA) to reimburse the City \$10.8 million for salaries the City paid to its police, fire and emergency medical service personnel for emergency work performed following Hurricane Katrina in 2005. The City was jointly represented by Ernest B. Abbott of FEMA Law Associates, PLLC, and attorneys Donna D. Fraiche and Wendy Huff Ellard of Baker Donelson.

Docketed as CBCA-2875, the action was filed in June 2012, after FEMA retroactively determined that funding previously approved to cover the costs at issue would be taken away from the City pursuant to FEMA's general policy against reimbursement of regular time salaries of an applicant's permanent employees. The City's team, led by Abbott, argued that FEMA previously approved the costs as eligible due to the extraordinary nature of this disaster and in recognition of the fiscal crisis that followed. In the decision released yesterday, the three-judge Panel agreed, finding that "the record demonstrates that the regular pay at issue was an incremental cost incurred by the city in performing emergency work in response to the unprecedented devastation caused by Hurricane Katrina." The Panel continued, ruling that the "funds were legitimately paid pursuant to an approved agreement, the costs were reasonable, and the purpose of the grant was accomplished." FEMA therefore must return approximately \$10.8 million to the City.

This action was submitted by the City pursuant to regulations promulgated by FEMA in August 2009, which established a binding alternative dispute resolution process to expedite recovery efforts within the Gulf Coast Region by resolving outstanding disputes stemming from the aftermath of Hurricanes Katrina and Rita. Pursuant to the Sandy Recovery and Reinvestment Act, 2013, a similar process, the Dispute Resolution Pilot Program (DRPP), has been established to govern any disaster declared on or after October 2012.

"As we mark the eighth anniversary of Hurricane Katrina and the failure of the federal levees, it is important to remember the service of the City of New Orleans' first responders who faced incredibly difficult circumstances in the wake of the devastation," Mayor Mitch Landrieu said. "This ruling affirms the hard work put in by so many to serve and protect those in need during our darkest hours."