Ordinance amending the Administrative Code to allow the Director of Property of the Department of Real Estate, in consultation with the Executive Director of the Film Commission, to lease property and sublease such property to film companies for film-related activities; to expand the production costs eligible for the Film Rebate Program to include rent payments for such property; and making environmental findings.

NOTE: Additions are single-underline italics Times New Roman; deletions are strike-through italics Times New Roman. Board amendment additions are double-underlined; Board amendment deletions are strikethrough normal.

Be it ordained by the People of the City and County of San Francisco:

Section 1. The Planning Department has determined that the actions contemplated in this ordinance comply with the California Environmental Quality Act (California Public Resources Code Section 21000 et seq.). Said determination is on file with the Clerk of the Board of Supervisors in File No. 130586 and is incorporated herein by reference.

Section 2. The Administrative Code is hereby amended by amending Section 57.8, to read as follows:

SEC. 57.8. FILM REBATE PROGRAM.

(a) Purpose. The purpose of the Film Rebate Program is to increase the number of qualified film productions being made in San Francisco, increase the number of City residents employed in the filmmaking industry, and encourage the resulting economic benefits to increased filmmaking in San Francisco.

(b) Definitions. As used in this Section, the following terms shall have the following meanings:
"Principal photography" means the time period and phase of film production during which the main photography occurs.

"Qualified film production" means a feature-length film, documentary film, docudrama film, television film, television pilot, "reality" program or each episode of a television series, regardless of the medium used to create or convey it, that is created by a film company that expends at least 65 percent of the total principal photography days exclusively in the City. "Qualified film production" shall not include:

1. a news or current affairs program, interview or talk program, instructional film or program, film or program consisting primarily of stock footage, sporting event or sporting program, game show, award ceremony, film or program intended primarily for industrial, corporate or institutional end-users, fundraising film or program, commercials, or music videos; or

2. a production for which records are required under Title 18 United States Code Section 2257, to be maintained with respect to any performer in such production.

("Qualified low-budget film production" means a feature-length film, documentary film, docudrama film, television film, television pilot, "reality" program or each episode of a television series, regardless of the medium used to create or convey it, that is produced by a film company that expends at least 55 percent of the total principal photography days exclusively in the City and has a total budget of no more than $3,000,000. "Qualified low-budget film production" shall not include:

1. a news or current affairs program, interview or talk program, instructional film or program, film or program consisting primarily of stock footage, sporting event or sporting program, game show, award ceremony, film or program intended primarily for industrial, corporate or institutional end-users, fundraising film or program, commercials, or music videos; or
(2) a production for which records are required under Title 18 United States Code Section 2257, to be maintained with respect to any performer in such production.

(3) "Qualified film production" means a feature-length film, documentary film, docudrama film, television film, television pilot, "reality" program or each episode of a television series, regardless of the medium used to create or convey it, that is created by a film company that expends at least 65 percent of the total principal photography days exclusively in the City. "Qualified film production" shall not include:

(i) a news or current affairs program, interview or talk program, instructional film or program, film or program consisting primarily of stock footage, sporting event or sporting program, game show, award ceremony, film or program intended primarily for industrial, corporate or institutional end-users, fundraising film or program, commercials, or music videos; or

(ii) a production for which records are required under Title 18 United States Code Section 2257, to be maintained with respect to any performer in such production.

(4) "Qualified production cost," means the following expenses of a qualified low-budget film production or a qualified film production:

(A1) Any taxes, with the exception of hotel or sales taxes, paid to the City, or any of its constituent departments, the proceeds of which are placed in the general fund;

(B2) Any moneys paid to the City, or any of its constituent departments, for the use of City property, equipment, or employees other than police services as described in Chapter 10B of this Administrative Code except as authorized in subsection (D5) below;

(C3) Any moneys paid to the City, or any of its constituent departments, for the use of property leased by the City;

(D4) Any daily use fees charged by the Film Commission, pursuant to Section 57.5 of the Administrative Code, to engage in film production in the City; and
Police services as described in Chapter 10B of this Administrative Code, provided that the such services do not exceed 4 Police Officers per day for a total of 12 hours maximum per day per officer.

(c) Rebate Program.

(1) Allowance of Rebate. A qualified low-budget film production or qualified film production that pays qualified production costs shall be entitled to a rebate, to be calculated as provided herein, provided that the qualified production has entered into a first source hiring agreement with the City that demonstrates good faith efforts to hire economically disadvantaged individuals referred by the San Francisco Workforce Development System to work for the qualified production. Good faith efforts shall include, at a minimum, consulting with the FSHA for the purpose of preparing a list of positions for which individuals referred by the City might qualify, providing that list to the FSHA at least two weeks prior to the first day of shooting, and documenting efforts to contact and interview job candidates referred by the City to fill the positions listed.

(2) Amount of Rebate. Effective July 1, 2012, the City shall pay one dollar for each dollar the qualified low budget film production or qualified film production paid in qualified production cost not to exceed $2 million dollars by June 30, 2014 subject to annual appropriation. The rebate shall be paid from the fund into which the qualified production cost was originally deposited the project account that the Controller has set aside for Film Rebate Program funds (the "Film Rebate Project Account"). In no event shall the amount of any rebate paid for a single production after April 1, 2009 exceed $600,000.00. The rebate shall not be paid from funds dedicated under bond or other legal financing covenants. Rebates paid under this Ordinance shall be paid only to those qualified film productions whose filming commenced on or after the effective date of this Ordinance.
(3) Implementation. After holding a public hearing, the Executive Director of the Film Commission, in consultation with the Controller, shall promulgate rules and regulations to establish the procedures for implementation of the Film Rebate Program. Such rules shall include provisions describing the application process, the standards used to evaluate the applications, the documentation that will be required to substantiate the amount of the rebate, the appeal process, and any such other provisions as deemed necessary and appropriate to carry out the Film Rebate Program.

(d) Authority to Lease Private Property for Film Company Use. Subject to the Controller’s certification of funds in the Film Rebate Project Account or other available funding source (“Controller’s Certification”), the Director of Property of the Department of Real Estate, in consultation with the Executive Director of the Film Commission, shall have the authority to lease property and sublease such property to film companies for film-related activities including, but not limited to filming, editing, film production office space, and stage space uses (“Film Production Leases”) when the Executive Director determines, in consultation with the Director of Property, that no suitable alternative City property is available. Notwithstanding any other provision of the Municipal Code, including Administrative Code Sections 23.26 and 23.31, where a proposed Film Production Lease is for a year-to-year or shorter tenancy and has received the Controller’s Certification under this subsection (d), the Director of Property may enter into such Film Production Lease, including any corresponding sublease with a film company subtenant, regardless of whether the monthly rent exceeds $5,000, without action of the Board of Supervisors unless otherwise required by the City Charter.

(4) Reports.

(l) Annual Reports. The Executive Director shall report annually to the Board of Supervisors on the implementation of the Film Rebate Program. The report shall include a list of each qualified film production, residency of employees, and the total of qualified production
costs submitted and paid to each film production. \textit{Annually for the first three years after enactment of this Ordinance the} The Controller shall perform an \textit{annual} assessment and review of the effect of the Film Rebate Program. Based on such assessment and review, the Controller shall prepare and submit an analysis to the Board of Supervisors. The Analysis shall be based on criteria deemed relevant by the Controller, and may include but is not limited to data contained in the annual reports to the Board of Supervisors submitted by the Director of the Film Commission.

\textit{(12) 2013 Report.} By December 31, 2013, the Film Commission, working with the Controller's Office, shall submit a report to the Board of Supervisors on the current results of the Film Rebate Program, addressing the objectives of the Program. The report should include a list of all film production companies that have had permits with the Film Commission, the number of qualified film productions, the number of San Francisco residents employed on such film productions, verification of the number of jobs and the salaries paid to economically disadvantaged San Francisco residents hired through the City's Workforce Development Program, the amount of the rebates paid to the film production companies, and the overall economic impact from the City's Film Rebate Program since the last Film Commission report to the Board of Supervisors.

\textit{(ef) Expiration of Section.} The Film Rebate Program shall expire on June 30, 2014, unless extended by ordinance. If the Film Rebate Program is not extended, the City Attorney shall cause this Section to be removed from \textit{future editions of the San Francisco Municipal Code without further action of the Board of Administrative Code.}

Section 3. Effective Date. This ordinance shall become effective 30 days from the date of passage.
Section 4. In enacting this ordinance, the Board of Supervisors intends to amend only those words, phrases, paragraphs, subsections, sections, articles, numbers, punctuation marks, charts, diagrams, or any other constituent parts of the Administrative Code that are explicitly shown in this ordinance as additions, deletions, Board amendment additions, and Board amendment deletions in accordance with the “Note” that appears under the official title of the ordinance.

APPROVED AS TO FORM:
DENNIS J. HERRERA, City Attorney

By:
ADINE K. VARAH
Deputy City Attorney
Ordinance amending the Administrative Code to allow the Director of Property of the Department of Real Estate, in consultation with the Executive Director of the Film Commission, to lease property and sublease such property to film companies for film-related activities; to expand the production costs eligible for the Film Rebate Program to include rent payments for such property; and making environmental findings.

June 27, 2013 Government Audit and Oversight Committee - RECOMMENDED

July 09, 2013 Board of Supervisors - PASSED, ON FIRST READING
Ayes: 11 - Avalos, Breed, Campos, Chiu, Cohen, Farrell, Kim, Mar, Tang, Wiener and Yee

July 16, 2013 Board of Supervisors - FINALLY PASSED
Ayes: 11 - Avalos, Breed, Campos, Chiu, Cohen, Farrell, Kim, Mar, Tang, Wiener and Yee

I hereby certify that the foregoing Ordinance was FINALLY PASSED on 7/16/2013 by the Board of Supervisors of the City and County of San Francisco.

Angela Calvillo
Clerk of the Board

Mayor

Date Approved