

**NATIONAL RAILROAD ADJUSTMENT BOARD  
THIRD DIVISION**

**Award No. 40508  
Docket No. MW-39402  
10-3-NRAB-00003-060044  
(06-3-44)**

The Third Division consisted of the regular members and in addition Referee M. David Vaughn when award was rendered.

**PARTIES TO DISPUTE:** (Brotherhood of Maintenance of Way Employees Division –  
( IBT Rail Conference  
( BNSF Railway Company (former Burlington  
( Northern Railroad Company)

**STATEMENT OF CLAIM:**

“Claim of the System Committee of the Brotherhood that:

1. The Agreement was violated when the Carrier assigned outside forces (Pavers Contractors, Inc.) to perform Maintenance of Way and Structures Department work (operate backhoe to install switches, switch ties, track panels, switch panels, ballast and unload switch panels) at F-3 Track, West Departure lead, South Running Track, Grain Yard 6 Track, Crossover Switch from B-2 and West 5 Grain Yard Lead in Lincoln, Nebraska and at Carling on April 26, 27, 28, 29, 30 and May 3, 4, 5, 6, 7, 10, 11, 12, and 13, 2004 [System File C-04-C100-80/10-04-0235(MW) BNR].
2. The Agreement was further violated when the Carrier failed to provide the General Chairman with a proper advance notice of its intent to contract out said work or make a good-faith effort to reduce the incidence of subcontracting and increase the use of its Maintenance of Way forces as required by Rule 55 and Appendix Y.
3. As a consequence of the violations referred to in Parts (1) and/or (2) above, Claimant J. Wilkinson shall now be compensated for one hundred eight and one-half (108.5) hours at his respective straight time rate of pay and seven and one-half (7.5) hours at his respective time and one-half rate of pay.”

**FINDINGS:**

The Third 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.

The Claimant held seniority as a Group 2 Machine Operator and was fully employed on May 3, 4, 5, 6, 7, 10, 11, 12 and 13, 2004. No allegations or evidence as to the Claimant's employment status on April 26, 27, 28, 29 and 30 were provided by either party.

In a February 27, 2004 letter, the Carrier notified the Organization that it would begin a construction and reconfiguration project at the Lincoln, Nebraska Yard. The notice stated that the Carrier would contract out work on or after March 15, 2004 including rerouting utilities (oil, gas, water, sanitary sewer, storm drains) asphalt work, relocation of fencing, upgrading of road or bridge structures and "dirt work" including inserting culverts, placement of topsoil, soil compaction, sub-grade work, and embankment work. The notice specified that "Carrier forces do not have the equipment and skills necessary to complete all aspects for the project that will be contracted out." The Carrier indicated that the above described work was consistent with its historical practice of contracting out such work.

After detailing activities to be contracted, the notice listed work that would not be contracted. It declared, "Carrier forces will be responsible for the construction, realignment and installation of the track structures associated with this project."

On some dates, the contractor used one of its employees to operate its own back hoe to remove and install switches, ties, ballast and track panels. The Claimant was qualified to do this work, and held appropriate seniority on the days specified. The contractor's employee who allegedly performed this work held no seniority or work

rights under the Agreement. The Organization made allegations, but provided no affidavit, statement, or other evidence (1) to substantiate the work performed by the contractor's employee (2) to indicate that the Claimant was available to work on the days at issue or (3) to support its claim that the work at issue was exclusively reserved system-wide to Carrier forces. The Organization's single piece of evidence was a brochure indicating that Hertz Equipment in Omaha, Nebraska, rented hydraulic excavators.

The Carrier rejected the claims for straight time and over-time pay as excessive. It provided no employment records of the Claimant's hours worked on the days at issue, but did assert that the Claimant was "fully employed" on the days at issue in May 2004 and lost no earnings for those days.

The Agreement provides, in relevant parts:

**"RULE 1. SCOPE**

These rules govern the hours of service, rates of pay and working conditions . . . in the Maintenance of Way and Structures Department. . .  
.

**Rule 2A. SENIORITY RIGHTS AND SUB-DEPARTMENT LIMITS**

Rights accruing to employes under their seniority entitles them to consideration for positions in accordance with their relative length of service. . . .

**RULE 5A. SENIORITY ROSTERS**

A. Seniority rosters of employes of each sub-department by seniority districts and rank will be compiled. . . .

**RULE 55 CLASSIFICATION OF WORK**

\* \* \*

N. Machine Operator.

An employe qualified and assigned to the operation of machines. . . .

\* \* \*

**NOTE to RULE 55**

\* \* \*

Employees included within the scope of this Agreement - in the Maintenance of Way and Structures Department . . . perform work in connection with the construction and maintenance or repairs of and in connection with the dismantling of tracks, structures or facilities located on the right of way and used in the operation of the Company in the performance of common carrier service. . . .

. . . In the event the Company plans to contract out work . . . it shall notify the General Chairman of the organization in writing as far in advance of the date of the contracting transaction as is practicable and in any event not less than fifteen (15) days prior thereto . . . Said Company and Organization representative shall make a good faith attempt to reach an understanding concerning said contracting, but if no understanding is reached the Company may nevertheless proceed with said contracting, and the Organization may file and progress claims in connection therewith.

\* \* \*

**Appendix Y.**

\* \* \*

The parties jointly reaffirm the intent of Article IV of the May 17, 1968 Agreement that advance notice requirements be strictly adhered to and encourage the parties locally to take advantage of the good faith discussions provided for to reconcile any differences. . . . [T]he advance notices shall identify the work to be contracted and the reasons therefore.”



The Carrier asserts that the Organization failed to meet its burden of proving that contracting out the work at issue violated Rules 1, 2, 5, 55, the Note to Rule 55, Appendix Y or any other portion of the Agreement.

It disputes the allegation that it failed to provide appropriate advance notice by tendering as evidence its letter identifying work to be contracted and the reasons for doing so. It points out that, as with other claims regarding this same project, after the notice was provided, the parties engaged in a conference.

The Carrier asserts that the Organization's Submission alleges - but provides no evidence - showing that the work at issue is within the coverage of the Scope Rule, or that the work at issue had historically, traditionally and customarily been assigned to Carrier forces system wide to the exclusion of contractors. The Carrier reiterates that it is the Organization's responsibility to provide evidence of probative value to support its claim. If an affirmative defense is required, the Carrier asserts that it is not required to piecemeal the work, that is, to give some to Organization-represented employees and to contract out the other.

In denying that Rule 1 reserves the disputed work to BMW-represented employees, the Carrier argues that the Rule is a general Scope Rule and does not delineate any particular tasks that the Carrier is responsible to assign to M of W forces.

It asserts that the Organization was thereby obligated to prove an exclusive past practice of assigning the track work to Carrier forces.

The Carrier argues, contrary to the Organization's position, that even if there were a basis establishing a violation of the Agreement, no compensation should be awarded because the Claimant was fully employed during the relevant dates in May 2004 and suffered no economic loss as a result of the Carrier's alleged use of a contractor. The Carrier contends that it is not required to recall an employee for less than a 30-day vacancy. It asserts that the Organization failed to provide any evidence that the Claimant was other than fully employed on the dates at issue. The Carrier indicates that in Rules cases, the Organization has the burden of proof and that in this instance, the Organization failed to meet its burden as to all elements of its claim.

The Carrier cites the following language in Third Division Award 25002 for the proposition that where a Claimant is fully employed, a monetary remedy is not appropriate:

**“This Board, while finding that the Carrier did not furnish the mandated notice, does not find sufficient reason to award pecuniary relief. The Claimants have not proved loss of work or earnings. There is solid precedent (see Third Division Awards No. 18305 (Dugan), No. 23345 (Dennis), No. 20275 and 20671 (Eischen)) that to award a penalty, Claimants must show distinct damages.”**

**The Organization acknowledges that the Carrier provided notice of certain contracted work, however, it argues that the letter failed to provide notice that the contractor would use its equipment and employee to perform track work, that the work at issue here had historically, traditionally and customarily been assigned to Carrier forces system wide to the exclusion of contractors, and that the Carrier specifically reserved track work to M of W employees. Finally, the Organization argues that the Carrier owes compensation for the Claimant’s lost work opportunities.**

**After reviewing all record evidence the Board concludes that language of the Scope and Classification Rules is not the issue. The work here does not involve, grading, excavation, culverts, utility lines, asphalt, fencing, bridges, dirt work or stormwater management which the Carrier carefully listed as being contracted out. Instead, the work at issue involves removal and installation of switches, ties, ballast and track panels – track work. The Carrier’s notice failed to include this work within the types of labor to be performed by the Contractor. In fact, it specifically designated “the construction, realignment and installation of the track structures associated with this project” as the responsibility of the Carrier’s M of W forces. The Board concludes that although the Carrier did provide notice regarding a wide variety of work, it failed to provide a notice for contracting out the specific work at issue in this claim – track work.**

**On the other hand, the Organization failed to make a prima facie case that the Contractor performed the work alleged, that the Claimant was not fully employed and that he sustained lost work opportunities or monetary loss. In the final analysis, the Board reiterates its prior rulings that the burden is on the Organization to prove each element of its claim. Here, it failed to meet its burden.**

**The record contains evidence showing that the Carrier violated the notice provision of the Agreement. However, because the Organization did not meet its burden regarding work performed by the contractor, the Claimant’s lost work opportunities or monetary damages, the claim will be denied as without merit. The**

Board reaffirms prior Awards by the Board holding that fully employed Claimants will not be compensated for lost work opportunities.

The Organization proved that the Carrier failed to give the Organization notice of its intent to contract out the work of transporting, installing and removing track and switch panels, which it conceded would be performed by its forces. However, the Organization failed to prove the amount of work performed by the contractor or to prove that the Claimant lost work opportunities. Thus, the Organization is entitled to a declaration that the Carrier violated its notice obligations and improperly assigned to a contractor work that the Carrier had committed to be performed by its own forces. However, no monetary remedy is appropriate. The Organization's claim for such remedy is denied.

**AWARD**

Claim sustained in accordance with the Findings.

**ORDER**

This Board, after consideration of the dispute identified above, hereby orders that an award favorable to the Claimant(s) be made. The Carrier is ordered to make the Award effective on or before 30 days following the postmark date the Award is transmitted to the parties.

**NATIONAL RAILROAD ADJUSTMENT BOARD**  
By Order of Third Division

Dated at Chicago, Illinois, this 15th day of June 2010.

**LABOR MEMBER'S CONCURRENCE AND DISSENT  
TO  
AWARD 40507, DOCKET MW-39401  
AWARD 40508, DOCKET MW-39402  
AWARD 40510, DOCKET MW-39404  
(Referee Vaughn)**

One school of thought adhered to by certain railroad industry advocates is that writing dissents is an exercise in futility because they are neither read nor considered by subsequent referees. This Organization does not belong to that school. For, to accept the theory that dissents are meaningless, is to necessarily accept the conclusion that reason does not prevail in railroad industry arbitration. Despite all the faults built into this system, the Organization Member of this Board is not ready to conclude that reason has become meaningless. Therefore, the Organization Member has no alternative but to file this emphatic dissent to the remedy portion of the claim.

In these cases, there can be little question that if the Carrier had not assigned outside contractors to perform the work at issue here, the Claimants would have performed the work. Hence, the inexorable conclusion is that the Claimants were damaged when they lost the opportunity to perform the work and receive the concomitant reparations.

Here, the Majority is attempting to set a new standard to be required of the Organization to obtain a monetary remedy. It is as though the Majority believes that this issue has not been visited by the parties in the past. Quite to the contrary, hence, the Majority was not ploughing virgin soil here. The Majority's findings here ignore the able on-property awards wherein the Board made monetary reparations to fully employed employees employing standards at odds with the standards the Majority is attempting to foist on the Organization in this case. The authority to award a monetary remedy could be found within the awards attached to our submission and to the awards presented to the Board during panel discussion. For instance, we presented recently adopted Awards 37901, 38010, 38011, 38375, 39865 and Award 33 of Public Law Board No. 6204 involving these same parties wherein a monetary remedy was allowed for both a notice violation and a lost work opportunity. In these forums, literally dozens of referees have sustained monetary awards to enforce the integrity of the Agreement, irrespective of a showing of monetary loss. A sample of these awards, beginning with the early days of the NRAB and continuing to the present are as follows:

**AWARD 685: (Third)**

"The objection of the carrier to the payment of overtime under Rule 37 must also be overruled. It is true, as the carrier points out, that the claimant 'was not required to work regularly in excess of eight hours.' The Division, however, has found that the carrier made an improper assignment in this case. Accordingly, the claim, although it may be described as a penalty, is meritorious and should be sustained. The Division quotes with approval this statement from the Report of the Emergency Board created by the President of the United States on February 8, 1937:

“The penalties for violations of rules seem harsh and there may be some difficulty in seeing what claim certain individuals have the money to be paid in a concrete case. Yet, experience has shown that if rules are to be effective there must be adequate penalties for violation.”

AWARD 2277: (Third)

“\*\*\* The only question arises whether Gardner, who did not, in fact, do the work, is nevertheless entitled to be paid therefor, and on an overtime basis of pay, by reason of the claim that, while not exclusively entitled to the work, he would have, under ordinary circumstances, been called on therefor. If we are to allow the claim it must be done on the basis that the Carrier should be penalized for its violation of the Agreement, regardless of the fact that the result thereof would operate to compensate Gardner for work he did not perform, and on an overtime basis of pay. To impose this penalty may, in the circumstances, seem harsh; but Agreements are made to be kept and the imposition of penalties to attain that end, and to discourage violations, are justified. As we view the matter, less harm will result to the principles of collective bargaining by imposing the penalty than from ignoring the violation and refusing to impose the penalty. \*\*\*” (Underscoring added)

AWARD 12374: (Third)

“Carrier urges that the claim is for a penalty because Claimant actually worked on each of the days for which the claim is filed; that he received eight (8) hours of pay at his rate for each of the days; that he could not have been available for the work done on those days by the Machine Operators; that the Agreement does not provide for payment of services not performed; that this Division has no right to assess a penalty.

A collective bargaining agreement is a joint undertaking of the parties with duties and responsibilities mutually assumed. Where one of the parties violates that Agreement a remedy necessarily must follow. To find that Carrier violated the Agreement and assess no penalty for that violation is an invitation to the Carrier to continue to refuse to observe its obligations. If Carrier's position is sustained it could continue to violate the Scope Rule and Article I of the Agreement with impunity as long as no signal employees were on furlough and all of them were actually at work. For economic or other

reasons, Carrier could keep the Signalmen work force at a minimum and use employes not covered by the Signalmen's Agreement to perform signal work. No actual damages could ever be proved. This is not the intent of the parties nor the purpose of the Agreement.

While Carrier alone has the right to determine the size of the work force in any craft, it has a duty and obligation to keep available an adequate number of employes so that the terms of the Agreement are not breached. Carrier is obligated to have a sufficient number of available signalmen on its roster for its needs. If it fails to do so, it may not complain when a penalty is assessed for a contract violation."

AWARD 17523: (Third)

"The Carrier, furthermore, argues that the instant claim is in the nature of an exaction--a penalty--as the claimants were employed on the days in question. We can only respond that this Carrier is fully familiar with the hundreds of awards which have held that a Carrier is liable in the event of a contract violation; that such assessment of damages is not an unfair labor practice, as it alleges."

AWARD 21751: (Third)

"The Carrier also asserts 'the monetary payment being sought by the Organization is improper. Claimant was fully employed on the dates in question and suffered no loss of earnings.' Thus under the principle that a Claimant is limited to the actual pecuniary loss necessarily sustained no monetary payment is due.

The question to be decided here, however, is not whether the Claimant suffered actual pecuniary loss, but rather there having been an improper assignment of work within the terms of the Parties Agreement of work to which the Claimant was entitled, is he without remedy?

The Organization asserts Claimant under Rule 3 was entitled to perform the work in his seniority district. There is no evidence to the contrary as Carrier did not have the authority to transfer the work, as it contends. The Organization submits the proper remedy is to pay the Claimant the rate for

the work performed citing many awards, essentially, assessing such a penalty for violation, citing, among other Third Division Award 685:

‘The Division xxx found that the Carrier made an improper assignment xxx. Accordingly, the claim, although it may be described as a penalty is meritorious and should be sustained. The Division quotes with approval this statement from the Report of the Emergency Board created by the President of the United States on February 8, 1937:

“The penalties for violations of rules seem harsh and there may be some difficulty in seeing what claim certain individuals have to the money to be paid in a concrete case. Yet experience has shown that if rules are to be effective, there must be adequate penalties for violation.””

AWARD 27614: (Third)

“As to the question of damages, Carrier asserts that Claimants were employed full time when the violation occurred. While we recognize that there is a divergence “of views on this subject, it is our view, and we have so held in prior cases, that full employment of the Claimants is not a valid defense in a dispute such as involved here. As we noted in Third Division Award 26593, ‘. . . in order to provide for the enforcement of this agreement, the only way it can be effectively enforced is if a Claimant or Claimants be awarded damages even though there are no actual losses.’”

AWARD 28185: (Third)

“With respect to remedy, the Board recognizes that the Claimants were fully employed during the period that the work was performed. However, Carrier has not introduced any evidence that the work could not have been assigned to the Claimants on either an overtime or rescheduling of work basis. Clearly a monetary remedy is appropriate on two grounds: loss of work opportunity and, further, in order to maintain the integrity of the Agreement. \*\*\*”

AWARD 28241: (Third)

“\*\*\* the Board is not receptive to Carrier’s argument that the violation was merely de minimis or that Claimants should be denied any recovery because they were otherwise occupied. This Board has held in numerous cases that a remedy ordinarily is appropriate where a violation of an agreement is proven. \*\*\*” (Underscoring in original)

AWARD 28513: (Third)

“\*\*\* By the failure to give the required notice, the Carrier did not give the negotiated procedure set forth in Article IV an opportunity to unfold. Claimants therefore clearly lost a potential work opportunity as a result of the Carrier’s failure to follow its contractual mandate to give the Organization timely notice. Given this Board’s previous admonitions to the Carrier to comply with the terms of the 1968 National Agreement and the Carrier’s failure to do so and further considering that the awarding of monetary relief to employees for violations of contracting out obligations even when the affected employees were employed is not unprecedented (see Third Division Award 24621 and Awards cited therein), on balance, we believe that given the circumstances of this case, such affirmative relief is required in order to remedy the violation of the Agreement. To do otherwise would ultimately render Article IV of the 1968 National Agreement meaningless.”

AWARD 34 - SBA NO. 1016:

“We regard any improper siphoning off of work from a collective bargaining agreement as an extremely serious contract violation, one that can deprive the agreement of much of its meaning and undermine its provisions. In order to preserve the integrity of the agreement and enforce its provisions, the present claim will be sustained in its entirety. Contrary to Carrier’s contentions, we do not find that the absence of a penalty provision or the fact that claimants were employed full time on the five dates in question deprives the Board of jurisdiction to award damages in this situation.”



**AWARD 41 - SBA NO. 1016:**

“Beyond this the Board has considered and finds unpersuasive the Carrier’s argument that notwithstanding the Board finding of an Agreement violation by the Carrier, the Claimants should not be awarded compensation for the work performed by Gang TK-134, because the Claimants were on duty and under pay during the period that the Gang was used at work locations on the Philadelphia Seniority District.

Prior authorities on this facet of the case have reached conflicting results. A number of authorities cited by the Carrier hold that notwithstanding a contract violation, compensation is allowable only where Claimants show a monetary loss from their regular work assignments in connection with the violation. Second Division Award 5890 and Third Division Award 18305. Contra authorities have ruled that full employment does not negate a compensatory award in situations where there is valid need to preserve the integrity of the Agreement.

Important seniority rights are in question in this case, because an Employee whose name is on a seniority roster in an Agreement designated seniority district, owns a vested right to perform work in that seniority district that accrues to his standing and status on the district seniority roster. The Seniority District boundaries established by the parties’ Agreement to protect and enforce that right, have been improperly crossed by the Carrier action, resulting in the Claimants loss of work opportunities, and hence the principle that compensation is warranted in order to preserve and protect the integrity of the Agreement, is applicable to this dispute. For similar rulings between these same parties see Award No. 34 of Special Board of Adjustment No. 1016 (07-28-89) and Award No. 7 of Public Law Board No. 3781 (02-12-86).” (Underscoring in original)

Finally, at panel discussion of these cases this neutral was presented with a copy of recently adopted Award 39141 involving the CSXT and the BMW, wherein the Board held:

“It is well established that compensatory remedies have been awarded by numerous Boards in the past in order to preserve the integrity of the Agreement, notwithstanding arguments by the Carrier that the claimants were fully employed during the period at issue. The Board concurs with the reasoning set forth in those Awards. The result of such a remedy effectively requires the Carrier to pay twice for the same work. The Board notes that the Carrier is fully aware of such a consequence for its decision to contract out work, which work is subsequently determined to be scope covered work

reserved to BMW-employees. The Carrier specifically acknowledged so in its Opposition to Motion for Preliminary Injunction (Brotherhood of Maintenance of Way Employees vs. CSX Transportation, Inc., Case No. 3:00-cv-264-J-21B) which provides, in pertinent part, as follows:

'The standard remedy in arbitration is not, as BMW suggests, to have work which was done by the contractor "redone with BMW members." BMW at 26. The standard arbitration remedy is that CSXT must, in effect, pay for the work twice. The arbitrator could order that CSXT pay BMW-represented employees as if they had done the work in question.' (Employee's Exhibit R.)

Therefore, as a result of the Carrier's violation of the Scope Rule in this case, the Claimants shall each be compensated at their straight time rates of pay for an equal proportionate share of all hours worked by employees of the outside contractor in the construction of the office building at mile post QC 15.0 in Selkirk, New York. See Third Division Award 36092.

#### AWARD

Claim sustained in accordance with the Findings."

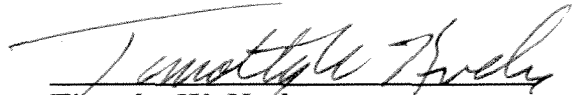
It appears that the Neutral member has accepted and grounded his opinion upon the Carrier's assertion that the Claimants were "fully employed". The fact that the Claimants may have been working on the claim dates is irrelevant under both the "damages" and "penalty" principles espoused by this Board. It is axiomatic that the employment status of the Claimants is meaningless under the penalty awards because they allow compensation to protect the sanctity of the Agreement irrespective of monetary losses by individual Claimants. The fact that the Claimants may have been working on the claim dates is also irrelevant under the damages awards because they are founded on a loss of work opportunity. The forty (40) hour work week provided for in the National Agreements establishes a minimum of forty (40) hours per week as long as positions exist. The fact that Claimants may have received that minimum payment during a claim period does not negate the fact that they lost the opportunity to perform the work in dispute during daily or weekend overtime or by having an extended work season for seasonal employees. The fact is, that the collective bargaining agreement specifically contemplates such work as is evidenced by the overtime rules, call rules and provisions governing work on holidays or during vacation periods. In recognition of these opportunities for extended hours or additional days of work, numerous awards have held that the so-called "full employment" of claimants is no bar to the awarding of monetary damages.

The above-cited awards clearly establish that so-called "full employment" is not a bar to finding and awarding monetary damages. Moreover, these same awards also establish that when work is improperly assigned to an outside contractor or even other employees who have no contract right to the work, this establishes a prima facie case for the Organization and the burden shifts to the Carrier to prove that the Claimants would have been unable to perform the work through the use of overtime, rescheduling, etc. In the instant case, no such showing was made or even attempted by the Carrier because no such showing was possible. The inescapable fact is that the Claimants had hauled ballast, installed ties, track and switch panels on the property for decades and there is no reason they could not have performed the work at issue here on the claim dates. Hence, the Claimants suffered a loss of work opportunity.

It is transparently clear that arbitral precedent does not prohibit the sustaining of the monetary award in this claim. In fact, precisely the opposite is true. There is ample precedent to mandate a sustaining award on this property. The Referee's finding that he somehow lacked authority or jurisdiction to sustain the monetary claim is without credible support. Instead, the Referee was dispensing his own brand of industrial justice based on his subjective notion of equity.

For all of these reasons, I emphatically dissent with respect to the damages finding in these award.

Respectfully submitted,

  
Timothy W. Kreke  
Labor Member