

REAL ESTATE DEALS OF THE YEAR INFRASTRUCTURE/PUBLIC-PRIVATE PARTNERSHIP: LIT SAN LEANDRO



San Leandro, CA

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By Eric Young

San Leandro hopes to burnish its tech cred thanks to a unique deal to lay several miles of fiber optic cables.

The city of 85,000 people struck an agreement with J. Patrick Kennedy, CEO of OSISOFT LLC, one of San Leandro's largest employers, to set up a subterranean fiber network designed to attract businesses and give the municipality more bandwidth as well.

Under the deal, Kennedy agreed to pay \$3 million to lay 11 miles of fiber cable by accessing a conduit through which the city already controls street lights and cameras. The city owns 10 percent of the 288 fiber optic strands laid and it can use those strands as it wishes for municipal needs. The rest of the cable is owned by Kennedy's company, San Leandro Dark Fiber LLC.

To get an idea of the capacity of fiber optic lines, Kennedy cited a recent experiment in Germany which transmitted 26 terabits of data per second on a single strand. That's fast enough to move the contents of the Library of Congress in 10 seconds.

"It's orders of magnitude faster using fiber," said Jim Morrison, CEO of Lit San Leandro, the public-private entity created by the city and Kennedy to oversee the project.



For the first 10 years of the deal, the city won't charge rent for use of the conduit by San Leandro Dark Fiber. After that the city will charge market rates, said Deborah Acosta, chief innovation officer for the City of San Leandro.

San Leandro is not commonly thought of as a tech hub, especially when compared to more technology company-laden neighbors such as San Jose and San Francisco. City leaders think that could change. Along with the new fiber optic system, the city's lower commercial rents and proximity to the Bay Area's tech workforce could elevate its profile in Silicon Valley, Acosta said.

"We're looking at how do you become a smart city, to create jobs," Acosta said.

So far the strategy has shown some promise. A new cleantech company called

Power Factors LLC, which monitors vast arrays of solar panels domestically and abroad, said it is locating in San Leandro. A six-person startup run by power industry veterans, Power Factors monitors the performance of 20 solar power plants, including three large ones in California and 17 in Italy, collecting data 24 hours a day from hundreds of thousands of data points per second.

The city's fiber infrastructure "is a very compelling reason for us to locate our network operations center in San Leandro," CEO Steve Hanawalt told the Business Times in a recent interview.

Businesses already in San Leandro are also switching to the new network. FH Dailey Chevrolet, for example, said switching to the new fiber network from T1 lines has increased efficiency.

The network is going to grow. San Leandro won a \$2.1 million federal grant to expand

the fiber network for businesses. The money from the U.S. Economic Development Administration will help pay for 7.5 additional miles of new conduit, bringing the fiber network to about 18 miles. The expanded network will loop down to the city's marina, where there are plans to construct housing, a convention center and hotel.

The high-speed network might even reach beyond the city's borders.

"Our thinking is that this is a regional asset," Acosta said.

Winner Location: Underground in San Leandro. Parties: City of San Leandro and San Leandro Dark Fiber LLC. Size: 11 miles in first phase; additional 7.5 miles in second phase. Cost: \$3 million for first phase; second phase funded with \$2.1 million federal grant.