



# MEMORANDUM

## Special City Council Meeting

June 9<sup>th</sup>, 2025

**TO:** City Council

**FROM:** Lisa Nocerini, City Manager

**SUBJECT:** Approval of Payment-in-Lieu Insurance Stipend Policy

As part of our continued effort to offer flexible employee benefit options and manage healthcare costs, I am requesting Council approval to implement a payment-in-lieu of insurance coverage stipend for full-time employees who elect to opt out of the City's health insurance plan. This option would be available to those employees who provide acceptable documentation demonstrating enrollment in an alternative, qualifying health insurance plan.

The proposed monthly stipend amounts, and corresponding annual totals are as follows:

- \$1,000 per month for employees eligible for family coverage  
– Annual total: \$12,000
- \$800 per month for employees eligible for two-person coverage  
– Annual total: \$9,600
- \$600 per month for employees eligible for single coverage  
– Annual total: \$7,200

This stipend would be distributed monthly and would commence effective July 1, 2025. To ensure accountability and compliance, all employees requesting payment in lieu of coverage must submit acceptable proof of alternate qualifying health insurance coverage before any payments are issued. No stipend will be disbursed without verified documentation.

This policy provides employees with greater choice while allowing the City to reduce its overall healthcare expenditures when appropriate. I respectfully request Council approval of this payment-in-lieu policy so staff can implement the necessary procedures ahead of the upcoming fiscal year.

***Recommended Motion:*** Motion to approve the implementation of a monthly payment-in-lieu of insurance stipend for eligible full-time employees, effective July 1, 2025, in the amounts of \$1,000 for family coverage, \$800 for two-person coverage, and \$600 for single coverage, contingent upon submission of acceptable proof of alternate qualifying health insurance coverage.