



AROUND
OUR WORLD

Toronto
Port
Authority

Administration
Portuaire
de Toronto

**Toronto
Port
Authority** | **Administration
Portuaire
de Toronto**

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60 Harbour Street, Toronto, ON M5J 1B7 Canada

The Toronto Port Authority is a government business enterprise operating pursuant to the Canada Marine Act and Letters Patent issued by of the Federal Minister of Transport.

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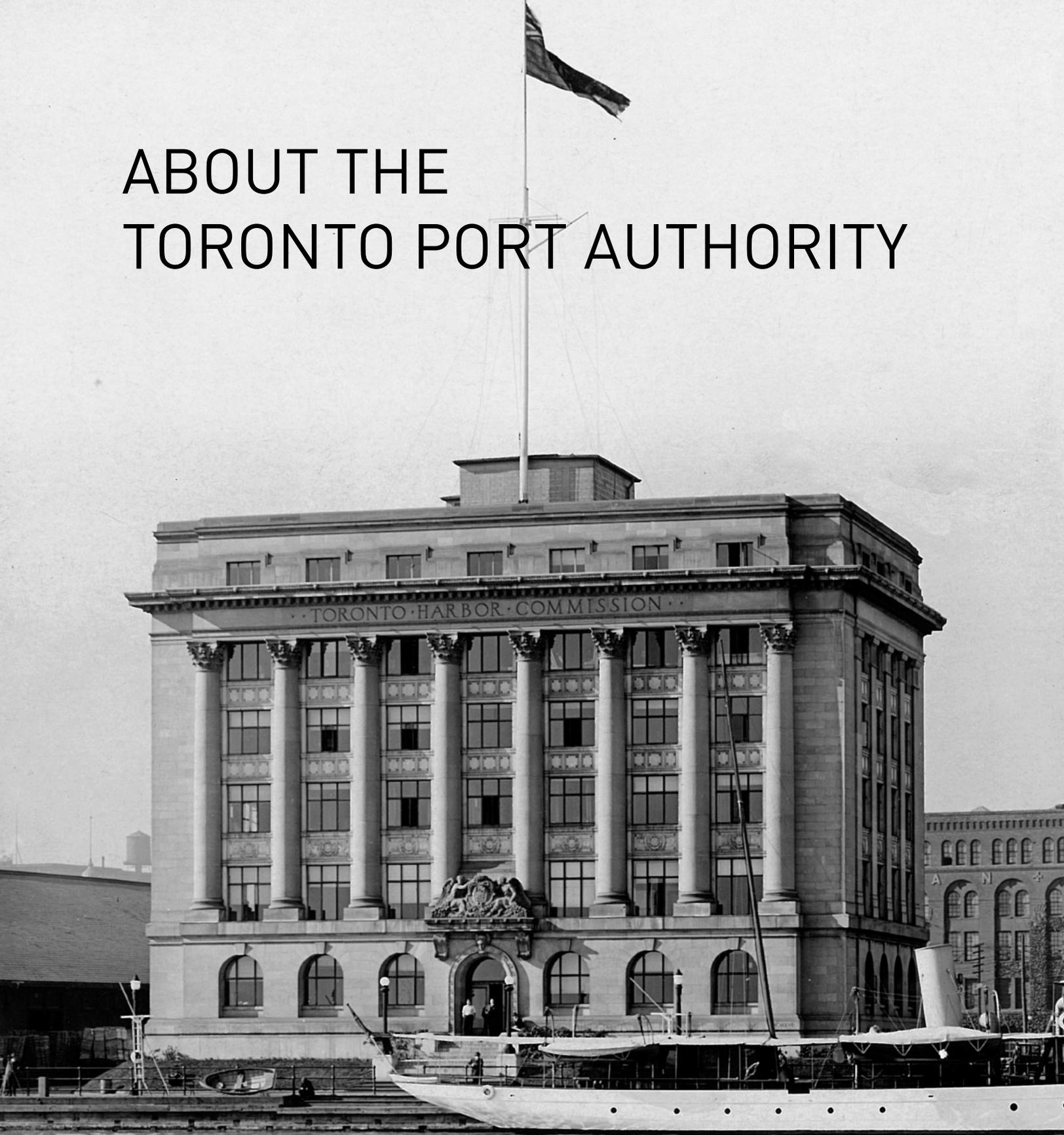
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ABOUT THE TORONTO PORT AUTHORITY



*Serving you
in the heart of Toronto*

The Toronto Port Authority is a government business enterprise that owns and operates the Billy Bishop Toronto City Airport, Marine Terminals 51 and 52 within the Port of Toronto, and the Outer Harbour Marina.

In addition to moving more than two million passengers through the airport each year, the Toronto Port Authority (TPA) provides transportation, distribution, storage and container services to businesses at the port and owns and operates one of the largest freshwater marinas in Canada.

Responsible for safety and efficiency of marine navigation in Toronto Harbour, the Toronto Port Authority provides regulatory control and public works services to the area, issues permits to recreational boaters in the harbour, and manages the Leslie Street Spit landfill site. In the winter of 2014/2015, the Toronto Port

Authority will open its pedestrian tunnel connecting Billy Bishop Toronto City Airport to Toronto's mainland, providing a predictable, efficient and convenient access route for travellers to Toronto's downtown airport.

The Toronto Port Authority is financially self-sufficient, as required under the Canada Marine Act, and its activities and operations are not funded by taxpayers.

Mission

To effectively manage the Billy Bishop Toronto City Airport, Marine Terminals 51 and 52 within the Port of Toronto and the Outer Harbour Marina on a self-sustaining basis, allowing us to reinvest funds into transportation infrastructure, marine safety, environmental protection and community programming. Through the successful pursuit of this mission, the Toronto Port Authority plays an important city-building role in the economic growth and sustainable future of Toronto.

Vision

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

Jurisdiction of the Toronto Port Authority within the Port and Harbour of Toronto





MESSAGE FROM THE CHAIRMAN

There's the course you try to set in life, and the one that you wind up taking.

During 2013, the team at the Toronto Port Authority was able to continue to pursue several of its own key strategic initiatives while simultaneously tackling all that was involved with the spring proposal by Porter Airlines, which sought to introduce new-technology jets to Billy Bishop Toronto City Airport.

As I outlined last October in a speech to the Toronto Region Board of Trade, the TPA Board of Directors will look at each important component of this issue from the standpoint of "Do No Harm." This applies whether it be environmental, noise, marine activity, health, recreation, traffic, tourism or the economy of Toronto.

My wife and I were married at the little church on Toronto Island—St. Andrew's-by-the-Lake—and I want our children to enjoy that peaceful ambience should they choose to follow in our footsteps and walk down that same wooden aisle.

The TPA's task is to ensure that the airport's operations fit into, and not dominate, Toronto's lively Waterfront and South Core area. The airport is a success, and that success deserves to be embraced. But, as the airport's operator, we recognize that we have to get this right, while

doing no harm, which is exactly the approach we will take should City Council decide the idea of commercial jets is worthy of our consideration.

Earlier this year, City Council expressed its interest in receiving additional and very detailed information regarding the environmental and traffic impacts of the Porter Proposal. On that basis, and with public support for the proposal running at 66 per cent (as of January 2014), the TPA proceeded with the engagement of independent consultants who will consider all that is involved in the project. Torontonians can expect there to be a robust consultation element as part of the environmental assessment process.

The TPA has also engaged professional advisors to update its 2012 Airport Master Plan. I expect that come mid-2015, all of this work will be complete and ready for review by Toronto and its elected representatives.

The TPA Board of Directors, which is appointed by all three levels of government, oversaw material progress in each area of the agency's mandate on behalf of all of our key stakeholders.

The 2013 highlights included:

- **City Relations:** Agreement regarding BBTCA Payments In Lieu Of Taxes with the City of Toronto;
- **Environmental Stewardship:** Completion of the TPA's \$1-million fish habitat at Tommy Thompson Park, which is part of the reason sport fishing has returned to the waters in and around the Port of Toronto;
- **Recreational Boaters:** New docks and winter storage facilities at the Outer Harbour Marina;
- **Industrial and Commercial Users:** Necessary maintenance to the Cherry Street Lift Bridge, which was built in 1931;
- **Community Involvement:** Over the past five years, the TPA has contributed more than \$5.6 million to community groups, cultural events, environmental initiatives and local charities; and,
- **City Building:** The completion of major construction milestones at the BBTCA pedestrian tunnel project.

The TPA is engaged with its community. It is conscious of its responsibility to mitigate its impact on its neighbours, and our noise barriers, sound monitoring equipment and proposed run-up housing are but three tangible examples of this mentality. The agency is highly transparent, as is evidenced by our proactive and voluntary disclosure policies around important Board and CEO correspondence, travel and hospitality expenses, and compensation. The agency is investing in the cultural and community fabric of Toronto, recognizing that arts, health, commerce, community and recreation are each essential elements of life in our City.

The TPA is on a firm financial footing, its passengers and customers are highly satisfied, 90% of Torontonians believe Billy Bishop Toronto City Airport is an "asset," and the proposed 30 Bay Street real estate project will ensure the TPA can abide by Parliament's requirement that it be financially self-sufficient, in good times and bad.

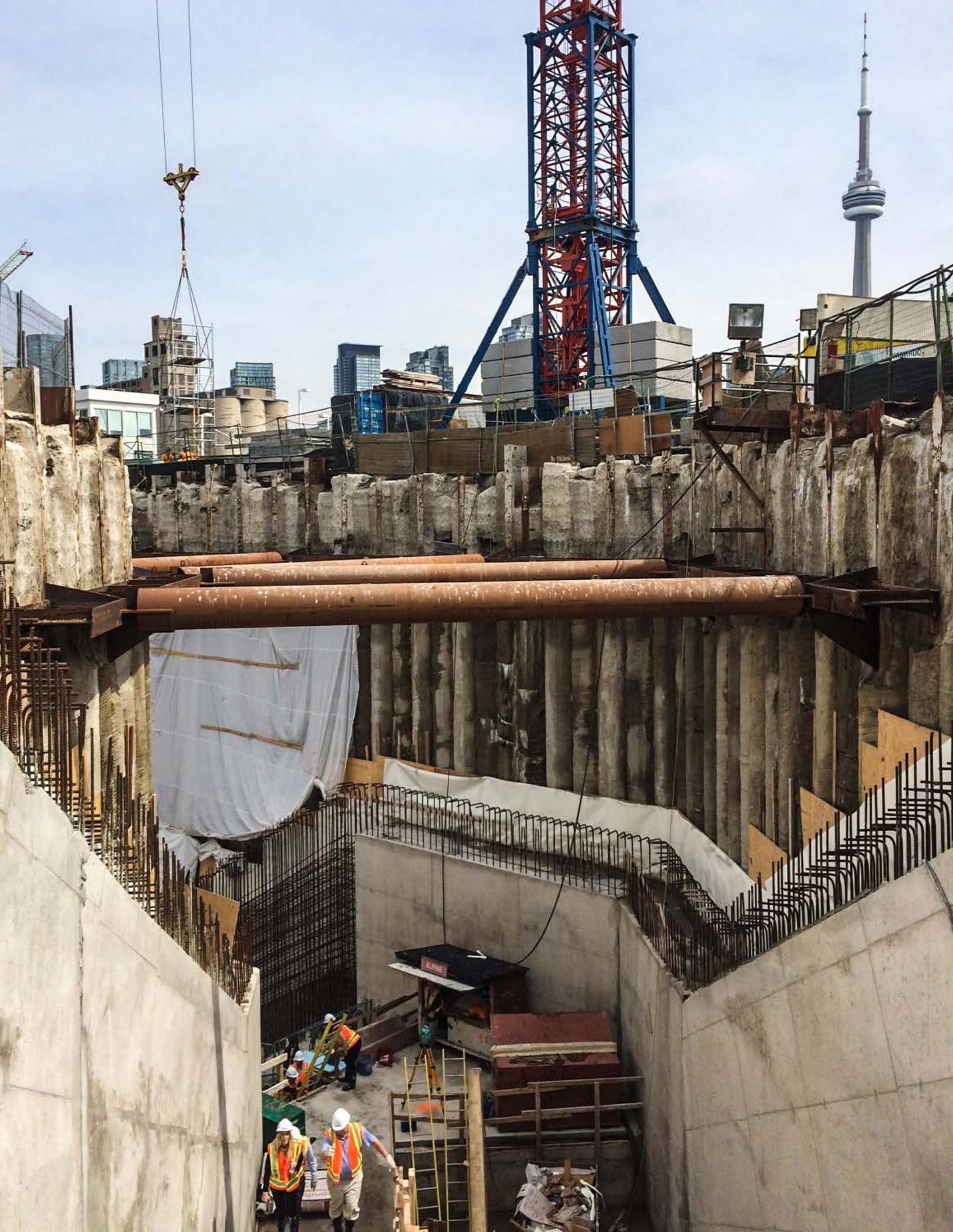
After seven years on the TPA Board, I've been asked to chair the Board of a major Canadian infrastructure project, and need to step aside from the TPA to focus solely on this new public duty once the pedestrian tunnel is complete in 2015. I am proud of all that has been accomplished by the Board, management, staff and key stakeholders since 2007. On behalf of the Board, I would like to convey that we are deeply grateful for the dedicated, unfailing and round-the-clock support we've received from the entire TPA family during our tenure. Thanks, too, goes to the key government staff and elected representatives who made a positive difference at certain key junctures.

Without the support and wisdom of my Board colleagues, none of this would have been possible. The collegial, productive and collaborative nature of our time together, not to mention a touch of intestinal fortitude, has made the difference at each and every step along the way.



Mark McQueen
Chairman





MESSAGE FROM THE PRESIDENT AND CHIEF EXECUTIVE OFFICER



The year 2013 was another busy one for the Toronto Port Authority as our organization continued to work toward efficient and effective business growth that would enable our organization to service the members of the community through charitable and environmental initiatives, and invest in the infrastructure and transportation needs of Toronto.

In 2013 the Toronto Port Authority (TPA) marked its sixth consecutive year of profitability, with net income of \$13.7 million. As a self-sustaining organization that does not receive public funding, we are proud of our ability to achieve and maintain profitability, as this puts us in a position to give back to our community and invest in initiatives and improvements that benefit the city.

Our three key businesses all reported strong results. Billy Bishop Toronto City Airport (BBTCA) continued to see ongoing success in 2013 serving 2.3 million passengers, which is consistent with numbers reported in 2012. Billy Bishop Toronto City Airport generated income of \$39.5 million, which included Airport Improvement Fees of \$18 million. This is expected to remain stable in 2014, with passenger volumes forecast to increase slightly to 2.4 million.

BBTCA has become an important international gateway and a key driver to Toronto's economy, accounting for \$1.9 billion in economic output and 1,700 jobs that can be directly attributed to airport operations. According to a January 2014 Ipsos Reid survey, Torontonians view BBTCA as an asset to the

City. In fact, 90 per cent agreed with this statement, up from 87 per cent six months earlier. The survey, which polled 702 adults living in Toronto—including 300 respondents who live downtown, south of Queen Street—also revealed that 34 per cent of the city's residents have flown out of the airport and two-thirds of respondents (66 per cent) are "personally in favour of having an airport on the island and believe it's good for Toronto."

Port and terminal operations also contributed to TPA's profitability in 2013. The port reported operating income from all sources of \$1.1 million, representing steady performance compared to 2012, when operating income was \$1.4 million. In 2013, the TPA continued to diversify its owned terminal operations with an ongoing focus on year-round warehousing and project staging services to downtown Toronto's booming construction industry. These efforts resulted in a rise in high-value construction staging cargo in 2013. Marine cargo totalled nearly 1.56 million tonnes in 2013, which included sugar, cement and salt, and bulk stone cargo shipments increased by 8 per cent.



The Outer Harbour Marina's operating income increased in 2013 to \$1.4 million, up slightly from \$1.3 million the year prior. This growth came during a year when we continued to make improvements to better serve the boaters at the marina and build on our program of environmental best practices which has earned the Outer Harbour Marina a "5 Green Anchor Gold" rating from Boating Ontario as part of its Clean Marine program again this year.

Our growth and profitability enabled the TPA to continue making important investments in Toronto's waterfront infrastructure, the environment and community organizations. In fact, since 2009 the TPA has invested more than \$5.6 million in community and environmental initiatives.

In 2013, in addition to supporting many worthy community organizations such as Toronto Brigantine, Harbourfront Community Centre's Youth Arts Program and Set Sail for Hope, we once again held the popular Sail-In Cinema™ film festival for the enjoyment of audiences of all ages, and continued to invest in our sustainability program to ensure we conduct our operations in an environmentally responsible manner.

We are pleased to have completed construction on the Wetland Creation Project, bringing our expertise in lakefill construction and management to bear on a partnership with the Toronto and Region Conservation Authority that has created an important new habitat for fish, migratory birds and other wildlife in Tommy Thompson Park. This fish habitat has been very successful to date with reports of significantly increased fish populations and the return of pike and muskie species to the harbour. We also continue to invest in measures

that minimize the environmental impact of our businesses, such as purchasing 100 per cent of our power needs from renewable sources such as wind and hydro through Bullfrog Power. The TPA is one of only a few organizations in Canada to use renewable energy for its entire operations and the only airport and port authority in Canada to do so.

In addition to the community and environment, we know that Torontonians believe it is a priority to invest in the city's transportation infrastructure and we are working to achieve this on the waterfront. In 2013 we announced several exciting milestones with regard to the pedestrian tunnel to BBTCA, including the completion of the excavation of the tunnel on August 23, 2013. We are extremely proud that this project is being built at no cost to taxpayers and will be funded entirely through the Airport Improvement Fee paid by departing passengers. Most important, the tunnel will provide fast, convenient and reliable airport access for our passengers while easing traffic congestion stemming from travellers arriving and departing in four ferry "waves" per hour.

We also continued work on the redevelopment of our 1.8-acre site at Bay and Harbour Streets, an important element of our long-term financial sustainability. Home to the historic Harbor Commission building that houses our head office, the site is otherwise largely used for surface parking. Redevelopment will see the construction of new commercial and office space that is well-aligned with Toronto's vision for a balance of office, commercial and residential space in the South Core area.

TPA's contributions to Toronto go beyond the waterfront however as we are also a significant contributor of taxes and employment to the City,



and to the overall prosperity and growth of our local, provincial and national economies.

Through our port and airport operations, we offer Canadian and international businesses convenient, cost-effective access to Canada's largest city. We will continue to pursue a successful strategy of managed growth in the coming years to ensure our operations fit within, and do not overwhelm, our unique mixed-use waterfront. We recognize and respect that we are in a unique position, operating a port and airport in the midst of a vital residential and business community. Projects such as the construction of the pedestrian tunnel to BBTCA allow us to meet the demands of a growing city while respecting the strict terms of our Tripartite Operating Agreement with Transport Canada and the City of Toronto.

These commitments were a significant focus for the TPA in 2013 and 2014 as the Porter Proposal to introduce jet aircraft at BBTCA became a key topic for many in Toronto. The TPA has maintained a consistent position on this Porter Proposal since it was brought forward in April 2013. Specifically, that this is Porter's Proposal and that the TPA would only consider the Proposal after the elected officials at the City of Toronto had made their decision.

In the event that City Council granted approval, the TPA would then assess the Proposal using a strict criteria based in a ten-point "Do No Harm" methodology that ensures the airport continues to co-exist effectively with others and does not overwhelm the mixed-use nature of the community. This would include ensuring no increase in noise resulting from aircraft, access for the boating community is preserved, no material negative impact on the environment, and maintenance of general aviation at BBTCA. We continue to stand

by this position as we work to complete a series of studies—including an Environmental Assessment, Preliminary Runway Design and updated Master Plan—that were requested by City Council on April 1, 2014, in an effort to inform future discussions on the matter in 2015.

With 2013 now behind us and 2014 upon us, the TPA will continue to work to fulfill its mandate and achieve the goals it has set for itself in the areas of business, community investment, environmental stewardship and city-building.

Our considerable achievements in the last year were made possible by the dedication of our employees, the support and commitment of our board, and the co-operation and feedback of our stakeholders and community partners. Together, we are building a waterfront that is prosperous and enjoyable, and one that will support our city's growth for years to come.

A handwritten signature in black ink, appearing to read "GA Wilson".

Geoffrey A. Wilson
President and Chief Executive Officer



CORPORATE GOVERNANCE



*Responsibility
and Representation*

CORPORATE GOVERNANCE

The Toronto Port Authority is the successor agency of the Toronto Harbour Commissioners, which managed the Toronto Harbour from 1911 to 1999. As part of a broad strategy developed by the Federal Government to modernize the administration of ports and operate ports in a business-like manner, the TPA was set up in 1999 to operate the harbour and the airport.

Established under the *Canada Marine Act* in 1999, the TPA is a government business enterprise that is mandated to be financially self-sufficient and receives no federal, provincial or municipal funding. The TPA operates in accordance with the *Canada Marine Act* and Letters Patent issued by the Federal Ministry of Transport in addition to a series of specific bylaws, policies and procedures. The Letters Patent include requirements related to the TPA's Board of Directors and outlines the activities that can be undertaken by the TPA.

The TPA is accountable to the Federal Government through Transport Canada, and is guided by a nine-member Board of Directors composed of individuals appointed by all levels of government—Municipal, Provincial and Federal. Six members of our Board are appointed by the Minister of Transport in consultation with Community Committees representing four identified Users Groups—Commercial, Recreation, Airport and Port Operations. The City of Toronto and the Province of Ontario have a direct governance relationship with TPA via their appointees to the TPA Board of Directors.

The TPA Board met 13 times in 2013.

The Board of Directors are appointed as follows:

- one appointee nominated by the Federal Minister of Transport
- one individual appointed by the City of Toronto
- one individual appointed by the Province of Ontario
- six individuals nominated by the Federal Minister of Transport in consultation with User Groups.

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

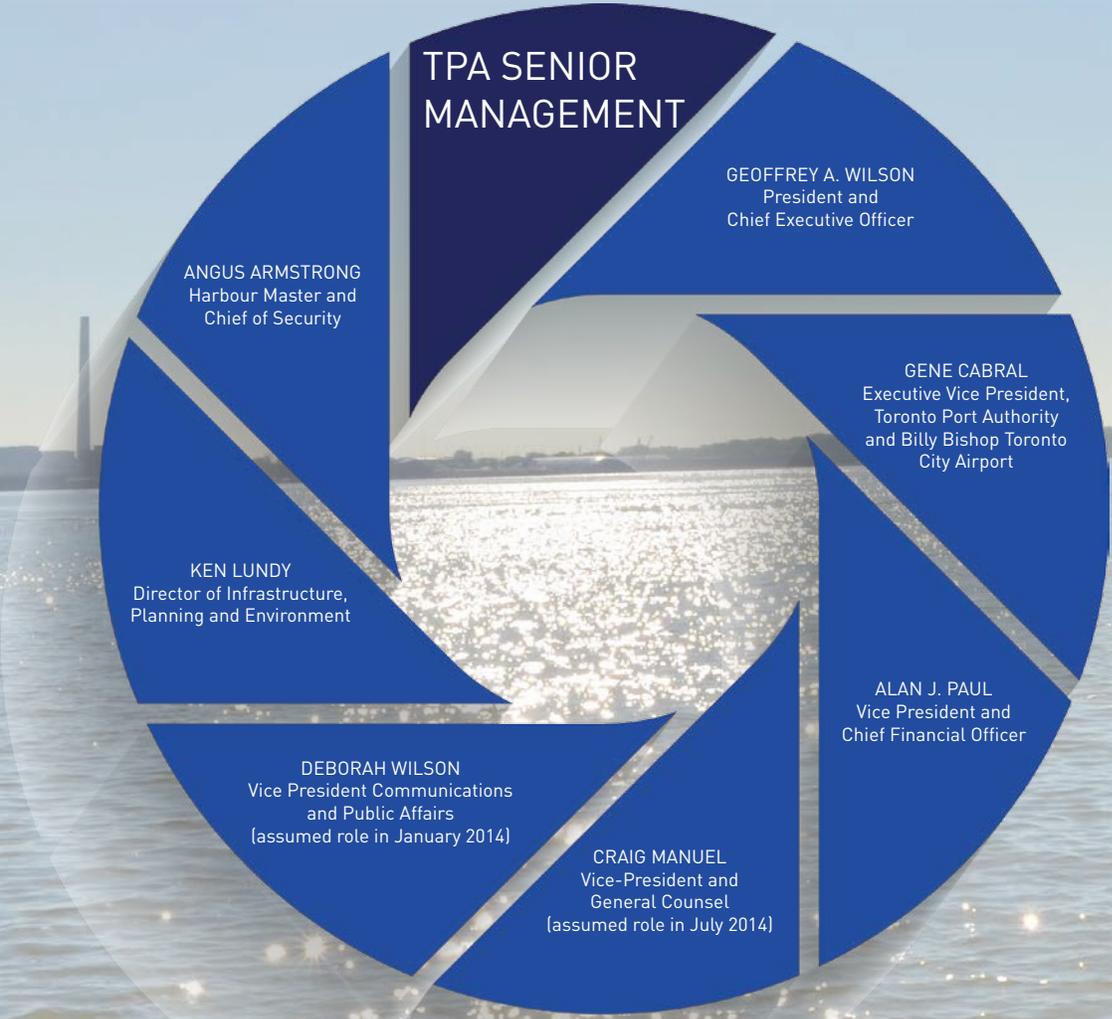
The following five standing committees oversee various organizational matters, assessing various facets of our operations and assessing recommendations from management and employees:

- Board Executive
- Audit and Finance
- Governance, Nominating and Human Resources
- Communications and Outreach
- Pension

During 2013 the committees met 30 times.

TPA's Senior Management Team reports to a Board of Directors reflective of the organization's major stakeholders.

BOARD MEMBERS	REPRESENTATION ON BOARD
Mark McQueen, Chairman of the Board	CLASS 1 PORT RELATED ACTIVITIES/OPERATIONS: Mark McQueen Sean Morley
Colin Watson	
Craig Rix	CLASS 2 AIRPORT: G. Mark Curry
G. Mark Curry	
Jeremy Adams	CLASS 3 COMMERCIAL USERS: Colin Watson Jeremy Adams
Jan Innes	
Jim Ginou	CLASS 4 RECREATIONAL BUSINESS: Robert D. Poirier
Robert D. Poirier	
Sean Morley	MINISTER'S NOMINEE: Craig Rix PROVINCIAL NOMINEE: Jan Innes CITY OF TORONTO NOMINEE: Jim Ginou



BUSINESS OVERVIEW

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



BILLY BISHOP TORONTO CITY AIRPORT



Connecting you to the world

BILLY BISHOP TORONTO CITY AIRPORT

In 2013, Billy Bishop Toronto City Airport (BBTCA) served nearly 2.3 million passengers, making it the ninth busiest airport in Canada and the seventh busiest Canadian airport serving the United States.

BBTCA now experiences, on average, more passenger traffic in three days than it did in the entire year of 2006, and we expect to welcome close to 2.4 million passengers in 2014. The airport's convenient location just 2.8 kilometres from Toronto's downtown financial district has made it popular with business travellers since commercial service improvements were implemented in 2006; however, the airport has also experienced a dramatic rise in leisure travellers since 2010.

The airport, which currently serves 18 destinations in Canada and the United States and hosts two major and award-winning commercial air carriers in Porter Airlines and Air Canada, has gained an excellent reputation throughout the travelling community for its superior customer service, fast check-in times, first-class lounge experience and convenient location close to Toronto's downtown core. This was validated in an August 2013 survey conducted by Ipsos Reid, which indicated that 96 per cent of travellers who had used the airport reported that their overall experience with BBTCA had been positive. BBTCA was also named as one of the world's 10 best airports in the 2013 Skytrax World Airport Awards (under 5 million passengers category).

BBTCA is also a base for air ambulance service, which flew more than 4,100 flights in 2013, and is home to a sizable personal aviation community that includes two fixed-base operation facilities (FBO), approximately 50 private planes and one flight school.

CONTRIBUTING TO THE ECONOMY

BBTCA is a key facilitator of business travel and tourism and a significant contributor to Toronto's economic growth.

As an important regional hub, the airport links the Greater Toronto Area (GTA) to major North American cities, and has become a vital part of business growth, supporting Toronto's international competitive position. The airport drives direct and indirect economic benefits to the GTA, supporting Toronto's key sectors including financial services, life sciences, creative industries, food and beverage, travel and tourism, and the film and television industry.

According to a study conducted by InterVISTAS, BBTCA is a key driver of Toronto's economy. In addition to generating \$1.9 billion in total annual economic output each year, the airport contributes \$640 million to Toronto's annual Gross Domestic Product (GDP) and supports 5,700 jobs, including 1,700 directly associated with the airport. It also boosts the local economy, with visitors who come through BBTCA and spend approximately \$124 million a year on accommodation, transportation, retail and food and beverage.

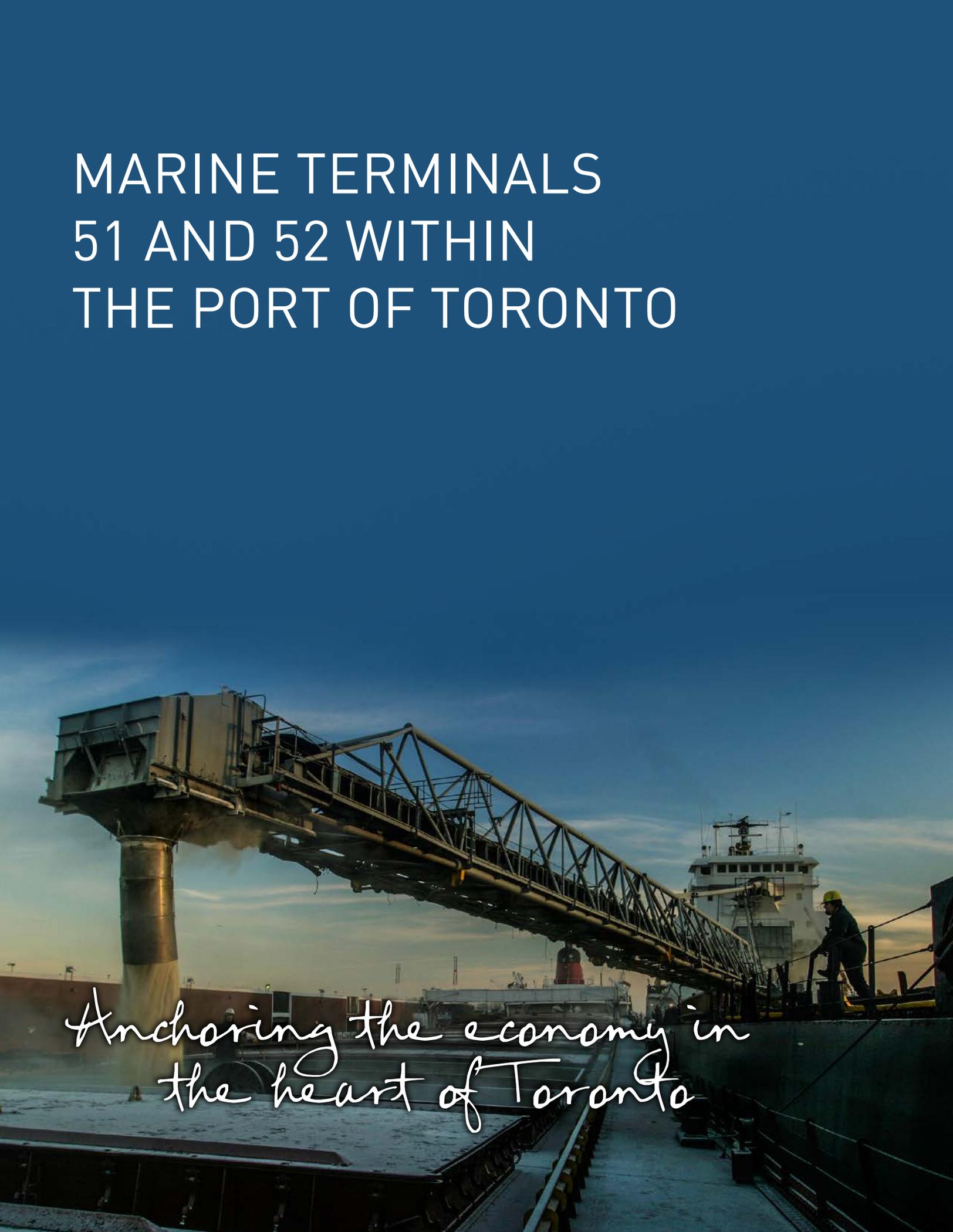
Since 2006 the airport has seen strong year-over-year managed growth in passenger numbers. With the volume of air travellers expected to reach 2.4 million in 2014, we expect a commensurate increase in the airport's economic contributions and the creation of new jobs. Looking to the future, we are confident that the airport's operations will continue to stimulate business and commerce, translating into measurable and sustainable economic growth for years to come.

Highlights



MARINE TERMINALS 51 AND 52 WITHIN THE PORT OF TORONTO

*Anchoring the economy in
the heart of Toronto*



MARINE TERMINALS 51 AND 52 WITHIN THE PORT OF TORONTO

The Port of Toronto, which dates back to 1793, is Toronto's gateway to the St. Lawrence Seaway and to marine ports around the world. Serving primarily as a bulk cargo facility, the port is a unique and vital addition to Toronto's economic infrastructure that provides a network of intermodal links to road, rail and air transportation. In fact, a report done by the City of Toronto, Waterfront Toronto, and the Toronto and Region Conservation Authority in 2012 (*Port Lands Acceleration*) found that "the Port Lands is a working port whose functions are essential for the operation of the City and should be maintained." The TPA operates Marine Terminals 51 and 52 within the Port of Toronto.

Every year, approximately 30 to 45 international or ocean-going ships visit Toronto—a total of 33 visited in 2013. These vessels primarily carry raw bulk sugar (from Central and South America), and steel pipe/plate (from India and South Korea). These vessels can also import or export high-value project cargo such as locomotives, windmills, power-plant components and mining equipment to/from countries such as Germany, Australia, South Korea, China and the U.S.A.

Our traditional marine cargo business moved nearly 1.56 million tonnes in 2013. Bulk stone cargo shipments rose by 8 per cent in 2013. The most common cargo in 2013 included sugar, cement, salt and aggregate. With the long and cold winter of 2013, all bulk salt stores were completely depleted and replenishing these stockpiles will contribute to a strong year in 2014 for our port operations.

In 2013, the TPA continued to work on diversifying its operations within the port with an ongoing focus on marketing its owned terminal operations with warehousing and project staging services to support

downtown Toronto's booming construction activity. These efforts resulted in a significant rise in high-value construction staging cargo in 2013. The outlook for 2014 remains strong with record construction in Toronto expected to continue for the next few years. The 50-acre TPA terminal facility has more than 225,000 square feet of warehouse space and over 30 acres of paved marshalling area, ideal for short/long-term storage, warehousing and project staging.

In addition to traditional marine cargo, the TPA's International Marine Passenger Terminal (IMPT) also saw continued cruise ship activity in 2013.

The 138-passenger MV Yorktown visited the port three times between July and August. These ports of call saw 604 passengers visit Toronto. The 2014 cruise ship season will see four visits to the port from the newly christened MV Pearl Mist and two visits from the MV Hamburg (formerly the MV c. Columbus). The 220-passenger U.S. vessel MV Pearl Mist will visit Toronto in July, August and September 2014, while the 440-passenger German vessel MV Hamburg will visit Toronto in September and October 2014. The total cruise ship passenger count for 2014 is expected to be approximately 2,900 passengers.

With its unmatched vistas of downtown Toronto and proximity to the city's cultural centre, the IMPT has become a popular filming location for major television dramas and big-screen blockbusters. In what was another strong year for the industry in Toronto, filming activity at the terminal generated over \$144,000 in revenue in 2013. Several productions, including *Beauty and the Beast*, *Nikita* and the new television series *The Strain*, were filmed at the IMPT.

Highlights



OUTER HARBOUR MARINA

Your relaxation starts here,
10 minutes from the
downtown core



Coordinates
43.38.60 N
79.19.50 W

OUTER HARBOUR MARINA

The TPA continued to invest in improvements to the Outer Harbour Marina in 2013, which included the installation of high-speed fuel pumps, the creation of additional parking spaces, and the completion of a three-year dock replacement that has all 650 slips equipped with power pedestals, dock boxes and adjustable cleats. Indoor heated storage is also now offered at the marina and new tenants such as True North Yacht Services and Toronto Yacht Sales now call the OHM home.

The Outer Harbour Marina offers boaters best-in-class amenities and services such as free WiFi and a BBQ pavilion. In 2013 the Outer

Harbour Marina earned a “5 Green Anchor Gold” rating from Boating Ontario as part of its Clean Marine program.

Every recreational boater operating a “powered” vessel within our jurisdiction, which extends from the mouth of the Humber River to Victoria Park Avenue, is required to have a Powered Vessel Operator’s Permit. Our Powered Vessel Operator’s Permit education program, which includes on-water testing, takes place at the Outer Harbour Marina from mid-May to mid-September. In 2013, 634 new permits were issued to boaters. In total there were 7,274 active permits.

Outer Harbour Marina Highlights for 2013

New tenants set-up operations in the OHM in 2013: True North Yacht Services, a premier sail and power boat dealership, and Toronto Yacht Sales, a boat brokerage.



A new BBQ pavilion provides boaters and their guests with a central, sheltered location to BBQ and entertain, all while enjoying breathtaking views of the city and marina.

Indoor heated boat storage was offered in the winter months of 2013/2014. The OHM is the only marina facility in the GTA to offer these amenities.



The OHM completed its three-year, three-phase dock replacement program. The marina now offers new docks, power pedestals, dock boxes and adjustable cleats at all 650 slips.

PEDESTRIAN TUNNEL AT BILLY BISHOP TORONTO CITY AIRPORT

*Walk to the airport
in six minutes*

PEDESTRIAN TUNNEL AT BILLY BISHOP TORONTO CITY AIRPORT

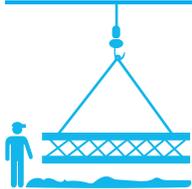
The TPA is committed to making investments that will enable us to better serve our customers, stakeholders and the community. All of these investments are important for success, including the construction of the pedestrian tunnel that will connect BBTCA to Toronto’s mainland. This innovative project will provide travellers with a convenient and reliable point of access that will also serve to ease congestion during peak travel periods, enhancing the passenger experience.

The tunnel, which is being built through a public-private partnership (P3) model, will open in the winter of 2014/2015. A portion of the \$20 Airport Improvement Fee (AIF) paid by departing passengers will cover the tunnel’s \$82.5-million construction cost. The tunnel will not be funded by taxpayer dollars.

In addition to improving access to the airport, the proposed pedestrian tunnel will carry new water and sanitary lines to serve residents and businesses on the Toronto islands following a landmark agreement with the City of Toronto that will save municipal taxpayers over \$10 million.

Excavation of the tunnel through solid shale was completed in October 2013, followed by installation of waterproofing and reinforcing steel and concrete. In June 2014 the concrete tunnel liner was completed, marking another milestone for the project. Final phases of the tunnel project will include construction of the connecting terminal structures, installation of the moving walkways, escalators and elevators, as well as electrical, mechanical, final finishing work and landscaping.

Highlights



\$82.5 million

100% financed by private sector and existing \$20 Airport Improvement Fee



Over \$10 million in savings

to municipal taxpayers for water/sanitary lines to/from Toronto Islands

Tunnel opening in winter 2014/2015



Complete journey will take 6 minutes



853 feet long



4 moving walkways



10 storeys deep

30 BAY/60 HARBOUR STREET DEVELOPMENT

Investing in our future

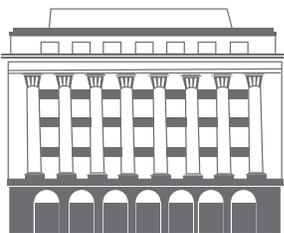
30 BAY/60 HARBOUR STREET DEVELOPMENT

During 2013, preliminary work continued on the redevelopment of the TPA property at Bay and Harbour Streets. TPA headquarters, the landmark Toronto Harbor Commission building at 60 Harbour Street, will be preserved and will anchor the 1.8-acre site.

Oxford Properties Group, the real estate investment arm of the OMERS Worldwide Group of Companies, will build and manage the 30 Bay/60 Harbour Project. The significant development initiative will solidify the TPA's long-term financial sustainability planning and will increase our ability to undertake essential public works projects over the coming years.

Once completed, the redevelopment will enable the TPA to showcase our historic headquarters in an enhanced public arena while also creating a new and exciting space to support the city's expanding financial services sector and the overall growth in Toronto's South Core. The proposed 1.2 million-square-foot development will provide high-quality office and commercial opportunities, which is consistent with the City of Toronto's goal of achieving the right balance of office, commercial, and residential mixed-use in the South Core area. A public consultation process will be incorporated into the planning and design phase expected to begin in late 2014.

Highlights



1.82 acres of non-waterfront property anchored by the historic Toronto Harbor Commission building



Create cash flow available to invest in other TPA operations and port-related infrastructure

Located in Toronto's South Core, 3rd largest financial centre in North America in terms of employment



Estimated construction completion expected mid 2019

PORTER PROPOSAL



PORTER PROPOSAL

In April 2013, Porter Airlines initiated a process to seek approval to fly next-generation Bombardier CS-100 jets at Billy Bishop Toronto City Airport (BBTCA) with an extended runway.

The management and operation of BBTCA is tightly regulated by a *Tripartite Agreement* which is a contract between three signatories: Her Majesty in Right of Canada as represented by the Minister of Transport, the City of Toronto and the Toronto Port Authority.

The *Tripartite Agreement* ensures, among other things, that BBTCA adheres to strict noise restrictions (which are the most stringent in North America); restricts flight take-offs and landings to between the hours of 6:45 a.m. to 11:00 p.m.; and prohibits the use of jet aircraft, except for Medevac, and the extension of the airport's existing runways.

Given that lifting the restriction on jets would require amendments to the *Tripartite Agreement*, the City of Toronto began an assessment in April 2013 to review and ultimately render a decision on the Porter Proposal. At that time, the TPA decided it would not make its own determination on the Proposal until such time as City Council had made its decision. If City Council were to consider the introduction of jets at BBTCA, the TPA would then undertake its own review to confirm that the construction and operations associated with the Porter Proposal would meet a strict, ten-point "Do No Harm" criterion. The criterion ensures that:

- The strict noise restrictions are maintained and adhered to;
- The Proposal results in efficient slot utilization, not necessarily more commercial flights;
- There is no material negative impact on the environment;
- The surrounding area is no less livable than any other mixed-purpose Toronto neighbourhood;
- Work is completed to improve vehicle traffic flows and increase the use of transit/shuttle service;
- The Proposal is aircraft agnostic, as long as aircraft being considered meet strict standards of the existing *Tripartite Agreement*;
- Access for the boating community is preserved with no meaningful navigational impact;

- Private aviation access for small aircraft is maintained;
- There is a business case to support TPA's investment. This includes consideration given to long-term financing and *Tripartite Agreement* extensions, if needed; and,
- Toronto's economy will grow and benefit. The Porter Proposal should improve upon the existing positive economic impact that BBTCA is already having on the region.

From December 2013 to April 2014, the Toronto Port Authority, at the request of City staff, took a more active role in analyzing the Porter Proposal. The TPA made a commitment to the City of Toronto to share information, participate in consultations and answer questions about how BBTCA currently operates, so that all parties have the facts and can consider the Proposal within an informed and accurate framework. The TPA also funded the city staff report, at City Council's direction, at a cost of approximately \$1.2 million.

On April 1, 2014, Toronto City Council voted to defer their vote regarding the introduction of jet aircraft at BBTCA to 2015 until work is completed on an Environmental Assessment (EA), preliminary Runway Design, Precinct Plan and updated Airport Master Plan.

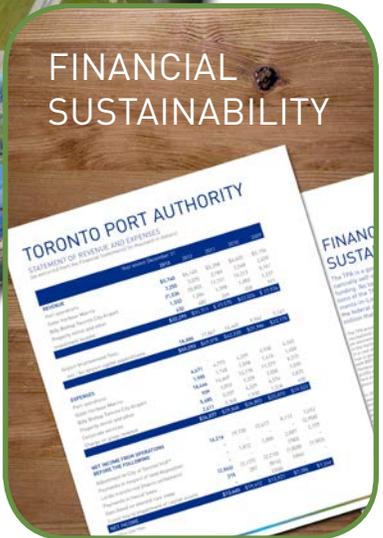
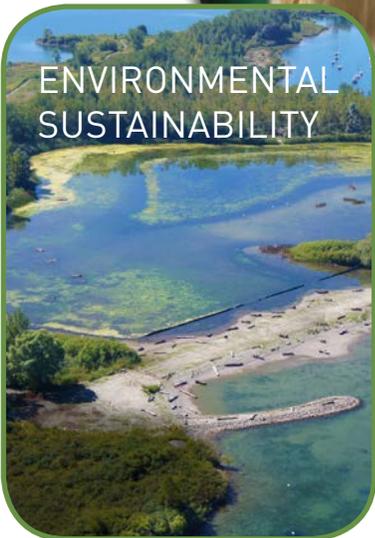
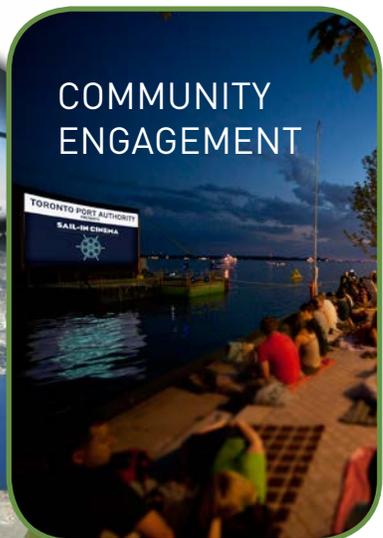
The TPA is committed to working with the City to conceive of a scenario that ensures that BBTCA continues to fit within the size and scope of a mixed-use waterfront. However, the TPA must also ensure that the airport can continue to be an economic engine for Toronto and serve the people of Toronto who have overwhelmingly voiced their opinion that BBTCA is an important asset to our city.¹

In August 2014, the TPA engaged AECOM Canada to undertake an Environmental Assessment (EA) and develop a process that will ensure ample opportunity for involvement by the public and all stakeholder groups to report on the environmental effects and impacts of the Porter Proposal. In addition to the EA, the TPA will also update its 2012 Airport Master Plan, complete a preliminary Runway Design, and participate with the City in a local airport area city-side precinct plan.

¹ Ipsos Reid January 2014 Survey: 90% of Torontonians consider BBTCA an asset to the City

FOUR PILLARS

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



CITY BUILDING



CITY BUILDING

The TPA's vision of being a vital, solution-oriented steward of key waterfront assets begins with investing in the city that we have served for more than 100 years. Since 1911, we have made strategic investments in various facilities along Toronto's waterfront.

In 2013, the TPA reinvested more than \$42 million in waterfront infrastructure. Investments ranged from replacement of equipment to the maintenance and restoration of our various facilities.

This includes spending \$2.5 million to repair the Ship Channel Bridge on Cherry Street, over \$2 million in upgrades at Billy Bishop Toronto City Airport, and \$1.5 million in improvements

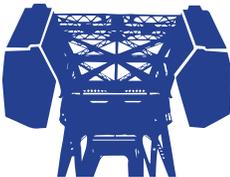
to the Outer Harbour Marina to better serve the recreational boating community.

The pedestrian tunnel that will connect the mainland to the Billy Bishop Toronto City Airport is a world-class piece of infrastructure that will vastly improve access to the airport and factor into the TPA's overall traffic management strategy for the area. The tunnel will cost \$82.5 million dollars and will be financed through a public-private (P3) model that ensures no taxpayer's dollars are required to fund and maintain it. The tunnel will provide fast, convenient and reliable access to the more than 2 million passengers who use the airport each year.

Highlights of the 2013 investments

\$1.5 million 

More than \$1.5 million in improvements at the Outer Harbour Marina

\$2.5 million 

More than \$2.5 million in repairs to the Ship Channel Bridge

 **\$1 million**

Nearly \$1 million in environmental initiatives and remediation

\$250,000 

More than \$250,000 in harbour maintenance and clean-up efforts

\$36 million



Over \$36 million in capital improvements at BBTCA, including continued construction on the pedestrian tunnel, as well as noise and traffic mitigation initiatives

COMMUNITY ENGAGEMENT

TORONTO PORT AUTHORITY
PRESENTS
SAIL-IN CINEMA



COMMUNITY INVESTMENT

Throughout our history, the TPA has given back to communities and organizations along the waterfront and beyond.

Six years of profitability for the TPA have allowed us to continue to meet our commitment to foster strong, healthy and sustainable communities along Toronto's waterfront through community investments in the categories of sport and recreation, arts and culture, protection of the environment, and education.

In 2013, we contributed approximately \$500,000 to community sponsorships and donations including such diverse organizations as:

- Harbourfront Centre
- Canadian Art Foundation—Reel Artists Film Festival
- Canadian Art Foundation—Gallery Hop
- Canadian Art Foundation—School Hop
- Waterfront BIA
- Broad Reach Foundation
- Redpath Waterfront Festival (Tall Ships Festival)
- Civic Action
- Toronto Global Forum of the Americas
- Canadian Museum of Inuit Art
- ProAction Cops & Kids
- Moorelands Community Services
- Toronto International Film Festival Classroom Workshop Program
- Toronto Brigantine
- Harbourfront Community Centre—Room 13
- Camp Oochigeas
- Children's Wish Foundation
- Disabled Sailing Association of Ontario
- Set Sail for Hope benefiting Camp Trillium

SAIL-IN CINEMA

From August 15 to 17, 2013, TPA held the third-annual Sail-In Cinema™ film festival. The three-day event was a highlight of Toronto's summer entertainment schedule and drew 6,500 attendees on land and 90 boats to Sugar Beach to watch hero-themed classics under the open skies, which represented a 351 per cent increase of land attendees from 2012. The movies were chosen by the public through an online vote on the Sail-In Cinema™ website. The winning films for 2013 were *Ghostbusters*, *The Princess Bride* and *Back to the Future*.

CONNECTING ON SOCIAL

We extend our commitment to connecting with stakeholders and the community through our social media efforts. In 2013, social media platforms were used to promote various community and TPA-related events as well as to answer questions and address the concerns of our constituents.

We're on social media, come join the conversation.

	facebook.com/TheTPA		facebook.com/BBishopAirport
	@torontoport		@BBishopAirport
	@TorontoPort		@BBishopAirport

WEBSITE

The TPA updates its website daily with news and information to benefit stakeholders and the community. Executive correspondence, news releases, project updates and FAQs are regularly updated to ensure transparency and promote greater awareness of the TPA and its activities.

 torontoport.com



PUBLIC OUTREACH AND MEETINGS

Community engagement goes beyond sponsorships and film festivals. It's also about engaging and listening to the community and working together toward solutions and initiatives to build a strong waterfront.

As part of our ongoing efforts to reach out to the residents and businesses surrounding BBTCA, the TPA established a Community Liaison Committee in 2011. The Committee is designed to provide our neighbours with a forum for discussing issues and concerns related to airport operations. The Committee is composed of key members of neighbourhood community groups and stakeholders, including local City Councillors, and follows best practices of community engagement, meeting four times a year and exploring matters ranging from managing airport noise to improving transportation access. These are public meetings that anyone can attend and the minutes of the meeting are taken by a third-party consultant—Lura Consulting—and posted to the TPA website. This Committee has met 14 times since it was formed.

The Tunnel Construction Committee, established by TPA in 2012, meets regularly to discuss the pedestrian tunnel project. The Committee is a working group that discusses and builds consensus around topics ranging from construction concerns to effective communication with the community.

The Committee issues regular updates to keep the community informed about the project's progress. These meetings are also open to the public and the minutes are posted on the TPA website.

TRAFFIC AND CONGESTION

In response to community concerns about congestion and vehicle noise at the airport, TPA implemented a number of other new initiatives related to the groundside system. Initiatives such as the closure of the parking lot at the foot of Eireann Quay, utilization of the Canada Malting Site, and reconfiguration of Eireann Quay have significantly improved traffic flow and reduced congestion.

The TPA is also working to alleviate traffic and congestion at BBTCA by actively promoting alternative modes of transportation to and from the airport including using the airport shuttle, walking or taking a bike given the short distance to the airport from downtown. Additional racks were installed in August 2014 to ensure safe storage of travellers' bikes.

Scheduled to be completed winter 2014/2015, the BBTCA pedestrian tunnel project will serve as an important component of our traffic management strategy. The completion of this project will significantly improve the passenger experience and will mitigate congestion on Eireann Quay by smoothing the passenger flow and eliminating peaks now experienced as a result of the ferry schedule.

Public Meetings

As part of the TPA's efforts to reach out to businesses, residents and other stakeholders along the waterfront, the TPA holds regular public meetings with the community. In 2013, the TPA held 11 public meetings as detailed below. For more information or to review the minutes of these meetings visit our website.

Community Liaison Committee

February 19, 2013
 May 21, 2013
 October 2, 2013
 November 26, 2013

Annual General Meeting

September 4, 2013

Tunnel Construction Committee

January 29, 2013
 March 26, 2013
 May 28, 2013
 July 23, 2013
 September 24, 2013
 November 26, 2013

NOISE MANAGEMENT

As the operator of an airport located near a thriving urban community, the TPA works hard to be responsive to our neighbours. We have introduced several changes and improvements to mitigate and reduce the effects of noise from airport operations.

In recent years, we have implemented a number of noise abatement recommendations at BBTCA. A number of these measures were implemented as a result of a comprehensive airport noise management study completed in 2010. The study outlined 16 noise abatement recommendations, all of which we have begun work on or have already completed.

The airport's Noise Management Office, which was established in 2011, handled 354 complaints in 2012 and 503 in 2013. Personal aviation, Medevac and other aircraft accounted for 53 per cent and scheduled air carrier activity accounted for 47 per cent of all aircraft-related complaints registered in 2013.

The office has a formal complaint process and endeavours to respond to all complaints within five business days 100 per cent of the time. In addition to having experienced staff, the Noise Management Office uses a state-of-the-art aircraft tracking system, similar to those used at major airports worldwide. Noise complaint summaries are posted to the TPA website monthly and annual reports compiling the results for a given year are also posted.

Overall aircraft activity decreased slightly from 114,576 movements in 2012 to 114,186 in 2013.

In the early fall of 2014, BBTCA will launch WebTrak, an important advancement in the airport's noise management strategy. WebTrak is an Internet-based software service that allows individuals to locate and track aircraft on their computer or tablet screen and receive information on the plane including the aircraft type, the destination and point of departure. This service will provide the public with accurate information on the aircraft traffic above their homes/businesses and confirm whether the aircraft is associated with BBTCA, Pearson or another airport. Though there is a cost associated with the service that will be paid by TPA, the service is free to the community and can be accessed on TPA's website.

AIRPORT NOISE MITIGATION

2010

- Comprehensive Noise Management Study completed
- 16 noise abatement recommendations made

2011

- New, state-of-the-art aircraft tracking system implemented
- Noise Management Office established
- Formal complaints process introduced
- Minimum complaint response times established
- New noise complaint web form introduced

2012

- First of two noise barriers constructed to mitigate noise from aircraft operations. The 93-metre-long and 6-metre-high barrier is located at the airport's northwest side
- Noise complaint forms improved following community feedback
- Tunnel Construction Committee established

2013

- Closure of parking lot at base of Eireann Quay
- Reconfiguration of Eireann Quay
- Improvements to Canada Malting site as taxi staging area

2014

- Launch of WebTrak, an Internet-based software service that will enable individuals to locate and track aircraft on their computer or tablet screen and receive information on the plane including the carrier, the flight number, the destination and point of departure.

ENVIRONMENTAL STEWARDSHIP



ENVIRONMENTAL STEWARDSHIP

The TPA is responsible for protecting, cleaning and maintaining Toronto's Harbour. It is one of our most important responsibilities when it comes to ensuring the enjoyment of our harbour and waterfront for Toronto's more than two million residents and the millions more who visit each year.

The TPA removes an average of 400 tonnes of floating debris from the Keating Channel and Toronto Harbour each year. In 2013, we collected 890 tonnes of driftwood from the harbour and dredged over 18,000 cubic metres of material from the Keating Channel to prevent flooding of the Don River and minimize siltation in the inner harbour.

After debris is cleared, it's collected and sorted. Waste is delivered to processing facilities, and wood is separated, inspected and processed for recycling. Depending on the quality of the material, the recycled wood is used for animal bedding or particleboard manufacturing, or used in the production of green energy.

Construction of the Wetland Creation Project began in 2012 and was completed in 2013. This important project resulted in the creation of a wetland area and fish habitat in Tommy Thompson Park on the Leslie Street Spit. Together with the Toronto and Region Conservation Authority (TRCA), the TPA has created new dikes and outer islands that will benefit fish, migratory birds and various other species of wildlife.

The new habitat includes fish and water level control structures to monitor and manage the movement of fish species and water levels within the enclosed area. The outer islands protect the dikes from large waves, creating a sheltered habitat area. Using our expertise in lakefill construction and management, and leveraging TRCA's expertise in creating protected habitats, the Wetland Creation Project is an important addition to Tommy Thompson Park.

In addition to fulfilling our role as an environmental steward, we aim to run all of our operations in a sustainable manner and

with minimal environmental impact. One way we have done this is by choosing 100 per cent renewable energy from Bullfrog Power for all our operations since 2010, making the TPA one of only a few organizations in Canada to use green power for its entire operations and the only port authority in Canada to do so.

We also follow best practices from around the world to achieve sustainability goals at the port and prevent pollution at the Outer Harbour Marina. These measures include expanded recycling efforts for solid and hazardous material reduction, and education campaigns for port staff, customers, tenants and the public on equipment maintenance.

In 2013, the Outer Harbour Marina received the "5 Green Anchor Gold" rating. This designation, awarded by Boating Ontario, recognizes marinas that follow strict environmental best practices. The Outer Harbour Marina is one of the few in Ontario to receive this rating.

In addition to fulfilling our mandate as an environmental steward, the Outer Harbour Marina implemented six environmental initiatives that led to the upgraded Boating Ontario rating, including:

- Converting workboats to new technology engines;
- Contributing to local environmental initiatives;
- Educating marina customers on the Clean-Marine Eco-Rating Program;
- Converting 90 per cent of the marina's lighting to high-efficiency lighting;
- Having all marina employees attend approved spills-containment courses and providing an approved spills-containment kit at the fuel dock; and,
- Signing of an environmental commitment pledge by all marina slip users.

REDUCING OUR FOOTPRINT

The TPA is the only port authority in Canada that chooses renewable energy for all of its facilities, and is one of the top users of Bullfrog Power in the nation.

We have also begun implementing a number of initiatives to reduce our environmental footprint in other areas including:

- Phasing out vessels with two-stroke outboard motors, shifting to cleaner and more efficient four-stroke models;
- Using hybrid vehicles for airport maintenance operations;
- Phased replacement of all operational vehicles to hybrid models by 2020;
- Pursuing the option of switching to biodiesel for the airport ferry and TPA equipment; and,
- Implementing an anti-idling policy for vehicles on all TPA properties.

KEEPING VEHICLES OFF TORONTO'S ROADS AND HIGHWAYS

It's a fact that shipping bulk cargo through the Port of Toronto results in fewer trucks on Toronto's busy roads. A typical seaway bulk freighter can unload in just five hours and carry the same amount of cargo as 963 transport trucks or 301 rail cars.

Not only does marine travel reduce traffic congestion on our highways, it is also a more energy-efficient way to transport goods. One tonne of freight can travel 240 kilometres on a single litre of fuel by ship, whereas it can only travel 30 kilometres on the same amount of fuel by truck.

With the urban landscape expanding, the port has become an important supply chain hub. Construction materials based at the Port of Toronto's storage and staging areas travel shorter distances to get to the worksite, cutting down on construction costs, congestion and unnecessary fuel emissions.

Highlights

A truck has 450%
HIGHER GREENHOUSE
EMISSIONS THAN A FREIGHTER



Compared to a seaway freighter carrying one tonne of cargo one kilometre, a truck produces 450 per cent higher greenhouse gas emissions than marine transportation.



A typical seaway bulk freighter can unload in just five hours and carry the same amount of cargo as 963 transport trucks or 301 rail cars.

TPA chooses 100 per cent renewable energy from Bullfrog Power for all our operations



One tonne of freight can travel 240 kilometres on a single litre of fuel by ship, whereas it can only travel 30 kilometres on the same amount of fuel by truck.



A seaway freighter can move its cargo 531 per cent farther than a truck.

The TPA is a government business enterprise that is mandated to be financially self-sufficient and receives no federal, provincial or municipal funding. No taxpayer dollars are used to finance the activities or operations of the TPA. Further, the TPA contributed nearly \$2.9 million in Payments in Lieu of Taxes to the City of Toronto and more than \$2.4 million to the federal government for the gross revenue charge, a total of nearly \$5.3 million that can be used to benefit taxpayers. This implies a notional “corporate tax rate” of 28.33 per cent when these government payments are considered as a percentage of the TPA’s 2013 pro forma operating income.

The TPA provides transportation, marine and recreational services and fulfills our mandate as an environmental steward that ensures safety in the harbour by operating our business lines in a cost-effective and efficient manner. Revenue is generated through operations associated with BBTCA, the Port of Toronto, the Outer Harbour Marina and property leasing, and our profits are reinvested to improve the infrastructure and services our city needs to be a great place to live, work and play.

In 2013 the TPA marked its sixth consecutive year of profitability with net income of \$13.7 million. This is down 30 per cent from \$19.6 million reported in 2012 due to increased airport operating expenses relating to a resolution with the City of Toronto on Payments in Lieu of Taxes, as well as higher security and legal costs. In addition, the TPA did not receive any payments in respect of land disposition, as compared to the amount of \$1.8 million received during the 2012 fiscal year.

Billy Bishop Toronto City Airport generated income of \$39.5 million, which included Airport Improvement Fees of \$18 million. This is expected to remain stable in 2014, with passenger volumes forecast to increase slightly to 2.4 million.

Port operations also contributed to TPA’s financial success in 2013. The port reported operating income from all sources of

\$1.1 million, representing steady performance compared to 2012, when operating income was \$1.4 million. In 2013, the TPA continued to seek ways to diversify its owned terminal operations with an ongoing focus on year-round warehousing and project staging services to downtown Toronto’s booming construction industry. These efforts resulted in a rise in high-value construction staging cargo in 2013.

The Outer Harbour Marina’s operating income increased in 2013 to \$1.4 million, up from \$1.3 million the year prior. This growth came during a year when we continued to make improvements to better serve the boaters at the marina and build on our program of environmental best practices. The marina’s summer berthing occupancy rate was 95 per cent in 2013.

Our operating ratio, a barometer of profitability, dropped slightly from 1.67 in 2012 to 1.48 in 2013, yet continues to reflect steady revenues and efficient operations.

The 2013 financial statements of the TPA were prepared in accordance with International Financial Reporting Standards and were audited by Deloitte LLP. Complete financial statements and the Independent Auditor’s Report are available at www.torontoport.com. The following information has been extracted from the audited financial statements of the current and prior years.

TORONTO PORT AUTHORITY

STATEMENT OF REVENUE AND EXPENSES

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

	Year ended December 31				
	2013	2012	2011	2010	2009
REVENUE					
Port operations	\$5,740	\$6,145	\$5,398	\$4,402	\$5,156
Outer Harbour Marina	3,255	3,025	2,789	2,568	2,459
Billy Bishop Toronto City Airport	21,534	20,853	17,721	13,313	8,161
Property rental and other	1,332	1,206	1,398	1,383	1,237
Investment income	432	482	269	358	921
	\$32,293	\$31,711	\$ 27,575	\$22,024	\$ 17,934
Airport Improvement Fees, net - for airport capital expenditures	18,000	17,867	14,645	9,962	5,241
	\$50,293	\$49,578	\$42,220	\$31,986	\$23,175
EXPENSES					
Port operations	4,671	4,773	4,229	3,938	4,260
Outer Harbour Marina	1,905	1,748	1,598	1,416	1,458
Billy Bishop Toronto City Airport	18,466	14,669	13,178	11,577	8,315
Property rental and other	939	1,053	1,339	1,050	1,035
Corporate services	5,685	5,237	4,529	4,574	3,825
Charge on gross revenue	2,411	2,368	1,930	1,318	630
	\$34,077	\$29,848	\$26,803	\$23,873	\$19,523
NET INCOME FROM OPERATIONS BEFORE THE FOLLOWING	16,216	19,730	15,417	8,113	3,652
Adjustment to City of Toronto HUF*	-	-	-	-	(2,958)
Payments in respect of land disposition	-	1,812	1,880	2,087	2,155
Lands transferred (macro settlement)	-	-	-	(780)	-
Payments in lieu of taxes	(2,866)	(2,137)	(2,210)	(1,828)	(1,503)
Gain (loss) on interest rate swap	315	207	(816)	(306)	-
(Loss) due to impairment of capital assets	-	-	(350)	-	-
NET INCOME	\$13,665	\$19,612	\$13,921	\$7,286	\$1,346

* Harbour User Fees