

**LABOR AGREEMENT BETWEEN  
CITY OF TWO HARBORS, MINNESOTA AND AFSCME LOCAL 1123**

**1-1-2024 TO 12-31-2026**

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## PREAMBLE

This agreement adopted by the City of Two Harbors after discussion and negotiation with the American Federation of State, County and Municipal Employees Union - AFL-CIO, Local Union No. 1123, as represented by AFSCME Council 5, shall include the employees in the Liquor Store, Gas Departments, City Hall Office, Police Department, but shall not include licensed law enforcement officers and the exclusions set forth under PELRA (Minn. Stats. § 179A.01 *et. Seq.*).

## ARTICLE 1 - POLICY AND RECOGNITION

Section 1. According to a resolution adopted February 10, 1947, the council recognized the right of its employees to organize and designate representatives of their own choosing to represent them, and free from any restraint, interference or coercion on the part of the Council or the supervisory staff and in recognition of said right, the council recognized Local No. 1123, American Federation of State, County, and Municipal Employees Union, AFL-CIO, as the exclusive representative of the employees of the City of Two Harbors (Employer), who have selected membership and the union as their representative.

Section 2. The employees recognize an obligation to the Employer to staff all jobs and render safe, honest, and efficient performance of their duties. Any dispute arising between employees regarding a particular job shall be resolved by the department head delegating a particular job to the employee based on qualifications to perform the job by inverse seniority.

Section 3. The Employer shall not, during the life of this agreement, meet and confer or meet and negotiate with any individual employees (except as provided for under Janus) or with any other employee organization with respect to terms and conditions of employment of the employees covered by this agreement except through the union or its authorized representatives. The employer shall not assist or otherwise encourage any other employee organization which seeks to bargain for employees covered by this agreement.

Section 4. Payroll deductions shall be made monthly from the salary of employees, upon presentation by AFSCME of authorized certification, from the Council 5 office, and said AFSCME dues shall be remitted to the AFSCME office within fifteen (15) days of payroll processing. The Employer shall deduct from the wages of any employee covered by this Agreement a Public Employees Organized to Promote Legislative Equality (PEOPLE) deduction as provided for in a written authorization voluntarily executed by the employee on a form mutually agreeable to the Employer and the Union. The deduction shall be discontinued upon reasonable advance written notice from the employee to the Employer. The Employer shall remit any deductions made pursuant to this provision monthly to the Union.

## ARTICLE 2 - HOURS OF WORK, OVERTIME, STANDBY, CALLBACK

Section 1. For regular, full-time employees, eight (8) to ten (10) hours shall constitute a normal workday.

Section 2, For regular, full-time employees, forty (40) hours shall constitute a normal workweek.

Section 3. Overtime worked by employees shall be paid for on the basis of time and one-half the regular hourly rate and such employees shall not be required to take time off during the regular day for overtime worked or to be worked. All time worked by the employee which is outside of the regularly scheduled workday and workweek, shall be paid for at the overtime rate.

Employees shall have the option of compensatory time off instead of pay for overtime worked. Compensatory time off may be accrued to a maximum of sixty (60) hours of time off forty (40) hours worked. Compensatory time off shall be scheduled by mutual consent between the employee and his/her supervisor. Employees may carry over up to thirty (30) hours of compensatory time off from one year to the next. Pay for compensatory time over thirty (30) hours shall be paid on the first payday of the new year

Section 4. When an employee reports for work in accordance with the schedule, without having been previously notified not to work, he/she shall receive a minimum of four hours work or four (4) hours pay in lieu, thereof.

Section 5. A minimum of four (4) hours shall be allowed to all employees who are called back to work after having been released from a regular day's work.

Section 6. All pre-arranged Sunday and holiday work, except for Sunday work at the Liquor Store, shall be paid for at the rate of time and one-half with a four (4) hour minimum at such rate. All employees, except for Liquor Store employees, shall receive a \$.35 cents per hour Sunday premium pay. All Liquor Store employees shall receive a \$.50 cents per hour Sunday premium pay.

Section 7. Because of requirements of maintaining good service it is necessary to have employees on standby. Standby employees shall be able to be contacted by telephone no more than ten (10) miles from Two Harbors from October through April and can be thirty (30) miles from Two Harbors if able to be contacted by telephone from May through September. Employees required to be on standby on a Saturday, Sunday, or holiday shall receive six (6) hours pay per day at the base rate of pay in addition to their base pay. Employees required to be on stand by on a weekday shall receive four (4) hours pay per day at the base rate of pay in addition to their base pay. A minimum of four (4) hours straight time pay shall be allowed per call out, in addition to standby pay, for all employees who are called back to work after regular working hours. The parties mutually agree that standby time will not commence at 3:30 P.M. Friday until 7:00 A.M. the following Friday.

Section 8. The Employer may modify the amount of the normal workday and work week hours specified in the Article based on unique and limited circumstances with at least 14 calendar day notice.

### ARTICLE 3 - HOLIDAYS

Section 1. Each regularly assigned hourly and monthly rated employee shall receive eight (8) hours pay at the pro-rate hourly rate of the position to which assigned for each of the following

enumerated holidays:

New Year's Day	Labor Day
Martin Luther King's Birthday	Thanksgiving Day
President's Day	Friday after Thanksgiving Day
Memorial Day	Christmas Eve Day
Juneteenth	Christmas Day
Independence Day	

Any two working days each year with prior approval of an immediate Supervisor.

Each of the foregoing holidays is guaranteed to each regularly assigned employee whether or not the holiday falls on the workday of the workweek of the individual employee.

Section 2. Employees who are scheduled off and are called back to work on the actual date of the holiday are entitled to two times the hourly rate for holidays listed under this article. All pre-arranged holiday work on the actual date of the holiday shall be paid for at the double time rate with a four (4) hour minimum at such rate.

Employees who are scheduled off and are called back to work, other than those holidays observed on Mondays, are entitled to two times the hourly rate for holidays listed under this article. Specifically, for New Year's Day January 1, Independence Day July 4, Thanksgiving Day, Friday after Thanksgiving Day, Christmas Eve Day December 24, and Christmas Day December 25 call out work will be paid on the actual date of the holiday. Observed Monday holidays include Martin Luther King's Birthday, Memorial Day, Labor Day.

Section 3. An employee must work or be on authorized sick leave or vacation on the assigned day prior to or the assigned day after a paid holiday 'in order to be paid for the holiday.

#### ARTICLE 4 - VACATIONS

##### Section 1.

(a) All employees will be eligible for paid vacations at their regular rate of compensation, pursuant to the following schedule, upon the employee's anniversary date:

- After 6 months of service – 40 hours, five (5) working days
- After one (1) year of service - 80 hours, (10) working days
- After five (5) years of service - 120 hours, fifteen (15) working days
- After ten (10) years of service - 160 hours, twenty (20) working days
- After seventeen (17) years of service - 200 hours, twenty - five (25) days
- After twenty - five (25) years of service - 240 hours, thirty (30) working days

(b) Employees shall earn vacation from their anniversary date, provided the rate of accrual for vacation shall be determined by using the employee's most recent date of hire. All vacation shall be used in the anniversary year following the anniversary date in which the

vacation was earned.

- (c) When an employee retires under a PERA Qualified Retirement, they shall automatically receive an additional week of vacation regardless of the vacation step they are at upon retirement.

Section 2. All vacations shall be granted through this procedure. During the month of December each year departmental employees, by seniority, may request vacations for the following year. After January 1 of the following year, employees may request vacation dates on a first come - first served basis without regard to seniority. The Department Head or City Administrator, for approval of vacation, shall be given as much advance notice as possible. The list of employees on vacation shall be posted at the City Hall, City Gas Department, and Liquor Store. Any employee called back to work because of an emergency while on vacation shall be paid at time and one-half for all time worked during such period- Employees called back to work shall be allowed equal amount of time off for time worked during their vacation period and shall have the right to select the period of time for the balance of their vacation.

Section 3. Employees who become hospitalized during their scheduled vacation can use sick leave for the period of such hospitalization plus a reasonable post- hospitalization recovery period, provided the employee submits proof of such hospitalization to his or her Department Head.

Section 4. If any employee's employment status is terminated for any reason whatsoever, including, but not limited to, retirement, resignation, or discharge, he/she shall, at the time of such termination, be granted full vacation pay earned up to the time he/she leaves The service, including pay for the vacation earned in the preceding year or years and not yet granted, and the vacation for the succeeding year if the employee has qualified under Article IV, Section 1, and has given a proper notice of at least two weeks.

Section 5. In the event any employee thus entitled to vacation pay earned shall die, the vacation pay earned and not received shall be paid to such beneficiary as may be designated, or in the absence of such designation, the surviving spouse, or children, or estate, in that order of preference.

Section 6. Any employee who retires with 100 working days in their last calendar year of work shall receive the full year's vacation for that calendar year.

Section 7. All employees shall be allowed to carry over forty (40) hours of vacation into the following year. if any employee is not able to use their vacation, due to scheduling by management or a need to service the public, more than forty (40) hours may be carried over.

## ARTICLE 5 - SICK LEAVE

Section 1. Working time requirement for sick leave credit:

- (a) Employees will be granted sick leave on the basis of sixteen (16) hours of sick leave

credit for each month of service accumulating from the date of employment. Employment for a period equal to or greater than 2/3 of the total regular working time in any month will be considered as a full month of service for the purpose of computing sick leave credit. No credit for a sick leave will accumulate during any month where service is less than the aforementioned amount. Authorized vacation time and authorized sick leave will be considered as working time in determining sick leave credit. United States Military Service will be considered as working time provided that the employee was a regular city employee at the time of entry into said service.

- (b) An additional one day eight (8) hours of sick leave fund not to be used unless the basic sick leave fund is exhausted and only for injuries or illness of the employees themselves will be accrued up to sixty (60) days, four hundred eighty (480) hours.
- (c) In addition to the sick leave accumulated under Section 1(a) above regular city employees having ten (10) years or more of accumulated service shall receive a credit of one additional eight (8) hour day of sick leave per month of service, under the same rules established under Section 1(a) for a period of twenty-five (25) months after which time such special sick benefit shall terminate,
- (d) Employees who are at the maximum sick leave accumulation level, who complete a calendar year without using a sick leave day, shall be granted one (1) additional floating holiday for use in the succeeding year.

## Section 2. Authorized Sick Leave

- (a) Employees may utilize their allowance for sick leave on the basis of approved application for the following reasons:
  - 1) Sickness of employee,
  - 2) Death, attendance of a funeral, serious illness or injury in immediate family requiring the care or attendance of the Employee. The immediate family being held to the following: wife, husband, domestic partner, mother-in-law, father-in-law, sister, brother, adoptive sibling, foster sibling, mother, father, son, son-in-law, daughter, daughter-in-law, adoptive child, sibling-in-law, grandparents, grandchildren, aunt and uncle, step parents, step children, children of sibling, siblings of parents, foster children, child for whom Employee is legal guardian for, or registered domestic partner or any of the foregoing of Employee's spouse or registered domestic partner, any other individual related by blood, or with close familial-like association, and one individual annually designated.
  - 3) Leave for funerals will be limited to forty (40) hours, five (5) days. Application for sick leave for any of the aforementioned reasons will be submitted to the department head or foreperson in charge for approval. Sick leave applications may be submitted after the employee's return to work, but advance notification shall be given. If the employee's absence is to be charged to sick leave, the nature of the sick leave requested must be recorded on the regular form over the employee's signature. If the employee's absence is to be charged to sick leave on account of illness a doctor's

certificate shall be required at the discretion of the department head.

- (b) A record will be kept in the department head's office and a copy of same filed with the City Clerk showing the authorized sick leave granted each employee during each payroll period. Each employee will be furnished yearly statements showing the accumulated sick leave remaining to his credit. Authorized sick leave will be credited to an employee up to and including a total of twelve hundred (1,200) hours, 150 days.

Section 3. In the event of abuse of the sick leave provisions described above, the Employer shall deal with such suspected abuse as provided for in Article 9, Discharge and Discipline.

#### ARTICLE 6 - SENIORITY

Section 1. Seniority standing shall be granted to all employees who have completed their probation period of six (6) months. The probation period may be extended at the sole discretion of the Employer. This standing is to be determined on a basis of total length of continuous employment for the Employer that each employee has beginning with the original date of employment.

Section 2. Seniority shall be broken or lost by the Employee's voluntary resignation from employment or by his/her discharge filed in writing for cause and after an opportunity to respond if requested by the employee.

Section 3. No seniority shall be broken or lost for an employee by illness, authorized leave of absence, or temporary layoff.

Section 4. Notice of all vacancies and newly created positions shall be posted on Employee bulletin boards and the Employees shall be given seven (7) days' time in which to make application to fill the vacancy or new position. Seniority will be considered in determining appointments to these vacancies. Seniority shall be by department as follows: A City Hall Office Unit, a Gas Department Unit, a Liquor Store Unit, and Police Department. In the event of opportunity to transfer to another department, an employee shall have a 14 calendar day trial period during which he may return to his original department and classification without seniority loss- Seniority lists shall be posted by January 10 of each year.

Section 5. There shall be no break in seniority because an employee is on vacation, sick leave, or other approved time off from employment

Section 6. Employer shall provide two (2) weeks advance notice of any layoff to affected employee(s) and the Union. In the event of a layoff, layoff shall be by seniority strictly in the inverse order of hiring and recall shall be according to seniority in the inverse order of layoff. Any Employees to be restored to service will be notified by U.S. registered or certified mail, or notice delivered to their last known address and shall report to work as soon as possible thereafter, but no later than fifteen (15) days from the date such notice is sent out. Employees who are recalled under this rule who fail to return to service in accordance with its provision will forfeit all seniority rights unless granted a leave of absence by the Employer. Pending the return



to service of Employees recalled to service under this rule, their positions may be filled by the senior available laid off Employee.

#### ARTICLE 7 - LAYOFF PROCEDURE

Section 1. In the case of reduction of forces or the total elimination of a position and its duties, a senior employee as defined by the seniority roster, may exert his or her seniority preference over a junior employee only on a unit basis provided he or she qualifies to perform the duty of the job involved,

#### ARTICLE 8 - VACANCIES AND PROMOTION

Section 1. Notice of all vacancies and newly created positions shall be posted on employee bulletin boards and the employees shall be given seven (7) days time in which to make application to fill the vacancy or new position with the senior employee taking application being transferred to fill the vacancy or new position provided that determination of whether or not the employee so transferred has the necessary qualifications is made by the Council and appropriate department heads together. In the event the union does not concur in the determination as made, they may appeal on behalf of the applicant through the normal grievance procedure. Upon promotion to higher class, the employee promoted shall be given the prevailing rate for the new or higher classification beginning the day he assumes the new duties.

Qualified probationary employees may bid on posted positions. However, their bids will be considered only if there are no bids by qualified employees holding seniority within Employer's bargaining units. In the event two or more qualified probationary employees within the department are the only qualified bidders, the employee having the earliest date of hire shall be awarded the position. In the event no probationary employees from within the department bid on the job, qualified non departmental, bargaining unit probationary employees may be allowed to bid, with the employee holding the earliest date of hire awarded the position.

Section 2. An employee holding any bulletined job may perform other duties, but his/her bulletin job shall not be performed by any other employee if said employee is available to do his normal duties.

Section 3. If an employee covered under this bargaining agreement is in a department where a vacancy exists, that employee shall be allowed first rights to bid on that vacant position by seniority. If an employee in that department does not choose to fill that vacancy, the opportunity shall be first offered by seniority to employees covered under this collective bargaining agreement before anyone else has the opportunity.

#### ARTICLE 9 - DISCHARGE AND DISCIPLINE

Section 1. Discharge, demotions, or transfers to a lower classification shall be only for just cause and agrees to the concept of progressive discipline. Discipline shall be in one or more of the following forms and the process may start at any appropriate level.

- Oral reprimand
- Written reprimand
- Suspension
- Demotion
- Discharge

Section 2. Discipline and Discharge of Employees during their probation period shall be left to the sole discretion of Employer and not subject to the grievance procedure in this Agreement, but and Employee discharged will have the opportunity to respond.

Section 3. Written reprimands, notices of suspension, and notices of discharge of an Employee for disciplinary reasons, the Employer shall prepare and furnish a statement of the reasons therefore, and the proposed disciplinary action to the Employee. Both Employee and the Union shall be provided with a copy of each written reprimand, notice of suspension, demotion, or discharge.

## ARTICLE 10 - GRIEVANCE PROCEDURE

Section 1. **Grievance.** Any written dispute or disagreement as to the interpretation or application of the specific terms and conditions of this Agreement and the Employer's policies.

Section 2. **Contents of a Grievance.** All grievances and appeals at each step shall be in writing. Only one subject matter or incident shall be covered in any one grievance. The written grievance shall contain the name and position of the grievant, a clear and concise statement of the grievance, including the facts serving as the basis for a grievance, the issue involved, the relief sought, the date and time (if known) the alleged violation took place, and the specific section of the Agreement or policy alleged to have been violated. All grievances shall be signed and dated.

Section 3. **Processing of a Grievance.** It is recognized and accepted by the Union and the Employer that the processing of grievances as hereinafter provided is limited by the job duties and responsibilities of the steward and grievant Employee(s) and shall therefore be accomplished during normal working hours only when consistent with such Employee's duties and responsibilities. The aggrieved Employee(s) and the steward shall be allowed a reasonable amount of time for the investigation and presentation of grievances during normal working hours provided the aggrieved Employee(s) and the steward have previously notified and received the approval of the designated supervisor where the designated supervisor has determined that such absence is reasonable and would not be detrimental to the work programs of the Employer.

Section 4. **Waiver.** If a grievance does not comply with any of the procedural requirements set forth in Section 4, it shall be considered "waived." If a grievance is not appealed in conformance with any of the procedural requirements in Section 5 or any agreed express waiver of the requirements thereof, it shall be considered settled on the basis of the Employer's last answer. If the Employer does not answer a grievance or an appeal thereof within the specified time limits, the Union may elect to treat the grievance as denied at that step and immediately appeal the grievance to the next step. The time limit in each Step may be extended by mutual written agreement of the Employer and the Union at each step. In addition, the Employer and Union may

mutually agree to extend the timelines and mediate the grievance following the Step 3 final answer from the Employer prior to appealing the matter to Step 4.

**Section 5. Procedure.** Grievances, as defined by Section 1, shall be resolved in conformance with the following procedure:

**Step 1.** An Employee or Union representative claiming a violation concerning the interpretation or application of this Agreement shall, within five (5) calendar days after such alleged violation has occurred, present such grievance in writing to the Employee's supervisor. The Employee's supervisor will meet with the grievant and Union Steward within fourteen (14) calendar days after Employee presents of a valid written grievance to the Employee's supervisor, to attempt to resolve the grievance. If the grievance is not resolved at the Step 1 meeting, within seven (7) calendar days after the Step 1 meeting, Employer shall issue its written response to the grievance.

**Step 2.** A grievance not resolved in Step 1 shall be appealed in writing to Step 2, with all required contents of a grievance identified under Section 1, within seven (7) calendar days after the Employee's supervisor presents Employee with the final answer in Step 1. Any grievance not appealed to the Employer-designated representative in writing to Step 2 by the Union within seven (7) calendar days shall be considered waived.

If appealed to the Employer-designated representative within the above time frame, with the required contents of a grievance under Section 18.1, the written grievance shall be presented by the Union and discussed with the Employer-designated Step 2 representative within seven (7) calendar days after appealing the grievance to Step 2. The Employer-designated representative shall give the Union the Employees Step 2 answer in writing within ten (10) calendar days after the Step 2 meeting the Employer-designated representative's final Step 2 answer.

**Step 3.** A grievance not resolved in Step 2 may be appealed by the Union to Step 3 within seven (7) calendar days following the Employer-designated representative or designee's final Step 2 answer. Any grievance not appealed in writing to Step 3 by the Union within seven (7) calendar days shall be considered waived.

A grievance unresolved in Step 2 and appealed to Step 3 shall be submitted to the Minnesota Bureau of Mediation Services (BMS) for mediation. Submitting the grievance to mediation preserves and tolls the timelines for Step 4 of the grievance procedure. If the grievance is not resolved at BMS mediation, the Employer-designated representative shall give the Union the Employees final Step 3 answer in writing within ten (10) calendar days after unsuccessful BMS mediation. Step 3 may be appealed to Step 4 within seven (7) calendar days following the Employer's final answer at Step 3. Any grievance not appealed in writing to Step 4 by the Union within seven (7) calendar days shall be considered waived.

**Step 4.** A grievance unresolved in Step 3 and appealed to Step 4 shall be submitted to Arbitration- subject to the provisions of the Public Employment Relations Act (PELRA).

The parties shall select and arbitrator in accordance with the rules established by the Bureau of Mediation Services. Failure to select an arbitrator within ninety (90) days of the Employer's answer in Step 3, shall be considered a "waiver" of the grievance; unless the delay in selection is unequivocally caused by the Employer, or the delay is mutually agreed upon by the parties in writing.

**Section 6. Waiver of a Grievance.** If a grievance is not presented within the time limits set forth above, it shall be considered waived. If a grievance is not appealed to the next succeeding Step within the specified time limit or any agreed extension thereof, it shall be considered settled on the basis of the Employer's last answer. If the Employer does not answer a grievance or an appeal thereof within the specified time limits, the Union may elect to treat the grievance as denied at that Step and immediately appeal the grievance to the next Step. The time limit in each Step may be extended by mutual agreement of the Employer and the Union.

**Section 7. Arbitrator's Authority.** The arbitrator shall have no right to amend, modify, nullify, ignore, add to, or subtract from the terms and conditions of this Agreement. The arbitrator shall consider and decide only the specific issue(s) submitted by the Employer and the Union in writing and shall have no authority to make a decision on any other issue not so submitted. The arbitrator shall be without power to make decisions on whether the Employer violated any law, rule, or regulation, except to determine whether a decision would be contrary to, or inconsistent with, or modifying or varying in any way the application of laws, rules or regulations having the force and effect of law. The arbitrator's decision shall be submitted to both parties in writing within thirty (30) days following the close of the hearing or the submission of briefs by the parties, whichever be later, unless the parties agree to an extension. The decision shall be binding on both the Employer and the Union and shall be based solely on the arbitrator's interpretation or application of the express terms of this Agreement, applicable laws, and the facts of the grievance presented. An award issued by an arbitrator will only be in force and effect while the labor contract in force and effect at the time that the grievances arose is in force and effect.

The fees and expenses for the arbitrator's services and proceedings shall be borne equally by the Employer and the Union provided that each party shall be responsible for compensating its own representatives and witnesses. If either party desires a verbatim record of the proceedings, it may cause such a record to be made, providing it pays for the record. If both parties desire a verbatim record of the proceedings the cost shall be shared equally.

**Section 8. Choice of Remedy.** If the event giving rise to the grievance is appealed to any procedure other than the grievance procedure in this Article at any time, the matter is not subject to the grievance procedure in this Article nor arbitration under such procedure.

## ARTICLE 11 - UNION ACTIVITY

**Section 1.** Any employee elected by the union to represent such union at international, state or district meetings, and which requires his/her absence from duty, shall be granted the necessary time off to attend such meetings without pay and without discrimination and without loss of seniority rights or any other rights granted by the employer, provided such absence does not

interfere with the services of the particular department.

Section 2. The Union shall be permitted the use of employee bulletin boards located on the premises of the employer for the posted matter of interest to its members providing it is not political.

Section 3. Representatives of the American Federation of State, County, and Municipal Employees 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 he or she is concerned or to council new employees for a reasonable period of time, provided permission is requested from the department head.

## ARTICLE 12 - GENERAL PROVISIONS

Section 1. Jury Duty. Any employee called and required to serve upon a jury shall be paid the difference in wages and jury pay to afford him/her full salary.

Section 2. The Employer shall reimburse all employees required to obtain or renew a Class A or B driver's license for the amount over the cost of a Class C driver's license.

Section 4. In the event an employee is injured while performing work for the Employer, the Employer shall reimburse such an employee the difference between the Worker's Compensation received and his/her regular wages for a period of six (6) months.

Section 3. An employee, who works three (3) or more hours of overtime, will be provided a meal at the Employer's expense. The value of the meal shall be limited to \$8.00 and the employee must have department head approval. During an extended period of overtime work, meals will be provided at intervals not to exceed five (5) hours commencing with the first meal. This provision applies to unscheduled overtime.

Section 4. The Employer agrees to offer a full flexible spending plan for the employees covered in this collective bargaining agreement.

## ARTICLE 13 - EMPLOYEES GROUP INSURANCE

### Section 1.

In calendar years 2024, 2025, and 2026, the Employer will pay the following for calendar years 2024, 2025, and 2026 premiums, respectively, for employees enrolled in an Employer-provided group health insurance plan option:

- In calendar year 2024, for employees enrolled in any Employer-provided group high deductible health insurance plan option that includes a health savings account (H.S.A.), \$645.10 for single coverage and \$1,630.69 for family coverage; and for or employees not enrolled in any Employer-provided group health insurance plan option that is not a high deductible plan with a health savings account (H.S.A.), \$871.69 for single coverage and

\$2,203.59 for family coverage

- In calendar year 2025, for employees enrolled in any Employer-provided group high deductible health insurance plan option that includes a health savings account (H.S.A.), \$677.35 for single coverage and \$1,712.22 for family coverage; and for or employees not enrolled in any Employer-provided group health insurance plan option that is not a high deductible plan with a health savings account (H.S.A.), \$915.27 for single coverage and \$2,313.77 for family coverage.
- In calendar year 2026, for employees enrolled in any Employer-provided group high deductible health insurance plan option that includes a health savings account (H.S.A.), \$711.22 for single coverage and \$1,797.83 for family coverage; and for or employees not enrolled in any Employer-provided group health insurance plan option that is not a high deductible plan with a health savings account (H.S.A.), \$961.03 for single coverage and \$2,429.46 for family coverage.

In calendar years 2024, 2025, and 2026, respectively, Employees enrolled in the Employer-provided group high deductible health insurance plan will receive the following HSA contributions from the Employer based on number of years enrolled during employment with Employer in such plan:

- 1st year
  - Family coverage:
    - \$5,500
    - \$500 into H.S.A. or as cash
  - Single coverage:
    - \$2,500
    - \$500 into H.S.A. or as cash
- 2nd year
  - Family coverage:
    - \$4,000
    - \$1,500 into H.S.A. or as cash
  - Single coverage:
    - \$1,750
    - \$1,000 into H.S.A. or as cash
- 3rd year –or longer:
  - Family coverage:
    - \$3,000
    - \$1000 into H.S.A. or as cash
  - Single coverage:
    - \$1,500
    - \$500 into H.S.A. or as cash

Section 2. The Employer will carry disability insurance on each of said Employees which shall provide for two-thirds (2/3rds) of the Base Pay for a period following 120 days of said disability. This insurance shall be effective after the Employee's accumulated sick leave is exhausted and

shall continue until age sixty-five (65). Each regular employee will be provided with \$40,000.00 group term life insurance. An employee, at his/her option, may elect to purchase at his/her own cost up to an additional \$10,000 term life insurance under the Employer Group Term Life Plan.

Section 3. The Employer shall fully pay for a full family dental insurance plan.

Section 4. If any employee is on work status for any day of a month the employee shall be entitled to the Employer health insurance and the Employer shall pay its share of the health insurance premium for that month dependent on the arrangement with the insurance carrier.

#### ARTICLE 14 – BASE PAY SCHEDULE & WAGES

Section 1. In calendar years 2024, 2025, and 2026, respectively, employees will be paid base pay as established in Employer's base pay schedule for the respective calendar year.

Section 2. The positions of EDP Tech, Assistant Finance Director, Police Records Clerk, and City Hall Receptionist Clerk shall be established in a monthly pay plan with the normal work year being 2080 hours. In any year in which employees are required to work in excess of 2080 hours, they shall be additionally compensated for such hours of work. The normal workweek for monthly paid employees shall be forty (40) hours with the normal work month being 173.33 hours. However, any hours worked less than forty (40) per week shall be correspondingly reduced from monthly base pay for loss of time not covered by vacation, holidays, sick leave, or other provision covered in this agreement.

Section 3. When an employee replaces another employee, who receives a higher base pay, covered by this bargaining agreement, the replacement shall receive the same base pay as the employee being replaced. The Employer also agrees that it will not assign employees to work in classifications that are covered by another collective bargaining agreement.

The Police Records Clerk shall be allowed up to two-hundred dollars per calendar year for uniform replacement allowance. The allowance will be paid upon prior approval by the immediate supervisor and submission of a receipt by the employee. Uniform allowance subject to voucher approval.

Employees in Water & Gas. shall be granted two hundred fifty dollars (\$250.00) in clothing allowance each year through the first payroll in July.

#### ARTICLE 15 - SEVERANCE PAY

Section 1. Upon retirement from the Employer under provisions of a PERA qualified retirement, an employee shall receive sixty percent (60%) of the balance of accrued unused sick leave, in money at present rate of pay, applied to their Health Care Savings Plan as provided for in Article 17, Health Care Savings Plan. In the event of the death of the retired employee, the HCSP of such employee will be administered subject to any applicable laws, rules, regulations, plan documents, or other governing authority.

Section 2. When an employee retires in accordance with the Minnesota Public Employee's Retirement act and Social Security, and such employee is not eligible for Medicare, the Employer shall allow the retired employee to stay on the Employer group insurance and Employer shall pay the premiums for a period not to exceed three (3) years. After three (3) years the employee may choose to remain covered by the Cities group insurance by self-paying the premiums until Medicare eligibility. Any employee, as of January 1, 2017, who has remained covered by the Employers dental insurance beyond the three (3) year period after retirement shall be grandfathered and may remain covered by the dental insurance. All future retired employees shall not be allowed to remain on any of the Employers insurance plans beyond Medicare eligibility.

Section 3. In the event of a death of both employee and their spouse, any monies will be administered subject to any applicable laws, rules, regulations, plan documents, or other governing authority. .

#### ARTICLE 16 - HEALTH CARE SAVINGS PLAN

Section 1. Employee Participation in the MN HCSP will remain in effect until amended or repealed through agreement between Employer and the Union. The Plan will be administered as per provisions of MN statutes 352.98 and is subject to the fees, regulations and conditions established by the Plan Administrator and the MN State Retirement System. Participation by all employees covered by this Agreement is mandatory. Payroll deductions, if any, shall be made each semimonthly pay period. Each employee shall have an amount deducted from his/her gross semimonthly pay as a contribution to the HCSP in the amount the Union notifies the City Administrator to deduct. Each employee eligible for a final vacation pay out and severance pay shall contribute those sums of money into the employees HCSP. The Employer shall not make any contributions on behalf of eligible employee into the HCSP. Any changes to MN Statutes 352.98 shall automatically apply to the Plan and may affect the above described terms and conditions.

#### ARTICLE 17 - MANAGERIAL RIGHTS

Section 1. As provided for in MN Stats, 179A.07, the Employer and Union agree that except as expressly modified in this Agreement, the Employer has and retains all rights and authority necessary for it to direct and administer the affairs of the Employer, along with rights, including, but not limited to, right to direct the working forces; to plan, direct, and control all of the operations and services; to determine the method, means, organization and number of personnel by which such operations and services are to be conducted; to assign and transfer Employees, to schedule working hours, and to assign overtime; to hire, promote, demote, suspend, discipline, discharge, or relieve Employees due to lack of work or other legitimate reasons; to make and enforce reasonable rules and regulations; and to change or eliminate existing methods and equipment or facilities. The rights or authority which the Employer has not officially abridged, delegated, or modified by this Agreement are retained by the Employer.




## ARTICLE 18 - DURATION OF AGREEMENT

Section 1. The conditions herein set forth constitute the entire and complete Labor Agreement between Employer and Union. This Agreement shall be effective as of January 1, 2024 and shall remain in effect through December 31, 2026.

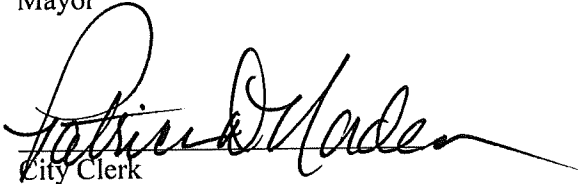
Section 2. Should the employees, through their representatives, desire a change or changes in the agreement, they shall make a request to negotiate by the First Monday of October of the year in which the contract expires.

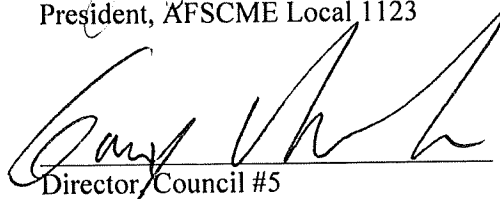
**City of Two Harbors**

**AFSCME Local 1123**

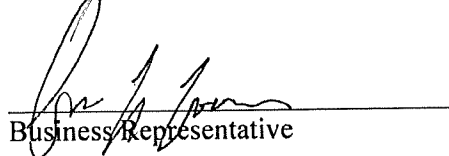
  
\_\_\_\_\_  
Mayor

  
\_\_\_\_\_  
President, AFSCME Local 1123

  
\_\_\_\_\_  
City Clerk

  
\_\_\_\_\_  
Director, Council #5

  
\_\_\_\_\_  
ATTEST: City Administrator

  
\_\_\_\_\_  
Business Representative

Date: 12-11-24

Date: 12-11-24

# ADDENDUM A – 2024-2026 Hourly Pay

Job Classification	2024							
	Step 1	Step 2	Step 3	Step 4	Step 5	Step 6	Step 7	Step 8
Maintenance Worker/Assistant Superintendent	\$28.10	\$29.10	\$30.11	\$31.11	\$32.11	\$33.12	\$34.12	\$35.12
Assistant Finance Director	\$28.10	\$29.10	\$30.11	\$31.11	\$32.11	\$33.12	\$34.12	\$35.12
Water & Gas Distribution Maintenance	\$26.49	\$27.43	\$28.38	\$29.32	\$30.27	\$31.22	\$32.16	\$33.11
EDP Technician	\$26.49	\$27.44	\$28.38	\$29.32	\$30.27	\$31.22	\$32.16	\$33.11
Police Records Clerk	\$25.71	\$26.63	\$27.55	\$28.47	\$29.39	\$30.31	\$31.22	\$32.14
Liquor Store Clerk	\$18.58	\$19.24	\$19.90	\$20.57	\$21.23	\$21.89	\$22.56	\$23.22
Liquor Store Clerk – Part Time	\$18.58	\$19.24	\$19.90	\$20.57	\$21.23	\$21.89	\$22.56	\$23.22

Job Classification	2025							
	Step 1	Step 2	Step 3	Step 4	Step 5	Step 6	Step 7	Step 8
Maintenance Worker/Assistant Superintendent	\$28.94	\$29.98	\$31.01	\$32.04	\$33.08	\$34.11	\$35.14	\$36.18
Assistant Finance Director	\$28.94	\$29.98	\$31.01	\$32.04	\$33.08	\$34.1	\$35.14	\$36.18
Water & Gas Distribution Maintenance	\$27.28	\$28.25	\$29.23	\$30.20	\$31.18	\$32.15	\$33.13	\$34.10
EDP Technician	\$27.28	\$28.25	\$29.23	\$30.20	\$31.18	\$32.15	\$33.13	\$34.10
Police Records Clerk	\$26.49	\$27.43	\$28.38	\$29.32	\$30.27	\$31.22	\$32.16	\$33.11
Liquor Store Clerk	\$19.13	\$19.82	\$20.50	\$21.18	\$21.87	\$22.55	\$23.23	\$23.92
Liquor Store Clerk – Part Time	\$19.13	\$19.82	\$20.50	\$21.18	\$21.87	\$22.55	\$23.23	\$23.92

Job Classification	2026							
	Step 1	Step 2	Step 3	Step 4	Step 5	Step 6	Step 7	Step 8
Maintenance Worker/Assistant Superintendent	\$29.81	\$30.87	\$31.94	\$33.00	\$34.07	\$35.13	\$36.20	\$37.26
Assistant Finance Director	\$29.81	\$30.87	\$31.94	\$33.00	\$34.07	\$35.13	\$36.20	\$37.26
Water & Gas Distribution Maintenance	\$28.10	\$29.10	\$30.11	\$31.11	\$32.11	\$33.12	\$34.12	\$35.12
EDP Technician	\$28.10	\$29.10	\$30.11	\$31.11	\$32.11	\$33.12	\$34.12	\$35.12
Police Records Clerk	\$27.28	\$28.25	\$29.23	\$30.20	\$31.18	\$32.15	\$33.13	\$34.10
Liquor Store Clerk	\$19.71	\$20.41	\$21.12	\$21.82	\$22.52	\$23.23	\$23.93	\$24.63
Liquor Store Clerk – Part Time	\$19.71	\$20.41	\$21.12	\$21.82	\$22.52	\$23.23	\$23.93	\$24.63

\*These positions will be filled through competitive examination in accordance with the practices followed prior to 7-19-94 by the City of Two Harbors. Gas, Water and Sewer employees eligible for \$.15 per hour for obtaining each Class D and Class SC effective 2020.

**Article 5. Amendment, Modification, or Termination**

This MOU or any of its terms may only be amended, modified, or terminated by a written instrument that: (1) expressly states it is amending, modifying, or terminating the MOU; and (2) is signed by or on behalf of all of the parties hereto or their successors in interest.

**Article 6. Voluntary Understanding of the Parties**

The parties hereto acknowledge and agree that this Understanding is voluntarily entered into by all parties hereto as the result of arm's-length negotiations during which all such parties were represented.

**Article 7. Effective Date**

This MOU is effective the latest date affixed to the signatures hereto

**Article 8. Expiration**


This MOU will expire and no longer be in force or effect, effective January 1, 2027.

IN WITNESS HEREOF, the parties hereto have made this MOU on the latest date affixed to the signatures below.

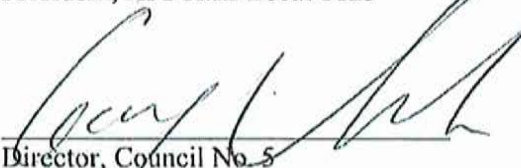
**City of Two Harbors**

**AFSCME Local 1123**

  
\_\_\_\_\_  
Mayor

  
\_\_\_\_\_  
President, AFSCME Local 1123

  
\_\_\_\_\_  
City Clerk

  
\_\_\_\_\_  
Director, Council No. 5

  
\_\_\_\_\_  
ATTEST: City Administrator

  
\_\_\_\_\_  
Business Representative

Date: 12-11-24

Date: 12-11-24

## **MEMORANDUM OF UNDERSTANDING**

This Memorandum of Understanding ("MOU") is made by and between City of Two Harbors, Minnesota ("Employer") and American Federation of State, County and Municipal Employees, Local No. 1123 ("Union").

WHEREAS, the Union is the exclusive representative for certain employees employed by Employer in an appropriate unit ("Bargaining Unit Employees");

WHEREAS, Employer and Union are parties to a labor agreement for January 1, 2024 through December 31, 2026;

WHEREAS, Employer provides group health insurance for Bargaining Unit Employees; and

WHEREAS, the Employer and Union desire to provide for the parties meeting and discussing any changes to deductibles in Employer-provided group health plans.

NOW, THEREFORE, all parties hereto understand as follows:

### **Article 1. Health Plan Deductible Change**

City will provide a low and high deductible plan for calendar years 2025 and 2026. City and Union will meet and discuss any changes in deductibles for the Employer-provided group health plans for calendar years 2025 and 2026.

### **Article 2. Entire Understanding**

This MOU constitutes the entire Understanding among the parties hereto. No representations, warranties, covenants, or inducements have been made to any party concerning this MOU, other than the representations, covenants, or inducements contained and memorialized in this MOU. This MOU supersedes all prior negotiations, oral and written understandings, policies and practices with respect thereto addressing the specific subject matter addressed in this MOU.

### **Article 3. Waiver of Bargaining**

Employer and Union each voluntarily and unqualifiedly waives the right and each agrees that while the MOU is in full force and effect the other shall not be obligated to bargain collectively with respect to the express and specific subjects or matters included in this MOU.

### **Article 4. Limitations**

This MOU is intended for the sole and limited purpose specified herein. This MOU cannot be construed to be nor does it constitute or establish any admission of the Employer, precedent, past practice or otherwise place any prohibition or limitation on any management right of the Employer. The Employer expressly reserves the right to exercise all of its management rights without limitation.

IN WITNESS HEREOF, the parties hereto have executed this MOU on the latest date affixed to the signatures below.

**City of Two Harbors**

  
\_\_\_\_\_  
Mayor

  
\_\_\_\_\_  
City Clerk

  
\_\_\_\_\_  
ATTEST: City Administrator

Date: 12-11-24

**AFSCME Local 1123**

  
\_\_\_\_\_  
President, AFSCME Local 1123

  
\_\_\_\_\_  
Director, Council No. 5

  
\_\_\_\_\_  
Business Representative

Date: 12-11-24

## **MEMORANDUM OF UNDERSTANDING**

This Memorandum of Understanding ("MOU") is made by and between The City of Two Harbors ("Employer") and American Federation of State, County and Municipal Employees, Local Union No. 1123 ("Union").

### **Recitals**

WHEREAS, the Union is the exclusive representative for certain employees of the Employer ("Bargaining Unit Employees");

WHEREAS, Employer and Union are parties to a labor agreement in effect from January 1, 2024 through December 31, 2026; and

WHEREAS, the Employer and Union desire to specify when the parties will begin meeting and negotiating a subsequent labor agreement.

### **Understanding**

Employer and Union understand as follows:

#### **Article 1. Negotiations for Subsequent Labor Agreement**

Employer and Union will begin meeting and negotiating for the subsequent labor agreement by no later than November 15, 2026, unless otherwise consented to by both parties to extend such date.

#### **Article 2. Entire Understanding**

This MOU constitutes the entire understanding among the parties hereto. No representations, warranties, covenants, or inducements have been made to any party concerning this MOU, other than the representations, covenants, or inducements contained and memorialized in this MOU. This MOU supersedes all prior negotiations, oral and written understandings, policies and practices with respect thereto addressing the specific subject matter addressed in this MOU.

#### **Article 3. Voluntary and Mutual Understanding of the Parties**

The parties hereto acknowledge and agree that this MOU is voluntarily and mutually entered into by all parties hereto as the result of arm's-length negotiations.