

**THE PORT AUTHORITY OF NY & NJ**

**1974 Annual Report**

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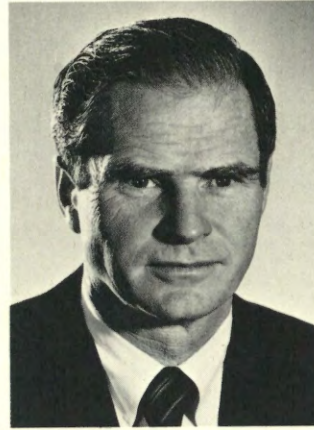
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Honorable Hugh L. Carey,  
Governor of the State of New York



Honorable Brendan T. Byrne,  
Governor of the State of New Jersey

Honorable Hugh L. Carey, Governor, State of New York  
Honorable Brendan T. Byrne, Governor, State of New Jersey

Your Excellencies:

In accordance with the Port Compact of 1921, I am pleased to submit to you and to the Legislatures of the States of New York and New Jersey the 1974 Annual Report of The Port Authority of New York and New Jersey.

Respectfully yours,

William J. Ronan  
Chairman

**Commissioners**

- William J. Ronan  
*Chairman*
- W. Paul Stillman  
*Vice Chairman*
- Andrew C. Axtell
- George F. Berlinger
- Robert R. Douglass
- Jerry Finkelstein
- Milton A. Gilbert
- James G. Hellmuth
- James C. Kellogg, III
- Gustave L. Levy
- Alan Sagner
- Rev. Victor R. Yanitelli, S.J.

**Executive Director**

- A. Gerdes Kuhbach

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Cover photo: Commuters during the peak-hour rush at the Port Authority Bus Terminal.

At right: The Statue of Liberty is the geographic center from which the 25-mile radius of the Port District is measured.



## What the Port Authority Is and What it Does

The Port Authority of New York and New Jersey was created by a compact between the two states in 1921 as a financially self-supporting agency, with neither taxing power nor the ability to pledge the credit of either state, to develop and operate terminal, transportation and other facilities of commerce within the Port District.

The original name of the agency, The Port of New York Authority, was officially changed by concurrent bistate legislation in 1972 to The Port Authority of New York and New Jersey.

The Port Authority can undertake only those projects which have been authorized by the two states.

In the Port Compact, New Jersey and New York:

- pledged their "faithful cooperation in the future planning and development of the Port,"
- specifically defined "the Port District," the area in which their joint interest lay, and
- created the Port Authority as their agency to carry out within the Port District the projects which they declared "can best be accomplished through cooperation of the two States by and through a joint or common agency."

### Organization

The Port Authority is a Board of 12 Commissioners. Six are appointed by the Governor of New York and six by the Governor of New Jersey, subject to confirmation by the State Senates. The Commissioners are public officers who serve without compensation for overlapping terms of six years. The Com-

missioners report directly to the Governors of New York and New Jersey, who have veto power over actions of their respective Commissioners.

To carry out their policy decisions and manage the day-to-day operations of the Port Authority, the Commissioners rely on an Executive Director and a professional staff. The policies of the Board are transmitted to the administrative staff by the Executive Director and staff recommendations to the Board are presented by him. The Executive Director and the General Counsel are elected by the Board of Commissioners.

### Projects

The projects and activities which the Port Authority has undertaken in accordance with the Port Compact, and in accordance with subsequent concurrent legislation of the two states supplementing and amending the compact, fall in the general fields of land transportation, air transportation, water transportation and world trade. The facilities operated by the Port Authority linking the two states include six tunnels and bridges and PATH, a modernized commuter rail system wholly owned and operated by the Port Authority. Bus commuters are served at the Bus Terminal in midtown New York City, uptown at the George Washington Bridge and at the PATH Journal Square Transportation Center in Jersey City.

The Port Authority controls a complex of airports, two in New York and two in New Jersey, and two heliports in New York City,

making the region one of the foremost air transportation centers in the world. The Port Authority's marine terminal facilities are known as the "Container Capital of the World." On behalf of New York City, the Port Authority constructed and operates the New York City Passenger Ship Terminal. The Port Authority also owns and operates a motor truck terminal in New York and another in New Jersey.

The World Trade Center, a concept now extended by the Port Authority throughout the world, is a six-building complex in downtown New York City that the Port Authority built, owns and operates.

### Other Activities

In addition to planning, financing, building and operating terminal, transportation and other facilities of commerce, the Port Authority, under the Port Compact, may "make recommendations to the legislatures of the two States or to the Congress of the United States . . . for the better conduct of the commerce passing in and through the Port of New York, the increase and improvement of transportation and terminal facilities therein, and the more economical and expeditious handling of such commerce . . ."

To carry out this function, the Port Authority is continually engaged in studies on all matters related to the future of transportation and the need for transportation facilities to serve the Port District. This work involves constant cooperation and coordination with many municipal, county, state and fed-

eral governmental agencies and departments which have responsibilities in the field of transportation and with the many private organizations involved, such as transportation carriers, civic associations and others.

The Port Authority has a responsibility to promote and protect the commerce of the port. The entire economy of this metropolitan area depends upon its position as a transportation and trade center. To carry out this responsibility, the Port Authority represents the interests of the port before the Interstate Commerce Commission, the Civil Aeronautics Board, the Federal Maritime Commission, and other regulatory agencies, in matters such as rate cases and route cases which affect the movement of commerce to and through the port.

Another facet of the Port Authority's activities with regard to the commerce of the port is its program of port promotion and trade assistance. Trade transportation specialists, working from trade development offices in the United States and overseas, assist shippers in their export-import operations and explain how shippers can cut costs and/or expedite their shipments via the bistate port.

The expansion of international trade and the flow of commerce through the port is the specific purpose of the World Trade Center, which serves as a unified community of commerce and brings together the marketing and service facilities of world trade to permit the port to better serve international commerce and attract additional trade.



### Port Authority Facilities

- |  |   |
|--|---|
| 1 Kennedy International Airport          | 14 Journal Square Transportation Center |
| 2 LaGuardia Airport                      | 15 PATH Rail Transit System             |
| 3 Newark International Airport           | 16 Bus Terminal                         |
| 4 Teterboro Airport                      | 17 George Washington Bridge Bus Station |
| 5 Downtown Heliport                      | 18 Newark Union Motor Truck Terminal    |
| 6 West 30th Street Heliport              | 19 New York Union Motor Truck Terminal  |
| 7 Brooklyn Marine Terminal               | 20 Bayonne Bridge                       |
| 8 Columbia Street Marine Terminal        | 21 George Washington Bridge             |
| 9 Elizabeth Marine Terminal              | 22 Goethals Bridge                      |
| 10 Erie Basin Marine Terminal            | 23 Holland Tunnel                       |
| 11 Hoboken Marine Terminal               | 24 Lincoln Tunnel                       |
| 12 New York City Passenger Ship Terminal | 25 Outerbridge Crossing                 |
| 13 Port Newark                           | 26 World Trade Center                   |

## PATH and Rail Transportation

PATH's 1974 overall on-time performance was 97.6 percent.

Over 37.7 million passengers were carried on the 14-mile rapid transit system in 1974, representing over 70 percent of all passengers entering New York City by rail from New Jersey.

The Port Authority has invested almost \$240 million in the acquisition, rehabilitation and modernization of the rail system which this year observed the centennial of its construction. It also has incurred cumulative operating deficits, calculated in accordance with Interstate Commerce Commission regulations, totaling nearly \$190 million since 1962.

### Journal Square Transportation Center

PATH's Journal Square Transportation Center is a mass transportation complex serving New Jersey's second largest municipality and its surrounding communities. It occupies an eight-acre site in Jersey City above and adjacent to PATH's and Penn Central's tracks and will feature a new off-street bus terminal serving over 30 bus routes, two-level parking for 600 cars, consumer service areas on both its plaza and concourse, and a weather-protected transfer between PATH and the bus lines serving Journal Square. The PATH Administration Building opened in April, 1974 as an integral part of the complex. Due for completion in 1975, the center represents an investment of over \$80 million, half of it from a federal transit grant.

### Plainfield Corridor Service Project

The Port Authority applied for federal capital funding for the Plainfield Corridor Service Project in April 1974. The project provides for a 17.5 mile extension of PATH from its present terminus at Penn Station, Newark, to Plainfield via stations serving Newark International Airport and Elizabeth.

In October at the request of the Urban Mass Transportation Administration, a joint Task Force composed of members of the Port Authority and the New Jersey Department of Transportation was established to reevaluate the PATH Plainfield project as well as other potential public transportation alternatives for the Plainfield Corridor.

As the year ended, the Task Force's evaluation was presented to Governor Byrne, who announced his view on February 10, 1975 that the Port Authority should proceed with the PATH extension to Plainfield. Staff work is going forward on the necessary supplement to the Port Authority's Plainfield application for federal funding, revising the project cost estimates and federal aid requirements. The Joint Task Force estimated in its report that \$278 million in federal aid is necessary for project work west of Newark, representing 80 percent of its estimated \$347 million cost eligible for federal aid. The Port Authority is working with the State of New Jersey to determine how the local share of Plainfield project funding can be structured in keeping with the legal limita-



The voice that PATH's patrons hear over the public address system at the World Trade Center station belongs to Train Dispatcher John Clarke, responsible there for terminal operations, train operations, train crews and the safety of passengers.

tions on Port Authority participation and resolution of how any future operating deficits would be accommodated.

#### **Penn Station (N.Y.) Direct Access Project**

Port Authority staff continued to design and plan direct rail service into Penn Station, New York for commuter trains of the Erie Lackawanna Railway. Test borings were begun in 1974 for track connections between the Penn Central and Erie Lackawanna and for a new high-level fixed-span bridge over the Hackensack River. The Federal Railroad Administration also announced that federally sponsored management studies of Penn Station, New York were to be completed in the spring of 1975.

#### **PATH Programs**

Work continued during 1974 on the \$5 million project begun in 1968 to rehabilitate tunnel trackage.

A computerized supervisory control system was installed at Journal Square to provide consolidated control of traction power equipment and critical alarm indications in the substations.

Remote television monitoring of fare control and platform zones on all Sixth Avenue uptown stations in New York was inaugu-

rated as a standard operation. All New Jersey stations will be similarly equipped and the remote control of all stations will be transferred to the permanent Operations Control Center at Journal Square.

PATH continually evaluates marketing concepts oriented to building off-peak traffic, conducting, for example, origin and destination studies to determine the travel habits of its passengers. As part of its marketing efforts, PATH continued its ceremonial program of naming each car in the system's fleet for one of the more than 300 communities whose residents include PATH passengers.

#### **New York State Commuter Railroad Equipment Program**

A total of 467 air-conditioned passenger cars and eight diesel-electric locomotives have been purchased for use in commuter service within the State of New York on the Penn Central and Long Island railroads since 1962 under the New York State Commuter Railroad Equipment Program. To date, special state-guaranteed Port Authority bonds in the amount of \$106,225,000 have been issued to finance rolling stock for commuter rail service and \$86,160,000 are now outstanding.

## **Air Terminals**



General Operations Supervisor Irving Streeßeman advises the Control Tower at Kennedy International Airport that he has completed a runway safety inspection and that operations on the runway may be resumed.

Kennedy International, Newark International and LaGuardia Airports served 40,371,321 air passengers in 1974, 4.5 percent fewer than in 1973. Domestic air passengers totaled 29,656,258, a decline of 2.6 percent. International air travel also suffered its first decline, dropping to 10,714,963 passengers, 9.3 percent fewer than during 1973. Higher air fares, recession and a decrease in air service levels due to the scarcity and higher costs of aviation fuels account for the year's decline. A total of 767,908 scheduled flights were recorded at the three airports, a 12 percent decrease from 1973.

Ground access, terminal services and aeronautical operations were improved. A new program of airport promotion to stimulate passenger traffic is being presented nationwide to the travel industry.

Cargo activity declined slightly during the year, despite an increase in overseas tonnage by 6.1 percent. Domestic tonnage fell 11.3 percent. At year's end, cargo tonnage at the three airports was off a total of 3.2 percent. Construction of new overseas cargo facilities at Kennedy International continued nonetheless, as overseas tonnages continued to mount.

#### Environment

The Port Authority and other major U.S. public airport operators pressed for federal action to reduce aircraft noise. Leaders of the Airport Operators Council International (AOCI) testified before a congressional subcommittee in favor of a proposed Federal Aviation Administration program

to equip older jets with available effective noise-muffling devices.

Further improvements were made in the experimental, computerized preferential runway system at Kennedy International, which distributes air traffic over neighboring communities to reduce periods of continuous overflight.

Progress was made in eliminating water pollution discharges from the airports into adjacent waters. Even short-term measures have substantially reduced pollution. One method, proven with a trailer-mounted pilot treatment plant, involves installing local pretreatment systems at hangars and maintenance areas to make runoff water acceptable for discharge into municipal sanitary systems.

#### Kennedy International Airport

Kennedy International Airport served 20,216,436 passengers during the year, a 5.5 percent decline from 1973. Overseas travel dropped 9.6 percent. Domestic passenger traffic declined only slightly. Overseas cargo tonnage rose 6.1 percent, but domestic cargo was down 8.3 percent for a combined cargo tonnage decrease of .1 percent.

Supplemental airlines, at the North Passenger Terminal since 1966, relocated their operations at unit terminals in the Central Terminal Area. The terminal closed at midnight October 31.

Host International completed the first phase of providing improved food and beverage operations in the International Arrivals/Wing Buildings complex. Con-

struction of Phase II designs will start early in 1975.

The basic tenant leases of nine major airlines, known as the "Dewey Leases" executed on January 1, 1953, expired on September 30, 1974. They were extended to March 1976, to allow flexibility in lease negotiations. The lessees are Air Canada, American Airlines, British Airways, Eastern Airlines, National Airlines, Northwest Airlines, Pan American World Airways, Trans World Airlines and United Airlines.

Improved instrument landing systems on Runways 13L-31R and 4R-22L are being installed to increase Kennedy International's all-weather capabilities. New retro-reflective direction signs are being installed on taxiways to improve aircraft flow on the ground. A new highspeed crash-fire-rescue truck has been added to the airport's emergency fleet.

Seven new air cargo facilities, totaling 1.3 million square feet of cargo terminal space, were added to the airport's Air Cargo Center at a cost of \$14.5 million. Flying Tiger Line completed a new \$7 million terminal on a ten-acre site near the North Boundary Road. A joint \$4.5 million conversion of Hangar 7 to cargo purposes by Varig, Alitalia and Airlift International opened late in the year. KLM added a second story to its cargo terminal in Building 87 at a cost of \$2 million. Northwest Airlines took over Hangars 1 and 2, vacated by Lockheed, for a \$1 million conversion to a long-range cargo facility.

All-cargo 747 aircraft, some with

a potential payload capacity of over 125 tons, were introduced by nine major airlines.

#### LaGuardia Airport

LaGuardia Airport served 13,703,028 passengers during the year, nearly half the domestic air passenger traffic in the region, but 2.3 percent fewer than in 1973.

The eastern half of a new 3,000 space, five-story parking garage opposite the main terminal neared completion.

A new collector-distributor roadway, completed to ease crowding in the terminal area, now gives direct access between parking lots and Grand Central Parkway. Parking Lot 5 has been expanded by 1,200 spaces.

The Terrace Restaurant, newly rebuilt, and other restaurant and refreshment facilities were opened in the terminal building, with others due for early completion.

With the installation of an improved instrument landing system at LaGuardia Airport, all three major regional airports are now capable of maintaining aircraft operation during almost all weather conditions.

#### Newark International Airport

Regional schedule reductions by the airlines were heaviest at Newark International Airport. Passenger traffic fell to 6,451,857 trips, a 5.6 percent decrease below 1973. As a consequence, completion of Terminal C, originally scheduled for operation early in 1976, was deferred. Airline tenants agreed to a three-year postponement of work on interior finishes.

Host International's refreshment and restaurant facilities are now in full operation.

The western portion of the North Terminal is being remodeled to accommodate international traffic and permanent federal inspection services. The eastern portion has been in interim use for international clearance since July 1974.

The new Administration/Police Garage Building, under construction near the Control Tower, is due for completion by mid-1975. A new \$2 million taxiway overpass connects Runway 11-29 and its taxiways to the new Central Terminal Area. New Jersey has almost finished its road connections to the airport. A jet fuel pipeline from refineries and receiving tanks at Linden is almost ready to replace the trucks supplying the new ten-million gallon jet fuel storage center.

#### Teterboro Airport

During 1974, at a cost of \$1.8 million, Pan American World Airways, operator of Teterboro Airport for the Port Authority, paved overlays on runways and taxiways, constructed security fencing and installed new navigational aids. Construction of a new control tower was begun by the Federal Aviation Administration in September, for early 1975 completion.

#### Proceedings Before the Civil Aeronautics Board

The protection of the port's competitive position involves the Port Authority in proceedings before the Civil Aeronautics Board as

they affect air rates and routes. In 1974 additional domestic airlines and cities applied to the CAB for direct transatlantic service from airports outside the region, some of them citing congestion at Kennedy International Airport as a reason for route authorizations. The Port Authority rebutted the charges, pointing out the availability of Newark International Airport for transatlantic service. The Port Authority also supported discount excursion fares to encourage air travel, the fixing of transatlantic cargo rates on miles flown rather than on common rating, and the renewal of the transoceanic air carriers' temporary route authority.

#### Air Terminals at a Glance

Totals at the Three Major Airports	
Plane Movements	768,000
Passenger Traffic	40,371,000
Cargo—Tons	1,196,000
Revenue Mail—Tons	215,000
Total Employment	54,117
Kennedy International Airport	
Plane Movements	310,000
Passenger Traffic (total)	20,216,000
Domestic	9,885,000
Overseas	10,331,000
Cargo—Tons	1,009,000
Total Employment	39,440
LaGuardia Airport	
Plane Movements	287,000
Passenger Traffic	13,703,000
Cargo—Tons	60,000
Total Employment	8,672
Newark International Airport	
Plane Movements	171,000
Passenger Traffic	6,452,000
Cargo—Tons	127,000
Total Employment	6,005
Cumulative PA Investment in Air Terminals (in millions)	
	\$1,262,723



Senior Operations Supervisor Wayne Howard advises police on Bus Terminal ramp traffic conditions during the evening peak.

## Bus Terminal

The Port Authority Bus Terminal at 41st Street and Eighth Avenue in Manhattan, the mass transportation terminal with the largest commuter market in the country, served over 60 million passengers traveling on nearly 2.2 million buses during 1974.

Arrivals and departures in 1974 varied only slightly from the 1973 level of activity. Weekday commuter and long-haul traffic increased, while short-haul traffic declined slightly due to a number of work stoppages. The 1974 total of over 760,000 long-haul bus movements showed a steady gain in middle distance travel to outlying commuter and resort areas. Short-haul trips for 1974 leveled off at 1,416,000.

To improve its services to the metropolitan commuter, the long-distance bus traveler and the surrounding communities, the Terminals Department began work on a \$768,000 program to renew the Bus Terminal's air-conditioning system by 1975. Two new cooling towers, to replace those now obsolete, have been installed. Over the next few years, in addition, stores in the Bus Terminal will be modernized to open up traffic circulation and to beautify the retail areas.

During the year, the Bus Terminal engaged in a variety of social, environmental, economic and promotion programs. The aid program for lost and wayward youth, bus platform enclosures and engine turn-off programs to improve the quality of Bus Terminal air, Project FIND's program for the aged and aid-to-employment radio broadcasts were all continuing instances of the terminal's activities in 1974.

After nearly a quarter century of service, the block-long terminal, the last expansion of which was the addition of another bus level in 1963 and a three-story parking roof, needs additional space to serve more than 200,000 people a day and the ancillary services they require. At year's end, plans for an expansion to increase the terminal's capacity substantially were under review by the Board of Commissioners.

## George Washington Bridge Bus Station

The George Washington Bridge Bus Station served over 11 million passengers in 1974. The Bus Station's weekday activity increased, though short- and long-haul movements declined slightly to a total of 426,000 bus arrivals and departures. Despite several long strikes

during the year, the carriers chalked up nearly 360,000 short-haul movements.

## Truck Terminals

At the New York Union Motor Truck Terminal, United Parcel Service, the nation's largest consolidator and deliverer of less-than-truckload freight, completed the first phase of a multi-million dollar modernization of nearly all the terminal's operating areas. Inauguration of its new parcel delivery service from the modernized terminal is expected in early 1975.

During 1974, REA Express assumed occupancy and operation of the freight platform and ancillary areas of the Newark Union Motor Truck Terminal.

## Terminals at a Glance

<b>All Terminals</b>	
Passengers	71,000,000
Bus Movements	2,598,000
<b>Bus Terminal</b>	
Passengers	60,000,000
Bus Movements	2,176,000
<b>George Washington Bridge Bus Station</b>	
Passengers	11,000,000
Bus Movements	426,000
<b>Cumulative PA Investment in Terminals (in millions)</b>	
	\$95,527

## Tunnels and Bridges



Patrolman John Sakac, at the remote control TV consoles which monitor Lincoln Tunnel traffic, alerts his tour commander to a potential stoppage in one of the tubes.

### Traffic

Gasoline shortages, as one effect of the nation's energy crisis, reduced vehicular travel sharply during the first quarter of 1974. A total of 158,574,800 vehicles used the Port Authority's six interstate vehicular crossings during the year, a decrease of 5,769,200 vehicles or 3.5 percent from 1973's total.

Bus traffic also declined in 1974. Truck traffic, owing to higher fuel costs and generally poor economic conditions, showed no growth.

At the Hudson River crossings, closing of a part of Manhattan's West Side Highway forced some traffic to shift from the George Washington Bridge to the Holland and Lincoln Tunnels. Nevertheless, Lincoln Tunnel traffic registered a decline of 0.2 percent, and the Holland Tunnel declined 4.6 percent. George Washington Bridge traffic declined 5.5 percent from last year.

At the three Staten Island crossings, combined traffic showed slight losses. Heavy peak-hour demand at the Goethals Bridge diverted nearly one million vehicular trips to the Outerbridge Crossing, where newly opened New Jersey Route 440 connects with the New Jersey Turnpike and Garden State Parkway. Although Goethals Bridge traffic lagged behind 1973 levels by 5.6 percent, Outerbridge Crossing traffic grew by 19.1 percent.

The entire arterial system serving the southern bypass route will be finished once the West Shore Expressway and its connections are completed by New York State. Surveys indicate that with the completion of the connections between the Outerbridge Crossing and the Staten Island Expressway seven to eight million vehicular trips annually will shift from the Goethals Bridge to the Outerbridge Crossing.

### Outerbridge Crossing Toll Plaza

Construction of the new New York Interchange and Toll Plaza at the Outerbridge Crossing, begun in 1972, continued in 1974 with substantial progress on the Field Service Building, the seven toll booths, their canopy and on related equipment installation. The new Field Service Building includes facilities for maintenance, police, tolls personnel and garage space for emergency and maintenance vehicles. The existing toll booths and service building will be removed once the new facilities are put into operation in September 1975.

### Research

The Tunnels and Bridges Research Division completed work on the evaluation of automatic bus identification as part of the U.S. Department of Transportation's Urban Corridor Demonstration Program. A final report recom-

mended the installation of an automatic bus identification system under federal sponsorship to provide data on buses using the I-495 corridor connecting northern New Jersey communities with Manhattan. If implemented, the system will permit buses to go through toll lanes without stopping and give carriers instantaneous information on their bus movements. Equipment with which to initiate a pilot program is on order, both for buses and the Lincoln Tunnel toll lanes. Its operation is expected to begin by mid-1975.

### Tunnels & Bridges at a Glance

(Crossings, in thousands)

<b>All Crossings</b>	
Automobiles	138,319
Buses	3,326
Trucks	16,930
<b>Total Vehicles</b>	<b>158,575</b>
<b>George Washington Bridge</b>	
Automobiles	68,369
Buses	518
Trucks	6,874
<b>Total Vehicles</b>	<b>75,761</b>
<b>Lincoln Tunnel</b>	
Automobiles	26,640
Buses	2,593
Trucks	3,564
<b>Total Vehicles</b>	<b>32,797</b>
<b>Holland Tunnel</b>	
Automobiles	17,146
Buses	84
Trucks	3,541
<b>Total Vehicles</b>	<b>20,771</b>
<b>Staten Island Bridges</b>	
Automobiles	26,164
Buses	131
Trucks	2,951
<b>Total Vehicles</b>	<b>29,246</b>
<b>Cumulative PA Investment in Tunnels &amp; Bridges</b>	
(in millions)	\$539,335

## World Trade

Exporters, importers, freight forwarders, Customhouse brokers, international banks, overseas government trade development agencies, trade associations and steamship lines, agents and brokers—631 firms and organizations from 60 nations—were World Trade Center tenants by the end of 1974, and the center's working population had risen to nearly 28,000.

### New Facilities

Several new undertakings were announced during the year, one for financing and constructing a major new downtown hotel as an integral part of the World Trade Center, another for consolidation within the center of commodity exchange trading and a third for the provision of public restaurant facilities.

The new 20-story 800-room hotel to be located on the southwest corner of the plaza as the last of the six building complex, will be financed and constructed by a private investor.

The offices of four leading commodity exchanges will be located on the 8th and 9th floors of the Southeast Plaza Building, with a two-level joint trading floor, a visitors' gallery, clearing facilities, lounges and meeting rooms for exchange members. A single agency, the Commodities Exchange Center, Inc., within which each exchange will retain its identity, has been formed to administer the joint facilities.

Hilton International Company will operate all public restaurant facilities at the World Trade Center. Restaurants of varying

services and design will be located on Skylobby floors, on the Observation Deck and atop One World Trade Center and on the main concourse.

The World Trade Center, its fourth year of operations completed, has had a favorable impact on the business operations of tenant firms and organizations. A representative sampling of both large and small firms disclosed that 66 percent of tenants interviewed reported that World Trade Center occupancy has enabled them to operate more efficiently. Improved overall business communications was reported by 57 percent. Some 62 percent of the tenants involved in sales reported sales increases and 57 percent reported an increase in profits. Of the tenants who provide services, 47 percent reported increased activity since moving to the center. Daily business visitor activity has increased for all tenants surveyed. The present volume of business visitors, exclusive of retail customers and public and governmental personnel, is 39 percent over the volumes experienced by the tenant firms prior to their move to the center.

### Information Services

Two major components of trade information services were completed in 1974—the World Trade Information Center and the Information Floor.

The World Trade Information Center moved into permanent quarters in the lobby of One World Trade Center in December. During the year more than 3,000 businessmen had used the Information Center's services, fea-

turing the Interfile electronic information retrieval system which searches out answers to trade questions. Developed by the Port Authority in cooperation with the World Trade Centers Association, Interfile will ultimately be extended to trade centers in major commercial cities throughout the world.

The World Trade Information Center opened its Information Floor in September on the 86th floor of One World Trade Center. Space on this floor is reserved exclusively for offices representative of governmental and commercial world trade information agencies such as the American Export Promotion Center of the Organization of American States, the Port Authority's own Eastern Trade Development Office, the Brazilian Government Trade Bureau, the Ecuadorian Promotion Center and the U.S.S.R.'s Amtorg Trading Corporation.

### Construction and Operations

All work preparatory to the erection of the superstructure of the Southeast Plaza Building was completed.

Construction continued on IND, IRT and BMT subway entrances and on an underpass to give pedestrians access to the Cortlandt Street Station of the Broadway subway and to the arcade of One Liberty Plaza without crossing Church Street.

### The World Trade Institute

The World Trade Institute, the educational arm of the World Trade Center, offered 185 seminars, conferences and symposia dealing with topics of current



Eugene Scheurer, Trade Information Specialist, explains the European tariff structure to an inquirer at the World Trade Information Center.

international concern to more than 3,000 participants during 1974. Trade with Comecon countries, investment alternatives for the new oil money, international tax compliance, international licensing, effective financing of multinational operations, and tax aspects of international banking were subjects offered to the international business community to facilitate and stimulate world trade.

The institute's Evening School of World Trade offered courses chaired by executive and technical specialists in ocean transportation, export documentation, traffic, maritime law and maritime insurance, among others.

In cooperation with the Agency for International Development, the World Trade Institute provided trade education to officials of less-developed nations seeking to improve their export markets. A program in international finance, investment, export promotion and trade development was conducted for officials of Vietnam.

The World Trade Language School contributed to world trade communications with special courses in English, European languages, Chinese, Hindi, Hebrew and Japanese.

#### **Promoting the Port**

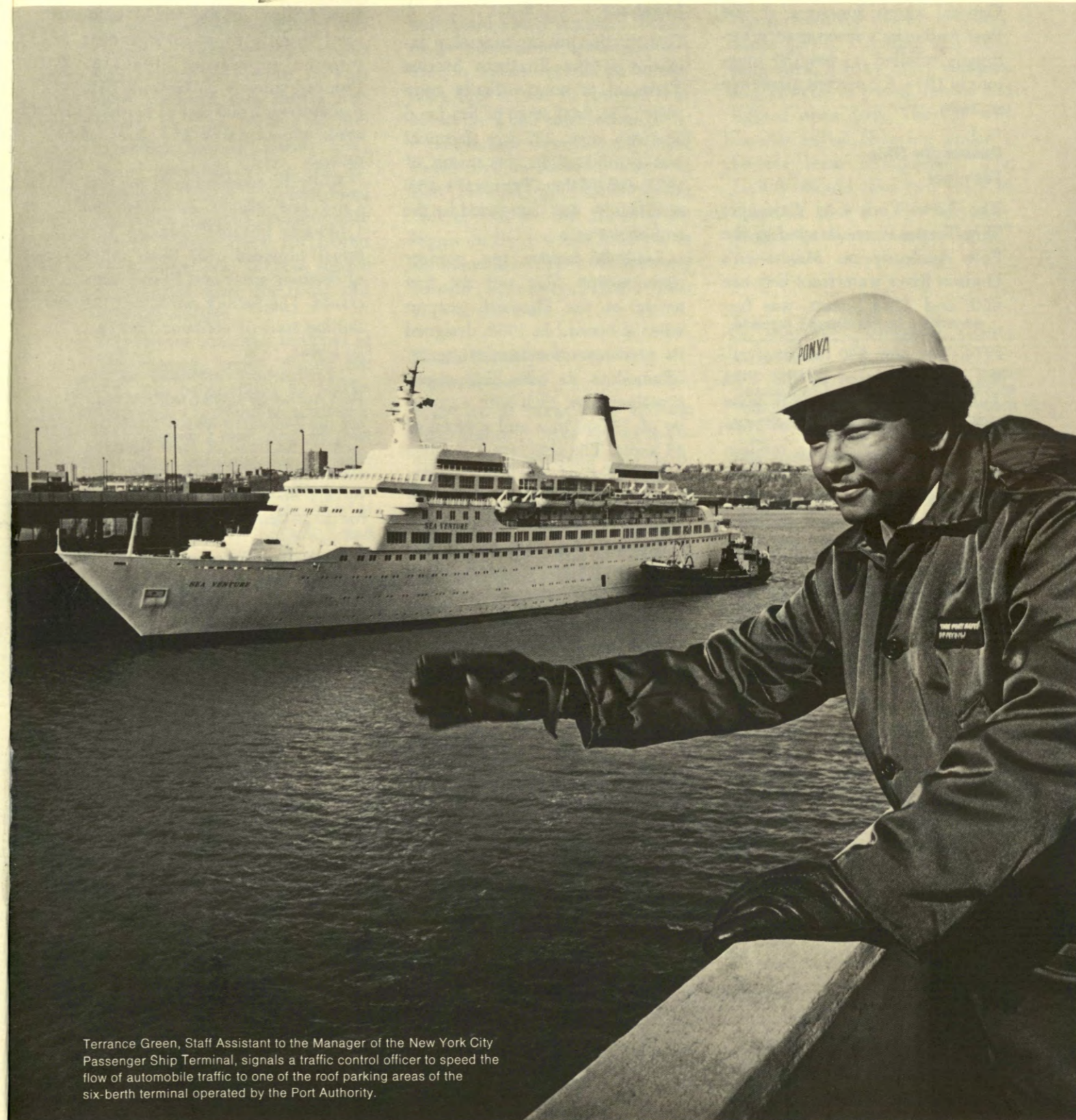
The Port Authority's Trade Development team offered free assistance on transportation matters and information on the network of facilities and services available at the New York-New Jersey port to 11,462 shippers and receivers in 49 states and 39 foreign countries.

The monthly port commerce magazine, *Via Port of New York*, was for the second time in three years accorded top rating of the publications of member ports of the American Association of Port Authorities.

#### **Protecting the Port's Commerce**

To protect the port's competitive position, the Port Authority participated in 1974 in nine proceedings before the Interstate Commerce Commission and in nine before the Federal Maritime Commission the outcome of which could be foreseen to affect the commerce of the Port of New York, whether through proposed railroad practices or discriminatory advantages sought by import-export lines. Of the 18 cases, four were resolved in 1974 and the balance are still in litigation.

## Marine Terminals



Terrance Green, Staff Assistant to the Manager of the New York City Passenger Ship Terminal, signals a traffic control officer to speed the flow of automobile traffic to one of the roof parking areas of the six-berth terminal operated by the Port Authority.

General cargo tonnages at the Port Authority's seven marine terminals totalled 13,404,679 long-tons in 1974, 6.2 percent more than in 1973.

#### Passenger Ship Terminal

The New York City Passenger Ship Terminal, constructed by the Port Authority on Manhattan's Hudson River waterfront between 48th and 52nd Streets, was formally dedicated November 23, 1974. The new \$40 million facility, to be operated by the Port Authority under a 20-year lease agreement with the City of New York, was designed as a modern and convenient gateway for the thousands of ocean travelers who pass through the Port of New York. Three obsolete piers were rebuilt and refurbished to provide temperature-controlled passenger lounges, improved Customs and baggage handling facilities, rooftop parking for 1,000 cars and an elevated roadway system.

#### Elizabeth

Construction of containership facilities at the Elizabeth Marine Terminal is now virtually complete. The final stage of Sea-Land Service's new 232-acre terminal was completed in the spring of 1974 and Maher Terminal's 153-acre facility was completed by the end of the year.

Sea-Land Service, Inc., pioneer containership firm and the first tenant at the Elizabeth seaport when it opened in 1962, designed its new container terminal to accommodate its new SL-7 super-containerships, each with a capacity of 27,000 tons and a speed of 33 knots. The new terminal offers 4,519 feet of berthing space, berths 40 feet deep, a turning basin, wider access channels to the berths and six shore-based gantry container cranes. Marshalling space for 6,600 containers on chassis permits units to be kept "on wheels," ready for instant delivery to shipper or shipside.

Maher Terminal's expanded complex is the largest container-

ship facility in the world managed directly by an independent terminal operating company. Fronting directly on Newark Bay, it comprises 2,400 feet of berthing space supported by 153 acres of upland.

With the completion of the Sea-Land and Maher facilities, the 1,165-acre Elizabeth Marine Terminal provides over three miles of berthing space and 19 container cranes. The facility can handle 12 million tons of containerized cargo a year.

Construction continued on the Port Authority's \$38.6 million project on 246 acres leased from the Central Railroad of New Jersey as additional distribution space and upland marshalling areas to meet the cargo demands of the future.

#### Port Newark

Construction at Port Newark was extensive during 1974.

Universal Maritime Service's container terminal was completed on the north side of the Elizabeth Channel, with 3,058 feet of berth-

ing space, 60 acres of supporting upland, two container cranes and a new 201,000-square-foot transit shed. During the summer, on Port Newark's south side, Reefer Terminals, Inc., an affiliate of Refrigerated Express Lines, Ltd., started operation of its new refrigerated facility at Transit Shed 153, which contains 30,000 square feet of freezer space for frozen commodities and 20,000 square feet of chill space for fruits and other perishables.

A 46-acre container terminal at Port Newark, begun during the year, will be operated by Moller Steamship Company to accommodate Maersk Lines' fleet of nine new container-ships due to enter service during 1975 and 1976.

On April 1, 1974, the City of Newark approved proposed and pending agreements with the Penn Central Transportation Company and the New Jersey Turnpike Authority that will open nearly 118 acres to the expansion of marine terminal activity in Newark. On a 95-acre site, at an estimated cost

of \$19 million, the Port Authority will build 830,000 square feet of cargo distribution space and 2.3 million square feet of paved upland. Rail service to the area will be supplied by Penn Central.

S.S. Kresge Company expanded its import distribution center at Port Newark to 419,600 square feet by the end of 1974. Work began on Berth 6 and Shed 140 to accommodate vessels of the newly formed Ecuadorian Line, which will handle fruit.

#### South Brooklyn Waterfront Redevelopment

The City of New York and the Port Authority have agreed to cooperate in developing port facilities on a regional basis and on attracting new types of cargoes to the Port of New York. Toward that end, the city and the Port Authority agreed on October 10, 1974 to the mutual development of container terminal facilities along Buttermilk Channel in Brooklyn. The terms of the agreement call for the Port Authority to construct a \$33

million container terminal in Red Hook consisting of two new container berths, a stuffing and stripping shed, a truck entry complex and 72 acres of paved, fenced and lighted open area. The city will assume initial financing under a 50-year lease arrangement. The facility should take two years to construct once the city has completed the necessary relocations.

#### Marine Terminals at a Glance

All Terminals	
Ship Arrivals	3,601
General Cargo (Long Tons)	13,404,679
Total Employment	8,879
Estimated Total Payroll	\$101,060,000

New Jersey Marine Terminals	
Ship Arrivals	2,093
General Cargo (Long Tons)	11,289,628
Total Employment	5,408
Estimated Total Payroll	\$60,815,000

New York Marine Terminals	
Ship Arrivals	1,508
General Cargo (Long Tons)	2,115,051
Total Employment	3,471
Estimated Total Payroll	\$40,245,000

Cumulative PA Investment in Marine Terminals (in millions)	
	\$501,933

## Planning For The Future

The changes that occurred in 1974 in the Port District, measured against international uncertainties and reflective in many instances of national dislocations of social, environmental, energy, legal and financial factors present the Port Authority with difficult challenges to resolve both day to day and in the long term.

### Public Transportation

To insure efficient passenger service as well as effective and competitive rail freight service into and out of the New York-New Jersey port area, the Port Authority planned with federal and state agencies on improving the northern New Jersey commuter rail service, including direct rail access to New York's Pennsylvania Station, participated in the Joint Task Force with the New Jersey Department of Transportation on a PATH extension to Plainfield and alternate plans, progressed plans for the rail access project to Kennedy International Airport and began working with the U.S. Railway Association, responsible under the Regional Rail Reorganization Act of 1973 for preparing a system plan for restructuring the bankrupt northeast railroads.

### Energy Conservation

The Port Authority reduced its total energy consumption by approximately 15 percent during 1974 through the elimination of marginal lighting, reduction of heating levels and a reduction in the use of automobiles.

A study was started during the year to determine the effects of the energy crisis on Port Author-

ity facilities and on the economy of the entire New York-New Jersey region. Trends will be determined in order to formulate forecasts and consequences of the energy demand and supply not only in the New York-northern New Jersey region but for the entire United States during 1975 and for the years 1980, 1985 and 2000.

### Environmental Programs

The Port Authority continued to work with state and local officials on transportation control programs to improve air quality. A successful office waste paper recycling program at the World Trade Center, barely a year old, has been expanded to several other Port Authority facilities.

### Harbor Improvements

The Port Authority and some 20 organizations fostered a drive to obtain the federal funds needed for provision of adequate local harbor anchorages and channels. Although in accord with national economies, the Corps of Engineers cut back on its Fiscal Year 1975 navigation construction projects to \$6,735,000, the amount is still well in excess of the funding originally recommended for New York-northern New Jersey port projects.

Concerted federal, state and local action was finally successful after 11 years in securing funds for the Waterfront Cleanup Project. A Fiscal Year 1975 appropriation of \$165,000 will permit preliminary planning and limited contract work. Representatives of both states, local municipalities, the Corps of Engineers and the Port Authority are cooperating on the

best ways to use the limited funds.

The Port Authority also began working with the New York City Department of Marine and Aviation on a study of the Staten Island Ferry Terminals, especially because the city's purchase of three high-capacity, all-passenger ferries requires improvement of both the Manhattan and Staten Island terminals.

In another waterfront development, the Port Authority and New Jersey entered into an agreement for Port Authority engineering services in connection with Liberty State Park, to be built along the Hudson River at Jersey City.

### Highway Planning

The Port Authority continued its efforts to improve the accessibility of Port Authority facilities to the general public. Among the State of New York programs involving staff during 1974 were the West Side Highway Project along Manhattan's Hudson River waterfront and the Nassau Expressway-Southern Parkway corridor serving Kennedy International Airport. The Port Authority was also involved in reviewing contracts for safety improvements on the Cross Bronx and Major Deegan Expressways as they would affect the George Washington Bridge and participated in the Long Island Expressway Task Force to study alternate means of improving traffic flow.

The Port Authority assisted New Jersey in studies of highway needs in Bayonne and their related effect on the Bayonne Bridge and continued efforts on the proposal for a Route 81 Freeway—an im-

portant link in the arterial highway network as well as serving the Newark-Elizabeth Marine Terminals and Newark International Airport.

### Staggered Work Hours Program

The Staggered Work Hours Program, originated by the Port Authority, helped relieve peak-hour congestion by changing the traditional work hours of more than 400 organizations, both public and private, representing some 220,000 working men and women. The Port Authority will continue to collaborate with the City of New York, the Downtown Lower Manhattan Association and the Midtown Task Force to extend the program. Federal interest in low-capital measures to improve transportation was shown by a \$133,000 grant to the Port Authority from the Urban Mass Transportation Administration to aid in the preparation of Staggered Work Hour Program guidelines to other urban areas of the United States.

### "People and Jobs" Report

In May 1974, the Port Authority released "People and Jobs", a forecast through the year 1990 of the changes in population, numbers of households, labor force and jobs for the 22 county New York-New Jersey and Connecticut metropolitan region. In response to this rapidly changing economic and social climate, a major study was begun by the Port Authority with the concurrence of state and local agencies to investigate ways of encouraging industrial development in this area.

## The Staff and Its Development

The Port Authority and PATH, its rail subsidiary, retain a career staff totaling more than 7,900 people of which in 1974 over 2,000 participated in training and development programs geared to the enrichment of basic and technical skills, management development, college and graduate education the better to achieve the Port Authority's goals.

One of the year's major advances was expansion of the Supervisory Development Program, combining both internal management training and college education to develop the skills of field supervisors.

In 1974, 390 employees successfully completed approved college-level and other courses at recognized colleges or certified training institutions and received a refund of their tuition expenses through the Port Authority's Education Refund Program.

### Howard S. Cullman Memorial Fellowship Award

The Board of Commissioners awarded the 1974 Howard S. Cullman Memorial Fellowship to Peter T. S. Lin, Engineer, to undertake an 11-month assignment at the Massachusetts Institute of Technology. The assignment, begun in July, is to conduct an in-depth analysis of factors in such areas as acoustics, random vibrations, sound structure interactions and related laboratory research as they may affect Port Authority projects.

### Police Recruitment

Over 200 replacements for retir-

ing police officers were either graduated from or selected for training at the Port Authority Police Academy in 1974.

### Equal Opportunity Programs

The Port Authority's Equal Opportunity Programs Unit assisted in referring 50 minority journeymen construction workers and 30 New York Plan trainees at the New York City Passenger Ship Terminal in addition to the contractor's own work force and union referrals.

Of the minority group members placed, Newark International Airport's Affirmative Action Program, from the time of its inception through the end of 1974, accounted for 33 percent of the journeymen, 50 percent of the apprentices and 100 percent of the trainees employed in the airport's construction. Furthermore, notwithstanding the fall-off of construction employment during the year, minority representation remained at 35 percent.

The Equal Opportunity Programs Unit expanded its activities in 1974 through the creation of volunteer management assistance teams to provide Port Authority expertise to minority entrepreneurs and to organizations in need.

Negotiations continued with minority entrepreneurs for consumer service operations at the World Trade Center and the Journal Square Transportation Center. The Unit continued referring prospective minority consumer service, service contracting and vending contractors to the General Services Department.

## Administration



William J. Ronan  
Chairman



W. Paul Stillman  
Vice Chairman



James C. Kellogg, III



Gustave L. Levy



Robert R. Douglass



Victor R. Yanitelli, S.J.



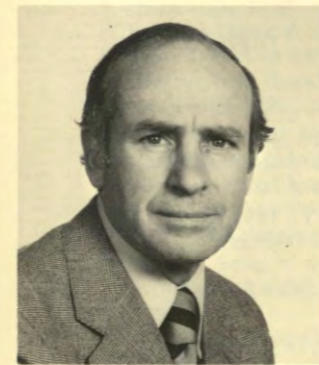
James G. Hellmuth



Andrew C. Axtell



Jerry Finkelstein



Alan Sagner



George F. Berlinger



Milton A. Gilbert



A. Gerdes Kuhbach  
Executive Director

The Port Authority of New York and New Jersey, the first public authority in the United States, was created by compact on April 30, 1921 to act as the port development agency of the two states.

The Port Authority consists of 12 Commissioners, six appointed by the Governor of New York and six by the Governor of New Jersey, to serve overlapping six-year terms without compensation.

Members of the Board of Commissioners are leaders in business, finance, law and public affairs.

**Chairman William J. Ronan** of New York is a trustee of the New York State Power Authority and former Chairman of the Metropolitan Transportation Authority.

**Vice Chairman W. Paul Stillman** of New Jersey is Chairman of the Board of the First National State Bank of New Jersey and of the Mutual Benefit Life Insurance Company.

**Andrew C. Axtell** of New Jersey is General Manager of Hobart Welder Sales and Service, division of Hobart Brothers Company.

**George F. Berlinger** of New York is former Secretary-Treasurer of Joseph Berlinger & Co., New York City.

**Robert R. Douglass** of New York is a member of the firm of Milbank, Tweed, Hadley and McCloy.

**Jerry Finkelstein** of New York is Chairman of the Board of Struthers Wells Corporation.

**Milton A. Gilbert** of New Jersey is the founder, President and Chairman of Flexi-Van Corporation.

**James G. Hellmuth** of New York is Vice President of the Bankers Trust New York Corporation.

**James C. Kellogg III** of New Jersey is senior partner in the firm of Spear, Leeds and Kellogg, and a former Chairman of the Board of Governors of the New York Stock Exchange.

**Gustave L. Levy** of New York is senior partner in Goldman, Sachs

and Company, and a former Chairman of the Board of Governors of the New York Stock Exchange.

**Alan Sagner** of New Jersey also serves as Commissioner of Transportation for the State of New Jersey.

**Rev. Victor R. Yanitelli, S. J.** of New Jersey is President of Saint Peter's College.

Commissioner Ronan became Chairman of the Port Authority and Commissioner Stillman became Vice Chairman on May 3, 1974, having been elected to their offices at a special meeting of the Board on April 18, 1974.

The Commissioners appointed **A. Gerdes Kuhbach** Executive Director of the Port Authority in August, 1974 to carry out the policies and programs authorized by the Board. Mr. Kuhbach, formerly the Port Authority's Director of Finance, had been serving as Acting Executive Director since August 1973.

The Port Authority is represented in all legal matters by its General Counsel, Patrick J. Falvey, legal advisor to the Board, the Executive Director and the staff.

**Doris E. Landre**, the Secretary of the Port Authority, is responsible for retention of official minutes of the Board of Commissioners and all official records of the Port Authority.

**John Tillman**, formerly Radio and Television Director, was appointed Director of Public Affairs in April, 1974.

The Port Authority is organized as a system of line and staff departments which report to the Executive Director. Line departments are Aviation, Marine Terminals, Rail Transportation, Terminals, Tunnels and Bridges, and World Trade. The Port Authority subsidiary, the PATH rail transit system, is within the Rail Transportation Department. Staff departments are Administration, Comptroller's, Engineering, Finance, General Services, Law, Management Services, Medical, Personnel, Planning and Development, Public Affairs and Treasury.

**Commissioners of The Port Authority of New York and New Jersey 1921-1974**

Seventy-five men, prominent in business, government and the professions, have been named by the Governors of New Jersey and New York to the Board of Commissioners of the Port Authority since the bi-State agency's creation in 1921. Leaders in the community and the private sector with outstanding records of accomplishment, they serve without payment or monetary compensation of any sort.

In the order of their appointment, they are:

**Eugenius H. Outerbridge, N.Y.**, 1921-1924 (Chairman, Apr. 25, 1921 to Mar. 27, 1924) President, Harvey & Outerbridge, Inc. President, Chamber of Commerce, State of New York

**J. Spencer Smith, N.J.**, 1921-1923 (Vice Chairman, Apr. 25, 1921 to July 1, 1923) President, Tenaflly Trust Company of New Jersey Vice President, First Federal Savings & Loan Association of New York

**Alfred E. Smith, N.Y.** 1921-1923 Governor of New York (1919-1920 and 1923-1928) Democratic candidate for President of United States (1928) President, Empire State, Inc.

**Frank R. Ford, N.J.**, 1921-1924 Member, Ford, Bacon & Davis

**Lewis H. Pounds, N.Y.**, 1921-1924 (Vice Chairman, Apr. 16, 1924 to June 30, 1924) President, Borough of Brooklyn (1913-1917) Treasurer, New York State (1924-1926)

**DeWitt Van Buskirk, N.J.**, 1921-1924 (Vice Chairman, July 18, 1923 to Apr. 16, 1924; Chairman, Apr. 16, 1924 to November 19, 1924) President, Mechanics Trust Company of New Jersey

**John F. Galvin, N.Y.**, 1923-1933 (Vice Chairman, Nov. 19, 1924 to July 12, 1928; Chairman, July 12, 1928 to October 19, 1933) President, Metal Stamping Company

**Julian A. Gregory, N.J.**, 1923-1926 (Chairman, Nov. 19, 1924 to May 20, 1926) Senior member, Gregory, Stewart & Montgomery Mayor, East Orange, N.J. (1912-1916)

**Otto B. Shulhof, N.Y.**, 1924-1927 President, Dualite Electric Lamp Corp. President, American Neon Lights & Sign Corp.

**Frank C. Ferguson, N.J.**, 1924-1945 (Vice Chairman, July 12, 1928 to Sept. 6, 1934; Chairman, Sept. 6, 1934 to Feb. 8, 1945)

Chairman of the Board, Ampere Bank & Trust Company President, Union Trust Company of New Jersey

**Herbert K. Twitchell, N.Y.**, 1924-1928 Chairman of the Board, Chemical National Bank President, Bank of Suffolk County

**Schuyler N. Rice, N.J.**, 1924-1932 Assistant Secretary, Denver and Rio Grande Railroad Member, J. K. Rice & Sons

**George S. Silzer, N.J.**, 1926-1928 (Chairman, May 27, 1926 to June 30, 1928) Governor of New Jersey (1923-1926) Member, New Jersey State Senate (1907-1912)

**Howard S. Cullman, N.Y.**, 1927-1969 (Vice Chairman, Sept. 6, 1934 to Feb. 8, 1941; Chairman, Feb. 8, 1945 to May 12, 1955) President, Cullman Bros. Inc. Chairman, Beekman-Downtown Hospital

**William C. Heppenheimer, N.J.**, 1928-1933 Chairman, The Trust Company of New Jersey Member, New Jersey General Assembly

**John F. Murray, N.Y.**, 1928-1937 Partner, John F. Murray & Company  
**Joseph G. Wright, N.J.**, 1930-1934 Vice President and Treasurer, Equitable Mortgage Securities Company, Inc.

**John J. Pulley, N.Y.**, 1930-1946 Chairman, Emigrant Industrial Savings Bank

**George deB. Keim, N.J.**, 1930-1941 Chairman, New Jersey World's Fair Commission

**Alexander J. Shamberg, N.Y.**, 1930-1941 Exporter

**George Rathbone Dyer, N.Y.**, 1930-1934 (Chairman, Oct. 19, 1933 to Aug. 31, 1934) Senior Partner, Dyer, Hudson & Company

**Ira R. Crouse, N.J.**, 1931-1939 President, Crouse Lumber Company

**John J. Quinn, N.J.**, 1932-1936 Member, Quinn & Doremus U.S. Attorney for State of New Jersey (1935-1940)

**Rudolph Reimer, N.Y.**, 1933-1934 Director and President, Harry Blinn Coal Company

**John Milton, N.J.**, 1933-1939 United States Senator (1938) Lawyer

**Joseph M. Byrne, Jr., N.J.**, 1934-1953 (Vice Chairman, Feb. 8, 1945 to May 12, 1953) Chairman, Joseph M. Byrne Company Director and President, Merchants and Manufacturers Fire Insurance Company

**Charles S. Whitman, N.Y.**, 1935-1942 Governor of New York (1915-1918) Member, Whitman, Ransom, Coulson & Goetz

**Joseph A. Bower, N.J.**, 1936-1938 Executive Vice President, Chemical Bank and Trust Company President, Detroit International Bridge Company

**Michael F. Walsh, N.Y.**, 1937-1938 Secretary of State, State of New York (1939-1942) United States Senator (1934-1944)

**John Borg, N.J.**, 1938-1945 and 1948-1953 Chairman of the Board and Publisher, *Bergen Evening Record*

**Frank J. Taylor, N.Y.**, 1938-1949 President, American Merchant Marine Institute Member, New York State Assembly (1912-1925)

**Raymond M. Greer, N.J.**, 1939-1945 Partner, Boyce, Hughes & Farrell Comptroller, City of Jersey City

**Frank Dorsey, N.J.**, 1940-1944 Mayor, Perth Amboy, N.J. (1917-1923, 1926-1934) Member, New Jersey State Highway Commission

**James W. Costello, N.J.**, 1941-1943 Chief Engineer, City of Newark Commissioner, New Jersey State Board of Commerce and Navigation

**Eugene F. Moran, N.Y.**, 1942-1959 (Vice Chairman, Sept. 5, 1955 to Apr. 9, 1959) Chairman, Moran Towing & Transportation Co., Inc.

**Charles S. Hamilton, N.Y.**, 1942-1960 Vice President, Treasurer, Russell, Burdsall & Ward Bolt & Nut Co. President, Andrew W. Mellon Foundation

**Arthur Walsh, N.J.**, 1934-1947 Executive Vice President, Thomas A. Edison, Inc. Assistant Administrator, Federal Housing Administration

**Bayard F. Pope, N.Y.**, 1944-1955 and 1959-1967 (Vice Chairman, May 12, 1955 to July 1, 1955) Director, Marine Midland Corporation

**Howard R. Cruse, N.J.**, 1945-1948 Partner, Cruse, Becker & Longstreet Senior Vice President and General Counsel, New Jersey Title Guarantee and Trust Company

**Donald V. Lowe, N.J.**, 1945-1969 (Vice Chairman, May 12, 1953 to May 12, 1955; Chairman, May 12, 1955 to April 9, 1959) President, Lowe Paper Company

**E. Palmer Armstrong, N.J.**, 1945-1952 President and Director, Keyport Banking Company

**Frank D. Abell, N.J.**, 1945-1951 Chairman, First National Iron Bank, Morristown, N.J. Member, New Jersey State Senate (1927-1933)

**S. Sloan Colt, N.Y.**, 1946-1968 (Chairman, April 9, 1959 to April 11, 1968) Chairman of the Board, Bankers Trust Company

**Horace K. Corbin, N.J.**, 1948-1960 (Vice Chairman, April 9, 1959 to February 5, 1960) Vice President and Director, Fidelity Union Trust Company

**Charles H. Sells, N.Y.**, 1949-1958 Superintendent of Public Works, State of New York Westchester County Commissioner of Public Works Consulting Engineer

**John F. Sly, N.J.**, 1951-1955 Professor, Princeton University School of International Affairs

**Jess Harrison Davis, N.J.**, 1952-1959 President, Stevens Institute of Technology President, Clarkson Institute of Technology

**David Van Alstyne, Jr., N.J.**, 1953-1955 President and Treasurer, Van Alstyne, Noel & Co., Inc. Member, New Jersey State Senate (1942-1953)

**Dow H. Drukker, Jr., N.J.**, 1953-1958 Publisher, *The Herald-News of Passaic* President and Director, Union Building and Investment Company

**N. Baxter Jackson, N.Y.**, 1955-1963 Chairman of the Board, Chemical Corn Exchange Bank

**James C. Kellogg, III, N.J.**, 1955- (Vice Chairman, February 11, 1960 to April 11, 1968; Chairman, April 11, 1968 to May 2, 1974)

Senior Partner, Spear, Leeds & Kellogg Former Chairman of the Board of Governors, New York Stock Exchange

**Thorn Lord, N.J.**, 1955-1960 United States Attorney, State of New Jersey (1943-1945) Lawyer

**Joseph A. Martino, N.Y.**, 1958-1968 (Vice Chairman, April 11, 1968 to November 27, 1968) Chairman of the Board, National Lead Company

**John J. Clancy, N.J.**, 1958-1970 Senior Partner, Clancy & Hayden

**Robert F. McAlevy, Jr., N.J.**, 1959-1964 Member, New Jersey State Assembly (1935-1936) Hoboken Magistrate (1948)

**Alexander Halpern, N.Y.**, 1960-1970 Partner, Prose, Smith, Halpern and LeFevre Chairman and Director, National Parkinson Foundation

**W. Paul Stillman, N.J.**, 1960- (Vice Chairman, May 3, 1974 to ) Chairman of the Board, Mutual Benefit Life Insurance Company Chairman of the Board, First National State Bank, New Jersey

**Charles W. Engelhard, N.J.**, 1960-1971 Chairman, Engelhard Minerals and Chemical Corporation

**Ben Regan, N.Y.**, 1963-1970 (Vice Chairman, April 10, 1969 to March 14, 1970) General Partner, Hornblower & Weeks Member, Civilian Commission of NATO (1961)

**Gerard F. Brill, N.J.**, 1965-1968 Senior Vice President, Trust Company of New Jersey

**William J. Ronan, N.Y.**, 1967- (Vice Chairman, June 1, 1972 to May 2, 1974; Chairman, May 3, 1974 to ) Chairman, Metropolitan Transportation Authority (1968-1974) Dean of New York University Graduate School of Public Administration and Public Service (1953-1959)

Secretary to the Governor of New York State (1959-1965)

**William A. Sternkopf, Jr., N.J.**, 1968-1971 Senior Partner, William A. Sternkopf & Company

**Hoyt Ammidon, N.Y.**, 1968-1972 (Vice Chairman, April 9, 1970 to May 26, 1972) Chairman, United States Trust Company

**Walter Henry Jones, N.J.**, 1969-1974 New Jersey State Senator (1953-1961) Lawyer

**Sidney S. Hein, N.Y.**, 1969-1972 Partner, Hein, Bradie, Waters & Klein

**Bernard J. Lasker, N.Y.**, 1969-1974 Senior Partner, Lasker, Stone & Stern Former Chairman of Board of Governors, New York Stock Exchange

**Gustave L. Levy, N.Y.**, 1970- Senior Partner, Goldman, Sachs & Co. Former Chairman of the Board of Governors, New York Stock Exchange

**James G. Hellmuth, N.Y.**, 1970- Vice President, Bankers Trust of New York Corporation

**Andrew C. Axtell, N.J.**, 1970- General Manager, Hobart Welder Sales and Service Division of Hobart Brothers Company

Mayor, Livingston, N.J. (1953-1958)  
**Philip B. Hofmann, N.J.**, 1971-1974 Chairman of the Finance Committee, Johnson & Johnson

**Jerry Finkelstein, N.Y.**, 1972- Chairman of the Board, Struthers Wells Corp. Publisher, *New York Law Journal* and *Civil Service Leader*

**Robert R. Douglass, N.Y.**, 1972- Member, Milbank, Tweed, Hadley and McCloy Counsel and Secretary to the Governor, New York State (1964-1972)

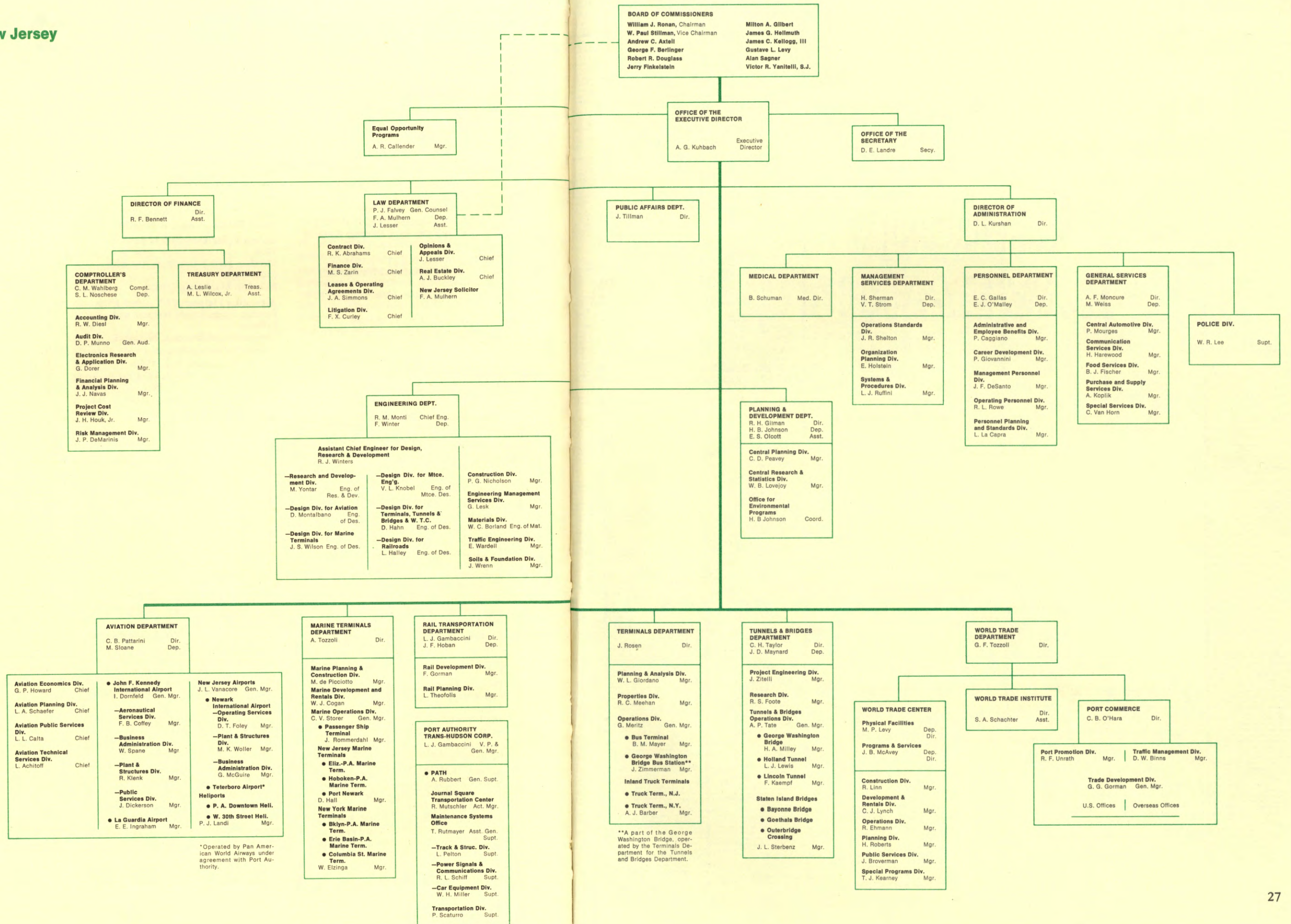
**Rev. Victor R. Yanitelli, S. J., N.J.**, 1972- President, Saint Peter's College

**Alan Sagner, N.J.**, 1974- Commissioner of Transportation, State of New Jersey Partner, Levin-Sagner Company

**George F. Berlinger, N.Y.**, 1974- Former Secretary-Treasurer of Joseph Berlinger & Co. Director of Anvirodyne Corporation Former Welfare Inspector General, State of New York

**Milton A. Gilbert, N.J.**, 1974- Former Founder, President and Chairman of Flexi-Van Corporation

**The Port Authority  
of New York and New Jersey  
Organization Chart**  
December 31, 1974



## Basic Policies and Financial Structure

The States of New Jersey and New York directed the Port Authority "... to proceed with the development of the Port of New York ... as rapidly as may be economically practicable ... ." The Authority, however, may not levy taxes, assessments or pledge the credit of either State or any municipality. In other words, its program of public works was to be supported and financed by the private sector, and to this end the two States pledged their "cordial cooperation ... in the encouragement of the investment of capital ... ."

In order to finance—on a self-supporting basis and without cost to the general taxpayer—the land, sea and air terminal, transportation and other facilities of commerce as directed by the two State Legislatures, it is necessary for the bi-State agency to conduct its affairs with prudence and to employ sound management practices. Over the years, more than 3.5 billion dollars of Port Authority obligations have been purchased by investors of which 1.7 billion dollars was outstanding at December 31, 1974.

The statutes establishing the General Reserve Fund of the Authority provide for the pooling of revenues to the end that older facilities with established earning power can aid new projects during development periods until they reach their anticipated point of self-support. These statutes provide for the utilization of available net revenues to maintain the General Reserve Fund at the prescribed amount of ten percent of the total

par value of the Authority's outstanding bonds.

The Port Authority's long-established policy is to retire debt as rapidly as sound financial management permits and to maintain, at year-end, a combined amount in its reserve funds, including reserve funds in trust, equal to at least the amount of the next two years' mandatory bonded debt service. Acceleration of debt retirement before mandatory dates may be accomplished out of the General Reserve Fund only to the extent that reserve funds exceed the ensuing two years' debt service.

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

In 1974, the Legislatures of New York and New Jersey repealed a statutory covenant with holders of affected Port Authority bonds which permitted deficit financing of passenger railroad facilities in addition to the Hudson Tubes (Port Authority Trans-Hudson [PATH] System) only within specified financial limits. The covenant was originally adopted in 1962 as part of the statutes authorizing Port Authority acquisition of the inter-state Hudson and Manhattan Railroad. In 1973, the two States had enacted legislation to preclude application of the statutory covenant to the holders of ob-

ligations issued by the Authority after May 10, 1973.

In April 1974, the United States Trust Company of New York instituted litigation in New Jersey as Trustee for the 40th and 41st Series of the Authority's Consolidated Bonds, as the holder of a significant amount of outstanding obligations of the Authority, and as a class representative on behalf of the holders of all outstanding bonds of the Authority against the State of New Jersey and its Governor and Attorney General seeking a declaratory judgment that the action taken by the States in 1974 to repeal the 1962 statutory covenant violates the federal and state Constitutions. This action has been consolidated with another pending action in New Jersey which was instituted by private parties seeking to invalidate the statutory covenant. The actions in New Jersey are proceeding while similar actions instituted and pending in New York relating to the covenant and its repeal have not been progressed.

## Statement Presentation

The Committee on Governmental Accounting and Auditing of the American Institute of Certified Public Accountants issued an industry audit guide in September 1973, entitled "Audits of State and Local Governmental Units". The recommendations of the guide are effective for periods beginning on or after January 1, 1974.

The difference between the recommendations of the guide and the generally accepted accounting principles used heretofore by the Authority in accordance with its

bond resolutions is the inclusion of provision for depreciation in the Port Authority's financial statements. The Port Authority has adopted this practice in its financial reporting for 1974 and has prepared comparative 1973 financial statements on this basis.

However, the adoption of this accounting practice results in no change in the net revenues and reserves of the Authority or their application. These are governed by the Port Authority's bond resolutions which provide that operating expenses shall not include any allowance for depreciation. Rather, recovery of facility costs is accomplished through deductions from revenues and reserves of amounts equal to principal payments on debt and reserves appropriated to invested in facilities.

The guide states that, "Where there is a need to report the compliance of financial transactions with legal requirements and it can be reported in supplemental schedules, this form should be used". Accordingly, the Port Authority has prepared, in addition to financial statements reflecting depreciation, Schedules A through I in conformity with its bond resolutions. The following information refers to Schedules A through I.

#### Combined Operations in Brief

Gross operating revenues of The Port Authority of New York and New Jersey for the year 1974 totaled \$410,412,000, an increase of 9.8 percent over 1973. This rise reflects the continuing increase in the development and utilization of the Authority's facilities. At the same time, operating expenses, in-

cluding start-up costs for new projects, increased about 7.6 percent to reach \$254,294,000.

Financial income on securities held in the reserve and operating funds was \$23,047,000. This resulted from investment income of \$26,108,000 and a downward adjustment of \$3,061,000 in the value of the securities held in these funds during the year. Thus, net revenues available for debt service and reserves were \$179,165,000.

Interest on the Authority's debt charged to operations and reserves totaled \$75,509,000 and long-term bonded debt amortization amounted to \$34,363,000. In addition, \$40,000,000 in principal payments was made to reduce outstanding bank loans in accordance with agreements with the banks. Total debt service charged to revenues and reserves, including reserve funds in trust, therefore, was \$149,872,000.

At year-end 1974, the General Reserve Fund balance amounted to \$173,487,000 and continued to meet the prescribed statutory amount. The Consolidated Bond Reserve Fund had a balance on December 31, 1974 of \$46,800,000 after application of \$11,000,000 to invested in facilities and \$40,000,000 to meet installments on bank loans. Total reserves at year-end, including reserve funds in trust, were \$255,057,000, which exceeded the next two years' debt service on bonded debt. The total debt service for the Authority for the years 1975 and 1976, including scheduled payments on bank loans, amounts to \$370,576,000.

The Authority's financial affairs are administered by Alexander

Leslie, Treasurer, and Carl M. Wahlberg, Comptroller.

#### Financial Position At Year-End

On December 31, 1974, the total assets of the Authority were \$3,912,295,000, represented by the cumulative amount invested in facilities and balances in construction, operating and reserve funds. This is an increase of 1.0 percent, or \$39,609,000 over last year.

The net amount invested in facilities of the Port Authority rose by \$174,143,000, including interest during construction of \$21,061,000 on bonded debt and bank loans, to a cumulative total of \$3,447,056,000 at year-end 1974. This increase is largely represented by additional investment at:

The World Trade Center	\$57,000,000
Newark International Airport	\$40,000,000
Port Authority Trans-Hudson Railroad	\$19,000,000
LaGuardia Airport	\$16,000,000
Port Newark	\$16,000,000
Elizabeth-Port Authority Marine Terminal	\$12,000,000

As a result of the scheduled retirement of \$34,363,000 of bonded debt through income and reserves, bonded debt decreased during the year to a total of \$1,700,504,000.

At year-end, Net Assets, as detailed in Schedule B, Page 41, totaled \$1,783,389,000, which is about 52 percent of the amount invested in facilities.

#### Reserve Funds

At year-end 1974, the General Reserve Fund balance was \$173,487,000 and continued to

meet the prescribed statutory amount, while the Consolidated Bond Reserve Fund totaled \$46,800,000.

These balances, together with other reserve fund balances in trust totaling \$34,770,000 continued to meet the long-established policy of maintaining total reserve funds in an amount equal to at least the next two years' mandatory debt service on bonded debt (excluding scheduled debt service on outstanding bank loans as detailed in Note F, Page 39).

Bond covenants require that the reserve funds be maintained in cash or invested in certain government securities. Thus, at year-end, \$252,506,000 was invested in securities as set forth in Schedule B "Assets and Liabilities." Income from investment of reserve funds, including reserve funds in trust, totaled \$20,825,000 in 1974.

The only obligations of the Port Authority which were issued prior to the establishment in 1952 of the issue of Consolidated Bonds and which presently remain outstanding are General and Refunding, Air Terminal and Marine Terminal Bonds which are listed in Schedule F, Page 45. In the Consolidated Bond Resolution of 1952 the Authority covenanted that no additional General and Refunding, Air Terminal or Marine Terminal Bonds would be issued.

By year-end 1970, the Special Reserve Fund (for General and Refunding Bonds), the Air Terminal Reserve Fund and the Marine Terminal Reserve Fund had reached a level sufficient to secure fully the payment of principal of and interest to redemption on the

outstanding bonds for which such Funds had been established. On December 31, 1970, pursuant to the bank loan agreements of 1968 and 1970, the Authority placed in trust with First National City Bank, as Trustee, \$60,749,000 from the Authority's Special Reserve Fund, Air Terminal Reserve Fund and Marine Terminal Reserve Fund to secure fully, unconditionally and absolutely the Authority's obligation to provide for the redemption as scheduled and the payment of interest until redemption on the Authority's outstanding General and Refunding Bonds, Air Terminal Bonds and Marine Terminal Bonds. These bonds bear annual interest rates ranging from 1 1/4% to 3%. The Trust Agreements do not require the payment or redemption of any such bonds in advance of their scheduled redemption by operation of the sinking funds therefor. After the establishment and during the maintenance of these trust funds, no further payments are required to be made into such Reserve Funds. At December 31, 1974 the balances in these trusts totaled \$34,770,000, which was sufficient to provide for the redemption as scheduled and the payment of interest until redemption on the Authority's outstanding General and Refunding, Air Terminal and Marine Terminal Bonds. Furthermore, all Consolidated Bonds of the Authority, including any which may hereafter be issued, are now equally and ratably secured by a pledge of the net revenues of all existing facilities of the Authority and any additional facilities which may hereafter be financed or

refinanced in whole or in part through the medium of Consolidated Bonds. Such net revenues are no longer subject to the prior liens or pledges to which certain of these net revenues had previously been subject in favor of General and Refunding, Air Terminal and Marine Terminal Bonds.

The establishment and maintenance of the Reserve Funds in Trust permit the application of all net revenues of the Authority to the payment of debt service on Consolidated Bonds, with all remaining balances, except such amounts as may be necessary to maintain the General Reserve Fund in the amount specified by the General Reserve Fund statutes, to be paid into the Consolidated Bond Reserve Fund. The net revenues accumulated in the Consolidated Bond Reserve Fund are fully available to meet debt service on the bank loans obtained by the Authority in 1970, 1971 and 1973.

#### Financial Income

The long-term investment portfolio, representing principally the investment of reserve funds, averaged about \$235,827,000, and was invested primarily in securities of or guaranteed by the United States Government. Long-term investment earnings amounted to \$21,025,000.

Investment in short-term government securities and bank time deposits averaged approximately \$183,359,000 during the year. The short-term portfolio represented principally the investment of construction funds awaiting disbursement. Income from these short-

term investments was \$16,245,000.

Investment income attributed to the operating fund amounted to \$5,283,000 (including \$84,000 miscellaneous income). The amount attributed to reserve funds was \$20,825,000, and \$11,246,000 was attributed to the capital fund thereby reducing construction cost.

### Financing

The Authority's bonded debt at year-end was \$1,700,504,000, a decrease of \$34,363,000 from last year.

During the year 1974, the Authority did not issue any new bonded debt or participate in any new bank loans.

During the year \$34,363,000 par value of long-term bonds was retired through mandatory sinking fund and maturity payments, as shown on Schedule F.

On December 20, 1974, the Authority paid the sixth and final \$35,000,000 annual installment on the \$210,000,000 bank loan obtained in December 1968. Also on December 20, 1974, the first installment of \$5,000,000 was paid on the \$100,000,000 bank loan obtained in 1973. The unpaid balance of the three outstanding

bank loans at year-end was \$255,000,000.

### Additional Information for Bondholders

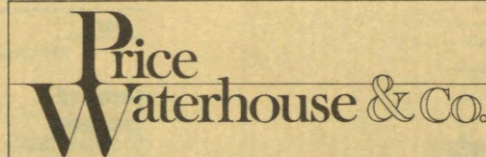
Consolidated Bonds are direct and general obligations of the Authority and the full faith and credit of the Authority are pledged to the payment of debt service thereon.

All Consolidated Bonds, including any which may hereafter be issued, are equally and ratably secured by a pledge of the net revenues of all existing facilities of the Authority (not including cars acquired under New York State's Commuter Railroad Car Program) and any additional facility which may be hereafter financed in whole or in part through the medium of Consolidated Bonds, as provided in the Consolidated Bond Resolution. The prior liens and pledges with respect to certain of such net revenues in favor of General and Refunding, Air Terminal and Marine Terminal Bonds of the Authority have been satisfied by the establishment and maintenance of the Special, Air Terminal and Marine Terminal Reserve Funds in Trust (see Schedule D "Analysis of Reserve Funds," page 43).

All Consolidated Bonds are further secured by a pledge of the monies in the Consolidated Bond Reserve Fund, as provided in the Consolidated Bond Resolution.

On December 31, 1974, outstanding Consolidated Bonds totaled \$1,668,584,000. Over the years, the Authority has issued \$2,441,650,000 of Consolidated Bonds and Notes, exclusive of re-fundings.

Highlights	1974	1973
Gross Operating Revenues	\$ 410,400,000	\$ 373,500,000
Net Operating Revenues	156,100,000	137,100,000
Net Revenues Available for Debt Service and Reserves	179,200,000	157,100,000
Debt Service Charged to Revenues and Reserves	149,900,000	124,400,000
Cumulative Invested in Facilities	3,447,100,000	3,272,900,000
Bonded Debt Outstanding	1,700,500,000	1,734,900,000
Bank Loans Outstanding	255,000,000	295,000,000
General Reserve Fund	173,500,000	173,500,000
Consolidated Bond Reserve Fund	46,800,000	21,900,000
Reserve Funds in Trust	34,800,000	41,300,000



SIXTY BROAD STREET, NEW YORK, NEW YORK 10004

The Port Authority  
of New York and New Jersey  
New York, New York

March 5, 1975

We have examined the accompanying statement of financial position of The Port Authority of New York and New Jersey as of December 31, 1974 and 1973 and the related statements of income and of changes in financial position for the years then ended. We have also examined Schedules A through I included herein. Our examinations of these statements and schedules were made in accordance with generally accepted auditing standards and accordingly included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

The 1973 financial statements referred to above have been restated on the basis described in Note A from those previously issued by the Authority.

In our opinion, the accompanying statement of financial position and the related statements of income and of changes in financial position present fairly the financial position of The Port Authority of New York and New Jersey at December 31, 1974 and 1973 and the results of its operations and changes in financial position for the years then ended, in conformity with generally accepted accounting principles applied on a consistent basis after restatement for the change, with which we concur, referred to in the preceding paragraph. Also, in our opinion, Schedules A through H present fairly the assets and liabilities of the Authority at December 31, 1974 and the revenues and reserves for the year and the ten-year financial data included therein, and Schedule I presents fairly the assets and liabilities of the New York State Commuter Car Program at December 31, 1974, all in accordance with the accounting principles as described in Note B, applied on a basis consistent with that of the preceding year.

*Price Waterhouse & Co.*

**Statement of Income**

	Year Ended December 31,	
	1974	1973
	(In Thousands)	
Gross Operating Revenues	\$410,412	\$373,497
Operating Expenses	(254,294)	(236,434)
Depreciation (including \$2,299,000 in 1974 and \$2,021,000 in 1973 on assets acquired with government contributions)	(78,214)	(65,278)
Income from Operations	77,904	71,785
Financial Income and Expenses:		
Income on investments	26,108	23,615
Security valuation adjustment	(3,061)	(3,591)
Interest on bonded debt	(66,390)	(50,707)
Interest on bank loans	(9,119)	(6,775)
Net Income	25,442	34,327
Disposition of Net Income:		
Net income	25,442	34,327
Adjustment to transfer depreciation of assets acquired with government contributions to the contributions account	2,299	2,021
Total Available for Transfers to Reserves and Capital Fund Balance	27,741	36,348
Transfer to Reserves	18,293	24,662
Transfer to Capital Fund Balance	9,448	11,686
	\$ 27,741	\$ 36,348

See Notes to Financial Statements

**Statement of Financial Position**

	December 31, 1974			December 31, 1973
	Operating Fund	Capital Fund	Reserve Funds	Combined Total
	(In Thousands)			
<b>Assets</b>				
Facilities, at Cost (Note D)	\$ —	\$3,393,468	\$ —	\$3,393,468
Less: Accumulated Depreciation	—	667,740	—	667,740
Facilities, Net	—	2,725,728	—	2,725,728
Investment in Securities (Schedule E)	2,460	7,911	252,506	262,877
Cash and Time Deposits	20,936	67,325	2,551	90,812
Other Assets	105,179	6,371	—	111,550
	128,575	2,807,335	255,057	3,190,967
<b>Liabilities</b>				
Bonded Debt (Schedule F)	—	1,700,504	—	1,700,504
Bank Loans Payable (Note F)	—	255,000	—	255,000
Accounts Payable and Other Liabilities	101,826	44,827	—	146,653
Provision for Self-Insurance	20,219	—	—	20,219
Deferred Credits to Income	6,530	—	—	6,530
	128,575	2,000,331	—	2,128,906
<b>Net Assets</b>	\$ —	807,004	255,057	1,062,061
Net Assets are Composed of:				
Capital Fund Balance		699,742	—	699,742
Reserves (Schedule D)		—	255,057	255,057
Contributions from Federal and State Agencies in Aid of Construction, Net (Note D)		107,262	—	107,262
Total Net Assets		\$ 807,004	\$255,057	\$1,062,061

See Notes to Financial Statements

**Statement of Changes in Financial Position**

	Year Ended December 31,	
	1974	1973
	(In Thousands)	
Funds provided from:		
Net Income	\$ 25,442	\$ 34,327
Adjustments for Non-Cash Transactions:		
Depreciation	78,214	65,278
Provision for self-insurance	3,770	3,646
Funds provided by operations	107,426	103,251
Consolidated Bonds	—	200,000
Consolidated Notes	—	100,000
Bank Loan	—	100,000
Government Contributions in Aid of Construction	18,606	18,036
Sale of Port Authority Building	—	24,000
Net Increase in Accounts Payable and Other Liabilities	—	11,881
Total Funds Provided	<u>126,032</u>	<u>557,168</u>
Funds applied to:		
Cost of Facilities	174,143	249,406
Retirement of Bonded Debt	34,363	31,943
Repayment of Bank Loans	40,000	35,000
Refunding of Consolidated Notes	—	100,000
Payments Charged to Provision for Self-Insurance	1,178	1,322
Net Change in Other Assets and Deferred Credits	16,119	7,160
Net Reduction in Accounts Payable and Other Liabilities	9,054	—
Planning Expenditures Applicable to Future Years	4,238	4,947
Total Funds Applied	<u>279,095</u>	<u>429,778</u>
Net Increase (Decrease) in Cash and Investments	<u><u>\$(153,063)</u></u>	<u><u>\$127,390</u></u>

See Notes to Financial Statements

**Notes to Financial Statements**

December 31, 1974

**Note A—Accounting Policies:**

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

2. The accounts of the Port Authority Trans-Hudson Corporation, a subsidiary of the Authority, are consolidated in the accompanying financial statements and schedules.

As described more fully in Note J the assets and liabilities of the New York State Commuter Car Program are not consolidated in the Authority's financial statements, but are separately set forth on Schedule I.

3. The Committee on Governmental Accounting and Auditing of the American Institute of Certified Public Accountants has issued an audit guide containing recommendations effective January 1, 1974 relative to accounting practices of State and Local Governmental Units. The difference between the generally accepted accounting principles used heretofore by the Authority, as required by its bond resolutions, and those set forth in the guide, is that the guide recommends that provision should be made for depreciation in lieu of a charge for principal payments on debt. The Authority has adopted this practice in 1974 as recom-

mended in the guide and has prepared comparative 1973 financial statements on this basis. However, the adoption of this accounting practice results in no change in the net revenues and reserves of the Authority or their application which are determined as stated in Note A-1 above.

4. Cost of facilities consists of expenditures, including the expenditure of Federal and State grants, to acquire, construct, place in operation and improve the facilities of the Port Authority and includes net discount and expense incurred in connection with bonds and notes issued for construction purposes as well as net interest expense during the period of construction.

Expenditures for repairs and maintenance are charged to operating expenses as incurred. Planning costs authorized by the Authority relating to new facilities are deferred pending final determination as to whether to proceed with or abandon the projects.

5. Depreciation is computed on the straight-line method based on estimated useful lives of the related assets. Net income reflects a charge for depreciation on all facilities including those financed by contributions in aid of construction. Depreciation on assets acquired with contributions is offset against the related contributions account. The cost and accumulated depreciation related to assets removed from service are eliminated from the accounts included on the statement of financial position. Depreciation is not a factor in determining the net revenues and re-

serves of the Authority or their application as provided in the Authority's bond resolutions (See Note A-1).

6. Investments in long-term and short-term United States securities are stated at the lower of their respective aggregate amortized cost or market value. Investments in Port Authority bonds acquired in 1973 and subsequently are stated at par; those acquired prior to that date are stated at their aggregate amortized cost.

**Note B—Basis of Preparation of Schedules A through I:**

Schedules A through I have been prepared in accordance with generally accepted accounting principles as set forth in Note A, except that the Authority's bond resolutions provide that operating expenses shall not include an allowance for depreciation of facilities. However, recovery of facility costs is accomplished through deductions from revenues and reserves of amounts equal to principal payments on debt and reserves appropriated to Invested in Facilities. These deductions are credited at par to the accounts Debt Retired Through Income and Appropriated Reserves Invested in Facilities.

Invested in Facilities is compiled as described in Note A-4, except that the cost of assets removed from service is not deducted.

**Note C—Reserves:**

The General Reserve Fund statutes provide for the Authority to maintain the General Reserve Fund in an amount equal to at least 10% of the outstanding bonded debt which is secured by a

pledge of the Fund. The specified statutory amount was \$170,050,400 at December 31, 1974. By resolution adopted in 1947, the Authority established the policy of maintaining total reserve funds in an amount equal to at least the next two years' mandatory debt service on outstanding bonded debt. To

meet this policy, total amounts in reserve funds must equal or exceed \$231,487,000 at December 31, 1974. The bank loans described in Note F are not included in determining the outstanding bonded debt referred to above.

At December 31, 1974 and 1973, the Authority met the requirements

of its bond resolutions to maintain total reserve funds in cash and specified marketable securities. At December 31, 1974 such amounts included \$34,770,000 held in trust for repayment of principal and interest on General and Refunding, Air Terminal and Marine Terminal Bonds. (See Note G)

**Note D—Facilities, depreciation and contributions in aid of construction:**

Cost of facilities is composed of the following:

	<i>December 31,</i>	
	1974	1973
	(In Thousands)	
Completed Construction:		
Airports	\$1,126,714	\$1,078,798
World Trade Center	649,778	520,882
Tunnels & Bridges	514,809	512,267
Marine, Bus & Truck Terminals	514,401	502,801
Rail Facilities	184,891	165,301
	<u>2,990,593</u>	<u>2,780,049</u>
Work in Progress	402,875	441,300
	<u>\$3,393,468</u>	<u>\$3,221,349</u>

Asset lives used in the calculation of depreciation are generally as follows:

Tunnels and Bridges	100 years
Buildings	25 to 50 years
Runways and other paving	15 to 25 years
Machinery and equipment	5 to 35 years

At December 31, 1974 the Authority had received gross contributions in aid of construction from Federal and State agencies aggregating \$127,781,000. The change in net contributions shown on the statement of financial position is detailed below.

	1974	1973
	(In Thousands)	
Balance at January 1	\$ 90,955	\$74,940
Contributions received during the year	18,606	18,036
Less: depreciation for the year on assets acquired with contributions	(2,299)	(2,021)
Balance at December 31	<u>\$107,262</u>	<u>\$90,955</u>

**Note E—Leases:**

LaGuardia Airport and John F. Kennedy International Airport are leased from the City of New York for a term expiring in the year 2015. Port Newark and Newark International Airport are leased from the City of Newark for a term expiring in the year 2016.

The Hoboken-Port Authority Marine Terminal is leased from the City of Hoboken under a lease which will expire in the year 2002, unless a fifty-year extension is executed by then.

Certain parcels of the property at the Brooklyn-Port Authority Marine Terminal are held under two leases from the City of New York for terms expiring in the years 2011 and 2018.

Minimum annual rentals under the above leases presently aggregate approximately \$3,200,000. Additional rentals are payable if earned in connection with certain of these leases.

On August 23, 1971, the Authority entered into a lease with the City of New York for the development of a Consolidated Passenger Ship Terminal and for the interim operation of existing piers on the Hudson River on the west side of

Manhattan Island. The initial lease term will expire 20 years from completion of construction of the new terminal. The Authority is to pay the City annually (i) the sum required each year to amortize over 20 years, bonds issued by the City to raise \$28,300,000 of the construction costs, and (ii) a portion of the excess, if any, of revenues over the total of such payments and operating and maintenance costs and reserve requirements.

The Authority and the City of New York have authorized, subject to the approval of the Federal Maritime Commission, a 50-year lease by the Authority from the City of 72 acres in the Red Hook section of Brooklyn which, together with 30 acres of property owned by the Port Authority, would be developed as a marine containerport. Except for acquisition and demolition costs on Authority property, the City would

pay the entire construction cost of the project in an amount estimated in the agreement at \$29,000,000 with the Port Authority to pay to the City a basic rental annually computed to return the City's construction costs, together with its financing charges, over a period of 50 years. In addition, 50% of any revenues exceeding the amount of basic rental and provision for Authority expenses would be payable to the City.

**Note F—Financing:**

The Authority finances construction of its facilities primarily by issuing bonded debt and through bank loans. Details of bonded debt

and amortization are included on Schedules F and G.

At December 31, 1974 and 1973, the Authority had obligations

	<i>December 31,</i>	<i>December 31,</i>
	1974	1973
	<i>Bank Loans</i>	
4 1/4% payable in 1974	\$ —	\$ 35,000,000
5 1/4% payable \$20,000,000 annually 1975-1977	60,000,000	60,000,000
5 1/4% payable \$30,000,000 annually in 1975 and \$35,000,000 in 1976 and 1977	100,000,000	100,000,000
5.45% payable \$5,000,000 annually 1974-1977 and \$40,000,000 in 1978 and 1979	95,000,000	100,000,000
	<u>\$255,000,000</u>	<u>\$295,000,000</u>

*Scheduled Bank Loan Amortization 1975-1979 (In Thousands)*

<i>Year</i>	<i>Total Interest And</i>		<i>Total</i>
	<i>Amortization</i>		
1975	\$ 68,497	\$13,497	\$ 55,000
1976	70,592	10,592	60,000
1977	67,432	7,432	60,000
1978	44,299	4,299	40,000
1979	42,119	2,119	40,000
	<u>\$292,939</u>	<u>\$37,939</u>	<u>\$255,000</u>

under loans obtained from banks and trust companies located in New York and New Jersey as detailed herein.

The loans may be prepaid in whole or in part on interest payment dates. Under the terms of the loan agreements, and as a result of the establishment and maintenance in trust of the Authority's Special Reserve Fund, Air Terminal Reserve Fund and Marine Terminal Reserve Fund (See Note G), annual installment payments on the bank loans are being made exclusively from net revenues available therefor in the Authority's Consolidated Bond Reserve Fund. Payment of the loans and interest thereon is subject in all respects to the payment of debt service on the Authority's General and Refunding Bonds, Air Terminal Bonds, Marine Terminal Bonds and Consolidated Bonds, as required by the applicable provisions of the Authority's bond resolutions, and to the payment into the General Reserve Fund of the amount neces-

sary so as to maintain such Fund at the amount specified in the General Reserve Fund statutes. Neither the loans nor the interest thereon are secured by or payable from the General Reserve Fund.

**Note G—Special, Air Terminal and Marine Terminal Reserve Funds in Trust:**

In accordance with the provisions of the bank loan agreements (See Note F), the Authority, on December 31, 1970, placed into trust amounts available from the Authority's Special Reserve Fund, Air Terminal Reserve Fund and Marine Terminal Reserve Fund so that such Funds shall be maintained in amounts sufficient to secure fully, unconditionally and absolutely the Authority's obligation to provide for the redemption as scheduled and the payment of interest until redemption on the Authority's outstanding General and Refunding, Air Terminal and Marine Terminal Bonds. Under the terms of the Agreements of Trust, such bonds are not required to be paid or redeemed in advance of their scheduled redemption by operation of the sinking funds therefor.

Upon the establishment and maintenance of these Trust Funds,

net revenues of the Authority's existing facilities are applicable to debt service on Consolidated Bonds and Notes and all remaining balances, except such amounts as may be necessary to maintain the General Reserve Fund in the prescribed amount, are payable into the Consolidated Bond Reserve Fund.

**Note H—Pension and Retirement Plans:**

Employees of the Authority are covered by the New York State Employees' Retirement System or the New York State Policemen's and Firemen's Retirement System or, in the case of Port Authority Trans-Hudson employees, by the provisions of the Railroad Retirement Act. The Port Authority's contributions to these plans are based on billings from the two New York State retirement systems and federal regulations governing employer contributions to the Railroad Retirement Board. For the years 1974 and 1973, the Authority provided \$32,700,000 and \$28,700,000, respectively, as its contribution to these plans.

**Note I—Commitments:**

At December 31, 1974, the Authority was committed under vari-

ous contracts to the completion over the next two or three years of approximately \$100,000,000 of construction.

**Note J—New York State Commuter Car Program:**

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

**SCHEDULE A Revenues and Reserves** (In accordance with Authority bond resolutions)

	Year Ended December 31,			
	1974		1973	
	Operating Fund	Reserve Funds (Schedule D) (In Thousands)	Combined Total	Combined Total
Gross Operating Revenues	\$410,412	\$ —	<b>\$410,412</b>	\$373,497
Operating Expenses	254,294	—	<b>254,294</b>	236,434
Net Operating Revenues	156,118	—	<b>156,118</b>	137,063
Financial Income				
Income on investments	5,283	20,825	<b>26,108</b>	23,615
Security valuation adjustment	(118)	(2,943)	<b>(3,061)</b>	(3,591)
Net Revenues Available for Debt Service and Reserves	161,283	17,882	<b>179,165</b>	157,087
Debt Service				
Interest on bonded debt	65,562	828	<b>66,390</b>	50,707
Serial maturities and sinking fund retirements	28,703	5,660	<b>34,363</b>	31,943
Interest on bank loans	—	9,119	<b>9,119</b>	6,775
Payment of bank loans	—	40,000	<b>40,000</b>	35,000
Total Debt Service	94,265	55,607	<b>149,872</b>	124,425
Invested in Facilities	—	11,000	<b>11,000</b>	8,000
Transfers to Reserves	\$(67,018)	67,018	—	—
Net Increase in Reserves		18,293	<b>18,293</b>	24,662
Reserve balances—beginning of year		236,764	<b>236,764</b>	212,102
Reserve Balances—End of Year (Schedule D)		\$255,057	<b>\$255,057</b>	\$236,764

**SCHEDULE B Assets and Liabilities** (In accordance with Authority bond resolutions)

	December 31, 1974				December 31, 1973
	Operating Fund	Capital Fund	Reserve Funds	Combined Total	Combined Total
	(In Thousands)				
<b>Assets</b>					
Invested in Facilities	\$ —	\$3,447,056	\$ —	<b>\$3,447,056</b>	\$3,272,913
Investment in Securities (Schedule E)	2,460	7,911	252,506	<b>262,877</b>	368,564
Cash and Time Deposits	20,936	67,325	2,551	<b>90,812</b>	138,188
Other Assets	105,179	6,371	—	<b>111,550</b>	93,021
Total Assets	128,575	3,528,663	255,057	<b>3,912,295</b>	3,872,686
<b>Liabilities</b>					
Bonded Debt (Schedule F)	—	1,700,504	—	<b>1,700,504</b>	1,734,867
Bank Loans Payable (Note F)	—	255,000	—	<b>255,000</b>	295,000
Accounts Payable and Other Liabilities	101,826	44,827	—	<b>146,653</b>	155,707
Provision for Self-Insurance	20,219	—	—	<b>20,219</b>	17,627
Deferred Credits to Income	6,530	—	—	<b>6,530</b>	8,358
Total Liabilities	128,575	2,000,331	—	<b>2,128,906</b>	2,211,559
<b>Net Assets</b>	\$ —	1,528,332	255,057	<b>1,783,389</b>	1,661,127
Net Assets are Composed of:					
Debt Retired Through Income		1,335,720	—	<b>1,335,720</b>	1,261,357
Reserves (Schedule D)		—	255,057	<b>255,057</b>	236,764
Contributions from Federal and State Agencies in Aid of Construction		127,781	—	<b>127,781</b>	109,175
Appropriated Reserves Invested in Facilities		64,831	—	<b>64,831</b>	53,831
Total Net Assets		\$1,528,332	\$255,057	<b>\$1,783,389</b>	\$1,661,127

See Notes to Financial Statements

SCHEDULE C **Changes in Cash and Investments** (In accordance with Authority bond resolutions)

	Year Ended December 31,	
	1974	1973
	(In Thousands)	
<b>Funds Provided from:</b>		
Net Operating Revenues	\$ 156,118	\$137,063
Provision for Self-Insurance	3,770	3,646
	<b>159,888</b>	140,709
<b>Financial Income</b>	<b>23,047</b>	20,024
Consolidated Bonds	—	200,000
Consolidated Notes	—	100,000
Bank Loan	—	100,000
Federal Grants in Aid	18,606	18,036
Sale of Port Authority Building	—	24,000
Net Increase in Accounts Payable and Other Liabilities	—	11,881
<b>Total Funds Provided</b>	<b>201,541</b>	614,650
<b>Funds Applied to:</b>		
Invested in Facilities	174,143	249,406
Interest on Bonded Debt and Bank Loans	75,509	57,482
Retirement of Bonded Debt	34,363	31,943
Repayment of Bank Loans	40,000	35,000
Refunding of Consolidated Notes	—	100,000
Payments Charged to Provision for Self-Insurance	1,178	1,322
Net Change in Other Assets and Deferred Credits	16,119	7,160
Net Reduction in Accounts Payable and Other Liabilities	9,054	—
Planning Expenditures Applicable to Future Years	4,238	4,947
<b>Total Funds Applied</b>	<b>354,604</b>	487,260
<b>Net Increase (Decrease) in Cash and Investments</b>	<b>\$(153,063)</b>	\$127,390

See Notes to Financial Statements

SCHEDULE D **Analysis of Reserve Funds** (In accordance with Authority bond resolutions)

	Year Ended December 31, 1974					Combined Total
	Reserve Funds in Trust For					
	General Reserve Fund	Consolidated Bond Reserve Fund	General & Refunding Bonds	Air Terminal Bonds	Marine Terminal Bonds	
	(In Thousands)					
Balance—January 1	\$173,487	\$ 21,932	\$16,047	\$22,664	\$2,634	\$236,764
Income on investments	15,611	1,554	1,401	2,025	234	20,825
Security valuation adjustment	(1,905)	(513)	(236)	(259)	(30)	(2,943)
Reserve fund transfers	(13,706)	16,928	(1,168)	(1,845)	(209)	—
Transfers from operating fund	—	67,018	—	—	—	67,018
	<u>173,487</u>	<u>106,919</u>	<u>16,044</u>	<u>22,585</u>	<u>2,629</u>	<u>321,664</u>
<b>Applications:</b>						
Interest on bonded debt	—	—	218	551	59	828
Serial maturities & sinking fund retirements	—	—	1,928	3,374	358	5,660
Interest on bank loans	—	9,119	—	—	—	9,119
Payment of bank loans	—	40,000	—	—	—	40,000
Invested in facilities	—	11,000	—	—	—	11,000
<b>Total Applications</b>	<u>—</u>	<u>60,119</u>	<u>2,146</u>	<u>3,925</u>	<u>417</u>	<u>66,607</u>
<b>Balance—December 31 (A)</b>	<u>\$173,487</u>	<u>\$ 46,800</u>	<u>\$13,898</u>	<u>\$18,660(B)</u>	<u>\$2,212(C)</u>	<u>\$255,057</u>

- (A) Satisfies General Reserve Fund statutory amount and the policy of maintaining reserves in an amount equal to at least the next two years' bonded debt service.  
 (B) Includes Sinking Fund balance of \$800,000 related to Air Terminal 1st Series Bonds.  
 (C) Includes Sinking Fund balance of \$237,000 related to Marine Terminal 1st Series Bonds.

See Notes to Financial Statements

SCHEDULE E Investment in Securities December 31, 1974

	Principal Amount	Quoted Market Value (In Thousands)	Amortized Cost
<b>Short-Term</b>			
United States Treasury Bills	\$ 27,600	\$ 26,923	\$ 26,770
Government National Mortgage Association Participation Certificates	5,000	4,988	4,990
Federal Financing Bank Bills	4,000	3,933	3,913
<b>Total Short-Term</b>	<u>36,600</u>	<u>35,844</u>	<u>35,673</u>
<b>Long-Term</b>			
Farmers Home Administration Insured Notes	102,527	101,622	102,408
Government National Mortgage Association Participation Certificates	46,750	43,021	46,046
United States Treasury Notes	33,705	33,210	33,762
Export-Import Bank Participation Certificates	11,865	11,409	11,874
Security Valuation Allowance at December 31	—	—	(4,828)
<b>Total Long-Term United States Securities</b>	<u>194,847</u>	<u>\$189,262</u>	<u>189,262</u>
Bonds of The Port Authority of New York and New Jersey	28,935		27,950
<b>Total Long-Term</b>	<u>\$223,782</u>		<u>217,212</u>
Accrued Interest Receivable			9,992
<b>Total Investment in Securities</b>			<u>\$262,877</u>

See Notes to Financial Statements

SCHEDULE F Bonded Debt Year Ended December 31, 1974

	January 1, 1974	Issued (In Thousands)	Retired	December 31, 1974
<b>General and Refunding Bonds</b>				
Eighth Series 2% due 1974	\$ 1,314	\$ —	\$ 1,314	\$ —
Ninth Series 1½% due 1985	4,054	—	54	4,000
Tenth Series 1¾% due 1985	2,014	—	—	2,014
Eleventh Series 1¼% due 1986	7,204	—	560	6,644
	<u>14,586</u>	<u>—</u>	<u>1,928</u>	<u>12,658</u>
<b>Air Terminal Bonds</b>				
First Series 3% due 1978	7,845	—	1,075	6,770
Second Series 2½% due 1979	8,940	—	1,701	7,239
Third Series 2.20% due 1980	3,792	—	598	3,194
	<u>20,577</u>	<u>—</u>	<u>3,374</u>	<u>17,203</u>
<b>Marine Terminal Bonds</b>				
First Series 2½% due 1978	1,542	—	220	1,322
Second Series 2.20% due 1980	875	—	138	737
	<u>2,417</u>	<u>—</u>	<u>358</u>	<u>2,059</u>
<b>Consolidated Bonds</b>				
First Series 3% due 1982	14,077	—	1,428	12,649
Second Series 2¾% due 1984	14,960	—	820	14,140
Fourth Series 2¾% due 1985	21,000	—	1,500	19,500
Fifth Series 2.90% due 1983	12,300	—	620	11,680
Sixth Series 3% due 1986	19,800	—	600	19,200
Seventh Series 3.40% due 1986	16,900	—	600	16,300
Eighth Series 3.40% due 1987	35,000	—	1,000	34,000
Ninth Series 3½% due 1974-1975	2,700	—	1,350	1,350
Tenth Series 3¾% due 1987	24,000	—	900	23,100
Eleventh Series 3% due 1974-1978	10,000	—	2,000	8,000
Twelfth Series 3¾% due 1988	30,030	—	1,330	28,700
Thirteenth Series Various due 1974-1978	6,250	—	1,250	5,000
Fourteenth Series 3¾% due 1989	42,845	—	1,980	40,865
Fifteenth Series Various due 1974-1979	10,500	—	1,750	8,750
Sixteenth Series 4¼% due 1989	19,475	—	900	18,575
Seventeenth Series Various due 1974-1980	10,500	—	1,500	9,000
Eighteenth Series Various due 1974-1981	16,450	—	1,925	14,525
Nineteenth Series 3½% due 1991	20,500	—	750	19,750
Twentieth Series 3¼% due 1993	31,500	—	700	30,800
Twenty-first Series 3.40% due 1993	22,500	—	500	22,000
Twenty-second Series 3¾% due 1993	22,500	—	500	22,000
Twenty-third Series 3¾% due 1994	23,000	—	500	22,500
Twenty-fourth Series 3½% due 1994	23,000	—	500	22,500
Twenty-fifth Series Various due 1974-1984	16,500	—	1,500	15,000
Twenty-sixth Series 3½% due 1995	33,250	—	175	33,075
Twenty-seventh Series 3¾% due 1995	24,500	—	125	24,375
Twenty-eighth Series 3¾% due 1996	24,625	—	125	24,500
Twenty-ninth Series 3½% due 1996	24,625	—	125	24,500
Thirtieth Series 3¾% due 1998	24,500	—	250	24,250
Thirty-first Series 4% due 2002	99,500	—	500	99,000
Thirty-second Series 5% due 2003	100,000	—	500	99,500
Thirty-third Series 4¾% due 2003	100,000	—	500	99,500
Thirty-fourth Series 5½% due 2003	100,000	—	—	100,000
Thirty-fifth Series 6¾% due 2005	100,000	—	—	100,000
Thirty-sixth Series 6.40% due 2005	50,000	—	—	50,000
Thirty-seventh Series 6% due 2006	100,000	—	—	100,000
Thirty-eighth Series 5¾% due 2006	100,000	—	—	100,000
Thirty-ninth Series 5.80% due 2007	150,000	—	—	150,000
Fortieth Series 6% due 2008	100,000	—	—	100,000
Forty-first Series 5½% due 2008	100,000	—	—	100,000
	<u>1,697,287</u>	<u>—</u>	<u>28,703</u>	<u>1,668,584</u>
<b>Total Bonded Debt</b>	<u>\$1,734,867</u>	<u>\$ —</u>	<u>\$34,363</u>	<u>\$1,700,504</u>

See Notes to Financial Statements

SCHEDULE G **Bonded Debt Amortization 1975-2008** December 31, 1974 (In Thousands)

Year	Debt Service Total All Issues			Amortization			
	Total	Interest	Amortization	Consolidated Bonds	General and Refunding Bonds	Air Terminal Bonds	Marine Terminal Bonds
	Par Value: \$1,700,504						
1975	\$ 117,119	\$ 80,197	\$ 36,922	\$ 30,164	\$ 941	\$ 5,086	\$ 731
1976	114,368	79,133	35,235	29,295	1,033	4,401	506
1977	114,448	77,973	36,475	30,245	1,194	4,519	517
1978	116,383	76,698	39,685	35,793	1,211	2,530	151
1979	115,310	75,317	39,993	37,944	1,228	667	154
1980	115,603	73,932	41,671	40,425	1,246	—	—
1981	114,946	72,475	42,471	41,207	1,264	—	—
1982	113,921	70,991	42,930	41,648	1,282	—	—
1983	115,336	69,398	45,938	44,638	1,300	—	—
1984	117,353	67,638	49,715	48,398	1,317	—	—
1985	116,183	65,736	50,447	49,805	642	—	—
1986	118,398	63,665	54,733	54,733	—	—	—
1987	114,901	61,428	53,473	53,473	—	—	—
1988	109,306	59,259	50,047	50,047	—	—	—
1989	107,933	57,041	50,892	50,892	—	—	—
1990	107,384	54,774	52,610	52,610	—	—	—
1991	107,891	52,301	55,590	55,590	—	—	—
1992	107,189	49,639	57,550	57,550	—	—	—
1993	108,328	46,778	61,550	61,550	—	—	—
1994	103,901	43,751	60,150	60,150	—	—	—
1995	101,549	40,649	60,900	60,900	—	—	—
1996	97,405	37,405	60,000	60,000	—	—	—
1997	94,958	34,208	60,750	60,750	—	—	—
1998	93,325	30,825	62,500	62,500	—	—	—
1999	91,374	27,374	64,000	64,000	—	—	—
2000	87,817	23,817	64,000	64,000	—	—	—
2001	85,728	20,228	65,500	65,500	—	—	—
2002	83,939	16,439	67,500	67,500	—	—	—
2003	76,676	12,676	64,000	64,000	—	—	—
2004	58,372	9,372	49,000	49,000	—	—	—
2005	55,474	6,474	49,000	49,000	—	—	—
2006	42,097	3,597	38,500	38,500	—	—	—
2007	26,030	1,530	24,500	24,500	—	—	—
2008	14,464	464	14,000	14,000	—	—	—
Total	\$3,265,409	\$1,563,182	\$1,702,227	\$1,670,307	\$12,658	\$17,203	\$2,059

**NOTES:** Includes all mandatory payments (including sinking fund requirements and serial maturities) whether payable from revenues or other sources, upon the assumption that: (1)—the presently outstanding bonds will not be retired prior to maturity except in accordance with the mandatory retirement provisions of the resolutions establishing the series of which such bonds form a part; (2)—the amortization payment will be made each year on the latest permissible date on which such payment is required to be made; (3)—such payments will be in the amount scheduled to be made for such year. Interest shown under "Debt Service Total All Issues" is computed on the same assumptions as amortization. The above amortization and interest amounts do not include either interest or annual installment payments on the bank loans. See Note F to Financial Statements for details concerning the payment of the bank loans. Amortization and interest applicable to General and Refunding, Air Terminal and Marine Terminal Bonds are secured by trusts as outlined in Note G to Financial Statements.

See Notes to Financial Statements

SCHEDULE H **Selected Financial Data** (In Thousands)

	1974	1973	1972	1971	1970	1969	1968	1967	1966	1965
<b>REVENUES AND EXPENSES</b>										
Gross Operating Revenues	\$ 410,412	\$ 373,497	\$ 319,835	\$ 279,935	\$ 255,318	\$ 242,797	\$ 226,931	\$ 207,511	\$ 189,953	\$ 178,630
Operating Expenses	254,294	236,434	199,161	175,333	144,988	134,297	123,831	110,095	102,113	98,901
Net Operating Revenues	156,118	137,063	120,674	104,602	110,330	108,500	103,100	97,416	87,840	79,729
Income on Investments	26,108	23,615	19,783	20,344	16,067	13,639	10,749	7,792	6,893	5,553
Security Valuation Adjustment (A)	(3,061)	(3,591)	—	378	11,184	(12,159)	(4,404)	(7,709)	(414)	(4,010)
Net Revenues Available for Debt Service and Reserves	179,165	157,087	140,457	125,324	137,581	109,980	109,445	97,499	94,319	81,272
<b>DEBT SERVICE—OPERATING FUND</b>										
Interest on Bonded Debt	(65,562)	(49,729)	(38,856)	(29,441)	(26,346)	(25,507)	(24,580)	(23,254)	(22,369)	(21,249)
Times, Interest Earned	2.73	3.16	3.61	4.26	5.22	4.31	4.45	4.19	4.22	3.82
Serial Maturities and Sinking Fund Retirements	(28,703)	(26,047)	(24,502)	(23,013)	(27,321)	(26,363)	(24,943)	(23,139)	(21,407)	(21,384)
Times, Debt Service Earned	1.90	2.07	2.22	2.39	2.56	2.12	2.21	2.10	2.15	1.91
<b>DEBT SERVICE—RESERVES</b>										
Debt Service on Bonds Secured by Trusts	(6,488)	(6,874)	(6,116)	(1,540)	(3,704)	—	—	—	—	—
Interest on Bank Loans	(9,119)	(6,775)	(3,552)	(700)	(6)	—	—	—	—	—
Bank Loan Payments	(40,000)	(35,000)	(35,000)	(35,000)	(35,000)	(35,000)	—	—	—	—
Short-Term Note Retirements	—	—	—	—	—	(15,000)	(28,000)	(46,000)	(40,000)	(31,500)
Long-Term Debt Retirement Acceleration	—	—	—	—	—	—	(958)	(2,531)	(1,195)	(3,551)
Invested in Facilities—Reserves	(11,000)	(8,000)	(20,000)	(22,000)	(11,000)	—	—	—	—	—
Net Increase in Reserves	18,293	24,662	12,431	13,630	34,204	8,110	30,964	2,575	9,348	3,588
<b>RESERVE BALANCES</b>										
Beginning of Year	236,764	212,102	199,671	186,041	151,837	143,727	112,763	110,188	100,840	97,252
End of Year	\$ 255,057	\$ 236,764	\$ 212,102	\$ 199,671	\$ 186,041	\$ 151,837	\$ 143,727	\$ 112,763	\$ 110,188	\$ 100,840
Represented By:										
General Reserve	\$ 173,487	\$ 173,487	\$ 156,681	\$ 144,675	\$ 127,069	\$ 120,264	\$ 117,950	\$ 90,649	\$ 83,285	\$ 85,593
Special Reserve (B)	13,898	16,047	17,551	18,658	19,268	9,615	14,045	12,642	15,219	9,090
Air Terminal Reserve (B)	18,660	22,664	27,489	32,312	33,069	19,739	10,379	8,364	10,051	5,299
Marine Terminal Reserve (B)	2,212	2,634	3,280	3,773	3,954	2,219	1,353	1,108	1,633	858
Consolidated Bond Reserve	46,800	21,932	7,101	253	2,681	—	—	—	—	—
Total	\$ 255,057	\$ 236,764	\$ 212,102	\$ 199,671	\$ 186,041	\$ 151,837	\$ 143,727	\$ 112,763	\$ 110,188	\$ 100,840
<b>DEBT—AT YEAR END</b>										
General and Refunding Bonds	\$ 12,658	\$ 14,586	\$ 15,852	\$ 16,703	\$ 17,045	\$ 18,446	\$ 19,661	\$ 22,290	\$ 24,490	\$ 25,717
Air Terminal Bonds	17,203	20,577	24,641	28,601	28,601	36,212	39,870	43,432	46,902	50,280
Marine Terminal Bonds	2,059	2,417	2,983	3,389	3,484	4,031	4,336	4,633	5,360	5,643
Consolidated Bonds and Notes	1,668,584	1,697,287	1,523,334	1,398,055	1,221,561	1,143,956	1,115,632	836,136	756,097	774,288
Total Bonded Debt	1,700,504	1,734,867	1,566,810	1,446,748	1,270,691	1,202,645	1,179,499	906,491	832,849	855,928
Bank Loans	255,000	295,000	230,000	265,000	200,000	175,000	210,000	—	—	—
Total	\$1,955,504	\$2,029,867	\$1,796,810	\$1,711,748	\$1,470,691	\$1,377,645	\$1,389,499	\$906,491	\$832,849	\$855,928
<b>INVESTED IN FACILITIES—AT YEAR END</b>	\$3,447,056	\$3,272,913	\$3,047,507	\$2,760,810	\$2,398,502	\$2,098,196	\$1,886,559	\$1,683,799	\$1,584,037	\$1,503,765
<b>DEBT RETIREMENT THROUGH REVENUES AND RESERVES</b>										
Annual	\$ 74,363	\$ 66,943	\$ 64,938	\$ 58,943	\$ 66,954	\$ 76,854	\$ 54,992	\$ 72,358	\$ 63,079	\$ 56,681
Cumulative	\$1,335,720	\$1,261,357	\$1,194,414	\$1,129,476	\$1,070,533	\$1,003,579	\$ 926,725	\$ 871,733	\$ 799,375	\$ 736,296

**NOTE:** These combined totals are presented for general information purposes only and are not intended to reflect specific applications of the revenues and reserves of the Authority, which are governed by statutes and its bond resolutions.

(A) Investments of reserves and operating funds are adjusted to their aggregate market value, if lower than their aggregate amortized cost, except that for the year 1967 and thereafter, no adjustments to market value are made in the case of Port Authority bonds. See note A-6 of Notes to Financial Statements.

(B) Reserve Funds maintained in Trust since December 31, 1970. See Note G of Notes to Financial Statements.

See Notes to Financial Statements

SCHEDULE I

**The Port Authority of New York and New Jersey  
New York State Commuter Car Program  
Assets and Liabilities**

	December 31, 1974		Combined Total	December 31, 1973
	Related to Cars			Combined Total
	Leased to The Metropolitan Transportation Authority	Leased to Penn Central Transportation Company	(In Thousands)	
<b>Assets</b>				
Invested in Commuter Cars, at Cost	\$63,000	\$37,489	<b>\$100,489</b>	\$100,670
Cash and Investment in U.S. Government Securities, at Cost (which approximates market)	—	1,932	<b>1,932</b>	2,722
Other Assets	245	708	<b>953</b>	701
Total Assets	<u>63,245</u>	<u>40,129</u>	<u><b>103,374</b></u>	<u>104,093</u>
<b>Liabilities</b>				
State Guaranteed Commuter Car Bonds	56,610	29,550	<b>86,160</b>	88,865
Accounts Payable and Other Liabilities	245	2,379	<b>2,624</b>	3,343
Total Liabilities	<u>56,855</u>	<u>31,929</u>	<u><b>88,784</b></u>	<u>92,208</u>
<b>Net Assets</b>	<u>\$ 6,390</u>	<u>\$ 8,200</u>	<u><b>\$ 14,590</b></u>	<u>\$ 11,885</u>

See Note J to Financial Statements

**THE PORT AUTHORITY OF NY & NJ**

1974 Annual Report

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