



**ANNUAL REPORT
FOR THE YEAR ENDED
JUNE 30, 1958**

Annual Report

for the year

July 1, 1957 to June 30, 1958

**New York City
Transit Authority**

January 1959

NEW YORK CITY TRANSIT AUTHORITY

370 JAY STREET
BROOKLYN 1, N. Y.

TELEPHONE ULSTER 2-5000

MEMBERS

CHARLES L. PATTERSON
Chairman

E. VINCENT CURTAYNE
JOSEPH E. O'GRADY

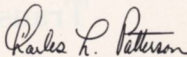
THOMAS J. McLERNON
General Manager

DANIEL T. SCANNELL
General Counsel

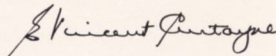
LLOYD PETERSON
Secretary

January 15, 1959

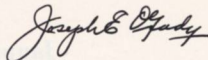
In accordance with the provisions of the Public Authorities Law there is presented herewith the Annual Report of the New York City Transit Authority for the fiscal year ended June 30, 1958 setting forth the operations, the financial condition, and the receipts and expenditures of the Authority during the year.



CHARLES L. PATTERSON, *Chairman*



E. VINCENT CURTAYNE, *Member*



JOSEPH E. O'GRADY, *Member*

INTRODUCTION

The fiscal year ended June 30, 1958 was a difficult one for the New York City Transit Authority, an experience that it shared with most business and industry.

There had been indications in the preceding year that the long-term trend of decreasing riding was ending. But an influenza epidemic, an unjustified strike by Motormen, and a business recession all acted to reduce the number of passengers carried this year. While there were signs of nationwide economic recovery at the end of the year, unemployment in New York City remained high, with a continuing adverse effect on riding.

At the same time operating expenses increased as a result of the continued general price inflation, and a new labor contract at the higher wage rates prevailing in the industry.

The year therefore ended with an operating deficit despite progress toward greater efficiency and economy in operations.

A continuation of these trends will result in the depletion of the operating surplus accumulated in prior years, and by law may force consideration of a fare increase in 1959. While every effort will be made to avoid an increase in fare, this Authority cannot reasonably be expected to be exempt from the nationwide economic drift toward an inflation marked by ever-higher cost and wage levels. It will neither reduce necessary service nor lower its standards of maintenance merely to cut costs. The public is entitled to good service with properly maintained equipment, and the Authority is convinced that its riders will willingly pay a fair price for such service.

Despite the unfavorable financial picture, the year was one of continued progress in rehabilitating the physical transit plant, in the acquisition of new rolling stock, in the construction of new facilities, and in the improvement of the cleanliness, appearance and comfort of stations, cars and buses.

	Total New York City Transit System		
	Fiscal Year Ended		Change
Revenue	June 30, 1957	June 30, 1958	
From Passengers	\$258.1	\$ 252.1	\$ -6.0
From Other Sources	6.4	6.7	+0.3
Total	<u>\$264.5</u>	<u>\$ 258.8</u>	<u>\$ -5.7</u>
Expenses			
For Salaries, Wages and Associated Personnel Costs.....	\$206.6	\$ 215.6	\$ +9.0
For Materials, Supplies, Power	33.5	34.3	+0.8
For Reserves	11.1	11.3	+0.2
For Other Purposes	6.8	8.7	+1.9
Total	<u>\$258.0</u>	<u>\$ 269.9</u>	<u>\$ +11.9</u>
Excess of Revenue over Expenses	<u>\$ 6.5</u>	<u>\$ -11.1</u>	<u>\$ -17.6</u>

* \$6,904.69

The preceding year's operations resulted in an excess of revenues over expenditures of \$6,500,000. This year ended with a deficit in operations of \$11,100,000, resulting mainly from the decrease in passenger revenues of \$6,000,000, and an increase in salaries, wages, and associated personnel costs, of \$9,000,000. Total costs for salaries, wages and employee benefits amounted to over 83% of total revenues.

REVENUES

Prior to the start of the year, when the operating budget was being prepared, the Authority had esti-

mated that passenger revenues would be the same as during the preceding year. All indications were that the trend of declining passenger revenues had halted. This prediction was borne out for the first three months of the year; in fact, by the end of September 1957 the system had carried 3,600,000 more passengers than in the corresponding months ended September 30, 1956. The influenza epidemic during October and November 1957 more than wiped out this gain. The strike of Motormen in December caused a further loss of riders. Then rising unemployment in New York City, starting in January and February, and still persisting, led to a continuing loss of passengers.

OF OPERATIONS

OPERATING RESULTS

(millions)

Rapid Transit Lines			Surface Lines		
June 30, 1957	Fiscal Year Ended June 30, 1958	Change	June 30, 1957	Fiscal Year Ended June 30, 1958	Change
\$200.7	\$195.4	\$ -5.3	\$57.4	\$ 56.7	\$ -0.7
5.9	6.2	+0.3	0.5	0.5
<u>\$206.6</u>	<u>\$201.6</u>	<u>\$ -5.0</u>	<u>\$57.9</u>	<u>\$ 57.2</u>	<u>\$ -0.7</u>
\$158.0	\$165.8	\$ +7.8	\$48.6	\$ 49.8	\$ +1.2
28.6	29.7	+1.1	4.9	4.6	-0.3
8.7	8.8	+0.1	2.4	2.5	+0.1
4.8	6.6	+1.8	2.0	2.1	+0.1
<u>\$200.1</u>	<u>\$210.9</u>	<u>\$ +10.8</u>	<u>\$57.9</u>	<u>\$ 59.0</u>	<u>\$ +1.1</u>
<u>\$ 6.5</u>	<u>\$ -9.3</u>	<u>\$ -15.8</u>	<u>\$ *</u>	<u>\$ -1.8</u>	<u>\$ -1.8</u>

The operation of these factors resulted in a decline during the year of \$5,300,000, or 2.6%, in passenger revenue on the rapid transit lines, and \$700,000, or 1.2%, on the surface lines. One reason for the smaller decrease on the surface lines was an increase in the number of school children carried. While these children who ride at a reduced fare do not produce a proportional increase in revenue, they do contribute to the total.

The number of school children carried on the system increased both numerically and as a proportion of the total number of passengers. This increase in the proportion of school children re-

duced the average fare collected on the system, including the Rockaway Line, from 14.58¢ last year to 14.55¢ this year. Based on the total number of passengers carried this represents a decrease in fare revenue of over \$525,000. On the surface lines, because of the high proportion of school children, the average fare collected was only 13.73¢.

The increased revenue of \$300,000 from other sources was made up of small increases in revenues from advertising and other concessions, in interest earned on funds in time deposits, and a small profit from the sale of securities.

EXPENSES

The major increase in expenses was in the costs for personnel. The \$9,000,000 total increase was the result of hourly wage increases of 3¢ per hour effective July 1, 1957; 15¢ per hour across the board, plus a wage inequity adjustment averaging 31½¢ per hour effective January 1, 1958; mandatory increments under the Career and Salary Plan; and the granting of Social Security coverage, retroactive to March 15, 1956, to those employees desiring it. The Transit Authority cost this year for Social Security coverage was \$3,400,000.

Personnel costs would have been much higher had not the Authority's efforts to increase efficiency in all operating, maintenance and administrative activities resulted in a reduction of 1330 operating employees during the year. Without this decrease in the number of employees, personnel costs would have been \$6,000,000 higher for the year, at current rates of pay.

Since this Authority took office in July 1955, the reductions made in personnel, entirely by attrition and without forced separations, are now yielding savings in over-all personnel costs at the rate of approximately \$25,000,000 per year.

Despite decreases in some usage of materials as a result of the receipt of new buses and cars, over-all costs for Materials, Supplies and Power increased. These increases were caused in large part by the rise in prices, and increased use of maintenance materials in an accelerated program of rehabilitation of tracks and structures.

Reserves for Deferred Maintenance were \$200,000 less than in the last year. At the end of the year this fund had been almost entirely committed for specific projects and in large part expended.

Reserves for Public Liability and Workmen's Compensation were each increased by a small amount, reflecting the experience of increased cost of claims and judgments. The net result was a total increase of \$200,000 in Reserves.

Miscellaneous expenditures grouped under the heading, Other Purposes, reflect the increased costs

of various contractual services purchased by the Authority and greater expenditures for the rental of mechanical equipment used in the accelerated program of track maintenance and rehabilitation.

SURPLUS

The accumulated Excess of Revenues over Expenditures shown in the last Annual Report as of June 30, 1957 was \$24,352,000. During the year this was increased by adjustments made in the Authority's payments to the New York City Employees' Retirement System, and was diminished by the payment for retroactive Social Security coverage for prior years. After these adjustments the surplus for the period ended June 30, 1957 became \$28,300,000. Deducting this year's deficit in operations of \$11,100,000, leaves a surplus of \$17,200,000 as shown in the financial tables in this report.

TRENDS IN RIDING

As stated earlier, riding trends were generally unfavorable. It can only be hoped that the specific factors to which much of the decline can be attributed will not recur in the next year and that riding will recover. The persisting high unemployment in New York City will continue to have a direct adverse effect on riding since such a large proportion of passengers are people traveling to and from work, and will indirectly affect riding for other purposes.

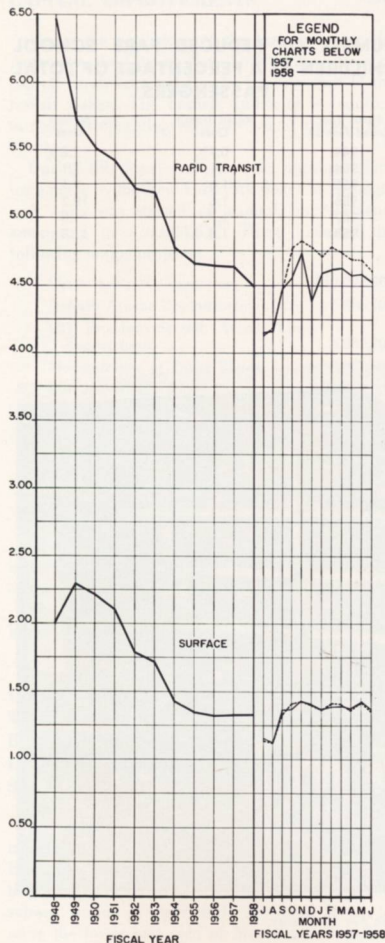
The graph of average number of passengers per week-day shows the impact and continued effect of the factors discussed earlier in this report.

In total the system carried 1,733,000,000 passengers, a decrease of 37,000,000 from the preceding year.

The trend of decreasing use of the transit system on Saturdays, Sundays and Holidays, is continuing, as shown by the following table:

NEW YORK CITY TRANSIT AUTHORITY
AVERAGE NUMBER OF PASSENGERS
PER WEEK DAY BY YEARS 1948-1958
& BY MONTHS FOR THE FISCAL YEARS 1957-1958

MILLIONS



AVERAGE NUMBER OF SATURDAY, SUN-
DAY AND HOLIDAY PASSENGERS AS A
PERCENTAGE OF AVERAGE WEEKDAY
PASSENGERS

Fiscal Year Ended June 30	Rapid Transit Lines	Surface Lines	System Total
1956	38.64%	51.85%	41.60%
1957	39.03	50.96	41.73
1958	37.22	48.66	39.86

It had been hoped that the slight increase in week-end and holiday riding shown on the rapid transit lines in 1957 might be the beginning of a reversal in this trend. However, 1958 brought no improvement.

Peak hour riding showed a significant decrease on the rapid transit lines, where such a distribution of riding by hour can readily be obtained. This is shown in the following table:

PEAK HOUR RAPID TRANSIT PASSEN-
GERS AS A PERCENTAGE OF 24 HOUR
TOTAL ON A TYPICAL WEEKDAY

Fiscal Year Ended June 30	Heaviest Morning Hour 8-9 AM	Heaviest Evening Hour 5-6 PM
1956	14.48%	15.59%
1957	14.30	15.41
1958	13.47	14.80

	Two Morning Peak Hrs. 7-9 AM	Three Evening Peak Hours 4-7 PM
1956	27.11%	31.75%
1957	26.83	31.61
1958	25.91	30.84

In a period of increasing riding this would have been a most encouraging sign of increased transit patronage during non-rush hours. In present circumstances it is probably a reflection of the fact that fewer people were employed in New York City during the first six months of 1958, and of the increasing proportion of school children among transit passengers.

Despite the over-all decrease in passengers there was an increase in the number of school children carried at reduced fares of 5¢ per ride or less. The total number carried on the system during the year increased nearly 4,400,000 over last year to a

total of 72,400,000, made up of 49,100,000 on the surface lines and 23,300,000 on the rapid transit lines.

With decreasing revenues the burden placed on the other riders by the transportation of these children at reduced fare is becoming more onerous. In addition to the reduced revenue derived from these children, they often require special buses on the surface lines, and contribute more than their share to operating expenses by deliberate acts of vandalism, and damage to equipment through carelessness. The propriety of having the transit rider subsidize the travel of school children to and from school merits re-examination. If this is a proper public charge at all, it should be a charge upon the school system.

As the following table shows, school children are becoming an ever-increasing percentage of transit riders, and on our surface lines nearly one passenger of every eight is a school child at reduced fare.

NUMBER OF REDUCED FARE SCHOOL CHILDREN AS A PERCENTAGE OF TOTAL PASSENGERS

Fiscal Year Ended June 30	Rapid Transit Lines	Surface Lines
1949	0.7%	2.8%
1954	1.1	7.1
1955	1.6	9.1
1956	1.6	10.2
1957	1.7	11.0
1958	1.8	11.9



New rapid transit station in Far Rockaway.

REVIEW OF THE YEAR

CAPITAL IMPROVEMENTS

Under the provisions of the law governing the Authority, the City of New York is the source of capital funds required for the improvement of the transit system. The Transit Authority is required to meet all operating expenses out of its own revenues.

During this fiscal year, contract appropriations were made by the New York City Board of Estimate and work was started on capital improvements amounting to \$36,884,617. These included the following major projects:

Chrystie Street Connection	\$10,227,400
DeKalb Avenue Reconstruction	6,866,400
IRT Broadway-Seventh Avenue Line Improvements	6,032,700
Modernization of Power Plants	4,027,500
Purchase of 121 Diesel Buses	2,962,000
Fluorescent Lights for Station Platforms	1,817,000
Escalators, Entrances, and Other Station Facilities	1,399,510
Modernization of Signal and Interlocking Systems	1,060,000

Great progress was made on many projects for new facilities, new equipment, and rehabilitation of the system.

The following are brief descriptions of the more important projects in progress during the year.

CHRYSTIE STREET CONNECTION BETWEEN MANHATTAN AND WILLIAMSBURGH BRIDGES AND HOUSTON STREET LINE, AND DEKALB AVENUE RECONSTRUCTION

In November 1957 work was started on the two track connection under Chrystie Street between the BMT Manhattan Bridge and Williamsburgh Bridge lines and the IND Houston Street line, with a new subway station in the vicinity of Grand Street, to serve the lower east side of Manhattan. Together

with the reconstruction of the DeKalb Avenue station to increase the track capacity, which has been under way since January 1956, this work will permit operation of additional Brooklyn trains to midtown Manhattan.

IRT BROADWAY-7th AVENUE LINE IMPROVEMENTS

Work is in progress on the lengthening of station platforms between Times Square and 96th Street, on the modernization of the signal system in this area, and on the installation of additional signals between Chambers Street and 34th Street. Completion of this work and delivery of new IRT cars will permit the operation of a high-speed local service to South Ferry with 8-car trains originating at 242nd Street, Dyckman Street and 137th Street on Broadway. This service will increase west side local service between 96th Street and South Ferry by 92% and will cut the running time so that it will be practically the same as that of the express trains. At South Ferry station work is proceeding on the installation of movable gap-filling devices along the edge of the curved platform to make it possible for passengers to leave and enter five cars of each train by three doors on each car instead of using only the two end doors, as at present.

MODERNIZATION OF POWER PLANTS

At the 74th Street Power Plant work is in progress on the installation of the third high pressure boiler and the second 60,000 kw. 60 cycle generator. New coal and ash handling facilities and the waterfront fender system were practically completed, and a new oil barge of 12,000 bbls. capacity was purchased and now provides the oil for the high pressure boilers.

At the 59th Street Power Plant work is in progress on the replacement of inadequate high tension switchgear and on the modernization of the old coal handling equipment.

At the Kent Avenue Power Plant work is proceeding on the installation of the third high pressure boiler and the modernization of the old coal and ash handling equipment.

On the high tension transmission and distribution system, 75th St. and 128th St. Substations are now undergoing tests together with the 69 kv cable lines between these two substations. Work is well along at the 59th Street Substation including installation of one 30,000 kw frequency changer. At the Third Avenue, Brooklyn Substation, two 30,000 kw frequency changers are being installed. The 69 kv cable lines, each of 60,000 kw capacity interconnecting the three power plants, are also well under way.

NEW BUSES AND OTHER SURFACE LINE IMPROVEMENTS

209 new buses, purchased this year and last, were delivered and replaced old buses in service in Manhattan and Queens. These buses are equipped with the first fiberglass seats ever used in a city type bus. It is expected that these seats will reduce vandalism to seats now costing about \$150,000 per year, while maintaining passenger comfort and enhancing the appearance of the pastel colored interior. The new buses are equipped with a "push-type" exit door, which completely removes control by the bus operator. Accidents to exiting passengers have been reduced by this type of door control by the passenger.

A "cyclone" bus cleaner was installed in one garage. In a fraction of the time previously required the bus interior is thoroughly and completely cleaned by a large vacuum cleaner fitting over the front door. Installations of these cleaners are planned at all other garages.

The Crosstown garage which has no indoor storage facilities for buses was equipped with natural gas fired unit heaters which heat water and pump it through the cooling and heating system of buses parked outdoors. This eliminates the costly and hazardous necessity of idling buses in extremely cold weather to prevent freezing and provides a warm bus for the first passengers in the morning. Additional installations are planned for other locations where buses are stored outdoors.



Construction of new subway connection in Chrystie Street, Manhattan.

IRT LEXINGTON AVENUE LINE IMPROVEMENTS

At the 14th Street station the platforms have been lengthened, some gap fillers eliminated and others replaced to speed train operation and ease congestion on the platforms. At the 59th Street station additional stairways and an escalator are being provided in order to improve the transfer facilities connecting this station with the BMT Lexington Avenue station in 60th Street and plans are almost completed for a new station for the IRT express trains on the lowest level. Plans have been nearly completed for extending the platforms of the Brook-

lyn Bridge station, and building new overpasses for easier passenger access to the train platforms from the northern end of the station. The rehabilitation of the signal system on the Lexington Avenue line between Wall Street and a point north of 42nd Street will start next year.

FLOUORESCENT LIGHTING FOR STATIONS

The program for improved station lighting continued at a rapid pace. Fluorescent lighting installations were completed during the year at two BMT and 22 IRT stations and were under contract for an additional three BMT and 29 IRT stations.

The completed stations are: 34th Street and Times Square stations on the BMT Broadway subway, and on IRT Lines as follows: Borough Hall, Brooklyn (2 stations); Fulton Street, 23rd Street, 28th Street, 33rd Street, and 125th Street, Lexington Avenue Line; 138th Street and 149th Street, Jerome Avenue Line; 149th Street, White Plains Road Line; Bergen Street, Grand Army Plaza, Brooklyn Museum, and Franklin Avenue, on Eastern Parkway Line; Fulton Street, Park Place, Chambers Street, 14th Street, 18th Street, 23rd Street, 28th Street, and Pennsylvania stations, on the Broadway-7th Avenue Line. Installations under contract were the Court Street, Lawrence Street, and 7th Avenue BMT stations in Brooklyn; and on IRT Lines as follows: South Ferry, Rector Street, Cortlandt Street, Franklin Street, Canal Street, Houston Street, Christopher Street, 50th Street, 59th Street, 66th Street, 79th Street, 86th Street, 103rd Street, 110th Street, and 116th Street stations on the Broadway-7th Avenue line; 14th Street, 51st Street, 68th Street, 77th Street, 86th Street, 96th Street, 103rd Street, 110th Street, and 116th Street stations on the Lexington Avenue Line; and 110th Street, 116th Street, 125th Street, 135th Street, and 145th Street stations on the Lenox Avenue Line.

ESCALATORS AND ELEVATORS AT STATIONS

During the year two new automatic elevators were installed in existing shafts at the 168th Street station on the IRT Broadway-7th Avenue line. Also a new 2-speed escalator, replacing an obsolete machine, was put in service at Intervale station on the IRT White Plains Road line. A new transfer connection, including two 2-speed escalators, was opened for passenger use at the BMT Essex Street station and the IND Delancey Street station. At the close of the year work was in progress on a new

2-speed escalator at 177th Street station on the IRT White Plains Road line; on an escalator enclosure and transfer connection between the 74th Street-Broadway station on the IRT Flushing line and the Roosevelt Avenue station on the IND Queens Boulevard line; and on two new elevators, replacing two obsolete ones, at 181st Street station on the IRT Broadway-7th Avenue line.

NEW RAPID TRANSIT CARS AND CAR MAINTENANCE FACILITIES

A contract for the purchase of 450 IRT subway cars had been placed early in 1957. During this year 356 of these cars were delivered and placed in service, replacing over-age IRT cars. The new cars, which went into the IRT Broadway and the Dyre Avenue East 180th Street-7th Avenue Lines, have improved door controls, faster starting and braking rates, and the latest designs in trucks, motors, and ventilation to provide more comfortable riding and faster service, at lower operating and maintenance costs.

During the year three wheel truing machines were installed; one on the BMT and two on the IND. This equipment machines car wheels to proper contours without removal from the cars, to provide a smoother rapid transit ride, increase the number of cars available for passenger service, and reduce maintenance costs and non-revenue miles operated.

A track connection between the IRT Jerome Avenue line and the IND Concourse yard was completed during the year. This makes it possible to run IRT cars onto the IND Division, and to transfer work trains and emergency equipment among all three Divisions.

ROCKAWAY LINE

In January 1958 the new terminal station at Mott Avenue, Far Rockaway, was completed and opened for passenger use, and regular train service was extended from the former temporary terminal at Wavcrest to the new station. The rehabilitation of this line is now practically completed, the only other work contemplated being the provision of some additional power facilities under contracts to be let next year.

EQUIPMENT IMPROVEMENTS

Improvements were made in all phases of the maintenance and repair of buses and rapid transit cars.

On the surface lines more than 300 buses were completely overhauled, modernized and painted in the Authority's new color combination of light green top and dark green lower half, using a new "hot spray" system that produces a better, longer lasting job at less cost. At the same time the seating arrangement at the rear of the bus was modified to an "observation" arrangement for greater passenger comfort during the peak hours when buses are crowded. Panels of polyester resin reinforced with fiberglass, for replacement of non-stress bus body panels, were approved and adopted after a two-year test. These panels are resistant to dents, lighter, fireproof and more economical than metal ones. Ten obsolete buses were converted, at a very nominal cost, to "snow-fighters" and used in the severe winter of '57-'58 to replace trucks formerly hired to spread cinders and salt over Transit Authority bus routes during sleet and snow storms. The use of the snow fighters is expected to save the cost of the conversion many times over.

On the rapid transit lines 564 cars received a heavy overhaul, 2961 a light overhaul and the interiors of 705 cars were repainted. Improved methods of cleaning car interiors and windows were introduced to provide cleaner cars throughout the system. Sealed beam headlights were installed on the newest cars to increase visibility for motormen and reduce the hazards to men working on the tracks. Kerosene lamps on the front and rear of older cars not scheduled for early retirement were replaced by electric lamps. An accelerated program of rehabilitating car seats with a plastic material with better cleaning characteristics was instituted.

Tests of air-conditioned cars were continued without producing a satisfactory system that can be installed and maintained in satisfactory operating condition at a reasonable cost.

MAINTENANCE OF WAY AND STRUCTURES

The track maintenance section, in addition to improving mechanized track renewal methods in the

subway, started a large scale mechanized track renewal program on elevated lines involving prefabrication of complete track sections. By the use of this method elevated track renewals on the Myrtle Avenue, Astoria, White Plains Road, and Pelham Bay Lines were done quickly and economically. Using mass production methods the track is completely pre-assembled in panels 33 feet long. The panels generally in units of four, are hauled from yards to the work site on auto trailers. Sections of the old track are cut as required and a mobile crane, operating below the structure, lifts them out, places them on a trailer truck and then inserts the new panels on the structure. The mobile equipment used at the various work sites is hired, an arrangement that saves a considerable capital outlay. In all, by use of this method and other mechanized but more conventional methods in the subway, running rails equivalent to a total of 50 miles of track were replaced during the year. Other



Assembling track panels in yard.

track work accomplished was the re-ballasting of 21 miles of track, the replacement of nearly 108,000 ties (equivalent to 31 miles of track) and 16 miles of wooden footwalks.

A major project now nearly completed was the rehabilitation of the Myrtle Avenue Elevated Line at a cost of nearly \$2,000,000 from operating funds. This includes renewal of track, repair of the structure and stations, renewal and replacement of cables, a complete paint job, and replacement of the old wooden "gate-cars" with open end platforms, with newly overhauled and painted cars. Before starting on this work the Transit Authority had carefully investigated the possibility of abandoning this line and serving the area with buses. This had been under consideration for some years, and during that period only the minimum maintenance required for safety of operation was done on the line. Last year the decision was made to continue the line, since it is the only rapid transit line serv-

ing that area of Brooklyn. The project of restoring the line to first-class condition was then started.

Another innovation was the replacement of the wooden platforms on two elevated stations with precast concrete platforms. While the initial cost of this installation is higher than for wooden platforms the concrete is expected to outlast the wood many times, to be nearly maintenance-free, and is fireproof.

Work continued actively on the program of painting stations and structures to protect them against deterioration and improve their appearance. During the year 31 elevated stations, six subway stations and three miles of elevated structure were painted.

The ultra-sonic testing cars continued to show an improvement in the condition of the rail joints, the portion of the rail most likely to develop defects. During the last nine months of 1957, 514 miles of track were tested and only one defective joint was discovered in every 899 tested, or one per 2.81 miles of track. In the first six months of 1958, 670 track miles were similarly tested and the number of defective joints found was reduced to one in every 1030 tested, or one per 3.22 miles of track. The defects discovered ranged from those barely discernible and of little consequence which were marked for periodic re-testing, to larger flaws which required immediate replacement of the rail. No failures in rail joints affected train operation.

POLICE ACTIVITIES

The effectiveness of the Transit Police Department in maintaining order and in apprehending those who did commit illegal acts was again demonstrated.

The record showed a decrease in the number of the more serious crimes reported.

NUMBER OF CRIMES REPORTED

	Fiscal Year Ended June 30		Change	
	1957	1958	Number	Percent
Felonies	1,001	844	—157	—16%
Misdemeanors	2,982	2,020	—962	—32%
Offenses	3,623	5,756	+2,133	+59%
Total	<u>7,606</u>	<u>8,620</u>	<u>1,014</u>	<u>+13%</u>



Installation of pre-assembled track panel on elevated line.

The greatest part of the increase in offenses and part of the decrease in misdemeanors can be attributed to a change in the law which made evasion of payment of fare an offense rather than a misdemeanor, and made apprehension and conviction of evaders easier. Arrests for fare evasion increased by nearly 1500 over last year.

At the same time the percentage of cases cleared by immediate arrest increased, reflecting greater effectiveness of police activity.

NUMBER AND PERCENT OF CRIMES CLEARED BY IMMEDIATE ARREST

	Fiscal Year Ended June 30, 1957		Fiscal Year Ended June 30, 1958	
	Number	% of Crimes Reported	Number	% of Crimes Reported
Felonies	218	22%	197	23%
Misdemeanors	876	29	628	31
Offenses	3,337	92	5,530	96
	<u>4,431</u>	<u>58%</u>	<u>6,355</u>	<u>74%</u>

Juveniles' disorderly actions continue to be a major problem that is receiving the special attention of the Public Safety Squad of the Transit Police as well as the continuous efforts for prevention and control by the entire Department. The number of young people apprehended in the commission of such acts as holding train doors, malicious mischief, rowdiness and the like, and referred to the Juvenile Aid Bureau of the New York City Police Department, increased from 16,425 last year to 22,419 this year, a 36% increase.

Summons activities continued at the same high level as last year. The total number issued increased slightly from 20,183 last year to 20,278 this year. There was a decline of 624 summonses issued for Sanitary Code violations, and an increase of 719 for illegal parking in bus stops.

In addition to its activities in curbing illegal actions, the department formed a Traffic Control Squad of uniformed personnel to regulate and control passenger flow at congested stations such as Times Square and Grand Central, and during emergencies created by storms, floods or other incidents affecting train service.

During the year the status of the Police Department was clarified by an amendment to the Public

Authorities Law defining the powers and duties of the department, establishing the chain of command as well as the order of rank within the department and providing for the establishment of a detective division. On April 8, 1958 the TA by resolution established the detective division under the command of a Chief of Detectives, consisting of a Detective and Plainclothes, Public Safety, Warrant and Special Service Squads.

Police training activities continued in many fields. Members of the department took courses designed to reduce accidents to personnel, many studied Occupational Spanish; firearms training was improved; an in-service course given by the Police Academy of the New York City Police Department was attended by all detectives and plainclothesmen; and eleven members of the department continued advanced studies in the Police Science Program conducted by the Police Academy in conjunction with the Baruch School of the College of The City of New York.



Cleaning tracks with a giant vacuum cleaner.

ADMINISTRATION AND ORGANIZATION

The three rapid transit operating divisions were consolidated under an Assistant General Superintendent who was made responsible for all rapid transit operations and scheduling. At the same time the three pre-existing operating headquarters were merged at one location with resulting savings in administrative costs and personnel. Standardization of operating procedures and practices brought further savings and better operation.

In the consolidated Station Department which had been established in the preceding year standardization of work programs for Railroad Porters, and establishment of revenue collection on a 5-day basis resulted in substantial cost reductions.

The work of the Data Processing Department increased and additional equipment including a second electronic computer was installed. This department now handles stores controls, mileage records, audits of rapid transit and surface revenue, sick leave and accident statistics, Social Security reports and production of employee passes. Payroll production is being studied and is expected to be started on the machines during the next year. The work of this department has expanded to the point where punch-card consumption is at the rate of 6,000,000 cards per year, or 24,000 per working day.

The Purchase and Stores Department is studying the utilization of mechanical and electronic equipment to eliminate repetitive operations in the processing of bids and purchase awards and in maintenance of records. Work is in progress for the elimination of five storerooms through consolidation to reduce inventories and operating costs.

A centralized dictating and transcribing pool was established with resulting improvements in the utilization of stenographers and typists, and faster production of transcripts of hearings and other typewritten material.

A Files Committee which was formed in October 1955 has been making continuous studies of the retention of records. By improving filing methods, and reviewing and reducing retention periods wherever possible, space equivalent to that occupied by 1373 standard 4-drawer files has been recaptured. After an intensive study of micro-filming it was

determined that this record keeping process offered no economic advantages to the TA.

The conversion of the passenger elevators in the TA headquarters building to automatic operation was completed and has produced improved service at lower cost.

PERSONNEL AND LABOR RELATIONS

As of June 30, 1958, the Authority had the following number of operating and construction employees.

	No. of Employees June 30, 1958
Rapid Transit Service Titles,	
Hourly	31,133
Per Annum (Supervisory)	3,761
City-wide Titles (Administrative, Clerical, Engineering, etc.)	
Hourly	34
Per Annum	3,131
Total	38,059

This is a reduction of 1,296 employees under the number in place on July 1, 1957, and 4,792 since July 1, 1955, when this Authority took office. This reduction has been accomplished entirely by attrition without forced separations to reduce the force.

The number of provisional employees with no permanent civil service status has been reduced to 335 in the operating forces and 79 in construction, the lowest total since the war.

In accordance with legislation enacted in the 1957 fiscal year, elections were held to determine whether the employees wanted Social Security coverage. The results were overwhelmingly in favor of such coverage. Deductions for this purpose were started with the first payrolls of 1958 and at the close of this year 32,956 operating employees had the protection and benefits provided by Social Security.

The year was marked by the second work stoppage in two years by a group of dissatisfied motormen who acted with complete disregard of the usual procedures of labor relations. This organization of motormen which had been formed late in 1955, sought recognition by the Transit Authority after the selection of representatives by the employees in

an election in 1954, and after an extension of an existing contract to December 31, 1957 had been negotiated by the Transit Authority and the elected representatives of its employees. In conformity with the usual practice in industrial labor relations, recognition was refused during the life of the existing labor agreements.

On October 8, 1957, as the end of the contract term neared, the Transit Authority asked the American Arbitration Association to appoint a Fact-Finding Committee to recommend in the best interests of the public depending on mass transportation, and sound labor relations, what unit or units should be established by the Transit Authority for an election among its hourly-rated employees to determine representatives for collective bargaining. A most eminent and expert committee consisting of David L. Cole, Esq., George W. Taylor, Esq., and Aaron Horvitz, Esq., was appointed on October 14, and held a series of four lengthy hearings at which all interested parties including the Transit Authority were given ample opportunity to present their views. The motormen's organization was represented by experienced counsel, who acknowledged the high qualifications of the committee, and strongly presented the case for a separate bargaining unit.

On November 30, after consideration of all the facts, and weighing the needs of the public and the employees, and the responsibility of the Authority, the committee recommended that three units be established for determining exclusive bargaining representatives; two separate units for the bus divisions in Queens and Staten Island, and a single unit for all remaining employees.

The committee in its report stated, "It is not implicit in industrial democracy that every group or sub-group shall be represented separately. For that would make collective bargaining impossible. It is a feature of democracy to give greater weight to the wishes of the majority which can be altered from time to time. If each dissatisfied segment were free to secede and create a competing organization whenever it wished to do so, then the organization would be split, next fragmented, and finally pulverized."

The Transit Authority accepted this recommendation and set December 16, 1957 for a representation election by secret ballot to be held by the



Rapid transit car wheel being shaped to correct contour by wheel truing machine.

American Arbitration Association.

The motormen's organization refused to accept this decision and called a work stoppage to force recognition by the Transit Authority. The walkout started at 5:00 A. M. Monday, December 9, 1957. Its greatest impact was felt on the first and second days. Thereafter, availability of increasing numbers of motormen who returned to work, and instruction and qualification of new motormen to run trains, made possible the operation of a steadily improving service.

Mayor Robert F. Wagner was impelled by the initial seriousness of the stoppage to take steps to bring it to a halt. He called upon the motormen to cease their ill-advised actions and return to work immediately. He stated that no summary disciplinary action would be taken and that he would appoint a special hearing officer to hold disciplinary hearings. The Honorable Simon F. Rifkind was subsequently designated as the Special Hearing Referee. He further stated that he would appoint an outstanding industrial engineer to make studies and recommendations as to claims for additional wage differentials in recognition of special skills. The Transit Authority agreed to these conditions.

On Monday, December 16, 1957 the motormen met and voted to return to work starting at 7:30 P. M. on that day.

At the representation election on December 16th, the Transport Workers Union won with a majority of the votes cast in the major part of the transit system, and Divisions of the Amalgamated Association of Street, Electric Railway and Motor Coach Employees of America received a majority of the votes cast in the Queens and Staten Island Bus Divisions.

After the representation election, the recognized unions submitted their demands and negotiations with these organizations for a new contract started under threat by the Transport Workers Union that if no new contract had been negotiated by the time the existing contract expired at midnight, December 31, 1957, the men would not work. Negotiations were carried on actively with the assistance of the New York City Department of Labor, and culminated in a 7-hour bargaining session starting on the evening of December 30th, with the assistance of an 8-man citizens committee appointed by Mayor Wagner to represent labor and industry. The four representatives of industry were:

John S. Burke—former President of B. Altman & Co.

Benjamin J. Buttenweiser — partner — Kuhn, Loeb & Co.

John A. Coleman—former Chairman of the New York Stock Exchange

Robert W. Dowling—President, City Investing Co.

The four labor representatives were:

Louis Hollander — State President of the CIO

Morris Iushewitz—Secretary-Treasurer, CIO Council of City

James C. Quinn—Secretary-Treasurer, Central Trades & Labor Council

Harry Van Arsdale Jr. — President, Central Trades & Labor Council

Early in the morning of December 31, 1957 the committee after full consideration of all the factors,

and consultation with all parties involved, recommended a settlement that included a two-year contract, and

- (1) A 15¢ per hour increase, effective January 1, 1958, for all hourly paid employees of the Transit Authority;
- (2) A 10¢ per hour increase, effective January 1, 1959, for all hourly paid employees of the Transit Authority;
- (3) The establishment of a wage inequity fund, amounting to \$2,500,000 to provide for adjustments in rates of pay of the hourly paid employees;
- (4) Restoration of the first day of paid sick leave to those employees with 7 years or more of service, or more than 50 days of sick leave credit;
- (5) Four weeks' vacation to employees who shall have completed 20 years of service, effective with the vacation year beginning January 1, 1959.

The recommendation also provided that the Mayor of the City of New York would designate a firm of industrial engineers to determine the allocation of the wage inequity fund.

All parties accepted the recommendations, subject to ratification by the members of the unions, which was subsequently accomplished.

The Mayor later designated the firm of Booz, Allen and Hamilton, industrial engineers, to make recommendations for the allocation of the wage inequity fund, and on February 4, 1958, the Transit Authority, by resolution, retained them. Studies were thereupon undertaken by this firm and on May 7, 1958, their report was released. This provided for increases in the hourly rates of pay, based upon the qualifications and requirements of each job classification, ranging from 1½¢ to 10¢ per hour.

The Transit Authority, on May 13, 1958, adjusted the rates of pay of all hourly paid employees, effective January 1, 1958, incorporating in the wage structure the adjustments recommended.

Agreements with the Transit Supervisors Organization, Subway Supervisors Association, and Queens Supervisory Association, the organizations representing certain of the lower grades of supervisory employees, terminated on June 30, 1958 and

negotiations with these organizations were under way as the year ended.*

The privileges of the check-off of dues was extended by the Transit Authority to the New York City Transit Police Sergeants' Benevolent Association on November 6, 1957, and to the New York City Transit Police Lieutenants' Benevolent Association on December 10, 1957, and commenced in January of 1958.

OTHER PERSONNEL ACTIVITIES

Training activities continued throughout the entire Authority and employee participation was at a higher level than in the last year. Some 15,000 employees received training to assist them in doing their jobs better, or more safely, or to aid them in advancing to jobs requiring greater skills and responsibilities.

About 7,000 were trained in technical skills. The courses covered a variety of subjects such as signal circuit design, cable splicing, hot paint spray techniques, techniques of aluminum sash cleaning, and construction and maintenance of new buses.

Over 5,000 employees received special safety training.

Advanced professional, supervisory and top level administrative courses in such subjects as Methods Improvement, Labor Management, and Police Administration were also included.

In addition, about 500 employees participated in various courses arranged with the Board of Education and local colleges in conjunction with the New York City Department of Personnel.

One employee, with the Authority's sponsorship, was awarded a full tuition scholarship at New York University.

* An agreement was reached on July 3, 1958, effective from July 1, 1958 to June 30, 1960 and providing for:

1. A \$400 annual rate increase, effective July 1, 1958.
2. A \$300 annual rate increase, effective July 1, 1959.
3. Amendment to the vacation rule providing for:
 - a) 3 weeks' vacation upon completion of one full year of employment in an annually rated supervisory position, and
 - b) 4 weeks' vacation following completion of 10 full years of continuous employment in an annually rated supervisory position.
- c) The right to the 3 or 4 week vacation to accrue either under the above agreement or under Rule 164 as presently written, whichever comes first.
4. Amendment to additional sick leave resolution for annually rated supervisory employees, liberalizing the conditions under which such grants are made.

In the Employees Suggestion Program 216 suggestions were submitted during the year. After review, 52 of these were accepted and cash awards ranging from one for \$500 down to 23 for \$10 were made to the employees making the suggestion.

Progress was made in reducing the number of accidents to employees by continued attention to safety activities. Non-disabling accidents were reduced by 22% from 6,345 in the last year to 4,917 this year. Disabling accidents were reduced from 887 to 819, a reduction of 7%. The frequency of disabling accidents per million man-hours worked was reduced by 5% from 11.0 to 10.5. Seventeen departments of the Transit Authority were awarded certificates by the American Transit Association, one for working over 1,000,000 man-hours; seven for working 500,000 to 999,999; and nine for working 250,000 to 499,999 hours without a disabling injury.

The number of grievances presented by employees in accordance with the established contractual procedure increased from 381 in the preceding year to 489 this year. However, the number not settled satisfactorily within the Authority and appealed to the Impartial Arbitrator for final adjudication decreased from 31 last year to 24 in this year. Of these appeals 16 were granted in whole or in part, five were denied; one was referred back for further negotiation and two were pending at the close of the year.



Interior of new bus with fiberglass seats and improved rear seat arrangement.



Track connection between IND Concourse Yard and
IRT Jerome Avenue Line.

PROMOTIONAL ACTIVITIES

To stimulate interest in and public awareness of the transit system in order to increase riding, the Transit Authority continued to call to public attention by means of car cards and posters, places of interest throughout the City.

In the same effort to attract new riders the Transit Authority also made an agreement with one merchant whereby he issued tickets redeemable for a transit ride to customers buying more than a specified amount of merchandise. The Authority was then reimbursed by the merchant at full fare rates for all tickets collected.

An agreement was also made with a large manufacturer of soap and other cleaning products to exchange three coupons on the labels of his products for a token. The manufacturer will then redeem the coupons from the Transit Authority at 5¢ each. This program went into effect on July 1, 1958.

As the year ended plans were also being made for a special express train service from 42nd Street and 8th Avenue to the Rockaways.

A general information 16mm sound film, "Transit Is Everybody's Business," was produced during the year. This film is designed to increase general information about the scope and variety of Transit Authority activities and improve understanding of its aims and problems. This film is available for showing to interested groups, and has already been shown on TV and to many schools and civic groups.

LITIGATION

In addition to the usual extensive litigation and appellate work arising from cases in tort, contract, employees' rights and various other legal facets affecting the Transit Authority's operation, the strike and threatened strikes by transit employees during the year resulted in a series of court appearances in attempts to forestall the strike and thereafter to curtail its effect. The legal steps taken were based on principles of law established in *New York City Transit Authority v. Loos*, 3 App. Div. 2d 740 (1st Dept. 1956), which case was fully discussed in the annual report for the year ending June 30, 1957. Since the purpose in this report is to discuss those cases which, for the first time, established important legal principles affecting the operation of the Transit Authority, the litigation arising out of the strike will not be further mentioned.

Among the important cases decided by the United States Supreme Court during the term ended June 30, 1958, was a matter involving an employee of the Authority and the constitutionality of the New York State Security Risk Law, *Matter of Lerner v. Casey*, 357 U.S. 468. The issue in this case was whether an employee may use the privilege against self-incrimination as a basis for refusing to answer questions put to him by the Commissioner of Investigation of the City of New York on behalf of the Authority, as to whether he was then a member of the Communist Party. The corollary to the issue was whether on such a refusal the Authority could conclude that the employee was a security risk.

The Authority had been successful in the State Courts, although in both the Appellate Division and the Court of Appeals, some judges dissented from the majority opinions. Jurisdiction of the appeal was taken by the Supreme Court in October 1957, and the case was argued on March 4, 1958. It was the first attack on the constitutionality of the New York State Security Risk Law, which is applicable to virtually all public employees in the State of New York. By order of the Court, the case was argued in conjunction with a proceeding brought to test the constitutionality of the Pennsylvania Loyalty Act (*Beilan v. School Board of Philadelphia*). The Supreme Court, by a five to four decision, held that while the employee could invoke the protection of the Fifth Amendment, he could

not refuse to answer the legitimate questions of his employer and retain his public employment.

Another case of importance to the Authority involved the issue of the location of bus stops. A proceeding was instituted by the Cities Service Oil Co., against the City of New York and the Transit Authority, in which various associations of gasoline station owners and operators joined to contest the right of the New York City Department of Traffic and of the Authority to maintain bus stops in locations which allegedly prevented free access to gasoline stations. This case has also attracted attention in many other municipalities where bus lines are operated under either municipal or private control. The Authority and the City were successful at the hearing before the Special Hearing Referee in the Supreme Court, Kings County, and on appeal to the Appellate Division, 2d Department. It is expected that argument will be heard in the Court of Appeals in the Fall of 1958.*

In a previous report, a case which challenged the validity of a contract between the Authority and the unions representing the majority of its employees was cited. During 1958, the case was further appealed to the New York State Court of Appeals, which sustained, as had the lower Courts, the right of the Authority to enter into such a contract. This

decision was also widely reported in municipal legal and personnel circles, since the decision squarely holds that a public agency, such as the Transit Authority, may, in the operation of the Transit lines, grant to public employees many of the benefits of union recognition commonly accepted in private industry. (*Civil Service Forum v. New York City Transit Authority*, 4 N. Y. 2d 866.)

Still another case has been argued and is on appeal, which is of general interest in the field of Civil Service litigation. The case involves the right of the Authority to consider the facts surrounding the conviction as a wayward minor of an applicant for appointment to its police force. The Appellate Division, 2d Department, has held that the statute which seeks to protect persons seeking public employment from being punished for offenses committed in their youth, actually "obliterates" the offense and the surrounding facts so that no consideration can be given to these facts in evaluating the applicant's character. The Authority, mindful of its obligation to the public to appoint the most highly qualified people, especially when considered in relation to the nature of the job to be performed, will present this case to the Court of Appeals late in the Fall of 1958 (*Matter of Anonymous v. New York City Transit Authority*, 4 AD 2d 1953).

The volume of appeals in cases against the Authority involving tort liability has steadily increased. Tort cases defended by the City of New

* The Court of Appeals recently affirmed the lower Court's decision in favor of the City and the Authority (*Cities Service Oil Company et al., v. City of New York et al.*, 5 NY 2d—, November 20, 1958).



New rail handling car with swinging extension boom.

York are limited to accidents occurring before June 1953, and these have largely been concluded so that the Authority is now prosecuting or defending its own appeals.

The Authority is sharing the experience common to the City of New York and to virtually all insurance carriers, that the number of claims arising out of accidents is still on the increase, even though the number of accidents has decreased. The verdicts of juries are following the inflationary trend of the times and are becoming increasingly larger year by year. In the year ending June 30, 1958, the Authority paid out in claims and judgments approximately \$4,000,000.

The Legislature considered a number of bills, undoubtedly introduced as a result of the labor unrest and the strike of the Motormen. These bills were designed to place control of the Authority's labor relations in the hands of the State Labor Relations Board or of other disinterested groups. The Authority presented in great detail its view that, however laudable the aims of these various bills, the control of the employees' grievances and working conditions properly belonged to the Authority, which has the responsibility to operate the Transit System for the benefit of the public. The bills so introduced were defeated in the Legislature or vetoed by the Governor.

PLANS AND PROGRAM

In its third year the Authority has continued to make progress in improving the efficiency of its operations. The reductions of manpower described in this and previous reports are the best evidence of this. However, the adverse conditions under which the entire transit industry operates today, with decreasing patronage, full utilization of its facilities for less than 25 hours per week, and the universal trend toward ever higher cost levels, have resulted in a deficit operation this year.

If present trends continue, and there appears to be little likelihood of any drastic change, the next year will also show an operating deficit. If and when such deficits result in the exhaustion of the accumulated surplus, the Authority, under present legal requirements, will have no choice other than raising the fare.

This Authority is not advocating a higher fare. A fare increase while producing greater revenues will undoubtedly result in some loss of passengers. This will increase the already wasteful under-utilization of the transit system for people will either shift to private automobiles and aggravate the already intolerable traffic congestion; or they will reduce their less essential trips to the heart of the city for such purposes as shopping and recreation, to the detriment of business. Either consequence is undesirable for the city and the transit system, but unless the law is changed the Authority has no alternative to a fare increase.

OPERATING PROGRAM

The Authority will continue to develop and apply better and more efficient ways to carry on all its activities during the next year.

Special efforts are being made to develop equipment and methods of improving cleanliness throughout the system. Better housekeeping, together with improvements already made in the lighting of stations and cars, will enhance the appearance of the entire system and make it more attractive to

passengers. In addition to the improved appearance, it is expected that this will also result in greater safety and better behavior, for in a clean and well lighted area people are less likely to commit nuisances and produce litter.

A new subway map has been designed to simplify the problems of those who seek to find their way around the city on the rapid transit lines.

Schedules are being prepared on the rapid transit lines for the operation of more trains with only one Conductor, instead of two. This will result in a saving in manpower with no reduction in safety, speed or reliability of operation.*

The Data Processing Department started test production of payrolls on its electronic equipment. It is expected that the inevitable initial difficulties of such a complicated operation will be ironed out and payroll production initiated during the next year.

CAPITAL PROGRAM

During the coming year work will continue on the major projects now under way. The contract for the last section of the construction under Chrystie Street will be let. Contracts will also be let for the reconstruction of the Brooklyn Bridge Station and the express station at 59th Street on the IRT Lexington Avenue Line. The first contract for the construction of two additional tracks on the IND Sixth Avenue Line between the West 4th and 34th Street stations is also scheduled for 1959.

The IRT Broadway-7th Avenue Line improvement will be sufficiently far advanced to permit initiation of the improved high speed local service early in 1959.

Improvement of stations with new fluorescent lighting, and elevators and escalator facilities will be continued.

* After appeal by the TWU these schedules were approved by the Impartial Arbitrator on August 1, 1958 and went into effect shortly thereafter.

Plans are well advanced for further consolidation of rapid transit car repair facilities in order to reduce costs and improve production. Additional capital funds are being requested for new cars to replace overage and obsolete cars, and for the improvement and modernization of certain BMT and IND cars.

During the next year a rail grinding train that will grind out corrugations and rough spots in rails while they are in place will be purchased. This will lengthen the life of rail and result in a smoother ride for passengers. It is also anticipated that an ultrasonic rail testing car, to inspect the entire running rail for flaws will become available.

The Authority also expects to let contracts for the construction of a new bus garage in the Ridgewood area of Brooklyn. This is made necessary by the planned construction of housing projects on sites now occupied by two of the Authority's smaller garages. After the reassignment of bus routes made possible by this new garage there will be substantial savings in operating costs by the reduction of non-productive mileage run by buses between the garages and their regular routes. Additional funds for new buses to replace overage equipment will be sought.

POWER PLANTS

The major question of the possible sale of the city-owned power generating plants operated by the Authority to the Consolidated Edison Company still remains unresolved.



Elevated station with pre-cast concrete platform.

On April 8, 1958 the Mayor's Committee on Transit Power Plants recommended the acceptance of an offer of the Company to purchase the plants.

The offer included:

1. Payment by the Company to the city, over a 3-year period, of \$82,000,000 plus all sums spent on modernization contracts from November 15, 1957 to the date of transfer.
2. Assumption by the company of responsibility for completion or cancellation of certain outstanding modernization contracts thereby relieving the city of further expenditures of approximately \$41,000,000.
3. Protection for transferred employees on salary, pension rights, job security and conditions of work.
4. Assurance to the Authority of a continuation of 25-cycle or 60-cycle electric service for 40 years.
5. A 10-year fixed rate for the purchase of power, with an option for a 10-year renewal at a 5% reduction under the rates in effect from time to time during the period for electric traction systems. After this 20-year period has elapsed, rates will be comparable to the rates applying to other local railroads using traction power.

The Authority, which had not been consulted by the Committee during its study of the offer, reported to the Mayor on May 6, 1958, stating:

"The Committee reaches the conclusion that the 'community' which it defines as including the City of New York and the Transit Authority, would benefit economically by accepting the company proposal. However, the report plainly shows that the benefits are distributed very unequally between the two partners of the 'community'. The figures presented in the report show that acceptance of the proposal will yield savings of \$252,300,000 over the next 30 years, but these savings are made up of a benefit to the City of \$176,500,000, while the Transit Authority, which means the riders on the transit system, will have to pay \$224,200,000 more in power costs, than it would with modernized plants.

"Our position in this matter is not one of opposition to the sale of the plants if you decide that it is in the City's interest to sell them. We can operate the transit system with purchased power or generate our own, and are prepared to do either. We would be remiss in our duty, however, if we failed to point out where we believe the company's proposal may be modified to the advantage of the City, and to make certain suggestions that should be considered by the City if a sale is to be made."

"The purpose of our suggestions, if the Committee's recommendation is accepted, is to indicate where the price offered may be inadequate; to terminate completely all City and Transit Authority obligations under all outstanding contracts for modernization of power plant facilities if control is transferred to the company; to aid in the solution of the personnel problems arising from the proposal; and to secure a share of the proceeds from the proposed sale for the Transit Authority in order to ease the expense burden on the millions of transit riders."



New bus of type in operation Brooklyn and Queens.

In order to reduce the additional costs to the Authority, its report also made the following suggestions for a more equitable distribution of the benefits that might accrue from the sale, if the city decided to sell the plants:

"First, the proposal should be modified to include the sale of all power now purchased by the Transit Authority on the same basis offered for the power in the proposal."

"Second, since the main benefit derived by the City from this proposal is in a reduction of capital costs at the expense of the rider, this reduction should be returned to the rider. This can be accomplished by splitting the

power bill and letting the Transit Authority pay the energy cost which covers fuel, operating and maintenance expense of the Company; and letting the City pay (or reimburse the Transit Authority for) the demand charge which covers the capital costs of the Company."

"This suggestion would be simple to administer since every power bill segregates these two elements of cost. It would also be completely in accord with the spirit of the Public Authorities Law governing the operation of the Transit Authority which provides that capital costs shall be paid by the City, while operating costs are paid by the users of the transit system. It is estimated that this would reduce the cost to the rider by approximately \$5,500,000 per year. This would reduce the additional

cost to the Transit Authority under the proposal, would more equitably distribute the economic benefits, and would still result in a substantial saving to the City."

Further studies and negotiations are under way in this matter and it is hoped that a decision one way or the other will be made promptly by the Board of Estimate. Continuation of the present state of indecision makes it impossible to go on to the next stage of the modernization program, thus postponing the realization of the operation savings expected by the Authority if the plants are to be retained; and has a disruptive effect on employee morale in the plants.

NEW LINES

The construction of new lines and extensions of existing lines continues to be studied. Staff studies

for the Mayor's Rapid Transit Planning Committee are nearly complete, but are being reviewed in the light of the recent suggestions and possibilities of changes in commuter services into Grand Central Station advanced by the New York Central and New York, New Haven and Hartford railroads.

The problems arising from increasing traffic congestion, and a simultaneous reduction in patronage on local mass transportation and railroad commuter facilities, continue to occupy the minds of public officials, railroad managements, city planners, and all citizens concerned about the future development of our metropolitan areas. Progress toward the concrete solution of these problems has been meagre while the situation deteriorates. It is to be hoped that the next year will show greater evidences of accomplishment in this critical area of our urban living.

NEW YORK CITY
Statement of Assets and Liabilities of New
As of June

ASSETS AND OTHER DEBITS

CURRENT ASSETS

Operating Fund	\$60,031,784.58	
Cashier's and Imprest Funds	446,429.59	
Accounts and Interest Receivable	2,659,478.05	
Total Current Assets		\$63,137,692.22

SOCIAL SECURITY FUND	1,856,353.53
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MATERIALS AND SUPPLIES

Materials and Supplies	21,119,180.02	
Less Reserve for Inventory Adjustments	334,936.33	
		20,784,243.69

DEFERRED DEBITS

Work in Progress	1,889,078.58	
Prepayments	137,697.05	
Other Suspense	1,556,014.37	
		3,582,790.00

SPECIAL DEPOSITS WITH THE AUTHORITY

Deposits by Concessionaires and Lessees—Securities	437,500.00	
IRT Voluntary Relief Fund	178,348.53	
Transportation Health Insurance Fund	106,831.42	
Associated Hospital Service—United Medical Service Fund	15,008.36	
		737,688.31
TOTAL ASSETS AND OTHER DEBITS		<u>\$90,098,767.75</u>

TRANSIT AUTHORITY

York City Transit System Operations

30, 1958

LIABILITIES AND OTHER CREDITS

CURRENT LIABILITIES

Vouchers Payable	\$ 230,979.88	
Accounts Payable	7,386,604.10	
Accrued Payrolls	5,571,107.51	
Accrued Liability	9,790,000.00	
Total Current Liabilities		\$22,978,691.49

LIABILITY FOR SOCIAL SECURITY CONTRIBUTIONS	1,856,353.53
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OTHER LIABILITIES

Loan Payable—The City of New York (See Note)	5,555,555.56
Advance from State of New York	100,000.00

LIABILITY FOR PREPAID TRANSPORTATION	5,655,555.56
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Unredeemed Tokens	2,077,476.90
Unredeemed Tickets	69,444.81

2,146,921.71

RESERVES

Public Liability	6,900,417.61
Workmen's Compensation	3,007,572.57
Deferred Maintenance	6,816,642.74

16,724,632.92

FIDUCIARY LIABILITIES

Concession and Leasehold Deposits	508,831.48
Trustee, IRT Voluntary Relief Fund	178,348.53
Transportation Health Insurance Plan	106,831.42
Associated Hospital Service—United Medical Service	15,008.36

809,019.79

OTHER DEFERRED CREDITS	3,644,629.11
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WORKING CAPITAL PROVIDED BY THE CITY OF NEW YORK*	19,100,404.06
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EXCESS OF REVENUES OVER EXPENSES

For the period June 15, 1953 to June 30, 1957	28,279,868.70
For the fiscal year ended June 30, 1958	11,097,309.12

17,182,559.58

TOTAL LIABILITIES AND OTHER CREDITS	\$90,098,767.75
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NOTE: Loan Payable—The City of New York:

Under the terms of Sec. 4.3, Article IV of the Agreement of Lease between The City of New York and New York City Transit Authority, dated June 1, 1953, the City advanced to the Authority \$10,000,000.00, such sum to be repaid to the City in nine (9) equal annual installments commencing July 1, 1954.

* Represents Materials and Supplies furnished by the City of New York as of June 14, 1953, less reserve.

NEW YORK CITY TRANSIT AUTHORITY
Statement Showing Results of Operation
For 12 Months Ended June 30, 1958

	12 Months Ended June 30, 1958		
	Total	Rapid Transit	Surface
REVENUES:			
Passenger Revenues	\$252,062,481.33	\$195,355,513.13	\$ 56,706,968.20
Advertising and Other Privileges	4,753,095.39	4,624,858.64	128,236.75
Other	2,013,467.76	1,573,816.54	439,651.22
Total Revenues	<u>\$258,829,044.48</u>	<u>\$201,554,188.31</u>	<u>\$ 57,274,856.17</u>
OPERATING EXPENSES:			
Productive Time	\$173,217,543.38	\$133,026,826.44	\$ 40,190,716.94
Vacations, Holidays and Sick Leaves	19,395,439.01	15,041,663.70	4,353,775.31
Differential over Workmen's Compensation	177,044.73	137,037.24	40,007.49
Military Duty	156,054.21	98,275.70	57,778.51
Other Allowances	207,602.64	157,127.25	50,475.41
Total Salaries and Wages	<u>\$193,153,683.97</u>	<u>\$148,460,930.31</u>	<u>\$ 44,692,753.66</u>
Contributions to New York City Retirement System	16,950,000.00	13,094,913.44	3,855,086.56
Social Security—Employer's Contributions	3,419,941.55	2,645,818.41	774,123.14
Health Insurance	2,084,921.76	1,631,456.50	453,465.26
Coal and Fuel for Power	9,275,986.88	9,149,149.33	126,837.55
Fuel for Revenue Buses	1,587,919.49	—	1,587,919.49
Other Materials and Supplies	12,147,388.51	9,308,944.72	2,838,443.79
Power Purchased	11,266,735.89	11,266,735.89	—
Rental of Tires	709,555.46	25.88	709,529.58
Reserved for Public Liability and Workmen's Compensation	5,272,955.27	2,940,045.99	2,332,909.28
Reserved for Deferred Maintenance	6,000,000.00	5,856,436.41	143,563.59
Miscellaneous	8,057,264.82	6,534,609.85	1,522,654.97
Total Operating Expenses	<u>\$269,926,353.60</u>	<u>\$210,889,066.73</u>	<u>\$ 59,037,286.87</u>
EXCESS OF EXPENSES	<u>\$ 11,097,309.12</u>	<u>\$ 9,334,878.42</u>	<u>\$ 1,762,430.70</u>
Revenue Car and Bus Miles	367,737,468	302,230,160	65,507,308
Revenues per Car and Bus Miles	70.38¢	66.69¢	87.43¢
Expenses per Car and Bus Miles	73.40¢	69.78¢	90.12¢
Revenue Passengers	1,732,507,626	1,319,457,461	413,050,165
Average Rate of Fare	14.55¢	14.81¢	13.73¢
Revenues per Revenue Passenger	14.94¢	15.28¢	13.87¢
Expenses per Revenue Passenger	15.58¢	15.98¢	14.29¢
Number of Employees	37,207		
Annually Rated	6,040		
Hourly Rated	31,167		