

Memorandum of Agreement

Financial Services & Human Resource Services provided to the Allenstown Sewer Dept. by the Town of Allenstown

This agreement executed on this _____ day of _____, 2016, between the Town of Allenstown ("Town") and the Allenstown Sewer Department (ASC).

Whereas, both governmental entities see the value in cooperative, shared resources to meet the respective goals and objectives of each entity, this cooperative effort between the sewer department and the town has many mutual benefits. The Town will provide assistance to the sewer department by providing specified services as detailed in this agreement.

Now, therefore, for and in consideration of the mutual promises and agreements contained herein, the Town of Allenstown agrees to provide to the Allenstown Sewer Department financial accounting services and human resource services to the sewer department under the terms and conditions agreed upon by the parties and set forth below.

Section 1 - Work To Be Performed

- 1.1 **Programs** - The Town of Allenstown agrees to provide, through the administrative staff specified financial accounting services and specified human resources services to the sewer department.
- 1.2 **Length of Agreement** - The initial term of this Agreement shall begin on June 20th, 2016 and continue until December, 2016, unless terminated in accordance with this Agreement. During this initial period the transition process will occur. The date for full service operations is anticipated to be no later than January 1, 2017. The Sewer Commission represents that it will include funding for these services in its operating budget for the 2017 Budget at the projected rates provided by the Town of Allenstown. It is understood, however, that the current Sewer Commission cannot bind future commissions and all funding is subject to approval by the legislative body at the annual town meeting. The provisions of this agreement shall remain in effect until one or both of the parties indicates to the other that they are either unwilling or unable to continue to provide the services or the services are no longer needed.
- 1.3 **Financial Services Provided** - The Town will provide the following services:
 - Access and interactive use of the Infinite Visions account software program. Sewer department accounts will be operated out of separate accounts.
 - Access to and interactive use of the applicable town drives and folders such as policies & procedures, road files, property files, ordinances, open source personnel folder, etc...
 - Development of expenditure and revenue codes that are in compliance with the DRA administrative codes, GASB & GAAP standards.

- Monthly reconciliation of sewer department fund accounts.
- Prepare budget reports to include revenues and expenditures as needed.
- Correct journal entries and assist in correcting errors in entries.
- Assist superintendent with the preparation of the annual budget and default budget in the accounting software program.
- Prepare EFT payables for payment.
- Post invoices and receivables.
- Prepare weekly accounts payable manifest for signature by the ASC and superintendent for digital signature.
- Print checks from the AP process and mail to vendors.
- Receive payment from invoices and deposit in sewer department accounts (septage haulers NOT sewer rentals other than those in lien status).

1.4 **Human Resource Services**-The Town would provide the following services:

- Administration of the benefits provided to employees of the department.
 - Health, dental, short term disability, long term disability and life insurance.
 - Unemployment compensation and workers compensation as they relate to the insurance carrier and NH DOL.
 - Retirement processes through the NH Retirement System.
 - Administration of 457b, supplemental insurance programs, etc...
- Advise the superintendent and ASC on human resource issues.
- Processing of payroll through the Town's payroll agreement with its provider to include ensuring payroll deductions are made as needed or required.
- Processing of IRS Form 1095 and related health insurance forms required by the IRS.
- Hiring packet processes to include IRS forms I9 and W4.
- Include sewer department employees in the Town's Personnel Policy.
- The Town will consult with and receive recommendations from the Sewer Commission prior to making any changes to the Town's Personnel Policy.
- Administering FMLA and Maternity Leave process as well as working with the superintendent to address ADA issues relative to employees.
- Filing Town policy acknowledgements as they relate to department employees.

1.5 **Sewer Department Functions** - The sewer department will perform all other financial accounting functions and human resource functions not specifically annotated in Section 1.3 or 1.4. Specifically the sewer department will perform the following tasks:

- Enter accounts payable items into the Infinite Visions software program.

- Create invoices in the Infinite Visions software program.
- Enter revenues from sources other than those to be collected specifically by the Town in the Infinite Visions software program.
- Enter fixed assets into the Infinite Visions software program and make updates as needed.
- Prepare the annual budget for the sewer department.
- Review and approve accounts payable manifests.
- Review expenditure and revenue reports for discrepancies.
- Pursue delinquent parties in regards to septage haulers and any other invoiced parties in which the funds are received through the Town other than delinquent sewer rentals in a lien/tax deed status.
- Approve payroll for sewer department employees.
- All other duties and responsibilities not specifically agreed to be performed by the Town or required by law.

1.6 **Adherence to Policies and Procedures** - The sewer department, Sewer Commission and its employees agree to comply with the Town's applicable policies and procedures as they apply to IT security when accessing the Town's virtual server, software programs and folders as well as applicable federal/state laws and administrative rules/regulations.

1.7 **Additional Agreement** - It is understood and agreed that Town personnel shall remain at all times an employee of the Town and shall not be considered an employee, agent or representative of the sewer department.

Section 2 - Cost of Services

2.1 **Cost of Services** - The sewer department will reimburse the Town of Allentown for the cost of providing the specified services to the sewer department during the term stated above. These costs include all salary, fringe benefits and associated costs, such as medicare, social security contributions and retirement contributions in the prorated amounts directly related to the services provided, incurred by the Town of Allentown during the period stated above. The costs for 2016 will be prorated from the date of the agreement. The estimated cost of human resource services is \$2,500 per budget year. See detailed cost of financial services in attached memorandum, Appendix A.

2.2 **Payment of Expenses** - The Town will invoice the sewer department on an annual basis for the cost of services and software. The monthly cost for IT services will be charged to the sewer department on a monthly basis.

Section 3 - Termination

3.1 **Non-Appropriation of Funds** - In the event that no funds or insufficient funds are appropriated by the sewer department for these services, and sufficient funds are not otherwise made available in any such budget year, the sewer department will immediately notify the Town, in writing, and may elect to terminate this Agreement within 30 days.

3.2 **Termination By Sewer Department** - in the event the sewer department is dissatisfied with the services provided or determines that it no longer needs those services provided by the Town; it shall provide written notice to the Town. The parties shall work together to develop and implement a transition plan as may be needed.

Section 4 - Miscellaneous Provisions

4.1 No Waiver of any provision of this Agreement shall be deemed, or shall constitute, a waiver of any other provision, whether or not similar, nor shall any waiver constitute a continuing wavier. No waiver shall be binding unless executed in writing by an authorized representative of the party making the waiver.

4.2 This Agreement shall be governed by and shall be construed in accordance with the laws of the State of New Hampshire.

4.3 This agreement constitutes the entire agreement between the parties pertaining to its subject matter and it supersedes all prior contemporaneous agreements, representations and understandings of the parties. No supplement, modification or amendment of this Agreement shall be binding unless executed in writing by all parties.

Section 5 - Additional Services Provided

Nothing in this agreement prohibits the Town or the sewer department from assisting each other as they have done on a regular basis. This agreement does not prohibit either party from providing additional services to each other on a temporary basis. Any long term provision of additional financial accounting services or human resource services should be included in an amended version of this agreement.

Board of Selectmen,

Sewer Commission,

Jason Tardiff, Chairman

Lawrence Anderson, Chairman

Kate Walker, Selectmen

Jeff McNamara, Commissioner

David Eaton, Selectmen

Carl Caporale, Commissioner

Appendix A

Financial Services Cost Analysis

This document is an updated cost estimate and analysis in regards to the Town performing some of the finance functions for the Sewer Department.

The Town would be performing the following items;

- Finance Director: Monthly reconciliation of the sewer department accounts. Prepare budget reports to include revenues and expenditures as needed. Identify and correct errors in accounts payable and revenues. Assist superintendent with preparation of the annual budget and default budget. Prepare EFT payables for payment. Posting of invoices.
 - Initial creation/transition of existing account codes to NH DRA/GASB compliant codes will take approximately 8 hours of overtime, **\$332** one time cost.
 - Monthly reconciliation of accounts will take approximately 6 hours per month, **\$1,994** per year based on one bank account. Depending upon the work load required by the other two accounts the cost will vary. We will be able to get a better idea of this as we conduct the reconciliation trials.
 - Prep EFT payables for payment 15 minutes per week, 1 hour per month, **\$300** per year.
 - Assist with annual budget prep, default budget prep, correct errors expenditures/revenues, 1 hour per month, **\$300** per year.
 - Post invoices and receivables estimated to be 2 hours per month, **\$665** per year.
- Administrative Assistant (Town): Prepare weekly accounts payable manifest for signature by the ASC after review by the superintendent. Print checks for AP process. Estimated at 1 hour per week, **\$1,015** per year.
- Town Clerk/Tax Collector: Receive payment for invoices and deposit in appropriate accounts. Estimated at approximately 1 hour per week, **\$1,074** per year.
- This cost estimate does not include the Town creating, distributing the quarterly sewer rentals. This cost estimate does not include the payroll processing function. This proposal assumes the sewer department will continue to utilize its own agreement with Checkmate and will process its own payroll.
- The sewer department would be operating in a fund(s) within Infinite Visions which would be separated from the various Town funds.

The Sewer Department would be performing the following items;

- Superintendent: Prepare annual budget. Review budget and revenue reports and present reports to the ASC as needed. Review and approve weekly accounts payable manifests.
- Administrative Assistant (Sewer): Enter accounts payable entries for payment. Create invoices for payments and send to the liable party.

This option would require access to the Infinite Visions accounting software program. The cost to access the cloud server for the program are detailed below and the attached documents.

- Access to the other Town software programs and document folders would be **\$1,980** per year plus the initial outlay costs of **\$3,010**.
- The annual software license for Infinite Visions is approximately \$4,638 per year. The total Town budget for 2016 was \$6,012,792 including the sewer department. The sewer department is 35% of that total. Apportioning 35% of the annual license of \$4,638 equates to **\$1,623** per year which would be charged to the sewer department.

TOTAL COST ESTIMATE - \$10,958 per year and \$3,010 initial IT layout + Software \$1,400

1. Personnel cost estimated to be salary \$5,680 + wage driven costs \$1,072 = **\$6,752** per year includes onetime cost \$332 to establish/transfer account codes.
 2. IT costs estimated to be **\$3,010** for initial set up and **\$1,980** per year.
 3. Infinite Visions annual license cost share is **\$1,623**.
 4. Infinite Visions Utility program initial cost of **\$400** and annual support fee of **\$603**. Training costs are unknown at this time. I would estimate at least **\$1,000**.
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Implementation Schedule

The implementation of the proposal would be spread over the next six months with a projected full implementation start date of no later than January 1, 2017. It is entirely possible that pieces of the project would be completed earlier if not all of the components.

I will develop a services agreement for the Board of Selectmen and the Sewer Commission to sign.

Cost Comparison

The Infinite Visions cost estimate for the sewer department dated September 2, 2015 shows in initial purchase price of \$23,955 and an annual license fee of \$4,976. The sewer department can utilize our license for Infinite Visions for no additional outlay cost other than the creation of the account codes which would have to occur whether you purchased your own license or operate under ours.

The Infinite Visions proposal submitted to the sewer department does not include the project module. The Town has the project module. This would be particularly helpful for the various sewer projects that are underway or planned.

The Infinite Visions proposal includes the utilities program at a cost of \$400 and an annual cost of \$603. The sewer department could chose to purchase this module if it chose under our license. However if the sewer department chose in the future to incorporate billing and receiving of sewer rentals with the town clerk the Avatar program would need to be purchased instead. The Avatar utilities program would take the Pembroke Water Works data and convert it into the Avatar program. This would allow customers to pay on line through the Town's payment kiosk and incorporate the default payments into the sewer warrant. As the proposal above does not include the billing of the quarterly sewer rentals it is not germane to the costs described above. However decisions made now could add unnecessary costs later. It may be best to wait to purchase a utility program until more analysis is conducted.