



MINUTES

California Film Commission Board Meeting
Friday, November 19, 2021
1:30 p.m. – 3:00 p.m.
Hackman Capital Partners, LLC
4060 Ince Boulevard
Culver City, CA 90232

COMMISSIONERS IN ATTENDANCE

Thom Davis (Chair)
Wendy Greuel (Vice Chair)
Jaime Lee (Secretary)
Arturo Barquet
Andy Davis
Steve Dayan
Robert Gleason
Bonnie Goldfarb
Jennifer Gonring
Supervisor Janice Hahn
Peter Kaufman
Janet Knutsen
Josh LaFarga
Debra Langford
Kim Nguyen

CFC STAFF

Colleen Bell
Joseph Cruz
Eric Klosterman
Leah Medrano
Nancy Rae Stone

GUESTS

Jim Beaumonte
Scott Bernard
Grace Dikho
Kathy Garmezzy
Umoiya Glass
David Gonzalez
Bill Kramer
Amy Lemisch
Misa Lennox
Kevin McDonald
Vijay Mepani
Kim Mims
Ricky Nierva
Melissa Patack
Arlen Valdivia
Michael Walbrecht
Jason Weisz

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

Meeting called to order at 1:40 p.m., Chairman Davis welcomed board members and guests, Roll Call.

II. APPROVAL OF MINUTES – Thom Davis, Chair

Motion to approve the Minutes from October 19th was made and approved.

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

The big news is the expansion of the Film and TV Tax Credit Program. In July the California Senate and Assembly approved SB 144, expanding the Film and TV Tax Credit Program by 330 million toward recurring and relocating television series, and it also includes a new program for projects that shoot on CFC certified renovated or newly constructed soundstages. SB 144 increases the amount of tax credits available by 30 million for relocating television series, 150 million for recurring television and 150 million for the tax credit soundstage program.

We are confident the increase in relocating television tax credits will encourage more projects to consider relocating their productions to California. We have two new relocating projects coming to California, one from Vancouver and one from Georgia. This tax credit expansion will serve to create many new jobs for Californians. SB 144's Soundstage Filming Incentive includes a provision requiring projects to meet workforce diversity targets that reflect California's population in terms of race and gender.

We are in the process right now of drafting these regulations which aim to represent the spirit of the statute while complying with the law. Incentivizing soundstage renovation and new construction is a critical addition to the state's efforts to increasing filming here in California. SB 144 demonstrates a strong commitment to improving our competitiveness.

Due to COVID-19 entertainment production came to halt in March 2020 and then opened up again in June 2020. There have been stops and starts along the way, but at this point in time, production in California is exceeding pre-pandemic levels.

Regulations for SB144 are in the process of being drafted. We also have our permanent regulations posted for the public comment period. We will be hiring three new positions to implement and help to administer SB 144.

CFC just released our CA Film & TV Tax Credit Program Progress Report which can be found on.

PERMIT REPORT – Eric Klosterman, Permit Manager

The pace of permitting has remained strong throughout the second half of the year with minor fluctuations over time. While we are experiencing a slowdown around the Thanksgiving holiday, we are still on a pace just below the number of permits issued in 2019. To date we have issued 16,141 permits for filming in 2021 compared to only 1,032 in 2020 and 18,138 for all of 2019.

As of September 1, Caltrans raised the rates they charge for review and inspection of encroachment permits from \$82 an hour to \$110 an hour. There will be another increase to \$242 an hour on January 1, 2022. All this to bring fees into compliance with state cost recovery mandates. The last time the rates were raised was over nine years ago and industry reaction has been favorable so far, people understand cost have gone up.

We've been working with state parks for the past two years on a revision of their filming guidelines. The process was interrupted by the pandemic but we hope to have the final version ready to be implemented in January. Our goal is to train the film coordinators in all the 280 park units over the first few months of next year so that uniform procedures will be followed throughout the system, providing better communication between CFC and parks and the production community. One important aspect of the new guidelines is a change in the minimum advanced application window from four days to five.

Many state parks currently require applications to be submitted 10 to 30 days in advance due to staffing shortages and the time needed for environmental review. The Angeles and Orange Coast districts handle a majority of applications and approved permits within the current guidelines.

We will still be able to handle late applications whenever possible. State Park review and monitor fees will also be increasing once the new guidelines are in place with a simple review fee going from \$65 per day to \$100 per day and a more complex review fee going from \$200 per day to \$250 per day. Reimbursement rates for park rangers will increase as well from \$79 an hour to \$205 an hour to bring them up to cost recovery levels. These rates have not changed for many years. Overall, the outlook is good and our team continues to provide excellent service to all who wish to film on state property in California.

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

During the covid pandemic, the tax credit program recognized the ability to utilize the Force Majeure provision in the regulations to allow tax credit projects to avoid being penalized for not meeting the time sensitive requirements of the program. 40 projects applied for Force Majeure status from program 2.0 and 10 projects from program 3.0. Currently, there are 8 projects which remain in Force Majeure status due to the effect of the pandemic. The first Force Majeure project applied on March 13, 2020. We also analyzed the covid costs in the applications and determined that approximately 40% was labor and 60% was materials.

For FY 20-21, the CFC allocated \$335M in tax credits and in return, approved projects estimated \$2.6 billion in total CA expenditures. This includes over \$990 million in qualified wages, almost \$750 million in qualified non-wages, and \$860 million in non-qualified expenditures.

5 Relocating TV series (*Chad, Hunters, In Treatment, Miracle Workers, Flight Attendant*) are estimated to contribute over \$173 million in qualified expenditures plus \$109 million in non-qualified expenditures, with a total of \$282 million in total CA expenditures in exchange for \$42 million in tax credits.

Many of our projects are spreading the wealth throughout the state. *Top Gun Maverick* spent nearly \$7 million into Costa, Kern, Kings and San Diego counties, while *Star Trek Picard* spent \$200,000 of local spend into Santa Barbara. *Centurion Dancing Stallion* spent over \$500,000 in 19 days in Solano County, while *Purge* spent over a million dollars in San Bernardino and Ventura counties in their 11 days of local filming.

Lost Productions:

While 18% of productions which applied but did not get tax credits shot in the state, spending approximately \$60 million, 82% of the projects that didn't get in left the state, taking with them over \$265 million. It's clear that without tax credits, many productions leave California for places with more lucrative tax incentives.

Career Readiness:

The Career Readiness program was able to provide many opportunities for individuals to gain exposure to careers in the industry. Together, Programs 2.0 and 3.0 have worked with 85 projects which provided 205 internships, 25 classroom workshops, 65 externships for teachers, and hosted over 400 students and teachers in professional skills tours.

One of our most interesting on-line workshops was with Academy Gold, which had a virtual workshop with many of the key department heads from *The Tragedy of MacBeth*. They discussed how they created the look of the project.

Jerram Swartz worked with New Filmmakers LA and arranged a professional skills tour on the set of *The Prank* with 6 students from 3 different high schools.

Pilot Career Pathways program:

Year 1 of the 3.0 Pilot 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, the program was able to serve 55 participants in its first year.

One of our training providers, Manifest Works, had two tracks of participants. The first track was for a group of 12 alumni from their main program. In December of 2020, these 12 participants were accepted as Production Sound/Video Trainees at IATSE Local 695, which afforded trainees the opportunity to gain paid apprentice positions before being included on the Industry Experience Roster. As of December of 2020, 11 of the 12 trainees were employed on contracts that ranged from 1-8 months, and trainees were earning wages that ranged up to \$29.00 per hour. 10 of these trainees are now IATSE members of Local 695.

The second track of 25 participants from ManifestWorks completed the main program in Spring of 2021. This is a 12 week Set Production Assistant Training Program that includes life skills and on-set training, as well as networking skills. ManifestWorks also provides mental health and other support services to their participants, and in doing so they keep record of other metrics that illustrate the challenges facing their participants.

The Brotherhood Crusade:

The Brotherhood Crusade was the first training provider of the Pilot Career Pathways Program participants. The Brotherhood Crusade began in March of 2021. 21 participants began in the Spring, however 3 dropped out of the program soon thereafter. The Brotherhood Crusade began a unique Life Skills course tailored specifically for the Pilot Career Pathways Program participants. Of the 18 remaining participants, 8 enrolled in courses with Hollywood CPR.

Hollywood CPR:

There are currently 72 students in the Hollywood CPR Certificate Program who will be supported by the Career Pathways Program. Since each student enters the Hollywood CPR Certificate Program at a different time based upon when they complete the West LA College pre-certificate program, there will be rolling graduations throughout the year depending on when students complete their Certificate requirements. We anticipate having the first group of Hollywood CPR Certificate students, under the support of the Career Pathways Program, graduate in December of this year.

For Year 2 of the program, we are well on-track to serve 130-150 students with ManifestWorks and Hollywood CPR. The ManifestWorks Winter cohort application deadline is January 3, 2022, and the Winter cohort of up to 40 students will begin the set Production Assistant program at the end of January.

We are very pleased to announce another training provider has been engaged for the Career Pathways Program. It was very apparent that there was a shortage of qualified production accountants and support staff. We realized that we needed a course to train individuals in this specialty. We reached out to Ida Lee Henderson, a veteran production accountant and finance executive, and she was interested in creating such a coursework. We introduced her to Robyn Charles, a filmmaker and founder of Education Media, and together the two of them are now developing an on-line course which will prepare career pathways participants for entry level careers on a film or TV project. As we have been looking for ways to expand this program outside of the LA area, this on-line program will be open to individuals from underserved communities throughout the state.

There is also a need for trained visual effects artists and crew people. According to a 2019 study, the field of visual effects has accounted for the most significant increase in jobs in the motion picture industry over the last 20 years and many provinces and countries have targeted tax credit programs to lure this well-paying work to their locales.

Recognizing the employment opportunities in this field, the California Department of Education is developing an animation, VFX and gamedevelopment apprenticeship program with the goals of:

- Providing early career awareness, exploration, preparation, and training opportunities for students in public schools and better prepare young people for jobs across industries.
- Designing a registered youth apprenticeship program in partnership with public schools, hiring entities, training providers, government, and community partners.
- And removing barriers to entry and support young people from diverse communities in obtaining jobs across industries.

Hollywood CPR, one of our pilot skilled training providers, is also developing an immersive media program for VFX and Virtual production. So there appears to be a pipeline being developed to train individuals for work in this field.

When surveyed, VFX executives at studios and production companies told me that the most important factor they consider when awarding VFX contracts is tax incentives. California is the only major film production center that does not specifically target VFX jobs. These jobs are getting more and more technical and if California is investing in training opportunities, the question is should we invest in incentives which will enable California to be competitive in this sector of the entertainment industry and provide jobs for these students.

SB144 was passed in July to encourage sound stage construction in California, with \$150 million in tax credits for projects that shoot on new or renovated sound stages. The CFC quickly formed a working group to review this extremely complicated bill and working with GO-Biz Legal, we are slowly formulating emergency regulations which we plan to submit to the Office of Administrative Law early next year. We are also hiring a Program Advisor to oversee the sound stage filming program, along with support staff. Meanwhile, we are currently out for public comment on the permanent regulations for Program 3.0.

V. NEW BUSINESS – Thom Davis, Chair

None

VI. PUBLIC COMMENT

Kim Mims of Emend The Mass Media Group has been conducting research on diversity in the film industry. Emend The Mass Media Group is looking for diversity data including California Film Commissioners and Tax Credit Program criteria.

VII. ADJOURNMENT – Thom Davis, Chair

Meeting adjourned at 2:50 p.m.