

NATO of California/Nevada



# PREVIEWS

Information for the California and Nevada Motion Picture Theatre Industry

## CALENDAR of EVENTS & HOLIDAYS

**Chanukah**

December 16-23

**Christmas Day**

December 25

**New Year's Eve**

December 31

**New Year's Day**

January 1, 2007

**Martin Luther King,  
Jr.'s Birthday**

January 15

**NATO of CA/NV  
Board of Directors  
Meeting**

January 18

**Announcement of  
Academy Awards  
nominees**

January 23

**Dedication of  
Wonder of Reading  
library at Eastman  
Elementary School**

January 26

**Valentine's Day**

February 14

**President's Day**

February 19

**Academy Awards  
presentation**

February 25

**ShoWest**

March 12-15

## NATO of California/Nevada Donates New School Library in East Los Angeles

As part of the ongoing commitment of public service to the community, NATO of California/Nevada in conjunction with *The Wonder of Reading* program is underwriting the construction of a new library at Eastman Elementary School in East Los Angeles. The new 1,500 square foot library will accommodate 50-60 students with an amphitheatre for group reading, an area for quiet reading and will have new bookshelves, paint and carpeting. The library will be stocked with 9,700 books, a ratio of seven books per student. As part of *The Wonder of Reading* program the school plans to extend the library hours to include evenings and weekends once the library is completed, as well as increasing

the number of student library assistants. Parents will also be actively recruited to assist in the library.

Eastman Elementary School is the second school to receive a new library from NATO of California/Nevada. A library was dedicated in honor of Carol Forman at Justice Street Elementary School in April 2004. Justice Street School is located in the West Hills, in the northwest section of the San Fernando Valley.

Dedication of the new library will take place on January 26, 2007. Members are invited to attend the dedication ceremony. For more information contact the NATO of California/Nevada office at 310/460-2900 or office@NATOCalNev.org. ▼

## California Minimum Wage Compliance Becomes Effective January 1, 2007

The increase in California's minimum wage, from the current \$6.75 per hour to \$7.50 per hour in 2007 and \$8.00 per hour in 2008 goes into effect on January 1, 2007 and January 1, 2008 respectively.

### Don't Risk Non-Compliance

The increase means that all California employees and businesses will be required to update their employment posters by January 1, 2007, when the first wage hike goes into effect.

### Impact on Exempt Employees

The wage increase also may affect ex-

empt executive and administrative employees whose minimum salary requirements are tied to the California minimum wage. The minimum salary test for these employees will increase from the current \$2,340 per month to \$2,600 per month (\$31,200 per year), on January 1, 2007 and to \$2,773.33 per month (\$33,280 per year) effective January 1, 2008. Because of the wide-ranging impact of the new California minimum wage on businesses, it is suggested that employers review the earnings of employees at the lower rungs of their "wage compression" since it may affect other employees in their organization. ▼



## Happy Holidays!

On behalf of its Board of Directors and staff NATO of California/Nevada extends its best wishes to its members and friends for a happy holiday season followed by a year of good health, happiness and prosperity.



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Charlene Sievers  
*Director, Member Services*

## Fall/Winter Film Product Seminars Were A Royal Success

Brenden Theatres rolled out the red carpet and Mann Theatres extended the royal treatment to NATO of California/Nevada members at the recent 2006 Fall/Winter Film Product Seminars. On behalf of its members the Association would like to thank the corporate and management teams of Brenden Theatres and Mann Theatres for their hospitality. The attendees viewed film clips from many of the 120 films that are scheduled for release from Thanksgiving, 2006 up to Spring 2007 and beyond. The action-loaded schedule holds much promise for a thriving box-office at theatres.

In Northern California the Brenden Theatres' Concord 14 team of Melody Graves, Mike Laerzio, Joe Girouard and Brian Epling and in Southern California Mann's Chinese 6 Theatre led by Rita Gattegno and Veronica Moreno worked with their staffs to ensure that all in attendance had a good time. In Concord Tony Rios of Galaxy Theatres had a memorable time at his first film product seminar when his name was drawn for a Flyaway trip to Las Vegas including flight, ground transportation, lodging and tickets to a premiere of his choice courtesy of Brenden Theatres, along with a check for \$100.00 from NATO of CA/NV for incidentals. The Hollywood guests enjoyed touring the world-famous Grauman's Theatre and forecourt with the knowledgeable and personable tour guides courtesy of Mann Theatres.

The 2007 Spring/Summer Film Product Seminar is scheduled for April 12 and 17 when NATO of CA/NV members can once again visit with fellow managers and spend time with members of the studio marketing teams while getting a first look at upcoming promotions and product reels. Visit the NATO of CA/NV web site at [www.NATOCalNev.org](http://www.NATOCalNev.org) for more details as they become available and to view photos from this and past seminars.

### Brenden Theatres' Concord 14 • November 9, 2006



*Thanks go to the Concord Theatre staff who smiled as they served the seminar attendees.*



*Milt Moritz and Charlene Sievers of NATO of CA/NV thanked and awarded sisters Monica Stephens and Melody Graves for all they have done for the Motion Picture Industry and NATO of CA/NV.*



*Celia Cornejo, Chris Leep, Karen Haney, Debbie Parker and Arnam Ballesteros of Regal Entertainment Group*



*Mary Beth and Bob Erickson of Fallon Theatres, whose employees have submitted more scholarship applications per screen than any other circuit ever.*

**Mann's Chinese 6 Theatre • November 14, 2006**



*Tony Rios of the Galaxy 12 Riverbank Theatre was the lucky winner in our raffle for a trip to Las Vegas courtesy of Brenden Theatres and \$100 spending money courtesy of NATO of CA/NV.*



*Twins Melody Graves and Monica Stephens of Brenden Theatres frame Tony Cheng of Fox/Fox Searchlight and Cynthia Orellana of Universal Pictures*



*Milt Moritz (R) extended the Association's warm appreciation and a plaque to Brenden Theatres' Concord 14 manager, Mike Laerzio.*



*Jennifer Maurer, Jackie Estrada and Tiffany Estrada of Premiere Cinemas*



*Alicia Duarte of Brenden Theatres with Christian Arenas of Sony*



*Mann Theatres utilized employees from the Mann 6, Grauman's Theatre and corporate staff to ensure a shining theatre and successful seminar. Thank you to all!*



*Pacific Theatres' managers Lindsey Emerson, Jeannie Higbee, Derek Hattox, and Eileen Marks*



*Regal managers Karl Lyons, Ryan McPherson, Heather Reed, Danielle Race, John Rice, and John Burleson drove in from Las Vegas for the seminar.*



*Milt Moritz thanked Rita Gattegno, manager of the Mann Chinese 6 Theatre for her gracious hospitality.*



*Brian Lind, Gabe Madrigal and Dan Cahill CinemaStar Luxury Theatres*



*Kevin Stengel and David Mann of UltraStar Cinemas*



*Wayne Kochanek and Patrick Artiaga represented our breakfast sponsor, ACS Enterprises, Inc.*

Check out [www.NATOCalNev.org](http://www.NATOCalNev.org) for more photos of the Northern and Southern California Seminars

## Hollywood's Comeback Story It has been a good year for the movies so far, but will it last?

*Editorial reprinted from Los Angeles Times*

ON SECOND THOUGHT, maybe the multiplex isn't dying after all.

Ending a three-year slump, attendance at movie theaters is up this year almost 4%. Box-office revenue is up too, by 5.5%. The results stand in sharp contrast to last year, when weekly ticket sales failed to beat the previous year's results for 19 consecutive weeks, and total box-office revenue was down more than 5% from 2004. Attendance fell 8.7%.

Those results led some analysts to speculate that consumers had lost interest in movie-going, rejecting inhospitable multiplexes and high ticket prices in favor of bigger-screen TVs and videogame consoles. The turnaround this year offers a simpler explanation: Last year's movies just weren't very good.

To some degree, the uptick in attendance is a function of luck. The studios decide which movies to release a year to 18 months in advance, so it's not as if they made a few quick adjustments after last year's flops. Similarly, theater owners are still raising ticket prices, struggling to hush rude patrons and showing a raft of commercials before the feature. The only real change from 2005 has been in the movies themselves: fewer remakes, more sequels and more animation with broad appeal.

Nevertheless, this year's improvement belies the widespread notion that movie-going had taken a permanent turn for the worse. In fact, despite the occasional dips, the number of people going to see movies is continuing to grow gradually, as it has every decade since the 1970s. The average then was 970 million tickets sold each year; in the '80s, it rose to 1.1 billion; in the '90s, it reached 1.3 billion; and it has averaged about 1.5 billion so far this decade.

That's not terribly impressive, given the growth in the U.S. population. But the filmmaking business is also getting better at responding to its audience. Well-funded independent filmmakers and producers now cater to overlooked or underserved genres, such as spiritual or horror flicks. While some studios are cutting expenses and releases, other distributors are launching or being revived, broadening the range of choices for consumers. The major studios have evolved too, expanding their offerings through specialty divisions and using the Internet and mobile phones to promote their films and compete for attention.

Meanwhile, theater chains continue to try to improve the moviegoing experience, building new cinemas, refurbishing old ones and deploying new ways to control rude customers. One strategy being tested: giving selected customers a panic button that summons ushers to remove chatterers.

It's an interesting idea. But maybe a better way to fill theaters is to put something on the screen that customers will still be talking about after they leave. ▼

## Audiences Happy with Film Quality

### New Survey of Moviegoers Makes Hollywood Happy

*Condensed from Daily Variety*

Despite worries about box office attendance, a recent survey of 2,000 moviegoers in nine cities reveals good news for Hollywood: five out of six or 83% assert they're satisfied with the quality of current films.

"I think the satisfaction level was the biggest surprise to come out of the data," said Mike Hunter, head of media and entertainment consulting with PA Consulting. "The satisfaction with the quality of films was consistent everywhere we polled. So quality is not really a problem."

However, the survey -- taken during July and August among those ages 16 to 65 -- showed a murky outlook for the future. Those polled aren't planning to increase movie attendance or DVD watching over the next five years, and 5% said they plan to watch less TV.

A total of 58% of respondents said they go to movies regularly and 7% described themselves as patronizing films heavily. That number compared with 68% saying they watch DVDs regularly, 71% describing themselves as regular TV watchers and 78% saying they use the Internet regularly.

And in an indication that moviegoers are price-sensitive, 86% of respondents said they'd go to the movies more often if the prices were cut in half. And 77% said they'd boost their attendance if the price of DVDs increased.

PA Consulting performed the survey in consultation with the Motion Picture Assn. of America.

"A year ago, most of the stories about the business were doom and gloom, so the important question for the industry is whether last year was an aberration," Dean Garfield, exec VP and chief strategic officer for the MPAA said.

About half the respondents were surveyed near theaters. PA Consulting conducted the surveys in six U.S. cities -- Los Angeles, Houston, New York, Denver, Austin and Washington, D.C. -- and in London, Frankfurt and Copenhagen.

Hunter said there was little variation in responses from city to city except on the issue of serving alcohol in theaters. "Americans just haven't gotten their minds around that idea yet," he added. ▼



National Association  
of Theatre Owners  
Of California/Nevada

# 2007 SCHOLARSHIP PROGRAM

**NOW**

**UP TO TWENTY**

# \$7,500 SCHOLARSHIPS

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**ADDITIONAL INFORMATION AND APPLICATIONS ARE AVAILABLE  
AT [WWW.NATOCALNEV.ORG/SCHOLARSHIP.HTML](http://WWW.NATOCALNEV.ORG/SCHOLARSHIP.HTML)**

Applications must be postmarked or delivered to the  
NATO of CA/NV Office by **April 30, 2007**.

Scholarships will be announced in June, 2007

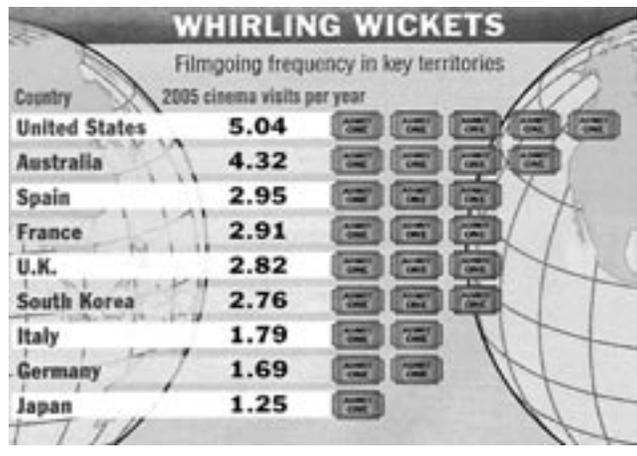
# U.S. Leads In Moviegoing

*Excerpt from Weekly Variety*

In terms of repeat film going in 2005, Americans average five times a year. While that's a huge drop from the 25 times per year Americans averaged in the 1940's, it still makes the U.S. the world leader in terms of per-capita movie going. Australia and European countries are runners-up to the U.S.

One of the fastest growing markets is South Korea. Almost nonexistent a decade ago, the South Korean film industry has since expanded into global prominence thanks to the success of local films as well as films from Hollywood. *The Island* topped \$22 million in South Korea, the highest market outside of the U.S. In 2005 South Korea averaged a frequency of 2.76 per-capita.

See chart below for 2005 film going frequency in key territories:



## Notable Film Openings

### December 15:

- Arthur and The Invisibles-Limited* (MGM)
- Charlotte's Web* (Para)
- Dreamgirls - Exclusive* (Para)
- Eragon* (Fox)
- Home of The Brave-Exclusive* (MGM)
- The Good German* (WB)
- The Painted Veil - Exclusive* (WIP)
- The Pursuit of Happyness* (Sony)

### December 20:

- A Night at The Museum* (Fox)
- Letters From Iwo Jima* (WB)
- Rocky Balboa* (MGM)

### December 21:

- Venus - Exclusive* (Miramax)

### December 22:

- Curse of The Golden Flower-Exclusive* (Sony Cl)
- The Good Shepherd* (Univ)
- We Are Marshall* (WB)

### December 25:

- Black Christmas* (MGM)
- Children of Men* (Univ)

### December 27:

- Notes On A Scandal* (Fox Search)
- Perfume - Limited* (Para)

### December 29:

- Factory Girl* (MGM)
- Fast Track* (MGM)
- Miss Potter - Exclusive* (MGM)
- Pan's Labyrinth - Limited* (PH)

### January 5:

- Code Name: The Cleaner - (NL)*

### January 12:

- Alpha Dogs* (Univ)
- Freedom Writers* (Para)
- Stomp The Yard* (Sony)
- Pathfinder* (Fox)

### January 19:

- The Hitcher* (Focus)

### January 26:

- Catch and Release* (Sony)
- Epic Movie* (Fox)
- Smokin' Aces* (Univ)
- The Invisible* (BV)

## Historical Up/Down Boxoffice Weekends

The chart below illustrates the U.S. theatre industry total number of UP/DOWN weekends compared to previous year. Note that certain years are computed based upon 53 weekends. The year 2006 is incomplete as it was calculated through December 3.

Year	# Weekends	UP	DOWN
2006 -	# 49	34	15
2005 -	# 52	18	34
2004 -	# 52	25	27
2003 -	# 53	32	21
2002 -	# 53	37	16

Source: Exhibitor Relations Co.

## Year-To-Date Box-Office

YEAR-TO-DATE 337 days starting Sunday, January 1, through Sunday, December 3, 2006  
Average ticket price for 2006 is estimated

Year	Avg. Ticket Price	Ticket Price Change	Total Gross	% Change vs. Previous Year	Attendance	% Change vs. Previous Year
2006	\$6.51	1.56%	\$8,571,562,668	5.59%	1,316,676,293	3.96%
2005	\$6.41	3.22%	\$8,118,064,013	-6.26%	1,266,468,645	-9.19%
2004	\$6.21	2.99%	\$8,660,317,690	-	1,394,576,118	-

-Source: Exhibitor Relations Co.

## Progress on The Road To Digital Cinema

While much progress has been made on the road to digital cinema conversion, a number of complex issues are still to be resolved. In order to avoid having a number of incompatible systems competing for a foothold in the marketplace, National NATO has been working with the Digital Cinema Initiatives, a group formed by seven studios, to ensure that exhibition, studios and manufacturers agree on one industry standard for digital cinema.

To help offset the expense and facilitate the conversion to digital cinema, NATO has also been discussing with studios a plan by which studios will pay a Virtual Print Fee for each engagement, an amount approximately equal to the cost of a conventional release print. The Virtual Print Fee would be paid to a third party financier who would pay off the cost for equipment in a given theatre. For a theatre to participate in this program, arrangements must be made with a financier who has made arrangements with the studios to collect the Virtual Print Fee to pay for the equipment.

It is anticipated that the studios will initially be providing theatres with external hard drives containing the feature. However, once a sufficient number of screens have been converted to digital systems, movies will likely be transmitted to theatres by satellite or fiber optic cable.

Some of the options available to exhibitors converting to digital cinema are contained in a package from Christie covering servers, projectors, technical service and financing. Christie would collect the Virtual Print Fee from the studios to pay for the equipment, while offering an initial ten year lease, with an option to renew for an additional ten years. Exhibitors would assume the cost of installation as well as maintenance, to be performed by Christie's own engineers. The Christie equipment is compatible with the Digital Cinema Initiatives' standards.

Christie digital projection systems are currently being installed in over 2,000 Carmike Cinemas nationally, and in a number of independent theatres as well.

Strong International is another company working to develop a Digital Cinema Initiatives compatible projection system by working with other manufacturers and various independent engineers and service technicians. They do not as yet have a

comprehensive package that includes third party financing, however, they have their own financing arm that will finance the system if the exhibitor wishes to purchase the equipment himself.

Another option currently available is the Cinema Buying Group, a bargaining collective of independent theatres banded together to gain leverage in price negotiations for digital cinema systems. Headed by J. Wayne Anderson of R.C. Theatres in Maryland, the Cinema Buying Group represents more than 3000 screens nationally, with a large number of Canadian exhibitors to be added shortly. Once a theatre joins the Cinema Buying Group, it is obligated to accept the deal negotiated by the group for all of its members. Early membership in the Group will be assured of the Virtual Print Fee. Membership dues runs \$150 per company per year for National NATO members. Non-members are charged \$250 per year. For more information and membership applications go to [www.cbgpurchasing.com](http://www.cbgpurchasing.com)

While each system will likely have its own advantages compared to others, there are a number of important points that exhibitors should pay particular attention to before making a final decision in choosing the best system for them. Among these are, who owns the equipment during the contract period and thereafter, and who would own the equipment should either party go bankrupt? Are there additional fees if the digital projection system is used for other than the showing of theatrical features, i.e. sporting events, meetings, concerts, etc? Can the exhibitor's own digital pre-show be programmed into the system? Must the exhibitor use technicians from the manufacturer or whoever installed the system, or will an independent technician be allowed to perform required maintenance and repairs? How much are the anticipated maintenance fees? Must you buy the xenon bulbs from the system manufacturer or can you choose your own source? These are but a few of the many things that must be considered when selecting a digital projection system. ▼

*(Thanks to Jeff Logan and the newsletter of North Central NATO for providing much of the information contained in this story.)*

*Dolby Laboratories, Inc. has prepared a short guide to the key terms and buzz words of Digital Cinema. Copies of this glossary are now available to our members. For a free copy send your requests to: NATO of California/Nevada, 11661 San Vicente Blvd., Suite 830, Los Angeles, CA 90049 or via E-Mail: [office@natocalnev.org](mailto:office@natocalnev.org). Please include your name, theatre name, position, address and phone number.*



# LABOR ISSUES

## & Updates

### 2007 IRS Mileage Rate

The Internal Revenue Service (IRS) has increased the standard mileage deduction for business use of a motor vehicle to 48.5 cents per mile in 2007. Employees or the self-employed may use this optional amount in computing the deductible cost of operating an automobile, van, pickup or panel truck for business purposes. The rate for 2006 is 44.5 cents per mile. Employers that use the IRS rate or lower may deduct that amount as a business expense. However, employees who are reimbursed at a higher rate may be required to pay taxes on the difference between their reimbursement rate and the IRS standard mileage deduction because the IRS considers that amount to be wages.

#### What Should You Do?

- Review your policies to ensure you are not reimbursing employees at a rate higher than 48.5 cents per mile for 2007.
- If you intend to change the reimbursement rate, notify your employees.
- Consult with your accountant to ensure you are in compliance with applicable tax laws. ▼

*Source: California Chamber of Commerce Alert Labor Law Corner*

### Not Notifying Employees of Workers' Comp Rights Will Cost You

An employer or insurer that fails to notify employees of their rights under a Medical Provider Network (MPN) will be liable for costs of medical treatment employees secure on their own outside the MPN, according to a recent decision of the full Workers' Compensation Appeals Board. The required MPN information informs employees about their rights in an MPN and how to receive appropriate medical treatment from an MPN in a timely manner.

Under California workers' compensation laws, employers with an MPN have an affirmative duty to, among other things, offer treatment

to workers and instruct employees at the time of hire and when an injury occurs as to how to choose a doctor within the MPN. Because these steps are crucial to reasonable medical treatment, the Workers' Compensation Appeals Board found that a failure to take these steps permits employees to be treated by their own physician and requires the employer or insurer to pay all associated costs.

#### What Should You Do?

- Provide employees with all required notices regarding their rights under workers' compensation laws.
- Do not refuse or unnecessarily delay the production of information relevant to an employee's treatment for a workplace injury.
- Keep in contact with employees who are injured at work to ensure they are receiving appropriate medical care and information from your insurance carrier. ▼

*Source: California Chamber of Commerce Alert Labor Law Corner*

### Required Employer Responsibilities

California law requires that:

"Every employer...shall post and keep posted in a conspicuous location frequented by employees and where (it) may be easily read by employees during the hours of the workday, a notice which shall state the name of (the)current compensation insurance carrier..."

The notice must also contain information regarding employee rights and responsibilities and must "...be posted in both English and Spanish where there are Spanish-speaking employees."

Additionally, the law requires employers to provide a form on which employees may indicate the name of their personal physician or personal chiropractor. The form must be provided to new hires either at the time the employee is hired or by the end of the first pay period. ▼

*Source: State Compensation Insurance Fund Safety News*

# 2007 California Employment Legislation Review



By: *John P. LeCrone and Janet Grumer*  
*Davis Wright Tremaine LLP*

Whether it was the Governor's re-election campaign, or the Legislature seeking to cooperate with the executive branch, the legislative agenda for 2007 was far less rancorous than in past years. There are several significant new laws that take effect January 1<sup>st</sup> that impact all California employers as described below.



- **Minimum Wage.** Perhaps most significant, particularly for employers in the hospitality, amusement, fast food, and garment industries, is new legislation raising the minimum wage. AB 1835 raises the state's minimum wage from \$6.75 per hour to \$7.50 per hour effective January 1, 2007, with another increase to \$8.00 per hour effective January 1, 2008. California's minimum wage, now

the eighth-highest in the country, will move to fourth place in 2007 and first place in 2008.

- **Supervisory Harassment Training.** AB 2095 clarifies existing law mandating supervisory harassment training for employers with 50 or more employees (all of whom need not be in California), and provides that only supervisors located in California are subject to the training requirement. It was unclear prior to the passage of AB 2096 whether supervisors outside of California had to be trained. Additionally, the Fair Employment and Housing Commission is poised to issue final regulations on harassment training requirements, which should be effective February 2007 if approved by the Office of Administrative Law. Among other provisions, the final regulations allow employers to track compliance by designating a "training year" in which supervisors are trained and then retrained two years later. The final regulations also allow for on-line and "webinar" training, as long as certain requirements for access to a qualified "subject matter" expert are met. Employers with questions on these training regulations should contact employment law counsel.
- **Pay Stub Requirements.** AB 2095 also eases pay stub reporting requirements for overtime paid in consecutive pay periods. Existing law (Labor Code Section 204) provides that overtime be paid no later than the payday for the next payroll period. The new law allows employers more latitude in reporting such hours and permits employers to record overtime hours worked in the current period on their employees' itemized pay stubs for the next payroll period. When recorded in the next payroll period, the overtime hours must be itemized on the pay stubs as "corrections" and include the dates of the pay period for which the correction is being made.

Employers avoided several significant employment-related proposals, which were vetoed by the Governor. SB 141 would have required employers with 10,000 or more employees to pay a specified percentage (6% for non-profits and 8% for for-profit employers) of total wages for employee health care. AB 2555 would have

increased penalties for gender-based wage discrimination. AB 1884 would have allowed employees who are "locked out" during a strike to obtain unemployment benefits, and SB 1745 would have added protections from discrimination for victims of domestic violence. Although none of these proposals will become law this year, they remain on the Legislature's radar screen for 2007. The Governor also has made clear his intent to focus on health care reform during the 2007 legislative session. ▼

*John P. LeCrone is a partner in the law firm of Davis Wright Tremaine LLP whose practice focuses on representing employers and management on all aspects of employment law, employment related litigation, and complex litigation. He can be reached at 213/633-6825 or [johnlecrone@dwt.com](mailto:johnlecrone@dwt.com). Janet Grumer is an associate at the firm and a former movie theatre executive whose practice focuses on theatre and retail clients, including employment and general litigation issues. She can be reached at 213/633-6866 or [janetgrumer@dwt.com](mailto:janetgrumer@dwt.com).*

## Regal Theaters To Get Touch On Cell Phone Users

Regal Theatres has begun testing devices in 25 of its locations that allow patrons to summon ushers if audience members use cell phones or become unruly. Regal Chief Executive Michael Campbell told the Reuters Media Summit in New York that a second button will notify management of faulty projection, a third about uncomfortable room temperature, and a fourth about any other problem. Campbell said that ordinarily customers won't say anything about such problems while the film is running. "They just will complain on their way out or, in the worst case scenario, they don't come back." He said that he expects the device to be available nationwide next year and that it will be given to "mature" audience members, who will receive free popcorn for their efforts. ▼

# TECHNICAL *Corner*



## Audio – Picture Synchronization

By Ken Jacquart, Cinema Product Manager; Motion Picture Division, Dolby Laboratories Inc.

While watching a movie in the cinema, how often have you noticed a lip-sync problem between the audio and the picture? When you encounter this problem, do you notice that sometimes you can put it out of your mind and live with it whereas other times you cannot? Have you wondered why or how this may happen? Would you know what to look for to correct this problem?

Before we can figure this out, let's get through some useful facts surrounding this issue. First, sound travels at around 1,000 feet per second, depending on temperature and humidity. That may seem trivial, but this becomes useful later. Second, film travels through your projector at 24 frames per second (about 40 milliseconds per frame). There are four sprocket holes per frame, so this works out to 96 sprockets per second (about 10 milliseconds per sprocket). This may also seem trivial, but yes, this too is important information. Third, the optical (analog) soundtrack is printed 20 frames ahead of the picture. Fourth, the Dolby Digital soundtrack is printed 26 frames ahead of the picture.

Now that we've spelled out some pertinent facts, we need to know what the reference is. In this case, the reference that we are aligning everything to, is the picture, more specifically the picture gate. The audio synchronization is all referenced to the frame of film that is in the projector's picture gate at any given instant. That particular frame of film is the one that is being projected out of the projector and onto the screen.

So, how is it that the audio and the picture can be synchronized if the picture image that is being projected is in a different physical location from the projector's soundhead reader? The analog soundhead reader is not located in the picture gate, but it is located below the projector. In fact, it is located 20 frames lower than the picture gate. The analog soundtrack is actually "picked up" after the film is projected on the screen. That's actually nearly one second later than when the picture is projected. The reason that you don't hear the sound one second after the picture is because the analog soundtrack is actually printed onto the film with this 20 frame offset between the picture gate and the analog soundhead reader. Every projector and soundhead is designed such that when you thread the projector, there will always be a 20 frame offset between the picture gate and the analog soundhead.

The Dolby Digital soundtrack is printed 6 frames further away from the analog soundtrack because this allows enough physical distance to install the additional Dolby Digital reader next to the existing analog reader within the projector's soundhead. Readers that are mounted in this location are commonly referred to as "basement readers". In fact, due to varying projector designs, the Digital reader is often in different physical locations which are not the same from manufacturer to manufacturer. In fact, instead of mounting a digital reader in the existing soundhead below the projector, the digital

reader may be mounted on top of the projector. The varying mounting positions would cause extreme variants to audio and picture synchronization because the digital track is always and only printed 26 frames ahead of the picture. Therefore, a separate digital offset delay can be programmed into the Dolby Digital decoder which compensates for the different mounting positions of the digital reader. This adjustment is performed when the equipment is installed.

Having explained all this, there is one common explanation to why you may see poor audio-picture synchronization. That is, improper projector threading. Both the analog and digital basement readers are affected by the size of the lower loops that are made within the projector (after the picture gate). For example, if you make loops that are bigger than the recommended threading, then the audio will be delayed slightly. If you have a digital reader that is mounted on top of the projector, then the size of the upper loops (before the picture gate) will have an affect on the audio-picture synchronization. If you find that the digital audio synchronization is extremely far out, and you have multiple digital readers mounted on top of your projector, then it is likely that you have

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miss-threaded and missed a roller on top of the projector. There are often several ways to thread or bypass a reader that is mounted on top of the projector. When the equipment is installed, all of the reader delays are adjusted based on threading the film the same way through the readers each and every time. This is usually the cause of extreme synchronization problems.

Oh, I almost forgot... the reason I mentioned that sound travels at around 1,000 feet per second was to equate that it takes one millisecond (ms) for sound to travel one foot of distance. Each mis-threaded frame of film takes about 40 milliseconds of time. This corresponds to a virtual seating location that is 40 feet further away than the actual seat. If you miss a roller during thread-up, you could conceivably shorten up the distance by many frames of film, which will result in many milliseconds of time. The human brain just starts to notice lip-sync discrepancies if the audio follows the picture by more than about 40 milliseconds. However, if the audio ever precedes the picture, we notice that almost immediately. This is because of the fact that in nature, we never hear sound before we see the event. Sound takes time to travel through the air (1ms per foot) and therefore it is always arriving late to our ears depending upon how far away the source is. We're used to that. We are not used to sound arriving before we see the action, so our brain triggers this immediately. Translation... if you miss the right roller or perhaps thread around an extra roller that you should not have, you will create a severe lip-sync problem. Now you'll know why, and how to fix it!

Food for thought... If all delays are set perfectly and the projector is threaded perfectly, then what is the perfect seating location so as not to hear any undue lip-sync delay? Is it literally right at the screen (remember... sound travels at 1 foot per millisecond)? ▼

*Do you have a question about the operations of your booth? Feel free to submit questions or suggestions for upcoming Tech Tips to [techtips@dolby.com](mailto:techtips@dolby.com). We look forward to hearing from you.*

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## Health Tips

- **If you don't have time for long workouts, short bouts of exercise can be just as good.** A recent study at Indiana University, for instance, found that four brisk 10-minute walks in a four-hour period were just as effective in lowering blood pressure as one brisk 40-minute walk in people with pre-hypertension (slightly elevated blood pressure).
- **Once they outgrow rear-facing safety seats,** children older than one year and weighing at least 20 pounds should be strapped into booster seats in the back seat of the car until they are age eight, or 4'9" or taller.
- **Make your grocery basket and your plate as colorful as you can.** The darker and richer the colors of fruits, vegetables, and beans, the better.

## Quote of the Month

"Success is not the key to happiness. Happiness is the key to success."

- Albert Schweitzer