

Film and Video Arts Commission

Report of the 2000-2001 San Francisco Civil Grand Jury

SUMMARY

The 1999-2000 San Francisco Civil Grand Jury (CGJ) investigated the San Francisco Film and Video Arts Commission (SFFVAC) and issued a final report on August 23, 2000. A response from the SFFVAC was received on January 9, 2001. Upon reading both the report and the response, a decision was made by the 2000-2001 CGJ to continue a business review of the SFFVAC. We felt the strong contrast between the 1999-2000 CGJ recommendations and the SFFVAC responses warranted additional inquiry and analysis.

The CGJ recommends that:

- The SFFVAC permit process be moved out of the department to consolidate business operations.
- A business plan be developed by the SFFVAC to provide increased revenue and visibility for San Francisco.
- Neighborhood associations, representing a large customer base for the SFFVAC, be made part of the planning process for new business.
- The SFFVAC website be updated to include permitting and basic services for small users.
- The Controller audit the SFFVAC fund and the associated production permit records to verify fees have been appropriately assessed and collected.
- The SFFVAC revise its database parameters to include location and date of production in order to provide more useful business development tools.

BACKGROUND

San Francisco remains an attractive location for the film community. In addition to its beauty, it contains recognizable landmarks that filmmakers want to use as part of their own work. The City's atmosphere is conducive for ongoing support of the film business. San Francisco takes pride in its support for the arts as well as its support for a creative and diverse work environment. The City's close physical proximity to Los Angeles, where the largest contingency of the American film community work, further enhances the City's value. The film/commercial business continues to be a growth industry and can provide ongoing revenue and employment for the citizens of San Francisco.

Due to the number and variety of procedures required in the coordination of location filming within a metropolitan area, many cities have established offices to facilitate location requests, promote local employment and represent the interests of their constituents. In San Francisco, the Office of the SFFVAC was created to fill this role.

On November 21, 1989, the SFFVAC was established by Chapter 57 of the San Francisco Administrative Code. The Commission's mandate is to "...develop, recognize, and promote film activities in the City. The members shall work

together to explore and promote long-term goals for film-making as a major emphasis of the City's economic and cultural base, and encourage the recognition of film arts as an art form with widespread economic components" (San Francisco Administrative Code Sec 57.3).

The Office of the SFFVAC acts as a conduit between local filmmakers and various City departments to obtain permits and encourage business for San Francisco. The office was created to enhance local neighborhood support for the film business, and help promote use of local film production and related jobs.

There is no requirement that the commissioners for the SFFVAC have experience in film production or any other relevant vocation. The commissioners are appointed by and serve at the pleasure of the Mayor. The terms are for four years and are staggered. No neighborhood association officers are currently members of the FVAC.

The ability to obtain new business was a major part of our interview process. Many production companies are moving business and jobs outside the United States, especially to Canada. The City of Toronto has installed numerous production and editing facilities, charging lower rates than their American counterparts. In interviews with both outside video commissions and local industry personnel, the "Canada" factor was a consistently discussed as a barrier to new business in the United States.

INVESTIGATION

The original resource for investigation was the 1999-2000 CGJ Report and its fourteen recommendations to the SFFVAC. The SFFVAC response of January 9, 2001 dismissed most of these recommendations. The 2000-2001 CGJ used both documents as a guide for research. Support documents used in the first investigation were reviewed in conjunction with discussions with some CGJ members involved in the 1999-2000 report. The 2000-2001 CGJ also interviewed representatives of the current SFFVAC staff on two separate occasions.

As a result of our first SFFVAC interview, the CGJ requested from the SFFVAC a listing of local neighborhoods used for video production/permits for calendar year 2000. Though the SFFVAC did not keep records specific to this type of review, they did provide the CGJ with a specified report approximately 45 days later (Attachment 1). The listing received was for the first seven months of 2000. This document was reviewed for frequencies of permitted shoots in SF's neighborhoods and corresponding supervisorial districts. Analysis of these data is further discussed below in discussion of Conclusion 3 from the 1999-2000 CGJ Report. We received a revised version of this list on June 11, 2001, which intermixed new permit information issued through mid-October 2000 with the previously received information; however, at that point in time we had no time to identify and analyze the new data.

Other sources of information were customer calls. The SFFVAC provided the CGJ a report, "Agreement Issued and Fee Collected, From 1/1/2000 to 12/31/2000," (Attachment 2) listing permits issued for the year 2000. The report indicates that a total of 558 agreements were issued to 417 customers by the SFFVAC for FY2000.

This report contains columns for the following information: Title or Production Type, Fees Received, Customer Names and Phone Numbers and Dates Permits issued. Calls were placed to 85 of the 417 (approximately 20%) customers listed for FY2000. We asked questions about customer service, business process and any general comments regarding their interaction with the SFFVAC.

Other calls and interviews were made to local film and video directors, editors and productions assistants doing business in San Francisco. Neighborhood associations were interviewed regarding their interactions with the SFFVAC and outside production companies. The President of the SFFVAC was interviewed on June 11. Outside of the San Francisco Film Community, two major video commissions were interviewed to understand their business process, overall industry issues and ability to operate within their particular city's constraints.

RESULTS

Finances

Large productions such as TV series, major films and television commercials provide a solid public relations vehicle for American cities and yield a revenue stream for these cities and their related departments. In its last season, the 'Nash Bridges' TV show alone is stated to have paid \$412,000 to the San Francisco Police Law Enforcement Series Unit for voluntary overtime.

Large film and video production companies need local support services such as hotel rooms, restaurants, electricians, carpenters, set designers, even local dry cleaners and caterers. The annual estimates reported by the SFFVAC Executive Director for Nash Bridges' cancellation is a projected \$25 million loss of income for all city and private associated services (San Francisco Chronicle, May 17, 2001).

Local Support for the Film Business

Other business elements discussed were the support given to and ease of production for film companies. SFFVAC is responsible for maintaining good relations with local neighborhood associations and assisting the production companies to work with these neighborhood associations.

Results of the interviews with the 85 customers from the 2000 SFFVAC customer base were mixed in terms of how the SFFVAC Office handles requests for permits and potential locations. There were many positive comments from other small production companies, particularly about the current SFFVAC's administrative assistant, in providing understanding of process and permits for projects. However, many small production companies complained about not getting accurate information or complete explanations of the SFFVAC permit process.

Results of interviews with neighborhood associations were similar. Issues such as when and where filming will take place, parking, hotels for neighborhood residents because of noise issues, and arrangements for shuttles are handled in a

straightforward manner, and received many positive comments regarding the SFFVAC. However, complaints concentrated on a lack of concern by the SFFVAC for neighborhood revenue needs, timing of shoots, the neighborhood's inability to be at the front end of the SFFVAC negotiations for site locations, and the general process.

Our analysis of the data provided by the SFFVAC (see Attachment 5) showed four of the current eleven supervisorial districts contain approximately 84% of the San Francisco film and video productions in 2000 (see caveats regarding data in discussion below of Conclusion 3 from the 1999-2000 CGJ Report). They are:

- District 3 (Financial District, North Beach, Telegraph Hill) 32.8%
- District 6 (Civic Center, South of Market) 29.8%
- District 1 (Richmond) 10.6%
- District 2 (Pacific Heights, Marina, Sea Cliff) 10.6%

This is not surprising data as each district contains recognizable San Francisco icons, but the services for these neighborhoods should be a priority of the SFFVAC due to their high use.

Film Commissions in Other Cities

As part of background, the CGJ spoke to two film commission directors to gather "best practice" information. In both cases, the film commission directors spoke to their interest in maintaining a solid business plan and projecting annual revenue goals. As part of their daily business plan, each spends significant time devoted to new business. Both commissions stressed:

- An aggressive phone calling program to build business relationships with film producers and industry executives.
- Frequent trips to meet in person with industry decision makers.
- Daily reading of trade journals and industry specific newspapers to learn of new or optioned productions.
- Pro-active mailing of marketing and location pieces to film production companies, including photos of local sites that would match proposed projects.
- Overall, a pro-active communication plan can keep cities "top of mind" for potential jobs.

Both directors agreed that time spent at trade shows is non-productive, since in their experience the industry decision makers do not attend them. On the other hand, industry decision makers often attend film festivals. Each said "internet travel" has replaced previous marketing vehicles and provides more cost-effective targeting for location scouts, producers, and directors.

Finally, both commissions commented on the concerns of productions exiting to Canada. It is understood that many American cities (including San Francisco) will get business due to their locations and beauty. It is not certain that they can sustain business revenues without making significant process changes.

1999-2000 Grand Jury Report

In following up the investigation of the 1999-2000 CGJ, three previously reported conclusions and recommendations were reviewed as they cover the major focus of last year's investigation and responses by the SFFVAC.

1999-2000 Conclusion #3: The Office of the SFFVAC maintains no database of any kind and is unable to effectively review or manage information generated by film-work within San Francisco.

This conclusion by the 1999-2000 CGJ was not entirely correct. There is a database at the SFFVAC (see Attachment 2); however, not all permit information is input to the database, such as location or date of production activity. The CGJ requested location and date information, which the SFFVAC staff subsequently supplied. The requested information is presented as Attachment 1.

Analysis of the information in Attachments 1 and 2 indicates the following types of discrepancies:

- Regarding Attachment 2, there appeared to be instances where productions were not charged the permit fee, or were charged only a portion of the permit fee. For example, Solaris Films, Agreement 1375 (Attachment 2, page 11) under the Feature Films category, shows eight production days with a permit fee payment of \$0. Arcadia Productions, Agreement 1246 (Attachment 2, page 45) under the "Video" category, shows five production days with a permit fee payment of \$350. The normal video production fee is \$100 per day.
- A comparison between Attachments 1 and 2 shows that Attachment 1 lists more locations for production days than does Attachment 2, for the period January 1 to July 31. This is significant because each location requires a different permit. If Attachment 2 is the official record of permits issued, then it appears that it may not be complete. Additionally, there are instances where the number of production days for a given company is different between the two documents. If there were additional locations not documented on Attachment 2, then question arises as to whether or not they remitted the appropriate fees. For example, Stuart Schwartz Photography, Agreement 885 (Attachment 2, page 30) shows two production days, with commensurate fees, but Attachment 1, page 16 states a production period of three days for Schwartz, at 10 locations.
- Also regarding comparison of information between Attachments 1 and 2, for the period from January through July 2000, Attachment 2 lists approximately 130 more production days than does Attachment 1. This is important relative to analysis of Attachment 1 data for impact to various supervisorial districts.

We took location and date of production information from Attachment 1 and mapped, tabulated, and graphed the results (Attachments 3, 4, and 5). We also determined which neighborhood and supervisorial district applied and tabulated these

results. The portion of the map showing the most affected San Francisco areas is provided in Attachment 3. The tabulated data are presented in Attachment 4, and are presented in a bar graph (Attachment 5) to show impact by supervisorial district. The total number of production days by type of medium (TV pilot, video, stills) is presented in Attachment 6.

As indicated above, since the Attachment 1 location and production day information (from which we derived the table and graphs) appears to have multiple irregularities, our analysis is more useful in determining trends rather than specific impact. As may be seen, several supervisorial districts are far more impacted than the others.

Production of reports by the SFFVAC appears to be cumbersome. It is possible that these issues could be resolved by an upgrade to the database which would allow for the entry of more types of useful data, such as production location and dates. The SFFVAC should review how best to use its valuable data to produce useful reports for business planning.

1999-2000 Conclusion #4: The Office of the SFFVAC is unable to cite any program or other pro-active measure taken in fulfillment of the City's long-term goal regarding the expansion of the San Francisco film industry.

This conclusion made a year ago to the SFFVAC is still an issue. At our first interview, the Executive Director was asked about a business plan and long term planning for the office. Her response focused on the office's daily operations. The staff handles numerous phone calls and their related activity.

The Executive Director cited the associations and industry trade shows she attends but has no real tracking mechanism of new business results in this area. The CGJ does agree with the Executive Director that softer areas such as trade shows are difficult to track in terms of final revenue results.

The CGJ remains concerned about the lack of a formal business plan for the SFFVAC and simple measures installed to track revenue goals. This is a City department with solid potential for revenue gains and continued public relations. Without a structured business plan, and contingency planning due to the loss of one of the SFFVAC largest customers in Nash Bridges, the City's long-term business interests are not well served.

1999-2000 Recommendation #11: A series of protective procedures such as those in use in Los Angeles, Calif., and Toronto, Ontario should be negotiated between the Office of the SFFVAC and the various neighborhood associations of San Francisco. These procedures should then be instituted by the Office of the SFFVAC and included in all of their informational materials, both printed and electronic.

The response to this 1999-2000 recommendation was to cite the hours of 7 a.m. to 10 p.m. the City Charter allows neighborhood film production. The previous CGJ's recommendation was to involve neighborhood associations in relations with production companies and was not focused on hours of operation. This previous recommendation is an important part of a good business plan.

The website for the SFFVAC could assist with information for many of the calls received by the office. The SFFVAC has a small staff and a large proportion of their day is devoted to answering the same questions and giving out the same information. Most of this information could be distributed efficiently on the SFFVAC's existing website and focus the SFFVAC on business strategy and greater revenue potential.

FINDING AND RECOMMENDATIONS

1. Finding: The SFFVAC spends a large part of their business day helping individuals obtain permits or giving out general information on how to obtain permits for potential projects in San Francisco.

Recommendation:

The CGJ recommends that the permit process be moved out of the SFFVAC to the Planning or Police Department. Both of these departments spend enormous resources serving neighborhood processes. By moving this time consuming process, valuable SFFVAC resources could be redirected to bring new business into San Francisco.

Required Response

Mayor - 60 Days

San Francisco Film and Video Arts Commission - 60 Days

Executive Director, San Francisco Film and Video Arts Commission - 60 Days

2. Finding: Four supervisorial districts (Districts 1, 2, 3, and 6) are the SFFVAC largest customers with approximately 84% of all production shoots. Two districts (Districts 3 and 6) contain approximately 63% of all production shoots.

These San Francisco neighborhoods and their corresponding associations are valuable business partners for the City. The City needs their cooperation and property to insure successful film projects. The neighborhoods understand the importance of the SFFVAC business, as many are successful business owners in the City. They respect the need for

outside revenue to underwrite or maintain City services. Currently, they do not receive a proper voice in the film production process.

Recommendation:

The CGJ recommends that a minimum of three positions out of the current eleven SFFVAC commissioners be appointed neighborhood association representatives. Neighborhood representation on the SFFVAC will educate all parties and encourage ideas for new business. It will make these valuable taxpayers part of the process and make them accountable for the projects' success.

Required Response

Board of Supervisors - 90 Days

3. Finding: The current SFFVAC website does not contain all the information needed by customers. For instance, many small production companies complained about not getting accurate information or complete explanations of the SFFVAC permit process. At a minimum, the site should afford the smallest customer information on how to obtain permits and begin the process for their projects. Over 65% of the SFFVAC's 558 customers in 2000 were small offices with one-day shoots (see Attachment 2) who could make efficient use of an online system for their needs. The website should be updated regularly and educate its users on the availability of neighborhoods and permit process for video and film production projects.

There is an enormous amount of web design talent in the Bay Area. Given the interest in and the importance of the business of the SFFVAC, and the downturn in business in San Francisco's "Multimedia Gulch," many internet/website professionals are available to design website enhancements.

Recommendation:

The CGJ recommends that the SFFVAC website be updated to include more pertinent information for small business.

Required Response

San Francisco Film and Video Arts Commission - 60 Days

Executive Director, San Francisco Film and Video Arts Commission - 60 Days

4. Finding: A business plan needs to be developed to restructure costs for large production companies and contingency planning developed to address business and jobs leaving the City. The plan should address new business and target large-budget productions. A section of the plan should address the numerous small business requests, how this business can be maintained and served more efficiently.

As another part of the business plan, the SFFVAC should look into enhancing the use of the City's other seven districts. A marketing project for these districts could be one part of the business plan with associated incentives for their use. The neighborhoods are very interested in enhancing the film business for the City and are sophisticated in terms of their business understanding.

Recommendation:

The CGJ recommends that a formal business plan be developed to provide increased revenue and visibility for the City and County of San Francisco. The CGJ recommends that the plan address new business and target large-budget productions as well as the practices used by other film commissions, including aggressive outreach.

Required Response

San Francisco Film and Video Arts Commission - 60 Days

Executive Director, San Francisco Film and Video Arts Commission - 60 Days

5. Finding: The database printouts provided by SFFVAC (Attachments 1 and 2) appear to have multiple irregularities. As a result, it is not clear from these data that all appropriate fees have been charged or collected.

Recommendation:

The CGJ recommends that the Controller perform an audit of the SFFVAC fund (Administrative Code Section 10.100-297) and the associated production permit records to verify that fees have been appropriately assessed and collected.

Required Response

Controller - 60 Days

6. Finding: Production of reports by the SFFVAC appears to be cumbersome. It is possible that these issues could be resolved by an upgrade to the database, allowing for the entry of more types of useful data, such as production location and dates. The SFFVAC should review how best to use its valuable data to produce useful reports for business planning. Accuracy of information for its users and the SFFVAC will help for future planning as well as verify their business plan findings.

Recommendation

The CGJ recommends that the SFFVAC revise its database parameters to include location and date of production, and possibly other information in order to provide more useful business development tools and aid in their relationships with neighborhood associations.

Required Response

San Francisco Film and Video Arts Commission - 60 Days

Executive Director, San Francisco Film and Video Arts Commission - 60 Days

ATTACHMENT 1
 LOCATION LIST 2000
 (Production Companies, with Dates and Locations)
 January 1 to July 31, 2000

ATTACHMENT 2
 "AGREEMENT ISSUED AND FEE COLLECTED"
 FROM 1/1/2000 TO 12/31/2000

ATTACHMENT 3
 DATA FROM LOCATION LIST 2000 (ATTACHMENT 1)
 PLOTTED ONTO SAN FRANCISCO MAP
 January 1 to July 31, 2000

ATTACHMENT 4
 DATA FROM LOCATION LIST 2000 (ATTACHMENT 1)
 TABULATED BY SUPERVISORIAL DISTRICT
 AND NEIGHBORHOOD
 January 1 to July 31, 2000

TOTALS

	January	February	March	April	May	June	July	Totals
DISTRICT 1								
Jake McGoldrick								
Clement St./Inner Richmond			1		1		1	3
Golden Gate Park	7	8	12	9	9	7	9	61
Lincoln Park Golf Course	1			1				2
Richmond/Outer Richmond	3	9	3	1		1	5	22

TOTALS	11	17	16	11	10	8	15	88
DISTRICT 2								
Gavin Newsom								
Laurel Heights		1						1
Marina		7	5	3	4	3	9	31
Pacific Heights	4	2	4	9		3	5	27
Russian Hill	7	3	8	2	2	5	3	30
Seacliff		1						1
TOTALS	11	14	17	14	6	11	17	90
DISTRICT 3								
Aaron Peskin								
Chinatown	5	2	8	6	9	2	5	37
Financial District	17	8	22	17	15	24	16	119
Fisherman's Wharf	3	3	5	1		3	5	20
Nob Hill	3	3	10	3	4		3	26
North Beach	9	7	7	6	4	3	25	61
Telegraph Hill	5	2	4	1	2		1	15
TOTALS	42	25	56	34	34	32	55	278
DISTRICT 4								
Leland Yee								
Sunset		1		2			1	4

TOTALS		1		2			1	4
DISTRICT 5								
Matt Gonzalez								
Alamo Square	1	2	1	1	3	2	1	11
Haight-Ashbury/Panhandle	1	2	6	1	1	1	3	15
Hayes Valley	1		1			1		3
Japantown			1					1
Inner Sunset				1				1
Western Addition	1	1	1	1	4		2	10
TOTALS	4	5	10	4	8	4	6	41
DISTRICT 6								
Chris Daly								
Civic Center	1	3	6	13	1		2	26
Embarcadero	8	2	6	9	5	5	6	41
Mission	1	3	3	6	5	2	5	25
Mission Bay		1						1
South Beach/China Basin	1	2		8	4		7	22
South of Market	9	9	27	6	9	15	11	86
Tenderloin		1	5	5	3	1	3	18
Union Square	7	6	6	3	3	3	5	33
27	27	53	50	30	26	39	252	

DISTRICT 7

Tony Hall

Forest Hill 1 1

Lake Merced 1 1

Saint Francis Wood 1 1 2

West Portal 1 1

TOTALS 1 2 2 5

DISTRICT 8

Mark Leno

Castro/Upper Market 3 3 3 3 6 2 1 21

Diamond Heights 1 1

Glen Park 3 1 4

Noe Valley 1 1

Twin Peaks 2 1 5 1 1 2 1 13

TOTALS 7 4 8 4 7 7 3 40

DISTRICT 9

Tom Ammiano

Bernal Heights 1 1 1 1 4

TOTALS 1 1 1 1 4

DISTRICT 10

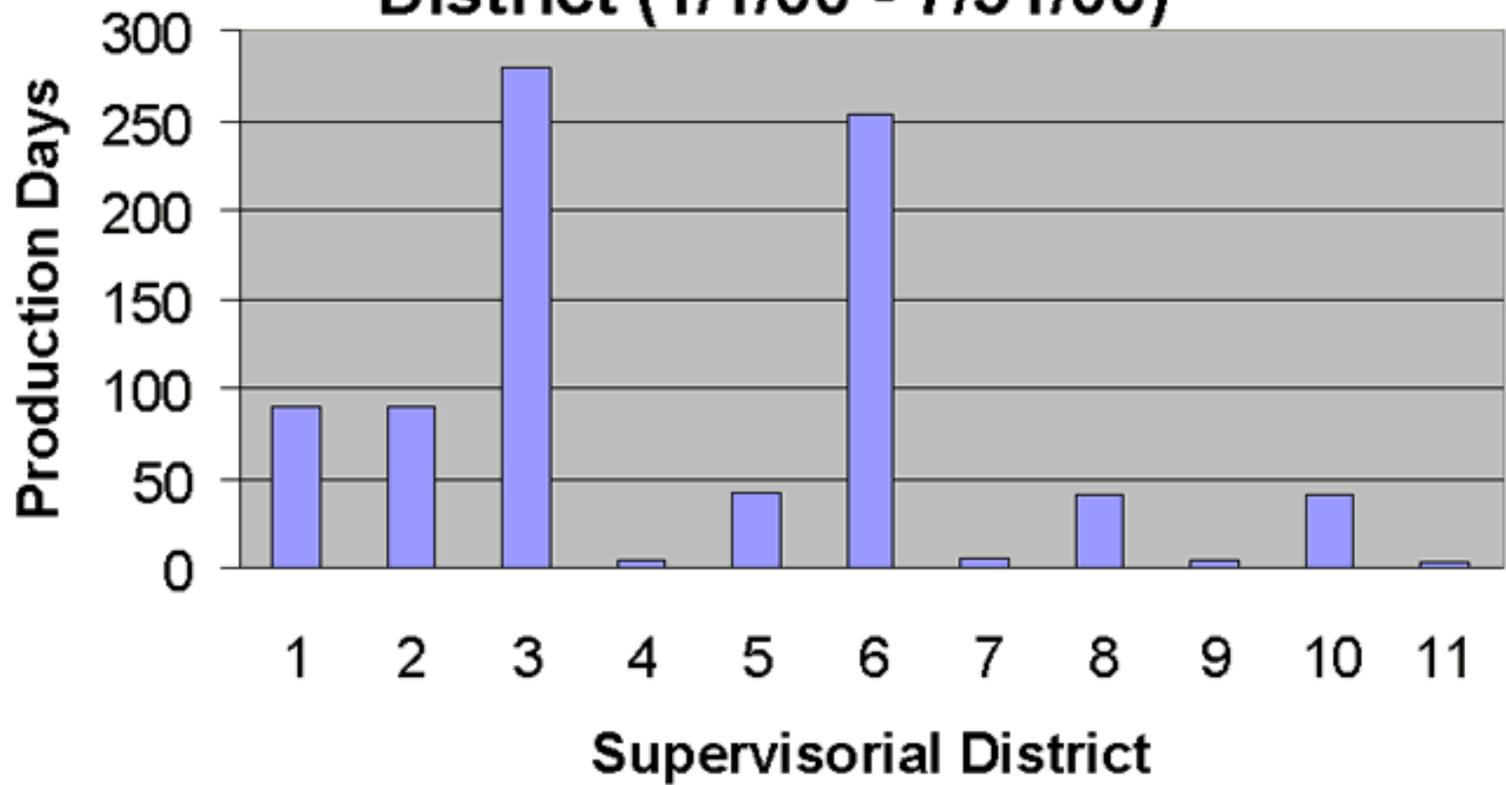
Sophie Maxwell

Bayview/Hunters Point	2			2	1	1		6
Potrero Hill	3	6	1	7	4	1	3	25
3Com Park		2						2
Visitacion Valley	2	1	3	1				7
TOTALS	7	9	4	10	5	2	3	40
DISTRICT 11								
Gerardo Sandoval								
Excelsior				1		1		2
Ingleside					1			1
TOTALS				1	1	1		3

ATTACHMENT 5
DATA FROM ATTACHMENT 4
GRAPHED TO INDICATE TOTAL PRODUCTION DAYS
BY SUPERVISORIAL DISTRICT
January 1 to July 31, 2000

ATTACHMENT 6
DATA FROM ATTACHMENT 1
TOTAL PRODUCTION DAYS BY TYPE
January 1 to July 31, 2000

Production Days By Supervisorial District (1/1/00 - 7/31/00)



TOTAL PRODUCTIONS BY TYPE 1/1/00 - 7/31/00

