



MINUTES

**California Film Commission Board Meeting
July 31, 2015
1:30 p.m. – 3:00 p.m.
SAG-AFTRA Conference Room
Los Angeles, California**

COMMISSIONERS IN ATTENDANCE

Hilary Armstrong
Fred Baron
Bob Blumenfield
Steve Dayan
Lindy DeKoven
Janet Knutsen
Michael Nyman
Anthony Portantino

EX-OFFICIOS/DESIGNEES IN ATTENDANCE

Eve Honthaner, Deputy Director, California Film Commission
Amy Lemisch, Director, California Film Commission

GUESTS

Paul Audley, FilmL.A.
Janice Arrington, Orange County Film Commission
Joel Baral, RC Baral
Catharine Beverly-Bishop, National Park Service
Eva Bitar, City of L.A.
Bettina Breckenfeld, Riverside Film Office
Robin Citrin, CFC
Joseph Cruz, CFC
Sheri Davis, Inland Empire Film Commission
Helene Dervishian, CFC
Erik Deutsch, Excel PR Group
Ed Duffy, Local 399
Pauline East, Antelope Valley Film Office
Paul Eck, State Fire Marshal Office
Kathy Garmezy, DGA
Michelle Garrett, Pasadena Film Office
Chris Lee, CFC
Leah Medrano, CFC
Lisa Mosher, CFC
Michael Owens, Office of Councilmember Blumenfield
David Phelps, AICP
Ramiro Rodriguez, CalFire
Philip Sokolowski, FilmL.A.
Stephanie Stethem, Riverside Film Office
Nancy Stone, CFC
Dan Taylor, San Bernardino Film Office
James Valdez, State Parks
Ali Zaghari, Caltrans
Matt Zebro, CFC

I. CALL TO ORDER and WELCOME; INTRODUCTION OF MEMBERS/GUESTS - Steve Dayan, Chair

Chairman Dayan welcomed board members and guests followed by self-introductions

II. APPROVAL OF MINUTES - Steve Dayan, Chair

Minutes from Feb. 12, 2015 were unanimously approved by all board members present: Hilary Armstrong; Fred Baron; Bob Blumenfeld; Steve Dayan; Lindy DeKoven; Janet Knutsen; Michael Nyman; Anthony Portantino

III. DIRECTOR'S REPORT - Amy Lemisch

The Director's report included updates on the following topics:

Office Expansion / Staffing – Budget Change Proposal had been approved by the Dept. of Finance and was included in Governor's budget. The budget increase is \$1.1 M for this fiscal year and \$800,000 in ongoing new funding. This will bring total FY operating budget to \$2,258,000. CFC will add 7 or 8 staff. A temporary consultant was hired just in time for the first round of applications in May. CHP Officer Miguel Luevano has left and Kristi Cardoza has replaced him.

Staff is working to secure an additional office suite on the same floor and the library will be reorganized to accommodate additional cubicles.

On-line Application – GO-Biz IT built the on-line application system based on the existing California Competes tax credit application framework. Staff continues to work with the IT team to build out the internal functions so that statistical data and reports can be generated. Additional adjustments continue to the internal system as needed.

San Diego stakeholder meeting

The CFC submitted a formal proposal to San Diego which has still not re-established a film office. However, in the most recent city budget they did commit \$225,000 and the County committed \$100,000 to fund two positions and both entities have indicated they intend to launch a film office by January, 2016

Outreach – Public Engagements:

Hollywood Chamber Entertainment Committee – presentation
UCLA Anderson Forecast, Entertainment Panel participant
Interviews: KCRW, KPCC, KNX, The Economist, LA Business Journal, Bloomberg TV (live)
Newport Beach Film Festival - "Made in California" - judge.

Marketing Events:

AFCI – March 5, 6, 7 – shared booth with Santa Clarita and Film LA
CFC 10th Annual VIP Breakfast – April 29 – Sofitel Hotel in West Hollywood (will be last year for event)
Film in California conference at CBS Radford

Media – CFC has replaced the printed news summary with an online content aggregation platform called **Storify**, for our quarterly news clips.

IV. OPERATIONS REPORT – Eve Honthaner, Deputy Director

Filming Issues:

Cal State Fullerton – meeting held regarding their filming rates and to make them more film friendly.

We've worked with Caltrans and CHP to facilitate eight or nine different freeway closure meetings during the past five and-a-half months. Most requests are for the 710 and 105 freeways, although we do occasionally get requests for closures in the Bay Area.

Outreach – Public Engagements:

Attended a meeting at the FAA about drones. City of Los Angeles is currently working on a local ordinance regarding the use of UAS, and the LAPD is developing their own municipal code pertaining to the use of UAS. Next year, the FAA should have new guidelines for the use of small UAS used for commercial purposes.

Attended an FSO training class held in Roseville (just north of Sacramento) that was put on by our Deputy State Fire Marshal, Ramiro Rodriguez.

Attended the L.A. Citywide Film Taskforce meeting and L.A. County/Film Industry Coordination meetings.

“Made in Hollywood Honors” committee that celebrates Oscar- and Emmy-nominated films and programs that are made in California.

Marketing Events:

Attended the Location Managers Guild of America Awards.

Film in California Conference, formerly called the California Location Conference was held on June 13th at CBS Studio Center. This is an annual event co-hosted by the CFC and the FLICS. Over 500 attendees participated. Exhibitors included FLICS offices from across the state, community partner organizations such as the LMGA, AICP, NewFilmmakers Los Angeles and Women in Film and sponsors such as Entertainment Partners, Enterprise Rent-a-Car, Oakwood Apartments, Media Services and Sony Pictures.

Regional Film Office Staff

- James Valdez - new Parks Filming Coordinator for the Angeles District.
- Michelle Garrett - new Pasadena Film Commissioner.
- Bill Bartels - new Ventura County Film Commissioner.
- Evan Thomason - new Santa Clarita Film Commissioner
- Kylee Jepsen – new San Luis Obispo Film Commissioner
- Felicia Cook – new Kern County Film Commissioner

Longtime Director of the Inland Empire Film Commission Sheri Davis is retiring, although she's still going to be representing the Big Bear area for a while. Dan Taylor, who has long been the deputy director of the Inland Empire film office is now going to be representing the County of San Bernardino. Bettina Breckenfeld and Stephanie Stetham are heading up the Riverside County Film Commission.

Certificate of Appreciation presented to Sheri Davis for her service to the Industry.

V. TAX CREDIT PROGRAM REPORT – Nancy Stone, Tax Credit Program Director

The final lottery for the original tax credit program took place in April – months earlier than the normal June submission date. This was scheduled so as to complete this process with time to prepare for the new program, whose first allocation period was in May. The final “random selection process” took in 246 applications, from which 27 projects were initially reserved credits. That is a 60% decrease compared to 502 applications last year, due to the fact that approximately 80% of the funding was already reserved for returning television projects. The CFC will continue to admit waitlisted projects when and if projects withdraw.

For the final year of our heritage tax credit program, the CFC issued credit allocation letters to 16 independent and 11 non-independent projects. By project type, this breaks down to:

- 11 Feature Films (15% of allocations)
- 5 TV Movies (2%)
- 11 TV Series (83%)

The total estimated California spend for all projects which received allocations this fiscal year is over **\$700 million dollars**. This figure includes over \$271M in qualified wages, \$202M in non-wage expenditures, and almost \$230 million in non-qualified expenditures. Approximately 71,800 crew, cast and extras were employed on these projects.

The estimated aggregate direct spending by all projects for 8 program years is \$5.93 Billion dollars. This includes \$2.08B in qualified wages, \$1.56B in non-wage spend, and \$2.28B in non-qualifying expenditures. This additional non-qualifying revenue is a bonus for the state, as this includes wages for above the line talent who will pay taxes and likely spend those wages in the Golden State.

Program 2.0 Year 1

In May of this year, Tax Credit Program 2.0 began with its first allocation period which consisted of 2 separate categories: one for non-independent TV projects, which included TV Series, Pilots, Mini-series and MOWs and one for Relocating TV Series. With the newly constructed on-line portal, our applicants were able to apply on line and submit documents digitally.

Credit allocation letters were issued to 12 non-independent projects. By project type, this breaks down to 6 TV series, 2 Pilots, and 4 Relocating TV Series, losses for the states of Louisiana, Georgia, Maryland, and North Carolina.

The total estimated California spend for all TV projects which received a reservation of tax credits during this allocation period is approximately **\$550 million dollars**. This figure includes over \$210M in qualified wages, \$150M in non-wage expenditures, and approximately \$190M in non-qualified expenditures. The new program offers "bonus" points for projects filming out of the Los Angeles zone. To our knowledge, 10 projects will be filming in counties other than LA County.

254 projects applied for the second round of Program 2.0. The \$55.2 million allocation includes \$48.3 million for non-independent feature films, and \$6.9 million for independent projects. The Film Commission received 32 applications for the non-independent feature category, and 222 applications for independent projects. The application period ran from July 13 to July 25. The applications are currently under review.

Administrative Update

In the new tax credit program, all applicants must participate in career based learning and training programs approved by the CFC. We have been working closely with the California Department of Education and the Community Colleges to create this initiative and provide opportunities for high school and community college students, as well as educators.

In order to receive their tax credit certificates, our 2.0 applicants will need to include proof of participation with the rest of their documentation.

Program 2.0 is currently operating under the emergency regulations, which were approved on April 13, 2015. In order to have the optimal amount of time to gather information about how the program is working, the film commission is going to ask for an extension period before the permanent regulations are submitted to the Office of Administrative Law. It is anticipated that the permanent regulations will be approved in the second quarter of next year.

VI. REGIONAL FILM OFFICE REPORT – Riverside – Stephanie Stetham & Bettina Breckenfeld and San Bernardino – Dan Taylor

Inland Empire Film Commission closed as of July 30th. Riverside County, San Bernardino County and Big Bear Lake each decided to open their own separate film office.

San Bernardino Film Commission - will continue to follow the role model of the Inland Empire with the San Bernardino Film Commission including maintaining Location Library Database, promote & provide fam tours, COLA awards, database of location services & crews, permit turnaround time by 3 business days, work with BLM on forest land including permitting BLM land, tracking economic impact of filming in the area.

Riverside County - incentives under the county's revised film ordinance include:

No fees for a film permit or requirement for a business license when filming in unincorporated areas of Riverside County

No location fee in county facilities for projects lasting 10 days or less

No transient occupancy taxes (TOT) when staying in hotels, motels and inns in unincorporated areas of Riverside County. This benefit is for 48 months for qualified productions, and can save 10% on your stay.

Permit turnaround time between 1-3 business days and road closures up to 10 days.

Palm Springs is the biggest and most used film location.

VII. NEW BUSINESS – Steve Dayan, Chair

Negotiations between Alliance of Motion Picture and Television Producers (AMPTP) and IATSE has expanded the Thirty Mile Zone to Forty Miles and is considered the “Secondary Studio Zone”. The studios have agreed for companies to go further out in Los Angeles and should encourage productions to shoot locally in the Los Angeles area including the Nissen Center, Irvine, Huntington Beach, Filmore, Palmdale, Pomona, John Wayne Airport. Should be effective sometime in Sept.

VIII. PUBLIC COMMENT

None

IX. BOARD MEETING SCHEDULE FOR 2016:

TBD

X. ADJOURNMENT – Steve Dayan, Chair

The meeting was adjourned at 2:55 p.m.