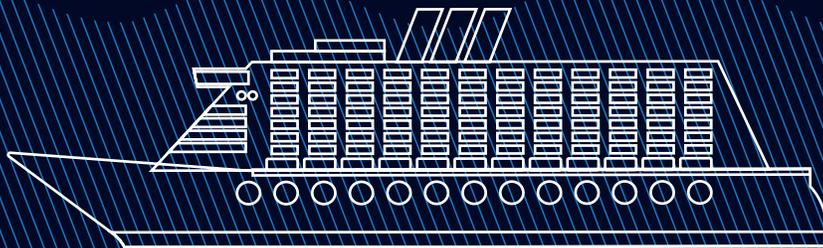
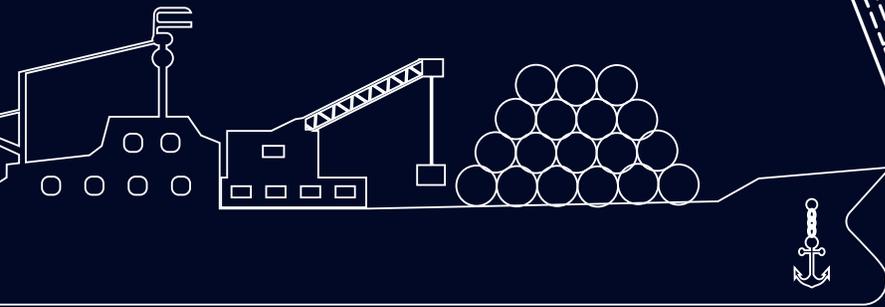
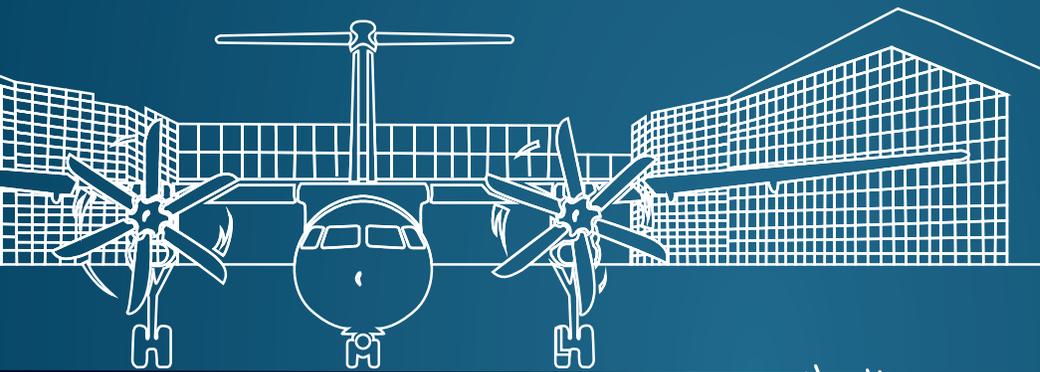


PORTS TORONTO

ANNUAL REPORT 2016





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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.

To obtain additional copies of this report please contact:

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Canada
Phone: 416 863 2075
E-mail: communications@portstoronto.com



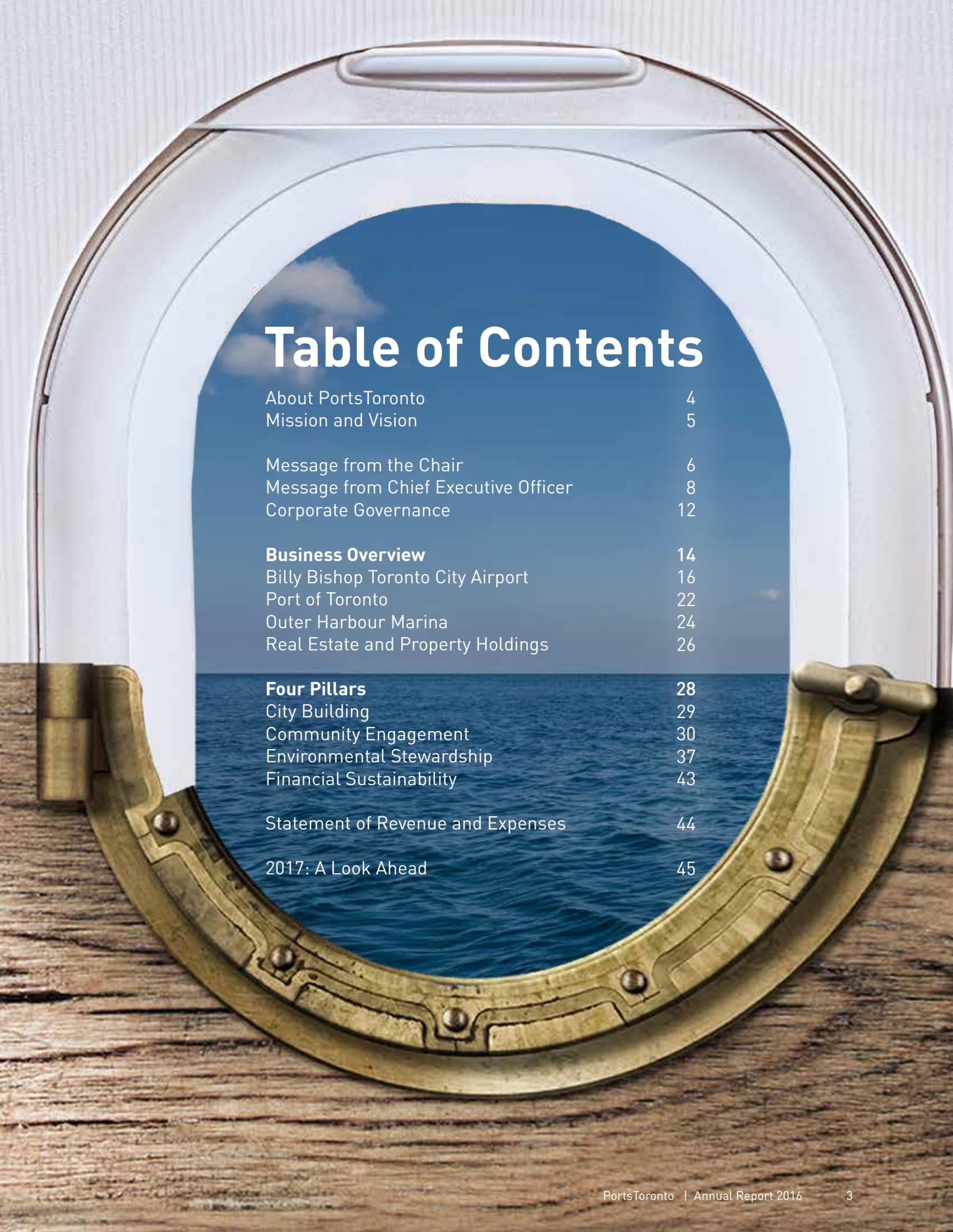


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About PortsToronto

PortsToronto is a federal government business enterprise that owns and operates Billy Bishop Toronto City Airport, Marine Terminals 51 and 52 within the Port of Toronto, the Outer Harbour Marina and various properties along Toronto's waterfront.

Responsible for safety and efficiency of marine navigation in Toronto Harbour, PortsToronto also exercises regulatory control and performs public works services for the area, works with partner organizations to keep the Toronto Harbour clean, 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 \$9 million since 2009 in charitable initiatives and environmental programs that benefit communities and organizations along Toronto's waterfront and beyond.

PortsToronto is financially self-sufficient, as required under the Canada Marine Act, and its activities and operations are not funded by taxpayers.

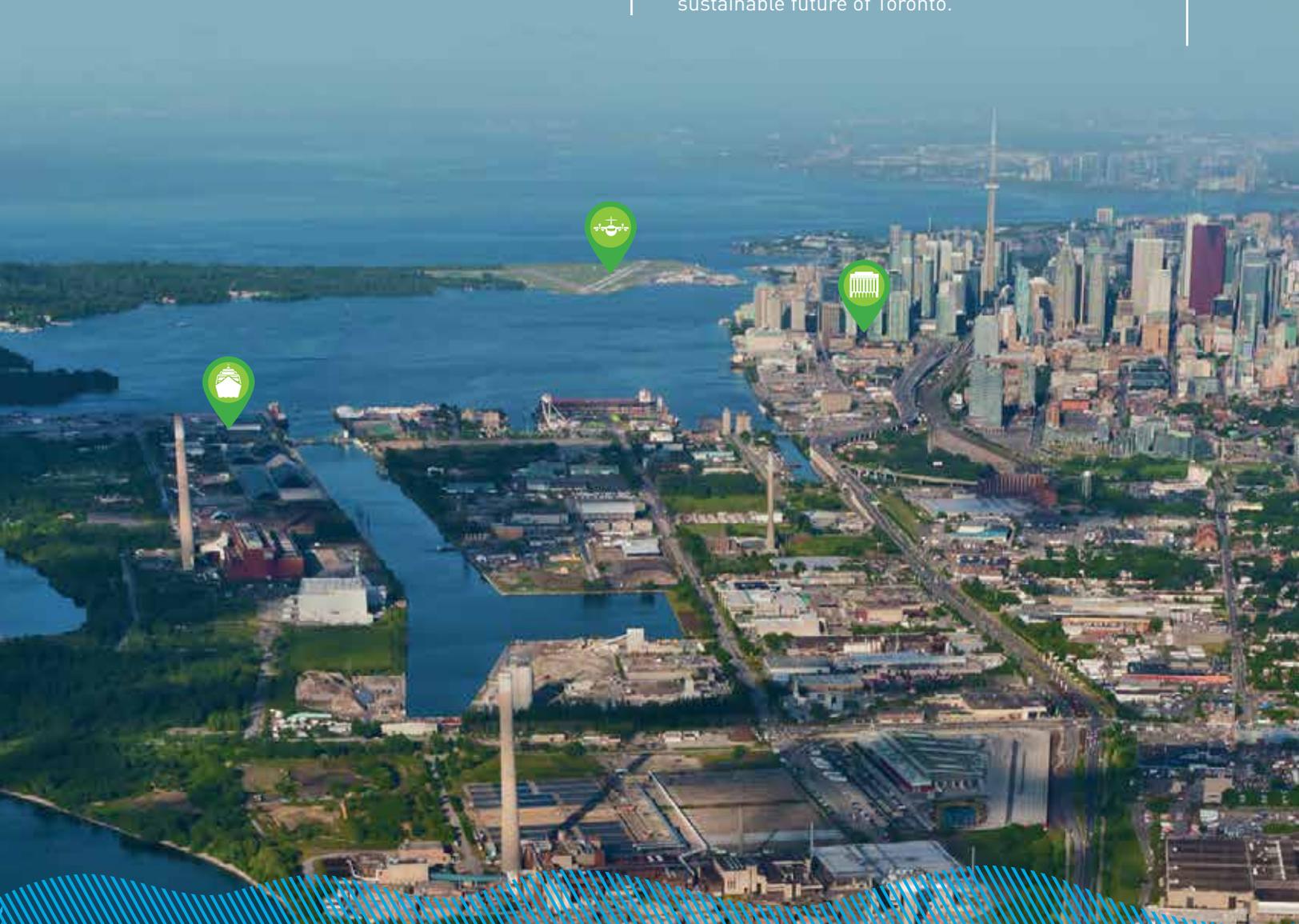


Vision

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.

Mission

PortsToronto's mission is to effectively manage Billy Bishop Toronto City Airport, the Port of Toronto, the Outer Harbour Marina and its real estate properties on a self-sustaining basis, allowing PortsToronto 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.



Message from the Chairman

Whether it's establishing the waterfront in the early 1900s, building Billy Bishop Airport in 1939, undertaking environmental protection of the harbour and surrounding wetlands, or digging tunnels to connect infrastructure, PortsToronto has been building and investing in Toronto's waterfront for more than 100 years... and the best is yet to come.

The year 2016 was my first full year as Chair of PortsToronto's Board of Directors and as I reflect back on the achievements, awards and contributions that took place over this time, I can't help but be proud of what has been accomplished and where we are headed as an organization.

PortsToronto is a federal government business enterprise with more than 100 years of history. Starting as the Toronto Harbour Commissioners, tasked with building the waterfront and encouraging commerce through the Port of Toronto, to becoming the Toronto Port Authority in 1999 and assuming a role as a financially independent agency of the federal government, to our rebranding a few years back as PortsToronto, this organization has played a significant role in shaping Toronto and making it the economic centre it is today.

As owner and operator of Billy Bishop Airport, the Port of Toronto, the Outer Harbour Marina and real estate holdings along the waterfront such as the 30 Bay Street and 60 Harbour Street properties that are home to the historic Toronto Harbour Commissioner building, PortsToronto is continuing its role as an economic driver for the City of Toronto. From providing important gateways to bring people and goods to and from the city, to investing in infrastructure such as the pedestrian tunnel to promote access and leverage innovation, to investing back in our communities through sponsorships and in-kind services, PortsToronto is working with municipal, provincial and federal partners for the benefit of all.

This legacy promises to continue as PortsToronto prepares for the next chapter in its successful business

operations. For the last several years, PortsToronto has been working with Oxford Properties Inc. (Oxford) and Canada Pension Plan Investment Board (CPPIB) to address its underutilized head-office property at the corner of Bay and Harbour Streets that is currently used for surface parking.

In March 2012, PortsToronto announced that it had entered into an agreement with Oxford to jointly develop the property. Earlier this year Oxford and PortsToronto finalized an agreement to sell the property to Oxford and CPPIB. Approvals were secured at the municipal and federal level and the sale closed in May 2017. The sale is important for many reasons. First, it will ensure that an underutilized property is put to good use in what has become a burgeoning area of the city. Second, the sale



ensures that the historic Toronto Harbour Commission building will be incorporated into the development and be restored and preserved for years to come. Third, this sale is consistent with PortsToronto's federal mandate and governing Letters Patent and is aligned with the City of Toronto's vision for new development in the South Core. Fourth, it provides PortsToronto with the financial resources to continue to invest in infrastructure along the waterfront and support its community.

The property at 30 Bay/60 Harbour is classified as "Schedule C" property in PortsToronto's Letters Patent. This means that the property is not federally owned, but is rather private property owned by PortsToronto. As such the proceeds of the sale can and will be directed to fund ongoing operations related to the port and harbour. Specifically, the proceeds of this sale will be used to pay down debt and enable revitalization of the Port. Funds will also go towards repairing aging dock walls and warehouse terminals, improving "last mile" road and rail access, refining navigation in areas of the harbour, and supporting our corporate social responsibility and community investment program.

The sale of this property meets all of our objectives for the property, the city and our organization, and will ensure that PortsToronto remains a strong and well-financed contributor to the City of Toronto and a relevant and valuable representative agency of the federal government.

Whether it's establishing the waterfront in the early 1900s, building Billy Bishop Airport in 1939, undertaking environmental protection of the harbour and surrounding wetlands, or digging tunnels to connect infrastructure, PortsToronto has been building and investing in Toronto's waterfront for more than 100 years... and the best is yet to come.

I would like to thank the PortsToronto management and staff for their commitment to this organization and their achievements in 2016, as well as my fellow board members for their dedication and insight. I would also like to thank our stakeholders and government partners, especially Transport Canada, the City of Toronto and the federal government under the leadership of The Right Honourable Justin Trudeau, Prime Minister of Canada and the Minister of Transport, The Honourable Marc Garneau.

Canada celebrates 150 years in 2017 and we are proud of the part we have played in making this country among the best in the world and Toronto one of the best in the nation. I look forward to the year ahead and all that it will hold for our organization, city and country.



Robert D. Poirier
Chair



Message from the Chief Executive Officer

Our growth and profitability in 2016 enabled PortsToronto to continue making important investments in Toronto's waterfront infrastructure, the environment and community organizations.

The year 2016 can be best described as a year of collaboration, performance and focusing on the future by putting investment and infrastructure in place to ensure our operations remain successful in order to make meaningful contributions to our government stakeholders, members of the community and business partners.

Our four business units serve the purpose of providing transportation and infrastructure to the City of Toronto. Whether it's Billy Bishop Toronto City Airport that provides an important gateway to/from more than 20 destinations in Canada and the U.S., or the Port of Toronto that last year handled approximately two million tonnes of cargo, or the Outer Harbour Marina that is one of the largest freshwater marinas in Canada, or our various real estate holdings along the waterfront, PortsToronto spent 2016 building, investing and preparing to keep our operations strong.

Looking to the future is possible because of a strong foundation of business achievement that affected

PortsToronto's ninth consecutive year of profitability, with net income of \$6.7 million on revenue of \$59.7 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 continue to invest in key infrastructure, initiatives and improvements, and give back to our community.

Our four key businesses all reported strong results in 2016. Billy Bishop Airport continued to see ongoing success, serving 2.7 million passengers, up from 2.5 million in 2015. Billy Bishop Airport generated operating income of \$16.7 million, which included revenue from Airport Improvement Fees. This is expected to remain relatively stable in 2017, with passenger volumes forecast to increase slightly as we continue to employ our "managed growth" approach that ensures airport growth keeps pace with the access, infrastructure and needs of the surrounding mixed-use neighbourhood.

The year 2016 was also significant for the Port of Toronto and its terminal operations. The port recorded a strong year due to both the cargo business and passenger cruise ship operations. The port and its activities reported revenues of \$6.3 million and operating income from all sources of \$1.2 million. The port also welcomed seven cruise ships, carrying more than 2,400 passengers, to the City of Toronto in 2016. This activity at the port helps to not only support the city's business industries, but also confirms the port's position as a vital part of Toronto's economic infrastructure.

The Outer Harbour Marina's operating income was steady at \$1.2 million on revenues of \$3.9 million in 2016 and benefited from an occupancy rate of approximately 85 per cent. The Real Estate and Property Holdings division also had a steady year, reporting operating income of \$0.9 million on revenues of \$1.9 million. This business includes leasing revenue from such properties as 60 Harbour Street, 30 Bay Street, Pier 6 and property at 5 Queens Quay West.



This growth and profitability in 2016 enabled PortsToronto to continue making important investments in Toronto's waterfront infrastructure, the environment and community organizations. Since 2009, PortsToronto has invested more than \$9 million in community and environmental initiatives. In 2016, in addition to supporting many worthwhile community organizations such as Aloha Toronto, Waterfront Neighbourhood Centre's Youth Arts Program, Set Sail for Hope, Ireland Park Foundation, Second Harvest, CivicAction, Harbourfront Centre, Ontario Disabled Sailing Association, Lake Ontario Waterkeeper and Evergreen, we once again held the popular and award-winning Sail-In Cinema™ film festival for the enjoyment of audiences of all ages. This August film event attracted more than 10,000 people and approximately 75 boats to Sugar Beach over three nights and has become a true community gathering along the waterfront.

In 2016, PortsToronto also continued to invest in our sustainability program to ensure we conduct our operations in an environmentally responsible manner. This included publishing our first Sustainability Report in January of 2016 which served to report on our progress and goals with regard to environmental sustainability and protection. This includes our ongoing commitment to investing 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. Billy Bishop Airport is the only airport and PortsToronto is the only port authority in Canada to use renewable energy for its entire operations.

Consistent with our approach to focus on the future, several key projects were initiated or progressed last year. One of our biggest projects was year-one of a three-year airfield restoration project that had our main runway resurfaced and the entire runway lighting system updated—all without operational interruption or community disruption. No small feat but an overwhelming success by all accounts.

This project also included the construction of a Ground Run-up Enclosure (GRE), a three-sided, open-top facility able to accommodate an aircraft while maintenance mechanics conduct high-power engine run-up inspections. Opened and operational in April 2017, the steel-framed structure is fully lined with acoustic panels designed specifically for the purpose of absorbing engine sound and reducing noise impacts on the surrounding community.

Enhancements also began inside the airport terminal. In late 2016 Nieuport Aviation Infrastructure Partners, the operator of the Passenger Terminal at Billy Bishop Airport, announced that construction would commence on an upgrade to the passenger lounges. The enhancement project will add more space in both passenger lounges, thereby enabling more seating and additional amenities such as retail, food and beverage services. Overall, the changes will add approximately 2,500 square metres to the terminal, with the majority of the increase being in the passenger lounges, and will be completed in mid 2018.

U.S. Customs Preclearance also continued to be a top priority for PortsToronto and several important milestones were achieved throughout last year. Billy Bishop Airport was among the Canadian transportation facilities named in an expanded U.S. Customs Preclearance program in March 2016. The announcement came as part of Prime Minister Trudeau's first official visit to the U.S. In December 2016, then-President Obama signed into law a bill ratifying the new preclearance agreement between Canada and the United States. With the new preclearance agreement between Canada and the U.S. now law in the U.S., next steps include ratification of the agreement by Canada and working out the specific costs and operating environment at Billy Bishop Airport. Preclearance will be a significant enhancement to customer service at the airport and we are looking forward to having this completed as soon as possible.

Billy Bishop Airport is a tremendous asset to the City of Toronto and an important gateway that is recognized for its efficiency, ease of access and emphasis on customer service. This recognition came at an international level in 2016 as the airport won several prestigious awards including being ranked as the number one airport in North America and number two in the world by Airport Council International; being ranked fourth-best airport in the world by Condé Nast Traveler; and ranking within the Top 10 airports in North America by Skytrax.



The waterfront is a vibrant mixed-use community and we look forward to continuing to work with all of our partners including Transport Canada, the City of Toronto, Waterfront Toronto, Toronto and Region Conservation Authority and Toronto Port Lands Company in the years ahead to ensure our operations remain strong and within balance.

This validation was felt here at home as the airport enjoyed its busiest summer on record with close to 782,000 passengers travelling through the airport in June, July and August, and its single busiest day on record with 13,000 passing through the airport on October 7, 2016. But you didn't need to be flying in/out of the airport to enjoy all that the airport has to offer. On May 28 more than 10,000 people visited us for Doors Open, making our site one of the most visited in the Doors Open program.

In other areas of our business, PortsToronto also continued to work on developing the underutilized property at the corner of 60 Harbour Street and 30 Bay Street, an important element of our long-term financial sustainability. Home to the historic Toronto Harbour Commission Building that houses our head office, the property is currently being used for surface parking. However, PortsToronto continued to work with Oxford Properties Inc. in 2016 to create a plan for development that is aligned with the city's vision for the South Core area. This project remained a work-in-progress in 2016 but I believe 2017 will be an important year for this development.

I am confident that there will be many other important milestones and achievements in 2017 as PortsToronto continues 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.

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 to our achievements in 2016. The waterfront is an interesting mixed-use community and we look forward to continuing to work with all of our partners including Transport Canada, the City of Toronto, Waterfront Toronto, Toronto and Region Conservation Authority and Toronto Port Lands Company in the years ahead to ensure our operations remain strong and within balance.

The year ahead promises to be exciting as we begin year-two of our three-year airfield restoration project, formalize U.S. Customs Preclearance at Billy Bishop Airport, work to finalize plans for the property at 30 Bay/60 Harbour Streets, update the 2012 Master Plan for the airport, continue to devote ourselves to sustainable operations and partner with community and charitable organizations to continue to activate the waterfront.



Geoffrey A. Wilson
Chief Executive Officer



Doors Open 2016

Highlights

**BILLY
BISHOP**
TORONTO CITY AIRPORT

GREAT GULF
**DOORS
OPEN**



Last year's Doors Open at Billy Bishop Airport was a great success with over 10,000 visitors attending throughout the day. Billy Bishop Airport's Doors Open event was even voted as the top destination to visit by the *Globe and Mail*.



Corporate Governance

PortsToronto is the successor agency of the Toronto Harbour Commissioners (THC), which managed Toronto Harbour from 1911 to 1999. As part of a broad strategy developed by the federal government to modernize the administration of ports, the Toronto Port Authority, now PortsToronto, was established in 1999 to operate the port, marina, airport and its land holdings.

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 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 board of directors composed of individuals appointed by all levels of government — federal, provincial and municipal. Six members of the board are appointed by the Minister of Transport in consultation with 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 15 times in 2016.

The board of directors are appointed as follows:

- one individual nominated by the federal Minister of Transport
- one individual appointed by the City of Toronto
- one individual appointed by the Province of Ontario
- 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 four standing committees oversee various organizational matters, various facets of our operations and assess recommendations from management:

- Audit and Finance
- Governance and Human Resources
- Communications and Outreach
- Pension

The board relies on these committees to facilitate business and guide its decisions. During 2016 the committees met 32 times.

During 2016 PortsToronto updated its full Board Governance Manual to incorporate best practices from other port authorities and industry leaders.

For more information about PortsToronto governance, including a copy of the updated Board Governance Manual, please visit our website.

DID YOU KNOW?

In 2016 PortsToronto designed a new user group director nomination process that harmonizes the nomination framework established in our Letters Patent with the Federal government's recently announced open, transparent and merit based process for public appointments. Our new user group director nomination process was endorsed by Transport Canada and has been suggested as a best practice for other Canadian port authorities to emulate for their User Group Director Nomination processes.

In 2016 PortsToronto also revised its Corporate Governance Manual, consisting of our Board Mandate and Committee Charters, to reflect best practices from other port authorities and industry leaders. A copy of our Governance Manual can be referenced on our website.



Board of Directors



G. MARK CURRY

JEREMY ADAMS

DARIN EDWARD
DESCHAMPS
(appointed April 2017)

ROBERT D. POIRIER
Chairman of the Board

JAN INNES

SEAN L. MORLEY

AMANDA WALTON

Corporate Governance

6

Six individuals nominated by the federal Minister of Transport in consultation with industry groups.

1

One appointee nominated by the federal Minister of Transport



Commercial

Airport

Port-related activities/operations

Recreational business

1

One individual appointed by the Province of Ontario



1

One individual appointed by the City of Toronto

Senior Management



DEBORAH WILSON
Vice President of
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

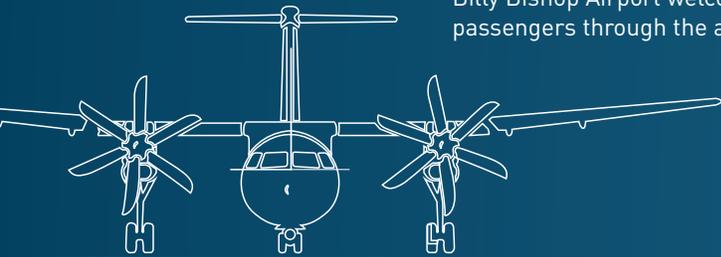
KEN LUNDY
Vice President of
Infrastructure,
Planning and Environment

ANGUS ARMSTRONG
Harbour Master and
Chief of Security

PORTS TORONTO

2.7 million

Billy Bishop Airport welcomed 2.7 million passengers through the airport in 2016.

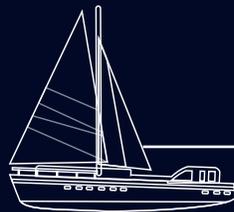


100%

PortsToronto is bullfrogpowered with 100% green electricity across all operations.



Jurisdiction of PortsToronto within the Port and Harbour of Toronto.



7,429

Active Powered Vessel Operator's Permits held by boaters in 2016.

Western Channel

Business Overview

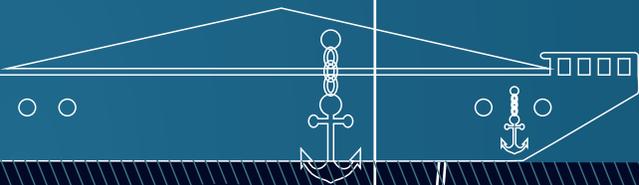
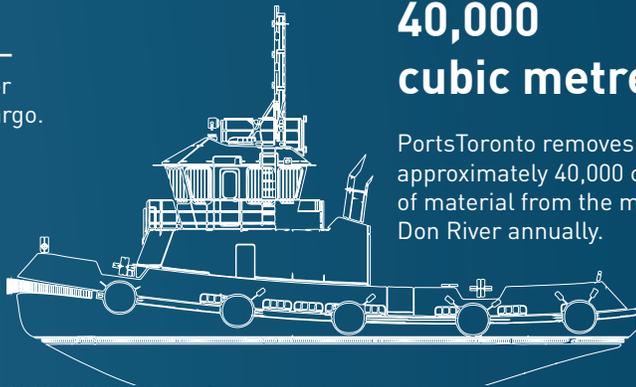
For more than 100 years, PortsToronto has worked with our partners at the federal, provincial and municipal levels to enhance the economic growth of the City of Toronto and the Greater Toronto Area. Today, Billy Bishop Airport and the Port of Toronto serve as urban transportation hubs for Canadian and international businesses to gain easy, convenient and cost-effective access to the heart of Canada's most populated city and province.

1.8 million

The Port of Toronto moved over 1.8 million metric tonnes of cargo.

**40,000
cubic metres**

PortsToronto removes approximately 40,000 cubic metres of material from the mouth of the Don River annually.



1 of the largest

The Outer Harbour Marina is one of the largest freshwater marinas in Ontario.

Billy Bishop Toronto City Airport



Billy Bishop Airport is Canada's ninth-busiest airport and welcomed 2.7 million business and leisure travellers in 2016. The airport is also Canada's sixth-busiest airport with passenger service to the United States. Offering service to more than 20 cities in Canada and the U.S., with connection opportunities to more than 80 international destinations via our airlines' networks, Billy Bishop Airport is an important international gateway and a key driver of Toronto's economy, accounting for more than \$2.1 billion in economic output each year and supporting 6,500 jobs, including 1,960 directly associated with airport operations.

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 and amenities such as the pedestrian tunnel, enhanced shuttle service, full-service lounges, proximity to downtown and shorter lines, which have established Billy Bishop Airport as the airport of choice for business and leisure travellers alike.

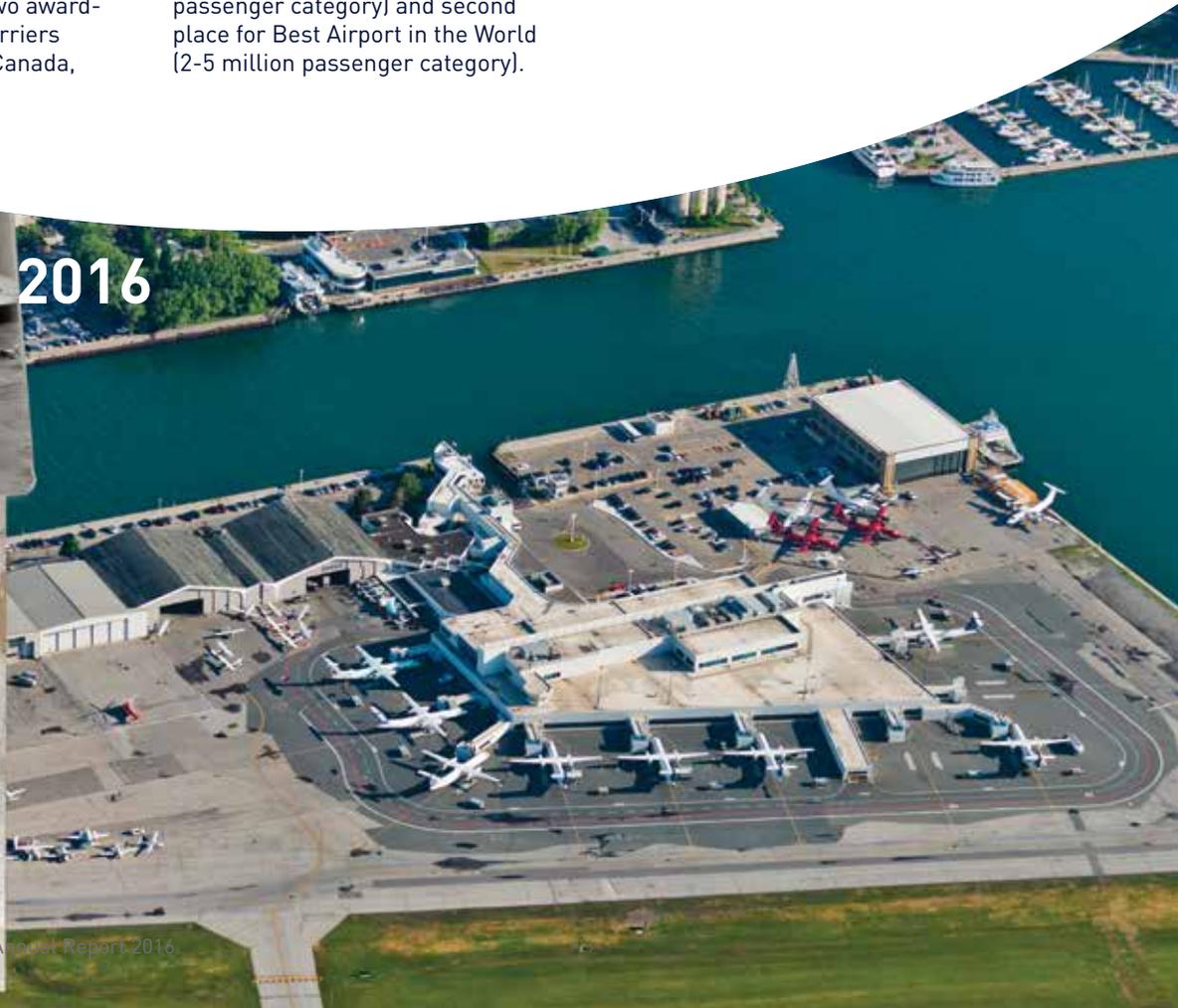
In fact, in 2016 the airport won a series of passenger-driven awards, including being named Best Airport in North America (over two million passenger category) by Airports Council International's (ACI) 2016 Airport Service Quality Awards, as well as Best Airport in North America (2-5 million passenger category) and second place for Best Airport in the World (2-5 million passenger category).

Further, Billy Bishop Airport was ranked the ninth-best regional airport in North America and ninth-best airport globally (under 5 million passenger category) by the Skytrax 2016 World Airport Awards. The airport was also ranked fourth-best International Airport by Condé Nast Traveler and was listed one of the Top Ten Most Beautiful Airport Approaches in the world by Private Fly. In March 2017, Airports Council International (ACI-North America) announced that Billy Bishop Airport won the Environmental Achievement Award in the Mitigation Category for our Noise Management Program.

2016

1957

March 24, 1957: Billy Bishop Airport original passenger terminal (Terminal A). Today, Billy Bishop Airport is located in the heart of Toronto and welcomed 2.7 million passengers in 2016.



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 GTA. 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.

Billy Bishop Airport is also a base for an air ambulance service, commercial operators, two Fixed Base Operators and is home to a sizable personal/general aviation community that includes approximately 50 private planes and one flight school.

Billy Bishop Airport Pedestrian Tunnel

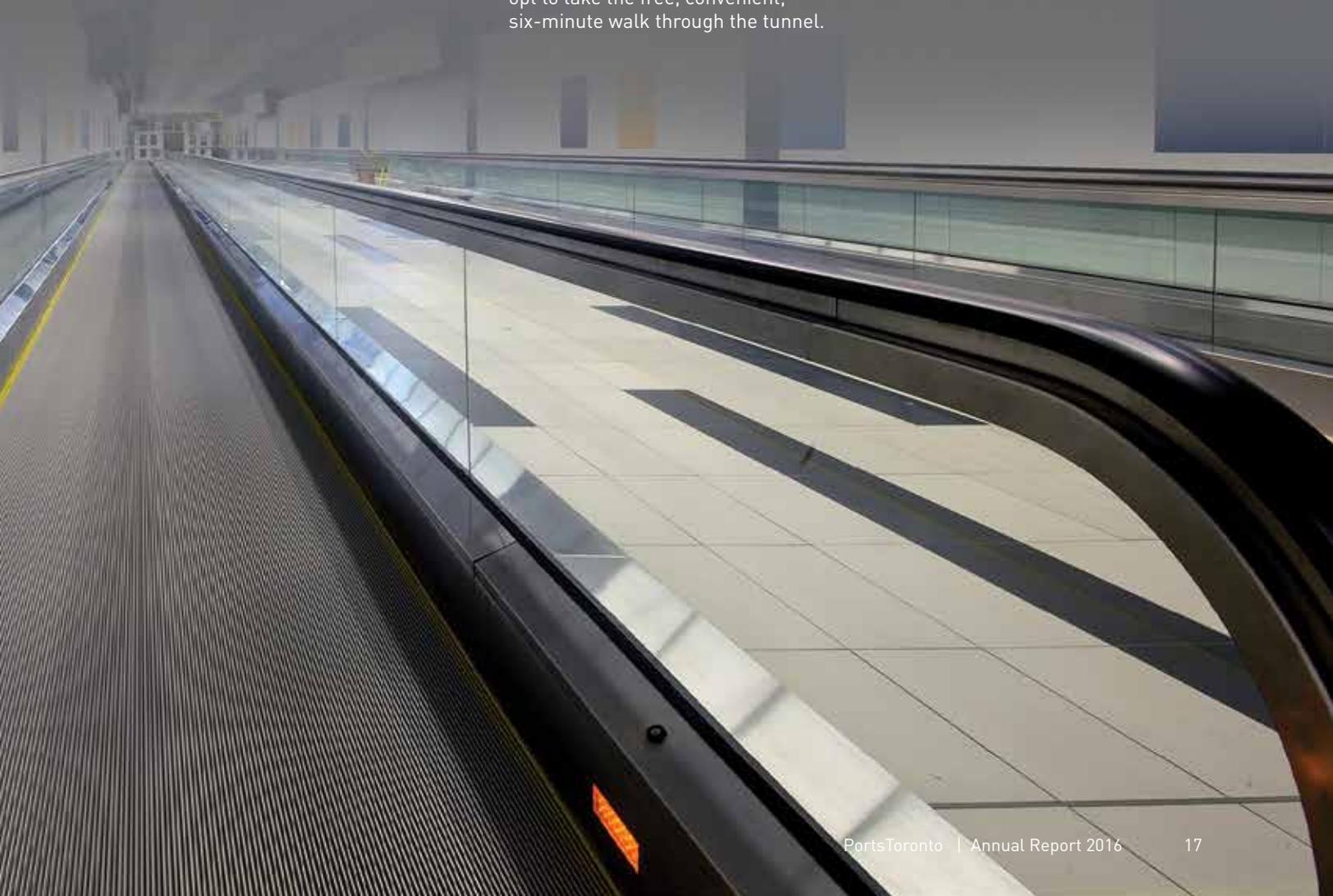
One of the largest infrastructure investments made to date by PortsToronto is the pedestrian tunnel to Billy Bishop Airport that runs beneath the lakebed across the Western Channel of Lake Ontario and provides efficient and convenient access to travellers.

The tunnel was built on a P3 model, which ensured the delivery of high-quality infrastructure at no cost to the taxpayer.

Celebrating its one-year anniversary in July 2016, the tunnel has delivered on its promise to improve convenience and efficiency at the airport by significantly improving passenger flow and reducing lineups both within the terminal and on the mainland. In fact, a recent modality study conducted by Dillon Consulting on behalf of PortsToronto found that more than 90 per cent of travellers opt to take the free, convenient, six-minute walk through the tunnel.

Dillon Study Highlights:

- More than 90 per cent of travellers opt to take the free, convenient, six-minute walk through the tunnel.
- On average, 40 per cent of travellers walk, bike or take transit to and from the airport, further reducing congestion on surrounding roadways as well as traffic-related noise.
- Collaborating with the City of Toronto, PortsToronto also incorporated new and much-needed municipal water and sewer mains to the Toronto Islands into the construction of the tunnel, saving Toronto taxpayers an estimated \$10 million in duplicate construction costs. The city water and sewage mains now provide reliable services to the Toronto Islands and replace existing pipes that date back to the 1970s.





6th busiest Canadian airport serving the United States.

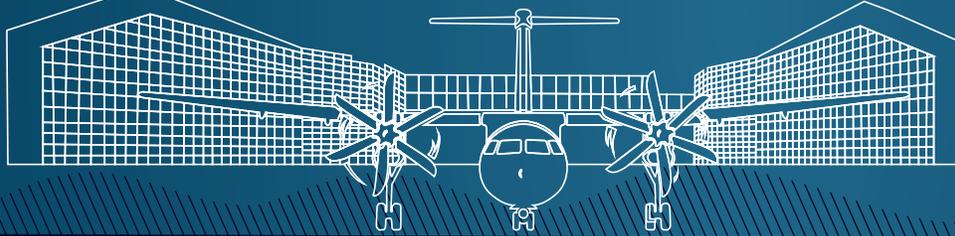
9th busiest airport in Canada.

2.7 million passengers annually through Billy Bishop Airport

Airfield Rehabilitation Program

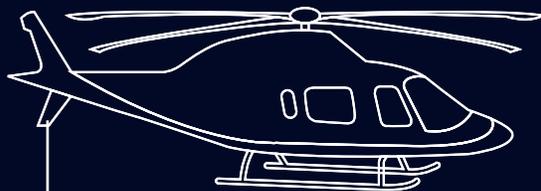
Year-one of the three-year Airfield Rehabilitation Program complete

Completion of the Ground Run-up Enclosure(GRE)



General Aviation Community

Home to a sizeable General Aviation Community and one flight school.



More than **4,600** Orange air ambulance flights.

Terminal Upgrades

In October 2016, PortsToronto approved plans submitted by Nieuport Aviation Infrastructure Partners, owner and operator of the airport's passenger terminal, to undertake upgrades and enhancements to the airport terminal building. Overall, the changes will add approximately 2,500 square metres to the terminal, with the majority of the increase being in the passenger lounges.

The plans include:

- Increasing the terminal's footprint to accommodate the airport's growth since 2010, when the terminal was built, and to further enhance its world-class passenger experience as per the Airport Master Plan;
- Reconfiguring offices and administrative areas to accommodate passenger processing needs in anticipation of a U.S. Customs and Border Protection preclearance facility;
- Adding more space in both passenger lounges, enabling more seating and additional amenities such as retail and food and beverage services; and,
- Building an 11th gate to increase the terminal's operational flexibility and efficiencies during peak travel periods and weather events.



Airfield Rehabilitation Program

In 2016, Billy Bishop Airport broke ground on a significant three-year construction project to replace the aging civil and electrical infrastructure (pavement and lighting) for the airport's runways, taxiways and apron.

In addition to a number of noise-mitigation measures already in effect at Billy Bishop Airport, a new Ground Run-up Enclosure (GRE) was constructed as part of the rehabilitation project and has taken our efforts one significant step further by reducing the acoustic impact from engine run-ups required and regulated as part of standard aircraft maintenance.

The new GRE at Billy Bishop Airport is only the second structure of its kind in Canada and cost approximately \$9 million, which was paid for by PortsToronto through the Airport Improvement Fee.



Case Study: Sustainable Design in Airfield Rehabilitation

Given that some construction activities for the airfield rehabilitation must take place during night-time hours when the airport is closed to non-medivac aircraft traffic, PortsToronto implemented measures to minimize the impact of construction activities on local residents, including limitations on construction-vehicle access and construction-related noise and lighting.

For example, in order to reduce construction-related traffic through the Bathurst Quay Neighbourhood, the majority of equipment and material to the site was transported by tug boat and barge from wharves located at PortsToronto's Marine Terminal property in the Port Lands to a purpose-built dock on the east side of the airport. Specifically, the floating barge can carry 900 tonnes of aggregate material from the Port Lands to the airport in one trip, eliminating the need for 64 dump trucks (32 each way) on the roads in the neighbourhood. This accounted for 4,125 fewer truck movements via the airport neighbourhood's roadways during phase 1 of the airfield rehabilitation project.

Other initiatives included:

- Compressing the construction schedule to improve efficiency and reduce construction noise and emissions;
- Converting existing airfield lighting fixtures to LED, resulting in energy savings;
- Reducing the overall quantity of earthworks required through specific pavement design strategies;
- Reusing materials in the construction of new facilities such as airside perimeter roads;
- Reusing asphalt millings to offset total volume of new granular material required;
- Constructing a Ground Run-up Enclosure (GRE) facility to reduce noise during aircraft engine maintenance run-ups; and,
- Public outreach and meetings (regular Community Liaison Committee meetings, Doors Open Toronto information booth, etc.).

4,125
fewer
trucks



Using a barge to move materials accounted for 4,125 fewer truck movements via the neighbourhood's roadways.



WINNER—2017 ENVIRONMENTAL ACHIEVEMENT AWARD FOR NOISE MITIGATION

Billy Bishop Airport won the Airports Council International 2017 Environmental Achievement Award for its Noise Management Program.



Port of Toronto

The port boasts a unique location minutes from Toronto's downtown and moves goods from countries as far away as Germany, South Korea, China, Brazil, Australia, South America and the United States.

Serving primarily as a bulk cargo destination, the port boasts a unique location minutes from Toronto's downtown and moves goods from countries as far away as Germany, South Korea, China, Brazil, Australia, South America and the United States. In addition to managing the movement of ships through the harbour, PortsToronto is the owner and operator of Marine Terminals 51 and 52 and the Cruise Ship Terminal within the Port of Toronto.

The Port of Toronto moved 1,874,035 metric tonnes of cargo in 2016, marking another strong year for marine imports into the city and once again re-affirming the port's position as a vital part of Toronto's economic infrastructure.

In 2016, 161 ships visited the Port of Toronto, bringing sugar, road salt, cement and aggregate directly into the heart of the city. At 1.87 million metric tonnes, overall port tonnage was up by close to 14 per cent in 2016 with cement cargo reaching a 20-year high at more than 690,000 metric tonnes—representing a 17 per cent increase

from 2015. Stone, aggregate and sand cargo levels nearly tripled totalling 166,207 tonnes, while salt imports increased by four per cent. Sugar imports continued to be strong with more than 515,000 tonnes of raw sugar delivered via the port. In 2016, the port reported operating net income from all sources of \$1.2 million, down slightly from the \$1.5 million reported in 2015.

Seven passenger cruise ships carrying more than 2,400 passengers visited PortsToronto's Cruise Ship Terminal in 2016. Two 220-passenger U.S. vessels made frequent visits to the port in 2016—the newly launched *MS Victory I* visited Toronto twice, while *MV Pearl Mist* visited five times. The five-star, 440-passenger German *MS Hamburg* will return to Toronto in September and October 2017. The 2017 cruise season is expected to be one of the port's busiest yet, with 16 ships visiting from May through to October, bringing more than 5,500 passengers to Toronto.

In 2016, PortsToronto's efforts to diversify and market the construction-staging services of Marine Terminals 51 and 52 resulted in a significant

increase in imports housed at the port. Warehousing remains due to the storage of steel rail needed to support upcoming projects for the Toronto Transit Commission (TTC). The outlook for 2017 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.

With its unmatched vistas of downtown Toronto and proximity to the city's cultural centre, PortsToronto's Cruise Ship Terminal continues to be 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 \$230,000 in revenue in 2016—a five-year record. Several productions, including *Dino Dana*, *Ransom* and *Taken*, were filmed on PortsToronto properties.



1933

Still to this day marine transport is the most sustainable way of moving bulk cargo, keeping trucks off the highways.



1,874,035 metric tonnes

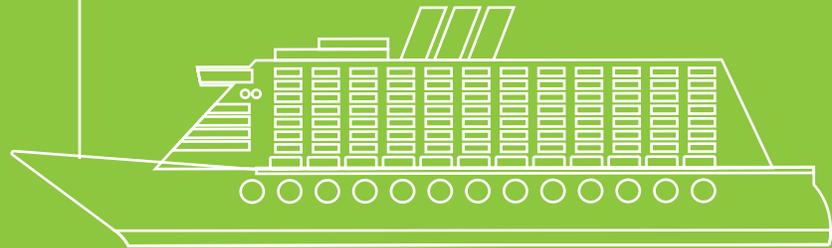
The Port of Toronto moved 1,874,035 metric tonnes of cargo in 2016.

2,400+

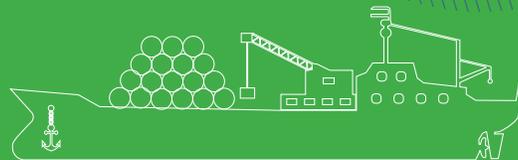
Cruise ship passengers visited the Port of Toronto.

515,000 tonnes

of raw sugar imported.



20-year high
for cement imports.



240 kilometres



30 kilometres



One tonne of freight can travel 240 kilometres on a single litre of fuel by ship, whereas it can travel only 30 kilometres on the same amount of fuel by truck.

Outer Harbour Marina

Located 10 minutes from the downtown core, just outside the Toronto Harbour and a short walk from Tommy Thompson Park, the Outer Harbour Marina provides an idyllic escape from city life, offering breathtaking scenery and a world-class marina — all without having to leave the city.

The Outer Harbour Marina (OHM) is one of the largest freshwater marinas in Ontario, with more than 625 slips, including inventory of extra-wide slips that can accommodate boats up to 100 feet long — 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.

The OHM also provides best-in-class amenities. When not out on the water, boaters and their families enjoy free WiFi, access to laundry, as well as a spacious BBQ pavilion and picnic area with ample green space.

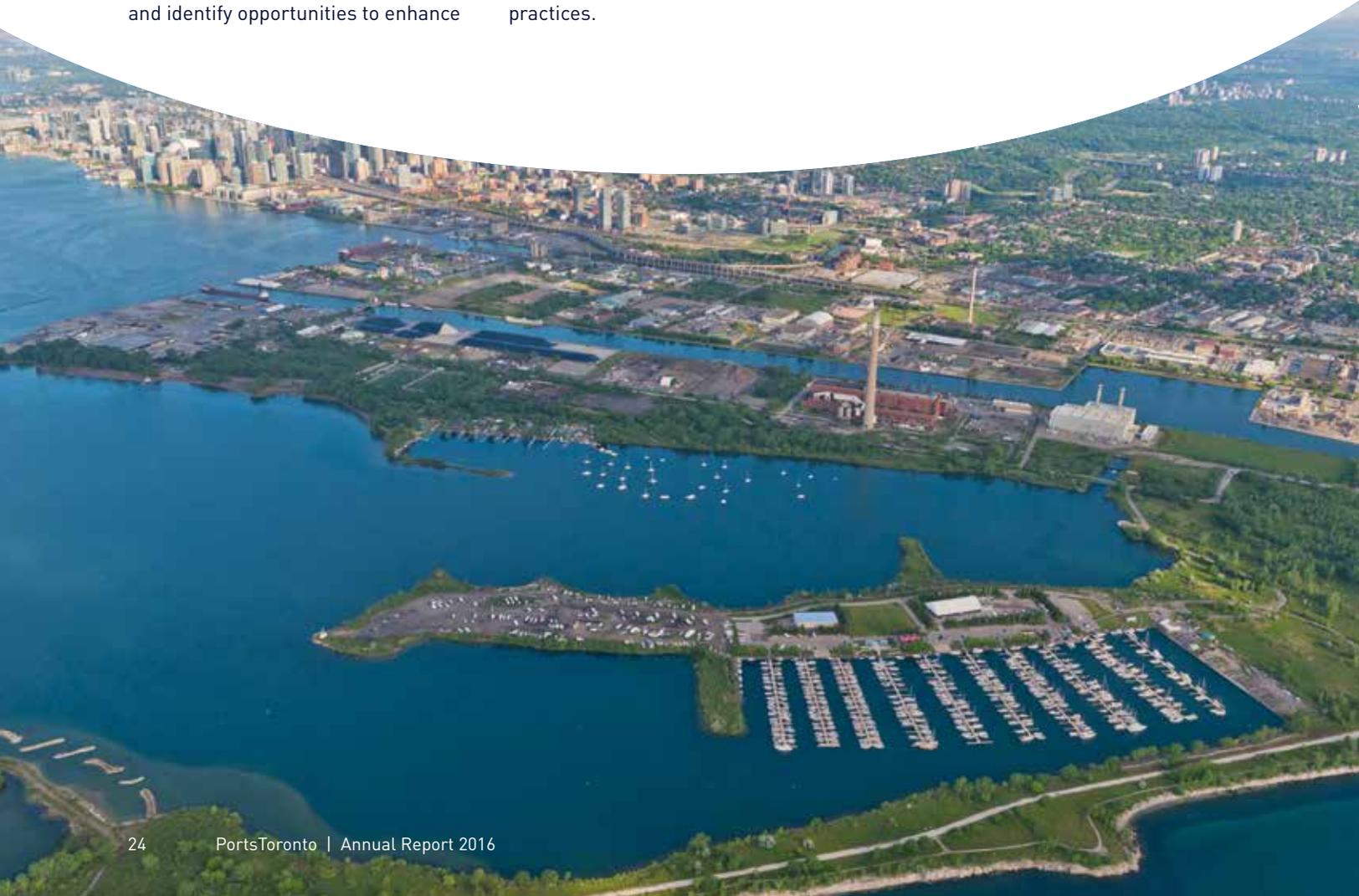
A survey was conducted at the OHM in 2016 to assess customer satisfaction and identify opportunities to enhance

user experience. More than 91 per cent of those who completed the survey rated the staff at the OHM as excellent or very good and nearly all respondents indicated that they would recommend the OHM.

The Outer Harbour Marina continued its steady performance in 2016 with operating net income of \$1.2 million, matching the financial performance of 2015.

For the seventh 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 the Outer Harbour Marina from May to September. In 2016, 633 new permits were issued to boaters, with 7,429 active permits currently held by boaters.



91% satisfaction
rating for the OHM.



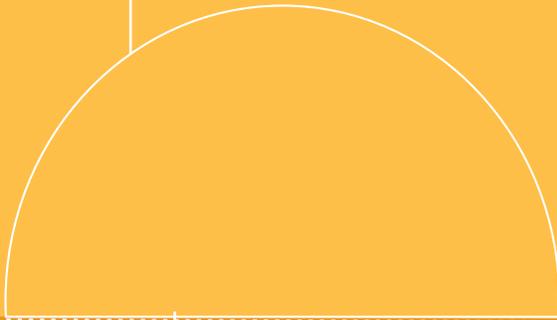
Amenities

Includes a BBQ pavilion, retail store and its close proximity to Martin Goodman Trail and the Leslie Street Spit.



Heated Boat Storage

The Outer Harbour Marina is the only marina in the GTA to offer indoor heated boat storage.



100%

PortsToronto is bullfrogpowered with 100% green electricity across all operations.

More than 625 extra-wide slips

The Outer Harbour Marina has more than 625 extra-wide slips that can accommodate boats up to 100 feet long.



5 Anchor Gold

For the seventh year in a row, the Outer Harbour Marina earned a 5 Green Anchor Gold rating from the Ontario Marine Operators Association.

Real Estate and Property Holdings

The Real Estate and Property Holdings division of PortsToronto includes ownership and leasing from such properties as 60 Harbour Street, 30 Bay Street, Pier 6 and property at 5 Queens Quay West. It is a priority for PortsToronto to ensure full utilization of its properties in an effort to fulfill its federal mandate to manage operations on a self-sustaining basis in order to reinvest funds into marine safety, environmental protection, community programming, and transportation infrastructure.

Throughout 2016 PortsToronto continued to work toward developing the underutilized 1.82-acre site comprising of its 30 Bay and 60 Harbour properties—a development project that was first announced in March 2012. The site is home to PortsToronto’s head office and a surface parking lot, but the vision for the property is to develop it in line with the City of Toronto’s plan for the South Core, a burgeoning area for business

and residential development in Toronto given its optimal location, public transit access and amenities.

On May 1, 2017, PortsToronto announced that it had sold the 30 Bay/60 Harbour property to Oxford Properties Group (Oxford) and Canada Pension Plan Investment Board (CPPIB), for \$96 million. The property is classified as “Schedule C” property in PortsToronto’s Letters Patent, which means that it is not federally owned, but rather private property owned by PortsToronto. The Canada Marine Act stipulates that port authorities, including PortsToronto, must remain financially self-sufficient and cannot receive public funding from any level of government. Each port authority has business assets with which to generate revenue to fund operations.

The property at 30 Bay /60 Harbour is such an asset. The proceeds from the sale of this property will be used to pay down debt and invest in infrastructure

including the repair of aging dock walls and warehouse terminals, building “last mile” road and rail access, improving navigation in areas of the harbour, and supporting our corporate social responsibility and community investment program.

Oxford and CPPIB will continue exploring future redevelopment options to maximize the potential of the site and will provide information as it becomes available regarding future plans for the site. Importantly, the historic Toronto Harbour Commission building will be restored and maintained as part of any future development on the site ensuring that future generations can enjoy and experience the building for years to come.





1917



1920



1930

Preserving the past to build our future

The historic Toronto Harbour Commission building, which currently serves as headquarters for PortsToronto and is located on the site along with a surface parking lot, will be restored and maintained as part of any future development plan with Oxford Properties Group (Oxford) and Canada Pension Plan Investment Board (CPPIB), who each own a 50 per cent stake.

The Toronto Harbour Commission building is one of the oldest on Toronto's Waterfront.

Designed by Alfred H. Chapman in 1917 and completed in 1918, the building is a prime example of Beaux-Arts Classicism, an 18th century European style inspired by classical Greek and Roman architecture.

The Toronto Harbour Commission building is constructed of concrete and faced mostly with Indiana limestone. All the Indiana limestone was extracted from a single ledge to ensure the "veining" was the same. Exterior features include Corinthian columns, a sculptural group of figures over the front entrance and embossed copper spandrels on all faces.

The front entranceway is notable for its arched recesses, coffered ceiling and marble walls and floor. The boardroom is finished in its original walnut panelling, with original furnishings. The building was constructed on a pier directly on the water, complete with a boardwalk, railings and a public landing for boats at the bottom of the building's front steps. Infilling of the north side of the harbour began in the early 1920s, moving the shoreline south of Queens Quay. The building underwent structural renovation in 1975 and an interior redesign in 1989.

The restoration of this building will ensure that the past is preserved for future generations.



Four Pillars

CITY BUILDING
COMMUNITY
ENVIRONMENTAL
FINANCIAL

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.



City Building

When it comes to infrastructure development, municipalities are responsible for more than 60 per cent of public infrastructure assets. With 80 per cent of the Canadian population residing in urban centres, the need for infrastructure investment in cities such as Toronto is crucial. Innovative and quality infrastructure is an essential asset to cities, attracting capital and talent to 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. As the owner and operator of one of Canada's largest major inland ports and Billy Bishop Airport along the waterfront, PortsToronto reinvested \$26.6 million in waterfront and transportation infrastructure in 2016 with investments ranging from the replacement of equipment to the maintenance and restoration of our various facilities. This included the rehabilitation of the airfield and the construction of the Ground Run-up Enclosure at Billy Bishop Airport.

Job Creation

Billy Bishop Airport is an important international gateway and a key driver of Toronto's economy, accounting for more than \$2.1 billion in economic output each year and supporting 6,500 jobs, including 1,960 directly associated with airport operations. Both the Airfield Rehabilitation and Terminal Upgrade construction projects will continue to foster job creation in Toronto for the next several years.

Canadian ports serve as valuable economic engines with every one million tonnes of new cargo moved creating 300 new jobs. The Port of Toronto is among Canada's largest major inland ports and provides a direct link to various major transportation services, including marine, rail and major highways. Beyond providing sustainable employment for terminal workers and other jobs directly related to the shipping industry, the port supports indirect job creation by providing businesses with a convenient, cost-effective and environmentally responsible way to bring goods into Canada's largest city.

Facilitator of Tourism and Trade

The unique downtown locations of Billy Bishop Toronto City Airport and the Port of Toronto make them key urban transportation hubs for Canadian and international businesses to gain convenient, cost-effective and environmentally sustainable access to the heart of Canada's business capital.

Since its opening in 1939, Billy Bishop Airport has become an important international gateway and significant economic engine for the GTA. According to the InterVISTAS study updated in 2014, Billy Bishop Airport generated more than \$2.1 billion in total annual economic output and \$695 million in gross domestic product (GDP), with the airport having become a critical facilitator of the growth of trade and tourism between Toronto and other North American centres.

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.



\$2.1 billion

Billy Bishop Airport generates more than \$2.1 billion in total annual economic output.

6,500 jobs

supported by the Billy Bishop Airport; including 1,960 of which are directly associated with airport operations.

\$695 million

Billy Bishop Airport generates more than \$695 million in gross domestic product (GDP).



Community Engagement

Since 2009, PortsToronto has invested more than \$9 million in community and environmental initiatives.

For more than a century, PortsToronto has worked with residents and businesses along Toronto's waterfront on our common goal of helping to keep the water's edge vibrant. Nine consecutive years of profitability for PortsToronto have allowed us to continue to invest in our priority areas of youth, culture, waterfront, protection of the environment and education, with the ultimate goal of keeping our community strong.

Each year, PortsToronto provides more than \$500,000 in donations and sponsorships to local initiatives, activities and events with the goal of promoting healthier, greener and empowered communities.

In 2016, PortsToronto funded 25 community initiatives and organizations, including the following:

- Evergreen Brickworks School Greening Program
- Redpath Waterfront Festival
- Aloha Toronto *(benefiting children with autism)*
- Set Sail for Hope *(benefiting Camp Trillium children living with cancer)*
- Toronto Taste *(benefiting Second Harvest)*
- Harbourfront Centre
- Beaches International Jazz Festival
- Ireland Park Foundation
- Global Forum
- CivicAction
- Moorelands *(benefiting youth living in under-served neighbourhoods)*
- Easter Seals Regatta *(benefiting youth with physical disabilities)*
- Lake Ontario Waterkeeper
- Pollution Probe
- Youth Boatworks *(helping disadvantaged youth learn life skills)*
- Disabled Sailing Association *(benefiting people living with a disability)*
- Waterfront BIA Icebreakers
- Toronto Brigantine *(helping to build character in youth through sail training)*
- Pilots N Paws *(benefiting animals in need)*
- Billy Bishop House Museum
- Emily's House and Philip Aziz Centre for Hospice Care *(supporting adults and children living with life-limiting illnesses)*
- Waterfront Neighbourhood Centre —Room 13
- Make-A-Wish Foundation
- Fly for M.S.
- Hope Air



Children from the Waterfront Neighbourhood Community Centre participating in a basketball clinic with the Toronto Raptors courtesy of PortsToronto.



Waterfront Neighbourhood Community Connect Garden

The community garden is a great asset, utilized not only for the community centre but providing food for the centre's youth after school.



More than **\$500,000**

provided to charities and community organizations annually.

18 Schools



identified and selected for greener playgrounds through Evergreen Canada's Children's Program.



SAIL-IN CINEMA™



2017 WINNER FOR BEST SPECIAL EVENTS
Gold Quill Awards
from the International Association of Business Communicators (IABC).

PortsToronto's sixth annual Sail-in Cinema brought more than 10,000 people and 75 boats to the waterfront in 2016 and won the International Association of Business Communicators (IABC) Award of Merit, also known as the Gold Quill Award, for Special Events. Audiences enjoyed three fun-filled evenings of "Books to Big Screen" —themed movies, including *Hook*, *Jumanji* and *The Princess Bride*.

Sail-In Cinema continues to be a way for PortsToronto to give back to the community in which it operates, connect with residents and spread awareness of the role the organization plays in the waterfront community.

Public Outreach and Meetings

As part of our ongoing efforts to further engage with the residents and businesses surrounding Billy Bishop 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 development, operations and activities. It also enables airport management to communicate operational activities and information to stakeholders and the broader community.

The CLC is composed of key representatives from neighbourhood residential groups, local businesses and stakeholders, including local city councillors. The CLC follows best practices of community engagement, meets four times per year, and explores matters ranging from managing airport noise to improving transportation access. The quarterly meetings are open to the public and meeting minutes are taken by a third-party consultant, Lura Consulting, and posted to the PortsToronto website.

You can visit www.portstoronto.com to view all Public Outreach meeting minutes and 2016 Public Outreach meetings.

Public Meetings in 2016

Community Liaison Committee

February 24, 2016
June 1, 2016
September 21, 2016
November 23, 2016

Annual General Meeting

June 14, 2016

Public Meetings on Ground Run-up Enclosure

June 23, 2016
June 28, 2016



Connecting online

In operating four business units, we are in constant contact with our partners, stakeholders and the community, and we pride ourselves on our ability to quickly and efficiently connect with anyone who contacts us.

In 2016, PortsToronto launched a redeveloped and responsive website, designed to make it easier for visitors, users and stakeholders to access online information quickly and on any mobile device. Executive correspondence, the governance manual, news releases, project updates and FAQs are regularly updated to ensure transparency and promote greater awareness of PortsToronto and our activities. The new website also includes a new feedback portal that makes it easier for passengers, residents and stakeholders to contact PortsToronto with their questions, comments and concerns. Additionally, this system provides an opportunity for us to track common concerns and trending topics in order to best address community needs.

Our World Interactive

In August 2016, PortsToronto launched Our World interactive on portstoronto.com which highlights the connections between its business units, the community and the rest of the world. From the new Billy Bishop Airport pedestrian tunnel to dredging operations and the Leslie Street Spit wetlands creation, Our World provides an introduction to these various initiatives. In addition, a Port of Toronto map provides an overview of the port and the role it plays in importing goods and materials to the heart of Toronto.

Keeping you connected



@PortsToronto
@BBishopAirport
@OHMToronto



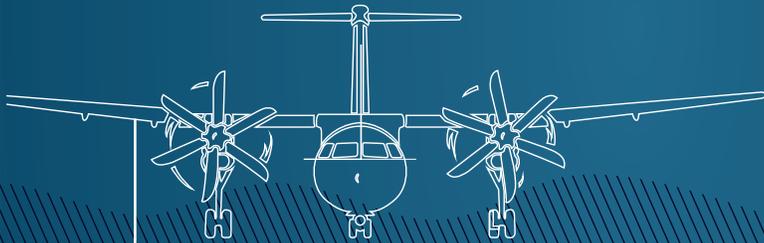
PortsToronto
BBishopAirport
OHMToronto



REPORTING BACK TO THE COMMUNITY

Annual Noise Management Report

In February 2017, PortsToronto released its Annual Noise Management Report, which is a compilation of all noise data and complaints submitted to the airport's Noise Management Office over the course of 2016.



36



In 2016, there were 36 complaints related to engine run-ups, which marks a 37 per cent reduction from 2015.

89%



Complaints related to the ferry and mainland operations declined by a significant 89 per cent, from 26 complaints in 2015 down to three complaints in 2016.



38%

Overall noise complaints decreased by 38 per cent, going from 386 complaints in 2015 to 236 complaints in 2016.

Noise Management

Operating an airport that is part of a thriving, mixed-use urban waterfront requires effort to ensure that our operations stay in balance with the neighbourhood, that an effective equilibrium is struck between commercial and community interests, and that measures are in place to mitigate the airport's impacts such as noise.

Noise Management Office

Billy Bishop Airport's Noise Management Office, which was significantly enhanced in 2010 with the implementation of a state-of-the-art Aircraft Flight Tracking and Noise Monitoring System, has dedicated staff in place to collect, analyze and respond to noise complaints and monitor daily operations. In addition to reporting on an annual basis, the Noise Management Office also produces a monthly noise report that is posted to the PortsToronto website.

The recent launch of an enhanced free airport shuttle service that drops off/picks up passengers outside the mainland pavilion and provides travellers with convenient, reliable transport to the airport has reduced car traffic and related noise. In addition, redesigned taxi and parking areas and additional bike racks on both the island and the mainland side

of the airport have been installed to encourage non-vehicular access to the airport to further mitigate the airport's noise impact.

Vortex

In 2015, Billy Bishop Airport's Noise Management Office implemented Vortex – a customizable tracking and logging software platform designed specifically for the needs of an airport environment – greatly enhancing how noise complaints are tracked, documented and responded to.

Webtrak

PortsToronto continues to offer free community access to Webtrak, an Internet-based software service that enables anyone with a computer, smartphone or tablet to gather information on an aircraft flying overhead.

Noise Monitoring Terminals

Noise Monitoring Terminals (NMTs) are the foundation of the airport's noise monitoring system and provide ongoing noise-level data to the airport's Noise Management Office. This data is then used in long-term noise mitigation planning and in responding to noise complaints from the surrounding community.

Two NMTs, located on the Toronto Police Marine Unit building and the airport's on-island fire hall, were upgraded and a third NMT was installed on the mainland ferry terminal building in 2016. This new NMT enables enhanced tracking of noise generated by aircraft run-ups and the airport's ferry operation—two key areas of focus under Billy Bishop Airport's overall noise management program. The noise data transmitted by the NMTs is also viewable through Webtrak.



WINNER—2017 ENVIRONMENTAL ACHIEVEMENT AWARD FOR NOISE MITIGATION

Billy Bishop Airport won the Airports Council International 2017 Environmental Achievement Award for its Noise Management Program.



Traffic Management

Rapid condominium development and attractions such as the Rogers Centre, along with the popularity of the airport, have resulted in increased traffic in the area.

For its part, Billy Bishop Airport continues to encourage travellers to bike, walk, shuttle or take transit to the airport and has put measures in place to encourage this shift. For example, ease of airport access by alternate forms of transportation, such as by bicycle and by foot, was prominently featured in the award-winning It's My Airport marketing campaign.

The Billy Bishop Airport pedestrian tunnel is having a positive impact on traffic flow in and around the airport, according to a research study conducted by Dillon Consulting on behalf of PortsToronto. On average, 40 per cent of travellers observed during the study done in October 2015 walked, biked or took transit from the airport. This represents the highest percentage of non-single-vehicle usage for any airport in North America and is a significant component of our traffic management strategy. Prior to the tunnel's opening in July 2015, passengers arrived at and departed from the airport by ferry in large groups every 15 minutes, causing surges in traffic demand at the mainland terminal and along Eireann Quay, the entrance road to

the airport. Now, with more than 90 per cent of passengers choosing to take the convenient, six-minute walk through the tunnel, the study completed by Dillon confirmed a notable ease in traffic and passenger flow.

Compared with findings from the last study completed in April 2015, just prior to the pedestrian tunnel's opening, the October 2015 study indicated as much as a 75 per cent drop in vehicles queued northbound along Eireann Quay. Vehicle queues decreased from an average of 15-18 cars observed during afternoon peak hours, to no more than five vehicles. The study also noted a more even distribution of shuttle ridership, virtually eliminating overcrowded or empty departing shuttle-runs, and more frequent and gradual turnover of taxis.

The study also indicated that, on average, 10-16 per cent of all traffic in the surrounding area can be attributed to Billy Bishop Airport. Specifically:

- on Lake Shore Blvd., only 2-4 per cent of traffic can be attributed to the airport;
- on Bathurst Street north of Queen's Quay, 50-60 per cent of the traffic is airport-related;
- in the area to the west, including Stadium Road, 5-8 per cent of traffic can be attributed to the airport; and,

- on other routes such as Dan Leckie Way and Queen's Quay to the east, airport traffic constitutes approximately 15-35 per cent of total traffic.

Bike Racks

Over the past four years, in an effort to continually reduce vehicle traffic associated with the airport, PortsToronto has incorporated bike racks on both the island and mainland side of the airport's property. With four covered racks on the island, cyclists can leave their bikes for the duration of their trip knowing that they are secure and safe from the elements.

The airport Bike Share station at the Bathurst Street/Eireann Quay intersection is one of the top 10 busiest stations in the city's network. Since July 2016, it has generated approximately 90 rides per day, with 49 per cent of these rides starting at the station and 51 per cent ending at the station. The City of Toronto is currently considering plans to expand the 19-bicycle docking station due to its popularity.



Environmental Stewardship

Keeping the Toronto Harbour clean and protecting the waterfront environment are among PortsToronto's most important priorities. We recognize the importance of sustainability and employing environmental best practices throughout our business and operations.

In 2016, PortsToronto's key environmental initiatives included:

Solar-Powered Intrusion Detection System at Billy Bishop Airport

As a commitment to security and sustainability, in 2016 the airport issued a request for proposals to identify a contractor capable of designing and implementing a security solution that would assist in protecting airfield assets and restricting access. Environmental responsibility and

sustainability were identified as areas that would be taken into consideration during the proposal evaluation stage to determine a suitable contractor. The project was awarded to a contractor offering a solar-powered solution, helping prevent an increase to our overall carbon footprint.

Warehouse 52

Ten centimetres of insulation were added to the roof of Warehouse 52 at the Port of Toronto as part of the overall roof membrane replacement program. The addition of insulation increases the resistance-value or "R-value" of the roof by 22.5, improving overall facility energy efficiency by reducing heat loss in winter and heat gain in summer within the warehouse and office space of the building. In addition, 15 existing 1000w metal halide rooftop light fixtures have been replaced with 300w equivalent LED lighting. The LED retrofit will save approximately 46,000 kWh annually in energy use.



Saving
46,000 kWh
The Warehouse 52 LED retrofit will save approximately 46,000 kWh annually in energy use.

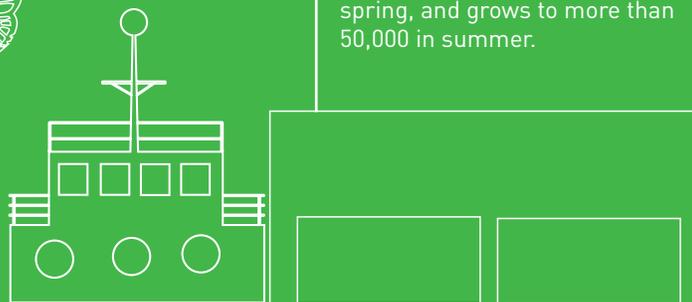
Monarch Butterfly Garden

700-square foot garden to help support their declining population.



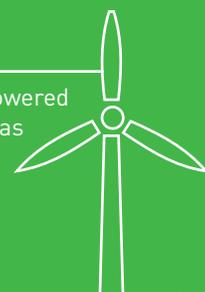
4 Bee Hives

PortsToronto worked with Alvéole to install urban hives to support the local bee population. Each hive contains 10,000 bees in the spring, and grows to more than 50,000 in summer.



Displaced 14,175 tonnes of CO₂

Since joining the bullfrogpowered community, PortsToronto has displaced more than 14,175 tonnes of CO₂.



9.3 Hectares

Habitat was created for a variety of fish and wildlife, as well as more green space for nature lovers to enjoy the great outdoors just minutes from Toronto's downtown.

New refill stations

New refill stations enable airport passengers to refill their water bottles and the reusable glasses available to them in the lounge—thus eliminating the need for plastic water bottles.



Green Marine

The Port of Toronto increased its certification in the 5-level *Green Marine* environmental program from Level 1 in 2009 to Level 4 in 2015.



Dredging and Wetland Creation

Every year, thousands of tonnes of sediment buildup in the area where the Don River empties into the Keating Channel. If not removed, this build-up could cause the river to back up and result in flooding. As such, maintenance of the river mouth is imperative to avoid siltation and debris spilling into the harbour.

Each year, PortsToronto removes the sediment by way of dredging, which helps to maintain a navigable river depth that allows for the smooth flow of water and ice through the Keating Channel. Annually, PortsToronto removes approximately 40,000 cubic metres of material from the mouth of the Don River.

Not only does this process help to prevent flooding and debris from entering the harbour, but it also provides a home to marsh birds, turtles, small mammals and native fish. In 2007, PortsToronto and the Toronto and Region Conservation Authority (TRCA) completed the Cell 1 Wetland Creation Project, converting the Confined Disposal Facility 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. Cell 1 has been very successful to date with reports of significantly increased fish populations and the return of pike and walleye to the harbour.

In September 2016, the Cell 2 wetland was officially completed, providing a new 9.3 hectare habitat to a variety of fish and wildlife, as well as more green space for nature lovers to enjoy the great outdoors just minutes from Toronto's downtown. The third of three cells, Cell 3, continues to be used for containment of dredged materials, with approximately 30 to 40 years of capacity remaining.

In 2016, PortsToronto purchased updated dredging and marine spill response equipment to operate more efficiently and effectively. A spud barge, one of the pieces of equipment that replaced the derrick, was used for dredging efforts and the Iron Guppy tugboat replaced the William Rest, which was built in 1961. The tugboat is now used for flood control dredging, harbour cleanup, placement of critical Marine Exclusion Zone and navigation channel buoys, marine-access ice breaking, ice management for airport ferry operations, and emergency response year-round in Toronto's Port and Harbour.

Harbour Clean-Up Program and Hotline

As part of our commitment to keeping the harbour clean, PortsToronto manages a 24/7 Harbour Hotline (416-462-3937) and responds immediately to reports of pollution, spills and debris in the harbour. Through the program, we remove approximately 150 million pounds (more than 68,000 tonnes) of dredgeate, debris and driftwood from the harbour each year—the equivalent weight of about 102 cars' worth of material removed every day.

Keeping Vehicles off Toronto's Roads and Highways

Shipping bulk cargo through the Port of Toronto helps to reduce traffic congestion on Toronto's roads and highways and is a more energy-efficient way to transport goods. With the expansion of Toronto's urban landscape, 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.



Harbour Honey

The world's bee population is in peril. Habitat loss, pesticide use and new diseases are taking their toll on the pollinators that play an integral role in the food chain. For this reason, this past summer, PortsToronto worked with Alvéole to install urban hives to support the local bee population. With Ontario's colonies in rapid decline, the bees need help now more than ever.

According to Alvéole, since 2007, up to 35 per cent of Ontario's bee colonies have died annually – a significant increase compared with historic losses of 15-20 per cent. In fact, last year's losses were reported to be as high as 58 per cent. It may come as a surprise to some that cities provide a thriving environment for bees as there are strict anti-pesticide laws, ample untapped floral diversity and largely unused rooftop space. The benefits of urban beekeeping include local honey and garden pollination throughout the city.

PortsToronto's hives are located on one of our buildings in the Port Lands and provide the ideal location for the bees, given the building's proximity to vegetation and water – and probably the best view of Toronto possible. The hives were installed in June 2016 and the first harvest of honey took place in October, yielding more than 700 jars of sweet, delicious amber-coloured honey.

Maintaining Biodiversity by Protecting the Monarch Butterfly

Every year, monarch butterflies migrate south along the shores of the Great Lakes before making their way to Mexico for the winter season. However, the number of monarch butterflies completing the journey has reached record lows over the past couple of years. This is partially due to the loss of native plants, such as milkweed,

that serve as the butterflies' primary food source along their route.

In spring 2016, students from Voice Integrative School returned to the Outer Harbour Marina to visit and maintain the butterfly garden they helped PortsToronto plant in the fall of 2015. Just in time for the monarch butterflies' spring migration, the garden is designed to help support their threatened populations.

In an effort to help bring back the monarchs, students ranging from Grade 2 to Grade 4 rolled up their sleeves to plant wildflowers and create unique paths throughout the garden. Designed by Evergreen Canada, the 700-square-foot garden features several species of native plants that provide food and perching areas for monarch butterflies and other pollinators, as well as an avian habitat for the wide variety of birds that use the Leslie Street Spit as a critical stopover point during seasonal migration.



Evergreen School Ground Greening Program

In 2014, PortsToronto signed a three-year agreement to invest in Evergreen Canada's Children's Program, helping to turn downtown school grounds into dynamic, outdoor classrooms where kids can reconnect with and learn about nature and, most important, play in the great outdoors.

In 2016, PortsToronto entered its third year of working with Evergreen to "green" playground spaces at six waterfront and downtown primary schools: The schools that received funding to create greener playground spaces in 2016 were Dundas Junior Public School, Eastdale Collegiate Institute, Second Street Junior Middle School, Father John Redmond Catholic Secondary School and Regional Arts Centre, St. Louis Catholic School and St. Mary's Elementary School.

These six participating schools were among 18 identified and selected by Evergreen through a careful process based on criteria including location, integration with curriculum, existing conditions and innovativeness of approach. For a naturalization project to be truly successful, it is crucial that schools have the opportunity to integrate the development, monitoring and maintenance of the grounds with what happens in the classroom.

Many of the schools selected for the program are located in high-traffic neighbourhoods in the downtown core where there is a limited ability to connect with nature due to a lack of greenspace. The projects that have been supported through PortsToronto's contribution to this program range from removing asphalt and planting native plants and vegetable gardens to creating stone seating and establishing shade trees to enable outdoor classroom experiences. These newly greened school grounds provide a wide range of benefits for children, from an enhanced learning environment and an increase in physical activity to positive community engagement.

Renewable Energy

One of the ways PortsToronto reduces its environmental footprint is by choosing 100 per cent green energy from Bullfrog Power. Since 2010, PortsToronto has powered all of its operations with clean, renewable electricity from Bullfrog Power. Through our agreement, Bullfrog Power's generators inject renewable electricity back into the grid on our behalf to match the amount of electricity used by PortsToronto's operations.

PortsToronto is one of the top 10 purchasers in the country of green energy from Bullfrog Power. PortsToronto and Billy Bishop Airport are the only port authority and airport in Canada to be powered entirely by renewable electricity across all operations and facilities, including the airport's 853-foot pedestrian tunnel and connecting buildings.



Since joining the bullfrogpowered community, PortsToronto has displaced more than

14,175 Tonnes of CO₂.

The equivalent of taking

2,984 

cars off the road for 1 year.

PortsToronto Sustainability Committee

At PortsToronto, every employee is responsible for acting in an environmentally responsible manner and is required to perform his or her duties with sustainability in mind. In 2016, PortsToronto formed a Sustainability Committee comprising staff from each business unit. The committee meets monthly to share ideas and strategies for sustainability while employing environmental best practices throughout PortsToronto's business units and operations.

From the implementation of a no-idling policy and eliminating the use of coffee pods and plastic water bottles to placing compost and recycling bins in every office and moving toward a paperless workplace, many of these ideas were generated by members of the Sustainability Committee.



Did you know?

PortsToronto's 2016 Sustainability Report won the award for Best External publication from the Canadian Public Relations Society (CPRS).

Sustainability Report 2016 AVAILABLE ONLINE PortsToronto.com



2016 Sustainability Report

In 2016, PortsToronto released its second annual Sustainability Report to build upon the strong foundation set out in our inaugural sustainability report and on a longstanding legacy of environmental stewardship, social responsibility and collaboration with other government agencies and stakeholders to manage Toronto's waterfront. The annual sustainability report details the organization's performance on three key priorities associated with its sustainability efforts – environmental protection, community engagement and economic performance.

This year, as part of the next steps identified in its inaugural report, PortsToronto worked with the Delphi Group to gather baseline metrics on the ways in which the organization generates and/or reuses waste. PortsToronto will also work with Delphi Group to improve its sustainability-related record keeping and data-management practices.

PortsToronto has also implemented a number of initiatives to reduce our environmental footprint in other areas, including:

- Discouraging the use of plastic water bottles in all offices;
- Continued use of Safety-Kleen, the largest re-refiner of used oil and provider of parts-cleaning services in North America, to collect, recycle, reuse and/or properly dispose of the antifreeze, oil, oil filters, vehicle batteries and other equipment used to service the Port of Toronto, harbour operations and Billy Bishop Airport;
- 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;
- Implementing an anti-idling policy for vehicles on all PortsToronto properties;
- Updating all runway and taxiway lighting at the airport to LED to be more energy efficient;
- Continuing to choose green electricity from Bullfrog Power across all PortsToronto's businesses;
- Creating new green spaces and natural habitats to increase biodiversity; and,
- Investing more than \$9 million in community and environmental initiatives since 2009, supporting such organizations as Evergreen Brickworks, Lake Ontario Waterkeeper and Ireland Park Foundation.

Financial Sustainability

PortsToronto is a financially self-sufficient government business enterprise that receives no public funding from any level of government. This means that no taxpayer dollars are used to finance the organization's activities or operations. Revenue is instead generated through PortsToronto's four core business operations—Billy Bishop Airport, the Port of Toronto, the Outer Harbour Marina and Property and Other. Profits from these businesses are then reinvested to continue improving the infrastructure and services that make Toronto a world-class city and a great place to live, work and play.

Beyond PortsToronto's community and infrastructure investments, PortsToronto contributed just under \$3.2 million in Payments in Lieu of Taxes (PILTs) to the City of Toronto. PortsToronto also paid \$3.5 million toward realty taxes and more than \$3.3 million to the federal government for the gross revenue charge. When combined with PILTs, this resulted in a total contribution of \$10 million that can be used to benefit taxpayers in Toronto and across the country.

The year 2016 marked PortsToronto's ninth consecutive year of profitability, with operating net income of \$6.7 million and all four of PortsToronto's business units reporting strong results.

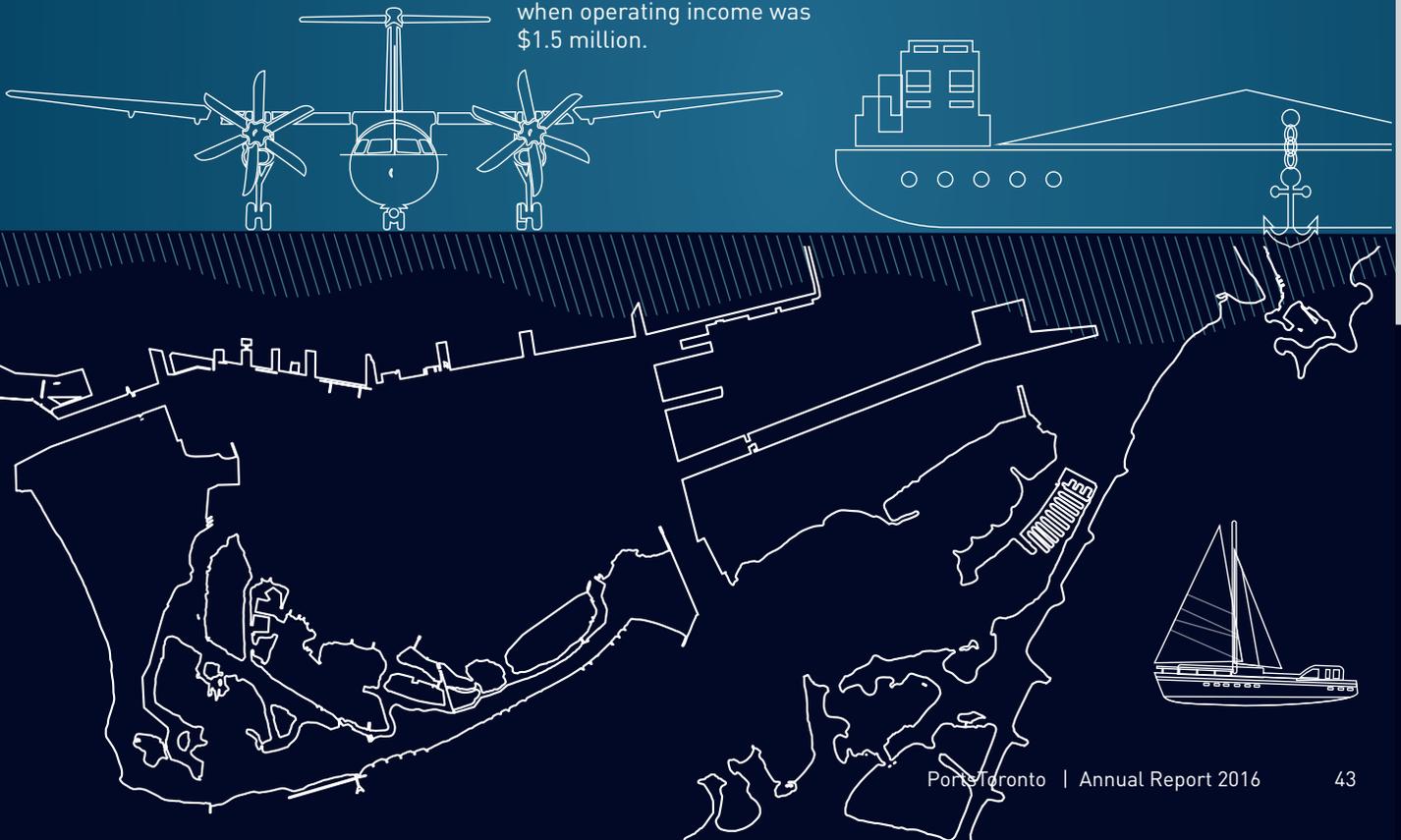
Billy Bishop Airport welcomed 2.7 million passengers in 2016 and generated revenue of \$47.4 million, which included \$20.8 million in Airport Improvement Fees. This is expected to moderately increase in 2017, with slightly higher passenger volumes forecast.

In 2016, 1.87 million tonnes of cargo from around the world was delivered directly into the heart of the city through the Port of Toronto. 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 and its activities reported revenues of \$6.3 million and operating income from all sources of \$1.2 million, representing slightly lower performance compared with 2015, when operating income was \$1.5 million.

The Outer Harbour Marina's operating income remained at \$1.2 million on revenue of \$3.9 million in 2016. The marina's summer berthing occupancy rate remained at approximately 85 per cent in 2016.

PortsToronto's operating ratio—an indicator of profitability—decreased slightly from 1.28 in 2015 to 1.20 in 2016. This was mainly due to operating expenses related to the opening of Billy Bishop Airport's pedestrian tunnel. However, despite these expenses, the ratio continues to reflect steady revenues and efficient operations.

PortsToronto's 2016 audited financial statements 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				
	2016	2015	2014	2013	2012
REVENUE					
Port operations	\$6,319	\$6,416	\$5,969	\$5,740	\$6,145
Outer Harbour Marina	3,891	3,596	3,263	3,255	3,025
Billy Bishop Toronto City Airport and net airport improvement fees	47,373	44,763	39,567	39,534	38,720
Property rental and other	1,941	2,074	1,353	1,332	1,206
Investment income	172	272	363	432	482
	\$59,696	\$57,121	\$50,515	\$50,293	\$49,578
EXPENSES					
Port operations	5,086	4,894	4,814	4,671	4,773
Outer Harbour Marina	2,659	2,378	2,080	1,905	1,748
Billy Bishop Toronto City Airport	30,708	27,023	16,084	18,466	14,669
Property rental and other	1,005	878	832	939	1,053
Corporate services	7,141	6,804	6,410	5,685	5,237
Charge on gross revenue	3,294	2,748	2,425	2,411	2,368
	\$49,893	\$44,725	\$32,645	\$34,077	\$29,848
NET INCOME FROM OPERATIONS BEFORE THE FOLLOWING	9,803	12,396	17,870	16,216	19,730
Payments in respect of land disposition	-	-	-	-	1,812
Payments in lieu of taxes	(3,249)	(6,343)	(2,932)	(2,866)	(2,137)
Gain (loss) on interest rate swap	130	(156)	(51)	315	207
NET INCOME	\$6,684	\$5,897	\$14,887	\$13,665	\$19,612

2017: A Look Ahead



SAIL-IN CINEMA
 Host Sail-in Cinema
 August 17-19, 2017



Boat Season
 2017



- Ground Run-up Enclosure Opening
- Host The Great Gulf Doors Open 2017 at Billy Bishop Airport
- Launch of Southern Ontario Airport Network
- Year-Two of Airfield Rehabilitation
- Billy Bishop Airport Master Plan

- PortsToronto Photo Exhibit 2017
- Sale of 30 Bay
- Canada 150 Commemoration
- PortsToronto 2017 Sustainability Report

- Beaver Hat Ceremony
- Ice and Cold Water Training
- Marine Safety Day
- Cruise Ship Season opens

