



PUBLIC HEARING

BEFORE

SENATE COMMISSION CREATED UNDER SENATE RESOLUTION NO. 7 (1960) AND RECONSTITUTED UNDER SENATE RESOLUTION NO. 7 (1961) TO STUDY THE FINANCIAL STRUCTURE AND OPERATIONS OF THE PORT OF NEW YORK AUTHORITY.

Date Due

Held:  
Assembly Chamber  
State House  
Trenton, New Jersey  
August 30, 1962

COMMISSION PRESENT:

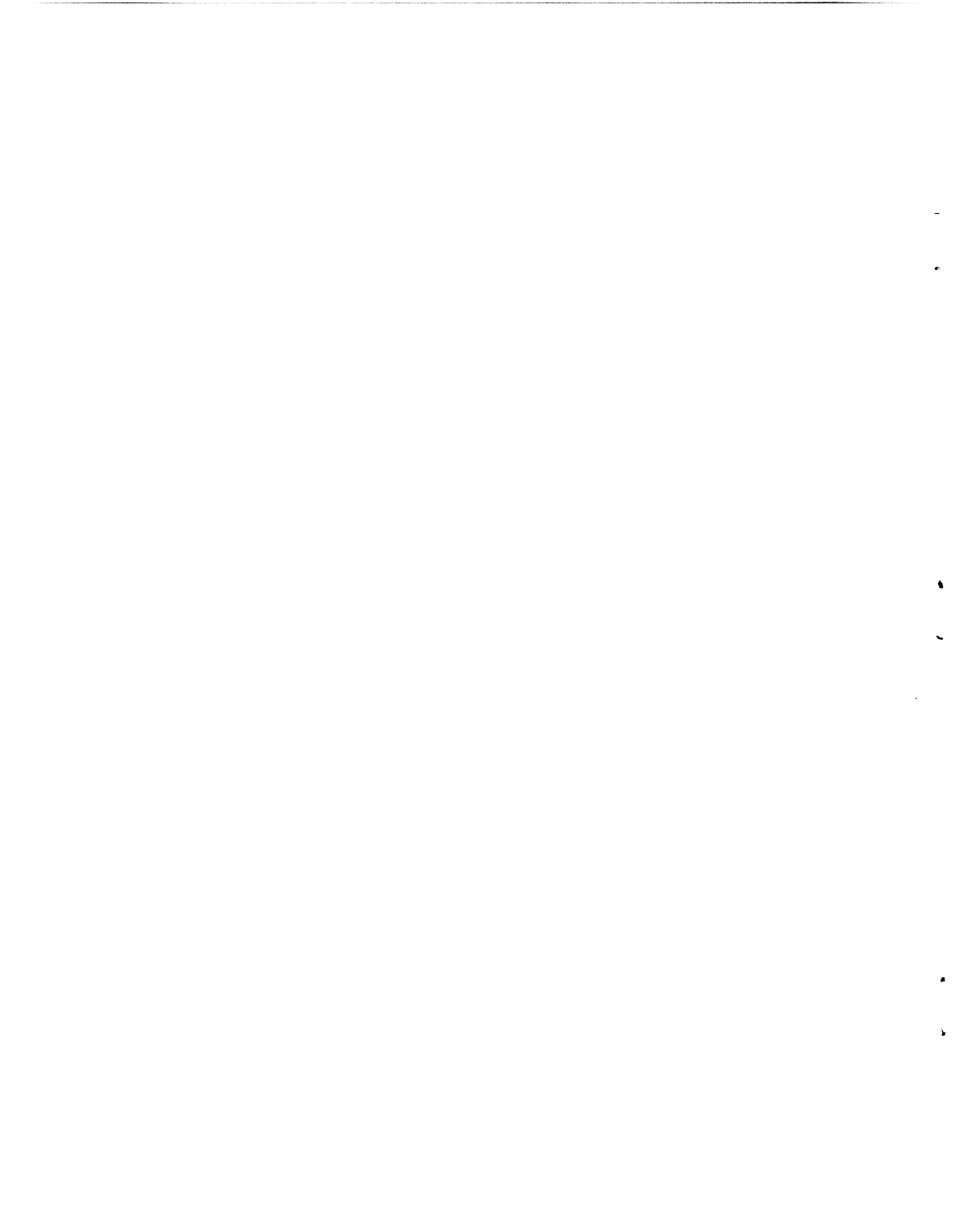
- for Frank S. Farley (Chairman)
- for Wayne Dumont, Jr.
- for Donal C. Fox
- for William F. Kelly, Jr.
- for John A. Lynch
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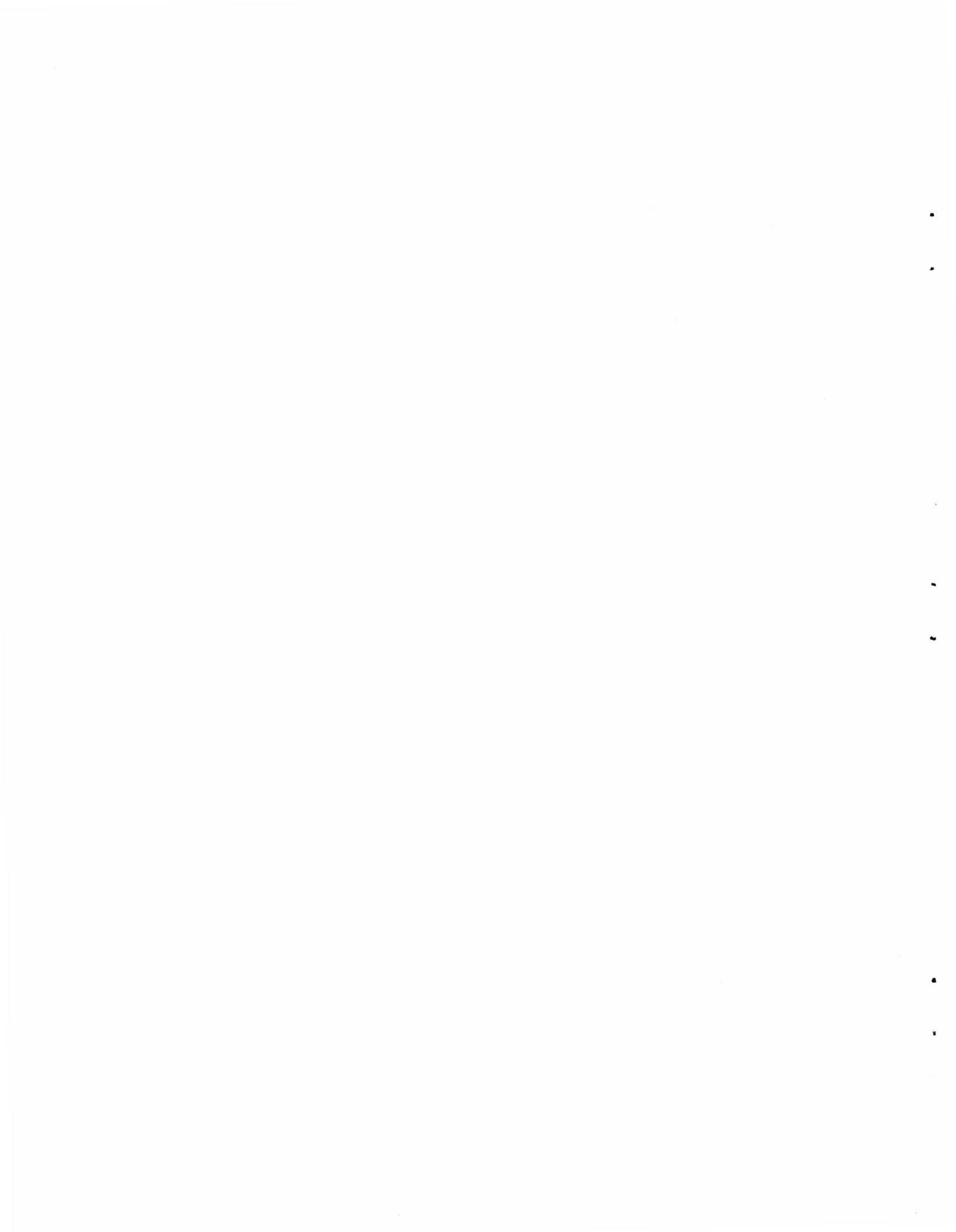
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S E N A T O R   F R A N K   S .   F A R L E Y

(CHAIRMAN):

This hearing will now come to order.

This is a continuation of a previous hearing held for the purpose of determining facts relative to the Port of New York Authority pursuant to an investigation under the provisions of Senate Resolution No. 7, 1961.

At this time, I shall call on Commissioner Palmer.

D W I G H T   R .   G .   P A L M E R, called as a witness, having been previously sworn, testified as follows:

BY SENATOR FARLEY:

Q            Commissioner, you are the Highway Commissioner of the State of New Jersey?            A        Yes, sir.

Q            And pursuant to my request, have you made an investigation of the present status of the Levacar which is being manufactured and produced by the Ford Motor Company?            A        Yes, sir.

Q            Would you be kind enough to give this Committee the result of any investigation that you have made and any report that you wish to present for the benefit of the Committee and the State of New Jersey?

A        Thank you, sir.

Mr. Chairman and all of you members of this distinguished Committee, I consider it a privilege to appear before you today to present a few items which I believe are pertinent to your interest in the movement of people and of goods.

All of us have been cognizant of the jeopardy of our mass transportation service - each year evidencing a further decline in the return to the carriers for the effort expended.

There is no need to recount to you the "build-up" that prompted legislation by you creating a Division of Railroad Transportation in the Highway Department. Our job was to offset the threats and stem the flow of the tide toward a complete shutdown of our rail passenger service.

Our first job was to convince the carriers that the State intended - and this seriously - to provide a measure of assistance towards maintenance of service. The Missouri slogan "Show Me" pretty well reflected the carriers' attitude and - who could blame them? Well, we made a fair start in our endeavor to cope with an almost impossible situation.

## THE STATE RAIL PROGRAM

Our program, instituted in 1960, of contracting with the railroads for continuation of essential passenger service has been successful in that virtually all trains operating at the time of its activation have continued to operate and fares have remained unchanged. The contract program will continue through the 1962-63 fiscal year but with several significant changes.

In keeping with the announced purpose for the repeal effective November 16th by Congress of the Federal Transportation Tax, we plan that the new contracts will provide further financial assistance to the railroads by permitting them to retain the amounts now being turned over to the Federal Government in taxes on tickets. The cost to the public of rail tickets will be the same as today.

Although the present contract program is maintaining the level of passenger service at a modest cost as compared with the cost of building more or enlarged highways, from the inception it has been considered a temporary expedient until more permanent solutions to the transportation problem could be found. The Second Annual Report of the Division of Railroad Transportation, issued in January of this year, contained recommendations for action along several fronts, completion of which we feel would represent substantially improved service to New Jersey residents with reduced operating costs to the railroads.

Any improvement to facilities or equipment naturally has a price tag. It has always been our belief that these expenditures should be shared

between the Federal Government, the State and the railroads. Enactment into law of the mass transit recommendations contained in President Kennedy's transportation message, and as proposed by Senator Harrison A. Williams of New Jersey, would be of major assistance to our program and would be in accordance with our philosophy.

To enable the State to take advantage of any Federal aid, amendments to the Railroad Passenger Service Act are being prepared for introduction in the next session of the Legislature. These changes would permit the use of a portion of the annual appropriation to implement the Act for the purpose of matching in some measure funds from the Federal Government should that be a prerequisite to receiving such funds.

Even though no Federal legislation may be passed this year, we intend to move forward within our limited resources. The proposed revisions to the Act will enable State appropriations to be used directly for capital improvements on a railroad, provided such improvements are made in connection with a service contract. A third essential change in the law is also proposed which will provide a degree of flexibility in setting the car-mile rate in order to make contract payments more nearly in accordance with the cost to the railroads of providing the service.

The contracts for the 1962-63 fiscal year all contain provisions that would enable the State to take immediate action once the proposed amendments to the law are passed. Funds would be withheld from the initial payments to the railroad to provide a reserve from which we could draw for either matching funds, capital improvements or adjustments in the car-mile rate of payment. The contracts would also permit renegotiation when the law is changed.

## Status of Projects

Some of the recommendations of our Division of Railroad Transportation are already being processed. The Public Utility Commission has announced its participation in the cost of removing Erie-Lackawanna tracks from the center of Passaic, and work is under way on a track connection in Paterson which will permit the rerouting of main line passenger and freight trains over the Boonton Line east of Paterson. This in turn has paved the way to proceed with the recommended integration of the Boonton Line and Greenwood Lake Branch trains between Mountain View and Hoboken. A public hearing on that subject is scheduled for September 5th, at which time the proposed schedules will be reviewed and the improvements which the railroad will make in the Greenwood Lake Branch signals, track and roadbed will be outlined. If the integration of the passenger service is judged to be acceptable, the railroad will then arrange to reroute the limited freight service that the Boonton Line carries and seek to abandon its right-of-way from Paterson westerly to Totowa. This will make the railroad right-of-way available to the Highway Department for construction of Route 80 at substantial savings in construction costs.

Another project that is progressing concerns the Central Railroad Company of New Jersey, the Lehigh Valley and the Pennsylvania Railroads. Early in the program we advocated that the passenger trains operating on the main line of the Jersey Central be rerouted over Lehigh Valley trackage from Cranford to Hunter Tower at the southern part of Newark, thence over the Pennsylvania tracks to Penn Station in Newark. In conjunction with this rerouting of the main line trains the service operated over

the New York and Long Branch Railroad along the North Jersey coast by both the Pennsylvania and Central Railroads is proposed to be combined into a one-carrier operation with all trains routed through Newark to Pennsylvania Station in Manhattan. In order to consummate these plans, very lengthy agreements must be drawn and agreed to by the carriers and ultimately approved by the regulatory agencies; then money must be forthcoming to make the connections, rehabilitate cars, improve signaling and construct storage facilities. Thus far the carriers have not agreed to finance these costs without participation by the public - and their position is not likely to change.

In conjunction with the Tri-State Committee we have prepared the necessary documents to obtain Federal funds to carry out a project in New Brunswick under the transit provisions of the Housing Act of 1961 to demonstrate whether a railroad station located outside the center of a suburban city, affording ample free parking and convenient access, will divert passengers to the rails from other modes of transportation and reduce vehicular congestion in the vicinity of center city stations.

Just a few words about the Hudson & Manhattan project which Austin Tobin undoubtedly will cover in more detail.

Anyone, who by helicopter has hovered above the entrances to our bridges and tunnels under the Hudson, can testify to their resemblance to an hourglass as the multiple lanes of traffic converge on the tube of passage, either over or under the river.

As time moves on, traffic density increases. All the more is it essential that the H & M be revived to handle not 30,000,000 passengers, but 130,000,000 or more.

No organization is better fitted to launch this program than our Port of New York Authority, under the able leadership of Austin Tobin, its Executive Director.

This rather herculean effort to serve the citizenry of our two States - New York and New Jersey - will not fully register, nor will New Jersey meet its own obligation unless the H & M project and the New Jersey Rail Transportation projects proceed simultaneously. It is our intention to insure that team effort will produce results. Gentlemen, we will need your help as the plans for these projects move ahead.

And now, with your permission, a short review of several forms of unconventional means of mass transportation, some of which have currently been under consideration.

#### Monorail Types

Although the development of monorails is generally associated with European engineers, the first reference to physical work on a public transportation system in which engine and cars were elevated and supported on a single rail was found to have been done in East Cambridge, Massachusetts, in the late 1860s. There was actually constructed at this time an experimental section of true monorail construction, utilizing a steam locomotive with traction by horizontal wheels exerting side pressure on a single rail. No reference has been found to any development subsequent to the test section.

Monorails that are receiving attention today by engineers and transit promoters fall into three general types:

1. The vehicle rides on top of a single rail.
2. The vehicle is carried beneath a principal supporting member or beam.
3. The vehicle rides beneath the main supporting beam although the traction wheels ride on top of the beam.

Practically all of the designs developed to date are variations in support and traction detail of these three basic types.

The only bona fide monorail transportation system constructed to date is one in Wuppertal, Germany. It was started in 1898 and completed in 1903 with a total length of 8.2 miles. For the most part, it is located directly over the Wupper River and is a suspended type. The topography of the area dictated the design. Because of the excessive development in the valleys of the surrounding area, the only open space available for a transit system was over the River. "A" frames were constructed with a support on each bank and the cars were suspended over the middle. The system has been in continuous operation since 1903, with cars having a maximum speed of 25 mph and an average speed of 18 mph. Operation of the system does not involve switching except to put cars in and out of service.

Near Cologne, Germany, the Swedish Industrialist, Dr. Alex Wenner-Gren, caused to be constructed a mile-long test section of a supported monorail known as the Alweg monorail. The full-scale test section was completed in 1957 and was designed to operate at maximum speeds of 80 kilometers

an hour (approximately 50 mph) utilizing rubber tires to reduce noise. The same basic design was next adopted for a circular line connecting Disneyland with a nearby hotel. This installation is built on a 2/3 scale basis. The next installation of the Alweg system was in Seattle, Washington, to connect the downtown business section with the site of the Seattle World's Fair. This line is 1.2 miles in length, designed for speeds of up to 60 mph, and has been in successful operation since April of this year. In actual operation the speed averages 40 to 45 mph from terminal to terminal, however, it is reported that during wet weather the speeds are substantially reduced because of loss of traction.

After three years of controversy, the Alweg system has been rejected for use in Frankfurt, Germany, in favor of a more conventional design. On the other hand, it has been reported that the Alweg proposals have been accepted at Turin, Italy, and Vienna, Austria.

A variation of the supported design has been developed by the Nihon-Lockheed Monorail Company and an actual installation is under construction about 80 miles north of Tokyo, Japan. The outstanding feature of this installation is the adoption of "A" frame techniques in the design of the vehicle. The design also utilizes a laminated steel and rubber wheel said to reduce noise and yet eliminate the hazard of blow-outs.

A third supported design has been advanced, the so-termed Bingham design which, I am told, was originally developed by Alweg in which steel flanged wheels are used in conjunction with rubber tires and the steel wheels take over at switch points. This design was incorporated in a proposal for a system for construction in Caracas, Venezuela. It is interesting to note, however, that Monorail, Inc. of Houston, Texas, actually built a 1600-foot

model using this design, and it is reported that Alweg, Inc. decided it was impractical. There have been claims of improvement on the design, and submissions have been made for monorail construction at Cape Canaveral, Florida and Washington, D. C. Asymmetrically suspended monorails have been principally promoted by two French firms and a 1½-mile test installation has been made in Orleans, France. The operation of this design is now under observation. Similarly, Monorail, Inc. of Dallas built a 4000-foot test installation for use at the Dallas fair grounds. Another facility of like design has been built to serve the Tokyo Zoo.

One of the drawbacks in all monorail designs developed to date has been the failure to produce a satisfactory switching arrangement. The earlier Alweg switch required 90 seconds to operate inasmuch as the whole main supporting beam had to be shifted from one "track" to another. This length of time to switch a train would make such a system unworkable for transit lines operating on 90-second or 2-minute headways, as we are accustomed to in this country. Also, the machinery needed to move heavy members makes the cost of such switching prohibitive. Later designs as developed show some promise of solving the problem. However, working installations are still not in evidence. Also, when a monorail system is adopted, it must be utilized throughout the area since the cars cannot be switched to conventional tracks. In downtown congested areas it might be the desirable design; however, out in open country the beam must still be constructed to carry the vehicles, whereas a conventional system could be placed on the ground with tracks and ties. A supported system would

require a maze of beams in terminals and yards, and the overhead development for a suspension system would be extensive, very costly and require much more room than conventional lay-outs. Another point of particular interest in this area is that any monorail design, either supported or suspended, requires a considerably larger tunnel section to carry it below ground, under highways, under rivers. Also, a monorail does not have the flexibility needed for repair, reconstruction, or temporary facilities. By far the greatest attraction of the monorail and its greatest advantage is its lightweight, modern design, with attractive-sounding operating and fare collection techniques and convenient and attractive station facilities. It should be kept in mind, however, that most of these pleasant features associated with monorails can be incorporated into conventional rail systems with sufficient investment and probably at less cost.

When the State law was enacted in California, setting up the Los Angeles Metropolitan Transit Authority and authorizing the Authority to create a rail transit system for the City, the law required that a monorail system be developed. After several years of work under this legislation, the Authority asked that the law be revised to permit conventional type construction. This was done. Subsequently, the Alweg interests offered to finance and construct a monorail system for the City in return for certain considerations and presented sketches of their proposal. Developers along Los Angeles' glamorous Wilshire Boulevard opposed the Alweg plan because they feared it would blight the area even though the proposed line would travel on the Boulevard itself for only a few blocks. Designs are now in process in Los Angeles for a conventional rail supported system.

In San Francisco the engineers studied monorail exhaustively, but are proceeding with conventional designs. Washington, D. C. has so far found all monorail plans impractical, since none has projected a downtown terminal. It has also been felt that the City's powerful Fine Arts Commission would object to any overhead structures in the City.

### Levacar

Ford Motor Company has done considerable research on a system of inter-city transportation in which cars travelling from 200 to 300 mph ride on a very thin film of air over a prepared trackway. Some scale prototypes of this air levitation principle have been developed and indications are that a workable vehicle might eventually be developed. Dr. Andrew A. Kucher, formerly Vice President of Engineering Research of the Ford Motor Company, said, "The levacar will not replace any mode of transportation known today. Instead, it will add a new form of fast, safe ground travel to our current highway, railroad and air systems."

Levacars would be powered by reaction engines - gas turbines or turbojets - that supply power for both levitation and propulsion. Compressed air, emitted through small holes in the levapads would provide a friction-less ride in which the Levacar would slide on a thin film of air a fraction of an inch above the surface. Electronic sensing and control systems, probably similar to today's railroad block signal systems, would be used to control them because human reaction would not be able to cope with the speeds involved. Braking would be accomplished by any of a number of means - reverse engine thrust, water scoops, mechanical or magnetic brakes.

Although a great deal of technical knowledge has been gained by Ford

relative to the performance of single Levapads operating at high speeds and under load, these data have been gained in laboratory work. By no means have all questions about Levapad operation been answered. Furthermore, no attempt has been made to develop a complete Levacar.

The engineering of a full-size experimental Levacar, and the refinement of its design through extensive test operations, would be essential to the successful development of a practical operating system. This phase of the Levacar program would require a large expenditure of money and several years to complete.

Under no circumstances can the construction on an operating Levacar system be recommended until its full engineering development has been brought to a successful conclusion.

Studies have been made concerning a Levacar operation between Washington, D. C. and New York City with estimated costs for fixed construction, including tracks, structure and right-of-way of \$560 million. This is an average of \$2½ million per mile, with \$500,000 as an allowance for right-of-way.

It was considered impractical to support Levacar tracks on existing railroad tracks at ground level. This is because of air effects that would be created by a vehicle moving at such high speed close to the ground and because an ordinary railroad track is not well enough anchored to maintain the close tolerances necessary for Levacar track alignment.

Assume Levacar stations at New York, Philadelphia, Wilmington, and Baltimore-Washington. It might be physically feasible to construct an

elevated Levacar facility along the right-of-way from Washington to New York, or along other railroad trackage in the same corridor. However, Levacar tracks would have to be by-passed around railroad stations on private right-of-way, except of course, those stations at which the Levacar would stop. This is because of the potential danger to railroad patrons in the event Levacar were to pass through stations at very high speeds.

The complexities of adequate controls and switches for passing tracks for vehicles operating at such high speeds make such an operation questionable and accordingly unsuitable for the basis of an estimate at this time.

The probable upper limit of gross revenue for a Levacar operation between New York and Washington, based upon some rather thin conceptions, is estimated around \$80,000,000, of which \$40,000,000 might be available for debt service on fixed construction and right-of-way after payment of all other charges. This optimistic estimate has been developed on the following basis:

1. It is assumed that 100 per cent of today's annual rail travelers between New York and Washington (640,000) and 100 per cent of today's air travelers (770,000) would patronize Levacar.
2. It is assumed that 1970 is a reasonable year in the future for testing the operating potential of Levacar.
3. It is assumed that patronage between New York and Washington, during the period from 1960 to 1970, would grow at a rate of

five per cent of the 1960 volume each year, or a total of approximately 50 per cent. All intermediate trips are assumed to grow at  $2\frac{1}{2}$  per cent of the 1960 volume each year in that period for a total of approximately 25 per cent.

4. Total estimated 1970 patronage on the foregoing basis between New York and Washington is 2,100,000 person trips.
5. It is assumed that the fares between New York and Washington would be \$17.85 (7.9 cents per mile), which is equivalent to today's air shuttle fare (slightly less than air tourist), including limousine allowances at both ends.

Even assured of additional income generated by patronage between New York and Philadelphia, Wilmington, and Baltimore-Washington, it is at the moment, with assumptions and inadequacies, not considered a feasible project.

#### Other Unconventional Types

Another type of transportation that is being researched by firms and individuals involves an aerodynamic vehicle travelling in a shell. One design involves a propeller-driven vehicle with circular air foils travelling inside a reinforced concrete pipe - the pipe laid to true line and grade could be either sub-surface, on the surface or elevated. The vehicle has wheels that are set at right angles to the pipe in the lower 90° quadrant used at the beginning and ending of each run. When the propeller drives the vehicle at speeds at above 90 mph, the air

that becomes compressed between the air foils and the sides of the pipe keeps the vehicle centered at all times and the wheels are withdrawn. The advantages of this scheme as set forth by the authors lie in the fact that the service would be almost 100% dependable - not affected by weather. The second advantage lies in the speed at which the system is designed to operate - up to 300 mph. The obvious disadvantage is the cost of constructing the pipeway between all cities to be served.

It is presently indicated by some that modern construction of helicopters now delivering 25 passengers, will in the not distant future carry 100 or 125 passengers at 170 miles per hour. Low level flying would not clog the plane airways.

In summary, the following is quoted from a report by an international firm of engineers which pretty well covers the subject:

"So many ingenious minds have been intrigued for so many years by the search for improvement in rail transportation, or alternates to it, that few indeed - and generally fruitless - are the avenues that have not been at least tentatively explored."

Thank you again, Mr. Chairman, for permitting my attendance before your Committee.

Finis

BY SENATOR FARLEY:

Q Commissioner, I would like to ask you a question.

A Yes, sir.

Q You are conversant with the fact that we had a conference with the Ford Motor Company engineers, Mr. Cupsey and Mr. Jay, and Mr. Tobin and a corps of engineers from the New York Port Authority in June 1961 in New York City?

A Yes, sir.

Q And at that time the Port of New York Authority engineers insisted that there be some feasibility report. Are you conversant with that? A I remember that, sir.

Q Was this report made from Washington to New York as a result of that request? A This study that was made from New York to Washington was between the Pennsylvania Railroad and the Ford Motor Company.

Q But I do think that, pursuant to the request of this Committee through the medium of the Port of New York Authority, in view of the fact that they had no feasibility report, a feasibility report was made. Is that correct?

A Yes, sir.

Q Now, for the purpose of the record, before you gentlemen interrogate the Commissioner, I attended a conference with the legislative leaders in Seattle, Washington, and I had an opportunity for two days of examining the monorail. I talked to their head representative and had shown to me pictures of the monorail in Germany and the creation and construction of the monorail in Seattle, Washington. I will put in evidence a book relative to their program. And from my personal observation, it is excellent transportation.

Unfortunately, when it exceeds a speed of 50 to 55 miles an hour, there is vibration. So for the purpose of effecting fast transportation from New York and Philadelphia to the proposed jet site at Burlington, I am fearful that this would not be a practical solution to our problem. So I want you gentlemen to feel free to interrogate the Commissioner relative to any problem involving transportation. As I believe you all know, he has been made Chairman of the Transportation Committee relative to our problem between New York, Pennsylvania, Delaware and New Jersey.

A Mr. Chairman, might I make one comment before interrogation. I wish you to know that I have been in close contact with some of the officials of the Ford Motor Company, and my observations, I would say, largely synchronize with the present conceptions of any immediate possibility of the utilization of that design of transportation.

Q In other words, in your judgment, Commissioner, you don't think this would be ready before a period of five or ten years. Is that in effect what you are saying?

A Yes, sir, and I would almost knock off the first five years and make it ten.

Q All right. Now, for the information of the Committee, there was a conference between Governor Hughes, you and myself relative to transportation about four or five days ago, was there not, Commissioner? A Yes, sir.

Q This was relative to the possibility of obtaining a federal grant outright for the State of New Jersey for transportation? A Yes, sir.

Q Now, will you relate to the Committee the basis of this grant and the necessity of having a survey made before this grant is made? Will you relate those facts to the Committee?

A As a result of the meeting, I gleaned from information supplied that counsel in Washington who knew the ropes and was fully conversant with the possibilities felt that federal funds might be obtained for solving some of our transportation problems. His source of information and his knowledge seemed to indicate that he was more conversant with the ability to obtain those funds than any agency that had been previously designated to investigate the matter. I have since, at the Governor's direction and your suggestion, Senator, been the recipient of a letter from the gentleman who is attempting to arrange a meeting between us to first tackle certain matters in connection with small business bureaus. Subsequent to that, it seems evident from the report of the other afternoon that there will be a potential opportunity of acquiring federal funds for the purpose of transit areas and of supplying the wherewithal to retain this conventional service that the railroads give, particularly because "the chasing of pink butterflies," as they so term it, is not going to be a reality at ground level for some time.

Q My understanding of it is that this authority involving the grants to distressed areas, particularly the commuters' traffic problem, in excess of \$50,000 - that that act and that authority will expire September 30, 1962. Is that your understanding, Commissioner?

A That was the report, sir.

Q And it was suggested to the Governor that he intervene with the Administration of President Kennedy, as well as the various department heads, to extend that, or at

least to interpret the application of New Jersey in some way, so as to be a stopgap, may I say, so as to permit any person in New Jersey or any cities in New Jersey to make application under this particular plan for the purpose of trying to get an outright grant to relieve our problem. Is that correct?

A Yes, sir, with some participation on our part, either five or ten percent, which was not sure, I believe, at the time.

Q Correct. In one instance it was pointed out that the PRSL, that is, the Pennsylvania Railroad Seashore Line from Camden to the South Jersey area, in view of the fact that certain cities were in a distressed area there was a possibility of getting an outright grant of \$10 million. Is that correct, Commissioner? Do you recall that?

A Yes, sir, and he even felt that there might be some flexibilities of that.

Q But this is being pursued as a result of a request of this Committee to you and the Governor to see if any outright grants can be given by the federal government to the State of New Jersey because of their commuter plight.

A Yes, sir. It is my obligation to see to it that we get all of the information and report forthwith.

SENATOR FARLEY: Gentlemen, have you any questions of the Commissioner?

SENATOR FOX: I would like to ask one.

BY SENATOR FOX:

Q Commissioner, would I be correct, in connection with the monorail and Levacar, summing up your testimony - would I be correct in saying that both of these

methods are still in the theoretical and research stage so far as safe, large scale, mass transportation is concerned?

A My answer to that, Senator, would be yes, provided we also incorporated the item of the essential speed to make it desirable to acquire. In other words, so long as it is 25 or 40 miles an hour it's just --

Q Well, I assumed that. A Yes, sir, that's correct.

Q Do you know whether any federal research is being done by the federal government? A I know of none, sir, and I have inquired about that and I can't find that there has been any federal research on this subject except in connection with the City of Washington, but that has been a subcommittee and not really at the top federal level.

BY SENATOR OZZARD:

Q Commissioner, in this report when you were dealing with these other forms of surface transportation you make some comments about the advantages they offer in the way of customer conveniences, etc., and you said this could be duplicated in present transportation systems. I have a two-point question - one, what are the railroads, possibly with the suggestion of your department, doing about providing these additional customer conveniences; and, two, is there any way of improving the ground rail system and developing it into a high speed operation which might take care of problems such as are expected or hoped for in the South Jersey operation? A Yes, sir, there

is. We have been devoting a considerable time and effort in collaboration with the railroads and certain design

engineers relative to having stations at the level of the floor of the cars, of combining a free parking place tied in, however, with the ticket arrangement for the turnstile to avoid having to pick up tickets on the train; of having lightweight, high-speed cars, air-conditioned; and of electrification that was carried out, for example, on the shore line as far as the Bay Head area.

The railroads have been very much alive to it. It is amazing, the complete change of attitude on their part. We hear of these talks of mergers today and some of the people thinking it is a perpetuation of the old form of operation, but as a matter of fact, even coupled with that, there is contemplated a great revision, if you will, to develop means of service to the customers that will, if possible, attract them back to the rail lines.

We, in our division, are operating on the premise that ours is a more or less five-year plan. We have no assurance that the public will come back to the rails but we hope, within that period, to offer all of these modern appeals and facets that will give the public what we think they need and what they desire, and also, with our consciousness in our department, that under these federal standards for inter-state routes - it costs us around \$6 million a mile to build an inter-state highway. Up in Bergen County where there is such congestion and where right-of-way takes up to 40 to 50 percent of the tab of cost, there it runs as high as \$12 million a mile. And when you realize the nominal amount it would afford us to half sole and heel what we have and give us an opportunity

to test it without going into these elaborate expenditures, we think it's well worthwhile.

SENATOR OZZARD: Thank you, Commissioner. Just one suggestion, I think the plan ought to be a four-and-a-half-year or five-and-a-half-year plan to avoid the ugly connotation of a five-year plan.

SENATOR FARLEY: Commissioner, I would like to bring to your attention that we in South Jersey, and this includes all of South Jersey, are vitally interested in locating the jetport at Burlington County or thereabouts. And if perchance you have any conception or any thoughts as to how to resolve this transportation problem, you can feel free to call it to the attention of any member of this Committee because we of this area of the southern part of New Jersey are vitally interested and, may I say, always follow with religious fervor the efforts to locate this jetport in our area because of the economic wealth and the potential that we have.

So I want to thank you for being a witness and would ask you to just keep in mind that we of the southern part of New Jersey are very anxious and very desirous of having a jetport located in that area.

Thank you.

SENATOR DUMONT: Commissioner, do you think you are going to be able to continue with the \$6 million appropriation, which is approximately what you have been getting from the Legislature and the Governor the last two years for contracts for services on a car mile basis, or do you think this money is going to have to be increased?

COMM'R PALMER: I think, sir, number one, last year the \$6 million was taken out of the Highway budget; this year, and I use this quotation, according to the Budget Director, it is being taken out of the Commuter Benefit Tax. So the supposition is that the Highway Department has its full quota.

In negotiating with the railroads, we have not, in our present budget, been allowed in excess of approximately \$6 million. As a matter of fact, I think it works out about five million nine. Last year we were able, due to a carry-over due to only a ten months' contract, to have six million eight to dispense. At that time we were able to pay 32¢ a mile. It appears now that we will have to drop down to about 29¢ a mile, and in addition to that, pending the submission of legislation and observations that you gentlemen make in connection with it, we are withholding under our contract arrangements with the railroads 40% of the customary allotments that we make, feeling that with the emergencies that come up for capital expenditures, which may even more greatly serve the railroads as well as the public, it might be better to spend a part of that contract money for some physical. We are hopeful, however, that we will be able to get more money, and in direct response to your question the answer is yes, sir, we will need more money and we are using this as a form of insurance in anticipation of whether or not the legislation goes through and to be in somewhat of a permissive position. For example, if Mr. Tobin goes ahead with his H&M, as I

cite, his H&M won't be effective without our action and our action won't be effective without his. So we are going to have to put up more money.

SENATOR DUMONT: Have you any forecast as to how much more you are going to need?

COMM'R PALMER: No, sir, not at this time, Senator.

SENATOR DUMONT: Thank you.

SENATOR FARLEY: Are there any further questions?

(No questions.)

SENATOR FARLEY: Thank you very kindly, Commissioner.

COMM'R PALMER: Thank you, sir.

SENATOR FARLEY: I will call Mr. Morrison, please.

Mr. Morrison, will you be kind enough to be sworn, please.

W I L L I A M   G I L B E R T   M O R R I S O N, called as  
a witness, being duly sworn, testified as follows:

SENATOR FARLEY: Your address please, Mr. Morrison.

MR. MORRISON: 178 Rockwood Road, Manhasset, Long  
Island.

SENATOR FARLEY: For the purpose of saving time,  
I would like to introduce Mr. Morrison to the public. Mr.  
Morrison is associated with the firm of Peat, Marwick,  
Mitchell & Company, which firm has been retained by this  
Committee for the purpose of making an audit of the New York  
Port Authority.

Peat, Marwick, Mitchell & Company is the world's  
largest firm of public accountants. One of their largest  
offices is in the State of New Jersey. The New Jersey staff  
alone consists of over 100 accountants. The firm has done  
extensive work for various governmental bodies and it is  
especially noted for its practice in the transportation  
field.

Mr. Morrison, who is the manager of the investigation  
of the New York Port Authority, is well qualified to perform  
the type of investigation that is being done. He is a  
Certified Public Accountant and has done extensive work for  
such clients as New York Transit Authority, the New Jersey  
Highway Department, and the City of New Orleans-New Orleans  
Aviation Board.

Mr. Morrison has also participated in engagements  
for the Illinois Toll Road, the El Paso Airport, and several

other similar facilities. In addition to his work on governmentally-operated facilities, he has done extensive work for some of the firm's major clients in the transportation field including the Baltimore and Ohio Railroad, the Reading Company, the Pennsylvania Railroad, Nickel Plate Railroad, and the New York Central Railroad.

Over the past five years Mr. Morrison has devoted 95% of his time to his clients in the transportation field, both private and governmentally operated. He is a member of the firm's Transportation Facilities Committee whose practice covers those transportation facilities which are governmentally operated. Among the firm's clients in this field are the Ohio Turnpike Authority, the Illinois Turnpike Authority, the New Jersey Turnpike Authority, and several other Turnpike Authorities; several major city airport authorities and the highway departments of several states including current engagements for the States of Alaska, Illinois and New Jersey.

I could go on further but I do think that is sufficient to qualify the background of Mr. Morrison.

Now, Mr. Morrison, you have been retained by this Committee for the purpose of investigating the Port of New York Authority involving an audit?

MR. MORRISON: Yes, sir. This was not an audit in the sense that we were giving a certificate as to the annual report of the Authority, this was an investigation into the testimony and certain data presented in the testimony that this Committee heard earlier in connection with the Port Authority.

SENATOR FARLEY: You did review and analyze the testimony previously given before this Committee?

MR. MORRISON: I have reviewed that.

SENATOR FARLEY: And there were certain directions contained therein for the purpose of ascertaining facts such as income, outgo, cost of facilities, cost of maintenance. Did you, may I say, ferret out these facts in your investigation?

MR. MORRISON: Yes, sir.

SENATOR FARLEY: Now, Mr. Morrison, I notice in your report there is a reference to airport facilities involving sales of insurance. Do you know anything about insurance of other airports, other than the Port of New York Authority?

MR. MORRISON: Well, in the report I point out - well, in certain airports insurance - and I am talking about air-trip insurance, the insurance a person buys when he flies, and you can buy it from one of these machines or one of the booths - at certain airports the insurance companies have paid in excess of 50% of their gross revenues from the airport for the privilege of selling this insurance.

The Port of New York Authority has chosen not to obtain the maximum revenue possible from this source. They give a reason which, in my opinion, probably is quite valid, and their reason is that if they did obtain the maximum from this source, the maximum revenue from this source, the public could blame the Port Authority for the cost of airline trip insurance that they purchase at the airport, the insurance companies could say that the cost is high because we have

to pay all this money to the Port Authority. So they have set a figure of 25% of the gross. That is the amount that the Port Authority takes on this air-trip insurance from the various insurance companies.

Now, at Washington National Airport, which is a federally operated airport under the control of the Federal Aviation Agency, they recently had the insurance companies bid not on what they would pay the Federal Aviation Agency but on the price that they would charge the public for this insurance. Now the Port of New York Authority cannot do this because insurance prices are regulated by state commissions.

SENATOR FARLEY: The second question I have, under their general rule and their procedure relative to the bond issues, they have a two-year rule relative to a situation of issuing bonds. Is it possible by virtue of their rule that bonds could be issued by the New York Port Authority for the purpose of impairment of their credit?

MR. MORRISON: No. These rules are quite tricky and I am sure the Port Authority Lawyers could probably explain them better.

This two-year rule in and of itself only applies to outstanding debt. Subject to the impairment of credit rule and certain other rules, the Port Authority might possibly issue short term bonds which would be due in the same year they were issued which would reduce their reserve to a low two-year figure mentioned in this two-year debt service rule.

I don't mean to indicate that I personally think it would <sup>be</sup> wise. I am just saying it is a possibility.

This same thing applies to the 10% statutory limit that is set by the legislatures. The limit could be - I won't use the word "avoided", but it could be gotten around - but again, mindful of the other rules, the impairment credit rule, - by the issuance of short-term credit.

I do not mean in any way to indicate that this is advisable and I imagine the Port Authority, and they can speak for themselves, will maintain that to go around the 10% or two-year rule with the use of short-term credit would be a violation of their impairment credit rule.

This is a very tricky subject. I hope I have not added more confusion than light.

SENATOR FARLEY: I appreciate that.

Mr. Morrison, in your search of the leases with the various municipalities and the New York Port Authority, there is a limitation as to the time of occupancy and at that particular point title and the assets revert to the city involved. Is that correct?

MR. MORRISON: On the airport leases with the cities of Newark and New York that is correct.

SENATOR FARLEY: Have you any suggestions to this Committee concerning the termination date involving any sizeable investments if per chance, we will say, in the Port of Newark if both legislatures and both governors recommended to the New York Port to make an investment, say an improvement of 200 million dollars and their lease terminated, we will say, in 1990? Have you any suggestions to this Committee as to what

should be done relative to this, to try to amend the law or any suggested rule of the Port itself relative to those situations?

MR. MORRISON: Well I will leave the determination as to what should be done - I think I would like to point out that if in the later years of the leases with the cities the Port Authority needs to make a **very** major addition to one of those airports, they will be in a difficult position because they must turn over the airport without any debt - this is as I understand it - to the cities at the end of the lease. In other words, if the lease terminated in 1997 and in 1993 they have need for a 200 million dollar investment at one of the airports, the Port Authority, if it were to put the 200 million dollars into the airport, would have only three years in which to recover their investment, which would make it very difficult. These leases which at the present time are giving no trouble to the Port Authority may in later years cause quite a bit of trouble financially.

SENATOR FARLEY: In effect what you are saying is that there should be an accelerating clause which is a subject to be determined by the legislatures of both states and the governors and the Port if per chance there is a sizeable investment in the period of ten years of the termination period, that in that event there should be something in the lease to permit the legislatures, not to impair the contract, to add that accelerating clause for the purpose of extension of the lease. Is that your suggestion?

MR. MORRISON: I am not making any suggestions. I think I will restrict myself -- I think this is what I am qualified to do, restrict myself to commenting upon this problem with the leases and I would leave that as a matter of public policy as to what should be done about it.

SENATOR FARLEY: I have before me a Review of Financial Structure and Operations of the Port of New York Authority, submitted to this Committee. Is this your work, Mr. Morrison?

MR. MORRISON: That is the work of our firm.

SENATOR FARLEY: Would you be kind enough to offer this in evidence.

MR. MORRISON: Yes, sir.

(Received in evidence and marked A-1)

SENATOR FARLEY: This is a rather extensive and comprehensive breakdown of the operations of the Port. Did you do this yourself?

MR. MORRISON: The partner in charge of the job, Mr. Robert Boutillier, the partner in charge of our Newark Office, is sitting over there. I was the resident manager on this job. We had a staff of four people, including the partner, - five including the partner - that worked for a period of three to four months performing this investigation. Much of what is in that report is my personal work and all of it has come under my supervision.

SENATOR FARLEY: At any time during your constant interrogation of the officers of the New York Port Authority were you confronted with any obstacle or was there anything

that was refused to be submitted to you or did they refuse to submit any information to you at any time during your investigation?

MR. MORRISON: 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. There was one document, a 1950 letter mentioned in the report, which could not be located, which we did not get. Other than that we saw every document that we asked for.

SENATOR FARLEY: And in no instance was there an effort to hide anything by any officer or member of the personnel of the Port of New York Authority?

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

SENATOR FARLEY: All right. Do any members of the Committee wish to interrogate Mr. Morrison on this report?

SENATOR FOX: May I ask a question?

SENATOR FARLEY: Go right ahead.

SENATOR FOX: Mr. Morrison, in connection with the acceleration clause that Senator Farley referred to, with respect to leases so far as the Port of New York Authority was concerned, I noticed that you said the Newark Airport as well as the New York Airport. You don't mean to restrict yourself to the airport, do you?

MR. MORRISON: I am very sorry. The lease for Newark Airport also includes Port Newark.

SENATOR FOX: That's what I wanted to know.

MR. MORRISON: It's a very important point. Thank you very much, Senator.

SENATOR FOX: Thank you.

SENATOR DUMONT: Mr. Morrison, what was your general impression of the fiscal policies used by the Port Authority?

MR. MORRISON: 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.

SENATOR DUMONT: Thank you.

SENATOR FARLEY: Would you say honest?

MR. MORRISON: I would say that the one impression I got - I can't prove this and I could be wrong but my impression was that the one thing that characterizes the Port Authority is integrity.

SENATOR LYNCH: Mr. Chairman, may I ask a question?

SENATOR FARLEY: Yes. Senator Lynch.

SENATOR LYNCH: Just one question. Is it your belief or notion that you had full access to all the records of the Port Authority?

MR. MORRISON: Yes.

SENATOR LYNCH: And you felt that everything that they had was open to you for inspection study?

MR. MORRISON: Yes, sir.

SENATOR DUMONT: You make one recommendation here about the releasing of the names or publishing, whatever this is, at least having the names of owners of property acquired by the Authority by negotiation rather than condemnation made a matter

of public record. Is that correct?

MR. MORRISON: Yes, sir.

SENATOR DUMONT: Other than what happened just through the recording of the deed?

MR. MORRISON: That is correct.

SENATOR DUMONT: You suggest that that be done by placing the names in the minutes at the conclusion of the acquisition program.

MR. MORRISON: I think it justly should be at the conclusion because during -- I understand it would cause the Port Authority quite a bit of trouble if before the program was completed they had to do this. It might impair their ability to negotiate with the various land owners they were dealing with. In the report we say - well, I'll leave it as it is.

SENATOR DUMONT: You make one statement here on V-7 about the Port Authority's policy in competitive bidding not always appearing to be consistent. Would you mind elaborating on that a little bit.

MR. MORRISON: Well the point here is that in handling the parking concessions that the Port Authority was not always consistent. The Bus Terminal parking concession contract was let on a sealed bid and acceptance basis from a prequalified list of bidders. The parking concessions at the airports were let on a negotiated basis. In our examination, however, we could find no evidence -- excuse me, now reading directly from the report: "In our examinations we could not find any evidence

that bids or proposals had been solicited by the Authority for these airport concessions. More than one proposal was received for the parking concessions," and I will stop here. Although they were not solicited, people came to the Port Authority and said, "We would like the business." I will continue: "We have no reason to believe that these concessions' contracts were not let in a manner which was in the best interest of the Port Authority."

SENATOR DUMONT: In other words, the procedure was sound, in your opinion, even though it wasn't always consistent?

MR. MORRISON: The procedure was a reasonable business procedure, I would say yes.

SENATOR DUMONT: Thank you.

SENATOR FARLEY: Mr. Morrison, I notice in your report that the cost of port development expenses are rather sizeable. Have you any comment on that?

MR. MORRISON: What page is that, Senator?

SENATOR FARLEY: This is page III-7.

MR. MORRISON: The only comment on that that we had was that this is an expense that in a private business certainly - or this is an expense over and above what would normally be necessary to operate the bridges, tunnels, what-have-you. But, however, this expense, in the figures submitted to the Committee, has been charged against these facilities as the Port Authority must recover them from some place.

SENATOR FARLEY: Would you say they select qualified men for this research or development?

MR. MORRISON: I did not examine all of them but I looked at the reports from the Fifth Airport Study and all the contractors and consultants involved were of the highest caliber, in my opinion.

SENATOR FARLEY: Any further questions by members of the Committee? (No questions.)

All right, thank you very kindly, Mr. Morrison, and I would ask you to hold yourself subject to recall.

SENATOR FARLEY: Is Mr. Glenn Eastburn in the room, Vice President of New York Airways?

MR. GLENN EASTBURN: Here.

SENATOR FARLEY: Will you come up here, please?

Will you give us your full name and your address, Mr. Eastburn?

MR. EASTBURN: Glenn B. Eastburn.

SENATOR FARLEY: And your address?

MR. EASTBURN: Company address, La Guardia Airport, New York.

SENATOR FARLEY: Mr. Eastburn, you came here at my request, did you not?

MR. EASTBURN: That's right.

SENATOR FARLEY: You have come here as a volunteer, is that correct?

MR. EASTBURN: That's right.

SENATOR FARLEY: This Committee is trying to ascertain the various means and mediums of transportation. I asked Mr. Eastburn to appear before this Committee to give us facts concerning the operations of the New York Airways. Will you proceed, Mr. Eastburn, please.

MR. EASTBURN: Well, Senator Farley, I have no formal statement to make, so I will just outline the certificate under which New York Airways operates and give a brief summary of the plans that we have for fulfilling the obligations we have under the federal certificate that is granted to us.

New York Airways was given a federal certificate to operate in an area that the Civil Aeronautics Board defines as the metropolitan area of New York. It was bound by a peripheral line drawn from Trenton to Dover to Peekskill to

Bridgeport to Asbury Park and back to Trenton, New Jersey. Within this we have an exemption order, as the Board calls it, to operate on scheduled service.

The Board furthermore certificated certain points in that area for which service was specifically provided.

SENATOR FARLEY: What kind of service is it, helicopter?

MR. EASTBURN: Helicopter service, small air transportation.

This certificate was renewed in 1960 for 7 years. The present certificate under which we are now operating was expanded a little to take in Danbury, Connecticut, and New Haven. Otherwise it stays the same as it was in the original certificate.

The points on which we were given a certificate on renewal were less in number than those in the first certificate. They covered points in Connecticut and certain points in New Jersey.

The principal thing in which you gentlemen, I presume, would be interested I think are plans for the operation within that area.

I might say that in addition to the certificate we have applications in for helicopter service in the Washington-Baltimore area, and an application for a certificate to operate between Philadelphia and New York, that is the downtown terminals in both points.

Our present operation is confined to the Air Terminal in New York and Wall Street. Now the Port of New York Authority has constructed a terminal at 30th Street which is a very good terminal for mail, and we operated it

for three years but then the Port Authority built a terminal at Wall Street which has proven to be a very good passenger terminal and is the only Manhattan terminal at which we are presently operating.

On July 1, after a long period of development, we inaugurated the use of a Boeing V-107 twin turbine, 25 passenger helicopter. This ship is a breakthrough in a number of characteristics, operational as well as economical. And our operation has been for too short a period to make much of a record but during the month of July the public acceptance has been very good and we carried over 21,000 passengers on the limited operation that we are carrying on between Newark Airport, Idlewild, LaGuardia and Wall Street terminal. That is the limit of our present operation.

SENATOR FARLEY: How many passengers do you carry a day from Newark Airport or from New Jersey to New York City, approximately?

MR. EASTBURN: Approximately it would be somewhere around 400.

SENATOR FARLEY: What is the capacity of your planes or rather helicopters?

MR. EASTBURN: 25 passengers.

SENATOR FARLEY: Aren't they in the process now of augmenting the size of these helicopters? Do you have any knowledge of that? I am trying to develop the future of this particular transportation. Is there any plan of the government or any private industry that you know about that would increase the capacity we will say from 12 or 14 to 50 or 100?

MR. EASTBURN: Both Sikorsky and Vertol have plans on the drawing board. Both companies have ships

almost in operation of larger capacities.

SENATOR FARLEY: What is the capacity of the largest?

MR. EASTBURN: The Chanute that Vertol is making for the military I think carries about 40. Fairy Rotodyne have a larger ship which the British Government is sponsoring, or was helping to sponsor, on which we had made a commitment or a letter of intent to purchase, which would carry 65 passengers. The two-engine ship is the real important thing as of now as we test out its operation. We expect it will be able to operate on instruments which would give a scheduled dependability that has not been possible with the single engine. With instrument operation and scheduled performance the market - our testing has shown and there has been evidence that the acceptance of this ship is almost unlimited.

SENATOR FARLEY: Mr. Eastburn, how many helicopters do you have in your service, the total amount?

MR. EASTBURN: As of today we have three 107s, that's V-107s - Vertol 107s, and three V-44s - that's the 15 passenger ship we have been operating about three years.

SENATOR FARLEY: What does your other type of ship carry, the number of people, other than the 15 passenger? What is the capacity of your other ship?

MR. EASTBURN: Twenty-five. We have a Bell Helicopter that carries 4, three passengers and the pilot.

SENATOR FARLEY: And this has been encouraged by the government, has it not?

MR. EASTBURN: We have been operating with federal subsidy.

SENATOR FARLEY: As a matter of fact they have been

subsidizing you to encourage this type of travel. Isn't that correct?

MR. EASTBURN: That's correct. And for the development of equipment that might be economically feasible toward the point of eventual elimination of the subsidy.

SENATOR FARLEY: How long do you think it would take a helicopter to leave Burlington County, approximately 70 miles to New York City?

MR. EASTBURN: This ship cruises at 155 miles an hour.

SENATOR FARLEY: Have you gentlemen any questions of Mr. Eastburn who has been kind enough to try to give us the information concerning the future transportation by helicopters.

SENATOR FOX: Mr. Eastburn, so far as the type of service that you supply, this is more or less a specialized medium, isn't it? In other words, it is not suitable for mass commuter transportation at all.

MR. EASTBURN: I think the cost of its operation would eliminate mass commuter transportation in its present stage of development.

SENATOR FOX: And possibly for some time in the future too, isn't that so?

MR. EASTBURN: We have considered a supplementary form of transportation to long-haul air transport and to a certain extent of ground transportation. It carries a premium type of passenger traveler, cargo and mail.

SENATOR FOX: But my specific question was directed to mass commuter transportation.

MR. EASTBURN: No.

SENATOR DUMONT: How much do you charge for a trip, Mr. Eastburn, between the airports?

MR. EASTBURN: Between Newark and Idlewild it is \$9.50.

SENATOR FARLEY: How much was that?

MR. EASTBURN: \$9.50.

SENATOR FARLEY: Nine dollars and fifty cents?

MR. EASTBURN: That's right.

SENATOR DUMONT: One way or round trip?

MR. EASTBURN: One way. We get an average of about 42 cents a seat mile and we get on some of our short hauls as high as 63 cents.

One of the interesting phases of our fare structure is that there has been no complaint of any consequence on fares. It is a matter of service. If you can save an hour or an hour and a half or two hours, the fare is incidental.

SENATOR FARLEY: Are there any sizeable companies in addition to yours operating in the New York area that furnish this type of service?

MR. EASTBURN: Not a scheduled service. There are charter services, small aircraft.

SENATOR FARLEY: How many companies would you say are in operation and doing the same type of service you do in the New York area, approximately?

MR. EASTBURN: In New York?

SENATOR FARLEY: Yes, within a radius of 50 to 100 miles of the New York area.

MR. EASTBURN: There aren't any.

SENATOR FARLEY: There aren't any?

MR. EASTBURN: There aren't any scheduled operators except New York, Chicago and Los Angeles under federal certificate. There is one operating in San Francisco on an air taxi service.

SENATOR FARLEY: What do operate, operate on chartered trips and likewise for private companies, is that correct?

MR. EASTBURN: We do?

SENATOR FARLEY: No, other than your company.

MR. EASTBURN: There are some that operate smaller aircrafts. The Port of New York Authority has two Bells that they use in their operation.

SENATOR FARLEY: Are there any other questions?

(No questions.)

SENATOR FARLEY: Thank you very much, Mr. Eastburn. We appreciate your making your trip from Washington. We know you have a busy day but we are grateful to have had this information. Thank you very kindly.

Mr. Tobin.

Mr. Tobin was sworn at the last hearing.

Mr. Austin Tobin of the Port of New York Authority. Mr. Tobin, would you be kind enough to give us a report on the status of the Hudson & Manhattan, what progress you have made and how far you have progressed?

MR. AUSTIN J. TOBIN: Mr. Chairman and members of the Committee, at midnight tomorrow night - or, to be precise, at 12:01 A.M. on this coming Saturday morning,

September 1, 1962 - the Port Authority will take title to, and assume operating responsibility for the Hudson and Manhattan Railroad.

The Chairman of this Commission has requested, therefore, that I review the progress that we have been able to make in the enormously complex arrangements for the acquisition, modernization and operation of the H&M, in which this Senate Commission has had such a great interest and which you have continued, over the past two years, to encourage and facilitate.

It was at the first hearing of this Commission on September 27, 1960, here in Trenton, that we were able to report to you, based on extensive discussions with Commissioner Dwight Palmer over a period of many months, that the Commissioners of the Port Authority believed it might be possible for the Authority to acquire the bankrupt Hudson and Manhattan Railroad, provided that certain basic financial assurances could be given to those from whom we would have to borrow the money for the project, as well as to all future purchasers of Port Authority bonds. Such assurances would make it possible for the Port Authority to continue to carry out the broad programs of port promotion and port development contemplated by the 1921 Port Compact between the two States. These programs include, of course, the Authority's dock and marine terminal developments, its interstate highway connections, bus terminal construction, and the continued development of the airports of the metropolitan district of New York and Northern New Jersey.

After we had outlined for your Commission, at that meeting in September, 1960, the legal and financial problems involved in any plan or statute to authorize the acquisition of the H&M by the Port Authority, as well as the problems that would be involved in its rehabilitation and modernization, you will recall, Mr. Chairman, that I assured the Commission "that the Port Authority (would) continue to pursue this matter to the end that we may make a report and recommendations to the Governors and the Legislatures of New Jersey and New York."

Accordingly, throughout the months that followed we continued to make detailed studies of the H&M, of the financial and credit problems that would be involved, and to make plans for its acquisition, its complete reconstruction and rehabilitation, and for its operation by the Port Authority. Commissioner Palmer in his capacity as Director of the New Jersey State Division of Rail Transportation, as well as Mr. Arne Wiprud, Director of the New York State Office of Transportation, were kept fully informed as to the progress of these studies. We met also from time to time, to discuss the problems of integrating the H&M commuter service with the service of the other New Jersey railroads, with representatives of the Jersey Central, the Pennsylvania and the Erie-Lackawanna Railroads.

Detailed field surveys of the entire H&M system were made by the Port Authority's Engineering and Operations Services Departments. These surveys were necessary to determine the extent of physical rehabilitation which would be required to bring the railroad up to safe, efficient and reliable operating standards. Complete peak hour traffic surveys were made at all of the H&M stations and on the Erie-Lackawanna ferries in order that we might arrive at realistic estimates of the traffic potential which could be expected on a rehabilitated and reconstructed H&M system. Financial, legal and organizational problems were also the subject of extensive studies

by the responsible staff departments. We retained the firm of Coverdale & Colpitts, who are highly regarded in the field of railroad economics and engineering, to assist and advise us in all of this work. They reviewed our study procedures and our conclusions and undertook such separate investigations as we thought were necessary to supplement the studies which we were undertaking ourselves on a staff level.

We reported again to this Commission on the progress of these H&M studies at the hearings which were held in Newark on January 26, 1961. At that time, the Vice Chairman of the Port Authority, Commissioner James C. Kellogg, III, advised the Commission that, if you were disposed to sponsor legislation that would make it possible for the Port Authority to finance such a project, we were prepared to go forward with the acquisition, rehabilitation and operation of the H&M. As the Vice Chairman said to you at that time, "...we would propose to undertake a major rehabilitation program immediately which could be completed within approximately three years after the time that the Port Authority acquired title to the H&M properties." These recommendations of the Vice Chairman were again supported by Commissioner Palmer in his own statement to the Commission at those hearings in January, 1961.

Throughout the remainder of 1961, as the Senators will recall, it proved impossible to work out an agreement between the two States on the form of the legislation which would authorize the Port Authority to proceed with the H&M and World Trade Center projects. However, in December, 1961, a meeting between Governor-elect Hughes and Governor Rockefeller resulted in an agreement to recommend to the two Legislatures a compromise bill that would empower the Port Authority to go forward with both the H&M and the World Trade Center projects. In Governor Hughes' inaugural address he was therefore able to say:

"There is the courage of adventure in the spirit which has brought us to the eve of an accommodation with our sister State of New York to provide a promising solution to the transportation problems of our metropolitan communities in conjunction with the great new World Trade Center..."

On last January 29, the members of this Commission, Senators Farley, Cowgill, Dumont, Lynch, Kelly, Fox, Ozzard and Stout, jointly introduced Senate No. 134 which was subsequently enacted as Chapter 8 of the laws of New Jersey, 1962. The companion legislation was introduced in the New York Legislature by Senator McNeil Mitchell and in the New York Assembly by Assemblyman Robert Brook, becoming Chapter 209 of the Laws of New York, 1962. Governor Hughes signed the New Jersey statute on February 13, 1962, and, with the signing of the New York statute by Governor Rockefeller on March 27, 1962, the statutory authorization was completed and the Hudson and Manhattan project, as well as the World Trade Center, were officially approved and authorized by the two States.

In the light of this Commission's very active interest in the reconstruction and modernization of the Hudson and Manhattan and its operation by your bi-state agency, and also of your understanding of our legal and financial problems and your encouragement of our efforts, the Chairman has asked me for a brief review of our preparations for the assumption of operating responsibility tomorrow night and of our future plans for this vital link in the Port District's transportation system. I refer here to Senator Farley's letter of last week advising me of the call of this meeting today.

As you know, the physical facilities of the H&M are rundown and obsolete. They are in a state of serious disrepair and woefully inadequate to serve, in any decent fashion, the more than 30 million annual passengers from northern New Jersey and New York City who depend upon this interstate transit system.

The work of reconstructing its present facilities and extending its present services to further public usefulness is a task of rather formidable proportions. While all of the Authority's staff departments, in their various fields of responsibility, are participating in our preparations and our planning, the direct responsibility rests with our new Rail Transportation Department, headed by Mr. Neal Montanus. The work is divided into three basic phases. They might be labeled respectively as preliminary clean-up and repair, the intermediate plan, and the ultimate plan.

The preliminary phase of our preparation addresses itself to immediate tasks which are necessary to assure maintenance of service to the public and improved comfort and safety. We will begin, promptly at 12:01 A.M. this coming Saturday morning, to clean thoroughly the railroad's public areas: stations, concourses, platforms, and the like. Immediately thereafter, these areas will be painted.

The cleaning process, including the cleaning and a quick rehabilitation of some 50 cars will be completed by Tuesday morning in time for the first of our rush hours. The painting program will be completed within 30 days. The contracts, both for the cleaning and for the painting, have all been let.

Existing cars will be thoroughly cleaned and re-lamped to provide a greater degree of illumination. In this preliminary phase, we will also patch up the system generally, repairing broken stairs, pavement, windows and fixtures. Work forces will

be increased above existing levels immediately to bring maintenance levels above the standards of the past.

In the second or intermediate program, - I may say also that I signed yesterday the agreement with the Pennsylvania Railroad under which we will continue for the time being on its present financial basis the joint service that the Pennsylvania operates, as you all know, from Newark into Journal Square. And Pennsylvania has been cooperative in agreeing to continue that service under the existing contracts with the H&M, although they are quite unhappy about their existing contracts, and we, upon our part, have agreed to discuss and review those contracts with them.

In the second or intermediate program, which will take three to four years, we will virtually rebuild the entire railroad. This will include the designing and purchasing of 250 new air-conditioned cars of the most modern concept.

I might say to this Commission that within the last few months we faced a serious policy decision there. We could have, as you all recall, - a few years ago, not too many years ago, the Pennsylvania and the H&M, the Pennsylvania paying 60% of all the cost bought 50 new cars of a rather conventional type but certainly a great improvement over what was called the old black cars which comprised the rest of the 200 car fleet of the H&M. We could have ordered that same car and have the amount of 250 new cars and have them delivered in a two year period since it was for all practical purposes what we will call a rather stock model. We made the deliberate policy decision, reviewed it with our Board and the Board was in accord, that we could do very, very much

better than that for the public and that we shouldn't lock ourselves into those conventional cars; that in every phase of their equipment, the equipment of those cars, the air-conditioning, their motive power, everything about them would be of the best modern thinking in car building; and by pooling and encouraging that thinking that a much better product could be provided. So that, however, instead of the two years it would take us to replace the entire fleet by these existing "Gray Cars" as they are called, that they bought a couple of years ago, will take three years. We felt that it was worthwhile to wait that additional year for infinitely more modern cars, particularly since we were starting the maintenance of a fleet for a long, long time in the future, and that maintenance-wise and for the satisfaction of the public everybody would be better off to wait one more year, the three instead of the two, for the most modern mass transport rail vehicle. So we have all of the established car companies, and many others who would be interested in producing such a new type of vehicle - such as Lockheed and others - working and giving them the general type of specifications as to what we would be looking for in such a car. And we have deliberately decided to take the three years instead of the two to get the very best product available.

Among the other steps in this intermediate program, in addition to the 250 new air-conditioned cars, will be completely rebuilding and renovating all stations; installing new utility systems, particularly the electric power supply and distribution facilities; rehabilitating the track and

road bed to provide a better ride; installing new signals to assure faster and safer service; and building new maintenance shops and car yards to assure high standards of maintenance for the future.

During this second or intermediate phase, we will also have to work out the arrangements for the handling of the passengers of the Jersey Central Railroad who, under Commissioner Palmer's Aldine Plan, will be rerouted over the Lehigh Valley tracks into Penn Station, Newark, where they will make a direct and convenient transfer to the H&M. And that, Commissioner Palmer, has to be worked out within -- will, I hope, be worked out within the next year. I know we are all trying to work it out. It will require additional cars for that service --

COMM'R PALMER: It has to be.

MR. TOBIN: -- and we have several ideas of sources for the additional cars for that service, and it has to be worked out and will be.

The final part of the program will not necessarily await the completion of this intermediate phase, but it is designated as a separate undertaking in the over-all program because it represents a distinct extension and betterment both to the H&M system and to the over-all complex of trans-Hudson commuter facilities. And those major projects in the final phase of our objective are:

1. The construction of a major new transportation center at the Journal Square Station in Jersey City. Our staff has been doing a great deal of work on this in cooperation with the municipal officials of Jersey City.

The Commission will recall that your bi-State legislation authorized us to proceed with this important new terminal facility in the Journal Square area of Jersey City.

I may say we are having very fine cooperation there from Mayor Gangemi and from his planning people. We are working on different alternate basic plans. Our thinking on that was sparked by the fact that certainly there is no choice but to replace that pretty disreputable station at Journal Square. As a rail station that must be replaced, and also since that is a focus of bus transportation in Hudson County, and in addition to the fact that Jersey City itself was considering various municipal planning and urban redevelopment in the general Journal Square area it seemed to all of us, including the City people, that it was a unique opportunity here to do a great job of face-lifting for the whole Journal Square area. And we are very happy with the way those plans are proceeding. They are in the very early stages and we produce new ones every couple of weeks that are improvements on the old ones, but that work I think is going along most encouragingly and I think, Senator Kelly, that we really can do a great job there and I think those are the views of the Mayor too.

SENATOR KELLY: I like what I hear and I trust that it's true.

MR. TOBIN: We will try hard.

SENATOR FARLEY: Mr. Tobin, you used the word "disreputable," you mean archaic, you don't mean disreputable.

MR. TOBIN: Well, it's pretty flea bitten, Senator.

2. The planning and construction of transfer stations in Hudson County at Harrison and Secaucus where the passengers of the H&M and all of the New Jersey commuter railroads may conveniently change trains. Initial discussions with Commissioner Palmer's Division of Rail Transportation and the railroads involved are under way on this part of the program.

3. The construction of a new Hudson Terminal in Manhattan as the New York terminus of the H&M. This terminal will have great importance to the New Jersey commuter in the future, particularly after the meadows transfer stations are put into operation. The existing Hudson Terminal Buildings will be demolished. A complete new H&M terminal will be built in Manhattan within the Hudson Tubes-World Trade Center, -- actually along and under the Church Street frontage of the World Trade Center, with one new entrance that could be as far south, toward the financial district, as at the corner of Liberty and Church Streets, and with underground connections and passageways connecting the new H&M Terminal in Manhattan with all of the New York City subways. We will increase the number of H&M tracks within the new terminal from 5 to 7, install wider and longer platforms - for example, the new platforms, according to our present plans, will be 500 feet long as compared to the existing 350 feet. That's very important because it will enable the handling there of cars of ten-car trains at the New York Station where now I think it is limited to six-car trains. That new terminal will also provide new consumer service facilities and other conveniences required by the traveling public, and generally make of this terminal a pleasant and efficient new downtown

transportation center.

We estimate that the acquisition and rehabilitation of the H&M as I have outlined it briefly here will represent an investment considerably in excess of \$150 million. Despite the complexity of the work and its magnitude, it is obvious that the system must be maintained in full service to the public throughout the reconstruction period.

On June 28, under the provisions of the statutory authority you had given us, we instituted condemnation proceedings for the acquisition of the entire H&M Railroad properties in New York and New Jersey, including the Hudson Terminal Buildings in Manhattan. At that time, acquisition maps were filed in the Offices of the Registers and County Clerks in New York and Hudson Counties. But even before the application was returnable, a lawsuit was instituted by a number of occupants of the properties at 30 and 50 Church Street and elsewhere throughout the World Trade Center area. This complaint, filed by the New York law firm of Greenbaum, Wolff and Ernst, challenged the public purposes of the project authorized by the statute and argued also that the statute constituted a substantial amendment to the Port Compact of 1921 and that, therefore, it would require a review by and a new consent from Congress - and you know who. It asked, therefore, that the statute be declared unconstitutional and void. Injunctions were also sought to prevent the respective public officials from filing any papers for any condemnation proceedings affecting the properties. Our Law Department opposed this application for a temporary injunction along these lines

and they were supported in this opposition by the Attorneys General of New Jersey and New York.

On July 17, 1962, the motion for a temporary injunction was denied in the New York Supreme Court by Mr. Justice Thomas Chimera. In his opinion Judge Chimera found that "great harm to the public interest" would result if our acquisition of the Hudson Tubes and our planning for the World Trade Center were precipitately halted. In fact, he stated that it would be "unthinkable" to delay the H&M program. He clearly indicated his belief that vital public purposes would be served by the H&M program and the World Trade Center. He noted that the issue of unconstitutionality could ultimately be raised again either in the condemnation proceeding or in the action for a declaratory judgment in which he had denied the temporary injunction.

On July 24, the return date of our application to acquire title to the H&M, Greenbaum, Wolff and Ernst again appeared to ask the dismissal of the petition in condemnation on the same grounds of unconstitutionality. The arguments advanced by our Law Department in support of the constitutionality of the statute were again supported by the Attorneys General of the two states. So too, appearances were made as amici curiae in support of the constitutionality of the statute by the New Jersey State Chamber of Commerce - and I think these are important as indicating the overwhelming business support and interest in New York and New Jersey in both the Hudson Tubes job and the World Trade Center - so that there appeared in the return date of the petition as amici curiae the New Jersey State Chamber of Commerce, the Newark Commerce and Industry Association, the New York State

Chamber of Commerce, the New York Board of Trade, the Westside Association, the New York Commerce and Industry Association, the Downtown Lower Manhattan Association, the Jersey City Chamber of Commerce and many other civic and business organizations.

On July 26, in the New York County Supreme Court, Mr. Justice Peter Quinn granted our application to acquire the railroad and terminal properties, and on August 9, the confirmatory order required under the bi-State statutes was granted in the Superior Court of New Jersey, the order being signed by Judge John McGheehan.

In granting the petition Judge Quinn expressly upheld the constitutionality of the entire H&M-World Trade Center statute and specifically rejected every argument attacking the statute, including the assertion that it requires additional Congressional consent. On this point the Court held that Congress' 1921 and 1922 resolutions, consenting to the Port Compact and Comprehensive Plan, "envisage and embrace the instant proceeding and the statute under which it is brought."

The Court said:

"This proceeding and this statute do not enlarge nor alter nor deviate from the defined scope of the compacts to which Congress consented; they are but particularized effectuation of foreseeable acts and contemplated activities necessarily falling within the four corners of the broadly limited purposes of those compacts. -- that is, the compacts of '21 and '22.

The objectants have taken an appeal from this decision to the Appellate Division of the Supreme Court in New York, but since Judge Quinn's order vesting title and putting us in possession of the railroad will be effective on September 1, and since the next regular session of the Appellate Division will not be held until September 5, Greenbaum, Wolff and Ernst made

an application to Mr. Justice Samuel Eager of the Appellate Division on August 21 for a stay of Justice Quinn's order, pending a hearing before the full bench of the Appellate Division. Judge Eager denied this application. We shall be appearing before the Appellate Division as soon as possible to urge speedy final disposition of the whole appeal.

Finally, what I believe to be the last legal hurdle to the transfer of title, and the Port Authority's operation of the H&M as of midnight tomorrow, was cleared just this Tuesday when the Interstate Commerce Commission granted, over the opposition of the same objectants, our application for a certificate of convenience and necessity.

In the course of their opinion the I.C.C. said:

"If the Port Authority, through the applicant, is willing to take over the operation of the line for the benefit of the metropolitan area population of New Jersey and New York, knowing that the operation will probably continue to incur deficits, it should be permitted to do so. In view of the present operating deficits, it is doubtful that the operation of the line could long continue otherwise."

A final word on our organization for the H&M operation. We are assuming these new responsibilities through the medium of a subsidiary corporation backed entirely by the human, physical, and financial resources of the Port Authority. The subsidiary corporation is named The Port Authority Trans-Hudson Corporation. The Commissioners of the Port Authority are the directors of the new corporation and I am its President. Mr. Montanus, who is with us here today, is its Vice President and General Manager and, as I have said, he is in direct and immediate charge of the entire H&M program.

If you don't mind, Senator, I would like the Senators to meet Mr. Montanus and I will present him to the Senators -

Mr. Neal Montanus, who came to the Port Authority as a trainee 12 years ago and who, in our judgment, will acquit himself ably in the handling of the entire H&M project.

Its operating staff will be the present employees of the H&M, to all of whom, about a thousand people, we have guaranteed employment. I think it only proper to report to this Commission that throughout these studies, and indeed throughout the more recent and taxing work of actually arranging for the transfer of operations, we have had excellent cooperation from Mr. Herman Stichman, President of the H&M, and from all of the H&M staff.

I might interject there to say that we agree about everything except price.

Mr. Chairman, the Governors of the two States, to whom as a State agency we are immediately responsible, and the two State Legislatures which created the Authority and which establish its policies and objectives, have given us in the case of the H&M a tough, a very difficult and demanding, but at the same time a very challenging assignment. Its operating problems are entirely new to our experience. Its legal problems, even today before the start of operations, have our Law Department working around the clock. Its financial problems are formidable and they are all written in red ink. This Commission took the initiative in exploring these problems. You sponsored the legislation under which we are about to take title and begin the work of reconstruction and operation. We are flattered by your confidence in our ability to do the job, but we have no illusions as to the rough and tough

course that lies ahead of us. As we go forward with the work under your mandate, we know that from time to time, as it is needed -- and I feel sure that it will be -- we will continue to have your understanding and your legislative help and encouragement.

At the initial hearing of this Commission in September 1960, we reviewed for you our preliminary findings with respect to the need for and the location of a new major airport in the New York metropolitan area. In May 1961, the Port Authority completed and submitted to the Governors and Legislatures of the States of New York and New Jersey a comprehensive report on this subject which included a detailed examination of the feasibility of seventeen alternative sites for a major new airport in the New York area. For the convenience of the Commission, I have available here extra copies of that report, which was entitled "A Report on Airport Requirements and Sites in the Metropolitan New Jersey-New York Region."

SENATOR FARLEY: I would like to have the Report marked in evidence, Mr. Tobin, if you don't mind.

(Report received and marked A-2 in evidence.)

MR. TOBIN: I do not believe, Mr. Chairman, that it would serve any useful purpose at this time to review with you all of the findings contained in that 170-page report. However, with particular response to your request that I review the findings of that report with respect to the possibility of locating a new major airport in Burlington County, there are several aspects of our studies on which I believe I should comment.

While there are, of course, a great many factors which must be considered in the selection of a site for a new major airport, there are two criteria of prime importance which I have to cover in response to your request for our comments. First is the critical problem of adequate air space in our congested airways along the eastern seaboard, and secondly the very important consideration of the accessibility of the airport for those people whom it is designed to serve. In this latter connection, Mr. Chairman, you have requested our analysis of the potential of the Ford Motor Company's experimental Levacar as a method of transportation to serve air passengers and other airport users traveling to and from the population centers of New York and Philadelphia.

First, however, with respect to the problem of air space. Air traffic into and out of the New York-New Jersey metropolitan airports is the heaviest of any metropolitan area in the world. New York and northern New Jersey are located at the approximate center of a highly urbanized area extending along the eastern coast of the United States from Boston to Washington. Since domestic air traffic comprises approximately 90 per cent of the total air traffic handled at the New York-New Jersey airports, the air space southwest of our metropolitan area is the most heavily used air space in the world. This results purely and simply as a result of the geographical location of New York and northeastern New Jersey with respect to the other major metropolitan areas in the United States.

One of the primary requirements in locating a new major airport is that conflict between its approaches and holding areas, and existing and future air traffic, must be avoided. Because of this requirement, the one direction in which a new major airport should not be located is to the southwest of the metropolitan area-- the direction in which southern New Jersey lies.

Specific studies conducted in connection with our May 1961 report on airport requirements and sites confirmed this. The consultant on this phase of the study was Airborne Instruments Laboratories, which was the technical consultant in this field selected for "Project Horizon," the master aviation study recently completed by the President's Task Force. At our request, these consultants made a thorough analysis of seventeen possible airport sites in and around the New York metropolitan area. Three of these sites were in Ocean County -- at Lakewood, Toms River, and McGuire Air Force Base, and another three were in Burlington County - two in the Mt. Holly area, and the other in Lebanon Forest.

In each case, their conclusion was the same. Even assuming extensive revision of airways and air routes together with the closing of McGuire Air Force Base, none of these sites were able to meet the air space requirements for a new major airport, nor, in the judgment of these technicians, could any of these sites be used for more than limited capacity airports.

These findings of Airborne Instruments Laboratory have from time to time since then been supported by the Federal Aviation Agency. Thus, in July 1961, Mr. Oscar Bakke, Assistant Administrator of the Federal Aviation Agency for the Eastern Region, stated that only in the area west and north of a line drawn from Greenwood Lake to Summit and then to Stockton on the Delaware River would it be possible for the Federal Aviation Agency to accommodate safely the additional air traffic that would have to be handled by a new major airport. So also, as you will recall, the Federal Aviation Agency, in exploring the feasibility of a Burlington County airport, had stated, "We cannot conceive that the Burlington County area, located some seventy-five ground miles away, could possibly be considered a logical or practical site for a major airport to serve metropolitan New York." The FAA

stated further, that "consequently on the basis of a ten-year forecast we cannot see that the Burlington County proposal is feasible....."

To sum up then, I might say that our own Aviation Department is aware of no new technological developments, either in the experimental stage or under programmed study, which give any grounds for the prospect in the reasonably foreseeable future of rerouting airways, or adding substantially to their capacity, so that they could absorb the traffic into and out of a major new terminal in the Burlington area, without seriously restricting traffic at Newark, LaGuardia and New York International Airport.

Once again, however, the Federal Aviation Agency, at the request of Senator Case and Governor Hughes is re-studying the air space problem as it affects the possibility for the location of a major terminal airport in Burlington and Ocean Counties. In this connection I think I must comment on the story which appeared in the NEW YORK TIMES last Sunday, as well as in several of the New Jersey newspapers, that the Port Authority had asked the FAA to extend these studies to include the feasibility of two sites in New York State, one at Pine Island, southeast of Middletown in Orange County and the other at MacArthur Airport in Suffolk County on Long Island. These stories that we had asked them to extend the studies were unqualifiedly untrue. No one in the Port Authority knew the FAA was including these two additional sites in its studies until we read it in the newspapers. Our immediate denial of this story was carried by the TIMES, at our request, in the same edition. I understand, I haven't seen it, that yesterday the FAA said that they had never received such a request from the Port Authority.

In addition to the air space problem location of a major terminal airport in either Burlington or Ocean Counties designed to serve the travel requirements of passengers coming from, or who are bound to, northern New Jersey and New York involves complex problems and problems that are frequently misunderstood. Of perhaps the greatest significance, in relation to any need for or possible usefulness of a high density public transportation system to serve a major terminal airport, is the fact that the origins and destinations of passengers using an airport are widely distributed throughout the metropolitan area. For example, a substantial proportion of air passengers either begin their trip from their place of residence rather than from their offices, or have their home as their final point of destination. Our figures indicate that approximately two-thirds of all air trips have either their origin or their final destination in widely scattered locations throughout the metropolitan region and away from the central core or central business district of New York City itself. Actually, only about one-third of the total air trips either originate in or are destined to the central core area of New York City. The significance of this is that only about one-third of the total air passengers that such a new terminal might hope to serve, can be considered as potential passengers on a high density public transportation system since such a public transportation system to serve widely dispersed points within a metropolitan area is simply not feasible.

The alternative mode of ground transportation for these passengers is quite clearly the private automobile. With a heavy proportion of air

travelers depending upon this mode of transportation to reach the airport, it is essential that the airport be located in close enough proximity to these scattered population centers to make such ground transportation trips tolerable. This has become even more important with the introduction in recent years of jet aircraft which make it possible for the air portion of the total trip to be accomplished in a relatively short period of time. If the air traveler is required to travel great distances between the airport and his home or his office, the ground transportation phase of his total trip involves a very disproportionate amount of the total elapsed time for the entire journey. Our experience at the three major New York metropolitan airports, which are all located within 15 miles of Manhattan, indicates that the air traveler views the time consumed in ground transportation as a very serious problem. If a major airport were located from 75 to 90 miles distant from the center of the area which it is designed to serve, the ground transportation delays, in our judgment, become totally unacceptable to the traveling public.

In our definitive report of May 1961, we found that typical travel times by highway between the Lebanon Forest site in Burlington County airport site and selected areas in metropolitan New York, assuming the completion of all presently planned major highway improvements, would be about one hour and 40 minutes to the Holland Tunnel in Manhattan. In our view, air travelers would find such a ground travel time intolerable.

This means in turn that no airline is going to accept the financial responsibility for carrying the cost of terminals, hangars, and other necessary facilities at such an airport. Just to give the Commission an idea of the extent of such commitments I might say to you that at New York International Airport,

Eastern Air Lines is committed to long-term leases on completely self-supporting basis, that they must pay out in 20 years, of \$26 million worth of terminal and hangar facilities - that's Eastern Air Lines' commitments, and that is, of course, beside their flight fees and all other fees and costs at the airport. Pan American's financial commitment, for hangars and terminals, amounts to writing off \$32 million worth of facilities in the next 20 years. TWA is carrying \$30 million; American Airlines \$29 million; United Air Lines \$21 million. This is all at one airport. It is inconceivable to me that these air lines would be willing to take on similar financial commitments at a new major terminal airport requiring an average of from an hour and a half to an hour and forty minutes travel time to and from the homes or offices of their potential passengers in the metropolitan district.

In our May 1961 report, we examined with considerable care the question of public transportation systems for travel between a major terminal airport and the center of the area it would be designed to serve. In that report, we examined the possibilities of rail transportation between New York City and a Burlington site, as well as bus transportation and, in addition, analyzed the feasibility of monorail service between such points. We found that the costs of providing such service in relation to the limited number of potential users were such that serious doubts as to the economic feasibility of public transportation became evident. Let me cite a few examples of our findings on this score. We estimated that a one-way fare between New York

City and the Burlington County site by a Carey-type bus would be about \$4.85, assuming that the service were to be self-supporting. Such a fare compared with an existing fare between New York City and New York International Airport of \$1.75. By comparison, we found that railroad service using the right-of-way of the Pennsylvania Railroad would require a fare of about \$6.75 a trip for a break-even operation which would cover debt service on capital construction, new equipment and other operating and maintenance costs.

As to monorail, if it were to be provided as an exclusive service between an airport in Burlington County and New York City, we estimated that its capital costs would approach \$600 million and that if such a system were to be provided on a self-supporting basis, it would require a fare of \$35.90 a trip.

A little more than a year ago, Mr. Chairman, you asked me whether we thought that the Levacar, under research and development by the Ford Motor Company, might have sufficient potential to be considered as a transportation system to connect the New York Metropolitan Area with a southern New Jersey airport site. At that time, I indicated that we knew very little about the Levacar. In further discussions with you, you advanced the idea that you and members of the Port Authority staff ought to have a briefing of the Levacar concept by representatives of the Ford Motor Company. As a result, a conference was arranged which you attended in the Port Authority offices on June 13, 1961, at which time the Ford people described the concept in considerable detail. Since that time, the Port Authority staff has had an opportunity to evaluate this revolutionary idea both from a technical standpoint and with reference to its applicability as a means of transportation to serve a Burlington County airport site.

I requested our Chief Engineer, Mr. John M. Kyle, and our Engineer of Research and Development, Mr. Wesley V. Hurley, to undertake an analysis of the technical feasibility of the Levacar as a public transportation system. Messrs. Kyle and Hurley have prepared a staff memorandum on the

subject which I should like to introduce as a part of the record of this hearing.

SENATOR FARLEY: Let it be received in evidence and marked.

(Received and marked A-3 in evidence.)

MR. TOBIN: Mr. Hurley is here today and will be prepared to answer any of the questions which members of this Commission might have with respect to the technical feasibility of the Levacar. For the Commission's convenient reference, I should like to summarize briefly the findings of this staff memorandum.

Our analysis of the Levacar proposal is not encouraging. Obviously, the Levacar is in the very early stages of research and development. As a matter of fact, we have been advised that the Ford Motor Company has been unable to obtain sufficient outside interest to warrant further research or development. While they have not abandoned the project, it has apparently been put aside until such time as further effort may be justified. The Ford people have stated that under no circumstances can the construction of an operating Levacar system be recommended until its full engineering development has been brought to a successful conclusion. In order to carry out the engineering development of the project, the Ford people have stated that it would require a very huge expenditure of money.

The Levacar system, as envisaged by Ford, involves the movement of a propeller-driven, wheelless vehicle, riding, as Commissioner Palmer pointed out, on a film of air only a few

thousands of an inch thick over a fixed rail system, with the vehicle supported by so-called Levapads attached to the Levacar vehicle. The Levacar itself is intended for high-speed travel at speeds far in excess of 100 miles an hour. Since, for all practical purposes, there would be an absence of friction between the vehicle and its rail support, it is theoretically possible for the vehicle to achieve the speed range 200-500 mph projected for it by the Ford research people.

Our staff is convinced that a great deal more work would be required to clearly establish the economic feasibility of this concept. The Ford people advise us that the next step, if one were to be taken, would be the construction of an experimental vehicle and a five-mile test track, at a cost of about a million dollars, in order to determine the answers to numerous questions remaining as to its actual performance in operation. In the absence of such a test, about all one can say factually, is that its operating performance can be neither fully demonstrated nor denied.

Several things are immediately apparent as reported to me by our Chief Engineer and our Engineer of Research and Development. Perhaps the key finding is that under no circumstances would it be practical for Levacar and conventional trains to operate on the same tracks. The rails needed for the Levacar require a high degree of precision in their design and construction, and must be elevated above the roadbed in order that debris, snow, stray animals or any other foreign substance do not, in any way, interfere with the safe operation of the Levacar. The Levacar vehicles themselves are, of course, completely incompatible with standard railroad cars. A wholly new and different signaling system would be required.

This conclusion certainly suggests that a Levacar system, if practicable at all, can only be viewed as operating on its own independent

right-of-way. The Ford research staff has suggested the possibility of the use of existing railroad right-of-way, with an overhead structure similar to the monorail in some respects. Presumably, the only reason to consider an existing railroad right-of-way for such an installation would be to minimize the cost of acquiring the necessary right-of-way. Since conventional railroad operation and Levacar are completely incompatible, the Levacar installation would have to be designed and constructed either on railroad right-of-ways that can be abandoned for any conventional railroad use or designed and constructed so that freight and passenger operations on the railroad beneath could be maintained. If, for example, the Pennsylvania Railroad right-of-way were used for such an installation, the Levacar structure would, in addition, have to be built completely above the overhead catenaries and the structures supporting those catenaries. In such a case, we would be talking about an overhead structure probably somewhere around 25 feet above grade throughout its entire length. We have estimated that the cost of such an installation would be somewhere in the vicinity of \$5 million to \$6 million a mile which, in terms of an installation between New York City and a Burlington County airport site, would amount to something like a half a billion dollars to build.

If a Levacar system were viewed as occupying an entirely independent right-of-way, I am afraid that the cost of installation would be no more promising. While the height of the structure could undoubtedly be reduced since there would be no conflict with conventional railroad operation, the cost of acquiring the right-of-way, particularly through the very heavily developed area of northern New Jersey would be prohibitive. In short, the installation, in our view, would be no less costly than if it were built over an existing railroad right-of-way.

Finally, the problems associated with the operation of a Levacar system would be enormous, particularly in the urban and suburban areas

along its right-of-way. With its inability to share trackage with regular trains and with its large turbo-prop engines, the Levacar could not possibly use existing railroad tunnels into the City or existing railroad terminals. Completely new facilities of this type would certainly be required to accommodate the Levacar system. The high speeds and the noise and blast of the Levacar's turbo-prop engines in urban areas would produce the most serious community problems. For example, I am informed that the effect created by the passage of one of these Levacar vehicles at full speed would be roughly similar to that of a Viscount turbo-prop aircraft operating at tree-top level. I feel certain that this Commission will agree that such an effect on adjacent communities through Middlesex, Union, Essex and Hudson Counties could not possibly be tolerated.

The Ford research staff itself would, I am sure, concur in our analysis of the Levacar as a public transportation system. As a matter of fact, back in June of 1961, Dr. Arthur Kucher, Ford Motor Company Vice President for Engineering and Research, stated that, "It would be difficult to justify a Levacar installation on an economic basis for commuter service over short distances from metropolitan centers to suburban areas or as a means for meeting the Port Authority's need for relatively low volume traffic between New York City and airports serving the New York Metropolitan Area."

In spite of what certainly appears to be clear cut evidence that the Levacar has numerous and very serious obstacles in the path of its development, we have, nevertheless, prepared some broad economic analyses of the Levacar as a means of public transportation between New York and a Burlington County airport site. These analyses will, I believe, place in proper perspective, the economic impracticability of this proposal.

Specifically, and at your suggestion, Mr. Chairman, we have investigated the economics of such a service between New York and Philadelphia via a Burlington airport site which would result, theoretically at least, in a condition which would produce maximum patronage for the Levacar system. This is an interesting alternate to the figures that Commissioner Palmer gave on a Washington-New York hookup. This would involve the construction of a Levacar system on an independent right-of-way involving approximately 127 miles in total length. I should note, however, that so far as the Port Authority is concerned, we have never heard that the Philadelphia area needed another airport to accommodate its passengers. It might even be that the Philadelphia authorities would not welcome a diversion of their passengers from their existing airport, where, as we understand it, they have ample capacity for the present and future air traffic demands of their city.

From the economic standpoint, the Levacar, unlike monorail, probably would not be able to serve railroad passengers from points between the airport and New York, since it is designed primarily as a high-speed express service from one point to another without local stops. If local stops were introduced into the system, the Levacar would lose all of its potential speed advantages unless the stops were spaced at least 25 to 100 miles apart. Thus, if the Levacar is viewed in the first instance as an exclusive service between New York and the airport, its potential patronage is limited to the number of airport users traveling between the airport and New York City. In the case of the

Burlington airport site, we estimate that this volume of passenger potential to the Levacar would be somewhere around 1 million passengers annually.

On this basis, our economic analysis indicates that a capital expenditure for the Levacar on either an independent right-of-way or an elevated structure above an existing railroad right-of-way would be in the vicinity of \$500 million, including a Hudson River crossing and extensive terminal costs in New York City. On this basis, a fare of approximately \$30 would be necessary if the Levacar system were to be provided on a self-supporting basis.

Following this analysis, we then explored a Levacar system serving New York and Philadelphia, as well as providing service between both of those major cities and a Burlington airport site. In this analysis, we assumed that all of the existing New York to Philadelphia railroad passengers would use the Levacar, at a considerable saving in travel time, amounting to approximately 2 million additional passengers a year. Assuming further that approximately 1 million passengers annually would travel between the Burlington airport and Philadelphia and about 1 million between the airport and New York, we then come up with about 4 million passengers a year in the combined services which might be potential to a Levacar system. Of course, it must be recognized that to provide Levacar service between the airport and Philadelphia would entail additional heavy capital expenditure, including terminal costs in that City and crossing of the Delaware River. We estimated that this could amount to as much as \$250 million so that for the total system we would have a capital investment of somewhere around \$750 million with a potential passenger volume of about 4 million passengers annually. Based on these assumptions, the estimated fare for the passenger using the Levacar between New York and the airport would be approximately \$13. The fare for the

passenger between Philadelphia and the airport would be approximately \$6 and the fare for the passenger who presently uses the Pennsylvania Railroad between New York and Philadelphia, who would, under these assumptions, use a Levacar, would be approximately \$19. By comparison, the present average railroad fare between New York and Philadelphia is \$4.30. In our judgment, it seems quite unlikely that either the airport passenger or the present railroad passenger between New York and Philadelphia would be willing to pay such fares even though his savings in travel time would be substantially improved over present service.

I wish that it was possible for me to be more optimistic on what can only be regarded as a revolutionary concept of public transportation systems. However, I am impressed by the fact, as I am sure you are, that the problems, both physical and economic, are so overwhelming, particularly when measured against the questionable benefits that would be derived from such a system as the Levacar, that it simply is not realistic for any of us as public officials to view this as a practicable scheme in the foreseeable future.

Thank you.

SENATOR FARLEY: We will now recess until 2 o'clock.

(Recess)

(After recess)

SENATOR FARLEY: The Committee has reconvened for the purpose of continuing with this hearing. On the stand is Austin Tobin.

Mr. Tobin, have you finished your statement?

MR. TOBIN: Yes, sir.

SENATOR FARLEY: I would like to ask you a few questions.

Mr. Tobin, you have a rule in the New York Port Authority relative to two years concerning your statutory situation of 10%. Will you give us an explanation as to why you have that rule?

MR. TOBIN: Senator, the rule, as I remember it, dates back to I think about the time that we were about to take over the airport, and at that time it was perfectly clear that the airports were going through a developmental period of 8 or 10 years in which they would lose money, yet we couldn't pledge directly our bridge and tunnel revenues to the new bonds to be issued for airport purposes.

SENATOR FOX: The bonds to be issued for --

MR. TOBIN: For airport purposes. We could pledge our general reserve fund. And we discussed that with the investment bankers and they were not altogether happy about that, as I recall it, because they weren't positive that the general reserve fund under all circumstances would really be there for the airport - the fellow who was going to buy the airport bonds.

I might say that the whole operation of selling the first airport bonds was a nervous one. We were a little

reluctant to just sell them on the open market and take bids on them, and we wanted the first airport bonds to be well sponsored and, really, we were negotiating with the Prudential Life Insurance Company and the Northwest Life Insurance Company and one other, I forget which, with the idea of a private placement of those first airport bonds with them so that that would give the airport bonds the character of acceptance by those financial institutions. Then we felt that after that, and it proved to be the case, we could sell them to the market. So they raised the general worries that yes the general reserve was all right but we had certain powers with respect to the general reserve that made them unhappy - typically, we could use the general reserve, and still can use it, for buying in anticipation of sinking fund requirements. So that if we wanted to do it, if irresponsible management came into the Port Authority they would have had power to use the general reserve for the purchase of outstanding bonds in anticipation of sinking fund requirements and so deplete the general reserve and then the airport bonds would have had really no security back of them.

So working with them and with our own bond counsel and with special financial advisers that we brought in on it, we worked out a general agreement which proved satisfactory to them, that we would not use the general reserve fund for purposes of anticipatory purchases of bonds unless there was in the general reserve fund the equivalent of two years future debt requirement, and this was satisfactory to them.

Well we also pledged that we would only use the

equivalent of two years future debt service in the general reserve fund for the purchase of federal government bonds, in other words that there would be nothing in the general reserve fund up to the amount of two years debt service but federal government bonds or cash, and we even agreed above that that the only bonds that would be in there would be Port Authority bonds purchased in anticipation of future --

SENATOR FARLEY: In other words, you would not start any sizeable project within a two year period of time to issue bonds so as to impair your general obligations. Is that your principle?

MR. TOBIN: Well we would not buy Port Authority bonds in anticipation of the sinking fund except to the extent that we were above two years debt service requirement.

And then as the Board adopted this, Senator, in a resolution they really contracted with bondholders to do that and then as they did that they adopted as a general policy of Port Authority financing, not as a contract, which that is - that part is a contract, - but as a general policy that they would maintain a general reserve, all reserve, general reserve and a special reserve, - it would be the policy to maintain them in the amount of no less than two years debt service. That was the airport bonds. And then we supplanted the airport bonds as years went along with what we call the General Port Authority Consolidated Bond, and that had the same internal financial defect as the airport bonds would have that, basically, the general and refunding bond, which was the earlier bond, had the prior

lien on the bridge and tunnel revenues.

So, as you moved into the consolidated bonds we have, and have continued, to make the same commitment to bondholders that we would maintain a -- this is a policy commitment -- total reserves in the amount of no less than two years debt service.

Now under the statutes, we are obligated in the general reserve fund statutes adopted by the two Legislatures in 1931 to maintain the equivalent of 10% of outstanding bonds in the general reserve fund.

Actually there is not too much difference between that 10% which we must maintain under the statute and the two years debt service. It really works out that maybe the two years debt service will be 120 or 130 percent of what would be 10 percent anyway of the outstanding bonds.

SENATOR FARLEY: Now before asking the next question I would like to compliment you and commend you and the New York Port Authority. You were very expeditious in getting under way the H&M and I want to say on behalf of the Legislature, this Committee and the State of New Jersey that we are very grateful for your immediate action to alleviate this commuter problem in the northern section of the State. And I thoroughly agree with your conclusions relative to deferring the purchase of cars from two to three years anticipating, I would say with foresight and vision, purchasing the most modern and most convenient cars for the traveling public, particularly for our commuters from Jersey.

Now I would like to ask you a question, Mr. Tobin.

Why is it that you only retain 25% of the insurance written in your various airports?

MR. TOBIN: Senator, thank you very much for your compliment to the Authority on the H&M job.

As to the 25%, there was first in this airport insurance business really one company - I forget, Insurance Associates or something like that. Then there started, about in 1955-1956, to be intense competition among three insurance companies in this airport traveler's insurance. These companies started to compete between themselves and they began to offer the airports amounts which translated into percentages of gross premium we thought were questionable as a matter of public policy and interest, amounts of 40 - 50% of the premium, and I know of one case of 60%.

Now, as a public agency you were in a difficult position and we began to feel that this was wrong and that it was not fair to the traveling public that was buying this insurance. And also we felt that sooner or later it would invite inquiry upon the part of the various state insurance departments. So we felt that a fair sum or percentage because of the fact that at the airports and terminals we make the sales possible - they are advertising at the counters and the machines they have are advertising media, and it is and was an established source of revenue for our's and all other airports - but, nevertheless, we felt that there should be some reasonable amount at the time and anyone could debate as to what it was but we in the Board came to the conclusion that 25% of the premium was a

reasonable amount and that we should not go beyond that. And whenever there got to be public inquiry as to how much the airports were taking of this insurance premium, we didn't want the Port Authority to be a part of that inquiry.

Subsequently the Washington National Airport followed our lead, as was testified to here this morning, and they adopted no more than 25% also.

Of course, as to the question of what the premium should be, since our airports are either in New York or New Jersey, we assume, as to any question as to the propriety of the premium, the gross premium itself, that the Superintendent of Insurance of New Jersey and the Superintendent of Insurance of New York will control and make any proper inquiries into that.

But as to the airport fee, Senator, we felt that 25% was enough and that we didn't want it on any basis above that. Therefore, we never bid it on the amount of the fee but we make it on a 30 day terminable permit at all of the airports and we are looking simply to which company and what machines provide the best service to the public. To ascertain that we have made all types of tests, we've put these competing machines up in positions that we think are equal in competition between two and watch how much the public will buy from one or the other over a period of time. So we want them to compete just in service and in what they offer to the public within a stated fee to all three of them of no more than 25% of the gross.

SENATOR FARLEY: Mr. Tobin, you are conversant with the fact that they had Senate hearings in Washington relative

to this particular project?

MR. TOBIN: They did and I think there was a report, Senator, by the Senate Judiciary Committee.

SENATOR FARLEY: Was there any disposition as to recommendations of that Senate Committee report?

MR. TOBIN: Well, the Senate inquiry was as to why some airports were getting 40 and 50% of these fees. And we were not in that inquiry, for reasons that I have stated. That was the type of thing which we thought might very properly and reasonably happen in the public interest some day and we didn't want to be any part of it.

SENATOR FARLEY: Was there any definite recommendation in that report, do you recall, as to whether they should be lower or higher? That report was the result of an instance where the United States Senate felt that the public was being milked, so to speak, by unusually high fees, and to show any participation by the various airports as to the size and amount of money they received.

MR. TOBIN: That's correct.

SENATOR FARLEY: Do you recall whether there were any definite recommendations?

MR. TOBIN: I don't think there were.

SENATOR FARLEY: I don't think there were, myself.

MR. TOBIN: I don't think there were. I think there was a report on it and the Committee was very unhappy about it but I don't know that they recommended any specific legislation. May I just speak to one of my staff?

SENATOR FARLEY: That's all right. I can check it

back through Washington to find out the determination made by that Committee, but to the best of my recollection, reading it publicly, there was no final disposition excepting criticism by this Senator that they were trying to take from the public that which rightfully belongs to the public and that they should reduce the fees.

MR. TOBIN: That's correct.

SENATOR FARLEY: Now, Mr. Tobin, it was brought out today about leases with the various municipalities, and the gentleman, Mr. Morrison, representing this Committee in his audit, was interrogated concerning the termination point. The thinking of this Committee is whether or not you have any suggestions along legislative lines concerning an acceleration clause and concerning the protection not only of the Port and its assets therein but particularly the municipality involved. Do you have any suggestions, legislatively speaking, concerning such a clause for expanding or extending those particular facilities.

MR. TOBIN: Yes, Senator, I agree with what I heard Mr. Morrison say here this morning, and he knows from his questions to us that this is a worrisome phase of Port Authority financing as we make plans for the future in the area, 15-20-25 years from now, because we operate the New York City airports and Port Newark and Newark Airport on these 50 year leases and there are only - in the case of Newark, 36 years to go, and in the case of New York City, 35 years to go. So you reach a point of coming in here five or six years from now where a large steamship company,

as typically, the Norton Lilly wanting, as they did, a \$10 million new facility at Port Newark. If they were coming to us 7 or 8 years from now and wanting to put that in at Port Newark we could not put it in on normal Port Authority financing. And that will extend for the next 30 years ahead of us, which is not a sound public situation.

SENATOR FARLEY: If that had happened today, could the City of New York maintain Idlewild, could they maintain LaGuardia; could the City of Newark maintain Newark Airport and the Port of Newark if perchance there was a termination point within a reasonable time? Do you think either of those municipalities could maintain these at the standard or caliber at which you maintain it?

MR. TOBIN: Well, I don't know, Senator. In the past when we took it over they asked us to take it over because they were having very bad trouble with all of those facilities and they were losing a lot of money on them. I don't know how they would --

SENATOR FARLEY: Well all of them were insolvent, were they not, so far as the operation was concerned?

MR. TOBIN: They were insolvent. But, Senator, in the constructive area, and I hope we can approach this constructively, we think that the right way to do this is in some form of renegotiations of the leases to provide for extensions.

Now when Mayor Addonizzio of Newark came into office he asked to meet with us and he would like to see some amendments of the existing leases on Newark Airport and Port

Newark. He doesn't feel that the City is getting enough rent there. Of course, that's from his standpoint as he sees it, but from our standpoint we've got something like \$130 million in those two facilities now. They are doing all right but they are not, from the standpoint of development over the years, fully self-supporting. But, nevertheless, he feels that a rental of \$128,000 a year is not enough. He talked about this and I talked about the question that you have raised, that we were perfectly willing to discuss general financial renegotiations because also from our standpoint we would like to see the leases renegotiated to extend this period which is closing in on us, of this only 30 years to go which will certainly hamper our general financing in the years not too far away from us.

So we have told the Mayor that we are willing to try to work something out where on the one part we would agree to some reasonable increases of rental if on the City's part they would agree to some reasonable additional extension of the leases. I am hopeful that this can be amicably resolved. There is every indication that the new City administration there is approaching this constructively in an effort to work it out and we will try to do something.

SENATOR FARLEY: We point this out so that there may be a clearer understanding on the part of the Committee, to first of all protect the municipalities involved and likewise being conscious of the fact that if those facilities were thrown on them they could not maintain them and it would affect the economic structure of that area; secondly,

we would like to have the benefit of recommendations that should emanate from you and the Mayors of the respective municipalities so that if perchance legislation is necessary, we would be ready for it. Also let us know what is necessary to give you the authority to renegotiate for a ~~term~~ which may now be limited by the original statute so that there can be sufficient flexibility and so that this can be dealt with as economics would demand at the particular time.

Now, Mr. Tobin, during the discussion with Mr. Morrison he brought up about the parking leases, that there were some sealed bids. Would you give us, if you could, information concerning why the parking bids are handled in the fashion they are?

MR. TOBIN: Well, at the present time our parking leases are on the basis where the entire gross parking revenues come to the Port Authority. What we pay to the operator is simply his cost, which includes a reasonable operating profit for him. So that the only area, as we operate them today, in which there is any area of bidding or negotiations is really to the amount of his costs including his profits, and we do take bids from a selective list of bidders on our parking areas today at the airports and at the bus terminals.

We think that is a very satisfactory way, but over the years we felt our way toward this. Typically, when we started with the parking at the airports in 1947, since we were used to handling traffic and cars we said that we could handle the simple matter of parking cars as well as anybody else and we did it ourselves. We came to the

conclusion after a few years that we couldn't do it as well as anyone else and that the parking of cars in a parking area, to get the best return on it, was a highly skilled business and that there were people who had the experience and the know-how in that business who could do a better job and that we could get a greater return than we could when we parked cars ourselves.

So that's where we started and after a couple of years we started taking bids. At first we used different formulae, we took bids from a selected list, - you can't simply open the thing up and provide that anybody can come in and bid on a parking contract. We were looking for ability and knowledgeability and experience and financial reputations in these fields.

SENATOR FARLEY: To require prequalification, in other words.

MR. TOBIN: That's right. I remember in the early days when Congressman Celler came to me and he wanted the parking privilege at the airports for one of his clients. But this was a matter, we felt, of proper bidding from properly qualified people to come in to do this work. So we have, as the Auditor points out, changed our approach to it and changed our methods of doing it from time to time. We have learned as we go along and we think we have the right system now both for the roof of the bus terminal and for the airports. The Port Authority gets the entire gross and qualified people who have demonstrated what they can do with it bid simply on the cost of the operation including their fee and we award the contract on that basis. We just

awarded the contract for the 2,000 car parking area on top of the bus terminal on that basis and it was awarded to the Kinney System.

SENATOR FARLEY: Commissioner, are you conversant with the fact that the FAA has appropriated \$1 million for the purpose of a survey of the proposed Burlington County Jetport? Are you conversant with that?

MR. TOBIN: I so understand.

SENATOR FARLEY: That survey is emanating from the Nafec at Pomona in Atlantic County. And in your testimony today concerning their viewpoints, would you say that they are presupposing or prejudging their conclusions before this survey is completed?

MR. TOBIN: Well, Senator, I have the greatest respect for the FAA and I wouldn't want to say that at all. I was testifying as to what we found in the past and as to what they found in the past. The FAA is composed of highly able and skilled people and I think they do a great public service and they do it well. And if there was any element of prejudgment in what I said this morning about that, I was out of order.

SENATOR FARLEY: Well, I understand it will take approximately a minimum time of one year for this survey. Is that correct?

MR. TOBIN: So I understand.

SENATOR FARLEY: All right. Senator Kelly, I think, wants to ask you some questions.

SENATOR KELLY: Only one question. I read in the

paper this morning that there is an intention to expand the Newark Airport.

MR. TOBIN: Yes, sir.

SENATOR KELLY: Does that eliminate the need for another major airport in the North Jersey or South Jersey area?

MR. TOBIN: No, Senator. Our 1961 report started from an assumption that Newark Airport and LaGuardia Airport, as well as New York International, would be fully developed and in full use, and it was on the assumption that all of those airports would be developed to the maximum extent that we prefaced our conclusion that this area must have another major terminal airport.

SENATOR FOX: Mr. Tobin, may I ask a couple of questions?

SENATOR FARLEY: Go right ahead, Senator.

SENATOR FOX: Thank you, Senator.

On Page 6 you say: "During this second on intermediate phase, we will also have to work out the arrangements for the handling of the passengers of the Jersey Central Railroad who, under Commissioner Palmer's Aldine Plan, will be rerouted over the Lehigh Valley tracks into Penn Station, Newark, where they will make a direct and convenient transfer to the H&M." I am interested in what has been done or what is contemplated with respect to the Lackawanna-Erie system because, as you know, the Lackawanna through Essex and Morris County is probably the largest commuting railroad in this State. Could you give me any information on that?

MR. TOBIN: Yes, Senator. The ultimate plan is to accommodate the Erie-Lackawanna passengers at a meadowlands transfer point where you would have the exact same type of transfer that you have at the existing Penn Station in Newark - they move just across the platform from the Erie-Lackawanna commuter train into the Hudson & Manhattan train, and thence also there have the choice as to whether they wanted to go directly by Pennsylvania commuter service into Penn Station or the midtown area, or in to an H&M train for downtown service.

SENATOR FOX: May I ask you this, with respect to the 25% fee, I mean in connection with the insurance which the Port Authority receives, can you tell us how that compares with the rest of the major airports in the country?

MR. TOBIN: I think it is the lowest.

SENATOR FOX: It is the lowest?

MR. TOBIN: Yes.

SENATOR FOX: And thirdly, with respect to the recommendation with regard to legislation, mentioned by Senator Farley before, I would assume that any such recommendation, and I know this is taking you at short notice, - any such recommendation would not be mandatory in form as applied to the Port Authority without consultation and negotiation with the municipalities.

MR. TOBIN: Senator, I never even assumed that the form of this, nor of my thinking on it down to this moment would take the form of any legislation less any mandatory legislation. I think that would be highly

objectionable, and our entire approach to this is that this is a public problem that has to be worked out with the municipality concerned, and it is up to the City of Newark and ourselves, subject to the proper gubernatorial and legislative control, to try to work out an intelligent agreement.

SENATOR FOX: I am glad to hear you say that.

SENATOR FARLEY: So as to have the record straight, I think I tried to cover the point, I may re-express it, that I was primarily concerned about the plight of the municipalities if perchance these facilities were thrown back upon them and the municipalities were not able to maintain them comparable to the manner in which they are presently being maintained, in order to protect the municipalities and make sure that protection is afforded them. Among other things I then propounded a question at the instance of the municipalities and their suggestion to us, plus their question as to whether or not there should be any revision of the law to put in a particular feature.

SENATOR FOX: I appreciate that, Senator Farley, but I don't think clarification harms anyone.

MR. TOBIN: That's what I understood because, Senator, you would, as you were thinking of it. You take this period coming up in six years or so from now, where within all of your cognizance we were saying to you as well as to the city, the XYZ Steamship Company wants to come into Newark, they want a \$10 or \$15 million terminal

and we can't provide it for them, - I hope that doesn't arise but that would, for the next 30 years, have -- the period six years from now, Senator, -- certainly that would be a very serious public problem if that should arise because we would have to say, "I don't know how we could finance it," and it would be a shame if XYZ Steamship Company that wanted to operate from Port Newark couldn't operate. So I imagine this is what is in Senator Farley's mind, the problem that would then arise would be a most serious public problem.

SENATOR FARLEY: Senator Lynch.

SENATOR LYNCH: Mr. Tobin, the Auditors' Report shows that Teterboro Airport has a net operating revenue of \$56,000 and the fixed charges against that airport of \$416,000 which indicates an annual loss of approximately \$360,000 for just this one operation of the Port Authority. Can you tell us whether or not Teterboro Airport is that important to your organization that you should keep it or have you ever thought of liquidating it?

MR. TOBIN: Teterboro is very important to the community because it is the one airport where what we call general aviation, which has all sorts of industrial importance, operates without general interferences and without any problems of commercial aviation. And that operation which goes into thousands and thousands of plane movements, corporate planes as well as private planes in the area, is very, very important to general aviation development of the area.

Under the general statutes, we took on the task of

trying to make these airports self-supporting. There was a way, and it was in the report we made to you, the Legislature, that we could make them self-supporting and that was through the development of the peripheral area of Teterboro for industrial development with low buildings, where we had to have the area and the general air space but with low buildings, where we could get a revenue. We started that course and if we could make about seven or eight more industrial rentals of the kind that we have made - we made one - at Teterboro, I could make Teterboro self-supporting instead of losing the \$400,000 a year that it loses now. The tax status of those properties has been attacked in the courts and in the lower courts we lost. It is on appeal now. But we could not sustain Teterboro at an annual drain of \$400,000 and have no intention of doing so. And we think if the rules of the game ought to be changed and instead of operating Teterboro on this basis - we submitted the whole proposal to the Legislature for developing incidental revenues to make the airport pay for itself, since we have no power to tax, - if that could be changed and we would have a different rule, the solution is simple. As I testified in that court case, we will have to sell Teterboro and we will come out very well, so far as the Legislature's profit is concerned and the prudence of our operation is concerned, we will make a very handsome net return into the general operations of the airport if we sell Teterboro off now for industrial purposes. I think it would, however, be a great loss to

Northern New Jersey if that happened, and to its industrial development.

SENATOR LYNCH: Mr. Tobin, several weeks ago I was reading the Sunday Times and I saw an article in there that one of the larger floating derricks in the Port area is owned by the Port of New York Authority.

MR. TOBIN: There must be some mistake, Senator. We do not own any floating derricks.

SENATOR LYNCH: You do not?

MR. TOBIN: No. They are owned by Merritt-Chapman & Scott.

SENATOR LYNCH: I saw it in this article which appeared in the Times a week ago last Sunday.

MR. TOBIN: No, we own no floating derrick. I notice from time to time that Merritt-Chapman complained of not making any money on their floating derricks and I get worried from time to time because we must have large floating derricks in the Port, but so far that hasn't happened.

SENATOR LYNCH: Do you own maritime equipment for different jobs?

MR. TOBIN: No. We have a small amount of dock construction equipment in the way of small floating scows and things like that for our own maintenance and also from time to time - well when I say from time to time, I think on one occasion anyway it was used by a contractor on the job for the Port Authority. It was the Norton-Lilly job at Newark. But that is trivial, it's just maintenance

type of scows.

SENATOR LYNCH: Thank you.

MR. TOBIN: Among those scows there is one small derrick that hasn't any comparison to the type of Merritt-Chapman & Scott.

SENATOR LYNCH: Well they had you in the big league with this big derrick.

SENATOR FARLEY: Senator Dumont.

SENATOR DUMONT: Mr. Tobin, in your statement this morning you were commenting on the story that appeared in the Time about these two other possible sites for a jetport being included in an FAA study. Do you know who actually did ask for them to be included?

MR. TOBIN: Yes, Senator.

SENATOR DUMONT: Pine Island and MacArthur Airport?

MR. TOBIN: Yes, I know.

SENATOR DUMONT: Would you mind revealing that here?

MR. TOBIN: No. I found out after the event. I found out that the studies were requested by the Department of Commerce of the State of New York.

SENATOR FOX: Mr. Tobin, following up Senator Lynch's question with respect to Teterboro, this may be a leading question but what alternative would you have to the vast amount of private air services, to accommodate them so as not to interfere with the air public transport? You have delineated on the importance of Teterboro in connection with the handling of private air facilities, is that correct?

MR. TOBIN: Yes, sir.

SENATOR FOX: Now I am interested, if you were forced as a matter of policy to give up Teterboro, what would the consequences be or what alternative would you have?

MR. TOBIN: Well I think, if Bergen County came to the decision that they - which I think would be a very intelligent decision -- that they needed an industrial airport of that type, they might operate it as a county airport the way Morris County operates their airport which is very useful to Morris County too. There are other small airports around the State that are operated by counties or municipalities and they are very useful. They lose money but that is evaluated in their general worth to the community.

SENATOR FOX: Well do any of these county airports handle any portion of traffic such as is handled at Teterboro?

MR. TOBIN: Well, Teterboro is a very popular airport but Morris County airport is quite busy; the airport at Atlantic City is quite busy; and many of the other airports are. They are operated by the counties and communities. But I would say with all respect that Bergen County can't have it both ways - they can't ask not to have to meet a \$400,000 deficit on the airport and at the same time tax the only revenues which will enable us in the future to break even at Teterboro. And I think that's a decision that they have got to make themselves. They are trying to play it, I would say, at the present

time both ways - they want both not to have to support such an airport and they want tax revenues from it, and the two things won't work out.

SENATOR DUMONT: Isn't it true, Mr. Tobin, that Pine Island is just about as far away from the metropolitan area, which the new jetport is designed to serve, as would be either Burlington or Ocean County? Isn't that so?

MR. TOBIN: Yes, it is.

SENATOR DUMONT: How about this MacArthur Airport?

MR. TOBIN: Well MacArthur, aside from being quite a distance away, being an hour and a quarter to an hour and a half away, is not the right location for the airport. In its development, in the region on the easterly side of the general core of the area you have two great airports, New York International and LaGuardia, and over in the other core, the North Jersey area which is the most rapidly developing side of it, we only have Newark. And I think, Senator, that this subject has been so thrashed about, as you will remember the general problems of the fellow from any place in Essex County or Bergen County or other parts of Northern Jersey - if he wants to go overseas or on many of the continental flights, because we can't operate direct continental flights out of Newark Airport and at the present state of the yard I don't know when we will ever be able to, but that fellow has to go all the way to New York International to get his plane.

So with that and the general population development of the area, which is heavy in North New Jersey, the proper

place for the airport is not Suffolk County, and this is a place in Suffolk County very close to the Nassau County boundary line. The proper place for it, with all of our mutually shared problems about where, is Northern New Jersey. And you are quite correct, Senator Dumont, that everything that could be said about the problem of Burlington is actually applicable to the Pine Island site.

SENATOR DUMONT: So that you would need high speed transportation, if that were feasible, and personally I hope it is, for South Jersey - you would need it just as badly for a site in Pine Island as you would in --

MR. TOBIN: Just as badly, every problem. When I said "just as badly," Pine Island has no air space problem, at least no serious air space problem, because it is west of the general three main air lanes moving in a south westerly direction across New Jersey. Other than that it is the same as Burlington. The ground problem is exactly the same problem. And the things that I said, Senator, about the difficulty of persuading the air lines, which they have to do, to underwrite staggering investments themselves in those airports, are equally applicable to Pine Island as to Burlington.

SENATOR DUMONT: Now do I gather from your statement that until and if - I guess there is no "if" about it because the FAA has now embarked on another study of feasibility of Burlington or Ocean Counties - but until that report comes in do I understand the Port Authority has abandoned any further plans, if you ever had any, for

an airport or a jetport in South Jersey, either Burlington or Ocean Counties?

MR. TOBIN: We have no plans for another airport any place, Senator.

SENATOR DUMONT: Oh, I thought you had one for Morris County. (Laughter)

MR. TOBIN: We seem to have been a long way from that one.

SENATOR DUMONT: That was the impression I got.

MR. TOBIN: Actually the only authority the Port Authority has under your statutes which govern us is to make studies and you have directed us to make studies of these. We have made the study; we've submitted it to the two Legislatures; and we haven't one ounce of power beyond that.

SENATOR DUMONT: Well, you are not going to make any further study then, I take it, of South Jersey unless the FAA would happen to say that it is a feasible place for a jetport?

MR. TOBIN: That's correct.

SENATOR DUMONT: Then you would study it more?

MR. TOBIN: Well we would certainly have to take very seriously, so far as the air space problem is concerned, that the FAA had come to a different conclusion. It would still have the matter of ground access. It would then be in the same posture that Pine Island is. The FAA would have presumably, under your hypothesis, said that they had found a way to lick the airways problem

and you would still have the matter of ground access to the general Newark - New York City areas.

SENATOR DUMONT: Now there was a conclusion and recommendation here, made in the report that Mr. Morrison spoke about, that a possible added protection for the public interest might be, when the Port Authority acquires property by voluntary settlement that the names of all such owners be made a matter of public record by entering them in your minutes at the conclusion of the acquisition program. Do you have any objection to that being done?

MR. TOBIN: No objection. It seems to us like a very good idea. We more or less never thought of it because, for the reasons that Mr. Morrison stated, as we are working our way through a land acquisition we don't release the various prices as we go along of settlements. But at the conclusion, as I heard him this morning, he was recommending, is that correct, that at the conclusion of --

SENATOR DUMONT: That's right.

MR. TOBIN: -- an acquisition they might be made a matter of record in our minutes and there would be no objection to that whatsoever.

SENATOR DUMONT: At the conclusion of the program they would be placed in your minutes.

MR. TOBIN: That's correct.

SENATOR DUMONT: I just want to say one more thing by way of compliment, in addition to what Senator Farley mentioned, with which I most heartily concur, and that is that I think you have done a tremendous task in what some

of us had the privilege yesterday of viewing in the accomplishment of this great undertaking of doubledecking the George Washington Bridge, and the way that you did dedicate it yesterday. I think, too, that a great deal of credit ought to go to Commissioner Palmer for planning the approaches, and executing them, to the Bridge on the New Jersey side. This was a great accomplishment, it seemed to me.

MR. TOBIN: Thank you, Senator. He and I worked on them for a long time, for eight years.

SENATOR DUMONT: I'm sure of that.

MR. TOBIN: And it was one of those things that if you said, "How did you do it?" I think Dwight and I would both say it was hard.

SENATOR FARLEY: For the purpose of the record, would you give us the cost, I think it was in the newspapers this morning, of the building of the original George Washington Bridge.

MR. TOBIN: The original cost was \$60 million.

SENATOR FARLEY: And the cost of the present addition?

MR. TOBIN: \$145 million more.

SENATOR FARLEY: How much for the Bridge?

MR. TOBIN: About \$23 million.

SENATOR FARLEY: How much for the approaches?  
The difference?

MR. TOBIN: The difference - around \$115 million.

SENATOR FARLEY: Mr. Tobin, in your testimony about a year ago, we talked about various locations for

jetports and you had proposed various sites relative to checkings and borings, etc. If my recollection serves me right, you said you had a perimeter from the focal or central point of New York City. What is that perimeter? Thirty-five miles?

MR. TOBIN: We did have a general figure of what we thought was a tolerable distance, was it --

SENATOR FARLEY: Well, it doesn't make any difference.

MR. TOBIN: Thirty or thirty-five.

SENATOR FARLEY: But aside from that my question is, is that by rule of the Port?

MR. TOBIN: No.

SENATOR FARLEY: It is not by statute, is it?

MR. TOBIN: Oh, no. There is no rule and there is no rule of the Port. This was just a matter of judgment.

SENATOR FARLEY: This is a matter of economics involving the practicability, the feasibility and the convenience of the traveling public.

MR. TOBIN: That's right.

SENATOR FARLEY: There is no limitation as to extending that perimeter down as far as Burlington or Ocean Counties? Under your present setup there is no limitation?

MR. TOBIN: No, sir.

SENATOR FARLEY: Any other questions, Senators?  
Thank you very kindly, Mr. Tobin.

Mr. Hurley.

I think Mr. King has a statement to make to the Committee - Mr. Paul King, Freeholder from Ocean County, New Jersey.

PAUL KING: I represent the County of Ocean and the Pineland Regional Board. We did not realize that the question of the jetport site in the pinelands of Ocean and Burlington Counties would come up for discussion today. We did not come prepared to submit a brief to you. We would like a reasonable time in which to submit a brief representing the Pineland Regional Board's problems.

SENATOR FARLEY: Mr. King, we are very happy to accommodate you, but what would you call a reasonable time? We are dealing with time, you know, and we want to get this report prepared and we are obligated by the Legislature to do it by a certain time. Can you do that within a period of the next three weeks?

MR. KING: Yes.

SENATOR FARLEY: All right. Thank you very much. We will be very happy to have your recommendations.

Freeholder Ed Hulse of Burlington County.

EDWARD HULSE: Senator, Mr. King spoke for both counties on that. We would like some time to prepare a rebuttal to some of the remarks made.

SENATOR FARLEY: Could I set a limitation of a three-weeks period?

MR. HULSE: Yes. Thank you.

SENATOR FARLEY: The Freeholder from Morris County I believe has a statement to make at the request of Senator

Hillery - Norman Griffiths, former Assemblyman and presently a Freeholder. Are you desirous of making a statement or would you rather give testimony?

MR. GRIFFITHS: Just a statement.

SENATOR FARLEY: All right. Go right ahead. This is Norman Griffiths, former Assemblyman for many years - as a matter of fact he served in the Assembly with me many years ago - and presently a Freeholder of Morris County.

NORMAN GRIFFITHS: Mr. Chairman and members of the Committee: I came here today mostly because of the story that I read in the paper the other day that the sleeping dog had not died, in other words, a jet airport in Morris County in the Great Swamp had been revived. I felt it my duty as Chairman of the Governor's Passaic Valley Flood Control Committee - and I have been serving on that since June 9, 1953 under Governor Driscoll and reappointed twice under Governor Meyner and just reappointed by Governor Hughes - to make a statement and this is the preliminary report of the Army Corps of Engineers. It is not for public release so I can't very well turn it over. The report involved is now at the Boston Zone Office of the Army Corps of Engineers for appraisal and report to the Chief of the Army Corps of Engineers and the Congress in Washington.

SENATOR FARLEY: This location is the originally-proposed location for the jetport. Is that correct?

MR. GRIFFITHS: This whole thing is Passaic Valley. In other words, it is flood control.

I might state that if we were to have a flood of the

magnitude of the 1903 flood, the Army Corps of Engineers estimates that the property loss alone would exceed two hundred million dollars and the loss of life would be tremendous. So speed is necessary to get this job under way.

I do want to report to you that the Army Corps of Engineers has set up in the Great Swamp a conservation pool of over five thousand acres. They have worked with the Department of the Interior and Fish and Wildlife organizations to the extent that there are about four thousand acres which will be used for that purpose. Green Village in Chatham Township would be diked under the plan so that it would remain in business. This is a very comprehensive plan.

I want to tell you why this conservation pool is necessary. In the drought period just this year - this is a perfect example of it - the Passaic River was down to a point where there was no water flowing into the river at all. All we had was stagnant pools there. Most of the water coming there was picked up from the disposal plants along the Passaic River.

It is absolutely important - and this was sounded by President Eisenhower during his incumbency in office and it has been sounded since by President Kennedy - and the main feature of the talk by Chairman Wilson at the Rivers and Harbors Congress this year was that water was our greatest problem in this country and that we had to prepare to use it, treat it, reuse it, treat it, reuse it, as many times as we possibly could.

I would say that the State of New Jersey is in worse

shape than most any other state in the Union from the standpoint of being able to capture water and keep it in reservoirs. You gentlemen of the Legislature know what the problem is. The Great Swamp is a natural for it.

SENATOR FARLEY: Thank you, Mr. Griffiths.

MR. GRIFFITHS: I would be glad to have a copy of this made for you so that you can keep it in your record. But I would say that this is the most important thing that the Legislature will have to do. This proposal will come to you for confirmation. The Governor has the right, afforded under the bill, and the Commissioner of Conservation and Economic Development to enter into a compact. But that compact isn't worth a cent unless you gentlemen provide the funds.

SENATOR FARLEY: Mr. Griffiths, you know Senator Dumont and you know the other members at the table have an intimate knowledge of our water problem. It is a most difficult one. I think you know we have sat with Pennsylvania, Delaware and New York for many, many years relative to resolving this problem. I don't think there is anyone more intimately conversant with it than the gentleman on my left, Senator Dumont. I say that your point is well taken and we are very grateful for your testimony.

SENATOR DUMONT: Does that four thousand acres comprise most or all of the Great Swamp? How many thousands of acres have you in the Great Swamp?

MR. GRIFFITHS: Ten thousand.

SENATOR DUMONT: Ten thousand.

MR. GRIFFITHS: I might say that in addition to using this overflow augmentation in the river, it will also be used to take water possibly from the North Branch of the river for use by Commonwealth Water and other companies that are going to run short for their equipment.

SENATOR DUMONT: Does this also supply water to the South Branch of the Raritan as well as the North Branch?

MR. GRIFFITHS: The North.

SENATOR DUMONT: Does the South Branch come out of the Great Swamp initially?

MR. GRIFFITHS: No.

SENATOR DUMONT: It doesn't?

MR. GRIFFITHS: No.

SENATOR DUMONT: Thank you.

SENATOR FARLEY: All right. Thank you very much, Mr. Griffiths.

I want to thank the gentlemen who have testified. We are very appreciative. I may say for the purpose of the record that during the course of all of these hearings, it was not necessary to subpoena any member of the Port of New York Authority, state agency or any quasi-public agency for the purpose of testifying at these hearings. When they were sent notices by telephone or by written letter, they voluntarily appeared. They offered all information gladly and were extremely cooperative. I want to say publicly to all of the people who have been with us, I am very grateful and very appreciative.

The hearing is now terminated and I entertain a motion

for adjournment of the Committee.

SENATOR FOX: I move we adjourn.

SENATOR DUMONT: I second it.

SENATOR FARLEY: All in favor, signify by saying  
"aye." So ordered.

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