

# Teslin Boundary Expansion Financial and Local Services Analysis

**Submitted to:**

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### A. Introduction and Purpose

The Village of Teslin continues to consider the expansion of its municipal boundaries to include Teslin Tlingit Council Settlement Lands as well as Commissioners Lands administered by the Yukon Government. An expanded municipal boundary will build on the strong and respectful relationship between the Village of Teslin and the Teslin Tlingit Council. The boundary expansion will provide for a more cohesive community in the Teslin region, while at the same time delivering municipal services as efficiently and cost effectively as possible, within the scale constraints of an area with a population of 450 people.

The community of Teslin outgrew its incorporated municipal boundary some time ago. Thus, the question of whether the Teslin municipal boundary should be expanded is not a new one, nor are efforts to document the effects on the Village of Teslin and the Teslin Tlingit Council. Notably, the analysis presented on the following pages builds on the *Teslin Municipal Services Financial Analysis* completed by Across the River Consulting / Urban Systems in 2013. The question to be answered by the analysis – namely, whether it makes sense for the Village of Teslin and the Teslin Tlingit Council to proceed with an expansion of the current Teslin municipal boundary – may seem on the surface to be quite straightforward. Delving into the question revealed, however, that the question is complex as it involves many moving parts and a starting point that is unique in two aspects.

The first aspect is the completion of a modern treaty between the Teslin Tlingit people and the governments of Canada and the Yukon in 1995 and the introduction of a Teslin Tlingit Council land parcels located both inside and outside of the existing Teslin municipal boundary. The second aspect is that from a municipal service delivery perspective, the boundary expansion is in some ways already a done deal, as the Village of Teslin has been delivering municipal services outside of the municipal boundary on a cost recovery basis within its existing capital endowment for many years.

To fully answer the boundary expansion question, Vector Research has developed a new approach that recognizes both aspects of Teslin's unique starting point for considering a boundary expansion. The new approach is more dynamic in nature than previous analyses and considers the boundary expansion question in terms of both "areas" and "balances." The new approach also aligns with input received from community representatives who participated in semi-structured interviews for the project.

The next section of this paper (Section B) describes the three types of areas relevant to answering the boundary expansion question: Teslin land areas, Teslin governance areas and Teslin service areas. Section C introduces and describes the four existing balances that need to be considered in answering the boundary expansion question (fiscal balance, sovereignty balance, social balance and future development balance) and presents an assessment of the potential effects of the boundary expansion on each of the four balances. The paper concludes in section E with a proposed critical path for implementing the boundary expansion.

### B. Teslin Land, Governance and Service Areas

#### B.1 Teslin Land Areas

Unpacking the question of whether it makes sense for the Village of Teslin and the Teslin Tlingit Council to proceed with an expansion of the current Teslin municipal boundary first requires an understanding of the land areas under consideration. For the purposes of this analysis, three land areas will be referred to: the incorporated Teslin land area, the Teslin boundary expansion area and Teslin Tlingit Council Lands. The inclusion of the word Teslin in each of the three land area names is intentional as all three areas already correspond to local residents' understanding of what constitutes the *community* of Teslin. It is the definition of the *Municipal Act* boundary that lags behind, not the other way around. Each land area is described below and shown on the map on the following page.



The **Incorporated Teslin Land Area** is delineated by the Village of Teslin boundary established under the *Municipal Act*, upon incorporation in 1984. The Incorporated Teslin Land Area is shown on the map below as the area bounded by the dot-dot-dash line encased in purple. As can be seen from the map, the Village of Teslin has, as a practical matter, outgrown its *Municipal Act* boundary as many properties straddle the *Municipal Act* boundary line.



The **Teslin Boundary Expansion Land Area** is shown on the map below as the area between the Village of Teslin boundary and the dashed line encased in green. The definition of the Teslin boundary expansion land area, as shown on the map, has evolved over the last 20 years through a variety of planning processes including Teslin's 2009 Official Community Plan, the 2013 Across the River / Urban Systems study and background research prepared for the 2019 update to Teslin's Official Community Plan. The map (and proposed boundary line) is reproduced from page 4 of the November 2019 Te Kha Planning and Development Report, *Future of Teslin*.



**Teslin Tlingit Council Lands:** stand-alone parcels of land located within both the Incorporated Teslin Land Area and the Teslin boundary expansion area. Teslin Tlingit Council Lands include both Settlement Lands and Retained Reserves. Settlement Lands are comprised of Category A, Category B and lands owned in fee simple. Retained Reserves are parcels of land created under the federal *Indian Act* prior to the establishment of the Teslin Tlingit Council's modern treaty in 1995.

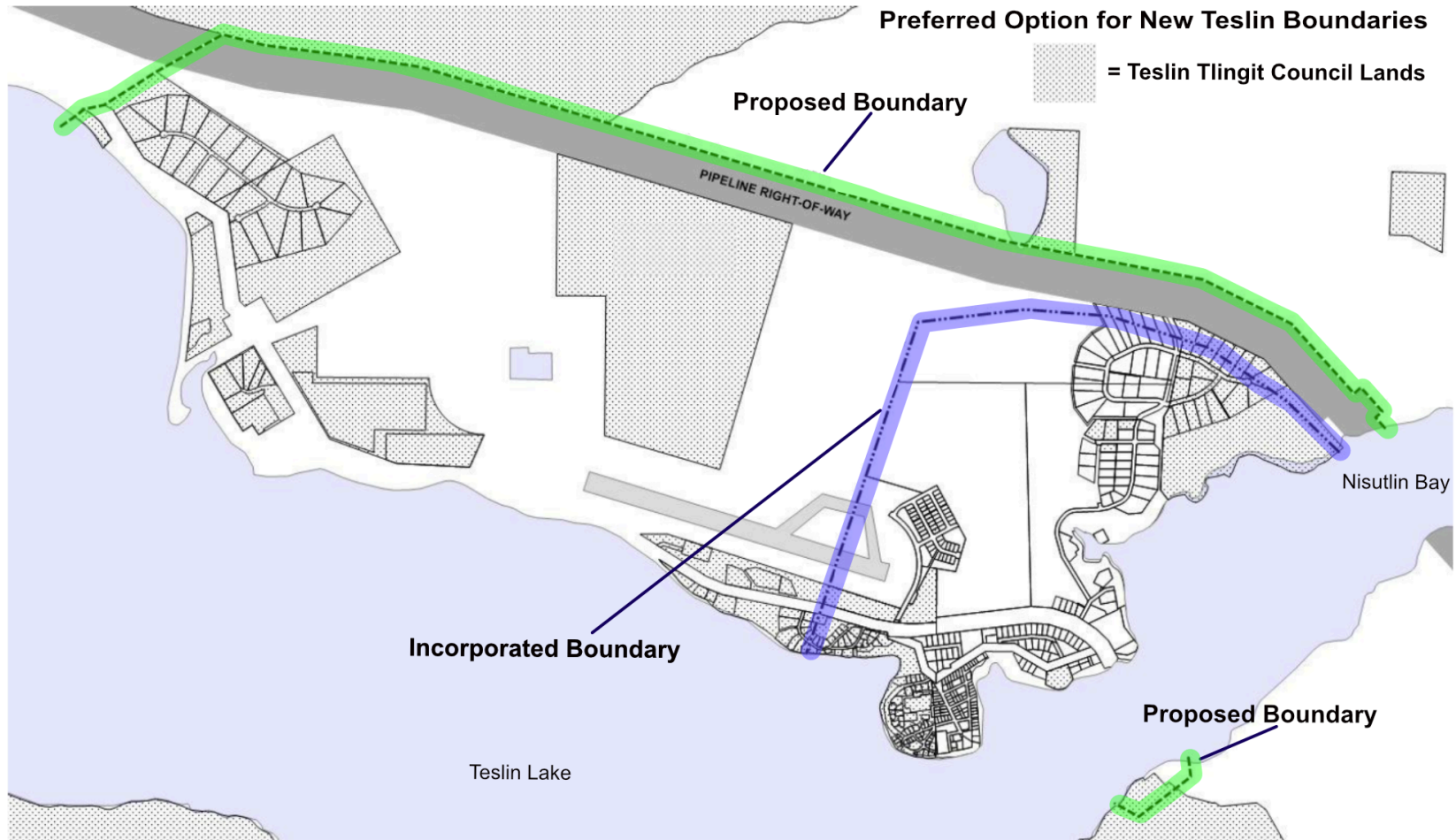


Figure 2 Map Showing Preferred Option for New Teslin Boundaries, including Fox Point Subdivision as well as homes on the east side of the Nisutlin River (across the bridge).

### *B.2 Teslin Governance Areas*

The Teslin boundary expansion question can also be thought of in terms of *governance areas*. Three levels of government have governance authority within the combined incorporated Teslin land area and the Teslin boundary expansion area: the Village of Teslin, the Teslin Tlingit Council and the Yukon Government.

The **Village of Teslin** holds governance authority within Teslin's incorporated boundary. The Village of Teslin's ability raise revenue and the responsibility to deliver municipal-level services was conferred automatically upon incorporation in 1984. Voting rights to elect the mayor and council for the Village of Teslin are land-based. As a result, voting eligibility corresponds with residency, all individuals normally resident within Teslin's incorporated boundary may vote for Teslin's mayor and council.

The **Teslin Tlingit Council** holds governance authority within Teslin Tlingit Council Lands as outlined in the Teslin Tlingit Council's Final and Self-Government Agreements. In contrast to the municipal governance model embodied in the Yukon's *Municipal Act*, the ability to raise revenue and the responsibility to deliver municipal-level services must be negotiated or *drawn down* before being implemented. Thus, while the Teslin Tlingit Council's Final and Self-government Agreements confirm TTC's authority to enact a wide range of laws in relation to TTC lands, such enactments are not automatic.

Until such time as revenue raising ability and service delivery responsibilities are drawn down by the Teslin Tlingit Council, the Village of Teslin retains revenue raising abilities and corresponding service delivery responsibilities within the Incorporated Teslin Land Area. Similarly, the Yukon government retains revenue raising abilities and corresponding service delivery responsibilities within the Teslin boundary expansion area.

Voting rights to elect the chief and council for the Teslin Tlingit Council are citizenship-based. Teslin Tlingit Citizens are eligible to vote in Teslin Tlingit Council elections whether they are resident within the Incorporated Teslin Land Area *or* the Teslin boundary expansion area (and beyond).

Similar to the situation in other Canadian jurisdictions, municipal governments in the Yukon are creatures of provincial/territorial level legislation. As such, the **Yukon Government** holds residual governance authority within Teslin's incorporated and unincorporated land areas *outside of* Teslin Tlingit Council Lands. While the focus of this analysis is on the alignment of service delivery between the Village of Teslin and the Teslin Tlingit Council, subsequent work, captured in 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.

### B.3 Teslin Service Areas

In addition to providing general government services, the Village of Teslin also delivers five types of municipal-level services: environmental, lands and planning, parks and recreation, protection and transportation. The five municipal service types, as well as the specific services provided, are shown in the table to the right.

Municipal Service Type	Municipal Services Delivered by the Village of Teslin
Environmental	Water, Sewer, Solid Waste, Recycling Blue Bin
Lands and Planning	Land Use Management, Development Control, Cemetery
Parks and Recreation	Parks, Recreation
Protection	Fire Protection, Animal and Insect Control
Transportation	Road Maintenance, Snow Clearing, Street Lighting

Why does the Village of Teslin deliver the municipal services listed in the table above? The range of services delivered by the Village of Teslin corresponds to the service delivery responsibilities assigned to it under the Yukon's *Municipal Act*. At the municipal level of government, revenues raised are closely aligned with the type and level of services provided. Municipal governments must operate with balanced budgets from year to year, the amount of revenues raised must match expenditures.

Usually, *where* a municipality delivers services is closely aligned with its incorporated land area, as delineated by its municipal boundary. The current situation in Teslin is unique as the Village of Teslin has been delivering municipal services outside of its incorporated land area for many years. For example, water from the Village of Teslin's water treatment plant is trucked to homes located outside of the incorporated land area. Sewer waste is pumped from septic tanks at homes located outside the incorporated land area and deposited the Village of Teslin's waste treatment facility. Solid waste is collected from residences and businesses located outside the incorporated land area and taken to the Village of Teslin's solid waste facility. The services just noted are currently being provided without written service agreements in place. The small scale of Village of Teslin municipal operations has also meant that municipal services can be delivered outside the incorporated boundary without increasing the amount of capital (i.e., machinery and equipment) needed to deliver services within the incorporated boundary.

While the Yukon Government collects property taxes based on assessments of parcels of Teslin Tlingit Council Lands, the Yukon Government does not deliver municipal services to improvements such as houses on those same parcels. By convention, municipal services are delivered **to** properties rather than **on** properties: service delivery stops at the property line. Since the Yukon Government considers Settlement Land parcels to be contiguous (i.e., a single lot) for purposes of municipal service delivery, it does not deliver services within Settlement Lands as the property lines in question are, from the Yukon Government's perspective, not lot lines for individual properties but instead Settlement Land boundaries. In consequence, the Teslin Tlingit Council has been providing road maintenance and snow clearing services, as well as providing street lighting, on Teslin Tlingit Council Lands in the Teslin boundary expansion area.

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The *level of service* refers to how often municipal services are delivered. The level of water, sewer and solid waste services delivered to properties located in the Teslin boundary expansion area is generally the same as the level of service for properties located within the Teslin boundary expansion area.

For purposes of this analysis, it is also useful to distinguish between services delivered *to properties* and services delivered *to people*. As shown in the table below, services delivered to properties include development control (zoning), recycling blue bin, sewer, solid waste and water. Services delivered to people include animal and insect control, the cemetery, fire protection, land use management, parks, recreation, road maintenance, snow clearing and street lighting.

Services to Teslin Properties	Services to Teslin People
<ul style="list-style-type: none"> <li>• Development Control (zoning)</li> <li>• Recycling Blue Bin</li> <li>• Sewer</li> <li>• Solid Waste</li> <li>• Water</li> </ul>	<ul style="list-style-type: none"> <li>• Animal Control (e.g., dog licenses)</li> <li>• Cemetery</li> <li>• Fire Protection (e.g., fire department)</li> <li>• Insect Control (e.g., mosquito spraying)</li> <li>• Land Use Management (e.g., official community plan)</li> <li>• Parks (e.g., baseball diamond, skateboard park, playgrounds, skiing &amp; walking trails, dirt bike track)</li> <li>• Recreation (e.g., curling rink, indoor ice arena, community centre, public dock)</li> <li>• Road Maintenance and Snow Clearing</li> <li>• Street Lighting</li> </ul>

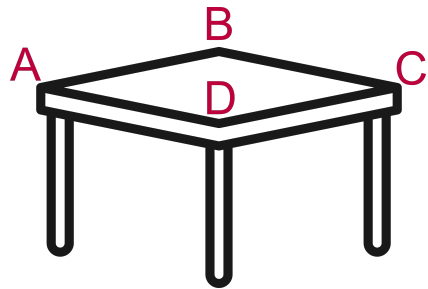
The Village of Teslin recovers the costs associated with the delivery of services to properties as staff can easily identify to whom the services are delivered to and the quantity of service delivered. Costs are also more easily recovered for services to delivered to properties because those services are *excludable*. If a property owner does not pay for services received, they can be excluded from receiving the service the next time around.

Costs for services to people are more difficult to recover than costs for services to properties. While user fees can be charged for certain services to people, such as access to recreational facilities, services to people are generally provided free of charge in communities with population sizes as small as in Teslin to ensure equitable access for people living in the area. Charging user fees for services to people is even more difficult when the service provided is said to be *non-rival in consumption*. A service is non-rival in consumption when the use or consumption of the service by one person does not reduce the amount of the same service that can be consumed by another person. For example, street lights are non-rival in consumption. When Person A stands under a street light it does not limit the amount of lighting available for use by Person B. It is hard for any government to convince service users to pay for use of the service when use by one person does not reduce the amount of the service available for use by another person.



### C. Four Pre-existing Balances: Fiscal, Sovereignty, Social and Future Development

This section of the paper introduces and describes the four existing balances that need to be considered in answering the boundary expansion question: fiscal balance, governance balance, social balance and future development balance. As noted earlier, while the question of whether it makes sense for the Village of Teslin and the Teslin Tlingit Council to expand Teslin's incorporated boundary may on the surface seem simple, it is actually quite complex as it involves several pre-existing balances. A 'table' metaphor developed by Vector Research is used in this section of the paper to isolate and assess the potential effects of a boundary expansion on four pre-existing balances. The illustration to the right shows a table with four legs, with each leg representing one of four pre-existing balances:



Leg A = fiscal balance  
Leg B = sovereignty balance  
Leg C = social balance  
Leg D = future development balance

Expanding Teslin's incorporated boundary involves increasing the surface area represented by the square ABCD in the illustration. Boundary expansion in a way that makes it makes sense for the Village of Teslin and the Teslin Tlingit Council involves increasing the surface area such that all four pre-existing balances are maintained. In other words, can the table top dimensions (length and width) be increased without one leg becoming so much longer or shorter that the table is at risk of tilting?

#### *Leg A: Fiscal Balance*

Implementation of the proposed boundary expansion will result in changes to four components of the Village of Teslin's fiscal balance: a) revenue and cost effects, b) expanded property tax base and c) comprehensive municipal grant revenue and d) user fees. Each component is discussed in turn below.

#### **Revenue and cost effects**

The delivery of municipal services by the Village of Teslin is funded with revenues raised through a variety of means. The revenue sources available to the Village of Teslin are listed in the table on the following page, together with the amount of revenue collected and the share for each type, according to the Village of Teslin's financial statements for the 2019 fiscal year. The largest revenue source for the Village of Teslin in 2019 was Block Funding. Also known as the Comprehensive Municipal Grant, Block Funding contributed \$1.3 million (44%) to total Village of Teslin revenues.

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Grants from other sources contributed an additional \$949,211 (31.6%) to total Village of Teslin Revenues. Examples of funding vehicles in the grants from other sources category include the federal gas tax (\$60,208), youth program and recreation funding (\$36,281) and FireSmart (\$25,000). Also included in the grants from other sources category is \$65,000 in funding from the Teslin Tlingit Council for recreation programs and services. Property taxes accounted for 10.3% of total revenues.

As noted earlier, the Village of Teslin has been delivering municipal services outside of its boundaries for many years, creating a mismatch between where the Village of Teslin is required to deliver municipal services (the incorporated Teslin land area) and where the Village of Teslin has actually been delivering municipal services (the incorporated Teslin land area plus the Teslin boundary expansion area). Mismatch notwithstanding, the Village of Teslin has been able to keep its budget in balance on an annual basis by charging fees on a cost recovery basis. The current cost recovery rates for services delivered to properties located in the Teslin boundary

Teslin Boundary Expansion Area Current Cost Recovery Rates	
Sewer	\$105 per hour for pump-out \$2 per km for travel costs
Solid Waste	\$25 per month for residential (1x per week) \$50 per month for commercial (2x per week)
Water	\$10 per visit delivery charge \$0.011 per litre (\$30 minimum)

expansion area are shown in the table to the right. The services are delivered to properties located in the Teslin boundary expansion area at generally the same cost as for properties located within the Incorporated Teslin Land Area, with the exception of travel costs for septic pump-outs and the \$10 per visit water delivery charge.

The cost recovery rates do not generally reflect replacement capital costs for the equipment used to deliver services. The services listed are currently being provided without written service agreements in place.

In February 2020 the Village of Teslin issued a Business Opportunities Statement for the provision of septic services in the Teslin region. Noting that its vacuum truck is nearing the end of its useful life, the Village communicated its preference for using limited capital funding for other purposes and to support the development of a diversified private sector economy in Teslin. The Statement indicates that the Village of Teslin intends to cease delivering septic services by 31 December 2020. As a result, the effect of sewer cost changes in the boundary expansion area may be a moot point by the time a boundary expansion is implemented.

The table on the following page outlines the expected changes in the fiscal balance expected to result from an expanded municipal boundary, as seen from the perspective of the Village of Teslin.

Village of Teslin Revenue Sources – 2019		
	Value (\$000's)	Share (%)
Property Taxation	309	10.3%
Block Funding	1,320	44.0%
Grants – other Sources	949	31.6%
Sale of Services	290	9.6%
Funding for Capital Projects	40	1.3%
Licenses and Permits	9	0.3%
Investment Income	71	2.4%
Other	13	0.4%
	3,001	100%

Source: Village of Teslin 2019 Financial Statements.

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Village of Teslin Fiscal Balance: Annual Revenue and Cost Effects				
	Description	Revenue loss / Cost increase	Revenue gain	
<b>Services to properties</b>				
	Sewer	revenue loss – reduced travel (\$2 per km)	\$5,300	--
	Solid Waste	no change	--	--
	Water	revenue loss – foregone delivery charge	\$10,640	--
	Water	cost increase – more frequent delivery	\$9,360	--
	Water	revenue increase – more frequent delivery	--	\$2,845
	Development Control (zoning)	cost increase – larger land base	\$225	--
	Development Control (zoning)	revenue increase – development permits	--	\$25
<b>Services to people</b>				
	Animal Control	cost increase – enforcement of dog control bylaw*	\$1,000	--
	Animal Control	revenue increase – licenses and fines	--	\$450
	Cemetery	no change	--	--
	Fire Protection	no change	--	--
	Insect Control	cost increase – insecticide over larger land base*	\$300	--
	Land Use Management (OCP)	no change	--	--
	Parks	no change	--	--
	Recreation	no change	--	--
	Road Maintenance / Snow Clearing	cost increase – road maintenance on TTC Lands**	\$20,000	--
	Road Maintenance / Snow Clearing	revenue loss – culvert steaming	\$750	--
	Street Lighting	cost increase – expansion to TTC lands**	\$700	--
		<b>Total</b>	\$48,275	\$3,320
		<b>Net Revenue Loss / Cost Increase for VoT</b>	\$44,955	

\*The Urban Systems paper noted \$1,300 for dog control and insecticide spraying, this amount has been split into dog control (\$1,000) and insecticide spraying (\$300).

\*\*The Urban Systems paper noted \$20,700 for road maintenance / snow clearing and street lighting, this amount has been split into \$20K for road maintenance / snow clearing and \$700 for street lighting.

In overall terms, the net revenue loss / cost increase for the Village of Teslin expected to accompany the boundary expansion is estimated to be \$44,955, representing a 1.5% decrease in total 2019 Village of Teslin revenues.

From the perspective of the Teslin Tlingit Council, an expanded boundary could also result in a change in fiscal balance. If the Village of Teslin becomes responsible for road maintenance, snow clearing and street lighting on Teslin Tlingit Council Lands in the Teslin boundary expansion area, the Teslin Tlingit Council will no longer need to deliver those services and would see a decrease in service delivery costs. The delivery of road maintenance, snow clearing and street lighting on Teslin Tlingit Council Lands in the Teslin boundary expansion by

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the Village of Teslin is not a foregone conclusion, however, as the Teslin Tlingit Council could continue to deliver road maintenance, snow clearing and street lighting services according to a negotiated service delivery agreement.

### Expanded property tax base

The table on the following page outlines the estimated property tax effects expected to result from proposed boundary expansion. The estimated effects are based on an extract of the property assessment roll prepared by Yukon Community Services for properties contained in the Teslin boundary expansion area. As can be seen from the chart, a total of 41 properties are contained in the Teslin boundary expansion area. Slightly more than three quarters of the properties (78%) are owned by the Teslin Tlingit Council. Seven properties are owned privately, and the Government of Canada and the Village of Teslin are each listed as the owner of one property. Residential properties account for 83% of the properties listed on the assessment roll in the boundary expansion area.

The assessed value for land in the boundary expansion area is \$1.1 million and the assessed value for improvements in the boundary expansion area is \$10.1 million. The total assessed value of land and improvements in the boundary expansion area is \$11.2 million. Applying the Order-in-Council discounted Yukon Government 2020 tax rates for assessed properties in the boundary expansion area, as listed on the property assessment roll for 2019, yields a total property tax liability of \$72,255. Applying

Teslin Boundary Expansion Area  
Estimated Property Tax Effects based on 2019 Assessed Values

Owner Type	Use Type	Number of Properties	Land Assessment	Improvement Assessment	Total Assessment	Tax at Yukon 2020 Rates	Tax at Teslin 2020 Rates	Tax Difference
Government of Canada	Residential	1	12,400	0	12,400	82	153	71
	Total	1	12,400	0	12,400	82	153	71
Private Owner	Agriculture	1	30,400	0	30,400	128	386	258
	Commercial	1	35,000	1,543,440	1,578,440	9,782	20,046	10,264
	Industrial	1	17,700	194,540	212,240	1,315	2,695	1,380
	Residential	4	72,750	448,480	521,230	3,440	6,411	2,971
	Total	7	155,850	2,186,460	2,342,310	14,666	29,539	14,873
Teslin Tlingit Council	Commercial	1	39,750	154,110	193,860	1,201	2,462	1,261
	Public/Institutional	2	50,250	1,622,990	1,673,240	10,370	21,250	10,880
	Residential	29	782,750	6,111,460	6,894,210	45,502	84,799	39,297
	Total	32	872,750	7,888,560	8,761,310	57,073	108,511	51,438
Village of Teslin	Public/Institutional	1	70,050	0	70,050	434	890	456
	Total	1	70,050	0	70,050	434	890	456
Grand Total		41	1,111,050	10,075,020	11,186,070	72,255	139,092	66,837

the Village of Teslin 2020 tax rates for assessed properties in the boundary expansion area, as listed on the property assessment roll for 2019, yields a total property tax liability of \$139,092. The difference in tax liability between application of the 2020 Yukon property tax rate and the 2020 Village of Teslin property tax rates \$66,837, representing a 2.2% increase in total 2019 Village of Teslin revenues.

A relatively small number of property owners will potentially be affected by changes in property tax bills. A key future step in the approval and implementation of the Teslin boundary expansion will be the identification and analysis of mitigation measures for property owners directly affected by the expansion of the municipal boundary, notably the Teslin Tlingit Council, which owns three-quarters of the affected properties.

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Note that different property tax rate classifications are used by the Yukon Government and Village of Teslin taxation authorities. The Yukon Government uses three rate classes (residential, non-residential and agricultural) while the Village of Teslin uses two rate classes (residential and commercial). For purposes of the property tax effects calculations for properties in the boundary expansion area, the Village of Teslin's residential tax rate was applied to properties classified as residential and the commercial tax rate was applied to properties classified as commercial, industrial, public/institutional and agricultural.

Also of note is the requirement to carry forward the property tax exemptions on unimproved parcels of Teslin Tlingit Settlement Lands (per TTC's Final and Self-government Agreements) in the forthcoming tri-government Regional Municipal Services Agreement to be negotiated between the Village of Teslin, Teslin Tlingit Council and Yukon Government.

### **Comprehensive Municipal Grant**

The comprehensive municipal grant is the amount received by each Yukon municipality each year from the Yukon Government to assist with service delivery responsibilities. The comprehensive municipal grant is calculated by summing the base grant (BG), the community population factor (POP), the number of taxable properties factor (PROP) and the community capital assets component (CAPASSETS) and then subtracting the community tax base component (TAXBASE):

$$\text{Comprehensive Municipal Grant} = \text{BG} + \text{POP} + \text{PROP} + \text{CAPASSETS} - \text{TAXBASE}$$

*Base Grant (BG):* The CMG base grant component recognizes that a minimum amount of funding is required by virtue of the existence of the municipality, regardless of its size.

*Community Population (POP):* The intent of the POP component is to allow for changing population in each community and the corresponding change in demand for municipal services available to all community residents whether they own property within the municipality or not.

*Number of Taxable Properties (PROP):* The intent of the PROP component is to adjust for growth (or decline) in the number of taxable properties in a municipality and the corresponding increase (or decline) in demand for municipal services directly linked to real property such as water lines, sewer pipes, roads, sidewalks, etc.

*Capital Assets (CAPASSETS):* The intent of the CAPASSETS component is to recognize the longer-term costs faced by municipalities in building, rebuilding and maintaining capital infrastructure such as water and sewer mains, roads, buildings, equipment, pump-houses, waste treatment facilities, etc. The component makes use of an accounting measure for tangible capital assets that has only recently become available in municipal financial statements as part of the new Public Sector Accounting Board (PSAB) standards for municipalities.

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*Tax Base (TAXBASE):* The TAXBASE component recognizes the relative ability of each Yukon municipality to raise tax revenues on their own. As such, the intent of this component is aligned with the CMG purpose of *assisting* Yukon municipalities by supplementing their financial resources rather than outright financing their operations. The component serves to equalize CMG funding among Yukon municipalities by reducing the CMG funding received by a municipality by a measure of their tax capacity.

The table below outlines the direction of change in each five CMG components expected to result from the boundary expansion.

### Expected Effects of the Proposed Boundary Expansion on Teslin’s Comprehensive Municipal Grant

Component	Direction of Expected Change	Effect on CMG	Note
BG = base grant	no change	no change	Currently \$725,000 for all eight Yukon municipalities
POP = community population	no change	no change	Boundary expansion area residents are already included
PROP = number of taxable properties	increase	increase	33 dwellings will be added to Village of Teslin’s tax roll
CAPASSETS = community capital assets	no change	no change	No initial change expected, will increase over time
TAXBASE = community tax base	increase	decrease	Assessed values increase by \$11.2 million (2019 assessment)

As noted in the table above, three CMG components are not expected to change, including community population which already includes boundary expansion area residents. As the increase in the number of taxable properties will increase Teslin’s grant and the increase in the community tax base will decrease Teslin’s grant, the net effect of the boundary expansion is not immediately obvious. That said, legislative changes to the *Municipal Finance and Community Grants Act* made in 2018 (O.I.C 2018/41), ensure that Teslin’s comprehensive municipal grant cannot fall below \$1.2 million before 2023.

To bring clarity to the question of whether Teslin’s comprehensive municipal grant will increase or decrease as a result of the boundary expansion, a spreadsheet calculator provided by the Yukon Community Services was used to estimate the net change in Teslin’s comprehensive municipal grant expected to accompany the proposed Teslin boundary expansion. Using the CMG calculator, the net change in the Teslin’s comprehensive municipal grant was estimated to be \$16,500, representing a 1.3% increase in Teslin’s CMG. The \$16,500 increase represents 0.55% of total 2019 Village of Teslin revenues.

**User fees**

The Village of Teslin currently collects user fees in a variety of forms including leases and rentals, licenses and permits, recovery of administration costs and the 'sale of other services'. The user fees collected in 2019, according to the Schedule of Operating Fund Revenue in the Village of Teslin's 2019 Financial Statements, are shown in the table to the right. As many of the residents in the boundary expansion area already likely contribute to the total amount of user fees collected, and given that the amount of user fees collected represents 1.1% of total Village of Teslin revenues, changes in the amount of user fees collected post-expansion are not expected to materially affect the Village of Teslin's fiscal balance.

**Village of Teslin User Fees – 2019**

User Fee Type	Amount
Leases and rentals	\$11,804
Licenses and permits	\$8,688
Administration	\$3,368
Sale of other services	\$10,018
Total	\$33,878

Municipalities in the Yukon are generally quite limited, partly due to limitations of the *Municipal Act* and partly due to very small population sizes, in terms of what revenue can be generated through levying user fees. Implementation of the boundary expansion is not expected to result in the introduction of any new revenue generation opportunities via user fees nor the expansion of any existing opportunities to an extent that would noticeably alter the Village of Teslin's fiscal balance.

In overall terms, the Teslin boundary expansion is not expected to have a materially adverse or positive effect on the Village of Teslin's fiscal balance. As shown in the table to the right, the net revenue loss / cost increase (1.5% of total 2019 revenues) will be more than offset by the expected increases in the comprehensive municipal grant (1.5% of total 2019 revenues) and property tax revenues (2.2% of total 2019 revenues), resulting in an overall estimated increase of 1.3% relative to total 2019 Village of Teslin revenues.

**Estimated Net Change in VoT Fiscal Balance**

Component	% of Total 2019 VoT Revenues
Net Revenue Loss / Cost Increase	- 1.5%
Comprehensive Municipal Grant	+ 0.6%
Property Tax Revenue	+ 2.2%
Net Change	+ 1.3%

***Leg B: Sovereignty Balance***

Within the boundaries of Settlement Land parcels, the Teslin Tlingit Council holds wide-ranging governance powers, as defined in its Final and Self-Government Agreements. The Teslin Tlingit Council's self-government agreement (SGA) came into force in 1995 includes the authority to enact laws of a local or private nature in relation to Settlement Land. Laws of a local and private nature address matters such as planning, zoning and land development, use, management, administration and protection of natural resources, and allocation and disposition of rights and interest.

The TTC self-government agreement and the legal framework created by the *Municipal Act* affect how Settlement Land is administered within the Village of Teslin, as both impose limitations on TTC's authority to manage its land. First, the self-government agreement states that laws of general application, including laws of the Yukon, apply to TTC Citizens, Settlement Land, Retained Reserves and the TTC government. As the

Village of Teslin is a legal extension of the Yukon government, municipal bylaws apply to Settlement Land until displaced by Teslin Tlingit Council laws. As such, Village of Teslin bylaws related to matters such as zoning and taxation apply equally on and off Settlement Land located within municipal boundaries until displaced by Teslin Tlingit Council laws. The self-government agreement, however, makes it clear that TTC law is paramount, where TTC enacts legislation that conflicts with territorial law. In a situation of conflicting laws, the territorial law (Village bylaw) would be displaced to the extent that it is in conflict with a TTC law.

As noted above, the Teslin Tlingit Council's land-based governance powers come into force only upon further negotiation with the Yukon Government and/or the federal government. For example, among the Teslin Tlingit Council's governance powers is the power of direct taxation. As real property taxation is a form of direct taxation, the Teslin Tlingit Council could negotiate access to property tax revenues for properties located on Settlement Land. Until such time as the negotiation for access to property tax revenues is initiated and completed, the Village of Teslin will continue to collect taxes for Teslin Tlingit Council properties located on Settlement Land and within the statutory boundary area. Similarly, until the boundary expansion is formalized, the Yukon Government will continue to collect taxes for properties located on Teslin Tlingit Council's Settlement Land located outside of the Village of Teslin's statutory boundary area.

In 2018, the Teslin Tlingit Council enacted the *Teslin Tlingit Land and Resources Act* and associated regulations. The *Act* and regulations provide a solid foundation for the evolution of governance authority on TTC lands within the Teslin municipal boundary. As noted in the draft 2019 Teslin Official Community Plan:

*Zoning regulations are a high priority item for the TTC, and are expected to be developed within 5 years. The Village of Teslin intends to work closely with TTC to support seamless harmonization of TTC's and VoT's respective authorities over all lands within municipal boundaries. In the interim, this OCP is based on current arrangements, where aside from those lands identified as retained reserves, the Village of Teslin has development approval authority. For the past decade, or more, this authority has been exercised in a context of high levels of joint planning and collaboration. It is not anticipated that these practices and commitments will change.* (draft 2019 Teslin OCP, page 2)

The *Teslin Tlingit Land and Resources Act* and associated regulations also improve on the certainty required by capital project funders (e.g., Build Canada) to invest in projects located in the Teslin region with respect to zoning and development matters. For example, the Development Procedures Regulation confirms that the Village of Teslin Zoning Bylaw applies on Settlement Land within the Teslin incorporated boundary. For the portions of Retained Reserves located within the Teslin incorporated boundary, the Development Procedures Regulation adopts the zoning map from the Village of Teslin's Zoning Bylaw until such time as the Teslin Tlingit Council makes its own zoning regulations. Development approval authority on the Retained Reserves will continue to be held by the Teslin Tlingit Council.

In summary, the proposed Teslin boundary expansion is not expected to alter the current sovereignty balance in the Teslin region and will provide a solid basis for the continued evolution of regional governance in the Teslin area.



### *Leg C: Social Balance*

Teslin is a vibrant community. The Village of Teslin and the Teslin Tlingit Council have a long-standing and respectful history of collaboration. Examples of such collaboration are many. Over the years, Teslin Tlingit leaders have been elected to serve as Village Mayor. Both the Village of Teslin and the Teslin Tlingit Council contribute to the funding of parks and recreation facilities for the benefit of Teslin youth and all area residents. The Teslin cemetery, located on Teslin Tlingit Council Lands, is the final resting place for all community members.

The very positive working relationship between the Village of Teslin and Teslin Tlingit Council is also demonstrated by the long-standing and highly integrated planning efforts in the Teslin region. Some examples of joint Village of Teslin and Teslin Tlingit Council planning include:

- Joint community planning for services and infrastructure development guided by the 2005 Memorandum of Understanding;
- Emergency Measures Plan for the Village of Teslin;
- 2009 Official Community Plan;
- draft 2019 Official Community Plan;
- Teslin Community Development Plan 2015 to 2025; and,
- 2018 Teslin Energy Plan.

Implementation of the proposed boundary expansion will bring municipal voting rights to people resident in the larger incorporated land area. An estimated 50 additional people will be eligible to vote in Teslin municipal elections, further reinforcing the already strong sense of community cohesion.

An objective of the draft 2019 Teslin Official Community Plan is “to ensure an adequate supply of serviced and partially serviced lots to meet Teslin’s residential needs.” (page 14). As noted in the *Teslin OCP Review 2019 Background Research Summary Report*, while residential lot supply is likely to be adequate in the near term, continued infrastructure-led growth in the Teslin region makes “...it likely that there is an inadequate supply of residential land within the Village of Teslin to meet any other demand. This analysis lends urgency to the discussions about Village of Teslin boundary expansion, because in 10 years, there may not be any available land for housing development.” (page 8).

Another objective of the draft 2019 Teslin Official Community Plan is to “promote the development of Teslin as a regional supply centre.” Commercial land development opportunities which will likely follow from implementation of the proposed boundary expansion will contribute to the economic diversification of the Teslin region. In conclusion, implementation of the Teslin boundary expansion will

## Teslin Boundary Expansion Financial and Local Services Analysis

facilitate the creation of new residential and commercial land development opportunities which will in turn maintain and bolster Teslin’s social balance.

In summary, the proposed Teslin boundary expansion is expected to maintain the long-standing and respectful history of collaboration between the Village of Teslin and the Teslin Tlingit Council, to re-enforce joint planning efforts, to improve community cohesion through an expanded voting base and to facilitate residential and commercial land development opportunities needed for regional economic diversification. Overall, implementation of the proposed Teslin boundary expansion is expected to contribute to the continuation of Teslin’s existing healthy social balance.

### *Leg D: Future Development Balance*

As noted earlier in this paper, the Village of Teslin and Teslin Tlingit Council have an extensive history of joint community planning for services and infrastructure development, guided by the 2005 Memorandum of Understanding. Current and potential initiatives are tracked in three continually-updated spreadsheets, one for Village of Teslin projects, a second for Teslin Tlingit Council projects and a third for joint Village of Teslin and Teslin Tlingit Council projects. The table below lists (alphabetically) the projects with approved funding so far in 2020, together with the estimated aggregate project values.

#### **2020 Joint Planning for Teslin Community Services and Infrastructure – Approved Projects**

Village of Teslin Projects (\$1.0 million)	Teslin Tlingit Council Projects (\$19.4 million)	Joint VoT and TTC Projects (\$0.6 million)
<ul style="list-style-type: none"> <li>• Alaska Highway Vista Beautification</li> <li>• Bobcat Equipment Replacement</li> <li>• Community Signage Initiative</li> <li>• Future Development Reserve</li> <li>• Medium Duty Truck</li> <li>• Municipal Centre Upgrades</li> <li>• New Firehall</li> <li>• OCP/Zoning Review &amp; Rewrite</li> <li>• Public Works Yard &amp; Storage Project</li> <li>• Recreation Equipment Purchases</li> <li>• Traffic Calming Measures</li> <li>• Upgrades to Solid Waste Facility</li> </ul>	<ul style="list-style-type: none"> <li>• Citizen Housing Grant Initiative</li> <li>• Fuel Tank Replacement</li> <li>• Green Energy upgrades to TTC Buildings</li> <li>• Housing initiatives (Gap Filling)</li> <li>• Interim Office Expansion</li> <li>• New Community Services Building</li> <li>• Renos to Move to Home Ownership Initiative</li> <li>• Tiny Homes Project</li> <li>• Vehicle Replacement</li> </ul>	<ul style="list-style-type: none"> <li>• Citizen Housing Grant Initiative</li> <li>• Fuel Tank Replacement</li> <li>• Green Energy upgrades to TTC Buildings</li> <li>• Housing initiatives (Gap Filling)</li> <li>• Interim Office Expansion</li> <li>• New Community Services Building</li> </ul>

## Teslin Boundary Expansion Financial and Local Services Analysis

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In addition to the \$21 million worth of projects listed above, funding applications have been submitted by the Village of Teslin and the Teslin Tlingit Council (both independently and jointly) for an additional 22 projects valued at \$42.3 million, to be completed over the next three years, as shown in the table below. Notable among those projects is the joint project application for the replacement of the Nisutlin Bay Bridge.

### Joint Planning for Teslin Community Infrastructure

#### Pending Projects – 2020 to 2023

	Number of Projects	Estimated Value (\$ millions)
Village of Teslin	4	\$12.3
Teslin Tlingit Council	11	\$0.4
Joint Village of Teslin & Teslin Tlingit Council	7	\$29.9
Total	22	\$42.3

The Village of Teslin and the Teslin Tlingit Council have already clearly demonstrated that joint planning and effective collaboration can result in successful funding applications for the benefit of the broader Teslin region. While not all of the projects are located within the incorporated Teslin land area, or the Teslin boundary expansion area, most are. The expansion of Teslin's incorporated boundary will provide a larger "home base" from which Teslin residents and businesses can capture the benefits of the planned community infrastructure projects.

In summary, implementation of the proposed Teslin boundary expansion is expected to build on the success already achieved in securing funding from the federal and Yukon governments for Teslin community infrastructure projects.

*Summary of Expected Effects on the Four Balances*

The table below summarizes the expected effects of the proposed boundary expansion on the four existing Teslin balances.

**Summary of Expected Effects from Implementation of the Proposed Teslin Boundary Expansion**

Leg A: fiscal balance	On the basis of available information, the Teslin boundary expansion is not expected to have a materially positive or adverse effect on the Village of Teslin’s fiscal balance.	<table border="1"> <thead> <tr> <th colspan="2" data-bbox="1287 345 1824 380"><b>Estimated Net Change in VoT Fiscal Balance</b></th> </tr> <tr> <th data-bbox="1287 380 1675 496"><b>Component</b></th> <th data-bbox="1675 380 1824 496"><b>% of Total 2019 VoT Revenues</b></th> </tr> </thead> <tbody> <tr> <td data-bbox="1287 496 1675 531">Net Revenue Loss / Cost Increase</td> <td data-bbox="1675 496 1824 531">- 1.5%</td> </tr> <tr> <td data-bbox="1287 531 1675 565">Comprehensive Municipal Grant</td> <td data-bbox="1675 531 1824 565">+ 0.6%</td> </tr> <tr> <td data-bbox="1287 565 1675 599">Property Tax Revenue</td> <td data-bbox="1675 565 1824 599">+ 2.2%</td> </tr> <tr> <td data-bbox="1287 599 1675 633">Net Change</td> <td data-bbox="1675 599 1824 633">+ 1.3%</td> </tr> </tbody> </table>	<b>Estimated Net Change in VoT Fiscal Balance</b>		<b>Component</b>	<b>% of Total 2019 VoT Revenues</b>	Net Revenue Loss / Cost Increase	- 1.5%	Comprehensive Municipal Grant	+ 0.6%	Property Tax Revenue	+ 2.2%	Net Change	+ 1.3%
<b>Estimated Net Change in VoT Fiscal Balance</b>														
<b>Component</b>	<b>% of Total 2019 VoT Revenues</b>													
Net Revenue Loss / Cost Increase	- 1.5%													
Comprehensive Municipal Grant	+ 0.6%													
Property Tax Revenue	+ 2.2%													
Net Change	+ 1.3%													
Leg B: sovereignty balance	The proposed Teslin boundary expansion is not expected to alter the current sovereignty balance in the Teslin region and will provide a solid basis for the continued evolution of regional governance in the Teslin area.													
Leg C: social balance	Implementation of the proposed Teslin boundary expansion is expected to contribute to the continuation of Teslin’s existing healthy social balance.													
Leg D: future development balance	Implementation of the proposed Teslin boundary expansion is expected to build on the success already achieved in securing funding from the federal and Yukon governments for community infrastructure projects.													

In conclusion, on the basis of data and information available to date, the Teslin boundary expansion can be implemented with all four pre-existing balances being maintained, for the benefit of the Village of Teslin, the Teslin Tlingit Council and the community of Teslin.

### D. Critical Path for Teslin Boundary Expansion Implementation

The table below outlines an example of the critical path steps that could be followed in the implementation of the Teslin boundary expansion, beginning in the late fall of 2020 and concluding in December 2021.

#### Proposed Critical Path for Teslin Boundary Expansion

Step	Start Date:	Completion Date:
1. Present boundary expansion analysis at a joint VoT and TTC meeting to confirm intent; document support of VoT and TTC with resolutions.		31 Dec. 2020
2. Prepare 'official' maps that accurately describe the new Village of Teslin boundaries.	1 Jan. 2021	31 Jan. 2021
3. Identify and describe scope and issues to be addressed in a tri-government (Village of Teslin, Teslin Tlingit Council and Yukon Government) Regional Municipal Services Agreement.	1 Jan. 2021	31 March 2021
4. Identify and analyze mitigation measures for property owners directly affected by the boundary expansion.	1 Jan. 2021	31 March 2021
5. Undertake public engagement with Teslin community members, including property owners in the boundary expansion area.	1 April 2021	30 June 2021
6. Share boundary expansion analysis report and results of public engagement with Yukon Community Affairs for completeness review.	1 July 2021	31 July 2021
7. Prepare a proposal to the Yukon Municipal Board for a Teslin boundary expansion in accordance with sections 17 through 24 of the Yukon <i>Municipal Act</i> and attend public hearing.	1 Aug. 2021	31 Aug. 2021
8. Receive direction on the results of the boundary expansion proposal from the Minister of Community Services and communicate results to Teslin community members.	1 Sept. 2021	31 Dec. 2021

