

**Toronto
Port
Authority**



**Administration
Portuaire
de Toronto**

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October 29, 2010

His Worship Mayor David Miller
City of Toronto
Toronto City Hall
100 Queen Street West, 2nd Floor
Toronto, ON
M5H 2N2

Your Worship:

Re: Billy Bishop Toronto City Airport Pedestrian Tunnel Project

I write to you today to follow-up on my June 2, July 28, and August 14, 2009 letters regarding the concept of constructing a pedestrian tunnel between the mainland and the Billy Bishop Toronto City Airport (“BBTCA”). This letter is in the spirit of the December 2009 Macro Settlement Agreement, which saw the City of Toronto (the “City”) and the Toronto Port Authority (“TPA”) resolve a variety of legal battles and end the acrimony that had extended for the previous decade. At the time, I publicly stated that “the TPA and the City share a vision for a Toronto that is prosperous, sustainable and poised to lead the world in overall quality of life. [And that] this agreement allows the TPA and the City to work together to deliver the services and build the assets that will help make this goal a reality.” The City Council vote of 36-0 in favour of the Macro Settlement Agreement spoke, in our minds, to the broad support that existed for this new era of cooperation.

We have an immediate opportunity to put that new spirit of cooperation into action.

The BBTCA has experienced a 50-fold increase in passenger traffic in a short timeframe, and two additional commercial airline carriers will begin service in early 2011. It is with this in mind that the TPA Board of Directors continues to analyze the construction of a pedestrian tunnel to the BBTCA. Although the TPA provides suitable ferry capacity for the current volume of passengers, our ability to provide efficient peak service in the coming years requires more than just a single access strategy.

Under the *Tripartite Agreement*, the TPA is legally required to provide safe and efficient access to the BBTCA; and, according to the specific terms of this agreement, the City of Toronto is legally obliged to not interfere in our provision of said access.

Canada

We have a request of the City of Toronto, which mirrors a formal request that I understand will soon be made of TPA officials by your staff in regards to the City's Toronto Islands watermain project (first announced in May 2008). Your staff propose that this watermain be constructed underneath the Western Gap and BBTCA according to the recommended route identified in the City's Municipal Class Environmental Assessment (see attached); the property involved is owned by the TPA, and your staff acknowledge an easement from the TPA is required for the project to proceed.

Our request is quite straightforward. 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.

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.

BACKGROUND

As previously announced, the TPA initiated an environmental assessment in February, 2010, as required under applicable legislation. The environmental assessment considers

not only the construction and operation of the proposed project, but also the cumulative effects of the project related to airline passenger use, local vehicular traffic, and noise and air quality impact, among other factors. After an initial public consultation session held on March 24, 2010, the TPA and the independent environmental assessment consultant Dillon are maintaining a public exchange and dialogue process that has included making information available on the TPA's website, obtaining and considering comments and questions, obtaining information from government agencies, and meeting with stakeholders. It is expected that the draft environmental assessment screening report will be available for distribution and public review and comment this Fall. The TPA will then hold another public meeting to obtain further input on the environmental assessment and the proposed project. The TPA expects it will subsequently make a decision whether to proceed with the project in light of the results of the environmental assessment and taking into consideration the matters required, including comments emanating from public consultation.

As previously announced, the TPA has not approached any level of government for financial assistance in relation to the proposed P-3 pedestrian tunnel.

On July 7, 2010, the TPA issued the formal request for Expressions of Interest from interested parties, with a deadline of July 23, 2010. On August 11, 2010, the TPA advised that it had received 14 written Expressions of Interest regarding the proposed pedestrian tunnel. The 14 respondents represent a wide variety of domestic and international construction firms, institutional infrastructure investors, and regulated financial institutions.

On August 9, 2010, the TPA issued a Request for Qualifications for the proposed pedestrian tunnel project. In excess of 50 individual firms expressed an interest in part or all of our project. Based upon the responses received via this stage of the process, TPA officials have identified, in accordance with the terms of the RFQ and in consultation with PPP Canada, a target short list of three consortia to be invited to participate in the next stage of the competitive selection process.

As we have advised previously, 100 per cent of the cost of design, building, financing and maintaining the tunnel will be ultimately borne by departing passengers via the BBTCA's existing \$20 AIF. For comparison purposes, each passenger at Pearson International Airport currently pays an AIF of \$25 per departing flight. The analysis conducted on our behalf by our financial advisors suggests the proposed pedestrian tunnel is a viable initiative. With more than 50 domestic and international participants in the RFQ process, the private sector has broadly confirmed this analysis.

The TPA would continue to operate the ferry *Marilyn Bell I* to provide airport access for fuel and catering vehicles, construction equipment, cargo operators, and emergency vehicles.

The tunnel concept has been around since the 1930s when City officials first brought the idea forward to spur on economic development. In 1935, *The Globe and Mail* editorial

board termed the project “inevitable”. The undeniable success of the BBTCA, combined with the broad public support for the tunnel concept and the TPA’s overall stewardship of the harbour, presents a unique opportunity.

Our hundreds of thousands of BBTCA passengers would undoubtedly like to save this \$3.5 million, and on their behalf, we ask for your support in this regard.

We would appreciate a formal response shortly. Thank you, in advance, for your consideration.

Respectfully,

TORONTO PORT AUTHORITY

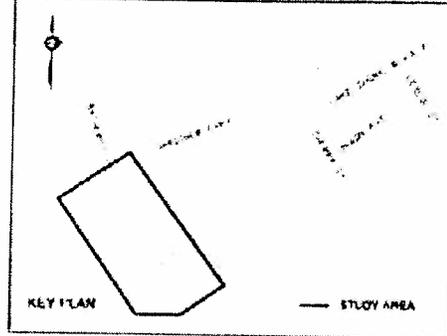


Mark McQueen
Chairman

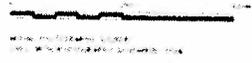
Attachments

cc: Hon. Chuck Strahl, P.C., M.P.
Mayor-elect Rob Ford

Recommended Watermain Route and Tunnel Shaft Locations



- LEGEND**
- EXISTING WATERMAIN
 - CONNECTION POINT
 - ROUTE A
 - ROUTE B
 - POTENTIAL SHAFT / DIRECTIONAL DRILLING PIP LOCATIONS
 - PROPOSED BORE, HOLE / MONITORING WELLS



TORONTO ISLAND WATER SUPPLY
ROUTE STUDY
MUNICIPAL CLASS
ENVIRONMENTAL ASSESSMENT

RECOMMENDED WATERMAIN ROUTE
AND TUNNEL SHAFT LOCATIONS

