

PORTS
TORONTO



Annual Report 2017

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PORTS TORONTO

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60 Harbour Street, Toronto, ON M5J 1B7 Canada

The Toronto Port Authority, doing business as PortsToronto since January 2015, is a government business enterprise operating pursuant to the Canada Marine Act and Letters Patent issued by the federal Minister of Transport. The Toronto Port Authority is hereafter referred to as PortsToronto.

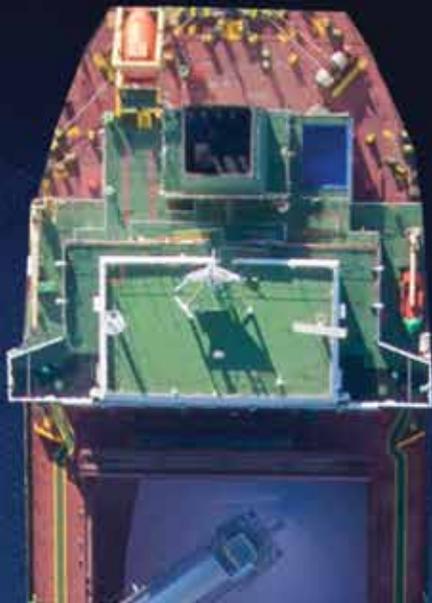
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About PortsToronto

The Toronto Port Authority, doing business as and hereinafter referred to as PortsToronto, is a federal government business enterprise that owns and operates Billy Bishop Toronto City Airport, Marine Terminal 52 within the Port of Toronto, the Outer Harbour Marina and various properties along Toronto's waterfront.

Responsible for the safety and efficiency of marine navigation in the Toronto Harbour, PortsToronto also exercises regulatory control and public works services for the area, works with partner organizations to keep the Toronto Harbour clean, issues permits to recreational boaters and co-manages the Leslie Street Spit site with partner agency the Toronto and Region Conservation Authority on behalf of the provincial Ministry of Natural Resources and Forestry.

PortsToronto is committed to fostering strong, healthy and sustainable communities and has invested more than \$10 million since 2009 in charitable initiatives and environmental programs that benefit communities and organizations along Toronto's waterfront and beyond. PortsToronto is financially self-sufficient, as required under the Canada Marine Act, and its activities and operations are not funded by taxpayers.

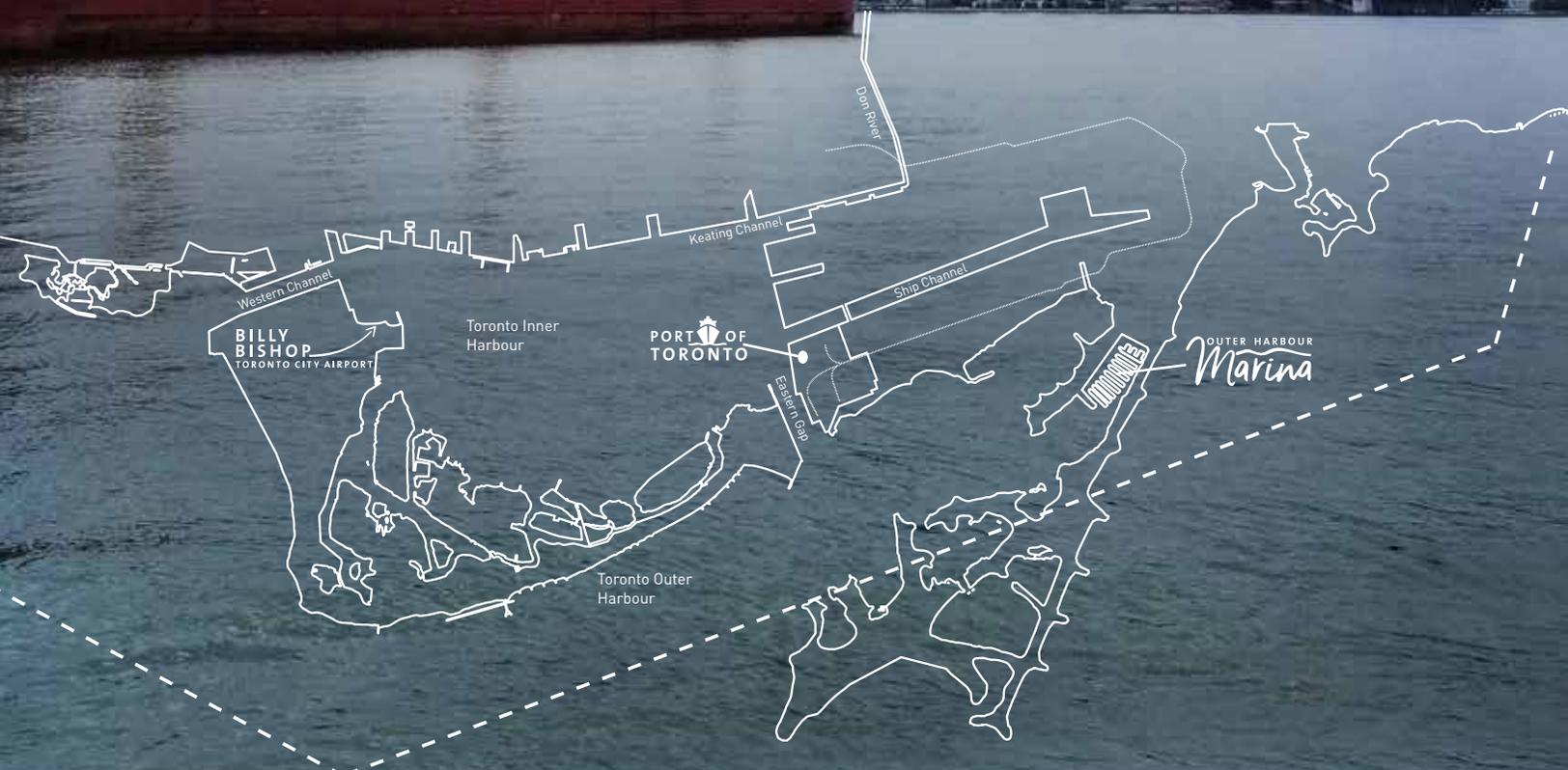


Mission

PortsToronto's mission is to effectively manage Billy Bishop Airport, the Port of Toronto, the Outer Harbour Marina and its real estate properties on a self-sustaining basis, allowing PortsToronto to reinvest funds into marine safety, environmental protection, community programming and transportation infrastructure. Through the successful pursuit of this mission, PortsToronto plays an important city-building role in the economic growth and sustainable future of Toronto.

Vision

As a guardian and steward of Toronto's waterfront resources, PortsToronto works closely with the broader waterfront community to ensure these assets will provide prosperity and enjoyment for future generations.



Message from the Chair

225th Anniversary of the Port of Toronto

10th year of profitability

Focus on Sustainability

Leading edge of good governance

Cinespace moves into Marine Terminal owned by PortsToronto

Welcome to the 2017 Annual Report. This report provides our stakeholders, government partners and community members with a look at our initiatives, achievements and financial results in order to operate our business with accountability, transparency and good governance.

Our organization has been around for more than a century, starting as the Toronto Harbour Commissioners and becoming the Toronto Port Authority in 1999, when the Liberal government of the day developed a national strategy to modernize the administration and operation of ports. But our roots go back even further, and this year we celebrate the 225th Anniversary of the Port of Toronto. Founded in 1749 as Fort Rouillé, the Port of Toronto has served as an important piece of economic infrastructure and a key link in the transportation network and movement of goods for the city for more than two centuries.

Although by no means the biggest port in Canada, the Port of Toronto serves the largest city and province in Canada and plays an important role in Toronto's prosperity while helping to reduce commercial road traffic. In 2017, the Port of Toronto had its strongest year in more than a decade moving approximately 2.2 million metric tonnes of bulk cargo and welcoming more than 5,600 passengers through its passenger cruise ship facility. Even with this growth PortsToronto was also able to assess and reconfigure some of its port premises to accommodate Cinespace film and television studios and ensure full utilization of our property as mandated by the Canada Marine Act. We are pleased that we were able to offer facilities to Cinespace as it supports the City of Toronto's planned framework for the area and facilitates the continued success of a Canadian company, which is good for the economy, good for jobs, and good for Toronto.

To ensure that our businesses continue to effectively serve our city and community, PortsToronto has been focusing on several key areas, many of which are showcased in this report. As a government business enterprise that receives no taxpayer funding and is mandated to be financially self-sustaining, PortsToronto is naturally focused on maintaining a strong financial position, and I am pleased to report our 10th year of profitability in 2017. But there are several other areas that are as important to our business and influences much of what we do. These areas include good governance, environmental sustainability, and community engagement and investment.

In the area of governance, PortsToronto is a leader in implementing best practices. This includes modernizing the User Group Director Nomination process that harmonizes the nomination framework established in our Letters Patent with the federal government's open, transparent and merit-based process for public appointments. This User Group Director Nomination process was endorsed by Transport Canada in 2016 and has been suggested as a best practice for other Canadian port authorities. In 2016, PortsToronto again revised its Corporate Governance Manual, consisting of its Board Mandate and Committee Charters, to reflect current best practices. This manual (and other documents) pertaining to the board and governance—including CEO and Board expenses and executive correspondence—are available on the PortsToronto website.

We are also proud that our current board members, as well as our Chief Executive Officer, have completed, or are in the process of completing, certification from the Institute of Corporate Directors to ensure that we are operating at the highest level of good governance. We look forward to confirmation of the federal government's new appointees in short order as this will ensure that PortsToronto can continue to adhere to high standards for governance and ensure representation through our user groups.

Sustainability is another equally critical area of which we are particularly proud. For the last three years, PortsToronto has published a Sustainability Report to record our progress relating to sustainable operations. This includes reducing our footprint by powering all our operations with renewable Bullfrog Power—the only port authority or airport in Canada to do so—and investing in hybrid vehicles, noise mitigation, and waste reduction measures. In 2017, the Canadian Public Relations Society announced that our Sustainability Report of the prior year received their National Award of Excellence in the Best External Publication of the Year category. Our 2017 Sustainability Report is now online and offers an excellent overview of how far we have come and how much further we would like to go in the protection of the environment.

Community engagement, including First Nations consultations, is another area where PortsToronto has taken a lead. To date we have held 30 meetings of the Community Liaison Committee that convenes on a quarterly basis with members who include representatives from neighbourhood associations, local businesses and elected officials to discuss Billy Bishop Airport and approaches to ensure balance between airport operations and the surrounding community. We are also undertaking an update of our Master Plan in 2018 that involves regular and comprehensive public consultation. This includes more than 40 meetings to date with neighbourhood associations, First Nations communities, elected officials,

local businesses and community groups as well as public meetings where everyone can come together to provide comment and input.

While PortsToronto owns just 52 acres within the larger port lands area, with all of this land zoned and utilized for industrial purposes, and only 17 per cent of the dock walls in the harbour, we understand the importance of working with other waterfront stakeholders on issues pertaining to the harbour and port area, given that we are part of a larger effort to ensure our mixed-use waterfront continues to develop and thrive. This could include investment in marine transit to make better use of our marine infrastructure to get people out of their cars and into marine craft to get where they want to go. This is still in the vision stage but PortsToronto will work with the Province of Ontario, City of Toronto and waterfront stakeholders to bring this concept to reality and get the city moving and taking advantage of our port infrastructure.

On behalf of the entire Board of Directors, I would like to take this opportunity to thank the PortsToronto management team and staff for their commitment to this organization and their achievements in 2017. I would also like to thank my fellow board members for their dedication and insight, our stakeholders and community partners, as well as our government partners, especially Transport Canada, the City of Toronto and the federal government.

The year ahead looks bright for PortsToronto as we build on our past years' successes. As one of only a handful of federal agencies in the City of Toronto, PortsToronto has an important role to play municipally and provincially. I am privileged to chair the Board and work with the PortsToronto management team to deliver on our shared vision for the city and work in partnership to reinforce Toronto as a world-class city.



Robert D. Poirier
Chair
PortsToronto



Message from the Chief Executive Officer

Financially self-sufficient with no government funding

PortsToronto, like all port authorities in Canada, is a government business enterprise. Our organization works under the oversight of the federal government, specifically Transport Canada, and must remain financially self-sufficient through our own operations, receiving no public funding from any level of government, while still making payments to the City of Toronto and the Government of Canada. As such PortsToronto has a public service mandate yet operates with a private business structure.

This makes us somewhat unique, but also presents an excellent opportunity to align public and private imperatives with a focus on generating revenue in order to reinvest in the local community in which we serve. This takes the form of infrastructure investment with such projects as the pedestrian tunnel, the Ground Run-up Enclosure (GRE), dock wall maintenance, and port modernization. It also takes the form of community investment with millions of dollars provided to organizations such as Lake Ontario Waterkeepers, Evergreen Brickworks, Waterfront Neighbourhood Centre and Ireland Park Foundation.

In addition to generating revenue, our four business units serve the purpose of providing transportation to the City of Toronto. Whether it's Billy Bishop Toronto City Airport that provides an important gateway to/from more than 20 destinations in Canada and the U.S., or the Port of Toronto that welcomes both cargo and passengers into its marine facilities each year, or the Outer Harbour Marina that is one of the largest freshwater marinas in Canada, our business units keep Toronto moving.

We are therefore very proud to announce our 10th year of profitability in 2017 with net income of \$6.4 million (excluding the gain on the sale of the 30 Bay Street/60 Harbour Street Property) on revenue of \$60.8 million.

Looking at our individual business units, operating revenue generated from the airport remained stable in 2017 at \$48.4 million, which included revenue from Airport Improvement Fees (AIF). Approximately 2.8 million passengers travelled through Billy Bishop Airport in 2017, up from 2.7 million travellers in 2016. Looking forward, passenger numbers should remain fairly constant as we continue to employ a managed growth approach to ensure balance with our mixed-use waterfront.

Infrastructure investments

The Port of Toronto experienced best year in more than a decade

Despite steady passenger growth, revenue associated with the AIF is expected to decline slightly in 2018 as a result of a reduction in the AIF from \$20 to \$15, which took effect April 1, 2018. At \$15 per departing passenger, the AIF at Billy Bishop Airport is now among the lowest in Canada and represents the airport's commitment to delivering a superior customer service experience that includes cost efficiency. The reduced AIF is consistent with recommendations stemming from the 2016 Canada Transportation Act Review which cited the need for reduced travel costs, increased connectivity and improved service for Canadian travellers as an important means of keeping the Canadian aviation sector healthy and competitive.

The marine Port of Toronto continued to be a vital gateway in 2017 providing Canadian and international businesses with a convenient, sustainable and cost-effective way to bring people and goods into the heart of the city. The port recorded the best year in more than a decade with approximately 2.2 million metric tonnes of cargo passing through the port. In addition, the Cruise Ship Terminal saw a record 16 passenger ships enter port carrying more than 5,600 passengers, a more than 120 per cent increase in cruise ship traffic over 2016. Port activities reported revenue of \$6.5 million and operating income from all sources of \$0.6 million.

At the Outer Harbour Marina the occupancy rate held strong at 85 per cent and operating income was \$1.5 million on revenues of \$4.2 million in 2017. For the eighth consecutive year the Outer Harbour Marina achieved a 5 Green Anchor Gold rating from the Ontario Marine Operators' Association and maintained its exceptionally high satisfaction rating from clients.

Real Estate and property holdings reported operating income of \$0.6 million on revenues of \$1.0 million which includes leasing revenues from properties such as Pier 6 and 5 Queens Quay West as well as water lots throughout the harbour.

In 2017 PortsToronto announced the sale of our 30 Bay Street property. The sale, valued at \$96 million, will be payable over the next three years and will be used towards paying down debt and investing in infrastructure such as the repair of aging dock walls, building increased road and rail access in the port area, improving navigation in areas of the harbour, and supporting our corporate social responsibility program.

More specifically, initial projects being supported through the proceeds of the 30 Bay sale include dock wall repair as well as removal of the old pier in the East Gap. Although PortsToronto does not own the pier in the East Gap, we have offered to undertake and pay for its removal in the spirit of partnership with the City of Toronto and in support of our mandate to ensure safe navigation in the harbour. PortsToronto has also offered to contribute to repairs of the dock wall near Ireland Park. Like the East Gap pier, PortsToronto does not own this dock wall but the airport's ferry operates in close proximity to the wall and it was therefore appropriate to contribute alongside the City of Toronto.

Another dock wall that will be paid from the proceeds of the 30 Bay Street sale will be the southern dock wall of the West Gap. PortsToronto owns this dock wall which for years has been maintained as an industrial piece of infrastructure. However, we are now seeing new potential in this wall and have been working on a plan to repair the wall and make it into a public space that can be enjoyed by passengers, staff and the community. The work will be completed in phases with the first phase dedicated to restoring the structural integrity of the wall. From there we will layer design elements such as boardwalk decking, plants and seating to make this a place people can visit or enjoy looking at from farther afield.

The sale of 30 Bay Street and our financial results have enabled PortsToronto to continue to make important contributions and investments in our community and along the waterfront, balancing commercial pursuits with community and environmental priorities. In fact, since 2009, PortsToronto is proud to have contributed more than \$10 million in community and environmental initiatives.

As part of our commitment to the environment and operating in a sustainable manner, PortsToronto releases a Sustainability Report each February that details initiatives, both large and small, that demonstrate our commitment to operating sustainably. The areas of focus in the report align with the Global Reporting Initiative (GRI) that has developed a comprehensive Sustainability Reporting Framework which is considered a best practice in public disclosure. Our sustainability efforts include reducing our environmental footprint through expanded recycling efforts, reduction of hazardous materials and use of hybrid-electric vehicles. PortsToronto is proud to be the only airport and port authority in Canada to use 100% renewable electricity in all of its operations through

**Profitability makes
reinvestment possible**

**Award-winning
operations**

Bullfrog Power. I would encourage everyone to read our Sustainability Report, which is available on our website, to learn more about the initiatives underway and plans to mitigate operational impacts on the environment.

Finally, 2017 also saw a continued focus on the future with work on key infrastructure projects. Along with the opening of the GRE as part of our award-winning Noise Mitigation Program, Billy Bishop Airport entered the second year of its airfield rehabilitation project in 2017. The significant three-year construction project is working towards replacing the existing aging civil and electrical infrastructure for the airport's runways, taxiways and apron. Additionally, Nieuport Aviation Infrastructure Partners, owner and operator of the airport's passenger terminal, began upgrades and enhancements to the airport terminal which will add approximately 2,500 square metres to the terminal, the majority of which will be located in the passenger lounges, and provide for a host of new amenities and services.

Last year Toronto broke tourism records with more than 43.7 million visitors to the city, a 3.6 per cent increase from 2016. With some of those visitors entering the city through our ports, both from Billy Bishop Airport and aboard cruise ships to Toronto's harbour, we take pride in the role we continue to play to help make Toronto a world-class destination. In 2017 the airport was once again recognized for its ease of access and emphasis on customer service with a series of global passenger-driven awards. The airport was named Best Airport in North America in the Airports Council International's (ACI) 2017 Airport Service Quality Awards; one of North America's best airports at the Skytrax World Airport Awards, and one of the best airport's globally in the under 5 million passenger category in the Skytrax World Airport Awards. The airport also ranked sixth in a Top 10 list of global airports by Condé Nast Traveler Readers' Choice Awards and as one of the Top Ten Most Beautiful Airport Approaches in the world by PrivateFly Charters.

The year ahead is set to be another exciting year as we continue to work towards our goals for our business units, community investment, environmental stewardship and city building. In 2018 Billy Bishop Airport will complete the final year of the airfield rehabilitation project; an upgraded terminal will open which will provide more space and improved amenities

to travellers; and we will conclude research and consultation on an updated airport Master Plan which will be made public in early 2019. PortsToronto will look forward to welcoming Cinespace to our port property, as construction to transform our Marine Terminal 51 and parts of the Cruise Ship Terminal will near completion. Throughout the year we will also be focusing on our sustainable operations and partnering with community and charitable organizations to continue to activate the waterfront.

I would like to take this opportunity to recognize the dedication of our employees, the support and commitment of our board of directors, and the co-operation and feedback of our stakeholders and community partners, all of whom contributed to our achievements in 2017. The waterfront is an active and interesting mixed-use community and we look forward to continuing to work with all of our partners including Transport Canada, City of Toronto, Waterfront Toronto, Toronto and Region Conservation Authority and CreateTO in the years ahead to ensure our operations remain strong and within balance.

As we look toward the future I look forward to building on our foundations of success. Together with stakeholders, our community and our partners we will continue our work of making connections and creating gateways, both within our city and around the world.

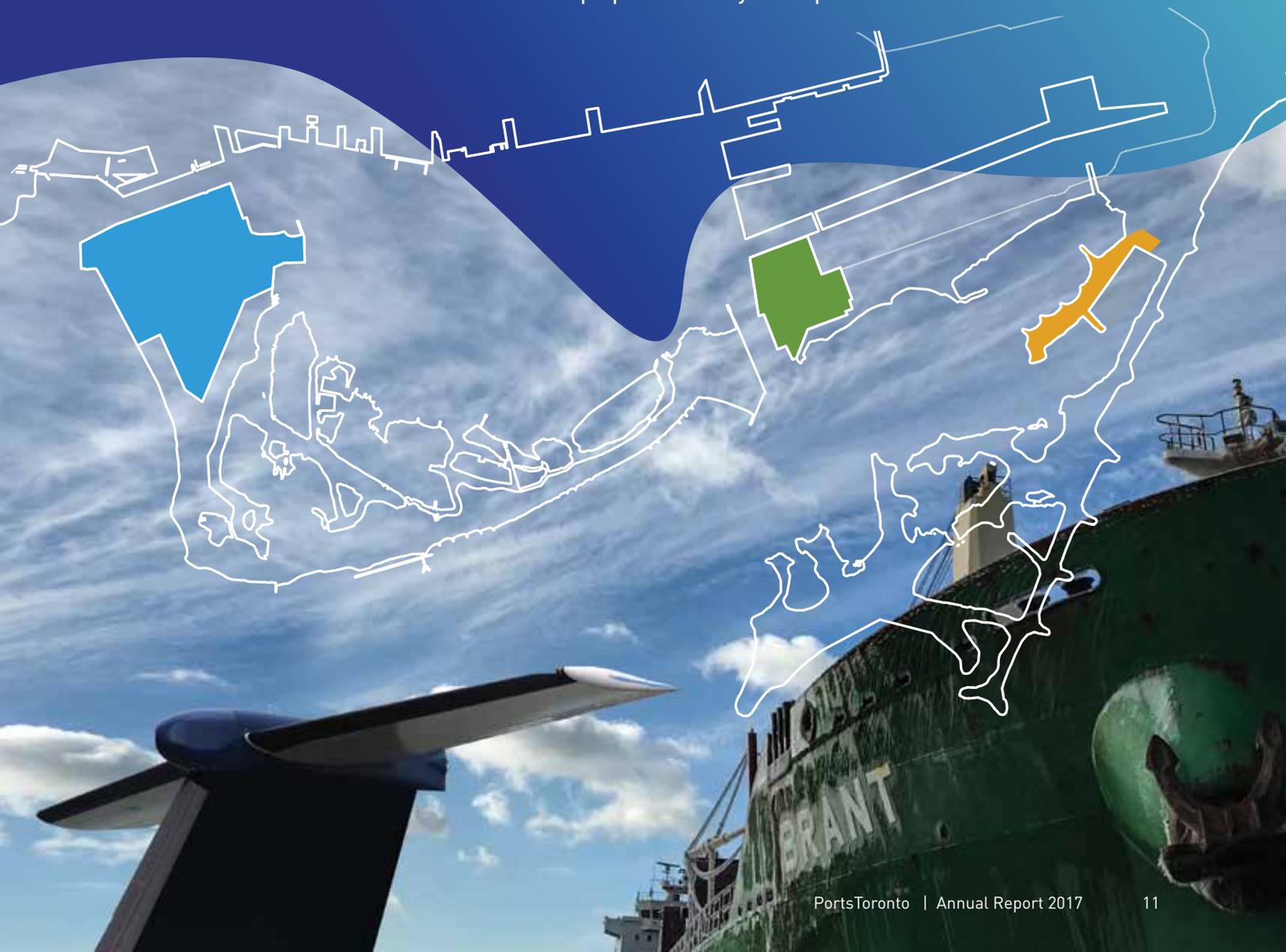


Geoffrey A. Wilson
Chief Executive Officer
PortsToronto



PORTS TORONTO

For more than 100 years PortsToronto has worked with our partners at the federal, provincial and municipal levels to enhance the economic growth of the City of Toronto and the Greater Toronto Area. Billy Bishop Airport and the Port of Toronto serve as urban transportation hubs for Canadian and international businesses to gain easy, convenient and cost-effective access to the heart of Canada's most populous city and province.



Corporate Governance

The following four standing committees oversee various facets of our operations and assess recommendations from management:

- **Audit and Finance**
- **Governance and Human Resources**
- **Communications and Outreach**
- **Pension**

**During 2017,
the board met
15 times**

**Board appointed
by all levels of
government**

PortsToronto is the successor agency of the Toronto Harbour Commissioners (THC), which managed the Toronto Harbour from 1911 to 1999. As part of a broad strategy developed by the federal government to modernize the administration of ports, the Toronto Port Authority, now PortsToronto, was established in 1999 to operate the port, marina, airport and land holdings.

Established under the Canada Marine Act, PortsToronto is a government business enterprise that is mandated to be financially self-sufficient and receives no federal, provincial or municipal funding. PortsToronto operates in accordance with the Canada Marine Act and Letters Patent issued by the federal Minister of Transport in addition to a series of specific policies and procedures. The Letters Patent include requirements related to PortsToronto's board of directors and outline the activities that can be undertaken by the organization.

PortsToronto is accountable to the federal government through Transport Canada, and is guided by a nine-member board of directors composed of individuals appointed by all levels of government—federal, provincial and municipal. Six members of the board are appointed by the Minister of Transport in consultation with committees representing four identified user groups—commercial, recreation, airport and port operations. The City of Toronto and the Province of Ontario have a direct governance relationship with PortsToronto via their appointees to the PortsToronto board of directors. The PortsToronto board met 15 times in 2017.

In 2016, PortsToronto designed a new User Group Director Nomination process that harmonized the nomination framework established in our Letters Patent with the federal government's open, transparent and merit-based process for public appointments. This User Group Director Nomination process was endorsed by Transport Canada and has been suggested as a best practice for other Canadian Port Authorities to reference for their User Group Director Nomination processes.

In 2016, PortsToronto updated its Corporate Governance Manual, consisting of the Board Mandate and Committee Charters, to reflect best practices from other industry leaders. A copy of the Governance Manual can be referenced on the PortsToronto website.

PortsToronto Board of Directors



G. MARK CURRY

JEREMY ADAMS
(retired January 2018)

DARIN E. DESCHAMPS
(appointed April 2017)

ROBERT D. POIRIER
Chair of the Board

JAN INNES

SEAN L. MORLEY
(retired September 2017)

AMANDA WALTON

Corporate Governance

The board of directors is appointed as follows:



One appointee nominated by the federal Minister of Transport



Six individuals appointed by the federal Minister of Transport in consultation with the below industry groups.

- Commercial
- Airport
- Port-related activities/operations
- Recreational business



One individual appointed by the City of Toronto



One individual appointed by the Province of Ontario

All individuals nominated by the Minister of Transport are appointed by the Governor in Council.

PortsToronto Senior Management



DEBORAH WILSON
Vice President of
Communications
and Public Affairs

CRAIG MANUEL
Vice President and
General Counsel

GENE CABRAL
Executive Vice President,
PortsToronto and Billy
Bishop Toronto City
Airport

GEOFFREY A. WILSON
Chief Executive Officer

ALAN J. PAUL
Senior Vice President
and Chief Financial
Officer

CHRIS SAWICKI
Vice President of
Infrastructure,
Planning and
Environment

BILLY BISHOP

TORONTO CITY AIRPORT

Billy Bishop Airport served 2.8 million passengers in 2017, 2.1 million of which were non-connecting local passengers.

Billy Bishop Toronto City Airport

Billy Bishop Airport is Canada's ninth-busiest airport, welcoming 2.8 million business and leisure travellers in 2017. The airport is also Canada's sixth-busiest airport with passenger service to the United States. Offering service to more than 20 cities in Canada and the U.S., with connection opportunities to more than 80 international destinations via our airlines' networks. Billy Bishop Airport is an important international gateway and a key driver of Toronto's economy, generating more than \$470 million in Gross Domestic Product (GDP) and supporting 4,740 jobs, including 2,080 directly associated with airport operations.

The airport hosts two award-winning commercial air carriers, Porter Airlines and Air Canada, and has gained an excellent reputation throughout the travelling community for superior customer service and amenities such as the pedestrian tunnel, convenient shuttle service, full-service lounges, proximity to downtown and shorter security lines. The close proximity to downtown Toronto and the ease of access to the airport have made Billy Bishop Airport the airport of choice for business and leisure travellers alike.

In 2017, the airport was recognized with a series of passenger-driven awards, including tying for second place for Best Airport in North America (over two million passenger category) and the Best Airport in North America (two to five million passenger category) in the 2017 Airport Council International's Airport Service Quality Awards. The airport also ranked the 10th best regional airport in North America, and also ranked the 10th best airport globally in the under five million passenger category at the Skytrax World Airport Awards, the premier international airport awards voted on by 13.8 million passengers worldwide. Billy Bishop Airport was also named the sixth best international airport by Condé Nast Traveler and was listed one of the Top Ten Most Beautiful Airport Approaches in the world by PrivateFly.

Billy Bishop Airport continues to be a key facilitator of business travel and tourism, creator of high-quality employment, and a significant economic engine for the GTA. Through direct and indirect economic benefits, the airport continues to support Toronto's key sectors including financial services, life sciences, food and beverage, travel and tourism, and the film and television industry. The airport also boosts the local economy, with visitors coming through Billy Bishop Airport spending approximately \$150 million a year on accommodation, transportation, retail and food and beverage.

As well as commercial carriers, Billy Bishop Airport also serves as a base for an air ambulance service, two Fixed Base Operators and is home to a personal/general aviation community that includes approximately 50 private planes and one flight school. The airport is also home to several non-terminal commercial carriers such as FlyGTA that offers service to Niagara, Waterloo, and Barrie; and Pascan Aviation operating to St. Hubert, Quebec.

BILLY BISHOP

TORONTO CITY AIRPORT



Billy Bishop Airport is a key supporter of Toronto's economy and supports more than 4,740 jobs.

The airport is a base for an air ambulance service that made more than 4,700 medical flights in 2017.



Terminal Upgrades

Nieuport Aviation Infrastructure Partners, owner and operator of the airport's passenger terminal, continued work on the terminal in 2017. The project, will add approximately 2,500 square metres to the terminal, with the majority of new space being added to the passenger lounges. This will facilitate more food and retail services and amenities.

The construction upgrades include reconfiguration of office and administrative areas to accommodate passenger processing needs and space in anticipation of a U.S. Customs and Border Protection preclearance facility. The upgrades will also add an 11th gate to increase the terminal's operational flexibility and efficiencies, especially during peak travel periods and weather events.





Airfield Rehabilitation Project

In 2017, Billy Bishop Airport entered its second year of its Airfield Rehabilitation Project — a significant, three-year construction project to replace the existing aging civil and electrical infrastructure (pavement and lighting) for the airport's runways, taxiways and apron. The project will aid in reducing carbon emissions through design features such as higher-friction runways that allow aircraft to slow down in less time.

With construction activities often occurring during nighttime hours when the airport is closed to commercial air traffic, a number of measures were implemented to minimize the noise impact on local residents. In order to reduce construction-related traffic noise through the Bathurst Quay Neighbourhood, the majority of equipment and material for the Airfield Project was transported to the site by barge from wharves located at PortsToronto's Marine Terminal property in the Port Lands to a temporary dock on the east side of the airport. The floating barge was able to transport 900 tonnes of aggregate material from the Port Lands to the airport in one trip, eliminating the equivalent of 64 dump trucks (32 each way). This accounted for 4,125 fewer truck movements in total that travelled the

neighbourhood's roadways during phase II of the airfield rehabilitation project. The rehabilitation is expected to conclude in fall 2018.

As part of the Airfield Rehabilitation Project, PortsToronto commissioned the construction of a Ground Run-up Enclosure that opened in April 2017. The GRE was constructed at a cost of \$9 million, paid for by PortsToronto and not taxpayers.

Located on the southwest side of the airfield, the three-sided, open-top facility accommodates commercial aircraft and is designed to dampen the noise associated with high-power aircraft engine ground run-up operations. It is only the second of its kind in Canada.

The GRE has had a significant and positive impact on our noise mitigation program. In 2016, Billy Bishop Airport received more than 36 complaints related to engine run-ups. However, since the facility opened in April 2017, only one noise complaint related to engine run-ups has been received.



**Billy Bishop Airport
won the Airports
Council International
(ACI-NA)
Environmental
Achievement Award
for its Noise Mitigation
Program.**



The Port of Toronto

The Port of Toronto is situated on the northwest shore of Lake Ontario. Primarily a bulk cargo destination, the Port of Toronto is uniquely located minutes from downtown Toronto. The port handles global cargo from destinations as far away as Germany, South Korea, Australia and South America.

For 225 years the port has served as a unique and crucial piece of economic infrastructure for the city of Toronto. The first commercial shipment was received in 1749, but it took another 44 years for the town of York (later renamed Toronto) and the shipping port to be established. Since then the Port of Toronto has been governed by the province of Upper Canada, Toronto Harbour Trust, the Toronto Harbour Commissioners and now the Toronto Port Authority (PortsToronto).

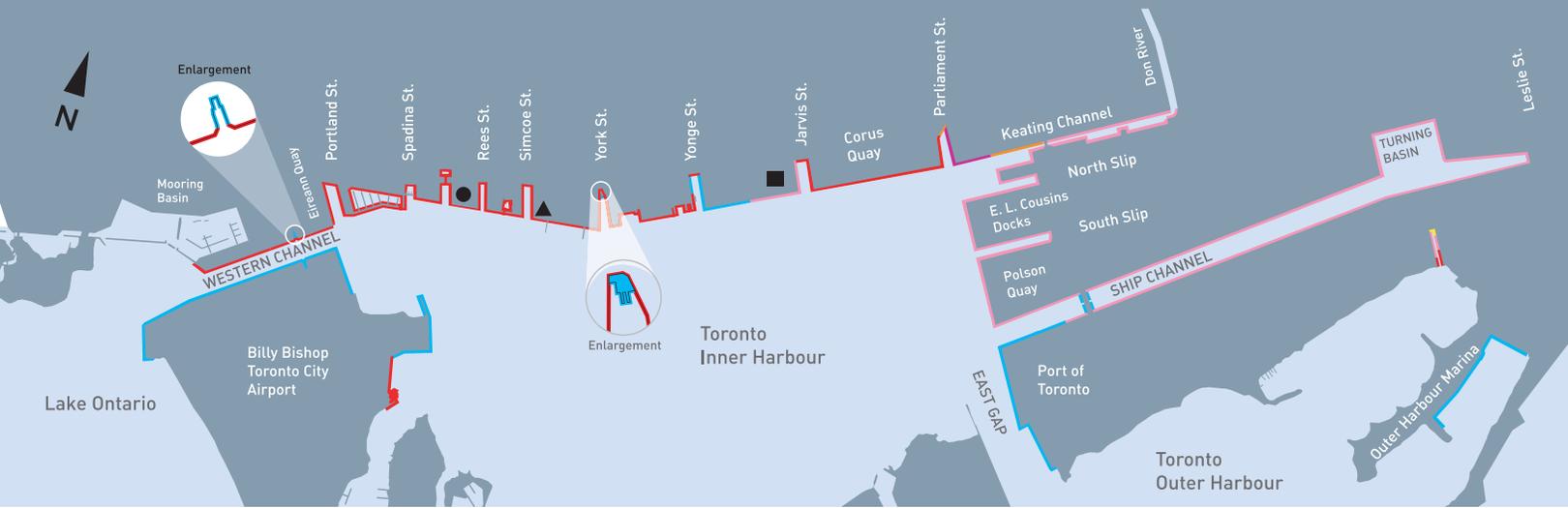
In 2017 the Port of Toronto experienced its best year in more than a decade as approximately 2.2 million metric tonnes of cargo from around the world was shipped through the port. Sugar, road salt, cement and aggregate were brought directly into the heart of Toronto by 201 ships that visited the port over the course of the past year. Port tonnage for 2017 was up more than 16 per cent from 2016. Salt imports increased 50 per cent since 2016, with 745,403 metric tonnes brought in throughout the year. Cement cargo remained strong at 679,951 tonnes, and stone, aggregate and sand cargo levels increased to a total of 176,105 tonnes in 2017. Sugar imports were up by nine per cent with 561,467 tonnes of raw sugar delivered through the port in 2017.

PortsToronto is also the owner and operator of Marine Terminal 52. PortsToronto's 52-acre facility has more than 100,000 square feet of warehouse space and over 20 acres of paved marshalling area. Due to being strategically located minutes from Toronto's downtown core, and the ample space available, the port is a natural fit to serve varied shipping and supply chain needs. The Port of Toronto's location means the sugar, salt and cement cargo has only a few kilometres to travel to reach its final destination. PortsToronto is also working to modernize the rail connections near the port to provide an alternative to truck transport should cargo need to go beyond Toronto.

In addition to the economic impact, increased imports through the port have a positive impact on the environment and traffic congestion, given that the approximately 2.2 million metric tonnes of cargo delivered by ship took approximately 54,000, 40-tonne trucks off Toronto's already congested roads and highways. In fact, one tonne of freight can travel 240 kilometres on a single litre of fuel by ship, whereas it can travel only 30 kilometres on the same amount of fuel by truck.



Port tonnage for
2017 was up 16%



LEGEND

- PortsToronto
- City of Toronto
- TPLC
- Waterfront Toronto
- Province of Ontario
- Private

LANDMARKS

- Rogers Centre
- ▲ Harbourfront Centre
- Redpath Sugar

DOCK WALLS IN TORONTO'S HARBOUR

PortsToronto owns 17 per cent of the dock walls in the harbour. The remaining dock walls are owned by the City of Toronto, Waterfront Toronto, or Toronto Port Lands Company (TPLC). Of the 17 per cent of the dock walls owned by PortsToronto, some of these walls are leased to other organizations. For example, the Yonge Street Slip dock walls are on long-term lease to Waterfront Toronto (north end) and the City of Toronto (south end and corner).

DOCK WALL ENHANCEMENT ALONG THE WESTERN GAP

PortsToronto has been working on a plan to repair the south dock wall along the Western Gap and make it into a public space that can be enjoyed by the community. The work will be completed in phases with the first phase dedicated to restoring the structural integrity of the wall. From there PortsToronto will layer design elements such as boardwalk decking, plants and seating to make this a place people can visit and enjoy. Ideally people can take the ferry or tunnel, and sit along the dock wall to enjoy some of the best views of the city. Work has begun on the first phase and PortsToronto will release updates on the progress of the wall enhancement as the project proceeds.



PORT OF TORONTO



**Five-Star Rating,
440-Passenger
Luxury Cruise
Ship Liner.**



In 2017, the Port of Toronto Cruise Ship Terminal welcomed more than 5,600 cruise ship passengers.

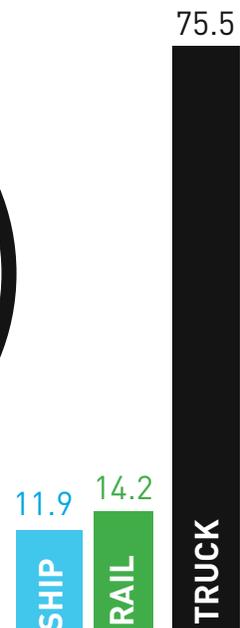
The Port of Toronto

In addition to traditional marine cargo, the Port of Toronto is a growing cruise ship destination, with 16 cruise ships bringing more than 5,600 passengers to visit Toronto via PortsToronto's Cruise Ship Terminal in 2017. The 220-passenger U.S. vessels MS Victory I and MV Pearl Mist visited multiple times throughout the summer and early fall and the five-star, 440-passenger German MS Hamburg was also back for several trips in 2017. The Port is expecting an even bigger year in 2018 with 21 cruise ships expected in the summer and fall.

With access to some of the best views in Toronto, The Port of Toronto continues to be a popular filming location for major television dramas and big-screen blockbusters. In what was another strong year for the industry in Toronto, filming activity at PortsToronto's properties included *The Indian Detective*, *Designated Survivor*, *Salvation*, *The Machine* and *Taken*.

In March 2018, PortsToronto announced that it had entered into a multi-year lease with Cinespace Film Studios to occupy and develop Marine Terminal 51 and portions of the Cruise Ship Terminal into film and TV production facilities. Cinespace's Toronto studio facilities are known for housing award-winning productions such as TV series *The Handmaid's Tale*, and 2018 Best Picture Oscar winner, *The Shape of Water*. This long-term agreement enables PortsToronto to support a successful Canadian company, a burgeoning local film industry and the City of Toronto's vision for the Port Lands as an important economic district. The new Marine Terminal studio complex will feature 165,000 square feet of production space that both relocates and enhances capacity recently displaced, and most importantly keeps this activity within Toronto's strategically important studio district.

DID YOU KNOW?
Ships have the smallest carbon footprint compared to other modes of transportation — CO₂ grams per metric ton/km.





"Hearing the clear and recurring requests from Toronto's repeat film clients for more studio space in our city, we asked every agency in Toronto to audit their inventories for large sites that could be leased to the film industry. I am gratified that PortsToronto and Toronto's studio veterans – Cinespace – have come to this agreement in the Port Lands. Our proud city and our award-winning industry look forward to a long and steady stream of new film and television production activity in the heart of Toronto."

—Mayor John Tory
City of Toronto

CINESPACE FILM STUDIOS

In March 2018, PortsToronto announced that it had entered into a multi-year lease with Cinespace Film Studios to occupy and develop Marine Terminal 51 and portions of the Cruise Ship Terminal into film and TV production facilities. The new Marine Terminal studio complex will feature 165,000 square feet of production space.

Cinespace is best known for the Academy Award-winning film *The Shape of Water* and the Emmy-award winning *A Handmaid's Tale*. PortsToronto is pleased to support a successful Canadian company, a burgeoning local film industry and the City of Toronto's vision for the Port Lands as an important economic district. This is a win/win as full utilization of PortsToronto's holdings is a priority for PortsToronto, and supporting this important economic sector and the jobs it creates is a priority for the City of Toronto.



OUTER HARBOUR Marina



5 Green Anchor
Gold Rating

In 2017, 470 new
permits were
issued to boaters,
with 6,120 active
permits currently
held.

Outer Harbour Marina

Just outside the Toronto Harbour and a short walk from Tommy Thompson Park, the Outer Harbour Marina (OHM) is located just 10 minutes from the downtown core. With breathtaking scenery and a world-class marina, the OHM offers a unique escape from city life without having to leave Toronto.

As one of the largest freshwater marinas in Ontario, the OHM has more than 625 extra-wide slips that can accommodate boats up to 100 feet long. As well as being the only docking facility of its kind in Toronto, the OHM also boasts heated indoor boat storage. The Outer Harbour Marina continued its steady performance in 2017 with operating income of \$1.5 million.

The OHM also provides best-in-class amenities. When not out on the water, boaters and their families enjoy free WiFi, access to laundry, as well as a spacious BBQ pavilion and picnic area with ample green space. The OHM has a reputation for excellence, especially when it comes to environmental stewardship. In 2017, it earned a 5 Green Anchor Gold rating from the Ontario Marine Operators Association for the eighth year in a row—one of the highest rankings attainable for marinas that follow environmental best practices.

Every recreational boater operating a powered vessel within PortsToronto's jurisdiction, which extends from the mouth of the Humber River to Victoria Park Avenue, is required to have a Powered Vessel Operator's Permit. PortsToronto's Powered Vessel Operator's Permit education program, which includes on-water testing, takes place at the Outer Harbour Marina from May to September. In 2017, 470 new permits were issued to boaters, with 6,120 active permits currently held by boaters.

OUTER HARBOUR
Marina



REAL ESTATE AND PROPERTY HOLDINGS

Real Estate and Property Holdings

Property and other holdings are a small component of PortsToronto's business and include Leslie Street Spit, 5 Queens Quay West, Pier 6 and various additional water and land lots. These properties are leased to other businesses, and some have the potential for redevelopment.

In the spring of 2017, the historic Toronto Harbour Commission building at the corner of 30 Bay and 60 Harbour was sold to Oxford Properties Group (Oxford) and the Canada Pension Plan Investment Board (CPPIB). Oxford and CPPIB have submitted a development proposal for the site to the City of Toronto that will maximize its potential and will continue to provide information about the process for the site as it becomes available. Most important, the historic Toronto Harbour Commission building will be restored and maintained as part of the future development of the property, ensuring that it will remain for generations to come.

The proceeds from the sale will be used to reinvest funds into marine safety, environmental protection, community programming, and transportation infrastructure such as the repair of aging dock walls, building "last mile" road and rail access in the port area, and improving navigation in areas of the harbour.



Did you know?

Pier 6 is the oldest surviving building on Toronto's waterfront.

Pier 6 is the oldest surviving building on Toronto's present waterfront. Its steep roof and deep eaves, cargo doors, and classical detailing are characteristic of the port's freight sheds around the turn of the century. Built in 1907 as part of a ferry terminal complex near the corner of Yonge Street and Lake Shore Boulevard, it was cut in half and relocated to the York Street slip in 1922 soon after the original site was reclaimed. It then served as a shed and garage until 1953, when it was refurbished to become the Royal Canadian Yacht Club's shore station.

Development pressures during the 1980's included plans to fill the north end of the York Street slip, and to remove the building. As a result of a joint effort by the Toronto Harbour Commission (now PortsToronto) and the City of Toronto, the historic building was relocated to its current site in the spring of 1989. Completed in 1990, its renovation preserved a unique style of Toronto's waterfront architecture while accommodating a wide range of modern uses.



Above: Pier 6 long before the rapid transit came to the Waterfront, streetcars and buses brought workers to the foot of York Street.



Above: Pier 6 was rolled onto a barge in 1988 and towed across Toronto Harbour for storage while work was carried out on a new foundation.



CITY BUILDING

COMMUNITY

ENVIRONMENTAL

FINANCIAL



Four Pillars

PortsToronto has built its organization on four pillars to ensure an efficient, successful and relevant approach to its business and activities. City building, community investment, environmental stewardship and financial sustainability are equally important in ensuring that PortsToronto serves its key stakeholders and continues to play an important role in building a strong and vibrant waterfront that reflects both commercial and community interests.



City Building

In 2017, Billy Bishop Airport supported 4,740 jobs and contributed \$470 million in gross domestic product. (GDP).



Our global cities are important nodes in the world's economic system. Canada's three largest global cities, Toronto, Vancouver and Montreal, are already home to more than a third of our population, and growing rapidly. This growing population means addressing issues that come with it. According to the 2016 Census Report, growth in Canadian cities is fastest in suburban areas causing urban sprawl that makes infrastructure and connectivity a huge priority. Our connectivity, and our ability to move people and goods, is directly related to our economy. It is estimated that every 10 per cent of increase in global connectivity generates a 1.38 per cent GDP increase.¹ One can only imagine the effect on our economy if we increase this connectivity: More jobs, more revenue for our cities and more quick and efficient ways to move people and goods across the country and around the world.

Since its start as the Toronto Harbour Commissioners in 1911, PortsToronto has made strategic investments in Toronto's waterfront and transportation infrastructure for the city. As the owner of the Marine Terminal Facilities in the Port of Toronto and Billy Bishop Airport along the waterfront, PortsToronto reinvested \$14.6 million in waterfront and transportation infrastructure in 2017. Investments ranging from the replacement of equipment to the maintenance and restoration of our various facilities. This included the second year of the rehabilitation of the airfield and the construction of the Ground Run-up Enclosure at Billy Bishop Airport.

PortsToronto also shares responsibility with the City of Toronto, Toronto Port Lands Company and private corporations in upgrading and maintaining our respective sections of the port's dock walls and harbour infrastructure. In 2018, PortsToronto will work alongside government and the community to make important improvements to the 17 per cent of dock walls that are owned by PortsToronto, as well as dock walls that we don't own but where repair serves the public interest.

Job Creation

Canadian ports are under-recognized for their valuable economic contributions. Ports handle more than 60 per cent of Canada's commercial cargo and are vital to the movement of goods. Further, every million metric tonnes of cargo moved through water ports creates approximately 300 new jobs. The Port of Toronto continues to be a vital connection to the world, not only boosting tourism and trade, but also providing sustainable employment for terminal workers and other jobs related directly to the shipping industry. The port also supports indirect job creation by providing businesses with a convenient, environmentally responsible and cost-effective way to get goods and people into the heart of downtown Toronto.

Billy Bishop Airport is an important international gateway and a key driver of Toronto's economy, generating more than \$470 million in Gross Domestic Product (GDP) and supporting 4,740 jobs, including 2,080 directly associated with airport operations. Construction projects related to the terminal upgrade and the Airfield Rehabilitation Project will also continue to foster job creation in Toronto until their conclusion in late 2018.

¹ Global Cities Council 2015 study "Increasing Global Connectivity & Economic Value through Canada's International Airports" <http://globalcitiescouncil.ca/wp-content/uploads/2016/12/Canadian-Global-Cities-Council-The-Economic-Value-of-Airports-v2.pdf>



43.7 million tourists visited Toronto in 2017.

In 2017, Billy Bishop Airport contributed \$280 million in wages to the local economy.

Facilitator of Tourism and Trade

The unique downtown locations of Billy Bishop Toronto City Airport and the Port of Toronto make them key urban transportation hubs for Canadian and international businesses to gain access to the heart of Canada's business capital. Visitors arriving through PortsToronto gateways also contributed to the record year for tourism in the City of Toronto, with more than 43.7 million tourists making Toronto a destination in 2017.

Since its opening in 1939, Billy Bishop Airport has become an important international gateway and significant economic engine for the GTA. According to a 2017 InterVISTAS study, Billy Bishop Airport generated more than \$470 million in Gross Domestic Product (GDP) with the airport becoming a critical facilitator of the growth of trade and tourism between Toronto and other North American centres. The tourism impact of Billy Bishop Airport is currently estimated to be \$150 million per year.

The Port of Toronto is also a growing hub for tourism with more than 5,600 passengers arriving through the Cruise Ship Terminal in 2017 on 16 ships. These numbers are expected to increase by approximately 31 per cent, with 21 ships expected to make Toronto a port of call in the summer and early fall. Additionally, Marine Terminal 51 and a portion of the Cruise Ship Terminal will become the new home to Cinespace Film Studios as part of a lease with the studio. Already, the port has hosted hundreds of film and television shoots, including the recent Oscar-winning film *The Shape of Water*, which featured stunning views of the port and the waterfront.

Through direct and indirect economic benefits, the marine port and airport continue to support Toronto's key sectors including financial services, life sciences, food and beverage, travel and tourism, and the film and television industry.



Canadian Airports

BY THE NUMBERS 2017



Canadian Airports Council Study: Economic Impact of Airports

Canada's airports are engines for economic development in the communities they serve and are important to local infrastructure as they provide communities with vital links to intra-provincial, national and international trade, and commerce. In 2018, InterVISTAS and the Canadian Airports Council undertook a study of the nation's airports to report on the economic impact of Canada's airports on jobs, tourism and investments. Canada's airports provide 194,000 direct jobs, \$19 billion to the national GDP and \$48 billion in direct economic activity. However, while Canada's airports significantly contribute to employment and economic development in the country, airports also play an important role in ensuring connectivity and access. The number of travellers grew from 66 million in 1988 to more than 140 million in 2016. Over the next 10 years, traffic is projected to increase by another 50 per cent or an additional 75 million passengers.



Based on the 2018 study by Canadian Airports Council (CAC) and compiled by InterVISTAS Consulting.

The Southern Ontario Airport Network



The Southern Ontario Airport Network (SOAN) was formed by 18 commercially significant regional airports to meet the challenges of increasing travel demand. SOAN looks to address the demand for air travel by identifying opportunities to have airports specialize and work together to free up capacity. SOAN's goal is to enable the region's airports to accommodate all the air service needs of the region, and continue to be drivers of local and regional economic opportunities.

- In 2016, 49 million passengers and more than 470,000 tons of cargo flowed through Southern Ontario's airports.
- By 2043 the regional air travel volume is expected to reach 110 million passengers annually and Pearson will reach capacity.
- The current regional air travel capacity across all airports in Southern Ontario is estimated to be around 70 million passengers per year, even taking into account already planned capacity investments at Toronto Pearson.



Community Engagement

PortsToronto has worked with residents and businesses along Toronto's waterfront on our common goal of helping to keep the water's edge vibrant for more than a century. Our continued profitability has enabled us to invest in our priority areas of youth, culture, waterfront, protection of the environment and education, with the ultimate goal of keeping our community strong.

Each year more than \$500,000 in donations and sponsorships to local initiatives, activities and events are made by PortsToronto.

In 2017, PortsToronto funded 23 community initiatives and organizations, including the following:

- Evergreen Brick Works School Greening Program
- Redpath Waterfront Festival
- The Bentway Conservancy — Bentway Park
- Aloha Toronto (benefiting children with autism)
- Set Sail for Hope (benefiting Camp Trillium children living with cancer)
- Beaches International Jazz Festival
- Ireland Park Foundation
- Global Forum
- CivicAction
- Heritage Toronto
- Lake Ontario Waterkeeper
- Moorelands (benefiting youth living in underserved neighbourhoods)
- Pollution Probe
- Sugar Shack
- Billy Bishop House Museum
- Disabled Sailing Association (benefiting people living with a disability)
- Broad Reach Foundation (helping to build character in youth through sail training)
- Make-A-Wish Foundation
- Hope Air (Medical travel assistance)
- Waterfront BIA—Icebreakers 2017
- Emily's House and Philip Aziz Centre for Hospice Care (supporting adults and children living with life-limiting illnesses)
- Waterfront Neighbourhood Centre—Community Connect Garden
- Waterfront Neighbourhood Centre—Room 13
- Windward Co-operative Homes

966 visitors took advantage of the Billy Bishop Airport Free Skate Nights at The Bentway Conservancy Skate Trail.

11,500 people attended and
43 boats moored off shore
to watch movies.



SAIL-IN CINEMA™

Conceived eight years ago as a means to encourage the community to come and enjoy the waterfront and to mark the organization's centennial celebration, Sail-In Cinema has become a can't-miss community event. In 2017, more than 11,500 people attended the award-winning event at Sugar Beach over the course of three evenings to watch the winning movies of the public vote: *Edward Scissorhands*, *Indiana Jones and the Raiders of the Lost Ark* and *Beauty and the Beast*.

Sail-In Cinema continues to be a way for PortsToronto to give back to the community in which it operates, connect with residents and spread awareness of the role the organization plays in the waterfront community.





**Instagram:
50% growth
since 2016**

(combined @BBishopAirport
and @PortsToronto)



**Twitter:
17% growth
since 2016**

(combined @BBishopAirport
and @PortsToronto)



Public Outreach and Meetings

As part of our ongoing efforts to further engage with the residents and businesses surrounding Billy Bishop Airport, PortsToronto established a Community Liaison Committee (CLC) in 2010. With 30 meetings held to date, the CLC gives our neighbours a forum to discuss issues and concerns related to airport development, activities and operations. The committee also enables airport management to communicate operational activities and information to stakeholders and the broader community.

Representatives from neighbourhood community groups, local businesses and stakeholders, as well as local city councillors, make up the membership of the CLC. The committee follows best practices of community engagement, meeting four times in 2017 to address matters such as airport noise management and transportation access, as well as for a tour of the airport. The CLC's quarterly meetings are open to the public and minutes taken by third-party consultant Lura Consulting are posted to the PortsToronto website.

As part of the 2018 Airport Master Planning process, a series of public meetings, in addition to those of the committee, will be held throughout the year at key milestones throughout the planning process.

Public Meetings in 2017

COMMUNITY LIAISON COMMITTEE

- January 25, 2017
- May 3, 2017
- September 13, 2017
- November 22, 2017

ANNUAL GENERAL MEETING

- May 30, 2017

Connecting Online

More than two-thirds of all Ontario residents use social media and PortsToronto engages with the public through multiple social media platforms. In 2017, PortsToronto grew its presence on social media year-over-year with a 6.2 per cent growth on our Facebook pages, a 17.4 per cent increase in followers on our main Twitter accounts and a 50.4 per cent growth on our Instagram accounts. Our social media accounts are used to promote various community and PortsToronto-related events, as well as to respond to questions from airport passengers and the local community.

A real-time update of our social media accounts is also available on the PortsToronto website. News and information relevant to our stakeholders and the community is also posted on the site. Executive correspondence, news releases, project updates and FAQs are regularly updated to ensure transparency and promote greater awareness of PortsToronto and our activities.

In operating four business units, we are in constant contact with our partners, stakeholders and the community, and we pride ourselves on our ability to quickly and efficiently connect with anyone who contacts us. To better encourage this connection, the website includes a feedback portal that enables passengers, residents and stakeholders to quickly and easily contact us with their feedback, concerns and questions. This system also provides an opportunity to track common concerns and trending topics that help us best address the needs of our local community. PortsToronto prioritizes fostering and maintaining positive relationships and strong connections with our neighbours and stakeholders.



Your airport in the heart of Toronto.

Located on Toronto Island, Billy Bishop Toronto City Airport offers service to more than 20 cities in Canada and the U.S.



Arrivals



Departures



Check-in



Shuttle



Pick Up &
Drop Off



Accessibility



Pedestrian
Tunnel



Ferry



Parking

Connecting Just Got Easier

In 2017, a new website was launched by Billy Bishop Toronto City Airport with increased accessibility and enhanced user experience. The new website, billybishopairport.com, was developed using behavioral flow information to create a website experience that helps travelers stay connected with information and updates throughout their airport journey.

The new website also features responsive design, ensuring that the site displays accurately no matter the device used to access it, whether it is mobile, tablet or desktop. With more than 104 languages and text scaling, the new website helps make information accessible to everyone connecting through Billy Bishop Airport.

Keep Connected



@PortsToronto @BBishopAirport
@OHMtoronto





2018 Master Plan an update of 2012 Master Plan.

Airport Master Plan 2018

In January 2018, Billy Bishop Airport began an update of its Master Plan in order to provide a long-range vision for the airport, which in turn assists airport management and other stakeholders in making informed decisions regarding future development. Master Plans are customary for most airports and are usually updated every five years.

The 2018 Master Plan for Billy Bishop Airport will be an update of the 2012 Master Plan, which is available on the PortsToronto website. The primary purpose of an Airport Master Plan is to establish an orderly development concept for the airport that establishes priorities and options for the airport's operation and development over an extended period of time, while at the same time allowing the airport to avail itself of new opportunities to serve the needs of the community, operators and passengers.

An Airport Master Plan is not a regulatory document but rather a planning tool intended to deliver a long-term strategy for the airport that provides a framework for future planning and development. The typical planning horizon for an Airport Master Plan is 20 years.

The planning process for the Billy Bishop Airport Master Plan kicked off in January 2018 and will include a comprehensive public consultation process that includes airport stakeholders, operators, government agencies, neighbourhood community groups, First Nations communities and the general public. Engagement with each of these groups will continue at key milestones throughout the planning process.

PortsToronto will provide regular project updates throughout the planning process on social media and on a dedicated project website that can be accessed at www.BillyBishopAirportMasterPlan2018.com. With work underway throughout 2018, the Master Plan will be released in early 2019.

Noise Management Office

Billy Bishop Airport's Noise Management Office includes dedicated staff who collect, analyze and respond to noise complaints and monitor daily operations. Staff at the office use Vortex, a customizable tracking and logging software platform designed specifically for the needs of an airport environment to track, document and respond to noise complaints. In 2017, 99.7 per cent of the complaints received were handled within the five-day window that the airport adheres to as part of our commitment to the community.

The Noise Management Office also continues to offer free access to WebTrak, which enables anyone with a computer, smartphone or tablet to gather information on any aircraft activity they may hear overhead. This service, combined with our three Noise Monitoring Terminals (NMTs), provide ongoing noise-level data to the airport's Noise Management Office. The data is used in long-term noise mitigation planning and to aid in responding to noise complaints from the surrounding community. The data transmitted by the NMTs is also viewable through the WebTrak website.

Billy Bishop Airport also releases a detailed Annual Noise Management Report to the community which is available on our website.

Billy Bishop Airport is one of the most noise restricted airports in North America, operating within a Noise Exposure Forecast (NEF) 25 criterion. Specific noise-parameters are also placed on the type of aircraft that can fly to and from the airport.



WEBTRAK

Webtrak, an Internet-based software service that enables anyone with a computer, smartphone or tablet to gather information on an aircraft they hear flying overhead, was launched in 2014.

FERRY

New equipment was installed on the ferry to dampen engine noise in 2015. In addition, an early-morning start-up procedure for the ferry to redirect noise away from the mainland was implemented.

BARGING

In order to reduce construction-related traffic noise through the Bathurst Quay Neighbourhood, the majority of equipment and material for the airfield project was transported to the site by barge from wharves located at our Marine Terminal in the port lands to a temporary dock on the east side of the airport. This accounted for 4,125 fewer truck movements via the airport neighbourhood's roadways during phase II of the airfield rehabilitation project.

GRE

Ground Run-Up Enclosure (GRE), which went into operation in April 2017, has decreased complaints related to scheduled engine-run ups by 97 per cent since opening.

NMT Noise Monitoring Terminal

NMT Two Noise Monitoring Terminals

NOISE BARRIER
Built in 2012, the noise barrier is constructed to mitigate noise from aircraft operations. The 93-metre-long and 6-metre-high barrier is located at the airport's northwest side at the Western Gap. The barrier aids in mitigating aircraft noise experienced by Stadium Road residents.



CURFEW

All aircraft at Billy Bishop must operate within a curfew that prohibits any aircraft, other than emergency flights or Medevac aircraft, from taking off or landing between the hours of 11:00 p.m. and 6:45 a.m.



WINNER—2017 ENVIRONMENTAL ACHIEVEMENT AWARD FOR NOISE MITIGATION



Billy Bishop Airport won the Airports Council International 2017 Environmental Achievement Award for its Noise Management Program.



Billy Bishop Airport has four covered bike racks located on the Island.

Traffic Management

Rapid condominium development and attractions such as the Rogers Centre, along with the popularity of the airport, have resulted in increased traffic in the Bathurst Quay area. For its part, Billy Bishop Airport continues to encourage travellers to take sustainable modes of travel to and from the airport. Efforts are proving to be successful as a study recently confirmed that, on average, 40 per cent of travellers choose to take the shuttle bus, public transit, walk or bike from the airport. This is the highest percentage of non-single-vehicle transportation for any airport in North America.

In order to encourage alternative means of access and further decrease traffic-related noise, Billy Bishop Airport offers a complimentary regular shuttle service between the airport and downtown Toronto. The service is available on weekdays, weekends and holidays, with convenient non-stop shuttle service during peak hours. Due to the popularity of the shuttles, four new 32-foot shuttle buses—equipped with free on-board WiFi and GPS tracking so passengers can track their rides—were added in April 2016.

The pedestrian tunnel, which opened in 2015, continues to be a strong contributor to effective traffic management. Before the tunnel opened, passengers arrived and departed in large groups tied to the ferry schedule. This caused vehicle congestion and increased traffic noise at the mainland terminal and along Eireann Quay. Now, with more than 90 per cent of passengers using the tunnel, people come and go on their own schedules, eliminating traffic surges. A study by Dillon Consulting estimated that vehicle traffic in the area has gone down by as much as 75 per cent since the opening of the tunnel.

In 2017, PortsToronto also worked with the City of Toronto to install new bike racks near the mainland ferry terminal in addition to the four covered racks on the island, which encourage passengers and employees to cycle to and from the airport to further reduce airport traffic. The increasing popularity of biking to the airport has made the Bike Share station at the Bathurst Street and Eireann Quay intersection one of 10 busiest in the city's network. During peak cycling season in 2017, approximately 91 rides per day were generated from this Bike Share location with an even split between rides starting at the station and ending at the station. Ridership continued in the winter with 25 rides generated per day from this location. Plans are being considered to expand the docking station due to its popularity.



On average, 40 per cent of travellers choose to take the shuttle bus, public transit, walk or bike from the airport.



90% of airport passengers use the Pedestrian Tunnel

Traffic in the area has decreased by an estimated 75 per cent since the opening of the Billy Bishop Airport Pedestrian Tunnel.



Shuttle

Track the Billy Bishop Airport complimentary shuttle service on your mobile device.



2017 PortsToronto Sustainability Snapshot

PortsToronto proudly sponsors Lake Ontario Waterkeeper's Swim Guide, a website and smartphone app that delivers real-time, water-quality information to Swim Guide users for over 7,000 beaches, lakes, rivers and swimming holes in Canada and around the world...including Toronto's harbour and waterfront



Fish and Wildlife Habitat at the Leslie Street Spit.



PortsToronto worked with Alvéole to install urban bee hives to support the local bee population.



Pollinators installed for Native Bees.



The 770-square-foot butterfly garden was designed by Evergreen Canada and features perching areas for butterflies, bees and other pollinators, as well as avian habitat space for the wide variety of bird species that use the Leslie Street Spit area as a stopover point on their annual journeys south.



Port of Toronto: Green Marine Level 4 Status in Sustainability and Environment

Outer Harbour Marina: 5 Green Anchor Gold Rating



Since joining the bullfrogpowered community, PortsToronto has displaced more than 16,219 tonnes of CO₂.

In 2017, PortsToronto crews responded to 27 calls reporting debris and spills to the Harbour Hotline.

New equipment was installed on the ferry to dampen engine noise in 2015. In addition, an early-morning start-up procedure for the ferry to redirect noise away from the mainland was implemented.



Effective glycol containment process to ensure de-icing fluid does not impact Lake Ontario.

Progress toward goal to replace all operational vehicles with hybrid models by 2020, where commercially available.



Billy Bishop Airport ferry converted to bio-diesel fuel.



PortsToronto continued to sponsor the Waterfront Neighbourhood Centre's Community Connect Garden which produced 125 kg of organic fruit and vegetables for the community.



In 2017, approximately 25,000 cubic metres of sediment material was removed from the mouth of the Don River through PortsToronto's dredging process. Dredging removes sediment in order to achieve a navigable river depth and allow the smooth flow of water and ice through the Keating Channel.



24 schools were selected for greener playgrounds through Evergreen Canada's Children's Program.





Environmental Stewardship

As the owners and operators of Billy Bishop Airport, the Port of Toronto and the Outer Harbour Marina, keeping the Toronto Harbour clean and protecting the waterfront environment are among PortsToronto's most important priorities. We recognize that a sustainability plan inclusive of environmental protection and green business operations is important to our long-term future as a business and the role we play in making connections between Toronto and the world.

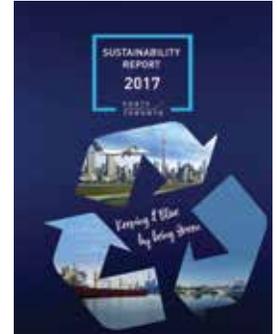
PortsToronto Sustainability Committee

At PortsToronto, all employees are responsible for conducting business in an environmentally sustainable manner and are encouraged to look for areas of improvement within their day-to-day activities. Now in its second year, the PortsToronto Sustainability Committee comprises of staff from each business unit. The committee meets monthly to share ideas and strategies for sustainability while employing environmental best practices throughout PortsToronto's business units and operations.

Some of the 2017 initiatives put forth by the Sustainability Committee included reusable water bottles for all staff, implementing new office-wide recycling initiatives and continuing to move toward a paperless workplace. The committee also continued to mark special events with initiatives for PortsToronto employees to engage in including the Great Canadian Shoreline Cleanup, the airport's annual Foreign Object Debris Pick-Up and Waste Reduction Week.

2017 Sustainability Report

PortsToronto released its third-annual Sustainability Report in February 2018 as part of the commitment to build upon the strong foundation set out in our inaugural sustainability report and to report on progress and targets achieved in 2017. The report consolidates the work PortsToronto is doing to employ environmental best practices throughout operations as we continue to measure our efforts and maximize the impact of our sustainability initiatives.



The annual Sustainability Report details the organization's performance on three key priorities associated with its sustainability efforts – environmental protection, community engagement and economic performance.

Some of these initiatives include:

- Constructing a noise-dampening Ground Run-up Enclosure at Billy Bishop Airport;
- Continuing to choose 100 per cent green electricity from Bullfrog Power across all operations and utilizing hybrid-electric vehicles for maintenance operations where feasible;
- Creating new green spaces and natural habitats to increase biodiversity;
- Investing \$10 million in community and environmental initiatives since 2009, supporting such organizations as Evergreen Brickworks, Lake Ontario Waterkeeper, Waterfront Neighbourhood Centre and Ireland Park Foundation.



MIKE DWYER
Outer Harbour Marina

JEN BRAILSFORD
Communications and Public Affairs

TANJA STOJANOVSKI
Corporate Services

MIKE LAMONT
Works and Environmental Services

JOHN HUGGETT
Health and Safety

MIKE RIEHL
Port of Toronto

ANGELA HOMEWOOD
Infrastructure, Planning and Environment

GARY COLWELL
Billy Bishop Airport

ANGIE STEWART
Outer Harbour Marina



PortsToronto sponsors the Waterfront Neighbourhood Centre's Community Connect Garden which produced 125 kg of organic fruits and vegetables for the community.

The Waterfront Neighbourhood Centre's Room 13 program is also sponsored by PortsToronto and offers free programming to children in the community that enables them to develop personal skills while exploring a variety of art styles.





PortsToronto and Billy Bishop Airport are the only port and airport in Canada to use 100% green energy.

Sustainable Procurement Policy

PortsToronto's impact is not limited to its facilities and operations, but extends to the purchasing choices it makes and their impact on the environment. As a result, PortsToronto began development on a sustainable procurement policy in 2017 that will apply to new and existing suppliers.

PortsToronto's procurement policy seeks out businesses that share this sustainability commitment, in an effort to ensure that impacts on the value chain are more positive. To influence our impacts both upstream (e.g. purchasing) and downstream (e.g. product waste), the policy adopts the following guiding principles to consider when procuring goods and services:

- Limit demand on raw natural resources;
- Avoid non-natural substances to limit material produced by society;
- Source material that limits degradation of the natural environment;
- Ensure health and safety of society to meet human needs;

The sustainable procurement policy is expected to be finalized and in place in 2018.

Energy Audit

PortsToronto engaged Mooney Solutions, a Toronto-based energy consulting firm in 2017 to undertake the organization's first Level II energy audit. PortsToronto selected managed facilities from Billy Bishop Airport, the Port of Toronto and Outer Harbour Marina to complete the energy assessment over the course of several months. Data was collected by Mooney Solutions at each facility in order to determine peak demand and identify where energy savings could be made.

Energy output was measured in areas including lighting, controls systems and Heating, Ventilation and Air Conditioning (HVAC) systems. Over the next year, PortsToronto will begin to strategically implement solutions and recommendations in order to continue progressing toward our carbon reduction goals. The resulting report from the energy audit identified both behavioural and equipment replacement measures that could be strategically implemented to reduce organizational greenhouse gas emissions.

Renewable Energy

Since 2010, PortsToronto has reduced its environmental footprint by choosing 100 per cent green energy from Bullfrog Power to power all of its operations with clean, renewable electricity. Through our agreement, Bullfrog Power's generators inject renewable electricity back into the grid on our behalf to match the amount of electricity used by PortsToronto's operations. In 2017, PortsToronto reduced emissions by approximately 13 per cent using Bullfrog Power's clean energy, which comes exclusively from a blend of EcoLogo M-certified wind and low-impact hydro power. These percentages are even greater when tenant emissions are included (17 per cent in 2017) as PortsToronto also purchases Bullfrog Power on behalf of our tenants.

PortsToronto and Billy Bishop Airport are the only port authority and airport in Canada to be powered entirely by renewable electricity across all operations and facilities, including the airport's 853-foot pedestrian tunnel and connecting buildings.

In 2017, approximately 25,000 cubic metres of sediment material was removed from the mouth of the Don River through PortsToronto's dredging process.



Dredging and Wetland Creation

Every year, thousands of tonnes of sediment buildup in the area where the Don River empties into the Keating Channel. This sediment, if not removed, could cause the river to back up and result in flooding. For this reason, maintenance of the river mouth is imperative to prevent siltation and debris from spilling into the harbour. In 2017, approximately 25,000 cubic metres of sediment material was removed from the mouth of the Don River through PortsToronto's dredging process.

Dredging removes sediment in order to achieve a navigable river depth and allow the smooth flow of water and ice through the Keating Channel. Along with preventing flooding and debris from entering the harbour, the dredging process also provides a home to marsh birds, turtles, small mammals and native fish. Once removed, the natural sediment is transported by dump scow barges to the Leslie Street Spit for containment in one of the specially designed cells or Confined Disposal Facility (CDF). The cells were specially designed by PortsToronto to properly contain the natural materials dredged from the channel and other parts of the harbour.

PortsToronto and the Toronto and Region Conservation Authority (TRCA) completed the Cell 1 Wetland Creation Project in 2007. The CDF was converted into a seven-hectare coastal wetland that has significantly increased fish populations with reports of pike and walleye returning to the harbour. The Cell 2 wetland was officially completed in September 2016. This cell provides an additional 9.3 hectares of habitat for a variety of fish and wildlife and more green space for the recreational enjoyment of the surrounding communities. Completion of the second phase of the three-phase project would not have been possible without support from PortsToronto's public private partnerships, including the TRCA, Environment Canada, the Ministry of Natural Resources and Forestry, the City of Toronto and Coca-Cola Canada. The remaining cell will continue to be used for dredged materials for an estimated 30-40 more years until it reaches capacity.



Financially self-sufficient with no government funding.

PortsToronto contributes more than \$9 million annually to local and federal governments.

Financial Sustainability

As PortsToronto is a financially self-sufficient government business enterprise that receives no public funding from any level of government, revenue is generated through PortsToronto's four core business operations; Billy Bishop Airport, the Port of Toronto, the Outer Harbour Marina and Real Estate and Property Leasing. Profits from PortsToronto businesses are reinvested to continue improving the infrastructure and services that make Toronto a world-class city and a great place to live, work and play. No taxpayer dollars are used to finance the organization's activities or operations.

In 2017, PortsToronto contributed \$3.3 million in Payments in Lieu of Taxes (PILTs) to the City of Toronto, as well as paying \$3 million toward realty taxes and more than \$3 million to the federal government for the gross revenue charge. This resulted in a total contribution of \$9.3 million that can be used to benefit taxpayers in Toronto and across the country.

2017 marked a decade of profitability for PortsToronto, with operating net income (excluding the gain on the sale of the 30 Bay Street/60 Harbour Street Property) of \$6.4 million and all business units reporting strong results. Billy Bishop Airport welcomed 2.8 million passengers in 2017 and generated revenue of \$48.4 million, which included \$21.0 million in Airport Improvement Fees.

On April 1, 2018, the Airport Improvement Fee was reduced to \$15 per departing passenger, down from \$20. Airport Improvement Fees are customary amounts charged to departing passengers to pay for infrastructure and capital improvements to the airport. At \$15 per departing passenger, the AIF at Billy Bishop Airport will now be among the lowest in Canada and represents the airport's commitment to delivering a superior customer service experience that includes cost efficiency. It is expected that this revenue line will show a decrease in 2018 as a result of the reduction.

In 2017, approximately 2.2 million metric tonnes of cargo from around the world was delivered directly into the heart of the city through the Port of Toronto marking the best shipping year in more than a decade. The Port of Toronto helps to support the city's booming construction industry and is a vital part of Toronto's economic infrastructure. Although the port had its most successful year in more than a decade in terms of tonnage, it reported operating income from all sources of \$0.6 million, down from \$1.2 million in the year prior due to several non-routine maintenance and repair items that resulted in a decrease in net income. These non-routine repair items were related to the high-water levels experienced in the spring of 2017 that affected the Toronto Harbour and most of the St Lawrence *Seaway*. With the addition of new international business at the port, including film production leases at PortsToronto's port property, it is expected that there will be an increase to profitability going forward.

The Outer Harbour Marina's operating income was \$1.5 million on revenue of \$4.2 million in 2017. The marina's summer berthing occupancy rate was approximately 85 per cent in 2017, but experienced weather-related increases in seasonal and visitor occupancy.

Property and other holdings reported operating income of \$0.6 million on revenues of \$1.0 million which include leasing revenues from properties such as Pier 6 and 5 Queens Quay West.

An indicator of profitability, PortsToronto's operating ratio remained at approximately 1.2 in 2017. The ratio continues to reflect steady revenues and efficient operations.

PortsToronto's 2017 audited financial statements were prepared in accordance with International Financial Reporting Standards and were audited by Deloitte LLP. Complete financial statements and the Auditor's Report are available on PortsToronto's website.



PortsToronto

Statement of Revenue and Expenses

(as extracted from the Financial Statements) (in thousand of dollars)

	Year ended December 31				
	2017	2016	2015	2014	2013
REVENUE					
Port operations	\$6,453	\$6,319	\$6,416	\$5,969	\$5,740
Outer Harbour Marina	4,248	3,891	3,596	3,263	3,255
Billy Bishop Toronto City Airport and net Airport Improvement Fees	48,428	47,373	44,763	39,567	39,534
Property rental and other	1,041	1,941	2,074	1,353	1,332
Investment income	622	172	272	363	432
	\$60,792	\$59,696	\$57,121	\$50,515	\$50,293
EXPENSES					
Port operations	5,873	5,086	4,894	4,814	4,671
Outer Harbour Marina	2,752	2,659	2,378	2,080	1,905
Billy Bishop Toronto City Airport	31,622	30,708	27,023	16,084	18,466
Property rental and other	471	1,005	878	832	939
Corporate services	7,548	7,141	6,804	6,410	5,685
Charge on gross revenue	3,029	3,294	2,748	2,425	2,411
	\$51,295	\$49,893	\$44,725	\$32,645	\$34,077
NET INCOME FROM OPERATIONS BEFORE THE FOLLOWING	9,497	9,803	12,396	17,870	16,216
Payments in lieu of taxes	(3,275)	(3,249)	(6,343)	(2,932)	(2,866)
Gain (loss) on interest rate swap	146	130	(156)	(51)	315
NET INCOME for the year before the following item	\$6,368	\$6,684	\$5,897	\$14,887	\$13,665
Gain on sale of 30 Bay/60 Harbour property	88,471	-	-	-	-
NET INCOME	\$94,839	\$6,684	\$5,897	\$14,887	\$13,665

CELEBRATING 225 YEARS OF PORT ACTIVITY

While the first commercial shipment arrived at Fort Rouille (the Fort at Toronto) in 1749, it took another 44 years for the town of York (since renamed Toronto), and its shipping port to be established. Since then the Port of Toronto has been governed by the province of Upper Canada, the Toronto Harbour Trust, the Toronto Harbour Commissioners and now the Toronto Port Authority.

Shipping through the Great Lakes changed dramatically in the early 1800s with the rise of steam-powered vessels and the first Lake Ontario steamship, which launched in 1816. More changes came with the opening of the Beauharnois and Williamsburg canals, in 1845 and 1849 respectively, allowing travel through the waterways from Montreal to Lake Ontario. When the railroads arrived in the 1850s, the port truly became an intermodal hub for the transportation of goods.

Over the next 100 years the Port of Toronto would continue to grow and change to meet the needs of the city and the shipping industry. 1861 marked the first Beaver Hat ceremony to celebrate the arrival

of the first vessel into the Port of Toronto. Initially given to the captain of any vessel that reached port first, the Beaver Hat is now awarded to the captain of the first ocean-faring vessel. In 1918 the headquarters for the Toronto Harbour Commission was completed at 60 Harbour Street, and in 1929 the Ship Channel Bridge was officially opened. With the opening of the St. Lawrence Seaway in 1959, shipping through the Great Lakes system became easier than ever.

Now serving primarily as a bulk cargo destination, the Port of Toronto continues to boast a seamless network of cost-effective intermodal links to road, rail and air transportation that ships to destinations around the world. In addition to moving cargo, the Port also welcomes cruise ships and passengers from around the globe through the Cruise Ship Terminal which first opened in 2005.

For 225 years the port has served as a unique and essential piece of transportation infrastructure for the city of Toronto.

