



**BOARD BUDGET AND FINANCE COMMITTEE MEETING  
WEDNESDAY, OCTOBER 1, 2014, 2:00 P.M.  
RIVERSIDE TRANSIT AGENCY BOARD ROOM  
1825 THIRD STREET  
RIVERSIDE, CA 92507**

<u>ITEM</u>	<u>RECOMMENDATION</u>
1. <u>CALL TO ORDER</u>	
2. <u>SELF-INTRODUCTIONS</u>	
3. <u>PUBLIC COMMENTS – NON-AGENDA ITEMS</u> Members of the public may address the Board regarding any item within the subject matter jurisdiction of the Board; however, no action may be taken on off-agenda items unless authorized by law. Comments shall be limited to matters not listed on the agenda. Members of the public may comment on any matter listed on the agenda at the time that the Board considers that matter. Each person’s presentation is limited to a maximum of three (3) minutes.	RECEIVE COMMENTS
4. <u>APPROVAL OF MINUTES – SEPTEMBER 10, 2014 COMMITTEE MEETING (P.3)</u>	APPROVE
5. <u>CASH FLOW PROJECTIONS (P.7)</u>	RECEIVE AND FILE
6. <u>AUTHORIZATION TO AWARD AGREEMENT NO. 14-024 TO PACIFIC CLAIMS MANAGEMENT FOR WORKERS’ COMPENSATION CLAIMS ADMINISTRATION SERVICES; AUTHORIZATION TO AWARD AGREEMENT NO. 14-025 TO PACIFIC CLAIMS MANAGEMENT FOR MANAGED CARE SERVICES (P.9)</u>	APPROVE

*Any person with a disability who requires a modification or accommodation in order to participate in this meeting or any person with limited English proficiency (LEP) who requires language assistance to communicate with the RTA Board during the meeting should contact the RTA Clerk of the Board, telephone number (951) 565-5044, no fewer than two business days prior to this meeting to enable RTA to make reasonable arrangements to assure accessibility or language assistance for this meeting.*

*Agenda related writings or documents provided to the Board of Directors are available for public inspection in the office of the Clerk of the Board and at the reception desk while the meeting is in session.*

**ITEM**

**RECOMMENDATION**

7. **BOARD MEMBER COMMENTS AND REMARKS**
8. **OTHER BUSINESS**
9. **NEXT MEETING**  
**BOARD BUDGET AND FINANCE COMMITTEE MEETING**  
**WEDNESDAY, NOVEMBER 5, 2014**  
**2:00 P.M.**  
**RTA HEADQUARTERS**  
**1825 THIRD STREET**  
**RIVERSIDE, CA 92507**
10. **ADJOURN**

RTA BOARD BUDGET AND FINANCE COMMITTEE MEETING  
Minutes  
September 10, 2014

1. CALL TO ORDER

Committee Chair Frank Johnston called the Board Budget and Finance Committee meeting to order at 2:02 p.m., on September 10, 2014, in the RTA Board Room.

2. SELF-INTRODUCTIONS

Self-introductions were dispensed with. The Clerk of the Board recorded attendance.

Committee Members Attending

1. Chairman of the Board, Jeff Comerchero, City of Temecula, Mayor Pro Tem
2. Director Brenda Knight, City of Beaumont, Mayor
3. Director Linda Krupa, City of Hemet, Councilmember
4. Director Berwin Hanna, City of Norco, Mayor
5. First Vice-Chairman Andrew Kotyuk, City of San Jacinto, Councilmember
6. Alternate Ron Roberts, County of Riverside, District III, Legislative Assistant
7. Director Marion Ashley, County of Riverside, District V, Supervisor
8. Director Frank Johnston, City of Jurupa Valley, Mayor

Committee Members Absent

1. Director Randon Lane, City of Murrieta, Councilmember

RTA Staff

1. Larry Rubio, Chief Executive Officer
2. Tammi Ford, Clerk of the Board
3. Tom Franklin, Chief Operating Officer
4. Craig Fajnor, Chief Financial Officer
5. Vince Rouzaud, Chief Procurement and Logistics Officer
6. Virginia Werly, Director of Contract Operations
7. Rohan Kuruppu, Director of Planning
8. Jim Kneepkens, Director of Marketing
9. Natalie Zaragoza, Contracts Manager
10. Laura Camacho, Chief Administrative Services Officer
11. Brad Weaver, Marketing Manager
12. Bob Bach, Director of Maintenance
13. Eric Ustation, Government Affairs Representative
14. Rick Kaczerowski, Director of Information Technologies
15. Joan Hepworth, Deputy Clerk of the Board
16. Kelly Bach, Performance Analysis and Reporting Manager
17. Cecilia Perez, Risk Manager

Other Attendees:

1. Barry Busch, County of Riverside District V, Board Assistant

3. PUBLIC COMMENTS – NON-AGENDA ITEMS

None.

Jeff Comerchero arrived at the meeting at 2:03 p.m.

Marion Ashley arrived at the meeting at 2:04 p.m.

4. APPROVAL OF MINUTES – JULY 2, 2014 COMMITTEE MEETING

M/S/C (HANNA/ROBERTS) approving the July 2, 2014 committee meeting minutes.

The motion carried unanimously.

5. CASH FLOW PROJECTIONS

Mr. Fajnor presented the cash flow projections.

6. QUARTERLY CAPITAL STATUS

Mr. Fajnor presented the quarterly capital status.

7. QUARTERLY INVESTMENT REPORT

Mr. Fajnor presented the quarterly investment report.

8. ANNUAL REPORT FOR PUBLIC AGENCIES SELF-INSURED FOR WORKERS' COMPENSATION BENEFITS

M/S/C (KRUPA/COMERCHERO) approving and recommending this item to the full Board of Directors for their consideration as follows:

- Receive and file.

The motion carried unanimously.

9. QUARTERLY NATURAL GAS PROCUREMENT STATUS REPORT

Mr. Fajnor presented the quarterly natural gas procurement status report.

10. AUTHORIZATION TO AWARD AGREEMENT NO. 14-045 TO PETERSON HYDRAULICS, INC., FOR THE PURCHASE AND INSTALLATION OF A BUS WASH CHASSIS LIFT

M/S/C (COMERCHERO/ROBERTS) approving and recommending this item to the full Board of Directors for their consideration as follows:

- Authorize staff to award Agreement No. 14-045 to Peterson Hydraulics, Inc., for the purchase and installation of a bus wash chassis lift in the amount of \$131,420, with a ten percent contingency of \$13,142 for a total not-to-exceed amount of \$144,562.

The motion carried unanimously.

11. AUTHORIZATION TO AWARD AGREEMENT NO. 14-041 TO PTM GENERAL ENGINEERING SERVICES, INC., FOR BUS STOP IMPROVEMENTS AT THE MORENO VALLEY MALL

M/S/C (COMERCHERO/KRUPA) approving and recommending this item to the full Board of Directors for their consideration as follows:

- Authorize staff to award Agreement No. 14-041 to PTM General Engineering Services, Inc., for bus stop improvements at the Moreno Valley Mall in the amount of \$548,048, with a ten-percent contingency of \$54,804 for a total not-to-exceed contract amount of \$602,852.

The motion carried unanimously.

12. AUTHORIZATION TO AWARD AGREEMENT NO. 14-047 TO COMMERCIAL CLEANING SYSTEMS (CCS) FOR JANITORIAL SERVICES

M/S/C (KOTYUK/HANNA) approving and recommending this item to the full Board of Directors for their consideration as follows:

- Authorize staff to award Agreement No. 14-047 to Commercial Cleaning Systems for Janitorial Services for a one-year base period with two one-year options in the amount of \$212,004.12 with a five-percent contingency of \$10,600.00 for a total not-to-exceed contract amount of \$222,604.12.

The motion carried unanimously.

13. AUTHORIZATION TO AMEND THE FISCAL YEAR 2014/2015 (FY15) SHORT RANGE TRANSIT PLAN (SRTP) AND CAPITAL BUDGET

M/S/C (ASHLEY/COMERCHERO) approving and recommending this item to the full Board of Directors for their consideration as follows:

- Approve the proposed changes to the FY15 Capital Budget
- Direct staff to seek full RCTC approval of the requested changes identified in this report
- Direct staff to prepare appropriate amendments to the FY15 SRTP as a result of this action

The motion carried unanimously.

14. BOARD MEMBER COMMENTS AND REMARKS

Director Ashley commented that he spoke with a constituent who would like to see a bus stop placed near the WinCo Foods in the City of Perris.

Director Kotyuk announced that the California Inland Empire Boy Scout Council will be honoring Mayor Daryl Busch, City of Perris as their 2014 Distinguished Citizen. Director Ashley added that Moreno Valley Chamber of Commerce CEO, Oscar Valdepena would also be honored at the dinner.

15. OTHER BUSINESS

None.

16. NEXT MEETING

Board Budget and Finance Committee Meeting  
Wednesday, October 1, 2014  
2:00 p.m.  
RTA Headquarters  
1825 Third Street  
Riverside, CA 92507

17. MEETING ADJOURNMENT

The meeting was adjourned at 2:45 p.m.

RIVERSIDE TRANSIT AGENCY  
1825 Third Street  
Riverside, CA 92507

October 1, 2014

TO: BOARD BUDGET AND FINANCE COMMITTEE

THRU: Larry Rubio, Chief Executive Officer

FROM: Craig Fajnor, Chief Financial Officer

SUBJECT: Cash Flow Projections

Summary: The Agency develops cash flow projections for the entire fiscal year representing weekly increments. Due to the size of the report, it is difficult to portray the entire fiscal year.

The attached report represents actual cash performance through late-September 2014 with projections through November 2014. This reporting period covers the first five months of FY15.

There are no cash flow issues anticipated during this reporting period.

Recommendation:

Receive and file.

**Riverside Transit Agency  
FY15 Cash Flow Projection**

	Actual											
1	General Account	9/19/2014	9/26/2014	10/3/2014	10/10/2014	10/17/2014	10/24/2014	10/31/2014	11/7/2014	11/14/2014	11/21/2014	11/28/2014
2	Est. Cash, Beg Balance (Book)	47,560	(101,846)	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000
3	<b>Receipts:</b>											
4	LTF Operating - recurring		4,200,000				4,200,000					4,200,000
5	LTF GASB 43/45		133,333				133,333					133,333
6	RIN's Credit	7,006			6,000					6,000		
7	LCFS					25,000						
8	Farebox	188,302	150,000	150,000	150,000	150,000	150,000	150,000	150,000	150,000	150,000	150,000
9	Total Other Farebox	267,342	74,325	36,828	89,880	13,454	254,960	109,932	13,454	21,112	221,906	86,157
10	Total Other Local	308,286	1,000	20,000	1,000	1,000	4,000	20,000	1,000	1,000	1,000	20,000
11	FTA Operating		369,105		50,979				406,000			
12	Capital - Local, State	27,503				30,000	20,000	20,000	20,000	20,000	20,000	20,000
13	Echo - FTA Capital	30,190	90,278		60,000	60,000	60,000	60,000	60,000	60,000	60,000	60,000
14	Transfer from Investment to Gen Acct.			2,951,172	248,141	693,547		1,188,068	1,715,547	714,888		
15	<b>Disbursements:</b>											
16	Payroll = Net+Tax	(696,487)		(700,000)		(700,000)		(700,000)		(700,000)		(700,000)
17	A/P Wires	(18,306)	(138,229)	(2,203,000)	(351,000)	(18,000)	(168,500)	(593,000)	(2,111,000)	(18,000)	(168,500)	(443,000)
18	A/P Checks	(156,139)	(165,000)	(165,000)	(165,000)	(165,000)	(165,000)	(165,000)	(165,000)	(165,000)	(165,000)	(165,000)
19	Capital Expenditures	(107,101)	(90,000)	(90,000)	(90,000)	(90,000)	(90,000)	(90,000)	(90,000)	(90,000)	(90,000)	(90,000)
20	Transfer to Investment from Gen Acct.		(4,472,965)				(4,398,793)				(29,406)	(3,271,490)
21	Transfer to GASB Trust Acct.											
22	Actual Ending Book Balance / Targeted Minimum Balance	(101,846)	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000

**23 LAIF Account:**

24	Beginning balance	10,800,000	10,800,000	15,272,965	12,321,794	12,073,653	11,386,865	15,785,658	14,597,590	12,882,044	12,167,156	12,196,562
25	Quarterly Interest Income					6,758						
26	Transfers to/from Gen Acct.	-	4,472,965	(2,951,172)	(248,141)	(693,547)	4,398,793	(1,188,068)	(1,715,547)	(714,888)	29,406	3,271,490
27	Transfers to/from County Pool	-	-	-	-	-	-	-	-	-	-	-
28	Ending balance	10,800,000	15,272,965	12,321,794	12,073,653	11,386,865	15,785,658	14,597,590	12,882,044	12,167,156	12,196,562	15,468,052

**29 County Pool Account:**

30	Beginning balance	12,454,380	12,454,380	12,454,380	12,454,380	12,458,168	12,458,168	12,458,168	12,458,168	12,458,168	12,458,168	12,463,850
31	Quarterly Interest Income				3,788						5,682	
32	Transfers to/from Gen Acct.	-	-	-	-	-	-	-	-	-	-	-
33	Transfers to/from LAIF	-	-	-	-	-	-	-	-	-	-	-
34	Ending balance	12,454,380	12,454,380	12,454,380	12,458,168	12,458,168	12,458,168	12,458,168	12,458,168	12,458,168	12,463,850	12,463,850

<i>Restricted</i>	12,721,049	12,854,382	12,854,382	12,858,170	12,858,170	12,991,503	12,991,503	12,991,503	12,991,503	12,997,185	13,130,518
<i>Available for Operating</i>	10,431,485	14,922,963	11,971,792	11,723,651	11,036,863	15,302,323	14,114,255	12,398,709	11,683,821	11,713,227	14,851,384



RIVERSIDE TRANSIT AGENCY  
1825 Third Street  
Riverside, CA 92507

October 1, 2014

TO: BOARD BUDGET & FINANCE COMMITTEE

THRU: Larry Rubio, Chief Executive Officer

FROM: Vince Rouzaud, Chief Procurement and Logistics Officer

SUBJECT: Authorization to Award Agreement No. 14-024 to Pacific Claims Management for Workers' Compensation Claims Administration Services; Authorization to Award Agreement No. 14-025 to Pacific Claims Management for Managed Care Services

Summary: The Agency utilizes the services of a third-party administrator (TPA) to oversee its workers' compensation claims administration services. These services include wage replacement benefits, medical treatment, vocational rehabilitation and other benefits to employees who experience work related injuries. The TPA's responsibility is to manage the Agency's workers' compensation claims while providing support and recommendations to Agency staff. The Agency also utilizes an outside firm to oversee its managed care services related to the Agency's workers' compensation claims administration. These services include bill review, utilization review, and nurse case management related to the employees' medical claims.

The Agency is currently under contract with Intercare Holdings Insurance Services, Inc. for workers' compensation claims administration services and with InterMed Cost Containment for managed care services. Both contracts are due to expire on December 31, 2014.

It has been the Agency's practice over the years to procure these services separately in order to have visibility of the different cost elements for each service and to encourage greater competition. The objective is to evaluate the marketplace in terms of competitiveness and to assess price and other factors so that the method of contracting for these services is the most advantageous for the Agency. Currently, these services are contracted under the

same firm: InterMed Cost Containment which is a subsidiary of Intercare Holdings Insurance Services, Inc.

On June 17, 2014, the Agency issued Request for Proposal (RFP) No. 14-024 for workers compensation claims administration services and RFP No. 14-025 for managed care services. The procurements were publicly advertised in a newspaper of general circulation and notices were posted on the Agency's website along with copies of the RFP documents. In addition, the Agency sent notices to the local Chambers' of Commerce of those cities that are members of the Joint Powers Agreement.

On July 28, 2014, the Agency received proposals from the following firms for Workers' Compensation Claims Administration:

- ACME Administrators, Temecula, CA
- Carl Warren & Company, Placentia, CA
- California Claims Management Services, Inc. (CCMSI), Torrance, CA
- Intercare Holdings Insurance Services, Inc., Roseville, CA
- Keenan Associates, Riverside, CA
- Pacific Claims Management, Fresno, CA
- Tristar Risk Management, Santa Ana, CA

On July 28, 2014, the Agency received proposals from the following firms for the Managed Care Services:

- Arissa Cost Solutions, Tustin, CA
- InterMed Cost Containment Services, Inc., Glendale, CA
- Keenan Associates, Riverside, CA
- Pacific Claims Management, Fresno, CA
- SpecialtyHealth, Inc., Reno NV
- Tristar Managed Care, Santa Ana, CA

#### Proposal Evaluations – Workers' Compensation Claims Administration Services

The proposals for the workers' compensation claims administration services were reviewed by an evaluation committee representing staff from purchasing, finance, human resources, and risk management. Firms were rated in three general areas: qualifications and related experience, staffing and project organization, and an understanding of the Agency's requirements.

At the conclusion of this technical review, the committee eliminated California Claims Management Services, Inc. from further

consideration because of a notably higher percentage (23%) of claims litigated relative to the other firms percentage of claims litigated (5%-10%). Staff then invited the remaining firms for in-person interviews.

### Proposal Evaluations – Managed Care Services

Next, the proposals for the managed care services were evaluated in the same manner. All six proposals were determined to be responsive. At the conclusion of the technical review, the committee eliminated Arissa Cost Solutions from further consideration because of their low technical ranking. Staff then invited the remaining firms for in-person interviews.

### Bundle vs. Unbundled

As stated previously, the Agency's workers' compensation claims administration services and managed care services are currently *bundled*, that is, the Agency contracts with the same firm for both services. The alternative to this process is to *unbundle* the services, i.e.: contract with different firms for each service separately. Throughout the process, however, key disadvantages of unbundling the services were identified. The unbundled approach would require staff to spend more time on oversight and coordination of two separate firms. Also, the likelihood of delays in claims processing is increased by the use of separate firms for these services which could delay approvals of the needed medical care to employees, or worse, create gaps in services altogether.

Under the current contracts for these services, claims' processing is provided in a very efficient manner due to the established working relationships and processes between Intercare Holdings Insurance Services, Inc. and its subsidiary Intermed Cost Containment. After careful consideration of both approaches, staff concluded that there were more overall benefits and cost efficiencies with a bundled approach. As a result ACME Administrators, SpecialtyHealth, Inc. and Carl Warren & Company were eliminated from further consideration.

### Price Analysis – Workers' Compensation Claims Administration Services/Managed Care Services

Staff then conducted a price analysis for both the workers' compensation administration claims services and the managed care services. A comparison of this initial pricing is shown in Table 1.

**Table 1**

<b>FIRM NAME *</b>	<b>3 Yr. Base Term</b>	<b>Option Year 1</b>	<b>Option Year 2</b>	<b>Total</b>	<b>Additional Fees</b>	<b>Grand Total</b>
Keenan Associates (WCA)	\$ 130,925.00	\$ 46,286.00	\$ 47,674.00	\$ 224,885.00	\$ 5,000.00	\$ 229,885.00
Keenan Associates (MC)	\$ 205,370.00	\$ 72,915.00	\$ 75,415.00	\$ 353,700.00	\$ 17,500.00	\$ 371,200.00
<b>Subtotals:</b>	<b>\$ 336,295.00</b>	<b>\$ 119,201.00</b>	<b>\$ 123,089.00</b>	<b>\$ 578,585.00</b>		<b>\$ 601,085.00</b>
Tristar Risk Management (WCA)	\$ 222,983.00	\$ 78,075.00	\$ 80,026.00	\$ 381,084.00	\$ 8,462.50	\$ 389,546.50
Tristar Managed Care (MC)	\$ 72,720.00	\$ 24,240.00	\$ 24,240.00	\$ 121,200.00	\$ 48,675.00	\$ 169,875.00
<b>Subtotals:</b>	<b>\$ 295,703.00</b>	<b>\$ 102,315.00</b>	<b>\$ 104,266.00</b>	<b>\$ 502,284.00</b>		<b>\$ 559,421.50</b>
Intercare (WCA)	\$ 218,819.00	\$ 75,876.00	\$ 77,394.00	\$ 372,089.00	N/A	\$ 372,089.00
InterMed (MC)	\$ 90,221.00	\$ 31,245.00	\$ 31,849.00	\$ 153,315.00	N/A	\$ 153,315.00
<b>Subtotals:</b>	<b>\$ 309,040.00</b>	<b>\$ 107,121.00</b>	<b>\$ 109,243.00</b>	<b>\$ 525,404.00</b>		<b>\$ 525,404.00</b>
Pacific Claims Management (WCA)	\$ 206,350.00	\$ 65,500.00	\$ 65,500.00	\$ 337,350.00	N/A	\$ 337,350.00
Pacific Claims Management (MC)	\$ 73,500.00	\$ 24,500.00	\$ 24,500.00	\$ 122,500.00	N/A	\$ 122,500.00
<b>Subtotals:</b>	<b>\$ 279,850.00</b>	<b>\$ 90,000.00</b>	<b>\$ 90,000.00</b>	<b>\$ 459,850.00</b>		<b>\$ 459,850.00</b>

\* WCA=Workers Compensation Claims Administration Services

\* MC=Managed Care Services

Best and Final Offers (BAFO's) were then solicited from each of the four remaining firms. As part of the BAFO process, the four firms were instructed to review their originally proposed costs to ensure all anticipated costs of doing business over the next five-years were considered. BAFO pricing for the four firms is shown in Table 2 below:

**Table 2**

Firm Name	3 Yr. Base Term	Option Year 1	Option Year 2	Additional Fees	Grand Total
Keenan Associates (WCA)	\$ 130,925.00	\$ 46,286.00	\$ 47,674.00	None	\$ 224,885.00
Keenan Associates (MC)	\$ 186,135.00	\$ 65,860.00	\$ 68,360.00	\$ 12,500.00	\$ 332,855.00
<b>Subtotals:</b>	<b>\$ 317,060.00</b>	<b>\$ 112,146.00</b>	<b>\$ 116,034.00</b>	<b>\$ 12,500.00</b>	<b>\$ 557,740.00</b>
Intercare (WCA)	\$ 218,819.00	\$ 75,876.00	\$ 77,394.00	None	\$ 372,089.00
InterMed (MC)	\$ 87,221.00	\$ 30,245.00	\$ 30,849.00	None	\$ 148,315.00
<b>Subtotals:</b>	<b>\$ 306,040.00</b>	<b>\$ 106,121.00</b>	<b>\$ 108,243.00</b>	<b>None</b>	<b>\$ 520,404.00</b>
Tristar Risk Mgmt (WCA)	\$ 198,326.00	\$ 69,441.00	\$ 71,177.00	\$ 8,462.50	\$ 347,406.50
Tristar Managed Care (MC)	\$ 75,720.00	\$ 25,240.00	\$ 25,240.00	\$ 41,376.00	\$ 167,576.00
<b>Subtotals:</b>	<b>\$ 274,046.00</b>	<b>\$ 94,681.00</b>	<b>\$ 96,417.00</b>	<b>\$ 49,838.50</b>	<b>\$ 514,982.50</b>
Pacific Claims Mgmt (WCA)	\$ 206,350.00	\$ 65,500.00	\$ 65,500.00	None	\$ 337,350.00
Pacific Claims Mgmt. (MC)	\$ 70,500.00	\$ 23,500.00	\$ 23,500.00	None	\$ 117,500.00
<b>Subtotals:</b>	<b>\$ 276,850.00</b>	<b>\$ 89,000.00</b>	<b>\$ 89,000.00</b>	<b>None</b>	<b>\$ 454,850.00</b>

Based on the overall evaluation process (technical review, side-by-side comparisons of services, price analyses, interviews, and reference checks), it was the committee’s determination that Pacific Claims Management was the most technically responsive and responsible vendor, and provided the best value to the Agency.

Therefore, staff is recommending approval of a three-year contract with two one-year options with Pacific Claims Management for workers’ compensation claims administration for a not-to-exceed amount of \$337,350.00 for the five years.

Staff is also recommending approval of a three-year contract with two one-year options with Pacific Claims Management to perform the managed care services for a not-to-exceed amount of \$117,500.00 for the five years.

The total projected not-to-exceed amount for both contracts for the five-year period is \$454,850.00 which is based on the current number of claims and ancillary services required in processing the claims.

Fiscal Impact:

Sufficient funds to cover this request are included in the Agency's FY15 operating budget. Funding for subsequent years will be requested in future year budgets.

Recommendation:

Approve and recommend this item to the full Board of Directors for their consideration as follows:

- Authorize staff to award Agreement No. 14-024 to Pacific Claims Management for Workers' Compensation Claims Administration Services for an initial three-year base period with two one-year options in an amount that will not exceed \$337,350.00.
- Authorize staff to award Agreement No. 14-025 to Pacific Claims Management for Managed Care Services for an initial three-year base period with two one-year options in an amount that will not exceed \$117,500.00.