

**Village of Haines Junction
Committee of the Whole Meeting Minutes
February 5, 2025**

Present:

Mayor Strand
Councillor Bushe
Councillor Mackinnon
Councillor McPhie

Absent:

CAO Fairbank

Call to Order

The meeting was called to order at 6:05pm

Acknowledgement of Champagne and Aishihik First Nations Traditional Territory

Mayor Strand acknowledged that we are on the traditional territory of the Champagne and Aishihik First Nations

Review of Input from Public Meeting

Purpose of meeting:

The purpose of the meeting was to 1) do an overview of the Finance 101 Committee of the Whole meeting held in December 2024 and 2) to do a Property Tax 101.

Materials distributed at the meeting:

- RTC - Financial Status (from November, 2024)
- 2025 Provisional O&M and Capital Budget
- 2023 Yukon-wide Property Tax Rates
- RTC - Options to encourage the development or sale of underdeveloped lots (from August, 2024)
- RTC and Draft Vacant Land Taxation Policy (from January, 2025)
- 2024 Capital project budget status

Topics discussed at the meeting:

Review of Finance 101

- At one time 50% of the Comprehensive Municipal Grant (CMG) was to be set aside for capital projects; this requirement has since been removed.
- The Village assigns the full amount of the CMG to the operating budget. The operating budget surplus is allocated to the capital budget.
- Every year the operating budget shows a surplus. This surplus is drawn down by capital expenditures. If capital expenditures don't use up all of the capital budget, the remaining funds are allocated to unrestricted surplus.
- Council can allocate unrestricted surplus to specific capital reserves. Restricted reserves set aside funds for a specific purpose (e.g. Recreation Centre Reserve, Fire Department Reserve, Public Works Equipment Reserve). Once funds are restricted, they can't be put towards any other purpose.

- From 2012 to 2023 there was a cash surplus. This surplus has accrued year over year, creating a rainy-day fund. In addition to the size of the unrestricted and restricted reserves growing year after year, there has been an increase in the rate in which money is being surplused into reserves.
- As of 2023 the total in restricted reserves is \$3.6 million, unrestricted reserves is \$5.7million, for a total reserve balance of \$9.3 million.
- The CMG is received on April 1st of each year and sits in the investment account where the bulk of all reserves reside. The investment accounts accrued considerable interest in 2021-2022, so we try operationally to keep as much of our funds in this account as possible as here it is generating some revenue for the village. Funds are periodically transferred from the investment account to the checking account from where we pay our accounts payable.
- Yukon municipalities are now required to reflect asset retirement obligations (AROs) within their budget – this is where the full value to retire the asset is amortized over the lifespan of the asset. For example, the Village pays \$28,000/year towards closure and post-closure costs for the landfill.
- AROs differ from Asset Management Planning, where funds are put away to replace an asset at the end of its lifespan, as well as retiring that asset. The grant we received from the Housing Accelerator Fund will help us initiate Asset Management Planning.
- The Dezadeash Day Use area is designated as a contaminated site; the contamination occurred prior to the land being transferred to the Village from YG. Our 2023 audited financial statements list the environmental condition of this site as unknown. Pressuring YG to decontaminate this site will be a high priority once a land treatment facility is developed.
- The capital project summary, that includes projects where work was carried out in 2024, provides a multi-year perspective on capital project budgets that helps track expenditures and revenues against budgeted amounts for projects that span fiscal years. This summary shows that most projects were under budget or on budget.
- The Village also has access to around \$5 million in gas tax funds. That we have this amount unspent has raise questions as to whether or not we need these funds.
- The landfill front of house renovation project has a total budget of 1.5 million and was a one-year project. We are receiving \$650,000 from YG towards this project, the balance is funded from our reserves. There is a second landfill back-of-house project that involves implementing the Solid Waste Management Plan in order to meet increasingly stringent regulatory requirements. This project will involve digging cells, irrigation ditches, evaporation ponds and road construction and is currently budgeted at \$3 million. We don't know what the exact implementation costs will be and the budget will need to be reviewed on an annual basis. This work will need to be funded by the Village.

Property Tax 101

- Haines Junction is one of two communities in Yukon that has equal property tax rates for residential and non-residential lots and is the only community with the same minimum tax for residential and non-residential lots.
- The current approach to property taxation in Haines Junction is very simplistic – properties are taxed the same regardless of use or zone.
- Haines Junction has the lowest property tax rate of all the incorporated communities except Whitehorse (economies of scale enable lower tax rates)
- Council may wish to consider more strategic / targeted approaches, and to look at the approaches other communities are taking and why.

- At the new Councillor Training hosted by the Association of Yukon Communities and held in November in Whitehorse, Christina Benty indicated that when property tax rates and property assessment rates are static, a municipality's ability to provide services decreases incrementally every year due to inflation.
- Unincorporated communities pay property taxes to YG. The Association of Yukon Communities has raised concerns with low taxation rates in areas in the periphery of communities as they use services provided by the municipalities, that are subsidized by municipalities.
- In August 2024, administration provided Council with a report on options to encourage the development of un/underdeveloped lots.
- The St. Elias Chamber of Commerce has also commissioned a report on vacant and derelict lots that will be shared with Council on Feb 11, 2025. This report specifically looked at systemic barriers to the development of commercial lots along the highway.
- Encouraging people to do something with un/underdeveloped lots is important when the cost of developing new lots is extremely high. When property tax minimums are \$400, there is no incentive to do something with a lot.
- Many residents hang onto vacant lots because some day they may want to pass it down to their children or grand children, or have a place to park their RV, or perhaps they want a barrier between themselves and their neighbour.
- Holding on to adjacent vacant lots effectively creates a country residential sized lot in town and at a minimal cost to the owner; however, there are real costs to the Village including the costs to install unused sewer and water infrastructure to service these lots and the costs associated with maintaining and servicing this infrastructure. Urban residential lots were not meant to be used in this way, they were meant for urban housing development.
- Thankfully, the Village does not have to pay outright for the cost to develop new subdivisions as YG takes on this responsibility.
- We estimate that 25% of the 483 lots in town are undeveloped. Half of the tourist commercial lots in town are undeveloped. We have 54 undeveloped urban residential lots. 57% of industrial lots are undeveloped. These are staggering numbers when we consider it cost \$12 million dollars to develop 40 lots in the Dhäl Gähhy (Mountain Ridge) subdivision behind Spruce Street.
- There is a range of options, from punitive actions to inducements, to reduce the number of vacant lots in a community.
- Raising minimum property tax is one way that municipalities are encouraging the development or sale of un/underdeveloped lots. Prior council was very clear that they didn't want the raising of property tax minimums to affect our lower income residents who live on properties with low property assessment values.
- Prohibiting lot amalgamations is important to consider as this is a way around paying minimum property taxes on multiple adjacent lots. At present, YG has authority for these decisions; the Village could consider drawing down subdivision/amalgamation authority from YG.
- Some lots in Haines Junction pre-date the five-year build requirement imposed by YG. Council could consider ensuring all lots within the Municipality are subject to this requirement.
- Higher property tax rates on non-residential lots could incentivize the conversion of industrial and commercial lots that are currently being used for residential or storage purposes.
- Council may wish to encourage land uses that are consistent with zones levying tax according to zone (not use). If non-residential zones were subject to higher tax rates, it would then be more expensive to live on residential or commercial lots than it would be to live on residential lots.

- Establishing a special economic development zone, with a lower taxation regime in that area for a set period of time, could encourage development. This tool has been shown to be an effective way to revitalize different areas.
- Vacant and derelict buildings pose safety issues. Establishing safety and maintenance standard bylaw could also enable well maintained lots to pay a lower tax rate than eyesore properties. If such an approach is taken, it will be important for the Village to be a role model in addressing our vacant / derelict buildings (the old Rec Centre).
- It is cheaper and easier to find new land than to redevelop brownfield sites (sites with environmental contamination). Incentives to help clean up these sites are needed.
- Agricultural use of agricultural lots can be incentivized by tax rate reduction programs. In other jurisdictions, agricultural land is protected in reserves which we don't have in Yukon.
- Public comment: A definition for underdeveloped properties is needed – does this include a residence built on a mixed commercial property?
 - Properties that pay the minimum tax rate were used to indicate what properties are un/underdeveloped. This is not a perfect measure, as there may be some improvements on the property that were not assessed at a high enough rate to be paying more than the minimum tax.
- Public comment: Back in the day people bought properties next to them when there was no ramification in terms of taxes. Its like they bought with a certain contractual understanding. Changing the contract rules after the fact will make a lot of people unhappy. This requires significant public participation in the discussion. Previous OCPs highlighted that people liked wide open spaces and trees. Some of the Agriculture lots are similar in that they are basically hobby farms. There are lots of areas in town where the Village doesn't provide water and sewer service, so it isn't fair to say that this not using infrastructure efficiently applies across town. It will be difficult to develop a lot where there is not water and sewer. The Village's derelict recreation centre is surrounded by water and sewer and the Village is still paying power for this building. It is good to encourage slow steady growth, but don't want to encourage an exodus in doing so.
 - As previously indicated, Council is not planning to make any changes this next tax year. Council wants to have this discussion when it does its strategic planning, which is planned to happen in mid-end March.
 - Council has directed staff, by motion, to begin the process of determining what the cost would be to decommission the old recreation building.
 - The Village is currently paying between \$650-\$750/year on power for the old recreation centre. Prior councils kept power going to the building so power would be available for decommissioning, as putting in a temporary service can be expensive.

Meeting adjourned at 7:40 pm



 Mayor Diane Strand



 CAO David Fairbank

