

**Toronto
Port
Authority**



**Administration
Portuaire
de Toronto**

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March 23, 2012

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

Dear Councillor Vaughan:

Re: Billy Bishop Toronto City Airport

I wanted to again take this opportunity to clear up the continued misunderstandings that you appear to have regarding various issues involving the Toronto Port Authority and the Billy Bishop Toronto City Airport ("BBTCA"). This letter is in keeping with previous correspondence along similar lines regarding your other misunderstandings and/or misrepresentations (June 27, 2008, August 28, 2009, October 20, 2010, December 1, 2010, and September 13, 2011), all of which are available at www.torontoport.com.

Given the passage of time, I have taken the opportunity to include these earlier letters as an appendix to this letter for your ease of reference. The contents of which, I note, have never been responded to, or refuted by you, over the past four years. This is of concern to us.

I have attempted to address the more serious of the accusations and misrepresentations made during your March 9, 2012 Global Television interview and your statements at Tuesday's Toronto and East York Community Council meeting, as reported in the media. I have included your various statements and/or claims in italics for reference purposes:

"People pee in the park and school yard...."

We continue to be unaware of any TPA staff, airport customers, taxi drivers or anyone else related to the BBTCA's activities "peeing in the park or schoolyard". I do note in passing that residents near Ramsden Park in Midtown, for example, also have concerns about the sanitary conditions of their local park; to my knowledge none have blamed the TPA, however. Despite your ongoing claims, the TPA has never been presented with any actual evidence of these alleged incidents. We would welcome any factual information to support your claims; if you have no firsthand information about these "activities", nor any other support for the claim, we'd appreciate it if you would refer to it in the future as a rumour, rather than gospel.

In our ongoing effort to ensure that the TPA has done all it can on this issue, we have continued in 2012 to post either uniformed police officers or uniformed security guards (at TPA expense in either case), at all times throughout the day, to ensure that local traffic laws are adhered to, and that the deportment of waiting taxi drivers is appropriate for the neighbourhood.

As you will have seen in the site plan materials, which were prepared for you by City Staff, the proposed site plan provides an additional bathroom on the city side of the BBTCA, complete with facilities suitable for religious washing. If your complaints about public urination are sincere, you should welcome the proposed new bathroom facilities.

“...the TPA has...a Court action against [the City installing] speed bumps that would slow taxis down [on Eireann Quay]...”

This is patently false. As you know, it was City of Toronto staff who *recommended* against the installation of speed bumps or other traffic calming measures on the streets leading to the BBTCA in 2010 as they were “not warranted”. The reasons your own Officials are against the proposal include, as I understand it, i) the fact that Eireann Quay is a dead end, ii) Toronto Fire Services is opposed, and iii) speed bumps actually increase traffic congestion, rather than relieve it.

To make matters worse, you appear to have been the source of the false information reported by Global TV reporter Mark McAllister on March 9, 2012. In his segment, which appeared in the same broadcast as his interview with you, Mr. McAllister reported that:

“The City is still looking to put in traffic calming devices but have run into a few road blocks from the Port Authority themselves.”

There is no lawsuit against the City of Toronto nor are there “road blocks” on this topic. Please share with us whatever documents or other information you have that have caused you to make this false claim; which in turn has been erroneously reported as fact by the news media.

As per our last letter along these lines, dated September 13, 2011, during the tenure of this Board of Directors, not a single lawsuit has been filed against the City of Toronto or any community group. Despite our best attempts to point out the facts, you continue to make these false claims.

The only matter before the Courts during the past five years was a byproduct of obstacles that *you* had personally thrown up against the public’s access to the BBTCA. In the Superior Court of Ontario decision released in December 2008, Madam Justice D. A. Wilson advised that your refusal “to approve the work application submitted by the TPA constitutes a breach of the negative covenant set out in the *Tripartite Agreement* not to interfere with the safe use and operation of the Toronto City Centre Airport¹ and a breach

¹ Since renamed Billy Bishop Toronto City Airport

of its obligation to the TPA pursuant to the Lease Agreement for the Finger Lot to not unreasonably withhold its consent to the work requested on the Finger Lot.”

As we pointed out to you in our September 13, 2011 letter, tens of thousands of dollars were wasted in unnecessary legal expenses on the part of both the City of Toronto and the TPA, solely because of the previous City Administration’s desire to interfere with the safe use and operation of the airport. The Court ruled against you and then-Mayor Miller’s Administration in this instance.

The upshot of your actions at the Toronto and East York Community Council this week are in keeping with what Madam Justice Wilson has already ruled is a breach of the *Tripartite Agreement* in that you are required to not interfere with the safe use and operation of the BBTCA. This has been upheld by the Superior Court of Ontario. Breaching the City’s obligations pursuant to the new Canada Malting Lands lease Agreement is really no different than your actions surrounding the Finger Lot when the Court ruled that you were unreasonably withholding municipal consent to the work requested on the Finger Lot.

On the subject of “legal” matters, I will again remind you that you voted in favour of the “Macro Settlement Agreement” in December 2009 to settle a variety of outstanding issues that had accumulated between the TPA and the City of Toronto over the prior 10 years. Your personal support of this agreement was recorded as part of a unanimous 36-0 City Council vote in favour of the TPA/City agreement during then-Mayor David Miler’s tenure.

The more recent Agreement between the City and the TPA, approved last summer, will see the City save more than \$10 million in watermain and utility construction costs and will, importantly, improve the water and sewage treatment of many of your constituents and their neighbours. We recognize that you, and a majority of the members of the Toronto and East York Community Council voted against that Agreement; it still received the support of a majority of Toronto City Council itself and was passed on July 12, 2011. To use a Community Council to refight a motion that has already passed Council is a transparent attempt to circumvent the decisions and authority of Council itself.

“If it takes a kid being hit to get a red light camera here, that’s absolutely wrong – it’s beyond wrong. [The TPA] is blocking the installation of a ‘red light camera’ at Queen’s Quay and Eireann Quay.”

To my knowledge, the TPA has done no such thing and the TPA has been involved in no discussions on this topic. Such cameras are clearly the purview of the City of Toronto and its Police Services. The TPA has blocked nothing. Again, as with your other false claims, we would welcome information to support your statement. It is disappointing that an elected official would fear-monger on an issue as important as child safety for the sake of news clip, falsely blaming your favourite “villain” in the process.

“We are demanding tree plantings [on the Canada Malting site].”

If you didn't have time to review the full proposal, I will take this opportunity to point out that our site plan already involves the planting of dozens of new trees, as was outlined in the City staff report tabled at Tuesday's meeting of the Toronto and East York Community Council. If there is more to be done there, please let us know. Although the TPA is a short term tenant on the site, a site which has already been slated for redevelopment by its owner – the City of Toronto – we are committed to ensuring it is used appropriately for the duration of our lease.

“When they make a promise they've got to keep a promise.”

The key remaining point I would like to make refers to the TPA's proposal to temporarily move the taxi queue off of Eireann Quay onto the land the TPA has leased from the City of Toronto for such purpose.

I must admit that I am confused by your motion of Tuesday that prevents the TPA from better organizing the taxis on a portion of the rented Canada Malting site over the next three years. We had understood that this taxi solution was what you had been seeking, based upon many discussions held directly with you and other community stakeholders. We asked the City of Toronto to include the taxi move in the larger 2011 Agreement that Council approved last summer. We are trying to live up to our commitment to our neighbours and Toronto City Council, and it is *you* who are preventing us from “keeping [this] promise.”

Why are you now using the forum of the Toronto and East York Community Council to prevent a solution? It would seem as though you prefer the taxi stand remain on Eireann Quay – as is permitted under the existing easement – which will be the ultimate outcome should you continue to block the proposed site plan.

To reiterate: it is our proposed site plan that moves the taxis off of Eireann Quay and reduces congestion on this stretch of roadway.

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Thank you for the opportunity to address these various matters. If you would like any further detail, our team remains ready, as always, to assist. We look forward to your response.

Respectfully,


Mark McQueen
Chairman

Enclosures

cc: Mark McAllister, Global Television

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September 13, 2011

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

Dear Councillor Vaughan:

Re: Your Open Letter of August 31, 2011

I wanted to again take this opportunity to clear up misunderstandings that you appear to have on various issues involving the Toronto Port Authority. This letter is in keeping with previous correspondence along similar lines regarding other misunderstandings and misrepresentations (June 27, 2008, August 28, 2009, October 20, 2010 and December 1, 2010, all of which are available at www.torontoport.com).

I have attempted to address the more serious of your accusations and misrepresentations in the order presented in your recent Open Letter dated August 31, 2011. I have included your various statements and/or claims in italics for reference:

"...strangers, cut through the local playground and scold kids playing in a wading pool. People pee in the park and school yard...."

We are unaware of any TPA staff, airport customers or anyone else related to the TPA's activities "scolding" kids or "peeing in the park or schoolyard". I do note in passing that residents near Ramsden Park in Midtown, for example, also have concerns about the sanitary conditions of their local park; to my knowledge none have blamed the TPA, however.

In an effort to ensure that the TPA has done all it can on this issue, we have either uniformed police officers or security guards (at TPA expense in either case) posted, at all times throughout the day, to ensure that local traffic laws are adhered to, and that the deportment of waiting taxi drivers is appropriate for the neighbourhood.

"PILTS"

As per my October 20, 2010 letter, this complaint is part of your consistent theme that *"The TPA should start paying its taxes"* as far as Payments-in-Lieu-of-Taxes are

concerned. As our earlier audited analysis demonstrated to you, The TPA is a **net contributor to the public purse**. Since 2000, the TPA has paid payments-in-lieu-of-taxes (PILTs) to the City of Toronto in excess of \$8 million in aggregate. The TPA's 2009 PILTs sum represented 6.4 per cent of TPA's gross revenue, versus an average of 3.8 per cent paid by the Ports of Halifax, Hamilton, Quebec City and Vancouver. The TPA has also paid substantial royalty payments to the federal government, which in turn improve the lives of Canadians.

As the City Manager will attest, the TPA requested that the November 30, 2011 deadline for the conclusion of final PILTS agreement between the TPA and the City be inserted into the recent TPA-related Agreement which was approved by City Council in June 2011. Our team is working extremely hard to ensure we comply with this deadline. Whatever you can do to encourage City Staff to complete this process by the agreed-upon deadline would be much appreciated.

"Sometimes the courts are asked to rule, more often than not settlements that undermine the community are reached."

During the tenure of this Board of Directors, not a single lawsuit has been filed against the City of Toronto or any community group. The only matter before the Courts during this period was a byproduct of obstacles that you had personally thrown up against the public's access to the Billy Bishop Toronto City Airport ("BBTCA"). In the Superior Court of Ontario decision released in December 2008, Madam Justice D. A. Wilson advised that your refusal "to approve the work application submitted by the TPA constitutes a breach of the negative covenant set out in the Tripartite Agreement not to interfere with the safe use and operation of the Toronto City Centre Airport¹ and a breach of its obligation to the TPA pursuant to the Lease Agreement for the Finger Lot to not unreasonably withhold its consent to the work requested on the Finger Lot."

As you can imagine, tens of thousands of dollars were wasted in unnecessary legal expenses on the part of both the City of Toronto and the TPA, solely because of the previous City Administration's desire to interfere with the safe use and operation of the airport. The Court ruled against you and then-Mayor Miller's Administration in this watershed instance.

On the subject of "settlements", I will remind you that you voted in favour of the "Macro Settlement Agreement" in December 2009 to settle a variety of outstanding issues that had accumulated between the TPA and the City of Toronto over the prior 10 years. Your personal support of this agreement was recorded as part of a unanimous 36-0 City Council vote in favour of the TPA agreement during then-Mayor David Miler's tenure. Is this agreement, which you supported, the "settlement that undermined the community"?

The more recent Agreement between the City and the TPA, approved in July 2011, will see the City save millions in watermain and utility construction costs and will, more

¹ Since renamed Billy Bishop Toronto City Airport

importantly, improve the water and sewage treatment of many of your constituents and their neighbours.

“While TPA staff get paid to show up at meetings, the community must engage on their own time, in yet another round of consultation that only deepens the despair.”

The BBTCA Consultative Committee framework proposed on June 8, 2010, as a follow-up to our public meeting of February 17, 2010, was designed to provide a forum to engage area residents on a regular basis regarding their concerns about the airport.

The BBTCA Consultative Committee is a hybrid model, employing the best practices of similar committees established throughout the world. It was designed directly in the spirit of the GTAA Consultative Committee, which was “highly regarded” by the Toronto Board of Health under the Miller Administration.

As you know, prior to its formal creation by the TPA, the membership and structure of this Consultative Committee was amended to address your advice and recommendations. It is with regret that your “despair” has “deepened” despite our acceptance of your advice on these matters.

I note that City Hall staff who attended your recent public budget consultations were paid for their time. I also note that whenever members of our Board of Directors meet or speak with City Councillors, stakeholders, or attend our annual public meeting, for example, we do so as unpaid volunteers. When our executives or Directors attend evening meetings with the community, for example, they do not charge fees or overtime, and such hours go unpaid.

“When the community says you can't increase flights without evicting medevac the TPA says residents are exaggerating and then evicts medevac.”

The TPA has not evicted Ornge, the Province of Ontario's exclusive provider of Medevac services, from the BBTCA. For publicly-stated operational reasons, Ornge has concluded that it should base itself in Hamilton.

On the “increasing flights” point, I note that you have previously claimed that the new 90 slot award in 2010, which resulted from the report by Jacobs Consultancy regarding the NEF Contour analysis, was in breach of the Tripartite Agreement. As was requested by then-Mayor Miller's administration, we provided the Jacobs data for use in the City's October 2010 “peer review” of the Jacobs' Report. As you know, the City's own “peer review” report has been completed and confirmed the original Jacobs NEF Contour analysis, and as such, also confirmed that our 2010 slot award figures were appropriate.

“When the community says you can’t build the tunnel as presented without city consent and land, the TPA says no, and then turns around strikes a deal with the City because permission and land is needed.”

I had hoped this was made clear in my December 1, 2010 letter.

The original tunnel route as proposed in 2009/10 utilized federal lands, both above and below ground: this was called the “dog leg” route. In a letter to then-Mayor Miller, dated October 29, 2010², we advised the City that there was an opportunity for travellers and the City of Toronto to each save substantial sums by removing that “dog leg”. Here is the relevant excerpt from that letter:

Engineers have designed the proposed route for the BBTCA pedestrian tunnel in such a way that it “jogs” around a particular dockwall owned by the City of Toronto, which is situated just east of the TPA property that holds the city-side passenger ferry terminal. With this “jog” the TPA requires no City permits or easements to construct the tunnel, as the entire project is then on Federal land, should we decide to ultimately proceed with the initiative in the coming weeks. Given your longstanding opposition to the BBTCA, and your specific public anti-tunnel comments of August 7, 2009, we have not approached you earlier regarding this matter. Time is now of the essence, and with the end of the mayoral campaign, it would be imprudent of us not to make this formal request.

The purpose of this letter is to advise you that our design engineers believe that we can save approximately \$3.5 million in construction costs if we were to build the proposed tunnel directly below the City’s dockwall, rather than “jogging” around it. A \$3.5 million reduction in construction costs would mean that the TPA could reduce the current \$20 Airport Improvement Fee (“AIF”), at some point in the future, sooner than otherwise (as you may know, capital improvements at most Canadian airports, including the BBTCA, are financed via such passenger fees). It seems such a waste to spend an additional \$3.5 million but for our inability to secure this easement from the City of Toronto. From a timing standpoint, our designers need formal clarity on the matter in the very near term.

At no time has the TPA ever suggested that the original proposed route involved anything other than TPA land. However, by going directly under the City dockwall, we could save travellers substantial sums. Ultimately, a majority of City Councillors agreed with this approach, and the direct route was approved by City Council in July 2011.

² Available at www.torontoport.com

"The TPA says that it will manage the taxis with extra land, the [sic] gets the land from the City but can't fit taxis on the property."

I have no idea what information this is based upon, as it is inconsistent with our understanding of the utility of the short term lease we have arranged with the City of Toronto over a portion of the derelict Canada Malting site property.

"When is the TPA ever going to make life better for these residents?"

We are sincerely trying to do our best.

Our BBTCA Consultative Committee is one key initiative in this regard (of which you are a member). The 2008/09 Noise Study was another, as are the "run-up barriers". The 2009 initiative to use 100% "green electricity" from Bullfrog Power is worth repeating, too; in fact, the TPA is one of Ontario's largest buyers of green electricity and was the first Federal agency to be 100% Bullfrog. And the new software program for monitoring and tracking noise complaints will improve our ability to serve our neighbours even further.

I would also point out that the TPA just wrapped up its lead financial sponsorship of Harbourfront Toronto's Hotspot Summer programming. We have also championed an annual contribution for the Disabled Sailing Association, and are an important financial sponsor to several local arts groups, educational institutions and community organizations. We would be happy to provide you with these details if you are interested.

"Fix the harbour walls."

You have claimed on several occasions, for example, that the TPA is "ignoring" the state of the Western dockwall. As City of Toronto legal staff would advise, which we pointed out in our letter to you of October 20, 2010, this dockwall rests on land owned by the Province of Ontario, which makes it the legal owner and responsible for its maintenance. The TPA is neither the owner of this wall, nor is it responsible for its upkeep. (In fact, the TPA owns less than 20 per cent of Toronto harbour dockwalls.) Having said that, we have demonstrated our eagerness to work with all parties to come up with a solution to the specific site. In 2008, the TPA began an energetic campaign to resolve the state of the "Western dockwall" adjacent to the National Yacht Club ("NYC"); the NYC is a tenant of the City of Toronto, and you own the land adjacent to the dockwall in question. I believe the NYC Board would confirm that the TPA has played the key leadership role in trying to bring the four parties together to resolve this situation in a fashion that would be to the satisfaction of NYC's membership. We have filed a formal Offer to contribute with the Superior Court of Ontario, and would appreciate any help you could provide to encourage City staff to help the NYC and TPA resolve matter this immediately.

As for the rest of the harbour dockwalls, ~60% are owned by the Province of Ontario, ~30% are owned by the City of Toronto, and just ~10% are owned and maintained by the TPA. Our President & CEO would be pleased to give you a tour of these key pieces of

infrastructure; in the meantime, I've enclosed a 2010 pamphlet we produced outlining which agency owns which sections of Toronto's many dockwalls.

If there is a constructive role that you think we can play regarding the ~90% of Toronto dockwalls that do not belong to the TPA, we are anxious to receive any and all suggestions. As recently as this past summer, City staff rejected an offer from the TPA to take over the ownership, reconstruction and ongoing maintenance of certain badly damaged City-owned dockwalls; we would be happy to reopen these discussions with your public sponsorship of the concept.

"Respect the curfew and impose meaningful fines."

Beginning in 2008, our Board of Directors moved to impose material fines for Tripartite Agreement curfew violations, as we've reported at each of the last three TPA Annual General Meetings. The current fine is \$10,000 per event, up from \$5,000 at that time, and I note that we have had just a single violation of the 11:00 p.m. curfew by a commercial carrier during the past 12 months. It is one more than we'd like, as you must understand.

"Negotiate in good faith."

We are unaware of any negotiations that were in anything other than "good faith", but would welcome any specifics you have on this point.

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Thank you for the opportunity to address these various matters. If you would like any further detail, our team remains ready, as always, to assist.

Respectfully,



Mark McQueen
Chairman

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December 1, 2010

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

Dear Councillor Vaughan:

Re: Proposed Pedestrian Tunnel

Thank you for attending last night's public consultation regarding the draft environmental assessment report we released that reviewed the proposed pedestrian tunnel to the Billy Bishop Toronto City Airport ("BBTCA").

I wanted to take this opportunity to clear up a misunderstanding that you appear to have regarding the Toronto Port Authority's proposed tunnel route and our ability to proceed with the project, should that decision be taken. This letter is in keeping with previous correspondence along similar lines regarding other misunderstandings and misrepresentations (June 27, 2008, August 28, 2009, and October 20, 2010).

The current proposed tunnel route utilizes federal lands, both above and below ground. In the letter to former Mayor David Miller, dated October 29, 2010, we advised the City that there was an opportunity for travellers and the City of Toronto to each save substantial sums. I believe this is the letter you raised at last night's meeting. Here is the relevant excerpt from that letter:

Engineers have designed the proposed route for the BBTCA pedestrian tunnel in such a way that it "jogs" around a particular dockwall owned by the City of Toronto, which is situated just east of the TPA property that holds the city-side passenger ferry terminal. With this "jog" the TPA requires no City permits or easements to construct the tunnel, as the entire project is then on Federal land, should we decide to ultimately proceed with the initiative in the coming weeks. Given your longstanding opposition to the BBTCA, and your specific public anti-tunnel comments of August 7, 2009, we have not approached you earlier regarding this matter. Time is now of the essence, and with the end of the mayoral campaign, it would be imprudent of us not to make this formal request.

The purpose of this letter is to advise you that our design engineers believe that we can save approximately \$3.5 million in construction costs if we

Canada

were to build the proposed tunnel directly below the City's dockwall, rather than "jogging" around it. A \$3.5 million reduction in construction costs would mean that the TPA could reduce the current \$20 Airport Improvement Fee ("AIF"), at some point in the future, sooner than otherwise (as you may know, capital improvements at most Canadian airports, including the BBTCA, are financed via such passenger fees). It seems such a waste to spend an additional \$3.5 million but for our inability to secure this easement from the City of Toronto. From a timing standpoint, our designers need formal clarity on the matter in the very near term.

Should the City agree to provide us with the proposed easement, we would naturally ensure that the dockwall's structural integrity is maintained throughout the construction process, and would indemnify the City from any damage that might occur during the proposed tunnel's construction, if requested. As well, if it was your preference, we would also be prepared to acquire this specific dilapidated City-owned dockwall for a nominal sum on an "as is, where is" basis, and take on what we are advised is approximately \$1.5 million of pressing structural repairs. Under this scenario, no City easement would be required to proceed with the "cheaper" tunnel route, and the City would no longer have the substantial financial and legal liability associated with this particular dockwall.

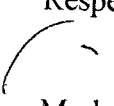
The purpose of the letter to you cited was simply to advise the City that:

1. we have a window which provides the opportunity to save BBTCA travellers \$3.5 million in reduced Airport Improvement Fees, over time, if the TPA was granted an easement from the City for the purposes of utilizing a direct tunnel route; and
2. in conjunction with the above, the TPA is prepared to acquire the dockwall in question for a nominal sum and assume the \$1.5 million liability associated with the critical repairs that are required to the City-owned dockwall situated just East of the BBTCA ferry slip on the north side of the Western Channel.

No where in that letter do we suggest or imply that the current proposed route involves anything other than TPA land. However, it would be a shame to waste \$3.5 million solely because our local councillor is opposed to the BBTCA and the proposed pedestrian tunnel.

In light of the strong message sent by voters in the recent municipal election, I hope you and your colleagues will welcome the opportunity to work with us to save Torontonians material funds at each and every turn. Thank you for the opportunity to address this matter. If you would like any further detail, our team remains ready, as always, to assist.

Respectfully,


Mark McQueen
Chairman

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October 20, 2010

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

Dear Councillor Vaughan:

Re: Toronto Port Authority

I write to you today regarding your October 5, 2010 interview on CFRB 1010.

During the live broadcast discussion, you made a series of statements, repeated and numbered below, regarding the Toronto Port Authority ("TPA"). These statements were factually inaccurate. I am pleased to provide the following information in the hope that you will avoid making them again in the future. As a former journalist, you can well understand the public's need for reliable, accurate information from public organizations and officials, on which to base their views. I am assuming these errors were unintentional, given that "accountability is your middle name", as you described during the aforementioned interview. This letter is in keeping with previous correspondence along similar lines (June 27, 2008 and August 28, 2009), often regarding the same factual errors.

1: The TPA is not complying with the Tripartite Agreement.

The TPA is in compliance with the Tripartite Agreement. Specifically, if you refer to the Jacobs Consultancy report on our website, it identifies the noise level standards, and clearly demonstrates that our commercial carriers are *below* the limits allowed under the Agreement. I am attaching a quick chart which illustrates this point.

Some months ago, in an effort to build public confidence in the NEF Contour analysis surrounding the new slot allocations at the Billy Bishop Toronto City Airport ("BBTCA"), we undertook to provide the Jacobs data for use in the "peer review" being sought by a local anti-airport lobby group. As you know, the City of Toronto is in the process of conducting that "peer review", as is their right.

- 2: *The TPA "should start paying its taxes."*

The TPA is a **net contributor to the public purse.**

Since 2000, the TPA has paid payments-in-lieu-of-taxes (PILTs) to the City of Toronto in excess of \$8 million in aggregate. Earlier this summer, the TPA made a voluntary 50 per cent instalment payment on our forecast 2010 PILTs payment, twelve months early. This PILTs sum represents 6.4 per cent of TPA's gross revenue, versus an average of 3.8 per cent paid by the Ports of Halifax, Hamilton, Quebec City and Vancouver.

The TPA has also paid substantial royalty payments to the federal government, which in turn improve the lives of Canadians.

- 3: *The TPA is spending "public tax dollars" to build a permanent link to the BBTCA.*

The proposed pedestrian tunnel would be built using a Public-Private Partnership model, one that would be entirely financed by the current Airport Improvement Fees paid by the travelling public, not by public tax dollars. As you know, the TPA does not tax Torontonians, and has not authority to do so.

- 4: *Visitors to the Toronto Islands using the City of Toronto's ferries have to pay expensive fees to the TPA for use of the harbour.*

The City of Toronto collects a fee of \$6.50 per roundtrip recreational ferry visit to the Toronto Islands. Of the \$6.50 you collect from Torontonians to visit the Toronto Islands, the equivalent of \$0.06 per ride is paid to the TPA to cover harbour user fees. We have written to you in the past to remind you that it is the City which charges passengers the \$6.50 in question, not the TPA. The current \$0.06 Harbour User Fee was part of the Macro Settlement Agreement reached between the TPA and the City of Toronto a year ago. This modest \$0.06 Harbour User Fee received your "stamp of approval" when you voted in favour of the Macro Settlement Agreement in December 2009; I note this December 2009 City Council vote was unanimous, with a record of 36-0 in favour of a variety of collaborative initiatives between the TPA and the City.

To say that you are now against it, or that the TPA taxes Torontonians on their way to a "picnic", ignores the obvious fact that 99% of the ferry revenue collected by the City is retained by the City for its general revenue. I also note that as part of the Macro Settlement Agreement, the TPA unilaterally waived approximately \$2.85 million of accrued outstanding Harbour User Fees in recognition of the City's difficult financial state and our desire to "turn the page" on the historical challenges in our corporate relationship.

- 5: *The Port Authority is "ignoring" the state of the Western dockwall.*

As City of Toronto legal staff would advise, this dockwall rests on land owned by the Province of Ontario, which makes it the legal owner and responsible for its maintenance. The TPA is neither the owner of this wall, nor is it responsible for its upkeep. In fact, the TPA owns less than 20 per cent of Toronto harbour dockwalls.

Having said that, we have demonstrated our eagerness to work with all parties to come up with a solution to the specific site. In 2008, the TPA began an energetic campaign to resolve the state of the "Western dockwall" adjacent to the National Yacht Club ("NYC"); the NYC is a tenant of the City of Toronto, and you own the land adjacent to the dockwall in question. I believe the NYC Board would confirm that the TPA has played the key leadership role in trying to bring the four parties together to resolve this situation in a fashion that would be to the satisfaction of NYC's membership. We have filed a formal Offer to contribute with the Superior Court of Ontario, and would appreciate any help you could provide to encourage City staff to help the NYC and TPA resolve matter this immediately.

- 6: *The Port Authority gave Porter Airlines "a sweetheart deal" in 2006, and is being run "by and for one airline."*

In July 2010, the Federal Court of Canada dismissed such "sweetheart deal" claims against the TPA. The Judge ruled that the TPA's agreement with Porter Airlines was "reasonable". Your statement is inconsistent with the determination of an impartial judge, who had all of the relevant information at hand.

- 7: *The TPA would like to build both a bridge and a pedestrian tunnel to the BBTCA, as a "third and fourth" route to the airport.*

This is simply untrue. In January 2010, the TPA announced a proposal that would see the construction of a *pedestrian-only tunnel* to the BBTCA using a Public-Private Partnership model, one that would be entirely financed by the existing \$20 Airport Improvement Fees paid by the travelling public.

I understand that by August 2010, four of the then five Toronto Mayoral candidates had publicly stated his/her support for our proposed pedestrian tunnel.

The TPA has not stated a desire to construct a bridge, and has no plans to propose one. As you may know, a bridge to the BBTCA is prohibited by Federal Regulation.

As for "three or four routes" to the airport, there is currently just one: a ferry. It is true that the TPA requires two ferries, one of which is for backup purposes, just as

any public transport provider would do in the circumstance. As you also know, we only operate one ferry at any given time

- 8: *The TPA is ignoring shipping, and focussed solely on the airport.*

I understand that you have had several opportunities to meet with our new Chief Executive Officer, Geoff Wilson. When he was hired in December 2009, one of his key tasks was to find ways to grow shipping and throughput at Toronto's harbour. His background in transportation, logistics and shipping speaks to our focus on this element of our mandate. To this end, Mr. Wilson has had dozens of meetings on this topic with the private sector both here and in Quebec, BuildToronto, Toronto Tourism, MetroLinx, the TTC, Waterfront Toronto, etc. We are optimistic about this opportunity. These efforts to grow our Port's shipping activity recently received positive media attention in the *Financial Post*.

- 9: *The TPA "scrambled" to get other carriers to the BBTCA in the wake of the May 2010 decision by Porter Airlines to withdraw its initial public offering prospectus.*

In 2008 and again in 2009, the TPA publicly advised that it was encouraging other airlines to consider utilizing the BBTCA. At that time, it made sense to us to diversify our carrier relationships, which appears to be something you now applaud as per the abovementioned radio interview.

In September/October 2009, the TPA met with both Air Canada and Continental Airlines to advance this initiative. We also issued a public request on October 16, 2009, designed to attract additional commercial airlines to the BBTCA. In December 2009, we announced that we were receiving formal proposals from new carriers. These successful efforts were both public and underway well in advance of Porter's April 2010 preliminary IPO prospectus filing.

- 10: *All Toronto Mayoral candidates would like to take control of the TPA.*

This is not my understanding of the candidates' positions. I will remind you that according to a June 2010 poll conducted by Ipsos-Reid, 72% of Torontonians supported an independent TPA, while just 21% supported the idea that it should be disbanded. These results are in keeping with a 2009 poll conducted by Pollara (where 72% were in favour of TPA independence from the City of Toronto, with 23% in favour of it being disbanded).

- 11: *The TPA lacks transparency.*

The TPA website is full of material that supports our view that we are an extremely transparent agency. The results of three recent and detailed audits (financial results, Special Examination and a Forensic Audit) are available online for public review, for example.

The detailed expenses of our Board of Directors are also available, dating back to 2005. As well, the quarterly expenses of our CEO are posted online, and been published quarterly since 2009. I note that just this week, Ontario Hospitals have been ordered to release their CEO expenses; this is a step we voluntarily took some time ago, and is another example of our leadership and transparency.

In addition, our Board's Community Outreach committee has been very active: the TPA is establishing a Consultative Committee regarding the BBTCA, which will draw upon the very stakeholders that are affected by our airport operations. We've specifically sought your views on the makeup and mandate of the Committee, and you had the benefit of a September 2010, in-person, meeting with two of our Directors to ensure that the creation of the Committee reflects best practices, as well as your own perspectives; what, I ask, could be more transparent than that?

12: *Air Canada's plan is to fly "initially" to Montreal, and are "planning to go after Ottawa" next.*

Earlier this year, the TPA awarded Air Canada 30 BBTCA slots; each Air Canada-designated slot allows one take-off or landing between 6:45 a.m. and 10:00 p.m. (as you know, the airport is open until 11:00 p.m., but in an effort to limit the impact of the new slot awards on our neighbours, we chose to award none for use between 10:00 p.m. and 11:00 p.m.). There are currently no other slots to award to Air Canada, or any other commercial carrier, as has already been publicly disclosed. According to the Air Canada's public disclosure of October 4, 2010, the airline has determined to use 100% of its allocated takeoff and landing slots on a Toronto-Montreal route. As such, unless Air Canada was to reduce the proposed Toronto-Montreal 15 outbound flight/day frequency, Air Canada could not add a second route to Ottawa, as you have suggested.

Thank you for the opportunity to address these matters. If you would like any further detail, our team remains ready, as always, to assist.

Respectfully,



Mark McQueen
Chairman

cc: Jerry Agar, CFRB

Attachment

**Toronto
Port
Authority**



**Administration
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de Toronto**

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August 28, 2009

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

Dear Councillor Vaughan:

Re: Toronto City Centre Airport Pedestrian Tunnel Concept

I write to you in response to some of the erroneous points you raised in your August 27, 2009 open letter to "Residents of Ward 20."

Earlier this year, Port Authorities across Canada were asked to develop a list of projects that could utilize a portion of the Federal Government's \$4 billion infrastructure stimulus program. As you know, in an effort to help Canada recover from the brutal economic recession, various agencies were invited to provide ideas regarding infrastructure projects which could be "substantially completed" by March 2011.

In light of the incorrect or incomplete information released to you by Douglas Reid on CP24 regarding the pedestrian tunnel concept, I am compelled to share with you a brief overview of the matter. Management at the Toronto Port Authority ("TPA") prepared a list of infrastructure projects in February 2009, and reported this to the TPA Board of Directors during our February 10, 2009 board meeting; this list of project ideas was forwarded to the appropriate authorities at that time. This list was discussed at a meeting of the TPA Board of Directors on April 17, 2009. The standing list of infrastructure opportunities was augmented in May 2009 when management, with my consent, added the Toronto City Centre Airport ("TCCA") pedestrian tunnel concept to the original project list. This was not the first time the topic had come up: the tunnel concept was discussed by the TPA board of directors during its April 2008 meeting, for example. The addition of the tunnel concept to the original list was discussed at a meeting of the TPA Board of Directors on June 4, 2009. As you know, once approved by the federal government, projects financed under the infrastructure stimulus program require matching funding from another agency. But, at this point, there is no funding to match.

The TPA is very interested in what Torontonians think of the TCCA pedestrian tunnel concept. That's why, in June, we accepted the invitation of The Toronto Star editorial board to discuss the tunnel concept and the merit of the project's potential use of federal stimulus funds. On June 8, 2009, The Star published an editorial in favour of the project.

Based upon the positive feedback we received from the public's reaction to the concept, we added the tunnel concept to the list of questions that Pollara asks Torontonians on our behalf during our annual summer poll. The results were compelling: 62% of Torontonians favoured the construction of a pedestrian tunnel to the TCCA, with 31% opposed. When asked what their views would be if the project received federal stimulus financing, 56% were "more supportive" while just 19% were "less supportive".

In August 2009, TPA management made a formal application for infrastructure funding for various infrastructure ideas; this is very appropriately a management role. This application is natural planning and was made under management's own authority, but with the full knowledge of the TPA Board of Directors as referred to above. Just as City of Toronto staff have been informally discussing Toronto's recently revised \$600 million application for infrastructure funds with their federal public servant counterparts (according to this morning's Globe and Mail), so too have TPA staff. This is their responsibility.

As with City Council's list of infrastructure ideas, until we know which, if any, projects have received federal approval for infrastructure stimulus funding, there is no vote to take at the TPA Board of Directors nor is there capital to spend. Management continues to perform its role in managing the day-to-day affairs of the TPA. To assist them in their analysis of the tunnel concept, management retained the services of a professional financial advisor and have also received advice from engineering consultants. This has been undertaken under appropriate spending authorities; the involvement of outside advisors is prudent in this case given the sums involved.

On August 17, 2009, the Audit Committee of the TPA Board of Directors discussed the merits and status of the TCCA pedestrian tunnel concept. At this meeting, the Audit Committee approved the broad publication of an RFP for an Environmental Assessment regarding the TCCA tunnel concept. As this RFP would be a public call involving a high-profile concept, the Audit Committee felt it wise for it to approve its release.

I have stated privately and publicly that the "TPA would be prepared to consider" a modest, yet meaningful, multi-million contribution to the overall cost of the project; should the Provincial Government agree to partner on the tunnel concept, we would "consider a \$7 million contribution" to the project (a quantum of funds that would be financed by passengers who each pay the TCCA Airport Improvement Fee). That's the extent of my statements to representatives at Queen's Park, the Federal Government and the media. I have not committed the TPA to any expenditure of funds; until we have formal confirmation that this, or any other, project will receive funding, there is no capital spending decision for the TPA Board of Directors to take.

Although I cannot formally confirm federal funding has been secured at this point, I can advise that the application for stimulus funding has been made and the project appears to meet the necessary criteria.

Your suggestion that TCCA commercial tenants and the Province of Ontario's Ornge medevac service should "self-finance" this project misunderstands both the role that authorities play in transportation infrastructure and the recent push by governments to help the Canadian economy recover from the brutal recession.

In Windsor, London, Thunder Bay or Ottawa, for example, governments do not charge Air Canada, Westjet, Porter, or any other airline for the infrastructure that connects public thoroughfares to the airport. Windsor recently received a commitment of government funds to upgrade its runways; no airline was billed for the taxpayer funds being used in that project. Why here? When the pavement around Toronto's Bay & Dundas bus depot is resurfaced, Greycoach Bus Lines is not billed for the infrastructure that connects their passengers to that transportation hub. Why here? Just as no airline paid for the exit that takes vehicles from Highway 427 to Pearson Airport, you are ignoring more than a century of infrastructure project planning when you suggest that specific TCCA tenants should pay for improving passenger access to that airport.

Your position is consistent with that of someone who has publicly stated that he wants to close the TCCA. The position is not consistent with public policy across Ontario. I understand that you want to kick Porter Airlines out of the TCCA; but 500,000 passengers so far this year don't share that view. Nor, I suspect, do Ornge air ambulance patients appreciate your desire to close the TCCA entirely.

Although you now write in your letter that your opposition to this idea "has nothing to do with class" and that you have no "quarrel [with] the choices people make to get to Ottawa", that wasn't your position in your Toronto Star interview as published on August 24, 2009. In that interview, you were reported to have said:

"It's a bunch of money to help one particular airline, not the airline industry. It's a bunch of money to move a few very privileged people, not taxpayers," Vaughan said.

It is misleading to write a letter to our collective stakeholders as you have now done claiming that you never said such things, never took that position, and don't hold that view.

Whether taxpayers choose to fly out of Pearson Airport or the TCCA, I believe they should have equal standing in the eyes of the government. As the authority responsible for effective management and oversight of the TCCA, the TPA must take appropriate steps to ensure a thriving, efficient, and effective infrastructure is in place to support the operation. The Tripartite Agreement specifically "prohibits" the City from doing anything that would "interfere with the safe use and operation" of the TCCA.

A tunnel should not be characterized as a "third route", as you have done in your letter. At the present time there is one route to the TCCA: by ferry. The TPA is currently in the process of constructing a new ferry so that we have a back-up vessel that can replace the role played by the 1950s-vintage *Maple City*. Between maintenance, ice challenges and a

mandated drydock to come for the TCCA1, a modern backup ferry is essential. These two ferries are being paid for, over time, from Airport Improvement fees collected from travelling passengers. No taxpayers' dollars will be used for the ferries, contrary to your public claims.

Your reference to the need for Toronto City Council to approve the TPA's own infrastructure ideas is also inaccurate. Each Port Authority across Canada has been asked to provide a list of worthy projects that may receive consideration and financing from the \$4 billion infrastructure stimulus fund. I expect that Halifax, Hamilton, Sept Isles, Vancouver and Quebec City's Ports (for example) have already made their own applications. As you likely know, in light of local interest, the TPA has also applied for matching funding and has devised a process that will hopefully lead to the repair of the National Club dockwall, even though we are not the owner of the site in question and are not responsible for its upkeep. The Federal government's infrastructure stimulus program is designed to be a job-creator, and must go to projects that would otherwise not happen without the funding; it gives us the opportunity to pursue worthy projects that would otherwise lie fallow for years.

You should be supporting job creation initiatives of this nature, not opposing service improvements for the people of Toronto.

I am unaware of any "queue" that the TCCA tunnel concept has jumped, as you claim. The deadline for infrastructure stimulus applications applied to each entity across the country equally. I understand from today's Globe and Mail article that approximately \$600 million of Toronto City Council infrastructure projects have received a positive hearing from the federal government. The TPA has no formal confirmation of funding for its own project ideas; for you to portray our project status as being somehow more advanced than City Hall's misleads our fellow stakeholders.

Given the interest of the Premier of Ontario, for example, in the tunnel concept, the idea may have received more media attention this week than your nominated projects. But don't confuse the level of media interest in this particularly innovative project with our place in "the queue".

I do not agree with your characterization that this project is for the benefit of "one company". The travelling public and those who require medevac services are the key beneficiaries. That's why various local groups have written to support the idea. I have taken the liberty of including copies of letters from The Economic Club of Canada and The Toronto Board of Trade supporting the tunnel concept. Ornge, Ontario's medical transport service provider, has also written to Ministers Baird and Flaherty to support the tunnel's construction. These are but three examples of the high profile positive feedback we've received to date. I believe certain Federal and Provincial Ministers have also received letters of support and telephone calls from some of your colleagues on Toronto City Council.

I also disagree with your claim that the tunnel will lead to expansion of the airport. The 1983 Tripartite Agreement places specific limits on that airport; it cannot "expand". The tunnel, if approved and funded, will help increase the efficiency of this very popular airport; this is why the project is worthy of consideration in my view.

You refer in your open letter to that fact that a complaint was made earlier this year to the Federal Conflict of Interest Commissioner, but you proceed to ignore the fact that the Commissioner has published a report saying that she had dismissed the same complaint several months ago. You mislead Torontonians by doing so. To raise this issue in your letter is nothing more than character assassination and is beneath a public office holder.

You further mislead Torontonians regarding the false allegations against the TPA's former Chief Executive Officer. Neither the Minister of Transport, Infrastructure & Communities nor the TPA Board of Directors have prevented an "investigation of the allegations" from taking place. To the contrary; we asked our auditors to review the topic during their 2008 audit process. You are making defamatory statements in this regard. As per a letter from TPA auditor Deloitte LLP dated June 23, 2009 on the topic: "The [management] trips had been pre-approved through the Budget process and the expense incurred is correctly recorded in the records of the TPA." TPA auditor Deloitte LLP advised the following regarding the management hospitality expenses: "we observe that the process of payment of these invoices followed during the year was in accordance with the hospitality policy in place during that time."

As I informed you earlier this week in writing, we have taken the decision to release all TPA Board expenses from recent years at next week's annual meeting, and, going forward, Board and CEO expenses will be posted on our website on a quarterly basis.

As you acknowledge, the TPA, TCCA and tunnel concept have received positive response from that vast majority of Toronto's major print media outlets over the past few weeks. Our profitable 2008 and first half of 2009 is well known. Although you have long sought this type of positive financial performance, I note that you have assiduously avoided acknowledging this important development.

The Editorial Boards of the Toronto Star (twice) and National Post have lauded the wisdom of spending federal infrastructure funds for the TCCA pedestrian tunnel project, as has the Globe & Mail's new municipal columnist.

The pedestrian tunnel concept has received broad public support for a few simple reasons:

- TCCA passenger volume increased 100% between 2007 and 2008, and is up another 46% in 2009 (versus 2008);
- a tunnel has practically no carbon footprint, despite being able to move one million passengers or more each year;
- the construction of the tunnel could allow for an 80% reduction in ferry trips each hour so as to focus primarily on vehicle traffic involving fuel and catering trucks,

for example; this reduction in fuel consumption is good for the environment and would extend the life of the ferries dramatically, which is another direct financial benefit of the tunnel concept;

- unlike many infrastructure stimulus proposals (such as maintenance-type proposals involving the paving of roads), it would last for generations;
- although the working budget of \$38 million 120 metre tunnel needs to be finalized, it compares well to the \$44 million, 80 metre underpass that was just completed at Lower Simcoe Street in Toronto;
- according to Pollara's polling data (referenced below), Torontonians want the TCCA to succeed as a commuter airport;
- the timing of the new \$45-million terminal currently being built by Porter Airlines (using its own balance sheet) would be accented by the pedestrian tunnel;
- the tunnel project could also serve as a conduit for needed water main and utility upgrades to serve residents and businesses on the Toronto Islands; and
- Medical patients and organs for transplants arriving on medevac aircraft are sometimes transported in open boats over choppy Western Gap water in very inclement weather. A tunnel would give paramedics and their patients safe, reliable, round-the-clock access to downtown Toronto hospitals.

If I may, I would also refer you to elements of two TPA press releases from earlier this month that are relevant to both the pedestrian tunnel concept and the future of the TPA itself.

Majority of Torontonians Support Tunnel Concept

An independent public opinion poll has found that 62% of Torontonians' surveyed support the construction of a pedestrian tunnel to improve access to the TCCA. These are among the results of an annual poll conducted for the TPA by the national public-opinion research firm Pollara Strategic Insights.

The 500-person survey was conducted July 6-7, 2009. In addition to probing opinions on the performance of the TPA, the survey touched on a wide variety of topics, including attitudes toward the revitalization of the Toronto waterfront, and the TCCA. Porter Airlines and several other aviation enterprises operate out of the TCCA.

According to the survey, 62% of respondents support the construction of a pedestrian tunnel. Only 21% of respondents are "strongly opposed" to the concept, while 10% are "somewhat opposed" to it.

Majority of Torontonians Oppose Devolution of TPA and TCCA to City

In recent months you have demanded that the TPA be abolished, with the City of Toronto taking over its duties, including the operation of the TCCA. According to the Pollara survey, a majority of Torontonians (58%) oppose the concept of devolution to the City. Only 14% of respondents "strongly supported" the idea, and 17% "somewhat supported" the idea.

The survey further probed Torontonians' attitudes toward the City of Toronto taking over the TPA and the TCCA by asking if they would be more supportive or opposed to this scenario if it meant removing Porter Airlines from the TCCA. Under that scenario, public opposition to devolution grew by a ratio of 4-to-1 against the devolution concept: 53% of Torontonians were more opposed to devolution, while only 12% were more supportive.

As all federal infrastructure stimulus projects must be "substantially completed" by March 2011, time is obviously of the essence. That's why we released the RFP earlier this week. Your public threats about the TPA being unable to get timely "permits" from City Hall are a transparent threat; the City is bound by the Tripartite Agreement, as stated above, and is prohibited from interfering with the operation of the TCCA by that same agreement. An authorized breach of that agreement by a City employee would obviate the entire agreement; a risk I would caution you from promoting.

The TCCA is an essential economic engine during difficult times. Porter has ordered \$500 million of Toronto-made Bombardier aircraft, and another \$45 million is currently being invested from their own balance sheet in their new terminal. The Port Authority has invested in excess of \$23 million this decade between the TCCA infrastructure upgrade and the two 2000-vintage ferries (both of which were built in Ontario).

In light of the public's clear support for the TCCA pedestrian tunnel concept, and its many benefits, I believe it is a worthy project for consideration by both our Federal and Provincial governments.

Respectfully,

TORONTO PORT AUTHORITY



Mark McQueen
Chairman

Attachments

Letter from Mark Adler, The Economic Club of Canada, July 24, 2009
Letter from Carol Wilding, Toronto Board of Trade, August 13, 2009
TPA Press releases dated July 23, 2009; August 4, 2009; August 6, 2009; August 23, 2009

THE ECONOMIC CLUB OF CANADA

July 24, 2009

The Honourable John Baird, PC, MP
Minister of Transport Canada
330 Sparks Street
Ottawa, ON K1A 0N5

Dear Minister Baird,

As President and CEO of the Economic Club of Canada, I want to take this opportunity to express my support for the proposal by the Toronto Port Authority to build a tunnel connecting the Toronto mainland to the Toronto City Centre Airport terminal.

The empirical evidence is clear: Building a pedestrian tunnel to the Toronto Island Airport makes perfect economic sense by creating much needed construction jobs. There are also a number of other associated benefits: It is a matter of convenience for the growing number of travelers who make use of the Island Airport. A tunnel would also provide island residents with reliable, year round access to the Toronto mainland and thereby reducing the costly winter ferry service to the islands. In addition, the tunnel could also be adapted to accommodate a much needed new watermain to service the island residents.

The construction of a pedestrian tunnel connecting the Toronto mainland to the city's island airport from my understanding is a 'shovel ready' project and by that measure should receive the requisite federal infrastructure funding to proceed with construction. This tunnel will clearly be a benefit to the city of Toronto and the GTA on all fronts and I support its construction.

If you have any questions or require any additional comments, please feel free to contact me at anytime.

Sincerely,



Mark Adler
President and CEO
The Economic Club of Canada

The Economic Club of Canada
80 Richmond Street West, Suite 501
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T 416 306 0899 F 416 306 0898



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August 11, 2009

The Honourable John Baird, PC, MP
Minister of Transport, Infrastructure and Communities
Transport Canada
330 Sparks Street
Ottawa, ON K1A 0N5

Dear Minister Baird:

On behalf of the Toronto Board of Trade, I am writing to you and to Minister Flaherty to express our enthusiastic support for the Toronto Port Authority's proposed pedestrian and expanded utility tunnel to connect the Toronto City Centre Airport's mainland terminal to the island airport.

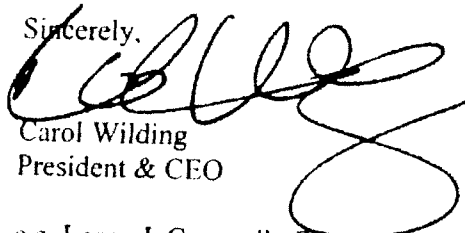
Since the launch of Porter Airlines in 2006 the Toronto City Centre Airport has demonstrated itself to be an enormously important economic asset to Toronto's regional economy, linking our downtown business and tourist hub to an ever-expanding inventory of eastern continental destinations. The resiliency of this airline to the many headwinds facing the broader airline industry is a testament to the strategic economic value of its airport's downtown location.

A pedestrian tunnel would not only increase the reliability and convenience of the use of this airport, it would greatly improve public safety by eliminating the risk of occasional ferry service interruptions associated with weather conditions. The potential link of a public safety incident to inclement weather is obvious, and the sole reliability of access via the ferry is a very real concern. No other international airport operates with such limited emergency access options.

Moreover, as Toronto grows in size and stature as a global financial hub, it will be imperative for the region to be easily accessible to both business and tourist travel. In a few short years this airport has become a tremendous source of pride for Torontonians who clearly enjoy the travel options that a second, smaller international airport offers our city region. This proposed stimulus funding project enjoys strong support not only from the Toronto business community, but from the broader public. It would also have immediate and lasting economic benefit to the broader Toronto region.

I am happy to speak with you regarding any aspect of this particular project. Do not hesitate to contact me.

Sincerely,



Carol Wilding
President & CEO

c.c. Lorna J. Counsell, Porter Airlines Inc



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August 11, 2009

The Honourable James Flaherty, PC, MP
Minister of Finance Canada
140 O'Connor Street
Ottawa, ON K1A 0G5

Dear Minister Flaherty:

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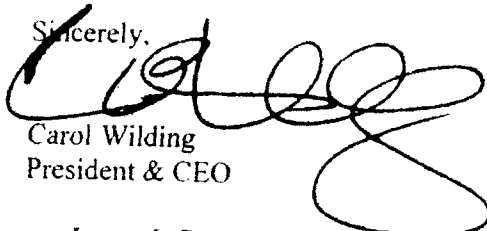
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I am happy to speak with you regarding any aspect of this particular project. Do not hesitate to contact me.

Sincerely,



Carol Wilding
President & CEO

c.c. Lorna J. Counsell, Porter Airlines Inc.

Toronto Port Authority turns a profit in fiscal 2008

TORONTO, July 23 /CNW/ - The Toronto Port Authority ("TPA") released its 2008 audited financial statements earlier today on its website. The audited financials show that the federal agency earned a profit during the 2008 fiscal year. The Statement of Revenue and Expenses shows an Income from Operations of \$2.251 million, with overall Net Income of \$863,000.

"The Toronto Port Authority has been working hard to deliver results for all Torontonians," said Alan Paul, acting President and CEO. "Even in these tough economic times, we have shown that the TPA can be a profitable driver of economic growth in the Greater Toronto Area."

The top profit contributor at the Toronto Port Authority was the Toronto City Centre Airport, which continues to see remarkable passenger growth as a result of the expansion of Porter Airlines. With the construction of a new terminal currently underway, and further improvements to Airport infrastructure, the stage is set for even further growth in fiscal 2009.

In anticipation of the TCCA's 100% year-over-year passenger growth, the TPA contracted in January 2009 to build a new, larger ferry. Construction of this ferry is well underway in Wheatley, Ontario, and is being financed by the TPA without any government or taxpayer assistance.

"The airport is a huge competitive advantage for the City of Toronto," Mr. Paul stated. "The Toronto Port Authority is committed to providing passengers with the best possible travel experience whether they are using the airport for business travel or for leisure."

All four of the Toronto Port Authority's operating businesses were profitable in 2008. In addition to the City Centre Airport, these include the Port's commercial operations, the Outer Harbour Marina and the TPA's modest remaining Property holdings. Despite the economic downturn, the Toronto Port Authority is cautiously optimistic about continuing this profit experience in fiscal 2009.

The Toronto Port Authority's financial stability ensures the agency will be able to continue its efforts to make the Toronto waterfront a clean and secure place to live, work and do business. Although the focus in 2008 was to turn a profit, the Toronto Port Authority was also actively engaged in cleaning up the waterfront, fighting pollution, and preserving natural environments in and around the Leslie Street Spit.

"Doing our part to make Toronto a better place is at the core of everything we do," stated Mark McQueen, Chairman of the Toronto Port Authority's Board of Directors. "But we also wanted to improve the TPA itself, a task that the new guard on the Board of Directors has taken to heart. Achieving the TPA's first-ever profit is one key example of this effort. Another is the fact that we've reduced the cost of the Board of Directors by approximately 33% in the past fiscal last year versus 2007. The TPA's critics wanted us to be profitable, and the Board and management are pleased to deliver in that regard."

"I am also proud to say that the TPA's cash and short term investments amounted to \$11 million as at December 31, 2008," added Mr. McQueen. "In

addition, the TPA would be delighted to receive the \$12.3 million in overdue Settlement Payments, Harbour User Fees and interest that the City of Toronto has withheld over the past number of years. With these additional funds, the TPA could further improve Toronto's harbour operations, its port facilities and security infrastructure. The TPA has already agreed to pay to the City of Toronto approximately \$5.5 million in payments-in-lieu-of-taxes, consistent with the recommendations of the federal PILTS Dispute Advisory Panel Report, released in early 2009, with these payments-in-lieu-of-taxes having been offset against additional debts owed to the TPA by the City."

Along with bringing an increased business focus to the Authority, the TPA remains committed to continuing its advancements in community outreach and engagement.

"Two of the Toronto Port Authority's highest priorities are transparency and accountability," added Mr. McQueen. "The majority of the Board continues to put its energies into prudent management and oversight so as to ensure that the Toronto Port Authority can continue to improve its services to stakeholders and the public at large. With the input of the harbour's business and residential communities, the Toronto Port Authority is looking forward to improving its operations further, despite the current economic downturn."

For further information:

Janet MacDonald, Toronto Port Authority, (416) 863-2003

Toronto Port Authority releases results of City-wide survey

Majority of Torontonians want port operations - including Toronto City Centre Airport - to stay out of City of Toronto's control

TORONTO, Aug. 4 /CNW/ - The Toronto Port Authority (TPA) today released the results of a public opinion survey conducted by the national public-opinion research firm Pollara Strategic Insights.

The survey was conducted July 6-7, 2009, sampling 500 residents who live within the City of Toronto. In addition to probing the opinions on the performance of the TPA, the survey touched on a wide variety of topics, including attitudes toward the revitalization of the Toronto waterfront, and the Toronto City Centre Airport (TCCA). Porter Airlines and several other aviation enterprises operate out of the TCCA.

In recent years, a handful of local and federal politicians have demanded that the TPA be abolished, with the City of Toronto taking over its duties, including the operation of the TCCA. According to the Pollara survey, a majority of Torontonians (58%) oppose the concept of devolution to the City. Only 14% of respondents "strongly supported" the idea, and 17% "somewhat supported" the idea.

"We were interested in what our stakeholders had to say about this proposal, so we added the devolution question to our annual summer poll," said Mark McQueen, Chairman of the TPA's Board of Directors. "The public reaction was compelling, and serves as a guide for those of us involved in the economic future of Toronto."

The survey further probed Torontonians' attitudes toward the City of Toronto taking over the TPA and the TCCA by asking if they would be more supportive or opposed to this scenario if it meant removing Porter Airlines from the TCCA. Under that scenario, public opposition to devolution grew by a ratio of 4-to-1 against the devolution concept: 53% of Torontonians were more opposed to devolution, while 12% were more supportive.

"It is clear to us that Torontonians support the goals of the TPA in building a sustainable, secure harbour community that includes a thriving airport servicing short-haul passenger traffic," said Alan Paul, the TPA's Acting President and Chief Executive Officer. "It is also worth noting that this poll was conducted before the recent announcement that every TPA line of business reported an operating profit in fiscal 2008."

Survey results can be found on the TPA's website at www.torontoport.com, as well as other information about the TPA.

The Toronto Port Authority was incorporated on June 8, 1999, as a government business enterprise under the Canada Marine Act as the successor to the Toronto Harbour Commissioners. It is a federal public authority providing transportation, distribution, storage, and container services to businesses. The TPA owns and operates the Toronto City Centre Airport, Marine Terminals 51 and 52, and the Outer Harbour Marina. The TPA also provides regulatory controls and public works services to enhance the safety and efficiency of marine navigation and aviation in the port and harbour of Toronto.

Relevant Survey Results - Details

Pollara surveyed a random sample of 500 City of Toronto residents by telephone between July 6-7, 2009; the margin of error is +/- 4.4%, 19 times out of 20. It is the third annual survey probing Torontonians' views of the TPA, its performance and its strategic objectives. One key question involved the topic of handing over control of the TPA and the Toronto City Centre Airport to the City of Toronto.

The relevant Pollara question text and answers provided were as follows:

QN22N: Some have suggested that the Toronto Port Authority should be abolished, and that the City of Toronto should take over running all of the Port's duties - including transportation, public safety, and environmental protection responsibilities.

Is this something you would

Total Support.....	31%
Strongly Support.....	14%
Somewhat Support.....	17%
Total Oppose.....	58%
Somewhat Oppose.....	15%
Strongly Oppose.....	43%
Don't Know.....	11%
Refused.....	less than 01%
N Size.....	500

QN23N: If, as part of this take over, the City of Toronto closed the Toronto City Centre Airport and removed Porter Airlines, how would this impact your support or opposition to the Toronto Port Authority being abolished and the City of Toronto taking over the Port's duties?

Would it make you more supportive, more opposed, or would it have no impact on your support or opposition to this move?

Is that much more or somewhat more supportive/opposed?

Total More.....	12%
Much More Supportive.....	07%
Somewhat More Supportive.....	06%
No Impact	30%
Total Less.....	53%
Somewhat More Opposed.....	14%
Much More Opposed.....	39%
Don't Know.....	05%
Refused.....	less than 01%
N Size.....	500

For further information: Janet MacDonald, Toronto Port Authority, (416) 863-2003

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**For Immediate Release
August 6, 2009**

Majority of Torontonians want pedestrian tunnel to Toronto City Centre Airport: Poll

Sixty-two per cent support tunnel concept

TORONTO – An independent public opinion poll has found that 62% of Torontonians' surveyed support the construction of a pedestrian tunnel to improve access to the Toronto City Centre Airport.

These are among the results of an annual poll conducted for the Toronto Port Authority (TPA) by the national public-opinion research firm Pollara Strategic Insights.

The 500-person survey was conducted July 6-7, 2009. In addition to probing opinions on the performance of the TPA, the survey touched on a wide variety of topics, including attitudes toward the revitalization of the Toronto waterfront, and the Toronto City Centre Airport (TCCA). Porter Airlines and several other aviation enterprises operate out of the TCCA.

In June of this year, the TPA reintroduced the decades-old tunnel concept given the apparent dearth of Toronto-area infrastructure projects which could benefit from the federal government's stimulus funding program. A pedestrian tunnel underneath the Western Gap of the Toronto harbour would improve access between the mainland and the Toronto City Centre Airport for the commuting public. Medical patients involved with TCCA emergency medical evacuation flights would also be key beneficiaries.

According to the survey, 62% of respondents support the construction of a pedestrian tunnel. Only 21% of respondents are "strongly opposed" to the concept, while 10% are "somewhat opposed" to it.

"In light of Toronto's need for shovel-ready infrastructure projects able to access federal stimulus funding and create local jobs, this is the perfect time to reintroduce the tunnel concept. The concept has four key drivers: TCCA passenger volume increased 100% between 2007 and 2008; a tunnel has practically no carbon footprint; it would last for generations; and, as we saw in the Pollara survey results released earlier this week, Torontonians want the TCCA to succeed as a commuter airport," said Mark McQueen, Chairman of the TPA's Board of Directors. "Given the long-term benefits of this type of infrastructure, we were naturally interested in what Torontonians had to say about the concept. So, we put the question to them."

In addition to improving access to the TCCA, including a new \$45-million terminal currently being built by Porter Airlines, the pedestrian tunnel concept could also serve as a conduit for needed water main and utility upgrades to serve residents and businesses on the Toronto Islands. The TPA has

invited the City of Toronto to consider teaming up on the project in the coming weeks, given the City's pressing need to upgrade its core services to the Toronto Islands.

"The tunnel concept has been around since the 1930s when City officials first brought the idea forward to spur on economic development," said the TPA's Acting President and CEO, Alan Paul. "In 1935, *The Globe and Mail* editorial board termed the project 'inevitable'. The undeniable success of the TCCA, combined with the broad public support for the tunnel concept and the TPA's overall stewardship of the harbour, presents a unique opportunity to finally make it happen."

"Medical patients and organs for transplants arriving on medevac aircraft are sometimes transported in open boats over choppy water in very inclement weather," added Ken Lundy, TCCA Airport Director. "A tunnel would give paramedics and their patients safe, reliable, round-the-clock access to downtown Toronto hospitals."

The tunnel concept has received the support of several business and community groups, local politicians as well as Canada's largest daily newspaper, *The Toronto Star* ("For an island tunnel", June 8, 2009, pg. A12).

"The island airport has proven to be a success story for the City of Toronto," said City Councillor Karen Stintz. "[The tunnel] is a shovel-ready infrastructure project that will result in job creation as well as enhancing municipal infrastructure. The addition of a tunnel will result in improved access for commuters year round."

The Toronto Port Authority was incorporated on June 8, 1999, as a government business enterprise under the *Canada Marine Act* as the successor to the Toronto Harbour Commissioners. It is a federal public authority providing transportation, distribution, storage and container services to businesses. The TPA owns and operates the Toronto City Centre Airport, Marine Terminals 51 and 52, and the Outer Harbour Marina. The TPA also provides regulatory controls and public works services to enhance the safety and efficiency of marine navigation and aviation in the port and harbour of Toronto.

Further information about the TPA is available on the TPA website at www.torontoport.com.

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For more information contact:

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Relevant Survey Results

Details: Details Pollara Strategic Insights surveyed a random sample of 500 City of Toronto residents by telephone between July 6-7, 2009; the margin of error is $\pm 4.4\%$, 19 times out of 20. It is the third annual survey probing Torontonians' views of the TPA, its performance and its strategic objectives. A key question posed by Pollara sought to gauge the potential support for the construction of a pedestrian tunnel connecting the mainland with the TCCA.

Q25N: As you may know, access to this airport is by a short ferry ride across a distance of 400 feet (or 121 metres) of water. Do you strongly support, somewhat support, somewhat oppose, or strongly oppose the construction of a pedestrian tunnel underneath this waterway to improve access to the Toronto City Centre Airport?

Total Support	62%
Strongly Support	34%
Somewhat Support	28%
Total Oppose	31%
Somewhat Oppose	10%
Strongly Oppose	21%
Don't Know	7%
Refused	<1%
N Size	500

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**For Immediate Release
August 23, 2009**

Toronto waterfront development “headed in right direction”: Poll

TORONTO – An independent public opinion poll has found that 64% of Torontonians surveyed believe that Toronto’s waterfront redevelopment efforts are headed in the right direction.

These are among the results of an annual poll conducted for the Toronto Port Authority (TPA) by the national public-opinion research firm Pollara Strategic Insights.

The 500-person telephone survey was conducted July 6-7, 2009. In addition to probing opinions on the performance of the TPA, the survey touched on a wide variety of topics, including views on the waterfront and the Toronto City Centre Airport (TCCA).

According to the survey, 64% of respondents believe recent “changes along Toronto’s waterfront are headed in the right direction.” Only 14% of respondents believed the waterfront was headed in the “wrong direction,” while 22% didn’t have an opinion.

“As a key service provider to Toronto residents, the TPA recognizes it has a supporting role to play in revitalizing our city’s waterfront. With TCCA commercial passenger traffic doubling between 2007 and 2008, it is encouraging to see that Torontonians believe the success of the airport is compatible with the direction of Toronto’s waterfront redevelopment strategy,” said Mark McQueen, Chairman of the TPA’s Board of Directors.

“The TPA has worked diligently to ensure that the passenger growth at the TCCA complies with our ‘good neighbour’ policy,” said the TPA’s Acting President and CEO, Alan Paul. “Over the past 12 months, noise complaints have dropped 61%. Later this Fall, our community-based Noise Management Advisory Group will consider several ambient noise mitigation recommendations with input from a soon-to-be scheduled public meeting. Even with the dramatic drop in noise complaints, the TPA is keen to utilize any and all practical means to ensure that the TCCA’s growth and success does not interfere with the quality of life of waterfront residents and visitors.”

Earlier this month, the TPA announced other encouraging results from this year’s survey. Among them, 62% of Torontonians support the construction of a pedestrian tunnel between the mainland and the TCCA, with 31% opposing. Furthermore, 58% of Torontonians oppose the proposal by some City of Toronto politicians that the TPA be abolished and its duties turned over to the City, with 31% supporting the proposal.

The full results of the Pollara survey are available at www.torontoport.com.

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Q4: As you may know, Toronto's waterfront has been going through a process of revitalization in recent years, with the development and creation of new communities, parks and green spaces along the waterfront. Do you think these changes along Toronto's waterfront are headed in the right direction or wrong direction?

Right Direction	64%
Wrong Direction	14%
Don't Know/Refused	22%
N Size	500

File: TCCA.

June 27, 2008

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

Dear Councillor Vaughan:

Many thanks for agreeing to meet with me on June 12th. I enjoyed the opportunity to introduce myself, and to personally assure you of the sincerity of my public comments regarding the Toronto Port Authority's ("TPA") desire to turn the page on the TPA's relationship with the City of Toronto under the previous federal government.

I have looked into each of the matters you raised, and am pleased to report the following:

1. Libel Suits against you personally:

As I mentioned during our meeting, I was stunned to hear that you were "being sued" by the TPA for Libel regarding comments you've made in the past regarding the Q400 aircraft. I am advised by TPA staff that this is not the case, and was delighted to hear this news. If there is outstanding litigation against you of this nature, I am assured by TPA staff that TPA is not a Plaintiff in any such action.

2. Bathurst Street Sidewalk:

The TPA is not opposed to the construction of a sidewalk. I am advised that the only concerns that have been raised by TPA staff are to ensure pedestrian safety in light of the existing activity on Bathurst Street. I understand that TPA Staff and City Staff are setting a meeting time to have a "without prejudice" discussion regarding the City's proposed location of a new sidewalk.

3. National Club Dockwall:

As you know, TPA does not own this asset, although we share your concern regarding the adjudication of this situation. We have been in contact with the Province regarding the repair of the dockwall in the Western Gap. We continue to monitor the situation and are hopeful of a near term resolution. Unfortunately, this is not an issue where we can influence the outcome.

4. Tip Top Phase II:

With respect to the Tip Top Phase II construction, I am advised that Nav Canada has raised concerns regarding the specific location of an element of this project and that they are working constructively with a navigational expert retained by the Tip Top Phase II developers. Like you, we are mindful of the impact that any construction project may have on the safety of commercial and private users of TCCA, and trust that the Nav Canada team is approaching this issue in a dispassionate manner.

5. "Toronto Museum":

We are aware that the City of Toronto Council recently approved the pursuit of the construction of a "Toronto Museum" at the foot of Bathurst Street. Our Airport Director, Ken Lundy, will continue to work with City Staff on the planning and development aspects of the proposed site. As you said during our meeting, this presents an excellent opportunity for City Staff and the TPA to beautify the area around the ferry dockwall and adjacent parking lots, without undermining the practical needs of the tens of thousands of Torontonians who utilize the TCCA each and every month.

6. TCCA noise complaints:

In the area of noise, I think you and I are in absolute agreement regarding the basic principle that TCCA users need to comply with both the spirit and the letter of the Tripartite Agreement. In light of the many thousands of residents along the waterfront, it must be acknowledged that TPA received complaints from only 44 citizens during the month of May; any extremely low percentage of the relevant population base. And while we naturally strive for zero complaints, this compares well in my mind to what I assume were the 1,000+ different complaints that each City Councillor received regarding snow removal, for example, during the month of February 2008.

As I mentioned during our meeting, approximately 15% of these noise complaints appear to have been related to the Province of Ontario's Air Ambulance. You may find it interesting that just last week, this very Air Ambulance flew over my home (situated well north of Bloor Street) on two different occasions, likely on the way to the Hospital for Sick Children; I did not call my City Councillor or MPP to complain of the loud noise that is generated by a low flying helicopter. I was just hopeful that the young occupant got the emergency care he/she required, and am glad that we live in a society that can afford such life-saving tools.

We must agree that:

- i) The Air Ambulance has been based at TCCA since 1991, long before many of the buildings were constructed anywhere near the TCCA site;
- ii) It is not for the TPA to second guess where the emergency professionals who work for the Province of Ontario believe the Air Ambulance should be based;

- iii) As Canada's largest City, Toronto needs to have such tools close at hand. Balmoral Avenue would be also quieter if it didn't have a Pumper Truck in that Firehall, Chaplin would be quieter if not for the Metro Ambulance depot at Eglinton, South Rosedale would be quieter if not for the Sherbourne / Bloor Aerial Truck; the East Annex Heritage District would be quieter if not for the restaurants at "Ave & Dav". Living in a City involves some ambient noise, whichever neighbourhood you choose to reside in;
- iv) It is due to Toronto's history that many of the key hospitals are located downtown, which is the sole reason why several such Air Ambulance flights occur each day in the downtown core, and to-and-from the TCCA;
- v) If the residents along the Waterfront who call the TPA to complain about the movements of the Air Ambulance had children or grandchildren involved with these life-saving flights, they would undoubtedly feel differently about its presence at the TCCA, or anywhere else for that matter.

That being said, in light of one specifically unfortunate commercially-generated post-11:00 p.m. noise event, TPA has begun a new initiative with Transport Canada to develop regulations to enforce curfew violations. At the present time, to my surprise, no such regulations exist. TPA Staff are on top of this and will report to the Board as soon as Transport Canada is in a position to assist with this situation.

I have spoken to the Chief Executive Officer of Porter Airlines personally regarding this issue. I have impressed upon him our desire to avoid any excessive noise, or circumstances where the airline might be active late in the day or early in the morning. He is sensitive to our concerns, and is actively attempting to find a long term solution to the 11:00 p.m. issue in particular.

7. PILTs:

With respect to PILTs, I understand that the decision of the Dispute Advisory Panel is expected any day now. Once that Panel gives its advice, the TPA Board of Directors will be in a position to deal with this important issue.

8. TPA's 2007 financial statements:

With respect to the timing of the release of the 2007 financial statements, they were approved at a Board meeting earlier this week and will be posted on our website in the near term.

Again, thank you for agreeing to meet with me. As I advised during our meeting, the TPA Board is very keen to work constructively with the City on our many areas of mutual interest. If there ever comes a time when you feel the need to involve the TPA Board on an issue, I encourage you to do so. And while we and City representatives may agree to disagree at times, I believe the opportunity to discuss issues is far better than this pre-existing situation where the City didn't talk to the TPA, and the TPA didn't believe it could get a fair hearing with the City on any and all issues.

The best way for us each to address the other's concerns is through an ongoing dialogue. City Council's recent decision to consider candidates for the ultimate appointment of a City representative to the TPA Board of Directors is an excellent step in that direction.

As an aside, I do not see myself as a "Tory patronage appointment", as you were quoted in the Globe and Mail earlier this week. To ensure that the TPA is not seen to be a place of "patronage", at a meeting in March 2008 our Board did away with the \$50,000 annual salary for the Board Chair. As I mentioned to you during my meeting, all of my own Board meeting fees are donated to local charities each year, and I am therefore a volunteer who is trying to make our City a better place to live. These donations, in a small way, improve several organizations that are used by your constituents with much regularity.

We both want the same thing: to improve the City of Toronto as a place to live and work. I look forward to working with you and your colleagues to achieve that end.

Respectfully,



Mark McQueen
Chairman of the Board
Toronto Port Authority

Cc: His Worship David Miller,
Mayor, City of Toronto

Lisa Raitt,
President & Chief Executive Officer, Toronto Port Authority