

Meeting of the Procurement & Business Practices Joint Ad Hoc Committee



Date:
Monday, June 22, 2026

Starting Time:
11:00 a.m.

Location:
Valley Metro
Conference Room 10B/Webex
101 N. 1st Avenue, 10th Floor

If you require assistance accessing the meetings on the 10th floor, call 602.262.7433.

Agenda

June 16, 2026



Procurement & Business Practices Joint Ad Hoc Committee

Monday, June 22, 2026

Valley Metro, 101 N. 1st Avenue, 10th Floor

Conference Room 10B/Webex

11:00 a.m.

1. Station Painting Deep Dive
2. Fare Support Deep Dive
3. Workplan Timeline
4. Adjourn

Procurement & Business Practices Joint Ad Hoc Committee

June 22, 2026



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Agenda

1. Deep Dive – Station Painting
2. Deep Dive – Fare Support
3. Workplan Timeline

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Station Painting



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1. Current State Description
2. Future State Description
3. Proposed Team Structure
4. Organizational Impacts
5. Implementation Timeline and Costs
6. Financial Analysis
7. Weighted Matrix Analysis
8. Risk Analysis and Mitigation
9. Recommendation

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Current State Description

Passenger station painting is currently delivered through Valley Metro's Job Order Contracting (JOC) program. Work is performed through a combination of contractor self-performance and subcontracted services.

Under the current model:

- Station locations, priorities, and schedules are established by the Facilities Maintenance Manager.
- Project administration and contractor oversight are performed through Capital Development's Office Engineer and JOC Project Manager.
- Individual projects require proposal development, review, approval, and task-order execution before work can commence.
- Painting activities compete with other contractor priorities and available resources.
- The projected five-year expenditure for the current outsourced model is approximately \$10,703,219, assuming repainting of four light rail stations annually.

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Future State Description

The proposed future state establishes a dedicated in-house station painting team responsible for delivering all scheduled station painting activities throughout the Valley Metro light rail system.

The proposed model includes:

- Hiring six full-time employees, including supervisory and field staff.
- Procurement of specialized vehicles, tools, equipment, and safety resources.
- Development of internal work procedures, quality standards, and training programs.
- Direct scheduling and management of painting activities by Operations and Maintenance personnel.
- Elimination of recurring contractor overhead, profit margins, and procurement-related delays.

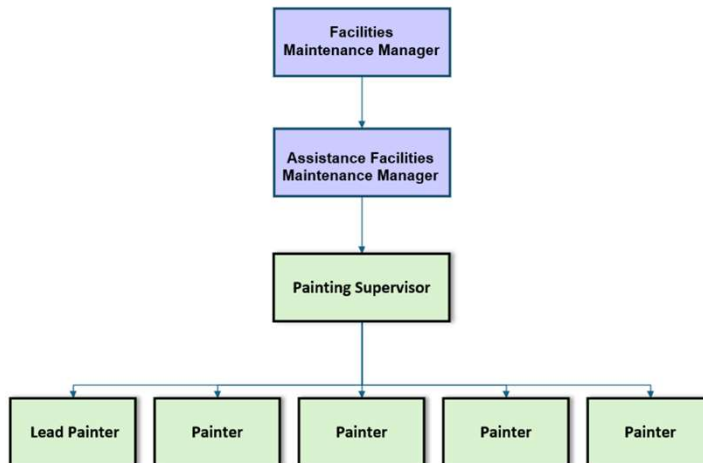
The projected five-year cost of the in-house model is approximately \$4,947,722.

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Proposed Team Structure



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Organizational Impact:

The transition to an internal painting program will require coordination across several departments; however, impacts are manageable and largely limited to startup activities.

Department	Impact	Discussion
Operations Maintenance	Significant	Responsibilities include supervision of personnel, work planning, performance management, and integration of painting activities into existing maintenance operations.
Human Resources	Moderate	Responsibilities include recruitment, onboarding, classification support, and workforce development.
Non-Revenue Vehicle Maintenance	Moderate	Additional fleet assets will require preventive maintenance and lifecycle management. Existing processes and resources are sufficient to absorb the incremental workload.
Capital Development	Positive	Current contractor management, proposal review, and task-order administration responsibilities associated with station painting will be eliminated, allowing staff to focus on core capital delivery functions.

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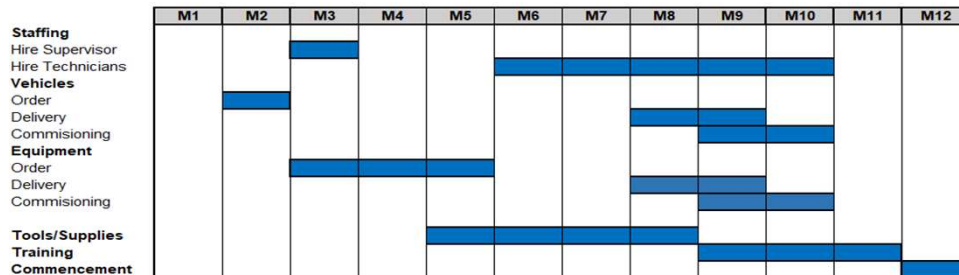


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Implementation Timeline and Costs

The total startup funding needed is \$1,259,774, covering all initial expenditures necessary for establishing and commencing operations.

- Staff: \$586,564
- Tools/Equip/Materials: \$484,210
- Vehicles: \$189,000



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Financial Analysis

- A financial comparison of the two delivery models demonstrates a compelling business case for insourcing.
- Five-Year Cost Comparison
 - Current Outsourced Model: \$10,703,219
 - Proposed In-House Model: \$4,947,722
 - Five-Year Cost Avoidance: \$5,755,497
 - Percentage Reduction in Cost: 53.8%
- The implementation of the in-house program requires approximately \$673,436 in startup investment, lowers operating costs, provides rapid financial recovery and sustained long-term value.
- Based on projected annual savings of approximately \$1.15 million, the initial investment is expected to be recovered in approximately 13 months.

	Year 1	Year 2	Year 3	Year 4	Year 5
	In House	In House	In House	In House	In House
Total Each Year	\$ 765,254.00	\$ 865,749.00	\$ 892,072.00	\$ 911,219.00	\$ 945,218.00
Total Through 5 Years		\$ 2,199,213.00	\$ 3,091,285.00	\$ 4,002,504.00	\$ 4,947,722.00

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Weighted Matrix Analysis

A weighted decision matrix was utilized to objectively evaluate the outsourced and insourced delivery models.

Criteria	Weight	Description / Rationale	Insourse	Outsource
Cost	40%	Cost was assigned the highest weighting due to the significant financial impact of the decision. The in-house model achieved the highest score because it delivers substantial long-term savings and eliminates contractor overhead.	5	3
Control	25%	Direct management of staff, priorities, schedules, and quality standards provides significantly greater operational control than the contractor-based model.	5	2
Agility	15%	Internal resources can be reassigned and scheduled more rapidly in response to changing operational priorities, customer concerns, or emerging maintenance requirements.	4	3
Quality	12%	Dedicated Valley Metro personnel enable greater oversight, consistency, accountability, and adherence to established appearance standards.	4	3
Risk	8%	While insourcing introduces workforce management responsibilities, these risks are considered manageable and are outweighed by the operational and financial benefits.	2	4
	100%		4.49	2.83

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Risk Analysis and Mitigation

Although the proposed transition introduces new operational responsibilities, identified risks are manageable and can be mitigated through established organizational practices.

Owner	Risk	Mitigation Strategy
Operations Maintenance	Workforce Management	Establish a dedicated Painting Supervisor position responsible for workforce oversight, training, performance management, and safety compliance.
Human Resources	Recruitment and Staffing	Utilize existing recruitment processes, workforce planning tools, and onboarding programs to support staffing requirements.
Maintenance	Fleet and Equipment Maintenance	Integrate new vehicles and equipment into existing preventive maintenance schedules and asset management programs.
Maintenance	Knowledge Transfer and Startup Readiness	Develop standardized operating procedures, training programs, and quality assurance processes prior to program launch.

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Recommendation

Based on the financial analysis, operational assessment, and weighted decision matrix results, it is recommended that Valley Metro transition light rail station painting activities from the current outsourced JOC model to a dedicated in-house operation.

Success of the program will be evaluated through the following key performance indicators:

- Completion of four passenger station painting projects annually.
- Annual program expenditures maintained at or below approved budget levels.
- Achievement of established quality and appearance standards.
- Reduction in contractor-related administrative workload.
- Positive customer and stakeholder feedback regarding station appearance and condition.

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Fare Support



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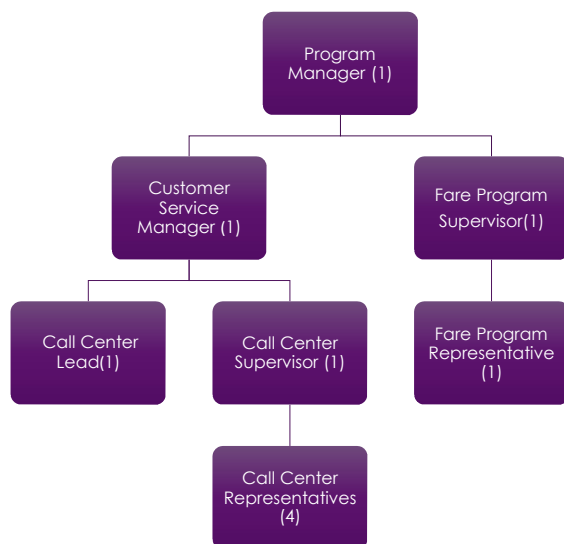
1. Current State Description
2. Future State Description
3. Organizational Impacts
4. Implementation Timeline & Costs
5. Financial Analysis & ROI
6. Weighted Matrix Analysis
7. Risk Analysis & Mitigation
8. Recommendation
9. Performance Metrics

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Current State Description



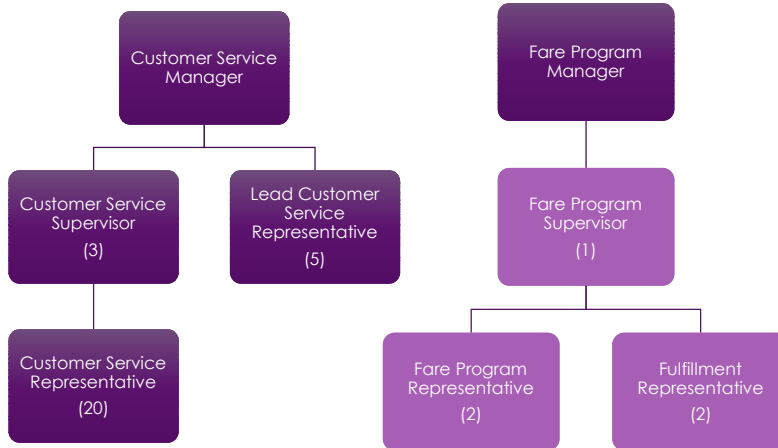
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- Customer Service
 - Fare support - phone, email, web portal, website
 - Mobile app
 - General and account-specific inquiries
- Fare media & Fulfillment
 - Copper card and reduced fare copper card issuance
 - Reduced fare eligibility process
 - Inventory management
 - Printing, packaging & mailing
- Technology
 - Interactive Voice Response (IVR)
 - Ticket Office Terminal (TOT) support
 - CRM/Salesforce support



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Future State Description



- Maximizes Existing Resources through workforce reallocation
- Leverages Operational Expertise
- Minimizes Organizational Disruption
- Supports Existing Budget Structure
- Utilizes Existing Facilities
 - Cityscape HUB
 - Operations & Maintenance Center
 - Valley Metro Call Center

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Organizational Impacts

Department	Operations	Process Change	Staffing	Technology	Training	Overall Impact	KK2
Customer Service	High	High	High	Medium	High	High	
Human Resources	Low	Low	Low	Low	Low	Low	
Technology	High	High	Medium	High	High	High	
Finance	High	Medium	High	Medium	High	High	

- Expanded Cross-Functional Ownership
- Workforce Realignment & Transition
- Enhanced System Support & Knowledge Transfer
- Cross-Department Collaboration
- Change Management & Workforce Readiness

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Implementation Timeline and Costs

KK1

- Key Deliverables & Cost
 - Transition Cost
 - Cross-Functional Alignment
 - Knowledge Transfer
 - Workforce Transition
 - System and Operational Readiness
 - Fulfillment Enablement

Implementation Timeline	
August 2026	Board approval received to proceed
Q1 2027	Planning & Organizational Alignment
Q2 2027	Systems & Operational Transition
Q3 2027	Training & Knowledge Transfer
Q4 2027	Go-Live & Stabilization
Q1 2028	Performance Monitoring & Stabilization

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Implementation Timeline and Costs

- Key Deliverables & Cost
 - Transition Cost
 - Cross-Functional Alignment
 - Knowledge Transfer
 - Workforce Transition
 - System and Operational Readiness
 - Fulfillment Enablement

Transition Costs	
One-time implementation cost	\$50,000
Facility setup	\$5,000
Workstations & equipment	\$20,000
Secure storage installations & moving media	\$10,000
¹ IVR configuration/support	TBD

¹The current self-service IVR may be transitioned to Webex, which would include additional one-time transition costs.

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Financial Analysis and ROI

KK1

Category	Current Annual Cost	Future Annual Cost
Labor	\$971,496	Existing budgeted positions
Rent / Facility Costs	\$264,000	-
Telephony / IT / Equipment	\$189,372	-
Infrastructure & Licensing	\$78,216	\$78,216
Printing & Packaging	\$29,724	\$29,724
Technology/System Support	-	\$150,000
Additional CRM/TOT/IVR	-	\$18,500
Contractor Support	-	\$150,000
Total Cost	~\$1.53M	~\$425,440

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Financial Analysis and ROI

KK1

Rough Order of Magnitude Cost Impact	
¹ One-time implementation costs*	\$50,000
Year 1 cost avoidance (1 st yr VM cost \$412K)	\$1.12M
² Year 2 cost avoidance	\$1.15M
² Year 3 cost avoidance	\$1.19M
² Year 4 cost avoidance	\$1.22M
² Year 5 cost avoidance	\$1.26M
Months (years) to return on investment	< 12 months

¹The current self-service IVR may be transitioned to Webex, which would include additional one-time transition costs.

²Assumes 3% escalation

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Weighted Matrix Analysis

Criteria	Weight	Description / Rationale	Insource	Outsource
Cost	35%	Significant recurring operational savings	5	2
Quality	25%	Improved Internal alignment & responsiveness	4	3
Control	20%	Greater ownership and accountability	5	2
Risk	12%	Transition Introduces moderate Implementations risk	2	3
Agility	8%	Faster operational & policy change	5	4
Total	100%		4.39/5	2.53/5

Insourcing surpasses outsourcing in terms of cost, control, quality, and flexibility

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Risk Analysis and Mitigation

Name	Risk	Mitigation Strategy
Knowledge Transfer	Operation disruption during transition	Structured transition planning and documentation
System Support Transition	Temporary operational Inefficiencies	Early technical planning & Defined ownership
Workforce readiness	Learning curve during Implementation	Comprehensive training & Phased implementation
Productivity during Ramp-up	Short-term service impacts	Operational monitoring & support
Fulfilment Standardization	Operational Inconsistency	SOP development & Quality control
Change Management	Coordination challenges	Executive sponsorship & Communication planning

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Recommendation

Valley Metro recommends a phased transition to internally managed Fare Support Call Center and Fulfillment operations to enhance customer service, strengthen operational oversight, and improve long-term sustainability. By leveraging existing staff, infrastructure, and cross-functional expertise, the proposed model minimizes organizational disruption while positioning the agency to achieve approximately \$1.1 ^{KK1} billion in annual savings and greater operational efficiency.

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Proposed Performance Metrics

Metric	Definition
Time to Answer	80% of calls answered in 60 seconds
Average Speed of Answer	Under 60 seconds
Customer Satisfaction	Call quality monitor average => 95%
Reduced Fare Application Processing	Reviewed and processed within 5 business days, 90% of the time
Personalized Card Fulfillment	Personalized cards prepared and mailed within 3 business days
Fare Program Card Fulfillment	Program cards prepared and mailed within 5 business days, 90% of the time
Inventory Accuracy	Media inventory reported monthly
Case Management Processing	90% assigned to responded to in 2 business days

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Work Plan Timeline



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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 22, 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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