

**To:** Co-Chairs Senator Olsen and Representative Miller, Vice Chairs Senator Cassano and Representative D'Agostino, and other Planning and Development Committee members

**Fm:** Jim McAlister, Chair of the Candlewood Watershed Initiative

**Re: Raised S.B. 418 – An Act Requiring Lake Authorities to Comply With Certain Municipal Budget Standards**

**Dt:** March 10, 2016

I Chair the Candlewood Watershed Initiative (CWI), a core, grassroots team of Lake advocates, resident volunteers, and environmental pros dedicated to Candlewood Lake's well-being. Founded 8+ years ago, we work closely with area residents and the Candlewood Lake Authority (CLA), responsible for providing public safety and environmental stewardship for this, CT's largest and most active lake, hosting thousands of visitors from throughout the Northeast. The CLA's staff is comprised of 2 professionals and a part-time office administrator – and given the pressing threats and challenges currently facing the Lake, are more than stretched in shouldering critical Lake responsibilities much less meaningfully researching, comprehending and responding to this 'out-of-the-blue' bill.

I am tangentially involved in recent correspondence and current, local deliberations regarding pending S.B. 418, and attended last evening's CLA Board meeting whose agenda included consideration of this Bill. Having been privy to these discussions, it is clear to me that there is a near-universal lack of understanding of the Bill's contents and requirements – even among the very parties that have proposed them. ***Thus I feel compelled to share my objective impressions of the Bill's accelerated process thus far towards consideration/approval, and reasons justifying my strong recommendation for its deferral or a replacement strategy.***

Frankly, I am amazed that a bill of this nature and potential complexity can be surfaced and floated virtually in isolation and intentionally without the prior involvement and active engagement of those key entities directly impacted – Connecticut's 7-8 lake authorities – and under a tight timetable that precludes the necessary time to assess its merits and downsides. This is especially concerning for these non-profit entities that do not have ready access to legal and municipal specialists nor budgets that provide ample funds for such contingencies – even in these situations, modest budgets can be easily 'blown.'

It appears this proposed Bill had as its origin seemingly valid concerns over how the CLA has handled its finances in recent years. Specifically, how budget numbers were compiled, presented and tracked; how restricted vs. unrestricted funds were used; and past overages that may not have been properly flagged, formally approved by the full

Board, nor communicated to the 5 municipalities involved. Annually audited and with nothing untoward, rather it appears that the CLA has applied less-than-disciplined accounting that is apparently inconsistent with municipal financial standards (with which the CLA has not been obligated to adhere to heretofore). This realization seems to have led to the rapid preparation and submission of this Bill -- *without consultation with those key parties involved and potentially impacted – some of whom are likely still in the dark. **This is contrary to sound governance.***

The discussion last evening made it amply clear that several of the Bill's provisions do not apply to lake authorities vs. municipalities (eg, ability to tax to generate revenues), key sponsors do not fully understand its implications and, importantly, affected municipal leaders as well as the CLA Board members have been unable to devote the time to assess and assemble the specialists needed to understand and evaluate its contents. **This incomplete understanding and lack of resulting support by virtually all key parties involved, in my view, should and will doom this Bill – if not prior to passage then afterwards as those involved try and cope with its requirements and implications. Under either scenario, this is clearly unsatisfactory.**

As a consequence, any push to rush this Bill through ~in the current session will result in continued confusion, consternation, and likely unintended negative consequences to key parties affected. **Two suggestions, either**

- **Defer S.B. 418 consideration** until it can be appropriately aired and all parties are up-to-speed -- not only by the CLA but also by the other 6-7 lake authorities across the State, most of which have virtually no staff and are far less equipped to evaluate and understand the Bill's content and implications, or

- More narrowly and without legislation, **urge the CLA Board to adopt and be required to adhere to certain core principles** that overcome identified and justified financial concerns ... which might be done through an amendment to CLA by-laws, or required approvals and notifications under certain contingencies-- and leave implementation to local entities.

**Without compelling justification to the contrary, my recommendation is to take the latter approach** ... avoiding unnecessary State-wide legislation that could stifle these small authorities and sap essential time and funding, and rather urge that they adopt and comply with appropriate financial standards.

Respectfully submitted,

James S. McAlister, CWI Chair

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