



## Board Report

File #: 2025-0192, File Type: Contract

Agenda Number: 20.

### FINANCE, BUDGET, AND AUDIT COMMITTEE JULY 17, 2025

**SUBJECT: WORKERS' COMPENSATION TEMPORARY STAFFING SERVICES BENCH**

**ACTION: APPROVE RECOMMENDATION**

#### **RECOMMENDATION**

AUTHORIZE the Chief Executive Officer to execute Modification No. 1 to the Workers' Compensation Temporary Staffing Services Bench Contract No. PS48678001 with Lancesoft, Inc. and Contract No. PS48678002 with The Best Claims Solutions in an amount Not-To-Exceed (NTE) \$1,000,000, increasing the cumulative contract value from \$500,000 to \$1,500,000.

#### **ISSUE**

In November 2023, Metro established the Workers' Compensation Temporary Staffing Services Bench (Bench) for an amount NTE \$500,000 for a five-year term with two temporary staffing agencies. The Bench successfully provided qualified temporary workers' compensation staff to fill vacancies due to unexpected, prolonged absences by full-time employees of the Workers' Compensation (WC) division of the Risk Management Department and high claim caseloads.

To date, 11 task orders have been issued under the Bench, for a total cumulative value of \$475,104, leaving \$24,896 in available contract authority.

The unexpected increase in the Bench utilization is due to the rise in unforeseen vacancies resulting from extended leaves of absence attributed to illnesses, disabilities, attrition, and promotions. An increase in the cumulative Bench contract value will ensure that the WC division can continue to administer workers' compensation benefits on time and provide injured employees the medical care they need without disruption.

#### **BACKGROUND**

Metro's workforce of 11,283 employees reports an average of 1,500 WC claims annually. Metro's current open WC claims are approximately 2,100. The WC division administers the following benefits as provided under the law:

- Medical Care - To help an employee recover from an injury or illness caused by work. This includes doctor visits and other treatment services, tests, medicines, equipment, and travel

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costs reasonably necessary to treat the injury.

- Temporary Disability Benefits - Payments if the employee loses wages because the injury prevents them from doing their usual job while recovering.
- Permanent Disability Benefits - Payments if the employee doesn't recover completely and their injury causes a permanent loss of physical or mental function that a doctor can measure.
- Death Benefits - Payments to the employee's spouse, children, or other dependents if the employee dies from a job injury or illness.
- Supplemental Job Displacement Benefit - A voucher\* to help pay for retraining or skill enhancement.

\*Vouchers pay for retraining or skill enhancement if the employee is eligible to receive permanent disability benefits or the employee does not return to work for the employer.

The Workers' Compensation division, which consists of 33 FTE's, assists employees injured on the job and processes benefits due to them. It also provides quality customer service in claims handling, processes medical bills in a timely manner, and reviews all incoming legal and medical mail under the California Labor Code, which mandates strict timelines for compliance.

## **DISCUSSION**

The WC Temporary Staffing Services bench contracts were intended for a five-year term so that if the WC division experienced vacancies longer than 30 days, it could avail itself of industry professionals provided by temporary staffing agencies. Doing so would ensure that injured Metro employees receive the medical care and assistance needed. Maintaining staffing levels also allows Metro to comply with the Labor Code and avoid unnecessary penalties for noncompliance.

In California, the Labor Code governs the workers' compensation system and establishes a structure aimed at balancing the rights and responsibilities of both employers and injured employees. In order to receive WC benefits, injured workers must report an injury and file a claim. Meanwhile, employers must administer the benefits outlined above in accordance with prescribed timelines or face fines or penalties. For example, employers who unreasonably delay temporary disability payments may owe a 10% self-imposed penalty, and potentially a 25% penalty under Labor Code §5814 for unreasonable delays in any benefit.

To date, the division has already expended \$475,104 (95%) of the cumulative NTE Bench contracts value of \$500,000. Since the Bench contracts' inception, the WC division has experienced thirteen vacancies attributed to retirement, promotions, resignations, or long-term leave due to disability. The average duration of each vacancy was four months.

In partnership with the Chief People Office, the WC division has made great strides to fill vacant positions. Currently, the division has three vacancies and one position occupied by an employee on extended leave.

The requested increase of \$1,000,000 in Bench contract value is sufficient to provide, if needed, temporary support for one Senior Workers' Compensation Analyst and the equivalent of one and a half Assistant Workers' Compensation Analysts to last through November 2028, the end of the five-

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year contract term. This represents an analysis comparing the current burn rate of the contract and considering future resource allocation strategies. Additionally, the division is evaluating current caseload distribution and will be making adjustments to maximize capacity. Staff further expect that reliance on the contract will be offset by the addition of a Workers' Compensation Analyst position that was approved with the FY26 budget cycle. As with every budget cycle, staff will continue to assess its personnel needs and submit FTE requests as needed.

### **DETERMINATION OF SAFETY IMPACT**

Receiving timely medical care is critical to injured employees. Approval of this item will support the Workers' Compensation division's ability to administer benefits promptly despite unforeseen vacancies.

### **FINANCIAL IMPACT**

The FY26 Budget includes \$2,367,500 for Professional and Technical Services under cost center 0531 (Non-Departmental - Operations Risk Management), Project 100004, PRMA - Workers' Compensation, which will be sufficient to cover this request.

Since this is a multi-year contract, the cost center manager and the Interim Chief Transit Safety Officer will be accountable for budgeting the cost in future years.

#### **Impact to Budget**

The sources of funding for this action will come from federal, state and local resources that are eligible for bus and rail operations.

### **EQUITY PLATFORM**

The benefits administered by the Workers' Compensation division assist Metro employees in recovering from work-related injuries. The majority of WC claims are filed by frontline employees, of which 62% are filed by Bus Operators. Providing the necessary medical care more promptly returns injured employees to work and allows Metro to continue to provide transportation services and benefits to customers.

### **VEHICLE MILES TRAVELED OUTCOME**

Vehicle Miles Traveled (VMT) and VMT per capita in Los Angeles County are lower than national averages, the lowest in the SCAG region, and on the lower end of VMT per capita statewide, with these declining VMT trends due in part to Metro's significant investment in rail and bus transit.\* Metro's Board-adopted VMT reduction targets align with California's statewide climate goals, including achieving carbon neutrality by 2045. To ensure continued progress, all Board items are assessed for their potential impact on VMT.

While this item does not directly promote transit use, ridesharing, or active transportation, it plays a crucial role in Metro operations by sustaining the temporary staffing contract for Workers'

Compensation administration. Ensuring timely benefits distribution and uninterrupted medical care for injured employees helps maintain workforce stability and operational efficiency. A well-supported workforce contributes to reliable transit services, indirectly aligning with Metro's agency-wide VMT Reduction Target by enabling continued public transportation access and minimizing disruptions that could lead to increased vehicle miles traveled. Therefore, this item is consistent with the broader goals of reducing VMT.

\*Based on population estimates from the United States Census and VMT estimates from Caltrans' Highway Performance Monitoring System (HPMS) data between 2001-2019.

## **IMPLEMENTATION OF STRATEGIC PLAN GOALS**

The recommendation supports the strategic plan Goal 1, "Provide high-quality mobility options that enable people to spend less time traveling." As well as Goal 1.2. Approval of the temporary staffing services contract supports Metro's goal to invest in a world-class bus system that is reliable, convenient, and attractive to more users for more trips. Metro's bus network is the foundation of its public transport system and carries over 70% of its transit passengers. Ensuring injured employees receive the care they need supports Metro's ability to maintain an adequate workforce to provide reliable service.

## **ALTERNATIVES CONSIDERED**

The Board may choose not to approve the recommendation. However, this is not recommended since the existing Bench contract authority is estimated to be exhausted by September 2025. Without additional authority, the Workers' Compensation division cannot rely on temporary staffing during vacancies, which may impact the quality of service and the timely receipt of benefits that injured employees are entitled to.

## **NEXT STEPS**

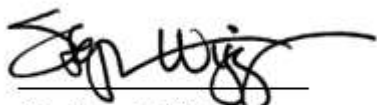
Upon Board approval of this action, staff will execute Modification No. 1 to the Workers' Compensation Temporary Staffing Services Bench Contract Nos. PS48678001 and PS48678002, and continue to compete and award individual task orders for workers' compensation temporary staffing services.

## **ATTACHMENTS**

Attachment A - Procurement Summary  
Attachment B - Contract Modification/Change Order Log  
Attachment C - DEOD Summary

Prepared by: Claudia Castillo del Muro, Executive Officer, Risk Management, (213) 922-4518  
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Reviewed by: Kenneth Hernandez, Interim Chief Risk, Corporate Safety, and Asset  
Management Officer, (213) 922-2990

A handwritten signature in black ink, appearing to read 'Step Wiggins', written over a horizontal line.

Stephanie Wiggins  
Chief Executive Officer

**PROCUREMENT SUMMARY  
WORKERS' COMPENSATION TEMPORARY STAFFING SERVICES BENCH  
PS48678001 AND PS48678002**

1.	<b>Contract Number:</b> PS48678001 and PS48678002			
2.	<b>Contractor:</b> Lancesoft, Inc. and The Best Claims Solutions			
3.	<b>Mod. Work Description:</b> Increase the Not-To-Exceed (NTE) cumulative bench contract value			
4.	<b>Contract Work Description:</b> Provide as-needed temporary workers' compensation staffing services for the Workers' Compensation division of the Risk Management Department.			
5.	<b>The following data is current as of:</b> 6/3/25			
6.	<b>Contract Completion Status</b>		<b>Financial Status</b>	
	<b>Bench Contracts Awarded:</b>	11/14/23	<b>Bench Contracts Award Amount:</b>	\$500,000
	<b>Notice to Proceed (NTP):</b>	N/A	<b>Total of Modifications Approved:</b>	\$0
	<b>Original Complete Date:</b>	11/13/28	<b>Pending Modifications (including this action):</b>	\$1,000,000
	<b>Current Est. Complete Date:</b>	11/13/28	<b>Current Bench Contract Value (with this action):</b>	\$1,500,000
7.	<b>Contract Administrator:</b> Annie Duong		<b>Telephone Number:</b> (213) 418-3048	
8.	<b>Project Manager:</b> Claudia Castillo del Muro		<b>Telephone Number:</b> (213) 922-4518	

**A. Procurement Background**

This Board Action is to approve Modification No. 1 to the Workers' Compensation Temporary Staffing Services Bench Contract Nos. PS48678001 and PS48678002 to increase the NTE cumulative bench contract value and continue to provide as-needed temporary workers' compensation staff for the Risk Management Department's Workers Compensation Unit.

This Contract Modification will be processed in accordance with Metro's Acquisition Policy and the contract type is a firm fixed unit rate.

On November 14, 2023, Metro awarded a five-year Contract No. PS48678001 to Lancesoft, Inc. and Contract No. PS48678002 to The Best Claims Solutions, to provide temporary workers' compensation staffing services.

Refer to Attachment B – Contract Modification/Change Order Log.

## **B. Price Analysis**

The fully burdened hourly rates for the term of the bench contracts were established as part of the competitive contract award in November 2023. Rates remain unchanged and are lower than current market rates for similar services. Task Orders will be competed and are subject to technical analysis, price analysis, and established rates to determine fairness and reasonableness of price prior to award.

**ATTACHMENT B**

**CONTRACT MODIFICATION/CHANGE ORDER LOG**  
**WORKERS' COMPENSATION TEMPORARY STAFFING SERVICES BENCH**  
**PS48678001 AND PS48678002**

<b>Mod No.</b>	<b>Description</b>	<b>Status (approved or pending)</b>	<b>Date</b>	<b>\$ Amount</b>
1	Increase the Not-To-Exceed cumulative bench contract value	Pending	Pending	\$1,000,000
	<b>Modification Total</b>			<b>\$1,000,000</b>
	<b>Original Contract:</b>		<b>11/14/2023</b>	<b>\$500,000</b>
	<b>Total:</b>			<b>\$1,500,000</b>



**DEOD SUMMARY**

**WORKERS' COMPENSATION TEMPORARY STAFFING SERVICES BENCH  
PS48678001 AND PS48678002**

**A. Small Business Participation**

The Diversity & Economic Opportunity Department (DEOD) did not recommend a DBE goal on the original contract. It is expected that Lancesoft, Inc. and The Best Claims Solutions will continue to perform the services of these contracts with its own workforce.

**B. Living Wage and Service Contract Worker Retention Policy Applicability**

The Living Wage and Service Contract Worker Retention Policy is not applicable to this modification.

**C. Prevailing Wage Applicability**

Prevailing Wage is not applicable to this modification.

**D. Project Labor Agreement/Construction Careers Policy**

Project Labor Agreement/Construction Careers Policy is not applicable to this Contract. PLA/CCP is applicable only to construction contracts that have a construction related value in excess of \$2.5 million.



# **Workers' Compensation Temporary Staffing Services Bench**

**Finance, Budget, and Audit Committee**

**July 17, 2025**

**File ID #2025-0192**

# Workers' Compensation Temporary Services Staffing Bench

## Recommendation:

- AUTHORIZE the Chief Executive Officer to execute Modification No. 1 to the Workers' Compensation Temporary Staffing Services Bench Contract No. PS48678001 with Lancesoft, Inc. and Contract No. PS48678002 with The Best Claims Solutions in an amount Not-To-Exceed (NTE) \$1,000,000, increasing the cumulative contract value from \$500,000 to \$1,500,000.
- Approval of this item will support the Workers' Compensation division's ability to maintain customer service for injured Metro employees and administer mandated benefits on time.

# Workers' Compensation Temporary Services Staffing Bench

- Metro established a bench with temporary staffing agencies, Lancesoft, and The Best Claims Solutions in November 2023.
- Agencies provide qualified temporary workers to fill vacancies in the Workers' Compensation division of the Risk Management Department.
- The cumulative value of all contracts is NTE \$500,000 for a 5-year term commencing November 14, 2023, and terminating November 13, 2028.
- Contracts are used when the Workers' Compensation division experiences unexpected, prolonged vacancies and cannot absorb the additional work by other division employees.

# Workers' Compensation Division

- Metro's workforce of 11,283 employees reports an average of 1,500 Workers' Compensation claims per year.
- The Division administers benefits provided by law, such as medical care and temporary and permanent disability benefits.
- California Labor Code mandates strict timelines for compliance.

# Temporary Staffing Contract

- Contract is used when the division experiences a prolonged vacancy.
- At 18 months into the contract, 95% of the not-to-exceed amount has been expended.
- Since the contract inception, 13 vacancies, attributed to retirement, promotions, resignations, or long-term disability, have contributed to a faster-than-expected erosion of the not-to-exceed amount. The average vacancy duration was 4 months.
- Authority increase will ensure that the Workers' Compensation division can continue using the contract through the termination date to fill future unforeseen vacancies, administer Workers' Compensation benefits, and provide the medical care injured employees need without disruption.





Thank you.



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