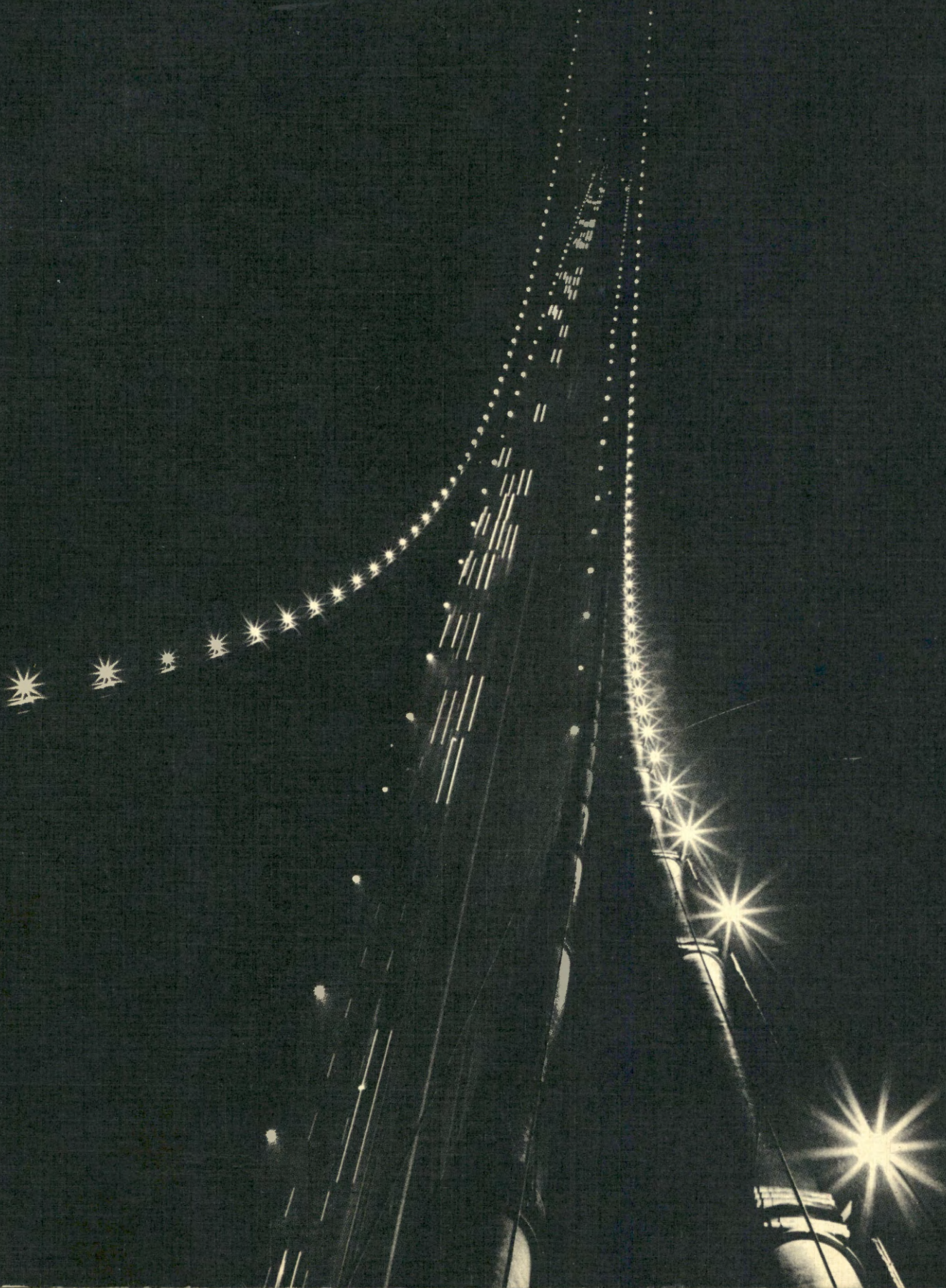


**The Port of New York Authority
1966 Annual Report**

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



Honorable Nelson A. Rockefeller,
Governor of the State of New York



Honorable Richard J. Hughes,
Governor of the State of New Jersey

Commissioners:

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

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The Story of the Port Authority

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

Port Compact

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

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

Power and Duties

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

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

suant to the Compact), and from supplementary legislation adopted by the two States.

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

The agency was also authorized to "... make recommendations to the legislatures of the two States or to the Congress of the United States, based upon study and analysis, for the better conduct of the commerce passing in and through the port of New York, the increase and improvement of transportation and terminal facilities therein, and the more economical and expeditious handling of such commerce." And "... petition any interstate commerce commission... public utilities commission... or any federal, municipal, state or local authority... for adoption and execution of any physical improvement, change in method, rate of transportation, system of handling freight... which in the opinion of the Port Authority may be designed to improve... the handling of commerce in and through said district..."

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

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

A Self-Supporting Agency

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

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

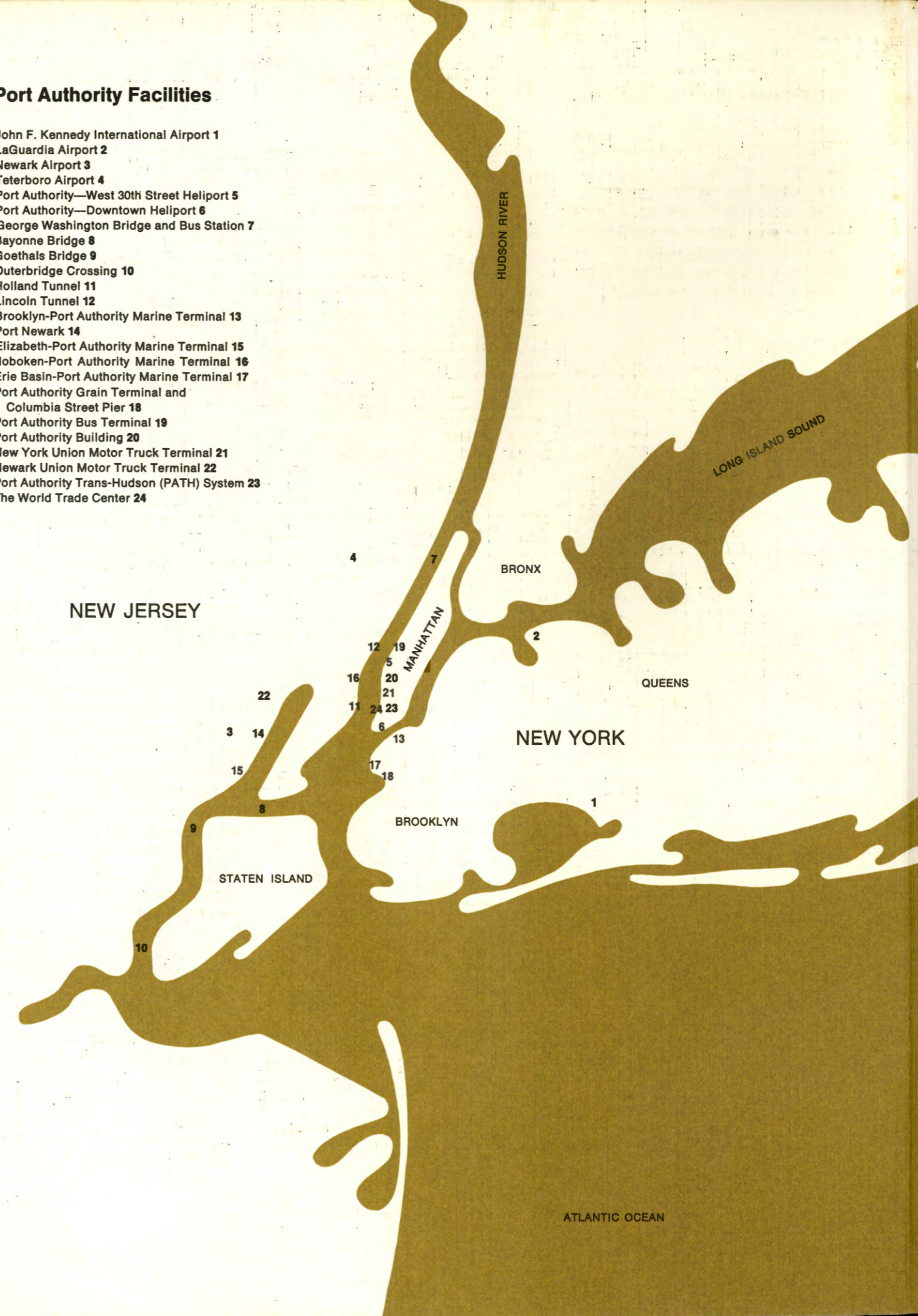
Port Authority Activities

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

All Port Authority activities are carried on in accordance with the policies of its Board of Commissioners. The affairs of the Port Authority are administered by its Executive Director, Austin J. Tobin, who heads the Port Authority staff. A report on all Port Authority operations and activities in 1966 is contained in the following pages.

Port Authority Facilities

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The Year in Brief

Planning and Development:

Studies of methods to improve existing systems for moving people and freight were continued in 1966. The study of a passenger ship terminal along the Manhattan waterfront proceeded at Mayor Lindsay's request. New studies aimed at improving surface access between Manhattan and J. F. Kennedy Airport were undertaken. Liaison continued between the Port Authority and all levels of federal, state and local agencies to effect continued improvements and an exchange of vital information.

World Trade:

Construction began immediately upon agreement between the Port Authority and the City of New York. Rentals, tenant relocation, demolition and refinements of architectural design progressed. The legality of the Center was again upheld in a decision by the United States Court of Appeals. More than 500 firms and agencies had reserved space in the Center at the close of 1966.

PATH and Rail Transportation:

PATH took delivery on the first of 44 new cars to be used in New Jersey's Aldene Plan. The rehabilitation and modernization of the power and signal systems proceeded on schedule. PATH traffic was up 5½ percent for the year, largely due to the New York City transit strike. PATH submitted a preliminary application for a grant to U.S. Department of Housing and Urban Development for the construction of the proposed Journal Square Transportation Center.

Air Terminals:

Despite a 43 day strike, Port Authority airports served a record 28 million passengers. The air cargo market continued its dynamic growth. To keep pace with this growth, two new air cargo centers were opened at J. F. Kennedy Airport. Total air cargo approached 500,000 tons. A new amendment to the lease was executed with the City of Newark for our operation of Newark Airport. The Newark redevelopment proceeded on schedule. The Port Authority completed another study of possible sites for a fourth major airport.

Marine Terminals:

Total cargo handled at the six terminals was more than 9½ million long tons, valued at nearly \$7½ billion. The spectacular growth of containerized cargo was reflected by the growth of this type of traffic at Port Authority terminals. The Elizabeth Terminal outpaced the nation in processing of containerized general cargo with more than 2½ million long tons. Port Authority Marine Terminals provided jobs for 10,500 people who earned nearly \$64 million.

Tunnels and Bridges:

Vehicular traffic was up almost 5 percent at Port Authority crossings to nearly 130 million. The Verrazano-Narrows Bridge continued to attract high traffic volumes to our Staten Island facilities. The women toll collector program was placed in operation at the Bayonne and Goethals Bridges. More than \$11 million in improvement work was completed or initiated in 1966.

Terminals:

Passenger activity at the Bus Terminal and George Washington Bridge Bus Station increased despite the loss of World's Fair traffic and the New York City transit strike. Design work progressed for the expansion of the Bus Terminal, already the busiest passenger terminal in the world. Patron service improvements were effected at both facilities. Substantial motor freight increases were recorded at the New York, Newark and Inland truck terminals.

Administration and Staff:

At the Annual Meeting of the Board, S. Sloan Colt was re-elected by his fellow Commissioners to his eighth term as Chairman. Howard S. Cullman was re-elected as Honorary Chairman. This was Mr. Cullman's 40th year as a member of the Board. James C. Kellogg III was re-elected to his seventh term as Vice-Chairman. An executive mobility program was instituted at mid-year to meet the growing need for management level personnel equipped with a broad range of experience. Training and developmental programs, ranging from maintenance and clerical skills to supervisory and management development, were undertaken by some 1,120 employees.

Financial:

Gross operating revenues for the year were up 6.3 percent to \$189,953,000. Net revenue available for debt service was \$94,733,000. Reserve funds totalled \$110,187,000. Investment in facilities rose to \$1,584,037,000.



Planning and Development

Passenger Transportation Planning

Studies of methods to improve existing systems for moving people throughout the region and to meet the long term needs of a growing mobile population were continued throughout the year. In varying depths staff efforts dealt with all phases and modes of transportation by air, sea and land. Work on these programs was coordinated closely with the States of New York and New Jersey and the Port area's municipalities and other public agencies.

At the request of Mayor Lindsay and in cooperation with the City's Department of Marine and Aviation, the Port Authority undertook the study of a new passenger ship terminal along the Manhattan waterfront of the Hudson River. The nature of the industry was analyzed, basic criteria were derived, functional layouts determined, architectural treatment investigated and operational factors identified. As part of this project, a six-week survey of arriving and departing overseas and cruise ship passengers was conducted with the cooperation of the ship lines. Based on surveys and other relevant data, the staff prepared a forecast of ship passenger activity at the Port for use in the terminal design study and analysis. A final report is scheduled for presentation to Mayor Lindsay in early Spring 1967.

The difficult problem of maintaining reasonable ground access between Manhattan and Kennedy International Airport during peak traffic periods is being approached in a unique way. The Port Authority has made an intensive study of the problem including evaluation of new concepts such as ground effect machines, monorail, and hydrofoils. None of these were found practicable and realistic from the standpoint of feasible and prompt relief of this problem. However, this study did lead the Port Authority to initiate a test program in cooperation with the Metropolitan Commuter Transportation Authority to determine the practicability of a Bus-Rail vehicle. Such a vehicle with re-

tractable steel wheels, might be capable of making a large part of the Manhattan to airport run via existing Long Island Rail Road trackage while performing as a conventional bus at each end of the trip. The results of the tests will be known during 1967. If the vehicle appears to be technically practicable, the feasibility of its commercial use will be further investigated.

Liaison and study projects were continued this year on two programs for improving the flow of peak hour interstate bus traffic. A detailed investigation progressed steadily, in cooperation with State, local and Federal authorities, of the possible designation of the inner westbound lane on the New Jersey approaches to the Lincoln Tunnel to serve as an exclusive eastbound bus lane during the morning rush hours. Cooperation was also extended to the New Jersey State Highway Department on the possible establishment of a Bus Roadway along an unused portion of the West Shore Railroad right-of-way in Bergen County.

Throughout the year a major effort was expended on studies, liaison, and the negotiations of agreements for highway programs. Work on highway programs was centered on projects affecting access to Port Authority facilities but all the region's highway programs were studied from the standpoint of their overall influence on metropolitan transportation. After extended planning, agreement was reached on respective responsibilities for layout and participation with the highway agencies of the State of New York and New Jersey for the construction of approaches at both ends of the Goethals Bridge and Outerbridge Crossing. This work will increase the effectiveness of the southern bypass route across Staten Island made possible by the construction of the Verrazano-Narrows Bridge. The success of this route has substantiated the Port Authority's earlier estimates of the contribution it would make to improving the flow of traffic in and through the region, by diverting vehicles from the

congested routes through Manhattan to Long Island. Agreement was also reached on the complex and extensive interchange which will serve the arterial highways in the vicinity of Newark Airport and which will also provide access to that facility.

Coordination of planning and the extension of cooperation to State and other agencies was undertaken for additional highway projects dealing with the continuing construction of the Nassau Expressway adjacent to Kennedy International Airport and the widening of the New Jersey Turnpike adjacent to Newark Airport.

Extensive planning was conducted with the New Jersey State Highway Department, New Jersey Turnpike Authority and City of Elizabeth in connection with the proposed construction of Route 81. This route would serve as a vital link between existing and new highways in the Newark area and the Goethals Bridge—Verrazano-Narrows Bridge bypass route, and would relieve congested Route 1 through Elizabeth as well as provide vital access to the Port Authority's Newark Bay marine terminals and the new Newark Airport Terminal area.

In an action pertinent to highway programs, the Executive Director testified before the Special Subcommittee on the Federal Aid Highway Program of the U.S. House of Representatives on June 1, 1966 setting forth the Port Authority's position on the requirements for arterial highways, bridges and tunnels in the metropolitan area.

The Port Authority is cooperating with the State of New Jersey and the Tri-State Transportation Commission on a study of mass transit in northern New Jersey. Close liaison is also being maintained with the Federal Government and others involved in the current Northeast Corridor study and demonstrations of high speed ground transportation between Boston, New York and Washington. The Port Authority participated as an associate member of the Transportation Council of the City of New York which is responsible for

dealing with the City's transit and transport problems.

Freight Transportation Planning

Throughout the year the Port Authority participated in studies to improve the operational procedures of present intraport distribution methods and to investigate the impact of a changing technology on the movement of cargo.

Foremost among the innovations in the transportation of freight is the use of containers. Although this technological development is already widespread among water, rail, and truck carriers, the practice is in its infancy. The revolutionary changes containerization imposes on the entire transport system, including the vehicles, terminals, and procedures, dictated a need to forecast the impact. An exhaustive inspection by the staff of the containerization concept was completed during the year and forecasts were made of the volumes of containerized ocean freight the Port can anticipate by 1975. These findings are being issued in a public report.

In cooperation with the Port's steamship and terminal operators, the Port Authority continued to work toward the implementation of recommendations contained in a pier documentation study released by the Authority during the year. The application of a simplified

Total U.S. General Cargo:
Imports and Exports (Long Tons)
41,263,400 (First 6 months—1966)



**New Jersey-New York Port's Share
of General Cargo:**
7,822,375
Imports and Exports (Long Tons)



The tragic collision in June of the 'Alva Cape' and 'Texaco Massachusetts' emphasized the necessity of eliminating navigational hazards in Newark Bay Channel.

system of terminal documentation for ocean shipments can contribute substantially to the economy and efficiency of moving foreign commerce through the Port.

Freight planning activities continued to be carried out in cooperation with the railroads serving the Port District. Particular attention was given to the improvement of the intra-harbor movement of railroad freight and operational changes which would benefit both the railroads and the Port.

Study of the trucking industry as it affects the Port's terminals and the influence of containerization on the industry was a 1966 objective of the freight planning effort. In response to a request by the Middle Atlantic Truck Conference and the New England Motor Rate Bureau the Port Authority participated in a project to investigate the magnitude and complexities of the less-than-truckload shipments and to evaluate the alternate solutions for lowering costs inherent in the movement of this

type of freight.

Developmental Planning

Foremost among development programs this year was the work done in conjunction with State officials, local municipalities, U.S. Senators and Congressmen from the New York-New Jersey Port District, the maritime industry, civic organizations and the Corps of Engineers to obtain improvements to the Port's navigational facilities.

The work on channel improvement projects, including the presentation of the Port Authority's position before Congressional Committees, met with reasonable success. A 1966 River and Harbor Act gave Congressional authorization to the critically needed improvement of widening and deepening the Newark Bay-Hackensack River Channels. This important project has been under Federal study since 1959.

The funds included in the 1967 Public Works Appropriations Act provided \$5.7 million for navigational projects of

direct interest to the Port of New York. Although monies for some needed projects were not forthcoming, the important work of widening the entrance to Kill van Kull at its junction with Upper New York Bay received an allotment which should enable this important improvement to be completed during the coming year.

Other programs dealing with navigation were pursued throughout the year. The installation of a bridge-to-bridge radio system on vessels transiting Newark Bay, which was instituted by the Port Authority as an experiment and which proved successful, continued as an operational tool. The program is being maintained as an interim measure until the Coast Guard can obtain much needed legislation to make such a system compulsory. As a member of a special committee, the Port Authority also worked with the maritime interests and the Central Railroad of New Jersey to reduce the time losses to commuter train movements resulting from vessels passing beneath the railroad's bridge across Newark Bay.

Under the auspices of the International Association of Ports and Harbors, a program was established in 1965 to encourage assistance and cooperation between the developed and developing ports of the world. As a vehicle to accomplish this work, a Committee on International Port Development was established with the Port Authority's Executive Director serving as its chairman. During 1966 numerous projects were undertaken to provide a flow of technical assistance to the ports of the under-developed nations in all parts of the world.

Work continued in cooperation with State Officials, local municipalities and the Corps of Engineers on the proposed cleanup and debris control program for New York Harbor.

Reductions in costs and vessel time incurred by quarantine inspection procedures have been a goal of the Port Authority and various maritime associations for several years. Efforts are continuing to obtain procedural

changes by the U.S. Public Health Service in this area.

In fulfilling its responsibility for protecting the Port and its share of foreign trade, the Port Authority joined with other agencies to prevent attempts by Midwest interests to modify or even eliminate the 1954 Congressional mandate of a completely self-supporting St. Lawrence Seaway. This endeavor included testimony by the Port Authority at a June, 1966 hearing on the seaway agencies' proposal for a modest 10 percent increase in tolls needed to correct the deficit nature of the Seaway's finances since its opening in 1959.

Transportation and Trade, Research and Statistics

The results of a detailed staff analysis of the future prospects for the New York metropolitan region were released in a brochure entitled "The Next Twenty Years." The publication, which contained detailed forecasts of population and employment for the 23-county region, drew upon recent data and analyses to update and revise the findings contained in the Port Authority's 1963 publication, *Metropolitan Transportation: 1980*. The report received wide distribution to government agencies, business and private individuals throughout the area, and it generated considerable interest and favorable comment.

The foreign trade and freight research program continued to provide support for vital Port Authority programs in this area. The annual report of "Foreign Trade at the Port of New York" provided a continuing index of the Port's overseas cargo, moving by air and sea. The rapid growth of overseas air cargo led to detailed examination of the factors promoting the use of this transport mode. Another major study led to a forecast of the prospects for containerized cargo movements via the Port of New York. At the request of the Civil Aeronautics Board, special tabulations of sea and air foreign trade were provided in connection with a major route case. In addition, many spe-

cific investigations were carried out in support of the Port Authority's facility planning, trade solicitation, port protection, and World Trade Center development program.

Progress was made in a program of trans-Hudson travel forecasting based on the use of mathematical forecasting models designed to take advantage of the great capacities of electronic computers. This technique integrates the results of transportation surveys, regional socio-economic data and assumptions as to the future transportation network to provide detailed estimates of future traffic. Making use of the speed and capacity of the computer in this way permits the production and evaluation of alternative forecasts based on a variety of assumptions regarding regional development and expected transportation facilities.

Various field surveys and data collec-

tion activities were conducted as part of our program to create comprehensive travel pattern and market characteristics data concerning the trans-Hudson passenger. Continuous sampling of vehicles was carried on at all Hudson River and Staten Island facilities and full reports were published describing 1965 travel patterns of traffic using all Port Authority crossings and the Tappan Zee Bridge. Plans were formulated for a similar continuous survey of PATH patrons to begin in 1967.

In close cooperation with the New Jersey Division of Railroad Transportation and the Tri-State Transportation Commission, several surveys were made of rail patronage in connection with the expected implementation of the Aldene Plan and the service changes on the Erie Lackawanna Railroad. Monitoring of bus passenger volumes continued throughout the year.

Recommendations to speed the flow of cargo through the bi-state harbor were released by the Port Authority in 1966.





World Trade

The World Trade Center

Construction of The World Trade Center, the Port of New York's newest and greatest facility of commerce, started in 1966 immediately after the City of New York and the Port Authority reached agreement on their cooperation in the development of the project. Significant progress was made during the year in our rental efforts, tenant relocation, demolition of structures on the site and refinements in architectural design. Legality of the project was upheld by the Court of Appeals in 1966, and in January, 1967 the Supreme Court of the United States refused to review that decision.

The Trade Center, authorized by the States of New York and New Jersey, is scheduled to be completed in stages over the next five years. As a new headquarters for world commerce, The World Trade Center will offer international businessmen a full range of trade services and a concentration of world-wide business contacts.

It is designed to expedite and increase the movement of world trade through the Port of New York by streamlining the transaction of international business. American and overseas businessmen who necessarily depend on a wide variety of administrative, transportation and financing services will find these readily available in The World Trade Center. Foremost among these services will be those rendered by freight forwarders, customs house brokers, international banks, United States and overseas agencies, marine insurance underwriters and transportation carriers. A host of firms and agencies specializing in these fields will be located in The World Trade Center, including the United States Bureau of Customs, which plans to concentrate in the Center all of the activities now carried on at scattered locations throughout lower Manhattan.

Other unique services offered by The World Trade Center will be a World Trade Information Service which will

provide accurate and timely assistance on world trade markets, regulations and opportunities, and a World Trade Institute which will aid international businessmen by providing an opportunity to further their international trade efforts through educational and promotional activities.

Some 10 million square feet of rentable space of all types will be available in the Center. Of this total, approximately 4 million square feet have been reserved for private companies engaged in world trade and commerce. The balance of the space is earmarked for use by federal and state agencies, national product centers of foreign governments, commercial attaches, trade missions and associations and services for the public. The portion reserved for governmental services includes accommodations for the State of New York, whose principal Manhattan offices would be relocated to the Center, and the Port Authority itself.

Rentals Progress

As of the end of the year, more than 500 firms and agencies had reserved space in the Center for a variety of world trade activities. This included exporters and importers, freight forwarders and customs house brokers, international banks, American and overseas manufacturers, international trade service organizations, state government agencies, and foreign governments. These reservations resulted from the extensive rental efforts undertaken by Port Authority staff members and by the activities of numerous real estate brokers who are cooperating with the Port Authority.

Following Congressional approval in 1965, for the relocation of Customs in New York to The World Trade Center, detailed space planning and lease arrangements covering almost 800,000 square feet of space to be occupied by Customs were progressed during the year. This work has involved close coordination with the General Services Administration and with the Customs Bureau.

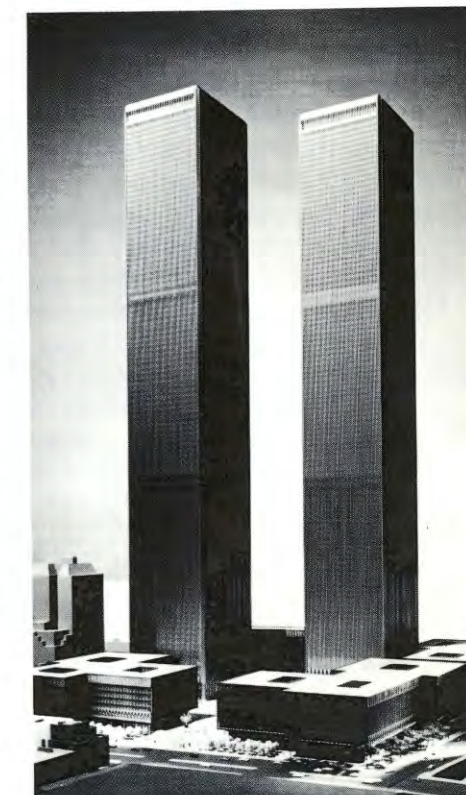
Similar progress was made in connection with New York State's agreement to centralize a majority of its New York City offices in The World Trade Center. Announcement of the State's decision to participate in the Center was made by Governor Rockefeller in January, 1964. Planning and leasing details are being coordinated with the New York State Office of General Services.

Construction Underway

The start of construction of The World Trade Center was made possible by the issuance of a permit by the City of New York following agreement between the City and the Port Authority on their cooperation in advancing the project. In announcing the agreement Mayor John V. Lindsay and Chairman S. Sloan Colt indicated that it "... gives full recognition to the City's legitimate financial interests both in The World Trade Center and in Port development while preserving appropriate recognition of the Port Authority's responsibilities as a bi-state agency."

Under the terms of the agreement, the Port Authority will make annual payments in lieu of taxes to the City of New York on all store and hotel space and any office areas leased to private persons engaged in a profession, trade or business for profit. These payments, estimated at \$6,175,000 for the first year of completed occupancy, will be increased or decreased over the life of the project to the extent that the tax rate and assessed valuations on comparable privately owned properties rise or fall. Throughout the period of construction, the Port Authority will make in lieu of tax payments representing the full amount of taxes paid to the City by the former owners of properties on the site.

Other provisions of the agreement call for the expenditure of funds by the Port Authority for improvements to City facilities in the course of construction of The World Trade Center; widening of streets surrounding The World Trade



The World Trade Center, first buildings of the Twenty-First Century.

Center for improved traffic circulation; the conveyance of five parcels of City owned land within the site to the Port Authority; the award of liquidation grants and small business displacement grants to tenants relocated as a result of World Trade Center construction; and the creation of new land area for the City through the development of a landfill project along the Hudson River utilizing excavated materials resulting from the construction of the Center. This landfill project, which will create an area of approximately 24 acres, will face the Hudson between Battery Park and the World Trade Center site. It is estimated that the cost of the landfill program to the Port Authority will be \$8 to \$10 million.

Tenant Relocation

Throughout the year the staff of the Port Authority's on-site Tenant Relocation Office at 50 Church Street continued to work closely with occupants of buildings in the area to provide a re-

location program tailored to individual needs. As of the end of 1966, the total number of relocated tenants (exclusive of those occupying space in 30 and 50 Church Street) reached 340, or 60 percent of the total occupancy as of December 1, 1965 when title to the properties vested in the Port Authority. Demolition of buildings on the site proceeded hand in hand with these relocation efforts. Of the 164 buildings in the World Trade Center area at the time of title vesting, 57 were completely vacated by the end of the year. Of these, 47 buildings have been demolished, and an additional 9 are in the process of demolition.

The Tenant Relocation Office staff has aided the site occupants by finding suitable alternate locations for them and by providing information and assistance concerning the Relocation Payment Program, estimated to cost \$2,800,000. Most commercial tenants have the option of receiving actual moving expenses up to \$25,000, or payment in a lump sum, not to exceed \$3000, or six times their monthly rental. Residential tenants are afforded bonus payments, moving expenses and decorating allowances. Finders fees are paid to brokers who locate space to which retail or residential occupants relocate. In addition, bonus payments were made to retail store occupants who moved from the site within six months of title vesting.

On August 1, 1966, two additional payments were incorporated in the program for retail occupants; a Small Business Displacement Payment and a Liquidation Grant for direct loss of property. The former, a payment of \$2500, is made to eligible retail store occupants whose average annual net earnings before taxes were less than \$10,000 in the two tax years prior to their displacement. The Liquidation Grant is designed to compensate retail store occupants for actual losses in the value of certain personal property which would not otherwise be compensable.

In searching for substitute space for

retail store occupants emphasis is placed on finding new locations in the same vicinity so they can retain their old customers. Several tenants have moved into larger, more modern quarters within walking distance of the site and more are scheduled to relocate in the downtown area in 1967.

Planning

Planning activity in 1966 was highlighted by the announcement of a final architectural master plan for The World Trade Center. The principal features of the new master plan include the incorporation of a number of revisions which greatly enhance the access and aesthetics of the project: the freeing of the tower buildings from the low buildings surrounding the periphery of the site to permit the towers to rise sheer and uninterrupted; the creation of four separate Plaza Buildings each with a specific function in world trade; and an alteration in the character of the plaza to permit access from all peripheral streets, thus providing improved circulation within the area.

A number of important steps were taken during the year to assure that construction would proceed as economically and expeditiously as possible. To this end, the Tishman Realty and Construction Company was retained as consultant-contractor to assist the Port Authority in the review of architectural and engineering designs for the purpose of insuring compatibility with industry work standards, to check contract drawings, and to assist in the preparations for the presentation of major construction contracts. The retention of the Tishman organization, which has had extensive experience in the field of building management and operation, has served to strengthen the Port Authority staff units responsible for World Trade Center construction.

In August the initial construction contract was awarded to ICANDA, Ltd. of Montreal, Canada for the construction of two telephone vaults to replace vaults which must be relocated as a

result of foundation excavation. By mid-September, construction work gained further momentum with the start of relocation of all utility lines passing through the site and the enlargement of these lines in size and capacity to provide for the additional requirements of The World Trade Center. This work is scheduled for completion by late summer of 1967.

In November, three major construction contracts totaling more than \$62 million were awarded to the following: Otis Elevator Company, covering the furnishing and installation of elevators in the project; ICANDA, Limited of Montreal for the construction of a 3,100-foot long basement perimeter wall; and to a joint venture of five contractors for the excavation of an eight-block area.

Under its \$35,080,000 contract, Otis will furnish and install 208 elevators in the two Tower Buildings and the areas below the Plaza west of Greenwich Street, plus 49 heavy duty high-speed escalators, 24 of which will serve the new PATH terminal, which will be built as an integral part of The World Trade Center.

The construction of the perimeter wall, awarded under an \$8,426,424 contract, will prevent the intrusion of water and soft ground into the excavation. This work is scheduled for completion early in 1968. Under the excavation contract which totals \$18,676,778, excavation will proceed in an area bounded by Vesey, West, Liberty and Greenwich Streets to the average depth of 65 feet. It is expected that this excavation work will be completed in approximately two years.

As of the end of 1966, contract plans and specifications were completed for additional elements of The World Trade Center, including the structural steel and the curtain walls for the Tower Buildings. These contracts were being analyzed or negotiated prior to their award.*

Operations Planning

The development of a master operating plan for The World Trade Center was

begun early in 1966. The plan has as its objective the most efficient and economic maintenance of The World Trade Center with particular emphasis on such matters as electrical, mechanical, sanitation and other special operational procedures.

As part of this effort, The World Trade Center's Operations Planning unit has reviewed various contract drawings for facilities and equipment required for heating, ventilating and air conditioning systems as well as the elevator system. The results of this program will insure the adaptation of the most modern techniques and procedures in such areas as environmental building control through the use of computers, automatic window washing equipment, surface cleaning and protection and building evacuation and security. The efforts of this staff will be supplemented, as required, by the retention of consultants.

***Note** The award of six major construction contracts amounting to \$74,079,000, including the purchase of a portion of the structural steel, the erection of all structural steel in the project and the fabrication and erection of aluminum exterior curtain walls, was announced early in 1967. With these awards construction contracts for the Trade Center totalled \$143,500,000.

Port Commerce

Rail Mergers Still Pending

Unresolved eastern railroad merger proposals dominated the Port's transportation scene throughout 1966. Recognizing the rail industry's drive for consolidation, the Port Authority in 1961 undertook participation in the developing proceedings before the Interstate Commerce Commission in an attempt to ensure the emergence of a rail network in the East which would not result in the destruction of competitive service to and from the Port of New York. Specifically the Port Authority urged

that the Erie-Lackawanna Railroad be included in one of three proposed merged systems—the Norfolk & Western-Wabash-Nickel Plate; the Pennsylvania-New York Central; or the Chesapeake & Ohio-Baltimore & Ohio. The logical choice was the new Norfolk & Western System which could then extend its operations eastward from Buffalo to New York and create competition for the proposed Penn-Central on freight from the midwest to the Port of New York. Extensive hearings concerning the inclusion of the Erie-Lackawanna and other small railroads in the Norfolk & Western system were held during 1966. The Norfolk & Western resisted any such result unless the Interstate Commerce Commission would agree to permit it to merge with the new Chesapeake & Ohio-Baltimore & Ohio railroad system, in which event it proposed that the Erie-Lackawanna and the other smaller roads might be in-

Unusual view of World Trade Center site as seen through 180° camera lens.





cluded as subsidiaries. The Commission decided that it would not consider this proposal until the pending proceedings concerning inclusion of the Erie-Lackawanna in the existing Norfolk & Western system are concluded.

The Penn-New York Central merger, was approved by the Interstate Commerce Commission in April 1966, although the Port Authority had urged the Commission to defer consummation until such time as the Erie-Lackawanna and other smaller rail lines are included in the Norfolk & Western System. The Commission provided in its Penn-Central decision, first, that if the Erie-Lackawanna is not included in the Norfolk & Western System, it may petition for inclusion in the Penn-Central System; and second, that pending the determination of the Erie-Lackawanna's future, the Penn-Central, after implementation of their merger, must compensate the Erie-Lackawanna and other smaller railroads for any loss of freight which they may suffer as a result of diversion

to the new Penn-Central System. These Commission efforts to insure the continued existence of Erie-Lackawanna in the face of competition from a colossal Penn-Central reflects the Commission's recognition of the merit of the Port Authority's expressed position as to the importance of that railroad to the Port of New York and the need of the Port for a second strongly competitive rail service to and from the midwest.

Contending that the Interstate Commerce Commission's indemnification provisions were inadequate, the Erie-Lackawanna and other smaller eastern railroads appealed to the Commission to reopen the Penn-Central merger proceedings. The Interstate Commerce Commission agreed. The smaller railroads also petitioned the United States District Court to stay the merger until acceptable protective provisions could be worked out. When the court denied their request, they appealed to the United States Supreme Court. That

Court has scheduled argument for January 9, 1967.

While it has taken no position on the protective conditions the Port Authority has continued in other phases of this and the concurrent merger proceedings to insist that competitive rail service to and from the Port of New York from at least two of the merged systems be incorporated in the finally approved rail complex to protect the public interest.

United States Supreme Court Affirms Port Rate Unity

Through a decision of the Supreme Court of the United States in January, the Port Authority won another important victory in the continuing struggle to protect the economic unity of the Port District.

The so-called Fruits and Vegetables Case began when the Pennsylvania Railroad established higher rates on fruit and vegetable traffic from the south and southwest to the New York

side of the Hudson River than to the New Jersey side. Such rate disparity would naturally hurt receivers on the east side of the harbor, and the Interstate Commerce Commission ordered the railroads to maintain uniform line haul rates throughout the New York-New Jersey metropolitan area. The need for such economic unity in the Port was initially recognized in the 1917 New York Harbor Case, and the United States Supreme Court has now reaffirmed this basic principle by affirming the lower-court decision.

New York's Competitive Position Maintained

The rate war that has been looming since 1964 in the East Coast to Puerto Rico steamship service continued to threaten through 1966.

It all began when steamship lines serving south Atlantic ports published rates to Puerto Rico lower than those offered by Sea-Land Service, Inc. and other competing steamship operators serving New York. The Port Authority protested, fearful that the reduced rates from southern ports, when combined with railroad rates from many midwestern origins, would undercut through shipping costs via New York and cause the bi-state Port to lose cargo. The problem of keeping New York competitive with the developing southern ports was compounded when Sea-Land in turn reduced some of its rates from Jacksonville, Florida, to Puerto Rico while leaving New York rates at a higher level. In May, the Federal Maritime Commission concluded that rates comparable to those available from north Atlantic carriers would allow the south Atlantic carriers to use their natural distance advantage to retain all the cargo from the territory naturally tributary to southern ports while at the same time preventing them from diverting cargo from northern ports. In August, the Federal Maritime Commission's Examiner also barred Sea-Land from reducing its rates out of Jacksonville, Florida, while posting higher rates from New York. While this case is of

course subject to review by the entire Commission, the Port Authority will continue to urge maintenance of rate parity from all the Atlantic ports in order to protect the competitive position of the Port of New York.

Air Commerce

During the year the Port Authority participated in a number of proceedings before the Civil Aeronautics Board in accordance with its obligation under the Port Compact to promote and protect the Port District's air commerce.

A CAB proceeding involving international routes is the *Transpacific Route Investigation* (Docket No. 16242) which will review U.S. Flag airline route authorizations between many U. S. points, including New York/Newark, and virtually all points in the Pacific area and as far west as India. The issues involve the need for additional passenger services to such important Pacific market areas as Hawaii, Australia, the South Pacific and the Orient. They also involve the need for an around-the-world U.S. Flag airline passenger route as well as an all-cargo airline service between major U.S. cities and points in the Pacific area. There has been no significant improvement in U.S. Flag airline route authorizations between the Port District and the Pacific area since 1946.

The air passenger and cargo traffic volumes between the Port District and the Pacific area are growing at a faster rate than other Port District international air markets and will be very substantial in size by the time in the early 1970's when this large and complex proceeding is decided and the new routes can be operated.

Our analyses indicate that there will be sufficient traffic to require the authorization of competitive U.S. Flag airline passenger service between the Port District and the Orient both on the short Great Circle Route via Alaska and the Central Pacific Route via Hawaii. In addition, a U.S. Flag airline passenger route is required for New York/Newark-Australia and South Pacific service

and for an around-the-world service. An all-cargo airline service between the Port District and other major U.S. points and the Pacific area also is needed to fully promote the air commerce of the Port District.

Accelerated Trade Development Activities

The principal means of bringing to the attention of shippers and receivers of goods information on services and facilities available at the Port of New York as well as assistance with the movement of cargo through New York harbor is by the direct contact of trade development staff with the shipping public. This not only gets new business for the Port but helps shippers solve problems before they develop to a point where cargo may be diverted from New York. The 1966 keynote of the Port Authority's trade development program was the expansion of trade development activities throughout the world and accelerated dissemination of information on the Port's newest service advantage—containerization.

New Port of New York Trade Development Office Opened in Tokyo

With the rapid development of foreign trade between the United States and the Far East during the past decade, the Port Authority recognized as early as 1962 the pressing need for trade development coverage in that part of the world on behalf of the bi-state Port. Special trade development representatives solicited trade from the Far East and Pacific nations for New York and confirmed that on-the-scene sales promotion is effective, since cargo routing is controlled by the local businessman.

Tokyo was chosen as the location for the new Port of New York Trade Development Office after extensive staff studies and investigation. The United States signed the first strictly commercial treaty between Japan and a western nation 108 years ago. Today, Japan has become the Port of New York's largest single trading partner, accounting for 11 percent of all international

trade flowing through the Port. Tokyo is also the ideal site for a Far Eastern office because it is the physical and financial hub of the Far East, the headquarters for all Japanese steamship lines serving New York, and the control center for Japan's foreign commerce. Under the direction of Manager William C. Gibson, the new office provides a permanent base for solicitation activities throughout Japan, Korea, the Philippines, Taiwan, Hong Kong, Singapore, Thailand, Malaysia, Pakistan, India, Australia and New Zealand, while also providing a permanent and ready source of port shipping information for Far East businessmen.

Expansion of the Port's sales activities was not limited to the Far East. The Zurich staff, which is responsible for trade development in Continental Europe, increased its activity among the trading nations of Eastern Europe. Trips to Poland, Hungary and Czechoslovakia established contacts and gained firsthand knowledge of business methods in an area where customs and practices differ considerably from the West. Realignment of our domestic trade development offices was also implemented to provide complete coverage throughout the Continental United States and southern Canada to promote trade for the Port of New York. The New Business Campaign continued at an accelerated pace with accent on attracting new cargo to New York and recapturing shipments which had been diverted to other ports. The wide array of services available at the Port of New York was the prime sales argument in carrying out this program effectively. During 1966, Port of New York Trade Development representatives traveled 380,000 miles to make 12,113 calls on shippers in 950 cities around the world.

The Port of New York— America's Container Capital

Developments in international waterborne containerization are moving quickly at the Port of New York where the finest container terminals and con-

tainership services augment the Port's other service advantages. As steamship lines placed added container vessels in service between New York and world ports during 1966, both domestic and foreign trade development representatives set out to acquaint the shipping public with the advantages of containerization via America's container capital. New York's readiness for this new era in marine transport helped increase its business by both improving service to shippers already using the Port and competing for freight previously routed via other ports. Port advertising stressed the development of New York's container facilities and helped adoption by both the overseas and domestic press of the slogan "The Port of New York—America's Container Capital."

Port Promotion in Print and Pictures

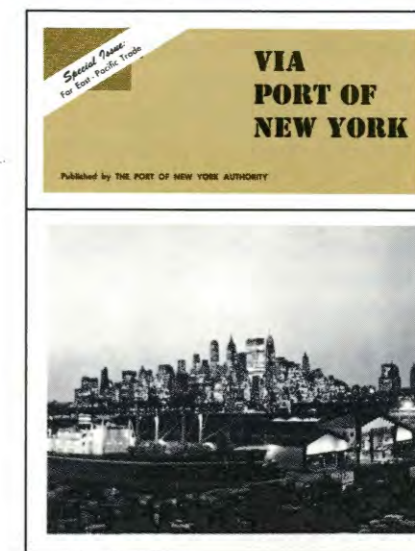
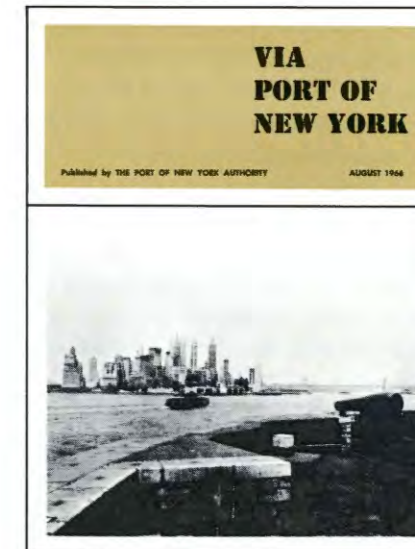
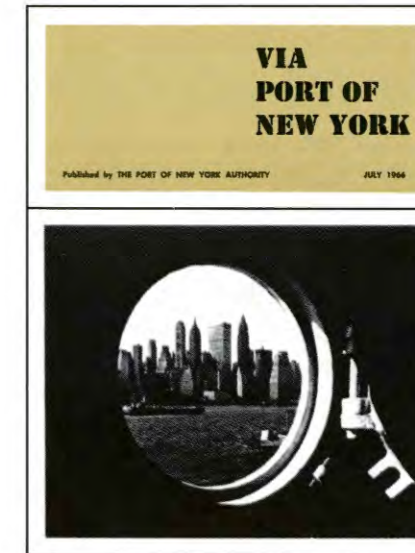
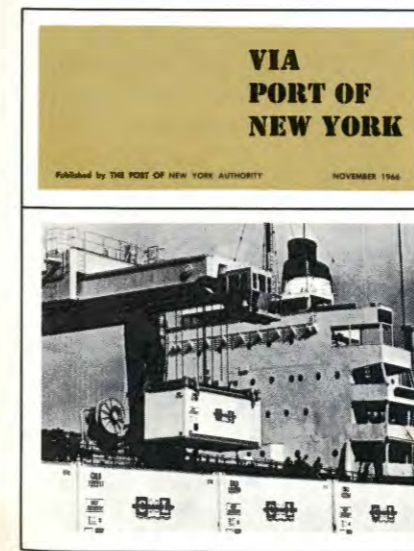
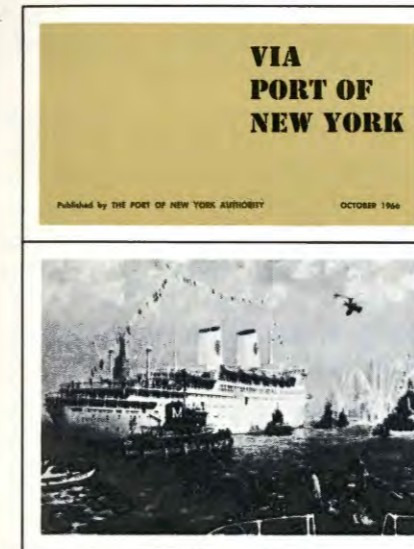
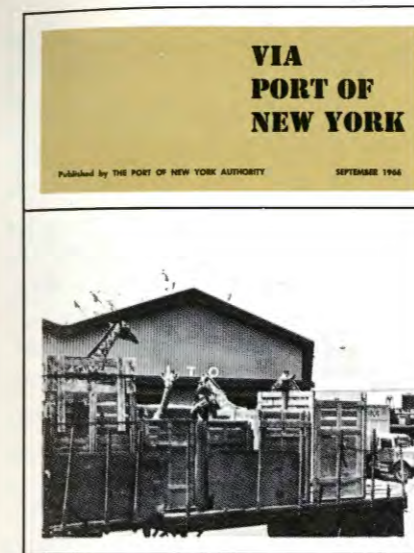
The three port promotion films, "Containers and Cargoes," "The Fabulous Decade" and "Sixty-Seven South," were in constant demand during 1966 for showings before trade and transportation groups, government agencies, educational, community and television audiences.

Exhibits and displays continued to be a dramatic and effective way of presenting the Port's story to shippers and the general public. Monthly displays featuring various port activities and port services were shown in the Eastern Trade Development Office street-level window where 10,000 pedestrians pass daily. Other exhibits publicized the Regional Export Expansion Council's "V.I.P."-trade expansion program and The World Trade Center. Special exhibits were set up for such diverse purposes as the International Executives Association Conference, World Trade Week, the National Foreign Trade Convention, and the U.S. Trade Center in Bangkok, Thailand. An exhibit describing the functions of the new Port of New York Trade Development Office was installed in the lobby of the Kokusai Building in Tokyo, Japan to coincide with the October opening of that

office. The Port Authority also cooperated with the New York Convention and Visitors Bureau in furnishing color photographs for the "New York Is a Summer Festival" display which appeared in the Eastman Kodak Exhibit in Grand Central Terminal. The photographs were subsequently prominently displayed in banks and other locations in the New York-New Jersey metropolitan area.

Over 100,000 pieces of port promotion literature were prepared and distributed during the year. They included a new pictorial brochure on the Port, printed in English, German, Spanish and French, a Trade Services Directory in Japanese, Portuguese and Spanish, and a "Directory of Industrial and Specialized Waterfront Facilities." A new "Motor Carriers Guide" with road routings from six geographic areas was prepared to assist truckers serving the Port. Other pieces of promotional literature such as the "Steamship Services Directory," "Directory of Export Packers," "Port Fact Sheet," "Checklist of Port Literature" and "Port Authority Facilities" guide were prepared and distributed.

Port Promotion Division staff continued to participate in special activities designed to promote the port and its facilities and services. For the ninth consecutive year Authority staff coordinated the New York World Trade Week program. The Port Authority is one of the forty cooperating civic, trade and governmental agencies that sponsor the week-long observance with events designed to call to the public's attention the importance of international trade to the New York-New Jersey Port District. The Port Authority also continued to take part in and actively support the program of the Joint Committee for Promotion of the Port of New York, which was highlighted by a meeting of New York-New Jersey Senators and Congressmen in November to discuss Port matters and increase awareness of the importance of the Port to the economic welfare of the surrounding community.



Proceedings Before the Interstate Commerce Commission

Docket FF 209 Extension of operating right of Lyons Transport, Inc., a domestic freight forwarder, on the basis of publishing equalized export rates to North Atlantic Ports.

Status* Commission granted extension of operating rights. Concluded.

Docket I&S 8125 Railroads reduced rates on paper, etc., to Baltimore, Philadelphia and Hampton Roads excluding all ports north of Philadelphia.

Status Examiner's report approved reduced Baltimore rates and disapproved equalized rates to other North Atlantic Ports. Port Authority filed exceptions. Adverse decision in 1966.

Docket Fin. 21510 & 21514 Unification of Norfolk and Western-Wabash-Nickel Plate Railroads.

Status* State of N.Y., Port Authority and the City of N.Y. filed petitions for reopening to consider inclusion of Erie-Lackawanna. Hearings held. Briefs filed. Examiners proposed report orders inclusion of the Erie-Lackawanna in the present Norfolk and Western system. Pending.

Docket Fin. 21989 Proposed merger of Pennsylvania-New York Central Railroads.

Status ICC approved the merger but reopened proceedings to consider indemnification provisions for protecting E-L, D&H, and B&M for loss of business. Eight eastern railroads appealed to U.S. Supreme Court to stay merger until indemnification provision resolved. Pending.

Docket Fin. 23178 Application of the Chesapeake & Ohio and Baltimore & Ohio to actively control the Western Maryland.

Status Examiner recommended approval of control with condition that CNJ be permitted to be included in a merged C&O-B&O W. Md. System if it so requested and was found qualified within a 5-year period. Port Authority

filed exceptions. Replies filed. Pending.

Docket Fin. 23379 23422 34531 Application of Lehigh Valley Railroad for authority to operate over the tracks of Pennsylvania Railroad to permit connection with Norfolk & Western System at Buffalo. Erie-Lackawanna filed complaint against the Norfolk & Western System that Lehigh Valley Railroad was already illegally operating over tracks of Pennsylvania Railroad.

Status* ICC found thru train service by LV and N&W over PRR to be unlawful. Concluded.

Docket Fin. 23822 23833 Application of Norfolk & Western and Chesapeake & Ohio to merge and include in their system 5 Eastern railroads—Erie-Lackawanna, Delaware & Hudson, Boston & Maine, Reading and Central Railroad of New Jersey.

Status ICC will conduct hearings on merger application starting April 17, 1967.

Docket ICC 34520 Complaint against minimum charges of Eastern Central Motor Carriers which result in preferential treatment for large shippers.

Status* ICC found unlawful the assessment of minimum pick-up charge against each shipment of imported bulbs picked up at the same time by one truck at one pier location. ICC dismissed Port Authority complaint against practice on all general cargo small shipments.

Docket ICC 33105 Port "splitting" railroad rates on fruits and vegetables to points in Port of New York.

Status* U.S. District Court of Philadelphia upheld the ICC decision condemning rates which split N.Y. rate group. Supreme Court upheld Dist. Court of Phila. Concluded.

Docket ICC 34254 Relief from long haul/short haul statutory requirements on joint motor-rail rates.

Status* Commission found joint motor-rail rates subject to provisions of

Sec. 4, Part 1 of Interstate Commerce Act. Railroads and Motor Carriers appealed to U.S. Dist. Court. Pending.

Docket ICC 34471 Reduced railroad rates on canned goods from Florida to Eastern destinations.

Status Hearings held. Brief filed. Pending.

Docket ICC 34497 Reduced rail rates on polyethylene plastics from Texas City, Texas to Kenilworth, New Jersey.

Status* Examiner's report found rates discriminatory, unjust and unreasonable. Pending.

Docket ICC 34522 I&S 8230 Railroads proposed reduced free time on export traffic held in cars from 7 to 5 days at all U.S. Ports.

Status* Examiner found in proposed decision that 7 days free time needed on export traffic. Pending.

Docket ICC 34573 Railroads published reduced transcontinental rail rates on canned goods between Pacific Coast and Eastern points.

Status Hearings held. Brief filed. Pending.

Sub 1 Reduced rates by Sea-Land Service, Inc. to meet all rail competition.

Sub 5 Transcontinental railroads published proportional multiple car rate on east-bound canned goods subject to minimum weight of 1,000,000 pounds loaded in not more than 8 cars.

Status Port Authority protested. Rates not suspended, but assigned for investigation. Hearing held. Brief filed. Pending.

Proceedings Before the Federal Maritime Commission and Maritime Administration

Docket Fact Finding Investigation No. 4 Marine terminal practices at North Atlantic Ports.

Status Staff report issued. Pending.

Docket Fact Finding Investigation No. 5 Marine terminal practices at South

Atlantic and Gulf Ports.

Status Staff report issued. Pending.

Docket 872 Joint Agreement No. 8200 between steamship lines of Far East Conference and Pacific Westbound Conference.

Status Agreement found justified but supplement covering overland rates constitutes an unapproved agreement. Carriers had to cease and desist until supplemental agreement was filed and approved by FMC. Appealed for review and enforcement. Pending.

Docket 1114 Investigation of ocean rates of U.S. steel exports to certain foreign destinations that exceed ocean rates on steel imports.

Status FMC found rates not contrary to Shipping Act. Concluded.

Docket 1153 Investigation of truck and lighter unloading charges at steamship piers in the Port of New York.

Status* 5/16/66 FMC found N.Y. Terminal Conference in violation of Sec. 16-17 of Shipping Act. The Conference appealed to the Courts to review the order. Pending.

Docket 1166 U.S. Atlantic & Gulf/Australia-New Zealand Conference proposed to modify Section 15 Agreement to include Great Lakes steamship service at rates no lower than those from North Atlantic Ports.

Status Decision found that rates from North Atlantic and Gulf Ports need not be held as minimum rates applying from Lake Ports. Concluded.

Docket 1182 Investigation of reduced ocean rates of TMT Trailer Ferry, Inc. via Jacksonville, Florida to Puerto Rico which are lower than rates of Sea-Land Service, Inc.

Status* Initial decision concluded that TMT was entitled to a rate difference because of slower service, but barred Sea-Land from reducing rates out of Jacksonville while leaving New York rates at higher level. Exceptions filed. Pending.

Docket 1187 Complaint by New York steamship lines against reduced ocean rates published by TMT Trailer Ferry, Inc. on grading and roadmaking machinery via Jacksonville, Florida to Puerto Rico.

Status* FMC found rates of TMT and SACAL unjust and unreasonable. TMT appealed. Court remanded to FMC for further findings.

Docket 65-7 Conference and non-conference steamship lines imposed emergency ten percent surcharge on ocean freight during a longshoremen's strike.

Status* FMC found that Conference members did not violate provisions of Dual Rate Contract or the Shipping Act in imposing surcharge. Discontinued.

Docket 65-14 Investigation by FMC to determine whether free time and demurrage practices on inbound freight at piers violate the Shipping Act.

Status* Examiner's Report proposed clarifications. Pending.

Docket 65-31 Investigation by FMC of Overland Common Points and Overland Rates maintained between Far East and U.S. Pacific Coast Ports.

Status Hearings held. Further hearings pending.

Docket 65-34 Discount conference rates on iron and steel applicable from Baltimore and Gulf Ports.

Status Hearings held. Brief filed. Pending.

Docket 65-39 Complaint by Empire State Highway Transportation Assn. against 17 percent surcharge published by New York Terminal Conference.

Status Further hearings pending.

Docket 65-46 Investigation into the lawfulness of the 17 percent surcharge on truck loading and unloading.

Status Further hearings pending.

Docket 66-33 New York Terminal Conference petitioned for modification of

Section 15 Agreement to permit publication of free time and demurrage rules and charges on export cargo at New York.

Status Pre-hearing Conferences held. Terminal Conference filed memorandum of justification. Pending.

Proceedings Before the Civil Aeronautics Board

Docket 13577 Review of U.S. Flag airline trans-Atlantic routes. The Port Authority supported competitive U.S. Flag airline passenger service between the Port District and Frankfurt, London, Paris and Rome and continued authorization of U.S. Flag all-cargo airline service between the Port District and European points with extension to a point or points in Italy.

Status* CAB decided to maintain competitive U.S. Flag airline passenger service between the Port District and Frankfurt, London, Paris and Rome and also continue all-cargo airline service between the Port District and European points and extend that service to Italy.

Docket 12895 Review of U.S. Flag airline Caribbean and South America routes. The Port Authority supports continued authorization of three non-stop airlines between the Port District and San Juan and the authorization of a one-carrier U.S. Flag airline route between the Port District and points on the west coast of South America.

Status* CAB decided to continue the authorization of three nonstop airlines between the Port District and San Juan. South America portion of the case awaits Examiner's recommendation.

Docket 12285 Renewal of Northeast Airline's New York-Florida route. The Port Authority supports continued authorization of a third nonstop airline between the Port District and Miami/Ft. Lauderdale.

Status* CAB decided to reduce competition between Port District and Miami/Ft. Lauderdale to two airlines. U. S. Court of Appeals stayed effectiveness of decision and remanded case to CAB

for further consideration. CAB Examiner in reopened proceeding has recommended continued authorization of a third nonstop airline between the Port District and Miami/Ft. Lauderdale.

Docket 15661 Review of New York Airways' operating and subsidy eligibility. The Port Authority supported permanent route authority for New York Airways and subsidy eligibility until 1971.

Status* CAB decided to grant permanent route authority to New York Airways but without subsidy eligibility.

Docket 15356 Review of U. S. Flag airline services between northeast U. S. points and points in the Bahamas. The Port Authority supports the authorization of competitive U. S. Flag airline service between the Port District and points in the Bahamas.

Status Hearings completed. Awaits CAB Examiner's recommendations.

Docket 15777 Proposed CAB regulation to authorize all-expense tours by supplemental air carriers and tour operators. The Port Authority supported amendments and additions to the proposed regulation to assure safe and efficient conduct of such tours while they are at the airport.

Status* CAB adopted regulation requiring tour operators to provide safe and adequate service, equipment and facilities in connection with tours operated.

Docket 16242 Review of U. S. Flag airline Trans-Pacific routes. The Port Authority supports competitive U. S. Flag authorization to the Orient via both the short great circle route and the central route via Hawaii, U. S. Flag route to the South Pacific, a U. S. Flag around-the-world route, and an all-cargo airline route to points in the Pacific area.

Status Hearings scheduled in early 1967. Final decision no earlier than late 1968.

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



PATH and Rail Transportation

The delivery to PATH of the first units of a \$5.3 million fleet of 44 new air-conditioned transit cars brought to a close a year marked by significant gains in the interstate rail system's continuing rehabilitation and modernization program. The 44 new cars are being purchased to carry thousands of railroad passengers who will transfer to PATH under the State of New Jersey's Aldene Plan, which provides for the re-routing of the Central Railroad of New Jersey's main line and New Jersey shore commuter trains into Pennsylvania Station, Newark. The State's plan is to become operational early in 1967.

During 1966, PATH's fleet of 162 modern transit cars, which replaced the antiquated cars acquired from the former Hudson and Manhattan Railroad, finished one full year of service. Construction of the first of four new silicon rectifier substations, part of the modernization of the PATH traction power system, was completed. Significant advances also were made in PATH's signal rehabilitation program. Other gains were made in renovating stations and rehabilitating shops and utility systems. Improvements were made to PATH employee facilities and new employee training programs were inaugurated.

As a service to PATH patrons, two editions of the PATH Service Guide were issued. The Guide includes a map of the system and information on time intervals between trains. It also shows PATH connections with other transportation systems in New Jersey and New York.

Toward the end of the year, planning and design work on the proposed rail-bus Journal Square Transportation Center in Jersey City had progressed to the point of review with the U.S. Department of Housing and Urban Development of a preliminary application for a grant under the Urban Mass Transportation Act, to aid in the construction of the new complex. Planning and design work also went forward on the new Hudson Terminal to be constructed at the site of The World Trade Center in

lower Manhattan.

PATH employees distinguished themselves and the system during 1966 by their dedication and performance. This was particularly true during the 14-day New York City transit emergency in January, when thousands of temporary riders used PATH for their trips between midtown and downtown Manhattan—via a circuitous interstate route requiring a transfer between PATH lines in New Jersey.

Aldene Plan Implementation

At present, the main line and New Jersey shore trains of the Central Railroad of New Jersey terminate at Jersey City, where New York-bound passengers use ferries to downtown New York. With the implementation of the State's Aldene Plan, CNJ commuters will be able to complete their trips from Newark to downtown or midtown New York via the modernized PATH system, the Pennsylvania Railroad or by bus. The Aldene Plan operation will replace the ferry service across the Hudson River from Jersey City, which the railroad proposes to abandon.

At Aldene, a point near Cranford, N. J., the CNJ's main line trains would be rerouted onto a new connection with the Lehigh Valley which, in turn, will connect with the PRR's tracks just west of Newark. The CNJ's shore trains would be rerouted onto PRR tracks at Perth Amboy, N. J., and join the PRR main line at Rahway, N. J., continuing into Newark.

Basic to PATH's assigned role in the Aldene Plan was the negotiation of a lease with the Pennsylvania Railroad, permitting future operation by PATH alone of the rail service between Newark and Jersey City heretofore jointly operated by PATH and the Pennsylvania. While these negotiations were in progress, the PATH Board of Directors, in May 1965, authorized a \$15,200,000 project for improvements necessary for PATH to perform its role in the Plan. The U. S. Housing and Home Finance Agency, predecessor of the Depart-

ment of Housing and Urban Development, approved PATH's application for a Mass Transportation Facilities Grant of \$5,100,000 to defray part of the cost of the necessary improvements. Agreement on the new lease with the Pennsylvania was reached in November 1965; the lease to become effective upon the start of Aldene operations. The Interstate Commerce Commission has approved the lease arrangement with the Pennsylvania.

As previously noted, by the end of 1966, PATH received the first units of a fleet of 44 additional new air-conditioned cars which will be required to carry the increased number of passengers expected under the Aldene Plan. The balance of the new cars, which are similar in appearance and design to the 162 cars delivered to PATH in 1965, are scheduled for delivery in early 1967. The car order, totalling over \$5,300,000, was placed with the St. Louis Car Division of General Steel Industries, Inc., in January 1966.

In addition to the 44 new cars, PATH participation in the Aldene Plan will require additions to the system's new silicon rectifier traction power system to handle the increased demand for train power. New transit-type signaling will be installed west of Journal Square, subject to final approval of the signal changes by the ICC. New track switches and the separation of PRR freight tracks and PATH transit tracks will be provided in some areas. Improvements will be made at the Newark and Harrison stations to facilitate passenger flow.

At the end of the year, PATH announced plans to file a tariff with the ICC, to become effective with the implementation of Aldene Plan service, fixing its own interstate fares for trips between Newark, Harrison and New York in place of the previous Pennsylvania Railroad Joint Service tariff between those cities. The chief effect of the proposed new tariff will be to lower the Newark to New York fare via PATH from 40¢ to 30¢. This will serve to establish for PATH a uniform interstate

30¢ token fare structure for the entire system. At the same time, PATH established a new intrastate fare for trips between Newark, Harrison and other stations in New Jersey. The fare revisions were required because the Pennsylvania tariffs must be cancelled when PATH assumes sole responsibility for the former Joint Service between Newark and New York.

PATH Modernization Program

As PATH marked the fourth anniversary of H&M acquisition on September 1, 1966, it possessed the only fully air-conditioned rail rapid transit car fleet in the United States.

Virtually all the old black cars which had been acquired from the H&M have been disposed of. Over 150 of these cars were sold for scrap, with 30 being retained and refitted for use as work cars. At the end of March, following a brief public ceremony, the last and oldest of the black cars in revenue service—a 1909 relic—was formally transferred to the National Museum of Transport in St. Louis. The car had amassed an estimated two million miles of service in its 56 years of operation.

The new cars have been performing well. Visiting officials from the transportation systems of Rome, Paris, West Germany, Australia, India, Japan, Britain and Holland inspected the cars during their first year of operation and commented favorably on their technical excellence and aesthetic features.

Improvement in the equipment supplying the necessary traction power to operate the trains is another key element of the PATH modernization program. The first of four new silicon rectifier installations, Substation No. 2 at Washington Street in Jersey City, was completed in late 1966 as part of the entire traction power project.

The modernization of the signal system, which will permit operation of trains on closer headways without impairment of safety, is being accomplished under a \$2 million project. Stage I of this signal work was com-

pleted in April 1964. Stage II involves modernization of automatic and interlocking signals. The third stage of the signal project, on which work began in 1966, is directed at automatic operation of all interlockings and their control from a central traffic control console at Hudson Terminal. The entire signal modernization project is scheduled for completion during 1967.

A new PATH Operations Control Center was activated at Hudson Terminal in June. The new Center is a step toward the latest rail rapid transit concept of providing centralized and coordinated operations control during peak periods as well as during emergencies and service disruptions.

PATH's \$2,000,000 station rehabilitation program, inaugurated in 1965, neared completion during 1966. Improved station lighting, new seating, directional and identification signs, and miscellaneous repairs and refurbishing of public areas are included in this program. At Exchange Place, two automatic high-speed elevators were installed to replace two 57-year-old hydraulic elevators.

Major Building Projects

Late in the year, PATH received preliminary approval from the U. S. Department of Housing and Urban Development for a Federal grant under the Urban Mass Transportation Act to provide part of the funds required to construct a Transportation Center to replace the present Journal Square Station in the heart of Jersey City. Planning for this major project was coordinated with Jersey City officials, who are planning urban renewal improvements in the area around the PATH station. As presently conceived, the Center would provide a modern transportation terminal with improved station facilities for PATH. It would include platforms capable of handling 10-car trains, and escalators connecting the track level with a modern passenger concourse. A new off-street bus terminal would be an integral part of the Center. Consumer service areas



would be provided and new transit car storage facilities would be constructed at an area near Journal Square to replace those eliminated by the station enlargement. The new storage area would accommodate the bulk of PATH's passenger car fleet.

Other Improvements

During 1966, PATH completed improvements on its Jersey City car shop. These included construction of new maintenance areas, installation of new equipment and rehabilitation of older shop facilities in order to handle the new car fleet. In addition, a new maintenance control system, using modern computer techniques, was installed to facilitate future planning of maintenance work and achieve improved supervision and administration of maintenance activities.

During the year, the PATH Board of Directors authorized Phases I and II of a project for improvements to the PATH compressed air system at an estimated cost of \$828,000. The compressed air system's chief function is to provide the necessary power to operate the tunnel drainage pumps.

The requirements of PATH's rehabilitation and maintenance programs demand various work cars of special design and construction. During the year, PATH purchased a self-propelled "Burro" crane for the lifting of rails and heavy equipment, and a cable car used in stringing signal, telephone and power feeder cables. A new construction car, equipped with hydraulic lift

features, is intended for work on tunnel roofs or signal rehabilitation work where heavy lifting is required. Four former U. S. Navy flatcars, reconditioned for PATH in Central Railroad of New Jersey shops, are now available for general construction purposes and tunnel utility rehabilitation programs.

Organization and Staff

The Commissioners of the Port Authority and certain key staff serve as the directors and officers of PATH. The Commissioners of the Port Authority serve as PATH's Board of Directors; the Port Authority's Executive Director is President; the Deputy Executive Director is Senior Vice President; the Director of the Port Authority's Rail Transportation Department is the Vice President and General Manager and the Authority's General Counsel is Counsel for PATH.

PATH Passenger Volume and Revenues, 1966

Largely as a result of the New York transit strike in January, PATH traffic increased during 1966. Passengers on the system totalled 27,843,544, a gain of 5.5 per cent, or some 1,444,000 passengers above the 1965 levels. Gross passenger revenues of \$7,489,200 exceeded 1965's \$7,126,700 by 5.1 per cent. A major portion of this abnormal rise in passenger traffic came about during the two weeks of the New York City transit emergency, when passenger levels on PATH gradually rose to a total of over 200,000 per day, or about twice the normal daily volume.

Bi-State Statute on Port Authority Participation in Rail Transit

The 1962 statute adopted by the Legislatures of the two States, which authorized Port Authority acquisition of the interstate Hudson and Manhattan Railroad, specifically recognized and met the fundamental need of protecting the credit of the Authority to insure that it could continue its vital self-supporting program. The Legislatures recognized that the credit of the Port Authority

would be impaired if the Authority undertook responsibility for the operation of such a perpetual deficit facility, unless the States entered into an enforceable contract with Port Authority bondholders, which gave assurance against dilution of already pledged revenues by any additional commuter rail deficits beyond those of the basic PATH system. The legislation includes statutory covenants setting forth a number of prospective limits. In general terms, the principal limitations provide that the Port Authority may not use funds for any additional commuter railroad purpose, unless it determines

that the new railroad facility to be authorized is self-supporting, or, if it is not self-supporting, that the estimated average annual deficits from the proposed additional facility and any existing Port Authority commuter railroad facilities (such as PATH) would not, in total, exceed 10 percent of the amount in the General Reserve Fund at the end of the previous year. The limiting figure may be enlarged to the extent of state subsidies for railroad commuter purposes.

The Port Authority may not become financially involved in deficit commuter railroad operations except upon com-

pliance with the covenants contained in this legislation. Other existing covenants with Port Authority bondholders also require that projects not be undertaken which would materially impair the sound credit standing of the Authority or the investment status of its bonds.

PATH Condemnation

The New York State Supreme Court, Appellate Division, First Department, decided that the amount to be paid by the Port Authority Trans-Hudson Corporation to the Hudson & Manhattan Corporation and Hudson Rapid Tubes

Behind the scenes, keeping the PATH system on time and reliable.





Travelers of all ages enjoy the modern conveniences of the new PATH cars.

Corporation as compensation for PATH's condemnation in 1962 of the old Hudson Tubes' road and equipment, including the Hudson Terminal buildings, should be \$17,996,000 for the Hudson Terminal buildings and \$3,500,000 for the road and equipment, amounting to a total of \$21,496,000, with interest at the rate of 4 percent per annum. The order of the Appellate Division thus modified the decree of the Supreme Court, New York County, entered June 13, 1966, which had awarded \$17,996,000 for the Hudson Terminal buildings and \$55,000,000 for the road and equipment, amounting to a total of \$72,996,000, with interest at 4 percent per annum on that part of the award relating to property in New York and 6 percent per annum on that part of the award relating to property in New Jersey. Hudson & Manhattan Corporation and Hudson Rapid Tubes Corporation have announced plans to appeal the decision of the Appellate Division to the Court of Appeals.

New York State Commuter Railroad Equipment Program

The Commuter Railroad Equipment Program was created by the State of

New York in 1959 to provide public financial assistance in the purchase of critically-needed rolling stock for lease to the three commuter railroads serving the New York side of the Port District—the Long Island Rail Road, the New York Central Railroad and the New Haven Railroad. The Port Authority's role as program administrator is based on concurrent legislation enacted by the States of New York and New Jersey under which either state could act to make the Port Authority administrator of its own particular commuter railroad equipment program. The approval of the New York electorate in November 1961, permits the State to guarantee up to \$100,000,000 of special Port Authority bonds to finance rolling stock used by the three railroads in passenger transportation.

By 1965, a total of 117 new air-conditioned commuter cars had been delivered to the New York Central and the Long Island under the State program. The 117 new cars have a capacity of approximately 15,400 passengers and cost about \$19,300,000. Eighty-seven of the cars were leased to the New York Central and 30 to the Long Island.

The agreements between the Port

Authority and the railroads require the railroads to pay rentals on the cars involved equal to the debt service on the outstanding bonds and the administrative costs of the Commuter Car Program.

In September 1966, the last of the First Series of State Guaranteed Commuter Car Bonds was retired. The proceeds of the First Series were used to purchase the 30 cars leased to the Long Island Rail Road.

The legislation authorizing the Commuter Railroad Equipment Program was carefully drafted to permit the Port Authority to assist the states without impairment of its financial structure. As administrator of the program, the Port Authority can neither derive revenues nor incur expenses from which it may in any way add to or detract from the revenues or reserves pledged to Consolidated Bonds or to any Port Authority bonds other than those issued under the Program. These State Guaranteed Commuter Car Bonds are not included in determining the amount of the Authority's General Reserve Fund requirements.*

*The Assets and Liabilities of the New York State Commuter Car Program are set forth in Financial Statement L, Page 64.

America's only fully air-conditioned rail rapid transit system, PATH serves 100,000 New Jersey-New York commuters every working day.



Air Terminals

Recognized as one of the fastest growing industries in the New Jersey-New York metropolitan area, aviation promises to become an even greater force in the future development of the region. New aircraft such as the supersonic transport and the subsonic jumbo jets which will be capable of carrying 500 to 900 passengers, point to a new age in air transportation. An expanded and improved air terminal system must be developed in order to realize the benefits of this new technology. The Port Authority in 1966 committed a major portion of its resources and manpower to planning for this most important task.

The regional air terminal system developed, financed and operated by the Port Authority includes John F. Kennedy International and LaGuardia airports in New York, Newark and Teterboro airports in New Jersey, and two commercial heliports in Manhattan. The four airports provided jobs for 50,258 people who earned an estimated \$446,455,000 during the year. This does not include the extensive earnings of the thousands of people working on airport construction jobs, nor does it include the many thousands of jobs related to airline and airport services.

In less than two decades, John F.

Kennedy International Airport has grown from a virtually undeveloped, 5,000-acre marsh into one of the world's leading air terminals. In the past five years alone, the Port Authority has spent over \$80,000,000 on new and improved facilities, increasing its total investment at the airport to approximately \$391,000,000.

At LaGuardia Airport, where a comprehensive eight-year rehabilitation program is nearing completion, the Port Authority investment has reached \$132,000,000. The new passenger terminal with its unparalleled comfort and convenience for the air traveler is regarded as one of the finest in the country. The opening this year of the unique over-water runway extensions has helped the airport regain its position as one of the busiest air transport centers in the metropolitan area.

A vast redevelopment program has been under way at Newark Airport for the past two years to increase passenger and aircraft capacity. To date, the Port Authority investment in this airport is \$71,000,000 with approximately \$200,000,000 earmarked for future expansion.

During the year, a new lease was executed with the City of Newark whereby the annual rental paid by the Port Authority to the City on the air-

port and Port Newark was increased, and a new revenue-sharing arrangement was put into effect. Under the agreement, the Port Authority received an eighteen-year extension of the present lease.

All airport projects brought the Port Authority's total investment in air terminal facilities at the end of the year to \$605,900,000 an increase of \$31,100,000 over 1965.

During the year, the Port Authority, at the request of the Governors of New Jersey and New York, completed a re-evaluation of previous studies conducted to date to find a new airport site. The study restated the need for a fourth major airport in the New York region and confirmed all previous site study conclusions. Pending the selection of a site for such an airport, the Port Authority announced that it would expand its present airport facilities to their maximum.

John F. Kennedy International Airport

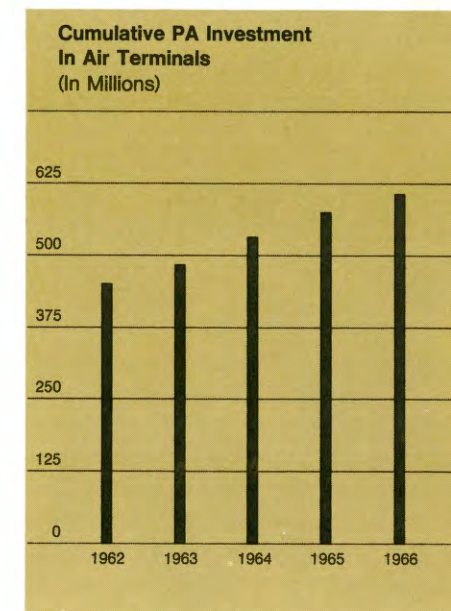
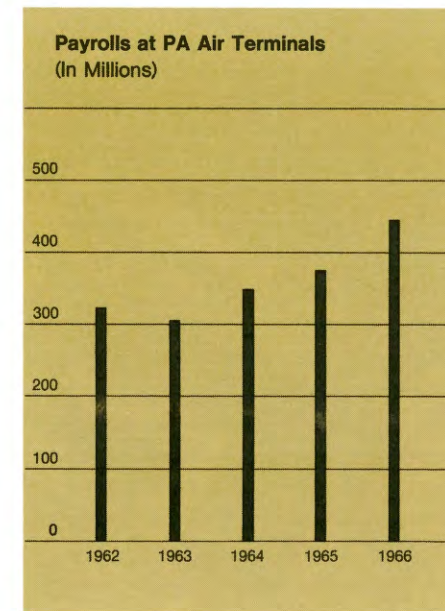
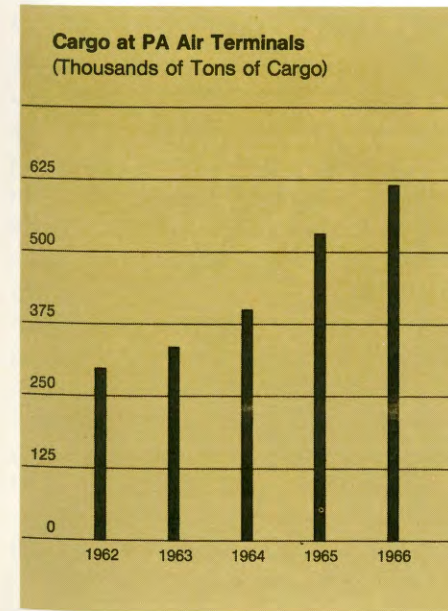
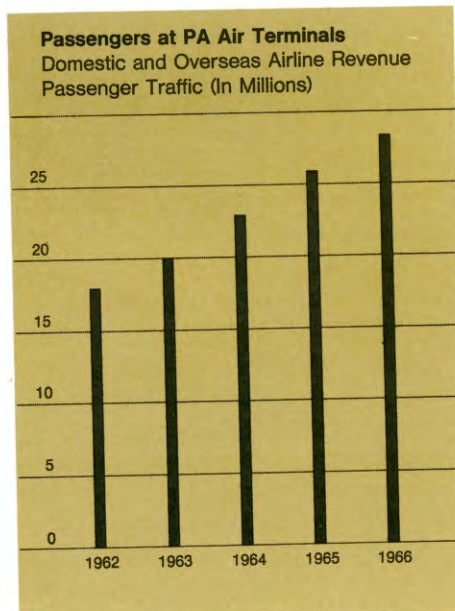
Although the 43-day strike against five airlines last summer had a substantial effect upon the number of aircraft movements at John F. Kennedy International Airport, it did not alter the general upward trend of traffic which

has continued without significant interruption since 1948. The total of both domestic and international passengers increased 5.4 percent above the previous year in spite of the strike. Air cargo continued its extraordinary growth, and the volume of air mail processed at the airport increased substantially.

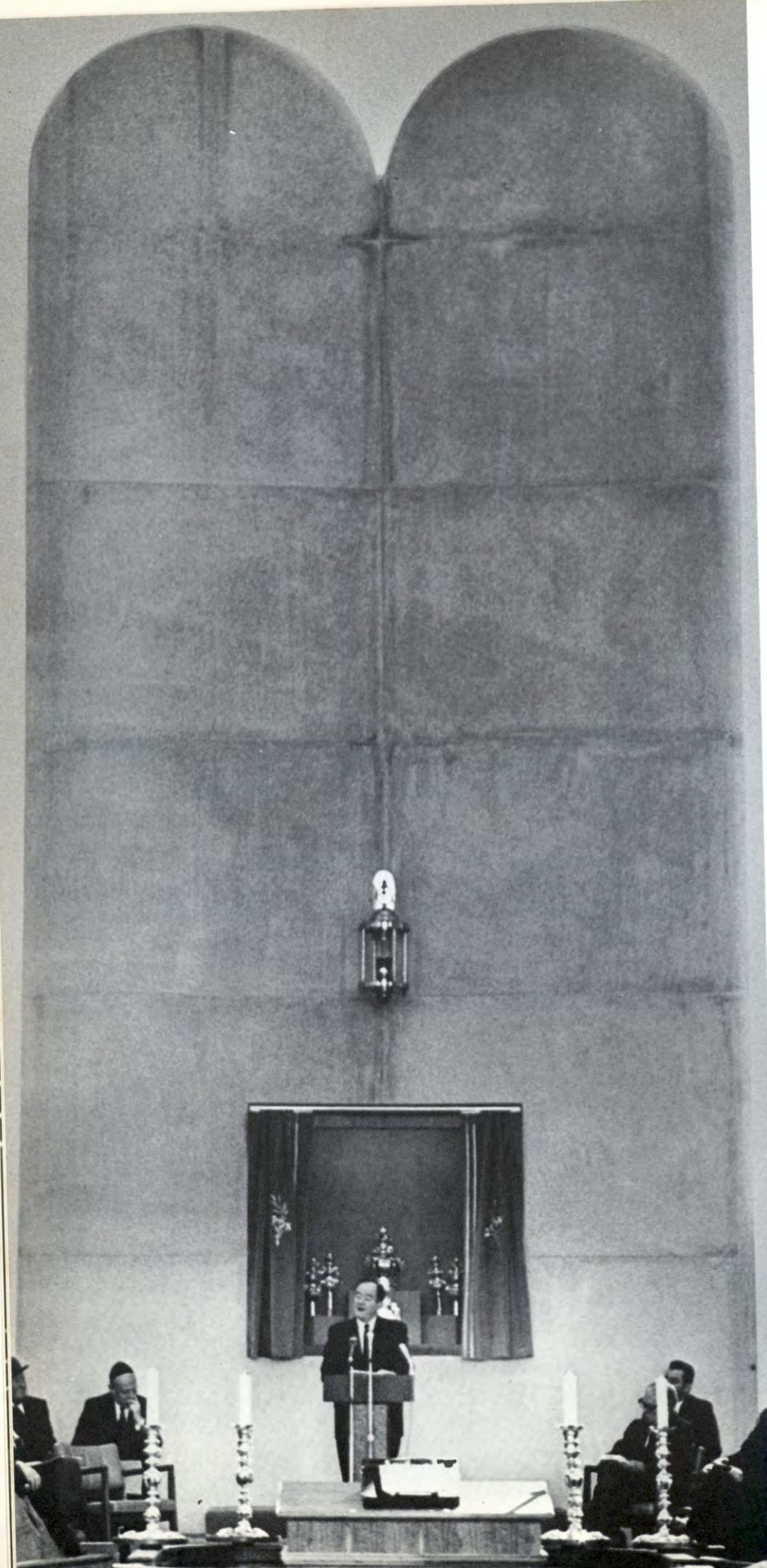
Terminal City

A long-range, multi-million-dollar program to expand the 655-acre Terminal City at Kennedy International to 837 acres, about the size of Central Park, was begun during the year. The first step in the expansion of passenger and aircraft operating areas by more than 25 percent involves the relocation of portions of the dual peripheral taxiways which encircle Terminal City. Relocation of the taxiways and apron areas will provide space for construction of additional facilities in all the passenger terminal buildings in Terminal City. The project, to be completed in stages over the next several years, will entail construction of about 14,000 feet of new taxiways on the east side of the airport, and shorter sections elsewhere.

Plans also include expansion of the International Arrival and Wing Buildings to provide additional aircraft gate



Vice President Hubert H. Humphrey at dedication of Tri-Faith Chapel Plaza, J.F.K. Airport.



positions and hold areas, enlargement of Federal inspection areas, ticketing and operational space for new carriers, and increased lobby space for all tenants.

Tenant airlines also participated in the expansion of Terminal City during the year. National Airlines broke ground for its new \$15,000,000 passen-

ger terminal in Terminal City, and British Overseas Airways worked on plans for a new \$19,000,000 unit terminal. Completion of National's new terminal is scheduled by the end of 1968.

The newly expanded West Customs Hall of the IAB was opened to the public and the Protestant and Catholic Chapels and the Synagogue were ded-

icated in December, marking the completion of the Tri-Faith Chapel Plaza.

Air Cargo

With the opening of two new cargo terminals during the year, Kennedy's Air Cargo Center, already the largest in the world, expanded to thirteen buildings with nearly one million

square feet of space on over 159 acres of land. Seaboard World Airlines opened a \$5,000,000 air cargo terminal on a 12-acre site near the 150th Street entrance to the airport. Pan American also put into operation its \$7,000,000 cargo facility which will increase that line's cargo handling space at Kennedy ten-fold.

Cargo tonnage increased in 1966 to 477,171 tons, as compared to the 65,600 tons that passed through Kennedy in 1956, the first year of the Air Cargo Center operation. The rate of growth of foreign air cargo tonnage in New York is far higher than for the nation as a whole. As a result, New York now accounts for 53 percent of the country's airborne exports and imports.

Runways

The modernization and extension of Runway 13L-31R from 8,000 to 10,000 feet to permit greater flexibility in handling jet aircraft and reduce traffic delays was completed during the year. As part of the Terminal City expansion program, Runway 7-25 was de-activated to facilitate relocation of the dual peripheral taxiway system. A new general aviation runway for smaller aircraft was commissioned during the year to reduce use of the major runways by small aircraft.

Other Developments

The North Passenger Terminal, providing a large passenger lounge as well as ticket counters and five gate positions, was opened for the accommodation of supplementary or non-scheduled air carriers during the year.

A new combination Police Emergency Garage and general aviation terminal also was completed. This facility serves as a terminal for private and corporate aircraft and as headquarters for the airport's police unit. The new underground fuel system completed last year was placed in operation as work went forward on programming the system for computerized delivery.

Work also began on widening Van Wyck Expressway and construction of



Pilot's eye-view of the recently completed over-water runway extension at LaGuardia Airport.

a connecting road between the cargo center and airport entrance area. A project was authorized to strengthen the two taxiway bridges over the Van Wyck Expressway in order to handle the heavier aircraft expected in the near future, and contracts were also awarded for the installation of a computer-controlled automatic traffic system in Terminal City to facilitate pedestrian crossings and to regulate the flow of some 35,000 vehicles daily.

La Guardia Airport

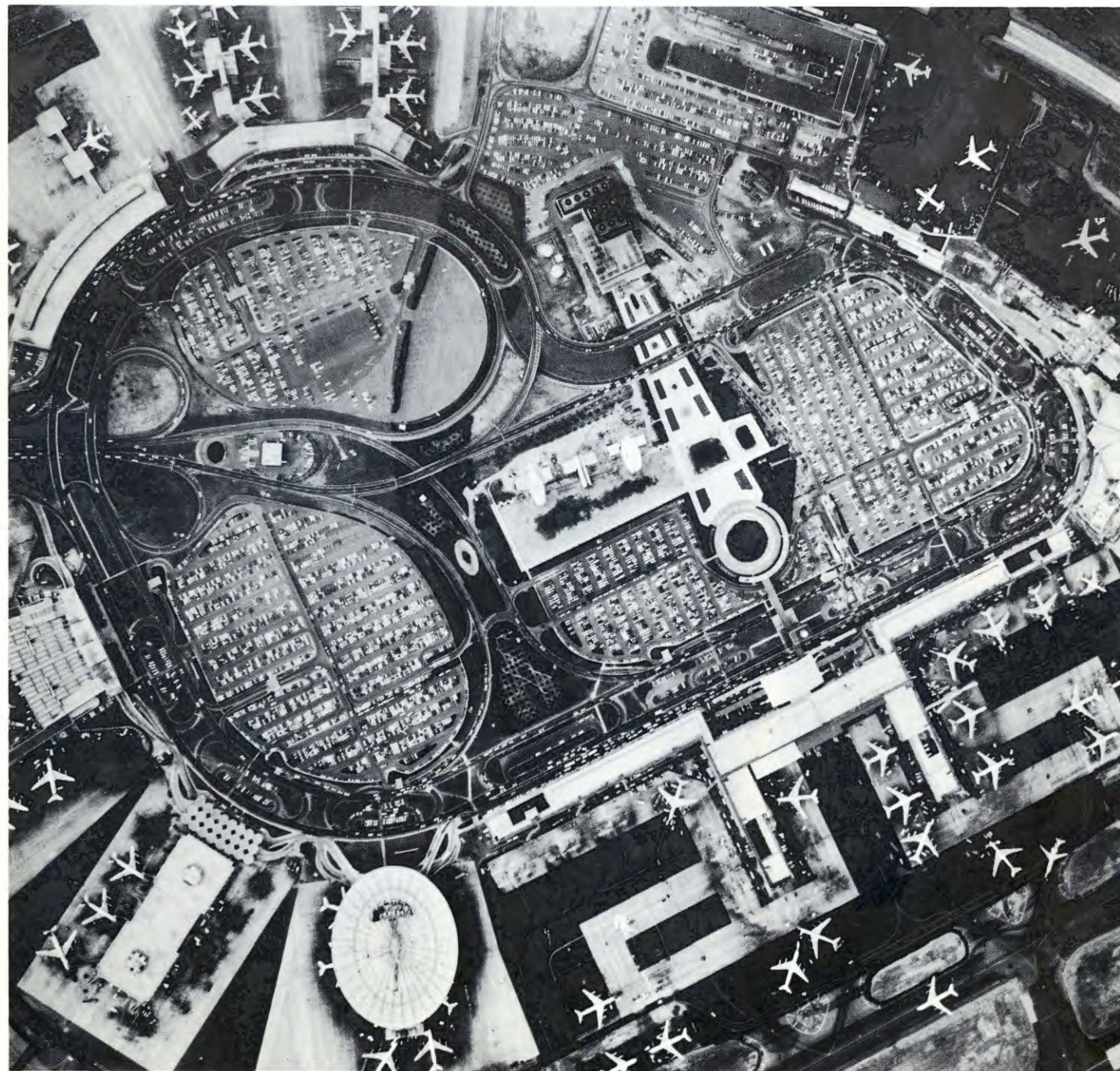
The resurgence of LaGuardia Airport as a leading terminal for short and medium-haul domestic airline traffic was demonstrated last year as the final stages of its rehabilitation program neared completion ahead of schedule, and passenger volume rose to a new high. General aviation traffic at the newly remodeled airport also continued to grow, making LaGuardia the second most important center in the New York region for business and private aviation.

A major reason for this quickening

pace of activity was the increased traffic attracted by the opening during the year of LaGuardia's extended over-water runways. The extensions, which include taxiway and holding pad areas, involved the construction of 50-acre prestressed concrete, pile-supported structures. The extensions add 2,000 feet to the northeast-southwest runway and 1,000 feet to the southeast-northwest runway.

As part of the redevelopment of LaGuardia Airport, work continued on expanding facilities to serve general aviation and separate this traffic to the extent possible during VFR conditions from regular commercial aircraft operations. Conversion of one of the airport's taxiways for use as a runway for small aircraft has been completed and plans are being advanced for the conversion of a second taxiway by the summer of 1967. Butler Aviation, the fixed-base operator, completed a new facility in the Marine Terminal Building which provides improved service for general aviation crews and passengers.

A Sunday afternoon during August at Kennedy International Airport.





With some sections reaching a height of twenty-five feet, more than 14,000,000 cubic yards of hydraulic fill have been placed on a 450-acre area to prepare

the site for the new Newark Airport terminal complex.

Newark Airport

Newark Airport helped mark the 300th anniversary of the City of Newark in 1966 by continuing to register new gains in passenger, aircraft and cargo traffic as work went forward on its redevelopment. The number of passengers served at Newark last year reached a new high of 5,143,971, aircraft movements rose to 211,468, and air cargo increased to more than 121,000 tons.

A major portion of the land fill project necessary to build up various parts of the airport and prepare the surface for new construction was completed.

The redevelopment of Newark Airport will increase its present operating capacity by more than 50 percent. The program includes three new terminal buildings, each larger than the present terminal, to be located on a 425-acre area in the center of the airport. The first terminal building and its supporting facilities will be completed in late 1969, with the second and third buildings to be completed thereafter.

As currently planned, each new terminal building will have three satellite

flight centers with nine to ten aircraft gate positions serving each center. Ultimately, the new terminal complex will afford more than eighty aircraft loading positions as compared with the thirty-two positions now available at the airport. Designed for ease of access and the convenience of air travelers, the satellite centers will have separate waiting rooms for individual gate positions, as well as food and other passenger services.

A new 8,200-foot runway, parallel to the existing north-south instrument runway, will be constructed to expand the airport's flight capacity and provide service for the increased number of air passengers expected in the future. Plans also call for the extension of the present north-south main instrument runway from 7,000 to 9,700 feet (8,200 feet operational length) and the lengthening of the existing east-west runway from 6,800 to 7,300 feet. A new, shorter runway is planned to handle light-weight general aviation aircraft.

More than fourteen miles of new highway and service roads will be constructed as part of the airport redevelopment program. The terminal area

roadway system will provide separate and direct access to each of the three terminal buildings, with a separate express road to allow traffic to by-pass any or all buildings. Space for some 10,000 automobiles will be provided in the new parking facilities, with some of the parking areas extending under the buildings for maximum convenience.

As the redevelopment program moved forward, a number of interim improvements were made to existing facilities. These included expansion and improvement of the entrances and exits to the two main parking lots, installation of supplemental heating equipment at the east and west terminal entrances, and interior redecorating throughout the main terminal area. Construction of an additional public parking area was started and work to expand air cargo facilities neared completion.

Teterboro Airport

In order to accommodate the increase in general aviation activity projected for the New York metropolitan region, the Port Authority plans to proceed with development of Teterboro Airport,

while negotiations on an operating agreement with Pan American World Airways continue. A \$3,700,000 runway extension and improvement project will be started in early 1967 as a major step in the development of this pioneer general aviation airport.

Instrument Runway 6-24, 5,000 feet long and 100 feet wide, will be extended 1,000 feet at the southwest end and widened to 150 feet along its full length. Runway 1-19, also 5,000 feet long and 100 feet wide, will be extended 2,000 feet at the southeast end and widened to 150 feet. The project will also include improvements to taxiways, runway lighting and modifications to the existing approach light system on Runway 6-24.

Under the proposed agreement with Pan American World Airways announced in 1965, the airline would operate Teterboro as a public airport for general aviation and provide new facilities for passenger helicopter service to and from Kennedy International Airport. Pan American World Airways also plans to make Teterboro a headquarters for its corporate plane division, which markets the new, twin-engine,

eight-passenger Falcon.

In 1966 the airport recorded 274,664 aircraft movements, 3.7 percent more than 1965. Corporate and private movements, which constitute the major part of the airport's operation, increased 1.2 percent. The Port Authority's total investment in Teterboro through 1966 was \$10,500,000. The 899 people employed at the airport earned an estimated \$6,956,000.

Heliports

In 1966 the Port Authority Downtown Heliport served 40,521 passengers, 7.0 percent more than 1965. Helicopter movements, however, were down to 13,815, a decrease of 18.5 percent. The West Thirtieth Street Heliport continued to serve charter, corporate and private operations throughout the year.

At the request of Mayor John V. Lindsay of New York, the Port Authority joined with the Triborough Bridge and Tunnel Authority in a study to evaluate the operational and economic feasibility of constructing a combined helicopter terminal and automobile parking garage on the East River in the midtown area.

STATISTICS AT A GLANCE

TOTAL ALL AIRPORTS

Plane Movements	1,127,250
Passenger Traffic	28,504,153
Cargo—(tons)	619,720
Revenue Mail—(tons)	119,129
Employees	50,258
Payroll*	\$446,455,000

John F. Kennedy Airport

Plane Movements	380,530
Passenger Traffic (Total)	17,086,211
Domestic	11,378,447
Overseas	5,707,764
Cargo—(tons)	477,171
Employees	37,429
Payroll*	\$327,800,000

LaGuardia Airport

Plane Movements	260,588
Passenger Traffic	6,273,971
Cargo—(tons)	21,465
Employees	6,046
Payroll*	\$57,690,000

Newark Airport

Plane Movements	211,468
Passenger Traffic	5,143,971
Cargo—(tons)	121,084
Employees	5,884
Payroll*	\$54,000,000

Teterboro Airport

Plane Movements	274,664
Employees	899
Payroll*	\$6,956,000

* Estimated



Marine Terminals

Planning and construction of new marine facilities to meet the requirements of the "container revolution" highlighted the Port Authority's marine terminal activities in 1966. Since the inception of its marine development program over twenty years ago, the bi-state agency has invested \$286,705,000 to provide the most modern shipping facilities for oceanborne commerce in the Port of New York. In 1966 alone \$16,400,000 was expended, and about \$9,000,000 already is committed for future expenditures.

The Port Authority operates six marine terminals in the New York-New Jersey harbor: Port Newark, the Elizabeth Marine Terminal, and the Hoboken Marine Terminal in New Jersey, and the Brooklyn Marine Terminal, the Erie Basin Marine Terminal, and the Columbia Street Pier in New York. During 1966, these terminals handled 5,805,640 tons of foreign general cargo, 38.8 percent of the foreign general cargo which moved through the Port of New York, as well as 2,908,506 tons of domestic general tonnage and 837,056 tons of bulk liquids.

Total cargo handled at the six terminals in 1966 was 9,551,200 long tons, an increase of 4.2 percent over last year. This tonnage was valued at \$7,456,600,000. Additional steamship services using our terminals during the year contributed to this growth.

The movement of this tonnage through Port Authority facilities last year provided jobs for over 10,533 persons who earned some \$63,885,000. In addition to those employed in the actual handling of cargo, 900 persons earned \$8,120,000 from employment on the many construction projects underway at the terminals. The economic impact of oceanborne commerce on the metropolitan region is of major significance, since one out of every four persons depends on port activities for his livelihood.

The worldwide growth of containerized cargo movements was reflected in the large increase in this type of traffic at our terminals in 1966. Port Authority

facilities, primarily the Elizabeth terminal, continued to lead the nation in the handling of containerized general cargo with a total of 2,621,533 long tons. Our terminals also handled 90.0 percent of the Port of New York's frozen meat, 47.5 percent of the lumber, 40.0 percent of the scrap metal, and 98.6 percent of the automobile imports.

Port Newark

Tonnage at Port Newark in 1966 totaled 3,728,076 tons handled during the year, 145,334 tons, or 3.8 percent, under 1965. General cargo accounted for 2,891,020 tons of this, while bulk liquids accounted for 837,056 tons. Port Newark continued to lead the nation in automobile imports with a record high of 154,051 units. Other leading commodities at the seaport included frozen meat, lumber, bulk salt, scrap metal and wine. Some 4,557 people were employed there in 1966 earning \$27,744,000. This is in addition to the 360 persons employed in construction work at the terminal.

By the end of 1966, the Port Authority investment in the seaport had increased to \$92,700,000 of which \$6,500,000 was expended during the year.

Construction began on six new berths, on the north side of the Elizabeth Channel, that will increase the

seaport's capacity from 31 to 37 berths. The wharf substructure of the first three berths and the dredging for the second three were completed in 1966. The berths will be ready for occupancy in mid-1968 and early 1969.

The complete rehabilitation of Building No. 2 and modifications to the supporting upland area created an additional steamship terminal on Port Newark's north side. A new rail siding was provided for the Grace Line Terminal, increasing the size and number of rail cars the line can handle at that facility. Renovations were started at Building No. 301 to create 140,000 square feet of additional general purpose storage space. An additional 250,000 square feet of open area was paved and leased for the storage of foreign automobiles, bringing the paved open area at Port Newark to over 100 acres.

Work was started on a modern field office and maintenance building which is scheduled for completion in 1967.

Elizabeth-Port Authority Marine Terminal

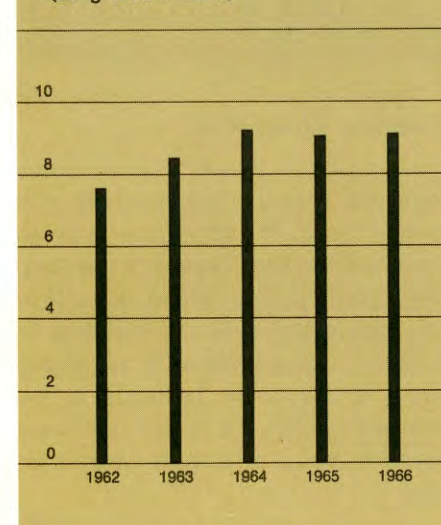
The Elizabeth-Port Authority Marine Terminal, America's container capital, is being developed on reclaimed marsh land on Newark Bay. The Port Authority, in acquiring the terminal foresaw,

as early as 1956, the need to provide vast acreage for the newly conceived technique of cargo containerization. For the past four years, this facility has been the headquarters of Sea-Land Service, world's foremost containership company. The past year saw another pioneering step taken by Sea-Land Service as it inaugurated full containership service to Europe. Now the Elizabeth Terminal is soon to become the home of seven more of the world's leading steamship lines in the container trade. Atlantic Container Line, composed of Holland America Line, Swedish American Line, Swedish Transatlantic Line, Wallenius Line, French Line and Cunard Line, plan to occupy a two-berth terminal with Moore-McCormack Lines in 1967.

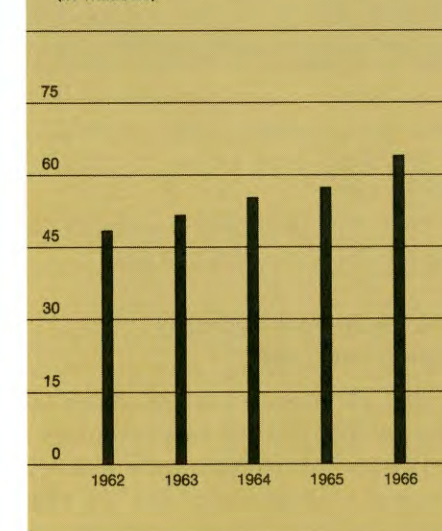
Wharf construction for ten more new berths got underway this year with two of the berths scheduled for completion in 1967. The work includes dredging for the berths and for additional channel connections, as well as the filling and surfacing of adjacent upland areas.

A blanket of sand fill was placed in the remaining undeveloped area of the Elizabeth facility. In addition, excess sand, which has already accomplished its surcharge purposes in earlier phases of the construction, was relocated and used for the surcharging

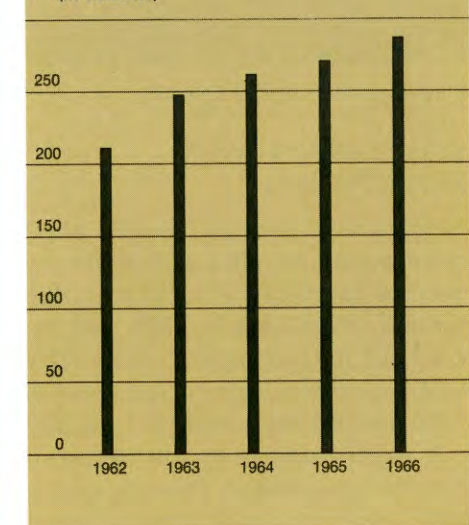
Tonnages at PA Marine Terminals
(Long Tons Millions)



Payrolls at PA Marine Terminals
(In Millions)



Cumulative PA Investment
In Marine Terminals
(In Millions)





A modern electronically equipped hiring center was built during 1966 at the Brooklyn-Port Authority Marine Terminal for the Waterfront Commission of New York Harbor.

of future distribution buildings.

To meet the growing demand for additional containership berths and supporting upland, plans were announced for a 212-acre expansion of the 700-acre terminal. Some 69 acres of unused marshy tideland just south of the Elizabeth facility will be acquired by purchase or condemnation. In addition, the bi-state agency will obtain the riparian rights to 133 acres of land under water in Newark Bay to make possible the expansion of the seaport.

Brooklyn-Port Authority Marine Terminal

Cargoes from ports all over the world move across the piers at this thriving marine terminal. A total of 1,588 vessels called here in 1966 carrying 2,069,803 tons of general cargo. This traffic gave employment last year to 2,949 persons who earned \$17,882,000.

A major addition to the Brooklyn-Port Authority Marine Terminal during 1966 was a new employment-informa-

tion center for the Waterfront Commission of New York Harbor. This building provides a modern hiring center equipped with the latest electronic devices.

Another major undertaking was the modernization of Pier 4 in the Fulton Terminal area. This work included the rehabilitation of the pier's substructure, fender system, standpipe system and shed, as well as the extension of the wharf between Piers 4 and 5. This affords better access between the two piers, thus increasing their adaptability to operation as a single complex by one tenant.

Total Port Authority investment at this facility is now \$95,102,000.

Erie Basin-Port Authority Marine Terminal

In 1966 497 vessels berthed at this facility carrying 574,260 long tons of general cargo. This tonnage generated 840 jobs with an income of \$5,093,000. Ship repair and reconditioning were an im-

portant activity in the past year as 10 mothballed ships were refitted at this terminal for service in Viet Nam. To help accommodate this activity, Pier 44 underwent major alterations. The pier shed was removed and the electrical and plumbing systems refurbished.

Improvements were also made on the breakwater, including the construction of a stevedore garage and the rehabilitation of an existing structure which is used for gear storage.

Columbia Street Pier

The Columbia Street Pier handles steamship lines calling regularly with general cargo. The total general cargo movement in 1966 was 127,139 long tons. The adjacent upland is particularly well adapted to the handling of lumber in conjunction with the public berths at the Grain Terminal. In the past year 22,551,705 board feet were unloaded, most of it from west coast mills.



Containership Capital, U.S.A. — The Elizabeth Port Authority Marine Terminal.



Tunnels And Bridges

A record total of 129,947,000 automobiles, buses and trucks made use of the six vehicular crossings connecting New York and New Jersey during 1966, a rise of 5,986,700 vehicles or 4.8 percent over 1965.

During the year there were extraordinary fluctuations in traffic growth due to fairly short run factors. But underlying forces in the region making for an above average rate remained strong.

In the first quarter of the year the traffic increase over 1965 was a very high rate of 9.0 percent. On top of increases generated by the normal growth of population and jobs, the Verrazano-Narrows Bridge continued to attract high volumes to the Staten Island facilities. Further, the Bergen-Passaic Expressway, after being extended to Paterson in the fall of 1965, became a more popular route, bringing new and increased patronage to the George Washington Bridge. Automobile commutation growth and good winter weather during 1965 also added to the total.

In the spring, summer and fall of 1966 traffic continued to grow but the increase tapered off steadily and sharply. The loss of more than a million of the previous year's World's Fair-bound vehicles became increasingly significant as the summer wore on. The favorable impact of the Verrazano-Narrows Bridge in raising the growth rate of traffic at our Staten Island Bridges steadily weakened as that Bridge completed its second year. Even the weather turned less favorable and by early October the increase of our total traffic over 1965 dropped to 1.5 percent.

However, the underlying forces remained strong as revealed in the recovery in the growth rate of traffic to 6.0 percent from mid-October to the end of the year. The Bergen-Passaic Expressway continued to produce additional volume, and commutation traffic, which has been growing rapidly for several years, was also sustained at a high level for the rest of 1966.

The big increase in traffic—commu-

tation as well as that generated by new routes—was concentrated at the northern and southern crossings. There was very little change at the Holland and Lincoln Tunnels, the two facilities serving the Manhattan Central Business District. Some vehicles avoided these tunnels to take advantage of faster and less congested routes via the Staten Island Bridges and the George Washington Bridge. However, more important than diversion was the concentration of the natural growth of traffic, especially commutation volumes, at the bypass routes. The George Washington Bridge in particular has become the major facility for automobile commuters, reflecting in good part a growth in work trips between Bergen and Rockland Counties on the west side of the Hudson River and Queens and Nassau to the east. The rapid growth in population and jobs in these areas and the fairly short travel time by automobile between them, has brought a high rate

of growth in work trips as well as pleasure trips to the George Washington Bridge.

On the southern bypass route, there is also clear indication of fundamental growth. For as the Goethals Bridge and the Outerbridge Crossing cease drawing traffic in diversion from other facilities, the rapid rise in population and jobs on and near Staten Island is generating a more solidly based traffic growth there.

This basic trend to the bypass route is evident not only for automobiles but also for trucks. Statistics show that trucks are finding these northern and southern routes increasingly attractive. By contrast, the Holland Tunnel is seeing little or no growth in trucks.

The high volume of traffic at the 6 Port Authority crossings, the 5th successive year of high growth, resulted in a gross revenue of \$66,900,000 for the year, up \$2,600,000 from 1965. Port Authority investment in facilities to ac-

commodate the rising demand also showed a substantial increase, reaching \$513,200,000 by the end of the year.

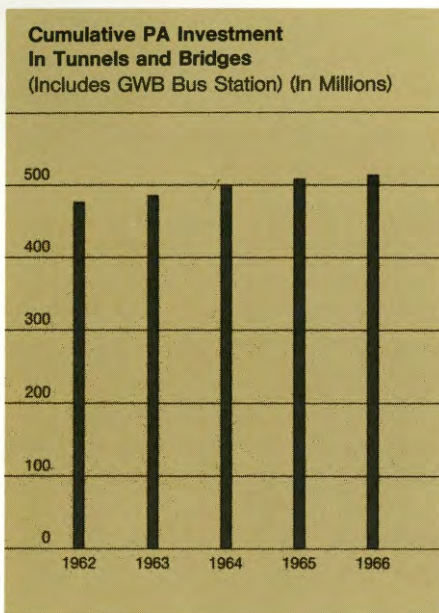
The Staten Island Bridges — Highway Connections

Throughout 1966, planning and construction activities at the Goethals Bridge and Outerbridge Crossing continued to keep pace with the development and increased use of the southern bypass route.

This bypass, designed to speed traffic around the congested central Manhattan business district, became a reality in November, 1964, with the opening of its keystone element, the Verrazano-Narrows Bridge. The entire system, when completed, will provide essential links between major New Jersey and New York arterial highways. In New Jersey these highway elements include Interstate Route 278 and proposed New Jersey Route 81 which will connect the Goethals Bridge to U.S.

Forty-five years of bi-state cooperation, manifested deep beneath the Hudson.





Crossings (traffic in thousands)

	1966	1965
All Crossings		
Automobiles	109,800	104,539
Buses	3,779	3,848
Trucks	16,368	15,573
Total Vehicles	129,947	123,960
George Washington Bridge		
Automobiles	54,815	51,248
Buses	648	698
Trucks	5,603	4,982
Total Vehicles	61,066	56,928
Lincoln Tunnel		
Automobiles	22,987	23,291
Buses	2,922	2,938
Trucks	3,699	3,815
Total Vehicles	29,608	30,044
Holland Tunnel		
Automobiles	15,171	14,904
Buses	100	104
Trucks	5,008	5,089
Total Vehicles	20,279	20,097
Staten Island Bridges		
Automobiles	16,827	15,096
Buses	109	108
Trucks	2,058	1,687
Total Vehicles	18,994	16,891

Route 1, and the Route 440 Freeway, which will link the Outerbridge Crossing with Interstate Route 287. On Staten Island the completed Staten Island Expressway, which provides a direct link between the Goethals and Verrazano-Narrows Bridges, will be supplemented by the construction of the Richmond Parkway, West Shore Drive and Shore Front Drive.

Goethals Bridge

The New Jersey State Highway Department continued to move forward with construction on the new interchange which will provide direct connections between the Goethals Bridge, Interstate Route 278, the New Jersey Turnpike, proposed New Jersey Route 81 and Elizabeth Municipal streets. Under a tri-party agreement the Port Authority will share the costs of the \$13,000,000 interchange with the New Jersey Turnpike Authority and the State Highway Department. This interchange is scheduled for completion in mid-1968. In addition, the Port Authority completed work on the widening of the existing New Jersey viaduct and the construction of a parallel viaduct, which will be used for eastbound traffic movement when the interchange is completed. The new viaduct will facilitate traffic movement during the interchange construction by providing a direct connection between the Bridge and the Turnpike, thereby eliminating the use of already congested local streets.

Outerbridge Crossing

Plans for a \$5,525,000 project to construct a new twelve-lane toll plaza at the Outerbridge Crossing with connection to the Richmond Parkway, West Shore Expressway, Shore Front Drive and local streets were advanced following its final approval earlier in the year. The project will include construction of a new field office to house tolls, maintenance and police personnel. Completion is expected in late 1968.

Rehabilitation of Facilities

Rehabilitation work totaling more than

\$11,000,000 was completed or initiated during the year at the Staten Island crossings, the Lincoln Tunnel and the George Washington Bridge.

The completion of reconstruction work on the center portion of the Outerbridge Crossing roadway in late November marked the culmination of a 5-year comprehensive rehabilitation program. This extensive program was initiated in 1962 in anticipation of the expanded role the Goethals Bridge, Bayonne Bridge and Outerbridge Crossing would play as vital links in the southern bypass highway system.

Repaving of the Lincoln Tunnel north tube roadway and portions of the New Jersey and New York Plazas was completed in November. The original tunnel brick roadway was removed and a new surface of asphaltic concrete installed.

The second part of the three-phase program for complete rehabilitation of the George Washington Bridge upper level was begun at mid-year. The work provides for replacement of the expansion joints and resurfacing of the entire upper level roadway. It is scheduled to be completed in 1967.

Women Toll Collector Program

The women toll collector program at the Port Authority's tunnels and bridges moved further ahead when women collectors and supervisory personnel assumed their duties at the Bayonne and Goethals Bridges this spring. The program, which permits the reassignment of police officers to duties more appropriate to their training and basic qualifications, was inaugurated in October, 1962, when women were assigned to the Lincoln Tunnel. Since then, in stages carefully coordinated with police manpower requirements, the program has been expanded and now includes more than 500 women. They staff every tunnel and bridge facility except Outerbridge Crossing. By the spring of 1967, women will also assume collection duties at Outerbridge Crossing and the program will be completed.

The repaving of the north tube of the Lincoln Tunnel, the world's only three tube underwater crossing, and portions of the New York and New Jersey Plazas was completed during the Fall.





Terminals

Passenger activity at the Port Authority Bus Terminal and George Washington Bridge Bus Station continued at high levels in 1966 despite the closing of the World's Fair and the crippling New York City subway strike. Motor freight activity at the Newark and New York Truck Terminals increased substantially due to the addition of several new motor carrier tenants while expansion of Railway Express Agency trucking operations at the Port Authority Building continued the full utilization of this terminal's off street truck berths and associated freight handling facilities.

Now ranked as the busiest passenger terminal in the world, the Port Authority Bus Terminal accommodated 68,000,000 passengers in 1966 and 2,532,000 bus movements, resulting in a slight increase over 1965 levels. This increase, considering the loss of activity that had been generated by the 1964-1965 World's Fair indicates that the Terminal is still riding the crest of the long term growth trend that has existed since its opening in 1951. This continuing trend and particularly the unusual demands for long distance travel that occurred in the summer have signaled some of the Terminal's capacity limitations and stressed the importance of planning for future expansion.

The George Washington Bridge Bus Station, though hit hard by the New York City subway strike and the loss of its popular World's Fair bus service, maintained activity approximately at last year's levels, with almost 12 million passengers and 448,600 bus movements.

In 1966 gross revenues for the Terminals Department facilities reached \$13,787,000. The 9,400 persons employed at these facilities earned an estimated \$49,100,000 in salaries. The total facility investment as of the end of the year was \$93,200,000.

Port Authority Bus Terminal

Bus activity in 1966 totaled 1,266,000 departures comprised of 388,400 long haul departures and 878,100 short haul

departures. Long haul activity, which increased 4.5 percent over last year, followed the long term growth trend for this element of terminal activity. This year's increase occurred despite the loss of World's Fair passenger activity which inflated last year's totals and minor losses in the first quarter caused by adverse weather conditions in the northeast and the New York City subway strike in January.

The airlines strike, which occurred during July and August, the terminals' busiest months, brought a tremendous influx of airline passengers into the Terminal. For the most part these passengers were accommodated within normal schedules and no serious operating difficulties were experienced.

Short haul bus activity remained relatively stable totaling 878,100 departures as compared to last year's total of 889,200. Unlike the Terminal's long haul carriers which serve the rapidly expanding outskirts of suburban New Jersey, the short haul carriers serve the relatively stable inner zone, which has shown some leveling off in population and commutation to New York in recent years. Studies of potential future population growth indicate this leveling may be temporary in view of the trend towards high rise apartment developments in the nearby areas.

Patron Service Improvements

As part of a continuing policy of instituting service improvements at the Bus Terminal several innovations were introduced this year. An annunciator system was developed and interconnected with the terminal's 43 motorstairs and three elevators. This system permits Terminal personnel to instantaneously locate a stoppage of these units and dispatch maintenance crews to restore service as quickly as possible.

Patron security has been greatly enhanced by a new radio communication system used by the police unit. Small compact transmitter-receivers are being carried by the police to permit direct communication between the police desk and the man on post, as well as

between individual patrolmen.

Another improvement was the installation of closed circuit TV cameras at both the 8th and 9th Avenue Terminal entrances with receiving monitors at the Police Desk to facilitate surveillance of these areas.

In addition to service innovations, continuous appraisal of existing services and the building's physical plant was conducted as an important means of maintaining high standards of public comfort and convenience. During the past year the Terminal's extensive ventilation system, which was designed to produce more comfortable conditions on the bus level platforms, was completely tested and rebalanced to assure optimum fresh air input. Chemical tests were also made to confirm the continuing effectiveness of the platform enclosure ventilating principle which was first developed by Port Authority engineers.

Terminal Expansion

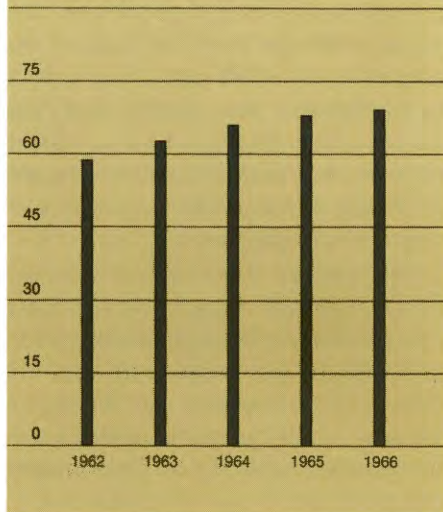
The Terminal's continuing trend of growth, particularly in long distance bus activity, has established the need for providing for future expansion of the Bus Terminal. The Port Authority has acquired property north of the existing building on the west side of Eighth Avenue between 41st and 42nd Streets for this purpose. Planning activity for the expanded terminal continued this year and various proposals are being examined in order to develop an optimum design. Important considerations include provision of off-street access and passenger inter-connections between the two buildings.

George Washington Bridge Bus Station

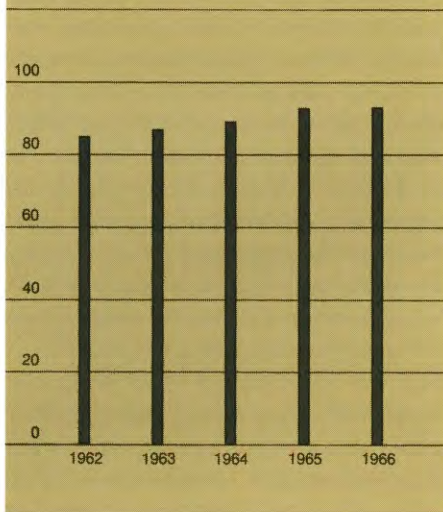
One of the Port Authority's most modern and architecturally attractive buildings, the Bus Station totaled 224,300 long and short haul bus departures in its third year of operation. Short haul activity, reflecting the severe impact of the January subway strike which almost crippled the Station, totaled 204,700 departures. The loss of activity



Bus Terminal Arriving and Departing Passengers
(Passenger-Millions)



Cumulative PA Investment In Terminals
(In Millions)



caused by the strike was partially offset by the addition of W.C.B. Transportation Corp. which began operations late in 1965. The new carrier provides connecting service to Westchester and Connecticut from upper Manhattan.

Long haul departures totaled 19,600, a slight increase over last year's totals which were substantially inflated by the Bus Station's popular New York Bus Tours service to the World's Fair. This company has instituted service to Shea Stadium, Jones Beach, and local race tracks and is gradually regaining its former volumes. The fact that total long haul departures showed a small net increase during 1966 in spite of the Fair bus service loss, indicates all other segments of long haul activity increased significantly. This increase can be attributed to an active promotion program which was developed to familiarize the public with the many long distance and local resort bus services provided at the Station. The program included poster displays, radio and television spot announcements and the use of subway carcard advertising. The popularity of the Bus Station for long haul bus service is expected to increase further as the public becomes more aware of the time savings possible by avoiding the midtown traffic in their trips to New England and northern New York State.

Port Authority Building and Truck Terminals

The Port Authority Building, in addition to housing the main administrative of-

fices of the Port Authority, is a major freight transportation facility. The building has over 200 off-street truck berths on its basement and street level floors. In addition, a unique freight elevator system enables fully loaded trucks to be brought to upper floor freight platforms where additional truck berth capacity for accommodating 138 vehicles is available. The Railway Express Agency, one of the nation's largest rail and truck freight consolidation and distribution operations, occupies 192 truck berths on the building's first floor and basement. Many of the building's tenants which otherwise might cause street traffic congestion, make use of the building's upper floor platforms for the loading and unloading of truck freight.

Operations at the Terminals Department's two truck terminals, the New York Motor Truck Terminal, located in downtown Manhattan, and the Newark Motor Truck Terminal, located near the New Jersey Turnpike and U.S. Routes 1 & 9, increased during 1966 through the addition of new tenants. The Newark Terminal's 160 berths became fully occupied with the tenancy of the Railway Express Agency in 68 truck berths. The 142 berth New York Terminal added the 58 berth operation of Eastern Express, Inc. a carrier with operations extending from New England to the Southwest.

Left: Freight handling operations at Inland Freight Terminal No. 1, Port Authority headquarters. Right: Some of the 210,000 patrons who use the Port Authority Bus Terminal daily.



Administration

Austin J. Tobin, Executive Director

Ben Regan

James C. Kellogg III, Vice Chairman



Charles W. Engelhard



Joseph A. Martino



Howard S. Cullman, Honorary Chairman



John J. Clancy

Donald V. Lowe

S. Sloan Colt, Chairman



Bayard F. Pope



W. Paul Stillman



Gerard F. Brill



Alexander Halpern



On April 30, 1921 the States of New York and New Jersey created, by Compact, The Port of New York Authority which was to act as their joint Port development agency. It was the first public authority in the United States.

The Authority consists of twelve commissioners, six appointed by the Governor of New Jersey and six by the Governor of New York to serve without pay for over-lapping terms of six years. Leaders in business, finance, law and civic affairs, the members of the Board of Commissioners are:

Chairman S. Sloan Colt of New York is the former president and chairman of the board of Bankers Trust Company.

Honorary Chairman Howard S. Cullman of New York is president of Cullman Bros. Inc.

Vice Chairman James C. Kellogg, III of New Jersey is a senior partner of Spear, Leeds, and Kellogg.

Gerard F. Brill of New Jersey is the senior vice-president and director of The Trust Company of New Jersey.

John J. Clancy of New Jersey is the senior member of the law firm of Clancy & Hayden.

Charles W. Engelhard of New Jersey is chairman of the board of Engelhard Industries.

Alexander Halpern of New York is a partner in the law firm of Pross, Smith, Halpern & Lefevre.

Donald V. Lowe of New Jersey is chairman of the board of the Lowe Paper Company.

Joseph A. Martino of New York is chairman of the board of the National Lead Company.

Bayard F. Pope of New York is a director of the Marine Midland Corporation, having previously served as its chairman of the board for twenty years.

Ben Regan of New York is general partner of Hornblower & Weeks-Hemphill, Noyes.

W. Paul Stillman of New Jersey is chairman of the board of First National State Bank of New Jersey and the Mutual Benefit Life Insurance Company.

At the Annual Meeting of the Board in April, 1966, S. Sloan Colt of New York City was re-elected by his fellow Commissioners to his eighth term as Chairman of the Port Authority. At the

same time, Howard S. Cullman, also of New York, was re-elected as Honorary Chairman. This was Mr. Cullman's fortieth year as a member of the Board of Commissioners. James C. Kellogg III of Elizabeth, New Jersey was re-elected to his seventh term as Vice-Chairman.

Appointed to the Board in 1946 by former Governor Thomas E. Dewey, Mr. Colt was elected Chairman in 1959 after having served as Chairman of the Finance Committee.

Howard S. Cullman was appointed a Commissioner in 1927 by the late Governor Alfred E. Smith. He served as Vice-Chairman from 1934 to 1944, as Chairman from 1945 to 1955, and was elected Honorary Chairman in 1955.

James C. Kellogg III was appointed to the Board eleven years ago by former New Jersey Governor Robert B. Meyner.

The Board of Commissioners is organized into four permanent committees. They are: Committee on Construction, Joseph A. Martino, Chairman and W. Paul Stillman, Vice-Chairman; Committee on Finance, James C. Kellogg III, Chairman, and Bayard F. Pope, Vice-Chairman; Committee on Operations, Howard S. Cullman, Chairman and John J. Clancy, Vice-Chairman; Committee on Port Planning, Donald V. Lowe, Chairman, and Alexander Halpern, Vice-Chairman. The committees originate and review policies and programs related to their specific functions, and either take action themselves or recommend appropriate action to the Board.

Austin J. Tobin, Executive Director of The Port of New York Authority, effects and administers the programs and policies authorized by the Board. In 1966 Mr. Tobin was re-elected by the Board to this post for his twenty-fourth consecutive year. Assisting Mr. Tobin in carrying out the Board's policies is Deputy Executive Director Matthias E. Lukens.

The Port Authority is represented in all legal matters by the General Counsel, Sidney Goldstein. The General

Counsel is legal advisor to the Board of Commissioners, the Executive Director and the Staff. In 1966 Mr. Goldstein was re-elected to his post for his fifteenth consecutive year.

Joseph G. Carty is the Secretary of the Port Authority. He is responsible for the preparation and retention of the official minutes of the Board of Commissioners, as well as all other official documents.

The Port Authority is organized into line and staff departments reporting to the Executive Director. The line departments include: Aviation, Terminals, Marine Terminals, Tunnels and Bridges, Rail Transportation and World Trade. The Port Authority subsidiary, the Port Authority Trans-Hudson (PATH) Corporation, is the responsibility of the Rail Transportation Department. The staff departments include: Comptrollers, Engineering, Law, Operations Services, Organization and Procedures, Personnel, Planning and Development, Public Affairs, Purchase and Administrative Services, Real Estate and Treasury.

The Staff

Employment reached a new high in 1966 as the Port Authority forged ahead on the extensive programs referred to in the preceding pages. Total employment, including PATH, averaged 7,462 men and women.

Staff Development

An executive mobility program was instituted at mid-year to meet the growing need for management level personnel equipped with a broad range of experience. The program was initiated with assignments for selected staff members in positions outside their own speciality or department to broaden their understanding of the Authority's programs and to see these programs in their inter-relationship to each other.

Training and developmental programs, ranging from maintenance and clerical skills to supervisory and management development, were undertaken by some 1,120 employees. In ad-

dition, 731 employees obtained formal education through an Education Re-fund Plan. This plan provides repayment of 100% of tuition fees for employees who successfully complete courses approved as relating to the work of the Port Authority.

The Port Authority follows a policy of hiring and promoting qualified personnel on the basis of merit and ability without regard to such factors as race, color, creed or national origin. During 1966, more than 700 men and women, including 95 hired through the College Recruitment Program, were added to the staff and more than 650 promotions attest to the Authority's advancement opportunities.

Recognition of Service

The Port Authority is proud of its long-term service employees. As a means of recognizing those employees with twenty-five years or more of service the Port Service Club was instituted in 1952. The active members of the club now include 525 members from every level of the Port Authority staff with an over-all total of 17,810 years of service.

Medal Awards

On November 22, thirty staff members were cited in recognition of their exemplary service at the Annual Medal Award Ceremonies. The Port Authority's highest award, the Medal of Honor, was presented to Police Officer Carmen A. Marino and Police Lieutenant Mark Uglesich for their extraordinary bravery and exceptional judgment during an incident involving an armed and irrational assailant at Newark Airport. The Howard S. Cullman Distinguished Service Medal was presented to Rosaleen C. Skehan. Commendation Medals for acts of bravery were presented to Police Officers Joseph Giordino and Thomas F. Grupski and to Bruce Agesen, Edward Miller and Michael O'Driscoll.

The Distinguished Service Medal was presented to Mary A. Clarke, Clifton W. Fenn, John Lardner, Daniel V. Malone, William S. McTernan, William

C. Stevens and Frederick B. Wilshere.

The Executive Director's Award of Achievement was presented to James J. Gesualdi, Robert G. Jacob, Joseph B. Jeming, Townsend M. Lucas and James H. Schlobin.

The Executive Director's Unit Citation Award was presented for the first time. The award recognized the outstanding accomplishments of a combined effort on a particular project. The Citation was awarded to Bartolo Basile, Joseph Cuciniello, Julia Da Silva, Diane A. Elkas, Carl A. Franzmann, Herman Friedman, Bernard P. Geizer, Robert Leydenfrost, Ronald Miller and Harold D. Spillane for their work in producing "The Next Twenty Years", a comprehensive research study forecasting population and job trends in the metropolitan area.

Howard S. Cullman Fellowship

The fourth Howard S. Cullman Fellowship was awarded during 1966 to Kim Loroach, Senior Transportation Planner in the Planning & Developing Department. The fellowship, established in 1962 to develop to the greatest extent "the unique quality and talent" of Port Authority employees, was named after the Board of Commissioners' Honorary Chairman Howard S. Cullman. Under the provisions of the fellowship, Mr. Loroach will spend a year in Eastern Europe studying East-West Trade expansion possibilities and their potential implications on the commerce of the Port District.

Special Programs

As part of the national war on poverty the Port Authority continued its joint effort with the City of New York through 1966 to provide training skills for persons on the City's welfare and unemployment rolls. Known as BEST (Basic Essential Skills Training) Program and its counterpart PREP (Preparation Retraining Education Program) these programs have enabled many men and women to take their place as economically independent and productive citizens of the community.



The typist, radio repairman, programmer and information agent (above) are typical of Port Authority employees who offer their knowledge and talent in the daily operations of the bi-state agency.



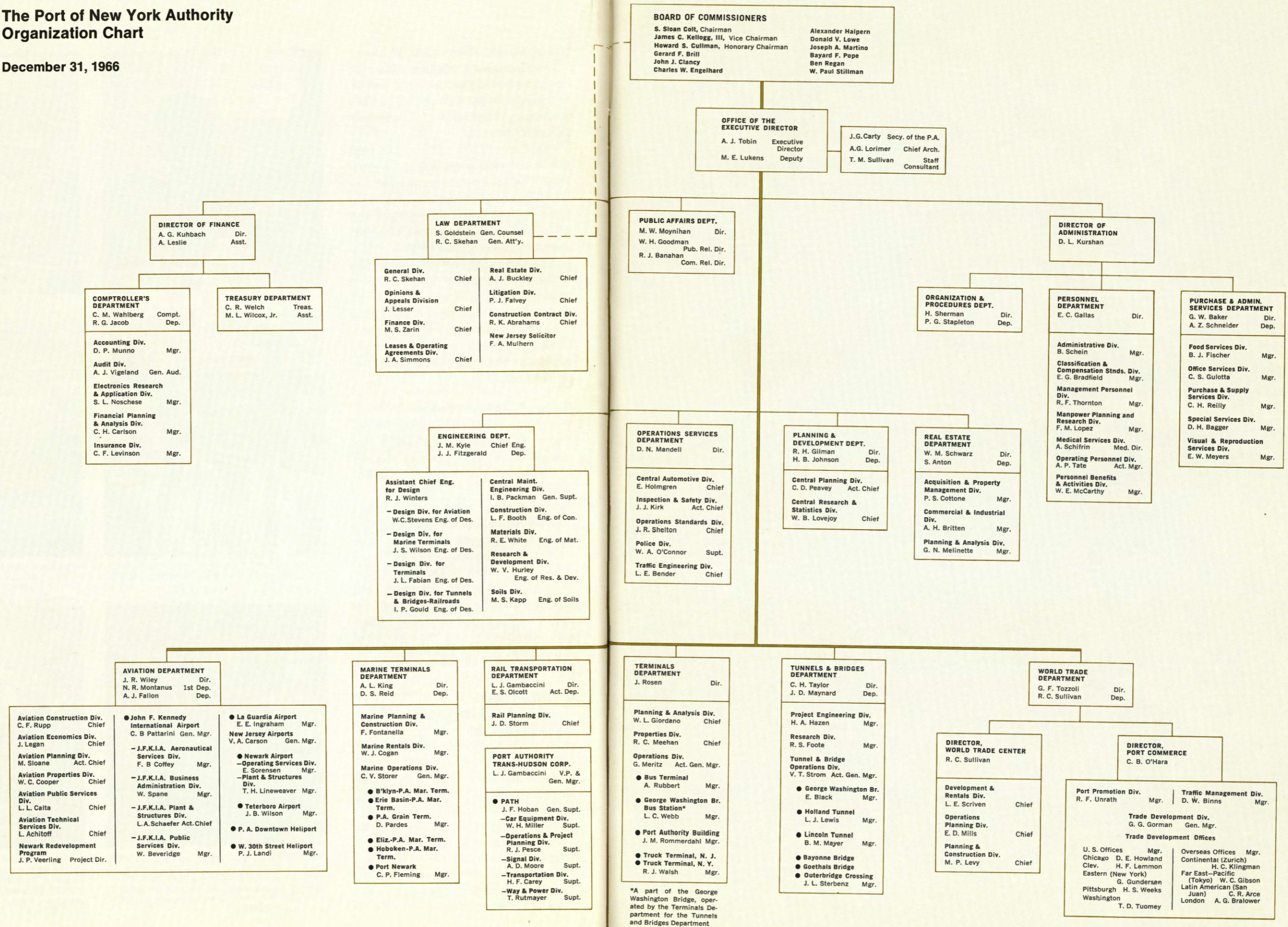
Honorary Chairman Howard S. Cullman (left) offers his personal congratulations to Medal of Honor recipients Lt. Mark Uglesich and Officer Carmen Marino as Commissioner Donald V. Lowe and Executive Director Austin J. Tobin look on approvingly.



At ceremonies inaugurating PREP, Port Authority Deputy Executive Director, M. E. Lukens (left) enjoys a light moment with Dr. M. Woolfolk, Director, Upper Manhattan Small Business Development Opportunity Corporation (center) and T. J. Riley, Port Authority staff.

The Port of New York Authority Organization Chart

December 31, 1966



*A part of the George Washington Bridge, operated by the Terminals Department for the Tunnels and Bridges Department

Basic Policies and Financial Structure

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

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

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

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

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

Third, bonds for an additional facility cannot be issued with a pledge of the General Reserve Fund unless the Port Authority Commissioners certify

that the pledge will not materially impair the sound credit standing of the Authority, the investment status of the Authority's bonds, or the ability of the Authority to fulfill its commitments and undertakings.

Fourth, sound management practices, advanced engineering techniques and judicious planning are utilized to bring new projects to their anticipated point of self-support as soon as possible.

Adherence to these requirements and policies has resulted in a sound financial structure which has been recognized by individual investors and financial institutions throughout the United States. Over the years, as a result, a total of more than two billion dollars of Port of New York Authority bonds have been purchased by investors.

Combined Operations in Brief

Gross operating revenues of The Port of New York Authority for the year 1966 increased 6.3 percent to \$189,953,000, which reflects the continuing increase in development and utilization of the Authority's facilities. At the same time, operating, administrative and development expenses increased about \$3,213,000 to reach \$102,113,000. As a result, net operating revenues were up about 10.2 percent to a total of \$87,840,000. This increase of \$8,112,000 over last year is considerably more than that experienced in recent years and is due to certain nonrecurring expenses during 1965 which resulted in reduced net operating revenues for that year.

Investment income of \$6,893,000 on securities held in the reserve and operating funds was offset slightly by a downward adjustment of \$413,000 in the value of our security portfolio. Thus, net revenues available for debt service were \$94,733,000.

Interest and long-term debt amortization totaled \$43,776,000. In addition,

\$40,000,000 short-term Consolidated Notes were retired at maturity, and bonds with a par value of \$1,654,000 were retired in anticipation of future years' debt service at an amortized cost of \$1,195,000.

Reserve funds were increased in the net amount of \$9,348,000 and totaled \$110,187,000 at year's end. Thus, they continue to meet the requirements of the applicable statutes of New Jersey and New York and of Port Authority bond resolutions, as well as the Port Authority policy of maintaining reserves equal to at least the next two years' debt service.

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

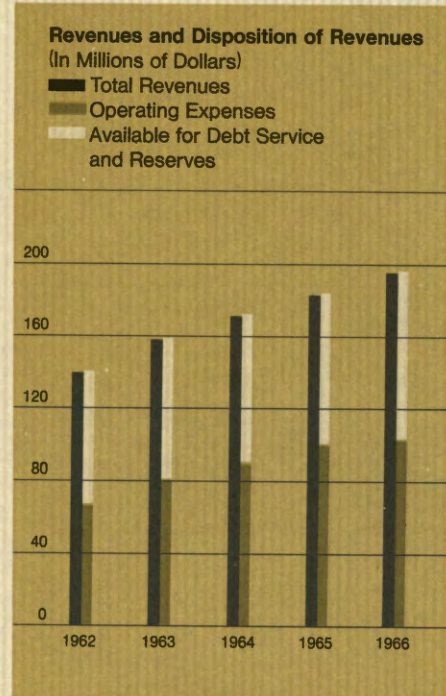
Highlights

	1966	1965
Gross Operating Revenues	\$ 189,900,000	\$ 178,600,000
Net Operating Revenues	87,800,000	79,700,000
Debt Retired	63,000,000	56,600,000
Interest on Debt	22,300,000	21,200,000
Cumulative Invested in Facilities	1,584,000,000	1,503,700,000
Funded Debt Outstanding	832,800,000	855,900,000
General Reserve Fund	83,200,000	85,500,000
Special Reserve Funds	26,900,000	15,200,000

Financial Position at Year End Highlights

On December 31, 1966, the total assets of the Authority were \$1,841,825,000, represented by the cumulative amount invested in facilities and balances in construction, operating and reserve funds. This is an increase of 3.0 percent, or \$53,939,000 over last year, the major portion of which is the increase of construction completed or in progress.

The cumulative amount invested in facilities of the Port Authority rose to \$1,584,037,000 at year-end 1966. The



increase of \$80,272,000 over last year is largely represented by increased investment at:

The World Trade Center.....	\$21,000,000
LaGuardia Airport	10,800,000
John F. Kennedy International Airport	10,300,000
Newark Airport	10,200,000
Elizabeth-Port Authority Marine Terminal	8,900,000
Port Newark	6,500,000
Port Authority Trans-Hudson	5,500,000
Goethals Bridge	3,100,000

The adjoining table shows the cumulative amount invested in each facility

through December 31, 1966; additional details are reviewed in the chapters dealing with specific facilities.

Funded debt decreased \$23,079,000 under last year to a total of \$832,849,000 and is the result of the net retirement of that amount of debt through income and reserves.

At the close of 1966, debt retired through income and the reserve funds totaled \$944,960,000, which is about 60.0 percent of the amount invested in facilities.

Reserve Funds

At the year-end 1966, reserve funds were increased in the net amount of \$9,348,000 to a total of \$110,187,000. The General Reserve Fund balance was adjusted to \$83,284,000 and continued to meet the statutory requirement of ten percent of the outstanding funded debt; concurrently, the Special Reserve Fund totaled \$15,218,000, the Air Terminal Reserve Fund \$10,051,000 and the Marine Terminal Reserve Fund \$1,633,000. These balances in the aggregate continue 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.

Bond covenants require that reserve funds be maintained in cash or invested in certain government securities. Thus at year-end \$109,086,000 was invested in securities as set forth in Statement D, "Analysis of Reserve Funds." Income from reserve fund investment portfolio during 1966 amounted to \$4,655,000.

The policy of adjusting the value of securities held in the reserve and operating fund portfolio at year-end to the lower of aggregate market value or aggregate amortized cost resulted in a moderate downward adjustment in reserve funds of \$457,000.

Cumulative Invested in Facilities

December 31, 1966 (In Millions)

Tunnels and Bridges

George Washington Bridge	\$ 208.8
Lincoln Tunnel	189.1
Holland Tunnel	62.7
Bayonne Bridge	18.3
Goethals Bridge	18.3
Outerbridge Crossing	16.0
	513.2

Air Terminals

John F. Kennedy International Airport	391.5
LaGuardia Airport	132.1
Newark Airport	71.0
Teterboro Airport	10.6
Heliports	.7
	605.9

Marine Terminals

Brooklyn-Port Authority Marine Terminal	95.1
Port Newark	92.7
Elizabeth-Port Authority Marine Terminal	65.0
Hoboken-Port Authority Marine Terminal	18.1
Erie Basin-Port Authority Marine Terminal	12.0
Port Authority Grain Terminal and Columbia Street Pier	3.8
	286.7

Inland Terminals

Port Authority Bus Terminal	52.2
Port Authority Building	22.9
New York Truck Terminal	9.9
Newark Truck Terminal	8.2
	93.2

Rail Transportation

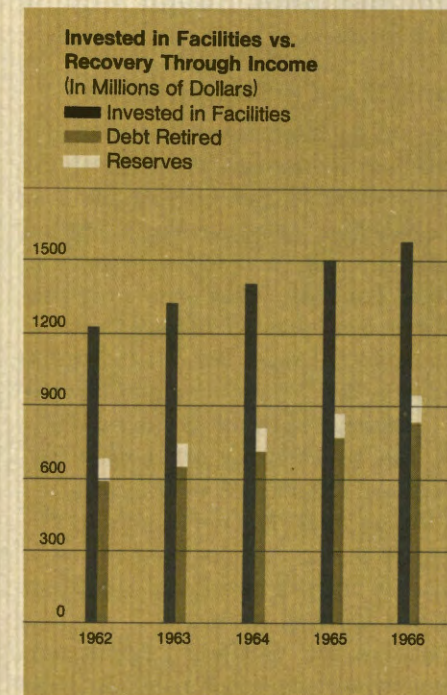
Port Authority Trans-Hudson	50.7
-----------------------------	------

World Trade

The World Trade Center	34.3
	\$1,584.0

Investment Income

The Authority's investment portfolio averaged more than \$285,000,000 during 1966 and produced earnings of \$13,433,000. The long-term portfolio averaged about \$120,300,000, principally reserve funds, and was invested primarily in United States Treasury securities. Long-term investment earnings amounted to \$5,198,000, or an annual rate of about 4.32 percent. Investment in short-term government securities and bank time deposits, averaged approximately \$164,700,000 during the year. The short-term portfolio repre-



sented principally the investment of construction funds awaiting disbursement and operating revenues. Income from these short-term investments amounted to \$8,234,000, or an annual earning rate of about 4.99 percent.

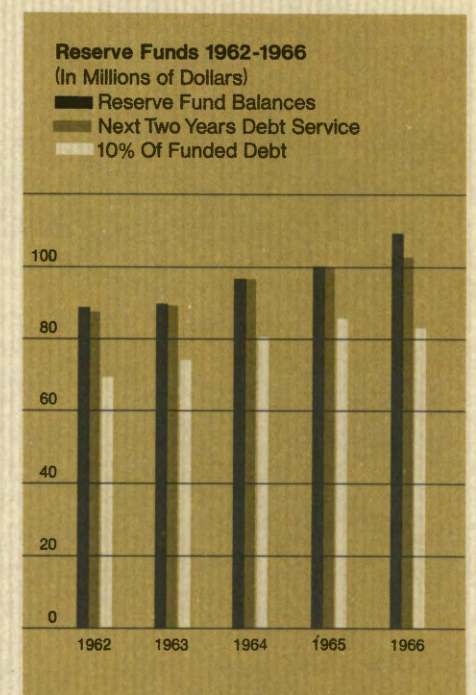
Distribution of income was \$2,238,000 to operating funds (before an upward adjustment of \$44,000 to market value of securities held in this fund) and \$4,655,000 to reserve funds. The balance of portfolio earnings \$6,496,000 was allocated to capital funds, thereby reducing interest costs during the construction period.



Summary of Reserve Funds

December 31 (In Millions)

	1966	1965	Increase (Decrease)
General Reserve	\$ 83.2	\$ 85.5	(2.3)
Special Reserve	15.2	9.0	6.2
Air Terminal Reserve	10.0	5.2	4.8
Marine Terminal Reserve	1.6	.8	.8
	\$110.1	\$100.8	9.3



Operation of Funded Debt

Debt Issued

The Authority's funded debt at year-end was \$832,849,000, a net decrease from last year of \$23,079,000. This decrease in funded debt is due to the absence of any new long-term bond issues and the continued reduction through maturities and sinking fund schedules of the outstanding amount of bonds issued in prior years.

On January 5, 1966, \$40,000,000 Consolidated Notes, Series S, 2% percent,

due December 28, 1966 were sold at competitive bidding, which resulted in an average net interest cost of 3.182 percent to the Authority. The Notes were sold at various rates of interest to:

Institution	Amount
First National City Bank.....	\$38,000,000
Brown Brothers Harriman & Co.	2,000,000

Debt Retired

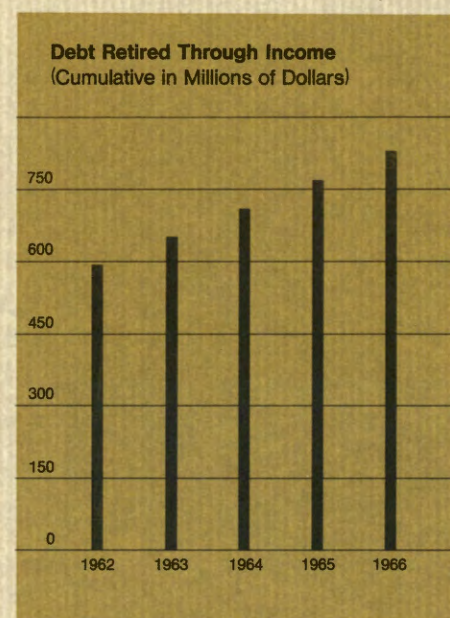
During the year, \$63,079,000 par value

of bonds and notes were retired.

Long-term bonds with a par value of \$21,425,000 were retired through mandatory sinking fund and maturity payments, while \$40,000,000 short-term Consolidated Notes, Series S, were retired at maturity. These, together with the following bonds with a par value of \$1,654,000, which were retired in anticipation of future requirements, account for the \$63,079,000 of debt retired through income and reserves for the year 1966, as shown in Statement I, Funded Debt:

Series	Amount
General and Refunding	
Ninth Series	\$ 578,000
Tenth Series	291,000
Eleventh Series	171,000
Consolidated	
First Series	7,000
Second Series	598,000
Eighth Series	9,000
	<u>\$1,654,000</u>

The difference between the total book value of these bonds purchased in the open market and their call price represents a saving of \$628,000.



Facts for Bondholders

Consolidated Bonds

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

Consolidated Bonds, the only medium of current financing, represented 90.8 percent of the outstanding funded debt of \$832,849,000 at year's end. Progress in unifying the debt structure as older prior lien bonds are retired is shown on the adjoining chart.

On December 31, 1966, outstanding Consolidated Bonds totaled \$756,097,000. Over the years, the Authority has issued a total of \$1,252,650,000 Consolidated Bonds, exclusive of refundings. Of this amount \$345,346,000 has been allocated to "Consolidated Bond Facilities," namely, Brooklyn-Port Authority Marine Terminal, Hoboken-Port Authority Marine Terminal, Erie Basin-Port Authority Marine Terminal, Elizabeth-Port Authority Marine Terminal, the two Port Authority Heliports, the Hudson Tubes and the World Trade Center. The remaining \$907,304,000 of Consolidated Bond proceeds was allocated to facilities of other bond groups.

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

proved out of the proceeds of Consolidated Bonds.

The debt service on all the Consolidated Bonds cannot, of course, be met from the net revenues of "Consolidated Bond Facilities." It is therefore, met from the pooled revenues of all facilities through the medium of the General Reserve Fund. At year-end 1966, after meeting all debt service from income and reserves, the General Reserve Fund totaled \$83,284,000. The General Reserve Fund, of course, secures the other bonds on an equal basis with Consolidated Bonds, but in the case of such other bonds pledged revenues were sufficient to meet debt service.

General and Refunding Bonds

General and Refunding Bonds have a first lien on the net revenues of the Port Authority's two tunnels and four bridges, four inland terminals and the grain terminal. The 1966 operations of these facilities, after operating expenses and adjusted financial income, produced net revenues of \$45,312,000 available for debt service and transfer to reserves. Debt service totaled \$596,000 and, at year's end, of the remaining revenues, \$38,339,000 were transferred to the General Reserve Fund and \$6,376,000 to the Special Reserve Fund which is pledged as additional security for this class of bonds.

General and Refunding Bonds outstanding at year-end totaled \$24,490,000, a decrease of \$1,227,000 from the previous year-end total. Meanwhile, the total invested in this group of facilities increased \$6,508,000 to \$610,256,000 at the end of 1966.

Since 1952, Consolidated Bond proceeds totaling \$310,402,000 have been allocated to these facilities. The debt service on these bonds, however, cannot be charged directly against the associated revenues but must be charged against revenues of facilities related solely to Consolidated Bonds.

Air Terminal Bonds

These bonds have a first lien on the net revenues of the four airports. In 1966,

net revenues available for debt service and reserves totaled \$36,413,000. After paying \$4,660,000 for debt service, of the remaining revenues, \$27,224,000 were transferred to the General Reserve Fund and \$4,528,000 to the Air Terminal Reserve Fund which is pledged as additional security for this class of bonds.

With the retirement of \$3,378,000 of Air Terminal Bonds during the year, outstanding Air Terminal Bonds at year's end decreased to \$46,902,000. As a result of the investment of an ad-

ditional \$31,134,000 during 1966, the total Port Authority investment in airports rose to \$605,223,000.

The proceeds of Consolidated Bonds allocated for capital construction at these facilities reached \$514,101,000 at December 31, 1966.

Marine Terminal Bonds

These bonds have a first lien on the net revenues of Port Newark which, in 1966, totaled \$5,601,000. After the payment of \$407,000 for debt service, \$4,453,000 was transferred to the General

Reserve Fund and \$740,000 to the Marine Terminal Reserve Fund which is pledged as additional security for this class of bonds.

At the end of 1966, Port Authority investment in Port Newark totaled \$92,705,000, an increase of \$6,485,000 over the 1965 year-end total, while the outstanding Marine Terminal Bonds decreased by \$283,000 to \$5,360,000.

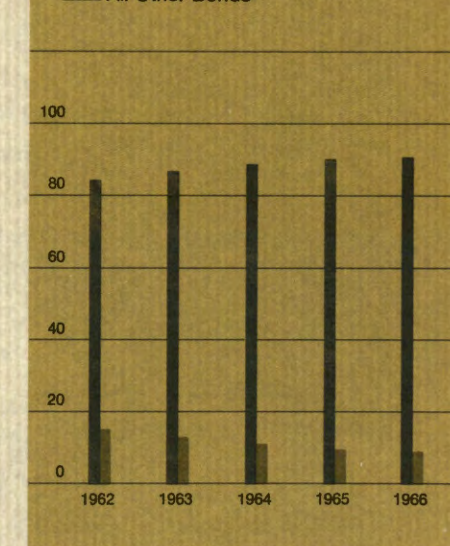
At year-end, \$82,800,000 of Consolidated Bond proceeds had been allocated for the development of this facility.

Net Operating Revenues

(In Millions)

	1966	1965	1964	1963	1962
Consolidated Bonds					
Revenues	\$23.1	\$21.8	\$21.4	\$18.8	\$10.9
Operating Expenses	20.3	19.9	17.8	16.1	6.7
Net Operating Revenues	2.7	1.8	3.6	2.6	4.1
General and Refunding Bonds					
Revenues	\$81.0	\$78.1	\$73.2	\$68.0	\$62.7
Operating Expenses	37.3	38.2	35.7	31.5	28.7
Net Operating Revenues	43.6	39.9	37.5	36.5	33.9
Air Terminal Bonds					
Revenues	\$76.8	\$70.1	\$65.3	\$59.9	\$55.2
Operating Expenses	41.0	37.5	32.6	29.1	27.6
Net Operating Revenues	35.8	32.6	32.6	30.8	27.6
Marine Terminal Bonds					
Revenues	8.9	\$ 8.4	\$ 7.2	\$ 7.2	\$ 6.1
Operating Expenses	3.4	3.1	2.9	3.0	2.5
Net Operating Revenues	5.5	5.2	4.3	4.2	3.6

Debt Unification
(Percent of Outstanding Funded Debt)



PRICE WATERHOUSE & CO.

60 BROAD STREET
NEW YORK 10004

February 23, 1967

The Port of New York Authority
New York, New York

In our opinion, Statements A through J present fairly the financial position of The Port of New York Authority at December 31, 1966 and the results of its operations for the year, and Statement L presents fairly the assets and liabilities of the New York State Commuter Car Program at December 31, 1966, in conformity with generally accepted accounting principles applied on a basis consistent with that of the preceding year. Also, in our opinion, Statement K presents fairly the ten year financial data included therein. Our examination of these Statements was made in accordance with generally accepted auditing standards and accordingly included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

Russ Saterhaus & Co.

STATEMENT A Revenues and Reserves

	Year Ended December 31,	
	1966	1965
(In Thousands)		
Gross Operating Revenues	\$189,953	\$178,629
Operating Expenses	102,113	98,900
Net Operating Revenues	87,840	79,728
Financial Income		
Income on Investments—net	6,893	5,552
Security valuation adjustment	(413)	(4,010)
	94,319	81,271
Debt Service		
Interest on funded debt	22,369	21,248
Serial maturities and sinking fund requirements	21,406	21,384
Short-term note maturities	40,000	31,500
Debt retirement acceleration	1,195	3,551
Total Debt Service	84,971	77,684
Net Increase in Reserves	9,348	3,587
Reserve balances—beginning of year	100,839	97,252
Reserve Balances—End of Year	\$110,187	\$100,839

STATEMENT B Financial Position

	December 31, 1966			December 31, 1965
	Capital Funds (Statement E)	Reserve Funds (Statement D)	General Operating Funds	Combined Total
(In Thousands)				
Assets				
Invested in Facilities	\$1,584,037	\$ —	\$ —	\$1,584,037
Investment in Securities (Statement G)	60,759	109,086	12,430	222,116
Cash and Time Deposits	38,967	1,101	7,972	48,042
Other Assets	1,595	—	25,873	27,468
Total Assets	1,685,360	110,187	46,277	1,841,825
Liabilities				
Funded Debt (Statement I)	832,849	—	—	832,849
Debt Retired Through Income (Statement F)	834,772	—	—	834,772
Reserves	—	110,187	—	110,187
Accounts Payable and Other Liabilities	17,738	—	33,914	51,653
Provision for Self-Insurance	—	—	8,313	8,313
Deferred Credits to Income	—	—	4,049	4,049
Total Liabilities	\$1,685,360	\$110,187	\$46,277	\$1,841,825

See Notes to Financial Statements

Notes to Financial Statements

December 31, 1966

Note A—Accounting Principles:

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

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

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

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

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

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

Note B—Commitments:

At December 31, 1966, the Authority was committed under various contracts to the completion over the next four or five years of approximately \$108,000,000 of structures.

Note C—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 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.

A parcel of property at the Brooklyn-Port Authority Marine Terminal is leased from the City of New York until the year 2011.

Note D—Funded Debt:

On January 12, 1967, the Authority issued \$50,000,000 Consolidated Notes, Series T,

due December 28, 1967 at an average net interest cost of 3.684 percent per annum.

Note E—General:

Pursuant to legislative and judicial authorizations, the Authority on September 1, 1962 acquired by condemnation the former Hudson & Manhattan Railroad through the Port Authority Trans-Hudson Corporation, a subsidiary of The Port of New York Authority established for that purpose. The accounts of the subsidiary corporation are consolidated in the accompanying Port Authority financial statements as accounts of a facility whose net revenues are first pledged for Consolidated Bonds. That portion of the total acquisition cost which will be accounted for by condemnation awards for the property is dependent upon final judicial determination. The Port Authority Trans-Hudson Corporation capital accounts include \$17,782,286, representing sums advanced therefor to condemnees and about \$535,000, including interest paid on account of fixture and leasehold claims to December 31, 1966.

On December 30, 1966, the New York State Supreme Court, Appellate Division, First Department, rendered a decision setting the total condemnation award for the Hudson Tubes road and equipment, including the Hudson Terminal Buildings at \$21,496,000 (exclusive of interest and the fixture and leasehold claims referred to above). The order of the Appellate Division thus modified the decree of the Supreme Court of the State of New York (New York County) entered June 13, 1966 which had awarded a total of \$72,996,000 (exclusive of interest and the fixture and leasehold claims) for this property. The condemnees have appealed from the decision of the Appellate Division to the Court of Appeals, New York State's highest court, with respect to the \$3,500,000 award for the road and equipment and the determination of the rates of interest. PATH Corporation has also appealed from the award for the road and equipment.

By condemnation proceedings in the New York State Supreme Court, the Authority has acquired title, for purposes of the World Trade Center, to all of the non-governmentally owned real property located in the Hudson Tubes-World Trade Center area as defined by statute.

STATEMENT C Operating Fund Revenues Year Ended December 31, 1966

	Related to				Combined Total
	General and Refunding Bonds	Air Terminal Bonds	Marine Terminal Bonds	Consolidated Bonds	
			(In Thousands)		
Gross Operating Revenues	\$81,027	\$76,896	\$ 8,924	\$ 23,104	\$189,953
Operating Expenses	37,389	41,008	3,405	20,309	102,113
Net Operating Revenues	43,638	35,888	5,518	2,794	87,840
Financial Income					
Income on investments—net	1,694	467	75	—	2,238
Security valuation adjustment	(20)	57	6	—	44
Net Revenues	45,312	36,413	5,601	2,794	90,122
Debt Service					
Interest on funded debt	415	1,337	135	20,480	22,369
Serial maturities and sinking fund requirements	180	3,322	271	17,631	21,406
Short-term note maturities	—	—	—	40,000	40,000
Total Debt Service	596	4,660	407	78,111	83,776
Transfers to and (from) Reserves	44,715	31,753	5,193	(75,316)	6,346
Analysis of Transfers					
From General Reserve—to cover net deficit	—	—	—	(75,316)	(75,316)
To General Reserve—to bring to 10% of funded debt	38,339	27,224	4,453	—	70,016
To Special Reserves	6,376	4,528	740	—	11,645
Net Transfers	\$44,715	\$31,753	\$ 5,193	\$(75,316)	\$ 6,346

STATEMENT D Analysis of Reserve Funds Year Ended December 31, 1966

	General Reserve Fund	Special Reserve Fund	Air Terminal Reserve Fund	Marine Terminal Reserve Fund	Combined Total
				(In Thousands)	
Balance—January 1, 1966	\$85,592	\$ 9,089	\$5,299	\$ 857	\$100,839
Income on investments—net	3,949	420	245	39	4,655
Security valuation adjustment	(392)	(38)	(22)	(4)	(457)
	89,149	9,472	5,522	892	105,036
Appropriations for:					
Debt retirement acceleration—payments to sinking funds	565	629	—	—	1,195
Total	88,584	8,842	5,522	892	103,841
Transfers (to) and from Operating Funds:					
Deficit related to Consolidated Bonds	(75,316)	—	—	—	(75,316)
Revenues related to:					
General and Refunding Bonds	38,339	6,376	—	—	44,715
Air Terminal Bonds	27,224	—	4,528	—	31,753
Marine Terminal Bonds	4,453	—	—	740	5,193
Net transfers	(5,299)	6,376	4,528	740	6,346
Balance—December 31, 1966	\$83,284	\$15,218	\$10,051	\$1,633	\$110,187
Represented by:					
Investment in securities	\$82,452	\$15,066	\$ 9,950	\$1,617	\$109,086
Cash	832	152	100	16	1,101

See Notes to Financial Statements

STATEMENT E Capital Funds Assets and Liabilities December 31, 1966

	Related to facilities whose net revenues are first pledged for				Combined Total
	General and Refunding Bonds	Air Terminal Bonds	Marine Terminal Bonds	Consolidated Bonds	
	(In Thousands)				
Assets					
Invested in Facilities					
Completed construction—owned	\$597,693	\$ 10,553	\$ —	\$177,916	\$ 786,163
Completed construction—leased	—	562,258	87,419	23,952	673,629
Construction in progress	12,563	32,411	5,285	73,983	124,243
	<u>610,256</u>	<u>605,223</u>	<u>92,704</u>	<u>275,852</u>	<u>1,584,037</u>
Investment in Securities	8,839	4,960	464	46,495	60,759
Cash and Time Deposits	5,669	3,181	297	29,819	38,967
Other Assets	775	319	2	498	1,595
Total Assets	<u>625,541</u>	<u>613,683</u>	<u>93,469</u>	<u>352,665</u>	<u>1,685,360</u>
Liabilities					
Funded Debt (Statement I)	24,490	46,902	5,360	756,097	832,849
Interfund Accounts	310,393	514,111	82,800	(907,304)	—
Debt Retired Through Income (Statement F)	288,322	45,256	4,640	496,553	834,772
Accounts Payable and Other Liabilities	2,335	7,414	669	7,320	17,738
Total Liabilities	<u>\$625,541</u>	<u>\$613,683</u>	<u>\$93,469</u>	<u>\$352,665</u>	<u>\$1,685,360</u>

STATEMENT F Debt Retired Through Income Year Ended December 31, 1966

	December 31, 1966
	(In Thousands)
Debt Retired Through Income	
Balance at January 1, 1966	\$736,296
Net revenues and reserves applied to retirement of debt as detailed in Statement I	63,079
Total	<u>799,375</u>
Contributed by Federal and State Agencies in Aid of Construction	
Balance at January 1, 1966	41,652
Amounts received under Federal Airport Act	32
Amounts received under Federal Highway Act	880
Total	<u>42,565</u>
Appropriated Reserves Invested in Facilities	
Balance at January 1 and December 31, 1966	8,468
	<u>850,408</u>
Less:	
Cost of Refunding and Consolidating Debt	15,636
Balance at January 1 and December 31, 1966	<u>15,636</u>
Total	<u>\$834,772</u>

See Notes to Financial Statements

STATEMENT G Investment in Securities December 31, 1966

	Principal Amount	Quoted Market Value	Amortized Cost
		(In Thousands)	
Short Term			
United States Treasury Securities			
Bills			
Due 1/26/67	\$ 2,000	\$ 1,994	\$ 1,992
Due 2/9/67	1,000	995	994
Due 2/16/67	6,000	5,965	5,959
Due 4/21/67	8,500	8,376	8,355
Due 6/22/67	55,860	54,564	54,373
Security valuation allowance at December 31, 1966			—
Total Short Term	<u>73,360</u>	<u>71,896</u>	<u>71,674</u>
Long Term			
United States Treasury Securities			
Notes			
5% due 11/15/70	500	503	501
Bonds:			
4% due 2/15/70	13,000	12,638	12,946
2½% due 12/15/72-67	1	1	1
4% due 8/15/73	10,100	9,670	10,289
4½% due 2/15/74	1,000	961	995
4¼% due 5/15/74	1,500	1,455	1,505
3¾% due 11/15/74	12,000	11,385	11,984
4% due 2/15/80	16,900	15,886	16,898
3½% due 11/15/80	1,000	890	997
3¼% due 6/15/83-78	1,200	1,018	1,231
4¼% due 5/15/85-75	12,350	11,809	12,479
3½% due 2/15/90	13,250	11,295	12,865
4½% due 5/15/94-89	16,000	14,920	16,070
3% due 2/15/95	600	503	600
3½% due 11/15/98	7,978	6,771	7,957
The Port of New York Authority Bonds			
General & Refunding			
8th Series, 2% due 8/15/74	786	636	710
Air Terminal			
1st Series, 3% due 6/15/78	1,043	902	994
2nd Series, 2½% due 10/1/79	377	297	336
3rd Series, 2.2% due 12/1/80	510	377	449
Marine Terminal			
1st Series, 2½% due 11/1/78	452	357	413
2nd Series, 2.2% due 12/1/80	433	320	379
Consolidated			
1st Series, 3% due 11/1/82	25	20	22
2nd Series, 2¾% due 9/1/84	127	98	99
4th Series, 2¾% due 4/1/85	1,119	867	1,022
5th Series, 2.9% due 12/1/83	293	234	269
6th Series, 3% due 5/1/86	1,011	823	924
7th Series, 3.4% due 9/1/86	251	220	246
8th Series, 3.4% due 2/1/87	143	125	138
10th Series, 3¾% due 10/1/87	626	607	616
12th Series, 3¾% due 5/1/88	207	181	202
14th Series, 3¾% due 2/1/89	1,167	1,061	1,184
16th Series, 4¼% due 10/1/89	2,625	2,611	2,616
19th Series, 3½% due 11/1/91	5	4	4
Security valuation allowance at December 31, 1966			(8,498)
Total Long Term	<u>\$118,579</u>	<u>\$109,458</u>	<u>109,458</u>
Accrued Interest Receivable			1,143
Total Investment in Securities			<u>\$182,276</u>

See Notes to Financial Statements

STATEMENT H Analysis of Sinking Funds Year Ended December 31, 1966

	1966 (In Thousands)
Sinking Fund balances—January 1	\$ —
Additions to Sinking Funds	
Obligatory payments from operating accounts	
General and Refunding Bonds	180
Air Terminal Bonds	3,322
Marine Terminal Bonds	271
Consolidated Bonds	6,081
Appropriation for retirement in anticipation of future requirements from	
General Reserve Fund	565
Special Reserve Fund	629
Air Terminal Reserve Fund	—
Marine Terminal Reserve Fund	—
Adjustment of cost of Port Authority bonds to redemption price	628
Total additions to Sinking Funds	11,680
Deductions from Sinking Funds	
Mandatory Retirements	
General and Refunding Bonds Eighth Series	187
Air Terminal Bonds First Series	1,509
Second Series	1,409
Third Series	507
Marine Terminal Bonds First Series	285
Consolidated Bonds First Series	999
Second Series	500
Fourth Series	851
Seventh Series	505
Eighth Series	1,030
Twelfth Series	511
Fourteenth Series	1,189
Sixteenth Series	540
Retirements in anticipation of future sinking fund requirements	
General & Refunding Bonds Ninth Series	578
Tenth Series	291
Eleventh Series	171
Consolidated Bonds First Series	7
Second Series	598
Eighth Series	9
Total deductions from Sinking Funds	11,680
Sinking Fund balances—December 31	\$ —

See Notes to Financial Statements

STATEMENT I Funded Debt Year Ended December 31, 1966

	January 1, 1966	Issued (In Thousands)	Retired	December 31, 1966
General and Refunding Bonds				
Eighth Series, 2% due 1974	\$ 8,862	\$ —	\$ 187	\$ 8,675
Ninth Series, 1½% due 1985	5,470	—	578	4,892
Tenth Series, 1¾% due 1985	2,861	—	291	2,570
Eleventh Series, 1¼% due 1986	8,524	—	171	8,353
	25,717	—	1,227	24,490
Air Terminal Bonds				
First Series, 3% due 1978	21,008	—	1,480	19,528
Second Series, 2½% due 1979	21,136	—	1,396	19,740
Third Series, 2.20% due 1980	8,136	—	502	7,634
	50,280	—	3,378	46,902
Marine Terminal Bonds				
First Series, 2½% due 1978	3,897	—	283	3,614
Second Series, 2.20% due 1980	1,746	—	—	1,746
	5,643	—	283	5,360
Consolidated Bonds				
First Series, 3% due 1982	24,226	—	1,006	23,220
Second Series, 2¾% due 1984	19,520	—	1,098	18,422
Fourth Series, 2¾% due 1985	28,851	—	851	28,000
Fifth Series, 2.90% due 1983	15,061	—	—	15,061
Sixth Series, 3% due 1986	23,870	—	—	23,870
Seventh Series, 3.40% due 1986	21,500	—	500	21,000
Eighth Series, 3.40% due 1987	43,000	—	1,009	41,991
Ninth Series, 3½% due 1966-1975	14,400	—	1,800	12,600
Tenth Series, 3¾% due 1987	30,000	—	—	30,000
Eleventh Series, 2½% due 1966	2,000	—	2,000	—
Twelfth Series, 2¾% due 1967-1969	6,000	—	—	6,000
Thirteenth Series, 3% due 1970-1978	18,000	—	—	18,000
Fourteenth Series, 3¾% due 1988	34,237	—	497	33,740
Fifteenth Series, 3¼% due 1966	1,250	—	1,250	—
Sixteenth Series, 3.40% due 1967-1969	3,750	—	—	3,750
Seventeenth Series, 3½% due 1970-1977	10,000	—	—	10,000
Eighth Series, 2¾% due 1978	1,250	—	—	1,250
Nineteenth Series, 3½% due 1989	53,405	—	1,155	52,250
Twentieth Series, 4% due 1966-1975	17,500	—	1,750	15,750
Twenty-first Series, 4.10% due 1976-1979	7,000	—	—	7,000
Twenty-second Series, 4¼% due 1989	24,275	—	525	23,750
Twenty-third Series, 6% due 1966-1967	3,000	—	1,500	1,500
Twenty-fourth Series, 3.40% due 1968	1,500	—	—	1,500
Twenty-fifth Series, 3½% due 1969-1975	10,500	—	—	10,500
Twenty-sixth Series, 3.70% due 1976-1979	6,000	—	—	6,000
Twenty-seventh Series, 1% due 1980	1,500	—	—	1,500
Twenty-eighth Series, 3% due 1966	1,750	—	1,750	—
Twenty-ninth Series, 3.10% due 1967-1969	5,250	—	—	5,250
Thirtieth Series, 3¼% due 1970-1975	10,850	—	—	10,850
Thirty-first Series, 3½% due 1976-1981	12,600	—	—	12,600
Thirty-second Series, 3½% due 1991	23,743	—	—	23,743
Thirty-third Series, 3¼% due 1993	35,000	—	—	35,000
Thirty-fourth Series, 3.40% due 1993	25,000	—	—	25,000
Thirty-fifth Series, 3¾% due 1993	25,000	—	—	25,000
Thirty-sixth Series, 3¾% due 1994	25,000	—	—	25,000
Thirty-seventh Series, 3½% due 1994	25,000	—	—	25,000
Thirty-eighth Series, 3.20% due 1966-1973	12,000	—	1,500	10,500
Thirty-ninth Series, 3% due 1974-1978	7,500	—	—	7,500
Fortieth Series, 3.10% due 1979-1980	3,000	—	—	3,000
Forty-first Series, 3.20% due 1981-1984	6,000	—	—	6,000
Forty-second Series, 3½% due 1995	35,000	—	—	35,000
Forty-third Series, 3¾% due 1995	25,000	—	—	25,000
Forty-fourth Series, 3¾% due 1996	25,000	—	—	25,000
Forty-fifth Series, 3½% due 1996	25,000	—	—	25,000
Forty-sixth Series, 3½% due 1998	25,000	—	—	25,000
	774,288	—	18,191	756,097
Consolidated Notes				
Series S, 2½% due December 28, 1966	—	40,000	40,000	—
	774,288	40,000	58,191	756,097
Total Funded Debt	\$855,928	\$ 40,000	\$ 63,079	\$832,849

See Notes to Financial Statements

STATEMENT J Funded Debt Amortization 1967-1998

Year	Debt Service Total All Issues			Amortization			
	Total	Interest	Amortization	Consolidated Bonds	General and Refunding Bonds	Air Terminal Bonds	Marine Terminal Bonds
	Par Value: \$832,849						
	(In Thousands)						
1967	\$ 50,609	\$ 27,057	\$ 23,552	\$ 18,485	\$ 1,167	\$ 3,504	\$ 396
1968	52,780	26,408	26,372	21,166	1,190	3,597	419
1969	53,252	25,576	27,676	22,354	1,214	3,679	429
1970	53,234	24,701	28,533	23,084	1,238	3,772	439
1971	53,083	23,792	29,291	23,656	1,313	3,873	449
1972	54,125	22,852	31,273	24,859	1,994	3,960	460
1973	54,308	21,865	32,443	25,677	2,230	4,065	471
1974	53,917	20,837	33,080	27,304	1,120	4,174	482
1975	54,323	19,762	34,561	28,620	1,161	4,286	494
1976	52,514	18,674	33,840	27,756	1,177	4,401	506
1977	52,023	17,587	34,436	28,205	1,193	4,520	518
1978	52,532	16,421	36,111	32,218	1,211	2,531	151
1979	51,135	15,212	35,923	33,874	1,228	667	154
1980	49,889	14,050	35,839	34,592	1,247		
1981	48,007	12,899	35,108	33,844	1,264		
1982	45,111	11,817	33,294	32,012	1,282		
1983	45,540	10,720	34,820	33,520	1,300		
1984	45,904	9,556	36,348	35,030	1,318		
1985	43,928	8,361	35,567	34,925	642		
1986	43,957	7,107	36,850	36,850			
1987	38,437	5,837	32,600	32,600			
1988	29,508	4,833	24,675	24,675			
1989	26,532	3,982	22,550	22,550			
1990	22,346	3,296	19,050	19,050			
1991	21,692	2,642	19,050	19,050			
1992	19,051	2,001	17,050	17,050			
1993	18,431	1,381	17,050	17,050			
1994	12,494	844	11,650	11,650			
1995	8,852	452	8,400	8,400			
1996	4,662	162	4,500	4,500			
1997	1,338	88	1,250	1,250			
1998	1,541	41	1,500	1,500			
Total	\$1,215,055	\$380,813	\$834,242	\$757,356	\$24,489	\$47,029	\$5,368

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.

See Notes to Financial Statements

STATEMENT K Selected Financial Data—A Ten-Year Comparison (In Thousands)

	1966	1965	1964	1963	1962	1961	1960	1959	1958	1957
Net Revenues (A)										
Gross Operating Revenues	\$ 189,953	\$ 178,629	\$ 167,256	\$ 154,025	\$ 135,059	\$ 127,370	\$ 105,662	\$ 93,183	\$ 84,753	
Operating Expenses	102,113	98,900	89,177	79,797	65,742	56,018	52,688	45,605	42,513	39,579
Net Operating Revenues	87,840	79,728	78,079	74,228	69,317	67,249	62,682	60,056	50,669	45,173
Other Income (B)	6,893	5,552	5,123	4,824	4,806	4,339	4,689	3,600	2,677	2,217
Net Revenues	94,733	85,281	83,202	79,053	74,123	71,588	67,371	63,656	53,346	47,390
Interest on Funded Debt	22,369	21,248	20,291	18,752	16,280	14,807	13,291	11,228	9,159	6,146
Net Revenues after Interest	72,363	64,032	62,911	60,301	57,843	56,781	54,080	52,428	44,187	41,244
Times, Interest Earned	4.24	4.01	4.10	4.22	4.55	4.83	5.07	5.67	5.82	7.71
Mandatory Redemption Payments	21,406	21,384	19,848	20,264	20,777	19,002	17,449	16,718	11,633	10,118
Net Revenues after Debt Service (C)	\$ 50,957	\$ 42,648	\$ 43,062	\$ 40,036	\$ 37,066	\$ 37,779	\$ 36,631	\$ 35,710	\$ 32,554	\$ 31,126
Times, Debt Service Earned	2.16	2.00	2.07	2.03	2.00	2.12	2.19	2.28	2.57	2.91
Net Changes in Reserves										
Transferred from Revenues (above)	\$ 50,957	\$ 42,648	\$ 43,062	\$ 40,036	\$ 37,066	\$ 37,779	\$ 36,631	\$ 35,710	\$ 32,554	\$ 31,126
Short Term Note Maturities	(40,000)	(31,500)	(33,000)	(33,000)	(31,000)	(32,000)	(35,000)	(24,000)	(19,000)	(13,500)
Long Term Debt Retirement Acceleration	(1,195)	(3,551)	(3,147)	(2,590)	(2,038)	(489)	(1,021)	(925)	(796)	(2,070)
Adjustment of Securities to Market Value (D)	(413)	(4,010)	106	(2,967)	2,310	(1,943)	6,598	(3,610)	(3,913)	3,095
Net Change	\$ 9,348	\$ 3,587	\$ 7,022	\$ 1,478	\$ 6,338	\$ 3,347	\$ 7,208	\$ 7,175	\$ 8,845	\$ 18,651
Reserves—										
At Year End										
General Reserve	\$ 83,284	\$ 85,592	\$ 80,610	\$ 73,949	\$ 68,761	\$ 62,609	\$ 61,082	\$ 57,480	\$ 50,799	\$ 42,067
G & R Special Reserve	15,218	9,089	10,352	10,780	12,955	13,305	12,512	10,535	10,573	10,795
Air Terminal Reserve	10,051	5,299	5,413	4,423	5,825	5,376	4,468	3,087	2,642	2,368
Marine Terminal Reserve	1,633	857	875	1,075	1,209	1,121	1,001	753	666	606
Total	\$ 110,187	\$ 100,839	\$ 97,252	\$ 90,229	\$ 88,751	\$ 82,412	\$ 79,065	\$ 71,857	\$ 64,682	\$ 55,837
Funded Debt—										
At Year End										
General and Refunding Bonds	\$ 24,490	\$ 25,717	\$ 27,035	\$ 33,190	\$ 38,761	\$ 46,077	\$ 51,782	\$ 58,566	\$ 64,893	\$ 70,594
Air Terminal Bonds	46,902	50,280	53,548	56,330	59,898	62,829	64,512	65,895	66,326	66,748
Marine Terminal Bonds	5,360	5,643	5,777	6,543	6,913	7,276	7,630	7,976	8,312	8,642
Consolidated Bonds	756,097	774,288	719,749	643,434	582,041	509,911	486,903	442,372	368,468	274,692
Total	\$ 832,849	\$ 855,928	\$ 806,109	\$ 739,497	\$ 687,613	\$ 626,093	\$ 610,827	\$ 574,809	\$ 507,999	\$ 420,676
Invested in Facilities—										
At Year End	\$1,584,037	\$1,503,765	\$1,402,722	\$1,327,956	\$1,224,227	\$1,116,109	\$1,012,540	\$ 920,249	\$ 816,700	\$ 725,394
Debt Retirement Through Revenues and Reserves										
Annually	\$ 63,079	\$ 56,681	\$ 56,388	\$ 56,116	\$ 54,480	\$ 51,734	\$ 53,982	\$ 42,190	\$ 31,677	\$ 26,472
Cumulative	799,375	736,296	679,615	623,227	567,111	512,631	460,897	406,915	364,725	333,048

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

(B) Other income includes income from investment of reserves and net operating revenues.

(C) Net deficits of the facilities whose net revenues are first pledged to Consolidated Bonds were met by payments from Reserves; they are not shown in this Schedule as "Deductions from Reserves," but rather reduce the annual

amounts otherwise available for reserves to produce the annual amounts shown as "Net Revenues after Debt Service."

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

See Notes to Financial Statements

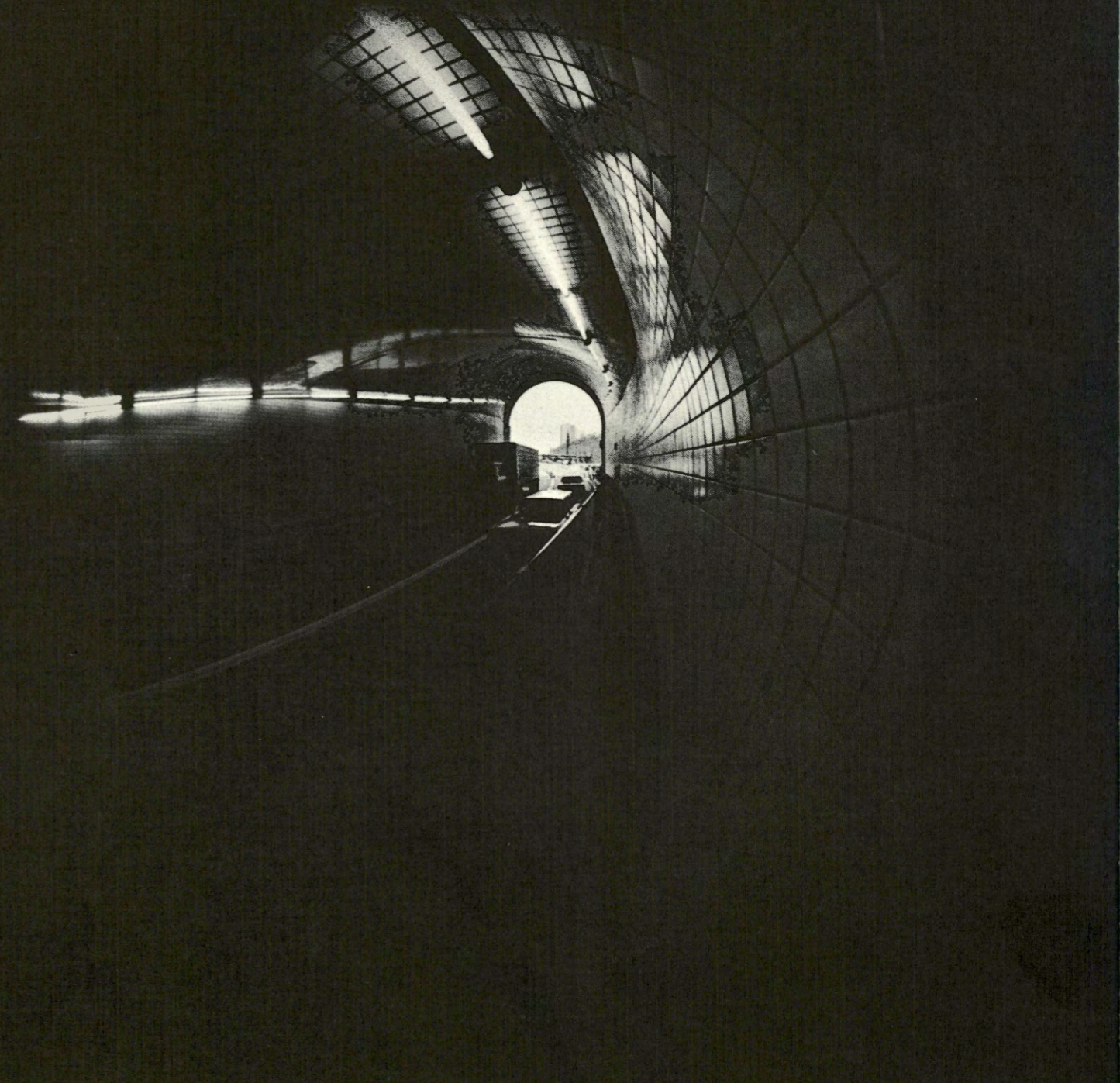
STATEMENT L

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

	December 31, 1966			December 31, 1965
	Related to cars			Combined Total
	leased to The New York Central Railroad Company	leased to The Long Island Rail Road Company	Combined Total	
	(In Thousands)			
Assets				
Invested in commuter cars	\$14,250	\$5,462	\$19,712	\$19,400
Invested in U.S. Government Securities	—	133	133	465
Cash	10	17	28	15
Other assets	73	—	73	77
Total assets	<u>14,334</u>	<u>5,613</u>	<u>19,948</u>	<u>19,959</u>
Liabilities				
State Guaranteed Commuter Car Bonds	12,450	—	12,450	14,260
Debt retired through income	1,800	5,475	7,275	5,465
Accounts payable and other liabilities	84	138	223	234
Total liabilities	<u>\$14,334</u>	<u>\$5,613</u>	<u>\$19,948</u>	<u>\$19,959</u>

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See Note A-6 to Financial Statements



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