



December 15, 2025

Re: Concerns Regarding City Contracting Practices – Project O Street and Other Recent Awards

Madam Chair and fellow council members. I appreciate the opportunity to testify on this issue today, on behalf of the more than 900 members and business leaders represented by the Lincoln Independent Business Association ("LIBA"). Since being founded 45 years ago, LIBA has championed transparency and accountability in government while promoting free enterprise and the interests of local and small businesses – which is again what we are doing today.

In my testimony today, I am conveying the concerns raised directly by LIBA members regarding the City's recent contracting practices, particularly the award of Project O Street (25-182) to Hawkins Construction Company as well as other recent awards. These concerns focus not on individual outcomes, but on perceived patterns that undermine both fiscal responsibility (responsible use of taxpayer dollars) and fair, transparent competition.

In addition to our own members, we have received correspondence from retired District Court Judge Rob Otte, whose observations further underscore challenges in the bidding process. LIBA shares the concerns expressed by Mr. Otte - most notably the desire that contract awards by the City of Lincoln reflect both integrity and support for qualified local businesses. LIBA also wishes to highlight additional systemic issues that impact fairness and accountability in City contracting.

LIBA has no financial or personal interest in the outcome of this bid. Consistent with our mission we are representing the specific concerns expressed to us by companies who routinely bid on City projects as detailed in the following paragraph.

Specifically, 1) Bidders fear that challenging outcomes will jeopardize equitable consideration on future projects. 2) There is a perception that, at times, the award of projects is predetermined, making the bidding process appear futile. 3) Scoring lacks consistency and transparency, leaving bidders frustrated and uncertain about the entire process. Bidders are questioning whether it is worth continuing to bid on City projects. Such concerns, if actualized, will result in fewer, and possibly less qualified bidders on city projects.

Specific to Project O Street – the City didn’t just “not award to the lowest bidder” – they disqualified the (3) lowest bidders. Disqualifying three Lincoln-based companies – including one that has served the city’s infrastructure needs for over a century – sends a troubling message about the value placed on local expertise as well as compliance with the priorities or preferences outlined in the Lincoln Municipal Code. The result of that is the award of a contract that is \$4.3 million HIGHER than the lowest bidder – to an Omaha-based contractor that pays no property taxes in Lincoln, has no employees in Lincoln, and pays little to no sales tax in Lincoln. What truly justifies spending an additional \$4.3 million? Especially for an Omaha based company when a Lincoln based company – in business since 1908 – was an option – a much lower cost.

Further - it is LIBA’s understanding that the city engaged in value-engineering aspects of the original music district project, which we understand is now part of Project O Street. We understand that value-engineering of projects is common and often necessary to get projects over the finish line. What we find concerning is that the city engaged in and relied on the expertise of bidders who were subsequently deemed “not responsive or responsible”. This raises serious concerns about the integrity of the process and seems fundamentally unfair to those bidders.

As a result of concerns surrounding Project O Street, LIBA reviewed other recent significant project awards at lincoln.ne.gov. Specifically -

Construction Manager At Risk (CMAR) for Central Library – project 25-151.

- As with Project O Street, the Central Library project was not awarded the bidder we perceive to be the lowest qualified, responsive, responsible bidder - Hampton Commercial Construction. Instead, the contract was awarded to Sampson Construction. While no doubt a very qualified bidder in their own right – this resulted in higher project costs of \$482,734 - \$550,000 in total taxpayer funds after accounting for interest on the 20-year bonds issued by the City. While, unlike above, the project was awarded to a Lincoln-based bidder, it nonetheless raises questions about equitable consideration and suggests a troubling pattern.
- All the bidders on this project are well respected, long-time pillars of their respective construction communities. But the question remains why Sampson (founded in 1952) was deemed “more qualified” and thus worthy of being paid more for the same service – than all 3 of the other contractors who submitted lower bids - Hampton Commercial Construction (founded in 1947) Boyd Jones Construction (founded in 1924) and The Weitz Company (founded in 1855).
- Among just the local contractors, both Sampson and Hampton have extremely similar histories and project experience. Both have won the BBB Integrity Award – Sampson once and Hampton three times, most recently this year.

Combined, these two projects represent, a questionable at best, but perhaps more accurately, an irresponsible expenditure of \$4.8 million dollars, funded by the taxpayers of the City of Lincoln – an aggregate cost to the taxpayers in Lincoln of \$5.4 million more than necessary when accounting for financing costs.

Adding to the uncertainty surrounding the City's processes are other recent significant project awards, detailed below, that unlike the above projects were, in fact, awarded the lowest bidder – but further, **not a single bidder was disqualified**. This reinforces the questions and concerns about the equitable application of criteria.

- 25-090 South Haymarket Park – BIC Construction - \$12,517,800. Next bidder was MECO-HENNE \$274,200 higher.
- 25-092 CMAR PBC Parking Garage Expansion; BIC Construction – \$866,075. Next bidder (Hausmann Construction) \$13,629 higher. An intriguing decision since Hausmann has extensive experience with parking garages including all 4 Haymarket Park Garages and the \$70M parking facility at Eppley Airfield
- 25-116 Lincoln Correction Facility Water Main & Sewer; HR. Bookstrom Construction - \$3,523,036. Next bidder was Bauer Infrastructure \$143,162 higher.
- 24-212 Square One Family Resource Center; Genesis Contracting Group - \$1,583,000. Next bidder was Cheever Construction \$20,200 higher.
- 24-140 Material Reuse Addition Lincoln-Lancaster County Health; Kingery Construction - \$921,000. Next bidder was BluCor Construction \$3,923 higher.

LIBA's goal is not simply to criticize for its own sake. We are advocating for a fair, transparent process that results in responsible decisions about spending taxpayer dollars and ensures that local businesses have a level playing field with award criteria that is clearly understood and equitably applied by the decision makers in City Hall.

LIBA respectfully urges the Mayor and the City Council to review these practices and provide public assurance that future awards will adhere to clearly established, consistently and equitably applied criteria. We also welcome the opportunity to meet and discuss constructive solutions to ensure the achievement of these objectives.

Respectfully,



Lincoln Zehr
President & CEO

Lincoln Independent Business Association