



DLS

DIVISION OF LOCAL SERVICES
MA DEPARTMENT OF REVENUE

Michael J. Heffernan
Commissioner of Revenue

Sean R. Cronin
Senior Deputy Commissioner

March 13, 2017

Anne Marie Enoch
Town Administrator
Town of New Marlborough
P.O. Box 99
Mill River, MA 01244

Dear Ms. Enoch,

In response to your request for assistance, we reviewed and provide guidance regarding the health insurance costs for the animal control officer shared by New Marlborough, West Stockbridge, Richmond, Tyringham, Egremont, and Alford. Regardless of the motivation, in the absence of an intermunicipal agreement communities are not compelled to cover their portion of health insurance costs for the shared employee. We encourage New Marlborough to work with its neighbors to craft a formal shared service agreement, if they choose.

If you have any questions regarding the report, please contact Zack Blake, Technical Assistance Bureau Chief, at (617) 626-2358 or blakez@dor.state.ma.us.

Sincerely,

A handwritten signature in black ink, appearing to read "Sean R. Cronin".

Sean R. Cronin
Senior Deputy Commissioner

Supporting a Commonwealth of Communities

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RECOMMENDATIONS

At the request of New Marlborough's town administrator, the Division of Local Services Technical Assistance Bureau reviewed the current arrangement in which six area towns share the cost of their animal control officer's health insurance benefits.

Under the current informal, handshake agreement initiated more than five years ago, the towns of New Marlborough, West Stockbridge, Richmond, Tyringham, Egremont, and Alford each cover a portion of the employee health and dental insurance costs for a shared animal control officer. For the last several years, New Marlborough has been the lead community carrying the insurance coverage under its group benefit plan and issues corresponding invoices to the other six communities to cover their portion of the premiums. Of the five other communities, three pay their share of premiums to New Marlborough, while Alford and Richmond do not. A copy of the current allocation worksheet, which portions costs based on population, is attached.

After speaking with representatives from the six area communities, we determined that each town individually employs the animal control officer to provide related services on an as needed basis. He is an appointed, part-time official who receives an annual stipend from each town in exchange for his services. He works less than 20 hours per week for any one community, and it is unclear whether he consistently works over 20 hours per week collectively among the six towns. Under M.G.L. c. 32B, the animal control officer can work less than 20 hours per week for any one community, but must collectively work more than 20 hours per week among the group to be eligible for employee health benefits.

In order to protect the fiduciary interests of New Marlborough moving forward, we recommend that the six communities sign an intermunicipal agreement (IMA) that formalizes the shared animal control officer arrangement among them. In doing so, they can codify the method and allocation of health and dental insurance costs and other fringe benefits, as well as the associated reimbursement terms to the lead community. Such an agreement can also identify and define what and how services will be rendered, work schedule and equipment use and maintenance for each community, along with termination and withdrawal clauses. Optionally, the agreement can also include language addressing whether services can be provided to other non-member communities.

To help guide the development of an IMA, we encourage policymakers to consider models established by other communities across the state, including Lexington-Bedford, Somerset-Swansea, Lee-Lenox, Ashburnham-Westminster, and Templeton-Hubbardston. We have also attached a checklist developed by the Division of Local Services to help guide the process. Lastly, we recommend town counsel review any suitable agreement reached by these six communities.

CURRENT COST ALLOCATION

ANIMAL CONTROL OFFICER				
Health Insurance Proposal for Shared Contributions				
December 2015				
FY 2016				
July 1, 2015 through June 30, 2016				
<u>Item</u>	<u>Total</u>	<u>Town(s)</u>	<u>Employee</u>	
	<u>Premium (monthly)</u>	<u>Share (75%)</u>	<u>Share (25%)</u>	
Fy 2016 BC/BS Health Insurance	\$1,731.00	\$1,298.25	\$432.75	
Berkshire County Insurance Group				
Family Plan				
<u>Item</u>	<u>Population</u>	<u>Town Contribution</u>	<u>Empl. Share</u>	<u>Individual Towns'</u>
<u>Town</u>	<u>2010 Census</u>	<u>(monthly)</u>	<u>(monthly)</u>	<u>% contribution</u>
West Stockbridge	1295	\$259.65	\$86.55	20.00%
Richmond	1459	\$298.60	\$99.53	23.00%
Tyringham	324	\$64.91	\$21.64	5.00%
New Marlboro	1498	\$311.58	\$103.86	24.00%
Egremont	1225	\$259.65	\$86.55	20.00%
Alford	492	\$103.86	\$34.62	8.00%
Sub-totals	6293	\$1,298.25	\$432.75	100.00%
<u>Item</u>	<u>Total</u>	<u>Town(s)</u>	<u>Employee</u>	
Fy 2016 BC/BS Dental Insurance				
Berkshire County Insurance Group	<u>Premium (monthly)</u>	<u>Share (75%)</u>	<u>Share (25%)</u>	
Family Plan				
	\$89.00	\$66.75	\$22.25	
<u>Item</u>	<u>Population</u>	<u>Town Contribution</u>	<u>Empl. Share</u>	<u>Individual Towns'</u>
<u>Town</u>	<u>2010 Census</u>	<u>(monthly)</u>	<u>(monthly)</u>	<u>% contribution</u>
West Stockbridge	1295	\$13.35	\$4.45	20.00%
Richmond	1459	\$15.35	\$5.12	23.00%
Tyringham	324	\$3.34	\$1.11	5.00%
New Marlboro	1498	\$16.02	\$5.34	24.00%

<u>Town</u>	<u>Population</u>	<u>Town Contribution</u>	<u>Empl. Share</u>	<u>Individual Towns'</u>
	<u>2010 Census</u>	<u>(monthly)</u>	<u>(monthly)</u>	<u>% contribution</u>
Egremont	1225	\$13.35	\$4.45	20.00%
Alford	492	\$5.34	\$1.78	8.00%
Sub-totals	6293	\$66.75	22.25	100.00%
Fy 2016 Health and Dental Totals				
(Annually)				
<u>Town</u>	<u>Population</u>	<u>Town Contribution</u>	<u>Empl. Share</u>	<u>Individual Towns'</u>
West Stockbridge	1295	\$3,276.00	\$1,092.00	20.00%
Richmond	1459	\$3,767.40	\$1,255.80	23.00%
Tyringham	324	\$819.00	\$273.00	5.00%
New Marlboro	1498	\$3,931.20	\$1,310.40	24.00%
Egremont	1225	\$3,276.00	\$1,092.00	20.00%
Alford	492	\$1,310.40	\$436.80	8.00%
Sub-totals	6293	\$16,380.00	\$5,460.00	100.00%
Fy 2016 Health and Dental Totals				
(Monthly)				
<u>Town</u>				
West Stockbridge		\$273.00	\$91.00	
Richmond		\$313.95	\$104.65	
Tyringham		\$68.25	\$22.75	
New Marlboro		\$327.60	\$109.20	
Egremont		\$273.00	\$91.00	
Alford		\$109.20	\$36.40	
Sub-totals		\$1,365.00	\$455.00	

IMA CHECKLIST

I. General Terms

- A. State the names of each participating city and town
- B. Identify the effective date and term of agreement
- C. State the general purpose of the agreement
- D. State that costs will be shared
- E. State how municipalities may terminate participation (required)
- F. State how the agreement may be amended
- G. Acknowledge acceptance of liability under agreement
- H. Include a severability clause; identify applicable laws
- I. Provide addresses for official notices

II. Operations Terms and Conditions

- A. Describe services to be provided
- B. Identify personnel or department to perform services
- C. Establish reporting relationship and successorship in shared department
- D. Specify where shared services, personnel or department will be located
- E. Establish lines of communication among participating municipalities
- F. Describe dispute resolution process

III. Finance Terms and Conditions

- A. Identify salaries, wages and benefits to be shared
- B. Identify operating expenses to be shared
- C. Address sharing of capital cost incurred prior to and after agreement date
- D. Describe how each participant approves the shared budget
- E. Describe how shared costs will be allocated
- F. Describe payment methodology
- G. Specify insurance and indemnification requirements

IV. Provisions for Financial Safeguards Required by M.G.L. c. 40, §4A

- A. The HOST town must maintain accurate and comprehensive records of services performed, costs incurred, and reimbursements and contributions received.
- B. The HOST town must arrange for the performance of annual audits of such records, which audits can be part of the HOST town's annual, independent audit of its financial statements.
- C. The HOST town must ensure that all officers or staff responsible for carrying out the terms and conditions of this AGREEMENT shall give appropriate performance bonds.
- D. The HOST town must provide the PARTIES with monthly expenditure reports and quarterly revenue reports and any other information reasonably requested by the NON-HOST town to present a complete picture of the financial condition of the shared department, function or position.
- E. The PARTIES otherwise must to comply with all other provisions of M.G.L. c. 40, §4A.

V. Signatures

- A. Provide lines for signature, titles and date of a town board of selectmen