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CLERICAL UNIT JULY 2006 TO JUNE 2010 AGREEMENT

THIS AGREEMENT, which shall become effective on July 1, 2006, by and between the CITY OF SAULT SAINTE MARIE, MICHIGAN, a MUNICIPAL CORPORATION OF THE STATE OF MICHIGAN, hereinafter called the "EMPLOYER", A PARTY OF THE FIRST PART, and THE UNITED STEELWORKERS OF AMERICA, AFL-CIO, on behalf of LOCAL UNION NO. 13635, hereinafter called the "UNION", party of the second part.

WITNESSETH:

WHEREAS, the parties hereto have reached an Agreement for the purpose of facilitating the peaceful adjustment of differences that may arise from time to time and promoting harmony and efficiency to the end that the parties hereto may mutually benefit; the parties hereto covenant and agree as follows:

ARTICLE I

RECOGNITION

SECTION 1. EXCLUSIVE BARGAINING AGENT: The Union shall be and is hereby recognized as the sole and exclusive collective bargaining agency for the purpose of collective bargaining with respect to rates of pay, wages, hours of employment and other conditions of employment for the employees of the Employer as defined in this paragraph. The term "employees" as used in this Agreement shall be construed as meaning all Clerical employees in City Hall, Fire Department, and the Pullar Building except confidential secretaries of the City Manager, Bookkeeper-Public Housing Authority, Assistant to the Finance Director and Supervisors as defined by the Act, and all other employees, provided, further, that employees hired on a temporary basis shall not be included in the bargaining unit, nor shall this Agreement apply to such employees.

SECTION 2. AGENCY SHOP: The Employer recognizes and will not

directly or indirectly interfere with the right of the employees to be members of the Union and will not discriminate in any manner against employees on account of Union membership or activity. Neither the Union nor any of its members will intimidate or coerce any employee or interfere with his right to work because of his refusal to participate in Union membership or activity. However, the Employer and Union agree to an Agency Shop provision whereby all employees presently in the bargaining unit and all new employees, upon completion of probation, will be required, as a condition of employment, to remit to the Union monthly the amount of the regular monthly dues.

SECTION 3. LIST OF MEMBERS: The Union shall furnish the Employer with a list of the Union members as of this date, and with the names of all new members within five (5) days after they become affiliated with the Union.

SECTION 4. DUES DEDUCTION: The Employer, where so authorized and directed on a form marked "Exhibit "A", hereto attached and made a part hereof, will deduct on the first payday of each month, the membership dues of the Union, which include monthly dues and initiation fees in amounts designated by the Union. Such amounts shall be remitted by check to the person so designated by the Union. The check shall be accompanied by a list of names setting forth the amount of dues, initiation fees, etc. deducted from each member.

ARTICLE II

REPRESENTATION & GRIEVANCE PROCEDURE

During the term of this Agreement, or any extension thereof mutually agreed upon, there shall be no strikes, concerted failure to report for work, slowdowns, or other stoppages of work on the part of the Union; and no lockouts on the part of the Employer. The parties agree that any and all disputes arising hereunder shall be settled under the following grievance procedure.

In consideration of the mutual promises of the parties contained herein, the parties expressly agree that neither party will bring or cause to be brought, any court, legal, or administrative action against the other party until the dispute, claim, grievance, or complaint shall have been brought to the attention of the party against whom it shall be made and said party, after proper notice, fails to take steps to correct the circumstances giving rise to the dispute, claim, grievance, or complaint, within a reasonable time.

First: By the employee(s) and a committeeman with the employee's Department Head. If no satisfactory settlement is reached within two (2) working days (or longer period if mutually agreed), the grievance shall be submitted to the City Manager.

Second: By the Committee and the City Manager.

SECTION 1. GRIEVANCE COMMITTEEMEN: For the purpose of effectively representing the employees coming within the jurisdiction of the Union and this Agreement, the Union shall select grievance committee of 2 members from the Unit, and the President of the Local. The names of the grievance committee shall be furnished the Employer by the Union and the Employer agrees to recognize and deal with these representatives of the Union in settling grievance and in bargaining under this Agreement. All formal grievances must be in writing at the first step and subsequent steps. The affected employee or one representative employee when more than one employee is affected may attend all steps of the grievance process.

SECTION 2. ARBITRATION: In the event that either party decides that further meetings in Section 1 above will not lead to a settlement of the grievance, either party may submit the grievance to arbitration as outlined hereafter.

Either party desiring to arbitrate will notify the other party in writing setting forth the matter or matters to be arbitrated. Not later than five (5) days after receipt of a notice of a desire

to arbitrate, the parties will meet for the purpose of choosing an arbitrator.

In the event the parties are unable to agree on the choice of an arbitrator, the Michigan Labor Mediation Board will be asked to choose one, and hearings will begin as soon as they can be arranged.

The decision of the arbitrator will be final and binding on the parties hereto. The arbitrator shall not have power to add to, detract from, or alter any provision of the Agreement, and the subject of a general wage increase shall not be subject to arbitration.

A grievance, to be subject to arbitration hereunder, must involve the meaning or application of the Agreement or an alleged violation thereof; discharge or other disciplinary action.

The expense of the arbitrator shall be borne equally by the parties.

SECTION 3. TIME FOR FILING GRIEVANCE: A grievance to be subject to consideration under the grievance procedure must be filed in writing in the first step not later than ten (10) working days after the date on which the matters being grieved about actually occurred. If there is no specific date connected with the subject matter of the grievance, the grievance shall be filed as soon as the facts become evident to the grievant, or reasonably should have become evident to the grievant. Failure to meet this deadline will result in a waiver of the grievance or any of the subject matter being grieved about; and the right to grieve and pursue any remedy based on the said grievance shall forever be lost.

The City representative in step one above shall, in all cases, render his decision within five (5) working days after discussion of the matter. The City Manager shall render a decision as soon as reasonably possible, but not later than seven (7) working days after the last meeting with the Union. Failure to meet these

deadlines will result in the grievance or complaint being awarded to the Union on the basis of the relief sought by the Union.

A grievance, in order to be referred to any higher step of the grievance procedure must be appealed within ten (10) days of receipt of the answer in a prior step. Failure to appeal within the ten (10) days will render the latter appeal null and void.

The Employer will schedule a meeting in any higher step appeal within ten (10) days or forfeit the grievance on the basis of the last stated remedy sought by the grievant(s).

The Employer may substitute a representative for the City Manager at any step of the grievance procedure.

Either party shall have twenty (20) days to refer a grievance to arbitration after the last meeting between the parties.

SECTION 4. GRIEVANCE DETAILS: It is agreed that a representative of United Steelworkers may take part in the grievance procedure at any step. The Employer and Union agree to meet promptly and dispose of grievances. All meetings above shall be held as soon as possible after notice to the Employer.

SECTION 5. HANDLING OF GRIEVANCES: Employees or committeemen attending grievance meetings shall not be paid extra, nor lose time while at such meetings.

The Committee Chairman in each unit (or in his absence, another committeeman) shall be permitted a reasonable amount of time to investigate or adjudicate grievances in his unit after reporting to his immediate supervisor as to his intent. The supervisor will not arbitrarily deny him such right, except it is understood that if there is necessity for his presence on the job, the committeeman will defer the grievance matters until a later time.

SECTION 6. MINUTES: The principals in any grievance meeting may keep such minutes as they deem necessary for their own use. Upon request by either party, no verbatim or electronic minutes shall be

kept by either party.

ARTICLE III

DISCHARGE AND SUSPENSION

SECTION 1. DISCHARGE OR SUSPENSION OF AN EMPLOYEE: If the City Manager or his designated representative determine that reasons exist that are sufficiently important to justify the suspension or discharge of an employee, he shall notify such employee in writing, of the general reasons for his decisions and the date and the time the suspension or discharge is effective. During the next five (5) days (Saturday, Sunday or holiday excepted), the discharged employee or the Union may request a hearing to review the action taken. Such hearing and review shall take place within five (5) days (Saturday, Sunday or holiday excepted) of such request. If, after review, the Union agrees with the Employer that the action is justified, the matter shall be dropped and no grievance filed. If, after review, the Employer concludes that the action was warranted but the Union is unwilling to accept this decision, the Union may process the case further through the grievance procedure. If the Employer and the Union agree on some lesser disciplinary action, the employee shall not lose any seniority, but shall lose the amount of time as agreed upon.

ARTICLE IV

SENIORITY AND PROMOTIONS

SECTION 1. SENIORITY UNITS: The employees shall have unit-wide seniority for the purpose of layoff and recall to work and for such other purposes as outlined herein; provided, however, in order to be retained or recalled, the employee must have the ability to perform available work.

SECTION 2. PROBATIONARY EMPLOYEES: New employees in the bargaining unit shall be on probation for a period of six (6) consecutive calendar months before they accrue seniority rights and the right to release such employees shall be vested exclusively in

the Employer without regard to other provisions of this Agreement; provided, however, employees retained in employment for a period of less than six (6) months and who are later hired as permanent employees shall be given credit for consecutive employment in computing the six (6) months, if they are severed from the payroll under conditions other than those listed in Section 4.

SECTION 3. DATE OF SENIORITY: Probationary employees retained in excess of six (6) months shall have seniority from date of hire.

SECTION 4. LOSS OF SENIORITY: Employees shall loose seniority when they have been off work due to illness or injury for five years notwithstanding the Employee's receipt of pay or benefits from the Employer under any sick leave, disability, or workers compensation program or coverage. Employees shall also lose seniority through a voluntary quit, discharge, which is considered for good cause hereunder, after a layoff which extends beyond a two (2) year period or a period equivalent to the time of the employee's service to the City, whichever is shorter, or for failure to contact the Employer within ten (10) days after receiving written notice of a request to return from a layoff or to arrange satisfactory terms to return to work. The notice to the employee shall be by certified mail to the last known address.

SECTION 5. POSTING OF VACANCY: In the event of a permanent vacancy which requires filling, a notice shall be posted within five (5) working days on the bulletin boards for three (3) full working days. The five (5) day limitation may be extended by management upon notification to the Union and the reasons given therefore. If the Union disagrees, a meeting will be held during the next working day. The notice shall set forth the standard work requirements of the job, standard qualifications and the rate of pay. During this period, applications will be received and from these applications, the vacancy will be filled if any applicant is qualified, or would be qualified after a reasonable training

period.

A reasonable training period shall be considered to be "up to, but not to exceed 45 calendar days". The Employer may terminate said training period in any shorter time period if it determines that the person cannot achieve satisfactory performance within the 45 day time period. The Employer's decision in this regard is subject to the grievance procedure.

Consideration will be given present employees on the basis of seniority.

The rate of pay during any training period hereunder will be the employee's regular rate of pay or the rate for the job applied for, whichever is less.

SECTION 6. RETURN TO BARGAINING UNIT: Any employee promoted from the Bargaining Unit will be severed from the Union.

SECTION 7. TEMPORARY SUPERVISION: The Employer shall have the right to choose employees from the bargaining unit to act in positions (outside the unit) on a temporary basis. The employee so chosen shall have the right to return to this job in the bargaining unit, with full accumulated seniority when the temporary assignment is completed.

SECTION 8. LAYOFF: When it is necessary to reduce the number of employees in any job classification, the employees with the least seniority will be relieved of their jobs.

These employees shall then have the right to displace or bump other junior employees in the bargaining unit in the department where the reduction occurs.

If it is impossible for the employee to displace another employee in the same department, he may then displace an employee in another department having less seniority. However, no employee will be permitted to displace or bump outside his own department unless and until he has exhausted all possibilities in his own department.

To be eligible to bump another employee in either case above, the employee must be able to perform the job sought with a reasonable training period. Union employees displaced in the above procedure shall have a like right to exercise the options available above in the same order until, by process of elimination, the employee with the least seniority is laid off.

A reasonable training period shall be considered to be "up to, but not to exceed 45 days". The Employer may terminate said training period in any shorter time period if it determines that the person cannot achieve satisfactory performance within the 45 day time period. The employer's decision in this regard is subject to the grievance procedure.

Any required training period will be accomplished as defined in Article IV, Section 5.

SECTION 9. TIE IN SENIORITY: When a tie in seniority occurs, the employee eldest in age who is able to perform the available job will be given seniority preference.

SECTION 10. TEMPORARY VACANCY: When a temporary vacancy exists in any classification, the employee in the department or operating division thereof, desiring such job with the greatest amount of seniority who can qualify, will be assigned the job, if he is available therefore when needed, without unduly interfering with the work.

ARTICLE V

WAGES, HOURS AND WORKING CONDITIONS

SECTION 1. WORK WEEK: There is hereby recognized a normal seven (7) hour day, five (5) day week of thirty-five (35) hours.

SECTION 2. WORK DAY: The working day shall consist of seven (7) hours work, with a one-hour unpaid lunch period, five consecutive days per week, normally Monday-Friday, start and stop times to be set by the employer after discussion with the union.

SECTION 3. OVERTIME: Time and one-half shall be paid for all

hours in excess of thirty-five (35) hours in any work week and in excess of seven (7) hours in any one day. Both daily and weekly overtime shall not be paid for the same overtime hours. Employees shall not be required to take time off to offset overtime worked. Overtime hours shall be divided as equally as possible among the qualified employees in an office or operating division thereof, by calling out the employee with the fewest total overtime hours. Overtime hours must be authorized by the immediate supervisor.

SECTION 4. CALL-OUT: Employees called in to work on an emergency assignment shall receive not less than two (2) hours pay for reporting.

SECTION 5. HIGHER RATE: An employee temporarily transferred to a higher rated position during periods of vacation, illness, or other emergency shall be paid the higher rate for the period of temporary assignment (except where the wage rate covers pay for this duty), and an employee temporarily transferred to a lower rated job for the convenience or advantage of the Employer, shall receive his regular rate.

SECTION 6. REPLACING UNIT EMPLOYEES AND WORK BY SUPERVISORS: No employee who is excluded from the bargaining unit, shall displace employees in the bargaining unit, except in an emergency, or when an adequate number of employees cannot be secured.

Supervisors may perform bargaining unit work if it does not cause a layoff of a unit member.

SECTION 7. WAGE SCHEDULE: The Wage Schedule, marked "Exhibit B" hereto attached and made a part hereof is effective as noted and shall continue in effect until modified according to this Agreement. Wage rates for new jobs not shown in the schedule shall be established by the City and the Union may grieve said determination by filing with the City Manager within five (5) working days after notification.

SECTION 8. HOLIDAYS: The following shall be recognized as

holidays: New Year's Day, Memorial Day, Good Friday, Independence Day, Labor Day, Thanksgiving Day, and Christmas Day (or days celebrated therefore) the day after Thanksgiving, and as to each employee, his birthday. Employees shall receive a holiday allowance of one day's pay for each of the holidays, plus if an employee works on the holiday she shall be paid at the rate of time and one half for such hours worked. When a holiday falls on Saturday, it may be celebrated on Friday, in which case the employee will work Monday through Thursday and receive pay for five (5) days. When a holiday falls on a Sunday, it may be celebrated on Monday, unless, by agreement of the parties it is determined that the employees shall work on Monday and receive an additional days pay.

SECTION 9. CITY OFFICES CLOSED: In addition to the above holidays, the employees will be paid for any other day observed as a holiday on which the City offices are closed and the employees are not working, when such day is a regular working day.

SECTION 10. GLASSES: The Employer will pay for all glasses broken, scratched, or defaced during the course of employment excepting in those instances, when said destruction was either intentional or involved gross negligence on the part of the employee.

ARTICLE VI

VACATIONS

SECTION 1. LENGTH OF VACATIONS: Vacations shall be granted as follows:

- After 1 year continuous service - 2 weeks
with pay for 70 hours.
- After 7 years continuous service - 3 weeks
with pay for 105 hours.
- After 14 years continuous service - 4 weeks
with pay for 140 hours.
- After 20 years continuous service - 5 weeks
with pay for 175 hours.

After 25 years continuous service - 6 weeks
with pay for 210 hours.

SECTION 2. VACATION SCHEDULE: Vacation schedule shall be established by the Employer each year and the Employer shall respect the requests of the employees as to time of vacation insofar as the needs of the service will permit. Preference as to time will be based on seniority. Employees will give adequate notice when requesting vacation time. An employee called back from vacation will receive credit for such vacation time unused.

SECTION 3. ACCUMULATION OF VACATIONS: Vacation time will not be permitted to accumulate from year to year; provided, however, in the event an employee is prevented from taking his vacation during the year due to emergency, the employee may take this vacation at any time during the next year subject to provision of Section 2 of this Article.

SECTION 4. HOLIDAY DURING VACATION: If a holiday which is recognized under this Agreement falls during an employee's vacation, he shall be entitled to an extra day's vacation on that account.

SECTION 5. TIME FOR VACATION PAY: Upon two (2) weeks notice, employees will be given their pay normally received during vacations, or a part thereof, if they do not request the full amount at the beginning of their vacation. When vacation requested on short notice is granted and unusual circumstances indicate a necessity, every effort will be made to provide the vacation pay in advance even though the two weeks notice is not given.

ARTICLE VII

LEAVE TIME

SECTION 1. SICK LEAVE: Employees of the Employer in the service for one (1) year or more shall be entitled, excepting as outlined in the following paragraph, to annual sick leave with pay of fifteen (15) days per year with the provision that sick leave may

be accumulated up to one hundred forty (140) days.

Employees absent from work for any reason shall notify the Employer in advance of the employee's shift so that a replacement can be arranged for if the Employer determines that such replacement is necessary. Habitual disregard of this call-in procedure will result in the employee involved being deprived of sick leave pay for such absence, or other disciplinary action. The Employer may request a doctor's certificate covering any sick leave which extends beyond five (5) days or in any instance when the Employer has reason to believe that the sick leave benefit is being abused.

Sick leave shall be for the illness of the employee only. Employees may use up to 5 days of the annual sick leave allocation for illness of any immediate family member. These days may not be accumulated. Immediate family members shall mean those as defined in Section 4 of Article 7.

If individual employees establish a pattern of questionable sick leave requests for shorter periods of time, they may be required to produce satisfactory evidence that the sick leave requests were legitimate.

Hours paid for under this Agreement shall be used in computation of hours worked for the purpose of computing hours over seven (7) or over thirty-five (35) in a day or week respectively.

Effective for the calendar year 1995 and thereafter during the term of this contract, the Employer shall pay in a lump sum payment the amount equal to one week base pay to any employee who uses 28 hours or less of sick leave in the calendar year. No payments shall be made for accumulated sick leave prior to January 1, 1995. This paragraph shall be phased in on a pro-rata basis for the last 6 months of calendar year 1995. To be eligible for a pro-rated benefit an employee must have at least 7.5 days of unused sick leave on the books on July 1, 1995. For calendar year 1995 only,

any employee who does not qualify for a pro-rated benefit under this paragraph shall be paid \$7.50 for each day of sick leave that is not used as has been done under the previous contract.

SECTION 2. WORKER'S DISABILITY COMPENSATION: An employee who is prevented from working because of a compensable injury or illness will be permitted to draw sick leave pay in such amount that the combination of workman's compensation and sick leave pay will equal the employee's regular pay for a normal week until accumulated sick leave is exhausted.

If payment of compensation results in the employee receiving an amount in excess of his normal earnings for a normal week, or part thereof, he shall promptly reimburse the Employer for such amount in excess of normal pay.

If sick leave has been charged against an employee's accumulation, he shall be credited with accumulated sick leave equal to the amount of compensation or pay returned to the Employer.

SECTION 3. JURY OR WITNESS DUTY: An employee called on jury duty or witness duty shall be compensated by the Employer as follows: The Employer shall pay the difference between the amount paid the employee as jury duty pay, or witness duty pay, and his regular pay. Regular pay shall be understood to mean the employee's regular rate of pay based on thirty-five (35) hours.

Employees shall furnish satisfactory proof of jury duty, or witness duty, if called upon to do so. No pay for jury duty, or witness duty, shall be due if the employee performs such duty while on vacation for which he receives vacation pay.

SECTION 4. FUNERAL LEAVE: When a death occurs in an employee's immediate family, he shall be allowed three (3) days off with pay, one which shall be the day of the funeral at his regular rate. It is understood that the three (3) days will be three (3) consecutive

working days, even though the three (3) days may be interrupted by scheduled days off.

For the purpose of this section, immediate family shall be understood to mean spouse, parents, sisters, brothers, children, grandchildren, parents-in-law, son-in-law, daughter-in-law, grandparents of the employee or other relative if this relative was living in the employee's household as a member of the regular family unit.

Funeral leave in the amount of one (1) day shall be allowed in the event of the death of a brother-in-law or sister-in-law. The employee must attend the funeral to be eligible for this benefit.

The funeral leave pay is intended to protect the employee against loss of pay in any period of bereavement, and no funeral leave pay will be due if the employee is receiving vacation pay on any day on which funeral leave pay would otherwise be due or if, because of distance or other reason, the employee does not attend the funeral.

SECTION 5. MATERNITY LEAVE: The Employer agrees to comply with the mandates of Federal law governing the availability of maternity leave.

SECTION 6. LIMITS ON CONTINUATION OF BENEFITS: The employer, except as required by law, shall not be obligated to pay any portion of an Employee's life or health insurance premiums after the employee has exhausted accumulated vacation and sick leave pay. Receipt by an Employee of long term disability benefits (hereafter collectively called "disability benefits") shall not be considered sick leave pay. An employee must draw weekly from their accumulated vacation and sick leave benefits a supplement to any "disability benefits". The draw must be in a weekly amount equal to the difference between any "disability benefits" and the Employee's regular pay (based upon a normal scheduled work week) so as to evenly deplete accrued vacation and sick leave during the period of

Employer payments toward health and life insurance premiums.

SECTION 7. LONG TERM DISABILITY COVERAGE: As soon as practicable after the ratification of the 2003 Labor agreement the Employer shall provide long term disability benefits with a ninety day elimination period for maximum duration of five years own occupation and age sixty five for defined total disability all occupations at 66 2/3% of salary base. Benefits shall be subject to pre-existing condition special qualifications.

ARTICLE VIII

INSURANCE AND PENSIONS

SECTION 1. HEALTH INSURANCE: Effective November 1, 2005 the parties agree to have the hospital, medical, health, and surgical insurance for all employees and their dependents provided under the MERS PREMIER PLAN 6 with the \$10.00/\$20.00 MERS prescription plan (PDCM, PDCR, MOPDX2) and vision plan B. Notwithstanding any other section of this contract the total Employer cost for health insurance shall not exceed \$1,175.00 For a family plan, or \$867.00 For a two person plan, or \$835.00 For adult with children plan, or \$460.00 For a single plan. Once this cap has been reached the excess amount per month shall be paid 50% by the Employer and the other 50% shall be deducted from the affected employee's last paycheck each month. Once these events have occurred either party may re-open negotiations upon the issue of health insurance. The Employer shall make no premium payments for retired employees. An alternative equivalent hospitalization program may be instituted by the Employer. The Union reserves the right to subject the question of "equivalent" to an independent third party for evaluation.

The Employer agrees to pay any existing employee not fully utilizing the family or two person benefit the equivalent in cash, excepting that the maximum payment shall be the difference between the family rate and single rate. An existing employee is defined

as a person hired prior to the date of July 1, 1992. No Employee shall be paid under this paragraph after JUNE 30, 2009.

The parties agree that ever increasing health insurance premiums are placing substantial additional financial burden upon the Employer. In an effort to stabilize these costs, or in fact to reduce same, the Union agrees that it will constructively and cooperatively work with the Employer to investigate and, when practicable, may mutually agree to implement alternative methods of providing a reasonable alternative health care program or insurance package.

Should two City employees be or become married to each other, then one employee shall receive two person or family coverage whichever is appropriate, and the other employee shall receive coverage as a family member under that employees policy. The employees may determine which union bargaining unit health plan to be covered under. No extra payment shall be made to any employee who is subject to this paragraph except those employees being paid as of July 1, 2006. Such employee payments shall end on June 30, 2009.

No employee who is eligible for a two person or family plan may elect a single subscriber plan and be paid the difference from a family plan.

Dental Insurance To be determined under sections 1 and 1.2. An employee who elects not to utilize the employer provided Health Insurance Program, and who signs a written agreement to remain out of the system for three years, shall continue to be covered under the city dental insurance so long as the dental insurance is purchased by the city as a separate coverage and not as part of any broader coverage that includes benefits other than dental coverage.

Section 1.2 SPECIAL HEALTH DETERMINING COMMITTEE:

This section shall not become operative until five of the City union organized bargaining units are participating in the health

committee program. Each employee of the unit as measured on November 1, 2005 shall be paid \$2,000.00 upon execution of this 2006-2010 contract. This \$2,000.00 amount shall not be included in final average compensation.

When the total cost of health coverage (including dental, orthodontic, optical, hearing, prescription, hospitalization, or any other medical related coverage) exceeds \$1,175.00 For a family plan, or \$867.00 For a two person plan, or \$835.00 For adult with children plan, or \$460.00 For a single plan (hereafter called the threshold cost) then the Insurance Committee defined below shall meet to modify the total health benefits package to reduce the cost of the total package to a level below: \$1,175.00 For a family plan, and \$867.00 For a two person plan, and \$835.00 For adult with children plan, and \$460.00 For a single plan. (Hereafter called the target cost).

Notwithstanding total cost of health coverage the Committee shall also meet at the request of the Manager or any Union to determine coverages and plans.

The committee may select different plans, coverages, providers, networks, increase deductibles, increase co-pays, or otherwise change or eliminate any component to reduce the cost of the benefits to the target cost. The committee shall consider HSA and HRA savings plans and shall set the Employer contribution to such plans so long as the total employer cost including the HSA or HRA contribution is within the target cost.

The health coverage benefits will be determined on a participant wide basis (excluding the Housing Commission and Library) and shall be consistent among all participating City employees regardless of bargaining unit membership or affiliation.

The determining Committee shall be composed of the following voting members: 1 member from each participating bargaining unit, 1 member from the City Department Heads, 1 member from the City non

bargaining unit employees, the City Manager, and City Attorney.

The Committee final determination shall be implemented as soon as practicable in each bargaining unit (regardless of the language or duration of any labor contract) and for the non bargaining unit employees as to: Health coverage (including dental, orthodontic, optical, hearing, prescription, hospitalization, or any other medical related coverage) with all plan features and costs; Flexible spending account; HRA or HSA with all features and costs.

The committee shall not determine any payments due employees under the terms of this contract for opting out of the City Health Insurance Program.

Until the committee's final determination is made or until determined by the arbitrator the coverages shall remain in effect as in existence prior to the costs exceeding the threshold. If the committee fails to recommend a plan or the recommended plan is not implemented within nine months the matter shall be submitted to binding arbitration and the arbitrator shall determine the coverage changes to bring the costs down to the target cost. Until the new plan is implemented any employee required contribution to premium shall continue.

SECTION 2. LIFE INSURANCE: The Employer agrees to furnish and pay for \$30,000 in life insurance with double indemnity in case of accidental death or dismemberment for all employees excepting upon retirement it decreases to \$15,000.

SECTION 3. VISION: To be determined under sections 1 and 1.2.

SECTION 4. LEAVING HEALTH PROGRAM:

Any employee who elects not to utilize the employer provided Health Insurance Program, and who signs a written agreement to remain out of the system for three years, shall receive monthly the higher of the monthly amount: (i) published in the city personnel policies; (ii) \$450.00, (iii) or such monthly amount as is paid to any other group.

ARTICLE IX

MISCELLANEOUS

SECTION 1. There shall be no discrimination or job patronage - further, the Employer and the Union agree that there shall be no discrimination based on color, creed, sex or national origin in the administration of this contract and in the hiring policy of the City. The Union agrees to accept for membership all employees hired by the City and will not exclude any person because of race, creed, sex or national origin.

SECTION 2. BULLETIN BOARD: The City shall provide an employee's bulletin board where the Union may post notices providing they are not commercial notices, political, personal or defamatory in character.

SECTION 3. DEVICES FOR SAFETY: The Employer shall continue to provide all necessary devices for the purpose of reasonable comfort and safety of the employees while at work.

SECTION 4. PARKING SPACES: The Employer agrees to provide parking permits for the Unit employees.

SECTION 5. MANAGEMENT RIGHTS: All rights to manage the City and to direct the work force are vested exclusively in the Employer, including but not limited to, the right to hire, to establish reasonable rules and procedures, the right to determine the hours (including the necessity for overtime work) , daily schedule and work assignments of employees, the right to determine the acceptable quality standards, the right to establish new jobs and eliminate existing jobs, the right to determine when a need exists for the layoff or recall of employees and the right to determine the qualifications required of employees who wish to fill job vacancies. The Employer shall also have the exclusive right to determine the means, methods and processes used in operations. The foregoing enumeration of rights is not intended to be all inclusive, but indicates the type of matters arising

which belong to and are inherent to management and shall not be deemed to exclude other rights of the Employer not specifically set forth but established by law, Charter, Ordinance or other action by City Council. However, the Employer acknowledges that such rights have been limited by the provisions of this Agreement and, therefore, agrees to exercise such rights in such a fashion so as not to violate the specific terms and provisions of this Agreement. When a new rule or regulation is issued, it will be posted and a copy given to the Union. The Union shall have 10 days in which to protest through the grievance procedure any rule with which it disagrees. No rule or regulation shall be made which in any way violates or negates any provision of this Agreement.

SECTION 6. SICK LEAVE PAY ON RETIREMENT: An employee, upon retirement, shall be entitled to be paid for one-half of unused sick leave or to the employee's beneficiary of record at the time of his death except the maximum of pay shall be for forty (40) days.

SECTION 7. RETIREMENT PLAN: The Employer shall continue to provide benefits under the Municipal Employees Retirement System and also shall provide the F-55 M.E.R.S. Rider which allows retirement at age 55 with 30 years of service. Effective 1/1/2001 the B-2 plan shall convert to the B-3 Plan and the Employee's payroll contribution shall increase to 6.17% of total wages towards pension plan costs. For all employees the pension shall be calculated based upon the salary or wages paid to the employee by the city as defined in the MERS plan document. This includes only overtime pay, pay for periods of absence from work by reason of vacation, holidays, sickness, and lump sum payments for unused vacation accrued at time of retirement. Salary and wages does not include such things as: long and short term disability insurance payments, workers compensation, allowances for clothing, travel, bonuses (such as payments under Article 7 Section 1, Article 8

sections 1,1.2, 4) termination pay, payments for unused sick leave, and the value of fringe benefits including payments for opting out of or not fully utilizing the health insurance plan.

SECTION 8. NOTICE OF LAYOFF: Employees shall receive two weeks notice prior to a layoff.

SECTION 9. MILEAGE REIMBURSEMENT: Mileage expenses incurred by unit members while on City business shall be paid at the City's established rate and in accordance with the City's administrative policies.

SECTION 10. TUITION REIMBURSEMENT PROGRAM: Full-time employees of the City shall be entitled to reimbursement of 2/3 of the tuition costs associated with college level course work that is job-related. If the employee is being reimbursed from another source, the City should be so notified, and the 2/3 reimbursement will be reduced in such a manner that the employee shall not receive more than 100% of the actual tuition costs. The maximum reimbursement allowable to any one employee is \$400 per calendar year. In order to be eligible for the reimbursement, the employee must have the concurrence of the Department Head that the course is "job-related" prior to the start of the class, must attain a "C" average or better, and must apply for said reimbursement to the Department within 45 days of the end of the class.

SECTION 11. CONTROLLING LAW: In the event that any provision of this Agreement shall be in conflict with any provision of Federal or State law or the City Charter, now or hereinafter enacted, such provision shall not remain binding or valid on the parties hereto but the remaining portions of the Agreement shall remain in full force and effect.

SECTION 12. HEADINGS: The various Article and Section headings set forth are for the convenience of the parties and shall not be used in the interpretation of the Agreement.

SECTION 13. ENTIRE AGREEMENT: This Agreement contains the entire

Agreement between the parties hereto and no changes, deletions, additions or amendments shall be effective unless mutually agreed upon in writing.

SECTION 14. Part Time Employees: Part time employees hired after July 1, 1995 will only be entitled to receive pro-rated benefits. All benefits will be pro-rated including but not limited to sick leave, vacation, life insurance, health insurance, dental, retirement, or funeral leave. A part time employee is defined as an employee usually scheduled to work 17.5 to 34 hours per week. Employees working less than 17.5 hours shall not receive benefits.

ARTICLE X

TENURE

THIS AGREEMENT SHALL BE EFFECTIVE July 1, 2006 and shall continue in effect until June 30, 2010 and for annual periods thereafter unless either party notifies the other party in writing not less than one hundred-twenty (120) days prior to any annual expiration date of a desire to modify or terminate the Agreement. In the event of such notification, negotiations shall begin within ten (10) days following the receipt of such notification. Notice shall be by registered mail and if by the Employer, be addressed to the United Steelworkers of America, 318 Iron Street, Negaunee, Michigan 49866 and if by the Union, to the City Manager, City-County Building, Sault Ste. Marie, Michigan 49783.

Union

Susie Verrett
Nancy Feuerstau
[Signature]
Cindy Caruso

Employer

[Signature]
[Signature]

CITY CLERICAL WAGES 2006-2010
CTYCLR03

CLASS	7/1/03-6/30/06	7/1/2006	7/1/2007	7/1/2008	7/1/2009
CLASS A EMPLOYEES					
SECRETARY (0-1 YEARS)	\$24,833.59	\$25,578.60	\$26,345.96	\$27,136.33	\$27,950.42
UTILITY BILLING CLERK (1-2 YEARS)	\$26,175.55	\$27,475.82	\$28,300.10	\$29,149.10	\$30,023.57
	ADJ	\$500.00	3% after 2006 adjustment		
(OVER 2 YEARS)	\$27,517.51	\$29,460.58	\$30,344.40	\$31,254.73	\$32,192.37
	ADJ	\$ 1,085.00	3% after 2006 adjustment		
CLASS B EMPLOYEES					
PAYROLL CLERK/SEC. (0-1 YEARS)	\$26,857.26	\$27,662.98	\$28,492.87	\$29,347.65	\$30,228.08
PURCHASING CLERK (1-2 YEARS)	\$28,199.21	\$29,663.19	\$30,553.08	\$31,469.68	\$32,413.77
	ADJ	\$600.00	3% after 2006 adjustment		
(OVER 2 YEARS)	\$29,541.16	\$31,627.35	\$32,576.17	\$33,553.45	\$34,560.06
	ADJ	\$ 1,165.00	3% after 2006 adjustment		
CLASS C EMPLOYEES					
(0-1 YEARS)	\$29,691.46	\$30,582.21	\$31,499.67	\$32,444.66	\$33,418.00
(1-2 YEARS)	\$31,033.41	\$32,633.92	\$33,612.93	\$34,621.32	\$35,659.96
	ADJ	\$650.00	3% after 2006 adjustment		
(OVER 2 YEARS)	\$32,375.37	\$34,659.88	\$35,699.67	\$36,770.66	\$37,873.78
	ADJ	\$ 1,275.00	3% after 2006 adjustment		
CLASS D EMPLOYEES					
SYSTEM OPERATOR (0-1 YEARS)	\$32,117.71	\$33,081.24	\$34,073.68	\$35,095.89	\$36,148.77
ACCOUNTING ASSISTANT (1-2 YEARS)	\$33,459.66	\$35,184.45	\$36,239.99	\$37,327.19	\$38,447.00
	ADJ	\$700.00	3% after 2006 adjustment		
(OVER 2 YEARS)	\$34,801.61	\$37,256.76	\$38,374.46	\$39,525.70	\$40,711.47
	ADJ	\$ 1,370.00	3% after 2006 adjustment		

EMPLOYEE BUMPED DOWN RECEIVES LOWEST PAY IN SAME YEAR CATAGORY
 EMPLOYEE BIDDING UP TO HIGHER GRADE IS NOT REDUCED IN PAY BUT STARTS AT YEAR 0-1
 EMPLOYEE BIDDING DOWN IS REDUCED IN PAY TO LOWEST GRADE IN SAME YEAR CATAGORY

PULLAR/REC. CASHIER MOVED FROM CLASS A TO CLASS B EFFECTIVE 7/1/97
 ACCOUNTING ASSISTANT MOVED CLASS C TO CLASS D EFFECTIVE 7/1/00