



SPECIAL DISTRICTS

THE **MOST LOCAL** OF LOCAL GOVERNMENTS



**A COMMUNITY FORMS A SPECIAL DISTRICT,
TO PROVIDE SPECIALIZED SERVICES THE
LOCAL CITY OR COUNTY DO NOT PROVIDE.**

What is a special district?

Special districts are local governments created by the people of a community to deliver specialized services essential to their health, safety, economy and well-being. A community forms a special district, which are political subdivisions authorized through a state's statutes, to provide specialized services the local city or county do not provide.

More than 30,000 special districts, according to U.S. Census figures, provide a wide array of specialized services to millions of Americans. Some special districts are large; many are very small, all serving diverse urban, suburban, rural and agricultural regions of the country - even within incorporated areas.

Scientists, firefighters, engineers, health care professionals, water and environmental experts, and many other specialists provide special district services. Their expertise allows districts to respond to a rapidly changing world and to new technologies quickly. Due to the specialized nature of their services, special districts must maintain their critical infrastructures and evolve with state-of-the art tools of their trade – whether it be a new, more effective water delivery system, firefighting equipment, transit system, lighting, or sanitation or other service delivery.

Establishing & Governing Special Districts

Special districts are established under the authority of a state's statutes. In most states, districts are created by public referendum, which includes petitions, hearings and a vote of the residents within the proposed new district's service area.

Overseeing each special district is a board comprised of trustees, directors, or commissioners, elected by their constituents to govern the district operations. In certain circumstances, a city council or county executive board may appoint special district board members. Special districts are subject to states' sunshine laws that apply to cities, counties, and other forms of local government, as well as audits of district finances and regulatory compliance of its operations.





A History of Special Districts

Although little is recorded on the earliest special districts, the history of these local government entities date back to the 18th century with the establishment of park districts and expanded to toll roads and irrigation districts in the 19th century. Special districts originated with the common purpose to provide a service that other government entities, such as cities and counties, are not providing.

One example of the transformative power of special districts can be found in California's Central Valley. By passing the Wright Act in 1887, the California State Legislature empowered local leaders to source and deliver water for agriculture in the historically

arid region. Local farmers formed the Turlock Irrigation District that same year and others soon followed suit. Formation of irrigation districts would contribute to the growth of the nation's single-largest source of food products.

Communities across the land turned to forming special districts to address a variety of urgent needs. As the country's population boomed in the post-World War II era, it became obvious that growing communities needed more hospitals and health care, water and wastewater, and other community enrichment services. Communities formed special districts to meet these needs.

According to U.S. Census figures, today more than 30,000 special districts provide a wide array of specialized services to millions of Americans. Some special districts are large; many are very small, all serving diverse urban, suburban, rural and agricultural regions of the country - even within incorporated areas – providing communities with critical services cities and counties are not otherwise providing.



SPECIAL DISTRICTS PROVIDE VITAL SERVICES IN THE U.S., INCLUDING:

WATER	PARK & RECREATION
IRRIGATION	RESOURCE CONSERVATION
FLOOD CONTROL	LIBRARIES
SANITATION	MOSQUITO CONTROL
FIRE PROTECTION	CEMETERIES
TRANSIT	PUBLIC POWER
PORTS & HARBORS	AIRPORTS
SANITATION	AIR QUALITY
HEALTH	HOUSING AUTHORITY

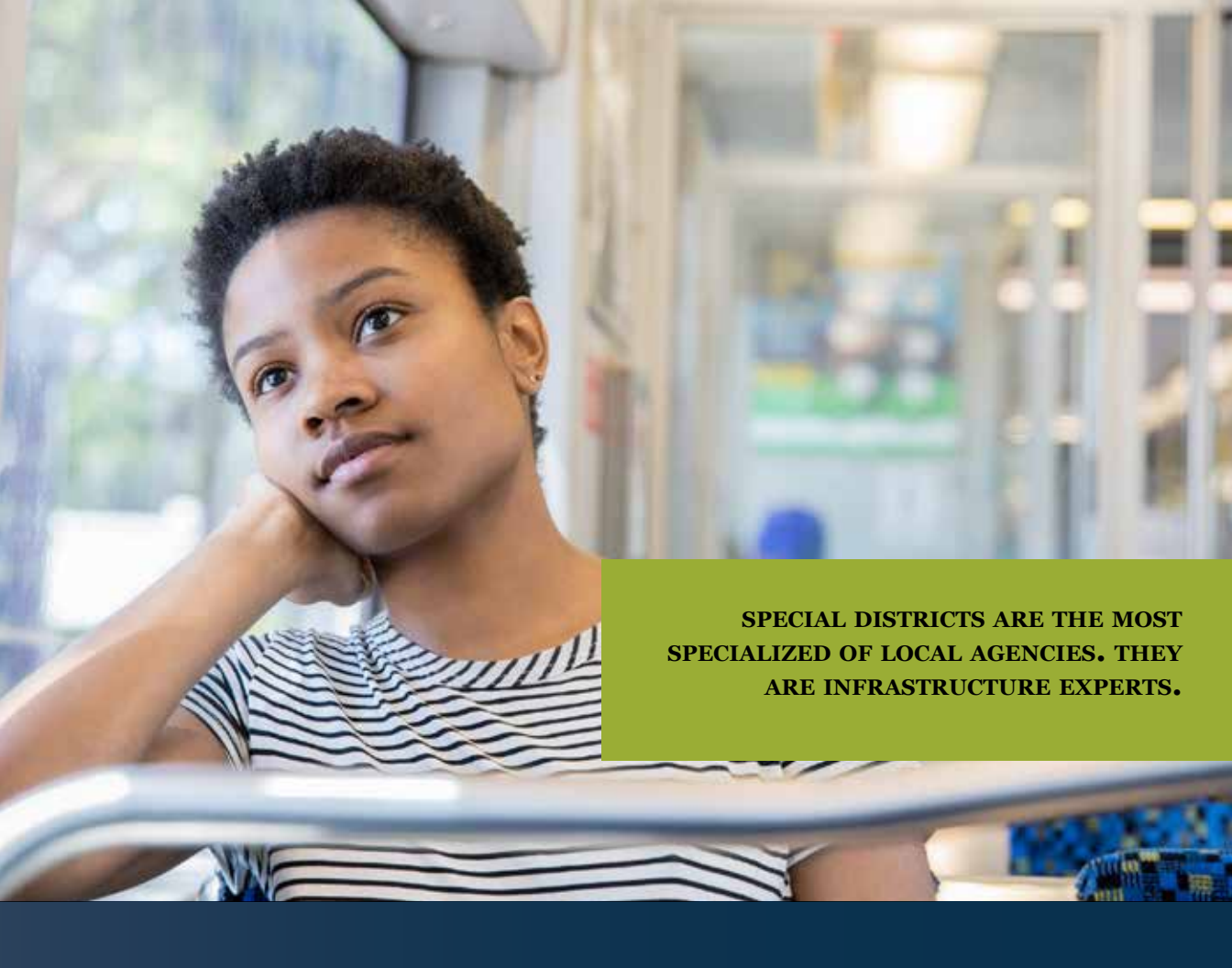
Special Districts Funding

Special districts in many states operate on a small share of property taxes. Some, like water and electric utility districts, charge customers rates for the services. In most states, special districts do not receive shares of sales taxes. In states where a ballot initiative process is allowed, special districts are able to ask voters for additional assessments; however, it is a complicated process and usually difficult to win.

Communities rely on special districts for many of their most critical services, including water, wastewater, and fire protection. Therefore, special districts must sustainably maintain critical infrastructure and continue the delivery of their essential services through economic downturns, natural disasters, and other emergencies.

Special districts strategically develop financial reserves to ensure continuity of

vital quality of life services. Many maintain pipelines, firefighting equipment or sanitation plants, for instance, on relatively small budgets. Districts lean on these funds during a prolonged crisis with long-term fiscal impacts to ensure the community is prepared for the next inevitable emergency, like an earthquake, flood, hurricane, or pandemic.



**SPECIAL DISTRICTS ARE THE MOST
SPECIALIZED OF LOCAL AGENCIES. THEY
ARE INFRASTRUCTURE EXPERTS.**



**EACH SPECIAL DISTRICT IS UNIQUELY-
FOCUSED ON THE SERVICE OR SERVICES
IT WAS CREATED TO PERFORM.**

Enterprise revenues are essentially fees for service.

What are “enterprise” and “non-enterprise” revenues?

Enterprise revenues are essentially fees for service. A significant portion of many special district budgets is derived from direct charges, such as utility rates, for services provided. Another important revenue source for special districts is referred to as non-enterprise revenue. Some services, like fire protection and or open space preservation, are not conducive to service charges and rely on property tax or other taxes

or assessments to meet the needs of the community. In most cases, a special district will receive a combination of enterprise and non-enterprise revenues to effectively fund its operations. For example, a recreation and park district likely receives a majority of its revenue from property taxes while offsetting the cost of programs like yoga classes and sports leagues through fees.

Examples of enterprise revenues include:

- Water rates
- Sewer rates
- Electric utility rates

Examples of non-enterprise revenues include:

- Ad valorem property taxes
- Parcel taxes
- Benefit assessments

Independent vs. Dependent Special Districts

Special districts are separate and apart from any counties, cities, or other government agencies that may serve the area. However, an important governance distinction exists between what are known as independent special districts versus dependent special districts.

Independent special districts obtain their authority directly from the community they serve through a governing body that serves independent from other government agencies, providing the board members with a high degree of autonomy to fulfill the mission of the district. They are directly accountable to the community they serve. The vast majority of independent special districts are governed by a constituent-elected board of directors. In some cases, the district board may be appointed by one or more

other local elected officials, so long as the board members serve fixed-terms and none of the board members serve in an ex-officio capacity.

On the other hand, dependent special districts are closely tied to another unit of local government. Typically, city council members, a county's elected executive board members, or their appointees, serve as the board of directors for a dependent special district and control their budget, management, and operation. Unlike independent special districts, appointees to the board of a dependent special district may serve in an ex-officio capacity and serve at the pleasure of the appointing body. In this respect, dependent special district governance is subject to the interests, influence, and authority of other governmental bodies.

School Districts are **NOT** Special Districts

Special districts are not the same as school districts and community college districts. School districts provide public education services and receive significant revenue from state and federal governments that are tied to strict legal and regulatory oversight. Special districts do not provide K-12 public education.







**SPECIAL DISTRICTS PROTECT MILLIONS OF
ACRES OF OPEN SPACE AND PARKLANDS,
PROVIDING RECREATION AND RESPIRE TO
MILLIONS OF AMERICANS.**