

City of Keene
New Hampshire

MUNICIPAL SERVICES, FACILITIES & INFRASTRUCTURE COMMITTEE
SPECIAL MEETING MINUTES

Thursday, May 13, 2026

5:30 PM

**Council Chambers,
City Hall**

Members Present:

Mitchell H. Greenwald, Chair
 Catherine I. Workman, Vice Chair (arrived at
 5:36 PM)
 Jacob R. Favolise
 Laura E. Tobin
 Molly V. Ellis

Staff Present:

Elizabeth A. Ferland, City Manager
 Amanda Palmeira, City Attorney
 Brandon Latham, Deputy City Attorney
 Don Lussier, Public Works Director
 Bryan Ruoff, City Engineer

Jay V. Kahn, Mayor

Members Not Present:

All Present

Chair Greenwald called the meeting to order at 5:31 PM.

1. Downtown Infrastructure Project Financing Plan

Chair Greenwald welcomed comments from the City Manager about the Downtown Infrastructure Project bids. City Manager Elizabeth Ferland was glad to report the bid results that were opened on Friday, May 8, 2026, and which many staff, Councilors, and members of the press attended. The two bids, one from Casella Construction and one from Albanese, were reviewed by the Public Works Department and they did the bid tabulations to look for any errors and compare them. The City Manager reported a low bid from Casella Construction for \$26,058,836. She said time was of the essence: construction season had begun. So, staff were present to talk about how to fund the difference from what is in the City's budget to what the low bid is, and how to move this project forward as quickly as possible.

Chair Greenwald recognized Public Works Director, Don Lussier for a presentation on the bids and project funding. As the Manager mentioned, there were two bids and the low bid was just over \$26 million. That works out to be just about \$2,000,000 less than the bid in December 2025, so there were some savings the City was able to realize. However, it was not quite enough to get it below the funding the City has already. He showed the Committee the City's currently available funds: all the money that has been appropriated for the project, including what was already discussed through the FY27 CIP. Mr. Lussier reported about \$24.6 million currently available between the City's Water, Sewer, and General Funds. The construction contract is for a construction administration inspector on site as well as the Project Ombudsman. The total for all

of that together adds up to about \$27,858,836 million, which is a little short of the need. The good news, he thought, was that the Water and Sewer funds were actually fully funded at this point, and funds already allocated that staff talked about appropriating for those portions of the project are sufficient based on the bid pricing. He said they would be a little short from the General Fund, however, as he would discuss.

Vice Chair Workman arrived at 5:36 PM.

First, Mr. Lussier discussed the funding plan, noting that staff looked at three different options for bridging that gap. The first was the easiest: reallocating money that the Council already appropriated for projects that are complete and now have unspent balances. That is something the City Council does routinely after projects close and staff know there is no more money to spend; the money is either returned to the unallocated fund balance or more often used to make up shortages in other projects through the Finance, Organization and Personnel Committee. The second option they looked at was using a portion of the unallocated fund balance, which is basically money that is in the checking account; it is money that the City has on hand but has not appropriated for a specific purpose. Its purpose is to ensure there is funding to cover any unexpected costs and emergencies. The Council's fiscal policies address where that balance should be maintained. Mr. Lussier explained the last and least desirable option is to increase the bonding amount for the project. He was happy to report that based on the bids and the difference needed to make up, staff did not recommend any increases to bond funding. They thought they could make up for the shortage with reallocation of project balances as well as some money coming from the Unallocated Fund.

Mr. Lussier reported on the unspent project balances and listed the projects with balances remaining: *Total Available: \$2,320,000*

- Upper Winchester Street: \$291,000
 - Work complete, underbudget
- Thompson Road Stabilization: \$350,000
 - Mr. Lussier recommended reserving some money to finish this project
- FY24 Road Rehab: \$742,000
 - Work complete, underbudget
- FY25 Road Rehab: \$632,000
 - Work complete, underbudget
- FY25 Road Preservation: \$103,000
 - Work complete, underbudget
- Carpenter St. Stormwater: \$77,000
 - Work complete, underbudget
- Stormwater System Analysis: \$125,000
 - Unspent money set aside annually for pre-engineering analysis pipe sizing, cost estimating for future drainage projects. Has not entered the design phase yet.

Next, Mr. Lussier described proposed use of the Fund Balance, which are funds in the City's "piggy bank" that have not been appropriated by the Council for a specific purpose. City staff recommended appropriating \$1.2 million from the Unallocated Fund Balance to the Downtown Project as a part of making it whole. Those two recommendations of \$2.3 and \$1.2 million would

result in a General Fund surplus of funding of about \$160,000 that represents a little bit of financial cushion if there is a change order required during construction; then, the Manager's authority would allow her to spend that additional money without having to find more. In the Sewer Fund, Mr. Lussier added \$13,000 and in the Water Fund, an additional \$80,000 of funds to cover any unexpected costs. So altogether, there would be about \$250,000 of cushion going into the project.

Mr. Lussier explained the recommended motion was unusual because of the construction season starting and not wanting to waste any time. Staff asked the Committee and Council to authorize the City Manager to negotiate and execute an award of the contract. After the notice of award goes out, the contractor would have to get insurance in place and produce some paperwork (two to three weeks) and this would allow the City to jump on the Resolution process as soon as possible. Then, as required, it would go to FOP during the following cycle, so all approvals should be ready by the time the contractor gets all their paperwork in place.

The City Manager noted that this project is not getting any cheaper, and while staff hoped for a lower bid this time, it was not as low as hoped. She thought this was the time to act, especially with the beginning of construction season, and said delaying would only create more issues down the road. Chair Greenwald said that answered one of his obvious questions that this project would not cost less in the future, stating that the last delay essentially cost \$2 million. As far as he was concerned, this sounded good.

Vice Chair Workman was hoping to see more of a contrast between these two bids, similar to what was presented for the last bids for detailed line items. She asked for more insight into the drastic differences between the bids and whether anything was glaring. The City Engineer, Bryan Ruoff, replied that Albanese's total price was essentially the same as it was the last time. The decrease in their unit price items basically ended up being the exact same cost as last time. Some of the higher end items were their sidewalk price, which was still a lot higher, while Casella's sidewalk price was reduced by roughly \$1,000,000. He called that a considerable difference in the comparison of the two bids. The other one was the pipe prices, which were high from everyone during the first bids. He said they were consistent with Albanese again this time but reduced this time for Casella are lower costs for (i.e., \$6,000 vs. \$10,000) concrete structures for the project (e.g., manholes, catch basins, drain manholes). When considering approximately 100 locations in the project, there were significant, unanticipated cost savings. That totaled the approximate \$2 million difference between the two bids. The Public Works Director added, as the City Manager mentioned, that the Public Works Department's detailed tabulation of the bids had now been publicly posted for review. Chair Greenwald suggested providing that to the Council before its next meeting and Mr. Lussier agreed, noting it is convoluted to access through the Purchasing portal.

Vice Chair Workman recalled the City Manager noting that prices would only continue to increase, especially if delayed. If moving forward, the Councilor asked how the City would make up the difference if extra funding is needed beyond the proposed \$160,000 (actually \$250,000) buffer. Mr. Lussier replied that it would depend on where the unexpected costs arise. As he mentioned, there are the General, Sewer, and Water Funds. He thought the Water and Sewer Funds have adequate funding so that if there were a shortage in those areas, an overage could be

covered from those funds. If funding was identified as needed from the Water Fund, for example, it could come from the Water Fund balance, Infrastructure Capital Reserve, or additional debt from the Water Fund. It would just depend on the amount and what is available at that time. He had not performed a thorough analysis of project balances with Water and Sewer Funds because they were not looking for any money there. So, he did not know if there were any balances available to transfer from those funds.

Chair Greenwald said the project also has a built-in contingency. Mr. Lussier agreed that within the project bid, there are contingency allowances that basically allow the City Engineer and his team to use discretion to make decisions about paying for an extra few structures, for example, out of an allowance. He called it pretty limited. Between all the different contingencies and allowances, there's around \$200,000, which includes things like escalation of diesel fuel, for example. There is an allowance for changes in costs in asphalt pricing. Those work both ways, so if prices for those materials end up lower than anticipated, the City will get a small credit for them.

Councilor Favolise asked process questions. He first asked the City Manager to walk the Committee and public in more detail through the order of operations: motion out of PLD, resolutions introduced at City Council meeting, which then go to FOP Committee? The City Manager replied that tonight staff were looking to move forward the low bidder's contract and that process would take several weeks. In the meantime, staff would bring two resolutions forward to the City Council on May 21, 2026: one will be for the allocation from the Fund Balance and the other will move funds from projects. Once the FOP Committee recommends those resolutions, they will go back to Council for a final vote. She noted that this is in the middle of the Budget process, for which the final vote is not until the second Council meeting in June 2026. She said there was some funding as a part of the FY27 Capital Improvement Program (CIP) as well.

Councilor Favolise asked about use of the Fund Balance. He is typically a fan of drawing down on the Fund Balance for things that are one-time expenditures. He said it does not do us a whole lot of good for the fund balance to just sit there. He knew what the City Manager would tell him about cash flow, the bond ratings, and all of that. He said the purpose of putting money away is in case you need to use it at some point, so if the City needs to use it now, he is okay with that. He asked Am I correct that the City is in the upper band of the fiscal policy limit relative to fund balance? The City Manager replied that there was a little room. She said the City would be spending it down in this next budget and a good portion of it already is going towards the Downtown Project, but the City would be staying in the upper to mid-limit of the range.

Councilor Tobin said she understood the need for urgency but wanted to ensure the Committee was taking the time to understand, process, and ask any questions and get those answers to make the right decision. She agreed that it would have been helpful, and she would have appreciated having all this information in advance of this meeting, when expected to make a decision. She asked the difference in reputations and past projects for the two bidders. Mr. Lussier did not have any work experience with Albanese and as far as he knew they had not worked with the City. Casella had recently completed a large project at the Keene Dillant-Hopkins Airport and the Airport Director reported to the Public Works Director that it went really well. That was the

extent of Mr. Lussier's experience with Casella. However, the staff have to review references and as a part of the award. By anecdotal evidence, at least, he said Casella has performed well on City projects in the past.

Councilor Tobin asked for clarity on the items under Bid Alternate A. Mr. Lussier replied that it was the last remaining bid alternate included in this bid: the granite seating walls around the landscaped areas. He recalled back in March 2026, when the Committee talked about ways to save money and one suggestion was to replace those granite seating walls with simple granite curbing. So, the base bid was granite curbing, and the bid alternate would have replaced the granite curbing with granite seat walls. The bid alternate was not included in the proposal presented to the Committee tonight. For the Committee's information, the additional cost for those granite seat walls was \$239,000.

For the public's information based on what he had seen on Facebook, Chair Greenwald asked why only replacing the underground pipes would not be a good alternative to the full project. The Public Works Director replied that when replacing those pipes, they would be disturbing a significant portion of the downtown. They will require an approximate eight-foot trench and steel shield in the trench required by OSHA to protect the workers. If that trench is dug, he said it is likely to find the gas company also needs to work, etc., but they may only need smaller trenches if they worked on their own; all those would become a quilt of trench patches throughout the downtown as opposed to coordinating all the work and replacements at the same time while already spending the money. Mr. Lussier had said all along that opting to only replace the pipes would save a few dollars minimally, but he does not believe the City would be happy with the results. Additionally, each building gets a connection to the drain system, which would impact the sidewalks.

Chair Greenwald opened the floor to public comments.

Councilor Laura Ruttle-Miller (of West Street) said, as a newer Councilor, she had been reading through past minutes to have an understanding about concerns around this, particularly from downtown businesses. She felt like this had been going on for so long now that maybe some of that had become lost in translation. She wondered if there could be a high-level PowerPoint with a timeline of all the Council votes that had occurred on this project. Chair Greenwald suggested a 5-minute presentation at the next Council meeting. The Public Works Director said they have something like that they could update. Regarding the downtown businesses, he said there is a project Ombudsman, Mr. George Downing. He has joined monthly updates, been talking to businesses, and been helping to prepare binders that are going out to businesses about the plan of action pending the final resolution, so they have some information to share with their customers.

Chair Greenwald asked City Councilor Randy Filiault in the audience how many meetings there had been on the Downtown Infrastructure Project and Councilor Filiault replied 84.

Councilor Favolise noted that Councilor Ruttle-Miller talked about the project timeline and the post-mortems, and Councilor Favolise agreed there needs to be both a look back at where we are and how we got here in terms of the decisions that have been made around downtown, business disruption, and how we got here in terms of a lot of other things as well. He said that one of the

questions he anticipates getting as a result of this is: a bid has been awarded, when is construction actually going to start? He asked if there was a rough timeline there. He was hearing a few weeks for everybody to get the paperwork in order, so it was sounding to him like June or July. Mr. Lussier replied in late June. City Engineer Bryan Ruoff said staff reached out to Casella to get a sense and they felt like it would probably take them about two months, which is a part of the reason for the urgency and asking to move forward—two months from the notice that they are being awarded the project between the paperwork. They could potentially do a soft start, not necessarily full construction with test pits. However, they anticipate construction in mid to late July.

The following motion by Councilor Greenwald was duly seconded by Councilor Workman.

Mayor Kahn clarified that this recommendation would have no further impact on the FY27 Budget that had been submitted for the Council’s consideration. The City Manager said that was correct, these resolutions would be outside of the Budget process. Mayor Kahn said there would be no further impact on the tax rate recommended in the Budget process. City Manager Ferland said correct, there are items in the FY27 budget as planned in the CIP that are related to the Downtown Infrastructure Project, but these actions would not have any additional impact to the tax rate.

On a vote of 5–0, the Municipal Services, Facilities & Infrastructure Committee recommends that the City Manager be authorized to do all things necessary to negotiate and execute a contract for the Construction of the Downtown Infrastructure Project to Casella Construction, Inc., in the amount of \$26,058,836. Any such contract so awarded shall include language allowing the City to amend the scope of work as necessary based on the City Council’s final Fiscal Year 2027 Budget approval.

2. Adjournment

There being no further business, Chair Greenwald adjourned the meeting at 6:04 PM.

Respectfully submitted by,
Katriona Kibler, Minute Taker

Reviewed and edited by,
Terri Hood, City Clerk and Kathleen Richards, Deputy City Clerk