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RDIMS #7248996 v14

June 13, 2013

Mr. Howard Eng
President & Chief Executive Officer
Greater Toronto Airports Authority
P.O. Box 6031
3111 Convair Drive
Toronto AMF, ON L5P 1B2

Dear Mr. Eng:

**RE: NIGHT FLIGHT OPERATIONS AT LESTER B. PEARSON
INTERNATIONAL AIRPORT**

Further to the Greater Toronto Airports Authority's (GTAA) letter to Transport Canada dated December 22, 2011 regarding Night Flight Operations at Lester B. Pearson International Airport (LBPIA), this Letter Agreement replaces and supersedes the December 10, 1997 Letter Agreement between Transport Canada and the GTAA regarding the same.

Like all other airports operating in the National Airports System (NAS), the GTAA must balance the economic benefits of both the users and the community at large with the views of the local community when making decisions with respect to airport operations.

This Letter Agreement sets out the method that shall be used to determine the maximum annual number of takeoffs and landings that can occur at LBPIA during the "Restricted Hours."

Definitions

In this Letter Agreement:

- "Restricted Hours" means 0030 a.m. to 0630 a.m. or as otherwise agreed to by Transport Canada and the GTAA.
- "Annual Period" means the period from November 1 of one calendar year to October 31 of the following calendar year.
- "Base Year Annual Period" means November 1, 2011 to October 31, 2012.

- “**Annual Flights**” means the total number of landings and take-offs during the Restricted Hours within an Annual Period.
- “**Number of Passengers**” means the total number of enplaned and deplaned passengers.
- “**Extensions**” may be granted by the GTAA to allow aircraft operations that were scheduled within normal airport hours (0630 a.m. to 0029 a.m.) and that are delayed on the day of operation due to unforeseen circumstances such as weather, mechanical, security, or Air Traffic Control problems, to operate during the Restricted Hours. Operating extension approvals may be denied by the GTAA.
- “**Exemptions**” are operations during the Restricted Hours and are pre-planned and may be granted by the GTAA to allow operations of aircraft meeting or exceeding Chapter 3 (or equivalent standards) if the granting of the Exemptions will not derogate from passenger or aircraft safety and is in the best interests of the public at large by contributing to the overall economic benefit or development of the surrounding communities and/or the country as a whole.

Base Year maximum Annual Flights

The maximum Annual Flights during the Base Year Annual Period was **13,838**.

Increase in maximum Annual Flights

The maximum Annual Flights shall increase beyond the amount in the Base Year Annual Period as follows:

- (1) The maximum Annual Flights shall increase by the annual percentage growth, if any, in the Number of Passengers in the immediately preceding Annual Period.
- (2) Notwithstanding (1) above, if there is annual passenger growth immediately following an Annual Period in which the Number of Passengers declined, the maximum Annual Flights shall not increase until the actual Number of Passengers exceeds the most recent previous highest total Number of Passengers in an Annual Period.

In that event, the increase in the maximum Annual Flights shall be limited to the growth, expressed as a percentage, by which the total Number of Passengers in the immediately preceding Annual Period exceeded the most recent previous highest total number of passengers.

The maximum Annual Flights shall not be reduced if the Number of Passengers decline during any Annual Period.

For example:

	Annual Period 1	Annual Period 2	Annual Period 3	Annual Period 4	Annual Period 5	Annual Period 6
Annual No. of Passengers	150,000	148,000	145,000	149,000	154,500 (a 3% increase over 150,000)	
Maximum Annual Flights	10,000	10,000	10,000	10,000	10,000	10,300 (a 3% increase over 10,000)

- (3) In addition to increases in the maximum Annual Flights in accordance with (1) and (2) above, if the actual number of flights within the Restricted Hours equals or exceeds ninety-five percent (95%) of the maximum Annual Flights in such Annual Period, then commencing in the immediately following Annual Period the maximum Annual Flights shall increase by ten percent (10%) (the “Basic Adjustment”) from the immediately previous year’s maximum Annual Flights.

For example:

	Annual Period 1	Annual Period 2	Annual Period 3	Annual Period 4	Annual Period 5	Annual Period 6
Annual No. of Passengers	150,000	148,000	145,000	149,000	154,500 (a 3% increase over 150,000)	
Maximum Annual Flights	10,000	10,000	10,000	10,000	10,000	11,300 (a 3% increase over 10,000) + (a 10% increase over 10,000)
No. of actual Annual Flights	9,000	9,100	9,300	9,400	9,500 (Within 95% of 10,000)	

There shall be a maximum of three Basic Adjustments of 10% as outlined in Paragraph 3 above.

Maximum Annual Flights allowed for the November 1, 2012 to October 31, 2013 Annual Period

The maximum Annual Flights for the November 1, 2012 to October 31, 2013 Annual Period shall not exceed **14,394**. This number is based on the addition of (a) below to the Base Year Annual Period amount of 13,838.

- (a) An increase of 556 flights which is based on the maximum Annual Flights during the Base Year Annual Period of 13,838 multiplied by the actual passenger growth experienced in the November 1, 2011 to October 31, 2012 Annual Period of 4.02%. That is $13838 \times 4.02\% = 556$.

Because the actual number of Annual Flights for November 1, 2011 to October 31, 2012 Annual Period (12,701) was not within 95% of the maximum calculated for the same Annual Period (13,838), the first of the three 10% Basic Adjustments is not applied.

Extensions and Exemptions

The GTAA may grant Extensions and Exemptions for aircraft meeting or exceeding Chapter 3 (or equivalent standard) aircraft.

The GTAA shall maintain records of all Exemptions and Extensions granted.

Other

The GTAA has established a noise management committee ("CENAC") which includes the Minister or his designate as a member in accordance with the requirement under section 8.12 of the Ground Lease between Her Majesty the Queen in right of Canada represented by the Minister of Transport and the GTAA (the "Ground Lease"). The GTAA shall maintain and make available to the public under Section 9.03 of the Ground Lease the following records, on which the GTAA shall also report annually to CENAC, in the respect of each Annual Period:

- the actual number of aircraft movements during the Restricted Hours;
- the number of Extensions and Exemptions the GTAA issued for operations during the Restricted Hours;
- the number of Restricted Hours violations, if any; and
- the actual Number of Passengers.

The GTAA has established a community consultative committee ("Consultative Committee") in accordance with the requirement under section 9.04 of the Ground Lease. Consistent with the Terms of Reference for the Consultative Committee, the GTAA will continue to report to the Consultative Committee on noise and environmental issues with potential economic value, and the GTAA shall report annually to the Consultative Committee, to a reasonable extent, on the

economic value of the Restricted Hours operational aspect of the Airport, including with respect to any increase to the maximum Annual Flights.

Should the GTAA in the course of an Annual Period wish to increase the maximum number of Annual Flights beyond what is allowed in this Letter Agreement, the GTAA shall request Transport Canada to approve an increased number of flights for that Annual Period. Transport Canada may in their sole discretion, grant or refuse the increase.

I request that you acknowledge concurrence with this Letter Agreement.

Yours truly,



Debra Taylor
Regional Director General
Ontario Region

I concur,



Howard Eng
President & Chief Executive Officer
Greater Toronto Airports Authority

Date: June 14, 2013