

The Oregonian

Google Fiber's Portland deal won't serve everyone

By Mike Rogoway

If Portland wants Google Fiber it's going to have to give something up.

Specifically, the city is going to have to abandon the idea that Google's hyper-fast Internet service would be available everywhere in the city.

The Portland City Council votes Wednesday afternoon on a franchise agreement for Google Fiber, which wants to string fiber-optic cable across the city – and in five suburbs – to provide Internet connections and cable TV service. The company promises “gigabit” speeds – about 100 times faster than the average U.S. download connection.

But not for everyone.

The franchise allows Google to pick which neighborhoods it wants to serve. The company says it will choose areas with a critical mass of customers, what the company calls “fiberhoods,” where residents have committed to subscribe to the service.

That makes sense from a business perspective: It will cost Google hundreds of millions of dollars to build out its network in the Portland area, and it wants to see a return on its investment. Choosing the most lucrative areas gives it the best chance of recouping its money.

From the point of view of individual residents, though, it means some areas will go without.

“There's a big concern that this approach of fiberhoods could leave economically disadvantaged areas behind, more or less permanently, because it's a market-based approach,” said Christopher Mitchell, Minneapolis-based telecommunications director at a public policy group called the Institute for Local Self-Reliance.

Google says it's committed to “digital inclusion,” and will work to expand Internet access to nonprofits and people who can't afford its top-tier service. The company sent a specialist to Portland this spring to gauge how to work with community groups, but Google Fiber isn't bending its core, market-based approach to determining which areas to serve.

The company announced in February that it's looking to expand to nine metro areas across the country, including Portland. Plans call for service in Beaverton, Hillsboro, Gresham, Lake Oswego and Tigard, too.

Google has made no commitments, though. It says the decision on which markets to serve will depend on local utility layouts, geographic obstacles and the degree of cooperation it receives from local governments. Portland's pending franchise with Google puts the city in the lead – the company says it will pursue similar agreements with the suburbs later.

Google Fiber has been criticized in Kansas City, its first market, because its service model has tended to favor more affluent areas. Its Portland franchise requires nothing more than that the city be available to consult on “public goals of equity and inclusion.”

Other franchise agreements in the Portland area have required broader service standards than Google's. Comcast is required to serve nearly all portions of the regions where it operates in Oregon, a legacy that dates to the early history of local cable TV service. Yet Verizon agreed to similar terms when it built a fiber-optic network in Portland's suburbs beginning in 2005. (Verizon later sold that network to Frontier Communications.)

Still, this isn't the first time Portland has approved a telecom franchise without requiring broad service. The city OK'd a cable TV franchise for Qwest Communications in 2007 without requiring the company to serve the whole city. (Qwest never used the franchise, and the company later sold to CenturyLink.)

In Google Fiber's case, city officials negotiating the deal say they agreed to Google's terms because the company offers other public benefits "commensurate" with existing cable franchises.

One in particular stands out: Google offers free Internet service, albeit at a comparatively slow 5 megabits per second (which is still plenty fast for most online tasks – including bandwidth-intensive streaming services, such as Netflix and YouTube). Customers who agree to pay a \$300 installation fee will receive at least seven years of service.

"Cost shouldn't be a barrier to anyone who wants it at home," said Erica Swanson, Google Fiber's program manager for digital inclusion.

To get the free service, customers must still be in one of Google's fiberhoods. And if they live in an apartment, the landlord will have to work a deal with Google to bring its fiber service into the building.

But Swanson said that in deciding which areas to serve, Google Fiber will weigh equally households that commit to full-bore, \$70-a-month gigabit service and those who commit to pay the \$300 installation fee for free, slower service.

"The slow, free, nonrecurring cost option is very important. That's something Google seems to have invented, and is very good for the community," said Mitchell, from the Institute for Local Self-Reliance.

Nonetheless, he cautioned that Google's arrival will make Portland too competitive a market for another broadband provider to jump in. The terms that Portland sets for Google will therefore be the ones it has to live with indefinitely.

"I expected Portland would do a better job than most cities," Mitchell said. "I'm just not sure that we've seen that yet."

Google's franchise contains another notable break – the company won't have to pay a 3 percent "PEG fee" on its video revenues. Comcast pays that fee, a charge it passes along to customers, to fund public access, educational and governmental programming and other public services.

In lieu of that fee, Google promises to provide Internet service to unspecified nonprofits and provide free Wi-Fi service in as many as three "outdoor public areas" – the locations are, again, unspecified.

Google promises to carry PEG programming, but the absence of a specific fee means it will essentially be able to offer its customers a discount compared to what Comcast charges.

The city says it's received very few objections to Google's proposed franchise. CenturyLink and Comcast both issued statements that say they want an equal footing in Portland – but don't object outright.

Comcast did submit a seven-page list of requirements Portland imposed on it, but didn't on Google. Among other things, Comcast noted that Google Fiber's franchise agreement commits Portland to a joint legal defense of the deal if unspecified third parties contest it as being unfair -- perhaps by alleging that it gives preferential treatment to Google.

Comcast's submission also notes that it has a "Most Favored Nation" clause in its own franchise agreement, entitling it to modified obligations in the event that another company wins a franchise with different PEG or franchise fee requirements.

Comcast didn't say so specifically, but the cable company might be suggesting that it may seek to reopen its own deal, reduce its own financial burden -- and city franchise revenues -- should commissioners approve Google's deal.

"Comcast welcomes a fair and robust competitive marketplace made up of responsible competitors," Theresa Dulaney, Comcast's Oregon spokeswoman, said in a written statement. "That includes a level playing field so that no provider operates with fewer obligations or more benefits."

Another organization one might expect to object to Google's deal is Portland Community Media, which runs Portland's public-access channels and other media-oriented community programs. It derives a big share of its funding from PEG fees, which presumably will decline if cable viewers switch from Comcast to Google.

And yet PCM director Cece Hughley Noel embraces Google's franchise agreement, calling it "tremendously exciting." She met this spring with Google Fiber's digital inclusion specialist and came away convinced the company's arrival would have a broad impact, introducing Internet service to poor residents and immigrants who have never had the opportunity to use it.

Nonprofits need broadband to serve large numbers of people, she said, and Google represents a tremendous opportunity to make Internet service available to those who haven't had it.

"We like what they say to us," Hughley Noel said. "It feels like they're genuine. Competition is always good."

Portland ready to kill \$200 million urban renewal district created for Siltronic

By Brad Schmidt

Ten years ago, politicians in Portland City Hall fast-tracked a \$200 million urban renewal plan to add hundreds, if not thousands, of industrial jobs along the Willamette River.

The cornerstone of the plan: a bustling silicon wafer manufacturer, already one of the city's largest employers, primed to build a new plant expected to roll out the latest technology.

A decade later, Siltronic Corp.'s expansion never happened.

The city's \$200 million spending plan – which required a new urban renewal district to corral taxes on a facility that was never built – hasn't offered a single dollar to companies or development efforts along the Portland Harbor.

And adding insult to injury, Siltronic is now one of the biggest critics of Portland's rising water and sewer rates, helping fund a political campaign to strip utility oversight from the City Council.

The failure of Portland's Willamette industrial district stands as a reminder: Despite widespread success downtown, urban renewal isn't a sure bet to transform neighborhoods, create jobs or win unbounded loyalty from the company that stands to prosper.

While the costs of the failed district aren't substantial, they're also not insignificant: about \$5.3 million in tax money that otherwise would have funded the city, Multnomah County and local school districts.

Now, Mayor Charlie Hales wants to pull the plug.

He'll ask the City Council on Wednesday to informally bless killing off the Willamette industrial district and make big changes to several others. Final approval would come this fall. It's part of Hales' broad effort to focus urban renewal where he says the city needs it most while freeing up tax dollars for basic public services.

Officials for the city's urban renewal agency, the Portland Development Commission, say a variety of factors sunk the Willamette industrial district. Its lack of success, they say, shouldn't detract from progress elsewhere.

"I think it's fair to say this is an anomaly, absolutely," said Shawn Uhlman, a spokesman for the agency.

Siltronic expansion?

In 2004, it was all about Siltronic.

The German-based company opened its Portland location in 1979, securing about 80 acres of city-owned land on the west side of the Willamette River, just south of the St. Johns Bridge.

Then called Wacker Siltronic, the company first built a fab to produce 150-millimeter wafers, adding a second facility in 1995 for 200 millimeter wafers.

By 2004, Portland was in the running for a \$466 million facility offering the latest technology: 300 millimeter wafers. If built, the facility was expected to retain Siltronic's 1,100 existing employees and create 500 new jobs.

To help improve Portland's chances, city officials approved the 756-acre Willamette industrial urban renewal district, which included Siltronic's campus as well as the northern portion of Swan Island on the east side of the river.

Portland planned to make urban renewal money an "essential component" of the Siltronic project, borrowing upfront to help finance construction and repaying the bonds over decades with taxes collected from increased property value within the district.

"Approval of this new urban renewal area is a key part of continuing this mutually beneficial relationship far into the future," Neil Nelson, Siltronic's president, told the City Council at the time.

But beyond Siltronic, city leaders envisioned the Willamette industrial district as "a working-class Portland's urban renewal district." The plan outlined goals to clean up contaminated brown fields, attract new businesses and convince existing companies to expand – all of which would offer solid pay for blue-collar workers.

"We want Siltronic to expand here," Commissioner Dan Saltzman said in 2004. "But even if they don't, this urban renewal district stands on its own."

Siltronic didn't expand in Portland.

In July 2006, the company partnered with Samsung Electronics Co. to build its 300-millimeter fab in Singapore instead.

Tom Fahey, Siltronic's vice president for human resources, said that even without the new facility local business remains steady.

Yes, the company closed its oldest fab and employment has dropped to about 400. But Fahey said Siltronic's 200-millimeter wafer remains in demand and the company won't be hurt by Portland's proposal to close the district – a prospect that city officials never shared directly with the company.

The two sides aren't exactly on great terms: Siltronic, upset over rising water and sewer costs, is one of the major financial backers of a May 20 ballot measure to end the City Council's rate-setting responsibilities.

"We expect to be hanging on for quite some time," Fahey said.

Why the district failed

It would be easy to assume that the Willamette industrial district failed because Siltronic didn't expand.

That's too simple, said Chris Harder, the Portland Development Commission's business and industry manager.

"There is no one answer as to why," he said. "I think it's a combination of things."

To be sure, Siltronic's expansion was the most significant blow.

But Harder also pointed to the Great Recession, which dampened investment from private companies, and a lack of certainty over how much it will cost companies to cleanup pollution from the Willamette River.

Without private investment, property values didn't spike within the district. Without higher property values, city leaders couldn't tap urban renewal funds to entice development.

Debbie Aiona, action committee chairwoman for the League of Women Voters of Portland, was among those who opposed the new urban renewal district in 2004. She warned the City Council at the time that the plan would fail if Siltronic didn't expand.

Today, Aiona's group supports Hales' proposal to shut down the district, as well as other urban renewal changes that would put more money in city, county and school budgets.

"We want to use urban renewal wisely," she said. "And this was not a wise use."

Since 2004, the Portland Development Commission has spent about \$1.3 million on administration, staff and studies in the renewal district – with no money going to businesses or to clean up brownfields.

The agency is sitting on another \$3.8 million in property taxes collected from the district. Under Hales' plan, that money would be spent to assist manufacturing companies within the district.

"We feel pretty bullish that we can target those (dollars) in a strategic way to still help those manufacturing firms," Harder said.

And in a twist, money from the urban renewal district could still end up benefiting the city and its long-intended partner, Siltronic.

The development commission is trying to lure a company to a manufacturing shop that desperately needs a tenant: Siltronic's shuttered 1979 fab.

Portland Business Alliance to Commissioner Steve Novick: 'Slow down' on street fee, let's talk

By Andrew Theen

The leader of Portland's largest chamber of commerce wants Commissioner Steve Novick to "slow down" his rapidly moving plans for a citywide street fee on households and businesses.

"We have some questions," said Sandra McDonough, president and CEO of the Portland Business Alliance, said of a proposal that could raise up to \$53 million annually for safety and maintenance projects on city streets. "The biggest concern I hear is that it's moving very fast and that worries me."

McDonough made her comments as Novick prepares to bring his concept for an \$8 or \$12 monthly street fee to a City Council vote as early as next month. Both Novick and Mayor Charlie Hales have been talking about transportation funding for months, though the specific idea of a street fee only came to light in early April.

The support or opposition of the 1,700-member business alliance could play a major role in determining the fate of Novick's plan.

On Tuesday, McDonough asked Novick to slow down and allow "a discussion."

"On something of this magnitude there needs to be a broader civic discussion," McDonough said.

Novick said he has no problem talking to more business owners about the street fee, but he does think there is a need to act soon.

"We've got 14 years of lethargy on this to make up for," Novick said.

Novick, city transportation officials and Mayor Charlie Hales have held a rotating series of town hall meetings to discuss Portland's transportation maintenance backlog and the safety concerns throughout the city. In early April, citing a city-commissioned poll, Novick said he would "probably" support a street fee that would raise \$34 million to \$53 million annually from residents and businesses.

The scenarios include either an \$8 or \$12 monthly fee. Last year, Portland's elected auditor said that the city would need to spend \$70 million annually for a decade on streets to make up for years of neglect.

Just last week, the Portland Bureau of Transportation issued an annual report showing that both neighborhood streets and heavily trafficked roads are in worse condition than the previous year. The PBA isn't ready to formally state a position either in favor or opposition of the fee, McDonough.

Novick wants a City Council decision by June in part to allow the street fee to go on the November ballot - when turnout is usually high -- should council members decide to refer it to voters. He added that state and federal funding isn't going to help address Portland's growing problems.

"The more we wait, the higher the price tag," Novick said,

The proposed fee structure is more complex for business owners than homeowners. The estimated costs are based on the number of monthly trips generated by customers to a business and its overall square footage.

Novick and city transportation staff presented draft document, based on a similarly structured but less costly 2008 street fee model, to business groups last month. Under the draft proposal, a business that generates between 5,000 and 10,000 trips per month could pay anywhere from \$125 per month to \$308, depending on the cost of the fee implemented and number of trips generated.

McDonough was around in 2008 when then-Commissioner Sam Adams pushed plans for a street fee.

"It's not often that the alliance, or any business organization, backs a fee increase," McDonough said at the time. "We do not do so lightly in this instance, either."

In 2014, McDonough said "getting to OK" on that proposal wasn't easy, but both then and today, PBA members saw a real need to address transportation concerns. Now, McDonough said, the city is moving too quickly.

She said the PBA will start a task force to study the street fee. The business alliance has a representative on the city's 26-member Transportation Needs and Funding Committee.

Dylan Rivera, spokesman for the city transportation bureau, said the business fee structure is "totally in motion," and said the city will continue to listen to business owners, residents and other stakeholders. He said there will be more public involvement prior to the City Council voting on any street fee.

Novick said he plans to arrange meetings with business owners as soon as possible to brief them on the proposals.

He said he expects the PBA members to say, "Go for it."

The Portland Tribune

Millions over budget, sewer building prompts investigation

By KOIN News 6

Luxury carpets, a custom sink, hip furniture, lavish tiles and a million dollars in change orders are at the center of an audit into a state-of-the-art City of Portland building.

The Columbia Boulevard Wastewater Treatment Plant Support Facility, commissioned by the City of Portland's Bureau of Environmental Services, cost taxpayers \$11.4 million according to the city – \$8 million more than budgeted for in 2010.

But, a KOIN 6 investigation reveals the total, including overhead costs, to be \$12,532,116. Portland Mayor Charlie Hales and Commissioner Nick Fish ordered an investigation based on related concerns about project oversight.

The state of the art, LEED Gold standard building provides a home for 38 Engineering and Construction Management support staff who handle Portland's \$12 billion sewer system. It replaces four temporary facilities.

Documents, emails and itemized invoices obtained through public records reveal expensive, perhaps unnecessary, costs associated with the project.

Seven angled rooftops designed to capture light and rainwater distinguish the building, at 5001 North Columbia Boulevard, built to one of the highest environmental standards.

By complying with the city's LEED Gold standard, the office boasts features city officials claim will save \$2.5 million over 40 years in utility costs.

But, failing infrastructure in other buildings was sacrificed for high-end spending and expensive adjustments to the building's design, a city employee who spoke on condition of anonymity said.

Increasing costs

From an initial estimate of \$3.4 million in 2010, the facility increased steadily to \$5.4 million in 2012, to \$6.7 million and again to \$7.7 million. Later, an \$11.4 million figure was released.

"It's not lavish, it gets the job done in the most cost effective way for the ratepayers and that's what we're proud of," said City of Portland Environmental Services Director Dean Marriott.

The cost, if divided by the 38 employees working at the office, would be roughly \$300,000 per person.

Photos supplied by a City of Portland employee on condition of anonymity show pipes at a Columbia Boulevard Wastewater Treatment building corroding. Plastic sheets are strung up to prevent sewage from spilling onto 13,000 volt electrical units.

Leaking pipes

Despite cost overruns, photos taken by a City of Portland employee speaking on condition of anonymity suggest needed infrastructure repairs have been left unattended.

The photos show pipes inside the adjacent sewer building corroding, with patches to contain leakage. Plastic sheets are strung up to protect sewage from leaking onto 13,000 volt electrical units, the employee said.

City officials said the pipes "pose no immediate threat to the facility or to employees and will eventually be added to our repair schedule."

The Breakdown

The construction company in charge of the project, Skanska USA Building, worked alongside premier architecture firm Skylab, whose staff designed the ultra-green, ultra-modern headquarters.

According to a Feb. 29, 2012 ordinance signed by City of Portland auditor LaVonne Griffin-Valade, council determined the then-estimated \$5.4 million cost of the project to be accurate. The cost would more than double by 2014.

Confidence in the estimated cost is optimal" LaVonne Griffin-Valade.

A February 2014 roundup from a BES Public Information Officer shows final construction costs to include roughly \$1 million in change orders. The document shows \$400,000 was spent on furniture.

The furniture

Itemized invoices to the City of Portland show the building was furnished with high-cost furniture, including a \$1,481.53 coffee table and two Jehs and Laub chairs priced at \$1,932.78 each.

One itemized invoice to the City of Portland from the office furniture dealer Environments shows \$28,706.54 was spent on furniture for the building. Other additions to the building's design, like carpet and a tile mosaic, tacked on tens of thousands more.

Custom tiles for a mosaic depicting an aerial view of Portland at the Columbia Boulevard Wastewater Treatment Support Facility cost more than \$19,000.

For 215 tiles, priced at \$33.72 each, taxpayers spent \$7,250, according to a July 25, 2013 email from Aztech Signs Matt Rice to project managers. Another 707 tiles for \$37.32 each incurred \$26,385.24.

Printing of additional tiles for a mosaic depicting an aerial view of Portland ran up \$19,225, Rice said in the same email.

'Maintain building aesthetics'

One change order, valued at \$15,641, called for changes to plumbing fixtures "required to maintain building aesthetics."

The justification, according to the February 19, 2013 change order: "the intent of the design was for the fixtures to match the plumbing schedule and drawings, but it was not properly coordinated."

Custom doors for the bathroom stalls cost \$1,095. Then, a lighting upgrade for \$56,252, approved in a January 20, 2014 change order.

'City-generated' costs

A spokeswoman for the project's lead contractor, Skanska, said each cost increase was initiated by the city.

"Maybe there was not an awareness of the construction process necessary when you have the LEED requirements," said Skanska spokeswoman Dianne Danowski-Smith. "All factors in cost were related in change orders that were (city) generated."

Design

The building's design fees ran almost one million dollars over budget – from \$521,000 to \$1.4 million. Furthermore, design firm Skylab Architecture's project architect, Brent Grubb, is not a licensed architect in Oregon.

Skylab owner Jeff Kovel said Grubb is certified in California.

However, no records to prove this could be found. Kovel said Grubb's lack of an architecture license is irrelevant because it was Kovel who signed off on the design.

City of Portland Bureau of Environmental Services Construction Manager Cary Gaynor commented on Grubb's tendency to select expensive additions in a July 11, 2013 email to Skanska's Brian Hover.

The two were discussing an upcharge in fabric, priced at \$60 per yard.

"I figured it was \$70/yard, knowing Brent [Grubb]," Gaynor wrote.

"The project is a really successful project. It's very complex. There [are] lots of layers to what happened there," said Kovel. "It's easy to sort of target and say this is somebody doing something wrong here, but I don't think that's true."

From city to Skylab?

The "green" roof at 5001 Columbia Blvd.

James Bowen, the City of Portland's architect on the Columbia Boulevard Wastewater Treatment Plant Support Facility project, quit his post and went to work for Skylab in October 2013, according to his LinkedIn page.

Kovel said there was no conflict of interest. Bowen did not comment before press time

City of Portland BES spokesperson Linc Mann said in an email statement Bowen's activities were closely monitored.

"When Skylab recruited Bowen, any contractual responsibilities with the project and Skylab were transferred to an employee supervisor," he said.

No cellphone service

The city will need to spend between \$4,000 and \$40,000 to fix the issue of poor cell phone reception.

The building's thick walls block the signal. Still, officials said the \$11.4 million (their figure) spent on the project is a good investment, citing security upgrades in a plant with sensitive chemicals, and furniture – although expensive – that is built to last.

Calls for an audit

Portland City Commissioner Nick Fish and Mayor Charlie Hales called for an audit into the BES Columbia Boulevard Wastewater Treatment Plant Support Facility.

In an April 25, 2014 letter to city auditor LaVonne Griffin-Valade, Portland Mayor Charlie Hales and Commissioner Nick Fish called for an investigation into the building.

"Recent information has prompted our concern about appropriate levels of oversight from project inception to the closing activities for the project," they wrote.

"It's important to get some lessons learned, find out if we deviated from any of our rules, and most importantly, 'how do we do it better in the future,'" said Fish.

Staff concerns

In a March 21, 2013 email to Bowen, Gaynor and senior BES engineer Blair Bean, BES Capital Improvement Program Manager Susan Aldrich expressed concern over a damaged concrete slab – the result of a delayed concrete pour by Skanska.

"It often feels like we are not holding Skanska accountable for their project," she said.

"However, we are spending considerable money for this building. We should not make nickel and dime decisions that will affect the quality of the finished product."

BES spokespersons refused to comment on the more recent, construction cost figure of \$12,532,116.

Meanwhile, on May 20, voters will decide whether to take control of water and sewer bureaus out of the city's hands.

Council approves affordable housing study

By Jim Redden

The City Council approved a study of how to increase affordable housing in the urban core Wednesday morning.

The study was proposed by Commissioner Dan Saltzman, who is in charge of the Portland Housing Bureau. It directs the Portland Housing Bureau to review and assess the city's policies for encouraging affordable housing in the urban core, and to return to the council with recommendations for new incentives.

One goal is to determine whether market-based incentives could increase the amount of housing available to both low and moderate income families.

"We are at a tipping point. Rents increased 11 percent last year but incomes remained flat," Saltzman said during the council discussion on the proposed study.

Commissioner Nike Fish, who was in charge of the housing bureau until Mayor Charlie Hales transferred it to Saltzman last year, praised Saltzman for proosing the study.

"You are asking useful questions about whether market-based systems can get us additional resources," Fish told Saltzman.

According to the study request submitted by Saltzman, the city is expecting the creation of 30,000 new households in the urban core — formally called the Central City — by 2035. But 33 percent of those households are expected to pay more than 30 percent of their income for housing, far more than the previous forecast of between 17 and 23 percent.

The resolution also says that although the city already offers a number of incentives to developers for the construction of affordable housing, few are taking advantage of them. State law currently prohibits cities from requiring that affordable housing be included in new residential or mixed use developments.

City policies currently prioritize public resources for the construction of low income housing over housing for those earning high incomes —including moderate incomes, sometimes referred to as working or middle class. Saltzman has previously said the council needs to consider subsidizing a broader range of housing.

Willamette Week

Road Worriers

City officials are pitching a new street fee by claiming Portland's roads are getting more dangerous. Numbers show otherwise.

By Aaron Mesh

To hear Mayor Charlie Hales and other city officials tell it, the streets of Portland are getting deadlier every day.

Driving is more dangerous. Pedestrians face bigger risks. Bicyclists have to summon courage to start pedaling. Kids heading to school are better off walking through the woods than braving the patchy sidewalks.

Hales has gone so far as to describe the safety of Portland's roads as a "crisis." Transportation Bureau director Leah Treat has gone further, calling Portland's streets "a growing health crisis. This public health crisis is called 'traffic.' Last year, twice as many people died in traffic than in murders in our city."

Hales and City Commissioner Steve Novick are trying to drum up public support for a new "street fee" that would raise as much as \$53 million a year to fund city transportation projects.

"Our concern about safety reflects the concern of the community as a whole," Novick says. "We're responding to public demand. We're not whipping people into a frenzy by exaggerating the problem."

But records tell a more complicated story.

There's no clear evidence that driving, walking or bicycling in Portland is growing more dangerous. State numbers show traffic deaths in the city haven't changed dramatically over the past decade. In fact, Portland is rated as one of the nation's safest cities for pedestrians and bicyclists.

Without question, the city has miles of streets without sidewalks and scores of intersections without adequate crosswalks—many in East Portland, where some neighborhoods have gone decades without basic pedestrian improvements.

The Transportation Bureau is set to spend \$316 million next year. City officials tell WW if they get a new street fee, \$23 million a year will go to safety improvements.

Records show the Transportation Bureau last year only spent \$18 million—6.7 percent of its \$265 million budget—on projects that Hales and Novick say will save lives. City officials increased that number this year to \$45.6 million, or 14 percent of its proposed budget.

“We are funding safety improvements now,” Novick says. “Just not enough of them.”

Jim Moore, a political science professor at Pacific University, says he’s seen city officials shift their message from road repairs to public safety.

“They’re not asking people to support some vague program,” Moore says. “They’re asking people to support a tax. So they have to ratchet the rhetoric up. Safety sells.”

Meanwhile, Hales has shortchanged traffic safety in his current budget.

One of the best and cheapest ways to reduce fatalities is not new construction but simply lowering speed limits and enforcing drunken-driving laws. Records kept by the Oregon Department of Transportation show that alcohol was a factor in nearly half of the city’s traffic fatalities in 2012—and speeding played a role in one-quarter of deaths.

But Hales in his proposed 2014-15 budget released last week rejected a request from the Portland Police Bureau to restore four traffic enforcement officers to its night shift, at a cost of \$287,000.

And Hales also rejected a request for \$1 million sought by Novick to build flashing beacons at 15 crosswalks at intersections already identified as some of the most dangerous for pedestrians.

The mayor’s reasoning: He wants to create urgency for the street fee by holding out on projects Hales acknowledges will save lives.

“If we spent a few hundred thousand dollars,” Hales said at a May 1 press conference, “it would give people false hope. We’re saying to our citizens: ‘Don’t kid yourself.’”

The city of Portland says it has a backlog of needed repairs and updates to its streets and sidewalks that totals \$1.5 billion. The Transportation Bureau says it’s in a cash crunch—thanks to its big spending on capital projects like Portland-Milwaukie light rail, and declining proceeds from state and federal gas taxes. Transportation officials say the city can no longer keep up with its needs.

“We have a dwindling transportation infrastructure,” Treat says, “and we’re not going to be saved by the federal government. We have got to start making a dent.”

Hales and Novick began crafting the street fee last fall as a solution.

The current proposal: Charge every household a monthly fee—either \$8 or \$12. Businesses would be charged based on how much traffic they generate. According to a proposed fee scale, a nursing home, for example, would pay up to \$77 a month, while a large brewpub would pay up to \$604 a month.

Polls show voters are far more likely to support a new fee if it goes to sidewalks and crosswalks. The deaths of six pedestrians in five months this winter sparked renewed outrage over swaths of the city that don’t have safe places to walk—especially in East Portland.

In crafting the street-fee idea, city officials have hewed closely to the results of recent polling. A January survey of 800 registered voters conducted by Davis Hibbitts & Midghall showed eight of 10 Portlanders want the city to dedicate money to “sidewalks and safety features in places where children need them to get to school and seniors need them to get to transit.”

In a March poll, DHM Research tested the idea of a street fee. The \$8- and \$12-per-home-per-month options both crested at 51 percent support after respondents were told the money could go to safety and maintenance.

The polling—paid for by the city at a combined cost of \$56,000—has helped Hales, Novick and other officials shape a plan they think Portlanders will accept.

Novick and Hales have held town halls across the city to ask what people want. “They want exactly what you want in this discussion,” Novick says. “They want to know that their streets are going to be safer.”

The political emphasis on safety—revealed in the polling data—has been showing up in the rhetoric around the fee proposal.

“The longer we wait, the more it costs,” Hales said of transportation maintenance in his March 14 State of the City speech. “And it costs in lives. We lost 16 people to homicidal violence last year. We lost 35 to cars. This is a crisis. And we need to attend to it.”

Traffic Deaths in Portland

Despite city officials’ efforts to portray a “crisis,” traffic-related deaths in Portland have not shown a meaningful increase over the past decade.

The comparison of traffic fatalities to the city’s homicides sounds ominous, as if the deaths of drivers, pedestrians and bicyclists are on the rise.

The city’s homicide rate has taken a deep dip since the late 1980s, while traffic-related deaths have not changed much at all in the past decade.

Oregon Department of Transportation figures show that the 36 people killed in Portland’s 2013 traffic accidents is nearly the same number as the 37 killed in 2004.

PBOT director Treat defends her claim that the problem is growing, by saying deaths have gone up in the past three years. “The fact that they have increased is a really bad sign to me,” she says. “They need to be going down.”

The numbers have fluctuated during the decade, but the figures show no statistically significant change, even as the city’s population has grown (see chart above).

Pedestrian deaths haven’t changed much, either. Portland saw 11 in 2013, and 10 a decade before.

This year, the Alliance for Bicycling and Walking named Portland as the 12th-lowest for pedestrian fatalities among the nation’s 52 biggest cities. Portland ranks even better for bicyclists: the fourth-safest in the country.

Novick says Portland’s ranking at the top of pedestrian-safe cities doesn’t change the need for more sidewalk and crosswalk funding. “We’re not holding ourselves up against other cities,” Novick says. “We’re competing against ourselves and against who we want to be.”

Novick says a street fee could send \$23 million a year for safety projects, including additional or improved crosswalks at as many as 115 intersections and 400 blocks of new sidewalks over five years.

The bureau says it will first allocate money to “high-crash corridors”—heavy-traffic arterials that account for 66 percent of the city’s pedestrian fatalities, such as outer Southeast Division Street and Powell Boulevard.

Yet many of these hot spots have gone without adequate city attention for years, as transportation officials have spent far more on other projects.

In February 2013, City Auditor LaVonne Griffin-Valade slammed the City Council and the bureau for spending on capital projects, such as light rail and the Sellwood Bridge replacement project, without having the money to pay for road maintenance.

Griffin-Valade released a follow-up audit last month that says the Portland Bureau of Transportation still hasn’t ranked the priorities of its projects citywide, despite an audit calling for that basic step last year. Noted Griffin-Valade, “PBOT has yet to create a written strategic plan.”

Treat promises that plan is coming this fall. “I can tell you No. 1 is always going to be safety,” she says. “We will be monitoring and sharing that progress on our website.”

But that could be after the City Council approves the street fee this summer. Hales and Novick are looking for ways to get the fee approved without going to voters. Commissioners Nick Fish and Dan Saltzman say they oppose going around voters.

Hales says he's undeterred.

"I'm not interested in mincing words about this issue," he says, "and I'm not interested in token solutions that make people feel better. It's easy to avoid the subject of revenue. I hope to keep running straight at it, and hope it's success and not a brick wall I'm running toward."

City Commissioner Nick Fish Requires Council Debate on Big Water and Sewer Spending

By Aaron Mesh

City Commissioner Nick Fish says he will no longer allow the City Council to approve large water and sewer contracts without public debate, following reporting by WW about cost overruns on an office building for sewer workers.

Fish, who oversees the Water and Environmental Services bureaus, today moved two contracts—one valued at \$1 million, the other at \$395,000—onto the City Council's regular agenda. Both contracts had been on the council's consent agenda, where items considered routine are passed without public discussion.

Fish's policy change comes in direct response to cost increases on an office building for sewer engineers that tripled in cost to \$11.4 million.

WW revealed on April 30 that between 2010 and 2012, the council agreed to keep spending more money on the project, and did so without debate.

"As a result of what I've learned about this project," Fish tells WW, "I've already directed my bureaus to put any contract over \$500,000 on the regular agenda. We're not waiting for any reform effort. We're implementing a change now."

Fish says his "blood pressure is going through the roof" as he looks at the building's cost increases. "As your newspaper reported last week, It came to council 5 times on consent," Fish says. "That will no longer happen under my direction."

Kent Craford, co-petitioner on a ballot measure to remove control of the city's water and sewer services from the City Council, says the change isn't enough.

"That's good," Craford says. "That's a good start. He should further require that no projects such as that can be approved as an emergency ordinance. Some of Portland's largest, most expensive projects have been pushed through on that basis—robbing ratepayers of their right to fully vet these projects before they're fully approved."

Craford and co-petitioner Floy Jones have demanded an investigation by the Multnomah County District Attorney of whether contracting laws were violated on the sewer office building. KOIN-TV reported last night that the city architect on the project went to work for the contractor, Skylab Architecture.

Fish says the call for a criminal investigation is "political grandstanding.

"I have no evidence of any lawbreaking," he says. "Nor do they."

Craford says a criminal investigation would reveal more.

"I think we need to understand what the facts were, and if there was any undue influence from Skylab Architecture," he says. "It sure looks pretty fishy."

Water District Backers Ask for DA Investigation of Sewer Office Building

By Aaron Mesh

Portland City Hall's water and sewer foes have asked the Multnomah County District Attorney to investigate whether the Bureau of Environmental Services (BES) violated government contracting laws while an office building for sewer workers tripled in cost.

Last week, WW examined how the Columbia Boulevard Wastewater Treatment Plant services facility rose from \$3.2 million to \$11.4 million in price, thanks to cost overruns and silent approvals by the City Council.

The story looked at how a contractor, Skylab Architecture, promised the project "will be the poster-child facility for the BES."

KOIN-TV reporter Dan Tilkin charged on Tuesday that the city's top architect on the project left to work for Skylab late last year.

The backers of a ballot measure to remove City Council control of the water and sewer utilities have asked Multnomah County District Attorney Rod Underhill to look into whether the Bureau of Environmental Services violated state laws governing public contracting.

"The City architect's acceptance of a job offer," Kent Craford and Floy Jones write, "coinciding with repeated cost overruns, raise questions about whether there was any inappropriate influence over spending decisions on the project."

Craford and Jones also staged a City Hall press conference this morning calling for the resignation of the bureau's director, Dean Marriott.

Marriott, who has defended the project as "what you want from your government," today declined comment.

On April 25, after WW started asking questions about the project, City Commissioner Nick Fish, who now oversees the BES, asked City Auditor LaVonne Griffin-Valade to investigate it in a formal audit. She has agreed.

The Mercury

Road Work Ahead

Transportation Funding Is Portland's Next Debate. Here's What You Need to Know.

By Dirk VanderHart

STEVE NOVICK swears he's not making threats with pebbles.

"It is literally the case that, on our current trajectory, we would have to decide which of our paved roads will have to be turned to gravel," the city's transportation commissioner told the Mercury earlier this month.

That is, unless you're willing to help out?

New schemes to fix the Portland Bureau of Transportation's (PBOT) busted funding structure pop up as predictably as summertime detours. But the latest effort is the most concerted since 2008, when then-Commissioner Sam Adams had his own plan run down by business interests.

Under a proposal shopped around town by Novick, Mayor Charlie Hales, and a roving cast of PBOT employees, households would be charged up to \$144 a year. Some businesses could pay thousands.

It's pricier than Adams' proposal, but would still generate less than half the money PBOT says it needs for adequate maintenance. What's more, some of the proposal's most ardent fans sort of hate it—Novick

included—and there are disagreements and hurt feelings on the Portland City Council over whether Portlanders should first vote on the fee.

Banish the Bull Run from your mind for just a moment. As 2014 progresses, roads and safety could very well supplant water as Portland's fiercest debate. And the outcome, according to Novick, might decide whether your pothole-stricken street becomes a rutted, gravel hellscape.

Here, we answer your most pressing hypothetical questions.

WHY DO WE NEED MORE MONEY, AGAIN?

PBOT's funding model is a mess. It relies extensively on state gas taxes and parking meter fees, but people aren't driving as much as they used to. (In fact, one of PBOT's big goals is to get people to drive less.) Tack on inflation and huge council-approved obligations for non-city projects—light rail, the Sellwood Bridge replacement—and PBOT doesn't have enough money to do right by its \$8 billion transportation system.

SURE, SURE, BUT WHY A "STREET FEE"?

Novick says it's got the most support.

PBOT recently released results from a telephone survey of 800 Portland voters, by local firm DHM Research. After some haranguing, a bare majority of those voters signaled they'd be willing to support a fee—with 52 percent backing an \$8 monthly fee and 51 percent supporting the \$12 suggestion.

Toward the end of the survey, pollsters also asked about other ideas, like an income tax increase or a sales tax. A majority of respondents said they'd be less likely to support each of six alternatives.

Polling experts consulted by the Mercury disagreed on how much the poll's emphasis on a street fee might have swayed results.

Beth Osborne Daponte, a social scientist in Connecticut who's worked for the United Nations and US Census Bureau, felt the survey had elements that were biased and leading. Andrew Thibault, a Seattle-based principal at EMC Research, thought the survey appeared sound.

HOW MUCH ARE WE TALKING?

The current choices are \$8 or \$12 per household per month (with a discount for low-income households). Businesses would be assessed fees based on square footage and an estimation of how many trips they create. PBOT Projects and Funding Manager Mark Lear says 67 percent of Portland businesses would pay less than \$60 a month, on average, under either funding model. But figures released by PBOT, and first reported on bikeportland.org, also show larger businesses could face fees of hundreds, even thousands, a month.

PBOT thinks the street fee would raise \$34 million to \$53 million annually. That's not nearly enough to meet all of the city's expected road maintenance needs, estimated to be \$92 million a year over 10 years. Still, both options are more expensive than the roughly \$31 million annual tax plan Adams proposed in 2007. That effort was eventually killed by opposition from a subset of business owners, who took umbrage with the "trip-generation" model for taxing businesses.

BUT WON'T BUSINESSES JUST INCREASE THEIR PRICES?

That's possible, PBOT's Lear concedes. It depends on the business and its market forces. But he also said the business fee is one of the only options for collecting money from non-Portlanders who use—and thus help ruin—the city's roads.

That doesn't sit well with everyone.

At a town hall-style meeting on May 1, Portland salon owner Ann Sanderson complained that many of her customers are neighbors, who drive minuscule distances to appointments, if they drive at all.

"I'm gonna be charged on trips nobody's making," said Sanderson, who will consider raising her rates if the fee is implemented.

Still, the street fee idea hasn't yet drawn formal opposition from business groups—including the Portland Business Alliance.

"Put it this way," says Novick, "it is somewhat comforting to know that going with an option that would not be my first choice, it's at least acceptable to some segment of the community."

WHERE WOULD ALL THIS NEW MONEY BE SPENT?

A lot of people are asking the same question. Some even accuse the city of trying to snatch their money to improve other people's neighborhoods.

Actually, PBOT doesn't know precisely what it would do with all the money. Novick says the bureau is deciding what promises it could make if a fee is passed. But officials say they will prioritize preventive maintenance on hundreds of miles of streets. PBOT also plans to fit in safety-oriented projects like crosswalks, bike lanes, sidewalks, and neighborhood greenways.

Under the model Novick has been taking to community meetings, most of the funds will go toward maintenance (63 percent under an \$8 residential fee, 53 percent under a \$12 fee).

A PBOT report released in late April found 48 percent of Portland's busiest streets are in poor or very poor condition. Smaller streets are worse off.

Safety efforts would take up much of the rest of the revenue—34 percent and 44 percent, respectively. Part of the money would likely also subsidize TriMet bus service, and help prepare a Willamette River bridge for an earthquake.

HMMM. SO MY NEIGHBORHOOD COULD GET PASSED OVER? I'D LIKE TO VOTE ON THIS THING.

And you might get that opportunity. But, then, you might not.

Novick has hinted he's leaning against a public vote on the street fee, telling the crowd at the May 1 meeting: "If we decided to punt every tough decision to voters, there really wouldn't be such a thing as political leadership."

There are good reasons he might want council to go it alone. As mentioned above, the recent phone survey indicates a bare majority might favor the fee. That majority is likely to melt away in a campaign fight.

"We typically argue a ballot measure needs six to eight points minimum favoring the 'yes' side," says Andrew Thibault, a Seattle-based principal with polling firm EMC Research. "What tends to happen is that these things close toward the 'no.'"

Thibault made clear the eight-point guideline applies to campaign polls, which PBOT's was not. A different set of questions could produce different results.

He also pointed to a factor on display at PBOT's May 1 meeting: Many of the voters likely to support more money for road projects detest the idea of a flat fee on households. It's regressive, assigning the same burden whether your household pulls in \$30,000 or \$300,000 a year.

"Any time you give progressives a values-based out to vote 'no,' that's when measures can get in a lot of trouble," Thibault says. "You kind of fracture your base of support."

Even Novick has made no secret of disliking the street fee. He'd prefer an income tax increase. "I'm holding my nose," he tells the Mercury.

If Novick and Hales hope to pass a fee without a public vote, they'll have to politick. Commissioners Dan Saltzman and Nick Fish say they'd support referring the matter to voters. (Saltzman's skepticism over the proposal irked Novick enough that he pulled a campaign endorsement.)

And even if city council does pass a fee, it's feasible opponents would rise up and gather the signatures to put it to a vote, anyway—just as in the council's bid to fluoridate Portland's water supply.

That council decision, it's worth noting, came before Hales and Novick were in office.

Hall Monitor

The Very Interesting Losers

By Denis C. Theriault

MAYOR CHARLIE HALES, deep into a media scrum over his proposed city budget on Thursday, May 1, trotted out an impossibly folksy line when asked about the disappointments he'd be handing to interest groups all competing for a limited amount of surplus money.

"We couldn't fit 32 pounds of potatoes into a nine-pound bag," Hales said, as we imagined him chewing on a piece of hay.

The mayor was glibly addressing something that had been obvious for months. With \$32 million in budget requests all vying for a surplus of just \$9.3 million (soon to be \$11.3 million, thanks to some urban renewal magic by Hales), someone's feelings were bound to get hurt after the hard decisions were made.

Hales put money into housing and homelessness programs. He found funding for earthquake preparedness. He scraped together cash for students' bus passes and immigrant workers. Doing all that meant someone else had to lose.

Maybe. But for all that talk of difficult math, some of those losers still seemed to be victims of politics as much as anything else. Here's a short list of those who lost.

SCRAPS FOR PUBLIC SAFETY: A year after cutting the fire and police bureaus—a sharp turn from his predecessors, who protected the city's public safety agencies—Hales was still pretty tight. He gave the cops money only for a new "equity" position. And he gave the firefighters even less: zero.

That was way less than the \$2.6 million-plus the fire bureau sought. The bureau wants to restore some 26 positions cut last year that were temporarily saved by an expiring grant. People noticed. Like the president of the Portland Fire Fighters Association, a group Hales sparred with during his mayoral run.

"The zero percent really makes me wonder where the priorities of city hall are on emergency responsiveness and the fire bureau," says Alan Ferschweiler.

CUTTING OFF THE ARTS: The Regional Arts and Culture Council (RACC) had been a darling of the Sam Adams administration, and that's not always been a good thing to be in the Hales administration.

RACC sought two appropriations from this year's surplus—and got neither.

"We are disappointed that RACC's requested increase was not included," says Jeff Hawthorne, RACC's community affairs director.

But that's not what stings.

The city's contract with RACC requires annual pay increases, based on whichever mechanism produces the bigger bump: inflation or hotel tax revenues. Sources say Hales' office nonetheless has tried going with the cheaper one this year—inflation.

SNUBBING THE PBA: Mayors and transportation directors have chafed for years under an expensive deal with the Portland Business Alliance. To end a fight over higher rates at city parking garages,

Portland agreed to spend nearly \$1 million a year to prop up something called the Downtown Marketing Initiative. A couple years ago, the PBA wrote a very angry letter at the mere hint the money was at risk.

This time, though, Hales has yanked the subsidy. And so far, the PBA's been quiet. Does that mean they're getting something else in return? Hopefully not. But we'll see.

The Portland Business Journal

How Dew you Dew? Action sports event returns to Portland

By Andy Giegerich

A popular extreme sports event will hit Portland's streets this summer.

The Dew Tour will hold a "streetstyle-focused" competition in downtown Portland Aug. 16 and 17. It's the eighth year that the event is taking place in the city.

NBC will air two-and-a-half hours of the event, which last occurred in Portland in 2011.

"We are absolutely thrilled to bring the Dew Tour back to its roots and can't wait to see the new streetstyle format in downtown Portland," said Oregon Sports Authority CEO Drew Mahalic in a release.

Events will include BMX streetstyle, BMX dirt session and skateboard streetstyle competitions.

"We are pleased the national and international audience will see the heart of our great city as the backdrop to the excitement and action of these competitions," said Portland Mayor Charlie Hales in a release. "The Dew Tour is a great organization to work with and the efforts by City Council members and bureau staff to make this all happen show how much Portland appreciates sports of all kinds."

Google Fiber says no to The 'Couv

By Andy Giegerich

If the Google Fiber party hits Portland, The 'Couv apparently won't be invited.

The Columbian reports that Vancouver, Washington won't be considered as part of the hyper-speed fiber network that would speed Internet performance around the Portland area.

Portland's City Council could finalize an application for the service today.

"We have a lot of work to do, and we had to draw a line somewhere," Jenna Wandres, a Google Fiber spokeswoman, told The Columbian.

The project offers Internet speeds 100 times faster than current broadband, It's currently offered in Kansas City, Kan., Austin and Provo, Utah.

The Skanner

Could Google Help Portland Close the Digital Divide?

By Helen Silvis

A fast, dependable internet connection in your home can mean the difference between success and failure, in school, at work and in life.

"It is a necessary skill now to understand how to interface with technology," says Cece Hughley Noel, executive director of the nonprofit Portland Community Media. "It's a literacy building block that is necessary for success."

Soon Portland residents could benefit from some of the fastest internet speeds in the country. That's if the broadband company Google, decides to bring its fiber internet service to the Portland-metro region in 2015.

If Google does come to Portland, the city will have an opportunity to follow through on its own equity promises and allocate some of the fees to closing the digital divide.

Kansas City, Missouri and Provo, Utah were the first two cities to get Google Fiber. Austin, Texas is next on the list. The company has said it will decide which cities will follow them later this year.

Portland City Council will discuss the proposed franchise agreement with Google, at 2 p.m., Wednesday May 7. The council will listen to testimony at the meeting, but won't vote on the proposed franchise agreement until June 11. See the full document [here](#).

More than Half of Low-Income Families Have no Internet at Home

Advocates say it's crucial that equity for low-income and minority families is on the table from the start.

The 2009 Your Voice Our Communications Technology study that looked at access to high-speed internet found that almost 20 percent of households did not have wireline internet at home. But that same data also showed that among families earning under \$30,000 a year, more than 50 percent had no wired internet access at home.

A new study from the Oregon Broadband Council will release updated figures in June.

"It will be helpful to have updated information on connectivity because five years is a long time in the broadband world," said Mary Beth Henry, director of the city of Portland's Office for Community Technology. "I expect there will be more connectivity. It's become a lot more clear over the last five years how critical Internet connectivity is for jobs, education, everything."

Students Without Internet Skills are Destined to Fail

The issue is not just simple fairness, but also economic and workforce development, educational and career success. In fact, high-speed internet is now so important for career and educational success that advocates say it should be treated as a utility, just like electricity or water.

University of Oregon education professor Joanna Goode who has researched the issue says students who arrive at university without strong computer skills are destined to fail. Universities don't require students to know technology, she says. But you can do very little on campus without it.

"Once you walk onto campus, you can't enroll in classes, you can't get financial aid, you can't get onto Blackboard (a widely used electronic education software suite), you can't answer emails. If you have no technology knowledge, you will not even survive the first week at most university campuses."

Google Fiber Learned from Kansas City

Google was criticized in Kansas City because poor and minority residents were least likely to benefit from the opportunity.

Many simply could not afford to pay \$70 a month for the fastest fiber connection. Google did offer a cheaper option -- a slower 5mbps connection, which comes free for seven years once homeowners pay a one-time \$300 installation fee. But many residents were renters and the homeowners did not install the devices.

After meeting with Google staff, Cece Hughley Noel says she feels optimistic that Portland can do better.

"I think Google's digital inclusion team is really taking seriously the lessons they learned in Kansas City," she said. "They seemed like a really genuine great group of people. So with the \$300 installation fee -- they can be flexible in spreading those payments out so people can afford the service."

Training is Essential

Another barrier for many people who don't have an Internet service at home is that they don't understand why they might need it. If you don't know how to use a computer, get an email address, or go online, you may feel too intimidated to make the attempt, she says.

Portland Community Media holds internet basics classes for beginners and partners with community nonprofits -- such as Sisters of the Road, Voz, Hacienda CDC, the Q Center and Verde—to reach the people who are least likely to have internet service.

"They need to understand the reason to get online, and how to get online," she says. "And they need to have opportunities to continue to refresh those skills."

Time to Prioritize Closing the Digital Divide?

A new franchise agreement would also open the door for Portland City Council to follow through on its own equity promises. The city's 2011 Broadband Strategic Plan called for a percentage of the franchise fees to be dedicated to closing the digital divide.

"We understand that we have an important role to play in digital inclusion and equity—and resources are critical to addressing the issue," Henry says.

Under Portland's proposed agreement, Google would pay a franchise fee of 5 percent of its gross local revenues. The council could put some of these funds into helping people get online.

But several years of back-to-back budget cuts resulted in the recommendation being sidelined.

"This is the first opportunity when we have new revenues and no budget cuts" Henry said.

Across the country nonprofits and municipalities have looked at a variety of ways to ensure more people develop computer skills.

In Minneapolis the nonprofit pcsforpeople gives computers to low-income people and provides Internet service for as low as \$120 a year.

Existing local providers, Comcast and Century Link, also pay a franchise fee that goes into the general fund. The general fund is used for all kinds of city programs, with the largest being police, fire and parks.

Federal regulators told Comcast and CenturyLink they could complete mergers but with the condition that they must offer low cost internet access. Comcast contracts with PCM, to support its digital basics classes. But Hughley Noel says the money is just a start. The nonprofit subsidizes most of the classes.

Both developed programs aimed at very low-income people. To qualify for the Comcast Internet Essentials program a household must have children in K-12 education who qualify for free school meals. It offers a 5mbps service for \$9.95 a month. Century Link's Internet Basics program offers a 1.5 mbps

service, also for \$9.95 to very families with incomes of 135 percent of poverty or less who qualify for Lifeline service.

What's Next?

Google has reached out to nine metro areas across the country, and will make its decision later this year. As part of the Portland-area expansion proposal, Google is looking at Beaverton, Gresham, Hillsboro, Lake Oswego, and Tigard.

Besides Portland, the other eight cities under consideration are: Atlanta, Georgia; Charlotte, North Carolina; Nashville, Tennessee; Phoenix, Arizona; Raleigh-Durham, North Carolina; Salt Lake City, Utah; San Jose, California; and San Antonio, Texas.

AT&T also has plans to introduce fiber networks to 21 new cities. Five of its target cities are in California, but it has no plans to bring networks to the Pacific Northwest.