

**Toronto
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March 8, 2013

Councillor Adam Vaughan
City of Toronto
100 Queen Street West
Toronto, Ontario M5H 2N2

Dear Councillor Vaughan:

Re: Billy Bishop Toronto City Airport (“BBTCA”)

I understand that you had some questions and concerns regarding my February 13, 2013 letter to Mayor Rob Ford and certain other public officials.

1. You questioned our commitment to the Long Term Traffic Management Committee initiative, led by Mr. John Livey. And take the view that by asking the City to remove your recently installed traffic restrictions at the intersection of Bathurst Street / Eirann Quay / Queen’s Quay West, we are undermining Mr. Livey’s work.
2. You questioned our reference to potential changes to Federal Runway End Safety Area regulations and the impact of those potential changes to the airport’s existing footprint. You observed that the TPA undertook the 2012 environmental assessment regarding changes to the “marine exclusion zone” on the basis that it wasn’t linked to any potential runway or airport footprint changes.
3. You are questioning why we tabled the BBTCA-related observations in the February 13th letter directly in the wake of the TPA-City Staff agreement on the quantum of Payments In Lieu of Taxes (“PILTs”) that the BBTCA should pay; an agreement which was approved by the City’s Government Management Committee on February 25, 2013, despite your vocal opposition.

This letter is in keeping with previous correspondence (June 27, 2008, August 28, 2009, October 20, 2010, December 1, 2010, September 13, 2011, March 23, 2012, March 27, 2012, November 13, 2012 and November 29, 2012), all of which are available, for transparency purposes, in the Executive Correspondence section at www.torontoport.com.

Traffic Management

Our Feb. 13th letter simply observed that the traffic restrictions that were implemented by the Toronto & East York Community Council at your request last year merely served to

choke access to and from the airport, with no discernible improvements to congestion or pedestrian safety. These new restrictions are not consistent with the City's binding undertakings under the *Tripartite Agreement*. You initiated these traffic restrictions without the benefit of appropriate traffic study (independent or otherwise), were inconsistent with advice of the Toronto Police Service, and were implemented prior to the completion of the Livey Study. The February 13th letter served to air these facts with the appropriate parties. Please don't try and turn the situation on its head and blame the TPA for trying to reverse your pre-emptive actions.

RESA & Marine Exclusion Zone

There is no relationship between the two topics. One is not dependent on the other, or vice-versa. The timing of the pedestrian tunnel project provided the opportunity for clean fill for the proposed marine exclusion zone. An important benefit to the Community and environment was removing truck traffic from the construction site.

Independent of the proposed marine exclusion zone project, potential changes to RESA have arisen across Canada, and we are merely providing Toronto City Council with this update, and providing your colleagues with some context of the interface between RESA, the airport's physical footprint and the *Tripartite Agreement*.

Timing of Feb. 13th letter

It is correct to observe that we provided these "BBTCA improvement" ideas for Council's consideration once a successful agreement-in-principle had been reached between TPA and City Staff. As Toronto City Council was going to be asked to approve the City Staff's recommendation regarding the BBTCA \$0.94/passenger¹ PILT figure at the April 3, 2013 meeting of Council, it seemed timely that you and your colleagues might want to take the opportunity to consider ways in which to improve the BBTCA passenger experience and support the overall operation. If Toronto City Council decides this is not the path to take, that is a choice entirely its own to make.

Of course, the airport has never been more popular, nor more important to Torontonians and the city's local economy than it is today.

A few weeks ago, we had the pleasure of announcing, in partnership with the Toronto Board of Trade, the release of an economic study conducted by InterVISTAS Consulting Group, a leading management consulting company with extensive expertise in economic and transportation research. According to the study, the BBTCA is a major economic engine for the Greater Toronto Area, generating \$1.9 billion in annual economic output and 5,700 jobs, which includes 1,700 employed directly at the airport; it plays a "significant role in providing critical regional and continental transportation linkages to support and grow Toronto's economy."

¹ The same per passenger PILT that Pearson Airport pays to its host municipality

The BBTCA is the fastest-growing airport in Canada, and has become its 9th busiest. 75% of our passengers are repeat business travellers. And 83% of Porter passengers are “very” or “extremely” satisfied, according to an Ipsos Business Travel Study.

We are pleased that the City Council Government Management Committee approved the airport PILT as had been settled between the TPA and City staff, and that the Committee has recommended the proposal’s acceptance by City Council. Torontonians love the Billy Bishop Toronto City Airport, and it is heartening to see Councillors working to support the airport’s success.

The TPA Board has tried very hard and in good faith to settle the issue of precisely how much of a PILT the TPA should be paying on certain of its properties. The TPA has offered to pay the City the same \$0.94 per passenger PILT that is paid by Pearson Airport to its host municipality. Despite the fact that (i) Pearson Airport agreed to pay a very high per-passenger PILT in part due to the large volume of passenger-free cargo aircraft that utilize that airport (unlike the BBTCA which has no cargo traffic to speak of), and (ii) the earlier Federal Dispute Advisory Panel had recommended that the TPA/BBTCA should pay an \$0.80 per passenger PILT.

The TPA Board of Directors directed management to request the striking of a new Dispute Advisory Panel in 2012, rather than seek an Appeal of the previously-announced decision of the Federal Court of Canada. This is strong evidence of our stated desire to resolve this last remaining matter between our two organizations at the earliest opportunity; and the confidence we have in the financial analysis that has been prepared for us by independent experts.

The outcome of that January 2013 DAP Hearing will provide both the TPA and the City with the benefit of advice from a neutral panel of valuation experts on all of the non-airport properties, and we are looking forward to receiving same.

As a gesture of good faith, the TPA paid the City \$2.766 million during February 2013 in relation to BBTCA PILTs for the 2011-12 period – in advance of Council’s formal acceptance of the proposed PILT figure. This \$2.766 million payment is in addition to the \$8.893 million that the TPA has already voluntarily paid the City towards the eventual aggregate PILT figure payable in relation to all relevant TPA properties (those other PILTs were heard by the Federal PILT Dispute Advisory Panel in January; a panel we requested in 2012 in an effort to resolve all PILT matters for once and for all).

Just yesterday, our Board of Directors approved the voluntary payment of an additional \$1.58 million in relation to all non-BBTCA-related TPA PILTs for the 2011-12 period.

I recognize that this great progress conflicts with your stated objective of frustrating the airport’s success. The TPA’s \$13 million plus in PILT payments over the past few years undermines your false claims that the TPA “refuses to pay its taxes.” As City Revenue Services will confirm, we take the advice of the original Federal PILT Dispute Advisory Panel seriously and our many subsequent PILTs cheques have been gladly accepted by

City Staff. You want to paint the TPA and airport as tax-evading villains to suit your agenda: to ultimately close the BBTCA. I understand that. You are welcome to your opinion, but not your own set of facts, as John Oakley would remind. The fact is simple: with these most recent decisions, the TPA has paid more than \$13 million in PILTs to the City while waiting for this issue to be resolved. This is not the actions of a scofflaw; it is, indeed, an honourable thing for the agency to have done.

Thank you for the opportunity to address your apparent concerns. If you would like any further detail, our team remains ready, as always, to assist. As per my letter dated November 29, 2012, I remain ready to receive a written response from you outlining where we've "skirted the truth"² on any of these or earlier issues; I note that you have yet to take me up on the offer, nor replied formally in writing to any of the previous nine letters over the past five years regarding your ongoing misinformation campaign about the BBTCA.

Torontonians deserve better.

Respectfully,



Mark McQueen
Chairman

cc: His Worship Mayor Rob Ford, City of Toronto

² Adam Vaughan, *The John Oakley Show*, AM640, November 16, 2012