Special Districts 101

Neil McCormick
CSDA Executive Director
neilm@csda.net

Kyle Packham
CSDA Legislative Director
kylep@csda.net

Iris Herrera
CSDA Legislative Advocate
irish@csda.net

March 2, 2011
What are special districts?

- Characteristics:
  - A form of government
  - Governed by a board
  - Provides services and facilities
  - Defined service boundaries
History and Background

- Formed to provide focused services where unavailable
- Started in the late 1800’s
  - Some of the first were irrigation districts
- Spike in the 1950’s and 60’s, post World War II
  - Significant growth with population
  - Increased demand for services
- Recently, as population has grown, districts have adjusted without growing in number
Special Districts Are Not...

- NOT - a part of state government
- NOT - city or county governments
- NOT - school districts
- NOT - “mello-roos” or benefit assessment districts
- NOT - redevelopment agencies
Core Services

Special Districts provide emergency and health services

- Fire
- Ambulance
- Police
- Air Quality Management
- Healthcare/Hospital
Core Services, Cont’d

Vital services communities need

- Water, Irrigation, Flood Control
- Sanitation
- Electricity
- Libraries
- Recreation and Parks
- Resource and Water Conservation
Special Districts by Type

- Water: 23%
- Fire Protection/Police: 17%
- Community Services: 13%
- Cemetery/Memorial: 11%
- Sanitation: 7%
- Reclamation: 6%
- Recreation & Park: 4%
- Resource Conservation: 4%
- Irrigation: 4%
- Healthcare/Hospital: 3%
- Utility: 2%
- Other: 2%
- Air Pollution Control: 1%
- Transit: 1%
- Mosquito/Vector/Pest Control: 2%
Districts Range in Shape and Size

Special district boundaries conform to community and regional needs

- Districts may expand across county lines
  - Not limited by political boundaries
  - May facilitate regional planning
  - Some of the largest public agencies in the state are special districts

- Districts may meet special needs within specific communities, even within city lines
  - May provide a responsive and focused service to a small area

- Cities may contract with districts to perform services on behalf of a city

March 2, 2011
Independent vs. Dependent Districts

- **Independent districts (approximately 2200):**
  - Governed by an independent board of directors elected directly by the district’s voters or appointed to a fixed term of office by another governing body

- **Dependent districts (approximately 1200):**
  - Are governed by other existing legislative bodies like a city council or board of supervisors
Single Service vs. Multi-Service

**Single Service**
- Fire protection districts
- Sanitation districts
- Rec. and parks districts

**Multi-Service**
- Community services districts
- Municipal utility districts
- Some provide 10+ services

Pie chart showing:
- Single Function: 85%
- Multi-function: 15%
Enterprise v. Non-Enterprise

**Enterprise**
- Roughly ¼ of districts are classified as “enterprise”
- Operate similar to a business or “enterprise”, charging ratepayers for service(s) and linking costs to benefits
  - Water districts charge water rates

**Non-Enterprise**
- Services don’t lend themselves to fees
- Rely primarily on property taxes to operate
  - Mosquito abatement and vector control districts
- Non-enterprise districts may have an enterprise component
  - Rec. and parks districts may charge for classes or lessons
- Enterprise districts may also provide non-enterprise services
  - Water districts may provide flood control services
**Statutory Authority and Enabling Legislation**

- **Principle Act**: generic statute which applies to all special districts of that type
  - Fire Protection District Law of 1987 governs 386 fire districts
  - Community Services District Law updated in 2006
  - The Senate Local Government Committee has worked over the years to review and update these statutes
  - About 30 principle law statutes

- **Special Act**: tailored to the unique needs of a specific area (often regional)
  - Approximately 120 special act districts
Accountability

First and foremost, districts are accountable to the voters who elect their board of directors AND customers who use their services.

- While not functions of the state, there is oversight:
  - Required annual financial and compensation reports to the State Controller, which are published
  - Annual independent audits, which are public documents

- Abide by same laws and regulations as apply to local government partners – cities and counties

- Key transparency laws include:
  - Ralph M. Brown Act (Government Code 54950)
  - Public Records Act (Government Code 6250)
  - Ethics Law (Government Code 53234)
LAFCO’s and Special Districts

- **Background of local agency formation commissions (LAFCO’s)**
  - Formed by Legislature to guide orderly growth through cities and districts in the 1960’s
  - Law was updated in 2000 (Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000)

- **Role of LAFCO’s**
  - To oversee growth and development
  - To balance competing interests
    - monitoring suburban sprawl, preserving open space and prime agricultural land
  - To make provision of efficient community/government services
  - To review changes of jurisdictional boundaries and spheres of influence
How are special districts created?

Special districts provide the services their communities desire:

1. Application to LAFCO by registered voters inside proposed district, or resolution to LAFCO by affected governing body
2. Review and approval of LAFCO staff; LAFCO schedules a public hearing; LAFCO can approve or deny the proposal
3. Protest hearings held by LAFCO to measure protests of the formation among voters; If a majority protest, the proposal is stopped
4. An election is held including only the voters inside the proposed district’s boundaries; usually requires a majority voter approval; If a special tax is involved, 2/3 voter approval
5. Formal filing of documents if approved to start the district
CSDA is here to serve as a resource should you ever need information on special districts

916-442-7887

www.csda.net