

Portland, Oregon
FINANCIAL IMPACT and PUBLIC INVOLVEMENT STATEMENT
For Council Action Items

(Deliver original to Financial Planning Division. Retain copy.)

1. Name of Initiator Mary Beth Henry		2. Telephone No. 503-823-5414	3. Bureau/Office/Dept. Office for Community Technology, Revenue Bureau
4a. To be filed (date): April 17, 2014	4b. Calendar (Check One) Regular Consent 4/5ths X		5. Date Submitted to Mayor's office and CBO Budget Analyst: April 17, 2014
6a. Financial Impact Section: X Financial impact section completed		6b. Public Involvement Section: X Public involvement section completed	

1) Legislation Title:

Grant a franchise to Google Fiber Oregon, LLC for a period of ten years. (Ordinance)

2) Purpose of the Proposed Legislation:

In 2013, Google Fiber Oregon, LLC asked the City for a franchise agreement. Office for Community Technology (OCT) and City Attorney staff negotiated with Google Fiber Oregon, LLC and have reached final agreement on terms and conditions. The franchise would allow for Google Fiber to use the City's streets to own and operate a fiber network for a period of ten years.

3) Which area(s) of the city are affected by this Council item? (Check all that apply—areas are based on formal neighborhood coalition boundaries)?

- | | | | |
|------------------------------------------------------------|------------------------------------|------------------------------------|--------------------------------|
| <input checked="" type="checkbox"/> City-wide/Regional | <input type="checkbox"/> Northeast | <input type="checkbox"/> Northwest | <input type="checkbox"/> North |
| <input type="checkbox"/> Central Northeast | <input type="checkbox"/> Southeast | <input type="checkbox"/> Southwest | <input type="checkbox"/> East |
| <input type="checkbox"/> Central City | | | |
| <input type="checkbox"/> Internal City Government Services | | | |

FINANCIAL IMPACT

4) Revenue: Will this legislation generate or reduce current or future revenue coming to the City? If so, by how much? If so, please identify the source.

Google Fiber Oregon will pay franchise fees to the City for its use of the right of way in the amount of 5% of gross revenues. A revenue estimate is not possible at this time. This is new general fund revenue.

5) Expense: What are the costs to the City related to this legislation? What is the source of funding for the expense? (Please include costs in the current fiscal year as well as costs in future years. If the action is related to a grant or contract please include the local contribution

or match required. If there is a project estimate, please identify the *level of confidence*.)
None.

6) Staffing Requirements:

- **Will any positions be created, eliminated or re-classified in the current year as a result of this legislation?** *(If new positions are created please include whether they will be part-time, full-time, limited term, or permanent positions. If the position is limited term please indicate the end of the term.)* No.
- **Will positions be created or eliminated in *future years* as a result of this legislation?**
No.

(Complete the following section only if an amendment to the budget is proposed.)

7) Change in Appropriations *(If the accompanying ordinance amends the budget please reflect the dollar amount to be appropriated by this legislation. Include the appropriate cost elements that are to be loaded by accounting. Indicate "new" in Fund Center column if new center needs to be created. Use additional space if needed.)* N/A

Fund	Fund Center	Commitment Item	Functional Area	Funded Program	Grant	Sponsored Program	Amount

[Proceed to Public Involvement Section — REQUIRED as of July 1, 2011]

PUBLIC INVOLVEMENT

8) Was public involvement included in the development of this Council item (e.g. ordinance, resolution, or report)? Please check the appropriate box below:

- YES: Please proceed to Question #9.
 NO: Please, explain why below; and proceed to Question #10.

This Ordinance is a routine franchising item. The Ordinance grants authority to Google Fiber, LLC to use the right of way to provide telecommunications services for a term of ten years.

9) If "YES," please answer the following questions:

a) What impacts are anticipated in the community from this proposed Council item?

b) Which community and business groups, under-represented groups, organizations, external government entities, and other interested parties were involved in this effort, and when and how were they involved?



c) How did public involvement shape the outcome of this Council item?

d) Who designed and implemented the public involvement related to this Council item?

e) Primary contact for more information on this public involvement process (name, title, phone, email):

10) Is any future public involvement anticipated or necessary for this Council item? Please describe why or why not.

No future public involvement is anticipated or necessary.

	
APPROPRIATE UNIT HEAD (Typed name and signature)	Thomas W. Lannom, Director



Office for Community Technology

City Council
Agenda Item
Staff Supplemental Report

186641

TO: Mayor Charlie Hales

FROM: Thomas W. Lannom, Director
Contact Person: Mary Beth Henry, x 3-5414

DATE: April 17, 2014

RE: Grant a franchise to Google Fiber Oregon, LLC to construct and operate a fiber network using the City Streets, for a period of ten years (Ordinance)

Requested Placement Date: Time Certain May 7, 2014

- I. **RECOMMENDATION.** The Office for Community Technology recommends that Council approve this Ordinance granting a franchise to Google Fiber Oregon, LLC for ten years.

- II. **BACKGROUND.** In 2011, Council unanimously adopted Portland's Broadband Strategic Plan in recognition that high-speed affordable broadband represents basic infrastructure for Portland's future. In addition to quantifiable economic benefits, a fiber network would provide substantial educational, environmental, and health benefits as well as competitive choice that may improve services and lower prices. Google Fiber and the City have reached final agreement on terms and conditions of a 10 year franchise for Google Fiber to use the City's streets to own and operate a fiber network. Pursuant to the City Charter franchising requirements, the Ordinance was published in the Daily Journal of Commerce on April 16, 2014, and a notice published in the Oregonian on April 16, 2014. The Bureau requests the first reading for this ordinance on May 7, 2014, and the second reading on June 11, 2014. Under this schedule, the effective date will be on August 10, 2014.



III. FINANCIAL IMPACT. Google Fiber will pay franchise fees to the City for its use of the right of way in the amount of 5% of gross revenues. This is new general fund revenue.

IV. LEGAL ISSUES. None

V. CONTROVERSIAL ISSUES. None

VI. LINK TO CURRENT CITY POLICIES:

<http://www.portlandonline.com/auditor/index.cfm?c=28215>

VII. CITIZEN PARTICIPATION. None

VIII. OTHER GOVERNMENT PARTICIPATION. None

IX. IF THIS IS A CONTRACT, DOES CONTRACTOR HAVE A CURRENT BUSINESS LICENSE? _yes_

WHAT IS THEIR BUSINESS LICENSE NUMBER? 1012840-99

IS THEIR ACCOUNT WITH THE CITY CURRENT? _yes_

IF NOT, HOW MUCH IS OWING? _N/A_____

Remarks – Mary Beth Henry
Google Franchise – Council vote
June 11, 2014 – a.m. Council calendar

Good morning – or rather *buongiorno*.

Mayor and Commissioners, I am Mary Beth Henry, Office for Community Technology. As you view this video I am in Rome, Italy participating in this meeting via skype.

Who could have imagined in 1984, when live cablecasts of Council meetings began, that the Council could hold a meeting and vote that would allow for staff remarks in “real time” from half a world away? Now--- imagine what this would be like if I could have the same conversation with you in high definition and surround-sound, with graphics and links to critical information, and (perhaps) be joined simultaneously by experts from Amsterdam, Stockholm, Seoul, and Hong Kong --- all places where fiber-to-the-premises systems are actively delivering gigabit speeds to residents at a fraction of the cost US broadband users now pay for lower speeds.

This is only one example of the future that gigabit fiber can deliver to Portland – a future that the City has worked for more than fifteen years to realize, a future that is now on the near horizon thanks to diligent planning by this Council that has attracted a willing and visionary investor in Google.

Bringing a competitive future to Portland is why we are here today. Your vote to authorize a gigabit fiber network to be built in Portland by Google is a *monumental milestone in the technology history of our City*. The vote today marks a transition as notable as the launch of broadcast radio in the 1920s, the debut of television in the 1940s, and build out of the first citywide cable system in the 1980s.

Fiber-to-the-premises is ESSENTIAL technology in the 21st century, providing the capacity, capability, and broadband throughput that is CRITICAL to enabling applications in government, education, health care, and (not least) growing jobs and businesses in our economy by facilitating light-speed participation in the local and global marketplace.

In our hyper-speed Internet age, Portland is not the only city in the US unwillingly left behind the global pace of 21st century fiber broadband. Absent the national leadership seen in other countries, America continues to fall further behind. Unfortunately, private communications conglomerates have focused on market consolidation through mergers, lobbying efforts at the federal and state level, and quarterly shareholder returns, not upon the investment necessary to bring gigabit fiber technology to American homes. The most recent data¹ continues to list the USA in the rear of the pack of developed countries in terms of both cost and speed of broadband². And testimony before this Council noted that Portland is ranked 200th among global cities in internet speed. Sadly, until now, the rest of the world has been passing us by.

That is why there is cause to celebrate today! This Council vote -- the first by *any* City in a Pacific Coast state --- authorizes the grant of a broadband franchise potentially triggering a substantial investment by Google

¹ OECD figures, displayed in NY Times column on the negative impact of concentrated markets, NY Times, May 27, 2014; <http://www.nytimes.com/2014/05/28/business/economy/concentrated-markets-take-big-toll-on-economy.html?emc=eta1&r=0> (visited June 3, 2014)

² Even Italy (my current location) though behind the US in several respects, is ahead in some localities in the promotion of innovative, GB speed broadband applications – see <http://www.zdnet.com/want-1-gbps-broadband-want-it-for-free-italys-innovative-plan-to-increase-fibre-takeup-7000030149/>

and the first steps toward construction of a world-class, state-of-the-art 21st century fiber-to-the premises network.

As more than a month has elapsed since Council's first reading of the proposed Google franchise ordinance, I want to call the Council's attention to *two* matters. *First* is the breadth of community support and the depth and diversity of information and testimony presented at the Council's First Reading (May 7th), including:

- The education sector: (e.g. PPS and PCC);
- The healthcare sector, including the director of the tele-health program at OHSU (the City's largest employer);
- The transportation and planning sectors (noting that telecommuting and other applications recognize FTTP as the roads & bridges of the 21st c.);
- The information technology sector (including the Multnomah Library – an incredible community resource helping bridge the digital divide);
- Average citizens (including those who have experienced homelessness and the need for digital inclusion);
- The non-profit community - Portland Community Media; and

- Innovative businesses and tech visionaries who are aching to grow their applications and entrepreneurial reach to create jobs and possibilities unimaginable without access to gigabit fiber technology;

Secondly, during the past month, Council members and offices have had the chance to mull over issues raised at First Reading as well as other issues brought to Council members and staff as a result of pervasive and continuing community interest in the potential of a Google build here. I have done my best to respond to issues raised, and have met with each office when requested to review additional issues, including:

- Subscriber privacy – Google will meet all applicable legal requirements for all its services, at a standard no less than applicable to any other service provider;
- Digital inclusion –addressing the needs of Portland citizens on the other side of the digital divide remains a top priority of Google and the City – staff will be presenting a proposal in the Fall. During the interim, we will work on updating broadband adoption data for our region. We will also engage with community organizations to consult on outreach efforts and best practices.

Before concluding, I want to spend a minute on the “level playing field” issue. This issue arises from questions raised by incumbents whose broadband services would be threatened by competition, suggesting that Google is somehow getting a “better deal” than other providers.

I want to lay to rest any doubts-- Google’s commitments are commensurate with the commitments with other residential service providers.

Specifically:

- Google plans to invest over \$300 million in permanent, state-of-the art fiber infrastructure in Portland (this is 21st century technology Portland has been seeking to develop for more than a decade); *No other company has made a similar commitment.*
- Google’s investment will bring construction and permanent jobs and will allow Portland and its regional partners to assume a globally competitive position as a center of technology innovation; *No other company has made a similar commitment.*
- Google’s launch directly follows the Council’s direction in the Broadband Strategic Plan by building state of the art FTTP technology; *No other company has made a similar commitment.*

- Google's plan to provide free broadband citywide (after an installation fee), with no income threshold, in any areas they have constructed vastly exceeds the much more limited commitments of all incumbents³; *No other company has made a similar commitment.*
- Google's Wi-Fi deployment will create additional area "hot spots" for Portland citizens to connect to the internet for free; *No other company has made a similar commitment.*
- Google's plans to offer free gigabit service to at least 100 community organizations serving communities with lower Internet penetration rates will provide substantial ongoing benefits to all; *No other company has made a similar commitment.*

CONCLUSION – Portland is a City that knows we cannot sit on our hands while we wait for the future to arrive – *we have to CREATE the future ourselves.* The Council's Broadband Strategic Plan defined that future vision and attracted Google's interest.

³ See the failures and problems of Comcast's "digital inclusion" program: <http://qz.com/213995/comcast-promised-poor-americans-cheap-internet-but-most-of-them-didnt-get-it/>

This Council vote will bring *world class broadband to Portland*, with positive impacts on business, jobs, rates, services, digital inclusion, and *bringing Portland's creative community the technology they need and deserve*. At last, the City --with Google's investment--can offer a platform commensurate with the City's matchless creative spirit --- leading us to "Centers for Innovation" of the type described by Amber Case⁴ at First Reading.

Since fiber broadband was first developed, this City has worked long and hard to ensure deployment of a world class fiber network. Your voice, your vote, and your unwavering support build upon that vision and unanimous action by Councils of the past.

So I encourage the Council to vote "Yes" on the Google broadband franchise – for Portland, our region, our State, above all, for Portland's citizens who are ("the Riches of the City") and who can now look forward to broadband choice, competition, and horizons limited only by our imagination.

Thank you, and I will be happy to answer any questions.

⁴ Amber Case was keynote speaker and honoree at the 2013 Oregon Connections conference and is a "Portland Creative" with a national and international reputation