

November 4, 2015

Honourable Marc Garneau
Minister of Transport
330 Sparks Street
Place de Ville, Tower C
Ottawa, Ontario
K1A 0N5

Dear Minister Garneau:

On behalf of the staff, management and Board of PortsToronto, please accept our congratulations on the election of the Liberal party to form the 42nd Canadian parliament and your appointment to Minister of Transport. As a government business enterprise, which is mandated to be financially self-sufficient and accountable to the federal government through Transport Canada, PortsToronto looks forward to working together with you and your staff to assist in helping fulfil the commitments and achieve the mandate of your Ministry.

PortsToronto is in the business of providing gateways and making connections. Whether through Billy Bishop Toronto City Airport which welcomed 2.4 million travellers last year, or through the Port of Toronto which experienced one of its most successful years in 2014 receiving more than 2 million tonnes of cargo on lake freighters and almost 5,000 passengers aboard cruise ships, PortsToronto is about making the connections that drive the economy and fuel growth.

Much has been accomplished in recent years. In 2014, PortsToronto marked its seventh consecutive year of profitability, with net income of \$14.9 million. As a financially self-sufficient 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 Toronto. This includes more than \$7 million we have spent on charitable and environmental initiatives since 2009.

PortsToronto is very proud of its efforts with regard to the environment and sustainability and will release its first-annual Sustainability Report in November 2015 which reports on the organization's record on key indicators such as GHG emissions, waste management and chemical containment. Since 2010, PortsToronto has powered 100 per cent of its operations using Bullfrog Power making it one of the top 10 users in Canada and the only port authority and airport in Canada to run its operations entirely on clean, renewable energy.

PortsToronto's strong financial position also puts it in a good position to support the development of transportation infrastructure and in 2014 alone PortsToronto spent more than \$39 million on municipal infrastructure development and improvement.

We hope to continue to build infrastructure and are currently seeking an amendment to our Letters Patent that would enable the redevelopment of the vacant 1.82-acre site comprised of its 30 Bay and 60 Harbour properties. This exciting redevelopment is structured as a 50/50 joint venture with Oxford Properties Group, the real estate investment arm of the OMERS Worldwide Group of Companies, together with CPP as an equity contributor. This significant development initiative would solidify PortsToronto's long-term financial sustainability planning at no cost to the taxpayer and will increase our ability to undertake essential public works projects over the coming years and to reinvest in waterfront infrastructure, the environment and community organizations.

The 30 Bay/60Harbour development would also represent a considerable new job creation venture in the City of Toronto in an area that is currently underutilized as a parking lot on a highly desirable site in Toronto's downtown. This project is a priority for us. We have made a significant investment in the selection of an appropriate partner and structuring required agreements. We have had productive discussions with Transport Canada on this venture and hope these discussions will continue under your leadership.

Another significant infrastructure project that was completed by PortsToronto in recent years is the pedestrian tunnel to Billy Bishop Toronto City Airport. The tunnel opened in July 2015, and was delivered as a successful P3 project – the first for a Canadian Port Authority – on budget and at no cost to taxpayers, as the \$82.5 million in associated costs were financed through an innovative public-private partnership. PortsToronto provides a strong and successful federal presence in Toronto and we look forward to working with the government to realize other opportunities to invest and develop important infrastructure for Toronto whether it be related to public transit, marine transportation, community wellbeing or air travel.

PortsToronto has been working effectively and in collaboration with the City of Toronto in recent years, most recently partnering to incorporate City of Toronto water and sewer mains into the tunnel design to save taxpayers \$10 million in redundant construction costs; resolving outstanding disputes on Payments in Lieu of Taxes associated with all of our properties; working to repair dock walls to enhance our waterfront; and building the Leslie Street Spit and Tommy Thompson Park conservation area to list a few. We have also worked together on initiatives pertaining to the airport with City of Toronto staff and elected officials sitting on our airport advisory committee to ensure consistent dialogue and collaboration.

We are proud of our efforts to build and enhance Billy Bishop Toronto City Airport as it has become a true Canadian success story. The airport is now the ninth busiest airports in Canada, serving 24 destinations in Canada and the U.S. Further, the airport generates more than \$2.1 billion in total annual economic output and accounts for more than 6,500 total jobs, including 1,960 jobs directly associated with the airport.

The airport is a vital gateway for the city and enjoys overwhelming public support as evidenced by a public survey which found that 90 per cent of Toronto residents agree that Billy Bishop Toronto City Airport is an asset to the city. The survey also found that Toronto residents believe the airport is great for the economy (89%), is an important part of the city's future economic growth (84%) and is an important gateway for the city (87%). Most important, 97% of those who have used the airport reported a positive experience citing convenience and customer service as key drivers.

In the last two years the airport has also been the focus of considerable debate due to a proposal put forth by Porter Airlines to introduce jet aircraft at the airport and extend the runway by 200 metres on either end of the existing landmass. As I'm sure you are aware, there is currently a ban on jets at the airport so any such proposal would require a renegotiation of the Tripartite Agreement between Her Majesty in right of Canada as represented by the Minister of Transport, the City of Toronto and PortsToronto.

At the request of the elected officials on Toronto City Council, PortsToronto has committed to completing an Environmental Assessment, Master Planning Exercise and Preliminary Runway Design to report on the impact of jets/runway extension in order to inform future discussion and decision-making. We are targeting to have these studies completed and presented to the municipal leadership in early 2016.

At the same time, the City of Toronto is undertaking an important fourth study linked to airport growth: the Bathurst Quay Neighborhood Planning Study. Regardless of the outcome of the debate on the Porter Proposal, the continued growth and success of the airport, together with the residential growth of the immediate waterfront area, will involve close collaboration among Tripartite Agreement partners to address both local infrastructure issues, and greater connectivity to Toronto's air and transit links. PortsToronto is well placed to serve in the study and implementation of appropriate infrastructure funding for these city issues.

We would be pleased to brief you on the studies once complete, or on any part of our business, at your convenience. We have also taken the liberty of appending a briefing document which provides a summary of the key issues and files that PortsToronto is currently working on.

PortsToronto has enjoyed a collaborative and constructive working relationship with Transport Canada for many years and we look forward to continuing the good work that we are doing together to strengthen the national transportation system and serve the Canadians who benefit from the connectivity, access and safety it provides.

Once again congratulations on your appointment and please contact us at any time for a briefing or in any other matter where we can be of service.

Sincerely,



Geoffrey A. Wilson
Chief Executive Officer



Robert Poirier
Chair