South Essex Sewerage District Funding-Focused Frequently Asked Questions

How is South Essex Sewerage District (SESD) funded?
Unlike many utilities, SESD does not bill residents directly. Instead, it assesses member communities based on the amount of wastewater each community sends to the regional treatment system. Those assessments are then paid by the municipalities.

Why is SESD seeking special legislation?
SESD's operating budget is constrained by Proposition 2½, and revenue growth has not kept pace with rising operating expenses. According to SESD officials, costs have increased in several areas, including:

- Labor and staffing
- Electricity
- Treatment chemicals
- Sludge disposal
- Equipment maintenance and repairs

Further, SESD has completed a capital improvement plan called the Centennial Plan that represents a significant investment in system-wide upgrades to continue to provide reliable wastewater conveyance and treatment. The proposed legislation would provide additional budget capacity and borrowing authority to address these challenges.

What is Proposition 2½?
Proposition 2½ is a Massachusetts law that limits annual increases in property tax revenue for local governments and certain districts. The specific law SESD falls under is M.G.L. C.59, S. 20B. The law is intended to protect taxpayers from large tax increases. However, the limit can pose challenges when trying to keep pace with inflation and rising operating costs.

What would the proposed legislation do?
SESD's costs are rising faster than the budget growth that would be allowed under Proposition 2½. SESD is seeking legislative relief to maintain reliable wastewater treatment and invest in aging infrastructure that protects Salem Sound and surrounding communities.

The legislation would:

1. Establish a $30.5 million operating budget ceiling beginning in Fiscal Year 2028.
2. Authorize approximately $390 million in loans over the next decade.
3. Allow SESD to undertake major infrastructure improvements identified in the first phase of its Centennial Plan.

How could the proposed legislation affect local communities?
If approved, the proposed legislation could affect future assessments paid by member communities because SESD's costs are ultimately shared among the municipalities it serves. The exact impact would depend on future budgets, borrowing costs, wastewater flows, and other factors.

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What is the Centennial Plan?
The Centennial Plan is SESD's long-term strategy for maintaining and modernizing the regional wastewater treatment system. The first phase of the plan focuses on replacing aging equipment and rehabilitating critical infrastructure to maintain reliable operations.

Why are aging equipment and infrastructure a concern?
Like roads, bridges, and water systems, wastewater facilities require ongoing maintenance and replacement as equipment ages. Aging wastewater infrastructure is a major concern because deteriorated pipes, pumps, and treatment plants threaten public health, damage local ecosystems, and create massive financial burdens for local communities.

What infrastructure needs has SESD identified?
Much of SESD's infrastructure is aging. Many major components that were installed in the 1990s are approaching the end of their expected useful life.
Examples of infrastructure needs include:
- Rehabilitating decades-old sewage pipes under the harbor
- Replacing aging pumps and mechanical equipment
- Improving plant and energy performance
- Addressing tank, roof, electrical system, and building repairs

What could happen if infrastructure investments are delayed?
Delaying projects could result in:
- More frequent equipment failures
- Operational challenges
- Larger capital costs in the future and Increased maintenance costs
- Negative environmental and public health impacts

What are supporters and critics discussing?
Key issues being discussed include:
- The scale of SESD's infrastructure needs
- The cost of proposed improvements
- Long-term affordability
- Impact on member communities
- Governance and representation
- Modified PILOT payment for the City of Salem
- Environmental and public health considerations

Why does this matter to area residents?
Even though SESD does not bill residents directly, wastewater treatment is an essential public service that supports public health, environmental protection, economic activity, and regulatory compliance throughout the region. Decisions about funding, infrastructure investment, and governance can have long-term implications for the communities served by SESD.

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Where can residents learn more?
Residents can follow discussions through:

- SESD public meetings and documents
- Municipal government websites
- City council and town meeting discussions
- State legislative proceedings related to the bill when filed

What are the environmental impacts of aging equipment and infrastructure?
When wastewater infrastructure ages, the environmental risks increase because pipes, pumps, treatment equipment, and storage facilities become more prone to failure. For a regional wastewater system such as SESD, the most significant potential impacts include:

Sewage releases into waterways
Aging pipes, pumps, and treatment equipment can contribute to sanitary sewer overflows or treatment disruptions. When untreated or partially treated wastewater is released into waterways, it can introduce bacteria, viruses, "nutrients" (like nitrogen and phosphorus), and other pollutants.

Harm to marine life and aquatic ecosystems
Wastewater contains nutrients such as nitrogen and phosphorus. Excessive nutrient levels can contribute to algal blooms, reduce oxygen in the water, and stress fish, shellfish, and other aquatic organisms.

Beach closures and water quality impacts
Sewage contamination can lead to elevated bacteria levels in recreational waters, potentially resulting in swimming advisories, shellfish harvesting restrictions, or beach closures.

Public health risks
Untreated sewage can contain disease-causing microorganisms. Exposure can occur through recreational waters, contaminated shellfish, or direct contact with sewage released into streets, yards, or waterbodies.

Increased likelihood of equipment failures
As treatment plants age, critical components may become less reliable. Failures in pumps, electrical systems, or treatment processes can affect a facility's ability to consistently meet environmental permit requirements. Aging water and wastewater infrastructure requires ongoing investment to safely treat wastewater and protect water quality.

Increased incidents necessitating emergency repairs
Deferred replacement of aging infrastructure can increase the frequency of breakdowns and emergency repairs. Aging sewer systems can experience thousands of sewer overflows annually when systems become stressed or deteriorated.

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Reduced resilience
Older infrastructure may be less able to handle extreme weather events, heavy rainfall, and changing environmental conditions. During large storms, systems can become overwhelmed, increasing the likelihood of overflows and untreated discharges.

Communities face many competing infrastructure and funding needs. Why should investments in wastewater systems be a priority?
Wastewater infrastructure is as essential to everyday life as roads, bridges, transit systems, and airports. It protects public health, safeguards the environment, and supports homes, businesses, and local economies. Unlike other infrastructure systems, there is no practical backup when a wastewater treatment facility or major sewer line fails. Service disruptions can lead to environmental damage, public health risks, and costly emergency repairs.

Investing in wastewater infrastructure today is a fiscally responsible choice that helps communities avoid much higher costs in the future. Recent sewer infrastructure failures in communities across the country, including here in Massachusetts, have highlighted the significant impacts that can result from aging systems and deferred maintenance. Prioritizing these investments helps ensure reliable service, protects natural resources, and strengthens community resilience for the long term.

What are the environmental advantages of investing in wastewater infrastructure?
For communities served by SESD, the environmental case for wastewater infrastructure investment is tied to:

- Maintaining compliance with environmental regulations.
- Protecting Salem Sound and other local waterways.
- Reducing the risk of equipment failures and sewage releases.
- Ensuring reliable wastewater treatment for the region's residents and businesses.
- Preserving water quality, marine habitats, and recreational resources.

How does this legislation support environmental justice?
This legislation will help all community members in SESD's service area continue to benefit from safe, reliable wastewater services that protect public health and the environment. Preserving a reliable, locally operated wastewater system helps protect all communities equally. It also helps retain local jobs in Salem supporting the local economy.