

**CITY OF OAKLAND
Agenda Report**

FILED
OFFICE OF THE CITY CLERK
OAKLAND
2005 JUN 30 PM 6:19

TO: Office of the City Administrator
ATTN: Deborah Edgerly, City Administrator
FROM: Oakland Film Office, Marketing Division, Office of the City Administrator
DATE: July 12, 2005

RE: RESOLUTION AUTHORIZING THE CITY ADMINISTRATOR TO PRE-APPLY FOR, APPLY FOR, ACCEPT AND APPROPRIATE FUNDS IN THE AMOUNT OF \$200,000 FROM THE U.S. DEPARTMENT OF COMMERCE ECONOMIC DEVELOPMENT ADMINISTRATION AND TO ACCEPT, APPROPRIATE AND EXPEND MATCHING FUNDS IN THE AMOUNT OF \$133,000 FROM THE OAKLAND REDEVELOPMENT AGENCY TO FUND A FEASIBILITY STUDY FOR THE DEVELOPMENT OF A FULL-SERVICE FILM AND TELEVISION PRODUCTION FACILITY

RESOLUTION APPROPRIATING \$133,000 AS MATCHING FUNDS FOR A GRANT OF \$200,000 TO THE CITY OF OAKLAND FROM THE U.S. DEPARTMENT OF COMMERCE ECONOMIC DEVELOPMENT ADMINISTRATION TO FUND A FEASIBILITY STUDY FOR THE DEVELOPMENT OF A FULL-SERVICE FILM AND TELEVISION PRODUCTION FACILITY AND AUTHORIZING THE AGENCY ADMINISTRATOR TO EXPEND AND TRANSFER THE FUNDS TO THE CITY OF OAKLAND FOR THIS PURPOSE

SUMMARY

Staff is requesting two actions: (1) that the City Council authorize the City Administrator to pre-apply for, apply for, accept and appropriate funds in the amount of \$200,000 from the U.S. Department of Commerce Economic Development Administration and to accept, appropriate and expend matching funds in the amount of \$133,000 from the Oakland Redevelopment Agency to fund a feasibility study for the development of a full-service film and television production facility in Oakland, and (2) the Oakland Redevelopment Agency provide matching funds of \$133,000 for the grant. Resolutions are provided for these two purposes. The funding is to come from FY 2005-2006. The feasibility study is expected to take one year to complete.

Oakland has the potential to become the center of the film industry in Northern California. The only missing element is a full-service, state-of-the-art production facility. Currently, the Bay Area lacks a facility that fully meets the needs of the industry. Oakland has been

invited to apply for a grant from the EDA to fund a feasibility study for the development of a state-of-the-art film and television production facility.

With federal funds dwindling, it is imperative that Oakland seize this opportunity to capture the economic benefits of a world-class facility. These benefits include job creation, revenue generation and image enhancement. In addition, the grant and matching funds would be used to develop a plan to retain, expand and house the 23 film-related businesses now located at the Oakland Army Base as well as those on the lengthy waiting list.

This report details the key issues and deliverables associated with the EDA grant, ORA matching funds and the feasibility study.

FISCAL IMPACT

The EDA grant of \$200,000 and ORA matching funds of \$133,000 would provide \$333,000 to fund project planning and feasibility analysis. Matching funds are required at 40 percent of the project's total.

The feasibility study would be funded as follows:

U.S. Department of Commerce (EDA): \$200,000

Matching Funds: Oakland Redevelopment Agency: \$ 133,000

The matching funds are available in Oakland Redevelopment Agency Fund (#7780), West Oakland Base Reuse Org (#88679), Miscellaneous Operating Expenditure Account (#52921), OARB Bay Bridge Gateway Project (#P235310), OARB BAY BRIDGE Gateway Program (#SC07). At the time of this report there are no other specific projects competing for these funds and ORA has determined that this project is an appropriate use of the funds to facilitate the relocation of an existing business cluster on the Oakland Army Base.

An estimated detailed breakdown of the use of the EDA grant and matching funds is as follows:

Project Consultant: \$170,000
Architects: \$70,000
Engineers (Environmental): \$30,000
Engineers (Sound): \$15,000
Operations and Administration: \$17,690
Film Industry Specialists: \$30,000
Total: \$332,690

Upon receipt of the grant, staff will begin the RFP process to identify and recommend a project consultant for review and approval by Council. The feasibility study is expected to take one year to complete.

BACKGROUND

The Marketing Division's Oakland Film Office (OFO) promotes filmmaking in the City of Oakland to advance economic development and civic pride and to increase regional, national and international awareness of Oakland. Services include marketing Oakland to the film industry, providing employment and other business referrals, researching prospective locations, issuing and coordinating film permits, and supporting local film festivals and other special events.

Despite the lack of a central, state-of-the-art film production facility, the Bay Area still attracts some major studio projects: Oakland and San Francisco provided primary shooting locations for "Matrix Reloaded," "Matrix Revolutions," "The Hulk" and "The Princess Diaries." Prominent producers and directors are personally invested in the Bay Area film community because many of them call Northern California their home. For example, Sean Penn, Robin Williams, Clint Eastwood, Phillip Kaufman and Chris Columbus prefer to make films in the Bay Area. In the last eight years, Penn completed two films which shot almost entirely in Oakland, including "The Assassination of Richard Nixon" in 2004.

Due to its proximity to Southern California, the Bay Area is geographically positioned as a natural extension of the Hollywood film community. In conjunction with the right infrastructure, state-of-the-art facilities, a beneficial tax environment and a supportive film office, Oakland's film industry has the opportunity to capitalize on this proximity.

Based on discussions with various film producers, directors and production companies, the OFO has identified four key elements that film industry representatives consider crucial to Oakland's attraction and retention of a successful film industry base:

- 1) **State-of-the-Art Facilities** – A full service, state-of-the-art film studio does not currently exist in the Bay Area. A state-of-the-art facility would position Oakland as the hub of the Northern California film industry and bring jobs and revenue to the city.
- 2) **Favorable Tax Incentive Program** - Favorable tax incentives are key to any city's business strategy to attract film production and Oakland does offer such incentives to production offices established within the city. In addition, the Governor has pledged to implement statewide tax incentives to revitalize film production within California that takes place outside the greater Los Angeles area.
- 3) **Available Film-Related Infrastructure** - The OFO has created a thriving industry incubator on the Oakland Army Base to support the expansion of the film industry in

Oakland. The incubator provides infrastructure in the way of a one-stop shop for film production equipment and services.

- 4) **Supportive Local Film Office** – The considerable growth of film-related activity in Oakland is a credit to the OFO’s reputation for cultivating new film and television production in the Bay Area. The OFO’s commitment to the film community has resulted in raising the city’s profile within the industry.

With three of the four key elements already in place in Oakland, the timing is ideal to add the fourth element – a film production facility – and leverage these four prerequisites to reverse the loss of film production jobs in Oakland, the State of California and the nation as a whole. Funding is urgently needed to address the pent-up needs of the film industry for a premier production facility outfitted with fully equipped studios. Moreover, EDA grants are disbursed to grantees on a first-come, first-served basis, making it imperative that the city apply as soon as possible.

KEY ISSUES AND IMPACTS

The most logical site for establishing a film center is in a community that needs clean industries that offer living wage jobs. West Oakland offers a convenient and central location for the regional film industry of the Bay Area, which includes active, though inadequate, film production studios in Treasure Island and Alameda, George Lucas’ digital entertainment facility in San Francisco’s Presidio, Pixar Animation studios in Emeryville and the film-related business incubator at the Oakland Army Base. The feasibility study will include all existing and proposed film-related businesses and development in and around the Oakland Army Base and assess how these various entities can work together to position Oakland as the center for the Northern California film industry.

West Oakland is strategically poised to serve a pent-up demand for a full-fledged premier production facility in Northern California. The development of a film center would catalyze significant expansion of the regional film industry cluster and have a positive impact on the entire San Francisco Bay Area economy. Major improvements would spark significant expansion in West Oakland, an area of significant economic need.

It is anticipated that the investment by the EDA and the ORA matching funds in the planning phase will lead to private sector investment in the redevelopment and renovation of underutilized properties, as well as business attraction and small business development that enhance the productivity of the local and regional economies. Additionally, the study may help in the relocation of existing movie operations from the Army Base to West Oakland.

The development of a new film production studio in West Oakland will create economic benefits and jumpstart a large-scale, redevelopment project aimed at creating a regional destination for the film production industry. A film center will:

- 1) Create an industry focal point with an economic multiplier effect that will channel millions of dollars into the local economy;
- 2) Address the need for jobs in West Oakland;
- 3) Increase utilization of local and regional businesses of all kinds;
- 4) Address the regional need for clean, growth industries by offering an industry that emits low levels of waste and does not contribute to environmental pollution;
- 5) Address the trend toward runaway film production that is causing significant losses of film related revenue and economic productivity in California and in the nation;

In addition, the film center would complement the proposed Wayans/Fulton Project Corporation's film and television production studio. Oakland and the Bay Area have lost many productions that would have filmed here, or would have stayed to shoot all of the sound stage work if there were a state-of-the-art production studio. The two projects combined would position Oakland as the go to place for major film and commercial productions and ensure that there would be stages available for major productions even when the Wayans' studios are in use for their own projects. In addition, the film center would serve as home to the many independent film service and equipment providers already clamoring to move to Oakland from all over the Bay Area, as well as provide offices and production spaces to independent filmmakers who have long expressed a desire to be co-located. Just as any neighborhood working to become a nightlife attraction by having multiple restaurants, nightclubs and galleries to choose from, Oakland (and the Bay Area) would benefit by having more than one studio to facilitate simultaneous multiple productions.

The jobs created by an Oakland film center will include but not be limited to: production office staff such as producers, production managers, production coordinators, accountants, office assistants, etc.; creative team members such as production and costume designers, choreographers, composers, cinematographers, etc.; technical jobs such as camera, lighting and sound equipment operators, etc.; on set support services such as catering, truck driving, etc.; set construction, location rentals and many other directly film related jobs. In addition to the above, employment opportunities in non-directly film related businesses such as hotels and the hospitality industry, and other businesses ranging from rental cars, to dry cleaners, to restaurants and grocery stores stand to see a significant increase in business that could lead to additional hires. The projected numbers of jobs and breakdown of the specific jobs and the wage ranges will be determined as part of the feasibility study.

PROJECT DESCRIPTION

The film center is envisioned as the largest independent, full-service film and television production facility in the San Francisco Bay Area that will provide a hub for the burgeoning regional film industry in Northern California. To maintain a competitive stance with other film centers across the country, the film center will be designed to serve a wide range of production needs, from full-length features to commercial television advertisements. Facilities might include sound stages, permanent and temporary production offices, set

building and equipment storage/maintenance space, a screening room, cafés and generous parking for production vehicles. The film center would also be fully equipped to fill all set building and lighting/grip equipment needs through the services of resident companies that maintain offices at the Oakland film incubator currently on the Oakland Army Base.

Film industry experts have expressed a strong desire to be able to utilize a production facility located in West Oakland. Such a location, just minutes from the San Francisco Bay Bridge, would offer unparalleled access to shooting locations in San Francisco, Oakland, Berkeley, Alameda, Treasure Island, Marin County, etc.

The EDA grant and matching ORA funds would be used for a consulting team, which would include architects, planners, engineers, economic firms and film industry specialists. A project consultant would be retained to create the overall development plan, manage the team of consultants and perform the functions listed below:

Site Selection -- Selection of a preferred West Oakland site will be based on a comparative analysis of evaluative factors including site area and configuration, adjacent land use patterns, recent investment activity, etc.

Engineering Studies -- Preliminary environmental, geotechnical and civil engineering studies will be performed for the selected site(s) as needed to evaluate site constraints and to confirm the ability to support the development of the film center.

Market Analysis -- The market analysis will evaluate local and regional demand and economic trends to determine the economic feasibility of a regional film production studio centered in West Oakland. A comparative analysis of each site will be performed based on population, income, education and employment characteristics related to the film production industry.

Competition Analysis and Best Practices Research -- The market analysis will be complemented by an evaluation of regional and national competition within the film production industry. "Best Practices" and models of successful film centers from around the nation will also be identified and customized to fit the requirements of Oakland's film center. This analysis will be used to shape and refine the development concept for the film center. The market analysis and best practices research will culminate in the selection of a preferred West Oakland site and the formulation of a strategic marketing plan.

Site Plan and Conceptual Design -- An urban planning firm will prepare a site plan and design schemes based on the opportunities and constraints presented by site characteristics, market conditions and the strategic marketing plan.

Pro Forma Financial Projections -- Financial projections will be generated to determine the financial feasibility and sustainability for the proposed film center project. Financial models will be prepared based on the strategic marketing plan to simulate the best case,

worst case and most likely financial outcomes for the development of the proposed film center. The anticipated local and regional economic impact will also be assessed including job creation analysis and tax increment. The projections will assess the need for private investment, financial assistance and other incentives to support the film center concept.

Film Industry Specialists - Film industry representatives will provide expertise in overall project scope, site selection, sound issues, design and best practices.

1. Provide a geographic center for the region's film activities; and
2. Reverse the trend toward runaway film production that is causing significant losses of film related revenue and economic productivity in Oakland, California and the nation; and
3. Address the need for jobs in clean industries in West Oakland to reduce the area's unemployment rate that is double the national average.

SUSTAINABLE OPPORTUNITIES

Economic:

The direct economic opportunities associated with the film center include the business tax, sales tax and parking revenues generated by filming activity in Oakland. By attracting additional film and production work, the center would indirectly provide entry-level to executive-level employment opportunities for Oakland residents on local film projects.

Environmental:

The film industry is a relatively green industry, emits low levels of waste, and does not contribute to environmental pollution.

Social Equity:

The proposed film center will bring employment opportunities to West Oakland, an area of the city that has an unemployment rate twice that of the national average.

DISABILITY AND SENIOR CITIZEN ACCESS

The actions required herein do not negatively impact disability or senior citizen access. Any facilities built would be required to be accessible under ADA guidelines.


RECOMMENDATION AND RATIONALE

of a full-service film and television production facility; and (2) that the Oakland Redevelopment Agency approve the resolution for the Oakland Redevelopment Agency to provide matching funds for the EDA grant. The film center would provide a geographic center for the region's film activities, reverse the trend toward runaway film production in Oakland and address the need for jobs in clean industries in West Oakland.

ACTION REQUESTED OF THE AGENCY AND CITY COUNCIL

That the City Council and Agency approve the resolutions authorizing the EDA grant application of \$200,000 and related actions and the Agency authorize matching funds in the amount of \$133,000 and related actions to fund a feasibility study for the development of a full-service film and television production facility.

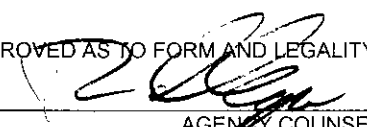
Respectfully submitted,


SAMEE LYNN ROBERTS, Manager
Marketing Division
Office of the City Administrator

Prepared by:
Ami Zins, Film Coordinator
Janet Austin, Assistant Film Coordinator

APPROVED FOR FORWARDING TO THE
COMMUNITY AND ECONOMIC
DEVELOPMENT COMMITTEE:


OFFICE OF THE CITY ADMINISTRATOR

FILED
OFFICE OF THE CITY CLERK, APPROVED AS TO FORM AND LEGALITY:
OAKLAND
2005 JUN 30 PM 6:19

AGENCY COUNSEL

**REDEVELOPMENT AGENCY
OF THE CITY OF OAKLAND**

Resolution No. _____

RESOLUTION APPROPRIATING \$133,000 AS MATCHING FUNDS FOR A GRANT OF \$200,000 TO THE CITY OF OAKLAND FROM THE U.S. DEPARTMENT OF COMMERCE ECONOMIC DEVELOPMENT ADMINISTRATION TO FUND A FEASIBILITY STUDY FOR THE DEVELOPMENT OF A FULL-SERVICE FILM AND TELEVISION PRODUCTION FACILITY AND AUTHORIZING THE AGENCY ADMINISTRATOR TO EXPEND AND TRANSFER THE FUNDS TO THE CITY OF OAKLAND FOR THIS PURPOSE

WHEREAS, the City of Oakland is committed to growing its film industry and positioning Oakland as a center for film business in Northern California by creating a state-of-the-art film center; and

WHEREAS, the City of Oakland is addressing the demand for a state-of-the-art film center per discussions with producers, directors and production companies; and

WHEREAS, a state-of-the-art film center would complement the current infrastructure, supportive film office and tax incentive programs; and

WHEREAS, a state-of-the-art film center would provide a geographic center for the region's film activities; and

WHEREAS, a state-of-the-art film center would reverse the trend toward runaway film production that is causing significant losses of film related revenue and economic productivity in Oakland, the State of California and the nation; and

WHEREAS, a state-of-the-art film center would address the need for jobs in clean industries in West Oakland to reduce the area's unemployment rate; and

WHEREAS, the U. S. Department of Commerce Economic Development Administration ("EDA") has grant funds available in the amount of \$200,000 to fund the first phase of the project to develop a full-service film and television

production facility which phase involves project planning and feasibility analysis and the City of Oakland intends to apply for these grant funds; and

WHEREAS, the EDA grant requires the City of Oakland to obtain matching funds in the amount of \$133,000;

WHEREAS, Agency has \$133,000, which are available in Oakland Redevelopment Agency Fund (#7780), West Oakland Base Reuse Org (#88679), Miscellaneous Operating Expenditure Account (#52921), OARB Bay Bridge Gateway Project (#P235310), OARB Bay Bridge Gateway Program (#SC07) and can be used for the purpose of providing the EDA grant matching funds; now, therefore, be it

RESOLVED: that Agency hereby appropriates the amount of \$133,000 from the Oakland Redevelopment Agency Fund (#7780), West Oakland Base Reuse Org (#88679), Miscellaneous Operating Expenditure Account (#52921), OARB Bay Bridge Gateway Project (#P235310), OARB Bay Bridge Gateway Program (#SC07) account for the FY 2005-06 to act as matching funds for an EDA grant to the City of Oakland for the development of a full-service film and television production facility

RESOLVED: that the Agency Administrator is hereby authorized to expend the funds for the purposes set out in this resolution and to take such other steps as are necessary to effectuate the purposes of this resolution.

IN AGENCY, OAKLAND, CALIFORNIA, _____, 2005

PASSED BY THE FOLLOWING VOTE:

AYES- BROOKS, BRUNNER, CHANG, KERNIGHAN, NADEL, QUAN,
REID, AND CHAIRPERSON DE LA FUENTE,

NOES-

ABSENT-

ABSTENTION-

Attest: _____

LATONDA SIMMONS
Secretary of the Redevelopment Agency
of the City of Oakland, California

FILED
OFFICE OF THE CITY CLERK
OAKLAND

2005 JUN 30 PM 6:19

APPROVED AS TO FORM AND LEGALITY:


CITY ATTORNEY

**OAKLAND CITY COUNCIL
OF THE CITY OF OAKLAND**

Resolution No. _____ C.M.S.

RESOLUTION AUTHORIZING THE CITY ADMINISTRATOR TO PRE-APPLY FOR, APPLY FOR, ACCEPT AND APPROPRIATE FUNDS IN THE AMOUNT OF \$200,000 FROM THE U.S. DEPARTMENT OF COMMERCE ECONOMIC DEVELOPMENT ADMINISTRATION AND TO ACCEPT, APPROPRIATE AND EXPEND MATCHING FUNDS IN THE AMOUNT OF \$133,000 FROM THE OAKLAND REDEVELOPMENT AGENCY TO FUND A FEASIBILITY STUDY FOR THE DEVELOPMENT OF A FULL-SERVICE FILM AND TELEVISION PRODUCTION FACILITY

WHEREAS, the City of Oakland is committed to growing its film industry and positioning Oakland as a center for film business in Northern California by creating a state-of-the-art film center; and

WHEREAS, the City of Oakland is addressing the demand for a state-of-the-art film center per discussions with producers, directors and production companies; and

WHEREAS, a state-of-the-art film center would complement the current infrastructure, supportive film office and tax incentive programs; and

WHEREAS, a state-of-the-art film center would provide a geographic center for the region's film activities; and

WHEREAS, a state-of-the-art film center would reverse the trend toward runaway film production that is causing significant losses of film related revenue and economic productivity in Oakland, the State of California and the nation; and

WHEREAS, a state-of-the-art film center would address the need for jobs in clean industries in West Oakland to reduce the area's unemployment rate; and

WHEREAS, the U. S. Department of Commerce Economic Development Administration ("EDA") has grant funds available in the amount of \$200,000 to

fund the first phase of the project which involves project planning and feasibility analysis; and

WHEREAS, the Redevelopment Agency of the City of Oakland has committed to providing matching funds in the amount of \$133,000 for the EDA grant.

WHEREAS, the City Administrator is eligible to pre-apply for, apply for, accept and appropriate funds in the amount of \$200,000 from the U.S. Department of Commerce Economic Development Administration to fund the first phase of the project which involves project planning and feasibility analysis; now, therefore, be it

RESOLVED: that the City Council hereby authorizes the City Administrator to pre-apply for, apply for, accept, appropriate, and expend a grant from the U.S. Department of Commerce Economic Development Administration in the amount of \$200,000 for FY 2005-06 for the purpose of funding a feasibility study for the development of a full-service film and television production facility.

FURTHER RESOLVED: that the City Council hereby authorizes the City Administrator to accept, appropriate, and expend matching funds in the amount of \$133,000 from the Redevelopment Agency of the City of Oakland for the FY 2005-06 subject to the City receiving the \$200,000 grant from the EDA for the purpose of funding a feasibility study for the development of a full-service film and television production facility.

IN COUNCIL, OAKLAND, CALIFORNIA, _____, 2005

PASSED BY THE FOLLOWING VOTE:

AYES- BROOKS, BRUNNER, CHANG, KERNIGHAN, NADEL, QUAN, REID, AND
PRESIDENT DE LA FUENTE,

NOES-

ABSENT-

ABSTENTION-

ATTEST: _____
LA TONDA SIMMONS
City Clerk and Clerk of the Council of the City of Oakland