

AGREEMENT

between

THE CITY OF BOVEY, MINNESOTA

and

**THE AMERICAN FEDERATION OF STATE, COUNTY AND
MUNICIPAL EMPLOYEES, AFL-CIO**

LOCAL UNION NO. 456

JANUARY 1, 2017 – DECEMBER 31, 2019

BARGAINING UNIT:

1. CITY CLERK/LIBRARY DIRECTOR

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**AGREEMENT BETWEEN THE CITY COUNCIL
OF THE CITY OF BOVEY, MINNESOTA, AND THE
AMERICAN FEDERATION OF STATE, COUNTY
AND MUNICIPAL EMPLOYEES, AFL-CIO, LOCAL NO. 456**

THIS AGREEMENT, DATED THE FIRST DAY OF JANUARY, 2014, ENTERED INTO BY AND BETWEEN THE CITY COUNCIL OF THE CITY OF BOVEY, MINNESOTA, HEREINAFTER REFERRED TO AS THE EMPLOYER, AND LOCAL UNION NO. 456, AFSCME COUNCIL 65, OF THE AMERICAN FEDERATION OF STATE, COUNTY AND MUNICIPAL EMPLOYEES, AFFILIATED WITH THE AMERICAN FEDERATION OF LABOR AND THE CONGRESS OF INDUSTRIAL ORGANIZATION, HEREINAFTER REFERRED TO AS THE UNION.

THIS DOCUMENT IS ONE INSTRUMENT, AND REPRESENTS ONE BARGAINING UNIT: SERVICE.

**ARTICLE I
PURPOSE OF AGREEMENT**

Section A.

It is the intent and purpose of the parties hereto to set forth herein the basic agreement covering rates of pay, hours of work, and all other conditions of employment to be observed between the parties hereto.

Section B.

The provisions of this Agreement constitute the sole procedure for the processing and settlement of any claim by an employee or the Union of a violation by the Employer of this Agreement. As the representative of the employees, the Union may process grievances through the grievance procedure including arbitration in accordance with this Agreement or adjust or settle the same.

**ARTICLE II
DEFINITION OF REGULAR EMPLOYEE**

Section A.

The term "regular employee", as used in this Agreement, shall mean the same as "public employee", as defined in the Public Employment Labor Relations Act, currently defined in Minnesota Statutes 179A.03, Subd. 14, as amended from time to time.

Section B.

Part-time Employee:

An employee who has less than an average of forty (40) earned or paid hours per week in a calendar year, but must have more than twenty (20) for purposes of pro-rated benefits of any kind for the City.

ARTICLE III
RESPONSIBILITIES OF PARTIES

Section A.

Each of the parties of this Agreement hereby acknowledges the rights and responsibilities of the other parties and agrees to discharge its responsibilities under this Agreement.

Section B.

The Employer, including its managerial, supervisory and representatives at all levels, is firmly bound to observe the conditions of this Agreement.

Section C.

The Union, including its officers and representatives, and all employees are firmly bound to observe the conditions of this Agreement.

Section D.

In addition to the responsibilities that may be provided elsewhere in this Agreement, the following shall be observed:

- 1. The applicable procedure of this Agreement will be followed in the settlement of all grievances. All grievances shall be considered carefully and processed promptly in accordance with such procedures.*
- 2. There shall be no interference with the rights of employees to become or continue as members of the Union.*

ARTICLE IV
RECOGNITION

Section A.

The Employer recognizes Local Union No. 456, AFSCME Council 65, American Federation of State, County and Municipal Employees, or known as AFSCME, AFL-CIO, Local No. 456, as the exclusive representative for collective bargaining purposes for the City Clerk of the City of Bovey, Minnesota, excluding elected officials and officials appointed by the Employer to serve on Commissions or Boards. No discrimination shall be exercised against any employee because of Union membership or because of race, creed, sex, color, religious or political belief.

Section B.

The Employer shall not enter into any agreement with the employees coming under the jurisdiction of this Agreement, either individually or collectively, which in any way conflicts with the terms and conditions of this Agreement.

ARTICLE V
CHECKOFF OF UNION DUES

The Employer agrees to deduct from the salary of each employee who has signed an authorized payroll deduction card a sum certified by the Secretary of Local 456 which are Union dues or initiation fees of the Union, and other Union approved deductions, such deductions to be made from the payroll period ending the first half of each month, and transmit to AFSCME Council 65 the amount so deducted, together with a list of the names of the employees from whose pay deductions were made. An employee may terminate his payroll deductions by written notice to the City Clerk, who shall forthwith transmit a copy of such termination to the Financial Secretary of Local 456.

ARTICLE VI
HOURS OF WORK

Section A.

The basic work day shall consist of eight (8) hours per day, and the average work week shall consist of forty (40) hours per week, for all departments. All hours worked in excess of eight (8) hours per day or an average of forty (40) hours per week shall be compensated for at one and one-half (1-1/2) times the regular rate of pay.

Section B.

If the needs of service permit, all employees shall receive two (2) fifteen minute rest periods in each eight-hour shift, at times designated by their immediate supervisor. All employees working straight eight-hour shifts shall receive a 30 minute unpaid leave.

Section C.

The Employer agrees that split shift work will not be scheduled for employees of any department.

Section D. Overtime Hours.

At the employee's option, and subject to approval from the administration, an employee may choose to take compensatory time off for overtime hours at one and one-half (1-1/2) time rates. Maximum build-up at one given time shall be ten days (80 hours) which would entitle the employee to fifteen days (120 hours) off his regular scheduled work week. Compensatory time off shall be used within the year earned or paid out by the last payroll of the year.

Section E. Call-Outs.

Any employee called out to work shall be paid for a minimum of two (2) hours at time and one-half (1-1/2) rates. An employee who works more than two (2) hours on a call-out shall be compensated at time and one-half (1-1/2) rates for all hours worked until the start of his/her regular scheduled shift.

Section F. Training Pay:

All training shall be at the employee's regular rate of pay. Training hours that would cause overtime, employees shall be able to flex those hours to take time off. Unauthorized travel shall be subject to disciplinary action.

ARTICLE VII
HOLIDAYS

Section A.

All full-time employees shall receive the following paid holidays:

| | |
|------------------------|--|
| New Year's Day | Thanksgiving Day |
| Good Friday | Friday after Thanksgiving |
| | 1/2 Day Christmas Eve Day |
| Memorial Day | Christmas Day |
| Martin Luther King Day | 1/2 Day New Year's Eve Day |
| Fourth of July | Floating Holiday (in lieu of Veterans Day) |
| Labor Day | Presidents Day |

Part-time bargaining unit employees shall receive holiday pay only if such holiday is worked, and shall be compensated for such holiday worked in accordance with Section B of Article VII.

Section B.

All regular employees who are required to work on any of the above holidays shall be compensated at one and one-half (1-1/2) times the regular rate of pay for their work that day, in addition to their regular holiday pay.

Section C.

When a holiday falls during the employee's scheduled day off or during his vacation period, he shall receive an additional day's.

Section D.

Provided when New Year's Day (January 1), Independence Day (July 4), or Christmas Day (December 25) fall on Sunday, the following day shall be a holiday; and provided when New Year's Day (January 1), Independence Day (July 4), or Christmas Day (December 25) fall on Saturday, the preceding Friday shall be the holiday.

**ARTICLE VIII
PERSONAL DAYS**

Effective January 1, 2005, all regular full-time employees shall receive six (6) personal days, forty-eight (48) hours per year. The employee may utilize such days to conduct personal business without loss of pay. When a new employee starts, they shall earn one (1) personal day for each 2 months of service until the 2nd January 1st of their hire; on that day, all 6 days shall be given the employee on January 1 of each year of service.

**ARTICLE IX
VACATIONS**

Section A.

All full-time employees shall receive the following paid vacations:

| | <u>Weeks</u> | <i>after</i> | <u>Full Years of Service</u> |
|-------------|--------------|--------------|------------------------------|
| (40 hours) | 1 | " | One (1) |
| (80 hours) | 2 | " | Two (2) |
| (120 hours) | 3 | " | Five (5) |
| (160 hours) | 4 | " | Ten (10) |
| (200 hours) | 5 | " | Fifteen (15) |
| (240 hours) | 6 | " | Twenty (20) |
| (248 hours) | | " | Twenty-five (25) |
| (256 hours) | | " | Twenty-seven (27) |
| (264 hours) | | " | Twenty-eight (28) |
| (272 hours) | | " | Twenty-nine (29) |
| (280 hours) | | " | Thirty (30) |

Regular employees that average 20 hours per week or more and who work less than full time shall receive vacation benefits on a pro rata basis. When a new employee starts, they shall earn vacation starting on the 2nd January 1st of their hire.

Section B.

In determining vacation periods, the wishes of the employees will be respected as to the time of taking vacation, insofar as the needs of the service will permit, it being understood that the rights of the senior employee will prevail in the selection of vacation time when an agreement cannot be reached among the employees.

Section C.

The vacation period of an employee shall not be split, unless by mutual agreement of the employee and the supervisor.

Section D.

Upon termination of employment, after having given two (2) weeks notice or by Employer request, employees shall be paid for any accumulated vacation credit. Accumulated vacation shall mean vacation earned by such employee according to years of service, times that portion of the year worked at the time of the termination of employee.

Section E.

Vacation time shall not accumulate from one year to another, unless other arrangements are mutually agreed upon by the employee, the Employer, and the Union.

**ARTICLE X
SICK LEAVE**

Section A.

All regular full-time employees shall earn sick leave at the rate of ten (10) working days for each year of service (.83 days per month).

At the end of each month, .83 days will be given a dollar value by taking .83 x 8 hours x employee hourly wage. The resulting value shall be placed in an interest bearing account for each individual eligible employee. Each eligible employee shall have his/her own account and will accrue all interest earned to his/her account. The individual employee accounts will be set up and administered by the City of Bovey.

When an employee utilizes sick leave, the employee's sick leave pay will be subtracted and paid for from his/her sick leave account. In the event an employee's sick leave account is depleted, he/she will not be eligible for sick leave pay.

Employees shall receive an updated sick leave report quarterly.

Severance:

Upon retirement, total permanent disability, permanent layoff or temporary layoff lasting 6 months or longer, or death of an employee, the employee shall be entitled to one hundred percent (100%) of the total value of his/her accrued but unused sick leave account. In the event of an employee's death, while an employee of the city, the employee's named beneficiary shall receive said benefit.

An employee may opt to receive the accrued value of the sick leave account over a three (3) year period.

An employee who is fired for just cause is not entitled to any sick leave benefit.

An employee who voluntarily quits must have:

Five (5) years service to receive 25% of their accrued sick leave

Ten (10) years service to receive 50% of their accrued sick leave

Fifteen (15) years service to receive 75% of their accrued sick leave

Upon retirement, they shall receive 100%.

The employee may make direct payment for the dependency insurance premium cost or opt to leave a portion of the accrued sick leave account with the city to be applied to the employee's hospital medical insurance premiums, as per Appendix B2 and B3 of this Agreement.

Section B.

An employee may be required to present a medical report satisfactory to the Employer of inability to work due to illness or accident (per Policy and FMLA Laws).

Section C.

If an employee shall receive a compensable injury and have accrued benefits under either sick leave or vacation plan, the Employer shall pay the difference between the compensation received by the employee at his regular monthly rate, the same to be deducted from the accrued vacation or sick leave benefits. It is understood that the additional payments made to the employee over and above that paid by the Workmen 's Compensation shall not exceed the amount of credits which an employee is entitled to from the accrued vacation or sick leave benefits.

Section D.

No sick leave credit will be accrued while an employee is away from work due to leave of absence, sickness or disability, nor will sick leave be paid during leave of absence or during layoffs, except as provided hereinafter.

Section E.

If an employee becomes ill or is injured while on vacation, the scheduled vacation time is counted as vacation; and, if the disability continues beyond the scheduled time of the vacation, sick leave pay (any remaining sick leave credit) will begin on the first consecutive scheduled working day after the end of the scheduled vacation.

**ARTICLE XI
DEATH IN THE FAMILY**

A maximum of three (3) days absence without loss of pay shall be allowed an employee in the case of a death in the immediate family. Immediate family shall be defined as a brother, sister, son, daughter, father, mother, wife or husband, father-in-law, mother-in-law, grandparents and grandchildren of either the employee or his spouse. The employees may use vacation, personal leave or unpaid leave for up to two (2) additional days.

**ARTICLE XII
SENIORITY**

Section A.

All regular employees working for the City of Bovey, Minnesota, as outlined in the bargaining unit of the Recognition Clause, shall be covered by this Agreement and placed on the seniority list.

Section B.

Seniority standing shall be granted to all employees in accordance with the length of continuous service for the City of Bovey. Each new employee shall be placed on the seniority list as of the first day of employment upon completion of one (1) consecutive working year of employment, and an additional six (6) months probation may be implemented by the City Council or the Police Chief. During such one (1) year of employment, employees may be discharged by the Employer without cause and without the same causing a breach of this Agreement or constituting a grievance hereunder.

A part-time employee's scheduled earned and paid work days shall count as one (1) day of seniority (240 earned/paid days = one (1) year of service seniority).

Continuous service shall be determined by the date of the employee's first regular employment with the City or the date of re-employment after a break in continuous service. Continuous service is broken by:

- 1. Voluntary quitting the service of the City;*
- 2. Absence due to discharge, termination, suspension or leave of absence, any of which continues for more than six (6) consecutive months.*

Section C.

An employee shall lose seniority standing upon voluntary resignation from employment, or upon discharge for cause. An employee's seniority shall not be terminated because of absence due to illness, authorized leave of absence, or temporary layoff.

Section D.

In the event of a layoff, employees shall be laid off according to seniority in the inverse order of hiring. Employees shall be rehired according to seniority in the inverse order of layoffs, maximum, two (2) years.

Section E.

In case of a reduction of force or the elimination of a position, a senior employee may exert his seniority preference over a junior employee in any classification of work, provided he has the necessary qualifications to perform the duties of the job involved.

Section F.

A temporary vacancy shall be any vacancy or temporary work assignment which results because of the absence of another regular employee and which continues in excess of one (1) work day and which does not result in a break of continuous-service of a regular employee as defined in Section B of this Article and which does not constitute a newly-created position. The Employer, at its discretion, may fill such temporary vacancy with the senior qualified employee within the department. Such employee shall receive the classification or position rate of pay or his own classification or rate of pay, whichever is the greater; provided, however, that Article III, Sections A and B, shall apply in all cases.

Section G.

Notice of all vacancies and newly-created positions shall be posted on the employee bulletin board, and the employees shall be given seven (7) days time in which to make application to fill the vacancy or new position. The senior employee making application shall be transferred to fill the vacancy or new position, provided he has the necessary qualifications to perform the duties of the job involved. The Employer or other appropriate department head shall make the determination as to whether or not an applicant possesses the necessary qualifications. In the event the Union does not concur in the determination, the applicant shall have the right of appeal through the normal grievance procedure. Newly-created positions or vacancies are to be posted in the following manner: The type of work, the place of work, the rate of pay, the hours to be worked, and the classification.

The employee shall be granted a sixty (60) day trial period in which time the employee may opt to return to the employee's previous position, and the Employer shall have the same sixty (60) day period to determine if the employee is capable of performing the duties of the position. In the event the Employer determines that the employee is not capable of performing the job duties, said employee shall return to the employee's previous position and shall retain the right of appeal via the grievance procedure.

Section H.

The seniority list shall be brought up-to-date on January 1st of each calendar year and posted on employees' bulletin boards. A copy of the seniority list shall be sent by mail to the Secretary and President of the Union.

Section I.

The Employer will recognize the right of an employee, within any of the two AFSCME bargaining units (Essential and Service) to apply for transfer from one bargaining unit to another only when a vacancy or newly created position exists and proper posting procedure in a specified bargaining unit has been complied with. The Employer, in selecting an applicant to fill such position, shall award the position to the most senior employee, within the bargaining unit where the posting occurs, provided the employee has the necessary qualifications to perform the job. In the event there is not a qualified applicant from within the respective bargaining unit, the employer shall next consider senior qualified applicants from the other AFSCME bargaining unit.

A transferred employee's original seniority hire date shall be frozen in his/her former unit. An employee will be given the full benefit of frozen seniority, for all purposes of the prior Agreement in the event of a subsequent transfer back into his/her previous unit.

An employee transferring into a new unit as the result of a job bid shall continue to carry over all accumulated sick leave and vacation credit. The employee will be governed by the conditions of the new bargaining unit with respect to fringe benefits and other working conditions.

For purposes of benefit eligibility, granted under the new unit contract, the transferred employee shall retain and be given the benefit of all seniority accrued from his/her first date of hire with the City. However, he/she shall also establish a unit seniority date commencing with his/her first day of employment in the position governed by the new bargaining agreement. This unit seniority date shall be used for determining future job bid preference and layoff protection in comparison to other employees covered by the new units bargaining agreement.

However, in the event an employee opts to transfer due to the elimination of his/her position, she/he shall retain all seniority accrued from his/her first date of hire with the City. He/she will be permitted to exercise such seniority for initial and subsequent "bumping" purposes and will retain such seniority for all purposes of the new unit agreement.

ARTICLE XIII
GRIEVANCE PROCEDURE

Section A.

The Employer and the Union shall attempt to adjust all grievances which may arise by virtue of this Agreement or otherwise in the following manner:

- 1. An effort shall be made to adjust the grievance between the employees and/or a grievance committee and the immediate supervisor.*
- 2. In the event no settlement has therefore been reached, the Employer shall, upon written request of the Union, grant a formal hearing on the grievance.*
- 3. In the event no settlement is thereby reached, it shall be compulsory to the parties of this Agreement to submit the grievance to arbitration, and the decision and award made in arbitration shall be final and binding on both parties.*
- 4. Duty authorized representatives of the Union shall have the right to accompany the Union Grievance Committee in the discussion or adjustment of Union grievances.*

Section B. **Method and Procedure in the Selection of An Arbitrator.**

Should the grievance go to Step 3, the parties hereto agree that within ten (10) days after Step 2, either of the parties shall have the right to submit to the Director of Mediation a request for five (5) names for the purpose of the parties to select one of the five (5) names as the arbitrator. The method in the choice shall be each of the parties hereto shall eliminate one name at a time until one name remains. The remaining name shall be the arbitrator. It is hereby agreed that the cost and expense of the arbitrator shall be shared equally by the parties of this Agreement. First strike shall be determined by the flip of a coin.

ARTICLE XIV
TRANSFERS, DEMOTIONS, SUSPENSIONS, DISCHARGES & LAYOFFS

Section A. **Transfers and Demotions.**

Demotions or transfers to a lower classification shall be made only for just cause. The Union Grievance Committee Chairman and the employee affected shall receive prior notice in writing of any such action. If the Union feels the action was taken without just cause, the employee shall have the right of appeal through the normal grievance procedure. In the case where a demotion or transfer has been proved unjustified and the employee returned to his former status, the loss of pay involved shall be restored.

Section B. **Suspension.**

Any employee may be temporarily suspended for just cause. The employee shall be notified of the reasons for his suspension in writing at the time thereof. If the employee feels he has been suspended without just cause or that the period of the suspension is unwarranted, the employee shall have the right of appeal by invoking the normal grievance procedure within five (5) days of the date of suspension. If it is determined that the suspension was made without just cause, the employee shall be reinstated immediately and shall receive full pay for any time lost as a result of the suspension.

Section C. **Discharge.**

Discharge shall be made only for just cause. An action to discharge an employee shall be taken by the Employer only after a hearing upon due notice, upon stated charges, in writing. The statement of charges and the notice of hearing shall be filed with the employee and the Union at least ten (10) days in advance of the hearing. The employee and the Union shall have the

right to present witnesses, introduce evidence, and to examine witnesses and evidence presented against him. The salary of the employee shall be suspended during the period of which the hearing takes place, but his or her name shall not be removed from the payroll. In case of reinstatement after the hearing, the employee may be given all the back pay withheld during the period of suspension, except as such penalty may be deemed necessary by the Employer as a disciplinary measure.

Section D. Layoffs.

In the event a general layoff is contemplated, the Employer agrees to call in the Union Grievance Committee and to discuss the problem with them before any action is taken.

Section E.

Nothing herein shall be construed to affect the status of War Veterans in contravention of existing laws relating to War Veterans employment, discharge or promotion.

Section F.

Any article, clause or statement herein contained that in any way violates the laws of the State of Minnesota or Federal laws shall be disregarded, and the State and Federal statutes shall apply.

ARTICLE XV
GENERAL PROVISIONS

Section A.

The Employer agrees to permit the Negotiation or Grievance Committee to appear at all negotiating or grievance meetings with the Employer in negotiations or disputes without the loss of pay. The Negotiation or Grievance Committee shall consist of six (6) members.

Section B.

Representatives of the American Federation of State, County and Municipal Employees, AFL-CIO, shall have access to the premises of the Employer at reasonable times and subject to reasonable rules to investigate grievances and other problems with which they are concerned.

Section C.

There shall be no replacement of regularly employed employees by voluntary or relief workers.

Section D.

The Employer will erect and maintain a bulletin board of reasonable size to be placed in each one of the buildings where employees report for work, which bulletin boards shall be for the use of the Union to post any notices or documents relating to Union affairs.

Section E.

All matters not covered by this Agreement shall be settled by negotiations between the Employer and the Union.

Section F.

The Employer shall provide and pay a maximum matching contribution each pay day to the Employee 403B Deferred Compensation Plan, for all eligible employees. The Employer shall begin matching employee contributions commencing with the first pay period of an employee's sixth (6th) year of service. In the event an employee chooses not to make employee contributions to the 403 B plan, the Employer is under no obligation to contribute to the plan.

After five (5) years - \$50.00

After ten (10) years - \$100.00

ARTICLE XVI
DISCIPLINARY PROVISIONS

Section A.

All City of Bovey employees, including but not limited to, those who are in good standing and who have satisfactorily fulfilled the period of probation shall be subject to discharge for cause and due process of law.

Section B.

Disciplinary action in the form of suspensions may be instituted against City employees by the City Council for, but not limited to, the following reasons.

1. Engaging in physical or personal abuse; or
2. Engaging in offensive, obscene or abusive language or in boisterous and noisy conduct, tending reasonably to arouse, alarm, anger or resentment in others.
3. Insubordination, including disobedience of a reasonable order of a supervisor, or refusal to perform assigned duties. Such insubordination should be brought to the attention of the City Council as well as the supervisor's recommendations concerning discipline.
4. In the case of a supervisor, insubordination, including disobedience of a reasonable order of the City Council or refusal to perform assigned duties.
5. Engaging in unprofessional conduct unbecoming a city employee, including, but not limited to, slander, discourtesy to guests, patrons or persons performing official business with the city.
6. Campaigning for self or others while on company time or the usage of city property to aid in said campaign.
7. Harassment, either sexual or in the form of maltreatment of others.


ARTICLE XVII
DURATION OF AGREEMENT

Section A.

Except as otherwise provided, this Agreement shall continue in full force and effect until December 31, 2019. Either of the parties shall be required to submit written notice at least sixty (60) days prior to the termination of the Agreement for the purpose of negotiating a new agreement. If settlement on a new agreement cannot be reached within the provided sixty (60) days, the present agreement shall remain in effect until a new settlement has been reached.

LOCAL UNION NO. 456, AFSCME COUNCIL 65
AMERICAN FEDERATION OF STATE, COUNTY
& MUNICIPAL EMPLOYEES, AFL-CIO


CITY COUNCIL
CITY OF BOVEY, MINNESOTA



Union Steward



Mayor



Tim Hoshal
Staff Representative

Council Member

Date of Signatures: 12/23/2012

APPENDIX "A"
SALARY SCHEDULE

Section C. SALARY MATRIX:

January 1, 2017

| | <u>Start</u> | <u>6 Mo</u> | <u>12 Mo</u> | <u>18 Mo</u> | <u>2 Yr</u> |
|-----------------------------|--------------|-------------|--------------|--------------|-------------|
| CITY CLERK/LIBRARY DIRECTOR | \$28.27 | \$28.79 | \$29.31 | \$29.83 | \$30.35 |

January 1, 2018:

| | | | | | |
|-----------------------------|---------|---------|---------|---------|---------|
| CITY CLERK/LIBRARY DIRECTOR | \$28.83 | \$29.37 | \$29.90 | \$30.43 | \$30.96 |
|-----------------------------|---------|---------|---------|---------|---------|

January 1, 2019:

| | | | | | |
|-----------------------------|---------|---------|---------|---------|---------|
| CITY CLERK/LIBRARY DIRECTOR | \$29.41 | \$29.95 | \$30.49 | \$31.04 | \$31.58 |
|-----------------------------|---------|---------|---------|---------|---------|

New employees shall start at the minimum salary for their classification, as listed, and shall be granted the appropriate increments, as indicated, until the maximum is reached. Present employees shall be credited with past service in placement on the salary schedule.

APPENDIX B-1
ACTIVE EMPLOYEES GROUP INSURANCE BENEFITS

Section A.

The Employer will provide and pay the entire premium for life insurance in the amount of \$20,000.00 for each eligible employee. If fifty-one percent (51%) of the group under the age of sixty-five (65) are willing to purchase additional \$5,000.00 of life insurance and pay the premium themselves, such option will be permitted. Each employee at age sixty-five shall be provided with \$1,500.00 death benefit.

Section B-1.

For all employees if the City hired on or before January 1, 2004, the Employer shall provide and pay the full cost of hospital medical insurance for single plan coverage. Employees desiring family plan coverage will be required to pay fifteen percent (15%) of the difference between the single and family plan. Employees hired after January 1, 2004, will be required to pay twenty percent (20%) of either the single or family plan.

The City will reimburse employees for the following out-of-pocket expenses:

| | | |
|---|--------------------------|--|
| Office Visits: Doctor, Chiropractic & Physical, Occupational and Speech Therapy | \$10 co-pay | City will reimburse 100% out-of-pocket |
| RX | \$10 co-pay | City will reimburse \$5.50 (based on contract terms at retirement) |
| Inpatient Hospital | 80% pf the first \$5,000 | City will reimburse 100% out-of-pockets costs |

Section B-2

The Employer will provide and pay the entire premium for dental coverage under the Delta Dental Plan. Present claim allowed benefits shall not be altered unless agreed to by both parties. Negotiations may be reopened on the aforementioned at the request of either party.

Section C.

Life insurance, hospital and medical, and dental coverage shall be provided by the Employer during sick leave and vacation. The Employer agrees to pay the entire premium cost of group life insurance, hospitalization and medical and dental coverage for all employees who perform work during any month or are on paid sick leave, vacation or who are unable to work due to a compensable injury.

Section D.

It shall be understood by the parties of this Agreement that the Employer shall provide the aforementioned insurance benefit plan coverages on a plan by plan basis or their equivalent benefit plan coverages.

Section E. Part-time Employee Insurance Benefits

Part-time employees are not eligible to participate in group insurance benefit plans for active employees until such employee has completed one (1) year of employment, same to be calculated from the employee's anniversary date. After completion of one (1) year, the part-time employee may elect to participate in any or all plans provided to full-time employees. The employer's monthly share of premium payment in the first year after reaching eligibility and in subsequent years shall be pro rated based upon an average of the part-time employee's earned and paid hours from the preceding year.

Example: 1040 earned/paid hours divided by 12 months = 86.6 hours per month. 86.6 divided by 173.3 hours per month = .4997 = 50% employer payment of premium per month.

The employer shall provide the resulting share of premium payments toward all policies the part-time employee elects

to participate in. The employee is required to provide the remainder of premium cost prior to the premium payment due date, in order to retain said benefits.

Section F.

An employee's dependents may continue coverage under the hospital/medical insurance plan after an active or retired employee's death and exhaustion of all sick leave accruals, provided, such dependent(s) shall be required to submit full payment for same, to the employer, prior to the premium due date.

APPENDIX B-2

SICK LEAVE FUND

Section A.

All employees who have ten (10) years or more of continuous employment with the City of Bovey and who have reached a retirement age and are eligible for benefits under any Public Employee Retirement Act or are entitled to benefits under the Federal Social Security Act, a retirement age limit set up by the City Council, or who become totally permanently disabled as of February 1st or thereafter, shall be eligible to be continued under the then-existing hospitalization and medical program covering employees of the City of Bovey and their dependents.

Section B.

In accordance with Article IX, Sick Leave, Section A (Severance), all employees who have accumulated sick leave days to their credit at the time of retirement or at such time that they become totally permanently disabled shall be credited with an amount of sick leave equivalent to the current value of their unused sick leave accumulation.

The monetary amount shall be retained in a special fund for the employee.

Section C.

The records of the City Clerk shall make such determination for employees as to the number of accumulated sick leave days an employee has at the time of retirement or total permanent disability. In all cases, the records of the City Clerk shall be final in such determination.

Section D.

The retired employee's accumulated sick leave fund shall continue in full force and effect and shall be distributed in payments in accordance with the following provisions of hospitalization and medical insurance coverage covering retired employees and their dependents; provided, however, in the event of the retired employee's death, any remaining sick leave pay shall be applied toward hospital medical insurance premiums for the employee's dependents until such fund is exhausted. 0

Section E.

An employee's dependents may continue coverage under the hospital/medical insurance plan after an active or retired employee's death and exhaustion of all sick leave accruals, provided, such dependent(s) shall be required to submit full payment for same, to the employer, prior to the premium due date.

APPENDIX B-3

INSURANCE COVERAGE OF RETIRED EMPLOYEES

Section A.

Laws of 1965, Chapter 296, authorize the Employer to insure or protect its retired employees and their dependents under a policy or policies or contract or contracts of group insurance or benefits covering life, health and accident, medical and surgical benefits or hospitalization insurances or benefits and pay all or any part of the premiums or charges of such insurance or protection.

Section B. Re: Eligibility of Retired Employees.

Any employee of the City of Bovey who has ten (10) or more years of employment and who retires shall become eligible for the supplemental insurance coverage or insurance programs now in effect for the City of Bovey; provided, however, that such retired employee is eligible for the benefits under any Public Employee Retirement Act or entitled to benefits under the Federal Social Security Act. All new hires as of January 1, 2008 shall need fifteen (15) years of service.

Section C.

For any employee who retires in accordance with an age acceptable to Minnesota Public Employees Retirement Association or at the retired age limit set up by the Employer and is not eligible for Medicare, the Employer will continue to provide such hospitalization and medical insurance coverage for retired employees and their dependents, and provide the payment for such by paying the full single rate and 50% of dependency costs by providing monies in accordance with Laws of 1965, Chapter 296. The 50% dependency premium cost, which is the obligation of the employee, shall be paid for by the Employer from the accumulated sick leave fund. If the fund is exhausted, the employee will provide such monies in cash to the Clerk. In the event of the retired employee's death, any remaining sick leave pay shall be applied toward the hospital medical insurance premiums for the employee's dependents until such fund is exhausted.

The Employer agrees to provide reimbursement of prescription drug co-payments which are greater than \$.50. Payment shall be provided upon the retiree's request, provided, however, evidence of purchase is required (i.e., cash register receipt).

Section D.

Any employee whose services are terminated, due to total permanent disability, shall be continued to be covered by the then-existing hospitalization medical insurance program covering employees of the City of Bovey. The employee cost of such disabled employee's insurance program shall be paid for out of the accumulated sick leave fund. It shall be continued to be paid for until such fund is exhausted at which time the employee shall be responsible for his/her share of premium.

Section E.

The Employer agrees to provide for each retiree and his dependents who are entitled to Federal Social Security Medicare, a supplemental hospital-medical insurance coverage provided for by Blue Cross-Blue Shield supplementation. Such supplemental coverage shall be that area of hospital medical benefits not provided for under the Federal Social Security Medicare program. The Employer agrees to provide and pay the premium for such retiree and his dependents on the basis of full single premium and 50% of dependency coverage in accordance with Laws of 1965, Chapter 296. Any portion of the premium for such insurance program that may be the obligation of the retiree will be paid for by the City of Bovey from the accumulated sick leave fund, or by the retired employee in the event he has no sick leave accumulated.

NOTE: All retirees and dependents eligible for Medicare must enroll.

Section F.

An employee's dependents may continue coverage under the hospital/medical insurance plan after an active or retired employee's death and exhaustion of all sick leave accruals, provided, such dependent(s) shall be required to submit full payment for same, to the employer, prior to the premium due date.