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## THE PORT OF NEW YORK AUTHORITY

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HORACE K. CORBIN  
JOHN BORG

*Twenty Seventh* **1947**  
*Annual Report*

*TWENTY-SEVENTH ANNUAL REPORT  
THE PORT OF NEW YORK AUTHORITY*

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## THE PORT OF NEW YORK AUTHORITY

*111 Eighth Avenue—at 15th Street New York 11 NY*

*To the Honorable Alfred E. Driscoll, Governor, and the  
Legislature of the State of New Jersey:*

*To the Honorable Thomas E. Dewey, Governor, and the  
Legislature of the State of New York:*

**D**URING the year 1947 the Port Authority was engaged particularly in the initial steps of developing a great regional system of airports in the Port District. We assumed responsibility for financing, developing and operating LaGuardia Airport and New York International Airport, under the terms of a fifty-year lease with the City of New York. We also assumed such responsibility for Newark Airport and Port Newark under a similar lease with the City of Newark, to be effective in the spring of 1948.

We presented to the Commissioners of the City of Hoboken a proposal for financing, rehabilitating, constructing and operating the Hoboken piers now owned and operated by the Federal Government. This proposal would return the

Hoboken waterfront to its rightful position as an important sector of the great New Jersey-New York harbor.

Under our statutory duty as the joint agency of the States of New Jersey and New York, we agreed to make a survey of the municipally-owned waterfront and piers of New York City. As a result of the findings of this survey, we were to present to the Mayor and the Board of Estimate early in 1948, a proposal for financing, developing, rehabilitating and operating the marine terminals on the New York waterfront.

At the request of Governor Driscoll of New Jersey, we undertook to resurvey the New Jersey section of the Port of New York District to ascertain the possibilities of potential waterfront improvements. A report on this resurvey was to be made to the Governor in 1948.

The year 1947 marked the Port Authority's second year of actual operation of piers in the New York-New Jersey harbor. The Columbia Street pier at Gowanus Bay, Brooklyn, a part of the Port Authority Grain Terminal which was transferred to us by the State of New York in 1944, berthed fifty-eight ships during the period. Under our lease with the City of Newark we were to commence our second marine terminal operation at Port Newark early in 1948.

The Port Treaty fully recognizes the independent right of the municipalities of the Port District to continue the operation of their own port and terminal facilities if they so desire. The Treaty provides that "nothing contained in this agreement shall impair the powers of any municipality to develop or improve port and terminal facilities." The Port Authority, however, was directed to cooperate with the cities of the harbor area and to render such "assistance to all municipal

officials as will permit all local and municipal port and harbor improvement so far as practicable, to fit in with" a comprehensive plan of harbor development. Municipal participation or partnership in the Port Authority's general program of port development is therefore encouraged on a purely voluntary basis. In the New York region, as well as in other sections of the country, municipalities in many instances are no longer able to foot the bill for large public terminal projects.

It is apparent that municipal and state officials in this area realize the importance of the Port Compact in establishing the agency of the States for the regional development of all types of public transportation and terminal facilities in the Port of New York District. The great municipalities of New York City and Newark have turned to us in connection with their desire to assure the best of all possible port services for land, sea and air, and on a self-supporting basis.

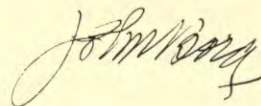
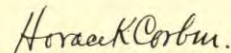
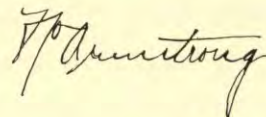
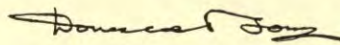
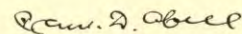
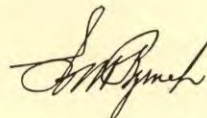
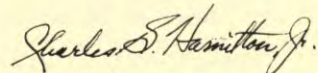
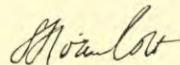
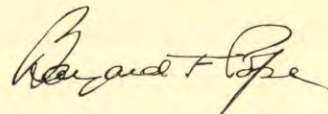
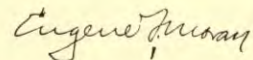
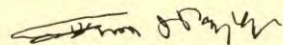
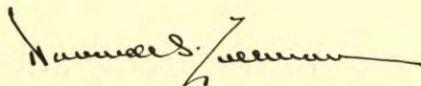
It is gratifying to report to your Excellencies that more than ever before the intent of the Port Compact to eliminate the imaginary dividing line between the States of New Jersey and New York is being realized. Under Port Authority management there is evolving in the bi-state port a regional system of terminal and transportation facilities that wipes out interstate competition and makes possible the development and promotion of a unified port.

We are pleased to report that our financial condition is excellent, and enables us to be available to municipalities for their port development and promotion requirements. Traffic in the second postwar year was the highest in our history. Our self-supporting railroad and waterfront

terminals continued to produce satisfactory net returns.

Construction on our Newark and Manhattan Motor Truck Terminals is proceeding on schedule, and we are making progress toward the actual construction of our midtown Manhattan Union Bus Terminal.

Respectfully submitted,



November 1, 1948—New York, N. Y.

## BRIDGES AND TUNNELS

### *Record Traffic Is Handled by Port Authority's Interstate Bridges and Tunnels*

Bridge and tunnel traffic in 1947 totaled 44,478,050 vehicles, an all-time high, as compared with 41,202,474 vehicles in 1946, an increase of 3,275,576, or 7.9 per cent. During the year, the George Washington Bridge handled 14,073,876 vehicles, the Holland Tunnel 15,463,192 and the Lincoln Tunnel 10,635,383. The Bayonne Bridge, the Goethals Bridge and the Outerbridge Crossing accommodated 4,305,599 vehicles.

The toll revenues for 1947 amounted to \$25,312,176, an increase of \$1,877,712, or 8 per cent over 1946.

### *Emergency Services*

Emergency services at our bridges and tunnels were down from one service for every 2,200 vehicles handled in 1946 to one for every 2,900 vehicles in 1947, a decrease of about 12 per cent. This decline in motor and tire failures was due to the increased number of replacements of over-age buses, trucks and passenger cars. During the war years the development of emergencies at our facilities had been greatly increased because of scarcity of new vehicles, machine parts and tires.

The Port Authority maintained its usual free towing and similar services. During the year users of our facilities were particularly complimentary in expressing their appreciation for the outstanding efficiency and courtesy of our emergency crews.

### *The Great Snowfall*

The blizzard of December 26, 1947, which brought 26.5 inches of snow, caused the greatest traffic congestion ever experienced in the metropolitan New York-New Jersey area. Traffic at the Holland Tunnel dropped from a daily average of 42,414 vehicles in December before the storm to a daily average of 11,955 vehicles during the remainder of the month. An all-time low was established for Port Authority traffic on December 27, when a total of 3,483 vehicles passed through the Holland Tunnel. On December 26 the North Tube of the Holland Tunnel was closed for twenty-five minutes because of stalled vehicles on the New Jersey State Viaduct at Twelfth Street, Jersey City. This was the first failure of service due to weather since the Holland Tunnel was opened to the public.

The Port Authority cooperated with Mayor O'Dwyer's ban of December 30 on all nonessential traffic. A twenty-four-hour travel information bureau was established at the Holland Tunnel to handle the thousands of inquiries from the traveling public on the condition of highways leading to and from New York City.

The Port Authority was able to keep its bridge and tunnel roadways and its approach and exit plazas clear of snow during the emergency. Sixty units of motorized snow cleaning apparatus were completely successful in handling our facilities.

### *George Washington Bridge Traffic Is Expedited*

With the cooperation of the Fort Lee and the New Jersey state highway authorities, local New York eastbound buses

"The George Washington Bridge over the Hudson is the most beautiful bridge in the world. Made of cables and steel beams, it gleams in the sky like a reversed arch. It is blessed. . . . It is painted an aluminum color and, between water and sky, you see nothing but the bent cord supported by two steel towers. When your car moves up the ramp the two towers rise so high that it brings you happiness; their structure is so pure, so resolute, so regular that here, finally, steel architecture seems to laugh."

LE CORBUSIER: *When the Cathedrals Were White*  
Reynal & Hitchcock, 1947



were detoured from the main highway to the south marginal road on Sunday and holiday nights, between the hours of five and eleven o'clock, commencing Sunday, June 29. During these hours, the New York bus stop was made at the southwest corner of Hudson Street and the South Marginal Road. The diversion of these buses allowed the free movement of traffic on the highway and resulted in the elimination of traffic delays at the westerly approach to the bridge.

Since October 10, 1947, the 178th Street Tunnel has been kept open until 1:00 A. M. to accommodate George Washington Bridge traffic moving across town in Manhattan.

### *Bridge and Tunnel Approaches*

During 1947 the increased traffic using our bridges and tunnels emphasized the need for improving the approaches to our facilities. Conferences were held with the Jersey City Planning Board, their consultants and other authorities, to discuss the general traffic problem and its possible relief. Design work was processed for the Holland Tunnel Exit Viaduct in Jersey City, where Fourteenth Street will be elevated to cross the Erie Railroad yard. Foundation plans and specifications were completed. The viaduct will double the capacity of the Twelfth Street elevated connection to the Pulaski Skyway and Hudson Boulevard and eliminate a bottleneck at that point.

The Port Authority continued in 1947 its efforts to help solve the traffic problem at the Manhattan Plaza of the Holland Tunnel by cooperating with the Borough of Manhattan and the City Construction Coordinator's office in

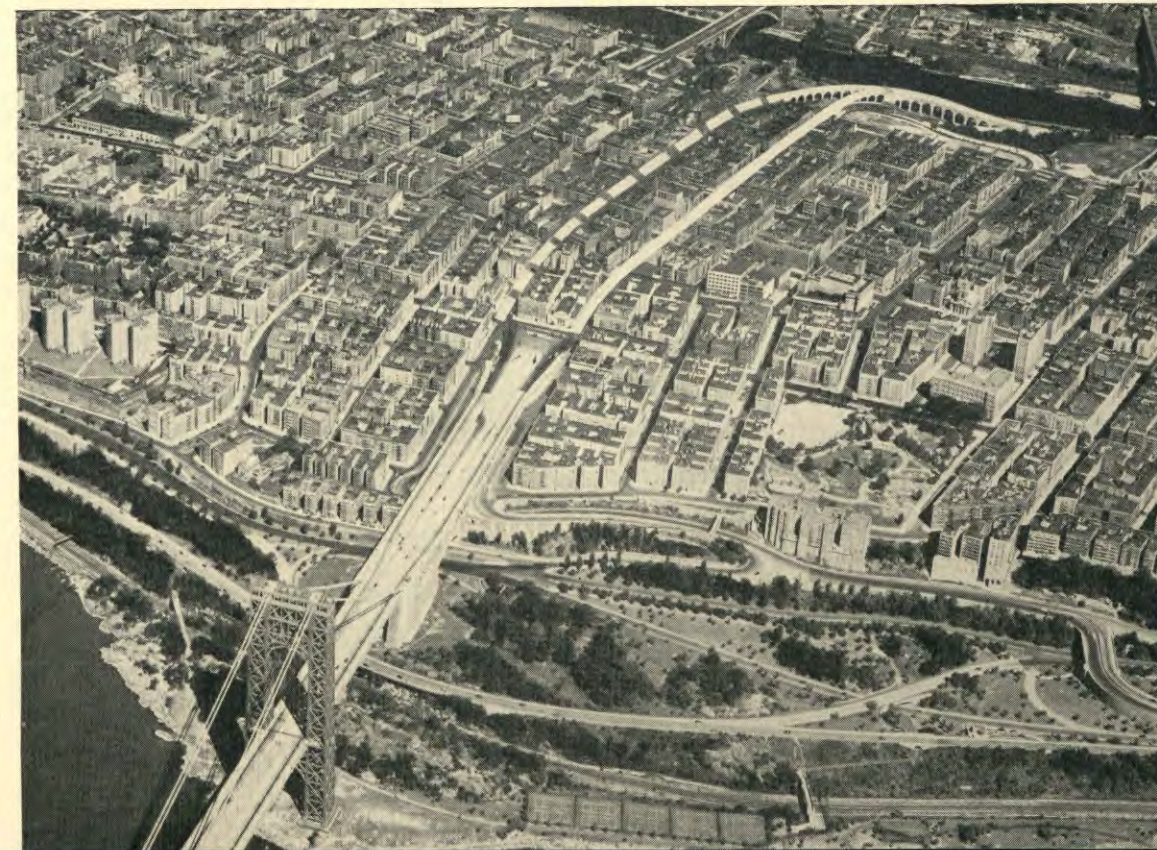
the preparation of the best possible plans for a lower Manhattan Crosstown Expressway.

Our planning staff has participated in a number of conferences with the New York State Department of Public Works and the City Construction Coordinator's office on the plans for Highbridge Park connections between the approaches of our 178th Street and 179th Street tunnels and the proposed Cross-Bronx Expressway. When completed, this artery will furnish a direct route from New England to the George Washington Bridge.

### *Highway Planning*

We kept in close touch with New York and New Jersey highway officials to assure the coordination of state highway development with our bridge and tunnel approaches, and to keep them advised on Port Authority projects.

*Manhattan approach to George Washington Bridge: solid white line indicates present 178th Street Tunnel; dotted line shows proposed 179th Street Tunnel.*



## AIRPORTS

The City of New York and The Port of New York Authority on April 7, 1947 entered into a lease, effective June 1, 1947, under which the Authority agreed to finance, rehabilitate, develop and operate the New York airports. On October 22, 1947 a similar lease was negotiated between the City of Newark and the Port Authority. The Newark lease was to become effective upon the release of certain government-occupied areas early in 1948. Under these leases the Port Authority during the year launched a plan for the comprehensive regional development of air terminals in the metropolitan area of New York and New Jersey, the world's greatest trade and transportation center.

Air terminal facilities, like water, rail and bus transportation in the Port District, require regional development and management.

### *The New York Airports*

Under the terms of the New York City-Port Authority lease, the Authority entered into operation of LaGuardia Airport and proceeded with the development of New York International Airport at Idlewild on June 1, 1947. The lease is to continue until the bonds issued by the Port Authority for city airport purposes are retired. All such bonds are to mature within fifty years from date. The lease calls for a minimum annual rental of \$350,000 a year for the first ten years of the Authority's occupancy of the airports, and a minimum of \$450,000 a year for the remaining forty

years. When the total of the net operating revenues of the city air terminals for all prior years amounts to 5 per cent of the total debt outstanding on the properties at that time, the rent for the following year will be the minimum guaranteed amount, or 75 per cent of the net revenues of the facilities, whichever is greater. All airport properties will revert to the City upon termination of the lease.

Under the Port Authority agreement, we will expend a minimum of \$100,000,000 within seven years for the rehabilitation, expansion, improvement and development of the two great airports. The Port Authority construction program is expected to require an expenditure of \$191,156,000. Runways, terminals and service buildings, utilities, air rights and equipment are estimated to cost \$116,147,000. The estimated cost of constructing hangars, shops, offices, air freight terminals and other operating facilities is \$75,009,000. The latter cost will be supported by airline and other leases on a direct self-sustaining basis.

### *LaGuardia Airport*

Port Authority management was installed at LaGuardia Airport on June 1. Revenues at this facility in the seven months ended December 31, 1947 totaled \$951,032.

Revenues from restaurant and bar concessions and from miscellaneous consumer-type concessions were greater than our estimates in dollar amount. These revenues, of course, do not approach the full potential which can be realized from the present volume of air traffic at the airport, because of the severe physical limitations of the present terminal facilities.

The first seven months of our concession experience at

*Domestic Terminal Building at LaGuardia Airport, showing main entrance at left and ramp approach to main rotunda floor above. During 1947 LaGuardia Airport, busiest commercial air terminal in the world, handled 2,700,000 air passengers, 1,261,549 Observation Deck spectators, and provided employment for more than 10,000 people. Built in 1937-39 with WPA and New York City funds, the airport was opened for operations in December 1939. During 1947 the 19 scheduled airlines at LaGuardia averaged nearly 400 flight movements per day.*



*Watching the planes from the Observation Deck at LaGuardia Airport. Shortly after assuming operation of the terminal, the Port Authority inaugurated a regular week-end public announcement program on the Observation Deck. Visitors are informed of the origin and destination of the planes they are watching, types of aircraft, distances and time of flight and other interesting and educational facts about the airport and air transportation.*

LaGuardia Airport were most encouraging. Of twenty-eight permits, twelve represented new activities at the air terminal. Twelve of the remaining sixteen were renegotiated permits with terms more favorable to airport revenues. The lower rotunda of the Domestic Terminal, for example, was expected to yield \$23,000 in 1948, five times the \$4,500 in aggregate revenues for this space in 1947. Under new leases and permits that were to become effective in June 1948, various restaurants, news and novelty stands would pay about \$75,000 more to the Port Authority, on the basis of the same volume of business, than was collected in 1947 under less favorable leases.

An important example of new revenue development was the establishment of an employees' cafeteria on the ground floor of the west wing of the Domestic Terminal Building. With a fixed rental of \$8,000 a year against 8 per cent of the gross receipts, it was expected that the Authority would realize at least \$5.60 a square foot, with the possibility of increasing this rate to \$10 under the percentage feature of the permit.

Early in 1948 a "Flight Bar" for the sale of light lunches and beverages was to be opened adjacent to the entrance of the International Terminal. This busy facility had not before provided a food concession for the convenience of passengers and visitors. We will receive from this small restaurant a minimum guaranteed rental of \$5,000 a year against 12 per cent of the gross receipts. It is estimated that as long as international flight activities continue at LaGuardia Airport, the rental should amount to about \$15,000 a year.

Spectacular examples of the importance of concessions in airport revenues were the sale of ice cream to spectators

*Mayor William O'Dwyer and Port Authority Chairman Howard S. Cullman sign the fifty-year agreement between the City of New York and the Authority for the financing, improvement and operation of New York airports, April 17, 1947. The agreement was effective at 12:01 A.M., June 1, 1947, at which time the Port Authority assumed responsibility for busy LaGuardia Airport and unfinished New York International Airport at Idlewild.*



on the Observation Deck and in the International Terminal, and the installation of vending machines dispensing soft drinks, candy, gum, nuts and cigarettes. Through development of these businesses, the Port Authority realized about \$10,000 during the 1947 outdoor season. Permanent refreshment booths were to be in operation on the Observation Deck in the spring of 1948.

Over fifty vending machines of ten different types had been installed at strategic locations by the end of the year. Various revenue-producing facilities, such as binocular viewing machines and telephone booths, contributed to the airport revenues. Three-dimensional advertising signs were established in the main rotunda, and with an increased number of these signs, it was estimated that we would ultimately earn \$18,000 from this type of concession. Many additional new services were expected to make their appearance at LaGuardia Airport during 1948 as a result of our efforts in 1947.

Plans were approved in 1947 for a 250-car pay parking area directly south of the International Terminal Building in the center of the roadway.

For the first time the Civil Aeronautics Administration and the United States Weather Bureau will reimburse the airport operator for costs of heat, water, janitor and other services incident to their use of air terminal space.

Improved methods of handling itinerant aircraft at LaGuardia Airport are expected to return substantial revenues through flight fees and patronage of aircraft service companies. It was expected that when international flights were transferred to New York International Airport, the Port Authority would promote vigorously the expansion of

*Signing at Newark City Hall of fifty-year leasehold agreement between the City of Newark and the Port Authority on Newark Airport and Port Newark. Seated, left to right: John S. Cooke, Associate Regional Director, War Assets Administration; Mayor Vincent J. Murphy of Newark; Vice Chairman Joseph M. Byrne, Jr., The Port of New York Authority. Standing, left to right: Harry Milnes, Deputy Regional Director for Real Property Disposal, War Assets Administration; Austin J. Tobin, Executive Director, Port Authority.*



itinerant business at LaGuardia, particularly corporation and executive aircraft.

### *Observation Deck Revenues*

An important revenue-producing facility was greatly improved, with higher revenues as a result, when the Port Authority installed a public announcement system on the Observation Deck. Interest in the "play-by-play" description of airport activities was responsible for greatly increased paid attendance on week ends and holidays. At the Domestic and International Terminals 917,666 spectators paid \$91,767 admission fees from June through December 1947, as compared with 790,958 spectators who paid \$85,714 from June through December 1946, an increase of 126,708 spectators. It should be noted that the Port Authority charged a ten-cent admission to the Observation Deck at all times, while previously the City had charged twelve cents on Saturdays, Sundays and holidays.

### *Automobile Parking Revenues*

During the seven months ended December 31, 1947 revenues from 200,826 cars parked at the airport amounted to \$58,880. In the same period in 1946, 39,286 cars paid parking fees totaling \$9,822. This was an increase of 161,540 cars, or 411 per cent. Revenues increased \$49,058, or about 500 per cent.

### *Air Traffic*

Total plane movements at LaGuardia Airport dropped from 119,518 from June through December 1946 to 104,699 from June through December 1947. This was a reduction of 13,819, or 12 per cent. Plane movements by military and governmental aircraft dropped more than two-thirds; those by itinerant aircraft dropped about one-third; and those by scheduled air carriers about 5 per cent. In large measure, the reduction in plane movements by scheduled carriers resulted from the use of larger equipment and the transfer of a substantial number of schedules to Newark Airport on November 1. This transfer was in line with the air traffic dispersal program to reduce the congestion in the air and on the ground at LaGuardia. Air traffic figures were as follows:

<i>Type of Carrier</i>	<i>Plane Movements</i>	
	<i>June-Dec. 1947</i>	<i>June-Dec. 1946</i>
Scheduled Carriers .....	86,937	90,242
Itinerant Aircraft .....	17,191	26,132
Military and Governmental Aircraft	571	2,144
<b>Total</b> .....	<b>104,699</b>	<b>118,518</b>

Passenger traffic at the airport in the seven months' period was practically unchanged from the comparable period in 1946, with a total of 1,741,537 in 1947, as compared with 1,746,754 in 1946. A 5 per cent drop in domestic passengers, attributable in large measure to a series of air transport accidents and the transfer of a number of schedules to Newark, was almost entirely overcome by a 57 per cent increase in overseas passengers during the period. Passenger traffic was as follows:

<i>Type of Passenger</i>	<i>Number of Passengers</i>	
	<i>June-Dec. 1947</i>	<i>June-Dec. 1946</i>
Domestic .....	1,516,670	1,603,518
Overseas .....	224,867	143,236
Total .....	1,741,537	1,746,754

Mail, express and freight handled at LaGuardia Airport in the seven months' period totaled almost 28,000 tons. No data are available for the comparable period in 1946. There was a steady upward trend in express and freight traffic, which was particularly marked in the movement of freight by air. This was true in both overseas and domestic operations. Air freight carried domestically by the scheduled carriers now exceeds air express. The trend of air freight moved by overseas carriers indicates that this traffic may soon exceed

*Snow removal during the Great Blizzard of December 26, 1947. Below, a Sno-Go capable of throwing snow more than 100 feet to the side, cuts a first swath along one of the LaGuardia Airport taxiways. Technique of runway and taxiway clearance utilized high speed blade plows in echelon formation to clear the wide runways, followed by rotary snow throwers to disperse the high windrows. Along loading ramp areas snow was mechanically loaded into trucks and carted away, as shown on next page.*



*Snow-eaters loading moving trucks with snow on the ramp area during the Big Snow of 1947.*

FIVE HOURS after the snow had stopped falling on December 27, 1947 Port Authority employees working around the clock had a runway into the wind cleared for aircraft take-off and arrivals. While New Yorkers were still digging out from under during the next several days, LaGuardia Airport was open for operations. The first arrival after the snow-storm of December 27 was a plane carrying Mayor William O'Dwyer, who cancelled a visit to the West to return to his beleaguered city.

Following the Big Snow of December, Port Authority snow removal crews had to cope with many additional storms through the winter of 1947-48. At no time was the facility closed because of snow on the airport.

express. Figures for the seven months ended December 31, 1947 are as follows:

<i>Type of Cargo (Pounds)</i>	<i>June-December 1947</i>		
	<i>Domestic</i>	<i>Overseas</i>	<i>Total</i>
Mail .....	9,852,622	3,710,573	13,563,195
Express .....	14,460,434	4,566,703	19,027,137
Freight .....	20,718,427	2,383,815	23,102,242
Total .....	45,031,483	10,661,091	55,692,574

### *Improvement Program*

In the first seven months of Port Authority occupancy of LaGuardia Airport, considerable progress was made in improving and rehabilitating existing facilities, and in providing new ones. A great step forward in the rehabilitation of the field was accomplished with the successful conclusion of a test method of achieving rapid subsoil stabilization in the easterly sector of the airport. This sector, which is sometimes completely submerged by tidal waters from Flushing Bay and Long Island Sound, will, in the near future, be protected by a perimeter dike. This protection against the tides will enable the Authority to maintain in operation, during its rehabilitation, this airfield so vitally necessary to air transportation in the metropolitan area.

Part of the foundations of the dike may be stabilized by sand drains which have proved to be effective in consolidating the substrata within the test sections of the airfield. Under this program the natural course of subsidence will be permitted to continue for the present over the general areas of the field. Sand drain installations will not be generally applied, but the dike will be raised gradually and strengthened

as required. Pumps will be installed to remove water and seepage.

In the meantime, alternate test methods were being tried at the airport. Borings in Bowery Bay were completed. About twenty-nine acres of land on the westerly shore of this bay were acquired at a cost of \$225,000 to permit the full development of the airport. The ultimate stabilization and improvement program will be determined and put into effect sometime after New York International Airport is available to relieve the traffic load at LaGuardia.

Among the improvements being installed at LaGuardia Airport is a new high-intensity lighting system for the instrument runway. Two new approach obstruction lights are also being provided for this runway.

A major portion of the vehicular traffic at LaGuardia Airport uses the 85th Street Bridge across Grand Central Parkway, and creates a hazard to safety of vehicles, pedestrians and aircraft at the approach end of the instrument runway. The increasing size of aircraft using this runway under all weather conditions intensifies the possibility of collision with surface traffic. To remedy this situation, the bridge will be closed, a new International Terminal entrance road will be built west of the runway approach zone, and all vehicular traffic will be re-routed to the new road. Following the accident on a take-off from Runway 18-36 at LaGuardia Airport on May 29, 1947, the Port Authority, in the interest of public safety, closed the runway to four-engine aircraft carrying passengers or cargo, pending the outcome of the official investigation of the accident. The runway is now permanently closed and will be used in the future for aircraft parking.

Wind cones are being installed near the take-off points adjacent to the runways as an added safety factor. The wind tee on the landing area was rehabilitated. Center lines of all runways and taxiways were painted and the runways have been numbered and marked to indicate lengths in accordance with CAA specifications. Numerous repairs have been made to improve the operation and safety of the field. Since June 1947, seventy-six pieces of airport operating and maintenance equipment and forty-two radio transmitting and receiving sets have been purchased at a cost of about \$600,000. Of this amount \$100,000 was spent for snow-fighting equipment for use at the airport.

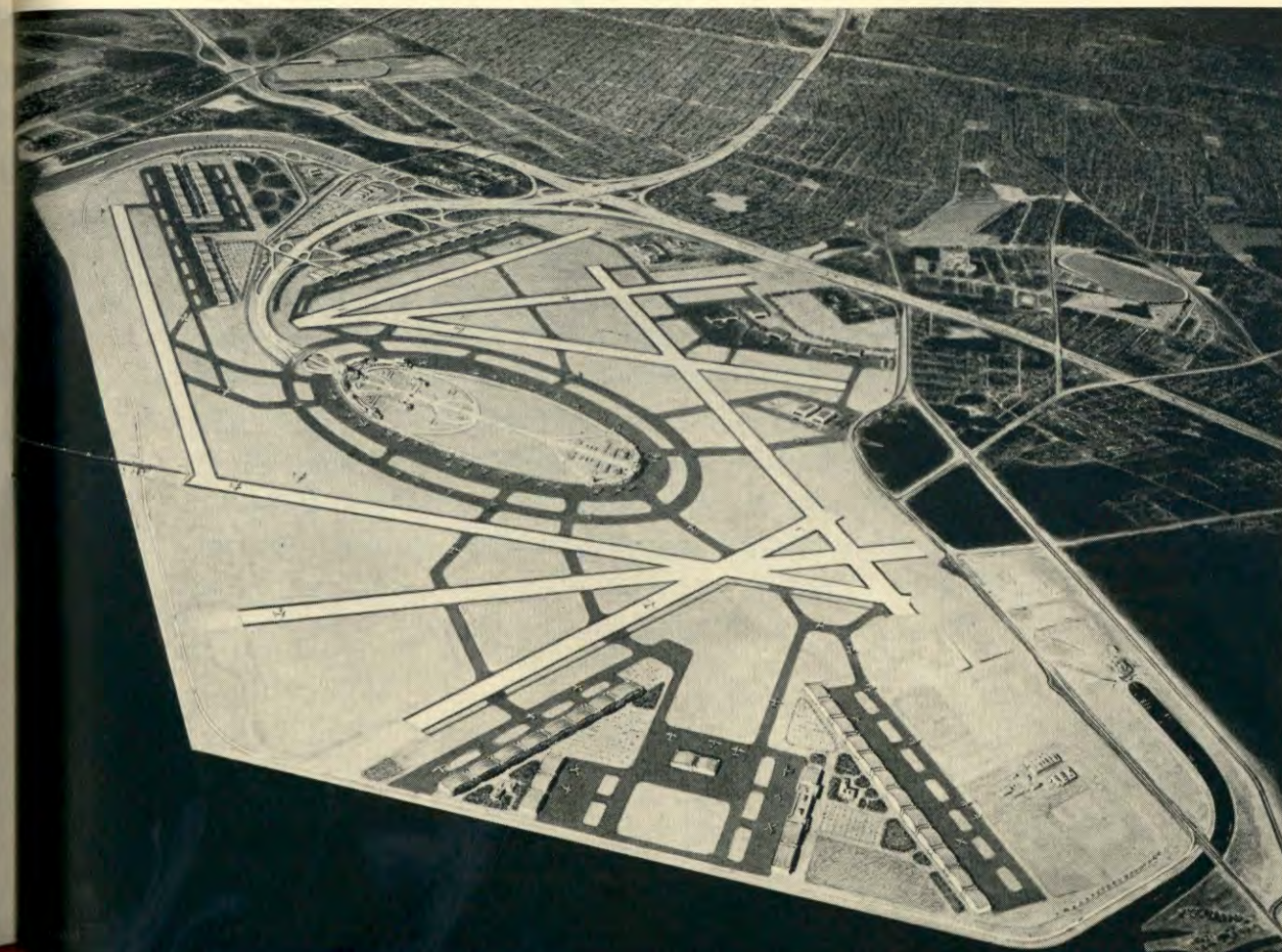
### *New York International Airport*

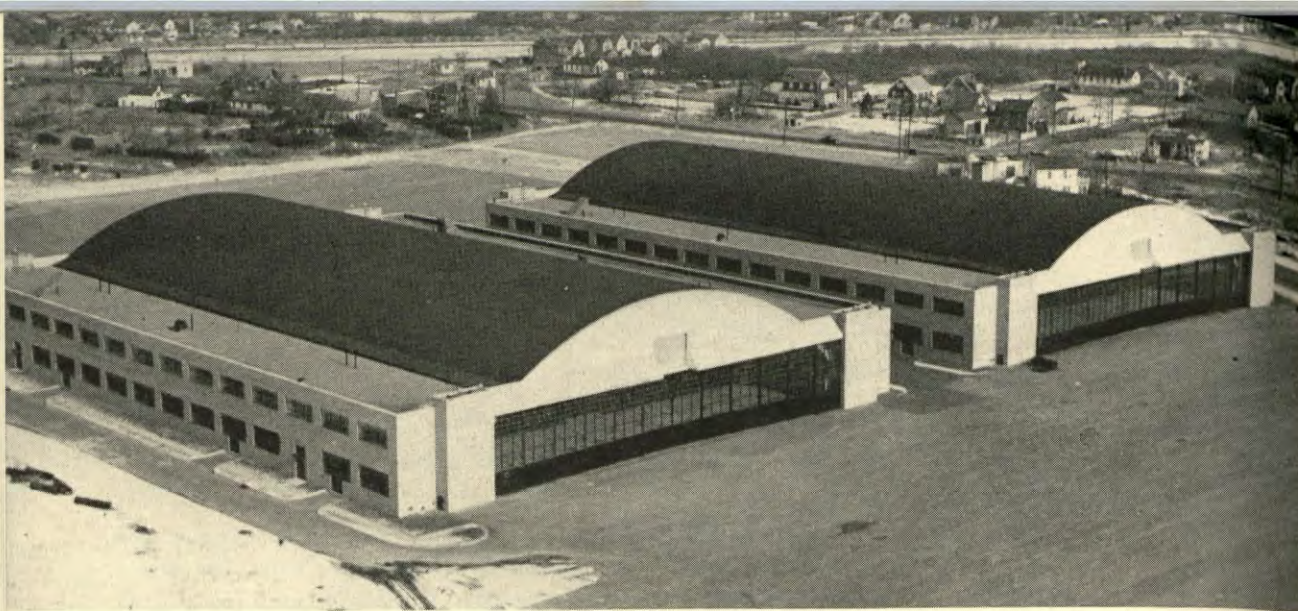
The Port Authority on June 1, 1947 assumed responsibility for the development and operation of New York International Airport at Idlewild in Queens. We proceeded immediately toward completion of the construction program initiated by the City of New York. This program involved contracts covering heavy in-the-ground construction, such as drainage, hydraulic fill, basic services, runways and electrical installations. Altogether, the City of New York had invested about \$60,000,000 in this type of construction.

At the time we undertook to go forward with the development of this great airport there were available two hangars and six runways. These runways range from 6,000 feet to 8,200 feet in length; they are 200 feet wide and have 50-foot asphalt shoulders.

During the initial months of our occupancy of this 4,900-acre air terminal property, the largest commercial airport in

*An artist's conception of how New York International Airport may look in the future from the air. Following transfer of the unfinished airport to the Port Authority, construction was pushed to assure a July 1, 1948 opening. New York International Airport, one-third the size of Manhattan, is nine times the size of LaGuardia, covers 4,900 acres. The central oval terminal area alone is approximately the size of all of LaGuardia Airport, or 500 acres. At the end of 1947 six great runways were completed. Investment by the City of New York in subsurface utility and other installations is \$60,000,000. Utilities include 25 miles of water mains, nearly 400 miles of electrical conduit and 70 miles of storm sewers, portions of which compare in size with New York subways.*





*The only permanent structures completed at New York International Airport at the time of its transfer were these two City-built hangars, each 200 by 300 feet.*

the world, we completed a 3,500-foot extension to Runway D, thus providing a runway system which includes three runways more than 8,000 feet long. In addition, we completed borings and received bids for the placing of fill and for incidental work in connection with the new instrument runway, Runway V, for Port Authority hangars and peripheral taxiways. We also completed borings for the account of Pan American Airlines on their hangar site.

Plans were completed for the provision of initial terminal accommodations by means of Quonset hut extensions to the existing small temporary terminal built by the City of New York.

We proceeded immediately with the planting of beach grass to hold down the blowing sand at the airport. In close cooperation with the airlines, engineers' plans were developed for standard hangars that, with minor modifications, can be used throughout the airport by all airline tenants. Plans and specifications were completed for the extension of the Thurston Sewer.

Plans were also developed for two great new hangars to



*The present terminal building at Newark Airport which the Port Authority will replace with a great terminal structure.*

be constructed by the Port Authority. Each of these hangars will be capable of housing two Stratocruisers and three Constellations. They will be 300 feet wide and 225 feet deep and will be furnished with lean-tos. Completion of these new structures is expected by late 1949.

The jurisdictional dispute over laying of telephone cables at the airport, which commenced in June 1945, was settled late in August 1947. Local No. 3, International Brotherhood of Electrical Workers, and United Telephone Organizations were the unions involved in the dispute. The Commissioners of the Port Authority deeply appreciate the efforts of Mayor William O'Dwyer, to whom all credit should go for resolving what for some time appeared to be an insurmountable airport problem.

New York International Airport when complete will cost about \$200,000,000. Twenty-eight thousand people, with an annual payroll of over \$60,000,000, will be employed at the airport by airlines, concessionaires and others by 1960. It is estimated that over 10,600,000 airline passengers will pass through the airport gates each year and over 5,300,000 visitors

will come to the great air terminal annually. The airport will have a capacity of 1,000 plane arrivals and departures a day.

New York International Airport will be the world's greatest air terminal. Air passengers will be furnished with every convenience and comfort that travelers in the air age deserve. There will be great restaurants for luxurious dining as well as many family-type restaurants and luncheon counters. Shops and services of all kinds will meet the needs of travelers and airport visitors. A small, modern hotel will furnish a greatly needed accommodation for international air passengers as well as airline employees. There will be many recreational facilities.

### *Newark Airport*

The October 22, 1947 leasehold agreement under which the Port Authority will develop and operate Newark Airport provides for us to assume our responsibilities at the airport and Port Newark thirty days after the City of Newark obtains from the Federal Government the surrender of the existing lease of these properties to the Government.

The airport was leased to the Federal Government in 1942 for war purposes for a term to run six months after the declaration of the end of the national emergency. At the end of 1947 such a declaration had not yet been made, and the City of Newark was operating the airport under an amendment to the Federal lease. Representatives of the City and the Authority were conferring with the Federal Government to effect cancellation of the Government lease.

At the end of the year the New York Regional Office of the War Assets Administration was completing a report recommending the cancellation of the Government lease, and

our occupancy of Newark Airport by March 1948 seemed assured.\*

Newark Airport, when rebuilt, will not only be a great modern air terminal, but one of the most important of Northern New Jersey's shipping and recreational centers.

### *Floyd Bennett Airport*

The Port Authority in 1947 attempted to complete negotiations with the Navy Department which were initiated by the City of New York in the fall of 1946 for the use of Floyd Bennett Field for civil aircraft, so that it might relieve the dangerous air and ground congestion at LaGuardia Airport.

Our efforts failed when it became apparent that we could not afford to expend what we considered to be an exorbitant amount of money on construction and other work at the airport in connection with the removal of Navy activities to the southern portion of Floyd Bennett Field.

Original Navy estimates of the cost of consolidating its activities at the field were about \$372,000. As negotiations between the Port Authority and the Navy proceeded, the Navy added new and expensive items which finally, according to Port Authority engineers and contractors, raised the fixed capital obligation to about \$1,200,000. In addition, there was an "open end" obligation above that figure for "miscellaneous work required."

The Port Authority was willing to maintain the airport at an estimated annual cost of \$300,000 and to allocate \$750,000 for the work required on behalf of the Navy at the field. On this basis we would have carried an estimated annual loss of \$125,000.

\*The Port Authority lease at Newark Airport became effective on March 22, 1948.

## MARINE TERMINALS

The year 1947 marked the Port Authority's second year of actual operation of piers in the New York-New Jersey harbor. The Columbia Street Pier at Gowanus Bay, Brooklyn, a part of the Port Authority Grain Terminal, berthed fifty-eight ships for a total of 408 ship days during the year. Our lease on Port Newark was signed on October 22 and it was expected that we would undertake operation of this major marine facility early in 1948.

The Port Authority on September 15 presented to the Commissioners of the City of Hoboken a proposal for the Authority's leasing, financing, rehabilitation, construction and operation of the Hoboken piers owned and operated by the Federal Government. The Mayor of the City of New York on October 20 requested that we undertake a survey of the municipally-owned piers and other waterfront facilities on the New York side of the harbor with a view to modernizing and operating them.

### *Grain Terminal and Columbia Street Pier*

During 1947 operating revenues of the Port Authority Grain Terminal and Columbia Street Pier on Gowanus Bay in Brooklyn totaled \$306,175, as compared with \$217,265 in 1946, an increase of \$88,910. The State of New York on May 1, 1944, transferred the Grain Terminal property to the Port Authority. A 1,800,000-bushel elevator with pier and other facilities, it was neglected and badly in need of rehabilitation. The Port Authority has completely rehabilitated

and modernized the entire property into one of the harbor's most useful marine and grain terminals.

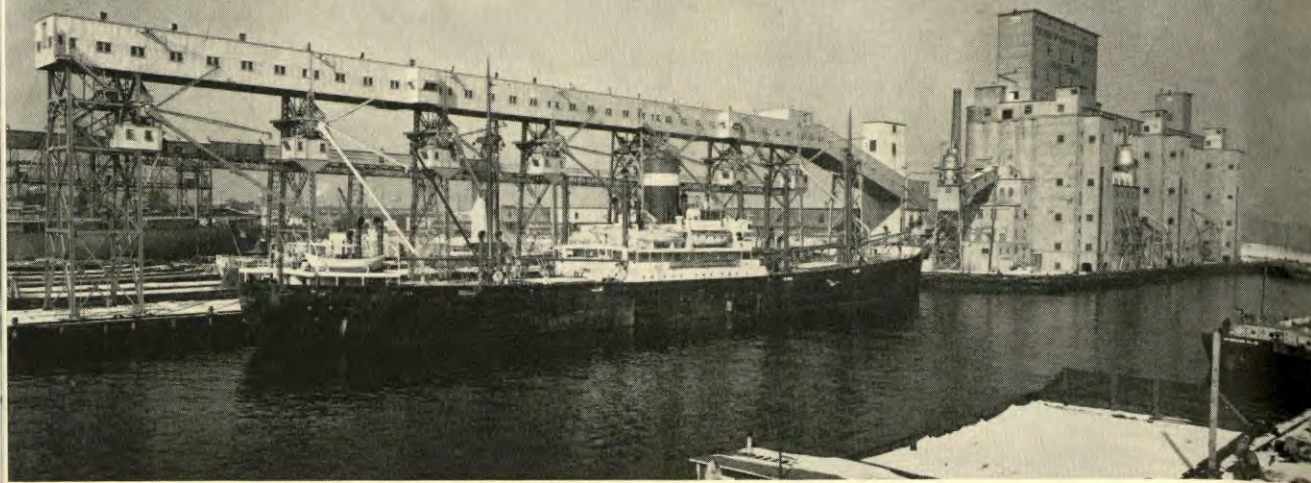
The State advanced \$1,150,000 as a rehabilitation and initial operating fund to be repaid out of earnings of the terminal at the rate of \$65,000 a year, including interest at 2 per cent. We were to pay to the State \$50,000 a year, if earned, for ten years after the rehabilitation fund had been liquidated. The Port Authority, however, has since paid to the State of New York all financial obligations under the terms of the transfer of the property.

### *The Grain Elevator*

About 1,750,000 bushels of relief grain for Europe were stored in our elevator, almost all of it during the month of November. Most grain shipped overseas moved directly to shipside, and under government regulation, was routed through Baltimore and Philadelphia because of the lower export rates.

The Mayor of the City of New York in February joined the Port Authority in urging government officials to route more government grain through the Port of New York. We complained to the Interstate Commerce Commission against the rate differential favoring the shipment of grain through Baltimore and Philadelphia as against New York. The New York Produce Exchange, railroads and others joined us in this complaint.

We met with the Trunk Line Association in connection with the extension of the application of the export rate on grain moving through our elevators for shipment overseas. We urged that this export rate be made permanent and we urged also the elimination of the present cumbersome



*View of the Port Authority Grain Terminal on Gowanus Bay, Brooklyn, with newly constructed grain gallery. Most modern facility of its kind in the New Jersey-New York Port District, the Grain Terminal with its new loading gallery will help to expedite the movement of grain through the Port of New York to overseas destinations.*

requirement for the payment of the domestic rate on such grain followed by a refund on proof of exportation.

During the year the shipping gallery was completed on our 550-foot grain pier, permitting direct loading of export grain to ocean-going vessels. The use of this gallery eliminates the competitive disadvantage formerly suffered by the elevator because of lack of such direct loading facilities. The lighterage allowance of one cent a bushel made to grain shippers on outbound grain from the elevator to shipside was cancelled with the opening of the gallery. At the same time, the storage and handling rates at our elevator were increased to equal those in effect at harbor railroad elevators. Our gallery is the only facility of its kind at present operating in the New York harbor.

The grain pier provided valuable tie-up space for twenty ships berthed for a total of 338 ship days during the construction of the gallery.

### *The Columbia Street Pier*

During 1947 permits for use of the east side of the Columbia Street Pier during the periods January 16 to April 30,

May 1 to October 31 and November 1 to April 30, 1948 were granted to the Isthmian Line. The Fern Line was given permits for the use of the west side of the pier for the period May 1 to October 31 and November 1 to April 30, 1948. A new type of permit, used for the first time in the Port of New York, gave to these steamship companies preferential but non-exclusive use of the pier to berth ships. The Port Authority reserved the right, however, to place ships from other lines in any berth not scheduled for use by the permittee for a fourteen-day period.

This type of pier usage has proved most satisfactory. It has developed a flexible use of the facility not possible under the usual lease form. In addition, it has encouraged the permittees to schedule ships in their berths as regularly as possible. A fine cooperative system of usage of the pier has developed between the two steamship companies.



*New loading gallery in operation at Grain Elevator delivering a full cargo of Government-owned wheat to the SS Pierre de Saurel. Previous to the installation of this gallery, grain from the elevator required delivery to ocean vessel by lighters and transfer by floating elevators. The new gallery eliminates the need for the lighterage service and results in an average saving to the shipper of 1 3/4 cents per bushel.*

Vessels at the pier loaded and discharged 302,000 tons of cargo during the year.

### *Port Newark*

A fifty-year lease between the City of Newark and the Port Authority was signed on October 22, 1947, under the terms of which the Port Authority will finance, develop, rehabilitate and operate Port Newark as a modern marine terminal. The lease was expected to become effective early in 1948.\* In the meantime, the Port Authority kept in close touch with all maintenance and operation phases of the seaport. Dredging of the channel, for which we will reimburse the City, was partially completed during the year. We aided the City in its negotiations with the Federal Government for the transfer of Army properties back to Newark ownership.

### *The Battle of Newark Bay*

Arrangements were made by the City of Newark and the United States Navy in the fall of 1946 to permit the Lipsett Company to transfer the *Normandie* from the Columbia Street Pier in Brooklyn to the Navy property at Port Newark for scrapping. The Lipsett Company in July attempted to obtain a one-year extension of its lease for additional scrapping operations. The Port Authority opposed such an extension and was informed by the Navy Department that no such extension would be granted without prior consultation with the Authority.

We learned in November that the Navy had given the Lipsett Company a five-year extension of the lease in disregard of the prior agreement. The Lipsett scrapping

\* The Port Authority lease at Port Newark became effective on March 22, 1948.

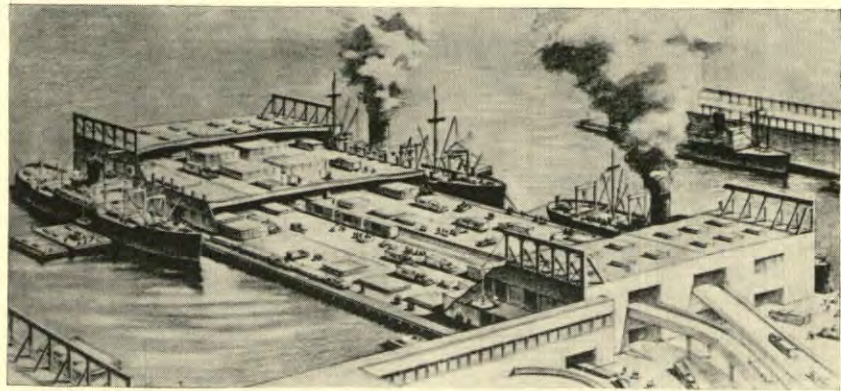
program included the dismantling of over fifty obsolete naval vessels, including three battleships. The first of these great ships, the *New Mexico*, was headed for Port Newark when the City blockaded the channel with two small fireboats.

The resulting nationwide press and radio coverage of the "Battle of Newark Bay" brought the situation dramatically to the attention of top Navy officials. Mayor Vincent J. Murphy called on the President of the United States at the White House and urged his cooperation in bringing about a truce between the Navy and the Lipsett Company on one side and the City of Newark and the Port Authority on the other. The President took his stand on the side of the City and the Authority, and after considerable negotiation, the Navy reduced the Lipsett Company's permit from five years to nine months. The company was to vacate the disputed property not later than September 1, 1948. After that date, a charge of \$1,000 a day would be assessed for its occupancy.

At the same time, the Port Authority obtained from the Navy Department a ten-year lease for use by the Authority of a portion of the Navy properties at Port Newark (formerly operated by Federal Shipbuilding & Dry Dock Co.) at a rental of \$20,000 a year. We have an option to renew the lease for five additional years on the basis of indicated earnings during the original lease. The Port Authority undertook to maintain the property at an estimated annual cost of \$131,000, and to furnish capital improvements totaling about \$377,000.

### *Hoboken Pier Proposal*

The Port Authority on September 15 presented to the Commissioners of the City of Hoboken a \$17,000,000 proposal for the Authority's leasing, financing, rehabilitation,



*Cutaway view showing modern and efficient operating detail of new \$13,000,000 Pier 4 proposed for Hoboken under Port Authority plan.*

construction and operation of the Hoboken piers owned and operated by the Federal Government. The terms of a fifty-year lease would call for a 75-25 division of the net revenues between the City of Hoboken and the Port Authority.

The Port Authority proposal followed a request by the City of Hoboken on December 3, 1946 that we undertake a study of the Government piers to determine whether it would be possible for us to submit such an offer.

Under the Hoboken improvement program, the Port Authority would construct a new Pier 4 at a cost of \$13,000,000, to replace three piers destroyed by fire. Pier 4 was destroyed in 1944, and Piers 5 and 6 in 1921. The Authority would also rehabilitate and modernize Piers 1, 2 and 3 at a cost of \$4,000,000.

The new Pier 4, a 950-foot-long by 330-foot-wide double-deck structure, would provide the New York harbor with its most efficient and modern pier and one of its largest waterfront terminals. There would be berths for two modern cargo ships on each side of the pier with a 200-foot-wide

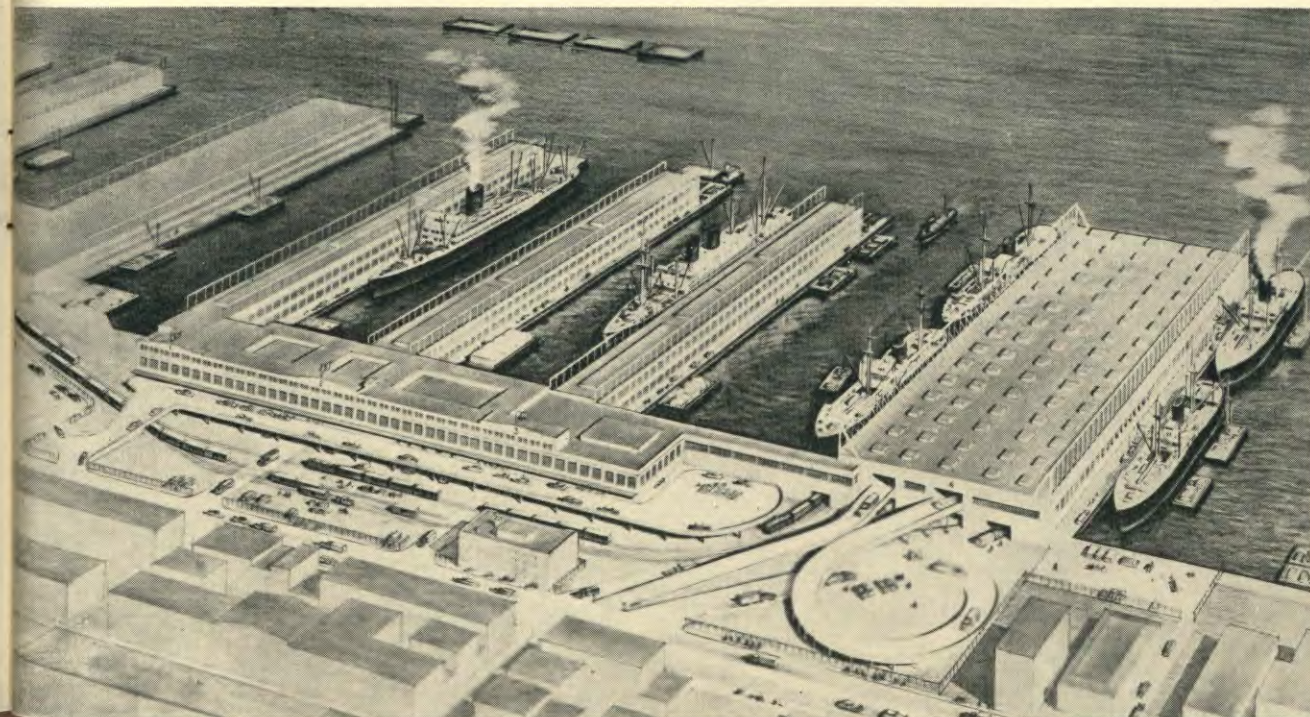
berth on each side. Both the upper and lower levels of Pier 4 would be accessible to road vehicles.

Three depressed railroad tracks for loading and unloading rail cars at door level, and a unique one-way 25-foot-wide U-shaped truck boulevard on the upper level as well as the lower floor would be among the important facilities of the great new pier. Truck loading spaces and cross aisles would eliminate wasteful waiting in line that has characterized wartime and postwar conditions at piers in the New Jersey-New York harbor. One hundred and twenty trucks could be loaded or unloaded at one time on the two levels. All truck loading and unloading would be handled inside the new pier.

A broad roadway ingeniously designed to permit trucks for the second level to move to the right of a two-lane 4½ per cent ramp, would be an important feature.

Included in the important modern equipment would be fourteen electric hoists, each of three-ton capacity. Some

*The great new proposed double-deck Pier 4, right, with truck ramp to upper level, and rehabilitated Piers 1, 2 and 3 with new vehicular ramp to second levels, as they would appear under the Port Authority's \$17,000,000 Hoboken Proposal.*



of these hoists would provide quick and efficient transfer of freight between floors through hatches. Others would extend on hinge beams to serve barges and vessels alongside. Additional mechanical equipment would improve service.

The Authority's rehabilitation program for Piers 1, 2 and 3 would include a \$1,000,000 three-lane ramp to extend from Fourth Street along the entire inshore face of the second level of the head-house. This ramp would provide vehicular access to the passenger levels of the piers without interference by rail switching operations, truck loading and unloading. It would also assure ample service for passengers, visitors and baggage.

### *New York City Survey*

Immediately upon receipt of a request from Mayor O'Dwyer on October 20, 1947 for a Port Authority survey of the municipally-owned waterfront facilities and piers of New York City, the Port Authority Commissioners appropriated \$200,000 for such a study. The work was undertaken without delay, and a proposal for the Authority's financing, development, rehabilitation and operation of the marine terminals was to be presented to the Mayor and the Board of Estimate early in 1948.

It was fortunate that for the study we had available our own staff, with its experience in port problems, as well as the services of outstanding consultants in various fields related to port development. We also had available, as a result of our twenty-six years of public work in the development and protection of the Port of New York, data which have proved invaluable to us in our study.

In his letter of October 20, the Mayor wrote:

"The City is now faced with making capital improvements for hospitals, schools and its transit facilities, which will tax its present power to raise funds. These projects must be undertaken immediately and require capital outlays to such an extent that it is impossible at this time also to find capital funds to make the improvements needed along the waterfront."

The Port Authority on October 23, in its reply to the Mayor, stated:

"Your Honor's request for a Port Authority study of the financing and development of New York City's waterfront facilities, together with the Newark and Hoboken developments on the Jersey shore, opens the door for development and operation of the marine terminals of the Port of New York on a truly regional basis. This, your Honor, was the hope and concept of Alfred E. Smith, who led the campaign in New York for the organization of the Port Authority. As one of its first Commissioners, he described the Port Authority as a 'thoroughly modern method of financing public improvements.' And in our own day, New York's continued confidence is reflected in Governor Dewey's statement that ' \* \* \* New York and New Jersey can depend upon their agency for a continuation of the forward-looking program of regional development which was entrusted to them by the States twenty-five years ago.' "

The Port Authority survey has taken into consideration the need for the development of the waterfront on a

comprehensive-use plan of the New York and New Jersey sides of the harbor.\*

### *New Jersey Waterfront Resurvey*

Governor Alfred E. Driscoll of New Jersey on November 5 requested the Port Authority to resurvey the New Jersey section of the Port of New York District to ascertain the possibilities for potential waterfront improvements. The Port Authority Commissioners on November 13 authorized the study. We engaged consultants on pier design, layout, railroad operation and other phases of the survey to augment the Port Authority staff. It was expected that a report on the resurvey would be presented to the Governor early in 1948.

The metropolitan district of New York and New Jersey is one commercial and economic unit. Any plan for the development of the New York harbor naturally must take into consideration the obvious fact that the New York and New Jersey sides of the Port of New York must be developed on a non-competitive basis.

\* A proposal for the leasing, financing, construction, rehabilitation and operation of the New York City-owned piers and other waterfront facilities by The Port of New York Authority was presented to Mayor O'Dwyer on February 19, 1948 and made public on February 24, 1948. The Port Authority proposal includes in a \$114,000,000 port development and improvement program the construction in downtown Manhattan of the world's largest Union Produce Terminal, a plan for traffic relief in the waterfront and market areas, the building of four large union railroad carfloat stations, the construction of six new steamship piers, the modernization of fourteen existing piers, and the rehabilitation of fifty-six additional piers and wharves.

It is estimated that over a forty-one-year period (the term of the Port Authority bond issues for New York City pier purposes) the City would receive from the Port Authority rent totaling about \$208,000,000. The Port Authority estimates that there would be an average annual net revenue of \$6,555,000 from the City's pier facilities over forty-one years. During the first twelve years of the lease, until 1960, all of the net revenues over and above the Port Authority's debt service and statutory reserve of 10 per cent on pier bonds, would be paid to the City. After 1960, by which time it is estimated that the Port Authority would have invested \$114,000,000 in reconstruction of the municipal piers, the City would receive 75 per cent of the net revenues. It is estimated that the average annual rental payments to the City would amount to \$5,072,000.

Under the terms of a fifty-year lease, the Port Authority would guarantee to pay the City \$22,782,718 to cover the amortization and interest on the debt-limit-free City Dock Bonds maturing in 1960. The port development and improvement program would be financed through the sale of Port Authority Revenue Bonds.

## RAIL, TRUCK AND BUS TERMINALS

### *Union Railroad Freight Terminal*

Our Union Railroad Freight Terminal, located in the Port Authority Building, handled 305,700 tons of freight and express in 1947, as compared with 385,500 tons in the previous year, a decrease of about 21 per cent. About 111,700 tons of less-than-carload freight were moved for shippers throughout the Port District by way of the nine trunkline railroads which are the tenant-operators of the terminal. This freight included 25,600 tons moved through the Port Authority Building for tenants.

As in previous years, we kept in close touch with railroads and shippers and receivers of freight to urge greater use of the terminal for the handling of l.c.l. rail freight. In accordance with suggestions made by the Authority in 1946, the New York, New Haven and Hartford Railroad amended its tariff of waybilling instructions so that certain zones in Manhattan were allocated to the Port Authority terminal. This was the first such tariff revision by a railroad and was an important move toward the increased use of the station for the routing of railway freight.

Following the abandonment of Pier 38, East River, by the New Haven Railroad, l.c.l. freight moving to Manhattan over that road was routed through our terminal. This was the first move by any railroad to achieve the full benefit of the terminal through the ending of its operations at an individual pier station. We urged other railroads to make effective use of the terminal for routing of l.c.l. import-

export freight. At the end of the year there were some signs that test uses might be made by a single railroad with the special permission of other roads.

The railroads using the terminal pay the Port Authority 10 cents per ton of freight handled, the charge established when the station was first opened. The terminal is supported for the most part by rentals from the upper fourteen stories of the Port Authority Building. This \$16,500,000 structure, covering the entire block from Fifteenth to Sixteenth Streets and from Eighth to Ninth Avenues in Manhattan, was completed in October 1932.

For the fifth consecutive year, the Port Authority Building was 100 per cent occupied, with rentals for 1947 totaling \$1,400,000 as compared with \$1,386,000 for 1946. There was a continued heavy demand for space in the building, particularly by business and light manufacturing firms that required the special conveniences of the three-acre floors and high-speed package freight and truck elevators. These elevators have direct access to the freight terminal facilities.

The Port Authority pays the City of New York \$60,064 a year to save the City harmless from tax loss under an agreement based on legislation recommended by the Port Authority in 1931. The legislation permits the payment of the full amount of taxes received by the City from the land and improvements on the terminal site before it was acquired by the Port Authority.

### *New York Union Motor Truck Terminal*

During 1947 we did everything possible to expedite the construction of New York City's first Union Motor Truck Terminal. The truck freight station will occupy the three

city blocks between Spring and West Houston, and Greenwich and Washington Streets, near the Holland Tunnel.

Foundations for the terminal, which were delayed because of the unavailability of material, were started in April and were completed during the year. The relocation of utilities in streets within the terminal area was still in progress, and drainage structures, foundation walls and floor slabs were being installed at the end of the year. Steel for the structure was to be received in the early part of 1948.

The continued increase in the use of over-the-road carriers for the movement of merchandise freight into and out of the Port of New York makes the early completion of the union station more urgent than ever. The new freight station will reduce street traffic congestion in the business area of Manhattan as well as along the waterfront. It will also reduce trucking and terminal costs for over-the-road and local truckmen. Consolidation of loads from over-the-road carriers for delivery by local zone vehicles or the consignee's own equipment, will benefit business and labor in the Port District; it will help to hold down truck freight rates in this area resulting from high terminal costs.

*Sketch of the \$9,000,000 New York Union Motor Truck Terminal under construction near the Holland Tunnel. This three-block-long "post office" for truck freight will reduce traffic congestion on Manhattan streets and along the waterfront.*



The new Port Authority freight terminal will furnish 144 off-the-street truck bays around a freight platform 800 feet long and 80 feet wide. An overhead chain conveyor will hold the rehandling of freight to about 15 per cent, increasing by 25 per cent the efficiency of this terminal over any existing motor truck station. Road haul efficiency will be increased 20 per cent by prompt turn-around of long-haul trucks. The terminal will have a daily capacity of about 2,000 tons of merchandise freight.

A Bell helicopter made the first merchandise delivery of air freight from LaGuardia Airport to the Port Authority motor truck terminal site on January 10, 1947. The helicopter delivered a package from France addressed to a New York department store. At the terminal site, it picked up two additional department store packages for delivery to Newark Airport, and thence by air to California.

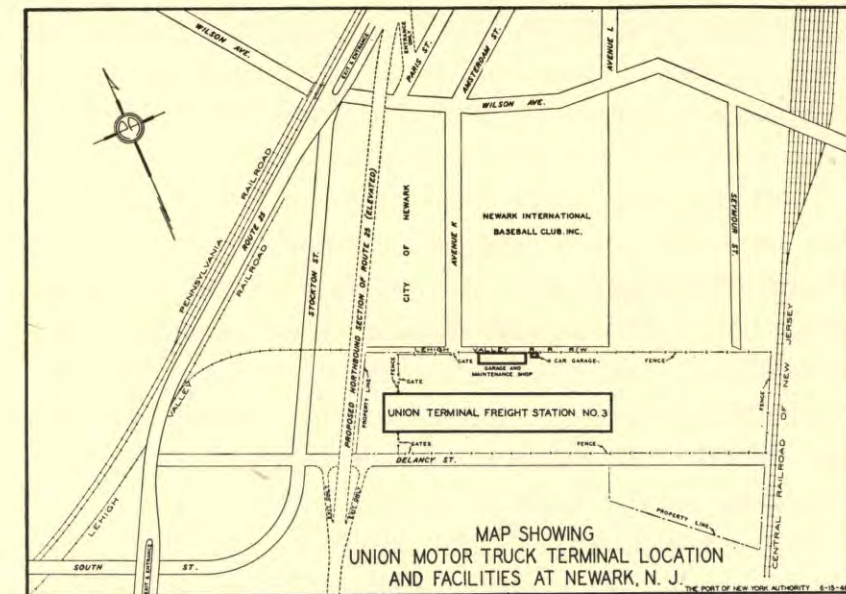
### *Newark Union Motor Truck Terminal*

In Newark we drove 2,549 piles required for the foundation of our Union Motor Truck Terminal. To be the largest in the world, it will occupy a twenty-nine-acre site south of Ruppert Stadium and east of Route 25. Foundations of the great structure will be completed early in 1948 when it is expected that steel for the superstructure will be delivered. Plans and specifications for the building will be ready to make possible the award of the building contract about the middle of 1948.

The operating design of the Newark terminal will be similar to that of the New York station, with 160 back-up spaces for local and long-haul trucks around a freight

platform 1,000 feet long and 100 feet wide. It is estimated that the terminal operation will save shippers from sixty to ninety cents a ton.

The Newark property is large enough to allow for expansion of the terminal to handle pool car, rail, water and air freight, and any other mixed merchandise freight requiring platform consolidation.



### *The Union Bus Terminal*

The construction by the Port Authority of the world's greatest Union Bus Terminal in midtown Manhattan outside the congested traffic area was made possible during the year. The New York City Board of Estimate on January 30, 1947 passed a resolution declaring it to be the policy of the board that it would not approve the erection of any

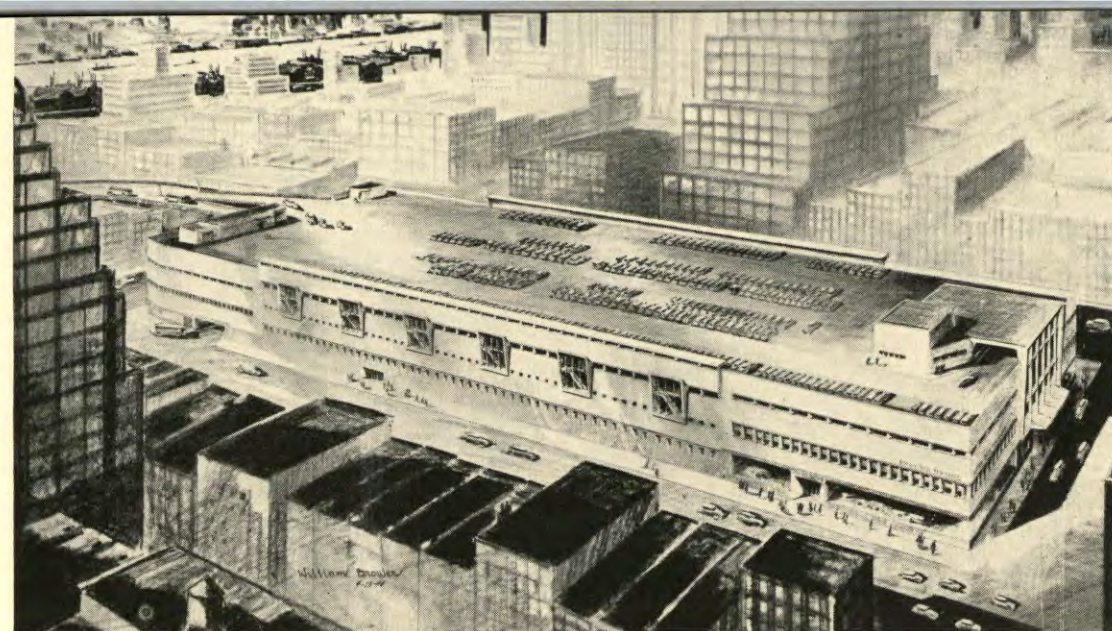
new bus terminals or the permanent enlargement or extension of any existing bus terminals in Manhattan east of Eighth Avenue.

The Port Authority, therefore, immediately proceeded with the sale of \$16,350,000 of bonds to finance the construction of the terminal. We now have title to all of the necessary property on the site and are completing detailed construction plans. The bus terminal will occupy the 200-by 800-foot block from Fortieth to Forty-first Streets and from Eighth to Ninth Avenues. It will in time replace the individual terminals now scattered from Thirty-fourth to Fifty-first Streets and as far east as Sixth Avenue.

Short-haul buses, which make up 85 per cent of the traffic, will use the ramp connecting the terminal with the Lincoln Tunnel. Long-haul buses will use Fortieth and Forty-first Streets only as far as Ninth Avenue. The elimination of the movement over the city streets of the more than 2,500 inter-city buses that enter and depart from the midtown area each day will materially reduce street traffic congestion in the mid-Manhattan area.

The terminal, which will greatly benefit the 60,000 New Jersey bus commuters and other bus travelers, will be a block from Times Square, convenient to important business, amusement and shopping centers by subway and surface transportation. It will be of particular benefit to residents of Hudson, Bergen, Passaic and Essex Counties traveling to work and to shopping and amusement centers in New York.

At the end of the year, the relocation of the more than 500 families occupying the buildings on the terminal site was the principal barrier to the construction of this great public project.



*Sketch of Port Authority Union Bus Terminal, between Eighth and Ninth Avenues and Fortieth and Forty-first Streets, with direct ramp connection to Lincoln Tunnel at left.*

### *Bayonne Rapid Transit Survey*

The Bayonne City Commission in January requested the Port Authority to survey the feasibility of construction and operation by the Authority of a rapid transit system between the West Eighth Street Station of the Central Railroad of New Jersey in Bayonne and the Susquehanna Transfer at the New Jersey end of the Lincoln Tunnel. The north-south route would connect with the Hudson and Manhattan system at Jersey City. Such a rapid transit system would furnish Hudson County with an important transportation artery and would permit Central Railroad of New Jersey passengers to move directly to Manhattan without using the present ferry system.

At the end of the year, this study was being made as a part of the resurvey of the New Jersey waterfront requested by Governor Driscoll. One phase of this resurvey is concerned with the possibilities of developing a transit connection between Newark Airport and Susquehanna transfer.

## PORT PROMOTION AND PROTECTION

### *The Port Authority Continues Its Activities in the Development of the Most Direct and Efficient Air Routes Between the New York-New Jersey Port District and Domestic and International Air Centers*

During 1947 the Port Authority asked permission to intervene before the Civil Aeronautics Board in four new air route cases affecting the air commerce of the New York District. The Port Authority, during the year, continued its leadership in urging the development of the best possible certificated air routes between the metropolitan area of New York and New Jersey and various domestic and international air centers. The availability here of the world's greatest system of air terminals under the management of the Port Authority makes more essential than ever the assurance of adequate and direct air trade lanes to and from the Port of New York.

During 1947 the Port Authority asked permission to intervene before the Civil Aeronautics Board in the following three new air route cases:

#### *1. Helicopter Service in the New York Area*

We petitioned the CAB for the right to become a full party in this proceeding. We intend to present testimony, submit briefs and cross-examine witnesses when the case is heard. Six applicants filed with the CAB requests for permission to provide helicopter service connecting the airports in the New York region with various outlying communities.

#### *2. National Airlines' New York-Havana Non-Stop Case*

A Venezuelan airline now furnishes direct service between New York and Havana. National Airlines has requested permission to provide American flag service between these points, and we intend to support this application.

#### *3. Amendment to Colonial Airlines' New York-Bermuda Service*

Colonial Airlines petitioned the CAB for permission to route its New York-Bermuda direct air service by way of Washington. Such routing would effect a 35 per cent increase in mileage and perhaps a 50 per cent increase in travel time for New York passengers. The Port Authority filed a statement opposing the granting of the exemption order. The Civil Aeronautics Board granted the exemption order, but Colonial agreed to file a stipulation that flights by way of Washington would be in addition to, and not in substitution for, direct New York-Bermuda flights.



#### *New York-South African Case*

A direct route was certificated more than two years ago to Pan American Airlines between the New York District and South Africa by way of the Azores and French West Africa. The route was never flown as certificated. On September 30, 1947 Pan American requested the extension of an exemption order permitting operation of this service on an indirect route by way of Lisbon.

The Port Authority believed that this indirect route by way of Lisbon would not furnish the efficient service which the air commerce of the Port of New York deserved. Such a route would add more than one thousand miles and four and one-half hours' flying time to the journey.

Following conferences between the Port Authority and Pan American, the airline agreed to fly at least one direct service a week beginning February 19, 1948.



### *CAB Decisions Favor Port Authority Recommendations*

Decisions of the Civil Aeronautics Board during the year were most favorable to the position taken by the Port Authority in the following four important cases:

#### *1. Air Commuting*

On May 7 a certificate of public convenience and necessity was issued to Air Commuting, Inc. for air commutation service between the New York District and eighteen points in New York, New Jersey and southern Connecticut. In this case, we presented testimony in Philadelphia in January 1946 and in New York in November of that year.

#### *2. Economic Regulation on Non-Scheduled Carriers*

Early in May the CAB put into effect a new economic regulation on non-scheduled carriers. The regulation incorporated many suggestions made by the Port Authority. It assured continuance in business of many veterans and other

independent cargo operators pending the award of permanent certificates in the air freight proceedings. Three of the non-scheduled carriers now fly a major portion of all air freight.



#### *3. Pan American-Panagra Agreement*

The CAB in May approved a working agreement under which Panagra planes operating from the West Coast of South America to Balboa in the Canal Zone could be chartered by Pan American Airways for through flights as far north as Miami. The CAB decision conformed closely to the Port Authority's recommendation.

This case ties in with the Pan American Domestic Route case, in which the Authority is also interested. We have suggested to the CAB that Pan American be granted a direct express route between the Port of New York and Miami. A favorable decision in this case would result in United States flag single-plane service between the New York District and the West Coast of South America.

#### *4. New York-Cincinnati Case*

The CAB in June made possible direct non-stop flights between New York and Cincinnati. Formerly, to reach Cincinnati by air it was necessary to go by way of Dayton or Washington. The Port Authority actively supported this direct air service.

### *Interstate Commerce Commission Rate Cases*

During the year the Port Authority participated in twenty-one proceedings before the Interstate Commerce Commission. In a number of these cases, the ICC decided in favor of our position.

1. Following our protest to the ICC in January, a tariff filed by the Eastern Rail Carriers was suspended. The tariff would have cancelled cartage and transfer charges on domestic freight moving from rail stations to intercoastal steamship piers in New York. In February, the Eastern Rail Carriers withdrew the proposed tariff before hearings could be held. It was clear that such a rule discriminated against these steamship services and the Port of New York since the carriers provide shipside delivery at the linehaul rate at competing ports such as Philadelphia, Baltimore and Norfolk, and would continue similar transfer to coastwise lines in the Port District.

2. The Eastern Rail Carriers in April filed a new tariff under which the cancellation of cartage and transfer charges was extended to include coastwise as well as intercoastal piers. Following our protest, the ICC in October sustained our position and prohibited the railroads from cancelling these charges.

3. The Port Authority protested to the ICC that tariff increases filed by various motor carrier groups following

the settlement of a truck strike in October 1946 exceeded those proposed for competitive ports where similar wage settlements had been made. The Authority urged that the entire Middle Atlantic States territory, rather than the New York Port District alone, should absorb the wage increases. At the year's end, the Examiner's report had not been presented.

4. The Port Authority in December 1946 protested a proposal by the Eastern Rail Carriers to suspend pick-up and delivery services whenever the carrier decided such services were impracticable. The Examiner's report recommended approval of the proposal, and in October the ICC

*Petroleum products in ship's hold and used street cars on the deck, destined for Argentina, as they are loaded aboard a freighter at the Port of New York. In 1947 more than 28,000,000 long tons of import-export cargo valued at \$8½ billion moved through the Port of New York.*



upheld his recommendation. The ICC, however, warned the carriers that their judgment with respect to their deliveries would be subject to judicial review.

5. The Port Authority attended hearings on an investigation by the ICC of the reasonableness and lawfulness of charges, rules, regulations and practices of railroads and motor carriers affecting pick-up and delivery service. We will present evidence of recent railroad and motor carrier assessments of punitive charges against small shipments moving into and out of the Port District.

6. In the interest of maintaining the existing zone relationships within the New York Port District, we testified before an ICC investigation of the New England truck rate increases over the past few years. The Examiner recommended, and the ICC decided, in MC-C-527, that this relationship should be held in abeyance for disposition in the Motor Carrier Rates in New England case (Ex Parte MC-22) which embraced the issue comprehensively.

7. The Port Authority, in oral argument before the ICC in May, pointed out that proposed rate scales in Ex Parte MC-22 (above) would discriminate against the New York Port District. This was in accordance with the position adhered to since 1938.\*

\* The ICC in January 1948 upheld to a great extent the Port Authority recommendation.

8. The Port Authority in May protested a proposal by the Southern Motor Carrier Rate Conference to cancel its pick-up rule in the New York area, under which two or more shipments could be consolidated for rate purposes. Before hearings could be held by the ICC, the Conference withdrew its tariff.

9. The Port Authority in May protested against a tariff by Eastern Rail Carriers for a 25 per cent increase in demurrage charges on marine equipment in the New York harbor. When the carriers amended the tariff to include Baltimore and Philadelphia, the Port Authority withdrew its protest.

10. A proposal of Eastern Rail Carriers to establish an unloading charge for fresh fruits and vegetables at New York pier stations, involving added costs of \$3,000,000 a year to consumers, was suspended by the ICC following the Port Authority's protest in May. Under the law the carriers are obliged to furnish adequate facilities for unloading. Team-track delivery facilities are not available at the New York pier stations to handle the heavy inbound movement of fresh produce.

11. For the fifth time, railroads attempted to publish new reduced rate schedules on all freight in mixed carloads

moving from Washington, D. C. and Virginia ports to destinations in southern states. Such rates would seriously affect the resumption of coastwise shipping by private operators. They would discriminate against small shippers in the Port District in favor of large shippers and freight forwarders who are in position to take advantage of the reduced rates. The Port Authority has consistently intervened to prevent the establishment of the new rates, and repeated its action in June before the ICC.

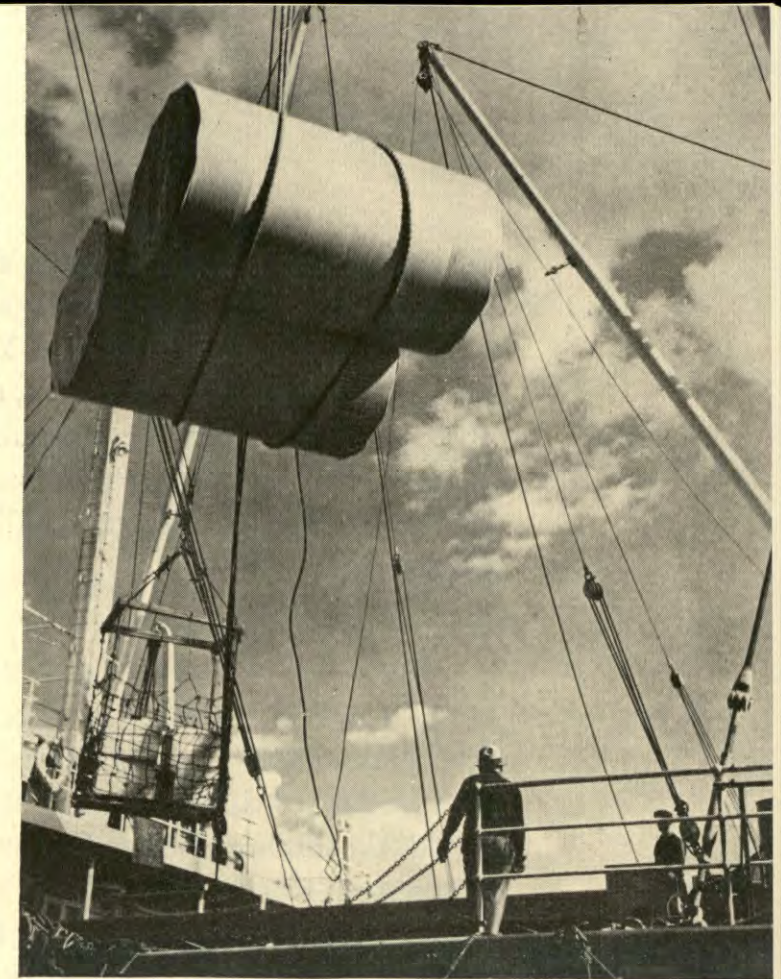


12. Florida ports compete with New York, particularly on traffic to and from Cuba, other Caribbean islands, countries in Central America and the East Coast of South America. We therefore intervened when certain Florida ports sought, by complaint before the ICC, rate differentials as favorable as at other South Atlantic and Gulf ports.



13. The United States Government for several years has sought rates to effect a separation of the cost of wharfage and loading and unloading to and from cars, from the line-haul rates applicable to and from the Army Base Piers in Norfolk, Virginia. Such rates would seriously disrupt the North Atlantic port relationships, and the Port Authority therefore intervened in opposition. The ICC in August reaffirmed its previous decision sustaining the Port Authority position. The Federal Government in December, however, filed a civil suit to set aside the ICC order, and the Authority may participate in this suit.

*Rolls of newsprint from Northern Europe are hoisted from vessel at the Port of New York, to be transhipped to printing presses in the United States. Unexcelled facilities and services at the Port of New York have helped to maintain its position as the nation's leading gateway for exports and imports.*



14. The Port Authority in September, following intervention, presented testimony in opposition to the proposed disruption of existing port differentials which would result from increased rates to and from North Atlantic ports without similar increases to and from southern ports. Eastern railroads proposed a revision of their l.c.l. class rates on foreign, coastal and domestic traffic.



15. The Port Authority urged the ICC to insist that railroads maintain existing port relationships in the event

the general increase in rail rates should be authorized in Ex Parte 166. In this case we also represented the Chamber of Commerce of the State of New York, the Commerce and Industry Association of New York, the Shippers' Conference of Greater New York, the Maritime Association, the New York Board of Trade, the Bronx Board of Trade, the Brooklyn Chamber of Commerce and the Queens Chamber of Commerce.

16. The Port Authority in December protested, and the ICC suspended, a proposed railroad tariff reducing carload rates for canned citrus fruits and juices. Such rate reduction would take this important traffic from the coastwise shipping lines serving Florida and the New York area. The coastwise lines were largely responsible for the development of this major Florida industry. The rail rates on canned citrus fruits and juices have remained at about the same level, while large increases have been put into effect on commodities which do not involve competition with the steamship lines.

17. The Borough of Edgewater, New Jersey, and Bergen County, New Jersey, sought to establish through-rates to the Edgewater docks served by the New York, Susquehanna and Western Railroad. The extra charge now in effect to Edgewater docks does not apply to and from such points as Edgewater industries, lighter terminals at Edgewater piers and rail deliveries at ships reached by the rails of the Hoboken Manufacturers Railway. The Port Authority will support

the complaint before the ICC to stress the desirability of equalizing these rates with others in the New York harbor.

18. The Port Authority protested against two tariffs which discriminate against the Port of New York. The Middle Atlantic States Motor Carriers proposed the cancellation of pick-up and delivery service if, in the view of the carrier, such service was impracticable because of the condition of street or alley approaches or of shippers' or consignees' platforms.

The Eastern Central Motor Carriers revised their tariff to include a pick-up and delivery charge in the Port District. The ICC ruled in favor of these new tariffs. The Port Authority will continue its protests when the question of pick-up and delivery service receives further consideration by the ICC.

19. The Port Authority urged the ICC to amend the operating certificate of the Pan Atlantic Steamship Company to include Miami and Port St. Joe, Florida. Such amendment would help this line in its resumption of private steamship operations. It would also furnish the Port of New York with additional service. In this case we also represented the Brooklyn Chamber of Commerce and the Shippers' Conference of Greater New York. Temporary authority for this service was granted in March and the Pan Atlantic certificate was amended in September, in accordance with our recommendations.

20. The Port Authority in July supported the application of Pan Atlantic Steamship Company to extend its operating certificate to include Charleston, South Carolina. This port is not now served by any coastwise lines operating out of the Port of New York. The ICC amended the company's certificate to meet our recommendations.

21. The ICC is investigating transcontinental rail, inter-coastal and coastwise water rates to determine whether adjustments are required for compensatory service. The Port Authority in April urged the ICC to establish water rates which would permit private operations of domestic shipping to be resumed on a compensatory basis. Under an interim agreement between the intercoastal lines and transcontinental railroads, the ICC in July granted increases which assisted in the resumption of intercoastal service. Later the railroads announced that they would raise their transcontinental rates 25 per cent as permitted by the ICC. This rail increase will further the chances of the steamship lines for resuming service on a compensatory basis.

### *Maritime Commission Cases*

The Port Authority met with Maritime Commission attorneys on procedure in the investigation of practices of foreign freight forwarders. At a commission hearing in April, we urged that forwarder regulations be identical at all United States ports. We also urged that such regulations assist the shipper in his business with the forwarder. In general,

freight forwarders agreed with our recommendations. Our Chicago office manager assisted the commission in hearings held at Chicago.

The Port Authority in September appeared before a hearing of the Maritime Commission on a proposal to require the showing of freight charges on ocean bills of lading. Omission of these charges had been the source of error and at times of greatly increased expense to the foreign importers. Our intervention in this case was warmly supported by the shippers.

The Port Authority urged, in October, that the free time on general import cargoes at New York piers, which is five days for most commodities, be extended to seven days and be made similar to that in effect at other ports on special commodities.

### *Miscellaneous Activities*

The Port Authority on many occasions appeared successfully before committees of railroads, motor carriers and steamship lines to oppose rate and rule proposals which would discriminate against the Port of New York.

Following our protest, the Trunk Line Association dropped its proposal to eliminate free lighterage and floating in Dutch Kills, Whale Creek and Newtown Creek, now

in free lighterage limits. The proposal would have added to the cost of industrial activities along these waterfronts.

The Port Authority's opposition was effective in eliminating a proposal by the Motor Carriers' Standing Rate Committee for l.t.l. rates for truckload shipments to steamship piers. These rates would have applied where the shipper required from the steamship line more than one dock receipt for the contents of the truckload.

We successfully opposed in July the trunk line railroads' proposal to reduce free time on export freight in part lots or carload split deliveries at New York rail stations from five days to two days. Such reduced time would not be sufficient for exporters in the event that arrival of cars and part-lot shipments could not be coordinated with deliveries to steamship lines.

The Middle Atlantic Motor Carriers' proposal for the establishment of a service charge on order notify bills of lading was opposed in September. The Port Authority contended that this service was already covered by existing freight rates and tariffs.

On the recommendation of the Port Authority, the rail carriers agreed to propose a revision of their tariffs under which a  $4\frac{3}{4}$  cent charge would be made for the transfer of l.c.l. shipments between rail stations and steamship piers at all North Atlantic ports rather than at Philadelphia and Baltimore alone, as originally proposed. This change is already in effect at New York.

We appeared before the General Rate Committee of the Middle Atlantic States Motor Carriers in December to object to a proposed strike clause affecting pick-up and delivery. We urged that the clause apply only when strikes in effect

at the consignees' or shippers' places of business make pick-up and delivery impracticable.

During the year we kept in close touch with the Southern Ports Foreign Freight Committee to urge the restoration of normal port relationships.

The rail carriers' proposal for revision of their carload split delivery rules and charges was amended by increasing the charge and minima as near as possible to those applicable at New York following our discussions with railroads serving South Atlantic and Gulf ports. Under these charges shippers are permitted to have deliveries from one carload made up at more than one point.

The Southern Ports Foreign Freight Committee agreed to docket an item to equalize the free time allowed at all Atlantic and Gulf ports on imported wood pulp. Free time in the New York harbor is now five days as compared with fifteen days at other North Atlantic, South Atlantic and Gulf ports.

During the year the Port Authority prepared a schedule listing the package cars available from the Port of New York to 139 destinations east of the Mississippi. Schedules, stations and other data were listed for the railroads serving the New York area. The schedule was distributed to about 2,000 leading shippers in the New York and Midwest areas. It has proved to be valuable in expediting shipments to and from the Port of New York.

We were particularly active during 1947 in helping steamship lines and various industries to locate suitable pier and warehouse facilities in the Port of New York. We urged the New York Collector of Customs and the Pure Food and Drug Administrator to include a waterfront terminal at

Elizabeth within the New York Port Customs limit. This was arranged and will expedite the shipment of commodities through the New Jersey terminal.

### *Marine Borer Research*

As Chairman of the Marine Borer Research Committee of New York Harbor, the Director of Port Development distributed the committee's Third Progress Report. Procedures and results of tests of an eight-year program were sent to over 500 individuals and groups interested in port and marine matters.

### *The Port Authority's Chicago Office Has a Successful Year*

Our Chicago office completed in October its second year of service to Middle Western shippers and transportation interests. Although it is still young in service, this branch of the Port Authority activities has established an important place for itself as a reliable source of information on transportation rates and services. During the year hundreds of Midwest firms turned to our Trade Promotion Office for up-to-the-minute information on shipping conditions in the Port of New York. They also sought aid in arranging the movement of import and export freight.

The extent of the Chicago office service to shippers was indicated in June when, on one day, forty-six inquiries for strike and embargo information were received from local

Chicago firms, and additional requests for information came from points in Indiana, Illinois and Wisconsin. At the termination of a three-day maritime strike in New York, the Port Authority's flash report to about sixty shippers, railroads and steamship lines in the Chicago area was the first news of the lifting of the railroad embargo on export freight. As a result, many shipments which would have moved through Gulf ports were immediately transferred for movement through New York.

Our Chicago office furnished information to an Iowa firm on a shipment of 500 tons of seed corn to Switzerland. It helped a Minneapolis company arrange for the booking of 400 boxes of pears from Valparaiso, Chile, to New York; arranged with a Chicago firm for the shipment of 1,400 pounds of mustard seed from Montreal to Belgium by way of New York, and arranged for the necessary permit through one of the railroads. It assisted an import company in booking forty tons of barbed wire for shipment to East London, South Africa; furnished information on the routing of 18,000 pounds of textiles from Vera Cruz to Jeddah, Arabia; effected the booking of nine tons of X-ray equipment to India, although the forwarder had previously indicated he was unable to make this shipment.

Information was furnished on a shipment of egg yolk powder from New York to Durban, South Africa; a radio company was helped in shipping a 16,000-pound boiler from

New York to Greece; information was furnished an engineering company for shipments through New York of steam shovels to Arica, Chile, including one heavy lift weighing 47,000 pounds, which could not be handled by ships sailing out of a Gulf port. A candy company was advised on the shipment of 20,000 pounds of its produce to St. John's, Newfoundland; a Minneapolis concern on the movement of 3,000 tons of poultry feed to Greece. The shipment of 700 tons of large-diameter pipe to Kuwait on the Persian Gulf was arranged.

The Chicago office also arranged for a New York railroad to accept several carloads of imported nuts for a Chicago concern, after a number of railroads indicated their inability to accommodate the shipment. We assisted a Chicago manufacturer in shipping a carload of dry soups every other day to Antwerp, and furnished information to a Chicago company which was planning to move 50,000 mattresses from Hawaii to New York.

Our Chicago office manager helped develop details on a program of the Argentine Government and a steel company to build a \$150,000,000 steel plant at San Nicolas, Argentina. The program will involve the movement of materials for a blast furnace, four open hearth furnaces, a rolling mill, unloading docks, hospital facilities, schools and homes. An extensive list of foreign freight rates was furnished on these materials. We have maintained a close connection with the

situation, thus assuring full Port of New York participation in the export program. Our Chicago office also developed detailed arrangements for the establishment by rice millers of waterfront plants in the Port of New York for the receiving, cleaning, grading and packaging of rice for the northern markets.

The Trade Promotion Office completed arrangements with a mail order house for the use of warehouse space in New York from which export shipments could be expedited. It maintained a close liaison with the Chicago offices of various Federal agencies such as the Department of Agriculture and the Commodity Credit Corporation. Through this contact it helped to arrange for the movement through New York of tremendous shipments of foodstuffs to overseas points.

The office has also kept in close touch with the purchasing missions of various foreign countries. For example, we helped the British Government in its purchase of 70,000,000 pounds of processed and natural cheddar cheese, 50,000,000 pounds of fresh frozen meats, and 48,000 tons of grapefruit. We have assisted the French Government in its purchases of great amounts of lard. A temporary diversion of flour shipments from New York to another East Coast port was checked with the Chicago office of the Department of Agriculture and the shipments were restored to New York. The scheduled movement of 26,000,000 pounds of lard through another eastern port was saved for the Port of New York

by the provision, through our efforts, of refrigerated space in this area.

Our Chicago manager, during the year, addressed twenty-four transportation and traffic groups in Ohio, Indiana, Illinois, Michigan, Iowa, Minnesota and Wisconsin on the benefits of shipping through the Port of New York. He was invited by several of the railroads to describe to their Chicago traffic staffs the methods of handling freight and export shipments through this port.

In all of our Chicago activities the Midwest office had the fullest cooperation of the New York staff of the Port Authority's Port Promotional Bureau.

#### *Promotional Literature*

During the year we continued our aggressive promotion of the Port of New York through the distribution of descriptive literature, through exhibits and through speakers.

We provided special public exhibits, and printed and distributed 700,000 copies of our popular revised Metropolitan Road Map. We also distributed 300,000 copies of a new Manhattan parking map indicating the location of parking lots and garages as well as police parking regulations in downtown and midtown Manhattan.

During the past year we assisted in inspections of the port by representatives and businessmen from various foreign

countries, including Australia, Belgium, Brazil, Denmark, England, Holland, Poland, Portugal and Sweden. We also assisted important convention delegations in New York in their inspections of our great harbor.

#### *Domestic Shipping*

During the year we made substantial progress in improving the coastwise shipping situation. The Interstate Commerce Commission is investigating the whole subject of water-depressed rail rates with a view to possible adjustment of rates to permit coastwise as well as intercoastal lines to resume services on a compensatory basis.

In accordance with Port Authority recommendations, the authority of the Maritime Commission to operate domestic shipping services was extended. The commission, however, is gradually withdrawing from such operations where four private services have been resumed, and in July it discontinued all government-operated coastwise and intercoastal services. We have referred elsewhere in this report to our participation in ICC proceedings on behalf of the amendment of certificates to include additional ports of call.

#### *New York State Barge Canal*

The Port Authority in May released the results of a survey of the type and volume of commodities moved over the New York State Canal system since 1931. The report reviewed the traffic and equipment situation and made recommendations for improved design in efficient types of barges and motor ships for canal use. It also suggested terminal

improvements. The report was prepared at the request of the Port Authority by Joslyn & Ryan, Naval Architects and Marine Engineers.

Through a detailed questionnaire submitted by the Port Authority to important shippers in the canal area, it was indicated that there would be an appreciable increase in traffic that would justify the furnishing of new equipment by operators. Barge canal traffic for 1947 was up 35 per cent over 1946. This increase was due in a large measure to increased rail rates as a result of the need of railroads for greater revenues, which in turn encouraged the movement of certain bulk commodities by canal.

During the year the Port Authority met with Army engineers and representatives of the New York State Department of Public Works to discuss ways and means of expediting essential work on the canal.

### *Foreign Trade Zone*

The Port Authority has successfully assisted in promoting the expanded activities of the New York Foreign Trade Zone on Staten Island, bringing additional employment, commerce and shipping to the Port of New York. We recommended that the Foreign Trade Zones Board in Washington reverse the decisions of the Commissioner of Customs in regard to certain types of operations in the New York Zone. We advocated a reasonable interpretation of the law to make the Trade Zone a workable and effective instrument of commerce here. We are now working with the New York Foreign Trade Zone Operators on pending legislation which would expand the permitted activities of the Zone to

include manufacturing and exhibits and thus increase the value of the facility to the development of the port.

### *Channel Improvements*

The Port Authority in 1947 presented specific recommendations for channel improvements in the Port of New York in four proceedings before the United States Army Engineers.

We attended a conference in the United States District Engineer's office with representatives of the Atlantic Refining Company, navigation interests and others, at which a compromise was worked out in connection with the application of the Atlantic Refining Company for a permit to construct a wharf in Newark Bay. The proposed construction of the wharf, at the confluence of the Passaic and the Hackensack Rivers, would have interfered with the movement of vessels to and from these important waterways. The District Engineer approved a plan to increase the distance between the end of the pier and the channel line by 100 feet to a total of 220 feet. This length precludes interference with navigation.

The Port Authority supported the recommendation of the American Merchant Marine Institute for the replacement of the Staten Island rapid transit drawbridge across the Arthur Kill. A new lift span with a 500-foot horizontal opening between fenders and a 135-foot vertical clearance in open position was urged. Navigation interests estimate a savings of over a million dollars a year from such a new structure through the reduction in collision hazards and time losses.

Recommendation was made by the Authority for the denial of an application to close to navigation during the heavy rail commuter hours the D. L. & W. Railroad bridge

over the Passaic River. We opposed this closing during the war because of the dependence of the communities north of the bridge on a steady supply of heating fuel and gasoline. Our opposition in 1947 was made concurrently with our recommendation for reconstructing the bridge at a level which would not interfere with navigation and which at the same time would eliminate the necessity for opening the bridge and interfering with commuter traffic.

We recommended a survey of the best route and an estimate of its cost in connection with the proposed extension and completion of the intracoastal waterway from the Manasquan River to New York Harbor. Such a study would inform barge operators and others on potential tonnage and savings.

The Port Authority in December recommended that a larger share of the Federal Rivers and Harbors appropriations be allocated to the Port of New York to help complete important harbor projects. About \$18,000,000 of authorized work remains to be done on important channels here. Only \$400,000 was allocated to the Port of New York for new work for the fiscal year 1948, while the prewar average appropriation for the development of this harbor was about \$5,000,000 a year.

The Rivers and Harbors Funds appropriated by Congress for new work in the United States was \$37,000,000 during the current fiscal year. The share allotted to the New York Harbor was slightly over one per cent, although the port handles an average of 42 per cent of the foreign trade of the United States by value and almost 25 per cent by tonnage.

*One out of every ten persons gainfully employed in the metropolitan area, is directly or indirectly, dependent upon the New Jersey-New York Port for a livelihood.*



## ADMINISTRATION

### *Howard S. Cullman Re-elected Chairman, Joseph M. Byrne, Jr., Vice Chairman*

The Commissioners of the Port Authority, by unanimous vote at their annual meeting on January 2, 1947, re-elected for a third term as Chairman, Howard S. Cullman of New York City. At the same time, the Commissioners unanimously re-elected as Vice Chairman, Joseph M. Byrne, Jr., of Newark, New Jersey.

Chairman Cullman, who served as Vice Chairman of the Port Authority for more than ten years previous to his elevation to the chairmanship in February 1945, was first appointed a Commissioner of the bi-state agency by the late Governor Alfred E. Smith in March 1927. He was reappointed by Governors Herbert H. Lehman and Thomas E. Dewey.

Vice Chairman Byrne was first appointed to the Commission by Governor A. Harry Moore for a term beginning July 1934. He was reappointed by Governors Moore, Walter E. Edge and Alfred E. Driscoll.

### *Charles S. Hamilton, Jr. Is Appointed a Commissioner*

Charles S. Hamilton, Jr., of Pleasantville, Westchester County, New York, a member of the New York City law firm of Sullivan & Cromwell, was appointed a Commissioner of the Port Authority by Governor Dewey on June 26, 1947. Mr. Hamilton filled the vacancy created by the death of

Commissioner Charles S. Whitman. Commissioner Whitman's term would have expired on July 1, 1948.

Commissioner Hamilton was graduated from Princeton University and Yale Law School.

### *In Memoriam*

The Commissioners and Staff of the Port Authority note with heartfelt regret the passing during 1947 of two of its most honored Commissioners and warmest friends, former Governor of New York State Charles Seymour Whitman, and former member of the United States Senate Arthur Walsh. Governor Whitman passed away on March 29 at the age of 78 after a long and spectacularly successful career in public service. Senator Walsh was struck down in the prime of his life, at the age of 51 years, on December 13. Although so young, for many years he had served as the executive head of a large industry, and he was a leader in many of the affairs of his country and his state.

At their meeting on April 10 the Port Authority Commissioners adopted the following tribute to Governor Whitman, who had served on the Port Authority Board from February 9, 1935 until the day of his death:

"The Commissioners of The Port of New York Authority sorrowfully note the passing from this life of their colleague, the Honorable Charles Seymour Whitman, a member of the Board from the State of New York since February 19, 1935.

"It was fitting that Governor Whitman's distinguished career as a citizen, lawyer, judge, district attorney and governor, should have included membership on the

Board of Commissioners of the Port Authority. His work with the Port Authority was in the tradition of great competence that carried him to the governorship and established his reputation for all times as one of New York's most outstanding citizens. His career will always be associated with the concept of scrupulous honesty in every thought, word and deed of those who were entrusted with the affairs of government.

"Governor Whitman brought to the Port Authority the same intellectual vigor, integrity and determination that made him one of the most forceful of public officers. A great and constructive force on this Board, he was always forward-looking, always eager to go forward with the development of the Port District in accordance with the directives of the Port Compact.

"The Commissioners of the Port Authority, in expressing both official and personal regrets on his death, direct that this minute shall be spread in full upon the proceedings of the Board and that a copy be sent to his family."

At their meeting on January 8, 1948, the Port Authority Commissioners adopted the following tribute to their beloved fellow Commissioner, Honorable Arthur Walsh, who had served with them on the Board from August 12, 1943 until December 13, 1947:

"The Commissioners of The Port of New York Authority note with the deepest sorrow the sudden death of their beloved friend and associate, the Honorable Arthur Walsh, a member of the Board from the State of New Jersey since August 12, 1943.

"To the Port Authority, the Edison Industries, the Mutual Benefit Insurance Company, the National Association of Manufacturers, and to his friends throughout

the country, the death of Arthur Walsh was an appalling loss.

"Only 51 years old, he had also served the State of New Jersey with distinction in the Senate of the United States, was the Executive Vice President of Thomas A. Edison, Inc., and was a leader in the public affairs and industrial development of his State. Only a few months ago, on July 1, 1947, Governor Alfred E. Driscoll had reappointed him as a Commissioner of the Port Authority for a term of six years, following his original appointment more than four years ago by Governor Charles Edison. In the National Association of Manufacturers he was the spearhead of those who were planning for the future of American industry. His irreparable loss to all of these activities was tacitly expressed by the Edison Industries when they announced that with Senator Walsh's death the title of Executive Vice President of Thomas A. Edison, Inc. would be abolished.

"Arthur Walsh will be remembered by this Board throughout the lifetime of his fellow Commissioners and throughout the lifetime of those members of the Staff who were privileged to know him. Courage and wisdom were his, and an innate sense of justice and fair dealing. His genial nature was balanced by a passionate hatred of things mean and petty and unworthy. Above all else he had human warmth and understanding. Every place was brighter for his presence and every person was better for having known him.

"The Commissioners of the Port Authority, in expressing both official and personal regrets upon his untimely death, direct that this minute shall be spread in full upon the proceedings of the Board and that a copy shall be sent to his family."

### *How the Commission and Staff Work*

The twelve Commissioners of the board, six from each State, are appointed by the Governors of New York and New Jersey for overlapping terms of six years. They serve without compensation.

In the interest of administrative efficiency, matters requiring board action are originally handled by four committees which work in close contact with the four major departments of the Authority. These committees, namely, Port Planning, Construction, Finance and Operations, make recommendations to the full commission.

At the close of 1947 the committee assignments were:

#### PORT PLANNING

Frank J. Taylor, *Chairman*  
Bayard F. Pope, *Vice Chairman*  
Joseph M. Byrne, Jr.  
Donald V. Lowe  
Howard R. Cruse

#### FINANCE

Frank D. Abell, *Chairman*  
S. Sloan Colt, *Vice Chairman*  
Bayard F. Pope  
F. Palmer Armstrong  
Frank J. Taylor

#### CONSTRUCTION

Eugene F. Moran, *Chairman*  
Arthur Walsh, *Vice Chairman*  
Frank D. Abell  
F. Palmer Armstrong  
Charles S. Hamilton, Jr.

#### OPERATIONS

Joseph M. Byrne, Jr., *Chairman*  
Donald V. Lowe, *Vice Chairman*  
Arthur Walsh  
Eugene F. Moran  
S. Sloan Colt

The Chairman is ex officio a member of all committees. The Executive Director, Austin J. Tobin, is administrative head of the Port Authority, and acts as chief liaison officer between the Commission and the staff.

The five major departments of the Port Authority are the Department of Port Development, headed by Walter P. Hedden,

Director; the Engineering Department, headed by J. C. Evans, Chairman of the Engineering Board, and John M. Kyle, Jr., Chief Engineer; the Department of Audit and Control, headed by Charles J. Kushell, Jr.; the Treasury Department, headed by David McKay; and the Department of Operations, headed by Billings Wilson, Director.

Leander I. Shelley, General Counsel, advises the Commission and the Executive Director on matters of law.

### *The Work of the Staff in 1947*

During the past year the Port Authority employees once more went far beyond the call of duty to devote themselves to fulfilling the extraordinary demands upon their time and efforts occasioned by our surveys of the Hoboken, New Jersey, and New York City waterfronts, and the assuming of our responsibility for the operation of the New York City airports. These difficult and detailed studies, our initial experience with airport operation, and other pressing work such as commencement of the construction of our two great truck terminals, the preparation of design plans and acquisition of properties for the bus terminal, and similar unusual workloads, required the staff to spend long hours at their jobs to the exclusion, in many cases, of all personal interests. The highest technical ability and great energies combined to make possible the outstanding contribution to public service rendered by our employees in this period. The Commissioners once more commend to the Governors the loyalty, enthusiasm and untiring efforts of the staff.

## PERSONNEL

### *Responsibility for Airport Development and Operation Results in Greatly Increased Personnel*

At the end of 1947 there were 1,999 employees in the Port Authority service, an increase of 487 over the previous year. Much of this 30 per cent increase in Port Authority staff was due to our entry into the field of airport operation. The greatly increased workload carried by our Legal, Port Development, Operations and Engineering departments in connection with the airport program required the addition of new employees. Our Hoboken and New York City waterfront surveys, and the acceleration of our port development, promotion and rehabilitation programs called for new personnel.

All New York City personnel at LaGuardia and New York International Airports who wished to transfer to the Port Authority, were given the opportunity to do so. Thirty-nine permanent and provisional city employees accepted employment with the Port Authority.

### *Personnel Policies*

Although the Port Authority is a government agency, its management efficiency compares favorably with that of the best operated private corporations. With the expansion of its personnel, the Authority continued to combine the best features of a government civil service system with those of private business. In developing the necessary additions to

our staff, we maintained our previous high level of personnel standards.

The Commissioners believe that the absence of political interference in the selection of Port Authority personnel is of basic significance in the success of our organization. One of our general orders, of which all our employees are regularly put on notice, reads:

“Merit, with due consideration being given seniority, shall govern advancement and promotion in the service of the Port Authority.

“Preferential consideration will not be accorded any employee on account of political or other influence.”

Port Authority employees are members of the New York State Retirement System. They have the benefit of sick-leave privileges, periodic medical examinations and medical consultations. Their own employee associations represent them in negotiations with management.

A program was inaugurated during the past year for the training of junior executives in the Port Authority to meet a growing need for junior administrative personnel.

### *Personnel Expansion Brings Many Promotions*

In accordance with the Port Authority's policy of promoting from within the staff, except where special skills, experience or training are required which cannot be found among employees already in our service, the expansion of our personnel during 1947 provided more opportunities for advancement than had occurred in many years previous. In the past year 127 promotion examinations took place, an

increase of 87 per cent over such examinations in 1946, the previous high year. Employees are promoted by examination through a system of classified grades on the basis of merit and efficiency.

It is the policy of the Port Authority Board to assure tenure of office. Employees are not discharged, demoted or penalized except for cause and after a hearing.

### *A Reclassification of Port Authority Positions Is Initiated*

A complete reclassification of Port Authority jobs was begun in June 1947. This reclassification was undertaken to meet the requirements imposed by our expanding staff. The allocations of individual positions were discussed with the employees concerned and their comments were given consideration before final decisions were made.

At the same time existing Port Authority salaries and pay ranges were re-examined to determine whether they continued to reflect the basic Port Authority policy of paying wages comparable to those paid in public and private agencies in the Port District. Data were obtained from municipal, state and federal sources in the port area, as well as from seventy-five representative private companies.

### *A Salary Increase is Authorized*

In March Port Authority employees received salary increases. In general these were 8-1/3 per cent on the first \$5,500 of annual salary and 4-1/6 per cent on the remainder. At the same time these increases were made effective, a

bi-weekly plan was installed for payment of salaries, replacing the previous semi-monthly plan.

### *Port Authority Medical Service*

The clinics at the Port Authority Building, the Holland Tunnel and the Lincoln Tunnel, served by our four physicians and three nurses, handled over 10,900 visits during 1947. There were 1,950 pre-employment examinations and 1,090 periodic examinations.

### *Port Authority Cafeteria Service*

The employee's cafeteria in the Port Authority Building and the Holland Tunnel proved of increasing convenience and value to our employees during the past year. Both of these facilities are located in areas where there is a scarcity of lunchrooms serving wholesome, nourishing food at reasonable prices.

Since the establishment of the Port Authority Building cafeteria in 1943 and the Holland Tunnel cafeteria in 1945, it has been proved that our lunchrooms have contributed greatly to the health and efficiency of our workers and have reduced absenteeism owing to illness.

In 1947 we served in the Port Authority Building cafeteria 71,725 luncheons at an average meal cost of 44 cents.

Our Holland Tunnel cafeteria during the year served 53,627 meals at an average meal cost of 33 cents.

## FINANCIAL

Port Authority revenues for the year 1947 exceeded those of any previous year. Our total gross operating revenues were \$28,566,835 as compared with \$25,491,344 in 1946, an increase of \$3,075,491, or 12.1 per cent.

Total operating, maintenance and administrative expenses were \$8,141,312 as compared with \$7,176,168 in 1946, an increase of \$965,144, or 13.4 per cent. Operating expenses in 1947 included \$902,162 for airports and \$85,000 in additional contributions to the Employee Retirement Reserve Fund.

Net revenues available for appropriation to reserves in accordance with statutory requirements and agreements with bondholders were \$10,538,074, an increase of 23.5 per cent.

During the year \$8,444,000 par value of debt was retired, of which \$5,155,000 was mandatory and \$3,289,000 through acceleration and cancellation.

Bridge and tunnel traffic for 1947 totaled 44,478,050 vehicles, an all-time high. This traffic exceeded by 7.9 per cent the peak year of 1946 when 41,202,474 vehicles used the Port Authority facilities.

Toll revenues for 1947 amounted to \$25,312,176 as compared with \$23,434,964 in 1946, an increase of 8 per cent.

Operating revenues at LaGuardia Airport during the first seven months of Port Authority operation from June 1 to December 31, 1947 amounted to \$951,032.

### *Funded Debt*

On April 15, 1947, \$8,500,000 par value, Eighth Series,

2 per cent General and Refunding Bonds (second installment) dated August 15, 1944, maturing August 15, 1974 were sold at a price of 100.4301, or an interest cost to the Authority of 1.97 per cent. The proceeds of the sale were to provide funds:

- |   |                    |
|---|--------------------|
| (1) For capital improvements to the George Washington Bridge consisting of an approach tunnel under West 179th Street, Manhattan .....                          | \$7,500,000        |
| (2) For capital improvements with respect to Lincoln Tunnel consisting of approach connections between said tunnel and the proposed Port Authority bus terminal | 1,000,000          |
|   | <u>\$8,500,000</u> |

On May 28, 1947 an agreement was entered into between the Authority and Central Hanover Bank & Trust Company and Manufacturers Trust Company, pursuant to a resolution of the Committee on Finance dated May 8, 1947, for the sale of \$10,000,000 par value Air Terminal Notes, Series L, due December 1, 1947, bearing interest at the rate of  $\frac{3}{4}$  of 1 per cent per annum, at 100 per cent of their face value in an equal amount of \$5,000,000 to each bank. The notes were secured by and payable from the General Reserve Fund of the Authority. On November 24, 1947 another agreement was entered into between the Authority and the banks which extended the maturity date of the notes to February 1, 1948 and which also provided that the notes were to be secured by the General Reserve Fund and the Air Terminal Reserve Fund. Subsequently, the maturity date of the notes was further extended to August 1, 1948.

On July 16, 1947 \$16,350,000 par value of Port of New York Authority Terminal Bonds, 1½ per cent, Series "M," were sold at a price of 100.477 or a net interest cost to the Authority of 1.4404 per cent. The Notes are due serially in annual amounts of \$1,090,000 each on June 15, 1948 and each June 15 thereafter to and including June 15, 1962. The proceeds were used to provide funds for the construction of the Port of Authority Union Motor Bus Terminal and for purposes incidental thereto.

### *Mandatory Debt Retirement*

On February 15, 1947 \$806,000 par value of General and Refunding 5th Series, 3¼ per cent Bonds, due 1977, were called for redemption, and on June 15, 1947 \$1,549,000 par value of General and Refunding, 3 per cent Bonds, due 1976, were called for redemption; on December 1, 1947 \$2,800,000 of the Series "K," ¾ per cent Notes were paid, so that the Authority met all of the requirements of the resolutions establishing these bonds and notes.

### *Debt Retirement by Acceleration*

During the year \$3,289,000 par value of various issues of Port Authority Bonds were purchased and transferred to their respective sinking funds. The bonds were purchased at a cost of \$2,905,104. The par value plus call price amounted to \$3,327,290 indicating a saving of \$422,186.

These bonds were purchased at yields to the call dates ranging from 3.30 per cent to 6.00 per cent basis. The bonds were cancelled and cremated at the end of the year.

### *Reserves*

At the end of the year our reserves totaled \$42,213,159. This amount included the following:

Sinking fund reserves .....	\$ 2,178,240
General reserve .....	21,573,500
Special reserve .....	10,871,734
Employee retirement reserve .....	3,661,843
Insurance reserve .....	2,176,221
Air terminals reserve .....	27,675
Restoration and improvement reserve....	1,723,947

### *Investments*

During the year, our investment portfolio increased from \$40,437,000 to \$77,733,000. Of this amount \$34,100,000 par value of securities were earmarked for construction purposes and \$3,739,000 par value represented investments of certain air terminals deposits. Included in our investments were \$40,714,000 of short term securities, consisting of 90-Day Bills, 7/8 per cent and 1 1/8 per cent Certificates of Indebtedness, Notes and Bonds maturing in 1948. Our holdings in medium and long term governments total \$36,900,000 and the yield throughout the year represented a return of about 1.90 per cent. The longer term securities are assets of the various reserve funds.

### *New York State Advance*

Pursuant to a resolution of the Post War Public Works Planning Commission, the State of New York advanced the sum of \$180,000 for plans and specifications for the union bus terminal. In June, 1946, we returned to the Comptroller of the State of New York the sum of \$105,337.33. The balance of the advance, or \$74,662.67, was paid on August 11, 1947.

### *Amendment of Basic Resolution*

The Basic Resolution authorizing the issue of General and Refunding Bonds was amended on October 23, 1947 to provide more restrictive conditions precedent to the issuance of General and Refunding Bonds to refund bonds and notes hereafter issued for the construction, acquisition, or improvement of any additional facility or facilities. The text of the amendment is as follows:

WHEREAS, heretofore and on the 18th day of March, 1935, The Port of New York Authority (hereinafter called the Authority) adopted a Resolution providing for the issuance of certain direct and general obligations of the Authority, known as General and Refunding Bonds, which said Resolution, as amended March 25, 1935, September 16, 1943 and March 6, 1947, is hereinafter called the Basic Resolution; and

WHEREAS, the adoption of more restrictive conditions precedent to the issuance hereafter by the Authority of General and Refunding Bonds for the purpose of refunding other bonds and notes hereafter issued for the construction, acquisition or improvement of any additional facility or facilities, will improve the credit of the Authority; and

WHEREAS, said Basic Resolution provides in Section 17, thereof, that the Authority may from time to time and at any time, without authorization, consent or other action by any of the holders of General and Refunding Bonds, modify or amend said Basic Resolution for any purpose not inconsistent with the Basic Resolution or with any other Resolution relating to General and Refunding Bonds, *provided*, that no such amendment shall alter or impair the obligation of the Authority to pay the principal and interest of any bond at the time and place and at the rate or amount and in the medium of payment prescribed therein, or shall alter or impair the security of any bond, or otherwise alter or impair any rights of any bondholder;

Now, THEREFORE, after due consideration had, it is

RESOLVED, that the Basic Resolution adopted March 18, 1935, as amended March 25, 1935, September 16, 1943 and March 6, 1947, authorizing the

issuance of General and Refunding Bonds of The Port of New York Authority, be and it hereby is amended as follows:

(1) By striking out the word "hereafter" which appears as the fourth word of sub-paragraph iii of sub-section (a) of Section 3, "Purposes," of said Basic Resolution and by inserting the words "on or before October 23, 1947" after the word "Authority" where it first appears in said sub-paragraph iii.

(2) By striking out from the aforesaid sub-paragraph iii of sub-section (a) of Section 3, "Purposes," of said Basic Resolution the words "now in operation or under construction, and of all other facilities."

(3) By adding after the aforesaid sub-paragraph iii of sub-section (a) of Section 3, "Purposes," of said Basic Resolution, a new sub-paragraph as follows:

"iv. Bonds and notes issued by the Authority after October 23, 1947, for the construction, acquisition, or improvement of any additional facility or facilities which at the time of such refunding is in operation, *provided*, that at the time of such refunding the Authority is authorized by law to issue bonds secured by the General Reserve Fund for the purpose of refunding such bonds and notes and *provided, further*, either (1) that the net operating revenues of such additional facility both during twelve consecutive months out of the fifteen months next preceding such refunding and during each of two consecutive twelve month periods out of the thirty-six months next preceding such refunding shall have amounted to at least one and one-half times the debt service for the ensuing year upon all General and Refunding Bonds to be issued for such refunding purpose and of the annual debt service upon all Underlying Mortgage Obligations outstanding at the time with respect of such additional facility, or (2) in the alternate, that the combined net operating revenues of all facilities upon the net revenues of which General and Refunding Bonds shall at the time constitute a first lien (including the net operating revenues of such additional facility), both during twelve consecutive months out of the fifteen months next preceding such refunding and during each of two consecutive twelve month periods out of the thirty-six months next preceding such refunding shall have amounted to at least one and one-half times the annual debt service upon all General and Refunding Bonds outstanding at the time of such refunding (including the General and Refunding Bonds issued or to be

issued for such refunding purpose and including all General and Refunding Bonds which the Authority may be under contract to issue) and of the annual debt service upon all Underlying Mortgage Obligations outstanding at the time in respect of such facilities (including such additional facility).”

and it is further

RESOLVED, that the aforesaid amendments of the Basic Resolution are made and shall be deemed to be made by the Authority to induce investors and others to purchase its General and Refunding Bonds, whether such bonds have heretofore been issued or shall be hereafter issued, and whether such bonds be purchased from the Authority or from prior purchasers thereof; and it is further

RESOLVED, that nothing contained in this Resolution shall be construed to alter or impair the obligation of the Authority, which is absolute and unconditional, to pay the principal and interest of any General and Refunding Bond of the Authority at the time and place and at the rate or amount and in the medium of payment prescribed herein, or to alter or impair the security of any General and Refunding Bond, or otherwise to alter or impair any rights of any holder of any General and Refunding Bond.

### *Administration of General Reserve Fund*

The Port Authority deemed it advisable to formulate and publicize the principles which it expects to follow in connection with the administration of its General Reserve Fund. On November 13, 1947 the Board passed the following resolution:

WHEREAS, by Chapter 5 of the Laws of New Jersey of 1931 and Chapter 48 of the Laws of New York of 1931, the States of New Jersey and New York authorized and directed The Port of New York Authority (hereinafter called the Authority) to establish and maintain a General Reserve Fund in the manner and for the purposes therein stated; and

WHEREAS, the Authority has heretofore established said General Reserve Fund and has from time to time pledged it in support of various of its

bonds and notes and has used the moneys therein to pay the principal and interest of certain of such bonds and notes and to fulfill other obligations undertaken to the holders thereof; and

WHEREAS, the Authority will continue so to pledge said General Reserve Fund and so to expend such moneys from time to time in the future; and

WHEREAS, the Authority has from time to time established certain other funds (herein generically called Special Funds) as additional security for certain of the bonds or notes in support of which its General Reserve Fund is pledged; and

WHEREAS, the Authority will from time to time in the future continue to establish such Special Funds in connection with new issues of its bonds; and

WHEREAS, it is desirable and in the public interest that said General Reserve Fund and such Special Funds be so managed and administered that there may be at all times therein an amount equal to two years' debt service upon the bonds in support of which said General Reserve Fund is pledged, and that for the sake of liquidity such amount be held either in the form of cash or of United States Government obligations;

NOW, THEREFORE, be it resolved by The Port of New York Authority as follows:

SECTION 1. As used herein, the following words and phrases shall be construed as follows:

“General Reserve Fund Bonds” shall mean bonds, notes or other evidences of indebtedness of the Authority, now or hereafter issued, which are secured by or payable from the General Reserve Fund.

“Debt Service,” in the case of sinking fund bonds, shall mean the interest upon such bonds and the amounts payable into sinking funds established for the retirement of such bonds, and in the case of bonds other than sinking fund bonds, shall mean the interest payable upon such bonds and the principal amount thereof.

“Two Years' Debt Service,” when used with respect to bonds outstanding at any time, shall mean the amounts which the Authority is

obligated to pay as the debt service of such bonds during the ensuing twenty-four calendar months.

"Outstanding Bonds" shall include bonds held by the Authority, but shall not include past due bonds not presented for payment or bonds called for redemption but not presented for redemption at the redemption date.

"Special Fund" shall mean a fund (other than the General Reserve Fund) which the Authority is obligated to establish or maintain as security for or for the benefit of any of its General Reserve Fund Bonds, the moneys in which are available for the payment of the principal, or interest or debt service of such bonds.

SECTION 2. Subject to the provisions of Section 3 hereof, the moneys in the General Reserve Fund of the Authority shall be used solely to pay debt service upon General Reserve Fund Bonds, and then only if there are no other moneys of the Authority available for that purpose; and the moneys in said General Reserve Fund shall be deposited in such depositories as the Authority may designate or invested in obligations of the United States.

SECTION 3. If, however, there shall at any time be in said General Reserve Fund moneys in excess of an amount equal to two years' debt service upon the General Reserve Fund Bonds of the Authority outstanding at that time, less an amount equal to the aggregate amount of the moneys then in any Special Funds created for the benefit of any General Reserve Fund Bonds (to the extent that such moneys in such Special Funds will be available to pay debt service upon such bonds during the ensuing twenty-four calendar months), then in any such event, such excess moneys may be used to pay debt service upon General Reserve Fund Bonds, whether or not there are other funds available for that purpose, and may also be used to meet, pay or otherwise fulfill any other obligations whatsoever of the Authority under or in connection with General Reserve Fund Bonds; and such excess moneys may be deposited in such depositories as the Authority may designate or invested in bonds, notes or other obligations of the United States, of the State of New York, of the State of New Jersey, and in General Reserve Fund Bonds of the Authority, therefore actually issued and negotiated.

SECTION 4. Nothing contained in this resolution shall be construed to limit, curtail or impair any pledge of the General Reserve Fund hereto-

fore made in favor of or for the benefit of the holders of any General Reserve Fund Bonds or to prevent the Port Authority from doing any act or thing required to be done by it in the fulfillment of such pledge.

SECTION 5. To induce investors and others to purchase and hold its General Reserve Fund Bonds, the Authority pledges to the holders of its General Reserve Fund Bonds that it will administer, invest and use its General Reserve Fund and the moneys therein in accordance with the principles hereinbefore set forth.

## Comparative Summary of Net Revenues

	Year Ended December 31	
	1947	1946
<b>GROSS OPERATING REVENUES</b>		
General and Refunding Bond Facilities	\$27,614,283	\$25,491,344
New York Air Terminals (A)	952,552	—
Total	\$28,566,835	\$25,491,344
<b>OPERATING EXPENSES</b>		
General and Refunding Bond Facilities	\$ 7,239,150	\$ 7,176,168
New York Air Terminals (A)	902,162	—
Total	8,141,312	7,176,168
<b>NET OPERATING REVENUES</b>	\$20,425,523	\$18,315,176
<b>OTHER INCOME</b>		
Net Income from Investments*	782,911	664,180
Total	\$21,208,434	\$18,979,356
<b>OTHER DEDUCTIONS</b>		
Interest on Funded Debt	\$ 4,815,282	\$ 4,766,338
Obligatory Payments to Sinking Funds	2,477,030	2,403,024
Obligatory Maturity Payments	2,800,000	2,800,000
Accelerated Retirement of Debt	71,255	—
Elimination of Net Income from investments accruing in Debt Reserve Funds (included in Other Income)*	506,793	479,570
Total	10,670,360	10,448,932
<b>NET REVENUES</b>	\$10,538,074	\$ 8,530,424
<b>DISPOSITION OF NET REVENUES</b>		
To General Reserve	\$ 4,750,411	\$ 3,508,216
To Special Reserve	5,759,988	5,022,208
To Air Terminal Reserve	27,675	—
Total	\$10,538,074	\$ 8,530,424

(A) Operations began June 1, 1947.

(\*) The income and expenditures applicable to Reserves are set forth in the following analyses covering General Reserve Fund Reserve, Special Reserve Fund Reserve, Air Terminal Reserve Fund Reserve, Sinking Fund Reserves, Insurance Fund Reserve, Employees Retirement Fund Reserve, and in note 1g covering Restoration and Improvement Reserve.

## Accountants' Report

### ERNST & ERNST

ACCOUNTANTS AND AUDITORS

SYSTEM SERVICE

NEW YORK

19 RECTOR STREET  
TELEPHONE: DIGBY 4-5240  
DELIVERY ZONE 6

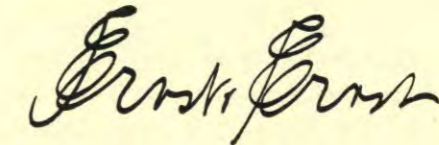
ARLSON  
ATLANTA  
BALTIMORE  
BIRMINGHAM  
BOSTON  
BUFFALO  
CANTON  
CHICAGO  
CINCINNATI  
CLEVELAND  
COLUMBUS  
DALLAS  
DENVER  
DETROIT  
FORT WORTH  
GRAND RAPIDS  
HOUSTON  
INDIANAPOLIS  
KANSAS CITY  
LOS ANGELES  
LOUISVILLE  
MEMPHIS  
MILWAUKEE  
MINNEAPOLIS

NEW ORLEANS  
NEW YORK  
PHILADELPHIA  
PORTLAND, ME.  
PROVIDENCE  
READING  
RICHMOND  
ROCHESTER  
ST. LOUIS  
ST. PAUL  
SAN ANTONIO  
SAN FRANCISCO  
SEATTLE  
TOLEDO  
WASHINGTON  
WINSTON-SALEM  
YOUNGSTOWN  
TORONTO, CANADA  
CORRESPONDENT AT  
LONDON  
CABLE ADDRESS  
"ERNSTAUDIT" N. Y.

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

We have examined the statement of financial position of THE PORT OF NEW YORK AUTHORITY as of December 31, 1947, and the related statements of net revenues and other accounts for the year then ended, have reviewed the system of internal control and the accounting procedures of the Authority and, without making a detailed audit of the transactions, have examined or tested accounting records of the Authority and other supporting evidence, by methods and to the extent we deemed appropriate. Our examination was made in accordance with generally accepted auditing standards applicable in the circumstances and included all procedures which we considered necessary.

In our opinion, the accompanying statement of financial position and related statements of net revenues and other accounts present fairly the position of THE PORT OF NEW YORK AUTHORITY at December 31, 1947 and its revenues and expenditures for the year then ended, on the basis of accounting principles and procedures set forth in Note 1 to the financial statements.



New York, N. Y.  
February 14, 1948.

	Capital Accounts (Exhibit A)
ASSETS	
INVESTMENT IN FACILITIES—at cost (Notes 1 and 2).....	\$251,351,037
CASH .....	1,097,650
INVESTMENTS IN SECURITIES	
U. S. Government securities (Exhibit H).....	34,275,871
The Port of New York Authority bonds (Exhibit H).....	—
Accrued interest receivable .....	92,302
	<u>\$ 34,368,173</u>
OBLIGATIONS OF THE CITY OF NEW YORK (collateral under leases).....	—
OTHER ASSETS	
Prepaid insurance, deposits and sundry accounts.....	460,857
TOTAL ASSETS .....	<u>\$287,277,717</u>
LIABILITIES, RESERVES AND EQUITY ACCOUNTS	
FUNDED DEBT (Note 5)—(Exhibit I).....	\$215,735,000
EQUITY ACCOUNTS	
As shown in Exhibit A .....	70,907,722
RESERVES APPLICABLE TO THE FOLLOWING FUNDS	
Debt Reserve Funds:	
General Reserve Fund—under Section 10 of Basic Resolution.....	—
Special Reserve Fund—under Section 9 of Basic Resolution.....	—
Air Terminal Reserve Fund—under Resolution dated November 13, 1947	—
Operating Reserve Funds:	
Employees Retirement Fund .....	—
Insurance Fund .....	—
SINKING FUND RESERVES	
Fourth Series, General and Refunding Bonds .....	—
Fifth Series, General and Refunding Bonds .....	—
RESERVE FOR RESTORATION AND IMPROVEMENT (Note 1g).....	—
ACCOUNTS PAYABLE AND ACCRUED EXPENSES .....	634,995
DEPOSITS UNDER LEASES .....	—
DEFERRED INCOME	
Unredeemed tickets, etc. ....	—
Long term rental prepayments .....	—
TOTAL LIABILITIES, RESERVES AND EQUITY ACCOUNTS.....	<u>\$287,277,717</u>
CONTINGENT LIABILITIES AND CONSTRUCTION COMMITMENTS—Note 7	

Debt Reserve Funds (Exhibit B)	Operating Reserve Funds (Exhibit C)	Operating Accounts (Exhibit D)	Sinking Funds (Exhibit E)	Depositary Funds (Note 6)
—	—	—	—	—
\$ 106,008	\$ 63,944	\$1,284,715	\$1,674,914	\$ 15,056
32,217,653	5,762,770	2,229,933	500,045	3,739,000
—	—	108,733	—	—
149,247	13,055	20,097	3,281	19,825
<u>\$32,366,900</u>	<u>\$5,775,825</u>	<u>\$2,358,763</u>	<u>\$ 503,326</u>	<u>\$3,758,825</u>
—	—	—	—	225,000
—	—	768,655	—	—
<u>\$32,472,908</u>	<u>\$5,839,769</u>	<u>\$4,412,133</u>	<u>\$2,178,240</u>	<u>\$3,998,881</u>
—	—	—	—	—
—	—	—	—	—
\$21,573,500	—	—	—	—
10,871,733	—	—	—	—
27,675	—	—	—	—
—	\$3,661,843	—	—	—
—	2,176,221	—	—	—
—	—	—	\$1,323,591	—
—	—	—	854,649	—
—	—	\$1,723,947	—	—
—	1,705	2,345,439	—	—
—	—	—	—	\$ 291,858
—	—	342,747	—	—
—	—	—	—	3,707,023
<u>\$32,472,908</u>	<u>\$5,839,769</u>	<u>\$4,412,133</u>	<u>\$2,178,240</u>	<u>\$3,998,881</u>

See Notes to

Financial Statements.

# THE PORT OF NEW YORK AUTHORITY

## NET REVENUES

(see Exhibit C)

Year ended December 31, 1947

**GROSS OPERATING REVENUES:**

Facilities related to General and Refunding Bonds .....	\$27,614,283	
New York Air Terminals .....	952,552	\$28,566,835

**OPERATING EXPENSES:**

Facilities related to General and Refunding Bonds (including \$85,000.00 provision for police retirement plan—Note 1e) ..	\$ 7,239,150	
New York Air Terminals .....	902,162	8,141,312
<b>NET OPERATING REVENUES.....</b>		<b>\$20,425,523</b>

**OTHER INCOME:**

Interest on investments less amortization of purchase premiums, etc. ....		782,911
		<u>\$21,208,434</u>

**OTHER DEDUCTIONS:**

Interest on funded debt .....	\$ 4,815,282	
Obligatory payments to sinking funds .....	2,477,030	
Obligatory redemption of General Reserve Fund Series K, Serial Notes .....	2,800,000	
	<u>\$10,092,312</u>	

The Port of New York Authority bonds purchased and transferred to sinking funds for retirement in anticipation of future requirements .....	71,255	
Elimination of net income from investments accruing in Debt Reserve Funds (included in Other Income above).....	506,793	10,670,360

NET REVENUES AVAILABLE FOR APPROPRIATIONS IN ACCORDANCE WITH STATUTORY REQUIREMENTS AND AGREEMENTS WITH BOND-HOLDERS .....		<u>\$10,538,074</u>
--	--	---------------------

**DISPOSITION OF NET REVENUES AS REQUIRED BY RESOLUTIONS OF THE COMMISSIONERS:**

To General Reserve—to bring total amount to 10% of funded debt .....	\$ 4,750,411	
To Special Reserve .....	5,759,988	
To Air Terminal Reserve .....	27,675	
		<u>\$10,538,074</u>

See Notes to Financial Statements.

# THE PORT OF NEW YORK AUTHORITY

## NOTES TO FINANCIAL STATEMENTS

December 31, 1947

**Note 1—STATEMENT OF ACCOUNTING PRINCIPLES AND PROCEDURES:**

- a. The Port of New York Authority was created as a corporate instrumentality in 1921 by compact between the States of New York and New Jersey with the approval of Congress. The Authority has no stockholders or equity holders and 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. The accounting principles outlined in paragraphs following, which have been consistently applied, are based on the Authority's interpretation of such statutes and agreements, and on resolutions of the Commissioners.
- b. No deduction from revenue has been made for depreciation of facilities or for amortization of leasehold improvements, nor has a reserve for depreciation been established. However, deductions are made from revenue for payments to sinking funds as required, and for expenditures to maintain in good condition all facilities, the net revenues of which are pledged as security for Port Authority bonds.
- c. The balance of "Investment in facilities" at December 31, 1947 includes the following:
  - (1) the net discount and expense incurred in connection with bonds and notes issued for construction purposes; no provision has been made for amortization of such discount and expense; (2) interest expense on such bonds and notes during the period of construction (less income earned on unexpended construction funds); and (3) certain interest expense applicable to periods subsequent to the dates of official opening of the respective facilities. The amounts of the above items included in investment in facilities at December 31, 1947, and the amounts added during the year ended at that date follow:

	Included in Facility Costs at December 31, 1947	Added to Facility Costs During the Year Ended December 31, 1947
(1) Net discount and expense .....	\$ 3,845,727	(\$ 79,052) (a)
(2) Interest during construction .....	16,804,012	121,767 (b)
(3) Interest subsequent to opening .....	1,879,829	—
Total .....	<u>\$22,529,568</u>	<u>\$ 42,715</u>
(a) Net credit consisting of:		
General and Refunding, Eighth Series Bonds:		
Premium .....	\$ 36,558	
Less expenses for legal services, etc. ....	6,497	\$ 30,061
Bus Terminal Bonds (Series M):		
Premium .....	\$ 77,989	
Less expenses for legal services, etc. ....	17,032	60,957
		<u>\$ 91,018</u>
Less:		
Truck Terminal Bonds (Series J and General and Refunding, Tenth and Eleventh Series):		
Expenses for printing of bonds, etc. ....	\$ 2,891	
Air Terminal Bonds (proposed):		
Expenses for consultant services, etc. ....	9,075	11,966
Net credit .....		<u>\$ 79,052</u>
(b) Consisting of:		
Interest on funded debt .....	\$274,687	
Less net interest income on unexpended construction funds	152,920	\$121,767

- d. In the opinion of its General Counsel, the Authority is not subject to either Federal, State or local taxes. The Authority, however, is authorized by law to enter into voluntary agreements to pay a fair annual sum in lieu of taxes in connection with its marine and inland terminals; full provision has been made at December 31, 1947 for payments under such agreements then in effect.

Note 1—STATEMENT OF ACCOUNTING PRINCIPLES AND PROCEDURES—Continued:

- e. The employees' retirement reserve was established in 1941 to provide from current and subsequent revenues an amount which, when increased by the earnings of the corresponding fund, would be sufficient to meet the annual payments to 1966 required by contract with the New York State Employees' Retirement System for employee services prior to membership in the System. On December 31, 1945 the amount thus set aside was considered to be adequate to provide for the entire obligation. However, for the period of six months ended June 30, 1946 an amount of \$465,000 was set aside from revenue in order to provide for the estimated amount necessary to pay special monthly allowances to certain retired employees whose pensions were considered less than adequate; and between June 30, 1946 and December 31, 1947 an additional provision of \$550,000 (\$85,000 of which was provided in 1947) was set aside from revenue to meet the additional annual payments required for prior service under the twenty-five year retirement plan adopted for Authority policemen.
- f. The insurance reserve was established in 1941 by an appropriation from the general reserve, and subsequently increased by charges against revenue (which charges were discontinued as of July 1, 1945), in order to provide a fund the earnings of which are estimated to be sufficient to pay for losses not covered by policies with outside insurers. In the opinion of the Comptroller, the insurance reserve at December 31, 1947 was adequate for this purpose.
- g. The restoration and improvement reserve was established in 1943 to provide from current and subsequent revenues moneys with which to pay in part the cost of a projected modernization and rehabilitation program. The program, as revised at December 31, 1947, contemplates total expenditures of \$3,725,000, the full amount of which was appropriated from revenues prior to January 1, 1946, and the Commissioners have authorized expenditure of \$2,754,785 from the amount appropriated, for specific projects, in connection with which the amount of \$2,001,053 had been expended at December 31, 1947.
- h. The cost of refunding and consolidating debt, consisting of call premiums, interest payment and other expenses, amounted to \$14,602,541 at December 31, 1947, unchanged from December 31, 1946. Inasmuch as these costs were paid from proceeds of various bond issues as authorized by resolutions of the Commissioners, the amount thereof has been deducted from equity accounts instead of being deferred and amortized over subsequent accounting periods.

Note 2—During the year ended December 31, 1947 the Authority transferred to construction in progress the amount of \$1,806,181, representing uncompleted additions to existing facilities, which at December 31, 1946 was carried in the balance of investment in facilities (now titled "Completed construction" in the accompanying Exhibit A) of \$239,890,680.

Note 3—At December 31, 1947 assets held for additional construction as shown in Exhibit A were allocated to the following projects:

a. Extension of Lincoln Tunnel East Approach.....	\$ 1,698,537
b. Construction of Union Motor Truck Terminals.....	3,291,910
c. Construction of Holland Tunnel Viaduct.....	2,008,891
d. Capital improvements to the Grain Terminal.....	372,162
e. Construction of the 179th Street Tunnel, George Washington Bridge.....	7,391,386
f. Construction of the Union Motor Bus Terminal.....	13,766,724
g. Net proceeds from sale of miscellaneous equipment and appropriated income not allocated.....	110,500
	<u>\$28,640,110</u>
h. Rehabilitation and development of the New York Air Terminals.....	7,286,570
	<u>\$35,926,680</u>

Note 4—

- a. On April 16, 1947, \$8,500,000 principal amount of General and Refunding, Eighth Series, 2% Bonds, due 1974, were issued and the proceeds thereof were allocated to:

Construction of the 179th Street Tunnel, George Washington Bridge.....	\$ 7,532,257
Extension of the Lincoln Tunnel East Approach.....	1,004,301
	<u>\$ 8,536,558</u>

The premium of \$36,558 received on the above bond issue, less expenses for legal services, etc. amounting to \$6,497, was deducted from construction in progress.

- b. On May 28, 1947, \$10,000,000 principal amount of Air Terminal Notes, Series L, of the Authority, bearing interest at the rate of  $\frac{3}{4}\%$  were issued to provide funds for the rehabilitation and development

Note 4—Continued:

of the New York Air Terminals, pending the establishment of long term debt therefor. On November 24, 1947 the maturity date (originally December 1, 1947) was extended to February 1, 1948 by agreement with the banks to whom the notes were issued. In January, 1948, the maturity of these notes was further extended to August 1, 1948.

- c. In July 1947, \$16,350,000 principal amount of Terminal Bonds, Series M,  $1\frac{1}{2}\%$ , due serially in annual amounts of \$1,090,000 each, June 15, 1948 and each June 15th thereafter to and including June 15, 1962, were sold to provide funds for the construction of the Port Authority Union Motor Bus Terminal.

Note 5—During June, 1946 the Authority returned to the Comptroller of the State of New York the amount of \$105,337 representing the unexpended balance of \$180,000 advanced to the Authority by New York State Postwar Public Works Planning Commission, for detailed plans and specifications for the bus terminal referred to in Note 4c. The amount of \$74,663, representing the expended portion of the advance, which is included under investment in facilities, was paid to the State on August 11, 1947 from the proceeds of the sale on July 16, 1947 of the Terminal Bonds, Series M, of the Authority.

Note 6—The amounts included in Depository Funds represent surety deposits under leases, and long term rental prepayments under leases for New York International Airport originally entered into between oil companies and The City of New York.

Note 7—Contingent liabilities and construction commitments at December 31, 1947 were as follows:

a. Construction contracts awarded, less payments made and liabilities recorded to cover work performed to and including December 31, 1947 .....	\$2,238,483
b. Contingent liabilities relative to acquisition of certain easements, payable if and when the owners of the properties elect to have certain construction work performed—not to exceed ..	\$ 558,000
c. Costs that may be incurred in connection with proposed construction by The City of New York of a protective pier over the Lincoln Tunnel, estimated, when the commitment was first assumed, at .....	\$ 600,000

d. The accompanying financial statements do not include amounts for certain property for the Union Motor Bus Terminal and Lincoln Tunnel Approach for which property condemnation proceedings were pending at December 31, 1947, although title to some of the property had been acquired prior to that date, for the reason that the amount to be paid had not been finally determined by the courts at December 31, 1947. The total unpaid amount involved in such proceedings is estimated to be \$2,400,000, which will be paid when due, out of the \$15,465,261 on hand for such construction as shown in Note 3a and 3f.

- e. Under an agreement with The City of New York dated April 17, 1947 for the lease to the Authority of the Municipal Air Terminals, the Authority agreed, among other things, to provide funds up to the sum of \$198,500,000 in the aggregate, if necessary, for the rehabilitation, expansion, improvement and development of said air terminals. Of that amount, \$100,000,000 is to be spent prior to June 1, 1954 for the foregoing purposes, exclusive of the construction of hangars, shops, gasoline distribution systems and related facilities.

The leasehold term will expire when all Port Authority obligations issued in connection with the above air terminals have been paid, but in any event not later than May 31, 1997. The agreement provides for the return to the City upon the termination of the lease of all buildings, structures and improvements and personal property used in connection with the operation of the leased municipal air terminals. The lease provides for a stated annual rental or an alternative amount based upon net operating revenue, whichever is greater.

- f. Under an agreement with the City of Newark dated October 22, 1947 for the lease to the Authority of Newark Marine and Air Terminals, the Authority agreed, among other things, to provide funds to the sum of \$70,500,000 in the aggregate, if necessary, subject to the terms of the contract, for the effectuation, rehabilitation, expansion, improvement and development of said terminals. Of that amount, \$50,000,000 is to be spent within seven years from the effective date of the lease for the foregoing purposes, exclusive of the construction of hangars, shops and related facilities.

The leasehold term shall not commence until after the City has secured from the United States, at the City's expense, a cancellation or surrender of a lease between the City and the United States of America dated April 1, 1942 covering a substantial portion of the Terminal Area.

The leasehold term will expire when all Port Authority bonds issued for Newark Marine and Air Terminal purposes have been paid, but in any event not later than fifty years from the effective date. All properties will revert to the City upon the termination of the lease.

EXHIBIT A

THE PORT OF NEW YORK AUTHORITY

DETAIL OF ASSETS AND LIABILITIES—CAPITAL ACCOUNTS

December 31, 1947

	General Capital Accounts	New York Air Terminals Capital Accounts	Combined
<b>ASSETS</b>			
INVESTMENT IN FACILITIES—at cost (Notes 1 and 2)			
Completed construction .....	\$238,083,116	—	\$238,083,116
Construction in progress .....	10,239,126	—	10,239,126
Leasehold improvements .....	—	\$ 3,028,795	3,028,795
	<u>\$248,322,242</u>	<u>\$ 3,028,795</u>	<u>\$251,351,037</u>
ASSETS HELD FOR ADDITIONAL CONSTRUCTION (Note 3)			
Cash .....	945,849	151,801	1,097,650
U. S. Government Securities (Exhibit H)....	27,200,236	7,075,635	34,275,871
Accrued interest receivable .....	76,771	15,531	92,302
Deposits on condemnation proceedings .....	135,500	—	135,500
Prepaid insurance .....	341	43,603	43,944
Miscellaneous other assets .....	281,413	—	281,413
	<u>\$ 28,640,110</u>	<u>\$ 7,286,570</u>	<u>\$ 35,926,680</u>
<b>TOTAL ASSETS .....</b>	<u><b>\$276,962,352</b></u>	<u><b>\$10,315,365</b></u>	<u><b>\$287,277,717</b></u>
<b>LIABILITIES AND EQUITY ACCOUNTS</b>			
FUNDED DEBT (Note 5) (Exhibit I)			
	\$205,735,000	\$10,000,000	\$215,735,000
EQUITY ACCOUNTS			
Debt retired through income .....	70,496,817	—	70,496,817
Contributed by federal and state agencies in aid of construction .....	10,860,412	—	10,860,412
Appropriated income invested in facilities ....	3,431,886	—	3,431,886
Appropriated income to be invested in facilities	721,148	—	721,148
	<u>\$ 85,510,263</u>	<u>—</u>	<u>\$ 85,510,263</u>
Less cost of refunding and consolidating debt..	14,602,541	—	14,602,541
	<u>\$ 70,907,722</u>	<u>—</u>	<u>\$ 70,907,722</u>
OTHER LIABILITIES			
Accrued interest payable .....	\$ 41,098	\$ 6,369	\$ 47,467
Liability in lieu of taxes (Note 1d) .....	17,042	—	17,042
Other accounts payable, accrued expenses, etc.	261,490	308,996	570,486
	<u>\$ 319,630</u>	<u>\$ 315,365</u>	<u>\$ 634,995</u>
<b>TOTAL LIABILITIES AND EQUITY ACCOUNTS</b>	<u><b>\$276,962,352</b></u>	<u><b>\$10,315,365</b></u>	<u><b>\$287,277,717</b></u>

See Notes to Financial Statements.

EXHIBIT B

THE PORT OF NEW YORK AUTHORITY

DETAIL OF ASSETS AND LIABILITIES—DEBT RESERVE FUNDS  
AND ANALYSIS OF DEBT RESERVES

December 31, 1947

	General Reserve Fund	Special Reserve Fund	Air Terminal Reserve Fund	Combined
<b>DETAIL OF ASSETS AND LIABILITIES</b>				
<b>ASSETS</b>				
Cash .....	\$ 74,872	\$ 3,461	\$27,675	\$ 106,008
U. S. Government securities (Exhibit H)....	21,387,270	10,830,383	—	32,217,653
Accrued interest receivable .....	111,358	37,889	—	149,247
<b>TOTAL ASSETS .....</b>	<u><b>\$21,573,500</b></u>	<u><b>\$10,871,733</b></u>	<u><b>\$27,675</b></u>	<u><b>\$32,472,908</b></u>
<b>RESERVES</b>				
Balances of reserves at December 31, 1947....	<u>\$21,573,500</u>	<u>\$10,871,733</u>	<u>\$27,675</u>	<u>\$32,472,908</u>
<b>ANALYSIS OF RESERVES</b>				
Balances of reserves at January 1, 1947.....	\$18,932,900	\$ 5,022,208	—	\$23,955,108
Add:				
Income from investments .....	417,256	89,537	—	506,793
Transfer of net revenues for the year .....	4,750,411	5,759,988	\$27,675	10,538,074
<b>Total additions to reserves for the year</b>	<u><b>\$ 5,167,667</b></u>	<u><b>\$ 5,849,525</b></u>	<u><b>\$27,675</b></u>	<u><b>\$11,044,867</b></u>
	<u>\$24,100,567</u>	<u>\$10,871,733</u>	<u>\$27,675</u>	<u>\$34,999,975</u>
Deduct:				
The Port of New York Authority bonds transferred to sinking funds (as shown in Exhibit E) .....	2,527,067	—	—	2,527,067
<b>Balances of reserves at December 31, 1947.....</b>	<u><b>\$21,573,500</b></u>	<u><b>\$10,871,733</b></u>	<u><b>\$27,675</b></u>	<u><b>\$32,472,908</b></u>

See Notes to Financial Statements.

EXHIBIT C

THE PORT OF NEW YORK AUTHORITY

DETAIL OF ASSETS AND LIABILITIES—OPERATING RESERVE FUNDS,  
AND ANALYSIS OF OPERATING RESERVES

December 31, 1947

	Employees' Retirement Fund (Note 1e)	Insurance Fund (Note 1f)	Combined
<b>DETAIL OF ASSETS AND LIABILITIES</b>			
<b>ASSETS</b>			
Cash .....	\$ 42,942	\$ 21,002	\$ 63,944
U. S. Government securities (Exhibit H).....	3,612,424	2,150,346	5,762,770
Accrued interest receivable .....	6,477	6,578	13,055
	<u>\$3,661,843</u>	<u>\$2,177,926</u>	<u>\$5,839,769</u>
<b>LIABILITIES AND RESERVES</b>			
Balances of reserves at December 31, 1947.....	\$3,661,843	\$2,176,221	\$5,838,064
Claims payable .....	—	1,705	1,705
	<u>\$3,661,843</u>	<u>\$2,177,926</u>	<u>\$5,839,769</u>
<b>ANALYSIS OF RESERVES</b>			
Balances of reserves at January 1, 1947.....	\$3,633,249	\$2,160,644	\$5,793,893
Add:			
Income from investments .....	82,058	45,643	127,701
Provision for twenty-five year police retirement plan .....	85,000	—	85,000
Total additions to reserves for the year....	<u>\$ 167,058</u>	<u>\$ 45,643</u>	<u>\$ 212,701</u>
	\$3,800,307	\$2,206,287	\$6,006,594
Deduct:			
Payment to New York State Employees' Retirement System applicable to the year ended March 31, 1946 .....	\$ 121,410	—	\$ 121,410
Payments to retired employees of special monthly allowances .....	17,054	—	17,054
Claims entered and awards made in connection with self-insured risks .....	—	\$ 30,066	30,066
Total deductions from reserves for the year	<u>\$ 138,464</u>	<u>\$ 30,066</u>	<u>\$ 168,530</u>
Balances of reserves at December 31, 1947.....	<u>\$3,661,843</u>	<u>\$2,176,221</u>	<u>\$5,838,064</u>

See Notes to Financial Statements.

EXHIBIT D

THE PORT OF NEW YORK AUTHORITY

DETAIL OF ASSETS AND LIABILITIES—OPERATING ACCOUNTS

December 31, 1947

	General Operating Accounts	New York Air Terminals Operating Accounts	Combined
<b>ASSETS</b>			
<b>CASH</b>	\$1,278,620	\$ 6,095	\$1,284,715
<b>INVESTMENTS IN SECURITIES</b>			
U. S. Government securities (Exhibit H).....	2,229,933	—	2,229,933
The Port of New York Authority bonds (Ex- hibit H) .....	108,733	—	108,733
Accrued interest receivable .....	20,097	—	20,097
	<u>\$2,358,763</u>	<u>—</u>	<u>\$2,358,763</u>
<b>OTHER ASSETS</b>			
Prepaid insurance .....	367,506	\$ 39,840	407,346
Accounts receivable .....	96,522	130,587	227,109
Accrued revenue receivable .....	48,865	76,506	125,371
Miscellaneous other assets .....	8,829	—	8,829
	<u>\$ 521,722</u>	<u>\$246,933</u>	<u>\$ 768,655</u>
<b>TOTAL ASSETS</b> .....	<u>\$4,159,105</u>	<u>\$253,028</u>	<u>\$4,412,133</u>
<b>RESERVE AND LIABILITIES</b>			
<b>RESERVE FOR RESTORATION AND IMPROVEMENT</b>			
(Note 1g) .....	\$1,723,947	—	\$1,723,947
<b>ACCOUNTS PAYABLE AND ACCRUED EXPENSES</b>			
Accrued interest on funded debt .....	1,023,710	—	1,023,710
Unredeemed bonds and interest coupons (less \$193,- 881 on deposit with paying agents).....	23,878	—	23,878
Accrued liability for employee retirement .....	545,020	\$ 19,316	564,336
Rent payable to The City of New York.....	—	160,417	160,417
Reserve for taxes and interest on property to be acquired .....	—	43,750	43,750
Liability in lieu of taxes (Note 1d).....	30,064	—	30,064
Other accounts payable, accrued expenses, etc....	469,739	29,545	499,284
	<u>\$2,092,411</u>	<u>\$253,028</u>	<u>\$2,345,439</u>
<b>DEFERRED INCOME</b>			
Unredeemed tickets, etc. ....	342,747	—	342,747
<b>TOTAL RESERVE AND LIABILITIES</b> .....	<u>\$4,159,105</u>	<u>\$253,028</u>	<u>\$4,412,133</u>

See Notes to Financial Statements.

EXHIBIT E

THE PORT OF NEW YORK AUTHORITY

CHANGES IN SINKING FUND RESERVES

Year ended December 31, 1947

	Fourth Series	Fifth Series	Other Series*	Totals
BALANCES at January 1, 1947 .....	\$1,582,142	\$ 830,475	—	\$2,412,617
ADD:				
Income from investments .....	4,253	500		4,753
Obligatory payments to sinking funds .....	1,623,176	853,854		2,477,030
The Port of New York Authority bonds transferred to sinking funds for retirement in anticipation of future requirements:				
Transferred from General Reserve Fund .....			\$2,527,067	2,527,067
Transferred from General Operating Accounts .....			71,255	71,255
Adjustment of cost to redemption price** .....			422,968	422,968
TOTAL ADDITIONS TO RESERVES FOR THE YEAR.....	\$1,627,429	\$ 854,354	\$3,021,290	\$5,503,073
	\$3,209,571	\$1,684,829	\$3,021,290	\$7,915,690
DEDUCT:				
Payments made from sinking funds for redemption of General and Refunding Bonds:				
Principal amount of bonds redeemed .....	1,849,000	806,000		2,655,000
Premium on bonds .....	36,980	24,180		61,160
Retirement of The Port of New York Authority bonds in anticipation of future sinking fund requirements:				
General and Refunding Bonds:				
Seventh Series:				
Principal amount of bonds redeemed .....			95,000	95,000
Call premium thereon .....			2,850	2,850
Eighth Series:				
Principal amount of bonds redeemed .....			25,000	25,000
Call premium thereon .....			750	750
Ninth Series:				
Principal amount of bonds redeemed .....			772,000	772,000
Call premium thereon .....			7,720	7,720
Eleventh Series:				
Principal amount of bonds redeemed .....			1,655,000	1,655,000
Call premium thereon .....			16,550	16,550
Terminal Bonds, Series J:				
Principal amount of bonds redeemed .....			442,000	442,000
Call premium thereon .....			4,420	4,420
TOTAL DEDUCTIONS FROM RESERVES FOR THE YEAR.....	\$1,885,980	\$ 830,180	\$3,021,290	\$5,737,450
BALANCES at December 31, 1947.....	\$1,323,591	\$ 854,649	—	\$2,178,240

\* Covers Series as shown on which sinking fund payments are not yet obligatory.

\*\* Represents the increase from cost to an amount equal to the redemption price applicable if such bonds were called at the next ensuing redemption date, made in order to conform with the requirements of the Basic Resolution, adopted on March 18, 1935 and of the Resolution Authorizing Terminal Bonds, Series J, adopted on August 30, 1945.

EXHIBIT F

THE PORT OF NEW YORK AUTHORITY

CHANGES IN EQUITY ACCOUNTS

Year ended December 31, 1947

	Debt Retired Through Income	Contributed by Federal and State Agencies in Aid of Construction	Appropriated Income Invested in Facilities	Appropriated Income to be Invested in Facilities	Less Cost of Refunding and Consolidating Debt	Total
Balances at January 1, 1947.....	\$62,052,817	\$10,860,412	\$2,841,638	\$1,311,401	\$14,602,541	\$62,463,722
Additions for the year:						
Principal amount of debt retired through payments made from sinking funds for redemption of General and Refunding Bonds:						
Fourth Series.....	1,849,000					1,849,000
Fifth Series.....	806,000					806,000
Principal amount of The Port of New York Authority bonds purchased in open market and retired in anticipation of future sinking fund requirements (see entries under sinking fund reserves):						
General and Refunding Bonds:						
Seventh Series.....		95,000				95,000
Eighth Series.....		25,000				25,000
Ninth Series.....		772,000				772,000
Eleventh Series.....		1,655,000				1,655,000
Terminal Bonds, Series J.....		442,000				442,000
Principal amount of General Reserve Fund, Series K, Serial Notes retired through payments from revenues for redemption at maturity .....			2,800,000			2,800,000
Expenditures for construction made from appropriated, income, transferred.....			590,253	( 590,253)		—
Balances at December 31, 1947.....	\$70,496,817	\$10,860,412	\$3,431,886	\$ 721,148	\$14,602,541	\$70,907,722

EXHIBIT G

THE PORT OF NEW YORK AUTHORITY  
DETAIL OF NET REVENUES—OPERATING ACCOUNTS

Year ended December 31, 1947

	General Operating Accounts	New York Air Terminals Operating Accounts	Combined
<b>GROSS OPERATING REVENUES:</b>			
Facilities related to General and Refunding Bonds:			
Bridge and tunnel vehicular tolls.....	\$25,312,176		\$25,312,176
Port Authority Building—rentals from tenants, building services sold, etc.....	1,641,211		1,641,211
Port Authority Grain Terminal—rental of piers, etc. ....	306,176		306,176
Properties adjacent to facilities, etc.....	354,720		354,720
	<u>\$27,614,283</u>		<u>\$27,614,283</u>
New York Air Terminals—space rentals, conces- sions, etc. ....	—	\$952,552	952,552
	<u>\$27,614,283</u>	<u>\$952,552</u>	<u>\$28,566,835</u>
<b>OPERATING EXPENSES:</b>			
Facilities related to General and Refunding Bonds (including \$85,000.00 provision for police retire- ment plan—Note 1e).....	\$ 7,239,150		\$ 7,239,150
New York Air Terminals.....		\$902,162	902,162
	<u>7,239,150</u>	<u>902,162</u>	<u>8,141,312</u>
<b>NET OPERATING REVENUES</b> .....	<u>\$20,375,133</u>	<u>\$ 50,390</u>	<u>\$20,425,523</u>
<b>OTHER INCOME:</b>			
Interest on investments less amortization of purchase premiums, etc.....	782,911	—	782,911
	<u>\$21,158,044</u>	<u>\$ 50,390</u>	<u>\$21,208,434</u>
<b>OTHER DEDUCTIONS:</b>			
Interest on funded debt.....	\$ 4,815,282		\$ 4,815,282
Obligatory payments to sinking funds.....	2,477,030		2,477,030
Obligatory redemption of General Reserve Fund Series K, Serial Notes.....	2,800,000		2,800,000
	<u>\$10,092,312</u>		<u>\$10,092,312</u>
The Port of New York Authority bonds purchased and transferred to sinking funds for retirement in anticipation of future requirements.....	71,255		71,255
Elimination of net income from investments ac- cruing in Debt Reserve Funds (included in Other Income above).....	506,793		506,793
	<u>10,670,360</u>	<u>—</u>	<u>10,670,360</u>
<b>NET REVENUES AVAILABLE FOR APPROPRIATIONS IN ACCORDANCE WITH STATUTORY REQUIREMENTS AND AGREEMENTS WITH BONDHOLDERS</b> .....	<u>\$10,487,684</u>	<u>\$ 50,390</u>	<u>\$10,538,074</u>
<b>DISPOSITION OF NET REVENUES AS REQUIRED BY RESOLU- TIONS OF THE COMMISSIONERS:</b>			
To General Reserve.....	\$ 4,727,696	\$ 22,715	\$ 4,750,411
To Special Reserve.....	5,759,988	—	5,759,988
To Air Terminal Reserve.....	—	27,675	27,675
	<u>\$10,487,684</u>	<u>\$ 50,390</u>	<u>\$10,538,074</u>

See Notes to Financial Statements.

EXHIBIT H

THE PORT OF NEW YORK AUTHORITY

INVESTMENTS IN SECURITIES

December 31, 1947

	Principal Amount	Cost (A)	Quoted Market Value
<b>U. S. GOVERNMENT SECURITIES</b>			
<b>ASSETS HELD FOR ADDITIONAL CONSTRUCTION</b>			
<b>GENERAL CAPITAL FUND</b>			
U. S. Treasury Notes, Series A, 1 1/8 %, due January 1, 1949 .....	\$ 2,500,000	\$ 2,500,000	\$ 2,500,600
U. S. Treasury Notes, 1 1/2 %, due September 15, 1948	14,250,000	14,303,246	14,297,880
U. S. Treasury Bonds, 1 1/2 %, due December 15, 1950	6,500,000	6,559,892	6,522,344
U. S. Treasury Bonds, 1 3/4 %, due June 15, 1948....	2,900,000	2,909,660	2,909,062
U. S. Treasury Bonds, 2 1/4 %, due September 15, 1959-56 .....	900,000	927,438	911,250
	<u>\$27,050,000</u>	<u>\$27,200,236</u>	<u>\$27,141,136</u>
<b>NEW YORK AIR TERMINALS CAPITAL FUND</b>			
U. S. Treasury Notes, 1 1/2 %, due September 15, 1948	\$ 2,850,000	\$ 2,860,531	\$ 2,859,576
U. S. Treasury Bonds, 1 3/4 %, due June 15, 1948....	4,200,000	4,215,104	4,213,125
	<u>\$ 7,050,000</u>	<u>\$ 7,075,635</u>	<u>\$ 7,072,701</u>
<b>TOTAL—HELD FOR ADDITIONAL CONSTRUCTION..</b>	<u>\$34,100,000</u>	<u>\$34,275,871</u>	<u>\$34,213,837</u>
<b>SINKING FUND ASSETS</b>			
U. S. Treasury Certificates of Indebtedness, 7/8 %, due April 1, 1948 .....	\$ 500,000	\$ 500,045	\$ 499,985
<b>DEPOSITARY FUND ASSETS</b>			
U. S. Treasury Certificates of Indebtedness, 7/8 %, due January 1, 1948 .....	\$ 2,089,000	\$ 2,089,000	\$ 2,089,000
U. S. Treasury Notes, Series A, 1 1/8 %, due January 1, 1949 .....	1,650,000	1,650,000	1,650,396
	<u>\$ 3,739,000</u>	<u>\$ 3,739,000</u>	<u>\$ 3,739,396</u>
<b>DEBT RESERVE FUND ASSETS</b>			
<b>GENERAL RESERVE FUND</b>			
U. S. Treasury 90-Day Discount Bills, due March 25, 1948 .....	\$ 2,245,000	\$ 2,240,131	\$ 2,239,911
U. S. Treasury Certificates of Indebtedness, 7/8 % due January 1, 1948 .....	3,700,000	3,700,000	3,700,000
U. S. Treasury Notes, Series A, 1 1/8 %, due January 1, 1949 .....	1,300,000	1,300,000	1,300,312
U. S. Treasury Bonds, 1 3/4 %, due June 15, 1948 .....	300,000	301,912	300,937
U. S. Treasury Bonds, 2 1/4 %, due September 15, 1959-56 .....	10,235,000	10,527,876	10,362,938
U. S. Treasury Bonds, 2 1/4 %, due June 15, 1962-59...	2,225,000	2,274,190	2,225,000
U. S. Treasury Bonds, 2 1/2 %, due December 15, 1968-63 .....	1,000,000	1,043,161	1,010,000
	<u>\$21,005,000</u>	<u>\$21,387,270</u>	<u>\$21,139,098</u>

**EXHIBIT H—Continued**  
**THE PORT OF NEW YORK AUTHORITY**  
**INVESTMENTS IN SECURITIES**  
**December 31, 1947**

	Principal Amount	Cost (A)	Quoted Market Value
<b>U. S. GOVERNMENT SECURITIES—CONTINUED</b>			
<b>DEBT RESERVE FUND ASSETS—CONTINUED</b>			
<b>SPECIAL RESERVE FUND</b>			
U. S. Treasury Bonds, 2¼%, due September 15, 1959-56 .....	\$ 4,905,000	\$ 5,077,053	\$ 4,966,312
U. S. Treasury Bonds, 2¼%, due June 15, 1962-59 .....	525,000	536,607	525,000
U. S. Treasury Bonds, 2½%, due December 15, 1968-63 .....	5,000,000	5,216,723	5,050,000
	<u>\$10,430,000</u>	<u>\$10,830,383</u>	<u>\$10,541,312</u>
<b>TOTAL—DEBT RESERVE FUNDS.....</b>	<u>\$31,435,000</u>	<u>\$32,217,653</u>	<u>\$31,680,410</u>
<b>OPERATING RESERVE FUND ASSETS</b>			
<b>EMPLOYEES' RETIREMENT FUND</b>			
U. S. Treasury Bonds, 2¼%, due September 15, 1959-56 .....	\$ 160,000	\$ 164,150	\$ 162,000
U. S. Treasury Bonds, 2¼%, due June 15, 1962-59 .....	650,000	650,000	650,000
U. S. Treasury Bonds, 2½%, due December 15, 1968-63 .....	750,000	788,349	757,500
U. S. Treasury Bonds, 2½%, due December 15, 1969-64 .....	725,000	735,257	755,625
U. S. Treasury Bonds, 2½%, due June 15, 1972-67 .....	950,000	974,668	952,375
U. S. Treasury Savings Bonds, 2½%, Series G, due June 1, 1957 .....	100,000	100,000	95,600
U. S. Treasury Savings Bonds, 2½%, Series G, due March 1, 1958 .....	100,000	100,000	96,900
U. S. Treasury Savings Bonds, 2½%, Series G, due January 1, 1959 .....	100,000	100,000	98,800
	<u>\$ 3,535,000</u>	<u>\$ 3,612,424</u>	<u>\$ 3,568,800</u>
<b>INSURANCE FUND</b>			
U. S. Treasury Bonds, 2¼%, due September 15, 1959-56 .....	\$ 800,000	\$ 821,875	\$ 810,000
U. S. Treasury Bonds, 2½%, due June 15, 1972-67 .....	1,225,000	1,277,596	1,228,062
U. S. Treasury Bonds, 2½%, due December 15, 1969-64 .....	50,000	50,875	50,375
	<u>\$ 2,075,000</u>	<u>\$ 2,150,346</u>	<u>\$ 2,088,437</u>
<b>TOTAL—OPERATING RESERVE FUNDS.....</b>	<u>\$ 5,610,000</u>	<u>\$ 5,762,770</u>	<u>\$ 5,657,237</u>

**EXHIBIT H—Continued**  
**THE PORT OF NEW YORK AUTHORITY**  
**INVESTMENTS IN SECURITIES**  
**December 31, 1947**

	Principal Amount	Cost (A)	Quoted Market Value
<b>U. S. GOVERNMENT SECURITIES—CONTINUED</b>			
<b>GENERAL OPERATING FUND ASSETS</b>			
U. S. Treasury 90 Day Discount Bills, due March 25, 1948 .....	\$ 30,000	\$ 29,933	\$ 29,932
U. S. Treasury Certificates of Indebtedness, 7% %, due January 1, 1948 .....	2,200,000	2,200,000	2,200,000
	<u>\$ 2,230,000</u>	<u>\$ 2,229,933</u>	<u>\$ 2,229,932</u>
<b>THE PORT OF NEW YORK AUTHORITY BONDS</b>			
<b>GENERAL OPERATING FUND ASSETS</b>			
General and Refunding Bonds, Fifth Series, 3¼%, due August 15, 1977 .....	\$ 18,000	\$ 18,540	\$ 18,540
General and Refunding Bonds, Seventh Series, 2¾%, due September 1, 1973 .....	46,000 (B)	46,824	46,000
General and Refunding Bonds, Ninth Series, 1½%, due April 1, 1985 .....	55,000	43,369	41,800
	<u>\$ 119,000</u>	<u>\$ 108,733</u>	<u>\$ 106,340</u>

(A) Cost less amortization to date, of purchase premiums or discount.  
(B) \$21,000 principal amount undelivered December 31, 1947.

**EXHIBIT I**  
**THE PORT OF NEW YORK AUTHORITY**

**FUNDED DEBT**

**December 31, 1947**

	Amount Authorized and Outstanding December 31, 1947
AIR TERMINAL, SERIES L, ¾% NOTES, DUE FEBRUARY 1, 1948 (extended to August 1, 1948)—(of \$15,000,000 authorized for issuance) .....	\$ 10,000,000
GENERAL RESERVE FUND, SERIES K, ¾% SERIAL NOTES, DUE DECEMBER 1, 1948 .....	2,703,000
TERMINAL BONDS, SERIES J, 1¾% DUE 1985 (A)-(C) .....	7,058,000
TERMINAL BONDS, SERIES M, 1½%, DUE \$1,090,000 ANNUALLY TO JUNE 15, 1962 .....	16,350,000
GENERAL AND REFUNDING BONDS .....	
Fourth Series, 3%, due 1976 (B) .....	\$71,659,000
Fifth Series, 3¾%, due 1977 (B) .....	41,076,000
Seventh Series, 2¾%, due 1973 (B) .....	14,186,000
Eighth Series, 2%, due 1974 (C) .....	25,956,000
Ninth Series, 1½%, due 1985 (C) .....	11,091,000
Eleventh Series, 1¾%, due 1986 (C) .....	15,656,000
	179,624,000
	\$215,735,000

(A) During 1945 the Authority established its General Refunding Bonds, Tenth Series, 1¾%, due 1985 which are to be issued in exchange for its Terminal Bonds, Series J, 1¾%, due 1985 in accordance with the agreement with the holders of these bonds. On December 31, 1947, there was on deposit with the Trustee \$7,500,000 principal amount of these Tenth Series Bonds.

(B) Payments to be made into sinking funds within one year from December 31, 1947 are as follows:

General and Refunding Bonds:	
Fourth Series .....	\$1,671,761
Fifth Series .....	881,603
Seventh Series .....	319,015
	\$2,872,379

(C) Payments into sinking funds are not required until 1949 for the Eighth Series, 1952 for the Ninth Series, 1957 for the Eleventh Series, and 1951 for Series J.

**INDEX**

Abell, Frank D., 74	Foreign Trade Zone, 66
Accountants' Report, 91	Freight Terminals, 37, 38, 40
Administration, 70	General Reserve Fund, Administration of, 86
Air Route Cases, CAB, 44	George Washington Bridge, 1, 2, 3, 4, 5, 81
Air Terminal Notes, 81	Goethals Bridge, 1
Airports, 6	Grain Terminal, 26
Floyd Bennett, 25	Hackensack River, 67
Idlewild—see New York International	Hamilton, Charles S., Jr., 70
LaGuardia, 6, 7	Hedden, Walter P., 74
New York International, 6, 20	Hoboken Piers, 26, 31
Newark, 6, 13, 23, 24	Holland Tunnel, 1, 2, 4, 38, 39
Armstrong, F. Palmer, 74	Idlewild Airport—see New York International
Barge Canal, New York State, 65	Interstate Commerce Commission Rate Cases, 48
Basic Resolution, Amendment of, 84	Kushell, Charles J., Jr., 75
Bayonne Bridge, 1	Kyle, John M., Jr., 75
Bayonne Rapid Transit Survey, 43	LaGuardia Airport, 6, 7
Bridges and Tunnels, Port Authority, 1	Lincoln Tunnel, 1, 42, 43, 81
Bridges, Port Authority	Lowe, Donald V., 64
Bayonne, 1	Manasquan River, 68
George Washington, 1, 2, 3, 4, 5, 81	Marine Terminals, 26
Goethals, 1	Columbia Street Pier, 26, 28
Outerbridge, 1	Grain Terminal, 26
Bus Terminal, 41, 83	Hoboken Piers, 26, 31
Byrne, Joseph M., Jr., 13, 70, 74	New York City Piers, 26, 34
Cafeterias, 79	Port Newark, 30
Canal, New York State Barge, 65	Marine Borer Research, 60
Channel Improvements, 67	Maritime Commission Cases, 56
Chicago Trade Promotion Office, 60	McKay, David, 75
Civil Aeronautics Board Air Route Cases, 44	Milnes, Harry, 13
Colt, S. Sloan, 74	Moran, Eugene F., 74
Columbia Street Pier, 26, 28	Motor Truck Terminals, 38, 40
Commissioners, Port Authority, 70	Murphy, Mayor Vincent J., 13, 31
Cooke, John S., 13	New Jersey Waterfront Resurvey, 36
Cross-Bronx Expressway, 5	New York City Piers, 26, 34
Cruse, Howard R., 74	New York International Airport, 6, 20
Cullman, Howard S., 11, 70	New York State Barge Canal, 65
Delaware, Lackawanna & Western Railroad	New York Union Motor Truck Terminal, 38
Bridge, 67	Newark
Department Heads, 75	Airport, 6, 13, 23, 24
Dewey, Governor Thomas E., 35	Bay, 67
Driscoll, Governor Alfred E., 36, 43	Port, 30
Evans, J. C., 75	Union Motor Truck Terminal, 40
Financial, 80	O'Dwyer, Mayor William, 2, 11, 17, 26, 27, 34, 36
Accountants' Report, 91	178th Street Tunnel, 4, 5
Administration of General Reserve Fund, 86	179th Street Tunnel, 5
Amendment of Basic Resolution, 84	Outerbridge Crossing, 1
Comparative Summary of Net Revenues, 90	Passaic River, 67
Funded Debt, 80	Personnel, 76
Reserves, 83	Piers—see Marine Terminals
Revenues, 1, 7, 14, 26, 38, 80, 90, 94	Pope, Bayard F., 74
Floyd Bennett Airport, 25	Port Authority Building, 37

## INDEX

- Port Newark, 30
- Port Promotion and Protection, 44
  - CAB Air Route Cases, 44
  - Channel Improvements, 67
  - Chicago Trade Promotion Office, 60
  - Domestic Shipping, 65
  - Foreign Trade Zone, 66
  - ICC Rate Cases, 48
  - Marine Borer Research, 60
  - Maritime Commission Cases, 56
  - Miscellaneous Activities, 57
  - New York State Barge Canal, 65
  - Promotional Literature, 65
- Rail, Truck and Bus Terminals, 37
  - New York Union Motor Truck Terminal, 38
  - Newark Union Motor Truck Terminal, 40
  - Port Authority Building, 37
  - Union Bus Terminal, 41, 83
  - Union Railroad Freight Terminal, 37
- Revenues, 1, 7, 14, 26, 38, 80, 90, 94
- Shelley, Leander I., 75
- Staten Island Rapid Transit Drawbridge, 67
- Taylor, Frank J., 74
- Terminals
  - Columbia Street Pier, 26, 28
  - Grain Terminal, 26
  - Hoboken Piers, 26, 31
  - Marine, 26
  - New York City Piers, 26, 34
  - New York Union Motor Truck Terminal, 38
  - Newark Union Motor Truck Terminal, 40
  - Port Authority Building, 37
  - Port Newark, 30
  - Rail, Truck and Bus, 37
  - Union Bus Terminal, 41, 83
  - Union Railroad Freight Terminal, 37
- Tobin, Austin J., 13, 74
- Toll Revenues, 1
- Traffic
  - Air, 15
  - Bridges and Tunnels, 1, 2, 80
- Truck Terminals
  - New York, 38
  - Newark, 40
- Tunnels, Port Authority
  - Holland, 1, 4, 38, 39
  - Lincoln, 1, 42, 43, 81
  - 178th Street, 4, 5
  - 179th Street, 5
- Union Bus Terminal, 41, 83
- Union Motor Truck Terminals
  - New York, 38
  - Newark, 40
- Union Railroad Freight Terminal, 37
- Viaduct, Holland Tunnel Exit, 4
- Walsh, Arthur, 71, 74
- Whitman, Charles Seymour, 71
- Wilson, Billings, 75

