

**Exh. BS-8
Docket TG-230778
Witness: Benjamin Sharbono**

**BEFORE THE WASHINGTON
UTILITIES AND TRANSPORTATION COMMISSION**

**WASHINGTON UTILITIES AND
TRANSPORTATION COMMISSION,**

Complainant,

v.

MURREY'S DISPOSAL COMPANY,

Respondent

DOCKET TG-230778

EXHIBIT TO TESTIMONY OF

BENJAMIN SHARBONO

**STAFF OF
WASHINGTON UTILITIES AND
TRANSPORTATION COMMISSION**

Travel Expenses

May 29, 2024

From: [Brian Vandenburg](#)
To: [Sharbono, Benjamin \(UTC\)](#)
Subject: RE: Travel Expenses
Date: Saturday, November 4, 2023 2:56:53 PM
Attachments: [image001.png](#)
[70037-5 Yr History \(C\).xlsx](#)
[70037-5 Yr History \(R\).pdf](#)

External Email

Hi Benjamin,

I understand not releasing certain information but since you are using your research as a basis for rejecting bonuses can you provide the following:

1. Did you compare Olympic to the industry or Waste Connections to the industry?
 - a. Did you do any research as to what jobs were advertised at in the Olympic service area?
2. How far above the industry average is Olympic/WC (dollar, %)?
3. What positions did you test?

I have attached the history for account 70037.

I believe our statement was that using referral bonuses are a less expensive method to finding talent than using a recruiter, not necessarily that it was the cheapest.

According to HR Morning, "candidates hired through employee referral programs have higher retention rates than those sourced through other channels. In fact, referred employees remain with the company 70% longer than non-referral hires. On average, they have a 46% retention rate compared to 33% for job board hires" An additional benefit from a financial standpoint is the reduced hiring costs, which allows us to rely less on external marketing programs and focus on our current employees as tools to a candidate pool. Interestingly, "7% of all applicants are referrals, but comprise up to 45% of all hires".

<https://www.hrmorning.com/articles/employee-referral/#:~:text=Candidates%20hired%20through%20employee%20referral,according%20to%20research%20by%20Zippia>.

From LinkedIn Talent Solutions:

Benefits on Referral Bonuses:

- Help companies hire faster (reducing cost of hire)
- Lower cost per hire (compared to external marketing fees/agencies)
- Deliver high-quality candidates (targeting passive candidates)

- Increase employee retention
- Protect corporate culture and build brand (the referred candidate will want to guard their reputation and protect the person who referred them).

https://business.linkedin.com/content/dam/me/business/en-us/talent-solutions/resources/pdfs/new_employee_referral_programs_FINAL.pdf

While cost is certainly an important factor, it is not and should not be the sole or ultimate determiner of whether an expense is allowed into the rate case. If it was then you should disallow any payroll above minimum wage. That would be the cheapest in one sense for the rate payer, but we all recognize that it would not benefit the rate payer because we would not be able to attract the quality and quantity of talent necessary to serve our customers.

Additionally, we are not in the business of spending the most money possible. Our sites are consistently analyzing cost effective strategies to serve our customers, employees, and shareholders. Decisions are made regardless of if we are 100% regulated, or service nothing but city contracts, or are 60% regulated like in Olympic. So, it is not like we are paying referral bonuses because we think we can get the rate payer to pay for all of it because 1) that is not how we make decisions and 2) we are only 60% regulated.

Brian Vandenburg | Pricing Analyst
Western Region - Waste Connections
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From: Sharbono, Benjamin (UTC) <benjamin.sharbono@utc.wa.gov>
Sent: Friday, November 3, 2023 5:53 PM
To: Brian Vandenburg <Brian.Vandenburg@WasteConnections.com>
Subject: RE: Travel Expenses

Unfortunately, we cannot release the information right now. Since it involves confidential data, managers and lawyers need to review it before that can happen. We are discussing getting the results out through one of the quarterly WRRRA meetings. We will talk with our management about giving an overview of the information to you.

Regarding the bonuses for signing, tool allowance, and safety bonuses, we have not discussed revising those unless we are advised to. Regarding the Tooty bonus, we haven't made an adjustment to remove it. With the data showing the ratings dropped so the group payment wouldn't be payable makes us worried on the measurability.

On the referral bonus, we need documentation from the company showing the cost of hiring new employees through the regular process compared to the costs incurred to pay the bonus. What costs are being lowered or eliminated by the bonus, and by how much? We may be willing to allow the costs if the company can prove the cost is lower as stated during the last meeting. Right now, we don't have enough information

to say what the benefit is.

Regarding the severance pay, please provide the ledger for account 70037 from 2018 to current.

Regarding the travel accounts, I will send over a clarified set of questions tomorrow.

I will send a more detailed discussion of the payroll adjustments tomorrow as I am looking through the GL for the accounts right now and have some questions I want to consider more clearly. I will also look at the calculations you put forward.

Benjamin Sharbono

Regulatory Analyst

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From: Brian Vandenburg <Brian.Vandenburg@WasteConnections.com>

Sent: Friday, November 3, 2023 10:22 AM

To: Sharbono, Benjamin (UTC) <benjamin.sharbono@utc.wa.gov>

Subject: RE: Travel Expenses

External Email

Hi Benjamin,

A couple of things to make sure we are all on the same page.

1. Is the attached your current workbook?
 - a. I have added two tabs related to the explanation below
 - i. Payroll Analysis-WCN
 - ii. Payroll Analysis-Manual Entry
2. Are these bonuses still being allowed into the rates:
 - a. Signing
 - b. Referral
 - c. Tooty
 - d. Tool Allowance

We are a bit surprised to hear we are over the industry average (both before and including bonuses). Are you able to share your analysis (probably with company sensitive information removed) so that we can review and see how far above industry average we are?

My concern with Payroll is that total Payroll Costs are down \$200,000 after you made your adjustments. Disputed Termination and Bonus adjustments account for \$90,000 of this. That means there is \$110,000 unexplainable payroll cost removals that we cannot accept. I believe this is resulting from how you have spliced up the payroll calculation that resulted in the biggest removal of Office Wages. It appears that you are not adding the manual adjustments to the payroll costs and so are understating wages. You then allow the pro forma adjustments (which is a calculated negative) and so you have understated Office wages. I have provided a calculation below of what total office wages should be (less bonuses, termination, and other pay – i.e., sick and vacation payouts). Again, I do think this would be easier to talk through on a Teams call. I still believe that the best course is to restore payroll to the original filing, as that is the all-in payroll cost for the district, and then remove the disputed bonuses and termination pay so that we can continue to discuss them.

Payroll Category	Original	Staff	Variance
Mechanics	634,619	655,279	20,659
Drivers	2,679,698	2,657,415	(22,283)
Supervisors	240,507	276,509	36,002
Salaries Gen	330,544	101,786	(228,759)
Office	358,227	351,750	(6,476)
Total	4,243,596	4,042,739	(200,857)

Company Office Payroll Calc

Standard Wages	416,606.65
OT Wages	51,765.79
Manual Entries	139,769.68
Company Calculated Comp (Less Disputed Items)	608,142.12

Staff Calculation after Adj

Salaries of Gen Officers	101,785.57
Salaries Office	351,750.14
Total	453,535.71
Office Variance	(154,606.41)

Thank you,

Brian Vandenburg | Pricing Analyst

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From: Sharbono, Benjamin (UTC) <benjamin.sharbono@utc.wa.gov>
Sent: Thursday, November 2, 2023 4:51 PM
To: Brian Vandenburg <Brian.Vandenburg@WasteConnections.com>
Subject: RE: Travel Expenses

I will look over the travel materials you provided and clarify the request.

Regarding the payroll: As I stated on October 16 and 19, my restating adjustments were left in based on the payroll information provided by the company. In the same emails, I stated, and as visible in the file sent October 16, the company's pro forma "manual" adjustments for payroll were added back in from the company pro forma tab.

Regarding the bonuses, we still believe these should be removed. We have looked at the company's total compensation argument that was brought up during the October 18 meeting. After comparing compensation across the industry from general rate filings from 2022 and 2023, we found the average of the company's wages before bonuses was higher than the average of wages without bonuses across the industry. The total compensation with bonuses included, was also over the industry average when compared to other companies. It appears the company is wage rates are competitive.

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From: Brian Vandenburg <Brian.Vandenburg@WasteConnections.com>
Sent: Thursday, November 2, 2023 12:32 PM
To: Sharbono, Benjamin (UTC) <benjamin.sharbono@utc.wa.gov>
Subject: RE: Travel Expenses

External Email

Hi Benjamin,

Attached is a listing of Blue Team travel charges along with identification of Controller and Division VP travel. I am still pushing the team on the information you requested on Blue Team travel (they have moved straight from budgets to close).

Do you have a list of non Blue Team travel you would like me to look into? Maybe after reviewing the attached Blue Team travel charges you will have a better idea of the expenses you want looked into?

Also is there any movement on payroll and putting back into Pro Forma the “Manual Adjustments” we provided detail on?

Thank you,

Brian Vandenburg | Pricing Analyst
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From: Brian Vandenburg
Sent: Tuesday, October 31, 2023 4:54 PM
To: Sharbono, Benjamin (UTC) <benjamin.sharbono@utc.wa.gov>
Subject: RE: Travel Expenses

Hi Benjamin,

This would not be a quick response as there are 299 travel transactions. Would you please provide a reasonable sample of transactions and I can research with the team and provide the requested information to you?

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From: Sharbono, Benjamin (UTC) <benjamin.sharbono@utc.wa.gov>
Sent: Tuesday, October 31, 2023 2:46 PM
To: Brian Vandenburg <Brian.Vandenburg@WasteConnections.com>
Subject: RE: Travel Expenses

Real quick I want to clarify for the non-blue team travel, we need to understand what the travel was for, what the training was, and who went.

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From: Sharbono, Benjamin (UTC)
Sent: Monday, October 30, 2023 1:26 PM
To: Brian Vandenburg <Brian.Vandenburg@WasteConnections.com>
Subject: Travel Expenses

Hi Brian,

Wanted to check in with you. I'm still working on the payroll review across the industry.

I wanted to see how things are going with the travel expense review. Has y'all been able to identify what each of the expenses are for? To be allowable, the expenses need to be necessary for operations, so knowing what the travel was for would clarify things. It was stated a lot of the items were blue team related, so we would need to see who was being replaced, why they were replaced, and how long the coverage was needed. We also would like confirmation the wages for the blue team member are excluded from their original operation during any absence.

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