

ADVANCINGSM OAK BROOK

WINTER/FEBRUARY 2023

WELCOME TO ISSUE NO. 3 OF

Advancing Oak BrookSM

I'm pleased to present another edition of the "Advancing Oak Brook" newsletter, keeping you informed of local issues that impact residents and businesses. Our mission is to highlight the positive changes the new Village board is making for Oak Brook, and the challenges we face in the future.

On April 4, 2023, you will have the opportunity to vote for a continuation of this progress by electing a new Village President, three Village Trustees, and Village Clerk.

I, **Larry Herman**, believe that I am the most qualified candidate to serve as your **next Village President**. Please visit my website (www.HermanForOakBrook.com) to learn more about my accomplishments for Oak Brook and how I intend to further that progress.

I encourage you to support the three **Village Trustee candidates** who, like myself, have the skills to lead and will make your safety and well-being our top priority:

- **Michael Manzo, MBA**, current Village Trustee
- **John Anos**, Sports Core Committee Chairman
- **Melissa Martin, CPA, PhD**, Sports Core Committee Member

Current Plan Commission Member **Netasha Scarpiniti, CPA** has been an outstanding community volunteer, and has the skill set best suited to drive innovation as **Village Clerk**.

I encourage you to get to know the candidates and support their efforts to advance Oak Brook.



Sincerely,

LAURENCE "LARRY" HERMAN, JD, CPA
VILLAGE TRUSTEE AND PRESIDENT PRO TEM
CANDIDATE FOR VILLAGE PRESIDENT



Pictured L to R: Melissa Martin, Larry Herman, Michael Manzo, Netasha Scarpiniti, and John Anos

Larry Herman
Endorsed by
Dr. Gopal Lalimalani
for Village
President!

www.HermanforOakBrook.com

Paid for by Advancing Oak Brook which is a political action committee. A copy of our report filed with the State Board of Elections is (or will be) available on the Board's official website (www.elections.il.gov) or for purchase from the State Board of Elections, Springfield, Illinois.

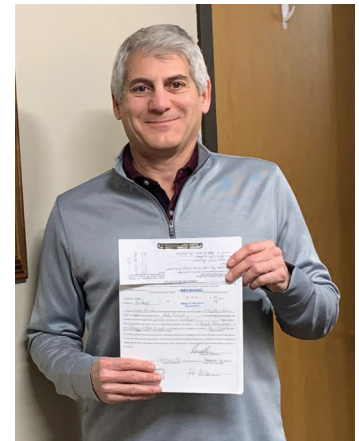
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Vote By Mail

While you can vote in person on April 4, 2023 at any official voting site in DuPage County, voting by mail has become very easy. The first day to apply for a Vote by Mail ballot is January 4, 2023. Ballots will then be mailed out to you by DuPage County after February 23, 2023.

You can apply for a Vote by Mail ballot at
www.dupagecounty.gov/election/votebymail,
or by scanning the QR code



Larry Herman filing his candidacy papers for Village President



Oak Brook Village Budget Keeps Improving!

In the Summer 2022 issue of this AOB Newsletter, we told you about the amazing **\$24,000,000** increase in the five-year projection of three of Oak Brook’s major operating funds’ cash balances. This was largely the result of new **Trustee Larry Herman** demanding and executing a top to bottom review of all spending, and specifically an increased accountability of capital spending.

In the Fall 2022 issue of the AOB Newsletter, we explained how we would further improve our operating results by adopting **“Zero Based Budgeting”**, which forces all department heads to start with a clean slate and justify every expense, rather than rolling last year’s spending forward.

With the 2023 budget now adopted, we expect the December 31, 2025 forecasted cash balances to improve *even more*, **from \$24,000,000 to \$44,000,000**, due to cost savings and improved tax revenues. This is the result of hard work and common sense exercised by financially astute Village Trustees. These vastly improved financial results will allow us to more robustly reinvest in our community, including enhancing our public safety, our roads, and recreational resources.

A Further Increase in December 31, 2025 Forecasted Fund Balance

	2021 Budget*	2022 Budget	2023 Budget
General Fund (12/31/25 Forecast)	\$21,440,126	\$24,187,930	\$34,921,431
Infrastructure Fund (12/31/25 Forecast)	(\$6,787,011)	\$3,720,737	\$12,714,393
Sports Core Fund (12/31/25 Forecast)	(\$7,739,971)	\$2,964,172	\$3,302,518
TOTAL	\$6,913,144	\$30,872,839	\$50,938,342
Increase in cash over 2021 Budget:		\$23,959,695	\$44,025,198

*Figures in parenthesis are negative.

The Chicago Tribune reported on our Zero-Based Budget policy on December 6, 2022, stating:

“The new, zero-base budgeting approach used this fall while Oak Brook staff and officials planned the 2023 budget fulfilled the goal of bringing better accountability, transparency and efficiency to the process.”

Quoting Trustee and Finance Committee Member **Larry Herman**, the article continued:

“... the money saving process proved productive and identified and corrected past problems such as: some expense items were budgeted in multiple accounts, resulting in over-budgeting for the same item; expense items with no descriptions that was possible budget ‘padding’, lack of accountability and justification for capital expenditures.”

The article concluded with a quote from Trustee and Finance Committee Chair **Mike Manzo**:

“It’s something we should have done a long time ago, but I’m glad we’re finally doing it, and I’m not surprised at how it worked out.”

You can count on **Trustees Larry Herman and Mike Manzo** to continue to watch every penny our Village spends to ensure it delivers maximum value to the Village.

Implementing Better Ways to Communicate

The Village currently has several not particularly effective means of communicating with residents, including social media, an annoying robocall system, email, and even print mail. Few of these reach residents in the manner in which they each prefer. In most cases, there are multiple household members impacted by Village affairs, but only one person at the home receives the message.

A Better Way

The Village should be communicating to its residents only the types of information they want to receive in the ways they wish to receive it.

- Oak Brook should have a system where residents can register as many email addresses and text phone numbers as they wish for their household, and then for each specify which categories of communications should go to each contact type.
- For residents wishing to express their concerns or request for help to the Village, we should have a Village portal (ideally accessed through both an app and browser) where a resident can select their concern from a drop-down menu and enter the details.
- The leadership of the Village should establish a culture of responsiveness to resident concerns at every level of Village government

An Example of Clear Communication Leading to Better Service

Imagine that after winter storms, a large pothole appears in front of your house. Today, you might call the Village (if you even knew what number to call) and wait for response. With new technology in place, you could go to the Village app (via your computer or your smart phone) and select the Public Works drop down option, then report the problem along with a photo. The phone's GPS tags the location. The Village app acknowledges receipt of your request, assigns it a ticket number, the work request feeds into a Public Works queue, and you receive periodic status updates. When the Village completes the job, you're notified and asked to complete a brief satisfaction survey. Meanwhile, work progress, statistics, and survey results are reported to Village Department heads and management to ensure that the Village is optimally serving its residents.

That's clear communication. That's responsiveness.

Larry Herman is running for Village President to pursue new and improved ways of conducting Village business to make our lives better in Oak Brook. Improving Village communication is a priority.

Low Taxes Benefits Both Oak Brook Businesses and Residents

In the Summer issue of this newsletter, we showed you how owning a house in Oak Brook compares favorably to owning a house in neighboring suburbs based on the lack of an Oak Brook municipal property tax levy on local homeowners.

The absence of an Oak Brook property tax is also a huge benefit for our businesses. Commercial property owners pass many of their costs – including property taxes – down to their tenants. Our lack of a municipal property tax results in lower pass through rental expenses for our valued commercial and retail companies.

Oak Brook is uniquely able to avoid a municipal property tax due to the strong sales tax revenue generated by our retail sector which exceeded \$24,000,000 in 2022. If our sales tax revenue was cut in half, we'd likely need to replace it with an equivalent property tax, or about \$12,000,000. Of that property tax, \$8,000,000 would be paid by our residents and \$4,000,000 by our business community.



Oak Brook Assessed Valuation

Our residential and business communities mutually benefit by partnering to maintain robust sales tax collections that allow us to avoid a municipal property tax.

Which Businesses Support Your Schools?

While our commercial real estate owners also don't pay a real estate tax to the Village, just like you they pay a lot of real estate taxes to the other taxing bodies – primarily the school districts. Electing Oak Brook officials focused on keeping our commercial properties vibrant benefits our residents because it supports the real estate tax valuation of commercial properties which in turn lessens the share of the total real estate tax burden on our residents.

School District	Commercial Area	Residential Area
Salt Creek/Willowbrook	Oakbrook Center Mall; West part of Commerce Drive	Oak Brook Club
Butler/Hinsdale Central	South side of 22nd Street including Costco and office buildings opposite the mall; Jorie Blvd. area; East part of Commerce Drive; Harger Road	Central Oak Brook
Downers Grove	Butterfield Road office buildings; Oak Brook Promenade	Southwest Oak Brook
Elmhurst	Clearwater; Windsor Drive; Enterprise Drive	Northeast Oak Brook

Enhancing Public Safety Through Technology

As a Village Trustee, Larry Herman has been leading the charge for Oak Brook's adoption of more technology to improve public safety, increase efficiency, and ease of doing business with the Village. Here's a sampling:

1. License Plate Reading (LPR) Cameras – In the Fall issue of AOB Newsletter, we told you about Larry adding \$200,000 to the 2022 Village budget for the expansion of the Village's crime fighting technology which funded the "50/50" Homeowners Association LPR camera initiative. The Village has also been adding LPR cameras on our thoroughfares. The added LPR cameras are already resulting in "hits" that have led to some recent arrests.

2. Village Wide Security Camera Hub – With new funding approved by the Village Board in the 2023 budget, our police department has just rolled out a new Village wide security camera hub that gives our police real time access to security cameras throughout the Village, both public and private (for those businesses and residents that wish to participate). It even ties in live video feeds from the LPR cameras.

With this new system, police officers responding to an emergency call will automatically have video feeds from the cameras nearest the scene pop up on their squad car monitor giving them a live view of the scene before even arriving. The cameras are also accessible in a new monitoring center in the police station.

The Oakbrook Center Mall, Park District, District 53 schools, and many private business and residential cameras are now connecting their cameras to the new system. This real time access enhances our police department's ability to better respond to crimes in progress and more effectively investigate past crimes.

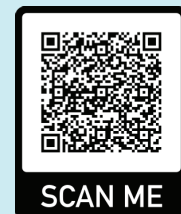
3. The New Business Registry Online Portal – In January, the Village rolled out a long-overdue business registry online portal to gather public safety related data. While this is a labor-intensive paper process in most surrounding communities, Oak Brook's new online platform streamlines the registration process. This new technology will reduce costs and human error, speed up registration, allow for more efficient updates and renewals, and provide valuable and accurate information to our police and fire departments to protect customers, workers, and valuable business property.

Chicago Tribune Reports on Oak Brook's Expansion of Crime Fighting Technology

January 23, 2023

In the article, Police Chief Brian Strockis stated *"The Oak Brook Police Department is committed to leveraging technology as a force multiplier to keep our community safe."*

Scan the QR code to access the article.



"As your next Village President, I will work to expand these technologies to protect residents, deter crime, and bring criminals to justice." – Village President Candidate Larry Herman

Smarter Investing of Village Funds

Oak Brook has a substantial amount of money invested in its various Village funds. By law, these funds must be invested in “safe” vehicles such as bank CD’s. However, the Village makes its own decisions on which specific investment vehicles to select. With interest rates on the rise, prudent management of these investments is as critical as ever.

Think about what you would do if presented with the following choices on how to invest your own money in CD’s.

6-month CD	12-month CD	18-month CD	24-month CD
4.25%	4.50%	4.75%	5.00%

Which would you choose? Perhaps you’d consider the following factors:

1. When will I need the money? If I don’t need it soon, then maybe invest in the 24-month CD.
2. Maybe if I need some of the money sooner, I can divide the investment among different maturities.
3. How do I determine how much money I’ll need along the way to aid in that decision?
4. What if I invest in a longer-term CD, but then find out I need the money sooner?

While the Village has been prudent in maintaining a safe investment strategy, **Trustee Larry Herman, JD, CPA** (a member of the Village’s Finance Committee) has recently been researching our investment strategy and discovered that the Village doesn’t have a systematic cash flow management process that allows us to more finely match our investment durations to when we actually need the funds. As a result, we are sacrificing yield by keeping too much of our funds in shorter duration maturities.

As a result, Trustee Herman is now working with the Village’s finance staff to explore the use of more sophisticated cash management software, advisors, and processes that will allow us to increase our investment yield.

Even a slight improvement in our investment returns could yield several hundred thousand dollars of additional annual interest income for the village.

It is critical that we elect Village officials like Larry (a CPA and tax attorney) and Melissa Martin (a college accounting professor with a PhD and CPA) who have the finance/accounting background and intellectual curiosity to probe all aspects of our Village finances to ensure we are maximizing our financial position.

Where Does Oak Brook Sales Tax Come From?

(You might be surprised!)

The list of the top ten sales tax generating retailers in Oak Brook is public information published by the Village. See the list (in alphabetical order) below for the last three years. Most of those names are well known and no surprise.

Which one don't you recognize? I'll bet it's "Ahead, Inc." Ahead is not a store in our mall. In fact, it's not even a retail store or restaurant. It's a business-to-business software company located in one of our Oak Brook office buildings.

While our commercial sector and Village government work hard to maximize sales tax revenue in our prime retail spaces, **we also need to be proactive to recruit more sales tax generating companies like Ahead, Inc. to our office buildings!**

Oak Brook's Top Ten Sales Tax Generators

2019	2020	2021
Apple	Ahead, Inc.	Apple
Costco	Apple	Carvana
Gibsons Steakhouse	Carvana	Costco
Louis Vuitton	Costco	Louis Vuitton
Macy's	Louis Vuitton	Macy's
Neiman Marcus	Macy's	Neiman Marcus
Nordstrom	Neiman Marcus	Nordstrom
Nordstrom Rack	Nordstrom	Peloton
Peloton	Peloton	Room & Board
Room & Board	Room & Board	Tiffany & Co

Note: Top 10 list is an alphabetical listing from Village's annual audit report. 2022 figures not yet available.

“As your next Village President, I will prioritize proactive economic development that includes this kind of ‘out of the box’ thinking to maximize our revenue without burdening our limited resources.”

- Village Trustee Larry Herman

A Financially Self-Sufficient Sports Core...At Last!

The Sports Core is the jewel of Oak Brook, but for years it had been poorly managed and lost millions of dollars prior to the new Village Board taking office. When your new Village Trustees took office in 2021, one of their top priorities was to implement the financial discipline necessary to “right the ship.” They were surprised to learn that non-residents were the primary beneficiaries of the Sports Core’s services and of the spending by Oak Brook residents to maintain them.

Your new Village Board has responded by making the following changes:

- 1. Bath and Tennis Banquet Facility** – In 2021 the Sports Core Committee recommended the referendum question on last November’s ballot (that was overwhelmingly approved by voters) directing the Village to stop the money losing banquet operations at the Sports Core. It turns out that this money losing operation was used almost exclusively by non-residents!
- 2. Golf Course Memberships** – The Sports Core Committee has completed a study of local golf courses and determined that our non-resident membership rates for our golf course were below the rates charged in the market for similar facilities. The non-resident rates will be increased for 2023, resulting in a **\$150,000 projected annual revenue increase.**
- 3. Bath and Tennis (B&T) Memberships** – While Larry Herman led the **dramatic \$380,000 turnaround** of the Bath and Tennis Club last year, the B&T non-resident rates are still well below rates for similar facilities in other communities. These non-resident rates will be increased for 2023, resulting in a **further projected annual 2023 revenue increase of \$70,000.**

Trustee Larry Herman, along with Village Sports Core Committee Chair John Anos, Member Melissa Martin, Trustee Liaison Mike Manzo, and other Sports Core committee members should be applauded for their ongoing efforts to improve the Sports Core.

Oak Brook Bath and Tennis Club – A Membership Bargain!

Annual Fee	1977	2023	1977 Fee Inflation Adjusted to 2023
Resident Family	\$450	\$900	\$2,173
Non-Resident Family	\$550	\$1,600	\$2,656

As you can see from the last column, the Club’s annual membership fees have increased far less than the rate of inflation over the last 45 years. Most other clubs in the area charge rates similar to the inflation adjusted rates in the last column.

What are “Unfunded Mandates”?

While Oak Brook is a Village governed by its own elected leaders, we are constrained in so many respects by what the State of Illinois tells us we can do, can't do, and must do. Unfortunately, in Illinois the “must do” list is a constantly expanding set of state mandated burdens that imposes increasing costs on Oak Brook without adequate financial assistance.



“Unfunded mandates act as a multi-million dollar annual ‘Stealth Tax’ imposed by the State on the residents of Oak Brook.”

– Village Trustee Larry Herman

Examples of “Unfunded Mandates” that burden Oak Brook:

- \$ New Illinois Constitutional Amendment One** – Last November Illinois voters narrowly approved a state constitutional amendment that will significantly expand public employee union power to impose a variety of new costs upon our Village.
- \$ Pension “Sweeteners”** – At the urging of public employee unions, Illinois state legislators continually enact laws that keep increasing our pension funding obligation. See the example on the next page for an example of a pension “sweetener” enacted just last summer that could end up costing Oak Brook millions of dollars over time.
- \$ “Prevailing Wage Law”** – This state law requires a municipality such as Oak Brook to pay union scale wages for most services, even if contracted to a non-union service provider that otherwise would charge less than union level rates. This is estimated to cost the Village about 40% more than the private sector would pay for the same service.
- \$ Health Insurance Benefit Expansion** – State laws keep requiring more and more health services to be covered under our employee health plans...beyond what the federal government requires, all at an increasing cost to Oak Brook.

While there's little our Village elected leaders can do to stop the State's ongoing barrage of unfunded mandates, ***it's imperative that we elect leaders who have the fiscal awareness and discipline to manage our Village affairs to mitigate the impact of these increasing burdens.***

The Pension "Sweeteners" Keep Coming!

In 2022, the Illinois State legislature again succumbed to the lobbying of the unions and liberalized the police pension code to allow a retired officer to marry or remarry **after retirement** and for the **new spouse** to receive full survivor pension benefits, as long as: (1) they were married for five years before the retired officer's death, and (2) the surviving spouse is at least 62 years old at the time of the retired officer's death. The new survivor benefits will be paid for up to 15 years after the death of the retired officer.

This change could potentially cost the Village of Oak Brook millions more in required pension fund contributions to satisfy these increased pension burdens.



Here's an example of how this latest pension sweetener works:

Officer Bob retired in 2017 at age 55, with a pension paying him \$75,000/year (75% of his final salary of \$100,000). Bob's first wife Anne died in 2020. In 2022, Bob (now age 60) remarried to Jane who is 55 years old. Bob dies in 2029 when he is age 67 and Jane is 62. Under the prior law, Jane would not be entitled to any survivor pension benefits because she was not his spouse at the time of his retirement.

Under the new 2022 law change, Jane will now receive Bob's survivor pension benefit (100% of his pension payments) for up to 15 years. Because Illinois law guarantees that police and fire pension benefits increase by 3% annually, Bob's original 2017 pension amount had grown to \$86,946 in 2022, and it will continue to compound at 3% while paid to Jane.

This situation alone would cost the Village \$1,665,606 over the 15-year period just for this one retiree!

“A BILLION here and a BILLION there, and pretty soon you’re talking real money”

- Senator Everett Dirksen - Commenting on the perils of federal financial mismanagement.

“A MILLION here and a MILLION there, and pretty soon you’re talking about imposing a Village property tax”

-Oak Brook Trustee and Village President candidate **Larry Herman** - Reflecting on the critical need for the Village Board to assert greater fiscal discipline to preserve our unique quality of life.

**Larry Herman
Endorsed by
Dr. Gopal Lalmalani
for Village
President!**

“Larry Herman has accomplished more for Oak Brook in one year as Trustee than others have done in 10 years!”

- Three Term Village President Gopal Lalmalani, MD, MBA



Village President Gopal Lalmalani, MD, MBA, and Village Trustee/President Pro Tem Larry Herman, JD, CPA



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