

Needham Finance Committee
Minutes of Meeting of March 12, 2025
To view a recording of the meeting on YouTube:

<https://www.youtube.com/playlist?list=PL3PRZZjHC3yFvWuO8IwFGgK3KaPYkTyxK>

The meeting of the Finance Committee was called to order by Chair Carol Smith-Fachetti at approximately 7:00 pm in the Great Plain Room at Needham Town Hall, also available via Zoom teleconferencing.

Present from the Finance Committee:

Carol Smith-Fachetti, Chair; John Connelly, Vice Chair
Barry Coffman , Ali Blauer, Paul O'Connor, Joe Abruzese, Tina Burgos, Lydia Wu (via zoom, arrived 7:07pm)

Absent:

Karen Calton

Others Present:

David Davison, Deputy Town Manager/Director of Finance
Molly Pollard, Finance Committee Executive Secretary
Cecilia Simchak, Assistant Director of Finance
Tim McDonald, Director of Health and Human Services
Gabby Queenan, Sustainability Manager
Carys Lustig, Director of Public Works
Shane Mark, Assistant Director of Public Works
Nick Hill, Climate Action Committee
Michelle Vaillancourt, Town Accountant

Citizen Request to Address the Finance Committee

None

Approval of Minutes of Prior Meetings

MOVED: By Mr. Connelly that the minutes of meeting March 5, 2025, be approved, as distributed and subject to technical corrections. Mr. Abruseze seconded the motion. The motion was approved by a roll call vote of 7-0 at approximately 7:01pm.

Annual Town Meeting Warrant Article Discussions

APPROPRIATE FOR OPIOID FUNDING

Mr. McDonald stated that the request for FY26 funding is to continue supporting a full-time Behavioral Health Care Support Specialist. This position, effectively a recovery coach, assists individuals struggling with substance addiction. The request is slightly less than a full annual cost due to savings from a delayed hiring timeline. Ms. Smith-Fachetti asked whether the funding level matched expectations, to which Mr. McDonald explained that defining job requirements was complex, given the need for someone actively in recovery. The position was classified at GT05, with a salary topping out at approximately \$78,000, and the new hire started at step 5 on an 11-step scale.

Ms. Smith-Fachetti asked if the position is currently funded through opioid settlement funds, and Mr. McDonald confirmed that it is. She inquired about the long-term continuation of this funding, and Mr. McDonald explained that they are transitioning to a standard fiscal cycle for funding requests. Due to hiring delays, approximately \$15,000 to \$20,000 from the current year remains unspent.

Mr. Connelly asked whether the remaining funds were for salary and benefits. Mr. McDonald confirmed that salary and benefits are paid by the Opioid Fund and included in this article. He further clarified that remaining funds from prior appropriations would be used before drawing from new allocations, preventing multiple small, unused balances across different fiscal years. Ms. Smith-Fachetti asked what happens to unspent funds, and Mr. McDonald explained that they remain in a dedicated fund for each appropriation. The town prefers to exhaust older appropriations first, using them for related opioid prevention efforts.

Ms. Smith-Fachetti questioned whether opioid settlement payments adjust for inflation. Mr. McDonald explained that they do not, as companies made lump sum payments covering multiple years. The average annual settlement revenue is projected at approximately \$130,000, with efforts made to maintain sustainable spending. Mr. Connelly requested more details on the staff member's workload and oversight. Mr. McDonald stated that the newly full-time employee previously worked part-time and currently supports a narcotics support group with four to six weekly attendees, along with assisting eight individuals in various stages of recovery, almost all of whom are Needham residents. The staff member reports to the substance use program coordinator.

Ms. Blauer asked whether the decision to expand the position to full-time was influenced by the need to allocate opioid settlement funds. Mr. McDonald responded that the expansion was based on a community engagement process and a five-year strategic plan, identifying this role as a critical need. Mr. McDonald explained that a community engagement process led to the development of a five-year strategic plan and a one-year action plan, which had been shared previously. Stakeholder feedback indicated that while grants exist for prevention, there is a lack of access to treatment, recovery support, and harm reduction services due to federal grant restrictions. As a result, the focus was placed on access to care and treatment. He noted uncertainty about the long-term demand for the new service but it will be monitored.

Ms. Smith-Fachetti inquired about reporting requirements. Mr. McDonald explained that he and Michelle handle annual and quarterly reports, primarily covering financial details and some programmatic updates. The state requires confirmation of expected revenue, expenditure details across different settlement categories, and demographic data in a de-identified format. He noted that different communities allocate funds in various ways.

MOVED: By Mr. Connelly that the Finance Committee recommend adoption of the warrant article Appropriate for Opioid Funding. Mr. O'Connor seconded the motion. The motion was approved by a roll call vote of 8-0 at 7:21p.m.

SET THE ANNUAL DEPARTMENT REVOLVING FUND SPENDING

Documents: Memorandum to the Finance Committee Re: MGL53E1/2 Revolving Fund

Mr. Davison explained that the purpose of the warrant article is to set annual spending limits for various revolving funds, as outlined in the draft warrant on pages seven and eight. He clarified that revolving funds are discretionary functions of town government, funded entirely by program fees, and established through town bylaws under Chapter 44, Section 53½. Each year, Town Meeting votes on spending ceilings for these funds. For FY26, all spending limits remain unchanged except for the Aging Services Program, which is proposed to increase from \$75,000 to \$100,000 due to higher activity levels. The provided memo details past expenditures and justifies the increase. Mr. McDonald noted that an initial proposal to change the immunization program spending limit was withdrawn, as efforts to bill insurance for clinical testing were unsuccessful.

Mr. Connelly asked whether the increased aging services funding was due to greater program attendance, an expansion of offerings, or both. Mr. McDonald responded that it was a combination of factors. During the pandemic, many programs were offered for free online, but as in-person programming resumed, fees increased. Additionally, the town had to raise instructor compensation to stay competitive with neighboring communities. While there has been a slight increase in the number of programs, the primary driver of increased costs is the transition back to in-person sessions.

Ms. Smith-Fachetti inquired about the current spending cap and whether \$100,000 would be sufficient. Mr. McDonald stated that the existing \$75,000 cap had already been reached, with \$50,000 spent and \$25,000 encumbered for the fitness room contract. While the town hopes to expand programming into later afternoons and evenings, challenges remain, particularly in winter when seniors are less likely to attend late sessions. He believes the proposed \$100,000 limit will be sufficient but noted that the Finance Committee and Select Board have the authority to adjust the ceiling mid-year if necessary.

MOVED: By Mr. Connelly that the Finance Committee recommend adoption of the warrant article SET THE ANNUAL DEPARTMENT REVOLVING FUND SPENDING.

Discussion: Ms. Blauer noted that the Committee is voting on the updated version presented in the memo, including the Aging Services Program increase to \$100,000.

Mr. O'Connor seconded the motion. The motion was approved by a roll call vote of 8-0 at 7:21p.m.

APPROPRIATE FOR CLIMATE ACTION PROGRAM INITIATIVES

Ms. Queenan explained that the proposed article would appropriate \$250,000 from free cash to support Climate Action program initiatives under the direction of the town manager. The funding would help implement the town's climate action roadmap and serve as a match for grant opportunities, which often require a 10–40% contribution. She noted that securing matching funds in advance would improve the town's competitiveness in grant applications. She highlighted an immediate matching opportunity related to a \$1.1 million congressional earmark included in the House Budget. If awarded, the town would need to provide a 20% match, which would support green infrastructure and stormwater management projects, particularly those in design at Alder Brook. If the earmark is not awarded, other potential matching opportunities include a \$350,000 Municipal Vulnerability Preparedness (MVP) action grant and a \$300,000 Office of Coastal Zone Management grant, both requiring a 25% match.

Mr. Abruzese inquired about the status of electric vehicle charger installation. Ms. Queenan stated that state-level funding remains available but noted that Eversource has paused its EV charger incentive program. She said they would continue to monitor potential funding sources.

Ms. Blauer asked about the process for allocating grant funds and whether Town Meeting would be involved in decision-making. Ms. Lustig responded that grant funds are allocated directly to the department for the specific purpose outlined in the application and do not go through Town Meeting. She explained that all grants have comprehensive reporting requirements, and funds are typically used for projects pre-identified in capital or planning documents.

Ms. Smith-Fachetti asked why the funds could not be allocated through reserve fund transfers once grants are awarded, rather than setting aside uncommitted funds in advance. Ms. Lustig explained that federal grants are structured for cities with legislative bodies that meet frequently, making it challenging for municipalities with less frequent budget approvals. She also noted that reserve fund transfers apply to operating budgets, not capital projects, which often span multiple fiscal years. She added that securing matching funds before applying increases the town's competitiveness. Ms. Queenan stated that some other communities establish dedicated climate resiliency or EV charger funds for grant matching, while some maintain flexible funds for multiple uses.

Ms. Smith-Fachetti asked whether grant applications are strictly based on the climate action roadmap or if lower-priority items could be prioritized if funding becomes available. Ms. Queenan explained that opportunities vary, and the process involves consulting department heads, the Climate Action Committee, and final approval from the town manager. She noted that stormwater management, initially a lower priority, has risen in importance due to emerging challenges.

Ms. Blauer asked how other departments handle grant matching. Ms. Lustig responded that this is the first time the town is dealing with this kind of matching fund. Mr. Davison added that some departments cover required matches within existing budgets. Ms. Lustig noted that in the past, concerns about reporting requirements and matching obligations discouraged grant applications, but the town has become more proactive due to rising costs and funding needs.

Mr. Connelly expressed reservations about the \$250,000 request, suggesting that a smaller initial amount, such as \$75,000, be allocated, with an opportunity to reassess in October. He cited competing budget priorities and the uncertainty of when and how the funds would be used. He requested a memorandum outlining grant opportunities, expected funding amounts, and match requirements. Ms. Smith-Fachetti suggested including a table showing the number of applicants and likelihood of success. She also asked whether Ms. Queenan had the capacity to manage additional grants if awarded. Ms. Queenan stated that in 2024, she submitted twelve grant applications and secured seven, bringing in \$423,000. She expressed confidence in managing selected opportunities but acknowledged the importance of workload balance. Ms. Lustig added that Queenan collaborates with multiple departments, including engineering and building maintenance, rather than managing projects alone.

Ms. Lustig explained that the original funding request was \$500,000 but was reduced to \$250,000 based on the town's potential match requirement for the congressional earmark. She stated that other grant matches would require smaller amounts and be funded through a combination of sources.

Ms. Blauer asked whether the town would be at risk of losing the grant if matching funds were not pre-allocated. Ms. Queenan responded that if the grant is included in the reconciled budget, the town must identify a funding source for the match. Without one, the funding could be lost, but alternative funding sources could be explored.

Mr. Davison explained that the timing of grant awards varies, sometimes allowing only a few weeks to secure matching funds. Ms. Lustig clarified that reserve fund transfers apply only to a single fiscal year, while projects like the one on Alder Brook span multiple years, requiring a full funding plan.

Ms. Blauer inquired about the grant amount, and Ms. Queenan stated that the town would need \$221,000 as a 20% match for a \$1.1 million grant. Mr. Coffman pointed out that spending \$221,000 to secure \$1.1 million is a favorable financial arrangement. Ms. Blauer and Ms. Smith-Fachetti questioned the timeline of this grant, including the decision timing and the timeline of securing town match funding. Ms. Queenan noted that federal budget delays complicate the timeline, but updates are expected by spring. Ms. Smith-Fachetti questioned the premise of this approach if indeed the funding was expected to be needed prior to Town Meeting. Ms. Lustig stated that the department initially sought a larger allocation for multiple grants but reduced the request to focus on this project based on feedback.

Mr. Davison clarified that reserve fund transfers apply only to operating budgets, which must close by June 30, while financial warrant or capital articles are required for multi-year expenditures.

Mr. Connelly suggested that the memo should clarify whether grant applications require proof of available matching funds or just a commitment to provide them if awarded. He also raised concerns about setting a precedent for a general grant-matching fund. Ms. Blauer proposed appropriating funds specifically for the Alder Brook grant rather than a general grant fund. Ms. Lustig responded that while this would help secure that particular grant, it would limit flexibility for other opportunities. Ms. Smith-Fachetti requested a table summarizing potential grants, risks, and comparisons to how other towns handle similar challenges. Mr. Connelly suggested Ms. Queenan and Mr. Lustig come back with more information at a later meeting.

APPROPRIATE FOR FORESTRY MANAGEMENT

Ms. Lustig provided an overview of a funding request related to tree inventory, planting, and removal. She explained that the project was initially submitted as a DSR4 for FY25 but was only partially funded for a street tree inventory. Following guidance from the CPC chair, it was resubmitted as a DSR5, as CPC funding was ultimately deemed ineligible due to the project not meeting the open space enhancement requirements. The project comprises three components: completing the tree inventory and integrating it into the town's GIS system to better manage street trees and assess vulnerabilities, expanding the town's tree planting program by outsourcing work to double the annual number of planted trees, and contracting crane services for the removal of hazardous trees that pose a liability.

Mr. Abruzese questioned why this was structured as an article rather than as part of the operating budget, and Ms. Lustig explained that future years might see it included as a DSR4 but that the CPC funding pursuit initially influenced its submission method. Ms. Blauer asked for clarification on the project's ineligibility for CPC funding, and Ms. Lustig and Ms. Simchak explained that CPC restrictions limit open space rehabilitation funding to land initially acquired with CPC funds. Mr. Connelly inquired about the budget breakdown, and Ms. Lustig confirmed that all \$222,600 would go toward outsourced services: \$10,000 for survey work, \$110,000 for new tree planting, and the remainder for tree removal.

Mr. Coffman asked about community participation in tree planting, to which Ms. Lustig explained that while residents can plant trees on their private property, the town's setback planting program offers free trees that provide shade to public areas. She noted that this is popular, as residents prefer receiving free trees rather than purchasing them independently. She also mentioned efforts by the newly formed tree committee to encourage more private planting. Ms. Blauer asked about future funding sources being investigated by the tree committee, and Ms. Lustig responded that the funding request arose from a working group's finding that residents strongly support increased tree canopy, prompting continued funding requests rather than waiting for formal recommendations from the tree committee.

Ms. Smith-Fachetti sought clarification on the long-term funding plan, and Ms. Lustig confirmed that once the survey is complete, both the \$100,000 for planting and the \$110,000 for removals would likely transition into a DSR4 request due to the ongoing need for tree management. She explained that contracting out removals is more cost-effective than purchasing a crane truck. Ms. Smith-Fachetti inquired about the process for outsourcing, and Ms. Lustig explained that while the town currently uses a nursery for smaller trees, the new funding may follow the example of

Newton and Cambridge, where contracts cover procurement, planting, and one year of maintenance.

Finally, Ms. Smith-Fachetti raised concerns about fallen trees accumulating in certain areas, particularly after storms, and asked whether removal was considered. Ms. Lustig clarified that standing dead trees are the town's priority due to the risk of windstorms, but fallen trees present challenges depending on location, conservation restrictions, and ownership. She noted that South Street, for example, is a designated scenic byway, further complicating modifications.

MOVED: By Mr. Connelly that the Finance Committee recommend adoption of the warrant article Appropriate for Forestry Management. Ms. Blauer seconded the motion. The motion was approved by a roll call vote of 8-0 at 8:20p.m.

AUTHORIZATION TO EXPEND STATE FUNDS FOR PUBLIC WAYS

Mr. Connelly stated that this is a yearly article that allows us to spend money that is given to the town from state funds. Mr. Davidson confirmed and noted that he anticipates the number to be approximately one third larger than prior years because the governor increased the bond bill for Chapter 90 funding.

MOVED: By Mr. Connelly that the Finance Committee recommend adoption of the warrant article Appropriate for Forestry Management. Mr. O'Connor seconded the motion. The motion was approved by a roll call vote of 8-0 at 8:20p.m.

Discussion of the Envision Needham Center Project

Mr. O'Connor asked whether the funding for the project match is coming from the current budget. Ms. Lustig confirmed that the design funding is currently sourced from Chapter 90, which was originally reserved for the Downtown Project but has since been allocated to infrastructure needs. As a result, the full balance is not available, and funding will come from a mix of Chapter 90, town requests, and other potential funding sources. Consultants are already working on identifying these additional sources.

Mr. O'Connor then inquired about the funding timeline. Ms. Lustig stated that to meet the target of beginning construction in summer 2026, they need clarity on state and federal funding within the next six months. However, she acknowledged that this timeline is aggressive, and a 2027 start is more likely.

Regarding the pilot program, Mr. O'Connor asked if it is separately funded. Ms. Lustig confirmed that it is fully funded through the federal Safe Streets for All program. Despite federal funding challenges, their contacts have assured them that the funding remains secure.

Mr. O'Connor raised concerns about federal obligations if the project moves forward. Ms. Lustig clarified that the town is only committed to testing the "road diet" concept through the pilot program. If the pilot's results are unsatisfactory, the temporary measures—such as painted stanchions and bollards—can be removed, and the road can be restored to its original configuration.

Annual Town Meeting Warrant Articles Discussion (Continued)

APPROPRIATE FOR PUBLIC WORKS INFRASTRUCTURE

Mr. Davison noted that the funding for public works infrastructure is an annual article, though the amount varies based on available projects. He explained that the allocation covers street resurfacing, sidewalks, and other infrastructure needs.

Mr. Connelly asked how the current \$5 million compares to previous years. Mr. Davison responded that recent funding levels were lower as they had reduced allocations over the past two years, but they are now trying to catch up.

Ms. Lustig explained that the funding model includes multiple project streams. The primary, ongoing projects are street resurfacing and sidewalk improvements, which are adjusted annually based on contract pricing. Variations in the budget stem from larger projects, such as intersection improvements, which involve design, construction, and sometimes signalization. A new addition this year includes more ADA-compliant sidewalk ramps, as failure to upgrade them could result in fines. Previously, paving locations were selected to avoid ramp upgrades, but the town now needs to complete these upgrades in advance to maintain compliance.

Mr. Connelly asked if the funds are spent over multiple years. Ms. Lustig confirmed that while most funds are spent within a fiscal year, projects often extend across multiple years due to factors like weather delays and complex intersection work involving utilities and geometric changes.

Ms. Blauer asked whether sidewalk projects consider tree placement. Ms. Lustig replied that this has become more of a focus recently. For example, a sidewalk improvement on Central Ave incorporated tree plantings. As sidewalk work moves from business areas and school routes into neighborhoods, tree issues will become more significant. Many sidewalk issues stem from trees planted in poor locations, causing lifting. The town is now working collaboratively between the highway and parks divisions to strategically remove problematic trees and replace them with appropriate species.

Mr. Davison reviewed funding levels for previous years, noting that the FY25 appropriation is \$1,065,000, which was reduced to help fund the Pollard Middle School design. In FY24, the allocation was \$2,581,500, and in FY23, it was \$3,951,000. The town generally aims for a funding level between \$3 million and \$4 million.

Mr. Connelly asked whether this type of article could fund other programs. Ms. Lustig responded that while it is possible, using these funds for other projects would reduce resources for planned infrastructure improvements. She noted that reallocating funds, especially for stormwater projects, could mean shifting priorities rather than adding new funding.

MOVED: By Mr. Connelly that the Finance Committee recommend adoption of the warrant article Appropriate for Public Works Infrastructure.. Mr. O'Connor seconded the motion. The motion was approved by a roll call vote of 8-0 at 8:30p.m.

AMEND GENERAL BY-LAWS – REVOLVING FUNDS

This article has been withdrawn.

ACCEPT M.G.L. c.59, §5 CLAUSES TWENTY-[TWO] I AND TWENTY [TWO] J

Mr. Davison explained that this local acceptance article pertains to property tax exemptions for veterans. Historically, the town has accepted similar exemptions, such as Chapter 73 of the Acts of 1986, which allowed the town to increase statutory exemptions for veterans and the elderly by up to 100%. The town reached that maximum in 2013.

A recent amendment to the law specifically affects veterans. It allows two changes: first, property tax exemptions for veterans can be increased annually based on the prior year's Consumer Price Index (CPI); second, the current exemptions can be doubled, similar to what was previously allowed under Chapter 73. Adopting this provision would ensure that existing exemption levels remain intact.

As of FY24, 95 properties were eligible for veteran exemptions, a number that is not expected to change significantly. These exemptions require local adoption because the Commonwealth only reimburses statutory exemptions but not optional increases. The state has also never reimbursed the town for increases granted under Chapter 73.

Mr. Connelly asked about the financial impact of adopting this measure. Mr. Davison estimated that in FY24, the total cost of veteran exemptions was approximately \$88,000, with an anticipated increase to around \$100,000 in FY25. The net impact on town revenue would be approximately \$12,000, which would be covered by the overlay fund. He noted that over recent years, exemption costs have fluctuated due to veterans moving or passing away.

MOVED: By Mr. Connelly that the Finance Committee recommend adoption of the warrant article Accept M.G.L. c.59, §5 Clauses Twenty-[Two] I and Twenty-[Two] J. Mr. O'Connor seconded the motion. The motion was approved by a roll call vote of 8-0 at 8:39p.m.

INCREASE CONTRIBUTORY RETIREMENT COLA ALLOWANCE

Ms. Vaillancourt presented a request to increase the retirees' COLA base from \$16,000 to \$18,000. This change would add \$60 per retiree per year, totaling \$29,220 in costs, equating to an extra \$5 per month. She noted that some communities are increasing their COLA base to \$25,000 due to rising costs.

The retirement fund is 75% funded, with a goal of full funding by 2033. Nearby towns are raising their COLA base to \$18,000–\$20,000, with one outlier at \$30,000. Mr. Davison clarified this is not an annual article but a provision allowing the Retirement Board to authorize the increase.

MOVED: By Mr. Connelly that the Finance Committee recommend adoption of the warrant article Increase Contributory Retirement COLA Allowance.

Discussion: Mr. Coffman asked why not go for a more aggressive increase. Ms. Vaillancourt described the Retirement Board's desire to increase it gradually to make it more acceptable to Town Meeting and the Finance Committee.

Mr. Abruzese seconded the motion. The motion was approved by a roll call vote of 8-0 at 8:43p.m.

Finance Committee Business

Ms. Blauer revisited the discussion on whether CPC funds for housing projects should be given as grants or loans. She asked who was responsible for exploring this option. Mr. Davison explained that CPC prefers using cash rather than issuing bonds for projects the town does not own.

Ms. Blauer clarified that the consultant suggested issuing CPC funds as loans rather than grants, allowing the town to recover funds if projects become profitable. Specifically, the Charles River project could return \$1.2–\$1.8 million over 20 years. Ms. Simchak noted that CPC had not previously considered loans but may explore the option after Town Meeting.

Mr. Connelly pointed out that CPC's limited funds could be tied up in loans for long periods, reducing available money for other projects. Ms. Blauer argued that structuring funds as "soft loans" would provide potential financial benefits without harming projects. However, Ms. Simchak explained that CPC's current structure only allows grants, and implementing loans would require procedural changes.

The discussion concluded with confirmation that CPC must take the lead in determining whether loans can be pursued.

Adjournment

MOVED: By Mr. Connelly that the Finance Committee meeting be adjourned, there being no further business. Mr. Abruzese seconded the motion. The motion was approved by a roll call vote of 8-0 at 8:53p.m.

Documents: Memorandum to the Finance Committee Re: MGL53E1/2 Revolving Fund

Respectfully submitted,

Molly Pollard

Executive Secretary, Finance Committee