



## NOTICE OF RECEIPT OF BALLOT TITLE FOR THE NOVEMBER 8, 2016 ELECTION

A ballot title for a measure referred by the Lake Oswego City Council to voters at the November 8, 2016 Election was filed with the Lake Oswego Elections Officer on July 25, 2016.

Any elector may file a petition for review of the ballot title in the Clackamas County Circuit Court no later than 5:00 p.m. August 3, 2016 (the 7<sup>th</sup> business day after the ballot title was filed with the City Elections Officer) under ORS 250.296. The elector must notify the City Elections Officer (City Recorder) in writing that the petition has been filed. That notice must be given no later than 5:00 p.m. on the next business day following the day the petition is filed.

The ballot title is:

**CAPTION:** ADVISORY VOTE ON A MUNICIPAL FIBER-OPTIC BROADBAND NETWORK

**QUESTION:** Should the City of Lake Oswego provide a municipal fiber-optic broadband network for residents and businesses?

**SUMMARY:** The Lake Oswego City Council has considered entering into a partnership with a private company to finance, construct, and operate a high speed (at least one gigabit per second) fiber-optic broadband network. The City would set customer subscription prices on a break-even basis, with the goal to keep high speed Internet cost as low as possible for Lake Oswego residents and businesses.

Current estimates are that one gigabit (1,000 megabits per second) residential Internet service could be provided for \$59.95/month. This estimate is subject to actual costs of construction and operation. There would be some financial risk to the City if an insufficient number of households use the service. To minimize this risk, the project would not proceed until residents sign up for service in numbers sufficient to make the system self-supporting under an agreement with a private partner.

This advisory vote is intended to gauge voter support for a municipal network, and does not require or preclude any future action by the City.

For more information contact the City Recorder/City Elections Officer at (503) 534-4225.

### EXPLANATORY STATEMENT

With increased reliance on the Internet by households and businesses, broadband service is considered by many communities to be an essential service. The objective of a City-owned broadband utility is to make high speed Internet service available to all homes and businesses in the City, setting the monthly price at a break-even basis.

To avoid issuing bonds and adding staff, the Lake Oswego City Council has explored a public-private partnership approach, where one or more private partners would provide lease-purchase financing for the system, design and construct the network, and provide Internet service. The City would guarantee the private partner minimum lease-purchase payments. At the end of the lease-purchase period (tentatively projected to be between 20 and 30 years), the City would own the network outright.

While the City owns and operates a fiber-optic broadband network connecting City-owned buildings, providing this service to households and businesses would be a new utility service for the City. The City is considering contracting with a Lake Oswego-based startup company to operate the utility.

If customer revenues fall below the minimum lease-purchase payment amounts, the City would owe the difference to the private partner. To minimize the financial risk to the City, the project would not go forward unless customers have signed up in advance in numbers that would create subscription revenues that meet or exceed the minimum payment amounts.

As tentatively planned, the primary focus would be high speed Internet service with a price target of around \$60/month, but households that subscribe to the service could also choose (at additional cost) telephone (Voice over Internet Protocol) and digital television service. Prices for these services would be comparable to those offered by other video and phone providers. Subscribers would also have access to streaming video services such as those provided by companies like Hulu and Netflix, some of which charge for services. There would be no data caps.

The alternative to a municipal broadband utility is continuation of the current situation where Internet service is provided only by private for-profit cable TV and telecommunication companies. Internet service prices are unregulated, and there are no requirements for universal broadband service (i.e., service made available to all homes and businesses in the city).

The results of this advisory vote will be informative for the City Council, but will not require or prohibit any future action by the City. There are numerous details that would be involved in implementing a City-owned broadband utility, including many to be negotiated as part of an agreement with a private partner. This advisory measure asks only if voters support the City pursuing a municipal broadband service under the general approach outlined in the ballot summary and this Explanatory Statement. Approval of this measure will not be considered

blanket approval of all potential agreement terms or financial details. The City Council retains the responsibility to determine whether the project is in the public interest.