

Procurement & Business Practices Joint Ad Hoc Committee

April 29, 2026



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Agenda

1. February 25, 2026, Meeting Recap – Policy Recommendations
2. Artificial Intelligence (AI) Policy Framework
3. Training and Support
4. Early Use In Applications
5. Upcoming Applications
6. Insource vs Outsource Overview
7. Consideration Process
8. Proposed Initiatives
9. Initiative Summary

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Policy Recommendations

- Eliminate solicitation authorization requirement for RPTA
- Adopt FTA micropurchase and simplified acquisition thresholds, as amended, currently \$15,000 and \$350,000, respectively, unified across entities
- Route simplified acquisition purchases to board agenda for information only
- Route on call and task order contract awards above the simplified acquisition threshold, to the Board consent agenda for action

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Policy Recommendations (cont'd)

Delegation of Authority

- Match RPTA and VMR and set to FTA simplified acquisition thresholds, currently \$350,000, and route simplified acquisition purchases to the Board for transparency

Board	Proc Action	Threshold	Approval	Action
RPTA, VMR, or Joint	New Contract Award	\$350,000 or higher	Board	CEO executes contract
RPTA, VMR, or Joint	Contract Amendment, Change Order, Task Order	\$350,000 or higher	Board	CEO executes contract
RPTA, VMR, or Joint	Intergovernmental Agreement (IGA), Funding or Pass Thru Agreement	Any dollar value	Board	CEO executes agreement
RPTA, VMR, or Joint	Simplified Acquisition	\$15,000 to \$350,000	CEO	CEO executes, reports to Board

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Artificial Intelligence Technology



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AI Policy Framework

AI Policy Review

- Adopted as part of the Information Technology (IT) Acceptable Use Policy
- Launched April 13, 2026
- Tools must be vetted by IT and comply with privacy and security standards
- Specific sensitivity to personally identifying information (PII)
- Accessed through Valley Metro provided accounts

AI Safeguards

- Content must be reviewed by a human to avoid bias, inaccuracies, and prevent infringement on rights
- May not be used as a substitute for human judgment or creativity
- It is subject to "hallucinations", false answers and stale information
- Cannot be used to make employment-related decisions
- Employees must not represent generative AI work as their own work product

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Training and Support

- Users are directed to *AI.ValleyMetro.org*, an internal agency AI resource hub where they can:
 - Request access to AI applications,
 - Explore agency-specific use cases and ask questions
 - Request group or individual training in collaboration with the Human Resources Department

All About AI

Welcome to the Artificial Intelligence Hub at Valley Metro!

This page is your starting point for exploring how AI can support our work and improve our services. Whether you're new to AI or looking for advanced resources, you'll find helpful tools and guidance here. Explore the resources below and start your AI journey with Valley Metro today!

Everything you need to know about using AI in one place.

Policy Training Tools FAQs



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Current Approved Applications



ChatGPT

Productivity tool to accelerate routine work—drafting communications, summarizing information, and supporting decision-making—freeing time for higher-value strategic activities.



Adobe® Creative Cloud™

Accelerates content creation by enabling designers to generate and edit images, video, and design assets from simple prompts—streamlining creative workflows and reducing production time/cost.



AI Assistant



Adobe Acrobat

Enables users to instantly understand and extract value from documents by summarizing content, answering questions, and generating outputs—significantly reducing time spent reviewing complex files.



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Current Approved Applications



Provides weekly executive insights on rider and public sentiment, real-time alerts on emerging issues, and an interactive "Ask Your Data" platform—leveraging social media, stakeholder feedback, and public engagement data—to support informed decision-making



Streamlines work management by helping teams prioritize tasks, automate workflows, and generate plans or updates—improving execution speed and alignment across projects.



Enhances meetings and collaboration by automatically capturing discussions, summarizing key points, and generating action items—improving productivity and ensuring no critical information is missed.

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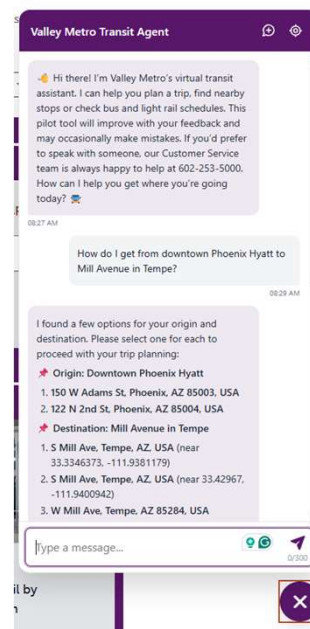
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AI In Development

Valley Metro AI Chatbot

Soft Launch April 13th

- The Chatbot helps users plan a trip, find nearby stops, or check bus and light rail schedules.
- Future integrations will include the ability to submit and check on the status of complaints and suggestions.



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AI Under Consideration



Graphic generated using AI

AI-Acceleration for Cybersecurity Response

Investigating

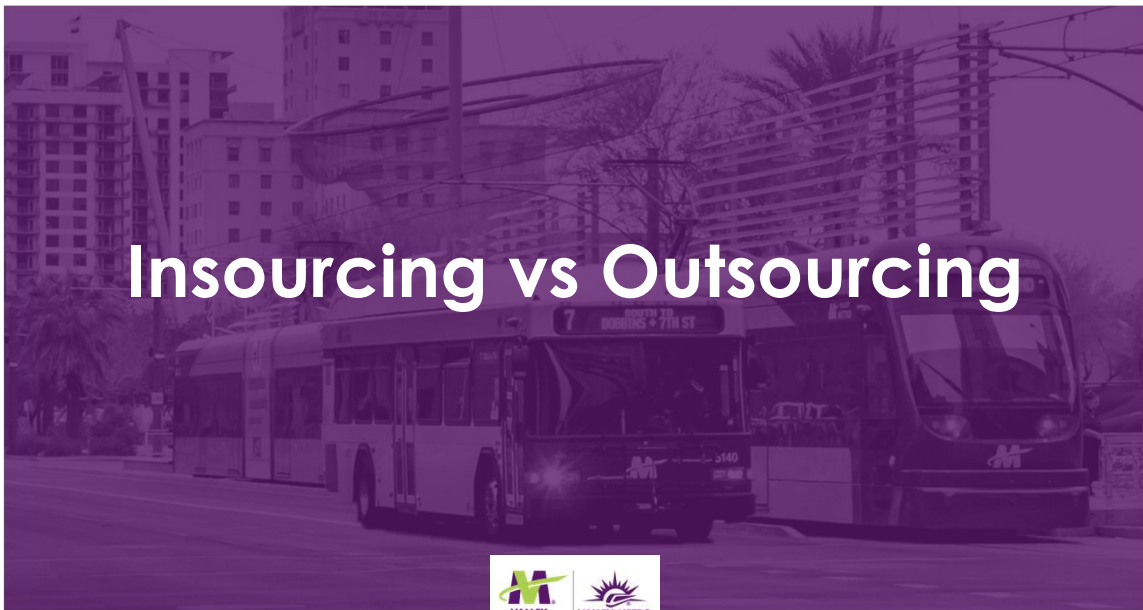
- AI is increasingly used to enhance the sophistication and frequency of cyberattacks
- Actively investigating AI-driven security capabilities to strengthen defenses against evolving threats
- Reduce reliance on manual analysis and lower operational costs

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Insourcing vs Outsourcing



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Introduction

- *Insource*: Managing business functions internally using agency resources.
- *Outsource*: Contracting external specialists or vendors to perform functions.
- **Why it matters**: Impacts cost, control, quality, and agility.
- **Objective**: Align decisions with strategic goals for long-term success.

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Decision-Making Framework Overview



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Strategic Considerations

- Is this a core competency or a strategic differentiator?
- Does outsourcing erode our competitive edge?
- What is the long-term impact on innovation and culture?
- Are there brand, IP, or security concerns?

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Operational Considerations

- Do we have the talent and infrastructure internally?
- Will outsourcing increase scalability and speed?
- How complex is process integration and oversight?
- How much internal disruption is expected?

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Cost Considerations

- Are implementation costs fully detailed and accounted for?
- Are the labor costs fully loaded with benefits, overtime, shift differentials, specialized training, upskilling, certifications or specialized recruiting?
- Are infrastructure and capital costs included, such as equipment, machinery, IT systems and maintenance?
- If you are shifting risk, what is the cost of the additional risk?

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Analytical Matrix for Evaluation

Use of a weighted analytical matrix adds more refinement to the analysis

WEIGHTED CRITERIA EVALUATION MATRIX

Criteria	Weight	Insource Score	Outsource Score
Cost	35%	5	4
Quality	25%	4	3
Control	20%	3	4
Risk	12%	3	5
Agility	8%	5	2
	100%	4.11	3.71

Total weighted average informs recommendation.

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Initiative Consideration Process

- ✓ Define possible opportunity, complete preliminary evaluation
- 📄 Submit high-level initiative for concurrence to proceed
- 📺 Complete a deep dive presentation, white paper and recommendation
- 🌳 Present at a board meeting for approval to proceed

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Proposed Initiatives



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Light Rail and Streetcar Station Painting

Project Summary:

Move from station painting from job order contracting to performing the function in-house

- Procure vehicles, equipment and tool resources
- Recruit and onboard six VM FTE
- Use existing shop space
- Coordination with VM Human Resources - recruiting
- Cost impact is based on painting 4 passenger stations

Timeline	
August 2026	Approval received to proceed
6 Months	Staffing in place
12 months	Vehicles, equipment and tools in place
13 Months	Commencement of painting

Organizational Impacts:

- **Cost** – Immediate cost savings in Year 1
- **Quality** – Increase in quality of work
- **Control** – More efficient control through VM supervision and scheduling
- **Speed (Agility)** – Reduction in mobilization delays. Quicker task implementation.
- **Risk** – Employee management
- **Flexibility** – Potential for ancillary support

Rough Order of Magnitude Cost Impact	
One-time implementation costs	\$492,000
Year 1 cost avoidance	\$1,021,677
Year 2 cost avoidance	\$1,036,927
Year 3 cost avoidance	\$1,069,111
Year 4 cost avoidance	\$1,092,362
Year 5 cost avoidance	\$1,126,513
Months (years) to return on investment	6 Months

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Demand Response Administrative Broker

Project Summary:

Insource demand response administrative broker operations (reservation, scheduling, dispatch)

- Reduce contracted FTE by 64.6 and increase VM FTE by 41
- Increased recruiting resources
- Publish open solicitation for RideChoice providers
- Contract directly with RideChoice providers
- Develop standard operating procedures

Timeline	
August 2026	Approval received to proceed
October 2026	Issue Contractor notice of cancellation for convenience (minimum 60-days)
December 2026	Recruit internal and external (current broker staff) for Valley Metro positions
December 2026	Transfer RideChoice contracts to Valley Metro
January 2027	Establish open solicitation for RideChoice providers
January 2027	Staff Orientation
February 2027	Project completion, initiate ongoing reporting

Organizational Impacts:

- **Cost** – Reduce cost by \$1.5 million during first year
- **Quality** – Gain direct oversight of customer experience
- **Control** – Gain direct control of service delivery
- **Speed (Agility)** – Facilitate change without contract negotiations and repricing
- **Risk** – Minimal additional risk with direct control
- **Flexibility** – Change direction without contract negotiation

Rough Order of Magnitude Cost Impact	
One-time implementation costs	Minimal
Year 1 cost avoidance (increase productivity to 1.27)	\$225,064
Year 2 cost avoidance (increase productivity to 1.29)	\$218,085
Year 3 cost avoidance (increase productivity to 1.31)	\$211,427
Year 4 cost avoidance (increase productivity to 1.33)	\$205,067
Year 5 cost avoidance (increase productivity to 1.50)	\$2,381,926
Months (years) to return on investment	Immediate

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Fare Support Call Center

Project Summary:

Transition fare support call center and fulfillment operations to VM

- Eliminate 10 contracted FTE, with reassignment of scope to existing Valley Metro staff resources
- Utilize existing VM facilities, with no incremental space requirement identified.
- Implementation of targeted cross-training to enhance call center and fulfillment functions
- Identification of one supervisory role and one lead role within the operating model
- Transfer of day-to-day responsibility for Salesforce, IVR, and TOT from the vendor to Valley Metro

Organizational Impacts:

- **Cost** – Annual operating cost reduction of ~\$1.12M in recurring annual savings
- **Quality** – Consistent service delivery aligned to internal standards and performance expectations
- **Control** – Full ownership of operations, staffing, and supporting systems
- **Speed (Agility)** – Faster implementation of service, policy, and program changes
- **Risk** – Transition risk during implementation, including system ownership and knowledge transfer
- **Flexibility** – Improved ability to scale and reallocate resources based on demand

Timeline	
August 2026	Approval received to proceed
Q1 2027	Transition planning; finalize org structure
Q2 2027	Knowledge transfer and system transitions
Q3 2027	Fulfillment space setup and readiness
Q4 2027	In-house operations go-live
Q1 2028	Performance monitoring & stabilization
August 2027	Project completion, initiate ongoing reporting

Rough Order of Magnitude Cost Impact	
One-time implementation costs	TBD – systems licensing, and transition costs
Year 1 cost avoidance (1 st yr VM cost \$412K)	\$1,120,000
¹ Year 2 cost avoidance	\$1,150,000
¹ Year 3 cost avoidance	\$1,190,000
¹ Year 4 cost avoidance	\$1,220,000
¹ Year 5 cost avoidance	\$1,260,000
Months (years) to return on investment	< 12 months

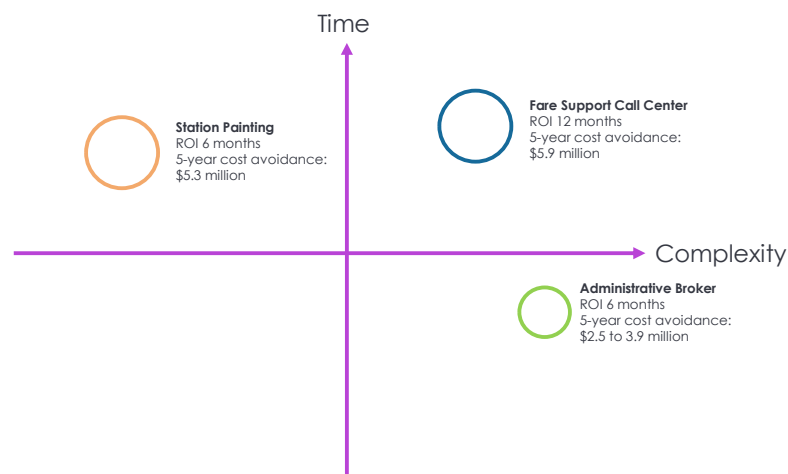
¹added 3% for contract increase

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Initiative Summary



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Work Plan Timeline (updated)

Timeline	
January 16, 2026	Organizational Meeting – Adopt mission, establish quorum, discuss goals, outline authorities, review work plan, discuss timeline
February 25, 2026	1 st Working Meeting - Procurement • Methods of Procurement • Procurement Timelines • Contract Terms • Delegations of Authority
April 29, 2026	2 nd Working Meeting – AI Overview and Insourcing vs Outsourcing • AI Policy Framework, Training and Applications • Insourcing Decision Framework • Insourcing Proposed Initiatives
June 24, 2026	3 rd Working Meeting – Insourcing and Outsourcing • Insourcing Deep Dive Presentations • Insourcing Proposed Initiatives
August 26, 2026	4 th Working Meeting • Insourcing Deep Dive Presentations • Insourcing Proposed Initiatives
September 30, 2026	5 th Working Meeting (if necessary) • Insourcing Deep Dive Presentations • Insourcing Proposed Initiatives

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Thank You



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