

COUNCIL ACTION FORM

**SUBJECT: CITY ASSESSOR'S OFFICE PAYROLL AND BENEFITS
ADMINISTRATION MEMORANDUM OF UNDERSTANDING**

BACKGROUND:

In December 2020, a Story County representative to the Ames Conference Board raised the prospect of transferring the payroll administration for the Ames City Assessor's Office from Story County to the City of Ames. City staff prepared a Memorandum Of Understanding (MOU) to accomplish this transfer and document a variety of other pay and benefit administration details for future reference (Attached).

Currently, the City Assessor's Office staff is eligible to participate in the City of Ames health insurance, life insurance, flexible spending, and 457 deferred compensation programs. The County withholds the employee payroll contributions as required for these programs and transfers the funds to the City, and the County issues the payroll for the employees.

The current situation (County payroll, City benefits) is complex and raises the prospect of compliance issues with the Affordable Care Act requirements. Of the seven City Assessor's Offices in Iowa, three have payroll and benefits administered by the county (Mason City, Dubuque, and Iowa City); two have payroll and benefits administered by the city (Davenport and Sioux City). The Cedar Rapids City Assessor functions largely independently of both the county and the city. **Only the Ames City Assessor has payroll administered by the county and benefits administered by the city.**

Iowa Code requires that the County Treasurer hold the funds levied to finance the City Assessor's operations [Iowa Code 441.16(5)(a)]. The County Auditor is required to keep a complete record of the City Assessor's expenses and issue warrants on the requisition of the assessor [Iowa Code 441.16(5)(b)]. To satisfy Iowa Code, the City will calculate the total payroll and benefits expenses each pay period to be transferred from the County to the City. This amount will be sent by the Finance Department to the City Assessor's Office for validation and then subsequently submitted to the County Auditor. Therefore, the County will transfer only a single payment amount per pay period for the total payroll and benefit expenses for the City Assessor's Office.

This transition to City administration of payroll will require a change in tax reporting information. **Therefore, to minimize the reporting burden, the change will go into effect on January 1, 2022.** City Assessor employees would be terminated from the county's payroll system on December 31 and added to the City's system on January 1. Another key change resulting from this transition would be to bring the City Assessor's

Office under the City's Worker's Compensation and liability insurance, since the City would be listed as the employer.

The MOU outlining these changes also formalizes that the City Assessor's Office is provided space in City Hall and common area use privileges in the same manner as other City departments, and will be charged for internal City services (e.g., occupancy, communications, messenger service, etc.) in the same manner as other City departments.

On March 3, the Story County Board of Supervisors approved the MOU, which is now presented for City Council approval. If approved, City staff will work with Story County staff to develop a transition plan to ensure the process works smoothly.

ALTERNATIVES:

1. Approve the attached Memorandum of Understanding regarding the City Assessor's Office payroll and benefits administration.
2. Refer this item back to staff for further information.
3. Do not approve the Memorandum of Understanding.

CITY MANAGER'S RECOMMENDED ACTION:

The attached MOU provides clarity regarding the services that will be provided to the City Assessor's Office. The payroll and benefits process will be streamlined and the risk of Affordable Care Act compliance issues will be reduced by allowing one entity to handle all payroll and benefits functions.

Therefore, it is the recommendation of the City Manager that the City Council adopt Alternative No. 1 as described above.

**Memorandum of Understanding
Between the City of Ames, Iowa and Story County, Iowa
Regarding the Ames City Assessor**

1. **Background:** The Ames Conference Board is responsible for the oversight of the Ames City Assessor and City Assessor's Office. The Ames City Assessor has occupied office space in Ames City Hall and its employees have been provided certain fringe benefits administered by the City. Story County has been the provider of payroll services for employees of the Ames City Assessor's Office.
2. **Purpose:** The purpose of this Memorandum of Understanding (MOU) is to outline the responsibilities and mechanisms for providing certain services to the Ames City Assessor's Office.
3. **Supervision:** It is understood that the City Assessor is appointed by and reports to the Ames Conference Board; employees of the City Assessor are appointed by and report to the City Assessor.
4. **Personnel Policy Administration:** Employees of the City Assessor's Office are subject to the personnel policies adopted by the City Assessor or the Conference Board, as appropriate. The City of Ames Human Resources Department will assist in advising the City Assessor's Office regarding the interpretation and application of its personnel policies. However, the City Assessor's Office is responsible for the implementation of any final personnel decision or action.
5. **Use of City Facilities:** The City Assessor's Office will be provided space in Ames City Hall for its operations. No renovations or remodeling of the office space by the City Assessor's Office may occur without the approval of the City, and costs for such renovations or remodeling shall be charged to the City Assessor's Office. The City Assessor's Office will have access to shared spaces within City Hall, such as conference rooms and employee break rooms, in the same manner as City departments housed in City Hall. The City Assessor's Office will ensure its staff complies with any policies adopted by the City for the management of City facilities, such as health and safety measures, security procedures, room reservation policies, or other policies.
6. **Internal Services Provided:** The following services will be provided and charged to the City Assessor's Office in the same manner as such costs are charged to City departments housed in City Hall:
 - a. Office space occupancy (e.g., utilities, cleaning, routine maintenance, etc.)
 - b. Communications technology and shared software (e.g., telephone, network, email, GIS, Microsoft Office, EnerGov, etc.)
 - c. Messenger services (interoffice mail, postal service, and freight)

- d. Human Resources assistance (employee recruitment, new employee onboarding, employee development center training, health promotion programs, etc.)
- e. Payroll and employee benefit processing.

7. **Payroll and Employee Benefit Processing:** The City of Ames will provide payroll and employee benefit processing services for employees of the City Assessor's Office. The City Assessor's Office will provide regular timesheets and other compensation information to the City on such forms and in such manner as the City's Finance Director may prescribe. The City will calculate the amount to be disbursed each pay period and provide that amount to the City Assessor's Office to requisition from the assessment funds held by Story County. The City will make fringe benefits available to City Assessor's Office employees, in the same manner as those benefits are available to City employees. Such benefits include:

- a. Medical insurance
- b. Dental insurance
- c. Voluntary Vision insurance
- d. Life and Accidental Death and Disability Insurance
- e. Voluntary Supplemental Life and AD&D Insurance
- f. Flexible Spending Accounts
- g. 457 Deferred Compensation
- h. Workers Compensation coverage
- i. Employee Assistance Program.

8. **Employee Values and Cooperation:** In recognition of the mutual benefit of exceptional customer service and an enjoyable and stimulating work environment, the City Assessor will participate on the City's Executive Leadership Team as if a City department head. The City Assessor's Office will adopt, support, and embody the Excellence Through People organizational values.

9. **Effective Date and Duration:** This Memorandum of Understanding is effective January 1, 2022, and will remain in effect in perpetuity unless it is terminated by the parties. Any party that wants to terminate their involvement in this agreement shall provide the other party with at least thirty (30) days' prior written notice. This agreement may be amended by mutual agreement of the parties. An amendment or termination must be made in writing and must be signed by each party's designated representative(s) with authority to enter into this agreement. The parties agree to work in good faith to complete a timely and responsible transition of responsibilities to the arrangements described in this memorandum before the effective date. However, the parties acknowledge that due to the complexities of this transition, some flexibility regarding the implementation timing may be required.

10. **Miscellaneous:** No provision of this agreement shall form the basis of a cause of action at law or equity by any party against any other party, nor shall any provision of this agreement form the basis of a cause of action at law or equity by any third party.

Approved this ____ day of _____, ____.

John A. Haila, Mayor
City of Ames, Iowa

Date

Lisa Heddens, Chair
Story County Board of Supervisors

Date