

**Toronto  
Port  
Authority**



**Administration  
Portuaire  
de Toronto**

60 Harbour Street, Toronto, Ontario, Canada M5J 1B7  
Tel/Tél: 416.863.2000 • Fax/Télécopieur: 416.863.4830 • [www.torontoport.com](http://www.torontoport.com)

October 4, 2013

Mr. David Shiner  
Chair, Government Management Committee  
City of Toronto  
Toronto City Hall  
100 Queen Street West  
Toronto, ON M5H 2N2

Dear Councillor Shiner:

**Re: Payments in Lieu of Taxes: Billy Bishop Toronto City Airport**

I am writing to you as Chair of the Government Management Committee in connection with the July 9, 2013 report from the City Solicitor and the City Treasurer which apparently is to be considered *in camera* during the October 8<sup>th</sup> and 9<sup>th</sup> meeting of Council. This follows our July 3, 2013 formal request for a new Dispute Advisory Panel<sup>1</sup>, a request that was telegraphed by our earlier public statements on the matter<sup>2,3</sup>.

We are not aware of the contents of the report but are concerned that it will contain a recommendation by City staff for a 21.2% increase in Airport-related Payments in Lieu of Taxes (“PILT”) as compared to what was previously agreed to by City Staff in January 2013 and approved by the Government Management Committee on February 25, 2013.

Following the decision of Council in April 2013, the outcome of the Airport PILT vote and the various options jointly before us have been discussed among TPA staff and with our Board of Directors. The view of the TPA remains unchanged following our public statement of April 3, 2013 and is simply this: the proposal considered by Council in April, treating the Airport the same as Pearson, reflects the maximum amounts the TPA believes should fairly be paid by the ultimate “taxpayers” – the passengers who use the Airport.

You should be aware that as part of the January 2013 City-TPA PILT agreement, City Staff had demanded that the City of Toronto receive a passenger PILT on all airport passengers, including those residents of, say, Thunder Bay who stop briefly in Toronto as part of their flight to Chicago, New York, Boston, Moncton, etc. This fact may not have been understood by some of your colleagues when the matter was voted on at the April 3, 2013 Council meeting.

<sup>1</sup> <http://www.torontoport.com/About-TPA/Media-Room/Press-Releases/New-Independent-Federal-Dispute-Advisory-Panel-Req.aspx>

<sup>2</sup> <http://www.torontoport.com/About-TPA/Media-Room/Press-Releases/Toronto-City-Council-Misses-Opportunity-on-PILT-Vo.aspx>

<sup>3</sup> [http://www.torontoport.com/getattachment/bb8dc40c-ccb5-4b24-8e27-b0ed7739669e/Letter-to-Mayor-Rob-Ford-\(2\).aspx](http://www.torontoport.com/getattachment/bb8dc40c-ccb5-4b24-8e27-b0ed7739669e/Letter-to-Mayor-Rob-Ford-(2).aspx)

The City of Toronto wants to tax non-residents who may not even step foot off of a BBTCA aircraft on their way to their ultimate destination. Since almost 20% of BBTCA passengers are of this in-transit nature, the quantum of money involved is significant.

In an effort to put the BBTCA PILT issue behind us, the TPA agreed to your Staff's demand in this regard. Even then, despite the recommendation of your City Treasurer and City Solicitor, it still wasn't enough to ultimately pass Council on April 3, 2013. But that's water under the bridge.

According to a July 2013 poll by Ipsos Reid, 48% of Torontonians believe that the BBTCA should pay either the same (48%) or lower (37%) than the PILT that is paid by Pearson Airport.<sup>4</sup> Only 13% believe BBTCA passengers should pay higher than Pearson; I note this figure mirrors the 12% of Torontonians who want to close BBTCA when the *Tripartite Agreement* expires in 2033.

The new July 2013 City Staff proposal would see BBTCA passengers pay an additional \$8.5 million in aggregate PILTs beyond what was already approved by the Government Management Committee (see attached financial summary). All told, the proposal is \$12.7 million higher than the figure recommended to the City and TPA by the independent Federal Dispute Advisory Council in 2009 (which did not require a PILT tax on in-transit passengers, for example).

For us to ask passengers to pay an additional 21.2% (representing \$8.5 million) must come with some tangible benefit to our collective stakeholders. To that end I note from the July 2013 Ipsos Reid poll that 54% of BBTCA users, and 52% of all Torontonians, believe the City and TPA should immediately "amend the [Tripartite] agreement and extend it beyond 2033 to ensure the long-term viability of the Airport."<sup>5</sup> (Only 12% of Torontonians believe you should let the agreement expire in 2033.)

Perhaps that is the resolution to City Staff's new PILT proposal: amend the expiry of the existing restrictive Tripartite Agreement to 2083 from the current 2033 date in conjunction with approving the higher July 2013 City Staff PILT proposal<sup>6</sup>. This can be done at the October 8/9 meeting of Council, in a vacuum, and would have no bearing on Council's ongoing consideration of the change-of-use proposal tabled before you by Porter Airlines.

We hope that you and your colleagues will find this worthy of consideration. It's a win for both passengers and the city. I apologize for the formality of this letter; we had hoped to discuss the matter in person, and had reached out to your office to arrange for a meeting, but the unexpected inclusion of this topic on next week's agenda has meant that time is of the essence.

Respectfully,



Mark McQueen  
Chairman

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<sup>4</sup> <http://www.torontoport.com/TorontoPortAuthority/media/TPASiteAssets/PDFs/Miscellaneous/TPA-survey-for-posting.pdf>

<sup>5</sup> <http://www.torontoport.com/TorontoPortAuthority/media/TPASiteAssets/PDFs/Miscellaneous/TPA-survey-for-posting.pdf>

<sup>6</sup> \$0.94 per passenger PILT with "capping" beginning in 2014

TORONTO PORT AUTHORITY

BILLY BISHOP TORONTO CITY AIRPORT  
PAYMENTS-IN-LIEU OF TAXES

2009 Independent Dispute  
Advisory Panel Advice      January 2013  
City/TPA Agreement      July 2013 New  
City Proposal

Per Passenger PILT      \$0.80      \$0.94      \$0.94

(via current Airport Improvement  
Fee on all outbound passengers)

Percentage Increase over  
DAP Advice

Per Passenger PILT  
In Transit?  
(ie. not originating in Toronto)

No      Yes      Yes

10.43%

Positive Financial Impact  
for the City of Toronto  
versus DAP Advice

\$4,190,584.57

Percentage Increase over  
DAP Advice

Capping Year

No Capping

2013

2014

21.23%

Positive Financial Impact  
for the City of Toronto  
versus January 2013  
City/TPA Agreement

\$8,527,378.18

Cumulative Percentage  
Increase over DAP Advice

Cumulative Positive  
Financial Impact for the  
City of Toronto

\$12,717,962.76

31.66%

Note: Connecting passengers equal ~19% of BBTCA total passenger count

Note: "Capping" refers to a 105% cap on payments made versus prior year