

## A G E N D A



## Recommendation for Council Action

|  |  |         |       |               |                      |
|--|--|---------|-------|---------------|----------------------|
| Austin City Council  |  | Item ID | 32022 | Agenda Number | 8.                   |
| Meeting Date:  | 5/15/2014  |         |       | Department:   | Economic Development |
| Subject  |  |         |       |               |                      |
| Approve an ordinance creating an economic development program for film, television and digital media projects as authorized by Chapter 380 of the Texas Local Government Code.   |  |         |       |               |                      |
| Amount and Source of Funding   |  |         |       |               |                      |
| Funding is available in the Fiscal Year 2014-2015 Economic Incentive Reserve Fund.   |  |         |       |               |                      |
| Fiscal Note  |  |         |       |               |                      |
| There is no unanticipated fiscal impact. A fiscal note is not required.  |  |         |       |               |                      |
| Purchasing Language:   |  |         |       |               |                      |
| Prior Council Action:  |  |         |       |               |                      |
| For More Information:  | Kevin Johns, Director/EDD, (512) 974-7802; David Colligan, Global Business Recruitment and Expansion Manager/EDD, (512) 974-6381 |         |       |               |                      |
| Boards and Commission Action:  |  |         |       |               |                      |
| MBE / WBE:   |  |         |       |               |                      |
| Related Items:   |  |         |       |               |                      |
| Additional Backup Information  |  |         |       |               |                      |
| <p>The City of Austin has demonstrated strong interest in attracting and supporting film, television, and digital media production. In 2005, a City Council ordinance repealed filming application and filming permit fees. In 2008, the City Council passed an ordinance waiving facility use and rental fees and providing up to two peace officers for fifteen filming days for qualifying production projects.</p> <p>In addition, the City has entered into a public/private partnership with Austin Film Society for the development of 20 acres at the Mueller Redevelopment into a world class film studio, Austin Studios. The Austin Film Society rents the space for \$100 a year. Since the contract inception, there have been over 235 media productions at the studios with budgets totaling \$828 million, resulting in an economic impact of \$1.3 billion. Additionally, Austin voters approved two bond packages to support construction, renovation, and improvements to Austin Studios in 2006 and 2012 totaling \$10.4 million.</p> <p>And, the Cultural Arts Fund provides grants to film and digital media organizations including the Austin Film Festival, the Austin Film Society, the Austin School of Film, the Austin Gay and Lesbian Film Festival, Cine Las Americas, Latinitas, Moving Image Arts and Education, and Public Access Community Television.</p> <p>In an effort to further shore up and grow this industry, the Economic Development Department (EDD) is proposing</p> |  |         |       |               |                      |

the Austin Creative Content Incentive Program. This new program is proposed because the current economic development policy for incentivizing job creation and investment in the Austin is incompatible with the accelerated decision-making timeline and the business model of the film, television, and digital media production industry. By creating a separate economic development program for this industry, Austin's competitive advantage will increase for retaining its existing and future workforce, while realizing the growth potential for its existing industry and inducing additional economic prosperity by recruiting incoming production.

On an annual basis, there are 1,160 students at the University of Texas Radio/Television/Film (RTF) program. Additionally, there are students at the Austin School of Film and Austin Community College's RTF programs. Austin risks being unable to continue to provide jobs for the existing and future workforce in this industry because productions are lured to other communities in the state and other states through the use of incentives specific to the film, television, and digital media industry. Other municipalities in Texas and throughout the United States, including San Antonio, Dallas, San Francisco, Santa Barbara, Shreveport/Caddo Parish, Jefferson Parish, and Sarasota County are enacting local production incentives to increase their competitiveness within this industry.

The City of Austin commissioned a 2012 update to the Economic Impact of the Creative Sector in Austin Study. The film, television, and digital media industries were found to generate \$1.27 billion each year for the Austin economy and create over 10,000 jobs. The strength of these sectors are strong factors for attracting and retaining members of "creative class," the third of America's workforce identified by Richard Florida that create for a living.

A top priority of Imagine Austin is to invest in the creative economy. The comprehensive plan calls specifically for the City to develop new financial resources and strategies to sustain and expand the creative industry sector. A local film incentive program will help level the playing field for the Austin film, television and digital media industry with peer states to attract more employment opportunities for Austin's creative workforce.

EDD met with leaders from the Minority Trade Association Alliance on April 30, 2014 and the MBE-WBE/Small Business Enterprise Procurement Advisory Committee on May 6, 2014 regarding the proposed program. As a result of these discussions and the recommendations of the Advisory Committee, EDD has incorporated the following minority business participation components into the proposed program:

- Require each approved applicant to meet with the Small and Minority Businesses Resources Department (SMBR) staff prior to the start of production to obtain lists of certified M/WBE vendors
- Require companies to submit a list of vendors used in production upon the conclusion of production. SMBR will review the list to ascertain the number of certified utilized during the production. The list must be submitted to the City before the incentive can be paid.
- EDD will host an educational event, Minority Business Opportunities in the Film, Television, and Digital Media Industries, at least once a year. The event will cover various topics, such as:
  - Types of contracting opportunities in film, television, and digital media industries
  - Specific contracting needs of creative content productions
  - Employment opportunities
  - Overview of industry's unions and how to join them
- At the aforementioned annual event, EDD will recognize a production company with an award for outstanding minority business outreach to encourage utilization of MBE/WBE firms for contracting opportunities.
- EDD will provide a list of available community programs for the film and digital media industry, including mentorship and youth programs, to each production company participating in the program.
- EDD will report back to the MBE/WBE/Small Business Enterprise Procurement Advisory Committee on minority participation in the program 6 months after the program goes into effect.

The attached document provides complete information on the proposed qualifications, incentive levels, payment information and supporting documentation for the Creative Content Incentive Program.