

PORTS TORONTO



ANNUAL REPORT 2014



PORTS TORONTO

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60 Harbour Street, Toronto, ON M5J 1B7 Canada

The Toronto Port Authority, doing business as PortsToronto since January 2015, is a government business enterprise operating pursuant to the Canada Marine Act and Letters Patent issued by the federal Minister of Transport. The Toronto Port Authority is hereafter referred to as PortsToronto.

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About PortsToronto

PortsToronto 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.

PortsToronto is financially self-sufficient, as required under the Canada Marine Act, and its activities and operations are not funded by taxpayers. PortsToronto operates in accordance with the Canada Marine Act and its Letters Patent, and is guided by a nine-member board with appointments from all three levels of government.

In addition to moving almost two-and-a-half-million passengers through the airport each year, PortsToronto provides transportation, distribution, storage and container services to businesses at the Port of Toronto and owns and

operates one of the largest freshwater marinas in Canada.

Responsible for safety and efficiency of marine navigation in the Toronto Harbour, PortsToronto exercises regulatory control and public works services to the area, is responsible for environmental protection in the Toronto Harbour, issues permits to recreational boaters and manages the Leslie Street Spit site.

PortsToronto is committed to fostering strong, healthy and sustainable communities and has invested more than \$6.7 million since 2009 in charitable initiatives and environmental programs that benefit communities along Toronto's waterfront and beyond. PortsToronto is a proud supporter of the T02015 Pan Am and Parapan Am Games.

Mission

PortsToronto's mission is 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, enabling the organization to reinvest funds into transportation infrastructure, marine safety, environmental protection and community programming. Through the successful pursuit of this mission, PortsToronto 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, PortsToronto works closely with the broader waterfront community to ensure these assets will provide prosperity and enjoyment for future generations.





MESSAGE FROM THE CHIEF EXECUTIVE OFFICER

Another remarkable year has come and gone. Much has changed, much has stayed the same and there is much to look forward to as we continue to work towards effectively growing our business, investing back into our community, striving toward environmental sustainability, developing infrastructure and managing gateways that transport people and products where they need to go.

Our primary business is that of maintaining, operating and optimizing the gateways that connect Toronto to the world. Whether it is people moving through Billy Bishop Toronto City Airport en route to destinations for business or pleasure, or products and goods coming through the Port of Toronto, or building a new pedestrian tunnel to link the mainland to the island terminal, our business is about making connections.

At the end of 2014, we put the finishing touches on a new organization brand and name that we thought better reflected what we do and how we want to do business. In early 2015, the Toronto Port Authority began doing business as PortsToronto and adopted the tagline “Making Connections” as both a brand promise and corporate descriptor.

Our organization has been around for more than 100 years, established in 1911 as the Toronto Harbour Commissioners and becoming the Toronto Port Authority in 1999 as part of a broader federal restructuring strategy to modernize the administration and operation of Canadian ports. The new PortsToronto brand builds on the rich public-service legacy of the last century, while reflecting the current and future priorities of an organization that is grounded in customer service, innovation, modernization and collaboration.

Further, the new PortsToronto name and brand architecture is designed to drive increased

awareness and understanding of the organization by strengthening the connection to its consumer businesses—specifically Billy Bishop Toronto City Airport, the Port of Toronto and the Outer Harbour Marina—and better reflect the direction and priorities of the organization.

These businesses are the heart and soul of PortsToronto—they drive our financial sustainability and fuel our ability to undertake activities and infrastructure development. 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.

Our three key businesses all reported strong results in 2014. Billy Bishop Toronto City Airport continued to see ongoing success in 2014, serving 2.4 million passengers, which is up from numbers reported in 2013. Billy Bishop Airport generated income of \$39.6 million, which included \$18.7 million in Airport Improvement Fees. This is expected to remain stable in 2015, with passenger volumes forecast to remain at this level.

Billy Bishop Toronto City Airport has become an important international gateway and a key economic driver to Toronto’s economy. In 2014, PortsToronto updated the 2012 *InterVISTAS* study that reports on the economic output and impact of the airport on the local economy. The study found that Billy Bishop Toronto City Airport generates more than \$2.1 billion in total annual economic output and more than 6,500 total jobs, including 1,960 jobs directly associated with the airport. The increase in economic output from 2012 to 2014 equates to just over 10 per cent, a moderate increase in line and entirely reflective of



our managed growth approach to airport operations. The study also showed moderate increases in the jobs, gross domestic product (GDP) and wages generated by Billy Bishop Airport. PortsToronto has committed to maintaining an appropriate scale to our operations, and our level of growth is deliberate and managed to ensure an ongoing balance between commercial and community interests.

In 2015, Billy Bishop Toronto City Airport was named one of the top regional airports in North America by Skytrax World Airport Awards, was a finalist for Best Airport in the Business Travel Awards, and was voted one of the Top 10 Most Beautiful Airport Approaches in the world by Private Fly.

This was a significant year for the Port of Toronto and its terminal operations. The port recorded one of its strongest years in recent history due to both the cargo business and cruise ship operations. More than 2 million tonnes of cargo from around the world were delivered directly into the heart of the city last year through the Port of Toronto. This marks an eight-year high for marine imports into the city. This increased activity at the port helps to not only support the city's booming construction industry, but also reaffirms the port's position as a vital part of Toronto's economic infrastructure. The port reported operating income from all sources of \$1.2 million, representing steady performance compared to 2013, when operating income was \$1.1 million.

While the Outer Harbour Marina's operating income decreased slightly from \$1.4 million to \$1.2 million in 2014, largely due to the cooler summer we experienced, we continued to make improvements to better serve the boaters at the marina. During 2014, we also continued to build on our program of environmental best practices, which earned the Outer Harbour Marina a 5 Green Anchor Gold rating

from the Ontario Marine Operators Clean Marine program again this year.

Our growth and profitability enabled PortsToronto to continue making important investments in Toronto's waterfront infrastructure, the environment and community organizations. Since 2009, PortsToronto has invested more than \$6.7 million in community and environmental initiatives. In 2014, in addition to supporting many worthy community organizations such as Aloha Toronto, Easter Seals Regatta, Harbourfront Community Centre's Youth Arts Program, Set Sail for Hope, Ireland Park Foundation, Second Harvest, CivicAction, Harbourfront Centre, Ontario Disabled Sailing Association, Earth Day Canada and Evergreen, 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.

This includes work we continue to do at the Leslie Street Spit and Tommy Thompson Park. In 2014, having completed construction on the Wetland Creation Project in Tommy Thompson Park, we once again partnered with the Toronto and Region Conservation Authority, as well as the City of Toronto, Coca-Cola Canada, Fisheries and Oceans Canada, and Environment Canada, to begin work on Cell 2 to further build on our successful habitat for fish, migratory birds and other wildlife. The first cell, Cell 1, has been transformed into a nine-hectare fish habitat that 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 electric power from renewable sources such as wind and hydro through Bullfrog Power. PortsToronto is the only airport and port authority in Canada to use renewable energy for its entire operations. PortsToronto is currently undertaking a full sustainability audit of its operations and we will release our first report in late 2015, which will provide information on how the organization is addressing areas such as Greenhouse-Gas Emissions (GHG), energy usage and waste management.

In addition to our investments in the community and environment, we also continued to invest in transportation infrastructure. In 2014, we continued to make progress on our new pedestrian tunnel to Billy Bishop Toronto City Airport. This project is being built at no cost to taxpayers. Financing is structured using a public-private partnership (P3) model with the tunnel funded through the Airport Improvement Fee paid by departing passengers. In an innovative agreement between PortsToronto and the City of Toronto, three of the tunnel drifts have been built to incorporate new city water and sewer mains, saving Toronto taxpayers an estimated \$10 million in duplicate construction efforts. 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.

In 2014, PortsToronto also continued work on the redevelopment of our 1.82-acre site on the northwest corner of Bay and Harbour streets (referred to as the 30 Bay Development Project), an important element of our long-term financial sustainability. Home to the historic Harbour Commission Building that houses our head office, the redevelopment will see the construction of new commercial and office space that

is well-aligned with the city’s vision for a balance of office, commercial and residential space in the South Core area.

This past year we also took initial steps at redeveloping another space for the benefit of Torontonians: the old Terminal A building at Billy Bishop Airport. Built in 1939, Terminal A is the airport’s original terminal and a rare example of early airport terminal construction. An agreement in principle was reached with a group of private investors in 2014 to restore and renovate the structure, and open the terminal as a public restaurant and event space. In addition, plans include a new dedicated tarmac space for our private pilot community, further demonstrating our commitment to the general aviation community at Billy Bishop Airport. Terminal A is an important part of Canada’s rich aviation history and we are pleased to be giving this building a new lease on life.

In addition to some of these building initiatives, in 2014 PortsToronto continued to gather and provide the information required to assess Porter Airlines’ proposal to introduce jet technology at Billy Bishop Toronto City Airport. Although PortsToronto is not the proponent of this proposal, it is our responsibility as owners and operators of the airport to conduct studies that can inform future discussions on the matter. This point was confirmed by Toronto city council in April of 2014 with motions that required PortsToronto to complete an Environmental Assessment, Master Planning Exercise and Preliminary Runway Design that would be submitted to city staff in order to assist them in a recommendation that would factor in to a future Council vote on Porter’s proposal. In September of 2014, work began on these three initiatives, all of which are entirely funded by PortsToronto. At the time



of this printing, work on the three interconnected studies was ongoing with a view to submitting all documentation to city staff by fall 2015.

PortsToronto has maintained a consistent position on Porter's proposal since it was brought forward in April 2013. Specifically, that this is Porter's proposal and that PortsToronto 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, PortsToronto would then assess the proposal using strict criteria based on a 10-point "Do No Harm" methodology that ensures the airport continues to co-exist effectively and in balance with other waterfront interests and does not overwhelm the mixed-use nature of the waterfront.

We continue to stand by this position and regardless of the outcome of the proposal, we will maintain our 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 of 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 Billy Bishop Airport 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.

Through our port and airport operations, PortsToronto offers Canadian and international businesses convenient, cost-effective access to Canada's largest city. PortsToronto is 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. With 2014 now behind us and 2015 upon us, PortsToronto 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.

Finally, I would like to take this opportunity to recognize the dedication of our employees, the support and commitment of our board, and the co-operation and feedback of our stakeholders and community partners, all of whom contributed greatly to our achievements in the last year. The year ahead promises to be equally interesting and exciting as we further entrench our new brand, welcome the first passengers through our innovative pedestrian tunnel, proudly sponsor the PanAm and Parapan Am Games, develop a hockey arena in the Port Lands, move forward our new 30 Bay Development and partner with community and charitable organizations to activate the waterfront and provide even more reasons why Toronto is the best city in which to work, live and play.



Geoffrey A. Wilson
Chief Executive Officer



CORPORATE GOVERNANCE

The Toronto Port Authority, doing business as PortsToronto, is the successor agency of the Toronto Harbour Commissioners (THC) 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 Toronto Port Authority, now PortsToronto, was established in 1999 to operate the port, marina and the airport.

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

PortsToronto 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 user groups—commercial, recreation, airport and port operations. The City of Toronto and the Province of Ontario have a direct governance relationship with PortsToronto via their appointees

to the PortsToronto Board of Directors. The PortsToronto Board met 14 times in 2014.

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; and,
- 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.

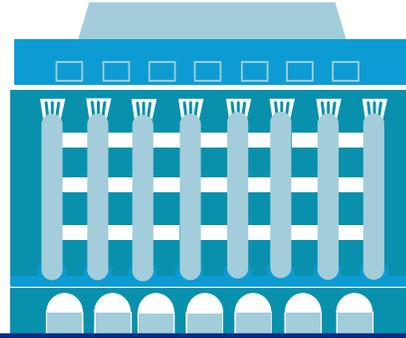
The following five standing committees oversee various organizational matters, assessing various facets of our operations and evaluating recommendations from management and employees:

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

The board relies on these committees to facilitate business and guide its decisions. During 2014 the committees met 29 times in total.

For more information about PortsToronto governance, please visit our [website](#).

BOARD MEMBERS



MARK McQUEEN—Chairman of the Board

JEREMY ADAMS	G. MARK CURRY
JIM GINOU (term ended April 2015)	JAN INNES
SEAN MORLEY	ROBERT D. POIRIER
CRAIG RIX (term ended October 2014)	COLIN WATSON

REPRESENTATION ON BOARD

 <p>CLASS 1 PORT RELATED ACTIVITIES/OPERATIONS: Mark McQueen Sean Morley</p>	 <p>CLASS 3 COMMERCIAL USERS: Colin Watson Jeremy Adams</p>	 <p>MINISTER'S NOMINEE: Craig Rix <i>(term ended October 2014)</i></p>
 <p>CLASS 2 AIRPORT: G. Mark Curry</p>	 <p>CLASS 4 RECREATIONAL BUSINESS: Robert D. Poirier</p>	 <p>PROVINCIAL NOMINEE: Jan Innes</p>
		 <p>CITY OF TORONTO NOMINEE: Jim Ginou <i>(term ended April 2015)</i> Amanda Walton <i>(appointed April 2015)</i></p>

SENIOR MANAGEMENT



DEBORAH WILSON
Vice President
Communications
and Public Affairs

CRAIG MANUEL
Vice-President and
General Counsel

GENE CABRAL
Executive Vice President,
PortsToronto and Billy
Bishop Toronto City
Airport

GEOFFREY A. WILSON
Chief Executive Officer

ALAN J. PAUL
Senior Vice President
and Chief Financial
Officer

KEN LUNDY
Vice President of
Infrastructure,
Planning and
Environment

ANGUS ARMSTRONG
Harbour Master and
Chief of Security

Making Connections

For more than 100 years PortsToronto has worked to make connections.

In the early 1900s we connected the land and the water to build the waterfront and establish the successful Port of Toronto.

In 1939, PortsToronto built the Billy Bishop Toronto City Airport so Torontonians could connect with the world, and the world could connect with Toronto and all it has to offer.

Since then, PortsToronto has continued to invest in the airport to build it to be the ninth biggest in Canada. Serving 20 destinations and welcoming more than 2 million passengers per year; grown the Port of Toronto which transports 2 million tonnes of cargo each year; opened the Outer Harbour Marina to provide boaters with an oasis in the city; and continued to protect and maintain the Toronto Harbour and the Leslie Street Spit to ensure a place to connect with the natural beauty of Toronto.

We are PortsToronto and we are making connections.





REBRANDING

In January 2015, Toronto Port Authority rebranded as PortsToronto. The new PortsToronto brand builds on the rich public-service legacy of the Toronto Port Authority, and its predecessor the Toronto Harbour Commissioners before that, while reflecting the current and future priorities of the organization that are grounded in customer and community service, innovation, modernization and collaboration.

Created by award-winning Canadian strategic marketing agency Ariad Communications, the new PortsToronto name and brand architecture was designed to drive increased awareness and understanding of the organization by strengthening the connection to its consumer businesses—specifically Billy Bishop Toronto City Airport, the Port of Toronto and the Outer Harbour Marina—and better reflect the direction and priorities of the organization.

A vector within the logo represents the various business units using a colour spectrum. The vector begins as a dark blue wavy line that represents the corporate brand and is both reminiscent of water and a nod to the heritage colour of PortsToronto’s

predecessors. The line turns to a lighter shade of sky blue to represent Billy Bishop Toronto City Airport; then turns green to represent the Port of Toronto, where water meets land and ships come to dock; and then yellow to represent the Outer Harbour Marina and the sunshine and fair weather favoured by recreational boaters. The line then turns into an ascending orange arrow to represent future opportunities, including the 30 Bay Street office building currently in the early stages of development with joint venture partner Oxford Properties. The colour scheme in the vector is reflected in all-business unit branding elements to connect each of the units together and then back to the PortsToronto corporate brand.

The tagline for the brand is “*Making Connections,*” which speaks to the role of PortsToronto’s businesses in connecting Toronto to the world, whether it be welcoming travellers to and from Toronto through the airport, importing and exporting goods through the port, connecting the airport to the mainland through the new pedestrian tunnel, or the connection made with one’s natural surroundings at the Outer Harbour Marina or the Leslie Street Spit.



PortsToronto owns and operates:

**BILLY BISHOP
TORONTO CITY
AIRPORT**

**PORT OF
TORONTO**

**OUTER
HARBOUR
MARINA**

**30 BAY
DEVELOPMENT**

BUSINESS OVERVIEW

For more than 100 years, PortsToronto 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 Airport and the Port of Toronto serve as urban transportation hubs for Canadian and international businesses to gain easy, convenient and cost-effective access to the heart of Canada's most populated city and province.







Celebrating 75 years of connecting Toronto to the world.



1939-2014

BILLY BISHOP TORONTO CITY AIRPORT

1939

Billy Bishop Toronto City Airport in 1939 officially opened as Port George VI Island Airport.

The first plane landed at the Island Airport on February 4, 1939, piloted by H.F. McLean of Montreal.

The first commercial passenger flight landed on September 8, 1939, a charter flight carrying Tommy Dorsey and his swing band for a two-day engagement at the Canadian National Exhibition.

1940s

The Second World War changed the complexion of the Island Airport as it was turned into a training facility from 1940-1943 for the Royal Norwegian Air Force.

1950s

Air Traffic Control was opened on September 19, 1953, with the final installation of radio equipment completed. "Island Tower" was officially opened by His Worship Allan A. Lampert, mayor of Toronto on December 5 of that year.

1960s

In March 1965, the Maple City ferry, capable of carrying vehicles in addition to pedestrians, was put into service across the 400-ft. Western Channel Gap to replace the airport's cable ferry which had been in operation for 20 years.

Night flights began on April 15, 1963, and the airport extended its closing-hour from one half-hour before sundown to midnight.

1970s

During 1973, an instrument flight landing system for Short Take-Off and Landing (STOL) aircraft was successfully tested at the Island Airport.

1980s

On June 30, 1983, a 50-year Tripartite Agreement was signed between the Government of Canada, City of Toronto and the Toronto Harbour Commission governing the operation of the airport for the next 50 years.

In 1989, the new control tower at Island Airport was officially dedicated as the Margaret R. Dunseith Building, in memory of Canada's first female air traffic controller who worked at the Island Airport from the early 1950s to 1980.

1990s

In 1990, the Toronto Island Airport was renamed Toronto City Centre Airport (TCCA).

In 1999, the newly created Toronto Port Authority (TPA) took over the responsibilities of the Toronto Harbour Commission, including the operation of the airport and port functions.

2000s

In 2006, the Toronto City Centre Airport put into commission the David Hornell VC ferry, which carries 150 passengers and crew on its upper deck and 15 vehicles below.

In 2009, the Toronto Port Authority announced that it would rename the airport after William Avery "Billy" Bishop, a Canadian First World War flying ace. On November 10, 2009, after approval from Transport Canada, the name was officially changed to Billy Bishop Toronto City Airport.

In 2010, the Marilyn Bell I ferry, which carries 200 passengers and crew and 15 vehicles, went into service. The David Hornell VC continues to serve as an auxiliary ferry.

In 2010, Terminal A was decommissioned and the new terminal building opened.

In March 2012 construction began on the pedestrian tunnel to Billy Bishop Toronto City Airport.

In April 2014, the Toronto Port Authority announced an agreement in principle to repair, restore and reopen the historic Terminal A building at Billy Bishop Toronto City Airport as a public space and hub for the general aviation community.



BILLY BISHOP TORONTO CITY AIRPORT

With flights to 20 destinations in Canada and the United States and connections to 80 locations around the world, Billy Bishop Toronto City Airport provides travellers coming into and out of Canada's largest city with a convenient travel option located a short 2.8 kilometres from Toronto's downtown core. In 2014, the airport served more than 2.4 million passengers, making it the ninth-busiest airport in Canada and the sixth-busiest Canadian airport serving the United States.

The airport, which hosts two 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 processing times, first-class lounge experience and convenient location. This was validated in an August 2014 survey conducted by Ipsos Reid that saw more travellers than ever before (97 per cent) report that their overall experience with Billy Bishop Airport had been positive.

In 2015, Billy Bishop Toronto City Airport was named one of the top regional airports in North America by Skytrax World Airport Awards, was a finalist for Best Airport in the Business Travel Awards, and was voted one of the Top 10 Most Beautiful Airport Approaches in the world by Private Fly.

Billy Bishop Airport is also a base for an air ambulance service, which flew a total of approximately 4,600 flights in 2014, and is home to a sizable personal aviation community that includes approximately 50 private planes and one flight school.

CONTRIBUTING TO THE ECONOMY

Billy Bishop Airport continues to be a key facilitator of business travel and tourism, creator of high-quality employment, and a significant economic engine for the Greater Toronto Area (GTA).

In 2014, PortsToronto updated the *InterVISTAS* study that was conducted in 2012 to reports on the economic output and impact of the airport on the local economy. The study found that Billy Bishop Airport has become "a critical facilitator of the growth of trade and tourism between Toronto and North American centres," with the airport generating more than \$2.1 billion in total annual economic output and more than 6,500 total jobs, including 1,960 jobs directly associated with the airport. The study showed moderate increases in the economic output, jobs, GDP and wages generated by Billy Bishop Airport, reflective of PortsToronto's managed growth approach to the airport's operations.

Through direct and indirect economic benefits, the airport continues to support Toronto's key sectors including financial services, life sciences, food and beverage, travel and tourism, and the film and television industry. The airport also boosts the local economy, with visitors coming through Billy Bishop Airport spending approximately \$150 million a year on accommodation, transportation, retail and food and beverage.



Supporting Toronto's economic growth



PORT OF TORONTO

Since 1793, the Port of Toronto has served as Toronto’s gateway to the St. Lawrence Seaway and to marine ports around the world. Now serving primarily as a bulk cargo facility, the port’s unique location minutes from Toronto’s downtown allows goods from countries as far away as Germany, Australia, South Korea, China and the United States to easily flow in and out of the city.

In 2014, the port recorded one of its strongest years in recent history due to both cargo business and cruise ship operations. More than 2 million tonnes of cargo from around the world were delivered directly into the heart of the city last year through the Port of Toronto, marking an eight-year high for marine imports into the city and confirming the port’s position as a vital component of Toronto’s transportation infrastructure and economic performance.

More than 160 ships visited the Port of Toronto in 2014, 34 of which travelled from overseas, resulting in the highest level of imports since 2007 and representing a 29 per cent increase over 2013 tonnages. Stone and aggregate imports experienced a 50 per cent increase, while salt imports increased nearly 150 per cent as significantly depleted road salt stockpiles were replenished following Toronto’s prolonged and harsh winter of 2013-2014. Sugar imports continued to be strong with approximately 545,000 tonnes of sugar being delivered via the port. In 2014, the port reported operating net income from all sources of \$1.2 million, up slightly from the \$1.1 million reported in 2013.

In 2014, PortsToronto also continued to diversify and market Marine Terminal 51 and 52’s warehousing and project staging services within the port to support downtown Toronto’s booming construction activity. The outlook for 2015 remains strong with record construction in Toronto expected to continue for the next few years. PortsToronto’s 50-acre 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 an increase in traditional marine cargo delivered to the port, 6 cruise ships carrying a total of about 3,000 passengers visited PortsToronto’s Cruise Ship Terminal in 2014, five times the approximately 600 passengers who visited in 2013. The 220-passenger U.S. vessel *MV Pearl Mist* visited Toronto four times over the July, August and September cruise season, while the 440-passenger German vessel *MV Hamburg* visited in September and October. The 2015 cruise season is expected to be one of the port’s busiest yet, with 15 ships visiting from May through to October, bringing more than 5,700 passengers to Toronto.

With its unmatched vistas of downtown Toronto and proximity to the city’s cultural centre, PortsToronto’s Cruise Ship Terminal has also 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 PortsToronto’s properties generated more than \$143,000 in revenue in 2014. Several productions, including *The Listener*, *Transporter: The Series* and *The Strain* were filmed on PortsToronto properties.

2,986

Cruise ship passengers—5 times the number who visited in 2013

2,006,509

Total metric port tonnes in 2014

Stone tonnage up 46%

Salt tonnage up 148%

Overall port tonnage up 29%

Relaxation starts here



OUTER HARBOUR MARINA

Located 10 minutes from the downtown core, just outside Toronto Harbour and a short walk from Tommy Thompson Park, the Outer Harbour Marina (OHM) offers a unique escape from city life, breathtaking scenery and a world-class marina without having to leave the city.

The OHM is one of the largest freshwater marinas in Ontario with more than 625 extra-wide slips that can accommodate boats up to 100 feet in length—the only docking facility of its kind in Toronto. In addition, the OHM is the only marina in the GTA with heated indoor winter boat storage.

Boaters at the OHM also enjoy best-in-class amenities that include free WiFi, updated washrooms and a covered outdoor BBQ pavilion picnic area with green space. In 2014, construction began on a new store that will offer boaters snacks, refreshments and boating accessories. The store will be open for the 2015 boating season.

A customer satisfaction survey was conducted at the OHM in 2014 to assess customer satisfaction

and identify opportunities to enhance the customer experience. More than 90 per cent of those who completed the survey rated the staff at the OHM as excellent or very good and 95 per cent of respondents indicated that they would recommend the OHM.

For the fifth year in a row, the Outer Harbour Marina earned a 5 Green Anchor Gold rating from the Ontario Marine Operators' Association—one of the highest rankings a marina can attain for following environmental best practices.

Every recreational boater operating a “powered” vessel within PortsToronto 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 Outer Harbour Marina from May to September. In 2014, 745 new permits were issued to boaters with 7,535 active permits currently held by boaters.

Convenience Store

In 2014, construction began on a new store that will offer boaters snacks, refreshments and boating accessories

7,535

Active permits held by boaters in 2014

FREE WiFi

Indoor heated boat storage

The OHM is the only marina facility in the GTA to offer these amenities

95% Satisfaction rating for the Outer Harbour Marina



There's flight at the end of the tunnel



PEDESTRIAN TUNNEL AT BILLY BISHOP TORONTO CITY AIRPORT

PortsToronto's primary business is that of maintaining, operating and optimizing the gateways that connect Toronto to the world, a major reason PortsToronto is constructing a new pedestrian tunnel to link the mainland to Billy Bishop Airport. 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 thus enhancing the passenger experience.

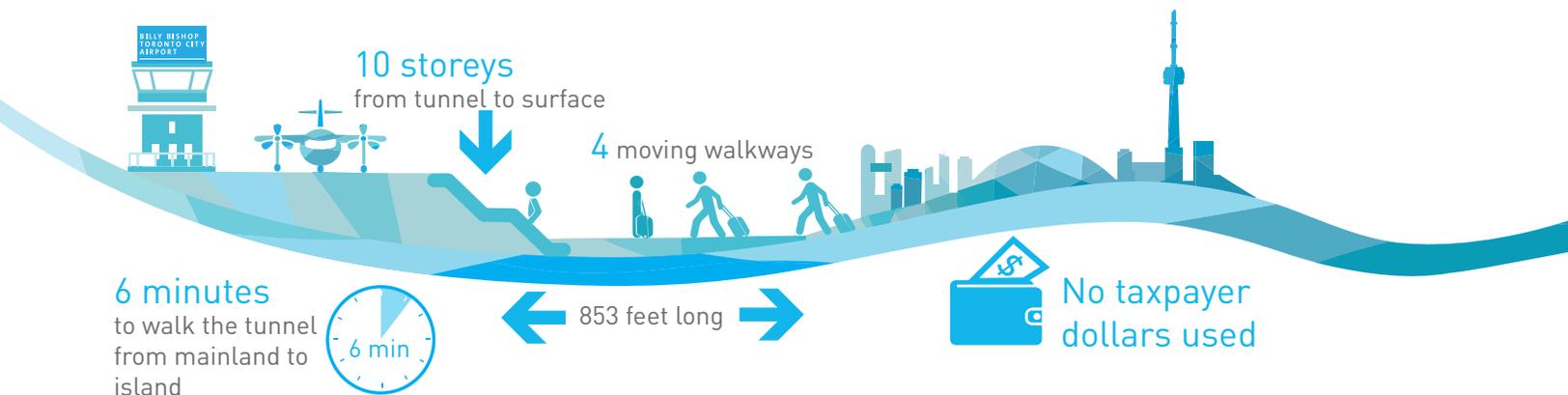
In addition to improving access to the airport, the proposed pedestrian tunnel will carry new water and sanitary lines to serve residents and businesses on the Toronto islands following a landmark agreement with the City of Toronto that will save municipal taxpayers over \$10 million. The first of three City of Toronto mains to be carried by the tunnel was hooked up in November 2014.

Excavation of the tunnel through solid shale was completed in October 2013, followed by the installation of waterproofing and reinforcing steel, and the completion of the tunnel's concrete liner in June 2014. Since then, excellent progress has been made on the tunnel, including the completion of the steel structure, roofing and exterior walls of the tunnel's Mainland Pavilion, installation of the moving walkways, and commissioning of the escalators that will bring travellers up from the tunnel to the Island Atrium. Final phases of the tunnel project took place in spring 2015 and included the completion of the tunnel's connecting terminal structures, hook-up of the remaining City of Toronto water and sewer mains, installation of the elevators and landscaping, and final finishing work.

The tunnel will also feature a state-of-the-art digital advertising platform that will include digital LED and LCD screens installed throughout the mainland passenger atrium and along the path to the elevators that bring passengers down into the tunnel that links to the island-side atrium. Eight 30'x 3' screens will be installed along the tunnel walls, enabling travellers who are walking along the pathway or standing on the moving sidewalks to view and engage with the screens as they make the six-minute journey under the Western Gap to the island-side atrium. Travellers will exit the tunnel via escalators and emerge at ground-level where they will see and interact with additional screens.

A key component of this platform is the "Billy" smartphone app which will offer concierge -type services and provide curated content which will assist with travel through the airport and to one's destination. This content will include traffic, weather, way-finding, estimated wait times at various points in the airport, travel suggestions, restaurant recommendations and flight information. The smartphone app will integrate with screens around the airport to display information and sponsored content to travellers.

The tunnel, is being built through a public-private partnership (P3) model. A portion of the \$20 Airport Improvement Fee (AIF) paid by departing passengers will pay for the tunnel's \$82.5 million construction cost, meaning no taxpayer dollars were spent on the project.





Building our future



30 BAY COMMERCIAL BUILDING DEVELOPMENT

In 2014, preliminary work continued on the redevelopment of the 30 Bay Development Project. PortsToronto headquarters, the landmark Toronto Harbour Commission Building at 60 Harbour Street, will be preserved within this new commercial development as it will anchor the 1.82-acre site.

Oxford Properties Group, the real estate investment arm of the OMERS Worldwide Group of Companies, will manage the 30 Bay Commercial Building Development project. This significant development initiative will solidify PortsToronto's long-term financial sustainability planning 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.

Once completed, the redevelopment will enable PortsToronto to showcase its historic headquarters in an enhanced public space 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 development will focus on high-quality office and commercial opportunities, which is consistent with the 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 2015.



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

1.82 acres
of non-waterfront property anchored by the historic Toronto Harbour Commission Building



Create cash flow available to invest in other PortsToronto operations, waterfront infrastructure, the environment and community organizations



Preserving Canada's aviation heritage



TERMINAL A

In June 2014, PortsToronto announced an agreement in principle with a group of private investors to repair, restore and reopen the historic Terminal A building at Billy Bishop Toronto City Airport. Built in 1939, Terminal A is the airport's original terminal and a rare example of early airport terminal construction.

The project will involve moving the building slightly east on the existing airport property towards Hanlan's Point, restoring and renovating the structure, and opening the terminal as a public restaurant and event space. Designers and television personalities Sarah Richardson and Tommy Smythe (*Real Potential*,

Sarah's House) have confirmed interest in designing the new space, and celebrity chef and restaurateur Lynn Crawford (*Pitchin' In*, *Top Chef Canada*) and Ruby Watchco executive chef Lora Kirk (*Iron Chef America*) will also participate in the project with respect to the venue's future food service offering and event space management.

In addition to serving as a new space for the general public to enjoy, the restored terminal is planned to offer amenities and services to the general aviation community at Billy Bishop Airport and provide additional tie-down spaces for personal aircraft.

1939

The airport terminal building known as Terminal A was built and completed in 1939



2010

Terminal A served as the airport's terminal from 1939 until 2010



2012

Terminal A was moved to the south side of the airport runway



2014

In April 2014, PortsToronto announced an agreement in principle to repair, restore and re-open the historic Terminal A as a public space and hub for the general aviation community



Working to ensure balance



PORTER PROPOSAL

In April 2013, Porter Airlines initiated a process to seek approval to fly Bombardier CS-100 jets at Billy Bishop Toronto City Airport, which would involve a lifting of the jet ban and a 200-metre extension of the landmass on either end of the existing runway.

The management and operation of Billy Bishop Toronto City Airport is tightly regulated by a Tripartite Agreement among the federal government as represented by the Minister of Transport, the City of Toronto and PortsToronto.

The Tripartite Agreement ensures, among other things, that Billy Bishop Airport adheres to strict noise restrictions (which are the most stringent in North America); limits total daily flight activity; prohibits flight activity between the hours of 11 p.m. and 6:45 a.m. (except for Medevac Services); and bars the use of jet aircraft (except for Medevac services) and the extension of the airport's existing runways.

Given that lifting the current 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 Porter Airlines' proposal. At that time, PortsToronto decided it would not make its own determination on the proposal until Toronto city council makes its decision. If Toronto city council were to approve the introduction of jets at the airport, PortsToronto would then undertake its own review of the proposal to confirm that the construction and operations associated with the Porter proposal would meet a strict, 10-point "Do No Harm" list of criteria. The criteria ensure 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 PortsToronto'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 Billy Bishop Toronto City Airport is already having on the region.

On April 1, 2014, Toronto city council voted to defer their vote regarding the introduction of jet aircraft at Billy Bishop Airport to 2015, pending items including the completion of work and studies that would inform future discussion on the proposal. These studies included the completion of an Environmental Assessment (EA), Preliminary Runway Design, and a Master Planning Exercise that contemplates the introduction of jets at the airport on a theoretical basis. City council also voted to commence a study on the surrounding area, which has come to be known as the Bathurst Quay Neighbourhood Plan. This latter initiative is being conducted by the City of Toronto with the support and involvement of PortsToronto.

Importantly, all four of these studies will inform one another and all involve a robust public, stakeholder and agency engagement approach to ensure that all considerations and points of view are reflected in the studies. Further, all initiatives, except for the Bathurst Quay Neighbourhood Plan, are funded entirely by PortsToronto, as airport operator and not as the proponent of the proposal.

In July 2014, PortsToronto, in cooperation with the City of Toronto, Waterfront Toronto and the Toronto Region Conservation Authority, engaged AECOM Canada to undertake the EA. In September 2014, the EA team —made up of PortsToronto management, AECOM, planningAlliance and Swerhun Facilitation —began working to develop an issues framework, timeline, scope and community/stakeholder engagement strategy to assess the potential environmental, social and economic effects of Porter Airlines' proposal. The EA is being conducted

in two phases: The first phase took place from September 2014 to June 2015 and focused on developing the scope of the EA; the second phase focuses on implementing the scope through a technical process of investigation and study.

To determine the scope, the team engaged in extensive consultation that included:

- Launching a website (www.BBTCARunwayEA.org) to serve as a central and transparent hub for information and inquiries. The site includes information sheets and FAQs to address community questions;
- Conducting more than 40 individual stakeholder meetings to gather information on key issues and publishing a “What We Heard” document on the website to capture key issues and concerns;
- Creating an Agency Advisory Committee (AAC) that met ten times (as of June 2015) and included: City of Toronto Waterfront Secretariat, City of Toronto Community Planning and Public Health, Waterfront Toronto, TRCA, TDSB, Build Toronto, TTC, GTAA, Transport Canada, Toronto Port Lands Company, and the Province of Ontario;
- Creating a Stakeholder Advisory Committee (SAC) that met six times (as of May 2015) and involved more than 30 representatives from stakeholder and community groups; and
- Holding four public meetings and open houses (as of April 2015) to ensure all voices and opinions were heard and considered in developing the scope.

In June 2015, the scope will be finalized and the technical work will commence. In addition to the EA, PortsToronto updated its 2012 Airport Master Plan, and completed work on a Master Planning Exercise that contemplated, on a theoretical basis, the introduction of jets at Billy Bishop Airport. This

was an exercise that was requested by Toronto city council to better understand the implications and effects of introducing jets. The information gathered for this plan served as important inputs for the EA. Public engagement and meetings were also an important component of this initiative.

At the request of Toronto city council, PortsToronto developed a preliminary Runway Design and engaged the services of MMM Group Limited, Stantec Consulting Ltd. and WSP Canada Inc. for their expertise in such areas as runway design, aviation, and coastal protection. This runway design, which included airside improvements, was used to inform future discussions on the Porter proposal by city council and was a necessary component for those stakeholders seeking more information on a potential extension of Billy Bishop Toronto City Airport’s runway. This design was also an important input to the EA so the impact of extending the runway could be appropriately determined. Public engagement and meetings were also an important piece of this initiative.

The runway design incorporates a 150-metre Runway End Safety Area (RESA), which may be mandated by Transport Canada in the near future for certain qualifying runways at Canadian airports. The 150-metre RESA would fall within, and not be in addition to, the 200-metre landmass extension that forms part of the Porter proposal. RESAs are intended to provide an additional layer of safety in the event of an aircraft overrun during takeoff or landing.

Work on these three initiatives will be complete in fall of 2015 and will be submitted to City of Toronto staff who will make use of the reports as part of developing a recommendation to city council. It is expected that city council will vote on Porter Airlines’ proposal by the end of 2015.

FOUR PILLARS

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



Investing in transportation infrastructure



CITY BUILDING

While the federal government has prioritized and allocated funding toward infrastructure development, municipalities are still responsible for more than 60 per cent of public infrastructure assets. Further, with 80 per cent of the Canadian population residing in urban centres, the need for infrastructure investment in cities such as Toronto is particularly important. Quality, relevant, innovative infrastructure is essential to cities and pays dividends in terms of attracting capital and talent that drive future growth.

Since its inception in 1911, PortsToronto has made strategic investments in Toronto's waterfront and in developing transportation infrastructure for the city.

In 2014, PortsToronto reinvested more than \$39 million in waterfront infrastructure with investments ranging from the replacement of equipment to the maintenance and restoration of our various facilities.

One of the largest infrastructure investments made to date by PortsToronto is the pedestrian tunnel to Billy Bishop Toronto City Airport. This tunnel is an innovation both in design and purpose. Running under the lakebed across the Western Channel of Lake Ontario, the tunnel will provide efficient and convenient access to travellers and improve traffic congestion by providing an alternative to the ferry that delivered travellers in waves every 15 minutes.

The tunnel was built on a P3 model that ensures the delivery of high-quality infrastructure at no cost to the taxpayer. According to the Canadian Council for Public-Private Partnerships, P3s have generated \$921 billion in total economic output, more than 500,000 full-time equivalent jobs, and saved taxpayers a total of nearly \$10 billion over the last 10 years. There have been major political commitments to P3s across Canada, and among governments at the federal, provincial and municipal levels, with over 200 infrastructure projects delivered representing over \$70 billion (for projects that have reached financial close) of capital investment.



Fostering strong, healthy and sustainable communities



COMMUNITY ENGAGEMENT

COMMUNITY INVESTMENT

Throughout our history, we have worked with community members who share our goals and live, play and work at the water's edge. Seven years of profitability for PortsToronto have allowed us to continue to meet our commitment to foster strong, healthy and sustainable communities along Toronto's waterfront through community investments under the pillars of sport and recreation, arts and culture, protection of the environment, and education. In 2014, we allotted more than \$500,000 to community sponsorships and donations including such diverse organizations as:

Harbourfront Centre | Canadian Art Foundation | Waterfront BIA | Toronto Taste in Support of Second Harvest
 Redpath Waterfront Festival | Civic Action | Toronto Global Forum | Urban Land Institute
 Toronto Easter Seals Regatta | Moorelands Community Services | Evergreen Brickworks | Aloha Toronto
 Beaches International Jazz Festival | Earth Day Canada Gala | Toronto Brigantine
 Harbourfront Community Centre—Room 13 | Camp Oochigeas | Children's Wish Foundation
 Disabled Sailing Association | Set Sail for Hope in support of Camp Trillium
 Toronto International Film Festival | Ireland Park Foundation | Pilots 'N' Paws Canada
 Bishop House—Owen Sound Museum | United Way | The NATO Council of Canada
 Emily's House and Philip Aziz Centre for Hospice Care | Mission to Seafarers

SAIL-IN CINEMA

From August 14 to 16, 2014, PortsToronto held the fourth annual Sail-In Cinema™ film festival. The event drew 3,500 attendees on land and 45 boats to Sugar Beach to watch creature-themed classics under the open skies. The movies were chosen by the public through a record-breaking 4,900+ online votes on the Sail-In Cinema™ website. The winning films for 2014 were *Jaws*, *Jurassic Park* and *E.T. the Extra-Terrestrial*.



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 Billy Bishop Toronto City Airport, PortsToronto established a Community Liaison Committee (CLC) in 2010. 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 anyone can attend. Meeting minutes are taken by a third-party consultant, Lura Consulting, and posted to the PortsToronto website.

The Tunnel Construction Committee, established by PortsToronto 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. It 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 PortsToronto website.

Click [here](#) to view all 2014 Public Outreach meetings minutes.

PUBLIC MEETINGS

COMMUNITY LIAISON COMMITTEE

March 27, 2014
 May 27, 2014
 September 16, 2014
 November 25, 2014

TUNNEL CONSTRUCTION COMMITTEE

January 28, 2014
 March 25, 2014
 May 27, 2014
 July 29, 2014
 September 30, 2014
 November 25, 2014

ANNUAL GENERAL MEETING

September 3, 2014

ENVIRONMENTAL ASSESSMENT

December 9, 2014
 (first of a series of meetings that continued in 2015).

CONNECTING ON SOCIAL MEDIA

We extend our commitment to connecting with stakeholders and the community through our social-media efforts. In 2014, social media was used to promote various community and PortsToronto-related events as well as to answer questions and address the concerns of our constituents.

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

 PortsToronto	 BBishopAirport	 ohmtoronto
 @PortsToronto	 @BBishopAirport	 @OHMToronto
 @PortsToronto	 @BBishopAirport	

WEBSITE

PortsToronto 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 PortsToronto and its activities.

 PortsToronto.com

NOISE MANAGEMENT

As the operator of an airport located near a thriving urban community, PortsToronto 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 Billy Bishop Toronto City Airport. 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 503 complaints in 2013 and 410 in 2014, indicating a 20 per cent reduction in noise complaints. The office has a formal complaint process and endeavours to respond to all complaints within five business days. 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 PortsToronto website monthly and annual reports compiling the results for a given year are also posted.

Overall, aircraft activity increased slightly from 113,186 movements in 2013 to 114,356 in 2014, with a slight decrease in sea plane activity from 178 movements in 2013 to 158 in 2014. Personal aviation, Medevac and other aircraft accounted for 63 per cent of aircraft related complaints in 2014 with scheduled air carrier activity accounting for the remaining 37 per cent.

On September 11, 2014, Billy Bishop Toronto City Airport launched 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, including the aircraft type, the destination and point of departure. The service provides the public with accurate information on the aircraft traffic above their homes/businesses and confirms whether the aircraft is associated with Billy Bishop Airport, Pearson International Airport or another airport. Though there is a cost associated with the service that is paid by PortsToronto, the service is free to the community and can be accessed on the PortsToronto website.

In response to community concerns about congestion and vehicle noise at the airport, PortsToronto implemented other new initiatives related to the groundside system. Initiatives such as the relocation 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. PortsToronto also has increased efforts to encourage passengers to use the airport shuttle, transit or other forms of transportation to reduce individual-vehicle traffic.

The Billy Bishop Airport pedestrian tunnel project will also 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 passenger peaks experienced as a result of the ferry schedule.



bullfrogpower™



ENVIRONMENTAL STEWARDSHIP

Keeping the Toronto Harbour clean and protecting the waterfront environment are some of PortsToronto's most important responsibilities and priorities. We aim to run all of our operations in a sustainable manner and with minimal environmental impact.

In 2014, PortsToronto's key environmental initiatives included:

DREDGING

Each year, thousands of tonnes of sediment build up where the Don River empties into the Keating Channel, which, if not removed, could cause the river to back up and flood. PortsToronto removes the sediment in a process called dredging, which helps to maintain a river depth that allows for the smooth flow of water and ice through the Keating Channel.

The dredging process involves scooping material from the river's bottom using a clam bucket on a "dredger." Once removed, the muddy mixture of sediment is transported by barge to the Leslie Street Spit's Confined Disposal Facility for proper disposal and containment.

PortsToronto dredges annually, removing between 20,000 and 40,000 cubic metres of sediment per year from the mouth of the Don River. In 2014, PortsToronto collected 880 tonnes of driftwood from the harbour and dredged more than 20,532 cubic metres of material from the Keating Channel to prevent flooding of the Don River and minimize siltation in the inner harbour.

As part of our commitment to keeping the harbour clean, PortsToronto also manages a 24/7 Harbour Hotline (416-462-3937) to respond immediately to reports of pollution, spill or debris in the harbour.

CELL 2 WETLAND CREATION PROJECT

In 2014, PortsToronto, together with Toronto Region Conservation Authority (TRCA), began the process of

transforming the second of three Confined Disposal Facilities (CDFs), known as "cells," at the Leslie Street Spit (the Spit) into a nine-hectare wetland habitat for fish, birds and wildlife.

Each of the "cells" located at the Spit were designed by PortsToronto to properly and safely contain natural material dredged from the Keating Channel. With the second "cell" at capacity for dredged material, PortsToronto began sealing Cell 2 with a layer of clean fill. Once the cell is sealed, TRCA will begin planting native vegetation and wetland features that will provide a new habitat for fish and wildlife, and expand the Spit's recreational and nature features enjoyed by Torontonians.

The development of Cell 2 into a wetland will take place in several phases and is expected to be complete by winter 2017/2018. In 2007, PortsToronto and TRCA completed the Cell 1 Wetland Creation Project, converting the CDF into a seven-hectare coastal wetland. Cell 1 is now home to marsh birds, including nesting Common Terns, turtles, amphibians, small mammals and native fish. The final cell, Cell 3, continues to be used for dredged materials, with approximately 30 to 40 years of capacity remaining.

RENEWABLE ENERGY

One of the ways PortsToronto reduces its environmental footprint is by choosing 100 per cent green energy from Bullfrog Power. Since 2010, we have powered all of our operations with clean, renewable electricity from Bullfrog Power. Its green electricity comes from a blend of wind and low-impact hydro power sourced from new Canadian renewable-energy facilities. PortsToronto is one of Bullfrog's green power leaders, ranking 7th among the top corporate supporters of clean, green energy in the country. In fact, PortsToronto and Billy Bishop Toronto City Airport are the only port authority and airport in Canada to choose renewable energy for all operations and facilities.

SUSTAINABILITY BEST PRACTICES

PortsToronto follows best practices from around the world to achieve sustainability goals at the port and prevent pollution at the Outer Harbour Marina and Billy Bishop Toronto City Airport. 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 2014, PortsToronto began work with Delphi Group to conduct an internal review of environmental compliance, as well as associated record keeping and data management practices. This review process is part of a larger initiative to gather relevant sustainability data in order to develop a sustainability report and help with external sustainability reporting.

PortsToronto has also implemented 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;
- Switching to biodiesel for the airport ferry and PortsToronto equipment; and
- Implementing an anti-idling policy for vehicles on all PortsToronto properties.

OUTER HARBOUR MARINA 5 GREEN ANCHOR GOLD RATING

In 2014, the Outer Harbour Marina received the 5 Green Anchor Gold rating for the fifth consecutive year. This designation, awarded by the Ontario Marine Operators' Association (OMOA), recognizes marinas that follow strict environmental best practices.

MONARCH BUTTERFLY GARDEN

Every year, monarch butterflies migrate to Mexico for the winter season and return north for the spring and summer. However, last year the number of monarch butterflies that returned reached a record low. This is due, in part, to the loss of plants that are the butterfly's primary food source. In September 2014, PortsToronto planted a butterfly garden at the Outer Harbour Marina, consisting of native plants such as milkweed, to encourage the return of the monarch butterfly. In 2015, PortsToronto intends to plant more of these gardens on its properties and bring back the butterfly.

KEEPING VEHICLES OFF TORONTO'S ROADS AND HIGHWAYS

Shipping bulk cargo through the Port of Toronto helps to reduce traffic congestion on Toronto's busy roads, and is 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.

The year 2014 marked an eight-year high for imports into the Port of Toronto with two million tonnes of bulk cargo such as salt, sugar and cement being delivered through the port. This cargo delivered by ship took approximately 50,000, 40-tonne trucks off Toronto's already congested roads and highways.



FINANCIAL SUSTAINABILITY

FOUR PILLARS

PortsToronto

STATEMENT OF REVENUE AND EXPENSES
(as extracted from the Financial Statements) (in thousand of dollars)

	Year ended December 31				
	2014	2013	2012	2011	2010
REVENUE					
Port operations	\$5,969	\$5,740	\$6,145	\$5,398	\$4,402
Outer Harbour Marina	3,263	3,255	3,025	2,789	2,568
Billy Bishop Toronto City Airport	20,821	21,534	20,853	17,721	13,313
Property rental and other	1,353	1,332	1,206	1,398	1,383
Investment income	363	432	482	269	358
	\$31,769	\$32,293	\$31,711	\$27,575	\$22,024
EXPENSES					
Airport Improvement Fees,	18,746	18,000	17,867	14,645	9,962
net - for airport capital expenditures	\$50,515	\$50,293	\$49,578	\$42,220	\$31,986
	4,814	4,671	4,773	4,229	3,938
Port operations	2,080	1,905	1,748	1,598	1,416
Outer Harbour Marina	16,084	18,466	14,669	13,178	11,577
Billy Bishop Toronto City Airport	832	939	1,053	1,339	1,050
Property rental and other	6,410	5,685	5,237	4,529	4,574
Corporate services	2,425	2,411	2,368	1,930	1,318
Charge on gross revenue	\$32,645	\$34,077	\$29,848	\$26,803	\$23,873
NET INCOME FROM OPERATIONS BEFORE THE FOLLOWING					
Payments in respect of land disposition	17,870	16,216	19,730	15,417	8,113
Lands transferred (macro settlement)	-	-	1,812	1,880	2,087
Payments in lieu of taxes	(2,932)	(2,866)	(2,137)	(2,210)	(780)
Gain (loss) on interest rate swap	(51)	315	207	(816)	(1,828)
(Loss) due to impairment of capital assets	-	-	-	(350)	(306)
NET INCOME	\$14,887	\$13,665	\$19,612	\$13,921	\$7,286

FINANCIAL

PortsToronto is a financial government business enterprise with no federal, provincial or municipal taxpayer dollars. No taxpayer dollars are used in its activities or operations. Instead, three core businesses generate revenue for Toronto City Airports, the Outer Harbour, and the Billy Bishop Toronto City Airport. These businesses are self-sustaining and remain a valuable part of the live, work, and play environment.

Over and above the infrastructure contribution, in-lieu-of-taxes, and other than for the near-term tax benefits, the

FINANCIAL SUSTAINABILITY

PortsToronto is a financially self-sufficient government business enterprise that receives no federal, provincial or municipal funding. No taxpayer dollars are used to finance the activities or operations of PortsToronto. Revenue is instead generated through PortsToronto's three core business operations—Billy Bishop Toronto City Airport, the Port of Toronto, and the Outer Harbour Marina—as well as property leasing and licensing. Profits from these businesses are then reinvested to improve the infrastructure and services our city needs to remain a world-class city and a great place to live, work and play.

Over and above our investments in infrastructure and services, PortsToronto contributed more than \$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 in 2014, a total of nearly \$5.3 million that can be used to benefit taxpayers.

The year 2014 marked PortsToronto's seventh consecutive year of profitability, with overall net income of \$14.9 million. This is up nine per cent from the \$13.7 million reported in 2013, largely due to the success of the airport.

All three of PortsToronto's key businesses were profitable and reported strong results in 2014. Billy Bishop Airport generated revenue of \$39.6 million, which included \$18.7 million in Airport Improvement Fees. This is expected to increase slightly in 2015. According to the 2014 *InterVISTAS* study, the airport also generated more than \$2.1 billion in total annual economic output and more than 6,500 total jobs, including 1,960 jobs directly associated with the airport.

In 2014, the Port of Toronto recorded one of its strongest years in recent history due to increases in both the cargo business and cruise ship operations. More than two million tonnes of cargo from around the world were delivered directly into the heart of the city last year through the Port of Toronto. This marks an eight-year high for marine imports into the city. This increased economic activity at the port helps to support the city's booming construction industry and demonstrates the port's position as a vital part of Toronto's economic infrastructure. The port reported operating net income from all sources of \$1.2 million, a slight increase over the 2013 operating net income of \$1.1 million.

The Outer Harbour Marina's operating net income decreased slightly in 2014, from \$1.4 million to \$1.2 million, largely due to the cooler summer. The marina's summer berthing occupancy rate was 95 per cent in 2014.

Our operating ratio, a barometer of profitability, increased slightly from 1.48 in 2013 to 1.55 in 2014, and continues to reflect steady revenues and efficient operations.

The 2014 audited financial statements of PortsToronto were prepared in accordance with International Financial Reporting Standards and were audited by Deloitte LLP. Complete financial statements and the Auditor's Report are available at www.portstoronto.com. The following information has been extracted from the audited financial statements of the current and prior years.

PortsToronto

STATEMENT OF REVENUE AND EXPENSES

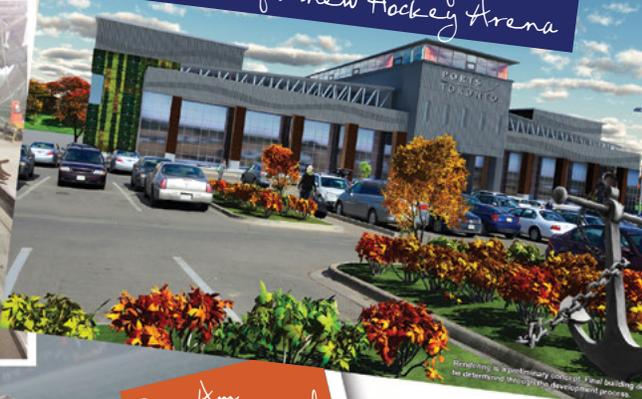
(as extracted from the Financial Statements) (in thousand of dollars)

	Year ended December 31				
	2014	2013	2012	2011	2010
REVENUE					
Port operations	\$5,969	\$5,740	\$6,145	\$5,398	\$4,402
Outer Harbour Marina	3,263	3,255	3,025	2,789	2,568
Billy Bishop Toronto City Airport	20,821	21,534	20,853	17,721	13,313
Property rental and other	1,353	1,332	1,206	1,398	1,383
Investment income	363	432	482	269	358
	\$31,769	\$32,293	\$31,711	\$ 27,575	\$22,024
Airport Improvement Fees, net - for airport capital expenditures	18,746	18,000	17,867	14,645	9,962
	\$50,515	\$50,293	\$49,578	\$42,220	\$31,986
EXPENSES					
Port operations	4,814	4,671	4,773	4,229	3,938
Outer Harbour Marina	2,080	1,905	1,748	1,598	1,416
Billy Bishop Toronto City Airport	16,084	18,466	14,669	13,178	11,577
Property rental and other	832	939	1,053	1,339	1,050
Corporate services	6,410	5,685	5,237	4,529	4,574
Charge on gross revenue	2,425	2,411	2,368	1,930	1,318
	\$32,645	\$34,077	\$29,848	\$26,803	\$23,873
NET INCOME FROM OPERATIONS BEFORE THE FOLLOWING	17,870	16,216	19,730	15,417	8,113
Payments in respect of land disposition	-	-	1,812	1,880	2,087
Lands transferred (macro settlement)	-	-	-	-	(780)
Payments in lieu of taxes	(2,932)	(2,866)	(2,137)	(2,210)	(1,828)
Gain (loss) on interest rate swap	(51)	315	207	(816)	(306)
(Loss) due to impairment of capital assets	-	-	-	(350)	-
NET INCOME	\$14,887	\$13,665	\$19,612	\$13,921	\$7,286

2015: A Look Ahead



PortsToronto dedicates land for development of a new Hockey Arena



PROUD SUPPORTER OF THE **TORONTO 2015** PAN AM/PARAN AM GAMES

PORTS TORONTO

- Corporate Rebrand
- Announce Evergreen Six Schools Partnership
- Skytrax—Best Airport
- 8-year high for the Port
- T02015 Pan Am and Parapan Am Games Sponsorship
- \$2.1 billion in economic benefits according to InterVISTAS
- Open Pedestrian Tunnel
- Sail-in Cinema Aug 20-22
- Hockey Arena Development
- Break Ground on 30 Bay Development
- Sustainability Report



Visit to Toronto Island School

