

TO: James L. App, City Manager

FROM: Meg Williamson, Assistant City Manager
Jim Throop, Administrative Services Director

SUBJECT: Tourism & Lodging Promotions Business Improvement District (BID)
Renewal of Assessment

DATE: January 4, 2011

NEEDS: For the City Council to consider the annual renewal of the assessment for the Tourism and Lodging Promotions Business Improvement District (BID).

- FACTS:
1. At the request of the majority of Paso Robles hoteliers, the BID was formed via ordinance by the City Council in December 2008 and the BID became effective January 16, 2009.
 2. Per the Parking and Business Improvement Area Law (Streets and Highways Code Sections 36500 et seq.) under which the BID was formed, the assessment is levied on an annual basis.
 3. Renewal of the BID tax assessment requires that the City Council receive an annual report on the budget and workings of the BID and set a public hearing for consideration of the renewal of the levy of assessment.
 4. On December 21, 2010, the City Council approved the annual report and directed that it be made available for public review in the City Clerk's office. That same date, the Council adopted Resolution No. 10-159 setting the Public Hearing for consideration of this item for January 4, 2011 and directed the notice to be published in the local newspaper.
 5. On December 28, 2010 the Tribune Newspaper published Resolution No. 10-159 in its entirety.
 6. The Travel Paso Robles Alliance (TPRA) Advisory Committee has recommended the continued levy of the Assessment and authorized Mental Marketing (an independent contactor for the marketing effort) to prepare the annual report for the BID.
 7. The BID's 2010/11 annual report and marketing budget are attached.

8. At the public hearing on January 4, 2011, the testimony of all interested persons, for or against the establishment of the BID, the boundaries of the BID, the area of benefit within the BID, the Assessment to be levied, or the furnishing of specified types of improvements or activities, will be heard.
9. A protest may be made orally or in writing by any interested person. Any written protest as to the regularity or evidence of the proceedings shall be in writing and clearly state the irregularity or defect to which the objection is made.
10. Written protests must be received by the City Clerk at or before the time set for the public hearing. A written protest may be withdrawn in writing at any time before the conclusion of the public hearing. Each written protest shall contain a written description of the business in which the person subscribing the protest is interested sufficient to identify the business. If the person subscribing is not shown on the official records of the City as the owner of the business, then the protest shall contain or be accompanied by written evidence that the person is the owner of the business.
11. If at the conclusion of the public hearing, there are of record, written protests by the owners of the tourist lodging establishments within the BID that would pay fifty percent (50%) or more of the total assessments of the entire BID, no further proceedings to renew the annual levy for the BID shall occur. New proceedings to form the District shall not be undertaken again for a period of at least one (1) year from the date of the finding of the majority written protests by the City Council. If the majority written protests are only as to an improvement or activity proposed, then that type of improvement or activity shall not be included in the BID.

ANALYSIS &

CONCLUSION: This last year of the TPRA's marketing efforts have delivered bountiful results, as demonstrated in the attached reporting from Mental Marketing. The TPRA has recommended a continued levy of the BID assessment in order to carry on work efforts towards the marketing and promotion of the Paso Robles area.

POLICY

REFERENCE: Economic Strategy; Ordinance 952 NS, forming the Tourism and Lodging Business Improvement District; BID Committee Bylaws; Streets and Highways Cod Sections 36500 et seq.; City Council Resolution No. 10-159 establishing a notice of intent to renew levy.

FISCAL
IMPACT:

The BID assessment is being collected on a monthly basis and will accumulate in a separately maintained fund. City staff will continue to commit its resources to facilitate the goals of the BID. Renewal of the assessment levy is estimated to generate \$522,000 annually, to be spent on marketing and promotions.

OPTIONS:

- a. For the City Council to adopt Resolution No.11-XXX renewing the levy of an annual assessment for the fiscal year February 1, 2011 to January 31, 2012 for the Paso Robles Tourism and Lodging Promotions Business Improvement District.
- b. Amend, modify or reject above option.

Attachment:

1. Resolution renewing the levy of annual assessment of the BID for 2011/12
2. Resolution No. 10-159 setting Public Hearing for January 4, 2011 with BID 2009/10 Annual Report and Marketing Plan scope and budget for FY 2010/11

RESOLUTION NO. 11-XXX

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF PASO ROBLES RENEWING THE LEVY OF ASSESSMENTS FOR THE PASO ROBLES TOURISM AND LODGING PROMOTIONS BUSINESS IMPROVEMENT DISTRICT PURSUANT TO THE PARKING AND BUSINESS IMPROVEMENT AREA LAW OF 1989

WHEREAS, tourism is an important contributor to the economy of the City and the promotion of the City's tourist lodging establishments serves an important public purpose; and

WHEREAS, at the request of the majority of Paso Robles hoteliers, the Paso Robles Tourism and Lodging Promotions Business Improvement District ("BID") was formed by Ordinance 952 N.S., adopted on December 16, 2008, and the BID became effective January 16, 2009; and

WHEREAS, the collection of an assessment of two percent (2%) gross room rental revenue ("Assessment") began on February 1, 2009 and established the fiscal year for the BID as February 1st through January 31st; and

WHEREAS, the Parking and Business Improvement Area Law (Streets and Highways Code Sections 36500 et seq.) under which the BID was formed requires that the assessment be re-levied annually; and

WHEREAS, the BID has been rebranded and is commonly known as the Travel Paso Robles Alliance ("TPRA"); and

WHEREAS, the City Council appointed seven (7) members of the lodging community to the TPRA Advisory Committee to represent the interests of the owners of the tourist lodging establishments in Paso Robles; and

WHEREAS, on January 5, 2010, at the TPRA's request, and after undergoing the necessary hearings and public review of the BID's Draft Annual Report, the City Council approved a renewal of the BID levy for an additional year; and

WHEREAS, unless extended by City Council action the BID levy will terminate after January 31, 2011; and

WHEREAS, at their November 18, 2010 meeting, the TPRA Advisory Committee recommended the continued levy of the BID assessment and authorized Mental Marketing to create the annual report for the 2010/11 fiscal year and a proposed scope/budget for the upcoming 2011/12 year; and

WHEREAS, Mental Marketing has provided annual reporting of the services and financials associated with the 2010/11 marketing budget and this report will serve as the BID's annual report which covers the last 12 months of business activity for the BID between November 1, 2009 and October 31, 2010 attached hereto as Exhibit A; and

WHEREAS, no changes in the boundaries of the BID are recommended by the TPRA; and
WHEREAS, under the projected scope of service and budget for fiscal year 2011/12, the amount of the Assessment is proposed to remain the same and be collected in the same manner for another year; and

WHEREAS, the TPRA has recommended a continued levy of the Assessment in order to continue the marketing and promotion of the Paso Robles area.

WHEREAS, at its meeting of December 21, 2010, the City Council approved the annual report and directed that it be made available for public review in the City Clerk's office, and adopted Resolution No. 10-159 setting the Public Hearing for consideration of this item for January 4, 2011; and

WHEREAS, the Resolution No. 10-159, setting the Public Hearing, was published one time in the local Tribune Newspaper on December 28, 2010; and

NOW, THEREFORE, BE IT RESOLVED, that the City Council for the City of El Paso de Robles does hereby resolve, determine and find as follows:

Section 1. The recitals set forth herein are true and correct.

Section 2. That the Annual Report for fiscal year 2010/2011 for the BID prepared by Mental Marketing was approved and made available for review in the office of the City Clerk.

Section 3. The boundaries of the area to be included in the BID are to remain unchanged and are the boundaries of the City of El Paso de Robles.

Section 4. The types of activities proposed to be funded by the continued levy of assessments on businesses in the BID are those activities that will promote tourism and the local tourist lodging establishments.

Section 5. The City Council hereby approves the continued levy of the Assessment on all tourist lodging establishments within the BID, as set forth in Section 3.22.030 of the Paso Robles Municipal Code, to pay for all improvements and activities of the BID, except where funds may otherwise be available, continuing for the BID's fiscal year February 1, 2011 – January 31, 2012.

PASSED AND ADOPTED by the City Council of the City of El Paso de Robles this 4th day of January 2011 by the following roll call vote:

AYES:
NOES:
ABSTAIN:
ABSENT:

Duane Picanco, Mayor

ATTEST:

Caryn Jackson, Deputy City Clerk

RESOLUTION NO. 10-159

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF PASO ROBLES
ESTABLISHING A NOTICE OF INTENT TO HOLD A PUBLIC HEARING FOR
THE PURPOSE OF CONSIDERING THE ANNUAL RENEWAL OF LEVY FOR
THE PASO ROBLES TOURISM AND LODGING PROMOTIONS BUSINESS
IMPROVEMENT DISTRICT PURSUANT TO THE PARKING AND BUSINESS
IMPROVEMENT AREA LAW OF 1989

WHEREAS, tourism is an important contributor to the economy of the City and the promotion of the City's tourist lodging establishments serves an important public purpose; and

WHEREAS, at the request of the majority of Paso Robles hoteliers, the Paso Robles Tourism and Lodging Promotions Business Improvement District (BID) was formed via Ordinance 952 N.S. by the City Council in December 2008, and the BID became effective January 16, 2009; and

WHEREAS, the collection of the two percent (2%) Business Improvement Tax began on February 1, 2009 and established the fiscal year for the district as February 1st through January 31st; and

WHEREAS, the Parking and Business Improvement Area Law (Streets and Highways Code Sections 36500 et seq.) under which the BID was formed requires that the assessment be re-levied annually; and

WHEREAS, the Tourism and Lodging Promotions Business Improvement District (BID) has been rebranded and is commonly known as the Travel Paso Robles Alliance (TPRA); and

WHEREAS, the City Council has appointed seven (7) members of the lodging community to the TPRA Advisory Committee to represent the interests of the owners of the tourist lodging establishments in Paso Robles; and

WHEREAS, on January 5, 2010, at the TPRA's request, and after undergoing the necessary hearings and public review of the BID's Draft Annual Report, the City Council approved a renewal of the BID levy for an additional year; and

WHEREAS, unless extended, the BID will be effective through January 30, 2011; and

WHEREAS, at their November 18, 2010 meeting, the TPRA Advisory Committee recommended the continued levy of the BID assessment and authorized Mental Marketing to create the annual report for the 2010/11 fiscal year and a proposed scope/budget for the upcoming 2011/12 year; and

WHEREAS, Mental Marketing has provided annual reporting of the services and financials associated with the 2010/11 marketing budget and this report will serve as the BID's annual report which covers the last 12 months of business activity for the BID between November 1, 2009 and October 31, 2010 (attached); and

WHEREAS, no changes in the boundaries of the Business Improvement District are recommended by the TPRA; and

WHEREAS, under the projected scope of service and budget for fiscal year 2011/12, the amount of the BID assessment is proposed to continue at the two percent (2%) amount and be collected in the same manner for another year; and

WHEREAS, the TPRA has recommended a continued levy of the BID assessment in order to carry on work efforts towards the marketing and promotion of the Paso Robles area.

NOW, THEREFORE, BE IT RESOLVED, that the City Council for the City of El Paso de Robles does hereby resolve, determine and find as follows:

Section 1. The recitals set forth herein are true and correct; and

Section 2. That the City Council, at the request of the owners of tourist lodging establishments and pursuant to Section 36500 *et seq.* of the California Streets and Highways Code, established the "Paso Robles Tourism and Lodging Promotions Business Improvement District" (the "District") via Ordinance No. 952 N.S. in December 2008 and each year after that, the assessment will need to be re-levied in accordance with the laws of its formation; and

Section 3. That the Annual Report for fiscal year 2010/2011 for the Paso Robles Lodging and Tourism Business Improvement District has been prepared by Mental Marketing and is available for review; and

Section 4. The boundaries of the area to be included in the District are to remain unchanged and are the boundaries of the City of El Paso de Robles; and

Section 5. The types of activities proposed to be funded by the continued levy of assessments on businesses in the District are those activities that will promote tourism and the local tourist lodging establishments; and

Section 6. The City Council intends to levy an annual assessment on all tourist lodging establishments within the District, to pay for all improvements and activities of the District, except where funds may otherwise be available, continuing for the District's fiscal year February 1, 2011 – January 31, 2012. As used herein, the term "tourist lodging establishments" shall mean hotels, as defined in Section 21.08.250 of the Paso Robles Municipal Code, but not bed and breakfast establishments, as defined in Section 21.15.220 of the Paso Robles Municipal Code, nor campgrounds or recreational vehicle parks. The method and the basis for levying the assessment on such tourist lodging establishments within the District shall be as follows: An assessment will be levied annually against tourist lodging establishments to pay for the

improvements and activities within the District and will be collected in monthly installments or such other installments as determined by the City Council. The proposed assessment is to be levied on all tourist lodging establishments within the District boundaries based upon two percent (2%) of the rent charged by the operator per occupied room per night for all transient occupancies. "Transient occupancy" shall mean the use or possession, or the right to the use or possession, of any room or rooms or portion thereof, in any hotel for dwelling, lodging or sleeping purposes, for a period of thirty consecutive calendar days or less. Transient occupancies by federal government employees on government business will be exempt from the levy of assessment. Extended stays, defined as more than thirty (30) consecutive calendar days, shall be exempt from the levy of assessment. Assessments levied pursuant to the District shall not be included in gross room rental revenue for the purpose of determining the amount of the transient occupancy tax.

Section 7. New tourist lodging establishments shall not be exempt from assessment.

Section 8. A public hearing to renew the annual levy for the District is hereby set for January 4, 2011 at 7:30 p.m. before the City Council of the City of El Paso de Robles at the Paso Robles Library/City Hall Conference Center, 1000 Spring Street, El Paso de Robles, California.

Section 9. The City Clerk is instructed to provide notice to the public hearing as follows:

- a). Publish this Resolution of Intention in a newspaper of general circulation in the City of El Paso de Robles once, at least seven (7) days before the hearing.

Section 10. At the public hearing, the testimony of all interested persons, for or against the establishment of the District, the boundaries of the District, the area of benefit within the District, the assessments to be levied, or the furnishing of specified types of improvements or activities, will be heard. A protest may be made orally or in writing by any interested person. Any written protest as to the regularity or evidence of the proceedings shall be in writing and clearly state the irregularity or defect to which the objection is made. Written protests must be received by the City Clerk at or before the time set for the public hearing. A written protest may be withdrawn in writing at any time before the conclusion of the public hearing. Each written protest shall contain a written description of the business in which the person subscribing the protest is interested sufficient to identify the business. If the person subscribing is not shown on the official records of the City as the owner of the business, then the protest shall contain or be accompanied by written evidence that the person is the owner of the business.

Section 11. If at the conclusion of the public hearing, there are of record, written protests by the owners of the tourist lodging establishments within the District that would pay fifty percent (50%) or more of the total assessments of the entire District, no further proceedings to renew the annual levy for the District shall occur. New proceedings to form the District shall not be undertaken again for a period of at least one (1) year from the date of the finding of the majority written protests by the City Council. If the majority of written protests are only as to an improvement or activity proposed, then that type of improvement or activity shall not be included in the District.

Section 12. Further information regarding the proposed District may be obtained from the City Clerk at 1000 Spring Street, El Paso de Robles, California.

Section 13. This Resolution is effective on its adoption.

PASSED AND ADOPTED by the City council of the City of El Paso de Robles this 21st day of December 2010 by the following roll call vote:

AYES: Picanco, Strong, Hamon, Gilman, Steinbeck

NOES:

ABSTAIN:

ABSENT:

ATTEST:



Dennis Fansler, City Clerk


Duane Picanco, Mayor



**Travel Paso Robles Alliance
2009-10 Annual Report
December 13, 2010**

Overview

We are pleased to share with you the results to date of the TPRA Marketing efforts from November 30, 2009 through October 31, 2010. Below is a list of the key marketing initiatives that were completed for that time period. Following that are the results of those initiatives.

During this last year, the TPRA has also worked closely with local and countywide tourism partners in an effort to influence marketing efforts, expand the reach and exposure of the Paso Robles, Authentic CA brand, so as to not to duplicate marketing efforts, thereby leveraging marketing dollars.

Key Initiatives Completed:

- PR/SM and Advertising:
 - Developed and implemented local, regional and national PR and SM campaigns
 - Managing fam trips, providing journalists resources at every turn
 - Coordinated and executed print and online campaigns
- Creative
 - Design, print and distribute the Paso Passport Visitor's Guide
 - Developed 10 minute tourism video
 - Redesigned e-newsletter
 - Redesigned ad layout using "Authentic in Every Direction"
 - Executed seasonal photography sessions to create a photo library
- Website
 - Coordinated and began efforts for Search Engine Optimization and Marketing
- Trade Shows
 - Attended 4 trade shows: 3 consumer and 1 tour operator
- Partnerships/Sponsorships
 - Became member of Central Coast Tourism Council
 - Paso Chamber Car Show Sponsor
 - Paso Festival of the Arts Sponsor
 - Developed tourism partner relationships: VCB, PRWCA, Paso Chamber, Main Street Assoc, and Paso Event Center

Public Relations Outreach

Coordinated and executed fourteen Media Pitches over a 12 month period, resulting in 589 million print and online media impressions.

Media Pitches:

- November 9: 5 Tips: De-scrooging the Holidays
- November 17: Last Minute Thanksgiving Travel
- December 11: Fun and Free Holiday Cheer
- January 25: 2010 Events Calendar
- February 1: Win a Wine and Spa Weekend in Paso
- March 15: Spring Events Calendar
- April 5: Paso Robles CA, the Mid-Week Travel Cure
- May 15 - Summer Fun (Events Round Up)
- June 22 - Fall Season (Events Round Up); Re-Released In August To Newspapers And Websites
- July 13 - Summer Lodging Specials
- August 9 - Last Minute Summer Tips & Trends

- August 17 - Paso Robles, Ca Hosts First-Ever “Paso Glow” Dinner On October 2
- September 8 - Celebrate The Holiday Season (Events Round Up) Re-Released in late October To Newspapers And Websites
- October 14 - Travel Paso Robles Alliance Launches Tourism Wayfinding Program

Media Results (does not include all print circulations for calendar listings, or blog readership):

- November Results
 - Engaged 40 publications/journalists/blogs
 - Articles/Pickups/Calendar listings/blogs: 11
 - Impressions: 7.9 million media impressions
- December Results
 - Engaged 15 publications/journalists/blogs
 - Articles/Pickups/Calendar listings/blogs: 5
 - Impressions: 3.2 million media impressions
- January Results
 - Engaged 11 publications/journalists/blogs
 - Articles/Pickups/Calendar listings/blogs: 60
 - Impressions: 51.1 million media impressions
- February Results
 - Engaged 6 publications/journalists/blogs
 - Articles/Pickups/Calendar listings/blogs: 10
 - Impressions: 24.3 million media impressions
- March Results
 - Engaged publications/journalists/blogs
 - Articles/Pickups/Calendar listings/blogs: 6
 - Impressions: 13.5 million media impressions
- April Results
 - Engaged publications/journalists/blogs
 - Articles/Pickups/Calendar listings/blogs: 49
 - Impressions: 38.2 million media impressions
- May Results
 - Engaged 38 publications/journalists/blogs
 - Articles/Pickups/Calendar listings/blogs: 11
 - Impressions: 2.1 million media impressions
- June Results
 - Engaged 25 publications/journalists/blogs
 - Articles/Pickups/Calendar listings/blogs: 26
 - Impressions: 9.4 million media impressions
- July Results
 - Engaged 12 publications/journalists/blogs
 - Articles/Pickups/Calendar listings/blogs: 217
 - Impressions: 342 million media impressions
- August Results:
 - Engaged 40 publications/journalists/blogs
 - Articles/Pickups/Calendar listings/blogs: 59
 - Impressions: 64 million media impressions
- September:
 - Engaged 35 publications/journalists/blogs
 - Articles/Pickups/Calendar listings/blogs: 24
 - Impressions: 7.3 million media impressions
- October:
 - Engaged 32 publications/journalists/blogs
 - Articles/Pickups/Calendar listings/blogs: 32
 - Impressions: 26 million media impressions

Online ads:

LA Times Online ads for May

- Cost: \$5940
- Impressions: 423,700
- Clicks: 561
- **CPM impressions: \$14.55**
- **CPC: \$10.58**
- **Click rate: .13%**

Travel Ad Network: GEO and DMA targeted to 50 travel websites, Dec 09 – April 10

- Cost: \$23,000
- Impressions: 1,833,000
- Clicks: 2038
- **CPM impressions: \$12.54**
- **CPC: \$11.28**
- **Click rate: .11%**

Sunset Online: ROS Jan – March, Home page special in Jan

- Cost: \$5750
- Impressions: 2,014,769
- Clicks: 294
- **CPM impressions: \$2.85**
- **CPC: \$19.55**
- **Click rate: .04%**

Google Ad words for May:

- Cost: \$1000
- Impressions: 83,879
- Clicks: 823
- **CPM impressions: \$12.04**
- **CPC: \$1.21**
- **Click rate: .98%**

TravelZoo: California Hotels Jan 15 – Dec 31

- Cost: \$17,250
- Impressions: 1,450,200 (approx)
- Clicks: 20,000
- **CPM impressions: \$11.89**
- **CPC: .86 cents**
- **Click Rate: 1.3%**

Online Ad Totals:

- Impressions: 5.8 million
- Cost: \$52,940
- CPM: \$9.12

Trade Shows/Group/Consumer/Meeting Planner Lead Generation

As part of the mid-week, group and meeting planner strategy, TPRA included trade shows and tourism memberships to develop relationships with the decision makers in this category. Below are the results of 4 shows the TPRA participated in, and one show that generated leads as part of membership with the CCTC.

Trade shows:

- May: POWWOW: Orlando, Florida
 - 30 international tour operator leads
 - 300 travel journalist leads
- June: Sunset Celebration: Menlo Park, CA
 - 626 consumer database leads
- June: PRWCA Grand Tasting: Sacramento
 - 120 pre-qualified consumer leads
- June: PRWCA Grand Tasting: Mid-Penninsula,
 - 150 pre-qualified consumer leads
- July: CCTC UK/Germany Travel Tour
 - 400 tour operator leads

Trade Show/Lead Totals:

- **Lead Generation: 1400**
- **Cost: \$16,014**
- **Cost per lead: \$11.43**

Website/Visitor Guide Analytics

Website visits have increased YOY. Also, the new Paso Passport Visitor's Guide just started distribution Oct 1. The Paso Passport Visitor Guides started distribution through Certified Folder to increase outreach on November 15, 2010.

- Website visits/pageviews
 - Visits Oct 2009: 3960
 - Visits Oct 2010: 5902
 - 22,000 page views for Oct 2009
 - 34,521 page views for Oct 2010
 - Lodging: 1158 page views Oct 2009
 - Lodging: 2005 page views Oct 2010
- Visitor Guide Distribution 2009-2010
 - YTD travelpaso requests: 796
 - Downloaded guides: 989
 - Sunset/CA Visitor Guide requests: 3623
 - Total: 5408



prepared by Mental Marketing



2011-2012 Budget Scope of Work

	BUDGET TOTAL	Percentage
INCOME PROJECTIONS	\$548,000	
2009 - 10 2% BID Revenue + 4%	\$522,000	
Rollover	\$26,000	5%
EXPENSES		
Total Media	\$95,800	17%
Sunset Magazine, CA State Visitor's Guide		
Broadcast media in 2 MAJOR markets		
CCTC, CTTC, BID ALLIANCE co-op print and online media		
SBP Promotions		
Public Relations / Social Media Programs (4 staff members)	\$167,700	31%
(current mo. ave: \$15,360) Retainer		
Fam Trip Hard Costs		
Press Release Distribution		
Annual Tracking		
Client Services / Programs Mgmt (3 Staff members)	\$97,200	18%
(current mo. Ave: \$12,120) Retainer		
TPRA Marketing Programs Outreach/Management		
Member/Board Communications		
Paso Passport Program Mgmt		
Trade Show Coordination and Mgmt		
VCB, TBID Alliance, CCTC representation		
TPRA Meetings/Admin		
Visitor Guide Mailings		
Event Coordination		
Tourism Partner Coordination: City, PRWCA, Main St, Chamber		
2011-12 Marketing Plan	\$3,000	1%
Creative Services	\$53,000	10%
Photo Shoot		
Brochure Update		
Video/TV spots		
8 Trade Shows		
Ongoing creative design/mgmt costs		
Brochure Printing and Mailing Costs	\$33,000	6%
Printing		
Mailing		
Website	\$23,840	4%
Mobile Ready Site		
SEM		
Sponsorships/Memberships	\$62,905	11%
2011 Savor		
Balance of 2010-11 SLOVCB Contribution		
2011-12 SLOVCB Contribution		
TPRA Event Costs	\$600	0.1%
Luncheon		
Holiday Party		
Contingency Fund	\$10,955	2%
TOTAL EXPENSES	\$548,000	