

TO: MUNICIPAL MANAGER 1991 May 06

FROM: DIRECTOR PLANNING &
BUILDING INSPECTION

SUBJECT: LETTER FROM THE B.C MOTION PICTURE ASSOCIATION - BRIDGE STUDIOS

PURPOSE: To provide Council with information regarding the concerns expressed by the B.C. Motion Picture Association about the future plans for the Bridge Studios facility and its potential impact on the Municipality.

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RECOMMENDATIONS:

1. THAT the Provincial Government be asked to give serious consideration to leasing the Bridge Studios on a long term basis subject to public tender and an appropriate commitment to use the facility as a film studio, as an alternative to its sale.
2. THAT a copy of this report be sent to the Honorable Rita Johnston, Premier, Province of British Columbia, Mr. Michael Horsey, President, B. C. Pavilion Corporation, and to Mr. Robert Dubberley of the B. C. Motion Picture Association,.

R E P O R T

1.0 INTRODUCTION:

1.1 Appearing on the 1991 April 22 Council Agenda were copies of letters written by Robert Dubberley, President of the British Columbia Motion Picture Association, to The Honourable Rita Johnston, Premier of the Province of B.C. and Mr. Michael Horsey, President B.C. Pavilion Corporation, regarding the Association's concern for the future of the Bridge Studios located at 2400 Boundary Road in Burnaby and its potential impact on the local film industry.

1.2 Arising from the discussion of this matter, Council requested that a report be prepared to provide further research and information on the concerns raised in Mr. Dubberley's letters about the privatization of the Bridge Studios and its implications for Burnaby.

2.0 SUMMARY:

2.1 This report provides an overview of the local film industry and a discussion of the concerns that have been expressed about the potential privatization of the Bridge Studios that is presently owned and operated by the B.C. Pavilion Corporation. It also provides further information about a proposal from the Beacon Group of Vancouver who have indicated that given their frustrations in trying to buy the studio from the government, they are now very interested in building a new studio and production complex in Washington State which could have a potential negative impact on the local film industry and the viability of the Bridge Studios.



The report concludes that the issues surrounding these matters are very complex and difficult to draw any specific conclusions from. However, it does conclude that the continued operation of the Bridge Studios is of vital importance to the local film industry and that such activity is consistent with the adopted objectives of the Economic Development Strategy. The report also concludes that it is incumbent on the Provincial Government to ensure that the long term use of the facilities as a film studio is guaranteed should it be privatized and that such privatization be pursued by public tender. Finally, the report concludes that rather than selling the site, the Provincial Government should give serious consideration to leasing the studio on a long term basis pursuant to the public tender process.

3.0 GENERAL INFORMATION:

3.1 The Bridge Studios, which is also referred to as the B.C. Film Center located near the intersection of Boundary Road and the Lougheed Highway, is owned and operated by the B.C. Pavilion Corporation which is a Crown Corporation of the Provincial Government. The facility officially opened in June of 1987 as the B.C. Film Center which included three sound stages, one large effects stage (the largest in North America) and additional space for production offices. Since about 1980, a variety of film projects have used the facilities which were in a more rustic state prior to 1987. Since 1987, over 30 film projects have used the Bridge Studios which have included such projects as the Macgyver television series, feature films such as Bird On A Wire, Cousins, Shoot To Kill, along with many other projects.

3.2 As outlined in Mr. Dubberley's letters, the Beacon Group, a locally based business concern, has expressed an interest in purchasing the Bridge Studios from the B.C. Pavilion Corporation. The Beacon Group has subsequently withdrawn their bid to acquire the Bridge Studios since the government were undecided about their plans for the facility which could include either its sale or continued operation by the B.C. Pavilion Corporation and potential expansion. Mr. Dubberley's letters further indicate that it is his understanding that the Beacon Group has entered into serious negotiations with the State of Washington to establish a \$25 million studio and production centre in Whatcom County. The establishment of such a facility in Washington State would have serious implications for the local film industry in British Columbia and particularly on the viability of the government-owned Bridge Studios. In view of these circumstances, the B.C. Motion Picture Association has indicated their support for the privatization of the Bridge Studios subject to the public tender process along with some very specific terms that will ensure that the facilities will continue to operate as a film studio in support of the local film industry for a minimum of fifteen years.

4.0 LOCAL FILM INDUSTRY OVERVIEW:

4.1 British Columbia and particularly the Greater Vancouver area has become a very popular area for the film industry primarily from a filming-on-location perspective. As of 1990, B.C. ranked fourth amongst the busiest centers for the film industry in North America after Los Angeles, New York, and Florida. Few industries in B.C. have experienced the phenomenal growth over the last five or six years that the film industry has demonstrated. In 1984, a total of about \$40 million of film budgets were spent in the Province. This figure grew to approximately \$200 million in 1990. Using a multiplier of between 2.5 and 3 to measure the full economic impact of this budget expenditure, a total of between \$500 and \$600 million was generated in the local economy by the film industry.

4.2 The majority of the money generated by the industry is spent on skilled labour, equipment and facility rental, the purchase of goods and services, accommodation, transportation, construction etc. The industry is generally considered to be a clean, non-polluting industry that has contributed to the diversification of the Provincial economy. Approximately 4000 to 4500 people are directly employed by the industry with many other spinoff jobs created by the demand for related goods and services. The industry has also spawned a variety of related businesses such as equipment rentals, studio facilities, catering, talent agencies, publication companies, special effects companies, post-production studios, special accounting services etc. As an example, the television series Macgyver which has filmed over 60 one hour episodes from the Bridge Studios, spent over \$1 million per episode. The recent feature film, Bird On A Wire which also used the Bridge Studios, had a budget of well over \$20 million.

4.3 The Bridge Studios is one of the major studio and production facilities in the Province. It has made a major contribution to the success of the local film industry, and is well known throughout North America. Additional studio facilities have also been developed nearby in Burnaby and east Vancouver as well as in North Vancouver where the North Shore Studios has been built. The presence of the Bridge Studio has also contributed to the establishment of other film related businesses nearby in Burnaby including the Union Offices of I.A.T.S.E., the largest film union, Reel West Publications, Panavision Canada, a major camera equipment rental and others. For Council's reference, please find a copy (Attachment A) of the most recently produced Burnaby Film Industry fact sheet that is used for information and promotional purposes.

4.4 The following factors are considered to be relevant to the film industry's presence in B.C.:

- The current favourable exchange rate between the Canadian and U.S. dollar.
- The variety of locations that are available.
- The presence of high quality and creative talent.
- The supportive attitudes of government, unions and the general public.
- The establishment of a film industry infrastructure.
- The promotional efforts of the various film industry groups and organizations.
- Competitive wages.
- The proximity of Los Angeles and being on the same time zone.
- Runaway production from Los Angeles due to location burnout, high production costs and bureaucratic red tape.

However, it is certain that the film industry is extremely competitive and transportable. Notwithstanding, governmental involvement in the industry through the development of the Bridge Studios and the work of the various film commissions that have been established, most notably the B.C. Film Commission, has made a significant contribution to the success and growth of the industry.

GENERAL DISCUSSION:

- 5.1 The current zoning of the Bridge Studios site is CD, Comprehensive Development which covers the existing facilities and includes the potential for expansion of film related facilities. The adjacent site which is currently involved in a rezoning and development proposal is intended to be developed as an industrial office park which could accommodate additional film related businesses. As a result, considerable opportunity exists for establishing the immediate area adjacent to the Boundary Road and the Loughheed Highway as a center for the film industry which would be anchored by the Bridge Studios.
- 5.2 The importance of the film industry to Burnaby has been formally recognized by Council through the adopted Economic Development Strategy. Strategy 5 states that the Municipality should "Continue to establish Burnaby as a major center for the film and video industry." Further, Action #5.1 states that the Municipality should "Continue to encourage film and television companies to locate in Burnaby and pursue the development of a major film and television production facility at Boundary and Loughheed."
- 5.3 In reference to the Beacon Group's proposal to develop a \$25 million film studio and production center in Whatcom County Washington, staff obtained a recent press release on this matter (see Attachment B). Contact has been made with Fourth Corners Economic Development Group in Bellingham which functions as the economic development agency for Whatcom County. This agency indicated that they had met with a representative of the Beacon Group in January of this year and that the meeting was exploratory in nature towards finding a suitable location for a film center in Whatcom County. No further meetings between the Beacon Group and the Fourth Corner Economic Development Group has since taken place.
- 5.4 It is very difficult to determine the impact that privatization of the Bridge Studios or the development of a studio and production center in Whatcom County would have on the local film industry. However, as outlined above, there are many factors that influence the success and future of the local film industry, most of which are beyond any direct control and difficult to predict.
- 5.5 Subsequent to the appearance of this matter on the 1991 April 22 Council Agenda, an article appearing in the 1991 April 28 Burnaby New Westminister News indicated that the Provincial Government has agreed to privatize the Bridge Studios and that the site has been turned over to the Ministry of Crown Lands to begin a public bid process. Contact was subsequently made with Provincial Secretary Elwood Veitch who confirmed that the public bid process was to proceed as expeditiously and fairly as possible.

6.0 CONCLUSIONS:

- 6.1 In view of the foregoing information, the continued operation of the Bridge Studios is of great interest to the success of the local film industry. Although the film industry is primarily private sector driven, the role that government at all levels continues to play in the industry is of vital importance. The establishment of the Bridge Studios through the initiative of the Provincial government has provided a major cornerstone in developing the local film industry during the last decade. It has continued to provide a state of the art facility that has been well utilized in recent years and has provided the catalyst for other related business and activities in the lower mainland area as well as in the vicinity of the Bridge Studios site.

ITEM
MANAGER'S REPORT NO. 8
COUNCIL MEETING 91/05/13 31

6.2 It is difficult to determine the impact that the development of a film studio and production center in Whatcom County as outlined in the letters from the B.C.M.P.A. would have on the local film industry without further detailed analysis. However, upon initial examination, it does not seem logical to develop a facility of this nature in Whatcom County when all of the required infrastructure is already firmly established within the heart of Greater Vancouver and more particularly, in Vancouver, Burnaby and the North Shore. The development of another studio that is approximately 30 miles distant from the existing center of the local film industry and across the international border is highly questionable from an operational point of view.

However, should the Beacon Group proceed with their proposal in Whatcom County, it could be viewed as a threat to the local film industry as suggested in Mr. Dubberley's letters. Unfortunately, not enough information is available on this matter to draw any conclusions given the complexity of the issues and the variety of intangible market forces.

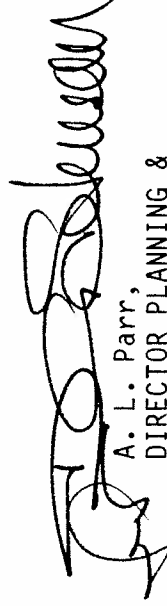
6.3 The importance of the Bridge Studios to the local film industry and the objectives of Burnaby's Economic Strategy as outlined earlier in this report should not be underplayed. Public or private ownership of the studio may not make much difference as long as there is an appropriate long term commitment to the continued operation of the studio facility and recognition to its potential expansion into a full fledged production center in response to the market demand. However, since other studios owned and operated by the private sector could quickly revert to other uses if the market conditions change and the demand for studio space diminishes, the continued operation of the Bridge studios would provide a certain degree of stability in support of the film industry. It would therefore be incumbent on the Provincial Government to ensure that this commitment is appropriately secured through the public tender process should privatization of the studio be pursued.

The Municipality also has a role to play in maintaining the use of the site as a film studio through its authority pursuant to the Burnaby Zoning Bylaw. In this regard, redevelopment of the site or a change of use from the current film studio use would require an amendment of the current CD zoning which is subject to the consideration and approval of Council.

6.4 Finally, and perhaps as a logical alternative and compromise, an alternative to the outright sale of the facility would be to offer to lease it on a long term basis employing appropriate legal measures to secure its continued use as a film studio as suggested by the B.C.M.P.A. A lease situation may provide the appropriate solution to the concerns expressed by the various interested parties. It is therefore recommended that the Provincial Government investigate the feasibility of leasing the Bridge Studios on a public tender basis.

PS/ds

Attachments



A. L. Parr,
DIRECTOR PLANNING &
BUILDING INSPECTION

ITEM	8
MANAGER'S REPORT NO.	31
COUNCIL MEETING	91/05/13

142

ATTACHMENT A



Burnaby Film Industry

Film Projects Using Burnaby Locations January 1990 – February 1991

Television Series

Wiseguy	Cannell Films	USA
MacGyver	Paramount	USA
21 Jumpstreet	Cannell Films	USA,
Booker	Cannell Films	USA
Neon Rider	AVR Productions / Atlantis	Canada
The Kids are all Right	Hasburgh Films	USA
Scene of the Crime	Cannell Films	USA
Adventures of the Black Stallion	Screen Ventures IV Inc / Alliance	Canada / France
Nancy Drew	Lions Gate / Nelvana	Canada
Max Glick	Glick Productions Inc. / CBC	Canada
Mom P.I.	Mom P.I. Productions Inc.	Canada

TV Movies

It	Green / Epstein	USA
Deadly Intentions Again	Green / Epstein	USA
Passing Through Veils	PMV Productions	USA
Girl From Mars	Atlantis	Canada

Feature Films

Bingo	Barkoff Productions Inc. / Tri-star	USA
K2	Productions Ltd. N.V.	Multinational
Run	Hollywood Productions Inc. / Disney	USA
Silhouette	North American Pictures	Canada
Kootenai Brown	Kootenai Productions Inc.	Canada
Look Who's Talking Too	Big Mouth Productions Inc.	USA
The Tomb of Charles Dexter Ward	Newcanbro Productions Ltd.	USA

ITEM

MANAGER'S REPORT NO. 8
31

COUNCIL MEETING 91/05/13

Facilities/Studios

Bridge Studios	(604) 291-0650
McPherson School	(604) 436-1506
BCTV	(604) 420-2288
Burnaby Studio	(604) 298-7291
Grantham Sound Studios(Audio)	(604) 524-1765
Inside Trak Studios(Audio)	(604) 525-3422
Vancouver Studios Inc.(Audio)	(604) 291-0978
Western Sound(Audio)	(604) 299-9341
Studioplex Production Services	(604) 294-6887
Westcoast Cablevision Ltd.	(604) 291-7114

Equipment/Sales/Post Production

Panavision Canada Ltd.	(604) 291-7262
G.T. Projection & Sound Systems Inc.	(604) 291-6489
Nexus Display Systems	(604) 421-1424
Artray Productions	(604) 420-2288
The Marketing House(Editing)	(604) 521-3450
Prismagic Editing Ltd.	(604) 299-7678
Lorne Lapham Sales & Rentals Inc.	(604) 298-3224
D'Ansan Production Service(Animation)	(604) 291-1822
The Marketing House Ltd.	(604) 521-3450
Westcoast Cablevision Ltd.	(604) 291-7114
Studioplex Production Services	(604) 294-6887

Services

Location Caterers Ltd.	(604) 432-1161
Reef West Digest(Directory)	(604) 294-4122
I.A.T.S.E.(local 891)	(604) 294-8422
Sheraton Villa Hotel	(604) 430-2828
Holiday Inn Metrotown	(604) 438-1881
Best Western Kings Inn	(604) 438-1383
West Coast Limousines	(604) 435-1782

For Further Information Contact:

Phil Sanderson, Economic Development Officer

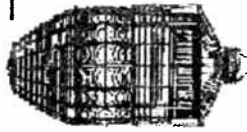
Burnaby Film Office (A.F.C.I. Affiliate) Phone: (604) 294-7231
 Corporation of the District of Burnaby Fax: (604) 294-7220
 4949 Canada Way Burnaby, B. C.
 V5G 1M2

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ITEM 8
MANAGER'S REPORT NO. 31
COUNCIL MEETING 91/05/13

144

ATTACHMENT B

NEWS RELEASE

For Immediate Release

**THE BEACON GROUP OPENS DISCUSSIONS
ON BUILDING MOTION PICTURE STUDIOS
IN WHATCOM COUNTY**

VANCOUVER, B.C. - The Beacon Group of Companies has entered into discussions with a Washington State real estate company to locate a site for a major international motion picture studio and production complex.

Grant Allan, president of The Beacon Group, said the company requires studios to house several major productions now in development. One of those productions, an adult daytime drama called *Victoria*, could require up to two hundred technical, creative and managerial personnel on a year-round basis.

"We have not been able to identify and purchase appropriate land and facilities in British Columbia. Several parcels of land have been suggested as ideal for our requirements in Whatcom County, and we are actively narrowing down sites that could meet our requirements.

"Our company has been approached by groups interested in attracting motion picture studios to Whatcom County. We are now working with Inter Pacific Real Estate Ltd. of Bellingham in our search for sites," Allan stated.

The Beacon Group of Companies is an entertainment investment and production company now managing more than \$80 million in private investment partnership funds. The company has invested in the distribution of over 50 feature films including *Total Recall* with Arnold Schwarzenegger, *Air America* with Mel Gibson, and *Music Box* with Jessica Lange. Several companies operate under the Beacon Group umbrella, including Beacon Group Productions Ltd. and Beacon Group Releasing Ltd.

The company produced *Cold Front*, starring Martin Sheen, the largest independent Canadian production financed and produced in British Columbia. The production has been sold internationally.

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ITEM	8
MANAGER'S REPORT NO.	31
COUNCIL MEETING	91/05/13

-2-

Allan said, "We anticipate that development of world class production facilities by Beacon in Whatcom County would attract other major international producers. British Columbia's production industry has grown from a total value of about \$10 million per year to over \$300 million in the past ten years. Employment has grown from about 300 full-time jobs to over 4000.

"The availability of studios with ancillary technical, production and service spinoffs could represent a significant step forward for the State. Washington offers the same range of potential locations as B.C., and the basic talent pools required for this level of production could be developed quickly or attracted to Washington by the presence of new studios and productions," Allan said.

Allan said economic development officials throughout the world are all competing to develop activities in the motion production business, which has decentralized from its Hollywood center in recent years. Motion picture production studios have been a highly attractive industry for communities in North America. They are a non-polluting, quiet light industrial operation that employs higher priced technical and service personnel, many from the local communities.

-30-

Further information:

Grant Allan, President

604 - 641-1323

page 2 of 2

