



# Memorandum

**TO:** HONORABLE CITY COUNCIL

**FROM:** Mayor Sam Liccardo  
CM Magdalena Carrasco  
CM Dev Davis  
CM Sylvia Arenas  
CM Raul Peralez

**SUBJECT: Actions Related to the Donor Advised Governance Structure Proposed for the San José Digital Inclusion Fund**

**DATE:** February 8, 2019

Approved

Date

RECOMMENDATION:

Accept Staff recommendation to negotiate and execute an agreement between the City and the California Emerging Technology Fund (CETF), and adopt the corresponding budget recommendations to implement San Jose's "Digital Inclusion Fund," to enable thousands of low-income San Jose families to benefit from access to broadband technology.

BACKGROUND

In May 2018, the City Council took the bold step of creating a "Digital Inclusion Fund" formed with new revenue from private telecom firms' investments in small cell networks and upgrades to the existing broadband infrastructure. We thank the hard work and thoughtful strategy of Director of Civic Innovation Dolan Beckel, Deputy City Manager Kip Harkness, and their team, Library Director Jill Bourne, and her team, along with Chief Innovation Officer Shireen Santosham and the Mayor's Office of Technology and Innovation.

This new technology will usher in a 5G revolution, laying an important block of the foundation to make San Jose the nation's leading smart city. While we move forward technologically, San Jose cannot afford to leave our most vulnerable residents on the sidelines.

Today, we embrace an ambitious goal to close the digital divide in San Jose by connecting 50,000 households to the internet, and offering digital skills training to our residents over the next decade through this \$24 million Digital Inclusion Fund. This initiative builds on the recommendations and policies previously adopted by this Council over the last few years to develop a citywide Broadband Strategy, and with access to Internet resources, an Education and Digital Literacy Strategy.

Despite the widespread benefits of the technology sector to San Jose's economy, we have become acutely aware of the consequences of inequitable economic growth. Services that can help our seniors in need, empower our youth to reach educational milestones, and support job seekers to find employment are increasingly offered only online. We must ensure that the benefits of technological advancement reach our entire community.

Too many San Jose children remain on the wrong side of the digital divide – students stuck in Burger King parking lots and Starbuck’s cafes within range of free Wi-Fi, trying to do their homework on a mobile phone. More than half our low-income population lacks broadband access at home, which disproportionately affects our Latino community. Only 5% of Silicon Valley executives are Latino, yet over a third of our city is Latino. Without Internet access and skills, our youth will remain shut off from Silicon Valley’s prosperity.

Partnering with the California Emerging Technology Fund (CETF), we have a trusted, proven partner to provide grants and build the capacity of dozens of community-based organizations in San Jose to deliver these much-needed digital literacy and connectivity programs. CETF’s experience in implementing nearly \$60 million in competitive grant programs across the State of California, its rigorous and transparent reporting capabilities, and its impressive results—with 87% broadband adoption—underscore this choice. Additionally, a locally hired Program Director will ensure that appropriate focus is placed within our community on accelerating five strategic areas including 1) broadband access, 2) device access, 3) community education and awareness, 4) digital literacy skill building, and 5) innovative pilot projects.

Today, no single source of philanthropic funding exists to address the digital divide in San Jose, but with this fund, we can leverage many donors interested in engaging in this space, and magnify the impact of social programs throughout the city. By taking this step, we make the most substantial commitment of any U.S. city to close our digital divide.

With the creation of this Digital Inclusion Fund, we send a powerful signal about the importance of digital inclusion to our community, and to our nation. If we get this right, our actions today will lift the aspirations and opportunities of the next generation of San Joseans.