

LAFCO

Santa Barbara Local Agency Formation Commission

105 East Anapamu Street ♦ Santa Barbara CA 93101

805/568-3391 ♦ FAX 805/647-7647

www.sblafco.org ♦ lafco@sblafco.org

Date November 5, 2020 (Agenda)

Payroll Services

Dear Members of the Commission

RECOMMENDATION

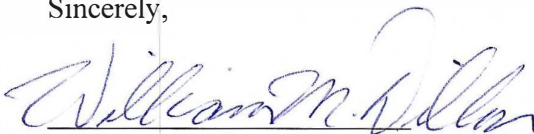
Consider delegation of authority to the Chair to sign Agreement with Payroll Vault for payroll services, consistent to the terms set forth in the Payroll Vault proposal dated October 22, 2020, for a cost of \$66.00 per pay period; human resource services for \$49.95/month; Labor Law Poster Package for \$84.50/year; set up fee of \$99.00 and other miscellaneous fees for issuing W-2's and check writing.

DISCUSSION

Staff proposes that LAFCO obtain payroll services from Payroll Vault. A proposal was submitted on October 22, 2020. (Attached.). However, a final agreement has not been reached as of the writing of this staff report. A proposed final agreement is likely to be available by the time the Commission hears this matter; in which case it will be distributed. The payroll service cannot wait until the Commission's December hearing as the new Executive Officer is expected to start work on November 22, 2020. Therefore, if the final agreement is not available by the Commission's hearing, staff requests the Chair be authorized to sign the final agreement consistent with the terms set for in the proposal.

Please contact me if you have any questions.

Sincerely,



William M Dillon

Interim Executive Officer

Attachment: Payroll Vault Proposal, October 22, 2020

Commissioners: Craig Geyer, Chair ♦ Roger Aceves ♦ Cynthia Allen ♦ Jay Freeman ♦ Joan Hartmann ♦ Steve Lavagnino
Holly Sierra ♦ Shane Stark ♦ Etta Waterfield, Vice-Chair ♦ Roger Welt ♦ Das Williams ♦ **Executive Officer: William Dillon**



Discussion Document for – LAFCO Santa Barbara County

Date: 10/22/2020

Prepared by Frank Palmieri

Professional Vault Package

- | | |
|---|--------------------------------------|
| Business Payroll Processing | Mobile Apps |
| New Hire Reporting | Retirement Plan Reporting |
| Direct Deposit, Pay Cards and/or Paper Checks | Accruable Benefits Tracking |
| Standard Online Reports | Specialized Reporting |
| One State & Local Tax Filing | QuickBooks Mapping |
| Federal Tax Filing | Accountant/Bookkeeper Access |
| Check Pickup or Delivery via USPS | HR Online Support |
| Remote Payroll Entry | Labor Law Poster Replacement Program |
| Employee Self Service Portal | |

<p>Per Payroll (Bi-Weekly):</p> <ul style="list-style-type: none"> - Professional Vault Package - \$61.00 - Per Check - \$5.00 x 1 employee \$ 5.00 <hr/> <p>Estimated Per Payroll Total: \$ 66.00</p> <p>Quarterly:</p> <ul style="list-style-type: none"> - Quarterly processing - \$50.00 <p>Annually:</p> <ul style="list-style-type: none"> - \$8.95 per each W2 and/or 1099 - Labor Law Poster Set - \$84.50 w/ free auto replacement <p>One Time:</p> <ul style="list-style-type: none"> - Setup - \$99.00 	<p>Optional Services:</p> <p><i>HR On-Demand Support</i></p> <ul style="list-style-type: none"> - \$49.95/mo (equivalent to \$23.05/payroll) <p><i>Labor Law Poster Package</i></p> <ul style="list-style-type: none"> - \$84.50/yr (equivalent to \$3.25/payroll) <p><i>Pay-as-you-go Workers' Compensation Insurance</i></p> <ul style="list-style-type: none"> - Request a Courtesy Quote
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Payroll Vault: Client Focused and Technology Driven Full-Service Payroll

We are the Santa Barbara Franchise of Payroll Vault, providing you with local expertise. When partnering with Payroll Vault, we help you save time and money on payroll issues by streamlining your workforce management. Our mission is to be an extension of your company and to serve you as payroll advisors and consultants. We want to keep you in compliance on constantly changing tax regulations and handle all your payroll needs so you can focus on running your business. As a Payroll Vault client, you will work directly with your Dedicated Payroll Specialist, which increases accuracy of your payroll, assures great customer service, and prompt response time.

Optional Services

We offer HR support as a hassle-free resource where you can access expertise across all things HR. Utilizing our HR support ensures peace of mind when hiring or firing employees, developing handbooks or job descriptions, getting alerts when laws change that may affect your business, a monthly newsletter, and so much more. Within the Professional Vault package, our ***HR On Demand*** support gives you live access to HR professionals who can legally answer any HR questions you may have.

A ***Labor Poster*** is required by law for all employers with at least one employee and failure to post up-to-date labor laws can result in fines or lawsuits. That is why I included a replacement program for you in your payroll package. When a change occurs, we will automatically mail you the updated poster in order to keep you in compliance.

Let us help you shop for the most competitive rate for your ***Worker's Comp Insurance***. We accept small, medium and large workers' compensation risks for all types of businesses in all states and have relations with 26 qualified vendors to help you find the best match. I look forward to serving your business and helping it grow. – ***Frank Palmieri***



Payroll Review of Findings for - LAFCO Santa Barbara County

Date: 10/22/2020

Prepared by Frank Palmieri

Payroll Schedule	<p><u>Current Method:</u></p> <ul style="list-style-type: none"> - n/a - Pay Period: n/a - Pay date: n/a <p><u>Recommended Method:</u></p> <ul style="list-style-type: none"> - Bi-Weekly - Pay Period: Monday-Sunday - Pay Date: Every other Friday <p>Recommendation: Most employers incorporate a 5-7-day buffer between the end of the pay period and the pay date to protect themselves from unforeseen circumstances (power outage, flooding, and employers' absence for vacation or sickness) and to assure transaction time for direct deposit. We recommend keeping at least 5 days between the end of the pay period and pay day.</p>
Employee Pay Method	<p><u>Current Method:</u></p> <ul style="list-style-type: none"> - n/a <p><u>Recommended Method:</u></p> <ul style="list-style-type: none"> - Direct Deposit and/or Pay Cards <p>Studies show that replacing costly checks with an electronic method of payment can reduce both time and money for employers and employees. Pay cards are a great solution for those un-bankable employees or employees who don't prefer direct deposit. This offers the convenience of a digital solution without the risk of a paper check.</p>
Compliance	<p><u>Current Method:</u> n/a</p> <ul style="list-style-type: none"> - Payroll Advisor: No - HR Advisor: No - Labor poster update compliance: No - Workers' Compensation: Unknown <p><u>Recommendations:</u></p> <ul style="list-style-type: none"> - When partnering with Payroll Vault, you will have a dedicated payroll specialist to keep your business in compliance and to advise you on best practices customized to your business. Communicating with your dedicated specialist is simple and easy since you call a direct line, and in some cases even have their mobile number - HR Service – online resources combined with phone support to solve common HR & create an employee handbook (mandatory in CA); issues backed up by experienced HR experts - Subscribe to our labor law poster program in order to stay in compliance with the Department of Labor and OSHA (mandatory in CA) - Pay-as-you-go Workers' Compensation – a new method for paying insurance premiums based on actual payroll versus estimated. Pay-as-you-go coverage eliminates premium deposits, reduces audit exposure, and improves cash flow (mandatory in CA)
Efficiency	<p><u>Paperless payroll:</u></p> <p>Payroll Vault Green Payroll supports a paper-free, highly efficient, and secure process. Entering data via our client portal eliminates time consuming data entry and fax reporting. Additionally, employees can access their reports and information using our mobile app. Offer your employees the convenience of accessing paystubs and W-2's online via our employee self-service portal.</p>



This is the form for use between Payroll Vault and client
AUTOPAY - AUTHORIZATION TO HONOR ITEMS DRAWN BY PAYROLL VAULT

Print Name of Depositor As Shown On Bank Records: x

Bank Name: x

Bank Address: x

Routing Number: x

Account Number: x

ATTACH COPY OF VOID CHECK

As a convenience to me, I your customer (and Depositor named above) hereby request and authorize you to pay and charge to my account, debits originated by and payable to the order of **Payroll Vault** provided there are sufficient collected funds in said account to pay the same. This authorization includes debits (here-in "items") originated by check or electronic transfer relating to net payroll checks, withheld taxes, employee payroll taxes and fees due to **Payroll Vault**. I agree that your rights in respect to each said item shall be the same as if it were a check drawn on you and signed personally by me. This authority is to remain in effect until revoked by me in writing, and until you actually receive such notice, I agree that you shall be fully protected in honoring any such item; except that no such cancellation will take place until I have contacted **Payroll Vault** in writing that I am canceling this authorization.

The Bank shall be under no obligation to furnish me with any special advice or notice in writing or otherwise of such payment or charge to my account.

I further agree that if any such item be dishonored, whether with or without cause and whether intentionally or inadvertently, you shall be under no liability whatsoever even though such occurrences may result in **Payroll Vault's** termination of our agreement. Dishonored items may be charged a minimum \$75.00 handling fee by **Payroll Vault** per occurrence.

Date: _____ Authorized Signature 1 _____ Authorized Signature 2 _____

To: The Bank Named Above:

In consideration of your participation in this plan PRVSB, INC. DBA: PAYROLL VAULT, agrees:

1. To indemnify and hold you harmless from any loss you may suffer resulting from or in connection with the execution and issuance of any item whether or not genuine, purporting to be drawn by or on behalf of Payroll Vault and payable to it pursuant to an authorization signed by one of your depositors, and received by you in the regular course or business for the purpose of payment, including any costs or expenses reasonable incurred in connection with such loss;
2. In the event that any such item shall be dishonored, whether with or without cause, and whether intentionally or inadvertently, to indemnify you and hold you harmless from any loss resulting from such dishonor, including costs and expenses;
3. To defend, at its own costs and expenses, any action which may be brought against you by any person or persons whatsoever because of your actions taken pursuant to the foregoing request or in any manner arising by reason of your participation in this agreement. The indemnification provision of the FA should include this coverage.

For Internal Use Only

CLIENT ACCOUNTS RECEIVABLE MAINTENANCE

Client #: _____ (Add Change Delete) _____ Check here if this is for a bank account change

By filling out the information below, you are granting permission to Payroll Vault to have contact with your accountant/tax preparer/CPA.



Accountant/tax preparer/CPA information

Name : _____

Phone : _____

Company : _____

Email : _____

ADDITIONAL TERMS AND PROVISIONS

CLIENT PAYROLL SERVICE AGREEMENT - ADDITIONAL TERMS AND PROVISIONS

1. **TERM** - This Client Payroll Service Agreement ('Agreement') shall be on a month to month basis with thirty days advance written notice to terminate.
2. **INITIAL SETUP FEE** - If Initial Setup Fees is waived and client terminates service within the first 90 days a \$10.00 per employee setup fee will be charged as an early termination fee with a minimum charge of \$150.00.
3. **PAYROLL VAULT** - This Client Payroll Service Agreement is with Client and the local Payroll Vault franchise office that signs and represents this Client Payroll Service Agreement. There is no other service or legal obligation with Client and Payroll Vault Franchising LLC, ("Franchisor"), or any other Payroll Vault franchise office.
4. **PAYMENT** - Fees, including any applicable state taxes or fees, shall be due and collected via ACH at the time services are provided.
5. **CHECK FEE** - Will be assessed for each direct deposit transaction, pay card transaction, paper check, garnishment, child support, 1099 payments, and any other payment made by Payroll Vault on client's, employee's, or contractor's behalf, excluding tax payments.
6. **REFERRAL AWARDS** - Any referral discounts received for a "Free Payroll" shall be limited to \$100.00.
7. **REPORTING & INFORMATION COLLECTION** - Client and Payroll Vault understand Payroll Services are time sensitive and require a commitment to report AND complete the work timely. It is our policy that all information be reported to Payroll Vault at least 24 hours prior to our commitment to complete the work unless otherwise arranged. A minimum late reporting fee of \$50.00 along with appropriate "rush" fee may apply if less than 24 hours is given to complete the agreed upon payroll services.
8. **NSF & RETURNED ITEMS** - Any ACH items or PAYMENTS payable to Payroll Vault that are returned due to insufficient funds shall be subject to a minimum NSF fee of \$75.00 and due immediately via wire or cashiers check to continue current and future payroll services. If NSF funds are not received Payroll Vault is authorized to reverse any employee direct deposits, reverse and/or hold any tax payments and/or reallocate any other tax payments to cover any remaining outstanding balance. Any NSF or Returned Item may result in termination of the Agreement by Payroll Vault immediately.
9. **OVERTIME** - Payroll Vault and the Payroll Vault Staff are not responsibly for calculating or determining any employees overtime hours.
10. **HUMAN RESOURCES & EMPLOYMENT LAWS** - Payroll Vault and the Payroll Vault Staff will not advise Client regarding Employment Laws or any strategies in managing employees. Payroll Vault and the Payroll Vault Staff will not advise Client with regards to specific classification between employees and contractors. Payroll Vault may offer auxiliary Human Resource service options and agreements with third party service providers and consultants.
11. **ATTORNEY'S FEES** - Client shall pay upon demand to Payroll Vault, all costs and expenses (including reasonable attorney's fees, court costs, and expert witness fees) which may be incurred by Payroll Vault, in the enforcement of this Agreement, the disbursement of funds in accordance with the terms of this Agreement which later may be reversed, or dishonored, and the collection of the indebtedness evidenced hereby. Alternatives to litigation such as mediation will be considered first in any disputes over this Client Payroll Service Agreement.
12. **WAIVERS** - Client hereby waives demand, protest, and notice of protest and nonpayment in connection with the delivery, acceptance, performance or enforcement of this Agreement. Any failure of Payroll Vault, to exercise any right hereunder shall not be construed as a waiver of the right to exercise the same or any other right at any other time or times. The waiver by Payroll Vault, of a breach or default of any provision of this Agreement shall not operate or be construed as a waiver of any subsequent breach or violation thereof.
13. **GOVERNING LAWS** - This Agreement shall be construed and governed by the laws of the State of CALIFORNIA. The provisions of this Agreement are severable and the invalidity or unenforceability of any provision shall not alter or impair the remaining provisions of this Agreement. No modification hereof shall be binding or enforceable unless in writing and signed by Client & Payroll Vault. This Agreement shall inure to the benefit of Payroll Vault and its successors and assigns.
14. **LATE PAYMENTS** - A finance charge shall accrue on all fees or outstanding NSF and Returned Items, which are not received by the last day of the month due. The finance charge shall be an annual percentage rate of (18%) percent calculated at a periodic monthly rate of 1.5% of the unpaid balance, including interest, at the end of each month. Client agrees to pay interest as stated and costs together with Attorney's fees and costs actually incurred for collection of any unpaid fees or outstanding NSF and Returned Items.
15. **MINIMUM PAYMENT** - Any client who doesn't run at least monthly will either incur a minimum monthly charge or be charged a flat fee of \$95 at the time of quarterly processing. The Minimum Payment will be withdrawn from your account in the same manner as are other fees and payroll costs.
16. **TAX ID NUMBERS**: Obtaining any and all tax identification numbers is the responsibility of the client unless otherwise noted. The client understands the delay in providing these numbers to Payroll Vault could lead to tax penalties and interest for which the client is responsible.
17. **OWNERSHIP** - Any original source documents shall remain the property of the client and returned. All Payroll Vault work papers shall remain the property of Payroll Vault. Confidentiality of client's records shall be in accordance with general business principles and applicable laws.
18. **LIABILITY** - The parties agree that Payroll Vault's liability for payroll services rendered and opinions given shall be limited to that of a payroll services firm practicing in the State of CALIFORNIA. The client understands that the payroll processing and reports will be prepared from the information as submitted without audit or verification. Payroll Vault shall be held harmless for all unaudited services rendered.
19. **TAX PAYMENTS & TAX RETURN** - Work will be processed by the due date so long as all records are received promptly and within a reasonable time of the due date. In the event of termination, Payroll Vault shall not be liable to perform any work of any kind after date of termination.
20. **INDEMNIFICATION** - Client agrees to indemnify and hold harmless Payroll Vault and Payroll Vault's officers, directors, shareholders, employees and agents from and against any claim, cause of action, damage, loss, fee, award, costs (including reasonable attorney's fees, court costs, and expert witness fees) penalty, or any other cost, fee, loss, or damage incurred by Payroll Vault as a result of Clients: (i) failure to timely fund the account against which funds are drawn; (ii) failure to honor a properly drafted debit request from the Client's account; (iii) failure to refund to us, any funds disbursed by us that are later reversed by the employee, the Client, or otherwise; (iv) bank or depository making claims for indemnification to Payroll Vault under any Automated Clearing House (ACH), Autopay, or similar agreement wherein Client has permitted Payroll Vault to withdraw funds from Client's account in order to service Client's employees; (v) employees' mismanagement, embezzlement, or dishonesty in reference to the Client's account which results in a loss by Payroll Vault.

Dated _____ By _____ (Client Signature)