

Legal Options to Defend City of Toronto's interests at Billy Bishop Airport lands and other City-owned Waterfront lands

Date: April 15, 2026

To: City Council

From: City Solicitor

Wards: All

REASON FOR CONFIDENTIAL INFORMATION

This report contains advice that is subject to solicitor-client privilege and information about litigation or potential litigation that affects the City of Toronto.

SUMMARY

At its meeting on March 25 and 26, 2026, City Council requested the City Solicitor to report to its April 22, 23, 24, 2026 meeting on potential legal options to defend the City of Toronto's interests, including property ownership, in the Billy Bishop Toronto City Airport lands ("BBTCA") and other important City-owned Waterfront lands. Confidential Attachment 1 provides further information and advice regarding potential legal options.

RECOMMENDATIONS

The City Solicitor recommends that:

1. City Council direct that the confidential information contained in Confidential Attachment 1 remain confidential in its entirety as it contains advice which is subject to solicitor-client privilege and information about litigation or potential litigation that affects the City.

FINANCIAL IMPACT

The financial impacts are identified in Confidential Attachment 1.

The Chief Financial Officer and Treasurer has reviewed this report and agrees with the

financial implications as identified in the Financial Impact section.

DECISION HISTORY

On March 26, 2026, City Council adopted [MM39.59 - Toronto Must Have a Say in Waterfront Decisions](#), expressing its opposition to any unilateral expropriation of City land and requesting the Government of Canada and Government of Ontario include Toronto residents and City Council in all significant decisions impacting Toronto, including about the uses and future of the Toronto waterfront.

Council also requested the City Solicitor to report back to its April 2026 meeting on potential legal options to defend the City of Toronto's interests, including property ownership, in the Billy Bishop Airport lands and other important City-owned Waterfront lands.

<https://secure.toronto.ca/council/agenda-item.do?item=2026.MM39.59>

On October 9 and 10, 2024, City Council adopted [EX17.5 - Billy Bishop Toronto City Airport - Runway End Safety Areas](#), authorizing staff to negotiate and execute an amendment to the Tripartite Agreement to permit a landmass extension and includes detailed background information on BBTCA.

<https://secure.toronto.ca/council/agenda-item.do?item=2024.EX17.5>

COMMENTS

Billy Bishop Toronto City Airport

At Billy Bishop Toronto City Airport ("BBTCA"), the airport is owned and operated by the Toronto Port Authority and is governed by a Tripartite Agreement, which was signed in 1983 by three signatories: Toronto Port Authority, City of Toronto and Government of Canada (through the Ministry of Transport or Transport Canada).

BBTCA is the province's third-busiest airport and reportedly serves over two million passengers annually. It is the ninth-busiest airport in Canada and provides flights to over 20 cities in Canada and to the United States. On March 10, 2026, preclearance to the United States became available.

Tripartite Agreement

The Tripartite Agreement was signed in 1983 for a 50 year term, with an original end date in 2033. In January 2025, the term was extended to December 2045 and allowed for the implementation of the Runway End Safety Area ("RESA"), which is a safety requirement imposed by Transport Canada. Under RESA, lakefill is required to extend the island airport land mass. The Province's announcement to take over BBTCA lands from the City is unrelated to RESA compliance, which is required for current airport operations.

The Tripartite Agreement sets out conventional lease terms and includes numerous conditions and prohibitions respecting airport operations to manage community impacts, Legal Options to Defend City of Toronto's interests at Billy Bishop Airport lands and other City-owned Waterfront lands

including restricting any actions that would interfere with the airport's safe use and operations.

Government of Ontario Announced Take Over of BBTCA

On March 23, 2026, the Government of Ontario announced "[Ontario Expanding Billy Bishop Airport](#)", which stated that it intends to (1) introduce legislation that would, if passed allow it to take ownership of the City-owned land at BBTCA and facilitate the City's replacement by the province in the Tripartite Agreement; and (2) declare BBTCA a Special Economic Zone ("SEZ") ahead of the start of construction on the airport's expansion and following consultation with impacted First Nations. This will be the province's first designated SEZ.

The Government of Ontario has not yet introduced legislation or outlined what process it intends to follow to take ownership. The Province has announced that it will provide compensation to Toronto in exchange for the lands.

The [Special Economic Zones Act, 2025](#) ("SEZA") was enacted when the [Bill 5, Protect Ontario by Unleashing our Economy Act, 2025](#) received Royal Assent on June 5, 2025. Bill 5 was introduced to respond to recent U.S. trade actions against Canada with the purpose to support economic growth and development to protect Ontario industries. Under SEZA, the Lieutenant Governor in Council may, by regulation, designate an area of the Province as a special economic zone if the prescribed criteria are met. [O. Reg. 373/25: Criteria for Designations](#), a regulation made under the SEZA. The regulation prescribes the criteria that must be met for an area to be designated as a special economic zone, including the following:

1. The area is a single area of the province.
2. Activities are taking place in the area or are being proposed that, in the opinion of the Lieutenant Governor in Council, are or will be economically significant or strategically important to the Ontario economy.
3. The area is, in the opinion of the Lieutenant Governor in Council, no larger than necessary to encompass the activities described in paragraph 2.

Under SEZA, the Lieutenant Governor in Council is authorized to make regulations exempting a trusted proponent or designated project in the special economic zone from requirements under "an Act, regulation or other instrument under an Act, including by-laws of a municipality or local board". The Lieutenant Governor in Council is also authorized to make regulations to modify the application of certain laws in a special economic zone. It further grants powers to the Minister of Economic Development, Job Creation and Trade to designate trusted proponents or designated projects to which the SEZA would apply.

The SEZA includes specific provisions extinguishing any causes of action as a direct or indirect result of the enactment, amendment or repeal of any of its provisions or any provision of a regulation under it, and/or anything done or not done in accordance with its provision(s) and/or any provision(s) in its regulation(s).

CONTACT

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SIGNATURE

Wendy Walberg
City Solicitor

ATTACHMENTS

Confidential Attachment 1 - Confidential information from the City Solicitor