

# Teslin Boundary Adjustment

Next Steps: Discussion Paper

Revised – June 19<sup>th</sup>, 2022

## Introduction/Purpose

At a presentation to both Councils on Tuesday January 19, 2021, it was decided by resolution that a funding proposal should be submitted to the Yukon Community Development Fund (CDF), or other funding source, to access dollars to implement the next 10 steps for achieving the Teslin boundary adjustment, as per Brad Stoneman's presentation.

For the purposes of this discussion paper, a proposed (updated) schedule has been developed for the next steps in the project, dependent on the ability to access the necessary resources in a timely fashion.

## From Concept to Reality: 10 Steps

Boundary adjustment has been under discussion for Teslin for more than a decade. The creation of the joint Teslin Community Development Plan (CDP), and its success in attracting projects to Teslin, has created growth that has made boundary expansion an urgent matter.

In 2020, a report was commissioned from Paul Kishchuck, Vector Research (Vector report) to analyze the fiscal and servicing implications of boundary expansion. It outlined the boundary expansion process as requiring 8 steps, which could take place within a timeframe of approximately one year.

The report was good as far as it went, but there were some outstanding questions that it did not address. Therefore, in the analysis presented by Brad Stoneman at the January 19<sup>th</sup>, 2021 joint Council meeting, two additional steps were added to the process:

1. Analysis of current TTC tax implications and other off-setting considerations, to get a good picture of the costs and benefits to TTC (as tax payer, and as First Nations government) of boundary expansion; and
2. Analysis of future development scenarios, based on the CDP, to understand future implications for costs and benefits for all parties.

Therefore, the 8-steps became a 10-step process. Each of these steps is considered in turn, and presented with a time-frame.

## Project Start-Up

Although the project timeline begins June 1, given the application deadline of April 15, the work to be done in advance of the CDF funding includes the following:

1. Preparation of a presentation to share the proposed approach to respective Councils;
2. Preparation of the grant application;
3. Establishment of a Project Advisory Committee;
4. Project start up meetings; and
5. Other related tasks.

The purpose of the Project Advisory Committee would be to both guide the project, but also build capacity within the Village of Teslin, Teslin Tlingit Council administration, and possibly the Yukon Government with regard to all of the intricacies of the changes that will be required with boundary adjustment. These changes are expected to include, at a minimum, servicing responsibilities and taxes, but may also include other changes which are not well understood at this time. The role of the Project Advisory Committee will be especially important during the first five steps of the project, but they may also have a strong role to play in the community consultation process.

## 1. Understand the tax and CMG implications and off-setting considerations

The table on page 10 of the Vector report indicates that the increased tax burden to the TTC would be \$51,438, which seems substantial. The implication of the Vector report is that all of the property owners in the Teslin expansion area may face increased costs. What is not clear is whether there would be some benefit to TTC, in particular, but also to all property owners to offset this increase in taxes, such as reduced servicing costs or something else. This needs to be clarified to ensure that any decisions made by the TTC are based on full information.

Additionally, the discussion within the Vector report about the CMG is clear enough, as far as it goes; however, it seems that it should go farther. For example, the TTC's Community Services Building is ready to be built, but the Vector report table on page 12 shows no change in the community's capital assets. Perhaps the focus was exclusively on infrastructure (pipes and roads)? This needs to be clarified.

There is also a question about the timing of changes with regard to the increase in taxable properties within the previously unincorporated area. Would this happen immediately? Or would this take place following a two-year delay? It is not clear, but knowing the answer is important for planning purposes.

Another point is that there is a certain lack of clarity about the impacts of boundary expansion on the CMG. In particular, in light of the proposed developments (with \$35.5M already approved for investment in 2021), how quickly will the developments affect the CMG, with particular emphasis on capital assets calculation and residential properties calculation?

This is the first challenge facing the Project Advisory Committee. It is expected that, with expert assistance from a financial consultant, and pooling knowledge from TTC, VOT, and YG representatives, that the full implications of boundary expansion will be understood, thus laying a better groundwork for future decision-making.

## 2. Run scenarios re CDP to understand future implications

The focus of the Vector report is on current levels of development only. But unlike many communities, Teslin has the Community Development Plan, which projects how much development is anticipated. It is understood that proposed development may not roll out as planned, but given the level of funding commitments in place for this year and next, there is a strong likelihood that some if not all of the proposed development will be moving forward in the next few years. Of particular interest/concern is the 125-lot subdivision that is proposed to be built.

Therefore, scenarios should be run showing the implications of future development on the fiscal picture for both the TTC and the VOT. For example, one scenario might be that 100% of the development that is proposed in the CDP takes place over the next 10 years. Another might be

that 50% of the development takes place. This would give a much stronger foundation for understanding what might happen in the future regarding the fiscal implications of boundary adjustment.

This analysis was missing from the 2013 report, and also from the Vector report (2020). To undertake this analysis, interactive spreadsheets would have to be created that clearly showed the tax and servicing implications for boundary expansion.

Appropriate financial modelling expertise will have to be identified to take on this work. The Project Advisory Committee will play a role in identifying the scenarios to be addressed. The key tasks will be to:

- Build interactive spreadsheets for the two (or more) scenarios;
- Review the draft conclusions of the analysis, and do any troubleshooting;
- Finalize the scenarios and the analysis;
- Share the information with VOT and TTC.

### 3. Scope Regional Municipal Services Agreement (VOT, TTC, and YG)

A regional municipal services agreement will be required to sort out service delivery responsibilities among all three levels of government in the broader Teslin region, post-boundary expansion. Such an agreement provides the opportunity for YG to work with TTC & VOT so residents north of Fox Point to Johnson Crossing have better certainty of service delivery, fees and how basic services are to be provided by YG (in particular). This process will also assist with identifying support measures as needed for property owners in the expansion area.

For future servicing, it will be important to focus development within the new Village boundaries, so that the Village is not placed in the position of having to offer services outside of its new boundaries. In other words, YG should be discouraged from doing spot subdivisions along the highway outside of the Teslin boundary. Post-boundary expansion, VOT, TTC, and YG will need to monitor and manage service demands beyond Fox Point i.e. for all development along highway towards and past Lone Tree, to prevent untenable demands being placed on infrastructure systems.

It will also be important to carry forward the property tax exemptions on unimproved parcels of Teslin Tlingit Settlement Lands (per TTC's Final and Self-government Agreements).

Working together, VOT, TTC and YG will be able to complete the above scoping for a draft Municipal Services Agreement by the end of summer 2022. Should this not be completed in a timely fashion, or issues remain outstanding at the end of summer, both Council's retain flexibility to defer public consultation in the interests of ensuring that community members receive the most accurate information.

The key tasks to undertake this work include:

- Identifying the right people to assist with the Regional Municipal Services Tri-Partite Agreement.
- Gathering comprehensive information about all existing service areas between Fox Point and Johnson Crossing;
- Through discussion, scope the issues to be addressed in the Tri-Partite Agreement. Estimate of at least 3 meetings.

#### 4. Identify mitigation measures for affected property owners

In the Teslin boundary expansion area, there are currently 41 properties, with 32 of these owned by the TTC and seven (7) owned by private landowners. It is important that an analysis of property tax implications for these properties outside the current boundary be done so there is certainty of information for owners on potential impacts (Vector, page 10). It appears, on the face of it, that there will be a significant increase in taxes on these property owners. There may be off-setting benefits, such as reduced servicing costs, or other ways to be sure that the increased tax burden can be mitigated. These mitigation measures should be known and fully understood prior to community engagement on the boundary expansion question.

Building on the work completed in Step 1 of this process, the implications for the non-TTC property owners should become clear immediately through analysis. Given the solid working relationship between the TTC and VOT, it should be straightforward to find satisfactory adjustments, both for the TTC owned property, and also for the remaining 7 private property owners.

#### 5. Consult with private property owners in boundary expansion area

Prior to a comprehensive community consultation, it will be important to prioritize consultation with private property owners, particularly (at this stage) non-TTC owners, about the implications of boundary expansion on taxes, servicing, and any other relevant matters. But tenants in the TTC-owned properties should also be consulted at this stage.

This consultation should be done on a one-on-one basis, prior to community consultation. It will involve the preparation of an information package about the proposed boundary expansion, outlining what is proposed and how that might affect their property taxes and servicing, which will be mailed or delivered to each homeowner and tenant, with an invitation to a face-to-face or phone or Zoom consultation (Covid-dependent). The perspectives of the private property owners should be taken into account, and any changes to be made to accommodate should be addressed prior to community consultation.

This information should also be placed on the VOT website.

#### 6. Consult the community regarding proposed boundary; tweak as necessary

Consulting with the community about boundary expansion, including the specifics of the proposed boundary, should come after the previous steps are done, to be certain that the implications are well understood, and well supported by the two main affected government bodies, VOT and TTC. Doing steps 1-5 prior to public consultation will also ensure that there are answers available to any questions that may arise.

A community meeting would be held, hopefully in-person (Covid-dependent), and may include a dinner to attract participation. Notices of this community meeting would be circulated through the usual channels, including the TTC and VOT newsletters, and posters within the community, to ensure that community members were informed.

If the Covid-19 pandemic does not yet permit in-person meetings, another means of consulting with the community members would need to be found, which might include a series of smaller meetings, combining virtual and in-person participation.

The purpose of the community meeting would be to share the information verbally, and respond to the community's questions, as well as to confirm the location of the proposed boundary. If necessary, tweaks would be made at this time.

### 7. Confirm Intentions regarding boundary expansion: VOT and TTC

Once steps 1-6 are completed, it will be possible to present a comprehensive boundary expansion analysis at a joint VOT and TTC Council meeting to confirm intent to move forward. In such a case, each respective Council would provide a resolution of support for the boundary expansion, either at this meeting or at their next individual meeting. It is not possible to move forward with the process without each jurisdiction providing support via resolution.

Task 7 will be completed once the minutes of the meeting(s) including the resolution of support for boundary expansion have been received.

### 8. Prepare 'official' maps that accurately describe the new Village of Teslin boundaries

Once municipal and First Nations support is confirmed, then it would be time to prepare the "official" maps to accurately describe the new Village of Teslin boundaries, based on the community consultation results (which may tweak the proposed boundaries slightly). These maps would need to be prepared by a registered surveyor, so that there is an accurate legal description of the Village boundaries to be entered into the legislative process. The resulting documents would be presented to a joint VOT and TTC Councils meeting.

Key tasks for completion of Step 8 include:

- Hiring a registered surveyor,
- Preparation of the survey,
- Preparation of the legal description (metes and bounds) of the new VOT boundaries, as well as an administrative plan (map) that details the extent of the new Village boundaries, which is recorded in the Canada Lands Survey Records, and
- Presentation of these documents to a joint meeting of TTC and VOT Councils.

### 9. Submit boundary adjustment package to Yukon Community Affairs

Once steps 1-8 have been completed, it will be possible to request a completeness review with the Yukon Community Affairs branch, to be certain that all of the elements of a boundary expansion proposal have been addressed, per the requirements laid out in the *Municipal Act*, Section 17.

Key tasks for completion of Step 9 include:

- Compilation of all documentation in support of boundary expansion
- Submission of the package of information to YG Community Affairs with a request for a Completeness Review.

### 10. Prepare proposal to Yukon Municipal Board

Once YG Community Affairs confirms that the requirements of the *Municipal Act*, Section 17, have been met, the consultants will prepare a draft proposal for boundary expansion. The proposal must include:

*(a) a statement that the proposal is to alter the boundaries of Teslin as a municipality;*

*(b) the reason for the proposal;*

*(c) the name of each nearby municipality and each nearby Yukon First Nation government that could be affected by the formation, dissolution, or alteration of boundaries of a municipality.<sup>1</sup>*

This proposal would be submitted by the VOT to the Yukon Municipal Board.

## Post-Project Tasks

Sections 18-22 of the Act lay out the process the government will follow in evaluating the proposal, once received, and enacting it into law. This involves the referral of the proposal to each nearby municipality, each nearby Yukon First Nation government, and the Association of Yukon Communities. It provides the opportunity for affected individuals to object to the proposal, and for holding a public hearing on the application. It provides the Yukon Municipal Board with the opportunity to ask for more information about the proposal, and describes the process for final approval of the boundary adjustment application.

This section is included in the discussion paper as a way to alert the TTC and the VOT that work will continue at the implementation stage of the boundary adjustment, most probably best undertaken by the VOT's CAO and representation from the TTC. These tasks include:

- Participation in the public hearing,
- Responding to objections by affected individuals,
- Responding to the Yukon Municipal Board's requests for more information (if any), and
- Financial and administrative tasks related to taxes, business licences, utility charges or other debts.

Its anticipated that some assistance may be needed from the consulting team.

## Self-Governance Agreement Section 27 Considerations

Section 27 of the Teslin Tlingit Self-Governance Agreement is concerned primarily with the creation of new administrative or planning structures within the traditional territory of the Teslin Tlingit people. The question was recently raised as to whether it had applicability to the concept of boundary adjustment. On the one hand, it can be argued that no new administrative or planning structure is being created through the expansion of the boundaries of the existing Village of Teslin. On the other hand, it could be argued that the expansion effectively creates a new administrative structure where there previously wasn't one (although the Yukon Government has held that responsibility for unincorporated areas).

At the time of writing, a legal opinion regarding the relevance of Section 27 to this process is being sought. The opinion, once received, may change the approach for boundary adjustment that has been presented in this discussion paper.

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<sup>1</sup> Excerpt from Yukon *Municipal Act*, Section 17(3).

## Teslin Boundary Adjustment: Proposed Timeline Revisions January 6, 2022

Project Timeline	Main Activities	Timeline/Duration	Role
<b>Project start up:</b>	1. Hire a consultant 2. Establish a Project Advisory Committee (PAC)	August - October 2021 (2 months)	VOT CAO, Consultant
<b>1.</b>	Understand the tax and Comprehensive Municipal Grant implications, and any off-setting considerations	December 2021 - January 2022 (2 month)	Consultant, PAC (including VOT CAO and TTC reps)
<b>2.</b>	Run financial scenarios on the Community Development Plan	December 2021 - January 2022 (2 month)	Consultant, Financial Modelling Consultant
<b>3.</b>	Scope Regional Municipal Services Agreement (VOT, TTC, YG) – Started June 13 <sup>th</sup> , 2022	January – March 2022 (3 months)	Consultant, PAC, YG representation
<b>4.</b>	Identify mitigation measures for affected property owners	March - April 2022 (2 months)	Consultant, PAC
<b>5.</b>	Consult with affected private property owners and larger community	April, May, June 2022 (3 months)	Consultant, Graphic recorder
<b>6.</b>	Consult with Community – host community meeting(s) Starting June 29 <sup>th</sup> , 2022	May - June 2022 (2 months)	Consultant, Graphic recorder
<b>7.</b>	Confirm boundary adjustment intentions: VOT and TTC resolutions	September - October 2022 (2 months)	VOT CAO, TTC, Consultant
<b>8.</b>	Prepare official maps	November - December 2022 (2 months)	Consultant, Registered Land Surveyor
<b>9.</b>	Prepare boundary adjustment information package/proposal to Community Affairs for completeness review	January 2023 (1 month)	VOT CAO, TTC, Consultant, Yukon Community Affairs
<b>10.</b>	Prepare and submit boundary adjustment proposal for Yukon Municipal Board	February 2023 (1 month)	VOT CAO, TTC, Consultant, Yukon Municipal Board

The intent of this revised timeline is to recognize the delays in starting the project due to:

1. Availability of financial modelling consultant
2. Preoccupation of TTC with negotiating and awarding the bridge construction contract
3. COVID limitations
4. Limited availability of key staff within TTC

The intent is to ensure that the project is completed within the fiscal year within which it was originally proposed.