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**GOVERNMENT CODE - GOV**

**TITLE 2. GOVERNMENT OF THE STATE OF CALIFORNIA [8000 - 22980]** ( Title 2 enacted by Stats. 1943, Ch. 134. )

**DIVISION 3. EXECUTIVE DEPARTMENT [11000 - 15990.3]** ( Division 3 added by Stats. 1945, Ch. 111. )

**PART 5.3. CALIFORNIA TRANSPORTATION COMMISSION [14500 - 14565]** ( Part 5.3 added by Stats. 1977, Ch. 1106. )

**CHAPTER 4.5. The Traffic Congestion Relief Act of 2000 [14556 - 14556.52]** ( Chapter 4.5 added by Stats. 2000, Ch. 91, Sec. 6. )

**ARTICLE 4. Administration and Expenditure of Funds [14556.25 - 14556.34]** ( Article 4 added by Stats. 2000, Ch. 91, Sec. 6. )

**14556.25.** (a) The department shall execute a cooperative agreement with the lead applicant agency or the agency responsible for carrying out the work for reimbursement of approved project expenditures, using funds allocated by the commission for that purpose and project phase. To reduce time and financial burden on lead applicant agencies, the department shall use electronic reimbursement procedures to the extent prudent and practical.

(b) The cooperative agreement shall specify how additional costs are to be covered, if necessary, and how savings are to be used or distributed, if available, among all the various funding sources being used for the project.

(Added by Stats. 2000, Ch. 91, Sec. 6. Effective July 7, 2000.)

**14556.26.** (a) Except as provided in subdivision (b), a regional or local agency receiving an allocation from this program shall certify, by resolution of its governing board, before final execution of the cooperative agreement, that it will sustain its level of expenditures for transportation purposes at a level that is consistent with the average of its annual expenditures during the 1997–98, 1998–99, and 1999–2000 fiscal years, including funds reserved for transportation purposes, during the fiscal years that the allocation provided under this chapter is available for use. The certification is subject to audit by the state.

(b) A transportation entity that imposes a retail transactions and use tax in accordance with an ordinance adopted pursuant to Part 1.6 (commencing with Section 7251) of Division 2 of the Revenue and Taxation Code for transportation purposes, and receives an allocation under this program, shall certify, by resolution of its governing board, before final execution of the cooperative agreement, that during the fiscal years that the allocation provided under this chapter is available for use, the transportation entity will expend the allocated funds for the originally programmed purpose, and that the entity will not use for other than transportation capital purposes any capital funds that were programmed, planned, or approved for transportation capital purposes on or before the effective date of the cooperative agreement. The certification is subject to audit by the state.

(Amended by Stats. 2001, Ch. 512, Sec. 1. Effective October 4, 2001.)

**14556.28.** (a) For applicants other than the department, funds allocated shall generally be administered as a reimbursement program. At the request of an applicant, the commission shall authorize an advance payment for project development work necessary for a project specified in Article 5 (commencing with Section 14556.40). At the request of an applicant, the commission may authorize an advance payment for demonstrated need, or for a project right-of-way, construction, or procurement phase.

(b) Project costs incurred prior to commission approval of a project application may not be reimbursed. Project costs incurred prior to commission allocation of funds, but after commission approval of a project application, may be reimbursed retroactively after allocation.

(Added by Stats. 2000, Ch. 91, Sec. 6. Effective July 7, 2000.)

**14556.29.** The Controller shall develop a system that provides access to funds allocated by the commission under this article from the Traffic Congestion Relief Fund by electronic transfer of funds.

(Added by Stats. 2000, Ch. 656, Sec. 3. Effective September 26, 2000.)

**14556.30.** (a) After receiving an allocation, the lead applicant shall make diligent and timely progress toward completing the work as described in the submitted application. If timely progress is not achieved, the commission may review the status of the project. If the commission finds the lead applicant agency is not pursuing project work diligently, including use of funds under the agency's control committed to the project, the commission may reallocate those funds to another project or projects listed in Article 5 (commencing with Section 14556.40).

(b) If the commission and a lead applicant agency concur that a project is delayed by factors external to the control of the lead applicant agency and the factors are not likely to be removed within a reasonable time, the lead applicant agency may submit an application for an alternate or substitute project if the alternate project is designed to relieve congestion consistent with this act, is within the jurisdiction of the lead applicant agency, and meets all other project approval requirements.

(c) Notwithstanding Section 16304, funds allocated from the fund shall be available for encumbrance for three years after the date of allocation, and encumbered funds shall be available for liquidation for two additional years. Any funds not expended by that time limit shall revert to the fund.

(d) The commission, with respect to any funds that revert to the fund pursuant to subdivision (c), may direct the department to reallocate those funds to the same project if the commission finds that the lead applicant agency is pursuing the project diligently and that the project has been delayed by factors external to the control of the lead applicant agency. In no case may the amount made available for expenditure on a project exceed the amount specified for that project in that article.

*(Amended by Stats. 2005, Ch. 522, Sec. 1. Effective January 1, 2006.)*

**14556.32.** (a) The rate of reimbursement of expenditures shall not exceed the rate determined by the commission in its allocation of funds.

(b) After notifying the commission of savings in any phase, the lead applicant may use those savings for expenditures on a later phase of the same project.

(c) If additional funds are needed to complete a project, the lead applicant agency shall be responsible for securing the funding needed from other sources outside this program. The commission may not increase the allocation from this program beyond the amount specified for the project in Article 5 (commencing with Section 14556.40) unless the Governor and the Legislature subsequently designate a higher amount for the project.

(d) If a project can be completed at a lower cost than expected, any savings shall be divided among all funding sources contributing to the project in the proportion each of the funding sources bears to the total funding for the project as defined in the approved project application. For the savings that revert to this program, the commission shall determine the amount to be returned to the fund.

(e) If a determination is made to cease funding for a project, funds allocated but not expended on any phase shall be returned to the fund.

*(Added by Stats. 2000, Ch. 91, Sec. 6. Effective July 7, 2000.)*

**14556.33.** (a) A regional or local entity that is a lead applicant agency under Article 5 (commencing with Section 14556.40), may apply to the commission for a letter of no prejudice for the project. If approved by the commission, the letter of no prejudice allows the regional or local entity to expend its own funds for any component of the transportation project.

(b) The amount expended under subdivision (a) shall be reimbursed by the state if all of the following conditions are met:

(1) The project is included in an adopted regional transportation plan.

(2) The department makes an allocation for the project pursuant to Section 14556.20.

(3) The expenditures made by the regional or local entity are eligible for reimbursement in accordance with state and federal laws and procedures. In the event expenditures made by the regional or local entity are determined to be ineligible, the state has no obligation to reimburse those expenditures.

(4) The regional or local entity complies with all legal requirements for the project, including the requirements of the California Environmental Quality Act (Division 13 (commencing with Section 21000) of the Public Resources Code).

(c) Upon execution of an agreement with the department to transfer reimbursement funds for a project described in subdivision (a), the commission may delay reimbursement pursuant to this section only if cash-management issues prevent immediate repayment.

(d) The commission, in consultation with regional and local entities, and the department, may develop guidelines to implement this section.

(e) Commencing with the 2006-07 fiscal year, the commission shall review and revise its guidelines to assure that lead applicant agencies which have received letters of no prejudice as of June 30, 2005, are reimbursed on an equitable basis that serves the

interest of the entire state transportation program, taking into account various factors, including, but not limited to, all of the following:

- (1) The impact on allocations for other projects funded under Article 5.
- (2) The cash flow requirements necessary for projects in Article 5.
- (3) The extent to which the agencies have had to defer other high priority STIP or TCRP projects because of advancing their own funds.
- (4) The extent to which reimbursements would be spent on the construction phase of other STIP or TCRP projects.
- (5) Any adverse impact on the agency's other high priority projects of postponing reimbursement until project completion as opposed to allowing payment to be made based upon the amount of funds expended on eligible costs for a project, payment to be made upon the documentation of those eligible costs.
- (6) The level of commitment made by the agency in expending its own funds for any component of a transportation project under Article 5.

(f) In revising its guidelines pursuant to subdivision (e), the commission shall not increase the maximum percentage of funding allocated for reimbursement under this section beyond the maximum percentage in effect in its guidelines as of June 30, 2005.

*(Amended by Stats. 2005, Ch. 375, Sec. 1. Effective September 29, 2005.)*

**14556.34.** Any agency or combination of agencies that succeed to an agency having any rights, powers, duties, or obligations under this chapter, including, but not limited to, eligibility to apply for, receive, and expend a grant allocation, shall fully succeed to those rights, powers, duties, and obligations.

*(Added by Stats. 2000, Ch. 91, Sec. 6. Effective July 7, 2000.)*