



AGENDA REPORT


TO: Jestin D. Johnson
City Administrator

FROM: Ashleigh Kanat
Director, Economic and
Workforce Development
Department

SUBJECT: Grant to Visit Oakland for
Film Program

DATE: September 16, 2024

City Administrator Approval


Jestin Johnson (Sep 19, 2024 16:11 PDT)

Date: Sep 19, 2024

RECOMMENDATION

Staff Recommends That The City Council Adopt A Resolution 1) Awarding A Grant Agreement To Oakland Convention And Visitors Bureau (Visit Oakland) In An Amount Not To Exceed One-Hundred Thousand Dollars (\$100,000) To Purchase A Film Attraction Database And Fund Implementation And Marketing Of The Film Attraction Initiative; And 2) Authorizing The City Administrator To Negotiate And Enter Into A Grant Agreement With Visit Oakland For Up To A Two-Year Term With Authority To Extend The Term Without Increasing The Amount Of The Grant Award

EXECUTIVE SUMMARY

In July 2024 the Oakland City Council advanced the City of Oakland (City) film permitting efforts by establishing a film rebate program via [Ordinance No. 13808 C.M.S.](#) and allocating six hundred thousand dollars (\$600,000) in the Midcycle Fiscal Year 2024-2025 Budget towards the film program. This investment included one-hundred thousand dollars (\$100,000) to purchase a database for Oakland filming resources and to market the City as a destination for film productions. Adoption of the proposed resolution will enable implementation of this marketing campaign by authorizing a grant agreement between the City and the Oakland Convention and Visitors Bureau (Visit Oakland) to purchase the film attraction database and market the City's film program. This step will move the City towards a "win-win-win" of generating local employment and business opportunities, attracting new tax revenues to support City services, and providing outlets for community expression.

BACKGROUND / LEGISLATIVE HISTORY

Oakland's Current Film Permitting Process and Film Office

The City's current involvement with the film industry is limited to the permitting of film productions under the guidelines of Oakland Municipal Code 5.24 through the City's Film Office housed in the Economic and Workforce Development Department (EWDD). Specifically, a portion of one full-time employee in the Special Activity Permits Division responds to film

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production inquiries and issues permits that prescribe the time, place, and manner a film production may occur. The permitting process includes collecting a film permit fee that ranges from \$60 to \$300 a day depending on the type of production as well as fees for any staff that City provides during filming activity. **Table 1** below outlines the volume of permits issued annually from 2019-April 2024.

Table 1: Number of Film Permits Issued Annually 2019-April 2024

| Year | Number of Film Permits Issued |
|---------------------|-------------------------------|
| 2019 | 247 |
| 2020 | 87 |
| 2021 | 159 |
| 2022 | 144 |
| 2023 | 74 |
| January-August 2024 | 75 |

Barriers to Local Film Production

Despite a large creative community in the Bay Area, many productions take place outside the City due to the cost of film production in the City. The City is a high-cost market for production due to both the general high cost of living in the Bay Area as well as the high cost of renting film equipment as a result of the lack of local film infrastructure such as studios and sound stages. The lack of local rental equipment requires that film productions drive equipment up from Los Angeles, which increases the cost of film production in the City. Consequently, film productions focused on minimizing costs, opt to film in Los Angeles or in jurisdictions outside of California that offer generous financial incentives for film production.

Historically, the City has not offered any financial incentives for film productions to situate in the City or a marketing function to attract film productions to Oakland. The lack of a City fee waiver or a rebate for local expenditures places Oakland at a competitive disadvantage with local jurisdictions that do offer those incentives, as described in the following section. Additionally, the City currently lacks marketing staff to attract film productions to film in the City. Consequently, only those film productions that are already familiar with the City and its variety of landscapes are likely to film in the City, and thus only a fraction of all film productions consider filming in the City. In summary, the City's approach to film productions has been reactive and limited to permitting, which constrains the size of the City's film industry.

How Other Jurisdictions Attract and Benefit from Film Productions

Numerous local and state¹ jurisdictions in the United States and abroad have adopted programs to incentivize film productions to take place in their jurisdiction with the goal of attracting

¹ The State of California provides tax credits to films produced in California, including an additional credit for productions outside of the Los Angeles region (see <https://film.ca.gov/tax-credit/the-basics-3-0/>).

economic activity inside their jurisdictions. The economic activity from film productions can take the form of staying at local hotels, supporting local businesses, as well as employing local residents. **Table 2** below provides a sample of local jurisdictions that offer financial incentives to film productions.

Table 2: Local Government Film Industry Incentives

| Jurisdiction Name | Program Scope | Eligibility Criteria Summary | Amount |
|-------------------|---|---|--|
| San Francisco, CA | Refund of City fees | More than half of principal photography must take place in San Francisco | Up to \$1 million available annually; Maximum Individual Award=\$600,000 |
| Sacramento, CA | Grants for City fees and local expenses. | Either 50% of filming in Sacramento region or 75% of post-production in the City of Sacramento. | Production grants of \$10,000 and post-production grants of \$5,000. |
| San Antonio, TX | Rebate on 7.5 % of approved spending in San Antonio | Films and TV shows with at least 60% of production days in San Antonio area that spend at least \$100,000 and 70% of crew and cast are Texas residents and at least 10% of case and crew are San Antonio residents. | Maximum Individual Award=\$250,000 |
| Oklahoma City, OK | Rebate on 20-30% of qualifying expenditures | Qualifying expenses include Oklahoma resident labor, local expenses. | Program Capped at \$3 million |
| New Orleans, LA | Tax credit up to 40% of eligible expenses | Create minimum of five new direct jobs for Louisiana residents. | Tax Credits up to \$180 million per year |

The impact of film incentive programs varies by jurisdiction and how one measures the impacts. In the case of the City and County of San Francisco (San Francisco), San Francisco found that for every dollar it rebated since 2006, productions have spent \$13.66 locally and that productions have hired more than 15,664 local crew and actors represented by unions and 204 first source hires.² Moreover, San Francisco Travel asserts that film and television shows set in

² Film SF Impact Report Fiscal 2022-2023 available at: https://www.sf.gov/sites/default/files/2024-01/Film%20SF%20Impact%20Report%20FY22_23.pdf

San Francisco inspire a large percentage of San Francisco visitors. Together these three examples demonstrate the “win-win-win” economic potential of film productions.

Oakland’s Employment Needs

The City’s Workforce Development Board (OWDB) works in partnership with community benefit organizations, industry, other City departments, and regional agencies to build pathways to prosperity. The pathway to a quality job may take a long-term approach and look differently across industries and populations, but to create equitable economies, all Oaklanders are entitled to employment that provides the following characteristics:

- Options for full-time, regular employment, paying family-sustaining wages.
- Benefits and social protections, such as health, dental, retirement, pension/retirement savings, subsidized dependent care/flex spending, paid family/sick leave, disability insurance.
- Safe working conditions.
- Disability-friendly and accessible work site(s) and hiring practices.
- Employees' training, upskilling and advancement, and transparency of workplace policies.
- Stable, automation-resilient pathways (and/or contingency plans for technical/industry advances).
- Policies to include workers’ voices, expertise, cultures, and perspectives and ability to organize labor unions without obstruction.
- Equitable hiring practices and working environments (takes a systematic, intentional approach to generating opportunity for those who are under-represented and/or face barriers to quality employment).
- Work functions that are environmentally sustainable (and/or employer is actively working towards environmentally sustainable goals given the serious economic implications of climate change and the disproportionate impact on low-income communities & communities of color).

The film industry can provide such jobs.

In 2020, the OWDB conducted a race and equity analysis that identified disparities in employment access in Oakland.³ Specifically, the analysis found that in the communities of East Oakland, Fruitvale and West Oakland, where a high number of Black and Latinx residents live, community members are unemployed at higher rates than the general population. The race and equity analysis included a stated goal of increasing “access to workforce services and improving the employment outcomes for residents in zip codes (94621, 94603, 94605, 94601,94607) with the highest unemployment rates.” The analysis also identified specific actions to advance this goal, including ensuring workforce funding is distributed to these neighborhoods, and exploring partnerships with organizations in these neighborhoods to increase access points.

³ Oakland Workforce Development Board Special Meeting June 24, 2020 agenda packet, pp.17-48 available here: <https://cao-94612.s3.amazonaws.com/documents/Agenda-and-staff-report-for-Special-Meeting-of-the-Oakland-Workforce-Development-Board-June-24-2020.pdf>

July 2024 Investments in Film Program

To offset the comparatively high cost of production in Oakland compared to other jurisdictions, in July 2024 the City Council adopted a film rebate program via [Ordinance No. 13808 C.M.S.](#) The film rebate program provides film productions with a baseline rebate of ten percent of any Oakland expenses and wages plus additional two and a half percent rebates on wages and services purchased from zip codes with disproportionately high levels of unemployment as well as expenses from worker-owned cooperatives. The City Council then set aside a total of six hundred thousand dollars (\$600,000) in the Midcycle Fiscal Year 2024-2025 for the City's film program, with five hundred thousand dollars (\$500,000) going directly to the film rebate program and the remaining one hundred thousand dollars (\$100,000) towards ensuring the rebate program is successful by marketing the film program and purchasing a database that will provide film productions information on Oakland's filming resources.

ANALYSIS AND POLICY ALTERNATIVES

Approval of the proposed resolution will advance the Citywide priority of **housing, economic, and cultural security** by increasing local employment opportunities, generating new tax revenues, and fostering outlets for community expression.

Specifically, the proposed resolution will authorize a grant agreement with Visit Oakland in an amount not to exceed one hundred thousand dollars (\$100,000) to market the City's recently adopted film rebate program and to make Oakland more accessible to film productions by making Oakland location, vendors and talent information available on a database. As noted earlier, the City has a range of locations and communities that film productions outside of the Bay Area are not likely to be familiar with and that existing staff lack the capacity to properly market. Visit Oakland is a private, not-for-profit, 501(c)(6) organization whose mission is to increase tourism's economic impact to Oakland through destination development and whose core purpose is to elevate, celebrate and illuminate Oakland in all its vibrancy. Visit Oakland's experience with promotional campaigns and Oakland's tourism sector thus make Visit Oakland uniquely qualified to market Oakland as a filming destination and maximize the impact of the City's film rebate program.

FISCAL IMPACT

The proposed resolution authorizes execution of a grant agreement with Visit Oakland in an amount not to exceed one-hundred thousand dollars (\$100,000) to market the City's newly adopted film rebate program. The City Council previously approved funding for this grant agreement as part of the City Council's six-hundred thousand dollar (\$600,000) allocation for the film program in the City Council's Fiscal Year 2024-2025 Midcycle Budget. Accordingly, there is no additional fiscal impact associated with adoption of the proposed resolution. Funding for this grant agreement is available in the General Purpose Fund (1010), Special Events Organization (85631), Third Party Grants Expenditure (54912), Film Initiative Project (1007498), Administration Program (IP03).

As noted in prior reports, developing the City's film industry has the potential to increase tax revenues and reduce unemployment. Film productions increase tax revenues directly through film productions' spending on local businesses and at hotels as well as indirectly by inspiring people to visit Oakland after seeing a film or television series filmed in the City.

PUBLIC OUTREACH / INTEREST

Staff presented an informational report on developing the City's film industry to the OWDB on May 2, 2024 and the City's Cultural Affairs Commission on June 13, 2024.

Subsequently, staff presented the film rebate ordinance to the City Council's Community and Economic Development (CED) Committee on June 25, 2024 followed by the full City Council, which unanimously adopted the ordinance on July 16, 2024. In parallel, the City Council approved investing six hundred thousand dollars (\$600,000) in the City's film program at its July 2, 2024 meeting to adopt the Fiscal Year 2024-2025 Midcycle Budget.

COORDINATION

EWDD consulted with the Finance Department and the Office of the City Attorney in preparation of this report.

SUSTAINABLE OPPORTUNITIES

Economic: Developing the City's film industry offers an opportunity to generate new tax revenues from hotel stays and support of local businesses, new jobs from local hiring, and increased tourism from new film and television shows exposing the City to new audiences.

Environmental: Encouraging local entertainment and employment opportunities can reduce commutes and related greenhouse gas emissions.

Race & Equity: A financial incentive program to hire residents and support entrepreneurs from areas of the City with disproportionately high levels of unemployment will reduce racial disparities in employment and wealth building.

ACTION REQUESTED OF THE CITY COUNCIL

Staff Recommends That The City Council Adopt A Resolution 1) Awarding A Grant Agreement To Oakland Convention And Visitors Bureau (Visit Oakland) In An Amount Not To Exceed One-Hundred Thousand Dollars (\$100,000) To Purchase A Film Attraction Database And Fund Implementation And Marketing Of The Film Attraction Initiative; And 2) Authorizing The City Administrator To Negotiate And Enter Into A Grant Agreement With Visit Oakland For Up To A Two-Year Term With Authority To Extend The Term Without Increasing The Amount Of The Grant Award

For questions regarding this report, please contact Greg Minor, Deputy Director, Economic and Workforce Development Department, at (510) 238-6370.

Respectfully submitted,

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