

Needham Finance Committee
Minutes of Meeting of April 30, 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 7:01 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
Ali Blauer, Paul O'Connor (via Zoom), Joe Abruzese, Tina Burgos (arrived at 7:02), Steve Maxwell, Barry Coffman

Others Present:

David Davison, Deputy Town Manager/Director of Finance
Molly Pollard, Finance Committee Executive Secretary
Cecilia Simchak, Assistant Director of Finance
Denise Garlick, Citizen
Bill Grogan, Planning Office for Urban Affairs
Maureen Callahan, Vice Chair of the Community Preservation Committee
Phil Crean, Charles River Center
Anne Marie Bajwa, Charles River Center
Cynthia Chaston, Charles River Center

Citizen Request to Address the Finance Committee

Ms. Callahan, co-chair of the Community Preservation Committee (CPC), spoke in support of the Charles River Center project, stating it addresses unmet housing needs for low-income and intellectually disabled residents and aligns with Needham's housing plan. She said CPC recommends the project be funded as a grant, not a loan, with a sunset clause to revoke funds if financing isn't secured by a set date. She noted that CPC has reserved 22% of its funds for community housing in anticipation of large projects like this and confirmed they will move forward with the article as a grant at Town Meeting.

Mr. Connelly asked about the sunset clause date. Ms. Simchak replied that September 30, 2028, is proposed, following the same structure as the Linden Street project. Ms. Bajwa emphasized the importance of the project to the disability community. She explained that the Charles River Center has invested \$6.2 million from long-term investments, a move made necessary due to underfunding from the state.

Ms. Smith-Fachetti asked where the \$6.2 million came from. Ms. Bajwa said it was accumulated from prior years' surpluses invested before COVID. She added that the fund is sometimes used to cover wage increases when state funding falls short.

Mr. Connelly asked which EOHLC program the June application would go to. Mr. Grogan explained they are submitting a Project Eligibility Letter (PEL) to EOHLC—a requirement before applying to the Zoning Board for a comprehensive permit. This application, which includes a budget, funding sources, and plans, demonstrates financial feasibility and is distinct from the November application for low-income housing tax credits.

Mr. Connelly asked if the PEL application was for the town. Mr. Grogan clarified it goes to EOHLC, not the town, and is needed to begin the zoning process. Mr. Connelly referenced a timeline from EOHLC, which Mr. Grogan explained pertained to the tax credit application in November, not the June PEL. Ms. Bajwa stressed that the June application is critical, and the project cannot move forward without a commitment from the town.

Mr. Maxwell asked if the sunset clause requires full funding or a financing plan. Ms. Simchak said committed funding must be secured by September 30, 2028, or an extension must be requested. Mr. Maxwell asked if the clause also requires construction to have started. Ms. Simchak stated it was more of a funding and project feasibility check in, a process used in other CPC projects.

Mr. Coffman asked if this project would exhaust housing reserves and how CPC would handle future large requests, referencing the Needham Housing Authority's projection of needing \$10 million in the next few years for Seabeds. Ms. Callahan said future receipts would be set aside but couldn't confirm sufficient funds would be available. Ms. Simchak estimated the housing reserve could reach \$1.6 million in two years if 22% continues to be allocated annually, with unrestricted reserves adding \$1 to \$1.1 million per year.

Mr. Connelly asked if any funds might return to CPC to increase free cash. Mr. Davison confirmed that several hundred thousand dollars could be returned. Mr. Connelly noted CPC receives around \$3.6 million annually, with \$1.3 million already committed to debt. Mr. Coffman concluded that even without funding this project, reserves likely won't cover the \$10 million request from the Housing Authority. Ms. Blauer recalled earlier discussions suggesting alternative funding would be necessary.

The committee paused this discussion to continue with the agenda.

Approval of Minutes of Prior Meetings

MOVED: By Mr. Connelly that the minutes of meeting April 16, 2025, be approved, as distributed and subject to technical corrections. The motion was approved by a roll call vote of 7-0 at approximately 7:19 pm.

Annual Town Meeting Warrant Article Discussions

Article 4: APPROVE COLLECTIVE BARGAINING AGREEMENT – NEEDHAM POLICE UNION

Article 5: FUND COLLECTIVE BARGAINING AGREEMENT – POLICE SUPERIOR OFFICERS ASSOCIATION

These articles have been withdrawn.

Article 22: APPROPRIATE FOR EAST MILITIA HEIGHTS DEVELOPMENT - CHARLES RIVER CENTER

Documents: CPC Response to Finance Committee, Memo to the Finance Committee

Mr. Coffman asked how the CPC determines funding priorities between the Charles River Center project and the Needham Housing Authority's (NHA) renovations, given limited resources and the growing reliance on CPC funds. He noted both projects are valuable but questioned how CPC balances support between them, particularly with the Housing Authority's direct ties to the town. Ms. Callahan responded that CPC considered both projects worthy and had intended to support them both. She explained the NHA previously received significant funds and returned unexpectedly this year. CPC members felt it was important not to exclusively fund NHA projects when Charles River also presented a viable proposal addressing low-income and special needs housing. While CPC expects to face more housing requests in the future, the committee favored helping both groups this year rather than saving reserves.

Ms. Burgos added that many Needham families with adult children with disabilities feel invisible in town conversations. She argued that prioritizing NHA over Charles River neglects a vital part of the community. Mr. Abruzese asked what percentage of units would be set aside for Needham residents. Ms. Callahan said they plan to request that up to 70% of the affordable units be reserved for Needham residents. Mr. Connelly asked whether the disability-specific units would also be prioritized for Needham residents. Ms. Callahan said those units are filled via the Department of Developmental Services (DDS) closed referral system. Ms. Bajwa clarified that while there is no fixed percentage, DDS considers Needham residents based on need, including factors like aging parents or homelessness risk. She noted they already serve hundreds of Needham families and are working to identify local needs, though some placements are subject to DDS saturation guidelines.

Ms. Garlick emphasized that anyone who moves into the facility will become part of the Needham community. Mr. Connelly expressed support for the Charles River Center's mission but said, as a Finance Committee member, he must consider the structure and timing of the funding. He voiced concern over depleting CPC reserves when critical town facilities are in urgent need of repairs. He also disagreed with issuing the money as a grant instead of a loan, especially when other contributors expect repayment. He argued the timing is premature given the lack of finalized plans, zoning approval, and fundraising, and recommended voting against the article with the option to revisit it in October under a loan structure.

Ms. Blauer agreed the project has merit but expressed discomfort moving forward without more information. She would have preferred an October vote but noted the proponents are unwilling to delay. She pointed out the funding depletion is not solely due to this project but a result of CPC recommending more projects than the reserves can support. Ms. Burgos reiterated that a delay would jeopardize the June application deadline, preventing access to November state funding rounds. Mr. Grogan confirmed that a funding commitment letter from the town or CPC must accompany the June Project Eligibility Letter application to EOHLC. Without that \$2.8 million commitment, there would be a funding gap. He added that while zoning does not need to be in place yet, this sequence of commitments before zoning is typical in other communities.

Mr. Coffman asked whether the remainder of the project's funding needs to be finalized for the June submission. Mr. Grogan explained that the additional sources will be applied for in November, and EOHLC does not require them to be secured in June. Mr. Coffman acknowledged this was helpful context, though he remained concerned about the layered funding uncertainties.

Mr. Connelly noted concerns about committing \$2.8 million before zoning approval, stating this preemptive funding could pressure the zoning board. Ms. Blauer agreed, questioning how EOHLC could require financial commitments without completed zoning. Mr. Grogan responded that he had spoken directly with the Undersecretary, who confirmed that a funding commitment letter is required for the Project Eligibility Letter (PEL) application. Mr. Connelly pointed out that receiving that letter in early May would be too late for Finance Committee review. Mr. Grogan stated the process had been followed per the CPC's recommendation for a grant.

Mr. Abruzese criticized the shift away from considering a loan, saying the committee's preference for financial flexibility had been dismissed. He noted that the project's urgency seemed to force a rushed decision and supported the committee not recommend the article. Mr. Maxwell asked for clarification on why a loan was no longer feasible. Ms. Bajwa explained that the town lacks an existing loan mechanism and the project's funding timeline doesn't allow for waiting while one is created. She added that a loan would still tie up the funds. Mr. Grogan confirmed the article was written as a grant, and a commitment is needed within weeks to keep the project on schedule. Mr. Maxwell asked why \$2.8 million was the ask. Mr. Grogan said it was the minimum required after exhausting other funding sources and reducing the original request. When asked about the "up to 70%" Needham set-aside, Mr. Grogan said the percentage is subject to EOHLC's Fair Housing review. He cited prior projects that secured between 50–70%.

Ms. Smith-Fachetti stated the project is clearly worthwhile but raised concerns about funding allocation. She emphasized that Charles River is not a town-owned entity and warned that approving this request could leave the town without sufficient CPC funds for the Needham Housing Authority. She also said that if every other funder is structuring their support as a loan, the town should pursue the same and not dismiss the idea solely due to administrative barriers.

She noted several earlier discussions suggested a loan might be possible. While she could not support the article as written, she would reconsider if it were brought back in October as a loan.

Mr. Coffman added his support for the project's mission but shared concerns about fund depletion, prioritizing existing Needham residents at NHA sites, and the missed opportunity for structuring the support as a recoverable loan.

Mr. Maxwell asked what would be lost if the project were delayed six months to a year. Mr. Grogan responded that the project would miss the PEL window, delaying it at least a year. Rising costs and the potential unavailability of state funds in future budget cycles could jeopardize the project's feasibility or require even more local funding.

Mr. Maxwell stated that moving forward carries risk due to uncertainty around whether current funds may remain available, Mr. Grogan agreed, emphasizing that the concern lies in the uncertainty of those funds still being available. Mr. O'Connor praised the Charles River Center as a critical organization for Needham and the broader region, but voiced concern about the implications of using future funding to complete current needs. He noted that he was uncomfortable with the idea of depleting future resources and, considering his fiduciary responsibility, indicated he could not support the article at this time.

MOVED: By Mr. Connelly that the Finance Committee not recommend adoption of Warrant Article 22: APPROPRIATE FOR EAST MILITIA HEIGHTS DEVELOPMENT - CHARLES RIVER CENTER. Mr. Abruzese seconded the motion. The motion was approved by a roll call vote of 5-3 at approximately 8:00pm.

Special Town Meeting Warrant Article Discussions

Article 10: AMEND GENERAL BY-LAWS – REVOLVING FUNDS

Documents: *Memo Re: Article 10 May 12, 2025 Special Town Meeting*

Ms. Blauer questioned the rationale for establishing the fund, referencing a memo indicating only \$40,000 in rebates would have been generated over the past decade. She asked why the initiative was being proposed now. Ms. Smith-Fachetti responded that the fund is designed to capture prospective new rebates, such as those from Emory Grover, for future use. Mr. Davison explained that the motivation came from proponents who wanted large rebates, especially from capital projects like the DPW and Cogswell buildings, to be reinvested directly into the projects. He added that some rebates may also come from newly available tax credits that municipalities can now access. Ms. Blauer noted her concern that rebates from major projects like geothermal upgrades might not return to the general fund but instead be earmarked, potentially limiting flexibility. She asked if special warrant language would always be required to ensure rebates go back into the original project. Mr. Davison confirmed that any specific intent must be stated up front and clarified that residual balances under \$25,000 go to free cash, while larger amounts are reappropriated to similar capital projects per policy.

Ms. Blauer questioned whether Town Meeting could redirect large rebates into the revolving fund. Mr. Davison acknowledged that Town Meeting has that authority. She expressed concern

that limiting these funds for energy-specific uses might prevent them from supporting other priorities. Mr. Coffman clarified the revolving fund would earmark rebates for future energy efficiency projects. Ms. Smith-Fachetti added that it could support smaller upgrades like LED replacements. Mr. Maxwell asked whether this structure would reduce flexibility and if there were any tangible financial benefits. Mr. Davison replied that it allows quicker reinvestment in efficiency projects without waiting for free cash certification and appropriation cycles. Ms. Blauer asked if any urgent needs had gone unmet without such a fund. Mr. Davison said he was unaware of any.

Mr. Maxwell then asked who would control the revolving fund. Mr. Davison confirmed it would be the Town Manager, based on department requests. Ms. Smith-Fachetti asked if there would be a capital item spending limit. Mr. Davison said that would be determined through a bylaw approval process and estimated \$100,000 as a likely cap. Mr. Coffman asked if other towns had similar funds. Mr. Davison confirmed that they do and said Needham's interest was sparked by learning about those examples. He reiterated that other towns benefit from quicker spending and access to new tax rebates. Mr. Coffman asked if a spending limit would be proposed in October; Mr. Davison said it would likely be addressed next spring. Ms. Blauer returned to earlier discussions about whether large rebates would be included in the fund and expressed concern that some had expected significantly more funding than is realistic. Mr. Davison stated that earlier misunderstandings had been resolved once it became clear how rebates could be incorporated directly into capital project budgets. Mr. Connelly asked whether a number would be set in October, and Mr. Davison confirmed it would wait until the following spring.

MOVED: By Mr. Coffman that the Finance Committee recommend adoption of Special Town Meeting Warrant Article 10: AMEND GENERAL BY-LAWS – REVOLVING FUNDS. Mr. Connelly seconded the motion. The motion was approved by a roll call vote of 5-3 at approximately 8:17pm.

Finance Committee Business

Ms. Blauer noted that there was an amendment filed on the warrant article pertaining to Chapter 90 funds. Ms. Simchack confirmed and shared the language of the amendment.

The committee determined to meet next at Town Meeting.

Adjournment

MOVED: By Mr. Connelly that the Finance Committee meeting be adjourned, there being no further business. Mr. Coffman seconded the motion. The motion was approved by a vote of 8-0 at 8:21p.m.

Documents: CPC Response to Finance Committee, Memo to the Finance Committee, Memo Re: Article 10 May 12, 2025 Special Town Meeting

Respectfully submitted,
Molly Pollard
Executive Secretary, Finance Committee

