

## 1.0 Purpose and Need

Hampton Roads Sanitation District (HRSD) is a political subdivision of the Commonwealth of Virginia. Our promise is to treat wastewater and recover natural resources to protect public health and the environment so that our communities will have clean waterways and reliable water resources for generations to come. Our compensation philosophy is designed in alignment with our promise and culture to help ensure that HRSD can attract and retain high performing top talent with diverse backgrounds. We desire a long-term relationship with every employee who shares HRSD's vision and values and contributes to HRSD's success.

## 2.0 Definitions

***Geographic Calibration of Pay Data.*** An adjustment to pay data based on differentials in labor markets and cost of labor as related to geographic location. Pay differentials are referenced from published data such as The Economic Research Institute survey.

***HRSD's Compensation and Classification System.*** An HRSD process to evaluate jobs based on their scope and responsibility to ensure each position is placed into the correct career level relative to other positions within HRSD. The system classifies positions based on eight factors including knowledge, scope, decisions, problem solving or complexity, authority, purpose and nature of contacts, occupational risk and physical requirements.

***Compensation Surveys.*** Compensation surveys provide robust market data from independent third parties that are used to develop an understanding of compensation of jobs in other organizations and competitive pay rates.

***Total Rewards Package.*** Includes salary, allowances, paid time off, and benefits including health, retirement, life insurance, and education reimbursement.

## 3.0 Guiding Principles

### 3.1 Compensation Philosophy

HRSD is committed to providing employees with competitive, fair, and motivating compensation – a key element of our Total Package. We believe compensation should be grounded in market data, in line with our core values of driving decisions and programs through data.

This document contains a summary of our compensation philosophy, including the rationale behind why we compensate our employees the way we do. Our goal is to be as honest and straightforward as possible, to ensure that employees and managers understand the goals and outcomes of the compensation process.

HRSD's compensation philosophy consists of four key elements:

- **Communication and transparency.** We believe that committing to transparency with our employees builds an environment of trust and inspiration. We strive to not only make relevant information on key compensation programs and processes available to all employees but do our best to ensure the information is understood by all employees.
- **Equity and fairness.** Our goal is to ensure our compensation policies are fair and internally equitable. We hire employees with competencies to fulfill the current role with the potential to grow, and we aim to fairly compensate them for their talent, skills, and experience. We also take concrete steps to provide consistent guidelines and well-defined job descriptions across the organization.
- **Competitive market and positioning.** HRSD conducts regular market analyses to ensure our employees' compensation remains on par with other organizations in the field. We recognize the value that our people bring to HRSD and understand that we have high expectations of our employees. Therefore, we strive to maintain a leading competitive position to market when it comes to employee compensation (benchmarking our midpoint salary ranges to the market 75<sup>th</sup> percentile, whereas most organizations target the median).
- **Salary increases.** Our merit process is designed to reward our employees for their time, loyalty, and effort spent at HRSD. We know how important it is to acknowledge and compensate employees who align with our ideals of mission-driven work and positive company culture. Recognizing this commitment and fairly rewarding our employees are key foundational elements of our compensation philosophy.



**3.2 Competitive Market and Position Approach**

<b>Job Type</b>	<b>Industry/ Business</b>	<b>Geography</b>	<b>Size of Budget/ Scope/ Staff</b>	<b>Target Salary (Midpoint)</b>
<b>Executives (e.g., CEO, COO, HR, Legal)</b>	Utilities / Public Sector	Primary: Virginia Secondary: Mid- Atlantic	Primary: Current Revenue	75 <sup>th</sup> Percentile
<b>All Other Jobs</b>	Utilities / Public Sector / All Industries	Primary: Virginia Secondary: Mid- Atlantic	All Data	75 <sup>th</sup> Percentile

These principles will guide the specific practices, programs, and approaches we use to drive employee engagement and development through compensation.

These elements are applied by our organization to ensure we’re providing meaningful compensation for our workers. At HRSD, we are determined to keep our compensation fair, consistent, and equitable for all employees. We’re committed to working with you to create a workplace that supports you, now and in the future.

**4.0 Procedures**

HRSD will conduct compensation studies as often as it deems necessary to ensure compensation policy objectives are maintained. The timing of additional compensation studies may be driven by such things as market and economic changes.

Generally, no less than every three years, HRSD will conduct a market pricing analysis to assess the appropriate placement of jobs within established pay structures (e.g., grade placement and progression). Depending on employment market conditions some positions may be evaluated more frequently.

**COMMISSION ADOPTED POLICY**  
**Compensation**



Adopted: October 25, 2016

Revised: November 28, 2023

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Other factors driving the need for market compensation studies and/or review of job architecture (i.e., appropriate placement of jobs to job families, career streams and career levels) may occur in the following instances:

- When there are major changes such as an organization restructuring that impacts job duties and responsibilities.
- New jobs and/or job families that may be created; or Talent patterns or other indicators such as high turnover, high open requisitions, high time to fill vacant positions, etc.

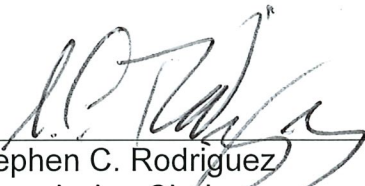
**5.0 Responsibility and Authority**

HRSD's General Manager and Director of Talent Management are designated administrators of these policies. The Director of Talent Management is responsible for:

- Providing guidance on overall competitiveness of HRSD pay, individual pay and total compensation
- Ensuring appropriate review of data in response to manager concerns about total compensation competitiveness
- Recommending updates to the policy based on variable elements of the policy
- Maintaining pay structures that are market competitive
- Ensuring internal and external pay equity

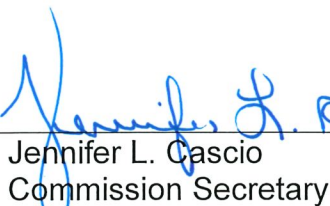
These policies were adopted by the HRSD Commission. The Commission Finance Committee will review these policies on an annual basis.

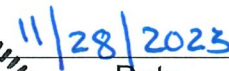
Approved:

  
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Stephen C. Rodriguez  
Commission Chair

  
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Date

Attest:

  
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Jennifer L. Cascio  
Commission Secretary

  
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Date

