The Port of New York Authority 1968 Annual Report


PATH
From Yesterda

Port Authority Facilities

1. John F. Kennedy international Airport
2. LaGuardia Airport
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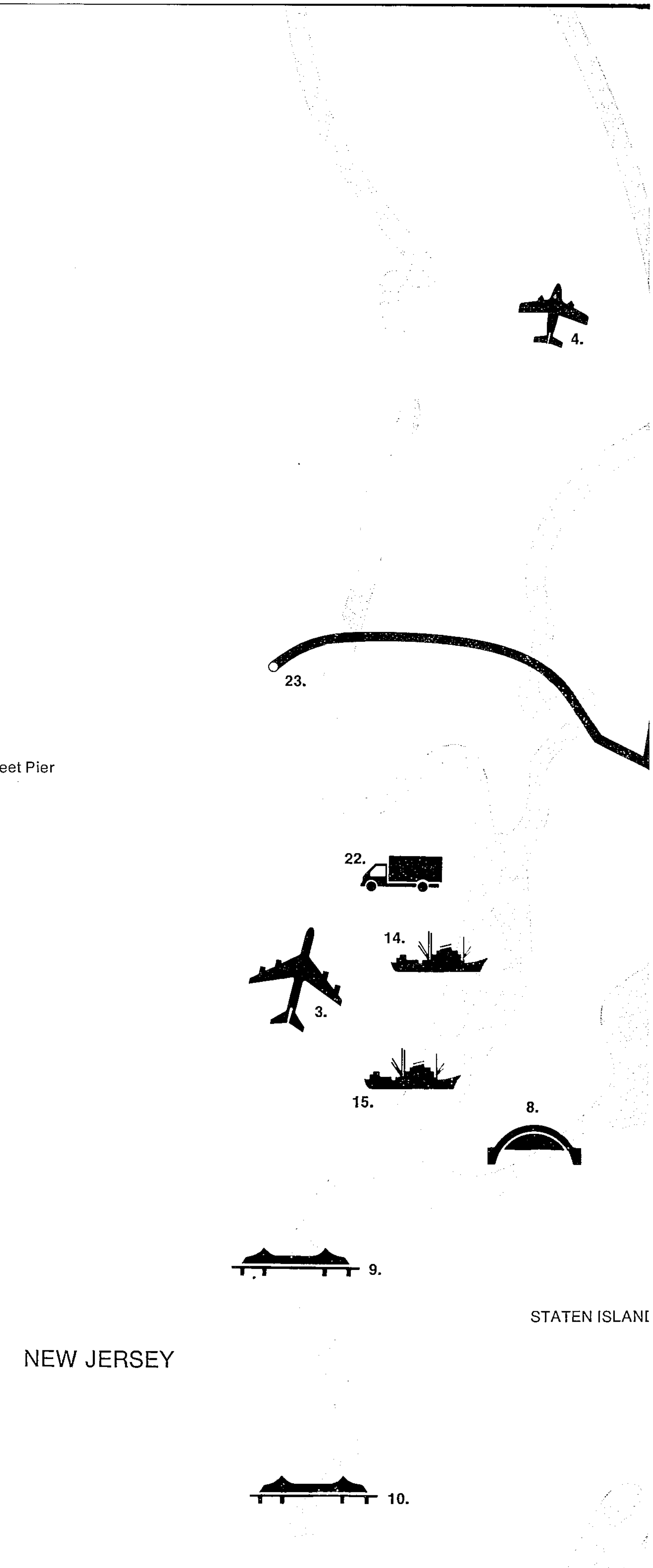

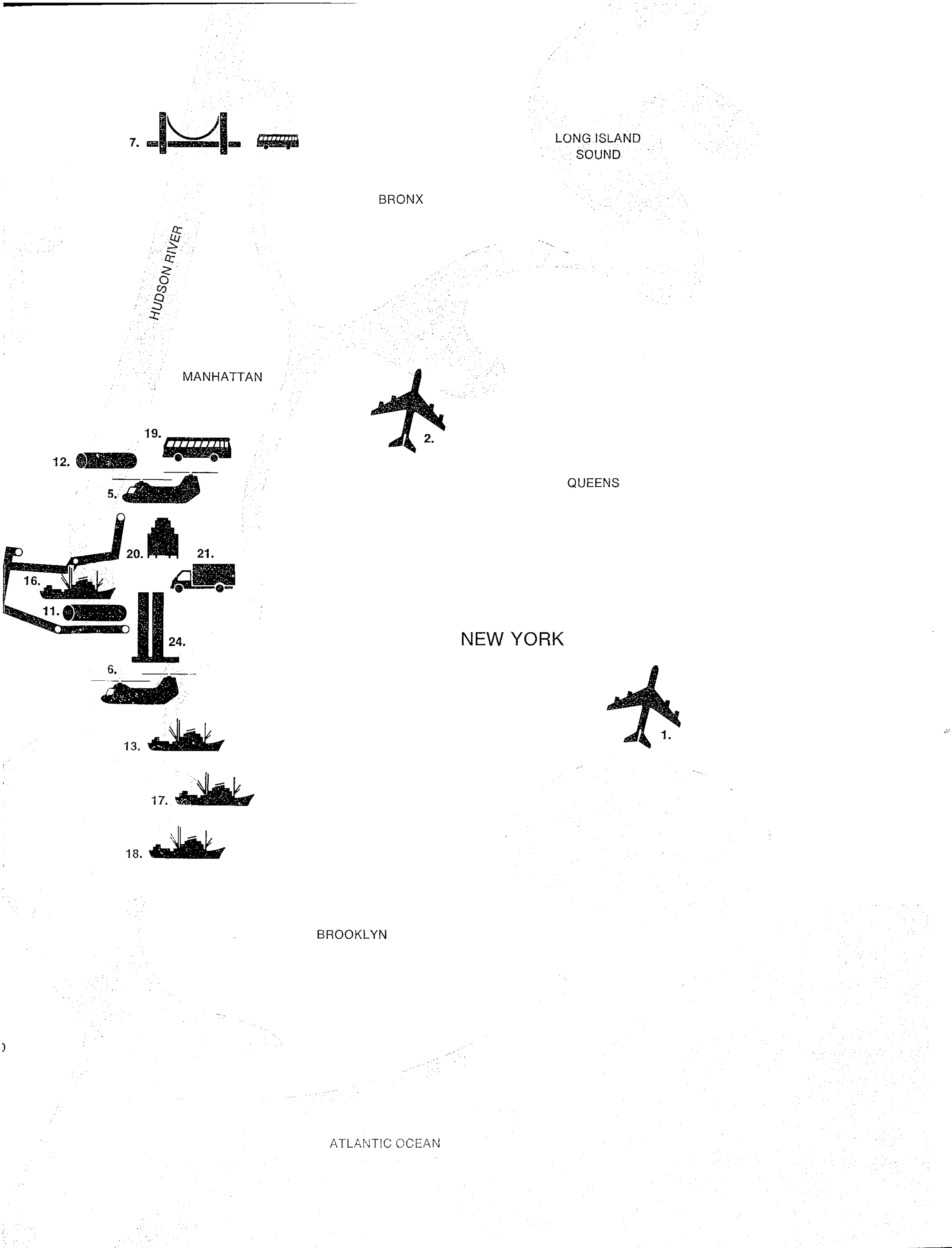
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ATLANTIC OCEAN

The Port of New York Authority 1968 Annual Report

The Story of the Port Authority

In 1921, the States of New York and New Jersey entered into a Compact under which the states pledged "*. . . . faithful cooperation in the future planning and development of the port of New York*" and created The Port of New York Authority as their joint agency to implement this pledge.

Port Compact In their Compact the two States found and determined that: "*a better coordination of the terminal, transportation and other facilities of commerce in, about and through the port of New York will result in great economies, benefitting the nation, as well as the States of New York and New Jersey;*" and that "*The future development of such terminal, transportation and other facilities of commerce will require the expenditure of large sums of money and the cordial cooperation of the States of New York and New Jersey in the encouragement of the investment of capital, and in the formulation and execution of the necessary physical plans.*" ☐ "*Such result can best be accomplished through the cooperation of the two States by and through a joint or common agency.*"

Power and Duties The Port Authority consists of twelve Commissioners—six resident voters from New York and six from New Jersey. They are appointed by the Governors of their respective states with the advice and consent of the State Senates. ☐ In establishing the Port Authority, the States also created the "*Port of New York District*", a territory with a radius of approximately twenty-five miles from the Statute of Liberty. Within this Port District, the Port Authority performs functions relating to the port's development as derived from the Compact, the Comprehensive Plan for the development of the Port of New York (adopted in 1922 under and pursuant to the Compact), and from supplementary legislation adopted by the two States. ☐ According to the Compact: "*The Port Authority shall constitute a body both corporate and politic with full power and authority . . . to purchase, construct, lease and/or operate any terminal or transportation facility within said (port) district; and to make charges for the use thereof; . . . and for any such purposes to own, hold, lease and/or operate real or personal property, to borrow money and secure the same by bonds or by mortgages upon any property held or to be held by it.*" ☐ *The agency was also authorized to "... make recommendations to the legislatures of the two States or to the Congress of the United States, based upon study and analysis, for the better conduct of the commerce passing in and through the port of New York, the increase and improvement of transportation and terminal facilities therein, and the more economical and expeditious handling of such commerce.*" And "*. . . petition any interstate commerce commission . . . public utilities commission . . . or any federal, municipal, state or local authority . . . for adoption and execution of any physical improvement, change in method, rate of transportation, system of handling freight . . . which in the opinion of the Port Authority may be designed to improve . . . the handling of commerce in and through said district. . . .*" ☐ As the needs arose, the States by additional enactments charged their agency with the responsibility for airports, marine, bus and truck terminals, bridges and tunnels, and the Hudson Tubes.

A Self-Supporting Agency In the States' mandate to their agency to plan for and develop the Port of New York, a basic principle is that facilities are to be provided on a self-supporting basis. The Compact stipulates that: "*The Port Authority shall not pledge the credit of either state except by and with the authority of the legislature thereof.*" ☐ The Comprehensive Plan vested the agency with appropriate powers "*. . . not inconsistent with the Constitution of the United States or of either state . . .*"—except the power to levy taxes or assessments.

Port Authority Activities The Comprehensive Plan directed the Port Authority to proceed with the development of the port "*as rapidly as may be economically practicable.*" Since 1921, with the authorization and approval of the Governors and legislatures of the two States, the Port Authority has provided, and today operates, six interstate bridges and tunnels, four airports and two heliports, six marine terminal areas, two union truck terminals, a truck terminal for rail freight and a union bus terminal. In 1962, the operation of the Hudson and Manhattan Railroad, now known as the Port Authority Trans-Hudson System, was also brought within the scope of the agency's responsibilities. In addition, the Port Authority appears before governmental regulatory bodies and maintains Trade Development Offices to promote and protect Port commerce. ☐ All Port Authority activities are carried on in accordance with the policies of its Board of Commissioners. The affairs of the Port Authority are administered by its Executive Director, Austin J. Tobin, who heads the staff.

To:
The Honorable Nelson A. Rockefeller,
Governor, State of New York,
the Honorable Richard J. Hughes,
Governor, State of New Jersey

By any yardstick, 1968 was quite a year for the Port of New York.

During the year, the Port of New York handled an estimated 110 million tons of oceanborne trade—foreign and domestic. Translated into people, that flow of commerce generated the livelihood of one out of every four people in the New York-New Jersey metropolitan area. And the Port of New York continues to grow. In 1961, the Port's total oceanborne general cargo stood at 89 million tons. In 1963, it was 93.5 million tons. In 1965, it totaled 101 million tons.

The future is even brighter. This port early recognized and acted upon the container revolution now transforming the shipping industry. As a result, the Port of New York has a ten year lead over its rivals.

This foresighted development is the most important event in waterborne commerce since the building of the Erie Canal. Last year, Ports Newark and Elizabeth handled 3,209,194 tons of containerized cargo. Ultimately four miles of wharves will be devoted to containership berths on Newark Bay. Each berth will have 15 to 20 acres of paved upland area in which to marshal thousands of containers.

In addition, the City of New York plans containership berths on the Staten Island waterfront and in Brooklyn. We are working with the City of New York to provide facilities for containership operations as part of the South Brooklyn Redevelopment Project.

The movement of large pieces of machinery or breakbulk cargo do not require containerizing and these commodities are handled at the modern conventional terminals in the Port such as the Brooklyn-Port Authority Marine Terminal.

With every passing year, more cargo will be shipped by container-ships and less by conventional vessels. The Port of New York is prepared. It has already established itself as America's container capital.

Construction of the World Trade Center—which also is vital to maintaining the Port of New York's pre-eminence—continued on schedule. During the year $150 million in construction contracts were awarded. More than 675 American and overseas government and private organizations have already reserved space in the Trade Center.

But 1968, like any other year, presented problems. Air traffic congestion—just as the Port Authority forecasted in 1959—reached critical dimensions. As one means of desperately attempting to handle this surging traffic, existing airports have been improved. The Authority's $120 million expansion of LaGuardia has been completed. A $150 million expansion of the Central Terminal Area at Kennedy International moved forward in major work during 1968. And a $200 million expansion of Newark Airport is under way.

These vast capital expenditures, however, cannot fully meet the region's needs. The right answer—the only answer—is to start construction of a new major airport at a suitable location as soon as possible. The economic future of the entire Port District is dependent upon providing this necessary air transportation facility.

PATH's passenger volumes increased 14 per cent and PATH's deficit also increased—by 38 per cent. Nevertheless the continuing modernization of PATH went ahead on schedule. Approval was received from the United States Department of Housing and Urban Development (HUD) of an Urban Mass Transportation grant to PATH of approximately $23 million for construction of a PATH Transportation Center at Journal Square in Jersey City.

Above all else, 1968 was a year that emphasized the Port Authority's role in planning for the future transportation needs of the Port District. Agreement was reached with the City of New York to provide a modern passenger terminal for the 800,000 ocean travelers traversing the Port of New York each year. Plans proceeded for a major expansion of the Bus Terminal, and property acquisition was begun. Trans-Hudson vehicular traffic hit record totals and work was continued on a major study of future trans-Hudson traffic patterns, which is essential to planning any future trans-Hudson facilities which might be required. And work continued to enable the Corps of Engineers to undertake a total waterfront cleanup program to rid the bi-state Port of unsightly and dangerous debris.

The Port of New York Authority, as the agent of the States of New York and New Jersey primarily involved in the development of the bi-state port, ended the most extraordinary year of financing in its history. As an expression of the confidence placed in the Authority by the financial community the Port Authority, during 1968, borrowed $210,000,000 in a seven-year-loan involving 13 banks, issued a total of $300,000,000 of long-term bonds and issued $60,000,000 of short term notes.

But these are only the highlights of 1968. The details appear in the pages that follow.

Respectfully yours,

James C. Kellogg 3rd

James C. Kellogg, III
Chairman

Honorable Nelson A. Rockefeller,
Governor of the State of New York

Honorable Richard J. Hughes,
Governor of the State of New Jersey

Respectfully submitted
in accordance with
the Port Compact of 1921 to:
The Honorable Nelson A. Rockefeller,
Governor, and The Legislature of
the State of New York and
The Honorable Richard J. Hughes,
Governor, and The Legislature of
the State of New Jersey

Commissioners

James C. Kellogg, III
Chairman

Howard S. Cullman
Honorary Chairman

Hoyt Ammidon

John J. Clancy

Charles W. Engelhard

Alexander Halpern

Donald V. Lowe

Ben Regan

William J. Ronan

William A. Sternkopf, Jr.

W. Paul Stillman

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The Port of New York

The Port of New York is the transportation crossroads of the world. The harbor and its adjacent land masses comprise what is known as the Port District, an area extending approximately twenty-five miles in all directions from the Statue of Liberty. This 1,500-square-mile area has a population of over 12 million persons and includes most of what is called the Northern New Jersey-New York metropolitan area.

The people of this bi-state metropolitan area have a vital stake in the flow of commerce through the Port—approximately one of every four persons in the Port District directly or indirectly is dependent upon it for his livelihood. As an example of the employment generated by the flow of commerce, in 1968, approximately 80,000 people were directly employed by private firms in conducting their operations at Port Authority facilities. These employees alone represented a combined payroll of $750,000,000. In addition, construction jobs at the Port Authority's tunnels, bridges and terminals provide employment for an additional 11,000 New York and New Jersey workers who earn some $112 million a year.

Since its discovery by Giovanni Da Verrazano in 1524, the New York-New Jersey Port's magnificent harbor and its broad waterway to the interior, the Hudson River has been a focus of transportation activities. The history of the Port area is a history of transportation progress. Today, its operation, its prosperity, and its very survival are based upon transportation. The Port of New York is the hub of a far-reaching complex of air, sea, rail and highway transportation. Fifteen railroads, nine of which are trunk line long-haul roads, connect the Port directly with the major industrial areas east of the Mississippi, and, by means of interline connections, with all other portions of the continental United States, Canada, and Mexico.

Air service from the Port is unequaled with forty-eight airlines operating at the Port of New York's airports; forty-one of them on international routes. These airlines offer as many as 1800 weekly flights to 156 overseas cities in 72 countries and an average of more than 800 domestic flights daily serving all the major cities in North America.

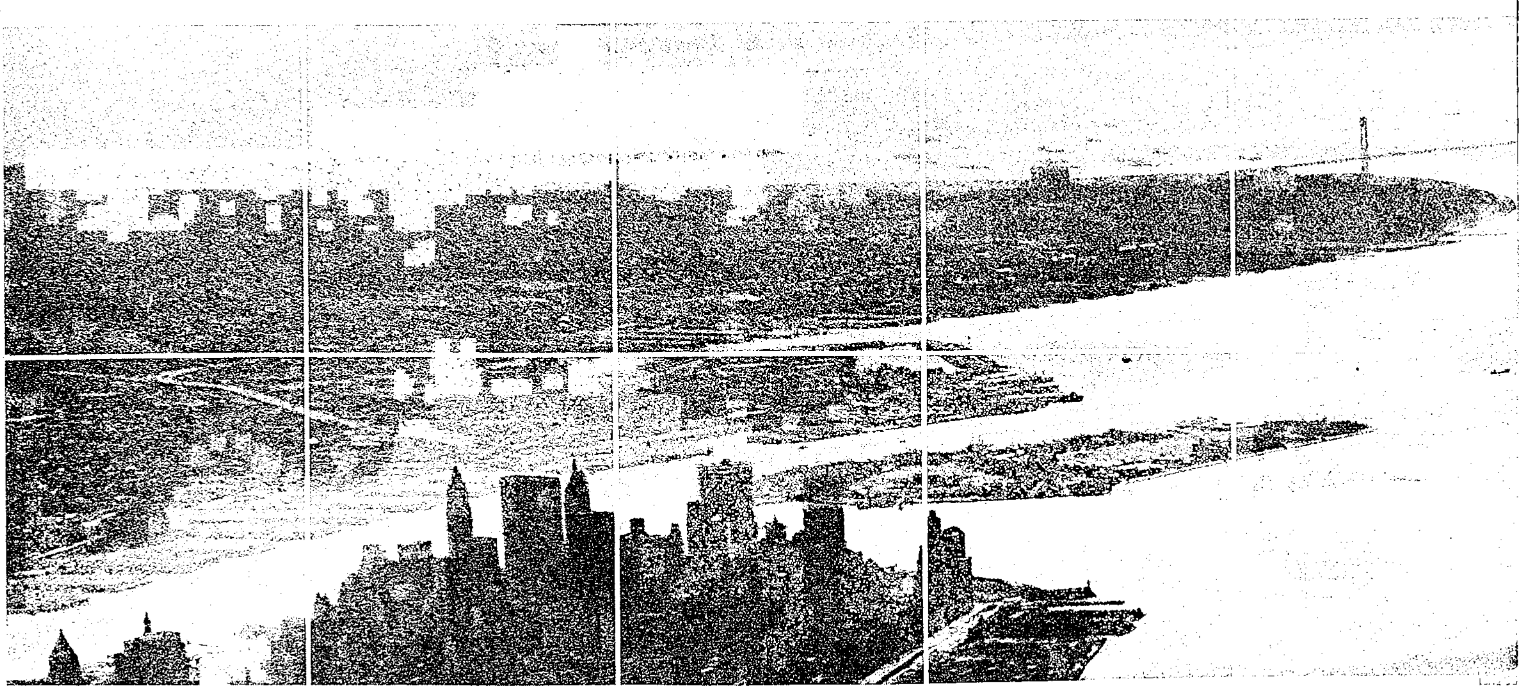
Over 180 steamship lines connect the Port with all the world's trading nations and involve 24,000 ship arrivals and departures each year. Approximately 80 per cent of the departures move directly to foreign ports with no intermediate stop at any other United States port. This frequency and directness of service is used by many manufacturers to assure on-time delivery to their overseas customers.

An extensive network of high speed expressways such as the New Jersey Turnpike and the New York State Thruway, enable ten thousand registered common carrier motor trucks and passenger buses to provide fast service between the Port and inland areas daily. Arterial bypass highways, using the George Washington Bridge and the Verrazano-Narrows Bridge, aid the movement of this traffic by permitting it to avoid the central business area.

The twelve million people who populate the Port District, and their transportation needs are accommodated by an intricate and well balanced network of public transportation and highway facilities. This regional system has been developed to serve travel patterns between suburban and central business districts, as well as the multiplicity of intra-region journeys involved in the daily lives of the residents. The importance of the vital mass transportation services is emphasized by the fact that 90 percent of the 1,600,000 people who enter Manhattan's central business district during the peak period of a typical working day are served by public transportation.

Cooperative Programs

Many governmental and private organizations share the responsibility for the



development and operation of the Port of New York and its comprehensive transportation system. The Port Authority cooperates with all of these organizations as they relate to the responsibilities of the Authority and as they work jointly to ensure the continued pre-eminence of the Port of New York and the prosperity of the people residing here.

During 1968 the Port Authority gave wholehearted support to the bipartisan efforts which led to the public approval of the New Jersey Transportation Bond issue. The Port Authority has worked closely with the New Jersey Department of Transportation in its development and implementation of the Transportation Master Plan for New Jersey which has now been made possible. The Port Authority's own planning activities are being closely coordinated with that of the New Jersey Master Plan.

Similarly, the Port Authority maintains close and continuing liaison with the New York State Department of Transportation and submitted its views and recommendations in the Department's preparation of a Statewide Transportation Plan. The Authority's comments on various aspects of transportation were also presented at hearings before committees of the New York State Legislature.

The Port Authority has worked closely with the Metropolitan Transportation Authority of New York. It is participating particularly in joint planning efforts with the Metropolitan Transportation Authority and the airlines to improve access to John F. Kennedy International Airport by an extension of the Long Island Rail Road to the Airport.

The Port Authority also continued to work closely with the Tri-State Transportation Commission which was created as an interstate planning agency by the States of New York, New Jersey and Connecticut, directing its attention to the definition and solution of immediate and long-range transportation and related land use problems of the metropolitan region of the three States.

During 1968 the Port Authority supported the establishment by New Jersey of a state agency, with local participation, for planning and developing the New Jersey Meadowlands. For many years, the Authority has assisted the State in its various studies and efforts to secure a coordinated development of the vast meadowlands because this barren area holds such great potential for further development of the region's trade and commerce. The Port Authority will cooperate closely with the Hackensack Meadowlands Development Commission, established by the State of New Jersey in 1968, as it proceeds with its works.

For many years The Port of New York Authority has participated in the work of the International Association of Ports and Harbors and since 1965 the Executive Director of the Authority has served as Chairman of the Association's Committee on International Port Development. This Committee, with membership made up of port officials from all parts of the world, has functioned effectively as a center for locating and providing experts from the more developed ports to give advice, staff training and other assistance to developing ports which seek aid in solving their problems.

During 1968, the Authority participated in several international technical assistance projects sponsored by the Committee on International Port Development. The principal project was a survey of India's major ports, undertaken at the request of India's Minister of Transportation and Shipping, to determine whether that nation's ports are making adequate use of their existing resources and are planning wisely for the future. In other CIPD projects, Port Authority staff members worked with port officials of Colombia and Peru to advise them on procedures affecting mechanical equipment and on organizational matters in the ports of those countries.

Air Transportation

The growth rate in passenger traffic at the three regional airports—John F. Kennedy International, LaGuardia and Newark—dropped by half in 1968. Historically, the New Jersey-New York Metropolitan Region has always had about the same air traffic growth rate as the rest of the nation. But in the last half of 1968, after a summer of congestions and delays—up to three hours—the Region's domestic air passenger growth rate dropped to 3.3 per cent, while the national rate of growth was approximately 11 per cent.

Over the past nine years, the Port Authority, which operates the regional airport system including two heliports in Manhattan, has repeatedly reported on the need for additional air terminal capacity to meet traffic demand. The disparity between regional air traffic demand and terminal capacity increased significantly during 1968 as flight delays, cancellations and diversions curtailed service for considerable periods at our major airports and even affected air service in many other cities across the country. As a consequence, the Federal Aviation Administration has been forced to make plans to place restrictions on the number of flights that may enter or leave the region during various times of the day, and the Civil Aeronautics Board has indicated that future route awards may bypass the New York and New Jersey airports.

Recognizing that only a new major airport, together with improvements in the existing Air Traffic Control System, can provide needed terminal capacity, the Port Authority has sought progress in both areas during the year. On the matter of a fourth airport, the Port Authority stated that the area near the present Solberg Airport in New Jersey would be suitable as an airport site. The Morris County site in New Jersey, which would best serve the region's needs for a new major airport, was designated by the Congress as the Great Swamp National Wildlife Refuge during the year. Therefore the Solberg site has become the only remaining practicable site for construction of the urgently needed new facility. However, the decision as to the location of a new major airport to serve this region does not rest with the Port Authority. That power rests with the states of New Jersey and New York of which the Port Authority is an agency.

In appearances before legislative and Congressional committees concerned with air transportation problems, Port Authority staff members pointed up the need for designating a suitable site for a new airport; expanding the capacity of the Air Traffic Control System; endorsed efforts to develop STOL (short take-off and landing) aircraft capability as a means of increasing terminal airspace capacity; and encouraged development of improved ground access to the airports. Proposals were advanced on a national level dealing with the financing of airports and airways, coordination of long-range planning, development of new airports, and expedition of Federal inspection procedures in international traffic.

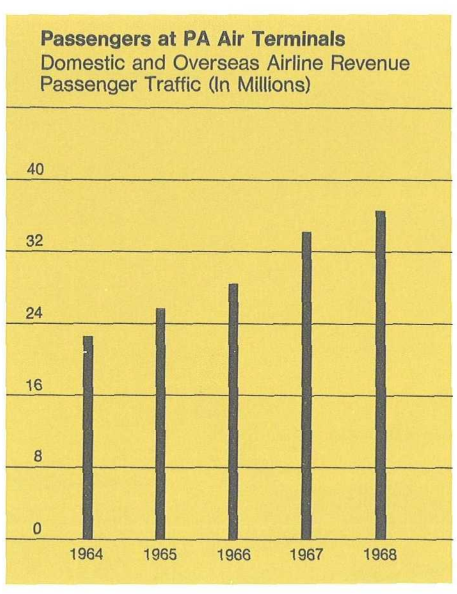
The Port Authority also cooperated with the Federal Aviation Administration in Eastern Air Line's feasibility tests of a new STOL aircraft and of an airborne navigational system that would permit greater utilization of existing airspace.

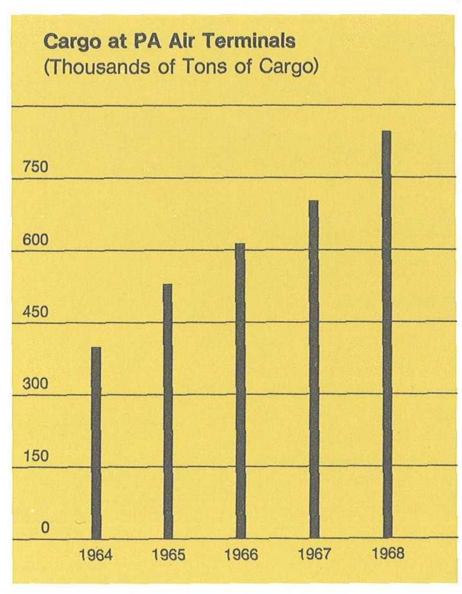
On the matter of aircraft noise, the Port Authority joined with other airport operators in supporting the successful passage of legislation which empowers the Federal government to set noise standards for aircraft operating over neighboring airport communities. Strong efforts were also made to ensure that the implementation of this legislation would provide meaningful relief to the noise-sensitive communities in the region.

The Port Authority continued its efforts to stretch capacity within the existing airport system. Work continued on the $200-million redevelopment of Newark Airport and the $150-million expansion of the Central Terminal Area at Kennedy International Airport. Both of these facilities are being readied for the expected introduction of high-performance, high-capacity large jet aircraft in the early 1970's. Finishing touches also were applied to the $120-million rehabilitation program at LaGuardia Airport.

Runway extension work at Teterboro Airport neared completion as Pan American World Airways prepared to take over operation and development of this general aviation airport under a long-term operating agreement with the Port Authority. The agreement, which was approved by the Civil Aeronautics Board during the year, provides that Teterboro will continue to be operated as a public airport for general aviation only, and facilities and services will be expanded to make the airport more attractive to private flyers now using the major airports.

To encourage aviation operators to use peripheral airports such as Teterboro

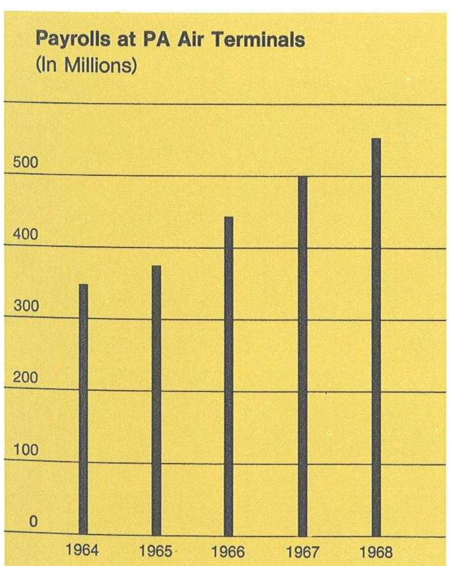




during the congested peak hours, the Port Authority found it necessary in August to increase minimum flight fees to $25.00 at certain hours at Kennedy, LaGuardia and Newark airports. The new fee schedule has helped to reduce significantly the number of smaller aircraft competing for airspace and runways at these airports within the busiest periods.

During the year, work progressed on Port Authority functional plans for STOLport facilities at Flushing Airport in Queens and at a site near the New Jersey entrance to the Lincoln Tunnel. Assuming the development of acceptable operating procedures both of these new facilities could, when operational, provide much-needed reliever runways for aircraft operating in the short-haul, intercity markets.

The Port Authority also continued efforts to improve surface access to and from the airports, as well as traffic flow within the airport boundaries. A major study to establish a rail line between Manhattan and Kennedy International Airport is being undertaken by a joint project team from the Metropolitan Transportation Authority, Port Authority and airlines. Also in cooperation with the M.T.A. studies continued on the feasibility of using a unique "rail-bus" vehicle that could travel on railroad tracks as well as highways between Kennedy Airport and midtown Manhattan.

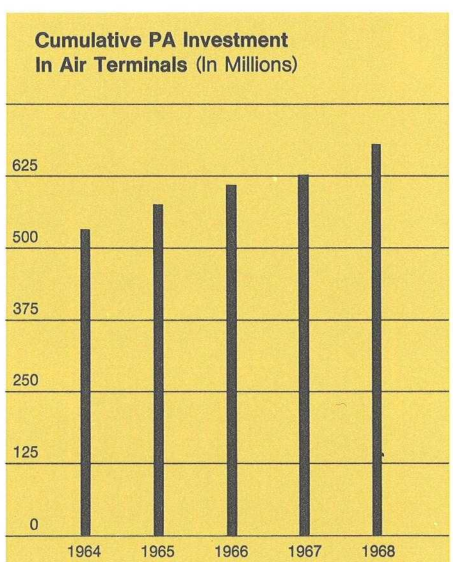


At the request of the Governor of New Jersey, the Port Authority again studied the feasibility of providing PATH rail access to Newark Airport. Previous studies had shown that such a service could develop very little patronage—far too little to justify the high cost. The extension would also tax PATH service during peak hours to the detriment of the commuter. These conclusions were confirmed anew in a thorough review which considered the most recent traffic data, possible impact of the Meadowlands development and the experience of other cities. The study showed that existing bus services from both Newark and Manhattan are more convenient for passengers, and further improvement of these services was proposed. Reports on the subject of Newark Airport access were also submitted to the New Jersey Legislature.

The Port Authority's investment in air terminal facilities at the end of the year totalled $679.9 million, $53.3 million over 1967.

John F. Kennedy International Airport

For the first time in the 20-year history of Kennedy International Airport, passenger traffic failed to surpass the previous year's total. Overseas traffic was up 10.8 per cent, but domestic traffic decreased 8.5 per cent for an overall decline of 2.1 per cent. Total passenger traffic for the year was 19,574,000.



At year's end the Port Authority and the airlines had over $500 million of construction underway or scheduled to start in 1969. Of this amount, the Port Authority had a $150 million Central Terminal Area expansion program to ready Kennedy for the scheduled advent of the new large jets in 1970. Portions of the peripheral taxiway system on the south and east sides of the Central Terminal area were relocated to permit expansion of several existing terminals. The $55 million project which will double the size of the International Arrival and Airline Wing Buildings was begun. Enlargement of the East Customs Hall was completed and new curb footage provided. To provide added personal assistance to international passengers, the Port Authority stationed multi-lingual information girls —"golden girls" as they came to be known because of their uniforms—in the International Arrival Building.

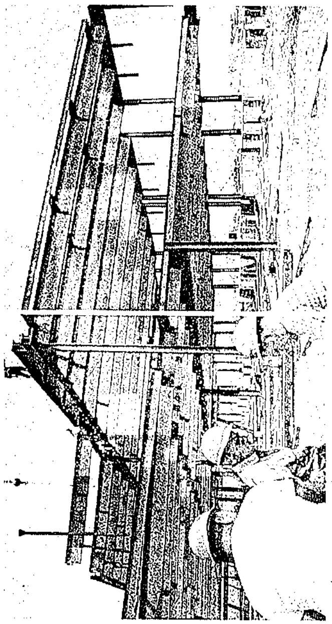
Other Port Authority improvements to Kennedy during the year included new exit and entrance lanes for existing parking lots; addition of 2,500 airport parking spaces; and a re-routing of access roads from the Belt Parkway to the airport.

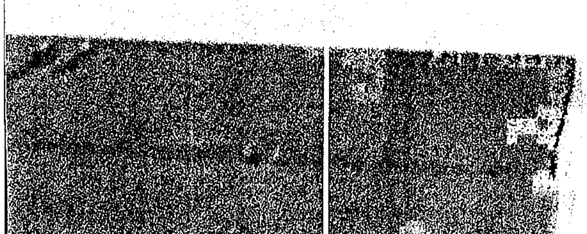
Improvements at the airports by airlines included the near completion of the $25 million expansion of the Trans World Airlines terminal and further progress on the construction of the new $45 million passenger terminal for BOAC and the $25 million terminal for National Airlines. Pan American announced that it plans to build a $60 million maintenance base at Kennedy for its fleet of Boeing 747s. Pan American also leased an additional 22 acres for a $40 million expansion of its present passenger terminal.

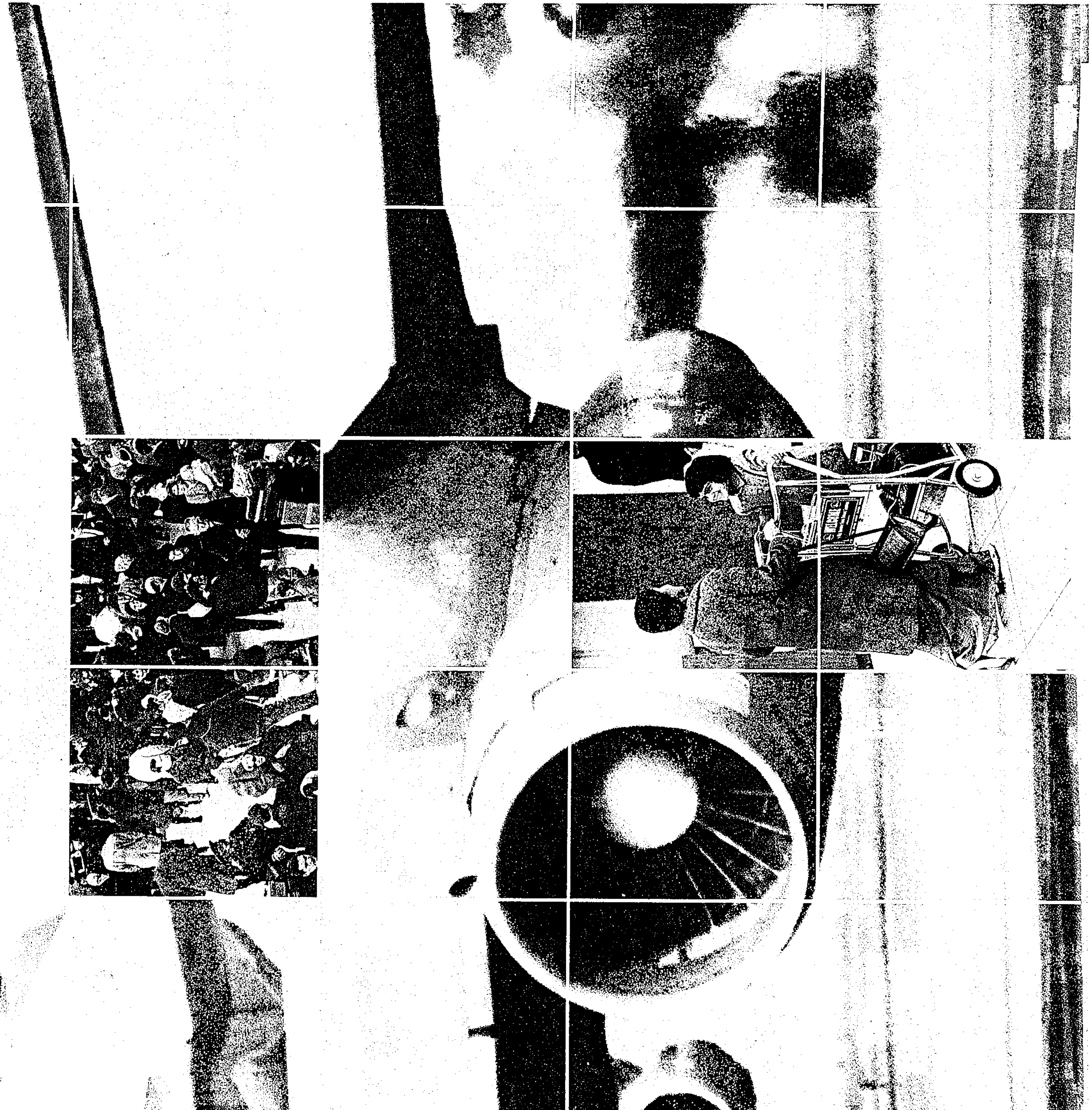
LaGuardia Airport

LaGuardia Airport continued to experience great growth in passenger traffic during the year—up 28.8 per cent to 10,482,000 passengers. Much of the increase was occasioned by the transfer of domestic flights from Kennedy to LaGuardia.

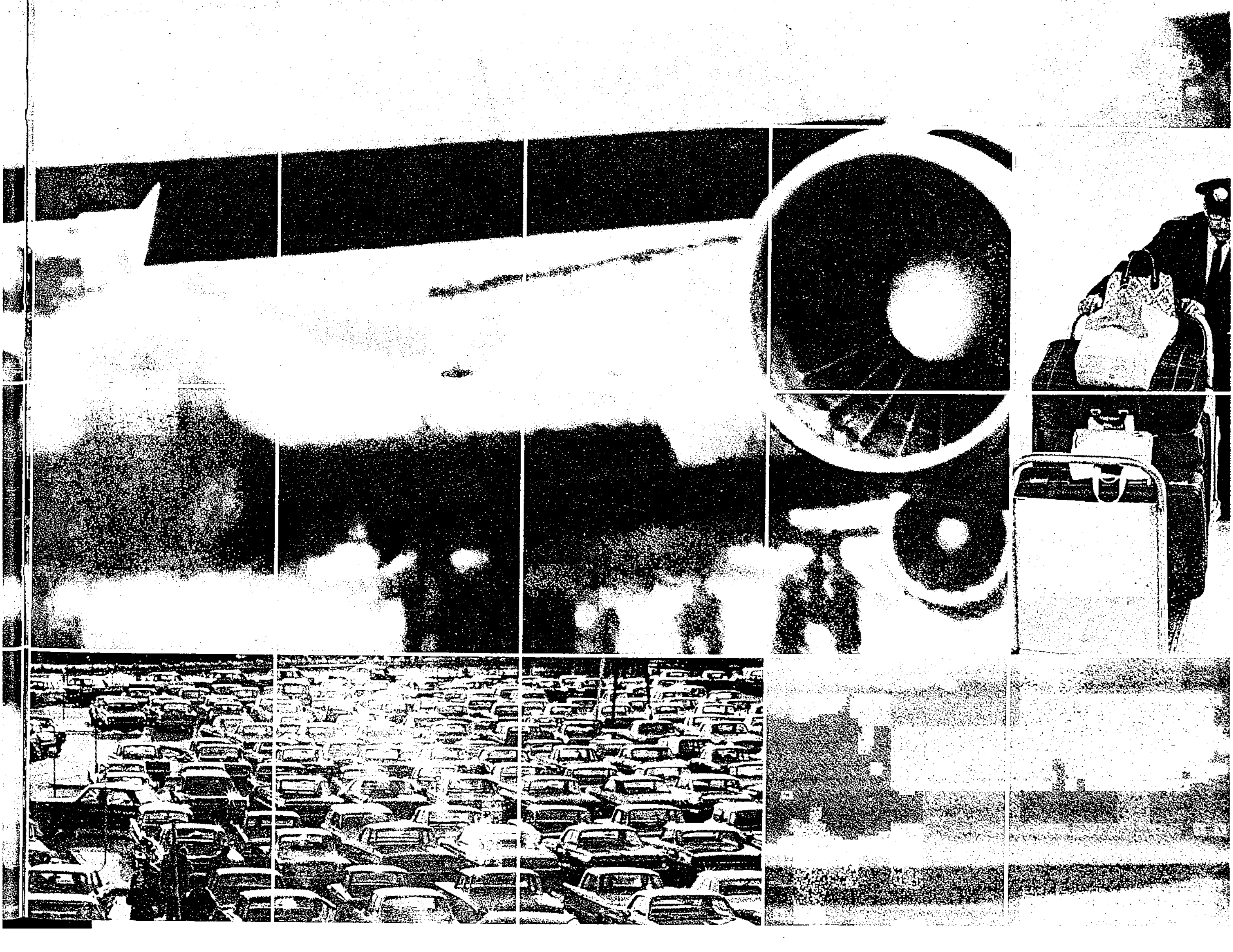
Other developments included construction of a 1,100-foot STOL (short takeoff and landing) runway to test the








STOL



compatibility of STOL operations with the airport's normal activity; the beginning of valet parking service; and inauguration of service by Southern Airways and Northwest Airlines.

Newark Airport

At Newark Airport, which celebrated its fortieth anniversary in 1968, all categories of traffic increased. Passenger traffic was up 11 per cent, aircraft movements were up 6.4 per cent and air cargo was up 20.1 per cent.

Newark Airport is in the midst of a construction program which will cost over $200 million and will create a "new" Newark Airport. The ultimate plan provides for three new terminal buildings, each with three satellites having nine or ten aircraft gates—a total of 83 compared to the 32 at the existing terminal. The "new" Newark Airport will also have an elevated roadway system, parking for 10,000 cars, a new 8,200-foot runway, extensions of the two existing runways, and new hangars and cargo facilities.

On two of the new terminals—scheduled to be made available to the airlines in 1970—foundations were completed and structural steel work started in 1968.

Teterboro Airport

During the year, the Civil Aeronautics Board approved a 30-year operating agreement between the Port Authority and Pan American World Airways under which the airline will continue the development of Teterboro Airport as a public general aviation facility. The agreement with Pan American specifically excludes the use of Teterboro for commercial scheduled airline activities. A court challenge to the CAB approval has been filed in the U.S. Circuit Court of Appeals for the District of Columbia.

In accordance with the terms of the agreement, the extension of Runway 1-19 from 5,000 to 7,000 feet and widening of the runway from 100 to 150 feet was substantially completed, as was the construction of a new parallel 7,000-foot taxiway to the runway. When Runway 1-19 becomes operational, Runway 6-24 will then be lengthened from its present 5,000-foot length to 6,000 feet and widened from 100 to 150 feet. The total cost of these improvements will approximate $4 million.

Pan American plans, among other improvements, to construct a new general aviation passenger terminal and hangars for business aircraft.

In 1968, Teterboro recorded 237,824 aircraft movements, 14.8 per cent less than in 1967. Much of this decline was due to the closing of Runway 1-19 during construction of the runway extension.

Heliports

In 1968, the Port Authority Downtown Heliport served 49,955 passengers, 41.9 per cent over 1967. The increase was due in part to the discontinuance of helicopter service from the Pan American Building. Trans World Airlines continued to include free helicopter service for its passengers on flights between the Wall Street heliport and LaGuardia, Kennedy and Teterboro Airports.

Traffic at the West Thirtieth Street Heliport was up 29.7 per cent over 1967.

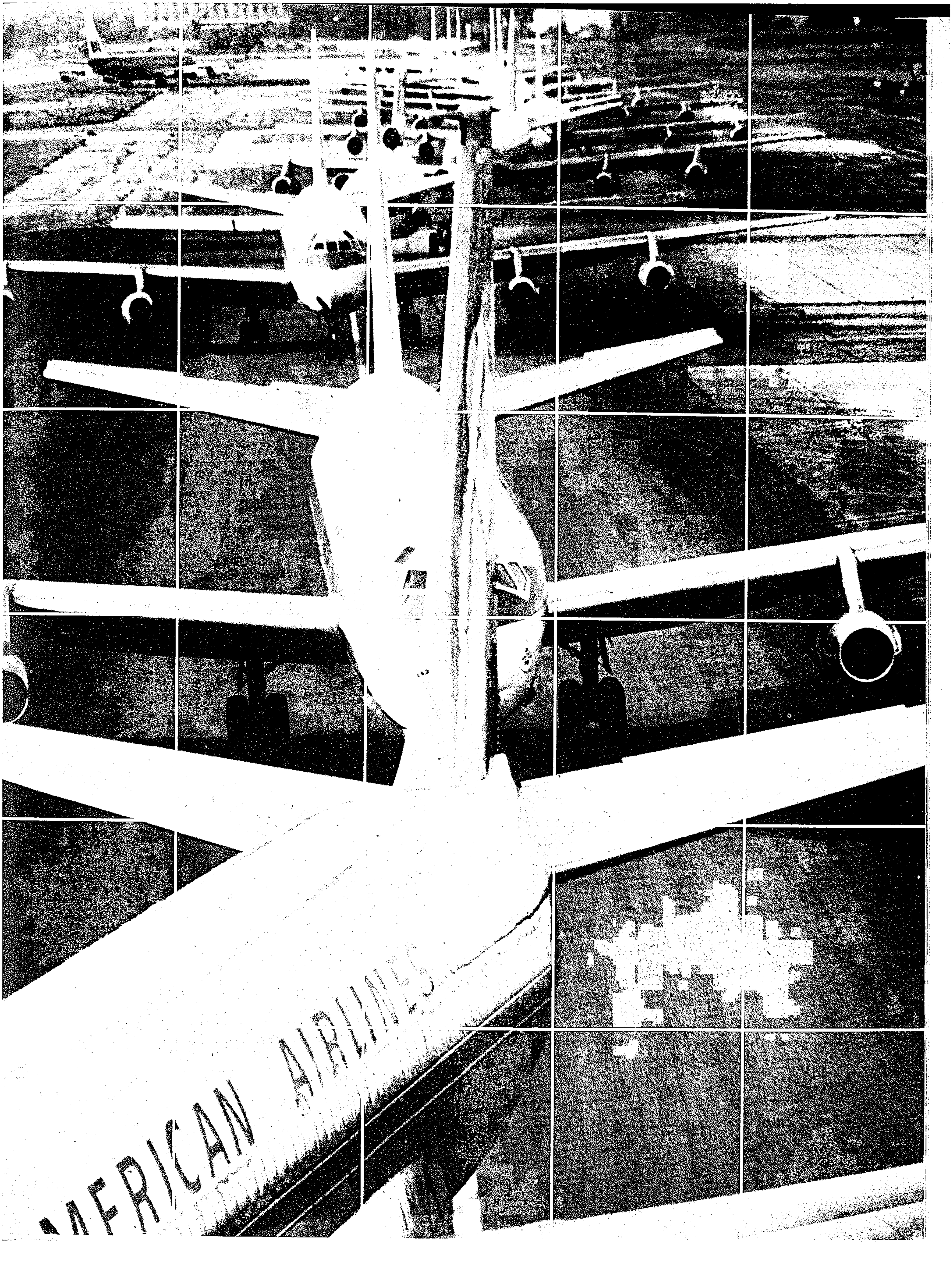
Statistics At A Glance

Total All Airports	
Plane Movements	1,235,000
Passenger Traffic	36,772,000
Cargo—(tons)	847,000
Revenue Mail—(tons)	183,758
Employees	57,164
Payroll*	$551,500,000
John F. Kennedy Airport	
Plane Movements	431,165
Passenger Traffic (Total)	19,574,000
Domestic	12,168,000
Overseas	7,405,000
Cargo—(tons)	659,000
Employees	42,522
Payroll*	$407,500,000
LaGuardia Airport	
Plane Movements	320,988
Passenger Traffic	10,482,000
Cargo—(tons)	35,000
Employees	6,589
Payroll*	$67,500,000
Newark Airport	
Plane Movements	245,112
Passenger Traffic	6,716,000
Cargo—(tons)	153,000
Employees	6,870
Payroll*	$67,500,000
Teterboro Airport	
Plane Movements	237,824
Employees	1,183
Payroll*	$9,000,000

*Estimated

Air travelers at the three major airports were subjected regularly to substantial delays during the summer months of 1968, during which there were fifteen 24-hour periods when the FAA Traffic Control Center handled over 5,000 flights. On August 7, during peak hours alone, 1,300 flights were handled at John F. Kennedy Airport. Of those flights, over two-thirds were delayed, with a maximum delay of three hours.

In 1968, the airports handled 37 million passengers. In 1975, 70 million passengers will use them and in 1980, 91 million passengers will be demanding service here. While Port Authority construction programs are under way to expand the capacity of existing airports, only a new major airport will solve the problem.


AMERICAN AIRLINES

Water Transportation

Progress on a modern consolidated passenger ship terminal and continued expansion of containership facilities to meet the growing demands of the shipping industry highlighted the Port Authority's activities in water transportation during the year. The Port Authority invested an additional $21.5 million in marine terminal facilities during 1968, bringing the total investment to $328.6 million.

Passenger Ship Terminal

After many months of negotiations, the City of New York, the Port Authority and the passenger ship lines agreed in November on a revised plan to build a comfortable and efficient passenger ship terminal for the 800,000 ocean travelers whose voyages begin or end in the Port of New York each year. The $60 million terminal will be located on the Hudson River between 46th and 50th Streets. Construction, to begin in early 1969, is expected to take three years.

Plans for the terminal were developed by the Port Authority over the past three years at the request of Mayor John V. Lindsay. The facility is designed to eliminate the discomforts, delays and chaotic traffic conditions that exist at the present passenger ship piers along the Hudson River. The new terminal will provide six berths to accommodate all operating liners and superliners; a modern and efficient system for processing baggage through United States Customs; comfortable lounges for passengers and visitors; direct vehicular access to the pier for easy passenger pick-up and discharge; and parking space for some 1,000 cars. To be constructed on the site now occupied by Piers 86, 88 and 90, the facility will consist of three finger piers, each with four levels, linked by an attractive 1,200-foot-long shore structure or headhouse into one large terminal.

The City of New York will finance the terminal through the issuance of bonds outside the City's debt limit. The Port Authority will construct, operate and maintain the terminal and pay the City an annual rent sufficient to amortize the cost of the project over the course of a 20-year lease.

Cargo Activity

The Port Authority's six marine terminals handled 9,981,904 tons of cargo during 1968, an increase of 11.3 per cent or 1,016,511 tons over 1967. All six facilities contributed to the big increase, but Port Newark and the Elizabeth-Port Authority Marine Terminal led the way. Tonnage at the two Newark Bay seaports rose from 5,985,838 tons in 1967 to 6,927,413 tons in 1968, an increase of 15.7 per cent. The big increase reflected the continued demand for the container facilities at Newark and Elizabeth.

Planning and Construction

Port Newark and the Elizabeth-Port Authority Marine Terminal again were the centers of construction activity.

The Elizabeth-Port Authority Marine Terminal is being developed on 919 acres of reclaimed meadowland. Already the container capital of America, when completed in 1975, the terminal will have 25 vessel berths supported by 793 acres of transit and open storage area and distribution building space. Total Port Authority investment at Elizabeth will be more than $175 million.

Pile driving and concrete work for five new berths were completed and the preparation of upland area for future development proceeded. The International Terminal Operating Company, an Elizabeth tenant, completed a central tower and operations building on its three-berth leasehold and maintained work on a new cargo consolidation shed, truck scales and scale house. Utilities were installed and paving continued for two Moore-McCormack berths at the leasehold of Container Terminals, N.Y., Inc. New streets were constructed and additional open area was prepared for development. The fill operation in the southerly portion of the facility continued. The Elizabeth Channel was dredged to a 35-foot depth and accepted by the Army Corps of Engineers as a federal channel. And construction began on a new facility to handle tri-level railroad cars.

Port Newark is being developed on 707 acres of land and comprises 32 vessel berths. The Port Authority has invested more than $105.4 million in the development of Port Newark.

One of six new berths planned for Port Newark was placed in operation during the year. Work continued on expansion of the seaport's roadway network to serve 100 new acres of land. Grace Line's Port Newark terminal was expanded by 100,000 square feet. Work also was started on a new rail classification yard west of Corbin Street and south of the Port Newark Channel to aid in switching of rail cars entering and leaving the seaport.

Container Shipping Progress

Atlantic Container Line and Moore-McCormack continued to expand their Elizabeth-Port Authority Marine Terminal leasehold during 1968. Negotiations were completed for two additional vessel berths and some 12 acres of upland, giving the two lines a total of four vessel berths, four container cranes, two roll-on/roll-off platforms and 93 acres of land. Atlantic Container Line now operates four new combination container and roll-on/roll-off vessels while Moore-McCormack is using conventional vessels to carry containers until four new combination vessels are delivered during 1969.

At the International Terminal Operating Co. leasehold, construction on a new 156,000 square foot cargo consolidation shed neared completion at year's end. I.T.O. presently has three vessel berths, four container cranes and 85 acres of land. The United States Lines is operating four of the Lancer Class container vessels and two converted Challenge Class vessels from I.T.O. at Elizabeth. Also at I.T.O. are the Belgian Line with one new container vessel and Hapag-Lloyd with two new container vessels.

Sea-Land Service Inc. continued to expand its international container network during 1968.

Channel Improvements

Adoption by Congress of appropriations totaling $5,435,000 to be expended during the fiscal year 1969 for channel and related harbor improvements climaxed an intensive campaign conducted by the

Port Authority in cooperation with 20 port, civic and maritime organizations in the Port District. Unfortunately, the allocation of $3,395,000 for the Port's two major channel construction projects was later slashed to $1,400,000 as part of the reduction required by the Revenue and Expenditure Control Act of 1968.

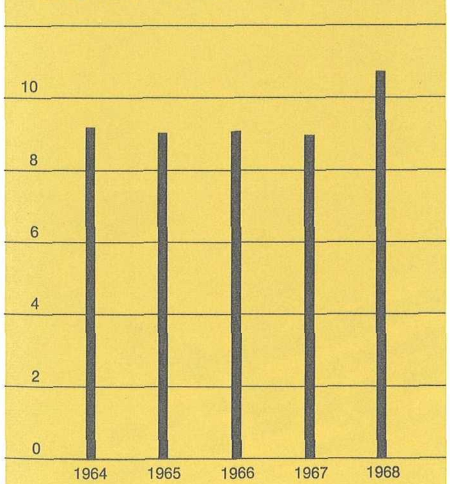
Federal funds originally provided in the appropriations bill passed by Congress and signed by the President were very close to those requested in testimony presented by the Port Authority last May to the Senate and House Appropriations Committees on behalf of the participating organizations. The appropriation of $1,940,000 for the widening of Newark Bay Channel would have permitted an early start on a vital project needed to accommodate the greatly increased volume of containerships, tankers and other vessels. The appropriation of $1,455,000 would have provided a start on deepening and expanding the New York Harbor Anchorages off Brooklyn, last improved in the early 1930's. The outlook at the end of the year was for further delay.

Quarantine
The Port Authority played a significant role in the coordinated efforts of civic and maritime organizations which resulted in important changes in the United States Public Health Service regulations on a trial basis. These changes permit virtually all cargo ships arriving from foreign ports to proceed directly to their berths without anchoring at Quarantine for medical inspection. Under the new rules such ships receive radio clearance to dock if they have no medical or health problems aboard or at the foreign ports they visited. One of the strongest factors supporting the elimination of the old requirement of holding cargo ships at Quarantine was a study by the Port Authority showing that the time-consuming process was costing the maritime industry more than $1 million a year in lost ship time and inspection costs.

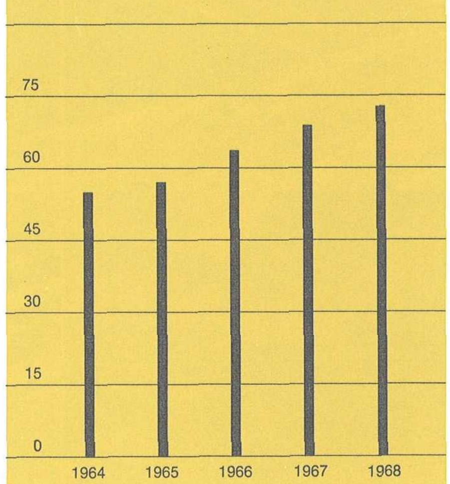
Harbor Cleanup
In December, the District Engineer released the preliminary findings and recommendations resulting from the comprehensive study the Corps of Engineers has been making since 1963 of the legislation, funds and community cooperation necessary to secure an effective cleanup and debris control program for the New York-New Jersey Harbor area. The Port Authority actively participated in the efforts of various State and City agencies, boating and maritime interests and civic organizations which led to initiation of the study and cooperated with the Corps of Engineers in their study work.

Water Pollution Control
Abatement of water pollution in the harbor area is a major topic of public concern in which the Port Authority has a great interest. The Authority was represented in the formation last spring of the Newark Bay Bayonne Harbor Pollution Abatement Committee and has participated in the Committee's activities. The Port Authority also presented testimony at a public hearing to the Federal Water Pollution Control Administration.

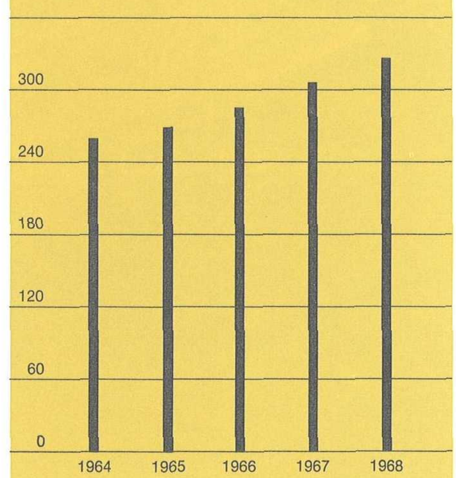
Tonnages at PA Marine Terminals
(Long Tons Millions)

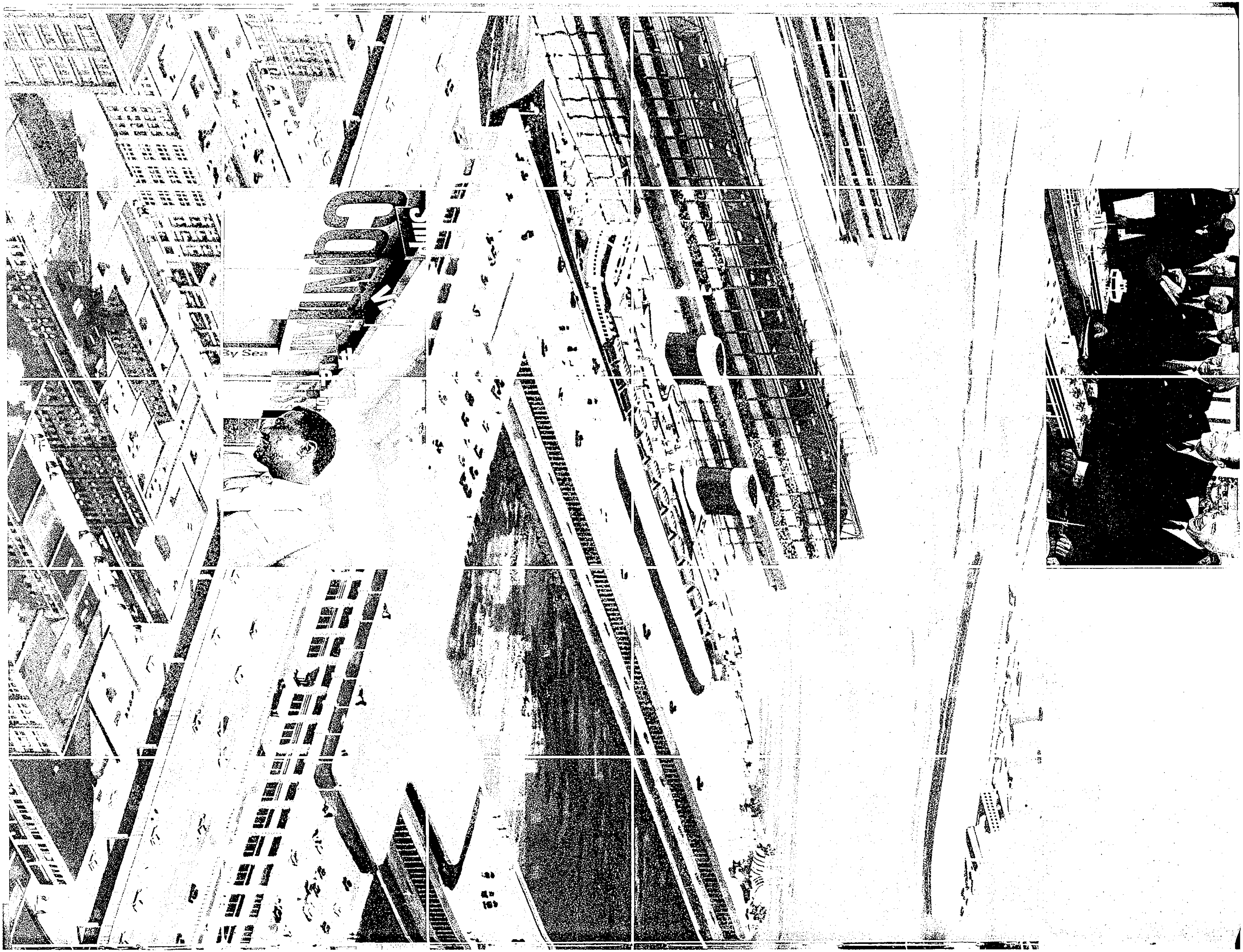


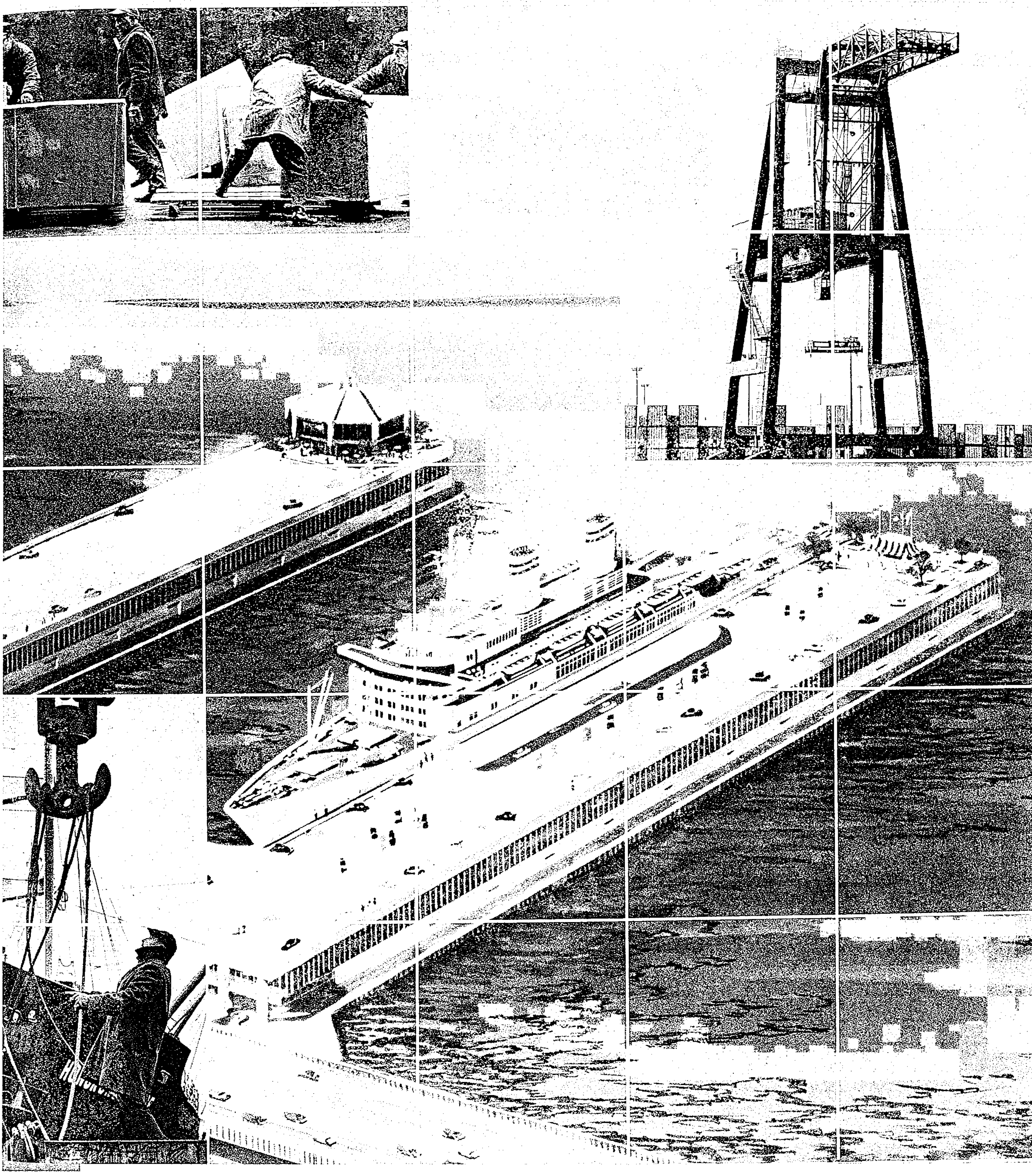
Payrolls at PA Marine Terminals
(In Millions)



Cumulative PA Investment In Marine Terminals (In Millions)







World Trade

Construction of The World Trade Center —the Port of New York's new headquarters for international commerce—moved ahead rapidly during 1968. The first steel for one of the Trade Center's twin 110-story tower buildings, the tallest buildings in the world, was placed in August. By the end of the year, steel had risen to the fifth floor.

The Center's 1,350-foot twin tower buildings will soar above a five-acre park-like open plaza. Surrounding the plaza will be four low-rise Plaza Buildings —an enlarged and consolidated United States Custom House, two multi-level structures for product displays and other world trade activities, and a hotel for the on-the-spot convenience of international businessmen. The entire project was designed by the architectural firms of Minoru Yamasaki and Associates and Emery Roth and Sons.

The Port of New York's World Trade Center has been described as a United Nations of World Commerce. It is designed to promote and facilitate the flow of trade among nations and to enhance the Port's ability to compete for the rising volumes of world trade. Firms and agencies represented in the Trade Center will include all facets of the world trade community. There will be foreign and domestic manufacturers, exporters and importers, freight forwarders and customs house brokers, international banks and federal, state and foreign government trade agencies.

The services they will find in the Trade Center will be unparalleled—a comprehensive array of trade services, facilities for meeting and transacting business with other international sellers and buyers, a world trade information service to provide data on world trade markets and regulations, and an institute to foster research and education in world trade.

Construction

Some 23 contracts totaling approximately $150 million were awarded during the year. The contracts included installation of the heating, ventilating and air-conditioning system for the tower buildings, electrical and plumbing work for the towers, the purchase and installation of marble for walls and floors, and construction of a Hudson River pump station to supply water for the Center's air-conditioning system.

More than one million cubic yards of material have been excavated from the area west of Greenwich Street where the tower buildings will rise. This massive excavation was accomplished without interfering with the operation of the PATH tubes that traverse the site.

Suitable material from the excavation was used by the Port Authority as landfill to expand Manhattan by 23.5 acres into the Hudson River adjacent to the site. The landfill operation is now practically complete. The new land will become the property of the City of New York for use as part of a Battery Park City project announced by Governor Rockefeller and Mayor Lindsay early in the year.

Ten suppliers throughout the United States continued the fabrication and delivery of the 192,000 tons of steel necessary for the Center. Steel rose rapidly during the year assisted by unique cranes that carry their own power aloft, have incomparable safety features and raise themselves atop the tower as construction rises. Dubbed "kangaroo" cranes because of their Australian origin, they are positioned at each corner of the elevator core. The cranes lift the building's core and exterior wall sections (36 feet high) into place. Then the cranes lift themselves up to the next elevation.

The City of New York continued to cooperate in the construction program. On December 19, 1968 the Board of Estimate adopted the final street closing map required for completion of the project.

Virtually all the old buildings formerly on the site have been removed. Still remaining are two large office buildings at 30 Church Street and 117 Liberty Street. During the year the Port Authority found it necessary to retain these buildings beyond the time they were originally scheduled for demolition. This decision to defer demolition was prompted by requests from future World Trade Center tenants who required interim space because their leases would have expired before their scheduled move to the Center. As a result of these revisions in the construction schedule, the completion of the entire World Trade Center is now scheduled for 1973, with first occupancy continuing to be 1970.

Rentals

More than 675 business and government organizations—including over 200 overseas firms and official government offices of 50 countries—had reserved space in the Center by the end of the year. These space reservations included 278 exporters, importers and manufacturers; 111 freight forwarders and custom house brokers; 30 international banks; 95 steamship lines, agents and brokers; and 107 trade service organizations.

Foremost among the agencies participating in the World Trade Center will be the United States Bureau of Customs whose new United States Custom House will be located in one of the low-rise buildings on the Plaza.

In addition, most of the major offices of the State of New York in Manhattan will be concentrated in the World Trade Center.

Tenant Relocation

The tenant relocation program that began in September 1965 was nearly completed in 1968. With the exception of a few tenants in two remaining buildings still scheduled for demolition, all tenants previously on the site have been relocated. In all cases individual tenant needs were recognized and accommodated consistent with the orderly progress of construction schedules. Assistance to tenants took many forms aside from the payment of relocation allowances. Interim quarters were provided, the help of governmental agencies was enlisted, and all people on the site were treated with care and concern.

The relocation program provided commercial tenants with an option of actual moving expenses up to $25,000, or payment in a lump sum, not to exceed $3,000, of six times their monthly rental. If the tenant chose the lump sum payment, he might also have been eligible for a Small Business Displacement Payment of $2,500, granted to retail store occupants whose average annual net earnings before taxes were less than $10,000. Some retailers were also eligible for a Liquidation Grant designed to compensate for actual loss in the value of certain personal property which would not otherwise be compensable. Finders fees were paid to brokers who located space to which retail or residential occupants relocated, and residential tenants were given bonuses, moving expenses and decorating allowances.

Many of the merchants formerly on the site have relocated to new stores in the vicinity and have thus been able to continue their relationships with old customers. The relocations have resulted in more successful operation for many of the electronic and other retail stores displaced to make way for the Center.

Promotion and Protection of the Commerce of the Port

As part of its trade development and port promotion activities, the Port Authority operates Trade Development Offices in New York, Chicago, Pittsburgh, Cleveland, Washington, San Juan, Zurich, London and Tokyo. The task of these offices is to aid shippers now using the Port and to obtain new business for the Port. Last year, these trade representatives traveled 311,000 miles, calling on 9,934 shippers in 24 states and 37 countries. Their theme was that time and money can be saved by shippers using the modern facilities of the Port of New York.

Supplementing the efforts of the Trade Development Offices is an extensive port promotion campaign which includes a monthly commerce magazine, industry directories, motion pictures, advertising and exhibits. When the December 1968 issue of *Via Port of New York* rolled off the press, it marked twenty years' continuous publication of the monthly commerce promotion magazine. Chronicling two decades of epochal changes in the port's transportation facilities and services, the magazine is highly regarded around the world by exporters, importers, transportation executives and government officials. Its readership has grown from 2,500 to 29,000 in 20 years.

A new Harbor Terminals map, Steamship Services Directory, a Port of New York Information Directory and the illustrated booklet, *The Port of New York, Today and Tomorrow* were published during the year to help provide up-to-date information on the bi-state port's facilities and services for exporters and importers.

The Port Authority's newest film, "Today the Twenty-First," depicting the container revolution at the Port of New York, continued to gain in world-wide circulation and acceptance. The film was shown to thousands of shippers in the United States and abroad. Many new slide presentations on containerization were made to the shipping public by Trade Development representatives.

In addition to promotional activities and providing needed facilities for port commerce, the Port Authority protects the flow of commerce by participating in proceedings before regulatory agencies of the Federal government. A number of critical developments in such proceedings occurred during 1968.

Foreign Trade Zones

Since the enactment of Federal legislation in 1934 permitting the establishment of foreign trade zones, the Port Authority has consistently supported the basic concepts of such operations. Locally, the Authority supported the establishment of the New York Foreign Trade Zone in 1937 and has consistently promoted this zone on Staten Island, as a facility of value to foreign trade and to the economy of the New York-New Jersey Port District.

In May 1968, the Port Authority submitted testimony in support of an application to establish another foreign trade zone in the New York-New Jersey Port District, in Bayonne, New Jersey. This application was approved by the Foreign Trade Zones Board in November and the new zone is expected to begin operations in the near future. The Port Authority's testimony emphasized the conceptual approach and plan of operations of the proposed zone and the fact that these would be significantly different from those of the existing zone on Staten Island. The new zone places primary emphasis on the handling of liquid commodities and the establishment of manufacturing facilities, including specialized sub-zones in other parts of New Jersey.

Eastern Rail Merger Proceedings Virtually Resolved

The Interstate Commerce Commission's railroad merger proceedings, which will have a great impact on transportation in the eastern United States, moved resolutely toward conclusion during 1968. The eastern railroads were grouped into three major categories: (1) The Pennsylvania New York Central System; (2) The Norfolk and Western System (including the Erie Lackawanna, the Delaware and Hudson and the Boston and Maine Railroads); and (3) The Chesapeake and Ohio-Baltimore and Ohio System.

The Port Authority has participated in the proceedings before the ICC and the Federal courts since 1961 to insure the emergence of a competitively balanced rail network in the east and specifically to urge that the Erie Lackawanna Railroad —a major freight tributary to the Port of New York—be included in one of the merged systems. Inclusion of the Erie-Lackawanna as a subsidiary of the Norfolk and Western System took place April 1, 1968. The Penn Central merger was consummated on February 1, 1968, and final action on the inclusion of several other small railroads in the Norfolk and Western System is scheduled for early 1969. When the Erie Lackawanna is finally incorporated into the Norfolk and Western system, the Port of New York will be served directly by two of the major rail networks (the Penn Central and the Norfolk and Western), thus producing effective rail and service competition with the Ports of Baltimore, Philadelphia and Norfolk.

Protecting the Port's Far East Trade

The Port Authority continued to participate in the proceeding before the Federal Maritime Commission involving depressed ocean rates maintained by carriers operating between the West Coast ports and the Far East. These lower rates encourage trade between the Central

United States and the Far East to move via Pacific Coast ports. The availability of such rates is becoming more serious because of the rapid increase in American trade with Japan. Toward the end of 1968, the Federal Maritime Commission examiner submitted an adverse report in this matter. The Port Authority filed objections in hope of reversing this recommended finding.

Containerization Tariff Revisions

The growing use of containers in international trade has forced land and water carriers to revise tariffs in order to maximize revenue from the carriage of containers. Several of the proposed revisions could affect the position of the Port of New York as the leading American container port and as one of the container load centers in the North Atlantic trade. The Interstate Commerce Commission is currently investigating one such revision involving motor carrier plus charges for the handling of empty steamship containers in connection with loaded inland movement which could undoubtedly deter the use of containers.

South Florida Ports Seek Reduced Export-Import Rates

Historically, export-import traffic moving through the South Florida ports has been subject to higher inland freight rates than those applicable at other ports in the South Atlantic and Gulf ranges because of longer distances from and to cargo origin and destination points. These ports are now seeking equalized rates. Since the South Florida ports already have lower ocean rates available to shippers, a reduction in export-import rail tariffs would give these ports undue advantage at the expense of the Port of New York in the trade between the inland United States and the Caribbean area. The Port Authority is participating in this proceeding to prevent the disruption of existing port rate relationships.

Iron and Steel Discount Rates Case Resolved

After several years of litigation before the Federal Maritime Commission the issues in the India-Pakistan Conference Iron and Steel Rates Case have been resolved and the availability of lower rates on exports of iron and steel from Baltimore, Mobile and New Orleans than from New York has ended. Thus, a discriminatory practice has been eliminated which, if allowed to stand, would have established a precedent for the institution of similar prejudicial rates in other trades to the detriment of the Port of New York.

New York was the leading port of iron and steel exports in 1961, but since the initiation of the discount rates that year, dropped to second or third place by 1964. And while New York dominated in the iron and steel trade to Europe in 1964, it could no longer effectively compete for traffic to India and Pakistan during the same year. Consequently, the Port Authority intervened before the Federal Maritime Commission to fight against the continuation of these tariffs.

After the Commission decided that any departure from the policy of uniform rates from all ports had not been adequately justified, the carriers involved began to amend their tariffs equalizing rates on iron and steel articles. Because the issues in the case thus were resolved in a satisfactory manner, the Port Authority has agreed to the motion by the India-Pakistan Conference to have the Commission dismiss the proceeding.

Air Commerce

The CAB has instituted the *Northeast Corridor VTOL Investigation* to determine the need for and feasibility of VTOL (vertical take-off and landing) and STOL (short take-off and landing) air service among nine metropolitan areas from Boston to Washington, D.C., including New York/Newark. The CAB will determine whether the quality of air service in the Northeast Corridor markets can be improved by VTOL or STOL aircraft, utilizing landing places other than existing airline airports. The Port District is the focal point of this investigation. New York/Newark lies roughly in the center of the Northeast Corridor and accounts for three out of every four air passengers in the markets at issue. Effective VTOL or STOL service could lessen demand at existing airports and alleviate congestion and delays.

The Port Authority will actively participate in this investigation and contribute its knowledge toward a determination of the need for and feasibility of short-haul inter-city VTOL and STOL air service.

Other proceedings before the Civil Aeronautics Board, the Interstate Commerce Commission and the Federal Maritime Commission and Maritime Administration in which the Port Authority participated during the year included:

Proceedings Before the Federal Maritime Commission and Maritime Administration

Docket 872 Joint Agreement No. 8200 between steamship lines of Far East Conference and Pacific Westbound Conference.

Status Agreement found justified but supplement covering overland rates constitutes an unapproved agreement. Carriers had to cease and desist until supplemental agreement was filed and approved by FMC. Appealed for review and enforcement. Pending.

Docket 1153 Investigation of truck and lighter unloading charges at steamship piers in the Port of New York.

Status District Court sustained FMC findings. New York Terminal Conference published detention rule which was not responsive to FMC findings. Pending.

Docket 65-31 Investigation by FMC of Overland Common Points and Overland Rates maintained between Far East and U. S. Pacific Coast Ports.

Status Hearing examiner's report adverse to P.A. position. Exceptions filed. Pending.

Docket 66-61 Complaint of Board of Commissioners of the Port of New Orleans against the Pacific Coast Australasian Tariff Bureau.

Status See Docket 65-31. Proceedings being heard on joint record.

Docket 65-34 Discount conference rates on iron and steel applicable from Baltimore and Gulf Ports.

Status* FMC report found dual rates unlawful. Rates cancelled. Concluded.

Docket 65-39 Complaint by Empire State Highway Transportation Assn. against 17 per cent surcharge published by New York Terminal Conference.

Status Further hearings pending.

Docket 65-46 Investigation into the lawfulness of the 17 per cent surcharge on truck loading and unloading.

Status Further hearings pending.

Docket 68-9 FMC considering rule to establish free time on export cargo at New York and Philadelphia.

Status* Hearings held. Briefs filed. Pending.

Docket 68-24 Investigation by FMC of Joint Agreement between Far East Conference and Pacific Westbound Conference concerning Agreement 8200-1-2.

Status* Pre-hearing conference held. FMC accepted examiner's report that agreements be continued. Proceeding dismissed. Concluded.

Docket 68-45 & 68-46 Complaints of Massachusetts Port Authority and Delaware River Port Authority against ocean conferences and steamship lines' absorption of inland transportation costs.

Status Pending.

Docket 68-49 Steamship conferences filed for approval to make limited absorptions of inland transportation charges.

Status Pending.

Proceedings Before the Civil Aeronautics Board

Docket 16242 Review of United States Flag airline Trans-Pacific routes. The Port Authority supports competitive United States Flag authorization to the Orient via both the short great circle route and the central route via Hawaii, United States Flag route to the South Pacific, a United States Flag around-the-world route and an all-cargo airline route to points in the Pacific Area.

Status* CAB recomended all authorizations sought by the Port Authority. Awaits further Presidential action.

Docket 12895 Review of United States Flag airline Caribbean and South America routes. The Port Authority supported continued authorization of three nonstop airlines between the Port District and San Juan and the authorization of a one-carrier United States Flag airline route between the Port District and points on the west coast of South America.

Status* CAB awarded authorizations sought by the Port Authority.

Docket 18361 Review of United States Flag route authorizations between Bermuda and United States points. Also at issue was whether Port District-Bermuda service should be limited to turn-around flights and whether a specific airport in the Port District should be designated for Bermuda service.

Status* CAB decided not to impose turnaround or specific airport restrictions.

Docket 19045 CAB consideration of an agreement between Pan American World Airways and the Port Authority for the operation of Teterboro Airport by Pan American. The Port Authority supports approval of the agreement.

Status* CAB approved the agrreement. U.S. Court of Appeals is reviewing the CAB decision.

Docket 19201 Investigation to determine whether air service at White Plains and Islip to and from five midwest cities is required. The Port Authority does not oppose authorization of such service.

Status Awaits CAB Examiner's recommended decision.

Docket 19097 Review of air routes to and from Minneapolis/St. Paul and Milwaukee. The Port Authority supports authorization of unrestricted competitive nonstop service between the Port District and Twin Cities and Milwaukee.

Status Awaits CAB Examiner's recommended decision.

Docket 18401 Review of air routes to and from Omaha and Des Moines. The Port Authority opposes designation of a specific airport at New York/Newark for any service authorized to and from Omaha and Des Moines.

Status Awaits CAB Examiner's recommended decision.

Docket 20012 Investigation of air service needs between the Port District and Indianpolis and Dayton. The Port Authority supports authorization of competitive nonstop service in the two air markets.

Status Awaits CAB Examiner's recommended decision.

Proceedings Before the Interstate Commerce Commission

Docket Fin. 21510 & 21514 Unification of Norfolk and Western Wabash-Nickel Plate Railroads.

Status* Supreme Court ordered inclusion of EL, D&H and B&M into new system. Inclusion to be effected by May 1, 1969.

Docket Fin. 23178 Application of the Chesapeake & Ohio and Baltimore & Ohio to actively control the Western Maryland.

Status ICC approved application which became effective March 29, 1968. Concluded.

Docket Fin. 23822 & 23833 Application of Norfolk & Western and Chesapeake & Ohio to merge and include in their system 5 Eastern railroads —Erie-Lackawanna, Delaware & Hudson, Boston & Maine, Reading and Central Railroad of New Jersey.

Status Hearings concluded. Pending.

Docket ICC 34471 Reduced railroad rates on canned goods from Florida to Eastern destinations.

Status Examiner recommended denial of relief to Sea-Land. P.A. filed exceptions to recommended report. Pending.

Docket ICC 34522 I&S 8230 Railroads proposed reduced free time on export traffic held in cars from 7 to 5 days at all U. S. Ports.

Status ICC found 5 days' free time just and reasonable. Concluded.

Docket ICC 34573 Railroads published reduced trans-continental rail rates on canned goods between Pacific Coast and Eastern points.

Status* ICC ordered rail and intercoastal rates cancelled. Concluded.

Docket ICC 34894 Complaint of South Florida Ports to establish same level of rates as in effect to and from Gulf and South Atlantic Ports.

Status Hearings held. Pending.

Docket I&S M-22528 Motor carrier conference published charges for handling of non-motor carrier-owned trailers carrying export and import cargo.

Status* P.A. filed protest. ICC suspended publication, and set for investigation. Schedules cancelled and proceedings discontinued. Concluded.

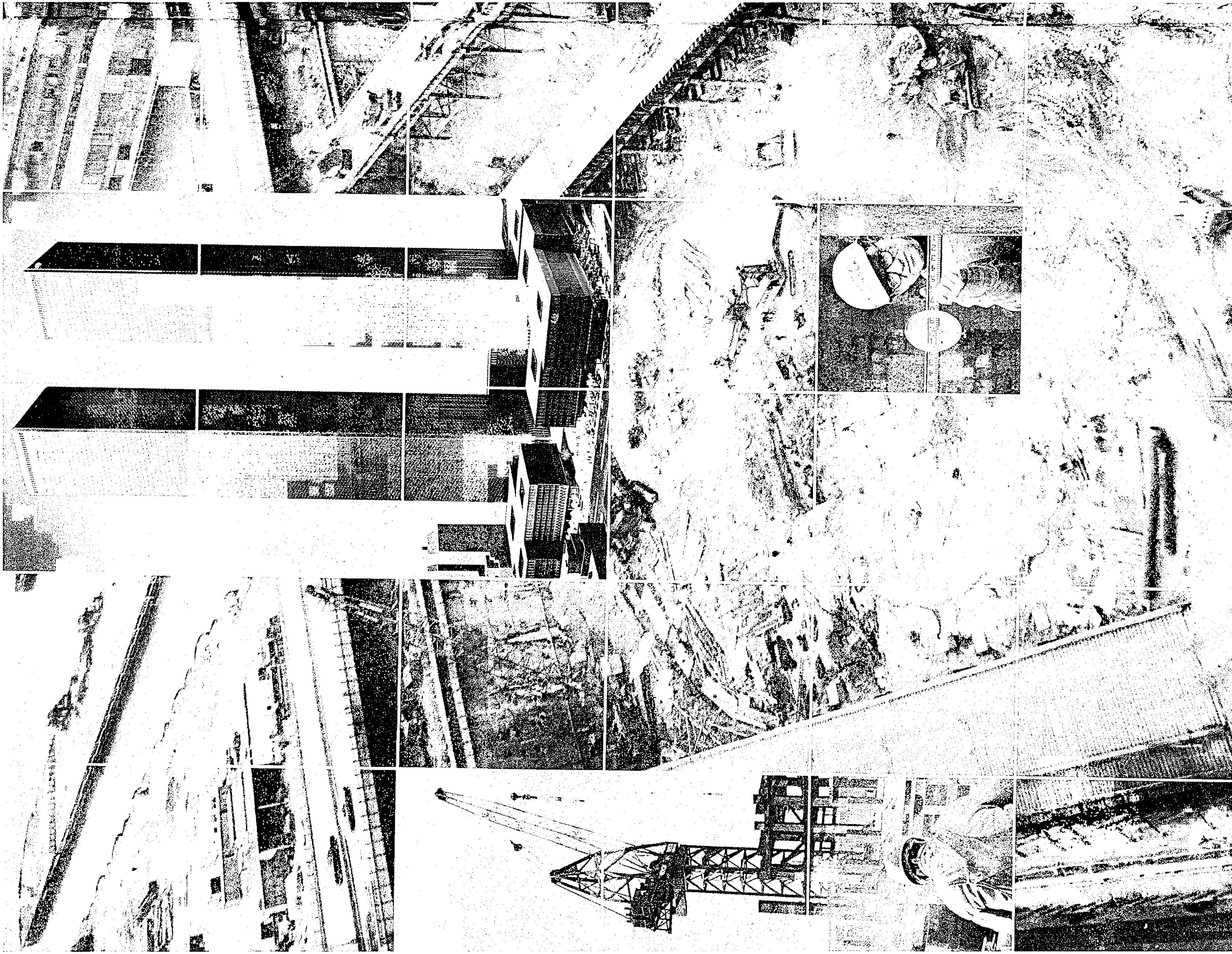
Docket I&S M-22755 Motor carrier conference published charges for handling of non-motor carrier-owned trailers carrying export and import cargo.

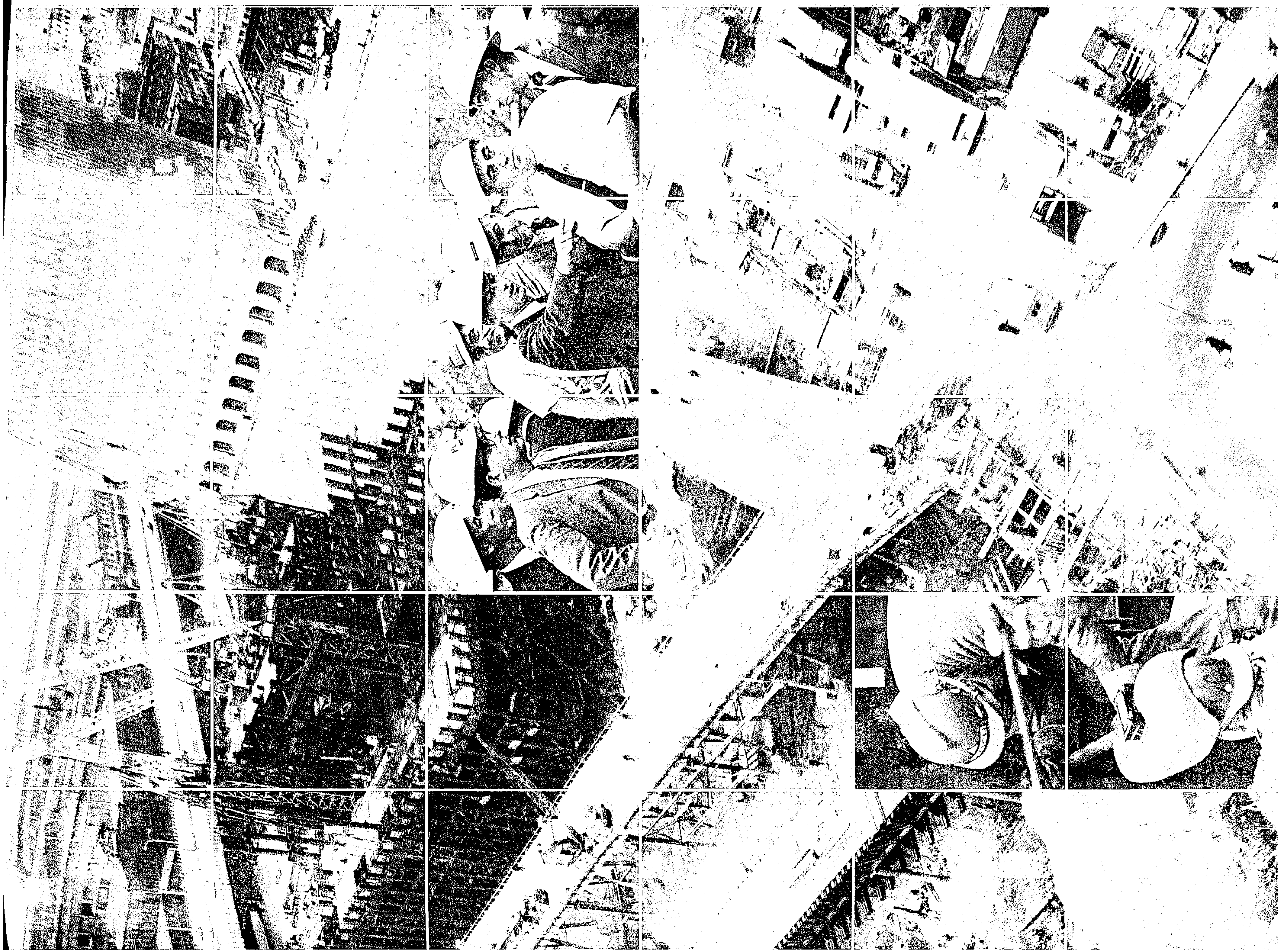
Status* P.A. filed protest and ICC suspended publication and set for investigation. Pending.

Docket ICC Ex Parte 259 Railroads filed for increase in freight charges.

Status Verified statement filed. Commission granted increase in charges effective November 28, 1968.

**Action to date is generally in accord with the position supported by the Port Authority.*





Land Transportation

The Port Authority is involved in land transportation on three major fronts: operation of the Port Authority Trans-Hudson (PATH) rail rapid transit system, operation of six tunnels and bridges connecting New York and New Jersey, and operation of five land terminals for bus and truck activities.

PATH and Rail Transportation

It was another encouraging year for the thousands of commuters who daily use the Port Authority Trans-Hudson (PATH) rail rapid transit system connecting Hoboken, Jersey City and Newark with Manhattan. Final plans for the $45 million Journal Square Transportation Center in Jersey City were made public and construction had begun by the end of the year. Work also was begun on a new PATH terminal to be located at The World Trade Center. And the massive, and at times frustrating, task of modernizing PATH while continuing operations moved steadily ahead.

But the news was not all good. Although PATH's passenger volumes increased 14.0 per cent, PATH's deficit also increased—38 per cent to $10.9 million.

Journal Square Transportation Center

Approval was received from the United States Department of Housing and Urban Development (HUD) of an Urban Mass Transportation grant to PATH of approximately $17 million—or one-half of net project cost—for the construction of the PATH Transportation Center at Journal Square in Jersey City.* Final architectural plans and a construction schedule for the $45 million Center were made public in July. By November work had begun. Public officials lauded the new PATH Center as an expression of confidence in the city's future and a symbol of the efforts to reverse the tide of urban decay in New Jersey's second largest municipality.

The eight-acre PATH Center, to be in operation at the end of 1971, will provide a coordinated public transportation facility. At street level, a modern 35-berth bus terminal will be constructed to accommodate buses on 30 different routes serving Journal Square, thereby easing traffic and street congestion in this crowded area. Immediately below the street level, a concourse will provide convenient access to the bus terminal and the PATH station and facilitate transfers between the two modes of travel. At the PATH level, 40 feet below the street, existing station platforms will be rehabilitated and extended to accommodate trains of up to ten cars. Above the bus terminal, a multi-level parking structure will accommodate over 600 automobiles. A ten-story building will also be constructed on the site to house PATH administrative offices.

The project includes construction of improved passenger facilities at Grove Street station, east of Journal Square.

(*Subsequently raised, as had been anticipated, to approximately $23 million—two-thirds of net project cost—in January 1969, after the New York Metropolitan area fulfilled certain planning and unified mass transportation requirements called for under the Urban Mass Transportation Act of 1964, as amended.)

New World Trade Center Terminal

Across the Hudson River, steps were taken during 1968 toward the construction of a new PATH terminal at The World Trade Center to replace the existing 60-year-old Hudson Terminal. Prior World Trade Center contracts for excavation and foundations also have included important PATH elements. Major contracts were awarded in the final months of the year for track and signal construction in the new rail terminal.

The terminal will be located under the Center's Concourse. In the new terminal, five tracks will lead to three 514-foot-long platforms each capable of handling trains of up to ten cars. The present terminal can handle only six-car trains.

The new terminal will handle about 24,000 passengers with ease in a peak hour by 1975, an increase in traffic of 20 per cent. A total of about 88,000 daily passengers will use the new facility by 1975. The terminal has been designed to handle additional traffic beyond the anticipated 1975 levels.

PATH Modernization Program

When the Port Authority assumed operating responsibility for the Hudson & Manhattan Railroad in 1962, the line had gone through bankruptcy and was on the verge of abandonment. Frayed cable, deficient wiring, rotted railroad ties, decrepit passenger cars and filthy stations were signs of decay and neglect throughout the system. The task faced by PATH was formidable; nothing less than to rebuild and modernize the antiquated transit system with a minimum of inconvenience to thousands of daily riders. The progress thus far has been gratifying. PATH still has problems, but it is a far better system today than it was six years ago. And it will get better.

Replacement of the old electric traction power system, begun in 1964, continued. A new system of modern silicon rectifiers is being installed at four PATH substations. Units had been installed at substations at Washington Street and Exchange Place. Another was installed in 1968 at Christopher Street. A fourth is being built at PATH's World Trade Center terminal.

Rehabilitation of the tunnel signal system continued. A new $800,000 compressed air plant—needed for operation of the tunnel drainage pumps and parts of the signal system—was placed in operation. An eight-year, $5 million tunnel track rehabilitation program was begun. And Phase I of PATH's station rehabilitation program—which includes new fluorescent lighting, modern restroom facilities, two automatic high speed elevators at Exchange Place, and new fiberglass platform seating—was completed.

Work also continued on an improvement program necessitated by the State of New Jersey's Aldene Plan which rerouted the New Jersey Central's commuter service to Pennsylvania Station in Newark, where many commuters switch to PATH trains for Manhattan. The program included the purchase of 44 new air-conditioned cars which were delivered in 1967; a major signal rehabilitation between Newark and Jersey City that was 20 per cent completed by the end of 1968; and rehabilitation of several stretches of track to provide a smoother ride for Newark passengers.

Work began on a new two-way radio communication system to be installed on all PATH trains by early 1971 at a cost of $730,000. The radio network will provide direct and continuous communication between the PATH Operations Control Center and train crews. This system will also permit broadcast to passengers aboard trains, giving them up-to-the-minute information on train movements and other service conditions.

A PATH beautification program in Jersey City had a dual purpose—improving the appearance of the right-of-way between the tunnel portals and Journal Square, and providing summer jobs for disadvantaged youths from Jersey City and Newark in cooperation with the JOBS program of the National Alliance of Businessmen. Twenty young men worked throughout the summer clearing the area of litter and planting trees and shrubs.

PATH Traffic

PATH's traffic totalled 34,782,800 passengers in 1968, an increase of 14 per cent over 1967, due primarily to the inauguration of the Aldene Plan and the abandonment of the Erie Lackawanna ferry. As PATH traffic has increased, so have its deficits. The increasingly heavy concentration of traffic during the peak hours, while the system is hardly used during the balance of the day makes it inescapable that PATH will continue to incur large deficits in its operation.

PATH absorbed by far the greatest burden in assisting with implementation of the Aldene Plan and the Erie Lackawanna ferry abandonment. PATH made it possible for the commuter roads to enjoy substantial reductions in cost—reductions which assured a continuation in service and a reduced charge on the State of New Jersey in operating subsidies. But the additional passengers accommodated by PATH do not compensate for the additional costs incurred. PATH's deficit for 1968 amounted to $10.9 million, an increase of 38 per cent over 1967. Thus, every time a passenger rode PATH in 1968 he received a Port Authority subsidy of 31 cents.

Statutory Limits on Port Authority Financial Participation in Rail Transit

The 1962 statute adopted by the Legislatures of the two States, which authorized Port Authority acquisition of the inter-state Hudson and Manhattan Railroad, specifically recognized and met the fundamental need of protecting the credit of the Port Authority to insure that it could continue its vital self-supporting programs. The Legislatures recognized that the credit of the Port Authority would be impaired if the Authority undertook responsibility for the operation of such a perpetual deficit facility, unless the States entered into an enforceable contract with the Authority bondholders, which gave assurance against dilution of already pledged revenues by any additional commuter rail deficits beyond those of the basic PATH system.

The legislation includes statutory covenants setting forth a number of prospective limits. The principal limitations provide that the Port Authority may not use funds for any additional commuter railroad purpose, unless it determines that the new railroad facility to be authorized is self-supporting, or, if it is not self-supporting, that the estimated average annual deficits from the proposed additional facility and any existing Port Authority commuter railroad facilities (such as PATH) would not, in total, exceed ten per cent of the General Reserve Fund at the end of the previous year.

The Port Authority may not become financially involved in deficit commuter railroad operations except upon compliance with the covenants contained in this legislation. Other existing covenants with Port Authority bondholders also require that projects not be undertaken which would materially impair the sound credit standing of the Authority or the investment status of its bonds.

PATH Condemnation

In October, 1967, the Court of Appeals reinstated the trial court award of the New York Supreme Court of $30,000,000 for the Hudson Tubes tunnels and subways and ordered the trial court to reconsider its $20,000,000 award for the non-tunnel property, and its $5,000,000 award for going concern value. In early 1968, PATH sought review of that determination by the United States Supreme Court. The Supreme Court of the United States refused to entertain an appeal from the New York Court of Appeals' determination. The $30,000,000 award for tunnel and subway property of the old Hudson & Manhattan was paid. After protracted negotiations between the former owners of the Railroad and PATH, the remanded trial court award of $25,000,000 for the remaining non-tunnel property and going concern value was settled for $11,000,000. This sum has also been paid, ending the PATH condemnation litigation.

New York State Commuter Railroad Equipment Program

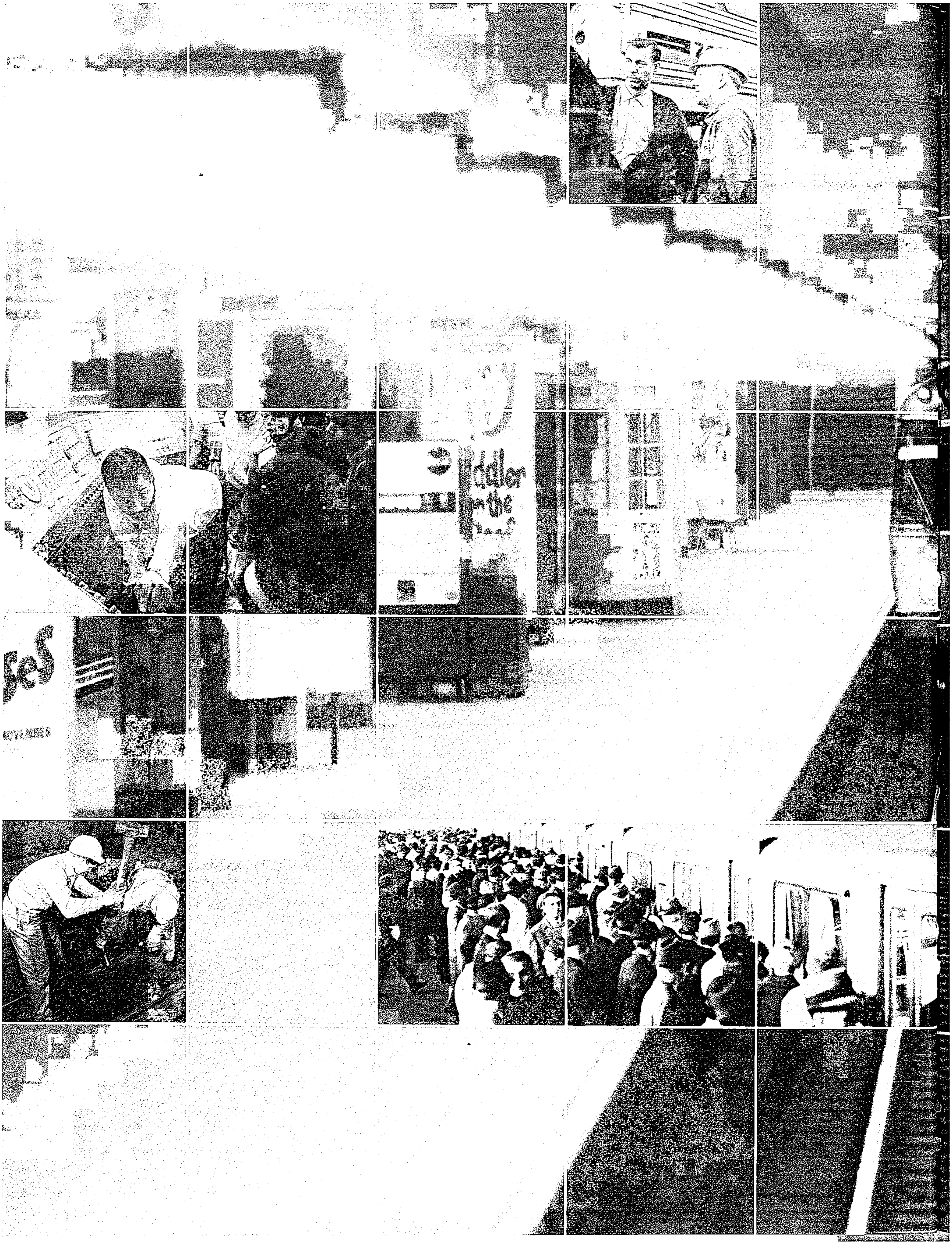
The first twelve of 270 new stainless steel cars, which the Port Authority is financing under the New York State Commuter Car Program were put into commuter service on the Long Island Rail Road in December 1968. The Port Authority is purchasing the 270 cars for approximately $59,000,000 and leasing them to the Metropolitan Transportation Authority (MTA), owner of the Long Island. A total of 117 new air-conditioned commuter cars have previously been delivered to the New York Central (now Penn Central) and the Long Island under this program.

The new Long Island cars which were constructed under contracts awarded by MTA, are 85 feet long, have a capacity of 122 passengers and have been designed for a top speed of 100 miles per hour. Earlier in the year, eight new locomotives purchased by the Port Authority for $1,881,000 and leased to the MTA were put into service on the Long Island Rail Road.

The Commuter Railroad Equipment Program was initiated by the State of New York in 1959 to provide public financial assistance in the purchase of critically needed rolling stock for lease to the three commuter railroads serving the New York side of the Port District. The Port Authority's role as program administrator is based on concurrent legislation enacted by the States of New York and New Jersey, under which either State could act to make the Port Authority administrator of its own particular commuter railroad equipment program. The approval of the New York electorate in November 1961 permits New York State to guarantee up to $100 million of special Port Authority bonds to finance rolling stock for passenger transportation.

The agreements between the Port Authority and the railroads require the railroads to pay rentals on cars involved equal to the debt service on the outstanding bonds and the administrative costs of the Commuter Car Program.

The legislation authorizing the Commuter Railroad Equipment Program was carefully drafted to permit the Port Authority to assist the States without impairment of its financial structure. As administrator of the program, the Port Authority can neither derive revenues nor incur expenses which may in any way add to or detract from the revenues pledged to Consolidated Bonds or to any Port Authority Bonds other than those issued under the program. These State Guaranteed Commuter Car Bonds are not included in determining the amount of the Authority's General Reserve Fund requirements.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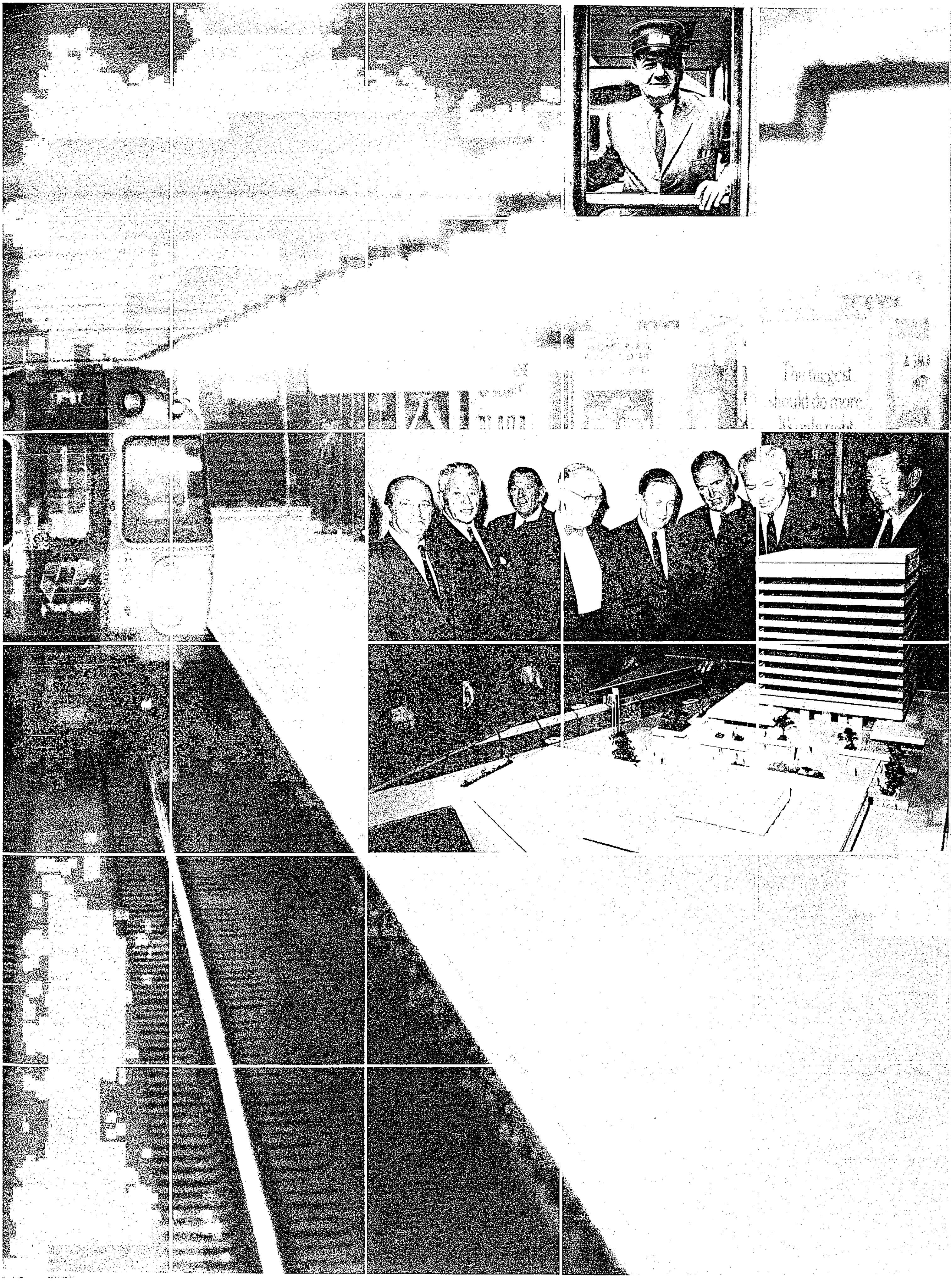

The biggest
should do more.

Tunnels and Bridges

Traffic at the Port Authority's six tunnels and bridges totaled 139,161,571 vehicles during 1968, an increase of 4.9 per cent over 1967. The substantial growth reflected generally good weather and an expanding economy.

All crossings, except the Holland Tunnel, shared in the traffic increase, though not equally. Traffic at the George Washington Bridge was 66,954,142 vehicles, an increase of 6.0 per cent over 1967. At the Staten Island bridges, traffic growth was up 10.5 per cent at the Goethals Bridge, up 5.3 per cent at the Bayonne Bridge; and up 5.3 per cent at the Outerbridge Crossing. In contrast traffic at the Lincoln Tunnel had a relatively small increase of 3.4 per cent, while the Holland Tunnel had a decline of 0.1 per cent. This growth pattern indicates that the Port Authority policy of encouraging traffic to use the northern and southern bypass routes (the George Washington Bridge and Cross Bronx Expressway to the north and the Staten Island Bridges and Verrazano-Narrows Bridge to the south) is working effectively.

All major categories of traffic showed strong gains. The growth rate of truck traffic continued high throughout 1968.

Automobile traffic also grew during the year, but the growth was erratic. Early in the year, auto traffic was up sharply, partly because of good weather and partly because of an increase in housing construction in northern New Jersey and Rockland County.

Regional Traffic

Traffic volumes at Port Authority crossings indicate that motorists are making increased use of the two major bypass routes around Manhattan, thereby helping to relieve some of the congestion in the central business district. The bypass concept was developed 14 years ago by the Port Authority and the Triborough Bridge and Tunnel Authority. On the north the George Washington Bridge's second level was built, along with its extensive connecting roadways, including the twelve-lane depressed expressway across upper Manhattan. On the south the Triborough Bridge and Tunnel Authority constructed the Verrazano-Narrows Bridge which is linked to the Goethals and Bayonne Bridges by the Staten Island Expressway. Studies have indicated that some 4.5 million vehicles a year which formerly used the Lincoln and Holland tunnels now use the bypass routes.

To increase the effectiveness of the southern bypass route, the New Jersey Department of Transportation continued construction during the year of the complex interchange in Elizabeth, New Jersey. The project, when completed in late 1969, will provide connections between the Goethals Bridge and Interstate Route 278, the New Jersey Turnpike, the proposed Route 81 and local streets. It also includes 1.2 miles of Interstate Route 278 connecting with U.S. Route 1 and 9 in Linden, New Jersey. The total cost of the interchange is being shared by the Port Authority, the New Jersey Turnpike Authority and the New Jersey Department of Transportation.

To facilitate traffic flow when these connections are completed, the Port Authority finished construction in 1968 of 1,200-foot approach viaduct in Elizabeth, south of and parallel to the existing viaduct where it spans the New Jersey Turnpike and the Central Railroad of New Jersey. This will provide an improved approach to the Goethals Bridge for New York-bound traffic, while the original viaduct will be used for westbound traffic to New Jersey. In addition, the supports of the original viaduct were relocated to accommodate the planned realignment of the New Jersey Turnpike.

The total cost to the Port Authority for all of the above mentioned work is estimated to be $13 million.

Construction of the West Shore Expressway on the New York side of the Outerbridge Crossing also continued during the year. The Port Authority will begin work in 1969 on a new $5,525,000 twelve-lane plaza providing connections to the Richmond Parkway (now under construction), local streets and the West Shore Expressway. The project includes a new field office to house police, maintenance and tolls personnel. Completion is planned for 1971. In New Jersey, the Port

Authority is continuing to maintain close liaison with the New Jersey Department of Transportation in the planning of that section of Route 440 Freeway which will connect with the Outerbridge Crossing.

Facility Improvements

Work was completed during 1968 on the $2.5 million rehabilitation of the upper level of the George Washington Bridge. The project, completed in three stages over a period of five years, included rehabilitating both the roadway expansion joints, and the adjacent steel, repairing the concrete roadway and resurfacing the entire upper level roadway.

As a result of the northeast power blackout of three years ago, emergency power capabilities at the Port Authority's tunnels and bridges were increased to provide even greater sources of back-up power. This assured continued operation of tunnels and bridges under even more adverse conditions than any previously experienced.

The Port Authority is continually exploring new uses of expanding technology in the operation of the Authority's tunnels and bridges. Examples include the use of closed circuit television for traffic surveillance, automatic vehicle stoppage detection, computer-controlled traffic flow, and specially developed traffic control devices such as changeable traffic signing and retractable lane delineators. Tolls collection has been facilitated by computer recording of transactions and automatic collection of cash tolls. Installation of new sensing and recording systems have been instrumental in achieving improved environmental conditions in the tunnels.

Planning For The Future

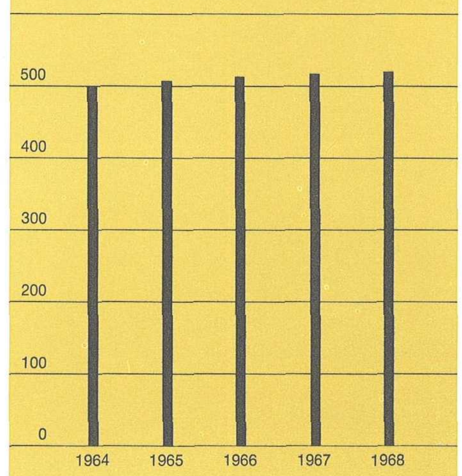
A study aimed at forecasting trans-Hudson transportation needs for 1980 and beyond—continued during the year. The study is making use of mathematical concepts and modern computers. It will measure the variables which must be considered in determining how the anticipated demand can best be met by all types of trans-Hudson facilities and services.

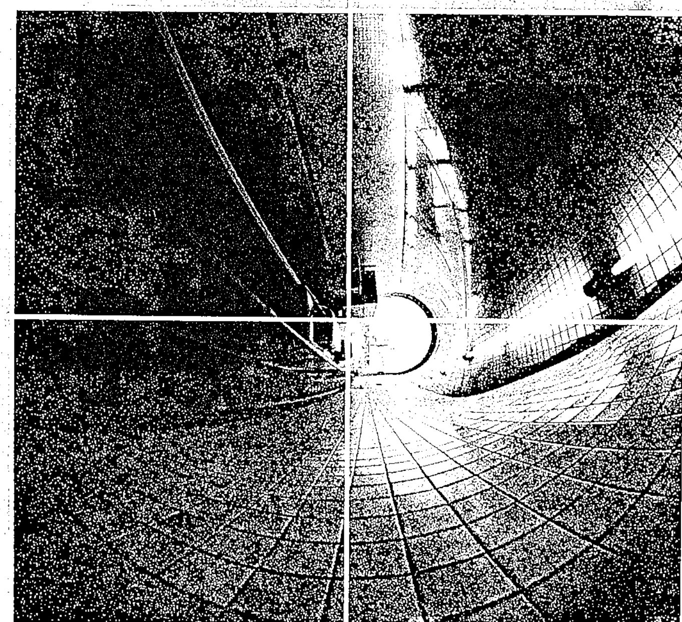
Several other studies are under way. The Port Authority is cooperating with the New York City Department of Traffic in a study on how to improve Van Wyck Expressway leading to Kennedy Airport. The Authority continued to work with the New York State Department of Transportation in the final design of the Nassau Expressway near Kennedy Airport. Close liaison continued with State and City departments on the planning of the Lower Manhattan Expressway's connections to the Holland Tunnel. And Authority engineers and planners cooperated with the New Jersey Department of Transportation in planning connections between State highways and various Port Authority facilities.

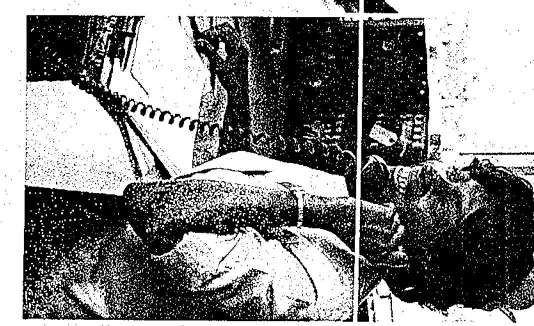
Crossings (traffic in thousands)

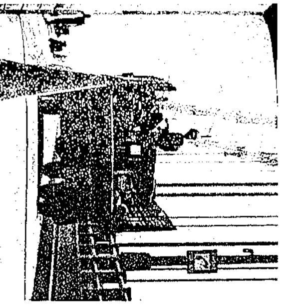
	1968	1967
All Crossings		
Automobiles	**119,291**	113,751
Buses	**3,811**	3,795
Trucks	**16,059**	15,106
Total Vehicles	**139,161**	132,652
George Washington Bridge		
Automobiles	**60,597**	57,338
Buses	**654**	653
Trucks	**5,703**	5,188
Total Vehicles	**66,954**	63,179
Lincoln Tunnel		
Automobiles	**23,835**	23,037
Buses	**2,964**	2,946
Trucks	**3,724**	3,538
Total Vehicles	**30,523**	29,521
Holland Tunnel		
Automobiles	**15,305**	15,323
Buses	**98**	98
Trucks	**4,347**	4,355
Total Vehicles	**19,750**	19,776
Staten Island Bridges		
Automobiles	**19,553**	18,053
Buses	**95**	98
Trucks	**2,286**	2,025
Total Vehicles	**21,934**	20,176

Cumulative PA Investment In Tunnels and Bridges (In Millions)
(Includes GWB Bus Station)









Terminals

The five terminals operated by the Port Authority—the Bus Terminal in mid-Manhattan, the George Washington Bridge Bus Station, the Port Authority Building and the New York and Newark Union Motor Truck Terminals—continued to operate at near capacity in 1968.

Port Authority Bus Terminal

The Bus Terminal handled 68 million passengers on 2.6 million bus movements during the year, slight increases over 1967. Nearly a quarter of a million people now use the facility on a typical week day.

The increase in bus activity has made severe demands on the Bus Terminal's capacity. A major expansion is now planned which will increase the size of the Terminal by 50 per cent. Property acquisition has already been completed for the blockfront immediately north—on the western side of Eighth Avenue from 41st to 42nd Streets. Planning is moving ahead and construction is scheduled to begin in late 1969. The existing bus-operating levels will be extended to reach into the new enlargement. The plans call for a massive arcade spanning 41st Street, but with the roadway and sidewalks left open for normal traffic. The roof level of the extension will be used for public automobile parking.

The Port Authority is also acquiring the property required for street widening and new connections to faciilitate the flow of traffic between the Lincoln Tunnel and the expanded Bus Terminal.

Close liaison with the New York City Planning Commission and the Mayor's office has been maintained to assure agreement on the adequacy of pedestrian and vehicular circulation around the Terminal. Continued coordination is also expected to permit the orderly development of a high rise air rights structure and provide an appropriate tax return to the City of New York with respect to the private portion of the undertaking.

Among more immediate improvements introduced during the year, a corps of high school students—uniformed in red hats and jackets and trained to provide patrons with information—were hired to open taxi and car doors and help patrons with luggage. This program has eliminated the annoyance to Terminal patrons, previously badgered by self appointed "cab door openers" seeking tips for unsolicited aid and it has provided an introduction to steady part time employment for these young men with the possibility of full time employment upon graduation from high school.

George Washington Bridge Bus Station

The George Washington Bridge Bus Station continued to play a vital and increasing role in trans-Hudson commuter travel. The Bus Station handled 12.5 million passengers and 540,000 bus movements during 1968, gains of 4.2 and 4.9 per cent over 1967.

Long haul bus departures and long haul passenger traffic were up. Resort Bus Lines expanded service at the Station during the summer. Continental Trailways, the principal long distance carrier at the Station, continued an intensive promotion program. The Station has the ability to provide fast service between Washington and Boston, bypassing midtown streets. And Continental Trailways

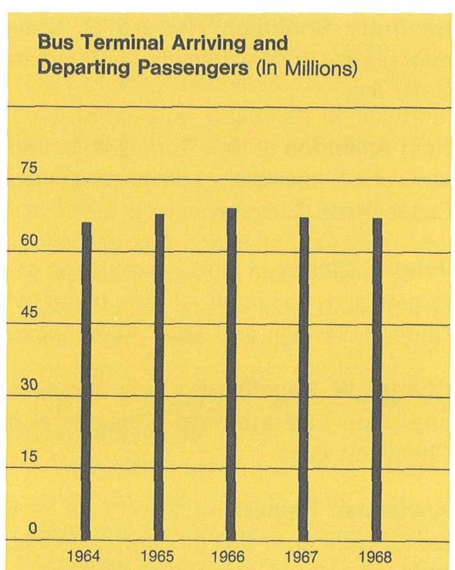
began a package express service at the Bus Station. All these developments added to the increase in long haul traffic.

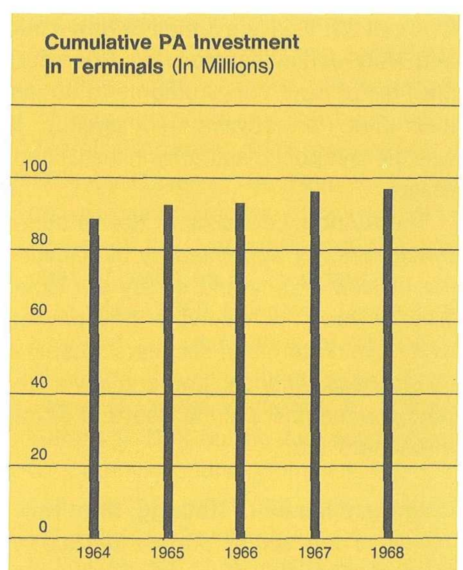
At year's end the installation of a closed circuit television system to connect the bus loading platforms and the concourse was nearing completion. The system which will be in operation in early 1969 enables the patron to wait comfortably for the arrival of his bus with assurance of not missing its departure. He can watch for it on television.

Port Authority Building and Truck Terminals

The Port Authority Building at 111 Eighth Avenue, continued as a hub of commerce and industry in the central business district of Manhattan. There are 192 off street truck berths on the building's lower levels for the consolidation and distribution of motor truck freight. Railway Express Agency has 151 truck berths on the lower levels under lease into 1970. More than 100 berths on the building's upper floors, are served by four twenty ton capacity elevators. The building houses the principal offices of the Port Authority as well as many commercial tenants.

The New York Union Motor Truck Terminal, located in the lower west side of Manhattan, and the Newark Union Motor Truck Terminal, in the vicinity of Newark Airport near U. S. Routes 1 and 9, are the Port Authority's two other major inland terminals. Almost all the New York Terminal's 142 berths and 63 truck parking spaces are leased. The tenants include freight receivers and forwarders, piggyback operators, and firms specializing in pier pick-up and deliveries. The Newark Motor Truck Terminal is one of the largest in the area, with 160 loading spaces and 235 parking units.





James C. Kellogg, III
Chairman

Howard S. Cullman
Honorary Chairman

Joseph A. Martino
Vice Chairman (Resigned)

W. Paul Stillman

Ben Regan

William J. Ronan

William A. Sternkopf, Jr.

Administration

On April 30, 1921 the States of New York and New Jersey created, by Compact, the Port of New York Authority to act as their joint Port development agency. It was the first public authority in the United States.

The Authority consists of twelve commissioners, six appointed by the Governor of New Jersey and six by the Governor of New York to serve without pay for over-lapping terms of six years. Leaders in business, finance, law and civic affairs, the members of the Board of Commissioners are:

Chairman James C. Kellogg, III of New Jersey is the senior partner of Spear, Leeds & Kellogg.

Honorary Chairman Howard S. Cullman of New York is president of Cullman Bros. Inc.

Hoyt Ammidon of New York is chairman and chief executive officer of United States Trust Company.

John J. Clancy of New Jersey is an attorney and chairman of the board of Carteret Savings and Loan Association.

Charles W. Engelhard of New Jersey is chairman of Engelhard Minerals and Chemicals Corp.

Alexander Halpern of New York is a senior partner in the law firm of Pross, Halpern, Lefevre, Raphael & Alter.

Donald V. Lowe of New Jersey is chairman of the board of the Lowe Paper Company.

Ben Regan of New York is general partner of Hornblower & Weeks-Hemphill, Noyes.

William J. Ronan of New York is chairman of the Metropolitan Transportation Authority.

William A. Sternkopf, Jr. of New Jersey is the senior partner in the firm of William A. Sternkopf and Company.

W. Paul Stillman of New Jersey is chairman of the board of First National State Bank of New Jersey and the Mutual Benefit Life Insurance Company.


Donald V. Lowe


John J. Clancy


Charles W. Engelhard


Alexander Halpern


Hoyt Ammidon


Austin J. Tobin
Executive Director

At the Annual Meeting of the Board in April, 1968 Chairman S. Sloan Colt advised his fellow Commissioners of his desire to conclude his term as Chairman.

In deference to Chairman Colt's long and devoted service to the Port Authority the Board acceded to his request. The Board elected Vice Chairman James C. Kellogg III as Chairman and Commissioner Joseph A. Martino as Vice Chairman.

Chairman Kellogg was first appointed a Commissioner of the Port Authority in 1955 by Governor Meyner. He was reappointed by Governor Meyner in 1960 and by Governor Hughes in 1966. The new Chairman has served the Port Authority as a member of the Committee on Operations and successively as a member, Vice Chairman and, since 1960, Chairman of the Committee on Finance. He has been Vice Chairman of the Board since 1960.

Chairman Kellogg brings to the Chairmanship a wide range of experience in business and community service. He is a senior partner in the brokerage firm Spear, Leeds and Kellogg, President and Chairman of the firm of J. C. Kellogg & Sons, Inc., and a former Chairman of the Board of Governors of the New York Stock Exchange.

Vice Chairman Joseph A. Martino served in that position from April 11, 1968 until November 27, 1968 when he submitted his resignation from the Board of Commissioners to Governor Rockefeller. The Vice Chairman had served as a Commissioner for more than a decade. He was appointed in 1958 by Governor Averell Harriman and reappointed in 1964 by Governor Rockefeller. In 1968 he was named Honorary Chairman of the Board of the National Lead Company after 17 years as its President.

In May, 1968 Governor Hughes announced his nomination of Willliam A. Sternkopf, Jr., Vice Chairman of the New Jersey Turnpike Authority, to succeed Gerard F. Brill on the Authority's Board of Commissioners. Commissioner Brill had resigned upon his appointment to the Hudson County Board of Taxation. Following his confirmation by the New

Jersey State Senate in June 1968, Commissioner Sternkopf resigned from the Turnpike Authority.

Former Chairman S. Sloan Colt continued his service as a Commissioner until December, 1968 when he was succeeded by the appointment of Hoyt Ammidon by Governor Rockefeller. Mr. Ammidon's term as a Commissioner extends until July 1, 1974.

Commissioner Colt joined the Board in May, 1946 meeting in 1946 following appointment by Governor Dewey. At that time, Commissioner Colt had been President of Bankers Trust Company for 15 years, and he was to serve in that capacity for another decade before being elected Chairman of its Board. From 1957 until his retirement in 1965, Commissioner Colt served as a director and member of the bank's Trust and Executive Committee.

Sloan Colt brought the same business acumen and dedication to the public interest to his role as a Port Authority Commissioner. After his initial appointment in 1946, he was reappointed by Governor Dewey in 1950, by Governor Harriman in 1956 and by Governor Rockefeller in 1963. He has been a member of the Board's Committee on Operations and successively a member, Vice Chairman and Chairman of the Committee on Finance. In 1959 he was elected to the first of nine consecutive terms as Chairman.

In recognition of his many years of service and leadership, the Board awarded Commissioner Colt the Distinguished Service Medal.

On November 11, 1968 the Commissioners and staff of the Port Authority were saddened by the death of former Port Authority Commissioner and Vice Chairman Bayard Foster Pope. He was a very great human being and a dedicated and distinguished public servant.

The Board of Commissioners is organized into four permanent committees. They are: Committee on Construction, John J. Clancy, Chairman and William J. Ronan Vice Chairman; Committee on Finance, Howard S. Cullman, Chairman; and W. Paul Stillman, Vice Chairman; Committee on Operations, Donald V. Lowe, Chairman; and Ben Regan, Vice Chairman; Committee on Port Planning, Alexander Halpern, Chairman; and Charles W. Engelhard, Vice Chairman. The committees originate and review policies and programs related to their specific functions, and either take action themselves or recommend appropriate action to the Board.

Austin J. Tobin, Executive Director of The Port of New York Authority, implements and administers the programs and policies authorized by the Board. In 1968 Mr. Tobin was again elected by the Board to his post, marking more than a quarter century of service in that position. Assisting Mr. Tobin in carrying out the Board's policies is Deputy Executive Director Matthias E. Lukens.

The Port Authority is represented in all legal matters by the General Counsel, Sidney Goldstein. The General Counsel is legal advisor to the Board of Commissioners, the Executive Director and the Staff.

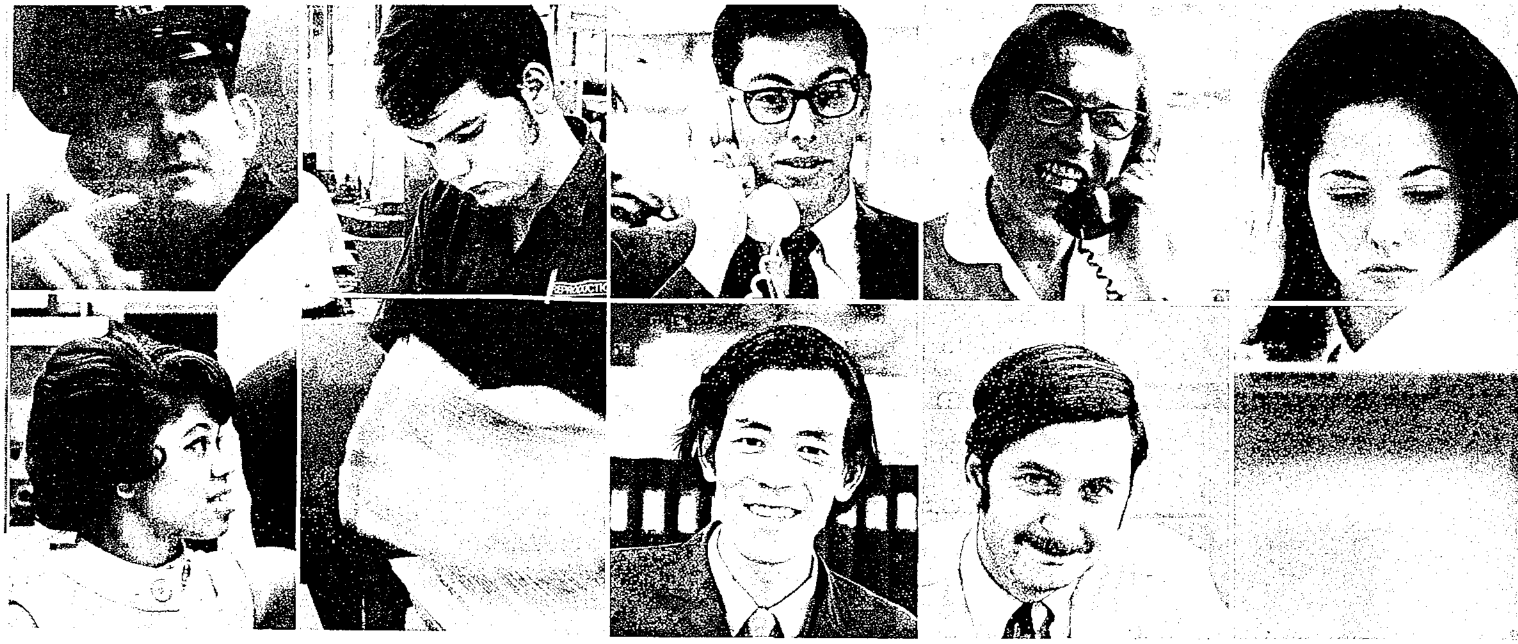
The Secretary of the Port Authority is responsible for the preparation and retention of the official minutes of the Board of Commissioners, and all other official documents. This function was performed loyally and well from 1946 until his death on August 13, 1968 by Joseph G. Carty.

The Board of Commissioners recognized Mr. Carty's devoted and loyal service to the Port Authority with the award of the Distinguished Service Medal in 1960.

The Port Authority is organized into line and staff departments reporting to the Executive Director. The line departments include: Aviation, Marine Terminals, Rail Transportation, Terminals, Tunnels and Bridges, and World Trade. The Port Authority subsidiary, the Port Authority Trans-Hudson (PATH) Corportation, is within the Rail Transportation Department. The staff departments include: Engineering, Finance (Comptrollers and Treasury), Law, Operations Services, Organization and Procedures, Personnel, Planning and Development, Public Affairs, Purchase and Administrative Services, and Real Estate.

Each year staff members who have rendered particularly outstanding service are honored by the Board of Commissioners through the award of the Port Authority Medal of Honor, the Howard S. Cullman Distinguished Service Medal, the Distinguished Service Medal and the Commendation Medal.

Prominent among the recipients this year were: (top left) Police Officer Lucian Durso who received the Medal of Honor, the Port Authority's highest award; (right) Roger H. Gilman, Director of Planning and Development who was awarded the Howard S. Cullman Distinguished Service Medal and (bottom left) Police Officer Robert J. Serio who had previously received the Medal of Honor and was subsequently awarded the Carnegie Hero Fund Medal by the Carnegie Foundation.



Staff

A staff of over 8,000 men and women are working in the Port Authority and PATH. They are artists, accountants, draftsmen, physicians, lawyers and librarians, engineers, management consultants, buyers, computer programmers, economists, traffic specialists, helicopter pilots, policemen, railroad engineers, clerks, secretaries and many others.

The staff of the Authority is often cited as one of the most efficient and progressive management groups in the nation. In all areas the Authority seeks the best concepts and techniques available in industry and government or develops its own:

The Authority early recognized the tremendous value of the computer arts and adopted electronic data processing to meet its needs. Today it is using computers in a great many financial, engineering, analytical, statistical and operational activities.

As a pioneer in applying research to operations the Authority has made studies ranging in subject from the theory of traffic flow and transportation in urban areas to the optimum scheduling of elevators, trains and toll collectors, and to the development of standards of service to the public.

In finance, the Authority employs all modern techniques and concepts, such as cost accounting and cost-benefit analyses.

There are many other examples of the initiative, professionalism and resourcefulness of the Port Authority. To list a few: the use of television to speed the flow of traffic through the Lincoln Tunnel, engineering design that is making possible construction of the world's tallest buildings, pioneering efforts to develop containerization, the storage and delivery of one billion gallons of aviation fuel in 1968 at Kennedy through an automated, computerized 27-mile-long underground pipe system.

Staff Development

The Port Authority follows employment policies comparable to those of other progressive organizations. These policies include a recruitment program which seeks those with the best potential; an internal promotion system predicated upon a career service; personnel development programs such as a tuition refund program to encourage further academic study and in-house training courses; security against arbitrary demotion or discharge; procedures for identifying useful talents and skills; and a broad assortment of communications to, from and among employees.

Organizational growth and turnover provided opportunities for the addition of 1,098 new employees during the year. Of this number, 224 entered the Port Authority's summer intern, accounting, administrative and engineering management trainee program directly from academic life.

More than 600 staff members participated in the Authority's internal training programs. Through the Education Refund Plan, 720 employees were reimbursed for courses taken at metropolitan area colleges, universities and professional schools.

Mobility Program

In 1966 the Port Authority implemented a new plan designed to maintain and increase its reserve of broad-gauged experienced managers. A program was designed to provide training assignments for selected staff outside their own specialties or departments, for approximately one year's duration, to reap the benefits of short-term exposure to a new and different type of work experience.

The success of the program encouraged an expanded scope during 1967 when the first employee was chosen for an assignment outside the Port Authority, serving for a year as Executive Director of the Ogdensburg Bridge and Port Authority in upstate New York, an appointment since renewed. This year, additional assignments sent Port Authority staff members to important positions with the Office of Public Safety in Washington, D.C., the U.S. Department of Transportation and the City of New York. Each phase of the mobility program has provided new opportunities for dozens of staff to broaden their work horizons and increase their potential in public service.

Recognition of Service

The Port Authority has enjoyed a steady increase in the ranks of its long-term

employees. Each year since 1952, employees who have attained 25 years of service with the organization are welcomed into the Port Service Club—an honorary unit for those who have given a quarter of a century of service to the Port Authority. In 1968, 56 employees became members of the club, bringing its active membership to 466.

Medal Awards

Each year the Port Authority singles out for recognition those employees whose outstanding and selfless accomplishments reflect the organization's tradition of exemplary service. Twenty-five staff members were cited at the Annual Awards Ceremony. The Medal of Honor, the Port Authority's highest award, was presented to Police Officer Lucian Durso for his extraordinary act of heroism in entering a burning area four times to rescue four of his fellow officers.

Howard S. Cullman Fellowship

The Howard S. Cullman Service Fellowship "to develop the promise of unique qualification and talent" among Port Authority employees was awarded to John J. Fruin, Senior Land Terminal Analyst in the Terminals Department. During the course of his one-year fellowship, Mr. Fruin will establish standards of pedestrian comfort through time lapse photographic study of crowd density and patron flow at various facilities.

Equal Opportunity

It is one of the tragic ironies of our time that many employers in our metropolitan communities are in dire need of workers while thousands of Americans who desperately need and want work are unable to find it. The irony is easily explained. Employers need skilled and semi-skilled workers; the unemployed often have little or no training.

Although the irony is easily explained, the problem is not so easily solved. The solution lies in massive job training programs and a commitment on the part of government and business alike. The Port of New York Authority has undertaken a program to contribute to solving the unemployment problem.

In previous years, the Port Authority, at the request of the City of New York, has conducted a highly successful training program for unemployed citizens. Courses were offered in heavy vehicle driver training, air-conditioning, oil burner repairs and installation, general maintenance, and building and grounds sanitation. In 1968, the training expertise developed in this work was made available to other communities in the Port District. Communities were notified that, if they wished, the Port Authority would provide supervisory instructors to train students furnished by the requesting agency. While training these students, each training specialist will also be responsible for training his counterpart to take over for him. Following completion of this pilot course spanning approximately six months, the program then becomes operational and our instructors return to their regular positions, leaving behind an on-going workable training program which continues to be administered by the requesting agency.

The trainees participate in courses for occupations wherein there are large numbers of unskilled jobs due to a lack of skilled workers to fill them. Not only are basic trade skills taught, but every course also offers instruction in job-related English and mathematics.

Other steps were taken toward contributing to the fight against poverty and discrimination. Close monitoring of opportunities during the year for utilizing disadvantaged youths without job skills resulted in finding spots as taxi attendants at the Bus Terminal, clerical assistants throughout the Port Authority, workers on a PATH beautification project (in cooperation with the National Alliance for Businessmen), and on maintenance jobs at Port Authority facilities.

The Port Authority has also been making significant progress in encouraging the use of disadvantaged people by contractors on Port Authority projects and ensuring compliance with both the letter and spirit of federal, state and local laws dealing with non-discrimination in employment on public projects.

In addition the Port Authority has established a new position of Manager, Equal Opportunity Programs within its Personnel Department, whose prime function will be the intensification of the Authority's efforts in meeting this vitally important responsibility.

The Port of New York Authority Organization Chart

December 31, 1968

DIRECTOR OF FINANCE
A. G. Kuhbach — Dir.
A. Leslie — Asst.

P. J. Falvey — Asst. Gen. Counsel

LAW DEPARTMENT
S. Goldstein — Gen. Counsel

Contract Div.
R. K. Abrahams — Chief

Finance Div.
M. S. Zarin — Chief

Leases & Operating Agreements Div.
J. A. Simmons — Chief

Litigation Div.
F. X. Curley — Chief

Opinions & Appeals Division
J. Lesser — Chief

Real Estate Div.
A. J. Buckley — Chief

New Jersey Solicitor
F. A. Mulhern

COMPTROLLER'S DEPARTMENT
C. M. Wahlberg — Compt.
R. G. Jacob — Dep.

Accounting Div.
R. W. Diesl — Mgr.

Audit Div.
D. P. Munno — Gen. Aud.

Electronics Research & Application Div.
S. L. Noschese — Mgr.

Financial Planning & Analysis Div.
C. H. Carlson — Mgr.

Insurance Div.
C. F. Levinson — Mgr.

Project Cost Review Div.
J. H. Houk Jr. — Mgr.

TREASURY DEPARTMENT
C. R. Welch — Treas.
M. L. Wilcox, Jr. — Asst.

ENGINEERING DEPT.
J. M. Kyle — Chief Eng.
J. J. Fitzgerald — Dep.

Assistant Chief Eng. for Design
R. J. Winters

- Design Div. for Aviation
  W.C.Stevens — Eng. of Des.
- Design Div. for Marine Terminals
  J. S. Wilson — Eng. of Des.
- Design Div. for Terminals
  J. L. Fabian — Eng. of Des.
- Design Div. for Tunnels & Bridges-Railroads
  I. P. Gould — Eng. of Des.

Central Maint. Engineering Div.
I. B. Packman — Gen. Supt.

Construction Div.
L. F. Booth — Mgr.

Materials Div.
R. E. White — Eng. of Mat.

Research & Development Div.
W. V. Hurley — Eng. of Res. & Dev.

Soils & Foundation Div.
M. S. Kapp — Eng. of Soils

AVIATION DEPARTMENT
J. R. Wiley — Dir.
N. R. Montanus — Dep.
C. B. Pattarini — Asst. Dir.
W. C. Cooper — Asst. Dir.

Aviation Economics Div.
G. P. Howard — Chief

Aviation Planning Div.
L. A. Schaefer — Chief

Aviation Properties Div.
— Chief

Aviation Public Services Div.
L. L. Calta — Chief

Aviation Technical Services Div.
L. Achitoff — Chief

Newark Airport Redevelopment Program
J. P. Veerling — Project Dir.

● John F. Kennedy International Airport
M. Sloane — Gen. Mgr.

- J.F.K.I.A. Aeronautical Services Div.
  F. B Coffey — Mgr.
- J.F.K.I.A. Business Administration Div.
  W. Spane — Mgr.
- J.F.K.I.A. Plant & Structures Div.
  I. Dornfeld — Act. Mgr.
- J.F.K.I.A. Public Services Div.
  J. Dickerson — Mgr.

● La Guardia Airport
E. E. Ingraham — Mgr.

New Jersey Airports
V. A. Carson — Gen. Mgr.

● Newark Airport
- Operating Services Div.
  E. Sorensen — Mgr.
- Plant & Structures Div.
  T. H. Lineweaver — Mgr.

● Teterboro Airport
— Mgr.

● P. A. Downtown Heliport

● W. 30th Street Heliport
P. J. Landi — Mgr.

MARINE TERMINALS DEPARTMENT
A. L. King — Dir.
D. S. Reid — Dep.

Marine Planning & Construction Div.
A. Tozzoli — Mgr.

Marine Rentals Div.
W. J. Cogan — Mgr.

Marine Operations Div.
C. V. Storer — Gen. Mgr.

● B'klyn-P.A. Mar. Term.
● Erie Basin-P.A. Mar. Term.
● P.A. Grain Term.
D. Pardes — Mgr.
● Eliz.-P.A. Mar. Term.
● Hoboken-P.A. Mar. Term.
● Port Newark
C. P. Fleming — Mgr.

RAIL TRANSPORTATION DEPARTMENT
L. J. Gambaccini — Dir.
J. F. Hoban — Dep.

Rail Development Div.
F. Gorman — Chief

Rail Planning Div.
G. L. Spencer — Chief

PORT AUTHORITY TRANS-HUDSON CORP.
L. J. Gambaccini — V.P. & Gen. Mgr.

● PATH
A. Rubbert — Gen. Supt.
- Car Equipment Div.
  W. H. Miller — Supt.
- Signal Div.
  A. D. Moore — Supt.
- Transportation Div.
  P. Scaturro — Supt.
- Way & Power Div.
  T. Sorensen — Supt.

BOARD OF COMMISSIONERS

James C. Kellogg, III, Chairman
Howard S. Cullman, Honorary Chairman
Hoyt Ammidon
John J. Clancy
Charles W. Engelhard
Alexander Halpern
Donald V. Lowe
Ben Regan
William J. Ronan
William A. Sternkopf Jr.
W. Paul Stillman

OFFICE OF THE EXECUTIVE DIRECTOR

A. J. Tobin — Executive Director
M. E. Lukens — Deputy

Secy of the P.A.
A.G. Lorimer — Chief Arch.

PUBLIC AFFAIRS DEPT

R. C. Sullivan — Dir.
R. J. Banahan — Com. Rel. Dir.
W. H. Goodman — Pub. Rel. Dir.
J. Tillman — T.V./Radio Dir.

DIRECTOR OF ADMINISTRATION

D. L. Kurshan

ORGANIZATION & PROCEDURES DEPT.

H. Sherman — Dir.
P. G. Stapleton — Dep.

PERSONNEL DEPARTMENT

E. C. Gallas — Dir.

Administrative Div.
T. M. Lucas — Mgr.

Classification & Compensation Stnds. Div.
E. G. Bradfield — Mgr.

Management Personnel Div.
J. M. Kien — Mgr.

Medical Services Div.
A. Schifrin — Med. Dir.

Operating Personnel Div.
V. T. Strom — Mgr.

Personnel Benefits & Activities Div.
W. E. McCarthy — Mgr.

PURCHASE & ADMIN. SERVICES DEPARTMENT

G. W. Baker — Dir.
A. Z. Schneider — Dep.

Food Services Div.
B. J. Fischer — Mgr.

Office Services Div.
C. S. Gulotta — Mgr.

Purchase & Supply Services Div.
C. H. Reilly — Mgr.

Special Services Div.
D. H. Bagger — Mgr.

Visual & Reproduction Services Div.
E. W. Meyers — Mgr.

OPERATIONS SERVICES DEPARTMENT

D. N Mandell — Dir.

Central Automotive Div.
E. Holmgren — Chief

Inspection & Safety Div.
J. J. Kirk — Chief

Operations Standards Div.
J. R. Shelton — Chief

Police Div.
W. A. O'Connor — Supt.

Traffic Engineering Div.
L. E. Bender — Chief

PLANNING & DEVELOPMENT DEPT.

R. H. Gilman — Dir.
H. B. Johnson — Dep.

Central Planning Div.
E. S. Olcott — Chief

Central Research & Statistics Div.
W. B. Lovejoy — Chief

REAL ESTATE DEPARTMENT

W. M. Schwarz — Dir.
S. Anton — Dep.

Acquisition & Property Management Div.
P. S. Cottone — Mgr.

Commercial & Industrial Div.
A. H. Britten — Mgr.

Planning & Analysis Div.
G. N. Melinette — Mgr.

TERMINALS DEPARTMENT

J. Rosen — Dir.

Planning & Analysis Div.
W. L. Giordano — Chief

Properties Div.
R. C. Meehan — Chief

Operations Div.
G. Meritz — Gen. Mgr.

- Bus Terminal
  M. Weiss — Mgr.
- George Washington Br. Bus Station*
  L. C. Webb — Mgr.
- Port Authority Building
  J. M. Rommerdahl — Mgr.
- Truck Terminal, N. J.
- Truck Terminal, N. Y.
  R. J. Walsh — Mgr.

*A part of the George Washington Bridge, operated by the Terminals Department for the Tunnels and Bridges Department

TUNNELS & BRIDGES DEPARTMENT

C. H. Taylor — Dir.
J. D. Maynard — Dep.

Project Engineering Div.
H. A. Hazen — Mgr.

Research Div.
R. S. Foote — Mgr.

Tunnel & Bridge Operations Div.
A. P. Tate — Gen. Mgr.

- George Washington Br.
  H. A. Milley — Mgr.
- Holland Tunnel
  L. J. Lewis — Mgr.
- Lincoln Tunnel
  B. M. Mayer — Mgr.
- Bayonne Bridge
- Goethals Bridge
- Outerbridge Crossing
  J. L. Sterbenz — Mgr.

WORLD TRADE DEPARTMENT

G. F. Tozzoli — Dir.

WORLD TRADE CENTER

Development & Rentals Div.
L. E. Scriven — Chief

Planning & Construction Div.
M. P. Levy — Chief

Special Program Div.
T. J. Kearney — Mgr.

PORT COMMERCE

C. B. O'Hara — Dir.

Port Promotion Div.
R. F. Unrath — Mgr.

Traffic Management Div.
D. W. Binns — Mgr.

Trade Development Div.
G. G. Gorman — Gen. Mgr.

Trade Development Offices

U. S. Offices — Mgr.
Chicago — D. E. Howland
Clev. — H. F. Lemmon
Eastern (New York) — J. J. O'Brien
Pittsburgh — R. M. Cornell
Washington — T. D. Tuomey

Overseas Offices — Mgr.
Continental (Zurich) — H. C. Klingman
Far East–Pacific (Tokyo) — W. C. Gibson
Latin American (San Juan) — H. S. Weeks
London — A. G. Bralower

Basic Policies and Financial Structure

The States of New Jersey and New York directed the Port Authority "...to proceed with the development of the Port of New York...as rapidly as may be economically practicable...". The Authority, however, may not levy taxes, assessments or pledge the credit of either State or any municipality.

In order to finance—on a self supporting basis and without cost to the general taxpayer—the land, sea and air terminals, and transportation facilities, essential to that development, it has been necessary for the bi-state agency to create sufficient revenue potential and utilize modern efficient business methods to build a strong credit base and a sound financial structure.

To achieve the continuing objectives of strength and stability in its financial structure and command the confidence of investors, it is necessary for the Port Authority to meet certain legal and fundamental financial standards.

First, the statutes establishing the General Reserve Fund provide for the pooling of revenues to the end that older facilities with established earning power can aid new projects during developmental periods until they reach their anticipated point of self support.

Second, the Port Authority policy is to maintain, at year end, a combined amount in all reserve funds equal to at least the next two years' mandatory debt service and to retire bonded debt as rapidly as sound financial management permits. Accordingly, acceleration of debt retirement before mandatory dates may be accomplished out of the reserve funds only to the extent that the reserve funds exceed the ensuing two years' debt service.

Third, bonds for an additional facility cannot be issued with a pledge of the General Reserve Fund unless the Port Authority Commissioners certify that the pledge will not materially impair the sound credit standing of the Authority, the investment status of the Authority's bonds, or the ability of the Authority to fulfill its commitments and undertakings.

Fourth, sound management practices, advanced engineering techniques and judicious planning are utilized to bring new projects to their anticipated point of self support as soon as possible.

Adherence to these requirements and policies has resulted in a sound financial structure which has been recognized by individual investors and financial institutions throughout the United States. Over the years, as a result, more than two and one half billion dollars of Port Authority bonds have been purchased by investors.

Combined Operations in Brief

Gross operating revenues of The Port of New York Authority for the year 1968 increased 9.4 percent to $226,931,000, which reflects the continuing increase in development and utilization of the Authority's facilities. At the same time, operating, administrative and development expenses increased about 12.5 percent to reach $123,831,000. As a result, net operating revenues were up about 5.8 percent to a total of $103,100,000.

Investment income of $10,749,000 on securities held in the reserve and operating funds was offset by a downward adjustment of $4,404,000 in the value of the Authority's security portfolio. Thus, net revenues available for debt service were $109,445,000.

Interest totaled $24,580,000 and long term debt amortization amounted to $24,943,000. In addition, $28,000,000 short term Consolidated Notes were retired at maturity, and bonds with a par value of $1,577,000 were retired in anticipation of future years' debt service at an amortized cost of $958,000.

Reserve funds were increased in the net amount of $30,964,000 and totaled $143,727,000 at year end. Thus, they continue to meet the requirements of the applicable statutes of New Jersey and New York and of Port Authority bond resolutions, as well as the Port Authority policy of maintaining reserves equal to at least the next two years' mandatory debt service.

The Authority's financial affairs are administered by A. Gerdes Kuhbach, Director of Finance; Chas. R. Welch, Treasurer; and Carl M. Wahlberg, Comptroller.

Highlights

	1968	1967
Gross Operating Revenues	**$ 226,900,000**	$ 207,500,000
Net Operating Revenues	**103,100,000**	97,400,000
Debt Retired	**55,000,000**	72,400,000
Interest on Debt	**24,600,000**	23,300,000
Cumulative Invested in Facilities	**1,886,600,000**	1,683,800,000
Bonded Debt Outstanding	**1,179,500,000**	906,500,000
General Reserve Fund	**117,900,000**	90,700,000
Special Reserve Funds	**25,800,000**	22,100,000

Financial Position at Year End

Highlights

On December 31, 1968, the total assets of the Authority were $2,600,721,000, represented by the cumulative amount invested in facilities and balances in construction, operating and reserve funds. This is an increase of 30.3 percent, or $604,285,000 over last year.

The cumulative amount invested in facilities of the Port Authority rose to $1,886,559,000 at year end 1968. The increase of $202,760,000 over last year is largely represented by increases in investment at:

The World Trade Center	$68,900,000
PATH Condemnation Payments	50,100,000
Newark Airport	26,600,000
John F. Kennedy International Airport	25,600,000
Elizabeth-Port Authority Marine Terminal	16,900,000

Bonded debt at the year end was $1,179,499,000, an increase of $273,008,000. This was the net result of the issuance of Consolidated Bonds and Notes in the total amount of $360,000,000, the retirement of $54,992,000 of debt through income and reserves, and the refunding of notes in the amount of $32,000,000.

At year end, reserve funds and debt retired through income totaled $1,114,144,000, which is about 59 percent of the amount invested in facilities.

Reserve Funds

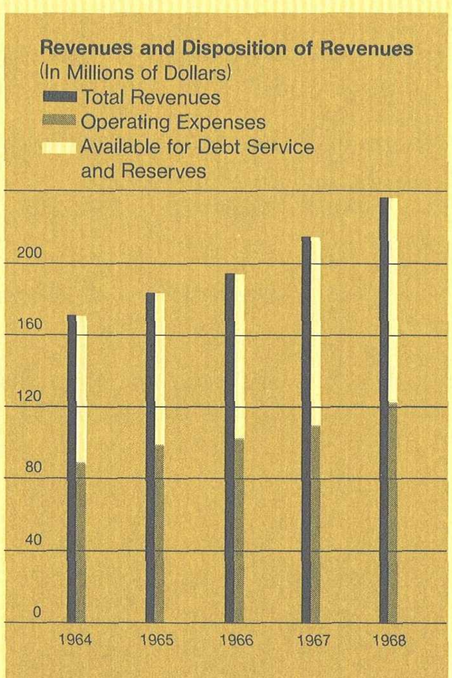
At the year end 1968, reserve funds were increased in the net amount of $30,964,000 to a total of $143,727,000. The General Reserve Fund balance was increased to $117,950,000 and continued to meet the statutory requirement of ten percent of the outstanding bonded debt; concurrently, the Special Reserve Fund totaled $14,045,000, the Air Terminal Reserve Fund $10,379,000 and the Marine Terminal Reserve Fund $1,353,000. These balances in the aggregate continued to meet the long established policy of maintaining total reserve funds in an amount equal to at least the next two years' mandatory debt service.

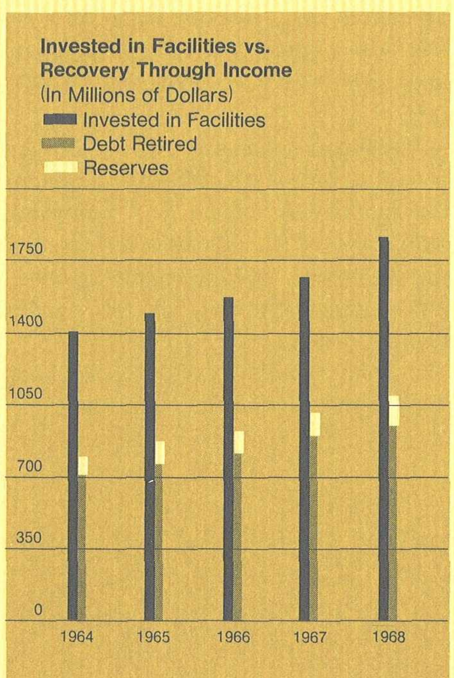
Bond covenants require that reserve funds be maintained in cash or invested in certain government securities. Thus at year end $142,290,000 was invested in securities as set forth in Statement D, "Analysis of Reserve Funds." Income from the reserve fund investment portfolio during 1968 amounted to $7,643,000.

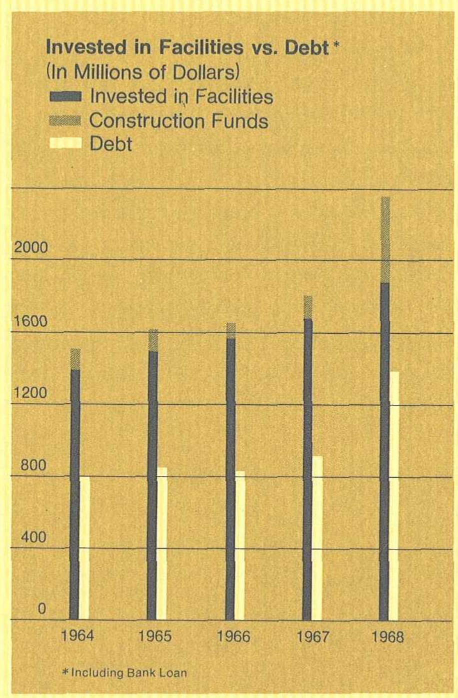
The policy of adjusting the value of securities held in the reserve and operating fund portfolio at year end to the lower of aggregate market value or aggregate amortized cost resulted in a downward adjustment in reserve funds of $3,177,000.

Summary of Reserve Funds
December 31 (In Millions)

	1968	1967	Increase
General Reserve	**$117.9**	$ 90.7	$27.2
Special Reserve	**14.0**	12.6	1.4
Air Terminal Reserve	**10.4**	8.4	2.0
Marine Terminal Reserve	**1.4**	1.1	.3
	$143.7	$112.8	$30.9



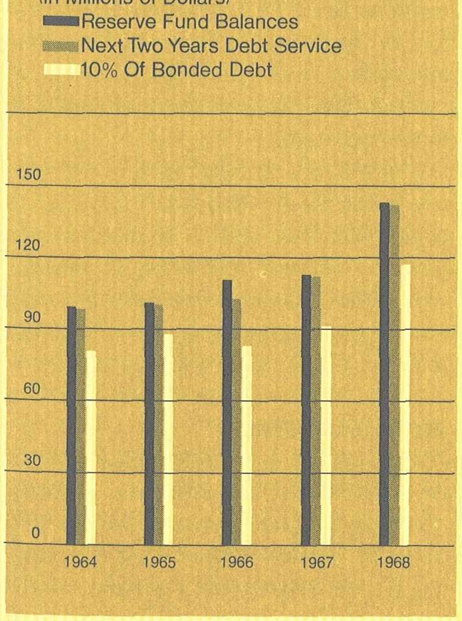




Financial Income

The Authority's investment portfolio averaged more than $423,000,000 during 1968 and produced earnings of $24,357,000. The long term portfolio averaged about $153,800,000 principally reserve funds, and was invested primarily in securities of, or guaranteed by the United States Government. Long term investment earnings amounted to $9,228,000 or an annual rate of about 6.00 percent. Investment in short term government securities and bank time deposits averaged approximately $269,500,000 during the year. The short term portfolio represented principally the investment of construction funds awaiting disbursement and operating revenues. Income from these short term investments was $15,129,000 or an annual earning rate of about 5.61 percent.

Distribution of investment income was $3,083,000 to operating funds and $7,643,000 to reserve funds. The balance of financial income, $13,631,000 was allocated to capital funds, thereby reducing net interest costs during the construction period.



Reserve Funds 1964-1968
(In Millions of Dollars)

Financing

Debt Issued

The Authority's bonded debt at year end was $1,179,499,000, a net increase of $273,008,000 from last year.

On January 11, 1968, $60,000,000 Consolidated Notes, Series U, 4 percent due December 30, 1968, were sold at competitive bidding, which resulted in an average net interest cost of 4.006 percent to the Authority. The Notes were sold at various prices to:

Institution	*Amount*
Chase Manhattan Bank, N.A.	$ 6,000,000
Salomon Bros. and Hutzler	15,000,000
Morgan Guaranty Trust Co.	39,000,000

During the year 1968, three issues of Consolidated Bonds, each in the amount of $100,000,000 were sold to an investment banking group headed by Halsey Stuart & Co., Inc., Blyth & Co. Inc., Drexel Harriman Ripley, Incorporated and W. H. Morton & Co., Division of American Express Company and Associates. Details of these sales are as follows:

1. On February 28, 1968, Thirty-Second Series, 5 percent, due February 1, 2003, at a negotiated price of 98.70 percent of par which resulted in a net interest cost of 5.051 percent to the Authority.
2. On July 31, 1968, Thirty-Third Series, 4¾ percent, due July 15, 2003, at a negotiated price of 98.70 percent of par which resulted in a net interest cost of 4.802 percent to the Authority.
3. On December 4, 1968, Thirty-Fourth Series, 5½ percent, due December 1, 2003, at a negotiated price of 98.50 percent of par which resulted in a net interest cost of 5.555 percent to the Authority.

In addition, in December, 1968 a total of $210,000,000 was borrowed from thirteen banks. The loan, which is to be repaid in annual installments with the final maturity due on December 20, 1975, is evidenced by Notes which bear interest at a rate of 4¼ percent per annum. The banks participating in the loan are First National City Bank, Chase Manhattan Bank, N.A., Bankers Trust Company, Manufacturers Hanover Trust Company, Morgan Guarantee Trust Company of New York, Chemical Bank New York Trust Company, Irving Trust Company, Marine Midland Grace Trust Company of New York, Franklin National Bank, Fidelity Union Trust Company, Marine Midland Trust Company of Western New York, The Bank of New York, and United States Trust Company of New York.

The Notes are special obligations of the Authority, the principal and interest of which are payable from monies available therefor in the Special Reserve Fund, the Air Terminal Reserve Fund, the Marine Terminal Reserve Fund, and the Consolidated Bond Reserve Fund.

Payment of the loan and interest thereon is subject in all respects to the payment of debt service on the Authority's General and Refunding Bonds, Air Terminal Bonds, Marine Terminal Bonds and Consolidated Bonds and Notes, as required by the applicable provisions of the Authority's Bond Resolutions, and to the payments into the General Reserve Fund of the amount necessary to maintain that Fund in the prescribed amount. Neither the loan nor the interest thereon is secured by or payable from the General Reserve Fund.

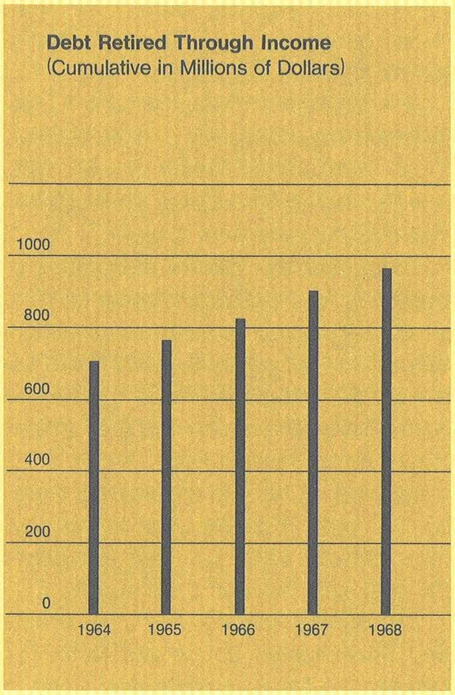
The issuance during 1968 of long term bonds, as shown above, together with the placement of the bank loan, has provided funds sufficient to continue planned capital improvements including the completion of the World Trade Center.

Debt Retired

During the year, $54,992,000 par value of bonds and notes were retired. Not included are $32,000,000 Consolidated Notes, Series U, which were refunded as shown in Statement H.

Long term bonds with a par value of $25,415,000 were retired through mandatory sinking fund and maturity payments. The following bonds with a par value of $1,577,000 were retired in anticipation of future requirements.

Series	*Amount*
General and Refunding	
Ninth Series	$ 473,000
Tenth Series	445,000
Eleventh Series	659,000
	$1,577,000



The difference between the total book value of these bonds purchased in the open market and their call price represents a saving of $1,254,000.

The above retirements, together with $28,000,000 of Consolidated Notes, Series U, account for the $54,992,000 of debt retirements out of income and reserves during 1968.

Facts for Bondholders

Consolidated Bonds

Consolidated Bonds are secured by the General Reserve Fund on an equal basis with other outstanding issues of Port Authority bonds. This pledge presently constitutes the prime security for Consolidated Bonds. Upon retirement or providing in trust for the payment of all debt service on each of the older classes of bonds—General and Refunding, Air Terminal and Marine Terminal Bonds, and since the Authority has agreed that it will not issue any additional bonds of these classes, Consolidated Bonds will have a first lien on the net revenues of those facilities presently pledged for such prior issues of bonds.

Consolidated Bonds represented 94.6 percent of the outstanding bonded debt of $1,179,499,000 at year end. Progress in unifying the debt structure as older prior lien bonds are retired is shown on the adjoining chart.

On December 31, 1968, outstanding Consolidated Bonds totaled $1,115,632,000. Over the years, the Authority has issued a total of $1,726,650,000 Consolidated Bonds, exclusive of refundings. Of this amount $752,656,000 has been allocated to "Consolidated Bond Facilities," namely, Brooklyn-Port Authority Marine Terminal, Hoboken-Port Authority Marine Terminal, Erie Basin-Port Authority Marine Terminal, Elizabeth-Port Authority Marine Terminal, the two Port Authority Heliports, the Hudson Tubes and the World Trade Center. The remaining $973,994,000 of Consolidated Bond proceeds were allocated to facilities of other bond groups.

At present, the net revenues from the "Consolidated Bond Facilities" listed above are the only revenues upon which all Consolidated Bonds have a first lien. This will continue until the older classes of bonds are retired. During the transition period pending retirement of these older bond classes, the facilities whose net revenues are not yet subject to a first lien in favor of Consolidated Bonds are being improved out of the proceeds of Consolidated Bonds.

The debt service on all the Consolidated Bonds cannot, of course, be met from the net revenues of "Consolidated Bond Facilities." It is therefore met from the pooled revenues of all facilities through the medium of the General Reserve Fund. At year end 1968, after meeting all debt service from income and reserves, the General Reserve Fund totaled $117,950,000. The General Reserve Fund, of course, secures the other bonds on an equal basis with Consolidated Bonds, but in the case of such other bonds pledged revenues were sufficient to meet debt service.

General and Refunding Bonds

General and Refunding Bonds have a first lien on the net revenues of the Port Authority's two tunnels and four bridges, four inland terminals and the grain terminal. The 1968 operations of these facilities, after operating expenses and adjusted financial income, produced net revenues of $49,589,000 available for debt service and transfer to reserves. Debt service totaled $1,319,000 and, at year end, of the remaining revenues, $46,409,000 were transferred to the General Reserve Fund and $1,861,000 to the Special Reserve Fund which is pledged as additional security for this class of bonds.

General and Refunding Bonds outstanding at year end totaled $19,661,000, a decrease of $2,629,000 from the previous year end total. Meanwhile, the total invested in this group of facilities increased $4,756,000 to $623,237,000 at the end of 1968.

Since 1952, Consolidated Bond proceeds have been allocated to these facilities. The debt service on these bonds, however, cannot be charged directly against the associated revenue but must be charged against revenues of facilities related solely to Consolidated Bonds.

Air Terminal Bonds

These bonds have a first lien on the net revenues of the four airports. In 1968, net revenues available for debt service and reserves totaled $48,126,000. After paying $4,449,000 for debt service, of the remaining revenues, $41,993,000 were transferred to the General Reserve Fund and $1,684,000 to the Air Terminal Reserve Fund which is pledged as additional security for this class of bonds.

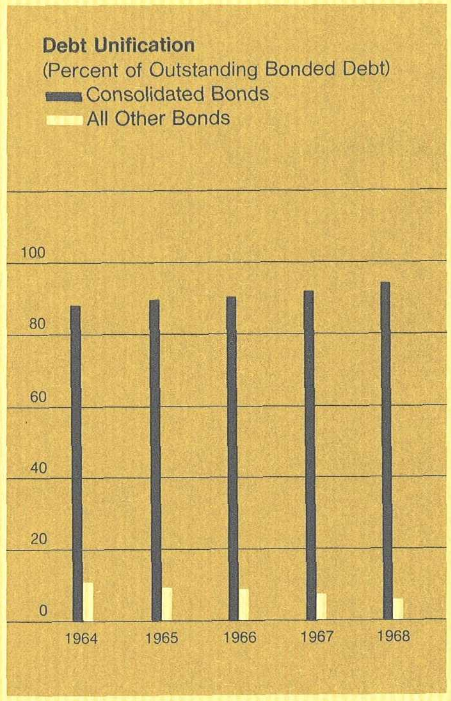
With the retirement of $3,562,000 of Air Terminal Bonds during the year, outstanding Air Terminal Bonds at year end decreased to $39,870,000. As a result of the investment of an additional $53,358,000 during 1968, total Port Authority investment in airports rose to $679,152,000.

Marine Terminal Bonds

These bonds have a first lien on the net revenues of Port Newark which, in 1968, totaled $5,612,000. After the payment of $395,000 for debt service, $5,016,000 was transferred to the General Reserve Fund and $201,000 to the Marine Terminal Reserve Fund which is pledged as additional security for this class of bonds.

At the end of 1968, Port Authority investment in Port Newark totaled $105,442,000 an increase of $3,994,000 over the 1967 year end total, while the outstanding Marine Terminal Bonds decreased by $297,000 to $4,336,000.

The bank loan discussed on page 47 contemplates that the Authority will provide funds from the special reserve funds for each of the issues of General and Refunding, Air Terminal and Marine Terminal Bonds, respectively, to be held in trust for the payment in full of principal and interest to the respective sinking fund redemption dates of such bonds and that thereafter the net revenues from all present Authority facilities would be applied to debt service of Consolidated Bonds and Notes, and all remaining balances of such net revenues and special reserve funds, except such amounts as may be necessary to maintain the General Reserve Fund in the prescribed amount, would be paid into the Consolidated Bond Reserve Fund. It is presently expected that such payments in trust will be made by year end 1970. The Authority does not plan to call for redemption any General and Refunding, Air Terminal or Marine Terminal Bonds in advance of their scheduled redemption.



Net Operating Revenues
(In Millions)

	1968	1967	1966	1965	1964
Consolidated Bonds					
Revenues	**$ 26.2**	$24.5	$23.1	$21.8	$21.4
Operating Expenses	**24.5**	21.6	20.3	19.9	17.8
Net Operating Revenues	**1.7**	2.9	2.8	1.9	3.6
General and Refunding Bonds					
Revenues	**$ 89.4**	$84.1	$81.0	$78.1	$73.2
Operating Expenses	**41.3**	39.3	37.4	38.2	35.7
Net Operating Revenues	**48.1**	44.8	43.6	39.9	37.5
Air Terminal Bonds					
Revenues	**$102.0**	$89.7	$76.9	$70.2	$65.3
Operating Expenses	**54.2**	45.7	41.0	37.6	32.7
Net Operating Revenues	**47.8**	44.0	35.9	32.6	32.6
Marine Terminal Bonds					
Revenues	**$ 9.4**	$ 9.2	$ 8.9	$ 8.5	$ 7.2
Operating Expenses	**3.8**	3.5	3.4	3.2	2.9
Net Operating Revenues	**5.6**	5.7	5.5	5.3	4.3

PRICE WATERHOUSE & CO.

60 BROAD STREET

NEW YORK 10004

March 10, 1969

The Port of New York Authority
New York, New York

In our opinion, Statements A through I present fairly the financial position of The Port of New York Authority at December 31, 1968 and the results of its operations for the year, and Statement K presents fairly the assets and liabilities of the New York State Commuter Car Program at December 31, 1968, in conformity with generally accepted accounting principles applied on a basis consistent with that of the preceding year. Also, in our opinion, Statement J presents fairly the ten year financial data included therein. Our examination of these statements was made in accordance with generally accepted auditing standards and accordingly included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

Price Waterhouse & Co.

STATEMENT A **Revenues and Reserves**

	Year Ended December 31, 1968	1967
	(In Thousands)	
Gross Operating Revenues	**$226,931**	$207,511
Operating Expenses	**123,831**	110,095
Net Operating Revenues	**103,100**	97,416
Financial Income		
Income on Investments—net	**10,749**	7,792
Security valuation adjustment	**(4,404)**	(7,709)
	109,445	97,499
Debt Service		
Interest on bonded debt	**24,580**	23,254
Serial maturities and sinking fund requirements	**24,943**	23,139
Short term note retirements	**28,000**	46,000
Debt retirement acceleration	**958**	2,531
Total Debt Service	**78,481**	94,924
Net Increase in Reserves	**30,964**	2,575
Reserve balances—beginning of year	**112,763**	110,188
Reserve Balances—End of Year	**$143,727**	$112,763

STATEMENT B **Financial Position**

	December 31, 1968				December 31, 1967
	Capital Funds (Statement E)	Reserve Funds (Statement D)	General Operating Funds	**Combined Total**	Combined Total
			(In Thousands)		
Assets					
Invested in Facilities	$1,886,559	$ —	$ —	**$1,886,559**	$1,683,799
Investment in Securities (Statement G)	188,625	142,290	10,502	**341,417**	217,899
Cash and Time Deposits	320,370	1,437	17,837	**339,644**	67,367
Other Assets	4,267	—	28,834	**33,101**	27,371
Total Assets	2,399,821	143,727	57,173	**2,600,721**	1,996,436
Liabilities					
Bonded Debt (Statement H)	1,179,499	—	—	**1,179,499**	906,491
Bank Loans Payable	210,000	—	—	**210,000**	—
Debt Retired Through Income (Statement F)	970,417	—	—	**970,417**	908,583
Reserves	—	143,727	—	**143,727**	112,763
Accounts Payable and Other Liabilities	39,905	—	43,065	**82,970**	54,795
Provision for Self-Insurance	—	—	10,051	**10,051**	9,396
Deferred Credits to Income	—	—	4,057	**4,057**	4,408
Total Liabilities	$2,399,821	$143,727	$57,173	**$2,600,721**	$1,996,436

See Notes to Financial Statements

Notes to Financial Statements

December 31, 1968

Note A—Accounting Principles:

1. The Port of New York Authority, created in 1921 by compact between the States of New York and New Jersey with the consent of Congress, has no stockholders or equity holders; all revenues or other cash received must be disbursed for specific purposes in accordance with provisions of various statutes and agreements with holders of its bonds and others. The accounts of the Authority are maintained in accordance with generally accepted accounting principles appropriate in the circumstances.

2. The Authority's bond resolutions provide that operating expenses shall not include any allowance for depreciation. However, recovery of facility costs is accomplished through deductions from revenues and reserves of amounts equal to payments to sinking funds and other principal payments on bonded debt. These deductions are credited at par to the account "debt retired through income."

3. The amount "invested in facilities" consists primarily of expenditures, including the expenditure of federal and state grants, to acquire, construct, place in operation and improve the facilities of the Port Authority and includes net discount and expense incurred in connection with bonds and notes issued for construction purposes as well as net interest expense during the period of construction.

4. The statement of combined total revenues and reserves is presented for general information purposes only and the amounts stated do not represent revenues applicable to any particular type of bonds. Debt service on each type of bonds is secured, first, by revenues of certain facilities as set forth in the various bond resolutions and, secondly, by the General Reserve Fund. The amount and disposition of revenues applicable to each type of bonds are set forth in Statement C and the amount and disposition of revenues applicable to the reserve funds are shown in Statement D.

5. Investments in long term and short term United States securities are stated at the lower of their respective aggregate amortized cost or market value. Investments in Port Authority bonds are stated at their amortized cost.

6. Pursuant to bi-state legislation, the Authority is authorized and empowered, upon the election of either state, to purchase and lease railroad cars to commuter railroads of the electing state, and to borrow money for such purpose or for the repayment of advances from the electing state. By resolution dated April 12, 1962, the Authority established an issue of New York State Guaranteed Commuter Car Bonds. Such Car Bonds are secured by the net revenues of the Authority arising out of the lease of commuter railroad cars. Car Bonds are not secured by any other revenues, reserves or assets of the Authority, are not general obligations of the Authority and are not secured by the full faith and credit of the Authority. In the event that lease revenues are not sufficient to provide for scheduled payment of principal and interest, the punctual payment of such debt service is fully and unconditionally guaranteed by the electing state. Accordingly, the financial position of this program is presented separately in Statement K, and the assets and liabilities of the program are not included in any of the other accompanying financial statements of the Authority.

Note B—Commitments:

At December 31, 1968, the Authority was committed under various contracts to the completion over the next three or four years of approximately $250,000,000 of construction.

Note C—Leases:

LaGuardia Airport and John F. Kennedy International Airport are leased from the City of New York for a term expiring in the year 2015. Port Newark and Newark Airport are leased from the City of Newark for a term expiring in the year 2016.

The Hoboken-Port Authority Marine Terminal is leased from the City of Hoboken under a lease which will expire in the year 2002, unless a fifty-year extension is executed by then.

Certain parcels of the property at the Brooklyn-Port Authority Marine Terminal are held under two leases from the City of New York for terms expiring in the years 2011 and 2018.

Minimum annual rentals under the above leases presently aggregate approximately $3,200,000. Additional rentals are payable if earned in connection with certain of these leases.

The Authority has authorized a lease with the City of New York for the development of a consolidated passenger ship terminal, and for the interim operation of existing passenger piers, on the Hudson River on the west side of Manhattan Island. The lease would become effective upon the execution of certain ancillary agreements by the Authority, the City of New York, and passenger steamship lines, and the initial lease term would expire twenty years after commencement of operations at the new terminal. The basic annual rental under this lease will average approximately $4,650,000.

Note D—Financing:

1. In December, 1968, the Authority obtained a loan maturing in 1975 from banks and trust companies located in New York and New Jersey in an amount aggregating $210,000,000, with interest at 4¼ percent per annum, payable semi annually, for capital expenditures in connection with one or more facilities of the Authority. The loan is payable in annual instalment amounts of the lesser of $35,000,000 or net revenues legally available therefor (after paying related interest) in the Special Reserve Fund, Air Terminal Reserve Fund, Marine Terminal Reserve Fund and Consolidated Bond Reserve Fund as provided in the Authority's bond resolutions establishing such Funds, and may be prepaid in whole or in part on any interest date after June 20, 1969. Payment of the loan and interest thereon is subject in all respects to the payment of debt service on the Authority's General and Refunding Bonds, Air Terminal Bonds, Marine Terminal Bonds and Consolidated Bonds and Consolidated Notes, as required by the applicable provisions of the Authority's bond resolutions, and to the payment into the General Reserve Fund of the amount necessary so as to maintain such Fund at the amount specified in the General Reserve Fund statutes. Neither the loan nor the interest thereon is secured by or payable from the General Reserve Fund.

2. On February 6, 1969, the Authority issued $60,000,000 Consolidated Notes, Series V, due December 15, 1969 at an average net interest cost of 4.578 percent per annum.

Note E—General:

Pursuant to legislative and judicial authorizations, the Authority on September 1, 1962 acquired by condemnation the former Hudson & Manhattan Railroad through the Port Authority Trans-Hudson Corporation, a subsidiary of The Port of New York Authority established for that purpose. The accounts of the subsidiary corporation are consolidated in the accompanying Port Authority financial statements as accounts of a facility whose net revenues are first pledged for Consolidated Bonds.

In October, 1967, the New York Court of Appeals decided that the amount to be paid by the Port Authority Trans-Hudson Corporation to the Hudson Rapid Tubes Corporation for condemnation of the Hudson Rapid Tubes railroad should be $30,000,000, exclusive of interest, for the tunnels and subways and remanded to the Trial Court for its redetermination, its $20,000,000 award for non-tunnel properties, and $5,000,000 award for going concern value. In April, 1968, the United States Supreme Court refused to review the decision of the New York Court of Appeals. In May, 1968, in addition to the $3,000,000 previously advanced to the Hudson Rapid Tubes Corporation, the Port Authority Trans-Hudson Corporation paid about $35,500,000, including interest, to the Hudson Rapid Tubes Corporation for the tunnels and subways in full satisfaction of the judgment for the tunnels and subways. In November, 1968, the Port Authority Trans-Hudson Corporation paid to the Hudson Rapid Tubes Corporation approximately $14,635,000, including interest, in full settlement of the value of the remaining properties, including going concern value. This settlement concluded the condemnation proceedings.

By condemnation proceedings in the New York State Supreme Court, the Authority has acquired title, for purposes of the World Trade Center, to all of the non-governmentally owned real property located in the Hudson Tubes-World Trade Center area as defined by statute. That portion of the total acquisition cost which will be accounted for by condemnation awards for the property is dependent upon final judicial determination. Port Authority capital accounts include about $16,-000,000 representing sums advanced therefor to condemnees to December 31, 1968.

STATEMENT C **Operating Fund Revenues** Year Ended December 31, 1968

	Related to: General and Refunding Bonds	Related to: Air Terminal Bonds	Related to: Marine Terminal Bonds	Consolidated Bonds	**Combined Total**
	(In Thousands)				
Gross Operating Revenues	$89,431	$101,979	$9,356	$26,165	**$226,931**
Operating Expenses	41,312	54,216	3,790	24,513	**123,831**
Net Operating Revenues	48,119	47,763	5,566	1,652	**103,100**
Financial Income					
Income on investments—net	2,232	784	90	—	**3,106**
Security valuation adjustment	(762)	(421)	(44)	—	**(1,227)**
Net Revenues	49,589	48,126	5,612	1,652	**104,979**
Debt Service					
Interest on bonded debt	356	1,154	112	22,958	**24,580**
Serial maturities and sinking fund requirements	963	3,295	283	20,402	**24,943**
Short term note retirements	—	—	—	28,000	**28,000**
Total Debt Service	1,319	4,449	395	71,360	**77,523**
Transfers to and (from) Reserves	48,270	43,677	5,217	(69,708)	**27,456**
Analysis of Transfers					
From Reserves—to cover net deficit	—	—	—	(69,708)	**(69,708)**
To General Reserve—to bring to 10% of bonded debt	46,409	41,993	5,016	—	**93,418**
To Special Reserves	1,861	1,684	201	—	**3,746**
Net Transfers	$48,270	$ 43,677	$5,217	$(69,708)	**$ 27,456**

STATEMENT D **Analysis of Reserve Funds** Year Ended December 31, 1968

	General Reserve Fund	Special Reserve Fund	Air Terminal Reserve Fund	Marine Terminal Reserve Fund	**Combined Total**
	(In Thousands)				
Balance—January 1, 1968	$ 90,649	$12,642	$ 8,364	$1,108	**$112,763**
Income on investments—net	6,144	856	567	76	**7,643**
Security valuation adjustment	(2,553)	(356)	(236)	(32)	**(3,177)**
	94,240	13,142	8,695	1,152	**117,229**
Appropriations for:					
Debt retirement acceleration—payments to sinking funds	—	958	—	—	**958**
Total	94,240	12,184	8,695	1,152	**116,271**
Transfers (to) and from Operating Funds:					
Deficit related to Consolidated Bonds	(69,708)	—	—	—	**(69,708)**
Revenues related to:					
General and Refunding Bonds	46,409	1,861	—	—	**48,270**
Air Terminal Bonds	41,993	—	1,684	—	**43,677**
Marine Terminal Bonds	5,016	—	—	201	**5,217**
Net transfers	23,710	1,861	1,684	201	**27,456**
Balance—December 31, 1968	$117,950	$14,045	$10,379	$1,353	**$143,727**
Represented by:					
Investment in securities	$116,770	$13,905	$10,276	$1,339	**$142,290**
Cash	1,180	140	103	14	**1,437**

See Notes to Financial Statements

STATEMENT E **Capital Funds** Assets and Liabilities December 31, 1968

	Related to facilities the net revenues of which are first pledged for				
	General and Refunding Bonds	Air Terminal Bonds	Marine Terminal Bonds	Consolidated Bonds	**Combined Total**
		(In Thousands)			
Assets					
Invested in Facilities					
Completed construction—owned	$606,434	$ 10,858	$ —	$ 258,738	**$ 876,030**
Completed construction—leased	—	589,695	95,516	23,954	**709,165**
Construction in progress	16,803	78,599	9,926	196,036	**301,364**
	623,237	679,152	105,442	478,728	**1,886,559**
Investment in Securities	1,210	32	20	187,364	**188,626**
Cash and Time Deposits	2,054	55	33	318,227	**320,369**
Other Assets	735	2,587	1	944	**4,267**
Total Assets	627,236	681,826	105,496	985,263	**2,399,821**
Liabilities					
Bonded Debt (Statement H)	19,661	39,870	4,336	1,115,632	**1,179,499**
Bank Loans Payable	—	—	—	210,000	**210,000**
Interfund Accounts	312,383	569,115	94,315	(975,813)	**—**
Debt Retired Through Income (Statement F)	293,313	56,225	5,664	615,215	**970,417**
Accounts Payable and Other Liabilities	1,879	16,616	1,181	20,229	**39,905**
Total Liabilities	$627,236	$681,826	$105,496	$ 985,263	**$2,399,821**

See Notes to Financial Statements

STATEMENT F **Debt Retired Through Income** Year Ended December 31, 1968 (In Thousands)

Debt Retired Through Income	
Balance at January 1	$871,733
Net revenues and reserves applied to retirement of debt as detailed in Statement H	54,992
Total	926,725
Contributed by Federal and State Agencies in Aid of Construction	
Balance at January 1	44,018
Amounts received under Federal Airport Act	2,645
Amounts received under Urban Mass Transportation Act	4,197
Total	50,860
Appropriated Reserves Invested in Facilities	
Balance at January 1 and December 31	8,468
	986,053
Less:	
Cost of Refunding and Consolidating Debt	
Balance at January 1 and December 31	15,636
Total	$970,417

STATEMENT G **Investment in Securities** December 31, 1968

	Principal Amount	Quoted Market Value (In Thousands)	Amortized Cost
Short Term			
United States Treasury Bills	$150,807	$146,313	$146,534
United States Treasury Notes	46,000	45,813	46,000
Security valuation allowance at December 31, 1968			(408)
Total Short Term	196,807	192,126	192,126
Long Term			
Federal National Mortgage Association Participation Certificates	67,280	60,840	66,368
Export-Import Bank Participation Certificates	34,025	31,997	34,665
United States Treasury Notes	500	487	500
United States Treasury Bonds	52,379	39,838	52,198
Security valuation allowance at December 31, 1968			(20,569)
Total Long Term United States Securities	154,184	133,162	133,162
The Port of New York Authority Bonds	15,214	11,290	13,187
Total Long Term	$169,398	$144,452	146,349
Accrued Interest Receivable			2,942
Total Investment in Securities			$341,417

See Notes to Financial Statements

STATEMENT H **Bonded Debt** Year Ended December 31, 1968

		January 1, 1968	Issued	Retired	December 31, 1968
		(In Thousands)			
General and Refunding Bonds					
Eighth Series,	2% due 1974	$ 7,370	$ —	$ 1,052	$ 6,318
Ninth Series,	1½% due 1985	4,527	—	473	4,054
Tenth Series,	1¾% due 1985	2,459	—	445	2,014
Eleventh Series,	1¼% due 1986	7,934	—	659	7,275
		22,290	—	2,629	19,661
Air Terminal Bonds					
First Series,	3% due 1978	18,003	—	1,570	16,433
Second Series,	2½% due 1979	18,309	—	1,467	16,842
Third Series,	2.20% due 1980	7,120	—	525	6,595
		43,432	—	3,562	39,870
Marine Terminal Bonds					
First Series,	2½% due 1978	3,325	—	297	3,028
Second Series,	2.20% due 1980	1,308	—	—	1,308
		4,633	—	297	4,336
Consolidated Bonds					
First Series,	3% due 1982	22,006	—	1,249	20,757
Second Series,	2¾% due 1984	18,422	—	462	17,960
Fourth Series,	2¾% due 1985	27,000	—	1,000	26,000
Fifth Series,	2.90% due 1983	14,890	—	390	14,500
Sixth Series,	3% due 1986	23,400	—	600	22,800
Seventh Series,	3.40% due 1986	20,500	—	600	19,900
Eighth Series,	3.40% due 1987	41,000	—	1,000	40,000
Ninth Series,	3½% due 1968-1975	10,800	—	1,350	9,450
Tenth Series,	3¾% due 1987	29,400	—	900	28,500
Eleventh Series,	2¾% due 1968-1969	4,000	—	2,000	2,000
	3% due 1970-1978	18,000	—	—	18,000
Twelfth Series,	3⅜% due 1988	33,530	—	280	33,250
Thirteenth Series,	3.40% due 1968-1969	2,500	—	1,250	1,250
	3½% due 1970-1977	10,000	—	—	10,000
	2¾% due 1978	1,250	—	—	1,250
Fourteenth Series,	3⅝% due 1989	51,095	—	1,155	49,940
Fifteenth Series,	4% due 1968-1975	14,000	—	1,750	12,250
	4.10% due 1976-1979	7,000	—	—	7,000
Sixteenth Series,	4¼% due 1989	21,650	—	—	21,650
Seventeenth Series,	3.40% due 1968	1,500	—	1,500	—
	3½% due 1969-1975	10,500	—	—	10,500
	3.70% due 1976-1979	6,000	—	—	6,000
	1% due 1980	1,500	—	—	1,500
Eighteenth Series,	3.10% due 1968-1969	3,500	—	1,750	1,750
	3¼% due 1970-1975	10,850	—	—	10,850
	3½% due 1976-1981	12,600	—	—	12,600
Nineteenth Series,	3½% due 1991	23,743	—	493	23,250
Twentieth Series,	3¼% due 1993	35,000	—	525	34,475
Twenty-first Series,	3.40% due 1993	25,000	—	375	24,625
Twenty-second Series,	3⅜% due 1993	25,000	—	375	24,625
Twenty-third Series,	3⅜% due 1994	25,000	—	—	25,000
Twenty-fourth Series,	3½% due 1994	25,000	—	—	25,000
Twenty-fifth Series,	3.20% due 1968-1973	9,000	—	1,500	7,500
	3% due 1974-1978	7,500	—	—	7,500
	3.10% due 1979-1980	3,000	—	—	3,000
	3.20% due 1981-1984	6,000	—	—	6,000
Twenty-sixth Series,	3½% due 1995	35,000	—	—	35,000
Twenty-seventh Series,	3⅜% due 1995	25,000	—	—	25,000
Twenty-eighth Series,	3⅜% due 1996	25,000	—	—	25,000
Twenty-ninth Series,	3½% due 1996	25,000	—	—	25,000
Thirtieth Series,	3⅝% due 1998	25,000	—	—	25,000
Thirty-first Series,	4% due 2002	100,000	—	—	100,000
Thirty-second Series,	5% due 2003	—	100,000	—	100,000
Thirty-third Series,	4¾% due 2003	—	100,000	—	100,000
Thirty-fourth Series,	5½% due 2003	—	100,000	—	100,000
		836,136	300,000	20,504	1,115,632
Consolidated Notes					
Series U	4% due December 30, 1968	—	60,000	28,000	—
Refunded		—	(32,000)	—	—
		836,136	328,000	48,504	1,115,632
Total Bonded Debt		$906,491	$328,000	$54,992	$1,179,499

See Notes to Financial Statements

STATEMENT I **Bonded Debt Amortization 1969-2003** December 31, 1968 (In Thousands)

Year	Debt Service Total All Issues Par Value: $1,179,499 Total	Interest	Amortization	Amortization: Consolidated Bonds	General and Refunding Bonds	Air Terminal Bonds	Marine Terminal Bonds
1969	$ 71,655	$ 44,639	$ 27,016	$ 21,818	$ 1,215	$ 3,679	$ 304
1970	71,800	43,894	27,906	22,548	1,238	3,772	348
1971	72,246	43,005	29,241	23,656	1,263	3,873	449
1972	72,633	42,066	30,567	24,859	1,288	3,960	460
1973	73,189	41,076	32,113	26,192	1,385	4,065	471
1974	74,134	40,016	34,118	28,849	613	4,174	482
1975	74,769	38,883	35,886	30,165	941	4,286	494
1976	72,969	37,733	35,236	29,296	1,033	4,401	506
1977	73,050	36,574	36,476	30,245	1,193	4,520	518
1978	74,984	35,298	39,686	35,793	1,211	2,531	151
1979	73,910	33,917	39,993	37,944	1,228	667	154
1980	73,448	32,549	40,899	39,652	1,247		
1981	71,825	31,157	40,668	39,404	1,264		
1982	70,152	29,798	40,354	39,072	1,282		
1983	70,704	28,364	42,340	41,040	1,300		
1984	72,190	26,827	45,363	44,045	1,318		
1985	70,281	25,199	45,082	44,440	642		
1986	71,345	23,475	47,870	47,870			
1987	66,269	21,669	44,600	44,600			
1988	59,731	20,056	39,675	39,675			
1989	57,026	18,476	38,550	38,550			
1990	55,038	16,988	38,050	38,050			
1991	53,477	15,427	38,050	38,050			
1992	50,923	13,873	37,050	37,050			
1993	49,341	12,291	37,050	37,050			
1994	43,437	10,787	32,650	32,650			
1995	38,777	9,377	29,400	29,400			
1996	33,570	8,070	25,500	25,500			
1997	29,229	6,979	22,250	22,250			
1998	28,414	5,914	22,500	22,500			
1999	26,851	4,851	22,000	22,000			
2000	25,778	3,778	22,000	22,000			
2001	24,706	2,706	22,000	22,000			
2002	23,533	1,533	22,000	22,000			
2003	17,502	502	17,000	17,000			
Total	$1,988,886	$807,747	$1,181,139	$1,117,213	$19,661	$39,928	$4,337

NOTES: Includes all mandatory payments (including sinking fund requirements and serial maturities) whether payable from revenues or other sources, upon the assumption that: (1)—the presently outstanding bonds will not be retired prior to maturity except in accordance with the mandatory retirement provisions of the resolutions establishing the series of which such bonds form a part; (2)—the amortization payment will be made each year on the latest permissible date on which such payment is required to be made; (3)—such payments will be in the amount scheduled to be made for such year. Interest shown under "Debt Service Total All Issues" is computed on the same assumptions as amortization. The above amortization and interest amounts do not include either interest or annual instalment payments on the $210,000,000 bank loans maturing in 1975. See Note D to Financial Statements for details concerning such payments.

See Notes to Financial Statements

STATEMENT J **Selected Financial Data—A Ten-Year Comparison** (In Thousands)

	1968	1967	1966	1965	1964	1963	1962	1961	1960	1959
Net Revenues (A)										
Gross Operating Revenues	**$ 226,931**	$ 207,511	$ 189,953	$ 178,630	$ 167,256	$ 154,025	$ 135,059	$ 123,267	$ 115,370	$ 105,663
Operating Expenses	**123,831**	110,095	102,113	98,901	89,177	79,797	65,742	56,018	52,688	45,606
Net Operating Revenues	**103,100**	97,416	87,840	79,729	78,079	74,228	69,317	67,249	62,682	60,057
Other Income (B)	**10,749**	7,792	6,893	5,553	5,123	4,825	4,806	4,339	4,690	3,600
Net Revenues	**113,849**	105,208	94,733	85,282	83,202	79,053	74,123	71,588	67,372	63,657
Interest on Bonded Debt	**24,580**	23,254	22,369	21,249	20,291	18,752	16,280	14,807	13,291	11,229
Net Revenues after Interest	**89,269**	81,954	72,364	64,033	62,911	60,301	57,843	56,781	54,081	52,428
Times, Interest Earned	**4.63**	**4.52**	**4.24**	**4.01**	**4.10**	**4.22**	**4.55**	**4.83**	**5.07**	**5.67**
Mandatory Long Term Debt Retirements	**24,943**	23,139	21,407	21,384	19,849	20,264	20,777	19,002	17,450	16,718
Net Revenues after Debt Service (C)	**$ 64,326**	$ 58,815	$ 50,957	$ 42,649	$ 43,062	$ 40,037	$ 37,066	$ 37,779	$ 36,631	$ 35,710
Times, Debt Service Earned	**2.30**	**2.27**	**2.16**	**2.00**	**2.07**	**2.03**	**2.00**	**2.12**	**2.19**	**2.28**
Net Changes in Reserves										
Transferred from Revenues (above)	**$ 64,326**	$ 58,815	$ 50,957	$ 42,649	$ 43,062	$ 40,037	$ 37,066	$ 37,779	$ 36,631	$ 35,710
Short Term Note Retirements	**(28,000)**	(46,000)	(40,000)	(31,500)	(33,000)	(33,000)	(31,000)	(32,000)	(35,000)	(24,000)
Long Term Debt Retirement Acceleration	**(958)**	(2,531)	(1,195)	(3,551)	(3,147)	(2,590)	(2,038)	(489)	(1,021)	(925)
Adjustment of Securities to Market Value (D)	**(4,404)**	(7,709)	(414)	(4,010)	107	(2,968)	2,311	(1,943)	6,598	(3,610)
Net Change	**$ 30,964**	$ 2,575	$ 9,348	$ 3,588	$ 7,022	$ 1,479	$ 6,339	$ 3,347	$ 7,208	$ 7,175
Reserves— At Year End										
General Reserve	**$ 117,950**	$ 90,649	$ 83,285	$ 85,593	$ 80,611	$ 73,950	$ 68,761	$ 62,609	$ 61,083	$ 57,481
G & R Special Reserve	**14,045**	12,642	15,219	9,090	10,352	10,781	12,955	13,305	12,513	10,535
Air Terminal Reserve	**10,379**	8,364	10,051	5,299	5,413	4,423	5,826	5,377	4,468	3,088
Marine Terminal Reserve	**1,353**	1,108	1,633	858	876	1,076	1,209	1,121	1,001	753
Total	**$ 143,727**	$ 112,763	$ 110,188	$ 100,840	$ 97,252	$ 90,230	$ 88,751	$ 82,412	$ 79,065	$ 71,857
Bonded Debt— At Year End										
General and Refunding Bonds	**$ 19,661**	$ 22,290	$ 24,490	$ 25,717	$ 27,035	$ 33,190	$ 38,761	$ 46,077	$ 51,782	$ 58,566
Air Terminal Bonds	**39,870**	43,432	46,902	50,280	53,548	56,330	59,898	62,829	64,512	65,895
Marine Terminal Bonds	**4,336**	4,633	5,360	5,643	5,777	6,543	6,913	7,276	7,630	7,976
Consolidated Bonds	**1,115,632**	836,136	756,097	774,288	719,749	643,434	582,041	509,911	486,903	442,372
Total	**$1,179,499**	$ 906,491	$ 832,849	$ 855,928	$ 806,109	$ 739,497	$ 687,613	$ 626,093	$ 610,827	$ 574,809
Invested in Facilities— At Year End	**$1,886,559**	$1,683,799	$1,584,037	$1,503,765	$1,402,722	$1,327,956	$1,224,227	$1,116,109	$1,012,541	$ 920,250
Debt Retirement Through Revenues and Reserves										
Annually	**$ 54,992**	$ 72,358	$ 63,079	$ 56,681	$ 56,388	$ 56,116	$ 54,480	$ 51,734	$ 53,982	$ 42,190
Cumulative	**926,725**	871,733	799,375	736,296	679,615	623,227	567,111	512,631	460,897	406,915

(A) These combined totals are presented for general information purposes only; the net revenues of the various facilities for the years listed were pledged in support of particular issues of bonds without availability for other bonds or for expenses of facilities financed by other bonds, except, under limited circumstances, through the medium of certain reserve funds.

(B) Other income includes income from investment of reserves and net operating revenues and other miscellaneous items.

(C) Net deficits of facilities the net revenues of which are first pledged to Consolidated Bonds were met by payments from Reserves; they are not shown in this Statement as deductions from reserves, but rather reduce the annual amounts otherwise available for reserves to produce the annual amounts shown above as "Net Revenues after Debt Service." Short term note retirements are shown under "Net Changes in Reserves." Any balance of short term maturities was refunded with the proceeds of bond issues.

(D) Investments are carried at their aggregate amortized cost or market value, whichever is lower, except that for the years 1968 and 1967 investments in Port Authority bonds are carried at their amortized cost.

See Notes to Financial Statements

The Port of New York Authority
New York State Commuter Car Program
Assets and Liabilities

	December 31, 1968 — Related to cars — leased to The Metropolitan Transportation Authority	December 31, 1968 — Related to cars — leased to The Penn Central Rail Road Company	December 31, 1968 — Combined Total	December 31, 1967 — Total
	(In Thousands)			
Assets				
Invested in commuter cars	$ 2,650	$14,250	**$16,900**	$14,250
Investment in U.S. Government Securities	30,862	—	**30,862**	—
Cash	9	10	**19**	326
Other assets	—	67	**67**	7
Total assets	33,521	14,327	**47,848**	14,583
Liabilities				
State Guaranteed Commuter Car Bonds	32,500	11,310	**43,810**	11,880
Debt retired through income	—	2,940	**2,940**	2,370
Accounts payable and other liabilities	1,021	77	**1,098**	333
Total liabilities	$33,521	$14,327	**$47,848**	$14,583

NOTE: The Authority presently plans to issue additional State Guaranteed Commuter Car Bonds in the amount of up to $32,500,000 in order to complete the financing of 278 railroad cars for The Metropolitan Transportation Authority.

See Note A-6 to Financial Statements

Credits:

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