

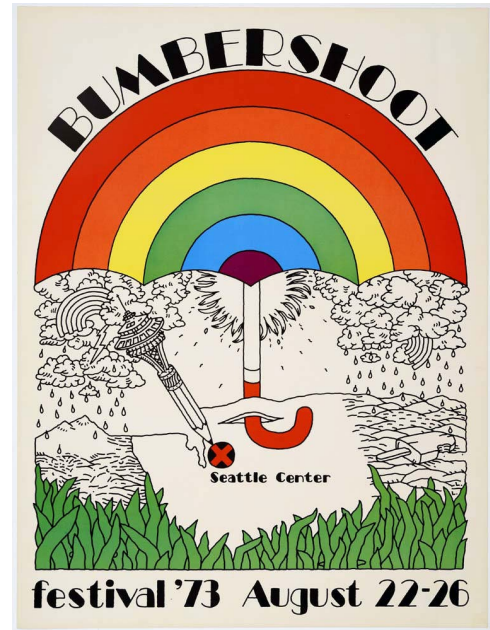
June 15, 2023

MEMORANDUM

To: Public Assets and Homelessness Committee
From: Eric McConaghy, Analyst
Subject: Council Bill 120604 – Bumbershoot License and Festival Agreement

On June 21, 2023, the Public Assets and Homelessness Committee (Committee) will discuss and potentially vote on [Council Bill \(CB\) 120604](#). Primarily, CB 120604 would authorize the Seattle Center Director to execute, for and on behalf of the City, a ten-year agreement with New Rising Sun (NRS) to produce the annual music and arts festival at Seattle Center known as Bumbershoot.

The Agreement would commit NRS and the City to terms and conditions under which NRS would produce the Bumbershoot Festival and related events, use the Seattle Center facilities, and use the City’s Bumbershoot trademark and related domain name and logos under license granted by the City. Under the proposed Agreement, Bumbershoot would at minimum consist of no less than two days of Festival event activity at Seattle Center on Labor Day weekend each year.



Source: Museum of History & Industry

NRS is a social purpose corporation organized under the laws of the State of Washington. NRS has teamed with Third Stone, a nonprofit corporation also organized under the laws of the State of Washington, to produce and present Bumbershoot and provide public benefits. Third Stone would receive donations as a nonprofit to support Bumbershoot and would pay NRS an operating fee to produce the Bumbershoot Festival on the Labor Day weekend. Third Stone would also run the Bumbershoot educational program. NRS would expand Bumbershoot-branded programming throughout the year, on and off the Seattle Center campus, and dedicate a portion of the revenues as donations to Third Stone.

The proposed Agreement would be between NRS and the City. Note, however, that the terms of the Agreement specify that NRS may sublicense the use of the Bumbershoot trademark to Third Stone. And the Agreement would allow NRS to sublicense the use of Seattle Center facilities to third parties for the purposes of producing and presenting Bumbershoot. The Agreement includes NRS’s sublicensees along with NRS in provisions including budgeting, parking passes, festival security, photography and recording, labor harmony, and public benefits.

The initial term of the Agreement would be for ten years (until December 31, 2032), with an option to extend five years past the initial term.

On June 7, 2023, Marshal Foster, Interim Seattle Center Director, and Marc Jones, Director of Marketing and Business Integration for Seattle Center presented an overview of the proposed Agreement and answered questions from the Committee. The [video recording](#) of the presentation can be viewed on the Seattle Channel.

This memorandum provides the key takeaways, background on Bumbershoot, and an overview of the Agreement.

Key Takeaways

If approved, then CB 120604 would:

1. Authorize the Seattle Center Director to execute the Agreement with NRS, substantially in the form of the Bumbershoot License and Festival Agreement (Agreement) attached to the ordinance;
2. Supersede [Resolution \(RES\) 29017](#), the 1994 resolution that established the policy to work with the nonprofit corporation, One Reel, to present Bumbershoot;
3. Repeal [Ordinance \(ORD\) 117522](#), the 1995 ordinance that authorized the execution of the agreement granting One Reel the exclusive license to use the name and service mark “Bumbershoot” and committing One Reel to present Bumbershoot in accordance with RES 29017;
4. Ratify any act consistent with the authority of CB 120604 taken after its passage and prior to its effective date.

Background

The Bumbershoot Festival is Seattle’s longest-running music and arts festival and the largest urban arts celebration in North America. A music and arts festival on Labor Day weekend at Seattle Center has occurred almost every year since 1971. Bumbershoot’s origins are in the music and arts festival known as “Festival ‘71” in 1971 and “Festival ‘72” in 1972. The festival was officially named “Bumbershoot” in 1973.

Seattle Center estimates that 35,000 to 75,000 patrons have attended the festival weekend each year with declining numbers more recently. Bumbershoot did not occur in the years 2020-2022.

The City produced Bumbershoot until 1980, when the City engaged nonprofit One Reel to produce Bumbershoot. The City laid out the policy for transferring from the City to One Reel the sole responsibility for management, programming, production in 1994, via RES 29017.

Subsequently, in 1995, via ORD 117522, the City authorized the execution of the agreement granting One Reel the exclusive license to use the name and service mark “Bumbershoot” and committing One Reel to present Bumbershoot with City funding.



[Source: Museum of History & Industry](#)

One Reel presented Bumbershoot from 1980 to 2019. From 2015 through 2019, One Reel worked with AEG Presents as the producing partner for Bumbershoot, but AEG declined to renew its option to produce Bumbershoot in 2020.

Seattle Center issued a request for proposals (RFP) “...for the Future of Bumbershoot 2022 and Beyond” process in September 2021. The Seattle Center Advisory Commission and Seattle Center staff evaluated six proposals and in January 2022 selected NRS as the new presenter for Bumbershoot.

NRS, with nonprofit partner Third Stone, are actively coordinating with Seattle Center to present Bumbershoot for 2023, ending the hiatus since 2019.

Bumbershoot Agreement Highlights

As listed in the key takeaways section, CB 120604 would supersede RES 29017 and repeal ORD 117522 to disengage the City agreements and licenses with One Reel regarding Bumbershoot and clear the way for the new, proposed agreement with NRS.

CB 120604 would ratify and confirm any act consistent with its authority after its passage and prior to its effective date in recognition of the likelihood that Seattle Center and NRS would rapidly act after the passage in preparation for Bumbershoot 2023.



[Source: Museum of History & Industry](#)

Bumbershoot Essential Characteristics

Under the proposed Bumbershoot Agreement, NRS would be obligated to provide Bumbershoot Essential Character programming as a continuing requirement for the production of Bumbershoot and use of the Bumbershoot trademark. The term “Bumbershoot Essential Characteristics” means:

- “a celebration of outstanding popular entertainment, regional acts of artistic quality, and the opportunity to introduce to the broad Seattle public the wide diversity of current, traditional, and new artistic endeavors;
- “focuses on the arts – visual, performing, literary, music, comedy, and film;
- “promotes diversity and artistic expression in all programming, striving to find new and emerging artists and art forms that are on the horizon, and to experiment with new works;
- “a public event and has a strong tradition of public participation and community involvement, and encourages public participation and community involvement through opportunities to participate on oversight boards, advisory committees, and juries, and as volunteers, as well as through diverse programming;
- “programming is designed to appeal to a broad range of ages, including children, families, teens, and seniors;
- “The lineup of events includes significant representation from national, regional, and local performing arts;
- “should reflect the cultural diversity of Seattle and the region in both programming and participants, suppliers, and crafts and food concessionaires, which should include both programming and participant, selection panels, advisory committees, and other community efforts; and
- “an affordable, moderately priced event, with the goal of making the Bumbershoot Festival accessible to the largest possible community.”

Financial Terms

While maintaining the Bumbershoot Essential Characteristics, NRS would produce Bumbershoot annually at Seattle Center at no cost to the City and would pay the City:

1. Festival Percentage Fee;
2. Ticket Fee;
3. Reimbursement for Seattle Center costs;
4. Fees and charges to other City departments, such as for permits;
5. Fees for use of the Bumbershoot trademark on merchandise

Festival Percentage Fee

The Agreement would require NRS to pay a Festival Percentage Fee equal to 10 percent of ticket receipts beginning in the third year of the contract. The Festival Percentage Fee would be capped at \$250,000 in the third year and increased upwards only for inflation through the seventh year.

For the eighth year, the Festival Percentage Fee would be capped at \$500,000 and adjusted upwards only for inflation through the tenth year. Under an extended term, if applicable, the cap would be adjusted upwards only based on the cap from the previous year through the fifteenth year.

Ticket Fee

NRS would not pay the Ticket Fee in the first or second year of the Agreement term unless the total number of admission tickets sold exceeds 60,000. NRS would pay the Ticket Fee, at one dollar per admission ticket, for admission ticket 60,000 and over.

Regardless of the number of tickets sold in the first year, however, NRS would pay a one dollar per ticket fee for each ticket sold for events held in Climate Pledge Arena during dates adjacent to Bumbershoot Festival days under certain conditions.

For the third through tenth year, the Ticket Fee would apply to all tickets: one dollar per admission ticket sold for years three through seven and two dollars per admission ticket sold for years eight through ten. With extension of the agreement, the Ticket Fee would continue at the two dollars per ticket amount through the fifteenth year.

Merchandise Fee

The Agreement would not include a Merchandise Fee for the first and second years. For the third through seventh years, NRS would pay the City 10 percent in gross sales of Festival Merchandise and 10 percent in net sales of Non-Festival Merchandise. Festival Merchandise means all merchandise sold during the Bumbershoot Festival timeframe; Non-Festival Merchandise means that sold outside the Festival timeframe.

In the eighth through fifteenth years, with extension of the agreement, NRS would pay 15 percent of gross sale of Festival Merchandise and 10 percent of net sales of Non-Festival Merchandise.

Reimbursement for Bumbershoot Costs

The Agreement states the Festival Percentage Fee “includes” (covers) regular Seattle Center staff working regular shifts in support of Bumbershoot, use of the Seattle Center premises and common areas, and use of any Seattle Center equipment. In addition, NRS would reimburse all other Seattle Center costs including for technical staff time, event services like dumpster rental

and waste disposal, telephone and internet service, and costs associated with changes to event orders, additional or special equipment, damages to facilities or equipment, and any other costs directly attributable to the Bumbershoot Festival.

Seattle Center and the City Budget Office forecast that NRS would reimburse the City \$240,000 each year for 2023 and 2024. The City’s Adopted and Endorsed Budget for these years includes the reimbursable appropriations for these amounts. For Bumbershoot Festivals occurring in 2012 through 2019, the Bumbershoot producer paid the City for expenses in the range of \$200,000-\$250,000 annually.

With execution of the Agreement in 2023, the forecasted reimbursement and revenue amounts would be as shown in Table 1.

Table 1. Forecasted expense reimbursement/revenues.

2023-2024 Years 1 & 2	City reimbursable appropriations/expenses	\$240,000 annually
	City ticket & merchandise shares	none
2025-2029 Years 3 - 7	City reimbursable appropriations/expenses	\$250,000 to \$270,000 annually
	City ticket & merchandise shares	<u>Tickets:</u> \$30,000 to \$50,000 annually <u>Merchandise:</u> unknown
2030-2032 Years 8 – 10 (through Year 15 with extension)	City reimbursable appropriations/expenses	\$270,000 to \$290,000 annually
	City ticket & merchandise shares	<u>Tickets:</u> \$40,000 to \$70,000 annually <u>Merchandise:</u> unknown

Public Benefits and Social Equity

According to the proposed Agreement, NRS would commit “to provide robust public benefits that are aligned with the Bumbershoot Essential Characteristics.” NRS and its sublicensees would provide the public benefits associated with Bumbershoot in four categories, called the “four pillars” in the Agreement:

1. Education;
2. Community;
3. Accessibility; and
4. Art

Education

Through its BumberWorks education, training, and workforce development program, NRS would provide “entry-level training and internship opportunities for underrepresented youth, advanced training for existing venue employees from underserved communities, and advice and mentorship for venue staff, management and owners.”

Additionally, NRS would commit to “uplifting BIPOC, LGBTQIA and other marginalized communities through its BumberWorks program, as well as through its hiring practices and a commitment to presenting diverse programming.”

Per the proposed Agreement, the City would provide a one-time allocation of \$100,000 as established in the 2023 Adopted Budget to support the initial implementation costs of the public benefit associated with Bumbershoot. The City would disburse payment to NRS or its designated sublicensee as follows:

- First payment of \$50,000.00 upon receipt and City approval of a detailed written plan for public benefit in 2023, to include initial implementation of the education program, (BumberWorks); and
- Second payment of \$50,000 upon receipt of a final written report from NRS or its designated sublicensee following completion of the education program for 2023

Community

NRS would commit to “inclusive year-round education programs reaching across the Pacific Northwest...(and) active engagement with community stakeholders, arts organizations, non-profits and underserved communities.”

Accessibility

NRS would commit to “work with the City to identify mutually agreeable free or low-cost access to Bumbershoot-branded programs (i.e., free public programming offerings, early bird ticket sales at reduced costs).”

Arts

NRS would commit to programming that would focus on “local arts and social justice ecosystems.”

NRS would make good faith efforts to seek and include the participation of woman and minority business enterprises (WMBE) in subcontracting for Bumbershoot activities. NRS would strive toward a goal of 25 percent or more WMBE businesses contracted for the Festival.

Other Topics

The Agreement specifies City's, NRS' and NRS' sublicensees' roles and responsibilities regarding many other topics, including:

- Labor harmony;
- Ticket and merchandise pricing;
- Use of Seattle Center facilities and equipment;
- NRS' and Third Stone's use of Climate Pledge Arena;
- Terms for potential, negotiated future use of Seattle Center facilities outside of Bumbershoot Festival events;
- Festival logistics, schedule, scope, logistics, planning, and production;
- Safety and security;
- Reports and evaluations;
- Signs, banners and readerboards; and
- Sponsorships and publicity;

Next Steps

If the Committee votes on a recommendation of CB 120604 on June 21, then the Council could take final action on the legislation as soon as June 27.

cc: Esther Handy, Director
Aly Pennucci, Deputy Director
Brian Goodnight, Lead Analyst