

**Toronto
Port
Authority**



**Administration
Portuaire
de Toronto**

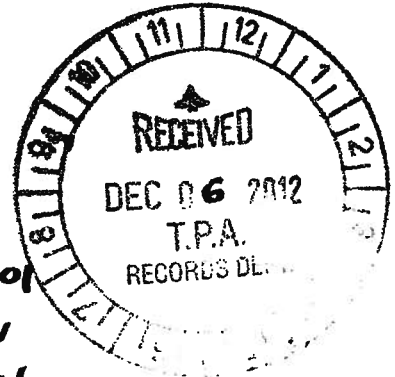
November 23, 2012

SENT BY ELECTRONIC MAIL

Mr. Joseph P. Pennachetti
City Manager, City of Toronto
11th Floor, East Tower, City Hall
100 Queen Street West
Toronto, Ontario M5H 2N2

Dear Mr. Pennachetti:

Re: Ship Channel/Cherry Street Bridge



We are writing about a subject which the Toronto Port Authority (“TPA”) has raised with the City of Toronto (the “City”) many times during the last decade:

the ongoing need for significant maintenance and repair of the moveable bascule bridge across the Ship Channel at Cherry Street at the west end of the Toronto port lands (the “Port Lands”), known as the “Ship Channel” or “Cherry Street” bridge (the “Bridge”), if it is to remain operational.

As you know:

- TPA owns the Bridge, our predecessor (The Toronto Harbour Commissioners) having constructed it between 1929 and 1931;
- The Toronto Historical Board included the Bridge in its inventory of heritage properties for architectural and historical reasons in April 1991;
- the Bridge provides the main access to the Port Lands for vehicles (as well as for cyclists and pedestrians);
- the only other access to the Port Lands is from the east side, across the single-lane “Bailey Bridge” owned by the City, which connects the east end of Unwin Avenue in the Port Lands with the service road running from the east side of the Bailey Bridge to Leslie Street (we understand that service road has not been designated as a public roadway, but that it is owned by the City’s agency Toronto Port Lands Company (“TPLC”), previously known as “TEDCO”);

- the Port Lands consists of approximately 860 acres of mixed-use industrial and recreational property and connecting roadways, of which approximately 648 acres (or 75% of the Port Lands) is owned by the City or TPLC;
- TPLC has approximately 400 acres under management in the Port Lands – i.e. leased to other businesses, including the providers of essential road salt to the City during the winter months;
- TPA owns approximately 58 acres in the Port Lands at the west end of Unwin Avenue used for TPA's port operations and TPA leases approximately 31 acres in the Port Lands from TPLC which TPA subleases to various businesses;
- the Bridge serves a wide variety of users of the Port Lands, including the public (use by TPA and its customers and suppliers is a minor use in the circumstances);
- the City and Toronto Waterfront Revitalization Corporation ("TWRC") are actively promoting an accelerated Port Lands revitalization initiative which recognizes the importance of infrastructure required to enable Port Lands development; and
- the Bridge, although owned by TPA for historical reasons, is a critical piece of Port Lands infrastructure for the benefit of the City, TWRC and the public.

In the Structured Settlement Agreement entered into on June 26, 2003 among the City, TPA and TEDCO (now TPLC), the City represented to TPA that it had approached the relevant governments for payment of capital expenditures required for the ongoing maintenance and repair of the Bridge (then estimated at \$16.5 million) and that it had received a positive response from TWRC to pay two-thirds of the Bridge capital expenditures in the context of the revitalization of Toronto's waterfront. Further, the City committed in the Structured Settlement Agreement to contributing one-third of the Bridge capital expenditures at the time that TWRC contributes its two-thirds.

Despite TPA's ongoing efforts to bring those commitments to fruition, neither the City nor TWRC has acted on them, and the Bridge remains in serious disrepair. So much so that TPA was forced to close the northbound lane of the Bridge commencing November 1, 2012 and to close the Bridge completely on November 12, 2012, in each case for safety and operations reasons on the direction of our independent structural engineers. The Bridge will remain closed until such time as necessary repairs can be made to the east and west main heel trunnions.

After much study and deliberation, and because the City and TWRC advised us that, notwithstanding the City's accelerated Port Lands revitalization initiative, they would not fund any Bridge capital expenditures at this time, TPA entered into a contract with Facca Incorporated to complete the trunnion repair work by approximately June 2012 at a cost to TPA of up to \$1,999,740 plus HST. The Bridge will provide some limited access for cyclists and pedestrians during the repairs period. Upon completion of the repairs, the Bridge will open for vehicle use but will be restricted to one-lane unless further repairs to the Bridge stringers on the northbound lane are completed, the cost of which is estimated to be \$500,000.

While TPA has agreed to fund the current trunnion repairs in the circumstances, we are not prepared to fund any further required capital expenditures, including repairs to the stringers which will be needed if the City wishes to have two lanes in operation on the Bridge. In the absence of the funding by the City and TWRC of this and other future Bridge capital expenditures, as contemplated by the Structured Settlement Agreement, TPA will be forced to take the Bridge out of service permanently when it can no longer be used safely. We would be pleased to provide you with our analysis of expected future capital expenditures, including timing and estimated costs.

TPA therefore formally requests that the City create and lead a Task Force comprised of appropriate representatives of the City, TWRC, TPLC and TPA to finalize the funding by the City and TWRC of the future Bridge capital expenditures. Although not required by the Structured Settlement Agreement, TPA may be prepared to consider contributing such portion of the funding as is "fair and reasonable" in the circumstances having regard to use of the Bridge by TPA and its tenants relative to others.

We also request that the City develop and implement such contingency procedures as are necessary to address the current temporary closure of the Bridge, including access to and from the Port Lands via a route alternative to the City's Bailey Bridge in the case of emergencies, if the Bailey Bridge is closed by damage or weather, or if it is unsuitable for use based on vehicle loads or frequency. Representatives of TPA and TPLC met yesterday with the City's Acting Director of Transportation Services to request this contingency planning. In this regard, we understand that Ontario Power Generation has offered to allow access in special circumstances through its Portlands Energy Centre at the south-east corner of the Port Lands, provided that the City agrees to indemnify OPG against liability for damage to persons or property it could incur as a result. We understand that OPG is only looking for confirmation from the City that it would treat the OPG access road as if it was City property for such purposes, such that the City would have no greater liability than it would have in respect of damage to property or persons on the Bailey Bridge.

We look forward to hearing from you.

Yours truly,

TORONTO PORT AUTHORITY



Geoffrey A. Wilson
President and Chief Executive Officer

- c.c. John Livey, Deputy City Manager, City of Toronto
Jacqueline White, Acting Director, Transportation Services, City of Toronto
John Campbell, President & CEO, TWRC
Michael Kraljevic, President & CEO, TPLC
Alan Paul, Vice President & CFO, TPA
Ken Lundy, Director of Infrastructure, Planning and Environment, TPA
Angus Armstrong, Harbour Master and Chief of Security, TPA
Mark Richardson, Vice President & General Counsel, TPA