

THE PORT OF NEW YORK AUTHORITY

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



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NINETEENTH ANNUAL REPORT

DECEMBER 31, 1939

COMMISSIONERS

NEW JERSEY	NEW YORK
FRANK C. FERGUSON Chairman	HOWARD S. CULLMAN Vice-Chairman
GEORGE deB. KEIM	JOHN J. PULLEYN
JOSEPH M. BYRNE, Jr.	ALEXANDER J. SHAMBERG
JOHN BORG	RUDOLPH REIMER
RAYMOND M. GREER	CHARLES S. WHITMAN
(Vacancy)	FRANK J. TAYLOR

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IN MEMORY

of

IRA R. CROUSE

At a regular meeting of the Commissioners of The Port of New York Authority held in the City of New York on the thirtieth day of November, nineteen hundred thirty-nine, the following tribute to the memory of the Honorable Ira R. Crouse was offered and unanimously adopted:

The death of the Honorable Ira R. Crouse removes from this Board a member who had served for many years in faithful support of the principle of interstate cooperation as laid down by the States of New York and New Jersey in creating The Port of New York Authority.

He was named a Commissioner of the Port Authority from New Jersey simultaneously with the enactment of legislation merging the Port Authority and the Holland Tunnel. He was twice honored with reappointments, thus extending his active participation in Port Authority accomplishments through practically the entire second decade of this agency's existence.

Commissioner Crouse was an able and faithful public official, courageous and sincere at all times and devoted to the carrying out of his responsibilities. He brought to his public career the same high attributes of character as distinguished his private life.

It was during his tenure as a Port Authority Commissioner that the planning, financing, and building of the Lincoln Tunnel were undertaken at the direction of the States, and many projects previously authorized also were carried to completion with his assistance.

The Commissioners of The Port of New York Authority have lost not only an experienced associate whose opinions had their full respect but also one who had their personal esteem and admiration.

It is directed that this Minute shall be spread in full upon the proceedings of The Port of New York Authority and that an engrossed copy shall be sent to his family.

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

EXECUTIVE

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

L. J. KEEFE, Secretary	E. E. MENZER, Treasurer
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THOMAS DARROW,
Resident Engineer

CONSULTANTS

O. H. AMMANN,
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MORGAN F. LARSON,
Advisory Engineer on
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**LETTER OF TRANSMITTAL—ANNUAL REPORT
FOR YEAR 1939**

NEW YORK, *March 7, 1940*

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

Because the Port Authority has been engaged in the construction of interstate bridges and tunnels during most of the period since its creation, that phase of its activities is naturally best known to the general public. However, in addition to the operation of its vehicular facilities the Port Authority is charged by statute with effectuation of the comprehensive plan of which Union Inland Freight Terminal No. 1, in the Port Authority Commerce Building, is a part. It is also charged with protecting the port of New York in its status as the greatest port of the United States. These functions include appearances before such regulatory bodies as the Interstate Commerce Commission and the United States Maritime Commission in defense of the port against attacks by other ports of the country on the freight rates and services available to shippers and receivers whose merchandise moves through the Port of New York in foreign, coastwise and intercoastal trade, as well as cooperation with municipalities and federal and state agencies on projects for the betterment of services and facilities at the port.

An example of this latter type of activity is the study the Port Authority has made at the direction of the legislature of the State of New Jersey of the possibility of estab-

lishing a suburban rapid transit system to serve residents of northern New Jersey who commute into New York City. Conferences with a special committee of the New Jersey legislature were commenced on January 4, 1940, for the purpose of arriving at a meeting of minds on the subject before submitting report and recommendations to the legislature of the State of New Jersey.

For the interstate bridges and tunnels operated by the Port Authority the record for the year 1939 shows increases over 1938 on all facilities. The George Washington Bridge, with 8,063,356 vehicles, the Lincoln Tunnel with 2,845,349 vehicles, the Holland Tunnel, with 13,330,681 vehicles and the Bayonne Bridge with 560,515 vehicles, each handled more traffic than in any other year since their respective opening dates. Total traffic for all facilities amounted to 25,740,815 vehicles, an increase of 2,368,745 or 10.1 per cent over the 1938 total.

Outstanding Port Authority bonds in the amount of \$37,468,000 and bearing interest coupons of from $3\frac{3}{4}$ per cent to $4\frac{1}{2}$ per cent were refunded during the year with General and Refunding bonds having 3 per cent and $3\frac{1}{4}$ per cent coupons.

During the year the funded debt of the Port Authority was reduced from \$204,919,000 to \$192,270,000, or \$12,649,000. This reduction was accomplished largely through applying accumulated reserves which were made available by further effectuation of the refunding plan. Debt reduction and refunding operations resulted in interest charges being reduced in the amount of \$916,651.00 annually.

Work on the completion of the New York approaches to the George Washington Bridge, including a new connection through Highbridge Park with the Harlem River Speedway is reaching a conclusion and the final touches on the New Jersey approach to the Lincoln Tunnel which was opened to traffic during the summer of 1939 are being made. This New Jersey approach provides an express route between the Lincoln Tunnel in Weehawken and Routes U. S. 1 and New Jersey 3 at the edge of the Meadows in Homestead, New Jersey. While the opening of the approach has resulted in a considerable increase in the use of the Lincoln Tunnel the full effectiveness of this modern under-the-river cross-

ing cannot be realized until the approach roads in New Jersey, which were under contemplation when work on the Lincoln Tunnel began, are built.

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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CHARLES S. WHITMAN,
JOHN BORG,
FRANK J. TAYLOR,
RAYMOND M. GREER,
Commissioners.

SECTION I—DEVELOPMENT AND PROTECTION OF THE PORT

Part 1—Port Development

Among the duties of the Port Authority, other than construction and operation of vehicular bridges and tunnels, are: provision, as far as economically practicable, of improved freight connections to all parts of the port; unification of freight terminals; advice to municipalities on terminal matters; recommendations to the federal authorities of suitable channel and waterway improvements; development of a plan for interstate suburban passenger transit; and protection of the commerce of the port. All of these functions have as their purpose the maintenance of the Port of New York as the leading port in the United States.

During 1939 recommendations were made to the federal government on ten matters involving channel improvement. At the request of New York City officials a report was made on desirable terminal improvements for the more economic handling of perishable produce in that city. Information was also given to the New York City Planning Commission on terminal handling of live poultry, to assist that body in arriving at a decision in regard to the location of a new municipal terminal.

Active steps were taken in fourteen formal cases before the Interstate Commerce Commission and U. S. Maritime Commission, and in numerous informal negotiations with railroads and steamship companies, to protect the commerce of the Port of New York against diversion which would have resulted if competing ports had secured the transportation rate advantages which they sought. These proceedings involved millions of tons of commerce affecting thousands of jobs for port workers.

The European war and neutrality act caused significant

changes in the world trade situation during 1939. In order to maintain the usefulness of the port to shippers at a maximum and to safeguard its foreign commerce a weekly bulletin has been issued since October 1st containing information on the current availability of shipping service, the regulations in force on exports and the conditions at terminals, piers and warehouses. Invitations to participate in a Port Trade Advisory Board, designed to mobilize commercial publicity resources and to establish a clearing house for port information, were also sent to leading railroads, steamships, warehouse and dock companies and banks in the district.

In the field of terminal unification foundations were made for a new orientation of emphasis in keeping with the shift of freight from railroads to highways which has taken place in recent years. Surveys of economic practicability of establishing union terminals for the rapidly increasing volume of long distance motor freight were initiated.

Construction of the important rail freight tunnel under the Upper Bay to link the east and west sides of the port and to provide a through all-rail freight route to New England via the New York gateway, has not yet been found economically practicable because of inadequate traffic to support the project. Financing as a national defense measure, with non-interest bearing federal funds to be repaid out of future earnings offers the most immediate prospect for early action on this tunnel.

A physical plan for suburban transit was formulated in 1939 pursuant to direction of the New Jersey legislature. The submittal of a complete financial plan has been withheld pending conferences with a special legislative committee appointed in 1939 to advise on matters of legislative policy.

Channel Improvements

One of the Port Authority's duties is to urge on federal authorities appropriate improvements of channels for the waterborne commerce of the port. During 1939 it participated in ten public hearings before the United States District Engineer in matters pertaining to river and harbor improvements. Five of these hearings dealt with the widening or deepening of channels and the construction of bulk-

heads; four related to bridges over navigable waters and one to the extension of Rikers Island in the East River in order to provide additional radio facilities for the North Beach airport.

The hearings on the Brooklyn-Battery bridge and the modification of the bulkheads on the Harlem River involved proposals affecting major changes in the channel clearances of the port. A fixed bridge with minimum vertical clearance of 135 feet and a horizontal clearance of 1600 feet was proposed across the mouth of the East River connecting the extreme tip of Manhattan at the Battery with Hamilton Avenue, Brooklyn. The Port Authority, because of the commercial importance of this waterway urged a somewhat greater horizontal clearance in the interest of navigation. The War Department finally rejected the entire bridge application on the grounds that national defense of the harbor required that no obstructive crossing should be built at this location.

Construction of new express highways involving rehabilitation of the Harlem River waterfront, proposed by the City of New York, required certain modifications in the bulkheads along the river. At hearings on the proposal the Port Authority suggested minor changes in the interest of protecting navigation in the Harlem River, which handles 5,000,000 tons of commerce annually. These were adopted by the War Department and incorporated in the permit issued.

During 1939 nearly \$8,000,000 were spent on improvement to channels in the Port District by the federal government, principally on projects at the following locations:

Arthur Kill and Kill van Kull channels (Staten Island Sound)—dredging to 35 feet.

Hudson River—deepening of the main ship channels from the harbor entrance to 40th Street, Manhattan, to 45 feet; thence to 48 feet to 59th Street.

Hudson River-Weehawken-Edgewater channel—maintenance to 30 foot depth.

Buttermilk and Red Hook channels between the Brooklyn waterfront and Governors Island—deepening to 35 foot and 40 foot depths.

New York State Barge Canal

The New York State Barge Canal is an important feeder to the Port of New York, provides a water route competitive with the St. Lawrence canals serving Montreal and the Mississippi River system serving New Orleans, and is an important factor in keeping down railroad and truck rates to the interior. Because of these considerations the Port Authority in 1934 took a leading part in securing a federal grant to the State of New York for the raising of bridges to a minimum of 20 feet vertical clearance, the widening of bends and deepening throughout to 14 feet.

These improvements, which affect that portion of the canal between Oswego and Albany, are now about 65 per cent complete and 77 per cent of the federal funds necessary to finish the work has been allotted for the purpose.

Cooperation with Municipalities

Following out its duty of advising municipalities in the Port District, the Port Authority has assisted in a number of studies of proposed improvements.

At the request of the Mayor of New York, the Port Authority designated a representative to serve on a committee consisting of state, federal and municipal marketing experts, to study and report upon proposed reorganization of the wholesale fruit and vegetable terminal market located in lower Manhattan. A report was submitted in February 1939 recommending construction of a union railroad, motor truck and steamship produce terminal estimated to save \$3,000,000 in handling and trucking costs annually.

On invitation from the chairman of the New York City Planning Commission the Port Authority furnished data on the future population of New York City and the metropolitan area, at a hearing held June 7, 1939, by the Planning Commission. The purpose of the hearing was to secure useful information and data affecting future public improvements to be incorporated in the master plan for the City of New York.

On October 18, upon invitation from the Commissioner of Markets, New York City, the Port Authority participated in another City Planning Commission hearing to consider

proposed sites for a union live poultry terminal, submitting data on rail and highway connections, design and capacity.

Unification of Railroad Freight Terminals

One of the principal objectives of the bi-state plan which the Port Authority is charged with effectuating is the unification of freight terminals for the purpose of cheapening costs to carriers and shippers, reducing street congestion and improving service.

The operation of Union Inland Freight Station No. 1, built by the Port Authority in 1932 and since utilized by the eight trunk line railroads as a concentration point for merchandise freight, has proved its value in cutting the transfer costs of local merchants and manufacturers not only in Manhattan but also in other sections of the port by at least \$1.00 a ton. Shippers from nearby Long Island and New Jersey make extensive use of the station because of the economy of concentrating trucking operations at one union terminal instead of numerous individual railroad stations.

The railroads have not achieved satisfactory progress in reducing terminal costs by consolidating and closing down individual pier stations which could be displaced by Inland Terminal No. 1 and similar joint facilities. Limited plans worked out by the Port Authority and checked by former Federal Coordinator of Transportation Eastman during his term of office from 1933 to 1936, indicate a potential reduction of at least \$7,000,000 per annum in various terminal costs in the New York area. In 1939 the Port Authority proposed to the New York railroads a recanvass of the entire terminal situation with a view to agreeing upon plans for terminal unification and consolidation of marine harbor operations, but has been unable to secure the railroads' assent. Since the lapse in 1936 of the federal coordinator legislation there appears to be no adequate power either bi-state or federal to bring about compulsory consolidation of railroad terminal operations, no matter how wasteful present methods may be.

In 1939 a bill was introduced in Congress to recreate a transportation administrator to attack this problem. The

bill would have directed the Interstate Commerce Commission to issue appropriate terminal unification orders upon recommendation of the administrator and after public hearings and findings of public necessity. This bill died in committee because of inadequate support. However, during the latter part of 1939 evidence of reviving interest in enacting such legislation began to appear. On October 12 the American Association of Port Authorities adopted a resolution favoring enactment of federal laws to accomplish compulsory terminal unification and more recently municipal officials have evinced a similar interest.

It is believed that continued failure on the part of railroads to cooperate in setting their own terminal operations in order will lead to the setting up of federal machinery to accomplish the result by appropriate orders when found in the public interest. In the absence of a willingness on the part of the New York railroads to consider voluntary terminal unification measures, continued progress in this field must await the setting up of an appropriate federal agency with which the Port Authority may cooperate in carrying out the program of the two states. Efforts are now being exerted toward that end.

Unification of Motor Freight Terminals

Long distance haulage of freight by motor trucks has increased rapidly during the past decade. It is estimated that 600 motor lines operate more than 5000 trucks daily into the port district and handle more tonnage of many commodities than do the railroads. Between 1,500,000 and 2,000,000 tons per annum of miscellaneous motor freight is handled over the platform of inadequate and scattered individual terminals, mostly in lower Manhattan.

The motor truck terminal situation, now characterized by high delivery costs and street congestion, calls for constructive improvement by applying the principles of unification. A number of long distance truck operators realize the importance of prompt action in this matter and are seeking the aid of the Port Authority in working out a practicable plan for establishing cooperative terminals. Studies and negotiations to that end were started late in the year.

Suburban Transit

Following its 1937 report to the New Jersey legislature on suburban transit which stated that new interstate facilities would require public aid or state guarantees to supplement fare revenues, the Port Authority was directed in 1938 to prepare a physical and financial plan for the initial stage, to make an up-to-date traffic census and to prepare draft legislation.

The traffic census and physical plan were completed but, in drafting a financial plan and legislative program, it became evident that the problem involved many questions of state policy and constitutional provisions. The situation was laid before the governor and legislature with the result that a supplemental joint resolution was adopted and approved on June 7, 1939, creating a joint legislative committee to confer with and advise the Port Authority on matters of state policy prior to the submittal of the report. This committee was designated late in 1939 and conferences are in progress.

Of the 313,000 daily interstate travelers between the New York and New Jersey side of the port, about 40,000 travel in common carrier motor buses, chiefly over the George Washington Bridge to uptown Manhattan and through the Lincoln Tunnel to midtown Manhattan. Several new routes were established after the opening of the Lincoln Tunnel, including some transfer routes from rail lines in New Jersey to the Times Square area.

Increased bus movements in the midtown area have aggravated the traffic congestion in this section, in the opinion of the New York City authorities, with the result that the Mayor appointed a committee headed by the Borough President of Manhattan to investigate and recommend what new regulations might be necessary. At the invitation of this committee the Port Authority submitted data to show that the total daily interstate bus movements into the midtown area approximated 1400 and that 85 per cent of the patrons sought destinations east of Eighth Avenue. The suggestion was proffered that bus companies might reasonably be required to equip themselves with double ended terminals west of Seventh Avenue, entered from an eastbound street and connecting with a westbound street, and also be required to simplify their routes so as to approach their

terminals in a direct line eastbound from and westbound to an uncongested north and south avenue such as Dyer Avenue (Lincoln Tunnel plaza) or Tenth Avenue.

The Borough President's committee reported in December, 1939, recommending new police regulations and amendments to the building zone ordinances to be made in 1941, which would limit suburban buses to pick-up and discharge at a zone terminal adjacent to the exit of the particular interstate tunnel or bridge by which they enter Manhattan. For the midtown area the easterly zone limit is placed at Eighth Avenue. Application of these restrictions will limit the convenience offered by the bus lines to interstate passengers unless the operators are able to work out new terminal arrangements which are economically practicable and still deliver passengers within reasonable distance of the business and shopping areas which are their destinations.

The Port Authority will continue to follow developments closely with a view to obtaining for interstate commuters the most convenient service possible under all the circumstances.

SECTION I—DEVELOPMENT AND PROTECTION OF THE PORT

Part 2—Port Protection

During 1939 the Port Authority participated in fourteen formal proceedings before the Interstate Commerce Commission or Maritime Commission to protect the commerce of the port. These cases involved rail, water or truck transportation rates or practices affecting the relationship of the Port of New York to competing ports. Directly or indirectly concerned in the issues at stake were 6,000,000 tons of commerce giving employment to an estimated 25,000 workers in the transport, storage and handling trades and support to 100,000 people in their families.

Protection of the port's commerce is a matter of eternal vigilance. While the basic railroad "port differentials" among the north Atlantic ports were established in 1877 and between Gulf ports and the north Atlantic group in 1907, the most intensive drive to amend these relationships to the disadvantage of New York has been made during the past twenty years. During the same period, steamship rates and terminal practices and motor carrier rates came under the control of government regulatory agencies, making defense of the port's competitive rate position of still greater importance. Following the direction of the Bi-State Treaty of 1921 to intervene in such proceedings, the Port Authority is looked upon by steamship lines, railroads, chambers of commerce and municipalities as the agency charged with defense of the port as a whole. Needless to say, the Port Authority cooperates closely with the New York carriers and with local municipalities and chambers of commerce in carrying out its duties in this field.

The list of formal proceedings during 1939 included six Interstate Commerce Commission cases relating to railroad rates and practices, two Interstate Commerce Commission cases relating to long-distance motor truck rates

and six Maritime Commission cases relating to water carrier rates or terminal practices. Due to the necessarily lengthy procedure of hearings, filing of briefs, exceptions to portions of trial examiners' reports and oral argument, decisions in many cases were still pending at the close of the year. The significance and status of each are summarized briefly:

I.C.C. Docket 28008—

(Cocoa Bean Storage-in-Transit Rules)

A favorable decision was secured in March 1939 equalizing the rules of the railroads at the Port of New York with those in effect at Philadelphia governing the period within which cocoa beans may be stored in transit without losing the advantageous special import rates. The decision affected not only a large tonnage of that particular commodity but upheld the principle of equal treatment to New York, an important precedent in future cases involving the same practices on other commodities.

I.C.C. Docket Ex Parte 104—

(Storage Charges on Wood Pulp and China Clay)

Following the decision of the Interstate Commerce Commission in a prior general investigation into railroad warehousing rates at the Port of New York, the New York carriers raised their charges for wood pulp storage to a level greatly in excess of the railroad charges applying at Baltimore, Norfolk and other competing ports. Although the Interstate Commerce Commission refused the Port Authority's request to suspend these rates pending investigation, it is expected to enter into an investigation of the subnormal rates at competing ports in compliance with a petition filed by the Port Authority. Meanwhile, the New York carriers have made some reduction in their rates in accordance with new cost studies.

I.C.C. Docket I. & S. 4689 & 4738—

(Grain Rate Port Differentials)

Grain is an important item in the export trade of the port. The exports since the beginning of the 1939 season (October to December) have averaged 3,882,000 bushels per

month, a 269 per cent increase over the corresponding period of 1938. Although some all-rail grain moves from Illinois and other United States shipping points, the major volume is of Canadian origin shipped from Great Lake ports by rail or New York State Canal. Removal in January 1939 of impediments to the export of Canadian grain to the United Kingdom via New York and other United States ports, for which the Port Authority has labored since 1933, was a large factor in the revival.

During 1939 the Port Authority, in cooperation with other interests, was successful in securing suspension and subsequent withdrawal of proposed rates on ex-lake grain from Toledo to Baltimore and Norfolk which would have given an increased preference over New York.

During 1939 the Port Authority also joined in a successful move to defend re-establishment of a fair relationship between New York and New Orleans on grain originating in Illinois. Readjustments by the carriers serving New York were successfully maintained against a petition by New Orleans to have them suspended. A retaliatory reduction by the lines serving the gulf was suspended on petition filed in July and is awaiting final decision by the Interstate Commerce Commission.

I.C.C. Docket 28076—

(Port Differentials—Virginia and Baltimore vs New York)

Early in 1939 the Port Authority intervened in a case brought by Virginia interests against the eastern railroads in reference to rates applying from the eastern seaboard to the interior by combination of coastwise lines and rails. These combination rates, although applying via somewhat slower and more circuitous routes than the direct all-rail lines, give shippers via New York transport charges competitive with the differentially lower all-rail rates granted by the railroads from Norfolk and Baltimore and are therefore worthy of preservation. The case is still pending.

I.C.C. Docket I. & S. 4542—

(Rates between New York and Southwestern Territory via Seatrains Line)

During 1939 the Interstate Commerce Commission investigated the joint rates published by the eastern railroads

for application from eastern inland points to southwestern territory via the Seatrain Steamship Line operated from Hoboken to New Orleans. This steamship line carries freight cars intact and operates exclusively from the Port of New York as its Atlantic terminal. The point at issue is whether the railroads, responsible for publication of the rates as originating carriers, are offering a fair basis as compared to the rates which they publish for all-rail overland movement to the southwest and to the joint rates published in combination with the so-called break-bulk steamship lines operating in the north Atlantic-Gulf trade.

The Port Authority intervened and followed the testimony closely but has reserved any representation pending the release of the trial examiner's recommendations which have not yet been handed down.

I.C.C. Bureau Motor Carriers Dockets 20 & 22—
(Motor Truck Rates to New York District)

Important developments took place during 1939 in establishing long-distance motor truck rates, which are now subject to the Interstate Commerce Commission. Pioneer cases are now in progress involving not only the level of rates to be charged in New England and middle Atlantic territory but also the grouping of points in the Port District, and the imposition of surcharges for deliveries to piers and outlying sections.

In two proceedings, one covering rates between New York and points west and south as far as North Carolina and the other covering rates between New York and New England, the Port Authority has taken a very active part. The major objectives of this participation have been to keep the rates applying to the Port District from being loaded with extra cost factors, to maintain the maximum degree of uniformity in treatment of all sections of the district and to oppose unreasonable arbitraries or surcharges for deliveries to outlying sections in the Bronx, Queens, Staten Island and New Jersey and for deliveries to steamship piers.

Only temporary orders have been issued in either case, with final decision still pending further hearings and arguments.

U.S. Maritime Commission Docket 539—

(Intercoastal Rates—New York vs New Orleans)

A substantial volume of commerce moves between the east central United States and the Pacific Coast via steamships operating either from north Atlantic or Gulf ports. To protect the competitive position of New York, the Port Authority has contended that the lines operating from this port should have the right to establish rates which equalize total transportation charges with those in effect via any other Atlantic or Gulf port.

In a test case involving westbound shipments of liquors from Illinois and Kentucky heard by the Maritime Commission in 1939, in which the Port Authority participated, the right of the New York lines to establish reduced rates to meet the Gulf competition was maintained. However, the reduction made by the New York lines was met by a further cut from the Gulf, which the New York lines have not as yet been able to meet because of a conference rule requiring unanimous consent, permitting a line operating in both trades to block equalization until such rule is abrogated.

U.S. Maritime Commission Dockets 408 & 514—

(Intercoastal Rates)

The principle of equalization of total charges between central territory and the Pacific coast was a prominent feature of a general investigation instituted by the Maritime Commission into the intercoastal rate structure following hearings on an internal controversy within the intercoastal trades in regard to varying rate levels maintained by the so-called A, B and C lines (classified according to speed and frequency of service).

In this investigation the Port Authority upheld the position that no minimum rate level should be prescribed for New York lines above the Gulf carriers; that the lines should be permitted to equalize total charges by absorbing adverse inland rail differentials and by publishing special proportional rates; and that the privilege of shipping so-called mixed carloads should be uniformly preserved or uniformly denied at all ports to eliminate discrimination.

The trial examiner's report made no recommendations adverse to the Port of New York except on the practice of port equalization by absorption of inland rail differen-

tials. This latter practice, which is of particular importance to the New York lines, was condemned as unreasonable on grounds which appear wholly unsupportable. To this phase of the examiner's recommendation a vigorous brief of exceptions has been filed in the expectation that the Commission's final decision will reverse the examiner's recommendation.

U.S. Maritime Commission Docket 482—

(Storage Charges on New York Steamship Piers)

Previous annual reports have traced the progress of a proceeding in which the Maritime Commission established a mandatory limit of ten days within which import freight may be held on piers without charge awaiting pickup by the consignee. The Port Authority offered no objection to a reasonable limitation of this practice and in fact supported the proposition but contended that in the absence of similar restrictions at certain competitive ports, notably on the Gulf, the New York lines should be permitted to adjust their charges for holding specific commodities beyond free time to be in line with practices and charges at competing ports.

The 1938 report stated that in a test case on coffee the trial examiner for the Maritime Commission recommended that proposed New York pier charges on coffee be found lawful. However, in the final decision rendered in 1939 the Commission reversed its examiner and found that coffee charges proposed by the New York lines should be raised. This decision was appealed to the federal courts by the steamship lines without success.

To safeguard against diversion of coffee due to more lax provisions at Gulf ports, the Port Authority is requesting the Maritime Commission to investigate the situation with a view to equalizing port practices.

U.S. Maritime Commission Docket 513—

(Contract Routing Restrictions via Trans-Atlantic Conference Steamships)

During 1939 the Maritime Commission ruled against a practice of the Trans-Atlantic Steamship Conference whereby in contracts made with interior shippers for spe-

cial rates the conference insisted that all export business of these shippers be delivered at their home Atlantic ports rather than diverted in part to non-conference lines operating from Great Lakes ports via the St. Lawrence River direct to Europe. The Port Authority upheld the right of the Trans-Atlantic lines to insist on exclusive delivery to them at Atlantic ports in making special contract rates. What volume of traffic may be diverted to Canadian routes as a result of this decision cannot be estimated at this time.

Informal Negotiations to Protect Commerce

In addition to formal proceedings before federal regulatory agencies, the Port Authority participated in numerous informal negotiations with carriers and service agencies in the port to secure adjustments in rates or practices which would encourage commerce to move through the port. These negotiations included rate adjustments to retain the handling, storage and fumigation of cotton imported at New York in transit to southern mills; amendment of railroad practices to permit application of special import rates to goods stored in non-railroad warehouses; rate adjustments on export automobiles from certain central territory producing points to prevent diversions to competing ports; and continuance of lighterage service to points in Brooklyn and Queens along Newtown Creek.

Port Trade Advisory Board—Information Clearing House

To meet demands for a more effective coordination of commercial solicitation and publicity in behalf of the Port of New York with sources of authoritative information on shipping services, terminal conditions, and regulations put into force as a result of the European War and the Neutrality Act, the Port Authority established in October a weekly bulletin of information which is widely disseminated among shipping interests. Shortly thereafter it invited interested carriers, warehouses, terminals, banks and others concerned to participate in a Port Trade Advisory Board.

This nucleus is expected to grow into a permanent center for prompt interchange of information, adjustment of complaints, dissemination of facts and mobilization of latent publicity channels on port matters.

Port Unity—Motor Carrier Operations in New York Commercial Zone

Previous reports have noted a decision of the Interstate Commerce Commission in 1937 which excluded portions of the Port District from the New York Commercial Zone within which interstate trucking operations are exempted from compliance with the requirements of the Motor Carrier Act with respect to obtaining certificates of convenience and necessity, filing of tariffs, issuance of bills of lading and other regulations designed for long-distance over-the-road operations, but unduly burdensome to local truckmen and local merchants and manufacturers delivering merchandise by hired trucks.

When this decision was appealed to the federal courts by several truckmen, the Port Authority intervened in support of a petition for an injunction and declaratory judgment. On June 24, 1939 the federal court rendered a decision upholding the Interstate Commerce Commission decision.

Since relief by the courts has been denied, a legislative amendment to make mandatory an exempt area coinciding with the metropolitan district as defined by the United States Census Bureau was pushed in Congress. Such a bill, known as S-1526, was introduced by Senator Barbour and went to hearing before a subcommittee of the Senate Interstate Commerce Committee during 1939.

This bill was supported by the Port Authority as well as by numerous chambers of commerce, industrial, mercantile and trucking interests, not only from New York and New Jersey but also from Chicago, St. Louis, Philadelphia, and other metropolitan areas. Thus far no report has been made by the committee.

Physical Protection of the Port—Regulation of Transportation of Dangerous Articles

Following out its duty to make recommendation for the better conduct of navigation and commerce the Port Authority has for several years urged on federal and municipal authorities more adequate regulation and policing of the handling of dangerous articles within the port area.

Legislation is now pending in Congress which is intended to coordinate existing statutes covering this traffic. Under

the proposed act, which it is hoped will be passed and become effective early in 1940, the Secretary of Commerce is empowered to regulate the safe transportation of explosives and other dangerous cargo on board vessels on the navigable waterways of the United States. In anticipating this legislation the Bureau of Marine Inspection and Navigation of the Department of Commerce, has already compiled and issued a preliminary draft of a new comprehensive set of proposed regulations. These rules will govern the transportation, stowage and storage of all dangerous cargo on board vessels entering or clearing United States ports. A number of conferences covering the preliminary draft have been held by the Bureau with steamship operators, shippers, marine underwriters and representatives of the Port Authority, and considerable progress has been made in eliminating technical differences which will make the rules more workable and reasonable.

The Bureau of Motor Carriers of the Interstate Commerce Commission, also has under consideration a draft of proposed safety regulations which will apply to all motor carriers on public highways engaged in the transportation of explosives and other dangerous articles. Here again conferences have been held covering the proposed rules at which representatives of the Port Authority were present, and it is expected that an official hearing will be held in the near future to consider final adoption of the proposals.

SECTION II—CONSTRUCTION

Part 1—Lincoln Tunnel

Keep open

The express highway connection of the Lincoln Tunnel through Union City and North Bergen in New Jersey was put in service on June 30, 1939. This connection, built at a total cost of \$12,568,000, provides a six lane express highway flanked by marginal streets. Across the plateau of the Palisades through Union City and to a point west of Hudson County Boulevard in North Bergen, the express highway is in open cut, depressed below the level of the surface streets which cross it on bridges.

To the west in North Bergen the highway descends on viaduct structure to make direct connections with New Jersey State Highway Routes Nos. 1 and 3 and with Paterson Plank Road. Access to and from Hudson County Boulevard is available via a three level structure which features an interchange circle at an intermediate level. For non-tunnel traffic using the express highway connections to the surface streets are provided near Pleasant Avenue and at Hudson County Boulevard East.

The marginal streets were ready for traffic in advance of the express highway, the south marginal street being open for traffic on May 1st and the north marginal on June 9th.

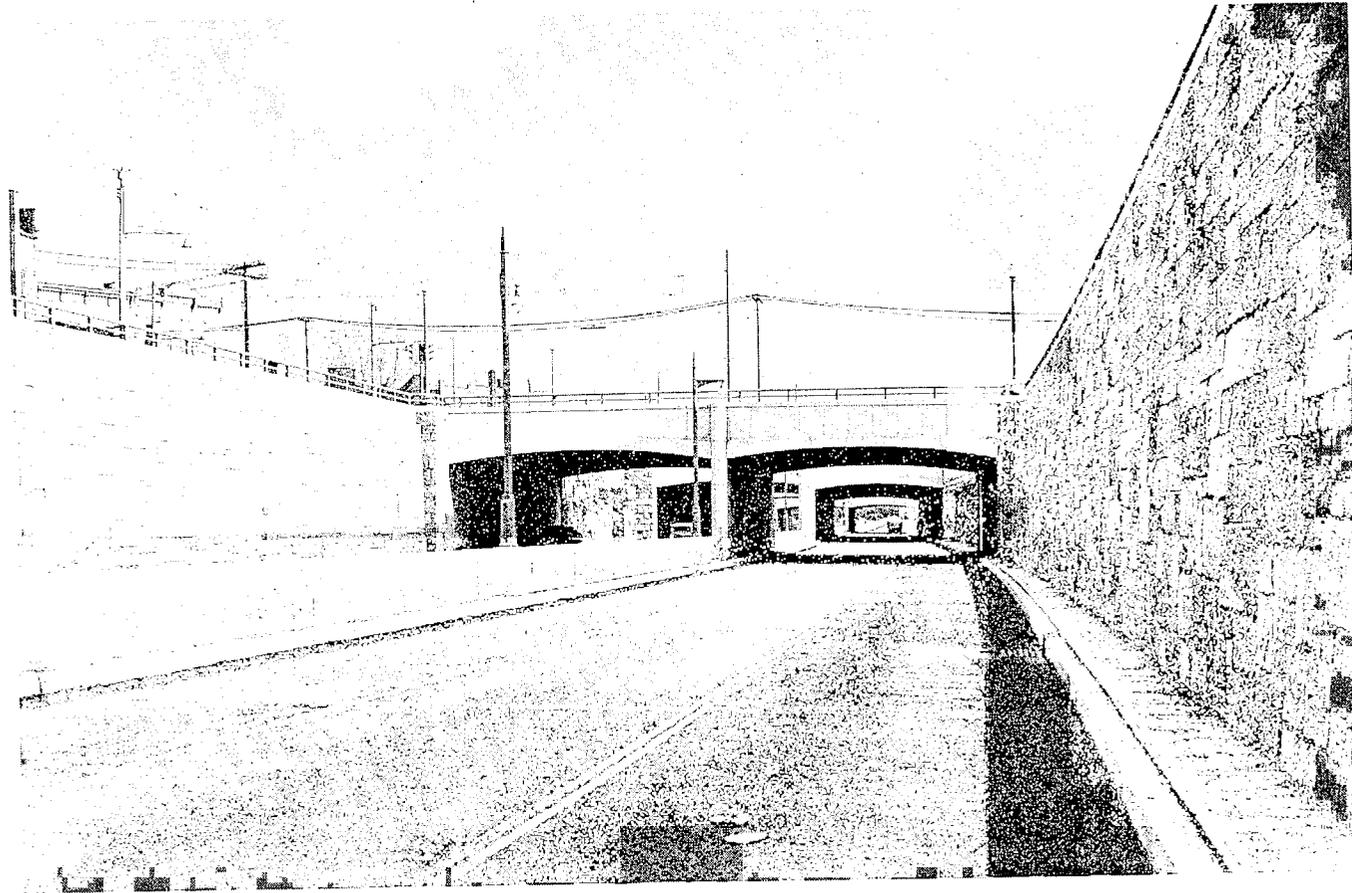
The "loop" structure in Weehawken which carries tunnel traffic from the tunnel toll area to the beginning of the depressed highway had been completed in October 1938 about ten months after the opening of the First Operating Unit of the Lincoln Tunnel for traffic.

At the beginning of 1939 seven contracts for the construction of the depressed express highway through Union City and the viaduct structure in North Bergen were in progress. Four additional contracts, for paving the roadway and the approach ramps and for electrical installation, were let early in the year. All contracts involved in the con-

struction of the above mentioned connection, were completed before the close of the year.

Decision had been reached in May 1938 to discontinue construction of the north tunnel with the exception of such contract work as was already in progress. All of this active work was included in the contract for the shield driven tunnel and shafts which at the beginning of 1939 was approximately 90 per cent completed. At that time the Contractor was in the process of placing interior concrete in the river tunnel section. This contract was completed on December 1, 1939.

When traffic through the Lincoln Tunnel increases sufficiently to indicate definitely the need for additional capacity, the work remaining to be done on the second tube to place it in readiness for use will be undertaken. This work, which will consist of the manufacture and installation of ventilation equipment, the construction of the ventilation buildings, the steel bent section of the tunnel in New York and the plaza and approach in New York and the placing of the interior finish and paving, will require about thirty months to complete, at a total estimated cost of \$11,500,000.



Six Lane, Depressed Express Roadway, Serving the Lincoln Tunnel, Across the Palisades

SECTION II—CONSTRUCTION

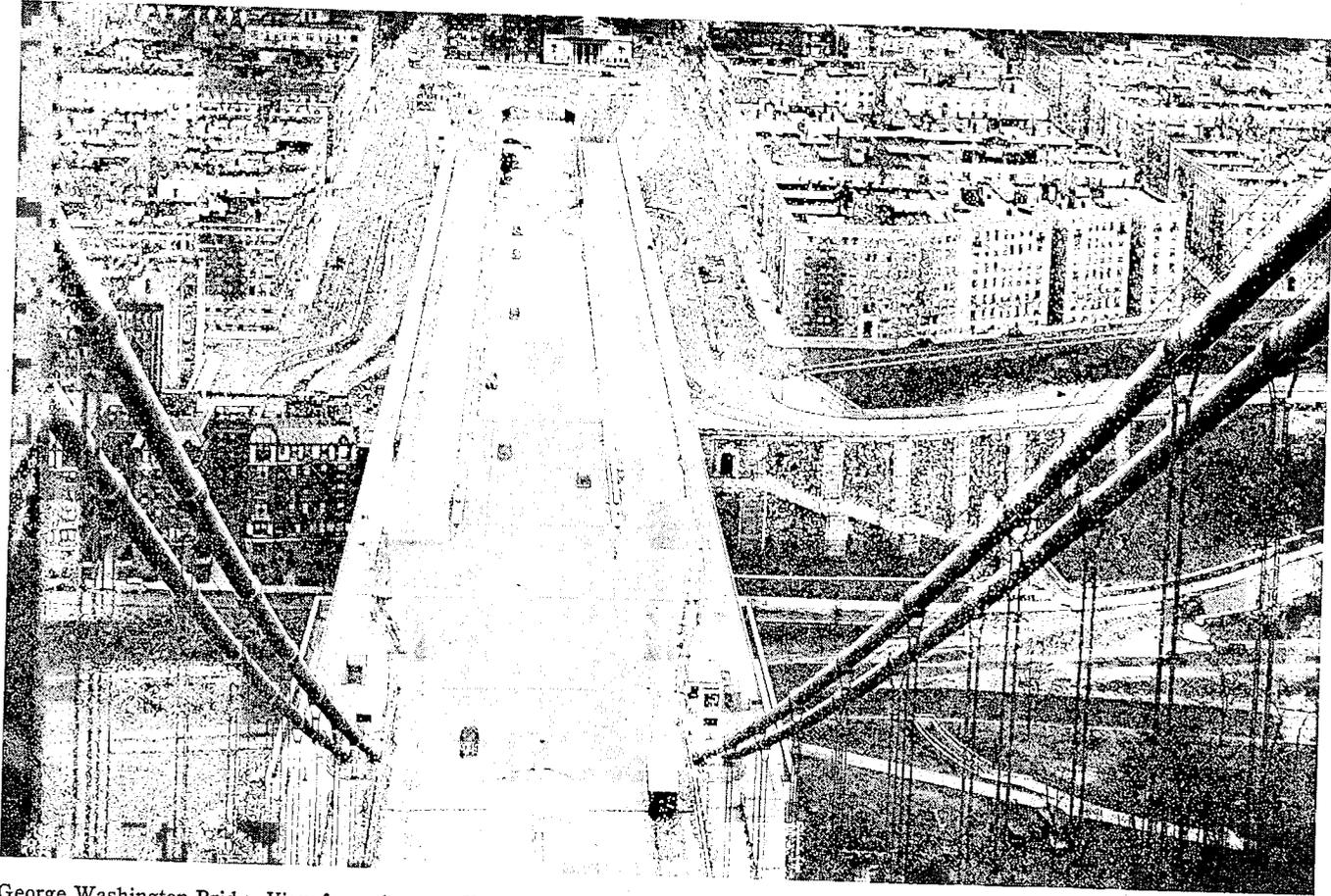
Part 2—George Washington Bridge

At the beginning of the year work was in progress on completion of the New York approach west of Fort Washington Avenue under Contract HRB-29. Included in this contract was the encasement of the anchorage with granite rubble masonry and the construction of two approach roadways flanking the center roadway from the anchorage to Fort Washington Avenue. The construction of these roadways required widening of the arch over Riverside Drive. Construction work on the anchorage and ramps had reached the stage of approximately 60 per cent completion at the beginning of the year and was entirely completed in November.

The early part of the year marked completion of work on the 178th Street tunnel including the tunnel finish under Contract HRB-30, tunnel paving under Contract HRB-31 and electrical installation under Contract HRB-32.

In Highbridge Park construction of the approach connection from the Harlem River Speedway to the portal of the 178th Street tunnel and to Amsterdam Avenue has been advanced to approximately 75 per cent completion during the year. The approach structure is a reinforced concrete viaduct of arched design descending along the steep hillside of the park from Amsterdam Avenue and from the tunnel portal immediately east of the avenue to the Speedway level. Junction with the Speedway is made south of Highbridge and opposite 170th Street.

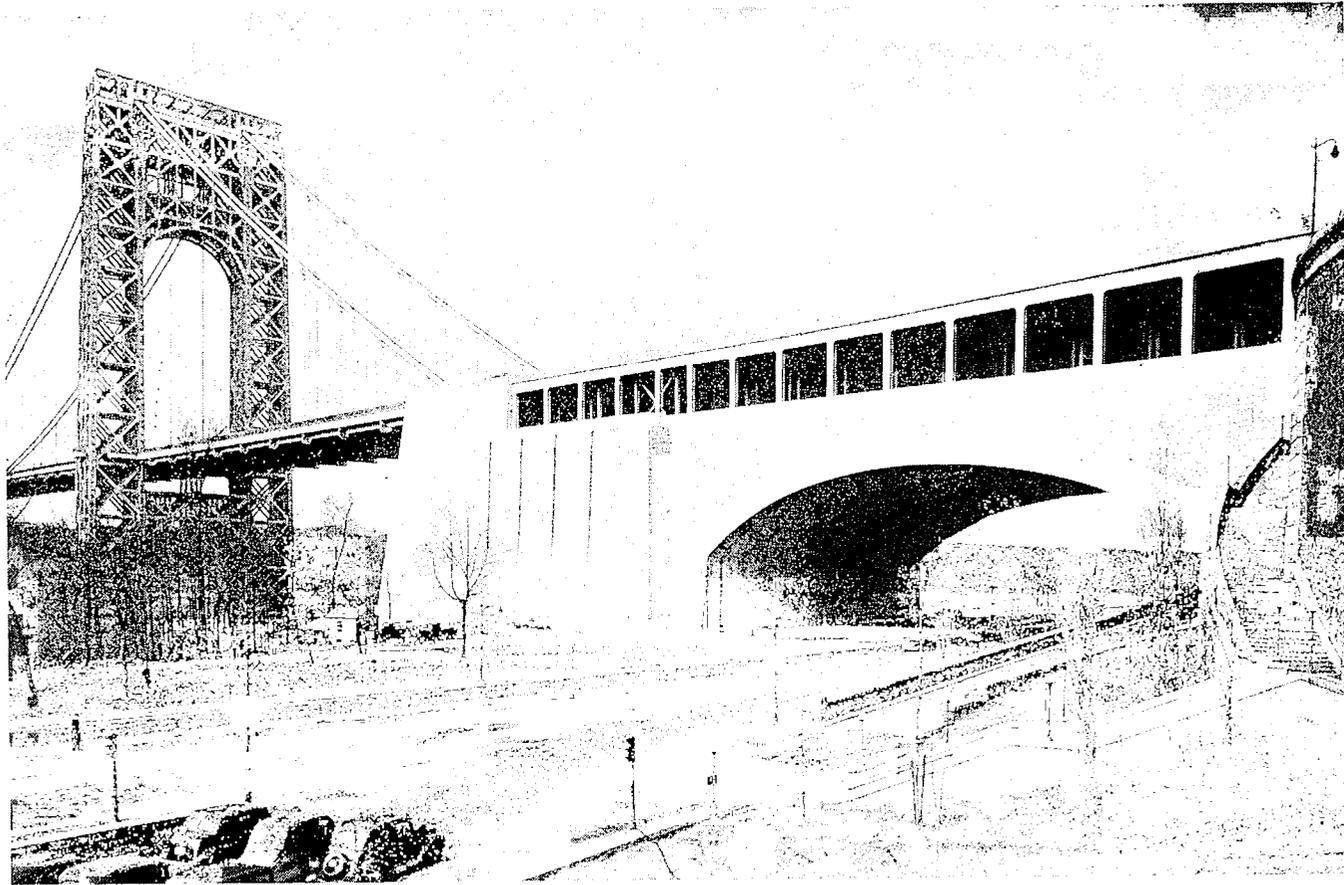
At the beginning of 1939 one contract, namely Contract HRB-35 for the southerly portion of the connection, had been started. This contract was completed in November. Two other contracts for the work were let, namely Contract HRB-36 for the northerly portion of the connection which, at the end of the year, was about two-thirds completed, and Contract HRB-38 for the electrical installation. Field work



George Washington Bridge View from the New York Tower Showing the Completed Ramp Connections to Ft. Washington Avenue and the Entrance to the 178th Street Tunnel to Amsterdam Avenue

on the latter had not yet been started. It is expected that this connection will be entirely completed and open to traffic during the spring of 1940.

During the year work was undertaken and completed on three additional contracts. The first of these was for paving the center roadway of the New York side span under Contract HRB-37. Contract HRB-40 provided for a short roadway connection between Henry Hudson Parkway and the approach through Riverside Drive. Contract HRB-39, for the bus passenger shelter at 179th Street, was in process of execution at the beginning of the year and was completed in May.



George Washington Bridge View of New York Anchorage and Arch over Riverside Drive as Completed

SECTION III—OPERATION OF INTERSTATE VEHICULAR CROSSINGS

Part 1—Holland Tunnel

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

Traffic

Traffic at the Holland Tunnel during 1939 showed an increase over 1938 of 884,397 vehicles, or 7.1 per cent. The total for 1939 was 13,330,681 vehicles. In 1938 it was 12,446,284 vehicles. The year 1939 was the peak year since the opening of the tunnel in 1927. The previous high year was 1937, when the facility was used by 13,079,269 vehicles.

Revenues and Expenses

Gross income for 1939 amounted to \$7,507,837.64, compared with \$6,905,266.69 in 1938, an increase of \$602,570.95 or 8.7 per cent. The total operating expenses for 1939 were \$1,602,559.58, compared with \$1,543,755.72 for 1938, an increase of \$58,803.86 or 3.8 per cent.

Net revenues after deduction of operating expenses, interest on the funded debt and other income charges amounted in 1939 to \$4,066,728.33, compared with \$3,467,881.51, an increase of \$598,846.82 or 17.3 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

As a result of the opening of the depressed and elevated express highway approach to the Lincoln Tunnel connecting with U. S. Route No. 1 and New Jersey Route No. 3 through the municipalities of New York, Union City and North Bergen, there was a considerable stepping up in the use of this facility for interstate movement of motor vehicles. As a result, the total traffic for the year 1939 amounted to 2,835,349 vehicles, an increase of 1,044,702 vehicles, or 58.3 per cent over the 1938 figure.

Revenues and Expenses

Gross income for 1939 amounted to \$1,722,011.23, compared with \$1,012,546.80 in 1938, an increase of \$709,464.43, or 70.1 per cent. Operating expenses for 1939 totaled \$597,747.88, a decrease of \$60,662.20, or 9.2 per cent under the 1938 figure of \$658,410.08. After deducting operating expenses, interest on funded debt and other income charges from the total operating revenues and income there remained a net deficit in 1939 of \$625,418.19, or \$328,439.50, or 34.4 per cent less than the deficit for 1938.

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

Traffic at the George Washington Bridge during 1939, for the first time since it was opened in 1931, passed the 8,000,000 mark. The total number of vehicles using this facility during 1939 was 8,063,356. In 1938 the figure was 7,694,216. The increase in 1939 over 1938 was 369,140, or 4.8 per cent.

Revenues and Expenses

Gross operating revenues and income in 1939 amounted to \$4,682,841.38, compared with \$4,582,357.55 in 1938, an increase of \$100,483.83, or 2.2 per cent.

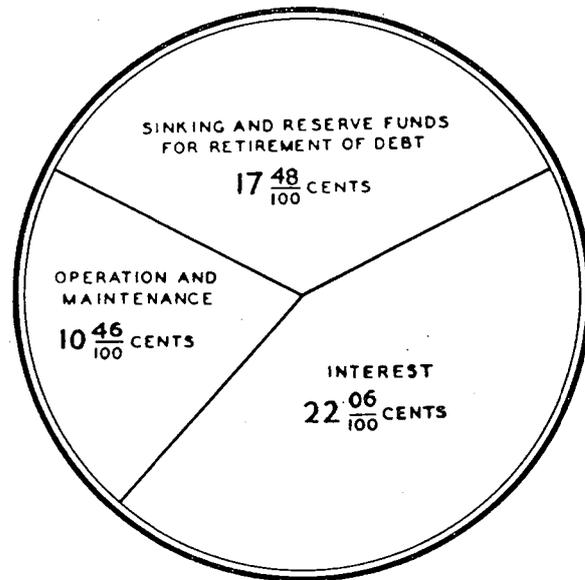
Operating expenses for 1939 were \$612,807.76, an increase of \$95,225.90, or 18.4 per cent over the 1938 figure of \$517,581.86. This increase in 1939 was brought about primarily by the increased appropriation for advertising in connection with the World's Fair and the necessity for the replacement of toll register equipment.

Net revenues for the year 1939, after deducting operating expenses, interest on funded debt and other income charges amounted to \$2,096,458.86, an increase of \$135,550.63, or 6.9 per cent over the 1938 figure of \$1,960,908.23.

THE 50¢ TOLL - WHERE IT WENT

BRIDGES AND TUNNELS

YEAR 1939



THE $10\frac{46}{100}$ CENTS FOR OPERATION AND MAINTENANCE ARE DIVIDED AS FOLLOWS -

TOLL COLLECTIONS	$1\frac{14}{100}$ CENTS
LIGHTING AND TUNNEL VENTILATION	$1\frac{35}{100}$ CENTS
CLEANING	$\frac{42}{100}$ CENTS
POLICING	$2\frac{38}{100}$ CENTS
INSURANCE	$\frac{95}{100}$ CENTS
OTHER OPERATING EXPENSES	$2\frac{64}{100}$ CENTS
DEVELOPMENT	$\frac{13}{100}$ CENTS
ADMINISTRATION AND LAW	$1\frac{45}{100}$ CENTS
TOTAL	$10\frac{46}{100}$ CENTS

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

Traffic over the Bayonne Bridge during 1939 was greater than in any other year since its opening in 1931. The total figure was 560,515. In 1938 it was 513,079 vehicles. The increase in 1939 over 1938 amounted to 47,436 vehicles, or 9.2 per cent.

Revenues and Expenses

Gross operating revenues and income for 1939 amounted to \$257,146.53, compared with \$237,248.75 in 1938, an increase of \$19,897.78, or 8.4 per cent.

The operating expenses for 1939 amounted to \$109,498.16, compared with \$103,977.34 in 1938, an increase of \$5,520.82, or 5.3 per cent. This increase in operating expenses for 1939 was due to a large extent to the necessary painting program carried on at that facility during the summer months.

Operations in 1939, after deduction of operating expenses, interest on funded debt and other income charges, resulted in a net deficit, the figure being \$218,921.63, compared with a deficit in 1938 of \$235,706.29, or \$16,784.66, or 7.1 per cent less.

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

For the year 1939 the total traffic on these two facilities amounted to 950,914 vehicles, compared with 927,844 vehicles in 1938, an increase of 23,070 vehicles, or 2.5 per cent.

Revenues and Expenses

Total operating revenues and income for the year amounted to \$465,601.48, compared with \$457,390.80 in 1938, or an increase of \$8,210.68, or 1.8 per cent.

The operating expenses for 1939 were \$137,107.57, compared with \$138,489.24 in 1938, or a decrease of \$1,381.67, or 1.0 per cent.

After deducting operating expenses, interest on funded debt and other income charges from the total operating revenues and income there resulted a net deficit for 1939 of \$200,755.47. In 1938 this net deficit amounted to \$211,144.65. The 1939 deficit is less by \$10,389.18, or 4.9 per cent.

Goethals Bridge Bus Line

This bus line was inaugurated in March 1931 between Elizabeth, N. J., and Staten Island, N. Y. In 1939 it handled 200,757 passengers with a gross revenue of \$23,176.35 and enjoyed a net operating revenue of \$363.29.

SECTION IV—GENERAL

Part I—Financial

Results of Operations

In 1939 gross revenues from all sources amounted to \$16,162,583.08, an increase of \$1,526,923.70, or 10.4 per cent, as compared with \$14,635,659.38 for the year ended December 31, 1938. Deductions for operating expenses, interest on funded debt and all other charges amounted to \$10,712,672.68, an increase of 4.1 per cent. Net revenues available for debt retirement and appropriations, for 1939, in the sum of \$5,449,910.40, compared with the previous year of \$4,344,936.36 indicates an increase of \$1,104,974.04 or 25.4 per cent. A comparison of net revenues from all sources for the years 1939 and 1938 follows:

Facility	Net Revenues Available for Debt Retirement and Appropriations		Per Cent Increase or Decrease
	1939	1938	
Holland Tunnel.....	\$4,066,728 33	\$3,467,881 51	17.3
George Washington Bridge.....	2,096,458 86	1,960,908 23	6.9
Lincoln Tunnel.....	625,418 19*	953,857 69*	34.4
Bayonne Bridge.....	218,921 63*	235,706 29*	7.1
Arthur Kill Bridges.....	200,755 47*	211,144 65*	4.9
Inland Terminal No. 1.....	106,019 56	142,527 49	25.6†
Other Sources.....	225,798 94	174,327 76	29.5
Total.....	\$5,449,910 40	\$4,344,936 36	25.4

Net revenues for the year 1939 were disposed of as follows:

Holland Tunnel—Sinking Fund	\$1,500,000.00
George Washington Bridge—	
Sinking Fund	299,921.97
George Washington Bridge—	
Retirement of Debt	1,796,536.89

*Deficit.

†Decrease.

Inland Terminal—Sinking Fund	106,019.56
General Reserve Fund	2,729,815.68
Insurance Fund	20,431.50
Additions and Betterments	42,280.09
Operating Reserves (Deficits)	1,045,095.29
Total	\$5,449,910.40

At the beginning of the year the funded debt of the Port Authority was \$204,919,000. During the year there was retired from accumulated earnings \$15,673,000. The amount of debt refunded was in the sum of \$37,468,000, and there was issued by exchange or sale \$40,492,000 par value of bonds. Funded debt at the end of the year was \$192,270,000. The following table reflects these figures in detail:

000 Omitted

Description	Funded Debt January 1, 1939	Retired During Year	Refunded During Year	Issued During Year	Funded Debt December 31, 1939
G & R 4s.....	\$ 47,439				\$ 47,439
G & R 3¾s.....	16,500		\$16,500		
G & R 3½s.....	17,500				17,500
G & R 3¼s.....	22,462			\$17,386	39,848
G & R 3s.....	14,804	\$ 5,000		23,106	32,910
Series B 4½s.....	24,551	9,673	14,878		
" D 4½s.....	13,301		3,769		9,532
" E 4½s.....	43,084	1,000	2,321		39,763
" F & FF 3s.....	5,278				5,278
Total.....	\$204,919	\$15,673	\$37,468	\$40,492	\$192,270

The Refunding Program

In 1931 the Authority established the General Reserve Fund as the result of legislation enacted in that year enabling the pooling of revenues from all facilities so that these revenues could be applied to the costs of the facilities as a group. The legislation enacted provided, not only for the unification of facilities already authorized, but also facilities hereafter authorized by the two States. The refunding program was then initiated so as to spread amortization over longer periods than had been provided originally in the early bond issues.

Since the adoption of the refunding program there has been issued by exchange or sale General and Refunding Bonds of which there were outstanding the following on December 31, 1939:

000 Omitted

Series	Date	Total	FOR REFUNDING SERIAL BONDS						For Lincoln Tunnel Construction
			A-4½s	B-4s	B-4½s	C-4s	D-4¼s	E-4¼s	
First 4s due.....	3/1/75	\$ 47,439	\$13,216	\$ 3,507	.....	\$ 3,320	\$1,491	\$1,057	\$24,848
Third 3½s ".....	5/1/76	17,500	.....	16,900	.....	.....	600	.....	.....
Fourth 3s ".....	12/15/76	32,910	.....	.....	\$ 1,718	2,905	3,781	2,006	22,500
Fifth 3¼s ".....	8/15/77	39,848	.....	.....	19,121	4,496	983	512	14,736
Total.....	.....	\$137,697	\$13,216	\$20,407	\$20,839	\$10,721	\$6,855	\$3,575	\$62,084

Lincoln Tunnel Operations

From January 1, 1939 to July 1, 1939 interest was charged to operations on \$36,703,600 of funded debt. As of July 1, at which time the entire New Jersey approach was placed in use, the interest was charged to operations on a funded debt of \$47,689,100; and beginning October 1, on \$66,084,000, or all of the funded debt of the entire project. The funded debt was represented, in part, by \$16,500,000 General and Refunding 3¾% bonds which were callable at 105%. In June market conditions were so favorable that it was deemed advisable to provide for the refunding of this portion of the debt with bonds bearing a 3% coupon. This refunding operation resulted in the sale of \$17,500,000 of General and Refunding 3s of which there was repurchased for retirement, \$5,000,000 par value. The completion of this transaction reduced the funded debt to \$62,084,000, the annual interest on which is \$2,147,840, the amount chargeable to operations after December 15, 1939.

Cash and Securities on Hand

As of December 31, 1939 cash and securities in all accounts amounted to \$17,209,508.72. Of this sum there was allocated for construction purposes \$1,808,116.35. Liabilities for estimated construction work completed prior to December 31, 1939 amounted to \$944,267.79, leaving a balance of \$863,848.56 available for future construction work.

Deposits in New York and New Jersey banks amounted to \$9,678,646.95 and cash on hand, in transit and working fund amounted to \$143,812.34. Bank deposits are fully secured by deposit of collateral or by Federal Deposit Insurance.

Securities acquired for investment purposes, at cost, as of December 31, 1939 amounted to \$7,387,049.43 and are represented by the following:

Security	Amount
The Port of New York Authority	
731 G & R First Series Bonds.....	\$ 779,358 75
1,667 G & R Third Series Bonds.....	1,711,380 00
1,909 G & R Fourth Series Bonds.....	1,932,375 18
928 G & R Fifth Series Bonds.....	928,020 10
1,284 Series F Bonds.....	1,300,965 14
611 City of New York Bonds.....	611,652 28
125 Miscellaneous Bonds.....	123,297 98
7,255	\$7,387,049 43

Sinking and Reserve Funds

(a) General Reserve Fund:

This fund was established by special legislation in 1931, to provide greater security for bond holders. It constitutes balances remaining, after all charges and may be used to meet obligations due with respect to any facility which may earn insufficient revenues, as well as debt service on all General and Refunding Bonds.

This fund may be maintained in a sum equal to ten per cent of all outstanding bonds. The operations of this fund for the year 1939 follow:

Balance, January 1, 1939.....	\$ 7,948,306 66
Additions during 1939:	
Balance after all charges—Holland Tunnel..	\$2,524,448 24
Miscellaneous income from investments, etc.	290,387 34
Net additions.....	2,814,835 58
	\$10,763,142 24
Deductions:	
Series F and FF Bonds—Interest and other charges.....	\$ 158,682 32
Payment of mortgage—Washington Heights property.....	350,000 00
Retirement of \$5,000,000 par value of General and Refunding 3% Bonds at cost.....	5,087,500 00
Net deductions.....	5,596,182 32
Balance, January 1, 1940.....	\$ 5,166,959 92

This amount consists of cash, \$1,662,017.53, securities, \$3,490,952.31, and accrued interest receivable, \$13,990.08.

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

Balance, January 1, 1939.....	\$ 8,223,380.43
Add: Net Revenues—Year 1939.....	2,096,458.86
	\$10,319,839.29

Deduct: Amount applied to retirement of Series B Bonds	10,019,000.00
Cash Balance, January 1, 1940.....	\$ 300,839.29
<hr/>	
(c) Series D—Inland Terminal Sinking Fund:	
Balance, January 1, 1939.....	\$ 99.06
Add: Net Revenues—Year 1939.....	106,019.56
	<hr/>
	\$ 106,118.62
Deduct: Amount applied to retirement of Series D Bonds.....	106,000.00
Cash Balance, January 1, 1940.....	\$ 118.62
<hr/>	
(d) Series E—Holland Tunnel Sinking Fund:	
Balance, January 1, 1939	\$ 5,003,347.11
Add: Net Revenues—Year 1939 applied to Sinking Fund requirement.....	1,500,000.00
	<hr/>
	\$ 6,503,347.11
Deduct: Amount applied to retirement of Series E Bonds	1,000,000.00
Balance, January 1, 1940.....	\$ 5,503,347.11

This amount consists of cash, \$2,038,742.49, and securities, \$3,464,604.62.

On March 1, 1940, a bond maturity of \$1,000,000 will be paid from this fund.

(e) Insurance Fund:

The purpose of this fund is to handle transactions in connection with self-insurance of Port Authority liability under workmen's compensation statutes. As of January 1, 1940, this fund amounted to \$705,046.22 and consisted of cash, \$24,245.87, securities, \$676,542.50, and accounts receivable, \$4,257.85.

SECTION IV—GENERAL

Part 2—Real Estate

Port Authority Commerce Building

Following the leasing of more than half of the second floor of the Port Authority Commerce Building to Doubleday, Doran & Company, Inc., in the preceding year, the remaining portion of the floor was leased during the current year to Emerson Radio & Phonograph Corporation for a period of five years. Formerly this entire floor had been utilized for trade show and exhibition purposes.

Lease agreements, contemplating aggregate rentals of \$1,220,835.99, were consummated during the year covering various areas throughout the building. In many cases these were renewals or extensions of existing leases at generally increased rentals.

During 1939 the gross income for the building totaled \$1,301,345.88, an increase of \$34,824.85, or 2.7 per cent over the preceding year.

Operating expenses for the year 1939 amounted to \$471,353.73, an increase of \$53,450.36, or 12.3 per cent over the total of \$417,903.37 for 1938. This increase was caused primarily by the construction work necessary to convert the second floor of the Port Authority Commerce Building from an exposition to a commercial tenant use. In addition there was a substantial increase in the amount of steam consumed in the building as a result of the new commercial tenancies on the second floor.

After deducting operating expenses, interest on funded debt, and other income charges, the net revenues from the building for the year 1939 amounted to \$106,019.56. This represents a decrease of 25.6 per cent from the net income of \$142,527.49 for the year 1938.

Lincoln Tunnel

During the year 1939 a total of \$602,983.17 was paid for real estate acquired in Weehawken and North Bergen, N. J., for the construction, maintenance and operation of the Lincoln Tunnel. The Port Authority had been in possession of these properties for some time prior to their actual acquisition but the payments therefor had been deferred as a result of condemnation proceedings in some instances and the necessity of clarifying matters affecting title in others. A very substantial portion of this amount was for railroad property.

The total cost of real estate purchased for the New Jersey approach, as of December 31, 1939, amounted to \$5,821,398.73.

Two small parcels of vacant land, one in North Bergen and the other in Weehawken, which had previously been purchased as parts of larger areas required for approach purposes and since certified as surplus property, were sold during the year for an aggregate price of \$800.00.

Pursuant to Chapter 876 of the laws of New York, 1935, and Chapter 186 of the laws of New Jersey, 1935, the Port Authority has for several years been making voluntary agreements with the owners of 125 buildings affected by changes in the street grades resulting from the construction of the New York approach to the first operating unit of the tunnel. These agreements contemplate payment by the Port Authority for the damages to the buildings and improvements resulting from the raising or lowering of the streets affected by a grade change. Agreements have now been reached with the owners of all the buildings referred to above. With respect to 90 of the buildings the Port Authority has paid, or is obligated to pay, money damages, and with respect to the remaining 35 buildings the Port Authority has, at the owners' request, performed the alteration work necessary to adapt 34 of these buildings to the new street grades and is obligated to undertake such work on the remaining one.

George Washington Bridge

In order to provide a new approach to the George Washington Bridge from the northbound roadway of the Henry Hudson Parkway, a parcel of vacant land was acquired

from the Trustees of Columbia University in the City of New York. The total cost of real property acquired in the City of New York for the construction, maintenance and operation of the George Washington Bridge was \$9,431,516.08 as of December 31, 1939.

A parcel of vacant land located between Haven Avenue and Service Street in the City of New York, being surplus property remaining after the construction of the bridge and its approaches, was sold during 1939 for the sum of \$70,000.00, and property in Fort Lee, N. J., no longer required for bridge purposes, was sold for the sum of \$5,000.00.

SECTION V—ACCOUNTS AND STATISTICS

Part 1—Report of Arthur Andersen & Co.

Auditors' Report

Exhibit 1—Balance Sheet—December 31, 1939

Exhibit 1—Schedule 1—Statement of Funded Debt—December 31, 1939

Exhibit 2—Statement of Net Revenues and Appropriations Thereof for the Year ended December 31, 1939

Exhibit 3—Summary of Reserves for the Year ended December 31, 1939

ARTHUR ANDERSEN & CO.

67 WALL STREET

NEW YORK

AUDITORS' REPORT

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

We have examined the balance sheet of The Port of New York Authority as of December 31, 1939 and the statement of net revenues and appropriations thereof (as later defined) and summary of reserves for the year ended that date. In connection therewith we have examined or tested accounting records of the Authority and other supporting evidence and have reviewed the system of internal control and the accounting procedures of the Authority by methods and to the extent we deemed appropriate. 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 Committee on Personnel, 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 for construction of Lincoln tunnel approaches, etc. and for construction of the 178th Street tunnel and approaches relative to the George Washington Bridge; payments on 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 accounts 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 which has de-

creased substantially during the latter part of 1939 and which the management now estimates will cease about June 30, 1940, after which date it is expected that all general and administrative expenses will be charged to operations. During the year ended December 31, 1939, general and administrative expenses aggregating \$148,706.88 have been allocated to the cost of construction of certain facilities as general overhead. During the nine months ended September 30, 1939, interest charges aggregating \$629,762.22 on bonds the proceeds of which were used in the construction of the Lincoln Tunnel have been included in the cost of construction of that facility; since that date all interest on bonds (including amounts applicable to the nonoperating North tube, the completion of which has been deferred indefinitely) has been charged against the operations of the facility. 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, 1939 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, 1939. 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 revenues includes no deductions for depreciation, amortization, or taxes, except as indicated above, and the amount of net revenues is appropriated for or allocated to various reserves for the benefit of bondholders in accordance with the agreements with such bondholders. The accumulated net revenues, as above defined, to December 31, 1939, are shown in the accompanying balance sheet under reserves which also indicates the various reserves and other purposes for which such net revenues have 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, the accompanying balance sheet (Exhibit 1), the statement of net revenues and appropriations thereof (Exhibit 2) and summary of reserves (Exhibit 3) fairly present the assets and liabilities of The Port of New York Authority at December 31, 1939, 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, 1940.

EXHIBIT 1

THE PORT OF NEW YORK AUTHORITY

Balance Sheet—December 31, 1939

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.....		\$17,271,790 88	
Bayonne Bridge.....		13,140,713 97	
George Washington Bridge.....		61,260,373 32	
Inland Terminal No. 1 (Port Authority Commerce Building).....		16,339,485 18	
Holland Tunnel.....		50,823,540 65	
Lincoln Tunnel (completion of second operating unit deferred indefinitely).....		70,646,679 02	
			\$229,482,583 02
BALANCE OF PROCEEDS FROM SALES OF BONDS AND MISCELLANEOUS FUNDS AVAILABLE FOR CONSTRUCTION PURPOSES—Cash in banks and on hand.....			863,848 56
CURRENT ASSETS AVAILABLE FOR DEBT SERVICE AND GENERAL CORPORATE PURPOSES:			
Cash in banks and on hand.....	\$ 6,166,910 33		
Investment 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 (\$3,660,000 principal amount)—quoted market value \$3,822,566.65.....		3,733,965 30	
Municipal bonds, at cost—quoted market value \$177,647.00.....		188,479 51	
Accounts and accrued interest receivable.....		115,509 33	
			10,204,864 47
SINKING FUNDS (See Notes 4 and 5):			
Cash in banks (including time deposits).....	\$ 2,791,700 40		
The Port of New York Authority bonds, at cost or quoted market value at date of internal issuance in exchange for bonds previously reacquired (\$2,859,000 principal amount)—quoted market value \$2,966,542.50.....		2,918,133 87	
Municipal bonds, at cost—quoted market value \$549,476.00.....		546,470 75	
			6,256,305 02
OTHER ASSETS AND MISCELLANEOUS UNADJUSTED ITEMS:			
Deposits with paying agents for unredeemed bonds and interest coupons.....	\$ 3,281,982 50		
Mortgages receivable and miscellaneous investments....		262,210 63	
Prepaid insurance, etc.....		188,789 64	
			3,732,982 77
			<u>\$250,540,583 84</u>

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

EXHIBIT 1

THE PORT OF NEW YORK AUTHORITY

Balance Sheet—December 31, 1939

LIABILITIES		
FUNDED DEBT (Schedule 1).....		\$192,269,777 78
SUBORDINATED LIABILITY FOR ADVANCES IN AID OF CONSTRUCTION AND FOR PRELIMINARY STUDIES AND SURVEYS (Note 2):		
State of New York.....	\$ 4,299,840 17	
State of New Jersey.....	4,300,000 00	
		8,599,840 17
CURRENT LIABILITIES:		
Accounts payable.....	\$ 461,017 80	
Construction costs retained and estimated amounts accrued under construction contracts.....	532,939 49	
Accrued interest on funded debt.....	2,005,567 34	
Accrued liability for contribution to employees' retirement system (see Note 3).....	306,022 60	
		3,305,547 23
DEFERRED LIABILITIES AND MISCELLANEOUS RESERVES:		
Unredeemed bonds and interest coupons.....	\$ 3,288,002 50	
Provision for liability in lieu of taxes.....	350,000 00	
Reserve for self insurance (workmen's compensation and certain minor items).....	203,746 22	
Reserves for depreciation of automotive equipment and for painting of bridges.....	335,608 30	
Unredeemed tickets and miscellaneous deposits.....	112,469 42	
		4,289,826 44
RESERVES (See paragraph 3 of auditors' report)—(Exhibit 3):		
Sinking fund reserves.....	\$ 6,256,305 02	
Operating reserves.....	251,611 04	
General reserve.....	5,166,959 92	
Reserves applied to retirement of debt, payment of debt service, etc., less deficit accounts of certain facilities...	24,978,664 72	
Total.....	\$36,653,540 70	
Less—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.....	4,707,717 87	
		31,945,822 83
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, 1939.....		3,728,816 71
FEDERAL GRANTS AND APPROPRIATIONS BY STATES OF NEW YORK AND NEW JERSEY IN AID OF CONSTRUCTION OF LINCOLN TUNNEL AND GEORGE WASHINGTON BRIDGE.....		6,400,952 68
CONTINGENT LIABILITIES AND CONSTRUCTION COMMITMENTS: (See Note 1).		
		<u>\$250,540,583 84</u>

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, 1939, 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, 1939.....	\$ 221,000
(b) Condemnation awards and contracts covering purchases of property, etc.....	37,000
(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.....	974,000
(e) Pending lawsuits (substantially covered by insurance or indemnity agreements).....	475,000
(f) Estimated obligation to indemnify certain contractors for New York City Sales Tax in connection with certain construction contracts in the event that such taxes are imposed and upheld.....	15,000
(g) Estimated cost of construction of certain highway connections and paving work etc. relative to New Jersey approaches to the Lincoln Tunnel.....	650,000
(h) Estimated commitment in connection with proposed construction by The City of New York of a protective pier over the Lincoln Tunnel.....	600,000
(i) 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, 1939).....	100,000

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. To December 31, 1939, the Authority had received partial payments aggregating \$1,039,815 under this grant and the management estimates that the balance of the grant which will be received by the Authority will be approximately \$302,940. This latter amount is applicable, in part, to expenditures made or construction contracts awarded at December 31, 1939.

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
	\$6,730,000

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 indefinitely.

The Federal Emergency Administration of Public Works has agreed to make an additional grant to the Authority, in aid of construction of Lincoln Tunnel approaches and the management estimates that the amount which will be received by the Authority subsequent to December 31, 1939 will be approximately \$618,000.

- (j) The Holland Tunnel was constructed jointly by the States of New York 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.
- (k) 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.

EXHIBIT 1—Continued

- (2) 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—see Note 5.
- (3) 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, and the amounts of both deficiency and current contributions are being charged to expense currently. At the present time the Authority has under consideration a plan for the establishment of a reserve against which future deficiency contributions would be charged.
- (4) Payments into the Series D Sinking Fund to December 31, 1939 were \$1,068,881.38 less than required by the provisions of the agreement with the holders of Series D Bonds. However, Series D Bonds maturing in 1936 to 1939, inclusive, aggregating \$1,200,000 have been refunded, of which, \$975,000 were pledged as collateral to General and Refunding Bonds at December 31, 1939 and \$225,000 had been retired. 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.
- (5) The balance in the Series B Sinking Fund (George Washington Bridge) amounted to \$646,839.29 at December 31, 1939. As indicated in Schedule 1 there were no Series B Bonds outstanding at December 31, 1939 but \$37,327,000 of such bonds were held alive and pledged as collateral to General and Refunding Bonds. In the opinion of its counsel the Authority is obligated to make payments into the Series B Sinking Fund, out of each year's revenues from the George Washington Bridge, as follows:
 - (a) A payment equal to the principal amount of the following year's maturities of the aforementioned pledged bonds.
 - (b) Such further payment or payments, if any, as may be necessary to maintain in the sinking fund an amount equal to the unpaid advances (\$299,921.97) made by the States of New York and New Jersey for preliminary studies in connection with the George Washington Bridge.

The moneys in the Series B Sinking Fund may, in the opinion of counsel for the Authority, be expended for the following purposes:

- (a) To pay the principal amount of the pledged Series B Bonds upon their respective dates of maturity (amounts so applied become available for debt service on General and Refunding Bonds).
- (b) To repay advances in the amount of \$299,921.97 made by the States of New York and New Jersey for preliminary studies in connection with the George Washington Bridge (see Note 2).
- (c) To pay the principal amount of Series F and FF Bonds.

EXHIBIT 1—SCHEDULE 1
THE PORT OF NEW YORK AUTHORITY
Statement of Funded Debt—December 31, 1939

	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	AMOUNT OUTSTANDING AT DECEMBER 31, 1939		
				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.....	47,327,000 00	17,000,000 00	17,000,000 00	.....	.....	.....
4½% serial bonds called for redemption November 1, 1939.....		20,327,000 00	20,327,000 00	.....	.....	.....
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 1940-1960 (\$300,000 due March 1, 1940, of which \$19,000 had been refunded at December 31, 1939).....						
	15,775,000 00	15,775,000 00	6,243,000 00	9,532,000 00	.....	9,532,000 00
NEW YORK—NEW JERSEY INTERSTATE TUNNEL BONDS, Series E (Holland Tunnel)—4¼% serial bonds due 1940-1960 (\$1,000,000 due March 1, 1940, of which \$26,000 had been refunded at December 31, 1939).....						
	43,000,000 00	43,000,000 00	3,237,000 00	39,763,000 00	.....	39,763,000 00
SERIES F BONDS, 3%, due March 1, 1941.....	2,500,000 00	2,500,000 00	.....	1,216,000 00	1,284,000 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	.....	46,708,000 00	731,000 00	47,439,000 00
Third Series, 3½%, due 1976.....	17,500,000 00	17,500,000 00	.....	15,833,000 00	1,667,000 00	17,500,000 00
Fourth Series, 3%, due 1976.....	34,500,000 00	32,910,000 00	.....	31,001,000 00	1,909,000 00	32,910,000 00
Fifth Series, 3¼%, due 1977.....	50,000,000 00	39,848,000 00	.....	38,920,000 00	928,000 00	39,848,000 00
Total funded debt.....	\$261,628,777 78	\$69,359,000 00	\$185,750,777 78	\$6,519,000 00	\$192,269,777 78

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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, 1939 are reflected in the above statement as follows:

	Included as Pledged Bonds	Deducted from Amounts Authorized and Issued
Series B, 4% serial bonds called for redemption December 1, 1936.....	\$ 11,000 00	\$ 5,000 00
Series B, 4½% serial bonds called for redemption November 1, 1939.....	1,101,000 00	876,000 00
Series C, 4% serial bonds called for redemption January 3, 1938.....	100,000 00	15,000 00
Series D, 4¼% serial bonds matured March 1, 1938.....	5,000 00	.....
Series E, 4¼% serial bonds matured March 1, 1938.....	.....	5,000 00
General and Refunding Bonds, Second Series, 3¼%, due 1965, called for redemption December 1, 1939...	.....	937,000 00
	<u>\$1,217,000 00</u>	<u>\$1,838,000 00</u>

(2) On February 6, 1940 the Commissioners authorized the issuance of additional installments of General and Refunding Bonds, Fourth Series, 3%, due 1976, as follows:
 Third installment—\$33,000,000 principal amount authorized to be issued to refund outstanding New York—New Jersey Interstate Tunnel Bonds, Series "E" (Holland Tunnel) and for purposes incidental thereto.
 Fourth installment—\$15,000,000 principal amount authorized to be issued for refunding by exchange for New York—New Jersey Terminal Bonds, Series D (Inland Terminal) and for General and Refunding Bonds of the First, Third and Fifth Series, and for purposes incidental thereto.

EXHIBIT 2
THE PORT OF NEW YORK AUTHORITY
Statement of Net Revenues and Appropriations Thereof for the
Year Ended December 31, 1939

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 REVENUES:								
Vehicular tolls from bridge and tunnel facilities.....	\$14,276,848 93	\$431,420 00	\$255,118 53	\$4,523,466 52	\$7,355,011 13	\$1,711,832 75	.....	.....
Rental income—								
From tenants.....	1,184,737 99	.....	.....	.....	.....	.....	\$1,184,737 99	.....
From The Port of New York Authority	111,493 51	.....	.....	.....	.....	.....	111,493 51	.....
Miscellaneous.....	60,913 68	33,364 98	224 90	9,172 83	18,030 29	120 68	.....	.....
Gross operating revenues.....	\$15,633,994 11	\$464,784 98	\$255,343 43	\$4,532,639 35	\$7,373,041 42	\$1,711,953 43	\$1,296,231 50	.....
OPERATING EXPENSES:								
Operating expenses.....	3,531,074 68	137,107 57	109,498 16	612,807 76	1,602,559 58	597,747 88	471,353 73	.....
Net operating revenues.....	\$12,102,919 43	\$327,677 41	\$145,845 27	\$3,919,831 59	\$5,770,481 84	\$1,114,205 55	\$ 824,877 77	.....
OTHER INCOME, LESS OTHER DEDUCTIONS (Including \$60,000.00 provided in lieu of taxes):								
Other income, less other deductions.....	455,782 94	207 12	1,303 10	145,579 35	130,829 83	8,141 54	56,076 94	\$225,798 94
Total.....	\$12,558,702 37	\$327,884 53	\$147,148 37	\$4,065,410 94	\$5,901,311 67	\$1,122,347 09	\$ 768,800 83	\$225,798 94
INTEREST ON FUNDED DEBT:								
Interest on funded debt.....	7,108,791 97	528,640 00	366,070 00	1,968,952 08	1,834,583 34	1,747,765 28	662,781 27	.....
Net revenues available for sinking fund reserves for retirement of debt and for other appropriations in accordance with statutory requirements and agreements with bondholders (see paragraph 3 of auditors' report)....	\$ 5,449,910 40	\$200,755 47	\$218,921 63	\$2,096,458 86	\$4,066,728 33	\$ 625,418 19	\$ 106,019 56	\$225,798 94
APPROPRIATIONS AND ALLOCATIONS OF NET REVENUES:								
To sinking fund reserves.....	\$ 3,702,478 42	.....	.....	\$2,096,458 86	\$1,500,000 00	.....	\$ 106,019 56	.....
To general reserve.....	2,729,815 68	.....	.....	.....	2,524,448 24	.....	.....	205,367 44
To deficit accounts.....	1,045,095 29	200,755 47	218,921 63	.....	.....	625,418 19	.....	.....
For additions to ancillary equipment.....	42,280 09	.....	.....	.....	42,280 09	.....	.....	.....
Net revenues transferred to reserve accounts (Exhibit 3).....	\$ 5,429,478 90	\$200,755 47	\$218,921 63	\$2,096,458 86	\$4,066,728 33	\$ 625,418 19	\$ 106,019 56	\$205,367 44
To insurance reserve.....	20,431 50	.....	.....	.....	.....	.....	.....	20,431 50
Total, as above.....	\$ 5,449,910 40	\$200,755 47	\$218,921 63	\$2,096,458 86	\$4,066,728 33	\$ 625,418 19	\$ 106,019 56	\$225,798 94

EXHIBIT 3
THE PORT OF NEW YORK AUTHORITY
Summary of Reserves for the Year Ended December 31, 1939

PARTICULARS	Total	Sinking fund reserves	Statutory reserve (George Washington Bridge)	Operating reserves	General reserve	Reserves applied to retirement of debt, payment of debt service, etc., less deficit accounts of certain facilities (See note)	Expenses in connection with funded debt refunding and consolidating program
Balance, December 31, 1938.....	\$28,992,859 40	\$9,728,446 17	\$3,723,380 43	\$251,611 04	\$7,948,306 66	\$ 9,487,297 60	\$2,146,182 50
Appropriated net revenues for the year ended December 31, 1939 (exclusive of earnings of \$20,431.50 on insurance fund transferred to insurance reserve)—from Exhibit 2.....	5,429,478 90	3,702,478 42	.....	.....	2,729,815 68	1,002,815 20	.....
Excess of amounts realized from sales of the Authority's own bonds, previously internally issued, over market value of such bonds at dates of internal issuance.....	85,019 90	.....	.....	.....	85,019 90	.....	.....
Funded debt retired:	.....	.....	.....	.....	.....	.....	.....
Series B 4½% Bonds (George Washington Bridge).....	.....	5,949,619 57	3,723,380 43	.....	.....	9,673,000 00	.....
Series D 4½% Bonds (Inland Terminal No. 1).....	.....	225,000 00	.....	.....	.....	225,000 00	.....
Series E 4½% Bonds (Holland Tunnel).....	.....	1,000,000 00	.....	.....	.....	1,000,000 00	.....
Appropriations of General Reserve:	.....	.....	.....	.....	.....	.....	.....
For retirement of \$5,000,000 principal amount of General and Refunding Bonds, Fourth Series, 3%, due 1976 through Sinking Fund.....	.....	.....	.....	.....	5,087,500 00	5,087,500 00	.....
For payment of mortgage liability.....	.....	.....	.....	.....	350,000 00	350,000 00	.....
For payment of interest on Series F and Series FF Bonds.....	.....	.....	.....	.....	158,682 32	158,682 32	.....
Expenses in connection with funded debt refunding and consolidating program:	.....	.....	.....	.....	.....	.....	.....
Premium paid on bonds refunded.....	2,916,619 76	.....	.....	.....	.....	.....	2,916,619 76
Interest on refunding bonds (\$902,209.46) from date of issuance to call or maturity date of refunded bonds less interest (\$642,548.30) on refunded issues redeemed before call or maturity date.....	259,661 16	.....	.....	.....	.....	.....	259,661 16
Miscellaneous expenses.....	17,532 15	.....	.....	.....	.....	.....	17,532 15
Premium received on refunding bonds issued.....	632,327 70	.....	.....	.....	.....	.....	632,327 70
Balance, December 31, 1939 (Exhibit 1).....	\$31,945,822 83	\$6,256,305 02	.....	\$251,611 04	\$5,166,959 92	\$24,978,664 72	\$4,707,717 87

Note: The revenues of certain facilities in 1939 and prior years have been insufficient to provide in full for interest charges applicable thereto. Moneys to provide for such deficiencies have been taken from other sources which were available for such purposes.

SECTION V—ACCOUNTS AND STATISTICS

Part 2—Port Authority Tables

Net Revenues for the years ended December 31, 1939 and 1938

Table
No.

- 1—Combined
- 2—Holland Tunnel
- 3—Lincoln Tunnel
- 4—George Washington Bridge
- 5—Arthur Kill Bridges
- 6—Bayonne Bridge
- 7—Inland Terminal No. 1

Traffic Statistics for the years ended December 31, 1939 and 1938

- 8—Combined
- 9—Holland Tunnel
- 10—Lincoln Tunnel
- 11—George Washington Bridge
- 12—Arthur Kill Bridges
- 13—Bayonne Bridge

Table No. 1
COMBINED NET REVENUES

	Calendar year, 1939	Calendar year, 1938	Increase or *Decrease	
			Amount	Per cent
I. Operating Revenues and Income				
Operating and other revenue.....	\$15,533,994 11	\$14,142,229 57	\$1,491,764 54	10.5
Other income†.....	528,588 97	493,429 81	35,159 16	7.1
Total.....	\$16,162,583 08	\$14,635,659 38	\$1,526,923 70	10.4
II. Deductions				
Operating expenses.....	\$ 3,531,074 68	\$ 3,380,117 61	\$ 150,957 07	4.5
Interest on funded debt.....	7,108,791 97	6,794,904 17	313,887 80	4.6
Other income charges.....	72,806 03	115,701 24	<i>42,895 21</i>	<i>37.1</i>
Total.....	\$10,712,672 68	\$10,290,723 02	\$ 421,949 66	4.1
Net Revenues.....	\$ 5,449,910 40	\$ 4,344,936 36	\$1,104,974 04	25.4
Disposition of Net Revenues:				
Reserved for Sinking Funds.....	\$ 3,702,478 42	\$ 3,603,435 72		
General Reserve Fund, operating reserves, etc.— Net.....	1,747,431 98	741,500 64		
Total.....	\$ 5,449,910 40	\$ 4,344,936 36		

* 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, \$205,367.44 in 1939 and \$153,747.05 in 1938, and income earned from Insurance Fund, \$20,431.50 in 1939 and \$20,580.71 in 1938.

Table No. 2
HOLLAND TUNNEL
Net Revenues from Operation

	Calendar year, 1939	Calendar year, 1938	Increase or *Decrease	
			Amount	Per cent
I. Operating Revenues and Income				
Tolls and other revenue.....	\$7,373,041 42	\$6,847,834 92	\$525,206 50	7.7
Other income.....	134,796 22	57,431 77	77,364 45	134.7
Total.....	\$7,507,837 64	\$6,905,266 69	\$602,570 95	8.7
II. Deductions				
Operating expenses.....	\$1,602,559 58	\$1,543,755 72	\$ 58,803 86	3.8
Interest on funded debt.....	1,834,583 34	1,877,083 34	<i>42,500 00</i>	<i>2.3</i>
Other income charges.....	3,966 39	16,546 12	<i>12,579 73</i>	<i>76.0</i>
Total.....	\$3,441,109 31	\$3,437,385 18	\$ 3,724 13	.1
Net Revenues.....	\$4,066,728 33	\$3,467,881 51	\$598,846 82	17.3
Disposition of Net Revenues:				
Reserved for Sinking Fund.....	\$1,500,000 00	\$1,500,000 00		
General Reserve Fund.....	2,524,448 24	1,924,374 57		
Additions to Property Investment.....	42,280 09	43,506 94		
Total.....	\$4,066,728 33	\$3,467,881 51		

* Decrease shown in italics.

Table No. 3
LINCOLN TUNNEL
Net Revenues from Operation

	Calendar year, 1939	Calendar year, 1938	Increase or *Decrease	
			Amount	Per cent
I. Operating Revenues and Income				
Tolls and other revenue.....	\$1,711,953 43	\$1,006,595 35	\$705,358 08	70.1
Other income.....	10,057 80	5,951 45	4,106 35	69.0
Total.....	\$1,722,011 23	\$1,012,546 80	\$709,464 43	70.1
II. Deductions				
Operating expenses.....	\$ 597,747 88	\$ 658,410 08	\$ 60,662 20	9.2
Interest on funded debt.....	1,747,765 28	1,302,478 75	445,286 53	34.2
Other income charges.....	1,916 26	5,515 66	3,599 40	65.3
Total.....	\$2,347,429 42	\$1,966,404 49	\$381,024 93	19.4
Net Revenues.....	\$ 625,418 19†	\$ 953,857 69†	\$328,439 50	34.4
Disposition of Net Revenues:				
Operating reserve.....	\$ 625,418 19†	\$ 953,857 69†		
Total.....	\$ 625,418 19†	\$ 953,857 69†		

* Decrease shown in italics.
† Denotes deficit.

Table No. 4
GEORGE WASHINGTON BRIDGE
Net Revenues from Operation

	Calendar year, 1939	Calendar year, 1938	Increase or *Decreases	
			Amount	Per cent
I. Operating Revenues and Income				
Tolls and other revenue.....	\$4,532,539 35	\$4,331,163 71	\$201,475 64	4.7
Other income.....	150,202 03	251,193 84	100,991 81	40.2
Total.....	\$4,682,341 38	\$4,582,357 55	\$100,483 83	2.2
II. Deductions				
Operating expenses.....	\$ 612,307 76	\$ 517,531 86	\$ 95,225 90	18.4
Interest on funded debt.....	1,968,952 08	2,074,780 00	105,827 92	5.1
Other income charges.....	4,522 68	29,087 46	24,464 78	84.1
Total.....	\$2,586,382 52	\$2,621,449 32	\$ 35,066 80	1.3
Net Revenues.....	\$2,096,458 86	\$1,960,908 23	\$135,550 63	6.9
Disposition of Net Revenues:				
Reserved for Sinking Fund.....	\$2,096,458 86	\$1,960,908 23		
Total.....	\$2,096,458 86	\$1,960,908 23		

* Decrease shown in italics.

Table No. 5
ARTHUR KILL BRIDGES
Net Revenues from Operation

	Calendar year, 1939	Calendar year, 1938	Increase or *Decrease	
			Amount	Per cent
I. Operating Revenues and Income				
Tolls and other revenue.....	\$464,784 98	\$455,874 33	\$ 8,910 65	2.0
Other income.....	816 50	1,516 47	<i>689 97</i>	<i>46.2</i>
Total.....	\$465,601 48	\$457,390 80	\$ 8,210 68	1.8
II. Deductions				
Operating expenses.....	\$137,107 57	\$138,489 24	\$ 1,381 67	1.0
Interest on funded debt.....	528,640 00	528,640 00		
Other income charges.....	609 38	1,406 21	<i>796 83</i>	<i>56.7</i>
Total.....	\$666,356 95	\$668,535 45	\$ 2,178 50	.3
Net Revenues.....	\$200,755 47†	\$211,144 65†	\$10,389 18	4.9
Disposition of Net Revenues:				
Operating reserve.....	\$200,755 47†	\$211,144 65†		
Total.....	\$200,755 47†	\$211,144 65†		

* Decrease shown in italics.
† Denotes deficit.

Table No. 6
BAYONNE BRIDGE
Net Revenues from Operation

	Calendar year, 1939	Calendar year, 1938	Increase or *Decrease	
			Amount	Per cent
I. Operating Revenues and Income				
Tolls and other revenue.....	\$255,343 43	\$235,061 41	\$20,282 02	8.6
Other income.....	1,803 10	2,187 34	<i>384 24</i>	<i>17.6</i>
Total.....	\$257,146 53	\$237,248 75	\$19,897 78	8.4
II. Deductions				
Operating expenses.....	\$109,498 16	\$103,977 34	\$ 5,520 82	5.3
Interest on funded debt.....	366,070 00	368,047 10	<i>1,977 10</i>	<i>.5</i>
Other income charges.....	500 00	930 60	<i>430 60</i>	<i>46.3</i>
Total.....	\$476,068 16	\$472,955 04	\$ 3,113 12	.7
Net Revenues.....	\$218,921 63†	\$235,706 29†	\$16,784 66	7.1
Disposition of Net Revenues:				
Operating reserve.....	\$218,921 63†	\$235,706 29†		
Total.....	\$218,921 63†	\$235,706 29†		

* Decrease shown in italics.
† Denotes deficit.

Table No. 7
INLAND TERMINAL NO. 1
(Port Authority Commerce Building)
Net Revenues from Operation

	Calendar year, 1939	Calendar year, 1938	Increase or *Decrease	
			Amount	Per cent
I. Operating Revenues and Income				
Rent and other revenue.....	\$1,296,231 50	\$1,265,699 85	\$30,531 65	2.4
Other income.....	5,114 38	821 18	4,293 20	522.8
Total.....	\$1,301,345 88	\$1,266,521 03	\$34,824 85	2.7
II. Deductions				
Operating expenses.....	\$ 471,353 73	\$ 417,903 37	\$53,450 36	12.3
Interest on funded debt.....	662,781 27	643,874 98	18,906 29	2.9
Other income charges.....	61,191 32	62,215 19	1,023 87	1.6
Total.....	\$1,195,326 32	\$1,123,993 54	\$71,332 78	6.3
Net Revenues.....	\$ 106,019 56	\$ 142,527 49	\$36,507 93	26.6
Disposition of Net Revenues:				
Reserved for Sinking Fund.....	\$ 106,019 56	\$ 142,527 49		
Total.....	\$ 106,019 56	\$ 142,527 49		

*Decrease shown in italics.

Table No. 8
COMBINED TRAFFIC STATISTICS

Class	Calendar year, 1939	Calendar year, 1938	Increase or *Decrease	
			Number	Per cent
Passenger automobiles.....	20,528,379	19,053,767	1,474,612	7.7
Motorcycles.....	32,660	26,419	6,241	23.6
Buses.....	1,491,365	1,157,146	334,219	28.9
Trucks—up to 2 tons or tractors, 2 axles.....	1,624,962	1,492,956	132,006	8.8
Trucks—2 tons to 5 tons.....	801,494	741,056	60,438	8.2
Trucks—over 5 tons.....	341,382	297,770	43,612	14.6
Passenger automobiles with 1 axle trailers.....	18,174	†	18,174	.....
Tractors with 1 axle trailers or 3 axle trucks or tractors...	880,639	584,480	296,159	50.7
Tractors or trucks with trailers, 4 axles.....	21,715	18,399	3,316	18.0
Specials.....	45	77	32	41.6
Total vehicles.....	25,740,815	23,372,070	2,368,745	10.1
Pedestrians.....	177,162	185,906	8,744	4.7

* Decrease shown in italics.

† Included in a different classification in 1938.

Table No. 9
HOLLAND TUNNEL
Traffic Statistics

Class	Calendar year, 1939	Calendar year, 1938	Increase or *Decrease	
			Number	Per cent
Passenger automobiles.....	10,597,360	9,985,530	611,830	6.1
Motorcycles.....	18,272	14,844	3,428	23.1
Buses.....	323,386	307,308	16,078	5.2
Trucks—up to 2 tons or tractors, 2 axles.....	1,009,540	990,282	19,258	1.9
Trucks—2 tons to 5 tons.....	530,238	530,875	637	.1
Trucks—over 5 tons.....	209,740	196,059	13,681	7.0
Passenger automobiles with 1 axle trailers.....	8,058	†	8,058	.....
Tractors with 1 axle trailers or 3 axle trucks or tractors.....	622,636	409,364	213,272	52.1
Tractors or trucks with trailers, 4 axles.....	11,406	11,945	539	4.5
Specials.....	45	77	32	41.6
Total vehicles.....	13,330,681	12,446,284	884,397	7.1

* Decrease shown in italics.

† Included in a different classification in 1938.

Table No. 10
LINCOLN TUNNEL
Traffic Statistics

Class	Calendar year, 1939	Calendar year, 1938	Increase or *Decrease	
			Number	Per cent
Passenger automobiles.....	1,943,245	1,393,149	550,096	39.5
Motorcycles.....	5,633	3,522	2,111	59.9
Buses.....	473,661	186,138	287,523	154.5
Trucks—up to 2 tons or tractors, 2 axles.....	243,057	146,852	96,205	65.5
Trucks—2 tons to 5 tons.....	101,926	46,303	55,623	120.1
Trucks—over 5 tons.....	21,302	5,093	16,209	318.3
Passenger automobiles with 1 axle trailers.....	1,119	†	1,119	.....
Tractors with 1 axle trailers or 3 axle trucks or tractors.....	43,081	3,479	34,602	408.1
Tractors or trucks with trailers, 4 axles.....	2,325	1,111	1,214	109.3
Total vehicles.....	2,835,349	1,790,647	1,044,702	58.3

* Decrease shown in italics.

† Included in a different classification in 1938.

Table No. 11
GEORGE WASHINGTON BRIDGE
Traffic Statistics

Class	Calendar year, 1939	Calendar year, 1938	Increase or *Decrease	
			Number	Per cent
Passenger automobiles.....	6,760,583	6,490,015	270,568	4.2
Motorcycles.....	7,262	6,901	361	5.2
Buses.....	661,358	633,491	27,867	4.4
Trucks—up to 2 tons or tractors, 2 axles.....	247,183	239,961	7,222	3.0
Trucks—2 tons to 5 tons.....	119,914	116,999	2,915	2.5
Trucks—over 5 tons.....	69,409	62,627	6,782	10.8
Passenger automobiles with 1 axle trailers.....	8,046	†	8,046	.....
Tractors with 1 axle trailers or 3 axle trucks or tractors.....	182,485	139,407	43,078	30.9
Tractors or trucks with trailers, 4 axles.....	7,116	4,815	2,301	47.8
Total vehicles.....	8,063,356	7,694,216	369,140	4.8
Pedestrians.....	168,998	177,358	8,360	4.7

* Decrease shown in italics.
† Included in a different classification in 1938.

Table No. 12
ARTHUR KILL BRIDGES
Traffic Statistics

Class	Calendar year, 1939	Calendar year, 1938	Increase or *Decrease	
			Number	Per cent
Passenger automobiles.....	782,137	776,034	6,103	.8
Motorcycles.....	1,021	826	195	23.6
Buses.....	1,195	998	197	19.7
Trucks—up to 2 tons or tractors, 2 axles.....	79,014	73,911	5,103	6.9
Trucks—2 tons to 5 tons.....	33,694	31,643	2,051	6.5
Trucks—over 5 tons.....	32,729	27,279	5,450	20.0
Passenger automobiles with 1 axle trailers.....	723	†	723	.....
Tractors with 1 axle trailers or 3 axle trucks or tractors.....	19,801	16,810	2,991	17.8
Tractors or trucks with trailers, 4 axles.....	600	343	257	74.9
Total vehicles.....	950,914	927,844	23,070	2.5
Pedestrians.....	3,666	3,662	4	.1

* Decrease shown in italics.
† Included in a different classification in 1938.

Table No. 13
BAYONNE BRIDGE
Traffic Statistics

Class	Calendar year, 1939	Calendar year, 1938	Increase or *Decrease	
			Number	Per cent
Passenger automobiles.....	445,054	409,039	36,015	8.8
Motorcycles.....	472	326	146	44.8
Buses.....	31,765	29,211	2,554	8.7
Trucks—up to 2 tons or tractors, 2 axles.....	46,168	41,950	4,218	10.1
Trucks—2 tons to 5 tons.....	15,722	15,236	486	3.2
Trucks—over 5 tons.....	8,202	6,712	1,490	22.2
Passenger automobiles with 1 axle trailers.....	228	†	228	.....
Tractors with 1 axle trailers or 3 axle trucks or tractors.....	12,636	10,420	2,216	21.3
Tractors or trucks with trailers, 4 axles.....	268	185	83	44.9
Total vehicles.....	500,515	513,079	47,436	9.2
Pedestrians.....	4,498	4,886	388	7.9

* Decrease shown in italics.

† Included in a different classification in 1938.

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