

# PortsToronto 2017

## Annual General Meeting

June 14, 2018





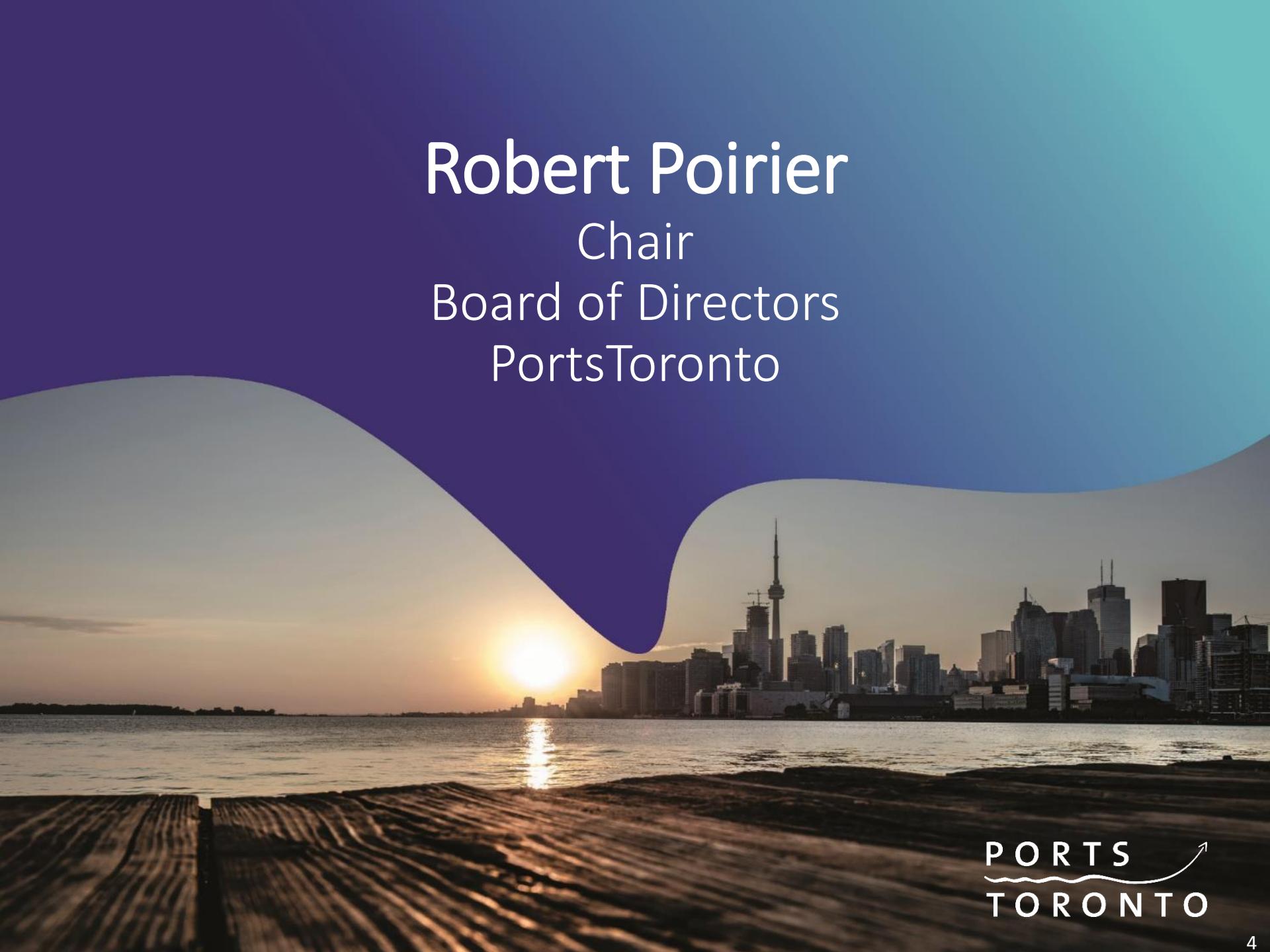
# Jim Faught

## Lura Consulting

PORTS  
TORONTO

# AGENDA

- Welcome
- Remarks from the Chair
- Remarks from the Chief Executive Officer
- Presentation of 2017 Financial Results
- Question and Answer Period
- Adjournment



A photograph of the Toronto skyline at sunset, viewed from across a body of water. The sun is low on the horizon, casting a warm glow over the water and the city buildings. The sky transitions from a deep blue at the top to a golden orange near the horizon. In the foreground, the dark silhouette of a wooden boardwalk or dock is visible.

Robert Poirier  
Chair  
Board of Directors  
PortsToronto

PORTS  
TORONTO

# Geoffrey Wilson

## Chief Executive Officer

### PortsToronto



P O R T S  
T O R O N T O



## PortsToronto

- 2017 was another strong year for PortsToronto which reported its 10th consecutive year of profitability.
- PortsToronto is mandated to be financially self-sufficient and self-sustaining and receives no funding from any level of government.
- Operations, infrastructure development, environmental initiatives, and community investment program are dependent on PortsToronto's ability to maintain profitability.
- PortsToronto pays taxes and charges on revenues. In 2017 PortsToronto paid more than \$9 million to local and federal governments.

## Billy Bishop Toronto City Airport

- Served 2.8 million passengers in 2017.
- Generated revenue of \$48.4 million, including \$21 million in Airport Improvement Fees (AIF).
- Passenger volumes expected to grow 3-5% in 2018, which is typical average growth and in keeping with PortsToronto's Managed Growth Strategy.
  - Managed Growth Strategy reflects PortsToronto's commitment to maintaining an appropriate scale to our operations and strike balance between aviation activity and community interests.



## Billy Bishop Toronto City Airport

- Although passenger volumes expected to increase slightly in 2018, PortsToronto anticipates that revenue from Airport Improvement Fee (AIF) will decrease as a result of reduction in AIF to \$15, down from \$20, that took effect April 1, 2018.





## Billy Bishop Toronto City Airport

**Reduction in fees due to:**

- Steady passenger growth over the last 10 years that has led to a consistent and strong stream of AIF funds that have been reinvested into infrastructure such as the Pedestrian Tunnel, Noise Barrier, Ground Run-up Enclosure, Airfield Rehabilitation.
- Airport even more efficient and cost-effective for passengers.
- Reduced AIF consistent with recommendations from 2017 Canada Transport Act Review.





## Billy Bishop Toronto City Airport

- Reduction in AIF comes at a time when the airport is introducing significant improvements such as the upgrades to the passenger terminal owned by Nieuport Aviation Infrastructure Partners.
- **Upgrades include:**
  - More space in passenger lounge facilities;
  - Improved retail, food and beverage services;
  - An 11<sup>th</sup> gate to enhance efficiency, particularly during peak periods; and,
  - U.S. CBP Preclearance Facility.



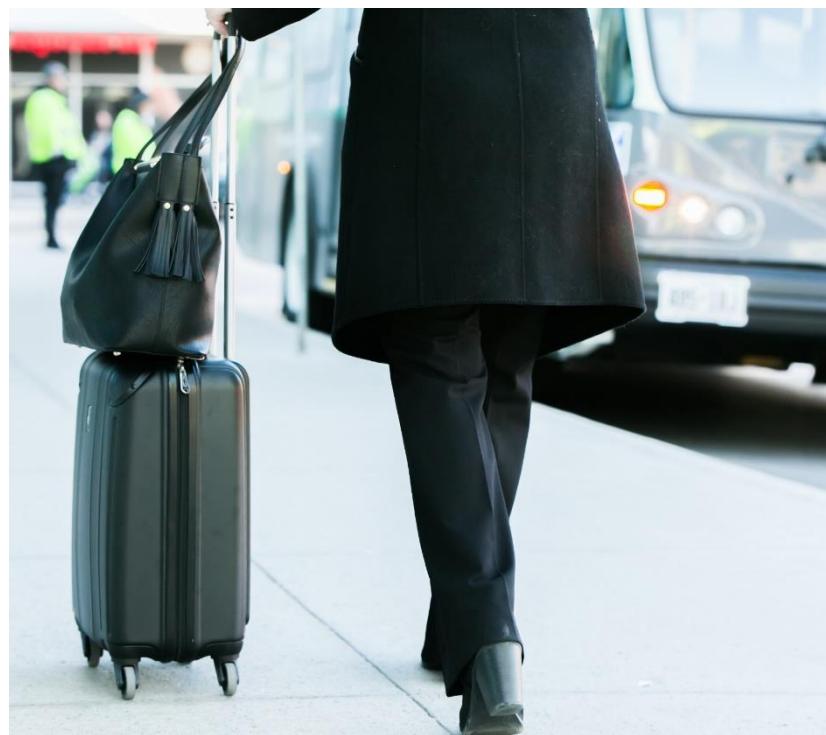
## Billy Bishop Toronto City Airport

- Final phase/year of Airfield Rehabilitation Project to improve runways, taxiways, lighting and related infrastructure at Billy Bishop Airport.
- Project has included the construction of the Ground Run-up Enclosure (GRE) which opened April 2017:
  - Only second of its kind in Canada;
  - Paid for through AIF; and,
  - Have only received one noise complaint related to engine run-ups since the structure opened.



## Billy Bishop Toronto City Airport

- Working to decrease noise is one of the key priorities of the airport.
- Investing in infrastructure, equipment and procedures; promoting walking and biking to the airport; making investments such as the pedestrian tunnel and GRE to improve airport and mitigate noise.





## Billy Bishop Toronto City Airport

### Case Study: Barging Operation

- Work undertaken at night when airport closed to commercial traffic.
- Barged all equipment, asphalt and vehicles from port lands to a dock on the east side of the airport.
- Over the last two years we have received 11 complaints related to the construction project.
- Project recognized by Airport Council International as being part of the Best Noise Mitigation Program in North America in 2017.

# Billy Bishop Toronto City Airport: 2017 Awards

- Skytrax World Airport Awards: North America's Top Regional Airport
- Airport Council International: North America's Top Regional Airport
- Conde Nast Traveler's Choice Award: Ranked 6<sup>th</sup> in a Top 10 list of global airports
- Private Fly Top 10 Approaches in the World
- Airport Council International: Best Noise Mitigation Program





## Port of Toronto

- Port of Toronto recorded its strongest year in more than a decade for cargo and cruise ship operations.
- 2.2 million metric tonnes of cargo from around the world delivered into the heart of the city with 201 vessels calling.
- Port reported operating income of \$0.6 million.
- This is down from \$1.2 million the year prior due to non-routine maintenance and repair items associated with the impacts of high water that affected Toronto harbour, and most of the St. Lawrence Seaway, and interfered with operations.

## Port of Toronto

- New businesses at PortsToronto's port property, including new film production leases associated with Cinespace, will drive an increase in profitability going forward.





Rendering of the future Cinespace  
Film Studios Marine Terminal 51  
Studio Space

## Port of Toronto – Cinespace

- March 2018 PortsToronto announced that Cinespace will enter into a long-term lease and undertake construction on Marine Terminal 51, and part of the Cruise Ship Terminal, in order to relocate its production facilities that had been located on Eastern Avenue.



THE SHAPE OF WATER

NOW PLAYING NATIONWIDE

(MOSCOW) (TELLURIDE) (TORONTO) (LONDON) (AFI FEST)



## Port of Toronto – Cinespace

- PortsToronto undertook a study of its existing property to determine whether space could be provided to Cinespace at the request of the Mayor, local councillor and City of Toronto staff.
- Confirmed that the PortsToronto's current property could accommodate Cinespace as well as growing marine operations associated with the port. Cruise Ship activity will not be impacted.
- PortsToronto is pleased to support successful Canadian company and City of Toronto's vision for port lands as an important economic district.



Port of Toronto plays an important role in the national transportation chain and in supporting the largest economy in Canada.



At 52 acres PortsToronto's marine terminal operations take up only a small portion of the port lands area:

- Port Lands area = 900+ acres
- Port of Toronto (including private port user operations) = 170 acres
- PortsToronto's marine terminal operations = 52 acres



#### LEGEND

<span style="color: #800000;">■</span>	Land owned by PortsToronto
<span style="color: #008000;">■</span>	Land leased to PortsToronto and occupied by PortsToronto
<span style="color: #666666;">■</span>	Federally Owned Land
<span style="color: #6495ED;">■</span>	Waterfront Toronto Owned Land
<span style="color: #800080;">■</span>	Municipally Owned Land
<span style="color: #FFFF00;">■</span>	Provincially Owned Land
<span style="color: #00008B;">■</span>	Privately Owned Land
<span style="color: #008000; background-color: #008000; width: 10px; height: 10px;"></span>	Land leased to PortsToronto and occupied by third party
<span style="color: #00008B;">—</span>	PortsToronto Keating Rail Spur Line and Sort Yard

**Best Year in More  
than a Decade**  
**16% increase in tonnage**



## Port of Toronto – Environment

- Port of Toronto plays an important role in environmental sustainability.
- The 2.2 million metric tonnes of cargo delivered via ship in 2017 took 54,000, 40-tonne trucks of the road.
- Ships use one-eighth as much fuel to carry cargo as trucks.

**DID YOU KNOW?**  
Ships have the  
smallest carbon  
footprint compared  
to other modes of  
transportation  
—CO<sub>2</sub> grams per  
metric ton/km.





## Port of Toronto – Cruise Ships

- 16 cruise ships carrying a total of 5,600 passengers visited the Cruise Ship Terminal in 2017.
- Number of ships expected to increase to 21 ships in 2018.
- These passengers stay onboard the ships in Toronto for several evenings and visit restaurants and attractions during their visit. This has a positive impact on tourism numbers which hit a record high last year of 43.7 million.



## Outer Harbour Marina

- Outer Harbour Marina (OHM) experienced a solid year with income of \$1.5 million on revenues of \$4.2 million in 2017.
- Earned “5 Green Anchor Gold” rating from Ontario Marine Operators Association Clean Marine program for the 6<sup>th</sup> year for environmental best practices.
- Customer satisfaction rating of 94%. Yearly occupancy rate of approximately 85%.





## REAL ESTATE AND PROPERTY HOLDINGS



## Real Estate and Property Holdings

- Operating income of \$600,000 on revenues of \$1 million.
- Business includes 5 Queen's Quay, Pier 6 and various water lots throughout the harbour.
- Business had included 30 Bay Street which was sold to Oxford Properties and Canadian Pension Plan Investment Board (CPPIB) in May 2017.
- Historic Toronto Harbour Commissioners building will be preserved in any future development.
- Revenue from sale of this property not reflected in operating income for this business unit.



**REAL ESTATE  
AND PROPERTY HOLDINGS**

# Real Estate and Property Holdings





## Real Estate and Property Holdings – 30 Bay Street

- Proceeds from 30 Bay Street have been directed to:
  - The retirement of debt;
  - The repair of aging dock walls and warehouse terminals;
  - Building “last mile” road and rail access to the port area;
  - Improving navigation in the harbour; and,
  - Supporting Corporate Social Responsibility program.



## Proceeds from 30 Bay Street

- Confirmed work will begin on three dock wall projects in Toronto harbour.
- Continue to work on two projects associated with modernizing the rail spur into the port lands and the long-term repair of the Ship Channel Bridge.
  - Will work with the City of Toronto on these two projects.



## Proceeds from 30 Bay Street

- Upgrading sewage treatment facility which services marine terminals.
- Invested in replacing yellow, red and green self-contained navigation lights in the harbour as well as red and green can-style buoys.



# Dock Walls





## Dock Walls

- PortsToronto owns 17% of the dock walls in Toronto Harbour. The remaining dock walls are owned by the City of Toronto, Waterfront Toronto and Toronto Port Lands Company (TPLC).
- Of the 17% owned by PortsToronto, some walls are leased to other organizations e.g., Yonge Street Slip.
- Maintenance and repair of dock walls falls to the organization that owns or leases the wall.



## Dock Walls

### PROJECT 1: IRELAND PARK DOCK WALL

- Dock wall owned by the City of Toronto and runs along the south perimeter of Ireland Park.
- PortsToronto will contribute \$500,000 to repair, alongside the City of Toronto.
- Paid for from Airport Improvement Fee.



## Dock Walls

### PROJECT 2: EAST GAP PIER

- East Gap Pier extends north from the eastern tip of Ward's Island and is in severe disrepair
- Pier was built in the 1890s by Public Works and is owned by the federal government
- In April PortsToronto offered to remove the concrete rubble in the spirit of maintaining a safe and navigable harbour
- Preliminary work is underway to develop approach to safely remove concrete debris and ensure the integrity of the shoreline.
- PortsToronto would be interested in working with the City of Toronto and the community on what, if anything, should replace the pier.

*Existing condition*

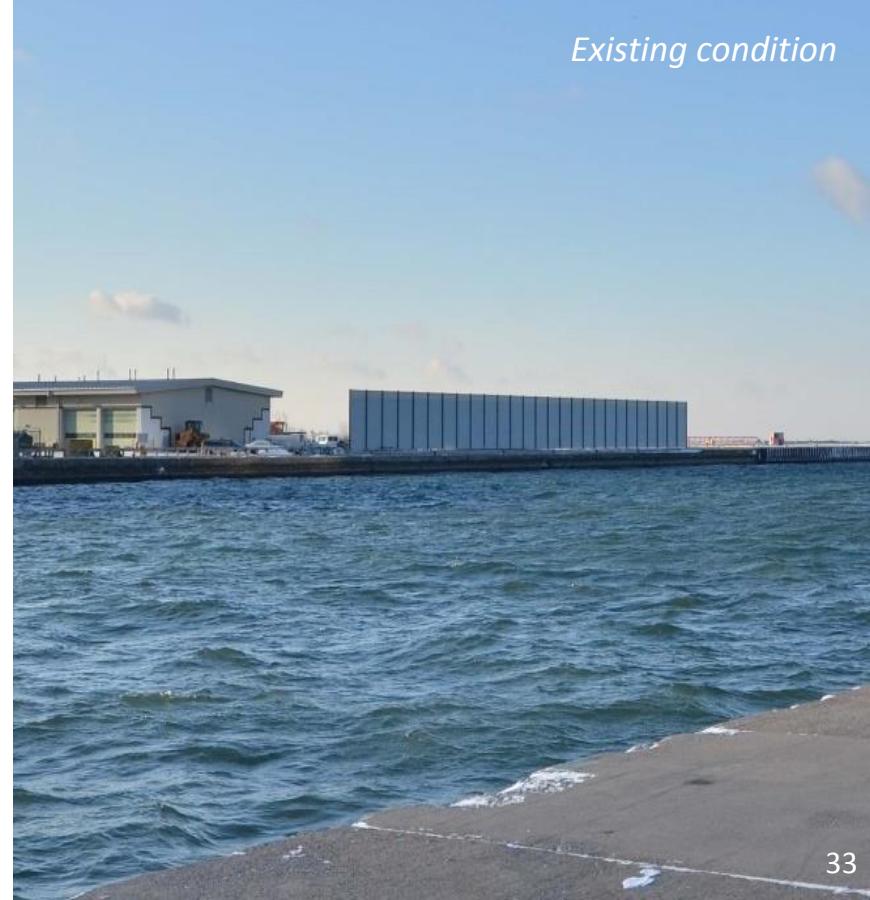


## Dock Walls

### **PROJECT 3: DOCK WALL ENHANCEMENT ALONG WESTERN GAP**

- South dock wall has been maintained as an industrial space and is not welcoming or visually appealing.

*Existing condition*





## Dock Walls

### PROJECT 3: DOCK WALL ENHANCEMENT ALONG WESTERN GAP





## Dock Walls

### PROJECT 3: DOCK WALL ENHANCEMENT ALONG WESTERN GAP

- Repair of dock wall and design and enhancement work to make this a welcoming space.
- Work completed in phases with first phase dedicated to structural integrity.
- Subsequent phases will include design elements such as boardwalk decking, plants and seating to make this a place people can visit and enjoy.
- Will work with City of Toronto and other stakeholders on the enhancement.

*Artist Rendering*





## Sustainability

- PortsToronto's third-annual Sustainability Report released February 2018
- Reports on GHG emissions, energy usage, waste management, etc.
- Highlight initiatives such as:
  - building wildlife habitat;
  - deploying hybrid vehicles;
  - using biodiesel fuel in our ferries;
  - purchasing 100% Bullfrog Power for all operations.





## Sustainability – Community Investment



# Sustainability – Community Investment

- Invested more than \$10 million since 2009 on environment and community initiatives including organizations such as Disabled Sailing Association, Ireland Park Foundation, Evergreen, Waterfront Neighbourhood Centre, and Lake Ontario Waterkeeper.





## Sustainability – Community Events



# Sustainability – Community Engagement

Doors Open: May 26, 2018

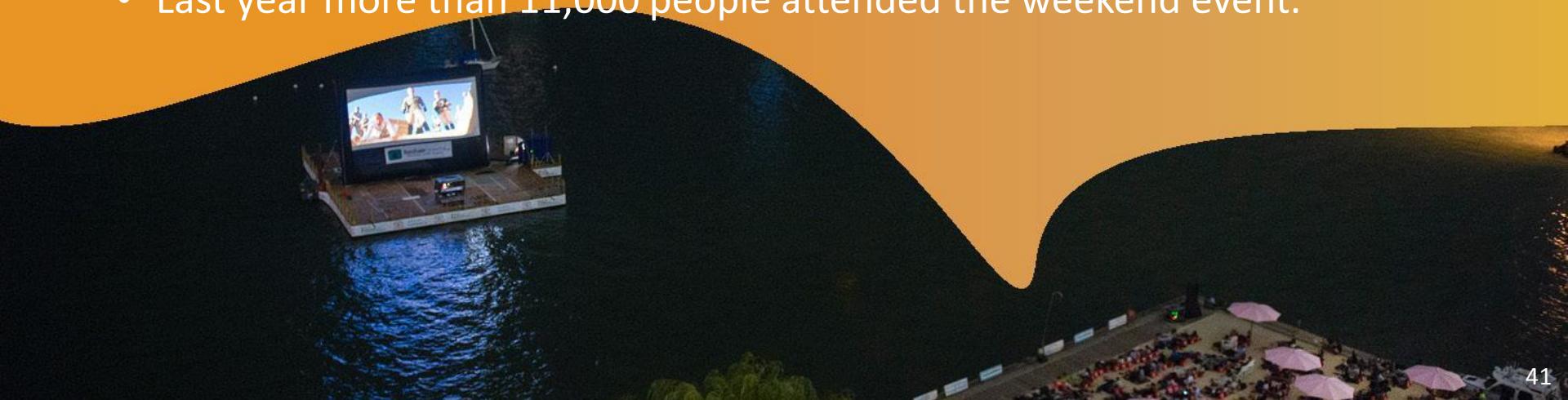
- More than 24,000 people came out for the one-day event to learn about the airport and go behind-the-scenes of our operations including the fire hall, maintenance facility and the Ornge emergency medevac hangar.





## Sail-in Cinema

- Celebrating its 8<sup>th</sup> Anniversary this August
- Opportunity for community to come to Sugar Beach and enjoy a weekend of movies under the stars, from boat or on land.
- Last year more than 11,000 people attended the weekend event.





## Looking forward...





## Looking forward...

- US CBP Preclearance at Billy Bishop Airport.



**U.S. Customs and  
Border Protection**





## Looking forward...

- Billy Bishop Airport is an important asset for Toronto and is valued by business and leisure travellers alike for being an efficient, convenient point of access.
- In 2017, Billy Bishop Airport generated \$470 million in Gross Domestic Product (GDP) and was responsible for more than 4,740 indirect and 2,080 direct jobs.





## Looking forward...

The importance of Billy Bishop Airport will grow as Toronto's economy grows and demand for travel increases.

- By 2043 Southern Ontario will be home to 15.5 million people and the provincial GDP will be \$1 trillion.
- Pearson International will grow to 65 million passengers by the mid-2030s.
- By 2043 air travel volume is expected to reach 110 million passengers per year and Pearson International will reach capacity.



## Looking forward...

- This growth will necessitate further specialization and collaboration among airports to ensure southern Ontario can reach its economic potential.
- Billy Bishop Airport already specializes in short-haul, regional air travel that complements Pearson's vision to concentrate on long-haul air travel.





## Master Plan 2018

- To support the future of Canadian aviation, and as part of our own regular strategic planning, Billy Bishop Airport has begun an update of its 2012 Master Plan.
- Purpose of Master Plan is to establish a development concept and vision for the airport that examines priorities, options and opportunities for the airport, its stakeholders and the community.
- In our case, this examination will be conducted within the parameters of the Tripartite Agreement.



## Master Plan 2018

- To date more than 40 meetings have been held with neighbourhood associations, community groups, schools, airport stakeholders, government agencies, First Nations communities and others.
- First public meeting held February 7, 2018.
- Next public meeting to be held June 25, 2018.
- Master Plan will be released in early 2019 once consultation and technical work complete.

# Alan Paul

## Senior Vice President and Chief Financial Officer

### PortsToronto





## Audited Financial Statements

- Audited Financial Statements and MD&A posted on PortsToronto website on May 10, 2018.
- PortsToronto auditor Deloitte LLP provided a “clean” audit opinion for 2017.
- IFRS presentation of financial statements similar to other 17 port authorities.



## Financials: 2013 To 2017

(\$ in millions)	2017	2016	2015	2014	2013
Revenue	\$60.792	\$59.696	\$57.121	\$50.515	\$50.293
Expenses	\$51.295	\$49.893	\$44.725	\$32.645	\$34.077
Income from Operations and AIF	\$9.497	\$9.803	\$12.396	\$17.870	\$16.216
Net Income	\$6.368	\$6.684	\$5.897	\$14.887	\$13.665



## Audited Financial Statements

- PortsToronto recorded almost \$60.8 million in total revenue for 2017.
- Substantial contributions to the public purse; \$3.0 million in Federal Gross Revenue Charge and \$3.3 million in Payments in Lieu of Taxes and \$3.0 million in Property Taxes both to the City of Toronto; a total of \$9.3 million.



# THANK YOU





## Question & Answer Period

# THANK YOU

