

# Request for Exception to the Provision that Requires Either a New Public Service or Quantifiable Increase in Public Service

May 31, 1988

MEMORANDUM FOR: Richard J. Franco, Manager  
New Orleans Office, 6.6S

FROM: Jack R. Stokvis, General Deputy Assistant Secretary  
Community Planning and Development, CD  
SUBJECT: Lake Charles, Louisiana  
Request for Exception: 24 CFR 570.201(e)(1)

We have reviewed your request on behalf of Lake Charles, Louisiana for an exception to the provision of 24 CFR 570.201(e)(1) which requires that a public service must be either a new service or a quantifiable increase in an existing service above that which has been provided by or behalf of the unit of general local government through funds raised by such unit, or received by such unit from the State in which it is located in the twelve calendar months prior to the submission of a statement.

The information submitted indicates \$58,000 of CDBG funds is proposed to be allocated to the City-owned public transit system to cover about 8 percent of the annual operating cost of the system. The City's letter indicates that this allocation is necessary because the local City council has limited the amount of general fund money that can be used for the system to \$300,000 and that the City is working to again bring its transit operation under compliance with UMTA regulations so that UMTA funding will be available to the city.

The materials submitted do not indicate that the activity meets a national objective. In order to show that this activity benefits low and moderate income persons, the service area of the public transit system must be identified and the total number of persons in the service area and the total number of low and moderate income persons within the service area must be determined in order to calculate whether at least 51% of the residents of the service area are low and moderate income persons. The census data that has previously been provided to your Office should be used for this analysis.

In order to be able to consider authorizing the exception to the above public services requirement, information must be provided that indicates that the local government is unable to fund the activity as opposed to choosing not to fund it. In addition, it must be clear that the activity meets a national objective of the CDBG program. Finally, a discussion of the system going from compliance to non-compliance with UMTA requirements may be pertinent in considering whether an exception should be granted, especially if the non-compliance involves requirements that also apply to the CDBG program. Further consideration of a request for an exception will require submission of additional information addressing these three concerns.