



MINUTES

California Film Commission
Board Meeting
July 09, 2021
1:30 p.m. – 3:00 p.m.
Teleconference
Los Angeles, California

COMMISSIONERS IN ATTENDANCE

Thom Davis (Chair)
Wendy Greuel (Vice Chair)
Jaime Lee (Secretary)
Senator Ben Allen
Senate Pro Tem Toni Atkins
Arturo Barquet
Andy Davis
Robert Gleason
Bonnie Goldfarb
Jennifer Gonring
Supervisor Janice Hahn
Peter Kaufman
Janet Knutsen
Josh LaFarga
Debra Langford
Assemblymember Adrin Nazarian
Councilmember Kim Nguyen
Brian Pendleton

CFC STAFF

Colleen Bell
Joseph Cruz
Leigh Flores
Eric Klosterman
Leah Medrano
Nancy Rae Stone

GUESTS

Eva Bitar
Erik Deutsch
Chris Dombrowski
Ed Duffy
Kathy Garmezy
Serena Kung
Larry Laboe
Amy Lemisch
Misa Lennox
Scott Lipke
James McCann
Chris Moulton
Lauren Pizer Mains
Dean Schramm
Holly Tarr
Jason Weisz

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

Meeting called to order at 1:35 p.m., Chairman Davis welcomed board members and guests, Roll Call.

II. CHAIR REPORT – Thom Davis, Chair

Chairman Davis stated the latest California Film & TV Tax Credit report demonstrates what an economic engine the industry is and the employment numbers are impressive and few industries can boast of those kinds of employment numbers. He thanked Tax Credit Program Deputy Director Nancy Rae Stone for such a comprehensive report.

Chairman Davis thanked the boardmembers and legislators for their work with the various stakeholders and their support in making sure the program is fully funded and production jobs are retained and are here to stay in California.

Chairman Davis acknowledged the importance of the various pending tax credit program legislations including the diversity and training programs and the opportunities for underrepresented groups to be added to the production industry workforce. The studio and soundstage legislation represents the first time the film production industry is actually blended with another industry and the construction industry in particular. With the shortage of studio and soundstages this bill will help address that as well as create industry jobs.

III. APPROVAL OF MINUTES – Thom Davis, Chair

Motion to approve the Minutes from March 26th was made and approved.

IV. DIRECTOR'S REPORT – Colleen Bell, Executive Director

Executive Director Bell welcomed new board member Peter Kaufman. CFC Boardmember Peter Kaufman who is a film producer commented on how important CA Film & TV Tax Credits are to getting a green light and to keeping cast and crew working in California. Boardmember Kaufman is looking forward to working with the board to help stimulate the economy.

Executive Director Bell thanked the Board for their service as members of this Commission, particularly as we've worked our way through the tax credit regulatory process.

Board members have offered valuable input on the variety of different scenarios to mitigate the recurring television shortfall.

Some of the tax credit bills up for consideration will have the potential for expansion of the tax credit program which would address our recurring shortfall. The bills are still moving along in this process and Bell said she would keep the Board apprised of any advancement of the bills.

Executive Director Bell gave a special thanks to our Legislative Boardmembers including Senate Pro Tem Toni Atkins, Senator Ben Allen and Assemblymember Adrin Nazarian for their work on these various tax credit enhancing bills. She also recognized them for their statements in support of the tax credit program as an economic development tool and job creator.

Senate President Pro Tem Toni Atkins thanked members of the Commission for keeping her and her staff updated with the necessary information for the Legislature to address program shortfalls. Senate Pro Tem Toni Atkins believes there is broad support in Sacramento and that we are on track to see these bills finalized.

One of the bills authored by Senator and CFC board member Ben Allen promotes diverse hiring and creates an incentive for productions to hire the graduates of the career pathways training program. The aim is to bring in film workers from under representative communities, which would broaden the talent pool for productions.

Executive Director Bell thanked the board members who have been working so closely with the studios and union sides. She also thanked Tax Credit Program Deputy Director and the tax credit department staff for all of their hard work.

Another bill under consideration would provide film and TV tax credits to taxpayers who complete certified studio construction projects. This bill encourages the construction and improvement of production infrastructure needed of to compete with other states and countries.

This bill would require the CFC to increase the hiring of additional staff. Bell announced the CFC team has been working hard to identify our administrative needs should these bills pass.

In terms of the CFC office, Bell shared that we will be moving toward a future of telework system which will be government wide. This is a State wide initiative where state government employees will be working in more of a hybrid approach with in office and remote working conditions. The CFC will have some office centered employees and we will have remote centered employees. Bell stated the staff is functioning well with this new approach.

Paramount Studios has offered our Commission the opportunity to screen '*Top Gun Maverick*' which was shot in California and is one of our tax credit projects. The release of the movie continues to be delayed because of the pandemic but the studio is anticipating a winter release at which time the CFC will host a screening if Covid 19 guidance at the time allows for such an event.

As things open up again, we will be able to have some more interesting experiences for instance visiting set tours and other screenings. Our November Board meeting is scheduled to be an in-person meeting, but we will also offer video conferencing.

Leigh Flores is the new CFC Deputy Director and Executive Director Bell introduced her at the last board meeting and she is doing a terrific job.

V. DEPUTY DIRECTOR'S REPORT – Leigh Flores, Deputy Director

Deputy Director Flores has been working with a new film office on film friendly ordinances and also with the Film Liaison in California Statewide (FLICS).

With the increase in filming Deputy Director Flores has also been assisting with inquiries on filming and permit issues.

With more virtual and in person film festivals happening Deputy Director Flores has been working on some metrics to determine the best opportunities for outreach and engagement with this hybrid of film festivals including a combination of digital and hard copy versions of the 2022 Locations California magazine.

Deputy Director Flores will be participating in her first in person California Fire Safety training next week.

Permit Report – Eric Klosterman, Permit Manager

Permitting has rebounded strongly following the slowdown due to the pandemic. Total permits issued for 2021 to date are 919. This compares to just 1032 permits for all of 2020 and 1838 permits for 2019.

We currently have 90 applications in our application queue being processed, which is in the higher range of normal activity.

Buildings and Facilities permits still lag behind the 2019 numbers due largely to the prisons being offline until very recently. Documentaries mostly shot at state prisons made up half of all the permits issued in this category.

Caltrans permits issued so far this year are down from the 2019 levels averaging 33 per month in 2021 compared to 41 per month in 2019 and for all of 2020 we only averaged 12 per month.

State Parks are especially busy averaging 113 permits per month so far this year compared to 96 per month for 2019 and 61 per month for 2020.

Permitting activity is strong in southern California, especially Los Angeles, Orange and Ventura counties and have already exceeded the number of permits issued in all of 2020.

We anticipate continued strong demand for permits as the TV season ramps up.

Mandatory COVID-19 restrictions in place for the past 15 months have largely been lifted especially for outdoor filming while the major guilds and unions have kept their protocols in place.

State Parks, Caltrans and other state agencies continue to require adherence to state and local health and safety orders, but without the submission of protocol plans.

Revenue from permit fees collected on behalf of Caltrans, State Parks and other state agencies totaled approximately \$1,025,000 for all of 2020 revenue. Revenue collected so far in 2021 is already roughly \$880,500 so permitting is getting back to pre-pandemic levels.

VI. TAX CREDIT PROGRAM REPORT – Nancy Rae Stone, Tax Credit Program Deputy Director

Program Year One Stats:

Despite the pandemic, in Program year 1, the CFC allocated \$335M in tax credits to 48 projects estimated to spend \$2.5Billion in the state. Approximately 4,500 cast, 7,700 crew, and 89,000 background performers were or will be employed on these productions. These projects estimated a total of 2700 in zone film days and 490 out of zone filming days. Program year 2 has already had its first allocation period for recurring TV and will hold its first allocation period for features and indies on July 19th.

Due to a shortfall in the TV category, the CFC has been unable to allow new TV series into the program. As per the readopted emergency regulations, all allocations for recurring TV series are capped at their previous seasons credit allocation amounts. If the new bridge funding of \$75M a year for the next 2 fiscal years goes through, we expect that as TV series sunset, we will have the credits to allow new TV projects into the program. If an additional \$30 million in new funding is approved, the CFC will be able to admit relocating TV series as well.

Readoption of Emergency Regulations – Additional Funding:

The emergency regulations were approved by the Office of Administrative Law (OAL) on June 14th and were effective as of June 18th. The CFC now must prepare for the normal rulemaking process submitting the documentation for proposed permanent regulations for program 3.0.

The permanent regulations may need to incorporate the proposed changes to the statute if enacted which include provisions in SB144 which deals with stage certification and provides film tax credits for projects that film on those stages, as well as SB611, which provides additional tax credits for projects that hire pilot skills program graduates. Additional staff and resources will be needed to administer these additional requirements.

Force Majeure:

40 projects from Program 3.0 and 9 projects from Program 2.0 went into force majeure last fiscal year. Out of that number, 23 projects are out of force majeure and in some stage of production and 10 productions withdrew from the program. Many indies are having a great deal of difficulty securing production insurance to cover any losses that may result from covid costs. There are still 16 projects affected by the pandemic who remain in force majeure with specific deadlines as to when they must begin principal photography,

Career Pathways Training Program:

Year 1 of the Career Pathways Program was faced with layers of challenges in funding, recruitment, and training logistics as a result of the COVID-19 pandemic. Despite these challenges, this program was able to serve 55 participants in its first year. While this is an impressive number for such a

challenging inaugural year, we anticipate the number of participants served will more than double in the 2nd year of the Program.

The demographics of the individuals in the program with our 3 training providers – Brotherhood Crusade, Manifest Works, and Hollywood CPR currently include 37% Afro American, 18% Latinx, 3% White, 3% Pacific Islander, 3% Mixed and 34% not stated. Almost 30% of participants have a household income of less than \$30K a year.

In addition to serving more participants in Year 2, the other major highlights of the second year will be the development and implementation of both a Production Accountant training program and an Industry Mentor Program. Both of these will allow us to serve more participants and provide them with the networking connections/opportunities that are essential to success in Film and Television Production.

Career Readiness:

In year one, the CFC has been helping our projects connect with career based learning programs, high schools, and community colleges with 4 virtual workshops or panels, 7 internships, a professional skills tour, and a faculty externship. Due to COVID-19, the few productions that were operational opted to make a financial contribution.

In total, \$43,000 in funding went to either the CA Dept of Education (CDE), a portion of which provided scholarships to students to attend the CA Summer School for the Arts, or to the Foundation for CA Community Colleges fund to support students in paid work experiences within the film industry. The Foundation intends to focus on providing these experiences as a component of related initiatives in the community college system aimed at increasing access to work-based learning opportunities for target populations.

Some of the newest organizations the CFC has worked with include Respectability, which works with studios to portray disabilities authentically and serves children and adults with various types of disabilities; Digital Nest which teaches soft skills, tech education, and filmmaking to high schoolers up to 24 years of age in Watsonville, Salinas and Gilroy; and the UCLA College to Career Program, which services individuals with Autism Spectrum Disorder.

AME Institute:

A portion of career readiness monies that was given to the California Department of Education (CDE) helped fund an Arts/Media/Entertainment Symposium on June 21st. The CFC worked closely with the CDE to put together a VFX workshop as part of a new initiative by the CDE whose focus is to establish an arts, media and entertainment workforce training program and registered youth apprenticeship for animation, VFX and game design (AVG). VFX executives and supervisors spent several days sharing their knowledge of VFX and providing hands-on assignments with LAUSD teachers so that they can go back to their classrooms and provide some basic instruction for their students. The VFX executives who participated in the workshop stressed that anyone with the aptitude and some training can find a way into this sector which offers many openings for jobs.

Stephen Fellows Study Graph from 2019 Progress Report:

A good illustration as to why there are so many jobs in this sector can be found in a study by Stephen Fellows. The study tracked the top 200 films from 1997-2016 and the sector that had the largest increase in employment 325% was the VFX department. The closest department to that was the costume department with a 180% increase in jobs.

VFX Incentives:

VFX executives at studios and production companies informed CFC that the most important factor they consider when awarding VFX contracts is tax incentives. Hundreds of millions of dollars of VFX work is being awarded to locales such as Australia, Canada, and the U.K. The CA Tax Credit Program offers an additional 5% tax credit for VFX work in California, bringing the credit up to 25% for projects in the program. However, California is the only major film production center that does not specifically target VFX jobs, and as a result, the jobs have left CA. The question is not how to increase employment in this sector but how to bring the work back to where it all began. How to bring the work back so that there will be jobs for those LAUSD students, many of which come from underrepresented communities, who seek them.

VII. NEW BUSINESS – Thom Davis, Chair

Next CFC Board Meeting is scheduled for November 19th at 1:30 p.m.

VIII. PUBLIC COMMENT

None

IX. ADJOURNMENT – Thom Davis, Chair

Meeting adjourned at 2:55 p.m.