

A Film Office for London Ontario

Taking Advantage of the Post-Lockdown Production Surge

August 18, 20

Dear Colleagues,

This communication comes to you as motion-for-which-notice-is-given because it involves a time sensitive opportunity for which the associated staff report on the film industry has been delayed due to COVID.

A NEW OPPORTUNITY

Though there may have been a number of delays and missed opportunities since we first approved a film industry strategy in 2017, the largest opportunity to date is presenting itself right now. Content creators have been preparing extensive material during the pandemic lockdown, and a post-lockdown production surge is anticipated to begin in the fall, which will drive production into new locations like London because:

1. Many US cities are considered unattractive because of high COVID rates.
2. Most existing Canadian sites have been booked to capacity.
3. As a COVID precaution, many crews are being bubbled, which means they stay together in hotels and are not allowed to live at home. In terms of production budgets, this now puts London on par with Toronto.
4. Netflix Canada just put out a call for submissions.

This is extraordinary for London because it provides a window of opportunity to establish ourselves in a climate where the disadvantages we have experienced are largely neutralized.

THE INDUSTRY

In the report, *Global Screen Production – The Impact of Film and Television Production on Economic Recovery from COVID-19*, the writers conclude, “Screen Production ... will be a powerful sector for driving economic recovery in many territories.” This is significant for Canada, where production spending grew 8.1% in 2019 to a total of \$19.4 billion, when only \$1.9 billion of the spending originated in Canada.

In interviews with sector stakeholders, a consistent item of feedback has been the request for a film office led by an experienced industry professional. This is an expectation of the industry and considered a necessity for growth. I suggest accelerating the attached business case so London can benefit from the spillover of the post-lockdown production surge, an opportunity that could otherwise be forever lost.

THE ROLE OF THE MUNICIPALITY

Our municipal staff will have an essential role in making the industry successful. The key will be nimble responses to the evolving needs of the industry with the helpful guidance of a film commissioner. Our parks department has already demonstrated this responsiveness in the adjustment of our permitting fees. In our conversations, they have also expressed a firm commitment to pull together and coordinate whatever city resources are required. This willingness to accommodate is the biggest factor in attracting production companies.

A knowledgeable film officer will assist the city to incrementally gain capacity by attracting opportunities that are properly sized for optimal growth and by supporting the creation of evolving protocols.

LONDON’S FILM OFFICER

The most important part of this business case is to hire a film officer. An individual with an existing network of industry contacts can best exploit the timely opportunity at hand because many decisions in this sector are made on the basis of word of mouth recommendations. This cannot be overstated. Film officers act as a liaison between a production company or filmmaker and the local government, businesses, and industry personnel.

For London, we should be looking for the following in its film officer:

- Broad knowledge of the industry
- A substantial set of domestic and international contacts
- Familiarity with London
- Experience working from start to finish on film projects
- Strong relationship building skills
- The ability to troubleshoot
- Understanding of how production budgets work
- Exposure to both scripted and unscripted programming

As these are valuable and marketable skill sets, getting a person with the right qualifications to leave the industry and work for London will require a good salary and a three or four-year opportunity to produce results that will satisfy both the city and the officer.

SALARY AND BUDGET

Our industry professionals recommend \$300k annually to cover the officer's salary and an operating budget that may pay for expenses such as travelling to industry events, establishing databases for locations and talent, setting up booths at film festivals, and creating marketing materials.

To cover this amount until the end of the 2020-2023 multi-year budget will require an investment of \$1M. We suggest the source be council's discretionary community investment reserve fund (with a present balance of \$1.5M), because it is a nimble alternative and in future years will be replenished by the city's operating surplus.

By referring permanent funding to the 2024-2027 multi-year budget process, Council will have the opportunity to evaluate the gains of the project before making a longer term commitment.

BUDGET CONTEXT

In 2016, the city of Sudbury attracted \$30 Million of investment into their community through the film industry. This is 100 times the amount (of \$300k) that is being proposed as London's annual investment. Though Sudbury has enjoyed tax advantages that are only now being advocated for in Southwestern Ontario, even small fraction of Sudbury's results would be a much larger win for London than leaving our money in the bank. The 3-¹/₃ year commitment of \$1M is only a tenth of what London was willing to invest in the London Medical Network. As the province has borrowed to invest heavily in our community for COVID recovery, it is very appropriate that we use our cash-on-hand to follow suit and do the same.

INVESTOR CONFIDENCE

The challenge for Council is that no one can provide a report that includes a guarantee of success. Council either believes that London has what it takes to succeed in the long term and acts, or we do not.

London's industry professionals have proven their own talent in other places and are convinced this city also has what it takes to be a hub for film and TV production. Our Parks Department is confident that they can match the service provided by other cities and has already made policy updates. The LEDC has begun to build a database of locations and has offered some tours. Fanshawe, Western and OIART will continue to graduate industry professionals looking to build their career in London. Council, recognized this opportunity in 2017 and has become increasingly confident about London's potential. All that remains is to make the investment.

THE MOTIONS

London may encounter no COVID recovery opportunity greater than that provided by the film and TV industry. The following motions will set us up for a win, and I encourage Council to support them:

Leave

That pursuant to section 11.3 of the Council Procedure By-law, leave be given for the introduction of a motion related to opportunities for the City of London in the film industry.

Should leave be approved, the following motion be introduced:

That the following actions be taken with respect to the opportunities for the film industry, in the City of London:

a) that \$1M from Council's community investment reserve fund BE COMMITTED to establish and operate a film office through 2023; and,

b) subject to the success of the office noted in part a) above, permanent funding for the film office BE REFERRED to the 2024-2027 multi-year budget process;

it being noted that the current COVID-19 global situation presents the potential for the City of London to establish itself in film and TV production industry.

Sincerely Yours,

Michael van Holst
Councillor, Ward 1

2020 INTERIM BUDGET AMENDMENT REQUEST FILM OFFICE

STRATEGIC AREA OF FOCUS:

- Growing our Economy
- London is a leader in Ontario for attracting new jobs and investments
- Work with multi-sector stakeholders to develop a Screen-Based Industry Strategy

STRATEGY:

Film Office

BUDGET AMENDMENT TYPE:

New Council Direction

DESCRIPTION:

The purpose of this amendment is to hire and adequately resource a film officer to both market London and act as the liaison between the production companies our municipality/region, local business, local industry professionals, and local training institutions. The successful candidate will be an experienced film industry professional with existing contacts who will attract appropriately sized productions while assisting our municipality to make the incremental policy changes to support an expanding sector. Because many elements of the industry are now in flux, the commissioner will lead the continued development of an agile, adaptive strategy working with multi-sector stakeholders.

SERVICE:

Parks and Recreation

LEAD:

Scott Stafford

BUSINESS CASE FOR A LONDON FILM OFFICE

Budget Amendment Tax Levy Impact (\$000's)	2020	2021	2022	2023	2020-2023 TOTAL
Annual Net Tax Levy Impact		\$0	\$0	\$0	\$0
Annual Net Incremental Tax Levy Impact		\$0	\$0	\$0	\$0
Estimated Tax Levy Impact % ¹		0.00%	0.00%	0.00%	0.00% (Average)
Estimated Rate Payer Impact (Dollars) ^{1,2}		\$0.00	\$0.00	\$0.00	\$0.00 (Average)

Notes:

1) Estimated tax levy impact and rate payer impact to be completed by FP&P.

2) Calculated based on the average assessed value of \$241,000 for a residential property (excludes education tax portion and impacts of future tax policy).

What is the reason for the budget amendment?

While COVID has created a historic challenge for all of Canada, the anticipated post-lockdown film production surge represents a unique, timely and significant opportunity for economic development in London. Multiple factors are at play which will greatly enhance London's ability to draw attention to itself as a viable production location if a marketing initiative can be made in the immediate future. A consistent item of feedback during interviews with industry professionals has been the request for a film office, which is necessary for growth and an expectation of the industry. Hiring an experienced industry professional with existing contacts is a necessity because the industry operates largely through word of mouth and established networks.

Budget Details (\$000's)	2020	2021	2022	2023	2020-2023 TOTAL
Approved Budget	\$0	\$0	\$0	\$0	\$0
Film Office	\$100	\$300	\$300	\$300	\$1,000
Total Amendment	\$100	\$300	\$300	\$300	\$1,000

Staffing Summary (Changes)	2020	2021	2022	2023
# of Full-Time Employees Impacted	1	1	1	1
# of Full-Time Equivalents Impacted		0.0	0.0	0.0
Full-Time Equivalents Cost (\$000's)		\$0	\$0	\$0

Additional Details

INDUSTRY DETAILS

Globally, the value of expenditures on screen-productions in 2019 was \$177 billion, where 67% was spent outside the sector. The total economic benefit was \$414 billion creating 14 million FTE jobs. While \$1.9 billion of that spending originates in Canada, our share of the total spend is ten times that at \$19.4 Billion or 11% of the global total. Canadian production spends over 5 times as much on television than theatrical films, and our total production grew by 8.1% in 2019. The Canada Revenue Agency considers the film industry to be such, "an important contributor to the economic and cultural well-being of Canada" that it has streamlined some of the processes for claiming tax credits. Canada's crews are the 2nd most experienced in the world and produce blockbuster films, Academy awards and Netflix favourites within two hours drive of London.

PUBLIC ENGAGEMENT

Since 2017, the one-on-one interviews of industry professionals have garnered fairly consistent feedback:

1. London has excellent potential to be a film hub.
2. Tax credits that would advantage our city should be advocated for.
3. Reduced barriers in film permitting are needed.
- 4. London should open a film office.**
5. A locations database should be maintained.
6. If production became regular in London, industry professionals would relocate to live here.
7. A film industry in London would help greatly to retain talent graduating from Fanshawe, Western and OIART.

FILM OFFICE DETAILS

Our film office would represent London (and region) by:

- Encouraging film and media activity;
- Fostering economic growth;
- Creating jobs;
- Providing education;
- Supporting local culture
- Marketing London to the industry

The kinds of services offered by the film office would be:

- Scouting and securing locations
- Help with permitting
- Making connections with agencies and the private sector
- A live/active website
- A database of local crew, vendors, services, and locations

- Film industry resources and information
- Assistance with tax credit applications

A film office or commission typically assists:

- Major and mini-major studios
- Independent filmmakers/production companies
- Commercial production companies
- Ad agencies
- TV Networks, Cable Networks, Public Access, Government networks
- Interactive Game, FX and Animation companies
- New Media companies
- Indigenous production communities
- Student filmmakers

METRICS

The gathering and manipulation of data should not detract from activities of economic development and fortunately production budgets are sufficiently detailed to provide numerous metrics such as:

- Number and type of production (film, TV, commercial, etc.)
- Total production budgets by type
- Community economic benefit
- Economic benefit by sector (cast & crew, accommodation, transportation, food services, etc.)
- Economic benefit by location
- Contributions to Municipal Accommodation Tax
- Students employed

LEDC

Collaboration with the London Economic Development Corporation was recommended because it already has the infrastructure in place for marketing London and is experienced in supporting inquiries and liaising with city staff. The LEDC may be able to assist with finding and securing locations on residential, commercial or industrial properties not subject to the city's own permitting processes. They can also assist in outreach to studios, attraction, talent development. The LEDC have been developing a database of filming locations and have done a number of tours with prospects.

SOURCE OF FINANCING

Because it is nimble, the source of financing proposed to backstop for the initiative is council's community investment reserve fund which presently has an uncommitted balance of \$1.5 million. For this reason, there is no impact on the tax levy. According to council policy, this fund receives 25% of the annual surplus but, prior to the provincial funding announcement for COVID, council earmarked the entire 2020 surplus for recovery efforts. During the multi-year budget process, a pivot to the economic reserve fund could be made and there is potential that COVID recovery grants might become available to reduce the draw from reserves.

Referring permanent funding to the 2024-2027 multi-year budget process will allow council the opportunity to evaluate the gains of the project before making a longer term commitment.

THE LONDON ADVANTAGE

The many industry professionals living in London who work remotely or abroad have a conviction that London would be an excellent location for a film hub, if the barriers of establishing it could be surmounted. Some of the advantages of London are:

- Proximity to and lower prices than the GTA
- An outside-the-GTA tax credit
- An international airport
- Abundant hotels, restaurants and caterers
- A talent base that calls London home
- A much larger talent base that has or would like to call London home.
- Training for new talent at Fanshawe, OIART and Western
- A wide variety of locations, architecture and neighbourhoods that can seem like a bigger or smaller city
- Proximity to agricultural and environmental settings, small towns and lake Erie
- Lower housing costs and less traffic congestion
- Many related industries in media production to provide production and post-production support
- London is home to businesses that train and provide animals that perform on camera
- London is a strong centre for culture and sport

DISADVANTAGES

The largest disadvantage for our city is the additional budgetary pressure placed on productions because of our distance outside the GTA. Crew members would have to be accommodated in hotels, and those extra costs make London unattractive. This can be addressed by advocating for new tax credits that level the playing field or attracting sufficient regular production to the city so that adequate numbers of cast and crew members establish (or retain) residence here.

To stay on schedule, immediate access to camera rentals is important in case those on hand malfunction. This was not available in London until 2019 when one small company opened in anticipation of the film industry being advanced by the city. There are discussions of larger rental firms establishing themselves in London. The presence of a film office will have positive effects on these decisions.

An extensive location database is not yet present for London, although this is now being advanced slowly by the city and LEDC and would be a major priority for the film officer.

Previously, our permitting fees were too high, especially for smaller productions, but this has been rectified by staff and approved by council.

Though we have made accommodations like street closures in the past, protocols and muscle-memory are not yet in place to deal with these requests on a more regular basis. The best approach to this limitation is to have an experienced film officer working with the city to develop these protocols organically and incrementally while bringing progressively larger projects to town.

London as a production venue is virtually unknown to the industry, so the kind of marketing that is the forte of a film officer will be required. The resources and experience of the LEDC will also be beneficial in this regard.

TIMING

This amendment is coming outside the regular multi-year budget update process because of a timely opportunity. For the film industry to make up for time lost during the pandemic, a post-lockdown production surge is anticipated to begin in the fall. Not only will this exceed the existing capacity causing an overflow of production into new locations, but some of that capacity has been disqualified because of COVID precautions, which will have the effect of magnifying that overflow. The increased demand for production space will put in abeyance the budgetary pressures that would otherwise have disqualified London from consideration. There is an unprecedented opportunity for London to put itself on the map, forge relationships with production companies, and create the word-of-mouth referrals that are crucial for growth. A film officer who can speak with their previous industry contacts and offer to assist with production in London is the best way to take advantage of this unprecedented opportunity.