

PUBLIC HEARING

*New Jersey, Legislature,* 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.

Held:  
May 5, 1961  
Assembly Chamber  
State House  
Trenton, New Jersey

MEMBERS OF COMMISSION PRESENT:

Senator Frank S. Farley (Chairman)  
Senator Wayne Dumont, Jr.  
Senator Joseph Wm. Cowgill  
Senator Donal C. Fox  
Senator John A. Lynch  
Senator William F. Kelly  
Senator William E. Ozzard  
Senator Richard R. Stout

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I N D E X   O F   S P E A K E R S

	Page
Honorable Thomas L. Hillery Senator, Morris County	1
Richard Salisbury Former Mayor of Harding Township	3
William Smith Executive Director, Jersey Jetport Site Ass'n	4 - 12
John Roach, Jr. Director, Board of Freeholders, Morris County	5 - 52
John Albrecht Mayor of Chatham	8
William Tonne College of St. Elizabeth	9
Peter C. Netland representing Drew University	10
Robert G. Boyd Administrator and Secretary, Morristown Memorial Hospital	11
George K. Batt Chairman, Citizens Council for JJSA	14
Frank Bohren Chairman, Hunterdon County Citizens Jetport Committee	31
Honorable Raymond Bowkley Assemblyman, Hunterdon County	32
Ralph J. Muller Acting Director, Board of Freeholders, Hunterdon County	35
Lloyd Wescott Vice President, Hunterdon County Board of Agriculture	36
Mrs. Robert Lechner Secretary, South Branch Watershed Ass'n	37
D. Howard Moreau Hunterdon County Officers Association	40
Mrs. Ellsworth Higgins Hunterdon County Pomona Grange	43
Kenneth Dayton Real Estate Board of Hunterdon County	44
George I. Bushfield Hunterdon Medical Center	46
Austin J. Tobin Executive Director, Port of New York Authority	1-A



SENATOR FRANK S. FARLEY (THE CHAIRMAN): This hearing will come to order. I would like to say good morning to everyone. Until the other members of the Committee arrive, I think we should proceed in compliance with a request made by Senate President Hillery of Morris County who desires to present to the Committee not only a petition but additional testimony relative to their opposition - I might say their emphatic and bitter opposition - to the location of a jet port site in Morris County.

So at this time I would like to present the President of the New Jersey Senate who has been pursuing with almost religious fervor his objective of preventing the establishment of a jet port in Morris County. Senator Thomas L. Hillery, President of the Senate.

T H O M A S L. H I L L E R Y: Mr. Chairman, I want to thank you for the courtesy which you have extended to our group, from our contiguous counties, to come here today and present our testimony to the Senate Investigating Committee. I was very happy when you assumed the responsibility of holding hearings and particularly hearings to investigate the activities of the Port in the metropolitan district.

As you know, the people in our counties were very, very shocked a year ago at Christmastime when the New York Port people informed us that they were considering the establishment of a jet port in the swamplands outside of Chatham and New Vernon in Morris County. The people in that area were very much perturbed to think that such a giant operation

would be thrust upon them with the resultant damage that would be done to the community life and many of the old institutions, universities, hospitals and churches in the area would be practically destroyed.

Now, as a result of this, and the thing which usually happens when people are pushed too far, they were immediately organized, and we have had some of the best talent and some of the greatest citizens in the area come to the rescue to see that this jet port is not built in Morris County or any of these contiguous counties. We have had wonderful organization; we have had many surveys made; we have had the cooperation of our Board of Freeholders under their Director, John Roach, Jr., and we have had a real fight put on by all of the citizens there.

Now, we have been doing this for almost a year and a half and we are now at the point where we want to make presentations to your Committee to show you that we are in the right and the Port is in the wrong. But we would also like to tell you, Mr. Chairman, that in so doing we are trying to get the Port Authority to give us some kind of a commitment that they are no longer interested in surveying or looking in our direction. We feel that this jet port should not be built there - the people in the area feel that it should not be built there - and I know that all the members of the Senate went on record, 20 a year ago and 19 this year, because of the absence of one of our good Senators from Union County - went on record as being opposed to this proposal.

Now, we mean business and, as you know, Mr. Chairman, we have come here this morning with a great deal of enthusiasm as you can see. There are many prominent citizens here who

want to be heard. And being brief in my remarks, I am here to introduce to you these citizens who will present their case to you, solely in the interest of telling the Port that we want a commitment from them - we don't want them looking in our direction any longer.

Thank you very much, Mr. Chairman.

SENATOR FARLEY: Thank you, Senator. Now will you be kind enough to present your witnesses.

SENATOR HILLERY: The first witness will be former Mayor Richard Salisbury of Harding Township.

SENATOR FARLEY: In view of the fact that this matter has already been covered to some degree, I think it is unnecessary to put the witnesses under oath who are merely presenting facts, because this is a question for the Legislature to determine. I think testimony has been adduced heretofore not only by the opponents but by the representatives of the Port itself indicating that they are powerless without the authority of the Legislature. It is of record now that two resolutions have passed in the Senate opposing the location of a jet port in Morris County.

Will you proceed, Mr. Salisbury.

R I C H A R D S A L I S B U R Y: I am Richard Salisbury, former Mayor and Senior Member of the Township Committee of the Township of Harding, Morris County.

Mr. Chairman and Senator Hillery, I am here today not to make any emotional plea against the Port Authority. I am here to present to this Committee the results of a scientific unbiased research study which Harding Township had prepared at a cost of \$25,000, in order that we might

know the actual facts behind the placing of a giant international jet port within our township.

In order to be brief, Mr. Chairman, I would simply like to state that our people are irrevocably opposed to this jet port, but rather than make any pleas against it we have had the United Research, Incorporated, of Cambridge, Massachusetts, prepare this brief, and it is my pleasure to turn seven copies of this over to the Committee for its study.

Thank you.

SENATOR FARLEY: Thank you very much. If you will turn them over to the stenographer, please, they will be marked "Filed."

SENATOR HILLERY: The next witness will be John Albrecht, Mayor of Chatham.

WILLIAM SMITH: May I substitute for him?

SENATOR HILLERY: Surely.

W I L L I A M S M I T H: I am the Executive Director of the J.J.S.A. Mayor Albrecht, I know, intended to present these reports to you in person. These are the civil engineering feasibility studies of the site in the Great Swamp. With no further comment, I will present them to you.

SENATOR FARLEY: Thank you very kindly. Let them be filed, please.

SENATOR HILLERY: Our next witness will be John Roach, Jr., Mayor of Dover, and Director of the Board of Freeholders of Morris County.

SENATOR FARLEY: Not to interrupt the hearing, but a report has just come to me that our great American, Alan B. Shepard, who has been well up in outer space, is safe and has reported back, thank God. [Applause]

It is further reported that he has been picked up and is being taken to the aircraft carrier which is awaiting his arrival.

J O H N R O A C H, J R.: I have a little laryngitis and you will have to bear with it. I am from Dover, New Jersey, and am Director of the Morris County Board of Freeholders.

Senator Farley and members of the Committee, I have before me here a report of United Research, Incorporated, which is the county's contribution to this over-all opposition which we intend to make toward the construction of a jetport in Morris County.

I know of no one thing that has ever happened in the State of New Jersey that probably affects people as much as this jetport will. We in Morris County have been rather proud of our heritage there and our way of life, and we are hopeful that this will never come into being. We appreciate, and I am speaking of Morris County now, the Freeholders, the action of the Senate and of the Assembly in this fight that they are making to get full details and information. We want to assure you that we are also spending \$25,000 for our share of the report. Chatham Township, I think, did the same thing, and the Jersey Jetport Site Association is spending much more than any of these items I have stated. And we are going farther if we have to.

This is not stated in the form of a threat, but we don't intend to have this jetport in Morris County if there is anything we can do to stop it. And when I say "we," I mean the people of Morris County. We need help and much help. We

need it from our neighboring counties; we need it from the Senate; we need it from the Assembly; and we need it from the Governor, of course. We don't feel kindly toward the Port of New York Authority in Morris County. I haven't particularly since I heard Mr. Tobin talk on transportation here in which he treated the Assembly and the officials of the State of New Jersey in a manner that didn't seem at all justified.

I think there is one thing that we have to take into consideration above all others, and this will be brought out in all this, and that is that a jetport does not have to be on top of people. I mean by that, there is travel at tremendous speeds and the time consumed in getting to one and getting back from a jetport does not make any difference because the time is made up regardless of the difference in that and the actual speed traveled by the planes themselves.

Civilization should not be compelled to live with jetports. They should be so located that they are not a threat to a way of life in any location. And these things we are hopeful for.

I have been instructed that I am only to have a few minutes, and when I get through with this I would like to talk more. I do want to say that we are all dealing with perhaps the greatest and most powerful instrument in the nation today, and I refer to the Port of New York Authority when I say that. I know of no corporation, no government, and no business which permits the assessment of fees for projects and then never makes a reduction but goes on collecting them

forever, and have built themselves up to a magnitude and a position where they are completely out of control as an instrument for good in the State of New Jersey.

Now, I am hopeful that the State of New Jersey and others who are concerned and have the power to do these things will put them in their place just for once, because the State itself cannot do what the Port proposes nor can they create a creature that can do it. The federal government would have trouble doing it, and here we have a group of people here that cannot be stopped or have never been stopped up to now. I think they are a little worried and I think they are acting differently, and I do hope that the Senate that is holding this hearing and our Assembly in the State of New Jersey will take such action that will forever stop construction of this particular type.

I have here this report and want to say to you that a copy of this will be mailed to every Senator and every Assemblyman, to all the important departments both in New Jersey and New York State, to all our representatives in Congress in New Jersey and the United States Senate and to the particular departments there, and to all municipalities in Morris County. These reports are available to anyone who wants them wherever they are in the State of New Jersey.

Thank you very much.

SENATOR FARLEY: Thank you, and the reports will be filed. For the purpose of the record, these various reports that have been testified to this morning have been distributed to the members of this Committee.

Your next witness, Senator, please.

SENATOR HILLERY: I understand that while the last witness was speaking Mayor Albrecht of Chatham has come in, and I would like to have him take the stand and speak to us at this time.

SENATOR FARLEY: Mayor Albrecht, please?

J O H N A L B R E C H T: Mr. Chairman and members of the Committee, may I first apologize for being late and secondly I wish to thank Mr. Smith for presenting the report on behalf of Chatham Township.

The people of Chatham Township are completely behind the Chatham Township Committee in obtaining this data. We had but one object in mind at the time we entered into the contract and that was to present factual data to the people who must make the decision in this matter. We feel that once the factual data, completely unbiased, is before you then a cut-clear proper decision will be made. We know for a fact that the location of a jetport in Chatham Township would be completely wrong. This would mean the complete destruction of our town, our county, and a complete way of life. I know that with this factual data you cannot conclude but one way, and that is that there should not be a jetport in Chatham County or in Morris County.

Thank you.

SENATOR FARLEY: Thank you. Your next witness, Senator.

SENATOR HILLERY: I mentioned briefly in my introductory remarks that we had some educational units in our county and they are very important ones. We have the College of St. Elizabeth, a women's college; we have Drew

University, and Fairleigh-Dickinson University. These are wonderful assets to the young people in the area and we need to preserve them.

Now, we have Mr. William Tonne here who will speak for the College of St. Elizabeth.

W I L L I A M T O N N E: I am Assistant to the President, Director of Development, College of St. Elizabeth. I am representing today the College of St. Elizabeth, the Mother House of the Sisters of Charity of St. Elizabeth, and the Academy, all of which are located at Convent Station, New Jersey, about three miles from the Morris County area under consideration as a possible site for the proposed jetport.

It may be of interest to know a few facts concerning the institutions I am representing. The Mother House of the Sisters of Charity of St. Elizabeth and the Academy of St. Elizabeth have been located at Convent Station for over one hundred years. The College, founded over sixty years ago, is the oldest college for women in the State of New Jersey. The Sisters of Charity of St. Elizabeth are a Catholic religious institute whose members devote themselves to the work of education, to the care of the sick, the poor, orphans, and the aged. They conduct over one hundred elementary schools, thirty high schools and academies, seven hospitals, and six schools of nursing, as well as institutions for orphans and for the aged. The majority of their schools and five of their seven hospitals are located in New Jersey. Currently, there are over 70,000 children enrolled in the schools that they conduct in the State of New Jersey. Their Mother House at Convent Station is the focal point from which all of these works radiate. It is the seat of the

central government of the institute and the place where their young Sisters are trained. There, too, they have a hospital or infirmary facility where aged Sisters finally end out their days after lives of service to others.

On the spacious grounds of Convent Station are located also the Academy and the College of St. Elizabeth. These institutions since their founding have enjoyed an enviable educational reputation. The Mother House of the Sisters of Charity and the Mother House of St. Elizabeth are currently engaged in building construction involving an expenditure of over \$3,000,000, in order to extend still further the educational opportunities they have long provided.

The location of the proposed Port of New York Authority jetport three miles from Convent Station would result in damage of great magnitude to the works of the Sisters of Charity throughout this State. Therefore, the College of St. Elizabeth fully supports Senate Resolution No. 3 of the 1960 Session of the Legislature, reintroduced on January 16, 1961, opposing the location of a jetport in Morris County.

Thank you.

SENATOR FARLEY: Thank you. Your next witness, Senator Hillery.

SENATOR HILLERY: Mr. Peter Netland, who will speak for Drew University and I believe for Fairleigh-Dickinson.

P E T E R C. N E T L A N D: I have a statement for Drew University. I am Peter C. Netlan, Madison, New Jersey, representing Drew University.

On motion duly made and seconded, it was resolved

that the Board of Trustees of Drew University hereby record its support of Senate Resolution No. 3.

SENATOR FARLEY: Thank you very kindly. Next witness.

SENATOR HILLERY: Is there somebody here to speak for Fairleigh-Dickinson University? [No response]

The next speaker will be Mr. Robert G. Boyd, Director, The Morristown Memorial Hospital.

R O B E R T G. B O Y D: Mr. Chairman, I am Robert G. Boyd, Administrator and Secretary of The Morristown Memorial Hospital in Morristown, New Jersey.

The Morristown Memorial Hospital is a 240-bed general, non-profit voluntary hospital. It is giving service to about 30,000 patients a year, about 8 per cent of whom are needy. It is currently engaged in a four and three-quarter million dollar building program which will increase the beds about 40 per cent, and in this program are three roughed-in floors which will enable the hospital readily to double its beds approximately in the next 10 years. The hospital has 87 trustees, 220 doctors on its medical staff, 500 employees. Upon the completion of the present building program, its assets will total about \$10,000,000.

With respect to the attitude of the hospital toward the jetport, I would like to have the trustees speak for themselves. They unanimously approved a resolution on Wednesday, October 26, 1960, and the resolution reads as follows:

THE MORRISTOWN MEMORIAL HOSPITAL  
Morristown, New Jersey

RESOLUTION OF THE BOARD OF TRUSTEES

of

THE MORRISTOWN MEMORIAL HOSPITAL

WHEREAS The Port of New York Authority has proposed the construction of a new global jet airport in Morris County, New Jersey; and

WHEREAS An Investigating Commission of the New Jersey Senate, under the chairmanship of the Honorable Frank A. Farley, is at present studying, among other things, "the necessity, feasibility, ownership, location and construction of a major global jet air terminal in the State of New Jersey with particular consideration of a location in southern New Jersey; and

WHEREAS The New Jersey Senate, by a vote of 20 to 1, has stated its opposition to "location of a major air terminal in Morris County, or in any county contiguous thereto \* \* \* as not only a nuisance and a hazard to public health and safety but \* \* \* an untoward depreciation, as residential property, of an area in which substantial residential investment has and is being made by many persons desirous of escaping the very hazards which would be recreated in the Morris County area by development of such an air terminal;"and

WHEREAS The residents of Morris County and contiguous counties, including both private citizens, municipal bodies and public or non-profit institutions and associations, have registered strong and organized opposition to the location of such a jetport in Morris County; and

WHEREAS The Morristown Memorial Hospital is fundamentally dedicated to the general welfare of the residents of said counties and especially to effective fulfillment of their need for the best possible modern hospital services; and

WHEREAS, notwithstanding all the foregoing, in testimony recently given before the Senate Investigating Commission, officials of the Port Authority have confirmed that Morris County is one of the three sites which is still under most active consideration for jetport purposes;

BE IT RESOLVED That the Morristown Memorial Hospital is opposed to the installation of the proposed global jetport in Morris County or any contiguous county.

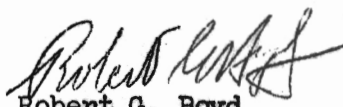
FURTHER RESOLVED That the installation of such jetport in Morris County or any contiguous county is considered to be contrary to the general welfare of the residents of said counties, and is contrary to the express wishes of substantial numbers of such residents.

FURTHER RESOLVED That there is reason to fear that the installation and operation of such jetport will create hazards of noise, traffic, neighborhood congestion, psychological distress, and the like, such as will seriously disturb the Hospital's patients and seriously impair the efficient and successful fulfillment of the Hospital's services and duties; and may in addition so alter the character of the community which supports the Hospital as to damage its financial position, to the detriment of those whom it serves.

FURTHER RESOLVED That copies of this resolution be furnished to the Governor of the State of New Jersey, the Investigating Commission of the New Jersey Senate, and to such other persons as the Chairman and President of this Board of Trustees deems proper.

\* \* \* \* \*

Unanimously approved by the Board of Trustees of The Morristown Memorial Hospital, at its meeting on Wednesday, October Twenty-sixth, Nineteen Hundred and Sixty.

  
Robert G. Boyd  
Secretary

October 27, 1960

Mr. Chairman, I would like to place this resolution on file and also a copy of our 1960 Annual Report in case you desire additional details about the hospital.

SENATOR FARLEY: Let the resolution be marked in evidence and the report be filed with this Committee.

Your next witness, Senator Hillery.

SENATOR HILLERY: Is there a representative here of All Souls Hospital in Morristown? [No response].

The next speaker will be Mr. William Smith, Executive Director of the J.J.S.A.

W I L L I A M S M I T H: Mr. Chairman and Senators, I will keep my remarks very brief. You were kind enough to give me two or three hours last September.

We would like, as you requested at that time, to furnish you with the resolutions of opposition which have been assembled by the Jersey Jetport Site Association, numbering among others those you have just heard. There is a complete list in the forepart of this book which will tell you of the organizations involved. They range all the way from the Catholic Church at Morristown, St. Margaret's, which has a parish of about 3,000 persons, down to small local garden clubs numbering seven to ten people. There are approximately 110 resolutions in this volume.

SENATOR FARLEY: Thank you very much. Let it be filed.

MR. SMITH: At this time, I would like to call upon the various members of the local municipalities in the area who have helped in all the effort that has been involved in the J.J.S.A., an effort which I personally am very proud

to have been associated with, to assist in bringing the petitions down to the Committee.

Prior to doing that, I would like to read to the Committee a letter from Sister Hildegarde Marie of the College of St. Elizabeth, which pertains to some of these petitions:

(Reading) "Dear Mr. Batt:

"Signed petitions have continued to pour in from persons who are conscious of the contributions of the Sisters of Charity of St. Elizabeth to the welfare of the people of New Jersey through their schools, hospitals and other institutions and who, in consequence, are concerned about the consequences of locating a major jetport so close to the Mother House of the Sisters of Charity of St. Elizabeth and to the College of St. Elizabeth.

"A week ago today, we sent to Mr. Smith petitions containing 41,742 signatures, and I expressed the thought that we would have at least 10,000 more by the end of the week. As a matter of fact, the earlier figure has more than doubled. As of the moment, we have ready to send to the office forms containing 46,729 additional signatures, making a total of 88,471.

"Frankly I myself am deeply moved by this expression of support. It is, I believe, a tribute to the work accomplished by the Sisters of Charity throughout the past century and an expression of faith in their future. These signatures, of course, may be used as an expression of opposition to the location of a jetport in this area.

"Sincerely yours,

/s/ Sister Hildegarde Marie."

Yesterday afternoon, we received a call at the office from Sister Hildegarde Marie saying that she had an additional 2,652, bringing the grand total to 91,790.

In addition to these petitions, we have those that have been assembled by the Ladies Committee of the JJSA and through the efforts of the Morris County Freeholders immediately after this project was proposed. We would now like to submit these petitions, Mr. Senator.

SENATOR FARLEY: Let them be filed. Thank you.

SENATOR HILLERY: The next speaker will be Mr. George Batt, Chairman of the Citizens Council for the JJSA.

SENATOR FARLEY: For the purpose of the record, the petitions which have been presented to this Committee and filed, I will ask the Sergeant-at-Arms to place them back on the Speaker's desk so they will not interfere with the normal process of this proceeding. Will you take them back, Mr. Sergeant-at-Arms, please.

G E O R G E K. B A T T: Senator Farley, I am George K. Batt, Chairman of the Citizens Council of the Jersey Jetport Site Association, and a resident of Harding Township.

About 15 months ago, this so-called brush fire started when the Port of New York made its interim report, and in that 15 months night and day action has been taken by the citizens not only of Morris County but of all of northern New Jersey and a good part of the southern part of the State. In that time, this so-called brush war has gone into not a cold war but a hot war and if these 125,000 petitions do not signify to you gentlemen and the august members of the Senate the feeling of the State of New Jersey on this subject, we don't know what will. Those 125,000 petitions, sir, represent areas all the way from Bergen to Mercer County, showing the feeling of the people of a good part of the State - the northern part certainly and the central part - on this question of no jetport in Morris County.

Now, you have had presented to you this morning the three technical reports from Harding and Chatham Townships and the Freeholders of Morris County. In our summary, sir,

we have tried to bring together the salient points of this entire 15-month fight. When we originally spoke with the members of the Port, some of the Commissioners, we said that our report would be ready by the end of 1960 - surely at the beginning of 1961. The Port said they thought their report would be ready at the same time. At different periods they have made promises of a tentative date on which they would submit their report. Many people might say that the people of Morris County should withhold their statements and their positions until the Port has made theirs known in its final definitive report. But, sirs, we can't go on forever. The northern part of the State, Morris County particularly, has been in chaos for 15 months. Real estate has been at a standstill. Our people are in doubt. There has been great trouble and, therefore, not knowing when the Port will come forth with its report, if ever, we have decided to present our reports today, and they are being presented, sir, and then summarize to you and your associates the position of the trustees of the Jersey Jetport Site Association, representing the two hundred odd thousand people in that area, representing eight to ten thousand paid members of the Association, and so ably represented by these approximately 125,000 petitions.

So if you will bear with me, rather than make these extemporary remarks this morning, we would like to read to you the position of the people of Northern New Jersey and Morris County particularly, as represented to the Board of Trustees and the members of the Jersey Jetport Site Association.

(Reading)

## P R E F A C E

The following pages contain a summary of the position of the Jersey Jetport Site Association at May 1, 1961.

The results of the extensive research program are weighed against the only available Port Authority position - the Preliminary Report of December 14, 1959. In presenting the findings of the Harding, Chatham and Morris County Reports the Jersey Jetport Site Association wishes to state clearly that the statements contained herein are its own interpretations of the Reports, except where direct quotations are used. Every effort has been made to make literal interpretations, but the reader is referred to the specific Reports for verification. Summaries are attached as appendices along with a list of Resolutions of Protest.

This position paper also cites the record of public support of the JJSA program. The record speaks for itself.

Finally, a summary is presented in which a great deal that has been learned in this expensive and wasteful controversy is set forth.

The Trustees, and those others most active in waging this long and involved campaign, wish to express their profound gratitude for the extent of the financial and moral support provided by the citizens of this large area. This seemingly useless controversy, which could have been terminated a long time ago, has not been without its value. Many thousands of people have been welded together to combat the attempted fiat of a remote and powerful authority. The effort has been magnificent.

The Legislature of New Jersey clearly and decisively rose to the defense of its constituents in 1960 and 1961. It now remains to foreclose permanently the menace of this project.

The JJSA will not rest until this is accomplished. If and when the Port Authority Definitive Report is ever issued, it will be answered.

P A R T I

Three programs of research were conducted during 1960 aimed at determining the validity and objectivity of the position taken by the Port of New York Authority on December 14, 1959. The three programs, their sponsors and the conclusions of the resulting reports are herewith summarized:

1. United Research, Inc. of Cambridge, under the sponsorship of Harding Township, conducted "A Study of the Requirements For a New Major Airport for the New Jersey-New York Metropolitan Area". The conclusions of this report are --

- that a fourth airport will not be needed prior to 1972, at the earliest,
- that alternatives exist which, if fully developed, might well eliminate the necessity for a fourth airport until well into the future, and
- that creation of a fourth major airport will create many problems for both the airlines and passengers.

2. Ebasco Services, Inc. under the sponsorship of Chatham Township, conducted an "Engineering Investigation of Proposed New Jetport Site in Morris County, New Jersey". The conclusions of this report are --

- that while it may be feasible to build an airport at the Morris site, it would be a difficult and costly process,
- that the result would be a compromise solution, failing to satisfy important considerations of safety, noise and cost, and
- that the physical impact on the surrounding communities would be insufferable.

3. Planning and Renewal Associates of Cambridge, examined "The Social and Economic Impacts of a Proposed Airport in Morris County, New Jersey" under the sponsorship of the Morris County Planning Board. Conclusions of this report are --

that the economic stimulus that would be provided by the proposed facility would be unneeded and almost certainly destructive of a fine residential area,

- that tremendous growth in the area is predictable in the next 20 years, without the external stimuli of the proposed facility,
- that this growth can be assimilated by the area with minimum change effects if planned orderly growth is permitted,
- that the impacts of such a facility would be destructive of human and economic values out of all proportion to the benefits gained, and
- that the proposed airport should not be permitted at Morris County if any reasonable alternative exists.

\* \* \* \* \*

The obvious prejudgment of the case by the Port Authority, after inadequate investigation,\* will be clearly demonstrated in what follows. The inflexibility of position taken in the Preliminary Report and in subsequent statements of its Executive Director (later modified) put the Port Authority in an untenable position. The findings of these studies have destroyed that position. Meanwhile, in the fifteen months that have expired, hundreds of thousands of people have had to bear the fear and apprehension that this project might be imposed upon them.

It was originally intended that the results of this independent objective research would be weighed against the so-called "Definitive Report" of the Port Authority. An unconscionable delay has occurred on this study which was to take six months and is now in its fifteenth month. A series of postponements have emanated from the PA until it is no longer possible to rely with any confidence on the date of submission promised. The

\* On September 27, 1960, Mr. Wiley of the Port of New York Authority, testifying before the New Jersey Senate Investigating Commission, said in reply to a question from Senator Cowgill (D-Camden),

"Sir, the studies that we did in the various areas before December when the Preliminary Report was issued were the kind of studies that you could do by driving through the area or flying over the area or something like that."

most recent of these promises is May, 1961. It is, therefore, necessary to examine the findings of these studies in the light of the Port Authority Preliminary Report rather than the long awaited Definitive Report.

The actual investigation began in 1957, according to the PA, but secrecy was maintained until December of 1959, when it "broke" in the Newark Evening News of December 3rd. From that date, the public made it a bilateral investigation rather than a unilateral decision.

\* \* \* \* \*

On Page 2, in the Port Authority Preliminary Report, a major decision was reached:

"This study has confirmed that the capacity of the existing airports will be reached by 1965, at the latest, at which time an additional major airport will be needed."

This statement is refuted by one of the foremost aviation traffic forecasting organizations in the country, United Research, Inc. On the basis that certain technology now in process of development by the FAA can be expected to increase existing airport capacity, their report concludes:

1. Estimates of demand and capacity do not demonstrate the need for a fourth airport in the New Jersey-New York area by 1965. No new runways will be required until 1972.
2. If general aviation\* activity is limited to its present volume, no new runways will be required until 1979.
3. If general aviation movements were diverted from La Guardia, Idlewild and Newark, these airports could accomodate airline traffic until after 1980.
4. If additional facilities for general aviation use were provided at existing airports other than the three major airports or at a new general aviation airport, the additional capacity could be provided at substantially less cost than the construction of a fourth general-purpose airport.
5. Passengers and airlines would be penalized in cost and convenience if flights in and out of New York were distributed among four airports instead of the present three."

The foregoing is an exact transcription of the Conclusions following the Findings of the Harding Report.

\* (For the reader's edification, General Aviation may be defined as corporate and privately owned aircraft whether for business, instruction or recreation -- asterisk ours).

General aviation constitutes an important factor in the Harding Report's conclusions. At Newark Airport, no scheduled turbo-jet operations have been permitted by Port Authority regulation, up to the present time. Ironically, for reasons partly of safety and mostly of nuisance, legitimate commercial airlines traffic is restricted while general aviation traffic is left uninhibited to the point where the Harding Report predicts it will be using up 1/3 of our metropolitan area runway capacity by 1970. It is very significant that general aviation is denied the use of London Airport at London, England, except on written permission.

Another statement of the PA Preliminary Report appearing on Page 2 reads:

"The preliminary studies on which this report is based have been under way since early in 1957. They have been guided by several basic considerations including proximity to the traffic generating area, air space and the primary requirement of protection of airport neighbors from excessive aircraft noise.

They have included an intensive evaluation of all possible sites with respect to airplanes and possible conflicts with other airports; ground transportation; size; topography and land availability. As a result, the Port Authority has been forced to conclude that there is only one site in the New Jersey-New York Metropolitan area that meets these criteria. That site, in Morris County, New Jersey, is comprised in large part of marshland known as the Great Swamp. Much of the remainder is undeveloped land. Unhappily, it includes one village and several large estates. But the fact is that there is no other practicable site that would meet the criteria of an airport that the people of northern New Jersey and the metropolitan region must have." (All underlining ours). This is a complete quote from the earlier report of the PA.

It would appear from the foregoing statement that the "definitive" phase of the study was embarked upon after the decision as to location had already been reached. The firm conclusion that Morris County is the one and only site has been backed up by the Port Authority with self-serving observations and lip service to socio-economic considerations. There is no concern for the citizenry which would bear the overwhelming impact of such a facility.

Precise quotations from the PA Preliminary Report may be analyzed against the findings of the Chatham Township and Morris County Reports. Some points are completely

irreconcilable.

For example, the foregoing PA statement says,

"They have been guided by .... the primary requirement of protection of airport neighbours from excessive aircraft noise."

No one knows more about the annoyance of jet aircraft than the Port Authority. It has been steeped in controversy with the citizenry surrounding Idlewild since the earliest jet operations. How can this statement of concern be accepted?

Subsequent to the publishing of the PA Report a bulletin was published by the Federal Aviation Agency entitled "Aircraft Noise Abatement" under date of September 2, 1960.

The impact of noise from jet aircraft is sympathetically and practically analyzed in the FAA Bulletin and the discomfort and ensuing public complaint arising from noise is measured. The Bulletin describes areas subjected to 100 DB levels as --

"Recommended for non-residential development and the exclusion of places of public assembly."

90 DB areas are described as areas where --

"Patience and reasonable tolerance to aircraft noise will be required of persons who reside or expect to reside in the nearby non-shaded area. Consequently, the establishment of a friendly and cooperative relationship between the airport and persons living in the airport environment is indicated."

The "nearby non-shaded area" referred to is the 90 DB zone.

The FAA Bulletin is appended to the Chatham Report and was used by Ebasco Services, Inc. in arriving at the following conclusions:

"The entire area in the vicinity of the proposed airport could be subjected, at times, to from 90 to 100 DB (decibels) of noise either from aircraft landing or taking off. A noise level of 90 DB is equivalent to the noise of a siren at 75 feet and a 100 DB noise level matches a jack-hammer at 10 feet or a subway station with an express passing through. Regardless of the runway layout used at least 12,000 people would be intermittently subjected to noise levels in excess of 90 DB. Assuming a reduction of about 20 DB due to a closed building the area could expect to have an intermittent indoor noise level of 70 to 80 DB. Since this is in a range where telephone conver-

sation and speech becomes difficult, additional sound-proofing would be required in schools, hospitals, churches and office buildings if they were to remain functional."

Using the same FAA noise pattern, the Morris County Report produces the following findings:

"Based on the original general design of the facility announced by the Port Authority, an estimated 18,000\* people would be affected by displacement, subjected to noise levels which the FAA considers unacceptable for residential areas, or indirectly inconvenienced by having their schools or churches become unsuitable or unavailable. Some 1,500 homes would be in areas of unacceptable noise levels, and an additional 705 would be taken to make up the originally described site. Eight schools and seven churches would be affected either by noise or acquisition."

"The airport might handle one-third of all New York-generated flights by 1970 or approximately 200,000 per year. This will mean that on an average day there would be 548 air movements, the preponderance between the hours of eight in the morning and ten at night. A plane would take off or land every one and one-half minutes. The bulk of the estimated 85 air movements between 10:00 P.M. and 8:00 A.M. would occur before midnight and after 5:00 A.M. It is clear, however, that these nighttime movements occurring at an average interval of twenty minutes would be highly disruptive to sleep."

The figures used in these quotations are based on current population statistics. The Morris County Report predicts an 85% increase in population for the entire impact area by 1980. If this increase is experienced, in spite of a jetport, the number of people subjected to the high noise levels would be steadily increased.

The public clamor of thousands of people in the environs of Idlewild, La Guardia and Newark Airports, both before and after the advent of jets, has resulted in restrictive regulation of flight patterns at all three airports by the PA. It would appear to be the height of folly to attempt to place a new facility where 195,000 or more people living within a radius of 7-1/2 miles from the center of the site would be added to those already

\* It will be noted that in the Chatham Report the number of people subjected to noise levels alone is computed, while in the Morris County Report displaces and people oriented to churches and schools which become unsuitable or unavailable are added to this number.

on the back of the PA, demanding relief from the scream and roar of the jets.

The aforementioned FAA Bulletin contains a chart, compiled by the U.S. Air Force, depicting noise levels at which varying degrees of complaints may be expected from the surrounding communities:

Sporadic Complaints	46-47 DB
Widespread Complaints	52-53 DB
Threats of Community Action	57-58 DB
Vigorous Community Action	70-80 DB

This new method of measuring the blood pressure of an aroused citizenry never reaches 90-100 DB! - which in the report you would see it would reach.

From the foregoing, it would appear that, ideally, no residence or public meeting place should be closer than five miles from a modern jet airport, preferably more. This ideal objective could be accomplished in various areas of middle and southern New Jersey, but in Morris, where 70,000 reside within the five mile radius and 195,000 within a 7-1/2 mile radius, it is impossible. In other words, 265,000 people would be immediately affected by such an airport; not just a few houses and a couple of country

It should be noted in connection with the noise pattern diagram utilized in both the Morris County and Chatham Reports that a noise level of 90 DB still is experienced on the ground 40,000 feet or about 7-1/2 miles from the start of takeoff roll, at which time the plane has achieved an altitude of 2500 feet. From the center of the proposed airport site, a radius of 7-1/2 miles includes all or major parts of the communities of Summit, Mountainside, Murray Hill, Berkeley Heights, Gillette, Scotch Plains, Watchung, North Plainfield, Meyersville, Millington, Lyons, Bernardsville, Basking Ridge, Mendham, Brookside, Morristown, Morris Township, Morris Plains, Convent, Florham Park, Madison and Chatham Borough and Chatham Township; twenty-three residential communities with a population estimated at 195,000 people! "Vigorous community action" certainly could be anticipated.

With four approach and takeoff directions, one in each quadrant, and with wind shifts dictating runway use regardless of direction of flight of approaching or departing planes, a pinwheel pattern of flight is produced around an airport center. To some extent,

this can be controlled to avoid noise nuisance. To a considerable extent, it cannot. The safe and practical operation of the aircraft must come first. The impact of at least 90 DB of noise is potential within the entire 7-1/2 mile radius. It is just a question of the degree of the frequency and intensity of the noise nuisance - the nuisance unquestionably would exist.

The advent of the turbo-fan engine holds the promise of quicker "climb out" and hence holds promise of some reduction of the extent of the noise nuisance on takeoff. But landing characteristics and "stacking" techniques remain substantially the same and noise level, when landing, is not much lower than takeoff.

The majority, by far, of aircraft accidents occur on landing and takeoff in close proximity to airports. Also, disabled planes either fly around until their fuel load is largely consumed or dump it before attempting landing. Modern long range jets carry 15,000 to 22,000 gallons of kerosene. This is an impressive quantity of flammable material, whether it be dumped or crashed.

Envisioning 200,000 takeoffs and landings annually paints a horrifying picture of the grim but absolute inevitability of ultimate disaster for some of those living in an airport's environs. If people move into such an area, it is one thing; to have this threat imposed upon them when they are already residents is quite another matter. It is not to be expected that 195,000 people, or more, are going to accept these incredible contingencies with equanimity.

Take another quotation from the Preliminary Report:

"That site, in Morris County, New Jersey is comprised in large part of marshland known as the Great Swamp. Much of the remainder is undeveloped land. Unhappily, it includes one village and several large estates."

One would gain the impression that there is little of value here. This insultingly cavalier attitude regarding the people who will be affected has not endeared the Port Authority to the people living around the Morris County site. It demonstrates either ignorance or propaganda so brutal in its impact as to be shocking.

The facts are that the Morris County Report found in a detailed examination of the communities directly involved in condemnation that approximately 705 homes would have to be condemned in Harding, Bernards, Passaic and Chatham Townships. In Harding Township alone, the value of these ratables is appraised at \$13,800,000, about 42% of the entire town. Three churches and a school would also go. Another \$6,000,000 of Harding ratables are estimated to be in 90-100 DB zones.

The total number of units in the four towns either taken or subjected to 90-100 DB is 2200.

The Morris County Report states:

1. "The direct impacts on schools, homes, and churches will affect the lives of over 18,000 people."
2. "The settlements of New Vernon and Green Village would disappear."
3. "Those nearby properties not taken in the process of airport site acquisition would suffer a loss up to fifty percent of their previous market value."

There is much additional material in the three research studies of great interest to the residents of this area and to their elected representatives. The material presented in this paper was selected to demonstrate the unreliability and superficiality of the following PA positions:

1. That an emergency exists in airport capacity
2. That careful attention was given to the noise question
3. That Morris County is an ideal site
4. That not many people would be disturbed
5. That the supposed economic benefits of the facility would "sell" the project to the people.

Individually and collectively these representations just do not stand up under objective scrutiny. The supposition and semantics indulged in by the Port Authority have been discredited and replaced by the hard facts of the Harding, Chatham and Morris County Reports.

The facts show that the only modern facility of any type or description which exceeds a modern jet airport in noise nuisance and general disruption of its environs is a missile launching base. Certainly, people do live next to Idlewild, Cape Canaveral, Chicago's Midway and assorted other public nuisances. But the people surrounding the Morris County site do not want to do so!

The significance of the Harding Report is that it demonstrates that time is available to properly verify the real need and proper location for a fourth airport if this awkward decision cannot be avoided in the future. The destruction of human and economic values of a large order are predicted by the Chatham and Morris County Reports. Necessity for a panicky solution, in which these priceless and irretrievable values are swept aside, does not exist.

The JJSA does not believe that the Port of New York Authority is the proper agency to make this decision. It is in many respects a fine organization with many accomplishments to its credit. It has, however, in connection with this project and others, demonstrated a preoccupation with revenues rather than sociological considerations. It has also demonstrated a provincialism focused on New York Harbor which appears to cloud its objectivity. It does not own airplanes or operate them. It does not handle air traffic control. Though it may be a likely financial institution to create and manage airport facilities, its orientation is alien to the proper determination of either the need or location of such facilities.

The PA has retreated to the position that the locational decision must rest with the Legislatures and Governors of New Jersey and New York, a posture which was not apparent in either the Preliminary Report or the Executive Director's utterances which followed. This is a healthy change in philosophy and one which must prevail in the future.

It is inconceivable that the Legislatures of New Jersey and New York could possibly permit the imposition of this facility on the people of the area. The facts have been produced. The impact would be too great.

The people feel very, very strongly about what has been attempted here. What follows is evidence of the depth and vigor of the people's feeling that this problem is not just a matter of the pocketbook, but of deep significance to their safety, peace of mind and self-determination. It is a statement of how many people disagree with the Port Authority on their proposal.

P A R T II

The funds for their defense provided by the people surrounding the Morris County site has reached the impressive total of \$192,000.00. Even more impressive is the extraordinary number of contributors who have supported the resistance.

Received from well over 8,500 individual contributors, ranging from a minimum contribution of 10¢\* to a maximum of \$2,000.00. It is estimated that only 10% have contributed more than \$25.00.

\$123,000.00

Harding Township through purchase of the Aeronautical Report

Average cost per resident (2700 pop.) - \$10.00 25,000.00

Morris County Planning Board through purchase of the Socio-Economic Study

Average cost per resident (260,000 pop.) - 10¢ 25,000.00

Chatham Township through purchase of the Civil Engineering Report

Average cost per resident (5900 pop.) - \$ 2.33 14,000.00

City of Summit through research appropriation

Average cost per resident (24,000 pop.) - 23¢ 5,000.00

Grand total - all sources \$192,000.00

Grand total, direct and indirect contributors 300,000 persons

Average contribution per person - all sources \$.65

The organizational effort which went into the raising of the contributions from individuals was spread over about 150-200 members of the 23 municipal committees.

\* Miss Priscilla Ernst, age 6, of Millington took this sum from her piggy bank as her protest against "That 'ole' jetport".

Petition signatures against the project representing a population of approximately 200,000 were obtained through the efforts of the Women's Division. Signatures were obtained from people in 293 communities. We at this point would like to pay great tribute to the ladies who have worked night and day on this project. Resolutions of protest were obtained from 102 organizations, institutions, municipalities and even counties.

The Freeholders of Morris and Somerset and Hunterdon Counties, all passed strong negative resolutions.

The State Association of Chosen Freeholders overwhelmingly endorsed Senate Resolution #3 (described later).

On January 16, 1960, the New Jersey Senate passed Senate Resolution #3 (SR-3) by a vote of 20-1. There were eleven bi-partisan sponsors of the Resolution which read in part:

"BE IT RESOLVED by the Senate of the State of New Jersey:

Opposition of the members of the New Jersey Senate to location of a new major air terminal in Morris county, or any county contiguous thereto, is hereby registered.

Governmental agencies at the State, interstate and Federal levels are requested and memorialized to study the feasibility of development of a new major global jet air terminal in southern New Jersey."

On September 12, 1960, the New Jersey Senate passed Senate Resolution #7 (SR-7) establishing an Investigating Commission. The vote was 19-0. The Resolution states in part that:

"BE IT RESOLVED by the Senate of the State of New Jersey:

The commission is authorized, empowered, and directed to study the necessity, feasibility, ownership, location and construction of a major global jet air terminal to be located in the State of New Jersey with particular consideration of a location in southern New Jersey.

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

On January 18, 1961, SR-3 was reintroduced in the Senate and passed 18-0.

In January, 1960, the New Jersey Congressional delegation unanimously approved the stand taken by SR-3.

Both Senators Case and Williams have supported the resistance movement. So, from the individual citizen right up to the Federal Government, the reaction is "NO!"

It is time to put an end to the cloud of apprehension which has been hanging over the very large population of the area. These people have effectively and sincerely attempted to express to their legislators the depth of their feelings and the inflexibility of their intent. The tremendous amount of effort and money they have provided bears witness to this. It is significant that no professional fund raising talent was employed. It is also significant that no effort to raise funds was made until well after SR-3 was passed the first time. This action by the Senate caused many people to think that the PA would bow to the wishes of the Legislature, and abandon their Morris County project.

There has been no hysteria, no witch hunt. About half the money contributed to the JJSA or appropriated by Harding and Chatham Townships and Morris County has been devoted to solid basic research on the problem, both technical and legal. The balance of the funds have been expended on the coordination and information of the population of the area involved. Where the Port Authority deserved praise, it has been given freely. In the areas where the Authority appears to have drifted away from its publicly inspired mission, the people have felt free to say so.

A complete lack of public responsiveness on the part of the Port of New York Authority has been evident in this controversy. It has received copies of most of the public protests. It is familiar with the acts of the New Jersey Senate, the Congressional Delegation and the unnumbered statements of elected officials about this matter throughout

the state. It could have gracefully withdrawn.

The PA already knew most of the things our research has produced. And yet, there has hardly been a time since the passage of SR-3 in January of 1960 when there have not been employees or contractors of the Port Authority swarming over the Morris County site. There is no question that the Definitive Report will be definitive about the Morris site. It will be interesting to see whether it is equally definitive about any other of the fifteen sites which were to be so carefully examined, particularly those in southern New Jersey as requested by the New Jersey Senate.

It will make no difference to the people of this area how persuasive the Port Authority's Definitive Report may be if it should continue to show Morris County as the "only" site. The people have produced ample and convincing evidence that it should not and can not be imposed on them.

The complete ignoring of the public sentiment, so widespread and well organized, and the casual disregard of the Senate spells arrogance. It is unfortunate this label must be put on it. The Port Authority has left no other choice. There is absolutely nothing which would have prevented their agreeing with the Senate and the people at any point since January 16, 1960. It must be assumed that they are either oblivious of the great public hurt that they have created and perpetuated or that they intend to try to ride roughshod over the people. Neither provides an attractive, useful image of the Port of New York Authority.

The picture of a benevolent monopoly of all the profitable transportation systems in the New York area has been forever destroyed. A great disservice has been done to the basic concept of the Port of New York Authority.

There can be no question of where the people stand. The jetport cannot go in Morris County! Under SR-3, it cannot go in northern New Jersey. It is time for higher authority to direct the Port Authority to investigate sincerely and honestly those areas of New Jersey where it could be put, or direct them to bow out of the picture. The New Jersey Senate so indicated fifteen months ago. Thank you, sir.

SENATOR FARLEY: Thank you, Mr. Batt.

Senator Hillery, do you have any further witnesses?

SENATOR HILLERY: This completes the list of witnesses for Morris County. We have many people here from Hunterdon County, and Mr. Frank Bohren, Chairman of the Hunterdon County JJSA, will be a speaker here and I will ask him then to call his witnesses from Hunterdon County.

F R A N K B O H R E N: My name is Frank Bohren, Chairman of the Hunterdon County Citizens Jetport Committee.

Senators and members of your Committee, we wish you to thank you for allowing Hunterdon County to be represented here and be heard. After my good friend George Batt has completed his eloquent plea for Morris County, we are so close to him that I can say amen to it all and can assure you that we will probably be distinctive by our brevity. George has covered the ground very well. We are not as powerful or as influential as Morris but we have cooperated with them and we intend to show here that we are unified, even though a small rural county, in our approach to this matter. Today, I am here as Chairman of the Jetport Site - Hunterdon Citizens Jetport Committee.

Our first speaker is Ray Bowkley, our own Assemblyman and a member of your Legislature for several years. He and I are head to head in the fall to see whether we come to the Senate, so we want to show you that we present a truly bipartisan approach. One of us will be here voting against the jetport unless we both die in the interim. We have two members of our Freeholder Board here, one Republican and one Democrat - the other Republican is ill and couldn't possibly be here.

We, ourselves, have no official report. We are sort of like a country cousin. These things cost a tremendous lot of money. We have a petition with seven thousand names. We have resolutions from our key organizations, and we have taken the liberty of having approximately ten leading representatives of leading organizations come to speak very briefly to you today. So, if you will, that will be all, and I would like to call our first speaker, Assemblyman Ray Bowkley, Minority Leader of the State Assembly.

R A Y M O N D B O W K L E Y: Mr. Chairman and members of your Committee, I also am going to be very brief. I do want to touch on one or two points which I think have not been touched on sufficiently before: Number 1, that there is pending in the New Jersey Assembly Assembly Resolution No. 3, which is identical with Senate Resolution No. 3, and I have been assured that that resolution will probably pass this coming week.

I might point out in regard to Assembly Resolution No. 3 that I sponsored it with the co-sponsorship of the two Assemblymen from Morris, Mr. Maraziti and Mr. Franklin, and of the Assemblyman from Somerset, Mr. Bateman. It is also significant to note there have joined us in co-sponsorship of that Assembly Resolution three of the Assemblymen from South Jersey who have been actively seeking an investigation of their area for the construction of a jetport; namely, Mr. Koenig from the County of Burlington; Mr. Minotty from the County of Gloucester; and Mr. Hiering from the County of Ocean. All of these three counties, as you probably know, are desirous and have been actually seeking that an investigation be made

of the pine barrens in their area for the construction of a jetport.

Another matter which has not been touched upon sufficiently in my opinion is what effect the jetport would have not only upon the community itself but upon the entire State of New Jersey.

Yesterday I had the opportunity and privilege of making an aerial tour of traffic conditions in North Jersey. The traffic situation is one that we have to face up to, and it is the responsibility of the State to face up to it, not the Port Authority. Now, it might be all well and good for the Port of New York Authority to construct an immense air facility in North Jersey, particularly the area of Morris, Somerset and Hunterdon Counties. What they don't tell you is the tremendous amount of money that will be involved at the state level for the construction of adequate transportation facilities to bring people to and from that airport. The aerial tour yesterday convinced me that there are areas of our State which badly need additional transportation facilities. The surface transportation system in Morris County at the present time is entirely inadequate and will continue to be even more inadequate if such a jet facility were to be constructed in the Morris County area. I think that is something which this Committee should seriously consider - the anticipated cost to the State of New Jersey to provide additional adequate ground transportation facilities.

Now, the Port of New York Authority until very recently has consistently said they would not engage and did not intend to engage in any type of improved rail transportation to the

New York metropolitan area. They have recently indicated an interest in the acquisition of the H & M Tubes. However, that in itself would not be sufficient. It would, in my opinion, be more germane that their studies contemplate not only the construction and location of this jet facility, but the construction of additional facilities to bring the people to and from these facilities, and with the urban population growing in the County of Morris and growing in Somerset and Hunterdon, it is going to become extremely more difficult to build highways in that area, whereas, in the South Jersey location you already have the benefit of two of our finest highways in the whole country - the Garden State Parkway and the New Jersey Turnpike.

It has been suggested that possibly a monorail type of transportation facility could be constructed, but there again is the question of who is going to construct it and pay for it. That is part, I think, of this whole problem.

I can tell you that we in Hunterdon, speaking non-politically, are in entire accord in our feelings in respect to the location of a jetport either in the vicinity of Morris County or in adjacent Branchburg Township and Readington Township in the County of Hunterdon. I don't think we are geared to handle such a facility. It would cause a tremendous impact on the economy of our counties, dislocating a large number of groups of families and people and would certainly not add to our county in so far as inducing an orderly development of our county resources.

There will be a number of other speakers who will be introduced to you by Mr. Bohren and who will give you some

7

facts and some figures, so I am not going to bother to do that. But I just wanted to touch on those two aspects of this airport development, and I can tell you that we will continue to cooperate in the Legislature, as long as I am a member, with the representatives of Morris and Somerset Counties, just as we will continue to cooperate with the members from Burlington, Gloucester and Ocean Counties for a solution to this problem.

Thank you very much.

SENATOR FARLEY: Thank you, Assemblyman Bowkley.

Your next witness, please.

MR. BOHREN: The next speaker will be Mr. Ralph J. Muller, Acting Director of the Board of Freeholders.

R A L P H J. M U L L E R: My name is Ralph J. Muller. I am Acting Director of the Board of Chosen Freeholders of Hunterdon County.

Among all these facts that have been presented this morning, I would also like to point out to the Committee for their consideration the fact that Hunterdon County has three state institutions, two state parks, a game and fish preserve of several hundred acres, and also now two large reservoir sites. In view of this and what has been said, you can appreciate the extreme hardship and the imposition it would be on our people to put a jetport in our county, along with the other things that have been said.

Thank you very much.

SENATOR FARLEY: Thank you. Next witness, please.

MR. BOHREN: The next speaker is Mr. Lloyd Wescott, representing the Hunterdon County Board of Agriculture.

L L O Y D W E S C O T T: Mr. Chairman and members of the Committee, I am Lloyd Wescott from Rosemont, New Jersey. I am Vice-President of the Hunterdon County Board of Agriculture and I appear here on behalf of the Board of Agriculture and also on behalf of the Agricultural Committee of the Citizen Jetport Committee of Hunterdon.

In spite of the nearness to both New York and Philadelphia, Hunterdon County has maintained a vigorous and prosperous Agriculture. The production of our dairy and poultry farms is among the highest in the nation, and our fertile land produces excellent crops. Some advances of national significance have taken place here under the leadership of our County Board of Agriculture, such as the establishment of the first artificial breeding cooperative in this country, the opening of the Flemington Egg Auction Market, and the erection of a unique Medical Center that has achieved worldwide attention.

Over the past 15 years, the development of the county has been most impressive. Millions of dollars have been spent on new schools, on hospitals, churches, roads, and on improvements to our own properties. The County and nearly every municipality has a Planning Board, and most have carefully developed zoning regulations to guarantee a continued healthy, orderly growth. All this, Agriculture has strongly supported.

Were the Port Authority to choose Hunterdon as the site of its proposed jetport, Agriculture in Hunterdon would soon wither away. Not only would we lose the land acquired for the airport itself, but within at least a radius of five miles it would be difficult to farm. Dairy herds and poultry flocks could not produce under those circumstances.

In addition, the inevitable increase in real estate taxes, that will come as a result of the jetport, will make farming virtually impossible. The County will consist of clusters of small homes lying between acres of weed-covered, desolate and abandoned land.

It is easy to dismiss such arguments as romantic and bucolic and to urge us to accept the reality that this is the Jet Age and we must accept the inevitable. From the point of view of those of us who live in Hunterdon, these values that I point out are very real. And we think, moreover, they have a meaning for the city dweller who lives near us. A jetport would blight this countryside, substitute ugliness for scenic beauty, and a marginal economy for a sound one. Something of real value would be forever destroyed.

Let me assure you that the overwhelming majority of the rural people in Hunterdon oppose the coming of the jetport and will do all in their power to prevent it.

SENATOR FARLEY: Thank you, Mr. Wescott. Next witness.

MR. BOHREN: Mrs. Robert Lechner, representing the South Branch Watershed Association.

M R S. R O B E R T L E C H N E R: I am Mrs. Robert Lechner of Clinton, New Jersey, and I am Secretary of the South Branch Watershed Association.

This statement is in support of a unanimous resolution passed by this Association at its annual meeting last fall.

The South Branch Watershed Association is a conservation association whose purposes are, among others, to do all things suitable and appropriate to protect and improve the communities of and the areas within our watershed.

Conservation, like good government, is by the people and for the people. Its whole aim is wise use of our natural environment for the good of humanity now and in the future. Man is an animal and, like animals, we need food and shelter for survival existence. In modern days, this means having a job or being on public subsidy. As Americans, we have come to expect more than survival existence. Our concern for mankind must include his living environment. Food, shelter and taxes are not enough. We want to be whole people; we want to live. Over and beyond food and shelter, we need space - we need space on earth - we need hills, grass, streams, quiet places to go, and a feeling of openness. Without these, our natures readily become distorted. This yearning for space is so great a human need that in congested areas people pay premium prices for lots abutting powerline rights of way. We need not only a good place to work but a good place to live.

Hunterdon and the fringes of its adjacent counties represent most of the remaining truly open space in the metropolitan New York-New Jersey-Delaware Valley area. This metropolitan region has a population density of 2,000 people per square mile; that is three per acre, and there are more coming. There is no other area of its size on the face of the earth that has this density of population. At this density rate, 2-1/2 times the present world population could be placed within the 50 states of the United States. Now, these figures aren't mine, but they were quoted by a reputable member of our own State Conservation Department.

The Port of New York Authority proposes to establish a major jet airport in the very midst of this region. We are

told that this is progress. We may well ask, "Progress for whom?" "Progress for the people - or progress for the port of New York Authority?"

Open space is our most valuable non-renewable natural resource. Once it is blotted out, it is gone forever; and it's going faster than we all like to think. This open space in the northwest area of New Jersey is being looked to for multiple use to include water supply, recreation, homes, agriculture and industry compatible with an established way of life. People of the area are working earnestly and desperately through planning and zoning to reserve open space and to make their communities good places to work and good places to live. A look to the Northeast spurs us on. Most of us who work here are going to have to live here. A jet airport in the breathing space of this most densely-populated region may suit the Port of New York Authority members. But when we think in terms of conservation of the human resources of the region, this jetport in our midst is the equivalent of throwing a giant octopus into a swimming pool where children are learning to swim and having a pretty good time doing it. Its own character and accompanying activities are so incompatible with the scene as to completely disrupt and destroy what is currently being achieved.

When we ask ourselves, "What values are important?" we can't tolerate a jetport in this area.

SENATOR FARLEY: Thank you very much. Next witness.

MR. BOHREN: The next witness is D. Howard Moreau, Publisher of the two leading newspapers in Hunterdon County, to speak for the Hunterdon County Officers Association.

D. H O W A R D M O R E A U: Mr. Chairman and gentlemen of the Committee, I am D. H. Moreau of Flemington, and I speak for the Hunterdon County Officers Association, comprising the county and municipal officers. I come here at the request of Mr. Edward H. Britton, President, who I might say is today busily engaged in planting oats. He is a farmer, farming a farm which his family has owned for 150 years, and the weather is one thing which can't be regulated by legislation, and he is very busy and asked me to read this statement which he has approved:

Hunterdon County has lost nearly 10,000 acres of its productive, taxable property to state institutions - Clinton Reformatory for Women, 344 acres; Annandale Reformatory, 747 acres; Highfields, 390 acres; State Sanatorium for Chest Diseases, 550 acres. These four institutions occupy over 2,000 acres.

Within the past years, the State has taken over additional acres for the Spruce Run Reservoir, 2500, and the Round Valley Reservoir, 3900 acres. This totals 6,400 acres. In addition, we have Voorhees State Park of 429 acres, and the Lockwood Gorge of over 400 acres.

Hunterdon stands to lose additional land to Route 78, the new U.S. Highway known as the Freeway. One of our small townships of Union has not only a large section going into this Freeway but has lost all of its Spruce Run acreage.

A year and a half ago we were told that the Port of New York Authority has under consideration as an alternate site for its proposed jetport a tract comprising upward to 10,000

acres in Readington Township, Hunterdon County. Our county seems to be a favorite spot for non-tax-yielding enterprises. While we are honored, we wonder who is going to pay the ever-mounting tax bills while our tax-yielding resources are being rapidly depleted.

We have heard nothing to indicate that the new jetport will supply any tax revenue to offset the vast requirements for municipal and educational services. We are told that the Port Authority does not assume any financial obligation to support municipal or county government in lieu of taxes. Even the facilities which it builds and rents for industrial purposes or to commercial concessionaires, we are told, are not taxed locally. Yet these establishments will offer stiff competition to existing taxpaying retail establishments which do pay local and county taxes.

We are told that it will require upwards to 20,000 people to operate the contemplated jetport. This will mean a tremendous influx of new families demanding roads, police and fire protection, sewage and water services, schools and other municipal installations and services. This will mean a tremendous turnover in population. It will mean rooting out hundreds of families, some of whom have lived in Hunterdon for generations. It will mean vastly increased public expenditures - far beyond the resources of our communities. We are having great difficulty to meet soaring demands for new facilities and municipal services now. How can we hope to meet an influx such as we are advised this jetport will bring to our area.

The Legislature wisely provided that it would pay a proportion of the taxes imposed on the lands taken for the North Jersey potable water reservoirs over a limited period. Are you gentlemen of the Legislature prepared to use state money to offset the increased school and municipal costs imposed by the Jetport during the transition period before any return can be realized from the additional valuations which would be incidental to such an installation? As the persons elected to manage the local governmental affairs of Hunterdon County and duly bound to keep finances sound, collect taxes and meet demands for new governmental services, we feel we have a very real interest in this proposal.

What happens, for example, to the school buildings, many of them practically new and in need right now of being enlarged? - what happens to these and to our township halls, roads and other installations in which our people have a heavy investment?

These are questions to which we have been asking the answers now for 18 months - a period during which real estate activity in our communities has been stagnated. We feel that our Legislature has an obligation to protect our community and the thousands of our constituents - farmers and village residents - from the prolonged threats which the Port Authority has imposed since it sent engineers and surveyors into our county and caused our people to ask the same questions which we are propounding to you today.

Thank you very much.

SENATOR FARLEY: Thank you. Next witness, please.

MR. BOHREN: Our next witness is Mrs. Ellsworth Higgins, representing the Hunterdon County Pomona Grange and the Hunterdon County Congress of Parents and Teachers.

M R S. E L L S W O R T H H I G G I N S: Mr. Chairman, I am Mrs. Ellsworth Higgins of Hunterdon County. Please strike out "Congress of Parents and Teachers." I am only representing the Hunterdon County Pomona Grange. I'll explain to you why I am not representing the PTA at the present time.

I am a member of the Hunterdon County Pomona Grange No. 3 and speak today for the 2100 members of the 13 subordinate granges within the county. We are very much disturbed over the possibility of the construction and operation of a major jet airport in Hunterdon County rivalling the largest in the world, which will drastically change the nature of Hunterdon County.

As you know, Hunterdon County is made up of beautiful rolling hills, constituting perfect conditions for carrying on agriculture and also, due to its favorable conditions, it is fast becoming a healthful residential region. We feel most certainly that such a jetport would destroy the rural, residential and suburban values of our county. We also feel that the noise and disturbance of such a jetport would be detrimental to the health, the habits, the protection and educational facilities of our children, as well as destroy the mode of living of the majority of the citizens of Hunterdon County.

Mr. Chairman, we are further opposed to such a jetport

due to the fact that the Port of New York Authority has never, by the record, paid any sums in taxes equivalent to that which the municipalities receive on the property taken by it upon which facilities are constructed and operated by such Authority. Therefore, undue and inequitable tax burdens will be placed upon Hunterdon County residents by the tremendous increase in highway construction and maintenance, policing of such major highways, policing in general, school costs, and in many other ways.

Mr. Chairman, under these circumstances, we are opposed to such a jetport located in the confines of Hunterdon County or any contiguous county.

SENATOR FARLEY: Thank you, Mrs. Higgins. Next witness.

MR. BOHREN: The next witness is Mr. Kenneth Dayton representing the Real Estate Board of Hunterdon County.

K E N N E T H D A Y T O N: My name is Kenneth Dayton of Flemington, New Jersey.

I have been in the real estate business since 1929, have done a great deal of appraising, and have watched Hunterdon County in its growth very carefully. At the present time, Hunterdon County is a beautiful, desirable, rural residential area. Its school system is good; its tax structure is fairly good. We are greatly concerned with what will happen to Hunterdon County if a jet site comes in. We believe that the present orderly development under the supervision of zoning ordinances, which is pretty much prevalent, will be completely disorderly. We believe there will be a mushroom growth probably around the perimeter of the land taken by the Port Authority if they come in; we

believe that for the most part the lands in Hunterdon County and the houses will be depreciated very substantially in value. We have had very unfavorable responses from our customers thus far this year. Many of them have said because of the possibility of the jetport coming in.

The Real Estate Board unanimously passed a resolution. It is short and I will read it if you don't mind. (Reading)

"WHEREAS, The Hunterdon County Board of Realtors is an association comprised of licensed real estate brokers of Hunterdon County who are thoroughly familiar with the established pleasant rural residential character of the said county; and

"WHEREAS, The Port of New York Authority has indicated that Hunterdon County is one of fifteen sites being considered for the construction of a major airport to serve New York City and vicinity and has actually conducted test borings of the proposed site in Readington Township; and

"WHEREAS, The Hunterdon County Board of Realtors is of the opinion that the proposed jet airport will, by reason of the noise, noxious fumes and dirt, necessarily dependent upon its operations, completely destroy the said established pleasant, rural residential character of a major portion of the county and cause a major upheaval of desirable living and business conditions among its residents; therefore,

"BE IT RESOLVED, That the Hunterdon County Board of Realtors is strenuously and unalterably opposed to the establishment of a jet airport within Hunterdon County."

Thank you.

SENATOR FARLEY: Thank you. Next witness, please.

MR. BOHNER: The next witness is Mr. George Bushfield who is a member of the Board of Trustees of the Hunterdon Medical Center, one of the great fighters for keeping Hunterdon County Hunterdon County.

G E O R G E I. B U S H F I E L D: My name is George I. Bushfield of Readington Township, Hunterdon County.

Mr. Chairman and Committee members, I am speaking both as a Vice President and Trustee of the Hunterdon Medical Center and as an oldtime resident of Hunterdon County whose family has been there for over 50 years. I have some remarks from both standpoints.

The Medical Center opened in 1953 and we think it is something special. It is a medical center in every sense of the word. It's affiliated with New York University-Bellevue Center and its setup is so unique that we have constantly doctors and administrators coming to visit us to study our programs and our particular method of operation from all over the world. For example, we have under the roof 21 full-time paid specialists who do not compete with your local family doctors but who cooperate with them, who do not go outside to practice and do not have separate offices but take cases on referral. I simply mention this because, in Hunterdon County, we get a terrific backing of this medical center. The County, which is not a wealthy county in any sense from the standpoint of millionaires or industry, built this hospital themselves. We have over 400 people who come as volunteers and spend countless hours there every year. Every year we get more than a hundred thousand dollars out of the

county in a fund drive to support our program and to make up a deficit, which we are very proud of.

Now, the Medical Center in all its history has never backed any local issue. We have felt that a Medical Center's job is to remain aloof, to remain pure, and not get mixed up in local questions. We have made one exception on this jetport. In January of this year, the Trustees, who are responsible we feel for community health, did pass unanimously a resolution, which is very short and which says:

"Mindful of the responsibility the Hunterdon Medical Center bears to the health and wellbeing of patients and the community at large,

"BE IT RESOLVED That the Board of Trustees record its unqualified opposition to the location of a jetport in Hunterdon County or contiguous northern New Jersey counties."

The location of the Medical Center is such that the take-off from the planned southwest runways, which would be the most commonly used runways, point like a dagger at Hunterdon Medical Center, which is just a stone's throw away as far as the movements of jets go.

I said that I was a longtime resident of Hunterdon. I have had something to do with local planning and zoning over the years and for many years, in fact most of my adult life, I have gone back and forth at intervals to New York. I still do. And a word on this "contiguous" thing which looms so largely in your own Senate Resolution No. 3 and in what we have heard today from Morris County and in our own thinking in Hunterdon County - we think it is very important.

As I drive out, for instance, from New York through Newark and Westfield and Plainfield and Bound Brook and

Somerville and over to Hunterdon County, and over to the right of us are Chatham and Springfield and Madison and Morristown, Bernardsville and Far Hills, it reminds me in a way, by contrast, how different it is from this strip complex that you have all heard of, starting from Hartford on the north, down the Atlantic seacoast through Baltimore and as far as Washington which, as you know, the planning experts say is rapidly becoming one continuous strip of smoke and industry. But as you come out from the metropolitan New York area, as I am speaking of, through the towns of the area into Hunterdon County, we have an integrated strip there too which is wonderful, which is one of New Jersey's greatest assets - the asset of good living. And I would point out that we should not think of the Morristown site and the Hunterdon site as two separate things, that we would be happy if we did not get it and they did, or vice versa, because actually as the jet flies I would like to emphasize this point: The heart of the swamp, the center of the proposed jet site for Morris County, is exactly 15 airline miles from the Solberg site where this jetport would be if it came to Hunterdon County. I would just like you to keep that in mind.

I am going to leave on the table a map whose circles are on the basis of two miles, and I have marked with an X and a circle the heart of the Great Swamp, and an X with a circle around it of Solberg and you can see, as I say, that there are only 15 miles between the two proposed sites, and no matter which got it - northern New Jersey, from the standpoint as we know it and love it and think of it, would be ruined. I think there is just no question about that.

An interesting point to me, which perhaps has not been mentioned to the Committee, is the attitude of airline pilots on this jetport proposition. It happens that we have in Hunterdon County - we now know them by name and we have met with many of them - 25 airline pilots, and they represent everyone of the major airlines and, interestingly enough, we didn't know there were that many. They have come out little by little, one by one, to find the kind of living that we have in the area. When this jetport thing blew up for Hunterdon, they held a meeting last July, on a Sunday night, at the Court House in Flemington and kicked this thing around, and I happened to be there. It was interesting to me to hear and get the attitude of these pilots on this thing. They, of all people, many of whom are flying jets today and are coming out of the metropolitan airports day after day, flying across the United States and abroad, are the last people in the world who want to see this thing come into their own bailiwick, because they know what it means. They talked about the noise - they know it personally - and they talk about the dirt when tons and tons of kerosene fuel are dumped from the skies and, as a matter of fact, following this little meeting they held at the Court House, they appointed one of their pilots to represent them at a forum which we held in the big High School outside of Flemington last July, and a thousand people came and we had some distinguished and knowledgable people there. This pilot was on the platform and he showed up, among other things for our edification, with a pair of those superb earmuffs which cost \$35.00 a pair. They are not just earmuffs, believe

me - they are designed to create a vacuum, because these are the gadgets that the employees at Idlewild, for instance, now by regulation have to wear. And there was one interesting P.S. on his appearance on the platform that night representing these 25 pilots in Hunterdon County. His name got in the papers and so did his affiliation with the major airline that he flies with, and he is one of the Senior Pilots - and, bingo, before you could say "jets," he was called on the carpet by his superior. And from that you can understand why no pilots are here before you today talking. But I can tell how they feel in Hunterdon County at least.

I said that I have known Hunterdon County for many years. I happen to be a product of one of these little one-room schools from the tiny village of Stanton, where I still live, and today, not far away at Flemington, we have the largest school under one roof in the State of New Jersey. It's the Flemington-Raritan Elementary School and, right outside of Flemington, the school which I am an alumnus of, which we used to call Flemington High School, is now Hunterdon Central High School - it's only one of five in the county, five consolidated high schools, but it alone has over a thousand pupils, and it so happens that these runways I spoke of are also pointed right at the heart, like a dagger, of this big high school and of this very large elementary school that I mentioned.

To me it is very interesting that Hunterdon, although it has 26 municipalities, is really one community. It is unusual; it is unique. An example of that is our newspaper coverage. You heard Mr. Moreau talk here a little while ago,

who is publisher of the Hunterdon County Democrat. His weekly has a circulation of 13,000 people, which covers the county like a blanket. We have evidence of that in the support of our Medical Center. We have a loyalty and a unanimity among the people as a county which is quite unusual. We are still able in our county, for example, to get door-bell ringers, about 800 of them, every fall to go out and ring doorbells for the fund drive for the Medical Center.

I mention that simply because, in my experience, it is almost unheard of - the unanimity on any big, broad question that we have in the county, such as this jetport thing. You have seen that today with our legislative representatives and it was evidenced also at that jetport forum that I mentioned, where we had a thousand people, and we distributed questionnaires at that meeting to find out the sentiment of people. It was interesting that the vote of those who favored a jetport was exactly 16 people, so I think we can say that, as partners of Morris County - who, as Mr. Bohren mentioned, are smaller in population and resources, but likewise resolved on this thing and proud of our community - we feel that it is an integrated North Jersey problem, and we again go back to this word "contiguous," which we are depending on.

Thank you.

SENATOR FARLEY: Thank you. Any further witnesses?

MR. BOHREN: Mr. Chairman, you will return this afternoon as I understand. There is one fellow who is due from New York. You have moved so swiftly, he is not here yet. He is a Consulting Engineer and head of our Planning Board.

SENATOR FARLEY: Well, this afternoon, the Committee

has determined it would like to go into the financial situation of the Port of New York Authority. We don't want to deny you any opportunity, but we would like to hear the rest of your witnesses this morning if possible. If this fellow desires to be heard, we will interrupt the hearing this afternoon if he will not take too long.

MR. BOHREN: Suppose we limit him to 10 minutes this afternoon. He is due at 1:45.

SENATOR FARLEY: Is it possible for this gentleman to file a statement?

MR. BOHREN: Yes.

SENATOR FARLEY: I would appreciate that, because we do have considerable work to do. Certainly, we don't want to deny you any opportunity, but I think it would probably be repetitious and cover the same subject matter, because this presentation has been very comprehensive and very informative, and I want to compliment you, Senator Hillery, Mr. Batt, and all you gentlemen who have attended here this morning. I do think your presentations have been so unequivocally clear-cut as to your objections that it is well within the minds of the Committee what your attitude is with reference to this particular project.

MR. BOHREN: We will file that report.

SENATOR FARLEY: Thank you. Are there any further witnesses, Senator Hillery?

MR. ROACH: I neglected just to make one brief statement and that is, I wanted to ask a question: Do you have any resolution from the Metropolitan Regional Council?

SENATOR FARLEY: Do we have one?

MR. ROACH: Yes.

SENATOR FARLEY: Not to my knowledge.

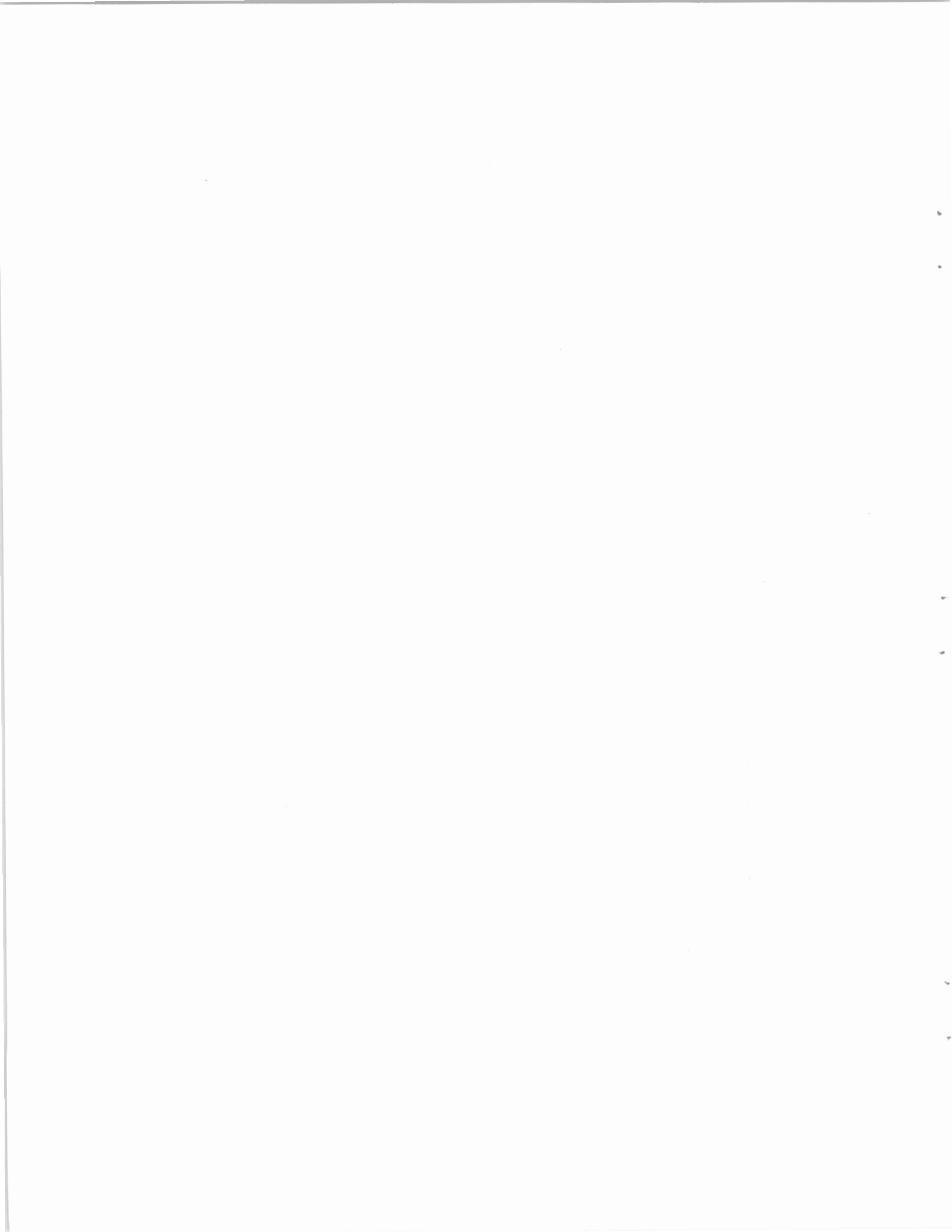
MR. ROACH: I will see that you get one - a certified copy.

SENATOR FARLEY: If you send it to this Committee, you may rest assured that it will be filed. And anyone who is not here today but is desirous of noting their objection, if they will forward it to me or any member of the Committee, you may rest assured that it will be properly filed with the rest of their objections. Just forward it to the Senate Chamber, State House, Trenton.

MR. ROACH: They are in opposition to this airport, where it is to be located, and they want one that will serve both New York City and the City of Philadelphia, which points to South Jersey. You know what the Metropolitan Regional Council is and what it is composed of, don't you? - New York City, Jersey City, and Newark, and all the counties of the metropolitan area. It is the largest in population of any instrument that there is that meets together, and it would be a valuable resolution.

SENATOR HILLERY: Mr. Chairman, speaking for the representatives who are here for Morris County and all the officials, I would like to thank you for the time that you and your Committee have given us this morning. We are very appreciative of this and we also appreciate your sympathetic attitude toward our cause. Thank you very much.

SENATOR FARLEY: Thank you, Senator. This hearing will recess until two o'clock. [RECESS]



(AFTERNOON SESSION)

SENATOR FARLEY: This hearing will continue and we will call Mr. Austin Tobin of the New York Port Authority.

Mr. Tobin, at the last hearing in Newark in January, the last request this Committee made of you and the New York Port Authority was to produce to this Committee the various projects and their income and disbursements, is possible. Are you in a position to testify or apprise the Committee of these facts?

A U S T I N J. T O B I N: Yes, Senator.

SENATOR FARLEY: Will you proceed. Go right ahead.

MR. TOBIN: We submitted to the Committee under date of May 1st a summary of tables and an explanatory statement and a letter, Senator, submitting the material that you asked for at the close of the last session and I believe that that statement and those tables entitled "Comparative Statement of Revenues; Expenses and Equal Annual Debt Service of Port Authority Facilities from Inception to December 31, 1960" are before the Committee.

SENATOR FARLEY: You desire to offer your letter dated May 1st, addressed to me and the various members of this Committee, in evidence?

MR. TOBIN: I would very much like to do so, Senator, because the tables very much require the explanatory material in that letter and the statement and I would appreciate it very much if the letter and the statement could be included with the tables.

SENATOR FARLEY: This letter is written by you over your signature and you are willing to verify under oath the contents therein are correct?

MR. TOBIN: Yes, sir.

SENATOR FARLEY: Mr. Tobin, for the purpose of the record, would you give us your intimate knowledge of why you pool these assets and put them into the general fund?

MR. TOBIN: Well, we pool them in accordance with the directives of the two legislatures in the 1931 legislation. The first facilities built by the Port Authority were separately financed and in separate bond issues and the revenues from each of those facilities in effect segregated. Those facilities, which were the Staten Island bridges, did very poorly at first and so the bonds issued for those facilities were close to default.

SENATOR COWGILL: Mr. Chairman, would you ask the witness to talk in the microphone. The people in the back can't hear.

SENATOR FARLEY: Will you pull your microphone a bit closer, please.

MR. TOBIN: Those first facilities, the Staten Island bridges, were separately financed and their revenues segregated so that when they got into financial difficulties in 1928 and 1929 and 1930, the legislatures directed the pooling of revenues, and in effect merged the old Holland Tunnel Commissions and the Port Authority, authorized the Port Authority to establish a general reserve fund which in effect provided for the pooling of revenues, and also authorized and directed them to go forward with the construction of the Lincoln Tunnel. As part of that pooling, the two states had paid \$50,000,000 for the construction of the Holland Tunnel and bonds were issued on the pooled basis, which covered an equal payment by the Port Authority to the two states at

that time. And since then, all Port Authority facilities under that bi-state legislation have been pooled so that it was possible with the creation of the pooling of the revenues and the creation of one general reserve fund to go forward and finance Port facilities that anyone would know had to go through a developmental period when they would not really be self-supporting, but would be supported by the revenues from all facilities by the strength of those pooled revenues.

SENATOR FARLEY: Mr. Tobin, are you in a position to afford this Committee information relative to the general income of each project? We will take them one by one. Is the Holland Tunnel a paying proposition?

MR. TOBIN: Yes, Senator, the Holland Tunnel has paid for itself, as indicated in these charts, over the years. Many of the other facilities ---

SENATOR FARLEY: Do you have any figures or any data at your hand that would show the gross income and the gross expenses so that you could show a net profit, being that it is a successful project of the Port, for the Holland Tube alone?

MR. TOBIN: Yes, Senator. We have invested in the Holland Tube \$58,000,000. As a matter of interest, there are still some \$6,000,000 of those bonds outstanding.

Over the years since 1931, the gross revenues of the Holland Tunnel have been \$263,700,000, its operating expenses \$89,400,000, giving net operating revenues of \$174,290,000.

SENATOR FARLEY: Over what period of time?

MR. TOBIN: Before debt service. That's over a period of 30 years. Debt service during that period of 30 years, as

against the \$174,000,000 net, has been \$91,400,000, leaving net revenues after debt service of \$82,000,000 as against the \$58,000,000 investment.

SENATOR FARLEY: Now, we will take the project of the Lincoln Tunnel since the date of acquisition.

MR. TOBIN: The Lincoln Tunnel -- the first tube of the Lincoln Tunnel was opened in 1938. The cost of the Lincoln Tunnel to date is \$184,000,000. Since it has been opened it has taken in gross revenues of \$183,000,000. Its operating expenses through these 22 years or 23 years have been \$60,400,000, leaving net operating revenues of \$122,000,000, to apply as against total debt service over that period of \$106,000,000, leaving a net revenue after debt service of \$16,000,000 with that investment of \$184,000,000. That means that there is an unamortized investment in the Lincoln Tunnel still of \$132,000,000.

SENATOR FARLEY: But, is it a profit-bearing project?

MR. TOBIN: Currently, Senator, yes; that is, year by year.

SENATOR FARLEY: I appreciate you consider the amortization of bonds, etc.

MR. TOBIN: Year by year there is a surplus which flows over from the Lincoln Tunnel into the general reserve fund.

SENATOR FARLEY: All right. Now, take your LaGuardia Airport from the time of acquisition, your annual income, if you can tell us, and its financial position, whether it is profit-bearing or whether it sustains a loss?

MR. TOBIN: Under the city agreement we took over the responsibility for carrying on the development of LaGuardia Airport in 1947. Since that time, we have borrowed and put into

LaGuardia \$27,000,000. Its gross revenues since 1947 have been \$39,400,000 as against operating expenses of \$33,800,000, leaving a net operating revenue of \$5,500,000. During those 13 years its total debt service, interest and amortization, has amounted to \$4,400,000. So there has been a net revenue from LaGuardia after debt service of \$1,100,000.

SENATOR FARLEY: All right. We'll take Idlewild or International Airport now.

MR. TOBIN: Do you mind, Senator - I'm not quite finished.

SENATOR FARLEY: I am sorry. Pardon my interruption.

MR. TOBIN: Therefore, the unamortized investment in LaGuardia as of the present time is \$25,200,000. I might say, Senator, that necessarily these computations of debt service are subject to all of the assumptions that I have outlined with great care in my letter to the Committee, and in the nature of things and since all revenues are pooled and since they are funded and refunded and there is just one Port Authority consolidated bond and the revenues of one facility flow over into another, particularly during the developmental period - for all of those reasons you can only compute the debt service figures wherever I use them on the assumptions that we have made which are outlined in the chart and as I will use "debt service" in answer to your questions, sir, it is on a "theoretical computation, assuming a 30-year bond term with equal annual payments of principal and interest, such interest being computed at an assumed rate equivalent to the average rate paid for new money in the year prior to that in which the investment was made."

With that note, sir, to go back to your question, LaGuardia Airport, turned over to our responsibility in 1947 by the City of New York, has had gross revenues of \$39,400,000 since that time, operating expenses of \$33,800,000 for a net operating revenue of \$5,500,000. Debt service, as against that, has been \$4,400,000. We have \$27,200,000 invested in LaGuardia and I may say are in an active construction program in which about \$70,000,000 is being spent there for new runways and new terminal buildings.

SENATOR FARLEY: Can you give me the cost of acquisition? You may have given it to me. I haven't got it.

MR. TOBIN: LaGuardia is a long-term lease from the City of New York with the Port Authority paying the city rental for LaGuardia, but with the City of New York, if ever it broke into a cumulative net position, receiving 75 percent of all the net.

SENATOR FARLEY: Is it true that the City of New York cannot possibly financially maintain LaGuardia Airport?

MR. TOBIN: Well, when we took LaGuardia and New York International over, the City of New York was losing \$700,000 a year on those airports and, of course, they were receiving no taxes on them at all. They were city properties. They remain city properties - the fee is in the city. Now we are operating them on a self-supporting basis and in addition paying the city, I think, some \$450,000 a year rent.

SENATOR FARLEY: That is for both airports?

MR. TOBIN: For both airports.

SENATOR FARLEY: Now, give us the status of International,

formerly Idlewild, since the date of acquisition.

MR. TOBIN: We took that airport over in 1948. Since that time we have invested \$288,500,000 in New York International. The gross revenues since 1948 have amounted to \$138,242,000. As against those \$138,000,000 in gross revenues, there have been \$70,500,000 in operating expenses, leaving over these 13 years ---

SENATOR FARLEY: What was that last figure? Operating expenses were what?

MR. TOBIN: The net operating revenues over the 13 years are \$67,000,000.

SENATOR FARLEY: Thank you.

MR. TOBIN: And as against that \$67,000,000 net operating revenues, one might assume on the assumptions I have made that its debt service has been \$50,600,000, leaving a net revenue for the 13 years after debt service of about \$17,000,000 and an unamortized investment in the facility of some \$267,875,000.

SENATOR FARLEY: All right. Now, let's take the Port of Newark. Give us the history of the Port of Newark.

MR. TOBIN: Port Newark and Newark Airport were up to 1948 costing the City of Newark about \$400,000 a year in deficits. In that year, under a 50-year lease agreement with the City of Newark, we took over the responsibility for carrying on the development of those facilities. Since that time -- I may say under that agreement we were obligated to put, as I recall it, twelve or fourteen million dollars into Port Newark. Actually, since that time we have put \$62,200,000 in Port Newark. The gross revenues during that period of the past 13 years have been some \$41,000,000 - its operating expenses

\$23,600,000, so that there have been net revenues over the 13 years of \$17,300,000 as against total computed debt service of \$12,400,000, leaving about \$5,000,000 of net revenues after debt service and an unamortized investment in Port Newark at the present time of some \$56,780,000.

SENATOR FARLEY: Mr. Tobin, will you tell us about the fiscal situation involving docks at Hoboken, New Jersey.

MR. TOBIN: In Hoboken, we took over the responsibility for the operation of Hoboken in 1952 under a rather complicated agreement. The piers there had been taken over by the Federal government from the German steamship lines in the First World War. They had been pretty well neglected and had been burned out as a matter of fact a couple of times and they were far from an asset to the City of Hoboken and the city was anxious to have them rebuilt and an active pier operation with all that it meant to business and labor in Hoboken go forward there. We worked out, after a great deal of trying, a rather complicated three-part arrangement between the Port Authority and the Federal government and the City of Hoboken. Under that agreement we have since 1952 put about \$18,000,000 into the construction of new piers along the Hoboken waterfront there, two completely new and very modern cargo piers and the one a rather extensive remodelling of a combined cargo and passenger pier.

Since that time, since 1952 -- the piers are rented I may say to the American Export Line -- since that time the gross revenues on the piers have been \$7,600,000 a year against operating expenses of \$2,500,000, leaving net operating revenues of \$5,000,000 against a constructed debt service of \$3,600,000 or

net revenues after debt service of \$1,400,000, and leaving an unamortized investment in that facility also of some \$16,400,000. We recently renegotiated the rental payments to the City of Hoboken so that now those piers which were, of course, yielding them nothing under the Federal government are paying \$100,000 a year and also we have agreed to assume the cost of a quarter of a million dollars of water service reconstruction throughout the city in order to provide better pressures at the pier.

SENATOR FARLEY: What does the City of Hoboken realize from the lease in lieu of taxes?

MR. TOBIN: \$100,000 a year.

SENATOR FARLEY: In your report relative to the Newark Port you did not include the Newark Airport. Can you give us information relative to that fiscal situation?

MR. TOBIN: Newark Airport, as I noted, Senator, was turned over to our responsibility in 1948. Since that time we have invested \$39,400,000 in Newark Airport. The gross revenues over that period have been about \$25,000,000 as against operating expenses of \$22,357,000, leaving net operating revenues at Newark Airport over the 13 years of \$2,642,000 against total constructed debt service over that period of some \$12,000,000 or a cumulative deficit figure in net revenues at Newark Airport after debt service of \$9,300,000.

SENATOR FARLEY: Over what period of years is that \$9,000,000 debt service?

MR. TOBIN: Over 13 years.

SENATOR FARLEY: Now give us a report on the docks in Brooklyn, New York - cost of acquisition, etc.

MR. TOBIN: The Brooklyn docks - the major portion of what I have been talking about are docks that were operated by the New York Dock Company, some two miles of docks running south from the Brooklyn Bridge. They were very, very old narrow wooden docks built to the specifications of the days of horse-drawn truck and quite unsuitable to the heavy percentage of motor truck cargoes that all of the piers in all parts of the Port are called on to handle today. New York Dock Company was a prosperous company. All of the piers were rented for the lack of modern good pier space in New York and they are at an advantageous location so far as shipping is concerned. But the dock company could not put any money in new piers because they or any other private corporation could not afford to pay the city taxes on new piers. They were paying some \$650,000 to \$700,000 a year in taxes on the old existing piers. There had been some desultory discussions from time to time between the Port Authority and the dock company, initiated each time by the dock company, but in each case we had suggested that they were a profitable, healthy, private corporation and that there was no imminent need for the states' public port agency taking over the piers for the construction job.

Governor Harriman got quite concerned about it finally and during his administration urged us to try again and we did and we finally came to an agreement with the New York Dock Company to purchase the docks for, as I recall it, \$14,000,000 - about \$14,000,000. And we have since been reconstructing that

section of the Brooklyn waterfront with modern, new docks. All, of course, are rented out to private shipping and stevedoring companies. We have put into those docks since 1956 some \$61,000,000 out of a total \$90,000,000 program. Of course, this program is going forward quite actively. We have put so far \$61,000,000 into the construction of new docks there and the creation of what we call farm areas which are open area space back of docks which you have to have at all modern docks because of the amount of truck cargo and the increasing amounts of container cargo. One of the reasons basically in the shipping trends of the world that make Port Newark and the new Port Elizabeth under active construction so attractive is because of the tremendous capacity they have of farm acreage back of the dock for proper distribution in buildings and for the handling of these containers.

Senator, you will recall that the Committee during the course of its studies visited Port Newark and you saw some of those container operations going on there, so you have a first-hand idea of the area that is needed. So part of the job at Brooklyn in addition to building the new docks is to tear down old buildings in back of the docks and create open areas there.

SENATOR FARLEY: Not to interrupt you, but for the purpose of the record would you say that the Port of Newark has a tremendous potential because of the facilities that you have just described?

MR. TOBIN: Oh, we think Port Newark and Port Elizabeth have the greatest potential of any dock area in the Port.

SENATOR FARLEY: In the East?

MR. TOBIN: And I think in the East. Of course, I naturally think that the Port of New York is the best port in the East and I believe that Port Newark and the newly and very actively developing Elizabeth channel area are the best areas in the best port in the East.

SENATOR FARLEY: Pardon my interruption. You may proceed.

MR. TOBIN: The gross revenues of the Brooklyn docks since 1956 have been \$16,700,000 as against operating expenses of \$10,700,000, leaving net operating revenues of about \$6,000,000 to be applied against a constructed debt service over that period of \$6,300,000. We, therefore, at the present time have an unamortized investment in the Brooklyn docks of some \$59,000,000.

SENATOR FARLEY: So that the Brooklyn docks at the present testimony is a losing proposition.

MR. TOBIN: No. They are currently losing a bit, Senator, but we are well satisfied with the way they are developing economically and believe they will be self-supporting as they nibble away at this tremendous debt structure.

SENATOR FARLEY: Now, we will take Teterboro Airport - the date of acquisition, the cost of acquisition and the present fiscal situation.

MR. TOBIN: Teterboro Airport we purchased in 1949 to round out a regional system which was directed in the Joint Port District Airport legislation of 1947 where the states adopted the policy of the general regional development of airports. In accordance with that policy we acquired Teterboro in 1949 and

we have \$10,500,000 invested in that facility since that time. Its total gross revenues have been \$6,800,000 - its operating expenses \$7,158,000 - so that it has had a net operating loss over those years of \$350,000 as against a computed debt service of \$3,800,000 or a deficit figure in net revenues after debt service of \$4,160,000. It is losing at the rate of about \$400,000 a year currently, but I may say providing a very, very necessary service in handling practically all the schooling of young pilots that is handled in the metropolitan area and a place where for very reasonable or nominal fees small planes can land and where there is a great deal of activity of small corporate planes. And all of that is a very necessary service to general aviation in the area.

SENATOR FARLEY: All right. Our next project is the George Washington Bridge - the date of acquisition, etc.

MR. TOBIN: The Port Authority completed the George Washington Bridge in 1932 after about a four-year building program. To date we have invested some \$143,700,000, an amount which is going up very rapidly because we are in the process of construction of the second deck and approaches and the bus terminal on the New York side, so that that figure will be increased to \$260,000,000 within the next two years. As against that investment that as I note will be \$260,000,000 in, say, 1963, we have had gross revenues in the George Washington Bridge of \$264,280,000 as against operating expenses of \$52,000,000 or a net operating figure of \$212,000,000. The computed debt service on the bridge over these 20 years since it has been opened is \$112,800,000. So there are net revenues from the

bridge after debt service of \$99,000,000 as against its present unamortized investment of \$83,000,000. That investment, as I have indicated, will be rapidly increasing.

SENATOR FARLEY: Now, the New York Union Motor Truck Terminal.

MR. TOBIN: The New York Union Motor Truck Terminal was built in 1950 at a cost of \$7,362,000. Its gross revenues since that time have been \$3,400,000, its operating expenses \$3,880,000. So it has operated at a net operating loss over these 11 years of \$463,000.

SENATOR FARLEY: You said loss, did you not?

MR. TOBIN: Net operating loss. The computed debt service on the facility would be about \$5,000,000 so that its deficit figure on net revenues after debt service would be about \$5,500,000.

SENATOR FARLEY: Now, we will take the Newark Union Motor Truck Terminal.

MR. TOBIN: The Newark Truck Terminal was completed in 1951. It cost \$8,100,000. Its gross revenues since that time have been \$2,850,000 - its operating expenses \$1,347,000 - so that it has had net operating revenues of \$1,500,000. As against that, however, its computed debt service would be about \$3,570,000 so that it carries a deficit figure as a revenue figure after debt service of about \$2,000,000.

SENATOR FARLEY: All right. Your building at 39th and 8th Avenue.

MR. TOBIN: The Port Authority Building --

SENATOR FARLEY: The Port Authority Building.

MR. TOBIN: (Continuing) -- which is basically a consolidated railroad freight terminal, but which includes the Port Authority offices in the building above the terminal and also a great deal of commercially rented space which carries the cost of the terminal - that facility was built in 1933 and we have invested in it to date - its original cost was about \$16,000,000 - but about five years ago we did a great deal of modernization there and its total investment to date is \$22,500,000. Since it was opened in 1933 its gross revenues have been about \$56,000,000 and its operating expenses about \$30,000,000 so that it has a net operating revenue figure over the years of \$25,290,000. Its computed debt service over that period would be about \$28,320,000 so that it would carry a deficit figure on those debt service assumptions, a cumulative deficit figure of \$3,000,000. We would estimate on that debt service computation that we have an unamortized investment in the facility of about \$8,000,000.

SENATOR FARLEY: Now your Staten Island Bridges.

MR. TOBIN: The Staten Island Bridges, the first Port Authority projects, were completed in 1928. I am speaking of the combined three bridges to Staten Island from Perth Amboy, from Elizabeth and from Bayonne. As I have indicated in something that I said at the early part of my replies, for many years they ran in the red. The Pulaski Skyway was built shortly after they were built and the traffic that those bridges thought they would carry was diverted largely to the Holland Tunnel. So for about the first 20 years they ran even currently, year by year, in the red. The total investment in those facilities was

\$30,600,000. Their gross revenues over the 33-year period have been about \$60,000,000, their operating expenses about \$17,000,000, so that their net operating figure is about \$42,000,000. Their computed debt service over the years would be about \$56,860,000, reflecting a deficit figure cumulatively over the years after debt service of about \$15,000,000.

SENATOR FARLEY: The heliports?

MR. TOBIN: The heliports are, of course, completely in the developmental stage. There are two of them, one at the foot of 30th Street and one at the foot of Wall Street. In addition to that, of course, we maintain helicopter landing areas at the airports, but the figures on those are lumped into the respective airport figures. So far we have \$700,000 in the heliports and the gross revenues received from them have been \$55,000 as against operating expenses of \$250,000. They reflect, therefore, a deficit figure after debt service of about \$300,000. We are in the very early stages of heliport development and just experimenting and feeling our way and know that we will be putting lots of money in heliports before it ever reaches the self-supporting state.

I may say that we recently politely declined the suggestion that we build a heliport on top of the new Pan-American Building on 42nd Street, thinking that that was perhaps a little technologically ahead of its time, but Pan-American doesn't think so and the New York Airways doesn't think so and the fellow that is building the building doesn't think so because they are going ahead and building one anyway.

SENATOR FARLEY: All right. The Grain Terminal and the

Columbia Street pier.

MR. TOBIN: The Grain Terminal and Columbia Street Pier were originally part of the New York State waterway system and were losing quite a bit of money in that system and Governor Dewey asked us if we could take them over and see what we could do with them. The State of New York simply not only transferred them to the Port Authority, but as I recall it advanced us something like \$1,500,000 to aid in their capital development.

We have invested in the Grain Terminal and Pier some \$3,800,000. The gross revenues since 1946 have been \$10,600,000 and their expenses \$7,800,000, leaving a net operating figure of \$2,700,000 and a net after debt service of about \$1,000,000.

SENATOR FARLEY: Loss?

MR. TOBIN: No. That is a black figure. The explanation of that is, Senator, we had very little to put into those facilities. The State of New York turned them over to us really to get them off their own hands and gave us some of the capital to get started with.

SENATOR FARLEY: The Erie Basin.

MR. TOBIN: The Erie Basin properties are a continuation of the Brooklyn shore development. We purchased those properties from their owner who for the same reasons as the New York Dock Company couldn't put any private capital in them. I neglected to say in connection with the Brooklyn piers, and this is true of Erie Basin too, that under the statutes authorizing us to do so our arrangement with the City of New York is that we pay them the full amount of taxes which they were receiving on those

properties when the New York Dock Company held them - some \$700,000 a year. And we do the same, of course, on the Erie Basin pier. So that under the statutes, the statutes of '31 passed in both states, the City of New York is saved harmless from any loss of taxes, but at the same time it is possible, which would have been completely impossible in private hands or for any private corporation to go forward with the modern construction with the new piers. In other words, there is no tax reflection of the new structure, only a reflection of the same amount of taxes that the City of New York was receiving on the property prior to the time we took it over.

In the Erie Basin property we have some \$8,900,000 in that dock area there. The gross revenues since 1959 when we purchased them have been \$2,600,000, the net operating revenue \$1,300,000 against a computed debt service of some \$940,000, leaving a cumulative net after debt service of about \$400,000. The unamortized investment in the facility is about \$8,500,000.

SENATOR FARLEY: Now, Mr. Tobin, you furnished this Committee supplemental data relative to all these projects you have testified to here today, have you not?

MR. TOBIN: I have been reading across on one large sheet, but there are detailed breakdowns for each of these facilities, sir, with a page for each of the facilities in all of the sheets that would follow along after that.

SENATOR FARLEY: Mr. Tobin, if I may I would like to ask a few questions. Why do you have a single insuren for the Port Authority?

MR. TOBIN: Well, Senator, we don't know how else we could do it. With the heavy value of bridges and tunnels and dock systems and airports and the heavy liability potential, we have to carry very heavy insurance. I think we have one of the largest insurance accounts in the world. In our opinion that has to be handled by one broker to give it his prime efforts and attention and to put a staff on it. Typically the Frelinghuysen Agency, which has always been the Port Authority's insurance broker, has I think six or seven men that do nothing else but service the Port Authority's accounts. An insurance problem of this size has a very interesting twist to it. Our problem is where we find the insurance. You have to literally scour all over the world to try and get the amount of coverage that we need. Typically on our bridges and tunnels the American market can cover only about 47 per cent of our insurance and the rest of it comes from Lloyds and what dibs and dabs of insurance we have been able to pick up in Italy and Scandinavia and some other countries. Now, that requires a lot of effort and work and knowledge of the market and expertize in insurance. I would say that our insurance program could not function without one of the large insurance brokers. There are half a dozen of them that I would say could handle the account, but it's only a question of one of the other where it goes.

SENATOR FARLEY: How do they compare with other insurance premiums paid by other people?

MR. TOBIN: We think, sir, that we pay as low premiums as anybody can get. We know that our bridge and tunnel policies which amount to a face value of \$335,000,000 carry a rate of

27 cents a hundred which is the lowest rate of any bridge and tunnel structures in the world.

SENATOR FARLEY: What justification do you have for carrying this type of policy or the amount of the insurance policies?

MR. TOBIN: Well, the only way we get money is to sell our bonds to private individuals and fiduciaries and trusts and banks and insurance companies and after all the whole basis of their loans is the revenues from these facilities and they have to know that in some catastrophe they don't lose that source of revenue so that we have to have adequate coverage of those bridges and tunnels. We pare it down. We don't, of course, Senator, include any of the basic structures that you would feel that nothing could happen to. But as to the suspended structures of the bridges and, of course, particularly as to the tunnels, we have to have sound insurance coverage that will insure the bondholders that in the event of a disaster or a catastrophe they will be protected.

SENATOR FARLEY: How often do you have these properties re-evaluated?

MR. TOBIN: Oh, Senator, we re-evaluate them about every two years. We have our engineering department go over them for insurance purposes and usually make changes for one reason or another during those periods and also have outside evaluators and appraisors check our own opinion of them. We, of course, have to carry sound fire insurance. We have some 700 to 900 buildings to cover from the standpoint of fire losses.

Then, of course, we carry \$20,000,000 in liability. I think the most difficult part of that phase has been the problem of liability on the airports since the jets have started to operate where if you have an accident on the field that was in any way our fault - suppose that a runway were in bad condition and we had proper notice and we didn't fix the runway - one loss of a jet could amount to five or six million dollars. So we carry \$20,000,000 in liability in various levels of coverage and on that the first \$100,000 is self-insured and the rest is covered in both the American market and in Lloyds.

SENATOR FARLEY: All right. Now, other than insurance, does competitive bidding prevail in your setup in the Port Authority?

MR. TOBIN: Oh, yes, Senator.

SENATOR FARLEY: It has prevailed?

MR. TOBIN: Yes.

SENATOR FARLEY: To what extent - generally in all phases of purchases?

MR. TOBIN: Our purchases up to around \$2,500, I think it is, are open-market purchases; that is, our purchase department with lists of available suppliers will shop the market up to that point. But I think it is from \$2,500 up to \$12,000 they must have three bids on our purchases. Above \$12,500 everything is publicly bid with the exception of some particular job where the contract or the specialized requirements of it would dictate otherwise. That happens very, very infrequently. I have a figure in my mind that over the last 12 or 15 years - I know we made a count recently - we had some 15,000 construction

contracts in some period - it was either 12 or 15 years - and I think 98 per cent of those contracts - they amounted to about \$538,000,000 - about 98 per cent of those were on public bid. Where we get a job - typically LaGuardia Airport reconstruction - where you have to rebuild a whole airport and terminal while 5,000,000 passengers a year are pouring through it and using it, really our engineers have to be in there bossing that job and changing it and improvising from hour to hour to build around that type of traffic flow. There we wanted to be sure of the type of general contractor we had and we took four of the outstanding general contractors in New York and had them submit bids so that we would be sure that we would have a general contractor ---

SENATOR FARLEY: Now, on your issues of bonds, how are your paying agents and registrars selected?

MR. TOBIN: When we sell bonds?

SENATOR FARLEY: Yes.

MR. TOBIN: We stay out of that. We sell our bonds publicly, of course, at public bid and sale and we provide that the winning syndicate may name the registrar and paying agent. Marketwise that helps a great deal.

SENATOR FARLEY: How are your rates obtainable?

MR. TOBIN: (Continuing) -- and we are very pleased to be out of it.

SENATOR FARLEY: Mr. Tobin, how do you determine which rates are best? What pattern do you follow? What formula do you follow to ascertain the best rates you could obtain - any particular procedure on obtaining low cost of bonds?

MR. TOBIN: On the financing?

SENATOR FARLEY: Yes.

MR. TOBIN: Well, Port Authority bonds, Senator, are quoted in the market and bought and sold on the market every day so that you can pretty much guess and compute what the rate will be by what the current market is just as your State financial officers can compute a State issue. So we know what the market ought to be and you can then discount that against the amount of bonds you are selling. But within a range of very few basic points we can tell what a price ought to be. We were surprised a couple of days ago when the rate on some thirty-five million in serials that we sold a couple of days ago - we guessed it would come in around 360 and it actually came in at 340. But on the basis of market and market conditions, we can pretty well judge whether or not the bid is correct.

SENATOR FARLEY: What is your basic theory of debt management? Can you apprise this Committee as to how you operate in that direction?

MR. TOBIN: Well, I think one of the best statements I know of Port Authority debt management was written here in the Legislature of New Jersey back in 1941 when the Legislature also at that time, as it is now, went into Port Authority financing and management and supported in their report a recommendation that the Port Authority should retire its debt as rapidly as possible because they recognized that the task of developing the public terminal and transportation facilities of the Port was a continuing one and a dynamic one, and they recognized even back in 1941 the type of demands that would be put upon a port agency

in such a tremendous port as this if it were to keep up with modern requirements, and certainly that was the intention of the two legislatures. So they charged us as to debt policy as to rapid retirement of debt, what they called a dynamic policy of approach to the Port Authority financing. I would say, sir, it's a bit difficult to answer from the hip a question - what's the debt management theory. But I think that that basic principle of the '41 legislative report of rapid retirement of debt is as close to the core of debt management as I could imagine. We also try to keep our future debt pretty much on a even keel so that we don't overload any particular period and as we plan our debt out ahead and ask to sell new securities --

SENATOR FARLEY: That is your basis for your 10 per cent.

MR. TOBIN: We have to watch that anyway because at any point that our debt coverage got down to 1.3 we are finished. There is no more borrowing.

SENATOR FARLEY: At this time I am going to yield to Senator Dumont of Warren. I think he wants to cover the tunnel situation.

SENATOR DUMONT: In the course of reviewing these facilities, would you mind covering the Lincoln and Holland Tunnels?

MR. TOBIN: The Lincoln Tunnel, Senator - I did cover some of the general figures - were you asking me about the particular sheets on those?

SENATOR DUMONT: The way you went through the others - just to complete the record.

MR. TOBIN: The first tube of the Lincoln Tunnel was completed in 1938. The total investment with the three tubes of the Lincoln Tunnel today is \$184,000,000. Its gross revenues since 1938 have been \$183,000,000.- interesting in that it is almost the exact same amount as the total investment. The operating expenses during that period have been \$60,000,000 so that you had a net operating revenue of \$122,000,000 as against debt service requirements computed for that period on the basis of this report at \$106,000,000, leaving a net revenue after debt service over those years since 1938 of \$16,000,000 or an unamortized investment of that facility of about \$132,000,000.

SENATOR DUMONT: And the Holland Tunnel?

MR. TOBIN: In the Holland Tunnel our total investment is \$58,000,000. I believe I mentioned before that was built by the two separate state commissions and then transferred to the Port Authority in 1931, the Port Authority selling bonds and refunding and repaying the two states for the amount of their construction cost that they had advanced for construction. Its total revenues since 1931 over these 30 years have been \$263,700,000. Its net operating revenues after about \$90,000,000 in operating expenses have been about \$175,000,000. We would compute its debt service on the assumptions submitted to you in our letter of transmittal at about \$91,500,000, leaving a net revenue after debt service on the Holland Tunnel of \$82,800,000.

SENATOR DUMONT: You have some operations over in Moonachie, don't you, in Bergen County?

MR. TOBIN: The Teterboro Airport.

SENATOR DUMONT: Is that reflected under the Teterboro Airport report here?

MR. TOBIN: Yes, Senator. They would be included in those figures.

SENATOR DUMONT: What kind of activities do you carry on in the buildings that you own over there? I think it's in Moonachie - maybe it's not right in that community.

MR. TOBIN: We have built over there and as a matter of fact at all of the airports out in the peripheral areas where they must be retained for airport purposes and controlled for airport purposes at all times - rather than have those areas lay fallow - low, one-story industrial buildings to get revenue from them to support the airport, and the need for it typically at Teterboro is illustrated by the figure I used a little while ago, that Teterboro is losing \$400,000 a year. The building of these buildings is in accordance with the reports on how you could possibly make airports self-supporting that we submitted to the legislatures in 1947 when the legislatures authorized us to go forward with the regional airport program.

We said to the legislatures at that time in our written reports that that was one of the ways that you could turn the deficits of the cities in the airports at that time into self-supporting public projects.

I may say, of course, that in the case of Teterboro, we pay the Borough of Moonachie and all of the other municipalities involved there the full amount of taxes they were receiving on that property prior to the time that we took it over. Of course, when we do take it over, we then from there on handle all the

regular municipal services of the utility - fire, police, roads and the like.

Policywise we are very careful that no private person or corporation or tenant receive any benefit whatsoever out of the Port Authority's, the state agency's tax exempt status, so that we are very careful that the rentals paid by the tenants are at least equal to - and the fact is that in all cases they are more than the tenant would be paying off the airport. So the tenant, the private person, gets no benefit taxwise out of his rental of a Port Authority property at all. The airport gets the benefit in any revenue there is from it for the support of the airport.

SENATOR DUMONT: Now, you say you pay the taxes that were existing at the time you took over the property. What did you buy there, vacant land or land with improvements on it?

MR. TOBIN: We bought vacant land. Excuse me, Senator. We bought an airport, a privately-operated airport. But to direct my answer to your question, the particular area where these industrial buildings would be was vacant land.

SENATOR DUMONT: So that you in reimbursing the municipality are not reimbursing them for any improvements because you put the improvements on after you bought the land?

MR. TOBIN: That's correct.

SENATOR DUMONT: -- just on the vacant land?

MR. TOBIN: That's right.

SENATOR DUMONT: That's all I have.

SENATOR FARLEY: Mr. Tobin, has the Port to your knowledge ever entered into any unauthorized areas?

MR. TOBIN: I hope not.

SENATOR FARLEY: Have they ever in the past?

MR. TOBIN: Yes. The Supreme Court of New Jersey said when we built the Third Tube that we were off the reservation and that it was an unauthorized public act. You rushed to our rescue within a week and legitimized the baby.

SENATOR FARLEY: But you were directed, were you not, theretofore, to proceed with that project?

MR. TOBIN: We thought we were, but the right answer always ends at the Supreme Court and they said we were not.

SENATOR FARLEY: No, but from the very inception you were directed --

MR. TOBIN: -- to build the Lincoln Tunnel.

SENATOR FARLEY: Now, my question is: Have you ever or do you ever intend to go into areas that are not authorized?

MR. TOBIN: No, Senator, never.

SENATOR LYNCH: I take it then, Mr. Tobin, that your thoughts or dreams of Morris County are not legitimized yet.

MR. TOBIN: Oh, very distinctly not, Senator. We emphasized that, of course, from the beginning too. Our job was to study as a technical agency and to report to our superiors, the legislatures. No one can authorize the construction of an airport inside the Port District or outside of it except the two legislatures. We have no powers whatsoever.

SENATOR LYNCH: In giving us figures of your various projects, you stated that debt service as given was based upon a theoretical computation, is that correct, sir?

MR. TOBIN: Yes, sir.

SENATOR LYNCH: How accurate would that theoretical computation be?

MR. TOBIN: Well, I think it is a reasonable assumption that we have based it on. You have to make some assumptions. I wouldn't argue with anybody who wanted to make any different assumptions because in the nature of things it has to be assumptions. When you take all these revenues over 40 years - and the Port Authority was 40 years old last Sunday - and you take them all and dump them into one barrel and take revenues from one in that barrel and put them on the other and issue one type of bond for the whole operation and then refund that bond, there isn't any accurate debt service to be computed. But in this, we sell commonly 30-year bonds so we took a 30-year period, assuming that these were all financed separately and out of a 30-year bond and there wasn't any refunding - and all of the list of assumptions that I have submitted to you in the letter of transmittal. But if somebody else came along and they said they wanted to make some other assumptions, it is impossible to argue with them because there are any number of variants. I think these are reasonable variants. I would be inclined to use these myself, and I do use this type of thinking as reflected here myself when we are trying to appraise how a facility is doing.

SENATOR LYNCH: I take it too from the figures you have given this Committee that the major revenue raisers for the Port of New York Authority are the Holland Tunnel and the Lincoln Tunnel and the George Washington Bridge.

MR. TOBIN: Yes, they have been, Senator.--

SENATOR LYNCH: -- the bulk of revenue raisers with net revenue coming back into the Port.

MR. TOBIN: They fluctuate. You see, typically, if you looked at just the year 1960, the George Washington Bridge is contributing a surplus of \$9,000,000 to this general reserve fund, out of which docks and terminals and airport financing and everything else is going forward, but two years from now when you complete the second deck and that financing comes into effect, that \$9,000,000 drops to \$2,000,000 surplus on an invested capital of \$260,000,000.

SENATOR LYNCH: But at the moment from the figures we have, it would appear to me that the revenues received from the users of these tunnels and bridges are being used to subsidize other projects of the Port which are not now self-sustaining.

MR. TOBIN: That's true. The airports as a whole are paying for themselves, but what you really get is a picture of New York International with a surplus at the moment of \$5,000,000 and slight losses in hundreds of thousands of dollars at Newark LaGuardia and Teterboro. So that the complex of airports is being carried by one airport. This is the whole reason why the legislatures in 1947 moved to the concept of a regional system of airports. Flight schedules are shifted back and forth from one airport to another and they are operated jointly.

SENATOR LYNCH: In reference to your remarks on Teterboro Airport, I believe you said that the Port of New York Authority is losing an average of \$400,000 a year based upon that one operation alone.

MR. TOBIN: Yes.

SENATOR LYNCH: But still you said that there were some factors involved which made that loss worthwhile.

MR. TOBIN: All of these are public-service facilities and Teterboro Airport is part of the regional airport program. So long as funds are coming from one part of that program and helping support another part of that program, we think that that is sound. The legislature obviously thought that is a sound public arrangement because all of these patterns of financing and pooling are legislatively established.

SENATOR FARLEY: Mr. Tobin, how do you award concessions at these airports?

MR. TOBIN: We award practically all concessions that have to do with the handling of food and sale of articles and what not on a basis of selection of who are the best people to do that job and then negotiate with those concessionaires. We regard it as absolutely impossible and completely out of the public interest to think that you would take, let us say, a hamburger stand and put it up for public bidding. Fellows would bid you anything for it and might serve anything there and might be the worst purveyors in the world at it. So we have to select people or groups of people whom we think are competent and responsible and will best serve the public and produce the best revenue for the facility and then negotiate the going real estate rates with those people. Typically, when we felt that we had to have a hotel out at New York International Airport, we picked four of the leading hotel companies of the country and then negotiated the best deal out with one of those four responsible hotel operators, which turned

out to be Knott. We think that this is the only way you can lease out the concessions for restaurants, bars, shops - all of that type of facility - and it's a very hard thing, Senator, for a public agency to do. I wish it were otherwise.

SENATOR FARLEY: How do you determine or establish the rentals or charges for these concessions?

MR. TOBIN: Well, we know what the Real Estate Board general going rates are. We employ what we regard as very top staff people in the real estate field. Typically, our real estate director at the present time has been for many years the President of the Real Estate Board of New York. We employ competent, skilled people in that field as permanent staff employees because it is a large operation. I think the Port Authority has responsibility, which will startle you as a figure, for the operation of some ninety-odd restaurants, all of which are operated on a percentage basis, of course, and, therefore, in all of which we have to set policy, standards, quality, prices and sanitary regulations and all of that type of thing.

SENATOR FARLEY: Mr. Tobin, when you took over these respective airports, did you have any definite plan as to making them profitable? Did you have any definite ideas?

MR. TOBIN: Oh, yes. We studied the matter for quite a period and then, of course, we discussed the matter with Newark and with New York City. We had no authority to buy them nor they to sell them to us unless both legislatures agreed to it. We submitted finally in support of the statutes to the legislatures the most complete studies that we could and, of course, Senator,

they directly answered your question. We came out on the side - "Yes, we can make these airports self-supporting if we do this and this and this and this - and here's the way it can be done." As I have said, New York at that time was losing \$700,000 a year on the airports and Newark was losing \$400,000 a year. We believed those could be turned into self-supporting operations and, as you know, with the help of God and a spoon, that's about what they are today.

SENATOR FARLEY: What is your plan involving the Hudson and Manhattan?

MR. TOBIN: In the general plan that has been discussed with the legislatures and is the subject of discussion with both both legislatures now, the Port Authority would propose to purchase the Hudson and Manhattan and to completely reconstruct and rehabilitate it. It would cost in excess, we estimate, of \$80,000,000 to \$85,000,000 to do that. It would require some 280 new cars. The plans are closely integrated with those of Commissioner Palmer for the general New Jersey commuter program. It requires a completely new signalling system and the construction also of certain new car facilities. We would plan in connection with it to pay full taxes now being paid in both states on the Hudson and Manhattan properties. We would take over as part of it the Hudson Terminal buildings, not so much for their revenue aspects because even after you reconstruct them, they wouldn't appear to do much more than break even. But that banjo terminal of the Hudson and Manhattan is constructed inside those terminal buildings and their electrical power sub-stations, some of them, are in there and it's really a simpler operation to take over the

buildings than to try to separate the pepper and the salt as between who owns the first floor and the second floor and work that all out.

This would require identical legislation in both states which, of course, is under active discussion. It would also require - we have advised the legislatures - some form of limitation to bondholders. In other words, nobody in their right mind would buy a Port Authority bond at the time that the Port Authority is going into the commuter rapid transit system with set and established losses that outside of the city subway system today amount to about \$30,000,000 a year. Now, nobody is going to buy that kind of an open-end revenue bond. But we believe that we can peddle a Port Authority commuter railroad bond if you permit us to go to the fellows who buy the bonds and say "We're going to do this job and we can't argue with you the job won't lose money, but the Legislature has assured you that we won't go in it beyond some point, which under the discussions about the bill which was introduced in the Assembly in New Jersey was that the Legislature would agree with our bondholders that it's an odd way to express financing, but that we wouldn't commit ourselves to projects that we thought would lose in total more than 10 per cent of the general reserve fund." Now the general reserve fund is \$70,000,000 and it should be in about two or three years at about \$100,000,000. It has to be 10 per cent of the outstanding bonds and there are close to \$700,000,000 bonds outstanding now and there will be \$1,000,000,000 in Port bonds outstanding in a couple of years. So 10 per cent would be \$100,000,000. In other words, we would be able to say to the

vice president of a trust company about to buy a Port Authority bond, "Don't be afraid of this. It is a losing project, but the Legislature assures you that they won't ask us to go in it beyond a point where we are losing more than" - if there's \$100,000,000 in bonds out - "\$10,000,000."

Now, on the Hudson and Manhattan, I estimate we will lose \$5,000,000 a year.

SENATOR FARLEY: What is the basis of your estimate of the loss of \$5,000,000 a year? What do you base that on?

MR. TOBIN: Senator, the operation now is losing in private hands and I don't care how efficient a public agency is, there isn't any reason in the world why any well-run private corporation shouldn't be more efficient than the best of public agencies. But in the hands of a private corporation today it is losing \$1,750,000 a year and that is partly a milking operation because they are using old equipment and equipment that must have been amortized over and over again through the years, equipment that is pretty much sort of a rambling wreck and they are losing \$1,750,000 a year. Now, we are going to come along and put, say, \$85,000,000 on top of that into that loss operation and that drags a debt service charge of let's call it some four and one-half million dollars a year. Now, certainly that new equipment and the new efforts that ought to cut down, if you could not count your capital cost, that \$1,750,000 loss of the present operation considerably and also, while the Hudson and Manhattan handles about 32,000 commuters a day now, we think with the hooking up of the Jersey Central as planned by

Commissioner Palmer and that type of thing, that it should be handling 40,000 passengers a day and we have considered all that in it. But when you are all through, on top of \$1,750,000 loss that this private company is suffering and assuming that you better that considerably, nevertheless you have a drag of a new investment that's at the rate of about \$4,500,000 in debt service a year. I don't see how you are going to come out much better than about a \$5,000,000 loss a year.

But if we do better - and it has been publicly argued by Mr. Stitchman that I'm too gloomy about those figures and that we will do better - well, if he's right and that was pounded down, say, to \$3,500,000, roughly what you are saying is that 10 per cent of the general reserve that we are talking of in this new form of bill is the <sup>potential of the</sup> Port Authority investment in the commuter railroad service of some capital investment of some \$300,000,000. Now, I think that's a tremendous contribution. if we can work it out and make it and the only way it can be worked out and make it is to equip us with a bill that enables us to go to the bondholder and say, "We can still handle this and you are still safe."

I was very happy to read in the paper this morning that Governor Rockefeller has come around to that view and has agreed in his meeting, apparently, with Governor Meyner yesterday that he will modify the New York bill to put in some form of such limitation.

SENATOR OZZARD: Mr. Tobin, I am feeling a little dull after a heavy lunch so probably I'm rightfully confused by some of your statements concerning your bonding problems on the H & M. I would like a further explanation on this. You speak about the

problem of selling your bonds because this would be a deficit operation. I note in your chart of operating results that your net revenues after debt service are \$179,500,000, including certain loss facilities. I know that you have been able to fund the inland terminals and I notice that the inland terminals which are the P.A. Building, the truck terminal in New Jersey and the truck terminal in New York and the bus terminal, all operate at a loss, a total loss of \$16,000,000 cumulative. Under the general bonding procedures that you follow, why do you make the point that it would be difficult to sell bonds by having to tell the purchasers that this would be a loss operation when you have been able to sell bonds before for loss operations and when you sell them as a general bond and not as a specific bond for the H & M?

MR. TOBIN: Well, we have never gone into any field before where we couldn't look a bondholder in the face and say, "We honestly believe that we can make this self-supporting and that you'll get your money back." We have been wrong. In the case of the motor truck terminals, certainly we were wrong. And those terminals by themselves have not earned enough and without the pooling of the general reserves wouldn't be enough. But here is a point where you enter a field where no one seriously argues that you can do anything with commuter rapid transit with its 20 hour a week service but lose money and lose money big.

They know also that the commuter railroads around New York and New Jersey now are losing currently \$30,000,000

a year and those are pretty nearly correct figures - they are not ICC formula figures. Now, as you move into that field, the whole market can panic on you and you are selling in a highly competitive securities market where the trust officer for the bank all of this money in these large amounts are in charge of fellows carrying the responsibility of investing other people's money. - he doesn't have to buy this morning a Port Authority bond; he has three or four bonds put in front of him that are of equal or better rating and that are just as fine a yield and in just the same general category if he is diversifying his portfolio. Senator, he isn't going to bother arguing with me as to whether or not we will be able to pull through in this field of commuter transit deficits - he isn't going to be able to argue with me that he needn't worry that in the future the legislatures would never ask the Port Authority to take on any more commuter deficits. In this competitive field, he isn't going to bother - he doesn't have to bother. And that's the reality of the situation.

I know and I have reason to believe that some of the Senators sitting here know of a very large investor of Port Authority bonds who has already put them on the market because of this type of discussion and it's not an isolated case. So the credit situation that we face as we move into this new deficit field in which the City of New York typically on its subways loses \$125,000,000 a year alone - as we move in, no one is going to lend you money for 30 years without some statutory assurance of just how far we're going. I can sit down and prove to them that we can go so far and that I think we can take it

and survive it and do this great public service that has to be done for the commuter rail problem as far as it is economically practical for us to do it. But unless we have that, what all of us together in the public interest will succeed in doing is succeed in doing nothing at all because we will just never get the money.

SENATOR OZZARD: Mr. Tobin, you mentioned the agreement by Governors Rockefeller and Meyner yesterday as to the writing into the New York proposal a protection or a limitation. I may look at that proposal. I have a question relative to it. First of all, I don't agree with their agreement, as a New Jersey legislator, at least, and I would like to know if the Port Authority has any opinion or position as to the necessity for tying the World Trade Center and the H & M into a package and whether there is any economic reason for the two being tied into a package?

MR. TOBIN: Senator, first I didn't mean to suggest that the two Governors had any agreement. I know no more about that than what I read in the papers this morning.

SENATOR OZZARD: I was making my own statement as to that.

SENATOR FARLEY: Senator, not to interrupt, but I suggest in view of the existing situation and circumstances not to put Mr. Tobin in a position of expressing his opinion - he is the executive of the New York Port Authority and I think the opinions involved in the final determination emanate from the Commissioners. If I am not correct, you can correct me. And to ask him as a witness what his opinion is involving either

the Trade Center or the H & M relative to the negotiation between the two governors - I would suggest that we hold that information, let the governors determine it, then let it be submitted to the respective legislatures, and you and I and other legislators will then determine it. I would suggest rather than at this time put him in a position where his viewpoints may be taken by the press - and they may either be favorable or to the contrary - it may be his interpretation or his testimony may be such that the governor of New York or New Jersey may change their opinion. And this is such a vital, important thing involving the Hudson and Manhattan that I suggest to you that we hold any further testimony - not that there is any secret about it - but for the purpose of letting the people who are in authority exercise this responsibility and pass it on to us respectively in New York and New Jersey.

SENATOR OZZARD: I will withdraw the question and save it for the Commissioners whom I expect to have before the Committee.

SENATOR FARLEY: Pardon me, Senator. I certainly didn't mean to be caustic or critical.

Mr. Tobin, what principles to you have and what do you follow in investing your reserves?

MR. TOBIN: Well, I suppose we'd say as any prudent investor would, the principles of safety of our investment and within that rule, the maximum yield. Also we lean over backwards - these are public funds and they are very large public funds - and the Commissioners always felt that they shouldn't take even the responsibilities that they would take if they were

the directors of a bank in what they invest in. So we invest entirely in government securities, Federal government securities. All of the general reserve is in Federal government bonds except for the purchases we make from day to day on an open-market basis of Port Authority bonds which under our bond indentures we may buy for sinking fund purposes.

SENATOR FARLEY: You follow that in all funds in addition to reserves. Is that correct?

MR. TOBIN: All funds in addition to reserves. We have no investments other than government bonds.

SENATOR FARLEY: What dealers do you use, Mr. Tobin?

MR. TOBIN: Well, there are eleven registered government dealers, registered by the Treasury Department in the financial district. So we just take that list of eleven and we fly down the list and start at the top again and we revolve our buying among those eleven registered government dealers.

SENATOR FARLEY: There is no particular dealer who has a monopoly on this situation?

MR. TOBIN: Oh, no, sir.

SENATOR FARLEY: The records indicate that there is no particular dealer that has a special entree to your Commission or to you?

MR. TOBIN: No, there are none.

SENATOR FARLEY: You know of no such entree?

MR. TOBIN: I hope not. There are no such --

SENATOR FARLEY: And for the purpose of the record, there is no favoritism, is that correct?

MR. TOBIN: No, sir - none whatsoever.

SENATOR FARLEY: I think Senator Kelly would like to interrogate you relative to the Hudson and Manhattan, would you not, Senator?

SENATOR KELLY: Just one question, Mr. Tobin: You have mentioned the fact that the Jersey Central would tie into the Hudson and Manhattan. Might this not cause the closing of the Jersey Central Terminal in Jersey City?

MR. TOBIN: Yes, Senator, it would.

SENATOR KELLY: Is it the disposition of the Port Authority to at this point by reason of the acquisition of the H & M being the cause of the closing of the terminal and loss of tax revenue to the city compensate the city in any way in lieu of taxes?

MR. TOBIN: Senator, it is the policy of the proposal to fully compensate both New York City and Jersey City for the amount of taxes the Hudson and Manhattan is paying now. It is not the policy of the bill to compensate either city for any collateral losses that they might feel due to the fact that changes in railroad arrangements brought about abandonment of other facilities. I really don't think that any plan would be economically practicable at all that did that. There are, as you know, studies that have been made. Of course, the whole attraction of the Jersey Central Railroad as a privately-operated railroad is to avoid the cost of operating its ferry service from Communipaw. Recognizing the problems that that would raise in Jersey City, there have been studies as to what could be done in the Communipaw area in the way of waterfront development.

SENATOR KELLY: But presently there is no thought of

compensating them for that?

MR. TOBIN: Presently, that is not in the plan.

SENATOR FARLEY: Pursuing that, Mr. Tobin, your plan heretofore has been to pay comparable taxes as of the time of acquisition, is that correct?

MR. TOBIN: The maximum amount paid at the time of acquisition.

SENATOR FARLEY: At the time of that acquisition, if perchance there is a relocation of the Hudson and Manhattan or replacement of a ferry, do you confine yourself to the actual property value or do you consider the goodwill of the people? How do you determine the value in that particular situation rather than the cold facts of a real estate appraisalment? Do you consider the goodwill, the loss of the personal property - how do you determine the value in replacing it?

MR. TOBIN: No, Senator, I was only speaking of the actual amount of real estate taxes.

SENATOR FARLEY: Only real estate taxes.

MR. TOBIN: (Continuing) -- being paid by the Hudson and Manhattan Corporation now in New York City and in Jersey City and when we speak of the maximum amount - we would be paying them the full amount of the taxes that they are receiving now so that they would be held harmless.

SENATOR FARLEY: I see. And that tax amount would be the status quo for the existence of your lease, is that correct?

MR. TOBIN: That's correct.

SENATOR FARLEY: Any questions, Senator Dumont?

SENATOR DUMONT: In this 10 per cent that you are talking about, Mr. Tobin, I think you quoted the surplus at \$72,000,000? Is that what you called it - surplus or reserve?

MR. TOBIN: The general reserve fund.

SENATOR DUMONT: About \$72,000,000?

MR. TOBIN: About \$70,000,000.

SENATOR DUMONT: Then, the 10 per cent or \$7,000,000, would that not be divided equally between New York and New Jersey?

MR. TOBIN: There would be no plan of division since fortunately, I think, the two states have kept away from any bookkeeping on how much of the Port's effort is being forth on one side of the river and on the other. We have put forth an earnest and honest effort for the whole Port without regard to the state line so that I wouldn't think -- certainly any of the drafts of the bill that I have seen have no provision that 50 per cent of that has to be paid out in either state. I would think that if a bill were to be passed in some form such as is under discussion, it might be that there wouldn't be any 50-50 division of where those losses would be sustained. And, of course, both you and I are thinking not so much of the losses sustained, but what would be the capital reflection of the investment. I would think in this or any other Port Authority project, there is no idea - certainly we in the Port Authority would never have any idea that we would have to spend 50 per cent of the capital investment in cummuter facilities in New York and 50 per cent in New Jersey. But the systems that have been talked about as a matter of fact so far - and were talked about in the paper this morning - were various systems for hooking up

the H & M further into New Jersey as part of a basic interstate system - the Jersey Railroad hookup and possibilities with the Erie-Lackawanna and that type of thing that were discussed in the paper this morning and discussed in this context. I know that the Commissioners of the Port Authority would not approach this bill from any standpoint that they had to spend, if it were \$300,000,000 capital, \$150,000,000 in New York and \$150,000,000 in New Jersey.

SENATOR DUMONT: Out of this for the next three years it would be about \$7,000,000 a year and then it would go to approximately \$10,000,000, the 10 per cent.

MR. TOBIN: We estimate that in three years the outstanding bonds will be \$1,000,000,000, meaning that the outstanding debt will be \$1,000,000,000 and the general reserve will be \$100,000,000 so there would be \$10,000,000 available. The general reserve should go higher after that, but sufficient unto the day is the evil thereof.

SENATOR DUMONT: Out of this \$7,000,000 in the beginning and \$10,000,000 later on would come the - would include rather - the deficit that you expect to be operating at each year - is that right?

MR. TOBIN: Yes.

SENATOR DUMONT: Well, then, what would be left over would actually be used not only for the acquisition and rehabilitation of the H & M or the payment of the bonds that would be necessary to purchase and rehabilitate it, but also would be available for other kinds of transit for other railroad connections?

MR. TOBIN: That's right, Senator. Also it is interesting to note in the two bills it only applies to bonds supported by the general reserve fund. Any other type of financing in commuter rails might be done by the Port Authority outside that. Typically, in New York there will be up for constitutional amendment this fall a bill under which the Port Authority could go forward with the financing of \$100,000,000 worth of railroad equipment with the state guarantee of the bonds. Now, that \$100,000,000 has nothing to do with this 10 per cent of the general reserve fund provided for in the type of bill that is under discussion. It is completely outside of it because it is not a bond supported by the general reserve fund.

SENATOR DUMONT: Is that part of the arrangement where New York is to pay you back - the treasury of New York - \$20,000,000?

MR. TOBIN: That's the one. Also it is interesting to note that in the general field of the Port's railroad problems and terminals, this 0 per cent has nothing to do with any freight facility. Typically, we are in a study now with this bi-state transit agency of Dwight Palmer in New Jersey and Wiprud in New York of the possibility of pooling all of the marine equipment of the railroads in the harbor which is highly duplicative as you know and wasteful.

Now, if something could be worked out that we could finance and rent to the railroads tugs and lighters and what not out of one pool of equipment instead of each railroad duplicating its pool, that financing would have also nothing to do with this 10 per cent.

The discussion of this particular bill that evolved out of the Hudson and Manhattan problem only has to do with general reserve fund bonds on commuter rapid transit, and if we could imagine such an animal, for instance, as a commuter railroad that for some reason that I could never imagine was breaking even or making money - and, of course, in that event the railroad wouldn't want us to take it over - but if for some reason the state did want us to take over such a railroad, obviously that doesn't affect the ten per cent either.

SENATOR DUMONT: Now, in the course of acquiring the H & M, do you plan to take over or perhaps do away with any other terminal facilities besides the Jersey Central Station that you mentioned?

MR. TOBIN: Well, we don't plan that as such. All we have discussed so far is the H & M. But there has been a plan under consideration by Commissioner Palmer and the Jersey Central in his carrying out his function as the State Rail Transit Director, in which they would hook up the Jersey Central and the Pennsylvania system with a crossing through the Lehigh at Aldene and then route the Jersey Central trains into Pennsylvania's Newark Station, hooking up there across the platform with the Hudson and Manhattan.

Now, that plan is a plan that would enable the Jersey Central to give up its ferry operation at Communipaw and that planning, which was not necessarily our planning for the Hudson and Manhattan is the thing that understandably gives Senator Kelly concern.

SENATOR DUMONT: Well, that ferry service would be eliminated completely then?

MR. TOBIN: That would eliminate that completely.

SENATOR DUMONT: Suppose you went further and made some connections with the Erie-Lackawanna in such a way that you could do away with the Erie-Lackawanna Terminal in Hoboken. Would your tax policy in respect to that be the same as you told Senator Kelly with respect to the Jersey Central Terminal; in other words, you would not reimburse Hoboken for that, for the loss of ratables?

MR. TOBIN: Not for the ratables of the ferry terminal that was an incidental part of taking it over. But if we took over a part of the Erie-Lackawanna Terminal Building at Hoboken and used that for the H & M purposes, then we would pay to Hoboken the amount of taxes that the Erie-Lackawanna had been paying on that property.

SENATOR DUMONT: I see. Thank you.

SENATOR FARLEY: Mr. Tobin, this is not pertinent to this testimony, but I would like to ask you a question: Are you conversant with the Leva Car?

MR. TOBIN: I have read about it.

SENATOR FARLEY: The Ford Foundation has manufactured a car called the Leva Car.

MR. TOBIN: We have been interested in the one that Curtiss Wright is building which isn't exactly the same thing.

SENATOR FARLEY: The Leva Car travels from the speed of 200 to 350 miles an hour. Speaking for South Jersey, in your research involving locations for a jetport in South Jersey, of

which we are desirous, would you look into the practicability, the feasibility, of whether the Port would be interested in building this particular type of transportation because it would be less than a half an hour from New York City? The car is about 15 feet above your railroad tracks, if you desire to build them there. It can accommodate anywhere from 40 to 400 in one car. This information was given to me by a technician when attending a meeting just a few days at Seaview at which Commissioner Palmer was present with his Transportation Committee. This is, may I say, a revelation in railroad service. The cost is about double that of railroads which is approximately \$75,000 per mile. This runs from \$150,000 to \$200,000 a mile. After interrogation by engineers in the East at the Racket Club in Philadelphia for two and three-quarters hours, this gentleman, Mr. Jay, proved beyond any doubt the safety, the practicability, the usability of this device. He pointed out that the rails are heated to eliminate any possible freezing from snow. He pointed out that there are no hazards involved such as grade crossings. Although it may be novel, it is food for thought if perchance you decide - and in view of the fact that you may decide upon location in the lower section of Ocean, Burlington, Cape May or Atlantic - or lower part of Monmouth.

I merely suggest this to you because to me this is most interesting and safe and sound. I admit it is costly. But it's a new thing and it's no good for short travel. It would take you approximately four to five miles to start the engine and about four to five miles to stop it. When it does stop, it lands on

the rudders and the way it is developed, it is almost fool proof for safety. I would suggest that your engineers ferret out the facts and look into the practical feasibility of the situation for your future consideration.

MR. TOBIN: I will be very glad to have them do so, Senator.

SENATOR FOX: Mr. Tobin, I would just like to get an expression of opinion from you along the line that Senator Farley has asked you about. Has there been any consideration given by the Port Authority with respect to the institution of monorail transportation and do you know of any practical installations of monorails in this country?

MR. TOBIN: No, I know of no practical installation of monorails in this country or any place else, including the one in Germany.

SENATOR FOX: There has been one in Germany, I understand, that has been in operation.

MR. TOBIN: It was built in about 1903 or 1908 and it runs for ten miles at Wuppertal at a very, very slow speed. I don't trust my memory in saying that that speed is as low as eight or ten miles an hour - maybe fifteen miles an hour.

SENATOR FOX: But studies up to the present time haven't proven its feasibility?

MR. TOBIN: They built a mile of track down in Texas and we sent engineers down there to look at that and it was technically very, very crude and useless. They are installing about a mile out at the Seattle Fair that will open next year. We have studied the monorail in connection with this Fifth Airport Study extensively.

We have put a lot of time in on it, though we have not put any time in on this new device that Senator Farley speaks about. The monorail is treated quite extensively in the report that we will be submitting on the problem of the need for a fifth airport to you in a few weeks.

SENATOR FOX: I have one other question. Senator Farley asked you some questions before with respect to your insurance program. I believe you have one concern handling it. Is that correct?

MR. TOBIN: We have always had one concern handling it.

SENATOR FOX: Has there been any consideration given at any time or has it been considered feasible to have any competitive surveys made in connection with your insurance program?

MR. TOBIN: We have had surveys made. In fact, we are in the middle of one now. We retained an insurance consultant and one that is regarded as one of the tops in the country in the general field of consulting in insurance, a man who does consulting for some of the biggest of the corporations and, of course, handles no insurance himself. We have retained them, oh, three or four times. They are in the middle of a study right now and they come up with various recommendations for changes in our policy.

Anybody that comes in, we let them fully submit any ideas or facts that they have and Mr. Doyle here who is our Director of Finance spends time with them. Although we have an outside broker, we don't deal with him all the time. Wherever we can cut out a brokerage, we place the insurance directly and have

done that in very, very many and in current large instances. We are at work on such a program on one phase of our insurance in very large numbers at the present time. But I think it would be difficult for an insurance broker to produce any proposal or package to us that could cut our costs. Our tunnel and bridge costs, as I have said, are the lowest in the world.

SENATOR FOX: The lowest in the world?

MR. TOBIN: In the world. Twenty-seven cents a hundred - that's the lowest in the world. We are trying to get them lower, but at the present time that's the lowest in the world. Our fire insurance with the Factory Mutual - that rate is the preferred rate. There isn't any lower rate than that.

The field of service of the Port Authority's insurance broker is in the claims field and also, particularly, Senator, in this matter that reverses the picture - that where in the name of God can we find the coverage that we need. Most of Freylinghuysen's time and his best efforts for us are spent in that field. And, of course, his is the largest brokerage outfit there is in the bridge and tunnel field all across the country aside from the Port Authority. So we are not only wide open, but would be quite anxious to find any broker who could do any better and if we could, he would get the job. But we do a lot of direct placement without the broker and generally in the insurance field that policy of direct placement is increasing.

SENATOR FARLEY: I just have a couple of questions to ask you. Are all your projects subject to economic view, Mr. Tobin?

MR. TOBIN: Oh, yes, Senator.

SENATOR FARLEY: What do you do?

MR. TOBIN: Well, we make a thorough analysis of every new project or part of a facility that we build. If we build a new transit shed at a dock or a new hanger or a new terminal, a most complete economic analysis of the prospective cost, revenues, operating expenses, insurance, administrative overheads with the debt service factor applied to it, is made and that has to be approved by our staff groups, by the Director of Finance here and by me before it can go to the Board. Then when it goes to the Board, we submit to them with each recommendation and project a complete actually formalized and stylized economic analysis that brings it down finally to the point of what is its coverage of computed debt service.

SENATOR FARLEY: To keep the record straight, and this may be repetitious, are all of your construction contracts done by public bid?

MR. TOBIN: Well, all of them except a very few contracts. Ninety-seven to ninety-eight per cent of our contracts every year are done by public bid.

SENATOR FARLEY: You covered that subject, I understand.

MR. TOBIN: Yes.

SENATOR FARLEY: Are they publicly advertised, this 97 to 98 per cent?

MR. TOBIN: All publicly advertised.

SENATOR FARLEY: Through the medium of the newspapers and trade journals?

MR. TOBIN: Sometimes newspapers and the trade journals.

Usually we also will solicit the field to make sure that they are all in.

SENATOR FARLEY: Any further questions, Senator Kelly?

MR. TOBIN: Might I just add something, Senator?

In the general concession field I was directing my thinking principally to the type of service - stores and restaurants and that type of thing. There are some types of concessions where I should make the record clear that it is possible to publicly bid them and we do, typically parking at the airports and at the bus terminals. That is bid.

SENATOR FARLEY: You require apparently pre-qualified people to either do construction work or be concessionaires, is that correct?

MR. TOBIN: Yes, we have gotten in trouble along that line.

SENATOR FARLEY: Senator Dumont.

SENATOR DUMONT: How seriously have you been considering as a possible jetport site the locations in South Jersey, for instance the pine barrens?

MR. TOBIN: We have been considering them very fully and completely and in the report that will be submitted, Senator, you will see them fully covered - our basic economic analysis. There are fifteen sites reviewed and covered in this report.

SENATOR DUMONT: When will your report be submitted?

MR. TOBIN: Either the 30th or 31st of May, we hope. We are up to our ears in it and we are plowing through the reports

of fifteen consultants on various phases of the study and all of us are trying to put the report together. But the Governor rapped his knuckles on the table here recently and said the report must be in by the end of May and we think we are going to make that at the present time.

SENATOR DUMONT: Now, is your order of priority - I suppose this is something you will discuss in the report - but I remember in the preliminary report your order of priority in these sites were, first, the Great Swamp area - that is, the way you like them at least, whether they were priority or something else - the first was the Great Swamp in Morris County and then the Solberg Site in Hunterdon County and the third was Pine Island in Orange County. Is that correct?

MR. TOBIN: That's my recollection - they were grouped that way.

SENATOR DUMONT: Is that still the situation?

MR. TOBIN: No, Senator, it isn't. Simply we have taken all these sites and are giving to the two legislatures all of the statistical, economic and engineering data, as fully and completely as we can, submitting the studies.

SENATOR DUMONT: Have you had an expression of opposition from the people in the Orange County area such as has come to you from Morris County and Bergen County as expressed here this morning?

MR. TOBIN: Yes, Senator. I don't know anybody except Senator Farley who is urging us to build the airport in their backyard.

SENATOR DUMONT: Well, what particularly do you have against the pine barrens area or thereabouts in South Jersey as a possible jetport site? I recognize it's not close to your base of operations. But other than that what do you have against it?

MR. TOBIN: Well, we have nothing against - all our qualification is: What will work? What is practicable?

SENATOR DUMONT: If you could tie it in with high-speed rapid transportation, it is possible it would work, isn't it?

MR. TOBIN: If somebody could break through the barrier of high speed rapid transit along the lines of the new device that Senator Farley was referring to, it would have a marked influence on this terribly difficult problem of what this area is going to do to continue to have air transport service. Typically, my recollection of the figure is that even with brand new road system the Pine Island site, Senator, is something like an hour and one-half from Central Manhattan.

SENATOR DUMONT: Well, that's with the road system. Now, suppose you could use high-speed rapid transit - and I realize you would have to build it and possibly build roads into an area where there isn't much or any of either today - but where it is possible, you could also use the median strips of some of the dual highways, could you not, for high-speed rapid transit? Isn't that conceivable?

MR. TOBIN: It is conceivable and there is a lot of very expert opinion that favors the possibility of use of median strips, not necessarily in connection with airports, but generally it's an approach to the problem. My reaction has

been there isn't very much in it. It sounds pretty good, but it starts to melt out on stations, stoppages, one thing and another, and the amount of ground that you have to take. There is the one in Cleveland and the new one in Chicago, of course, from O'Hare Airport into Chicago. That is a median strip with a high-speed transit on it. There is one also in Cleveland. Now, I am talking general transportation and not airports. I think generally that the cost of building a highway with a rail strip down the center gets into forbidding land acquisitions and also forbidding operating problems and cost problems. I know the Bureau of Public Roads on their studies have never been for it.

SENATOR FARLEY: Not to interject myself, Senator Dumont, but the plan of the Leva Car would be to build over the railroad fifteen feet in height what is equivalent to a trestle. It has these tracks going and coming. It is jet air propelled and you could utilize it in the center of the Turnpike - you could utilize it over any railroad. As an individual, not as a member of this Committee, Mr. Tobin, may I say to you and to the New York Port Authority, we of our area invite you - we would be very happy to have you.

MR. TOBIN: Thank you, Senator.

SENATOR FARLEY: I speak - I don't want to usurp on Senator Mathis - I say for Ocean - I say this for Burlington County emphatically - I say it for Cape May and Atlantic County - we invite you and we are anxious for you to make any examination you see fit. I think you can anticipate cooperation from our

people in the area. Now I have no authority as a member of this body, but I am telling you as a Senator from my county, forgetting I am on this Committee, so that the record will indicate there is some part of New Jersey that does want you to locate there.

MR. TOBIN: My cup runneth over.

SENATOR FARLEY: Senator Ozzard.

SENATOR OZZARD: Mr. Tobin, though I deferred to Senator Farley before on this World Trade Center, I do have a question I think is pertinent. You talk of the deficit of the H & M. What do your studies reveal as to the revenue picture as to the World Trade Center?

MR. TOBIN: It would be self-supporting.

SENATOR OZZARD: Do you know to what extent? I notice your P.A. Building is not.

MR. TOBIN: Well, our P.A. Building is currently self-supporting, but is dragging a deficit. But we believe the World Trade Center could be self-supporting with a certain very modest amount of urban renewal and also good yield of some very considerable tax increases to the City of New York.

SENATOR OZZARD: Tax increases on what basis? You would not pay more than the amount of the revenues received now for the area you would displace, would you?

MR. TOBIN: All there have been, Senator, are discussions between the City of New York and the Port Authority. This is a very "iffy" project at the present time. But in those preliminary discussions - what the city was talking about - there are 16 acres of property involved in this and they get about \$800,000 in

taxes from that today. And they were talking about trying to work out some new formula where, as to the custom house and the appraisers' stores and the foreign consulates and all of that type of operation that are tax exempt now, would still, of course, be tax exempt in that operation, but where the commercial offices that might come into the project would make a payment - they would be reflected in payment in lieu of taxes. So they could expect on that basis a very considerable increase of the \$800,000 in taxes that they have today.

SENATOR OZZARD: I have no other questions.

MR. TOBIN: Those are pure conversations.

SENATOR FOX: Mr. Tobin, you have indicated to Senator Ozzard that it is your feeling at the present time that the World Trade Center would be a successful operation. Is that correct?

MR. TOBIN: I think for some public agency, it would be economically practicable and could be self-supporting.

SENATOR FOX: What is your view, if you care to express it, with respect to the economic effect of the success of this on the operation of the H & M Tube?

MR. TOBIN: Well, a very substantial percentage of the people that lower New York depends on to run our general commercial and financial operations in lower New York are New Jersey people coming in there and into New York and paying income taxes there and being in the very nature of things very substantial employees in offices in their respective corporations. Some hundred and seventy thousand New Jerseyites, I think, come in there and work every day. And since the World Trade Center idea

is the idea of putting together in one machine all of the terribly scattered export-import functions that are carried on on lower Manhattan, a lot of those people would be people coming in and out on the Hudson and Manhattan who are dependent upon the reconstruction, much less the continuation of the Hudson and Manhattan. So we think there is quite some relation of interest between the two projects.

SENATOR FARLEY: Question was asked here: Can the New York Port Authority be sued by an individual person?

MR. TOBIN: Oh, yes. Frequently is. It keeps Mr. Goldstein busy.

SENATOR FARLEY: Any questions by any members of the Committee?

If not, I will adjourn this hearing to some future date which will be set by this Committee and you will be duly notified as to the subject matter on which the Port will be interrogated.

Thank you for coming out today. I am grateful for your undivided attention. Good afternoon.

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