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MEMORANDUM

To: Mayor and City Council Members

Through: Ritchie Haynes, City Manager

From: Tanya Osborne, Human Resources Director

Re: 1. Consideration of Revision to Administrative Policy Manual:
Addition of Administrative Policy #27 Employees Benefits and Stipend Program
Replacing Administrative Policy #10 Health/Dental Insurance
2. Consideration of establishing employee benefit and stipend amounts

Date: September 26, 2025

1. Since July 1, 2012, the City of Lincolnton has had Administrative Policy #10 which has outlined the cost-sharing of health/dental insurance coverage for benefit-eligible employees. The purpose of this memorandum is to recommend that Administrative Policy #10 be discontinued and replaced.

   The proposed replacement, Administrative Policy #27 Employee Benefits and Stipend Program, puts in place procedures that will be utilized for implementing and administering the program. The stipend is designed to assist employees with the cost of benefits while giving them flexibility to elect coverages that best fit their individual and family needs.

   The administrative policy is written as a living document, which allows the City Manager the flexibility to modify the amount as needed to stay within the City's financial capabilities and strategic goals.

   Attached for your review are Administrative Policy #27 Employee Benefits and Stipend Program and Administrative Policy #10 Health/Dental Insurance.

   Council consideration is requested for the following:
   Approval of the addition to the *City of Lincolnton Administrative Policy #27 Employee Benefits and Stipend Program.* This policy will replace Administrative Policy #10 with an effective date of October 2, 2025.

2. a. The implementation of an insurance stipend was approved by Council at the September 7, 2017 council meeting, and the amount has remained the same since. Consideration and discussions have been held with the City Manager regarding a potential increase to the insurance stipend which is received by all benefit-eligible employee groups. It is recommended the insurance stipend of $50 monthly be increased to $70.00 monthly for all benefit-eligible employees. The estimated increase to the budget is $49,500 for the calendar year beginning January 1, 2026.

   Council consideration is requested for the following:
   Approval of the insurance stipend to be increased from $50 monthly to $70 monthly for all benefit-eligible employees.

   b. Administrative Policy #10 Health/Dental Insurance initially approved by Council on July 1, 2012 established a health insurance benefit for employees hired prior to July 1, 2012. This benefit was specific to the portion of health insurance premiums related to child(ren) coverage and allowed that portion of the premium to be covered at the City's expense.
   This benefit has been included in the new Administrative Policy #27. After discussion with the City Manager, it is recommended the amount for this specific benefit for the pre-2012 employees be established at $150.00 monthly. It is anticipated, due to a decrease in the January 1, 2026 rates for the health insurance related to the employee/child tier, there will be a decrease of approximately $41,500 based upon current enrollment.

   Council consideration is requested for the following:
   Approval of the health insurance benefit for pre-2012 employees related to the coverage of child(ren) to be set at $150 monthly for the calendar year benefits 2026.

Attachments: Proposed changes to the Administrative Policy Manual-
Addition of Administrative Policy #27 Employee Benefits and Stipend Program
Replacing Administrative Policy #10 Health/Dental Insurance