

February 1, 2002

Dear Friend,

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. This Third Edition of What's So Special About Special Districts? untangles the basic facts about the least known segment of local government.

Kimia Mizany wrote the Third Edition, based on the two earlier versions that April Manatt prepared for the Committee a decade ago. April wrote the First Edition during her year as a Senate Fellow and the Second Edition when she worked for the Committee. This Third Edition is the product of Kimia's work as a Senate Fellow in my office this year. It's appropriate that they share the credit for this revised edition.

As the report explains, the number of special districts has actually declined in the last 20 years. But the need to know more about these important public actors has increased. That's why I'm pleased that you have chosen to pick up this report to learn about special districts. I am convinced that readers will be better informed about the local governments that serve all of us.

Sincerely,

Tom Torlakson

Chair

WHAT'S SO SPECIAL ABOUT SPECIAL DISTRICTS?

A Citizen's Guide to Special Districts in California

Third Edition

Kimia Mizany & April Manatt

February 2002

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INTRODUCTION TO THE THIRD EDITION

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

- How many exist (about 3,400).
- What they do (services from A to Z: airports to zoos).
- Who runs them (it could be your next-door neighbor).
- Or even what they cost (about \$26 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. But what *is* so special about special districts anyway? 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 special districts deliver public programs and public facilities that their constituents want. Cities and counties must provide a wide variety of services, some of them mandated by the federal and state governments. Special districts provide the public services that the public wants.

This third edition of this **citizen's guide to special districts** answers many of your questions about California's most abundant form of local government. In plain language, this 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 --- and how to form new districts in your community.

The Senate Local Government Committee first published What's So Special About Special Districts? in June 1991, the result of a research project by Senate Fellow April Manatt. In 1993, working as a Committee Consultant, Manatt produced a Second Edition. The publication has been the most popular of the Committee's citizens guides, selling hundreds of copies. Frequently cited by other authors, this report has become a standard introduction to special district government.

But much has changed since 1993. The Legislature shifted billions of dollars of property tax revenues away from local agencies, including the districts. The voters passed more initiatives, including Proposition 218 (1996). And the California economy went through a major recession and an expansion. This Third Edition documents special districts' current financial status, revisits what is and what is not a special district, explains how many services districts provide, and describes how citizens can effect changes in the districts which serve them. Revised by Senate Fellow Kimia Mizany, the Third Edition builds on the earlier explanations.

Democracy works best when people are informed about the governments that are created to 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" (Government Code §16271 [d]). In plain language, a special district is a separate local government that delivers public services to a particular area.

Special districts can be distinguished by their four common characteristics:

- A form of government.
- Governed by a board.
- Provides services and facilities.
- Has defined boundaries.

Inadequate tax bases and competing demands for existing taxes make it hard for cities and counties to provide all the services their citizens desire. 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, and pest 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 allow local citizens to obtain the services they want at a price they are 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, closed captioned television, mosquito abatement, and fire protection. Most special districts serve just a single purpose, such as sewage treatment. Others address a multiplicity of needs, as in the case of community service districts, which can offer up to 16 different services. Districts' service areas can range from a single city block to vast areas which cross city and county lines. For example, the Metropolitan Water District of Southern California serves nearly 17 million people in over 5,200 square miles of six counties, while County Service Area #2 in Los Angeles County serves only 25 acres.

Special districts enjoy many of the same governing powers as other cities and counties. They can enter into contracts, employ workers, and acquire real property through purchase or eminent domain. They can also issue debt, impose taxes, levy assessments, and many charge fees for their services. Special districts, like other governments, can sue and be sued. They can also adopt a seal and alter it at will!

Special districts have the **corporate power** and **tax power** but rarely the **police power**. The *corporate power* is the ability to "do things," like constructing public works projects such as dams and sewers. It's the power to deliver recreation programs and collect garbage. The *tax power* is the authority to raise money to pay for these projects and services. The *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 powers: 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. Banning alcohol from a park district's picnic area is one example.

WHAT A SPECIAL DISTRICT IS NOT

Now that we understand what special districts are, let's examine what special districts are not.

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

Special districts are local agencies which provide public services to specific communities. Special districts are autonomous government entities, accountable only to the voters or landowners they serve. State government, however, oversees special districts in several ways. For example, special districts must submit annual financial reports to the State Controller. Districts must also follow the state laws pertaining to public meetings, bonded debt, record keeping, and elections.

- **Special districts are not city or county government.**

Cities and counties are *general purpose* governments. Cities and counties perform a broad array of services to protect the health, safety, and welfare of all their citizens. Special districts are *limited purpose* local governments. Special districts provide only the services their residents desire. Certain types of special districts require that the city council or county supervisors serve as their governing boards. Nevertheless, special districts remain legally separate local entities.

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

School districts exist to provide one service --- public education. Special districts provide a variety of public services, excluding education. In addition, school districts get most of their money from the state, whereas special districts rely primarily on local revenues.

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

California law allows cities, counties, school districts, and many special districts to establish Mello-Roos districts and benefit assessment districts to finance public works and public services. Mello-Roos districts and benefit assessment districts are solely 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 redevelopment agencies to eliminate blight by paying for public and private improvements and economic development. Special districts do not exist to eliminate blight. Special districts provide public services and infrastructure that help communities, but they are not in the business of direct economic development.

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

Most of the data on special districts in this report comes from the annual Special Districts Annual Reports produced by the State Controller's Office. The total number of special districts included in this citizens guide (3,361) varies from the State Controller's report (4,792) because they define special districts differently. The State Controller's report has a very broad reach, including many organizations that aren't really special districts. This guide omits districts that don't share all four of the key characteristics: provides services, has boundaries, is a form of government, has a board. This citizens guide omits the 31 Air Pollution Control Districts because they are regulatory agencies not service districts. Similarly, nonprofit corporations don't appear in our count because they are corporations not governments.

HISTORY OF SPECIAL DISTRICTS IN CALIFORNIA

Like hula hoops, martinis, and freeways, special districts became an art form in California. Special districts first arose in California to meet the water needs of farmers in the San Joaquin Valley. Frustrated by an inconsistent water supply and widely varying prices, farmers in Stanislaus County organized the Turlock Irrigation District under the Wright Act of 1887. The Wright Act allowed a majority of residents in an area to form a public entity for water delivery, and to finance its operation through bond sales. The Turlock Irrigation District made it possible for San Joaquin Valley farmers to intensify and diversify their agricultural activities.

Following the development of districts such as the Turlock Irrigation District, new water district formation shifted away from rural, agricultural lands, towards water-deficient communities in urban areas. In the early 1900s, water districts were primarily located in northern and central California. After 1950, they spread to Southern California to satisfy the suburbs' growing demand for water.

In the 20th Century, special districts increased dramatically in both number and scope. The prosperity that followed World War II increased the demand for public services of all kinds and, consequently, special districts. Special districts became a popular way to meet these incremental needs because, unlike complex municipal bureaucracies, special districts were flexible and provided desired services quickly and efficiently.

The decade after World War II saw an expansion in district activities for fire protection, sanitation, and water supply. Mosquito abatement districts, though first formed in 1915, multiplied to combat diseases inadvertently imported by returning soldiers. Hospital districts arose in 1945 because of a statewide shortage of hospital beds. Population growth in unincorporated areas spurred the development of recreation and park districts. Created to address individual service needs, special districts grew to encompass multiple needs as well. The Municipal Utility District Act of 1921 allowed special districts to diversify and address multiple needs ranging from water, power, transportation, and telephone service, as well as "all things necessary and convenient."

STATUTORY AUTHORITY FOR SPECIAL DISTRICTS

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 Fire Protection District Law of 1987 in the state Health and Safety Code governs all 386 fire districts. There are about 60 principal law statutes which can be used anywhere in the state to create a special district.

Occasionally, local circumstances fail to fit the general conditions anticipated by a principal act. In those cases, the Legislature may create a **special act** district tailored to the unique needs of a specific area. Districts which are regional in nature, have specific governing board requirements, provide unique services, or need special financing, necessitate special laws for formation. Districts formed under a special act include: the Humboldt Bay Harbor Recreation and Conservation District, the Fairfield-Suisun Sewer District, and the Alameda County Flood Control and Water District. There are about 120 special act districts.

All principal acts appear as laws in the California State codes, whereas most special acts are not codified. However, for convenience, many of the special acts for water districts appear in the Appendix to the California Water Code. For a complete listing 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 is the County Service Area (CSA), while districts with unique functions include the bridge and highway authority (1).

With about 3,400 special districts, it may seem overwhelming to try to understand the purpose and function of the districts. So, to simplify, 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

Nearly 85% of California's special districts perform a single function. Single function districts provide only one service such as water, sewage, or fire protection. The Happy Camp Cemetery District in Siskiyou County is an example of a single function special district. The only service that the 253 public cemetery districts can provide is cemeteries.

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 extended police protection, enhanced library facilities, parks, and television translator services.

Source: 1996-97 State Controller's Special Districts Annual Report

Some multi-function districts only offer a few of the services they are authorized to provide. For example, the Buzztail Community Service District in Butte County is authorized under the Community Service District Law to provide up to 16 services and yet it offers only water service. The powers which a district is authorized to use but does not currently employ are called **latent powers**. Special districts can usually enact latent powers by vote of the district board. In some cases, however, district voters must approve new powers.

Enterprise versus Non-enterprise Districts

Just over a quarter of the special districts are enterprise districts. Enterprise districts deliver services that are run like a business enterprise; 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. Virtually all water, waste, and hospital districts are enterprise districts.

Source: 1998-99 State Controller's Special Districts Annual Report

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 taxes for their operational expenses. Services commonly provided by non-enterprise districts include fire protection, cemeteries, libraries, and police protection. Though non-enterprise districts rely primarily on non-fee revenue, certain services, such as a park district's pool, can generate a small amount of fee revenue.

Independent versus Dependent Districts

About two-thirds of the state's special districts are independent districts. Independent districts have their own separate boards of directors elected by the districts' own voters. Independent districts also include districts where the appointed boards of directors serve for fixed terms. The cemetery districts are independent districts with this governance structure. Special districts' governing boards can vary with the size and nature of the district. Most districts have five-member governing boards. Other governing boards vary from three to 11 members. The Metropolitan Water District of Southern California, which has 37 board members, is unique.

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 Yucca Valley Recreation and Park District is governed by the San Bernardino County Board of Supervisors, making it a dependent district. The Oceanside Small Craft Harbor District is another dependent district that is run by the Oceanside City Council.

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

Larger independent districts often have a professional manager, similar to a city manager or a county administrator, to assist the board members. The governing boards adopt broad policies that the general managers carry out. Different types of independent special districts include library districts, resource conservation districts, and memorial districts.

These three distinctions about special districts are certainly not mutually exclusive. It is possible to have an independent, multifunction, enterprise special district, such as the Whispering Palms Community Service District in San Diego County. The District is *independent* because it the local voters elect their own board of directors; it's *multifunction* 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 # 19 in 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 *nonenterprise* because that sole service is fire protection.

FUNDING SPECIAL DISTRICTS

Special districts generate revenue from several sources. Some collect fees to fund their activities, while others rely more heavily on property tax revenues.

Both enterprise and non-enterprise districts can issue bonds to pay for capital improvements. These bonds can pay for a new dam or purchase a new library building. Special districts' total long-term bonded debt is approximately \$13 billion. Special districts' **general obligation bonds** are backed by property taxes and require 2/3-voter approval. Special districts' **revenue bonds** are paid from user fees and don't necessarily need voter approval.

Enterprise districts rely primarily on non-tax revenues, such as user charges. Because enterprise districts' costs are directly related to the services provided, it is easy for enterprise districts to recoup their costs by collecting fees. For example, the Sacramento Municipal Utility District sells the electricity it produces to the District's customers. Enterprise revenues generated by enterprise districts in 1997-98 were nearly \$14 billion.

Enterprise Districts' Enterprise Revenues (1997-98) (Dollars in millions)

Water	\$ 4,802
Transit	2,436
Waste disposal	2,278
Electric utility	2,257
Hospital	1,739
Airport	169
Harbor and port	<u>139</u>
TOTAL	\$13,820

Source: 1997-98 State Controller's Special Districts Annual Report

Non-enterprise districts rarely bill the beneficiaries of their services. Non-enterprise districts rely primarily on property taxes to pay for their operation and maintenance costs. Tax revenues used by non-enterprise districts come through regular property tax allocations.

Loss of Funding for Special Districts

Many special districts have faced tough financial times over the last quarter century. Before Proposition 13, special districts received \$945 million from property taxes (1977-78). In 1978-79, their property tax revenues dropped to \$532 million, a loss of almost 50%.

Responding to this financial hardship, the Legislature created the Special District Augmentation Fund (SDAF) to provide a supplemental income for special districts. The state government sent state money to the SDAF in each county based on a formula in state law. The county supervisors, in turn, allocated the SDAF money to the special districts within their counties. The State took over a greater percentage of funding for schools from local governments to help local governments get through the Proposition 13 transition. This practice lasted from 1978 to 1992.

Faced with huge state budget deficits in 1992-93 and 1993-94, state officials shifted almost \$4 billion annually in property taxes from local governments (cities, counties, special districts, and redevelopment agencies) to an Educational Revenue Augmentation Fund (ERAF) in each county. The property tax revenue in the ERAF supports schools. ERAF helps the state government fulfill its constitutional duty to fund schools. When the

Legislature abolished SDAF in 1993-94, the state transferred \$244 million in special district property tax revenues to schools.

Because non-enterprise special districts rely almost entirely on property tax revenues, many were fiscally devastated as a result of the ERAF funding shifts. (See the box above.) Enterprise special districts were better able to make up for the lost revenue because they have fees that generate revenue and they rely less on property taxes.

Although state legislators have granted some partial relief to special districts, ERAF's fiscal consequences remain especially harsh for non-enterprise districts. In 2000, Governor Gray Davis vetoed a bill that would have capped ERAF shifts. In 2001, bills that would have helped fire districts, library districts, and recreation and park districts failed to pass. The ERAF issue remains unsolved.

Reserves: How much is too much?

Special districts' financial reserves have become controversial. In 2000, a report by 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, which charge fees, hold most of the reserves.

This large dollar figure raised a red flag for policy-makers

and the public. Why were the districts setting aside so much money? And how were they planning to spend it?

In response, special district leaders argued that there are legitimate reasons for these reserves. Nearly all of the money in reserves was allocated into specific funds for given purposes. Large reserves are needed to accumulate the capital to pay for large public works projects. Reserves also provide a safety cushion in lean years, stabilizing consumers' rates.

It became clear to taxpayers and legislators that special districts should improve the way they report their fiscal activities. Specifically, they need to explain the purpose of the reserves. Out of this controversy came a new law that now requires the largest special districts to report their reserves and fiscal information more descriptively to the State Controller's Office, which will post the information on its web site.

LAFCO Cost-Sharing

Starting in January 2001, cities, counties, and special districts each pay one-third of the costs of the Local Agency Formation Commission (LAFCO), where they have representation on the Commission. For decades, the county governments had always paid 100% of LAFCOs' costs. Many consider this new formula to be a more equitable way of paying for LAFCOs.

Special districts' one-third share of the LAFCO costs is divided among the districts in that county. A given district's contribution is proportionate to the district's revenue. For this reason, some special districts must pay what they say are disproportionate amounts. For example, the Sacramento Municipal Utility District, an enterprise district that serves a large number of customers, pays for nearly 85% of the special districts' share of the Sacramento LAFCO budget. Similarly, hospital districts in Sonoma County pay more than other special districts.

ADVANTAGES AND DISADVANTAGES OF SPECIAL DISTRICTS

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

ADVANTAGES:

- **Special districts can tailor services to citizen demand.**

Cities and counties 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 the community desires.

- **Special districts can link costs to benefits.**

General purpose local governments --- cities and counties --- 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 district services pay for them. Those who do not benefit do not pay.

- **Special districts are responsive to their constituents.**

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

DISADVANTAGES:

- **Special districts can lead to inefficiency.**

Many special districts provide the same services that cities and counties provide. Overlapping jurisdictions can create competition and conflict between 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 boundaries, resulting in duplicated services.

- **Special districts can 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 provide equitable services for all residents. Because about 2/3 of the districts have independent governing boards, there is no single agency which can guarantee a coordination of efforts.

- **Special districts can decrease accountability.**

The multiplicity of limited purpose special districts can make it harder for citizens to gather information. 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 special districts with low visibility until a crisis arises. Special district elections typically have very low voter turnout. Although some view low voter turnout as a sign of voter satisfaction, representative democracy requires broad participation.

FREQUENTLY ASKED QUESTIONS

Now that you have a basic understanding of special districts, you may have some specific questions you'd like answered. Here are nine of the most frequently asked questions.

1. How do I find out if I live in a special district?

The easiest way to find out if you live in a special district is to call your Local Agency Formation Commission (LAFCO). This office exists in every county and is responsible for forming and dissolving special districts within that county. You can find a directory of LAFCOs at: www.calafco.org.

2. How can I form a special district?

District formation follows five steps:

1. **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, any environmental effects, and financing options.

2. Review and approval: The LAFCO's staff studies the application, and schedules a public hearing. The LAFCO can approve or deny the proposal. If the LAFCO approves, it's time to measure protests.
3. 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.
4. Election: Only the voters inside the proposed district's boundaries vote at this election, which usually requires majority-voter approval. If the proposal involves new special taxes, the measure needs 2/3-voter approval.
5. Formal filing: If the voters approve the proposed district, the LAFCO and other officials file the formal documents 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 the district directly and ask who serves on the district's governing board. You can find the telephone number in the white pages of your telephone book. Also, your county clerk keeps a formal Roster of Public Agencies which lists all special districts and the names and addresses of the members of the districts' 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 special districts tax me without my consent?

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 additional taxes, Proposition 13 and state law require 2/3-voter approval for "special taxes." A general obligation bond that raises property taxes also requires 2/3-voter approval.

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

Not really. Special districts can charge benefit assessments to pay for public works like sewers, parks, and water systems. 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. Suppose I don't like what a special district is doing. What can I do?

Talk to your district representative, the district's general manager, or the district board at its next meeting. If you still aren't pleased with your district's activities, the remedy is direct democracy in the form of **initiative**, **referendum**, and **recall**.

- The **initiative** power lets citizens propose ordinances directly instead of waiting for the district board to act. Initiative drives follow this pattern: notice, petition, and election.

- **Referenda** also give citizens a direct vote in district matters. The referendum power lets citizens put recent board actions on the ballot and reject them *before* they go into effect. Referendum procedures are similar to the initiative process.
- The **recall** power allows voters to remove board members from office before the next election. Elected board members may be relieved of their duties by a process similar to those for initiatives and referendums.

8. Why are special districts so invisible to the public?

Special districts often escape wide public attention because their functions are narrow and technical. Special districts, however, must conform to democratic safeguards such as the Brown Act, the Public Records Act, and the Political Reform Act. For more information on access to government meetings and documents, the Senate Local Government Committee has produced citizen guides to the Brown Act, the Public Records Act, and conflict-of-interest laws. These reference books can be obtained from the Senate Publications Office at (916) 327-2155.

9. Where can I get more information about special districts in my area?

The following organizations can give you more information on special districts:

Resources in your city or county:

- Local Agency Formation Commission (LAFCO).
- County Board of Supervisors.
- City Council.

Resources in Sacramento:

- California Special Districts Association.
- Association of California Water Agencies.
- California Association of Sanitation Agencies.
- Mosquito and Vector Control Association of California.

Web sites for several of these above organizations appear in **Appendix B**.

For more detailed information about the number and types of special districts around the state, you may contact the Office of the State Controller at (916) 445-3028. Every year the Controller's Office publishes a Special Districts Annual Report. You can find copies of these reports in many major public libraries.

CURRENT ISSUES AND EMERGING TRENDS

As you are now aware, special districts are a highly diverse form of local government. Although it is difficult to generalize about trends affecting special districts, here are some general themes and issues:

- **Formation.** There is a lingering public perception that the number of special districts is growing, particularly independent special districts, contributing to increased bureaucracy and inefficiency. The truth is that the overall number of special districts has edged down from 3,454

districts in 1977-78, to 3,359 in 1997-98. And the number of independent districts has dropped by more than 150 in the past twenty years, going from 2,340 districts to 2,176 in 1997-98.

Since the 1980s, newly formed special districts have been primarily revenue-generating districts. Proposition 13's limits on property taxes forced special districts to find other ways to raise money to pay for services. Enterprise districts, as well as community service districts and county service areas, have become increasingly popular due to their flexibility, broad range of service, and ability to generate user fees.

Source: State Controller's Special Districts Annual Reports

- **Cooperation.** Special districts are overcoming their sense of isolation and are forming associations to discuss common problems and ways to improve service. Some groups represent special districts in a single county. Districts in Butte, San Diego, and Ventura County all have active groups. Statewide organizations such as the California Special District Association, the Association of California Water Agencies, and the Mosquito and Vector Control Association of California serve special districts across the state. Special district associations also exist on the national level.
- **Land use planning.** Some experts feel that public works, not public policy, determine the location, timing, and intensity of development. Because special districts are a major provider of public works such as water and sewers, they can have a significant effect on local development. Cities and counties control land use within their borders by adopting general plans. Special districts, however, can ignore or override local land use controls. Though some districts are governed by the same board or council that adopts the general plan, the majority have independent governing bodies which may have different development ideas. Though most independent districts work well with their city and county governments, the potential for inconsistency exists.

APPENDIX A: SPECIAL DISTRICTS BY TYPE, 1998-99

County Service Area	897
Fire Protection	386
Community Services	313
Cemetery	253
County Water	174
California Water	141
Reclamation	152
Recreation and Park	110
Resource Conservation	99
County Sanitation	91
Irrigation	97
Sanitary	76
Hospital	77
Public Utility	54
Mosquito Abatement	47
Storm Water Drainage and Conservation	49
County Waterworks	34
Municipal Water	40
Flood Control and Water Conservation	39
Water Agency or Authority	30
Memorial	27
Drainage	23
Levee	15
Harbor and Port	13
Library	13
Transit	13
Water Conservation	13
Airport	9
Water Storage	8
Citrus Pest Control	8
Waste Disposal	7
Pest Control	7
Municipal Improvement	5
Municipal Utility	5
Police Protection	3
Sanitation and Flood Control	2
Sewer	2
Water Replenishment	2
Bridge and Highway	1
Joint Highway	1
Metropolitan Water	1
Separation of Grade	1
Toll Tunnel Authority	1
TOTAL	<u>3,361</u>

APPENDIX B: WEB SITES AND RESOURCES RELATED TO SPECIAL DISTRICTS

- University of California, Institute of Governmental Studies,
California Local Government Information Web site:
<http://www.igs.berkeley.edu:8880/library/localweb.html>

109 Moses Hall #2370
Berkeley, CA 94720-2370
(510) 642-1472
(510) 643-0866

- Association of California Water Agencies (ACWA):
<http://www.acwanet.com/generalinfo/waterlinks/index1.asp>

910 K Street, Suite 100
Sacramento, CA 95814-3512
(916) 441-4545

- California Special Districts Association (CSDA):
<http://www.csdanet.net/links.htm>

1215 K Street, Suite 930
Sacramento, CA 95814
(916) 442-7887

- California Governor's Office of Planning and Research—
Local Agency Formation Commissions (LAFCO) Directory:
<http://ceres.ca.gov/planning/bol/1999/lafco.html>

P.O. Box 3044
Sacramento, CA 95812-3044
Ph: (916) 445-0613

- California Association of LAFCOs:
<http://www.calafco.org>

c/o San Joaquin LAFCO
1860 East Hazelton Avenue
Stockton, CA 95205
Ph: (209) 468-3198
Fax: (209) 468-3199

- Text Resources:

The San Diego LAFCO publishes a LAFCO Procedures Guide which provides a general introduction to special districts and local government. Contact the San Diego LAFCO directly: County Administration Center, 1600 Pacific Highway, Room 452, San Diego, CA 92101. Ph: (619) 531-5400, Fax: (619) 557-4190.

APPENDIX C: REFERENCES FOR QUESTIONS

The section entitled, "Frequently Asked Questions" on pages 11-13 tried to anticipate many of your questions about special districts. Here is a list of references we used to answer the questions.

Statutes are listed by code followed by section. For example, "Government Code §34601" means that you can find the statute under Section 34601 of the Government Code. When reading the code, start by looking at the back of the book in the "pocket part." The pocket section has the latest versions of the statutes, including recent amendments and deletions.

Question #2

References:

Cortese-Knox-Hertzberg Local Government Reorganization Act
Government Code §56000

Question #3

References:

Uniform District Election Law
Elections Code §10500

Question #5

References:

California Constitution Article XIII A (Proposition 13)
Revenue and Taxation Code §95 (property tax allocation)
Government Code §50075 (special taxes)
Revenue and Taxation Code §96.3 and §96.31 (bonded debt)

Questions #6

References:

California Constitution Article XIII D (Proposition 218)
Government Code §53753 (weighted ballots)

Question #7

References:

Elections Code §9300 and §9340 (initiative and referendum procedures)
Elections Code §11000 (recall procedures)

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