

THE PORT OF NEW YORK AUTHORITY

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



EIGHTEENTH ANNUAL REPORT

DECEMBER 31, 1938

COMMISSIONERS

NEW JERSEY

FRANK C. FERGUSON
Chairman

GEORGE deB. KEIM

IRA R. CROUSE

JOHN MILTON

JOSEPH M. BYRNE, Jr.

JOHN BORG

NEW YORK

HOWARD S. CULLMAN
Vice-Chairman

JOHN J. PULLEYN

ALEXANDER J. SHAMBERG

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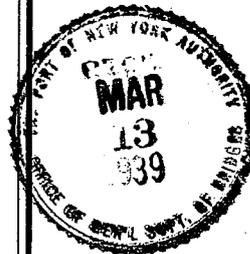
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TABLE OF CONTENTS

| | PAGE |
|--|------|
| Letter of Transmittal..... | 9 |
| Section I—Port Development..... | 14 |
| Section II—Construction | |
| Part 1—Lincoln Tunnel..... | 26 |
| Part 2—George Washington Bridge..... | 29 |
| Section III—Operation of Interstate Vehicular Crossings | |
| Part 1—Holland Tunnel..... | 31 |
| Part 2—Lincoln Tunnel..... | 32 |
| Part 3—George Washington Bridge..... | 34 |
| Part 4—Bayonne Bridge..... | 35 |
| Part 5—Arthur Kill Bridges..... | 36 |
| Section IV—General | |
| Part 1—Financial | 37 |
| Part 2—Real Estate..... | 45 |
| Section V—Accounts and Statistics | |
| Part 1—Report of Arthur Andersen & Co..... | 49 |
| Part 2—Port Authority Tables..... | 61 |

**LETTER OF TRANSMITTAL—ANNUAL REPORT
FOR YEAR 1938**

NEW YORK, *March 3, 1939*

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

The three principal objectives toward which the Port Authority directed its efforts during 1938 were the refunding of its outstanding debt, now evidenced by serial bonds bearing coupons up to 4½ per cent, with long term General and Refunding Bonds carrying low interest coupons; the completion of the New York approach to the George Washington Bridge which had been deferred since 1931; and the completion of the first operating unit of the Lincoln Tunnel, particularly the comprehensive approach system in New Jersey.

In the latter part of 1938, careful consideration was given to the desirability and method of securing funds to refund in November, 1939 all outstanding George Washington Bridge, Series B, 4½ per cent, Serial Bonds in the hands of the public. In December, 1938, the issuance of a second installment of Fifth Series, General and Refunding, 3¼ per cent Bonds due in 1977, was authorized for this purpose.

In January, 1939, the Commissioners ratified the sale of \$16,700,000 par value, of the second installment, Fifth Series, 3¼ per cent, Due 1977, General and Refunding Bonds. The proceeds from these sales totalled \$16,945,125, and with amounts accumulated in George Washington Bridge Reserve Funds will be sufficient to provide funds

necessary to permit the refunding of all outstanding George Washington Bridge 4½ per cent Serial Bonds on November 1, 1939.

There was issued and delivered to the Comptroller of the State of New York in payment of advances by the State of New York in aid of construction of the George Washington Bridge \$2,777,777.78 par value of Series FF, 3 per cent Bonds, Due March 1, 1941. In addition a total of \$3,500,000 General and Refunding, 3¼ per cent, Fifth Series, Bonds were sold to the Teachers' Pension and Annuity Fund, State of New Jersey, and Mutual Life Insurance Company of New York. The sale of these bonds made available sufficient funds to provide the balance necessary to complete scheduled construction work yet to be done on the Lincoln Tunnel.

During 1938 decision was made to proceed with the completion of work on the New York approach of the George Washington Bridge including construction of approach ramps from the bridge to Fort Washington Avenue, encasing the New York anchorage, and the work remaining to be done on the 178th Street Tunnel to Amsterdam Avenue.

In addition, with financial aid from the Public Works Administration of the Federal Government, sufficient funds became available to construct a connecting roadway between the eastern end of the 178th Street Tunnel and the Harlem River Speedway of the city of New York, as well as a new onbound connection from the Henry Hudson Parkway that will eliminate 360 degrees of curvature for bridge traffic.

With respect to the Lincoln Tunnel, it is anticipated that the marginal approach roadways over the Palisades will be ready to handle traffic by June 1, 1939, and that the depressed express highway approach will be available for operation during the coming summer.

While construction of the second tube of the Lincoln Tunnel was commenced during 1937, experience under actual operating conditions during 1938 indicated clearly that one tube would give ample capacity to handle all traffic

which might be reasonably expected until such time as approach highways Nos. 10 and S-3 are built by the State of New Jersey as was contemplated at the time the Port Authority was first directed by the states to proceed with the construction of this tunnel. Accordingly, the Commissioners directed that all work on the subaqueous portion of the second tube and on the New York approach thereto not under contract should be deferred indefinitely.

Total traffic for the year amounted to 23,372,070 vehicles, an increase over 1937 of 749,754 units or 3.3 per cent. However, in order to get a true comparison with 1937, the Lincoln Tunnel, which handled 1,790,647 vehicles in 1938 and was not in operation in 1937 except for the final ten days, must be excluded. On this basis there occurred a decrease of 968,166 vehicles or 4.3 per cent, the totals being 22,549,589 vehicles for 1937 and 21,581,423 vehicles for 1938. While it is disappointing that such decrease did occur it is encouraging to note that the 1938 traffic, excluding the Lincoln Tunnel, was still over 1,200,000 vehicles greater than that recorded in 1936.

There was practically no change in the occupancy status of the Port Authority Commerce Building, it remaining approximately 100 per cent rented during the year.

After considering report on suburban transit for northern New Jersey which the Port Authority submitted to the New Jersey Legislature in 1937 as directed by it, the Legislature in February of 1938 directed the Port Authority to continue and extend its studies for the development of a definitive plan for suburban transit relief, including a physical plan for the North Jersey transit system, a financial plan for effectuation of the initial stage of such a system, and drafts of legislation aimed to permit the financing, maintenance and operation of the system by or under the control of the Port Authority, and making provision for meeting any losses if any should occur. Work has been carried on throughout the year on such a study and it is anticipated

that a report will be submitted to the Legislature of the State of New Jersey sometime early in 1939.

The Port Authority has continued as directed by the two states to appear before regulatory and rate-making bodies for the purpose of protecting the commerce of the Port of New York. These activities in 1938 covered participation in seven proceedings before the Interstate Commerce Commission, four proceedings before the Maritime Commission, and one proceeding each before the New York Public Service Commission and a federal court. Of these, satisfactory results were obtained in six cases as against one unfavorable decision. The remaining cases are still pending either before federal commissions or courts.

Of particular interest is the information that continuous efforts of the Port Authority, in cooperation with other port and transportation interests, over the past several years with respect to efforts to secure removal of restrictions placed by the British government on Canadian grain consigned to the United Kingdom by way of United States ports, have met with success through the inclusion in the trade treaty effectuated between the United States and United Kingdom of a section devoted to the removal of such restrictions.

Other items of commerce from which restrictions to their free movement through the Port of New York have been eliminated are sugar, cocoa beans and unboxed automobiles.

The federal regulation of interstate motor trucks and buses, put into effect by the Motor Carrier Act of 1935, has assumed a growing importance. The Port Authority has endeavored to obtain an equality of treatment of communities in the Port District in the fixing of motor truck rates on long-distance traffic and to secure a uniform degree of regulation on local movements within the district itself. The establishment of many new interstate bus lines, using Port Authority facilities, is being delayed until such time

as the Interstate Commerce Commission acts upon the applications of operators for certificates of convenience and necessity.

Respectfully submitted,

THE PORT OF
NEW YORK AUTHORITY

FRANK C. FERGUSON,

Chairman,

HOWARD S. CULLMAN,

Vice-Chairman,

A. J. SHAMBERG,

JOHN J. PULLEYN,

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JOSEPH M. BYRNE, JR.,

CHARLES S. WHITMAN,

JOHN BORG,

FRANK J. TAYLOR,

Commissioners.

SECTION I—PORT DEVELOPMENT

Unification of Railroad Terminal Operations

One of the important duties laid upon the Port Authority by the Statutory Plan adopted by the two states in 1922 is to unify and coordinate railroad terminal operations within the Port District. Previous annual reports have traced the efforts and achievements in carrying out this phase of the Port Authority's work.

Some progress has been made in unifying belt line operations on the New Jersey waterfront (Belt Line 13) and Union Inland Terminal No. 1 was built by the Port Authority and leased in 1931 to the railroads as an initial facility for consolidating less-carload freight. Where belt lines have been coordinated and union terminal facilities created the results have been highly beneficial to the merchants and manufacturers of the district in reducing costs, eliminating cross hauling and expediting service.

The benefits to the railroads have not been so clear because in few if any instances have the initial steps been expanded into a comprehensive reorganization of terminal operations in the New York District as originally contemplated. With this fact in mind the Port Authority is now engaged in negotiations with the railroads for a comprehensive joint canvass of the gains which could be made by a unification of station operations in all sections of the port, consolidation of marine operations and waterfront yards, float bridges and lighterage piers and the substitution of all-rail cross-harbor operation and joint terminal trucking for marine operations where possible. Available data on these subjects in some cases are several years old and many changes have taken place in the interim. Such a reorganization plan would have to be carried out in a series of steps but each step would aim at an ultimate goal in which the economies would be cumulative.

Suburban Transit

The New Jersey Legislature, by joint resolution approved by the Governor of New Jersey on February 21, 1938, directed the Port Authority to continue and extend its studies for the development of a definitive plan for suburban transit relief, the study to include a physical plan for the North Jersey transit system, a financial plan for the effectuation of the initial stage of such a system and drafts of legislation aimed to permit the financing, maintenance and operation of the system by or under the control of the Port Authority, making provision for meeting any losses, if any should occur.

As part of this study, an origin and destination passenger traffic survey in northeastern New Jersey was made on railroads and ferries on March 23, 24 and 30, 1938. Extensive cost estimates have also been completed, in consultation with railroad engineers, of alternative physical and operating plans. These, together with financial legislative recommendations, will be submitted to the Legislature in the early part of 1939.

Channel Improvements

As part of its duties to urge on federal authorities appropriate improvement of channels for water-borne commerce, the Port Authority participated during 1938 in eleven public hearings before the United States Army Engineers, in matters pertaining to river and harbor improvements. Of these five dealt with the widening and deepening of channels, five related to the question of bridge clearances over or tunnel clearances under navigable waterways and one with the extension of bulkhead lines in connection with North Beach airport.

Where bridges were involved the Port Authority has advocated a standard vertical clearance of 35 feet in closed position for bridges over secondary channels, in order to permit the passage of the major portion of tugs, barges and other harbor craft without the necessity of raising the

bridges and interfering with land traffic. Maintenance of standard vertical clearances by bridge builders on important secondary channels therefore aids both land and water traffic by minimizing "grade crossing interference."

Some of the projects recommended by the Port Authority included deepening of the Raritan River to 12 feet up to New Brunswick, dredging of a 27 foot ship basin at Yonkers, and creation of a uniform channel of 14 foot depth and 125 foot width in Jamaica Bay along the northern shore of the Rockaway peninsula.

During 1938 nearly \$9,000,000 was spent in improving channels in the Port of New York district by the Army Engineers, principally on projects at the following points:

New York-New Jersey Channels (Staten Island Sound)
—Dredging of Kill van Kull and Arthur Kills to 35 feet.

Harlem River Ship Canal—Straightening of channel through Johnson Iron Works property.

Hudson River Channel (south of 54th Street)—Deepening of main ship channels to 45 feet.

Buttermilk and Red Hook Channels (between Brooklyn and Governor's Island)—Deepening to project depths of 35 and 40 feet.

New York State Barge Canal

The Port Authority, being aware of the important part the New York State Barge Canal plays as a water gateway to the sea through the Port of New York for the domestic, coastal and foreign traffic of an important industrial and agricultural section of the United States, continued its efforts toward resisting attempts to remove the restriction against the imposition of tolls on the Barge Canal by opposing a proposal designed to change the present toll-free status of the canal which was laid before the 1938 Constitutional Convention. A proposal reaffirming the present prohibition against tolls was adopted by the convention and ratified by the people on November 7, 1938.

Port Unity—Definition of New York Commercial Zone for Motor Truck Regulation

The Seventeenth Annual Report called attention to the intervention of the Port Authority in a suit against the Interstate Commerce Commission before a federal court looking toward redefinition of the New York commercial zone as applied to rate making for motor truck carriers by the Interstate Commerce Commission so that certain sections particularly in New Jersey not included in the commercial zone but generally considered a part of the Port District might be included therein. No decision had been made at the end of the year.

Meanwhile, during 1938 the New York State Motor Carrier Act became effective and the same question as to exemption arose with respect to New York intrastate operations between New York City and surrounding municipalities included in the Port District or metropolitan zone. Hearing was held before the Public Service Commission on June 27, 1938. The Port Authority took the position that the uniform exempt area should include White Plains, Yonkers, New Rochelle, Mt. Vernon, Port Chester and other communities in the district along with New York City. The Public Service Commission's decision, rendered on July 27, 1938, included Yonkers, New Rochelle and Mt. Vernon, but not Port Chester and White Plains.

Motor Carrier Rates—Ex Parte MC-20 and 22

The growing importance of the motor truck as a means of transportation has presented a problem that has had the attention of the Port Authority during the year. Prior to 1935, motor truck traffic was unregulated, but with the passage of the Motor Carrier Act this traffic became subject to much the same type of regulation as rail traffic. During the year, two very important investigations have been instituted by the Interstate Commerce Commission looking toward stabilizing the motor carrier rate structure by the prescription of minimum rates. The first of these investigations was Ex Parte MC-22, involving rates between the

Port of New York and New England territory. The motor carriers in that investigation proposed to divide up the city of New York into small groups or zones and to apply higher rates to the outlying zones than to those located at the center. The Port Authority participated in this investigation, taking the position that the Port District should be treated as a unit for rate making purposes and that no discriminatory charges or rules should be assessed at the Port of New York that would injure the traffic of the Port.

The Interstate Commerce Commission, in a tentative decision rendered on August 3, 1938, has temporarily approved the rates and groupings proposed by the motor carriers for a six months period. The case is to be reopened in early spring for the purpose of giving further consideration to this phase of the proceeding. In the meantime a number of truck operators have voluntarily equalized rates applicable to northern New Jersey with New York City on specific commodities.

In early December an important group of motor carriers in New England filed a petition seeking authority to assess a surcharge of ten cents per bill of lading on all shipments moving between New York and destinations in New England states. This petition is based upon the alleged increased cost brought about by the increase in wage scales in the New York territory. The Port Authority filed a reply to this petition pointing out the discrimination thus created against the Port of New York. It is anticipated that the petition will be set for hearing by the Interstate Commerce Commission before any final action is taken.

Ex Parte MC-20 involves rates between New York and Philadelphia-Washington territory. The motor carriers in this case proposed to treat most of the district as a unit for minimum rate purposes. However, surcharges were proposed for certain sections of the Bronx, Queens, Brooklyn and Staten Island. A number of hearings have been held, and the Port Authority presented evidence aimed at preserving the maximum amount of uniformity throughout the Port District and at preventing discriminatory rates being

prescribed to and from shipside traffic at the Port. Briefs will be filed in February, 1939.

***Philadelphia Port Differential Case—
I.C.C. Docket 27427***

In the Seventeenth Annual Report reference was made to a formal complaint by the City of Philadelphia, attacking the import rail rate structure, including rates from the Port of New York. On May 18, 1938 the examiner who heard the testimony issued a proposed report recommending dismissal on all issues raised by the complainant. No exceptions were filed by the Port Authority as the examiner's recommendations were in line with the position of the Port Authority. Oral argument was had before the Interstate Commerce Commission on October 14, 1938, and on December 2nd the Commission dismissed the complaint.

***Rates from Central Territory on Unboxed
Automobiles—I & S Dockets 4122, 4252***

It was reported in the Seventeenth Annual Report that this case had been decided by the Interstate Commerce Commission; that the decision was satisfactory to the Port of New York; that the rates on unboxed automobiles favoring New Orleans had been adjusted and that the case had been closed.

The decision of the Commission, however, was not favorably received by the Port of New Orleans and the southern carriers. In the early part of January they filed petitions requesting the Commission to reopen the case. The Port Authority and other interested parties filed a joint brief in reply to these petitions.

On February 24, 1938, the Commission denied all the petitions for reconsideration, thus ending this long drawn-out litigation.

Virginia Port Differential Case—Docket 28076

In addition to the so-called standard rail rates between interior territory and the Atlantic ports, which are gener-

ally lower at Philadelphia, Baltimore and Norfolk, there is a system of rates applicable westbound and in some cases eastbound via more circuitous routes involving in some cases combinations of ocean-rail, rail and lake or ocean-rail and lake which apply between Atlantic seaboard ports and interior territory.

These combination water-rail routes are available to shippers out of New York at rates lower than the standard all-rail rates and at levels which are competitive with the standard rail rates from Baltimore and Norfolk. The state of Virginia filed a complaint against these water-rail rates on the ground that they discriminate against Norfolk and Richmond. While the complaint is specifically directed at the relationship between Baltimore and Norfolk, the proceeding may involve the maintenance of the rates from New York also. Accordingly, the Port Authority intervened in the proceeding to protect the position of the Port of New York.

The first hearing was held before an Examiner of the Interstate Commerce Commission on November 30th and a further hearing will be heard January 17th. The case will probably not be decided until late in 1939.

Storage Charges on Import Property on Steamship Piers—U.S.M.C. Docket 482

In the Seventeenth Annual Report reference was made to the problem of storing inbound import freight and free time allowance in connection therewith. Specific reference was made to the situation affecting green coffee which traffic is highly competitive with southern ports. In January, 1938, the ocean carriers undertook to comply with the decision of the Maritime Commission in Docket 221 by establishing a scale of penalty charges on traffic remaining on the piers beyond the ten-day free time period. In view of the special circumstances encountered in this movement of green coffee, including very liberal free time regulations at the Port of New Orleans, the ocean carriers elected to place a somewhat lower charge on coffee.

Upon complaints of the Ports of Boston, Philadelphia, Baltimore and Norfolk, the Maritime Commission instituted an investigation in Docket 482 to determine the reasonableness of the penalties proposed. The Port Authority was represented at the hearing and subsequently filed a brief taking the position that the storage charges assessed on coffee were sufficiently high to clear the piers of this traffic within a reasonable time, and that the carriers should be permitted to maintain a basis which would not force the commerce away from New York to ports where regulations were more liberal. The Examiner issued a proposed report which recommended that the Maritime Commission approve the proposed scale. The proceeding has been orally argued and is now awaiting final decision of the Maritime Commission.

Transit Period on Cocoa Beans—I.C.C. Docket 28008

The annual movement of cocoa beans through the Port of New York amounts to about 190,000 tons and is valued at approximately \$20,000,000. The Port of Philadelphia is the principal competitor. The Port of New York has been threatened with the loss of some of the business due to the inadequacy of the in-transit storage period allowed by the railroads. If held beyond the allowable period the cocoa beans would no longer be entitled to an import rate to the interior and would have to pay a higher domestic rate.

In order to protect this traffic the New York rail carriers filed tariffs with the Interstate Commerce Commission in March and April extending the period within which imported cocoa beans could be stored in transit from twelve to twenty-four months. The Interstate Commerce Commission suspended the application of the revised rules and assigned the proceeding for hearing on May 1, 1938. The Port Authority was represented at the hearing and contended that the storage-in-transit period at New York should be no less than that accorded at Philadelphia. The Examiner issued a tentative report on October 10th which, if approved by the Interstate Commerce Commission, will equalize the situation at New York and Philadelphia.

The case is now pending before the Commission for final decision.

Intercoastal Sugar Rates—U. S. Maritime Commission Docket 499

Another controversy developed during the year with New Orleans, involving sugar rates from the west coast to the interior.

For years the intercoastal steamship lines operating to the Gulf and the lines operating to the north Atlantic ports have published the same rates on sugar from the Pacific coast. On March 7, 1938, the north Atlantic carriers increased the rate to New York from 30 cents to 35 cents per one hundred pounds although no corresponding increase took place in the rate to New Orleans, thus disrupting the long standing parity.

The Port Authority unsuccessfully petitioned the Maritime Commission to suspend the increased rate to New York, and then negotiated with the ocean carriers to have the parity restored. Meanwhile the Gulf lines proposed to reduce the New Orleans rate from 30 cents to 22½ cents per one hundred pounds, increasing New York's disadvantage to 17½ cents per one hundred pounds. This time the Maritime Commission suspended the rate on petition and assigned the matter for hearing. The Gulf-intercoastal lines later withdrew the 22½ cents rate and the Maritime Commission has discontinued the proceeding. Tariffs have been filed increasing the New Orleans rate to 35 cents, effective April 1, 1939. This will restore parity.

***U.S. Maritime Commission Conference—
American Flag Steamship Service at
the Port of New York***

During the early part of the year the Port Authority was requested by the Maritime Commission to arrange a hearing at New York relative to the alignment of the American flag merchant marine with a view to serving essential trade routes in the most efficient manner. A large number

of witnesses representing municipalities, chambers of commerce, export shippers, importers and others testified at the hearing, which was held in the Port Authority auditorium on April 18 and 19, with Admiral Wiley of the Maritime Commission presiding. In the course of the hearing the staff of the Port Authority presented data showing that the Port of New York has facilities capable of handling nearly twice as much foreign commerce as it now enjoys and that the great density of population and manufacturing enterprises in the territory around New York provides an immense potential pool of commerce for American flag ships.

Specific suggestions were made regarding the development of fast American flag service between New York and the larger European ports, and routing slower freight ships to make New York the last port-of-call outbound and the first inbound. Strengthening of service to South America and the Orient was advocated and the weakness pointed out of setting up duplicate subsidized services from other U. S. ports with little or no local freight to offer with the result that rate-cutting to divert interior freight from American flag lines out of New York inevitably follows. Since this hearing several steps in realigning the American flag service along the lines suggested have been made.

At the request of a special committee of advisory experts of the United States Maritime Commission, the Port Authority also made a survey of the coastwise and inter-coastal services operating from this port. This survey was completed early in December and definite recommendations were made with respect to improvements in the number and types of carriers and operations of those lines serving the Port of New York.

On May 17, 1938 the Baltimore Mail Steamship Company filed an application with the Maritime Commission seeking authority to transfer to domestic intercoastal service the five combination passenger and cargo vessels formerly operated between Baltimore and Hampton Roads ports and Europe. The discontinuance earlier in 1938 of the inter-

coastal service of the Panama-Pacific and the Grace Lines left an unfilled demand for passenger and refrigerated space which the Baltimore Mail vessels could supply.

The Port Authority appeared at the hearing in support of the application, which was subsequently approved by the Maritime Commission. The five vessels have been placed in intercoastal service under the flag of the Panama-Pacific Line, furnishing forty-four sailings per year, thus greatly strengthening the service between New York and California ports.

The Port Authority also appeared before the Maritime Commission in support of applications for an operating differential subsidy for service plying between New York and South African ports. These applications were ultimately granted, and it is expected that new vessels will be constructed and placed in operation on this route.

Removal of Obstacles to Grain Exports

The Port Authority in cooperation with other port and transportation interests has been active for several years in negotiating the removal of restrictions placed by the British Government on Canadian grain consigned to the United Kingdom by way of United States ports.

Direct consultation with the British authorities in 1933 were only partially successful but the aid of the State Department was enlisted in connection with the reciprocal trade agreement program.

As a result, this matter was included in the negotiations of the Trade Treaty with the United Kingdom, which became effective January 1, 1939. It provides for the free entry of American wheat into the United Kingdom market, and this automatically removes any duty on Canadian grain passing through the United States en route to Great Britain.

The removal of these restrictions is expected to bring back to the Port more of the transit grain which is an important item for shipping, railroads, inland waterway operation, elevators and grain handlers located here.

The prospect of a restoration of a larger movement of grain of United States origin through the Port of New York was heightened by the action of the eastern railroads in reducing by six cents per 100 pounds the reshipping rate from Chicago to New York and making certain adjustments in the rates from eastern Illinois, effective October 31, 1938. With an exportable surplus of both American wheat and corn the revision of rates to restore a proper relationship between New York and the Gulf ports from domestic points of origin became of vital significance to the port's traffic. The Port Authority aided by furnishing data on this subject to the eastern railroads and in supporting the proposed readjustment of rates in the face of protests filed with the Interstate Commerce Commission by New Orleans interests. The reduced rates to New York are now in effect.

SECTION II—CONSTRUCTION

Part 1—Lincoln Tunnel

The "loop" structure in Weehawken, connecting the toll area with surface streets and to be extended ultimately as a depressed express highway across the Palisades, was opened to traffic on October 15, 1938. This structure practically completes the approach facilities in Weehawken and supplements the connections to Hudson County Boulevard East and Park Avenue which were available when the First Operating Unit of the Lincoln Tunnel was opened for traffic in December, 1937. Eight contracts were involved in the work of constructing the loop, and three additional contracts in completing the approach facilities in Weehawken.

The express highway will make direct connection with New Jersey State Highway Routes Nos. 1 and 3 and with Paterson Plank Road. It will also provide direct access to and from Hudson County Boulevard West via a three level structure which, by the use of a traffic circle at an intermediate level, will permit the free interchange of vehicles between the Boulevard and the express highway without interfering with the movement of through traffic on either. The express highway will have three traffic lanes in each direction. Connections are provided to permit other than tunnel traffic to pass to and from the surface streets near Pleasant Avenue and at Hudson County Boulevard East.

A contract for excavating one section of the depressed express highway had been let in December, 1937. Eight additional contracts for construction of the approach in Union City and North Bergen were let in 1938. These were for excavation of an additional section for the depressed highway and for construction of bridges to carry the surface streets over it, for a traffic interchange structure at Hudson County Boulevard West, for pavement of marginal streets in Union City, for the foundations, steel work and



Lincoln Tunnel—New Jersey Plaza and Approaches Looking Northwest

deck of the viaduct approach structure in North Bergen, and for electrical work.

Of these, the contracts for excavation and overhead bridges and for the foundations of the viaduct are either completed or are well advanced. The other contracts now active, and additional contracts to be let for paving and electrical work, should result in completion during the early months of 1939 in order that the entire New Jersey approach may be opened to traffic before the summer season.

Excellent progress has been made during the year on the contract for the shield tunnel section, rock tunnel section and shafts for the North Tunnel. At the beginning of the year shield tunneling operations had progressed about one-third of the distance under the river from the New Jersey shore toward the shaft of the river ventilation building at the New York bulkhead line. "Holing through" operations in the under river tunnel took place on May 2, 1938, when a thirty-inch pipe was jacked from the shaft of the ventilation building into the advancing shield. The last move of the shield into the shaft was made on May 12th. Since that time the silt taken into the tunnel during shield tunneling operations has been removed, the lining caulked and much of the interior concrete placed. Tunneling under New York City streets and rock tunneling under King's Bluff had been completed in 1937. Interior concrete was placed in these sections during the year, and was completed in the rock tunnel section in March. The New Jersey ventilation shaft, completely excavated in 1937, was finished in July. Taken as a whole, the contract is about 90 per cent completed.

A contract for borings to determine subsurface conditions on the New York approach and a contract for ventilation equipment, both for the North Tunnel, were awarded early in the year. The boring contract was completed in March. No work was done on the manufacture of ventilation equipment, however, as in May the Port Authority decided to discontinue for the present the work not yet actually under way, including the preparation of contracts still to be advertised for completion of the North Tunnel

and the approach thereto. The latter include the ventilation buildings, the steel bent section of the tunnel, plaza and approach in New York, and the interior finish and paving. Work on these deferred contracts will be resumed when traffic conditions warrant completion of the North Tunnel.

SECTION II—CONSTRUCTION

Part 2—George Washington Bridge

At the beginning of the year two construction contracts for work in connection with the vehicular tunnel approach in West 178th Street were active, HRB-22 for the ventilation building, and HRB-21 for the ventilation equipment. A third tunnel contract, for the electrical installation, HRB-32, was executed in April. These three contracts were completed in December.

Two other contracts to complete the 178th Street tunnel ready for operation, namely, HRB-30 for the tunnel finish and HRB-31 for tunnel pavement were executed in August and September respectively. At the close of the year the work on tunnel finish was approximately 90 per cent completed and the tunnel pavement contract approximately 45 per cent completed.

Detailed plans for completion of the New York anchorage in Fort Washington Park and the approach ramps west of Fort Washington Avenue had been in preparation since June, 1937. Bids for this work, under Contract HRB-29, were received in May, 1938. The anchorage is being encased in granite rubble masonry with sawn granite buttresses. Two approach roadways, one on either side of the existing center roadway, are being added to make connection with Fort Washington Avenue, requiring widening of the arch over Riverside Drive. The center roadway will be used by vehicles passing to and from the 178th Street tunnel and also by vehicles using the connections to Henry Hudson Parkway. Construction work on the anchorage and ramps has advanced steadily so that the contract at the close of the year was about 60 per cent completed and is expected to be entirely completed in the spring of 1939.

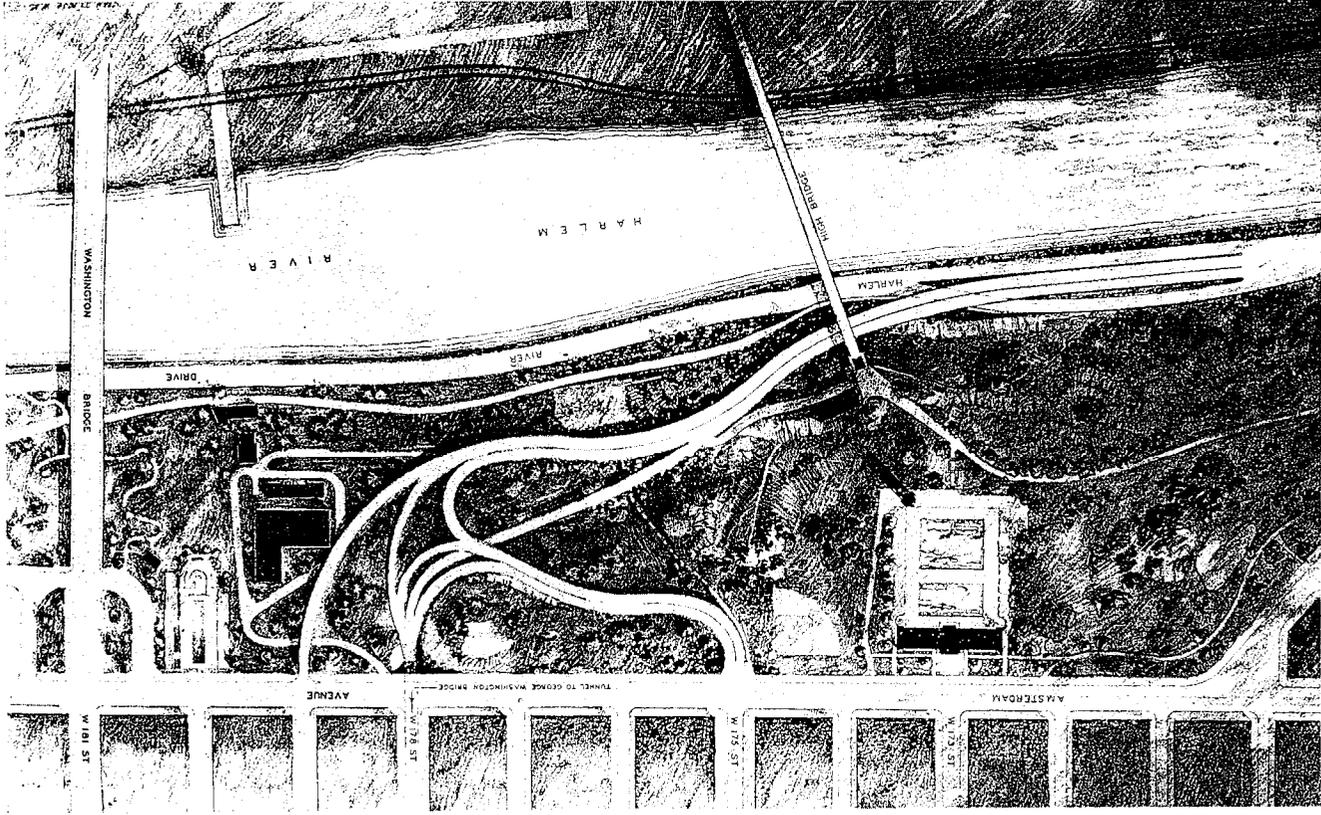
This contract, together with contracts for tunnel finish and tunnel paving previously mentioned, and contracts for

the construction of an approach through Highbridge Park from the portal of the 178th Street tunnel and from Amsterdam Avenue to the Harlem River Speedway are included in a P.W.A. docket under a loan and grant agreement consummated in June, 1938.

General plans for the approach through Highbridge Park were developed in cooperation with the Commissioner of Borough Works of Manhattan and the Department of Parks of the City of New York. This extension of the approach will afford direct passage for vehicles between the George Washington Bridge and the Triborough Bridge and other Harlem and East River bridges when the City's express highway system is completed.

Highbridge Park is a comparatively steep and rugged hillside with Amsterdam Avenue, which flanks it on the west, approximately 150 feet higher than the Speedway along the river. The approach structure will thus be largely a viaduct through the Park and, in design, will consist of a series of reinforced concrete arched openings. Junction with the Speedway will be effected south of Highbridge opposite 170th Street.

Borings were taken in the late summer under Contract HRB-33 to determine the subsurface conditions in Highbridge Park on the alignment of the connection. A contract for the southerly portion of the connection, HRB-35, was executed in November and at the close of the year was 5 per cent completed. Plans for the northerly part of the connection are well advanced and it is expected that contracts for this portion of the work will be advertised early in 1939. The connection is expected to be completed during 1939.



George Washington Bridge—Connection between 178th Street Tunnel Approach and Harlem River Speedway—
Under Construction

SECTION III—OPERATION OF INTERSTATE VEHICULAR CROSSINGS

Part 1—Holland Tunnel

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

Traffic

A total of 12,446,284 vehicles used the Holland Tunnel in 1938 compared with 13,079,269 in 1937, a decrease of 632,985 vehicles or 4.8 per cent. It is believed that the decrease in 1938 was brought about principally by the general business recession experienced during that period but other factors contributing to a greater or lesser extent were the adverse winter weather conditions, a small amount of diversion to the Lincoln Tunnel which was opened in December 1937, and construction work on the approaches leading to the Holland Tunnel. While a decrease of 632,985 vehicles in 1938 is considerable it should be remembered that traffic through the Holland Tunnel in 1937 reached an all time peak since its opening.

Revenues and Expenses

Gross income for 1938 amounted to \$6,905,266.69 compared with \$7,282,282.10 in 1937, a decrease of \$377,015.41 or 5.2 per cent. Total operating expenses for 1938 were \$1,543,755.72 compared with \$1,576,974.39 for 1937, a decrease of \$33,218.67 or 2.1 per cent.

Net income from operation for 1938 amounted to \$3,467,881.51 compared with \$3,762,798.65 for 1937, a decrease of \$294,917.14 or 7.8 per cent.

SECTION III—OPERATION OF INTERSTATE VEHICULAR CROSSINGS

Part 2—Lincoln Tunnel

The first operating unit of the Lincoln Tunnel, consisting of one tube only, was opened to traffic on December 22, 1937. As decision was reached during 1938 to defer indefinitely completion of the second tube of the tunnel, traffic will continue to move in both directions in one tube.

Traffic

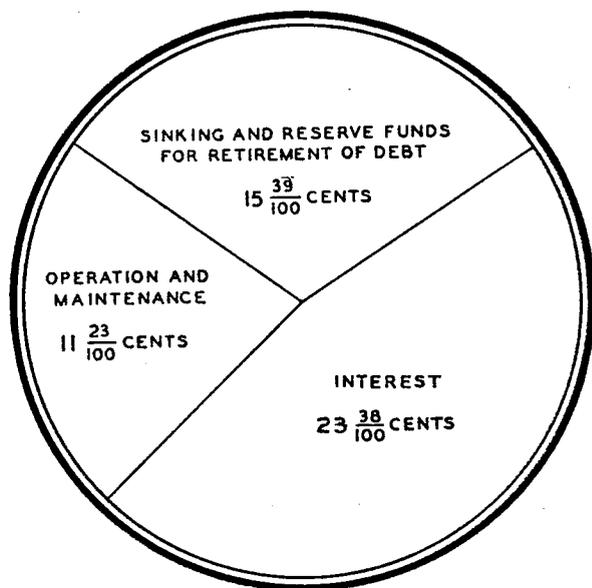
During 1938 the Lincoln Tunnel was used by 1,790,647 vehicles. As this tunnel was in operation during 1937 only for the final ten days of that year, there is no basis for comparison of traffic for the two years.

The opening of the comprehensive approach roadways to the Lincoln Tunnel over the Palisades and terminating at junction with New Jersey State Routes 1 and 3 during the late spring or early summer of 1939 will provide considerably easier access to this facility and should stimulate the movement of traffic through it.

Revenues and Expenses

Gross income for 1938 amounted to \$1,012,546.80 and operating expenses were \$658,410.08. After deducting operating expenses and interest on funded debt, there resulted a net deficit of \$953,857.69.

THE 50¢ TOLL - WHERE IT WENT BRIDGES AND TUNNELS YEAR 1938



THE 11 $\frac{23}{100}$ CENTS FOR OPERATION AND MAINTENANCE
ARE DIVIDED AS FOLLOWS -

| | |
|---------------------------------|---|
| TOLL COLLECTIONS | 1 $\frac{22}{100}$ CENTS |
| LIGHTING AND TUNNEL VENTILATION | 1 $\frac{52}{100}$ CENTS |
| CLEANING | $\frac{46}{100}$ CENTS |
| POLICING | 2 $\frac{66}{100}$ CENTS |
| INSURANCE | 1 $\frac{01}{100}$ CENTS |
| OTHER OPERATING EXPENSES | 2 $\frac{96}{100}$ CENTS |
| DEVELOPMENT | $\frac{12}{100}$ CENTS |
| ADMINISTRATION AND LAW | 1 $\frac{28}{100}$ CENTS |
| TOTAL | 11 $\frac{23}{100}$ CENTS |

SECTION III—OPERATION OF INTERSTATE VEHICULAR CROSSINGS

Part 3—George Washington Bridge

The George Washington Bridge was opened to traffic on October 25, 1931.

Traffic

A total of 7,694,216 vehicles used the George Washington Bridge during 1938. This is compared with a total during 1937 of 7,950,705 vehicles representing a decrease of 256,489 vehicles or 3.2 per cent. Pedestrian traffic increased by 5,247 or 3 per cent from a total for 1937 of 172,111 to 177,358 in 1938.

Revenues and Expenses

Gross income in 1938 amounted to \$4,582,357.55 compared with \$4,682,148.61 in 1937, a decrease of \$99,791.06 or 2.1 per cent.

Operating expenses for 1938 totaled \$517,581.86, an increase of \$70,548.70 or 15.8 per cent over the 1937 total of \$447,033.16. This increase in operating expenses was brought about primarily by the necessity for charging against operations the cost of painting the floor steel of the structure. Heretofore, painting which had been done on the bridge was that originally deferred until after the opening of the bridge and therefore chargeable to capital.

Net income for the year was \$1,960,908.23 and in 1937, \$2,099,639.66, showing a decrease for 1938 of \$138,731.43 or 6.6 per cent.

SECTION III—OPERATION OF INTERSTATE VEHICULAR CROSSINGS

Part 4—Bayonne Bridge

The Bayonne Bridge, connecting Port Richmond, Staten Island, with Bayonne, New Jersey, has been in operation since November 15, 1931.

Traffic

In 1938 the Bayonne Bridge was used by 513,079 vehicles, a decrease of 26,702 or 4.9 per cent under the total of 539,781 for 1937.

Revenues and Expenses

Gross income for 1938 amounted to \$237,248.75 compared to \$260,858.13 in 1937 a decrease of \$23,609.38 or 9.1 per cent. Approximately one-half of this decrease is attributable to the fact that in 1937 miscellaneous income, in which is included income from investments, etc., amounted to approximately \$12,000 more than the same item in 1938. On the basis of toll revenues only the decline amounted to only 4.7 per cent.

Operating expenses for 1938 totaled \$103,977.34. The figure in 1937 was \$73,627.71, showing an increase for 1938 of \$30,349.63 or 41.2 per cent. Here again, as in the case of the George Washington Bridge, the increase was brought about by the necessity for charging to operating accounts an item of approximately \$30,000 for the painting of the bridge structure. Heretofore, similar painting charges had been charged to capital.

Operations in 1938 resulted in a net deficit less by \$63,210.78 or 21.1 per cent than that experienced in 1937. The totals were \$235,706.29 in 1938 and \$298,917.07 in 1937.

SECTION III—OPERATION OF INTERSTATE VEHICULAR CROSSINGS

Part 5—Arthur Kill Bridges

Goethals Bridge and Outerbridge Crossing, known as the Arthur Kill Bridges, have been in operation since June 29, 1928.

Traffic

Total traffic on these two facilities for 1938 amounted to 927,844 vehicles which, compared to a total of 979,834 in 1937, represents a decrease of 51,990 vehicles or 5.3 per cent.

Revenues and Expenses

Gross income in 1938 for these facilities was \$457,390.80 compared with \$486,370.67 for 1937, a decrease of \$28,979.87 or 6.0 per cent.

Operating expenses for 1938 totaled \$138,489.24 compared with \$147,897.76 for 1937, a decrease of \$9,408.52 or 6.4 per cent.

Operations in 1938 resulted in a net deficit of \$211,144.65 compared with the total for 1937 of \$191,940.61, an increase of \$19,204.04 or 10.0 per cent.

Goethals Bridge Bus Line

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

| Year | Passengers Carried | Gross Revenue | Operating Expenses | Net Operat- ing Revenue |
|---------------------|-----------------------|------------------|-----------------------|----------------------------|
| 1931 (10 months) .. | 197,137 | \$19,873 55 | \$28,873 80 | \$9,000 25* |
| 1932 | 214,769 | 24,369 40 | 28,117 00 | 3,747 60* |
| 1933 | 195,096 | 22,430 05 | 24,179 86 | 1,749 81* |
| 1934 | 202,619 | 22,937 67 | 24,127 89 | 1,190 22* |
| 1935 | 220,084 | 24,597 35 | 25,613 91 | 1,016 56* |
| 1936 | 235,651 | 26,861 40 | 26,297 33 | 564 07 |
| 1937 | 238,948 | 26,880 86 | 26,276 19 | 604 67 |
| 1938 | 198,413 | 22,856 55 | 23,975 15 | 1,118 60* |

* Deficit.

SECTION IV—GENERAL

Part I—Financial

Results of Operations

Gross revenue in 1938 from all sources amounted to \$14,635,660, compared with \$14,050,581 for the year ended December 31, 1937, an increase of \$585,079, or 4.2 per cent. Deductions for interest on funded debt, operating expenses and all other charges amounted to \$10,290,723, an increase of \$1,742,591, or 20.4 per cent. However, to get a true comparison of these items, figures for the Lincoln Tunnel, which was in operation only for the final ten days of 1937, must be deducted in both 1938 and 1937. The result then is a decrease in 1938 of \$166,900 or 2 per cent. The net income for 1938 of \$4,344,936, compared with the net for the previous year of \$5,502,448 shows a decrease of \$1,157,512, or 21.04 per cent. This decrease is due mainly to the Lincoln Tunnel which incurred a deficit of \$953,858. The net income from all sources for the year 1938 as compared with the previous year follows:

| Facility | Net Income | | Increase or Decrease |
|-----------------------------|----------------|----------------|-------------------------|
| | 1938 | 1937 | |
| Holland Tunnel | \$3,467,881 51 | \$3,762,798 65 | \$294,917 14† |
| George Washington Bridge... | 1,960,908 23 | 2,099,639 66 | 138,731 43† |
| Lincoln Tunnel | 953,857 69* | 16,666 41* | 937,191 28† |
| Bayonne Bridge | 235,706 29* | 298,917 07* | 63,210 78 |
| Arthur Kill Bridges..... | 211,144 65* | 191,940 61* | 19,204 04† |
| Inland Terminal No. 1..... | 142,527 49 | 82,571 57 | 59,955 92 |
| Other Sources | 174,327 76 | 64,962 39 | 109,365 37 |
| Total | \$4,344,936 36 | \$5,502,448 18 | \$1,157,511 82 |

The disposition of the net income for the year 1938 follows:

| | |
|---------------------------------------|----------------|
| Holland Tunnel—Sinking Fund..... | \$1,500,000.00 |
| George Washington Bridge—Sinking Fund | 1,960,908.23 |
| Inland Terminal—Sinking Fund..... | 142,527.49 |
| General Reserve Fund..... | 2,078,121.62 |

* Deficit.

† Decrease.

| | |
|------------------------------------|-----------------------|
| Insurance Fund | 20,580.71 |
| Additions and Betterments..... | 43,506.94 |
| Operating Reserves (Deficits)..... | 1,400,708.63 |
| Total | \$4,344,936.36 |

Funded Debt

| | |
|---|-----------------------|
| Funded Debt outstanding as of December 31, 1937 was..... | \$205,103,000 |
| The following new securities were issued during the year: | |
| Series FF, 3%, issued in payment of advances made account George Washington Bridge Construction | \$2,777,778 |
| General and Refunding Bonds, 5th Series, 3¼%, issued for: | |
| (a) Lincoln Tunnel Construction | 3,500,000 |
| (b) Refunding Serial Issues.. | 1,225,000 |
| Total increase in Funded Debt..... | \$7,502,778 |
| The following securities were removed from circulation during the year: | |
| Maturities paid were: | |
| Series B 4s..... | \$1,000,000 |
| Series C 4s..... | 1,648,000 |
| Series E 4¼s.... | 1,000,000 |
| Total | \$3,648,000 |
| Bonds acquired and pledged in accordance with the terms of General and Refunding Plan were: | |
| Series B 4½s.... | \$1,877,000 |
| Series C 4s..... | 3,522,000 |
| Series D 4¼s.... | 375,000 |
| Total | \$5,774,000 |
| Bonds removed from pledge account maturities: | |
| Series B 4s..... | \$1,000,000 |
| Series C 4s..... | 715,000 |
| Series E 4¼s.... | 20,000 |
| Total | \$1,735,000 |
| Net amount of bonds pledged in 1938 | \$4,039,000 |
| Total decrease in Funded Debt..... | \$7,687,000 |
| Net decrease in Funded Debt..... | 184,222 |
| Total Funded Debt outstanding as of December 31, 1938..... | \$204,918,778* |
| Sinking and Statutory Funds..... | 13,451,827 |
| Net Funded Debt..... | \$191,466 951 |

* After providing for unrepresented bonds called for redemption as follows:

| | |
|-------------------|---------|
| Series A 4½s..... | \$1,000 |
| Series B 4s..... | 11,000 |
| Series C 4s..... | 235,000 |
| Series D 4¼s..... | 5,000 |

Lincoln Tunnel Financing

The Port Authority has determined to defer indefinitely the completion of the North Tube of the Lincoln Tunnel.

All of the funds necessary to complete the first operating unit with its approaches to the stage presently contemplated have been acquired by the sale of \$66,084,000 par value of General and Refunding Bonds, and through a grant of \$4,780,000 from the Public Works Administration. The bonds sold for the construction of this project are as follows:

| | | |
|---------------------|-----|--------------|
| First Series | 4s | \$24,848,000 |
| Second Series | 3¾s | 16,500,000 |
| Fourth Series | 3s | 10,000,000 |
| Fifth Series | 3¼s | 14,736,000 |
| Total | | \$66,084,000 |

To complete the project to its ultimate stage of two tubes will require an additional \$12,000,000.

Cash and Securities on Hand

Cash and securities in all accounts as at December 31, 1938 amounted to \$33,275,643.92. Of this sum there was allocated for construction purposes \$8,034,596.41. Liabilities for estimated construction work completed prior to December 31, 1938 amounted to \$2,303,756.13, leaving a balance of \$5,730,840.28 available for future construction of which \$4,810,533.02 is available for Lincoln Tunnel construction and \$797,562.20 for the completion of the New York anchorage and approach ramps, the vehicular tunnel under 178th Street and other construction work in connection with the George Washington Bridge.

Deposits in two hundred and forty-five banks located in New Jersey and New York amounted to \$17,258,894.03, and cash on hand, in transit and in working fund amounted to \$133,463.95. Deposits in bank accounts are fully secured by deposit of collateral or by Federal Deposit Insurance.

As of December 31, 1938, securities acquired for investment purposes, at cost, amounted to \$15,883,285.94 and are represented by the following:

| Security | Amount | Per Cent |
|--------------------------------|-----------------|----------|
| United States Government | \$5,027,010 02 | 31.65 |
| State of New York | 1,476,451 08 | 9.30 |
| New York Municipals | 2,349,982 77 | 14.80 |
| New Jersey Municipals | 118,966 74 | .75 |
| Port of New York Authority | | |
| Series B Bonds | 64,737 77 | .41 |
| " D " | 53,061 25 | .33 |
| " F " | 1,298,903 63 | 8.18 |
| G & R, First Series | 480,488 75 | 3.03 |
| " Second " | 354,387 50 | 2.23 |
| " Third " | 1,581,450 00 | 9.95 |
| " Fourth " | 1,577,069 31 | 9.93 |
| " Fifth " | 1,500,777 12 | 9.44 |
| | | 43.50 |
| Total | \$15,883,285 94 | 100.00 |

The Refunding Program

In 1931 legislation was enacted which enabled the Port Authority to pool revenues from all of its facilities to the end that these revenues could be applied to the costs of the facilities as a group. Establishment of the General Reserve Fund was the first step taken toward actual unification. The legislation enacted provided, not only for the unification of facilities already authorized, but also facilities hereafter authorized by the two states. Following this, the next step was to initiate refunding of its debt so as to spread amortization over longer periods than had been established originally in the early bond issues. To this end there was sold in March, 1935, \$34,300,000 par value of the first series of General and Refunding bonds and since that time there has been placed in the hands of the public or authorized for sale early in 1939 an additional \$101,105,000 par value of General and Refunding bonds.

In April, 1938, satisfactory arrangements with the state of New York were completed with respect to the settlement of advances made account construction of the George Washington Bridge. Like the settlement made with the state of New Jersey in 1935 serial 3% bonds, due March 1, 1941, were issued in payment of the advances. The bonds issued to both states in payment of all advances totaling \$9,500,000

were in the par value of \$5,277,777.78 and said bonds are secured by the General Reserve Fund as to the payment of interest only. The principal of these bonds will be refunded in 1941, when due.

On December 8, 1938, the Commissioners authorized the issuance of an additional \$25,000,000 of Fifth Series General and Refunding 3¼ per cent Bonds, due August 15, 1977. It was anticipated then that a sufficient number of such authorized bonds would be sold early in 1939 to insurance companies and other fiduciaries to secure \$16,700,000,* which together with the amount accumulated in the George Washington Bridge Sinking Fund and Statutory Reserve Fund will be sufficient to refund all outstanding Series B 4½ per cent Bonds of November 1, 1939, and the \$300,000 Series D 4¼ per cent maturity on March 1, 1939. The balance authorized but unissued will be available for refunding and Lincoln Tunnel construction purposes.

After outstanding Series B 4½ per cent serial bonds are called and refunded on November 1, 1939, arrangements for the accomplishment of which were authorized on December 8, 1938, there will remain only \$53,462,778 par value of serial bonds to refund. These are indicated in the following table which also reflects the bonds already refunded and pledged.

| | Number of \$1,000 Bonds Refunded and Pledged | Number of \$1,000 Bonds to be Refunded | |
|--|---|---|--|
| Series A 4½s. | 12,200 | None | 1,800 bonds retired |
| " B 4s. | 17,000 | None | 3,000 bonds retired |
| " B 4½s. | 5,449 | 24,551† | Callable @ 105 November 1, 1939 |
| " C 4s. | 10,352 | None | 1,648 bonds retired |
| " D 4¼s. | 2,699 | 13,301 | Callable @ 105 March 1, 1941 |
| " E 4¼s. | 916 | 34,884 | Callable @ 105 March 1, 1941 |
| | | | Outstanding 43,084 bonds of which 8,200 will be retired on or before call date, March 1, 1941. 6,000 bonds retired to date. |
| Series F & FF 3s. | | 5,278 | Payable @ 100 March 1, 1941 |
| Totals..... | 48,616 | 78,014 | |
| † Funds available or to be provided early in 1939 to refund these bonds..... | | 24,551 | |
| Balance to be refunded..... | | 53,463 | |

* Proceeds from G & R, Second Installment, Fifth Series, 3¼% Bonds sold and delivered as of February 15, 1939, amounted to \$16,945,125.

As of December 31, 1938, there had been issued \$118,705,000 par value of General and Refunding Bonds. Including the contemplated sale of \$16,700,000 General and Refunding 3¼s early in 1939, the total issued will be \$135,405,000. The following table indicates the purposes for which General and Refunding Bonds, including those to be sold early in 1939, have been issued.

000 Omitted

| Issue | Date | Amount Issued | FOR REFUNDING SERIAL BONDS | | | | D-4¼s | E-4¼s | For Construction, Lincoln Tunnel |
|----------------------|----------|---------------|----------------------------|----------|----------|----------|---------|---------|----------------------------------|
| | | | A-4½s | B-4s | B-4½s | C-4s | | | |
| First Series 4%..... | 3/ 1/35 | \$47,439 | \$13,216 | \$3,507 | | \$3,320 | \$1,491 | \$1,057 | \$24,848 |
| Second " 3¾%..... | 12/ 1/35 | 16,500 | | | | | | | 16,500 |
| Third " 3½%..... | 5/ 1/36 | 17,500 | | 16,900 | | | 600 | | |
| Fourth " 3%..... | 12/15/36 | 14,804 | | | \$1,718 | 2,905 | 181 | | 10,000 |
| Fifth " 3¼%..... | 8/15/37 | 39,162 | | | 19,121 | 4,496 | 809 | | 14,736 |
| Total..... | | \$135,405 | \$13,216 | \$20,407 | \$20,839 | \$10,721 | \$3,081 | \$1,057 | \$66,084 |

Sinking and Reserve Funds

(a) General Reserve Fund:

In 1931 special legislation was enacted, establishing this fund in order to provide greater security for bondholders. It is made up from surplus earnings and may be used to meet obligations due with respect to any facility which may not earn sufficient revenues, as well as debt service on all General and Refunding bonds.

The Port Authority is permitted to maintain this fund equal to ten per cent of all outstanding bonds. The operations of this fund for the year 1938 follows:

| | |
|--|----------------|
| Balance, January 1, 1938..... | \$6,612,096 52 |
| Additions during 1938: | |
| From surplus earnings—Holland Tunnel.. | \$1,924,374 57 |
| Income from Investments..... | 153,747 05 |
| Net Additions | 2,078,121 62 |
| | \$8,690,218 14 |
| Deductions: | |
| Series F Bond—Interest and Fees..... | \$75,140 64 |
| Series FF Bond—Interest and Fees..... | 41,770 84 |
| Amount necessary to complete interest on G & R bonds..... | 625,000 00 |
| Net Deductions | 741,911 48 |
| Balance, January 1, 1939..... | \$7,948,306 66 |

This amount consists of Cash, \$77,395.42, Securities, \$7,822,411.96 and Accrued Interest Receivable, \$48,499.28.

(b) Series B—George Washington Bridge Sinking and Statutory Reserve Funds.

The monies accumulated in these funds, as of December 31, 1938, from earnings of the George Washington Bridge, total \$8,223,380.43 and consist of:

| | |
|------------------|----------------|
| Cash | \$3,295,607.10 |
| Securities | 4,927,773.33 |
| | <hr/> |
| Total | \$8,223,380.43 |

(c) Series D—Inland Terminal—Sinking Fund:

As of December 31, 1938, this fund amounted to \$225,099.06, which was the accumulated net income of Inland Terminal for the years 1937 and 1938.

(d) Series E—Holland Tunnel Sinking Fund:

The accumulations in this fund are derived from earnings and it consists of:

| | |
|------------------|----------------|
| Cash | \$2,252,646.46 |
| Securities | 2,750,700.65 |
| | <hr/> |
| Total | \$5,003,347.11 |

In March, 1939, a bond maturity of \$1,000,000 will be paid from this fund leaving a balance of \$4,003,347.11.

(e) Insurance Fund:

The purpose of this fund is to handle transactions in connection with self-insurance of Port Authority liability under the Workmen's Compensation Statutes. As of December 31, 1938, this fund consisted of:

| | |
|-----------------------------------|--------------|
| Cash | \$ 78,812.98 |
| Securities | 572,400.00 |
| Accrued Interest Receivable | 3,239.17 |
| | <hr/> |
| Total | \$654,452.15 |

Summary

| | |
|---|-----------------|
| General Reserve Fund..... | \$ 7,948,306.66 |
| Holland Tunnel Sinking Fund | 5,003,347.11 |
| George Washington Bridge Sinking and Reserve Funds | 8,223,380.43 |
| Inland Terminal Sinking Fund | 225,099.06 |
| Insurance Fund | 654,452.15 |
| | <hr/> |
| Total | \$22,054,585.41 |

SECTION IV—GENERAL

Part 2—Real Estate

Union Inland Freight Station No. 1

Union Inland Freight Station No. 1, built as the first step in effectuating the Statutory Plan to reduce cartage costs and street congestion on Manhattan Island, has been in operation since October 3, 1932. This station, which was built by the Port Authority, is operated under lease by eight New York railroads as a receipt and delivery point for less-carload freight. The volume of railroad l.c.l. freight for the calendar year 1938 amounted to 71,913 tons, a decrease of 4.1 per cent under the 74,873 tons handled in 1937.

The Railway Express Agency, which sub-leases a portion of the station from the railroads, handled an additional 102,539 tons during 1938, compared to 110,884 tons in 1937. The combined freight and express reached a total of 174,452 tons in 1938 and 185,757 tons in 1937, a decrease of 11,305 tons or 6.5 per cent.

Port Authority Commerce Building

During 1938 the Port Authority Commerce Building again remained practically 100 per cent occupied.

Gross income for the building during 1938 amounted to \$1,266,521.03 compared with \$1,235,712.46 in 1937, an increase of \$30,808.57 or 2.5 per cent.

Operating expenses for 1938 totaled \$417,903.37, a decrease of \$15,873.42 or 3.7 per cent when compared with the 1937 figure of \$433,776.79.

Net income for the year after deducting operating expenses, interest on funded debt and other income charges amounted to \$142,527.49 compared with a figure of \$82,571.57 in 1937, an increase of \$59,955.92 or 72.6 per cent.

During the year decision was reached to discontinue the use of the second floor of the Port Authority Commerce Building for trade show and exhibition purposes. Approximately one-half, or 86,104 square feet, of the available space on this floor has been leased to Doubleday-Doran & Co., Inc., for a period of ten years at an aggregate rental for the period of \$537,500. Efforts to rent the remainder of the space on this floor for commercial purposes have been carried on and it is anticipated that they will meet with success in the near future.

Acquisition of Real Property for Lincoln Tunnel Purposes

Prior to the beginning of the year eight parcels of real estate in the City of New York, required for the second operating unit of the Lincoln Tunnel, had been acquired. During 1938, before it had been determined not to proceed forthwith with the construction of the second tube, five additional properties were acquired at an aggregate purchase price of \$141,500, making the total purchase price of real estate taken to December 31, 1938, for the second tube, \$1,926,750.

Agreements have been reached with the owners of 123 of the 125 buildings affected by changes in street grades necessitated by the construction of the New York approach to the first operating unit of the tunnel. The two buildings for which agreements have not been reached are in one ownership. The agreements covering change of grade damages have been made pursuant to Chapter 876 of the Laws of New York, 1935, and Chapter 186 of the Laws of New Jersey, 1935. The statutes referred to confer upon the Port Authority discretionary powers to enter into voluntary agreements with owners to make reasonable compensation for damages occasioned to buildings and improvements on properties affected by a change in a street grade. In negotiating these agreements the Port Authority has offered to pay a fair and reasonable sum of money in settlement of the damage or, in lieu thereof, to undertake the work of physically adapting the buildings to the new grade. The owners of 88 of the buildings affected agreed to accept

money damages, while the owners of 35 buildings concluded arrangements with the Port Authority for it to perform the alteration work.

During the year 1938 title was taken to 50 parcels of real estate in Weehawken, Union City and North Bergen required for the New Jersey approach to the tunnel. The aggregate purchase price of this property taken during 1938 was \$1,166,150. Included in this acquisition was a considerable area of property and property rights obtained from the New York Central Railroad Company, its subsidiaries and affiliates. Negotiations extending over a period of approximately five years with Erie Railroad Company, its subsidiaries and affiliates, looking toward the acquisition of certain property and property rights needed for approach purposes in Weehawken, N. J., were concluded during the year. However, because of the involvement of matters affecting the title, voluntary conveyances could not be executed. It therefore became necessary to institute a condemnation proceeding for the acquisition of the property and property rights, but, as a result of the understanding previously reached, the owners entered into a stipulation covering the value of the property and property rights to be acquired. The condemnation proceeding had not been concluded prior to the end of the calendar year.

The total cost of real estate purchased for the New Jersey approach amounted to \$5,218,415.56, as of December 31, 1938.

SECTION V—ACCOUNTS AND STATISTICS

Part 1—Report of Arthur Andersen & Co.

Auditors' Report

Exhibit 1—Balance Sheet—December 31, 1938

Exhibit 1—Schedule 1—Statement of Funded Debt—December 31, 1938

Exhibit 2—Statement of Net Income for the Year ended December 31, 1938

Exhibit 3—Summary of Reserves for the Year ended December 31, 1938

ARTHUR ANDERSEN & CO.

67 WALL STREET

NEW YORK

AUDITORS' REPORT

To The Port of New York Authority,
New York, N. Y.:

We have made an examination of the balance sheet of The Port of New York Authority as at December 31, 1938 and of the statement of net income (as later defined) and summary of reserves for the year ended that date. In connection therewith, we examined or tested accounting records of the Authority and other supporting evidence, and obtained information and explanations from officers and employees of the Authority; we also made a general review of the accounting methods and of principles used in the preparation of the accompanying statements. Test checks were made of cash received from revenues and other sources and the disbursements made therefrom to determine that such revenues and disbursements were properly accounted for; changes in personnel and rates of compensation were traced to authorizations of the Commissioners, and although we made numerous test checks of other transactions during the period as outlined in more detail in the following paragraph, we did not make a detailed audit of all of the transactions.

Additions to facilities during the period consisted principally of expenditures made under contracts for construction (approaches, etc.) relative to the Lincoln Tunnel and for construction of the 178th Street Tunnel and approaches relative to the George Washington Bridge; payments on the construction contracts during the period were checked to vouchers and to authorizations of the Commissioners, and other construction expenditures were examined through test checks of vouchers for materials, pay rolls for labor charges and of the amounts distributed to construction ac-

counts as engineering and general overhead costs. The amount of general and administrative expenses allocated to facilities as general overhead depends on the extent of construction work and it is estimated by the management that a substantial portion of the amount so charged during the period (\$307,425.58) would be charged to operations in the event construction work should cease. Cash and securities, including funded debt of the Authority held in its various funds or pledged as collateral to General and Refunding Bonds, were checked by confirmations received directly from the depositaries or holders thereof or by examination. Funded debt issued has been checked to resolutions of the Commissioners authorizing such issues; there are no trustees of the various issues of funded debt. Amounts due to the States of New York and New Jersey were confirmed by correspondence with officials of the respective states. Insofar as we were able to determine within the scope of our examination and as represented to us by the management, all liabilities of the Authority at December 31, 1938 are reflected in the accompanying balance sheet, and contingent liabilities and commitments are set forth in Note 1 thereto.

The Port of New York Authority was created in 1921 by compact between the States of New York and New Jersey with the approval of Congress. The Authority has no stockholders or equity holders and all revenues or other cash received has to be disbursed for specific purposes in accordance with statutory provisions and agreements with the holders of its bonds. In accordance with such statutory provisions and bondholders' agreements, no deductions from revenues may be made for depreciation (except on ancillary equipment). In accordance with resolutions of the Commissioners, the Authority has followed the practice of charging to the investments in facilities all net debt discount and expense incurred in connection with bonds and notes issued for construction purposes and no provision is made for the amortization of such debt discount and expense, which aggregated \$3,450,945.82 at December 31, 1938. In prior years \$1,879,829.47 of interest on bonds, net of income earned on unexpended construction funds, was charged to the investment in certain facilities after the dates of official

opening thereof, of which \$340,000.00 was in accordance with the contract with the bondholders of Inland Terminal No. 1 bonds. In the opinion of its General Counsel the Authority is not subject to either Federal, state or local taxes; the Authority, however, is authorized by law to enter into voluntary agreements to pay a fair annual sum in lieu of taxes in connection with its marine and inland terminals. No such agreements have been completed and pending settlement thereof, the Authority has provided amounts therefor as set forth in the accompanying financial statements. Accordingly, the statement of net income includes no deductions for depreciation, amortization, or taxes, except as indicated above, and the amount of net income is appropriated for or allocated to various reserves for the benefit of bondholders in accordance with the agreements with such bondholders. The accumulated net income, as above defined, to December 31, 1938, is shown in the accompanying balance sheet under reserves which also indicates the various reserves and other purposes for which such income has been reserved or used. Certain of the reserves are applicable to specific issues of bonds and others are available for all bondholders.

In our opinion, based upon the examination referred to above, the accompanying balance sheet (Exhibit 1), the statement of net income (Exhibit 2) and summary of reserves (Exhibit 3) fairly present the assets and liabilities of The Port of New York Authority at December 31, 1938, and its revenues, expenditures and appropriations of the net revenues for the year ended that date, on the basis of the accounting policies set forth in the preceding paragraph.

(Signed) ARTHUR ANDERSEN & CO.

New York, N. Y.,
February 10, 1939.

EXHIBIT 1
THE PORT OF NEW YORK AUTHORITY
Balance Sheet — December 31, 1938

ASSETS

| | | | | |
|--|-------------------------------------|---|------------------------|-------------------------|
| EXPENDITURES FOR FACILITIES (Including all net debt discount and expense incurred in connection with bonds and notes issued for construction purposes, aggregating \$3,450,945.82, and \$1,879,829.47 of interest charged to the investment in certain facilities after the dates of official opening thereof): | | | | |
| Arthur Kill Bridges..... | | | | \$17,278,343 71 |
| Bayonne Bridge..... | | | | 13,137,155 04 |
| George Washington Bridge..... | | | | 59,346,040 24 |
| Inland Terminal No. 1 (Port Authority Commerce Building)..... | | | | 16,312,775 80 |
| Holland Tunnel..... | | | | 50,789,263 25 |
| Lincoln Tunnel (completion of second operating unit deferred)..... | | | | 65,920,169 79 |
| | | | | \$222,783,747 83 |
| BALANCE OF PROCEEDS FROM SALES OF BONDS AVAILABLE FOR CONSTRUCTION PURPOSES—Cash in banks and on hand (including time deposits of \$3,224,313.35)..... | | | | 5,730,840 28 |
| CURRENT ASSETS AVAILABLE FOR DEBT SERVICE AND GENERAL CORPORATE PURPOSES: | | | | |
| Cash in banks and on hand (including time deposits of \$139,040.01)..... | | | | \$5,888,165 08 |
| Investments in securities: | | | | |
| The Port of New York Authority bonds, at cost or quoted market value at date of internal issuance in exchange for bonds previously reacquired (\$6,759,000 principal amount) — quoted market value \$6,892,666.81..... | | | | 6,799,646 31 |
| Municipal and government bonds, at cost — quoted market value \$1,395,733.00..... | | | | 1,405,165 65 |
| Accounts and accrued interest receivable..... | | | | 158,476 59 |
| | | | | 14,251,453 63 |
| SINKING FUND AND STATUTORY RESERVE FUND ASSETS: | | | | |
| | Sinking funds (see Note 2) | Statutory reserve fund — George Washington Bridge | Total | |
| Cash in banks..... | \$5,704,527 64 | \$68,824 98 | \$5,773,352 62 | |
| The Port of New York Authority bonds, at cost (\$103,000 principal amount) — quoted market value \$111,208.28..... | 16,926 25 | 94,302 77 | 111,229 02 | |
| Municipal and government bonds, at cost — quoted market value \$7,645,416.09..... | 4,006,992 28 | 3,560,252 68 | 7,567,244 96 | |
| Total..... | \$9,728,446 17 | \$3,723,380 43 | \$13,451,826 60 | 13,451,826 60 |
| OTHER ASSETS AND MISCELLANEOUS UNADJUSTED ITEMS: | | | | |
| Deposits with paying agents for unredeemed bonds and interest coupons..... | | | | \$370,085 00 |
| Grant in aid of construction receivable from Federal Emergency Administration of Public Works..... | | | | 480,000 00 |
| Mortgages receivable and miscellaneous investments..... | | | | 208,731 20 |
| Prepaid insurance, etc..... | | | | 287,057 29 |
| | | | | 1,345,873 49 |
| | | | | \$257,563,741 83 |

The accompanying notes are an integral part of this balance sheet.

EXHIBIT 1
THE PORT OF NEW YORK AUTHORITY
Balance Sheet — December 31, 1938

| LIABILITIES | | |
|--|----------------|------------------|
| FUNDED DEBT (See Schedule 1) | | \$204,918,777 78 |
| SUBORDINATED LIABILITY FOR ADVANCES IN AID OF CONSTRUCTION AND FOR PRELIMINARY STUDIES AND SURVEYS (see Note 3): | | |
| State of New York | \$4,299,840 17 | |
| State of New Jersey | 4,300,000 00 | |
| | | 8,599,840 17 |
| CURRENT LIABILITIES: | | |
| Accounts payable | \$546,444 31 | |
| Construction costs retained and estimated amounts accrued under construction contracts | 1,442,360 07 | |
| Accrued interest on funded debt | 2,107,179 96 | |
| Accrued liability for contribution to employees' retirement system (see Note 4) | 338,392 31 | |
| Mortgage payable and accrued interest thereon | 353,208 34 | |
| | | 4,787,584 99 |
| DEFERRED LIABILITIES AND MISCELLANEOUS RESERVES: | | |
| Unredeemed bonds and interest coupons | \$376,105 00 | |
| Provision for liability in lieu of taxes | 290,000 00 | |
| Reserve for workmen's compensation and other insurance | 151,994 40 | |
| Reserves for depreciation of automotive equipment and for painting of bridges | 280,178 32 | |
| Unredeemed tickets and miscellaneous deferred credits .. | 98,602 74 | |
| | | 1,196,880 46 |
| RESERVES (see paragraph 3 of auditors' report — Exhibit 3): | | |
| Sinking fund reserves | \$9,728,446 17 | |
| Statutory reserve | 3,723,380 43 | |
| Retirement of debt | 9,746,652 89 | |
| Additions to ancillary equipment | 43,506 94 | |
| Operating reserves | 251,611 04 | |
| General reserve: | | |
| Applied to debt service, etc. | 4,246,240 28 | |
| Unapplied | 7,948,306 66 | |
| Deficit accounts of certain facilities | 4,549,102 51 | |
| | | \$31,139,041 90 |
| <i>Less</i> — Expenses in connection with funded debt refunding and consolidating program (including premium paid on refunded bonds and duplicate interest charges, less net premium received on refunding bonds), deducted herefrom pending consummation of the complete program and determination of final disposition. | | |
| | 2,146,182 50 | 28,992,859 40 |
| EXCESS OF LIABILITIES TO STATES OF NEW YORK AND NEW JERSEY FOR ADVANCES IN AID OF CONSTRUCTION OF GEORGE WASHINGTON BRIDGE, OVER THE PRINCIPAL AMOUNT OF SERIES F AND FF BONDS ISSUED TO THE STATES IN SETTLEMENT THEREOF, LESS EXPENSES RELATIVE THERETO AND INTEREST ON SERIES F AND FF BONDS TO DECEMBER 31, 1938 | | |
| | | 3,887,799 03 |
| APPROPRIATIONS AND GRANTS IN AID OF CONSTRUCTION: | | |
| Federal grants in aid of construction of Lincoln Tunnel .. | \$4,780,000 00 | |
| Appropriations by States of New York and New Jersey for preliminary surveys for Lincoln Tunnel | 400,000 00 | |
| | | 5,180,000 00 |
| CONTINGENT LIABILITIES AND CONSTRUCTION COMMITMENTS: (See Note 1). | | |
| | | \$257,563,741 83 |

The accompanying notes are an integral part of this balance sheet.

EXHIBIT 1 — Continued

CONTINGENT LIABILITIES REPORTED AND OTHER NOTES

| | | |
|---|---------|-------------|
| (1) Contingent liabilities and construction commitments at December 31, 1938, as reported by the management, were as follows: | | |
| (a) Construction contracts awarded, less payments made and liabilities recorded to cover work performed to and including December 31, 1938 | | \$2,630,700 |
| (b) Condemnation awards and contracts covering purchases of property, etc. | | |
| Estimated cost of certain parcels of real property in process of acquisition through condemnation proceedings or negotiations of proposed purchase contracts | 579,500 | |
| Amounts arising from other agreements in connection with purchases of property, etc. | 72,500 | |
| (c) Contingent liabilities relative to acquisition of certain easements, payable if and when the owners of the properties elect to have certain construction work performed — not to exceed | | 558,000 |
| (d) Claims of construction contractors for additional compensation in connection with delays and changes in plans of construction work, etc. In the opinion of the management, these claims will be settled for a small fraction of the amounts alleged to be due. | 824,000 | |
| (e) Pending lawsuits (partially covered by insurance) | 201,600 | |
| (f) Estimated cost of construction work in connection with the George Washington Bridge which the Authority is obligated to undertake under agreements with the City of New York: | | |
| Estimated cost to complete 178th Street Tunnel, additional plaza and approach facilities and certain street widening work (exclusive of construction contracts awarded to December 31, 1938) | | 1,295,000 |
| NOTE: The Federal Emergency Administration of Public Works has agreed to make a grant to the Authority in aid of completion of the construction work in connection with the George Washington Bridge. This grant is contingent upon certain conditions and the management estimates that the amount which will be received by the Authority will be approximately \$1,336,000. This amount is applicable, in part, to expenditures made at December 31, 1938. | | |
| Estimated cost of 179th Street Tunnel. The Authority is obligated to build this tunnel subsequent to the completion of the 178th Street Tunnel and provided that traffic through the latter exceeds six million vehicles in a twelve months period. In the opinion of the management, it is unlikely that traffic through the 178th Street Tunnel after its completion will reach the aforementioned volume until after a long period of years | | 3,100,000 |
| | | \$9,261,300 |

NOTE: The foregoing does not include amounts necessary to complete the construction of the second tube of the Lincoln Tunnel, completion of which has been deferred. The Federal Emergency Administration of Public Works has agreed to make an additional grant to the Authority in aid of completion of Lincoln Tunnel construction work. This grant is contingent upon certain conditions and the management estimates that the amount which will be received by the Authority will be approximately \$220,000.

- (g) The Holland Tunnel was constructed jointly by the States of New Jersey and New Jersey and, in connection with construction of the Holland Tunnel and the Camden-Philadelphia Bridge, the State of New Jersey issued its Highway Extension Bonds under legislative authorization which required the establishment of a sinking fund for the payment of these bonds at maturity and contained the further provision that, after payment of the annual interest on the bonds, the State of New Jersey's one-half share in the remaining net revenues of the Holland Tunnel would be paid into the aforementioned sinking fund. In connection with acquisition of control of the Holland Tunnel in 1931, the Authority paid to the New Jersey Sinking Fund Commission an amount which, taken with the amounts already accumulated in the State Sinking Fund, aggregated a sum sufficient to pay the principal amount of the aforementioned State of New Jersey Highway Extension Bonds. In consideration of this payment, the State of New Jersey agreed to assume in full the obligation as to interest and principal of the said bonds. As a result of the payment and agreement referred to the statutory provision whereby one-half of the net revenues of the Holland Tunnel is subject to lien of the State of New Jersey Highway Extension Bonds has become largely academic in the opinion of the management. Such lien is not operative unless the State Sinking Fund for the payment of the bonds, and the interest thereon, prove insufficient to pay the principal and interest of the Highway Extension Bonds. In case of such deficiency, the lien is further not operative unless the State of New Jersey defaults in its undertaking to make good any deficits out of other funds.
- (h) In an agreement dated December 31, 1930 providing for the leasing to certain railroads of Union Inland Freight Station located in Inland Terminal No. 1, the Authority agreed to construct and rent to the railroads two additional Union Inland Freight Stations, the construction of which is to be undertaken at the request of the railroads. If the Authority shall fail to construct and lease to the railroads either of the additional stations within certain time limits specified in the agreement, the railroads may, at their option, withdraw from the agreement.
- (2) Payments into the Series D Sinking Fund to December 31, 1938, were \$324,903.94 less than required by the provisions of the agreement with the holders of Series D Bonds. However, Series D Bonds maturing in 1936, 1937 and 1938, aggregating \$900,000, were refunded through issuance of General and Refunding Bonds and were pledged as collateral thereto at December 31, 1938; the Authority's program of refunding its serial debt issues contemplates the refunding of all future maturities of Series D Bonds through the medium of General and Refunding Bonds.
- (3) The subordinated liability for advances in aid of construction and for preliminary studies and surveys includes \$8,299,918.20 representing advances made in connection with the Arthur Kill and Bayonne Bridges which are not repayable until the earnings of such projects have been sufficient to pay interest, sinking fund and statutory reserve requirements; earnings to date of the Arthur Kill and Bayonne Bridges have not been sufficient to pay bond interest. The balance of \$299,921.97 in this account represents advances for preliminary studies and surveys in connection with the George Washington Bridge which are not required to be paid until all Series B Bonds have been retired.
- (4) In April, 1935, the Authority adopted a pension plan for its employees providing for participation in the New York State Employees' Retirement System. It was provided that for a thirty-year period the Authority should pay an annual deficiency contribution to the System in lieu of making a lump sum payment for the accrued liability at the date of entering the System. The amounts of both current and deficiency contributions are being charged to expense currently.

EXHIBIT 1 — SCHEDULE 1
Statement of Funded Debt — December 31, 1938

| | Amount authorized (less principal amount retired) | Amount issued (less principal amount retired) | Bonds refunded through issuance of general and refunding bonds and pledged as collateral thereto (see note 1) | AMOUNT OUTSTANDING AT DECEMBER 31, 1938 | | |
|--|---|---|---|---|---|-------------------------|
| | | | | Held by the public | Held in funds of The Port of New York Authority | Total |
| NEW YORK — NEW JERSEY INTERSTATE BRIDGE | | | | | | |
| BONDS: | | | | | | |
| Series A (Arthur Kill Bridges) — 4½% serial bonds called for redemption March 1, 1936. | \$12,200,000 00 | \$12,200,000 00 | \$12,200,000 00 | ..... | ..... | ..... |
| Series B (George Washington Bridge) — 4% serial bonds called for redemption December 1, 1936..... | 57,000,000 00 | 17,000,000 00 | 17,000,000 00 | ..... | ..... | ..... |
| 4½% serial bonds due 1939-1933 (\$1,500,000 due November 1, 1939, of which \$159,000 had been refunded and \$7,000 were held in the Statutory Reserve Fund at December 31, 1938).... | | | | | | |
| Series C (Bayonne Bridge) — 4% serial bonds called for redemption January 3, 1938..... | 10,352,000 00 | 10,352,000 00 | 10,352,000 00 | ..... | ..... | ..... |
| NEW YORK — NEW JERSEY TERMINAL BONDS | | | | | | |
| SERIES D (Inland Terminal No. 1) — 4¼% serial bonds due 1939-1960 (\$300,000 due March 1, 1939, of which \$7,000 had been refunded and \$5,000 were held in Series B Sinking Fund at December 31, 1938)..... | 16,000,000 00 | 16,000,000 00 | 2,699,000 00 | 13,252,000 00 | 49,000 00 | 13,301,000 00 |
| NEW YORK — NEW JERSEY INTERSTATE TUNNEL | | | | | | |
| BONDS, SERIES E (Holland Tunnel) — 4¼% serial bonds due 1939-1960 (\$1,000,000 due March 1, 1939)..... | 44,000,000 00 | 44,000,000 00 | 916,000 00 | 43,084,000 00 | ..... | 43,084,000 00 |
| SERIES F BONDS, 3%, due March 1, 1941..... | 2,500,000 00 | 2,500,000 00 | ..... | 1,218,000 00 | 1,282,000 00 | 2,500,000 00 |
| SERIES FF BONDS, 3%, due March 1, 1941..... | 2,777,777 78 | 2,777,777 78 | ..... | 2,777,777 78 | ..... | 2,777,777 78 |
| GENERAL AND REFUNDING BONDS: | | | | | | |
| First Series, 4%, due 1975..... | 47,439,000 00 | 47,439,000 00 | ..... | 46,983,000 00 | 456,000 00 | 47,439,000 00 |
| Second Series, 3¾%, due 1965..... | 16,500,000 00 | 16,500,000 00 | ..... | 16,157,000 00 | 343,000 00 | 16,500,000 00 |
| Third Series, 3½%, due 1976..... | 17,500,000 00 | 17,500,000 00 | ..... | 15,955,000 00 | 1,545,000 00 | 17,500,000 00 |
| Fourth Series, 3%, due 1976..... | 22,000,000 00 | 14,804,000 00 | ..... | 13,285,000 00 | 1,519,000 00 | 14,804,000 00 |
| Fifth Series, 3¼%, due 1977..... | 50,000,000 00 | 22,462,000 00 | ..... | 20,854,000 00 | 1,608,000 00 | 22,462,000 00 |
| Total funded debt..... | | \$253,534,777 78 | \$48,616,000 00 | \$198,056,777 78 | \$6,862,000 00 | \$204,918,777 78 |

NOTES:

- (1) Matured and called bonds for which redemption funds are on deposit with paying agents but which have not been presented to December 31, 1938 are included as pledged bonds in the above statement in the following amounts:
- | | |
|---|---------------------|
| Series A, 4½% serial bonds called for redemption March 1, 1936..... | \$1,000 00 |
| Series B, 4% serial bonds called for redemption December 1, 1936..... | 11,000 00 |
| Series C, 4% serial bonds called for redemption January 3, 1938..... | 235,000 00 |
| Series D, 4¼% serial bonds maturing March 1, 1938..... | 5,000 00 |
| | <u>\$252,000 00</u> |
- (2) Arrangements were completed in January, 1939 for the sale of \$16,700,000 principal amount of General and Refunding Bonds, Fifth Series, 3¼%, due 1977. The Authority has announced its intention to use \$300,000 of the proceeds from this sale for the refunding of Series D, 4¼% Bonds (Inland Terminal No. 1) maturing March 1, 1939 and to use the balance of the proceeds, together with amounts accumulated in the George Washington Bridge Sinking Fund and Statutory Reserve Fund (\$8,223,380.43), for the redemption of Series B, 4½% Bonds (George Washington Bridge) on November 1, 1939.

EXHIBIT 2
THE PORT OF NEW YORK AUTHORITY
Statement of Net Income for the Year Ended December 31, 1938

| PARTICULARS | Combined | Arthur Kill Bridges | Bayonne Bridge | George Washington Bridge | Holland Tunnel | Lincoln Tunnel | Inland Terminal No. 1 (Port Authority Commerce Building) | General Reserve Fund and Insurance Fund |
|--|-----------------|------------------------|-------------------|--------------------------------|----------------|----------------|--|---|
| GROSS OPERATING REVENUE: | | | | | | | | |
| Vehicular tolls from bridge and tunnel facilities..... | \$12,815,734 89 | \$422,826 72 | \$234,817 11 | \$4,321,715 80 | \$6,829,816 56 | \$1,006,558 70 | ..... | ..... |
| Rental income — | | | | | | | | |
| From tenants..... | 1,147,881 11 | ..... | ..... | ..... | ..... | ..... | \$1,147,881 11 | ..... |
| From the Port of New York Authority.. | 117,818 74 | ..... | ..... | ..... | ..... | ..... | 117,818 74 | ..... |
| Miscellaneous..... | 60,794 83 | 33,047 61 | 244 30 | 9,447 91 | 18,018 36 | 36 65 | ..... | ..... |
| Total operating revenue..... | \$14,142,229 57 | \$455,874 33 | \$235,061 41 | \$4,331,163 71 | \$6,847,834 92 | \$1,006,595 35 | \$1,265,699 85 | ..... |
| OPERATING EXPENSES: | | | | | | | | |
| Maintenance and operation..... | \$2,745,483 31 | \$112,563 65 | \$88,540 40 | \$368,049 91 | \$1,264,442 83 | \$542,622 75 | \$368,663 77 | ..... |
| General and administrative..... | 634,634 30 | 25,925 59 | 15,436 94 | 148,931 95 | 279,312 89 | 115,787 33 | 49,239 60 | ..... |
| Total operating expenses..... | \$3,380,117 61 | \$138,489 24 | \$103,977 34 | \$517,581 86 | \$1,543,755 72 | \$658,410 08 | \$417,903 37 | ..... |
| Net operating revenue..... | \$10,762,111 96 | \$317,385 09 | \$131,084 07 | \$3,813,581 85 | \$5,304,079 20 | \$348,185 27 | \$847,796 48 | ..... |
| OTHER INCOME, LESS OTHER DEDUCTIONS (In- cluding \$60,000 provided in lieu of taxes)..... | 377,728 57 | 110 26 | 1,256 74 | 222,106 38 | 40,885 65 | 435 79 | 61,394 01 | \$174,327 76 |
| Total..... | \$11,139,840 53 | \$317,495 35 | \$132,340 81 | \$4,035,688 23 | \$5,344,964 85 | \$348,621 06 | \$786,402 47 | \$174,327 76 |
| INTEREST ON FUNDED DEBT..... | 6,794,904 17 | 528,640 00 | 368,047 10 | 2,074,780 00 | 1,877,083 34 | 1,302,478 75 | 643,874 98 | ..... |
| Net income or loss (see paragraph 3 of auditors' report)..... | \$4,344,936 36 | \$811,144 65 | \$235,706 29 | \$1,960,908 23 | \$3,467,881 51 | \$963,867 69 | \$142,527 49 | \$174,327 76 |
| THE NET INCOME OR LOSS FOR THE YEAR ENDED DECEMBER 31, 1938, HAS BEEN APPROPRIATED FOR OR ALLOCATED TO: | | | | | | | | |
| Sinking fund reserves..... | \$3,603,435 72 | ..... | ..... | \$1,960,908 23 | \$1,500,000 00 | ..... | \$142,527 49 | ..... |
| Additions to ancillary equipment..... | 43,506 94 | ..... | ..... | ..... | 43,506 94 | ..... | ..... | ..... |
| General reserve..... | 2,078,121 62 | ..... | ..... | ..... | 1,924,374 57 | ..... | ..... | \$153,747 05 |
| Deficit accounts..... | 1,400,708 63 | \$811,144 65 | \$235,706 29 | ..... | ..... | \$963,867 69 | ..... | ..... |
| Net income or loss transferred to reserve accounts (Exhibit 3)..... | \$4,324,355 65 | \$811,144 65 | \$235,706 29 | \$1,960,908 23 | \$3,467,881 51 | \$963,867 69 | \$142,527 49 | \$153,747 05 |
| Insurance reserve..... | 20,580 71 | ..... | ..... | ..... | ..... | ..... | ..... | 20,580 71 |
| Total, as above..... | \$4,344,936 36 | \$811,144 65 | \$235,706 29 | \$1,960,908 23 | \$3,467,881 51 | \$963,867 69 | \$142,527 49 | \$174,327 76 |

EXHIBIT 3
THE PORT OF NEW YORK AUTHORITY
Summary of Reserves for the Year Ended December 31, 1938

| PARTICULARS | Total | Sinking fund reserves | Statutory reserve | Retirement of debt | Additions to ancillary equipment | Operating reserves | GENERAL RESERVE | | Deficit accounts of certain facilities (see note) | Expenses in connection with funded debt refunding and consolidating program |
|--|-----------------|-----------------------|-------------------|--------------------|----------------------------------|--------------------|-------------------------------|----------------|---|---|
| | | | | | | | Applied to debt service, etc. | Unapplied | | |
| Balance, January 1, 1938..... | \$24,836,923 52 | \$7,085,918 68 | \$4,762,472 20 | \$7,746,652 89 | ..... | \$251,611 04 | \$3,504,328 80 | \$6,612,096 52 | \$3,148,393 88 | \$1,977,762 73 |
| Changes during the year ended December 31, 1938: | | | | | | | | | | |
| Appropriated net income or loss for the year ended December 31, 1938 (exclusive of earnings of \$20,580.71 on insurance fund transferred to insurance reserve) — from statement of net income (Exhibit 2)... | 4,324,355 65 | 3,603,435 72 | ..... | ..... | \$43,506 94 | ..... | ..... | 2,078,121 62 | 1,400,708 63 | ..... |
| Funded debt retired — | | | | | | | | | | |
| Series E 4½% Bonds (Holland Tunnel) maturing March 1, 1938..... | ..... | 1,000,000 00 | ..... | 1,000,000 00 | ..... | ..... | ..... | ..... | ..... | ..... |
| Series B 4% Bonds (George Washington Bridge) maturing December 1, 1938..... | ..... | 1,000,000 00 | ..... | 1,000,000 00 | ..... | ..... | ..... | ..... | ..... | ..... |
| Appropriations for payment of interest on Series F and Series FF Bonds..... | ..... | ..... | ..... | ..... | ..... | ..... | 116,911 48 | 116,911 48 | ..... | ..... |
| Appropriations for payments of interest on General and Refunding Bonds..... | ..... | ..... | ..... | ..... | ..... | ..... | 625,000 00 | 625,000 00 | ..... | ..... |
| Appropriation from statutory reserve for Series B (George Washington Bridge) sinking fund reserve..... | ..... | 1,039,091 77 | 1,039,091 77 | ..... | ..... | ..... | ..... | ..... | ..... | ..... |
| Expenses in connection with funded debt refunding and consolidating program (net)..... | 168,419 77 | ..... | ..... | ..... | ..... | ..... | ..... | ..... | ..... | 168,419 77 |
| Balance, December 31, 1938 (Exhibit 1). | \$28,992,859 40 | \$9,728,446 17 | \$3,723,380 43 | \$9,746,652 89 | \$43,506 94 | \$251,611 04 | \$4,246,240 28 | \$7,948,306 66 | \$4,649,108 51 | \$2,146,182 50 |

NOTE: The revenues of certain facilities in 1938 and prior years have been insufficient to provide in full for interest charges applicable thereto. Monies to provide for such deficiencies have been taken from other sources which were available for such purpose.

SECTION V—ACCOUNTS AND STATISTICS

Part 2—Port Authority Tables

Table
No.

- 1—Combined Comparative Income Account
- 2—Comparative Income Account—Holland Tunnel
- 3—Comparative Income Account—Lincoln Tunnel
- 4—Comparative Income Account—George Washington Bridge
- 5—Comparative Income Account—Arthur Kill Bridges
- 6—Comparative Income Account—Bayonne Bridge
- 7—Comparative Income Account—Inland Terminal No. 1
- 8—Combined Traffic Statistics
- 9—Traffic Statistics—Holland Tunnel
- 10—Traffic Statistics—Lincoln Tunnel
- 11—Traffic Statistics—George Washington Bridge
- 12—Traffic Statistics—Arthur Kill Bridges
- 13—Traffic Statistics—Bayonne Bridge

Table No. 1
COMBINED COMPARATIVE INCOME ACCOUNT

| | Calendar year, 1938 | Calendar year, 1937 | Increase or *Decrease | |
|---|------------------------|------------------------|------------------------------|--------------------|
| | | | Amount | Per cent |
| Income from Operations: | | | | |
| I. Gross income | | | | |
| Operating and other revenue..... | \$14,142,229 57 | \$13,667,463 87 | \$474,765 70 | 3.5 |
| Other income†..... | 493,429 81 | 383,116 74 | 110,313 07 | 28.8 |
| Gross income..... | \$14,635,659 38 | \$14,050,580 61 | \$585,078 77 | 4.2 |
| II. Deductions from gross income | | | | |
| Operating expenses..... | \$3,380,117 61 | \$2,698,829 80 | \$681,287 81 | 25.2 |
| Interest on funded debt..... | 6,794,904 17 | 5,723,020 99 | 1,071,883 18 | 18.7 |
| Other income charges..... | 115,701 24 | 126,281 64 | <i>10,580 40</i> | 8.4 |
| Total deductions..... | \$10,290,723 02 | \$8,548,132 43 | \$1,742,590 59 | 20.4 |
| Net income..... | \$4,344,936 36 | \$5,502,448 18 | <i>\$1,157,511 82</i> | <i>21.0</i> |
| Disposition of Net Income: | | | | |
| Reserved for Sinking Funds..... | \$3,603,435 72 | \$3,082,571 57 | | |
| General Reserve Fund, operating reserves, etc.— | | | | |
| Net..... | 741,500 64 | 2,419,876 61 | | |
| Total..... | \$4,344,936 36 | \$5,502,448 18 | | |

* Decrease shown in italics.

† In addition to other income reported in tables 2 to 7 inclusive, this account includes income earned from General Reserve Fund, \$153,747.05 in 1938 and \$51,563.25 in 1937, and income earned from Insurance Fund, \$20,580.71 in 1938 and \$13,399.14 in 1937.

Table No. 2
HOLLAND TUNNEL
Comparative Income Account

| | Calendar year, 1938 | Calendar year, 1937 | Increase or *Decrease | |
|---|------------------------|------------------------|----------------------------|-------------------|
| | | | Amount | Per cent |
| Income from Operations: | | | | |
| I. Gross income | | | | |
| Tolls and other revenue..... | \$6,847,834 92 | \$7,199,271 99 | \$351,437 07 | 4.9 |
| Other income..... | 57,431 77 | 83,010 11 | <i>25,578 34</i> | 30.8 |
| Gross income..... | \$6,905,266 69 | \$7,282,282 10 | <i>\$377,015 41</i> | <i>5.2</i> |
| II. Deductions from gross income | | | | |
| Operating expenses..... | \$1,543,755 72 | \$1,576,974 39 | <i>\$33,218 67</i> | 2.1 |
| Interest on funded debt..... | 1,877,083 34 | 1,919,583 32 | <i>42,499 98</i> | 2.2 |
| Other income charges..... | 16,546 12 | 22,925 74 | <i>6,379 62</i> | 27.8 |
| Total deductions..... | \$3,437,385 18 | \$3,519,483 45 | <i>\$82,098 27</i> | <i>2.3</i> |
| Net income..... | \$3,467,881 51 | \$3,762,798 65 | <i>\$294,917 14</i> | <i>7.8</i> |
| Disposition of Net Income: | | | | |
| Reserved for Sinking Fund..... | \$1,500,000 00 | \$1,500,000 00 | | |
| General Reserve Fund..... | 1,924,374 57 | 2,262,798 65 | | |
| Additions to Property Investment..... | 43,506 94 | | | |
| Total..... | \$3,467,881 51 | \$3,762,798 65 | | |

*Decrease shown in italics.

Table No. 3
LINCOLN TUNNEL
Comparative Income Account

| | Calendar year, 1938 | *December 22 to 31, 1937 |
|----------------------------------|------------------------|-----------------------------|
| Income from Operations: | | |
| I. Gross income | | |
| Tolls and other revenue | \$1,006,595 35 | \$38,246 25 |
| Other income | 5,951 45 | |
| Gross income | <u>\$1,012,546 80</u> | <u>\$38,246 25</u> |
| II. Deductions from gross income | | |
| Operating expenses | \$658,410 08 | \$19,519 99 |
| Interest on funded debt | 1,302,478 75 | 35,392 67 |
| Other income charges | 5,515 66 | |
| Total deductions | <u>\$1,966,404 49</u> | <u>\$54,912 66</u> |
| Net income | <u>\$953,857 69†</u> | <u>\$16,666 41†</u> |
| Disposition of Net Income: | | |
| Operating reserve | \$953,857 69† | \$16,666 41† |
| Total | <u>\$953,857 69†</u> | <u>\$16,666 41†</u> |

* Opened for operation December 22, 1937.
† Denotes deficit

Table No. 4
GEORGE WASHINGTON BRIDGE
Comparative Income Account

| | Calendar year, 1938 | Calendar year, 1937 | Increase or *Decrease | |
|----------------------------------|------------------------|------------------------|-----------------------|------------|
| | | | Amount | Per cent |
| Income from Operations: | | | | |
| I. Gross income | | | | |
| Tolls and other revenue | \$4,331,163 71 | \$4,462,975 58 | <i>\$131,811 87</i> | 3.0 |
| Other income | 251,193 84 | 219,173 03 | 32,020 81 | 14.6 |
| Gross income | <u>\$4,582,357 55</u> | <u>\$4,682,148 61</u> | <u>\$99,791 06</u> | <u>2.1</u> |
| II. Deductions from gross income | | | | |
| Operating expenses | \$517,581 86 | \$447,033 16 | \$70,548 70 | 15.8 |
| Interest on funded debt | 2,074,780 00 | 2,102,780 00 | <i>28,000 00</i> | 1.3 |
| Other income charges | 29,087 46 | 32,695 79 | <i>3,608 33</i> | 11.0 |
| Total deductions | <u>\$2,621,449 32</u> | <u>\$2,582,508 95</u> | <u>\$38,940 37</u> | <u>1.5</u> |
| Net income | <u>\$1,960,908 23</u> | <u>\$2,099,639 66</u> | <u>\$138,731 43</u> | <u>6.6</u> |
| Disposition of Net Income: | | | | |
| Reserved for Sinking Fund | \$1,960,908 23 | \$1,500,000 00 | | |
| Statutory Reserve Fund | | 599,639 66 | | |
| Total | <u>\$1,960,908 23</u> | <u>\$2,099,639 66</u> | | |

*Decrease shown in italics.

Table No. 5
ARTHUR KILL BRIDGES
Comparative Income Account

| | Calendar year, 1938 | Calendar year, 1937 | Increase or *Decrease | |
|---|------------------------|------------------------|-----------------------|-------------|
| | | | Amount | Per cent |
| Income from Operations: | | | | |
| I. Gross income | | | | |
| Tolls and other revenue | \$455,874 33 | \$485,085 23 | \$29,210 90 | 6.0 |
| Other income | 1,516 47 | 1,285 44 | 231 03 | 18.0 |
| Gross income | \$457,390 80 | \$486,370 67 | \$28,979 87 | 6.0 |
| II. Deductions from gross income | | | | |
| Operating expenses | \$138,489 24 | \$147,897 76 | \$9,408 52 | 6.4 |
| Interest on funded debt | 528,640 00 | 528,640 00 | | |
| Other income charges | 1,406 21 | 1,773 52 | 367 31 | 20.7 |
| Total deductions | \$668,535 45 | \$678,311 28 | \$9,775 83 | 1.4 |
| Net income | \$211,144 65† | \$191,940 61† | \$19,204 04 | 10.0 |
| Disposition of Net Income: | | | | |
| Operating reserve | \$211,144 65† | \$191,940 61† | | |
| Total | \$211,144 65† | \$191,940 61† | | |

* Decrease shown in italics.
† Denotes deficit

Table No. 6
BAYONNE BRIDGE
Comparative Income Account

| | Calendar year, 1938 | Calendar year, 1937 | Increase or *Decrease | |
|---|------------------------|------------------------|-----------------------|-------------|
| | | | Amount | Per cent |
| Income from Operations: | | | | |
| I. Gross income | | | | |
| Tolls and other revenue | \$235,061 41 | \$246,724 00 | \$11,662 59 | 4.7 |
| Other income | 2,187 34 | 14,134 13 | 11,946 79 | 84.5 |
| Gross income | \$237,248 75 | \$260,858 13 | \$23,609 38 | 9.1 |
| II. Deductions from gross income | | | | |
| Operating expenses | \$103,977 34 | \$73,627 71 | \$30,349 63 | 41.2 |
| Interest on funded debt | 368,047 10 | 480,000 00 | 111,952 90 | 28.3 |
| Other income charges | 930 60 | 6,147 49 | 5,216 89 | 84.9 |
| Total deductions | \$472,955 04 | \$559,775 20 | \$86,820 16 | 15.5 |
| Net income | \$235,706 29† | \$298,917 07† | \$63,210 78 | 21.1 |
| Disposition of Net Income: | | | | |
| Operating reserve | \$235,706 29† | \$298,917 07† | | |
| Total | \$235,706 29† | \$298,917 07† | | |

* Decrease shown in italics.
† Denotes deficit.

Table No. 7
INLAND TERMINAL NO. 1
(Port Authority Commerce Building)
Comparative Income Account

| | Calendar year, 1938 | Calendar year, 1937 | Increase or *Decrease | |
|----------------------------------|------------------------|------------------------|---------------------------|--------------------|
| | | | Amount | Per cent |
| Income from Operations: | | | | |
| I. Gross income | | | | |
| Rent and other revenue | \$1,265,699 85 | \$1,235,160 82 | \$30,539 03 | 2.5 |
| Other income | 821 18 | 551 64 | 269 54 | 48.9 |
| Gross income | <u>\$1,266,521 03</u> | <u>\$1,235,712 46</u> | <u>\$30,808 57</u> | <u>2.5</u> |
| II. Deductions from gross income | | | | |
| Operating expenses | \$417,903 37 | \$433,776 79 | <i>\$15,873 42</i> | <i>3.7</i> |
| Interest on funded debt | 643,874 98 | 656,625 00 | <i>12,750 02</i> | <i>1.9</i> |
| Other income charges | 62,215 19 | 62,739 10 | <i>523 91</i> | <i>.8</i> |
| Total deductions | <u>\$1,123,993 54</u> | <u>\$1,153,140 89</u> | <u><i>\$29,147 35</i></u> | <u><i>2.5</i></u> |
| Net income | <u>\$142,527 49</u> | <u>\$82,571 57</u> | <u><i>\$59,955 92</i></u> | <u><i>72.6</i></u> |
| Disposition of Net Income: | | | | |
| Reserved for Sinking Fund | \$142,527 49 | \$82,571 57 | | |
| Total | <u>\$142,527 49</u> | <u>\$82,571 57</u> | | |

* Decrease shown in italics.

Table No. 8
COMBINED TRAFFIC STATISTICS

| Class | Calendar year, 1938 | Calendar year, 1937 | Increase or *Decrease | |
|--|---------------------------|---------------------------|-----------------------|-------------|
| | | | Number | Per cent |
| Passenger automobiles | 19,053,767 | 18,513,212 | 540,555 | 2.9 |
| Motorcycles | 26,419 | 28,011 | <i>1,592</i> | <i>5.7</i> |
| Buses | 1,157,146 | 1,009,351 | 147,795 | 14.6 |
| Trucks — up to 2 tons | 1,492,956 | 1,407,532 | 85,424 | 6.1 |
| Trucks — 2 tons to 5 tons | 741,056 | 783,859 | <i>42,803</i> | <i>5.5</i> |
| Trucks — over 5 tons | 297,770 | 303,731 | <i>5,961</i> | <i>2.0</i> |
| Tractors with 1 axle trailers and trucks 3 axles — under 5 tons, passenger autos with 1 axle trailers | 156,667 | 144,770 | 11,897 | 8.2 |
| Tractors with 1 axle trailers and trucks 3 axles — over 5 tons, buses 3 axles | 427,813 | 407,098 | 20,715 | 5.1 |
| Tractors or trucks with trailers, 4 axles | 18,399 | 24,350 | <i>5,951</i> | <i>24.4</i> |
| Bicycles — animals | | 316 | 316 | 100.0 |
| Specials | 77 | 86 | 9 | 10.5 |
| Total vehicles | <u>23,372,070</u> | <u>22,622,316</u> | <u>749,754</u> | <u>3.3</u> |
| Pedestrians | <u>185,906</u> | <u>180,201</u> | <u>5,705</u> | <u>3.2</u> |

* Decrease shown in italics.

Table No. 9
HOLLAND TUNNEL
Traffic Statistics

| Class | Calendar | Calendar | Increase or *Decrease | |
|---|-------------------|-------------------|-----------------------|------------|
| | year, 1938 | year, 1937 | Number | Per cent |
| Passenger automobiles..... | 9,985,530 | 10,457,632 | 472,102 | 4.5 |
| Motorcycles..... | 14,844 | 17,281 | 2,437 | 14.1 |
| Buses..... | 307,308 | 331,585 | 24,277 | 7.3 |
| Trucks — up to 2 tons..... | 990,282 | 1,051,133 | 60,851 | 6.8 |
| Trucks — 2 tons to 5 tons..... | 530,875 | 611,941 | 81,066 | 15.2 |
| Trucks — over 5 tons..... | 196,059 | 201,880 | 5,821 | 2.9 |
| Tractors with 1 axle trailers and trucks 3 axles — under 5 tons, passenger autos with 1 axle trailers..... | 131,622 | 118,913 | 12,709 | 10.7 |
| Tractors with 1 axle trailers and trucks 3 axles — over 5 tons, buses 3 axles..... | 277,742 | 270,304 | 7,438 | 2.8 |
| Tractors or trucks with trailers, 4 axles..... | 11,945 | 18,514 | 6,569 | 35.5 |
| Specials..... | 77 | 86 | 9 | 10.5 |
| Total vehicles..... | 12,446,234 | 13,079,269 | 632,985 | 4.8 |

* Decrease shown in italics.

Table No. 10
LINCOLN TUNNEL
Traffic Statistics

| Class | Calendar | *Dec. 22 |
|---|------------------|----------------|
| | year, 1938 | to 31, 1937 |
| Passenger automobiles..... | 1,393,149 | 65,887 |
| Motorcycles..... | 3,522 | 80 |
| Buses..... | 186,138 | 3,667 |
| Trucks — up to 2 tons..... | 146,852 | 2,653 |
| Trucks — 2 tons to 5 tons..... | 46,303 | 389 |
| Trucks — over 5 tons..... | 5,093 | 14 |
| Tractors with 1 axle trailers and trucks 3 axles — under 5 tons, passenger autos with 1 axle trailers..... | 2,970 | 29 |
| Tractors with 1 axle trailers and trucks 3 axles — over 5 tons, buses 3 axles..... | 5,509 | 7 |
| Tractors or trucks with trailers, 4 axles..... | 1,111 | 1 |
| Total vehicles..... | 1,790,647 | 72,727 |

* Opened for operation December 22, 1937.

Table No. 11
GEORGE WASHINGTON BRIDGE
Traffic Statistics

| Class | Calendar | Calendar | Increase or *Decrease | |
|---|------------------|------------------|-----------------------|------------|
| | year, 1938 | year, 1937 | Number | Per cent |
| Passenger automobiles..... | 6,490,015 | 6,737,741 | 247,726 | 3.7 |
| Motorcycles..... | 6,901 | 9,331 | 2,430 | 26.0 |
| Buses..... | 633,491 | 643,273 | 9,782 | 1.5 |
| Trucks — up to 2 tons..... | 239,961 | 232,380 | 7,581 | 3.3 |
| Trucks — 2 tons to 5 tons..... | 116,999 | 124,647 | 7,648 | 6.1 |
| Trucks — over 5 tons..... | 62,627 | 65,908 | 3,281 | 5.0 |
| Tractors with 1 axle trailers and trucks 3 axles — under 5 tons, passenger autos with 1 axle trailers..... | 17,137 | 19,047 | 1,910 | 10.0 |
| Tractors with 1 axle trailers and trucks 3 axles — over 5 tons, buses 3 axles..... | 122,270 | 112,714 | 9,556 | 8.5 |
| Tractor or trucks with trailers, 4 axles..... | 4,815 | 5,378 | 563 | 10.5 |
| Bicycles — animals..... | | 286 | 286 | 100.0 |
| Total vehicles..... | 7,694,216 | 7,950,705 | 256,489 | 3.2 |
| Pedestrians..... | 177,358 | 172,111 | 5,247 | 3.0 |

* Decrease shown in italics.

Table No. 12
ARTHUR KILL BRIDGES
Traffic Statistics

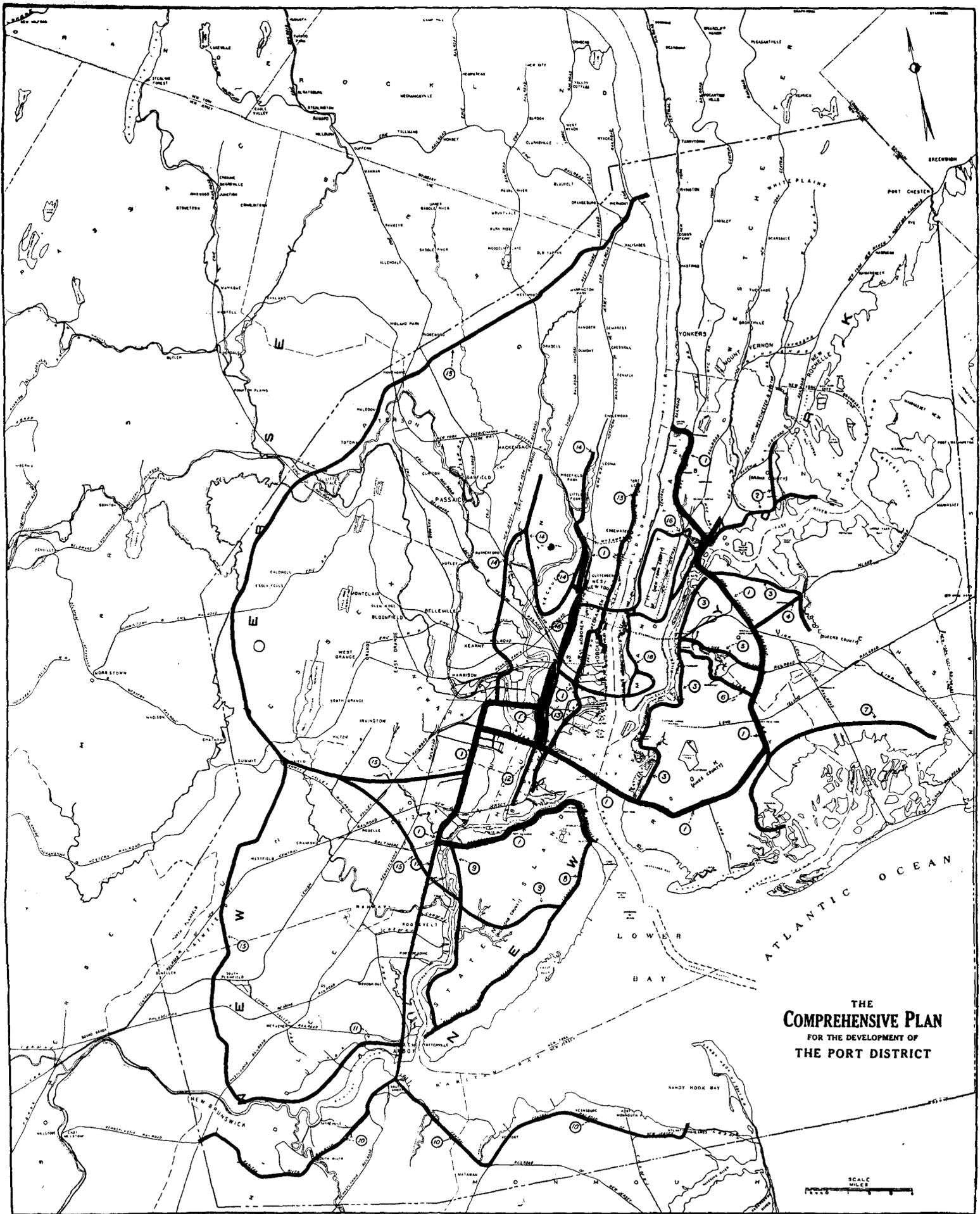
| Class | Calendar year, 1938 | Calendar year, 1937 | Increase or *Decrease | |
|---|---------------------------|---------------------------|-----------------------|------------|
| | | | Number | Per cent |
| Passenger automobiles..... | 776,034 | 820,821 | 44,787 | 5.5 |
| Motorcycles..... | 826 | 974 | 148 | 15.2 |
| Buses..... | 998 | 1,349 | 351 | 26.0 |
| Trucks—up to 2 tons..... | 73,911 | 75,909 | 1,998 | 2.6 |
| Trucks—2 tons to 5 tons..... | 31,643 | 31,319 | 324 | 1.0 |
| Trucks—over 5 tons..... | 27,279 | 29,881 | 2,602 | 8.7 |
| Tractors with 1 axle trailers and trucks 3 axles—under 5 tons, passenger autos with 1 axle trailers..... | 3,521 | 4,522 | 1,001 | 22.1 |
| Tractors with 1 axle trailers and trucks 3 axles—over 5 tons, buses 3 axles..... | 13,289 | 14,668 | 1,379 | 9.4 |
| Tractors or trucks with trailers, 4 axles..... | 343 | 368 | 25 | 6.8 |
| Bicycles—animals..... | | 23 | 23 | 100.0 |
| Total vehicles..... | 927,844 | 979,834 | 51,990 | 5.3 |
| Pedestrians..... | 3,662 | 3,564 | 98 | 2.7 |

* Decrease shown in italics.

Table No. 13
BAYONNE BRIDGE
Traffic Statistics

| Class | Calendar year, 1938 | Calendar year, 1937 | Increase or *Decrease | |
|---|---------------------------|---------------------------|-----------------------|------------|
| | | | Number | Per cent |
| Passenger automobiles..... | 409,039 | 431,131 | 22,092 | 5.1 |
| Motorcycles..... | 326 | 345 | 19 | 5.5 |
| Buses..... | 29,211 | 29,477 | 266 | 0.9 |
| Trucks—up to 2 tons..... | 41,950 | 45,457 | 3,507 | 7.7 |
| Trucks—2 tons to 5 tons..... | 15,236 | 15,563 | 327 | 2.1 |
| Trucks—over 5 tons..... | 6,712 | 6,048 | 664 | 11.0 |
| Tractors with 1 axle trailers and trucks 3 axles—under 5 tons, passenger autos with 1 axle trailers..... | 1,417 | 2,259 | 842 | 37.3 |
| Tractors with 1 axle trailers and trucks 3 axles—over 5 tons, buses 3 axles..... | 9,003 | 9,405 | 402 | 4.3 |
| Tractors or trucks with trailers, 4 axles..... | 185 | 89 | 96 | 107.9 |
| Bicycles—animals..... | | 7 | 7 | 100.0 |
| Total vehicles..... | 513,079 | 539,781 | 26,702 | 4.9 |
| Pedestrians..... | 4,886 | 4,526 | 360 | 8.0 |

* Decrease shown in italics.



THE
COMPREHENSIVE PLAN
FOR THE DEVELOPMENT OF
THE PORT DISTRICT

SCALE
MILES

Description of the Comprehensive Plan

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

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

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

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

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

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

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

No. 6—A portion of this line exists and a portion is new. It connects the Middle Belt Line (No. 1) with the marginal railroad No. 3 in the Greenpoint section of Brooklyn. The existing portion to be improved and added to where necessary. It will open up territory for industrial development. It has a length of approximately four miles, of which two miles now exist.

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

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

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

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

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

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

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

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

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

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

No. 17—By authorization of the States of New York and New Jersey, the Port Authority has constructed four interstate bridges, has acquired the Holland Tunnel, and has completed and placed in operation for the handling of traffic in both directions the first operating unit of the Lincoln Tunnel, extending from 39th Street in Manhattan to Weehawken, New Jersey. Three of the four Port Authority bridges connect Staten Island with New Jersey, as follows: Outerbridge Crossing, between Perth Amboy, N. J., and Tottenville, S. I.; Goethals Bridge, between Elizabeth, N. J. and Howland Hook, S. I.; and the Bayonne Bridge, between Port Richmond, S. I. and Bayonne, N. J. The two former bridges were opened to traffic on June 29, 1928, and the Bayonne Bridge, November 15, 1931. The fourth bridge, George Washington Bridge, spanning the Hudson River between Fort Lee, N. J., and Fort Washington, New York City, was opened to traffic October 25, 1931. The Holland Tunnel, between Jersey City and Manhattan, has been in operation since November 13, 1927. It was acquired by the Port Authority March 1, 1931. Completion of the subaqueous portion of the second tube of the Lincoln Tunnel has been deferred. The comprehensive system of approaches in New Jersey is scheduled to be completed and opened to traffic during the summer of 1939.

THE PORT OF NEW YORK AUTHORITY.

