

**Award No. 3586**  
**Docket No. 2995**  
**2-CRI&P-MA-'60**

**NATIONAL RAILROAD ADJUSTMENT BOARD**  
**SECOND DIVISION**

The Second Division consisted of the regular members and in addition Referee James P. Carey, Jr., when award was rendered.

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**PARTIES TO DISPUTE:**

**SYSTEM FEDERATION NO. 6, RAILWAY EMPLOYEES'**  
**DEPARTMENT, A. F. of L.—C. I. O. (Machinists)**

**CHICAGO, ROCK ISLAND & PACIFIC RAILROAD COMPANY**

**DISPUTE: CLAIM OF EMPLOYEES:** 1. That the building, assembling, dismantling and repairing of diesel engines is Machinists' work under the current Agreement.

2. That on July 3, 1954 the Carrier transferred the overhauling and repairs of one 16 cylinder E. M. D. diesel engine, serial No. 51-B-7, from its shop at Silvis, Illinois, to the Electro-Motive Division of General Motors Corporation.

3. That, accordingly, as a penalty for the aforementioned violation, the Carrier be ordered to compensate Machinists Charles Jones and Elmer Sauer an equal number of hours, at the time and one-half rate, to correspond with the number of hours of labor charged to Carrier by the Electro-Motive Division of General Motors Corp. for the overhauling and repairs to this diesel engine.

**EMPLOYEES' STATEMENT OF FACTS:** This carrier maintains at Silvis, Illinois its largest diesel locomotive repair shop, which is fully equipped to make any and all repairs to diesel locomotives and diesel engines, including the component parts thereof. This shop consists of a general erecting floor and overhaul department for diesel engines and appurtenances, such as compressors, governors, fuel pumps, injectors, cylinder heads and all other parts which are completely dismantled, repaired and assembled, in addition to a running repair department.

Machinists are regularly assigned at Silvis Shop to completely overhaul all types of diesel engines, including the 16 cylinder, E.M.D. engine referred to in this claim, and such rebuilding and overhauling is performed daily in this shop.

This carrier has recently taken the position that regardless of any provisions in its agreement with its employees, it has the right to farm out the repairs of any equipment to an outside company or back to the factory whenever it sees

locomotive in its shop and get immediate delivery of a remanufactured engine carrying the manufacturer's new engine warranty. This can be done at a nominal cost as compared with the high cost which would result from acquiring the plant and equipment needed to remanufacture engines on railroad property.

Because of the tremendous cost required to enable it to perform such work, and the high unit cost of such work, Rock Island has never attempted to perform it.

This case, we submit, resolves itself into one question, i.e., has the carrier, in its managerial responsibilities and prerogatives, the right to determine whether to repair worn-out and antiquated engines in kind or to take advantage of a manufacturer's service, such as the engine exchange basis, to secure remanufactured engines and remanufactured, modernized, improved, upgraded and warranted engines and a type of engine that only the manufacturer can produce and one which the manufacturer is constantly striving to improve and modernize.

The prerogative of management permits managing officers to choose between available methods in furthering the purpose of the carrier. If such method is chosen is one ordinarily pursued by management in the industry, it should be considered as a proper exercise of managerial judgment. In the instant case, it was the carrier's judgment that the proper and sensible thing to do was to take advantage of the engine exchange service offered by the manufacturer and secure from them a complete, modernized, upgraded, and warranted engine rather than attempt to repair or rebuild worn and antiquated 567-B engines in kind which would not give us the advantage of a remanufactured, modernized, converted and warranted engine.

As previously stated, the receipt of the remanufactured, modernized, improved, upgraded and warranted engines received on unit exchange purchase orders for older engines, bear more resemblance to the purchase of new engines than to the maintenance and rebuilding of old engines.

We submit also, without relinquishing our position as above, that the claimants involved were fully employed and, of course, can show no loss of earnings or injury in connection with this case, but assuming their claim has merit, which, of course, we deny, it is a well-established principle of this and other Divisions of the Adjustment Board, that if penalty is to be assessed by this Board—and there is no rule in the employees' agreement providing for such—it can only be at pro-rata rate.

We submit that this case is similar to that found in your Board's Award 2377.

On basis of the facts and circumstances recited in the foregoing, we contend there was no violation of the employees' agreement.

We respectfully request your Board to deny this claim.

**FINDINGS:** The Second Division of the Adjustment Board, upon the whole record and all the evidence, finds that:

The carrier or carriers and the employee or employees involved in this dispute are respectively carrier and employee within the meaning of the Railway Labor Act as approved June 21, 1934.

This Division of the Adjustment Board has jurisdiction over the dispute involved herein.

Parties to said dispute were given due notice of hearing thereon.

Our determination of the issue presented in this docket is governed by our Award No. 3585.

#### AWARD

Claim denied.

NATIONAL RAILROAD ADJUSTMENT BOARD  
By Order of SECOND DIVISION

ATTEST: Harry J. Sassaman  
Executive Secretary

Dated at Chicago, Illinois, this 8th day of November, 1960.

#### LABOR MEMBERS DISSENT TO AWARDS NOS. 3585 AND 3586.

The Machinists' Classification of Work Rule No. 53 of the current agreement reads in part as follows:

"Machinists work shall consist of \* \* \* building, assembling, maintaining, dismantling and installing locomotives and engines (operated by steam or other power.) \* \* \* (Emphasis ours.)

The work of dismantling, rebuilding and assembling of Diesel engines comes within and is subject to the provisions of the above rule and has been performed by this carrier's machinists—See Awards Nos. 1866 and 2841 of this Division. Further, under the date of August 4, 1948, the scope rule of the current agreement was changed to prevent the assignment of work to other than employees covered by this agreement and reads in part as follows:

"It is understood that this agreement shall apply to those who perform the work specified in this agreement in the Maintenance of Equipment Department and in other departments of this railroad \* \* \* is to prohibit the carrier from hereafter unilaterally assigning the work specified in this agreement to other than employees covered by this agreement. \* \* \* ." (Emphasis ours.)

The carrier's farming out of the instant work is in violation of the agreement governing the employment of machinists. Therefore Awards Nos. 3585 and 3586 are in error.

Edward W. Wiesner  
R. W. Blake  
Charles E. Goodlin  
T. E. Losey  
James B. Zink