

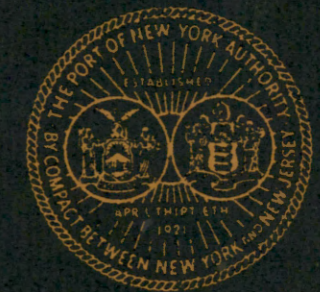
**The Port of New York Authority
Annual Report 1963**



The Port of New York Authority Annual Report 1963

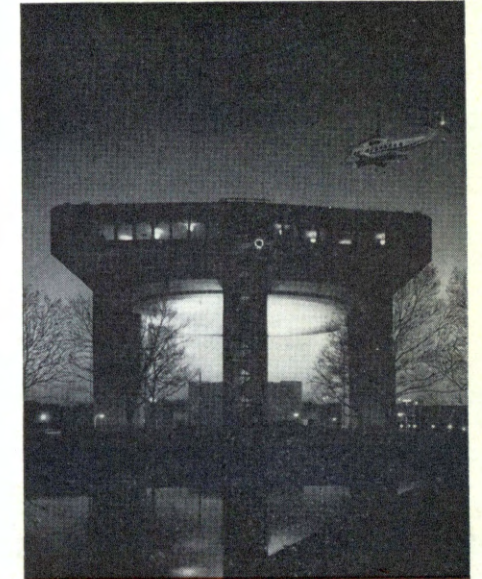
Respectfully submitted in accordance
with the Port Compact of 1921 to:
The Honorable Richard J. Hughes, Governor and
The Legislature of the State of New Jersey and
The Honorable Nelson A. Rockefeller, Governor and
The Legislature of the State of New York

Commissioners: S. Sloan Colt, *Chairman*
Howard S. Cullman, *Hon. Chairman*
James C. Kellogg, III, *Vice-Chairman*
John J. Clancy
Charles W. Engelhard
Alexander Halpern
Donald V. Lowe
Robert F. McAlevy, Jr.
Joseph A. Martino
Bayard F. Pope
Ben Regan
W. Paul Stillman



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On the cover: The Port Authority Heliport and Exhibit Building occupies a one and one-half acre site in the center of the Transportation Section of the 1964-1965 New York World's Fair. Completed in 14 months and dedicated half a year before the official opening of the Fair, the graceful "T" building was the first of the public structures to be completed, and the first tall building in the world designed primarily as a heliport. Immediately below the Heliport, on twin levels, are glass-enclosed dining and lounge facilities with a 1400-seat capacity.



Honorable
NELSON A. ROCKEFELLER
Governor of the
STATE OF NEW YORK



Honorable
RICHARD J. HUGHES
Governor of the
STATE OF NEW JERSEY

The Story of The Port Authority

In 1921, the States of New York and New Jersey entered into a Compact under which the States pledged "... faithful cooperation in the future planning and development of the port of New York" and created The Port of New York Authority as their joint agency to implement this pledge.

Port Compact

In their Compact the two States found and determined that: "a better coordination of the terminal, transportation and other facilities of commerce in, about and through the port of New York will result in great economies, benefiting the nation, as well as the States of New York and New Jersey," and that "The future development of such terminal, transportation and other facilities of commerce will require the expenditure of large sums of money and the cordial cooperation of the States of New York and New Jersey in the encouragement of the investment of capital, and in the formulation and execution of the necessary physical plans."

"Such result can best be accomplished through the cooperation of the two States by and through a joint or common agency."

Power and Duties

The Port Authority consists of twelve Commissioners—six resident voters from New York and six from New Jersey. They are appointed by the Governors of their respective states with the advice and consent of the State Senates.

In establishing the Port Authority, the States also created the "Port of New York District", a territory with a radius of approximately twenty-five miles from the Statue of Liberty. Within this Port District, the Port Authority performs functions relating to the port's development as derived from the Compact, the Comprehensive Plan for the development of the Port of New York (adopted in 1922 under and pursuant to the Compact), and from supplementary legislation adopted by the two States.

According to the Compact: "The Port Authority shall constitute a body both corporate and politic with full power and authority . . . to purchase, construct, lease and/or operate any terminal or transportation facility within said (port) district; and to make charges for the use thereof; . . . and for any such purposes to own, hold, lease and/or operate real or personal property, to borrow money and secure the same by bonds or by mortgages upon any property held or to be held by it."

The agency was also authorized to "... make recommendations to the legislatures of the two States or to the Congress of the United States, based upon study and analysis, for the better conduct of the commerce passing in and through the port of New York, the increase and improvement of transportation and terminal facilities therein, and the more economical and expedi-



tious handling of such commerce." And "... petition any interstate commerce commission . . . public utilities commission . . . or any federal, municipal, state or local authority . . . for adoption and execution of any physical improvement, change in method, rate of transportation, system of handling freight . . . which in the opinion of the Port Authority may be designed to improve . . . the handling of commerce in and through said district. . . ."

To assure the promotion and protection of port commerce by their joint development agency, the two States, in the Compact, provided that: "The Port Authority shall have such additional powers and duties as may hereafter be delegated to or imposed upon it from time to time by the action of the legislature of either state concurred in by the legislature of the other."

Thus, as the needs arose, the States by additional enactments specifically charged their agency with the responsibility for airports, marine, bus and truck terminals, bridges and tunnels, and the Hudson Tubes.

A Self-Supporting Agency

In the States' mandate to their agency to plan for and develop the Port of New York, it is stated as a basic principle that facilities are to be provided on a self-supporting basis. The Compact stipulates that: "The Port Authority shall not pledge the credit of either state except by and with the authority of the legislature thereof".

The Comprehensive Plan vested the agency with appropriate powers "... not inconsistent with the Constitution of the United States or of either state . . ."—except the power to levy taxes or assessments.

Port Authority Activities

The Comprehensive Plan directed the Port Authority to proceed with the development of the port "as rapidly as may be economically practicable." Since 1921, with the authorization and approval of the Governors and legislatures of the two States, the Port Authority has provided, and today operates, six interstate bridges and tunnels, four airports and three heliports, six marine terminal areas, two union truck terminals, a truck terminal for rail freight and a union bus terminal. In 1962, the operation of the Hudson and Manhattan Railroad, now known as the Port Authority Trans-Hudson System, was also brought within the scope of the agency's responsibilities. In addition, the Port Authority appears before governmental regulatory bodies and maintains Trade Development Offices to promote and protect Port commerce.

All Port Authority activities are carried on in accordance with the policies of its Board of Commissioners. The affairs of the Port Authority are administered by its Executive Director, Austin J. Tobin, who heads the Port Authority staff. A report on all Port Authority operations and activities in 1963 is contained in the following pages.



Terminals

The New Jersey-New York metropolitan area intercity bus passenger facilities were substantially increased in 1963 with the opening of the George Washington Bridge Bus Station and the completion of the \$30,000,000 expansion project at the Midtown Manhattan Port Authority Bus Terminal.

The new Bus Station, built as part of the George Washington Bridge Lower Level project, opened on January 17. By the end of the year, the new station had served more than 12,000,000 passengers on 430,000 commuter and long distance buses.

In May, 1963, the Greyhound Corporation, the largest bus company in the United States, consolidated all of its New York City operations in the newly-expanded Bus Terminal. With this move, the Terminal now houses the country's two major long distance carriers, Greyhound and Trailways. Total traffic at the Terminal during 1963 was a record 63,000,000 passengers on 2,500,000 buses.

At the Newark Union Truck Terminal, activity increased when Associated Transport, Inc., the country's second largest over-the-road trucking company, occupied 80 berths and adjacent platform space. The Port Authority Building and the New York Union Motor Truck Terminal continued to show considerable trucking activity.

During 1963, the inland terminal facilities earned gross revenues of \$11,568,400. They provided a total of 8,400 jobs with a payroll of \$43,026,000. The Port Authority's total investment in inland terminal properties increased to \$87,651,900 during the year.

Port Authority Bus Terminal

The growth of outlying communities, the construction of interstate super highways, and the production of luxury buses have combined to spur unprecedented development in bus transportation in the New York-New Jersey metropolitan area as well as across the entire United States. In order to meet this increased demand and to provide the most efficient and comfortable bus terminal facilities, the Port Authority in 1960 undertook a three-year project to increase the operating capacity of the Bus Terminal by 50 per cent.

With the completion of the expansion program, the Terminal now provides 104 loading positions for commuter buses and 65 berths for long distance buses on three bus operating levels. The new Upper Bus Level has a common unloading platform, eight "island" platforms with 32 commuter bus loading positions and 25 "saw-tooth" long distance bus berths.

The expansion of the Terminal has provided improvements in comfort and convenience for bus travelers. Baggage handling facilities have been enlarged and modernized. Twenty-nine new escalators have been installed, bringing the total to 43 escalators. The new upper bus level provides space for the continually expanding long distance and suburban bus operations.



Another important phase of the project was the redesigning of the Terminal's entire ventilation system. Three-sided glass enclosures to provide weather protection as well as a pocket of fresh air were installed on all suburban bus loading platforms. Fresh air is brought in through ducts and projected downward from the ceiling. In addition, strategically located jet fans drive the fume-laden air to huge exhaust fans located at the east end of the building. The system has proved successful on all the enclosed platforms on both the Suburban and Upper Bus Levels, thereby providing greater comfort for the waiting passengers.

In order to improve the ventilation of other bus operating areas, the capacity of the Lower Bus Level's exhaust system has been increased. In addition, as part of the expansion program, both long distance concourses were completely air-conditioned.

Three-sided glass enclosures provide protection against the weather on all of the Bus Terminal's suburban bus loading platforms.



The New Parking Roof

The new three-level parking roof built atop the Terminal as part of the expansion project has, since its opening in June 1962, met with substantial public acceptance. Use of its 1,030 parking spaces increased steadily during 1963. More than 10,000 cars a week park there, as compared with the 6,000 a week for the old single level facility. The parking levels are connected directly to the Lincoln Tunnel by an extensive ramp system, and are conveniently accessible to the City's underground and surface transportation systems.

Other Improvements

In November, work was started on the improvement of a 600-foot-long area on the south side of the Lower Bus Level to provide 12 additional bus loading and unloading positions beginning in April 1964. A canopy will be installed over the platform as part of ventilation, air conditioning and lighting improvements. Upon completion of the platform on the Lower Bus Level, the Terminal will be able to handle 181 buses at one time.

Bus Terminal Traffic Continues Upward

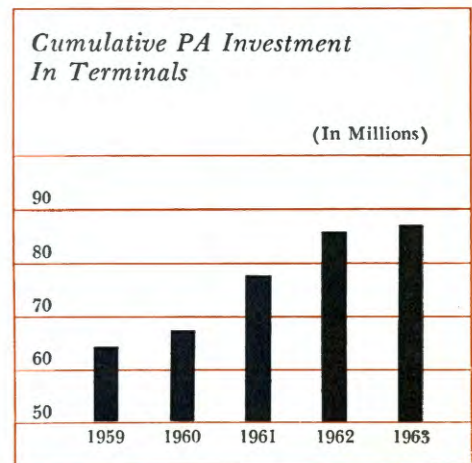
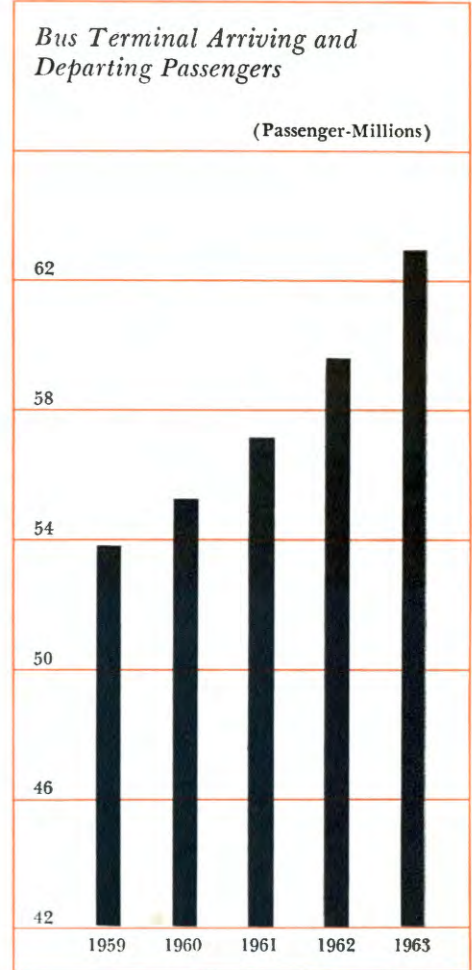
In 1963, the Terminal handled 2,500,000 long distance and suburban bus movements which carried 63,000,000 travelers. As in the past, long distance bus activity accounted for the greater proportional increase by rising 30 per cent over 1962, to a total of 305,100 departures. The largest individual increases were recorded by carriers serving the outer band of communities where recent population growth has been greater than the more developed communities closer to New York City.

Suburban bus passenger traffic totaled 873,200 bus departures for a 0.5 percent gain over 1962. Information and Red Cap service at the Bus Terminal reflected the rise in bus movements by increasing 37 and 99 percent respectively.

George Washington Bridge Bus Station

The George Washington Bridge Bus Station, built as part of the Bridge's lower level project, was dedicated on January 17, 1963, in ceremonies which included the dedication of the Alexander Hamilton Bridge. Governor Nelson A. Rockefeller of New York and Governor Richard J. Hughes of New Jersey participated in the ceremonies along with Mayor Robert F. Wagner of New York City, Port Authority Chairman S. Sloan Colt and Triborough Bridge and Tunnel Authority Chairman Robert Moses.

The Bus Station is located between Fort Washington and Wadsworth Avenues and between 178th and 179th Streets. The main functional areas include two bus operating levels, a main passenger concourse and a subway



mezzanine. An elevated bus parking and turn-around platform which has space for 90 buses is connected to the main part of the Station by two bridges across Broadway. Ramps connect the Station directly with the upper level of the Bridge.

The main bus operating area, the Suburban Bus Level, has 10 "island-type" loading platforms with 36 commuter bus positions and a common unloading platform. Protective enclosures are being built around these platforms to provide protection from extremes of weather.

Long distance buses are handled in seven "saw-tooth" berths on the street level. The main passenger concourse provides comfortable waiting areas, ticket windows, information services, restaurants and retail shops for the convenience of the patrons. A brightly lit, tiled passageway leads from the Station and makes direct connection with the 175th Street Independent Subway Station.

The new Station has made a significant contribution to the Washington Heights area through consolidation of several carriers at the Station who formerly operated from scattered street-level bus loading areas. The removal of 1,350 daily bus movements from City streets has helped considerably to relieve traffic congestion.



Left: *George Washington Bridge Bus Station commuters move along the Main Concourse toward the Station's long distance and suburban loading platforms.*

Below: *In 1963, its first year of operation, more than 12 million passengers passed through the George Washington Bridge Bus Station.*



The beauty of the Station's striking modern roof, designed by the world renowned Italian architect Dr. Pier Luigi Nervi, has enhanced the appearance of, and focused attention on the community. In recognition of its contribution to the area, the Washington Heights Chamber of Commerce, in March, presented the Port Authority with its Distinguished Achievement Award. In November, the Concrete Industries Board awarded the Station a citation for its conception, originality and application of concrete in design and construction.

In 1963, 430,000 buses moved through the Bus Station carrying 12,000,000 bus passengers. On an average week day, the Station handles 40,000 people in 1,350 suburban bus movements and provides better service and greater convenience to the thousands of bus travelers from northern New Jersey and Rockland and Orange Counties, New York, who commute to Manhattan every day.

Long distance bus traffic has grown significantly during the summer months, particularly to points on the New Jersey shore and in New England. On an average day, 45 long distance buses leave the Station for these destinations.

Port Authority Building and Truck Terminals

The Port Authority Building, a fifteen-story structure which occupies the full block between Eighth and Ninth Avenues and 15th and 16th Streets in Manhattan, houses the Port Authority's main administrative offices. This building provides 192 off-street truck berths for the consolidation and distribution of truck and rail freight in the New York area. In addition, it houses more than 60 commercial and manufacturing tenants and can provide extensive freight services for these tenants by means of four large truck-elevators which service receiving areas located on upper floors.

The Terminals Department also operates two truck terminals, the 142-berth New York Union Motor Truck Terminal in downtown Manhattan, and the 160-berth Newark Union Motor Truck Terminal in New Jersey. Both terminals are designed to function principally as freight consolidation and transfer stations. In 1963, the New York Truck Terminal, leased to the Empire State Truck Terminal Company, Inc., continued at a high level of activity.

The substantial increase in activity at the Newark Truck Terminal during the past year is the direct result of successful operations by Associated Transport, Inc. which has leased 80 truck berths and adjacent platform space in the Newark facility. In its new quarters, Associated handles 200 scheduled truck movements in and out of the Terminal daily, with a volume of 5,500 tons of freight per week. It is expected that this cargo will be increased to 7,500 tons per week in 1964.

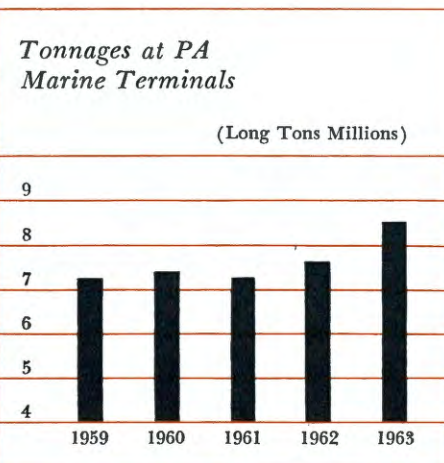
Marine Terminals

The economic welfare of the Port of New York and of the 14,000,000 people in the bi-state Port District is inextricably linked to the foreign commerce flowing through the port. To provide the modern facilities essential to the efficient handling of this commerce, the Port Authority is completing a \$425 million development program at its six marine terminals in New York and New Jersey. These terminals comprise 34 per cent of the port's usable deep-water cargo berths. They include Port Newark, the Elizabeth-Port Authority Piers and the Hoboken-Port Authority Piers in New Jersey, and the Brooklyn-Port Authority Piers, the Erie Basin-Port Authority Piers and the Port Authority Grain Terminal and Columbia Street Pier in New York. In 1963, their operations developed gross revenues to the Port Authority of \$17,438,000.

In 1963, more than 8,577,590 long tons of cargo were handled at Port Authority piers and wharves, an increase of 11.8 per cent over the preceding year. This tonnage was valued at about \$5,029,460,000. It included more than 7,121,600 tons of high-value foreign and domestic general cargo, which produces the largest volume of waterfront employment.

The Port Authority's marine terminals led the port and the nation in the handling of containerized general cargo with 1,878,075 tons. They also handled 45 per cent of the port's lumber, 93 per cent of the automobile imports and exports and 52 per cent of scrap metal exports.

Cargo at the six Port Authority marine terminals last year generated jobs for over 9,297 people who earned \$51,747,000. Construction projects for improved marine facilities resulted in an additional 2,240 jobs with a payroll of \$17,800,000.



In its continuing efforts to maintain and protect the pre-eminent position of the Port of New York in world trade, the Port Authority invested some \$38,700,000 in its marine terminal facilities during the past year. Expenditures for marine terminal construction and improvement in 1964 are estimated at \$14,900,000.

Port Newark

One of the major developments at Port Newark during the year was the acquisition by the Port Authority of the former Naval Reserve Industrial Shipyard. The 179-acre property, located on the north side of the Channel and fronting on Newark Bay, was purchased on August 13 from the Federal Government's General Services Administration for \$3,140,000. In accordance with our 1947 lease with Newark, title was immediately conveyed to the City subject to the terms of the lease.

There are five large industrial-type buildings in the navy area, which are approximately 75 per cent rented. Improvements to the principal structures, including roof repairs and the installation of sprinkler systems, were under way at year's end.

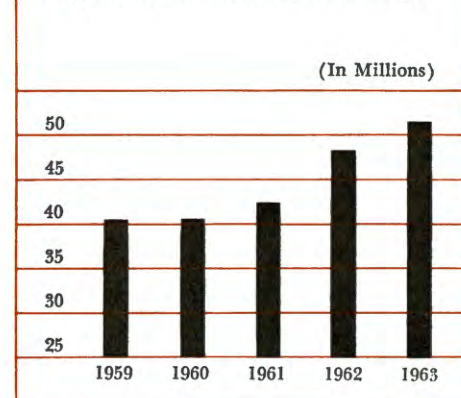
A new Grace Line cargo-passenger terminal was opened in 1963 at Berths 4 and 6 near the head of the Newark Channel. A transit shed was altered and adjacent upland area cleared, paved and fenced at a cost of \$1,400,000 to accommodate the new terminal. It contains comfortable facilities for the company's passenger traffic and a fully-mechanized banana-handling system.

The largest single structure completed at Port Newark in 1963, located north of the east end of Calcutta Street, was a 1,000-foot-long distribution building for the handling of large-volume cargoes. The building, leased to Maher Terminals and constructed at a cost of over \$1,000,000, provides 180,000 square feet of space. It is used as a distribution center for canned pineapple packed in Hawaii and consigned for shipment to New England and the Middle Atlantic States. Also completed for the same tenant was a garage building which is to be used for the maintenance and repair of stevedoring equipment.

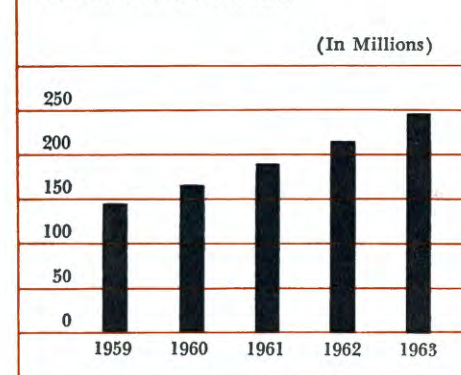
On the north side of the Channel, the last of the Army Base buildings of World War I vintage was removed to make way for four modern distribution buildings. The first two are under construction and surcharge has been placed on the site of the other two. Moreover, some thirty-five acres of open area were paved during the year; seventeen acres on the north side of the Channel provide transit and storage space for Berths 5, 7 and 9, and eighteen acres on the south side support Berths 24, 34, 36 and 65.

Toward the end of 1963, the Board of Commissioners authorized the construction of a carfloat bridge to provide direct access for all railroads to all areas of Port Newark and the Elizabeth-Port Authority Piers. The float-bridge will be located at Berth 51 near the head of the Elizabeth Channel

Payroll at PA Marine Terminals



Cumulative PA Investment In Marine Terminals



Right: Berth 34, on the south side of Port Newark, provides facilities for bulk salt unloading operations. The movement of cargo of all types created jobs at Port Newark for 4,116 persons, who thereby earned \$22,000,000.

and will connect with more than 30 miles of track serving practically all tenants of the area. It will be completed by mid-summer 1964.

In November, the Board also authorized the construction of a single-story public cold storage warehouse. To be located midway between the deep-water berths on the Newark and Elizabeth Channels, the 1,200,000-cubic-foot building will help accommodate the growing volume of imported frozen foods in the Port area. Applications to lease and operate the warehouse were invited from qualified firms operating public cold storage facilities in the Port District.

The completion of this new facility will not only improve the ability of the Port of New York to retain the cold storage cargo presently in the Port area, but will enable the Port to compete more extensively for additional refrigerated or frozen cargo.

Shown below is some of the more than 8,577,590 long tons of cargo handled at Port Authority piers and wharves.



Port Newark continues to be one of the bi-state port's most active marine facilities. During 1963, it handled 3,997,643 tons of cargo. Of this total, 2,762,116 tons were general cargo, and 1,235,527 were bulk liquids. The 11.6 per cent decrease in tonnage from 1962 can be attributed in large part to the shift of Sea-Land Service's container operations from Port Newark to the Elizabeth-Port Authority Piers.

The movement of cargo created jobs at Port Newark for 4,116 persons who earned \$22,900,000. The construction program alone generated 234 jobs with a payroll of \$1,870,000. The Port Authority investment in Port Newark increased to more than \$80,000,000 at the end of the year.

Elizabeth-Port Authority Piers

At the Elizabeth-Port Authority Piers, the transformation from marshland to a modern port progressed on schedule. The 83-acre Sea-Land Service Terminal in the first phase of development was almost completed and wharf construction continued in the second phase of the \$150,000,000 project.

Four major buildings in the containership company's terminal were completed in 1963. They include a 108,000-square-foot truck terminal for the

Activity at the Elizabeth-Port Authority Piers was highlighted in 1963 by the virtual completion of the 83-acre Sea-Land Service Terminal.



consolidation of less than trailer-load cargo, a 22,000-square-foot Truck Operations Building to control the movement of Sea-Land's 8,000 containers, a 15,000-square-foot Marine Storage Building and a 25,000-square-foot Maintenance Garage. A 190,000-square-foot, three-story General Administration Building, to accommodate 1,000 people, will be opened early in 1964. At year's end, Sea-Land Service had moved nearly all of its activities from Port Newark to the Elizabeth Piers.

During the year, the Port Authority also completed construction of a Fire Pump Station with a two-million gallon storage capacity to serve the new seaport. The \$34,000,000 second phase of the Elizabeth development, begun in April, 1962, was well underway at year's end. Wharf construction for five deep-water berths is nearing completion, and fill and surcharge are in place for two wharfside transit sheds and adjacent upland area. The berths are expected to be in operation by early 1965. In addition, the first two of 16 cargo distribution buildings are almost completed and two more buildings were started this year.

Construction work at the new facility is providing jobs for about 750 people earning some \$5,000,000 a year.

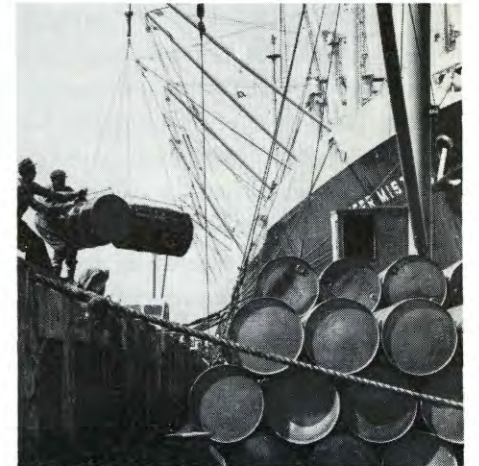
Brooklyn-Port Authority Piers

During 1963, noteworthy progress was made with the completion and lease of three piers in the \$95,000,000 Brooklyn-Port Authority Piers development program. Since the start of the project in 1956, eleven piers have been built; the twelfth is scheduled for completion early in 1964.

An \$11,800,000 twin-pier terminal was completed by the Port Authority in December. New piers 9A and 9B, each with two berths, are occupied by Wilh. Wilhelmsen, Fearnley and Eger, and A. F. Klaveness and Company. Barber Steamship Lines, Inc. acts as general agent for the three companies. The new terminals provide 353,600 square feet of shedded space supported by 312,000 square feet of paved, open storage area. In full operation, the two new piers are expected to handle 300,000 tons of general cargo a year and will provide jobs for an estimated 300 people who will earn about \$1,650,000 a year.

New Pier 12 in the Atlantic Basin area was opened in December. The new two-berth facility has a 182,000 square foot transit shed and 158,000 square feet of upland area. It is leased to American Stevedores, Inc., terminal operators for the United Philippine, Polish Ocean and Ivaran Lines and the lines' agent, Stockard Shipping Company, Inc.

To complete Pier 12 it was necessary to relocate New York Dock Railway's floatbridge and construct a new rail classification yard. This \$730,000 program, along with construction of an Operations and Equipment Building and a gantry crane relocation, was concluded during the year.



In the Fulton Terminal area, removal of old piers at the site of new Pier 5, dredging of the adjacent slips, deck construction and erection of steel for the new pier, were completed during the year. In order to provide upland area, five Civil War era warehouses were demolished and the existing New York Dock Railway tracks were consolidated in the northern part of the property. Pier 5 is scheduled for completion in the spring of 1964.

A 16,300-square-foot Administration Building was constructed in the Baltic Terminal area to provide a single, convenient location for the management and maintenance staffs of the Brooklyn Piers, the Erie Basin Piers and the Grain Terminal and Columbia Street Pier.

Other improvements at the Brooklyn Piers included the installation of additional paved and fenced upland area for Pier 11, and the construction of a \$140,000 supplementary cargo building at Pier 3 for Grancolumbiana.

The eleven modern piers built by the Port Authority along two miles of choice Brooklyn waterfront handled 1,449,490 tons of cargo in 1963. They provided jobs for over 2,469 people who earned \$13,776,000. Construction activities developed an additional 866 jobs with a \$6,900,000 payroll.

The Marine Terminals and Port Development Departments have been working with the New York Central Railroad to effect improved terminal operations. An experimental program on pre-palletizing cargo moving between the railroad yard and Brooklyn-Port Authority Piers 1, 3 and 10 has proved that productivity can be substantially increased. The results of this experiment should be reflected eventually in lower terminal operating costs for the Port.

Erie Basin-Port Authority Piers

This facility, whose history of handling overseas commerce goes back 100 years, completed its fifth full year under Port Authority operation. During the year, rehabilitation of the 2,400-foot long breakwater bulkhead was completed. The connecting bridge to the breakwater also was rehabilitated, and wharf reconstruction opposite Building 211 was completed.

In 1963, 609 vessels and 712,915 tons of general cargo were handled at the Erie Basin facility. This activity provided employment for over 1,047 waterfront workers whose payroll totaled \$5,830,000.

Port Authority Grain Terminal and Columbia Street Pier

As a result of the overseas shipment of grain from the "mothball" fleet in the Hudson River, cargo handling figures at the terminal increased substantially in 1963. Over 9,253,040 bushels were elevated during the year and 8,229,963 bushels loaded directly into the holds of deep-sea vessels. This was a 256 per cent increase over 1962, but represented the last shipments from the Hudson River mothball fleet.



The Columbia Street Pier experienced an increase in general cargo activity with 116,978 tons being handled this year, 5.3 per cent more than in 1962. The five-acre lumber terminal handled 41,799,893 board feet or 55,982 tons, a decrease of 38 per cent from 1962.

Hoboken-Port Authority Piers

The \$18,000,000 Hoboken-Port Authority Piers, leased to American Export Lines since 1954 as its main operating base, now also serve the Isbrandtsen Steamship Company, a division of American Export. In 1963, 290 vessels in the lines' world-wide service berthed at Hoboken. Their combined cargo and passenger activity created 667 jobs with a payroll of \$3,688,000.

New piers 9A and 9B (in foreground), dedicated in 1963 provide 353,600 square feet of shedded space supported by 312,000 square feet of paved, open storage area.



Air Terminals

The air transportation requirements of the New Jersey-New York metropolitan area are served by a regional air terminal system of airports financed, developed and operated by the Port Authority. These are the John F. Kennedy International and LaGuardia Airports in New York, Newark and Teterboro Airports in New Jersey, and two commercial heliports in downtown Manhattan.

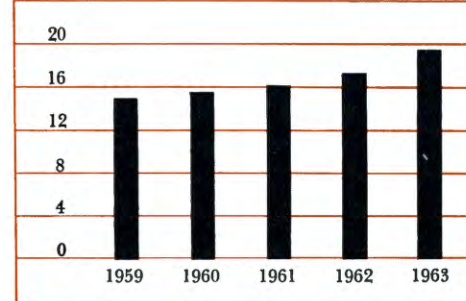
The former New York International Airport was rededicated as the John F. Kennedy International Airport on December 24, 1963. The suggestion to establish this great air gateway to the world as a memorial to the late President was made by the New York Journal American. Following the necessary action by Mayor Robert F. Wagner and the Council of the City of New York, the Port Authority Board of Commissioners, by appropriate resolution, expressed their deep-felt agreement with the action taken by Mayor Wagner and the City Council in changing the name of the airport as a most fitting memorial to the President who was one of its most frequent users.

During the year, the regional airports served a record 19,782,000 air passengers and handled 867,115 aircraft movements reflecting increases of 11.9 percent and 3.7 percent respectively over 1962. The volume of air cargo rose 11.6 percent to 331,900 tons, while air mail increased 2.8 percent to 88,017 tons.

The four airports created jobs for 40,021 people, who earned an estimated \$305,000,000 during the year. This does not include the extensive earnings of the thousands of people working on airport construction jobs, nor does it include the many thousands of jobs related to servicing the airlines and airport services. The Port Authority invested \$31,600,000 in airport facilities in 1963, raising the bi-state agency's total airport investment to \$483,300,000 by the end of the year.

Passengers at PA Air Terminals
Domestic and Overseas Airline Revenue
Passenger Traffic

(In Millions)



Major construction programs designed to meet the needs of the Region's growing air traffic are underway at the three major airports. At LaGuardia, where an \$80,000,000 redevelopment program is in progress, the new \$36,000,000 passenger terminal was nearing completion at year's end and will be opened in April in time to help handle World's Fair visitors.

Dredging was begun on a new South Brother Island Channel to replace the Rikers Island Channel which must be closed to permit the extension of each of LaGuardia Airport's two runways to 7,000 feet, a project authorized at a cost of \$42,000,000.

At Kennedy International, two new cargo service buildings were completed, three existing structures were expanded and construction of another was started to meet the increasing demand of the rapidly expanding volume of air cargo. In July, work was begun on the installation of a \$20,000,000 underground fuel distribution system.

At Newark Airport, construction was started in September on a redevelopment and modernization project which will provide a great modern facility in northern New Jersey and increase the capacity of the airport by 50 percent.

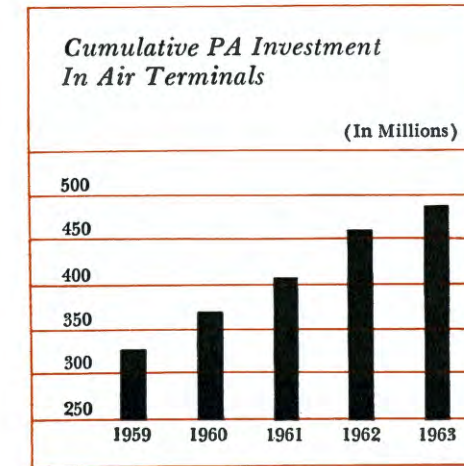
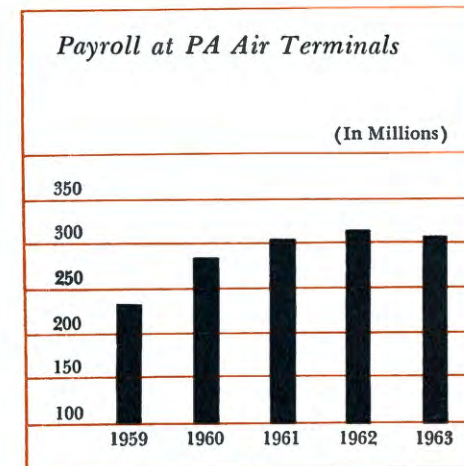
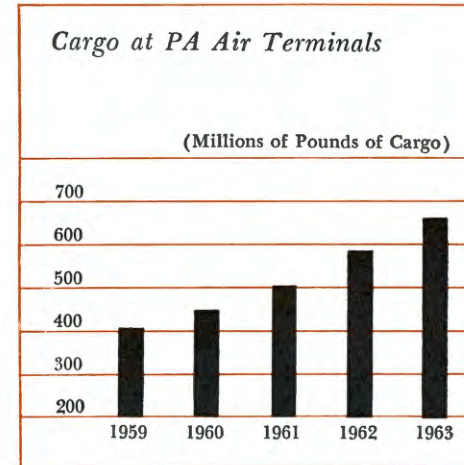
In July 1963, Governor Hughes and Governor Rockefeller requested that the Port Authority review and make a further evaluation of the proposals for a major terminal airport at the Pine Island site in Orange County, New York, and the Burlington County, New Jersey site. On December 30, 1963, the Port Authority submitted to the Governors a detailed analysis and report that the development of a major airport at either of these sites was not feasible.

Governor Hughes expressed his disappointment at the results of the report and emphasized his continued opposition to "the establishment of a jet airport in the Great Swamp area of Morris County, Hunterdon County or in any other settled residential area where the community would be disrupted by such a development."

He noted further that he previously had directed Commissioner Robert A. Roe of the New Jersey Department of Conservation and Economic Development to look into the possibility of alternate sites in the event that the Burlington area might be found unfeasible. He stated that as a result, Commissioner Roe suggested two alternate locations in northern New Jersey as "promising sites" for a new major airport. One of these sites is near Bearfort in Passaic County at the Sussex County line, and the other near Bowling Green, west of Picatinny Arsenal near the Morris-Sussex County border.

Governor Rockefeller stated that consideration of Pine Island could not be completely foreclosed until a more satisfactory site was found and asked the Port Authority to continue studying other available locations.

Consequently, at the request of both Governors the Port Authority has undertaken a year-long study of the feasibility of a new major airport at the Bearfort and Bowling Green locations and any other sites which may be considered.



John F. Kennedy International Airport

Air traffic at Kennedy International Airport, the region's busiest air terminal, rose steadily during 1963. For the first time, passengers accommodated at the airport averaged more than a million a month with a total of 12,752,000 for the year, a 10.8 percent increase over 1962. Overseas passengers rose to 3,626,000, a 10.6 percent gain over 1962; domestic passengers increased 10.9 percent to 9,126,000.

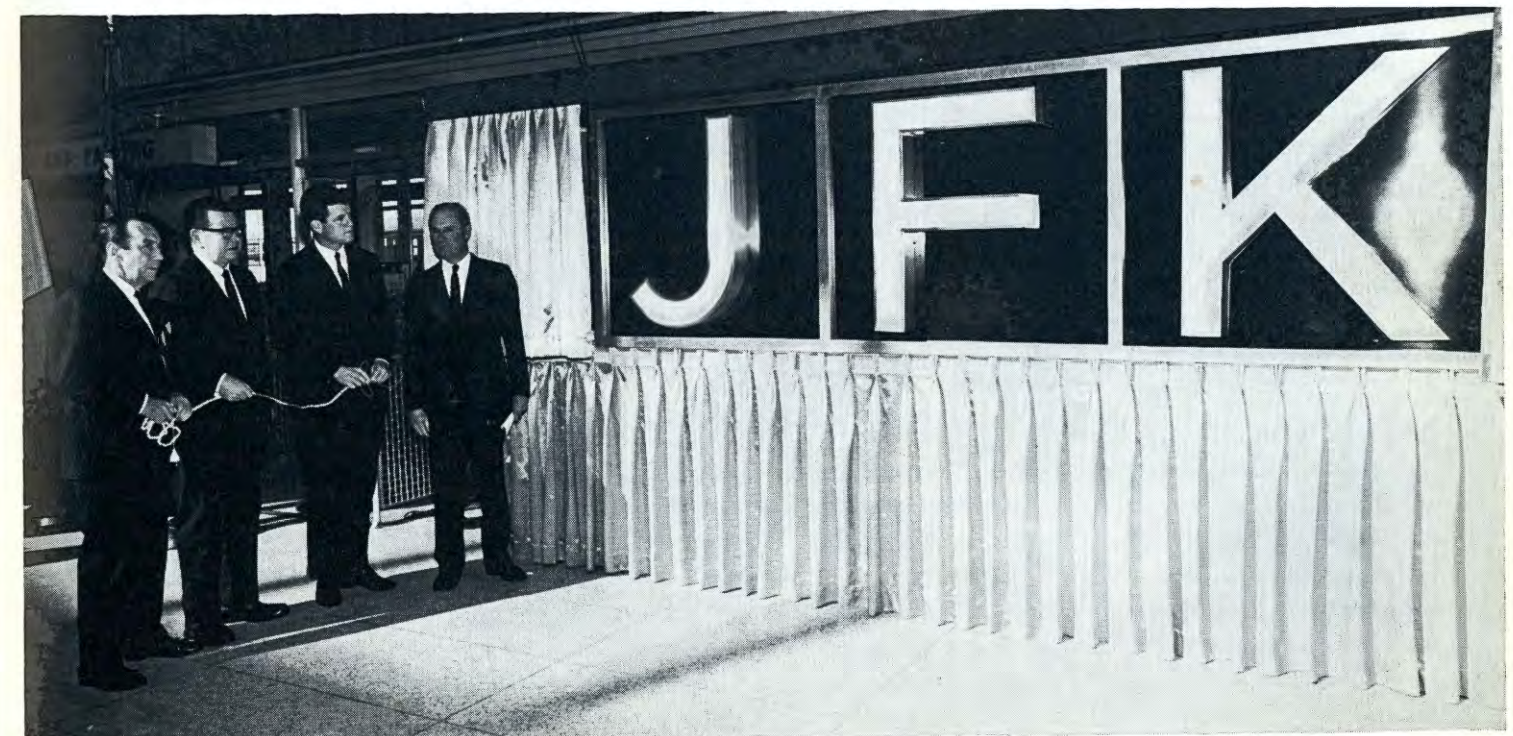
Aircraft take-offs and landings totaled 312,363, an increase of 7.7 percent. The volume of air cargo continued during the year to make significant gains, increasing 15.5 percent to 250,613 tons. Air mail increased 5.5 percent to 74,175 tons. The 30,690 people employed at the airport in 1963 earned an estimated \$230,000,000. Port Authority investment in Kennedy International Airport totaled \$349,900,000 by the end of the year, an increase of \$11,000,000.

Terminal City

Plans for the \$10,000,000 National Airlines terminal which will replace the Temporary Terminal Building, went forward during the year.

Joint ground-breaking ceremonies were held on June 23rd on the three-acre Chapel Plaza signalling the start of construction of individual but design-related Catholic, Jewish and Protestant Chapels, the first at any air terminal. Sponsors are the Catholic Guild of International Airport, the International

New York International Airport became John F. Kennedy International Airport on Christmas Eve, 1963. Participating in the rededication ceremonies were Mayor Robert F. Wagner of New York, Governor Richard J. Hughes of New Jersey, Senator Edward Kennedy of Massachusetts, and Chairman S. Sloan Colt of The Port of New York Authority.



Synagogue and Jewish Center, Inc., and the Protestant Council of the City of New York. In May, the \$5,300,000 expansion of the Central Heating and Refrigeration Plant which services Terminal City was completed.

Air Cargo Center

Air cargo at the airport has increased from 1,598 tons in 1948 to 250,613 tons in 1963. All-cargo piston and jet propelled aircraft, larger cargo-carrying space in passenger transports and automated cargo-handling equipment available to meet the public awareness of the benefits of air cargo are among the factors contributing to this growth.

The increasing demand for speedy air delivery of cargo also has created a need for more cargo buildings at Kennedy Airport. The airport's 171-acre Air Cargo Center, already the world's largest, was enlarged during 1963 by the completion of two additional buildings to accommodate cargo handling services and by the expansion of three existing buildings, increasing the available space in the Center from 448,000 to 566,000 square feet.

Air Express International completed its new \$763,000 cargo service building in May. In October, the Port Authority completed construction of Cargo Service Building 68 and expansion of Building 80. The \$1,200,000 Building 68 contains 35,000 square feet. Building 80 was expanded from 67,000 to 104,000 square feet at a cost of about \$800,000.

Aviation Fuel Distribution

Construction began in July on a \$20,000,000 underground aircraft fuel distribution system to be completed in May 1965. The system will be capable of pumping over 3,500,000 gallons of fuel a day from the storage area near Bergen Basin through a fifty-mile network of pipes directly into aircraft at the passenger terminals. It will distribute fuel more rapidly, efficiently and economically than the present truck delivery system, which dispensed approximately 658,000,000 gallons in 1963. By the end of the year, foundation and piping for the storage tanks had been completed.

Runways

The removal of surcharge for the 3,550 foot southerly extension of Runway 4L-22R into Jamaica Bay was begun in December with paving and lighting to follow early in 1964. The runway, when completed late in 1964, will be 11,400 feet long. The runway extension and related taxiways will cost an estimated \$8,600,000.

Installation of an Instrument Landing System for Runway 31R was begun in September by the Federal Aviation Agency. Runway 4R-22L now has bi-directional instrumentation. The availability of a third instrument approach early in 1964 will expand the airport's capacity during instrument

weather conditions. During the year, the eastern half of Runway 13L-31R was resurfaced, and about 5 percent of the airport's runway and taxiway surface was slurry seal-coated.

Other Developments

The elimination of the aircraft taxiway grade crossing on a new 150th Street Approach Road was about 85 percent complete at the end of the year. To be completed in June 1964, it is the first step in a project to provide a second major entrance to Terminal City. It includes four, 200-foot long bridges which will carry taxiways and service roads over depressed sections of a new four-lane highway, eliminating the existing grade crossings.

Pan American World Airways completed a \$1,600,000 expansion of its jet engine overhaul facility in March. A \$450,000 shore-line erosion control project was completed in April. Trans-World Airlines in June completed a \$700,000 ramp improvement.

The volume of air cargo handled at Kennedy International, LaGuardia and Newark Airports rose 11.8 per cent over 1962 to 331,900 tons. All-cargo turbo-prop aircraft such as this swing-tail CL-44 and automated cargo-handling equipment are among the factors contributing to this growth.



LaGuardia Airport

Construction continued throughout the year on the \$80,000,000 redevelopment of LaGuardia Airport. In 1963, 2,929,000 passengers used the airport compared with 3,057,000 in 1962, a decline of 4.2 percent. The decline in scheduled operations was somewhat offset by a 6.4 percent increase in general aviation movements.

Due to the construction program, air cargo volumes dropped 20.2 percent to 8,493 tons, and air mail 38.9 percent to 2,678 tons. An estimated \$33,000,000 was earned by 3,862 people employed at LaGuardia Airport during 1963. The Port Authority's total investment in the airport at year's end was approximately \$78,800,000. Upon completion of redevelopment, the Port Authority's investment will be \$137,000,000.

Runway Extensions

Following approval of the United States Army Corps of Engineers, dredging was begun in December of a new South Brother Island Channel to replace the Rikers Island Channel which must be closed to permit extension of LaGuardia's two runways. The new channel, which will be 3,200 feet long, 400 feet wide, and 30 feet deep will cost an estimated \$2,879,000.



The new \$36,000,000 passenger terminal at LaGuardia Airport is nearly seven times the size of the structure it replaces, and will provide for the expected upsurge in traffic generated by patrons of the World's Fair and the increasing popularity of the services operated between New York and shuttle-range cities.

The runway extensions, which will project into the present Rikers Island Channel, will be built on pile-supported structures ranging from 700 to 900 feet in width. When completed in 1966, the two runways will be 7,000 feet long and will permit the airport to accommodate short and medium haul commercial jet aircraft. The runway extension project will cost about \$42,000,000.

Terminal Facilities

Construction of the new \$36,000,000 passenger terminal at LaGuardia was completed during 1963 with the exception of the respective tenant interior design. The new terminal, nearly seven times the size of the structure it replaces, will be ready in April 1964 in time to accommodate World's Fair visitors. A two-level roadway will extend the full length of the terminal. Enplaning passengers will use the upper level and deplaning passengers the lower level.

The New York State Department of Public Works completed three Grand Central Parkway overpasses providing access to the airport at Ditmars Boulevard, 94th Street and 102nd Street. In addition, the Port Authority is building an overpass which will permit direct access to Grand Central Parkway.

In June, 1963, the Federal Aviation Agency began installation of equipment in the new twelve-story control tower.

Newark Airport

Newark Airport served 4,102,000 passengers, a record number, in 1963, its 35th year of operation. This represented a 32 percent gain over the 3,108,000 air travelers in 1962. The growth can be attributed to increased jet service at Newark, the transfer of some flights from LaGuardia Airport, and the steady growth of both jet and piston engine air coach flights on short and medium haul routes.

Total aircraft movements were 182,159, up 11 percent from 1962. The volume of air cargo rose 4.5 percent to 72,599 tons during the year.

The 4,420 people employed at Newark Airport during 1963 earned an estimated \$35,000,000. The Port Authority's total investment in the airport, including that portion of the redevelopment program already accomplished, was approximately \$43,300,000 by the end of the year.

Redevelopment Program

The redevelopment program underway at Newark Airport will increase its operating capacity by 50 percent. It includes a new passenger terminal two and a half times the size of the existing terminal, providing 60 aircraft gate positions compared to the present 26. It also includes modifications and extension of the existing instrument Runway 4-22 from 7,000 feet to 8,200 feet, construction of a new parallel runway and parking spaces for 12,000



automobiles. As originally planned, the present passenger terminal will be converted to an aircraft hangar.

Construction work under the redevelopment program began in September. A huge drainage ditch and related facilities will be completed by April 1964. The ditch, six feet deep and 125 feet wide, will intercept and divert the existing drainage canals which criss-cross the airport at the site of the new passenger terminal.

More than 12,000,000 cubic yards of fill surcharge will be placed over a 325-acre area in the central area of the airport to prepare the site for construction of the new passenger terminal and associated facilities. The new parallel instrument runway and taxiways and extension of existing runways will cost some \$19,000,000.

Other Improvements

An expansion of the terminal aircraft apron and the holding pads serving Runways 29 and 22 was completed in June.

In September, United Air Lines began a \$2,000,000 program for the expansion of its maintenance base at Newark Airport. A 16,000-square-foot structure will house a flight kitchen on the north side of the two-bay Hangar 14. About 300,000 square feet of aircraft parking space will be added to the pres-

At Newark Airport plans for a new passenger terminal two and a half times the size of the existing terminal were announced in 1963. The overall redevelopment program at the airport will increase its operating capacity by 50 per cent.



ent 301,000 square feet, and a tailgate installed in the hangar for jet craft.

Teterboro Airport

Teterboro Airport, serving the region as a general aviation airport, recorded 231,753 aircraft movements in 1963, 0.5 percent more than in 1962. Corporate and private movements, which constitute the major part of the airport's operation, increased 9.0 per cent. The Port Authority's total investment totaled \$10,500,000. The 1,049 people employed at the airport earned an estimated \$7,000,000.

Heliports

The Port Authority-Downtown Heliport, operated by New York Airways under an agreement with the Port Authority, handled 40,338 passengers during 1963, an increase of 60 percent over 1962. Similarly, helicopter movements rose to 21,054 and air cargo to 80,000 pounds, increases of 39 percent and 74 percent, respectively.

The Port Authority-West 30th Street Heliport, Manhattan's first, served corporate and private helicopter operations, including sightseeing tours and air taxis during 1963.

Air Commerce

During the year, the Port Authority participated in a number of proceedings before the Civil Aeronautics Board in accordance with its obligation under the Port Compact to promote and protect the Port District's commerce. This included the CAB proceeding involving a review of international routes, the Trans-Atlantic Route Renewal Case (Docket No. 13577 *et al*), on United States Flag airline route authorizations between New York and points in Europe, Africa and Western Asia. An important issue in this proceeding is whether two United States Flag airlines should continue to provide competitive service between New York, the premier United States gateway for transatlantic air travel, and Frankfurt, London, Paris, and Rome, the leading gateways in Europe for transatlantic air travel.

Our analyses indicate that there is a strong community of interest between New York and the four European gateways and that continued competitive United States Flag airline service is, therefore, required. It is also the Port Authority's position that route authority for a United States Flag airlines between the Port District and all points in the Eastern Hemisphere area involved should be continued. In addition, the Port Authority supports the continued authorization of an all-cargo airline route between New York and points in Europe, and extension of that route to a point or points in Italy.

Hearings have been completed in this proceeding and a final CAB decision is expected in 1964.

Tunnels and Bridges

In 1963, the six Port Authority tunnels and bridges, connecting New York and New Jersey, served a record volume of 106,981,664 motor vehicles. This was 5,841,961 vehicles or 5.8 percent more than in 1962.

Almost all of the year's rise in traffic was concentrated at one facility, the George Washington Bridge. Traffic there increased by 5,972,398 vehicles or 14.7 percent, as motorists responded to the major improvements made over the past two years, by the Port Authority and the States of New York and New Jersey in the highway system linking Bergen County with Manhattan, the Bronx, and Long Island. These included the lower level of the George Washington Bridge and the George Washington Bridge Expressway, which were opened in 1962, and the Alexander Hamilton Bridge and Cross-Bronx Expressway opened in January, 1963.

It was immediately after the opening of these last two links in the highway chain between Bergen County and Long Island that traffic over the George Washington Bridge began to break all records. Daily totals this year have exceeded the previous peak by as many as 27,000 vehicles, or 19 percent, and hourly totals have been up by more than 1,700 vehicles, or 14 percent. Motorists benefitted substantially from the improved highway system. Many found it advantageous to change their travel route. Those traveling between Rockland County and Long Island found the trip via the George Washington Bridge faster than many alternatives. A considerable number shifted to Route 46 and the George Washington Bridge from the Lincoln Tunnel, where construction on its major approach, Route 3, was slowing traffic throughout the year.

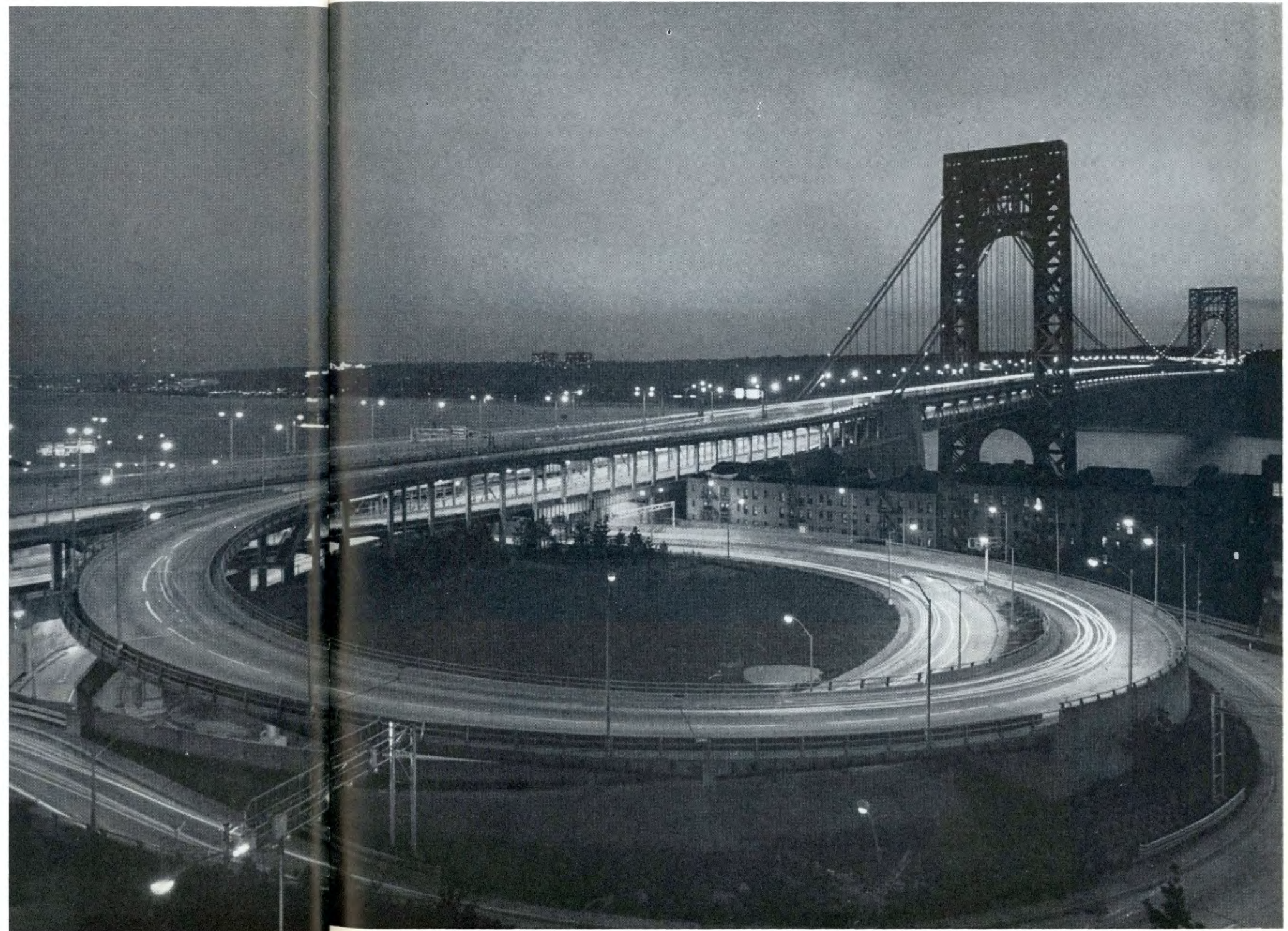
The sharp rise in total traffic over the six Port Authority crossings for the year resulted in a gross revenue of \$55,763,000, a \$3,132,000 increase over last year. The total investment in the six facilities grew to \$488,400,000 compared to \$475,900,000 in 1962.

George Washington Bridge

In 1963, the George Washington Bridge completed its first full year of operation as the world's only 14-lane bridge. By the first anniversary of the opening of the lower level, on August 29, it was evident that the expanded facility and new approach routes were built none too soon to meet increasing demand for trans-Hudson capacity.

The impact of the lower level on traffic was gradual at first. It grew sharply following the opening on January 17th of the Alexander Hamilton Bridge, and the completion of the Cross-Bronx Expressway. In the succeeding months, the increased volume of bridge traffic required the use of the lower level for a full sixteen hours per day, somewhat in advance of forecasts.

Use of the lower level has made it possible to avoid traffic congestion while carrying out major maintenance and rehabilitation projects, such as the upper level pavement repair work, which require the closing of roadway lanes.



The growth of traffic at the George Washington Bridge during 1963 demonstrated the long pent-up demand for a northerly bypass around Manhattan's congested areas. This route was one of the major recommendations of the Joint Study of Arterial Highway Facilities undertaken by the Triborough Bridge and Tunnel Authority and the Port Authority in 1955. This entire bypass route, the lower level of the bridge, the expressway across Manhattan to the Alexander Hamilton Bridge, the Cross-Bronx Expressway and Throgs Neck Bridge was made possible by the close cooperation of many state and local agencies.

By the end of 1964, the first section of the Bergen-Passaic Expressway is expected to be opened by the New Jersey State Highway Department, bringing another major East-West route into this arterial network. The planning and construction of this important highway connection to the George Washington Bridge required close cooperation between the New Jersey State Highway Department and the Port Authority. The completion of this expressway in 1965 will improve highway travel for the residents of Bergen County and the surrounding areas, and will provide improved and expanded connections to the Garden State Parkway, the New Jersey Turnpike, and New Jersey Routes 4 and 17.

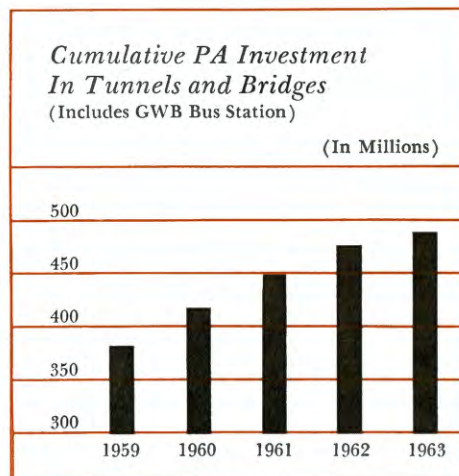
The Staten Island Bridges

The year 1963 was marked by a great increase in construction activity at the three Staten Island crossings, the Bayonne Bridge, the Goethals Bridge, and the Outerbridge Crossing. The work is part of long-range improvements required to handle the increased traffic expected after the completion of the Verrazano-Narrows Bridge in late 1964. Eventually, each of these facilities will be linked directly to the Narrows Bridge by the expressways being built across Staten Island by the State of New York.

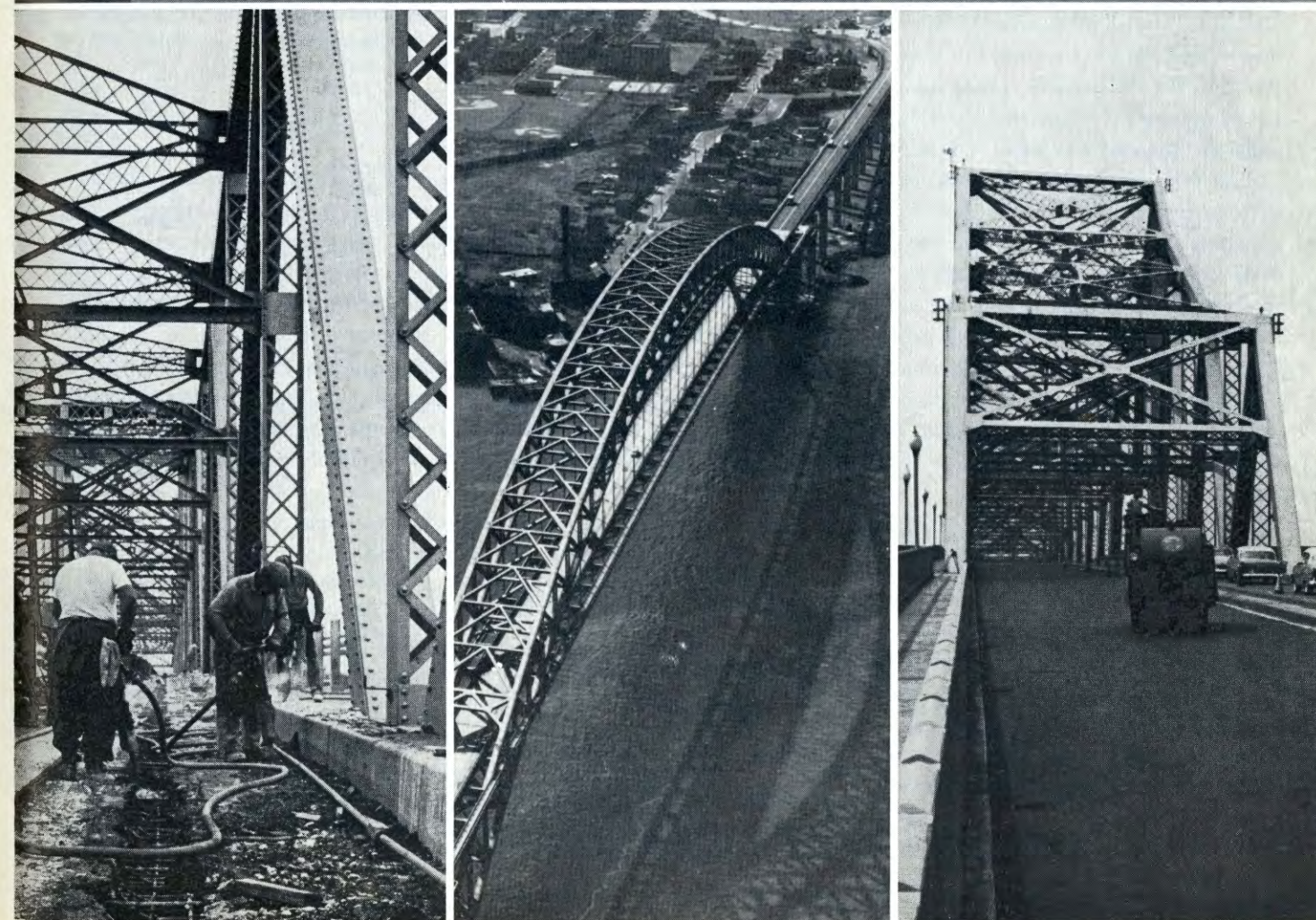
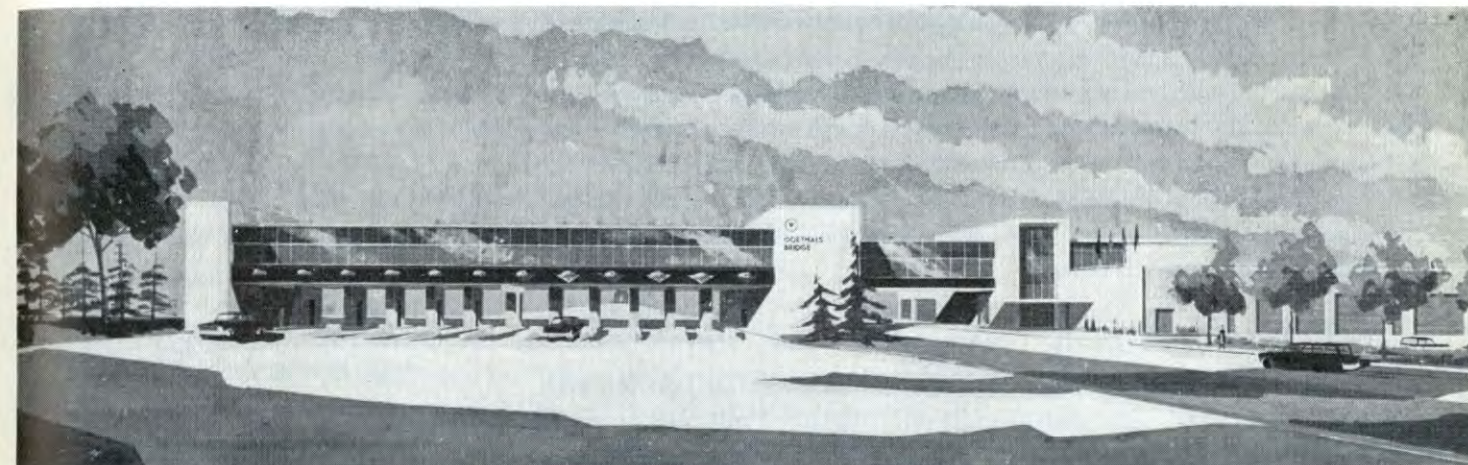
At the Goethals Bridge, a major construction project is underway to erect a new 12-lane plaza and an administration building in New York to serve as headquarters for the three Staten Island Bridges. This twelve-lane plaza, which will be opened about the same time as the Verrazano-Narrows Bridge, will connect with the Clove Lakes Expressway and the future West Shore Expressway. The administration building will be a unique, dual-purpose, bi-level structure. It will provide toll booths for the bridge at plaza level, and offices for administrative personnel on the upper level.

In 1964, construction is expected to get underway on an interchange on the New Jersey side of the bridge between the Goethals Bridge and the New Jersey Turnpike, Interstate Route 278, New Jersey Route 76, and local streets.

At the Bayonne Bridge, a revamped Staten Island plaza is scheduled for completion in 1964. It will connect with the Willowbrook Expressway as well as with local streets, and approaches to the bridge in Staten Island will be



At right above is an artist's rendering of the new 12-lane toll plaza and administration building which will serve as headquarters for the Outerbridge Crossing, Bayonne Bridge and Goethals Bridge in Staten Island.



straightened to eliminate an existing curve. The new six-lane plaza will be expandable to 12 lanes and will have a one-story administration building.

In 1963 the Port Authority staff continued to work with the New York State Department of Public Works and representatives of the City of New York on plans for an expanded and improved New York plaza to the Outerbridge Crossing. Similarly, planning work went forward on the New Jersey side of the bridge with officials of the New Jersey State Highway Department and with local municipal governments.

Women Toll Collector Program

The civilian toll collector program was considerably accelerated during 1963 as Police Officers were replaced by women toll collectors at all tolls plazas of the George Washington Bridge. The staff of 90 women who started at the Lincoln Tunnel in October, 1962, was expanded to a total of 270 women operating both the Lincoln Tunnel and the George Washington Bridge tolls plazas by the end of 1963. This expansion was necessary to free Port Authority police manpower for increased traffic and patrol duties. By mid-year the toll collector program was a full year ahead of plan.

The program had been launched in 1962 with an intensive six-month period of preparation which included a mass recruitment program, uniform selection and procurement, and the establishment of a tolls training center. With the success of the program at the Lincoln Tunnel immediately apparent, recruitment began late in 1962 for a similar program at the George Washington Bridge. Operations began at the main tolls plaza in April, 1963, the lower level tolls plaza in August and finally at the Palisades Interstate Parkway plaza in October. The introduction of women toll collectors at the Holland Tunnel is scheduled for early 1964.

Research

Plans were completed during 1963 for a new policing and control system to expedite traffic in the New York-bound (south) tube of the Lincoln Tunnel. The system will use automatic devices to measure vehicle flow, traffic lights controlled by electronic computers, closed circuit television and radio-equipped catwalk cars. The system, to be in operation early in 1965, will insure smoother traffic flow and provide for more rapid detection and clearance of disabled vehicles. It combines the catwalk car policing method tested in the Lincoln Tunnel since 1961 with a technique for automatic traffic surveillance and control which has been successfully operating in a section of the Holland Tunnel for three years. After experience with the combined system in the 8,000-foot-long Lincoln Tunnel tube, the system is expected to be installed in the other two tubes of the tunnel and in both tubes of the Holland Tunnel.

Crossings		
	(Traffic in thousands)	
	1963	1962
<i>All Crossings</i>		
Automobiles	89,616	84,199
Buses	3,587	3,542
Trucks	13,779	13,399
Total Vehicles	106,982	101,140
<i>George Washington Bridge</i>		
Automobiles	42,151	36,784
Buses	680	659
Trucks	3,689	3,105
Total Vehicles	46,520	40,548
<i>Lincoln Tunnel</i>		
Automobiles	22,300	22,826
Buses	2,753	2,730
Trucks	3,905	4,023
Total Vehicles	28,958	29,579
<i>Holland Tunnel</i>		
Automobiles	16,118	15,938
Buses	113	113
Trucks	5,236	5,308
Total Vehicles	21,467	21,359
<i>Staten Island Bridges</i>		
Automobiles	9,047	8,652
Buses	41	40
Trucks	949	962
Total Vehicles	10,037	9,654

The new traffic expediting system provides for a traffic control center at the Administration Building in Weehawken, New Jersey, with secondary control centers in the tunnel. The control panels will display information on traffic speed and spacing provided by photo-electric vehicle detectors under the roadway at 18 locations in each lane. The information gathered by these detectors also will be fed to specially designed electronic computers which will control traffic lights at the tunnel portal when required to prevent congestion.

When breakdowns occur, the system will sound an alarm in the traffic control center and will indicate the location of the stalled vehicle. The tube will be equipped with television cameras, with view screens in the control center to enable the police officer in the center to evaluate the situation. He then will radio the necessary instructions to the police officer in the nearest catwalk car, who will proceed immediately to the stalled vehicle. He also will communicate with personnel on the emergency equipment required to remove the disabled vehicle.

Hazardous Cargo Regulations

Under authority granted by the Legislatures of the States of New York and New Jersey, the Port Authority issues and enforces rules and regulations governing the transportation of dangerous cargo through its facilities. These regulations are intended to safeguard users of the facilities as well as the structures themselves and yet not impose any unnecessary restriction which would adversely affect commerce in the port area.

Preparation of these rules and regulations requires extensive work by staff experts and close coordination with the States of New York and New Jersey and with the Interstate Commerce Commission. Regular spot-checks are made to assure observance of these widely-publicized regulations. In 1963, a total of 500,000 truck inspections were conducted at our tunnel and bridge facilities. When the lower level of the George Washington Bridge was opened it became necessary because of the confined areas of roadway, to apply to it the same regulations on transportation of hazardous cargo as previously applied to the tunnels. During 1963 an extensive re-education program was undertaken to explain not only the existing regulations at the Lincoln and Holland Tunnels, but also the new regulations affecting the George Washington Bridge. Representatives of the Tunnels and Bridges Department made over 350 personal visits to truckers, shippers and associated companies. In addition, conferences were held with various governmental organizations and trucking associations to seek new ways to gain cooperation and support for the program.

PATH and Rail Transportation

The last major legal obstacle to the project for the rehabilitation and modernization of the Hudson Tubes was removed on November 12, 1963, by action of the United States Supreme Court. On December 16, 1963, the nation's highest tribunal denied a petition for rehearing of its November 12, 1963 decision upholding the favorable decision handed down on April 4, 1963 by the New York State Court of Appeals. The Port Authority Trans-Hudson Corporation (PATH), a subsidiary of the Port Authority, assumed responsibility for operation of the Tubes on September 1, 1962.

By its actions in both instances, the Supreme Court upheld the constitutionality of the bi-state statute under which PATH was authorized to acquire, operate and modernize this fifty-six-year-old interstate transit system. For over seven years, the private company which had operated the railroad was in bankruptcy reorganization proceedings.

Some 100,000 New Jersey and New York passengers travel on PATH every weekday. The Supreme Court's decision meant that they would benefit from the urgently needed modernization program without further delay. Work resumed immediately on many of the rehabilitation projects necessarily deferred because of the extended litigation.

The PATH Board of Directors, immediately following the Supreme Court decision, authorized the resumption of the program for the acquisition of a new car fleet to replace the antiquated "black cars" of the former H&M system.

New Car Fleet on Order

On January 16, 1964, the purchase of a new fleet of 162 aluminum, air-conditioned rapid transit cars of the most modern design was authorized by the PATH Board. The cars will be built under a \$16,850,210 contract with the St. Louis Car Division of General Steel Industries, Inc., one of four car builders who submitted design proposals.

Antiquated "black cars" in existing PATH fleet which will be replaced by new aluminum, air-conditioned rapid transit cars. (Right)



The selection of the St. Louis Car proposal followed an intensive evaluation of proposals submitted by St. Louis and three other car builders—Pullman-Standard, the Budd Company, and Hitachi, Ltd. of New York, a leading Japanese manufacturer. The Port Authority and PATH technical and operating staffs were assisted in the car evaluation program by industry consultants and experts from the New York and Toronto transit systems.

The contract, awarded after 15 months of bidding and evaluation, was the most important step taken in the rehabilitation of the transit line.

Delivery of the first new cars is expected late in 1964. With all of the 162 cars in service by mid-1965, PATH will have the first completely air-conditioned rail rapid transit fleet in the United States.

As soon as the status of the State of New Jersey's "Aldene Plan" is made final, the PATH Board will consider the purchase of additional cars under the contract to handle the anticipated increased passenger volume. Under the "Aldene Plan," commuter trains of the Central Railroad of New Jersey would be routed into Pennsylvania Station, Newark, where passengers would transfer to PATH or the Pennsylvania Railroad for completion of their trips to downtown or mid-town New York.

In addition, preliminary studies went forward on a number of long-range proposals being considered by New Jersey, the commuter railroads and PATH to provide more convenient connections between the PATH system and the New Jersey commuter lines.

PATH Rehabilitation Program

Throughout most of 1963, PATH was obliged to operate the Hudson Tubes as a "caretaker," limited to operating and maintaining the system. It was unable to initiate any basic improvements due to the litigation pending on the constitutionality of the bi-state statute.

Early in the year, however, the critically deteriorated condition of the aged "black car" fleet, aggravated by the unusually severe winter weather, necessitated a series of emergency actions for repairs and rebuilding of out-of-service car motors and other essential equipment and facilities. Maintenance and repair work was intensified on the line's electrical and mechanical utility systems and overtime work schedules were instituted to overcome the major causes of "black car" operating failures. The loan was repaid on December 17, 1963.

It was due to a loan of \$1,750,000 from the Division of Rail Transportation of the New Jersey State Highway Department on July 2, that PATH was able to continue with this top priority work in the public interest.

For example, work began in August for the complete overhaul of 200 traction motors used in 100 of the old cars. This work went forward under two contracts totalling \$334,623. In September, the overhaul and preventive maintenance of 100 traction motors which power the 1958-model cars was initiated



Major "black car" operating failures were overcome in 1963 by a stepped-up schedule of overtime maintenance and repair work.

Right: the PATH system, the joint PATH-Pennsylvania Railroad system, and the New Jersey railroad commuter lines are traced on a map of the metropolitan area.

under a \$48,483 contract. These cars operate on the PATH-Pennsylvania Joint Service between Newark and lower Manhattan.

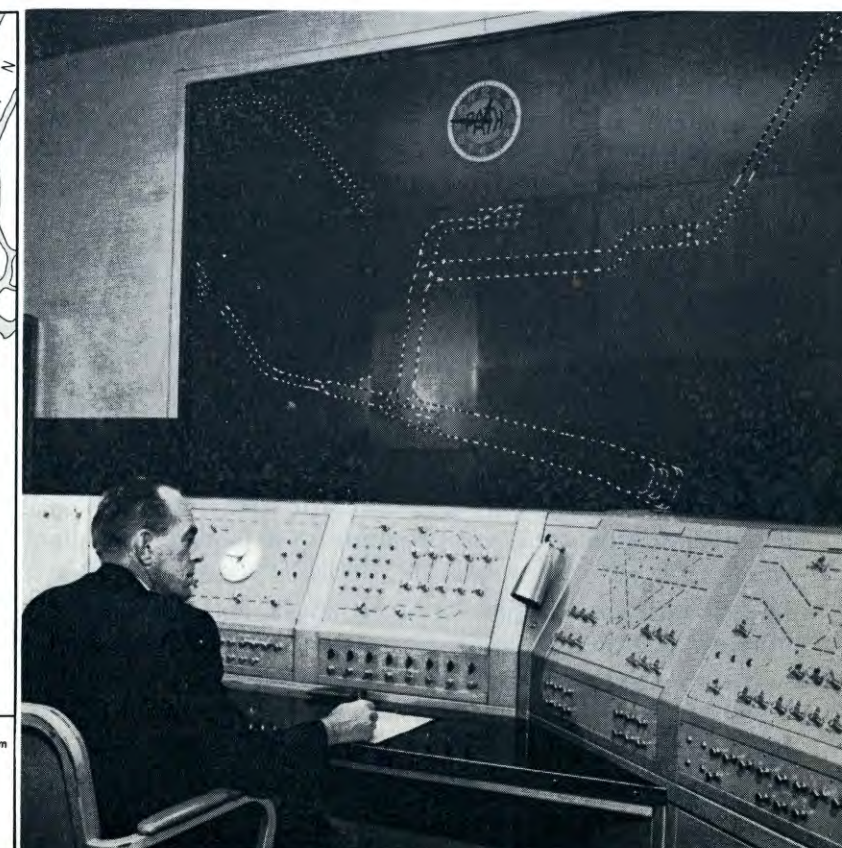
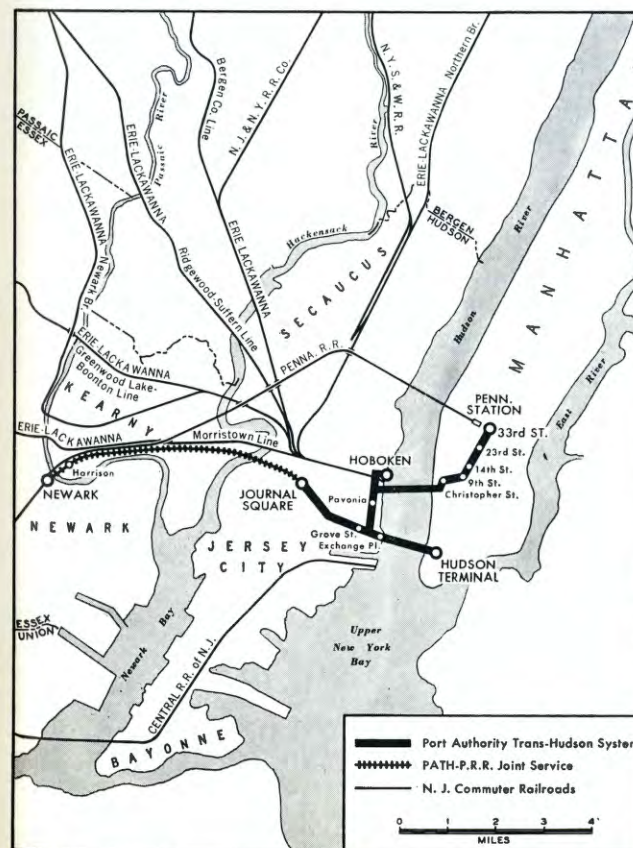
Other essential work on PATH progressed during the year. This included rehabilitation of the signal and power systems, repairs to the tunnel drainage system and public and employee areas, motorstairs, stairways and rest rooms. At the close of the year, work was proceeding on contracts for a new, system-wide public address and central communications system and new facilities in Hudson Terminal for the expanded PATH Police unit.

As part of the initial service improvements, and in response to passenger requests, PATH introduced early in the year a single 30-cent token to replace the two 15-cent tokens previously required in the H&M operation.

Future Modernization Plans

Meanwhile, planning and engineering studies continued throughout 1963 on the major elements of PATH's long-range modernization program. Priority in the line's modernization will be given to a series of key projects which are considered essential to provide efficient, convenient and reliable

The movement of trains along the PATH rapid transit system is monitored at the Control Panel located in Hudson Terminal.



service. Also included in the PATH program are construction of a new PATH Terminal in The World Trade Center, an improved station at Journal Square, and renovation of all New York and New Jersey passenger stations.

Throughout the year, discussions continued with the Pennsylvania Railroad on future arrangements for operation of the PATH-Pennsylvania Joint Service between Hudson Terminal in lower Manhattan and Pennsylvania Station in Newark. The Pennsylvania Railroad agreed in February, 1964 to extend the terms and conditions of the present Joint Service agreement to August 31, 1964, pending the outcome of negotiations on the future of the service.

Organization

Port Authority Commissioners and staff serve also as the principal officers of PATH. The twelve Commissioners of the Port Authority serve as the Board of Directors; the President is the Authority's Executive Director; the Deputy Executive Director of the Port Authority is senior Vice-President; the Vice-President and General Manager is the Director of the Port Authority's Rail Transportation Department; the Authority's General Counsel serves as Counsel.

Throughout the year, PATH took steps to strengthen the system's personnel resources. Additional supervisory and key staff positions were established. A basic technical training program for operations and maintenance employees was formulated. These actions will help create a greatly needed reserve of trained personnel for the present and future needs of the modernized PATH system. Virtually, all of the 1,100 former Hudson and Manhattan employees have been retained in their jobs.

Promptly upon its assumption of responsibility for the railroad's operation, and looking toward the establishment of improved working conditions, PATH initiated discussions with the twelve unions representing its employees.

Continuing active cooperation between PATH and the unions representing its employees is essential to the realization of their common goal of converting its out-dated and inefficient operation to a modern and superior public service with, at least, containable deficits. To achieve this level of service, PATH is prepared to provide higher wages, better benefits and improved working conditions for its employees—even though these will entail a very substantial increase in the cost of operating the system at a time when large capital outlays are being made for new equipment, and when heavy construction costs are being incurred for massive reconstruction. The added cost of these improvements in employee wages, benefits, and working conditions can only be offset—and the desired level of service attained—by revisions in archaic work rules and restrictive practices which are particularly burden-



The repair and maintenance of PATH trackage is carried out without disruption of service.

some to this rapid transit system. The problem of appropriate revisions in the existing labor agreements is difficult, but can be solved by the representatives of PATH and the unions in a spirit of mutual cooperation.

PATH Traffic and Finances, 1963

Traffic on the PATH system in 1963 totalled 28,035,000 passengers, a decline of 3.9 percent from 1962. Gross passenger revenues in 1963 totalled \$7,600,000, a drop of 4.0 percent from the previous year's totals.

PATH's efforts to make essential repairs on the system during the year were bolstered by the proceeds of a \$1,750,000 loan received on July 2, 1963 from the State of New Jersey. Consolidated Notes, Series "O", were issued to the New Jersey State Highway Department in the amount of the loan, carrying an interest rate of four percent per annum, due July 2, 1964. The loan was required because the then-pending litigation prevented the Port Authority from selling its bonds or notes in normal investment channels for the purpose of PATH financing.

When the Supreme Court decision establishing the constitutionality of the Hudson Tubes legislation became final, money borrowed in the regular investment market became available at once for PATH purposes. With such money, the New Jersey State loan was repaid with \$32,100 interest and \$719,000 of Series M Notes previously issued for PATH purposes were also redeemed. Six hundred three thousand dollars of the Series M Notes had been issued to Hudson & Manhattan Corporation in payment of interest on the value of the condemned Hudson & Manhattan properties, the other \$116,000 for other acquisition costs.

Also, immediately following the Supreme Court action, the Commissioners of the Port Authority authorized payment of up to \$16,000,000 to the Hudson and Manhattan Corporation and its wholly-owned subsidiary, the Hudson Rapid Tubes Corporation, toward ultimate condemnation awards for the Hudson Tubes Rail system and real estate properties. Advances totalling \$16,000,000 were made to those companies on that basis on December 26, 1963. This amount is subject to adjustment in accordance with the ultimate awards.

New York State Railroad Equipment Program

During 1963, the New York State Railroad Equipment Program rendered substantial aid to the Long Island and the New York Central Railroads in their efforts to provide their passengers with more efficient and comfortable commuter railroad service in New York. In August and September, 30 new air-conditioned commuter cars were delivered to the Long Island. Bids from manufacturers on 34 additional new cars to be leased to the New York Central were received by the end of the year. Also during the year, a new plan, prepared by the Governor's Office and the Port Authority, was submitted to the trustees of the bankrupt New Haven Railroad. Under this plan, the New Haven will be able to acquire 100 new commuter cars to replace the old rolling stock in its present fleet.

The Railroad Equipment Program was created by the State of New York in 1959 to provide public financial assistance in the purchase of critically-needed new cars for lease to the three commuter railroads serving the New York side of the Port. The Port Authority's role as program administrator is based on concurrent legislation enacted by the States of New York and New Jersey under which either state could act to make the Port Authority administrator of its own particular railroad equipment program.

The 30 cars delivered to the Long Island Rail Road have a total seating capacity of about 4,000 passengers per trip. These air-conditioned cars each weigh about 115,000 pounds, some 10,000 pounds less than other equipment used by the Long Island. This will result in lower operating costs because of reduced power consumption.

The 34 cars contracted for the New York Central resulted from a lease it signed with the Port Authority on September 24th. Bids for the new cars were received in mid-December and a contract for their manufacture was scheduled for award early in 1964. Delivery of the cars is expected to begin late in 1964. This will bring to 87 the number of cars acquired by the railroad under the Equipment Program.

All of the cars in this program are constructed according to specifications and contracts issued by the Port Authority. The basic technical specification is prepared originally by the railroad involved in the particular purchase, but is amended and improved by the Port Authority and railroad staffs working together to take advantage of new developments. Thus, static devices (transistors, diodes, etc.) have replaced heavy rotating equipment in the electrical control systems of the cars. Car interiors also show a marked improvement to bright, cheerful colors and easily cleaned plastic and stainless metal finishes.

As the year drew to a close, no agreement had been reached with the New Haven Railroad for its participation in the program. On January 29, 1963, trustees for the line declined to recommend unconditional approval by the Federal Bankruptcy Court of a general agreement which they had signed with the Port Authority on the purchase and lease of 50 new cars. The court im-

posed conditions on its approval which were deemed by the Port Authority and the Comptroller, the Attorney General and the Office of Transportation of the State of New York to be inconsistent with the authorizing legislation and therefore not capable of acceptance. Then, on May 10, the New York Governor's Office and the Port Authority submitted a new proposal to the New Haven for the purchase of 100 new commuter cars and the rehabilitation of another 100 old cars. This plan had not been accepted by the New Haven at the close of the year, but efforts to achieve an acceptable agreement are continuing.

Financing of the Program

The approval by the New York electorate in November 1961, of an amendment to Article 10, Section 7, of the New York State Constitution, permits the State to guarantee up to \$100 million of special Port Authority bonds to finance new commuter cars for the three railroads serving the area on the New York side of the Port.

On August 9, 1962, the First Series of State Guaranteed Commuter Car Bonds, in the principal amount of \$5,475,000, was sold at an average annual net interest cost of 1.942 per cent. The last of these serial bonds will mature September 1, 1966. The proceeds of this sale were used to finance the 30 new Long Island cars delivered this year. Under its agreement with the Port Authority, the Long Island is making rental payments which are equal to the debt service on the outstanding car bonds and the administrative costs of its portion of the program.

On March 14, 1963, the Second Series of State Guaranteed Commuter Car Bonds, in the principal amount of \$8,250,000, was sold at an average annual net interest cost of 2.717 per cent. The last annual maturity of these bonds will occur December 15, 1987. With the proceeds of this issue, the State and the New York Central's subsidiary, Despatch Shops, Inc., were repaid for the funds advanced toward the 53 cars built for the Central in 1962. The Central is paying rental on the cars equal to the debt service on the refunding bonds and the administrative costs of its portion of the program.

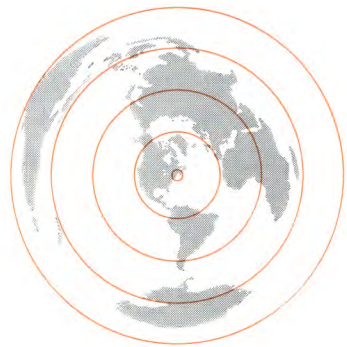
The purchase in 1964 of the 34 additional cars to be leased to the New York Central is being financed with the proceeds of a Third Series of State Guaranteed Commuter Car Bonds in the principal amount of \$6,000,000.*

The legislation authorizing the Railroad Equipment Program carefully protects the Port Authority's financial structure. As administrator of the program, the Port Authority can neither derive revenues nor incur expenses from the car-leasing program which may in any way add to or detract from the revenue or reserves pledged to Consolidated Bonds or to any other outstanding Port Authority bonds. The principal amount of any such railroad car bonds is not included in determining the amount of the Authority's General Reserve Fund requirements.

* These bonds are due serially February 1, 1965 through 1989 in equal annual amounts. This issue was sold on January 29, 1964 at an average annual net interest cost of 2.896 percent.

The Assets and Liabilities of the New York State Commuter Car Program are set forth in Financial Statement J, page 101.

World Trade



The World Trade Center

Plans for a great new World Trade Center in the New York-New Jersey Port were completed at year's end. The plans feature a great open plaza of almost five acres on the lower west side of Manhattan and twin towers of gleaming metal, soaring 110 stories, overlooking the bi-state harbor.

The Trade Center will provide a unified community in the Port of New York for America's export-import activities and act as a clearing house for the handling, development and expansion of such activities. The Port Authority will develop The World Trade Center in accordance with legislation enacted by the States of New York and New Jersey.

The 16-acre site planned for the international trade complex is bounded by West Street on the west, Barclay and Vesey Streets on the north, Church Street on the east, and Liberty Street on the south. It is estimated that the construction cost of the Center will be \$350 million, apart from administrative, engineering, legal and financial costs. The Port Authority would finance and construct it on a self-supporting basis. Construction is expected to begin in 1965. The first stage of construction is scheduled for completion in 1968 and the balance of the project in stages during 1969 and 1970.

The Port Authority's architectural consultants, Minoru Yamasaki and Associates and Emery Roth & Sons, assisted by the planning, architectural and engineering staffs of the Port Authority, have designed an exciting and dramatic complex which includes a spacious plaza of almost five acres, low-lying multi-level Plaza Buildings which almost completely encircle the site, and the two towers which rise above plaza level.

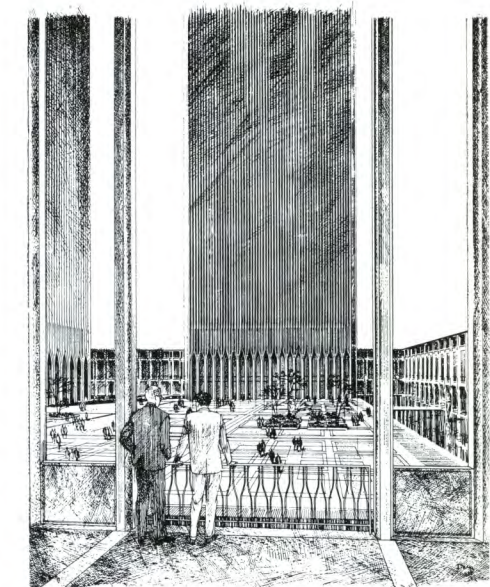
As reported by Ada Louise Huxtable, Architectural Editor for *The New York Times*, "... The tall towers, right for New York, are not the customary space-eating blockbusters to which there is no human approach. The architects have skillfully restored the human scale by their use of the low, galleried buildings through which the pedestrian enters the plaza from the street."

The design of the towers calls for a structural framing system which permits the exterior walls to carry the vertical loads. These exterior walls resist lateral wind loads and provide a dividend in the form of column-free interiors, permitting complete flexibility in space layout. Each of the great steel columns, which will form the exterior wall and support the structures at 3¼ feet intervals, will serve as dramatic frames for the floor-to-ceiling windows in each tower.

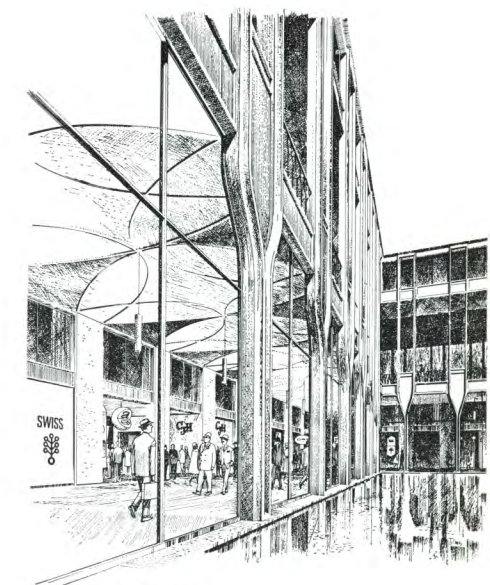
World Trade Functions Centralized

Government agencies and private firms which play an indispensable part in international marketing and in the administrative processing of world trade will be brought together in the great new project.

The centralization of these basic elements in the handling of foreign trade through the Port of New York is expected to contribute substantially to the



The Plaza



The Plaza Galleria

expansion of this country's trade with the world and to strengthen the position of leadership our Port has enjoyed.

The Center provides for the consolidation of all international trade operations of the United States Bureau of Customs in the Port of New York. The intricate Customs functions relating to the movement of commerce into and out of the Port will be unified so that importers, exporters and the public may transact their business with Customs in a single location. Offices of the Department of Commerce, Port Authority administrative offices, foreign consulates and other agencies and businesses related to foreign trade also are among the occupants planned for the Center.

Supplementary services in the Center include a World Trade Information Service, a World Trade Institute, and extensive exhibit and display facilities. The Center would thus become an international market place for the buying and selling of goods and products of the United States as well as those of other nations.

Governor Rockefeller on January 13, 1964, announced that New York State "... plans to consolidate most of its principal offices in Manhattan in a building at the World Trade Center development to be constructed soon by the Port of New York Authority. The offices to be brought together are now scattered at numbers of locations throughout Manhattan. The State offices are expected to occupy a major portion, but not all, of one of the units of the Trade Center which will be called the New York State Building."

Important professional and civic organizations, including those of the businessmen of New York City and the metropolitan area, have publicly endorsed the concept and plan for the World Trade Center. These endorsements have come from the Regional Plan Association, Inc., the New York State Chamber of Commerce, the Commerce and Industry Association of New York, Inc., the Downtown-Lower Manhattan Association, and the West Side Association of Commerce in the City of New York, Inc., among others.

The Port Authority Trans-Hudson Terminal

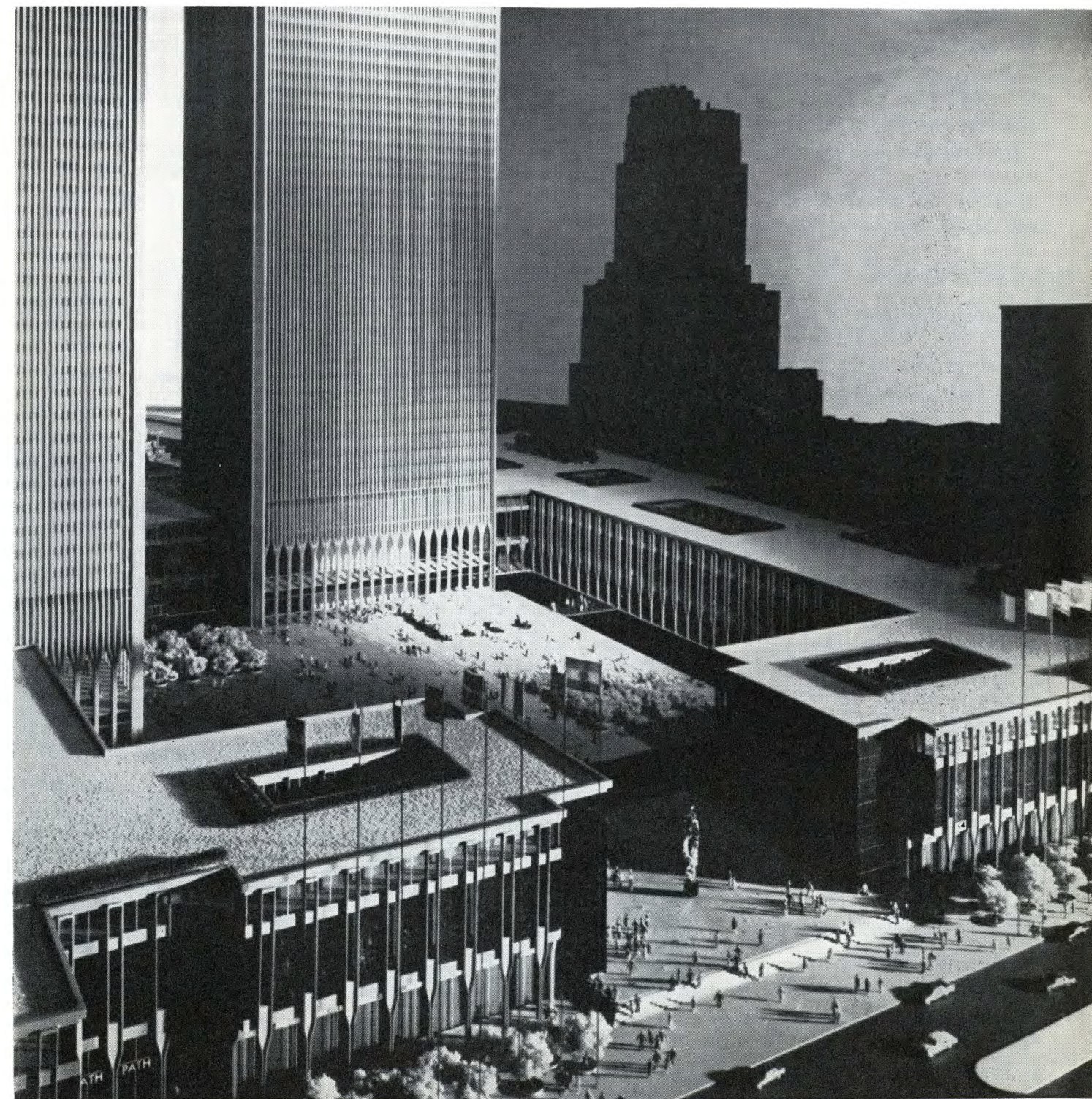
A new PATH Terminal in the World Trade Center will replace the existing outmoded facilities in the Hudson Terminal Buildings at 30-50 Church Street to provide the most modern and convenient rapid transit facilities available anywhere. The main entrance to the new Terminal will be from Church Street with convenient access to all local New York transportation systems. Every subway system in lower Manhattan will connect directly with the concourse beneath the Trade Center Plaza by underground passageways.

Today, the six-car PATH trains are handled at 300-foot-long and 20-foot-wide platforms. Studies underway for the new PATH Terminal in the Trade Center envisage the expansion of the platforms to accommodate the longer trains in prospect.



Plaza level entrance to public areas of United States Customs

Right: The magnificent Plaza surrounded by reflecting pools and covering almost five acres will rank in size and beauty with the historic plazas of the Old World.



Development of The World Trade Center was delayed due to litigation commenced on June 26, 1962 by merchants occupying property in the Hudson Tubes-World Trade Center area. On April 4, 1963, the Court of Appeals of New York State upheld the constitutionality of the enabling legislation, reversing a decision of the Appellate Division.

On November 12, 1963, the United States Supreme Court dismissed the appeal from the New York Court's decision and on December 16, refused a rehearing. The constitutionality of the legislation was thus clearly established and the way cleared for the project to proceed.

History of the Project

The original impetus for the establishment of a World Trade Center in the Port of New York came from the Downtown-Lower Manhattan Association in January 1960. At that time, the Association requested Governor Nelson A. Rockefeller, Mayor Robert F. Wagner and the then Governor of New Jersey, Robert B. Meyner, to authorize a Port Authority study of the planning, financing, construction and activation of such a bi-state facility of commerce.

The Port Authority, following a year-long study, reported to the Governors and the Mayor in March 1961. It stated that the development of such a Center, then recommended for an east side location, would be feasible. It was clear that it would benefit the people of the entire Port area by maintaining and stimulating the flow of international trade in the Port.

Legislation authorizing the east side development was approved on April 6, 1961 by the New York State Legislature. It was not at that time approved by the New Jersey Legislature.

Subsequently, the Port Authority recommended the consolidation of the Center on the west side of lower Manhattan with the New York terminal of the Hudson and Manhattan Railroad located at 30-50 Church Street.

Effective March 27, 1962, enabling legislation calling for the acquisition of the H&M and the development of The World Trade Center on the west side was passed by the Legislatures of both States. In September 1962, the first stage of the plan was implemented by Port Authority acquisition of title to the properties of the Hudson and Manhattan system, now known as the Port Authority Trans-Hudson (PATH) system.

Transportation Section—1964-1965 World's Fair

October 16th, 1963 marked the official opening of the first public structure at the New York World's Fair, the Port Authority Heliport and Exhibit Building. The building was completed in 14 months and dedicated half a year before the official opening of the 1964-1965 Fair. The graceful "T" shaped building designed by Port Authority staff is the first tall building in the world designed primarily as a heliport.

Immediately below the Heliport rooftop, on twin levels, are glass-enclosed dining and lounge facilities with a seating capacity of 1,400 operated by Knott Hotel Corporation for Top of the Fair, Inc.

The Heliport and Exhibit Building occupies one and one-quarter acres in the center of the Transportation Section of the Fair located between the two principal entrances, opposite the Fair symbol, the Unisphere. Helicopter passenger service, both charter and sightseeing, will be provided from the 150-by-200-foot flight deck by New York Airways for United Aircraft International, the heliport lessee. New York Airways will also provide scheduled service between the Fair and other metropolitan heliports and airports.

A second milestone was also reached in October, 1963 when the Port Authority announced that as agent of the World's Fair it had rented all land to exhibitors in the 80-acre Transportation Section.

The Port Authority was invited in July, 1960, to act as rental agent for the Transportation Section by New York World's Fair President, Robert Moses.



The official opening on October 16th of the Port Authority Heliport and Exhibit building at the New York World's Fair was highlighted by the attendance of Governor Richard J. Hughes of New Jersey and Governor Nelson A. Rockefeller of New York. Greeting the Governors as they alight from the helicopter are Port Authority Honorary Chairman Howard S. Cullman and Queens Borough President Mario J. Cariello. Port Authority officials in the background are (from left to right) Vice Chairman James C. Kellogg, III, Executive Director Austin J. Tobin, and Commissioners John J. Clancy, Joseph A. Martino, Alexander Halpern, Ben Regan and Donald V. Lowe.

Port Protection Program Makes Major Gains in 1963

Major achievements in protecting the commerce of the New York-New Jersey Port were attained in 1963 through the establishment of shipping practices and charges competitive with those available to shippers at other ports. While many difficult challenges continued to confront the Port of New York, the Port Authority's surveillance of countless tariff changes, its efforts to resolve harmful shipping rates and its appearances before Federal and State regulatory agencies met with considerable success during the year.

Rail Rate Equalization Case Won in Supreme Court

By far the foremost achievement of the decade was the elimination of a rate inequity which had long imposed upon the Port of New York a level of export-import railroad rates on midwestern traffic higher than via Philadelphia, Baltimore and Norfolk-Newport News. At one time steamship rates at these "southern tier" ports were higher than those at New York, a situation compensated by the establishment of proportionately lower export-import railroad rates.

By 1935, however, the steamship lines had equalized their rates at all North Atlantic ports. As a result, the Port of New York's railroad rates generally exceeded those via Philadelphia by 40 cents per ton, and those via Baltimore and Norfolk-Newport News by 60 cents a ton. Finally, in 1956, the railroads serving New York—Erie-Lackawanna, New York Central, New York, Susquehanna and Western, Lehigh Valley, and New York, New Haven & Hartford—published tariffs lowering their rates to the Baltimore level, whereupon the Baltimore railroads promptly lowered their rates to restore the former "differential." Both reductions were then suspended by the Interstate Commerce Commission for investigation. The Port Authority joined the State of New York, the City of New York and many local civic interests in intervention to support the position of New York-New Jersey railroads in seeking to attain rate equalization for the Port of New York.

The case took nearly seven years, moving from the I.C.C. to the United States District Court in Boston and finally to the United States Supreme Court. The case for the New York railroads and port interests was eloquently and brilliantly presented before the Supreme Court by Thomas E. Dewey, former Governor of the State of New York. With one Justice abstaining, the high court handed down a 4-4 decision on May 20, 1963, sustaining the ruling of the Boston Court that it was lawful for the New York rail lines to meet the competition of the Baltimore carriers. Subsequently, on September 23, 1963, the railroads reduced their export-import rates between the Port of New York and most of the Midwest to the level of the rates then prevailing at Baltimore.

In a second case then before the Commission on remand from the courts, Baltimore port and railroad interests withdrew their long-standing opposition



Former Governor Thomas E. Dewey, who successfully presented the Port of New York's rail-rate case before the United States Supreme Court, traces the history of the century-long struggle to secure rail-rate equality for the Port before an audience of guests and members of the New York State Chamber of Commerce. Significantly, Mr. Dewey's address was delivered in the Chamber's "Great Hall" where, on April 30, 1921, the Compact creating the Port of New York Authority was signed.

against equalized railroad rates on imports of iron ore moving through North Atlantic ports to the Youngstown, Ohio, region. On January 22, 1964, the I.C.C. ruled that the roads serving New York may reduce their rates on imported iron ore to those now in effect at the ports of Baltimore and Philadelphia.

Eastern Railroad Merger Proposals Still Unresolved

The year opened with two proposed major eastern railroad mergers pending before the Interstate Commerce Commission. One, a merger between the Norfolk & Western Railway, the Wabash Railroad and the Nickel Plate Road, was recommended by an I.C.C. Examiner in April, provided that the Pennsylvania Railroad first divest itself of its stockholdings in the Norfolk & Western and Wabash. A final decision in this case was not reached by the Commission in 1963.

The second proceeding involved a planned merger between the Pennsylvania Railroad and New York Central System. The Port Authority believes that this merger would leave the New York-New Jersey Port with inadequate railroad service, since it excluded the financially ailing Erie-Lackawanna

Railroad. Opposition was voiced against this merger unless the Commission required as a condition that the Pennsylvania divest itself of stockholdings in the Norfolk and Western and include the Erie-Lackawanna Railroad in the merger. The same position was also taken by the City of New York and the States of New Jersey and New York. The Port Authority also continued to seek consolidation of both the Norfolk and Western and Pennsylvania merger cases by the Commission. These conditions were considered necessary to assure the final emergence of a balanced and efficient railroad network in the east and without eroding service to the New York-New Jersey area.

In October, the United States Department of Justice testified at the Pennsylvania-New York Central hearings before the I.C.C. in Washington. In its statement, the Department, which also presented the views of the Federal Government's Inter-Agency Committee on Transport Mergers, while opposing this merger, cited the need for generally the same merger safeguards sought by the Port Authority. With further hearings still scheduled in this case, an Examiner's report is not anticipated until late in 1964.

Domestic Steamship Service Continues Struggle for Survival

The two steamship lines that provide regular, general cargo service between the Port of New York and certain Gulf and Pacific Coast ports continued to be locked in rate struggles with competing modes of transportation in 1963. Seatrain Lines, Inc., transports railroad cars and truck vans between New York and the Gulf. Sea-Land Service, Inc., handles truck trailers between New York and Gulf and Pacific Coast ports. These steamship lines continued to be involved in numerous cases involving rate reductions initiated by competing railroads on major revenue commodities claimed to be vital to the existence of these water carriers.

The New York-Pacific Coast containership service inaugurated by Sea-Land Service, Inc. in late 1962 received a boost in July when the Interstate Commerce Commission let stand certain reduced "door-to-door" less-truckload "any quantity" and commodity rates that had been challenged by trans-continental freight forwarders. Recognizing the need for domestic steamship service at the bi-state port, the Port Authority had supported Sea-Land. Another intercoastal rate case involving truckload rates, however, is still pending before the I.C.C.

Sea-Land and Seatrain also faced a number of severe rate reductions made by the railroads in their competitive New York-Gulf area services. Both steamship lines had formerly enjoyed a measure of protection before the Commission against railroad rate cutting, particularly in two cases wherein the I.C.C. required that competing railroad rates be maintained at least five and six per cent higher than water rates. However, this protection was weakened considerably by a United States Supreme Court decision rendered in



The United States Department of Commerce has commended the Port Authority for both its trade development activities and its planned construction of a World Trade Center as a furtherance of this nation's trade expansion program. Above, Austin J. Tobin, Executive Director of the Port Authority, and Luther Hodges, Secretary of Commerce, meet between sessions of the 1963 National Foreign Trade Convention.

April in a proceeding commonly known as the "New Haven Case." As a result, the Interstate Commerce Commission was directed to decide such intermodal rate reduction cases by placing greater emphasis on the inherent advantages of each mode, particularly with respect to which mode—water or rail—enjoyed the lowest costs for rate-making purposes. Since the factors comprising cost comparisons were not precisely defined by the Court, the future outcome of these cases was left somewhat uncertain.

Rate Unity at the Port Upheld

The Port Authority also continued to participate in a number of regulatory proceedings which resulted in the cancellation of special charges assessed for the delivery or receipt of domestic truck and rail freight which were limited in application to certain points within or around the Port District. The limited geographical application of these special "plus charges" was viewed as being discriminatory to New York-New Jersey industries and a disruption of the long-established principle of transportation rate uniformity so necessary to the equitable development of the bi-state Port District. As a result of litigation, the I.C.C. required cancellation of such charges on water-motor shipments of frozen juice and fruits and trailer-on-flatcar shipments of citrus fruits, tomatoes and other perishables from the Southeast to New York.

Strike Slows Cargo Development in January

The year 1963 got off to a slow start with all Atlantic and Gulf ports paralyzed by a longshoremen's strike. The nine Port of New York Trade Development Offices located in New York, Washington, Pittsburgh, Cleveland, Chicago, San Juan, Rio de Janeiro, London and Zurich became focal points for information to shippers seeking whatever aid could be offered in the face of the day-to-day uncertainties that were ever present during the 34-day work stoppage.

When work resumed on January 25, the resultant shipping activity left the Port of New York congested with cargo for weeks thereafter. Following the strike, the Port Authority's Trade Development Offices were successful in helping shippers to expedite delayed shipments.

After the Strike—Business as Usual

When the Port of New York resumed normal operations, the Trade Development Offices quickly returned to the task of assisting shippers, exporters, importers, carriers and others with the objective of attracting trade to the Port of New York. By the end of the year, Port Authority representatives had made nearly 14,000 calls in 33 states and 45 foreign countries. In December, the Manager of the Port Authority's office in Zurich concluded a special

three-week trade development and promotion trip to Lebanon and Egypt. This was the first visit to those countries by a representative of this Port.

Trade Development Offices "Sell" Rate Equalization to Shippers

A major boost to the Port Authority's trade development program occurred when export-import railroad rates between the Port of New York and the Midwest were reduced and equalized at all North Atlantic ports. This achievement signaled the beginning of a concerted effort by the Port Authority to regain cargoes that had been diverted to other ports because of the former lower railroad rates. The initial results proved to be rewarding. Many shippers of steel, farm commodities, machinery, steel products and chemicals promised to restore shipments via New York on the basis of the lower rail rates.

The Port Authority's advertising program during the year was aimed at notifying shippers of the reduction of export-import railroad rates. Thirty-three publications in the United States and in fifteen countries carried the news of this rate victory to an estimated readership of nearly one and a half million persons, comprised largely of traffic and transportation specialists. These advertisements were timed to complement the cargo solicitation efforts of the Port Authority's Trade Development representatives. Preceding this advertising campaign, press releases announcing rate equalization were distributed to over 700 publications throughout the world. Other English and foreign language advertisements throughout 1963 continued to emphasize the Port of New York's traditional shipping advantages, with special emphasis placed on the Port's faster, more direct and more frequent world-wide steamship service.

Port Seminar Draws One Hundred Persons

In April, the Port Authority sponsored the fifth in its annual series of Port of New York Seminars. These discussions are designed to brief transportation executives of manufacturing concerns having substantial volumes of international trade on the latest developments at the New York-New Jersey Port. This year the day-long program presented by Port Authority staff and shipping and transportation industry officials was held in Pittsburgh. It attracted more than one hundred executives engaged in international shipping.

European Trade Development Program Intensified

With New York's trade with the European Common Market on the upswing, an additional representative was added to each of the Port Authority Trade Development Offices in London and Zurich in July. This enables the Port of New York to strengthen its ties with this important trading region. In addition, the Director of Port Commerce and Port Authority staff at the



Mr. Jose Marcal, Jr. (at right), Manager of the Port Authority's Trade Development Office in Rio de Janeiro, and Mr. Gerald Gorman the Authority's Manager in New York (at left) greet an early visitor to the Port Authority's new office building location on the Avenida Rio Branco in Rio de Janeiro.

London and Continental Trade Development Offices participated in the biennial International Federation of Forwarding Agents Association Congress (FIATA) held in Lucerne, Switzerland, in September.

The Task of "Pre-Selling" the Port of New York

Throughout 1963, the Port Authority continued to pursue various programs to promote trade through the Port of New York. These included the preparation and distribution of literature, films, exhibits, advertising and international press releases. The general purpose of such activities was to "pre-sell" to exporters and importers the value of shipping via the bi-state port.

In May 1963, the Port Authority cooperated in the planning and participated in the celebration of World Trade Week. This annual event traditionally serves as a means of focusing public attention on the importance of the Port to surrounding communities and foreign trade industries in a week-long schedule of events.

Promoting The Port's Advantages

In August, the monthly Port Authority shipping trade magazine *Via Port of New York* was devoted to the subject of containerization of international waterborne freight. While this magazine, now in its fifteenth year, is normally distributed selectively to 25,000 readers in the United States and abroad, an extra 15,000 copies were printed to satisfy the demand created by this special edition. This marks the second issue of *Via Port of New York* on containerization, the previous one having been published in July, 1961.

The *Port of New York Trade Guide*, printed in Spanish and Portuguese and directed to the needs of Latin American exporters and importers, proved to be extremely well received south of the border. In addition, a story prepared by the Port Authority about the Port of New York appeared as a special reprint of the Spanish-language *Selecciones del Reader's Digest*. In 1963, a total of twenty different types of Port literature was produced by the Port Promotion Division.

The Port Authority's three sound and color port promotion films in six languages continued to reach new audiences through the efforts of the Port Promotion Division, Trade Development Offices, United States Information Agency and other cooperating organizations. During 1963, the films *Via Port of New York*, *The Fabulous Decade* and *Sixty Seven South*, and a specially prepared silent film on Containerization at the Port of New York, were viewed by more than two and a half million persons through some 16,500 showings.

The following is a complete list of the cases in which the Port Authority has participated in order to promote and protect the land, sea, and air commerce of the New York-New Jersey Port.



Pittsburgh Trade Development Office Manager John L. Gifford looks on as two 128-ton mill housings are inspected before shipment to South Africa via the Port of New York.

Marine, Rail and Motor Carrier Proceedings

Proceedings Before the Interstate Commerce Commission

<i>Docket</i>	<i>Subject</i>	<i>Status</i>
FF 209	Extension of operating rights of Lyons Transport, Inc., a domestic freight forwarder, on the basis of publishing equalized export rates to North Atlantic ports.	Hearings held. Pending.
MCC-3437	Regulation of motor carriage incidental to air transportation.	Motor carrier groups petitioned for establishment of exempt zone for regulation of rates in motor carriage incidental to air transportation smaller than proposed by CAB. Pending.
I&S 6074	Equalization of import iron ore rail rates from North Atlantic ports to Central Freight Territory destinations.	*Opponents withdrew as a result of conclusion of I&S 6615. Found lawful. Concluded.
I&S 6615	Equalization of export-import railroad rates at New York with other North Atlantic ports.	*Decision by U.S. District Court that rate differentials were unlawful upheld by U.S. Supreme Court. Concluded.
I&S 6834	Reduced trailer-on-flatcar rates between points in the East and Texas.	*Decision requiring TOFC rates to be at least 6% below coastwise steamship rates remanded to ICC by U.S. Supreme Court. Discontinued upon approval of parties involved.
I&S 7344	Combination rail-water-rail rates on plastics from Texas to East.	*Div. 2 required all-rail rates to be generally 5% higher than rail-water-rail rates. Reopened by ICC. Pending.
I&S 7558	Port "splitting" transcontinental railroad rates on lumber to points in the Port of New York.	Higher rates for carfloat and lighter delivery found reasonable. Concluded.
I&S 7808	Reduced railroad rates on sugar from western origins to Central Freight Territory destinations.	Found lawful. Concluded.
I&S 7913	Reduced railroad rates on preserved foodstuffs from West Coast to Trans-Continental Territory.	*Cancelled by railroads subsequent to filing of protests. Concluded.
Fin. 21160 21238	Stock control of Baltimore & Ohio Railroad by Chesapeake & Ohio Railway.	ICC approval appealed to and upheld by U.S. District Court and U.S. Supreme Court. Concluded.
Fin. 21510 21514	Proposed merger of Norfolk & Western-Wabash-Nickel Plate railroads.	Examiner recommended approval contingent upon Pennsylvania Railroad relinquishing stock control in Norfolk & Western and Wabash railroads.

*Action to date is generally in accordance with the position supported by the Port Authority.

Proceedings Before the Interstate Commerce Commission (continued)

<i>Docket</i>	<i>Subject</i>	<i>Status</i>
Fin. 21989	Proposed merger of Pennsylvania-New York Central Railroads.	Pending.
32816	Reduced all-rail and motor-water-motor rates on canned goods from Florida to the North.	Examiner recommended cancellation of all-rail rate reductions. Reopened by ICC on own motion. Pending.
33105	Port "splitting" railroad rates on fruits and vegetables to points in the Port of New York.	Div. 2 found rates just and reasonable. Opened for reconsideration. Pending.
33293	Port "splitting" coastwise rates on frozen juice and fruits to points in the Port of New York.	*Div. 2 found rates just and reasonable, but found limited zone of application at New York unreasonable.
33362 33373	Connecting railroad rates in Texas on coastwise steamship movements of aluminum articles to points in Pennsylvania and New Jersey via the Port of New York.	Reduced all-rail rates approved without requiring proportional reductions in connecting railroad rates in Texas on coastwise steamship movements. Concluded.
33479	Combination rail-water-rail coastwise commodity rates.	*Examiner recommended that railroads establish joint commodity rates with coastwise steamship lines not more than 5% below corresponding all-rail rates. Decision pending.
33899	Port "splitting" railroad rates on melons to points in the Port of New York.	Decision in ICC Docket 33105 to be binding.
33927 33951	Port "splitting" trailer-on-flatcar railroad rates on citrus fruit to points in the Port of New York.	*Found unjust and unreasonable. Rates cancelled. Concluded.
33944	Sea-Land Service intercoastal "any quantity" class and commodity rates.	*Div. 2 found rates just and reasonable. Concluded.
34015 Sub. 1-6	Port "splitting" trailer-on-flatcar rates on tomatoes to points in the Port of New York.	*Found unjust and unreasonable under stipulation to be bound by decision in ICC Docket 33927. Rates cancelled. Concluded.
34121	Sea-Land Service intercoastal containership commodity rates.	Reduced "door-to-door" rates protested by transcontinental railroads and freight forwarders. Pending.
34214	Reduced westbound transcontinental railroad rates on tinplate.	Pending.
34254	Relief from railroad long-haul/short-haul statutory requirements on joint motor-rail rates.	Briefs filed. Pending.

*Action to date is generally in accordance with the position supported by the Port Authority.

*Marine, Rail and Motor Carrier Proceedings (continued)*Proceedings Before the Federal Maritime Commission
and Maritime Administration

<i>Docket</i>	<i>Subject</i>	<i>Status</i>
Fact Finding Investigation No. 4	Marine terminal practices at North Atlantic ports.	Hearings held in Boston, New York and Norfolk. More to be scheduled.
S-137	American - Hawaiian Steamship Company application for Title XI Federal mortgage insurance for construction of containerhips for intercoastal service.	Examiner recommended approval of insurance for 50% of loan instead of 87½% sought. Decision pending.
816	Investigation of general practices of Atlantic and Gulf marine terminal operators.	Cancelled by FMC. To be extended to specified port areas through new investigations.
872	Joint Agreement No. 8200 between steamship lines of Far East Conference and Pacific Westbound Conference.	Examiner found agreement controlling inter-conference ocean rate relationships between Atlantic/Gulf and Pacific Coasts to Far East subject to filing with FMC. Exceptions filed. Decision pending.
983	Rules governing shipper contract rate systems of conferences of steamship lines engaged in U.S. foreign commerce.	Hearings held. More to be scheduled.
1114	Investigation of ocean rates on U.S. steel exports to certain foreign destinations that exceed ocean rates on steel imports.	Hearings scheduled in January 1964.
1128 1129	Filing of marine terminal leases at Long Beach and Oakland, California with FMC.	Hearings held. More to be scheduled.
1135	Marine terminal practices at Great Lakes ports by steamship lines engaged in foreign commerce.	No hearing scheduled thus far.
1153	Investigation of truck and lighter unloading charges at steamship piers in the Port of New York.	Pre-hearing conference held. Pending.

Proceeding Before the Public Service Commission of New York

22554	Interim emergency surcharges by New York Motor Carrier Conference applied at New York City and nearby points.	*Suspended and later withdrawn. Concluded.
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*Action to date is generally in accordance with the position supported by the Port Authority.

Proceedings Before the Civil Aeronautics Board

<i>Docket</i>	<i>Subject</i>	<i>Status</i>
12837	Review of airline route authority in four important domestic markets including New York/Newark-Cleveland. The Port Authority supports authorization of a competitive airline between the Port District and Cleveland.	*Examiner recommends second airline for Port District-Cleveland service. CAB decision expected in early 1964.
13296	Review of competitive service between Northeast U.S. points and points in South. The Port Authority supports competitive service between the Port District and Atlanta, Birmingham, Charlotte, Greensboro, Memphis, New Orleans, Raleigh and Richmond and direct service between the Port District and Huntsville.	*Examiner's decision rendered. CAB decision expected in late 1964.
12285	Renewal of Northeast Airlines' New York-Florida route. The Port Authority supported continued authorization of a third nonstop airline between the Port District and Miami/Ft. Lauderdale.	Case decided by CAB. Competition between the Port District and Miami/Ft. Lauderdale reduced to two airlines.
7723	Review of airline service pattern between the U.S. and Pacific points. The Port Authority supports additional polar route service to Far East.	CAB approved second polar route between Port District and Far East but President disapproved because of foreign policy considerations. Upon further review CAB dismissed all parts of the proceeding which the President had disapproved including second polar route aspects.

*Action to date is generally in accordance with the position supported by the Port Authority.

Port Development

The Port Authority, through the Port Development Department, carries out a continuing evaluation of the transportation resources and needs of the Port District. Trends in the movement of people and goods within the Port area are studied and analyzed. Plans are developed for programs and facilities required to meet the transportation needs of the area. These efforts are coordinated with federal, state, county and municipal agencies, as well as with other groups concerned with transportation and commerce in the metropolitan area.

During 1963, the Port Authority published a comprehensive, 380-page planning report, *Metropolitan Transportation: 1980*. It reports on the population and employment patterns in the New York-New Jersey metropolitan area, and forecasts the future transportation requirements of the region. It also reports on commercial and industrial activity, transportation technologies, mass transportation systems, existing and proposed highway developments, air and ship travel, and the movement of freight.

Railroad Planning

Several cooperative programs with Port District railroads were undertaken during the past year to help improve the efficiency of the movement of freight in sea-borne or sea-going foreign trade. They have been concerned mainly with the physical facilities and methods employed in rail freight handling, with particular emphasis on the movement of freight between the railhead and shipside.

The Port Authority also assisted the Tri-State Transportation Committee in an over-all study of the consolidation of various railroad operations in the Port. A preliminary study was completed on the feasibility of a consolidated lighterage terminal for the joint use of all the Port District railroads. Material supplied by the Port Authority will be embodied in the Tri-State Committee's report on consolidated railroad marine and lighterage operations.

Highway Planning

During 1963, the Port Authority continued its work on plans for major improvements to the New York and New Jersey approaches to the Staten Island Bridges to accommodate the great increase in traffic that will follow the opening of the Verrazano-Narrows Bridge in 1965. Considerable progress was made with close cooperation among the States of New Jersey and New York, the City of New York, the New Jersey Turnpike Authority and the Port Authority.

Questions of specific route alignments were either resolved or moved close to resolution. Appreciable gains were made also on the various interchange plans which call for the establishment of connections between the three Staten Island Bridges and existing and proposed state highways, the New Jersey Turnpike and local streets.



In another area of highway planning, a major advance was made toward the completion of the Port Street interchange in Newark. This proposed link will distribute traffic among Route U.S.-1, the New Jersey Turnpike and I-78 in the vicinity of Newark Airport. A final interchange scheme was submitted to the Bureau of Public Roads for approval by the State of New Jersey, which is now developing detailed plans to be used as a basis for discussing the financial and construction responsibilities of the project.

Mass Transportation

Planning activities associated with regional mass transportation developments continued throughout 1963, particularly in terms of their effect on Port Authority facilities and planning. Changes in bus and rail services approaching or crossing the Hudson River were studied and evaluations were made of the potential of improved mass transportation for travel to and from existing and proposed airports. The relationship between PATH and the several commuter railroads of New Jersey received particular attention.

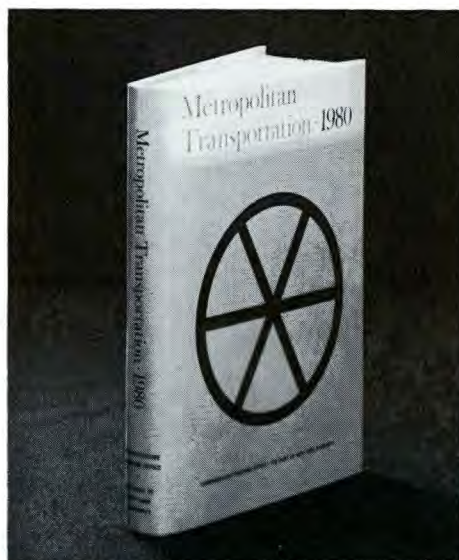
The staff assisted the Tri-State Transportation Committee in a study of ground access to John F. Kennedy International Airport. The Port Authority's contribution to the study included detailed analyses of a number of services which could be provided between Manhattan and the Airport. A recommended plan, involving a combination of bus and rail service, was submitted by Tri-State to the Housing and Home Finance Agency for implementation under the Mass Transportation Demonstration Grant Program.

Marine Planning

During the year, the Port Authority initiated a New York Harbor "Waterfront Cleanup" project. Cooperating in this effort were municipalities in the harbor area, state officials, representatives of chambers of commerce, commercial marine interests and other organizations interested in improving the navigability and appearance of the harbor. It is hoped that this project ultimately will lead to a federal program to remove derelict piers, abandoned scows, and other debris from the New York waterfront, and to rid the harbor and its tributary waterways of dangerous flotsam and jetsam.

Considerable progress was made toward this objective when Congress appropriated \$95,000 for a study by the United States Army Corps of Engineers of the feasibility of undertaking such work. The program has received virtually unanimous support in the Port District and its prospects for long-range success are bright.

The Port Authority continued its annual program of studying and recommending to the Congress of the United States various improvements to the system of channels and waterways which directly affect the flow of commerce through the Port of New York. As a consequence, Congress appropriated



Total U.S. General Cargo:
Imports and Exports (Long Tons)
32,166,014
(First 6 Months—1963)



New Jersey-New York
Port's Share of General Cargo:
Imports and Exports (Long Tons)
6,589,451

funds for improvements in the Buttermilk Channel and Flushing Bay. The widening of Buttermilk Channel will greatly ease the flow of waterborne traffic in this important sector of the Port. The improvements to Flushing Bay will produce long-range benefits as well as serve the immediate needs of the 1964-1965 World's Fair.

Congress also appropriated funds to continue work on the New York State Barge Canal and to complete other improvements along the Great Lakes Hudson River waterway. Funds were also made available for a major rehabilitation of the Shooter's Island Dike at the southerly end of Newark Bay. In addition, a number of review studies of projects recommended by the Port Authority were authorized by Congress.

Transportation Research and Statistics

The Port Authority foreign trade statistics program was expanded during 1963 to include coverage of overseas air cargo passing through New York and competing air cargo centers. This supplements our continuing program of data collection and the analysis of basic trends in oceanborne trade. Other phases of the trade research and analysis program included the issuance of an "Annual Report on Foreign Trade at the Port of New York."

New York's trade relationships with other nations and trading blocs and future trade in several key commodities were reviewed. These studies, as well as reviews of important legislative and regulatory developments, are used by the Port Authority in its trade solicitation and port protection programs.

The subject of rail freight was emphasized during the past year. The comprehensive data collection program covering rail freight tonnages in the Port District was continued. A number of studies were made on the impact of technological and regulatory changes on rail volumes. Several heavy commodity movements were analyzed as part of Port Authority and Tri-State Transportation Committee studies.

A program of studies including a review of regional trends in employment, manufacturing, distribution and housing for their possible effects on Port Authority transportation planning programs, was also carried forward.

Passenger movements throughout the region were studied and data collected on the origin and destination of trans-Hudson traffic using Port Authority facilities, on the travel pattern of users of the Port Authority's Staten Island Bridges and, with the cooperation of the New York Thruway Authority, on traffic over the Tappan Zee Bridge.

In cooperation with the Tri-State Transportation Committee, the Port Authority assisted in the task of combining the results of the Downtown Manhattan and Midtown Manhattan Journey-to-Work surveys in order to provide a comprehensive review of commutation patterns within all of Manhattan south of 60th Street.

Administration

In accordance with the Compact between the States of New York and New Jersey which created the Agency on April 30, 1921, a twelve-man Board of Commissioners establishes and directs the policies and programs of The Port of New York Authority. Six Commissioners are appointed by the Governor of New York and six by the Governor of New Jersey to serve, without pay, for overlapping terms of six years.

At the Annual Board meeting in April, the Commissioners re-elected S. Sloan Colt of New York City to his fifth term as Chairman of the Port Authority. Howard S. Cullman, also of New York City, was re-elected as Honorary Chairman, and James C. Kellogg III of Elizabeth, New Jersey was re-elected to his fourth term as Vice-Chairman.

The year also marked the appointment by Governor Nelson A. Rockefeller of Commissioner Ben Regan, a general partner of Hornblower and Weeks, to succeed N. Baxter Jackson for a term running to July 1, 1967. Mr. Jackson, one of the nation's most respected bankers, had served on the Board of Commissioners since 1955, having been appointed in that year by Governor Harriman.

Commissioner Regan's career includes investment and government activities. A former member of the Food Rationing Committee of the Office of Price Administration and the nine-man United States Civilian Commission of NATO, he also has been long associated with the aviation industry. He served as a Director of the National Aeronautics Association and for three years was Chairman of the Board of Frontier Airlines.

Governor Richard J. Hughes reappointed Commissioner Robert F. McAlevy, Jr., to a new six-year term. Commissioner McAlevy, a former New Jersey Assemblyman and presently Attorney for the City of Hoboken, was first appointed to the Board by former Governor Robert B. Meyner in May 1959.

S. Sloan Colt, Chairman, first was elected to head the Board in 1959 after serving as Chairman of the Finance Committee. Originally appointed to the Board of Commissioners in 1946 by former Governor Thomas E. Dewey, Mr. Colt is a director and a member of the Executive Committee of the Bankers Trust Company and was formerly Chairman of the Board. He is an officer and member of leading civic, cultural, educational and philanthropic groups.

Howard S. Cullman, Honorary Chairman of the Port Authority, marked his thirty-seventh year of service in 1963 on the Board. Appointed a Commissioner in 1927 by the late Governor Alfred E. Smith, he was Vice-Chairman from 1934 to 1944, and Chairman from 1945 to 1955 when he was elected to the post of Honorary Chairman. He is the president of Cullman Bros., Inc., and a director and officer of many banking, business and philanthropic enterprises. Honorary Chairman Cullman is well known for his interest and investments in the theater as well as his efforts in medical and health organizations.



The Port Authority Board of Commissioners receives a report from Executive Director Austin J. Tobin (standing). Members of the Board (in semi-circle from right foreground) are: Charles W. Engelhard, Ben Regan, Joseph A. Martino, John J. Clancy, Honorary Chairman Howard S. Cullman, Vice-Chairman James C. Kellogg III, Chairman S. Sloan Colt, Donald V. Lowe, W. Paul Stillman, Robert F. McAlevy, Jr., Bayard F. Pope, and Alexander Halpern. Seated at the table at right are Deputy Executive Director Matthias E. Lukens and General Counsel Sidney Goldstein.

James C. Kellogg III, entered his fourth term as Vice-Chairman and his eighth year as a Commissioner. He was originally appointed to the Board by former New Jersey Governor Robert B. Meyner in 1955. A member of the New York Stock Exchange and former Chairman of its board of governors, he is a senior partner of Spear, Leeds and Kellogg. He is a director of many business, banking and financial organizations. He is president of the James C. Kellogg Foundation for Infantile Paralysis and is active in civic and church groups.

There are four committees of the Board of Commissioners: Committee on Construction, Joseph A. Martino, Chairman and Alexander Halpern, Vice Chairman; Committee on Finance, James C. Kellogg III, Chairman and Bayard F. Pope, Vice Chairman; Committee on Operations, Howard S. Cullman and John J. Clancy, serving as Chairman and Vice Chairman respectively; Committee on Port Planning, Donald V. Lowe and Robert F. McAlevy, Jr. serving as Chairman and Vice Chairman respectively. These committees act upon policies and programs related to their specific responsibilities, and either take action themselves or, when necessary, recommend suitable action to the Board.

The Port Authority Executive Director, Austin J. Tobin, is responsible for carrying out the programs and policies of the Board. Elected to this post by the Commissioners in 1963 for the twenty-first consecutive year, he reports



On August 15, 1963 members of the New Jersey State Chamber of Commerce participated in an inspection of Port Authority facilities. At the conclusion of the tour, guests receive goodbyes from Vice-Chairman James C. Kellogg, III, Commissioner John J. Clancy, Chamber President Frederick H. Groel, Commissioner Charles W. Engelhard, Commissioner Robert F. McAlevy, Jr., Executive Director Austin J. Tobin, the Chamber's Vice President Al Acken, Director of Administration Daniel L. Kurshan and Director of Community Relations Richard J. Banahan.

to them directly as head of staff. He has been with the Port Authority since 1927. The Deputy Executive Director of the Port Authority is Matthias E. Lukens.

The Port Authority General Counsel, Sidney Goldstein, is legal advisor to the Board of Commissioners, the Executive Director and the Staff, and represents the Port Authority in all legal matters. The General Counsel was re-elected to this post by the Board for the twelfth consecutive year in 1963.

The Secretary of the Port Authority is Joseph G. Carty, who prepares and keeps the official minutes of the Board of Commissioners' meetings as well as all other official records of the agency.

The Port Authority is organized into "line" and "staff" departments which report to the Executive Director. The line, or facility operating units, are the Aviation, Terminals, Marine Terminals, and Tunnels and Bridges Departments, the Rail Transportation Department, and the World Trade Department. The Port Authority's subsidiary, the Port Authority Trans-Hudson Corporation, is the responsibility of the Rail Transportation Department.

The staff departments include Community Relations, Comptroller's, Engineering, Law, Medical, Operation Services, Organization and Procedures, Personnel, Port Development, Public Relations, Purchase & Administrative Services, Real Estate and Treasury.



Port Authority Chairman S. Sloan Colt is shown (right) presenting a colored rendering of Brooklyn-Port Authority Piers 9A & 9B to Mr. Niels Werring Sr., Senior Partner of Wilh. Wilhelmsen, one of the principal occupants of the new piers. The presentation was made in the course of the pier dedication ceremonies held in November, 1963.

Report of The New Jersey Senate Investigating Committee

On June 29, 1963, the New Jersey Senate Investigating Committee, composed of Senator Frank S. Farley as Chairman and Senators Wayne Dumont, Jr., William E. Ozzard, Richard R. Stout, Joseph W. Cowgill, John A. Lynch, William F. Kelly, Jr., and Donal C. Fox, made public a report of its investigation into the activities and functions of The Port of New York Authority. The Committee concluded that:

"the Port Authority has not exceeded the powers vested in it by the two States and that it has met all of its obligations and fulfilled its statutory duties."

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"There is no doubt in the minds of the members of the Committee that the 2 States have realized their objectives in the creation of the Port of Authority. They have procured vast public improvements without charge to the general taxpayers and have created a vital organization capable of continuing to provide such projects as the 2 States desire and which are of common benefit to both of them. Most of the serious writers of government techniques have pointed to the Authority as one of the most successful agencies of State government.

"States have a continuing interest in making an effective use of this public instrumentality to see that it remains responsive to the legislators and the governors, to see that it continues to run honestly and efficiently and to make sure it continues to exercise only those powers which have been delegated to it. The Commission conceived its duty to serve those constructive purposes.

"This Senate Committee undertook its investigation of the Port of Authority to ascertain whether its present program of development of public transportation and terminal facilities still meet this general concept without at the same time exceeding its statutory duties and obligations. Our general conclusion is that by adopting the general concept some years ago the New Jersey Legislature has made a constructive contribution to the economic development of the State and to the welfare of its people since it has been this program which has facilitated the provision by the Port of Authority of the many marine and other terminal and transportation facilities so essential to the movement of people and goods in Northern New Jersey and New York. All existing Port Authority programs and facilities have been developed in accordance with this concept projected by our legislative predecessors."

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"Our Committee has been impressed with the performance and untiring efforts of the Port Authority Commissioners both of New Jersey and New York toward insuring the maintenance and growth of our great

Port. The efficiency of the Executive Director, Austin J. Tobin, and members of his staff has made possible our thorough, frank and productive research of an Agency which in its record of performance is excellent."

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"Over the years the Port of Authority has developed and grown into a full-fledged economic entity of proportion and maturity in the fulfillment of programs designed for the progress and development of the States which authored its existence. While the Authority is a great contributor to progress, at the same time it serves as a barometer portending trends and marking goals for the future. We feel that the Port of Authority has been a constructive influence in the economic life of the State and so long as it maintains its traditions and standards of public service, and at the same time continues to manifest a sensitivity and responsiveness to public need and progress, it should be given official encouragement and support in its endeavors."

Directive to Committee

By virtue of Senate Resolution No. 7, passed on September 20, 1960, the Senate Investigating Committee was charged with the following specific directives:

"1. To conduct a comprehensive study of the financial structure and operation, including receipts and disbursements of funds of the Authority and more particularly to ascertain and determine the amount and status of surplus revenues now standing to the credit of the Authority and the availability of such surplus revenues for use in connection with the construction of a proposed major global jetport air terminal and the authority therefor.

"2. To make such further study and investigation as it may consider appropriate pertaining to the responsibility and the accountability of The Port of New York Authority to the Legislature of the State of New Jersey and its citizens and as to whether or not the said Port of New York Authority is fulfilling its statutory duties and obligations.

"3. To study the necessity, feasibility, ownership, location and construction of a major global jet air terminal to be located in the State of New Jersey with particular consideration of a location in southern New Jersey."

The Committee's two years of work prior to the preparation of its report involved six public hearings, numerous conferences with Port Authority Commissioners and staff, and a thorough examination of the Port Authority's financial structure and operations. It included a detailed study of data on

all Port Authority facilities, a field trip to these facilities and various written reports. The Committee also retained Peat, Marwick, Mitchell and Company, the world's largest firm of Public Accountants, to make "a thorough examination of the financial structure and operations of The Port of New York Authority," and an audit to include "a review of certain financial and administrative aspects of the Port Authority's operations and a verification of the accuracy of certain financial data represented to us by the Authority." In its final report the Committee stated:

"The Committee, throughout its deliberations on the affairs of The Port of New York Authority, received complete cooperation from the officials of that agency. Governors Robert Meyner and Richard J. Hughes were advised of the scope and method of the investigation and made no claim of executive privilege. The Committee requested and received promptly from the Port Authority numerous financial, operating and other data relative to all aspects of its activities including any records and file material requested. Its top-level officials were readily available and voluntarily appeared at all public hearings held by this Committee. It arranged for an extensive inspection of its transportation and terminal facilities and made its financial, law and administrative department representatives available at all times to the auditors engaged by this Committee. The Committee was, of course, entitled to such cooperation from the Port Authority as an agency of this State as well as of the State of New York. But the Committee nevertheless acknowledges the Port Authority's complete acceptance of its amenability to the Committee's investigative procedures. The Committee feels that it has been able to make a complete and thorough investigation of the Port Authority pursuant to its directive embodied in Senate Resolution No. 7."

Public hearings were conducted on September 27 and 28, 1960; January 26 and 27, 1961; May 5, 1961 and August 30, 1962. They dealt extensively with three major areas of concern to the Committee: (a) Port Authority studies for a new airport; (b) the Authority's role in the commuter rapid transit problem of northern New Jersey and the requirements for its solution; and (c) the financial status and fiscal management of the Authority.

A New Major Air Terminal

After full consideration of the need for and possible location of a major new airport to serve the metropolitan area, the Committee concluded among other things:

"1. The establishment of a major air facility in the State of New Jersey is of paramount importance to the economy, development and welfare

of the State and this project should receive prompt and expeditious consideration.

"2. The Committee has considered the challenge to the powers of the Port of New York Authority to conduct studies of possible sites for a major new airport at locations outside of the physical boundaries of the Port District. The Committee is satisfied that this challenge to the powers of the Port of New York Authority to conduct such studies is without merit and that the Authority has both the power and the responsibility of making studies of this nature by virtue of existing statute law.

"3. The Committee finds that the Port of New York Authority does not have the power to establish a new airport outside of the existing physical boundaries of the Port District. Furthermore, the Port Authority does not have power to condemn property for a new airport even within the boundaries of the Port District without additional enabling legislation of the State."

Commuter Rapid Transit

Another section of the Committee's report was devoted to commuter rapid transit. It detailed the Port Authority's program for assumption of responsibility for the continued operation of the bankrupt Hudson & Manhattan railroad which was announced at the Committee's public hearing in Newark on January 27, 1961. With reference to this, the Committee said in part:

"Vice-Chairman Kellogg and Mr. Tobin were questioned at length by members of this Committee on all aspects of its proposed program to acquire the bankrupt railroad. In addition the Committee heard testimony on this date and the preceding day from commuter groups, railroad representatives, individuals and civic associations on various aspects of the prospective transit responsibility of the Port Authority. These hearings, which were devoted exclusively to the subject of commuter rapid transit, resulted in a conviction on the part of this Committee that the Port Authority's proposed program to acquire and improve the Hudson and Manhattan equipment and facilities was sound and in the best interests of the people of this State."

The Committee then went on to discuss the resultant legislation which combined the Hudson & Manhattan with the World Trade Center.

"Late in 1961, a proposal was made to shift the location of the proposed World Trade Center to the west side of Manhattan and to integrate it physically with and directly above the lower Manhattan terminal of the Hudson and Manhattan Railroad. This program had appeal for the State of New Jersey, and in effect, meant that the Port Authority's

improvement of the Hudson and Manhattan system, including its extensions, and the World Trade Center were, in fact, one integrated project. By this time, general agreement among the officials of both the States of New York and New Jersey had also been reached on the extent of the use of the Port Authority's revenues and reserves in meeting transit deficits. Thus, the way had generally been cleared for prompt legislative action by both States authorizing the Port Authority to proceed as rapidly as practicable with the single project—the World Trade Center and the Hudson Tubes and its extensions.

"It was with a great deal of satisfaction that the full membership of this Committee sponsored the legislation authorizing the Port Authority to proceed with this project, one of the most important statutes ever to be enacted by the New Jersey State Legislature. On February 13, 1962, both Houses of the Legislature passed this bill by unanimous votes (with one abstention in each House) and Governor Hughes signed the Bill on the same day. Soon thereafter New York enacted the same Legislation.

"By virtue of its thorough investigation of all aspects of the Port Authority's operation, and its work with the Port Authority and with the public officials of both States this Committee was enabled to evaluate and to participate in bringing about a Port Development project which, in our opinion, will be of inestimable value to the citizens of the State of New Jersey and the Metropolitan area."

The Authority's Financial Structure—Fiscal Policies

The Committee retained the firm of Peat, Marwick, Mitchell and Company to audit the books of the Port Authority and to examine the Authority's financial policies. This firm placed a team of five accountants in Port Authority offices. In accordance with their request, all books, records and files were made available to them. After a four months' detailed analysis, this firm submitted a 75-page report to the Committee. On this report, the Committee commented, in part:

"Peat, Marwick, Mitchell and Company, the accounting firm which made the audit of the records of the Port of New York Authority for the Committee, has submitted to the Committee its written report together with supplemental oral information. Aside from minor inaccuracies, it was found that the information given to the Committee by the Port Authority staff was substantially accurate and fully explanatory in all essential aspects.

"The general impression conveyed to this Committee is that the Authority has incorporated in its accounting, financial and other administrative procedures, modern and sound techniques and controls and

has complied fully with the requirements of the statutes governing the Authority and with the bond indentures and other contracts entered into thereunder.

"The basic framework and philosophy of the Port Authority with respect to its financing policies and its adherence to the principle of administering self-supporting facilities are soundly conceived."

The auditors' report was formally and publicly submitted at the third hearing of the Committee by William Morrison, resident manager of the auditing firm who stated at that time:

"All through the investigation, The Port of New York Authority was extremely cooperative. At no time did we feel that they were withholding anything or at any time obstructing our investigation . . ."

"We could see absolutely no evidence of any effort to hide anything. They were always cooperative."

"My impression of the fiscal management of the Port Authority is that it is very shrewd, quite able, and I have nothing but the utmost respect for the manner in which it has been handled over the years."

"I would say that one impression I got . . . was that the one thing that characterizes the Port Authority is integrity."

In its formal audit report of The Port of New York Authority, Peat, Marwick, Mitchell and Company made the following statements and came to the following conclusions:

"The published reports of the Authority are a fair presentation of the results of operation of the various funds and reserves. However, such reports are not, and are not intended to be, a reflection of the profitability of the Authority. There are strong arguments that the concept of profitability is not even applicable to a governmental body such as the Port Authority . . ."

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"The Port of New York Authority, like many other public authorities, lies in the half-way area between government and business in that it is certainly a governmental body but it is expected to operate on business principles. The Authority's accounting procedures reflect its government-business nature. Publically, in its published reports, it does not make use of depreciation accounting procedures. The Authority does not earn any 'profits'. On the other hand, were its facilities unprofitable, it would not have been able to finance their construction in the first place."

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"... The Authority's financial structure is based on a single enterprise, pooling of revenues concept. Individual facilities are not financed independent of the rest of the Authority. The facilities contribute their revenues for debt service according to their earning power without regard to the amount of bonds which were issued for their construction. For these reasons any presentation of net revenues after debt service for individual facilities is not based on actual fact. As pointed out by the Authority in submitting its report, such a presentation can only be based on arbitrary assumptions."

"One thing the Authority's report does clearly indicate is that few of its facilities would have been financially feasible without the ability to pool revenues of all facilities."

"... while the Authority's return on its investment in facilities has been steadily decreasing, the average rate paid on new issues of bonds has been increasing. If this trend continues indefinitely, the Authority's ability to expand its facilities will cease..."

"One of the most important factors affecting the rate of return on the Authority's investment is inflation. The toll rates paid by the bridge and tunnel users have either remained constant or have been decreased since the start of the ten-year period under review..."

"Although in the past the vehicular crossings have been the backbone of the Authority's earning power, unless inflation is stopped, it would appear that without increases in the tolls they will slowly lose that position. Needless to say, increasing tolls would not prove very popular and its likelihood in the near future would seem remote."

■ ■ ■

"Briefly stated, our conclusions regarding the financial operations and strength of the Authority are as follows:

- (1) The Authority at present appears to be in a sound financial condition.
- (2) The Authority has in recent years experienced tremendous growth.
- (3) The Authority's financial strength during the last ten years has remained stable.
- (4) There are indications that the Authority's future growth may be slowed by decreases in the rate of return earned on its investment in facilities."

■ ■ ■

"We reviewed a selected number of purchase orders and maintenance contracts of over \$2,500 which were authorized or awarded during 1960..."

"Our review in this area showed that the employees were following the Authority's policies and procedures with respect to the bidding and award of purchase orders and maintenance contracts."

"In our opinion, the Port Authority's policies and instructions in this area are reasonable, prudent and in accord with good business practice."

■ ■ ■

"We reviewed selected construction contract files over \$12,500 which were authorized or awarded during 1960..."

"Our review of construction contracts showed that the Authority's policies and procedures were being followed. In our opinion, the policies in this area are reasonable, prudent and in accord with good business practice."

■ ■ ■

"... Based upon our observations, the overall administration of the Authority's insurance program is being handled competently and in compliance with the policies and principles of the Authority."

"... the costs of the Authority's insurance coverages are favorable and tend to support the practice of using a single broker."

"... In our opinion, the Port Authority has followed an accepted business practice by using one (insurance) broker. . . . It appears doubtful that better results could be obtained if multiple brokers had been employed."

With respect to the acquisition of real estate, the Peat, Marwick, Mitchell and Company report concluded that:

"... The procedures followed by the Authority appear to be designed to adequately protect the public interest."

Conclusions

The final conclusions of the Committee as set forth in its report are as follows:

"The Committee has discharged its assignment under Senate Resolution No. 7. In connection with the first branch of that resolution, we have studied the entire financial structure and operations of the Port Authority, including the receipts and disbursements of its funds. We find the structure appropriate to the assignments which the State Legislatures have made to the Port Authority and soundly devised to achieve the lowest possible cost for borrowed money. We are conscious that the Port Authority, having no taxing power, can operate only by continuing the cycle of borrowing money to provide facilities which yield revenues which repay the borrowings and establish the reserves to permit addi-

tional borrowings. We are mindful that in the original Compact of 1921, the 2 States recited that the cooperation of the States was required 'in the encouragement of the investment of capital.' The Authority has, in our judgment, balanced the public necessities against the needs to attract private capital which can only be attracted by a sound credit and confidence in efficient management.

"In studying the receipts and disbursements of funds we were led to consider the entire internal organization of the Port Authority and its controls to achieve efficiency and economy. We retained outside professional auditors to make a complete and disinterested audit of the Port Authority. On the basis of their report we have concluded that the Port Authority employs good business techniques and follows sound and prudent management policies and practices to the end that the public is best served, and that the policies employed by the Port Authority operate to minimize its construction and operating costs, to develop fully its revenues other than bridge and tunnel tolls and to avoid favoritism in any of its business transactions. The internal policies of the Authority are soundly conceived, clearly contained in written instructions and complied with by the Port Authority staff. The auditors studied the particular sensitive areas of purchasing contracts and concession letting, the rental of space, the procurement of insurance, the acquisition of real property and related fields. On the basis of their report, we are satisfied that the Port Authority's techniques are soundly conceived and efficiently followed.

"Initially we assumed that it was possible to achieve detailed reporting of net operating results facility by facility not only after operating expenses but after debt service as well. The auditors' report has explained why this is not possible without arbitrary assumptions. We therefore conclude that the Port Authority has performed its duty to report properly on the financial results of its operations when it combines the debt service of facilities which have been soundly combined for financing purposes. We have considered the question of the size of the Port Authority from the point of view of its assets and revenues. We find that the size of the Port Authority is commensurate with its responsibilities vested by the Legislatures and with the growth and progress of the Northern New Jersey-New York metropolitan area which it serves.

"Also with regard to the first branch of the Senate Resolution No. 7, the Commission has studied the use and distribution of the surplus revenues of the Port Authority to determine how they may best 'inure to the benefit of the citizens of this State.' We conclude that the best use of such surplus revenues is to provide the credit base which will permit the financing and effectuation of such additional facilities as the

two State Legislatures wish from time to time to achieve without taxation and through the instrumentality of the Port Authority. The General Reserve Fund Statutes of 1931 established that policy and unquestionably the policies should be continued. The concept of the Port Authority articulated by the Investigating Committee of 1940 reflected that approach and that legislative judgment was vindicated by the record of growth and achievement of the Port Authority over the past two decades. We are in accord with these findings.

"With regard to the final part of the first branch of our authorizing resolutions, we have studied the use by the Port Authority of funds for the study and construction of the proposed major air terminal and the authority therefor. We are satisfied that the Port Authority had the power to use its funds for the study of possible airport sites both within and outside of the Port District. It has the express power and duty to make recommendations to the Legislatures of the two States within its assigned field of responsibility and it has the commensurate power to spend its funds to collect and report the facts which will make those recommendations significant and useful for legislative evaluation. Since the two State Legislatures have the power to enlarge the boundaries of the Port District, there was no lack of power in the Port Authority to study a site outside the present Port District boundaries since the result of such study could be an authorized recommendation to the Legislature to extend the boundaries and authorize the site.

"However, we find that the Port Authority never had the power to construct an air terminal base outside the Port District and does not have that power to this day. This Committee therefor recommends that legislation be passed to augment the size of the Districts so that it may be permitted to include a site in southern New Jersey for a major jetport.* "There is no detriment to the public interest in a public agency having the power to make reports and recommendations to the proper legislative bodies. This Legislature is free to reject, or to accept, any such recommendation after appropriate investigation, and therein lies the protection of the public. In this case, the New Jersey Legislature rejected the recommendation of a proposed North Jersey site. It would, however, be a disservice to the public interest to stifle the ability of the Port Authority to report freely to the Legislature on matters of public concern affecting the commerce of the Port District. This Committee recommends that

*Senator Lynch submitted a minority report disagreeing with this recommendation and suggesting an enlargement of the Port District "... would be in order when, and only when, and if, the F.A.A., Port of New York Authority and the respective States of New York and New Jersey are in agreement on the feasibility of such an extension."

the copies of the Minutes should be sent to the President of the New Jersey Senate and the Speaker of the House of Assembly, and likewise to the respective officers of the New York and New Jersey Legislatures and the copies of such Minutes should be made available thereafter to the public and to the Press.

"With respect to the second branch of Resolution No. 7, we have studied the necessity, feasibility, ownership, location and construction of an air terminal in New Jersey. We have concluded that there is a necessity for such an air terminal and that the time when it will be needed is so imminent as to require early decision as to its site and other general features. We are, however, opposed definitely to the location in Morris and Hunterdon Counties, as a matter of fact, to any northern New Jersey site. The citizens of Morris and Hunterdon Counties have continued their strong opposition to this location. The choice of remaining locations requires additional investigation and the coordination of the judgments not only of State and municipal officials and the people of the affected areas but of the affected airline and the Federal aviation authorities who are presently making an all year round survey as to the practicability and feasibility of the Burlington County site. Questions as to the feasibility, ownership and construction of a new major air terminal in New Jersey can only be answered after the location has been determined.*

"With regard to the third branch of our authorizing resolution, we have studied the responsibility and accountability of the Port Authority in the Legislature of this State and to its citizens. We have established that the Port Authority is accountable to this Legislature and that accountability was evidenced by the complete responsiveness of the Port Authority to all of the requirements of this Committee in pursuing its investigation. It is recommended, however, that the Port Authority furnish to the Legislatures the Minutes reflecting their activities at the same time they are furnished to the Governors of the respective States.

"As required in the Compact, the Port Authority annually submits a report to the Legislatures setting forth in detail the operations and transactions conducted by it. Upon receipt of this report, we urge that the Legislature, through its regularly established committees, annually invite officials of the Authority to appear before them to answer questions and to provide any further information on the operations and activities

*Senator Lynch submitted a minority report in which he stated: ". . . it is now my judgment that a major airport site in any of the northern counties of the State should be judged and weighed solely upon the facts presented for such a site and not by a blanket over-all objection regardless of the worthiness or merit of the proposed site."

of the Authority. We believe such a regular and personal report and examination would expedite the work of the Legislature, and also would provide the public with useful information regarding the Authority and would emphasize the continuous responsibility and accountability of the Port Authority to the respective Legislatures.

"With regard to the responsibility and accountability of the Port Authority to the citizens of New Jersey, it is clear that this responsibility and accountability must continue to be through the Governors and Legislatures of the two States.

"The Port Authority has attempted to keep the Governors advised as to such of its proposals as it deems controversial before they are adopted so as to obtain the benefit of the thinking of the respective Governors' viewpoints and avoid the necessity of veto and modification to meet the Governors' objections. The veto of the Governor continues as a most effective instrument for assuring that the policy of the Port Authority cannot depart from the policy of either State. We observe that the Governors have not hesitated to use the veto power when they deemed it appropriate.

"With regard to the final item of the third branch of our authorizing resolution, we have investigated whether or not the Port Authority is fulfilling its statutory duties and obligations. We have concluded that the Port Authority has not exceeded the powers vested in it by the two States and that it has met all of its obligations and fulfilled its statutory duties. The sole exception was the commencement of the Third Tube of the Lincoln Tunnel under existing authorization to construct the facility. The Legislature subsequently amended the statutes to bring this project within the Authority's statutory duties. It will be remembered that the initial compact and even the comprehensive plan of 1922 were mere charters of ultimate goals. The Legislatures have directed the Port Authority's course by specific statutes from year to year. By granting and withholding particular authorizations, they have set the limits within which the Port has operated.

"In conclusion, this Committee would like to commend Austin Tobin for his thorough and most intimate knowledge of every project of the New York Port of Authority. He had at his fingertips all of the data of the Port Authority's activities when he was testifying and in addition thereto, on our personal inspection of the facilities, when he had his experts advise us as to the usage, the convenience to the public and its operation. Mr. Tobin always had supplemental remarks that even went into greater detail, showing his constant attention to every facet of the New York Port of Authority."

Commissioners

S. Sloan Colt, CHAIRMAN



S. Sloan Colt of New York City is a director and member of the executive committee of Bankers Trust Company, having previously served as its president and chairman of the board. He is also a director of leading financial, industrial and insurance companies and a member and officer in leading civic, cultural, educational and philanthropic groups. Chairman Colt was appointed to the Port Authority Board in 1946 and reappointed by former Governor Thomas E. Dewey in 1950, by former Governor Averell Harriman in 1956 and by Governor Nelson A. Rockefeller in 1962. He was first elected Chairman of the Authority in 1959.

Charles W. Engelhard



Charles W. Engelhard of Far Hills, New Jersey is chairman of the board of Engelhard Industries, American-South African Investment Co., Ltd., Rand Mines, Ltd. and Minerals and Chemicals Philipp Corporation. He is active in a number of New Jersey civic and philanthropic organizations, serving as a director of the New Jersey Chamber of Commerce, and the Thomas Alva Edison Foundation, and as president of the Newark Museum. He is a director of Public Service Electric and Gas Co., National Newark and Essex Banking Co., Hudson Bay Mining and Smelting Co., International Silver Co. and the Anglo American Corporation. Commissioner Engelhard was appointed to the Board in 1960 by former Governor Robert B. Meyner.

Robert F. McAlevy, Jr.



Robert F. McAlevy, Jr. of Hoboken, New Jersey, is a lawyer. A former member of the New Jersey Assembly and Hoboken Magistrate, he is at present Hoboken's City Attorney. He is a member of the Hoboken, Hudson County, New Jersey and American Bar Associations, National Institute of Municipal Law Officers, American Judicature Society and active in various civic and fraternal organizations. Commissioner McAlevy was named to the Board in 1959 by former Governor Robert B. Meyner and reappointed by Governor Richard J. Hughes in 1963.

Howard S. Cullman, HONORARY CHAIRMAN



Howard S. Cullman of New York City is president of Cullman Bros., Inc., and director and officer of many banking and business enterprises. He is known for his interest and investments in the theater and his work in medical and health organizations. He served as U. S. Commissioner General for the 1958 Brussels Universal and International Exhibition. Appointed to the Board by former Governor Alfred E. Smith in 1927, he was reappointed by former Governors Herbert Lehman, Thomas E. Dewey and Averell Harriman. Vice-Chairman from 1934 to 1945, he was Chairman for the next ten years and since 1955 has been Honorary Chairman.

Alexander Halpern



Alexander Halpern of White Plains, New York, is a partner in the law firm of Pross, Smith, Halpern & LeFevre and is a member of New York City, Westchester, New York State and American Bar Associations. He is also an executive and director of a number of realty and investing corporations and is a financial advisor. Commissioner Halpern is chairman and director of the National Parkinson Foundation, Inc. and director of the Mental Health Association of Westchester County, and is active in civic affairs. He was appointed to the Port Authority Board of Commissioners in 1960 by Governor Nelson A. Rockefeller.

Bayard F. Pope



Bayard F. Pope of New York City is a director and a member of the executive committee of the Marine Midland Corporation, having previously served as its chairman of the board for twenty years. He is a director and a member of the executive committee of The Marine Midland Trust Company of New York, and a director of several leading utility, financial and industrial corporations. Active in civic, cultural and charitable organizations, he is the honorary chairman of the Community Service Society and a trustee of various institutions. An appointee of former Governor Thomas E. Dewey, Mr. Pope served as a Commissioner of the Port Authority from 1944 to 1955. Governor Nelson A. Rockefeller reappointed him in 1959.

James C. Kellogg, III, VICE CHAIRMAN



James C. Kellogg, III of Elizabeth, New Jersey, has been a member of the New York Stock Exchange since 1936. He has served as chairman of the Exchange's Board of Governors and is a senior partner of Spear, Leads, and Kellogg as well as a director of other business, banking and financial organizations. Vice-Chairman Kellogg is president of the J. C. Kellogg Foundation for Infantile Paralysis and is active in civic and church groups. He was named a Commissioner in 1955 and reappointed in 1960 by former Governor Robert B. Meyner. He was first elected Vice-Chairman of the Authority in 1960.

Donald V. Lowe



Donald V. Lowe of Tenafly, New Jersey, is president of the Lowe Paper Company. He has served as United States Delegate to the Transportation and Communications Commission of the United Nations. A trustee of the New Jersey Manufacturers Association and a director of its associated insurance companies, he is also a director or former officer of other businesses and associations and is a leader in civic, church and school affairs. Commissioner Lowe was appointed to the Port Authority by former Governor Edge in 1945, reappointed by former Governor Driscoll and by Governor Richard J. Hughes in January, 1963. He was elected Vice-Chairman of the Authority in 1953 and served as Chairman between 1955 and 1959.

Ben Regan



Ben Regan of New York City is a general partner of Hornblower and Weeks. He is also a director of several leading corporations, including H.C. Bohack and "21" Brands, Inc. Commissioner Regan is a former chairman of Frontier Airlines. In 1961, he was appointed by the then Vice-President Lyndon B. Johnson to the Civilian Commission of NATO. He is director of several eastern and midwestern universities. Commissioner Regan was appointed to the Board by Governor Nelson A. Rockefeller in 1963.

John J. Clancy



John J. Clancy of South Orange, New Jersey, is the senior member of the law firm of Clancy & Hayden. He is a director of The National State Bank of Newark, a director and chairman of the executive committee of the Carteret Savings & Loan Association, and a director in other financial and business enterprises. He is a member of the Essex County, New Jersey State and American Bar Associations, and is active in various legal, civic and philanthropic organizations. Commissioner Clancy was appointed to the Port Authority in 1958 by former Governor Robert B. Meyner.

Joseph A. Martino



Joseph A. Martino of Manhasset, New York, is president of the National Lead Company. He is a director of the Chase Manhattan Bank and a director or officer of other leading industrial, business and insurance organizations. He is also on the governing boards of outstanding business promotion and advisory groups. Commissioner Martino is active in civic affairs and is director or trustee of several hospitals and medical research foundations. He was appointed to the Port Authority Board of Commissioners in 1958 by former Governor Harriman and reappointed by Governor Nelson A. Rockefeller in 1959.

W. Paul Stillman



W. Paul Stillman of Fair Haven, New Jersey, is chairman of the board of The National State Bank of Newark and the Mutual Benefit Life Insurance Company. He is also a director of several manufacturing, insurance and utility companies, a member of the Board of Trustees of the United Hospitals of Newark and a member of the board of trustees of New York University and of the advisory council of the Department of Politics of Princeton University. Mr. Stillman was appointed to the Port Authority Board of Commissioners by former Governor Meyner in 1960.

The Port of New York Authority Organization Chart

December 27, 1963

BOARD OF COMMISSIONERS

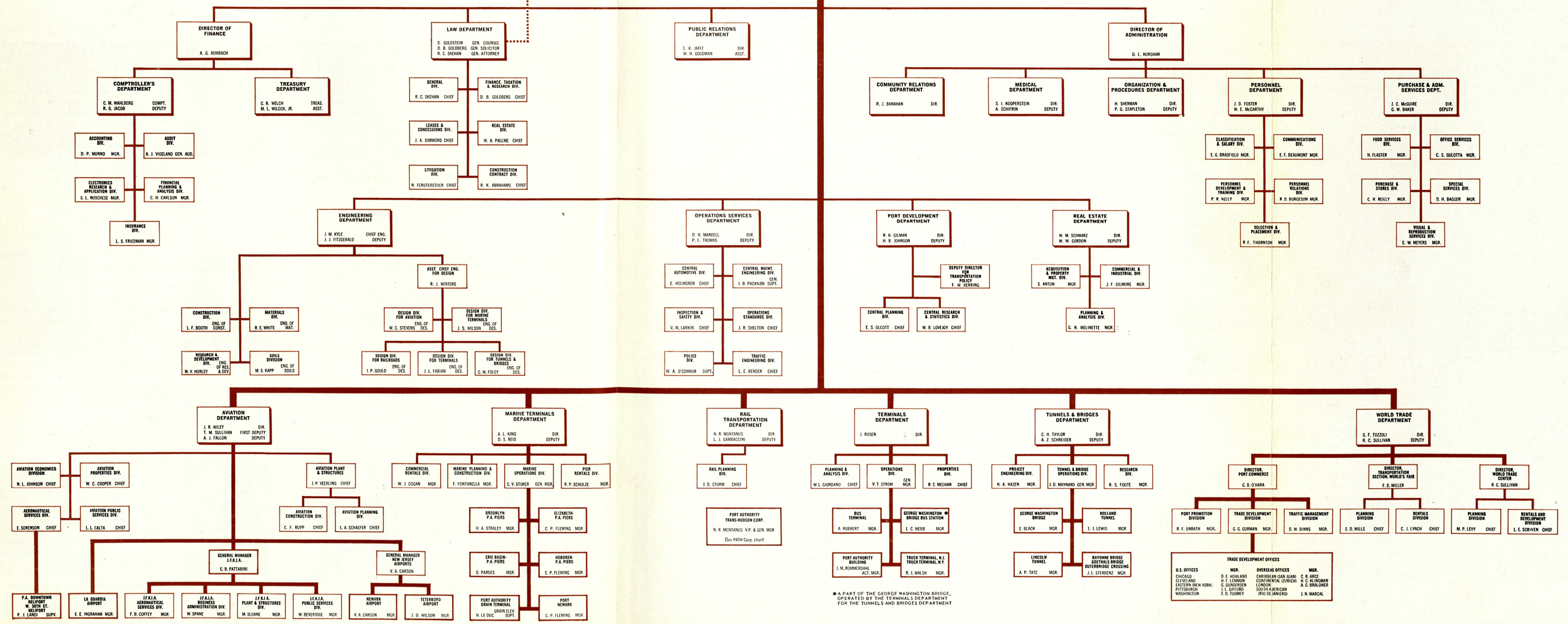
S. SLOAN COLT, Chairman
JAMES C. KELLOGG, III, Vice Chairman
HOWARD S. CULLMAN, Honorary Chairman
JOHN J. CLANCY
CHARLES W. ENGELHARD
ALEXANDER HALPERN

DONALD V. LOWE
ROBERT F. McALEVEY, JR.
JOSEPH A. MARTINO
BAYARD F. POPE
BEN REGAN
W. PAUL STILLMAN

OFFICE OF THE EXECUTIVE DIRECTOR

A. J. TODIN, EX. DIR.
M. E. LUKENS, DEPUTY

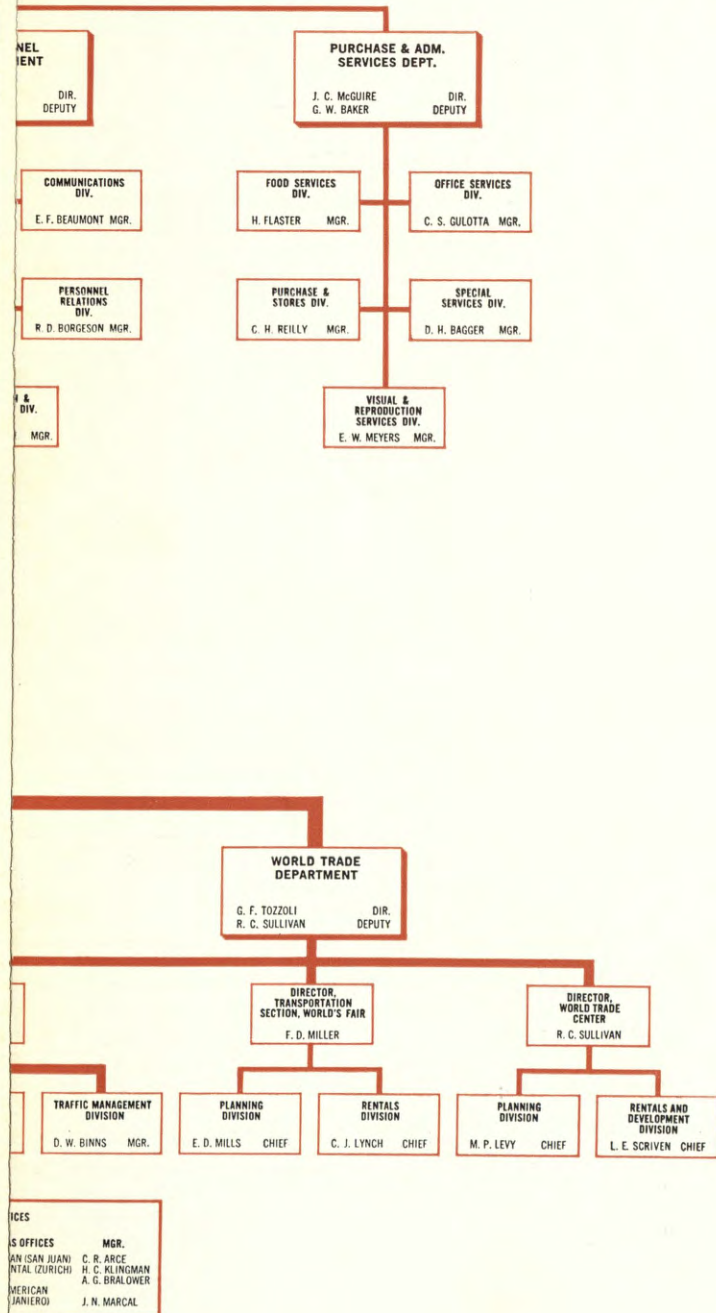
J. G. CARTY, SECY. TO BO.
M. C. PORTH, ASST.



* A PART OF THE GEORGE WASHINGTON BRIDGE, OPERATED BY THE TERMINALS DEPARTMENT FOR THE TUNNELS AND BRIDGES DEPARTMENT

The Port of New York Authority Organization Chart

December 27, 1963



Communications

Information designed to keep employees informed of current Port Authority policies, objectives and activities is circulated in a wide variety of Port Authority publications. These include a monthly newspaper, a weekly Management Bulletin, guide booklets, pamphlets and special bulletins. The first two issues of the Port Authority Review, a quarterly publication containing articles of management interest were published in 1963.

Recognition of Service

The Port Service Club is an employee organization instituted in 1952, and is made up of personnel with twenty-five years or more of service. Now 600 strong, its fraternal bonds encompass all levels of Port Authority personnel, including 321 members of PATH, who during the past year were inducted into the club.

Medal Awards

Late in November, the annual Medal Award Ceremonies honored the contributions of 21 staff members who were selected for their meritorious efforts on behalf of the Port Authority and the Port District. The *Medal of Honor*, the Port Authority's highest award, was presented to Police Officer Lawrence McAllister. Mr. McAllister was the eighth recipient of this award in Port Authority history. The *Distinguished Service Medal* was awarded to Frank Cummings, Daniel B. Goldberg, Herbert Hazen, Joseph Hoermann, Raymond Miles, E. Donald Mills, Charles Pellicane, and Edward Schmidt. The *Executive Director's Award of Achievement* was presented to John Callaghan, Justin Dickens, Barbara Jahreis, Thomas Jordan, A. Gordon Lorimer, Raymond Meehan, Harold Milley, Thomas Riley, Paul Roshkind, Robert Schulze, John Shelton, and Elizabeth Wilson.

First Cullman Fellowship Awarded

The first Howard S. Cullman Service Fellowship "to develop to the greatest extent the promise of unique qualifications and talent among its employees," was awarded in June to George J. Tamaro, Jr. (Photo at right)

Mr. Tamaro, a 26-year-old Civil Engineer in the Engineering Department, is studying "analysis, design and construction of reinforced concrete structures" in Rome under the direction of the noted Italian engineer-architect, Dr. Pier Luigi Nervi.

The fellowship, established in 1962, was named for Honorary Chairman Howard S. Cullman as a tribute to his thirty-five years of continuous service with the bi-state agency. The employee chosen is granted leave of absence to undertake studies or training that would improve his contribution to public service in his Port Authority job.



The Staff



The economic progress of the New York-New Jersey port area has been given tremendous impetus by the variety of transportation and commercial facilities and programs initiated, developed, and operated by the personnel of the Port Authority. The success of these enterprises depends on the quality, the energy, and the motivation of the people who are "on the job" and those who will some day join the Port Authority staff.

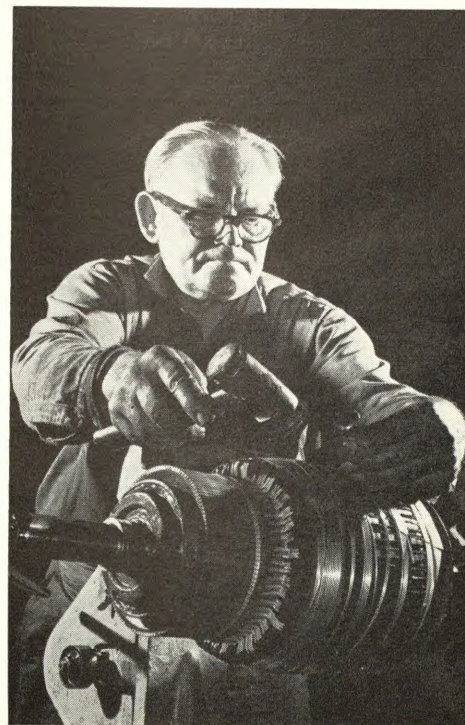
To assure the constant availability of qualified personnel, and to assure that each employee reaches his fullest potential in a manner consistent with the Port Authority's growth, the Personnel Department maintains an organization-wide system of career development. In order to guarantee that this system remains valid in times of changing needs, the Port Authority pursues a policy of continual research in virtually all areas of personnel administration.

Career Development

The Port Authority provides employment for 6,661 employees in scores of professional, technical, administrative and operating specialties. Many career ladders exist which offer employees an opportunity to progress in accordance with their abilities and ambitions.

Each individual in the organization is in a position to choose his own career development goals and is given an opportunity to apply for any position for which he may be qualified. To help him achieve the qualifications for career improvement, an employee can avail himself of over fifty-five courses ranging from maintenance and clerical skills to supervisory and management development. During 1963, such internal training programs had an enrollment of more than 2,000 employees. In addition, an Education Refund Plan has been developed under which any employee may study at approved colleges or universities. The Port Authority will refund 100% of his tuition if his courses are approved as relating to the work of the Authority and are completed successfully. During 1963, about 550 employees attended schools after working hours for degree programs or for technical or supplementary academic courses—including graduate work up through the doctoral level.

In 1963, the new Career Plan completed its first full year of operation. Under this new system, management positions have been grouped into three bands which reflect specific levels of responsibility. Thus, entrance into the Junior Management band places an employee on the threshold of the management ranks. Positions in the Middle Management band, the next higher level, make up the core of the management and professional groups, and usually require a number of years of experience in a particular field. The third or Executive band includes all top Port Authority staff members, i.e., Division Managers, Facility Managers, and top professionals. Last year, the program attracted more than 527 candidates, of whom 142 gained promotions thereby.



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Financial 1963



Basic Policies and Financial Structure

The States of New Jersey and New York directed the Port Authority "... to proceed with the development of the Port of New York ... as rapidly as may be economically practicable." The Authority, however, was not given the power to levy taxes or assessments or to pledge the credit of either state or any municipality.

In order to finance—on a self-supporting basis and without cost to the general taxpayer—essential land, sea and air terminals and transportation facilities, it therefore has been necessary for the bi-state agency to develop sufficient revenue potential and to utilize modern efficient business methods to build a strong credit base and a sound financial structure.

To achieve the continuing objectives of strength and stability in its financial structure and command the confidence of investors, it is necessary for the Port Authority to meet certain legal and fundamental financial standards.

First, the statutes establishing the General Reserve Fund provide for the pooling of revenues to the end that older facilities with established earning power aid new projects during developmental loss periods until they reach their anticipated point of self support.

Second, the Port Authority policy is to maintain, at year's end, a combined amount in all reserve funds at least equal to the next two years' debt service, and to retire funded debt as rapidly as this policy and sound financial management permit. Acceleration of debt retirement before mandatory dates may legally be accomplished out of the reserve fund only to the extent that the reserve funds exceed the next two years' debt service.

Third, bonds for an additional facility cannot be issued with a pledge of the General Reserve Fund unless the Port Authority Commissioners certify that the pledge will not materially impair the sound credit standing of the Authority, the investment status of the Authority's bonds, or the ability of the Authority to fulfill its commitments and undertakings.

Fourth, sound management practices, advanced engineering techniques and judicious planning are utilized to put new projects on a self-supporting basis as soon as possible.

Adherence to these requirements and policies has resulted in a sound financial structure which has been recognized by individual investors and financial institutions throughout the United States. Over the years, as a result, a total of almost one and a half billion dollars of Port of New York Authority bonds, have been purchased by investors, exclusive of the amounts which have been refunded by later bond issues.



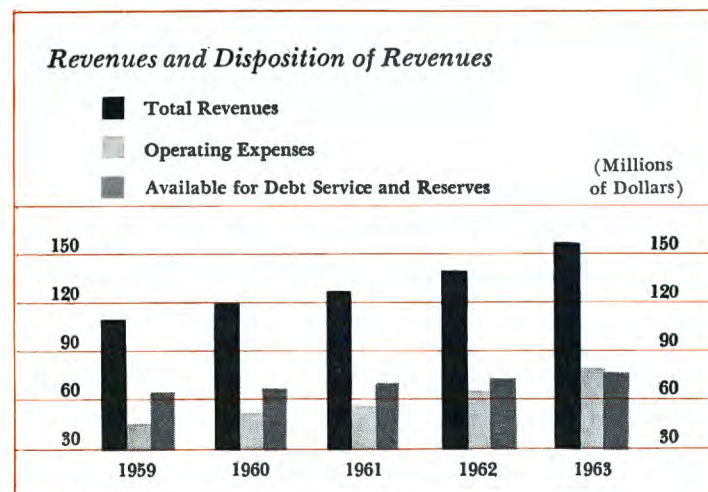
Combined Operations in Brief

Gross operating revenues for the year 1963 were \$154,025,000, compared with \$135,059,000 for the year 1962. This represented an increase of 14.0%, due to continued growth in activity at Port Authority facilities and the first full year's operation of the Port Authority Trans-Hudson Corporation. Operating, administrative, and development expenses increased to \$79,797,000. Thus, net operating revenues before debt service totaled \$74,228,000, an increase of \$4,911,000 or 7.1%, over the comparable figure in 1962. Investment income of \$4,824,000 on securities held in reserve and operating funds, partly offset by a downward adjustment of \$2,967,000 in the value of our security portfolio, brought the amount of net revenues available for debt service up to \$76,085,000.

Long-term debt amortization and interest totaled \$39,016,000. In addition, \$33,000,000 of short-term Consolidated Notes were retired at maturity and bonds with a par value of \$2,806,000 were retired in anticipation of future years' debt service at an amortized cost of \$2,590,000.

Reserve funds totaled \$90,229,000 at year's end, an increase of \$1,478,000. They continue to meet the requirements of the applicable statutes of New Jersey and New York and of Port Authority bond resolutions, as well as the Port Authority policy of maintaining reserves of at least the next two years' debt service.

The Authority's financial affairs are administered by A. Gerdes Kuhbach, Director of Finance; Charles R. Welch, Treasurer; and Carl M. Wahlberg, Comptroller.



	1963	1962
Gross Operating Revenues	\$ 154,000,000	\$ 135,000,000
Net Operating Revenues	74,200,000	69,300,000
Debt Retired	56,100,000	54,400,000
Interest on Debt	18,700,000	16,200,000
Cumulative Invested in Facilities	1,327,900,000	1,224,200,000
Funded Debt Outstanding	739,400,000	687,600,000
General Reserve Fund	73,900,000	68,700,000
Special Reserve Funds	16,200,000	19,900,000

Financial Position at Year End

Highlights

Total assets of the Authority on December 31, 1963 were \$1,540,263,000, represented by the cumulative amount invested in facilities and construction, operating and reserve funds. This is an increase of \$115,974,000 or 8.1% over last year, the major portion of which is the increase of \$103,729,000 of construction completed or in progress.

The year-end cumulative investment in the Port Authority's twenty-three facilities rose to \$1,327,956,000, an increase of \$103,729,000 over last year. The facilities contributing most substantially to this increase are:

LaGuardia Airport	\$18,000,000
Port Authority Trans-Hudson	18,000,000
Elizabeth-Port Authority Piers	17,000,000
Brooklyn-Port Authority Piers	13,000,000
John F. Kennedy International Airport	11,000,000
George Washington Bridge	7,000,000
Port Newark	7,000,000

Cumulative investment in each facility through 1963 is shown in the adjoining tabulation, and additional details are discussed in the Chapters dealing with specific facilities.

Funded debt at the year-end was \$739,497,000. The increase of \$51,884,000 over last year is the net result of the issuance of Consolidated Bonds and Notes in the total amount of \$112,469,000, the retirement of \$56,116,000 of debt through income and reserves, and the refunding of notes in the amount of \$4,469,000.

The combined total of "Debt retired through income" and the "Reserves" amounted to \$745,144,000 at the close of 1963. This is 56% of the total amount invested in facilities, the same ratio as at the close of 1962.

Reserve Funds

Total reserve funds at the year-end were \$90,229,000, reflecting a net increase of \$1,478,000. The General Reserve Fund was \$73,949,000, which equaled the statutory requirement of 10% of outstanding debt. In addition, the Special Reserve Fund totaled \$10,780,000, the Air Terminal Reserve Fund \$4,423,000, and the Marine Terminal Reserve Fund \$1,075,000. These reserve balances continue to meet all requirements of the various statutes of New York and New Jersey affecting the Port Authority and of the Authority's covenants with bondholders. The combined balances meet the long-established policy of maintaining reserves of at least the next two years' mandatory debt service. The total reserves, at the year-end, exceeded the next two years' debt service by \$965,000.

Reserve funds are required by bond covenants to be maintained in cash or invested in certain government securities. Invested in these securities was

Cumulative Invested In Facilities December 31, 1963

(In Millions)

George Washington Bridge	\$ 204.4
Lincoln Tunnel	188.2
Holland Tunnel	59.4
Bayonne Bridge	14.3
Outerbridge Crossing	12.8
Goethals Bridge	8.9
	<u>488.4</u>

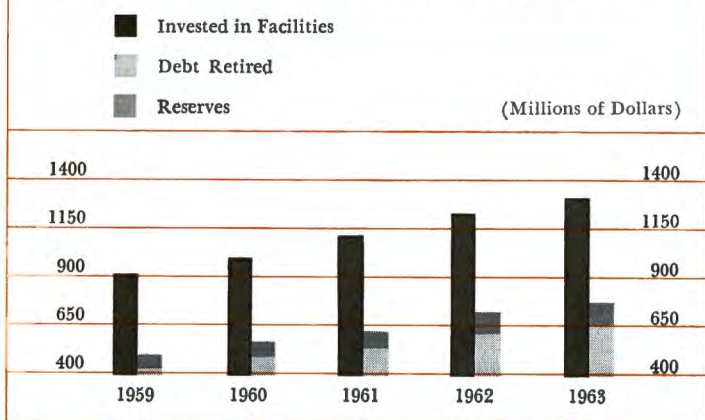
John F. Kennedy International Airport	349.9
LaGuardia Airport	78.8
Newark Airport	43.3
Teterboro Airport	10.5
Heliports	.7
	<u>483.3</u>

Brooklyn-Port Authority Piers	93.6
Port Newark	80.2
Elizabeth-Port Authority Piers	42.5
Hoboken-Port Authority Piers	18.0
Erie Basin-Port Authority Piers	11.3
Port Authority Grain Terminal and Columbia Street Pier	3.7
	<u>249.6</u>

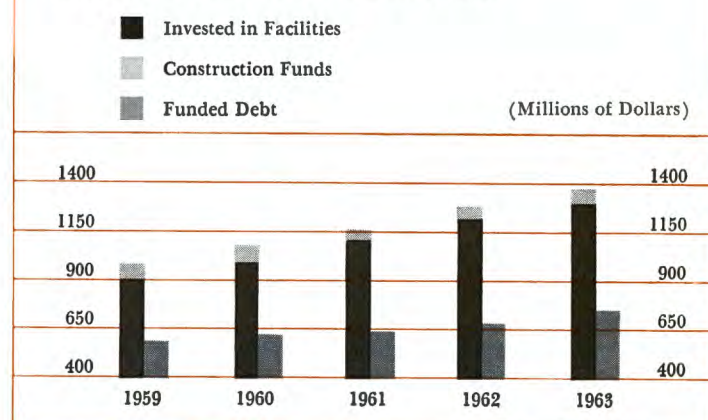
Port Authority Bus Terminal	46.7
Port Authority Building	22.8
New York Truck Terminal	9.9
Newark Truck Terminal	8.1
	<u>87.6</u>

Port Authority Trans-Hudson	18.9
	<u>\$1,327.9</u>

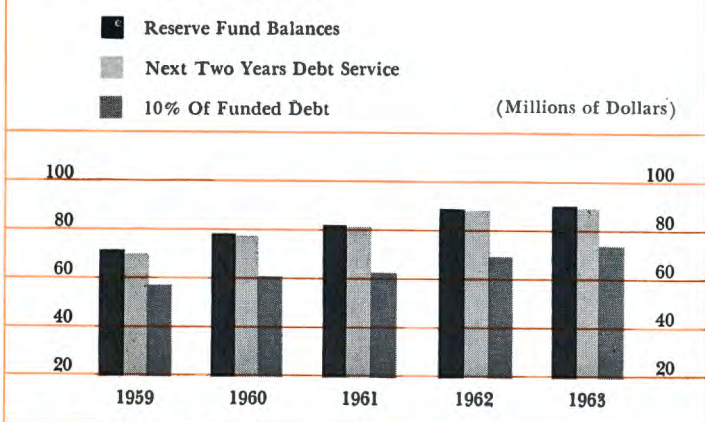
Invested in Facilities Vs. Recovery Through Income



Invested in Facilities Vs. Funded Debt



Reserve Funds 1959-1963



Summary of Reserve Funds
December 31 (In Millions)

	1963	1962	Increase (Decrease)
General Reserve	\$73.9	\$68.7	\$ 5.1
Special Reserve	10.7	12.9	(2.1)
Air Terminal Reserve	4.4	5.8	(1.4)
Marine Terminal Reserve	1.0	1.2	(.1)
	<u>\$90.2</u>	<u>\$88.7</u>	<u>\$ 1.4</u>

\$89,327,000 as set forth in Statement D, "Analysis of Reserve Funds." Income from invested funds during 1963 was \$3,607,000, as compared with \$3,694,000 for 1962.

The policy of adjusting the value of security holdings at year-end to the lower of aggregate market value or aggregate amortized cost resulted in a downward adjustment of \$2,618,000 to the value of securities held in reserve funds.

Investment Income

The prime objective of the security investment program has always been the prudent investment of available funds so as to assure maximum earnings while, at the same time, providing optimum security. The Authority's investment portfolio averaged more than \$225,000,000 during 1963. Of this, \$101,000,000, principally reserve funds, was invested primarily in U. S. Treasury long-term securities which returned a net income of \$4,084,000, an average earning rate of 4.02%. Construction funds awaiting disbursement and current revenues were invested in U. S. Treasury short-term securities and bank time deposits. The net income from these short-term investments totaled \$4,250,000, an average return of 3.42%.

Distribution of investment income was \$3,607,000 to reserve funds, \$1,217,000 to operating funds. The balance of \$3,510,000 was allocated to capital funds, thus reducing the borrowing costs during the construction period.



Facts for Bondholders

Consolidated Bonds

Consolidated Bonds are secured by the General Reserve Fund on an equal basis with other outstanding issues of Port Authority bonds. This pledge presently constitutes the prime security for Consolidated Bonds. As each of the older classes of bonds—General and Refunding, Air Terminal and Marine Terminal Bonds—is retired, and since the Authority has agreed that it will not issue any additional bonds of these classes, Consolidated Bonds will have a first lien on the net revenues of those facilities presently pledged for such prior issues of bonds.

Consolidated Bonds, the only medium of current financing, represented 87% of the outstanding funded debt of \$739,497,000 at year's end. Progress in unifying the debt structure as older prior lien bonds are retired is shown for the past five years on the chart on page 90.

On December 31, 1963, outstanding Consolidated Bonds totaled \$643,434,000. Over the years, the Authority has issued a total of \$983,150,000 Consolidated Bonds, exclusive of refundings. Of this amount, \$193,120,000 has been allocated to "Consolidated Bond Facilities", namely, Brooklyn-Port Authority Piers, Hoboken-Port Authority Piers, Erie Basin-Port Authority Piers, Elizabeth-Port Authority Piers, the two Port Authority Heliports and the Hudson Tubes. The remaining \$790,029,000 of Consolidated Bond proceeds was allocated to other facilities.

At present, the net revenues from the "Consolidated Bond Facilities" listed above are the only revenues upon which all Consolidated Bonds have a prior lien. This will continue until the older classes of bonds are retired. During the transition period pending retirement of these older bond classes, the facilities whose net revenues are not yet subject to a first lien in favor of Consolidated Bonds are being improved out of the proceeds of Consolidated Bonds.

The debt service on all the Consolidated Bonds cannot, of course, be met from the net revenues of "Consolidated Bond Facilities". They are, therefore, met from the pooled revenues of all facilities through the medium of the various reserve funds. At December 31, 1963, the following amounts were transferred to meet such expenses:

From the General Reserve Fund	\$56,714,000
From the Special Reserve Fund	1,269,000
From the Air Terminal Reserve Fund	1,046,000
From the Marine Terminal Reserve Fund	146,000

After this transfer, the General Reserve Fund totaled \$73,949,000. The General Reserve Fund and the various other reserve funds, of course, secure the other bonds on an equal footing with Consolidated Bonds, but in the case of such other bonds, pledged revenues were sufficient to meet debt service.



General and Refunding Bonds

General and Refunding Bonds have a first lien on the net revenues of the Port Authority's two tunnels and four bridges, four inland terminals, and the grain terminal. The 1963 operations of these facilities, after operating expenses and adjusted financial income, produced net revenues of \$37,072,000 available for debt service and transfer to reserves. Debt service totaled \$4,977,000 and, at year's end, the remaining revenues of \$32,095,000 were transferred to the General Reserve Fund toward maintaining it at its statutory amount of 10% of the outstanding debt.

General and Refunding Bonds outstanding at year-end totaled \$33,190,000, a decrease of \$5,571,000 from the previous year-end total. Meanwhile, the total invested in this group of facilities increased \$14,944,000 to \$579,809,000 at the end of 1963.

Since 1952, Consolidated Bond proceeds totaling \$279,758,000 have been allocated to these facilities. The debt service on these bonds, however, cannot be charged directly against the associated revenues but must be charged against revenues of facilities related solely to Consolidated Bonds.

Air Terminal Bonds

These bonds have a first lien on the net revenues of the four airports. In 1963, net revenues available for debt service and reserves totaled \$31,099,000. After paying \$4,651,000 for debt service, the remaining revenues of \$26,447,000 were transferred to the General Reserve Fund toward maintaining it at its statutory amount of 10% of the outstanding funded debt.

With the retirement of \$3,568,000 of Air Terminal Bonds during the year, outstanding Air Terminal Bonds at year's end decreased to \$56,330,000. As a result of the investment of an additional \$31,630,000 during 1963, the total Port Authority investment in airports rose to \$482,622,000.

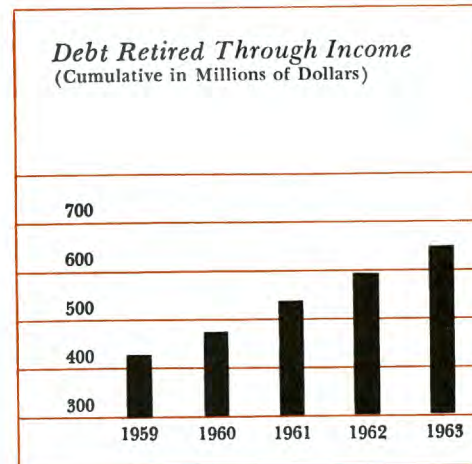
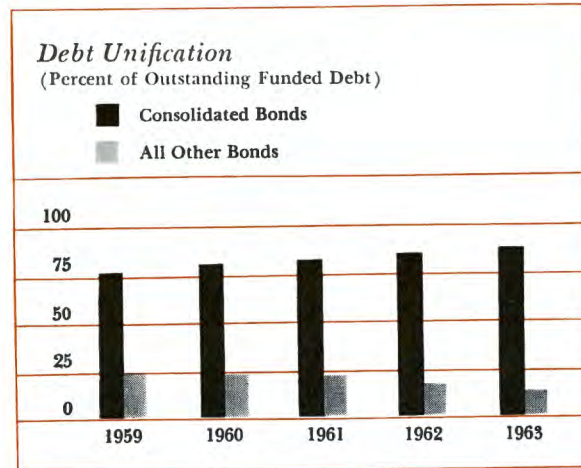
The proceeds of Consolidated Bonds allocated for capital construction at these facilities reached \$439,570,000 at December 31, 1963, compared with \$382,700,000 at the end of 1962.

Marine Terminal Bonds

These bonds have a first lien on the net revenues of Port Newark which, in 1963, totaled \$4,233,000. After the payment of \$519,000 for debt service, the remaining \$3,714,000 was transferred to the General Reserve Fund toward maintaining it at its statutory amount of 10% of the outstanding funded debt.

At the end of 1963, Port Authority investment in Port Newark totaled \$80,224,000, an increase of \$7,252,000 over the 1962 year-end total, while the outstanding Marine Terminal Bonds decreased by \$370,000 to \$6,543,000.

At year-end, \$70,700,000 of Consolidated Bond proceeds had been allocated for the development of this facility, an increase of \$7,500,000 since December 31, 1962.



Net Operating Revenues (In Millions)

	1963	1962	1961	1960	1959
Consolidated Bonds					
Revenues	\$18.8	\$10.9	\$ 7.3	\$ 6.7	\$ 6.3
Operating Expenses	16.1	6.7	3.2	2.7	2.8
Net Operating Revenues	2.6	4.1	4.1	4.0	3.4
General and Refunding Bonds					
Revenues	\$68.0	\$62.7	\$59.2	\$59.9	\$58.9
Operating Expenses	31.5	28.7	25.2	25.2	22.5
Net Operating Revenues	36.5	33.9	34.0	34.6	36.4
Air Terminal Bonds					
Revenues	\$59.9	\$55.2	\$50.7	\$43.1	\$34.8
Operating Expenses	29.1	27.6	24.8	22.2	18.0
Net Operating Revenues	30.8	27.6	25.8	20.9	16.7
Marine Terminal Bonds					
Revenues	\$ 7.2	\$ 6.1	\$ 5.8	\$ 5.6	\$ 5.5
Operating Expenses	3.0	2.5	2.6	2.4	2.1
Net Operating Revenues	4.2	3.6	3.2	3.1	3.4

Operation of Funded Debt

Debt Issued

At the close of 1963, funded debt totaled \$739,497,000, an increase over last year of \$51,884,000. Consolidated Bonds and Notes issued during the year totaled \$112,469,000, including \$25,000,000 of Consolidated Bonds, Twenty-second Series, 3 $\frac{3}{8}$ per cent, due 1993, which were sold in December, 1962 and issued in January, 1963.

On January 4, 1963, \$35,000,000 of Consolidated Notes, Series N, 1 $\frac{3}{4}$ per cent, due December 27, 1963, were sold at competitive bidding which resulted in an average net interest cost of 1.678 per cent to the Authority. The following institutions purchased the notes at various net interest rates:

Institution	Amount Purchased
First National City Bank	\$14,500,000
Bankers Trust Company	14,500,000
Marine Midland Trust Company of New York	3,000,000
United States Trust Company of New York	2,000,000
Franklin National Bank	1,000,000

During the year, \$719,000 Consolidated Notes, Series M, 2 $\frac{3}{4}$ per cent, due May 27, 1966, were issued in two installments at par for purposes in connection with Hudson Tubes acquisition costs.

Consolidated Notes, Series O, 4 per cent, due July 2, 1964, in the amount of \$1,750,000 were issued on July 2, 1963 to the Highway Department, State of New Jersey.

A \$25,000,000 issue of Consolidated Bonds, Twenty-third Series, 3 $\frac{3}{8}$ per cent, due May 1, 1994, was sold on May 14, 1963 to a syndicate headed by Halsey, Stuart & Co. Inc., Drexel & Co., Glore, Forgan & Co., and Ladenberg, Thalmann & Co. on their bid of 99.77 per cent of par, an equivalent of 3.385 per cent net interest cost to the Authority. The second bid, submitted by a syndicate headed by Blyth & Co., Inc., and Associates, would have resulted in a net interest cost of 3.411 per cent.

The final sale of the year, on October 30, was \$25,000,000 of Consolidated Bonds, Twenty-fourth Series, 3 $\frac{1}{2}$ per cent, due October 1, 1994. The syndicate headed by Blyth & Co., Inc., Harriman Ripley & Co., Incorporated and Associates purchased the issue on their bid of 99.30 per cent of par resulting in a net interest cost of 3.531 per cent. Halsey, Stuart & Co., Inc., and Associates submitted the second bid which would have resulted in a net interest cost of 3.537 per cent.

Debt Retired

Debt retired during the year amounted to \$56,116,000 par value of bonds and notes. Not included are \$2,000,000 Consolidated Notes, Series N, \$719,000 Consolidated Notes, Series M, and \$1,750,000 Consolidated Notes, Series O which were refunded as shown in Statement I. The following bonds with a

par value of \$20,310,000 were retired through mandatory sinking fund and maturity payments:

Series	Par Value
General and Refunding Bonds	
Eighth Series	\$ 752,000
Fifteenth Series	3,600,000
Air Terminal Bonds	
First Series	1,354,000
Second Series	1,297,000
Third Series	471,000
Marine Terminal Bonds	
First Series	262,000
Second Series	108,000
Consolidated Bonds	
First Series	1,116,000
Third Series	1,000,000
Seventh Series	500,000
Eighth Series	1,000,000
Ninth Series	1,800,000
Eleventh Series	2,000,000
Thirteenth Series	1,250,000
Fifteenth Series	1,250,000
Seventeenth Series	1,500,000
Eighteenth Series	1,050,000
	<u>\$20,310,000</u>

In addition to the above, the following bonds, with a par value of \$2,806,000, were retired in anticipation of future requirements:

General and Refunding	
Eighth Series	\$ 716,000
Ninth Series	249,000
Tenth Series	109,000
Eleventh Series	145,000
Air Terminal	
First Series	222,000
Second Series	95,000
Third Series	129,000
Consolidated	
First Series	1,141,000
	<u>\$ 2,806,000</u>

The difference between the total call value and book value of these bonds previously purchased in the open market represents a savings of \$404,000.

The above retirements, together with \$33,000,000 of Consolidated Notes, Series N, accounted for the \$56,116,000 of debt retirements out of income and reserves during 1963.

PRICE WATERHOUSE & CO.

60 BROAD STREET
NEW YORK 10004

February 24, 1964

The Port of New York Authority
New York, N. Y.

In our opinion, the accompanying statements present fairly the financial position of The Port of New York Authority at December 31, 1963 and the results of its operations for the year, in conformity with generally accepted accounting principles applied on a basis consistent with that of the preceding year. Our examination of these statements was made in accordance with generally accepted auditing standards and accordingly included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

Notes to Financial Statements

December 31, 1963

Note A—Accounting Principles:

1. The Port of New York Authority, created in 1921 by compact between the States of New York and New Jersey with the consent of Congress, has no stockholders or equity holders; all revenues or other cash received must be disbursed for specific purposes in accordance with provisions of various statutes and agreements with holders of its bonds and others. The accounts of the Authority are maintained in accordance with generally accepted accounting principles appropriate in the circumstances.

2. The Authority's bond resolutions provide that operating expenses shall not include any allowance for depreciation. However, recovery of facility costs is accomplished through deductions from revenues and reserves of amounts equal to payments to sinking funds and other principal payments on funded debt. These deductions are credited at par to the account "debt retired through income".

3. The amount "invested in facilities" consists primarily of expenditures, including the expenditure of federal and state grants, to acquire, construct, place in operation and improve the facilities of the Port Authority and includes net discount and expense incurred in connection with bonds and notes issued for construction purposes as well as net interest expense during the period of construction.

4. The statement of combined total revenues and reserves is presented for general information purposes only and the amounts stated do not represent revenues applicable to any particular type of bonds. Debt service on each type of bonds is secured, first, by revenues of certain facilities as set forth in the various bond resolutions and, secondly, by the General Reserve Fund. The amount and disposition of revenues applicable to each type of bonds are set forth in Statement C and the amount and disposition of revenues applicable to the reserve funds are shown in Statement D.

5. The long-term and short-term securities are stated at the lower of their respective aggregate amortized cost or market values.

6. Pursuant to bi-state legislation, the Authority is authorized and empowered, upon the election of either state, to purchase and lease railroad cars to commuter railroads of the electing state, and to borrow money for such purpose or for the repayment of advances from the electing state. By resolution dated April 12, 1962, the Authority established an issue of New York State Guaranteed Commuter Car Bonds. Such Car Bonds are secured by the net revenues of the Authority arising out of the lease of commuter railroad cars. Car Bonds are not secured by any other revenues, reserves or assets of the Authority, are not general obligations of the Authority and are not secured by the full faith and credit of the Authority. In the event that lease revenues are not sufficient to provide for scheduled payment of principal and interest, the punctual payment of such debt service is fully and unconditionally guaranteed by the electing state. According-

ly, the financial position of this program is presented separately in Statement J, and the assets and liabilities of the program are not included in any of the other accompanying financial statements of the Authority.

Note B—Commitments:

At December 31, 1963, the Authority was committed under various contracts to the completion over the next two or three years of approximately \$62,000,000 of structures. Cash and securities in the capital funds at that date were primarily for these commitments.

In addition to the foregoing, in January 1964, the Port Authority Trans-Hudson Corporation, a subsidiary of The Port of New York Authority, awarded a contract for the manufacture of rapid transit cars estimated to cost \$17,000,000.

Note C—Leases:

The New York Air Terminals and the Newark Air and Marine Terminals are leased from the Cities of New York and Newark, respectively. In each case, these leases expire (a) upon the payment by the Authority of all of its funded debt issued in connection with such air and marine terminals or (b) in the year 1997 (New York) and 1998 (Newark), whichever occurs sooner.

The Hoboken-Port Authority Piers are leased from the City of Hoboken under a lease which will expire in the year 2002, unless a fifty-year extension is executed on or before that date.

A parcel of property at the Brooklyn-Port Authority Piers is leased from the City of New York under a lease which will expire in the year 2011.

Note D—Funded Debt:

On January 9, 1964, the Authority issued \$50,000,000 Consolidated Notes, Series P, due December 28, 1964 at an average net interest cost of 2.069 per cent.

Note E—General:

Pursuant to legislative and judicial authorizations, the Authority on September 1, 1962 acquired by condemnation the former Hudson & Manhattan Railroad through the Port Authority Trans-Hudson Corporation, a subsidiary of the Port of New York Authority established for that purpose. The accounts of the subsidiary corporation are consolidated in the accompanying Port Authority financial statements as a facility whose net revenues are first pledged for Consolidated Bonds. That portion of the total acquisition cost which will be accounted for by condemnation awards for the property is dependent upon future judicial determination. The Port Authority Trans-Hudson Corporation capital accounts include \$16,602,286, representing sums advanced therefor to condemnees to December 31, 1963. This amount is subject to increase or decrease in accordance with the ultimate awards.

STATEMENT A *Revenues and Reserves*

	Year Ended December 31,	
	1963	1962
	(In Thousands)	
Gross Operating Revenues	\$154,025	\$135,059
Operating Expenses	79,797	65,742
Net Operating Revenues	74,228	69,317
<i>Financial Income</i>		
Income on investments—net	4,824	4,806
Security valuation adjustment	(2,967)	2,310
	76,085	76,434
<i>Debt Service</i>		
Interest on funded debt	18,752	16,280
Serial maturities and sinking fund requirements	20,264	20,777
Short-term note maturities	33,000	31,000
Debt retirement acceleration	2,590	2,038
Total Debt Service	74,607	70,095
Net Increase in Reserves	1,478	6,338
Reserve balances—beginning of year	88,751	82,412
Reserve Balances—End of Year	\$ 90,229	\$ 88,751

STATEMENT B *Financial Position*

	December 31, 1963			December 31, 1962	
	Capital Funds (Statement E)	Reserve Funds (Statement D)	General Operating Funds	Combined Total	Combined Total
	(In Thousands)				
Assets					
Invested in Facilities	\$1,327,956	\$ —	\$ —	\$1,327,956	\$1,224,227
Investment in Securities (Statement G)	51,478	89,327	4,431	145,237	150,977
Cash	33,337	902	2,869	37,110	28,027
Other Assets	861	—	29,097	29,959	21,057
Total Assets	1,413,634	90,229	36,399	1,540,263	1,424,288
Liabilities					
Funded Debt (Statement I)	739,497	—	—	739,497	687,613
Debt Retired Through Income (Statement F)	654,914	—	—	654,914	596,964
Reserves	—	90,229	—	90,229	88,751
Accounts Payable and Other Liabilities	19,223	—	26,774	45,997	42,010
Provision for Self-Insurance	—	—	6,038	6,038	5,223
Deferred Credits to Income	—	—	3,586	3,586	3,726
Total Liabilities	1,413,634	\$90,229	\$36,399	\$1,540,263	\$1,424,288

See Notes to Financial Statements

STATEMENT C *Operating Funds Revenues* Year Ended December 31, 1963

	Related to				Combined Total
	General and Refunding Bonds	Air Terminal Bonds	Marine Terminal Bonds	Consolidated Bonds	
	(In Thousands)				
Gross Operating Revenues	\$68,030	\$59,975	\$7,209	\$ 18,809	\$154,025
Operating Expenses	31,527	29,121	3,001	16,146	79,797
Net Operating Revenues	36,502	30,854	4,208	2,662	74,228
<i>Financial Income</i>					
Income on investments—net	804	337	35	39	1,217
Security valuation adjustment	(234)	(92)	(10)	(11)	(349)
Net Revenues	37,072	31,099	4,233	2,691	75,096
<i>Debt Service</i>					
Interest on funded debt	628	1,594	166	16,362	18,752
Serial maturities and sinking fund requirements	4,348	3,057	352	12,505	20,264
Short-term note maturities	—	—	—	33,000	33,000
Total Debt Service	4,977	4,651	519	61,868	72,016
Transfers to and (from) Reserves	32,095	26,447	3,714	(59,176)	3,080
<i>Analysis of Transfers</i>					
From Reserves—to cover net deficit	—	—	—	(59,176)	(59,176)
To General Reserve—to bring to 10% of funded debt	32,095	26,447	3,714	—	62,257
Net Transfers	\$32,095	\$26,447	\$3,714	\$(59,176)	\$ 3,080

STATEMENT D *Analysis of Reserve Funds* Year Ended December 31, 1963

	General Reserve Fund	Air Special Reserve Fund	Marine Terminal Reserve Fund	Marine Terminal Reserve Fund	Combined Total
	(In Thousands)				
Balance—January 1, 1963	\$68,761	\$12,955	\$5,825	\$1,209	\$88,751
Income on investments—net	2,794	526	236	49	3,607
Security valuation adjustment	(2,028)	(382)	(171)	(35)	(2,618)
	69,527	13,099	5,890	1,222	89,740
<i>Appropriations for:</i>					
Debt retirement acceleration— payments to sinking funds	1,120	1,049	420	—	2,590
Total	68,406	12,050	5,469	1,222	87,149
<i>Transfers (to) and from Operating Funds:</i>					
Deficit related to Consolidated Bonds	(56,714)	(1,269)	(1,046)	(146)	(59,176)
<i>Revenues related to:</i>					
General and Refunding Bonds	32,095	—	—	—	32,095
Air Terminal Bonds	26,447	—	—	—	26,447
Marine Terminal Bonds	3,714	—	—	—	3,714
Net transfers	5,542	(1,269)	(1,046)	(146)	3,080
Balance—December 31, 1963	\$73,949	\$10,780	\$4,423	\$1,075	\$90,229
<i>Represented by:</i>					
Investment in securities	\$73,210	\$10,672	\$4,379	\$1,064	\$89,327
Cash	739	107	44	10	902

See Notes to Financial Statements

STATEMENT E *Capital Funds* Assets & Liabilities December 31, 1963

	Related to facilities whose net revenues are first pledged for				Combined Total
	General and Refunding Bonds	Air Terminal Bonds	Marine Terminal Bonds	Consoli- dated Bonds	
	(In Thousands)				
<i>Assets</i>					
<i>Invested in Facilities</i>					
Completed construction—owned	\$560,142	\$ 10,459	\$ —	\$104,268	\$ 674,870
Completed construction—leased	—	412,985	77,811	23,869	514,666
Construction in progress	19,666	59,178	2,412	57,161	138,419
	579,809	482,622	80,224	185,299	1,327,956
<i>Investment in Securities</i>	9,786	33,301	525	7,864	51,478
<i>Cash</i>	6,338	21,566	339	5,093	33,337
<i>Other Assets</i>	780	48	5	27	861
<i>Total Assets</i>	\$596,715	\$537,539	\$81,095	\$198,284	\$1,413,634
<i>Liabilities</i>					
<i>Funded Debt (Statement I)</i>	33,190	56,330	6,543	643,434	739,497
<i>Interfund Accounts</i>	279,758	439,570	70,700	(790,029)	—
<i>Debt Retired Through Income (Statement F)</i>	278,224	33,517	3,457	339,716	654,914
<i>Accounts Payable and Other Liabilities</i>	5,542	8,121	395	5,163	19,223
<i>Total Liabilities</i>	\$596,715	\$537,539	\$81,095	\$198,284	\$1,413,634

STATEMENT F *Debt Retired Through Income* Year Ended December 31, 1963

	December 31, 1963
	(In Thousands)
<i>Debt Retired Through Income</i>	
Balance at January 1, 1963	\$567,111
Net revenues and reserves applied to retirement of debt as detailed in Statement I ..	56,116
Total	623,227
<i>Contributed by Federal and State Agencies in Aid of Construction</i>	
Balance at January 1, 1963	37,021
Amounts received under Federal Airport Act	930
Amounts received under Federal Highway Act	903
Total	38,856
<i>Appropriated Reserves Invested in Facilities</i>	
Balance at January 1 and December 31, 1963	8,468
	670,551
<i>Less:</i>	
<i>Cost of Refunding and Consolidating Debt</i>	
Balance at January 1 and December 31, 1963	15,636
Total	\$654,914

See Notes to Financial Statements

STATEMENT G *Investment in Securities* December 31, 1963

	Principal Amount	Quoted Market Value	Amortized Cost
	(In Thousands)		
Short Term			
United States Treasury Securities			
Notes			
3¾% due 8/15/64	\$10,000	\$10,000	\$10,007
3¾% due 11/15/64	5,000	5,000	5,006
4⅞% due 11/15/64	16,000	16,145	16,003
Bills			
Due 3/23/64	18,000	17,860	17,793
Due 4/15/64	65	64	64
Due 6/18/64	30	29	29
Adjustment of valuation of securities at December 31, 1963			—
Total Short Term	<u>49,095</u>	<u>49,099</u>	<u>48,904</u>
Long Term			
United States Treasury Securities			
Bonds			
3⅞% due 11/15/68	13,000	12,886	12,945
2½% due 12/15/69-64	10,000	9,200	9,976
2½% due 12/15/72-67	1	1	1
4% due 8/15/73	100	98	97
3⅞% due 11/15/74	12,000	11,715	11,978
4% due 2/15/80	16,900	16,604	16,897
3½% due 11/15/80	1,000	916	997
3¼% due 6/15/83-78	1,200	1,050	1,240
4¼% due 5/15/85-75	5,350	5,400	5,482
3½% due 2/15/90	13,250	11,775	12,815
4½% due 5/15/94-89	16,000	15,760	16,079
3% due 2/15/95	600	507	600
3½% due 11/15/98	7,978	7,010	7,955
The Port of New York Authority Bonds			
Marine Terminal			
1st Series, 2½% due 11/1/78	332	303	313
2nd Series, 2.20% due 12/1/80	156	133	140
Consolidated			
6th Series, 3% due 5/1/86	370	344	359
7th Series, 3.40% due 9/1/86	496	497	502
8th Series, 3.40% due 2/1/87	723	726	735
14th Series, 3⅝% due 2/1/89	311	311	312
Adjustment of valuation of securities at December 31, 1963			(4,189)
Total Long Term	<u>\$99,767</u>	<u>\$95,244</u>	<u>95,244</u>
Accrued Interest Receivable			<u>1,088</u>
Total Investment in Securities			<u>\$145,237</u>

See Notes to Financial Statements

STATEMENT H *Analysis of Sinking Funds* Year Ended December 31, 1963

	1963
	(In Thousands)
Sinking Fund balances—January 1	\$ —
Additions to Sinking Funds:	
Obligatory payments from operating accounts:	
General and Refunding Bonds	748
Air Terminal Bonds	3,057
Marine Terminal Bonds	352
Consolidated Bonds	2,655
Appropriation from General Reserve Fund for retirement in anticipation of future requirements	1,120
Appropriation from Special Reserve Fund for retirement in anticipation of future requirements	1,049
Appropriation from Air Terminal Reserve Fund for retirement in anticipation of future requirements	420
Adjustment of cost of Port Authority Bonds to redemption price	404
Total additions	<u>9,809</u>
Deductions from Sinking Funds:	
Mandatory retirements:	
General and Refunding Bonds, Eighth Series	759
Air Terminal Bonds: First Series	1,381
Second Series	1,322
Third Series	480
Marine Terminal Bonds: First Series	264
Second Series	110
Consolidated Bonds: First Series	1,127
Seventh Series	510
Eighth Series	1,030
Retirements in anticipation of future sinking fund requirements:	
General and Refunding Bonds: Eighth Series	716
Ninth Series	249
Tenth Series	109
Eleventh Series	145
Air Terminal Bonds: First Series	226
Second Series	95
Third Series	130
Consolidated Bonds: First Series	1,152
Total deductions	<u>9,809</u>
Sinking Fund balances—December 31	\$ —

See Notes to Financial Statements

STATEMENT I *Funded Debt* Year Ended December 31, 1963

	January 1, 1963	Issued	Retired	December 31, 1963
	(In Thousands)			
<i>General and Refunding Bonds</i>				
Eighth Series, 2% due 1974	\$ 12,793	\$ —	\$ 1,468	\$ 11,325
Ninth Series, 1½% due 1985	6,343	—	249	6,094
Tenth Series, 1¾% due 1985	3,295	—	109	3,186
Eleventh Series, 1¼% due 1986	9,130	—	145	8,985
Fifteenth Series, 1½% due 1963-1964	7,200	—	3,600	3,600
	<u>38,761</u>	<u>—</u>	<u>5,571</u>	<u>33,190</u>
<i>Air Terminal Bonds</i>				
First Series, 3% due 1978	25,195	—	1,576	23,619
Second Series, 2½% due 1979	25,123	—	1,392	23,731
Third Series, 2.20% due 1980	9,580	—	600	8,980
	<u>59,898</u>	<u>—</u>	<u>3,568</u>	<u>56,330</u>
<i>Marine Terminal Bonds</i>				
First Series, 2½% due 1978	4,703	—	262	4,441
Second Series, 2.20% due 1980	2,210	—	108	2,102
	<u>6,913</u>	<u>—</u>	<u>370</u>	<u>6,543</u>
<i>Consolidated Bonds</i>				
First Series, 3% due 1982	27,845	—	2,257	25,588
Second Series, 2¾% due 1984	20,000	—	—	20,000
Third Series, 1.70% due 1963-1964	2,000	—	1,000	1,000
Fourth Series, 2¾% due 1985	30,000	—	—	30,000
Fifth Series, 2.90% due 1983	16,000	—	—	16,000
Sixth Series, 3% due 1986	25,696	—	—	25,696
Seventh Series, 3.40% due 1986	23,000	—	500	22,500
Eighth Series, 3.40% due 1987	46,000	—	1,000	45,000
Ninth Series, 3½% due 1963-1975	19,800	—	1,800	18,000
Tenth Series, 3¾% due 1987	30,000	—	—	30,000
Eleventh Series, 2.40% due 1963	2,000	—	2,000	—
	6,000	—	—	6,000
	6,000	—	—	6,000
	18,000	—	—	18,000
Twelfth Series, 3% due 1970-1978	35,000	—	—	35,000
Thirteenth Series, 3½% due 1988	35,000	—	—	35,000
	1,250	—	1,250	—
	3,750	—	—	3,750
	3,750	—	—	3,750
	10,000	—	—	10,000
	1,250	—	—	1,250
Fourteenth Series, 3½% due 1989	55,000	—	—	55,000
Fifteenth Series, 6% due 1963	1,250	—	1,250	—
	3,000	—	—	3,000
	17,500	—	—	17,500
	7,000	—	—	7,000
Sixteenth Series, 4½% due 1989	25,000	—	—	25,000
Seventeenth Series, 6% due 1963-1967	7,500	—	1,500	6,000
	1,500	—	—	1,500
	10,500	—	—	10,500
	6,000	—	—	6,000
	1,500	—	—	1,500
Eighteenth Series, 1% due 1980	1,500	—	—	1,500
	2,100	—	1,050	1,050
	3,150	—	—	3,150
	5,250	—	—	5,250
	10,850	—	—	10,850
	12,600	—	—	12,600
Nineteenth Series, 3½% due 1991	25,000	—	—	25,000
Twentieth Series, 3¼% due 1993	35,000	—	—	35,000
Twenty-first Series, 3.40% due 1993	25,000	—	—	25,000
Twenty-second Series, 3¾% due 1993	—	25,000	—	25,000
Twenty-third Series, 3¾% due 1994	—	25,000	—	25,000
Twenty-fourth Series, 3½% due 1994	—	25,000	—	25,000
	<u>582,041</u>	<u>75,000</u>	<u>13,607</u>	<u>643,434</u>
<i>Consolidated Notes</i>				
Series M, 2¾% due May 27, 1966	—	719	—	—
(Refunded)	—	(719)	—	—
Series N, 1¾% due December 27, 1963	—	35,000	33,000	—
(Refunded)	—	(2,000)	—	—
Series O, 4% due July 2, 1964	—	1,750	—	—
(Refunded)	—	(1,750)	—	—
	<u>582,041</u>	<u>108,000</u>	<u>46,607</u>	<u>643,434</u>
Total Funded Debt	\$687,613	\$108,000	\$56,116	\$739,497

See Notes to Financial Statements

STATEMENT J *The Port of New York Authority*
New York State Commuter Car Program

Assets & Liabilities

	December 31, 1963			December 31, 1962
	<i>Related to cars</i>			
	leased to The New York Central Railroad Company	leased to The Long Island Rail Road Company	Combined Total	Combined Total
	(In Thousands)			
<i>Assets</i>				
Invested in commuter cars	\$ 8,250	\$ 5,462	\$13,712	\$ 5,844
Investment in U.S. Government Securities	10	389	399	5,648
Cash	1	7	8	7
Other assets	8	2	11	3
Total assets	<u>8,270</u>	<u>5,862</u>	<u>14,132</u>	<u>11,503</u>
<i>Liabilities</i>				
State Guaranteed Commuter Car Bonds	7,920	3,670	11,590	4,875
Debt retired through income	330	1,805	2,135	600
Advance from New York State	—	—	—	4,154
Accounts payable and other liabilities	20	387	407	1,874
Total liabilities	<u>\$ 8,270</u>	<u>\$ 5,862</u>	<u>\$14,132</u>	<u>\$11,503</u>

See Note A-6 to Financial Statements

NOTE: On February 13, 1964, the Authority issued \$6,000,000 of New York State Guaranteed Commuter Car Bonds, Third Series, due February 1, 1965-1989. The proceeds will be used to purchase commuter cars for lease to the New York Central Railroad.

A Ten-Year Comparison (In Thousands)

	1963	1962	1961	1960	1959	1958	1957	1956	1955	1954
Net Revenues—(A)										
Gross Operating Revenues	\$ 154,025	\$ 135,059	\$ 123,267	\$ 115,370	\$ 105,662	\$ 93,183	\$ 84,753	\$ 76,712	\$ 68,615	\$ 64,111
Operating Expenses	79,797	65,742	56,018	52,688	45,605	42,513	39,579	37,094	30,496	29,893
Net Operating Revenues	\$ 74,228	\$ 69,317	\$ 67,249	\$ 62,682	\$ 60,056	\$ 50,669	\$ 45,173	\$ 39,617	\$ 38,118	\$ 34,218
Other Income (B)	4,824	4,806	4,339	4,689	3,600	2,677	2,217	1,590	1,190	1,154
Net Revenues	\$ 79,053	\$ 74,123	\$ 71,588	\$ 67,371	\$ 63,656	\$ 53,346	\$ 47,390	\$ 41,207	\$ 39,308	\$ 35,372
Interest on Funded Debt	18,752	16,280	14,807	13,291	11,228	9,159	6,146	5,076	4,646	4,408
Net Revenues after Interest	\$ 60,301	\$ 57,843	\$ 56,781	\$ 54,080	\$ 52,428	\$ 44,187	\$ 41,244	\$ 36,131	\$ 34,662	\$ 30,964
Times Interest Earned	4.22	4.55	4.83	5.07	5.67	5.82	7.71	8.12	8.46	8.02
Mandatory Redemption Payments	20,264	20,777	19,002	17,449	16,718	11,633	10,118	8,692	9,634	9,369
Net Revenues after Debt Service (C)	\$ 40,036	\$ 37,066	\$ 37,779	\$ 36,631	\$ 35,710	\$ 32,554	\$ 31,126	\$ 27,439	\$ 25,028	\$ 21,595
Times Debt Service Earned	2.03	2.00	2.12	2.19	2.28	2.57	2.91	2.99	2.75	2.57
Net Change in Reserves										
Transferred from Revenues (above)	\$ 40,036	\$ 37,066	\$ 37,779	\$ 36,631	\$ 35,710	\$ 32,554	\$ 31,126	\$ 27,439	\$ 25,028	\$ 21,595
Short Term Note Maturities	(33,000)	(31,000)	(32,000)	(35,000)	(24,000)	(19,000)	(13,500)	(19,000)	(19,400)	(19,950)
Long Term Debt Retirement Acceleration	(2,590)	(2,038)	(489)	(1,021)	(925)	(796)	(2,070)	(1,355)	(2,798)	(403)
Adjustment of Securities to Market Value (D)	(2,967)	2,310	(1,943)	6,598	(3,610)	(3,913)	3,095	(2,500)	(1,216)	409
Net Change	\$ 1,478	\$ 6,338	\$ 3,347	\$ 7,208	\$ 7,175	\$ 8,845	\$ 18,651	\$ 4,584	\$ 1,614	\$ 1,651
Reserves—At Year End										
General Reserve	\$ 73,949	\$ 68,761	\$ 62,609	\$ 61,082	\$ 57,480	\$ 50,799	\$ 42,067	\$ 32,485	\$ 27,995	\$ 24,677
G & R Special Reserve	10,780	12,955	13,305	12,512	10,535	10,573	10,795	4,265	4,469	6,176
Air Terminal Reserve	4,423	5,825	5,376	4,468	3,087	2,642	2,368	301	49	46
Marine Terminal Reserve	1,075	1,209	1,121	1,001	753	666	606	135	88	88
Total	\$ 90,229	\$ 88,751	\$ 82,412	\$ 79,065	\$ 71,857	\$ 64,682	\$ 55,837	\$ 37,186	\$ 32,602	\$ 30,988
Funded Debt—At Year End										
General and Refunding Bonds	\$ 33,190	\$ 38,761	\$ 46,077	\$ 51,782	\$ 58,566	\$ 64,893	\$ 70,594	\$ 78,116	\$ 84,825	\$ 92,377
Air Terminal Bonds	56,330	59,898	62,829	64,512	65,895	66,326	66,748	67,162	67,384	67,384
Marine Terminal Bonds	6,543	6,913	7,276	7,630	7,976	8,312	8,642	8,876	8,969	9,009
Consolidated Bonds	643,434	582,041	509,911	486,903	442,372	368,468	274,692	170,694	117,776	75,000
Other	—	—	—	—	—	—	—	—	1,000	3,000
Total	\$ 739,497	\$ 687,613	\$ 626,093	\$ 610,827	\$ 574,809	\$ 507,999	\$ 420,676	\$ 324,848	\$ 279,954	\$ 246,770
Invested in Facilities—At Year End	\$ 1,327,956	\$ 1,224,227	\$ 1,116,109	\$ 1,012,540	\$ 920,249	\$ 816,700	\$ 725,394	\$ 616,298	\$ 531,733	\$ 476,212
Debt Retirement Through Revenues and Reserves										
Annually	\$ 56,116	\$ 54,480	\$ 51,734	\$ 53,982	\$ 42,190	\$ 31,677	\$ 26,472	\$ 29,106	\$ 32,216	\$ 29,788
Cumulative	623,227	567,111	512,631	460,897	406,915	364,725	333,048	306,576	277,470	245,254

(A) These combined totals are presented for general information purposes only; the net revenues of the various facilities for the years listed were pledged in support of particular issues of bonds without availability for other bonds or for expenses of facilities financed by other bonds, except, under limited circumstances, through the medium of certain reserve funds.

(B) Other Income includes income from investment of reserves and net operating revenues and other miscellaneous items.

(C) Net deficits of the facilities on the net revenues of which the Air Terminal Bonds, Marine Terminal Bonds and Consolidated Bonds now have a first lien were met by payments from Reserves; they are not shown in this Schedule as "Deductions from Reserves," but rather reduce the annual amounts otherwise available for reserves to produce the annual amounts shown above as "Net Revenues after Debt Service."

(D) Investments are carried at their aggregate amortized cost or market value, whichever is lower; this item represents annual adjustments to reflect that basis.



Funded Debt Amortization 1964-1994 (In Thousands)

Year	Debt Service Total All Issues			Amortization			
	Total	Interest	Amortization	Consolidated Bonds	General and Refunding Bonds	Air Terminal Bonds	Marine Terminal Bonds
	Par Value \$739,497						
1964	\$ 43,742	\$ 23,760	\$ 19,982	\$ 12,812	\$ 3,984	\$ 2,802	\$ 384
1965	45,522	23,184	22,338	17,485	1,122	3,338	393
1966	45,355	22,489	22,866	17,892	1,144	3,428	402
1967	45,201	21,741	23,460	18,376	1,167	3,504	413
1968	45,962	21,005	24,957	19,751	1,190	3,597	419
1969	46,701	20,219	26,482	20,854	1,520	3,679	429
1970	46,245	19,393	26,852	20,914	1,727	3,772	439
1971	46,302	18,554	27,748	21,099	2,327	3,873	449
1972	46,811	17,688	29,123	22,302	2,401	3,960	460
1973	47,104	16,772	30,332	23,354	2,442	4,065	471
1974	46,599	15,813	30,786	24,986	1,144	4,174	482
1975	46,393	14,813	31,580	25,639	1,161	4,286	494
1976	44,432	13,817	30,615	24,531	1,177	4,401	506
1977	43,676	12,837	30,839	24,608	1,193	4,520	518
1978	43,926	11,791	32,135	28,242	1,211	2,531	151
1979	42,552	10,716	31,836	29,787	1,228	667	154
1980	39,865	9,701	30,164	28,917	1,247		
1981	38,052	8,744	29,308	28,044	1,264		
1982	34,683	7,864	26,819	25,537	1,282		
1983	34,836	6,991	27,845	26,545	1,300		
1984	34,768	6,070	28,698	27,380	1,318		
1985	34,088	5,096	28,992	28,350	642		
1986	33,258	4,083	29,175	29,175			
1987	27,827	3,077	24,750	24,750			
1988	19,163	2,338	16,825	16,825			
1989	16,037	1,762	14,275	14,275			
1990	12,138	1,363	10,775	10,775			
1991	11,772	997	10,775	10,775			
1992	9,418	643	8,775	8,775			
1993	9,085	310	8,775	8,775			
1994	3,311	61	3,250	3,250			
Total	\$1,084,824	\$ 343,692	\$ 741,132	\$ 644,780	\$ 33,191	\$ 56,597	\$ 6,564

Notes: Includes all mandatory retirement payments (including sinking fund requirements and serial maturities) whether payable from revenues or other sources, upon the assumptions that: (1) --- the presently outstanding bonds will not be retired prior to maturity except in accordance with the mandatory retirement provisions of the resolutions establishing the series of which such bonds form a part; (2) --- the amortization payment will be made each year on the latest permissible date on which such payment is required to be made; (3) --- such payments will be in the amount scheduled to be made for such year. Interest shown under "Debt Service Total All Issues" is computed on the same assumptions as amortization.

Right: A model of the proposed World Trade Center is shown. The towers and the plaza building which surround the site, will house the United States Customs facilities, extensive exhibit areas, offices of consulates, trade associations, world trade center information service, and other world trade services.

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