

P U B L I C H E A R I N G

before

AUTONOMOUS AUTHORITIES STUDY COMMISSION
[Created under Assembly Concurrent Resolution No. 9, 1968]

Held:
June 19, 1968
Camden County Court House
Camden, New Jersey

MEMBERS OF COMMISSION PRESENT:

Assemblyman Kenneth T. Wilson [Chairman]
Assemblyman Lee B. Laskin [Secretary]
Senator John A. Lynch

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I N D E X

	<u>Page</u>
Thomas Connery, Esq. Special Counsel, Delaware River Port Authority	1
Commissioner Bartholomew A. Sheehan Member of Delaware River Port Authority	2, 100, 102
Arnold H. Vey Principal Engineer Simpson and Curtin	46, 107
Walter H. Steel Senior Vice President Drexel Harriman Ripley, Inc.	65, 128
Paul MacMurray Executive Director Delaware River Port Authority	76
- - -	
Statement regarding Delaware River Port Authority	133
- - -	

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▼
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ASSEMBLYMAN KENNETH T. WILSON [Chairman]: The hearing will now open. This is a hearing before the Autonomous Authorities Study Commission created by ACR 9.

I would like to indicate that the Secretary, Assemblyman Lee Laskin, is present, and Senator John Lynch and Chairman Kenneth T. Wilson.

Mr. Connery, I believe you would like to make an opening statement.

T H O M A S C O N N E R Y: On an introductory note, I would like to say that my name is Thomas Connery. I am special counsel for the Delaware River Port Authority and while I understand this joint legislative commission is empowered to study the advantages and disadvantages of autonomous authorities, I have arranged with Assemblyman Laskin's approval for the appearance of a number of representatives of the Port Authority, its staff and consultants who will address themselves to certain specific subjects of inquiry in which this commission has expressed an interest. First, the necessity for increasing motor vehicle tolls on the Authority's existing bridges between New Jersey and Philadelphia. Secondly, the role of the Authority in port development and port promotion of the Delaware River as a high-way of commerce. Third, the over-all administration of the Authority in all facets of its operations, including ferry operations - river crossings - port development and port promotion - and high speed mass transportation between Philadelphia-Camden and a number of points in Southern New Jersey.

As the first witness in this proceeding, I would like to

present the Honorable Bartholomew A. Sheehan, a member of the Authority from New Jersey and Chairman of the Finance Committee, who will address himself to the financial problems created by the transit extension and the construction of two new bridges.

B A R T H O L O M E W A . S H E E H A N , called as
a witness, testified as follows:

BY ASSEMBLYMAN WILSON:

Q Mr. Sheehan, before we start with the tolls,
I would like to ask you a few general questions regarding the
Authority. We may know the answers to these questions, but
we would like to have them in the transcript for future study.

First of all, how many members make up the Authority?

A Sixteen members.

Q And what is the term of each member?

A Five years.

Q And how many from each state? A Eight from
each state.

Q And how are they selected? A By appointment
of the Governor and confirmation of the Senate in New Jersey.
In Pennsylvania six members are so appointed and confirmed, two
hold office ex officio as Auditor General of the Commonwealth
and Treasurer of the Commonwealth.

Q How do you determine who becomes the Chairman and
Vice Chairman? A By election of the members every two years.

Q And what is there that provides for this?

A No, there is nothing in either the Compact or in the by-laws
of the Authority itself. There has been a tacit understanding
that the chairmanship would alternate between the two states

each two years and a Vice Chairman is also elected who would be of the state other than that of the Chairman.

Q And what is the responsibility of the Delaware River Port Authority? A To provide for all river crossings between New Jersey and Pennsylvania in a district that begins on the Pennsylvania side at the Delaware-Pennsylvania state border and ends to the north at the Bucks County-Philadelphia County Line, and on the Jersey side from Mercer County to the ocean.

Q Mr. Sheehan, what facilities does the Delaware River Port Authority operate? A It presently operates two bridge crossings between Camden and Philadelphia, the first of the two, the Benjamin Franklin Bridge, and between Philadelphia and Gloucester in Camden County, the Walt Whitman Bridge.

Q You also have regional offices, don't you?
A We do.

Q Could you name the regional offices that you do have? A Washington; New York; Pittsburgh; Chicago; Brussels, Belgium; London, England; and Toyko, Japan. I think I have covered them. This, however, is an adjunct of a bureau that does promotional work for the Port of Philadelphia.

Q This is the responsibility of these regional offices -- A Yes, it is

Q [Continuing] -- to do what again? Would you clarify that? A To promote the Port of Philadelphia, influencing trade by ship into this area as against the competitive promotional efforts of other Atlantic Coast ports.

Q Where do the finances come from in order to run these regional offices? A That financing is done by the revenues that have been released from the Bond Reserve Fund and then are syphoned into a General Fund that permits the Authority to use such funds for any purpose prescribed in the Compact, one of which is the development of the Port and the promotion of its facilities.

Q What control do the governments of New Jersey and Pennsylvania have over the Authority itself, the elected officials, would you say? A You mean in the sense of a power to veto or --

Q Yes. A There is no veto power over the action of the Delaware River Port Authority. There is an in limine control in the sense that the Authority may not undertake any project without either submitting its proposed project to, in one instance, the Legislature of the two states for their examination and approval, and in other cases, to the two Governors of the states, so that there is a preliminary control, but no post factum control. Once the approval has been given, the Authority's power and responsibility is within the agency itself.

Q But neither Governor of either state has veto power over the actions of the Authority as far as their minutes or other actions -- A Right.

Q [Continuing] -- only if they get involved in a new project, which would have to be approved by the Legislature. A That's right.

BY ASSEMBLYMAN LASKIN:

Q I wonder, Commissioner, if you feel that there is

any need for a veto power by the respective Governors.

A I would leave that to the wisdom of the legislative bodies of the two states, Assemblyman Laskin. I do, however, have a personal view on it that may or may not be of interest to this Commission.

Q I think it would be of interest. A I have always thought that the sovereign states should have some post factum control over the actions of this, as of any other Authority.

Q How long have you been a Commissioner? A Nine years.

Q This question of veto power came up most recently in 1966. I have a newspaper clipping written in September of 1966 wherein Mr. McAuliffe was questioned about this particular subject by a reporter from the Inquirer's staff and at that time Mr. McAuliffe indicated in his opinion the veto power was not necessary inasmuch as the Governors do have veto power over the projects that you outlined and he indicated that the Governors work very closely with the Authority and that projects and anything of a capital nature or monumental nature so to speak is discussed well in advance with the Governors and that they work closely with them. He further indicated at that time that no Governor had ever publicly criticized any actions of the Authority. Would I be correct in assuming that that much is true other than his personal opinion about whether or not a veto power is necessary?

A That no Governor had ever criticized the Authority up until that time? I am not aware that any such criticism had ever

been levelled at the Authority, Assemblyman.

Q Is it also true that the Authority does work very closely with the respective Governors on their plans?

A In my experience there has been a pains-taking effort made by the Authority in its administrative steps and by direction to its aides to see that nothing that would conflict with any established policy of either executive office should be undertaken without preliminary discussion.

Q So then I can assume from that, Commissioner, that the question of toll increases was discussed rather specifically and in great detail with the Governors as this whole question was pending through the months that you were deciding on whether a toll increase was necessary. A I am not aware that it was discussed with either of the Governors.

Q Well, then on that point you did not work too closely with the Governors? A I did not consider that a matter of policy that affected either of the executive offices.

Q Well, Commissioner, the toll increase question is primarily within your jurisdiction as the Chairman of the Finance Committee? A Well, it is jointly within the jurisdiction of the Operations and Maintenance Committee and the Finance Committee.

Q However, if the Governors of the states had been kept abreast of the toll increase problem in general, you would have known about it, would you not? A Yes, I would have.

Q You would have been a party to the discussion? A I think I would have been, yes.

Q So that in so far as the toll increases are concerned,

the Governors were not kept informed or advised or asked opinions of on behalf of the toll increases? A That is correct.

Q And you say that this was considered not to be a matter of policy which the Governors should be involved in.

A Exactly.

Q I don't want to go into the toll increase situation yet, but just skirting around it with this question of cooperation. Don't you feel, however, Commissioner, that the question of toll increases is certainly important enough that the Governors or at least the mayors of the municipalities most directly affected by the toll increases should have been called in and expressed their opinions on this question?

A Well, at some stage during the Authority's deliberations on the precise question of whether or not the existing toll structure was adequate to finance the contemplated construction of two new bridges and the completion of the transit line, it happened that the mayors of the two cities were on the Commission as members.

Q Did you receive any correspondence of any kind either before the toll increase or after the toll increase which may be reflected in your minutes from either of the two Governors? A No.

Q Did you receive any informal correspondence which may not be reflected in the minutes from either Governor Hughes or Governor Shafer? A Not to my knowledge.

Q And neither they nor their representatives discussed the toll increase with the Authority? A No.

Q Does the Governor of New Jersey have a personal representative on the Authority? A I don't think so.

Q Is Commissioner Kervick a member of the Authority? A He is.

Q And is he also a member of the cabinet of the Governor? A He is the State Treasurer and as such a member of the Governor's cabinet, yes.

Q Wouldn't he be actually, though not perhaps legally, but as a practical matter, the agent of the Governor? A Not in my opinion.

Q That has not developed over the years where he is the spokesman for Governor Hughes? A Not in my opinion.

BY ASSEMBLYMAN WILSON:

Q Mr. Sheehan, just one thing I would like to mention regarding cooperation between the elected government and an Authority, do you remember receiving in February a resolution by the New Jersey Legislature memorializing the Delaware River Port Authority and asking them to hold a public hearing regarding the tolls? A I do.

Q How was that resolution looked on by your Authority? A It was considered and respectfully looked on.

Q Did you hold a public hearing? A No.

Q Why? A It was thought that it would not add anything to the information that had been accumulated by deep and long study with financial, traffic and engineering consultants working over a period of two years to develop this information.

Q You do not think it would have been of value as far as enabling citizens to have an opportunity to express

themselves as far as the public relations standpoint rather than having the Authority just make up its own mind to raise the tolls? A I do believe that there are public relations values, but my own feeling is that they have been emphasized out of all proportion to the value that they have in the exercise of any judgment and I would suggest that perhaps you in your legislative work are aware of just that fact.

Q Commissioner Sheehan, I received a great deal of mail from people living in the Camden area asking to appear before this Commission and we do not have time naturally, but they are from organizations such as automobile clubs and so forth. You do not feel it would have been of any value to have heard from these people before your final decision was made or did you hear from them before your final decision was made?

A Any organization that sought an opportunity to present either its opinion, its desire or any facts that it might have uncovered or developed on request was permitted to and did appear before the Authority on this issue of the increase in tolls and several did.

BY SENATOR LYNCH:

Q Commissioner, not being from the area, I have heard reference to a toll increase for traffic crossing the bridges and that became effective in February of 1968?

A That's correct.

Q And what was the fare theretofore? A Until then it was 25 cents for an individual crossing, a single crossing, and a commuter book was available that came out to an 18 3/4 cent toll for each crossing.

Q And what is the fare now? A It is 50 cents for a single crossing and a commuter book that permits a crossing at 25 cents and an additional commuter privilege that permits the purchase of a book that results in a 35 cent crossing charge.

Q You stated that the Authority members and consultants were considering an increase for a period of two years before it became effective? A I would say that ---

Q Approximately. A I would say that the discussion with respect to a possible increase in bridge tolls opened approximately three years ago. Serious consideration of it began approximately two years ago.

Q As I understand from what you said, the increase was made necessary due to your commitment to build more bridges? A To complete the construction of the transit line between Philadelphia and lower Camden County and the construction of two bridges.

Q In other words, you had to have the money to complete these projects? A That's right, to complete the one and to undertake the construction of the two. At that time, there had been no fixed commitment to construct the two bridges when the discussions began.

Q Do you have any idea of about how many people will use the mass transit line when it becomes operable?

A I did hear the figure. I should remember it.

Q Just an estimate. A But if you will permit me to refer to one of our consultants, I think I can get that answer.

Q Approximately - that's all. A Fifty to fifty-five thousand per day the first year of operation.

Q When was this Authority created? A As an Authority?

Q Yes. A I believe it was in 1953. It was a Bridge Commission before that and the legislative intent behind the change from commission to authority status was conditioned upon the assumption by the Authority of responsibility for considering and, if finding it feasible, extending the rail line which connected only Philadelphia and Camden at that time.

Q Was Governor Driscoll then the Governor of New Jersey? A I believe he was.

SENATOR LYNCH: That's all.

BY ASSEMBLYMAN LASKIN:

Q Commissioner, for the record, what bridges are we talking about that are being constructed? A The crossing between North Philadelphia and Delair and between Chester on the Pennsylvania side and Bridgeport, New Jersey, to the south.

Q So that without going into your -- I assume you have some presentation, affirmative presentation on the tolls; I notice some statements and some films here -- before we go into anything like that, to put it in a nutshell, the toll increases were necessitated by these three items, the completion of the transit system, the Delair Bridge and the Chester Bridge. A Yes, sir.

Q Now let me go back a little, a few years ago. I have been able to collect, oh, about 50 or 60 newspaper clippings

regarding port development and toll increases and these newspaper clippings from the various local newspaper, both Philadelphia and Camden, indicate that at one time the Port Authority planned to proceed with some additional port development and that toll increases would be necessitated because of that. Do you recall anything along those lines?

A I can't recall with any reliable accuracy, but I do believe that there was at one time, at least from some members of the Commission, a view that toll increases should be considered if that were the only means by which the Authority could move into the construction of port facilities, not essentially port development, in which area it had been operating for some time under the old toll structure.

Q Perhaps Mr. MacMurray may deal a little more specifically with this question. But if you can shed some light on it, we would appreciate it. I am reading from an Inquirer article of August, 1966, and I am quoting wherein it states that the Delaware River Port Authority probably will have to increase the 25 cent toll on its bridges across the Delaware if the two-state agency goes into port development. Now in August of '66, I also assume that you had been discussing the mass transit and the new bridge construction. But none of these clippings that I have been able to garner - of course, that is not testimony from the Port Authority personnel - but all these newspaper clippings talk about toll increases if port development is started. Then there is another paragraph further down in the article that a survey released by the Delaware River Port Authority in November estimated that the

agency was in a strong and healthy financial condition to build two new bridges and to complete the high-speed extension from Camden to Lindenwold. However, in view of the additional port development, toll increases may be necessitated. Now this was, of course, two years ago. Would you say that this is not correct? A That was not a mirroring of my thinking at that time with respect to toll increases if that is a report of any action of the Authority.

Q I don't know. But in any event, you mean to say as early as August of 1966 in your opinion in any event, you were considering toll increases to pay for the construction of the two new bridges and the completion of the rapid transit. A I wouldn't say, Assemblyman, that my conviction was fixed that the tolls had to be increased in August of '66.

Q Would there be anything in the minutes to indicate your feelings along those lines? A No, I wasn't asked to make a record of my feeling. This is my own opinion. In 1966 I wasn't convinced that tolls had to be increased. I know that.

Q I understand that. But when the high-speed transit program was first initiated, do you recall what date that was? A 1961.

Q 1961. A I think it was 1961.

Q When did the actual construction of the new line begin? A It was delayed by the pendency of a suit instituted by employees of the West Jersey and Seashore Railroad for over a period of a year and a half and I don't think it began until 1965, though it was authorized in 1961.

Q So let's assume for argument's sake the Delaware River Port Authority did not undertake to construct two new bridges, the Delair Bridge and the Chester Bridge, and it had just continued with the high-speed transit system in accordance with the original plans. Would the toll increase have been necessitated in any event? A Applying each one of the conditions that you have laid down, Mr. Assemblyman?

Q Well -- A In my opinion, there would have been no necessity.

Q So that the toll increases are necessitated not because of the transit completion and the two bridges; it is primarily because of the two bridges. A No. You said as originally conceived. The changes in the construction of the transit line, themselves, and the delay in getting the work started so increased the cost that even without the two new bridges there might have been a necessity for an increase of some size.

Q But not a 25 cent increase. A Not on the individual crossing, no, sir. I don't think so.

Q So that you say there was a great deal of delay in the construction. A There certainly was.

Q And what caused the delay? A The longest delay was caused by a suit instituted by the employees of the West Jersey and Seashore Railway.

Q That was the main delay? A That, I am sure, was at least a year and a half.

Q And the original construction would have been when, without the suit? A It would have started in '61 and I

believe it would have been completed in '64.

Q Now, Commissioner, the two new bridges that are about to be constructed, have they started construction yet?

A Construction?

Q Yes. A No.

Q They are both still in the planning and designing stage? A In the designing and some test borings have been made at the approved sites.

Q Let me ask you this: In accordance with Assemblyman Wilson's original questions regarding the veto power and the approval of the respective legislatures, when was the original approval given by the various legislatures for the construction of the two new bridges or approval of the Governor? A It was the Legislature as far as the bridges were concerned. It would be no earlier than '64. It could have been in the legislative year '65.

Q You are not sure of that? A I am not.

Q Maybe Mr. MacMurray would know that. How about in the original approval of the transit system? A That was in '61.

Q And who gave the approval in '61? A The Governors of the two states who were Governor Meyner and Governor -- he is now deceased.

Q Well, the Pennsylvania Governor in any event.

A The Pennsylvania Governor.

Q Did they both give approval in the same year?

A They did.

Q Now regarding the approval of the two new bridges,

was the approval given by the respective states in the same year? A I can't tell you that. I don't know.

Q Do you recall which approval came in first, Pennsylvania or New Jersey? A I am inclined to think that it was New Jersey in point of time. Whether it was in different legislative years, I don't know. I have a recollection that in alternate years, the Pennsylvania Legislature can consider only fiscal matters and it may be that that bill held over through a whole legislative year. I am not too sure of that.

Q But in any event the approvals would have come in around '64 or '65? A Yes.

Q No later than '65? A I do not know. I can't fix the time.

Q When did this suit start that you were referring to, the employees' suit? A I think it started in 1962.

Q '62. A Yes.

Q And that held up progress on what? A On the transit line.

Q There was no suit to hold up progress on the construction of the bridges. A There was not.

Q So in '64 or '65, we received approval from the Legislatures to start the construction. A That's right.

Q Let me ask you this, Commissioner: How long would it take under normal circumstances between the awarding of an original contract for the design preparation, engineering studies and the actual commencement of construction of the bridge or bridges? A Well, I think the best basis upon

which I could rest any judgment is the time that elapsed between the awarding of the contracts to design the two bridges and the present time. The awards were made about a year ago to the two design engineers and no construction has begun yet.

Q Who was the firm of Modjeski and Masters?

A They were the designers of the Benjamin Franklin and Walt Whitman Bridges.

Q Were they ever given any authorization to design and make studies regarding the two new bridges? A Not the design, no.

Q Were they given any authorizations to do anything? A To make test borings at site areas.

Q And did they make test borings at site areas? A They did.

Q Now Modjeski and Masters were the designers of the Ben Franklin Bridge. How about the Walt Whitman Bridge? A And the Walt Whitman Bridge.

Q They were not or are not the designers of the new Chester and Delair Bridges? A No, sir.

Q But they were given a contract, I assume, to make test borings? A They were.

Q They made the test borings and then the contract for design was given to another firm? A To two other firms.

Q What firms were they? A Michael Baker and Lionel Pavlo.

Q Was this done by way of bid? A Yes. Several bids were sought and received. Original bids were not acted

on and a rebidding was requested.

Q And did the Baker and Pavlo firms have lower bids than Modjeski and Masters? A I don't think they were lower; I believe they were the same. The compensation to the engineers is, as it has been explained to the Authority, the professional contract commitment of professional engineers, which is at a fixed rate on the total expenditure involved in the construction of a bridge.

Q Commissioner, I would like to refer to the minutes of a meeting of June 21, 1967. I am not sure what they mean, but there is some apparent discussion over the conflict of bids submitted by Modjeski and Masters and Baker and Pavlo. Could you take a minute or two to go over that? It appears to me from, as I say, something that is not too understandable, that Modjeski and Masters were the lowest bidder and that there was some lengthy delay in changing over from the Modjeski and Masters firm to the Baker and Pavlo. [Witness looks at minutes.] A I think I can reestablish the facts there. The original bid was received from a group of five or six engineers and the rate of all was the same, including Modjeski and Masters. But thereafter an informal communication was brought to the attention of the Authority purporting to commit Modjeski and Masters to a rate of fee less than that which was in the bid and it was the view of the Authority generally that there could not be any acceptance of such an informal bid and a rebidding was sought.

Q Is that in the minutes, this receipt of the informal communication? A I am not so sure. It never came in in the

form of anything that would be directed to the Authority, per se. The statement was made that Mr. Masters had informally committed himself to a lesser rate and when that fact was known, all of those who had bid previously were advised that the Authority had been informed that there could be a lesser rate and they were asked to reconsider their bids and they were. And the rate at which the bids were finally allowed was the lower rate.

Q Wasn't there a change in delegation around this time? Mr. Steinberg - is he presently a Commissioner on the Port Authority? A No, he is not a Commissioner, but he acts frequently as the alternate for one of the ex officio Pennsylvania members.

Q Well, he was a Commissioner at the time that the Modjeski and Masters item came up. A Yes, he was.

Q Do these minutes indicate whether or not he was in favor of the Baker and Pavlo companies as opposed to Modjeski and Masters and what reasons he may have given? And if you can't see it in the minutes, do you recall any conversation about that which may be reflected in minutes?

A I don't see it in the minutes. I think I do recall that Mr. Steinberg felt that the Modjeski and Masters firm was thin in that Mr. Masters, their principal partner, was a man of advanced years and he, Mr. Steinberg, who was himself a professional engineer, thought that there would be, and this was his own opinion only, risks involved in committing the design to the firm on that ground.

Q When was the Walt Whitman Bridge constructed?

A It was finished in 1953, I believe. I would say it

started in fifty --- Wait a minute. It started in '53 and was completed in '57.

Q Are you certain, Commissioner - and you certainly can look at minutes or defer - that the Modjeski and Masters firm never had a contract for the original design of the bridge? A I am certain of that.

Q There is no question about that. A That's right.

Q And there was no subsequent change -- A No, there was not.

Q [Continuing] -- to another firm? Now when they were given the contract to do test borings -- these are engineers, aren't they? A Yes.

Q [Continuing] -- was there any reason for giving them the contract to do test borings and then awarding the design contract to some other engineering firm?

A No more than there was any reason in giving them the design because they had the contract for test borings.

Q That is not usually done? A Two separate, distinct engagements.

Q And when were the test borings performed?

A '64 or '65.

Q Right around the same time? A Oh, yes.

Q Well, now, when was the contract awarded for design to Baker and Pavlo firms? A I think it was about this time a year ago.

Q One year ago at this time. A Yes, 1967.

Q In '67. A Yes.

Q So that from this meeting or from the original

discussions relating to the awarding of contracts or the test borings - excuse me - which was in '64 or '65, no contract for design was awarded till two years later. A That's right.

Q Well, was there a problem to do with the test borings? A None that I know of.

Q Was the location proper from an engineering viewpoint for the bridges? A Yes, but it had not yet been approved by the Legislatures.

Q Well, I thought you said before that the Legislatures approved in '64 or '65. A '64 or '65, yes.

Q All right. So that in '64 or '65, we have got our test borings completed and from an engineering standpoint the location is O.K. A Yes, that's right.

Q The Legislatures approved the project. A Correct.

Q But the design contract was not awarded until two years later. A It was not.

Q Let me ask you this: Was there a change of heart on the part of the Authority not to proceed with the two bridges? A Not on my part, there wasn't.

Q Well, on the part of the Authority. A No.

Q Was there any special reason for the two-year delay? A No special reason.

Q During the two-year period between the approval and the awarding of the design contract, don't these construction costs rise considerably? A They did.

Q And wouldn't it be your opinion if we had started on these two bridges after the approval of the Legislatures, shortly

thereafter, that there again may not be the necessity for a 100 per cent toll increase? A I don't think there was a 100 per cent toll increase.

Q Well 25 to 50. A That is on the individual crossing.

Q That is what I am talking about. A That may have been necessary.

Q The point is this, Commissioner: In two years' time construction costs rise -- A Yes, they did.

Q [Continuing] greatly and certainly in this area. In fact I found some other clippings where there were some statements from the Authority indicating that construction -- Well, here's a title, "Building Costs Inch Upward." There are some other articles here, but in any event we know as a fact that they do increase. A They certainly do increase.

Q So let's assume that the bridges had been started in '65. We would not rule out the possibility that as much a toll increase would have been necessitated, would we?

A In the single crossing?

Q Yes. A I think it would have required the same increase for the single crossing. In my opinion, it might have supported the lower cost figures if we had started a maintenance of the existing commuter rate.

Q Now during this two-year period - again I have to refer to the press because really that is the way most people find out about the activities of the Authority unless they happen to read the minutes -- A Legislators don't have to look to the press.

Q Unfortunately, Commissioner, I wasn't in the Legislature during that period of time. A But you could have looked at the minutes since you got into the Legislature.

Q I didn't mean it in a critical vein. I mean, normally you read in the newspaper about the activities of the Authority. A I didn't think you meant it in a critical way.

Q During this two-year period, I read again from these various clippings, that one of the Commissioners, Mayor Pierce, was constantly opposed to bridge construction - and this is not a secret - this was known publicly and this did appear in your minutes from my review - that he was constantly opposed to the two new bridges being constructed because his desire was to proceed with port development. Is that true or not? A I don't think that expresses his position exactly, Mr. Assemblyman.

Q Do you recall his position? A Yes, I do.

Q Could you tell us that? A He said that if a choice had to be made between construction of a bridge and port development, he would favor the Port Authority assuming the responsibility for the construction of port facilities.

Q Well, during this two-year period wasn't there constant study being made as to what port development projects could be undertaken? A Yes.

Q And wouldn't you say that the real reason for - we won't call it a delay - but the real reason for not proceeding immediately with the bridges was because the Authority was looking into the port development area and was going to come

up with some general over-all plan which may include both projects?

A I don't think the relationship of cause and effect is there in the sense in which you imply it. As one member of the Authority, I was of the opinion that you couldn't separate the construction of the bridges and their necessity to the conveniences and requirements of the community from the activities of the Authority in the port promotional field. In other words, to have to choose between them would be defective planning for the region in my opinion.

Q I don't mean it, Commissioner, in the manner that we would have to choose between them. I mean, we are trying to find out why it took two years between approval and award of design contract and I am asking whether or not the port development philosophy or port development discussions had a great deal or not a great deal to do with this two-year holdup.

A It had something to do with it, yes.

Q Now I am reading again from a newspaper and could you let me know whether this statement is accurate or not? You did state that the Legislatures had granted approval in '64-'65 to the two new bridges and I am reading here an article entitled, "Building Costs Inch Upward on Port Projects," but then it goes on and discusses the bridges. [Reading] "Preliminary estimates for the two new bridges have been in the \$100 million range." This is in 1966, September. Does that refresh your memory? At that time was it in the \$100 million range?

A It was in excess of \$100 million. I think the figures were 56 and 60, which would be 116.

Q What about the figures today for the two new bridges?

A I think they are 69 and 76. I think I can find those.
69 and 79.

Q \$148 million. That's your estimate for today.

A That was the estimate at the time the Authority acted
on the proposal to increase. It's higher today.

Q And it will continue to go higher, I assume,
each day that we don't start the construction. A Correct.

Q Now let me ask you about another statement.

A Could I continue from that well-reasoned point that you
have indicated?

Q Sure. Go ahead. A And if we delay it further
because we can't finance it, the pyramiding of costs will be
at a rate higher between now and when we do than it was
between the time when we started talking about it and finally
began it.

Q Well, I assume you can finance it. That's the
reason for your toll program. A And that's exactly what
I would like to say.

Q We are going to give you an opportunity, Commissioner,
to present your affirmative position. A We are told that
we can finance these projects and the extension of the speed
line on the toll structure that has been adopted.

Q Let me just proceed with one thing further. Now
recall this is a September, '66, article from the Camden
Currier. "Actual construction of both bridges was held up
pending approval of the Bridgeport Bridge by Governor Hughes.
Governor Hughes gave approval for the Bridgeport span last
month." Now that would be August, '66. Is that statement

true or false? A. It doesn't ring with me.

Q Do you think Mr. MacMurrary would be able to shed some light on that point? A I think so.

Q Because if in fact the original authorizations by the Legislatures -- A The reason I question that is, I don't think it was executive approval that was required for the bridges. I think it was legislative approval.

Q Well, I don't know. I am just quoting from the newspaper. A There was one other complicating factor with respect to the Bridgeport-Chester Bridge and that was that the crossing until two years ago was by a privately-owned and operated ferry and the owner of that ferry was continually pressuring the two states to purchase it from him under the threat of shutting it down. And the two Legislatures at the instance of the representatives on the Pennsylvania side from Delaware County and from Gloucester County and Atlantic County on the Jersey side were anxious that that service not be terminated and legislation was introduced that permitted the Authority to acquire the ferry just at the time when all of this discussion of the construction of the bridge was involved. Now I think that that might have had some bearing upon the executive consideration of this over-all problem because the bill was passed by the Legislature and was before the Governor for consideration.

Q I wonder, Commissioner, --- A That would be about the time we acquired the ferry.

Q I wonder if we may not ask you or Senator Connery if we could look through the minutes - if you could have

Mr. MacMurray do it or someone - not today necessarily, but at your convenience, to find out whether or not the Governor of New Jersey did in fact finally authorize approval of the Bridgeport Bridge in the month of August 1966 and could you also find out further when the approval came from the Governor of Pennsylvania because another article that I have indicates that his approval came over a year before the Governor of New Jersey's approval, which again would lead me to believe that this was a real delay which may have contributed to the fact that the tolls had to be raised as they presently are. I still don't question at this point whether or not they have to be raised, but my point, as you have pointed out, Commissioner, is that this delay, I think, may have been unnecessary, may have been caused by problems between certain Commissioners on projects, problems of politics between the Governors, and I would like to get just in your record when these approvals were given, when they came in; did the Pennsylvania Governor approve a year and a half in advance of the New Jersey Governor? We can go into that on another day.

MR. CONNERY: You are referring to the Chester-Bridgeport Bridge?

ASSEMBLYMAN LASKIN: Yes.

THE WITNESS: Could I point out, Mr. Assemblyman, as only suggesting that it is entirely germane to the purposes of this inquiry that because of the fact that there was a diverse spreading of the responsibility for doing the job, the delay occurred, and that if it had been solely and irrevocably the

responsibility of one agency, it would have been done long since.

Q Well, suppose the Governor of Pennsylvania had given his approval in the summer of 1965 and the Governor of New Jersey did not give his approval until August of 1966, how would the fact that there may be a problem as to one agency doing this job have anything to do with that? A Because it takes longer if three entities have some responsibility for doing a job than it does if one has it.

Q But the point is this, we are not concerned with entities. The New Jersey and the Pennsylvania Legislatures, I understand, had given approval in '64 or '65. Now we are just talking about two individuals, Governor Shafer and Governor Hughes. A You are not talking about individuals, if I may interrupt, Mr. Assemblyman, you are talking about the executive power of a sovereign state, --

Q Right. A -- as we before you today acknowledge the legislative power of your Commission. And if it is the theory of government that some agency independent either of the executive or the legislative be charged with the responsibility of accomplishing any purpose in the public domain, is it wise that there should be unnecessary limitations upon that grant of power? I am not saying that without consideration of any kind there should be something in the nature of an abdication of power, but once the responsibility is spread or diluted, these delays that you point out in chronological fact are almost absolutely involved.

Q Well, how is that consistent with your earlier

statement today, Commissioner, that you felt the Governor should have more? A Did I say more?

Q I thought you did. A I said some. This is a delicate balance. You know that, Mr. Assemblyman. We are not even considering the area where that issue is even more troublesome today between legislative and judicial.

BY ASSEMBLYMAN WILSON:

Q But did you not make the statement that you think the Governors of both states should have veto power over actions of the Authority? A Yes.

Q I just wanted to clarify that. A I did. That ends it. There is no division then.

Q Then it is up to him to exercise the veto power.
A Certainly. That's right. And terminate it, with no right of overriding the veto as the Legislature properly has.

ASSEMBLYMAN WILSON: Do you want to continue along the same line, Assemblyman Laskin? Before you do, I have a few general questions I would like to ask.

Q We talked about the Concurrent Resolution that the New Jersey Legislature sent to your Authority asking that you hold public hearings. Was there any action taken by the Pennsylvania Legislature regarding the tolls? A I can't recall. I don't think so, but I wouldn't want to say.

Q Well, if they sent a resolution to your Authority, I think you would know that. A I think so.

Q What are the salaries of the members on the Commission?
A It is an unsalaried position.

Q They are reimbursed for expenses. What expenses

would they be reimbursed for? A I have never been reimbursed for a single expense.

Q For conventions or anything like this - do the members of the Commission attend conventions and so forth?

A I did attend one convention and generally it is members of the staff who attend the professional meetings.

Q How often do you meet? A Once a month, that is, the Authority.

Q The Authority, yes. And what is the average number of members that would be at your meeting? A I can recall only one instance in which a meeting had to be postponed for lack of a quorum in nine years.

Q What is a quorum? A It is five on each side.

Q I was a little disturbed when I looked at your Annual Report for 1966 and it said there were times when obtaining a quorum took some doing because of illness and business trips. It bothered me that a person who is appointed to a position of such high priority as a member of this Authority would not make it his business to be there at least once a month. A I would be delighted, Mr. Chairman, if you would make a special effort to check my attendance record at the meetings.

Q This is not a reflection on you; this is on the total Authority and the Commissioners. I would think in most cases they would be able to schedule business trips other than at the period of time when the Authority is meeting because they have a tremendous responsibility. I don't think that they should ever cancel a meeting because they didn't have

enough people there for a quorum. I could see if there is illness and I could see if there are vacancies due to death, and so forth. A There was a time when there were a number of vacancies on the New Jersey side, but not on the Pennsylvania side.

Q I would like you to elaborate as to the cooperation that your Authority has with the two states regarding traffic patterns and so forth. Are there ever any meetings between, say, the Department of Transportation of New Jersey and the Department of Transportation of Pennsylvania together with your Authority to develop these patterns? A I suppose I could preface this by saying that there was no such exchange of views and opinions and plans when the Benjamin Franklin Bridge was constructed and finished in 1923. There was at the time the Walt Whitman Bridge was constructed and I think the access roads that were created by the combination of effort on the part of the New Jersey Highway Department then and the Authority is responsible for the excellent complex that feeds into and off the New Jersey side of the Walt Whitman Bridge. It is good on the Pennsylvania side, but I am told now that the use requires modifications in it that will also involve the sharing of expenditures by the Bureau of Roads in Pennsylvania and the Authority. Certainly there should be and there is now. And presently there has been a series of meetings extending over a period of a year and a half, particularly with respect to the access roads on the Delair side of the new northern bridge with the State Bureau of Roads Secretary of Transportation.

Q What is the salary of your Executive Director?

A \$35,000, I believe.

Q And who hired him? A He is hired by resolution of the Authority.

Q And what is the salary of the Secretary of the Authority? Would you know that off hand? A No.

ASSEMBLYMAN WILSON: I will ask that of someone else.

ASSEMBLYMAN LASKIN: I believe we asked for payroll records to be available today. Didn't I ask you?

MR. CONNERY: I think, Assemblyman Laskin, a summary sheet of the salaries paid to members of the staff was made available to you. Maybe I can help you out with that.

ASSEMBLYMAN WILSON: I would just like it in the record.

ASSEMBLYMAN LASKIN: Senator, is this what you are referring to?

MR. CONNERY: Yes.

BY ASSEMBLYMAN LASKIN:

Q Could we have this identified, Commissioner, if you can do it? Otherwise we will have Mr. MacMurray do it.

A I would accept it as stating --

Q It is the most current?

MR. CONNERY: It would appear that the established salary of the Secretary could range from \$22,404 to \$27,233.

ASSEMBLYMAN LASKIN: Senator, just for the record could we have this exhibit identified by you so that we can place it in the record and tell us what it purports to be?

MR. CONNERY: Well, I have never seen it before. All I know is that a copy of it had been furnished to you. But I suppose it can be identified as a job classification and salary scale for various employees and members of the staff of the Authority. Do you want this in the record?

ASSEMBLYMAN LASKIN: Let Assemblyman Wilson have it.

BY ASSEMBLYMAN WILSON:

Q Commissioner, what is the company that carries your liability insurance? Would you know offhand?

A The insurance company? I do not.

Q To refresh your recollection, it is Boardman-Hamilton Company. A No, that is not the company. They are the brokers who negotiate it. I did know that.

Q You don't know the company? A I do not.

ASSEMBLYMAN WILSON: Senator Lynch, do you have any questions?

SENATOR LYNCH: Just one or two questions.

BY SENATOR LYNCH:

Q Commissioner, you have testified that these design engineers submitted bids for their work. A Yes, sir.

Q I was always under the impression that under their code of ethics, they all have the same exact standard price.

Is that true? A When the first return of the bids was received that proved to be the case.

Q And since they are all standard fees or standard charges, it was also my understanding that the issuing agency, in this instance, the Authority, would select an engineer or engineers they felt were competent for the job with ability and depth of staff to do the job to the satisfaction of the Commission. Is that correct? A That's right.

SENATOR LYNCH: Mr. Chairman, I was intrigued also by your comments on the failure in some instances of the members of the Commission to attend meetings. Will you state for the record how many members you have on this Commission?

ASSEMBLYMAN WILSON: Six.

SENATOR LYNCH: Will you state their names?

ASSEMBLYMAN WILSON: All of them?

SENATOR LYNCH: Yes.

ASSEMBLYMAN WILSON: Chairman, Assemblyman Kenneth T. Wilson; Secretary, Assemblyman Lee Laskin; Senator John Lynch; Assemblyman John Fekety; Senator Milton Waldor; and Senator Matthew Rinaldo.

SENATOR LYNCH: Thank you. That's all, Commissioner.

BY ASSEMBLYMAN LASKIN:

Q May I proceed, Commissioner. On one point I am still not able to understand the minutes of June 1967 regarding the problem between the Modjeski and Masters firm and E. Lionel Pavlo. May I read this to you and ask for your comments on it?

A Yes.

Q This is a letter that is written into the record of the minutes of June 7, 1967 - a letter directed to Stewart Rouch, President, Philadelphia Savings Fund Society. I assume he was a Commissioner at that time. A He was.

Q And it is from John F. Howell of Howell Associates, Drexel Hill, Pennsylvania. Who is John F. Howell Associates?

A I don't know.

Q Let me just read this and you can explain it to me. [Reading] "I was surprised to learn that E. Lionel Pavlo was named consulting engineers since his estimated cost of the proposed bridge was reported to be at least \$73 million and Frank M. Masters estimate is \$65 million, a savings of \$8 million in construction costs. Masters' proposal on a fee basis of 5 1/2 per cent is on actual construction costs." Now those are the first two paragraphs of this letter. So when we are talking about the same fee, I don't want anybody on the Commission to be deceived. It may be the same percentage; 5 1/2 per cent is the same fee. But it is based on actual construction costs. A Right.

Q So if Pavlo comes in with an estimate of \$100 million and Masters, just for argument's sake, comes in with an estimate of \$50 million, they are both charging the same fee, 5 1/2 per cent, but one fee is going to be considerably less, isn't that the point? A No, I don't think so. The fee then is paid on what the actual costs turn out to be, not on the estimated costs submitted in advance.

Q When the contract is entered into? A It's on the completed construction costs.

Q Is it true then that Pavlo's estimate at that time was \$73 million and Masters was \$65 million? A That is not so because the Pavlo estimate was \$69 million in February of this year.

Q Well, I am talking about June, 1967. A It was less in June than it was in February and whoever was the writer of the letter, he certainly was informed only on the basis of newspaper reports. To this date, the cost on the Chester-Bridgeport Bridge is not \$73 million.

Q It is not? A No.

Q And there is one more paragraph which you may want to comment on. [Reading] "I understand Mr. Masters has indicated a request for a meeting with you before the matter becomes final." Was such a meeting requested? A Was that addressed to Mr. Rouch?

Q It is in the same letter. A Was it a meeting with Mr. Rouch?

Q Yes. A I don't know.

Q Was there ever a meeting with the Port Authority personnel and Mr. Masters? A Not the Authority in full body session. Whether with any other member or not, I don't know.

Q Commissioner, I believe you stated that you had some kind of affirmative presentation to make. Have we covered most of it yet? A I think, Mr. Assemblyman, that much of it has been.

Q Would you want to fill us in on the parts that were not covered? A Now I think all that would be

required is to give you the figures that were involved in the projection of traffic to produce revenues and the estimate of costs to produce anticipated expenses, which were the two factors that were involved in the decision as to what toll structure would be required to meet them. The cost of the transit line in February was estimated at \$83 million.

Q Excuse me. Do you have this written down in some form? A Yes.

Q You may read it. But we will be supplied with copies of what you are reading, will we not? A It was my intention to leave it.

Q You may proceed. A And if you would prefer that I do that, I'd be glad to do so and will try merely to summarize the total figures.

Q Whatever you think would be more convenient.
A The costs now of the projects contemplated on engineering estimates total approximately \$245 million. The Authority has outstanding \$68 million of present bonded debt and in order to fund the construction costs and to handle debt service and operations and maintenance during the course of construction, our financial consultants have told us that a bond issue of \$325 million would be required. On the estimate of traffic crossings, the total required on an annual basis beginning in 1972 to service that debt exceeds \$39 million. And the only schedule of tolls that would produce it is the one that was adopted on February 1st, since modified, however, to include the second commuter benefit - since modified by permitting the transfer of a commuter book between vehicles and not limited to

a single vehicle.

Q Commissioner, this is the last that we will have regarding this point, but I don't think any of us are clear yet on this problem that you had with these three engineering firms. I am reading further into the minutes. A Excuse me. When you said you were reading from the minutes originally, I was puzzled by that, Mr. Laskin. Is it now from a copy of a letter that was in the minutes?

Q No. I mentioned to you when I was reading a copy of a letter that it was from the minutes. But now I am reading from the actual minute portion after it was moved that the communication be received. A Right.

Q [Reading] "The Committee Chairman then went on to say there would now be a discussion with the consulting engineers for the Delair and Chester Bridges, the consulting engineers being present were Michael Baker, Jr.'s firm and Dr. Pavlo and Mr. Bagassi representing E. Lionel Pavlo Engineering Company." Now this was after the letter had been read in regarding the Modjeski and Masters estimates. Did Modjeski and Masters ever submit estimates on construction costs? A Not to my knowledge.

Q Were they asked to bid the job as were Pavlo and Baker? A They were.

Q Pavlo and Baker submitted bids? A Yes.

Q But Modjeski and Masters did not? A Modjeski and Masters did submit a bid originally.

Q Now, Mr. John of Baker's company explained that the 5 1/2 per cent fee was based on a \$54 million estimated cost.

Q If we had another copy of the minutes, you could see what I am reading. You could follow along. A I am oriented now. I think these are the minutes of the Committee. That was not the Authority.

Q This is the Committee. A I am not a member of that committee.

Q So you would not be familiar with this. A It was reported then as a committee action to the Authority.

Q All right. Then perhaps my reading these notes may refresh your memory on what happened at your regular meeting. A Yes.

Q [Reading] "Mr. John of Michael Baker's company stated that the 5 and 1/2 per cent fee was based on a \$54 million estimated cost exclusive of interchanges at either end of the proposed Delair Bridge and that they would suggest that the interchanges be left for a future determination, agreeing to apply the same base fee of 5 and 1/2 per cent to values or costs as they are determined." But then he went on further and said -- "Mr. John expressed a willingness on the part of his firm to accept Modjeski and Masters figures of November 1966, exclusive of interchanges, that being in the amount of \$49,975,000," which was, of course, less than the Baker Company fee. So again, as I say, I am still very much confused on who submitted the lowest bids and why one company was preferred over another. A These still are not bids because the payment to the consultant will be at the rate fixed upon the actual costs incurred on construction.

Q All right. Well, that clears up one point. So

then the Authority hires these engineers not on the basis of bids, not on the basis of their projections, but on the basis of things other than that. A On the basis of their bid plus things other than that, meaning the acknowledged ability or capacity of the engineer submitting the bid, the extent of his staff, the record in performance and generally the qualifications, and those who were considered at all were from among those who are recognized in the bridge construction field as thoroughly competent.

Q Let me ask you this, again reading further in the minutes to clarify how the fee is paid. [Reading] "Following further discussion, at which time it was clarified that both firms," talking now about Baker and Pavlo, "agreed to a 5 and 1/2 per cent fee and then both firms would enter into a contract on a lump sum figure based on cost estimates or applying the 5 and 1/2 per cent fee to actual cost of construction, the Baker firm estimating 45 months' construction time, with the Pavlo Company estimating 46." Down further, "Mr. Kearney stated that he would vote for the 5 and 1/2 per cent fee on the estimates of cost." Now doesn't that mean in the trade, cost estimate or estimate of cost, that the fee is based on the estimate and not the actual construction cost? A That is what that statement means.

Q I just wanted to clarify this. Mr. Kervick then stated that he supported Mr. Kearney's thinking and was of the opinion that we should proceed on the basis of applying the 5 and 1/2 per cent fee to the estimates and he had reservations concerning some 8 per cent escalation. Now do your minutes show

anywhere - I am sure they do, but can we find them now or can we leave that for a later time - the actual contract that was entered into? A I was just going to suggest that

a contract was entered into it.

Q And was it entered into on the basis of cost estimate or actual cost of construction? A I thought it was actual cost of construction. It may very well be that some members of that committee wanted to tie it down to the estimate, anticipating that actual costs over a period of time would increase to a point that it would be cheaper on an estimate basis and it seems to me that, according to that minute of that committee meeting, one, at least, of the engineers' representatives said he would agree either way, either on actual cost or on estimate.

Q Well, do we know or do we have anyone in the room that could clarify that point now so we don't have to come back to it? A I would say that would have to be Mr. Woodruff. He is not here.

Q Is there anyone here at all that could give us the information on that? A Maybe Mr. Yeomans can tell you.

MR. YEOMANS: It was based on actual cost of construction.

THE WITNESS: Actual cost of construction.

Q Just as a point of curiosity, Commissioner, with the fact being, as it is, that construction costs rise considerably, especially on \$100 million projects, what was the thinking of the Authority for awarding a contract based on actual construction cost as opposed to estimate, which in my opinion

as a non-engineer would probably be considerably less than the actual final construction cost. A Well, evidently this was considered and thought either to be the most advantageous to the Authority or perhaps the fairest to the contracting parties. This was the recommendation that the committee considering the ---

Q You have already told us that the projected construction costs have increased considerably since just this short period of time. A Yes.

Q And, of course, the fee will increase considerably at the same time. A Yes, indeed.

Q Perhaps if we go back to the purpose of this Commission - perhaps if the State of New Jersey or the State of Pennsylvania had a little more to say about awarding of contracts with our State Auditors and all our experts in the finance field, maybe something like this wouldn't have happened. That is merely a conjecture. A Yes, and it could very well be that one trying to forecast the future would do it wrong.

Q I don't think we had any problem of forecasting the future though in that case, Commissioner, because your minutes even quote from engineering news records which state that construction costs continually rise and they designate certain percentages. A The reality of that fact was visited upon me, Mr. Assemblyman, when I saw in the newspaper a headline last night that the Legislature of New Jersey - the Senate - had adopted a \$1,155,000,000 budget.

Q Without an income tax. That's very important.

SENATOR LYNCH: Until after the election.

THE WITNESS: It is important, of course, but I recall that in the one year that I was in the Legislature, the budget for that year was \$39,500,000 and that was only 30 years ago.

ASSEMBLYMAN WILSON: We will recess now and resume again at two o'clock.

[Recess for Lunch]

AFTERNOON SESSION

ASSEMBLYMAN WILSON: The Autonomous Authorities Commission hearing under ACR 9 will now reconvene. I believe Commissioner Sheehan has some statements he would like to make.

COMM'R SHEEHAN: I want to make a correction that was called to my attention during the Noon recess and it related to the costs that had been projected on the construction of the two bridges and I gave the figure for the Delair Bridge that actually was applicable to the Chester Bridge and the figure for the Chester Bridge for the Delair Bridge. I would like to change that. It was the Chester Bridge that was as of February 1st estimated at \$79 million and the Delair Bridge at \$69 million rather than the reverse.

MR. CONNERY: Judge, while you have the statement of facts before you, I was wondering if it might be helpful to the Commission if you would refer to the other chart there that shows comparable tolls for similar crossings in the general area.

COMM'R SHEEHAN: As an element that was sought in the consideration for the increase of the tolls that was required to support these anticipated construction costs, we checked the tolls on all bridges in the immediate area and some outside the immediate area that provided a comparable facility and on no one of them was the single trip charge less than 50 cents and there was a Detroit Bridge, the basic charge on which was 60 cents plus 10 cents per passenger and, of course, one included but not really comparable, the Chesapeake Bay crossing, which involves tunnels as well as bridges, where the bridge charge was \$1 for a single crossing.

ASSEMBLYMAN WILSON: But, Commissioner, I feel if you can charge a quarter, this is more credit to the Authority and I don't like comparisons because I don't think actually comparisons are justified in a lot of cases. A lot of it has to do with administration and the way the particular authority that operates a bridge is run. Now if you can run a bridge with a quarter charge, I think it is more power to an authority.

COMM'R SHEEHAN: Correct.

ASSEMBLYMAN WILSON: For us more or less to compare ourselves to other bridges in the area and so forth, I don't think that is too valid. How much, for example, has the Lincoln Tunnel gone up in the last, say, ten years? Has it increased?

COMM'R SHEEHAN: I don't think so.

ASSEMBLYMAN WILSON: It's the same. How long has it been the same?

COMM'R SHEEHAN: Since 1937.

ASSEMBLYMAN WILSON: Since 1937.

SENATOR LYNCH: I think for the record I should state that the Lincoln Tunnel has been paid off many times in tolls and the fare has never been decreased.

ASSEMBLYMAN WILSON: We can also mention, Senator Lynch, after our last hearing the Garden State Parkway has come out with the fact they are going to conduct a survey to see if they can lower their tolls and decrease the number of tolls and I think maybe next year we may have a hearing in store for the Port of New York Authority .

SENATOR LYNCH: Good.

ASSEMBLYMAN WILSON: Is there anyone who has any other questions of Commissioner Sheehan?

ASSEMBLYMAN LASKIN: Just one last question: Commissioner, the Executive Director, Mr. MacMurray, I assume that when the negotiations and problems and delays and everything else that we talked about this morning arose with the building of the two new bridges, the history of the two bridges, I assume Mr. MacMurray as the Executive Director would have been involved at least as much as you in your capacity with the bridge problems?

COMM'R SHEEHAN: So far as the engineering factors were concerned, perhaps more so, but not to the same

extent in the financial aspect of it.

ASSEMBLYMAN LASKIN: Are you the oldest in term of service on the Port Authority?

COMM'R SHEEHAN: No, I am not. Commissioner Cornell is older in service and on the Pennsylvania side Commissioner Steinberg, though now in his present capacity as an alternate, has earlier tenure as a member.

ASSEMBLYMAN LASKIN: What is your conception of an Executive Director? What is he supposed to do?

COMM'R SHEEHAN: I would think that it would be his duty to execute the policy decisions emanating from the Authority as a whole.

ASSEMBLYMAN WILSON: Any other questions?

SENATOR LYNCH: No.

ASSEMBLYMAN WILSON: Commissioner Sheehan, I want to thank you very much for being a very cooperative and very informative witness.

COMM'R SHEEHAN: Thank you.

MR. CONNERY: Mr. Chairman, Mr. Vey is the engineering consultant.

ASSEMBLYMAN WILSON: This is on the tolls?

MR. CONNERY: On the tolls.

A R N O L D H. V E Y, called as a witness, testified as follows:

I have a prepared statement, sir, that I can either read in its entirety or brief it. We also have some exhibits that might be helpful.

ASSEMBLYMAN WILSON: Well, we'd rather have you, I think, more or less hit the highlights and then if you could leave the statement with the stenographer, we will have it included in our transcript.

MR. VEY: I'd be happy to.

[Mr. Vey's prepared statement can be found beginning on page 107 of this transcript.]

I take it then that you care not to see the exhibits; is this correct?

ASSEMBLYMAN LASKIN: If you need them in your summary of your statement, feel free to present them.

MR. VEY: I don't know that I need them necessarily. It might be helpful. We can run through them quickly as we go along.

My name is Arnold H. Vey. I reside in Haddonfield, New Jersey. I am presently a Principal Engineer of Simpson and Curtin, transportation consultants specializing in traffic and transit engineering, with offices in Philadelphia.

I am a licensed professional engineer in New Jersey and Pennsylvania and have been in this special field of engineering for approximately 40 years.

In addition to preliminary engineering activities, initial engineering activities with a consultant in New York, I served some 27 years as State Traffic Engineer of New Jersey as well as Director of Traffic Safety.

As far as Simpson and Curtin is concerned, we have done considerable work in the area for the Pennsylvania Department of Highways, the Delaware River Port Authority, the City of Philadelphia, the City Planning Commission, both on traffic,

on projections of traffic on the present and proposed bridges that the Port Authority is interested in, as well as on the rapid transit line.

As far as future crossings are concerned, maybe we could illustrate that by the first slide instead of reading the table. It might give you a mental picture of some of the historical background in the past ten years of cross-river traffic. The green line down on the bottom doesn't show too well; it is the Chester-Bridgeport Ferry. This is for the ten-year period '56 to '67. You will note that the Bridgeport Ferry in that ten-year period hasn't moved very much as far as vehicular traffic is concerned.

I think it is interesting to note that when the Walt Whitman Bridge came into being in 1957, about 1962, between '62 and '63, it surpassed the volume of traffic carried on the Benjamin Franklin Bridge and now exceeds on an annual basis the Benjamin Franklin Bridge traffic.

The red line up at the top is just the total of the three bridges and the Chester Ferry added together and showing the slope in traffic for that ten-year period amounts to about 72 per cent.

The next plate is just the numerical number, the volume of traffic, illustrated in the previous plate. I won't spend any time on it, except this, that here we show only the Delaware River Port Authority facilities, the Benjamin Franklin and Walt Whitman Bridge, and now, as you know, the Chester Ferry.

The next slide is an indication of the comparison

of capacity and demand of bridge facilities. The demand is based upon a 30th peak-hour period, which is typical of highway administrations, highway departments, in determining designed capacity of a facility. This means in simple words that there will be about 29 times a year, hours a year, when the facility would be beyond its designed capacity.

Now in comparing the traffic demand versus the capacity on the two bridges, or the three bridges rather, Tacony-Palmyra, as you can see, the demand line, the red bar, is considerably above the capacity bar. As a matter of fact, it is 35 per cent above its designed capacity. The Benjamin Franklin Bridge is a little below. One of the reasons it is below is because of the inadequacy of the two approach roads, Penn and Linden Streets, on the New Jersey side, that the bridge backs up to the center and beyond the center in the peak period. It just can't get through. It can't get through the toll gates. If Penn and Linden Streets or the approaches were improved, the Benjamin Franklin Bridge demand would be up to its capacity capabilities.

The Wält Whitman exceeds very slightly the designed capacity of the facility.

I might say too with respect to capacity, the Tacony-Palmyra Bridge, as you gentlemen probably know, is a low-level bridge and has a span which must be raised to permit the passage of river traffic so that it opens quite frequently. The capacity illustrations shown do not take these bridge openings into consideration. Some of those openings are as much as 20 minutes in length. They average about 8 to 10

and about 15 per cent of them are in the peak period.

We investigated in the course of our studies traffic growth for the area. We took as the primary area five counties in Pennsylvania and three in New Jersey and determined from census records, from planning commission records, from U. S. Department of Engineers studies, population growth in the area and it is expected that in this area in the 25-year period, 1960 to 1985, there will be about a 42 per cent increase in population and about an 81 per cent increase in vehicular traffic or vehicle registration which makes up vehicular traffic. And incidentally there is a very close relationship between vehicle registration and bridge crossings on these facilities across the Delaware River. This we illustrated quite clearly in a report we made to the Port Authority in 1962, I believe it was, called "A Traffic Needs Study from the year 1960 to the year 2000." This needs study was a study made for the Authority to determine Delaware River crossing needs in that 40-year period. And on the basis of that study, it was determined that two new bridges are now needed in order to meet the demands of traffic in the area of jurisdiction of the Delaware River Port Authority.

The next plate ---

ASSEMBLYMAN LASKIN: When was that study made, sir?

MR. VEY: 1962.

MR. CONNERY: Have you a copy of it for him?

MR. VEY: I do not have an extra copy. We can file a copy with the Committee. I can make one available to you.

As part of a study of crossing facilities, traffic patterns, traffic characteristics, we must of necessity know what the highway pattern is going to look like, the expressway system, the network in the area.

Here we attempt to illustrate by the black, green, yellow and brown lines what we know now from the plans of the Highway Departments of New Jersey and Pennsylvania in the way of expressway improvements in the area, the black indicating that that now exists; for example, you can see in New Jersey I-295 just above the Turnpike, below it the New Jersey Turnpike, also the Schuylkill Expressway, for example, on the Pennsylvania side.

Now by 1975 the Highway Departments indicate to us that that network will be improved as shown by the green lines. Some are extensions; some are new alignments, for example, the Delaware Expressway paralleling the river on the Pennsylvania side. Some of it is not built, but most of it will be open for traffic, so we are told, by 1975, and so on through 1980 and 1985.

Now the next plate shows the two new bridges in addition to the two present bridges. It is interesting to note that presently the Ben Franklin and Walt Whitman Bridges carry about 98 per cent of the traffic with the Chester Ferry -- I am talking now about the Delaware River Port Authority facilities -- the Chester Ferry carries about 2 per cent. When the two new bridges are built in 1972, the proportions as illustrated there indicate that the Ben Franklin and Walt Whitman Bridges, the two together, will carry about two-thirds

of the traffic. The Delair Bridge, which is the one to the right, will carry about 26 per cent. The Chester Ferry will carry about 8 per cent of the traffic.

The next plate is just a tabular illustration of the projected traffic and revenue for the two present and the two new bridges, they becoming available in 1972, if the former toll schedule were in operation. This table is in the exhibit. I won't spend any time on it unless there are some questions. But there is about an 82 per cent increase in traffic on the four bridges in that 17-year period over what would exist on the two present bridges.

The impact on the Delaware River Port Authority crossings on that table, if you will put it back again, please, you notice in 1969 - it may be hard to read - what is it? - 58 million for the two bridges and it goes to 64 million, about a 10 per cent increase in traffic in that period, the reason, of course, being the diversion of traffic to the Delair Bridge and to the Chester Bridge. The Delair Bridge in the period '72 to '85 will increase about 50 per cent, whereas the two present bridges in a little longer period, 17 years instead of 13 years, will increase only 10 per cent.

The Chester Bridge will carry about 10 times, interestingly, more traffic than the ferry now carries. For example, in 1968, it is estimated that the ferry will carry 983,000 vehicles as against 9 million for the bridge in 1985.

Now the Port Authority requested that we study the traffic and revenue potential of various toll schedules.

To do this, we investigated the impact of toll increases on several facilities, bridges and tunnels. What was the effect on traffic? What was the effect on revenue?

Summarizing these data as shown on this slide as far as traffic is concerned, the lower line is the percent net loss in traffic plotted against the percent toll increase. For example, if there was a 40 per cent increase in toll, there would be a 7 per cent loss approximately in traffic.

The next slide a little more clearly, I think, illustrates it from the standpoint of theoretical toll increases. Here we are plotting per cent increase above 24 cents, which was about the average passenger car toll previously on Port Authority facilities - plotted against the per cent increase in revenue. As you can see, if the theoretical toll were made 35 cents instead of 24 cents, it would result in almost a 35 per cent increase in revenue. If it were made 40 cents, the increase in revenue would be about 48 per cent. Now these are all based upon the experiences of a number of facilities both for passenger cars and trucks and what it amounts to is a ratio loss in traffic of about .17 per cent for each 1 per cent increase in traffic. In the case of trucks, the increase in toll was not quite as severe and I think the answers are obvious.

The next slide illustrates again - I will just go through these quickly - the impact of toll increases, but here we indicate in the second column the per cent increase in toll above the 24-cent level. The next is per cent decrease in traffic and then the per cent increase in revenue for

various theoretical tolls.

ASSEMBLYMAN LASKIN: Can I interrupt you at this time to ask a question, Mr. Vey?

MR. VEY: Certainly.

BY ASSEMBLYMAN LASKIN:

Q As I understand it then, your firm was the professional engineering firm, so to speak, which prepared a report which formed a basis or the basis for the establishment of the new tolls, is that correct? A We prepared a series of technical memos. A final report is now in preparation. But it was on the basis of these series of technical memos, presented to the Port Authority and the staff, that resulted in the determination of the new toll schedule.

Q And in these technical memoranda which you submitted to the Authority, I assume you came to certain conclusions, is that correct, based on engineering studies and technical studies? A Conclusions with respect to the impact on traffic and revenue, yes.

Q Did you come to any conclusions in your reports as to what the toll should be? A No, not as such. The Port Authority determined what it needed in the way of gross revenue.

Q Right. A We indicated to the Port Authority that this schedule or that schedule would produce this or that gross revenue.

Q Now this amount of money that was needed was primarily a debt service or a construction cost or a combination

of both for the two new bridges and the completion of the mass transit system. A I believe so.

Q And the Authority told you what was needed to finance the operation? A This is correct.

Q And based on the figures they submitted, you concluded x amount of tolls would be necessary to meet those financial requirements. A This toll schedule would do this, yes.

Q Now you submitted to the Authority, I assume, your conclusion that -- We will just take one point because that is the most popular, the 50 cents for a single ride. Forget the commutation and all the others. I assume that your report concluded that to meet the financial requirements set down by the Authority, one phase of the total over-all toll picture must be 50 cents for single rides. A Not quite in that sense, sir. What we said to the Port Authority was that as far as passenger cars are concerned - and I don't think you can separate, as long as there is going to be a commutation rate - you can't separate that from the cash customer. We determined then on the basis of various cash commutation rates, what the average toll would be for passenger cars.

Q And was it 50 cents? A Well, the average toll is not 50 cents; the cash toll is 50 cents.

Q Well, what would the average toll be? A The average toll for passenger cars under the new toll schedule --

Q Would this be Table 6 of your prepared statement? A That wouldn't show passenger cars. That is total traffic. You are interested, I believe, in passenger cars.

Q Table 6 says, "Passenger Car and Light Truck Alternative Toll Schedules Studied." A Yes, but that merely shows the total schedule. That doesn't show actually what the use is of the various tolls.

Q Maybe I am not asking the question in the proper form. You concluded certain things based on financial requirements. A That's right.

Q Now let's take the present toll structure as it is today, whatever it is; use the present toll structure. Did your reports conclude that the present toll structure was necessary to meet the financial requirements of the Port Authority? A This is correct.

Q And these were your recommendations and conclusions? A They are conclusions. I don't know that they were put in the form of a recommendation.

Q Let me ask you this then: Did your engineering reports state that the present toll schedule, whatever it is, is absolutely necessary to meet the financial requirements as outlined to you some months ago, whenever you first started your report? A This is the conclusion of the report, yes.

Q And did your report further conclude that if the tolls were any less than the present toll structure, then the financial requirements would not be met? A Not stated as such, but this could be inferred.

Q The reason I ask that is because I have been seeing an awful lot lately, again in the newspapers, about the Delaware River Port Authority perhaps going down to a

40-cent single ride on the bridges and I wondered if the toll structure as presently set up was an absolute necessity to meet the financial requirements, then if we reduced the toll on single rides to 40 cents from 50 cents, apparently the financial requirements would not be met. A That's right.

Q Are you familiar with any reports or discussions regarding a lowering of the tolls to 40 cents? A I have read the newspaper accounts. I am familiar with some of the discussions with the Federal Department of Transportation.

Q And has this come up? A Yes.

Q In the discussion? A This is correct.

Q And have they suggested that the toll be 40 cents? A They indicated that it would be worth studying and that with some of the projections that they had made, in their judgment it might be adequate and they asked that it be studied.

Q Has it been studied? A As far as our part of it is concerned, it has been.

Q Have you concluded that your original conclusions were wrong? A No, sir.

Q In other words, as far as you are concerned, your original report stands as is and the toll schedules as presently in existence are necessary to meet the financial requirements? A This is correct.

BY ASSEMBLYMAN WILSON:

Q Mr. Vey, how long has your company been consultants for the Delaware River Port Authority? A Initially with the rapid transit line in about -- late in the 1950's, as

I recall, 1958 or '59.

Q Approximately how many major surveys have you conducted for them, major surveys like this one regarding the tolls? A Really three: the rapid transit survey, then the survey or study that I referred to before, the crossing needs study, and now this study on the impact of tolls.

Q To your knowledge the Delaware River Port Authority was made known naturally of this report as far as the Ben Franklin Bridge was concerned and the actual lack of use of the Ben Franklin Bridge because of traffic difficulties on the New Jersey side. Is this correct? A This has been true historically since the opening of the bridge really.

Q To your knowledge has there been anything done to try to alleviate this situation, say, between the Department of Transportation of New Jersey and the Delaware River Port Authority, getting together and discussing this problem?

A I wouldn't know officially, but I understand for many years the Port Authority and the Highway Department have been discussing some improvements. As a matter of fact, I think it is probably known that the extension of the North-South Freeway from its present end just north of the Walt Whitman Bridge to the Benjamin Franklin Bridge will to some degree correct this, together with the improvement of Admiral Wilson Boulevard.

Q If the Benjamin Franklin Bridge was used to its capacity, would there still be a need for an additional two bridges or might you not be able to suffice with an additional one

bridge? A In my judgment there is a need for two bridges, one in the Philadelphia-Camden area to meet the demands of traffic, and one in the Chester area to meet the demands of traffic.

Q This is even if the Ben Franklin Bridge is used to its capacity? A That's correct.

ASSEMBLYMAN WILSON: Do you have any questions, Senator?

SENATOR LYNCH: No.

BY ASSEMBLYMAN LASKIN:

Q On that point of the Chester Bridge, was the determination that a bridge was needed in Chester based in part or in whole upon the feeling or hope that there would be sizable port development in Chester, Pennsylvania?

A As far as that is concerned, obviously a new bridge, such as a Chester Bridge in an area where one does not now exist and where the only means of transportation is a ferry such as the Chester Ferry, additional traffic growth -- land use will come about whether it be port development, whether it be industrial development, residential development. We were not concerned; we don't know.

Q I didn't mean it that way. What I meant was: Did the decision from an engineering and traffic standpoint to build in Chester as opposed to somewhere else - did that decision have anything to do with the proposed port development program in Chester? A Not as far as our analysis was concerned.

Q So you would have picked Chester as the site, not-

withstanding port development or the absence thereof?

A That's correct.

ASSEMBLYMAN WILSON: Do you want to continue with your presentation?

MR. VEY: There isn't, gentlemen, too much more. We have some slides, which, if they are helpful, we can continue to present.

The alternate tolls that were studied -- that is Plate 11. We studied five different alternate tolls for passenger cars and they are contained in the report so that I won't spend a great deal of time on them. In cash, 25, 35, and then four 50-cent tolls. However, there were different commutation rates. The \$7.50, 40 trip, two-month book ticket is one that existed previous to the toll schedule adopted in February. Then there was introduced a so-called special book for a motorist who does not cross the river sufficiently frequently to make it economical to buy a commutation ticket that may expire in a two-months period, but he makes enough trips to make it worthwhile to save money at a discount for a three-months book.

ASSEMBLYMAN LASKIN: What schedule was adopted finally?

MR. VEY: Schedule 4. That's the 50¢ cash, the 25¢ two-months commutation book, and the 35¢ three-months \$7.00 or special book.

The next slide indicates the various alternative toll schedules studied for trucks and tractor-trailors, the column to the left representing the former toll schedule and then

Alternates 1, 2 and 3 and the Alternate 3 schedule was the one that was adopted.

Now the effect of these increased tolls is shown in slide 14. That's quite a few numbers for you to comprehend quickly, but briefly this shows that from 1968 in the 17-year period, traffic increases 64 per cent. Now, of course, this includes the two new bridges as well as the present bridges. But revenue will increase 83 per cent under the new toll schedule. However, here it is interesting to note that the column to the left, traffic on the Benjamin Franklin and Walt Whitman Bridges, is about the same, as a matter of fact, as it was last year and will only be slightly greater in 1985 than it will be, according to our projections, in 1968. The big impact, of course, is on the Delair Bridge and the Chester Bridge.

ASSEMBLYMAN WILSON: Mr. Vey, on the alternates as far as the tolls are concerned, then you would say the Port Authority adopted the ultimate as far as the costs were concerned. Would this be correct as far as your proposals were concerned - the maximum recommendations of your consulting firm?

MR. VEY: This is correct. The alternate for passenger car toll and the alternate three truck toll produced the greatest revenue.

ASSEMBLYMAN WILSON: The maximum toll.

MR. VEY: The last slide merely illustrates on a revenue basis what the revenue curve would look like from '68 through '85. The old toll schedule was in effect in '67. As

a matter of fact, the new toll schedule, as you know, did not become effective until February 1st of '68. Then in 1969, there is a slight change. The scale is so small it is hard to see. But there will be an impact on traffic on the bridges because of the rapid transit operation beginning in '69. As a matter of fact, we estimate that about two and one-half million vehicles will be lost to the Delaware River Port Authority bridges in 1969 because of rapid transit operation and then from the two new bridges coming in operation in 1972 and that's an increase in revenue on up to the 1985 projection and that increase amounts, as I said, to about 83 per cent above the estimated 1968 revenue.

That, gentlemen, quickly presents my statement.

ASSEMBLYMAN WILSON: Senator, do you have any questions?

SENATOR LYNCH: No.

ASSEMBLYMAN WILSON: Assemblyman Laskin.

BY ASSEMBLYMAN LASKIN:

Q Were you present, Mr. Vey, at the meeting where the toll increase was voted on at the Port Authority? A I was not, sir.

Q Were you present at a meeting in January of 1968? A I can't say. It could be. I was present at a few meetings. I attended primarily committee meetings, but on occasions I did attend a full Commission meeting.

Q Do you recall meeting with the Operations and Maintenance Committee at any time? A I am sure I have.

Q The Operations and Maintenance Committee is chaired

by whom, do you know, Mr. Vey? A I believe it was Mayor Pierce. I am not certain of this.

Q At the meeting of January 15, 1968 - I am reading from the printed minutes - the meeting of the Operations and Maintenance Committee - the minutes indicate that Mr. Vey and others were invited to join the meeting. The Chairman then addressed Mr. Vey and asked if it were true in his opinion and as the surveys indicated that the toll structure must be revised and that without such revision the Authority could not complete its projects. Do you remember that?

A This confirms what I said before.

Q Then you went on to say that based on your studies that the Chairman's statement was correct. A That's correct.

Q Now following your response to the question, was there any discussion at that committee meeting by the Chairman or any other members regarding the toll increase? Were you questioned or quizzed in any great detail about that report?

A I don't recall being quizzed in any great detail. The committee presumably had the tech memos that I mentioned before which set out in considerable detail the studies, the procedures and the results of the studies.

Q "Following a discussion of the" - I am reading again from the minutes - "Following a discussion and review of the revenues to be generated by the various toll combinations proposed, it was moved by Mr. Walker," a commissioner, I presume, "and seconded by Mr. Sheehan, that the Committee recommend to the committee of the whole that toll schedule referred to as

Combination One, as presented, with the exception that the commuter ticket books be good for a period of 60 days instead of 30 days --" Were you there when that occurred?

A I believe I was.

Q And Combination One is not the present toll schedule, is it? A Combination One is the present toll schedule.

Q There was then a roll call vote and four voted in favor and two against. The two against were Mayor Pierce and Mr. Marsh. I don't know Mr. Marsh. At that meeting did they suggest, that is, the people who voted "no," that your report was incorrect? A No, sir, not to my knowledge.

Q Did they suggest an alternative proposal? A Not that I recall.

Q Did they suggest anything at all as to why they had not concurred in the recommendations of your report? A Not that I recall.

Q Commissioner Marsh was a Pennsylvania Commissioner? A Yes.

Q Were you ever questioned at all by any of the Commissioners who voted against either the acceptance of your report or who voted against the toll increase or who voted against any combination thereof? Did any of these Commissioners question you before voting "no"? A Not that I recall, sir.

Q Would you know anything about the engineering on the bridges or is that not within your scope? A This is not within my scope.

ASSEMBLYMAN WILSON: Thank you very much, Mr. Vey.

MR. CONNERY: Mr. Chairman, I think the next witness will be relatively short. He is one of the financial consultants to the Authority, Mr. Walter Steel from the Drexel-Harriman Company, Philadelphia.

W A L T E R H. S T E E L, called as a witness,
testified as follows:

Gentlemen, I have no prepared statement. I have several points here that I would like to present to you, along with what might be termed exhibits if you care to have them for your record.

My name is Walter H. Steel. I reside in Morris County, New Jersey. I am a Senior Vice President of Drexel, Harriman, Harriman, Ripley, in its New York Office. That firm is a combination of the firm of Drexel and Company, headquartered in Philadelphia, and I was a partner for something like 20 years, and Harriman-Ripley Company which was headquartered in New York. Originally the firm of Drexel and Company - I tell you this because it will help you perhaps in understanding these names - the firm of Drexel and Company and Stroud and Company of Philadelphia were retained as financial advisors and the succeeding firm succeeded, of course, with these duties. Our responsibilities as financial advisors were several and included the determination of the amount of bonds to be issued in order to provide funds to

bonds and what we call the coverage factor, which is the degree of security or the degree of margin over the requirements to pay out principal and interest.

In that connection, I have here a tabulation which shows how we arrived at the amount of bond issue of \$325 million, what was included in composition of that issue. It shows the tabulation of the net revenue necessary to support that bond issue in our opinion. If you would like that, I'd be glad to give it to you.

ASSEMBLYMAN WILSON: Do you have an extra copy of that?

MR. STEEL: Yes, sir, I have that for you.

I have another copy if you'd like it.

[Witness continuing] As you will note from that, we

determine that a bond issue of \$325 million would be necessary and a certain figure ---

ASSEMBLYMAN WILSON: Excuse me. Do you have a copy for each member of the Commission that they could have now.

[Mr. Steel supplies copies of tabulation.]

[Witness continuing] I believe those figures on that

Tabulation 2 attached to that are the figures that Mr. Vey

referred to in his testimony. Those calculations were

used by the Authority to determine which particular toll

schedules would provide the funds that we said were necessary.

Those figures were submitted in a meeting with the Department

of Transportation and the Federal Bureau of Highways in

Washington and discussed with them to some extent and in

return we received the calculations that the Bureau had made. And I have here another tabulation, if you would like it, which shows our analysis of the Department of Transportation's figures and if you'd like, I can leave a copy of that.

ASSEMBLYMAN WILSON: Would you give a copy to each member of the Commission, please, and one to the Secretary.

[Witness continuing] I present those to you because there was a difference in thinking, as Mr. Vey has touched upon, and we wanted the Authority to have our conclusions as to whether or not we could concur or agree with the figures of the Federal government and this is important because it brings in some facts.

BY ASSEMBLYMAN LASKIN:

Q Mr. Steel, before we get lost -- A It's easy to get lost.

Q [Continuing] -- from a financial viewpoint, you calculated and determined what would be necessary as far as debt service for a \$325 million bond issue. A Yes, sir.

Q Now in order to arrive at the figure of \$325 million, you had to be supplied with some base figures from the Port Authority. A That is correct.

Q You did not estimate that \$325 million would be needed, did you? A We estimated that \$325 million would be needed to cover the costs as estimated by the engineers.

Q Now where are these costs? Are they shown on any of your schedules? A Yes, sir, they are shown on that tabulation of how we arrived at the \$325 million. It

gives the breakdown.

Q Now did the port development project come into the determination of the figure of \$325 million? A No.

Q Were you ever told at any time that you must include in your deliberations the fact that the Delaware River Port Authority may spend \$51 million for port development?

A No, not precisely.

Q That did not enter into this tabulation at all?

A No.

Q So that you based your projection of \$325 million, which would include construction costs, debt service, over a long period of time, on certain estimated construction costs handed to you by the Port Authority? A That's correct.

Q And the construction costs are to complete the rapid transit system - I am only going over this so I know what this means - \$83 million. A Yes, sir.

Q Less \$25 million of Authority funds, funds on hand. A Yes.

Q So that \$58 million is the projected completion cost of the rapid transit system as of January 17, 1968. A May I interject at that point that this tabulation was prepared on that date, but it was projected to July 1, 1968.

Q Well, the projected cost of completion was given to you by engineers of the Port Authority, was it not?

A That's correct.

Q And when was that projection of completion cost given to you? A Well, I don't know the exact date at this time, but it was, of course, in our hands January 17, 1968.

Q You also have down as a basis for your bond issue, the Delair Bridge, \$69 1/2 million; the Chester Bridge, \$79,100,000 in round figures. So if the cost of construction differed ultimately from the figures you have based your projections on, then the amount of money needed on the bond issue would increase or decrease accordingly, is that correct?

A These, of course, are estimates.

Q Right. A And before you go to your final figures, you hope - you don't always have but you hope that you will have a certain number of contracts let so that you can determine how close your estimates were to your actual cost. Then the balance is on estimates which by that time are more refined than they were at this time.

Q Well, do you have a refinement of this? A No, but we keep up with this almost from day to day and our latest projections, which will be a revision of this, are as of January 1969.

Q And has the bond issue been floated at this point? A Has it been floated?

Q Yes. A No.

Q When is the anticipated date? A Well, we estimate it now early in 1969. We hoped it would be late this year, but it can't be floated, of course, until the toll schedule is approved by the Department of Transportation.

Q But the budget is anticipating this year next year's bond issue income. A That's right, yes. We keep projecting it ahead as closely as we can.

Q In other words, the decision for \$325 million at

this point is made? A It isn't a decision; it's an estimate at this time upon which the Authority can act.

Q I am not really explaining myself. Let's assume six months from now there is a strike somewhere and it causes the cost of construction to increase double, would this mean then that the Port Authority would have to reevaluate from a financial and engineering vis-a-vis construction cost standpoint and perhaps increase the amount of the bond issue?

A Yes. Anything that would affect the cost of construction would be reflected in the amount of the bond issue.

Q And if the projects were delayed or if other unforeseen occurrences came into being and the cost of the construction did increase and the bond issue had to increase, then it may again be necessary to increase tolls to meet these financial requirements. A Conceivably yes.

Q Now the second document you presented, April 24, 1968, - the Highway Administrator, I assume, gave an opinion which differed from your opinion regarding the amount of the bond issue. A That is correct.

Q His opinion was instead of a \$325 million bond issue, you would need a \$263 million bond issue. A He had several bond issues. The \$263 million seemed to be the one that was most evident in his tabulation. I don't have that with me. I'm sorry.

Q But in any event you reviewed his figures and his conclusions. A Yes.

Q And he determined, I assume, that a \$263 million bond issue would be all that is necessary to complete these

projects. A Under his one tabulation, which again I say there were several, but under the \$263 million.

Q Under one of them. A Yes.

Q And, of course, if it were only a \$263 million bond issue that was necessary, then, of course, the tolls would not have to be set at the rate they are now. A That's correct.

Q I assume that was his reason for coming in with these other figures and I guess that is what I read about in the papers on this 40¢ toll increase. That apparently is his recommendation. A I have seen in the press some reference from the department about a 40¢ toll.

Q Did he estimate, that is, the Highway Administrator, that if a \$263 million bond issue were floated that the tolls for single rides would only have to be 40¢? A I can only read that into what I have read in the press. He has made no statement to my knowledge to that effect.

BY ASSEMBLYMAN WILSON:

Q You even mentioned the fact in this letter, dated April 24, 1968, that you may even lower the bond issue to \$290 million. A Yes, but a little bit further on you will see that we cannot recommend it at this time.

Q Yes, but you are floating between \$290 million and \$310 million, in that area. A Yes, that's right. But at this time we could not recommend a reduction from the \$325 million, which is contained in the same letter.

Q But this shows you are thinking about it and the fact if there were certain changes, it might be a reality.

A There are seven conditions here which would have to be resolved in favor of the Authority before that could come to pass and we say they are quite unlikely all to be resolved in favor of the Authority.

Q Well, probably if all seven were enacted, you probably would go to the lowest figure of \$290 million.

A Yes. Well, as of now, I would doubt very much that the \$290 million figure could ever be realized. It would probably be something over the \$300 million figure. I say that because there has been some further escalation in cost and there are some other traffic figures to come in yet to establish the coverage or the ratio of net revenues to debt service. And if you will look at, for instance, number 1 there, condition number 1, "Projections of traffic and revenues on the four bridges, when submitted by Messrs. Coverdale & Colpitts, will not be substantially less than those of Messrs. Simpson & Curtin now used as a basis of our studies to date." Coverdale & Colpitts are still working on their report and they take the revenues that are being created at the present newly-adopted toll schedule and take it for an actual period, which should be some four to five months, and then they project on the basis of actual experience what the revenues will be. It will parallel some of the projections that have been made by Simpson & Curtin.

Q Do you know when that report will be finalized?

A Late August or early September. We do know, however, from talking with them, which we do right along, that indications are that they will be from 10 to 15 per cent lower, less than

the estimates of Simpson & Curtin.

Q As far as both traffic and revenues?

A Speaking of revenues now, which, of course, would follow. Traffic and revenues would be less than those projected by Simpson & Curtin at the time this toll schedule was adopted.
BY ASSEMBLYMAN LASKIN:

Q May I ask you this, Mr. Steel: Did you ever see this document, "A Report to the Legislatures of Pennsylvania and New Jersey," submitted by the Delaware River Port Authority?

A Yes.

Q What would be your occasion for seeing that report?

A I think our report is part of it. No, this is marine terminal. No, it isn't. We did not have anything to do with the marine terminal. We did have when the report went to the Legislatures on the bridges, but not on the marine terminal.

Q You never saw this or had any occasion --

A No, sir, I don't recall that report.

Q And you are sure that nowhere in your deliberations did you include moneys for port development. Your deliberations and your conclusion of a \$325 million bond issue related only to the two new bridges and the completion of the mass transit system.

A That is correct. In arriving at net revenues of the Authority that would be applicable to debt service, there is deducted an amount that is budgeted each year for - I don't think they call it port development - but its port promotion work around the country and around the world in promoting the Port of Philadelphia.

Q I meant capital projects. A No. There was not. There was much discussion about it and we were asked what amount of money might be available in addition to this financing and we made some estimates of that, but we could not estimate the feasibility of port development because we had no figures nor were we ever supplied with figures as to cost or as to revenue, profit or loss that the operation of such facilities produced.

Q This report contains just that information which you are discussing and it's a report dated April, '67, by the Delaware River Port Authority and it does project certain costs for port development and I assume that arrangements would have been made for the financing of such a program in a bond issue, but apparently it was not. A We have never calculated a bond issue to include port development. We could do that if we were given certain information as to cost and profits.

Q Well, that won't be necessary any more. We have taken care of that in the New Jersey Legislature. A Having been financial advisor to the Massachusetts Port Authority which included operation of ports, I can appreciate what you say.

BY ASSEMBLYMAN WILSON:

Q Mr. Steel, when will your company arrive at its final recommendation as to the actual size of the bond issue? Will it be sometime in the late fall? A Hopefully, yes.

Q Based on the studies of these two consultants? A Yes. We must wait for the final engineering figures, the

final reports of the two firms that are doing the two bridges, Pavlo and Baker. We hope that they will be ready in late August or September. The same is true of the final traffic reports of Simpson and Curtin and Coverdale, which again we hope will be available in September. With those, we can pretty much finalize the issue, except for factors such as the interest rate, which is something that can change from day to day, and that will not be finalized almost until the day you come to market with the bonds. And that incidentally has been an escalating figure of cost also in these last two years. We started figuring on this bond issue at 4 per cent and now we think it will take 5 1/2 per cent as of today. When you are talking about \$325 million, that's quite a figure.

BY ASSEMBLYMAN LASKIN:

Q It is also conceivable that the bond issue not only will have to be raised, but the debt service? A It is conceivable, yes.

Q And probably probable. A Well, I hope that is not true.

Q Well, if we take much longer in putting these bridges up, it could very likely occur. A Of course, it might have worked the other way. We might have been in a de-escalating trend.

Q For instance, if we had done it about three years ago when the original authorizations came in, it probably would have been a lot less than even your figures. A In hind sight, that is quite true.

ASSEMBLYMAN WILSON: Senator, do you have anything further to ask?

SENATOR LYNCH: No.

ASSEMBLYMAN WILSON: Assemblyman, are you finished?

ASSEMBLYMAN LASKIN: Yes.

ASSEMBLYMAN WILSON: Thank you very much, Mr. Steel. We appreciate it.

MR. CONNERY: Mr. Chairman, Mr. MacMurray is here now. Although I had intended as arranged with Assemblyman Laskin to present Mr. Kelly, the Deputy Director of the Division of Port Promotions --

ASSEMBLYMAN LASKIN: Senator, let me say this.

MR. CONNERY: -- I will leave it entirely up to you. You make whatever decision you care to.

ASSEMBLYMAN LASKIN: We had a very general schedule, as you know. I think that the port development is going to take quite some time. It will probably extend into other hearings and I think as a matter of expediency, we would just as soon have Mr. MacMurray next. I think we could spend 3 or 4 days on port development.

ASSEMBLYMAN WILSON: We plan on coming back again in the fall.

MR. CONNERY: It's a pleasure to have you. Mr. MacMurray.

P A U L M A C M U R R A Y, called as a witness,
testified as follows:

Gentlemen, I have a statement prepared. I am prepared

to read it if you care to have me do it.

ASSEMBLYMAN WILSON: Do you have a copy of it?

MR. MAC MURRAY: Yes.

ASSEMBLYMAN WILSON: Could we have a copy for each member of the Commission?

[Copies supplied the members of the Commission.]

ASSEMBLYMAN WILSON: If you will just mention the highlights of your statement, the rest will be read into the record.

[The prepared statement presented by Mr. MacMurray can be found starting on page 76 of this transcript.]

[Witness continuing]

I endeavored here to point out the duties and responsibilities of the Delaware River Port Authority and the nature of the Authority first. How we operate to some extent, I think is covered here and the value of the use of an Authority as an instrument to support government departments, let's say. The Authority as an instrument, as a useful tool, has been demonstrated. There are thousands of them in this country. It is a method of doing things that can't well be done by the ordinary governmental agency or department and when there is a specific duty or specific duties, they can very well be handled by an Authority and such duties would be the construction and operation of bridges, tunnels, toll roads, public terminals, port facilities, etc.

This Authority has certain specific responsibilities: first, the construction and operation and maintenance of bridges in the Port District and the development of a mass transit

system for Southern New Jersey connecting with Philadelphia, and the promotion of the Delaware River as an avenue of commerce. Those are our three main responsibilities. In this respect the Delaware River Port Authority is active in each field and conducts its business in a businesslike way that would not be entirely possible by the ordinary line of governmental departments that are dependent on tax funds.

There is no tax benefit to the Authority, as you know. Our whole support comes from tolls from our bridges primarily here. We operate, you know, the two Delaware River Bridges, the main bridges here, the Benjamin Franklin and the Walt Whitman; a transit line from 16th and Locust Street in Philadelphia to Broadway in Camden; and a ferry between Chester and Bridgeport, New Jersey. We have a most substantial program developed. We are now working or developing a transit line which is one leg of a three-prong system that we expect to develop and that is the Lindenwold Line which will run from 16th and Locust Street in Philadelphia to Lindenwold, New Jersey. That work is now in progress and the line should be operating by February of next year.

We are also designing two major bridges, one at Delair connecting the northern part of the City of Philadelphia with Delair, New Jersey, and a second between Chester and Bridgeport, New Jersey. These are major structures. The total cost of the construction is some \$235 million. The whole package with the financing would be about \$325 million.

In the future there are other things to come: two more lines for the high-speed line, one we envision to

Moorestown and a third then to Woodbury, and then extensions on each of these lines. We thought even of the present line we are constructing going as far as Atlantic City. So there are a lot of things to come in the future.

In our promotion work of the River, we conduct rather extensive promotional work through established offices throughout this country and abroad.

BY ASSEMBLYMAN WILSON:

Q How many regional offices do you have - not naming them, just the number? A There are five here and three out of the country.

MR. MAC MURRAY: That, in short, is the gist of my paper.

BY ASSEMBLYMAN WILSON:

Q Mr. MacMurray, how long have you been the Executive Director? A Approximately seven years.

Q I'd like to ask you a few questions. First of all, when you received the memorialization from the State Legislature to conduct public hearings before you finalized the tolls or before they were actually carried out or at that time I guess they were carried out, what was your impression of this concurrent resolution that was sent to you by the New Jersey Legislature as Executive Director?

A I didn't feel that there was anything to be gained through a public hearing on tolls. Everything we do is done through advice from qualified people in the field. Our financial work is handled by well-qualified, recognized financial experts, our design work - our engineering work by well-known,

worldwide recognized bridge designers in the case of bridges. We do this in every area. The toll schedules recommended to us were recommended by people that are preeminent in their field. All these subjects have been thoroughly studied and after great consideration the decisions were arrived at by commissioners who are business people and are interested in doing a job for actually the public. They are unpaid people that give their time freely to accomplish these things. And after a complete and thorough study in these areas, we feel that's about as much as can be done to get the right answer.

Q You don't think that it could happen that some of these experts might make mistakes and the members of the Authority in going along with these experts and relying on their ability and accepting their findings would make a mistake? I think everybody can make mistakes and sometimes a public hearing can point out mistakes in some of our best-laid plans.

A Certainly experts make mistakes. However, our eyes aren't closed to things. Our thinking is not closed. As we progress in this work if we find that there might be some changes made, I am sure the Port Authority would certainly be anxious to give them consideration. We are at the beginning of this work, you know. We are working on estimates. As I say, we think we have the best estimates possible, but still things are changing rather rapidly in these days. As we progress if changes present themselves or the need for changes present themselves, I am sure they will be given consideration.

Q In your opinion do you think the state governments of New Jersey and Pennsylvania have adequate control over the

Delaware River Port Authority as far its operations and functions?

A Yes, sir, I do.

Q You don't think there is any need for additional control? A No.

Q You don't think there is any need for the Governor of the State of New Jersey and the Governor of Pennsylvania to have veto power over the actions of the Authority? A No, I don't think so, but I would like

to tell you why. You use an Authority in order to bring about an operation which can't well be handled by the normal governmental setup, to do something that can't easily be financed by taxes. There are simply not enough taxes to go around. You create an Authority to establish a unit that can in a business way make decisions and accomplish things that must be done in a business way. The Governors have the choice of the selection of the Commissioners and I know of no time when actually the feelings of the Governors when expressed were not acceded to. If you are going to have this kind of a group and then ask them to do a job, I believe they must have the latitude to do the job as they see fit.

Q Then you would say that the Governors of the State of Pennsylvania and New Jersey were consulted as far as the toll increase and they went along with the Delaware River Port Authority in their thinking? A No, I didn't say that, no, and I don't know that from my position, but I am sure that everyone knew that we were thinking of toll increases at the time.

Q For example, suppose the Governor of the State of

New Jersey didn't like the toll increase. What would be his alternative? He couldn't remove people from the Commission, could he? Can he remove people from the Authority for cause or are they appointed for five years?

A They are appointed for a five-year period. Well, again, I think that once you have picked a Commissioner to do a job and you give him a job to do, he should have the authority to go ahead and I think the establishment of tolls are within that area where they should have freedom.

Q But five years is a long period of time. Have you not seen, for example, in two years the complexion of a State Legislature or a Federal Congress change? They change with the change of feeling of the state or country.

A But you must have a majority vote on each side of the river to pass any of these things and that in itself is quite a settling factor.

BY ASSEMBLYMAN LASKIN:

Q Mr. MacMurray, aren't you in the process of either resigning or have resigned from your present position? I read somewhere in one of these newspapers that you are about to step down or you have stepped down.

A We are now in the midst of the largest construction program that we have ever had. I am by education a civil engineer and we are now building the finest piece of railroad for a transit line that we will have anywhere in the world and we will build two major bridges. This to me would represent quite an accomplishment. We need somebody to look after these things and I would enjoy doing this specific work and for that

reason, rather than someone else doing it, I have asked that I be permitted to take over those functions.

Q What would the title of this new position be?

A Well, that hasn't been exactly determined, but it would be something like Director of Designing and Construction or something similar to that.

Q But you would no longer be the Executive Director?

A I would not be the Executive Director. That's right.

Q We are building two new bridges and completing a mass transit. With the existing two bridges, the Benjamin Franklin and the Walt Whitman, there is no need for a position such as you refer to.

A Well, we have a Chief Engineer now and we have an engineer who is our Director of Bridges.

Q All right. But you would be something other than a Chief Engineer - you already have one - in your new position.

A I would head up all the engineering and construction work for the Port Authority which is now in two or three categories.

Q And a search, I assume, is on right now for a new Executive Director?

A I understand so.

Q Is there a professional firm doing this job?

A Yes, sir.

Q Who is doing it?

A Booz, Allen and Hamilton.

Q What do they do? Do they interview people?

A Yes.

Q Do they get paid for this?

A Yes, sir.

Q It's like an employment agency?

A Yes.

Q Do you know what their fee is for securing a new Executive Director? A Well, it would depend on the time. I would think somewhere between ten and fifteen thousand dollars when they are finished.

Q Is there any contract? A Yes, there is a contract for this. That will vary some depending on ---

Q The fee is based on what? Is the fee based upon an agreed-upon amount now or on time, effort and diligence and the quality of the Executive Director selected? A Well, it is dependent on time that they are engaged in this endeavor.

Q When did they start their search? A About three months ago I think the contract was signed.

Q Is there any indication of them finding a new Executive Director? A Well, they are reporting to a committee of Commissioners and I don't know just where that is at the moment.

Q Mr. MacMurray, I have lengthy material here for your testimony and we are not going to get to it today - that's for sure - but I would just like to touch on certain points very briefly and get your comments. Commissioner Sheehan was here this morning and gave us a very enlightening presentation about the general toll picture. There were some points, however, that were unclear with Commissioner Sheehan and we thought perhaps you by being the professional at the scene might fill us in. We have asked for some additional information and, as I say, we won't go into that either at this time. But in any event, getting to these two bridges, I had asked Commissioner Sheehan some questions about when

the authorization was given for construction by either the legislatures or the governors and he wasn't exactly sure on the dates, but knew the years generally. Do you know with any degree of specificity when the actual approval was given for either bridge or both of them? A The Chester Bridge was the later one of the two and that was August of '66. I don't know the exact date.

Q I read an article this morning from the local newspaper indicating that the Governor had approved "finally" the construction of the Bridgeport Bridge in August of 1966. A That's right.

Q So that is true. Do you recall when the authorization was given by Pennsylvania for the same bridge? A Quite a while earlier, but I don't know the exact date.

Q About how much earlier? Would the summer of '65 be close? A Something like that.

Q So at least a year before our approval. A Well, I won't say that, but it was some period.

Q And during the time between the original approval by the Governor of Pennsylvania in the summer of '65 and the Governor of New Jersey's approval in August of '66, were you involved in any negotiations or discussions with the Governor as to why this approval was not forthcoming? A No, I was not.

Q Are you aware of the reason for the late approval of New Jersey, late in time with Pennsylvania, that is? Are you personally aware of this? A No, I am not.

Q Were you ever involved in any discussions with the

Governor's staff regarding the fact it was almost a year or over a year later before the approval by New Jersey?

A No, I was not.

Q I assume as Executive Director we can take notice of the fact that if we had started work on these bridges shortly after the original authorization, the cost would be much less. I think we can all agree to that. A Well, I think we have moved along fairly well after the authorization.

Q After Governor Hughes' authorization in '66.

A That's right.

Q Don't you recall whether or not there was any argument on the Authority regarding priorities between port development and bridges? A There were discussions about priorities. There was a hearing concerning the permit for the Chester Bridge that delayed it quite a long time. Of course, the Port Authority had no control over this.

Q Don't you recall whether or not Mayor Pierce indicated that during this period of time that he was opposed to the authorization of this bridge unless plans were made for port development in this area? A I remember that discussion.

Q Do you think that had something to do with the delay of the Governor in authorizing the bridge to be constructed? A That would be conjecture.

Q Well, do you think it had something to do with it? A I wouldn't say "yes." I don't know.

BY ASSEMBLYMAN WILSON:

Q Mr. MacMurray, what is your interpretation of the

money that is gained by tolls? Would you consider that public funds? A Well, the Port Authority is a semi-private organization. The moneys we use for building things are bond money. The money belongs to the people who buy our bonds. What we sell is a bond and it has to be salable if we intend to get money for any facilities we care to build. We are serving the public, however, and we have a franchise. You can't go across the river on a bridge unless you go across our bridge.

Q You have a monopoly. A So we have a monopoly and we have a responsibility, of course, to the public. So while you wouldn't say it's tax money, certainly the public has a real interest in it.

Q So you would say it could be interpreted as public funds? A It is an in-between animal. It's public money, but certainly the bond holders have some rights and we have responsibilities to the bond holders.

Q How much actually does the public have to say? I am going back to this public hearing. I think this is one area in which maybe our Authorities are lacking. How much actually did the public have to say about the increasing of the tolls, other than writing letters to you? Did they have an opportunity to meet with the Commissioners and express themselves and tell how they felt or could they only have representatives come before a group of Commissioners? Or did they actually have an opportunity to come before the group and express themselves? A All of our meetings every month are open meetings. They are open to everyone that

would care to come.

Q Are they publicized? A They are publicized. They are posted right in our office. Every meeting is covered fully by the press and radio and television. That has been going on for years. The subject of tolls has been talked about for years. Certainly there is no reason to suspect that everyone didn't have every opportunity to know what we were thinking about.

Q Do you think the average citizen that drives across your bridge knows that he may attend your meetings?

A If they read the newspaper with any interest, they should know it.

Q Would you do me a favor? The next time you have a meeting, would you publicize in the paper and mention that your meetings are open to the public, that they could come and express themselves to you because I am up in Essex County and I get an awful lot of letters from people down here?

A People come into our meetings quite often. This has gone on for years.

BY ASSEMBLYMAN LASKIN:

Q You mentioned something just about a minute ago to the effect that the subject of tolls has been talked about for years. You mean, toll increases or decreases? People haven't just been talking about tolls for no reason at all.

A We have been talking about a program for rapid transit and for two new bridges for some six or seven years and along with that, I have given any number of talks to different kinds of clubs and organization and we have made it very clear in any

speeches that I know that any of our people have made that if we are going to have these sorts of things which the area needs badly, we have to pay for them and it is going to be paid for through tolls.

Q I have a collection of newspaper clippings starting in 1965 from the three or four major newspapers in the area. I would say that just -- well, every single article here, maybe 50 or 60 of them discuss port development and toll increases in the same articles. Now what did the original plan - or was it a discussion two or three years ago that toll increases would be necessitated by certain port development projects undertaken by the Authority? A I think we can

say that we hadn't gotten to the point in port development where we had made any decision or need make any decision concerning tolls.

Q How do we account for all these newspapers? Here is a headline, "Inequity charged in assessing drivers for port facilities" - "Pierce wants port work subsidized, but against toll boosts." A What are the dates on these?

Q These are all in '65 and '66. This is not just this past year when the Chester-Camden proposal was brought out. A I think that illustrates that the papers, at least, and the people knew that whenever the Port Authority does something or does undertake a new project, we have to have money and our source of funds is the toll structure.

Q Well, was it planned three years ago that tolls would have to be increased because of a port development

program? A No, it was not because we had no schedule as to the development. We first asked for authority. In order to progress with any project, we must first have new legislative authority except for mass transit. In the case of mass transit, we need approval of the Governors. But for bridges or anything else, we need new legislation. We would not get into our financing or a time table on this sort of thing certainly before we had the legislation because the legislation in itself takes so long that any schedule beyond that would be unreasonable or meaningless.

Q You mentioned earlier that the subject of tolls and the subject of the new bridges has been a topic of conversation for several years and you also mentioned that if the Governors were to ask certain things of the Authority, there probably would be a willingness to go along with them, within reason. Had you ever discussed personally with Governor Hughes the question of the two new bridges that are about to be constructed?

A No, because I do not discuss matters with the Governor. Those matters are discussed by the Chairman and Vice Chairman of the Authority.

Q Have you ever been in discussions with the Governor and others regarding the construction of the two new bridges?

A No, I have not.

Q Have you ever discussed the new bridges with any representatives of the Governor?

A I have discussed them with his Highway Department, but the part that then was discussed was not the bridge, per se, but the connecting roads which the Highway Department would be responsible for and our

joint participation in access roads to the bridge.

Q Well, I assume that you can safely say that the Governor of New Jersey and, of course, of Pennsylvania was kept fully aware of the progress on the bridge problem from the beginning? A I am sure he was.

Q Did you as Executive Director ever receive a communication from Governor Hughes indicating his desire to either discuss, inquire into, testify about, or have any other communication in connection with the toll increase?

A No, I have not. That would be with the Chairman or the Vice Chairman.

Q You attend most of the meetings, I assume.

A I attend all the Authority meetings. The meeting that might be held between the Chairman and the Governor, I would normally not attend.

Q But at the Authority meetings you don't recall anything like that. A Nothing at the Authority meetings.

Q Did the Governor ever send any representatives to the Authority protesting the toll increase? A None that I know of.

Q Do you know personally whether or not the financial reports indicating that tolls had to be increased were forwarded to the Governor or his representatives?

A The minutes of our meetings are sent to the Governor through his Secretary and I would be quite confident that the reports would be part of those minutes and would go that way. I am quite sure that they would.

Q Is Mr. Kearney a Commissioner? A Yes, sir.

Q He is from Trenton? A Yes.

Q Appointed by Governor Hughes? A Yes, sir.

Q How about Mr. Kervick? A He is, as Mr.

Sheenan told us --

Q He is a Commissioner from New Jersey? A Yes.

He is Treasurer.

Q And he is also on the Port Authority? A Yes.

Q And he, of course, was appointed by Governor Hughes. A Yes.

BY ASSEMBLYMAN WILSON:

Q Mr. MacMurray, would you know offhand the fees that the Delaware River Port Authority is paying to Simpson and Curtin for their traffic survey and toll survey and so forth?

A Well, I'd have to get the contract out.

Q All right. Fine. A It's "not to exceed", depending on what they do and there are several clauses for incidental work - attendance at meetings and that sort of thing. There are a number of areas in it.

Q Would you send me a copy of the contracts for Simpson and Curtin, and Cloverdale and Colpitts, and Drexel, Harriman, Ripley, that I might have the fees involved?

A Drexel, Harriman and Ripley?

Q Yes. Drexel, Harriman and Ripley - that's one company, isn't it? A That's right.

Q Do you have liability insurance on the bridges?

A Yes.

Q Who is your insurance carrier? A Boardman-Hamilton in Philadelphia.

Q Do you know what their premiums are that they pay a year? A There are many policies and they are all different. I wouldn't try to tell you.

Q Do they carry all of your insurance? A They handle all of it. It is through them.

Q They are the agent. A They are the Philadelphia or Pennsylvania agent of record for our insurance.

BY ASSEMBLYMAN LASKIN:

Q Is there a New Jersey agent of record? A There was a new one appointed today, in fact, Smith-Austermuhl who from now on will be our New Jersey insurance agent of record.

Q What do you do, place half the insurance with Pennsylvania and half with New Jersey? A The insurance is handled by these people that represent each side, the two states. The proportion is something I don't know. It is approved as a whole by our Commissioners.

Q Who is Mr. Pinkham? A Pinkham is our operating man who is now engaged by Lewis T. Clauder and is operating as the General Manager of PATCO which will be the name of the transit line when it gets in operation. He was borrowed for a period of two and one-half years from the Pennsylvania Railroad because he has done this sort of a job before.

Q And is there an additional insurance policy on the new mass transit line? A Yes.

Q That doesn't come within Boardman-Hamilton and Smith-Austermuhl. A That was handled through Hamilton the same as all of our insurance.

Q Do you have any idea what the premium is on that policy? A That is a sizable one.

Q Would a million dollars be correct? A No, it's less than that.

Q Less than a million? A Yes, it's less than a million dollars for a three-year period or something like that. I don't remember all these numbers.

Q Is the most economical method used when you have two agents instead of one agent for the placing of the insurance? That would have nothing to do with politics because you have to have one on each side of the river.

A I don't think that means any additional cost to the Authority. Our rates are established insurance rates.

Q Who was your agent in New Jersey before Smith-Austermuhl? A I can't think of the name.

ASSEMBLYMAN LASKIN: Does anybody here know?

MR. CONNERY: The Mathis Office in Ocean County.

Q Now it is Smith-Austermuhl? A That's right.

Q Who would handle the placing of the insurance with Smith-Austermuhl? How would that be placed? Would it be by action of the Authority itself? A Each new insurance taken would be by resolution of the Authority. In fact, all actions of the Commission are through resolution and only through resolution.

BY ASSEMBLYMAN WILSON:

Q Do these various companies come in and bid?

A These people handle the insurance. They get it together and recommend it. We have our meetings. They come into our

insurance group, which is our Finance Committee, and these things are discussed and they work more or less as a consultant with us.

BY ASSEMBLYMAN LASKIN:

Q I assume you know Smith-Austermuhl recently merged with another local insurance company in town. Do you know that? A No, I did not.

Q Let me change the subject and go to another point. Well, you don't know who they merged with so we won't proceed along those lines. Do you recall, Mr. MacMurray, several years ago a study commission or an advisory committee on interstate affairs being authorized by the three Governors, Delaware, New Jersey and Pennsylvania, to make a study regarding the Delaware River Port Authority? Do you recall that? A Yes.

Q Was that report ever made public? A No, I understand not.

Q Do you have a report available? A No.

Q Do you know who has the report? A No.

Q Did you ever hear any discussion about the conclusions of the report? A No, nothing of any definitive results. There was talk that they were making a report, but the report never appeared.

Q Well, did the report get sent to the Delaware River Port Authority? A I have never seen a copy of the report if it has been.

Q Well, at whose request was this report made? A I would imagine at the request of the three Governors.

Q And you haven't heard anything at all about the report and it has never been made public? A I say I don't know that it has been made public. I have never seen it.

Q Have you ever requested it? A NO, I have not.

Q As Executive Director of the Delaware River Port Authority, don't you think that is something you should be interested in seeing? A When the report is available, when it is made available, I am sure it will come to us.

Q How do you know if it is available or not available unless you ask for it? A We are on quite good terms with these other groups and we circulate our reports to each other somewhat informally, but they are available back and forth.

Q Just one final group of questions for today: The legal staff of the Delaware River Port Authority - how many lawyers are connected with the Delaware River Port Authority?

A There is one in-house attorney, Mr. Yoemans. There are two attorneys for each side of the river, two from Pennsylvania and two from New Jersey.

Q So that is five lawyers. A Five lawyers all together.

Q And has the Port Authority always had five attorneys? A No. I believe some years back during the construction of the Walt Whitman Bridge they had more than they had previous to the work we are getting into now and there were four or five then. They were dropped after the work slacked up, after the bridge was completed. The ones we have now - we have had a counsel in Pennsylvania, one in New Jersey, and a special counsel in Pennsylvania because of the Walt

Whitman Bridge. Since my time there have been two added, Mr. Yoemans, in-house, and Mr. Connery on this side of the river, because we have been in the construction work and there is a substantial amount of work to be done. There were hundreds of properties to be taken in New Jersey for the rapid transit line, for instance.

Q These lawyers connected with the Port Authority do not get paid per case or anything of the type. They are paid on an annual basis? A They are paid on an annual basis.

Q The thing I am concerned about is I read recently in one of your minutes that a special bill was presented by a lawyer other than one of these five for special work done. Are you familiar with what I am talking about? A I think so.

Q Who was this lawyer? A I imagine you are talking about this toll work, are you?

Q Well, I don't know what I am talking about. A You seem to know to ask the question.

Q I read in one of your minutes that a bill was presented and approved for special legal services, but the bill was not from one of the five regular attorneys for the Port Authority. A We have hired a lawyer to take care of the presentation at the toll hearings to start next week.

Q No, I am not referring to that. I am sorry I don't have the date of the minutes, but I will later. I am referring to an item that was approved for payment a month or two ago or three months ago for an attorney who I believe

works in the office of Mr. Duane, is it? A That is the gentleman I am speaking of. He has been hired to represent us and handle the hearing work at the toll hearing that the Department of Transportation will have next week.

Q Isn't Mr. Duane presently one of the five attorneys for the Port Authority? A That's right.

Q So this fellow in his office is getting this extra job to handle the toll hearings? A That's right, on a short term basis for this hearing only.

Q Poor Mr. Connery is not getting extra special money for appearing here today. I think he is doing a commendable job.

MR. CONNERY: I wouldn't reject it if it were offered.

A In hiring these attorneys, we hire them as an individual, but we don't use them as an individual. We pretty much use the office. In Mr. Connery's case, we have the privilege of using other people in his office. The same is true of the other offices and there may be several of them working at one time. But there is an area that is Port Authority business, the run-of-the-mill business that we handle. When we get into something that is entirely different, something more and outside of what the normal procedure is, it seems to me that it is reasonable to assign someone on that basis for that specific job and to pay them accordingly and that is what we are doing.

Q So this other attorney we are speaking about in Mr. Duane's office is assigned to handle the Federal hearing

which is next week sometime. A That's right. That's the only thing he will be paid for.

Q That's all he is going to do, handle that?

A That's the only thing he will be paid for on an hourly basis.

BY ASSEMBLYMAN WILSON:

Q Mr. MacMurray, who is your supervisor directly in charge of your regional offices? A Mr. Frazier. Mr. Frazier is the Director of Port Development Division. Now the man in charge of the offices in this country, the United States offices, was a Mr. Dodd. He resigned and left us about a month ago and we are trying to fill that job now. Mr. Rose handles the foreign offices. He was our man that was at London up until about a year ago.

Q And where do you get the revenue to run those regional offices? A These are from funds of the Authority, our revenues. It could come from our investments or it could come from ---

Q Or it could come from the tolls on bridges?

A Yes, it could come from tolls - from our general fund.

ASSEMBLYMAN WILSON: Do you have any other questions?

ASSEMBLYMAN LASKIN: I shouldn't, but I will ask one.

BY ASSEMBLYMAN LASKIN:

Q Mr. Walker is the Chairman of the Delaware River Port Authority? A Yes, sir.

Q And do you know what his personal employment is?

A He is in the insurance business. He has his own company and he also has a company that does consulting work. As I understand it, it's redevelopment work.

Q Consultant for redevelopment work? A I believe that is what you might call it.

Q Well, we will leave that line of questioning with that answer until the next hearing when we get to the port development.

ASSEMBLYMAN WILSON: Mr. MacMurray, we want to thank you very much for appearing before the Commission and in the fall when it is a little cooler, we may ---

MR. MAC MURRAY: You got a hot one today.

ASSEMBLYMAN WILSON: -- invite you to appear before us again. Thank you very much.

MR. CONNERY: Commissioner Sheehan would like to elaborate on something.

B A R T H O L O M E W A. S H E E H A N, recalled as a witness, testified as follows:

As to the questioning of Mr. MacMurray with respect to the premium on the operation of the transit line covering liability-casualty, all-purpose loss, this is, I think, in the neighborhood of \$900,000 for a period of three years on a revision basis after a loss experience is established. That is down from the original proposal, submitted by the companies who were willing to bid on it, of \$1,500,000, after the Authority considered, first, self-insured protection with an investigation and adjustment staff employed by the Authority and rejected

it as not a feasible substitute -- then a policy with a lower over-all liability coverage, which I think is now \$5 million with a loss payable by the Authority in a range where adjustment and investigation would be limited ten to one hundred thousand dollars and the reason for this is that we have been advised that the Authority will be governed by the Federal Employers' Liability Act in any negligence claims or compensation claims that are filed against it and only one company was willing to accept the risk.

BY ASSEMBLYMAN LASKIN:

Q While you are here, Commissioner - you discussed test borings by the Modjeski firm with me this morning. I see in the January '68 minutes on a question on test borings, that Resident Counsel Mr. Yoemans advises that test borings are required for the design and construction of the Chester-Bridgeport Bridge and that the company desires certain assurances and that a motion be made to allow certain test borings for the design and construction of the Chester-Bridgeport Bridge. A Yes, they were subsequent test borings.

Q Well, is this standard procedure also?

A What was the issue that required that?

MR. YOEMANS: The test borings made by Modjeski and Masters were to fix a suitable location for a bridge. That locating having been set, now test borings for construction work must be made and there is quite a difference between the two.

[Hearing Adjourned]

STATEMENT OF: Paul MacMurray, Executive Director
Delaware River Port Authority

At the Hearing of the Autonomous
Authorities Commission of the
New Jersey Legislature at the
Camden County Court House

June 19, 1968

The usefulness of an Authority as an adjunct of democratic government to perform specific duties which cannot easily be administered within the framework of governmental departments, is well established.

Of the thousands of Authorities created in the United States, many have been created to perform functions for which they are designed, and for which they can bring efficiency of good corporate management. These are for such purposes as the construction and operation of bridges, tunnels, toll roads, public terminals, port facilities, airports, etc.

Whether or not the Authority technique can be useful will be determined by the nature of the projects to be administered. Is the program to be self-supporting? Is it a type of enterprise which calls for business and professional efficiency? Is it an enterprise in which decisions to be made are primarily of a commercial and business character? Is it important that there be continuity of policy? Does the scope of the program involve areas more extensive than the established geographical boundaries of state and

local governments? In other words, where the program can be administered within the regular framework of government departments and the financial aspects handled by annual appropriations and normal governmental accounting, then the creation of an Authority is not justified.

An Authority should be a public corporation, set up outside the regular framework of federal, state or local governments, and freed from the procedures and routines of government operations, in order that it may bring the best techniques of private management to the operation of the self-supporting public enterprise.

The nature and purpose of a public corporation requires that the Commissioners serve as a board, with considerable degree of freedom and independence; that they have a high sense of public responsibility; that they are willing to give the benefit of their judgment and experience as a matter of public duty, for the satisfaction that comes from rendering a worthwhile public service.

The Delaware River Port Authority, which is such an agency, was created by the Legislatures of the State of New Jersey and the Commonwealth of Pennsylvania, with the approval of the United States Congress, in 1952.

It has three main responsibilities:

- 1 - The construction and operation of river crossings between New Jersey and Philadelphia and Delaware Counties in Pennsylvania;
- 2 - The development of rapid transit within a radius of 35 miles of the City of Camden, connecting with Philadelphia; and
- 3 - The promotion of the Delaware River as an avenue of commerce.

The Authority has no taxing power. Its principal source of revenue is the toll from the bridges it operates.

At the present time the Authority operates the Benjamin Franklin and Walt Whitman Bridges over the Delaware River, a transit line running from 16th & Locust Streets, Philadelphia to Broadway, Camden, crossing the Delaware River by way of the Benjamin Franklin Bridge, and a ferry facility between Chester, Pennsylvania and Bridgeport, New Jersey. It also maintains Port Development offices in this country and abroad for the promotion of commerce in the Delaware River.

As of May 31, 1968, its funded indebtedness was \$68,154,000 of Bonds outstanding, and \$60 million of 4-1/4% Notes due January 1, 1970.

The Port Authority is presently engaged in a \$235 million program of rapid transit and bridge construction. The transit facility--10.5 mile extension of the existing line to Lindenwold, N. J.-- is under construction and scheduled to be completed and operating in

early 1969. Design of two more DRPA bridges--one connecting Philadelphia with Delair, New Jersey, the other joining Chester, Pa. with Bridgeport, N. J.--is well under way and they are scheduled for completion by late 1971.

At the direction of both states, the Port Authority is operating the Chester-Bridgeport Ferry until a bridge is constructed at that location. Each state contributes \$75,000 per year toward that operation, but the cost to the Authority so far exceeds \$1.2 million.

The Lindenwold Line has been planned as the first of three legs of a rapid transit network in Southern New Jersey. Moorestown and Woodbury have been mentioned as future terminals and there has been talk of further extensions to Willingboro, Glassboro and, possibly, Atlantic City.

Rapid transit is winning greater recognition as a means of reducing highway traffic congestion and permitting orderly growth of suburban communities. A number of systems are under construction elsewhere in the country.

The Authority's look into the future must also consider additional river crossings. A report prepared by the engineering firm of Simpson & Curtin has found the need for another span between downtown Philadelphia and Camden by 1990 and one to connect Northeast Philadelphia and New Jersey by the year 2000.

The Delaware River Port Authority's financial consultants have advised that its present program of two bridges and the construction of the rapid transit line will require a financing program involving \$325 million.

Each of the projects is designed to stimulate further economic growth of the type already witnessed by the development of the Authority's present facilities.

The whole endeavor is an excellent example of the efficacy of the Authority approach. It demonstrates how the common good can be served without the involvement of governmental appropriations and how necessary facilities can be provided without undue loss of time via a pay-as-you-go-plan of self support.

mjr

STATEMENT BY ARNOLD H. VEY TO BE MADE AT
THE NEW JERSEY LEGISLATIVE HEARING
CAMDEN, NEW JERSEY
JUNE 19, 1968

Introduction

My name is Arnold H. Vey, residing in Haddonfield, New Jersey. I am presently a Principal Engineer of Simpson & Curtin, transportation consultants specializing in traffic and transit engineering, with headquarters office in Philadelphia. Since its organization more than 23 years ago, Simpson & Curtin has practiced professionally in most states, the District of Columbia and five provinces of Canada.

I am a licensed professional engineer in the State of New Jersey and Commonwealth of Pennsylvania and have been professionally engaged in the transportation field for more than 40 years. My professional experience began in 1927 as a member of the staff of a New York consulting engineering firm, Parsons, Klapp, Brinckerhoff and Douglas, followed by appointment as State Traffic Engineer and State Director of Traffic Safety

with the State of New Jersey for approximately 27 years, and then as Manager of the Traffic and Transportation Department of the National Safety Council in its headquarters office in Chicago. I have been a member of the Simpson & Curtin staff since 1955.

Regional Activities of Simpson & Curtin

For the past decade, Simpson & Curtin has been engaged by the Pennsylvania Department of Highways in cooperation with the Federal Highway Administration to prepare future traffic estimates for the design of the Federal Interstate Highway System in this region. Federal interstate route designs are predicated on Simpson & Curtin projections of 1985 and 1995 traffic. For the Delaware River Port Authority, Simpson & Curtin has conducted studies of the need for cross-river facilities, the feasibility of two new bridges, the effect of toll changes on travel and feasibility of the Philadelphia-Lindenwold Rapid Transit Line. Other clients include the Philadelphia City Planning Commission, Department of Commerce and Streets Department.

Future Cross-River Requirements

To determine future cross-river traffic requirements within the area of jurisdiction of the Delaware River Port Authority, a comprehensive technical analysis of present and

future Delaware River crossing needs was conducted by Simpson & Curtin for the Delaware River Port Authority in 1961. This study was documented in a report to the Delaware River Port Authority entitled "Report of Delaware River Crossing Needs, 1960 - 2000."

To determine the preferred location of river crossings from the standpoint of traffic service, eight alternative crossing location studies were conducted, comprising five, six, seven, eight and nine crossings within specified combinations.

This study determined the immediate need for a total of five crossings within the area of jurisdiction of the Delaware River Port Authority - - the three present facilities and two new crossings. Early in the 1990's a third new crossing will be needed.

In 1956, the year before the opening of the Walt Whitman Bridge, the two bridges within the area of jurisdiction of the Delaware River Port Authority - - the Benjamin Franklin Bridge operated by the Delaware River Port Authority and the Tacony-Palmyra Bridge operated by the Burlington County Bridge Commission - - carried 44,977,053 vehicles. Ten years later in 1967 these two bridges together with the Port Authority's Walt Whitman Bridge served 77,240,568 vehicles, an increase of 72% in the 10-year period. Of this total vehicular traffic in 1967 the Benjamin Franklin Bridge served nearly

26 million vehicles, the Walt Whitman Bridge more than 30 million and the Tacony-Palmyra Bridge more than 20 million, or 33%, 39% and 26% respectively. The balance, almost one million vehicles, was carried cross-river by the Chester Ferry.

Table 1 shows the traffic by bridges, 1956-1967, as reported by the Delaware River Port Authority.

Peak Traffic Demand

The hourly distribution of vehicles crossing the Delaware River generally corresponds to the peaks and valleys of normal traffic patterns in a metropolitan area, that is, the heaviest flows of traffic usually occur during weekday morning and evening commuter periods.

Although it is desirable that adequate roadway capacity be provided to accommodate normal daily traffic, it would be unrealistic to expend moneys necessary to design and build traffic facilities to accommodate the highest peak hour which may occur infrequently during the year. Therefore, basic policies of highway authorities have designated the 30th peak hour as the so-called design hour, that is, the volume upon which the design of the facility would be based. Theoretically, therefore, 29 times a year the facility would be inadequate to

TABLE 1

DELAWARE RIVER PORT AUTHORITY BRIDGE TRAFFIC

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	<u>Benjamin Franklin and Walt Whitman</u>	<u>Chester Ferry</u>	<u>Total</u>
1956	32,198,966	1,434,767	33,633,733
1957	34,780,630	1,207,088	35,987,718
1958	37,277,482	959,352	38,236,834
1959	41,443,408	905,510	42,348,918
1960	43,925,792	811,844	44,737,636
1961	44,998,198	740,511	45,738,709
1962	47,072,870	730,550	47,803,420
1963	47,754,448	708,398	48,462,846
1964	50,208,205	612,760	50,820,965
1965	52,850,066	N. A.	52,850,066
1966	55,483,342	825,961	56,309,303
1967	56,631,641	908,913	57,540,554

accommodate higher traffic volumes. Actually, however, under conditions of heavy traffic demand motorists tend to reduce vehicular spacing and speed, thus increasing the traffic potential to a level in excess of the design volume.

For the Tacony-Palmyra Bridge, the 1967 peak hour volume-capacity ratio is 1.35 - - in other words, the 1967 traffic demand is 35% above the design capacity of the facility.

On the Benjamin Franklin Bridge the demand of traffic is about 80% of the capability of the bridge. However, during peak traffic periods the inadequacy of the approach roads in New Jersey, Penn and Linden Streets in Camden, prohibits the Benjamin Franklin Bridge from operating at full capacity, resulting in the back-up of traffic through the toll booths to and beyond the center of the bridge.

The Walt Whitman Bridge shows a 1967 peak hour volume-capacity ratio of 1.05, that is, a traffic demand equal to the design capability of the bridge.

Bridge Openings

Both the Benjamin Franklin and Walt Whitman Bridges are high level structures not subject to vehicular traffic delays because of water navigation. The Tacony-Palmyra Bridge,

however, has a restricted vertical clearance of only 61 feet and requires frequent openings of the bridge span for the passage of river traffic.

Such openings average three to four per day for durations of eight to 10 minutes. Some openings, however, exceed 20 minutes. Although the majority of openings occur during off peak traffic periods, the record indicates that approximately 15% of the total openings occur during weekday commuter periods from 7:30 A.M. until 9:00 A.M. and 4:00 P.M. to 6:00 P.M.

Obviously, the capacity of the Tacony-Palmyra Bridge is seriously affected during these periods when bridge traffic is completely stopped for eight to 10 minutes or more, particularly during peak traffic periods. The volume capacity ratios previously indicated do not reflect the impact of these bridge openings.

The Need for New Bridges

The primary geographic area influencing Delaware River crossings within the Port Authority's jurisdiction includes the Pennsylvania and New Jersey counties within the immediate Philadelphia area and the New Jersey shore. This comprises an eight-county area of 3,350 square miles of land with a 1960 population of 4,342,897 residents. It is estimated that by 1985 this area

will increase 42% to 6,148,000 persons, an increase of 1,800,000 residents in a 25-year span.

Historically there is a close relationship between population, and automobile registration and automobile use.

In 1960 there were 1,260,141 automobiles registered in the eight-county area. By 1985 it is estimated that there will be an 81% increase in motor vehicle registration to a total of 2,283,000 vehicles registered.

Comparing the rate of growth of cross-river traffic with population and passenger car registrations for comparable periods, it is apparent that passenger car registrations closely parallel Delaware River cross-river traffic, thus providing a significant indicator of expected traffic increases.⁽¹⁾

Having determined the need for two new bridges - - the Delair Bridge and the Chester Bridge - - reported upon in the previous Simpson & Curtin studies, it was necessary to have up-to-date information determining the travel characteristics of traffic currently using the Delaware River crossings. To

(1) Simpson & Curtin, "Report of Delaware River Crossing Needs, 1960 to Year 2000."

provide these data, a postcard origin and destination survey was conducted during the winter months of 1967 on each of the four cross-river facilities within the area of jurisdiction of the Delaware River Port Authority, namely the Benjamin Franklin and Walt Whitman Bridges, the Tacony-Palmyra Bridge and the Chester Ferry. This survey made available up-to-date travel characteristics including origin and destination information, data concerning trip purpose, the frequency with which cross-river trips were made, the number of persons within the car, the toll paid and the time of the trip.

The opening of the Philadelphia-Lindenwold Rapid Transit Line in 1969 and the Delair and Chester Bridges in 1972 coupled with the completion of initial stages of the regional expressway network will not only facilitate cross-river travel, but will also effect a significant redistribution of cross-river travel among the present and new Delaware River Port Authority bridges.

For example, in 1971, the year before the opening of the Delair and Chester Bridges, the Benjamin Franklin and Walt Whitman Bridges will carry slightly more than 98% of the Port Authority's bridge traffic - - the remainder, less than

2%, will be carried by the Chester Ferry. In 1972, the initial year of operation of the new bridges, the Benjamin Franklin and Walt Whitman Bridges will serve about two-thirds of all Port Authority bridge traffic, the Delair Bridge 26% and the Chester Bridge approximately 8%.

Table 2 shows traffic on Delaware River Port Authority bridges, present and proposed, through 1985, assuming the former toll schedule prior to the February 1, 1968 change remained in effect.

Traffic and Revenue Potential of Alternative Toll Plans

To evaluate the revenue potential in support of bond financing of Delaware River Port Authority transportation facilities, a series of studies were conducted to determine the impact of several alternative toll schedules. These studies included a detailed analysis of past experiences resulting from toll changes on river crossings in the Philadelphia area and elsewhere in the country.

Summarizing the findings of these studies, it is shown that each increase in bridge and tunnel tolls does have a discernible effect on the trend of traffic utilization of the facility which results in increases in revenue but at a rate less than the percentage rise in toll.

TABLE 2

DELAWARE RIVER PORT AUTHORITY BRIDGE TRAFFIC
PROJECTED THROUGH 1985 ASSUMING TOTAL SCHEDULE PRIOR TO 2/1/68 CHANGE

	<u>Benjamin Franklin and Walt Whitman</u>	<u>Delair</u>	<u>Chester Bridge</u>	<u>Total</u>
1968	58,685,000		983,000 ^(a)	59,668,000
1969	58,355,000		1,059,000 ^(a)	59,414,000
1970	60,438,000		1,140,000 ^(a)	61,578,000
1971	62,180,000		1,187,000 ^(a)	63,367,000
1972	49,935,000	19,565,000	5,636,000	75,136,000
1973	50,883,000	20,794,000	6,436,000	78,113,000
1974	51,959,000	21,629,000	6,861,000	80,449,000
1975	53,025,000	22,366,000	7,098,000	82,489,000
1976	54,327,000	23,171,000	7,348,000	84,846,000
1977	55,322,000	23,841,000	7,558,000	86,721,000
1978	56,455,000	24,579,000	7,787,000	88,821,000
1979	57,578,000	25,323,000	8,014,000	90,915,000
1980	58,851,000	26,143,000	8,264,000	93,258,000
1981	59,793,000	26,810,000	8,466,000	95,069,000
1982	60,885,000	27,551,000	8,691,000	97,127,000
1983	61,977,000	28,309,000	8,917,000	99,203,000
1984	63,209,000	29,126,000	9,166,000	101,501,000
1985	64,150,000	29,821,000	9,366,000	103,337,000

(a) Chester Ferry

For passenger cars, the loss ratio in traffic is 0.17% of each 1% increase in toll. For trucks the average net traffic loss for each 1% rise in toll is computed at 0.13%.

Applying these ratios to theoretical toll increases on the present Port Authority bridges, the net traffic losses and revenue gains in percent are shown in Tables 3 and 4.

In Table 3 it is apparent that the revenue productivity, that is, the revenue increase expressed as a percentage of the increase in average toll - - ranges from approximately 78%, if there were to be a 25% increase in average toll to approximately 68%, if the average toll were increased by 87%.

In the case of trucks, the impact of toll increases is less severe producing a higher revenue productivity. For example, a 5% increase in average toll results in a less than 1% decrease in traffic and produces a revenue productivity of approximately 86%. If the average truck toll were to be increased 31%, there would result a 4% decrease in traffic and a revenue productivity of 83%.

To determine the revenue capability of various alternative toll schedules in meeting the gross revenue objective established by the Delaware River Port Authority, traffic and revenue projections for 1968, 1972 and 1980 on

TABLE 3

NET TRAFFIC LOSS AND REVENUE GAIN FOR
 VARIOUS THEORETICAL AVERAGE PASSENGER CAR TOLLS

<u>Theoretical Average Average Toll DRPA Bridges</u>	<u>Percent Increase in Average Toll Above Level of 24 Cents (1)</u>	<u>Percent Decrease in Traffic</u>	<u>Percent Increase in Revenue</u>
30¢	25.0%	4.3%	19.6%
35¢	45.8	7.8	34.5
40¢	66.7	11.3	47.8
45¢	87.5	14.9	59.6

(1) Average passenger car toll on Benjamin Franklin and Walt Whitman Bridges in 1967 equaled 24¢.

TABLE 4

NET TRAFFIC LOSS AND REVENUE GAIN FOR
VARIOUS THEORETICAL AVERAGE TRUCK TOLLS

<u>Theoretical Average Average Toll DRPA Bridges</u>	<u>Percent Increase in Average Toll Above Level of \$1.14 (1)</u>	<u>Percent Decrease in Traffic</u>	<u>Percent Increase in Revenue</u>
\$1.20	5.3%	0.7%	4.5%
1.30	14.0	1.8	12.0
1.40	22.8	3.0	19.2
1.50	31.6	4.1	26.2

(1) Average truck toll on Benjamin Franklin and Walt Whitman Bridges in 1967 equaled \$1.14.

the two present bridges and the two proposed bridges were tested for the former toll schedule (Table 5) and five alternative passenger car class toll schedules and four alternative toll schedules for trucks and tractor trailers.

These schedules as well as the former toll schedule in effect prior to February 1, 1968 are shown in Tables 6 and 7.

Following these analyses and review by Delaware River Port Authority officials, the Port Authority adopted a resolution at its meeting held January 17, 1968 establishing a new schedule of tolls on the Benjamin Franklin and Walt Whitman Bridges, shown in Table 8. The new schedule of tolls to be effective on the Benjamin Franklin and Walt Whitman Bridges, February 1, 1968, was determined necessary to provide the funds needed to construct the Delair Bridge, the Chester Bridge, to complete the Philadelphia-Lindenwold Rapid Transit Line and related facilities.

Traffic and revenue projections from 1968 through 1985 based upon the toll schedule initiated February 1, 1968 for the present and proposed bridges are shown in Table 9.

As the new toll schedule was not made effective until February 1, 1968 and the former commutation rate of 18.75¢

TABLE 5

SUMMARY OF TOLL SCHEDULES

<u>Vehicle Type</u>	<u>Delaware River Port Authority Former Schedule</u> 2 Bridges	<u>Burlington County Bridge Commission</u> 2 Bridges	<u>Delaware River and Bay Authority</u> 1 Bridge	<u>Port of New York Authority</u> 4 Bridges 2 Tunnels	<u>Triborough Bridge and Tunnel Authority</u> 3 Bridges 1 Tunnel Verrazzano Bridge	
Passenger Cars:						
Cash	25¢	5¢	50¢	50¢	25¢	50¢
Commutation	\$7.50 (40 trip-2 mo. @18.75¢)	-	\$5.00 (50 trip-1 mo. @10¢)	\$10.00 (40 trip-1 mo. @25¢)	-	-
Special Book	-	-	\$4.00 (20 trip-2 mo. @20¢)	\$10.00 (25 trip-2 yrs. @40¢) Toll Scrip at discount in various demoninations good until used.	-	-
Pass. Car & Trailer	40¢	10¢ to 30¢	\$1.00-\$1.50	75¢	75¢-\$1.00	\$1.25-\$1.50
Passenger Bus	50¢	25¢	75¢	\$1.00	50¢	\$1.00
Trucks	to 7,000 lbs. - 25¢ 7,001 to 19,000-50¢ 19,001 to 30,000-75¢ 30,001 to 36,000-\$1.00 36,001 to 48,000-\$1.50 48,001 to 60,000-\$1.75 60,001 to 73,280-\$2.00	to 7,000 lbs. - 5¢ 7,001 to 21,000-25¢ 21,001 to 33,000-40¢ 33,001 to 40,000-50¢	2 Axle:- to 2 Tons-50¢ Over 2 Tons-75¢ 3 Axle - \$1.00 4 Axle - \$1.50	Not over 2 Tons (single rear wheels) - 50¢ 2 to 5 Tons (dual rear wheels) - 75¢ Over 5 Tons \$1.00	To 2 Tons - 25¢ 2 to 5 Tons-40¢ Over 5 Tons-60¢ 3 Axle - 75¢ 4 Axle - \$1.00	To 2 Tons - 50¢ 2 to 5 Tons-75¢ Over 5 Tons-\$1.00 3 Axle - \$1.25 4 Axle - \$1.50
Motorcycle	15¢	5¢	50¢	25¢	15¢	50¢
Truck & Trailer	Not over 19,000 lbs. - 50¢ Over 19,000 lbs. - 40¢ per Axle	Charged as two separate vehicles	Per Axle - 35¢	3 Axle - \$1.00 4 Axle - \$1.50 5 Axle - \$2.00	3 Axle - 75¢ 4 Axle - \$1.00 5 Axle - \$1.35	3 Axle - \$1.25 4 Axle - \$1.50 5 Axle - \$2.00
Tractor Trailer	2 Axle - \$1.00 3 Axle - \$1.20 4 Axle - \$1.60 5 Axle - \$2.00 6 or more \$2.40	50¢	3 Axle - \$1.00 4 Axle - \$1.50 5 Axle - \$1.75 6 Axle - \$2.10	3 Axle - \$1.00 4 Axle - \$1.50 5 Axle - \$2.00	3 Axle - 75¢ 4 Axle - \$1.00 5 Axle - \$1.35	3 Axle - \$1.25 4 Axle - \$1.50 5 Axle - \$2.00

TABLE 6

PASSENGER CAR AND LIGHT TRUCK
ALTERNATIVE TOLL SCHEDULES STUDIED

<u>Toll Plan</u>	<u>Cash</u>	<u>Commutation</u>	<u>Special Book</u>
Schedule in effect prior to 2-1-68	25¢	\$7.50 40-trip 2-Mo. book	-
Alternate 1	35¢	\$7.50 40-trip 2-Mo. book	-
Alternate 2	50¢	\$7.50 40-trip 2-Mo. book	-
Alternate 3	50¢	\$10.00 40-trip 1-Mo. book	\$7.00 20-trip 3-Mo. book
Alternate 4	50¢	\$10.00 40-trip 2-Mo. book	\$7.00 20-trip 3-Mo. book
Alternate 5	50¢	\$8.00 40-trip 1-Mo. book	\$7.00 20-trip 3-Mo. book

TABLE 7
 TRUCK AND TRACTOR-TRAILER
 ALTERNATE TOLL SCHEDULES

	Schedule in Effect Prior to 2/1/68 (Average Toll)	Alternate 1	Alternate 2	Alternate 3
2-Axle Trucks	63.75¢	\$.75	\$.75	\$1.00
3-Axle Trucks & Tractor Trailers	\$1.22	\$1.25	\$1.25	\$1.50
4-Axle Trucks & Tractor Trailers	\$1.60	\$1.75	\$1.60	\$2.00
5-Axle Tractor Trailers	\$2.00	\$2.25	\$2.00	\$2.50
6 or more Axles	\$2.40	\$2.40	\$2.40	50¢/Axle

TABLE 8

TOLL SCHEDULE EFFECTIVE ON

DELAWARE RIVER PORT AUTHORITY BRIDGES

FEBRUARY 1, 1968

<u>CLASSIFICATION</u>	<u>NEW RATE</u>
Passenger Automobile.....	\$.50
40-Trip Commutation Ticket Book.....	10.00
(Good for two months)	
20-Trip Special Commutation Ticket Book.....	7.00
(Good for three months)	
Passenger Automobile and Trailer.....	.75
Passenger Bus.....	1.00
Motorcycle.....	.25
Commercial Trucks:	
2 Axle - 7000 pounds maximum gross weight or less...	.50
2 Axle - 7001 pounds gross weight and over.....	1.00
3 Axle.....	1.50
4 Axle.....	2.00
5 Axle.....	2.50
6 Axles and over.....	3.00
Special Permit: (Non-Commercial motor vehicles 60,001 pounds gross weight and upward) - \$10.00 permit fee required, plus \$1.50 for the first 40,000 pounds and \$.25 for each 2,000 pounds or fraction thereof, in excess of 40,000 pounds.	

TABLE 9

ANNUAL TRAFFIC AND REVENUE PROJECTIONS
PRESENT AND PROPOSED DRPA BRIDGES

Based upon the Toll Schedule Initiated February 1, 1968

Year	Benjamin Franklin and Walt Whitman Bridges		Delair Bridge		Chester Bridge		Total - All Bridges	
	Traffic	Revenue	Traffic	Revenue	Traffic	Revenue	Traffic	Revenue
1967 ⁽¹⁾	56,631,641	\$16,501,734	—	—	908,913 ⁽⁴⁾	\$636,218 ⁽⁴⁾	57,540,554	\$17,137,952
1968	53,643,000	24,810,000	—	—	984,000 ⁽⁴⁾	691,000 ⁽⁴⁾	54,627,000	25,501,000
1969 ⁽²⁾	51,440,000	25,426,000	—	—	1,061,000 ⁽⁴⁾	743,000 ⁽⁴⁾	52,501,000	26,169,000
1970	53,188,000	26,339,000	—	—	1,144,000 ⁽⁴⁾	799,000 ⁽⁴⁾	54,332,000	27,138,000
1971	54,647,000	27,139,000	—	—	1,193,000 ⁽⁴⁾	835,000 ⁽⁴⁾	55,840,000	27,974,000
1972 ⁽³⁾	43,881,000	21,883,000	16,538,000	\$8,483,000	4,964,000	2,512,000	65,383,000	32,878,000
1973	44,715,000	22,333,000	17,578,000	9,050,000	5,669,000	2,877,000	67,962,000	34,260,000
1974	45,659,000	22,833,000	18,286,000	9,448,000	6,043,000	3,076,000	69,988,000	35,357,000
1975	46,594,000	23,341,000	18,911,000	9,809,000	6,253,000	3,194,000	71,758,000	36,344,000
1976	47,737,000	23,948,000	19,594,000	10,206,000	6,474,000	3,317,000	73,805,000	37,471,000
1977	48,611,000	24,431,000	20,162,000	10,543,000	6,659,000	3,422,000	75,432,000	38,396,000
1978	49,605,000	24,971,000	20,789,000	10,916,000	6,861,000	3,537,000	77,255,000	39,424,000
1979	50,591,000	25,517,000	21,419,000	11,298,000	7,061,000	3,653,000	79,071,000	40,468,000
1980	51,709,000	26,126,000	22,115,000	11,715,000	7,281,000	3,780,000	81,105,000	41,621,000
1981	52,536,000	26,593,000	22,681,000	12,123,000	7,460,000	3,886,000	82,677,000	42,602,000
1982	53,495,000	27,133,000	23,310,000	12,458,000	7,658,000	4,004,000	84,463,000	43,595,000
1983	54,444,000	27,664,000	23,936,000	12,844,000	7,855,000	4,119,000	86,235,000	44,627,000
1984	55,537,000	28,266,000	24,621,000	13,263,000	8,074,000	4,248,000	88,232,000	45,777,000
1985	56,318,000	28,716,000	25,181,000	13,613,000	8,245,000	4,352,000	89,744,000	46,681,000

(1) Actual

(2) Initial year of operation of the Philadelphia-Lindenwold Rapid Transit

(3) Initial year of operation of the Delair and Chester Bridges

(4) Chester-Bridgeport Ferry

continued through March of 1968, the full impact of the increase in tolls for a 12 month period will not be realized that year. For 1968, it is estimated that there will be a 5.4% decrease in traffic because of the increase in tolls but a 48.8% increase in revenue. In 1985, it is estimated that these percentages will be 12.2% and 41.6% respectively.

Letter submitted by Walter H. Steel

DREXEL HARRIMAN RIPLEY

INCORPORATED

1500 WALNUT STREET

PHILADELPHIA, PENNSYLVANIA 19101

TELEPHONE: KI 5-4100

NEW YORK
PHILADELPHIA
CHICAGO
BOSTON
SAN FRANCISCO
CLEVELAND
DETROIT
READING
HOUSTON
ATLANTA

April 24, 1968

Delaware River Port Authority
Administration Building
Benjamin Franklin Bridge Plaza
P.O. Box 1949
Camden, New Jersey 08101

Attention: Mr. Paul MacMurray
Executive Director

Gentlemen:

We have reviewed the material submitted by the Federal Highway Administration Office as it pertains to the financing of the facilities authorized by the Delaware River Port Authority and after careful analysis submit our conclusions to you. These are:

A. Composition of Bond Issue: In our opinion, the \$263,000,000 bond issue mentioned in certain figures prepared by the Highway Administrator's Office could not be successfully marketed. No capitalization of interest during the construction period is provided, and without at least a partial capitalization which together with other funds or revenues is sufficient to assure payment of interest and maintenance of reserves during this critical period, we doubt that the market would accept the security. We feel it may be possible to reduce somewhat the amount of capitalized interest indicated in our earlier calculations. Such reduction, together with the lessened refunding requirements and application of a portion of 1968 revenues to construction cost, makes it theoretically possible to reduce the total amount of the issue below that earlier contemplated. We have, in fact, by such changes calculated bond issues ranging from \$290,000,000 to \$310,000,000. Issues of this size would be without the helpful cushion provided in our earlier calculations. This cushion consists principally of full interest capitalization for the construction period and provision for more substantial reserves. Lessening this cushion in the ways mentioned above is feasible only if all or most of the assumptions tabulated below are resolved by the time of financing in favor of the borrower, the Delaware River Port Authority. This, however, seems

DREXEL HARRIMAN RIPLEY
INCORPORATED

Delaware River Port Authority -2- April 24, 1968

quite unlikely and as of this time no public body should stake its solvency and future construction program on such unlikely developments. We cannot therefore recommend financing by a bond issue of the smaller sizes. The assumptions referred to are:

- 1) Projections of traffic and revenues on the four bridges when submitted by Messrs. Coverdale & Colpitts will not be substantially less than those of Messrs. Simpson & Curtin now used as a basis of our studies to date;
- 2) Revenues of the four bridges by reason of the recent liberalization in use of commuter books will not be lessened by more than approximately \$500,000 below those projected by Messrs. Simpson & Curtin;
- 3) The estimated net revenues for the Rapid Transit System as now projected by Messrs. Simpson & Curtin will not be materially lowered;
- 4) The combined operation and maintenance projections for the four bridges will not be materially higher than those recently projected by the Delaware River Port Authority Division of Engineers;
- 5) There will be no escalation of the estimated construction costs now projected by Michael Baker, Jr., Inc., and E. Lionel Pavlo of the Delair and Chester Bridges respectively;
- 6) The cost of the approaches to the existing bridges to be borne by the Authority will be no greater than that now estimated and used in arriving at total costs to be capitalized;
- 7) The interest rate on the permanent financing will be no greater than 5% as now used in our various calculations.

DREXEL HARRIMAN RIPLEY
INCORPORATED

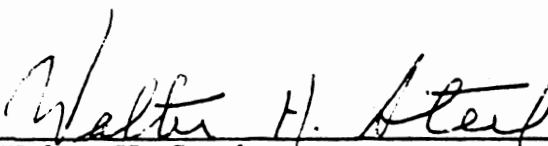
Delaware River Port Authority . -3- April 24, 1968

B. Traffic and Revenue Estimates: In marketing a substantial size bond issue such as contemplated by the Authority where security for such bonds is dependent principally upon revenue derived from motor vehicle traffic, it is basic and essential that projections of future traffic and revenue be made by engineers recognized by potential investors as expert in their field. This is especially true in instances where such estimates are for projects not yet constructed. Unfortunately, therefore, we cannot accept as a basis for financing the estimates of future revenue employed by the Highway Administrator's Office which indicate substantially greater coverage of operation, maintenance and debt service requirements than the estimates of traffic engineers retained by the Authority.

C. Possible Adjustment of Tolls: It is our considered opinion that in the interests of good management, the Authority should not disturb the toll schedule now in effect. To do so would certainly delay and perhaps endanger the financing and thereby the entire construction program.

Respectfully submitted,

DREXEL HARRIMAN RIPLEY, INCORPORATED

By 
Walter H. Steel
Senior Vice President

WHS:bk

1/17/68

TABULATION 1

DELAWARE RIVER PORT AUTHORITY
Determination of Bond Issue
 (000's omitted)

<u>1. Refunding of Outstanding 1953 Resolution Bonds</u>	<u>As Projected to July 1, 1968</u>	
3 1/4% Serial Bonds	\$ 20,300	
3 1/2% Term Bonds	48,000	
Bond Redemption Premium	<u>1,366</u>	\$ 69,666
<u>Less: Estimated Transfer from Existing Bond Service and Bond Service Reserve Funds Walt Whitman Bridge Cons't. Fund Funds Necessary to Refund</u>	\$ 8,566 <u>1,500</u>	<u>10,066</u> \$ 59,600 -
<u>2. Construction Costs</u>		
Rapid Transit System	\$ 83,000	
<u>Less: Authority Funds</u>	<u>25,000</u>	58,000
Delair Bridge	\$ 69,605	
Chester Bridge	<u>79,125</u>	
Total	\$148,730	
<u>Less: Authority Funds</u>	<u>5,000</u>	143,730
Improvement on Existing Bridges(Approaches)	\$ 10,000	
Equipment for Rapid Transit	2,000	
Maintenance Building (B. F. Bridge)	<u>1,000</u>	13,000
Total Construction Cost		<u>\$274,330</u>
<u>3. Other Costs</u>		
Bond Service Reserve		16,250
Bond Discount		6,500
Capitalized Interest		42,220(a) —
Legal, Financial, Printing & Misc.		<u>900</u>
Total		\$340,200
<u>Less: Estimated Earnings on Construction Fund Investments Refunding and New Projects Bond Issue</u>		<u>15,200</u> <u>\$325,000</u>

(a) Interest during construction capitalized for one year on Rapid Transit System portion of bond issue and four years on new bridges portion at assumed interest rate of 5%.

TABULATION 2

DELAWARE RIVER PORT AUTHORITY

Net Revenue Necessary to Achieve Certain Coverage Factors
In the First Full Year of Operation of All Facilities(a)
and Deficit Arising If Present Toll Schedule was Maintained

<u>Coverage Factor</u>	<u>Bond Service(b)</u>	<u>Net Revenue Necessary</u>	<u>Present Toll Schedule (c)</u>	<u>Deficit</u>
1.30	\$19,100	\$24,830	\$14,003	\$10,827
1.35	19,100	25,785	14,003	11,782
1.40	19,100	26,740	14,003	12,737
1.45	19,100	27,695	14,003	13,692
1.50	19,100	28,650	14,003	14,647
1.55	19,100	29,605	14,003	15,602
1.60	19,100	30,560	14,003	16,557

(a) Assumed to be 1972.

(b) Level debt service on \$325,000,000 5% Bonds for 39 years.

(c) Estimated net revenue in 1972 as per Simpson & Curtin's schedule dated October, 1967, and revised January, 1968, (Combination 5).

January 17, 1968

1 The Authority is specifically authorized to combine
2 revenues from a group of facilities to pay for other facilities.

3 NEED FOR ADDITIONAL RIVER CROSSINGS
4

5 Traffic volume predictions were made for the Authority
6 in a 1962 report entitled "Delaware River Crossing Needs to the
7 Year 2000" by Simpson & Curtin, nationally known traffic engineers.
8 This report indicated that by the early 1970's the traffic demand
9 on all existing bridges would greatly exceed the capacity of the
10 bridges if no additional river crossings were provided in the
11 meantime.

12 Chester-Bridgeport Bridge
13

14 The Simpson & Curtin 1962 report concluded that the
15 present Chester-Bridgeport Ferry was inadequate to meet present-day
16 traffic demands and should be replaced with a modern cross-river
17 facility serving the 30 mile stretch of river between the Walt
18 Whitman Bridge and the Delaware Memorial Bridge.

19 Philadelphia-Delair Bridge
20

21 The 1962 report stated that the present Tacony-Palmyra
22 Bridge is inadequate to meet present-day demands of highway traffic.
23 This drawbridge is more than 35 years old and its narrow traffic
24 lanes are below present day design standards. Bridge openings for
25 ship passage during rush hour traffic have caused massive con-
26 gestion.

26 The Traffic Engineers' analysis of the cross-river traffic
27 in the 1962 report showed that a new crossing constructed in the

1 Philadelphia-Delair area, with approach roadways connected directly
2 to the expressway systems and arterial highways on both sides of
3 the Delaware River, would relieve the presently overcrowded Tacony-
4 Palmyra Bridge and would supply the requisite crossing capacity
5 in this area.

6 LOCATION STUDIES AND PLANNING

7
8 Bridge location studies were made and consulting engineers
9 then presented construction recommendations to the Authority.

10 The legislatures of Pennsylvania and New Jersey specific-
11 ally approved the construction of both bridges and the bills were
12 signed by the Governors of both states.¹ At the time the legis-
13 latures granted approval, they were fully aware that the Authority's
14 only source of revenue to support construction of the bridges would
15 come from tolls on the Benjamin Franklin Bridge, Walt Whitman
16 Bridge and the two new bridges. The Chester ferry now operates
17 at a loss and the fares from the Hi-Speed Line will provide no
18 income to help provide for the cost of other projects.

19 Both the Department of the Army and the federal Aviation
20 Agency have issued permits for these bridges.

21 ENGINEERS BRIDGE COST ESTIMATES

22
23 Nationally known engineering firms with wide experience
24 in the construction of bridges, Michael Baker, Jr., Inc. and E.
25 Lionel Pavlo Engineering Co. then submitted to the Authority their

26
27 1. Chester Bridge N.J.S.A. 32:3-13.12-13.42; 36 P.S. 3421-3431
Delair Bridge, N.J.S.A. 32:3-13.50; 36 P.S. 3581-3593

1 estimates of the costs of building the bridges. Their most recent
2 estimates, assuming construction is completed by 1972 indicate
3 that the Chester Bridge will cost \$79,125,000 and that the Delair
4 Bridge will cost \$69,605,000.

5
6 COST OF OTHER AUTHORIZED IMPROVEMENTS

7 Traffic congestion at the Camden end of the Benjamin
8 Franklin Bridge presently requires the construction of extensive
9 new approach facilities and new connections with the North-South
10 Freeway which is being extended to the Bridge. Similarly, addi-
11 tional ramps are needed at the entrance and exits to the North-
12 South Freeway at the east end of the Walt Whitman Bridge. Also,
13 the Delaware Expressway requires new traffic patterns on the west
14 end of both bridges interconnecting with the new expressway. The
15 cost of building new approach facilities to the Benjamin Franklin
16 and Walt Whitman Bridges will be \$10,000,000.

17 The Authority must also finance the Hi-Speed Line which
18 will have cost \$83,000,000 when completed apart from equipment and
19 start-up costs.

20 Finally, the Authority must finance equipment and start-
21 up cost for the Hi-Speed Line and build a new maintenance building
22 near the Walt Whitman Bridge at a cost of \$3,000,000.

23 The total of these improvements is \$244,730,000.

24
25 RECOMMENDATIONS OF AUTHORITY'S FINANCIAL
CONSULTANTS

26
27 The Authority has presented its financial position and
28 requirements to its financial consultants, Drexel Harriman, Ripley &

1 Co. and Elkins, Morris, Stroud & Co. These consultants have been
2 asked to recommend the most economical and prudent way of raising
3 the additional capital necessary to build the new bridges, complete
4 the Rapid Transit line and construct the other facilities mentioned
5 above, including improved bridge approaches.

6 These consultants have suggested a \$325,000,000 bond
7 issue which will refund existing Authority obligations and pro-
8 vide the new capital necessary. They have indicated that for
9 marketing purposes, the most desirable method would involve the
10 issuance of parity bonds, but when the time comes for the offering
11 of the bonds, a recommendation will be made whether to pay off the
12 existing debt or to issue subordinate bonds, leaving the old bonds
13 outstanding.

14 Moreover, the Authority has been advised by its consult-
15 ants that projected net revenue (revenue after operating expenses)
16 in the first year of operation of all facilities of at least
17 \$25,785,000 will be desirable in order to make such an issue mar-
18 ketable on reasonable financial terms.

19 Finally, no matter which method of financing is used,
20 the Authority's financial consultants advise that it will be
21 necessary to earn approximately the same amount of net revenue
22 (\$25,785,000) in the first full year of operation.

23 This program provides that the Authority will commit
24 \$30,000,000 of uncommitted general funds to the costs of con-
25 structing the bridges, the Rapid Transit line and the other
26 facilities mentioned above. This will leave the Authority
27

1 with an estimated \$24,000,000 in uncommitted general funds as of
2 July 1, 1968. The retention of these general funds is planned:
3 (a) to serve as a reserve against unanticipated cost increases of
4 the projects; and (b) to perform other authorized purposes of the
5 Authority.

6 TRAFFIC ENGINEERS PROJECTED NET REVENUE

7 In order to determine what toll schedules would produce
8 the necessary net revenue (\$25,785,000 in the first year of opera-
9 tion), the Authority requested the firms of Simpson & Curtin and of
10 Coverdale & Colpitts, traffic engineers, to make the necessary
11 traffic studies. Simpson & Curtin made traffic studies and pre-
12 dictions analyzing the effect of many different toll schedules as
13 well as the revenue which would be realized.

14 Similarly, the Authority with the help and advice of its
15 bridge engineers projected the operating expenses of all facilities
16 during the first full year of operation. The operating expenses
17 were determined to be \$13,420,000. The necessary gross revenues
18 were therefor \$39,205,000.

19 The Simpson & Curtin Bridge Revenue Potential and Toll
20 Schedule Study (after analysis of many alternate toll schedules)
21 indicated that the bridge toll schedule made effective on February 1,
22 1968 and proposed Hi-Speed Line fares would produce gross revenues of
23 \$39,203,000 in the first full year of operation of all facilities.
24 Coverdale & Colpitts, as called for by their contract, will make
25 their report after the toll schedule has been in effect and studied
26 for several months.

27 The Authority considered carefully whether this February 1,
28 1968 toll schedule would be just and reasonable. In addition
29 to considering the needs of the Authority and the duties with

1 which the Authority is legislatively charged, the Authority con-
2 sidered carefully the tolls on similar facilities at both ends of
3 the state of New Jersey and other comparable river crossings. The
4 new tolls are directly comparable to a substantial number of crossings
5 in the area and specifically, are almost identical with the tolls
6 of the New York Port Authority Hudson River crossing.

7 After considering these and other factors, including
8 monetary inflation, the Authority determined to adopt the toll
9 schedule which became effective on February 1, 1968.

10 ILLUSTRATIVE MATERIAL

11 Charts illustrating the foregoing and containing additional
12 information relevant to the Port Authority projects are attached
13 and are a part hereof:

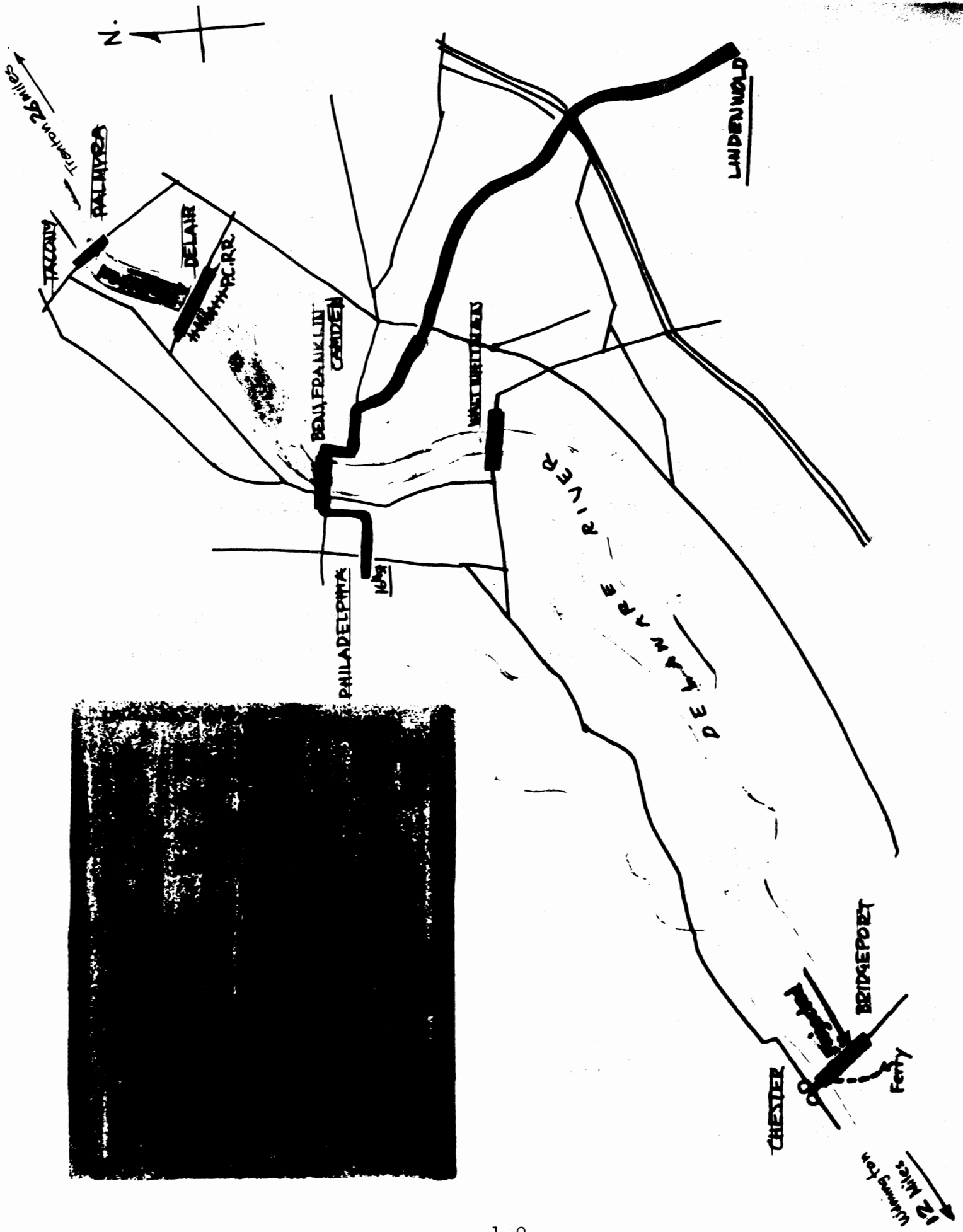
- 14 Regional Map
- 15 D.R.P.A. Public Improvements in Dollars
- 16 Use of Proceeds from Regional \$325,000,000
Bond Issue
- 17 Income Needs
- 18 Estimated Gross Revenue
- 19 Schedule of Tolls
- 20 Some Comparable Tolls
- 21 Future Traffic Potential of Bridges and
Hi-Speed Line
- 22 Consumer Price Index
- 23 Estimate of Gross River Traffic 1960-2000

24 Queries:

25 Philip Bucci
26 Phone: Pe 5-8592

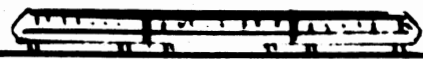
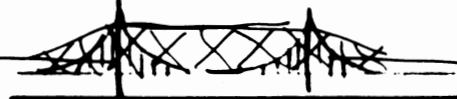
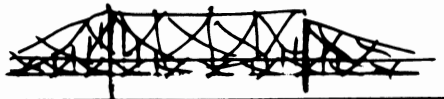



Joseph P. McLaughlin
Phone: Ki 6-1830

27 February 14, 1968



DELAWARE RIVER PORT AUTHORITY PUBLIC IMPROVEMENTS in DOLLARS

CONSTRUCTION COSTS

	Southern New Jersey Rapid Transit System	\$ 83,000,000
	Delair Bridge	69,665,000
	Chester Bridge	79,125,000
	Improving Existing Bridge Approaches	10,000,000
	Equipment for Rapid Transit Operations (Includes Supplies and Start-up costs)	2,000,000
	Maintenance Building (B.F. Bridge)	1,000,000
TOTAL CONSTRUCTION COSTS		\$ 244,730,000

141

Source: Estimates of Consulting Engineers

CAPITAL IMPROVEMENTS

Authority Funds Committed

\$ 244,730,000

- 30,000,000

214,730,000

REFUNDING of Outstanding 1953 Resolution Bonds*

3 1/4% Serial Bonds 20,300,000

3 1/2% Term Bonds 48,000,000

Bond Redemption Premium 1,366,000

69,666,000

LESS:

Estimated Transfer from Existing Bond Service & Bond Service Reserve Funds. 8,566,000

Walt Whitman Bridge Const Fund 1,500,000

- 10,066,000

59,600,000

OTHER COSTS

Bond Service Reserve 16,250,000

Bond Discount 6,500,000

Capitalized Interest 42,220,000

Printing, Financial, Legal & Miscellaneous. 900,000

65,870,000

LESS:

Estimated Earnings on Const Fund Investm't. 15,200,000 - 15,200,000

50,670,000

* Refunding is used on this chart because financial consultants indicated that for marketing purposes the most desirable method would involve the issuance of parity bonds, but when the time comes for the offering of the bonds, a recommendation will be made whether to pay off the existing debt or to issue subordinate bonds, leaving the old bonds outstanding.

Source: Consulting Engineers & Financial Consultants Report.



1972

OPERATION AND MAINTENANCE

Four Bridges - Rapid Transit System
Studies, Port Development Offices
Administration and Other
Authorized Activities

\$ 13,420,000

REVENUE NECESSARY

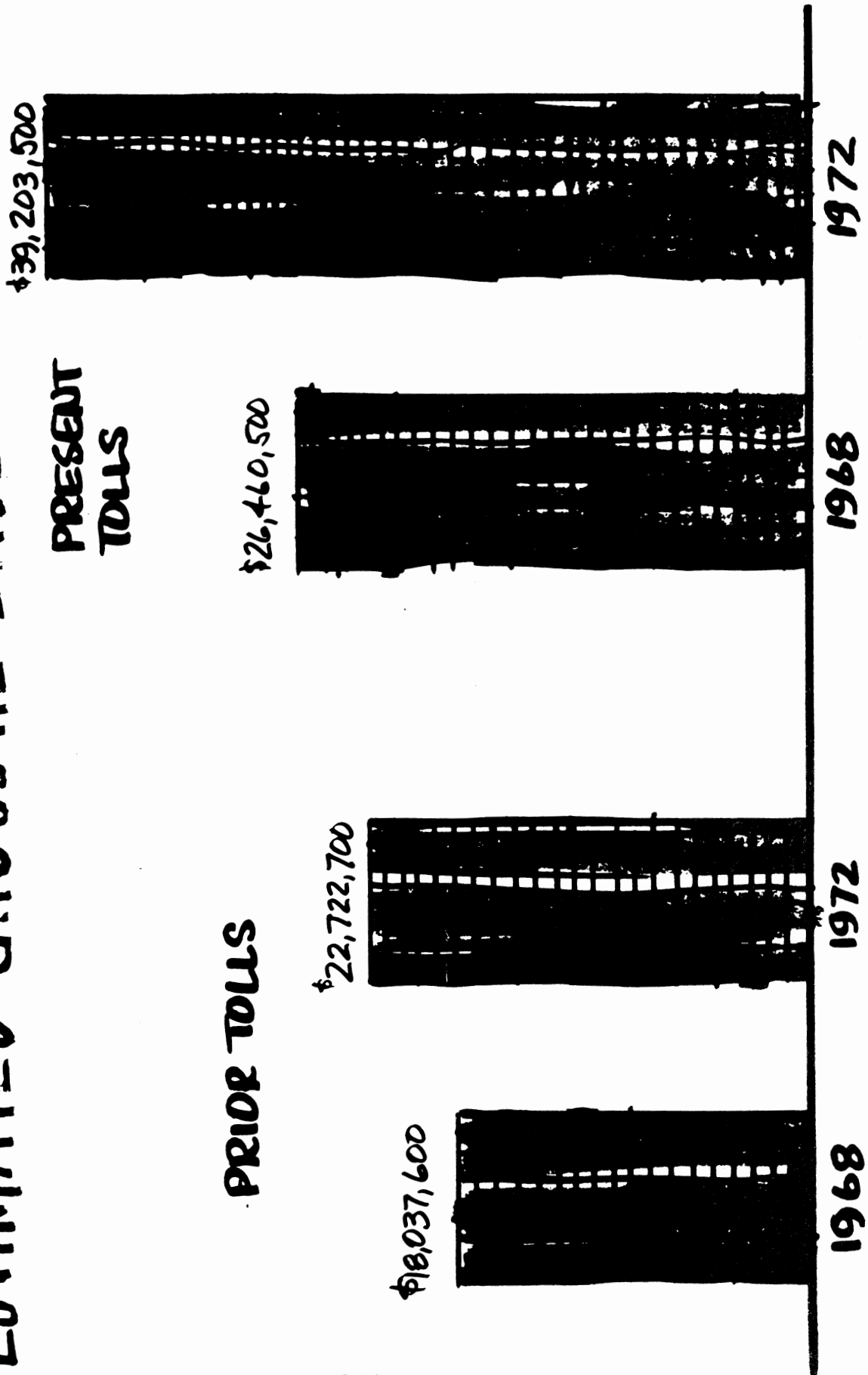
To Secure Financing and to Make
the Proposed Bonds Marketable



TOTAL:

39,205,000

DELAWARE RIVER PORT AUTHORITY ESTIMATED GROSS REVENUE



Source: Traffic Engineering Consultants Estimates

SCHEDULE of TOLLS

VEHICLE TYPE	TO JAN 31, 1968		FROM FEB. 1, 1968		INCREASE for Passenger Cars & Light Trucks
	COMMUTATION	SINGLE TOLL	COMMUTATION	SINGLE TOLL	
Passenger Auto & Light Truck* - 40 Trip - 60 Days	\$ 7.50	.18 ³ / ₄	\$ 10.00	.25	.06 ¹ / ₄
Passenger Auto & Light Truck* - 20 Trip - 90 Days	7.00	.35	.10
Passenger Auto & Light Truck* - Single Trip25	.....	.50	.25
Automobile & Trailer40	.....	.75	
Bus50	.....	\$ 1.00	
Motorcycle15	.....	.25	
Truck - gross weight (lbs.)					
7,0001 to 19,00050	} By Axle Count as Below		} Truck Toll Rates have been changed from a weight-axle basis to an axle basis and are not directly comparable
19,0001 to 30,00075			
30,001 to 36,000	1.00			
36,001 to 48,000	1.50			
48,001 to 60,000	1.75			
60,001 to 73,280	2.00			
Commercial Tractor & Trailer					
2 Axles	1.00	
3 Axles	1.50	
4 Axles	2.00	
5 Axles	2.50	
6 Axles (or more)	3.00	

145

*Light Trucks: 7000 lbs. and Under

Source: Schedule of Tolls DRPA (Revised Jan 17, 1968)

SOME COMPARABLE TOLLS

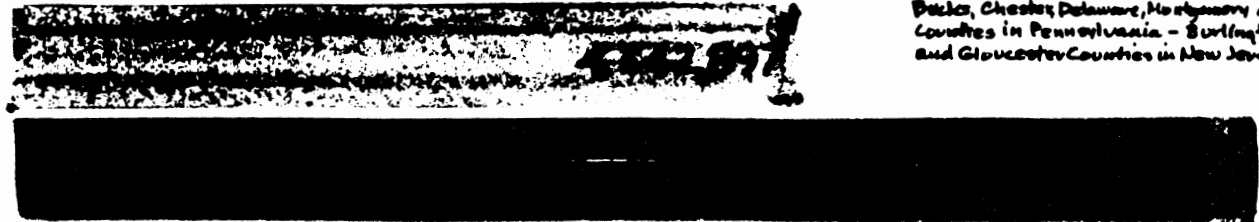
	REGULAR	IRREGULAR	SINGLE TRIP	TRUCK RATE	
	Commuter Car	Commuter Car	Car	Min.	Max.
DELAWARE RIVER PORT AUTHORITY	.25	.35	.50	\$1.00	\$3.00
Delaware River Memorial Bridge . . . . .	.20	.50	.50	1.00	2.10
Bayonne Bridge . . . . .	.25	.50	.50	.50	2.00
George Washington Bridge . . . . .	.25	.50	.50	.50	2.00
Goethals Bridge . . . . .	.25	.50	.50	.50	2.00
Outerbridge Crossing . . . . .	.25	.50	.50	.50	2.00
Verrazano Bridge . . . . .	.50	.50	.50	.50	2.00
Holland Tunnel . . . . .	.25	.50	.50	.50	2.00
Lincoln Tunnel . . . . .	.25	.50	.50	.50	2.00
Chesapeake Bay (Annapolis) Bridge	\$1.00	\$1.00	\$1.00	1.50	5.00
Tappan Zee Bridge . . . . .	.40 (35 days)	.50	.50	.50	1.50
Baltimore Harbor Tunnel . . . . .	.50	.50	.50	.60	.95
Detroit Ambassador Bridge . . . . .	.60+.10 Per Passenger	.60+.10 Per Pass.	.60+.10 Per Pass.	.60	.01 per cwt.

DELAWARE RIVER PORT AUTHORITY

FUTURE TRAFFIC POTENTIAL of BRIDGES and HIGH SPEED LINE

Estimated
Population
Increase

1960
1980

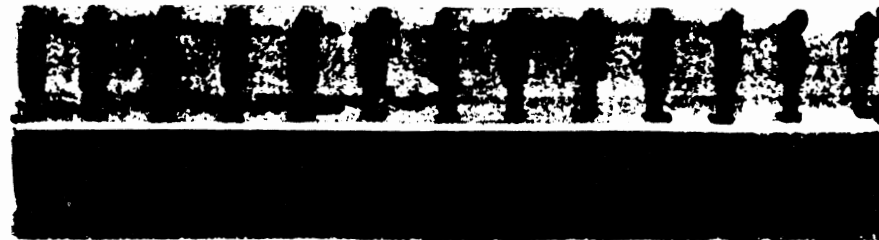


Delco, Chester, Delaware, Montgomery and Phila. Counties in Pennsylvania - Burlington, Camden and Gloucester Counties in New Jersey.

147

Population
Density
Increase

1960
1980



Persons per sq. mile
1,296
2,027

Passenger
Car Registration
Increase

1960
1980



1,260,141

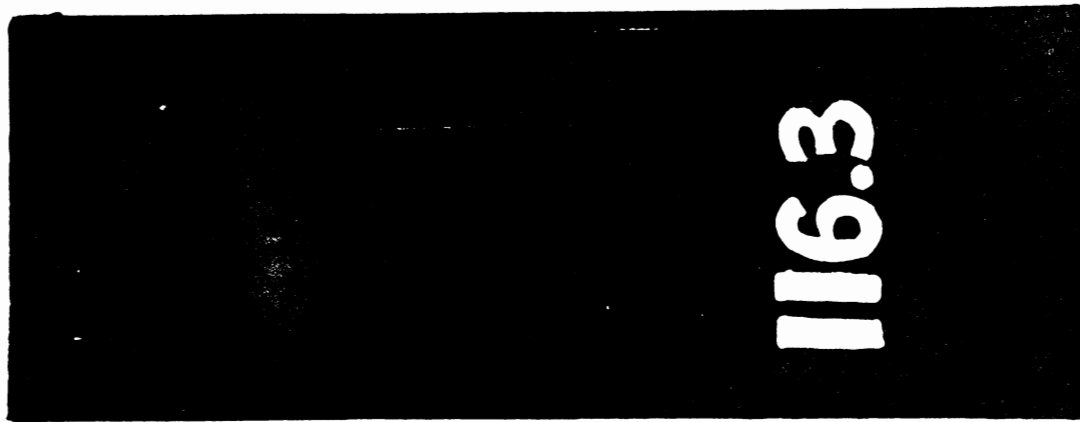
2,618,000 **108%** INCREASE

Source

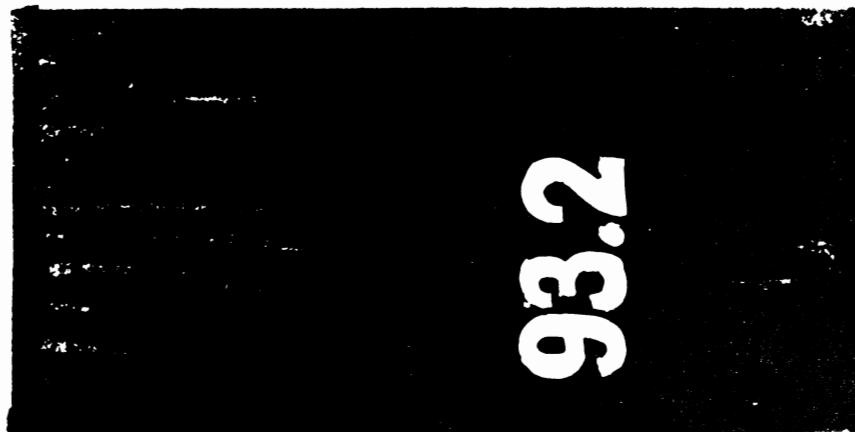
DELAWARE RIVER PORT AUTHORITY

**CONSUMER
PRICE INDEX**

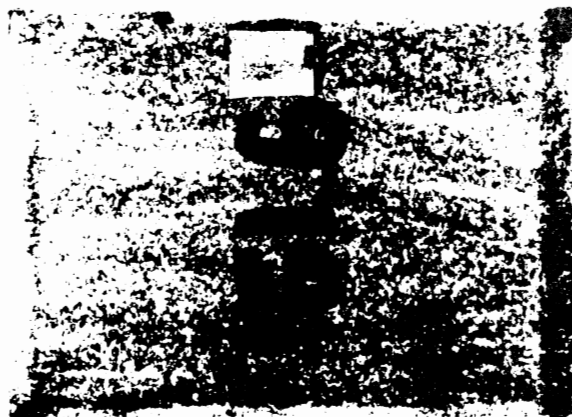
1967



1953

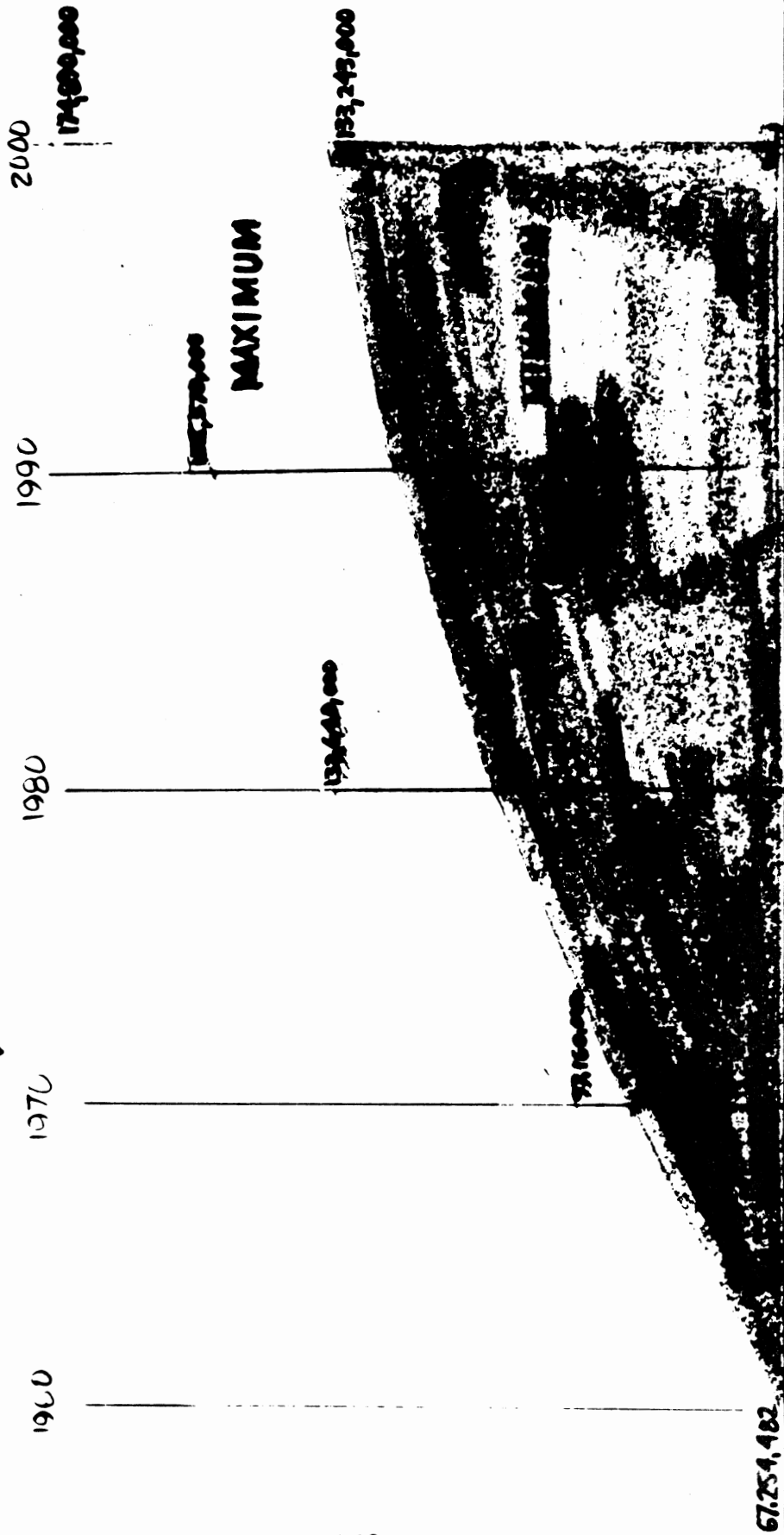


1926



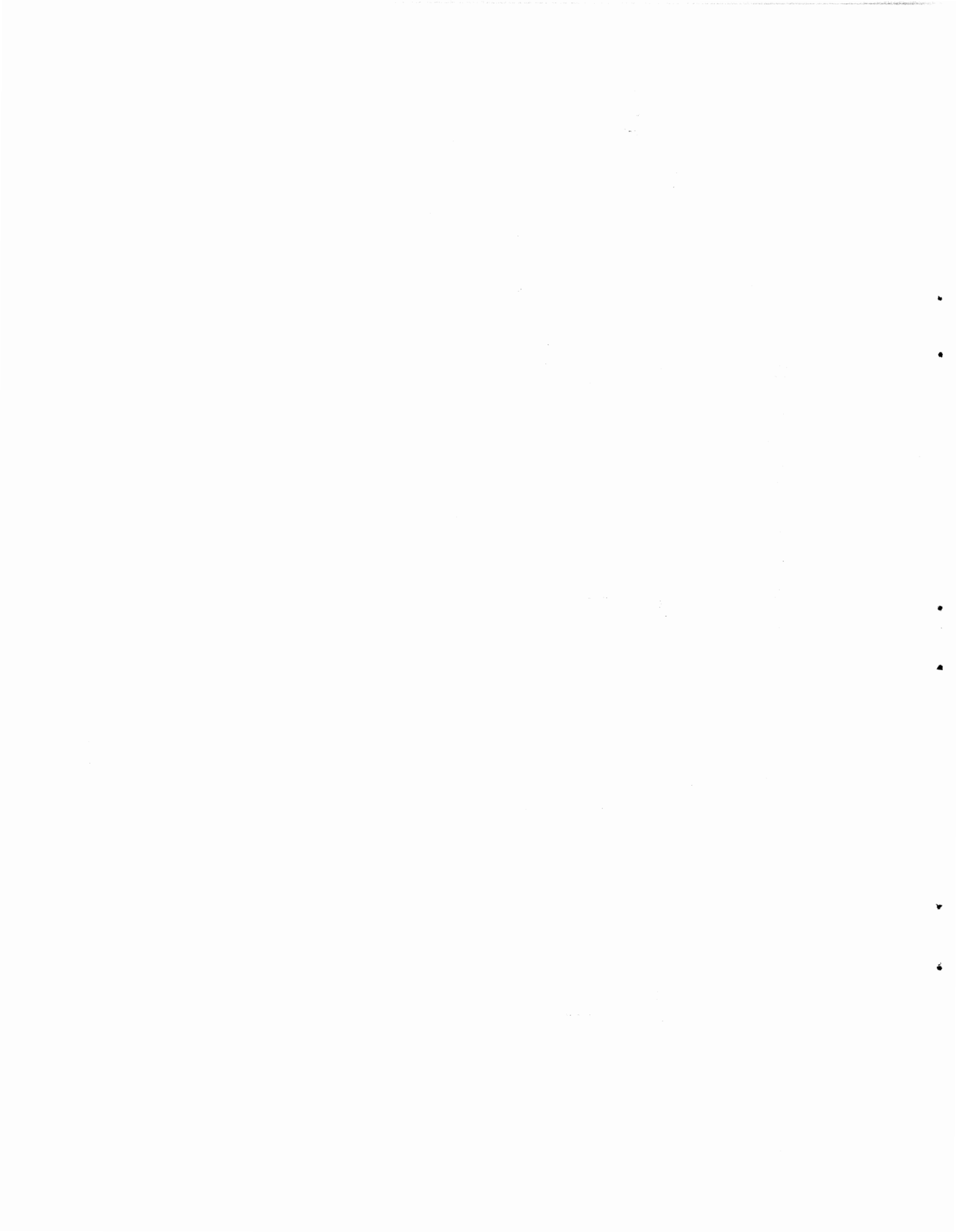
Source: U.S. Department of Labor
Bureau of Labor Statistics

DELAWARE RIVER PORT AUTHORITY ESTIMATE OF CROSS-RIVER TRAFFIC* 1960-2000



Source: Report of Delaware River County
Bureau, 1960-2000; Simpson & Co., Inc., 1960

* If the Haddonfield, Woodbury & Moorestown branches of the Hi-Speed Line are not completed prior to 1980 these figures for vehicular traffic will be greater than those shown.



✓

