CITY OF GALENA PUBLIC WORKS

STREETS DEPARTMENT

COLLECTIVE BARGAINING AGREEMENT

May 1, 2017-April 30, 2021

CITY OF GALENA

PUBLIC WORKS DEPARTMENT

PREAMBLE

This Agreement is entered into by and between the City of Galena, a municipal Corporation, Galena, Illinois (hereinafter referred to as "Employer") and Teamsters Local #722, an affiliate of the International Brotherhood of Teamsters (hereinafter referred to as "Union.")

The purpose of this Agreement is to provide an orderly and efficient collective bargaining relationship between the Employer and the Union and to make the basic terms upon which such relationship depends. It is the intent of both the Employer and the Union to work together and to provide and maintain mutually agreeable and satisfactory wages, hours, terms, obligations, expectancies and conditions of employment and to prevent as well as to adjust misunderstanding and grievances related to the same.

In consideration of the mutual promises, covenants and agreements contained herein, the Parties hereto, by their duly authorized representatives and agents, do mutually agree and covenant as follows:

ARTICLE I - RECOGNITION

Section 1. Unit Description. The City recognizes the Union as the sole and exclusive collective bargaining representative for all full-time employees in the Public Works Department in the following job classifications: Assistant Foreman, Operator I, Operator II, Laborer/Truck Driver and Laborer. Excluded from the bargaining unit are Public Works Foreman, part time, probationary, seasonal, secretarial and all other supervisory, managerial and confidential employees as well as all other employees of the Employer.

Section 2. Solicitation of Union Membership. Solicitation of Union membership or other internal Union business shall be conducted during the non-duty hours of all employees concerned.

Section 3. Probationary Period. The probationary period shall be ninety (90) days. During the probationary period, an employee is entitled to all rights, privileges or benefits under this Agreement, except that the City may suspend or discharge a probationary employee without cause and such action shall be final and the employee shall have no recourse under the grievance procedure or otherwise to contest said suspension or discharge.

ARTICLE II - NON-DISCRIMINATION

Section 1. Equal Employment Opportunity. The Employer will continue to provide equal employment opportunity for all employees and develop and apply equal employment practices.

Section 2. Prohibition Against Discrimination. The Employer and Union agree that there shall be no discrimination by the Employer or the Union against employee because of race, color, creed, religion, national origin, sex, age or marital status or because of a physical handicap with respect to a position the duties of which can be performed adequately with reasonable accommodation by an individual with such a physical handicap without danger to the health or safety of the physically handicapped person or to others.

Section 3. Union Membership or Activity. Neither the Employer nor the Union shall interfere with the right of employees covered by this Agreement to become or not become members of the Union, and there shall be no discrimination against any such employee because of lawful Union membership or non-membership, activity, or status. New employees' desires of joining the Union must do so within thirty-one (31) days of eligibility.

ARTICLE III - DUES DEDUCTION AND FAIR SHARE

Section 1. Dues Deduction. Upon receipt of proper written authorization from an employee, the Employer shall deduct Union dues each month in the amount certified by the Treasurer of the Union from the pay of all employees covered by this Agreement, who, in writing, authorize such deductions. Such money shall be submitted to the Treasurer of the Union within thirty (30) days after the deductions have been made. Said deductions will be terminated upon the Employee's written request.

The Union hereby indemnifies and agrees to hold the Employer harmless against any and all claims, demands, suits or other forms of liability that may arise out of, or by reason of, any action taken by the Employer for the purpose of complying with the provisions of this Article.

If any employee has no earnings or insufficient earnings to cover the amount of the dues deduction, the Union shall be responsible for collection of dues. The Union agrees to refund to the employee any amounts paid to the Union in error on account of this dues deduction provision.

Section 2. Fair Share. Any present employee who is not a member of the Union shall be required to pay a fair share of the cost of the collective bargaining process and contract administration in pursuing matters affecting wages, hours and other conditions of employment, but not to exceed the amount of dues uniformly required of members. All employees hired on or after the effective date of this Agreement and who have not made application for membership shall, or after the thirtieth (30th) day of their hire, also be required to pay a fair share as defined above.

The Employer, with respect to any employee on whose behalf the Employer has not received a written authorization as provided for above, shall deduct from the wages of the employee, his fair share financial obligation, including any retroactive amount due and owing, and shall forward said amount to the Union on the tenth (10th) day of the month following the month in which the deduction is made, subject only to the following:

(a) The Union has certified to the Employer that this affected employee has been delinquent in his obligations for at least thirty (30) days;

(b) The Union has certified to the Employer that the affected employee has been notified in writing of the obligation and the requirement of each provision of this Article, and that the employee has been advised by the Union of his obligations pursuant to this Article and of the manner in which the Union has calculated the fair share fee;

(c) The Union has certified to the Employer that the affected employee has been given a reasonable opportunity to prepare and submit objections and to have said objections adjudicated before an impartial arbitrator assigned by the employee and the union for the purpose of determining and resolving any objections the employee may have to the fair share fee.

Section 3. Drive Deduction. Employer agrees to deduct from the paycheck of all Employees covered by this Agreement voluntary contributions to DRIVE. DRIVE shall notify the Employer of the amounts designated by each contributing Employee that are to be deducted from his/her paycheck on a weekly basis for all weeks worked. The phrase "weeks worked" excludes any week other than a week in which the Employee earned a wage. Employer shall transmit to DRIVE National Headquarters on a monthly basis, in one check, the total amount deducted along with the name of each Employee on whose behalf a deduction is made, the Employee's Social Security number and the amount deducted from that Employee's paycheck. The International Brotherhood of Teamsters shall reimburse the Employer annually for the Employer's actual cost for the expensed incurred in administering the weekly payroll deduction plan. The Union shall indemnify and hold the Employer harmless from any claim that may be made against it and expenses it may incur, including reasonable attorney's fees, for an action the Employer may take in complying with the Union's instructions.

Section 4. Indemnity. The Union shall indemnify the Employer for any actions or claims brought against the Employer for actions taken by the Employer under this Article in reliance on certifications by the Union.

ARTICLE IV - SUBCONTRACTING

The City shall have the right to subcontract out any work it deems necessary when such sub-contracting will not result in any lay-offs to the bargaining unit employees.

ARTICLE V - LAY-OFFS

The City in its discretion shall determine whether lay-offs are necessary. If it is determined that lay-offs are necessary, employees covered by this Agreement will be laid off in accordance with their skill, ability and relative seniority. Each of these 3 factors to be considered equally in the lay off decision.

ARTICLE VI - MANAGEMENT RIGHTS

Except as specifically and unequivocally limited by the express provisions of this Agreement, the Employer retains all traditional rights to manage and direct the affairs of the City of Galena Public Works Department in all of its various aspects and to manage and direct its employees, including, but not limited to the following:

(a) Plan, direct, control and determine the budget and all operations, services, policies, performance standards and missions of the Public Works Department;

(b) Supervise and direct the work force;

(c) To establish the qualification for employment, including written and oral testing, medical exams and agility and physical fitness testing;

(d) To hire, assign and/or to transfer and re-assign employees to other duties or functions;

(e) To establish work and productivity standards, and from time-to-time, to change those standards;

(f) To assign and limit overtime; an on-call list shall be utilized for after-hours work.

(g) To purchase goods and services provided such purchase will not result in

any lay-offs to the bargaining unit employees.

(h) To determine the methods, means, organization and number of personnel by which departmental services shall be made or purchased;

(i) To make, alter and enforce reasonable rules, regulations, orders and policies;

(j) To evaluate or promote employees;

(k) To establish performance standards;

(l) To discharge non-probationary employees for just cause (probationary employees without cause);

(m) To suspend or otherwise discipline employees;

(n) To change or eliminate existing equipment or facilities;

(o) To introduce new equipment or facilities without having to negotiate over the effects of such change;

(p) To lay-off or relieve employees due to lack of work or funds or for other legitimate reasons;

(q) To contract out for goods or services its deems necessary when such contracting will not result in any layoffs to the bargaining unit employees;

(r) The Employer, in its sole discretion, shall also have the right to take any and all actions that may be necessary to carry out the mission of the City of Galena and the Public Works Department in the event of civil emergency as may be declared by the Mayor or City Council or their authorized designees, which may include, but not be limited to: riots, civil disorders, tornado conditions, floods or other catastrophes or financial emergencies, and to suspend the terms of this Agreement during such civil emergency. Nothing herein shall affect the internal control authority of the Public Works Foreman or the Mayor and City Council.

ARTICLE VII - LABOR/MANAGEMENT CONFERENCES

Section 1. The Union and Employer mutually agree that in the interest of efficient management and harmonious employee relations, it is desirable that meetings be held between the parties. Such meetings may be requested at least seven (7) days in advance by either party by placing in writing a request to the other for a labor/management conference and expressly providing a written agenda for such a meeting. Notice of such a meeting may be waived by a written mutual consent of the parties. The meeting location

shall be at Galena City Hall unless otherwise agreed to and such meeting shall be limited to a discussion of the following general issues:

(a) Discussion on the implementation and general administration of this Agreement.

(b) A sharing of general information of interest to the parties in an effort to assure good working relationships.

(c) Notifying the Union of changes and non-bargaining conditions of employment contemplated by the Employer which may affect employees. In the event this information is disseminated through normal City staff and employee meetings, no such notice as contemplated by this section shall be required.

(d) Discussion of pending grievances on a non-binding basis to attempt to resolve such grievances and to discuss procedures in an effort to avoid further grievances.

(e) Items concerning safety.

The Employer and Union agree to cooperate with each other in matters of the administration of this Agreement. In an effort to effectuate these purposes and intents of the parties, both parties agree to meet as necessary.

Section 2. It is expressly understood and agreed that such meetings shall be exclusive of the grievance procedure. Grievances being processed under the grievance procedure shall not be discussed in detail at labor/management conferences, and any such discussions of a binding grievance shall be non-binding on either party and solely for the purpose of exploring alternatives to settle such grievances and such grievance discussion shall only be held by mutual agreement of the Employer and the Union.

ARTICLE VIII - NO STRIKE

Section 1. No Strike Commitment. Neither the Union nor any officer will call, initiate, authorize, participate in, sanction, encourage, or ratify any strike, sympathy strike, picketing, mass illness, sit down, work stoppage, work slow down or engage in a concerted interference with the full, faithful, and proper performance of the duties of employment with the Employer by bargaining unit employees during the term of this Agreement. Neither the Union nor any individual employee shall refuse to cross any picket line in the performance of employee duties by whomever established.

Section 2. Resumption of Operations. In the event of action prohibited by Section 1 above, the Union will immediately disavow such action and request the employee(s) to return to work, and shall use its best effort to achieve a prompt resumption of normal operations. The Union, including its officials and agents, shall not be liable for any damage.

Section 3. Union Liability. Upon the failure of the Union to comply with the provisions of Section 2 above, any agent or official of the Union, who is an officer covered by this Agreement, may be subject to the provision of Section 4, below.

Section 4. Discipline of Strikers. Employees who violate the provisions of this Article may be disciplined or immediately discharged by the Employer. Violations of provisions contained in Article VIII shall not be subject to the provisions of the grievance procedure.

Section 5. Judicial Restraint. Nothing contained herein shall preclude the Employer from seeking judicial restraint and damages in the event the employees or Union violates this Article.

ARTICLE IX - HOURS OF WORK/OVERTIME

Section 1. Definition. This Article defines the normal hours of work and establishes the basis for the calculation of overtime. It is not, however, a guarantee of hours of work per day, per work period, month or year. It is not intended to establish right to compensation in any form for the time not worked.

Section 2. Shift Schedule. The City, solely at its own discretion, shall establish the work schedules for employees which may be changed from time to time by the City as circumstances warrant. While the City will be the sole determinant of any changes, prior to implementing any changes, the City will give affected employee at least five (5) calendar days notice, if possible, as determined by the Public Works Foreman or his designee.

Section 3. Normal Work Period, Work Week and Work Day. The normal work week shall be Monday through Friday. The work day shall consist of eight consecutive hours. Where circumstances warrant, alternate work schedules shall be established as required and determined by the Public Works Foreman.

Section 4. Overtime . Employees shall be paid one and one-half times their regular hourly rate of pay for all hours worked beyond 8 hours in a work day or 40 hours of work within a work week. Hours paid for compensation time, sick leave, personal leave, vacation leave, bereavement leave and the first two hours paid for call back time will be counted as hours worked for the purpose of calculating whether or not overtime is due and payable.

Overtime pay, at the discretion of Employer, can either be paid to employee or compensatory time taken. It will be the employee's duty to notify the Public Works Foreman of his/her desire regarding receiving pay or compensation time. Although the discretion remains with the Employer, such desire of the employee shall not be unreasonably denied. Compensation time may be carried over from year to year with the written approval of the Employer, but not to exceed eighty (80) hours.

Section 5. On-call schedule. An on-call schedule shall be maintained. Public works department employees shall all be included in the schedule. The schedule shall change weekly with employees moving up one position each week. After a week on the top of the schedule, employee shall be shifted to the bottom of the list. If the employee cannot be contacted, the next name shall be contacted.

Section 6. Saturday, Sunday and Call Back Pay. All employees who are required to report for work on a Saturday, Sunday, or after their regular shift, will receive a minimum of two hours guarantee at one and one-half times their regular rate of pay. All employees who are required to report for work on a Sunday shall be compensated at the rate of two times their regular rate of pay for each hour, or portion of an hour, they work over six (6) hours. This provision will be subject to overtime limitations as set forth in Article IX, Section 4.

A call back is defined as an official assignment of work approved by the City which does not continuously proceed or follow an employee's regularly scheduled working hours.

Section 7. Overtime Distribution/Authorization. Overtime shall be distributed equally, if possible among the employees. Authorization of overtime shall be authorized by the Public Works Foreman.

ARTICLE X - WAGES

All new and existing employees will be given a classification by the Department Head with the starting wage and wage increases as set forth in **Appendix A: Public Works Starting Wages by Classification, May 1, 2017-April 30, 2021** attached hereto and made a part of this Agreement by reference. An employee given a higher classification will start at his/her present pay scale and upon his/her anniversary, will be placed into the next higher step closest to his/her previous pay scale. Advancement into a higher classification will be at the discretion of the Department Head.

See **Appendix B: Public Works Pay Schedule: May 1, 2017-April 30, 2021** attached hereto and made a part of this Agreement by reference for the actual wages and the identification of existing employee classifications.

ARTICLE XI - INSURANCE AND PENSION

Section 1. Health, Disability, Dental and Life Insurance. The Employer shall provide group health, disability, dental and life insurance benefits to all full-time employees, with such benefits to be provided under the same terms and conditions and in the same amounts as applicable to non-represented City employees. The cost of said group health, disability, dental and life insurance shall be paid by the Employer subject to required employee payment of a portion of the premiums therefore through payroll deduction.

For the insurance year beginning November 1, 2017, and continuing through each year of the contract, employees shall pay on a monthly basis an amount equal to 20% of the combined health, dental, life, and disability premiums.

The actual dollar amount paid by the employee for the combined health, dental, life, and disability premiums shall not increase more than fifteen percent (15%) in any 12-month insurance period. If the renewal rate for the combined premium exceeds ten percent (10%), the City and the Union shall meet before the renewal deadline to review options for minimizing the rate increase. The meeting(s) shall be conducted in a timely manner to allow the City to effectuate the renewal, with or without policy changes, by the renewal deadline. The meeting(s) do not constitute the opening of the collective bargaining agreement, but represent a good faith effort by the parties to work together to minimize insurance costs while providing comprehensive health insurance.

The Health Premium Credit referred to in the HSA Policy, adopted by the City Council in 2009 and attached as Appendix C, shall be deposited to each employee's HSA account the first week of January in each year of the contract. The deposit made to each employee's HSA account shall be the same amount as was deposited for each employee on January 1, 2017. Any employee who chooses to decline or opt out of the City offered health insurance coverage may apply for the Alternative Employee Insurance Incentive. Under the

Alternative Employee Insurance Incentive Program, any employee who submits proof of health insurance coverage from another source (typically from their spouse's employer) will be paid one thousand five hundred dollars ($1,500.00) by the City during the first payroll in January. The incentive is payable each insurance year during which the employee opts out of the City's health insurance plan.

The parties also agree that the City will share any savings in insurance premiums which occur from one insurance year (November 1-October 30) to the next by dividing the premium savings equally among the employees who are participating in the City insurance coverage and paying their pro rata share to them in a lump sum during the first payroll in January.

Section 2. Health Insurance for Retired Employees. The Employer agrees to make insurance benefits available to retired employees up until the time that said employee qualifies for Medicare. This provision shall be contingent upon the retired employee paying 100% of the insurance premium costs.

Section 3. Pension Benefits. The pension shall remain in effect the same as is being offered to each employee prior to the date of filing with the State Labor Board for Union representation. Such benefits to be provided, shall be under the same terms and conditions as applicable to non-represented City employees.

Section 4. Banking of Sick Days to Offset Cost of Retirement Insurance. Members of the bargaining unit shall be authorized to bank excess of sick days to offset the cost of retirement insurance in accordance with the provisions of Article XX, Section 4.

ARTICLE XII - HOLIDAYS

Section 1. The employees covered by this Agreement shall receive the following paid legal holidays:

1. New Year's Eve Day
2. New Year's Day
3. Martin Luther King Day
4. Good Friday
5. Washington's Birthday (3rd Monday in February)
6. Memorial Day
7. Independence Day
8. Labor Day
9. Thanksgiving Day
10. Friday after Thanksgiving Day
11. Christmas Eve Day

12. Christmas Day
13. Veterans Day

Section 2. Employees reporting to work on the aforementioned traditional holidays will be paid at double time. If observation of a holiday falls on a day other than the calendar day, holiday pay shall only be paid for the observed day, not the calendar day.

Section 3. Said holidays shall be observed on the calendar day on which they may fall. When New Year's Day, Memorial Day, Independence Day or Christmas Eve Day fall on Saturday, the preceding day shall be observed as a holiday. When New Year's Eve Day or Christmas Eve Day fall on Sunday, the preceding Friday shall be observed as a holiday. When Memorial Day or Independence Day fall on a Sunday, the following day shall be observed as a holiday. If New Year's Day or Christmas Day fall on a Saturday or Sunday, the following Monday shall be observed as a holiday.

ARTICLE XIII - VACATION

Section 1. Every employee covered by this Agreement shall be eligible for paid vacation time after the completion of their probationary period with the City. Employees shall start to earn vacation allowance as of their date of hire. All employees shall be entitled to vacation leave as follows:

(a) Each full time Employee shall earn ten (10) working days of vacation per year after completion of one (1) year of service; fifteen (15) working days vacation per year after completion of ten (10) years of service; twenty (20) working days of vacation per year after completion of fifteen (15) years of service; twenty-one (21) working days of vacation per year after completion of twenty (20) years of service; twenty-two (22) working days of vacation per year after completion of twenty-two (22) years of service; twenty-three (23) working days of vacation per year after completion of twenty-four (24) years of service; and twenty-five (25) working days of vacation per year after completion of twenty-five (25) years of service.

A vacation leave may be used as earned, provided that the Public Works Foreman shall approve the time at which vacation leave may be used.

(b) Any employee leaving the Public Works Department in good standing after giving proper notice of such termination of employment shall be compensated for vacation leave accrued and unused to the day of separation, pro rated by the month.

(c) As vacation leave is granted to employees for a period of recreation, no employee shall be permitted to waive such leave for the purpose of

receiving double pay.

(d) Vacation shall not be accumulated from one year to another, except upon permission granted by the Mayor.

Section 2. Scheduling. Employees shall be entitled to request vacation based upon seniority, subject to approval by the Public Works Foreman. Employees shall notify their department head or his/her designee of their request thirty (30) days prior to time desired for full weeks and twenty-four (24) hours prior to any time desired for a vacation of three (3) days or less.

ARTICLE XIV - SENIORITY

Section 1. Definition of Seniority. As used herein, the term "seniority" shall refer to and be defined as the continuous length of full-time service or employment covered by this Agreement from the last date of hire, less any deductions due to layoffs or other non-paid breaks in service. Section Seniority shall be defined as the employee's cumulative length of service within a particular job classification.

Section 2. Seniority List. The Employer and Union have agreed upon the initial seniority list setting forth the present seniority dates for all employees covered by this Agreement and it shall become effective on the date of execution of this Agreement. Said list shall be prepared and be appended to this Agreement.

Section 3. Probationary Period. An employee is a "probationary employee" for the first six (6) months of employment. No matter concerning the discipline or termination of a probationary employee shall be subject to the grievance and arbitration procedures of this Agreement. A probationary employee shall have no seniority until he has completed his probationary period. Upon completion of his probationary period, he will acquire seniority from the date of hire.

Section 4. Termination of Seniority. An employee's seniority is broken when that employee:

(a) quits;
(b) is discharged for just cause (except probationary employees need not be discharged for cause);
(c) is laid off for a period of more than twenty-four (24) months;
(d) fails to return to work at the conclusion of an approved leave of absence for a period of one (1) consecutive work day without valid excuse;
(e) retires or is retired.

Section 5. Seniority Credit. Employees will continue to accrue seniority credit during vacation, sick leave and holidays.

Section 6. Promotion. Seniority may be one of many factors considered in the promotion of employees covered by this Agreement. All promotional examinations, if given, shall be job related.

ARTICLE XV - PERSONNEL FILES

Section 1. Personnel Files. The City Administrator shall keep a central personnel file within the bargaining unit for each employee.

Section 2. Inspection. Upon written request of an employee, the City Administrator shall reasonably permit an employee to inspect his personnel file but not internal investigation files during an investigation. The internal investigation file shall be available for inspection upon disciplinary action being imposed.

Inspection of files shall be subject to the following:

(a) such inspection shall occur within a reasonable time following receipt of a written request.

(b) such inspection shall occur during daytime working hours Monday through Friday upon reasonable request.

(c) the employee shall not be permitted to remove any part of the personnel file from the premises but may obtain copies of any information contained therein upon payment for the cost of copying. Copying costs shall be charged at the rate of twenty (20) cents per page.

(d) upon written authorization by the requesting employee, in cases where such employee has a written grievance pending and is inspecting his file with respect to such grievance, that employee may have a representative of the Union present during such inspect.

Section 3. Notification. Employee and the local Union shall be given immediate notice by the City Administrator when a formal written warning or other disciplinary documentation is permanently placed in their personnel file.

Section 4. Removal of Disciplinary Action. Employees subject to a documented verbal warning shall have such documented warning removed six months after the incident. Employees subject to a written disciplinary action shall have such adverse action removed from their employee file one year after the adverse action. Employees subject to suspension shall have such notice of adverse action removed from their disciplinary file two years after the action taken.

ARTICLE XVI - DRUG AND ALCOHOL TESTING

Section 1. Prohibitions. Employees are prohibited from consuming alcohol or possessing, selling, purchasing or delivering illegal drugs at any time during the work day or anywhere on the Employer's premises, or failing to report to their supervisors any known side effects of medication or prescription drugs which they are taking. Illegal drugs shall include all forms of narcotics, hallucinogens, depressants, stimulants, and other drugs whose use and possession or transfer is restricted or prohibited by law. Employees also agree to limit their intake of alcohol eight (8) hours prior to reporting for a scheduled shift.

Section 2. Type of Testing.

(a) Reasonable Suspicion Testing. Where the Employer has reasonable suspicion to believe that an employee is under the influence of alcohol or illegal drugs during the course of their work day, the Employer shall have the right to require the employee to submit to alcohol or drug testing. Examples of reasonable suspicion testing shall include, but not be limited to, when an employee is involved in an accident during the performance of company business or on company property that results in injuries to the employee or others or damage to property. Reasonable suspicion testing may also occur when fellow employees or the employee's immediate supervisor smells an odor of alcohol emitting from the employee.

(b) Random Unit Testing. The Employer may require random tests of employees whenever necessary to protect the safety and health of its employees. For example, when an employee is involved in an accident during the performance of company business or on company property that results in injuries to the employee or others or damage to property. The Employer may also require random testing not more than once per year. Refusal to consent to a random test when such test is requested will result in disciplinary action.

Section 3. Ordered to Take Test. The Employer shall provide the employee at the time he is ordered to submit to random testing or reasonable suspicion testing with a written notice of the order, setting forth that the test is a random test or setting forth the facts and inferences upon which the Employer bases its conclusion of reasonable suspicion. The employee shall have the right to consult with the union representative and/or counsel prior to any questioning. Refusal to comply with the order to test may subject the employee to discipline, but taking of a test shall not operate to waive any objection or rights the employee may have. No employee shall be subject to any adverse employment action, except temporary reassignment or relief from duty with pay during the pendency of any testing procedure. Such reassignment or relief from duty shall be discontinued immediately in the event of negative test results.

Section 4. Test to be Conducted. The Employer shall use only a clinical laboratory or hospital facility that is licensed per the Illinois Central Laboratory Act, which laboratory shall comply with all NIDA standards. The Employer shall establish a chain of custody procedure to insure the integrity of samples and test results, and shall not permit the employee or any other bargaining unit member to be a part of such chain. Sufficient samples shall be collected so as to permit an initial, a confirmatory, and a subsequent test to be arranged at a facility of the employee's choosing. Confirming tests shall be Gas Chromatography, plus Mass Spectrometry (GCMS) or an equivalent scientifically accurate test.

Section 5. Results. As to drug or alcohol testing the Employer shall only be notified in the event that a sample has tested positive for a particular drug or alcohol on both the initial and confirmatory tests, and any information otherwise coming into the possession or knowledge of the Employer (e.g., the insurance billings) shall not be used in any manner or form adverse to the employee's interest. The employee shall receive a copy of all test results, information, documents and other reports received by the Employer. Any drug or alcohol test revealing an alcohol concentration of the Employee's blood, breath or urine of .04 or greater, or any amount of a drug, substance or compound in the person's blood or urine resulting from the unlawful use or consumption of cannabis as prohibited by Illinois law (720 ILCS 550/1 et seq.) or a controlled substance prohibited in the Illinois Controlled Substances Act (720 ILCS 570/100 et seq) shall be a violation of the Employer's drug policy.

Any Employee with a blood, breath or urine concentration of .04 or greater of alcohol shall be presumptively considered under the influence and in violation of the Galena Drug and Alcohol policy and subject to appropriate discipline. Any person who tests positive for any amount of cannabis or other controlled substance prohibited under the Illinois Controlled Substances Act shall be considered in violation of the Galena Drug and Alcohol testing policy and subject to discipline.

Section 6. Right to Contest. If no disciplinary charges are filed, the Union and/or employee shall have the right to contest and/or grieve any aspect of any testing under this Agreement, including the right to test, the order, the administration of the test, the significance or accuracy of the test, or the consequences of the test results. Nothing herein shall waive or limit any rights employees may have concerning such tests that may arise outside this Agreement, which employee may pursue with or without the Union.

Section 7. Voluntary Request for Assistance. No adverse employment action shall be taken in any manner or form against any employee who voluntarily seeks assistance for alcohol or prescription drug related problems, other than the Employer may temporarily reassign an employee if he is then unfit for duty in his current assignment. All such requests shall be held strictly confidential and not released or used in any manner or form contrary to the employee's interest.

Section 8. Discipline. Except for prohibited drugs, in the first instance, an employee who tests positive as defined above or refuses to take a drug or alcohol test may be subject to disciplinary action but not discharge (other alleged violations may be just cause for discharge on their own merits, but test results shall not be a factor in aggravation), provided that the employee participates in an appropriate treatment program determined by his physician, discontinues his use of prohibited drugs or abuse of alcohol, and submits to random testing as directed by his counselors in an appropriate aftercare program. Employees who do not comply with the conditions of this Section, or who test positive for a second time, shall be subject to dismissal. Employees who are unfit to perform reasonable duties to which they may be assigned during the period of their treatment and aftercare shall be permitted to take accumulated time off and shall be afforded a leave of absence upon request for the period of counseling and aftercare, at the option of the employee.

ARTICLE XVII - DISCIPLINE AND DISCHARGE

The parties recognize the principles of progressive and corrective discipline. Disciplinary actions or measures shall include only the following:

oral warning documented
written reprimand
suspension
demotion
discharge

ARTICLE XVIII - DISPUTE RESOLUTION AND GRIEVANCE PROCEDURE

In cases of written reprimands and all non-disciplinary grievances, the provisions of this Article shall apply.

Section 1. Definition of a Grievance. A grievance is defined as any unresolved difference between the Employer and the Union or any employee regarding the application, meaning or interpretation of this Agreement or claiming that an express written provision of the Agreement has been violated, except that any dispute or difference of opinion concerning a matter or issue related to this Agreement shall not be considered a grievance under this Agreement nor subject to the grievance procedure. This grievance procedure is subject to and shall not conflict with any provisions of the Illinois Public Labor Relations Act. The grievance procedure shall not include any matter falling under the jurisdiction and authority of matters traditionally handled by the City Council.

The rationale or defense of "past practice" whether raised by the Employer or Union herein, is expressly subject to the grievance procedure.

Section 2. Dispute Resolution. In the interest of resolving disputes at the earliest possible time, it is agreed that an attempt to resolve a dispute shall be made between the employee and his immediate supervisor.

The employee shall make his complaint to the supervisor within five (5) working days from the time the grievant becomes aware of or had an opportunity to be aware of the alleged violation. The supervisor will notify the employee of the decision within five (5) working days following the day when the complaint was made. Settlements or withdrawals at this step shall not constitute a precedent in the handling of other grievances. In the event of a complaint, the employee shall first complete his assigned work task, and complain later.

Section 3. Representation. Grievances may be processed by the Union on behalf of an employee or on behalf of a group of employees. The Employer may file contract grievances directly at Step 2, Section 9 of this Article. Either party may have the grievant or one grievant representing group grievant present at any step of the grievance procedure, and the employee is entitled to Union representation at each and every step of the grievance procedure upon his request.

Grievances may be filed on behalf of two or more employees only if the same facts, issues and requested remedy apply to all employees in the group.

Section 4. Subject Matter. Only one subject matter shall be covered in any one grievance. A grievance shall contain a statement of the grievant's position, the Article, and Section of the Agreement allegedly violated, the date of the alleged violation, the relief sought, and the signature of the grieving employee(s) and the date.

Section 5. Time Limitations. Grievances may be withdrawn at any step of the grievance procedure. Grievances withdrawn shall not be reinstated, but shall be without precedent to future grievances. The time limits established in the grievance procedure shall be followed by the parties. If the time procedure is not followed by an employee or the Union, the grievance shall be considered settled.

If the time procedure is not followed by the Employer, the grievance shall remain active and automatically advance to the next step; provided, the time limits established herein may be extended by mutual agreement in writing. In computing days under the grievance and arbitration procedures, Saturday, Sunday and holidays shall not be excluded.

Section 6. Grievance Processing. Written grievances shall ordinarily be filed at the completion of the employee's work day. No employee or Union representative shall leave his work assignment to investigate, file or process grievances. In the event of a grievance, the employee shall always perform his assigned work tasks and grieve his complaint later.

Section 7. Steps in Procedure. Disputes arising under this Agreement shall be resolved as follows:

Step 1. If no agreement is reached between the employee and the supervisor, as provided for in Section 2. Dispute Resolution, the Union shall prepare a written grievance on a form mutually agreed to and presented to the appropriate department head no later than seven (7) working days after the employee was notified of the decision by the supervisor. Within seven (7) working days after the grievance has been submitted, the appropriate department head shall meet with the grievant and the employee to discuss the grievance and make a good faith attempt to resolve this grievance. The department head shall respond in writing to the grievant within seven (7) working days following the meeting.

Step 2. If the grievance is not settled at Step 1 the grievance may be referred in writing, within five (5) working days after the decision of the department head, to the City Administrator. Within five (5) working days after the grievance has been filed with the City Administrator, the Administrator shall meet with the grievant to discuss the grievance and make a good faith effort to resolve the grievance. The Administrator shall respond in writing to the grievant within five (5) working days following the meeting.

The issue at Step 2 shall be submitted in written form to the City Administrator. The written form shall contain the following information:

1) the date submitted in writing;
2) the date of the alleged violation;
3) the specific contractual provision alleged to have been violated;
4) a statement of the facts giving rise to the dispute;
5) the date discussed with the department head;
6) the date and substance of the response of the department head;
7) points of disagreement with department head's response; and
8) signature of the grieved party.

Step 3. If the Employee is not satisfied with the decision rendered in Step 2, he shall be entitled to advance the issue to the next step of the procedure within five (5) calendar days from the date of receipt of the written decision. The issue at the third step shall be submitted in written form to the Mayor or his designee in the manner set forth in Step 2, including also the response in the second step and the Employee's points of disagreement with such response.

Step 4. If the grievance is not settled at Step 3, the grievance may be referred in writing within five (5) working days after the decision rendered in Step 2 to the full City Council. Within twenty (20) days after the grievance has been filed with the full City Council, the Council shall meet with the grievant to discuss the grievance. The full City

Council shall respond in writing to the grievance within seven (7) working days following the meeting. The Mayor and each Council member shall have one (1) vote in resolving the grievance.

Step 5. If the dispute is not settled at Step 4, the matter may be submitted to arbitration only if the City has failed to respond to the issue or failed to accurately interpret relevant, specific provisions of the Agreement. Such request for arbitration shall be made within ten (10) working days after the City Council's written decision or the expiration of the seven (7) day period if the City Council fails to render a written decision.

Arbitration. Within ten (10) working days after the matter has been submitted to arbitration a representative of the Employer and the Union shall meet to select an arbitrator from a list of mutually agreed to arbitrators. If the parties are unable to agree on an arbitrator within ten (10) working days after such meeting, the parties shall request Federal Mediation and Conciliation Service or State Labor Relations Board to submit a list of seven (7) arbitrators. Neither party shall have the right to reject an entire list of arbitrators. The arbitrator shall be selected from the list of seven (7) by alternate strikes by the Employer representative and the Union. The Employer and the Union shall take turns as to the first strike. The person whose name remains on the list shall be the arbitrator, provided that either party before striking any names shall have the right to reject one (1) of the arbitrators on the list. The arbitrator shall be notified of his selection by a joint letter from the Employer and the union. Such letter shall request the arbitrator to set a time and a place for the hearing subject to the availability of the Employer and Union representatives and shall be notified of the issue where mutually agreed by the parties. All hearings shall be held in the City of Galena, Illinois unless otherwise agreed to.

Both parties agree to make a good faith attempt to arrive at a joint statement of facts and issues to be submitted to the arbitrator. The joint statement shall contain a full summary of the grievance, all responses and the basis of grievant's objection to the City's final answer.

The Employer or Union shall have the right to request the arbitrator to require the presence of witnesses and/or documents. Each party shall bear the expense of its witnesses.

Once a determination is made that the matter is arbitrable or if such preliminary determination cannot be reasonably made, the arbitrator shall then proceed to determine the merits of the dispute.

The expense and fees of arbitration and the cost of the hearing room shall be shared equally by the Employer and the Union. Costs of arbitration shall include the arbitrator's fees, room cost and transcription costs. Nothing in this Article shall preclude the Employer and Union from agreeing to use expedited arbitration procedures. The decision and award of the arbitrator shall be made within forty-five (45) days following the hearing and shall be final and binding on the Employer, the Union and the employee or employees involved.

Limitation on Authority of Arbitrator. The arbitrator shall have no power to amend, modify, nullify, ignore, add to or subtract from the provisions of the Agreement. The arbitrator shall consider and decide only the question of fact as to whether there has been no response or a misrepresentation of the specific provisions of this Agreement. The arbitrator shall only be empowered to determine the issue raised by the grievant as submitted in writing. The arbitrator shall have no authority to make a decision on any issue not submitted or raised unless the parties mutually agree otherwise. The arbitrator shall be without power to make any decision or award which is in any way contrary to or inconsistent with this Agreement or applicable rules and regulations of the City of Galena. The arbitrator shall not in any way limit or interfere with the powers, duties and responsibilities of the City of Galena. Any decision or award of the arbitrator rendered within the limitation of this Section shall be binding on the grievant and the City.

The grievant will not be paid by the City for any time associated with this procedure.

ARTICLE XIX - RESOLUTION OF IMPASSE

All impasses on matters in dispute shall be resolved according to the provision of Section 14 of the Illinois Public Labor Relations Act except that all arbitration hearings shall be conducted in Galena, Illinois.

ARTICLE XX - SICK LEAVE

Employees shall accumulate sick leave at the rate of one (1) working day for each calendar month of full time service or major fraction thereof, except that sick leave granted probationary employees shall not be available for use until satisfactory completion of the initial probationary period.

Section 1. Use of Sick Leave. No employee will be permitted to take sick leave that has not been earned unless said employee is participating in the sick leave bank. Sick leave may be taken in no less than one-half (1/2) day increments. Sick leave may be granted only for absence from duty because of personal illness or that of an immediate family member's illness, legal quarantine and annual physical and doctor's visits for the purpose of diagnosis and treatment, including dental care. These sick leave provisions will not apply to sickness, injury or disability within the purview of the Illinois Workers

Compensation Act.

Sick leave shall be computed on a calendar year basis and may be accumulated to a person of not more than ninety (90) days. Workers' Compensation benefits received shall be credited against the compensation due an Employee during sick leave but no additional sick leave shall be given because of such workers' Compensation benefits. In order to be eligible for sick leave with pay, an Employee must:

(1) report promptly to his department head the reason for his absence;
(2) keep his department head informed of his condition if the absence is for more than three (3) days duration;
(3) submit a medical certificate for any absence of more than three (3) days if required by the City Administrator or department head.

Claiming sick leave when physically fit, except as permitted in this Section may be cause for disciplinary action, including transfer, suspension, demotion or dismissal.

Upon an honorable separation from employment, employees shall be paid as terminal pay one-third (1/3) of their accumulated sick leave.

Sick leave shall not be considered as personal time that the employee may use at his discretion; it shall be allowed only in case of actual sickness or disability of for annual physical and doctor's visits for the purpose of diagnosis and treatment, including dental care.

Section 2. Separation. Upon separation from the employment of the City, employees shall be paid under the same terms and conditions and in the same amounts as applicable to all non-represented City employees.

Section 3. Accumulation of Sick Leave. Employees under this Agreement will have the opportunity to accumulate sick leave under the same terms and conditions and in the same amounts as applicable to all non-represented City employees.

Section 4. Retirement Sick Leave. Each employee shall be authorized to bank up to ninety (90) additional days of sick leave once they have accumulated the maximum number of sick days authorized under Article XX, Section 1. The additional sick leave may be used solely for the purpose of offsetting the cost of retirement health insurance. Employees wishing to participate in the retirement sick leave bank shall notify the City Clerk in writing of their intention. Each day of sick leave banked shall be banked using the sum of their hourly wage times eight (8) hours of work. The Finance Director shall keep a record of each employee's retirement sick leave bank in the respective employee's personnel file. Sick leave banked for the purposes of offsetting the cost of retirement insurance shall be used solely for that purpose. Under no circumstances shall an employee be authorized to bank more than ninety (90) days for this purpose.

(1) The amount accumulated in the Sick Leave Bank for Retirement Premiums shall be held on deposit by the City for the purpose of paying the retiree's COBRA health insurance premiums or alternative health insurance premiums after retirement and until such time as the retiree is eligible for Medicare. When the retiree is eligible for Medicare, any remaining balance of the Sick Leave Bank for Retirement Insurance Premiums shall be forfeited to the City.

(2) The City shall reimburse the retiree for health insurance premiums paid prior to reaching Medicare eligibility only after the retiree submits proof of payment of the premium. Proof of payment shall be submitted not more than 60 days after the payment by the retiree. The City shall reimburse the retiree within 30 days of receiving proof of payment."

(3) Not less than 30 days prior to an employee's retirement, the City shall inform the employee in writing of any insurance and other benefits that the retiree may be entitled to in retirement.

For purposes of this Agreement, any time the term "retirement" is used herein it shall mean an act whereby an employee voluntarily leaves the employment of the City and begins to collect retirement benefits under the Illinois Municipal Retirement Fund (IMRF) as said employee may so qualify from time to time under the rules and requirements of IMRF.

ARTICLE XXI - LEAVE OF ABSENCE WITHOUT PAY

Upon written request of an employee, leave of absence without pay may be granted by the City Administrator, taking into consideration good conduct, length of service, and efficiency of the Employee and the general good of the Employee and the general good of the municipal service. Such leave of absence shall not exceed a period of ninety (90) days provided that the same may be extended beyond such period if for continued disability or other good and sufficient reasons, but in no case shall exceed one (1) year except when the Employee is detailed for military service or disabled for disability incurred while in the service of the City.

Normally a written request for leave of absence without pay will have to be submitted to the City Administrator at least two (2) weeks prior to the commencement of the leave of absence.

Section 1. Maternity Leave. The provisions of this Section shall be modifiable in order to comply with the recently enacted Family Leave Bill. Employees who become disabled due to pregnancy shall be entitled to use the benefits, vacation, compensatory time, sick leave or Illinois Municipal Retirement Fund disability leave subject to the

following:

(a) the employee's department head shall be notified as soon as possible after medical confirmation of the pregnancy is received; such notice to include estimated date of delivery and physician stating work and duty capacity and limitation. These recommendations will be honored by the Employer and department head.

(b) an employee will not be allowed to return to work after deliver until she has supplied her department head with a statement from her physician that she is physically and medically able to return to her duties as a City employee. A copy of this statement shall be forwarded to the City Administrator.

(c) In any case, if an employee has not returned to work within two (2) months after delivery, she shall provide a doctor's statement substantiating her continued disability and expected date of recovery. Employees failing to comply with this Section or failing to return to work when found able by their physician will be separated from City employment.

(d) those employees desiring IMRF disability leave must met the qualifications of IMRF for such leave.

(e) employees will be allowed to use sick leave or personal days for spouse's delivery of their child (3 days providing there are no complications).

ARTICLE XXII - PERSONAL LEAVE; BEREAVEMENT LEAVE

Section 1. Personal Days/Leave.

(a) Employees shall be entitled to two (2) days, based on the employee's regular work shift, of personal leave in each contract year. Unused personal leave, up to a maximum of two (2) regular work days, may be carried over from year to year.

(b) An employee that is responsible for a reasonably avoidable accident, which caused injury or property damage, during the contract year shall forfeit one (1) regular work day of sick leave. The Director of Public Works shall determine whether the accident was reasonably avoidable.

Section 2. Bereavement Leave. An employee shall be granted three (3) days leave of absence at full pay in the event of a death in his/her immediate family. Immediate family is defined as spouse, parent, children, sister, brother, aunt, uncle, grandparent, grandparent-in-law, mother-in-law and father-in-law, sister and brother-in-law,

existing or subsequently enacted Federal or State legislation, or by Executive Order or other competent authority, the remaining provisions of this Agreement shall remain in full force and effect. In such event, upon the request of either party, the parties shall meet promptly and negotiate with respect to substitute provisions for those provisions rendered or declared unlawful, invalid or unenforceable.

ARTICLE XXV - COMPLETE AGREEMENT

The parties acknowledge that during the negotiations which preceded this Agreement, each had the unlimited right and opportunity to make demands and proposals with respect to any subject or matter not removed by law from the area of collective bargaining. The understandings and agreements arrived at by the parties after the exercise of that right and opportunity are set forth in this Agreement.

ARTICLE XXVI - DURATION AND SIGNATURE

Section 1. Term of Agreement. This Agreement shall be effect from May 1, 2017 and shall remain in full force and effect until April 30, 2021. It shall continue in effect from year to year thereafter unless notice of termination is given in writing by certified mail by either party to the other not more than one-hundred and twenty (120) days nor less than ninety (90) days prior to expiration. The notices referred to shall be considered to have been given as of the date shown on the postmark. Written notice may be tendered in person, in which case the date of the notice shall be the written date of receipt.

Section 2. Opening Negotiations at End of Agreement. The parties agree that if either side decides to open negotiations making any changes in the Agreement, the other party may so notify the other at least ninety (90) days and no more than one-hundred twenty (120) days prior to the expiration of this Agreement or the extension thereof. In the event such notice to negotiate is given, then the parties shall meet not later than ten (10) days after the date of receipt of such notice, or at such reasonable times as are agreeable to both parties for the purpose of negotiation. All notice provided for in this Agreement shall be served upon the other party by registered mail, return receipt requested.

FOR THE CITY:

Terry Renner

Terry Renner, Mayor

Joe Nack, City Attorney

Mark Moran, City Administrator

FOR THE UNION:

5-17-17

Steve Mongan

5-18-17

David Rury

5-19-17

Tim Bussan

Appendix A: Public Works Starting Wages by Classification

May 1, 2017-April 30, 2021

Classification	2017-18 Year 1	2018-19 Year 2	2019-20 Year 3	2020-21 Year 4
Asst. Foreman	$ 22.86	$ 22.86	$ 22.86	$ 22.86
Operator 1	$ 21.17	$ 21.17	$ 21.17	$ 21.17
Operator 2	$ 20.31	$ 20.31	$ 20.31	$ 20.31
Laborer	$ 18.70	$ 18.70	$ 18.70	$ 18.70

APPENDIX B: Public Works Pay Schedule: May 1, 2017-April 30, 2021

4-Year Pay Plan

Employee	Classification	2016-17 Current Hourly	2017-18 Year 1	2018-19 Year 2	2019-20 Year 3	2020-21 Year 4
Bingham (Fam)	Asst. Foreman	$25.33	$26.83	$26.83	$27.60	$27.60
Kuhn (Fam)	Operator 1	$23.89	$25.39	$25.39	$25.89	$25.89
Rury (Fam)	Asst. Foreman	$24.20	$25.94	$25.94	$26.44	$26.44
Bussan (Fam)	Operator 1	$22.63	$24.13	$24.13	$24.63	$24.63
Frank (Emp+Sps)	Operator 2	$22.01	$23.73	$23.73	$24.23	$24.23
Montgomery (Single)	Operator 2	$21.46	$22.96	$23.19	$23.69	$23.69
Miller (Single)	Laborer	$18.81	$20.31	$20.31	$20.81	$21.02
Sinagra	Laborer	$18.81	$20.31	$20.31	$20.81	$20.81

Pay Increases by Year

Employee	Classification	2017-18 Year 1	2018-19 Year 2	2019-20 Year 3	2020-21 Year 4
Bingham	Asst. Foreman	$1.50	$0.00	$0.50	$0.00
Kuhn	Operator 1	$1.50	$0.00	$0.50	$0.00
Rury	Asst. Foreman	$1.50	$0.00	$0.50	$0.00
Bussan	Operator 1	$1.50	$0.00	$0.50	$0.00
Frank	Operator 1	$1.50	$0.00	$0.50	$0.00
Montgomery	Operator 2	$1.50	$0.00	$0.50	$0.00
Miller	Laborer	$1.50	$0.00	$0.50	$0.00
Sinagra	Laborer	$1.50	$0.00	$0.50	$0.00

Employee	Classification	2016-17 Current Annual	2017-18 Year 1	2018-19 Year 2	2019-20 Year 3	2020-21 Year 4
Bingham (Fam)	Asst. Foreman	$52,684	$55,804	$55,804	$57,402	$57,402
Kuhn (Fam)	Operator 1	$49,685	$52,805	$52,805	$53,845	$53,845
Rury (Fam)	Asst. Foreman	$50,333	$53,957	$53,957	$54,997	$54,997
Bussan (Fam)	Operator 1	$47,070	$50,190	$50,190	$51,230	$51,230
Frank (Emp+Sps)	Operator 2	$45,773	$49,350	$49,350	$50,390	$50,390
Montgomery (Single)	Operator 2	$44,647	$47,767	$48,245	$49,285	$49,285
Miller	Laborer	$39,129	$42,249	$42,249	$43,289	$43,722
Sinagra	Laborer	$39,129	$42,249	$42,249	$43,289	$43,289

= Year of 1% Longevity Increase

Note:
Employees are entitled to a 1% longevity pay increase added to their base wage after the completion of 5, 10, 15, 20, 25, and 30 years of continuous employment.
The longevity increase has been included in the "4-Year Pay Plan" and is indicated with shading and a dashed outline of the wage cell.

APPENDIX C

City of Galena, Illinois

Health Savings Account (HSA) Policy

The City of Galena offers a Health Savings Account (HSA) health insurance option to all full time employees. The HSA stresses and rewards wellness and encourages each employee to be an educated consumer of health care services.

An HSA is typically a high deductible policy without office copayments or prescription copayments. Each participating employee would have his or her own "health savings account" from which he or she pays for all eligible health care expenses up to the deductible amount. Once the deductible is reached, all other eligible health expenses are fully covered by the insurer for the remainder of the year. Funds deposited in an employee's HSA account by the employer or the employee are deposited pre-tax or tax exempt. Funds in an HSA account belong to the employee, can accumulate year-to-year, and earn interest from the holding bank. If an employee leaves the employment of the City, the HSA account would be "portable" to other employment or retirement.

POLICY DETAILS

As a high deductible plan, the HSA would only be attractive to and feasible for employees if the City was to make annual contributions to each employee's account. On October 26, 2009, the Galena City Council approved a plan to offer the Blue Cross/Blue Shield EPOC 1807 HSA policy and fund employee HSA accounts. The Galena State Bank has been selected as the institution where the HSA accounts will be maintained. Funding from the City would be available in the following three ways.

1. **ISA Credit:** A pro rata portion of the Insurance Saving Account (ISA) fund. The ISA is funded with $16,000 per year from the General Fund and is used to reimburse employees for eligible insurance expenses. On January 1, 2010, the current fiscal year balance of the ISA fund will be equally divided by the number of full time employees. Each employee participating in the HSA will have their pro-rata share of the ISA deposited in their HSA account on January 1, 2010 (the start date of the HSA).

   On May 1, 2010 each participating employee will have deposited in their HSA account their pro-rata share of 100% of the $16,000 ISA fund ($571 per employee). On May 1 of the next three years, each participating employee will have deposited in their account 75% ($428), 50% ($285), and 25% ($142) of the ISA fund, respectively. The ISA fund will be eliminated thereafter.

   Employees not participating in the HSA and electing coverage under the alternative PPO plan will be eligible for reimbursements according to the current ISA policy, but not to exceed the pro-rata amount allocated to the HSA participants in any given year.

2. **Health Premium Credit:** An amount equal to the savings between the current health premium for the employee and the HSA premium. This amount varies depending on the insurance category of the employee: single, employee + spouse, employee + child(ren), or family. For example, the savings for the single employee in the first year would be $783 while the family savings would be $2,135. The Health Premium

Credit will be deposited in each participating employee's HSA account on January 1, 2010. On each subsequent January 1, the City will contribute an amount equal to first year contribution (savings) plus the percentage increase in the HSA premium for that year. In no year would the Health Premium Credit be less than the amount deposited in 2010.

3. **Dental Premium Credit:** An amount equal to the annual cost of the dental insurance premium, should the employee decline dental insurance. Since dental expenses are eligible medical expenses and may be paid from an HSA account, some employees may choose not to retain dental coverage. For each employee who elects to refuse dental coverage, the City will deposit in the employee's HSA account an amount equal to the annual dental premium. The deposit will occur on January 1, 2010. On each subsequent January 1, the City will contribute an amount equal to the 2010 Dental Premium Credit plus the percentage increase in the dental premium for that year. In no year would the Dental Premium Credit be less than the amount deposited in 2010.

A summary of the EPEC 1807 HSA deductibles and the potential contributions by the City is attached.

Contributions by the Employee

In addition to the dollars contributed by the City, each employee participating in the HSA may contribute dollars to their HSA account in two ways.

1. Automatic Payroll Deduction: Prior to January 1 of each year, the employee may designate an amount to add to his or her HSA account through monthly automatic payroll deductions. The amount would be the same for each of the 12 months. Once the annual deduction amount has been selected, the amount cannot be changed or discontinued until the following January.

2. Bank Deposit: Each employee or their recorded account agent (usually wife/husband) may make deposits to their HSA account at a branch of the Galena State Bank. Such deposits would be made in the same manner as with a checking or savings account. These bank deposits are considered tax deductible.

The federal government has established a maximum annual contribution to HSA accounts. For 2010, deposits to individual accounts may not exceed $3,050 for the year. Family accounts may not exceed $6,150 for the year.

Questions regarding the HSA policy may be directed to Mark Moran, City Administrator.