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May 7, 2014

Mr. Geoffrey Wilson
President and Chief Executive Officer
Toronto Port Authority
60 Harbour Street
Toronto, ON M5J 1B7

Dear Mr. Wilson:

Re: Toronto City Council Item EX 40.1 (Request to Amend the Tripartite Agreement for Billy Bishop Toronto City Airport) (April 1-3, 2014)

I write in response to the Toronto Port Authority's letter of April 23, 2014 and April 29, 2014 media release.

As stated previously, at its meeting of April 1, 2014, Toronto City Council endorsed a growth management framework for BBTCA that involves caps and phasing, to be secured through negotiated changes to the Tripartite Agreement. Without a clear commitment from the TPA to manage growth at BBTCA through caps and phasing, staff do not have the authority to negotiate Tripartite Agreement changes to permit jet-powered aircraft and runway extensions.

The TPA's position that the studies (runway extensions detailed design, Environmental Assessment, and Airport Master Plan update) should be addressed prior to the start of negotiations on caps and phasing, will lengthen the overall timeframe required to report back to Council on proposed Tripartite Agreement changes. The issues to be addressed through the Tripartite Agreement amendments (phased growth, monitoring of impacts, sanctions for non-compliance with terms, etc.) are complex and will require time for the signatories to reach agreement on them.

Without confirmation from the TPA on Council's requirement for a growth management framework in the Tripartite Agreement, the scope, scale and function of the airport remains an open question. The work on the EA and Master Plan will need to be rooted in the activity levels of the airport and the types of flights anticipated. Without the TPA's concurrence on caps and phasing, these exercises will be difficult to bring to conclusion.

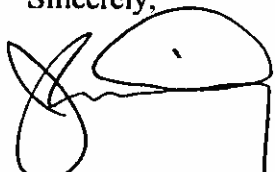
The phasing framework and caps approved by City Council were based on technical analysis provided by the City's consultants with input from the TPA and its consultants on peak hour flight caps and peak hour origin/destination numbers. The inclusion of the 202 daily flight (slot) cap was based on public statements from the TPA that it has no intention of changing the daily slot cap for the airport. The annual origin/destination cap was based on a 20% increase in passengers over 2012 volumes, increasing over time with the implementation of transportation

improvements that address the needs of airport users and reduce the airport's impact on the adjacent community. Please note that the recommendations adopted by City Council did not use the words "voluntary" or "interim" in describing the proposed caps.

As for the studies – the runway extension design, Environmental Assessment, and Airport Master Plan update, as well as the City's Bathurst Quay Precinct Plan – these will ultimately need to be undertaken with due regard to matters of concern raised by Council, and completed to the City's satisfaction. As per the Council decision, staff have also been directed to ensure that General Aviation is defined and protected at the airport as part of any amendments to the Tripartite Agreement. There will need to be further discussions of the scope of these studies as they proceed.

I ask you one more time to commit to Council's requirement for a growth management framework of caps and phasing in the Tripartite Agreement.

Sincerely,

A handwritten signature in black ink, appearing to read 'John Livey', written over a rectangular stamp area.

John Livey, F.C.I.P.

Deputy City Manager, Cluster B

cc: The Hon. Lisa Raitt, P.C., M.P., Minister of Transport
Mayor Rob Ford
Deputy Mayor Norm Kelly
Members of City Council
Joe Pennachetti, City Manager
Rob Rossini, Deputy City Manager and Chief Financial Officer
Brenda Patterson, Deputy City Manager, Cluster A
John Campbell, Waterfront Toronto
Bob Deluce, Porter Airlines