I.R. NO. 2020-2

STATE OF NEW JERSEY
BEFORE THE PUBLIC EMPLOYMENT RELATIONS COMMISSION

In the Matter of

TOWNSHIP OF SPRINGFIELD,

Petitioner,

-and- Docket No. SN-2019-063

FMBA LOCAL 57/57A,

Respondent.

Appearances:

For the Petitioner, Inglesino, Webster, Wyciskala, Taylor, LLC, attorneys (Ellen O'Connell, of counsel and on the brief; Joao F. Magalhaes, on the brief)

For the Respondent, Law Offices of Craig S. Gumpel. LLC, attorneys (Craig S. Gumpel, of counsel and on the brief)

INTERLOCUTORY DECISION

On April 15, 2019, the Township of Springfield filed a scope of negotiations petition seeking a restraint of binding arbitration of a grievance (Docket No. AR-2019-510) filed by the Firemen's Mutual Benevolent Association Locals 57 and 57A (FMBA).[1/] The grievance alleges that the Township violated the parties' collective negotiations agreements (CNA) when it refused to pay the health insurance premiums for qualified retirees.

The Township asserts that arbitration is preempted by amendments to state statutes contained in P.L. 2011, c. 78

1/ Local 57 represents Firefighters. Local 57A represents Fire Captains.

(Chapter 78) that took effect on June 28, 2011. The Township asserts that exemptions to Chapter 78's terms claimed by the FMBA do not apply because the Township and the FMBA did not have a CNA in effect on that date.[2/]

After all briefs, exhibits and certifications were filed, on August 30, 2019, the Township filed an application for interim relief seeking a temporary restraint of binding arbitration scheduled for September 11 pending disposition of the underlying scope of negotiations petition. The Township submitted a letter memorandum and the certification of its attorney.

PROCEDURAL HISTORY

On September 3, 2019, I signed an Order to Show Cause directing the FMBA to file any opposition by September 6 and setting September 9 as the return date for oral argument. My letter transmitting the Order to Show Cause advised that I would consider the submissions made by the parties in connection with the scope of negotiations petition.

2/ The Township has abandoned, but "preserved for any future proceedings," the argument made in its original brief in support of its scope of negotiations that an additional ground for restraining arbitration is the FMBA's failure to comply with the grievance procedure. Such a claim is a procedural argument that would be within the jurisdiction of the arbitrator. See Atlantic City Bd. of Educ. v. Atlantic City Educ. Ass'n, P.E.R.C. No. 2012-31, 38 NJPER 257 (¶87 2012), aff'd 2013 N.J. Super. Unpub. LEXIS 787, certif. den. 215 N.J. 487 (2013). See also University Hospital (UMDNJ), P.E.R.C. No. 2017-34, 43 NJPER 236, 238 (¶73 2016).

On September 6, the FMBA filed a letter brief and the certification of FMBA President Altay Vigilante in opposition to the Township's interim relief application. On September 9, counsel engaged in oral argument during a telephone conference call. Following oral argument, I signed an order denying the application for interim relief, concluding that the Township had failed to demonstrate that it was substantially likely to prevail on its claim that the grievance was preempted by state law. This decision contains my findings of fact and conclusions of law.

FINDINGS OF FACT

Since January 1, 2001, the terms and conditions of employment of the Township's Firefighters and Fire Captains have been governed by the following agreements:

1. A CNA between the Township and Local 57 covering the period from January 1, 2001 through December 31, 2006.

2. A separate CNA between the Township and Local 57A covering the same time period.

3. A Memorandum of Agreement (MOA) entered into on September 24, 2010 between the Township and the FMBA (attached to this decision as appendix A) setting the terms of successor CNAs for the Local 57 and 57A units from January 1, 2007 through December 31, 2014.[3/]

3/ On September 28, 2010, the Township adopted the following resolution:

(continued...)

4. A CNA between the Township and Local 57, entered into on December 22, 2015 covering the period from January 1, 2015 through December 31, 2019.

3/ (...continued)
RESOLUTION 2010-2017 APPROVING THE TERMS OF A SUCCESSOR COLLECTIVE BARGAINING AGREEMENT BETWEEN THE TOWNSHIP OF SPRINGFIELD AND THE SPRINGFIELD FMBA LOCAL 57

WHEREAS, the Township of Springfield ("Township") and the Springfield FMBA Local 57 ("Union") have been conducting negotiations for a successor Collective Bargaining Agreement; and

WHEREAS, all the parties reached a tentative agreement on or about September 24, 2010; and

WHEREAS, the Union has subsequently ratified the tentative terms of that Agreement; and

WHEREAS, the Township desires to ratify the terms of the parties' agreement.

NOW, THEREFORE, BE IT RESOLVED that, the Township ratifies the terms contained in the Memorandum of Agreement, attached hereto and incorporated herein by reference, for inclusion in a successor Collective Bargaining Agreement between the Township of Springfield and the Springfield FMBA Local 57; and

BE IT FURTHER RESOLVED that the Township's Labor Counsel is directed to incorporate said terms into the parties' Collective Bargaining Agreement and authorizes the Business Administrator to execute said Collective Bargaining Agreement when completed.

TOWNSHIP OF SPRINGFIELD
By: Ziad Andrew Shenady, Mayor

Adopted:
September 28, 2010
Linda M. Donnelly, RMC
Township Clerk

5. A CNA between the Township and Local 57A, entered into on December 22, 2015, covering the period from January 1, 2015 through December 31, 2019.

Background of the grievance

The grievance involves two firefighters who began employment with the Township in 1992 and planned to retire in 2019. The issue involves the date on which they reached 20 years of creditable service in a public pension system for purposes of determining whether, as retirees, they would be subject to the health insurance premium contribution requirements of Chapter 78.

A memorandum dated August 7, 2018, authored by then Acting Township Administrator John Cook, addressed to Local 57 President Altay Vigilante and Fire Chief Carlo Palumbo discussed inquiries from employees represented by the FMBA regarding health care premium contribution obligations in retirement as affected by Chapter 78. The document, copied to elected and appointed municipal officials including the Township attorney, reads in pertinent part:

> [T]his communication seeks to address what the "effective date" is under Chapter 78 for purposes of determining on which date employees must have reached the required 20 years of service mark which excludes them from making mandatory contributions toward the cost of health benefits to which they are entitled upon retirement.
>
> The Township, in consultation with its labor counsel, maintains that pursuant to Chapter 78, employees who have attained 20 years of

> service by June 28, 2011 are not required to contribute to their post-retirement health benefit costs. It is the Township's position that, as it pertains to this issue, any employee who has not attained 20 years of service by June 28, 2011, regardless of the existence of an applicable collective negotiations agreement ("CNA") in effect on that date, must contribute to their post-retirement health benefits pursuant to Chapter 78.
>
> The Township has and will continue to consider all binding legal authority as to the interpretation, and implementation, of Chapter 78. If a particular bargaining unit, employee or their legal counsel takes issue with the Township's position, they are encouraged to bring any such legal authority (revised Statute, Regulation or New Jersey State or Federal Court decision) to the attention of the administration, and may of course take whatever appropriate legal action they deem necessary.

On August 20, 2018, the FMBA filed a grievance with the Fire Chief labeled "Formal Grievance Regarding Health Benefit Contributions in Retirement." It reads:

> Article VI, Insurance, Section 1 provides for retiree medical and hospitalization, prescription, vison care and dental coverage for life (or until Medicare eligibility depending on date of hire) at no cost to the retiree.
>
> By Memo dated August 7, 2018, the township advised the FMBA that "any employee who has not attained 20 years of service by June 28, 2011, regardless of existence of an applicable collective negotiations agreement ("CNA") in effect on that date, must contribute to their post-retirement benefits pursuant to Chapter 78."

> The agreement between the Township and FMBA 57/57A in effect on June 28, 2011 was signed on or about September 28, 2010 and covered the period January 1, 2007 through December 31, 2014. Two members of the bargaining unit were hired September 22, 1992 and reached 20 years of service in the retirement system prior to contract expiration, December 31, 2014.
>
> The effective date for P.L. 2011, c. 78 was either June 28, 2011 or if there was a contract in force on June 28, 2011, upon expiration of the agreement. Since these FMBA members reached 20 years of service prior to contract expiration, they are exempt from any health benefit contribution in retirement obligation under P.L. 2011, c. 78. . .
>
> * * *
>
> The FMBA requests that the township (a) exempt FMBA members who reach 20 years of service prior to contract expiration, December 31, 2014, from any health benefit contribution in retirement obligation under P.L. 2011, c. 78; and/or (b) comply with the agreement which requires the Township to pay the cost of the premiums for retiree medical coverage.

On March 19, 2019, Business Administrator John Bussicolo wrote to the FMBA President regarding the grievance. After referencing Cook's memorandum, the Business administrator wrote:

> Facts
>
> Both firefighters did not have 20 years of pension service credit as of June 28, 2011.
>
> Both firefighters were governed by a MOA dated September 2010.
>
> Labor counsel retained by the Township for the year ended 12/31/2018 rendered his

> opinion indicating among other things that a "MOA" does not rise to a level of a C.N.A. and thus the firefighters were not considered to be governed by a C.N.A. on June 28, 2011.
>
> Labor counsel retained by the Township for the year ended 12/31/2019 rendered her opinion indicating among other things that a "MOA" does not rise to a level of a C.N.A. and thus the firefighters were not considered to be governed by a C.N.A. on June 28, 2011.
>
> Members of the finance subcommittee very recently were informed of the above facts and conversations between and among John Cook, Michael Quick and me concerning these matters and have not given authorization to Michael Quick or to me to negotiate with you on these issues.
>
> Recently the entire Township Committee was briefed on these matters.
>
> The Township Committee and I want to thank you for the outstanding work performed by you and your members.
>
> The Township Committee must operate in the best interests of the residents and taxpayers of Springfield; and the Committee should listen and react to the opinions of labor counsel. The members of the Committee have chosen to listen to the opinions of labor counsel and have chosen not to adopt any resolution would be contrary to the advice of labor counsel.
>
> As suggested earlier perhaps you should seek judicial relief on this matter.

Relevant Statutes

Generally speaking, the enactment of P.L. 2011, c. 78, effective June 28, 2011, (Chapter 78) raised the amount that public employees were required to contribute to their health

insurance premiums. See discussion in Ridgefield Park Bd. of Educ. v. Ridgefield Park Educ. Ass'n, 459 N.J. Super. 57, 61 to 63 (App. Div. 2019). However, there are portions of the law that:

> (1) delayed the implementation of the health care contribution provisions until the expiration of a collective negotiations agreement that was in effect on June 28, 2011; and
>
> (2) exempted from the contribution obligation employees who, as of the effective date of Chapter 78, had achieved a specified number of years of creditable service in a retirement system.

The Township asserts that its dispute with the FMBA is controlled by section 42 of Chapter 78 which amended N.J.S.A. 40A:10.21.1.b to read in pertinent part:

> (1) Notwithstanding the provisions of any other law to the contrary, public employees of an employer, as those employees are specified in paragraph (2) of this subsection, shall contribute, through the withholding of the contribution from the monthly retirement allowance, toward the cost of health care benefits coverage for the employee in retirement and any dependent provided pursuant to N.J.S.40A:10-16 et seq., unless the provisions of subsection c. of this section apply . .
>
> (2) The contribution specified in paragraph (1) of this subsection shall apply to:
>
> (a) employees of employers for whom there is a majority representative for collective negotiations purposes who accrue the number of years of service credit, and age if required, as specified in N.J.S.40A:10-23, or on or after the expiration of an applicable

binding collective negotiations agreement in force on that effective date, and who retire on or after that effective date or expiration date, excepting employees who elect deferred retirement, when the employer has assumed payment obligations for health care benefits in retirement for such an employee; and

(b) employees of employers for whom there is no majority representative for collective negotiations purposes who accrue the number of years of service credit, and age if required, as specified in N.J.S.40A:10-23, on or after that effective date or on or after the expiration of a binding collective negotiations agreement in force on that effective date if the terms of that agreement concerning health care benefits payment obligations in retirement have been deemed applicable by the employer to those employees, and who retire on or after that effective date or expiration date, excepting employees who elect deferred retirement, when the employer has assumed payment obligations for health care benefits in retirement for such an employee.

(3) Employees described in paragraph (2) of this subsection who have 20 or more years of creditable service in one or more State or locally-administered retirement systems on the effective date of P.L. 2011, c. 78 shall not be subject to the provisions of this subsection.[4/]

4/ The FMBA asserts that as the Township now provides health benefits through the State Health Benefits Plan, the appropriate statutory reference is to N.J.S.A. 52:14-17.25 et. seq. However, the portions of N.J.S.A. 40A:10-21.1b., cited by the Township has language identical to N.J.S.A. 52:14-17.28d.b.(1) through (3), as amended by Chapter 78. In particular, N.J.S.A. 52:14-17.28d.b.(3) reads:

(continued...)

The Department of Community Affairs, through the issuance of Local Finance Notice (LFN) 2011-20R provided guidelines to public employers for the implementation of Chapter 78. Pertinent to this dispute LFN 2011-20R at page 9 reads:

> Thus, local unit employees that receive retirement health care paid for by their employers (as per N.J.S.A. 40A:10-23 or similar law) **are exempt from the health benefits contribution required by c.78 if:**
>
> 1) They are covered or connected to a CNA; and,
>
> 2) They reach the age/years of service requirements (at least 62/15, pursuant to an approved local policy) for the benefit no later than the expiration of a contract that was in force on the effective date; or,
>
> 3) In the absence of a CNA, they reached the required age/years of service requirements (at least 62/15, pursuant to an approved local policy) for the benefit prior to the effective date; or
>
> 4) They had 20 or more years of creditable service in one or more State or locally-administered retirement systems on the effective date.
>
> [emphasis in original].

4/ (...continued)

(3) Employees described in paragraph (2) of this subsection who have 20 or more years of creditable service in one or more State or locally-administered retirement systems on the effective date of P.L.2011, c.78 shall not be subject to the provisions of this subsection.

Though not cited directly by the parties, I find relevant to this dispute another portion of N.J.S.A. 40A:10-21.1 that was amended by Chapter 78. N.J.S.A. 40A:10-21.1.e. provides:

> e. Any extension, alteration, re-opening, amendment or other adjustment to a collective negotiations agreement in force on the effective date of P.L.2011, c.78, or to an agreement that is expired on that effective date, shall be considered a new collective negotiations agreement entered into after that effective date for the purposes of this section.

This section does not refer to an executed and implemented MOA in effect prior to June 28, 2011 as a document that will be treated as a new CNA not effective to delay application of Chapter 78's provisions.

Positions of the parties

The Township argues that the FMBA grievance seeks a finding that certain firefighters should qualify for non-contributory retiree medical benefits even though there was no CNA in effect on June 28, 2011 and the firefighters did not have the minimum years of service on that date. To resolve the grievance the arbitrator must review and apply the relevant statute enacted by [L. 2011] Chapter 78, N.J.S.A. 40A:10-21.1 which only exempts certain employees from contribution requirements when the employee had 20 years of creditable service on or after the expiration of an applicable binding collective negotiations agreement. The Township asserts that the parties did not have a

binding collective negotiations agreement on June 28, 2011, the effective date of Chapter 78. They had a signed "Memo of Agreement," that was not a collective negotiations agreement.[5/]

The FMBA counters that the 2010 MOA was ratified by both parties and its provisions were substantially implemented. It points out that the MOA tasked the Township's attorney with drafting new CNAs based on the terms of the MOA. It maintains that such an MOA is treated as the legal equivalent of a CNA noting that such documents are deemed sufficient to be a "contract bar" in representation proceedings and that violation of the terms of an MOA constitutes an unfair practice within the meaning of N.J.S.A. 34:13A-5.4a(5). See, respectively, Township of Morris, D.R. No. 2008-1, 33 NJPER 197 (¶68 2007), and Township of Irvington, I.R. No. 2019-7, 45 NJPER 129 (¶34 2018). The FMBA maintains that a CNA, i.e. the one covering Local 57 and 57A for the period January 1, 2007 through December 31, 2014, was in place and in effect of June 28, 2011, the effective date of Chapter 78.

5/ The Township cites Fraser v. Teaneck Tp., 1 N.J. 503 (1949) whose holding was superseded by subsequent legislation. See Finn v. Norwood, 227 N.J. Super. 69 (App. Div. 1988). Tumulty v. Jersey City, 57 N.J. Super. 503 (App. Div. 1959), similarly provides no support for its claim that a ratified MOA is not the legal equivalent of a CNA. Neither case cited by the Township involved collective negotiations between a public employer and an employee organization representing its employees and both preceded the 1968 enactment of the public sector portion of the New Jersey Employer-Employee Relations Act.

STANDARD OF REVIEW

To obtain interim relief, the moving party must demonstrate both that it has a substantial likelihood of prevailing in a final Commission decision on its legal and factual allegations[6/] and that irreparable harm will occur if the requested relief is not granted. Further, the public interest must not be injured by an interim relief order and the relative hardship to the parties in granting or denying relief must be considered. See Crowe v. De Gioia, 90 N.J. 126, 132-134 (1982); Whitmyer Bros., Inc. v. Doyle, 58 N.J. 25, 35 (1971); Burlington Cty., P.E.R.C. No. 2010-33, 35 NJPER 428 (¶139 2009) (citing Ispahani v. Allied Domecq Retailing United States, 320 N.J. Super. 494 (App. Div. 1999) (federal court requirement of showing a substantial likelihood of success on the merits is similar to Crowe)); State of New Jersey (Stockton State College), P.E.R.C. No. 76-6, 1 NJPER 41 (1975); Little Egg Harbor Tp., P.E.R.C. No. 94, 1 NJPER 37 (1975).

Scope of negotiations determinations must be decided on a case-by-case basis. See Troy v. Rutgers, 168 N.J. 354, 383 (2000) (citing City of Jersey City v. Jersey City POBA, 154 N.J. 555, 574 (1998)). Where a restraint of binding arbitration is sought, a showing that the grievance is not legally arbitrable warrants issuing an order suspending the arbitration until the

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6/ Material facts must not be in dispute in order for the moving party to have a substantial likelihood of success before the Commission.

Commission issues a final decision. See Ridgefield Park Ed. Ass'n v. Ridgefield Park Bd. of Ed., 78 N.J. 144, 154 (1978); Bd. of Ed. of Englewood v. Englewood Teachers, 135 N.J. Super. 120, 124 (App. Div. 1975); City of Newark, I.R. No. 2005-4, 30 NJPER 459, 460 (¶152 2004).

In a scope of negotiations determination, the Commission's jurisdiction is narrow. Ridgefield Park Ed. Ass'n v. Ridgefield Park Bd. of Ed., 78 N.J. 144, 154 (1978) states:

> The Commission is addressing the abstract issue: is the subject matter in dispute within the scope of collective negotiations. Whether that subject is within the arbitration clause of the agreement, whether the facts are as alleged by the grievant, whether the contract provides a defense for the employer's alleged action, or even whether there is a valid arbitration clause in the agreement or any other question which might be raised is not to be determined by the Commission in a scope proceeding. Those are questions appropriate for determination by an arbitrator and/or the courts.

Thus, the Commission does not consider the contractual merits of the grievance or any contractual defenses the employer may have.

The Supreme Court of New Jersey articulated the standards for determining whether a subject is mandatorily negotiable in Local 195, IFPTE v. State, 88 N.J. 393, 404-405 (1982):

> [A] subject is negotiable between public employers and employees when (1) the item intimately and directly affects the work and welfare of public employees; (2) the subject has not been fully or partially preempted by statute or regulation; and (3) a negotiated agreement would not significantly interfere

> with the determination of governmental policy. To decide whether a negotiated agreement would significantly interfere with the determination of governmental policy, it is necessary to balance the interests of the public employees and the public employer. When the dominant concern is the government's managerial prerogative to determine policy, a subject may not be included in collective negotiations even though it may intimately affect employees' working conditions.

The Supreme Court has held that "an otherwise negotiable topic cannot be the subject of a negotiated agreement if it is preempted by legislation." Bethlehem Tp. Bd. of Ed. v. Bethlehem Tp. Ed. Ass'n, 91 N.J. 38, 44 (1982). "However, the mere existence of legislation relating to a given term or condition of employment does not automatically preclude negotiations." Mercer Cty., P.E.R.C. No. 2015-46, 41 NJPER 339 (¶107 2015). "Negotiation is preempted only if the [statute or] regulation fixes a term and condition of employment 'expressly, specifically and comprehensively.'" Bethlehem Tp. Bd. of Ed., 91 N.J. at 44 (citing Council of New Jersey State College Locals v. State Bd. of Higher Ed., 91 N.J. 18, 30 (1982)). "The legislative provision must 'speak in the imperative and leave nothing to the discretion of the public employer.'" Id. (citing Local 195, 88 N.J. at 403-404); see also, State v. State Supervisory Employees Ass'n, 78 N.J. 54, 80-82 (1978).

Further, "[t]here is a difference . . . between the scope of negotiation and the scope of grievability." New Jersey Transit

Bus Operations, I.R. No. 2012-17, 39 NJPER 328 (¶113 2012). The Supreme Court of New Jersey addressed this issue in West Windsor Twp. v. PERC, 78 N.J. 98, 115-117 (1978):

> A consequence of our holding herein is that the scope of mandatory grievability is substantially equivalent to the scope of mandatory negotiability. Just as the public employers are required to negotiate with respect to the terms and conditions of public employment, so must they provide their employees with a forum for the presentation of their grievances pertaining thereto. However, an important difference does exist between what may be grieved and what may be negotiated. We have today held that the parties may not agree to contravene specific statutes or regulations setting particular terms and conditions of public employment and therefore that proposals to do so are not mandatorily negotiable. State v. State Supervisory Employees Ass'n, supra, 78 N.J. at 80. We have further held that such statutes and regulations are effectively incorporated by reference as terms of any collective agreement covering employees to which they apply. Id. As such, disputes concerning their interpretation, application or claimed violation would be cognizable as grievances subject to the negotiated grievance procedure contained in the agreement. However, as is the case with negotiated agreements, no grievance resolution may contravene a statutory or regulatory mandate. Nevertheless, the issues of whether and how such statutes and regulations apply to authorize or prohibit particular actions by the public employer or the employees are proper subjects of "appeal" pursuant to N.J.S.A. 34:13A-5.3. The inability of the parties to agree to contravene statutory or regulatory imperatives pertaining to the terms and conditions of public employment precludes negotiability. However, the fact that no grievance may be resolved in a manner that

> would contravene any applicable statutes or regulations does not mean that the grievability of disputes concerning their alleged violation in a particular case is similarly precluded. To this extent, the scope of grievability is more expansive than the scope of negotiability.

ANALYSIS

Given these legal precepts I find that the Township has failed to demonstrate a substantial likelihood of prevailing in a final Commission decision on its argument that the parties' 2007 to 2014 MOA does not qualify as a CNA that was in existence and in place on June 28, 2011, the effective date of Chapter 78. That is the sole scope of negotiations issue raised by the Township's petition.

Given the limits of the Commission's jurisdiction and West Windsor's recognition that an arbitrator may apply relevant state statutes to resolve grievances that bear upon their interpretation and application, the parties may argue to the arbitrator how the existence of the 2007 to 2014 CNA and the provisions of Chapter 78, affects when the two prospective retirees are deemed to achieve 20 years of service credit, including whether they will be exempt from making Chapter 78 health care premium contributions as retirees.

ORDER

The request of the Township of Springfield for an interim restraint of binding arbitration is denied pending the final decision or further order of the Commission.

DON HOROWITZ
COMMISSION DESIGNEE

DATED: September 10, 2019

Trenton, New Jersey

Appendix A

MEMORANDUM OF AGREEMENT BETWEEN TOWNSHIP OF SPRINGFIELD AND TOWNSHIP OF SPRINGFIELD AND FMBA LOCAL 57/57A

The following is a memorandum of agreement for a successor collective bargaining agreement between the Township of Springfield ("Township") and FMBA Local 57/57A. The terms herein are subject to ratification by a majority vote of the parties' respective membership and Township Committee. All items not contained herein which are in the pending Interest Arbitration proceeding are deemed withdrawn by the parties.

I. Term - January 1, 2007 through December 31, 2014.

II. Article V - Wages - 2017 - 3.9%; 2008 - 3.9%; 2009 - 3.85%; 2010 - 3.5%; 2011 - 0%; 2012 - 1.75%; 2013 - 1.75%; 2014 - 1.75%

The parties agree that the above-noted wage increases are fully retroactive and all retroactive checks will be produced on or before December 1, 2010.

The parties further agree that the First Responder Stipend and the Certified EMT Stipend contained in Schedule A - Stipend shall be increased by $250 each, from $750 to $1000 effective January 1, 2011. The parties further agree that the above-noted stipends, along with the Certified Fire Inspector Stipend shall be added to base salary before the percentage adjustments are added thereto.

The parties further agree that the four (4) most senior firefighters (not Captains) shall receive $1000 per year as senior firefighter pay, which shall become effective on January 1, 2011. This figure shall also be added to base salary before the percentage adjustments are added thereto.

III. Article VI - Insurance - Delete and revise Section 1 to provide State Health Benefits Plan ("SHBP") for major medical and prescription coverage in accordance with the SHBP regulations. Also provide that all qualifying retirees and spouse must enroll in Medicare when eligible as primary insurance coverage and the Township will reimburse the retiree and spouse for Medicare Part B and Medicare Supplemental Coverage Plan F of the equivalent. It is understood by and between the parties that the members and/or dependants of FMBA Local 57/57A cannot access the Township's health benefits reserve accounts for any type of healthcare coverage reimbursement.

It is further agreed by the parties that the Township will provide up to ten (10) years of health insurance coverage to widows and/or dependants of firefighters who are killed in the line of duty.

It is further agreed that employees must have twenty-five (25) years of full-time service with the Township in order to qualify for retiree medical coverage. Additionally, all employees must contribute 1.5% of their pensionable base salary in accordance with New Jersey Law toward the cost of medical coverage.

IV. The parties agree to meet and confer on additional non-economic items following the ratification of this memorandum of agreement.