

# **WHAT'S SO SPECIAL ABOUT SPECIAL DISTRICTS?**

A Citizen's Guide to Special Districts in California

Fourth Edition

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## Introduction

Most of us don't know much about local governments. We know less about special districts. Special district advocates hail special districts as the best examples of small-town democracy. Their critics say that special districts make local government too complex. *What's So Special About Special Districts?* untangles the basic facts about this least known segment of local government.

Most Californians don't understand special districts. Most of us don't know:

- How many exist (about 3,300).
- What they do (services from A to Z --- from airports to zoos).
- Who runs them (maybe your next-door neighbor).
- Or even what they spend on local services (about \$38 billion a year).

Celebrated as the best example of democracy, cursed as the worst form of fragmented government, and generally misunderstood even by the experts, special districts are California's unique contribution to local government. The question remains: *What's so special about special districts?* This citizen's guide provides the answer: ***focused service***.

***Focused*** because special districts only serve in specifically defined areas, unlike counties and cities that provide services throughout their boundaries. Special districts are also ***focused*** because most of them provide only a single service, allowing them to concentrate on one activity. ***Service*** because districts deliver only the public programs and public facilities that their constituents want. Counties and cities provide multiple programs, some of them mandated by the federal and state governments. Special districts provide the public services that the public wants.

Our citizen's guide answers many of your questions about California's most abundant form of local government. In plain language, this citizen's guide explains what special districts are, where districts came from, their legal powers, and different ways to understand them. This guide also tells you where to get more information about the special districts that serve you.

Frequently cited by other authors, this report has become a standard introduction to special district government since the Committee first published it in 1991. But much has changed in 20 years. The Legislature has shifted billions of dollars of property tax revenues away from local agencies, including districts. The voters amended the California Constitution to make it harder to raise local revenues (Proposition 218 in 1996), harder for the Legislature to tamper with local governments' revenues (Proposition 1A in 2004), but easier to get access to public records and meetings (Proposition 59 in 2004). The California economy has been through two major recessions. Our Fourth Edition documents special districts' current financial status, explores what is and what is not a special district, explains what services districts provide, and describes how citizens can effect changes in the districts which serve them.

Democracy works best when people know about the governments that serve them. This guide will make you smarter about the special districts that serve you.

## What's a Special District?

State law defines a special district as “any agency of the state for the local performance of governmental or proprietary functions within limited boundaries.” In plain language, a special district is a separate local government that delivers a limited number of public services to a geographically limited area.

Special districts have four distinguishing characteristics. Special districts:

- Are a form of government.
- Have governing boards.
- Provide services and facilities.
- Have defined boundaries.

Inadequate revenue bases and competing demands for existing taxes make it hard for counties and cities to provide all of the services that their constituents want. When residents or landowners want new services or higher levels of existing services, they can form a district to pay for them. Fire districts, irrigation districts, cemetery districts, and mosquito abatement districts exist today because taxpayers were willing to pay for public services they wanted. Special districts localize the costs and benefits of public services. Special districts let local residents get the services they want at prices they're willing to pay.

So, what's so special about special districts? Focused services. Special districts are a type of local government that delivers specific public services within defined boundaries.

Special districts deliver highly diverse services including water, electricity, mosquito abatement, and fire protection. Most special districts serve just a single purpose, such as sewage treatment. Others respond to a wide range of needs, as in the case of community service districts, which can deliver up to 32 services.

Districts' service areas can range from a single neighborhood to vast areas. For example, the Metropolitan Water District of Southern California serves nearly 19 million people in over 5,200 square miles in six counties, while the Kingsbury Greens Community Services District (Nevada County) runs the sewage system for 45 condominiums on 7.65 acres. Most special districts' operate within just one county, but some districts' boundaries cross over city limits and county lines. The Contra Costa County Fire Protection District serves unincorporated territory plus nine cities. The Roubidoux Community Services District delivers services to communities in two different counties: Riverside and San Bernardino. Unlike counties and cities, special districts' boundaries aren't always limited to contiguous territory. For example, the Pajaro/Sunny Mesa Community Services District (Monterey County) serves several separate pockets of territory.

Special districts have most of the same basic powers as counties and cities. They can sign contracts, employ workers, and acquire real property through purchase or eminent domain. Following constitutional limits, they can also issue bonds, impose special taxes, levy benefit assessments, and charge service fees. Like other governments, special districts can sue and be sued.

Special districts have **corporate powers** and **tax powers**, but rarely the **police power**. *Corporate power* is the ability to “do things,” like building public works projects such as parks and sewers. It’s the power to run recreation programs and collect garbage. *Tax power* is the authority to raise money to pay for these projects and services. *Police power* is different; it’s the authority to regulate private behavior to accomplish a public goal. Governments that make rules and enforce them use the police power: zoning property, requiring business licenses, or setting speed limits. Special districts rarely have police powers. Instead, they usually build public facilities and provide services. When special districts do have police powers, they are usually related to some corporate power. One example is banning alcoholic beverages from a park district’s picnic area.

### What a Special District is Not

Now that we understand what special districts are, let’s look at what special districts are not.

- **Special districts are not state government.**

Special districts are local agencies which deliver specific services to specific communities. Operating under state laws, special districts are autonomous government entities that are accountable to the voters or landowners they serve. State officials, however, oversee special districts. For example, special districts must send their annual financial reports to the State Controller’s Office. Districts must also follow the state laws for special taxes, bonded debt, public hearings, public records, and elections.

- **Special districts are not county governments or cities.**

Counties and cities are *general purpose* governments. Counties and cities perform a broad array of services to protect the health, safety, and welfare of all their citizens. Special districts are *limited purpose* governments. Special districts can provide only the services allowed by state law and supported by their residents. Sometimes county supervisors or city councils are special districts’ governing boards, but those districts are legally separate local entities.

- **Special districts are not school districts.**

School districts exist to provide one service --- public education. Special districts can deliver a variety of public services, excluding education. School districts get most of their money from the state government. Special districts rely mostly on local revenues.

- **Special districts are not “Mello-Roos” districts or benefit assessment districts.**

Counties, cities, school districts, and many special districts can create Mello-Roos Act community facilities districts and benefit assessment districts to finance public works and public services. Mello-Roos districts and benefit assessment districts are just financing mechanisms and do not deliver services. Special districts use these financing mechanisms to provide public services.

- **Special districts are not redevelopment agencies.**

Cities and counties set up community redevelopment agencies to eliminate blight by paying for public and private improvements and economic development efforts. Special districts do not exist to eliminate blight. Special districts provide public services and infrastructure that help communities, but they're not in the business of direct economic development.

- **Who's in? Who's out?**

Most of our facts about special districts come from the annual *Special Districts Annual Reports* produced by the State Controller's Office. The total number of special districts included in this citizen's guide (3,294) varies from the State Controller's report (4,776) because the Controller defines special districts differently. The State Controller's report has a very broad reach, including 1,482 entities that we don't think are real special districts.

Our guide omits entities that don't share all four of the key characteristics: is a government, has a governing board, provides services, and has boundaries. For example, nonprofit corporations don't appear in our count because they're corporations, not governments. To be clear, we don't count: air pollution control districts, flood control maintenance districts, health districts, highway lighting districts, maintenance districts, vehicle parking districts, road maintenance districts, permanent road divisions, joint powers agencies, and nonprofit corporations. Neither we nor the State Controller count benefit assessment districts, business improvement districts, geologic hazard abatement districts, Mello-Roos Act community facilities districts, multi-family improvement districts, or parking and business improvement districts.

### **A Short History of California's Special Districts**

Like hula hoops, martinis, and freeways, special districts became an art form in California. Special districts first arose to meet the water needs of San Joaquin Valley farmers. Frustrated by an inconsistent water supply and unstable prices, farmers in Stanislaus County organized the Turlock Irrigation District under the Wright Act of 1887. The Wright Act allowed landowners to form new public entities to deliver irrigation water, and to finance their activities with water rates and bond sales. As California's first special district, the Turlock Irrigation District made it possible for local farmers to intensify and diversify their crops.

While the earliest irrigation districts served rural areas, the trend was towards delivering water to urban and suburban communities. In the early 1900s, water districts were primarily located in northern and central California. After 1950, they spread to Southern California to satisfy the growing suburban water demands.

In the 20th Century, special districts increased dramatically in both number and scope. The periods of prosperity and population growth that followed both World Wars increased the demand for public services of all kinds and, consequently, special districts. Special districts became a popular way to meet these needs. Unlike the complex bureaucracies that can come with cityhood, special districts were flexible and provided desired services quickly and efficiently.

The statutory authorization for *mosquito abatement districts* in 1915 shows the recurring connection between the real estate industry and the desire for local services. Salt marsh mosquitoes around the San Francisco Bay and higher than average malaria cases in rural counties prompted legislators to allow local officials to form mosquito abatement districts. The 372 *fire protection districts* can trace their origins to a 1923 state law. In 1931, the Legislature authorized recreation districts, the forerunners of today's 108 *recreation and park districts*. *Hospital districts* arose in 1945 because of a statewide shortage of hospital beds. Although originally created to address individual services, special districts later encompassed multiple needs. The Legislature provided for multi-purpose *county service areas* in 1953 and *community services districts* in 1961.

### **Special Districts' Statutory Authority**

Special districts operate either under a **principal act** or a **special act**. A *principal act* is a generic statute which applies to all special districts of that type. For example, the Community Services District Law governs all 325 community services districts. There are about 50 principal act statutes which local voters can use to create and govern special districts.

Occasionally, local circumstances don't fit the general conditions anticipated by the principal acts. In those cases, the Legislature can create a *special act* district that's tailored to the unique needs of a specific area. Districts which are regional in nature, have unusual governing board requirements, provide unique services, or need special financing, result in special act districts. Examples of districts formed under special acts include the Embarcadero Municipal Improvement District (Santa Barbara County), the Humboldt Bay Harbor, Recreation, and Conservation District, and the Shasta-Tehama County Watermaster District. There are about 125 special act districts.

All principal acts are state laws in the California state codes, whereas most special acts are not codified. However, for convenience, many of the water districts' special acts appear in the Appendix to the California Water Code. For a list of these acts, see Appendix A in the State Controller's *Special Districts Annual Report*.

### **Types of Special Districts**

Special districts' activities are as diverse as the communities they serve. The most common type of special district in California are the 895 County Service Areas, while the Golden Gate Bridge, Highway and Transportation District is an example of a category with just one member.

With about 3,300 special districts, it may seem overwhelming to try to understand the purpose and function of the districts. To simplify that task, let's break down the districts into pairs of categories. One way of understanding districts is to look at their various contrasting features:

- Single function versus multi-function.
- Enterprise versus non-enterprise.
- Independent versus dependent.

### **Single Function versus Multi-Function Districts.**

Most special districts perform only a single function. Single function districts deliver just one service such as water, sewage, or fire protection. The Happy Camp Cemetery District (Siskiyou County) is an example of a single function special district. Cemeteries are the only service that the 252 public cemetery districts can provide.

Multi-function districts provide two or more services. County Service Areas (CSAs) may provide any service which a county can provide. For example, CSAs provide animal control, libraries, police protection, snow removal, and weed abatement.

Some multi-function districts only offer a few of the services they are authorized to provide. For example, the Community Services District Law allows CSDs to provide up to 32 different services, but the Buzztail CSD (Butte County) offers only water service.

The powers which state law authorizes but a district does not currently provide are called its *latent powers*. Before a special district can activate one of its latent powers, it needs approval by the Local Agency Formation Commission (LAFCO). Significant protests may require the district to get its voters' approval. If the new service requires new revenues from special taxes or benefit assessments, the district must also get those approvals from voters or property owners.

### **Enterprise versus Non-enterprise Districts.**

Just over a quarter of the special districts are enterprise districts. Enterprise districts deliver services that are run like business enterprises --- they charge for their customers' services. For example, a hospital district charges room fees paid by patients, not the district's other residents. Water districts charge water rates to their customers. Nearly all of the water, wastewater, and hospital districts are enterprise districts.

Non-enterprise districts provide services which don't lend themselves to fees. Fire protection services and mosquito abatement programs benefit the entire community, not just individual residents. No direct cost/benefit relationship exists in the services provided by non-enterprise districts. Consequently, non-enterprise districts generally don't charge user fees for their services. No one wants to put a meter on a park district's swings or charge residents to put out a house fire. Non-enterprise districts rely overwhelmingly on property tax revenues and parcel taxes to pay their operational expenses. Services commonly provided by non-enterprise districts include cemeteries, fire protection, libraries, and police protection. Although non-enterprise districts rely primarily on non-fee revenue, certain services, such as a recreation and park district's swimming pool or soccer programs, can generate some fee revenue.

### **Independent versus Dependent Districts.**

About two-thirds of the state's special districts are independent districts. Independent districts have their own separate governing boards elected by the districts' own voters. For example, local voters elect the board of directors which runs the Rancho Simi Recreation and Park District (Ventura County). Independent districts also include districts where the appointed boards of directors serve for fixed terms. Cemetery districts are independent districts because county boards



of supervisors appoint the residents who serve on the districts' boards of trustees to fixed four-year terms. Independent special districts include library districts, memorial districts, mosquito abatement districts, and resource conservation districts.

Dependent districts are governed by other, existing legislative bodies (either a city council or a county board of supervisors). All County Service Areas, for example, are dependent districts because their county boards of supervisors govern them. The San Bernardino County Board of Supervisors is the *ex officio* governing board for the Yucca Valley Recreation and Park District, making it a dependent district. Because the Oceanside City Council also serves as the board of directors for the Oceanside Small Craft Harbor District (San Diego County), the District is a dependent special district.

A community's registered voters usually choose an independent district's board of directors. But in some water districts, political power rests with the landowners. Where the districts' services primarily benefit land and not people, the courts have upheld the use of *landowner-voter districts*.

#### Who votes?

The California Constitution says that "The right to vote or hold office may not be conditioned by a property qualification." But state laws provide for some "landowner-voter districts" where the district directors or the voters (or both) must own land within the district. How is that possible?

The United States Supreme Court tackled this question in a case called *Salyer Land Company v. Tulare Lake Basin Water Storage District*, 410 U.S. 719 (1973).

Some landowners and resident registered voters within the District claimed that it was unconstitutional to restrict voting rights to landowners. Further, they argued that it was inequitable that smaller landowners received fewer votes than larger landowners. The plaintiffs urged the creation of a new policy so that all residents in the District would be permitted only one vote regardless of land ownership.

The District argued that its irrigation services only benefited the land. Thus, any effects on non-landowner residents were indirect and did not entitle them to vote. Also, the number of votes allotted to landowners was proportional to the assessed value of the land, and therefore relative to each landowner's benefits and burdens. The Supreme Court agreed with the defendant and upheld landowner-voting because the District "provides no service to the general public."

Special districts' governing boards can vary with the size and type of the district. Most districts have five-member governing boards. Other governing boards vary from three to 11 or more members. Because of its special legislation, the Metropolitan Water District of Southern California has 37 board members. Many larger districts have professional general managers, similar to city managers or county administrators, who run the daily operations. The governing boards adopt the broad policies that the general managers carry out.

These three distinctions about special districts aren't mutually exclusive. It's possible to have an independent, multi-function, enterprise special district, such as the Whispering Palms Community Services District (San Diego County). The District is *independent* because its voters elect their own board of directors; it's *multi-function* because the District provides sewers, street lighting, and road maintenance; and it's *enterprise* because local officials charge their customers for the sewer services. Conversely, County Service Area No. 19 (Marin County) is a dependent, single function, non-enterprise district. The CSA is *dependent* because the Marin County Board of Supervisors governs it; it's *single function* because it delivers only one service; and it's *non-enterprise* because that sole service is fire protection.

### **Funding Special Districts**

To better understand how special districts pay for themselves, let's divide their spending into two broad categories:

- Spending on operations and maintenance (programs).
- Spending on capital projects (public works projects).

#### **Operations and Maintenance.**

To pay for their regular operations, special districts generate revenue from three basic sources: taxes, benefit assessments, and service charges.

*General taxes.* When the voters amended the California Constitution by passing Proposition 13 (1978), they stopped local officials from levying separate property tax rates. Instead, county officials collect a uniform 1% property tax rate and allocate the resulting revenues to other local governments, following complicated formulas in state law. Most special districts get a share of these general property taxes. In 2007-08, county officials allocated about \$3.6 billion in general property tax revenues to special districts. Proposition 218 (1996) constitutionally prohibited special districts from levying their own general taxes.

*Special taxes.* Nearly all special districts can levy special taxes, if they get 2/3-voter approval. Often called "parcel taxes," these special taxes are usually a flat amount for each lot or each acre of ground. The Windsor Fire Protection District (Sonoma County) relies on two special taxes --- both approved by the District's voters --- for most of its annual revenues. Some property owners are familiar with the parcel taxes that special districts levy under the Mello-Roos Act. Details about which special districts can levy special taxes appears in *Revenues And Responsibilities: An Inventory of Local Tax Powers* on the Committee's webpage: [http://senweb03.senate.ca.gov/committee/standing/LOCAL\\_GOV/REVENUESANDRESPONSIBILITIES.pdf](http://senweb03.senate.ca.gov/committee/standing/LOCAL_GOV/REVENUESANDRESPONSIBILITIES.pdf)

*Benefit assessments.* Many special districts can charge benefit assessments to pay for operating and maintaining public facilities and service programs that directly benefit property. Proposition 218 (1996) required assessment amounts to reflect the "proportionate special benefit" that the property receives. Benefit assessments are constitutionally distinct from taxes in several important ways. One key difference between assessments and taxes is that the affected property owners must give their approval for benefit assessments in a weighted-ballot election

while special taxes require the voters' approval. More information about benefit assessments is in *Assessing The Benefits of Benefit Assessments: A Citizen's Guide to Benefit Assessments in California (Second Edition)*, on the Senate Local Government Committee's website: [http://senweb03.senate.ca.gov/committee/standing/LOCAL\\_GOV/BenefitAssessmentsPublication.pdf](http://senweb03.senate.ca.gov/committee/standing/LOCAL_GOV/BenefitAssessmentsPublication.pdf)

*Service Charges.* Special districts that run enterprise activities or deliver specific services can pay for their activities with service charges. Water rates generate the revenue that the Rainbow Municipal Water District (San Diego County) needs to run the community's water systems. The Modesto Irrigation District (Stanislaus County) sends bills to its electricity customers. Hospital charges help support the Seneca Hospital District (Plumas County). In 2007-08, special districts' enterprise revenues totaled nearly \$25.2 billion.

<u>Special Districts' Enterprise Revenues (2007-08)</u>	
Water	\$8,099,005,000
Transit	4,634,395,000
Waste Disposal	3,478,224,000
Electric Utility	4,171,583,000
Hospital	4,094,546,000
Airport	457,296,000
Harbor and Port	<u>250,658,000</u>
Total	\$25,185,707,000

Even some non-enterprise districts collect service charges to pay for special programs. For example, the Hayward Area Recreation and Park District (Alameda County) charges green fees to play on the District's Skywest Golf Course.

### **Capital Projects.**

Special districts create debt to borrow the money that they need for capital projects, such as expanding a wastewater treatment plant, acquiring parkland, or buying a new fire engine. Special districts' total long-term debts of all kinds were approximately \$72.4 billion in 2007-08.

Special districts pay off their *general obligation bonds* with higher property tax rates that require 2/3-voter approval. The Rand Communities Water District (Kern County) issued general obligation bonds to accumulate the capital needed for its water system. User fees pay for special districts' *revenue bonds* which may require majority-voter approval. The Groveland Community Services District (Tuolumne County) issued four revenue bonds to improve its sewer system. *Benefit assessment bonds* need the weighted-ballot approval of the property owners who own the properties that benefit from the special districts' public works projects. That's the approach used by the Las Gallinas Valley Sanitary District (Marin County) for its sewer improvements. *Mello-Roos Act bonds* also require 2/3-voter approval, but their revenue streams come from parcel taxes. Other, more exotic borrowing devices include certificates of participation, promissory notes, and loans from the state and federal governments.

### **Loss of Funding for Special Districts.**

Special districts have coped with three decades of tough financial times. In 1977-78, the year before the voters passed Proposition 13, special districts received \$945 million in property tax revenues. In 1978-79, their property tax revenues dropped to \$532 million, a loss of almost 50%.

In response to Proposition 13, legislators encouraged the special districts with the power to raise revenues with user fees and service charges to start the transition to fees and charges and to reduce their reliance on property tax revenues.

To help local governments weather the fiscal shock caused by Proposition 13, the state sent more state money to school districts and shifted some of the schools' property tax revenues to counties, cities, and special districts. For special districts, these supplemental property tax revenues went into a Special District Augmentation Fund (SDAF) in each county. The county supervisors then allocated the SDAF money to the special districts in their counties. This practice lasted from 1978 to 1992.

Faced with huge budget deficits in 1992-93 and again in 1993-94, the state shifted almost \$4 billion annually in property taxes from local governments (counties, cities, special districts, and redevelopment agencies) to an Educational Revenue Augmentation Fund (ERAF) in each county. The property tax revenue in the ERAF supports schools. The continuing ERAF shifts help the state fulfill its constitutional duty to pay for schools. Enterprise special districts had better chances of coping with the ERAF shifts because their fees generate revenues. The ERAF shifts hit the non-enterprise districts especially hard because they have few ways to make up for the lost revenues. Special legislation has granted fiscal relief to some special districts.

Proposition 1A (2004) made it much harder for the state to shift property taxes and other local revenues away from counties, cities, and special districts. These constitutional protections restore some fiscal stability to special districts.

### **How Much is Too Much?**

A 2000 report from the Little Hoover Commission revealed that special districts reported more than \$19.4 billion in reserves to the State Controller in 1996-97. Enterprise special districts held most of these reserves. This large figure raised a red flag for policy-makers and the public. Why were the districts setting aside so much money? And how did they plan to spend it?

Special district leaders argued that there were legitimate reasons for these reserves. District officials had allocated nearly all of the reserve dollars into specific funds for earmarked purposes. Special districts also used their reserve accounts to accumulate the capital needed to pay for large public works projects, rather than paying future interest on borrowed money. Further, reserves provided a safety cushion in lean fiscal years, stabilizing consumers' rates.

Special districts, taxpayers, and legislators learned that special districts should improve how they report their fiscal activities, including the purposes for their reserves. Out of this controversy came a state law that required the State Controller to publish an annual electronic report listing

the 250 special districts with the largest total revenues. For 2007-08, the three special districts with the largest total revenues were:

- Sacramento Municipal Utility District (\$1,372,262,958).
- Metropolitan Water District of Southern California (\$1,267,721,814).
- Los Angeles County Metropolitan Transportation Authority (\$1,209,788,940).

For the complete list, see <http://lgrs.sco.ca.gov/sb282/index.asp>.

### **LAFCO Cost-Sharing.**

Until 2001, county governments paid 100% of costs to operate the Local Agency Formation Commissions (LAFCOs), but legislative reforms spread those costs more broadly. When independent special districts get seats on the LAFCO, they must share the commission's costs with cities and the county government. Half of the 58 LAFCOs have special district representation, so special districts in those 29 counties pay a third of their LAFCOs' costs. A district's contribution is proportionate to its revenue, with some exceptions.

## **Advantages & Disadvantages**

Many people disagree over the usefulness and desirability of special districts. Before you make up your own mind, consider these arguments.

### **Advantages:**

**Special districts tailor services to meet local needs.** Counties and cities must protect their residents' health, safety, and welfare and, thus, must provide many services, regardless of citizen demand. Special districts, however, only provide the services that their communities desire.

**Special districts link costs to benefits.** General purpose local governments --- counties and cities --- levy general taxes to pay for public services. The services that taxpayers receive are not directly related to the amount of taxes they pay. In a special district, only those who benefit from the district's services pay for them. Those who do not benefit do not pay.

**Special districts respond to their constituents.** Because most special districts are geographically smaller and have fewer residents than counties and cities, they're more responsive to their constituents. Small groups of citizens can be quite effective in influencing special districts' decisions.

### **Disadvantages:**

**Too many special districts means inefficiency.** Many special districts provide the same services that counties and cities provide. Overlapping jurisdictions can create competition and conflict among special districts, and also between districts and general purpose governments. In addition, when communities incorporate, some Local Agency Formation Commissions (LAFCOs) fail to dissolve the special districts that exist within the new city limits, resulting in extra administrative costs and duplicated services.

**Special districts hinder regional planning.** Having numerous special districts can hamper planning efforts. For example, it can be difficult to organize the various water, sewer, and fire services in one region to deliver services to property owners and residents. Because about 2/3 of the districts have independent governing boards, no single agency coordinates their efforts.

**Special districts decrease accountability.** The multiplicity of limited purpose special districts can make it harder for residents and property owners to find out who's responsible for services. Separate special districts may provide water, sewer, parks, library, and fire protection services to the same unincorporated community. Residents have a hard time finding out who's in charge. Furthermore, the narrow and technical nature of a district's activities often results in low civic visibility until a crisis arises. Special district elections typically have very low voter turnouts. Although some view low voter turnout as a sign of voter satisfaction, representative democracy relies on broad participation.

### Frequently Asked Questions

Now that you have a basic understanding of special districts, you may have some specific questions you want answered. We explain the sources for our answers in Appendix C. Here are a dozen of the most frequently asked questions.

#### **1. How can I find out if I live in a special district?**

The easiest way is to call your Local Agency Formation Commission (LAFCO). Each county has a LAFCO which is responsible for forming and dissolving special districts. You'll find a directory of LAFCOs at [www.calafco.org](http://www.calafco.org). You can also look on your county property tax bill to see if some of your tax dollars go to a special district.

#### **2. How can I form a special district?**

District formation follows five steps:

- *Application.* Registered voters in the proposed district apply to the Local Agency Formation Commission (LAFCO). The application must detail the proposed district's boundaries and services, environmental effects, and financing methods.
- *Review and approval.* The LAFCO's staff studies the application, schedules the public hearing, and presents a public report with recommendations. The LAFCO can approve or deny the proposal. If the LAFCO approves, it's time to measure protests.
- *Protest hearing.* The LAFCO holds a second public hearing, this time to measure formal protests from voters and property owners. A majority protest stops the proposal, otherwise there's an election.
- *Election.* Only the voters inside the proposed district's boundaries vote at this election, which usually requires majority-voter approval. If the proposed new district relies on new special taxes, the measure needs 2/3-voter approval.
- *Formal filing.* If the voters approve the proposed district, the LAFCO's staff must file the formal documents needed to start the new district.

### 3. Who picks my district's governing board?

About 2/3 of our special districts are *independent*, that is, they have independently elected or appointed boards of directors. The other districts are *dependent* districts because they depend on another local government to govern them; usually a city council or a county board of supervisors. In most independent districts, registered voters elect the governing boards. In a few types of special districts, the landowners vote. Most governing boards have five members who serve staggered, four-year terms.

### 4. How can I find out who runs a special district?

The easiest way is to call your district directly and ask who serves on its governing board. Many districts have their own web sites. Also, your county clerk must keep a formal *Roster of Public Agencies* which lists all special districts along with the names and addresses of the members of their governing boards. Ask your county clerk for a copy of your county's *Roster*. This information may also be available on your county's web site.

### 5. Can a special district tax me without my approval?

No. Proposition 13 (1978) limited property taxes to 1% of property value. Many special districts get a share of these revenues. If a special district wants more tax revenues, it needs 2/3-voter approval before it can charge special taxes (also called "parcel taxes"). A general obligation bond that raises property tax rates also requires 2/3-voter approval.

### 6. But what about special assessments? Aren't they just like special taxes?

Not really. Special districts can charge benefit assessments to pay for public works like sewers, parks, and water systems, and to pay for some services. Property owners pay benefit assessments only for the projects or services that *directly* benefit their property. The amount of the assessment must be directly related to the benefit received. Proposition 218 (1996) required local governments, including special districts, to get weighted ballot approval from property owners before they can levy benefit assessments.

### 7. What can I do if I don't like what my special district is doing?

Talk to your district's general manager or the members of your district's governing board at their next meeting. All local governments must make time at their board meetings to listen to public comments. If you still aren't pleased with your district's activities, the remedy is direct democracy in the form of *initiative*, *referendum*, and *recall*.

- *Initiatives* let the voters propose ordinances directly instead of waiting for their district board to act. Successful initiatives need public notice, petitions, and majority-voter approval.
- *Referenda* also give voters a direct vote in district matters. The referendum power lets voters put recent board actions on the ballot and reject them *before* they go into effect. Referendum procedures are similar to the initiative process.
- *Recall* elections allow voters to remove elected board members before their terms of office end. Recalls follow processes similar to initiatives and referenda. However, recall isn't pos-

sible with cemetery districts and other special districts where the board members are appointed to serve fixed terms.

Or, you or your neighbors could run for the district's board at the next election.

### **8. Why do special districts seem so invisible?**

Special districts often escape wide public attention because their functions are narrow and technical. Sometimes, residents don't pay attention to their special districts until something goes wrong. Like all local governments, however, special districts must conform to democratic safeguards such as the Brown Act, the Public Records Act, and the Political Reform Act.

### **9. How can I trust my special district's leaders?**

It's true what they say --- *the noblest motive is the public good*. Public officials earn their constituents' trust by continually pursuing the public good. Special district officials must hold open meetings, keep open records, and disclose their economic interests. See the answer to Question 8, above. Most governing board members and key staff must take an ethics training course every two years. Ask your district if its board members and staff are up-to-date.

### **10. How do I know if my special district is doing OK?**

It's also true that *good government demands the intelligent interest of every citizen*. Residents and property owners should pay attention to how public agencies, including special districts, pay for projects and programs. Besides attending your district's board meetings and following its web page, you can review a district's budgets, regular audits, and financial reports. Ask your county grand jury if it has investigated your district. In 2009-10, for example, the Lake County Civil Grand Jury reviewed the Lake County Vector Control District and then issued its findings and recommendations. Although it's not a perfect guarantee, ask if your special district participates in the Special District Leadership Foundation (SDLF) awards program.

### **11. What happens when things go bad?**

If you're unhappy with a special district's programs or projects, take your complaints directly to the district's general manager and governing board. Local officials respond when their constituents write letters and speak up at board meetings. You can complain about economic conflicts of interest to the Fair Political Practices Commission. However, if you're aware of criminal activity, then you need to take your allegations to the district attorney or county grand jury for formal investigation.

### **12. Where can I get more information about special districts?**

#### Local resources:

- LAFCO's municipal service reviews and spheres of influence.
- County clerk's *Roster of Public Agencies*.
- County grand jury reports on specific districts.

#### Statewide resources:

- State Controller's *Special Districts' Annual Report*.
- Special district associations. See Appendix B.



### Current Topics & Emerging Trends

You now know that special districts are really diverse. Although it's tough to generalize about the trends affecting special districts, here are some general themes:

**How many is too many?** Special districts are California's most numerous type of local government. There's a lingering suspicion among the public and local officials that the number of special districts is growing. Some worry that increasing the number of independent special districts results in more bureaucracy and less efficiency.

However, using our definition of special districts, you can see that their numbers have actually gone down slightly over the last 30 years.

<u>Number of Special Districts</u>	
1977-78	3,398
1987-88	3,490
1997-98	3,336
2007-08	3,294

Inside that 3% decline are three interesting trends. *First*, the number of county service areas has grown. CSAs are dependent special districts, always run by the county boards of supervisors. The number of dependent districts increased while the overall number of special districts went down. *Second*, the number of community services districts has also grown. Almost always independent special districts, CSDs are often multi-purpose districts, delivering more than one local service. The number of single-function districts declined. *Third*, while the number of special districts went down, California's population grew by 2/3, from 22.4 million residents in 1977 to 37.7 million in 2007.

#### Changes in the Number of Special Districts Among the Ten Most Common Types

	<u>1977-78</u>	<u>2007-08</u>	<u>Change</u>
County service areas	727	895	+168
Fire protection districts	454	372	-82
Cemetery districts	263	252	-9
Community services districts	213	325	+112
County water districts	205	166	-39
California water districts	163	136	-27
Reclamation districts	157	156	-1
Resource conservation districts	139	96	-43
County sanitation districts	124	73	-51
Recreation & park districts	118	108	-10

This table shows that multi-purpose districts, like county service areas and community services districts, are more popular than they were three decades ago. The decline in the number of sin-

gle-purpose districts over the last 30 years shows that some of these districts have consolidated with each other or have combined into multi-purpose districts. For example, several smaller fire districts in Sacramento County consolidated over the years to form the Sacramento Metropolitan Fire District (Sacramento County) in 2000. Also in Sacramento County, the Consumnes Community Services District formed in 1985 as the successor to the Elk Grove Fire Protection District and the Elk Grove Recreation and Park District, and expanded in 2006 when it annexed the adjacent Galt Fire Protection District

**Land use planning and development.** Public policy, not public works, should determine the location, timing, and intensity of development. Counties and cities control land use within their own boundaries by adopting general plans and approving development projects. However, some critics say that special districts can block or distort local land use planning goals. Because special districts are major providers of water and sewer services, where (and when) they build water lines and sewer plants affects development. State law lets special districts override county and city general plans and zoning ordinances. Even though dependent special districts are governed by the same board or council that adopts the general plan, the majority of special districts have independent governing boards which may have different development ideas. Most independent districts work well with their city and county governments, but land use conflicts are possible.

**Municipal service reviews.** The 2000 report *Growth Within Bounds* by the Commission on Local Governance for the 21st Century prompted legislators to pass several statutory reforms, including new planning requirement for the Local Agency Formation Commissions (LAFCOs). To plan for the future boundaries and service areas of cities and special districts, a LAFCO must prepare informational reports called *municipal service reviews*, and then adopt a policy document for each city and district called a *sphere of influence*. LAFCOs' decisions on annexations and other boundary changes must be consistent with the spheres of influence that they adopt for the affected cities or districts.

To inform those policy choices, municipal service reviews analyze six topics:

- Growth and population projections.
- Present and planned capacity of public facilities and adequacy of public services.
- Agencies' financial abilities to provide services.
- Opportunities for sharing facilities.
- Accountability for community service needs.
- Other matters relating to effective or efficient services.

Preparing the initial round of municipal service reviews was hard for some of the LAFCOs and the special districts in their counties. Some districts resented what they thought was a LAFCO's intrusion into internal district operations. Some LAFCOs were surprised to discover that special districts provided more services in more areas than they had previously known. The municipal service reviews can be superb sources of basic information about special districts' operations, programs, facilities, and financing. Many LAFCOs post these service reviews on their websites.

**Accountability and responsiveness.** Good government is responsive government. Like many local agencies, special districts have worked harder in recent years to raise their public profile

and reassure their communities that they're spending public dollars wisely. Many districts belong to statewide associations that promote the special district form of government. See Appendix B for a list of those groups. These associations also offer training courses for special districts' board members and staff.

Although it's not a perfect guarantee of quality, you can ask your district if it has earned the "District of Distinction" designation from the Special District Leadership Foundation (SDLF). SDLF is a private, nonprofit group formed by statewide associations of special districts to encourage better governance practices. Has the SDLF awarded your district's board its "Recognition in Special District Governance"? Has your district's general manager earned SDLF's "Special District Administrator Certification"?

In addition to these voluntary programs, a state law passed in 2005 requires ethics training for local officials (including special districts) who accept compensation for their service. Special districts designate their employees who must also receive ethics training. Every two years these board members and key staff must receive at least two hours of training in general ethics principles and ethics laws. Records of who has taken the required training are public documents, so you can ask your district if its governing board and staff are up-to-date.

**Revised state laws.** Recognizing that the state laws that govern special districts were outdated, legislators have revised the statutes that control nearly 2/3 of all districts. Many of these principal acts were decades old and had not kept pace with other statutory and constitutional changes. For example, legislators had not overhauled the Public Cemetery District Law since 1939. In the meantime, the voters amended the California Constitution to limit property taxes, impose spending limits, and require more public approval of taxes, assessments, and fees. Other initiatives created the Political Reform Act and changed local officials' fiscal powers. The Legislature enacted and expanded the state laws on open meetings, public records, fiscal audits, special districts' boundaries, land use planning, and public finance.

The Senate Local Government Committee responded by convening working groups to review the state laws that govern six types of special districts. Legislators translated the results of the working groups' efforts into revised principal acts for fire protection districts (1987), recreation and park districts (2001), mosquito abatement and vector control districts (2002), cemetery districts (2003), community services districts (2005), and county service areas (2008). Appendix B lists the reports that explain these efforts.

**Vestigial districts?** Sometimes good ideas don't always work out the way you intended. In 1968, grand visions convinced legislators to pass the El Dorado County Toll Tunnel Act which allowed the county supervisors to form a new dependent special district. This District has the power to bore a tunnel through the Sierra Nevada from Twin Bridges to Meyers, under Highway 50's route over Echo Pass. Although that vision is unlikely to come true, more than four decades later, an inactive District still exists with the El Dorado County Board of Supervisors as its *ex officio* governing body.

Legislative experiments don't always deliver on their promises either. In 1961, the Legislature passed the Resort Improvement District Law to help land developers set up multi-function special districts to serve remote subdivisions in rural counties. In 1965, the Assembly held hearings into special districts' abuses and one result was to ban the formation of new resort improvement districts. Nevertheless, seven resort improvement districts in five counties remain in existence, including the dependent Stony Gorge Resort Improvement District (Glenn County). In 2010, the Legislature passed a bill making it easier to convert resort improvement districts into community services districts.

**Appendix A: Types of Special Districts (2007-08)**

County Service Areas	895
Fire Protection Districts	372
Community Services Districts	325
Cemetery Districts	252
County Water Districts	166
Reclamation Districts	156
California Water Districts	136
Recreation & Park Districts	108
Resource Conservation Districts	96
Irrigation Districts	94
Hospital Districts	80
County Sanitation Districts	73
Sanitary Districts	72
Public Utility Districts	54
Storm Water Drainage & Maintenance Districts	49
Mosquito Abatement & Vector Control Districts	46
Flood Control & Water Conservation Districts	42
Municipal Water Districts	37
Water Agency or Authority	30
County Waterworks Districts	28
Memorial Districts	27
Drainage Districts	23
Transit Districts	15
Levee Districts	14
Harbor & Port Districts	13
Library Districts	13
Water Conservation Districts	13
Airport Districts	10
Citrus Pest Control Districts	10
Water Storage Districts	8
Garbage Disposal Districts	8
Pest Control Districts	6
Municipal Improvement Districts	5
Municipal Utility Districts	5
Police Protection Districts	3
Sanitation & Flood Control Districts	2
Water Replenishment Districts	2
Sewer District	1
Bridge & Highway District	1
Joint Highway District	1
Metropolitan Water District	1
Separation of Grade District	1
Toll Tunnel Authority	<u>1</u>
TOTAL	3,294

**Appendix B: Special District Information Resources**

Association of California Water Agencies (ACWA)  
910 K Street, Suite 100  
Sacramento, California 95814-3512  
(916) 441-4545  
[www.acwa.com](http://www.acwa.com)

California Association of Local Agency Formation Commissions (CALAFCO)  
1215 K Street, Suite 1650  
Sacramento, California 95814  
(916) 442-6536  
[www.calafco.org](http://www.calafco.org)

California Association of Public Cemeteries  
2640 Glen Ridge Road  
Escondido, California 92027  
(888) 344-9858  
[www.capc.info](http://www.capc.info)

California Association of Recreation & Park Districts  
P.O. Box 22671  
Sacramento, California 95822  
(916) 446-2098  
[www.carpd.net](http://www.carpd.net)

California Association of Sanitation Agencies (CASA)  
1215 K Street, Suite 2290  
Sacramento, California 95814  
(916) 446-0388  
[www.casaweb.org](http://www.casaweb.org)

California Municipal Utilities Association (CMUA)  
915 L Street, Suite 1460  
Sacramento, California 95814  
(916) 326-5800  
[www.cmua.org](http://www.cmua.org)

California Special Districts Association (CSDA)  
1112 "I" Street, Suite 200  
Sacramento, California 95814  
(916) 442-7887  
[www.csda.net](http://www.csda.net)

Fire Districts Association of California (FDAC)  
 1215 K Street, Suite 2290  
 Sacramento, California 95814  
 (916) 231-2941  
[www.fdac.org](http://www.fdac.org)

Mosquito & Vector Control Association of California  
 1215 K Street, Suite 2290  
 Sacramento, California 95814  
 (916) 440-0826  
[www.mvac.org](http://www.mvac.org)

Public Cemetery Alliance  
 P.O. Box 494  
 Gridley, California 95948  
 (530) 846-2537  
[www.publiccemeteryalliance.com](http://www.publiccemeteryalliance.com)

Special District Leadership Foundation (SDLF)  
 1112 "I" Street, Suite 200  
 Sacramento, California 95814  
 (916) 231-2939  
[www.sdlf.org](http://www.sdlf.org)



The library at UC Berkeley's Institute of Government Studies has an extensive collection of local government documents, including special districts' documents and many grand jury reports:

Institute of Governmental Studies  
 University of California, Berkeley  
 109 Moses Hall  
 Berkeley, California 94720-2370  
 (510) 642-1473  
<http://igs.berkeley.edu/library/cagovdocs>

The Institute for Local Government (a joint program of the League of California Cities and the California State Association of Counties) provides helpful resources to local officials and their constituents:

Institute for Local Government  
 1400 K Street, Suite 205  
 Sacramento, California 95814  
 (916) 658-8208  
[www.ca-ilg.org](http://www.ca-ilg.org)

The Senate Local Government Committee has compiled a descriptive list of the key state laws that affect local governments:

*The Quick List: An Annotated Glossary of Local Government Statutes (Second Edition)* Report 1353-S, February 2009.

[http://senweb03.senate.ca.gov/committee/standing/LOCAL\\_GOV/TheQuickList2009.pdf](http://senweb03.senate.ca.gov/committee/standing/LOCAL_GOV/TheQuickList2009.pdf)

The Committee has also published the statutory text and commentaries on the principal acts for six types of special districts:

*A New Law for a New Mission: Senate Bill 515 and the “Fire Protection District Law of 1987”* Report 284-S, October 1987.

[not available online]

*Parks, Progress, and Public Policy: A Legislative History of Senate Bill 707 and the “Recreation and Park District Law”* Report 1112-S, October 2001.

[http://senweb03.senate.ca.gov/committee/standing/LOCAL\\_GOV/PPPRReport.pdf](http://senweb03.senate.ca.gov/committee/standing/LOCAL_GOV/PPPRReport.pdf)

*Science, Service, and Statutes: A Legislative History of Senate Bill 1588 and the “Mosquito Abatement and Vector Control District Law”* Report 1226-S, September 2003.

[http://senweb03.senate.ca.gov/committee/standing/LOCAL\\_GOV/SSSFINALREPORT.pdf](http://senweb03.senate.ca.gov/committee/standing/LOCAL_GOV/SSSFINALREPORT.pdf)

*For Years To Come: A Legislative History of SB 341 and the “Public Cemetery District Law”* Report 1268-S, August 2004.

[http://senweb03.senate.ca.gov/committee/standing/LOCAL\\_GOV/YEARSTOCOME PUBLICATION.pdf](http://senweb03.senate.ca.gov/committee/standing/LOCAL_GOV/YEARSTOCOME PUBLICATION.pdf)

*Community Needs, Community Services: A Legislative History of SB 135 (Kehoe) and the “Community Services District Law”* Report 1348-S, March 2006.

[http://senweb03.senate.ca.gov/committee/standing/LOCAL\\_GOV/CNCSReport.pdf](http://senweb03.senate.ca.gov/committee/standing/LOCAL_GOV/CNCSReport.pdf)

*Serving The Public Interest: A Legislative History of SB 1458 and the “County Service Area Law”* Report 1428-S, October 2008.

[http://senweb03.senate.ca.gov/committee/standing/LOCAL\\_GOV/STPIPUBLICATION.pdf](http://senweb03.senate.ca.gov/committee/standing/LOCAL_GOV/STPIPUBLICATION.pdf)

You can order printed copies of these reports directly from Senate Publications & Flags, 1020 N Street (B-53), Sacramento, California 95814. Discounts are available for multiple copies, but credit cards are not accepted. For ordering details, you should call Senate Publications directly at (916) 651-1538.



### Appendix C: Sources for Questions & Answers

What’s behind our answers to the “Frequently Asked Questions” on pages 12-14? Here are the references we used.

We list the statutes by code, followed by the section number. For example, “Government Code §56000, et seq.” means that you can find the text as Section 56000 of the Government Code. The term “et seq.” is the abbreviation for a Latin phrase that lawyers use to mean “and following.” That means a state law starts at §56000, but continues for several more sections.

You can retrieve a statute’s text from the Legislature’s official website: [www.leginfo.ca.gov](http://www.leginfo.ca.gov).

If you want to see printed versions, you can go to your public library or a law library and read the published codes. Two publishers print the California statutes: *West’s Annotated California Codes* and *Deering’s California Codes Annotated*. Be sure to start with the “pocket part” in back of each volume. The pocket section has the latest versions of the statutes, including any recent amendments.

#### **Question 1: How can I find out if I live in a special district?**

Various definitions of “special district” are in Government Code §16271 (d), Government Code §50077 (d), Government Code §53720 (b), Government Code §56036, and Revenue & Taxation Code §95 (m). Also see California Constitution Article XIII C, §1 (c) (Proposition 218).

#### **Question 2: How can I form a special district?**

The Cortese-Knox-Hertzberg Local Government Reorganization Act (Government Code §56000, et seq.) spells out the LAFCOs’ powers. The Senate Local Government Committee describes LAFCOs in *It’s Time To Draw The Line: A Citizen’s Guide to LAFCOs (2nd Edition)*. [http://senweb03.senate.ca.gov/committee/standing/LOCAL\\_GOV/LAFCOGUIDEUPDATE2003.pdf](http://senweb03.senate.ca.gov/committee/standing/LOCAL_GOV/LAFCOGUIDEUPDATE2003.pdf)

#### **Question 3: Who picks my district’s governing board?**

The Uniform District Election Law (Elections Code §10500, et seq.) controls most special districts’ elections. Some independent special districts’ governing boards are appointed. For example, see Health & Safety Code §9020, et seq. which requires county supervisors to appoint residents as a public cemetery district’s board of trustees.

#### **Question 4: How can I find out who runs a special district?**

Government Code §53051 requires county clerks to keep the *Roster of Public Agencies*.

#### **Question 5: Can a special district tax me without my consent?**

*Property taxes.* California Constitution Article XIII A, §1 (a) (Proposition 13) limits the property tax rate to 1% and tells county officials to allocate the property tax revenues, following state law. Revenue & Taxation Code §95, et seq. tells county officials how to allocate property tax revenues to local governments, including special districts.

*Special taxes.* California Constitution Article XIII A, §4 (Proposition 13) and Article XIII C, §2 (a) & (d) (Proposition 218) require special districts to get 2/3-voter approval for special taxes. Government Code §50075, et seq. and Government Code §53720, et seq. (Proposition 62) spell out the statutory procedures for levying special taxes. Government Code §53727 tells special districts that they need specific statutory authority before they levy special taxes. State law gives special tax authority to many types of special districts. For example, Government Code §61121 allows community service districts to levy special taxes. The Senate Local Government Committee describes special districts' tax powers in *Revenues and Responsibilities: An Inventory of Local Tax Powers*.

[http://senweb03.senate.ca.gov/committee/standing/LOCAL\\_GOV/REVENUESANDRESPONSIBILITIES.pdf](http://senweb03.senate.ca.gov/committee/standing/LOCAL_GOV/REVENUESANDRESPONSIBILITIES.pdf)

*General obligation bonds.* California Constitution Article XIII A, §1 (b) and Revenue & Taxation Code §93 allow local officials, including special districts, to charge extraordinary property tax rates outside the usual 1% limit to pay for general obligation bonds. State law allows many special districts to levy general obligation bonds, but only if they get 2/3-voter approval. For example, Public Resources Code §5790, et seq. spells out the procedures that recreation and park districts must follow to issue general obligation bonds.

**Question 6: But what about special assessments? Aren't they just like special taxes?**

California Constitution Article XIII D (Proposition 218) contains the requirements for benefit assessments. Government Code §53750, et seq. contains the procedures for local weighted ballots. State law allows many special districts to charge benefit assessments. For example, Government Code §25216.3 allows county service areas to use benefit assessments.

**Question 7: What can I do if I don't like what my special district is doing?**

*Public meetings.* California Constitution Article I, §3 (b) guarantees public meetings. The Ralph M. Brown Act (Government Code §54950, et seq.) requires local governments' meetings to be open and public, with only limited exceptions. Government Code §53954.3 tells local officials that they must give the public an opportunity to speak at public meetings. However, disorderly conduct isn't acceptable (Government Code §54957.9).

*Direct democracy.* Elections Code §9300, et seq. spells out the procedures for initiatives that affect special districts. Elections Code §9340, et seq. explains the referendum process for special districts. Elections Code §11000, et seq. contains the procedures for special districts' recall elections.

**Question 8: Why do special districts seem so invisible?**

Government Code §6250, et seq. is the Public Records Act.  
Government Code §54950, et seq. is the Ralph M. Brown Act.  
Government Code §81000, et seq. is the Political Reform Act.

**Question 9: How can I trust my special district's leaders?**

The "public good" slogan appears above the west portal of the San Diego County Administration Center, 1600 Pacific Highway, San Diego. Government Code §53234, et seq. requires compen-

sated district board members and key district staff to take ethics training every two years. The training records are public records.

**Question 10: How do I know if my special district is doing OK?**

The “good government” slogan appears above the east portal of the San Diego County Administration Center, 1600 Pacific Highway, San Diego.

*Budgets.* Many special districts’ principal acts require them to adopt annual budgets. For example, see Health & Safety Code §2070 for mosquito abatement and vector control districts.

*Regular audits.* Government Code §26909 requires county auditors to regularly audit special districts’ accounts and records.

*Financial reports.* Government Code §53890, et seq. requires special districts to annually report their financial transactions to the State Controller. Government Code §12463 requires the State Controller to compile and publish the special districts’ financial transactions reports. They’re available both as books and online: [http://www.sco.ca.gov/ard\\_locarep\\_districts.html](http://www.sco.ca.gov/ard_locarep_districts.html).

*Grand jury reports.* Penal Code §925 allows county grand juries to investigate special districts’ operations. Besides contacting your county grand jury to ask about recent reports, you can explore the collection assembled by UC Berkeley’s Institute for Governmental Studies: <http://cdm266301.cdmhost.com/cdm4/browse.php?CISOROOT=%2Fp266301coll6>.

*Special District Leadership Foundation.* The SDLF is a private nonprofit organization created by several special districts’ associations. More information is on its website: [www.sdlf.org](http://www.sdlf.org).

**Question 11: What happens when things go bad?**

California Constitution Article I, §3 (a) declares the public’s right to “instruct their representatives.” Government Code §54954.3 tells local officials that they must give the public an opportunity to speak at public meetings, but disorderly conduct isn’t acceptable (Government Code §54957.9). The Political Reform Act (Government Code §81000, et seq.) prohibits public officials from having economic conflicts of interest. The Fair Political Practices Commission’s webpage explains how to file complaints: [www.fppc.ca.gov/index.php?id=498](http://www.fppc.ca.gov/index.php?id=498). Government Code §26500, et seq. explains that your county’s district attorney is the public prosecutor. Penal Code §925 allows your county grand jury to investigate special districts.

### Sources & Credits

The following publications helped the Committee's staff prepare this Fourth Edition:

Commission on Local Governance for the 21st Century. *Growth Within Bounds*. Sacramento, California. 2000.

Senate Local Government Committee. *What's So Special About Special Districts?* First Edition (1991); Second Edition (1993), Third Edition (2002). Sacramento, California.

Sokolow, Alvin D., et al. *Choices for the Unincorporated Community: A Guide to Local Government Alternatives in California*. 2<sup>nd</sup> ed. Davis, California. 1981.

State Controller. *1977-78 Annual Report, Financial Transactions Concerning Special Districts of California*. Sacramento, California. 1978.

State Controller. *Special Districts Annual Report, Fiscal Year 2006-07*. Sacramento, California. 2008.

State Controller. *Special Districts Annual Report, Fiscal Year 2007-08*. Sacramento, California. 2010.



The Senate Local Government Committee first published *What's So Special About Special Districts?* in 1991, the result of a Senate Fellow project by April Manatt. After joining the Committee's staff, Manatt produced a Second Edition in 1993. In 2002, Kimia Mizany, another Senate Fellow, wrote the Third Edition. In 2010, the Committee's staff published this Fourth Edition. Peter Detwiler revised the text and Elvia Diaz produced the report. The Fourth Edition benefited from critical reviews by and helpful contributions from:

- David Aranda, North of the River Municipal Water District
- Dewey Ausmus, California Association of Public Cemeteries
- Bob Braitman, Braitman & Associates
- Bill Chiat, California Association of Local Agency Formation Commissions
- Ron Davis, Association of California Water Agencies
- Ralph Heim, Public Policy Advocates
- Iris Herrera, California Special Districts Association
- Katie Kolitsos, Assembly Local Government Committee
- Sashi Lal, Special Districts Reporting Section, State Controller's Office
- April Manatt, April Manatt Consulting
- Geoffrey Neill, California State Association of Counties
- Catherine Smith, California Association of Sanitation Agencies
- Brian Weinberger, Senate Local Government Committee