

NEWARK SUPPORTS BONDS FOR GARAGE

Council Vows to Guarantee Parking Authority Debt for Downtown Facility

RESTRICTIONS ARE FIXED

4% Interest Rate and City Approval of Construction Contracts Stipulated

By **MILTON HONIG**
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NEWARK, May 12—Plans for Newark's \$5,600,000 underground parking garage at Military Park moved closer to reality today.

The City Council pledged the city's credit behind the Newark Parking Authority's bonds to finance the downtown facility. The vote was 7 to 0, with two Councilmen absent.

An ordinance and resolution formally guaranteeing the principal and interest on the bonds is scheduled to be introduced May 20, when the Council holds its next regular meeting. At that time the Council is expected to act on an ordinance giving the Parking Authority a long-term lease to use the sub-surface of the park.

It has been estimated that city-backed bonds would sell at an interest rate of 4 per cent, compared with 5 or 5½ per cent without municipal support. The bonds would be sold through a public offering or by a negotiated sale.

Council Sets Conditions

In pledging to guarantee the bonds, the Council made certain conditions. These included provisions that the bonds not be sold at an interest rate exceeding 4 per cent and that annual payment of principal and interest be fixed at not more than the \$399,000 net annual income estimated for the garage. The Council must also approve construction contracts and any changes in plans.

It was further stipulated that the authority approve the parking fees and any sublease of the garage to private operators. George Kesselhaut, counsel to the authority, said he did not expect that the conditions would prove an obstacle in starting the project.

Work on the three-level, underground facility for 1,000 cars is expected to begin in July. Economic and engineering studies have been completed with an interest-free Federal loan of \$180,000. The money must be repaid if the garage is constructed.

Low construction bids totaling \$4,519,889 were opened last April and are being studied by Frank Grad & Sons of Newark, architects and engineers. Military Park, bounded by Broad Street, Park Place and Rector Street, is a triangular plot of 5.9 acres, but only 3.3 acres will be used for the garage.