

**MEMORANDUM**

**TO:** Members of the Authority

**FROM:** Timothy Sullivan  
Chief Executive Officer

**DATE:** December 21, 2022

**SUBJECT:** Film & Digital Media Studio Infrastructure Program

**Request:**

The Members are asked to approve:

1. The creation of the Film & Digital Media Studio Infrastructure Program (the “Program”) - a pilot program that will provide grant funding to municipalities, municipal entities, counties, county entities, and/or State instrumentalities for infrastructure improvements and sitework in support of the development of a film or digital media studio production facility; and
2. The utilization of \$10,000,000 from the Fiscal Year 2023 Appropriations Act to capitalize the Program including \$500,000 of the \$10,000,000 funding to be used by the Authority to cover administrative costs of the Program.

**Background and Program Funding:**

On June 30, 2022, Governor Murphy signed the Fiscal Year 2023 Appropriations Act (“Act”) into law. The Act allocates significant State funding for numerous strategic economic development investments to support key industries, advance the innovation economy, continue to bolster recovery, and spur statewide growth. These strategic investments include \$15 million for a Film Industry Strategic Support Fund to grow and strengthen the state’s film and digital media industry, including attracting film studio production facilities to the state and expanding job opportunities. Staff proposes utilizing \$10 million from that budget line item appropriation to provide funding to create the Film & Digital Media Studio Infrastructure Program.

Of the Program funding of \$10,000,000, Staff proposes using \$9,500,000 for funding to eligible applicants for approved projects and \$500,000 to the Authority for program administrative costs. Upon receipt of the funding from the State, staff will deposit the funds in the Economic Recovery Fund (“ERF”). The use of the funds, and this Program, will be administered in accordance with the ERF statute (N.J.S.A. 34:1B-7.13 subsection a.(5)) as financial assistance to

assist municipalities, municipal entities, counties, county entities, and/or State instrumentalities for the Program and Eligible Uses indicated.

**Program Overview and Eligible Projects:**

The Film & Digital Media Studio Infrastructure Program will be a competitive grant program that will proactively deploy \$9.5 million to fund infrastructure improvements and sitework (“Project”) connected to or in support of the development of a film or digital media studio production facility. The Program is established to stimulate economic growth and enhance the State’s long-term economic competitiveness by supporting and encouraging strategic economic development investments in the designated Film & Digital Media industry target sector.

The Program will provide funding to eligible applicants as described below that are undertaking eligible Projects which support the development of a film or digital media studio production facility. All Projects will be subject to prevailing wage law and compliance with other labor standards requirements.

**Eligible Applicants:**

Eligible applicants are municipalities, municipal entities, counties, county entities, and/or State instrumentalities that are undertaking infrastructure improvements or sitework to support the development of a film or digital media studio production facility.

Additional applicant requirements:

- Must be in substantial good standing with the New Jersey Department of Labor and Workforce Development and the NJ Department of Environmental Protection at the time of application to be eligible. A current tax clearance certificate must be provided prior to approval to demonstrate the applicant is in substantial good standing with the NJ Division of Taxation, unless the applicant is not required to register with the Division of Taxation.

**Eligible Uses of Funding:**

Eligible Uses of Program funding are limited to infrastructure improvements and sitework in support of the development of a film or digital media studio production facility, which include but are not limited to:

- Roadwork or transportation improvements
- Water and/or sewer lines/service
- Gas lines/service
- Telecommunications
- High speed broadband
- Electrical utility lines/grid/supply
- Accessibility and safety improvements (i.e. sidewalks, fire hydrants)
- Site remediation or site work on government owned property

Funding can only be used for the approved project costs including reasonable administrative costs based on application, Authority review, and funding grant agreement.

**Application Process:**

The Program will be a competitive grant program with applications due by a set deadline. Online applications will be accepted during a defined minimum 60-day application period, and all applications will be reviewed following the closure of the application period.

As part of a program application, the Authority will request the information about the proposed Project, including, but not limited to:

- 1) Project Overview and Description;
- 2) Letter from the studio production facility confirming studio plans to build/expand studio production facility (indicate sf size) on the site with an estimated number of FTE jobs when operational, and that the proposed infrastructure improvements in Applicant’s proposal are being undertaken in support of the studio production facility;
- 3) Project Budget (Sources & Uses line-item detail) including evidence of additional financing if applicable per Project Budget;
- 4) Project Development timeline;
- 5) Experience and capacity of the applicant (and contractors/consultants if applicable) to implement Project within Project development timeline; and
- 6) Narrative and/or documentation regarding Small, Women, Minority, Veteran Business Enterprises (“SWMVBE”) participation

The Authority will perform a review of applications after the closing of the application period. Applications will be reviewed for completeness. Applicants will be given ten business days to cure any deficiencies. If at the end of the ten-day period an application is still incomplete, the applicant will be notified that the application will not be advancing to be scored and will be deemed withdrawn. At the sole discretion of the Authority, staff may ask for clarification of application information including, but not limited to, narrative responses, supporting documentation, and attachments.

**Scoring:**

Applications will be reviewed and scored by staff of the Authority formed as an evaluation scoring committee. Applications will be scored on a scale of 0-100 points, with award recommendations limited to applications that meet or exceed the minimum score requirement of 65 points.

Scoring factors and points will include:

- Applicant readiness to proceed *(up to 35 pts)*
- Project merits (community and regional economic impact and benefits of the proposed project as catalyst for and connection to local development) *(up to 35 pts)*
- Project Feasibility *(up to 15 pts)*

- Applicant (and contractor/consultant) experience & capacity *(up to 10 pts)*
- SWM/BE participation *(up to 5 pts)*

**Grant Project Funding:**

Minimum grant funding of \$50,000 and maximum grant funding of \$4,750,000 provided to any one Project and/or to any one applicant.

Grant funding may fund 100% of an approved Project’s costs.

**Board Approval:**

The Film & Digital Media Studio Infrastructure Program will be a competitive grant program with an application process as outlined above.

Following the initial application completion review, applications will be evaluated and scored on a competitive basis. Applications that meet the minimum score requirement of 65 out of a possible 100 points will be eligible for funding.

Applications will initially be separated into two application review groups –

1. applications in support of a Film or Digital Media Studio production facility in excess of 250,000 square feet, and
2. applications in support of a Film or Digital Media Studio production facility less than 250,000 square feet

Provided that one or more applications are submitted in each group that meet or exceed the minimum score requirement of 65 points, then the highest ranked application from each group shall be recommended to the Board for award approval. Following this step, then all remaining applications are merged into a single group and shall be recommended to the Board for award approval starting with the highest scored application until all Program funding is awarded.

If an applicant requests grant funding for an eligible project but there are not sufficient Program funds available to fund the full grant request, the Authority would inform the applicant of the amount of grant funds available. If the applicant wishes to proceed, the applicant would be required to fund the difference to fill the gap to ensure the submitted project proposal is undertaken as described.

If all Program funds are not awarded during the initial application period, then applications will be reopened on a rolling basis with applications that meet the minimum score being recommended for award based on the order in which completed and eligible applications are received.

All eligible applications will proceed to the Board for approvals.

**Funding Disbursements:**

The Authority will disburse grants only to the applicant. The applicant shall be responsible for assuring the compliance of the project with all terms and conditions of the application and the Program funding requirements.

Once a project is approved for funding, the Authority will enter into a grant agreement with the applicant detailing the project to be funded, eligible project costs, the amount of grant funding, and all financial programmatic requirements.

The grant funds will be disbursed either incrementally as eligible project expenses are incurred and prorated with other funding sources if applicable with the Authority's standard construction retainage withheld until project completion, or grant funds may be disbursed in coordination with the other funder's disbursement process if applicable.

Funding disbursement requests must be evidenced by documentation supporting that the expenses were incurred, work has been performed in accordance with prevailing wage and labor standards compliance requirements, and work was done consistent with project approval and eligible uses of Program funding.

If the approved Film or Digital Media Studio Infrastructure Project has not been completed and the supported studio production facility has been terminated (for example, applicable redevelopment agreement is terminated, site plan approvals are denied or expire), the Applicant will no longer be eligible for any remaining unused grant funds.

Final payment to be made upon the Authority's inspection of completed Project and receipt of certificate of completion.

**Fees:**

The standard \$1,000 application fee established in the Authority's fee rules will be charged.

**Recommendation:**

The Members are requested to approve: (1) the creation of the Film & Digital Media Studio Infrastructure Program as a pilot program which will provide grant funding to municipalities, municipal entities, counties, county entities, and/or State instrumentalities for infrastructure improvements and sitework in support of the development of a film or digital media studio production facility; and (2) the utilization of \$10,000,000 from the Fiscal Year 2023 Appropriations Act to capitalize the Program including \$500,000 of the \$10,000,000 funding to be used by the Authority to cover administrative costs for the administration of the Program.

Tim Sullivan  
Chief Executive Officer

Prepared by: Liza Nolan  
Attachment: Film & Digital Media Studio Infrastructure Program Grant Pilot Program  
Specifications