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Municipal Services Districts

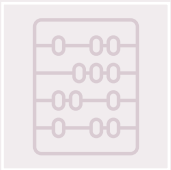
Government Operations Interim Committee
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Study Item



What is an MSD



Governance and Transparency



Comparative State Analysis

What is an MSD

- **Municipal Services District (MSD): a limited-purpose local district created under the Municipal Services District Act, Utah Code Title 17B, Chapter 2a, Part 11.**
 - An MSD may be created only in an unincorporated area of a county of the first class; its service area may later be amended to include incorporated and unincorporated areas within Salt Lake County. The only MSD in Utah, the Greater Salt Lake MSD, has incorporated and unincorporated areas in its current service area.
- An MSD provides municipal services not provided countywide and not accounted for in an enterprise fund
 - Examples of municipal services includes police patrol, fire protection, parks, sewer, garbage collection, street lighting, planning and zoning, roads, sidewalks, and ambulance service.

Source: Utah Code 17B-2a-1104, Additional municipal services district powers: <https://le.utah.gov/xcode/Title17B/Chapter2A/17B-2a-S1104.html>



MSD Powers

- An MSD has all the powers of a special district, but with certain limitations and differences
 - Provide no more than six municipal services;
 - Assist a municipality or a county located within a municipal services district by providing staffing and administrative services, including:
 - Human resources staffing and services;
 - Finance and budgeting staffing and services;
 - Information technology staffing and services; and
 - Treasurer, recorder or clerk, surveyor, engineer, or auditor services; and
 - Issue bonds
- An MSD may not make land use decisions but may make recommendations when providing services as staff for MSD members.
- An MSD may only make recommendations

Source: Utah Code 17B-2a-1104, Additional municipal services district powers: <https://le.utah.gov/xcode/Title17B/Chapter2A/17B-2a-S1104.html>



Governance

- The initial board of trustees of a municipal services district shall consist of the county legislative body.
- If the MSD contains a municipality, the Board of Trustees must include a member of that municipality's governing body.
- An MSD may not make land use decisions but may make recommendations when providing services as staff for MSD members.



Transparency

- MSDs are subject to the same requirements as special districts, which include:
 - Notification on resolutions or other actions
 - The same fiscal procedures, budget and audit reporting requirements, collection of service fees, and property tax levy
- Utah Code 17B-1-313. Publication of notice of board resolution or action:
 - After the board of trustees of a special district adopts a resolution or takes other action on behalf of the district, the board may provide for the publication of a notice of the resolution or other action.
 - Each notice under Subsection (1) shall:
 - include, as the case may be:
 - the language of the resolution or a summary of the resolution; or
 - a description of the action taken by the board;
 - For a period of 30 days after the date of the publication, any person in interest may contest the regularity, formality, or legality of the resolution or other action by filing an action in a court with jurisdiction under Title 78A, Judiciary and Judicial Administration.



Policy Considerations

- What information should be disclosed by an MSD, and when?
- Who should present the information publicly (MSD, the city legislative body, or both)?
- Are current transparency mechanisms adequate?



Comparative State Analysis

- **South Carolina – A non-exhaustive list of local districts**

- Special purpose districts
 - May be empowered to provide services such as fire protection, emergency medical services, waterworks, sewer services, and other governmental services within their boundaries. They may construct, operate, and maintain facilities, hire personnel, and impose rates and charges for services provided.
 - May enter into agreements with counties, municipalities, or other special districts to provide joint services or facilities.
 - May continue to operate and provide services even if county government structures are consolidated, unless the district elects to be included in the consolidation.
- Public service districts
 - May be established to furnish clinical medical services, ambulance services, and related facilities.
 - May enter into agreements with political subdivisions to deliver services and may make their facilities available to other local governments for public use under certain circumstances.
- Similarities to Utah: Providing “municipal type” services as established by statute and local agreements; May not provide services in areas where another authorized political subdivision is already providing the service unless expressly authorized by the overlapping entity.

Source: S.C. Code § 6-11-10 <https://www.scstatehouse.gov/code/t06c011.php>



Comparative State Analysis

Tennessee – A non-exhaustive list of local districts

- Metropolitan Governments: In counties with a metropolitan form of government, the metropolitan charter may provide for the creation of special service districts within all or any part of the general services. These special service districts are established to furnish one or more services to areas that are not otherwise receiving them. T. C. A. § 7-2-108.
 - Unique Characteristics: The city of Nashville and Davidson County consolidated after voter referendum in 1963, creating the first metropolitan government in the United States. The consolidated government structure provides essentially all the political and corporate functions of both a county and a city.
 - Similarities to Utah's MSD: Unincorporated areas can receive certain "municipal style" services
 - Dissimilarities to Utah's MSD: The MSD is a separate political subdivision serving certain areas (including entire municipalities) in Salt Lake County, but it has not merged with either the county government or any municipal government.
- Human Resource Agencies: Established by Tennessee statute in 1973, these public agencies are not-for-profit entities that deliver social services to counties in Tennessee. Their service areas cross county lines and their governing boards are formed from locally elected officials to ensure accountability.
 - Similarity to Utah's MSD: the Board of Trustees members include either a mayor or an appointed councilmember from each city or town and a Salt Lake County Council member to represent unincorporated communities.

Sources: TN Code § 7-82-201 <https://law.justia.com/codes/tennessee/title-7/special-districts/chapter-82/part-2/section-7-82-201/>
<https://www.tn.gov/content/dam/tn/tacir/documents/metrogovt.pdf> ; <https://www.tnhra.org/about-us>



Comparative State Analysis

- Each state constitution describes local governments differently. Accordingly, each state structures local governments differently and those districts evolve differently over time.
- Even when a state establishes a process to create a special district with a similar form or function to one of Utah's special districts, there are often unique characteristics that set the districts apart.





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