

IMPACT STATEMENT

Legislation title: Amend public benefits for Google Fiber Oregon, LLC franchise (Ordinance; amend Ordinance No. 186641)

Contact name: Mary Beth Henry

Contact phone: 503-823-5414

Presenter name: Mary Beth Henry

Purpose of proposed legislation and background information:

Staff requests that Council approve a franchise amendment to Google Fiber Oregon, LLC. The City granted Google Fiber Oregon, LLC a 10 year franchise to use the City Streets to own and operate a fiber network in 2014. Just last month, the City and County adopted a Digital Equity Action Plan (DEAP) to address the digital divide that exists in our community. Google Fiber continues to work proactively with city staff on the possibility of bringing its gigabit broadband service to Portland, and has made considerable progress over the last year in securing the necessary rights to deploy its network. In anticipation of these efforts coming to fruition, Google Fiber and city staff have developed franchise language to better reflect the newly adopted goals of DEAP.

Franchise Term Franchise term is being revised to extend until 2026 (a two-year extension), to provide comparable time frame of 10 years in which Google fiber will hopefully provide competitive gigabit services in Portland. The extension will also assure that the revised public benefits obtained in this amendment will be provided for an additional two years.

Digital Equity The amendment provides for Google Fiber to offer products that seek to narrow the digital divide including service offerings that will expand residential access in areas of low broadband adoption. Google Fiber will work with affordable and public housing providers to identify dwelling units where it may offer internet at no cost to residents. Google Fiber will also support local organizations to teach digital literacy to residents, demonstrate the important of broadband in communities with limited broadband access and help unconnected residents subscribe to broadband.

Joint Builds. The amendment also provides for an opportunity for the City and Google Fiber to mutually agree to joint fiber construction to reduce costs.

OCT staff expect an overall increase in economic activity and other benefits as a result of such a widespread residential fiber deployment. While metrics specific to Portland are not available, the Broadband Strategic Plan and the Office for Community Technology (OCT) white paper on The Case for Fiber in Portland: the benefits gigabit networking offers a community identified that fiber to the home has significant economic development impacts that stimulate the local economy – new jobs held by people who pay taxes as well as positive impacts in education, healthcare, transportation and sustainability.

Financial and budgetary impacts:

The amendment further provides for a Digital Equity Support Fee of 3% of the franchise gross revenue to be used for implementation of the Digital Equity Action Plan and the Broadband

Strategic Plan. The fees will be overseen by the Office for Community Technology. No revenue projection is possible at this time, as Google Fiber has not yet indicated that it will be launching in Portland. OCT staff believe that with a new entrant in the marketplace there may be an uptick in subscribership overall, some cannibalization may occur as cable subscribers may choose to switch over to Google Fiber's internet video services.

Community impacts and community involvement:

There was extensive public involvement in developing the Digital Equity Action Plan and the Broadband Strategic Plan. Supporters of these plans identified funding as a necessary pre-requisite to move forward to address Digital Inclusion. The Google Fiber Digital Equity Support Fee of 3% of gross revenues will help address this community request.

Budgetary Impact Worksheet

Does this action change appropriations?

- YES: Please complete the information below.
 NO: Skip this section