

**“Government Financed Rail Construction and Maintenance—  
A call for Maximum Open and Fair Competition”**  
Hearing on  
**Opening the Northeast Corridor to Private Competition  
For the Development of High-Speed Rail**  
Before the House Committee on Transportation & Infrastructure

Testimony of Michael Goetz  
Executive Director - RAILCET<sup>1</sup>,  
On behalf of  
Organized Rail Construction Management and Labor

**May 26, 2011**

My testimony today is on behalf of thirty railroad contractors and three international construction unions that build and maintain rail infrastructure across America. We ask that the Rail Title of the next Surface Transportation Act authorize a high performance intercity and urban passenger rail network. We suggest that the Northeast Corridor should be the crown jewel in that network. We agree with the President’s goal that within 25 years 80% of all Americans should have the option of a high performance rail passenger alternative to highway and aviation.

In these difficult budget times, we know that we cannot meet the goal of a revitalized passenger rail network by enacting a massive new grant program as we did with the creation of the interstate highway network. Therefore, we support new approaches to leverage resources through the introduction of innovative financing, public private partnerships (P3s) and competition in the design, construction and maintenance of rail passenger systems.<sup>2</sup> High speed rail service in the Northeast Corridor and the West, and the existing state supported passenger corridors,<sup>3</sup> should be the foundation for a new national intercity and urban passenger network.

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<sup>1</sup> *The Railroad Cooperation and Education Trust (RAILCET), is comprised of 30 rail contractors which hold a single national agreement with the Laborers International Union of North America (LIUNA) and the International Union of Operating Engineers (IUOE). The United Brotherhood of Carpenters (UBC) which represents Herzog Industries in rail operations and construction and maintenance, also endorses this testimony.*

<sup>2</sup> *Specifically we support expansion of the RRIF and TIFIA federal loan programs mixed with grant financing and made available to official P3 partners to maximize financial resources in delivering urban and intercity passenger rail projects. We believe it would be appropriate to create a significant Special RRIF Fund to transform the Corridor into a true HSR operation. We support the consistent application of existing prevailing wage requirements as established in the current federal framework under Title 23, Title 45 and Title 49 to any proposed innovative financing mechanisms.*

<sup>3</sup> *We propose a program of accelerated development of the state supported corridors around the country. This is the foundation for a national passenger system that links city pairs. In addition to the NEC we support the continued development of a California HSR system as well as the DesertXpress project between Las Vegas and Southern California.*

To transform the Northeast Corridor and existing intercity and urban routes into a high performance network will be a massive undertaking over a long period of time.<sup>4</sup> To be successful it must have major private sector involvement and cost control in the construction, maintenance and rehabilitation of this rail network. To provide the maximum value for the taxpayer's dollar, we specifically call for fair and open competition for the construction of publicly funded or financed rail projects. We propose the following policy for construction:

- States and public authorities shall competitively bid out all publicly funded or financed rail construction, rehabilitation and maintenance projects on *publicly owned rights of way*. Federal, state, regional and local public authorities shall create no impediment to full, fair and open competition on federally funded projects.
- To the maximum extent possible, states and public authorities shall competitively bid out all publicly funded or financed rail construction, rehabilitation and maintenance projects on *private rights of way*. While the burden of proof should favor competition, we support limited exceptions to honor existing rail labor agreements in effect on date of passage of this statute. Clear Guidelines should be established to promote fair competition and enforcement by the Department of Transportation and the States. (Suggested Guidelines are attached)

In recent months there have been some unfortunate statements made before the Railroad Subcommittee that our contractors and their employees have less than professional skills and qualifications because they do not operate under the railway labor laws. That is nonsense. The fact that our employees are organized under the National Labor Relations Act, along with other private sector employees in America, does not adversely impact the quality of the work we perform or the conditions of employment. We have superior benefits with solid health and pension plans. We jointly-administer world-class training programs and utilize work standards that are second to none. We perform rail maintenance and construction efficiently and safely, as well as any in-house labor force. The skilled construction workers from the Carpenters, Laborers and Operating Engineers perform complex construction projects in a wide range of industries, including rail projects.

It is true that our companies operate in a highly competitive environment. Our unions and management work closely together through cooperative strategies that demand high quality work at the best price. The bottom line is we must get our jobs done safely, on time and on budget. We will happily compare our record of quality, safety, and productivity with any similarly situated in-house workforce in America.

We also present a unified labor-management voice on legislative issues as we are doing here today. We will work with Congress for a specific proposal on the Northeast Corridor. What we respectfully ask is that principles of competition for rail construction projects be applied

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<sup>4</sup> We express no opinion on the operational issues surrounding AMTRAK, or the rest of the proposed network. We are exclusively focused on the proposed network from a construction industry perspective.

here and on all other publicly funded rail projects. That way, as a high performance American passenger rail network is developed, the taxpayer will receive the highest quality work at the best price.

## **Potential Policy Guidelines for Bids on publicly financed projects on private rights of way**

1. Once procurement transactions for each federally financed construction project are identified, a state must issue a request for preliminary information (RFI) from potential contractors.
2. In response to the RFI, a private track owner may request a sole-source award if deemed required by existing labor agreements. If the Secretary (or State) concurs, the state may make a sole-source award for the specified transactions. The Sole-Source Awardee shall supply full and transparent information on the project cost to the state for the public record. The burden of proof in reaching a sole source decision shall favor competition consistent with existing federal law and the contractual rail labor agreements in existence at the time of passage of this authorizing statute.
3. With the exception of sole source awards, each project contract shall be competitively selected. The track owning railroad shall prequalify contractors for work on their rights of way, and may manage the bid process (under state guidelines) and construction for all work on their rights of way, but may not unreasonably withhold qualification for anti-competitive reasons.
4. Private parties may not enter into future agreements intended to secure sole source contracts and stifle the competitive process in the award of public funds for public interest projects on private rights of way.

**COMMITTEE ON TRANSPORTATION AND INFRASTRUCTURE**  
*Truth in Testimony Disclosure*

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Pursuant to clause 2(g)(5) of House Rule XI, in the case of a witness appearing in a nongovernmental capacity, a written statement of proposed testimony shall include: (1) a curriculum vitae; and (2) a disclosure of the amount and source (by agency and program) of each Federal grant (or subgrant thereof) or contract (or subcontract thereof) received during the current fiscal year or either of the two previous fiscal years by the witness or by an entity represented by the witness. Such statements, with appropriate redaction to protect the privacy of the witness, shall be made publicly available in electronic form not later than one day after the witness appears.

(1) Name: Michael Goetz

(2) Other than yourself, name of entity you are representing:  
RAILCET (Railroad Cooperation and Education Trust)

(3) Are you testifying on behalf of an entity other than a Government (federal, state, local) entity?

YES

If yes, please provide the information requested below and attach your curriculum vitae.

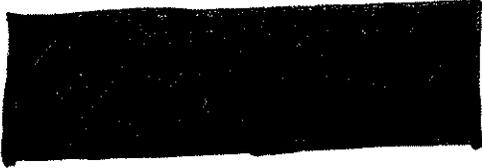
NO

(4) Please list the amount and source (by agency and program) of each Federal grant (or subgrant thereof) or contract (or subcontract thereof) received during the current fiscal year or either of the two previous fiscal years by you or by the entity you are representing: None

Michael Goetz  
Signature

5-23-11  
Date

Michael W. Goetz



## RESUME

**October 2003- Present**

**Executive Director, Railroad Cooperation and Education Trust. (RAILCET).** RAILCET is a labor / management cooperation trust for the unions and contractors that perform work under the Rail Transportation and Operation Agreement. As the Executive Director oversee all aspect of the organization, including budget preparation and monitoring, interaction with governmental officials, prepare annual reports, board agendas and board meeting materials. Report to an eight member Board of Directors consisting of four union and four management representatives.

**June 1997 - Present**

**Executive Director, Laborers' Home Development Corporation (LHDC).**

LHDC is an affordable housing development corporation affiliated with the Midwest region of the Laborers' International Union.

Manage financing and development of 728 units of affordable housing across Illinois. Coordinate the financing of multi-family housing developments through highly complicated application of tax credit equity coupled with soft and market rate debt. Have developed eight new and one rehab tax credit properties since 2002. Oversee the development, construction and management of all facilities. Manage all business aspect of the corporation including, strategic planning, budget preparation, intergovernmental relations and investor relations. Have developed an excellent reputation with the Illinois Housing Development Authority and with HUD. Report to a four member Board of Directors. Prepare Board agendas and meeting materials.

**October 2003 - Present**

**Laborers' International Union of North America (LIUNA).**

Midwest Region Tri-Funds Coordinator. Advised and managed educational services for Taft-Hartley Pension Fund fiduciaries regarding issues related to asset allocation, economically targeted investing (ETI), capital stewardship, and sustainable investing. Coordinate the delivery of services from the LIUNA Tri-Funds in the Midwest Region.

**March 1999 - October 2003**

**Executive Director, Midwest Region Foundation for Fair Contracting.**

A labor / management organization affiliated with the Midwest Region of the Laborers' International Union. Supervised a staff of five field supervisors. Reported to a four member Board of

Directors.

**January 1995 - May 1997**

**Senior Vice President, The Chicago Corporation**, an investment management and banking firm headquartered in Chicago. Managed investments for pension and operating funds for public agencies across Illinois.

**January 1991 - December 1994**

**Executive Director, Illinois Public Treasurers' Investment Pool**, Office of the State Treasurer. The investment pool is a \$2 billion fund for local governments. As the director, oversaw all aspects of the funds management including performance, portfolio structuring, marketing and staff supervision. Supervised a staff of sixteen, including three investment professionals.

**October 1983 - December 1990**

Division Chief, Franchise Division, Office of the Attorney General

**October 1981 - October 1983**

Vice President, Taxpayers' Federation of Illinois

**October 1978 - October 1981**

Manager, Illinois Industry Retention Program, Illinois Department of Commerce and Community Affairs

**May 1976- October 1978**

Industrial Development Representative, Illinois Department of Business and Economic Development

**August 1973 - May 1976**

Administrative Assistant, Office of the Governor

**EDUCATION:**

Eastern Illinois University, Bachelor of Science Degree in Political Science 1973: Student Body President 1972 - 1973

Griffin High School, Springfield, Illinois 1969: Governor of Key Club International, 1968 - 1969

**PAST AND PRESENT MEMBERSHIPS AND AFFILIATIONS:**

Laborers' International Union of North America, Local Union 773

Illinois Housing Council Board of Directors and Officer

Statewide Housing Action Coalition

Federal Home Loan Bank, Community Investment Advisory Board

United Way of Sangamon County, Board of Directors

Chairman, State Comptroller's Merit Commission

Chairman, Illinois State Board of Investments

Vice Chairman, Illinois Finance Authority