

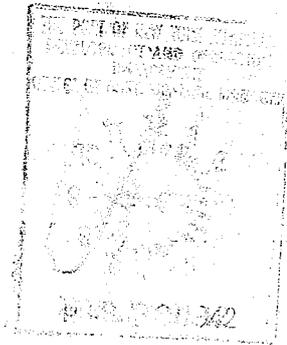
1941

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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TWENTY-FIRST ANNUAL REPORT

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THE PORT OF NEW YORK AUTHORITY

111—8TH AVENUE, NEW YORK, N. Y.

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

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

Movements of ships and cargoes through the Port of New York, changes in port procedures, construction of new facilities, are today matters of strategic rather than commercial importance. The vehicular crossings operated by the Port Authority are vital arteries for both military and industrial purposes. Even long-range plans should not at this time be disclosed in unnecessary detail.

These considerations coupled with the need for conservation and economy, dictated our decision to limit this report to a brief summary. Detailed financial records, further facts as to specific projects and statistical data not included in this report are on file at the Port Authority office and will be furnished upon request when issuance of such information is deemed in the public interest and not inconsistent with wartime restrictions.

Respectfully submitted,

THE PORT OF
NEW YORK AUTHORITY

FRANK C. FERGUSON,
Chairman

HOWARD S. CULLMAN,
Vice-Chairman

JOSEPH M. BYRNE, JR.

JOHN J. PULLEYN

JOHN BORG

RUDOLPH REIMER

FRANK DORSEY

CHARLES S. WHITMAN

RAYMOND M. GREER

FRANK J. TAYLOR

JAMES W. COSTELLO

EUGENE F. MORAN

March 31, 1942

1941 ANNUAL REPORT

The Impact of War

Inevitably, the demands of war overshadowed the port in 1941. Paramount was the great task of shipping vital supplies overseas, of assuring a continuous flow of essential materials to and from defense industries and of safeguarding the strategic equipment necessary to this task. Even before the formal declaration of war by the United States, the port was geared to emergency conditions. With the repeal of the Neutrality Act on November 25, 1941, and the actual declaration of war on December 8, 1941, the shift from a peacetime to a wartime basis was effected in all phases of port operation.

The year saw a substantial increase in the volume of export and import cargoes moving through the port. This commerce, surpassing World War I peak levels, moved without serious difficulty as a result of the extraordinary effort which has been made to keep the port in a liquid condition and to eliminate congestion and delays wherever possible. In this effort, the Port Authority has cooperated with the United States Army and Navy, the Maritime Commission, the Office of Defense Transportation and with local government agencies and the transportation companies.

The vehicular bridges and tunnels operated by the Port Authority which were used by 30,600,567 vehicles in 1941 are transportation lifelines. Not only were the crossings increasingly utilized by the armed forces during the year, but

they also served to expedite a mounting volume of motor truck traffic carrying airplane parts, machine tools and countless other munitions of war to steamship piers for shipment overseas. While passenger cars made up the largest proportion of the traffic, analysis indicates that a large percentage of this traffic was in the nature of essential rather than pleasure travel. The marked traffic increase on the New Jersey-Staten Island bridges was largely due to their extensive use by workers in defense industries travelling between homes and factories located on opposite shores of Staten Island Sound.

The strategic importance of Port Authority bridges and tunnels has dictated maximum vigilance in their protection. Except for a brief temporary assignment of troops, it has been the policy of the federal and state authorities to place the responsibility for such protection entirely on the Port Authority. Accordingly a comprehensive security program has been instituted.

Immediately after the declaration of war, all days off and vacations of the Port Authority traffic force were cancelled. The regular corps of traffic and maintenance men has since been supplemented with auxiliary guards assigned to specific security posts. Constant cycle and motor patrols of all facilities are maintained. Floodlights, electric alarm circuits, additional communications and other equipment have been installed. All Port Authority employees have been fingerprinted and furnished with identification cards or badges. No visitors are permitted in those portions of the facilities not normally accessible to the public.

The Port Authority's security program will involve an estimated expenditure of \$300,000.00 in 1942, for salaries of auxiliary guards, together with purchase of essential equipment. These increased expenses will have to be paid out of normal toll revenues. Although it has no direct responsibility for the protection of property, other than its own facilities,

the Port Authority, at the request of federal and local agencies has cooperated with the Captain of the Port, the Collector of Customs and the New York City Dock Department in measures for the identification and control of persons having access to the waterfront.

Emergency Transport Measures

The efficient functioning of the port as well as the security of the populous metropolitan area depend on continuous transportation, in spite of enemy action, fires or other wartime catastrophes. To guard against interruption of vital services and assure the availability of alternate methods or routes, in the event of emergency, the Port Authority in June, 1941, undertook the organization of the Metropolitan Defense Transport Committee, acting with the sponsorship of the State Defense Councils of New York, New Jersey and Connecticut.

The Committee includes representatives of the three states, the City of New York, and The Port of New York Authority, with liaison members from the United States Army, the Office of Civilian Defense and the Office of Defense Transportation. It has met regularly and mapped its program on a regional basis.

Sub-Committees have studied and prepared plans for dealing with the following specific problems: Emergency control of primary food distribution; selection and signing of a secondary highway network; emergency vehicular control; emergency transport evacuation and emergency petroleum distribution.

A number of projects have already been completed by each of the Sub-Committees. The food requirement for each county in the New York Metropolitan Area has been determined. The location of all important warehouses and storage facilities for food supplies has been mapped and plans are being

prepared with the cooperation of the New York City Department of Markets, and the food trades for alternate markets, milk plants and warehousing facilities in the event that any of these key plants are put out of operation. A secondary highway network for the Metropolitan Area has been developed to be used by civilians should conditions require the Army to commandeer the main highways in this region. Uniform civil route number signs in the "500" series are being erected by the three states and New York City. Locations for highway control stations around the rim of the area have been selected. At these points trucks and other vehicles may be quickly rerouted in the event that they can not use their normal highway facilities or reach their destination. Emergency tests of selected control stations have been conducted.

The work of the Metropolitan Defense Transport Committee will continue and undoubtedly expand as emergency transportation problems develop.

Union Motor Truck Terminal

The motor truck has become an increasingly important factor in the movement of port commerce. For the past two years the Port Authority has been cooperating with the steamship lines and the motor carriers to speed up truck movements, prevent delays at steamship piers and assure efficient use of available equipment. This work has been carried on through the Truck-Pier Coordinating Committee which has been successful in reducing delays notably by closer scheduling of truck-load deliveries to piers and arranging for coordination of trucking schedules and warehouse hours of operation to clear piers of import traffic.

The studies made by this Committee as well as experience with the peacetime requirements of port commerce all point to the need for consolidation points for long distance truck traffic to replace numerous scattered and often inadequate terminals of individual motor truck carriers. Working

with representatives of several over-the-road motor trucking associations, the Port Authority in 1941 carried forward its studies of proposed union motor truck terminals.

Engineering plans for the first unit have been completed as well as the necessary financial and economic studies. The initial Manhattan project was approved by the Commissioners of the Port Authority for public hearing on February 24, 1942 and has been strongly supported by municipal officers, shippers, and truckmen as a necessary war emergency measure.

Union Marine Grain Terminal

Because of the shortage of grain storage facilities in the Port of New York, made more acute by the destruction by fire of the Erie Elevator in Jersey City on June 1, 1941, the Port Authority was requested by grain exporters to join in studying the possibility of constructing a union marine grain terminal elevator with a storage capacity of seven million bushels.

At present, there is only storage elevator space for four and a half million bushels in this harbor, two million of which is in the New York State Elevator, Brooklyn, for the handling of canal grain only. Sites on the New Jersey side of the harbor are being considered which would be available to all rail and water carriers on equal terms. Preliminary designs and cost estimates have been completed and the economic practicability of the project is now being surveyed.

Port Commerce Protection

The commerce of the Port of New York is of prime importance to the economic life of the district. While the immediate task is the efficient and continuous functioning of port facilities under abnormal shipping conditions, the long-range problem is to assure a stable base for port commerce

when the war terminates. This necessitates improving and safeguarding the competitive position of the port with respect to transportation rates, charges for storage and other port services. This is a continuing responsibility of the Port Authority, carried on through the medium of formal proceedings before the Interstate Commerce Commission and the Maritime Commission as well as informal negotiations.

Among the more important matters affecting port commerce in which the Port Authority intervened or participated in 1941 were:

The St. Lawrence Seaway Project on which a public hearing was held and the results, together with staff studies furnished to Congress. At the request of the Rivers & Harbors Committee, a staff representative testified at hearings in July, pointing out the lack of justification for the St. Lawrence Seaway as a navigation project and the detrimental effect on the port.

Storage practices at competing ports, particularly Baltimore, which were investigated in cooperation with the Interstate Commerce Commission in an effort to prevent discrimination against the Port of New York.

A rise in motor truck rates for deliveries at the Port of New York, which was opposed by negotiation and litigation before the Interstate Commerce Commission. As a result, some of the proposed increases were voluntarily withdrawn and the Interstate Commerce Commission has been requested to investigate other charges put into effect for deliveries to New York piers in December.

Discriminatory railroad rates on grain, favoring Baltimore and Philadelphia on shipments from the Great Lakes to the seaboard which were opposed.

Division 3 of the Commission found that the rates from Toledo should be corrected but failed to give relief on the rates from Buffalo, following hearings at which the Port Authority appeared in behalf of New York. The Port Authority has appealed to the full Commission for further consideration.

Cross Bay Union Freight Tunnel

In view of the inadequacy of the existing all-rail interchange facilities through the Port of New York and the strategic importance of this deficiency, a renewed effort was made to secure federal support for construction of the Cross Bay Union Freight Tunnel from Greenville, New Jersey to Bay Ridge, Brooklyn. A proposal was presented to the War Department on the basis of a non-interest bearing loan, the capital of which would be paid back out of annual railroad rentals. The endorsement of various branches of the Army was secured for this proposal. The Secretary of War, in a letter on December 5, 1941, noted that the tunnel would facilitate the transit of freight. He stated, however, that

“the tunnel cannot be considered as a primary need for national defense. Several years would elapse before the tunnel could be available and in the meanwhile its construction would absorb large quantities of materials essential to our present defense effort. For these considerations, I am obliged to withhold the support of the War Department from your project.”

It is regrettable that the project cannot be progressed at this time. The carfloat operation through New York constitutes a major gap in the main coastal freight route which is now under electrified operation from Washington, D. C. to New Haven, Connecticut. The only available alternate route around New York harbor involves steam operation over 135 miles of single track line.

Port Organization for War Effort

The Port Authority has cooperated closely with federal, state and municipal agencies in a continuing effort to secure efficient use of available facilities and to advance needed improvements in all sections of the port. Its advice and assistance have been increasingly sought as war has augmented the need for coordination of federal and local efforts.

During 1941 the Port Authority was called upon to assist the Army and Navy in the selection of bases and operating procedures; to assist the Mayor of New York City and the Commissioner of Markets in connection with food terminal problems; and to aid the New York City Department of Docks and the Brooklyn Chamber of Commerce in canvassing the need for facilities to replace the Wallabout Market freight station which was taken over by the Navy. Recommendations were made to the Army Engineers for the dredging of necessary channels, including the deepening of the channel in Newark Bay serving facilities later taken over by the Army and Navy. Continued cooperation was given to the New York State Department of Public Works in securing federal improvements to the New York State Canal System.

In accordance with its statutory duty, the Port Authority will continue to give all possible assistance to other public agencies, with a keen awareness of the importance of coordination during the war period.

Lincoln Tunnel North Tube

Work was resumed on the construction of the north tube of the Lincoln Tunnel. Completion of this tube had been deferred in 1938 pending a satisfactory increase in traffic through the south tube. The latter meantime continued to operate smoothly and efficiently on a two-way basis. In 1941, contracts were awarded for the extension of the north tunnel

to the surface in Manhattan and for construction of the river ventilation buildings. The suspended contract for fans, motors and transmissions was released.

Bridge and Tunnel Tolls Sustained

The New Jersey Joint Legislative Committee that had been inquiring into bridge and tunnel tolls since 1940 submitted its report, pointing out that present revenues of the Port Authority are not excessive to provide for retirement of debt about 1960, and that it could not be safely estimated that a reduction in tolls would increase or even maintain present revenues.

The report also stated that it was highly desirable to retire Port Authority indebtedness as rapidly as revenues permit and that every effort should be made by the States to construct the necessary feeder highways for Port facilities. The committee expressed the opinion that it would be advisable to re-examine into the subject about a year after the termination of the present war emergency.

"Your committee" the report declared, "has adopted the dynamic concept of The Port of New York Authority, the concept which contemplates further development of the facilities in the Port District as the need for such facilities is indicated from time to time. The adoption of this concept is more truly in line with the fundamental purpose upon which the Port District was created, namely; for the continuous development of port facilities.

"Once this conclusion was reached, it was evident that the best interests of all the public would be served by retiring present Port Authority indebtedness at as rapid a rate as the revenues would permit, thus insuring that The Port of New York Authority would be in such financial condition that it could undertake the establishment of new facilities if and when needed and authorized by the States of New Jersey and New York."

BALANCE SHEET — DECEMBER 31, 1941

ASSETS

EXPENDITURES FOR FACILITIES: \$232,224,893.57

SPECIAL FUNDS

Balance of Proceeds from Sales of Bonds and Miscellaneous Funds Available for Construction — Cash				\$ 895,370.30		
Sinking Funds — Cash				986,171.72		
Retirement System Deficiency Fund						
Cash				\$ 4,229.52		
Investment in Port Authority Bonds				810,953.90		
Other Assets				5,709.38	820,892.80	
Insurance Fund						
Cash				\$ 170,513.72		
Investment in Port Authority Bonds				1,089,781.20		
Mortgages Receivable				185,250.00		
Other Assets (Net)				377,902.66	1,823,447.58	4,525,882.40

CURRENT ASSETS AVAILABLE FOR DEBT SERVICE AND GENERAL CORPORATE PURPOSES:

Cash in Banks and on Hand	\$5,717,495.05	
Investment in Port Authority Bonds	2,421,791.53	
Accounts and Accrued Interest Re- ceivable	89,408.80	8,228,695.38

OTHER ASSETS AND MISCELLANEOUS UNADJUSTED ITEMS:

Deposits with Paying Agents for Unre- deemed Bonds and Interest Coupons .	\$1,485,526.25	
Mortgages Receivable and Miscellaneous Investments	14,144.29	
Miscellaneous Unadjusted Items	15,096.45	1,514,766.99
		\$246,494,238.34

BALANCE SHEET — DECEMBER 31, 1941

LIABILITIES

FUNDED DEBT:

General and Refunding Bonds:		
Third Series 3½s 1976	\$ 13,865,000.00	
Fourth Series 3s 1976	75,585,000.00	
Fifth Series 3¼s 1977	39,848,000.00	
Sixth Series 3s 1975	48,553,000.00	
Total General and Refunding Bonds	\$177,851,000.00	
Series "G" Bonds 1.10s 1942-5	3,200,000.00	\$181,051,000.00

SUBORDINATED LIABILITY FOR STATE ADVANCES IN AID OF CONSTRUCTION AND FOR PRELIMINARY STUDIES AND SURVEYS:	8,599,840.17
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CURRENT LIABILITIES:

Accounts Payable	\$ 143,437.65	
Accrued Interest on Funded Debt	791,190.39	
Accrued Liability for Contribution to Employees Re- tirement System	267,006.20	
Liability in Lieu of Taxes	30,032.04	
Unredeemed Tickets, Miscellaneous Deposits, etc.	176,128.53	1,407,794.81

DEFERRED LIABILITIES AND MISCELLANEOUS RESERVES:

Retirement System Deficiency Reserve	\$ 820,892.80	
Unredeemed Bonds and Interest Coupons	1,491,546.25	2,312,439.05

RESERVES AND UNAPPROPRIATED NET REVENUES:

Sinking Fund Reserves	\$ 986,171.72	
General Reserve	6,871,805.67	
Insurance Reserve	1,823,447.58	
Reserves Applied to Retirement of Debt, Payment of Debt Service, etc. less Deficit Accounts of certain Facilities and Debt Refunding Expenses	32,581,327.49	42,262,752.46

FEDERAL GRANTS FOR CONSTRUCTION INCLUDING COMPROMISE DISCOUNT ON STATE AID SETTLEMENT:	10,860,411.85
	\$246,494,238.34

COMPARISON OF NET REVENUES

	Calendar year, 1941		Calendar year, 1940		Increase or *Decrease	
	Amount	Per cent	Amount	Per cent	Amount	Per cent
I. OPERATING REVENUE AND INCOME						
Passenger Cars	\$11,840,231.16	63.3	\$10,649,771.71	62.7	\$1,190,459.45	11.2
Buses	1,799,193.40	9.6	1,704,736.00	10.0	94,457.40	5.5
Trucks	3,412,325.89	18.3	2,948,504.63	17.4	463,821.26	15.7
Motorcycles	6,234.36	...	6,730.27	...	495.91*	7.4*
Rents, P.A. Commerce Bldg., etc.	1,367,824.00	7.3	1,313,376.71	7.7	54,447.29	4.1
Interest on Investments, etc.....	285,832.06	1.5	371,324.95	2.2	85,492.89*	23.0*
Total	<u>\$18,711,640.87</u>	<u>100.0</u>	<u>\$16,994,444.27</u>	<u>100.0</u>	<u>\$1,717,196.60</u>	<u>10.1</u>
II. DEDUCTIONS						
Operating Expenses	\$ 4,602,939.59	46.2	\$ 3,603,205.22	34.1	\$ 999,734.37 (a)	27.7
Interest on Funded Debt	5,339,476.76	53.5	6,894,790.82	65.2	1,555,314.06*	22.6*
Other Income Charges	29,093.20	.3	71,602.03	.7	42,508.83*	59.4*
Total	<u>\$ 9,971,509.55</u>	<u>100.0</u>	<u>\$10,569,598.07</u>	<u>100.0</u>	<u>\$ 598,088.52*</u>	<u>5.6*</u>
Net Revenues	<u>\$ 8,740,131.32</u>		<u>\$ 6,424,846.20</u>		<u>\$2,315,285.12</u>	<u>36.0</u>

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(*) Denotes Decrease.

(a) Approximately \$815,000 of this amount incurred through payment made to a Pension Deficiency Reserve.

TRAFFIC
Calendar Year 1941

<u>Class</u>	<u>Total</u>	<u>Per Cent</u>	<u>Holland Tunnel</u>	<u>Lincoln Tunnel</u>	<u>George Washington Bridge</u>	<u>Staten Island Bridges</u>
Passenger Automobiles	24,114,183	78.8	11,117,010	3,148,056	7,920,644	1,928,473
Buses	1,824,360	6.0	275,545	835,449	664,465	48,901
Trucks	4,637,409	15.1	2,826,503	694,071	788,823	328,012
Motorcycles, etc.	24,615	.1	12,357	3,581	5,969	2,708
Total	<u>30,600,567</u>	<u>100.0</u>	<u>14,231,415</u>	<u>4,681,157</u>	<u>9,379,901</u>	<u>2,308,094</u>

TOLL REVENUE
Calendar Year 1941

<u>Class</u>	<u>Total</u>	<u>Per Cent</u>	<u>Holland Tunnel</u>	<u>Lincoln Tunnel</u>	<u>George Washington Bridge</u>	<u>Staten Island Bridges</u>
Passenger Automobiles	\$11,840,231.16	69.4	\$5,550,744.39	\$1,571,849.75	\$3,958,768.00	\$ 758,869.02
Buses	1,799,193.40	10.6	256,599.56	835,425.60	664,426.00	42,742.24
Trucks	3,412,325.89	20.0	2,127,229.12	462,927.25	622,454.50	199,715.02
Motorcycles, etc.	6,234.36		3,182.50	892.85	1,491.65	667.36
Total	<u>\$17,057,984.81</u>	<u>100.0</u>	<u>\$7,937,755.57</u>	<u>\$2,871,095.45</u>	<u>\$5,247,140.15</u>	<u>\$1,001,993.64</u>

FUNDED DEBT

During the year there were acquired and cancelled \$3,635,000, par value of General & Refunding, 3½% Bonds at a cost of \$3,764,564.86. In October 1941, \$800,000, par value of Series "G" 1.10% Bonds were retired pursuant to the bond resolution, thereby reducing the amount outstanding to \$3,200,000. In December 1941, the Sinking Fund requirements of the resolution, with respect to General and Refunding 3% Bonds, due 1975, were satisfied by placing the sum of \$869,511 in cash in this fund, which can only be used to purchase or call bonds of this series. Subsequently, 182 bonds were purchased and cancelled.

STATEMENT OF SINKING FUND REQUIREMENTS

<u>Year</u>	<u>Sinking Fund Requirements*</u>	<u>Amount Satisfied</u>	<u>Net Requirements</u>
1942	\$4,124,189.52	\$1,693,817.15	\$2,430,372.37
1943	4,227,161.35	1,746,022.38	2,481,138.97
1944	4,333,324.50	1,206,517.85	3,126,806.65
1945	4,415,250.40	307,221.47	4,108,028.93
1946	3,719,258.89	317,977.67	3,401,281.22
1947	3,834,481.98	329,101.63	3,505,380.35
1948	3,953,322.99	340,634.47	3,612,688.52
1949	4,075,841.24	352,555.56	3,723,285.68
1950	4,170,126.68	361,308.92	3,808,817.76
1951	4,289,960.92	373,947.78	3,916,013.14
1952	4,422,935.19	187,860.00	4,235,075.19
1953	4,560,055.61	None	4,560,055.61
etc. to 1977			

*Based on funded debt as of December 31, 1941, plus an additional \$5,000,000 General & Refunding, 3¾% Bonds, Due 1977, issued in 1942 for Lincoln Tunnel Construction purposes. Also includes maturities of Series "C" 1.10% Bonds, Due 1942-5, inclusive.

NOTE: The Authority has \$9,516,146.05 in various reserve funds of which \$4,322,526.63 is invested in its own bonds. This amount excludes Sinking Fund monies in the sum of \$685,751.29 which subsequently will be expended for General and Refunding 3% Bonds, due 1975, and \$300,420.43 which represents advances for preliminary studies and surveys in connection with the George Washington Bridge which is not required to be paid until all bonds issued for the construction of the facility have been retired out of revenues of the facility.

