DUPLICATE ORIGINAL

IMPLEMENTATION PLAN
FOR THE PERIOD

OF
JULY 2008 – JUNE 2013

FOR THE
NORTH BAY
REDEVELOPMENT PROJECT

Adopted on May 13, 2008
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The Redevelopment Agency of the City of San Diego

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OFFICE OF THE REDEVELOPMENT AGENCY
SAN DIEGO, CALIF.

Implementation Plan for the North Bay Project Area

A. Introduction

This Implementation Plan ("Plan") is being prepared and adopted according to the California Community Redevelopment Law. This Plan identifies project activities scheduled for the third five-year period of the North Bay Redevelopment Project, including Very Low, Low and Moderate income housing activities. It is anticipated that all statutory low and moderate income housing set aside funds generated by this Project will be used to provide housing within the Project Area and through a collaborative effort of The City of San Diego Redevelopment Agency, Southeastern Economic Development Corporation, Centre City Development Corporation, and the San Diego Housing Commission. This Plan will be reviewed annually as appropriate.

The North Bay Redevelopment Project has been adopted to eliminate conditions of blight in the Project Area by stimulating new construction, revitalization and upgrading of residential, commercial, office and public properties and facilities within and surrounding the Project Area.

The North Bay Redevelopment Project Area encompasses approximately 1360 acres within seven community planning areas including: Clairemont Mesa, Linda Vista, Old Town, Uptown, Midway/Pacific Highway Corridor, Mission Valley, and, Peninsula Communities. The North Bay Redevelopment Project was adopted by the City Council in May 1998.

The North Bay Redevelopment Project provides plan activities for a 31 year period (terminating May 18, 2029), and the repayment of debt for plan activities for 46 years (terminating May 18, 2044). The Plan effectiveness deadline and repayment of indebtedness was extended by Ordinance Number O-19514.

The Redevelopment Agency has been working with the community and the North Bay Redevelopment Project Area Committee ("PAC") in identifying the constraints and opportunities of the Project Area. The goals and objectives of the Project Area as well as the proposed redevelopment actions are discussed in this Plan and related redevelopment documents. The Agency will continue to work with the development community and the PAC to attract and secure new investment and development through the term of the Redevelopment Project.

NORTH BAY REDEVELOPMENT PLAN			
TIME LIMIT FOR EMINENT DOMAIN	**DATE WHICH TAX INCREMENT MAY BE RECEIVED**	**DATE WITHIN WHICH INDEBTEDNESS MAY BE INCURRED**	**TERMINATION OF REDEVELOPMENT PLAN EFFECTIVENESS**
May 18, 2011	May 18, 2044	May 17, 2018	May 18, 2029

B. Description of Blighting Conditions

Conditions of blight within the Project Area will be addressed by the development of the proposed projects described within this work plan. The physical and economic conditions of blight that exist in the Project Area have become a burden on the community that cannot be reversed or alleviated without the assistance of the Redevelopment Agency through the authority of the California Community Redevelopment Law ("Law"). The physical conditions described in the Law that exist in the North Bay Redevelopment Project Area include the following:

- Buildings that suffer from dilapidation and deterioration, defective design or physical construction and faulty or inadequate utilities;
- Buildings and lots that are substantially underused, due to substandard design, deferred maintenance, inadequate public improvements, parcels of inadequate size, and/or other factors;
- Adjacent or nearby uses that are incompatible with each other; and
- Lots of irregular form and shape for proper usefulness and development.

The economic conditions that exist in the Project Area include the following:

- Impaired investments;
- Low lease rates;
- Inadequate parking;
- High business vacancy rates;
- Excessive vacant or underutilized lots;
- Uses that create a hostile environment to potential workers and residents;
- A high crime rate that poses a serious threat to the public safety and welfare.

The Agency's goals, objectives, programs and projects presented in this Implementation Plan are designed to alleviate and/or eliminate blight in the North Bay Project Area.

C. Specific Goals and Objectives of the Agency for the Project Area

The North Bay Redevelopment Plan proposes to eliminate blight in the Project Area by using new construction, revitalization, and upgrading of residential, commercial, office, and public properties and facilities within and surrounding the Project Area. In general, the goals and objectives of the Redevelopment Plan are:

- Eliminate and prevent the spread of blight and deterioration, and conserve, rehabilitate, and redevelop the Project Area in accordance with the General Plan, specific plans, and local codes and ordinances.
- Improve, promote, and preserve the positive neighborhood characteristics in North Bay, while correcting physical and economic deficiencies in the community;

- Promote and enhance diverse housing opportunities by improving housing stock / type and expanding affordable housing opportunities;
- Improve the growth and vitality of the Project Area's business environment and address the commercial, service, and employment needs of the Project Area;
- Encourage the expansion of existing commercial activities, the development of vacant properties and the rehabilitation of dilapidated structures through a coordinated parking program that could include structured or shared parking opportunities throughout all communities within the Project Area;
- Enhance pedestrian and vehicular mobility, and improve transportation facilities compliant with ADA regulations;
- Improve the quality of non-vehicular transportation alternatives through the creation and expansion of non-vehicular routes throughout the Project Area;
- Establish a Bay-to-Bay water linkage between San Diego Bay and Mission Bay that could encourage commercial and residential development throughout the Project Area.
- Enhance infrastructure facilities which improve the community and support public safety, health, and local vitality;
- Redevelop/rehabilitate the Sports Arena site to meet contemporary development standards and community needs and to alleviate the surrounding vacancies and crime caused by the lack of usage by the obsolete facility;
- Build public improvements to eliminate physical and economic conditions of blight;
- Encourage the growth and retention of small business;
- Provide early assistance and priority status during the permitting process for projects within the Project Area.

Over the next five years (i.e., 2008-2013) the goals of the Agency will be:

- Construction of 938 net increase housing units (including 77 affordable units, not including replacement housing units).
- Construction of 331,508 sq. ft. of commercial space (retail and office).
- Creation of 1,262 new permanent jobs.
- Efforts to preserve and enhance existing, community-serving retail.
- Completion of 25 storefront improvement projects.
- Construction of capital improvements to address traffic congestion in the Project Area.
- Construction of community facilities, open space, parks and sidewalk improvements to enhance the Project Area for its residents.
- Total private sector investment of at least $130 million in new construction.

D. Specific Programs, Potential Projects and Expenditures Proposed to be Made During the Next Five Years

The development projects and programs identified in this Plan are dependent upon attracting qualified property owners, developers and obtaining the funds to finance the projects or programs. The expenditures projected for the next five years are anticipated to include costs for Agency

Project administration and implementation (such as property acquisition, relocation, new development, site preparation, transportation/infrastructure projects or improvements, and the provision of affordable housing) and debt service payments related to the issuance of debt.

Based on the economic analysis conducted for the Project Area, it appears that new development can be captured within the third five years of this project (i.e., 2009-2013). The demand projections demonstrated in the market analysis exhibit the possibility of capturing new multi-family units, commercial square footage (retail/hospitality) as well as small amounts of new office and industrial projects. While new development is projected in phases, it is recognized that development does not occur uniformly over time, but rather in cycles. Given the current real estate market, new development within North Bay is anticipated to occur toward the end of the third five year period as development opportunities are coordinated and captured with the assistance of the Redevelopment Agency.

The extent to which the Redevelopment Agency will be able to financially assist such projects will depend upon the availability of revenue. The Agency issued its first bond, with gross bond proceeds of $13,000,000, in FY 2001. A second bond issue may be possible by FY 2010. In addition to Agency-funded projects, the Agency will seek joint planning and development and financing partnerships with other federal, state and local governmental agencies as appropriate and facilitate addressing the needs of the greater North Bay area.

Table 1 shows the anticipated revenues and expenditures for the Project over the next five years. Revenue amounts are composed of the annual tax increment estimates. The total amount of gross tax increment estimated for this period is $37,583,745. Tax increment growth over the five years of this Plan, will be greatly dependent upon property turnover, new development and property assessment readjustments.

Twenty percent (20%) of the annual tax increment allocation will be set aside in the Housing Fund for the development of affordable housing. In accordance with the statutory pass-through formula stipulated in AB 1290, additional shares of tax increment are to be distributed to the following local taxing entities: 1) County General Fund, 2) San Diego Unified Schools, 3) San Diego Community College, 4) County Schools, 5) San Diego City, and 6) County Water Authority.

The following formulas are used to calculate the pass-through payments:

Fiscal Year(s)	Percentage of annual Tax Increment	Total Percentage of annual Tax Increment
Years 1 – 45	25%	25%
Years 11 – 45	25% + 21%	46%
Years 31 – 45	25% + 21%+ 14%	60%

These formulas are represented in the appropriate fiscal year in Table 1.

Table 1: Estimated Project Revenues and Expenditures (2009-2013)

Revenues	FY 2009	FY 2010	FY 2011	FY 2012	FY 2013
Tax Increment Revenue	$7,222,032	$7,366,473	$7,513,802	$7,664,078	$7,817,360

Expenditures	FY 2009	FY 2010	FY 2011	FY 2012	FY 2013
Housing Set-aside (20%)	$1,444,406	$1,473,295	$1,502,760	$1,532,816	$1,563,472
Taxing Entities (FY09:25%) (FY10-13:46%)	$1,805,508	$1,841,618	$3,456,349	$3,525,476	$3,595,985
Bond Payments/ Debt Service Obligations	$1,295,000	$1,295,000	$1,295,000	$1,295,000	$1,295,000
Administration	$720,000	$741,600	$763,848	$786,763	$810,366
Total Expenditures	$5,264,914	$5,351,513	$7,017,957	$7,140,055	$7,264,824

Available Non-Housing Total	$1,957,118	$2,014,960	$495,845	$524,023	$552,536

Five Year Work Programs:

The work programs are established based upon available resources and market opportunities. The descriptions identify near-term opportunities to remove blight in the Project Area. However, within the next five years, new implementation programs and priorities could arise. The Plans may be amended to take advantage of unforeseen and significant opportunities.

PROJECT or PROGRAM	DESCRIPTION	BLIGHTING CONDITIONS to be ALLEVIATED or REMOVED
Storefront Improvement Program (Commercial Rehabilitation Program)	Continue the commercial rehabilitation program to assist existing small business owners. Expand the program to include the entire project area.	Encourage the growth and retention of small business. Improve, promote and enhance, and preserve the positive neighborhood characteristics while correcting physical and economic deficiencies in the community.

PROJECT or PROGRAM	DESCRIPTION	BLIGHTING CONDITIONS to be ALLEVIATED or REMOVED
Community Revitalization	Proactively seek and assist in development of new commercial, residential, and mixed-use projects in the project area.	Improve visual and economic blight. Satisfies the residential and commercial needs of community. Encourage visitors and business to area. Improve and attract the growth and vitality of the business environment and address the commercial, service, and employment needs of the Project Area.
Construct Infrastructure Improvements to improve traffic and transit in the Project Area	Develop capital improvement projects to improve traffic and transit in the Project Area. Start design and construction of a major street improvement project in the Midway Community	Enhance the quality of pedestrian and vehicular mobility, and improve transportation facilities, which support the vitality, safety, and viability of North Bay. Improve the quality of non-vehicular transportation alternatives through the creation and expansion of non-vehicular routes throughout the Project Area Enhance infrastructure facilities which improve the community and support public safety, health, and local vitality
Public Improvements and Facilities	Identify opportunities for public improvements such as public art, open space, parks and sidewalk improvements in the Project Area.	Public improvements as needed to eliminate both physical and economic conditions of blight
Low and Moderate-Income Housing Funds	Implement and monitor the housing strategy for expenditure of low and moderate-income housing funds.	Promote and enhance varied housing opportunities by improving housing stock/type and expanding affordable housing opportunities that address community needs.
Community Plan Updates	Assist with the funding of community plan updates.	Community plans establish specific goals and policies that guide the enactment of the Redevelopment Plan and specific implementing projects, all of which remove numerous and various blight conditions.

PROJECT or PROGRAM	DESCRIPTION	BLIGHTING CONDITIONS to be ALLEVIATED or REMOVED
Assist with permitting process in the Project Area	Assistance to developers, business owners, and others proposing projects in the project area	Provide early assistance and priority status during the permitting process for projects within the Project Area.
Community Participation	Continue to coordinate all redevelopment activities with community business owners, residents, appropriate government agencies, and community groups	Encourage community involvement in the redevelopment process to invest in their community and aid in addressing needs
Project Area Committee (PAC)	Staff the PAC appropriately to monitor project activities and coordinate community and PAC input	Encourage a variety or perspectives and interests in the community to address all issues affecting the area
Five Points Pedestrian Improvements	Design and construct pedestrian improvements in the Five Points Commercial Corridor.	Enhance the quality of pedestrian and vehicular mobility, and improve transportation facilities, which support the vitality, safety, and viability of North Bay. Improve the quality of non-vehicular transportation alternatives through the creation and expansion of non-vehicular routes throughout the Project Area Enhance infrastructure facilities which improve the community and support public safety, health, and local vitality
Peninsula YMCA Expansion Project	Begin construction of the expansion project	Improve, promote and enhance, and preserve the positive neighborhood characteristics while correcting physical and economic deficiencies in the community.
Sports Arena	Negotiate and execute an Agreement for the City-owned properties in the Midway/Sports Arena District.	Redevelop/rehabilitate the Sports Arena to meet contemporary development standards and community needs and to alleviate the surrounding vacancies and crime caused by the lack of usage by the obsolete facility.

PROJECT or PROGRAM	DESCRIPTION	BLIGHTING CONDITIONS to be ALLEVIATED or REMOVED
Stella at Five Points	Complete the construction of 65 for-sale Condominiums with thirteen affordable units for families earning 100% AMI	Promote and enhance varied housing opportunities by improving housing stock/type and expanding affordable housing opportunities that address community needs.
Voltaire Street Bridge Retrofit	Complete the retrofit of the Voltaire Street Bridge.	Enhance infrastructure facilities which improve the community and support public safety, health, and local vitality. Enhance the quality of pedestrian and vehicular mobility, and improve transportation facilities, which support the vitality, safety, and viability of North Bay
Veterans Village of San Diego Transitional Housing Project	Complete construction of Veterans Village Transitional Housing Project, Phase II. Start construction of Phase III.	Promote and enhance varied housing opportunities by improving housing stock/type and expanding affordable housing opportunities that address community needs.
Washington Street Median Project	Complete the installation of the Washington Street Median Project	Construct public improvements as needed to eliminate both physical and economic conditions of blight

E. Explanation of How the Goals and Objectives, Programs, Projects and Expenditures Will Eliminate Project Area Blighting Conditions

The Redevelopment Plan includes development of new and rehabilitated commercial, industrial, residential, park and recreation, transportation and public facilities uses. The Plan proposes to alleviate the adverse conditions in the Project Area by encouraging reinvestment and improving traffic and parking conditions in the North Bay community.

This five year implementation plan proposes to eliminate and prevent the spread of blight and to conserve or rehabilitate the Project Area in accordance with all community plans for the North Bay area, the General Plan, specific plans, and local codes and ordinances. Redevelopment relies upon successful application of capital resources to the acquisition, assemblage and preparation of parcels, proper development phasing, and accurately addressing the needs of the community. A coordinated effort to phase-in new development over this five year plan and the life of the project will achieve these objectives.

In order to expand affordable housing opportunities in the Project Area, a variety of housing alternatives are addressed in the Redevelopment Plan. The Five Year Implementation Plan focuses on the creation of mid to large scale multi-family construction projects. An increase of housing alternatives in the central areas of Midway and Point Loma will help create a neighborhood atmosphere and provide a demand for the mixed use projects proposed in the Redevelopment Plan. New and rehabilitated housing will provide stability to the area and increase the demand for neighborhood serving retail and business services.

In addition to new housing, the Plan will implement new commercial and industrial development and provide for the rehabilitation of commercial and industrial space. The new commercial development (retail, office and hotel/motel) will be focused in the Midway and Linda Vista community planning areas, however new retail commercial opportunities will be pursued in all commercial corridors throughout the Project Area. Industrial opportunities will be pursued along the Pacific Highway corridor where connections to the airport, railways and mass transit will provide ideal opportunities for such growth. Also, the existing presence of high technology research, development companies and governmental agencies are anticipated to spur additional attraction of like businesses' complementary activities.

Other objectives of this Plan include improving the quality of transportation alternatives through the creation and improvement of non-vehicular transportation throughout the Project Area; enhancing infrastructure facilities which improve the community and support public safety, health and local vitality; and, undertaking such public improvements as needed to eliminate both physical and economic conditions of blight.

The on-going project goals and objectives will help ensure continued progress toward alleviation of existing blighting conditions and will facilitate continued re-investment in the Project Area and surrounding community. Periodic reassessment of existing and planned projects, which include PAC input, will insure that the Redevelopment Plan achieves the objectives stated in this implementation plan.

F. Explanation of How the Goals and Objectives, Programs, Projects and Expenditures Will Implement Project Area Housing Requirements

1. Goals and Objectives

California's Community Redevelopment Law requires that not less than twenty percent (20%) of all tax increment generated by the project shall be used for the purpose of increasing the community's supply of very low, low and moderate income housing. Additionally, affordable dwelling units shall remain affordable for not less than fifty-five (55) years for multi-family units and forty-five (45) years for owner-occupied units, the period of land use controls established in the project plan. The Redevelopment Project's on-going goal is to develop housing in compliance with current legislation and available Project resources.

2. Affordable Housing Need for the City of San Diego

The City of San Diego has prepared its Housing Element for FY 2005-2010. The City of San Diego's Affordable Housing Fair Share Goals for these years are as follows:

INCOME LEVELS	VERY LOW (<50% AMI)	LOW (<80% AMI)	MODERATE (80% to 120% AMI)	MARKET (120%> AMI)
# UNITS NEEDED	10,645	8,090	8,645	18,362

For the proposed amount of expenditures from the North Bay Low and Moderate Income Housing Fund for the Plan period, see Table 2.

The proposed affordable housing production goals for the Project area, over the next 10-year period, that will assist in meeting the overall City affordable housing goals see Table 3. It is the Agency's objective to expend the Low and Moderate Income Housing Funds in proportions necessary to meet these production goals and in compliance with CCRL Section 33334.4.

According to the 2000, Census the population of the City of San Diego is 1,223,400 persons with 1,094,494 under the age of 65.

During the prior implementation period, the Agency expended $3,875,000 in low mod funds for the production of Morena Vista and Veterans Village of San Diego. For number of units and income affordability see Table 3. In addition, affordability restrictions of fifty-five years have been placed on these units.

3. Agency Affordable Housing Collaborative Opportunity Fund Strategy

The Redevelopment Agency has created the Affordable Housing Collaborative Opportunity Fund which provides a mechanism for Low and Moderate Income Housing Funds to be used across project area boundaries. To provide revenue for the fund, the Agency approved the treatment of Low-and-moderate-income housing set-aside funds from the Project Areas as a revenue pool. It is anticipated that a portion of the North Bay Low and Moderate Income Housing Fund Revenue will be used to fund projects through the Affordable Housing Collaborative Opportunity Fund. These funds will be spent on a project-by-project basis.

Low and Moderate Income Housing Fund

- **Amounts Available to Housing Fund**

It is estimated that there is currently $ 1,886,000 in the North Bay Low/Moderate housing set-aside fund.

The North Bay Redevelopment Project began generating tax increment in FY 2000. The projections for the housing set-aside during this implementation period are shown in Table 2 below:

Table 2: Estimated Housing Set-Aside Funds

FY 2009	FY 2010	FY 2011	FY 2012	FY 2013
$1,444,406	$1,473,295	$1,502,816	$1,532,816	$1,563,472

These funds will be used to develop affordable housing within the Project Area and assist in funding the Affordable Housing Collaborative Opportunity Fund effort.

- **Projected Housing Units and Funds Expended**

Based upon real estate market research, it is anticipated that the units will be added at a rate of 187 units per year during the five year implementation plan. It is estimated that approximately 938 units could be developed by Fiscal Year 2013. The actual number may increase or decrease based upon actual financial resources available and market conditions.

The Project Area's estimated Housing Set-Aside Funding for the five year period is $7,516,805. Assuming that the average subsidy necessary to produce a new housing unit in the Project Area will be $120,000 (with condominiums requiring more), approximately 63 units could be developed using housing set-aside funds by Fiscal Year 2013. The actual amount of housing set-aside funds will depend upon actual tax increment receipts. The actual number of units developed will depend on market conditions and be determined as specific projects are pursued. Projected housing fund expenditures will be used for housing related administration expenses and to make annual debt service payments on housing bonds and loans.

4. Agency Developed and Project Area Housing

The Housing Compliance Plan, as required by the California Community Redevelopment Law, estimates the number of new and rehabilitated dwelling units to be developed in the Project Area and the number of units for very low, low, and moderate income households to be developed in order to meet inclusionary housing requirements. The inclusionary housing requirements state that fifteen percent (15%) of all new or rehabilitated dwelling units developed by public or private activities, other than the Agency, in a redevelopment project area should be affordable to low and moderate income households. Forty percent (40%) of the 15% inclusionary housing units shall be at affordability levels for very low income households.

For units developed by the Agency, thirty percent (30%) of all new and rehabilitated dwelling units shall be affordable for low and moderate Income households. Not less than fifty percent (50%) of the 30% affordable units shall be affordable to very low income households. The Agency is not expected to develop units itself, but will assist private entities and other public agencies with the development of housing. Therefore, the Agency will comply with the 15 percent requirement.

Table 3 provides a summary of the Project Area's housing production including the number of affordable housing units produced since the inception of the Redevelopment Plan.

- **Estimates of the number of new, substantially rehabilitated or price-restricted residential units to be developed or purchased in the project area, both over the life of the plan and during the next 10 years.**

  The number of housing units that are projected to be developed over the next 10 years are 1,150. It is expected that over the life of the Redevelopment Plan 2,100 housing units will be built. In addition 270 dilapidated and rehabilitated units are estimated to be rehabilitated during the next 10 years and 524 over the life of the plan.

- **Housing Unit Estimates for Very Low, Low, and Moderate Income Households Next 10 Years and Life of Plan**

  Based on total projected housing unit production over the next ten-year period, the Redevelopment Agency will seek to provide 153 units at prices affordable to households defined as very-low, low, and moderate income families.

- **Number of Very Low, Low-, and Moderate-Income Units Already Developed**

  To date, the Agency has assisted in the development of 128 affordable units within the Project Area. Of those units, 112 are affordable to very low–income households and 18 are affordable to moderate-income households. The Agency has agreements in place that would result in the development of approximately 125 additional affordable dwelling units affordable to low and moderate income families. These units are expected to be completed in the next three years.

- **Number of Agency Developed Units including Very Low, Low-, and Moderate-Income Units**

  The Agency does not expected to develop units itself, but will assist private entities and other public agencies with the development of housing.

5. **Replacement of Dwelling Units Destroyed or Removed**

The Redevelopment Plan calls for much of the new development to occur within the commercial districts which typically has experienced this type of development. Minimal residential displacement is expected to be necessary to carry out the commercial and mixed-use development components of the Plan. If residential buildings are to be removed for commercial projects, they would most likely be those buildings that are in a state of deterioration, located on parcels designated for commercial or industrial uses, in the commercial corridors and industrial sectors of the Project Area. Units removed or destroyed will be replaced to the extent required by California Community Redevelopment Law.

TABLE 3
SUMMARY OF HOUSING PRODUCTION
NORTH BAY REDEVELOPMENT PROJECT AREA
1998 FORMATION
City of San Diego - Redevelopment Agency

TOTAL HOUSING PRODUCTION		Required			AFFORDABLE HOUSING (for Low & Moderate Income) Produced / *To Be Produced*			Less Replacement Units			Net Surplus/Deficit		
		Very Low	Low & Mod	TOTAL	Very Low	Low & Mod	TOTAL	Very Low	Low & Mod	TOTAL	Very Low	Low & Mod	TOTAL
PREVIOUS 10-YEAR PERIOD (1998 - 2008)													
Agency Assisted													
Agency Assisted	296	18	27	45	56	0	56	0	0	0	38	(27)	11
Non-Agency Assisted													
FY06	10	1	1	2									
FY05	8	1	1	2									
FY04	2	1	0	1									
FY03	0	-	0	0									
FY02	16	2	1	3									
FY01	11	1	1	2									
FY00	5	0	1	1									
FY99	2	1	0	1									
FY98	40	3	3	6									
Outside Project Area					0	0	0	0	0	0	0	0	0
SUBTOTAL	390	24	35	59	56	0	56	0	0	0	32	(35)	(3)
CURRENT 10-YEAR FORECAST (2008-2018)													
(Estimates)													
SUBTOTAL	1150	70	103	173	*96*	*57*	*153*	87	0	87	(61)	(46)	(107)
Redevelopment Plan Production Goal	2100	126	189	315									