

Toronto Port Authority

ANNUAL REPORT
2010



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**Toronto
Port
Authority**

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The Toronto Port Authority is a government business enterprise (GBE) of the federal government operating under the statutes provided by the Canada Marine Act and the jurisdiction of the federal Minister of Transport, Infrastructure and Communities.





Message from the Chairman



Mark McQueen
Chairman

For 100 years the **Toronto Port Authority (TPA)** has been a pillar of the city's economic success. I am pleased to report that 2010 was another year of growth and great progress for the TPA. We have built the foundation for a world-class array of intermodal transportation infrastructure that will serve Toronto well into the future.

This year was a record one for the TPA and our financial performance has begun to reach its potential. In 2010, combined operations reported net income of \$7.1 million, a fivefold increase over 2009. This includes an operating profit of \$12.5 million at Billy Bishop Toronto City Airport, more than that of 2009. The airport has become a favourite with both leisure and business travelers, and saw close to 1.2 million passengers travel through its gates. Over the past three years Operating Revenue has grown 60 per cent, while Operating Expenses have increased by just 30 per cent.

This business success allowed us to pay royalties and Payments in Lieu of Taxes to the federal and municipal governments of \$3.1 million in aggregate in 2010 – the highest percentage of any Port Authority in Canada.

In my time as Chairman, I have seen the Board and TPA staff establish the Port Authority as a profitable and growing enterprise that delivers excellent service to our customers in the transportation and shipping industries. This financial stewardship means we have the flexibility to re-invest in the things Torontonians want: better access to the airport, an expanded marina, and additional environmentally sustainable practices.

Growth and profitability are only part of our mission, however; as a public agency, we have a duty to be leading members of Toronto's unique harbour community in protecting and improving it for future generations to enjoy.



We have a responsibility to work together with a large network of stakeholders, residents and political decision-makers in achieving our ultimate mission as stewards of the waterfront.

The Board and the TPA lived up to our promises of public accountability and transparency. The quarterly issuance of Board and CEO expenses, are indicative of the organization's commitment to best practices in public sector governance. The creation of the Community Liaison Committee provides a forum for regular dialogue with the neighbouring community, and the TPA's lead sponsorship of Harbourfront Centre's 2011 summer programming is another step in a series of our engagement initiatives.

In 2011, many of the key elements we have been carefully developing for years are slated to begin implementation. This includes the proposed pedestrian

tunnel to the airport, major improvements at the Outer Harbour Marina, and a new interactive website allowing for more seamless interaction with our community. I am pleased to report the TPA Board made meaningful progress in 2010 in positioning the agency as a force for positive change in our harbour community and across the GTA. We are equally pleased that Torontonians share our enthusiasm for the future and support our efforts to build a waterfront that will serve as a great place to live, work and raise a family.

Message from the President and CEO



Geoffrey A. Wilson

President and Chief Executive Officer

In 2011, the **Toronto Port Authority** celebrates its centennial as the operator of this city's marine transport facilities. Our port has seen a lot of changes in those 100 years, but one thing has not changed; now, as in 1911, Toronto's waterfront remains a vital economic and recreational asset, allowing our citizens to live, work and raise families while enjoying a high quality of life. In the coming years, we expect even greater attention will be focused on the city's waterfront, as business and residents grasp its 21st century potential, as urban intensification and the commitment to new transportation solutions increase.

Last year was my first full year as President and Chief Executive Officer of the TPA. Our agency is very strong financially thanks to the growing popularity of the Billy Bishop Toronto City Airport, which has been widely reported. The airport, located five minutes from the financial, cultural, academic and health services centre of Toronto is a true asset to our world-class city. There are other growing, prosperous elements to the TPA that will be important to achieving our goal of building a harbour community of which we can all be proud.

The Outer Harbour Marina on the west side of the Leslie Street Spit is undergoing an extensive revitalization to improve service and accommodate larger pleasure craft. These improvements include several environmental upgrades that will conserve energy and better protect the water and wildlife in the area. These upgrades resulted in a top-ranking for environmental effort. The marina's summer berthing occupancy rate increased to 96 per cent in 2010 and it saw an operating profit of \$1.2 million.

The Port of Toronto, at the foot of Cherry Street, fell just short of break even on the heels of a global recession that affected St. Lawrence Seaway and Great Lakes shipping. Marine shipping is on the rebound, however, and, as an innovation, the Port is positioned to serve as an ideal staging area to support hundreds of construction and infrastructure projects in the immediate waterfront vicinity and across the GTA.

Our financial success allows the TPA to support other vital government services. In 2010, our agency paid more than \$3.1 million to the federal and municipal



governments in the form of royalties and Payments in Lieu of Taxes. I'm pleased to report that the TPA and the City of Toronto are becoming close and trusted partners in working to build and maintain important transportation infrastructure along Toronto's waterfront.

One of the most heartening and enjoyable parts of my job is working closely with others in our harbour community: residents, business owners, stakeholders. We have made great progress in building an understanding that we all share common long-term goals for our waterfront.

The pedestrian tunnel project has passed an intensive environmental assessment and had been the subject of several community meetings. The ideas contributed by our stakeholders ensure this project offers success on many levels. I'm also pleased to report that the TPA assessed and implemented 16 expert recommendations to help manage and lessen the effects of ambient noise from the airport, including a newly formed Community Liaison Committee to meet regularly to discuss concerns as they arise.

Other achievements in 2010 include an agreement to purchase power from renewable sources through Bullfrog Power and an initiative to enhance wildlife and fish habitat in Tommy Thomson Park on the Leslie Street Spit. We also served as partners with the World Wildlife Federation in efforts to reduce power consumption and clean up the shoreline. Making sure that the environment on the waterfront is protected for future generations is the foundation of the environmental strategy we are developing and actively implementing.

All of our considerable achievements would not have been possible without the dedication of our fine employees, the support of our board and the co-operation and feedback from 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 another century.

Supporting Economic Growth

The **Toronto Port Authority** works with its partners at the federal, provincial and municipal levels to strengthen the economic growth of the City of Toronto and the Greater Toronto Area. The airport and port act as urban waterfront hubs for Canadian and international businesses to gain easy, convenient and cost-effective access to Canada's biggest city.

The Airport

In 2010, Billy Bishop Toronto City Airport surpassed the million-passenger mark, attracting just shy of 1.2 million air travellers. To put it in perspective, the airport managed more passenger traffic in one week, on average in 2010, than it did in the entire year of 2005.

Already the fastest growing airport in North America, Billy Bishop Toronto City Airport aims to be the premier commuter airport serving Toronto's and Canada's business communities.

New terminal meets travellers needs

In March 2010, the airport opened its new \$50 million terminal, capable of handling up to two and a half million

passengers, and offering faster check-in and baggage-handling services, as well as a larger waiting lounge with a dedicated business services area featuring WI-FI and complimentary refreshments.



“ As someone who lived in a tower overlooking Toronto's waterfront nearly a decade ago, I see many positive changes in the Outer Harbour Marina, at Billy Bishop Toronto City Airport, and in the port. These improvements are helping to turn our waterfront into a significant destination for city residents and visitors as well as a symbol of what can be achieved when good intentions, great ideas and hard work come together. ”

Michael Thompson | Toronto City Councillor

In 2010 the Billy Bishop Toronto City Airport surpassed the million-passenger mark, attracting just under 1.2 million passengers.





What is slot allocation?

In December 2009, the Toronto Port Authority announced that it had capacity for 202 commercial aircraft slots. The decision to allot 202 slots (101 round trips daily) was based on several factors. Most importantly, the Tripartite Agreement between the City of Toronto, Transport Canada and the TPA, requires the airport to operate within a set noise footprint that is directly influenced by volume of commercial traffic. This footprint is referred to as the Noise Exposure Forecast (NEF) contour.

The actual noise measurement the airport used considered all flights – including flight schools, private aircraft, medevac and commercial airlines – to assess the noise level. Another consideration the airport used was passenger flow and maintaining a high-level of customer satisfaction. These considerations and the noise measurement, compared with the NEF contour, allows commercial airlines to run up to 202 flights a day using the Bombardier Q400 aircraft.

Located in the heart of a thriving urban community, the airport works hard to be responsive to its neighbours. In February 2010, the TPA issued a report prepared by an independent expert, identifying 16 recommendations to mitigate noise. By year's end, the report's key recommendations – a new noise management system, noise barriers, and improved timelines for responding to complaints – were all being implemented.

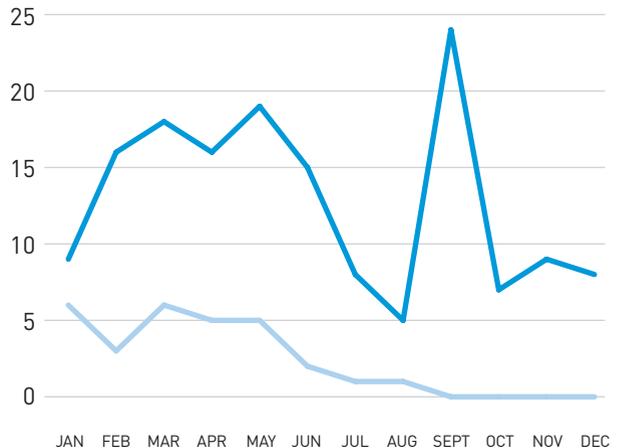
The airport is also home to 49 private recreational planes, two flight schools and the province's Air Medical Emergency Evacuation service, Ornge. In 2010, these flights, known as "general aviation" accounted for between 75-80 per cent of total movements at the airport. The general aviation community has been part of the airport's history since it first opened in 1939.

Combined with scheduled air carrier flights, overall aircraft activity rose from 104,011 movements in 2009 to 108,369 in 2010. While the increase was largely due to commercial airline activity, in terms of noise management, it only accounted for 9 per cent of total complaints in 2010.

Noise Complaints 2010

General Aviation ■ vs. Air Carrier ■

COMPLAINTS



In 2010, the Port Authority also approved a total number of maximum slots available for commercial aircraft. The 202 slots were allocated between Porter Airlines, Air Canada and Continental Airlines.

The new \$50 million terminal offers faster check-in and a dedicated business services area.





The Port of Toronto

The Port of Toronto, which dates back to 1852, is southern Ontario's gateway to the St. Lawrence Seaway, and marine ports around the world, serving primarily as a bulk cargo port. The port provides a network of intermodal links to road, rail and air transportation, serving as a unique piece of Toronto's economic infrastructure. Marine transportation is an efficient and environmentally attractive way to ship bulk cargo, keeping trucks off Toronto's busy roads.

In 2010, the Port introduced a new strategy to provide premier warehousing and staging services to support downtown Toronto's growing construction activity. The 50-acre facility has more than 225,000 square feet of warehousing space and over 30 acres of paved

marshalling area, ideal for long/short-term storage, warehousing and project staging. Warehousing increased by 132 per cent in 2010 over 2009. Despite a drop in overall seaway traffic, the TPA's traditional marine business remained steady in 2010, with just over 1.5 million metric tonnes passing through the port. Although domestic bulk cargo dropped 20 per cent, it was offset by a rebound in overseas bulk shipments, which climbed by 31 per cent. Top cargoes in 2010 included cement, salt and sugar.

With its unmatched vistas of downtown Toronto and proximity to the city's cultural centre, filming activity at the port increased, generating \$212,357 in revenue in 2010. Twenty five productions were filmed at the port, resulting in seven months of filming and year-round onsite storage for movie and television shoots. We expect this activity to continue to grow in the year ahead.



Artist's rendition of the Pedestrian Tunnel

Investments in the Future

In 2010, the Toronto Port Authority reinvested more than \$5 million in infrastructure at the waterfront. Investments ranged from investments in enhanced port security to upgraded runway safety equipment for the airport.

Highlights of the 2010 investments include:

- Close to \$350,000 for improvements at Outer Harbour Marina
- \$4.5 million for the construction of a second airport ferry
- Over \$600,000 in equipment to manage runway snow and ice cleaning for efficient and effective operations.

The largest proposed investment is for a pedestrian tunnel connecting the mainland to the Toronto Islands. This proposed investment will be paid for by the Toronto Port Authority and its users through an Airport Improvement Fee, rather than by the general public. Working with a private sector consortium, the Toronto Port Authority will ensure that project costs are controlled and timelines met.

The proposed pedestrian tunnel would not only make access to Billy Bishop Toronto City Airport easier, it would allow for the installation of much needed infrastructure improvements to the Islands, including fibre optic cabling, and new City of Toronto water and sewage pipes.

Working with our Partners

The **Toronto Port Authority**, and its predecessor, the Toronto Harbour Commissioners, have been part of the waterfront community since 1911. On the eve of its 100th anniversary, the Toronto Port Authority renewed its commitment to Torontonians who live, play and work at the water's edge.

As part of the on-going effort to reach out to the residents and businesses that work near the Billy Bishop Toronto City Airport, the TPA established a Community Liaison Committee in 2010, designed to engage the neighbours in plans to make the Airport function smoothly within the community. Meetings on reducing taxi congestion, flight rules and policies, and managing busy crosswalks will lead to a better understanding and improved service. The Community Liaison Committee follows the best practices of community engagement, meeting four times a year and addressing a range of issues from reducing airport noise to improving transportation access.

In 2010, the Toronto Port Authority also established a presence in online social media, with a new Facebook page, two Twitter feeds and a plan to revamp the TPA website.

Working with the business community is another key priority for the TPA. The TPA supports the city's economic growth by working collaboratively with the City of Toronto's Economic Development Division, Build Toronto, and the Planning Department, as well as working with businesses focused on waterfront growth in a sustainable fashion.

2010 Public Outreach



February 17	Noise Management – Airport
March 24	Public Consultation
June 1-30	Consultative Committee feedback
July 12	Annual General Meeting
November 30	Proposed Tunnel Environmental Assessment

An overhead view of four people in a meeting. A man in a light blue shirt is leaning over a table, pointing at a laptop. An older man in a light blue shirt is sitting at the table, writing in a notebook. A woman in a beige top is sitting at the table, also writing in a notebook. A woman in a red top is partially visible on the left. The table is light-colored wood and has a laptop, notebooks, pens, and coffee cups on it. The background is a green wall with a pattern of small white dots.

The TPA established a Community Liaison Committee in 2010, designed to engage the neighbours in plans to make the Billy Bishop Airport function smoothly within the community.



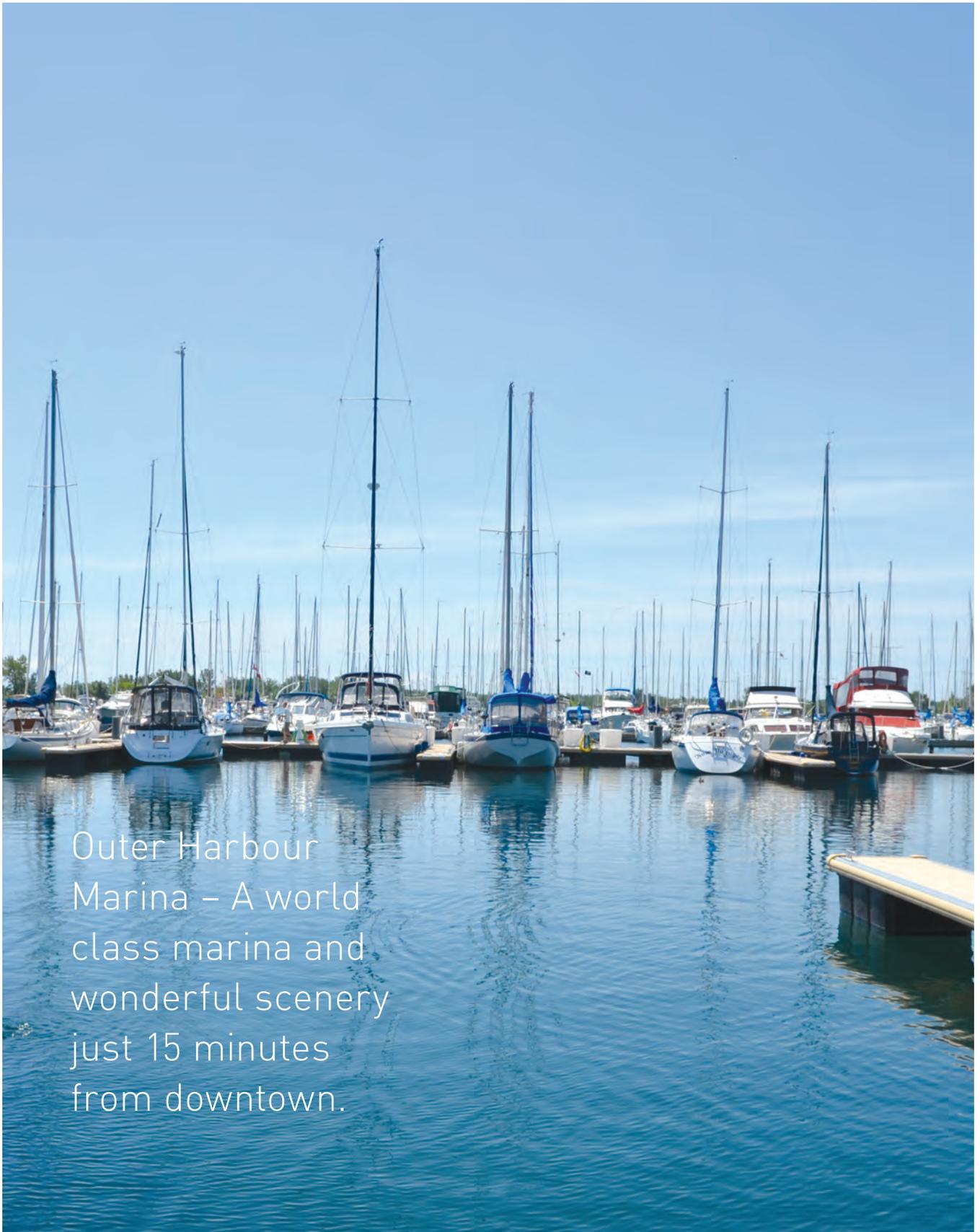
Recreational boating community

Nestled in the green space provided by Tommy Thompson Park, the Outer Harbour Marina (OHM) offers an escape from city life. Local boaters do not have to travel long distances to experience wonderful scenery and a world-class marina. OHM provides large slips, ample free parking and many friendly faces. A large majority of OHM boaters have been loyal customers for many, many years.

All recreational boaters that operate a “powered” vessel in the jurisdiction of the TPA, which covers the waters from the Humber River to Victoria Park Avenue, are required to have a Powered Vessel Operator’s Permit. Obtaining the permit is easy and convenient.

The TPA runs the education program, with testing taking place at the Outer Harbour Marina from mid-May to mid-September. In 2010, 826 new permits were issued to boaters and 7,690 permits were renewed.





Outer Harbour
Marina – A world
class marina and
wonderful scenery
just 15 minutes
from downtown.

Environmental Stewardship

Because ports are naturally located on waterways, they are logical caretakers for these water resources. Responsible for protecting the water in the Toronto Harbour, the TPA has a longstanding reputation for environmental stewardship. On average, the TPA removes 400 tonnes of floating debris from the Keating Channel and Harbour each year. Furthermore, over 35,000 cubic metres of material is dredged from the Keating Channel each year to prevent flooding of the Don River and to minimize siltation in the inner harbour.

Creating a Fish Habitat

In 2010, the Port Authority entered discussions with the Toronto and Region Conservation Authority (TRCA) to develop a wetland site in order to enhance and build a fish habitat within Tommy Thompson Park. In a collaborative effort, the TPA and TRCA, have refined, developed and completed the detailed designs to create new dykes and islands conducive to a fish habitat at the Leslie Street Spit. The project includes fish and water level control structures that will be built to manage the movement of fish species, and to manage the water level within the enclosed area. The islands will protect the dykes from waves to create a sheltered habitat area. Utilising TPA's experience with lake fill construction and management, and TRCA's expertise creating protected

habitats, the Wetland Creation Project will be an important addition to Tommy Thompson Park.

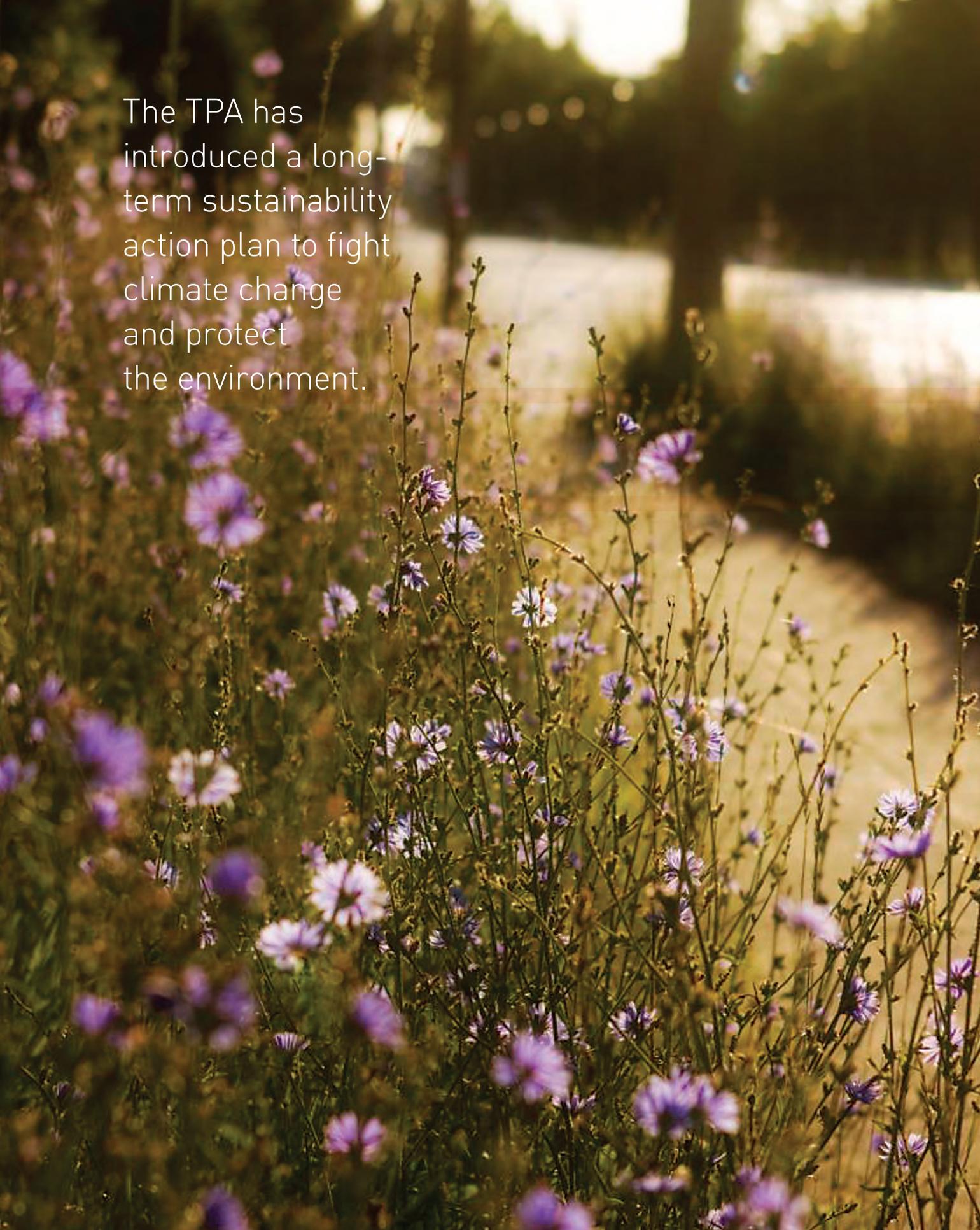
Additionally, the TPA has introduced a long-term sustainability action plan to fight climate change and protect the environment. In 2010, the TPA began to purchase 100 per cent of its electricity for all operations from renewable sources such as wind and hydro through Bullfrog Power.

TPA's commitment to using Bullfrog Power

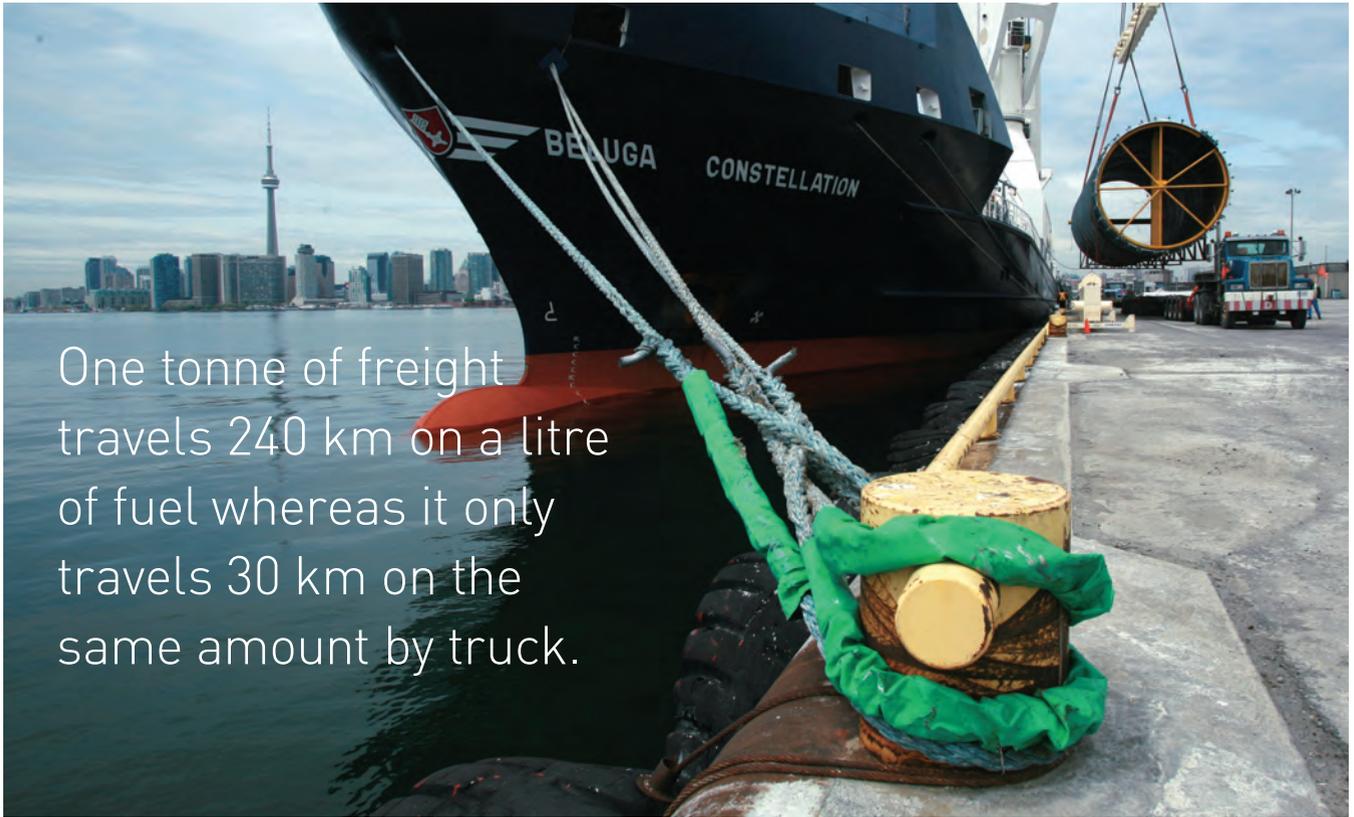


By choosing 100 per cent clean, renewable electricity with Bullfrog Power, TPA is reducing the emissions associated with its operations, and supporting the development of new renewable generation in Ontario.

Tom Heintzmann | President | 

A photograph of a field of purple flowers, likely cosmos, in a park-like setting. The flowers are in the foreground and middle ground, with a blurred background showing a path and trees. The lighting is warm, suggesting late afternoon or early morning. The text is overlaid on the left side of the image.

The TPA has introduced a long-term sustainability action plan to fight climate change and protect the environment.



One tonne of freight travels 240 km on a litre of fuel whereas it only travels 30 km on the same amount by truck.

The TPA also follows 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 general public on proper equipment maintenance.



These and other environmental initiatives in 2010 led the Ontario Marine Operators' Association (OMOA) to award the marina a rating of 5 Green Anchors, for adherence to environmental best practices, the highest ranking available.

Keeping vehicles off Toronto's busy highways

Businesses using the Port of Toronto for shipping mean there are fewer trucks on Toronto's busy roads.

A typical seaway bulk freighter can unload in just five hours and is equivalent to 875 transport trucks. Not only does marine travel reduce traffic volume, 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, whereas it can only travel 30 kilometres on the same amount of fuel by truck.

With the urban landscape expanding, construction materials based at the Port's storing and staging areas have less travel time, cutting down on construction costs, traffic and unnecessary fuel emissions.

The convenient Billy Bishop Toronto City Airport is located five minutes from downtown Toronto and right next to two Toronto Transit Commission stops. It served about 1.2 million passengers in 2010, many of whom would have otherwise had to take one of the GTA's congested highways if they travelled through Pearson International Airport instead. If even half of these travellers were to have driven to Pearson from downtown it would have amounted to about 2,200 tonnes of CO₂ or just under a million litres of gas (about 16,000 fill-ups for the average car.)

Financial

Self-sufficiency

The **Toronto Port Authority** is a government business enterprise that operates on a financially self-sufficient basis.

It provides transportation, shipping and recreational marine services as well as safety and environmental services to keep the Toronto Harbour clean and usable for businesses and pleasure craft. And it does so in a cost-effective and efficient way, designed to allow it to reinvest profits in improving the transportation infrastructure that the City of Toronto and the GTA need.

In 2010, the Port Authority's net income rose to \$7.1 million, a fivefold increase from 2009.

Billy Bishop Toronto City Airport and Outer Harbour Marina both operated at a profit, with the airport generating an operating profit of \$12.5 million, almost double 2009 results. Growth is expected to continue at the airport in 2011, as passenger volumes are set to exceed 1.5 million due to an increase in commercial airline service in 2011.

Payments in Lieu of Taxes (PILT) to the City of Toronto, and remittances to the federal government in 2010 amounted to \$3.1 million, making the Port Authority a net contributor to the public purse.

Outer Harbour Marina, which is currently undergoing major renovations, saw profits increase to \$1.2 million, a slight increase from 2009. The marina's summer berthing occupancy rate grew to 96 per cent, up from 90 per cent in 2009.

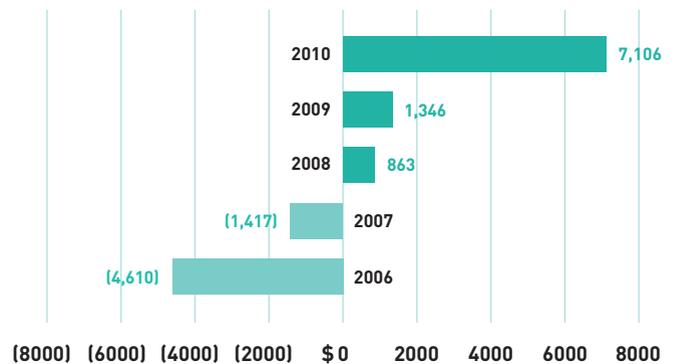
Traditional Port marine cargo activity is expected to recover in 2011, after continued softness in 2010 led to a slight operating loss of \$500,000. The TPA is actively marketing the Port as a construction products staging hub for downtown development.

The TPA's operating ratio, a barometer of profitability – climbed from 1.28 in 2009 to 1.39 in 2010, reflecting its growing revenues and efficient operations.

Financial Statements as of December 31, 2010.
(Full auditor's report available at www.torontoport.com)

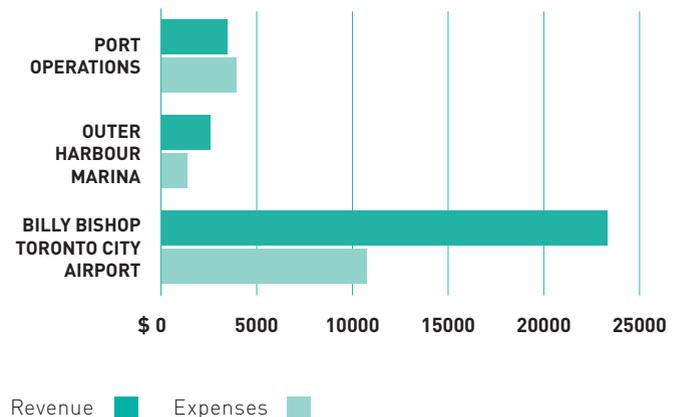
Net income/(loss)

(in thousands of dollars)



2010 Snapshot - revenue and expenses

(in thousands of dollars)



Statement of Revenue and Expenses

(in thousands of dollars)

	Year ended December 31				
	2010	2009	2008	2007	2006
REVENUE					
Port operations	\$ 3,488	\$ 4,316	\$ 4,357	\$ 6,083	\$ 5,050
Outer Harbour Marina	2,568	2,459	2,506	2,177	2,046
Billy Bishop Toronto City Airport	23,301	13,402	11,020	5,119	1,182
Property rental and other	2,296	2,077	1,976	1,699	1,237
Investment income	358	921	450	110	398
	32,011	23,175	20,309	15,188	9,913
EXPENSES					
Port operations	3,950	3,798	4,234	4,919	5,234
Outer Harbour Marina	1,379	1,395	1,267	1,222	1,256
Billy Bishop Toronto City Airport	10,769	7,531	7,690	6,478	4,686
Property rental and other	946	864	842	790	881
Corporate services	4,671	3,820	3,413	3,252	3,759
Charge on gross revenue	1,318	630	612	404	195
	23,033	18,038	18,058	17,065	16,011
NET INCOME (LOSS) FROM OPERATIONS					
BEFORE THE FOLLOWING	8,978	5,137	2,251	(1,877)	(6,098)
Adjustment to City of Toronto HUF*	-	(2,958)	-	-	-
Payments in respect of land disposition	2,087	2,155	2,334	2,859	3,000
Lands transferred (macro settlement)	(780)	-	-	-	-
Payments in lieu of taxes	(1,828)	(1,503)	(2,045)	(666)	(485)
Amortization of capital assets	(1,351)	(1,485)	(1,677)	(1,733)	(1,027)
NET INCOME/(LOSS)	\$ 7,106	\$ 1,346	\$ 863	\$ (1,417)	\$ (4,610)

* Harbour User fees