



Council Agenda Report

To: Mayor Grisanti and the Honorable Members of the City Council

Prepared by: Joseph D. Toney, Assistant City Manager

Reviewed by: Elizabeth Shavelson, Deputy City Manager

Approved by: Steve McClary, City Manager

Date prepared: August 23, 2022 Meeting date: September 27, 2022

Subject: Film Permit Services Review

RECOMMENDED ACTION: 1) Receive report on the film permit services; and 2) Direct staff to issue a Request for Proposal for film permit services.

FISCAL IMPACT: There is no fiscal impact associated with the recommended action. A proposed agreement will be brought back to Council for approval; the funding for these services have been included in the FY 2022-23 Adopted Budget in Account No. 100-7054-5117 (Finance – Film Permit Consultant). The City collects revenue when permits are issued for filming within the City. The budget includes \$450,000 (Account No. 100-0000-3202) of expected revenue from film permits and an expense line-item amount of \$337,500 (Account No. 100-7054-5117) for the Film Permit Consultant expenses.

WORK PLAN: This item was not included in the Adopted Work Plan for Fiscal Year 2022-2023. This project is part of normal staff operations.

DISCUSSION: On June 13, 2022, the City Council directed staff to research how comparable cities are handling film permitting services and review in-house and outsourced operations.

The City of Malibu is predominantly a contract city and has used outside professional film permit services since at least 2000. While Requests for Proposals (RFP) were issued in 2015 and 2019, the services have ultimately been provided by the same vendor due to the required qualifications and limited available alternatives.

Permit fees are structured on a cost recovery basis. The City is not legally allowed to set fees to be profit generating, the amounts are meant to cover the reasonable staff and resource requirements necessary to process (California Constitution Subdivision (e) of section 1 of article XIII C (added by Proposition 26 and defining "tax")). User and regulatory fees are intended to cover all or portion of the costs incurred by the City for providing fee-related services and activities that are not otherwise provided to those not paying the fee. City fees are established by studying the direct and indirect associated costs to best estimate the amount for full recovery via a Cost Allocation Plan. The FY 2022-23 Work Plan includes a new comprehensive fee study. It is good practice to do a full study about every five years to ensure fees are aligned for full recovery. The last comprehensive study was conducted in June 2015, and the City is due for a new study. Staff intend on receiving informal quotes or conducting an RFP, depending on the cost, for a specialized fee consultant. The existing fees are examined and modified by inflation on an annual basis and detailed in Attachment 1.

The City's existing contract provides for a 25% retention of permit fees for the City for indirect administrative costs and 75% for vendor conducting the direct services. These services include but are not limited to: application handling and review, local agency coordination, revisions, compliance, on-site meetings, field monitoring, 24/7 on-call staff, payment processing, and permit issuance. The vendor has five full-time equivalents (FTE) on staff that are able to handle the 400-700 permits issued in Malibu per year. The total revenue accumulated annually is about \$450,000, with the City retaining an estimated \$112,500, to cover administrative costs.

Staff attempted to review comparable cities the results of which are summarized in the table below. The comparison is not a perfect like-for-like comparison, but is a best estimate available based on the information those cities provided. From the review, it was discovered that there is not a uniform standard approach to handling film permits. All of the cities that were researched and contacted have varying staffing levels, job classifications, applications and review processes, and budgets. Of note, the existing vendor used by Malibu, SWS Inc., also has a contract with Agoura Hills. Agoura Hills has the same 75/25 cost share.

City	In/Out	#Permits	# FTE	Revenue (Permits)	Expense (Salary)	Net Impact
Agoura Hills	Outsourced	20	5.00	\$ 30,000	\$22,500	\$ 7,500
Calabasas	Internal	25	0.07	30,000	70,363	(40,363)
Hermosa Beach	Internal	21	0.10	40,000	76,656	(36,656)
Malibu	Outsourced	400	5.00	450,000	337,500	112,500
Pasadena	Internal	304	4.00	818,000	382,967	435,033
Santa Clarita	Internal	570	4.00	485,000	252,283	232,717
Ventura County	Internal	402	2.00	193,724	152,629	41,095
Culver City	Outsourced	272		Separate Fees for consultant and City		
Santa Monica	Outsourced	750		Separate Fees for consultant and City		

The most similar cities to Malibu in terms of volume of permits issued that conduct the services in-house, Santa Clarita and Pasadena, require at least four FTE, while Malibu's existing vendor uses five. Assuming Malibu is able to hire and retain four FTE at all times to manage a program, it could reasonably be estimated that the cost for salaries would be similar to Pasadena at about \$400,000. Based on the existing revenue of \$450,000, the estimated net fiscal impact would provide for \$50,000 remaining to cover administrative costs. This does not account for pension costs, health, benefits, legal, and other costs. The result would likely be a loss for the City. Of course, a revised fee study would ultimately set the fees at full cost recovery, but maintaining the staffing and service levels could prove difficult. Furthermore, there is high demand for filming in Malibu along with complicated regulations and topography. Building up a new program and maintaining the expertise on-site could prove challenging. A consultant should be an expert in the film industry and is able to maintain relationships with production companies and have familiarization with all processes and operations specific to filming and the community. City staff are then able to coordinate with that expert when needs and issues arise. Based on these considerations and the review of film permit services, staff reasonably concluded that it is more beneficial for the City to rely on a dependable consultant to provide the services.

Staff is seeking direction from City Council to issue an RFP for Film Permit Services and direction on criteria that must be met in the scope of services or fee structure.

ATTACHMENTS:

1. Schedule of Fees Fiscal Year 2022-2023 – Film Fees

City of Malibu
Schedule of Fees
Fiscal Year 2022 - 2023
Administrative Services Department
Filming Fees

	Fee Description	CPI 22-23	FY 22-23 Fee *	Unit	Rationale
1	Motion Application:				
	a) Up to 10 People	7.4%	\$172		
	b) 10 - 25 People	7.4%	\$451		
	c) Over 25 People	7.4%	\$1,021		
2	Motion Permit (Per Day):				
	a) Up to 10 People	7.4%	\$208	per day	
	b) 10 or More People	7.4%	\$416	per day	
3	B-Roll Motion Permit (Per Day):				
	a) Up to 10 People	7.4%	\$208	per day	
	b) 10 or More People	7.4%	\$416	per day	
4	Motion Cancellation	7.4%	\$416		
5	Motion Revisions:				
	a) Minor Revisions	7.4%	\$172		
	b) Substantial Revisions	7.4%	\$276		
6	Penalty	n/a	double app. fee		
7	Parking On Street/Right-of-Way:				
	a) Up to 60 Vehicles	7.4%	\$340	per day	
	b) Over 60 Vehicles	7.4%	\$682	per day	
8	Removal of Production Signs	7.4%	\$76	per sign	
9	Still Shoot Application:				
	a) Up to 25 People	7.4%	\$172		
	b) Over 25 People	7.4%	\$451		
10	Still Shoot Permit (Per Day):				
	a) Up to 10 People	7.4%	\$72	per day	
	b) 10 - 25 People	7.4%	\$208	per day	
	c) Over 25 People	7.4%	\$416	per day	
11	Still Shoot Cancellation	7.4%	\$172		
12	Still Shoot Revisions:				
	a) Minor Revisions	7.4%	\$85		
	b) Substantial Revisions	7.4%	\$137		
13	Use of City Property - Filming:				
	a) Up to 30 People				
	i) Up to 6 hours	7.4%	\$2,045		
	ii) Each Additional Hour	7.4%	\$340	per hour	
	b) Over 30 People				
	i) Up to 6 hours	7.4%	\$3,066		
	ii) Each Additional Hour	7.4%	\$512	per hour	
14	Use of City Property - Still Shoot:				
	a) Up to 10 People	7.4%	\$170	per hour	
	b) Over 10 People	7.4%	\$206	per hour	
15	Monitor Fee:				
	a) 0 - 8 Hours	7.4%	\$76	per hour	
	b) 8 - 12 Hours	7.4%	\$116	per hour	
	c) Over 12 Hours	7.4%	\$153	per hour	
16	Filming on City Streets or Right of Way	7.4%	\$682	per day	
17	Community Signature Processing Fee	7.4%	\$683		
18	Drone Usage Fee	7.4%	\$683		
19	Fire District Permit Convenience Fee	n/a	\$0.10	per dollar	
20	Late Processing Fee	7.4%	\$172		

*In addition to the fees identified in this Schedule of Fees, the City will pass-through to the applicant any discrete costs incurred from the use of outside service providers required to process the specific application or service.