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March 10, 2014

Mayor Rob Ford  
Deputy Mayor Norm Kelly  
Toronto City Councillors  
Toronto City Hall  
100 Queen Street West  
Toronto, ON M5H 2N2

Dear Mayor/Deputy Mayor/Councillor:

**Re: City Staff report regarding the Porter Proposal to improve the current utilization of Billy Bishop Toronto City Airport**

On February 27, 2014, the Toronto Port Authority (“TPA”) wrote to Deputy City Manager John Livey to outline a host of commitments related to your team’s analysis of the proposal by Porter Airlines for enhanced utilization of Billy Bishop Toronto City Airport (“BBTCA”). That was accompanied by a meeting last Friday on the same subject.

I wanted to write to you directly in light of certain recent developments associated with above.

***Background and Status***

As you know, Toronto City Council passed a motion in May 2013 to direct City staff to review the Porter Proposal. At Council’s direct request, the TPA funded the various consulting costs associated with your report. Over the past several months, City staff have received the TPA’s fullest cooperation in support of their assessment of the Porter Proposal. I believe it is fair to say that the TPA has done all that has been asked of it by City staff and Toronto City Council concerning the funding of monies, delivery of key reports and study inputs; including the engaging of our own consultants to contemporaneously assess the Porter Proposal. A full report was provided to Executive Committee on November 21, 2013. On December 6, 2013, as a by-product of recommendations in the City Report, the TPA announced that it would “fully engage in a joint review” of the Porter Proposal.

The TPA’s February 27, 2014, package flows from that work, and includes some key “requests” by City staff, along with the TPA’s responses to same.

I wanted to take this opportunity to outline a few of the key requests and responses for you. Some of the recent City staff requirements, as outlined in the February 18, 2014, City staff request, would affect the long term viability of the airport, serving effectively as “poison pills” on the proposed project and the airport itself. These “poison pills” serve to ensure that neither

the TPA nor Federal government will be able to approve the Porter Proposal, should these new conditions be ultimately required by Toronto City Council. What follows are some of the key TPA commitments drawn from our Feb. 27, 2014, letter, as well as our view regarding some of the more difficult of the latest City staff proposals:

### ***Airport Scale***

Billy Bishop Toronto City Airport is governed under the strict terms of the 1983 *Tripartite Agreement*. It is a slot and capacity restricted airport. Due to its finite land mass for operations, and under the Noise Exposure Forecast (NEF) 25 contour limitation, BBTCA is one of the most noise and capacity restricted airports in the world. Under current flight schedules, Porter Airlines and Air Canada Express operate approximately 59,000 flights a year, representing ~51% of all BBTCA annual movements; the balance being General Aviation and Medevac.

The airport's 2012 Master Plan, prepared and submitted by WSP/Genivar to City Staff in 2013, determined with an average load factor of 79% there would be approximately 3,600,000 total annual passengers at capacity. With the current slot allocation, and restrictions on aircraft size (due to the runway length as proposed), this likely represents a mature level of passenger activity for the airport. Activity increases beyond this figure could likely only be achieved if additional slots were allocated to the airlines, and none are currently foreseen, as per the TPA presentation to the Toronto Region Board of Trade on October 21, 2013.<sup>1</sup> Being slot constrained doesn't mean that new commercial slots are off the table forever, but under current operating patterns, the BBTCA's existing complement of privates, commercial planes and medevac helicopters is unlikely to provide room for additional commercial slots over the next few years.

In a scenario where the jet ban was lifted, WSP/Genivar have indicated that a limited annual passenger scenario of 4.1 million can be achieved over time under the TPA's current "managed growth" policy, of which 2.976 million would be originating/terminating passengers. These are passengers which could be seen to affect local traffic, which ties into the TPA's request for funding from the Federal government.

### ***BBTCA Master Plan***

The November 2013 City Staff Report emphasised the need for an updated Airport Master Plan to be provided to the City for input and review, as well as for amendments to the City's Official Plan to incorporate the BBTCA into its future planning. We recognize that these two elements will help provide a clear vision and scope for the airport and its future development as an asset benefitting Toronto. As such, the TPA has undertaken to complete an updated Master Plan for the BBTCA reflecting the proposed jet aircraft activity and corresponding runway extension which Porter proposed for approval by the City, the TPA and the MOT in April 2013. Such an updated Master Plan will be completed in accordance with industry best practices and in consultation with the City. The TPA will provide a draft of such an updated Master Plan to the City as soon as practicable and will participate in a process of public meetings in respect of such a plan. The TPA will also participate with the City in its consideration of amendments to the

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<sup>1</sup> <http://www.torontoport.com/About-TPA/Media-Room/Press-Releases/Toronto-Port-Authority-Outlines-Tests-For-Jet-Prop.aspx>

City's Official Plan relating to the BBTCA. A letter of commitment and "Scope of Work" for this master plan work (January 13, 2014, WSP/Genivar) was submitted to City staff as part of the February 27, 2014, package.

### ***Funding of Improvements to Existing City-side Infrastructure***

The TPA has sought new funding in an amount up to \$100 million for improvements in City infrastructure related to BBTCA access and related vehicle traffic. This funding, if approved, would be invested at the City's discretion under the terms and mandate of the Federal government program in question. At this stage, our goal is to secure acknowledgement from the Federal and Provincial governments that such funding will be found, in the event Toronto City Council, the TPA and MOT approve Porter Plans. Such funding would be incremental and in addition to such other infrastructure funding as may already be available to the City.

It is worth noting that City staff are seeking a 20 year lease extension from the TDSB "to justify" proceeding with \$2 million of infrastructure improvements to the Hodgson rinks in Ward 22.<sup>2</sup> Concurrently, City staff are asking others to spend \$100 million to upgrade City-owned infrastructure north of the airport, plus an additional \$75-100 million investment by the TPA on airside infrastructure, while refusing to entertain a BBTCA lease extension of any sort.

### ***Passenger and Peak Hour Activity Caps***

City staff have recommended that growth at BBTCA relating to the Porter Proposal should be staged in a manner that connects jet-related passenger growth with area infrastructure requirements. The key factor that determines traffic impacts associated with BBTCA is the maximum amount of hourly passengers, which is determined by the number of flights that occur in whatever the busiest hour might be during a given week. The TPA has restated its previous position that it would implement voluntary interim caps on passenger activity at the airport, in the event that Porter Plans are approved. This would be expected to improve city-side traffic flows and allow growth that is aligned with such infrastructure improvements. TPA also accepts that a voluntary implementation of interim peak hour slot and annual passenger caps is consistent with its current operating policy of "managed growth" for the BBTCA in the event the Porter Proposal is approved. As such, the TPA committed to:

- i) implement and enforce the City's recommended interim hourly cap of 20 commercial carrier slots per hour to mitigate any adverse impacts on local vehicle traffic which may be attributable to peak hour commercial aviation activity; and
- ii) implement and enforce an interim annual cap of 2.976 million BBTCA local passengers.

In each case, these caps would stay in place until the updated BBTCA Master Plan has been finalized and/or such caps are no longer necessary to address the projected passenger volumes at BBTCA city-side access points. Any such restrictions would be in addition to those currently contained in the *Tripartite Agreement*, which, for example, prohibit aircraft generating excessive

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<sup>2</sup> Source: Councillor Josh Matlow Community Update Newsletter, March 7, 2014

noise and already currently require the TPA to contain the overall frequency of annual aircraft movements within Transport Canada's official NEF 25 Contour.

Such specific restrictions, and all others, will continue.

We have agreed to execute a binding agreement with the above caps and restrictions. As the airport's owner and operator, the agency is empowered to do so. Some time ago, we advised City staff that, for reasons of precedent, it is our understanding that the Minister of Transport is not in a position to execute an amended Tripartite Agreement that contains such caps within the agreement. The TPA can, however, execute a separate and enforceable agreement, which will achieve the same outcome.

Notwithstanding the above, City staff continue to require these caps to be embodied within the Tripartite Agreement, despite the knowledge that one of the signatories to that Agreement is unable to agree to this particular term. It is worth noting that the TPA has several binding agreements already in place with the City including the Pedestrian Tunnel / City Water Mains Agreement, the BBTCA PILTs Agreement, and the TPA/City Macro Agreement. At no time did City staff require the Federal government to sign such documents to ensure the TPA's compliance with its bilateral contracts.

### ***Closing BBTCA on Weekends & Holidays***

On February 18, 2014, City Staff tabled, for the first time, a request (in the event Porter's Proposal was approved) that the BBTCA be closed to all commercial traffic for most of Saturday, Sunday and every Holiday – whether the commercial aircraft be jet or turboprop-powered. At the present time, approximately 92 commercial movements take place on Saturday and 150 on Sunday, of the daily available 202 commercial slots. On any given holiday, given the nature of when families travel, there might be well over 140 commercial slots in use.

This City staff requirement would make the airport unviable from a business standpoint, and would clearly undercut the value proposition underlying Porter's Proposal for those Torontonians who support new-jet technology at BBTCA. We don't see the benefit to telling an American family they can't travel home from Toronto to Chicago on Labour Day.

As per the analysis of Professors Chandra and Lederman, "increases in airline connectivity and competition are unambiguously positive for Canadians."<sup>3</sup> This particular City staff demand would undercut the connectivity of our airport, defeating much of the economic benefits of the proposal.

### ***Existing TPA Easements***

Last Fall, City staff asked that the TPA relinquish its longstanding modest property easements in the area immediately surrounding the lower portion of Eireann Quay. No rationale was provided. We advised that these easements had been for the benefit of BBTCA for decades, and

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<sup>3</sup> [http://www.thestar.com/opinion/commentary/2014/03/06/expanding\\_billy\\_bishop\\_airport\\_would\\_be\\_good\\_for\\_business.html](http://www.thestar.com/opinion/commentary/2014/03/06/expanding_billy_bishop_airport_would_be_good_for_business.html)

there was nothing in Porter Plans that made it appropriate for City staff to target them. It was our final position.

Notwithstanding, on February 18, 2014, City Staff reintroduced this demand, though clearly there is no direct relationship to the Porter Proposal.

### ***Commercial Slot Caps***

As you may recall, the number of daily commercial slots permitted at BBTCA is a function of the NEF 25 Noise Contour under the terms of the 1983 *Tripartite Agreement*. The current analysis of the Noise Contour, which takes into account the annual noise output of the BBTCA's General Aviation, Helicopter and Commercial Aviation movements, determines that 202 slots (195 daily slots between 7:00am and 10:00pm and 7 slots between 6:45am and 7:00am or 10:00pm and 11:00pm) is appropriate; our airport is closed to general and commercial traffic between 11:00pm and 6:45am, unlike Pearson Airport, whose neighbours hear ~97 commercial movements each overnight period.

City staff have introduced the concept of requiring no additional commercial slots be permitted, even in the event that the NEF 25 Noise Contour (as embodied in the 1983 Tripartite Agreement and continuing), at some point in the future, suggests more have become available within the constricts of the standing NEF 25, which is believed to be the toughest airport noise restriction in North America. The NEF 25 noise contour has, for 30 years, protected the neighbourhood from noise, and will continue to serve that purpose.

### ***Engine Maintenance and Run-Up Noise***

The TPA has offered to implement an appropriate engine maintenance and run-up noise barrier/housing by the end of 2016 to mitigate the impact of engine-test noise on surrounding communities. This project is contemplated in the TPA's board-approved capital budget and will be included in the updated BBTCA Master Plan presented to the City. This is in addition to the \$1 million + that the TPA has spent on an aircraft noise barrier across from Stadium Road, with another pending upon completion of the pedestrian tunnel.

### ***Funding of Runway Extension***

The TPA will provide or cause to be provided all funding sufficient for the TPA's construction of any runway extension approved by the City, the TPA and the MOT, subject to an extension of the term of the Tripartite Agreement, if necessary to raise such financing.

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Beyond the above, there is concern on our part that there may well be other requests pending, such as a new and substantial City-directed passenger tax – in addition to the current \$0.94 PILT that was agreed to in 2013. As accommodating as the TPA would like to be, we hope that you can appreciate that we see our role in this process, in part, to ensure that none of the City staff requirements have a negative impact on the long term viability of BBTC, nor serve to materially increase passenger fares – as a new City-driven passenger tax would do.

The viability of the airport is very much on our mind, particularly in light of a recent survey which revealed that 90 per cent of Toronto residents “agree” that “Billy Bishop Toronto City Airport is an asset to Toronto,” up from 87 per cent in August 2013. Respondents also agreed that the airport is “great for the Toronto economy” (88%) and that the island airport makes “a great first impression for visitors” (77%).

The public opinion survey, conducted by Ipsos Reid between January 13 and January 17, 2014, polled a representative, randomly selected sample of 702 adults living in Toronto – including 300 respondents who live downtown, south of Queen Street. Ipsos Reid has conducted this regular public opinion survey on behalf of the TPA since 2007.

The survey found that the vast majority of Torontonians continue to embrace the airport and recognize its valuable contributions to the city.

The survey also revealed that 34 per cent of the city’s residents have flown out of the airport, up from 32 per cent in the August 2013 Ipsos Reid survey. Two-thirds of respondents (66%) are “personally in favour of having an airport on the island and believe it’s good for Toronto,” while just 11 per cent are “dead set against it,” a number which has remained statistically unchanged in the last four years. The remaining 20 per cent have a neutral opinion of the airport.

Given our work with City staff, we included questions within last August’s Ipsos Reid survey which were designed to gauge Torontonians’ opinions on new-technology jets at BBTCA and offer a benchmark for ongoing analysis. The January 2014 poll found that the net proportion of those who support the Porter Airlines’ proposal to allow jets at Billy Bishop Airport has held strong over the past six months.

Of those polled in January 2014, 61 per cent of Torontonians, and 63 per cent of those living south of Queen Street, support the use of jet aircraft at Billy Bishop Airport provided they make no more noise than the current Q400 aircraft. This compares to the August 2013 Ipsos Reid survey where 60 per cent of Torontonians, and 50 per cent of those living south of Queen, said they supported the use of jet aircraft at Billy Bishop Airport.

Overall opposition to jets at Billy Bishop Airport decreased to 35 per cent in January 2014 from 37 per cent in August 2013.

We hope that you and your colleagues find this overview and update to have been helpful. In case there is any doubt, let me repeat our Agency’s position on the Porter Proposal. As an independent operation, it is up to Porter to pursue its own business plan for the benefit of its customers, shareholders and employees. The TPA takes no position on Porter’s business aspirations. For the past 30 years, the TPA has operated the BBTCA based upon the terms of the 1983 *Tripartite Agreement*, and will continue to do so. The TPA continues to look to Toronto City Council for a determination regarding Porter’s proposed changes to the *Tripartite Agreement*.

Should you have any questions or concerns regarding either the BBTCA or the TPA's views on the matters discussed above, we would be pleased to meet in person at your convenience.

Respectfully,



Mark McQueen  
Chairman

cc: The Hon. James M. Flaherty, P.C., M.P.  
Minister of Finance

The Hon. Lisa Raitt, P.C., M.P.  
Minister of Transport

The Hon. Glen Murray, MPP  
Minister of Transportation