

**BUSINESS OF THE CITY COUNCIL
WINDSOR HEIGHTS, IOWA
AGENDA STATEMENT**

Item No. 9
For Meeting of 12/03/07

ITEM TITLE: Consideration of Resolution authorizing the execution of a payroll and tax service agreement with Heritage Computer Services L.C.


CONTACT PERSON: Marketa George Oliver, City Administrator

SUMMARY EXPLANATION

Currently, Windsor Heights does all payroll and tax documentation in house, preparing all payroll checks, W2 forms and tax reports. This takes a significant amount of staff time. Also, the City currently does not have access to direct deposit for employees. With this new service, employees will be able to utilize direct deposit at any bank or credit union of their choice. While providing employees with the option for direct deposit, this does not eliminate the possibility of continuing to receive a check, should an employee choose to do so.

The City solicited quotes from 3 sources and Heritage was the least expensive. Heritage Payroll Services is the largest local payroll processor in Central Iowa, located in Des Moines. They will also file tax returns and documents for us and keep abreast of any changes to tax law that may affect the City. Using them will enable us to have information for use as a management tool more readily available and we will be able to run reports and have a depth of history that our current system does not allow.

Pending Council approval, City staff anticipates changing over in time for the first payroll period in January. This matter has been reviewed by the Policy and Administration Committee, who recommends approval.

<input checked="" type="checkbox"/> Resolution _____ Ordinance ____ Contract ____ Other (Specify) _____
Funding Source <u>001-620-2-6407</u>
 APPROVED FOR SUBMITTAL _____ City Administrator

STAFF RECOMMENDATION:
COUNCIL ACTION:

RESOLUTION NO. 07-

A RESOLUTION AUTHORIZING THE EXECUTION OF A PAYROLL AND TAX SERVICE AGREEMENT WITH HERITAGE COMPUTER SERVICES, L.C.

WHEREAS, the City of Windsor Heights' wishes to enter into an agreement with Heritage Computer Services, L.C. in order to process the City's payroll and tax documents; and,

WHEREAS, Heritage Computer Services will be responsible for the timeliness and accuracy of the payroll and payroll tax deposits and filing of federal, state, and local employment tax returns; and,

WHEREAS, the outsourcing of payroll will enable the City to offer direct deposit to employees and will provide additional reports and payroll history for managers; and,

WHEREAS, the outsourcing of payroll relieves workload for some City staff members enabling them to concentrate on other responsibilities;

NOW, THEREFORE, BE IT RESOLVED by the City Council of the City of Windsor Heights, Iowa, that the City Council authorizes the Mayor and City Administrator to enter into a payroll and tax service agreement with Heritage Computer Services with an expense not to exceed \$4,000 annually.

PASSED AND APPROVED THIS 3rd DAY OF DECEMBER, 2007

David J. Sullivan, Mayor

ATTEST:

Marketa George Oliver, City Administrator/Clerk

HERITAGE COMPUTER SERVICES PAYROLL PROCESSING AGREEMENT

HERITAGE and the undersigned Client agree:

- SERVICES:** HERITAGE will provide payroll processing and other data processing services to Client. Client will provide all data to HERITAGE on a timely basis in form acceptable to HERITAGE to enable HERITAGE to complete its services.
- FEES:** The HERITAGE Accounting Services Price List in effect as of the date of this Agreement will apply to services rendered under this Agreement, provided that the Price List may be changed upon 30 days prior written notice to client.
- BILLINGS:** All fees will be invoiced to Client and such invoices are payable upon receipt. If payment is not received within 30 days of the invoice date, HERITAGE may at its option discontinue service until payment is received. All invoices not paid within 30 days shall accrue interest at the rate of 1.5% per month until the date of payment.
- SUPPLIES:** Supplies such as input forms will be supplied to Client at no charge. All supplies will be shipped within 2 business days after receipt of Client's order.
- DELIVERY:** All shipping charges incurred by HERITAGE for shipments to or from Client will be billed to Client.
- SECRECY:** All data supplied by Client to HERITAGE will be used solely for the purpose of producing requested payroll information. Without prior written instruction, HERITAGE will not make such data available to any person or entity other than Client.
- LIABILITY:** Client agrees and acknowledges that: (1) Client is solely responsible for the content and accuracy of all data processed by HERITAGE; (2) HERITAGE only warrants that it will provide mechanical data processing services for Client and, except as provided herein, the liability of HERITAGE is expressly limited to reprocessing such data at no charge to Client in the event of any error or omission by HERITAGE; (3) HERITAGE, at its option may refund the processing charge instead of reprocessing such data and that the making of such refund is the full extent of HERITAGE's liability; (4) HERITAGE does not issue credit for time necessary to correct information and that Client is responsible to pay the price stated in the Price List for the reprocessing of any data caused by events other than the error or omission of HERITAGE; (5) the limit of liability of HERITAGE means that HERITAGE is not liable for any special, indirect, incidental, or consequential damages arising directly or indirectly from HERITAGE's **WARRANTIES, WHETHER EXPRESS OR IMPLIED, INCLUDING WITHOUT LIMITATION ANY WARRANTY OF MERCHANTABILITY OR FITNESS FOR PARTICULAR PURPOSE.**
- OTHER:** HERITAGE Payroll Processing Service Agreement and optionally the Client Tax Service and Bank Agreement represents the entire agreement between HERITAGE and Client and there are no oral agreements not set forth herein or in an addendum hereto. This Agreement is to be construed in accordance with the laws of Iowa.
- CANCELLATION:** This Agreement may be canceled with 30 days written notice.

X _____
Client Authorized Signature Date

Client Firm Name Contact Person

Mailing Address City, State Zip Code

Telephone Number Facsimile Number Federal I.D. Number

ACCEPTED BY HERITAGE COMPUTER SERVICES, L.C.:

Authorized Signature Date

HERITAGE COMPUTER SERVICES, L.C.
1501 INGERSOLL AVENUE, SUITE 101, DES MOINES, IOWA 50309
Telephone: (515) 243-5000 Facsimile: (515) 243-5091

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- LIABILITY:** Client agrees and acknowledges that: (1) Client is solely responsible for the content and accuracy of all data processed by HERITAGE; (2) HERITAGE only warrants that it will provide mechanical data processing services for Client and, except as provided herein, the liability of HERITAGE is expressly limited to reprocessing such data at no charge to Client in the event of any error or omission by HERITAGE; (3) HERITAGE, at its option may refund the processing charge instead of reprocessing such data and that the making of such refund is the full extent of HERITAGE's liability; (4) HERITAGE does not issue credit for time necessary to correct information and that Client is responsible to pay the price stated in the Price List for the reprocessing of any data caused by events other than the error or omission of HERITAGE; (5) the limit of liability of HERITAGE means that HERITAGE is not liable for any special, indirect, incidental, or consequential damages arising directly or indirectly from HERITAGE's **WARRANTIES, WHETHER EXPRESS OR IMPLIED, INCLUDING WITHOUT LIMITATION ANY WARRANTY OF MERCHANTABILITY OR FITNESS FOR PARTICULAR PURPOSE.**
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X _____
Client Authorized Signature Date

Client Firm Name Contact Person

Mailing Address City, State Zip Code

Telephone Number Facsimile Number Federal I.D. Number

ACCEPTED BY HERITAGE COMPUTER SERVICES, L.C.:

Authorized Signature Date

HERITAGE COMPUTER SERVICES, L.C.
1501 INGERSOLL AVENUE, SUITE 101, DES MOINES, IOWA 50309
Telephone: (515) 243-5000 Facsimile: (515) 243-5091

HERITAGE COMPUTER SERVICES, L.C.

1501 Ingersoll
Des Moines, Iowa 50309

Voice: (515) 243-5000
Fax: (515) 243-5091

CLIENT TAX SERVICE AND BANK AGREEMENT

CLIENT NAME: _____ hereinafter referred to as CLIENT.

CLIENT NUMBER: _____ EFFECTIVE DATE: _____

BANK INFORMATION: (account used by Heritage Computer Services to debit payroll tax liabilities)

BANK NAME:	ACCOUNT#:
ADDRESS:	ROUTING#:
CITY/ST/ZIP:	DESCRIPTION: <u>Checking</u>
CONTACT:	PHONE #

HERITAGE COMPUTER IS RESPONSIBLE FOR THE TIMELINESS AND ACCURACY OF PAYROLL TAX DEPOSITS AND FILING OF FEDERAL, STATE, AND LOCAL EMPLOYMENT TAX RETURNS, AS REPORTED IN THE TAX DEPOSIT DUE SUMMARY. HERITAGE COMPUTER SERVICES ASSUMES LIABILITY FOR PENALTIES AND INTEREST ARISING FROM THE TIMELINESS AND ACCURACY OF DEPOSITS AND FILING OF FEDERAL, STATE AND LOCAL EMPLOYMENT TAX RETURNS, FOR THE DURATION. THE CLIENT HAS AUTHORIZED HERITAGE COMPUTER SERVICES TO PROVIDE CLIENT TAX SERVICE. IN UTILIZING THIS SERVICE, THE CLIENT AGREES TO THE FOLLOWING:

1. CLIENT AGREES TO EXECUTE A FEDERAL "POWER OF ATTORNEY" AND MAY REQUEST ADDITIONAL POWERS OF ATTORNEY IF STATE ENTITIES REQUIRE THIS, ALONG WITH THIS "CLIENT TAX SERVICE AND BANK AGREEMENT" IN ORDER TO RECEIVE TAX FILING SERVICES.
2. CLIENT AUTHORIZES HERITAGE COMPUTER SERVICES TO HAVE LIMITED POWER OF ATTORNEY TO SIGN AND SEND ALL OBLIGATIONS and SIGNED FORMS TO APPROPRIATE GOVERNMENTS AND BANKS.
3. CLIENT SHALL COMPLY WITH AND BE SUBJECT TO THE OPERATING RULES GOVERNING ELECTRONIC FUNDS TRANSFER, AS SUCH RULES SHALL BE IN EFFECT AMONG PARTICIPATING BANKS AND THE FEDERAL RESERVE BANK. HERITAGE SERVICES WILL UTILIZE THE ACH SYSTEM TO TRANSFER FUNDS BETWEEN THE CLIENT AND HERITAGE COMPUTER SERVICES.
4. CLIENT HEREBY AGREES TO INDEMNIFY AND HOLD EACH PARTICIPATING BANK, ACH AND HERITAGE COMPUTER SERVICES HARMLESS FROM ANY CLAIM INCIDENT TO THE OPERATION OF THIS PLAN ARISING FROM ANY ACT OR OMISSION OF THE CLIENT.
5. HERITAGE COMPUTER SERVICES REQUIRES THAT THE TOTAL AMOUNT OF THE TAX RELATED CHARGES FOR EACH PAYROLL BE DEPOSITED BY CLIENT INTO THEIR DESIGNATED DEMAND DEPOSIT (DDA) AT LEAST ONE DAY PRIOR TO CHECK DATE. THIS ACCOUNT SHALL BE DEBITED FOR THE TOTAL AMOUNT OF FEDERAL, STATE, LOCAL AND UNEMPLOYMENT TAXES AND CREDITED TO HERITAGE COMPUTER SERVICES THE DAY BEFORE THEIR CHECK DATE.
6. CLIENT HEREBY AGREES THAT IF SUFFICIENT FUNDS ARE NOT AVAILABLE TO COVER CLIENT'S DDA ACCOUNT ONE DAY PRIOR TO CHECK DATE:
 - A.) HERITAGE COMPUTER SERVICES MAY TERMINATE CLIENT FROM TAX SERVICE EFFECTIVE IMMEDIATELY; AND
 - B.) CLIENT WILL BECOME RESPONSIBLE FOR ALL TAX DEPOSITS AND FILING THEM AND THEREAFTER WITH RELATED PENALTIES AND INTEREST; AND
 - C.) HERITAGE COMPUTER SERVICES AND BANK WILL HAVE NO FURTHER OBLIGATIONS TO CLIENT WITH RESPECT TO TAX FILING SERVICES.
7. IF TAX SERVICE IS TERMINATED, HERITAGE COMPUTER SERVICES RESERVES THE RIGHT TO DEDUCT CLIENT'S OUTSTANDING FEES FROM ESCROWED TAX FUNDS, BEFORE SAID FUNDS ARE RETURNED TO CLIENT.

THIS AGREEMENT WILL REMAIN IN EFFECT UNTIL CANCELED IN WRITING BY CLIENT

AUTHORIZED SIGNATORY: x _____
(REFERENCED ACCOUNT) (AUTHORIZED SIGNATORY)

TITLE: _____ DATE: X _____

THE FOLLOWING IS HEREBY AGREED TO AND ACCEPTED BY: HERITAGE COMPUTER SERVICES, L.C.

BY: _____
Walter P. Githens, President