

The Oregonian

Portland street fee: City presents menu of options to business work group, nobody bites

*By Andrew Theen
July 29, 2014*

Portland's transportation leaders presented the handpicked group of businessmen and women tasked with helping improve a proposed street fee with a menu of potential alternatives on Monday afternoon.

But the group of lobbyists and business owners representing the trucking, grocery, small business, petroleum and other industries had no appetite for the city's proposals.

Less than four months before Commissioner Steve Novick and Mayor Charlie Hales plan to return to their City Council colleagues with a specific plan to pay for road safety and maintenance projects, officials have yet to win over the business community, which holds the most political clout and offers the most significant obstacle to enacting any plan.

"We're laying out a pretty long menu," Leah Treat, Portland Bureau of Transportation director, said during the meeting. "Nothing is sticking yet, but we're going to keep trying."

The current proposal, shelved by Hales and Novick on the eve of a council vote in early June, would phase in monthly fees for both residents and businesses. By the third year, officials hope to collect \$53 million in new revenue for road and safety projects, with businesses and residents splitting the costs.

Thus far, business representatives agree the city does need to address its woeful maintenance backlog. But they don't agree on how to pay for it, and they don't support how the city plans to pay for both paving work and safety projects, such as flashing pedestrian beacons.

The issues that did receive the enthusiastic support of the 20-person working group on Monday are two ideas both Hales and Novick have said they unequivocally don't support: adding a sunset clause to ensure the fee doesn't last in perpetuity, and referring the entire proposal to voters for approval.

Fred Miller, the city's chief administrative officer and the chairman of the working group, asked for a show of support for any of seven alternative versions of the street fee that would also raise \$26.5 million annually from business owners. The group demurred (see more details of the proposals below).

When presented with four other funding proposals already on the table, part of a "cocktail" approach to reach the \$26.5 million, several members of the volunteer committee balked.

The working group seemed to agree that either increasing the business license fee or adding a gross receipts tax on business owners making more than \$50,000 annually would be yet another burden. Debra Dunn, representing the Oregon Trucking Association, said all of the options are challenging for her businesses. "Every one of them is going to impact their bottom line, no matter which one we choose," she said.

As with a previous meeting two weeks ago, Treat and PBOT officials fended off questions pointing to how the city prioritizes its transportation spending. But on Monday, Treat seemed more relaxed and direct in her defense. "I can look you in the eye and tell you I think we've done a really good job of managing our money," she said.

One unlikely work business representative who supports Treat's assertion: Paul Romain, a lobbyist for the Oregon Petroleum Association. Romain was part of a group that killed a previous street fee attempt and he's been a vocal skeptic of the city's spending.

"I frankly think PBOT's done an outstanding job," Romain said of the budget. After examining PBOT's spending, Romain said he has no issues.

He is most troubled by the hard and fast plan to raise \$26.5 million from businesses. He said the city needs to account for all general fund spending and prioritize how it spends money. His clients, which include gas stations, want to see other city bureaus put some skin in the game, he added.

After shooting down the current options on the table, there was a periodic moment of self-reflection late in the meeting.

"None of us are going to like this solution and we're all going to have to pay," said Matthew Micetic, owner of Red Castle Games in Southeast Portland and one of a select group of business owners who supported the fee at a press conference in late May.

Shawn Miller, lobbyist with the Northwest Grocery Association, said his clients need a palatable option. "It's got to be substantially less," he said, adding that he thinks it's possible the city and business group can get to that point.

The business group is scheduled to meet again on August 11.

Another work group representing low-income residents and nonprofit groups meets on Tuesday at 3:30 p.m. at the Portland building.

Airbnb says Portland hosts could provide emergency housing in a disaster

*By Elliot Njus
July 29, 2014*

Airbnb says Portlanders renting out rooms on its platform could provide free emergency housing during a disaster under a new partnership with the city's Bureau of Emergency Management.

The company and Portland emergency officials planned to announce the deal Tuesday morning at a White House disaster response event in Washington. Airbnb will launch a similar program in San Francisco, where it's headquartered.

Under the program, Airbnb would assemble a roster of its hosts willing to take on as guests people displaced in a disaster. It would also use its mobile app to notify users of emergencies and hazardous events.

"Residents looking after residents. Neighbors taking care of neighbors. This is such a Portland thing," Portland Mayor Charlie Hales said in Airbnb's statement. "This project matches the city's spirit perfectly."

The idea mirrors a system set up on the fly as Hurricane Sandy hit the East Coast in 2012. Airbnb said 1,400 of its hosts in New York offered housing and meals to people displaced by the storm.

The announcement comes a day before the Portland City Council is expected to vote to legalize short-term rentals like the type Airbnb facilitates. The council will vote Wednesday on a proposal to let residents get an over-the-counter permit to rent out one or two bedrooms rooms in private homes, previously allowed only after paying thousands of dollars in fees and under certain conditions.

Even before legalizing Airbnb-type rentals, Portland has become a testbed for various Airbnb initiatives.

The city is the first where the company is collecting lodging taxes on its hosts behalf. It also named Portland one of its "Shared Cities," which the company described as a plan to collaborate with the cities it serves.

Airbnb also opened a large customer service center in Old Town, starting this year with around 160 employees.

Portland Mayor Charlie Hales' email: 'I was unaware of the non-financial' parts of Capt. Mark Kruger settlement

*By Maxine Bernstein
July 28, 2014*

Portland Mayor Charlie Hales admits that he didn't know all the terms of a controversial settlement he signed last month with Portland police Capt. Mark Kruger, according to a July 17 email released Monday by the city under a public records request.

"Colleagues -- I was unaware of the non-financial elements of the Galvan/Kruger settlement until after the Council's action yesterday," Hales wrote to his fellow council members. "I assume that you were also unaware of these portions of the settlement. You were probably also shocked to read about these provisions in press reports."

To settle a legal claim, the city agreed to pay \$5,000 to Kruger and erase two disciplinary actions from his personnel record: an 80-hour suspension without pay for his public tribute to five Nazi-era German soldiers at a city park and a written reprimand for retaliating against a female lieutenant. Kruger also received 80 extra hours of vacation time and a laudatory letter from Chief Mike Reese as part of the deal.

The city initially declined to release the mayor's email, citing attorney-client privilege. The Oregonian appealed to the Multnomah County District Attorney's Office.

On Monday, Deputy District Attorney Travis Sewell said he met with city attorneys at City Hall to review the email. Sewell said he discussed the possibility of redacting a portion of the email that dealt with attorney-client privilege but making the rest public.

The mayor's spokesman Dana Haynes released the email to The Oregonian shortly after 4 p.m., with more than two paragraphs redacted.

"Upon advice from the City Attorney, we have redacted portions that relate to attorney/client privilege," Haynes said.

The spokesman offered this explanation of how Hales, who serves as police commissioner, could be unaware of all the settlement's terms when he signed it in June.

The mayor received a form describing the terms that came from the city's risk management, city attorney's office and the Bureau of Human Resources.

"He saw the overall details of it and signed it," Haynes said.

It wasn't until July 16, when The Oregonian wrote about the Kruger settlement, that the mayor realized what he had signed.

"He was like: 'Oh my gosh. This is bad. This is onerous. I'm not happy about it,'" Haynes said. "There were details that he had not read as thoroughly through, or had sought additional information about."

The mayor isn't satisfied with the city's process of briefing elected officials on major legal settlements. "He's in the midst of changing that process," Haynes said.

But ultimately, the mayor accepts the blame.

"He should have known more, and he should have read more and realized the full terms, and he blames himself," Haynes said. "He takes full responsibility for that."

Also in response to a public records request, the city recently released an email that Kruger and his attorney, Sean Riddell, provided to the city along with Kruger's tort claim.

The email is from former East Precinct Cmdr. Mike Lee to Kruger, in which he notes that the police chief was reluctant to promote Kruger to commander because of the legal action Kruger was pursuing. Kruger had sued the city and police Director of Services Mike Kuykendall, contending Kuykendall's text messages to a female lieutenant, Kristy Galvan, were slanderous because he characterized Kruger as a Nazi sympathizer.

Lee specifically cited a meeting he had with Chief Reese, in which Reese listened to Lee advocate for Kruger to replace him as precinct commander upon his retirement.

"Chief Reese listened intently and then simply said, 'And he has also filed a Tort claim against the City' or words to that effect," Lee wrote in an April 24, 2013, email to Kruger. "This statement, and the matter-of-factness in his tone, was one that caused me to realize there was no point in furthering the conversation about the subject."

Kruger was moved from East Precinct to serve as captain of the bureau's Drugs and Vice Division. Sara Westbrook was named commander of East Precinct, following Lee's retirement.

Planned radio tower that spawned Gresham-Portland dispute gets smaller, but Gresham Butte neighbors still leery

*By Eric Apalategui
July 28, 2014*

A proposed emergency communications tower atop Gresham Butte has shrunk by half, improving the view from the city below, but residents on the hill still haven't put out the welcome mat for their potential neighbor.

The tower is sought by the city of Portland, which is leading a \$40 million technology upgrade to make police and fire radios work better throughout Multnomah County. The need for efficient communications was spotlighted in June as police responded to the recent school shooting in Troutdale.

When first proposed in 2013, Portland's plan called for a 180-foot tower, later lowered to 140 feet, either of which would have pierced the skyline over the butte.

Greshamites love their buttes, especially this one looming over downtown, and Mayor Shane Bemis led a fight against the towering structure studded with microwave dishes.

Portland officials relented after a tense standoff. On Thursday night, they shared with Gresham residents a revised plan to build a 68-foot tower with up to two microwave dishes and antennas sticking up slightly higher on land Portland already owns near the top of the butte, also known as Walters Hill.

Bemis was not immediately available for his opinion on the shorter tower, but some of the tower's neighbors already have weighed in against it.

Glenn Davidson, who lives next to Portland's property, believes the lower tower is likely to be more acceptable to many Gresham residents, but they still worry that the facility will attract unwanted visitors and too much maintenance traffic.

"You're going to have people going up and down that road at all times," said his wife, Sandy Davidson, who also has concerns whether microwaves pose health hazards. "People just come up to see what it is."

"I would like to see them select a different place to put their tower," said Sidney Stickel, another adjoining neighbor.

Portland officials requested the meeting with members of the Gresham Butte Neighborhood Association and other residents to get feedback before filing a formal application with city planners.

To simulate the visibility of the shorter tower, Portland staff parked a boom truck on the tower site and raised its bucket to about 70 feet. They attached a 6-foot cardboard cutout the size of a microwave dish. Photos of the simulation from the city below show the fake dish and boom arm can be seen with a close look along the tree line, but they don't jut far into the sky the way a taller tower would.

Portland already operates a radio facility at the site, including a 61-foot wooden utility pole with taller antennas that would be replaced with a lattice-structured metal tower. A house-sized service building would replace a small building on the property, said Jeff Baer, a Portland program manager who explained the revised plan to residents.

Baer said multiple reviews have shown that Gresham Butte is vital to developing an emergency communications system that reaches more of Multnomah County.

In order to shrink the proposed tower, Portland officials said the Gresham Butte location won't be able to send and receive signals directly from the area's main 9-1-1 center near Portland's Kelly Butte, as originally planned. The signals would require a clear path that a shorter tower won't allow.

The tower will communicate instead with similar facilities across the Columbia River in Camas and Washougal, Wash., that in turn connect with a system of towers in high spots across the metropolitan area. Tree growth could interfere with signals within 15 years, Baer acknowledged.

The shorter tower loses some valued "redundancy" by not being able to communicate directly with more locations in the event some are lost to a wide-ranging catastrophe, but it still will improve coverage in East County, where buttes and river gorges block radio signals.

The switch to digital technology using microwave transmission also will increase the system's capacity to handle more radio traffic, said Mark Tanner, Portland's project leader for the upgrade.

For example, when police agencies from across the region responded to Reynolds High School on June 10 for the shooting, officers reported at least eight instances that their emergency radios wouldn't work because the call volume was too high for the aging Gresham Butte tower to handle, he said.

Losing communications "scares the daylight out of any firefighter or any police officer, as you might expect," said Tanner, a former police officer. "The capacity of that site is a very important thing."

The Portland project's team has a pre-application meeting with Gresham planners on July 30 and then will meet again with neighbors and other interested parties a few weeks later. A formal application would follow, kicking off another public comment period.

Mads Ledet, president of the neighborhood association, said neighbors want a reliable emergency communications system but intend to keep pressing Portland to prove to their satisfaction that a tower on Gresham Butte is necessary.

Another argument for Portland charter review: Editorial Agenda 2014

*By The Oregonian Editorial Board
July 28, 2014*

Back in 2007, the City Club of Portland opposed a measure that would have replaced Portland's commission form of government with a more typical arrangement vesting more power in the mayor's office and less in those of individual commissioners. The good-government group's report acknowledged that the city's existing structure has plenty of flaws, but noted that "there is nothing magical about the proposed form." The measure failed badly, leaving Portland with a government structure whose comprehensive lack of magic would get it expelled from Hogwarts, assuming it ever got in to begin with.

Civic-minded Portlanders are aware of many of these shortcomings, which lead periodically to attempted reforms like 2007's. Those who haven't considered the real-world effects of government structure should consider the historic lack of representation from east Portland, as explained this week by The Oregonian's Brad Schmidt.

Only one other city among the nation's 50 largest, Schmidt wrote, elects all commissioners at large. Typically, councilors are elected by district, a practice that precludes the distinctive Portland pattern of representation in which the entire elected body hails from a fairly small geographic area. That area does not include east Portland, which very rarely lands a commissioner of its own.

There are, admittedly, numerous reasons for east Portland's modest clout. The area is home to a relatively large population of noncitizens, who cannot vote. Even among citizens, meanwhile, both registration and voting lag. Those who choose not to vote shouldn't complain too loudly about the results. Still, you could argue that voters in east Portland would be more engaged if they were guaranteed a city council seat, which would happen if commissioners were elected by geographic district.

To be sure, there's nothing magical about district representation, either, which assumes that it's better to have even a bad commissioner from a defined district than multiple good commissioners from another part of the city. We weren't sold on the idea in 2012, when a measure to establish city council districts appeared on the ballot in Gresham. Voters there weren't, either. But Portland residents might feel otherwise, which is one more reason to count the months – OK, the years – until the City Council convenes the next charter review commission.

Yes, we said one more reason. An even better reason to review the city's charter, as we argued in April, is to streamline the roles of individual commissioners, who currently have administrative duties as bureau heads as well as traditional legislative responsibilities. The argument for the current arrangement is that it encourages highly capable people to run for office and encourages innovation. The argument against it, supported by the fairly recent misspending of utility funds, is that it can encourage a little too much creativity. When this happens, other commissioners can be reluctant to say anything as they don't want their peers looking too hard at their own bureaus. The solution to this problem, which could be effected by

charter amendment, is to place the bureaus under professional management and force commissioners to focus on constituent service, general oversight and passing ordinances.

Portland's charter requires the City Council to convene a review commission "from time to time, but no less frequently than every 10 years." The last review effort fizzled in 2011, creating some disheartening math for anyone who believes the function of city government derives, in part anyway, from its underlying structure. Whether you'd like elections by district, streamlined commissioner responsibilities or something else entirely, you're going to be waiting a long time for change – unless the Council decides to convene a review commission sooner than required.

If you have a magic wand with wonky policy powers, now would be a good time to use it.

The Portland Tribune

200,000 more people in city's future

*By Jim Redden
July 29, 2014*

Imagine a Portland of the not-too-distant future with 200,000 more residents inside the city limits, living in 120,000 new housing units.

Such growth is what city officials are expecting in the next 20 years, and they further expect that these hordes of new residents will reside mostly in new apartments and condominiums concentrated in downtown, close-in neighborhoods, the Gateway area of Southeast Portland and along major roads served by transit. According to this vision of the future, even neighborhoods that don't see much growth will be better connected with new sidewalks, bike lanes and more transit service.

At least, that's what the officials hope will happen if the City Council approves the Comprehensive Plan update currently working its way through a years-long planning process. The Bureau of Planning and Sustainability released a proposed draft of the update last week. Planners will seek comment in coming months through public forums and an online application called a Map App that allows Portlanders to zero in on potential changes within a quarter mile of specific addresses.

"The update is not saying how much Portland should or shouldn't grow, but how much it's expected to grow," says Joe Zehnder, the Bureau of Planning and Sustainability's chief planner.

If the proposed update is enacted, Zehnder and other BPS officials say many of the most visible changes will take place in the Central City, where 33,000 new housing units will be built. Another 3,957 will go into the Gateway area. Many of the rest will be spread along such major transportation corridors as Southwest Barbur, North Lombard, Southeast Division, Northeast Sandy and 122nd Avenue in east Portland.

Big changes also are expected in large and small centers throughout the city where housing, employment, retail and entertainment opportunities will be located within easy walking or biking distance. They will include the neighborhoods along Southeast Belmont, Hawthorne and Division west of Mount Tabor, where much development is already occurring.

The vast majority of the city, however, will not be changed much by the plan, including the large tracts of single family homes away from major roads. In fact, current density levels in parts of Southwest and Southeast Portland are recommended to be lowered — because of the changing housing market and also to protect the environment.

On the employment front, planners expect Portland to gain 142,000 jobs over the next 20 years. Of that total, 50,000 are projected for the Central City and 3,924 are forecast for the Gateway area. The plan would create a new designation for large employment campuses, such as schools and hospitals.

Currently, the city is trying to close a 600-acre gap in the amount of land needed for the additional 32,000 industrial jobs that are anticipated. Options include redeveloping part of West Hayden Island, a proposal that has stalled, and convincing the state to help pay to clean up contaminated properties known as brownfields.

Plan in the making for years

The public cost of implementing the proposed comprehensive update has not been estimated because many of the most important decisions have yet to be made. For example, the Portland Bureau of Transportation is still updating its list of priority transportation projects. The current list still includes such outdated proposals as the Columbia River Crossing, which died after the 2013 Washington Legislature failed to fund its share. The Bureau of Transportation is not expected to submit its new list to the council for approval until November.

This is the first update since the Comp Plan, as it is called, was adopted by the council in 1980. It is required by state land use planning policies to show how the city will accommodate population and job increases projected by Metro, the elected regional government that represents the urbanized portions of Multnomah, Washington and Clackamas counties. Metro has told Portland it should expect to be home to roughly half the 400,000 or so people projected to move to the tri-county area over the next two decades.

Work on the update started under former Mayor Tom Potter with the Vision PDX project. It continued under former Mayor Sam Adams with the adoption of the Portland Plan, which included broad policies for the update to follow, such as encouraging more neighborhoods with all basic services available within a 20-minute walk.

Several other regional and city plans are incorporated in the update, including Metro's 2040 Concept and Portland's Climate Action Plan, Economic Development Strategy, Parks 2020 Vision and Watershed Management Plan.

Several city bureaus have dedicated staffers to the update for the past three years. It will now be considered by the volunteer citizen Portland Planning and Sustainability Commission, which is expected to send its recommended version to the council by the end of the year. The council then would take it up next spring.

Since this is the first time the Comp Plan has been updated since 1980, it is difficult to know whether it will really be followed. Metro and the council have approved numerous plans over the past 34 years intended to guide development, and not all of them have worked. Successes include the Pearl District and South Waterfront. Not much growth has occurred in Hillsdale, however, which has been designated a town center. And parts of Northeast Alberta Street and North Mississippi Avenue have grown much faster than planners envisioned.

Lawsuit aims to stop city's plan for PSU

*By Steve Law
July 29, 2014*

Mayor Charlie Hales' plan to provide urban renewal money for Portland State University has been socked with a legal challenge even before the City Council passes it.

Southwest Portland schools activist Teresa McGuire and 10 fellow citizens filed suit in Oregon Tax Court last Wednesday, asking Judge Henry Breithaupt to rule that urban renewal projects supporting PSU should be construed as going toward education.

"I hope this kind of shuts down the whole project and how it's going to pan out with Portland State," McGuire says.

If Breithaupt issues the declaratory judgment sought by McGuire attorney Greg Howe, that would mean any money going to PSU must fall within property tax caps set by the Measure 5 tax limitation passed by voters in 1990. To stay under the cap set by Measure 5, opponents to the plan argue, any property tax money that goes to PSU would have to be taken from public schools.

City and PSU officials, however, say they believe the latest plan complies with the requirements of Measure 5 and would not affect public school funding.

If the judge rules against the city, the decision also might affect Hales' complex plan to restructure six of the city's urban renewal districts, one of the mayor's top initiatives. Hales proposed scrapping the \$169 million Education Urban Renewal Area surrounding PSU that was championed by former Mayor Sam Adams two years ago. As compensation, Hales' staff and the Portland Development Commission negotiated an alternate package with university President Wim Wiewel worth more than \$25 million in projects for PSU.

Hales also wants to scrap a second urban renewal area, expand two others and extend the life of two more. His proposal would put more than \$1 billion in property back on the tax rolls.

Howe says he doesn't care whether property taxes for education go to PSU or public schools. He just wants to make sure that Measure 5, which capped education property taxes at \$5 per \$1,000 in property value, is followed. The \$25-plus million for PSU-related projects would come on top of the \$5 per \$1,000 that's already being assessed in Portland, he argues.

"If they get more than \$5 per \$1,000, then that violates the Constitution," Howe says.

McGuire has a slightly different agenda. She never thought the area around PSU qualified as "blighted," as required under the state's urban renewal laws. Nor did she like Adams' plan to spend urban renewal money to redevelop Lincoln High School downtown. That was an equity concern, she says. Lincoln is one of the state's most prestigious public schools, with an affluent student body.

McGuire also opposes the way urban renewal in general siphons off money for public schools, and says there should be other ways besides property taxes to support PSU.

Portland has by far the largest urban renewal program in Oregon. Much of the property tied up in urban renewal districts diverts property taxes to the Portland Development Commission that otherwise would go to public schools.

Because the state has a shared pot of money to divvy up property taxes among nearly 200 school districts, Portland Public Schools doesn't suffer directly; most of the school property taxes diverted by PDC get made up via the state school fund. But that reduces the pot of funds available for all of the state's school districts, McGuire says.

"In my mind, it's not just a Portland issue," she says. "It's at the expense of every other district in the state."

It's unclear what impact the lawsuit might have on Hales' ambitious reshuffling of urban renewal. PDC and the mayor's staff took pains to designate aid to PSU only for commercial aspects of its properties. That's in contrast to the original Education Urban Renewal Area plan, which dedicated some of the money for PSU's academic buildings.

"We believe that the package that was worked out is in compliance with the law," says Anne Mangan, PDC spokeswoman.

"As far as we know, everything's moving forward," says Scott Gallagher, PSU spokesman.

The City Council is scheduled to approve the new PSU proposal and other urban renewal district shuffling in December.

Howe says it's important to have a judge rule on his lawsuit before any property taxes go to PSU. "If we wait until after the fact, tax rates will have been set, and tax bills will have been sent."

The Portland Business Journal

Airbnb works with Portland on disaster preparedness

*By Malia Spencer
July 29, 2014*

As San Francisco-based Airbnb is fleshing out its disaster preparedness planning program, Portland is one of its early partners.

The company, which developed a platform for private homeowners to rent out spare rooms to travelers, first talked about this program in March when it launched its Shared City Initiative. Today, company officials along with representatives from Portland and San Francisco were at the White House to further discuss this emergency preparedness partnership.

Airbnb and the cities of Portland and San Francisco have memorandums of understanding outlining voluntary non-binding intentions between the company and the cities. This includes:

- Identifying hosts who are willing to house displaced people or disaster service workers in the wake of an emergency.
- Providing disaster education to hosts so they will be prepared to help themselves and their neighbors.
- Using Airbnb's technology to notify hosts and guests of emergencies in the area.
- Facilitating emergency response training to develop neighborhood leaders.

For Portland, Bureau of Emergency Management Director Carmen Merlo called the partnership an innovative approach in providing shelter for residents following a disaster.

In a written statement, Mayor Charlie Hales added, "Residents looking after residents. Neighbors taking care of neighbors. This is such a Portland thing."

Back when Superstorm Sandy hit the East Coast the company reworked its website to facilitate neighbors taking in neighbors and it again responded to disasters in places like San Diego, London and Toronto.

Frontier has fiber plans for the Portland suburbs

*By Malia Spencer
July 29, 2014*

Google may still be deciding on whether it will bring gigabit Internet speeds to the Portland metro area, but for some suburban residents, super-fast Internet may be coming sooner.

For residents living in Frontier Communications' footprint, the option for gigabit speed is expected to roll out in the next few months, said President and Chief Operating Officer Daniel McCarthy. Frontier's territory includes the suburbs around Portland but not the city itself,

McCarthy and Frontier's board of directors are in town this week for one of the company's regularly scheduled board meetings. The board regularly meets in different company locations so members can meet with employees and customers. This is board's first trip to Portland.

Stamford, Connecticut-based Frontier came to the Oregon and Washington market through the \$8.9 billion acquisition of Verizon Communication Corp.'s landline telephone business. The deal also included Verizon's fiber optic cable and Internet services.

"Just over the last three years we have put over \$128 million in investment in this (geographic) area specifically," McCarthy said. "For us, this is one of the most modern markets we have. It's very fiber rich."

McCarthy noted that virtually all Frontier customers have the fiber optics running through their neighborhoods.

"The architecture of our network is so robust and so state-of-the-art we can offer a gig service, for instance, into an area where Comcast can't really do that," he said. "People talk about Google coming in, but that is something that we can do today and it is something we will do in the next couple of quarters."

None of Frontier's residential customers currently have gigabit Internet, but the company is making minor network upgrades to allow the service in the near future. McCarthy declined to discuss pricing for such a service or the exact number of customers Frontier currently has in the region.

In the meantime, the company has pushed Internet speeds higher.

When the super-fast service does roll out, McCarthy noted it won't be limited to certain neighborhoods or rely on neighbors convincing each other to sign up.

As Google rolls out its service in certain cities it only puts the infrastructure in where a critical mass of neighbors sign up. This has led to criticism that affluent neighborhoods might get the service before others.

Since moving into the Oregon and Washington market, McCarthy said the company has focused on its video products. That's changing as customers tell the company they want gigabit Internet.

"We see positive growth on the video side, but the trend, and it's not just here but across the country, is people are using their bandwidth to do what they want with video whether it's Netflix or Apple TV or Amazon," McCarthy said. "The key to making that successful is a good broadband product."