

THE PORT OF NEW YORK AUTHORITY

Created by Compact Between the States of
New York and New Jersey and Ratified by Congress



FIFTEENTH ANNUAL REPORT

DECEMBER 31, 1935

COMMISSIONERS

NEW JERSEY

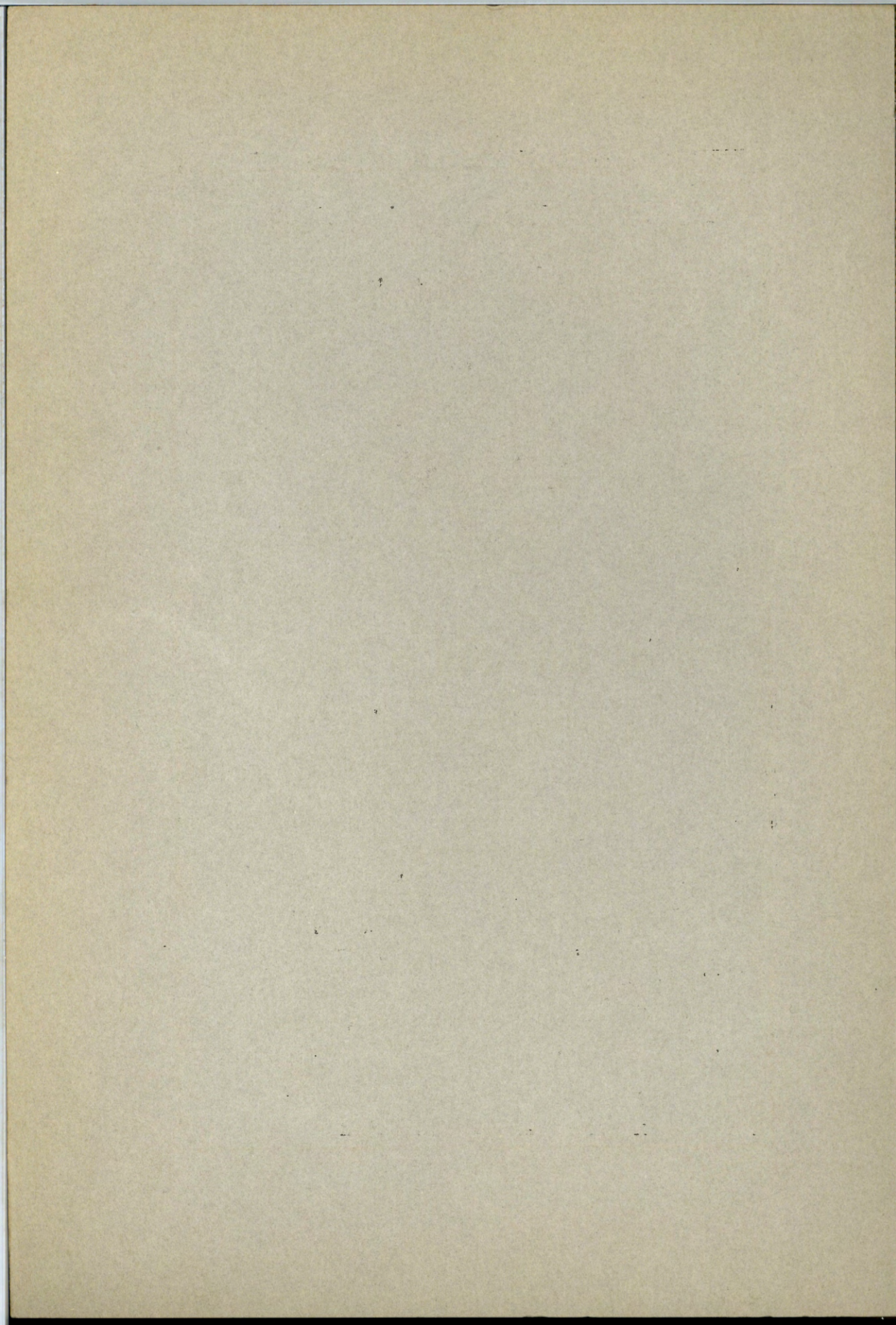
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Chairman
GEORGE deB. KEIM
IRA R. CROUSE
JOHN J. QUINN
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JOSEPH M. BYRNE, Jr.

NEW YORK

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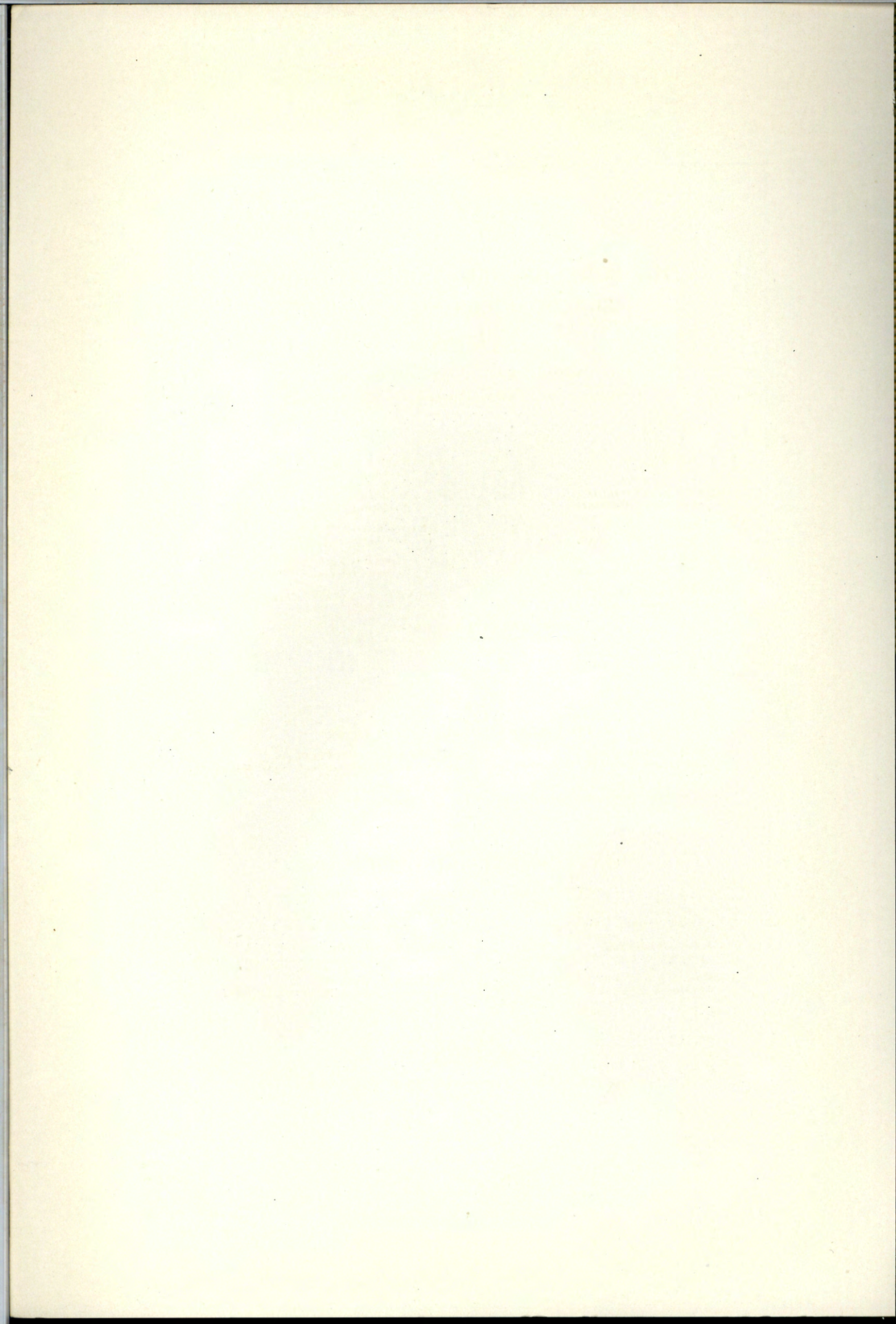
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THE PORT OF NEW YORK AUTHORITY
111 EIGHTH AVENUE, NEW YORK CITY

EXECUTIVE

JOHN E. RAMSEY, General Manager
JOHN J. MULCAHY, Assistant General Manager

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MORRIS M. FROHLICH, Assistant Secretary	E. E. MENZER, Assistant Treasurer
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Superintendent of Insurance and Claims

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BILLINGS WILSON, Assistant General Manager

W. P. HEDDEN, Chief, Bureau of Commerce	E. MORGAN BARRADALE, Superintendent of Tunnel Operation
GLENN S. REEVES, Engineer, Port Development	SYDNEY CUMBERLEDGE, General Superintendent of Bridges
CORNELIUS F. CAHALANE, Police Consultant	ARTHUR C. DAVIS, Superintendent of Maintenance

CONSULTANT

JOHN F. GALVIN, Director of Port Development

1871

1872

1873

1874

ENGINEERING

O. H. AMMANN, Chief Engineer

EDW. W. STEARNS,
Assistant Chief Engineer

J. C. EVANS,
Terminal Engineer

W. E. THOMPSON,
Tunnel Engineer

E. W. BOWDEN,
Assistant to Chief Engineer

RALPH SMILLIE,
Engineer of Design

GEO. L. LUCAS,
Engineer of Inspection

CHAS. W. MURDOCK,
Mechanical Engineer

JACOB MECHANIC,
Resident Engineer

CHAS. S. GLEIM,
Engineer of Construction

JAMES H. DUGAN,
Assistant Engineer of Design

J. N. DODD,
Electrical Engineer

CHARLES L. CRANDALL,
Resident Engineer

CONSULTING ENGINEERS

JAMES FORGIE,
Consulting Engineer

MORGAN F. LARSON,
Consulting Engineer

OLE SINGSTAD,
Chief Consulting
Engineer on Tunnels

DANIEL E. MORAN,
Consulting Engineer
on Foundations

PROF. GEORGE H. BROWN,
Ceramic Engineer

ROBERT RIDGWAY,
Consulting Engineer

LEWIS B. STILLWELL,
Consulting Electrical Engineer

ARCHITECT

AYMAR EMBURY II

CONSULTING GEOLOGIST

PROF. CHAS. P. BERKEY

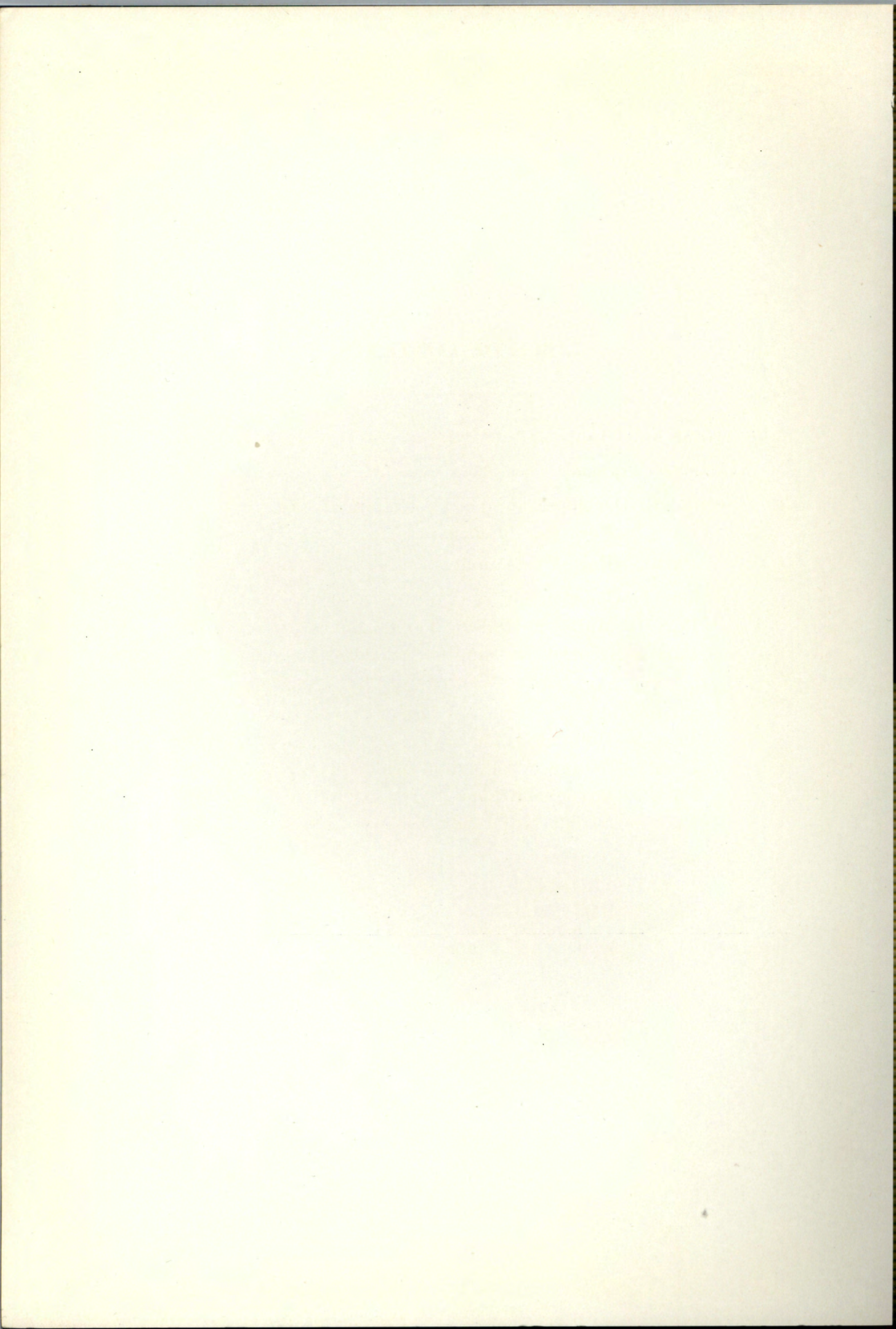
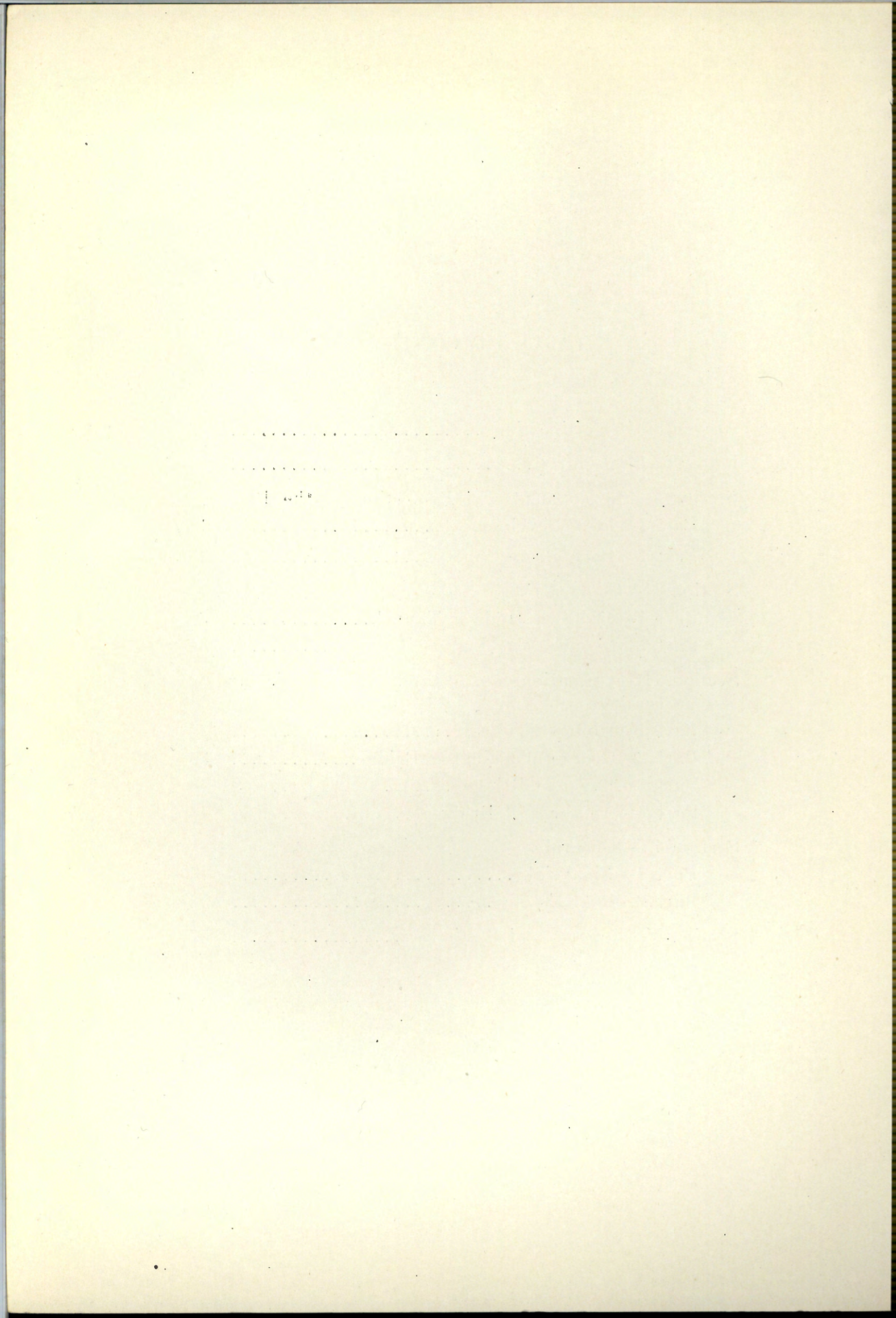


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LAWRENCE SCUDDER & CO.

ACCOUNTANTS AND AUDITORS

February 10, 1936

The Port of New York Authority,
111 Eighth Avenue,
New York, N. Y.

GENTLEMEN :

We have made an examination of the accounts of The Port of New York Authority for the year ended December 31, 1935 and submit herewith the following statements :

EXHIBIT A—General Balance Sheet,
As At December 31, 1935.

EXHIBIT B—Combined Income Account,
Year Ended December 31, 1935.

In connection therewith, we did not make a detailed audit of all of the transactions, but we examined or tested accounting records and other supporting evidence and obtained information and explanations from officers and employees of the Authority; and made a general review of the operating and income accounts of the period.

The following comments and explanations regarding the accounting policies of the Authority should be considered in connection with the accompanying statements :

1. On June 17, 1935, The Port of New York Authority exchanged internally \$5,306,000.00 par value Port Authority Series A, C and D bonds, held as investments in its various funds, for General and Refunding bonds having an aggregate par value of \$5,421,000.00, the exchange being based on the market values of each series of bonds. As of the date of exchange, the Series A, C and D bonds were considered to have a market value of \$5,569,162.63. The excess of the market value

over the cost of these bonds amounted to \$287,829.29 and has been included in the income account for the year ended December 31, 1935 of the following facilities in the amounts noted:

Bayonne Bridge	\$103 198 62
Holland Tunnel	81 236 81
General Reserve Fund.....	59 851 52
George Washington Bridge.....	43 542 34
Total	<u>\$287 829 29</u>

2. The combined net revenue shown on Exhibit B is not equally available for bonds of the several issues, as the revenue from each facility is required to be applied in a manner and order which is limited and restricted by statutory provisions and agreements applicable to the several issues of bonds.

3. Debt discount and expense incurred in connection with the issue of bonds and notes has been included in the property accounts and has not been amortized and aggregates \$4,535,873.76. Premium from the sale of General and Refunding bonds, less discount and expenses of refunding, amounting, at December 31, 1935, to \$595,525.48, has been deferred pending completion of the refunding program at which time proper disposition thereof will be made.

4. Since the purposes for which the various funds and revenues of the Authority can be appropriated are limited and restricted, the management has made no provision for depreciation of physical property (except in the case of automotive equipment). Replacements and renewals of property have been charged to operations as incurred, and no charges have been made to operations to provide for future expenditures for this purpose.

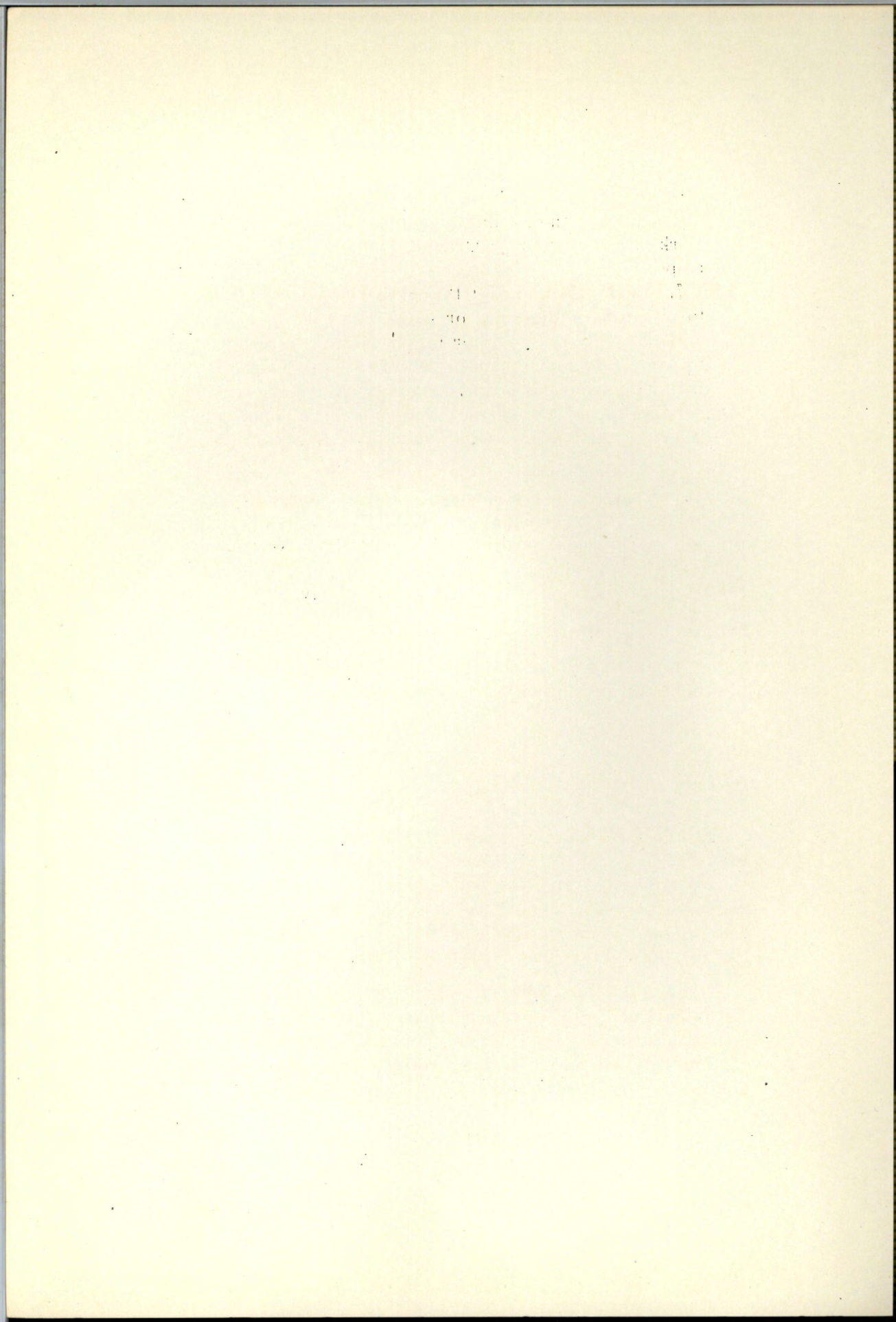
5. As set forth on Exhibit A, submitted herewith, cash in banks aggregating \$28,077,985.44 includes Midtown Hudson Tunnel construction funds of \$21,721,590.55 and investments in securities totaling \$3,266,942.13 includes \$500,510.00 of such construction funds.

6. The State of New York and the State of New Jersey confirmed the advances made to The Port of New York Authority of \$9,299,840.17 and \$4,300,000.00 respectively.

7. We understand that the Authority is not subject to either Federal, State or local taxes, but has been 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. Negotiations are pending to pay the City of New York an annual sum in lieu of taxes on Inland Terminal No. 1.

In our opinion, based on our examination as outlined above and subject to the comments and explanations contained herein, the accompanying Exhibits A and B fairly present the financial position of The Port of New York Authority at December 31, 1935, and the results of operations for the year ended that date, respectively.

Respectfully submitted,
(Signed) LAWRENCE SCUDDER & CO.



**LETTER OF TRANSMITTAL—ANNUAL REPORT
FOR YEAR 1935**

NEW YORK, *March 4, 1936.*

To the Governor and Legislature of the State of New York:

To the Governor and Legislature of the State of New Jersey:

The generally improved business conditions which were experienced during the year 1935 have resulted in not only increased traffic and earnings for Port Authority facilities but also in an upward trend in the market for its securities.

For complete years of operation of all vehicular facilities, the traffic and revenues are as shown below:

<i>Year</i>	<i>Number of Vehicles</i>	<i>Toll Revenues</i>
1932	18,389,553	\$9,843,299.37
1933	18,035,688	9,702,477.94
1934	18,200,918	9,801,749.79
1935	19,632,976	10,359,297.63

The total vehicular movement in 1935 amounted to 19,032,976 or an increase of 4.6 per cent over 1934 and an increase of 5.5 per cent over 1933, which was the year of lowest volume experienced during the so-called depression period. The volume of 1935 traffic was 3.5 per cent greater than that of 1932 and revenues showed an increase of 5.2 per cent.

Although the Port Authority Commerce Building (Inland Terminal No. 1) did not earn sufficient this year to meet operating expenses and interest, there was a marked acceleration in rental activities which resulted in approximately a 95 per cent rented occupancy at the end of the year. It

is conservatively estimated that the earnings for 1936 will exceed the amount necessary to meet interest and operating charges.

Construction work on the Midtown Hudson Tunnel is progressing as rapidly as is practicable, and it is anticipated that the first operating unit will be opened to traffic early in 1938. Work has been resumed also on the 178th Street Tunnel which forms an important link in the New York approach to the George Washington Bridge.

As reported previously, considerable construction work was deferred in 1932 in an effort to effect economies. At that time it was found advisable to discontinue construction work on the Midtown Hudson Tunnel, and, as a result of that decision, many employees were necessarily furloughed. Subsequently, in 1933, an agreement was consummated with the Federal Emergency Administration of Public Works for a loan of \$37,500,000 which permitted the resumption of work. Since that time approximately all of the furloughed engineering forces have been returned to duty and many additional employees have been hired—this action assisting materially in relieving unemployment.

When the bond market commenced to show an improvement over the weak and unsettled conditions that prevailed in 1932 and 1933, its reactions were closely observed with a view to adjusting the financial position of the Port Authority when conditions seemed favorable. After considerable study, a plan was established to ultimately refund all five original serial bond issues (Series A, B, C, D and E) into a new form of security to be known as General and Refunding Bonds. A total of \$52,500,000, First Series, of this issue was authorized in March, 1935, and there was sold, after public bidding, an amount of \$34,300,000. The price obtained was \$105.3983, at an interest cost to the Port Authority of 3.736, and the bonds were placed on the market at a price to yield 3.673 to maturity. This compares with

an interest cost of 4.349 to the Port Authority on the previous sale of \$66,000,000 Series D and E Bonds in 1931. The proceeds of the first series of General and Refunding Bonds were obtained for the following purposes:

Refunding Midtown Hudson Tunnel 4% Notes held by Public	\$2,500,000
Refunding Midtown Hudson Tunnel 4% Notes held by Federal P.W.A.	12,300,000
Midtown Hudson Tunnel funds to carry on current construction	10,048,000
Refunding Series A Bonds (callable March 1, 1936).....	9,452,000

\$34,300,000

The balance of the authorized issue was to be used as follows:

Refunding Port Authority bonds through exchange	\$13,080,000
Other similar purposes.....	5,120,000

18,200,000

Total \$52,500,000

Under date of December 11, 1935, the Port Authority issued an additional amount of General and Refunding Bonds, referred to as Second Series, $3\frac{3}{4}$ per cent, General and Refunding Bonds, to obtain funds to complete construction of the first operating unit of the Midtown Hudson Tunnel. The price obtained was \$97.111 or an interest cost of 3.846 and the bonds were placed on the market at a price to yield 3.81 to maturity.

It is the intention to carry out the balance of the refunding program as rapidly as the bonds may be called and conditions will permit. The plan will ultimately result in lower annual interest charges, will provide for a longer average period of maturity, and will make available for debt retirement certain special reserve accruals.

In the early part of 1935 legislation was passed in both States which provided a method whereby a compromise settlement might be made by the Port Authority with either or both States on account of advances made in aid of construction of the George Washington Bridge. Subsequent negotiations with the State of New Jersey resulted in the issuance to that State of Series F Bonds, in the amount of \$2,500,000. The bonds bear interest at the rate of 3 per cent and mature in 1941. This compromise settle-

ment eliminates a lien which attached to the revenues of that facility on account of the State's claim. When delivery of the Series F Bonds was made, the State of New Jersey proceeded to sell them through public bidding for its account.

It was reported in the Annual Report for the year 1934 that the Port Authority had determined that should legislation be enacted to allow its employees to enter the New York or New Jersey retirement systems, the necessary contributions by the Port Authority would be made thereto. Such legislation was enacted by the State of New York and subsequently practically all of the employees were admitted to the New York State Retirement System, regardless of place of residence.

The Port Authority continued to carry adequate insurance against the hazards incident to ownership and operation of its facilities, including multi-risk coverage on the Holland Tunnel and four bridges, and insurance against loss of revenue from suspension of operations at the Holland Tunnel.

During the year steps were taken to ascertain the present sentiment of the railroads and industry toward early construction of the Greenville-Bay Ridge Tunnel (Belt Line No. 1), and the possibility of securing Federal funds with which to finance it. A public hearing held by the Port Authority developed that changes in operating practices, volume of traffic, etc., had occurred since the conclusion of earlier studies, so new studies were initiated with the cooperation of the railroads to bring the factual data up to date to serve as the basis for progressing further negotiations.

Surveys were conducted also to determine the feasibility of establishing a foreign trade zone in Newark and in Elizabeth; a factual progress report on the transportation survey conducted by the Port Authority in 1932 was completed and made public; needed channel improvements were

supported; and in cases before the Interstate Commerce Commission and United States Shipping Board Bureau, involving freight rate relationships between the Port of New York and other ports, the Port Authority participated to protect the interests of this district.

These port development activities outlined in the two preceding paragraphs which were carried on prior to July, 1934, through funds provided by the two States, were continued without State aid in 1935.

Respectfully submitted.

THE PORT OF
NEW YORK AUTHORITY

FRANK C. FERGUSON,
Chairman,
HOWARD S. CULLMAN,
Vice-Chairman,
GEORGE DEB. KEIM,
IRA R. CROUSE,
JOHN J. QUINN,
JOHN MILTON,
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JOHN F. MURRAY,
JOHN J. PULLEYN,
ALEXANDER J. SHAMBERG,
RUDOLPH REIMER,
CHARES S. WHITMAN,
Commissioners.

SECTION I—DEVELOPMENT AND PROTECTION OF THE PORT

Part 1—Port Development

Belt Line No. 1—Cross Bay Union Railroad Freight Tunnel

Early in 1935, after conferences with representatives of the City of New York and of the Brooklyn Ten-Year Plan Committee, and at their request, the Port Authority named a special committee to take steps to ascertain again the sentiment of the railroads and industry and to explore the possibilities of securing funds from the Federal Government in connection with the financing of this project. As a part of this program, and in accordance with statutory requirements, a public hearing was held on September 10, 1935, to develop facts, information, and opinion pertaining to the tunnel project.

Certain of the railroads requested an opportunity for further conference, which was granted, and the record held open. Since it developed at the hearing that changes in operating practices, volume of traffic, and construction costs had occurred since the previous studies made in 1932, further studies along these lines are now in progress.

Belt Line No. 2

On August 30, 1935, the Bronx Docks Corporation, a private terminal company, requested the assistance of the Port Authority in negotiations with the Army Engineers for modification of the pierhead line of the East River in the Bronx to permit construction of piers and building of terminal and transportation facilities which would be available to the general public, and would provide a right-of-way for Belt Line No. 2.

At a hearing before the District Engineer of the United States War Department on December 6th the Port Authority appeared in support of the proposed pierhead line modification as being desirable to enable this project to proceed.

Foreign Trade Zones

At the request of the Mayors of Elizabeth and Newark, New Jersey, extensive factual studies of the feasibility of a foreign trade zone in their respective communities were conducted by the Port Authority. These studies included estimates of the cost of developing the sites and a canvass of importers, manufacturers and distributors to determine what use might be made of such facilities. The reports were transmitted October 15, 1935.

Northern New Jersey Freight Transportation Survey

In 1932 the Port Authority, with the cooperation of railroads, shippers and commercial organizations, initiated a survey of freight tonnages and facilities in the Northern New Jersey sector of the Port District west of the Hackensack River.

This material gathered has since been analyzed and summarized and a factual progress report was transmitted on November 16, 1935, to the cooperating parties and to the Mayor of Newark, at his request.

The Port Authority has utilized this information in connection with waterway projects and representations to the Interstate Commerce Commission relative to the maintenance of rates between Northern New Jersey and New England on a basis no higher than that applying between New York City and New England. More use will be made of it in the future in planning transportation improvements for Northern New Jersey.

Among the outstanding facts developed was that the territory within a six mile area around the center of Newark produced approximately 20,000,000 tons of freight in 1932, of which over 5,000,000 were shipped by rail, over 6,000,000

by motor truck, and nearly 9,000,000 by steamship or barge. Of the 5,000,000 tons of railroad freight nearly 85 per cent moved to or from private sidings of industries. The merchandise package freight shipped in less-car-load lots amounted to nearly 600,000 tons of which about half moved in and out of the district by railroad freight, railroad express or forwarding companies, and the balance by motor truck or coastwise steamship.

Channel Improvements

During the year 1935 the Port Authority continued to cooperate with the Corps of Engineers of the United States Army in studying and recommending, when desirable, projects for channel improvements in New York Harbor and connecting waterways. The principal projects upon which the Port Authority made favorable recommendations during 1935 were:

Buttermilk Channel—40 foot channel between Governors Island and Brooklyn

Upper New York Bay—35 foot approach channel to proposed municipal terminal at Bayonne

Newtown Creek—extension of project in the vicinity of English Kills

Raritan River—Cross-over channel and deepening of southerly channel to 15 feet

In addition to appearances before the Army Engineers, the Port Authority argued before the Rivers and Harbors Committee of Congress for the inclusion of a number of projects in the 1935 River and Harbor Act. This Act adopted twelve projects in New York Harbor, some of which had already been started under authority of Title II, Section 202(b), of the National Industrial Recovery Act. The most important new projects adopted in the 1935 River and Harbor Act were:

- Extension of deep water anchorages in Upper New York Bay
- Dredging of channel along the New Jersey shore from Weehawken to Edgewater to 30 feet
- Enlargement of the important Staten Island Sound channels which carry a heavy industrial traffic
- Improvement of the New York State Barge Canal between the Great Lakes and Hudson River

The latter project, while outside of the Port District, is an essential link in the all water route between the Port of New York and the Great Lakes. The availability of this canal permits the Port of New York to compete in low cost inland water transport with the ports of New Orleans and Montreal, which are served by the federally supported Mississippi and St. Lawrence waterways.

During the year progress in the actual work of channel dredging in the Port District by the Federal Government included the virtual completion of the East River and Hudson River improvements, previously authorized, and the initiation of the Staten Island Sound Channel, Upper Bay Anchorage, Buttermilk Channel, and Weehawken-Edgewater Channel projects.

In addition to making recommendations in the matter of channel dredging, the Port Authority made numerous suggestions to the United States Army Engineers, at their invitation, relative to clearance of proposed bridges across waterways, laying of submarine pipes and cables, changes in harbor lines, and other matters pertaining to the protection of navigable channels.

Regulations Governing the Transportation of Hazardous Cargoes

With a view to obtaining a greater degree of protection for waterfront property, tunnels, bridges and other craft in the Port District, the Port Authority continued its efforts to secure governmental regulations (particularly safety rules for tankers and oil barges carrying gasoline and other inflammable liquids in bulk) that will more adequately

insure safety aboard vessels engaged in the transportation of hazardous commodities.

Mainly, as a result of such efforts, Federal legislation was adopted authorizing the Secretary of Commerce to regulate all vessels "regardless of size or rig" transporting dangerous cargoes on the navigable waterways of the United States. The Port Authority is cooperating in the work of establishing such regulation.

Ice Breakers for New York Harbor

During 1935 the Port Authority continued its efforts to insure that the fuel supply and other necessities of local communities in Long Island, Westchester and Northern New Jersey, which are transported by barge, would not be cut off by ice conditions in the secondary channels serving these communities. Assistance to navigation, including ice breaking during the severe winter months, has been a function of the Federal Government, but the equipment available for use in New York Harbor has been inadequate to cope fully with conditions in recent years.

Accordingly, in cooperation with other public agencies, transportation companies, and maritime interests, both in the Port of New York and in the New England States, the matter was presented to Congress in hearings held by the House Committee on Merchant Marine and Fisheries on March 15th. A bill, known as S-2632, was passed by the 1935 Congress authorizing and directing the Secretary of Treasury to construct and equip ten Coast Guard Cutters suitable for ice breaking service. This bill was vetoed by President Roosevelt with the following message:

"While it is true that the additional shallow draft ice breakers could be used advantageously by the Coast Guard, it is my conclusion and that of the Treasury Department that the present needs are not such to justify the expenditure required to provide them at this time."

It is anticipated that renewed efforts to progress this matter will be made in the 1936 Session of Congress.

SECTION I—DEVELOPMENT AND PROTECTION OF THE PORT

Part 2—Port Protection

In furtherance of the policy of protecting the commerce of the Port from attempts to increase its rail or water rate handicaps, or otherwise restrict the flow of its commerce, the Port Authority participated in six proceedings before the Interstate Commerce Commission or the United States Shipping Board Bureau during 1935. The results of four of these proceedings have been favorable, and two are still pending.

Intercoastal Investigation—U. S. Shipping Board Bureau Docket No. 126

This investigation was nation wide and went into the policies, practices and charges of all intercoastal shipping lines. The Port Authority appeared at the hearings and filed a brief supporting the principle of port equalization, i.e., absorbing rail rate differentials, adverse to New York, and attacking certain discriminations with respect to drayage absorptions and free time allowances which existed at Philadelphia.

On July 10, 1935, the United States Shipping Board Bureau issued its final report which condemned the present method of tariff publication under which the steamship lines were practicing port equalization because determination of the amount of absorption could be ascertained only by reference to tariffs of railroads and other transportation companies, not made a part of the steamship lines tariffs. In accordance with the Board's findings, the Intercoastal Lines filed schedules to become effective October

3rd, with a new Port Equalization Rule which they believed complied with the Board's requirements.

The Baltimore Association of Commerce filed a petition with the Board on September 16, 1935, requesting the suspension of the Port Equalization clause in the new tariffs. The Port Authority filed a reply to this petition requesting that it be denied and the tariffs to which it is directed be permitted to become effective in compliance with the findings and orders of the Board.

On October 2, 1935, the Department of Commerce issued a notice declining to suspend the Port Equalization Rule.

The Equalization Rule operates to give the shipper and consignee the benefit of the lowest combination via any of the ports regardless of the port through which the traffic moves, and enables the steamship line serving Boston, New York and Philadelphia to get traffic which they would otherwise lose to Baltimore and Norfolk through the advantage in rail rates which these two ports enjoy under New York.

Rail-Water Rates to Interior Territory—I. & S. Dockets 4070 and 4090 and Fourth Section Application 4900, et al.

Ever since 1877 the all-rail rates on import-export traffic between the Port of New York and the Central and Western territories of the United States have been on a higher level, generally 60c per ton, than the all-rail rates from Baltimore and Norfolk and 40c a ton above the all-rail rates from Philadelphia.

For many years, however, there have been available certain combination water and rail rates applicable between the Port of New York and this interior territory which are more nearly comparable with the all-rail rates out of Baltimore, Norfolk and Philadelphia.

The maintenance of these combination water-rail routes involved a departure from the Fourth Section of the Commerce Act, the so-called long and short haul-clause, under temporary authority of the Interstate Commerce Commission. An application for final authority had been pend-

ing before the Interstate Commerce Commission, known as F.S.A. 14900 et al. The lines maintaining the combination water-rail rates, while awaiting the Commission's decision on this application, filed tariffs in 1935 cancelling the existing rates in order to protect themselves from any charge of illegality.

The Port Authority desiring the continuance of these routes and rates appeared before the Interstate Commerce Commission in support of the pending application for final Fourth Section authority and at the same time joined in protest against the proposed temporary cancellations.

The cancelling tariff supplements were suspended by the Interstate Commerce Commission and the entire matter satisfactorily disposed of by a decision handed down under date of November 12, 1935, granting the necessary final authority.

Gulf Import and Export Rates—I. & S. Docket 3718 and I. & S. Docket No. 4122

Reference has been made previously to protracted litigation before the Interstate Commerce Commission involving the relationship of the Port of New York and other North Atlantic ports to the Gulf and South Atlantic on import and export traffic to and from Midwestern territory.

On December 3, 1934, the Interstate Commerce Commission handed down a decision in I. & S. Docket 3718 which permitted the Southern carriers to establish the low rates which they desire to apply from territory west of Chicago, Indianapolis and Cincinnati, but refused to require the Eastern carriers to concur in these low rates in the territory east thereof, where the Eastern carriers control the situation. This latter part of the Commission's decision was gratifying to the Eastern carriers and the North Atlantic port interests in that it makes possible the correction of an anomalous situation in which traffic moving on first class rates from Detroit, for example, was carried to New Orleans for export to Europe and Africa at a rate of \$1.06 per 100 pounds, or 17c less than the rate on the direct route from Detroit to New York.

Cooperating with other commercial and port interests on the North Atlantic seaboard, the Port Authority immediately suggested to the Eastern carriers that prompt steps be taken to adjust the rates in the territory which the Eastern carriers control. Particular attention was directed to the movement of unboxed automobiles from Detroit for export to South Africa which were being diverted in heavy volume to New Orleans because of the preference in rates given to the Gulf ports. The carriers took cognizance of this situation and issued new tariffs to become effective August 1, 1935, which established rates to New Orleans on a mile for mile parity with the rates to New York, which basis the Interstate Commerce Commission had approved in principle in the proceedings known as I. & S. 3718.

Because of inability to secure proper concurrence from the Southern Lines these new rates were published in a form technically unsatisfactory to the Interstate Commerce Commission. For this reason, and because of complaints from the Southern port interests, the tariffs were suspended pending investigation. A hearing was held in New Orleans on September 24th in which the Port Authority joined with New York commercial organizations and representatives of other ports, in support of the proposed adjustments. This case is known as I. & S. 4122—Automobiles to Southern Ports for Export.

The Examiner's proposed report in I. & S. Docket 4122, on December 23, 1935, recommended that the Interstate Commerce Commission find that the basis of rates proposed in the new tariffs is proper but that the form in which they are filed is improper and that they should be withdrawn and reissued. If this recommendation is sustained the leading test case with respect to eliminating the preference to the Southern ports from this territory will have been determined satisfactorily from the standpoint of the Port of New York. Rates to the Port of New York on this type of traffic will be lower than to New Orleans. The examiner's report also proposes that preferential rates between the Canadian ports of Halifax and St. John and the central territory of the United States be eliminated, another source of satisfaction to the Port of New York.

The general adjustment of import and export rates along the lines of the Interstate Commerce Commission's decision in I. & S. 3718 has been twice postponed at the request of the Southern carriers, the latest date having been set for January 6, 1936. The Southern carriers have asked for further postponement of the date for making these general adjustments until April 10, 1936. Vigorous protest has been entered against any further delays in complying with the Commission's decision.

Port Newark Loading Absorptions Case—I. C. C. Docket No. 26396

The Port Authority supported the complaint filed with the Interstate Commerce Commission by the Newark Chamber of Commerce, charging discrimination in the matter of absorbing loading charges at Port Newark on intercoastal and foreign commerce. The cost of loading and unloading carload freight at shipside at Philadelphia, Baltimore, Wilmington, Trenton, Camden and North Atlantic ports generally is absorbed by the railroads. Except on lumber, where equalization was brought about as a result of a previous case argued by the Newark Chamber of Commerce and the Port Authority before the Interstate Commerce Commission, the carriers had not treated shipments at Port Newark in the same manner.

The Interstate Commerce Commission case was decided on February 27, 1935, adversely to the complainants on the grounds that the evidence was not sufficient to warrant a finding of undue prejudice against Port Newark. Subsequently, however, a proposal to adjust this situation voluntarily was placed before the traffic executives of the railroads by the City of Newark. The Port Authority supported this move and the railroad traffic executives have now agreed to remove the discrimination against Port Newark and to provide uniform treatment with other ports in the matter of loading absorptions.

Albany Port Case—I. C. C. Docket 26860

On January 31, 1935, the Albany Port District Commission filed a complaint with the Interstate Commerce Com-

mission which urged that the railroads be required to publish export-import rates between that port and Central territory. The basis advanced by the Albany Port District Commission for constructing these rates, if adopted, will result in an entirely new theory of constructing port relationships or differentials, disadvantageous to the Port of New York. It is proposed that Central Freight Association Territory, lying west of Buffalo and Pittsburgh, be carved up into four sectors, and that rates between each sector and Albany be constructed in such a way as to give Albany a relationship to other ports on an approximate distance basis.

This proposal is directly contrary to the basic principles which have controlled the making of import and export rates for the past fifty years and would tend to destroy the ability of all ports on the same seaboard to compete for traffic on an approximate equality, substituting instead a "sphere of influence" in Central territory for each port, based upon average miles.

At a hearing held in New York on October 15th, and in a brief filed December 30, 1935, the Port Authority expressed sympathy with the effort of Albany to secure recognition from the railroads as a port by the granting of shipside rates, but argued against the specific proposals advanced by the Albany complainants. The Port Authority's witness proposed alternative solutions which would achieve the objective sought by Albany without destroying the present port rate adjustment and opening the door to novel theories which would react against the Port of New York.

Decision pending.

Storage of Import Property on Piers—United States Shipping Board Bureau Docket No. 221

Following public hearing held in 1934 by the Port Authority and reported in the Fourteenth Annual Report, bills were introduced in the New York and New Jersey Legislatures to place in the hands of the Port Authority the power of regulation covering free time allowance for

storage on steamship piers. The bill in the New York State Legislature was passed and signed by the Governor in April as Chapter 711 of the Laws of 1935. The New Jersey bill passed the Senate but failed to pass the Assembly. Further progress in attempts to correct conditions will depend upon enactment of necessary legislation.

Meanwhile the external efforts to bring about a change in this situation resulted in the withdrawal of the complaints lodged by Boston, Philadelphia, Baltimore, and Norfolk, and the substitution in lieu thereof of an *ex parte* investigation by the Shipping Board Bureau into the pier storage practices at New York and other North Atlantic ports.

Two Shipping Board Bureau hearings were held in New York City on August 26th and December 3rd, 1935, at which steamship line representatives presented testimony substantiating the general testimony previously adduced at the Port Authority's own hearing.

A statement was made at the December 3rd hearing in behalf of the Port Authority, reciting the history of this subject, pointing out the efforts made to bring about local regulation, and suggesting reasons why a measure of local autonomy in fixing regulations would be preferable to blanket regulations for all ports imposed by Washington. The Shipping Board Bureau was urged to issue a general "cease and desist" order giving the steamship lines a period of grace within which to work out with local interests a regulatory procedure which would remove the causes of complaint, and at the same time not hamper the flow of commerce.

Decision from the Shipping Board Bureau is still pending.

Miscellaneous Negotiations Affecting Commerce

In addition to the formal proceedings before the Interstate Commerce Commission and the United States Shipping Board, the Port Authority, during 1935, carried on many successful negotiations designed to protect and stimulate the commerce of the port.

SECTION II—CONSTRUCTION

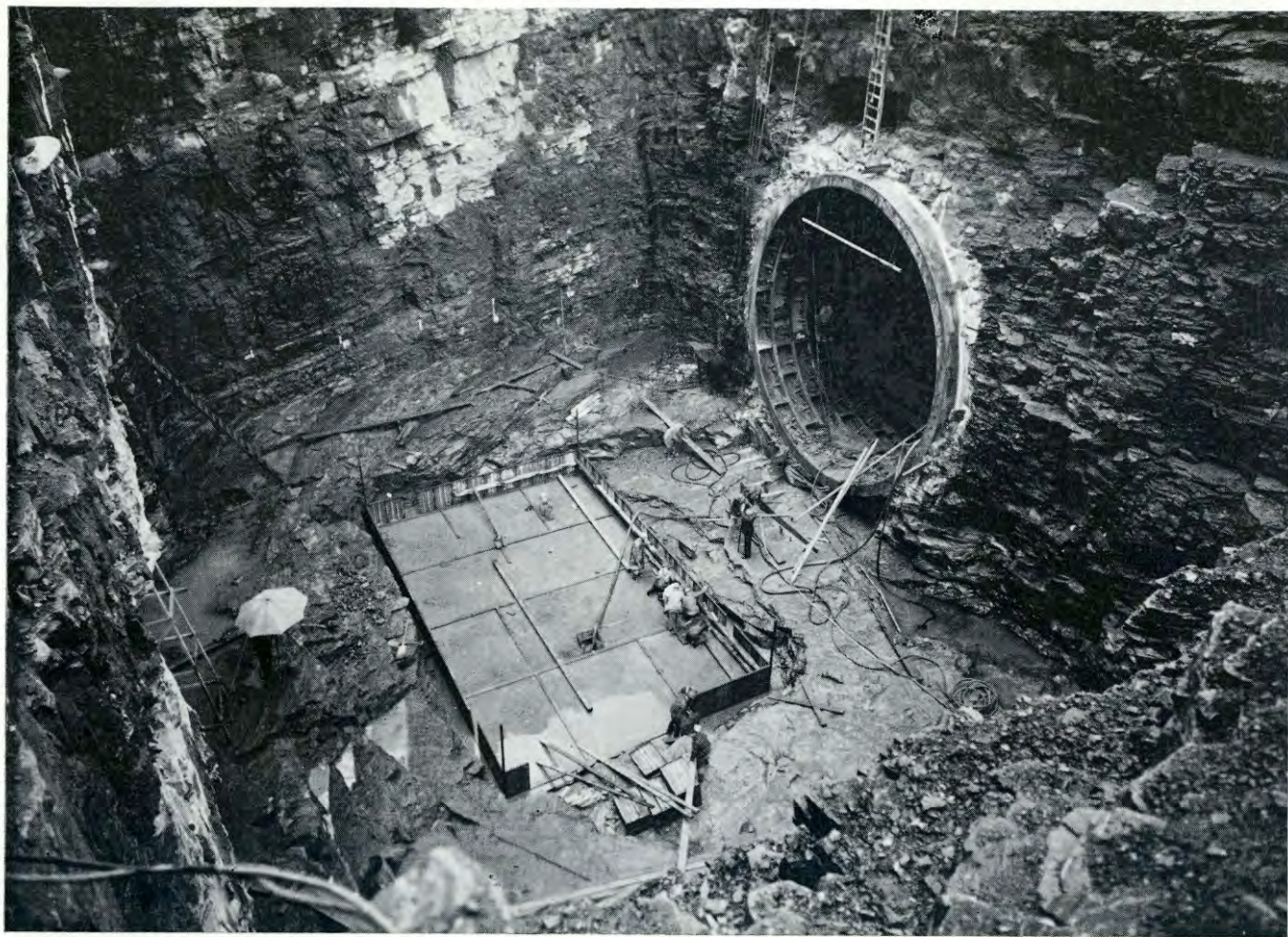
Part I—Midtown Hudson Tunnel

Shield tunnel operations and the construction of the New Jersey shaft and the New York River ventilation shaft were successfully completed during the year. Considerable progress was made on the construction of the New York approach and also on excavation work for the land ventilation building at the southwest corner of 11th Avenue and 39th Street and for sections of tunnel between the ventilation building and the portal at 10th Avenue.

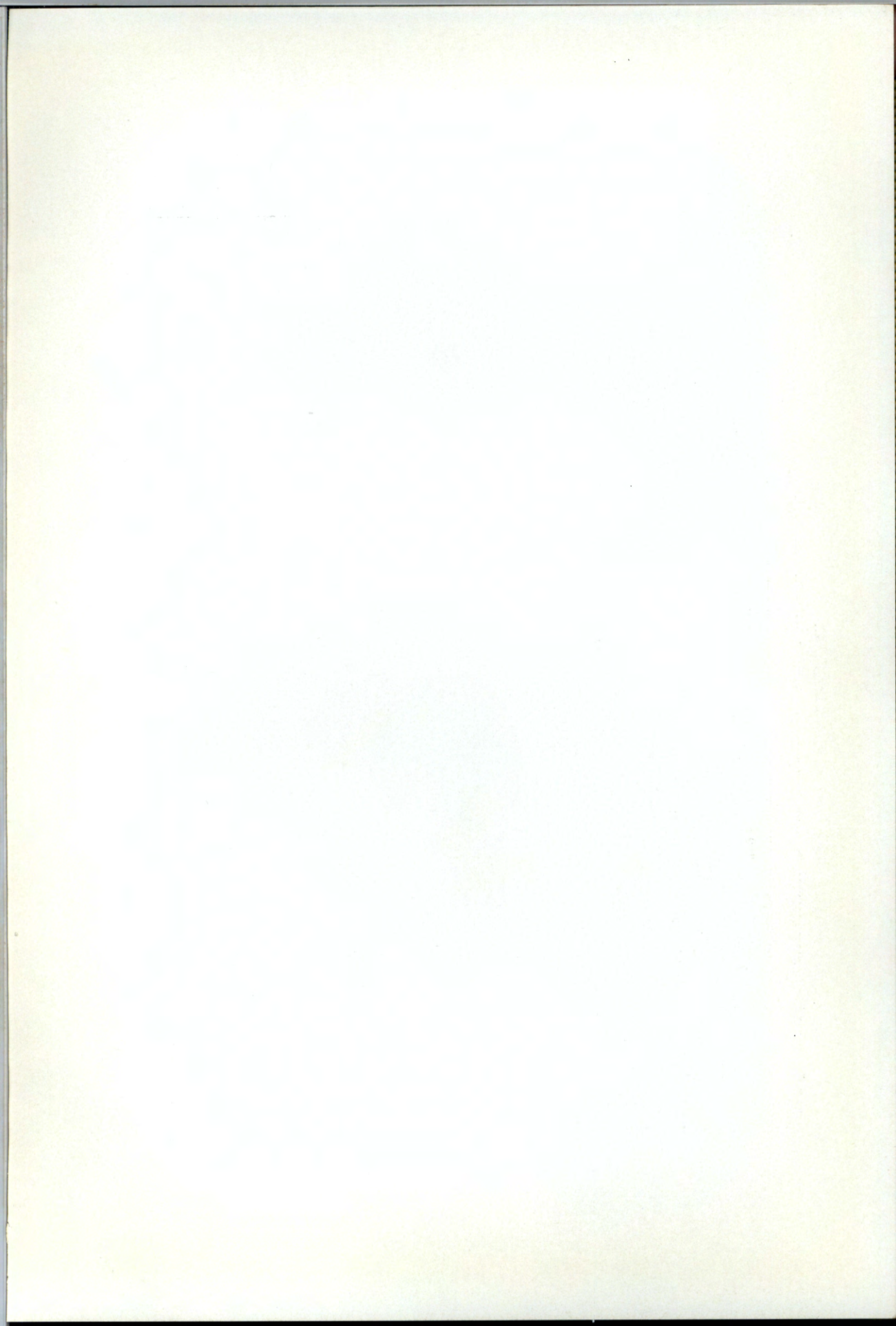
At the beginning of the year 1935 all materials for shield tunneling were manufactured and in storage except for a few special castings, the design of which had not been completed. The shield tunneling contract was being pushed vigorously by Mason & Hanger Company, Inc. In New Jersey the tunneling had been advanced about 300 feet from a construction shaft at the site of the ventilation building at the foot of King's Bluff and was being carried on with the use of a tunnel shield under compressed air.

In New York the full size rock tunnel had been advanced about 360 feet from a shaft located south of 39th Street and approximately 140 feet west of 11th Avenue. A small advance tunnel had been carried 300 feet ahead of the full size excavation. This tunneling had been without the use of compressed air. However, the termination of rock had necessitated the start of the erection of the shield and this operation was in progress at the base of the construction shaft. The caisson for the New York River ventilation building had been sunk and sealed with concrete against bed rock.

The New York shield was completed and the first advance made on January 22nd, a concrete cradle having been prepared for it in the section of the rock tunnel previously



Midtown Hudson Tunnel—Looking Northeast Into N. J. Ventilation Shaft, Showing Concrete Foundation for Sump Pit.
April 13, 1935



excavated. The advancement of the shield and erection of the tunnel lining proceeded without the use of compressed air until the middle of February when the character of the material necessitated a change of method. Compressed air was introduced on February 18th and from that time forward the shield passed through materials consisting partly of rock and partly of soft ground. Early in July the shield entered the caisson of the river ventilation building adjacent to and west of the New York bulkhead line. The last advance of the shield was made on July 8th.

Excavation of the shaft for the New Jersey ventilation building was completed early in the year and all concrete and structural steel were in place by the middle of August.

In order to prevent the tunneling operations from interfering with the work on the ventilation shaft, a temporary shaft for direct access to the tunnel was constructed over the tunnel a short distance to the east of the ventilation building. From the middle of January until early in February compressed air was removed to give an opportunity for the completion of this construction shaft and to permit the concreting of a bulkhead in the tunnel. Advancement of the shield and the erection of tunnel lining were necessarily halted during this period.

Work at the heading was resumed on February 5th and from that time until August 17th, when the New Jersey shield was given its final shove after entering the New York caisson, shield tunneling operations were continued without interruption. Exceptional progress was made during this period. An average of 30 feet per day was attained and a record progress of 1040 feet was established in 25 working days in June. These excellent results were made possible by the use by the contractor of a mechanical bolt tightening device which greatly expedited the erection of the tunnel lining. In the following two months the contractor was engaged in dismantling the shield, removing tunneling equipment, removing silt which had been admitted into the tunnel during the shield tunneling operations, cleaning and caulking the tunnel lining and preparing the forms for the interior concrete. During October, November and

December good progress was made on the concreting operations which were confined principally to the tunnel sections east of the New York river ventilation shaft.

The demolition of buildings in the New York approach area under contract MHT-7, George Schor, contractor, was completed in June. On June 27th a contract for the construction of the New York land sections, plaza and approaches, contract MHT-6, was let to the Cornell Contracting Corporation at an estimated contract price of \$2,720,304.

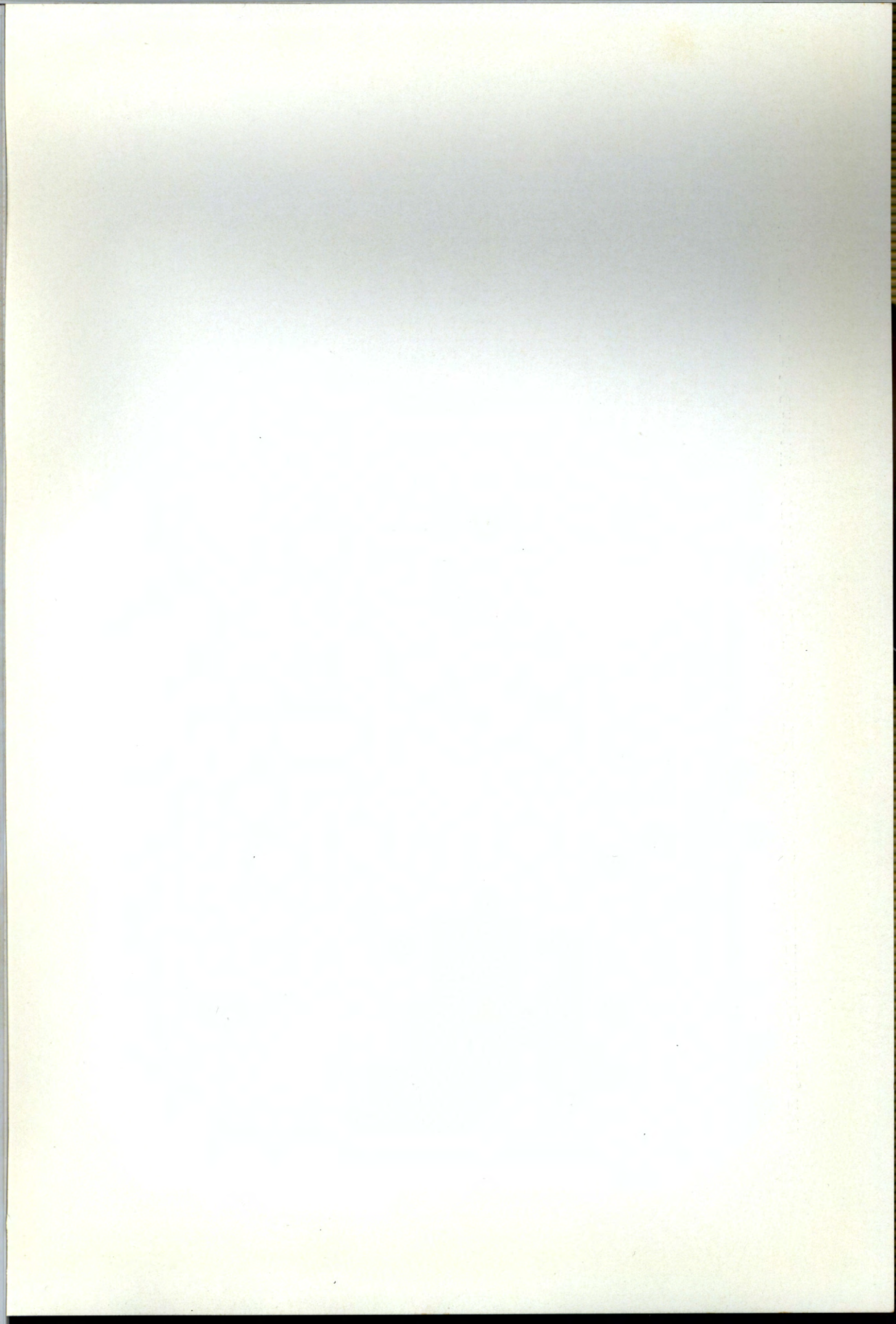
The Cornell Contracting Corporation started its operations on July 24th and since that time has completed approximately 25 per cent of the construction involved in the contract. The plaza, located in the block between 38th and 39th Streets and east of 10th Avenue, has been excavated as have also the approaches to the north and south, and a good portion of the footings and walls in the approaches have been constructed. The work of underpinning adjacent buildings is well advanced. Excavation of the "cut and cover," or steel bent section of the tunnel, in 39th Street has been about 40 per cent completed and a start has been made on the excavation of the rock tunnel section.

After somewhat protracted negotiations, a satisfactory solution of the details of the approach plan in Weehawken was reached in the late summer. Bids for the construction of the Weehawken plaza and the rock tunnel under the Palisades were received on December 19th. This work will be divided into two contracts, contract MHT-5A, the rock tunnel section under the Palisades and contract MHT-5B, the steel bent section adjacent to the portal and the Weehawken plaza.

A contract for furnishing ceiling tile, contract MHT-12, was let to the Macbeth Evans Glass Company in November at an estimated cost of \$161,000. Under this contract glass tiles and grippers for setting them in the tunnel ceiling will be manufactured.



Midtown Hudson Tunnel—General View of Roadway Construction, New York, Placing of Beams and Reinforcing, Looking East
October 24, 1935



On October 18th, contract MHT-8 for the fans, motors and transmissions was executed with the Buffalo Forge Company at an estimated contract price of \$186,230. Under this contract the fans, together with motors and transmissions required for the ventilation system, will be furnished and later will be installed in the three ventilation buildings. It was necessary to enter into this contract prior to completion of the plans for the ventilation buildings inasmuch as the final design of the buildings depends upon the particular type of equipment to be furnished. Plans and specifications for the ventilation building at the bulkhead line in New York have been completed. This work will be put under contract in February. Contracts for the New Jersey ventilation building and the New York land ventilation building will be advertised early in 1936.

Plans for the electrical installation of the tunnel are well advanced so that a contract for this work can be advertised at about the same time. Good progress is also being made on the balance of the work on the New Jersey Approach and the tunnel finish.

In general, it may be stated that plans for completion of present contracts and future contracts anticipate the opening of the tunnel for traffic early in 1938.

SECTION II—CONSTRUCTION

Part 2—George Washington Bridge

Construction operations for the completion of the 178th Street vehicular tunnel approach have been resumed. A contract for the extension of the tunnel under Amsterdam Avenue to the portal on the easterly side of Amsterdam Avenue in Highbridge Park and for the construction of a connection in Highbridge Park from the tunnel portal to Amsterdam Avenue at 175th Street, known as Contract HRB-23, was let in October to Rusciano & Son Corporation at an estimated contract price of \$347,946. Work on this contract is now approximately 20 per cent completed.

SECTION III—OPERATION OF INTERSTATE VEHICULAR CROSSINGS

Part 1—Holland Tunnel

From April 21, 1930 to March 1, 1931 the Holland Tunnel was operated by the Port Authority as agent for the two States. Effective March 1, 1931, the control, maintenance, operation and revenues of the Holland Tunnel were vested in the Port Authority.

Traffic

Total traffic for 1935 was 11,386,883, compared with 10,787,453 in 1934, an increase of 599,430 or 5.6 per cent. Traffic exceeded 1,000,000 vehicles a month for the five consecutive months from June through October. Trucks, including tractors and trailers, showed a gain for 1935 over the previous year of over 10 per cent, and the number of busses using the Tunnel increased approximately 7 per cent.

Revenues and Expenses

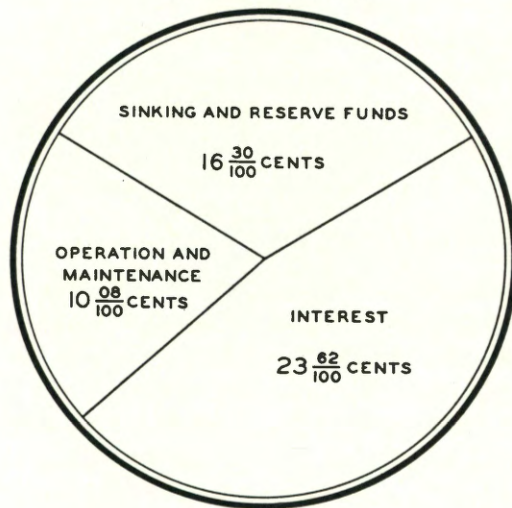
Gross income, which includes income from investments, etc., amounted to \$6,379,587.29, compared with \$5,909,477.11, an increase of \$470,110.18, or 8 per cent. Excluding income from investments, etc., the total operating revenues for 1935 were \$6,235,789.53, compared with \$5,851,855.86, an increase of \$383,933.67 or 6.6 per cent. Total operating expenses for 1935 were \$1,589,426.21 and \$1,541,196.06 in 1934, an increase of \$48,230.15 or 3.1 per cent. This increase in operating expenses was brought about principally by the necessity of charging the cost of Comprehensive Plan activities to operating revenues with the discontinuance of State appropriations for this work, and by the accrual of payments to be made by the Port Authority to the New York State Retirement System for the benefit of its employees.

Net income from operations for 1935 amounted to \$2,781,292.58, compared to \$2,316,832.19 in 1934, an increase of \$464,460.39 or 20 per cent.

Improvements and Changes

A system of roadway or vehicle treadles, similar to those in use at the bridges was installed on the New Jersey entrance plaza of the Tunnel at each toll booth, and operated in conjunction with the cash registers. The successful operation of this new equipment permitted discontinuance of the issuance of cash register tickets on New Jersey entrance plaza. A similar installation is planned for the New York entrance plaza.

THE 50¢ TOLL — WHERE IT WENT
 BRIDGES AND TUNNEL
 YEAR 1935



THE 10 $\frac{08}{100}$ CENTS FOR OPERATION AND MAINTENANCE
 ARE DIVIDED AS FOLLOWS —

TOLL COLLECTIONS	1 $\frac{06}{100}$ CENTS
LIGHTING AND TUNNEL VENTILATION	1 $\frac{74}{100}$ CENTS
CLEANING	$\frac{46}{100}$ CENTS
POLICING	2 $\frac{32}{100}$ CENTS
INSURANCE	$\frac{48}{100}$ CENTS
OTHER OPERATING EXPENSES	2 $\frac{17}{100}$ CENTS
OVERHEAD	1 $\frac{85}{100}$ CENTS
TOTAL	10 $\frac{08}{100}$ CENTS

SECTION III—OPERATION OF INTERSTATE VEHICULAR CROSSINGS

Part 2—George Washington Bridge

The George Washington Bridge has been opened to traffic since October 25, 1931.

Traffic

During 1935 there was a total of 6,394,790 vehicular movements over George Washington Bridge, compared to a total of 6,152,341 in 1934, an increase of 242,449 or 3.9 per cent. The number of busses using this facility continued to grow during 1935, showing a total of 507,106, an increase of 67,930 or approximately 15.5 per cent. Greatest percentage gain was experienced in truck movement. Approximately 87,000 more trucks used the bridge in 1935 than in 1934, or over 23 per cent. Passenger vehicles increased by approximately 91,000 or nearly 2 per cent.

With a reduction in the pedestrian toll from 10 cents to 5 cents, the total number of pedestrian users of the bridge in 1935 increased 51,497 or 46.9 per cent to a total of 161,295.

Revenues and Expenses

Gross income, which includes income from investments, etc., amounted to \$3,854,606.94, compared to \$3,879,004.81 in 1934, a decrease of \$24,397.87 or six-tenths of one per cent, due mainly to a decrease in miscellaneous income, including income from investments. Considering only tolls and other operating revenues, the year 1935 showed an increase of \$179,205.05 or 5.3 per cent, the figures being \$3,560,885.80 for 1935 and \$3,381,680.75 for 1934. Total operating expenses for 1935 were \$421,237.80 compared with \$343,761.60 in 1934, an increase of \$77,476.20, or 22.5 per cent.

This increase was caused principally by automatic increases in salaries of uniformed forces; increases in reserves for painting; cost of Comprehensive Plan activities formerly covered by appropriations made by the two States; and accrual of payment to be made by the Port Authority to the New York State Retirement System, for the benefit of its employees. Net income from operations for 1935 amounted to \$1,261,430.34, compared to \$1,356,476.67 in 1934, a decrease of \$95,046.33 or 7 per cent.

SECTION III—OPERATION OF INTERSTATE VEHICULAR CROSSINGS

Part 3—Bayonne Bridge

The Bayonne Bridge has been in operation since November 15, 1931.

Traffic

A total of 455,692 vehicles used the bridge during 1935, compared with 451,986 in 1934, an increase of 3,706, or slightly less than 1 per cent. The entire increase for the year was brought about by greater truck use of the facility during 1935, the number of passenger cars crossing this bridge being slightly less than in 1934. Of the vehicles handled, 75.6 per cent were pleasure cars, 6.4 per cent busses, 17.9 per cent trucks, and one-tenth of one per cent motorcycles and bicycles.

Revenues and Expenses

Gross income, which includes income from investments, etc., amounted to \$383,103.74 compared to \$379,694.97 in 1934, an increase of \$3,408.77, or approximately one per cent. Toll and other operating revenues for this facility showed practically the same relationship between the two years as did the gross income, due to the fact that income from investments, etc., remained practically static. The figures were \$212,242.28 for 1935 compared to \$210,075.55 for 1934, an increase of \$2,166.73 or one per cent.

Operating expenses amounted to \$72,364.64, compared with \$62,634.52 in 1934, an increase of \$9,730.12 or 15.5 per cent. This increase was due primarily to cost of spot painting operations, cost of Comprehensive Plan activities formerly covered by appropriations made by the two States, and accrual of payment to be made by the Port Authority to the New York State Retirement System for the benefit of its employees. Operations in 1935 resulted in a net deficit of \$169,783.77 as compared to a deficit of \$163,848.67 in 1934.

SECTION III—OPERATION OF INTERSTATE VEHICULAR CROSSINGS

Part 4—Arthur Kill Bridges

Goethals Bridge and Outerbridge Crossing, known as the Arthur Kill Bridges, have been opened to traffic since June 29, 1928.

Traffic

There were 795,611 vehicle movements over these bridges during 1935, a decrease of 13,527 or 1.7 per cent. While the number of passenger cars using the Arthur Kill Bridges in 1935 declined by approximately 28,000 or 4 per cent, an increase in truck movements of 15,096 or approximately 12 per cent indicates that there has been a renewed commercial activity in the vicinity of these bridges during the year.

Revenues and Expenses

Gross income on the Arthur Kill Bridges for 1935 was \$405,593.18, compared with \$412,938.49 in 1934, a decrease of \$7,345.31 or 1.8 per cent. Toll and other operating revenues for 1935 were \$405,645.05 compared with \$411,994.17 for 1934, a decrease of \$6,349.12, or 1.5 per cent.

Operating expenses for 1935 amounted to \$139,823.93, compared with \$131,180.72 for 1934, an increase of \$8,643.21 or 6.6 per cent. The increase in operating expenses was brought about principally by additions made to the painting reserve; by the fact that Comprehensive Plan activities, formerly covered by appropriations made by the two States, were charged to the operating revenues of these facilities; and by the accrual of payment to be made by the Port Authority for the benefit of its employees to the New

York State Retirement System. A net deficit of \$288,583.88 was experienced for 1935, which was \$10,267.41 or 3.4 per cent less than that for 1934.

Goethals Bridge Bus Line

This bus operation was inaugurated by the Port Authority in March 1931. The record of performance since that time is shown herewith:

	10 months 1931	Year 1932	Year 1933	Year 1934	Year 1935
Passengers Carried.....	197,137	214,769	195,096	202,619	220,084
Gross Revenue.....	\$19,873 55	\$24,369 40	\$22,430 05	\$22,937 67	\$24,597 35
Operating Expense.....	\$28,873 80	\$28,117 00	\$24,179 86	\$24,127 89	\$25,613 91
Net Oper. Revenue....	<i>\$9,000 25</i>	<i>\$3,747 60</i>	<i>\$1,749 81</i>	<i>\$1,190 22</i>	<i>\$1,018 58</i>

NOTE.— Figures in italics denote deficit.

SECTION IV—GENERAL

Part 1—Financial

Results of Operations

The gross income from all sources during the year ended December 31, 1935, was \$11,975,184.64 as compared with a total of \$11,138,150.30 for the year ended December 31, 1934,—an increase of \$837,034.34 or 7.5 per cent. Total deductions for operating expenses, interest and other charges amounted to \$8,629,041.80, or an increase of 4.2 per cent over the total of \$8,283,245.35 for the year 1934. The net income of \$3,346,142.84 was a 17.2 per cent increase over the net income of \$2,854,904.95 in 1934. An increase in net income from the Holland Tunnel operations of \$464,460.39 plus reductions in net losses in Arthur Kill Bridges account and, in addition, increases in net income accruals from other sources, were partially offset by a net income decrease of \$95,046.33 or 7 per cent in George Washington Bridge account (due mainly to a decrease in interest and profits on investments) and also by an increase of \$5,935.10 or 3.6 per cent in Bayonne Bridge deficit. The net loss for 1935, account Inland Terminal No. 1, was \$336,361.68, whereas the net loss in 1934 is indicated as \$441,377.48. Actually, however, no fair comparison is possible as between 1935 and 1934, inasmuch as during 1934 only ten months of operations were reported in the income statement.

The disposition of net income for the year 1935 was as follows:

Reserve for Holland Tunnel Sinking Fund..	\$1,500,000
Statutory Reserve—George Washington Bridge	1,261,430
General Reserve	1,379,442
Operating Reserves (Deficits).....	794,729
	<hr/>
Total	\$3,346,143

Funded Debt

The total funded debt outstanding as of December 31, 1934, was \$153,600,000

The following matured and were paid during the year:

Series E Bonds.....	\$1,000,000	
Series A Bonds.....	600,000	
		\$1,600,000

The following were cancelled and paid:

MHT Notes held by public	\$2,500,000	
MHT Notes held by Public Works Admin.	12,300,000	
		14,800,000

The following were acquired through exchanges for pledge:

Series A Bonds (par).....	\$5,727,000	
Series B 4% Bonds (par).	1,614,000	
Series C Bonds (par).....	3,139,000	
Series D Bonds (par).....	1,180,000	
Series E Bonds (par).....	992,000	
		12,652,000

Total decrease in funded debt.... \$29,052,000

The following new securities have been issued during the year:

Series F Bonds to State of New Jersey in settlement of liability for advances in aid of construction.....	2,500,000
General & Refunding Bonds, 1st Series sold for Midtown Hudson Tunnel construction, refunding Series A Bonds, calling Midtown Hudson Tunnel Notes, etc.	34,300,000
Issued for exchanges of other bonds.....	11,065,000
General & Refunding Bonds, 2nd Series issued for Midtown Hudson Tunnel construction	16,500,000

Total increase in funded debt..... \$64,365,000

Net Increase in Funded Debt..... \$35,313,000

Funded Debt Outstanding December 31, 1935.....	\$188,913,000
Sinking Funds and Statutory Reserves.....	10,121,254

Net Funded Debt..... \$178,791,746

Cash and Securities Held

The cash on hand in all accounts as of December 31, 1935, amounted to \$39,996,116.09. Of this sum the amount of \$6,658,865 has been set aside in various banks for use ultimately in maturing outstanding Series A Bonds, callable March 1, 1936. The amount of \$24,328,780.79, represents construction funds, of which the amount of \$21,611,650.16 is set aside specifically for Midtown Hudson Tunnel purposes and disbursements therefrom are being made currently.

Cash deposits were held for account of the Port Authority in 205 banks located in New York and New Jersey. All deposits are fully secured by collateral in trust or by Federal Deposit Insurance. On January 13, 1936, collateral securing deposits was audited by certified public accountants and no exceptions were noted.

The cost of securities acquired for investment purposes, as of December 31, 1935, totaled \$10,937,697.98. These investments are as follows:

	<i>Amount</i>	<i>Per Cent</i>
Federal Intermediate Credits.....	\$757,448.94	6.93
State of New Jersey.....	459,633.47	4.20
State of New York.....	1,301,073.85	11.90
New York City.....	1,224,637.50	11.20
Other New York Municipals.....	1,194,562.64	10.92
New Jersey Municipals	119,877.70	1.09
Port Authority:		
Series C Bonds.....	10,325.00	.09
Series D Bonds.....	41,288.75	.38
General & Refunding Bonds.....	5,828,850.13	53.29
Total	\$10,937,697.98	100.00

The following investments were held to be in default at the end of the year:

\$20,000 par value City of Asbury Park, N. J. 5-¾% Temporary Loan Bonds at cost of.....	\$20,867.52 (a)
\$36,000 par value Township of Woodbridge, N. J., 5% Tax Revenue Bonds at cost of.....	36,000.00 (b)
\$5,000 par value Boro of East Paterson, N. J., 6% Temporary Loan Bonds at cost of.....	5,000.00 (c)
\$20,000 par value Township of Lyndhurst, N. J., 5% Temporary Storm, Water & Sewer Bonds at cost of....	20,181.34 (d)

(a) Defaulted interest \$2,012.50. A proposed refunding plan contemplates cash payment account of interest \$875.00, non-interest bearing certificate \$1,137.50 due December 31, 1940 and \$20,000 par value 4½% General obligations of City due December 1, 1965.

(b) Defaulted interest \$4,950.00. Details of proposed refunding plan not available.

(c) In January 1936 accepted 4½% Local Improvement Refunding Bonds \$1,000 due December 1, in each of years 1939, 1943, 1947, 1951 and 1955.

(d) Defaulted interest \$1,750.00. Proposed refunding plan being considered.

Sinking Funds and Other Reserves

(a) General Reserve Fund:

This fund was authorized by special legislation and was actually established in 1931 by the Port Authority. It provides greater security for bondholders. The moneys in this fund accrue from surplus earnings and may be used to meet the due obligations of any facility having insuffi-

cient revenues for its purposes. When earnings permit, the Port Authority is required to maintain an amount in this fund equal to ten per cent of all outstanding bonds and notes. The operations of this fund during the year 1935 were as follows:

Balance January 1, 1935.....	\$2,370,649.96
Additions during 1935:	
From surplus earnings—Holland Tunnel	\$1,281,292.58
Income from investments.....	98,149.25
Net Additions	<u>1,379,441.83</u>
	\$3,750,091.79

Deductions:

Amount necessary to complete interest payments on Series A Bonds from 9/1/34 to 3/1/35.....	\$170,000.00
Amount necessary to complete interest payments on Series D Bonds.....	320,000.00
Amount necessary to complete interest payments on General & Refunding 4% Bonds allocated to Arthur Kill Bridges	162,895.66
Amount of Series F Bonds interest....	18,785.16
Net Deductions	<u>671,680.82</u>
Balance January 1, 1936.....	\$3,078,410.97

It is anticipated that during the year 1936 withdrawals will be made from this fund as follows:

To complete interest payments Series D Bonds for period 9/1/35 to 3/1/36.....	\$90,000.00
To complete General & Refunding Bond interest allocated to Arthur Kill Bridges.....	250,000.00
Series F Bond Interest.....	75,000.00
Total	<u>\$415,000.00</u>

(b) Series B—George Washington Bridge Reserve:

(1) Sinking Fund

The moneys accumulated in this fund are derived from earnings. As of December 31, 1935, this fund consisted of

Cash	\$8,425.49
Securities	1,491,574.51
Total	<u>\$1,500,000.00</u>

Under the provisions of the bond resolution these assets may be used only to meet maturities. There are no maturities until December, 1936, when \$1,000,000 of the Series B

Bonds come due; however, the refunding plan provides for the issuance of General and Refunding Bonds to refund all B Bond maturities accruing prior to 1940.

(2) Statutory Reserve

The moneys accumulated in this fund are derived from earnings. As of January, 1936, this fund consisted of

Cash	\$1,500,804.38
Securities	2,417,102.63
	<hr/>
Total	\$3,917,907.01

Under the provision of the bond resolution these assets may be used for bridge operating expenses, including a proper proportion of general expenses, payment of bridge bond interest, and payments into the bridge sinking fund.

(c) Series C—Bayonne Bridge Reserve:

(1) Sinking Fund

The moneys accumulated in this fund are derived from excess construction funds. As of December 31, 1935, this fund consisted of

Cash	\$385,823.77
Securities	814,176.23
	<hr/>
Total	\$1,200,000.00

Inasmuch as the earnings of the Bayonne Bridge have been insufficient to meet all interest charges, withdrawals have been made from this fund to meet the deficiencies. During 1935 there was a withdrawal of \$120,000. No maturities occur before 1938, but it is intended to issue General and Refunding Bonds to meet such maturities and to call and refund the balance of the outstanding debt.

(2) Construction Fund

Certain economies were made possible during the period of construction of this facility which resulted in surplus funds in the account. Such sums as were not needed for the purpose for which intended were, under the provisions of

the bond resolution, available to meet interest and other charges. At the end of the year there remained in this account

Cash	\$334,745.34
Securities	688,670.30
	<hr/>
Total	\$1,023,415.64

Only a relatively small portion of the remaining moneys will be expended for construction purposes and the balance will be available to meet operating deficits, if necessary.

(d) Series E—Holland Tunnel Sinking Fund

The moneys accumulated in this fund are derived from earnings. As of January, 1936, this fund consisted of

Cash	\$1,546,690.20
Securities	1,956,656.91
	<hr/>
Total	\$3,503,347.11

Series E Bonds in the amount of \$1,000,000 will mature in March, 1936 and will be paid from this fund, leaving a balance of \$2,503,347.11 against which no withdrawals are anticipated.

Summary of Reserves

After giving effect to the allocations made during 1935, the various sinking fund balances may be summarized as follows:

General Reserve		
Balance January 1, 1936.....		\$3,078,411
Holland Tunnel		
Sinking Fund	\$3,503,347	
Operating & Insurance Reserve.....	600,000	
Construction	112,844	
	<hr/>	4,216,191
George Washington Bridge		
Sinking Fund	1,500,000	
Statutory Reserve	3,917,907	
Operating Reserve	151,611	
Construction Reserve	2,932,193	
	<hr/>	8,501,711
Bayonne Bridge		
Sinking Fund	1,200,000	
Construction Reserve	1,023,416	
	<hr/>	2,223,416
Total of Reserves.....		\$18,019,729

The Refunding Program

In 1931 the two states, by appropriate legislation, adopted a policy to the effect that in the interests of the users of interstate vehicular tunnels and bridges, the construction, maintenance, operation and control of such facilities theretofore and thereafter authorized by the two states would be unified under the Port Authority, to the end that the tolls and other revenues therefrom would be applied, so far as practicable, to the costs of such facilities as a group and, further, that these facilities as a group would be in all respects self-sustaining.

Prior to the adoption of this policy it had been the practice of the Port Authority to finance each project separately and to secure the obligations issued for each such project primarily by its own income. The first step toward actual unification was the establishment of the General Reserve Fund in 1931.

Upon the enactment of the above mentioned legislation, the Port Authority considered plans to carry out the intent thereof and endeavored to find ways and means whereby all of its debt would be consolidated into one type of general obligation. The conditions of the financial market did not permit of any new refinancing along these lines until the early part of 1935. Plans were then completed for the refunding of the present outstanding issues, for the issuance of securities to cover the remaining construction costs of the Midtown Hudson Tunnel, and for a method of financing future projects.

This plan contemplates the call of the five original bond issues at or as near the first date of call as conditions warrant. The bonds, call rates, etc., are as indicated below:

<i>Series</i>	<i>Rate</i>	<i>For</i>	<i>Call Date</i>	<i>Callable At</i>
A	4½	Arthur Kill Bridges.....	3/1/36 (a)	105
B	4	George Washington Bridge.....	12/1/36	100
C	4	Bayonne Bridge	1/3/38	103
B	4½	George Washington Bridge.....	11/1/39	105
D	4¼	Inland Terminal No. 1.....	3/1/41	105
E	4¼	Holland Tunnel	3/1/41	105

(a) Already called.

These calls will be made possible by the sale of General and Refunding Bonds which will not have specific claim upon the revenues of any one project but rather are liens (after maintenance, operation and prior claims, etc.) upon the combined revenues of all projects. The first sale of the new type of bond occurred on March 25, 1935, in the amount of \$34,300,000. The price obtained was \$105.3983, at an interest cost to the Port Authority of 3.735, and they were placed on the market at a price to yield 3.673 to maturity. This compares with an interest cost of 4.349 to the Port Authority on the previous sale of \$66,000,000 Series D and E bonds in 1931. The proceeds of the first series of General and Refunding Bonds were obtained for the following purposes:

Refunding Midtown Hudson Tunnel 4% Notes held by Public	\$2,500,000
Refunding Midtown Hudson Tunnel 4% Notes held by Federal P.W.A.	12,300,000
Midtown Hudson Tunnel funds to carry on current construction	10,048,000
Refunding Series A 4.50% Bonds (callable March 1, 1936) ...	9,452,000
	<hr/>
	\$34,300,000

The balance of the authorized issue was to be used as follows:

Refunding Port Authority Bonds through exchange	\$13,080,000	
Other similar purposes	5,120,000	
	<hr/>	18,200,000
Total		\$52,500,000

Under date of December 11, 1935, market conditions seemed favorable, and the Port Authority issued an additional amount of General and Refunding Bonds, referred to subsequently as Second Series, 3¾ per cent, General and Refunding Bonds, to obtain funds to complete construction of the first operating unit of the Midtown Hudson Tunnel. The price obtained was \$97.111 or an interest cost of 3.846 and the bonds were placed on the market at a price to yield 3.81 to maturity.

It is the intention to carry out the balance of the refunding program as promptly as conditions will permit. The plan will ultimately result in lower annual interest charges, will provide for a longer average period of maturity, and will make available for corporate purposes certain special reserve accruals.

In furtherance of the plan, the Port Authority has endeavored to make exchanges of General and Refunding Bonds for bonds of the prior series and as of December 31, 1935 a total of 11,065 General and Refunding Bonds had been exchanged for 10,846 bonds of the prior issues on what is considered a favorable basis.

The bonds exchanged are retired from circulation and pledged as collateral security for General and Refunding Bonds. However, the pledged bonds are in effect kept alive until all of the Series A to E Bonds shall have been retired and the amounts due the States account advances in aid of construction have been settled.

SECTION IV—GENERAL

Part 2—Real Estate

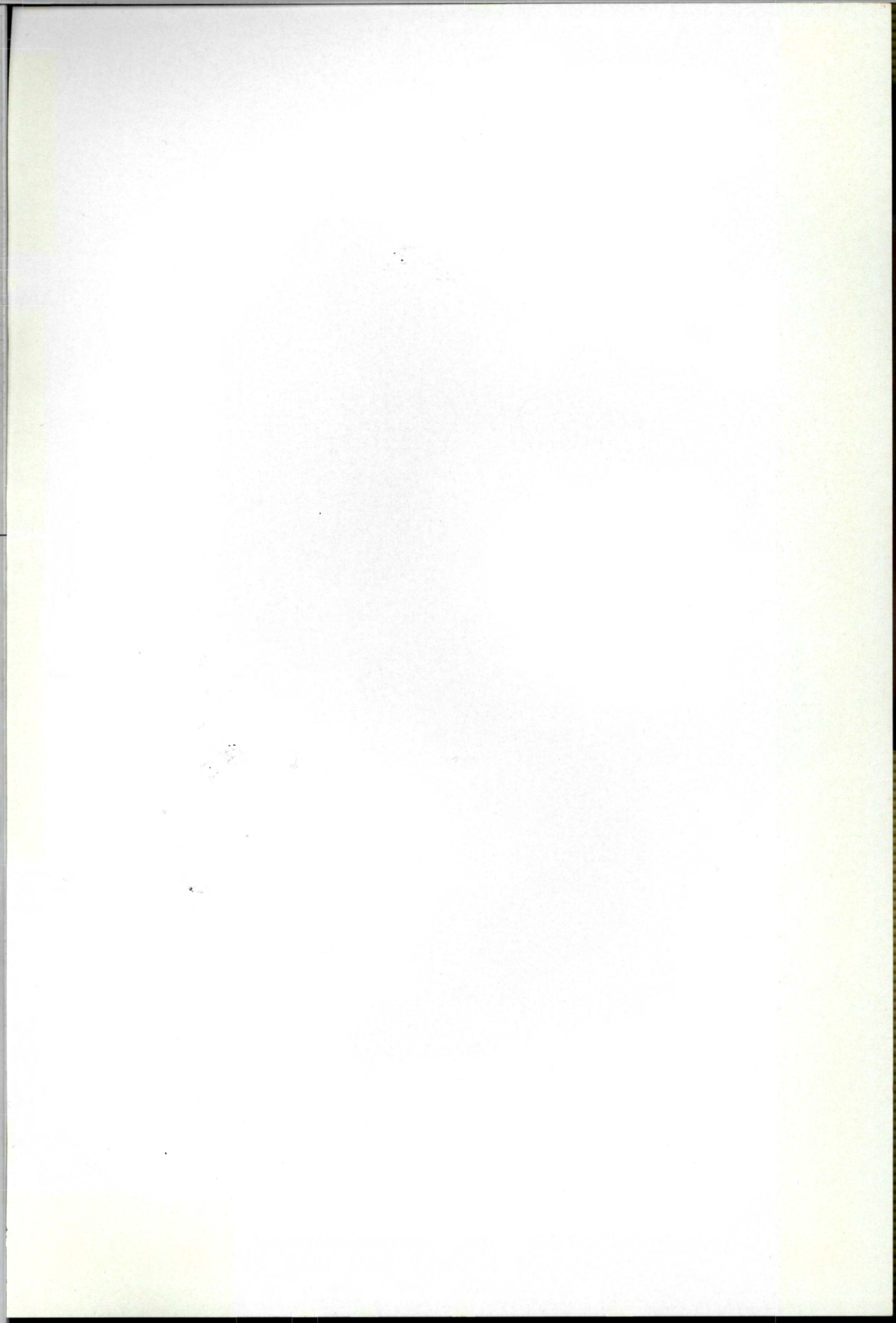
Union Inland Freight Station No. 1, located in the Port Authority Commerce Building, was put into operation in October, 1932, as the first step in carrying out that part of the Statutory Plan designed to improve the handling of railroad freight on Manhattan Island. It is operated as a union less carload freight terminal under joint management of the eight New York railroads. During the third year of operation ending in October 1935, 120,000,000 pounds of freight were handled through the station, a 5.1 per cent increase over the period ending October 1934 and a 37.3 per cent increase over the first year of operation.

Reports from merchants and distributors using the Terminal indicate material savings in trucking costs through the concentration of package merchandise shipment at one union terminal in place of the former dependence upon numerous scattered stations of the individual railroads.

On February 1, 1935, the Railway Express Agency, Incorporated, which had previously been utilizing a small portion of the first floor under agreement with the rail carriers, lessees of the first floor and basement, contracted for exclusive use of approximately 115,000 square feet of the basement area together with the joint use and occupancy of approximately 50,000 square feet of space on the same floor, and there established a large collecting, assorting and distributing station by consolidating the business theretofore handled at another location with the operations previously carried on in the building. The location, accessibility and ease of operation of this station has made possible the elimination of other stations of lesser capacity heretofore maintained in the vicinity of the building.



Midtown Hudson Tunnel—New York Approach. Excavation for Plaza and Portal Area, Looking Northwest from West 38th St.
December 3, 1935



During the year, Commerce Hall, located on the second floor of the building, housed the Building and Modernization Show, the Leisure Show and the National Business Show. The latter utilized the facilities of Commerce Hall for the second successive year and reported an attendance in excess of the preceding year's show.

Less than 5 per cent of the aggregate area above the second floor of the Commerce Building remained unleased at the end of 1935. During the year approximately 717,000 square feet of space were leased. A portion of this area represented additional space taken by tenants already in possession. An area of approximately 320,000 square feet was leased to the Federal Government effective September 1, 1935, to house the State Procurement, Accounting and Disbursing Divisions of the Federal Works Progress Administration. Prior to that time the Port Authority had permitted the Civil Works Administration of the City of New York to occupy several floors, rent free, to aid in relief administration.

Midtown Hudson Tunnel

Practically all property rights on the New York side needed for the tunnel approach had been acquired prior to the end of the year. Some waterfront property owned by the City of New York, as well as a parcel improved by a fire-house on West 36th Street, had not been conveyed to the Port Authority although in both cases terms had been agreed upon with city officials. As part compensation for the fire-house property a plot was purchased for the City on West 38th Street upon which to relocate the fire-house, and the buildings thereon have been demolished to clear the site for the new structure. A parcel on West 39th Street, owned by the New York Central Railroad Company, had not been conveyed to the Port Authority, although the latter has been in possession for several years under agreement with the owner.

During the year negotiations were concluded with the Pennsylvania Railroad Company for the acquisition of a sub-surface easement 600 feet in length through its 39th Street yard.

The aggregate cost of property acquired to the end of the year for the New York approach was \$5,290,397.10.

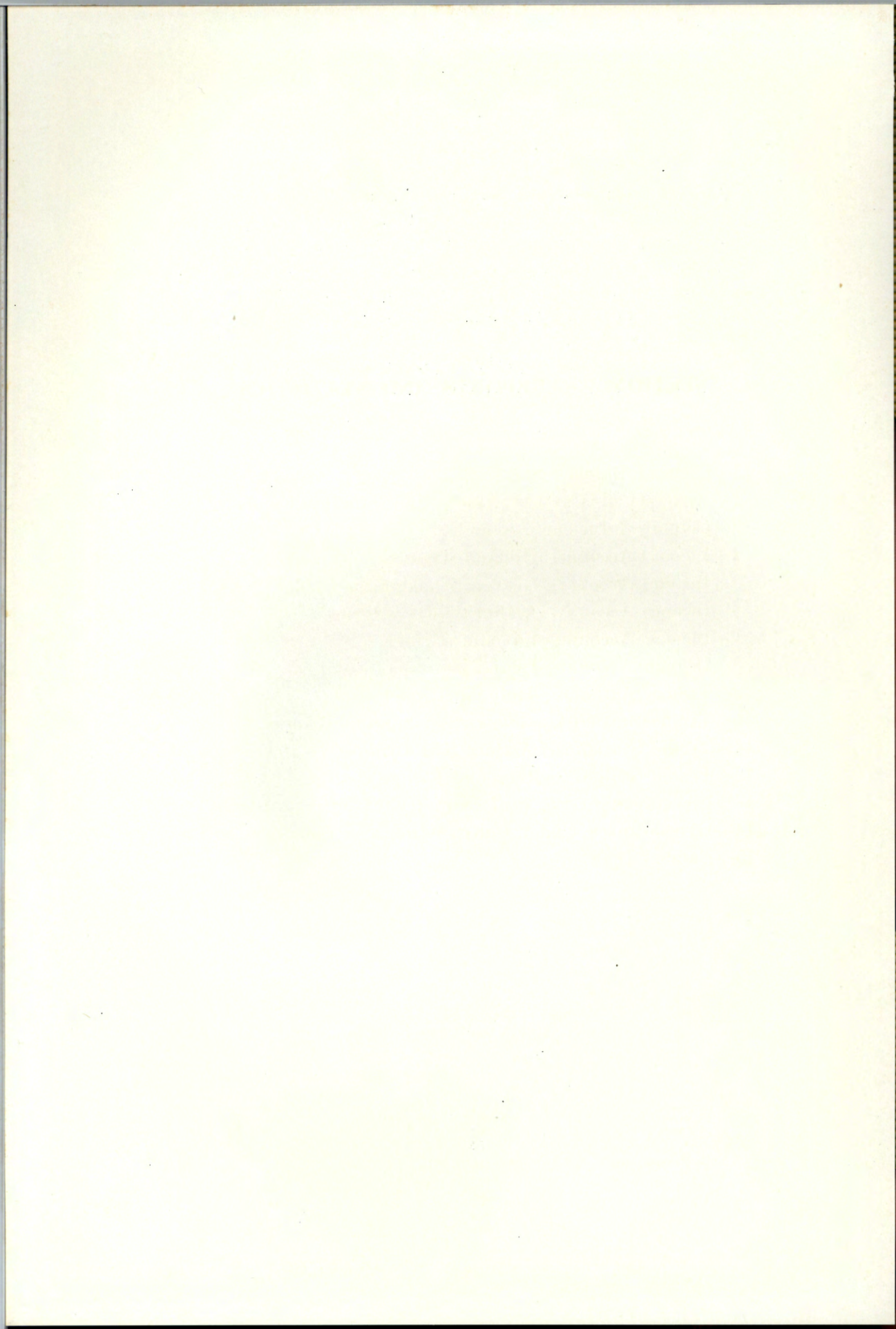
The plans for the New York approach require changes in the grade of several of the streets lying between 34th and 42nd Streets in the blocks bounded by 9th and 10th Avenues. More than 150 properties are affected to some extent by these changes of grade, and 125 buildings require some work inside the building line to adapt them to the new street grades. Chapter 876 of the Laws of New York, 1935, and Chapter 186 of the Laws of New Jersey, 1935, empower the Port Authority, in its discretion, to enter into voluntary agreements with owners of abutting property, which is built upon or otherwise improved, whereby the Authority will undertake to pay a fair and reasonable sum to such owners for the damage to the buildings and improvements occasioned by the changes in the street grades. Architectural sketches with estimates of cost have been prepared covering the alterations necessary to adapt each of the buildings affected to the changed conditions. Negotiations are in progress with the owners of many of the 125 buildings affected with a view to reaching agreements to compensate them for the expense of adapting their buildings to the new street grades.

A plan for the New Jersey plaza and approach in the Township of Weehawken was finally approved by the Township Committee on August 1, 1935, and the acquisition of property in Weehawken was progressed thereafter, including part of the present municipal playground, required for the plaza. Negotiations with the Erie Railroad Company were progressed to the point where the Port Authority was put in possession of the railroad property needed.

Title to 28 parcels in New Jersey was acquired during the year at an aggregate cost of \$626,274. Condemnation proceedings were pending against 10 parcels at the end of the year.

Among the properties acquired during the year was a parcel in Union City, a portion of which will be conveyed to the Federal Government as part of the site for a new post office building in exchange for certain property required by the Port Authority for the tunnel approach. Because of title questions the exchange had not been consummated by the end of the year.

The total cost of property acquired on the New Jersey side as of the end of the year was \$813,513.50.



SECTION V — REPORTS AND STATISTICS

Table
No.

- 1—General Balance Sheet
- 2—Analysis of Current Assets and Sinking Funds
- 3—Combined Income Account
- 4—Income Account—Holland Tunnel
- 5—Income Account—George Washington Bridge
- 6—Income Account—Arthur Kill Bridges
- 7—Income Account—Bayonne Bridge
- 8—Income Account—Inland Terminal No. 1
- 9—Traffic Statistics—Holland Tunnel
- 10—Traffic Statistics—George Washington Bridge
- 11—Traffic Statistics—Arthur Kill Bridges
- 12—Traffic Statistics—Bayonne Bridge
- 13—Investment in Physical Property
- 14—Expenditures Under Construction Contracts
- 15—Funded Debt

Table No. 1
THE PORT OF NEW YORK AUTHORITY
General Balance Sheet as of December 31, 1935

(Exhibit A, Page 1, Lawrence Scudder & Co., Audit)

INVESTMENT IN PHYSICAL PROPERTY:	ASSETS		
Arthur Kill Bridges:			
Outerbridge Crossing		\$9,918,263	91
Goethals Bridge		7,351,005	40
Total Arthur Kill Bridges		\$17,269,269	31
Bayonne Bridge		13,151,584	36
George Washington Bridge		57,233,496	31
Holland Tunnel		50,634,049	74
Midtown Hudson Tunnel (in process of construction)		19,570,103	99
Inland Terminal No. 1		16,235,860	68
Total investment in physical property		\$174,094,364	39
CURRENT ASSETS:			
Cash in banks and on hand (includes Midtown Hudson Tunnel Construction Funds of \$21,721,590.55)		\$28,077,985	44
Cash on deposit with paying agent for unredeemed bonds and interest coupons		274,520	00
Investments in securities:			
Port of New York Authority bonds (par value \$1,487,000.00)	\$1,530,589	35	
Municipals and governments (par value \$1,703,000.00)	1,736,352	78	
Accrued interest receivable on investments		3,266,942	13
Bills collectible		93,273	15
General reserve fund:		76,446	15
Cash in banks	\$2,267,092	87	
Investments in securities:			
Port of New York Authority bonds (par value \$674,000.00)	\$697,040	58	
Municipals and governments (par value \$96,000.00)	96,269	63	
Accrued interest receivable on investments		793,310	21
Statutory reserve fund — George Washington Bridge:		18,007	89
Cash in banks	\$239,374	04	
Investments in securities:			
Port of New York Authority bonds (par value \$1,340,000.00)	\$1,359,724	02	
Municipals and governments (par value \$1,050,000.00)	1,057,378	61	
Cash, investments and accrued interest receivable available for refunding program purposes, including the retirement on March 1, 1936 of Series A bonds		2,417,102	63
Total current assets		2,656,476	67
Cash, investments and accrued interest receivable available for refunding program purposes, including the retirement on March 1, 1936 of Series A bonds		9,441,904	16
Total current assets		\$46,965,958	67
SINKING FUND ASSETS:			
Series B Bonds — Sinking Fund:			
Cash		\$8,425	49
Investments in securities:			
The Port of New York Authority bonds (par value \$625,000.00)	\$646,702	58	
Municipal and governments (par value \$838,000.00)	844,871	93	
Total		1,491,574	51
Series C Bonds — Sinking Fund:			
Cash		\$385,823	77
Investments in securities:			
The Port of New York Authority bonds (par value \$585,000.00)	\$601,993	46	
Municipal and governments (par value \$207,590.78)	212,182	77	
Total		814,176	23
Series E Bonds — Sinking Fund:			
Cash		\$46,690	20
Investments in securities:			
The Port of New York Authority bonds (par value \$1,010,000.00)	\$1,044,413	89	
Municipal and governments (par value \$896,000.00)	912,243	02	
Total		1,956,656	91
Total sinking fund assets		2,003,347	11
Total sinking fund assets		\$4,703,347	11
OTHER ASSETS:			
Unexpired insurance premiums		\$121,963	35
Investment in capital stock of subsidiary companies — 100% owned		1,500	00
Advance to affiliated company		32,500	00
Mortgage receivable		10,000	00
Miscellaneous		28,417	77
Total other assets		\$194,381	12
TOTAL ASSETS		\$225,958,051	29

Table No. 1—Continued

(Exhibit A, Page 2, Lawrence Scudder & Co., Audit)

LIABILITIES AND RESERVES	
FUNDED DEBT OUTSTANDING:	
(For details with respect to amount of bonds authorized, amount retired and amount of bonds acquired as Collateral Security for General and Refunding Bonds, reference is made to Page 3 of this Exhibit.)	
New York — New Jersey Interstate Bridge Bonds:	
Arthur Kill Bridges — Series A bonds outstanding	\$6,473,000 00
George Washington Bridge — Series B bonds outstanding	48,386,000 00
George Washington Bridge — Series F bonds outstanding	2,500,000 00
Bayonne Bridge — Series C bonds outstanding	8,861,000 00
New York — New Jersey Interstate Tunnel Bonds:	
Holland Tunnel — Series E bonds outstanding	46,008,000 00
New York — New Jersey Terminal Bonds:	
Inland Terminal No. 1 — Series D bonds outstanding	14,820,000 00
Midtown Hudson Tunnel notes outstanding	None
General and Refunding Bonds:	
First Issue — 4% due 1975 — outstanding	\$45,365,000 00
Second Issue — 3½% due 1965 — outstanding	16,500,000 00
General and refunding bonds outstanding	61,865,000 00
Total funded debt outstanding	<u>\$188,913,000 00</u>
CURRENT LIABILITIES:	
Audited vouchers payable	\$427,856 08
Accrued interest payable on bonds	2,284,650 61
Unredeemed bonds and interest coupons	103,320 00
Mortgages payable and accrued interest thereon	353,208 34
Sundry current liabilities	57,233 60
Total current liabilities	<u>\$3,226,268 63</u>
SUBORDINATED LIABILITY FOR APPROPRIATIONS TO AID IN CONSTRUCTION OF BRIDGES AND FOR PRELIMINARY STUDIES AND SURVEYS:	
State of New York	\$9,299,840 17
State of New Jersey	4,300,000 00
Total subordinated liability	<u>\$13,599,840 17</u>
DEFERRED CREDITS:	
Unamortized premium on funded debt, less discount and expenses of refunding	\$595,525 48
Provision for liability in lieu of taxes	110,000 00
Accrued depreciation	105,490 77
Series F bond reserve	368,750 00
Sundry unadjusted credits	155,731 09
Total deferred credits	<u>\$1,335,497 34</u>
RESERVES:	
Holland Tunnel:	
Operating and insurance reserves	\$600,000 00
Income applied in reduction of debt	3,746,652 89
Sinking fund reserve	3,503,347 11
	<u>\$7,850,000 00</u>
George Washington Bridge:	
Operating reserve	\$151,611 04
Statutory reserve	2,656,476 67
Net revenue after interest for year ended December 31, 1935, available for statutory reserve	1,261,430 34
Sinking fund reserve — series B bonds	1,500,000 00
	<u>5,569,518 05</u>
General Reserve:	
General reserve — unappropriated	\$3,078,410 97
General reserve — appropriated	2,564,047 52
	<u>5,642,458 49</u>
Bayonne Bridge:	
Reserve	*679,335 49
Arthur Kill Bridges:	
Reserve	*707,838 47
Inland Terminal No. 1:	
Reserve	*777,739 16
Total reserves (net)	<u>\$16,897,063 42</u>
APPROPRIATIONS BY STATES OF NEW YORK AND NEW JERSEY FOR PRELIMINARY SURVEYS FOR MIDTOWN HUDSON TUNNEL	
	<u>\$400,000 00</u>
RESERVE — SERIES F BONDS — SETTLEMENT OF ADVANCE IN AID OF CONSTRUCTION OF THE GEORGE WASHINGTON BRIDGE WITH THE STATE OF NEW JERSEY	
	<u>\$1,586,381 73</u>
TOTAL LIABILITIES AND RESERVES	
	<u>\$225,958,051 29</u>
Construction contracts awarded, less payments to cover work performed to December 31, 1935, as submitted to us, aggregated	
	\$4,468,059 93
Contingent liability relative to acquisition of easement payable if and when a building is erected over the Midtown Hudson Tunnel by the owner of the land — not to exceed	
	<u>\$330,000 00</u>

* Denotes deficit.

CERTIFICATE OF AUDIT

We Hereby Certify that, in our opinion, the above General Balance Sheet, subject to the Comments in the accompanying letter of this report dated February 10, 1936, correctly reflects the financial position of The Port of New York Authority as at December 31, 1935.

New York, N. Y.
February 10, 1936.

(Signed) LAWRENCE SCUDDER & CO.
Accountants and Auditors

Table No. 1—Concluded

(Exhibit A, Page 3, Lawrence Scudder & Co., Audit)

FUNDED DEBT:		
New York — New Jersey Interstate Bridge Bonds:		
Arthur Kill Bridges — Series A — 4½%, 1936-1946:		
Authorized.....	\$14,000,000 00	
<i>Less:</i>		
Bonds retired.....	\$1,800,000 00	
Bonds acquired as collateral security for general and refunding bonds.....	5,727,000 00	
	7,527,000 00	
		\$6,473,000 00
Series A bonds outstanding.....		
George Washington Bridge — Series B Bonds:		
Authorized.....	\$60,000,000 00	
Issued and outstanding: 4% Series, 1936-1950.....		
Authorized.....	\$20,000,000 00	
<i>Less:</i>		
Bonds acquired as collateral security for general and refunding bonds.....	1,614,000 00	
	\$18,386,000 00	
Issued and outstanding: 4½% series, 1939-1953.....	30,000,000 00	
		48,386,000 00
		2,500,000 00
Series B bonds outstanding.....		
George Washington Bridge — Series F bonds — 3% due 1941 — authorized and outstanding.....		
Bayonne Bridge — Series C — 4% 1938-1953:		
Authorized.....	\$12,000,000 00	
<i>Less:</i>		
Bonds acquired as collateral security for general and refunding bonds.....	3,139,000 00	
	8,861,000 00	
		8,861,000 00
New York — New Jersey Interstate Tunnel Bonds:		
Holland Tunnel — Series E — 4½%, 1936-1960:		
Authorized.....	\$50,000,000 00	
<i>Less:</i>		
Bonds retired.....	\$3,000,000 00	
Bonds acquired as collateral security for general and refunding bonds.....	992,000 00	
	3,992,000 00	
		46,008,000 00
		14,820,000 00
Series E bonds outstanding.....		
New York — New Jersey Terminal Bonds:		
Inland Terminal No. 1 — Series D — 4½%, 1936-1960:		
Authorized.....	\$16,000,000 00	
<i>Less:</i>		
Bonds acquired as collateral security for general and refunding bonds.....	1,180,000 00	
	14,820,000 00	
		14,820,000 00
Series D bonds outstanding.....		
Midtown Hudson Tunnel Notes, 4% due 1943:		
Authorized.....	\$40,000,000 00	
Issued.....		
Authorized.....	\$14,800,000 00	
<i>Less:</i>		
Bonds retired.....	14,800,000 00	
	None	
		None
Midtown Hudson Tunnel notes outstanding.....		
General and Refunding Bonds:		
First issue — 4% due 1975:		
Authorized.....	\$52,500,000 00	
<i>Less:</i>		
Unissued.....	7,135,000 00	
	\$45,365,000 00	
Second issue — 3½% due 1965:		
Authorized and issued.....	16,500,000 00	
	61,865,000 00	
		61,865,000 00
General and refunding bonds outstanding.....		61,865,000 00
TOTAL FUNDED DEBT OUTSTANDING.....		\$188,913,000 00

Table No. 2
ANALYSIS OF CURRENT ASSETS AND SINKING FUNDS
 AS AT DECEMBER 31, 1935

PROJECT	Total	Cash	Securities	Interest receivable	Sinking funds	Other current assets
Holland Tunnel.....	\$4,973,718 22	\$2,058,342 22	\$832,642 70	\$28,298 74	\$2,003,347 11	\$51,087 45
George Washington Bridge.....	6,166,534 56	3,357,840 15	1,244,775 73	19,867 89	1,500,000 00	44,050 79
Arthur Kill Bridges.....	161,244 59	156,979 24	198 21	.....	.....	4,067 14
Bayonne Bridge.....	2,507,588 88	420,351 19	688,815 49	20,212 14	1,200,000 00	178,210 06
Inland Terminal No. 1.....	365,759 07	310,997 41	.....	.....	.....	54,761 66
Midtown Hudson Tunnel.....	22,234,606 81	21,721,590 55	500,510 00	1,239 58	.....	11,266 68
Refunding Program.....	9,448,404 16	9,057,932 26	200,066 56	183,905 34	.....	*6,500 00
General Reserve Fund.....	3,078,410 97	2,267,092 87	793,310 21	18,007 89	.....	.....
Statutory Reserve Fund.....	2,680,131 47	239,374 04	2,417,102 63	23,654 80	.....	.....
Miscellaneous.....	52,907 05	51,884 68	.....	.....	.....	1,022 37
Total.....	\$51,669,305 78	\$39,642,384 61	\$6,677,421 53	\$295,186 38	\$4,703,347 11	\$350,966 15

* Included in Cash with Paying Agent on General Balance Sheet.

Table No. 3
COMBINED INCOME ACCOUNT

	Calendar year, 1935	Calendar year, 1934	Increase or *Decrease	
			Amount	Per cent
Income from Operations:				
I. Gross income				
Operating and other revenue.....	\$11,268,696 32	\$10,326,943 42	\$941,752 90	9.1
Income from General Reserve Fund.....	98,149 25	85,673 53	12,475 72	14.6
Rent income.....	94,161 56	27,983 04	66,178 52	236.5
Miscellaneous income.....	514,177 51	697,550 31	183,372 80	26.3
Gross income.....	\$11,975,184 64	\$11,138,150 30	\$837,034 34	7.5
II. Deductions from gross income				
Operating expenses.....	\$2,672,083 50	\$2,374,207 09	\$297,876 41	12.6
Interest on funded debt.....	5,868,083 34	5,823,500 00	44,583 34	.8
Other income charges.....	88,874 96	85,538 26	3,336 70	3.9
Total deductions.....	\$8,629,041 80	\$8,283,245 35	\$345,796 45	4.2
Net income.....	\$3,346,142 84	\$2,854,904 95	\$491,237 89	17.2
Disposition of Net Income:				
Reserve for Sinking Fund.....	\$1,500,000 00	\$1,500,000 00		
Operating and Statutory reserves.....	466,701 01	452,399 23		
General Reserve Fund.....	1,379,441 83	902,505 72		
Total.....	\$3,346,142 84	\$2,854,904 95		

* Decrease shown in italics.

Table No. 4
HOLLAND TUNNEL
Income Account

	Calendar year, 1935	Calendar year, 1934	Increase or *Decrease	
			Amount	Per cent
Income from Operations:				
I. Gross income				
Tolls and other revenue.....	\$6,235,789 53	\$5,851,855 86	\$383,933 67	6.6
Rent income.....	375 00	64 72†	439 72	679.4
Miscellaneous income.....	143,422 76	57,685 97	85,736 79	148.6
Gross income.....	\$6,379,587 29	\$5,909,477 11	\$470,110 18	8.0
II. Deductions from gross income				
Operating expenses.....	\$1,589,426 21	\$1,541,196 06	\$48,230 15	3.1
Interest on funded debt.....	2,004,583 34	2,047,083 32	<i>42,499 98</i>	<i>2.1</i>
Other income charges.....	4,285 16	4,365 54	<i>80 38</i>	<i>1.8</i>
Total deductions.....	\$3,598,294 71	\$3,592,644 92	\$5,649 79	.2
Net income.....	\$2,781,292 58	\$2,316,832 19	\$464,460 39	20.0
Disposition of Net Income:				
Reserve for Sinking Fund.....	\$1,500,000 00	\$1,500,000 00		
General Reserve Fund.....	1,281,292 58	816,832 19		
Total.....	\$2,781,292 58	\$2,316,832 19		

* Decrease shown in italics.

† Denotes deficit.

Table No. 5
GEORGE WASHINGTON BRIDGE
Income Account

	Calendar year, 1935	Calendar year, 1934	Increase or *Decrease	
			Amount	Per cent
Income from Operations:				
I. Gross income				
Tolls and other revenue.....	\$3,560,885 80	\$3,381,680 75	\$179,205 05	5.3
Rent income.....	92,338 38	26,333 65	66,004 73	250.6
Miscellaneous income.....	201,382 76	470,990 41	<i>269,607 65</i>	<i>57.2</i>
Gross income.....	<u>\$3,854,606 94</u>	<u>\$3,879,004 81</u>	<u>\$24,397 87</u>	<u>.6</u>
II. Deductions from gross income				
Operating expenses.....	\$421,237 80	\$343,761 60	\$77,476 20	22.5
Interest on funded debt.....	2,150,000 00	2,150,000 00		
Other income charges.....	21,938 80	28,766 54	<i>6,827 74</i>	<i>23.7</i>
Total deductions.....	<u>\$2,593,176 60</u>	<u>\$2,522,528 14</u>	<u>\$70,648 46</u>	<u>2.8</u>
Net income.....	<u>\$1,261,430 34</u>	<u>\$1,356,476 67</u>	<u>\$95,046 33</u>	<u>7.0</u>
Disposition of Net Income:				
Statutory reserve.....	\$1,261,430 34	\$1,356,476 67		
Total.....	<u>\$1,261,430 34</u>	<u>\$1,356,476 67</u>		

* Decrease shown in italics.

Table No. 6
ARTHUR KILL BRIDGES
Income Account

	Calendar year, 1935	Calendar year, 1934	Increase or *Decrease	
			Amount	Per cent
Income from Operations:				
I. Gross income				
Tolls and other revenue.....	\$405,645 05	\$411,994 17	\$6,349 12	1.5
Rent income.....	54 76†	940 48	885 72	105.8
Miscellaneous income.....	2 89	3 84	<i>95</i>	<i>24.7</i>
Gross income.....	<u>\$405,593 18</u>	<u>\$412,938 49</u>	<u>\$7,345 31</u>	<u>1.8</u>
II. Deductions from gross income				
Operating expenses.....	\$139,823 93	\$131,180 72	\$8,643 21	6.6
Interest on funded debt.....	553,500 00	579,750 00	<i>26,250 00</i>	<i>4.5</i>
Other income charges.....	853 13	859 06	<i>5 93</i>	<i>.7</i>
Total deductions.....	<u>\$694,177 06</u>	<u>\$711,789 78</u>	<u>\$17,612 72</u>	<u>2.5</u>
Net income.....	<u>\$288,583 88†</u>	<u>\$298,851 29†</u>	<u>\$10,267 41</u>	<u>3.4</u>
Disposition of Net Income:				
Operating reserve.....	\$288,583 88†	\$298,851 29†		
Total.....	<u>\$288,583 88†</u>	<u>\$298,851 29†</u>		

* Decrease shown in italics.
† Denotes deficit.

Table No. 7
BAYONNE BRIDGE
Income Account

	Calendar year, 1935	Calendar year, 1934	Increase or *Decrease	
			Amount	Per cent
Income from Operations:				
I. Gross income				
Tolls and other revenue.....	\$212,242 28	\$210,075 55	\$2,166 73	1.0
Rent income	1,502 94	773 63	729 31	94.3
Miscellaneous income.....	169,358 52	168,845 79	512 73	.3
Gross income.....	<u>\$383,103 74</u>	<u>\$379,694 97</u>	<u>\$3,408 77</u>	<u>.9</u>
II. Deductions from gross income				
Operating expenses.....	\$72,364 64	\$62,634 52	\$9,730 12	15.5
Interest on funded debt.....	480,000 00	480,000 00		
Other income charges.....	522 87	909 12	<i>\$386 25</i>	<i>42.5</i>
Total deductions.....	<u>\$552,887 51</u>	<u>\$543,543 64</u>	<u>\$9,343 87</u>	<u>1.7</u>
Net income.....	<u>\$169,783 77†</u>	<u>\$163,848 67†</u>	<u>\$5,935 10</u>	<u>3.6</u>
Disposition of Net Income:				
Operating reserve.....	\$169,783 77†	\$163,848 67†		
Total.....	<u>\$169,783 77†</u>	<u>\$163,848 67†</u>		

* Decrease shown in italics.
† Denotes deficit.

Table No. 8
INLAND TERMINAL NO. 1
(Port Authority Commerce Building)
Income Account

	Calendar year, 1935
Income from Operations:	
I. Gross income	
Rents and other revenue.....	\$854,133 66
Other income.....	10 58
Gross income.....	<u>\$854,144 24</u>
II. Deductions from gross income	
Operating expenses.....	\$449,230 92
Interest on funded debt.....	680,000 00
Other income charges.....	61,275 00
Total deductions.....	<u>\$1,190,505 92</u>
Net income.....	<u>†\$336,361 68</u>
Disposition of Net Income:	
Operating reserve.....	†\$336,361 68
Total.....	<u>†\$336,361 68</u>

† Denotes deficit.
NOTE.— Comparison with 1934 is not possible as operating period commenced March 1, 1934.

Table No. 9
HOLLAND TUNNEL

Traffic Statistics

Class	Calendar year, 1935	Calendar year, 1934	Increase or *Decrease	
			Number	Per cent
Passenger automobiles.....	9,056,972	8,664,013	392,959	4.5
Motorcycles.....	14,105	15,162	<i>1,057</i>	<i>7.0</i>
Buses.....	367,918	344,053	23,865	6.9
Trucks — up to 2 tons.....	1,051,530	999,080	52,450	5.2
Trucks — 2 tons to 5 tons.....	469,963	463,655	6,308	1.4
Trucks — over 5 tons.....	169,844	205,349	<i>35,505</i>	<i>17.3</i>
Tractors with 1 axle trailers and trucks, 3 axles — under 5 tons, passenger autos with 1 axle trailers.....	66,263	†	66,263	100.0
Tractors with 1 axle trailers and trucks, 3 axles — over 5 tons, buses 3 axles.....	175,957	81,460	94,497	116.0
Tractors or trucks with trailers, 4 axles.....	14,277	14,645	<i>368</i>	<i>2.5</i>
Specials.....	54	36	18	50.0
Total vehicles.....	11,386,883	10,787,453	599,430	5.6

* Decrease shown in italics.

† Classification of vehicles revised January 1, 1935, these vehicles included in other classes in 1934.

Table No. 10
GEORGE WASHINGTON BRIDGE

Traffic Statistics

Class	Calendar year, 1935	Calendar year, 1934	Increase or *Decrease	
			Number	Per cent
Passenger automobiles.....	5,419,013	5,325,056	93,957	1.8
Motorcycles.....	9,969	14,054	<i>4,085</i>	<i>29.1</i>
Buses.....	507,106	439,176	67,930	15.5
Trucks — up to 2 tons.....	228,891	210,584	18,307	8.7
Trucks — 2 tons to 5 tons.....	90,787	64,701	26,086	40.3
Trucks — over 5 tons.....	60,936	47,883	13,053	27.3
Tractors with 1 axle, trailers and trucks 3 axles — under 5 tons, passenger autos with 1 axle trailers.....	16,020	2,682	13,338	497.3
Tractors with 1 axle, trailers and trucks 3 axles — over 5 tons, buses 3 axles.....	59,571	45,451	14,120	31.1
Tractors or trucks with trailers, 4 axles.....	1,843	2,754	<i>911</i>	<i>33.1</i>
Bicycles — animals.....	654	.....	654	100.0
Total vehicles.....	6,394,790	6,152,341	242,449	3.9
Pedestrians.....	161,295	109,798	51,497	46.9

* Decrease shown in italics.

NOTE.—Classification of vehicles revised January 1, 1935.
Figures for 1934 reclassified, where possible, for comparative purposes.

Table No. 11
ARTHUR KILL BRIDGES

Traffic Statistics

Class	Calendar year, 1935	Calendar year, 1934	Increase or *Decrease	
			Number	Per cent
Passenger automobiles.....	655,885	684,059	<i>28,174</i>	<i>4.1</i>
Motorcycles.....	999	1,271	<i>272</i>	<i>21.4</i>
Buses.....	1,351	1,343	8	.6
Trucks — up to 2 tons.....	70,071	69,225	846	1.2
Trucks — 2 tons to 5 tons.....	28,609	23,299	5,310	22.8
Trucks — over 5 tons.....	25,746	25,655	91	.4
Tractors with 1 axle, trailers and trucks 3 axles — under 5 tons, passenger autos with 1 axle trailers.....	2,629	247	2,382	964.4
Tractors with 1 axle trailers and trucks, 3 axles — over 5 tons, buses 3 axles.....	10,035	3,901	6,134	157.2
Tractors or trucks with trailers, 4 axles.....	200	138	62	44.9
Bicycles — animals.....	86	.....	86	100.0
Total vehicles.....	795,611	809,138	13,527	1.7
Pedestrians.....	3,801	3,948	147	3.7

* Decrease shown in italics.

NOTE.— Classification of vehicles revised January 1, 1935.
Figures for 1934 reclassified, where possible, for comparative purposes.

Table No. 12
BAYONNE BRIDGE

Traffic Statistics

Class	Calendar year, 1935	Calendar year, 1934	Increase or *Decrease	
			Number	Per cent
Passenger automobiles.....	344,334	346,014	<i>1,680</i>	<i>.5</i>
Motorcycles.....	294	579	<i>285</i>	<i>49.2</i>
Buses.....	29,107	29,609	<i>502</i>	<i>1.7</i>
Trucks — up to 2 tons.....	56,163	58,982	<i>2,819</i>	<i>4.8</i>
Trucks — 2 tons to 5 tons.....	12,280	8,672	3,608	41.6
Trucks — over 5 tons.....	7,815	6,807	1,008	14.8
Tractors with 1 axle trailers and trucks 3 axles — under 5 tons, passenger autos with 1 axle trailers.....	1,539	29	1,510	5,306.9
Tractors with 1 axle trailers and trucks 3 axles — over 5 tons, buses 3 axles.....	4,016	1,107	2,909	262.8
Tractors or trucks with trailers, 4 axles.....	128	187	<i>59</i>	<i>31.6</i>
Bicycles — animals.....	16	.....	16	100.0
Total vehicles.....	455,692	451,986	3,706	.8
Pedestrians.....	4,728	5,472	744	13.6

* Decrease shown in italics.

NOTE.— Classification of vehicles revised January 1, 1935.
Figures for 1934 reclassified, where possible, for comparative purposes.

Table No. 13
INVESTMENT IN PHYSICAL PROPERTY
To DECEMBER 31, 1935

PROJECTS	Total	Engineering	Investment in land	Construction	General expenditures	Interest and income during construction	Unclassified
George Washington Bridge.....	\$57,233,496 31	\$3,354,617 40	\$10,043,916 32	\$34,494,685 59	\$1,167,915 95	\$8,172,361 05	.....
Bayonne Bridge.....	13,151,584 36	1,087,171 35	2,970,946 13	7,622,086 07	330,156 28	1,141,224 53	.....
Arthur Kill Bridges.....	17,269,269 31	1,127,007 43	1,294,984 92	13,127,989 99	236,321 06	1,482,965 91	.....
Inland Terminal No. 1.....	16,235,860 68	579,576 78	3,754,425 54	9,355,034 00	624,798 20	1,922,026 16	.....
Midtown Hudson Tunnel.....	19,570,103 99	2,239,989 78	6,552,898 91	8,133,520 38	919,244 32	1,724,450 60	.....
Holland Tunnel *.....	50,634,049 74	.....	.....	.....	.....	.....	\$50,634,049 74
Total.....	\$174,094,364 39	\$8,388,362 74	\$24,617,171 82	\$72,733,316 03	\$3,278,435 81	\$14,443,028 25	\$50,634,049 74

* The Holland Tunnel was acquired from the States of New York and New Jersey upon the basis of terms specified in laws enacted and it is not possible to classify the amount to the General Accounts.

Table No. 14
Expenditures Under Construction Contracts
MIDTOWN HUDSON TUNNEL
NOVEMBER, 1930 TO DECEMBER, 1935, INCLUSIVE

Contract reference	DESCRIPTION	BIDS RECEIVED				Engineer's estimate of contract items	EXPENDITURES			Remarks
		Number	High bid	Low bid	Accepted bid		Contract items	Contingent work	Contract items plus contingent work	
MHT 1.....	Test borings.....	6	\$23,938 50	\$16,707 50	\$16,707 50	\$22,810 82	\$18,336 82	\$120 00	\$18,456 82	Complete
MHT 1-A.....	Test borings.....	7	8,206 00	4,654 00	4,654 00	.....	6,337 90	.....	6,337 90	Complete
MHT 1-B.....	Test borings.....	8	2,641 50	1,542 50	1,542 50	4,000 00	1,632 96	.....	1,632 96	Complete
MHT 1-C.....	Test borings.....	5	10,000 00	4,124 00	4,124 00	4,000 00	6,458 08	.....	6,458 08	Complete
MHT 2.....	Cast iron and cast steel tunnel lining.....	4	2,636,750 00	2,358,150 00	2,358,150 00	2,140,600 00	2,356,217 81	.....	2,356,217 81	Complete
MHT 3.....	Bolts, nuts and washers for tunnel lining.....	2	215,940 00	177,664 08	177,664 08	251,000 00	178,485 65	.....	178,485 65	Complete
MHT 4.....	Shield driven tunnel and shafts.....	6	8,783,830 00	6,452,300 00	6,452,300 00	7,109,500 00	4,695,819 52	28,628 35	4,724,447 87	76%
MHT 6.....	New York Land Sections, Plazas and Approaches.....	10	3,873,624 00	2,720,304 00	2,720,304 00	3,204,890 00	647,066 52	1,813 00	648,879 52	23.8%
MHT 7.....	Demolition and removal of buildings on the site of the New York Approach.....	6	73,850 00	33,923 00	33,923 00	75,000 00	30,172 82	134 64	30,307 46	Complete

HUDSON RIVER BRIDGE

NOVEMBER, 1935 TO DECEMBER, 1935, INCLUSIVE

HRB 23.....	Extension of West 178th St. Vehicular Tunnel and Approach in Highbridge Park.....	9	\$521,520 00	\$347,946 00	\$347,946 00	\$371,241 00	\$56,834 03	\$56,834 03	16.3%
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NOTE.— Engineer's estimate of contract items is arrived at on basis of estimated quantities at an assumed unit price for each contract item. Contractors' bids represent an aggregate estimated cost, based on fixed unit prices bid by the contractor and the engineers' estimate of quantities.

Table No. 15
FUNDED DEBT
DECEMBER 31, 1935

DESIGNATION	Series	Amount authorized	Date of issue	Amount issued and outstanding	Rate	INTEREST		MATURITIES		Special Provisions
						Date payable	Payable at	Date	Amount	
<i>New York-New Jersey Interstate Bridge Bonds</i> Construction of bridges across the Arthur Kill between Perth Amboy, N. J., and Totenville, Staten Island, N. Y., Elizabeth, N. J., and Howland Hook, Staten Island, N. Y.	"A"	\$14,000,000	3/1/1926	\$14,000,000	4½%	March 1 and Sept. 1	National City Bank of New York	March 1		Legal for investment of funds of the States of New York and New Jersey and their municipal subdivisions; also insurance companies and associations, savings banks, executors, administrators, guardians, trustees and all other fiduciaries of the two States. Free from New York and New Jersey taxes. Exempt from Federal Income Tax. Callable on any interest payment date on or after March 1, 1936, at 105 and accrued interest.
								1932	*\$300,000	
								1933	*400,000	
								1934	*500,000	
								1935	*600,000	
								1936	700,000	
								1937	800,000	
								1938	900,000	
								1939	1,000,000	
								1940	1,000,000	
1941	1,100,000									
1942	1,200,000									
1943	1,300,000									
1944	1,300,000									
1945	1,400,000									
1946	1,500,000									
Less:										
*Bonds retired at maturity		\$1,800,000								
Bonds acquired for retirement		5,727,000		7,527,000						
Outstanding Dec. 31, 1935				\$6,473,000						
<i>New York-New Jersey Interstate Bridge Bonds</i> Construction of a bridge over the Hudson River between Fort Lee, N. J., and 178th Street, Manhattan, New York City.	"B"	\$60,000,000	12/1/1926	\$20,000,000	4%	June 1 and Dec. 1	National City Bank of New York	Dec. 1		Legal for investment of funds of the States of New York and New Jersey and their municipal subdivisions; also insurance companies and associations, savings banks, executors, administrators, guardians, trustees and all other fiduciaries of the two States. Free from New York and New Jersey taxes. Exempt from Federal Income Tax. Callable on any interest payment date on or after December 1, 1936, at par and accrued interest.
								1936	\$1,000,000	
								1937	1,000,000	
								1938	1,000,000	
								1939	1,000,000	
								1940	1,000,000	
								1941	1,000,000	
								1942	1,000,000	
								1943	1,500,000	
								1944	1,500,000	
1945	1,500,000									
1946	1,500,000									
1947	1,500,000									
1948	1,500,000									
1949	2,000,000									
1950	2,000,000									
Less:										
Bonds acquired for retirement		1,614,000		1,614,000						
Outstanding Dec. 31, 1935				\$18,386,000						

Table No. 15
FUNDED DEBT (Continued)
DECEMBER 31, 1935

DESIGNATION	Series	Amount authorized	Date of issue	Amount issued and outstanding	Rate	INTEREST		MATURITIES		Special provisions
						Date payable	Payable at	Date	Amount	
<i>New York-New Jersey Interstate Bridge Bonds (Cont'd)</i> Construction of a bridge over the Hudson River between Fort Lee, N. J., and 178th Street, Manhattan, New York City.	" B "	\$60,000,000	11/1/1929	\$30,000,000	4½%	May 1 and Nov. 1	National City Bank of New York	Nov. 1 1939	\$1,500,000	Legal for investment of funds of the States of New York and New Jersey and their municipal subdivisions; also insurance companies and associations, savings banks, executors, administrators, guardians, trustees, and all other fiduciaries of the two States.
								1940	1,500,000	
								1941	1,500,000	
								1942	1,500,000	
								1943	1,500,000	
								1944	1,500,000	
								1945	1,500,000	
								1946	2,250,000	
								1947	2,250,000	
								1948	2,250,000	
								1949	2,250,000	
								1950	2,250,000	
								1951	2,250,000	
								1952	3,000,000	
								1953	3,000,000	
<i>New York-New Jersey Interstate Bridge Bonds</i> Construction of a bridge over the Kill van Kull connecting Bayonne, N. J., and Port Richmond, Staten Island, N. Y.	" C "	\$12,000,000	1/3/1928	\$12,000,000	4%	Jan. 3 and July 3	Guaranty Trust Company	Jan. 3 1938	\$300,000	Legal for all state and municipal officers and bodies, all banks, bankers, trust companies, savings banks, savings and loan associations, investment companies, insurance associations, administrators, executors, guardians, trustees and other fiduciaries, and may properly and legally be deposited with and received by any state or municipal officers or agencies for any purpose for which bonds or other obligations of the two States may be deposited.
								1939	400,000	
								1940	400,000	
								1941	400,000	
								1942	500,000	
								1943	600,000	
								1944	700,000	
								1945	800,000	
								1946	900,000	
								1947	1,000,000	
								1948	1,000,000	
								1949	1,000,000	
								1950	1,000,000	
								1951	1,000,000	
								1952	1,000,000	
1953	1,000,000									
Less:										
Bonds acquired for retirement				3,139,000						
Outstanding Dec. 31, 1935				\$8,861,000						Free from New York and New Jersey taxes. Exempt from Federal Income Tax. Callable on any interest payment date on or after January 3, 1938, at 103 and accrued interest.

Table No. 15
FUNDED DEBT (Continued)
DECEMBER 31, 1935

DESIGNATION	Series	Amount authorized	Date of issue	Amount issued and outstanding	Rate	INTEREST		MATURITIES		Special provisions
						Date payable	Payable at	Date	Amount	
<i>New York-New Jersey Terminal Bonds</i> Construction of a union freight terminal at West 15th Street, West 16th Street, Eighth Avenue and Ninth Avenue, New York City, N. Y.	"D"	\$16,000,000	3/1/1931	\$16,000,000	4¼%	March 1 and Sept. 1	City Bank Farmers Trust Company	March 1		Legal for all state and municipal officers and bodies, all banks, bankers, trust companies, savings banks, savings associations, and building and loan associations, investment companies, insurance companies and associations, administrators, executors, guardians, trustees and other fiduciaries in New York and New Jersey, and may properly and legally be deposited with and received by any state or municipal officer or agency in New Jersey and by any municipal officer or agency in New York, for any purpose for which the deposit of state bonds or other state obligations is now or may hereafter be authorized. Free from New York and New Jersey taxes. Exempt from Federal Income Tax. Callable on any interest payment date on or after March 1, 1941, at 105 and accrued interest.
								1936	\$300,000	
								1937	300,000	
								1938	300,000	
								1939	300,000	
								1940	300,000	
								1941	400,000	
								1942	400,000	
								1943	400,000	
								1944	400,000	
								1945	400,000	
								1946	400,000	
								1947	500,000	
								1948	500,000	
								1949	500,000	
								1950	500,000	
								1951	500,000	
								1952	500,000	
								1953	500,000	
								1954	600,000	
								1955	600,000	
1956	600,000									
1957	600,000									
1958	600,000									
1959	600,000									
1960	5,000,000									
Less:										
Bonds acquired for retirement				1,180,000						
Outstanding Dec. 31, 1935				\$14,820,000						

Table No. 15
FUNDED DEBT (Continued)
DECEMBER 31, 1935

DESIGNATION	Series	Amount authorized	Date of issue	Amount issued and outstanding	Rate	INTEREST		MATURITIES		Special provisions
						Date payable	Payable at	Date	Amount	
<i>New York-New Jersey Interstate Tunnel Bonds</i> For repayment to the State of New York and the State of New Jersey of amounts expended in the construction of the Holland Tunnel.	" E "	\$50,000,000	3/1/1931	\$50,000,000	4¼%	March 1 and Sept. 1	City Bank Farmers Trust Company	March 1		Legal for all state and municipal officers and bodies all banks, bankers, trust companies, savings banks, savings and loan associations, investment companies, insurance companies and associations, administrators, executors, guardians, trustees and other fiduciaries in New York and New Jersey, and may properly and legally be deposited with and received by municipal officers or agencies in the States of New York and New Jersey for any purpose for which the deposit of state bonds or other state obligations is now or may hereafter be authorized. Free from New York and New Jersey taxes. Exempt from Federal Income Tax. Callable on any interest payment date on or after March 1, 1941, at 105 and accrued interest.
								1933	*\$1,000,000	
								1934	*1,000,000	
								1935	*1,000,000	
								1936	1,000,000	
								1937	1,000,000	
								1938	1,000,000	
								1939	1,000,000	
								1940	1,000,000	
								1941	1,000,000	
								1942	1,000,000	
								1943	2,000,000	
								1944	2,000,000	
								1945	2,000,000	
								1946	2,000,000	
								1947	2,000,000	
								1948	2,000,000	
								1949	2,000,000	
								1950	2,000,000	
								1951	2,000,000	
								1952	2,000,000	
1953	2,500,000									
1954	2,500,000									
1955	2,500,000									
1956	2,500,000									
1957	2,500,000									
1958	2,500,000									
1959	2,500,000									
1960	2,500,000									
				3,992,000						
Less:										
*Bonds retired at maturity.....		\$3,000,000								
Bonds acquired for retirement.....		992,000								
Outstanding, Dec. 31, 1935.....				\$46,008,000						
Issued in liquidation of all claims of the State of New Jersey by reason of appropriations made in aid of construction of the George Washington Bridge.	" F "	\$2,500,000	6/1/1935	\$2,500,000	3%	March 1 and Sept. 1	Central Hanover Bank and Trust Company	March 1		Legal for all state officers and savings banks in New York and New Jersey. Eligible, if the Comptroller of the State of New York consents, to a limited extent, to secure deposits of funds of the State of New York other than those made by the Commissioner of Taxation and Finance. Free from New York and New Jersey taxes. Exempt from Federal Income Tax.
								1941	\$2,500,000	

Table No. 15.
FUNDED DEBT (Continued)
DECEMBER 31, 1935

DESIGNATION	Series	Amount authorized	Date of issue	Amount issued and outstanding	Rate	INTEREST		MATURITIES		Special provisions
						Date payable	Payable at	Date	Amount	
<p><i>General and Refunding Bonds</i> For refunding of certain outstanding notes and bonds and to provide funds for the construction of the first operating unit of the Midtown Hudson Tunnel.</p>	1st	\$52,500,000	3/1/1935	\$45,365,000	4%	March 1 and Sept. 1	Central Hanover Bank and Trust Company	March 1 1975	\$45,365,000	<p>Legal for all state and municipal officers and bodies, all banks, bankers, trust companies, savings banks, savings and loan associations, investment companies, insurance companies and associations, administrators, executors, guardians, trustees and other fiduciaries in New York and in New Jersey, and eligible (a) with the permission of the state comptroller, to a limited extent, to secure deposits of funds of the State of New York, <i>i. e.</i>, to secure deposits other than those made by the Commissioner of Taxation and Finance, and (b) for deposit with municipal officers or agencies in New York or New Jersey for any purpose for which the bonds of such states, respectively, may be deposited. Free from New York and New Jersey taxes. Exempt from Federal Income Tax. Callable, in whole or in part on thirty days' notice, on any interest payment date as follows: At 105, plus accrued interest, on or before March 1, 1940; at 104, plus accrued interest, on or before March 1, 1944; at 103, plus accrued interest, on or before March 1, 1948; at 102, plus accrued interest, on or before March 1, 1952; at 101, plus accrued interest, on or before March 1, 1958; at 100, thereafter to maturity.</p>

Table No. 15
FUNDED DEBT (Concluded)
DECEMBER 31, 1935

DESIGNATION	Series	Amount authorized	Date of issue	Amount issued and outstanding	Rate	INTEREST		MATURITIES		Special provisions
						Date payable	Payable at	Date	Amount	
General and Refunding Bonds Construction of first operating unit of the Midtown Hudson Tunnel.	2nd	\$16,500,000	12/1/1935	\$16,500,000	3¾%	June 1 and Dec. 1	City Bank Farmers Trust Com- pany	Dec. 1 1965	\$16,500,000	Legal for all state and municipal officers and bodies, all banks, bankers, trust companies, savings banks, savings and loan associations, investment companies, insurance companies and associations, administrators, executors, guardians, trustees and other fiduciaries in New York and in New Jersey, and eligible (a) with the permission of the state comptroller, to a limited extent, to secure deposits of funds of the State of New York, i. e., to secure deposits other than those made by the Commissioner of Taxation and Finance, and (b) for deposit with municipal officers or agencies in New York or New Jersey for any purpose for which the bonds of such states, respectively, may be deposited. Free from New York and New Jersey taxes. Exempt from Federal Income Tax. Callable, in whole or in part, on thirty days' notice, on any interest payment date as follows: At 105, plus accrued interest, on or before December 1, 1940; at 104, plus accrued interest, on or before December 1, 1944; at 103, plus accrued interest, on or before December 1, 1948; at 102, plus accrued interest, on or before December 1, 1952; at 101, plus accrued interest, on or before December 1, 1958; at 100, thereafter to maturity.

Total bonds issued and outstanding at December 31, 1935 — \$188,913,000.

Description of the Comprehensive Plan

No. 1—Middle Belt Line—the keystone of the arch of railroad terminal coordination within the Port District. It connects New Jersey and Staten Island and the railroads on the westerly side of the port with Brooklyn, Queens, the Bronx and the railroads on the easterly side of the port. This connection is the most direct, the shortest and the cheapest of any brought to the attention of the Commissioners for study or consideration. This line connects with the New York Central Railroad in the Bronx; with the New York, New Haven and Hartford Railroad in the Bronx; with the Long Island Railroad in Queens and Brooklyn; with the Baltimore and Ohio Railroad near Elizabethport and in Staten Island; with the Central Railroad Company of New Jersey at Elizabethport and at points in Newark and Jersey City; with the Pennsylvania Railroad in Newark and Jersey City; with the Lehigh Valley Railroad in Newark and Jersey City; with the Delaware, Lackawanna and Western Railroad in Jersey City and the Secaucus Meadows; with the Erie Railroad in Jersey City and the Secaucus Meadows; with the New York, Susquehanna and Western Railroad in North Bergen; with the New York, Ontario and Western and the West Shore Railroads on the Westerly side of the Palisades above the Weehawken tunnel.

Its length is approximately sixty-one and one-half miles, of which approximately fifty-one and one-half miles have already been built. Additional tracks to those already built will have to be added. There remains only approximately ten miles of entirely new line to be built. With the construction of the tunnel and approaches from Greenville to Bay Ridge freight can commence to flow without the necessity of building any other trackage except short connections at the tunnel ends. To handle the full traffic that should traverse the Middle Belt Line or utilize it for local service would require the improvement of existing tracks and additions to them.

The route to the Middle Belt Line is as follows: Connecting at the Hudson River at Spuyten Duyvel running easterly and southerly generally along the easterly side of the Harlem River, utilizing existing lines and improving and adding where necessary, to a connection with Hell Gate Bridge and the New Haven Railroad, a distance of approximately seven miles; thence continuing in a general southerly direction, utilizing existing lines and improving and adding where necessary to a point near Bay Ridge, a distance of approximately eighteen and one-half miles; thence by a new two-track tunnel under New York Bay in a westerly direction to a portal in the Greenville yard of the Pennsylvania Railroad in Jersey City, a distance of approximately five miles, to a connection with the tracks of the Pennsylvania and Lehigh Valley Railroads; thence in a generally northerly direction along the easterly side of Newark Bay and the Hackensack River at the westerly foot of the Palisades, utilizing existing tracks and improving and adding where necessary, making connections with the Jersey Central, Pennsylvania, Lehigh Valley, Delaware, Lackawanna and Western, Erie, New York, Susquehanna and Western, New York, Ontario and Western, and West Shore railroads, a distance of approximately ten miles. From the Greenville portal of the Bay tunnel and from the line along the easterly side of Newark Bay by the bridges of the Central Railroad of New Jersey (crossing the Hackensack and Passaic Rivers) and of the Pennsylvania and Lehigh Valley Railroads (crossing Newark Bay) to the line of the Central Railroad of New Jersey running along the westerly side of Newark Bay and thence southerly along this line to a connection with the Baltimore and Ohio Railroad south of Elizabethport, utilizing existing lines and improving and adding where necessary, a distance of approximately 12 miles; thence in an easterly direction crossing the Arthur Kill, utilizing existing lines and improving and adding where necessary, along the northerly and easterly shores of Staten Island to the city piers and to a connection, if the City of New York consent thereto, with the tunnel under the Narrows to Brooklyn provided for under legislation as a municipal project—a distance of approximately nine miles.

No. 2—A marginal railroad in the Bronx extending along the shore of the East River and Westchester Creek connecting with the Middle Belt Line (No. 1), and with the New York, New Haven and Hartford Railroad in the vicinity of Westchester. This is a new line and will open up territory for commercial and industrial development. Its length is approximately eight miles.

No. 3—A marginal railroad in Queens and Brooklyn extending along Flushing Creek, Flushing Bay, the East River and upper New York Bay. It connects with the Middle Belt line (No. 1), by lines No. 4, No. 5, No. 6 and directly at the southerly end at Bay Ridge. It utilizes certain existing lines of the Brooklyn Eastern District, Jay Street, New York Dock and Bush Terminal companies. Existing lines will be utilized and improved and added to and new lines will be built where lines do not now exist. This railroad will open up territory for commercial and industrial development. It has a length of approximately nineteen and one-half miles, of which approximately four miles now exist and about fifteen and one-half miles will be new.

No. 4—An existing line to be improved and added to where necessary. It connects the Middle Belt Line (No. 1) with the marginal railroad No. 3 near its northeasterly end. It has a length of approximately two and one-half miles.

No. 5—An existing line to be improved and added to where necessary. It connects the Middle Belt Line (No. 1), with the marginal railroad No. 3, in Long Island City. It has a length of approximately four miles.

No. 6—A portion of this line exists and a portion is new. It connects the Middle Belt Line (No. 1) with the marginal railroad No. 3 in the Greenpoint section of Brooklyn. The existing portion to be improved and added

to where necessary. It will open up territory for industrial development. It has a length of approximately four miles, of which two miles now exist.

No. 7—A marginal railroad surrounding the northerly and westerly shores of Jamaica Bay. This line is new and connects with the Middle Belt Line (No. 1). It will open up territory for commercial and industrial development. It has a length of approximately twelve and one-half miles.

No. 8—An existing line, to be improved and added to where necessary. It extends along the southeasterly shore of Staten Island. It connects with Middle Belt Line (No. 1), and will open up territory for commercial and industrial development. It has a length of approximately twelve miles.

No. 9—A marginal railroad extending along the westerly shore of Staten Island and a branch connection with No. 8. This line is new and will open up territory for commercial and industrial development. It connects with the Middle Belt Line (No. 1), and with a branch from the Outer Belt Line (No. 15); with its branch it is about fifteen and one-quarter miles long.

No. 10—This line is made up mostly of existing lines, to be improved and added to where necessary. It connects with the Middle Belt Line (No. 1) by way of marginal railroad No. 11. It extends along the southerly shore of Raritan Bay and through the territory south of the Raritan River reaching New Brunswick. It will open up territory for commercial and industrial development. It has a length of approximately twenty-nine and one-half miles, of which practically the entire length exists.

No. 11—A marginal railroad extending from a connection with the proposed Outer Belt Line (No. 15) near New Brunswick along the northerly shore of the Raritan River to Perth Amboy, thence northerly along the westerly side of the Arthur Kill to a connection with the Middle Belt Line (No. 1) south of Elizabethport. The portion of this line which exists to be improved and added to where necessary. This line will open up territory for commercial and industrial development. It has a length of approximately fifteen and one-quarter miles, of which about nine and one-half miles now exist.

No. 12—A marginal railroad extending along the easterly shore of Newark Bay and the Hackensack River and connects with the Middle Belt Line (No. 1). This line which does not now exist will open up territory for commercial and industrial development. It has a length of approximately seven miles.

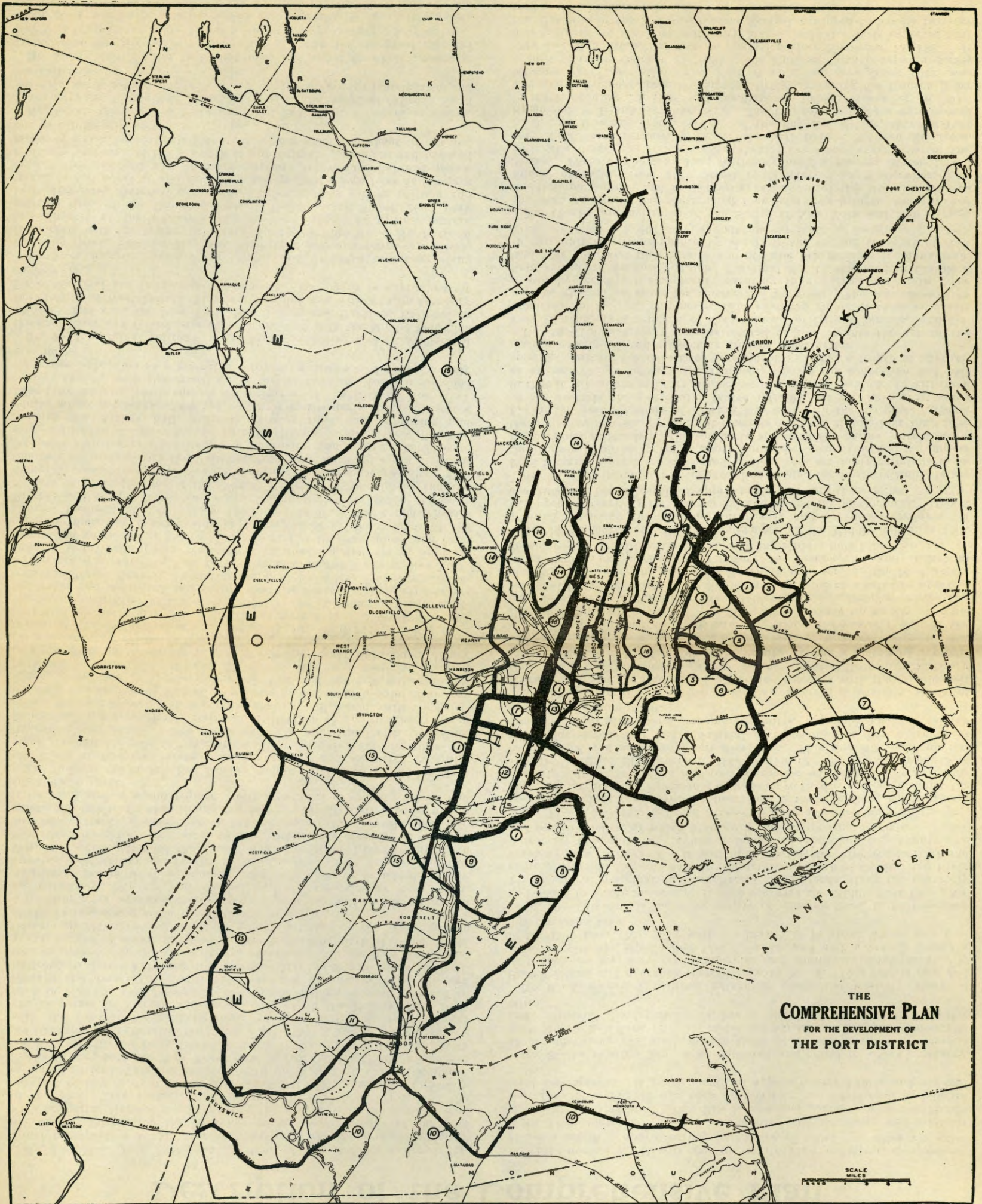
No. 13—A marginal railroad extending along the westerly side of the Hudson River and the Upper New York Bay, is made up mostly of existing lines—the Erie Terminals, New Jersey Junction, Hoboken Shore and National Docks Railroad. This line is now operated as a belt line approximately sixteen and one-half miles in length and, serving the New Jersey water front, has opened up territory for commercial and industrial development. It will be connected with the Middle Belt Line (No. 1).

No. 14—A marginal railroad connecting with the Middle Belt Line (No. 1), and extending through the Hackensack and Secaucus Meadows. It will open up territory for commercial and industrial development. It is a new line and has a length of approximately twenty-three miles.

No. 15—The Outer Belt Line, extending around the westerly limits of the Port District beyond the congested section. Its northerly terminus is on the Hudson River at Piermont above the harbor congestion and it connects by marginal railroads at the southerly end with the harbor waters below the congested section. By spurs it connects with the Middle Belt Line (No. 1), on the westerly shore of Newark Bay and with the marginal railroad on the westerly shore of Staten Island (No. 9). It will have great value in that it will afford military protection to the Port District. It will serve as an interchange between the railroads beyond the congestion and will open up territory for industrial development. It has a length of approximately seventy-one miles which is all new construction.

No. 16—Union freight stations located at focal points throughout the Port District, as a solution of the problems of freight handling and distribution for L. C. L. shipments. The overhead rights of these terminals will be utilized as space for commercial purposes. The stations will be served by motorized equipment operating to and from railheads. The first unit, Port Authority Inland Terminal No. 1, is located in the block bound by 15th and 16th Streets and 8th and 9th Avenues in Manhattan. In this unit there was opened by the railroads serving the Port of New York, on October 3, 1932, a joint station for L. C. L. freight.

No. 17—By authorization of the States of New York and New Jersey, the Port Authority has constructed four interstate bridges, has acquired the Holland Tunnel, and has begun construction of the Midtown Hudson Tunnel extending from 39th Street in Manhattan to Weehawken, New Jersey. Three of the four Port Authority bridges connect Staten Island with New Jersey, as follows: Outerbridge Crossing, between Perth Amboy, N. J., and Tottenville, S. I.; Goethals Bridge, between Elizabeth, N. J. and Howland Hook, S. I.; and the Bayonne Bridge, between Port Richmond, S. I. and Bayonne, N. J. The two former bridges were opened to traffic on June 29, 1928, and the Bayonne Bridge, November 15, 1931. The fourth bridge, George Washington Bridge, spanning the Hudson River between Fort Lee, N. J., and Fort Washington, New York City, was opened to traffic October 25, 1931. The Holland Tunnel, between Jersey City and Manhattan, has been in operation since November 13, 1927. It was acquired by the Port Authority March 1, 1931. It is expected that the first tube of the Midtown Hudson Tunnel, equipped to handle two-way traffic, will be opened in 1938.



THE
COMPREHENSIVE PLAN
FOR THE DEVELOPMENT OF
THE PORT DISTRICT

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