



OFFICE OF THE CITY MANAGER

TO: Honorable Mayor and Members of the City Council
FROM: Patrick Urich, City Manager *Patrick Urich*
DATE: May 24, 2013
SUBJECT: Issues Update

The following are issues related to the City for the weekly Issues Update. If there are additional items you believe should be included, please let me know.

Graffiti Removal Machine

Attached is a memorandum from the Police Department regarding the acquisition and use of a graffiti removal machine.

IHDA Events Summary

On Saturday, May 18, the Illinois Housing Development Authority (IHDA) hosted two events at the Civic Center to assist residents who are struggling with foreclosure and those interested in purchasing a home. A press release with a summary of this event is attached. Residents who were unable to attend the session but need help with foreclosure or who are interested in learning about home buyer assistance should contact IHDA.

Money Smart Week 2013

Money Smart Week was once again offered in Peoria this past April. The City of Peoria is a full partner in this event, assisting with program and session planning and providing \$3,000 for marketing materials. This year, 1,699 people attended classes during the weeklong event. These classes ranged from basic budgeting, to health care financing issues, to special programs for veterans. In total, 76 programs were offered free to the public.

Health Care Presentation

Attached is a presentation made to the Health Care Committee by the City's health care consultant.



TO: City Manager Patrick Urich
FROM: Assistant Chief Jerry E. Mitchell
DATE: May 24, 2013
RE: Issues Update

Mr. Urich, the police department is in the process of acquiring a graffiti removal machine to assist in reducing the unsightliness of gang graffiti. The police department would purchase the machine and supporting equipment (trailer, chemicals, etc) for \$1 from the Altamount Neighborhood Association. The police department will maintain and operate the machine through the Neighborhood Development Specialist, Steve Fairbanks.

History

The machine was originally purchased through a grant by a local rotary club for approximately \$7,000. The machine was donated to the Altamount Neighborhood Association. Through the efforts of Mr. Paul Wilkinson, neighborhoods throughout the city may benefit from this machine.

Usage

- The removal of gang graffiti will support *Don't Shoot*.
- Available to Neighborhood associations and other community interests.
- Useful to neighborhood clean-up initiatives.

For Immediate Release
Saturday, May 18, 2013

Central Illinois Residents Receive Foreclosure Prevention and Homebuying Assistance

*State assists residents with up to \$35,000
to struggling homeowners to prevent foreclosure
and up to \$10,000 to buy a home*

PEORIA – On behalf of Governor Pat Quinn, the Illinois Housing Development Authority (IHDA) today hosted an affordable housing exposition at the Peoria Civic Center that targeted homeowners in danger of foreclosure and homebuyers looking for an affordable loan. The comprehensive housing event gave area residents direct access to state programs that help homebuyers buy a home affordably or assist current homeowners to save their homes from foreclosure.

“Events like today are important to connect residents to state programs,” Mary Kenney, IHDA Executive Director, said. “Keeping families in their homes, helping communities reduce the amount of vacant properties in their neighborhoods, and stimulating the housing market are all necessary for sustaining the state’s economy.”

Help for Homeowners

Struggling homeowners looking to avoid foreclosure met with loan officers from several major mortgage servicers, including Bank of America, Wells Fargo, Chase, PNC, and Select Portfolio Servicing to modify their loans or explore refinancing options. Unemployed or underemployed homeowners were also evaluated for the Illinois Hardest Hit program, which provides eligible homeowners up to \$35,000 in temporary financial assistance to reinstate their mortgage and/or help pay their monthly mortgage obligation.

Other homeowners received valuable one-on-one advice from housing counselors, including Novadebt, METEC, Spanish Coalition for Housing, Partners in Community Building, Illinois Assistive Technology Program, and Kingdom Community Development. Homeowners were connected to resources provided through the Illinois Foreclosure Prevention Network (IFPN), a state initiative led by IHDA.

Since the Network was launched in February 2012, more than 620,000 people across the state have been connected to FREE and trusted foreclosure help, including 75,600 homeowners having received counseling. Studies show that housing counseling nearly doubles the chances of mortgage modifications and reduces the likelihood of re-default by at least 67 percent.

Go to www.keepyourhomeillinois.org or call toll free 1-855-KEEP-411 to learn more about IFPN and the Illinois Hardest Hit program.

According to CoreLogic, as of January 2013, 4.4 percent of homes in Illinois are in foreclosure, with Illinois ranking fifth in the nation behind Florida, New Jersey, New York and Maine. As of January 2013, Illinois had 83,313 homes in foreclosure, a 3.8 percent drop over the previous month. However, 154,892 homeowners are 90 or more days delinquent, putting them at-risk of foreclosure. Similarly, in the Peoria/Pekin metropolitan area, as of January, the number of foreclosures dropped by 2.5 percent to 1,086, but there are still 2,233 homeowners that are 90 or more days delinquent.

Help for Homebuyers

Today's event also offered help to Illinois residents looking to buy a home. Local lenders Busey Bank, Wells Fargo, Herget Bank, Diamond Residential Mortgage Corp., and Inland Bank, pre-qualified homebuyers and helped them apply for up to \$10,000 in down payment assistance with a fixed-rate 30-year mortgage offered by the state through IHDA. Some homebuyers were also eligible to earn more than \$18,000 in federal tax credits over the life of the loan (based on a 30-year \$128,000 loan at four percent interest.)

Housing counselors from Novadebt, METEC, Spanish Coalition for Housing, Kingdom Community Development, and Springfield Housing Authority advised and guided homebuyers to find the best program for their needs, including the recently expanded Illinois Building Blocks program, which offers residents wishing to purchase a vacant home in the City of Peoria the full \$10,000 in down payment assistance with a fixed-rate 30-year mortgage. In March 2013, the Governor expanded the program to include Peoria and nine other communities. The program revitalizes communities by turning vacant properties into valuable homebuyer opportunities for low- to moderate-income families.

IHDA loan programs feature interest rates as low as 3.5 percent. Go to www.ihda.org/lender to apply through an IHDA-approved lender. Income and purchase limits apply.

According to the Illinois Association of Realtors, January 2013 home sales in Illinois increased by 31 percent over the last year.

"Even though the housing market is showing signs of recovery, still far too many families remain sidelined due to lenders tightening credit and lack of money for a down payment," Kenney said. "Nearly half of IHDA clients cited saving money for down payment as the greatest challenge to buying a home. The Governor and IHDA have responded to these challenges by expanding its mortgage products to make homeownership possible for more low- to moderate-income families and by proclaiming 2013 as the *Year of Homeownership*."

Homebuying is an important part of the state's three-pronged comprehensive approach to reviving the state's economy through 1) foreclosure prevention to keep homeowners in their homes; 2) rehabilitating vacant properties to create valuable homeownership opportunities; and 3) promoting healthy homebuying by increasing opportunities in the marketplace with affordable mortgages for homebuyers.

About the Illinois Housing Development Authority

IHDA (www.ihda.org) is a self-supporting state agency that finances the creation and the preservation of affordable housing across Illinois. Since its creation in 1967, IHDA has allocated more than \$11.6 billion and financed approximately 225,000 affordable units across the state.

{ Holmes Murphy & Associates }

We're for you.

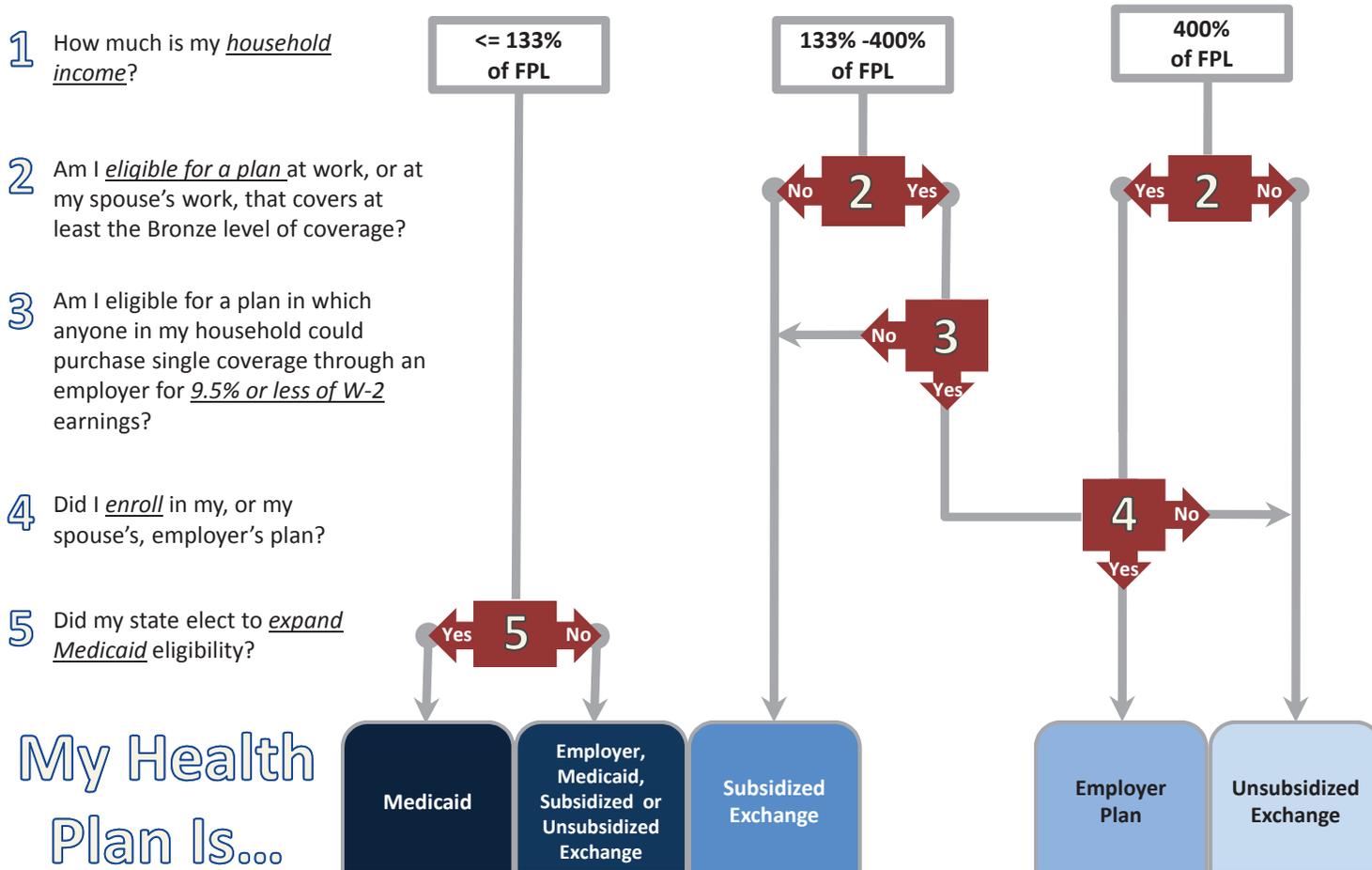


Healthcare Reform Discussion

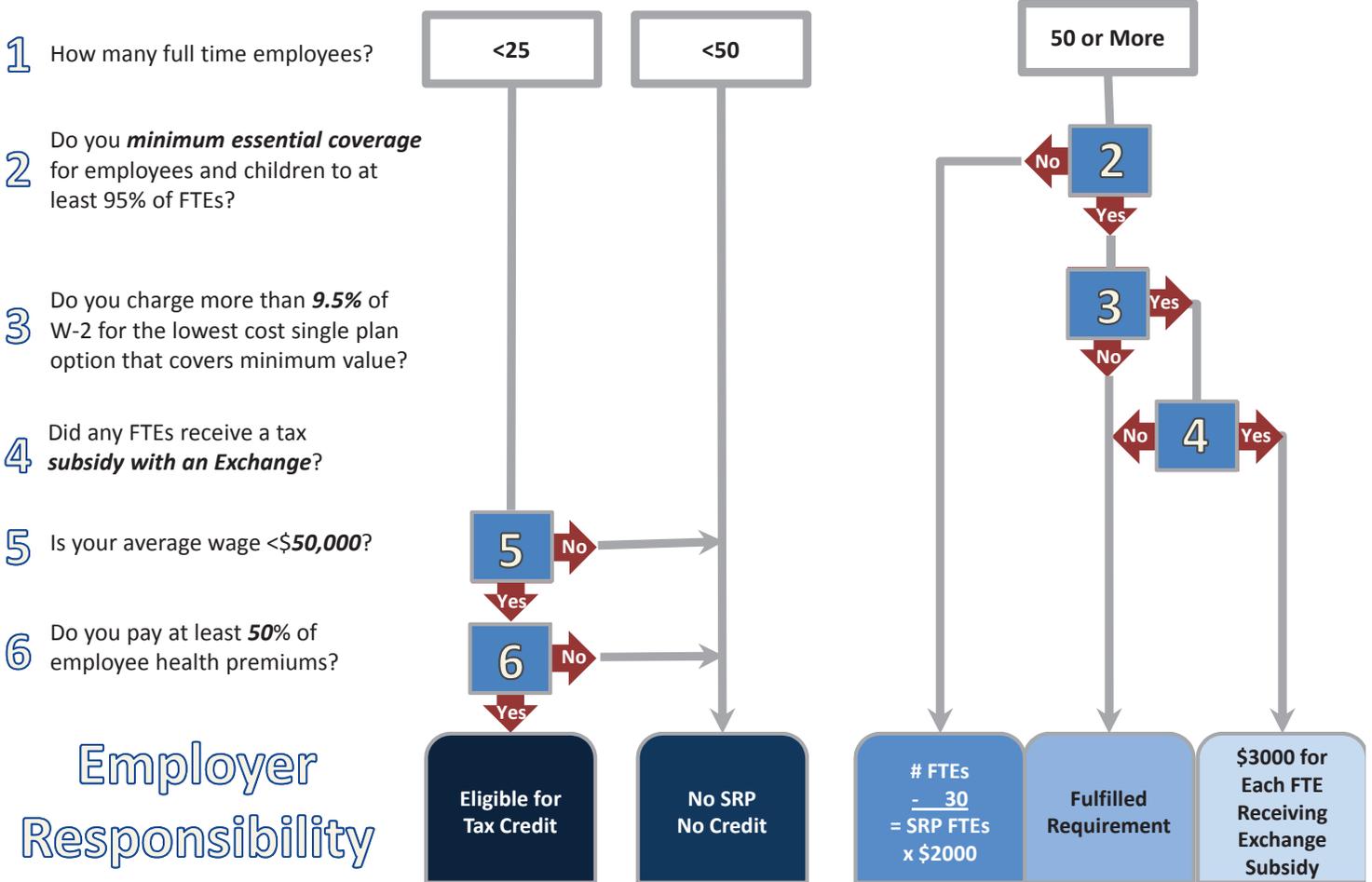


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How Americans Will Buy Health Insurance



Employer Requirements Under PPACA



Who Must Be Offered Coverage?



- Must offer coverage to employees and dependents
 - Applies only to children up to age 26
 - Spouse not a dependent

Minimum Offering Requirement



- Failure to offer coverage to a few full-time
 - Could result in penalty on all employees
- Must offer to at least 95% of employees
 - Or if greater, five full-time employees
 - Doesn't matter if it is inadvertent
- Employee must have opportunity to elect/decline coverage

Affordable Safe Harbor



- W2 safe harbor
 - Apply to that year's wages (not prior year)
 - Partial year employees
 - Use a prorated calculation
- Rate of Pay safe harbor
 - Take hourly rate times 130
 - Take monthly rate of pay for salaried employees
- Federal Poverty Line safe harbor
 - Only charge 9.5% of single FPL = \$90 per mo.
 - Peoria lowest single coverage premium = \$20 per mo.
 - Use most recently published on first day of plan year

Health Care Reform Fees & Taxes



- Research Fee - \$1.00 PMPM 1st Year
 - Need to File Form 720 by July 31, 2013
 - Increases to \$2.00 PMPM in 2014
- Reinsurance Fee - \$5.25 PMPM (2 years)
 - Enrollment Count Due by November 15, 2014
 - Billing Received by December 15, 2014
 - First Payment due within 30 days
 - Quarterly Billings Begin In 2015
- Cadillac Excise Tax (Begins in 2018)
 - 40% Excise Tax (Low Deductible – yes/High Deductible – no)
 - Annual Total Value < \$10,200 - single coverage
 - Annual Total Value < \$27,500 – family coverage

Pay or Play Penalties

Penalties

Individual

2014

\$95 or
1%

2015

\$325 or
2%

2016

\$695 or
2.5%

Employer

<50 FTE

No
penalty

No Plan

\$2000
First 30
Free

Not
Affordable

\$3000 per
person
with
subsidy



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Federal Poverty Level (FPL) Thresholds 100%-400% of FPL Premiums

Percentage of Poverty Examples 2013							
Persons in family	FPL 100%	133.01%	150%	200%	250%	300%	400%
1	\$11,490	\$15,283	\$17,235	\$22,980	\$28,725	\$34,470	\$45,960
2	\$15,510	\$20,630	\$23,265	\$31,020	\$38,775	\$46,530	\$62,040
3	\$19,530	\$25,977	\$29,295	\$39,060	\$48,825	\$58,590	\$78,120
4	\$23,550	\$31,324	\$35,325	\$47,100	\$58,875	\$70,650	\$94,200
5	\$27,570	\$36,671	\$41,355	\$55,140	\$68,925	\$82,710	\$110,280
6	\$31,590	\$42,018	\$47,385	\$63,180	\$78,975	\$94,770	\$126,360
7	\$35,610	\$47,365	\$53,415	\$71,220	\$89,025	\$106,830	\$142,440
8	\$39,630	\$52,712	\$59,445	\$79,260	\$99,075	\$118,890	\$158,520

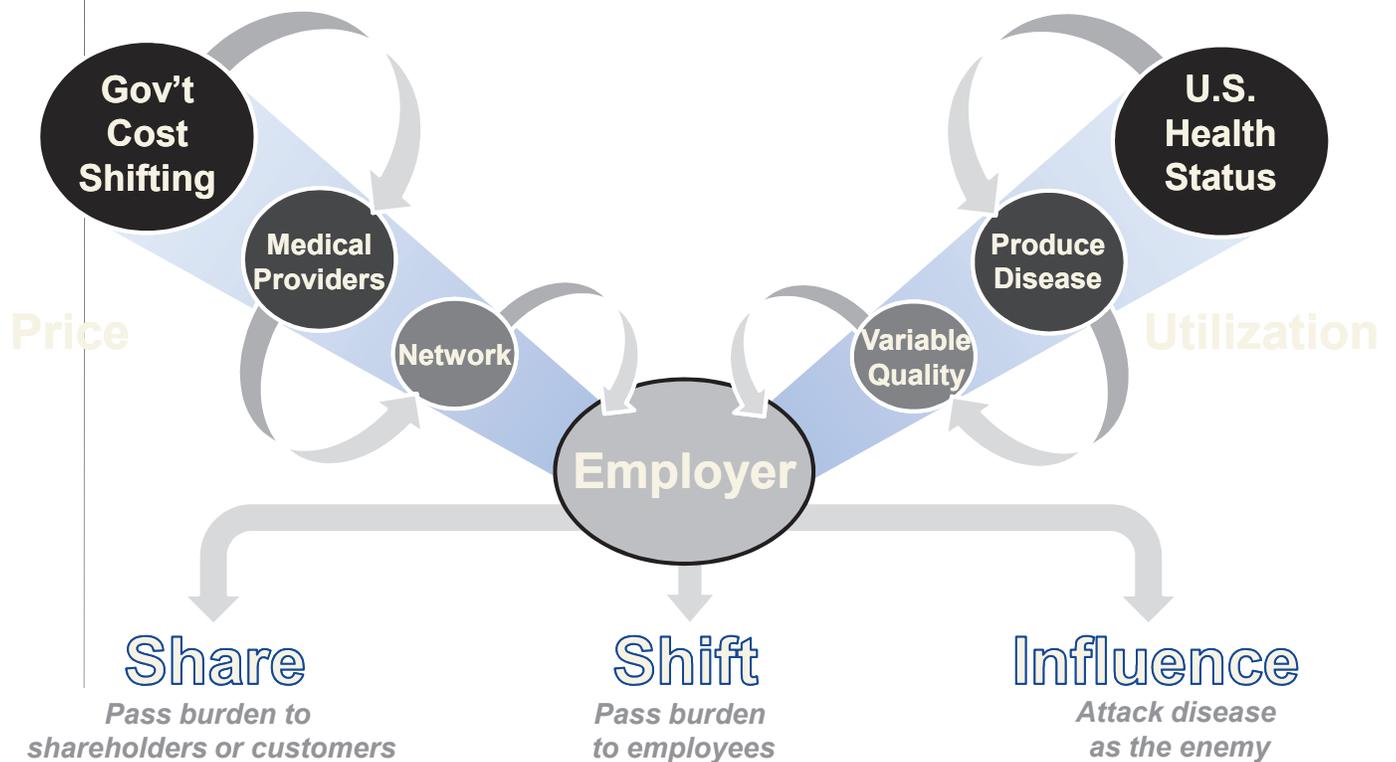
Maximum Annual Premium Within Exchange							
Plan Value	94%	94%	87%	73%	70%	70%	70%
# in Family	2.00%	3.00%	4.00%	6.30%	8.05%	9.50%	9.50%
1	\$230	\$458	\$689	\$1,448	\$2,312	\$3,275	\$4,366
2	\$310	\$619	\$931	\$1,954	\$3,121	\$4,420	\$5,894
3	\$391	\$779	\$1,172	\$2,461	\$3,930	\$5,566	\$7,421
4	\$471	\$940	\$1,413	\$2,967	\$4,739	\$6,712	\$8,949
5	\$551	\$1,100	\$1,654	\$3,474	\$5,548	\$7,857	\$10,477
6	\$632	\$1,261	\$1,895	\$3,980	\$6,357	\$9,003	\$12,004
7	\$712	\$1,421	\$2,137	\$4,487	\$7,167	\$10,149	\$13,532
8	\$793	\$1,581	\$2,378	\$4,993	\$7,976	\$11,295	\$15,059

Gov't subsidy fixed on 2nd lowest "silver" plan

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Pressure on the Employer's Doorstep



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Five Potential Risk Sharing Strategies

Culture	Cost	
		Continue Sharing Inflation Risk
		Index Inflation to Wage Increases
		Freeze Dependent Subsidies
		Defined Contribution – Employee Only
		Opt Out and Pay Penalty



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Next Steps

- Cadillac Excise Tax Review – May
 - Low Deductible Single: \$10,546 vs. \$10,200
 - Low Deductible Family: \$28,684 vs. \$27,500
 - High Deductible Single: \$7,382 vs. \$10,200
 - Low Deductible Family: \$20,079 vs. \$27,500
- Interactive Plan Design Session - July
- Finalize Budget – August

