



MINUTES

California Film Commission Board Meeting

June 07, 2024

SAG-AFTRA Maxwell Room

5757 Wilshire Blvd., 1st Fl.

Los Angeles, CA 90036

COMMISSIONERS IN ATTENDANCE

Wendy Greuel (Chair)

Joshua LaFarga (Vice Chair)

Senator Ben Allen (virtual)

Arturo Barquet

Assemblymember Wendy Carrillo

Andy Davis

Thom Davis

Steve Dayan

Bonnie Goldfarb

Peter Kaufman (virtual)

Janet Knutsen

Debra Langford

Alevtina "Alya" Michelson

Senator Steve Padilla (virtual)

Kerri Wood Einertson

CFC STAFF

Colleen Bell

Karla Sayles

Leah Medrano

Joseph Cruz

Eric Klosterman

Hedvig Marx

Isaiah Sandoval

Fanshen Cox

GUESTS (in-person & virtual)

Abhishek Kumar

Alison Mann

Alissa Dubetz

Alycea Tinoyan

Amanda Texter-

Donahue

Angela Abeyti

Annie

Arjarasumpun

Beau Casey

Boom Bhuripun

Brent Noll

Brittany Accardi

Chiara Fornetti

Christine Liu

Crystal Kan

Crystal Leal

Cynthia

Hernandezgarcia

Dan Taylor

Danielle Powers

Danny Trang

Ed Duffy

Elianne Melendez

Eric Rosenthal

Evan Munoz

Evan Munoz

Gaurav Pallod

Georgia

Henderson

Glo Minaya

Greg Colton

Greg Colton

Haylee Herrick

Helen Bell

Hilda Karadsheh

Holly Williams

Jamila C. Fairley

Joshua Cordes

Kat Kosmala

Kathryn Wheaton

Kathy Le Backes

Kelly Eisert

Kelly Yoo

Lake Fama

Lauren Pizer Mains

Leasa Eisele

Leslie Simmons

Lidia Liu

Long thai Pham

Marissa Bernstel

Mars Marson

May Paeson

Melissa Patack

Michael Necci

Mike Pelensky

Noel Rollock

Pooneh

Nasrollahnia

Ryan Walton

Sarah Park

Shelby Peake

Stephanie

Stethem

Susan Godfrey

Taylor Meacham

Teri Hendrich

Tim brock

Uday Ram

Victor Newman

Vijay Mepani

Xochitl Torres

Yvette Estrada



I. CALL TO ORDER and WELCOME – Wendy Greuel, Chair

Meeting called to order at 1:35 p.m., Chairperson Greuel welcomed Board members and guests, Roll Call. Chairman Wendy Gruel emphasized California's continued dominance in film and television production, despite competition from other states like New York. Chairman Greuel stressed the need to protect this status while continuing to make changes to improve the industry.

II. APPROVAL OF MINUTES – Wendy Greuel, Chair

Motion to approve the Minutes from March 22, 2024 was made by Josh LaFarga, seconded by Steve Dayan and approved by the Board.

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

Welcome to our elected officials, CFC Board Members, and members of the public. I am going to keep my remarks brief because we have scheduled two very important presentations for you today. First, Adam Fowler, from Beacon Economics will be presenting a comprehensive overview of Global Competitiveness in the industry with commentary on where California fares within the market share. Second, the Animation Guild will be sharing a presentation on the history of animation in California and the jobs created by this sector.

For the past eight months, we have been very focused on drafting the regulations for Program 4.0, which we will launch in July of 2025. We put together a stakeholder workgroup group who are sharing a wide range of input and feedback for us to consider during this drafting process. We also have met with representatives from advocacy groups who are also providing their feedback. We want to make sure that we can get these regulations right and that we are hearing from a wide range of stakeholders as we make our way through this process.

The CFC is working on hiring new staff including a manager for permit dept., tax credit dept. and support staff for the DEIA program. It is my hope that by the next time we meet, we will have these vacancies filled and I will be able to introduce you to the new members of the team.

Please know that I am in frequent communication with the Governor's Appointment Office regarding filling the current board vacancies.

I appreciate everyone being here today. For the Board Members, as you are all aware, we were very tight on making a quorum to conduct business today, so I thank all of you for prioritizing this important meeting and being here today.

IV. DEPUTY DIRECTOR'S REPORT – Karla Sayles, Deputy Director

Locations Department: Our Locations Team has been hard at work updating our CinemaScout location library. On May 9th our team launched new guidelines for listing your home on our site and now have over 700 locations available in this new category. Our location library has nearly 6,000



active locations in CinemaScout and received over 1 million visits a year. We're happy to share that our team has helped with about 130 location assistance requests to date this year.

Events, Outreach, Meetings:

- Deputy Director Sayles presented at the Mexican American Film and Television Festival in Hollywood.
- Director Bell and Deputy Director Sayles attended the FLICS Board meeting in San Francisco and met with Bay area workforce providers.
- Bell and Sayles attended the San Francisco International Film Festival, co-sponsored by CFC and FLICS, and met with San Francisco Mayor Breed.
- Deputy Director Sayles and Permit Manager Klosterman participated in the quarterly Fire Safety Officer Training organized by Cal Fire.
- Deputy Director Sayles participated in the California Arts Council's Creative Economy Workgroup.
- Sayles attended the Los Angeles Latino International Film Festival, supporting the Latino Film Institute's Youth Cinema Project.
- The Permit Team attended Cine Gear to learn about new filming technologies.
- Location Resource Advisor Davis attended familiarization tours in Shasta County and San Louis Obispo.
- The CFC is preparing to attend the Hollywood Climate Summit in June.

Location California Magazine: We are very excited to share the cover of our 2024 Location California Magazine. Our partner Boutique Editions did a great job of getting the magazine printed in time to debut at the Cannes Film Festival. Boxes are currently on their way to the US distribution center for mailing and we hope to have a copy for you at our next Board meeting.

Filming Issues: We continue to assist productions in their on-location film issues. Most recently, we worked closely with tax credit project, Josephine, on the challenges in finding a courthouse to film in San Francisco. Additionally, we are working closely with State Parks on recent questions we've received around the charge of impact fees when productions ask for use of space that has a larger impact on a park's operation.

V. TAX CREDIT PROGRAM REPORT – Leah Medrano, Tax Credit Program Deputy Director

Program 3.0 sunsets on June 30, 2025. We are now going through the regulatory process for Program 4.0. Early this year, we started drafting the regulations, having internal discussions within CFC tax credit personnel. We plan to submit a draft of the regulations to our external stakeholders. This workgroup will consist of studio government executives, independent producers, labor representatives, and a CPA. Workgroup agenda items will include refundability provision, new diversity requirements, and set safety, to name a few.

The Labor-Management Safety Committee has convened a workgroup made up of studio and union members to begin conversations around the Set Safety Pilot Program. The CFC is monitoring their progress and will continue to engage with union and studio partners as we prepare for the roll out of this program, as part of Program 4.0



As we finalize the draft of the Regulations in July, we will seek final approval from GO-Biz Legal, as well as the Franchise Tax Board and the California Department of Tax and Fee administration. The 45-day comment period begins in August. Shortly thereafter, we will forward the regulations, along with any public comments received to the Board, to obtain approval during our October 25th Board Meeting. The final set of rulemaking packet will be forwarded to the Office of Administrative Law in Sacramento. Ultimately, if all goes as planned, having Program 4.0 regulations in place by December 18th, 2024, with effective date of January 1st, 2025.

The first quarter of 2025 will be spent hosting informational sessions to production companies, studios, labor partners, and other stakeholders. At the same time, we plan to streamline and finalize the application portal with new requirements in place as we set to start Program 4.0 on July 1, 2025.

In terms of projects currently in the program with the labor strikes concluding in November 2023, we've had some production activities from approved projects in the tax credit program. Initially, 70 projects requested to be placed in force majeure status due to the WGA and the SAG-AFTRA strikes. Unfortunately, due to various reasons such as production scheduling, 14 projects ended up dropping out of the Program. With a backlog of lead talent and key creatives engaged in delayed productions due to the strikes, 8 projects submitted force majeure requests. To date, 10 projects resumed principal photography and wrapped since November. Seven projects are currently filming and 31 are slated to start principal photography between now and June 2024.

All of the projects mentioned were all approved projects under Program 3.0, which began on July 1, 2020. To date, 163 projects incurred more than \$8 billion in total California Expenditures in the state of California. \$3.2 billion out of the 8 billion were attributed to qualified wages.

Since our last Board Meeting in November, the tax credit program held two application windows for tax credits. On February 26th, the Film Commission approved 15 projects with a total of 579 filming days! Six of the 15 plan to shoot 235 filming days outside the Los Angeles Studio Zone, bringing production jobs and spending all over the state, in areas such as Alameda, Joshua Tree, Marin, San Francisco, and San Diego.

These 15 projects are on track to bring \$610 million in total production spending in California, including \$408 million in qualified expenditures.

The film commission allocated \$59 million dollars during this application round. The 15 projects are on track to employ more than 2,252 crew and 598 cast members.

Also happening in April is our TV application window, the last one under fiscal year 4 of Program 3.0. We accepted tax credit applications for eligible television series between February 26 until March 6, where we received 16 applications.

Starting July 1, 2024, we will begin the end of Program 3.0. The last fiscal year under Program 3.0 starts in July and sunsets on June 30, 2025. The first application window will begin in June for television projects, with approval letters going out on July 8, 2024. Two additional TV application



windows under this fiscal year will be held in September, and the last window scheduled in March 2025. For films, both indies and non-indies, the application window will begin on July 29th, with approval letters going out on September 2nd. Six months after that, we will hold the second window for films, scheduled in January 2025. These are the upcoming application windows for the last fiscal year of Program 3.0.

Our training providers in the Career Readiness & Pathways Programs are finalizing their first quarter training sessions and will have several graduates within the next two months.

ManifestWorks PA training program is currently underway and will complete in late April.

At the end of this month, The Handy Foundation will conclude with three programs focusing on Production Audio, Production Coordinator, and Assistant Editor Programs.

We are scheduled to begin our entry level accounting course in the spring. A Mid-Career course is currently being developed and will pilot this Summer.

A few weeks back, NBC Universal has selected a few entry-level accounting course alumni for their Production Accounting Accelerator Program.

Fanshen Cox, Diversity, Equity, Inclusion, and Accessibility Initiative Manager for the California Film Commission shared her background and journey in the entertainment industry, highlighting her parents' influences and commitment to social change. She discussed her upbringing in a diverse environment and experiences in education, including a Peace Corps stint in Cape Verde and earning advanced degrees. She also recounted working with notable figures like Matt Damon and Ben Affleck, emphasizing their focus on inclusion in storytelling.

VI. INFORMATIONAL PRESENTATION: STATE OF GLOBAL PRODUCTION – Adam Fowler, Founding Partner, CVL Economic

Mr. Fowler stressed the importance of understanding the supply chain, regulatory shifts, and the effects of digitization on traditional industry models. He outlined how value flows within the industry is changing and evolving as various sectors merge and adapt to new consumer engagement strategies.

1. Emerging Content Models:
 - New tools and platforms are democratizing content creation and distribution, making it easier for independent creators to monetize their work.
 - The shift in monetization strategies reflects changes in consumer engagement and the accessibility of production resources.
2. Disruption of Traditional Workflows:
 - The old production pipeline is becoming less rigid, with roles in visual effects (VFX) and pre-visualization being integrated earlier in the process.
 - This approach influences the entire workflow, from development through to post-production.
3. Regulatory Challenges:

CALIFORNIA

Film Commission

- As global jurisdictions adapt to changes in content creation and distribution, there are complexities in enforcing traditional regulations that focus on linear pipelines.
 - Governments are increasingly recognizing the need for industrial policies to support local production ecosystems.
4. Global Competition:
 - Other regions (e.g., UK, Canada) have developed robust media infrastructures that rival California, affecting the attractiveness of traditional production hubs.
 - The proliferation of soundstage space and related infrastructure worldwide diminishes California's previous competitive advantage.
 5. Tax Incentive Trends:
 - There is a trend towards longer tax incentive sunsets, allowing for sustained investment in local production ecosystems.
 - Various states are adapting their incentives to accommodate broader definitions of screen industries, including video games and digital media.
 6. Content Consumption Patterns:
 - Audiences are diversifying their media consumption, with platforms like YouTube leading in viewership.
 - Different content types (e.g., documentaries, reality TV) are receiving varied support based on regional tax incentives, reflecting changing viewer preferences.
 7. Impact of AI and Technology:
 - AI is reshaping workflows by enabling processes to operate independent of other, enhancing collaboration across geographical boundaries, and improving access to digital assets.
 - The evolution of technology significantly influences storytelling and production capabilities.

VII. INFORMATIONAL PRESENTATION: STATE OF ANIMATION IN CALIFORNIA - Alison Mann, Co-Founder/Talent Director and Xochitl Torres, Program Director, BRIC Foundation; Leslie Simmons Field Representative & Political Coordinator, The Animation Guild, IATSE Local 839

Speakers addressed concerns about the state of the animation, visual effects (VFX), and gaming industries in California, particularly the loss of jobs and projects to other countries like the UK, Canada, and France. Speakers discussed the challenges of declining animation projects, outsourcing, and the impact of increasing competition from other jurisdictions offering better incentives. They emphasized the need for California to be more strategic and forward-thinking to stay competitive.

- Decline in California's dominance in animation, with jobs moving abroad.
- The industry's global decline, especially in the U.S., where animation projects dropped by 76% from 2022 to 2024.
- The importance of increasing financial incentives to retain projects and stop the migration of jobs.
- The need to protect the future workforce, especially with the rise of generative AI disrupting job markets in film, TV, and animation.



The speakers called for a more collaborative approach to address these issues and ensure long-term sustainability.

The Animation Guild (TAG) representatives shared concerns about the decline of jobs in California's animation industry. Studios are outsourcing work to other countries and states to reduce costs, which has resulted in job losses, unemployment, and financial hardship for local workers. Despite the growing popularity of animation, workers are facing months of unemployment, lower wages, and lost health benefits.

The Guild emphasized the need for an animation incentive program in California to protect jobs, noting that animation is not currently part of the state's tax incentive program. They urged collaboration between studios, unions, and other stakeholders to ensure local workers can maintain a sustainable livelihood and retire with dignity.

VIII. NEW BUSINESS – Wendy Greuel, Chair

None

IX. PUBLIC COMMENTS – Wendy Greuel, Chair

Multiple participants addressed challenges in the creative industries, particularly animation which included:

1. **Animation Guild's Perspective:** Representatives from the Animation Guild highlighted that the animation industry remains strong, yet many jobs are being outsourced. Despite thriving demand for animation content, studios are moving production overseas for tax breaks and lower costs, which negatively affects local workers.
2. **Job Migration:** A growing trend is the outsourcing of creative jobs to other countries to reduce costs, leading to a decline in job availability in California. Factors such as budget constraints, strikes, and corporate restructuring contribute to this shift.
3. **Impact on Workers:** Many workers are struggling financially, with some facing unemployment for extended periods. The rise in remote work during the pandemic temporarily supported the industry, but jobs are now moving abroad, leading to job loss and financial insecurity for local workers.
4. **Wage Disparities:** Workers are being offered lower wages by foreign studios, sometimes significantly below their local earnings. The loss of local jobs impacts both new and long-time workers, with many unable to meet basic living expenses, maintain health benefits, or secure retirement plans.
5. **Call for an Animation Incentive:** There is a push for an animation-specific incentive program to keep jobs in California, as current tax incentives do not apply to the animation sector. The Guild is advocating for collaboration between studios, unions, and artists to maintain the industry in California, ensuring better pay and job security for workers.

X. ADJOURNMENT – Wendy Greuel, Chair

Meeting was adjourned at 3:35 p.m.