ITEM 13E.

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ITEM ID:	**2026-209-0**
TRANSMITTAL DATE:	**September 18, 2026**
MEETING DATE:	**September 25, 2026**
TO:	**Board of Directors**
FROM:	**Tom Schamber, Chief Financial Officer** **--**
SUBJECT:	**First Annual Review of the Working Capital Fund (WCF)**

Issue

SCRRA Working Capital Fund Policy - FIN 9.7 indicates the following:
"The Working Capital Fund status shall be reviewed annually by SCRRA Board of Directors. The Member Agencies and SCRRA Board of Directors will consider the adequacy of the Working Capital Fund amount and will recommend any changes, as deemed necessary."

The Working Capital Fund Standard Operating Procedure (SOP) further clarifies the first annual review shall take place in the September 2026 Board reporting cycle. The purpose of this Agenda item is to present summary WCF activity as well as anticipated future needs, in order to facilitate the Board's consideration of any necessary changes.

Recommendation

The Budget, Audit, and Finance Committee recommended (4-0) the Board maintain the current level of deposits in the WCF at $50 million due to anticipated growth in Capital Program incurred expenses in FY27. No changes are recommended to the WCF Policy or Statement of Operating Procedures (SOP) at this time.

Strategic Commitment

This report aligns with the Strategic Business Plan commitment of:

- **Modernizing Business Practices:** We will improve our operational efficiency through transparency, objective metrics and streamlined governance, reducing over-reliance on subsidy while bringing our system into a state of good repair, investing in the development of our employees and maintaining fiscal sustainability.

Background

In April of 2024, the SCRRA Board of Directors approved the establishment of the $50 million Working Capital Fund (WCF). Pursuant to the Policy, the goal of the WCF shall be to begin a separation of Operating and Capital Funds, and to provide liquidity to fund the reimbursement cycle for grant-funded capital projects.

Member Agencies were invoiced for their respective WCF allocation deposits, based upon Track Miles Owned, in June of 2024. $50,000,000 was collected and deposited in a segregated, interest-bearing money market demand account at U.S. Bank specifically established for this purpose. Funds in this account are not commingled with Operating Funds or used for operating expenses, nor are they used for the payment of any expenses pursuant to Third-Party Agreements or any other advance-funded capital project. WCF advance and repayment transactions are governed by the Policy and a detailed Standard Operating Procedures document, which have been provided to the Member Agencies. Both documents are attached for reference.

Discussion

The final Member Agency deposit was received into the WCF bank account in April of 2025. Subsequently, appropriate internal financial controls, processes, and responsibilities were finalized and documented within the detailed Standard Operating Procedure manual. A draft version of this manual was provided to all Member Agencies, and the final SOP was published October 20, 2025. WCF activity then began in earnest with October month capital program activity. To date, four out of the five Member Agencies have executed formal Agreements relating to the WCF. SCRRA is in compliance with the provisions of these Agreements, the Policy, and the SOP, including the provision to disburse annual interest within 90 days of each fiscal year end. FY26 interest earned was disbursed to Member Agencies in early August 2026.

The WCF bank account balance as of July 31, 2026, was $25,051,558.76, and a summary reconciliation of its activity since inception is provided in the table below. In the eight months since WCF activity began, approximately 250 Capital Projects have received advance funding of over $80 million. Had the WCF not been initiated, these expenses would have been advance-funded with operations or emergency Board Threshold funding. Prior to the WCF, the Board's requirement to maintain $50 million in available cash was frequently breached within Q1 and Q2 as SCRRA struggled to fund both Operations and Capital cash outlays prior to Member Agency Annual MOU execution and given typical grant reimbursement timetables. This led to pressure to delay vendor payments and overall strained SCRRA liquidity. Since WCF inception, the $50 million Board Threshold has not been breached, and Operations liquidity has improved substantially. The internal processes and financial controls established via the WCF have proven sound and no significant issues have arisen since inception.

WCF Cash Flow Activity, through July 31, 2026 ($ in millions)	
Beginning Deposit Balance	$50.0
Less: Capital Expenses	(80.4)
Plus: Capital Collections	54.3
Plus: Interest Received	2.2
Less: Interest Paid thru 7.31	(1.0)
Ending July Balance:	$25.1

SCRRA recommends maintaining the Working Capital funding at its current level of $50 M for FY27. This level shall be reviewed every year by the Board of Directors. This recommendation is due to anticipated growth in Capital Program cash flows.

Budget Impact

There is no anticipated Budget impact associated with this report. However, should the WCF facility be terminated or the funding commitment reduced, there would be negative liquidity impacts related to the Operating Budget as operating funds would be required to resume pre-funding of Capital program expenses.

Next Steps

Board approval of the continuation of the WCF is not required by Policy. However, the Board may take this opportunity to propose changes to the WCF Policy and the deposit amount. The next annual review of the WCF is scheduled for September of 2027.

Prepared by: Tom Schamber, Chief Financial Officer

Approved by: Tom Schamber, Chief Financial Officer

Attachment(s)

Attachment A - Working Capital Fund Policy
Attachment B - WCF SOP
Presentation - Working Capital Fund Annual Review